

Independent Auditor Report on Annual Financial Statements of

Kredyt Inkaso Spółka Akcyjna
with registered office in Warsaw

for the financial year from 1 April 2023 to 31 March 2024



**Ethics
Quality
Competence
Transparency**

Report on Audit of Annual Separate Financial Statements for the General Meeting of Kredyt Inkaso Spółka Akcyjna

Auditor Opinion

We have audited the attached annual separate financial statements of Kredyt Inkaso Spółka Akcyjna, registered office in Warsaw (ul. Postępu 21B, Warsaw, Poland), hereinafter the 'Company', for the financial year from 1 April 2023 to 31 March 2024, comprising: the separate statement of profit and loss and the separate statement of comprehensive income for the financial year from 1 April 2023 to 31 March 2024, the separate statement of financial position as at 31 March 2024, the separate statement of cash flows, the separate statement of changes in equity for the financial year ending that day, and the notes on accounting policies and providing other explanation, hereinafter the 'financial statements'.

The financial statements were prepared as an electronic file named JSFKISA_2024-03-31_pl, bearing the electronic signatures of the Management Board of the Company placed on 11 July 2024.

The financial statements were prepared according to the accounting and financial reporting principles set out in International Accounting Standards, International Financial Reporting Standards and related interpretations promulgated in European Commission regulations, hereinafter 'EU IFRS'.

In our opinion, the enclosed financial statements of Kredyt Inkaso Spółka Akcyjna:

- clearly and reliably present the Company's property and financial condition as at 31 March 2024, as well as the financial result and cash flow for the financial year ended on that day, in conformity with the applicable EU IFRS and the adopted accounting policies;
- comply in terms of their form and contents with legal regulations applicable to the Company as well as its Articles of Association;
- were prepared based properly kept accounting books and ledgers according to Chapter 2 of the Polish Accounting Act of 29 September 1994 applicable to financial statements auditing of periods ending on 31 March 2024, hereinafter 'Accounting Act'.

Our opinion on these financial statements is consistent with the supplementary report addressed to the Audit Committee, which we issued on 11 July 2024.

Basis of Opinion

We conducted our audit in compliance with the National Standards on Auditing ('NSA'), consistent with the International Standards on Auditing, as adopted by the National Council of Statutory Auditors (KRBR), the National Audit Standard 220 (Z) adopted by the Polish Audit Oversight Agency (PANA) as well the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ('Auditors Act', Polish Official Journal: - Dz.U. 2021.2106), and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L EU L 158 of

27.05.2014, page 77 and OJ L 158 of 27.05.2014, page 77. EU L 170 of 11.06.2014, page 66), hereinafter ‘Regulation 537/2014’.

Our responsibility according to these standards was described in section *Auditor's responsibility for financial statements auditing*.

We are independent of the Company, according to the Code of Ethics for Professional Accountants (including the International Standards of Independence) (‘IESBA Code’), as adopted by the National Council of Statutory Auditors (KRBR), as well as other independence criteria defined in the Auditors Act and Regulation 537/2014. We also fulfilled our other ethical obligations set forth in the Auditors Act and the IESBA Code. During the audit, the key auditor and the auditing firm itself remained independent of the Company in accordance with the impartiality criteria defined in the Auditors Act and the Regulation 537/2014.

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

Additional Explanation

We would like to highlight Note 30 to the separate financial statements (Other information relevant to the assessment of staff, assets and financial position) which describes the activities surrounding the review of strategic options for the Company. This has not modified our opinion on this subject.

Key Audit Matters

The key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the reporting year. These include the assessed key risks of material misstatement, including the assessed risk of material misstatement due to fraud. We have addressed these matters in the context of our audit of the financial statements as a whole and, when formulating our opinion and summarising our response to these types of risks, as well as whenever we considered it appropriate, we presented our most important insights related to these types of risks.

Furthermore, Regulation 537/2014 imposes on us the obligation to present in the audit report all the most significant risks of material misstatement, including outside the key audit matters. The significant risks of material misstatement are the risks of material misstatement identified by us which, in our judgement, require special consideration during the audit.

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

We do not express a standalone opinion on these matters.

Key audit matter: Valuation of the Company's investments in purchased debt portfolios	
Did this key audit matter pose a significant risk: YES	
Details of key audit matter	Reaction in the audit

