



KREDYT INKASO

Kredyt Inkaso Capital Group

# Management Report of the Group and the Company for 12 months ended **31.03.2024**

Warsaw, 11.07.2024





# KREDYT INKASO

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## 1. BASIC INFORMATION ABOUT THE CAPITAL GROUP

### 1.1. Legal basis of operation

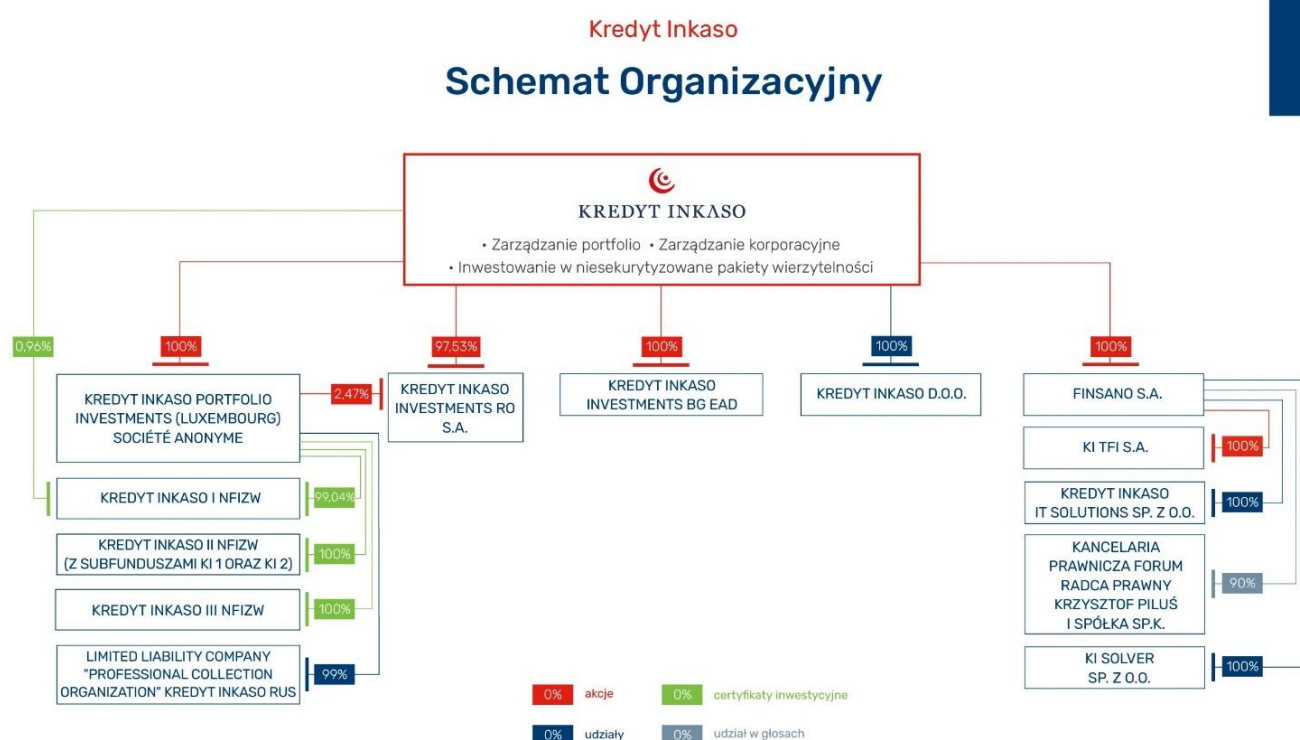
Kredyt Inkaso Capital Group ("Capital Group" or "Group") is Kredyt Inkaso S.A., a Polish public company ("Company", "Parent" or "Issuer") which has registered office in Warsaw (ul. Postępu 21b).

The Company was registered in the commercial register of the National Court Register (KRS 0000270672) based on a court decision of 28 December 2006 (District Court in Lublin, 11th Commercial Division of the National Court Register).

The Company was created by transformation of Dom Obrotu Wierzytelności Kredyt Inkaso spółka z ograniczoną odpowiedzialnością sp. k., a Polish limited partnership, into a public company. The limited partnership had been registered in the commercial register under number (KRS) 0000007605 based on a court of 19 April 2001 (District Court in Lublin, 11th Commercial Division of the National Court Register).

The main operating activity of the Parent is the management of debt portfolios, including portfolios acquired by Group subsidiaries. The Capital Group entities collect receivables mainly from individuals and, in legal procedures, collaborate with Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k., a law firm specializing in legal support services.

The graphical organisational chart of the Group as at 31 March 2024 is presented below.



This chart shows the Group's organisational structure on the balance sheet date.

Resulting from the newly amended Financial Market Development and Investor Protection Act of 29 September 2023, the Group's investment funds changed their names from NSFIZ, which stands for 'Non-Standard Closed-end Securitization Investment Funds' to 'Non-Standard Closed-end Receivables Investment Funds'.

Kredyt Inkaso S.A. is the parent company of the Capital Group. The Capital Group comprises: Kredyt Inkaso S.A. – the parent company, and subsidiaries located in Poland, Luxembourg, Romania, Bulgaria, Croatia and Russia.

Name of entity	Seat	Shareholding	Voting rights	Core business
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliuś i spółka Sp.k.	Warsaw, Poland	84%	90%	Legal services
Finsano S.A.	Warsaw, Poland	100%	100%	Holding activities and the acquisition in the course of debt enforcement proceedings or collection activities of properties, trading in these properties, their development and commercialization
Kredyt Inkaso IT Solutions Sp. z o.o.	Warsaw, Poland	100%	100%	IT services
Kredyt Inkaso Investments RO S.A.	Bucharest, Romania	100%	100%	Investment in debt portfolios, servicing debt assets
Kredyt Inkaso Investments BG EAD	Sofia, Bulgaria	100%	100%	Investment in debt portfolios, servicing debt assets
Limited Liability Company „Professional Collection Organisation” Kredyt Inkaso RUS (Formerly Kredyt Inkaso RUS Limited Liability Company (LLC))	Moscow, Russia	99%	99%	Investment in debt portfolios, servicing debt assets
Kredyt Inkaso d.o.o.	Zagreb, Croatia	100%	100%	Investment in debt portfolios, servicing debt assets
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100%	100%	Investment in debt portfolios, investment in securities carrying risk related to debt claims
Kredyt Inkaso I NFIZW	Warsaw, Poland	100%	100%	Investment in debt portfolios
Kredyt Inkaso II NFIZW	Warsaw, Poland	100%	100%	Investment in debt portfolios
Kredyt Inkaso III NFIZW	Warsaw, Poland	100%	100%	Investment in debt portfolios
KI Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna	Warsaw, Poland	100%	100%	Establishment and management of investment funds
KI Solver Sp. z o.o.	Warsaw, Poland	100%	100%	Debt assets servicing

The Group controls the investment funds on the basis of shares entitling it to pass all resolutions at the Investors' Meeting.

## 1.2. Regulations applicable to Group's legal status

### Kredyt Inkaso S.A.

The legal status of Kredyt Inkaso S.A. is regulated by the Polish Act of 15 September 2000 "Commercial Companies Code" (Polish Official Journal: Dz.U. 2024, item 18, recast version), the Company's Articles of Association (recast version of 21 September 2023), as well as certain official permits and by-laws, in particular:

Permission of the Polish Financial Supervision Authority (KNF) of 15 February 2012 for Kredyt Inkaso S.A. to manage securitized receivables of securitization funds.

General Meeting Rules, adopted by Resolution 3/2007 of the Extraordinary General Meeting of 29 March 2007, later amended by Resolution 20/2008 of the Annual General Meeting of 7 July 2008, amended by Resolution 19/2009 of the Annual General Meeting of 3 July 2009, amended by Resolution 19/2011 of the Annual General Meeting of 30 September 2011, amended by Resolution 20/2018 of the Annual General Meeting of 27 September 2018, and amended by Resolution 9/2019 of the Annual General Meeting of 24 January 2019.

Supervisory Board Rules adopted by Resolution 2/2007 of the Extraordinary General Meeting of 29 March 2007, later amended by Resolution 21/2008 of the Annual General Meeting of 7 July 2008, amended by Resolution 20/2009 of the Annual General Meeting of 3 July 2009, amended by Resolution 23/2012 of the Annual General Meeting of 9 July 2012, and amended by Resolution 21/2018 of the Annual General Meeting of 27 September 2018.

Management Board Rules of 30 January 2024 adopted by Resolution VII/2/1/2024.

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

Kredyt Inkaso Portfolio Investments (Luxembourg) S.A., registered office in Luxembourg, is a public company (Societe Anonyme) incorporated on 24 August 2010 and registered in the Luxembourg Trade and Companies Register on 17 September



2010 under B 155462. This company is subject to the laws of Luxembourg. This company operates on the basis of the Articles of Association of 24 August 2010, as amended.

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

Kredyt Inkaso Investments RO S.A., registered office in Bucharest, is a public company incorporated under Romanian law, incorporated on 16 January 2013 and registered in the Commercial Register at the District Court in Bucharest on 28 January 2013 under J40/978/2013. This company operates based on the Articles of Association as amended on 1 March 2024. It is subject to the Romanian commercial law according to the Commercial Law Act 31/1990 of 16 November 1990. (Official Journal 2022.1467, as amended)

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

The Inkaso Investments BG EAD credit, registered office in Sofia, is a single-member public company incorporated under the Bulgarian law on 17 January 2013 and registered with the Sofia Commercial Registry on 1 February 2013 under 202423225. This company operates based on the Articles of Association of 4 April 2018. It is subject to the Bulgarian commercial law according to the Commercial Law Act 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. is a limited partnership, registered office in Warsaw, established on 8 November 2001 and on 5 December 2001 entered in the commercial register of the National Court Register under 0000067134. It operates based on the Act of 15 September 2000 'Commercial Companies Code' (Polish Official Journal: Dz.U. 2024.18, recast version) as well as the Company's Incorporation Deed. As at the Approval Date, Finsano S.A. holds 90% of total votes in Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka – sp. k.

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

This Non-Standard Closed-end Receivables Investment Fund was established on 15 September 2006 and on 31 October 2006 registered with the Regional Court in Warsaw, 7th Civil Registry Division, Investment Funds Register, under RFI 259. The Fund operates based on the Investment Funds and Alternative Investment Fund Management Act of 27 May 2004 (Polish Official Journal: Dz.U. 2023.681, as amended) and based on its Articles of Association of 15 September 2006, as amended.

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

This Non-Standard Closed-end Receivables Investment Fund was established on 23 February 2012 and on 1 March 2012 registered with the Regional Court in Warsaw, 7th Civil Registry Division, Investment Funds Register, under RFI 713. The Fund operates based on the Investment Funds and Alternative Investment Fund Management Act of 27 May 2004 (Polish Official Journal: Dz.U. 2023.681, as amended) and based on its Articles of Association of 23 February 2012, as amended.

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

This Non-Standard Closed-end Receivables Investment Fund was established on 27 June 2012 and on 1 March 2012 registered with the Regional Court in Warsaw, 7th Civil Registry Division, Investment Funds Register, under RFI 779. The Fund operates based on the Investment Funds and Alternative Investment Fund Management Act of 27 May 2004 (Polish Official Journal: Dz.U. 2023.681, as amended).

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

Finsano S.A. operates based on the Act of 15 September 2000 'Commercial Companies Code' (Polish Official Journal: Dz.U. 2024.18, recast version) and its Articles of Association of 8 April 2020. It was registered in the commercial register of the National Court Register on 31 March 2016 under 0000608311.

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

Kredyt Inkaso IT Solutions sp. z o.o., registered office in Warsaw (until 21 June 2021 named 'Legal Process Administratio sp. z o.o.'), established on 29 October 2012, operates based on the Act of 15 September 2000 'Commercial Companies Code' (Polish Official Journal: Dz.U. 2024.18), its Deed of Incorporation of 29 October 2012 (recast version of 14 June 2019). It was registered in the commercial register of the National Court Register on 3 January 2013 under 0000446355.

#### **Limited Liability Company „Professional Collection Organisation” Kredyt Inkaso RUS (formerly Kredyt Inkaso RUS Limited Liability Company (LLC))**

Limited Liability Company "Professional Collection Organisation" Kredyt Inkaso RUS (formerly Kredyt Inkaso RUS Limited Liability Company (LLC)), registered office at Sheremetyevo-2 Airport, 141402, Moscow region, Khimki City district, is a limited liability company under the Russian law, established on 26 September 2013 and registered in the state commercial register in Moscow on 26 September 2003 under 1035006495171. This Company operates based on its Articles of Association, as amended on 19 January 2024.

### Kredyt Inkaso d.o.o.

Kredyt Inkaso d.o.o., registered office in Zagreb, is a single-member limited liability entity under the Croatian law established on 28 August 2015, registered in the Commercial Court Register in Zagreb on 18 September 2015 under 61466087372.

### KI Towarzystwo Funduszy Inwestycyjnych S.A.

KI Towarzystwo Funduszy Inwestycyjnych S.A., established on 4 October 2021, operates based on the Act of 15 September 2000 'Commercial Companies Code' (Polish Official Journal: Dz.U.2024.18, recast version), the Investment Funds and Alternative Investment Fund Management Act of 27 May 2004 (Polish Official Journal: Dz.U. 2023.681, as amended), and its Articles of Association of 4 October 2021. It was registered in the commercial register of the National Court Register under 0000934411.

### KI Solver Sp. z o.o.

KI Solver sp. z o.o. operates based on the Act of 15 September 2000 'Commercial Companies Code' (Polish Official Journal: Dz.U. 2024.18, recast version), the Investment Funds and Alternative Investment Fund Management Act of 27 May 2004 (Polish Official Journal: Dz.U. 2023.681, as amended), and its Deed of Incorporation, recast version of 2 November 2021. It was registered in the commercial register of the National Court Register under 0000854233.

## 1.3. History

The Company was established in 2001 as 'Dom Obrotu Wierzytelnościami'. Milestones in the development of the Company and the Group are presented below.

<b>2001</b>	a.	The company called Dom Obrotu Wierzytelnościami was established in Zamość, on 29 December 2000 ("DOW")
	b.	DOW acquired the first portfolio of receivables from a telecommunications operator
<b>2005</b>	c.	DOW opened its first office in Warsaw
<b>2006</b>	d.	DOW decided to transform 'Kredyt Inkaso' into a public company
<b>2007</b>	e.	IPO on Warsaw Stock Exchange regulated market
<b>2010</b>	f.	FORUM law firm, Kredyt Inkaso's long-standing collaborator, was incorporated into the Capital Group
	g.	The law firm obtained the first-in-Poland <i>electronic writ-of-payment order</i>
<b>2012</b>	h.	The Group decided to launch foreign markets – Romania, Bulgaria and Russia
<b>2013</b>	i.	The Company acquired the first portfolio of bank mortgage receivables
<b>2015</b>	j.	Another foreign market kicked off - Croatia
<b>2016</b>	k.	Waterland Group invested in the Company
<b>2017</b>	l.	The Company established an annual public bond programme
<b>2018</b>	m.	Maciej Szymański became the President of Board
<b>2020</b>	n.	Barbara Rudziks became the Vice President of Board
	o.	Organisational transformation programme started that included organisational culture change
<b>2021</b>	p.	Kredyt Inkaso Board: Maciej Szymański, Barbara Rudziks, Iwona Słomska, and Tomasz Kuciel. The Board achieved 2:2 gender equality
	q.	Polish Financial Supervision Authority (KNF) approved the Bond Programme prospectus up to PLN 150 million
<b>2022</b>	r.	Board changes: Barbara Rudziks became the President of Board and Mateusz Boguta the Chief Financial Officer
<b>2023</b>	s.	The Polish Financial Supervision Authority (KNF) approved the Bond Programme prospectus up to PLN 100 million
	t.	Review of strategic options initiated
<b>2024</b>	u.	record-breaking recovery levels, cash EBITDA and investments of the Capital Group; strategic options review closing soon

## 1.4. Organisational and personal affiliations

### **Links to Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka - spółka komandytowa, based in Warsaw**

As at the Approval Date, the limited partner in this law firm based in Warsaw, who is entitled to 90% of total votes, is Finsano S.A. – 100% subsidiary of Kredyt Inkaso S.A. The general partners, who are entitled to 5% of total votes, are lawyers Krzysztof Piliś and Mateusz Garbula.

The right to represent the law firm is vested in each of the general partners individually, namely Krzysztof Piliś and Mateusz Garbula.

According to the Company's Deed of Incorporation, the Company is managed by its general partners. The general partners (without prejudice to Article 38 of the Commercial Companies Code) conduct all operations of the Company, with the exception of certain reserved matters requiring general meeting resolutions according to the Articles of Association as well as with the exception of any matters that require action of a lawyer.

### **Links to Finsano Spółka Akcyjna, based in Warsaw**

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

Its management board is authorised to represent the company and conduct its operations, consisting of as at the Approval Date:

- Barbara Rudziks as the President of Board (and the President of Board in Kredyt Inkaso S.A.),
- Maciej Szymański as the Vice President of Board (and the Vice President of Board in Kredyt Inkaso S.A.), and
- Iwona Słomska as the Vice-recastperson of Board (and the Vice President person of Board in Kredyt Inkaso S.A.).

As at the Approval Date, its supervisory board is composed of: Mateusz Boguta (and a member of board in Kredyt Inkaso S.A.), Andrzej Bąk (and an associate and legal representative of Kredyt Inkaso S.A.), and Rafał Skiba (and an associate in Kredyt Inkaso S.A.).

### **Links to Kredyt Inkaso IT Solutions Spółka z ograniczoną odpowiedzialnością w Warszawie**

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

Its management board is authorised to represent the company and conduct its operations, consisting of as at the Approval Date:

- Mateusz Boguta as the President of Board (and a member of board in Kredyt Inkaso S.A.) and
- Sebastian Waligórski as the Vice President of Board (and an associate of Kredyt Inkaso S.A.).

### **Links to KI Solver Spółka z ograniczoną odpowiedzialnością, based in Warsaw**

As at the Approval Date, the shareholder holding 100% shares in KI Solver Sp. z o.o. is Finsano S.A. – a 100% subsidiary of Kredyt Inkaso S.A.

As at the Approval Date, the management board is composed of Iwona Słomska as a member of board (and the Vice President of Board in Kredyt Inkaso S.A.) and Mariusz Gryglicki as a member of board (and an associate of Kredyt Inkaso S.A.).

As at the Approval Date, its supervisory board is composed of Maciej Szymański, Barbara Rudziks and Mateusz Boguta.

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

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

As at the Approval Date, the management board is composed of Aneta Ćwik as the President of Board (and an employee in Kredyt Inkaso S.A.), Paweł Skiba as a member of board and Olgierd Chodyniecki as a member of board.

As at the Approval Date, its supervisory board is composed of Wojciech Kryński, Katarzyna Raczkiwicz and Dorota Winczewska.

### **Other affiliations**

As at the Approval Date, the management board of Kredyt Inkaso Investments RO S.A. based in Bucharest consists of:

- Cristian Talpau,



- Mariusz Gryglicki (and an associate of Kredyt Inkaso S.A.).
- Andrzej Bąk (and an associate and legal representative of Kredyt Inkaso S.A.).

As at the Approval Date, the management board of Kredyt Inkaso Investments BG EAD based in Sofia consists of:

- Zornitsa Dimitrova,
- Mariusz Gryglicki (and an associate of Kredyt Inkaso S.A.).
- Andrzej Bąk (and an associate and legal representative of Kredyt Inkaso S.A.).

As at the Approval Date, the management board of Kredyt Inkaso Investments d. o.o. based in Zagreb consists of:

- Mariusz Gryglicki (and an associate of Kredyt Inkaso S.A.), and
- Mateusz Boguta (and a member of board in Kredyt Inkaso S.A.).

As at the Approval Date, the management board of Limited Liability Company "Professional Collection Organisation" Kredyt Inkaso RUS (formerly Kredyt Inkaso RUS Limited Liability Company (LLC)), registered office at Sheremetyevo-2 Airport, 141402, Moscow region, Khimki City district, consists of:

- Ałła Strzałkowska (and an employee in Kredyt Inkaso S.A.).

As at the Approval Date, the management board of Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. based in Luxembourg consists of:

- Maciej Szymański – Class A Director (and the Vice President of Board in Kredyt Inkaso S.A.),
- Jacek Wolak - Class B Director, and
- Daria Lisouskaya - Class B Director.

## 2. NON-FINANCIAL INFORMATION DISCLOSURE

### 2.1. Business model

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

- Acquisition of debt portfolios by the Group on its own account and management of these portfolios. The recovery of receivables from the acquired portfolios of receivables is carried out for the Group's own account and at the Group's own risk. The Capital Group acquires debt portfolios coming mainly from the banking, loan, telecommunications and insurance sectors.
- Asset management of non-standardized closed-end investment funds is a regulated activity, carried out on the basis of Polish FSA's permit issued according to the Closed-end Investment Funds and Alternative Investment Fund Management Act;
- Contract-based receivables management (collection) – the process assumes the management of receivables at each stage of arrears, from reminding about upcoming or just matured due dates, through amicable repayment negotiations, up to case referral to courts and further enforcement.

Over the past two financial years, the Group has successfully returned to the path of intensive purchases of debt portfolios, transacting mainly on the telecommunications and banking debt markets.

When creating a strategy for the recovery of a specific claim or a group of similar claims, the Capital Group determines the segment and the strategy for a given package of claims based on the characteristics of the debtor and the claim, assuming the maximized creditor interests, ensuring maximum proceeds from receivables, optimized management costs, taking into account the applicable legal, technical and organisational conditions as well as the highest ethical standards.

The advantage of the Group's activity is the optimized debt collection process that is effective, both in terms of cost and revenue. The optimization of its activities in relation to individual portfolios or even individual receivables is possible thanks to a sufficiently large and systematically growing scale of activity as well as the use of:

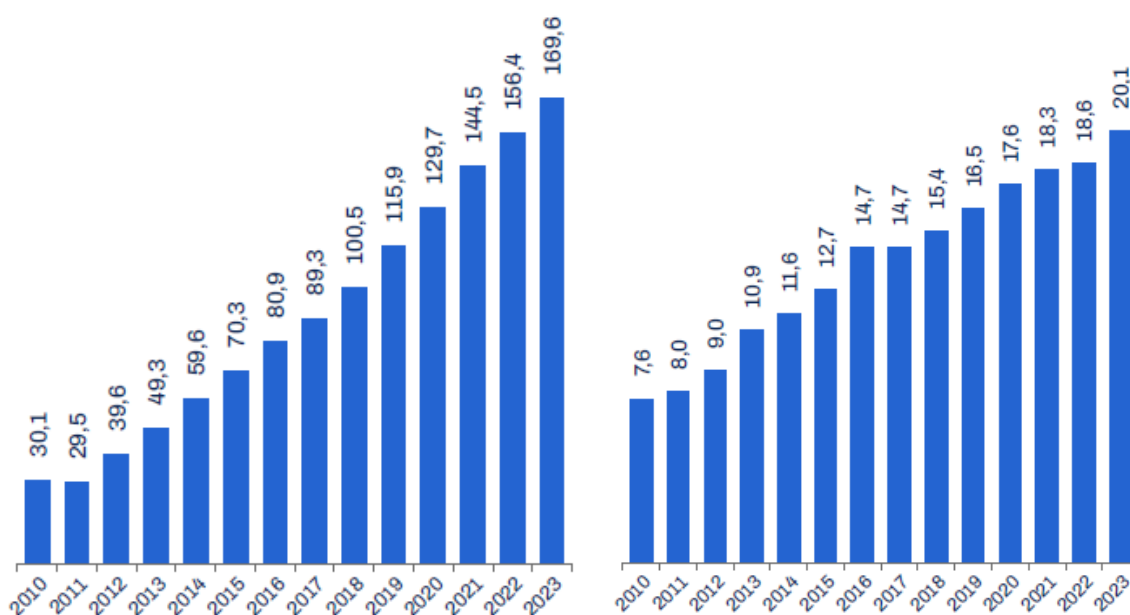
- advanced and constantly improved statistical models defining the most effective debt collection path;
- advanced IT systems, including those using robotics and automation;
- lean methodology for all key operational processes within the Group;

- advanced data analytics and a system approach to data quality management;
- customer-oriented tools and activities (self-service portal, marketing campaigns, personalized products and settlements).

## 2.2. Market landscape

According to the data of the Polish Association of Finance Market Companies ("ZPF"), at the end of December 2023 the total nominal value of serviced receivables managed by ZPF members in Poland was PLN 169.6 bn.

The charts below present the value of serviced receivables in PLN billion (left) and their quantity in millions of units (right) in Poland over the last years.



Source: Q4 2023 Report, Size of the Polish Debt Market, Association of Financial Companies in Poland. <https://zpf.pl/wielkosc-polskiego-ryнку-wierzytelności/>

The estimated supply of debt portfolios in 2024 is at a similar level as in 2023. Receivables from the banking, telecommunications and lending sectors continue to make their way onto the market. Most of debt package acquisitions are carried out by specialized funds that are supervised by state institutions, including the Polish Financial Supervision Authority (KNF) and the Personal Data Protection Office (UODO).

## 2.3. Regulatory impact on Group activities

The Group's activity in each of its operating jurisdictions of the trading and debt management market is affected by changes in law that span the following areas:

- civil law,
- civil procedure law,
- actors of business and consumer transactions and professional entities involved in the process of assertion and enforcement of claims,
- debt claims management,
- banking law and capital market regulations.

