

DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the marketing document (the “**Marketing Document**”) prepared based on the Polish language issue prospectus (“**Prospectus**”), which is the only legally binding document constituting the basis of an investment decision, following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this Marketing Document. In accessing this Marketing Document, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Marketing Document is confidential and intended only for you and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached Marketing Document (electronically or otherwise) to any other person.

This Marketing Document is only addressed to and directed at persons in member states of the European Economic Area (“**EEA**”) who are “qualified investors” within the meaning of Article 2(1)(c) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member State of the European Economic Area) and any implementing measure in each relevant Member State of the EEA (the “**Prospectus Directive**”) (the “**Qualified Investors**”). In addition, in the United Kingdom (“**UK**”), this Marketing Document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This Marketing Document must not be acted on or relied on: (i) in the UK, by persons who are not relevant persons; or (ii) in any member state of the EEA other than the UK, by persons who are not Qualified Investors. Any investment or investment activity to which this Marketing Document relates is available only to: (i) in the UK, relevant persons, and (ii) in any member state of the EEA other than the UK, Qualified Investors, and will be engaged in only with such persons.

THE OFFER SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OF AMERICA AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA EXCEPT IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR IN ANOTHER TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OF AMERICA. IN THE UNITED STATES OF AMERICA, THE OFFER SHARES ARE NOT BEING OFFERED. OUTSIDE THE UNITED STATES OF AMERICA, THE OFFER SHARES ARE BEING OFFERED IN RELIANCE ON REGULATION S (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, “**REGULATION S**”) UNDER THE SECURITIES ACT. THE OFFER SHARES ARE SUBJECT TO CERTAIN RESTRICTIONS ON SALES, OFFERS, SUBSCRIPTIONS AND DISPOSALS AS SET OUT IN THE MARKETING DOCUMENT.

THE MARKETING DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS MARKETING DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended). The Offer Shares are not and may not be subject to an indirect or direct offering or sale in the territory of Japan or to a Japanese resident (which term as used herein includes any corporation or other entity organized under the laws of Japan), or to others for direct or indirect offering or sale, directly or indirectly, in Japan or to a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law of Japan and in compliance with any other provisions thereof; and (ii) in compliance with any other applicable requirements of the laws of Japan.

The Marketing Document does not constitute or may under any circumstances constitute a prospectus, communication or a public offer concerning securities described in this Marketing Document, in any provinces of or in Canada. No securities authority or any similar authority in Canada has audited or issued any decision concerning this Marketing Document, or made any assessment of the securities described in this Marketing Document. Any representation to the contrary is a criminal offence.

This Marketing Document is not a prospectus for the purposes of the Corporations Act of Australia 2001. The Marketing Document has not been, and will not be, lodged with the Australian Securities and Investments Commission. This Marketing Document may not be distributed to any investors within the territory of Australia and is not, and should not be construed as, a recommendation to any person to subscribe for the Offer Shares. The Marketing Document is not, and is not intended to be, financial product advice for the purposes of the Corporations Act of Australia 2001.

Confirmation of your representation: By accepting electronic delivery of this Marketing Document you are deemed to have represented to the Managers that: (i) you are acting on behalf of, or you are an institutional investor outside the United States (as defined in Regulation S under the Securities Act); (ii) if you are in the UK, you are a relevant person; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iv) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); and (v) if you are outside the US, UK and EEA (and the electronic mail addresses that you gave us and to which this Marketing Document has been delivered are not located in such jurisdictions), you are a person into whose possession this Marketing Document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

You are reminded that this Marketing Document has been made available to you solely on the basis that you are a person into whose possession this Marketing Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Marketing Document, electronically or otherwise, to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers, or any affiliate of the Managers, are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Managers, or such an affiliate, on behalf of the Company and the Selling Shareholder in such a jurisdiction.

This Marketing Document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, neither the Company, nor the Selling Shareholder, nor the Managers nor any person who controls them nor any director, officer, employee nor agent or an affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Marketing Document distributed to you in electronic format and the hard-copy version available to you on request from any Manager.

By accessing this linked document you consent to receiving it in electronic form.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed, and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described herein.

None of the Managers, or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this Marketing Document. The Managers and all of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this Marketing Document.

The Managers are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this Marketing Document) as their client in relation to the offer and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The following is a marketing document prepared based on the Polish language prospectus, which is the only legally binding document constituting the basis of an investment decision. Neither the Company, the Selling Shareholder nor any of their advisors are responsible for translation errors, if any, or for any discrepancies between the Polish language prospectus and this marketing document. If there are any discrepancies between the marketing document and the Polish language prospectus, the Polish language prospectus shall prevail.



Getback S.A.

(a joint-stock company with its registered office in Wrocław and address:
ul. Powstańców Śląskich 2-4, 53-333 Wrocław
entered in the register of entrepreneurs of the National Court Register under No. 0000413997)

Public offer of not more than 40,000,000 ordinary shares with a nominal value of PLN 0.05 each, including not more than 20,000,000 new Series E Shares and not more than 20,000,000 existing shares and the application for the admission and introduction to trading on a regulated market of 80,000,000 existing Series A through Series D shares, not more than 20,000,000 new Series E shares and not more than 20,000,000 rights to new Series E shares

The Polish language prospectus (as defined below) has been drawn up in connection with: (i) a public offer of not more than 40,000,000 ordinary shares in the company styled Getback S.A. with its registered office in Wrocław (the “Company” or the “Issuer”) with a nominal value of PLN 0.05 each (the “Offer”), including in connection with: (a) the public sale of not more than 20,000,000 existing shares in the Company (the “Sale Shares” or the “Shares for Sale”) and (b) the public subscription for not more than 20,000,000 new Series E shares in the Company (the “New Shares”) (the New Shares together with the Sale Shares being referred to jointly as the “Offer Shares” or the “Offered Shares”) and (ii) the application by the Company for admission and introduction to trading on the main market of the Warsaw Stock Exchange (“GPW”) of 80,000,000 of the existing shares in the Company, including not more than 20,000,000 Sale Shares and not less than 60,000,000 of the remaining existing shares in the Company (collectively the “Admitted Shares”), as well as not more than 20,000,000 New Shares, and not more than 20,000,000 rights to New Shares (the “Rights to Shares”). The Sale Shares are being offered by the company styled DNLD Holdings B.V., which is the Company’s sole shareholder (the “Selling Shareholder”).

The Offer consists of: (i) a public offering to the individual investors and certain institutional investors (“Polish Institutional Investors”) in the Republic of Poland (“Poland”) (the “Polish Offering”) in each case in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”); and (ii) an offering to certain institutional investors outside of the United States and Poland, who are not, and who are not acting for the account or benefit of U.S. persons, as defined in Regulation S under the U.S. Securities Act (the “International Institutional Investors” and, together with the Polish Institutional Investors, the “Institutional Investors”) in accordance with Regulation S under the U.S. Securities Act (the “International Offering”).

The Company has published the Polish language prospectus in the form of a single document (the “Prospectus”), as defined by Article 5(3) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on prospectuses to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC of 3 December 2003, as amended (the “Prospectus Directive”) and the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (the “Act on Public Offering”), which was approved by the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) (the “PFSA”) on 14 June 2017 and which will not be approved by any supervisory authority other than the PFSA and will not be submitted to any supervisory authority in any country other than in Poland. This marketing document (the “Marketing Document”) has been prepared in connection with the International Offering and will not be approved by the PFSA or any other supervisory authority, including any authority having jurisdiction in the territory where the limited promotional activities of the International Offering will be carried out. Under the laws of Poland the Marketing Document: (a) is considered solely as promotional material; and (b) does not in any way constitute an offer, invitation or any basis for making a decision regarding an investment in the Offer Shares.

The final issue price of the New Shares and the final sale price for the Shares for Sale (together the “Final Price of the Offered Shares”) shall be set by the Company and the Selling Shareholder, respectively, in consultation with the Global Coordinator and the Joint Bookrunners, following the conclusion of bookbuilding for Institutional Investors, i.e. on 4 July 2017. Information about the Final Price of the Offered Shares for Retail and Institutional Investors, the final number of Offered Shares in the Offering, including the final number of the New Shares in the Offering, the final number of the Shares for Sale in the Offering, and the final numbers of the Offered Shares intended for the various categories of investors shall be published by the Company as required in Article 54(3) of the Public Offering Law, i.e. in the same manner as the Prospectus.

The Shares in the Company have not been admitted to trading on any regulated market or any other relevant market. The Company intends to seek the admission and introduction of all the Shares to trading on the regulated market operated by the WSE. In relation to: (i) the Offering; and (ii) the seeking of the admission and introduction of the Existing Shares and the New Shares to stock exchange trading, the Company intends to ultimately have the Existing Shares and the New Shares, registered under the same ISIN code in the depository for securities maintained by the NDS. The first day of the listing of the Shares, including the Offer Shares, on the WSE is planned to take place on or about 17 July 2017.

Investing in the securities described in this Marketing Document is connected with a high degree of risk inherent to investments in capital market equity instruments and risks connected with the Company’s operations and its business environment. For a discussion of certain risk factors that should be considered in connection with an investment in the Offer Shares, see section “Risk Factors” of this Marketing Document.

This Marketing Document does not constitute an offer to sell, or a solicitation of an offer to buy, Offer Shares from persons in any jurisdiction in which the making of such offer or solicitation would be illegal. The Polish Offering is being conducted exclusively within the territory of Poland. This Marketing Document has not been registered, approved or submitted to any regulatory body in any jurisdiction. The Offer Shares have not been registered or approved, nor are they the subject of a notification submitted to any regulatory body in any jurisdiction other than Poland.

THE OFFER SHARES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR IN ANOTHER TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO COMPLIANCE WITH THE RELEVANT LAWS REGULATING TRADING IN SECURITIES IN ANY STATE OR JURISDICTION IN THE UNITED STATES. OUTSIDE THE UNITED STATES, THE OFFER SHARES ARE BEING OFFERED IN RELIANCE ON REGULATION S OF THE U.S. SECURITIES ACT. THE OFFER SHARES ARE SUBJECT TO CERTAIN RESTRICTIONS ON SALE, OFFER, SUBSCRIPTION AND DISPOSAL AS SET OUT IN THE SECTION ENTITLED “TRANSFER RESTRICTIONS”. NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OF AMERICA HAS APPROVED OR DISAPPROVED THE OFFER OF THE SALE SHARES OR PASSED ANY RESOLUTION REGARDING THE ADEQUACY OR ACCURACY OF THE MARKETING DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Due to the need to register an increase in the Company’s share capital, the Rights to Shares will be issued to the investors to whom the New Shares are allotted in order to issue New Shares to them. The issuance of the Rights to Shares will occur via the KDPW settlement system by way of crediting the Rights to Shares on the investors’ securities accounts kept in Poland. Following the registration of the Company’s share capital increase through the issue of the New Shares, the Company shall apply to the KDPW for the registration of the New Shares in the depository of securities maintained by the KDPW. Following the registration of the New Shares in the depository, the Rights to Shares shall expire and the New Shares shall be automatically credited to the accounts of the investors who will hold the Rights to Shares on that day, at a rate of one New Share for each Right to Shares.