<p>The carrying amount of investments in the acquired debt portfolios as at 31 March 2024 accounted for 11.3% of the Company's total assets as at that date. The Company recognises investments in receivables from the purchased debtor portfolios according to IFRS 9 and classifies them as 'financial assets measured at amortised cost' using the effective interest rate.</p> <p>Determining forecast recoveries and related cash flows is based on a number of assumptions and estimates, in particular related to the value of future flows from collected debtor claims, the cost of their recovery, and the calculation of the discount rate.</p> <p>We determined that the rationality of these assumptions bears significant and inherent risk of error or fraud as well as the significant risk resulting from the high uncertainty of the assumed effectiveness of future debt collection activities. An important estimation factor is the expected economic development and the legal environment affecting the effectiveness of debt collection activities.</p> <p>The principles of classification and valuation of investments in purchased debt portfolios are described in Section 2.4.6.1 'Financial assets measured at amortized cost' in the accounting policy chapter.</p> <p>Disclosures regarding investments in the debt portfolios are included in Note 14 'Purchased debt portfolios' of the notes to the separate financial statements.</p>	<p>In order to address this identified risk, we have carried out a number of procedures. We describe below the key procedures ensuring the objectives of our audit.</p> <p>We analysed and evaluated:</p> <ul style="list-style-type: none"> • accounting policies adopted in the Company in the area of valuation of purchased debt portfolios, • the methodology adopted and applied by the Company to estimate the value of debt portfolios, in terms of its compliance with relevant financial reporting standards and common valuation methodologies, • the rationality of the key assumptions made by the Company in estimations of discounted future cash flows from the debt portfolios, including by: <ul style="list-style-type: none"> – analysis and assessment of debt collection strategies in relation to future cash flows, – interviews with employees responsible for key business processes in the Company, in particular for enforcement strategies, litigation strategies, settlement strategies and the area of analysis and risk, – review of the degree of implementation of historical assumptions versus actual data, – analysis and assessment of the adopted discount rates, analysis and assessment of the rationality of the adopted recovery periods and volumes, – assessment of control in the area of purchased debt portfolios and the review of the effectiveness of this control, – analysis and assessment of the
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	<p>rationality of changes in the expected recovery periods and testing of recovery credibility,</p> <ul style="list-style-type: none"> – analysis and assessment of the adequacy and sufficiency of disclosures made in the annual separate financial statements.
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Liability of the Management Board and Supervisory Board for financial statements

The Company's Management Board is responsible for preparing the financial statements based on properly kept accounting books and ledgers so that the financial statements give a true and fair picture of the Company's financial position and assets as well as its financial condition and financial result in line with the IFRS EU, the adopted accounting policies, legal regulations applicable to the Company and its articles of association.

The Management Board is also liable for internal controlling to the extent deemed necessary in order to prepare financial statements that will contain no material misstatements caused by fraud or error.

In the preparation of the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue its business activities and, if applicable, for disclosing any going concern issues, and for choosing to apply the principle of going concern in accounting, except for a situation where the Management Board either intends to liquidate the Company or discontinue the business activities or has no real alternative to liquidation or discontinuation of the activities.

The Company's Management Board and members of its Supervisory Board must ensure that the financial statements fulfil the requirements defined in the Accounting Act. The members of the Supervisory Board are responsible for supervising the financial reporting process.

Liability of the Auditor for Audit

Our goal is to obtain reasonable certainty that the financial statements as a whole do not contain any material misstatements caused by a fraud or error and to issue an audit report containing our opinion. Reasonable certainty means a high level of certainty but it does not guarantee that the audit conducted in accordance with the aforementioned standards would always detect the existing material misstatement. Such misstatements may arise from fraud or errors, and will be considered material, if one can reasonably expect that individually or jointly they could affect economic decisions of users made based on the financial statements.

The scope of the audit does not include an assurance as to the Company's future profitability or present or future efficient handling of its affairs by the Company's Management Board.

During the audit in accordance with the NSA we are also using our professional judgment

and scepticism, and also:

- we identify and assess the risk of material misstatement in the financial statements caused by fraud or errors, we design and implement the audit procedures that are adequate to those risks, and we obtain evidence of the audit that is sufficient and adequate to constitute a basis of our opinion. The risk of failure to detect a material misstatement resulting from fraud is higher than the one resulting from an error, because the fraud may include conspiracy, forgery, deliberate omissions, misleading or circumventing of the internal control;
- we gain our understanding of the internal control for auditing purposes in order to design audit procedures that are adequate to the specific circumstances, but not to express an opinion concerning the effectiveness of the Company's internal control;
- we evaluate the adequacy of the applied accounting policies as well as the rationale of accounting estimates and related disclosures made by the Company's Management Board;
- we draw conclusions concerning the adequacy of the going concern principle applied by the Management Board in accounting and, on the basis of the gathered audit evidence, whether there is material uncertainty related to the events or conditions that could undermine the Company's ability to continue its business activities. Should we conclude that there is material uncertainty, in the auditor's report we must draw attention to the related disclosures made in the financial statements or, if such disclosures are inadequate, adjust our opinion. Our conclusions are based on audit evidence gathered until the date of the audit report, however any later events or circumstances could cause the Company to discontinue its business activities;
- we evaluate the general presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner ensuring reliable presentation thereof.

We communicate audit-related information to the Supervisory Board and the Audit Committee, among others the planned scope and the timing of the audit as well as any material findings of the audit, including any material internal control vulnerabilities identified during the audit.