The Group constantly monitors the ongoing legislative processes that concern any proposed changes in regulations that might significantly affect the Group's operations and financial results.

## 2.3.1. Industry and other regulations that directly impact operations

In the reporting period, the recent major changes in law that affect the Group's operations include:

- Minister of Health Regulation of 14 June 2023 on cancellation of the state of epidemic emergency in the Republic of Poland (Polish Official Journal: Dz.U. 2023, item 1118), effective upon announcement.
- Act of 16 August 2023 amending certain acts to ensure the development of the financial market and investor protection, which resulted in the change of the investment fund names in the Group to NFIZW or 'Non-Standardized Closed-end Receivables Investment Funds'.

Regulations affecting the operations of the Kredyt Inkaso Capital Group:

- Act of 23 April 1964 'Civil Code' (Polish Official Journal: Dz.U. 2023, item 1610, as amended), in particular the provisions governing the assignment of receivables, Articles 509-518. According to Article 509.1 of the Civil Code, "The creditor may, without the debtor's consent, transfer the receivable debt upon a third party (assignment) unless that would be at variance with statutory law, a contractual stipulation, or the nature of the obligation."
- Act of 17 November 1964 'Civil Procedure Code' (Polish Official Journal: Dz.U. 2023, item 1550, as amended), which regulates the process of court recovery of debt claims and their enforcement procedure.
- Act of 22 March 2018 on court enforcement officers and the enforcement procedure (Polish Official Journal: Dz.U. 2023, item 1691, as amended), which specifies in detail the operation of court enforcement officers and the amount of their fees and charges.
- Act of 28 July 2005 on court fees in civil procedure cases (Polish Official Journal: Dz. U. 2023, item 1144, as amended), which regulates certain court fees and charges. The court fee for bringing an action for payment depends on the disputed value – it is 5%, or 1.25% in the case of the electronic writ-of-payment procedure, or it can be specified as a fixed amount.
- Act of 28 February 2018 on court enforcement officer costs (Polish Official Journal: Dz.U.2024, item 377), which regulates the amount of court enforcement officer costs, their rules and related cost proceedings.
- Act of 10 May 2018 on protection of personal data (Polish Official Journal: Dz.U. 2019, item 1781), which regulates the processing of personal data.
- Act of 27 May 2004 on investment funds and management of alternative investment funds (Polish Official Journal: Dz.U. 2023, item 681, as amended), under which the Polish Financial Supervision Authority issued the official permit to the Company to manage the securitized receivables of securitization funds.
- Act of 29 August 1997 'Banking Law' (Polish Official Journal: Dz. U. 2023, item 2488, as amended), which regulates the acquisition of receivables from banking sector operators.
- Act of 28 February 2003 'Bankruptcy Law' (Polish Official Journal: Dz.U. 2022, item 1520, as amended).
- Act of 16 February 2007 on competition and consumer protection (Polish Official Journal: Dz.U. 2024, item 594), which specifies the cases of misconduct of business operators that are considered violation of the collective interest of consumers as well as related procedures.
- Act of 15 May 2015 'Restructuring Law' (Polish Official Journal: Dz.U. 2022, item 2309, as amended).
- Act of 12 May 2011 on consumer loans (Polish Official Journal: Dz.U. 2022, item 246, as amended).
- Act of 9 April 2010 on the provision of business information and its exchange (Polish Official Journal: Dz.U. 2023, item 2160, as amended).
- The Act of 17 December 1998 on retirement pensions from the Social Insurance Fund (Polish Official Journal: Dz.U. 2022, item 1467, as amended).
- Act of 14 February 1991 'Notarial Law' (Polish Official Journal: Dz.U. 2022, item 1799, as amended).
- Act of 26 June 1974 'Labour Code' (Polish Official Journal: Dz.U. 2023, item 1465).
- Act of 10 October 2002 on minimum wages (Polish Official Journal: Dz.U. 2020, item 2207, as amended).
- Act of 6 July 1982 on land and mortgage registers and the mortgage (Polish Official Journal: Dz.U. 2023, item 1984, 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 EU L 83 of 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);
- Luxembourg Securitisation Law of 22 March 2004, to the extent concerning the subsidiary Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme based in Luxembourg.
- Act of 4 February 1994 on copyright and related rights (Polish Official Journal: Dz.U. 2022, item 2509), which specify the rules for transfer of economic copyrights and licensing that concern the subsidiary Kredyt Inkaso IT Solutions sp. z o.o. (formerly: Legal Process Administratio sp. z o.o.) based in Warsaw which provides IT services, computer software management and IT device administration.

- Act of 13 April 2022 on special solutions preventing support for aggression against Ukraine and protecting the national security (Polish Official Journal: Dz.U. 2024, item 507, as amended).
- Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ EU L 229, 31.7.2014, p. 1, as amended).
- Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (OJ EU L 078, 17.3.2014, p. 6, as amended).
- furthermore, the Capital Group operates on foreign markets in Romania, Bulgaria, Croatia and Russia where the respective subsidiaries conduct their business in the area of debt claims acquisition and recovery and are fully regulated by Romanian, Bulgarian, Croatian and Russian commercial law regulations.

## 2.3.2. Market and public trading regulations

Being a public company, Kredyt Inkaso S.A. is subject to certain regulations governing public trading in securities, mainly:

- Act of 29 July 2005 on trading in financial instruments (Polish Official Journal: Dz.U. 2023, item 646, as amended).
- Act of 29 July 2005 on Public offering, conditions governing the introduction of financial instruments to organised trading, and public companies (Polish Official Journal: Dz.U. 2024, item 620, recast).
- Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ EU L 173 of 12.06.2014), 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 (Polish Official Journal: Dz.U. 2018, item 757), which regulates the reporting obligations to be fulfilled towards certain capital market institutions.
- Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
- Act of 15 January 2015 on corporate bonds (Polish Official Journal: Dz.U. 2022, item 2244, as amended).

In addition, the Company is obliged to comply with a number of secondary regulations in Poland that implement the above statutes of law.

## 2.3.3. Tax regulations

Tax regulations significant for the operations of Kredyt Inkaso S.A.:

- Act of 15 February 1992 on corporate income tax (Polish Official Journal: Dz.U. 2023, item 2805, as amended).
- Act of 11 March 2004 on the goods and services tax (Polish Official Journal: Dz.U. 2024, item 361, as amended). The basic VAT rate is 23%, with rates being 8%, 7%, 5%, 4%, 0%, in addition to certain goods and services that are tax exempt.
- Act of 16 November 2006 on stamp duty (Polish Official Journal: Dz.U. 2023, item 2111, recast), which regulates the amount of public fees and charges on the filing of power-of-attorney instruments and their certified copies (PLN 17.00).
- Act of 9 September 2000 on the transactions tax (Polish Official Journal: Dz.U. 2024, item 295).

## 2.4. Natural environment, community and corporate governance (ESG) in the Capital Group

Sustainability and ESG activities invariably play an increasingly important role in the Capital Group. The Group has been engaging in further projects in this area, following up on its philosophy that these fields have a deeper meaning and bring measurable outcomes that are consistent and adequate to the profile of the Group's activities. The key initiatives in each of these fields are:

- Our environment – we monitor our carbon footprint, energy consumption, and adhere to the rules for the disposal of used electronic equipment (cf. 2.9 'Environmental issues'),
- Our society:
  - a. customers – we build stable and long-term relationships with our customers, based on respect for their rights and understanding of their life situation, as well as by conducting certain educational programmes:

- we advise people struggling with excessive indebtedness and promote a cost-effective way of life. Our knowledge base, practical advice, interesting and other useful information for anybody who wants to get out of the spiralling debt as well as others who are looking for new and effective ways to avoid debt, are published on our website and in social media channels operated by Kredyt Inkaso and its subsidiaries.
- b. staff – we believe that the key to business success is the diversity of our team. We build a friendly and ‘inclusive’ work environment where everyone regardless of gender, age, sexual orientation, nationality, health, religion or opinion can simply feel good. The four-member board of Kredyt Inkaso consists of two women and two men. There is a similar balance among officers and other managerial positions across the organisation. However, regardless of whether it concerns women or men, we aim at creating equal development opportunities for everyone (cf. 2.8 ‘Employee issues’).
  - Our corporate governance - we carry out our operations in line with applicable laws and regulations and in compliance with the highest ethical standards, as reflected in our Code of Ethics, for example. We also follow the 2021 Best Practice for WSE Listed Companies as well as the Good Practices of the Polish Association of Financial Companies (ZPF). We are guided by our Mission, Vision and the Values of Kredyt Inkaso Capital Group, and they are not an empty slogan but a systemic value model and an actual way of taking action that we truly believe in and which we as the Group and as a team want to follow on a daily basis. (cf. 2.7 ‘Good practices’, 2.8 ‘Employee issues’).

## 2.5. Governance

### 2.5.1. Corporate governance

Kredyt Inkaso Capital Group has a compliant and transparent and effective internal governance model. It is defined in the Articles of Association of Kredyt Inkaso S.A. and the system of by-laws and rules, in particular:

- a. company management and organisation system
- b. rules for corporate bodies (Supervisory Board, Management Board), their members and other prominent officers,
- c. standards of conduct and rules of conflict of interest management,
- d. compliance management system,
- e. risk management system,
- f. internal control system,
- g. principles of ethics formulated in the Code of Ethics.

### 2.5.2. Compliance management system

The Group has established a separate and independent organisational unit competent for compliance and has adopted a number of internal rules and by-laws, including anti-corruption, conflict of interest management, ethical principles and internal *whistleblowing*.

Compliance is defined in the Company as a set of activities and behaviours enabling such operation of business that conforms to the highest ethical standards, at the same time ensuring full compliance with the relevant legal regulations, standards and established market practices, internal rules and by-laws as well as the internal code of conduct.

Effective compliance is the key to identifying and mitigating risks, and consequently to protecting the Capital Group from reputational damage, sanctions, damage to third parties and high financial outlays otherwise needed to remove adverse effects.

The responsibility for ensuring compliance lies with all employees and organisational units, regardless of the actions taken by the independent organisational unit in charge of compliance. Organisational units follow the principles of self-control in their activities to mitigate possible risks related to the lack or insufficient level of adaptation to procedures, standards, guidelines, codes and regulations.

The objectives of compliance arise directly from the definition of compliance. The master aim is to achieve and maintain compliance with the law, established standards, market practices, by-laws and the internal code of conduct.

In order to properly organise the compliance function, there are several levels of responsibility established – the compliance culture. At the first level, there are certain corporate bodies, namely the Supervisory Board and the Management Board. It is the responsibility of the management to give the best example of how by-laws, standards and internal rules are followed



properly and to the right extent (the *tone-from-the-top* principle). This applies not only to the members of the Management Board themselves, but to the entire management team.

The responsibility at the second level lies with Compliance and Compliance Officer functions.

The last level of responsibility for compliance covers all organisational units and all people working there.

According to their duties and the assigned scope of authority, all employees are obliged to comply with and apply the law, by-laws, market standards and the internal code of conduct.

### 2.5.3. Code of Ethics

The Code of Ethics is a set of rules of conduct that are founded general moral standards and reflect the applicable law. It is adopted by the Capital Group. The Code of Ethics focuses on the Company's relationship with its employees as well as other debt trade entities, business counterparties and customers or debtors themselves.

The Code of Ethics is a key features in the Capital Group's organisational culture and a tool that supports the promotion and implementation of values to be followed by all employees.

Clear and transparent rules of conduct are conducive to building a positive working atmosphere, affect the relations among employees and promote their integratio with the Capital Group values. Moreover, compliance with the Code of Ethics in business activities is one of the most crucial factors in building trust and maintaining the expected reputation of the Group on the market.

The adopted principles provide the basis for joint actions of the Capital Group for the benefit of its employees and other stakeholders. They establish the image of the Group and enable it to be distinguished among the competition.

The Capital Group adopts the following ethical principles that follow the values of the Kredyt Inkaso Capital Group.

- 1) **Ethics in Action:** Ethics in business applies to all relationships that occur among employees themselves, between employees and debtors, as well as between employees and business counterparties. Ethical actions are those that comply with the law as well as community norms. Ethical actions may limit the number of conflicts that would otherwise arise in the business.
- 2) **Reputation:** Reputation is an important asset for the organisation and for the environment in which the Capital Group operates. Therefore, it is crucial for the development of the Group and constitutes a value in itself. We build the Group's reputation by constantly striving to achieve the highest standards in terms of credibility, reliability, trust and responsibility. 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 can establish trust in the organisation as a financial market participant and create stakeholder value of the Capital Group. In this context, reputation provides the foundation in the eyes of community for our continued operation and development.
- 3) **Goal Orientation:** We consistently pursue our goals. We are clear about the direction we are heading as we want to be the best at what we do, focusing on finding simple and beneficial solutions for our customers and our business. We strive to achieve the best results and avoid inefficiencies, and we know (**Straight-to-the-Goal** value) that the results of our work often depend on the results of others. We combine the achievement of professional goals with our individual goals as each of us develop in line with the development of our organisation.
- 4) **Professional Approach:** By building teams, we create a pool of specialists dedicated to their respective fields. The high qualifications and skills of our employees are the capital that allows us to efficiently achieve business goals. We train employees in both industry and product knowledge as well as interpersonal skills.
- 5) **Legal Compliance:** We comply with applicable laws and regulator statutes in all our actions. As an employer, we ensure compliance with the Labour Code by educating our managers on an ongoing basis. On top of their highest ethical standards we want our employees to also be a guarantee of full compliance with the law.
- 6) **Integrity:** We act honestly and with prudence, and respect the legitimate interest of our business counterparties, suppliers, customers, debtors and the good name of the debt trade market.
- 7) **Internal Relations:** We take care of shaping proper relations with employees/co-workers in a spirit of mutual respect and responsibility, we provide appropriate conditions for performing professional activities.
- 8) **Market Development Promotion:** We cooperate with other entities in promoting good market practices and the Standards of Conduct, and we strive to eliminate any conduct that violates *Best Practice for WSE Listed Companies, Good Practices of the Polish Association of Financial Companies (ZPF)* as well as any other manifestations of behaviour that is unfair,

untrustworthy or inconsistent with the Standards of Conduct. We strive to be ready for the future, ensuring the constant progress of our organisation as well as quickly and flexibly implementing innovative solutions (the **Ready-for-the-future** value).

## 2.5.4. Anti-corruption rules

In its activities, the Capital Group aims to build a strong anti-corruption culture, and to this effect the Management Board of Kredyt Inkaso S.A. has adopted internal anti-corruption rules. They demonstrate the standards adopted in the Capital Group that are based on ethical, fair and responsible principles of business conduct in compliance with legal regulations and market standards. The Capital Group strictly opposes any form of violation and corruption, as reflected in its Rules as well as anti-corruption clauses incorporated in contracts with business counterparties and suppliers.

As part of its corruption risk management system, the Capital Group places particular emphasis on shaping proper ethical and moral attitudes and building awareness of employees and co-workers at all levels of the organisational structure, through training, incentive systems, internal communication, building the culture of the organisation, etc.

The principles that guide the Capital Group are aimed at building a robust anti-corruption culture in which offering, promising, giving, accepting or applying for undue benefits (financial or non-financial) is unacceptable.

The Capital Group guarantees that no employee will be punished, dismissed, demoted, suspended, transferred or discriminated against for: refusing to act unlawfully, even if such refusal causes negative consequences for the Group's business, and good-faith reporting of violations of the anti-corruption principles, regulations and the Rules.

Integral to the anti-corruption culture is the responsibility for counteracting corruption that lies with each of us, starting with the Supervisory Board that:

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

As part of the corruption risk management system, the Management Board ensures that:

- the corruption risk management system operates effectively in the Kredyt Inkaso Capital Group and is verifiable, constantly improved and regularly reviewed,
- this system is integrated with internal processes in the Kredyt Inkaso Capital Group,
- adequate human and financial resources are deployed to enable the effective operation of the system.

In the Company's organisational structure, there is the Compliance Officer who is responsible for the management of corruption risk. The Compliance Officer:

- supervises, implements and coordinates the implementation of anti-corruption activities resulting from the adopted internal rules and by-laws,
- identifies, assesses, monitors and controls the risk of corruption in the Kredyt Inkaso Capital Group,
- conducts/recommends training on counteracting and preventing corruption,
- provides advice and guidance to employees on the operation of the corruption risk management system and the corruption factors.

As a result of the implemented solutions described above, during the period covered by the report, there were no incidents of violation or corruption in the Company.

## 2.5.5. Irregularities, whistleblowing system and anonymous reporting

The Kredyt Inkaso Capital Group has a system for reporting irregularities (also anonymously). There are relevant by-laws in place that cover activities undertaken within one's duties by employees and organisational units. These by-laws allow whistleblowers to report actual or potential irregularities in a manner that is independent of all other ways described in other by-laws.

This internal *whistleblowing* system is a process by which any employee or business counterparty, supplier, customer and bidder may disclose in good faith workplace/ company practices that, according to his or her reasonable opinion, meet the criteria of 'irregularities' that are any manifestation of violations of law, by-laws, adopted standards and rules, improper actions and omissions, with the exception of mobbing and discrimination for which there are detailed rules described in *Mobbing and Discrimination Counteracting Procedure*.

Every notification is presumed made in good faith, meaning that the notifying party acted in the proper way and not with the aim of achieving any benefit, regardless of whether any doubts are justified or not.

It is forbidden to take any retaliatory measures against such notifier as well as the employee against whom the notification has been reported by other employees. At the same time, employee rights remain fully protected according to the Kredyt Inkaso Work Rules and the mandatory legal regulations.

If the notifying party or the employee against whom the notification has been reported assesses that he or she is the object of retaliatory actions linked to the notification made, he or she will have the opportunity to report this fact in accordance with the principles specified in the Rules. In such situation, a separate investigation procedure will be initiated on a case-by-case basis, in accordance with the principles set out in the Rules. In the case of retaliatory actions taken that bear the signs of mobbing or discriminatory activity, the detailed rules of procedure are set out in Mobbing and Discrimination Counteracting Procedure.

All notifications will be processed confidentially and anonymously. While respecting the right to privacy, the Company undertakes not to deliberately disclose any information that would enable the notifier to be identified without his or her explicit consent.

### 2.5.6. Notification form for third parties (business counterparties, suppliers, customers)

In order to make it easier for counterparties, suppliers, bidders, customers and other stakeholders to notify irregularities and corruption incidents, there is *Irregularity Reporting Form* ("Form") in place and available on the Kredyt Inkaso website. The message sent via the Form will go directly to the persons in charge of such notifications.

Such dedicated notification channel enables reporting any and all manifestations of violated legal regulations, by-laws, adopted standards and rules, as well as improper actions and omissions. In particular, these can be violations of long-term nature that are associated with wilful misconduct.

Another type of irregularity can also be a corruption incident, such as offering, promising, giving, accepting or claiming undue benefits, regardless of value (financial or non-financial), directly or indirectly, whatever the location, that violate applicable legal regulations, by-laws or contracts with Capital Group subsidiaries with the aim of inducing or rewarding a person for taking a certain action or refraining from acting.

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

## 2.6. Data security and secure personal data processing

For companies operating in the debt trade market, effective data protection is a fundamental determinant of trustworthiness. In the Capital Group, this is regulated by the Personal Data Protection Policy created based on *EU General Data Protection Regulation* (GDPR).

Within the framework of debt portfolio acquisition activities or debt collection activities on behalf of our business partners, in particular investment funds, we undertake to ensure the utmost care in the personal data processing. Our goal is to select appropriate technical and organisational measures so that our activities ensure the security of personal data, including its confidentiality, integrity and availability. Furthermore, the implemented policies, procedures and rules have been designed to establish the right to privacy of debtors, the right to the protection of personal data, and to respect the rights provided for under GDPR.

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

Employees have a huge influence on the proper functioning of the personal data processing, which is why we constantly take care of their proper knowledge and awareness of threats. To this end, each new employee must be trained and know the operational principles of personal data processing before he or she can commence work. Moreover, we have developed a series of training courses to remind employees of the rules and procedures oriented to the security of personal data. The Data Processing Officer (DPO) team conducts regular functional inspections and verifies the fulfilment of obligations under our by-laws as well as GDPR. The rights of debtors are particularly important to us, which is why we constantly monitor the timeliness

and quality of responses to the requests raised by them. Responses to the submitted requests explain actions that have been taken, the legitimacy of a given request and the method of personal data processing.

In cases pending before the Polish Office for Personal Data Protection (UODO) that concern complaints from debtors, we remain at the disposal of the authorities. We provide explanations within the proper time limits as well as the necessary documentation to make it easier for the authorities to issue decisions. The high diligence and care that we apply to the data processing effectively prevents irregularities, as reflected in a number of closed proceedings before the authorities. During the reporting period, Group subsidiaries have not received any financial penalty for violating GDPR clauses or any other sanction imposed by this supervisory authority.

The Company established the Data Processing Officer (DPO) who can be contacted at [dpo@kredytinkaso.pl](mailto:dpo@kredytinkaso.pl).

In October 2023, the Group was audited by an independent auditor on its compliance with PN-EN ISO/IEC 27001:2017-06 in establishment, implementation, maintenance and continuous improvement of the information security management system and the estimation and handling of information security risks. As a result, this auditor re-confirmed our certificate of compliance with the above standards.

Remembering how critical is security both in terms of information resources safety and protection of health and life of the Group's employees, our dedicated Security function constantly monitors external and internal threats. Bearing in mind the emergence of new risks as well as maintaining an acceptable level of the risks already identified, certain technical and organisational measures are implemented to keep the proper level of security.

As the Company's activities are based mainly on access to data through IT systems, a lot of effort has been put into ensuring an appropriate level of cybersecurity. For example, this was implemented through new high-end cybersecurity tools as well as constant monitoring of all security systems, with their configuration adapted to dynamically changing threats. The effectiveness of the adopted technical solutions was verified through penetration tests that were carried out by third-party providers.

The Company has implemented by-laws for the information security management system and there is an organisational unit in place in charge of coordinating activities in this area. Group employees are regularly trained on relevant safety rules and procedures, with their knowledge reviewed through practical checks.

Thanks to the implemented technical and organisational solutions, during the period covered by the report there has been no major information security incidents identified in the Company, nor were there any cybersecurity events that would affect the business continuity of the Group's operations.

## 2.7. Good practices

### 2.7.1. Best Practices for WSE Listed Companies

Being listed on the Warsaw Stock Exchange, the Company is subject to the rules and principles specified in 2021 Best Practices for WSE Listed Companies. It is a set of corporate governance principles and rules of conduct affecting the relationship of listed companies with their market environment, and they are a key element contributing to the competitive position of companies and strengthening the attractiveness of the Polish capital market. They apply to the following areas of the Company's business:

- Information policy and investor relations,
- Operation of the Management Board and the Supervisory Board,
- Functioning of internal systems and functions, such as internal control, risk management, compliance, and internal audit,
- Operation of the General Meeting and stockholder relations,
- Conflicts of interest and related party transactions,
- Remuneration of directors and officers.

The Company complies with majority of the rules set forth in this document, while in the case of others it submits relevant exemption statements that are available on the Company's website at: ([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 good corporate governance practices other than those indicated above, including any that would exceed the requirements under the Polish law.

For more information please refer to Chapter 4.2 on good practices (Declaration of compliance with corporate governance system).

## 2.7.2. Good Practices - Polish Association of Financial Companies (ZPF)



The Association of Financial Companies in Poland was established in October 1999 and currently brings together over a hundred key players from many sectors of the Polish financial market. Kredyt Inkaso S.A. has been a ZPF member since 2018, therefore promoting mutual respect and fair ethical principles in relations with customers and business partners, as well as professional approach in practice.

The Association has developed Good Practices which constitute a set of rules of conduct based on general moral standards and consistent with the applicable legal regulations binding in Poland.

Kredyt Inkaso follows these standards, acting integrally and respectfully for the interest of customers and the good name of the financial market. We protect customer information and ensure that it is used lawfully. We provide customers with clear and reliable information about products and services offered and the associated costs, risks and possible benefits.

According to the rules out by the Association, we include all the information that should be incorporated in the communication that we address to debtors, with particular attention paid to the fact that the envelope does not contain any features referring to any debt (except for signs and graphics identifying the debt collection company itself).

In our business, and in particular during telephone talks and direct visits of our field representatives, we follow with the rules of the Association so that such talks are conducted at the right time and place and such method of contact is not burdensome for the customer, in a reasonable opinion. Our aim is eliminate situations in which the debtor could feel harassed by the number or frequency of contact from us.

All new employees responsible for contact with debtors undergo a series of multi-day training sessions preparing them as best as possible for the debtor supporter role. During employment, this trainings will be repeated, with its contents and methodology updated on an ongoing basis and adapted to the changes in the regulatory environment.

Kredyt Inkaso staff are obliged to conduct their talks in a polite and cultural manner, ensuring secrecy and no disclosures to third parties of any information about any payments or personal data of a given customer.

Recordings of the talks undergo internal monitoring processes, any complaints are handled based on merits and timely, in accordance with the rules set out by the Association. If any irregularities are confirmed, appropriate conclusions will be drawn to avoid such incidence in the future.

Being a member of the Association, Kredyt Inkaso S.A. undergoes an annual ethics audit that is carried out by the Association's Ethics Committee and verifies compliance with its Good Practices. On 22 March 2024, the Company was awarded an affirmative audit certificate. In fact, Kredyt Inkaso S.A. has successfully passed all ethics audits to date.