Offeror, Global Coordinator, Joint Bookrunner
Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce

Joint Bookrunners

mBank S.A.

Mercurius
Dom Maklerski sp. z o.o.

Pekao
Investment Banking S.A.

Raiffeisen
Centrobank AG

Trigon
Dom Maklerski S.A.

Wood & Company
Financial Services A.S.,
Spółka Akcyjna, Oddział w
Polsce

Offer Joint Manager
Vestor Dom Maklerski S.A.

The date of this Marketing Document is 16 June 2017

TABLE OF CONTENTS

SUMMARY	4
RISK FACTORS	31
Risk factors related to the Group's business and the industry in which the Group operates	31
Risk factors relating to financial matters	41
Risk factors relating to the law	44
Risk factors relating to the Offering, capital markets and trading in the Shares	48
IMPORTANT INFORMATION	61
Financial information and operating data	61
Basis of preparation of the 2014-2016 Consolidated Financial Statements	62
Financial and operating information not based on IFRS	62
Absence of grounds for the preparation of pro forma financial information within the meaning of Regulation 809/2004	62
References to defined terms	62
Amendments to the Prospectus	63
USE OF PROCEEDS	64
The Company	64
Selling Shareholder	65
DIVIDEND AND DIVIDEND POLICY	66
Historical data concerning dividend	66
Dividend policy	66
Restrictions regarding the payment of dividends	66
CAPITALIZATION AND INDEBTEDNESS	67
Contingent and indirect liabilities	68
Working capital statement	68
SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION	69
Selected information from the consolidated income statement	69
Selected information from the consolidated statement of financial position	70
Selected information from the consolidated cash flow statements	71
Selected financial and operating ratios	71
OPERATING AND FINANCIAL REVIEW	79
Overview	79
Key factors and significant market trends affecting the Group's results of operations	80
Trends and significant events after the balance sheet date	83
Certain non-recurring or extraordinary items affecting the Group's financial condition and results of operations	84
Key items of the consolidated income statement	85
Key financial and operating ratios of the Group	87
Results of operations	91
Liquidity and capital resources	108
Results of operations by reporting segment	122
Capital expenditures	129
Contingent liabilities	130
Qualitative and quantitative information on financial risk factors	130
Accounting principles, assumptions, judgment and estimates	135
MARKET ENVIRONMENT	139
Debt market	139
Banking market	144
Macroeconomic environment and the situation of households	148
Competitive environment	149
BUSINESS OVERVIEW	152
Background	152
History and development of the Group	153
The Group's business model	153
Competitive strengths	155
Strategy	157
Group's business	159
Material agreements	166
Dependence	173
Permits	173
Environmental protection	173
Research and development	173
Intellectual property	174
Internet domains	176

IT solutions	176
Ratings	177
Insurance	179
Employment	179
Court and administrative proceedings	180
Tangible fixed assets	181
REGULATORY ENVIRONMENT	182
Activities of securitization funds	182
Detective services	183
Personal data protection	183
UOKiK	183
Consumer bankruptcy	184
Other bodies exercising material supervision over the Group's activities	184
MANAGEMENT BOARD AND SUPERVISORY BOARD	185
Management Board	185
Supervisory Board	190
Other information concerning members of Management Board and Supervisory Board	197
Representations of members of the Management Board and of the Supervisory Board	199
Compliance with corporate governance rules	201
SELLING SHAREHOLDER	203
Shareholding structure	203
Selling Shareholder	203
Control over the Company and arrangements which may in the future result in change of control over the Company	204
Shareholders agreements and any restrictions related to the shareholding structure	204
Participation of employees in the share capital	204
Expected ownership structure after the Offer	204
GENERAL INFORMATION ON THE GROUP	205
Information on the Company	205
Company's Scope of Business	206
Structure of the Group and its material affiliates	206
Information about shares in other enterprises	210
RELATED-PARTY TRANSACTIONS	211
Introduction	211
Transactions with parent entities of the Company	211
Transactions between the Company and its subsidiaries	213
Transactions with affiliated entities of the Company	218
Transactions with members of the Management Board and Supervisory Board	220
Transactions with other units	220
INFORMATION ON THE OFFERED SECURITIES	228
Legal basis for the issuance of the Offer Shares	228
Restrictions to transferability of the Offer Shares	231
SHARE CAPITAL AND SHARES	232
General	232
Pledge on Shares	234
Shareholders' rights	234
POLISH SECURITIES MARKET REGULATIONS AND OBLIGATIONS RELATING TO THE ACQUISITION AND DISPOSAL OF SHARES	245
Key regulations	245
Trading in securities and transaction settlement	245
Dematerialization	247
Reversal of dematerialization of shares	247
Manipulation	248
Inside information	250
Obligations under the Public Offering Act relating to significant blocks of shares in public companies	253
Squeeze-out	259
Sell-out	260
Notification requirements ensuing from the Commercial Companies Code and anti-monopoly regulations	260
TERMS OF THE OFFERING	264
The Offering	264
Eligible Investors	264
Anticipated Time Schedule of the Offer	265
Suspension or Abandonment of the Offering	266
Maximum Price	268

Setting of the Final Price of the Offered Shares	268
Final Number of the Offered Shares	268
Subscription Rules	269
Payment for the Offered Shares	270
Allocation of the Offered Shares	271
Settlements	271
Unsuccessful Offering	272
Registration of the Admitted Shares and Rights to Shares in the Securities Depository	273
Admission of Admitted Shares, Rights to Shares and New Shares to Trading in the Regulated Market	273
Entities obligated to act as intermediaries in trading on the secondary market	275
UNDERWRITING, STABILIZATION AND LOCK-UP	276
Underwriting and Placement	276
Stabilization	276
Contractual Restrictions in the Marketability of the Shares	277
DILUTION	280
TRANSFER RESTRICTIONS	281
Public Offering of the Offer Shares in Poland	281
United States	281
European Economic Area	281
United Kingdom	282
TAXATION	283
Taxation of income from disposal of securities for consideration	283
Taxation of dividends and other revenues from shares in the profits of legal persons	286
Transfer tax (tax on civil law transactions) payable on the sale of securities	290
Inheritance and donation tax on the acquisition of securities by natural persons	290
Provisions on tax remitter liability	291
ADDITIONAL INFORMATION	292
Statutory auditors	292
The entities involved in the Offer	292
Third-party information	294
Documents made available for inspection	294
Public takeover offers	295
Cost of the Offer	295
Agreement with the Company's market maker	296
Place of registration of the Shares	296
REPRESENTATIONS BASED ON THE PROSPECTUS REGULATION	297
Representation by the Company	297
Representation by the Selling Shareholder	298
Representation by Greenberg Traurig Grzesiak spółka komandytowa	299
Representation by the Offeror	300
ABBREVIATIONS AND DEFINITIONS	301
Glossary of general terms	301
FINANCIAL INFORMATION	F-1
ARTICLES OF ASSOCIATION	A-1

SUMMARY

*This summary has been prepared based on information subject to disclosure pursuant to the provisions of law in force, hereinafter referred to as the “**Information**”. The Information is provided in numbered sections A – E (A.1 – E.7). This summary contains all the required Information, the inclusion of which is mandatory for the Company and for the type of securities described herein. As certain pieces of information do not have to be included in the case of the Company and securities described herein, there may be gaps in the numbering of certain sections discussed below. It may also be the case that despite the disclosure of certain Information being mandatory in respect of the Company or the type of securities described in this Marketing Document, no relevant data are available. In such an event, a brief description of the Information is given in the summary with the annotation “not applicable”.*

Section A – Introduction and Notice	
A.1 Introduction	<i>This summary should be read as an introduction to the Marketing Document. Any decision to invest in the securities contemplated in this Marketing Document should be based on consideration by the investor of this Marketing Document as a whole. Where a claim relating to the information contained in this Marketing Document is brought before a court, the plaintiff investor may, under the national legislation of the Member States, have to bear the costs of translating the Marketing Document before the legal proceedings are initiated. The civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Marketing Document or if it does not provide, when read together with the other parts of the Marketing Document, key information in order to aid investors when considering whether to invest in such securities.</i>
A.2 Issuer’s permission	<p><i>Permission of the Issuer or the person responsible for the preparation of this Marketing Document to use the Marketing Document for the purposes of the resale of the securities or their ultimate placement by financial intermediaries.</i></p> <p><i>The validity period of the offer in which the financial intermediaries may resell or ultimately place the securities, for which the permission to use this Marketing Document is granted.</i></p> <p><i>Any other clear and objective conditions for granting the permission which apply to the use of this Marketing Document.</i></p> <p><i>A bold-faced notice to investors that the financial intermediary is obligated to provide information regarding the offer at the time of making the offer.</i></p> <p>Not applicable. No such permission is given.</p>

Section B – Issuer	
B.1 Name of the Issuer	<p><i>The legal and commercial name of the issuer.</i></p> <p>The Issuer’s legal name: Getback Spółka Akcyjna</p> <p>The Issuer can use an abbreviated version of the name: Getback S.A.</p>
B.2 Basic information on the Issuer	<p><i>The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.</i></p> <p>Joint-stock company incorporated under Polish law with its registered office in Wrocław, Poland, at ul. Powstańców Śląskich 2-4, 53-333 Wrocław.</p>
B.3 Business activity of the	<p><i>A description of, and key factors relating to, the nature of the issuer’s current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.</i></p>