We issued a statement to the Audit Committee that we have complied with the relevant ethical independence requirements and communicate to it any and all associations and other matters that could reasonably be considered to threaten our independence and, where applicable, report on any safeguards put in place.

Among the matters communicated to the Supervisory Board we have established those that were of most significance in our audit of the financial statements of the reporting year, identifying them as the Key Audit Matters. We describe these matters in our auditor

report, in section ‘Key Audit Matters’, unless law or regulations prohibit their public disclosure or where, in exceptional circumstances, we determine that a given matter should not be communicated in our report because of adverse consequences that could reasonably be expected to outweigh the public benefits of such disclosure.

According to the Auditors Act, we are also obliged to include in the audit report an opinion on whether the financial statements comply in terms of form and contents with the legal regulations applicable to the Company as well as its articles of association, and an opinion on whether they were

prepared based on properly kept accounting books and ledgers. We have formulated our opinion in this regard based on the work carried out during the audit.

Other Information and the Management Report

Other information means financial and non-financial information included in the annual report other than the financial statements and the audit report. Such other information comprises the management report for the financial year ended on 31 March 2024 (“Management Report”) and the corporate governance declaration referred to in Article 49.2(a) of the Accounting Act, and the *non-financial information disclosure* referred to in Article 49b.1 of the Accounting Act, which are separate parts of that management report for the financial year ended on that date, hereinafter ‘Other information’.

Liability of the Management Board and the Supervisory Board

The Management Board is responsible for the preparation of *Other information* in accordance with legal regulations.

The Management Board of the Company and members of its Supervisory Board ensure that the Management Report, together with the separate parts, meets the requirements defined in the Accounting Act and the Minister of Finance Regulation of 29 March 2018 *on current and periodic information provided by issuers of securities on current and periodical reports submitted by the issuers of securities and on the conditions of recognizing equivalence of information required by laws of non-member states* (‘Current and Periodic Information Regulation’).

Liability of the Auditor

Our financial statements audit opinion does not apply to *Other Information*. In connection with the audit of the financial statements, it was our obligation to read *Other information*, and while doing so to consider whether it is materially inconsistent with the financial statements, our knowledge obtained during the audit, or otherwise seemed distorted. If on the basis of the completed work we identify a material misstatement in Other Information, we are obligated to mention it in our audit report.

According to the Auditor Act we are required to issue an opinion whether the Management Report was prepared in compliance with the law and whether it is consistent with the information disclosed in the financial statements.

In addition, we are required to communicate whether the Company has issued the non-financial information disclosure and issue an opinion whether the Company included the

required information in the corporate governance declaration.

The Management Report

The Management Report was prepared together with the consolidated Management Report of the Kredyt Inkaso Capital Group as one document in the form of an electronic file named

KISASZzDz_2024-03-31_pl, bearing the electronic signatures of the Management Board of the Company placed on 11 July 2024.

Opinion on the Management Report

In our opinion, based on the work carried out in connection with the audit of the financial statements, the attached management report of Kredyt Inkaso Spółka Akcyjna for the financial year ended 31 March 2024:

- was prepared in compliance with Article 49 of the Accounting Act and section 70 of the Current and Periodic Information Regulation,
- the information contained there is consistent with the information disclosed in the audited financial statements.

We certify that considering our knowledge of the Company and its environment obtained during this audit we have found no material misstatements in the management report.

Opinion on the Corporate Governance Declaration

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

- the corporate governance declaration contains the information referred to in section 70(6)(5) of the Current and Periodic Information Regulation,
- the information referred to in section 70(6)(5) items (c)-(f), (h) and (i) of that Regulation contained in the corporate governance declaration are consistent with the applicable regulations and information disclosed in the audited financial statements.

Information on the Non-financial Information Disclosure

In compliance with the requirements of the Auditors Act, we confirm that the Management Board of the Company prepared the non-financial information disclosure referred to in Article 49b (1) of the Accounting Act as a separate part of the Management Report.

We have not performed any assurance studies of the non-financial information disclosure and cannot express any assurance as to it.

Other Information and Disclosures under Regulation 537/2014

Auditor Selection and Total Period of Engagement

We have been selected to audit the Company's financial statements based on the Supervisory Board Resolution No. X/5/1/2022 of 9 August 2022.

We have been auditing the financial statements of the Company which is a public-interest entity for two consecutive years.

Non-audit Services

To the best of our knowledge and belief, the non-audit services that we have provided to the Company and its subsidiaries comply with law and regulations binding in Poland and no non-audit services provided by us to the Company and its subsidiaries were prohibited under Article 5(1) of Regulation 537/2014 and Article 136 of the Auditors Act.

Such non-audit services we provided to the Company and its subsidiaries during the period under review are listed in Note 3.13 in the Management Report of the Group and the Company.

Cezary Bąkiewicz

Statutory Auditor, lic. 12232

chief auditor in charge of the audit

on behalf of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.

(audit firm licence 477)

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Branch in Warsaw

Warsaw, 11 July 2024