## 2.8. Staff

In its activities, the Capital Group abides by the generally applicable regulations of law, official recommendations and guidelines of supervisory authorities, generally accepted ethical and community standards, and market standards, in order to maintain its competitive position on the market as an employer.

Employees and their knowledge, experience and commitment are the core capital of our organisation. They are what enables us to create and implement innovative solutions. We ensure that the rules of recruitment, remuneration and promotion, as well as staff management, remain transparent and motivating.

The following are the key by-laws related to staff employment and management:

- Kredyt Inkaso Organisational Rules,
- Kredyt Inkaso Remuneration Rules,
- Kredyt Inkaso Work Rules.

These are complemented by procedures in the areas of recruitment, development and evaluation of employees. The resulting solutions adopted by the Company are implemented throughout its subsidiaries. We establish effective collaboration and communication thanks to the Management by Objectives System in place in the entire Group.

Attitudes and behaviours that promote positive relationships in the organisation and the right management style are those encouraged among the staff. The Mission, Vision and the Values of the Capital Group which have been jointly developed and implemented show the ways for interacting with colleagues, customers and business partners, and determine the expected way of communication and the style of activities inside the Group.

The Capital Group strives to be a workplace that is free of harassment, discrimination and other forms of violence, both from managers and co-workers.

The procedure for counteracting workplace mobbing and discrimination highlights the following areas:

- mobbing, discrimination or any other form of violence is unacceptable,
- employees are obliged to avoid actions and behaviours that meet the definition of mobbing or have the features of discriminatory conduct or any other form of violence,
- permitting mobbing, discrimination or their use amounts to violation of employee duties. In such situation, the Company, as the employer, may apply the sanctions provided for in the labour law and its work by-laws.

### 2.8.1. Diversification of organisation

Creating a friendly and inclusive work environment is a high-rank issue for Kredyt Inkaso. Therefore, in 2023/2024 the Company joined those who signed the Diversity Charter. It is an international initiative under the auspices of the European Commission, intended to combat any form of discrimination and to ensure the creation and advancement of diversity at the workplace. By signing the document, businesses express their readiness to actively support diversity and to involve workplace colleagues as well as business partners and community stakeholders.

The issue of diversity was also discussed in a special webinar addressed to Kredyt Inkaso staff, prepared by the Responsible Business Forum initiative (FOB). The discussion covered such topics as: various dimensions of diversity, building diversity in a company, stereotypes and discrimination, inclusive language, micro equality, micro communications and micro affirmations, and the importance of the Diversity Charter. It was attended by over 170 people.

In February 2024, the Company took part in the Diversity-in-Check survey for the first time. It diagnoses the maturity of our organisation in terms of diversity management and inclusive work environment. A report with the results will be issued to Kredyt Inkaso at the turn of July and August 2024. It will mark the direction for the Company to carry out further development in this area.

Inkaso Kredyt stands out among other financial market operators in terms of diversity, among other things, as there are two women and two men in its four-member board of directors (Management Board). There is a similar balance among officers and other managerial positions across the organisation.

To support the professional development of women and the workplace diversity, Ms Barbara Rudziks, the President of Board, took part in the Financial Market Leaders Forum in FY 2023/2025, which gathered during the Second Congress of Financial Institutions hosted by the Polish Association of Financial Companies (ZPF). Its participants focused on methods of effective management, a recipe for success in business, supporting the development of women and the role of communication in organisations, referring to their professional experience.

## 2.8.2. Work-life balance

In FY 2023/2024, Kredyt Inkaso's cultural transformation that had been initiated more than three years ago has continued. Within its framework the Company implements many initiatives to maintain the work-life balance of its employees.






This balance is extremely important for the mental and physical well-being of every employee, and also has a direct impact on their engagement and effectiveness. In the past year, the Company has therefore joined 'Two Hours for the Family' campaign hosted by Humanites Institute and implemented by employers around the world. The idea behind this campaign is to counteract the crisis of individual relations and integrate professional and private life following up on the motto: 'We have one life in many roles'. Robust and deep relationships with loved ones are so important for one's sense of mental wellness. In connection with Kredyt Inkaso's part in this campaign, in May 2023 every employee could take advantage of two hours off from a given working day to enjoy more time with their loved ones, upon arrangement with their supervisor. Another initiative in this area has been 'Birthday Surprise'. Every Capital Group employee is eligible to shorten one day of his or her choice by two hours to celebrate his or her birthday in the same week.

In addition, in March 2024 the Company began implementing 8-weeks' breathing workshop hosted online by Mr Sebastian Doba, a certified breathing trainer. During these sessions, our employees learn how to use proper breathing techniques to reduce stress, oxygenate the brain, improve memory and concentration, learn breathing patterns, 'reset' the nervous system, stimulate creativity, and strengthen immunity. On top of the online sessions, they are provided with training materials, such as videos, audio files and presentations. Furthermore, the Kredyt Inkaso Capital Group encourages its employees to participate in sports activities and, to this end, co-finances Multisport sports club cards and also paid the entry fee for those who wanted to run the 17th Nationale-Nederlanden Warsaw Halfmarathon.

The Company's activities for the benefit of its employees, namely 'Two Hours for the Family', 'Birthday Surprise', quarterly online chats of the Kredyt Inkaso Management Board with the staff, and the first-aid training sessions held in early 2023 as well as the signing of the Diversity Charter in May 2023, were recognized by the Responsible Business Forum as *good practices* and thus listed in the 22nd edition of report 'Responsible Business in Poland. Good practices in 2023'. This publication of the Responsible Business Forum is the largest and most important review of sustainable development initiatives in Poland.

## 2.8.3. Key employment figures

### Total headcount

					
	POLAND	ROMANIA	BULGARIA	RUSSIA	TOTAL
31.03.2023	379	72	50	46	547
31.03.2024	395	86	53	40	574
<b>incl. Kredyt Inkaso S.A.:</b>					
31.03.2023	347				
31.03.2024	367				

**Headcount by gender**

					
	POLAND	ROMANIA	BULGARIA	RUSSIA	GROUP TOTAL
<b>31.03.2024</b>					
Women	293	62	43	26	424
Men	102	24	10	14	150
<b>Total</b>	<b>395</b>	<b>86</b>	<b>53</b>	<b>40</b>	<b>574</b>
<b>incl. Kredyt Inkaso S.A.:</b>					
Women	289				
Men	78				
<b>31.03.2023</b>					
Women	279	54	41	33	407
Men	100	18	9	13	140
<b>Total</b>	<b>379</b>	<b>72</b>	<b>50</b>	<b>46</b>	<b>547</b>
<b>incl. Kredyt Inkaso S.A.:</b>					
Women	274				
Men	73				

**Number and ratio of new employees**

	Women		Men		Total	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
aged under 30	54	52	38	22	92	74
ages 30 – 50	44	31	16	21	60	52
older than 50	7	3	2	0	9	3
<b>Total</b>	<b>105</b>	<b>86</b>	<b>56</b>	<b>43</b>	<b>161</b>	<b>129</b>
<i>employment rate</i>	<i>0.18</i>	<i>0.16</i>	<i>0.10</i>	<i>0.08</i>	<i>0.28</i>	<i>0.24</i>
<b>incl. Kredyt Inkaso S.A.:</b>						
aged under 30	19	18	9	7	28	25
ages 30 – 50	23	21	11	16	34	37
older than 50	3	2	0	0	3	2
<b>Total</b>	<b>45</b>	<b>41</b>	<b>20</b>	<b>23</b>	<b>65</b>	<b>64</b>
<i>employment rate</i>	<i>0.12</i>	<i>0.12</i>	<i>0.05</i>	<i>0.07</i>	<i>0.17</i>	<i>0.19</i>

The employment ratio is calculated as the share of new employees in the total quantity of staff.

**Number and ratio of departed employees**

	Women		Men		Total	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
aged under 30	41	36	23	18	64	54
ages 30 – 50	43	32	20	26	63	58
older than 50	4	4	3	3	7	7
<b>Total</b>	<b>88</b>	<b>72</b>	<b>46</b>	<b>47</b>	<b>134</b>	<b>119</b>
<i>departure rate</i>	<i>0.16</i>	<i>0.13</i>	<i>0.08</i>	<i>0.09</i>	<i>0.24</i>	<i>0.22</i>
<b>incl. Kredyt Inkaso S.A.:</b>						
aged under 30	7	7	2	7	9	14
ages 30 – 50	24	16	10	19	34	35
older than 50	1	1	1	2	2	3

	Women		Men		Total	
<b>Total</b>	<b>32</b>	<b>24</b>	<b>13</b>	<b>28</b>	<b>45</b>	<b>52</b>
<i>departure rate</i>	<i>0.09</i>	<i>0.07</i>	<i>0.04</i>	<i>0.08</i>	<i>0.13</i>	<i>0.15</i>

The employee departure ratio is calculated as the share of people who have left the employer in the total quantity of staff.

## 2.8.4. Training and development

The Group engages its employees in the continuous improvement of their qualifications and personal development, including through participation in projects and work on process improvement and improving efficiency, which gives employees the opportunity to continuously develop skills and systematically acquire knowledge.

In April 2023, Kredyt Inkaso launched the development program for women and men holding management positions, called 'Challenges of Modern Leadership'. It was preceded by the Development Centre, i.e. the analysis of the Group's potential based on the talent development method. This was the starting point for a cycle of trainings which helped highlight strengths and development areas of our management team. This helped us to profile workshops according to pre-identified participants' needs.

The framework of this initiative included the following training modules:

- crucial regulations and changes in the labour law, their practical application in management roles in the context of hybrid work;
- standards of team leadership and employee motivation;
- change management according to ADKAR model.

'Challenges of Modern Leadership' development initiative will complete by the end of 2024. Its programme includes issues related to employee recruitment, the onboarding function of the manager, and feedback based on the competency matrix.

The development activities are carried out at all levels of the organisation. The Company ensures the appropriate level of competence and further opportunities to plan one's development at every level of its organisational structure. In the last year, our managers together with their teams worked on creating the competence matrix for each position, covering both job-oriented and social competences. The assessment underlying the matrix is the starting point for feedback conversations with every employee so that their individual development plans can be worked out.

### Time and ratio of employee training

	31.03.2024	31.03.2023
Total hours spent on employee training	5172	4,372
Employment	574	547
Training hours ratio per employee	9	8

## 2.8.5. Workplace health and safety

The Capital Group pays special attention to occupational health and safety. The employer successively modernizes and upgrades office workstations and other tools, and analyses any incidents or threats to the safety of respective employee groups on an ongoing basis.

### Types of accidents and injuries

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Fall on a flat surface	1	1
Fall from a height	-	1
<b>Total accidents</b>	<b>1</b>	<b>2</b>

## 2.8.6. Working conditions and system – changes in internal rules and their adaptation to the amended Labour Code

In April 2023, the Group adapted the internal rules of its subsidiaries companies to the new legal regulations that result from two amendments to the Labour Code. The first amendment, introduced by the Act of 1 December 2022 amending the Labour Code and certain other acts (Polish Official Journal: Dz.U. 2023, item 240), commonly known as 'Remote Work Act', has permanently implemented certain working solutions that have been known since the pandemic (remote/hybrid work model). In the Polish subsidiaries of the Kredyt Inkaso Capital Group, new internal rules on the remote and hybrid work were introduced and take into account the needs reported by employees and the legislator's guidelines. They allow employees to choose one of three remote work systems: up to 5 days per month, from 6 to 10 days per month, and over 11 days per month. They also receive a subsidy to cover the costs related to work from home. Currently, employees of the Capital Group subsidiaries work mainly based on the hybrid model.

The second amendment, introduced by the Act of 9 March 2023 amending the Labour Code and certain other acts (Polish Official Journal: Dz.U. 2023, item 641), implemented:

- new employee privileges that provide additional protection against dismissal, and new notification obligations under employment contracts;
- two EU directives on transparent and predictable working conditions in the EU and the work life-balance (work-life balance for parents and carers). They adapt the Polish law to the EU legal system and contain many elaborate solutions that increase the rights of employees and their family members.

## 2.8.7. Mission, Vision and Values of the Capital Group

Kredyt Inkaso S.A. was established in 2001 and is one of the leading debt management companies in Poland. As the time passed the Company has transformed into a capital group that operates in five CEE markets: Poland, Romania, Bulgaria, Croatia and Russia, cooperating there with banks, insurers, telecoms, lenders, and other general service providers. The Company has been listed on the Warsaw Stock Exchange since 2007.

The Kredyt Inkaso Capital Group focuses on investing in debt portfolios and servicing them, at all stages of maturity – from amicable debt collection to court and enforcement proceedings, also cooperating with business intelligence agencies in that respect.

The mission of the Capital Group is to take ethical and effective actions to support primary creditors in solving problems with irregular debts and to support indebted persons in facilitating their repayments. Furthermore, by following our Vision we strive to be the company whose market value increases both for employees and as well as investors, customers and business partners.

Its ethical principles are reflected in the Code of Ethics of the Kredyt Inkaso Capital Group. This document defines the key areas: Ethics in Action, Reputation, Goal Orientation, Professional Approach, Legal Compliance, Integrity, Internal Relations, and Market Development Promotion.

As part of this set of values and such goals, ethics and integrity in action are fundamental to how the Group functions in all markets.

During its years of presence on the debt management market, the Kredyt Inkaso Capital Group has developed a reliable and unique operating model. It also defined attitudes and behaviours that consistently build positive relationships with stakeholders and allow achieving its business goals.

In FY 2022/2023, the Kredyt Inkaso Capital Group updated its 'strategic triad': the Mission and the Values were updated, and the Vision was redefined. The changes introduced emphasize the customer-centric service model, and even more clearly define the organisational culture that is the foundation for the Group's functioning.



## Mission and Vision



### Misja

Wspieramy wierzycieli pierwotnych oraz zadłużone osoby i firmy. Wierzycielom pierwotnym pomagamy rozwiązywać problemy z wierzytelnościami nieregularnymi. Zadłużonym ułatwiamy spłatę zaległości. Robimy to etycznie i skutecznie.



### Wizja

Chcemy być firmą, której wartość rośnie dla wszystkich: pracowników, inwestorów, klientów i partnerów biznesowych.

## Values



### Po pierwsze ludzie

Pracujemy z ludźmi i dla ludzi. Szanujemy członków naszego zespołu, inwestorów, klientów (osoby zadłużone) i partnerów biznesowych. Postępujemy zgodnie z zasadą fair play. Stawiamy na ścisłą współpracę i korzyści dla wszystkich stron.



### Prosto do celu

Koncentrujemy się na znalezieniu prostych i korzystnych rozwiązań dla naszych klientów i naszego biznesu. Dążymy do osiągnięcia jak najlepszych rezultatów i unikamy nieefektywności.



### Gotowi na przyszłość

Dbamy o stały postęp i rozwój naszej organizacji. Idziemy z duchem czasu. Szybko i elastycznie wdrażamy innowacyjne rozwiązania. Nieustannie się doskonalimy.

## 2.9. Environmental issues

The Capital Group provides financial services that do not have a direct impact on environmental pollution, therefore the Company has not adopted a separate policy on environmental issues. However, bearing in mind issues related to environmental protection, the Group monitors energy consumption and observes the rules related to the disposal (return to the supplier) of used electronic equipment, toners for printers, fluorescent lamps, etc.

The Company is gradually replacing vehicles from its fleet with greener and more environment friendly vehicles that meet the latest emission standards.

In FY 2023/2024, the Kredyt Inkaso office based in Lublin moved. Today, it is situated at ul. Zana 39 where it occupies the entire 8th floor of the building, i.e. over 520 sqm. (compared to 790 sqm. previously). This modern, open and friendly space has improved the team's comfort at work, fosters its cooperation and productivity. The interior and structural solutions used in the office as well as its equipment contribute to reduced consumption of electricity and other utilities.

Moreover, in Zamość where Kredyt Inkaso has another office, the power supply and lift control systems were upgraded, further reducing the consumption of electricity as well as increasing the level of safety. In the same building, also some windows were replaced which improved both the building's energy balance and heat consumption.

The Capital Group issues quarterly reports according to GHG Protocol methodology which cover direct and indirect greenhouse gas emissions (Scope I and II) in Poland, Romania and Bulgaria. The first report presenting the environmental and climate impact information on the Kredyt Inkaso Capital Group related to its carbon footprint was prepared for the first quarter of 2022.

'Scope I' means direct emissions resulting from the combustion of fuels in stationary and mobile sources, owned or controlled by the Company, as well as emissions resulting from technological processes and cooling agent leaks. 'Scope II' means indirect energy emissions resulting from the consumption of imported (purchased or supplied from outside the organisation) electricity, heat, steam and cold, which as a principle are generated at the place of production of these utilities.

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Energy used in kilowatt-hours	517,832	411,225
<i>Energy used. Internal study.</i>		

## 2.10. Internal control and risk management system

The Group has an internal control system that supports the management process 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 rules and by-laws and market standards.

The internal control system includes:

- the Internal Control function that ensures compliance with internal control mechanisms and the quality of processes,
- a compliance-dedicated function (Compliance Officer) tasked with identifying, assessing, controlling and monitoring the risk of non-compliance of operations with laws, internal rules and by-laws and market standards, and providing periodic reports in this regard,
- an independent Internal Audit function (Internal Audit Division) that examines and evaluates, in an independent and objective manner, the adequacy and effectiveness of the risk management system and the internal control system.

The Group manages risks by keeping up to date with the current market trends and developments, as well as changes in the legal and regulatory environment. In terms of risk management, the Group identifies and analyses 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 risks and the Company's and Group's exposure	Risk management	Risk level
<b>Risks related to the increase in operating costs</b>	Significant increases in the Group's operating expenses may be affected by increases in such cost groups as: (i) costs of court, notary, enforcement officer and other litigation fees related to debt management through legal channels, as well as tax charges; (ii) postage and bank charges; (iii) labour costs; (iv) costs of services and materials purchased by the Group; and (v) costs of obtaining financing. The costs indicated in (i) and (ii) above may increase in particular due to a possible change in legislation. Due	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 costs, the Group:	High

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<p>to high 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 continued increases in interest rates, which would have a direct impact on the increase in the cost of obtaining financing (v). A disproportionate increase in any of these cost groups, particularly in the dynamics of realised revenues, may negatively affect the Group's growth dynamic and operational result, consequently leading to impeded ability to service its debts.</p>	<ul style="list-style-type: none"> <li>a. increases operational efficiency,</li> <li>b. reduces cost-creating activities by selectively choosing cases with the potential to guarantee cost recovery,</li> <li>c. chooses less costly activities if the probability of expected returns is similar,</li> <li>d. forgoes costly legal action if the cost is higher than the likely gains,</li> <li>e. for cost reasons, discontinues enforcement 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 enforcement officer,</li> <li>f. monitors cases with pending enforcement proceedings with the aim of taking them up within the statutory deadline,</li> <li>g. in cases where it is justified, the creditor files a complaint against the action of the enforcement officer on the costs charged to the creditor,</li> <li>h. monitors cases with rejected (on merits or for procedural reasons) statement of claims in order to pay costs in a timely manner to minimise the risk of further costs being incurred.</li> </ul>	
<b>Risk of negative revaluation of</b>	The Group acquires debt portfolios for its own account. If the acquired debt portfolios do not	The Group analyses current repayments from debt	High

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<b>carrying value of acquired debt portfolios</b>	<p>generate the expected cash flows over the assumed time horizon, they may need to be revalued downward. This risk is relatively greater 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 proceeds from foreign portfolios (currency risk).</p>	<p>portfolios in relation to forecasts and the current economic situation and changes in the law.</p> <p>Based on its analysis, the Group continuously updates the valuation of debt portfolios based on the most current cash flow projections. The Group monitors its exposure to exchange rate risk on an ongoing basis, including from foreign portfolios - if the so-called appetite for this type of risk is exceeded, the Group may decide to apply risk mitigation tools.</p>	
<b>Risk related to transactions with related parties</b>	<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 analyses 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 analysis, as well as the services of professional consulting entities.</p>	<p>Medium</p>
<b>Risk of new legal restrictions on sale of debt claims</b>	<p>The Group is in the business of acquiring and managing debt portfolios 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>• legal regulations and legislative changes,</li> <li>• decisions and rulings of public administrative bodies, e.g. Financial Supervision Authority, Office of Competition and Consumer Protection, Office of the Polish Data Protection Commissioner,</li> <li>• communications, guidelines and interpretations of public administrative 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</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 communications (guidelines, decisions, etc.) addressed to market participants by government authorities. If a change or announcement is considered to potentially affect the Group's business, it takes</p>	<p>Medium</p>

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<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 contracted debt, or that it 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, while the secured 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>adjustment measures in this regard on an ongoing basis.</p> <p>The Group has separate organisational units:</p> <ul style="list-style-type: none"> <li>• in charge of the debt management area,</li> <li>• Compliance Officer, which monitor the Group's compliance with legal regulations, including updating internal rules and by-laws as necessary.</li> </ul> <p>Taking into account the conclusions of the ongoing internal analysis and forecasts of financial data, the risk of violation of obligations to creditors in the Group is minimal. In order to reduce the risk, the Group diversifies external financing and manages liquidity in a way that minimizes the risk of liabilities being brought to maturity through an event of default in financing agreements.</p>	Medium
<b>Liquidity risk</b>	<p>Expenditures for debt portfolio purchasing are financed from both equity and debt financing, the sources of which are bond issues (indirectly) 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 contracted debt, or that it 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 secured 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>As part of its liquidity risk management measures, the Group conducts the following activities:</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>• Recovery of debt claims on a continuous basis, in accordance with the adopted strategy,</li> <li>• Analysis of the possibility of using external sources of financing.</li> </ul>	Medium
<b>Risks 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 financing costs, 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 analysis of financial data, as at 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 analyses the conclusions of its internal analysis 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>Risks 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. The original legislation, however, did not allow</p>	<p>In order to reduce risks, the Group has streamlined and organised the processes responsible for the proper,</p>	Medium



Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<p>non-business individuals to take full advantage of this debt relief mechanism. Accordingly, the act of 30.08.2019 on amending the act - Bankruptcy Law and some other laws (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 means that bankruptcy is declared practically following every bankruptcy petition filed. However, bankruptcy alone does not equal debt relief.</p> <p>Available statistics from the Central Economic Information Centre (COIG) show that about 15.6 thousand consumer bankruptcies were declared in Poland throughout 2022, compared to more than 18 thousand in 2021 and 13 thousand in 2020. In 2023, there were 21 thousand debtors declaring consumer bankruptcy, beating the previous record set in 2021. In 2024, there were 21 thousand debtors declaring consumer bankruptcy, beating the previous record set in 2021.</p>	<p>efficient and timely handling of cases in which bankruptcy information has been received.</p> <p>To minimise the risk of incurring additional costs of filing a claim, which have to be borne in the case of filing a petition after the statutory deadline, an automated engine was implemented for quick downloading of debtor register notices and quick searches of debtors who declared bankruptcy, allowing for timely access to bankruptcy. In turn, in order to economically and quickly handle the increasing number of cases in which bankruptcy proceedings are pending, the Group has initiated and continues to work on automation of the claim reporting process.</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. Changes in the laws relating to the debt collection sector, civil proceedings, debt funds, the operation of capital companies and public companies, the conduct of activities supervised by public administrative authorities in the management of debt funds, as well as general rules of business, trading in financial instruments and tax regulations, may, among other things, be meaningful in this respect.</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 may misassess its tax liabilities.</p> <p>As a result of tax reviews, including by external consulting firms in connection with the review of strategic options, the Group obtained new information concerning the risk of the Group's tax liabilities having been recognized improperly in the past.</p> <p>For all uncertain tax positions, the Group analysed the current tax rules and official rulings and, in this assessment, applied them correctly or took steps to rectify any irregularities identified, at the same time opening a provision for the assessed expenses.</p> <p>Changes in legislation can cause issues with interpretation, short vacatio legis, inconsistent court rulings, legal restrictions on the conduct of business, and unfavourable interpretations adopted by public administrations. Any such change in regulations may</p>	<p>The Group, through a dedicated business unit, monitors changes in the legal and regulatory environment. Notwithstanding the above, in cases falling within the activity of respective organisational units, each of them is under the obligation to stay up-to-date with changes in legislation, prudential regulations, internal rules and by-laws, recommendations and guidelines of any supervisory authorities, which have an impact on the activities of the organisational unit, as well as to take necessary adjustment actions. In addition, as a member of the Polish Association of Financial Companies (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

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<b>Risk of significant decline in repayment levels from acquired portfolios</b>	<p>increase the Group's operating costs, affect its financial performance and cause difficulties in assessing the impact of future events or decisions, and consequently affect the Group's ability to pay.</p> <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 debt claims that if defaulted could significantly reduce the Group's liquidity, but such a situation cannot be ruled out in the future. Repayments from mass processes involve many customers whose repayment is independent. Thus, risks may materialize, however, mainly as a result of significant macro economic changes. High inflation index, rising interest rates or more unemployment may result in a decrease in the real domestic budget of customers who settle their liabilities towards the Group, and dynamic changes in tax regulations may have an ambiguous impact on the level of repayments from purchased portfolios.</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 portfolios. The service strategy and product offerings are revised in line with the changing business environment to optimize the results obtained.</p>	Medium
<b>Risk of investment in debt portfolios</b>	<p>The development of the debt trading market in Poland is increasing the number and variety of parameters of the debt portfolios offered and, consequently, the data that the Group must analyse before making an investment decision.</p> <p>Valuation of debt portfolios is a complex process of statistical and expert evaluation. In view of the fact that each debt portfolio 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 costs 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 enforcement of debt claims. When making investments, however, the Group has no assurance that the cash flows from its debt portfolios 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>The models used for valuing debt holdings 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>Risk of deterioration of</b>	<p>The volume of recovery proceeds from debt portfolios depends on the financial condition of the debtors.</p>	<p>The Group continuously monitors the situation</p>	Medium