Group	<p>The Group is engaged in the business of debt management. The Group's business involves, inter alia, acquisition of debt portfolios, management of securitized debt portfolios of closed-end investment funds, which includes handling the debt collection process to ensure the recovery of overdue liabilities. The Group's business enables companies providing universal services (specifically banks, telecom companies) to recover at least some of the bad debts. On the other hand, debtors, being aware of the existence of specialized debt collection entities, are additionally motivated to make timely payments, which translates to the general enhancement of security and trust in business dealings. As of the date of the Marketing Document, the Group operated in the debt management sector in Poland and Romania.</p> <p>The Company manages investment portfolios of securitized receivables of its own and external closed-end investment funds, and more specifically it purchases receivables portfolios for the account of such closed-end investment funds. The Company is the parent company of the Group. As at 31 March 2017, the Company had 14 subsidiaries reported on a full consolidation basis (including 5 closed-end investment funds) and held shares in 9 affiliates (operating as closed-end investment funds), reported on an equity basis. Additionally, as at 31 March 2017, the Company managed investment portfolios consisting in the receivables of 6 closed-end investment funds, which were not reported on a full consolidation basis and were not reported as affiliates by the Company. The Company held investment certificates of 4 out of the 6 closed-end investment funds as at 31 March 2017. The investment portfolios of closed-end investment funds which the Company manages include primarily receivables of financial sector companies (mainly overdue loans and borrowings) and of the telecom business (primarily unpaid bills for telecom services).</p> <p>The Group has an innovative approach to debt management. It has developed and employs its own unique debt collection process, taking advantage of advanced technologies and automated system of retrieving contact data of debtors. The Group's approach to the debt collection process is distinguished by: (i) high effectiveness of getting in touch and maintaining contact with the debtors, (ii) ability to implement and comply with the repayment schedule, based on an optimum instalment level on the debtor's solvency, (iii) a very low rate of cancellations of the receivables sought to be recovered, (iv) the pursuit of improved efficiency in every part of the process and (v) employing both court and out-of-court debt collection in parallel (in justified cases). The debt collection model adopted by the Group ensures high collections at the beginning of the process and stable collections over longer periods, based on instalment-based repayment schedules.</p> <p>The Company's innovative approach extends to the financing of acquisitions of debt portfolios, enabling it to reach a much larger scale of activities than it would be able to achieve based on its own capital resources. The Group actively cooperates with financial institutions in Poland and abroad in developing joint investment products in order to raise capital for the acquisition of debt portfolios to be subsequently managed by the Company.</p> <p>The Company carefully selects debt portfolios to be acquired, focusing on transactions that are most favorable for the Group, that is their nominal value of between PLN 200 million to PLN 1 billion. The Group also engages into occasional transactions involving debt portfolios of a nominal value ranging from PLN 1-3 billion PLN. According to the Management Board, the Group is currently the most active participant of tender procedures for debt portfolios on the Polish market. During the period since 1 January 2014 to 30 May 2017, the Company received 923 invitations to tender (including 252 in 2016) out of which it won a total of 243 (including 74 in 2016) on behalf of the own and the external closed-end investment funds for which it manages debt portfolios.</p> <p>The innovative approach to business is reflected in the application of new technologies and advanced debt collection techniques aimed at full understanding and addressing the needs of the indebted. The Company, in cooperation with working with Millward Brown, market research firm conducts regular surveys of the needs of the indebted. Based on these surveys, among others, the Company is able to offer the debtors installments that are tailored to their financial capacity to ensure their timely repayment according to the set schedule. The Company has and develops its proprietary IT solutions. The effectiveness of these efforts is proved by the ratio of collections from debt portfolios under settlement agreements (they provide for debt repayment on an installment basis) with debtors to the total value of collections from debt portfolios, which reached 63% and 59% for the first quarter of 2017</p>
-------	--

	<p>and for 2016, respectively.</p> <p>Thanks to its innovative business model, within 5 years of its launch, the Group has become the second largest debt managing company in the Polish debt management market in terms of collections from debt portfolios. In the period covered by the Consolidated Financial Statements for the years 2014-2016, the Group's Cash EBITDA increased by more than five times from PLN 56.9 million in the year ended 31 December 2014 to PLN 273.9 million in the year ended 31 December 2016, and average annual growth rate was 119.4% during that period.</p> <p>The Group's net revenues reached PLN 147.2 million, PLN 422.7 million, PLN 206.7 million and PLN 107.5 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The Group posted a net profit of PLN 57.5 million, PLN 200.3 million, PLN 120.3 million and PLN 44.3 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The value of debt portfolios acquired by the Group was PLN 1,007.2 million, PLN 1,019.6 million, PLN 422.3 million and PLN 188.2 million as at 31 March 2017, 31 December 2016, 2015 and 2014, respectively. The return on assets (ROA) reached by the Group was 12.1%, 12.3%, 18.4% and 15.3% for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The Group's return on equity (ROE) amounted to 49.6%, 51.9%, 64.7% and 67.4% for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively.</p>
B.4a Trends	<p><i>A description of the most significant recent trends affecting the issuer and the industries in which it operates.</i></p> <p>The following are the most significant trends identified by the Company since 1 January 2017 until the date of the Marketing Document which have affected the Group or the industries in which the Group operates:</p> <ul style="list-style-type: none"> • improvement of the financial situation of Polish households thanks to the stable economic environment in Poland the social policy implemented by the government; • development of the debt management market in Poland, consisting in a significant increase in the nominal value and number of serviced debt, market consolidation and a growing interest of foreign investors in the Polish debt management market; • changes in the regulatory environment of the debt sector; • increase in the share of portfolios purchased by own closed-end investment funds in the debt portfolios managed by the Company; • improvement of the debt collection process, including the development of its proprietary, specialized debt management process for secured debt and high-balance debt, in particular corporate loans granted by banks.
B.5 Description of the Group	<p><i>If the issuer is part of a group, a description of the group and the issuer's position within the group.</i></p> <p>As at the date of the Marketing Document the Group consisted of the Company and its 14 direct and indirect subsidiaries. The Company controls or jointly controls all companies that are members of the Group. Additionally, the Company has 9 affiliates.</p> <p>The Company is a parent entity of the Group.</p>
B.6 Major shareholders of the Issuer	<p><i>In so far as is known to the issuer, the name of any person who, directly or indirectly, has interest in the issuer's capital or voting rights which requires notification under the issuer's national law, together with the amount of each such person's interest. Different voting rights of the issuer's major shareholders, if any.</i></p> <p><i>To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.</i></p> <p>As at the date of the Marketing Document the Selling Shareholder is the directly dominant entity for the Company, as defined in Article 4 item 14 of the Offering Act and within the</p>

	<p>meaning of Article 4 par. 1 item 4 of the Commercial Companies Code holding all the Companies shares issued and registered as at the date of the Marketing Document.</p> <p>The Selling Shareholder has also a decisive impact on the composition of the Supervisory Board appointed by the General Meeting and Management Board appointed by the Supervisory Board. The Selling Shareholder exercises control over the Company in such manner that Management Board member, Konrad Kąkolewski is also a member of the management board (Director B) of the Selling Shareholder.</p> <p>The Selling Shareholder is a company which is an indirect subsidiary of a consortium of private equity funds, of which funds managed by Abris Capital Partners exercise a direct control over the Company. All shares (100%) of the Selling Shareholder are held by DNLD Cooperatief U.A.</p>																																																																																
B.7 Selected financial information	<p><i>Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the previous financial year. The requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information.</i></p> <p><i>This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.</i></p> <p>Selected information from the consolidated income statement</p> <p><u>Selected information from the consolidated profit and loss statement for the three months ended 31 March 2017.</u></p> <table><tr><th></th><th colspan="2">Three months ended 31 March</th></tr><tr><th></th><th>2017</th><th>2016</th></tr><tr><th></th><th colspan="2">(PLN million) (unaudited)</th></tr><tr><td>Net revenues.....</td><td>147.2</td><td>69.0</td></tr><tr><td>Share in profit (loss) of affiliates measured according to the equity method.....</td><td>(4.4)</td><td>1.1</td></tr><tr><td>Other operating revenue.....</td><td>16.2</td><td>0.1</td></tr><tr><td>Remuneration costs and employee benefits.....</td><td>(31.9)</td><td>(12.2)</td></tr><tr><td>Amortization and depreciation.....</td><td>(4.4)</td><td>(1.3)</td></tr><tr><td>External services.....</td><td>(32.8)</td><td>(7.2)</td></tr><tr><td>Other operating expenses.....</td><td>(10.8)</td><td>(4.8)</td></tr><tr><td>Operating profit.....</td><td>79.1</td><td>44.6</td></tr><tr><td>Result on sales of financial assets.....</td><td>-</td><td>-</td></tr><tr><td>Financial revenues.....</td><td>2.2</td><td>0.2</td></tr><tr><td>Financial expenses.....</td><td>(35.1)</td><td>(6.4)</td></tr><tr><td>Net financial revenues (costs).....</td><td>(32.9)</td><td>(6.1)</td></tr><tr><td>Gross profit (loss).....</td><td>46.2</td><td>38.4</td></tr><tr><td>Income tax.....</td><td>11.2</td><td>(0.4)</td></tr><tr><td>Net profit (loss).....</td><td>57.5</td><td>38.0</td></tr><tr><td>Attributable to equity holders of the parent company.....</td><td>57.2</td><td>37.9</td></tr><tr><td>Attributable to non-controlling interest.....</td><td>0.2</td><td>0.1</td></tr></table> <p>Source: <i>Quarterly Consolidated Financial Statements.</i></p> <p><u>Selected information from the consolidated income statement for the years ended 31 December 2016, 2015 and 2014.</u></p> <table><tr><th></th><th colspan="3">Year ended 31 December</th></tr><tr><th></th><th>2016</th><th>2015</th><th>2014</th></tr><tr><th></th><th colspan="3">(PLN million) (audited)</th></tr><tr><td>Net revenues.....</td><td>422.7</td><td>206.7</td><td>107.5</td></tr><tr><td>Share in profit (loss) of affiliates measured according to the equity method.....</td><td>(10.7)</td><td>11.7</td><td>(0.0)</td></tr></table>		Three months ended 31 March			2017	2016		(PLN million) (unaudited)		Net revenues.....	147.2	69.0	Share in profit (loss) of affiliates measured according to the equity method.....	(4.4)	1.1	Other operating revenue.....	16.2	0.1	Remuneration costs and employee benefits.....	(31.9)	(12.2)	Amortization and depreciation.....	(4.4)	(1.3)	External services.....	(32.8)	(7.2)	Other operating expenses.....	(10.8)	(4.8)	Operating profit.....	79.1	44.6	Result on sales of financial assets.....	-	-	Financial revenues.....	2.2	0.2	Financial expenses.....	(35.1)	(6.4)	Net financial revenues (costs).....	(32.9)	(6.1)	Gross profit (loss).....	46.2	38.4	Income tax.....	11.2	(0.4)	Net profit (loss).....	57.5	38.0	Attributable to equity holders of the parent company.....	57.2	37.9	Attributable to non-controlling interest.....	0.2	0.1		Year ended 31 December				2016	2015	2014		(PLN million) (audited)			Net revenues.....	422.7	206.7	107.5	Share in profit (loss) of affiliates measured according to the equity method.....	(10.7)	11.7	(0.0)
	Three months ended 31 March																																																																																
	2017	2016																																																																															
	(PLN million) (unaudited)																																																																																
Net revenues.....	147.2	69.0																																																																															
Share in profit (loss) of affiliates measured according to the equity method.....	(4.4)	1.1																																																																															
Other operating revenue.....	16.2	0.1																																																																															
Remuneration costs and employee benefits.....	(31.9)	(12.2)																																																																															
Amortization and depreciation.....	(4.4)	(1.3)																																																																															
External services.....	(32.8)	(7.2)																																																																															
Other operating expenses.....	(10.8)	(4.8)																																																																															
Operating profit.....	79.1	44.6																																																																															
Result on sales of financial assets.....	-	-																																																																															
Financial revenues.....	2.2	0.2																																																																															
Financial expenses.....	(35.1)	(6.4)																																																																															
Net financial revenues (costs).....	(32.9)	(6.1)																																																																															
Gross profit (loss).....	46.2	38.4																																																																															
Income tax.....	11.2	(0.4)																																																																															
Net profit (loss).....	57.5	38.0																																																																															
Attributable to equity holders of the parent company.....	57.2	37.9																																																																															
Attributable to non-controlling interest.....	0.2	0.1																																																																															
	Year ended 31 December																																																																																
	2016	2015	2014																																																																														
	(PLN million) (audited)																																																																																
Net revenues.....	422.7	206.7	107.5																																																																														
Share in profit (loss) of affiliates measured according to the equity method.....	(10.7)	11.7	(0.0)																																																																														