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<b>debtors' financial situation</b>	<p>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 portfolios, which may have a significant negative impact on the Group's operations, financial position and results of operations.</p>	<p>related to the effects of high 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 control over inflation growth, its activities are mainly focused on reducing the negative impact of these risks on the performance of the business.</p>	
<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 servicers, the Group may face restrictions on the acquisition of new debt portfolios that are attractive to the Group, as well as new requests 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 specialised debt collection and restructuring departments may also be obstacles to acquiring more debt portfolios. The above factors could have a significant negative impact on the Group's operations and its earnings prospects.</p>	<p>In order to reduce this risk, the Group constantly monitors the market for the purchase of debt claims and the market for services related to the enforcement of debt claims, 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, further increases in transaction prices may occur, as 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 relatively low supply of portfolios may result in 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. 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 consortia in order to participate in some, especially the most attractive, tenders, or to focus on purchasing smaller portfolios whose price attractiveness is significantly</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, as well as consistently increasing the scale of its operations and thus its ability to purchase larger debt portfolios.</p>	Medium

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<b>Risk of further increase in statutory interest</b>	<p>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>The rate of statutory interest for late payment from 5 October 2023 is 11.25% 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 action, and since October 2021, the Monetary Policy Council (hereafter also the MPC) raised interest rates eleven times, with the last hike taking place on 7 September 2022. After a long cycle of increases, the first interest rate cut of 0.5 percentage points took effect on 7 September 2023, with the next cut of 0.25 percentage points on 5 October 2023.</p> <p>The amount of statutory interest directly affects the Group's interest income from overdue debt claims, but at the same time adversely affects the increase in financing costs 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 seems relatively unlikely. It seems more likely that there will be downward pressure on rates or that they will remain at current levels.</p>	<p>The Group manages this risk by analysing the macroeconomic situation and announced changes in interest rates, but has no influence on the MPC's decisions.</p>	Medium
<b>Risk of negative image</b>	<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, financiers, debt portfolio sellers and other business partners. 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 is carried out both by a professional in-house team and in cooperation with an external PR agency. Being a member of the Polish Association of Financial Enterprises (ZPF), the Company participates in a PR initiative called "Debt collection - clearly". It has an educational purpose, make both the media and their audiences more familiar with the principles of the debt management market and the legal framework behind operations of such market players. The group conducts educational activities in social media (educational posts and the Kredyt Inkaso Academy series). 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>Risks related to the macroeconomic situation and the socio-economic</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. The Group's operations are influenced by factors such as the level and trends of GDP, inflation,</p>	<p>The Group constantly analyses the macroeconomic situation and changes in the banking and financial sector, although it does not directly</p>	Medium

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<b>situation in Poland</b>	<p>government fiscal and monetary policies, availability of financial resources, the growth of real incomes of the population, unemployment levels, changes in the economic situation at national, regional and global levels, changes in the political situation at central and local government levels, as well as the economic situation of households. Possible unfavourable 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>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>	
<b>Risks 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 debt portfolios 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 PLN is dependent on foreign exchange rates;</li> <li>3) unrealised exchange differences from the valuation of settlements as at the balance sheet date.</li> </ol> <p>The Group is exposed to foreign exchange risk arising from current receivables and payables, 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 derivative contracts to hedge foreign currency risk. In addition, the Group may use natural hedging measures against the currency risk, such as credit facilities in foreign currencies.</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 objectives 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 analyse 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

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<b>Risk of corporate disputes with the 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. carries out competitive activities with respect to the 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 have a multifaceted dimension, and BEST S.A., having the corporate powers of a shareholder, effectively uses various legal means, so that the dispute continues.</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
<b>Risk of exceeding investment limits by closed-end investment funds</b>	<p>Due to the Group's ownership of closed-end investment funds (non-standardized closed-end debt investment funds), there is a risk of exceeding the investment limits set by applicable laws or fund charters 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 fund 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 a portfolio manager of non-standardized closed-end debt investment funds in cooperation with investment fund companies, monitors the limits assigned to each investment fund on an ongoing basis and prepares and applies procedures, strategies, operational guidelines and operational plans to reduce the above risks.</p>	Medium
<b>Risks related to military actions of the Russian Federatio on the territory of Ukraine</b>	<p>The military actions of the Russian Federatio 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 a Luxembourg-based entity, i.e. Kredyt Inkaso Portfolio Investments (Luxembourg) S.A., holds the majority of shareholding rights.</p> <p>Negative media comments about the Group continuing to operate in Russia are possible. The longer it takes to phase-out this activity, the more the risk of potential negative PR will increase.</p> <p>According to the provisions of the AML/CFT laws, 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) Demanding:</p> <p>additional information and documents relating to the transaction (e.g., invoice) and information on the sources of the client'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 stalled transaction; and, as a last resort,</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 taken steps to divest the entity operating in Russia and is making every effort to finalise this transaction within the upcoming 12 months.</p> <p>The Group has implemented internal regulations in the area of anti-money laundering and counter-terrorist financing. It actively incorporates changes in sanctions lists, including Polish, EU, UN, OFAC, into its</p>	Medium



Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<p>the relationship with the customer may be terminated.</p> <p>In addition, at the end of April 2022, the first Polish sanctions list was created, initially including more than 50 individuals and business entities. The Polish sanctions list is a supplement to the EU sanctions list and refers to oligarchs and Russian entities with real business interests in Poland.</p> <p>Regardless of the risks associated with the subsidiary's 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 contributions.</p>	<p>ongoing business decisions and activities.</p> <p>In terms of technology, the Group has realised the technological separation of the Russian company from the Group's infrastructure. A proactive response to the situation in Russia protects the Group in the event 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 are analysed 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 instalment 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. Changes in regulations in many areas of law, particularly changes in legal acts relating directly or indirectly to the Company's operations also constitute a risk for the Group. As a result of unfavourable legislative changes, the risk of increased costs or labour, 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 organisation for the announced changes seems to be the most appropriate way to mitigate this risk. Monitoring potential changes in legislation becomes crucial in this regard. The Company is a part of the Association of Financial Companies (ZPF) and actively participates in the work of monitoring and reviewing legislative changes affecting the financial industry. In particular, the Company regularly monitored government work on the draft <i>act on debt collection activities and the debt collector profession</i>. The draft ultimately failed to make it to the previous parliament. Through the ZPF, the Company is monitoring and keeping abreast of the work on implementation of the <i>Directive of the European</i></p>	Medium

Risk	Description of risks and the Company's and Group's exposure	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 finance expenses 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 portfolios, 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 amortised cost method.</p> <p>Unfavourable changes in interest rates could have a material adverse effect on the Group's operations, financial position and results of operations.</p>	<p><i>Parliament and of the Council of 24 November 2021 on entities servicing loans and credit buyers and amending Directives 2008/48/EC and 2014/17/EU,</i></p> <p>while preparing to implement changes in operational processes resulting from the proposed legislation.</p> <p>The Company has introduced a mechanism for selecting cases referred for litigation and enforcement based on predictive models, eliminating cases with low potential for obtaining an enforcement title in court that is required for the enforcement officer's actions. 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 made certain derivative contracts to partly hedge its interest rate risk.</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</p>	<p>The Group has adopted internal rules and by-laws in the area of compliance, such as compliance risk management, conflict of interest management, anti-corruption, protection of professional secrecy,</p>	Low

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<p>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 Financial Supervision Authority, and consequently is also subject to the supervision by 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 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>whistleblowing, and ethical principles.</p> <p>In addition, the organisational structure includes a separate and independent organisational unit responsible for compliance, which is responsible for coordinating the management process in the aforementioned areas. Primary compliance mechanisms include:</p> <ul style="list-style-type: none"> <li>a) internal rules and by-laws, and adopted principles of conduct,</li> <li>b) the distribution of tasks and powers assigned to employees in different organisational positions within a given process, aimed at preventing situations in which an employee oversees one's own actions, or there is a potential conflict of interest between employees with personal connections,</li> <li>c) employee training,</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 kept,</li> <li>g) documenting exceptions in the performance of certain activities under 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 associated with data processing security and personal data protection</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.</p> <p>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 organisational measures in place to ensure the protection of processed personal data, a breach of legal obligations in this regard will occur, in</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 organisational measures. They serve to protect data, including personal data, regardless of</p>	<p>Low</p>

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<p>particular an incidental disclosure of personal data to unauthorised 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 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 damages under the RODO, 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 organisational measures to ensure the protection of processed personal data.</p>	<p>its form, from loss, damage, destruction, or unwanted escape 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>• the compliance of the activities of data processing with the law and concluded contracts,</li> <li>• fulfilment of the information obligations imposed by the law to the persons whose data has been obtained and is being processed,</li> <li>• continuous and comprehensive education of employees on data protection and processing methods,</li> <li>• prevention of unauthorised direct access to data, data files or data processing systems;</li> <li>• preventing unauthorised electronic access or taking control of the information system or its functions.</li> </ul>	
<b>Risks associated with the requirement of a majority of more than 60% of votes cast or more for the adoption of a General Meeting resolution</b>	<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, paralyse 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, passing resolutions requiring a qualified majority is not necessary at this time to continue current operations.</p>	Low
<b>Risks related to copyrights of software used by the Group</b>	<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</p>	<p>The Company has implemented an internal regulation dedicated to the management of intellectual property, including licenses,</p>	Low

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<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 Office of Competition and Consumer Protection (UOKiK). There is a risk of interpretation that the Group's activities in certain areas may violate the collective interest of consumers. In the event that the President of the Office of Competition and Consumer Protection finds a violation of the collective interest of consumers, this may result in the imposition of administrative sanctions, including fines, on the Group.</p> <p>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 realisation 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 operations 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</p>	<p>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> <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 organisational 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> <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 Office of Competition and Consumer Protection) are reviewed on an ongoing basis. Once the areas that need change are identified, improvements are implemented. The entire process is supported by the Compliance Officer, who continuously analyses changes in the legal and regulatory environment and informs the relevant organisational units of these</p>	Low

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
<b>Risks related to the influence of the majority shareholder on the Company</b>	<p>and claims, more regulatory auditing, and financial penalties.</p> <p>As at the Approval Date, WPEF VI Holding 5 B.V., based 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 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>changes. The Compliance Officer then performs periodic independent verification of the status of the changes made.</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>	Low
<b>Risk of preference of bondholders of debt 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 acquire investment certificates of debt funds acquiring debt portfolios. In addition to issuing investment certificates, which are taken up by the Group, among others, the funds may also raise funds by issuing bonds and taking out bank loans up to the amount specified in the Funds Act. Bondholders' claims resulting from the funds' bonds subscribed by them may have seniority over claims from the Group's investment certificates, which, in the event of liquidity problems or persistent problems with the settlement of liabilities by the debt 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 preference of bondholders of bonds issued by debt funds, as an investor recommends raising funds from other sources to avoid the risk. The funds whose investment certificates the Group holds as at the Approval Date are not bond issuers.</p>	Low
<b>Risks associated with 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>The Group analyses 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</p>	Low



Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<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>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 analysing, verifying and implementing innovative solutions.</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>The risk mitigating factor is the Company's long history of active participation in the bond issue market. With regard to the series of bonds issued by the Company and traded on the stock exchange, the Company holds quarterly meetings with investors during which it presents its current results and business development prospects.</p>	<p>Low</p>
<b>Risks related to the review of strategic options for the Company</b>	<p>Following the request made to the Company's Management Board by its key shareholders, based on the resolution of the Annual General Meeting of 30 September 2022 (Current Report 60/2022) to initiate a review of strategic options concerning the Company's future in order to resolve the Company's existing shareholder situation, including in particular the potential disposal by shareholder(s) of the Company's shares, on 4 April 2023 the Management Board signed an agreement with a transaction advisor (Ipopema Securities S.A. based in Warsaw), hence initiating the review of strategic options (Current Report 9/2023). As part of the process, to the extent permitted by applicable law, additional information about the Company and its affiliates were provided to selected entities. As at the Approval Date, the review of strategic options has not been completed or any binding decisions made regarding the final selection of the option to be implemented. A limited number of potential investors have been involved in the current phase of the strategic options review, and the scope of scenarios examined by the Company includes potential transactions on its assets or the assets of its affiliates (including the division of the Company by spin-off). Based on the information obtained in the options review, one of our shareholders, BEST S.A., made a share acquisition offer to the majority shareholder, WPEF VI Holding 5, and informed the Company and the market accordingly in their Current Report 12/2024. The details of the offer are not known to the Company. The decision to implement one of the strategic options developed by the Management Board will be made by the Company's shareholders at their General Meeting. Its</p>	<p>A possible review outcome could be an event that the Company's Board will have no control of, such as a discretionary decision of the Company's shareholders concerning the shareholding structure. In this respect, the role and tasks of the Board (according to the General Meeting resolution of September 2022) are to summarise the results of the strategic review and present them in cooperation with the consultants, thus enabling the shareholders to make further decisions based on objective and reasonable input. In other events where the implementation of decision upon the strategic review will require a consent of the Company's Board (in addition to approvals from other corporate bodies, if any), for example in the case of a decision leading to the disposal of a material part of the Company's or Group's assets, then the role and tasks of the Board will be (i.e. in addition to the presentation of the summary</p>	<p>Low</p>

Risk	Description of risks and the Company's and Group's exposure	Risk management	Risk level
	<p>implementation may cause the Group to violate certain covenants that have been incorporated in relevant credit facility agreements or bond issue terms and conditions. For example, the review of strategic options may lead to a transaction resulting in the disposal by the Company or Group entities of a material part of its assets or business (possibly causing the early redemption of bonds or credit facility liabilities becoming due and payable). In addition, such divestment may generate significant proceeds for the Group which are subject to a material amount of tax. A transaction resulting in a change in the Issuer's shareholding structure and, consequently, a possible call for its shares and the withdrawal of its shares from the Regulated Market could also necessitate the early redemption of its bonds or cause its credit facilities to become matured. However, the review of strategic options may also conclude with a decision to keep the status quo as at the Approval Date.</p>	<p>and results of the strategic review to the shareholders) to appropriately structure and prepare any potential transactions with a view to mitigating risks of regulatory or contractual violations as well as to ensure that the Group meets all its obligations provided for in regulations or contracts.</p>	

## 2.11. Taxonomy

The environmental sustainability of the Kredyt Inkaso Capital Group was assessed according to:

- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of 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 screening criteria for determining the conditions under which an economic activity qualifies as a significant contribution to climate change mitigation or adaptation and for determining whether that economic activity does not cause significant damage to any of the other environmental objectives,
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information on environmentally sustainable economic activities to be disclosed by undertakings subject to Article 19a or 29a of Directive 2013/34/EU and the method for fulfilling this disclosure obligation,
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information in relation to those economic activities,
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria to determine the conditions under which an economic activity qualifies as contributing significantly to the sustainable use and conservation of water and marine resources, to the transition to a circular economy, to pollution prevention and control or to the protection and restoration of biodiversity and ecosystems, and to determine whether that economic activity does not cause significant damage to any of the other environmental objectives, and amending Commission Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information with respect to those economic activities.

The guidelines indicated in the above regulations oblige companies to disclose whether and to what extent their business activity is consistent with the Taxonomy rules for classification and description of environmentally sustainable activities. These legal statutes define economic activities that, upon meeting the technical and social criteria specified there, can be classified as 'environmentally friendly'. The currently applicable technical qualification criteria determine the conditions of qualifying a given economic activity under the Taxonomy as making a significant contribution to the implementation of at least one of the six environmental objectives, as well as whether this activity does not cause serious damage to any of the environmental objectives defined in the Taxonomy and, additionally, whether it is carried out in line with the minimum guarantees and meets the technical qualification criteria established by the Commission.

According to the currently applicable technical qualification criteria, the Group has reviewed all its activities indicated in the Taxonomy in relation to the environmental objectives defined there in order to determine which of them significantly contribute to climate change mitigation or adaptation and under what conditions a given economic activity qualifies as making a significant contribution to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems. Certain NACE codes for the Group's activities were confirmed and determined whether the underlying sectors are included in the Taxonomy. Next, revenues, capital expenditures (CapEx) and operating expenses (OpEx) were allocated to individual types of activities. In addition, for each type of activity, it was verified that they do not cause serious damage to all environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) and ensure compliance with minimum social safeguards for the procedures used in the Group to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guidance on Business and Human Rights, including the principles and rights set out in the eight core conventions indicated in the ILO Declaration on Fundamental Principles and Rights at Work and the principles and rights set out in the International Charter of Human Rights. It was also determined whether these activities are transition-oriented or supporting activities.

The application of responsible business standards is integral to the Group's organisational culture. These standards are reflected in many internal procedures and processes. In the area of compliance, the basic documentation regarding the Group's responsible and ethical conduct and respect for human rights that enables the assessment of its activities according to the minimum guarantees referred to in Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council is:

- Code of Ethics,
- Compliance Risk Management Rules,
- Conflict of Interest Management Rules,
- Corruption Risk Management Rules,
- Whistleblowing Rules.

In the HR area, the basic documentation is, among others:

- Work Rules and other working system by-laws,
- Compensation Rules,
- Diversity Policy with Responsible Business Forum's Diversity Charter,
- Anti-mobbing and Discrimination Rules.

All areas indicated above are subject to periodic review. Anonymous whistleblowing is possible and both whistleblowers and the persons named by them are fully protected. Our employees receive regular training to remind about and internalise the policies of the Capital Group.

### Accounting policies and background information

The key performance indicators of the Group (Turnover, CapEx and OpEx) have been calculated according to the guidelines contained in Commission Delegated Regulation (EU) 2021/2178 and the disclosure matrix and scope for non-financial corporations as set forth in Annexes I and II to Commission Delegated Regulation (EU) 2021/2139 and Annexes I to IV to Commission Delegated Regulation (EU) 2023/2486.

In order to calculate the proportion of turnover, capital expenditures and operating expenses that are environmentally sustainable, the same accounting principles have been applied that apply to the consolidated annual financial statements of the Group. When calculating the indicators, appropriate consolidation exclusions used in the preparatio of financial statements were taken into account. This allowed identifying the amounts associated with the identified activities that meet the definitions under the Commission Delegated Regulation (EU) 2021/2178 on key performance indicators, i.e. Turnover, CapEx and OpEx, which were used in the denominator of each of the three indicators, and assigning their amounts among the following groups of activities: taxonomy non-eligible, taxonomy-eligible but not aligned, and taxonomy-aligned

- as the numerator of each of these indicators.

As regards the key performance indicator related to *Turnover*, the net revenue that was included in the denominator and related to the taxonomy-aligned activity was put in the numerator. Similarly, as the numerator of the key performance indicator related to capital expenditures (CapEx), the capital expenditures that were included in the denominator and relate to assets or processes related to the taxonomy-aligned activity were put in the numerator, and in the case of the key performance indicator related to operational expenditures (OpEx), respectively, the operating expenditures that were included in the denominator and relate to assets or processes related to the taxonomy-aligned activity were put in the numerator.

During the analysis, no activities contributing to more than one environmental objective were identified, hence no special procedures were applied in order to avoid the double attribution of values to the key indicators.

### Key Performance Indicator related to Turnover

The key performance indicator that is related to turnover was calculated as the ratio of the sum of revenue from taxonomy-eligible activities to the total revenues disclosed in the consolidated financial statements of the Kredyt Inkaso Capital Group under Net Revenue.

The individual categories of the Group's revenue were analysed for their taxonomy eligibility. This process included the analysis of activities qualifying for the eligibility as defined in EU Regulations 2021/2139, 2022/1214 and 2023/2486.

A detailed division of turnover into revenue from activities qualified as environmentally sustainable, revenue from taxonomy-eligible activities but not environmentally sustainable, and revenue from activities not eligible for the taxonomy, is presented in the table called 'Assessment of revenue alignment with the taxonomy of environmentally sustainable activities'.

### Key Performance Indicator related to CapEx

The key indicator related to capital expenditures was determined as a ratio of the sum of taxonomy eligible capital expenditures to the total expenditures disclosed in the consolidated financial statements of the Kredyt Inkaso Capital Group in the reporting period.

It was calculated based on capital expenditures of the Kredyt Inkaso Capital Group, including increases in tangible fixed assets, intangible assets and investment property during the financial year before depreciation, amortisation and any revaluation adjustments, such as those resulting from new valuation and impairment, namely:

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

The numerator was the part of CapEx that concerned the types of activities that are taxonomy eligible, and in the denominator there were all capital expenditures of the Group.

During the reporting period, no capital expenditures were identified in connection with the plan to expand the taxonomy-aligned business activity or to launch new activity that would be taxonomy-eligible, or to otherwise adjust the activities to be taxonomy-eligible, or any expenditures related to acquisitions of products from the taxonomy-aligned activities or such that would enable the current activities to become a low-emission one.

A detailed division of capital expenditures into those from activities qualified as environmentally sustainable, from activities eligible for the taxonomy but not environmentally sustainable, and from activities not eligible for the taxonomy, is presented in the table called 'Assessment of CapEx alignment with the taxonomy of environmentally sustainable activities'.

### Key Performance Indicator related to OpEx

The key indicator related to operating expenditures was determined as a ratio of the sum of taxonomy-eligible operating expenditures to the total operating expenditures disclosed in the consolidated financial statements of the Kredyt Inkaso Capital Group, to the extent meeting the definition under the Regulation on such disclosures.

As regards operating expenses, the key indicator was calculated based on OpEx determined by analysing the Group's accounting records for expenses:

- related to maintenance and repairs, and expenses related to the current operation of tangible assets,
- short-term car rental/lease costs (not capitalised),
- service fees related to long-term lease of tangible assets,
- property maintenance costs,
- IT infrastructure maintenance costs.

The numerator was the part of OpEx that concerned the types of activities that are taxonomy eligible, and in the denominator there were all operating expenses of the Group from the above range.

During the reporting period, no operating expenditures were identified in connection with the plan to expand the taxonomy-aligned business activity of the Group or to launch new activity that would be taxonomy eligible, or to otherwise adjust the activities

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to become taxonomy eligible, or any expenditures related to acquisitions of products from the taxonomy-aligned activities or such that would enable the current activities to become a low-emission one.

A detailed division of operating expenditures into those from activities qualified as environmentally sustainable, from activities eligible for the taxonomy but not environmentally sustainable, and from activities not eligible for the taxonomy, is presented in the table called 'Assessment of OpEx alignment with the taxonomy of environmentally sustainable activities'.

### Assessment of Group turnover alignment with the taxonomy of environmentally sustainable activities

KREDYT INKASO GROUP TURNOVER FROM ENVIRONMENTALLY SUSTAINABLE ACTIVITIES																				
Financial year 'N'	Year			Significant contribution criteria						'No significant damage' criteria						Minimum guarantees	Ratio of taxonomy-aligned activity (A.1.) or taxonomy-eligible activity (A.2.) Turnover (year N-1)	Category (supporting activity)	Category (transition-oriented activity)	
	Business activity	Code(s)	Turnover	Turnover ratio (Year N)	Climate change mitigation	Climate change adaptation	Inland and offshore water resources	Circular economy	Pollution	Biodiversification and ecosystems	Climate change mitigation	Climate change adaptation	Inland and offshore water resources	Circular economy	Pollution					Biodiversification and ecosystems
			Currency (PLN '000)	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N					T/N
<b>A</b>	<b>TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1</b>	<b>Types of environmentally sustainable activities (taxonomy-aligned)</b>																			
	Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5.	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								T	0.0%	T
	Building acquisitions and ownership	CCM 7.7, CCA 7.7	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%									T	0.0%	
	<b>Turnover from environmentally sustainable (taxonomy-aligned) activities (A.1)</b>		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>									<b>0.0%</b>	
	including supporting activity		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>									<b>0.0%</b>	
	including transition-oriented activity		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>									<b>0.0%</b>	
<b>A.2</b>	<b>Taxonomy-eligible activities but environmentally unsustainable (not aligned with the taxonomy)</b>																			
	Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5.	95.3	0.0%															0.0%	T
	Building acquisitions and ownership	CCM 7.7, CCA 7.7	1,607.1	0.6%															1.5%	
	<b>Turnover from taxonomy-eligible but not environmentally unsustainable (non-aligned) activity (A.2)</b>		<b>1,702.4</b>	<b>0.6%</b>															<b>1.5%</b>	
	<b>Total (A.1 + A.2)</b>		<b>1,702.4</b>	<b>0.6%</b>															<b>1.5%</b>	
<b>B</b>	<b>TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
	Turnover from non-eligible activities (B)		271,352.7	99.4%																
	<b>Total (A + B)</b>		<b>273,055.1</b>	<b>100.0%</b>																



### Assessment of CapEx alignment with the taxonomy of environmentally sustainable activities

Financial year 'N'	Year		Significant contribution criteria							'No significant damage' criteria					Minimum guarantees	Ratio of taxonomy-aligned activity (A.1.) or taxonomy-eligible activity (A.2.) Capital expenditures (year N-1)	Category (supporting activity)	Category (transition-oriented activity)	
	Code(s)	Turnover	Turnover ratio (Year N)	Climate change mitigation	Climate change adaptation	Inland and offshore water resources	Circular economy	Pollution	Biodiversification and ecosystems	Climate change mitigation	Climate change adaptation	Inland and offshore water resources	Circular economy	Pollution					Biodiversification and ecosystems
		Currency (PLN '000)	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N					T/N

A	TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1	Environmentally sustainable activities (taxonomy-aligned)																	
	Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5.	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						T	0.0%	T
	Building acquisitions and ownership	CCM 7.7, CCA 7.7	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						T	0.0%	
	Data processing, hosting and related activities	CCM 8.1, CCA 8.1	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						T	0.0%	T
	<b>Capital expenditures in environmentally sustainable (taxonomy-aligned) activities (A.1)</b>		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>						<b>T</b>	<b>0.0%</b>	
	including supporting activity		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							0.0%	
	including transition-oriented activity		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							0.0%	
A.2	Taxonomy-eligible activities but environmentally unsustainable (not aligned with the taxonomy)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								
	Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5.	551.5	9.9%													10.3%	T
	Building acquisitions and ownership	CCM 7.7, CCA 7.7	647.1	11.6%													63.8%	
	Data processing, hosting and related activities	CCM 8.1, CCA 8.1	3,790.2	67.8%													17.0%	T
	<b>Capital expenditures in taxonomy-eligible but environmentally unsustainable (non-aligned) activity (A.2)</b>		<b>4,988.8</b>	<b>89.2%</b>													<b>91.1%</b>	
	<b>Total (A.1 + A.2)</b>		<b>4,988.8</b>	<b>89.2%</b>													<b>91.1%</b>	

B	TAXONOMY-NON-ELIGIBLE ACTIVITIES		
	Capital expenditures in non-eligible activities (B)	603.7	10.8%
	<b>Total (A + B)</b>	<b>5,592.5</b>	<b>100.0%</b>

**Assessment of OpEx alignment with the taxonomy of environmentally sustainable activities**

Financial year 'N'	Year			Significant contribution criteria						'No significant damage' criteria						Minimum guarantees	Ratio of taxonomy-aligned activity (A.1) or taxonomy-eligible activity (A.2) Operating expenditures (year N-1)	Category (supporting activity)	Category (transition-oriented activity)
	Code(s)	Operating expenditures (year N)	Ratio of operating expenses (year N)	Climate change mitigation	Climate change adaptation	Inland and offshore water resources	Circular economy	Pollution	Biodiversification and ecosystems	Climate change mitigation	Climate change adaptation	Inland and offshore water resources	Circular economy	Pollution	Biodiversification and ecosystems				

A	TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1	Types of environmentally sustainable activities (taxonomy-aligned)																					
	Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5.	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	0.0%		T
	Building acquisitions and ownership	CCM 7.7, CCA 7.7	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	0.0%		
	Data processing, hosting and related activities	CCM 8.1, CCA 8.1	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	0.0%		T
	<b>Operating expenses for environmentally sustainable (taxonomy-aligned) activities (A.1)</b>		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>T</b>	<b>0.0%</b>		
	including supporting activity		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
	including transition-oriented activity		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		
A.2	Taxonomy-eligible activities but environmentally unsustainable (not aligned with the taxonomy)																					
	Transportation by motorcycles, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5.	243.3	3.6%																		
	Building acquisitions and ownership	CCM 7.7, CCA 7.7	1,509.1	22.1%																		
	Data processing, hosting and related activities	CCM 8.1, CCA 8.1	5,080.4	74.4%																		T
	<b>Operating expenses for taxonomy-eligible but not environmentally unsustainable (non-aligned) activity (A.2)</b>		<b>6,832.8</b>	<b>100.0%</b>																<b>100.0%</b>		
	<b>Total (A.1 + A.2)</b>		<b>6,832.8</b>	<b>100.0%</b>																<b>100.0%</b>		

B	TAXONOMY-NON-ELIGIBLE ACTIVITIES			
	Operating expenses for non-eligible activities (B)		0.0	0.0%

<b>Total (A + B)</b>		<b>6,832.8</b>	<b>100.0%</b>
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In the reporting period, the main items in the Group's revenue from the taxonomy-eligible activities were related to the acquisition and ownership of buildings (PLN 1,607.1 thousand). The share of turnover from taxonomy-eligible activities but environmentally unsustainable was 0.6% in the analysed period, with the turnover from non-eligible activities at 99.4%. As a result of the verification of the implemented projects, no turnover was identified that met all the taxonomic criteria allowing the 'taxonomy-aligned' classification.

The share of capital expenditures in taxonomy-eligible activities but environmentally unsustainable was 89.2% in the analysed period, with the capital expenditures in non-eligible activities at 10.8%. No expenditures in environmentally sustainable activities (taxonomy-aligned) were identified.

Neither did the analysis reveal any operating expenses for environmentally sustainable activities among the total operating expenses of the Group. The share of operating expenses for taxonomy-eligible activities but environmentally unsustainable was 100% in the reporting period.

## 2.12. Nuclear and natural gas

The Group does not and has not carried out activities associated with nuclear energy and natural gas.

Nuclear energy activities		Yes/ No
1.	The company conducts research, development, demonstration and deployment of innovative nuclear power generation facilities with minimal waste from the fuel cycle, finances this activity or has exposure to it.	No
2.	The company conducts the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as their safety upgrading, using the best available technologies, and finances or has exposure to these activities.	No
3.	The company safely operates, finances or has exposure to existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, as well as their safety upgrades.	No

Natural gas activities		Yes/ No
1.	The company conducts the construction or operation of installations for the generation of electricity using gaseous fossil fuels, finances this activity or has exposure to it.	No
2.	The company conducts the construction, modernization and operation of installations for combined heat/cooling and power generation using gaseous fossil fuels, finances this activity or has exposure to it.	No
3.	The company conducts the construction, modernization and operation of heat generating installations generating heat/cooling energy using gaseous fossil fuels, finances this activity or has exposure to it.	No

### 3. CAPITAL GROUP ACTIVITIES

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

Below follows a detailed elaboration of the current financial data from the consolidated statement of financial position and the consolidated statement of profit and loss and other comprehensive income, in relation to the comparative data presented in the annual consolidated financial statements of the Kredyt Inkaso Capital Group for the year ended 31 March 2024. The figures are in PLN thousand.

As the Russian entity has been classified as held for sale (cf. Note 23 to the consolidated financial statements of the Group for the year ended 31 March 2024), the results, assets and liabilities related to the Russian market activity were presented as 'discontinued operations' and its assets and liabilities recognized as 'held for sale'.

##### Consolidated Statement of Financial Position

	31/03/2024	31/03/2023	Change	Change %
Non-current assets	511,889	437,151	74,738	17%
Current assets	356,963	259,264	97,699	38%
<b>Total assets</b>	<b>868,852</b>	<b>696,415</b>	<b>172,437</b>	<b>25%</b>
<i>including:</i>				
Purchased debt portfolios	713,364	593,908	119,456	20%
Cash and cash equivalents	92,459	45,640	46,819	103%
Non-current assets held for sale	12,762	-	12,762	n/a
Equity	353,229	323,037	30,192	9%
Long-term liabilities	381,149	271,625	109,524	40%
Short-term liabilities, including:	134,474	101,753	32,721	32%
Liabilities related to non-current assets held for sale	2,724	-	2,724	n/a
<b>Total equity and liabilities</b>	<b>868,852</b>	<b>696,415</b>	<b>172,437</b>	<b>25%</b>

### Consolidated Statement of Profit and Loss

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023 restated	Change	Change %
Interest income on debt portfolios calculated using the effective interest rate method	156,385	120,466	35,919	30%
Debt portfolios revaluation	98,318	71,240	27,078	38%
Other income/expenses	3,506	3,899	(393)	(10%)
<b>Total net income</b>	<b>258,209</b>	<b>195,605</b>	<b>62,604</b>	<b>32%</b>
Salary and employee benefit costs	(58,968)	(48,706)	(10,262)	21%
Depreciation/amortisation	(8,459)	(7,455)	(1,004)	13%
Third-party services	(49,401)	(39,749)	(9,652)	24%
Court and enforcement fees	(43,478)	(39,847)	(3,631)	9%
Other operating expenses	(16,178)	(7,911)	(8,267)	105%
<b>Total operating expense</b>	<b>(176,484)</b>	<b>(143,668)</b>	<b>(32,816)</b>	<b>23%</b>
<b>Profit (loss) on operating activities</b>	<b>81,725</b>	<b>51,937</b>	<b>29,788</b>	<b>57%</b>
Finance income	3,083	8,244	(5,161)	(63%)
Finance expenses	(53,661)	(41,341)	(12,320)	30%
<b>Earnings before taxation</b>	<b>31,147</b>	<b>18,840</b>	<b>12,307</b>	<b>65%</b>
Income tax	(5,174)	521	(5,695)	(1,093%)
<b>Net profit (loss) from continuing operations</b>	<b>25,973</b>	<b>19,361</b>	<b>6,612</b>	<b>34%</b>
<b>Net profit (loss) from discontinued operations</b>	<b>8,136</b>	<b>3,874</b>	<b>4,262</b>	<b>110%</b>
<b>Net profit (loss)</b>	<b>34,109</b>	<b>23,235</b>	<b>10,874</b>	<b>47%</b>

## 3.2. Key performance indicators of the Group's activity

Continuing operations	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023 restated	Change	Change %
Repayments from debtors	331,913	289,773	42,140	15%
Cash EBITDA	167,394	157,459	9,935	6%
Purchased debt portfolios	205,793	119,906	85,887	72%

Continuing operations	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023 restated	Change	Change %
<b>Profit (loss) on operating activities</b>	<b>81,725</b>	<b>51,937</b>	<b>29,788</b>	<b>57%</b>

Continuing operations	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023 restated	Change	Change %
Interest income on debt portfolios calculated using the effective interest rate method (-)	(156,385)	(120,466)	(35,919)	30%
Portfolio revaluation (-)	(98,318)	(71,240)	(27,078)	38%
Depreciation/ amortisation (+)	8,459	7,455	1,004	13%
Payments from debtors (+)	331,913	289,771	42,142	15%
<b>Cash EBITDA</b>	<b>167,394</b>	<b>157,457</b>	<b>9,937</b>	<b>6%</b>

In the closed year, the Group achieved historical record results in all key parameters: debtor repayments was nearly PLN 332 million (+15% y/y), cash EBITDA: PLN 167 million (+6% y/y)<sup>1</sup>, and the level of investments in new debt portfolios: nearly PLN 206 million (+72% y/y). All these results form a very robust foundation for the further dynamic development of the Group, and it ought to be noted here that they have been attained in an extremely demanding macroeconomic environment (inflation stress, high interest rates, geopolitical tension) as well as internal challenges - throughout the last financial year the Group was reviewing strategic options at the request of its shareholders which naturally translated into excessive engagement of the key management.

Investments in debt portfolios (PLN 206 million) were primarily on the Polish (PLN 167.5 million) and Romanian (PLN 35.5 million) markets. The types of purchased debt portfolios were mainly telecom receivables (PLN 94 million, which places the Group at the forefront of the domestic telecom debtor market and confirms its historical area of specialization) and banking/retail debtors (PLN 80 million). The record high level of expenditures allowed the Group to take the next step in its development strategy – the book value of own portfolios at the end of March 2024 increased by 20% year-on-year (from PLN 594 million to PLN 714 million), which in subsequent periods should translate into a further increase in repayments, operating leverage and generated profits.

The noticeable decrease in the value of deviation between actual and forecast debtor repayments in the last year (-20% y/y) resulted from the continued improvement of valuation models and the adaptation of their parameters to observable historical data, and, as far as reasonable, to trends and developments in the macroeconomic environment. The above results in the increasing precision of the portfolio valuation models (in Q4 2023/2024, actual-to-forecast data on deviations in debt repayments was only 9% of total recoveries) and was reflected in the positive results of the forecast review (PLN 41.9 million in 2023/2024 vs. PLN -4 million in 2022/2023).

Regardless of the above, the following unusual macroeconomic factors had a significant impact on the effectiveness and accuracy of valuation models in the reporting periods:

- The military conflict in Ukraine – the outbreak of the war in Ukraine caused particular uncertainty regarding its impact on the macroeconomic situation in the countries of Central and Eastern Europe, mainly in Poland. In addition, the possible impact of hostilities on debt portfolios held by the Group in Russia was unknown (for example, at the time of creating forecasts for valuation on 31 March 2022, the Russian legislator introduced a temporary suspension of payments by court enforcement officers which are the basic stream of recoveries for the Capital Group based in Russia). These circumstances naturally translated into above-normal precaution and a more conservative level of valuations performed by the Group in the analysed periods;
- The high unpredictability of the macroeconomic environment (inflation, political changes) in the countries where the Group operates (e.g. record PIT returns in early 2023 in Poland which at the same time translated into high debt recoveries).

The ratio of revenue from the reviewed forecast covering the last 12 months to the average book value of the debt portfolios over this period was 6%, which shows the continued conservative approach to the portfolio valuation in the Group. Interest income was 30% higher than in the same period of the previous year, mainly due to the growing portfolio pool. In total, the Group's net revenue was PLN 258 million in the current period compared to PLN 196 million in the comparative period (+32% year-on-year).

Employment costs rose by 21% year on year, mainly caused by a significant increase in minimum wages in Poland as well as the high inflation stress in Poland, Romania and Bulgaria, which translated into increased wages in the Group. Because of the expanding scale of our business and the significant y/y expansion of acquired debt portfolios, the number of staff has slightly increased as new resources were necessary to ensure the implementation and day-to-day operating management of acquired debts. (the total increase in the Group headcount was around 5% year on year, with the staff responsible for debt collection activities, the so-called 'front office', expanding mainly in Romania). The established provision for payment of compensation to a former employee in the Romanian subsidiary, in the amount of PLN 1.7 million, also had a significant impact on employment

<sup>1</sup> With the discontinued operations, repayments in 2023/2024 were PLN 345 million (+9% y/y) and cash EBITDA: PLN 176.5 million (+5% y/y).



costs. Regardless of the above, last year the Group maintained the ratio of employment costs to debt repayments at the level of the largest and most effective industry competitors (18%).

The increase in third-party services by 24% year on year was caused, among others, by the costs of advisory services related mainly to the support of the strategic options review process, the preparation of the audit report by a special auditor in the Company, tax and legal advisory services, as well as external advisory services on the Romanian market. These events were largely one-off only. In addition to the above factors, the increased expenses for third-party services year on year was mainly impacted by the cost directly associated with the purchase and collection of debt portfolios (e.g. mailing costs, IT expenses, debtor database compilation). This y/y increase in this type of costs was around PLN 5.5 million and should translate into a related increase in debt portfolio recoveries in the subsequent accounting periods.

The higher expenses for court and enforcement fees rose year on year by 9% and resulted from the major expansion of the debt portfolio pool, especially debt portfolios in the first service stage that require significant court and enforcement costs for operational reasons – these expenses should also result in increased recoveries in the subsequent periods. The ratio of the court and enforcement cost to recoveries in 2023/2024 reached 13% and also puts the Company at the forefront of the debt management industry in Poland.

In the current financial year, a considerable increase in taxes and public charges was due to the establishment of the withholding tax provision in the Romanian subsidiary (nearly PLN 7 million), as further described in Note 13 to the consolidated financial statements.

As a result of the factors described above, the Group's operating profit increased in 2023/2024 to PLN 82 million (+57% y/y). The net finance expense (after finance income) rose greatly, as well (+53% y/y, by nearly PLN 17.5 million) which was mainly due to higher financing costs derived from the Group's growing balance of financial liabilities and higher WIBOR reference rates (an increase of PLN 9 million in interest expenses related to financial liabilities compared to the same period last year). The Group's results were also negatively impacted by fluctuations in foreign exchange rates, most notably RON/PLN (PLN 6 million in foreign exchange losses recognized as "financial expense" compared to the previous year). Ultimately, the Group's pre-tax profit rose by 65% year-on-year to over PLN 31 million, and the net profit from continuing operations reached PLN 26 million (+34% year-on-year).

As a result of steps taken last year to dispose of the Limited Liability Company "Professional Collection Organisation", Kredyt Inkaso RUS, the Group has made the decision to classify the operations of the Russian company as discontinued, and the assets and liabilities of the said entity as held for sale. Therefore, the above analysis of the results and achievements of the Group in 2023/2024 includes only the results of continuing operations (i.e. after excluding the results of the Russian entity – cf. Note 23 to the consolidated financial statements).

The Group's total net profit (after the discontinued operations figures) increased by 47% during the year and amounted to PLN 34 million.

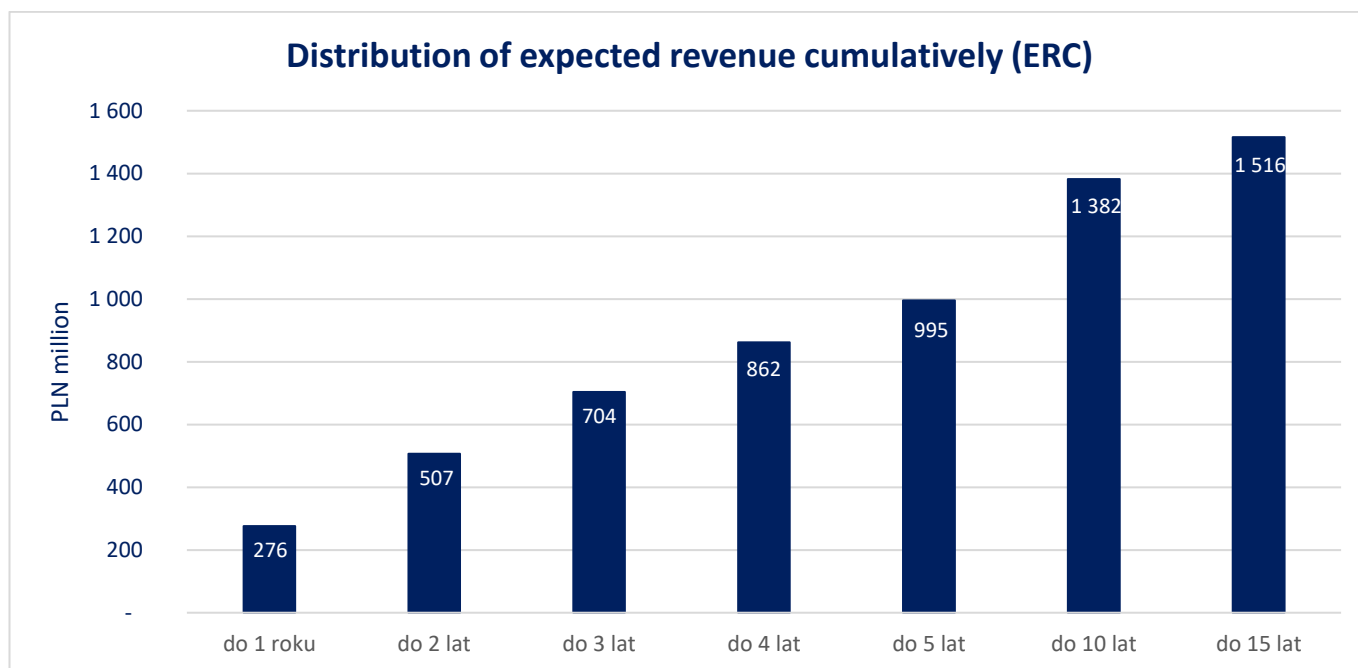
From the segment perspective (Note 3 to the consolidated financial statements), all areas of the Group's activities marked an increase in the operating result year on year<sup>2</sup> – especially the very significant improvement achieved by the Bulgarian segment as a result of the recognition of revenue from the revaluation of debt portfolios (i.e. parameters of the portfolio valuation model adjusted to actual results that recently have significantly exceeded historical assumptions and forecasts).

During the 12 months ended 31 March 2024, the Group successfully completed six issues of bonds, among others based on a prospectus approved by the Polish Financial Supervision Authority (KNF) up to PLN 100 million, effective until 16 February 2024. The Group's net financial debt, which is defined as liabilities under borrowings and other sources of finance as well as lease liabilities, less cash, was PLN 288.5 at the end of the current reporting period (PLN 288.5 million as at the end of March 2023).

Despite increasing debt, the ratio of consolidated net financial debt to equity and the ratio of consolidated net financial debt to cash EBITDA (based on which bond covenants are set) remain at safe levels (1.04 and 2.20, respectively). Also, the level of cash in the Group has remained in a safe range – at the end of March 2024, there were PLN 103 million (PLN 92.5 million without discontinued operations cash). The Group's equity has been systematically growing from PLN 323 million at the end of March 2023 to PLN 353 million at the end of March 2024.

<sup>2</sup> In the case of the Romanian segment, the maintained level of operating results year on year resulted from the major impact in 2023/24 of the withholding tax provision described above as well as a dispute with a former employee of the Romanian company.

### 3.3. Projected future income from debt portfolios held



The presented forecast of future proceeds from debt portfolios held follows the methodology adopted in the balance sheet valuation of the Group's debt portfolios, described in item '2.3. Significant values based on professional judgement and estimates', and in item '2.4. Accounting policies used' in the annual consolidated financial statements for the 12 months ended 31 March 2024.

In particular, the following factors have been taken into account in the forecast of expected revenue from the debt portfolios held:

- the history of previous repayments in cases of similar parameters, taking into account the recoveries obtained and actions taken to achieve them (including their cost),
- the balance of receivable claims,
- the current stage of case, including the potential to enter court proceedings,
- the type of debt claim,
- the debt security instrument in place,
- any planned activities, e.g. application to a court for an immediate enforcement clause or referral to a court enforcement officer.

### 3.4. Variations between annual report financial results and published forecasts

There was no forecast published concerning financial results for FY 2023/24.

### 3.5. Current and expected financial position

The Group's financial position has been assessed as stable. In the next 12 months, it is expected to maintain the current financial situation, a robust asset and equity structure, and the capacity to service its debts. In the long term, the level of the Group's

consolidated equity and the availability of debt financing necessary to increase investments in debt portfolios will have a significant impact on the maintenance of financial results at such stable level.

No other factors have been identified that with the current financial policy could cause a significant deterioration of the financial standing.

## 3.6. Reporting period events with significant impact on operations and financial results

### 3.6.1. Structural changes in the Capital Group

In the financial year ended 31 March 2024, the following changes were implemented in the Capital Group structure:

- Resulting from the newly amended Financial Market Development and Investor Protection Act of 29 September 2023, the Group's investment funds changed their names from NSFIZ, which stands for 'Non-Standard Closed-end Securitization Investment Funds' to 'Non-Standard Closed-end Receivables Investment Funds'.
- As of 6 February 2024, the name of the Russian entity formerly known as *Kredyt Inkaso RUS Limited Liability Company (LLC)* was changed to *Limited Liability Company "Professional Collection Organisation" Kredyt Inkaso RUS*.
- In the current financial year, the Group has taken certain actions aimed at divesting *Limited Liability Company "Professional Collection Organisation" Kredyt Inkaso RUS*, which constitutes a standalone geographical area in the Group's operations. *Kredyt Inkaso Portfolio Investments (Luxembourg) Societe Anonyme ("KI LUX")*, which holds 99% shares in KI RUS, received three initial and non-binding offers and the bidders started *due diligence* procedures. In May 2024, KI LUX received offers from two of the three interested parties. Negotiations of transaction parameters and structure are currently underway. In the consolidated financial statements for the year ended 31 March 2024, the financial results, assets and liabilities related to the Russian entity were classified as 'discontinued operations'.

### 3.6.2. Share issues and treasury share transactions

In the current financial year, there were no share issues and no transactions involving own shares.

### 3.6.3. Bond redemption and issues

Date	
14 April 2023	Issue of series M1 bearer bonds, total face value PLN 15,000 thousand
28 June 2023	The Company party repaid the face value of series J1 bonds (PLN 2,787 thousand) in line with the timetable specified in WEO
13 July 2023	Issue of series N1 bearer bonds, total face value PLN 18,000 thousand
28 September 2023	The Company party repaid the face value of series J1 bonds (PLN 2,787 thousand) in line with the timetable specified in WEO
28 September 2023	The Company party repaid the face value of series K1 bonds (PLN 8,583 thousand) in line with the timetable specified in WEO
4 October 2023	Issue of series O1 bearer bonds, total face value PLN 37,741 thousand
5 December 2023	Issue of series P1 bearer bonds, total face value PLN 15,000 thousand
7 February 2024	Issue of series R1 bearer bonds, total face value PLN 20,000 thousand
27 March 2024	Issue of series S1 bearer bonds, total face value EUR 4,999.9 thousand
28 March 2024	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO
28 March 2024	The Company party repaid the face value of series K1 bonds (PLN 8,583 thousand) in line with the timetable specified in WEO
28 June 2024	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO

The bond issue funds used to finance the Group's operations.

### 3.7. Factors and events, including extraordinary, with significant impact on operations and financial statements, including on financial year profits and losses

Factors and events, including those extraordinary in nature, which had a material impact on the financial statements, are presented in item 3.2 above as well as the notes to the respective financial statement items.