Other operating revenue	4.4	1.3	0.1
Remuneration costs and employee benefits	(78.1)	(49.0)	(18.8)
Depreciation / amortization	(6.1)	(3.0)	(1.4)
External services	(71.8)	(27.0)	(10.2)
Other operating expenses	(25.7)	(18.1)	(12.9)
Operating profit.....	234.7	122.6	64.3
Result on sales of financial assets	(0.0)	0.0	-
Financial revenues	1.1	0.1	0.3
Financial expenses	(44.6)	(12.7)	(10.3)
Net financial revenues (costs).....	(43.6)	(12.6)	(10.1)
Gross profit (loss)	191.2	110.0	54.2
Income tax	9.1	10.4	(10.0)
Net profit (loss)	200.3	120.3	44.3
Attributable to equity holders of the parent company	200.0	120.1	44.1
Attributable to non-controlling interest	0.2	0.2	0.2

Source: 2014-2016 Consolidated Financial Statements.

Selected information from the consolidated statement of financial position

Selected information from the consolidated statement of financial position as at 31 March 2017 and as at 31 December 2016, 2015 and 2014.

	31 March 2017	31 December		
	2016	2015	2014	
	(PLN million)	(PLN million)	(PLN million)	
	(unaudited)	(audited)	(audited)	
Assets				
Non-current assets.....	259.7	222.6	100.5	71.9
Tangible fixed assets	14.1	13.3	9.7	3.5
Intangible assets	46.8	38.8	9.9	2.1
Goodwill.....	8.9	8.9	-	-
Investment property	-	1.3	1.3	-
Investments	167.0	140.3	77.7	66.2
Investment in affiliates	133.9	106.2	77.2	65.5
Investments in securitization funds.....	33.1	34.1	0.5	0.7
Other long-term receivables	1.6	10.0	1.1	-
Deferred income tax assets	21.2	10.0	0.7	-
Prepayments	0.1	0.1	0.2	0.1
Current assets	1,561.8	1,407.9	554.9	217.6
Debt portfolios.....	1,007.2	1,019.6	422.3	188.2
Trade receivables.....	442.9	269.7	74.6	5.0
Income tax receivables	0.3	0.3	0.0	0.1
Short-term borrowings granted	4.6	-	-	-
Other debtors ⁽¹⁾	18.5	29.7	3.9	6.9
Prepayments	22.7	18.2	2.9	0.6
Cash and cash equivalents.....	65.6	70.4	51.3	16.9
Total assets	1,821.5	1,630.6	655.4	289.5

⁽¹⁾ Since "Short-term borrowings granted" are shown separately in the Quarterly Consolidated Financial Statements with the balance of PLN 3.7 million as at 31 December 2016, "Other debtors" in the Quarterly Consolidated Financial Statements equal PLN 26.0 million as at 31 December 2016.

Source: Consolidated Financial Statements.

	31 March 2017	31 December		
	2016	2015	2014	
	(PLN million)	(PLN million)	(PLN million)	
	(unaudited)	(audited)	(audited)	
Liabilities and equity				
Equity (attributable to shareholders of	442.6	385.8	185.7	65.7

the parent company)				
Share capital	4.0	4.0	4.0	4.0
Net profit (loss)	57.2	200.0	120.1	44.1
Other equity	381.4	181.7	61.6	17.6
Non-controlling interest.....	0.3	0.1	0.0	0.0
Total equity	442.9	385.8	185.8	65.7
Long-term liabilities and provisions for liabilities	813.1	583.0	156.1	125.4
Deferred income tax provision.....	-	-	-	12.6
Liabilities arising from issuance of debt securities.....	568.3	397.4	121.6	111.7
Financial leasing liabilities.....	5.0	4.5	1.9	1.1
Long-term liabilities relative to loans and borrowings.....	41.7	45.4	-	-
Other liabilities.....	198.0	135.7	32.5	-
Short-term liabilities	565.5	661.7	313.6	98.4
Liabilities arising from issuance of debt securities.....	374.0	407.5	132.0	16.0
Trade and other liabilities	152.6	223.4	172.6	72.2
Financial leasing liabilities.....	1.8	1.6	0.8	0.7
Short-term liabilities relative to loans and borrowings.....	17.4	15.8	-	5.1
Corporate income tax liabilities	-	-	0.7	0.1
Liabilities relative to employee benefits	19.7	13.5	7.5	4.4
Short-term provisions.....	0.0	0.0	0.0	-
Total liabilities	1,378.6	1,244.7	469.6	223.8
Total liabilities and equity	1,821.5	1,630.6	655.4	289.5

Source: Consolidated Financial Statements.

Selected information from the consolidated cash flow statements

Selected information from the consolidated cash flow statements for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March	
	2017	2016
	(PLN million)	
	(unaudited)	
Net cash from operating activities	(61.4)	(48.8)
Net cash used in investing activities	(50.0)	(46.6)
Net cash from financing activities	106.6	67.6

Source: Quarterly Consolidated Financial Statements.

Selected information from the consolidated cash flow statements for the three months ended 31 March 2016, 2015 and 2014.

	Year ended 31 December		
	2016	2015	2014
	(PLN million)		
	(audited)		
Net cash from operating activities	(276.1)	(41.8)	299.8
Net cash used in investing activities	(280.4)	(36.0)	(322.3)
Net cash from financing activities	575.6	112.2	31.6

Source: 2014-2016 Consolidated Financial Statements.

B.8
Selected *pro forma*
financial
information

Selected key pro forma financial information, identified as such.

The selected key pro forma financial information must clearly state the fact that because of its nature, pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.

Not applicable. The conditions of the Prospectus Regulation which could oblige the

	Company to prepare <i>pro forma</i> financial information have not been fulfilled.
B.9 Forecasts or estimates	<i>Where a profit forecast or estimate is made, state the figure.</i> Not applicable. The Issuer does not publish profit forecasts or estimates.
B.10 Qualifications in the audit report	<i>A description of the nature of any qualifications in the audit report on the historical financial information.</i> Not applicable. The auditor's reports in respect of the historical financial information did not contain qualifications.
B.11 Working capital	<i>If the issuer's working capital is not sufficient for the issuer's present requirements, an explanation should be included.</i> Not applicable. The Issuer's working capital is sufficient for the Issuer's present requirements.

Section C – Securities	
C.1 Offer Shares	<i>A description of the type and the class of the securities being offered and/or admitted to trading, including any securities identification code.</i> Under the Offer, the Company and the Selling Shareholder are offering no more than 40,000,000 of the ordinary Shares with a nominal value of PLN 0.05 each, including no more than 20,000,000 of the New Shares and no more than 20,000,000 of the Sale Shares. The Company is offering no less than 4 and no more than 20,000,000 of the New Shares. The Selling Shareholder offers no more than 20,000,000 of the Sale Shares. As at the date of the Marketing Document the Shares are not listed or admitted to trading on the regulated market or any other relevant market. The Company intends to apply for the admission to trading and listing of all the Existing Shares, all the New Shares and the Rights to Shares on the regulated market (main market) operated by the WSE.
C.2 Currency of the Issue	<i>Currency of the securities issue.</i> The shares are issued in zloty (PLN).
C.3 Share capital of the Issuer	<i>The number of shares issued and fully paid and issued but not fully paid.</i> As at the date of the Marketing Document the share capital of the Company was PLN 4,000,000.00 and was divided into 80,000,000 Shares with the nominal value of PLN 0.05 each. The Shares have been issued on the basis of the relevant provisions of the Code of Commercial Companies and the Articles of Association. The Shares are registered shares, carry no preferences as to voting rights, dividend or share in property upon liquidation, and they all incorporate a uniform set of rights including, in particular one vote each at the General Meeting. The Shares are denominated in PLN. All the Shares are paid up in full.
C.4 Rights attached to the Offer Shares	<i>A description of the rights attached to the securities.</i> Pursuant to the provisions of the CCC and the Offering Act, the following rights, <i>inter alia</i> , will be attached to the Offer Shares: <ul style="list-style-type: none"> • the right to demand the convening of an Extraordinary General Meeting and inclusion of specific items on the agenda, which is vested in shareholders representing at least one-twentieth of the share capital; • the right to submit to the Company in writing or using electronic communication techniques, draft resolutions concerning matters placed on the agenda of the General Meeting, which is vested in shareholders representing at least one-twentieth of the share