### 3.8. Material contracts, including shareholders, insurance, collaboration or joint-venture agreements known to Kredyt Inkaso S.A.

Based on the resolution of the Annual General Meeting of 30 September 2022 (Current Report 60/2022) to initiate a review of strategic options concerning the Company's future in order to resolve the Company's existing shareholder situation, including in particular the potential disposal by shareholder(s) of the Company's shares, on 4 April 2023 the Management Board signed an agreement with a transaction advisor (Ipopema Securities S.A. based in Warsaw), hence initiating the review of strategic options (Current Report 9/2023). As part of the process, to the extent permitted by applicable law, additional information about the Company and its affiliates were provided to selected entities. As at the Approval Date, the review of strategic options has not been completed or any binding decisions made regarding the final selection of the option to be implemented. A limited number of potential investors have been involved in the current phase of the strategic options review, and the scope of scenarios examined by the Company includes potential transactions on its assets or the assets of its affiliates (including the division of the Company by spin-off). Based on the information obtained in the options review, one of our shareholders, BEST S.A., made a share acquisition offer to the majority shareholder, WPEF VI Holding 5, and informed the Company and the market accordingly in their Current Report 12/2024. The details of the offer are not known to the Company. The decision to implement one of the strategic options developed by the Management Board will be made by the Company's shareholders at their General Meeting. Its implementation may cause the Group to violate certain covenants that have been incorporated in relevant credit facility agreements or bond issue terms and conditions. For example, the review of strategic options may lead to a transaction resulting in the disposal by the Company or Group entities of a material part of its assets or business (possibly causing the early redemption of bonds or credit facility liabilities becoming due and payable). In addition, such divestment may generate significant proceeds for the Group which are subject to a material amount of tax. A transaction resulting in a change in the Issuer's shareholding structure and, consequently, a possible call for its shares and the withdrawal of its shares from the Regulated Market could also necessitate the early redemption of its bonds or cause its credit facilities to become matured. In other events where the implementation of decision upon the strategic review will require a consent of the Company's Board (in addition to approvals from other corporate bodies, if any), for example in the case of a decision leading to the disposal of a material part of the Company's or Group's assets, then the role and tasks of the Board will be (i.e. in addition to the presentation of the summary and results of the strategic review to the shareholders) to appropriately structure and prepare any potential transactions with a view to mitigating risks of regulatory or contractual violations as well as to ensure that the Group meets all its obligations provided for in regulations or contracts. However, the review of strategic options may also conclude with a decision to keep the status quo as at the Approval Date.

### 3.9. Contracts potentially resulting in future changes of shareholding interests held by existing shareholders and bondholders

The Company has not identified any agreements, including those concluded after 31 March 2024, which could lead to changes in the shareholding of the existing shareholders or bondholders in the future.

## 3.10. Finance management and borrowings

The Group subsidiaries, namely Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW, concluded PLN 200 million line-of-credit facilities with ING Bank Śląski S.A.

This is an uncommitted facility and the bank has no obligation under the agreement, with each loan drawdown application requiring a prior consent of the bank.

On 13 June 2023, Kredyt Inkaso S.A. concluded an overdraft agreement with ING Bank Śląski S.A. in the amount of PLN 10,000 thousand plus a line of guarantees up to PLN 449 thousand. The line of credit is made available for one year ending on 31 December and such annual period is then automatically extended for another period of one year, unless the bank or the borrower submits a termination notice on at least 35 days before the expiry date. The maximum date to which the end date of the availability of funds for use under the credit limit may be extended is the expiration date of the credit agreement, set at 31 December 2033. The interest rate on the overdraft is variable, and its components are a margin of 1.5% plus the WIBOR 1M prime rate. The interest rate on the line of guarantees is 2.4% per annum and is calculated on the amounts under the currently issued guarantees. The credit facility is uncommitted and the bank has no obligations under the loan agreement, and the utilisation of such credit facilities requires the bank's prior approval. The credit facility liabilities are secured by a corporate guarantee provided to the bank by a subsidiary of Kredyt Inkaso Investments BG EAD.

## 3.11. Lending, suretyship and security guarantee instruments issued and received, including to related entities

### 3.11.1. Credit facility security with ING Bank Śląski S.A.

Based on:

- (i) the credit facility agreement of 23 November 2017, supplemented by agreements no. 1 dated 21 May 2018., no. 2 dated 14 September 2018, and no. 3 dated 27 November 2019, signed by subsidiary Kredyt Inkaso II NFIZW with ING Bank Śląski S.A., and
- (ii) the credit facility agreement of 21 May 2018, supplemented by agreements no. 1 dated 15 September 2018 and no. 2 dated 27 November 2019, signed by subsidiary Kredyt Inkaso I NFIZW with ING Bank Śląski S.A.,

Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW established security in favour of the Bank in the form of a conditional assignment of claims under a conditional claim assignment agreement connected with certain commercial contracts, with the total value of the security being not less than 150% of the line of credit utilised by each of these subsidiaries.

The above credit facility agreements were collectively replaced by the Supplementary Agreement 3 of 31 December 2020 and the subsequent Supplementary Agreements no. 4 dated 22 March 2022, no. 5 dated 15 April 2022 and no. 6 dated 3 August 2022, which stipulate, among other things, that Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW secured the Bank with respect to the credit facility by a conditional claim assignment, based on conditional security assignment agreements connected with certain commercial contracts, with the total value of the claims that are the security not less than 150% of the utilised line of credit. As of the balance sheet date, the required level of security in the case of Kredyt Inkaso I NFIZW is: PLN 160,036 thousand, and in the case of Kredyt Inkaso II NFIZW: PLN 104,789.3 thousand.

### 3.11.2. Bond issues security

On 28 March 2022, the Company issued Series K1 bonds, total face value PLN 103 million. According to the terms and conditions of the issue, the bonds were issued as unsecured. However, the bondholders' claims under the bonds were (according to the terms and conditions of the issue) secured after the issue date by established security interests, including registered pledges under the Polish or foreign law on debt portfolios and on investment certificates that are included in the Company's or its subsidiaries' balance sheets as well as other assets of the Company. The total value of the security after 26 April 2022 cannot be less than 150% of the current face value of the bonds.

As at the balance sheet date, the minimum aggregate security was PLN 128.8 million.

## 3.12. Investment capacity

The current financial position of the Group, including the still moderate level of indebtedness in relation to its equity, provides a solid foundation for further dynamic development of the Group by consistently investing in new debt portfolios. Therefore, the Group positively assesses the potential for implementation of its investment plans in the coming financial periods.

## 3.13. Agreement with Certified Auditor of Financial Statements

The entity authorised to audit the consolidated financial statements of the Kredyt Inkaso Capital Group as well as the individual financial statements of the Company (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: *PKF Consult spółka z ograniczoną odpowiedzialnością Spółka komandytowa* based in Warsaw.

On 5 December 2022, the Company concluded an agreement with PKF Consult for the audit of the individual and consolidated financial statements for the financial year ended 31 March 2023 and the financial year ended 31 March 2024.

Below is the auditor's remuneration for the interim review and for the audit of the annual individual and consolidated financial statements in the financial year ended on 31 March 2024 and in the previous year:

<b>Auditor remuneration for the financial year ended:</b>	<b>31/03/2024</b>	<b>31/03/2023</b>
Review of mid-year consolidated financial statements	61	54
Audit of annual consolidated financial statements	164	148
<b>Consolidated statements</b>	<b>225</b>	<b>202</b>
Review of mid-year individual financial statements	78	69
Audit of annual individual financial statements	114	101
<b>Separate Statements of the Parent Company</b>	<b>192</b>	<b>170</b>
<b>Assessment of the remuneration report</b>	<b>15</b>	<b>14</b>
<b>Total</b>	<b>432</b>	<b>386</b>

The Management Board of the Company hereby declares that the selection of this auditor for the annual financial statements was made by the Supervisory Board according to regulations, including those applicable to the auditor selection procedure. The auditor and members of its audit team met the requirements allowing preparation of an impartial and independent report from the audit of the annual financial statements, in accordance with applicable regulations, professional standards and best ethical practices. The Management Board further declares that the applicable regulations related to the periodic change of the auditor, the key statutory auditor in charge, and the mandatory grace periods, have been complied with and the Company has an audit firm selection policy in place as well as a policy concerning additional non-audit services for the Company supplied by audit firms, their associated entities or members of their network (including auditor services legally permitted on certain conditions). The selection of this auditor for the annual financial statements was made in line with Kredyt Inkaso's auditor selection procedure. Apart from the service involving the assessment of the remuneration report, in the current financial year no services were provided to Kredyt Inkaso S.A. and its subsidiaries other than the audit and the interim review performed by the auditor, an entity related to the auditor an audit firm or by a member of its network. The auditor's independence has been evaluated for the purposes of the assessment of the remuneration report, and approved by the Audit Committee.

On 13 May 2024, the Supervisory Board adopted a resolution selecting *PKF Consult Spółka z ograniczoną odpowiedzialnością sp. k.* based in Warsaw (ul. Orzycka 6/1B, licence 477 on the list of audit firms maintained by the Polish Audit Office, registered in the National Court Register under 0000579479) as the entity authorised to audit the individual financial statements of the Company as well as the consolidated financial statements of the Kredyt Inkaso Capital Group for the financial years 2024/2025 and 2025/2026, and to review the mid-year financial individual financial statements of the Company and the mid-year consolidated financial statements of the Kredyt Inkaso Capital Group for the first half of the financial years 2024/2025 and 2025/2026. The contract with *PKF Consult* can last two years. The statutory auditor was selected by the Supervisory Board in conformity with the applicable legal regulations and professional standards.

## 3.14. Prospective growth of the Group

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

In April 2023, the Parent's Management Board decided to initiate a review of strategic options, based on the Annual General Meeting resolution of 30 September 2022. Currently, no decision has been made regarding the choice of any specific strategic option (cf. item 3.8 in this document).

The main objective of the Group's activities (assuming the status quo is kept after the review of strategic options), 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 and return on invested capital. One of the key objectives for the Management Board is to systematically improve *Return On Equity* (ROE) and achieve its level similar to the most effective debt management companies in Europe. As of 31.03.2024, the Group's ROE was 10% (including discontinued operations). In the opinion of the Management Board, further systematic implementation of the strategy should enable the Group to achieve a robust ROE level at 10+ percent in the coming years.

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 past year, the Group migrated the Romanian operating system to the latest cloud-based version and, in the coming years, plans its further implementation in the Bulgarian market. The Group is also constantly developing an online customer service portal in Poland and wants to launch it in the other foreign markets, as well.

The Group places significant emphasis on transforming its organisational culture and improving the efficiency of its operational processes and further implementing lean methodologies, as well as process automation. The Group has already started investing in the AI area by enhancing staff competences and developing the technology.

### 3.14.2. External factors material for the Group's growth

The external factors driving the Group's growth include:

- the evolution of the approach to debt disposal by universal service providers and the banking sector,
- lack of legal or organisational action on the part of the administration and legislators that could impose formal or de facto restrictions on the disposal or recovery of debt 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 equity,
- no phenomenon of high inflation in the long term,
- unemployment levels,
- 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:

- maintained ability to process debtor cases - efficient and secure operation of ICT systems,
- the Group's financial position allowing it to raise funds for its business development through debt or equity,
- development of staff competence to ensure efficient operation of Kredyt Inkaso S.A. as a decision-making centre,
- retention of key employees in the Group,
- development of the mid management.



## 3.15. Risks, objectives and financial risk management in the Group

The Kredyt Inkaso Capital Group constantly monitors and manages financial risk in order to eliminate incidents that may have a negative impact on the activity of its organisation. The activities of the Group are impacted by the following financial risks:

- credit risk,
- liquidity risk,
- market risks: interest and currency rates.

The financial risk management objectives and methods adopted by the Group have been described in detail in the note on financial risk management, in the annual consolidated financial statements of the Kredyt Inkaso Capital Group.

## 3.16. Significant proceedings pending before courts, arbitration tribunals or public administration authorities

### 3.16.1. Litigations and enforcements

The Group's business model involves purchasing of debt portfolios that include claims arising from sold general services (usually several thousand to tens of thousands of claims bundled in a portfolio) and to pursue their repayment in court. The Group's activities include mass litigation and enforcement proceedings conducted by enforcement officers. However, due to the relatively low debt balances, there is no risk of concentration (one or more bad debts, i.e. debts apparently much worse than originally calculated).

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

- a lawsuit of BEST S.A. dated 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 claimant 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 statutory standards. 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 fiscal year, which were adjusted in subsequent fiscal years. Kredyt Inkaso S.A. recognizes BEST S.A.'s claim as unfounded (Current Report 8/2019);
- a lawsuit by John Harvey van Kannel dated 28 December 2020, against the Company for (i) establishing the existence of a resolution to dismiss Maciej Jerzy Szymanski from the Company's Management Board, and (ii) annulling Resolution no. 38/2020 of the Company's Annual General Meeting of Shareholders, dated 27 November 2020, on the appointment of Daniel Dąbrowski to the Company's Supervisory Board for a new term. John Harvey van Kannel's request for injunction in the present case was fully rejected, and the Company announced it in Current Report 11/2021. The Company considers the demands contained in the lawsuit to be completely unfounded and opposes them, actively participating in the court proceedings (Current Report 26/2021). BEST Capital FIZAN is acting in this case as a side intervener on the side of John Harvey van Kannel;
- a second lawsuit by John Harvey van Kannel dated 22 June 2021, against the Company for annulling Resolution no. 12/2021 of the Company's Extraordinary General Meeting of Shareholders, dated 24 May 2021, on the appointment of Daniel Dąbrowski to the Company's Supervisory Board. The Company considers the demands contained in the lawsuit to be completely unfounded and opposes them, actively participating in the court proceedings (Current Report 31/2021). The case was concluded with a favourable verdict for the Company from the Court of Appeals passed on 4 April 2023, dismissing John Harvey van Kannel's appeal in its entirety (Current Report 8/2023). On 1 August 2023, the Company's attorney was served a notice that the last-resort appeal had been filed with the supreme court by one of the claimants (BEST Capital FIZAN). The Company considers this claim sought through this extraordinary procedure to be completely unfounded (Current Report 32/2023).
- a lawsuit brought by the Company on 24 August 2010 against the joint and several defendants: BEST S.A. and Krzysztof Borusowski for PLN 60,734,500 to be ruled in favour of the Company. The amount demanded arises from the Company's claim against the Respondents for compensation for damage caused to the Company as a result of the Respondents' dissemination of false and slanderous information: regarding the Company's Management Board at the

time, alleged irregularities in the Company, alleged falsification of financial statements and lack of authority of the Company's Management Board to act on behalf of the Company, which, according to the Company, was the direct reason for the termination of the agreements concluded with the Company to manage debt portfolios and legal services agreements by Lumen Profit 14 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 14 NS FIZ"<sup>3</sup>), 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, and AGIO Wierzytelności Plus 2 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty. The amount of the claim is the sum of the actual losses incurred by the Company and its estimated lost benefits in future years, as the Company announced in Current Report 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 above agreements on the Company's financial situation, in particular the loss of further regular income as well as the potential litigation by the Company to seek relevant compensation, in the Consolidated Quarterly Report for Q1 2016/2017 which was published on 12 August 2016. On 25 August 2023, the court requested the parties to submit their final depositions in writing before the case is closed and the judgment decided in a closed-door session of the court, which both parties did. The judgment of the lower court dismissing the Company's action entirely was issued on 12 March 2024. The Company is currently awaiting a written statement of reasons for the judgment (Current Report 16/2024).

- a lawsuit brought by the Company on 8 June 2020 against the Defendants, jointly and severally: 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 due to the actions of the defendants (between June 2014 and April 2016 when the sale and purchase of Romanian debt portfolios were being arranged and committed), together with statutory interest for delay calculated since 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 opinion of an expert in the field of business valuation, together with statutory interest for delay calculated from the date of delivery of the copy of the statement of claim to the last of the Respondents until the date of payment, and PLN 44,000 as reimbursement for the costs of providing certified translations of the statement of claim and some of the appendices to the statement of claim, together with statutory interest for delay calculated from the date of delivery of the copy of the statement of claim to the last of the Respondents until the date of payment. The main claim of PLN 21,320,000 became apparent during an in-house investigation which showed that Paweł Szewczyk, then acting as the president of board for Kredyt Inkaso S.A. and capital group companies, namely Kredyt Inkaso Investments RO S.A., Kredyt Inkaso Portfolio Investments Luxembourg S.A., and at the same time being a member of the management board of KI Servcollect SRL, had used his knowledge and information concerning Kredyt Inkaso S.A. and the capital group companies to gain financial benefit from the purchase and sale transactions covered by the lawsuit, which were closed on the Romanian market between June 2014 and April 2016. Paweł Szewczyk did not inform the Company while holding the President of Board office about the nature and scope of his collaboration with KI Servcollect SRL in the process of organising claim trading transactions on the Romanian market. Paweł Szewczyk remained a member of the Management Board for KI Servcollect SRL without obtaining the consent of the Supervisory Board of Kredyt Inkaso S.A. in this respect or informing it about it. At the same time, Paweł Szewczyk knew that KI Servcollect SRL made significant profits on debt trading transactions involving Kredyt Inkaso group companies even though KI Servcollect SRL had no investment agreement or service contract signed with any company from the Kredyt Inkaso capital group. In the lawsuit, the Company has also demanded injunction to secure the above claims (Current Report 13/2020). The Company's request for injunction was dismissed by the court and, as the appeal filed by the Company's attorney was rejected by the upper court, this decision should be considered final. In January 2024, BEST S.A. filed to join the side of the Company in the proceedings to which the defendants objected. In May 2024, the Court considered the defendants' objections and excluded BEST S.A. from the proceedings. Witnesses are still being interviewed in the case and further hearing dates are set. The Company is also submitting more requests for evidence. According to the attorney, there will be an expert opinion issued in the case;
- a lawsuit by two members of the Supervisory Board, dated 24 June 2021, to revoke 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 Karol Szymański to the Company's Supervisory Board for a new term and granting him the authority to perform supervisory activities on a permanent individual basis. The Company intends to actively participate in the legal proceedings (Current Report 53/2021);
- the second lawsuit by two members of the Supervisory Board, dated 25 May 2022, to revoke 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 Karol Szymański to the Company's Supervisory Board for a new term and granting him the authority to perform supervisory activities on a permanent individual basis. The case is currently pending before the Regional Court in Warsaw, 16th Commercial Division, case number XVI GC 709/22. The Company wants to actively participate in the litigation (Current Report 36/2022 and

<sup>3</sup> Initially the funds were called Trigon Profit XIV NS FIZ, Trigon Profit XV NS FIZ and Trigon Profit XVI NS FIZ, but the name was later changed to Lumen.

38/2022). By an order of 6 July 2022, the court granted the injunction securing the claimants by suspending the effective force of the resolution until the lawsuit is conclusively closed. According to information provided in Current Report 60/2023, on 23 November 2023 the Court of Appeals reversed the order dated 6 July 2022, and referred the request for injunction to the District Court of Warsaw for reconsideration. The Court of Appeals did not rule on any substantive grounds regarding whether or not securing of the claim should be granted. The request for injunction will therefore be reconsidered.

Court proceedings ended in the current reporting period:

- in reference to Current Report 34/2019 and 61/2023, on 6 December 2023 the Company gained the knowledge that the District Court in Warsaw, 16th Commercial Division, issued a decision of 17 November 2023 to discontinue the proceedings then pending before the Court (case number XVI GC 475/20) and brought by the Company's shareholder BEST S.A. based in Gdynia ("Shareholder"), which sought invalidation or cancellation of Resolution 4/2019 of the Company's Extraordinary General Meeting of 30 May 2019 which had approved certain transactions that encumbered the Company's assets or the assets of other capital group subsidiaries in connection with the Company's issue of Series F1 bonds, for the reason that this Shareholder has withdrawn its claims;
- in reference to Current Report 93/2016, 65/2017, 56/2018, 40/2023 and 55/2023, on 29 November 2023 the Company gained the knowledge that the Regional Court in Warsaw, 20th Commercial Division, issued a decision of 29 November 2023 to discontinue the proceedings then pending before the Court (case number XX GC 739/19) and brought by the Company's shareholder BEST S.A. based in Gdynia, which sought cancellation of certain resolutions of the Company's Annual General Meeting of 3 October 2016, 27 September 2017 and 27 September 2018 (combined into a single case), for the reason that this Shareholder has withdrawn its claims;

### 3.16.2. Tax proceedings

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

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

- RUB 19.4 million (excluding interest) for underreporting corporate income tax for 2019-2021 plus a fine at a rate of 40%, the amount of which the Company calculated is RUB 7.8 million,
- RUB 28.7 million (excluding interest) 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 the Company calculated was RUB 5.7 million, and

value-added tax overpayment for 2019-2021 of RUB 2.3 million.

The Group has set up a provision to cover the charges raised in the amount of RUB 79.8 million (including the amount of tax arrears and anticipated interest and fines).

KI RUS submitted objections to the audit report in writing and in a meeting with the tax authority. On 21 August 2023, the Russian Company made a payment of tax arrears (excluding interest and fines) in the total amount of RUB 31.5 million (net of value-added tax overpayment), which was agreed upon during a meeting with the tax authority on 18 August 2023. On 30 August 2023, KI RUS received the final decision on the results of the audit, in which the tax authority set the final amount of tax arrears and fines (excluding interest) at a total of RUB 29.6 million. The decision became final after 30 days, at which time the Russian company settled the interest on the tax arrears, which amounted to RUB 5.1 million. The total amount of tax arrears, fines and interest paid for irregularities identified by the tax authority for 2019 - 2021 amounted to RUB 32.4 million (after deducting the amount of overpayment in value-added tax indicated above).

KI RUS also adjusted its tax settlements for the unaudited period from January 2022 to March 2023, resulting in a tax payment with interest of RUB 5.6 million.

As of April 2023, KI RUS makes tax settlements according to the interpretation indicated by the tax authority.

In September 2023, the Group dissolved the unused portion of the provision which had been set up in connection with tax proceedings pending in Russia, in the amount of RUB 41.8 million (equivalent to PLN 1.9 million at the reporting period's exchange rate).

## 3.17. Other inspections

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

## 4. CORPORATE GOVERNANCE DECLARATION

### 4.1. Corporate governance documentation

The Company is subject to the corporate governance rules that are formulated in *2021 Best Practice for WSE Listed Companies* as attached to the Resolution of the WSE Council No. 13/1834/2021 of 29 March 2021, effective 1 July 2021. This documentation is available on the WSE website: [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).

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

The Company does not apply good corporate governance practices other than those referred to above, including any that would exceed the requirements under the Polish law.

### 4.2. Compliance with corporate governance documentation

The Company does not apply the following corporate governance principles that are contained in 2021 Best Practice for WSE Listed Companies (from April 2023 to March 2024).

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

**Explanation:** *The Company has an internal document in place that formulates its operating strategy. The Company does not communicate forecasts and the status of strategy implementation in figures.*

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

**Explanation:** *The Company has an internal document in place that formulates its operating strategy. The Company does not communicate forecasts and the status of strategy implementation in figures. ESG issues are integrated in quarterly reports. From the next financial year, the company wants to measure additional factors related to the carbon footprint.*

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

**Explanation:** *Due to its employment structure (majority is women, with many small areas of expertise where people are paid high) and the geographical dispersion of its main offices, the Company is developing a system for aggregating data that will allow its publishing in an objective and adequate manner.*

**4.1.** The Company should allow shareholders to participate in the General Meeting by electronic means of communication (e-Value), if justified by the expectations of the shareholders reported to the Company, as long as it is able to provide the technical infrastructure necessary to conduct such General Meeting.

**Explanation:** *The Company does not apply this principle due to the shareholding structure, in which currently over 94% shares belong to 2 (two) shareholders.*

**4.3.** The Company provides a publicly available transmission of the General Meeting in real time.

**Explanation:** *The Company does not apply this principle due to the shareholding structure, in which currently over 94% shares belong to 2 (two) shareholders.*

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

**Explanation:** *The level of remuneration for the Management Board is not dependent on the actual long-term financial standing of the Company and long-term shareholder value creation or the stable operation of its business. This is due to the fact that the Company's shareholders have not reached an agreement in this regard. The principle is however applied to officers and employees.*

**Additional comment:** In December 2023, the Extraordinary General Meeting adopted a resolution amending the Management Board and Supervisory Board Remuneration Policy, hence establishing retention bonuses for the members of the Management Board. The bonus (its fixed and variable parts) will be paid out depending on the results (implementation) of the ongoing review of strategic options, and does not constitute a long-term incentive program. The bonus system rules were detailed in June 2024 by the Supervisory Board which authorised the Chairperson of the Supervisory Board to conclude appropriate annexes to the manager contracts of the individual members of the Management Board. Additional information is presented in Note 31 to the consolidated financial statements.

**6.3.** If in the company one of the incentive programs is a management option program, then the implementation of the option program should be subject to the fulfillment by the eligible persons, within at least 3 years, of pre-determined, realistic and appropriate financial and non-financial and sustainable development goals for the company, and the determined price for the purchase of shares by the eligible persons or the settlement of options may not deviate from the value of shares from the period of enactment of the program.

**Explanation:** *The Company does not have an incentive program.*

**Additional comment:** See comment to 6.2 above.

## 4.3. Internal control and risk management systems in the context of financial statements preparation

The process of preparing financial statements involves members of the Company staff who have the competence, knowledge and skills in this area.