	<p>capital;</p> <ul style="list-style-type: none"> the right to submit draft resolutions relating to matters placed on the agenda during a General Meeting; the right to attend the General Meeting and exercise voting rights, whether personally or by proxy; the right to review or demand the delivery of a list of shareholders; the right to demand copies of applications regarding matters placed on the agenda of the General Meeting; the right to demand copies of the annual financial statements; the right to demand a review of the attendance list of shareholders attending the General Meeting; the right to demand the election of the Supervisory Board by separate groups, vested in shareholders representing at least one-fifth of the share capital; the right to obtain information on matters concerning the Company at the General Meeting; the shareholder's right to bring an action to repeal or declare invalidity of a General Meeting resolution; the right to dividends; the right to participate in the surplus of the Company's assets left after satisfying or securing its creditors in the event of its winding up; priority of taking up new shares (pre-emptive right); the right to demand that the remaining shareholders sell all the shares held by them, vested in a shareholder holding more than 90% of the total number of votes (squeeze out); the right to demand that another shareholder buys out all the shares held by a minority shareholder. right to demand an audit to be performed by an auditor, at the Company's cost, in respect of a certain issue related to the formation of the Company or managing its affairs vested in shareholders that represent at least one-twentieth of the share capital.
C.5 Restrictions on the free transferability of the Shares	<p><i>A description of any restrictions on the free transferability of the securities.</i></p> <p>Pursuant to the CCC, the Public Offering Act and the Trading Act, the Offer Shares shall be subject to the following restrictions in their free transferability:</p> <ul style="list-style-type: none"> the obligation to notify the KNF and the Company by any person who: (i) has reached or exceeded 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% of the total number of votes in a public company; (ii) held at least 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% of the total number of votes in such a company, and as a result of reducing this share reached, respectively, 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% or less of the total number of votes; (iii) changed the already held share of more than 10% of the total number of votes, by at least 2% of the total number of votes in the case of a public company whose shares have been admitted to trading on the official stock market (as at the date of the Marketing Document the market is the main market of the WSE); (iv) changed the already held share of more than 33% of the total number of votes in a public company, by at least 1% of the total number of votes; the obligation to announce a tender offer for the sale or exchange of shares arising in the event of: (i) exceeding the threshold of 33% of the total number of votes at the General Meeting; and (ii) exceeding the threshold of 66% of the total number of votes at the General Meeting; prohibition from acquiring or selling financial instruments based on inside information,

	<p>for its own account or for a third party's account;</p> <ul style="list-style-type: none"> • prohibition from acquiring or selling financial instruments during the lock-up period; • the obligation of the parent company within the meaning of Article 4 § 1 Section 4 of the CCC to notify the subsidiary of establishing or discontinuing a parent/subsidiary relationship within two weeks of establishing the relationship, subject to suspension of the voting rights attached to the parent company and representing more than 33% of the share capital of the subsidiary. <p>The Articles of Association of the Company does not provide for any restrictions on the transferability of the Sale Shares or the New Shares.</p>
C.6 Admission to trading on regulated market	<p><i>An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.</i></p> <p>As at the date of the Marketing Document the Shares are not listed or admitted to trading on the regulated market or any other relevant market.</p> <p>Pursuant to the Prospectus, the Company will apply for the admission to trading and listing of the Existing Shares, the Rights to Shares and the New Shares on the regulated market (main market) operated by the WSE.</p> <p>Should the Company fail to satisfy the requirements for admission of the Existing Shares, Rights to Shares or New Shares to trading on the regulated market, as stipulated by the Market and Issuers Ordinance and in the WSE Rules, the Company does not intend to apply for admission of such securities to trading outside the regulated market.</p> <p>Should the Company change its plans with respect to the admission to trading and listing of the Existing Shares, Rights to Shares or New Shares to trading on the regulated market, a notice to that effect will be published pursuant to Article 51 of the Public Offering Act, that is in the form of a supplement to the Prospectus, in the manner in which the Prospectus is published.</p>
C.7 Dividend policy	<p>Dividend policy</p> <p>As at the date of the Marketing Document, the Company does not have any document which formally defines the Company's dividend policy.</p> <p>The Company has not paid dividend so far. As at date of the Marketing Document the Management Board does not intend to recommend payment of the dividend for the financial year 2017 to the shareholders.</p> <p>In the subsequent years, the Management Board does not exclude the possibility that it will recommend payment of dividend for a given financial year to the shareholders. The Management Board, when putting forward such recommendation, will take into account the prospects of the Group, future profits, financial situation and development plans, as well as applicable legal provisions. The Management Board does not guarantee the value of profit achieved by the Company or a part thereof which may be earmarked for the payment of dividend, as well as that in the future it will recommend the payment of dividend to the shareholders.</p> <p>A decision on dividend payment, as well as its value depends each time on a decision of shareholders made during a General Meeting, with such shareholders not being bound by such recommendation of the Management Board in any way.</p> <p>As at the date of the Marketing Document, the Articles of Association do not provide for any restrictions on the payment of dividends.</p>

Section D – Risks

D.1	<i>Key information on the key risks that are specific to the issuer or its industry..</i>
-----	--

Risk factors relating to activity of the Group and the industry in which the Group operates	<p><u>Risk factors relating to the Group's business and industry:</u></p> <ul style="list-style-type: none"> <p>• Risk of the Group failing to reach its key business objectives</p> <p>The risk arises from the fact that the implementation and achievement of the key business objective of the Group depends on a number of factors that are beyond the Group's control, which may result in a delay or the inability to meet the key business objectives by the Group, which in turn may have a material adverse effect e.g. on the Group's operations.</p> <p>• Risk related to growth of the cost of the Group's operations</p> <p>The risk may be caused by, inter alia, increase in certain cost items, such as: court, notarial, postal or banking fees, labor costs, financing costs etc. which may have a material adverse effect on the business, results and development dynamics of the Group.</p> <p>• Risk of losing key personnel</p> <p>The departure of key employees may adversely affect the operations of the Group.</p> <p>• Possibility of disruption of operations and downtime of IT systems</p> <p>The security systems implemented by the Group and the actions and procedures aimed at minimizing the risk of malfunctioning or of compromising the IT systems security may prove to be ineffective and the malfunctioning or compromising of the IT systems security may threaten the continuity of operation of these systems (or even cause a disruption of operations) and the confidentiality and integrity of the data processed in them, and therefore may have a material adverse effect on the operations of the Group.</p> <p>• Risk of downtime at Group's service providers</p> <p>In the event of interruptions, strikes, system errors, failures, loss of equipment or software, or an attack on such entities' computer systems by third parties, the Group may face the risk of downtime of operations, especially with respect to making payments, access to court institutions or bailiffs, registers of debtors, data of debtors or other data.</p> <p>• Risk of actions damaging the Group's image</p> <p>The risk may result in deterioration or loss of reputation by the Group. It may result from circumstances that are beyond the Group's control, including deterioration of the reputation of the industry in which the Group operates, but may also be directly related to the Group's operations, e.g., in the case of abuses or breaches resulting in losses incurred by the Group.</p> <p>• Risk of loss or disclosure of data of indebted persons connected with personal data processing</p> <p>In connection with the Group handling individual matters related to debt recovery, there is a risk of unauthorized disclosure of personal data, e.g. as a result of unlawful actions by Group employees relating to the copying of data with the use advanced technology or the risk of loss of data due to failures of the Group's IT systems. In the event of a breach of the personal data protection regulations, the Group may face criminal or administrative sanctions imposed on it or on members of corporate bodies of Group companies. Unlawful disclosure of personal data may also lead to civil claims being raised against the Group</p> <p>• Risk related to the performance of the judiciary system and enforcement by bailiffs</p> <p>The risk is related to possible delays in proceedings of judiciary bodies, which may cause unexpected delays in the dates of final resolution of the debt recovery processes involving courts. Additionally, in connection with the changes with regard to the possibility of choosing a court bailiff, there is a risk that enforcement proceedings conducted at the creditor's request will be more scattered. This may hamper the managing of the enforcement process and increase its costs.</p> <p>• Incorrect valuation of debt portfolios offered on the market</p> <p>Any errors made at the time of valuation, a lower than anticipated operational efficiency,</p>
---	---

	<p>the imperfect nature of analytical models and tools for analyzing the data used by the Group for the purpose of valuation of debt portfolios, as well as changes in the economic situation may cause the actual proceeds and expenditures to differ from what was originally expected.</p> <ul style="list-style-type: none"> • Impairment of the purchased debt portfolios <p>The risk is related to a situation where, with regard to a given debt portfolio, the Group may recover an amount that will be lower than the price paid to purchase the given portfolio. Due to the time-consuming nature of the process or recovery of the debt acquired within the portfolios, the Group may be unable to identify in time the economic trends or introduce changes to its debt portfolio acquisition strategies. This may result in an impairment identified following the acquisition of a debt portfolio. The review of the given debt portfolio and the analytical models and tools used by the Group to analyze data may fail to identify the changes being made by the original creditors in the quality of the debt portfolios which they are selling.</p> <ul style="list-style-type: none"> • Risk of delayed or incorrect valuation of lack of valuation of own closed-end investment funds <p>The lack of a valuation or a delayed or incorrect valuation may result in the absence of up-to-date or realistic information about the value of investment certificates, which may be important from the point of view of the participants in the given fund wishing, for example, to dispose of their certificates, or from the point of view of the redemption of the certificates or the conducting of a new issue of same. In practice, the lack of a valuation or a delayed valuation may cause a delay in implementing such processes. An incorrect valuation may result, for example, in the redemption price of the investment certificates of the given fund being set below their actual value. The lack of a valuation or an incorrect valuation result in the necessity of making adjustments and determining the correct value of the assets of the given fund. The lack of a valuation or an incorrect valuation may result in the Company's liability defined in the relevant provisions of the law.</p> <ul style="list-style-type: none"> • Own closed-end investment funds may exceed investing limits <p>The risk of exceeding investing limits may materialize as a result of an investment decision of the investment fund company managing the given closed-end investment fund or be due to a passive change of the value of the assets. The exceeding of the limits set forth in the binding provisions of the law or in the charters of closed-end investment funds and of an excessive involvement in one sector of the market, one type of debt or other assets by its own closed-end investment funds, may have adverse financial consequences for the Group in the event of a decrease in the value of the assets held by such funds.</p> <ul style="list-style-type: none"> • The Company may lose the management of investment portfolios comprising the receivables of closed-end investment funds <p>The Company cannot rule out that in the future the closed-end investment fund investors whose debt portfolios are managed by the Company, or the investment fund management companies themselves which manage these funds may take actions aimed at terminating the agreements with the Company and commissioning other entities to manage investment portfolios comprising these funds' debt. The termination of such agreements or of a part of them might lead to the scaling down of the Group's operations (due to the drop in the number of investment portfolios comprising debt managed by the Company), and could also have a material adverse effect on the Group's revenue from this kind of activity. There can be no certainty either that the Company will be able to secure the managing of investment portfolios comprising debt of other closed-end investment funds in the future.</p> <ul style="list-style-type: none"> • The Group may face contractual and warranty liability towards investment fund companies or closed-end investment funds <p>Any breach of the provisions of the agreements referred to above by the Company or Getback Law Firm, or the requirement that the Company fulfills warranty obligations, leading to liability for damages referred to above, may involve the need of significant</p>
--	---

	<p>financial expenditures by the Company, which may have a material adverse effect on the Group's financial situation. Furthermore, it cannot be ruled out that the occurrence of the situations indicated above may have a material adverse effect on the Group's relations and cooperation with investment fund companies and in an extreme case may lead to the Company losing the management of investment portfolios involving debt of closed-end investment funds or the inability of the Company to secure in the future the management of such investment portfolios of new closed-end investment funds.</p> <ul style="list-style-type: none"> • The willingness to sell debt portfolios may decrease <p>A decrease in the trading partners' willingness to sell debt may reduce the supply of debt portfolios available for purchase, and this in turn may have a material adverse effect on the Group's revenues.</p> <ul style="list-style-type: none"> • Risk of dependence on key sellers of debt portfolios <p>When it comes to obtaining debt portfolios, the Group largely depends on the supply of debt portfolios generated by the banking sector. The entities from the Group have exclusivity agreements with some trading partners regarding periodic sales of debt portfolios. In respect of the majority of trading partners, especially those from the banking sector, if the Group is willing to acquire new debt portfolios from such entities, it has to take part in auctions for the sale of new debt portfolios. The reduced interest in the sale of receivables by banking sector trading partners can therefore have a material adverse effect on the business, results, condition or development prospects of the Group.</p> <ul style="list-style-type: none"> • Liquidity risk <p>The risk consists in not having sufficient liquidity to satisfy its obligations without exposing the Group to an additional reputational risk or additional costs or losses. The occurrence of liquidity risk may lead to difficulties in Group's timely repayment of its financial obligations. The Group may not rule out that the liquidity management tools it has implemented and employs may appear to be completely or partly ineffective or may not yield the anticipated effects.</p> <ul style="list-style-type: none"> • Risk related to the indebtedness of the Group <p>Any deterioration of the Group's liquidity may result in the Group being unable to repay its liabilities under the existing debt financing. In such an event the Group's debt under loans may be called due in full or in part, and if it is not repaid financial institutions may enforce the security created on the Group's assets for the financing. Additionally, the documents pertaining to the debt financing of the Group imposes certain obligations on the Group, which relate, specifically, to undertaking or refraining from certain activities, satisfying certain disclosure obligations vis-à-vis financial institutions and maintaining certain levels of financial indicators or other events. A breach of the above obligations may amount to a default under the debt financing terms which may enable the creditors, among others, to request additional security or in extreme cases demand an earlier redemption by the Company of bonds held by bondholders or call a loan immediately due and payable, together with any interest and other fees.</p> <ul style="list-style-type: none"> • Statutory interest rate may be decreased <p>The change of the rate may affect the potential statutory interest revenues earned by the Group. Any significant decrease in the statutory interest rate may result in a decline of the Group's revenues.</p> <ul style="list-style-type: none"> • The Company's credit rating may be lowered <p>Any lowering of the Company's ratings by rating agencies may deteriorate the perception of the Company by its business partners and negatively affect the Group's competitive position, impair the trust in the Group and adversely affect the operational activities and chances of the Group being selected as a business partner in debt portfolio acquisitions. Furthermore lower credit ratings may make it difficult for the Group to raise financing, increase the cost of such financing or result in the financing being on less favorable terms, which in turn may have a material adverse effect on the competitive position of the Group.</p>
--	--

	<ul style="list-style-type: none"> • The Group may be unable to raise new financing Any restriction of the access to external financing due to a declining interest or trust of investors in this type of financial instrument or the Group itself, combined with any regulatory limitations or an increasing attractiveness of other financial instruments may adversely affect the Group's ability to raise new external financing and acquire new debt portfolios. Other factors that may also affect the ability to solicit new financing include changes of legal regulations, changes of the strategies of financial institutions, specifically their growing aversion to the risks related to the debt financing of entities from the debt management business, declining competitiveness of the interest offered on debt instruments as compared to the interest on other financial instruments, as well as restrictions on the raising of new debt financing or other obligations vis-à-vis financial institutions imposed on the Group in relation to the existing or future debt financing and its terms. • The Group may incur losses if the key judgments and estimates applied by the Group are incorrect or inadequate The risk is related to a situation in which judgments, estimates or assumptions made by the Management will appear to be incorrect or inadequate which may lead to irregularities in reporting on the financial situation and results of the Group. If the judgements, estimates or assumptions made by the Management appear to be incorrect or inadequate, the Group may incur a significant loss, exceeding an anticipated or provisioned one. • Restrictions may be introduced concerning the sale or recovery of debt The imposition of any restrictions on the acquisition of debt or terms of debt collection, total or partial prohibitions or additional regulatory requirements concerning the transfer of debt by original creditors or for the collection of such acquired debt, may result in a significant limitation of the Group's business, and as a result deteriorate the Group's financial results. • Actions taken by the Group vis-à-vis debtors infringe collective consumer interests The Group faces the risk of an appropriate consumer protection authority determining that the actions taken by the Group vis-à-vis debtors who are natural persons infringe collective consumer interests. If a regulator establishes that such practices exist or such actions are taken, it may order that the Group ceases such practices and impose a cash penalty. If collective consumer interests are infringed, a class action may be instituted to assert claims against the Group. • The Group may fail to comply with certain regulatory requirements applicable to regulated business The failure of the Group companies to comply with all the statutory and regulatory requirements for the obtaining, maintaining and obtaining again the necessary consents, licenses or other administrative decisions that are necessary for the Group to conduct its business or broaden the scope of its business, which may result in a refusal of the required consents and licenses or their suspension or revocation, as well lead to a limitation of the scope of the Group's business or prevent the Group from taking up any new business activity. Furthermore, the Group's failure to comply or breach of certain provisions of law and regulations may result in sanctions in the form of e.g. suspension or revocation of the license to manage securitized debt of a securitization fund, administrative penalties, including the imposition of cash penalties, as well as the KNF's decision ordering the bank to take action aimed at an amendment to or termination of the agreement commissioning the Group to recover banking debt. Any amendments to regulatory provisions and imposition of new obligations on the Group may require the Group to incur significant additional costs related to the adjustment of its business to the new regulatory requirements. • Proceedings may be instituted against or by entities from the Group or by those entities The parties initiating proceedings against entities from the Group may demand significant amounts or other satisfaction of their claims which may affect those entities' ability to carry on business, and the amount of potential costs arising from such
--	---

	<p>proceedings may be uncertain for a considerable period of time. Also the cost of the Group's defense in possible future proceedings may be significant. Not only may some of unfavorable rulings issued in such proceedings result in the need to incur significant financial expenses, but also negatively affect the Group's reputation.</p> <ul style="list-style-type: none"> Polish tax regulations are complex, subject to ambiguous interpretations and prone to change which may lead to disputes with tax authorities. <p>Frequent changes to the tax law and difficulties regarding its interpretation related to its application hinder both the day-to-day activities of the Group members as well as proper tax planning. As a result, the entities from the Group face the risk that their activity in selected areas could be unsuited to the changing regulations and the changing practice in their application. In particular it cannot be ruled out that with the introduction of tax evasion regulations, which employ general clauses and the scope of their application will in practice be determined by tax authorities and case law of administrative, tax authorities will make a different assessment of the tax consequences of actions taken by the Group entities than the those entities themselves. It cannot be ruled out that individual advance tax rulings already obtained and applied by the Group members, or rulings that the Group member will obtain, will be changed, questioned or lose their protective power.</p> <p>Materialization of any of the above risks may have a material adverse effect on the business, results, condition or development prospect of the Group.</p>
<p>D.3 Risk factors relating to the Issuer's Shares</p>	<p>Key information on the key risks that are specific to the securities.</p> <p>Risks in connection with the Offer, capital market and selling Shares</p> <ul style="list-style-type: none"> The Offer may be suspended or cancelled <p>The Company and the Selling Shareholder may, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners, cancel the Offer prior to commencing acceptance of subscriptions for the Offer Shares. The Offering may be revoked at the Company's and the Selling Shareholder's own discretion, without stating the reasons, which will amount to the effective cancellation of the Offer. The Company and the Selling Shareholder may, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners, cancel the Offer following the commencement of the acceptance of subscriptions for the Offer Shares. The Offer may be cancelled at the Company's or the Selling Shareholder's own discretion, but if there are serious reasons therefor. The Company and the Selling Shareholder may suspend the conduct of the Offer for the Offer Shares, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners and prior to commencing the acceptance of subscriptions for the Offer Shares from investors, without specifying the its new time schedule, which may be agreed and made public at a later time. After agreeing with the Global Coordinator and consulting the Joint Bookrunners, until the Price and the number of the Offer Shares under the Offer are finally established, the Selling Shareholder may, on the terms set forth above elect to withdraw from the Offer without the need to consult the decision with the Company. As a consequence, the Company cannot guarantee that the Offer will be successfully completed.</p> <ul style="list-style-type: none"> The Admitted Shares or Rights to Shares may not be admitted to trading on the WSE regulated market <p>The Admitted Shares or the Rights to Shares may only be admitted to trading and listed on the WSE regulated market after the WSE Management Board approves their admission and the KDPW accepts the Admitted Shares or the Rights to Shares for depositing. The management boards of the WSE and KDPW shall not give their approvals before the Company satisfies all requirements set out in the internal rules and regulations of the WSE and KDPW, and in the Market and Issuers Ordinance. If the Selling Shareholder decides to withdraw from the Offer without consulting it with the Company. In such event, the Company would still be able to complete the Offer, however the Selling Shareholder's decision could have a significant adverse effect on the Company's ability to satisfy the criteria set out in the Market and Issuers Ordinance and the WSE Rules. Some of the criteria analyzed by the WSE Management Board are</p>