In addition, the Company established the Audit Committee. The operating rules of the Audit Committee are specified in "Audit Committee activity" in this report.

## 4.4. Shareholders holding, directly or indirectly, significant share blocks in Kredyt Inkaso S.A., including number of shares, shareholding ratio, number of general meeting votes resulting from the shareholding, and the vote ratio.

Shareholders holding shares and, respectively, General Meeting votes as at the Approval Date:

	Number of shares	Shareholding (%)	Number of votes	Vote ratio (%)
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%

	Number of shares	Shareholding (%)	Number of votes	Vote ratio (%)
BEST Capital FIZAN	7,000	0.05%	7,000	0.05%
Other shareholders	693,153	5.37%	693,153	5.37%
<b>Total</b>	<b>12,897,364</b>	<b>100.00%</b>	<b>12,897,364</b>	<b>100.00%</b>

## 4.5. Shareholding or share entitlements of management and supervisory personnel

As at the balance sheet date (31 March 2024), none of the members of the Management Board or the Supervisory Board held any shares of the Company or any other interest entitling to them.

## 4.6. Holders of securities giving special control, including type of interest

To the best of the Company's knowledge, no securities giving any special control rights in the Company have been established as of the Approval Date.

## 4.7. Voting right restrictions

To the best of the Company's knowledge, no restrictions limiting the exercise of voting rights from a share have been established as of the Approval Date.

## 4.8. Share transfer restrictions

### 4.8.1. Contractual restrictions limiting the trading of the Company's shares and the issue of new shares

There are no contractual restrictions limiting the trading of the Company's shares and the issue of new shares

### 4.8.2. Share lock-up arrangements and parties concerned, clauses, exceptions and the lock-up period

No agreements have been signed limiting the disposal of lock-up shares by the current shareholders.

### 4.8.3. Rules for appointment and dismissal of officers and their powers, including the right to decide on share issue or redemption

According to the Articles of Association, the Management Board can consist of 1 to 4 members, appointed and dismissed by the Supervisory Board (the first Management Board was appointed via a resolution that had transformed the Company). The term of office lasts three years and is joint for all members of the Management Board. Every member of the Management Board may be dismissed at any time before the end of their term of office.



The powers of the members of the Management Board are described in item 4.14 which describes the composition and changes taking place during the last financial year as well as the tasks of the management, supervisory or administrative bodies of the Company, including their committees.

## 4.9. Rules for amending the Articles of Association or the Deed of Incorporation

According to § 7.7(8) of the Articles of Association of Kredyt Inkaso S.A., amendment of the Articles of Association are the reserved matter of the General Meeting. According to § 7.9(1)(a), any such changes can be adopted by a majority of  $\frac{3}{4}$  of votes cast and must be requires entry in the court register.

## 4.10. General Meeting procedures, rights and powers, shareholder rights and their exercise, including principles resulting from the General Meeting Rules

### 4.10.1. General Meeting, its operation and key powers

The General Meeting can be summoned as either annual or extraordinary. The Annual General Meeting is held no later than 6 (six) months after the end of the Company's financial year. The Extraordinary General Meeting is summoned by the Management Board at its own initiative, at the request of the Supervisory Board or at the request of a shareholder or shareholders representing not less than 1/20 of the Company's share capital, within two weeks of submitting such a request. The request for the General Meeting needs to specify the matters to be discussed and does not require a statement of reasons. The Supervisory Board has the right to convene the Annual General Meeting if the Management Board does not convene it on time, and convene the Extraordinary General Meeting whenever it deems advisable. Shareholders representing at least half of the share capital or at least half of all company votes also may convene the Extraordinary General Meeting. The shareholders can participate in the General Meeting and exercise their voting rights either personally or through proxies holding a written power-of-attorney instrument. The power of attorney to participate in the General Meeting must be issued in writing or in electronic form (faxed). Save as otherwise provided in the Commercial Companies Code and the Articles of Association, resolutions of the General Meeting need to be adopted by a majority of over 60% (sixty percent) of votes cast (i.e. all votes 'for', 'against' and 'abstained' counted). General Meeting voting is held openly. Secret ballot voting will be ordered when electing and removing (upon such request) members of the Company's corporate bodies, its liquidators, seeking their liability and in personal matters.

The following matters are reserved for the General Meeting in particular (but not limited to):

- to consider and approve the financial statements for the last financial year of the Company, the management reports of the Company; as well as the consolidated financial statements of the Capital Group and the management reports of the Capital Group for the previous financial year,
- to discharge members of the Supervisory Board and members of the Management Board of the Company from their duties,
- to decide on the distribution of profit and coverage of loss, as well as how to use funds created from profit, subject to special provisions regulating the use of such funds in a different way,
- to appoint members of the Supervisory Board and determine principles of Supervisory Board remuneration,
- to increase and decrease the share capital, unless the provisions of the Commercial Companies Code and the Articles of Association provide otherwise,
- to decide anything with regard to claims for damages caused by the incorporation of the Company and during its supervision or management;
- to consent to the sale and lease of the business or its organised part, and establishment of limited property rights thereon,
- to amend the Articles of Association;
- to create and close capital reserves and other provisions in the Company,
- to decide share redemption and acquisition of shares for redemption, and determine the conditions of such transaction,



- to issue convertible bonds or preference bonds,
- to dissolve, liquidate and reorganise the Company, and to merge it with another company,
- to adopt the rules for the Supervisory Board and for the General Meeting,
- to express consent as referred to in Article 8 (8a) (2) of the Articles of Association,
- to express consent to transactions resulting in a permanent transfer or encumbrance of the Company's assets or assets of the Company's Capital Group entities to or in favour of businesses 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 being the subject of the transaction (whether in single or series of legal actions) exceeds the equivalent of 20% of the Company's consolidated equity as at the end of the calendar quarter preceding the date of the transaction or, in the case of several related transactions, at the end of the calendar quarter preceding the date of the last of them.

A shareholder of the Company holding dematerialized shares is entitled to a personal certificate of General Meeting participant. The entity keeping the securities account will issue such personal certificate of General Meeting participant at the request of the holder of the dematerialized bearer shares of the Company, if submitted upon the announcement of the General Meeting but not later than on the first business day after the date of registration of participants for the General Meeting.

Before every General Meeting, a list of shareholders entitled to participate in the General Meeting must be drawn up. The list, signed by the Management Board, is displayed at the Company's premises for a period of three weekdays preceding the General Meeting. Shareholders may view the list at the Company's premises and request its copy (against payment of the cost of its production) or its sending (free of charge) via e-mail, upon giving the address to which the list should be delivered. At the General Meeting, immediately after the election of the Chairperson, a list of attendance needs to be drawn up, containing a list of participants, listing the number of shares that each of them presents and the votes they are entitled to, signed by the Chairperson of the General Meeting. At such request of shareholders holding at least 1/10 of the share capital represented at the General Meeting, the attendance list should be checked by a committee of at least three persons selected for this purpose. The parties requesting so will have the right to elect one of the members of such committee.

The General Meeting convenes upon announcement made on the Company's website and in the manner required in the case of current and periodic communication of public companies – at least 26 days before the date of the General Meeting.

Such announcement needs to indicate:

- the date, time and place of the General Meeting as well as its detailed agenda,
- a precise description of the meeting participation procedures and exercise of voting rights,
- the day of registration of participants for the General Meeting,
- information that only persons who are shareholders as of the participant registration date will have the right to participate in the General Meeting,
- information about the place and method for the entitled participants to obtain the full text of the documentation which will be presented at the General Meeting, as well as any draft resolutions or, if no resolutions are to be adopted, comments of the Management Board or the Supervisory Board of the Company regarding matters in the agenda or other matters which will be introduced to the agenda before the date of the General Meeting,
- information about the address of the website where General Meeting information relating will be communicated.

If the Articles of Association are to be amended, the existing clauses should be invoked along with the text of the proposed changes. A shareholder or shareholders who represent at least one-twentieth of the share capital can request inclusion of certain matters on the agenda of the upcoming General Meeting on at least 21 days before it. The request will include a statement of reasons or a draft resolution on the proposed agenda item. The Management Board is obliged to announce immediately (but not later than 18 days before the scheduled date of the General Meeting) any changes to the meeting agenda that become introduced at the request of shareholders. Such announcement will take place in the same manner as convening of the General Meeting. A shareholder or shareholders who represent at least 1/20 of the share capital can, before the date of the General Meeting, submit draft resolutions to the Company, in writing or by means of electronic communication, regarding matters included in the meeting agenda or other matters which will be included on the agenda. The Company will immediately announce any draft resolutions on the website. During the General Meeting, each shareholder may submit draft resolutions regarding matters included in the agenda.

According to Article 405 of the Commercial Companies Code, the General Meeting may pass resolutions also without formal summons beforehand, if the entire share capital is being represented and no attendees have raised any objection against the holding of the General Meeting or any of the issues included in its agenda. The General Meeting is valid regardless of the number of shares represented at it, unless the Commercial Companies Code or the Articles of Association provide otherwise.

## 4.10.2. Shareholder rights and their exercise

All Company shares are ordinary bearer shares with no special rights or preferences attached to them. The rights and obligations associated with the Company's shares are specified in the Commercial Companies Code, the Articles of Association and other legal regulations.

Economic rights attached to the Company's shares include (but are not limited to):

- The right to a dividend, which is a share of the profit generated by the Company as disclosed in the audited financial statements, approved by the General Meeting for payment to the shareholders (Article 347 of the Commercial Companies Code). The profit is distributed in proportion to one's shareholding. The Articles of Association do not provide for any preferences towards this right, which means that each share equally entitles to a dividend. The shareholders who are entitled to the dividend for a given financial year are those who held shares as at the dividend day which is specified by the General Meeting. The Annual General Meeting also fixes the date for the payment of dividend (Article 348 § 3 of the Commercial Companies Code). Following the resolution on profit distribution, the shareholders are vested the right to claim the payment of dividend. This dividend payment right becomes exercisable on the date which is indicated in a General Meeting resolution, and it is also subject to general statute of limitation. No other profit sharing right is attached to the Company's shares.
- The priority subscription right to new shares, in proportion to one's shareholding, subject to certain requirements under Article 433 of the Commercial Companies Code, a shareholder may be deprived of this right, entirely or partly, to the benefit of the Company through a General Meeting resolution which must be adopted by a majority of at least 4/5 of votes; this 4/5 majority rule does not apply when the share capital increase resolution stipulates that the new shares are to be taken up entirely by a the financial institution (sub-company), with the obligation to offer them subsequently to the shareholders in order to enable them to exercise their preference subscription right on the terms and conditions specified in such resolution, and also when the resolution stipulates that the new shares are to be taken up by a sub-company in the event that the shareholders holding the preference subscription right do not take up all or a part of such shares offered to them; a shareholder may be deprived of the preference subscription right provided this has been announced in the agenda of the General Meeting.
- The right to a share of assets remaining once creditors are satisfied or their claims secured in the event of the Company's liquidation (Article 474 of the Commercial Companies Code); The Articles of Association do not provide for any privilege in this regard.
- The right to transfer the shares held.
- The right to encumber the shares held with a pledge or right of use.

Corporate rights associated with the Company's shares include (but are not limited to):

- The right to participate in 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 submit a request to summon the Extraordinary General Meeting, and a request to include certain matters in its agenda, vested in shareholders who hold at least 1/20 of the Company's share capital (Article 400 § 1 of the Commercial Companies Code). Such request for the Extraordinary General Meeting must be submitted to the Management Board, in writing or in an electronic form. If the Extraordinary General Meeting does not convene within two weeks of the date of the request submitted to the Management Board, the registry court may authorise the requesting shareholders to convene such Extraordinary General Meeting. The court will appoint the Chairperson of General Meeting (Article 400 § 3 of the Commercial Companies Code).
- The right to challenge General Meeting resolutions, according to Articles 422-427 of the Commercial Companies Code. Article 422 of the Commercial Companies Code states allows challenging a any resolution of the General Meeting that is contrary to the Articles of Association, good customs or the interest of the Company, or otherwise intended to harm a shareholder – by legal action brought against the Company to cancel such resolution. The legal action may be brought by the Management Board, the Supervisory Board or individual members of these bodies, or any shareholder who:
  - voted against such resolution, and after it was adopted demanded that such objection be recorded (the vote requirement does not apply to silent shares);
  - has been unreasonably prevented from taking part in the General Meeting;
  - was not present at the General Meeting that was convened in a defective manner or that adopted a resolution on a matter that was not on the agenda. For public companies, the time limit for bringing such legal action to cancel a resolution is one month from the date of receiving a notice of such resolution, but not later than six months of its adoption (Article 424 § 2 of the Commercial Companies Code). Where a resolution is contradicts the provisions of the Commercial Companies Code, it may be challenged under Article 425 of the Code by legal action against the Company for the cancellation of such resolution. The legal action can be brought within 30 days of the date of publishing the resolution, but no later than one year of its.

- The right to demand the election of the Supervisory Board based on separate voting groups – according to Article 385 § 3 of the Commercial Companies Code, at such request of shareholders who represent at least 1/5 of the share capital, the Supervisory Board should be elected by the next General Meeting by way of voting in separate groups.
- The right to obtain information about the Company, to the extent and in the manner specified by legal regulations, in particular Article 428 of the Commercial Companies Code – during the General Meeting, the Management Board must provide a shareholder, at such request, with information about the Company where this is reasonably needed for the assessment of a given matter on the agenda. Any shareholder who has been refused disclosure of requested information during the General Meeting and whose objection was recorded in the meeting minutes is eligible to request the registry court to oblige the Management Board to provide such information (Article 429 of the Commercial Companies Code).
- The right to obtain a personal certificate of shares deposited with and from the entity that keeps the securities account for the Company, according to the regulations on financial instrument trading (Article 328 § 6 of the Commercial Companies Code), and the right to receive a personal certificate of eligibility to participate in a general meeting (Article 406.3 § 2).
- The right to obtain certified copies of the Company's management report and financial statements, together with a certified copy of the Supervisory Board's report and the auditor's opinion, within fifteen days before a general meeting (Article 395 §4 of the Commercial Companies Code).
- The right to view the list of shareholders eligible to participate in the General Meeting, at the premises of the Management Board, and to request a certified copy of the list (against payment of related cost of its preparation); the right to request sending of the list of shareholders (free of charge) by means of electronic communication (Article 407 § 1, 407 § 11 of the Commercial Companies Code).
- The right to request a certified copy of requests and motions concerning any matters that are included in the agenda, on at least one week before the General Meeting (Article 407 § 2 of the Commercial Companies Code).
- The right to request that the list of general meeting attendance be checked by a dedicated committee of at least three members. Such request may be submitted by shareholders who hold 1/10 of the share capital represented at such General Meeting. The parties requesting so have the right to elect one of the members of such committee (Article 410 §2 of the Commercial Companies Code).
- The right to view the book of meeting minutes, and to request copies of resolutions certified by the Management Board (Article 421 § 3 of the Commercial Companies Code).
- The right to bring a legal action for remedy of damage which has been caused to the Company, according to Articles 486 and 487 of the Commercial Companies Code, in the event the Company does not bring such action within one year of disclosure of a given activity that caused the damage.
- The right to view documents and to request their certified copies to be made available at the Company's premises (free of charge), which are referred to in Article 505 § 1 of the Commercial Companies Code (in the case of a merger), in Article 540 § 1 of the Commercial Companies Code (in the case of a demerger) and Article 561 § 1 of the Commercial Companies Code (in the case of a organisational transformation).
- The right to view the shareholder register, and to request its certified copy (against payment of the cost of its preparation), according to Article 341 § 7 of the Commercial Companies Code.
- The right to request that a company which is a Kredyt Inkaso shareholder provide information whether it is a dominant or dependent entity towards a given company or other organisation that is the Company's shareholder, or whether such dominant or dependent position no longer exists. The shareholder may also request disclosure of shareholding or the number of votes held by such company, including as a beneficiary of a pledge, holder of a right of use or based on other arrangement made other persons. The requests for such information and responses need to be made in writing.
- The right to request an expert to examine a specific issue related to the establishment of a public company or the conduct of its affairs (a dedicated auditor), according to Article 84 of the Public Offering Act. Such resolution can be adopted by the General Meeting at such request of shareholder(s) representing at least 5% of the total votes at the General Meeting. The resolution needs to specify in particular (but not limited to):
  - the subject matter and the scope of the audit;
  - documents to be provided by the Company to the auditor;
  - the Management Board's opinion on the submitted request.

If the General Meeting rejects the request for the appointment of such special auditor, the parties so requesting may apply to the registry court to appoint the auditor, within 14 days of the adoption of such resolution.

## 4.11. Composition, last year's changes and operating procedures of management, supervisory and administrative bodies of the Company, including their committees

### 4.11.1. Management Board

As at 31 March 2024 and the Approval Date, the Management Board of the Company was composed as follows:

- Ms Barbara Rudziks - President of Board
- Mr Maciej Szymański - Vice President of Board
- Ms Iwona Słomska - Vice President of Board
- Mr Mateusz Boguta - Member of Board

#### **Barbara Rudziks - the President of Board, involved with Kredyt Inkaso S.A. since 2020**

Ms Barbara Rudziks has a university degree. She graduated from Maritime University of Gdynia (UMG) with a MBA degree.

#### **Maciej Szymański - the Vice President of Board, involved with Kredyt Inkaso S.A. since 2016**

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

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

Ms Iwona Słomska graduated from the Institute of Political Science, the University of Wrocław, where she obtained her Master's degree. She pursued further education at the Polish-American College of Social Communication Organisation and Management, Wrocław University of Technology (PW). She graduated with an MBA from the Higher School of Banking and Franklin University (USA).

#### **Mateusz Boguta - Member of Board, involved with Kredyt Inkaso S.A. since 2022**

Mr Mateusz Boguta has a university degree. He graduated from Wrocław University of Economics (UEW) where he obtained his Master's degree at the Faculty of Finance and Banking, with major in Risk Management.

### 4.11.2. Management Board procedures

According to § 9 of the Articles of Association, the Management Board consists of one to four members, including the President of Board, the Vice President(s) and other Member(s) of Board who are appointed for a joint term of three years. The Supervisory Board appoints, dismisses and suspends members of the Management Board through a secret ballot, and determines the number of members in the Management Board. The term of office of a member of the Management Board expires on the date of the General Meeting which approves financial statements for the last full financial year when the member has been in the board. The Management Board manages the Company and represents it towards courts, authorities and third parties. The work of the Management Board is managed by the President of Board. The rights and powers of the President of Board are specified in the Management Board Rules.

According to the Management Board Rules, its resolutions are required with regard to the following matters in particular (but not limited to):

- issued which, according to the Articles of Association or legal regulations, have not been the matters reserved for the other corporate bodies of the Company;
- any issues exceeding the scope of ordinary course of management;
- issues challenged by at least one member of the Management Board, in writing or by e-mail sent to all other members of the Management Board;
- appointment of a legal representative of the Company;
- issues which are demanded by the President of Board or a member of the Management Board, in writing or by e-mail sent to all other members of the Management Board;
- incorporation of any matters in the agenda of a Supervisory Board meeting, and preparation of written requests to be considered by the Supervisory Board;
- summoning of the General Meeting;

- adoption of the financial statements of the Company and the Capital Group and the management reports of the Company and the Capital Group for a given financial year;
- issue of requests concerning the distribution of profit or covering of loss;
- adoption of the budget, annual and multi-year financial plans that include the strategy for the Company or its Capital Group;
- introduction of the organisational by-laws of the Company;
- introduction of the Company's strategy or long-term business plans;
- introduction of the Company's internal rules and by-laws that are required by law or other corporate documents;
- borrowing by the Company or its Capital Group subsidiaries of new loans and credit facilities from third parties (excluding new tranches under existing loans and facilities that are revolving);
- acquisition or divestment of real estate or perpetual leasehold rights;
- submission of binding offers regarding the purchase or divestment of receivables or cash flow, by the Company or its Capital Group subsidiary, for a price exceeding PLN 5,000,000.00 net (five million zlotys), unless a resolution recommending such offer has been adopted by the relevant investment committees appointed in the Company or the Capital Group at which at least two members of the Management Board voted in favour of such offer;
- contracting of financial liabilities, disposing of economic rights and any other encumbrance of the assets of the Company or its Capital Group subsidiary, if the value exceeds PLN 100,000.00 (one hundred thousand zlotys);
- sale, acquisition and encumbrance by the Company of shares or other participation units in other entities, including shares in public trading;
- issue of securities by the Company, subject to the rights and powers of the General Meeting;
- determination of the rules for granting and cancellation of powers of attorney;
- other issues and matters as specified in other corporate documents of the Company.

The Management Board passes resolutions with absolute majority of votes. In the event of equal number of votes, the President of Board will have the decisive vote. The Management Board Rules specify in detail the operating procedures of the Management Board. The Rules are adopted by the Management Board and approved by a resolution of the Supervisory Board. The Management Board Rules is available at [www.kredytinkaso.pl](http://www.kredytinkaso.pl). According to §9.4 of the Articles of Association, a joint action of two members or one member acting with a company agent will be required for the Management Board to issue declarations of intent on behalf of the Company. In agreements or contracts between the Company and members of its Management Board, including in relation to employment, the Company is represented by its Supervisory Board. The Supervisory Board will be represented by a member or members of the Supervisory Board who have been authorised to issue declarations of intent in a relevant resolution of the Supervisory Board. Unless with an approval from the Supervisory Board, a member of the Management Board must not deal in competitive transactions or participate in competitive companies or partnerships, either as an associate, shareholder or member of corporate bodies.

### 4.11.3. Supervisory Board

As at 31 March 2024 and the Approval Date, the Supervisory Board was composed as follows:

- Mr Bogdan Dzudzewicz – Chairperson of Supervisory Board
- Mr Marcin Okoński – Vice Chairperson of Supervisory Board
- Mr Karol Sowa – Secretary of Supervisory Board
- Mr Raimondo Eggink – Member of Supervisory Board
- Mr Tomasz Karpiński – Member of Supervisory Board

On 30 September 2022, the Annual General Meeting appointed the current Supervisory Board. Daniel Dąbrowski was a member of the Supervisory Board until 18 January 2024 when he submitted his resignation to the Company. On 30 January 2024, the members of the Supervisory Board appointed Tomasz Karpinski as a member of the Supervisory Board. His appointment was proceeded based on the 'co-optation' procedure according to Article 8.12 of the Articles of Association. For his appointment to be effective, Tomasz Karpinski still needs to be approved at the upcoming General Meeting, and will end together with the expiry of the term of office of the entire Supervisory Board or at the General Meeting that refuses to approve his appointment by way of 'cooptation'.

#### **Bogdan Dzudzewicz – Chairperson of Supervisory Board, involved with Kredyt Inkaso S.A. since 2017**

Ms Bogdan Dzudzewicz studied at the Faculty of Law, Adam Mickiewicz University (UAM) in Poznań, as well as the Central European University in Budapest. He has been a lawyer since 1998. He co-authored the first corporate governance rules that were adopted by the Warsaw Stock Exchange.

#### **Marcin Okoński – Vice Chairperson of Supervisory Board, involved with Kredyt Inkaso S.A. since 2018**

Mr Marcin Okoński graduated from Warsaw School of Economics (SGH) with a Master's degree, and also studied at the Vienna University of Economics and Business Administration in Austria.

#### **Karol Sowa – Secretary of Supervisory Board, involved with Kredyt Inkaso S.A. since 2018**



Mr Karol Sowa studied at the Faculty of Law and Administration, University of Warsaw (UW), where he also finished the School of American Law. He has been an attorney since 2012 registered with the Warsaw bar.

#### **Raimondo Eggink – Member of Supervisory Board, involved with Kredyt Inkaso S.A. since 2022**

Mr Raimondo Eggink graduated in theoretical mathematics from Jagiellonian University (UJ) in 1994, and also received his PhD degree in 2010. He has been a licensed investment adviser since 1995.

#### **Tomasz Karpiński – Member of Supervisory Board, involved with Kredyt Inkaso S.A. since 2024**

Mr Tomasz Karpiński holds a Master's degree in banking and finance from Warsaw School of Economics (SGH), and a Master's degree in international management from CEMS.

In the financial year ended 31 March 2024, the Supervisory Board held 10 sessions and also adopted 9 resolutions by circular voting procedure.

### **4.11.4. Supervisory Board procedures**

The Supervisory Board operates pursuant to the Commercial Companies Code, the Articles of Association and the Supervisory Board Rules which specify its organisation and operation.

According to § 8.1 of the Articles of Association, the Supervisory Board consists of five to nine members, including the Chairperson, Vice Chairperson and Secretary. The Chairperson of Supervisory Board, Vice Chairperson and Secretary are elected by the Supervisory Board among the members of the Supervisory Board. Members of the Supervisory Board are appointed for a joint term of office lasting 3 years, and can be dismissed at any time before the end of the term of office. According to § 8.12 of the Articles of Association, in the event of the death or resignation of a member of the Supervisory Board, within 15 days of gaining knowledge of this fact the remaining members of the Supervisory Board may add a member by way of 'co-optation' from among the candidates that will be presented by the members of the Supervisory Board. For such appointment to be effective, the member still needs to be approved at the upcoming General Meeting, and will end together with the expiry of the term of office of the entire Supervisory Board or at the General Meeting that refuses to approve his appointment by way of 'cooptation'. Currently, the Supervisory Board consists of five people. The procedure for appointing members to the Supervisory Board as well as for appointing them by way of voting in separate groups is governed in the General Meeting Rules which are available at [www.kredytinkaso.pl](http://www.kredytinkaso.pl).