	<p>of discretionary nature, therefore the Company is not in a position to guarantee that the WSE Management Board will actually grant the admission to trading. If the Company does not satisfy the requirements for admission and listing of the Admitted Shares on a WSE regulated market, the Company may withdraw from the Offer. What is more, the Company cannot guarantee that circumstances beyond its decisive powers will not cause an admission and listing of the Admitted Shares to occur on a different date than the Company and the Selling Shareholder originally assumed. Additionally, the investors to whom the Sale Shares are allotted should consider a potential risk that the listing of the Sale Shares may be temporarily suspended until the listing of the New Shares (i.e. until after the registration of the share capital increase in the Company).</p> <ul style="list-style-type: none"> • The KNF may impose sanctions in relation to the Offer should an infringement of law occur or be suspected to have occurred in relation to the public offering or applying for admission and listing of the Offer Shares to trading on a WSE regulated market <p>In relation to a public offer of securities conducted in the territory of Poland, the KNF may impose sanctions in the event of a breach or a reasonable suspicion of a breach of laws concerning the public offering, subscription for or sale of securities. With respect to the Offer of the Offer shares conducted by the Company, the KNF may: (i) order that the seeking of admission or introduction of the securities to trading on a regulated market be withheld for a period of no more than 10 business days; (ii) proscribe seeking admission or introduction of the securities to trading on a regulated market; (iii) publish, at the expense of the issuer, information concerning the illegal activities with respect to seeking admission or introduction of securities to trading on a regulated market. The measures referred to in items (ii) and (iii) can be applied by the KNF more than once in respect of the same public offer, subscription or sale.</p> <ul style="list-style-type: none"> • The Placement Agreement executed by the Managers contains customary conditions precedent to the obligation to place the Offer Shares, and customary terms permitting the parties to the Placement Agreement to withdraw from or terminate the agreement <p>In the Placement Agreement the Managers shall undertake, subject to the fulfillment of certain conditions (in particular subject to the execution of a price supplement to the Placement Agreement) to act with due diligence in order to place the Offer Shares with the Institutional Investors. As at the date of the Marketing Document, the Company cannot guarantee that the conditions of the Placement Agreement will be satisfied or that the Placement Agreement will not be terminated pursuant to its provisions.</p> <ul style="list-style-type: none"> • The Company may fail to utilize the proceeds from the issuance of the New Shares for the purposes stated in the Marketing Document <p>There are factors beyond Group's control that may adversely influence the ability to achieve these purposes, such as the overall economic conditions in Poland and in the debt collection industry, activities of Group's competitors, changes of law, regulatory decisions (including the KNF) and the availability of sources of financing. No assurance can be given that these factors will not affect the efforts to pursue some or all of the key business goals using the proceeds from the Offer, or that the use of those proceeds will not be restricted or abandoned. Additionally, due to external conditions the Company may be forced to utilize some or all of the proceeds from the issuance of the New Shares for other purposes than those identified in the Marketing Document. Using the proceeds from the issuance of the New Shares for such other purposes may prove to be less advantageous to the Company and its shareholders, and the newly set goals to be pursued using the proceeds from the issuance may entail similar implementation risks as those described in relation to the original purposes of utilizing proceeds from the issuance of the New Shares.</p> <ul style="list-style-type: none"> • The Company may fail to pay dividend or interim dividend <p>The Company's ability to pay dividend in the future and the amounts of such dividend will depend on a number of factors, including the Group's prospects, expected future profits, financial standing, development plans and applicable legal regulations. Furthermore, should the Company fail to obtain dividend from its subsidiaries, it may reduce its own dividend paid out or cause abstaining from the payment of dividend in the given year entirely. Additionally, if the Management Board recommends that the</p>
--	---

	<p>profit earned in a given year be earmarked for dividends or decides to pay interim dividend in the given year, it will not be able to assure that appropriate resolutions permitting the payment of dividend or interim dividend will be adopted, respectively, by the General Meeting or Supervisory Board.</p> <ul style="list-style-type: none"> • The registry court may refuse to register or delay the registration of the share capital increase in the Company based on the Capital Increase Resolution <p>Conducting the Offer of New Shares requires the registration of the share capital increase of the Company by the registry court. The capital increase will not be registered unless the Management Board files an application for its registration with the registry court in a prescribed term, together with the required documents. Also, the capital increase in the Company will not be registered if the competent registry court enters a final and non-appealable decision refusing to register the capital increase. Additionally, it cannot be ruled out that the share capital registration will be delayed. A delay in the registration of the share capital increase may result in the Company becoming entitled to utilize the proceeds from the Offer later than the time schedule stipulates. As a result of a final and non-appealable court refusal to register the capital increase the Offer may even be aborted.</p> <ul style="list-style-type: none"> • The market price of the Offer Shares or Rights to Shares may fall or fluctuate <p>The market price of the Offer Shares or Rights to Shares may fall or fluctuate</p> <p>The market price of the Offer Shares or Rights to Shares may fall or significantly fluctuate due to a number of factors which are partly or entirely outside the Company's control and are not necessarily related with the Group's activities or development prospects. Additionally, the capital market experiences significant fluctuations of prices that may not be related or proportional to the performance of the individual companies. Such general market factors may have adverse effect on the quotation of the Shares, including the Offer Shares or Rights to Shares, notwithstanding the Company's performance Unless the trading in the Rights to Shares and Offer Shares reaches a sufficient level, it may adversely affect the liquidity and market price of the Rights to Shares and Offer Shares. The market price of the Offer Shares may fall below the issue price of those shares. Should this be the case, the investors who acquire the Rights to Shares at a price equal to or higher than the issue price of the New Shares will incur losses.</p> <ul style="list-style-type: none"> • The price of the Shares may be adversely affected by offers of convertible debt or equity securities conducted in the future by the Company, or a sale of a significant number of the Company shares by its major shareholders, or by expectations that such an issuance or sale may occur. <p>An issue or sale of a significant number of shares of the Company or securities representing rights to acquire shares of the Company (in particular bonds convertible to shares, senior notes, subscription warrants or ordinary stock) in the future, or an expectation that such an issue or sale will be possible, may have a material adverse effect on the market price of the Company shares and on the Company's ability to raise capital through a public or private offer of shares or other securities. Acquiring new shares of the Company issued in future offers or in exercise of rights to acquire shares vested by subscription warrants or convertible notes that the Company may issue in the future, may result in a dilution of the equity rights and voting powers of the Company's shareholders, if such acquisitions or exercises are effected with the preemptive rights of the existing shareholders being excluded, or if the Company's shareholders decide not to exercise their preemptive rights or other entitlement to acquire new shares of the Company; it may also result in decreasing the price of the Company shares.</p> <ul style="list-style-type: none"> • No assurance can be given that a lively market for the Rights to Shares or Offer Shares will be created nor that trading in these securities will enjoy sufficient liquidity <p>The Company cannot give a guarantee that a lively market for the Rights to Shares or Offer Shares will be created nor that trading in these securities will enjoy sufficient liquidity. The holders of Rights to Shares and Offer Shares should be able to cash-in their investments by selling them on the trading market where these securities will be</p>
--	---

	<p>listed. However, if liquidity problems arise their sale orders may not meet a sufficient number of buy orders.</p> <ul style="list-style-type: none"> • The value of the Rights to Shares and the Offer Shares for foreign investors may decrease as a result of exchange rates fluctuations <p>Payments made by foreign investors against the Offer Shares will be made in PLN which, generally, may require converting the respective foreign currency into Polish Zloty at an exchange rate which may change in the future. In consequence, the rate of return on the investment in the Shares will not only depend on fluctuations of the Share price over the period of the investment, but also on the fluctuations of the investor's local currency exchange rate to the PLN. The exchange rate risk will also accompany any cash disbursements on account of the Shares, including dividends which, if declared, will be payable in PLN.</p> <ul style="list-style-type: none"> • Interpretations of the Polish laws and regulations governing investments in shares, including the tax laws and regulations concerning taxation of investments, may be inconsistent and unclear, and these laws and regulations are prone to change. <p>The Polish legal system, including tax laws, is characterized by considerable volatility. Some provisions of the Polish law, in particular the tax law, are ambiguous, often lack coherent and uniform interpretations, and neither the public authorities nor courts have developed consistent practice and case law by which to apply these provisions. Due to frequent changes of law, in particular the tax law, and the varying interpretations, the risk associated with the Polish tax law may be higher than on other developed markets. This concerns first of all the rules of income taxation on investors' income related to the acquisition, holding and sale of securities. There can be no guarantee that the Polish tax regulations will not be changed in a manner that would be unfavorable for the investors, nor that the tax authorities will not implement a new, different and unfavorable interpretation of the existing tax laws, which might adversely affect the level of tax burden and the eventual investors' profits from investments in the Shares.</p> <p>Materialization of any of the above risks may have a material adverse effect for the success of the Offer or the liquidity and price of the Offer Shares, as well as on the business, performance, condition or prospects of the Group.</p>
--	--

Dział E – Oferta	
E.1 Proceeds and expenses of the offer	<p><i>The total net proceeds and an estimate of the total expenses of the issue/offer including estimated expenses charged to the investor by the issuer or the offeror.</i></p> <p>The Company</p> <p>The Management Board intends to obtain approximately PLN 400 - 500 million of gross proceeds of the issuance of the New Shares in the Offer. The amount of gross proceeds of the issuance of the New Shares will depend on the final number of the New Shares allotted under the Offer, the Issue Price and the market situation during the conduct of the Offer.</p> <p>The final amount of the net proceeds from the issuance of the New Shares will depend on the final number of the New Shares allotted under the Offer, the Issue Price and the total amount of costs related to the Offer incurred by the Company.</p> <p>The actual gross and net proceeds of the issuance of the New Shares under the Offer and the final amount of the costs related to the Offer will be made public upon completion of the Offer in the form of a current report published pursuant to Article 56 Section 1 Section 2 of the Act on Public Offering.</p> <p>The Selling Shareholder</p> <p>The Selling Shareholder will receive the proceeds of the sale of the Sale Shares and they will depend on the number of the Sale Shares that will be sold by the Selling Shareholder under the Offer and on the final price of the Sale Shares.</p>