The Supervisory Board will convene as and when required, but not less than at least once every three months. The meetings are summoned by its Chairperson or, in the event of his or her incapacity, by the Vice Chairperson, at their own initiative or at the request of the Management Board or a member of the Supervisory Board stating proposed agenda for a given meeting. In the event of a written request to summon the Supervisory Board submitted by the Management Board or a member of the Supervisory Board, the meeting will convene within two weeks of receipt of such request, with the summons to the Supervisory Board meeting to be sent no later than 7 days before the scheduled date of the meeting. If the meeting does not convene within the indicated time limit, the requesting party may convene it independently by stating the date, place and the proposed agenda. Meetings of the Supervisory Board are opened and hosted by the Chairperson of the Supervisory Board, or in his absence by the Vice Chairperson. In the absence of both the Chairperson and the Vice Chairperson of the Supervisory Board, the meeting may be opened by any member of the Supervisory Board who will order the election of the meeting chairperson.

The Supervisory Board adopts resolutions provided at least half of its members are present at a given meeting, and all its members have been invited in writing to attend it. The Supervisory Board adopts resolutions by an absolute majority of votes. In the event of equal votes cast 'for' and 'against' a resolution, the vote of the Chairperson of the Supervisory Board will be decisive for its adoption, or in the absence of the Chairperson the vote of the Vice Chairperson of the Supervisory Board will be decisive, or in the absence of both of them – the vote of the Secretary of Supervisory Board will be decisive.

Notices containing the agenda and indicating the date and place of the Supervisory Board meeting will be sent at least 7 days before the scheduled date of the Supervisory Board meeting, to the addresses indicated by members of the Supervisory Board and, on the same date, also to the e-mail addresses previously indicated by them. The meeting agenda is fixed and notified by the Chairperson of Supervisory Board or another person who is authorised to summon the meeting. For matters that have not been included in the agenda, the Supervisory Board cannot adopt a resolution, unless all its members are present and agree to adopt such resolution. Resolutions of the Supervisory Board may also be adopted without a formal meeting held by having all members of the Supervisory Board be informed of the content of a given resolution proposed and express their consent in writing to it and to such procedure of voting on the resolution. The members can participate in voting on its resolutions by submitting their vote in writing via another member of the Supervisory Board. This does not apply to any issues introduced to the meeting agenda during the meeting itself. The meeting of the Supervisory Board and the adoption of resolutions by the Supervisory Board may also take place by having the members of the Supervisory Board attend and adopt the resolutions using means of direct remote communication, provided all members of the Supervisory Board participating in the meeting have been informed about the content of the resolutions proposed. The members of the Supervisory Board are obliged to acknowledge the receipt of the proposed resolutions, by fax or e-mail, at the latest on the day following their receipt. Meetings of the Supervisory Board can be carried out using means of direct remote communication (such as teleconference, videoconference,

etc.) in a way that allows simultaneous communication and mutual identification among all attending members of the Supervisory Board. The meeting chairperson or the person authorised by the Supervisory Board will read out or otherwise transmits electronically to all members of the Supervisory Board who are participating in the meeting the content of resolutions, after which they will successively cast their votes 'for' or 'against' the adoption of the resolution. The meeting chairperson will indicate in the meeting minutes how the individual persons have voted, including information on the method of participation chosen by the respective attendees of the Supervisory Board meeting. The attending members of the Supervisory Board will sign resolutions at the meeting immediately upon their adoption.

Adoption of the resolution by means of direct remote communication needs to be approved by the Chairperson of the Supervisory Board who will collect the votes cast by the other members of the Supervisory Board. Such approval is granted by stating in the resolution what was the voting procedure and votes cast by the individual members of the Supervisory Board.

In the procedure specified above, the Supervisory Board cannot adopt resolutions that would elect the Chairperson, Vice Chairperson or the Secretary of Supervisory Board, or appoint, dismiss or suspend a member of the Management Board, or on any of the matters specified in Article 382 § 3 of the Commercial Companies Code. The Supervisory Board may delegate its members to individually perform certain supervisory tasks. If the General Meeting elects the Supervisory Board by way of 'separate group' voting, the members of the Supervisory Board elected by each group of voters will be entitled to delegate one member to perform the supervisory tasks on a permanent basis and individually.

The Supervisory Board carries out the ongoing supervision over the Company's activities.

According to the Articles of Association, the rights and powers of the Supervisory Board also include (but are not limited to):

- to appoint and dismiss members of the Management Board,
- to represent the Company in agreements or contracts between the Company and members of its Management Board, including in relation to employment of the Management Board;
- to suspend, for important reasons, the activities of individual or all members of the Management Board, as well as to delegate a member or members of the Management Board to temporarily perform the tasks of Management Board members incapable of performing them;
- to approve the Management Board rules;
- to elect the statutory auditor authorised to audit the financial statements of the Company and the Capital Group according to the Accounting Act;
- to examine the financial statements, both as to their conformity with ledgers and documentation as well as with facts, the management report as well as the Management Board's recommendations on profit distribution or loss coverage, and to submit annual reports on results of this examination to the General Meeting,
- to approve the Company's development strategy and multi-year financial plans;
- to express opinion on annual financial plans.

The Management Board must obtain the consent of the Supervisory Board for the Company or its Capital Group subsidiary to carry out the following tasks:

- establishment or liquidation of an establishment or branch of the Company abroad;
- sale, transfer, lease, encumbrance, divestment or other disposal through one or series of legal transactions, including by 'sub-participation agreement' referred to in Article 183 (4) of the Investment Funds and Alternative Investment Fund Management Act, of any right or asset other than real estate, interest in real estate or perpetual leasehold right, the net book value of which exceeds 2% of the consolidated equity of the Company at the end of the calendar quarter preceding the date of such legal transaction or, in the case of a series of legal transactions, at the end of the calendar quarter preceding the date of the last one;
- acquisition of any right or asset other than real estate, interest in real estate or perpetual leasehold right, or contracting of financial liabilities or obligations, through one or a series of legal transactions, the value of which exceeds 10% of the consolidated equity of the Company at the end of the calendar quarter preceding the date of such legal transaction or, in the case of a series of legal transactions, at the end of the calendar quarter preceding the date of the last one;
- acquisition, divestment or encumbrance of real estate or real estate interest or perpetual leasehold right, the value of which exceeds 2% of the consolidated equity of the Company at the end of the calendar quarter preceding the date of such legal transaction or, in the case of a series of legal transactions, at the end of the calendar quarter preceding the date of the last one;
- capital or asset investments made abroad for an amount exceeding 1/20 of the share capital;
- formation of companies, entry into companies, approving of their articles of association or their subsequent amendments, unless the Company has no influence on the final form of such documents, as well as making of contributions to cover shares in companies and sale of their shares;
- making of transactions for a value exceeding 1/5 of the share capital of the Company, with a shareholder who holds shares in the Company attaching to at least 5% of the total votes in the Company;



- approving the method for the Company to exercise individual rights or voting rights at general meetings of other companies or meetings of investment fund investors in which the Company is, as applicable, an associate, shareholder, partner or member, concerning any matters reserved to the categories of matters listed above, as well as any capital increase or reduction, issue of any certificates conferring the right to shares or other participation units, liquidation or dissolution of such entities, and appointment and dismissal of members of their corporate bodies.

The obligation to obtain the consent as referred to above will not apply and no consent of the Supervisory Board will be required where a given transaction/investment is carried out between the Company and its Capital Group subsidiary, or between such subsidiaries, or where the transaction/investment has been provided for directly and individually in the financial plans referred to in § 8.6(8) of the Articles of Association. For the sake of clarity, the consent of the Supervisory Board to the purchase of receivables is not required if fitting within the global limits that are set out in the annual financial plan for the Company or the Capital Group effective in a given year and affirmatively evaluated by the Supervisory Board. If the Supervisory Board does not consent to a specific activity or if its consent cannot be obtained due to the Supervisory Board's incapacity to adopt resolutions for reasons of insufficient number of its members that are otherwise required according to a given resolution of the General Meeting or otherwise, then the Management Board will be entitled to request the General Meeting to adopt a resolution that will consent to such activity. At the request of at least two members, the Supervisory Board must consider implementing certain supervisory activities that are specified in such a request.

The Supervisory Board Rules specify in detail the mode of operation of the Supervisory Board. The content of the current Supervisory Board Rules is available at [www.kredytinkaso.pl](http://www.kredytinkaso.pl).

According to the Supervisory Board Rules, 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 votes 'for', 'against' and 'abstained' to be counted in the total votes cast. In the event of equal votes cast, the vote of the Chairperson of the Supervisory Board will be decisive for its adoption, or in the absence of the Chairperson the vote of the Vice Chairperson of the Supervisory Board will be decisive, or in the absence of both of them – the vote of the Secretary of Supervisory Board will be decisive. Voting on resolutions is held openly, with the exception of personal matters where secret ballots will be ordered giving the option 'for', 'against' and 'abstaining' to be circled by a voter accordingly to his or her wish. However, in order to dismiss or suspend a member of the Management Board or the entire Management Board during their term of office, at least two thirds of all members of the Supervisory Board need to vote 'for' it.

The Supervisory Board meetings will be recorded in session minutes. The minutes will state the place and time of the meeting, its agenda, names of the Supervisory Board members attending the meeting and of any other persons participating in it, the content of the adopted resolutions and the voting results and procedure, any objections and dissenting opinions as may be submitted by any member of the Supervisory Board, as well as a brief presentation of the course of the session. The minutes will also remark that, having been properly summoned and attended by the required number of its members, the Supervisory Board is capable of holding the session and adopting resolutions in its course. During the meeting, upon adoption of each resolution, the meeting chairperson will order putting down the resolution in writing, after which all members of the Supervisory Board present at the meeting will sign the resolution document. A member of the Supervisory Board voting 'against' it will have the right to sign the resolution along with a statement of his or her dissenting opinion to be recorded in the minutes. All resolutions signed as above will constitute an exhibit attached to the session minutes at which they have been adopted. The minutes are signed by the members of the Supervisory Board attending the meeting. Those members of the Supervisory Board who have not been present at the meeting are required to read the minutes and acknowledge it by signing the minutes together with a declaration saying 'I have read and know the minutes of the meeting'.

#### 4.11.5. Audit Committee

The Supervisory Board includes an audit committee ('Audit Committee'). As at the Approval Date, the composition of the Audit Committee is as follows:

- Raimondo Eggink – Chairperson of Committee
- Tomasz Karpiński – Member of Committee
- Marcin Okoński – Member of Committee

#### 4.11.6. Audit Committee procedures

The Audit Committee operates pursuant to the Auditors Act, the Articles of Association and the Audit Committee Rules which specify its organisation and operation.

The scope of competence and obligations of the Committee include the supervision of financial reporting, internal control, risk management and internal and external audits in the Company. The following are the Committee's responsibilities in particular (but not limited to):

- to monitor:

- the financial reporting process,
- the effectiveness of internal control and risk management systems and internal audit, including financial reporting,
- the performance of financial audit activities, in particular auditing by audit firms, taking into account any conclusions and findings of the Polish Audit Supervision Agency (PANA) resulting from a given audit carried out in an audit firm;
- to inspect and monitor the independence of the statutory auditor and the audit firm, in particular if the audit firm provides other services to the Company than auditing;
- to inform the Supervisory Board about the results of the audit and explain how the audit contributed to the accuracy of financial reporting in the Company, as well as what was the role of the Committee in the audit process;
- to assess the auditor's independence and to approve the auditor's provision of permitted non-audit services to the Company;
- to develop an auditor selection policy;
- to develop a policy on permitted non-audit services to be provided to the Company by the audit firm, its affiliates and members of its network;
- to define the procedure for the Company to select an audit firm;
- to present recommendations to the Supervisory Board as referred to in Article 16 (2) of Regulation 537/2014;
- to submit recommendations aimed at ensuring the accuracy of the financial reporting process in the Company.

The Committee also performs (within the framework of its competence) certain tasks as may be assigned by the Supervisory Board.

The Audit Committee has carried out the tasks listed above in the course of the preparation of the financial statements.

In the financial year ended 31 March 2024, the Audit Committee held 7 sessions and also adopted 3 resolutions by circular voting procedure. The Audit Committee consists of the following members of the Supervisory Board: (i) Raimondo Eggink – Chairperson of Committee, (ii) Tomasz Karpiński – Member of Committee, (iii) Marcin Okoński – Member of Committee. According to their statements made, Mr Marcin Okoński and Mr Raimondo Eggink meet the independence criteria as required under Article 129 (3) of the Statutory Auditors Act for the purpose of their office in the Audit Committee. Mr Tomasz Karpiński has knowledge and skills both in the area of accounting and in the market in which the Company operates. He has acquired them during his studies at the Warsaw School of Economics for his Master's as well as postgraduate studies, and in the companies in which he was employed to date (advisory projects, debt portfolios sale projects, investment team membership). Mr Marcin Okoński and Mr Raimondo Eggink also have the knowledge and skills in the area of accounting and economic issues related to the industry in which the Company operates. Mr Marcin Okoński has acquired them while studying at the Warsaw School of Economics, in his previous employments, and as a member of corporate bodies (for example, the Supervisory Board of the Company since 2018). Mr Raimondo Eggink has acquired his knowledge and skills during his professional career and as a member of supervisory bodies in public companies.

#### Auditor selection policy – main principles

- The selection is made taking into account the principles of impartiality and independence of the audit firm, and the analysis of work carried out by the audit firm for the Company that goes beyond the scope of financial statements auditing, in order to avoid conflicts of interest (to ensure impartiality and independence).
- The verification and monitoring of the independence of the auditor and the audit firm are carried out at each stage of the auditor selection procedure for the financial statements indicated above.
- When making the final selection, the Supervisory Board and, at the stage of preparing recommendations, the Audit Committee follow these guidelines regarding the choice of the audit firm:
  - capacity to provide the full range of services as specified by the Company (audit of individual statements, audit of consolidated statements, interim reviews, etc.);
  - history of audit experience with other entities that operate a similar business to the Company;
  - previous experience with auditing of financial statements of companies that are listed on the Warsaw Stock Exchange;
  - price proposed by the audit firm (however, not the exclusive or predominant factor in recommendations or final selection of the audit firm);
  - number of employees to be committed to the audit, and their professional qualifications and experience;
  - capacity to carry out the audit within the time limits specified by the Company;
  - reputation of the audit firm in the financial market;
  - history of liaison with the Company;
  - Capital Group subsidiaries that operate outside Poland need to be audited, as far as possible, by members of the audit firm's international network.

Key principles of the policy on permitted non-audit services to be provided to the Company by the audit firm, its affiliates and members of its network;

- The statutory auditor, the audit firm or any member of its network must not provide services other than financial audit services ('non-audit services') to the Company or the Capital Group in the following periods: (i) from the commencement of the audited period to the issue of the audit report, and (ii) in the financial year immediately preceding the period referred to in point (i) above – in terms of legal services involving general legal advice, negotiations on behalf of the audited entity, representation in disputes, except for services that do not compromise their independence,
- The provision of the permitted services is possible only in the extent this is not related to the tax policy of the audited entity, after the Audit Committee has assessed threats and safeguards of independence as well as granted its consent. Where appropriate, the Audit Committee may issue guidelines for individual services.

#### 4.11.7. Changes in corporate bodies

There have been no changes in the composition of the Management Board, the Supervisory Board and the Audit Committee of the Company until the Approval Date, except those already indicated in item *Composition, last year's changes and operating procedures of management, supervisory and administrative bodies of the Company, including their committees.*

## 5. SPONSORSHIP, CHARITY AND SIMILAR ACTIVITIES

The Kredyt Inkaso Capital Group does not sponsor or make donations, directly or indirectly, to any political organisations, public officials or persons performing politically exposed functions.

The Company allows sponsoring if aimed at supporting education and recreation of children, disabled, elderly, charities and public benefit organisations.

In FY 2023/2024, Kredyt Inkaso made three charitable donations. It was yet another such initiative supporting activities that are important for its staff.

For several years, the company has been encouraging its employees to nominate their objectives for the Company's financial support. Employees first report initiatives that are important to them, and then vote on them internally. In FY 2023/2024, Kredyt Inkaso allocated PLN 30,000 for three charitable purposes. The employees have decided to support twice 'Siepomaga Foundation' and 'Help Children on Time Foundation'. This contribution has reached three children requiring long and complicated medical treatment.

The Company also promotes charity by actively encouraging employees to donate their 1.5% of personal income tax to public benefit organisations. Based on recommendations from the employees, there is an internal up-to-date database of public benefit organisations available to the employees to better inform their choice of charities.

## 6. OTHER INFORMATION

### 6.1. Remuneration of management and supervisory bodies

#### 6.1.1. Management Board remuneration

	01/04/2023 -31/03/2024	01/04/2022 -31/03/2023
Maciej Szymański	946	986
Barbara Rudziks	1,527	1,314
Iwona Słomska	1,118	1,139
Tomasz Kuciel (member until 11 July 2022)	130	572
Mateusz Boguta (member since 25 October 2022)	1,152	861
<b>Total</b>	<b>4,873</b>	<b>4,872</b>

Remuneration paid out by Kredyt Inkaso S.A.

	01/04/2023 -31/03/2024	01/04/2022 -31/03/2023
Maciej Szymański	313	298
Barbara Rudziks	755	645
Iwona Słomska	492	475
Tomasz Kuciel (member until 11 July 2022)	70	304
Mateusz Boguta (member since 25 October 2022)	435	370
<b>Total</b>	<b>2,065</b>	<b>2,092</b>

#### Remuneration paid out by Capital Group subsidiaries

	01/04/2023 -31/03/2024	01/04/2022 -31/03/2023
Maciej Szymański	633	688
Barbara Rudziks	772	669
Iwona Słomska	626	664
Tomasz Kuciel (member until 11 July 2022)	60	268
Mateusz Boguta (member since 25 October 2022)	717	491
<b>Total</b>	<b>2,808</b>	<b>2,780</b>

## 6.1.2. Supervisory Board remuneration

Individual remuneration of members of the Supervisory Board of Kredyt Inkaso S.A.

	01/04/2023 -31/03/2024	01/04/2022 -31/03/2023
Bogdan Dzudzewicz	253	226
Marcin Okoński	89	80
Karol Sowa	60	53
Karol Szymański	-	39
Raimondo Eggink	156	72
Daniel Dąbrowski (member until 18 January 2024)	-	-
Tomasz Karpiński (member since 30 January 2024)	-	-
<b>Total</b>	<b>558</b>	<b>470</b>

## 6.2. Contracts and agreements between Capital Group subsidiaries and their officers with severance clauses

Certain Capital Group subsidiaries have signed agreement with their management personnel that provide for severance in the event of their resignation or dismissal as follows:

- Maciej Szymański – the non-competition clause after engagement, compensated at 50% of the basic salary, to be paid for 12 months after the end of engagement.
- Barbara Rudziks – the non-competition clause after engagement, compensated at 50% of the basic salary, to be paid for 12 months after the end of engagement.
- Tomasz Kuciel – the non-competition clause after engagement, compensated at 25% - 50% of the basic salary, to be paid for 6 - 12 months after the end of engagement, depending which subsidiary signed the agreement. Termination of engagement effective on 10 November 2022.

- Iwona Słomska – the non-competition clause after engagement, compensated at 50% of the basic salary, to be paid for 12 months after the end of engagement.
- Mateusz Boguta – the non-competition clause after engagement, compensated at 50% of the basic salary, to be paid for 12 months after the end of engagement.

## 6.3. Related party transactions other than on arm's length

All transactions with related parties have been described in detail in the annual consolidated financial statements of the Kredyt Inkaso Capital Group. There have been no transactions with related parties on terms other than arm's length.

## 6.4. Borrowings contracted and terminated, including sum, type, interest rate, currency and maturity date

Information on credit and loan borrowings contracted and terminated in the financial year is presented in more detail in the annual consolidated financial statements of the Kredyt Inkaso Capital Group.

## 6.5. Management Board declarations

The Management Board of the Company, to the best of its knowledge, declares that the presented consolidated and individual financial statements and the comparable data have been prepared in accordance with the applicable accounting principles and that they present the true, reliable and clear reflection of assets, financial position, and financial result of the Kredyt Inkaso Capital Group and Kredyt Inkaso S.A., as well as that the management report shows a true image of development, achievements and situation of the Kredyt Inkaso Capital Group and Kredyt Inkaso S.A., including descriptions of key threats and risks.

Based on the Supervisory Board statement, the Management Board informs that PKF Consult Spółka z ograniczoną odpowiedzialnością Spółka komandytowa based in Warsaw, which audits the individual financial and consolidated financial statements for the financial year ended 31 March 2024, has been selected in compliance with legal regulations, including those concerning the auditor selection procedure, as well as that:

- this audit firm and members of its audit team met the requirements allowing preparation of an impartial and independent report from the audit of the annual financial statements, in accordance with applicable regulations, professional standards and best ethical practices;
- applicable regulations related to necessary change of audit firms and key auditors as well as mandatory grace periods have been observed;
- the Company has an audit firm selection policy as well as a policy concerning additional non-audit services provided to the Company by audit firms, their associated entities or members of their network (including auditor services legally permitted on certain conditions).

## 7. MANAGEMENT REPORT OF KREDYT INKASO S.A.

Pursuant to Article 55.2(a) of the Accounting Act and § 71.8 of the Minister of Finance Regulation on current and periodic disclosures, the Company drafted the Management Board report on activities of Kredyt Inkaso S.A. and the Kredyt Inkaso Capital Group in the form of a single document. Other required elements of such management report that are not included in Chapter 7 are identical to those included in the Management Report of the Group.

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

#### Separate Statement of Financial Position

	31/03/2024	31/03/2023	Change	Change %
Non-current assets	366,543	152,477	214,066	140%
Current assets	113,716	225,900	(112,184)	(50%)
<b>Total assets</b>	<b>480,259</b>	<b>378,377</b>	<b>101,882</b>	<b>27%</b>
<i>including:</i>				
Purchased debt portfolios	54,101	49,503	4,598	9%
Cash and cash equivalents	39,651	9,188	30,463	332%
Equity	85,407	76,679	8,728	11%
Long-term liabilities	305,360	212,229	93,131	44%
Short-term liabilities	89,492	89,469	23	0%
<b>Total equity and liabilities</b>	<b>480,259</b>	<b>378,377</b>	<b>101,882</b>	<b>27%</b>

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

	01/04/2023- 31/03/2024	01/04/2022- 31/03/2023	Change	Change %
Interest income on debt portfolios calculated using the effective interest rate method	9,829	11,622	(1,793)	(15%)
Debt portfolios revaluation	25,369	13,767	11,602	84%
Other income/expenses	65,035	54,398	10,637	20%
<b>Total net income</b>	<b>100,233</b>	<b>79,787</b>	<b>20,446</b>	<b>26%</b>
Salary and employee benefit costs	(41,907)	(35,141)	(6,766)	19%
Depreciation/amortisation	(3,573)	(3,320)	(253)	8%
Third-party services	(41,012)	(36,236)	(4,776)	13%
Court and enforcement fees	(4,949)	(4,787)	(162)	3%
Other operating expenses	(3,786)	(3,442)	(344)	10%
<b>Total operating expense</b>	<b>(95,227)</b>	<b>(82,926)</b>	<b>(12,301)</b>	<b>15%</b>
<b>Profit (loss) on operating activities</b>	<b>5,006</b>	<b>(3,139)</b>	<b>8,145</b>	<b>(259%)</b>
Finance income	43,565	42,285	1,280	3%
Finance expenses	(38,746)	(39,568)	822	(2%)
<b>Earnings before taxation</b>	<b>9,825</b>	<b>(422)</b>	<b>10,247</b>	<b>(2,428%)</b>
Income tax	(1,462)	5,456	(6,918)	(127%)
<b>Net profit (loss)</b>	<b>8,363</b>	<b>5,034</b>	<b>3,329</b>	<b>66%</b>

The parent company in the Capital Group (Kredyt Inkaso S.A.) increased its net revenues by PLN 20.5 million (+26% y-o-y) during the reporting period, thanks to growing proceeds from debt management activities. The cost base rose by PLN 12.5 million (+15% y-o-y) to PLN 95 million. Salaries and employee benefits (up by PLN 7 million, +19% y/y) as well as third-party services (up by PLN 5 million, +13% y/y) were mainly responsible for the increase in costs. Depreciation and other operating expenses remained at similar levels. Finally, the net result increased by PLN 3.5 million compared to the same period last year, to PLN 8.5 million in the current reporting period.

## 7.2. Variations between annual report financial results and published forecasts

The forecast of financial results for the financial year ended on 31 March 2024 was not published.

## 7.3. Current and expected financial position

The Company's financial position has been assessed as stable. In the next 12 months, it is expected to maintain the current financial situation, a robust asset and equity structure, and the capacity to service its debts. In the long term, the level of the Group's equity and the availability of debt financing necessary to increase investments in debt portfolios will have a significant impact on the maintenance of the Company's proceeds from its debt management activities.

No other factors have been identified that with the current financial policy could cause a deterioration of the financial standing.

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

The Management Board of the parent Company has approved for publication this Management Report of the Capital Group and the Company for the period from 1 April 2023 to 31 March 2024, on 11 July 2024 ('Approval Date').

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