<p>E.2a Reasons for the offer</p>	<p><i>Reasons for the offer, use of proceeds, estimated net amount of the proceeds.</i></p> <p>The Company</p> <p>The Management Board intends to obtain approximately PLN 400 - 500 million of gross proceeds of the issuance of the New Shares in the Offer. The amount of gross proceeds of the issuance of the New Shares will depend on the final number of the New Shares allotted under the Offer, the Issue Price and the market situation during the conduct of the Offer.</p> <p>The final amount of the net proceeds from the issuance of the New Shares will depend on the final number of the New Shares allotted under the Offer, the Issue Price and the total amount of costs related to the Offer incurred by the Company.</p> <p>The actual gross and net proceeds of the issuance of the New Shares under the Offer and the final amount of the costs related to the Offer will be made public upon completion of the Offer in the form of a current report published pursuant to Article 56 Section 1 Section 2 of the Act on Public Offering.</p> <p>The Management Board intends to use the proceeds of the New Shares for:</p> <ul style="list-style-type: none"> • the acquisition of debt portfolios on its own account (i.e. through its own closed-end investment funds) in Poland and abroad, it being understood that with respect to this purposes, if there are no other attractive investment opportunities, the Management Board does not rule out the possibility of its own closed-end investment funds purchasing debt portfolios from external (third-party) closed-end investment funds whose debt portfolios the Company manages; the Management Board's intention is to use 100% of the proceeds of the issuance of the New Shares for this purpose; within 9-12 of the Company receiving proceeds from the issuance of the New Shares; if the the portion of the proceeds from the issuance of the New Shares assigned for this purpose is insufficient to complete the debt portfolios acquisition transactions, the Group may finance the remaining portion of the transactions with its own funds or with debt financing; for the purposes of the acquisition of debt portfolios by its own closed-end investment funds referred to above, the Company will subscribe and pay for investment certificates of these funds; • if within 9 to 12 months of the Company receiving the proceeds of the issuance of the New Shares there appear any opportunities for the acquisition of entities engaged in a similar of complementary business to that of the Group, which the Management Board considers to be attractive, the Management Board does not rule out the possibility of using a portion of the proceeds of the issuance of the New Share for the acquisitions of such entities, it being understood that if the portion of the proceeds of the issuance of the New Shares assigned for this purpose is insufficient to carry out such acquisitions, the Group may finance the remaining portion with its own funds or debt financing. <p>Should it be impossible to use the proceeds of the issuance of the New Shares for the purposes set out above within 9 to 12 of the Company receiving the proceeds of the issuance of the New Shares, due to the absence of transaction opportunities satisfying the expectations and conditions of the Management Board, the Management Board may resolve to use the proceeds of the issuance of the New Shares to increase the working capital of the Group and to finance the Group's operational activities, in particular by covering any current liabilities related to payroll and employee benefits, external services, such as lease, telecommunications or postal services as well as on-going and planned investments.</p> <p>The Company does not intend to use the proceeds from the issuance of the New Shares to finance the acquisition of the shares in EGB Investments.</p> <p>The Company is not planning to change the purposes for which proceeds from the issuance of the New Shares under the Offer will be used, but reserves the right to change them, should the achievement of the said purposes turn out to be impossible or inadvisable or should there occur any circumstances or events that may have an adverse effect on the business of the Company or the Group.</p> <p>If the Company changes the use of the proceeds of the issuance of the New Shares under the Offer, the relevant announcement shall be made public in the form of a supplement to the Prospectus and a current report issued pursuant to Article 56 Section 1 Clause 2 of the Act</p>
---------------------------------------	--

	<p>on Public Offering (if the changes of the use of the proceeds of the issuance are effected during the term of the Prospectus) or in the form of a current report only pursuant to Article 56 Section 1 Clause 2 of the Act on Public Offering (if the changes of the use of the proceeds of the issuance are effected after expiry of the term of the Prospectus).</p> <p>The Selling Shareholder</p> <p>The Selling Shareholder will receive the proceeds of the sale of the Sale Shares and they will depend on the number of the Sale Shares that will be sold by the Selling Shareholder under the Offer and on the final price of the Sale Shares.</p>
E.3 Terms of the Offering	<p><i>Terms of the Offering.</i></p> <p><i>The Offering</i></p> <p>The Company and the Selling Shareholder shall offer no more than 40,000,000 ordinary shares in total, each with a par value of PLN 0.05, of which no more than 20,000,000 shall be New Shares and no more than 20,000,000 shall be Shares for Sale. The Company shall offer at least 4 and no more than 20,000,000 New Shares. The Selling Shareholder shall offer no more than 20,000,000 Shares for Sale.</p> <p>The Management Board expects to receive ca. PLN 400-500 million in gross proceeds from the issue of New Shares in the Offering. The gross proceeds amount will depend, in particular, on the number of New Shares ultimately allocated in the Offer, the Issue Price and the market situation at the time of the Offering.</p> <p>The final decision as to the number of Offered Shares to be offered in the Offering, including the number of New Shares to be ultimately offered by the Company and the number of Shares for Sale to be offered by the Selling Shareholder in the Offering, shall be made by the Company (with regard to the New Shares) and the Selling Shareholder (with regard to the Shares for Sale) in agreement with the Global Coordinator and in consultation with the Joint Bookrunners by the date of determination of the Final Price of the Offered Shares at the latest. The Company and the Selling Shareholder may decide to reduce the respective numbers of New Shares or Shares for Sale in the Offering or abandon the Offering entirely.</p> <p>As a result of the Offering — provided that all the New Shares are issued and taken up by investors and the Selling Shareholder succeeds in selling all the Shares for Sale — the Offered Shares will account for 40% of the Company's share capital, translating into 40% of all votes at the General Meeting of the Company's shareholders.</p> <p>As at the Date of the Marketing Document, it is expected that around 10% of the total number of the Offered Shares to be ultimately included in the Offering — all of them New Shares — will be taken up by Retail Investors.</p> <p>The Offered Shares will be the object of a public offering in the territory of the Republic of Poland. A limited promotion campaign may be conducted to inform selected institutional investors outside the United States of America (excluding Poland) of the Offering, in compliance with Regulation S issued based on the American Securities Law and with the laws applicable in the respective jurisdictions where the Offering will be promoted. The Marketing Document was drawn up for the purposes of conducting this limited promotion campaign, in line with the laws applicable in the relevant jurisdictions where the campaign is to be conducted. The Marketing Document shall not be subject to approval by Poland's Financial Supervision Authority (KNF) or by any other public administration authorities, including in particular the authorities in jurisdictions where the Offering is to be promoted.</p> <p>Investors are encouraged to note that the Offering set out in the Prospectus is to be conducted exclusively in the territory of the Republic of Poland, and that the sole legally binding offer documentation drawn up for the purposes of the Offering, intended to provide information about the Group, the Offering and the Offered Shares, is the Prospectus with the annexes thereto, once approved by the KNF, the update announcements to the Prospectus, and the announcements of the final number of Offered Shares in the Offering, the final number of Offered Shares to be allocated to the various categories of investors, and the Final Price of the Offered Shares.</p>

<p><i>Eligible Investors</i></p> <p>The Offering is addressed to:</p> <p>Retail Investors</p> <p>Institutional Investors</p> <p>Non-residents intending to place subscription orders for the Offered Shares must be familiar with the relevant regulations applicable in the country of their origin and with the restrictions imposed on the distribution of the Offered Shares.</p> <p>Retail Investors may place subscription orders for just the New Shares. The various Institutional Investors may place their subscription orders for New Shares alone, Shares for Sale alone, or for both New Shares and Shares for Sale, as set out in the respective invitations to subscribe for the Offered Shares.</p> <p><i>Anticipated Time Schedule of the Offer</i></p> <p>The time schedule of the Offering is anticipated to be as follows (all dates are Warsaw time).</p>	
by 19 June 2017	conclusion of the conditional Placement Agreement commencement of the book-building process for Institutional Investors
20 June 2017	publication of the Prospectus setting out the Maximum Price (assuming that the supplement to the Prospectus setting out the Maximum Price is approved by 20 June 2017 at the latest)
26 June -3 July 2017	collection of subscription orders from Retail Investors
4 July 2017	completion of the book-building process for Institutional Investors decisions as to the final number of Offered Shares in the Offering, the final number of Offered Shares allocated to the various categories of investors, and the Final Price of the Offered Shares execution of the annex to the Placement Agreement setting out the Final Price of the Offered Shares for Retail Investors and Institutional Investors, the final number of Offered Shares in the Offering, and the final number of Offered Shares allocated to the various categories of investors publication of the Final Price of the Offered Shares for Retail Investors and Institutional Investors, the final number of Offered Shares in the Offering, and the final number of Offered Shares allocated to the various categories of investors
5-7 July 2017	Period in which subscription orders from Institutional Investors will be collected
10 July 2017	allocation of the Offered Shares
By no later than the business day directly preceding the date of the first listing of Admitted Shares and Rights to Shares on the WSE	registration of the Offered Shares and Rights to Shares in the respective Institutional Investors' securities accounts (subject to the data provided by the investors for the purposes of registering the Offered Shares in their securities accounts being complete and true) and registration of Rights to Shares in Retail Investors' securities accounts instructions to sell New Shares to Retail Investors placed via

	the WSE system
ca. 17 July 2017	<p>anticipated date of the first listing (floating) of the Admitted Shares (including the Shares for Sale and the Rights to Shares) on the WSE</p> <p>The above time schedule may change as some of the events referred to in it are beyond the control of the Company and the Selling Shareholder. The Company and the Selling Shareholder, to act in agreement with the Global Coordinator and in consultation with the Joint Bookrunner, reserve the right to amend the above time schedule of the Offering, in particular as regards the deadlines for collecting subscription orders for the Offered Shares. Changes of the deadlines envisaged in the Offering, if any, shall be communicated as required in Article 52 of the Public Offering Law, viz. in an update announcement published in the same manner as the Prospectus. If the Company and the Selling Shareholder decide that a given amendment of the time schedule of the Offering could have the potential to significantly affect the appraisal of the Offered Shares, this shall be communicated to the public with an supplement to the Prospectus (following its approval by the KNF) in accordance with Article 51 of the Public Offering Law.</p> <p>All changes in the dates of commencement and completion of subscription shall be made and communicated to the public by 15:00 hrs on the date of commencement or completion of the collection of subscription orders for the Offered Shares.</p> <p>New dates for the other events referred to in the time schedule shall be communicated to the public on the date of expiry of each given deadline at the latest, except in the event of an earlier completion of the book-building process for Institutional Investors which shall be communicated to the public by 15:00 hrs on such earlier date.</p> <p>Changes in the deadlines referred to in the Offering shall not be deemed a cancellation or abandonment of the Offering.</p> <p>If the decision to alter the time schedule of the Offering shall be taken subsequent to the completion of book-building but prior to the commencement of collection of subscription orders from Institutional Investors, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may repeat the book-building process after confirming whether their previously made declarations and invitation remain valid or not.</p> <p>The time schedule of the Offering may be changed only as long as the Prospectus remains in effect.</p> <p>Maximum Price</p> <p>The Company and the Selling Shareholder, acting in agreement with Global Coordinator and in consultation with the Joint Bookrunners, shall set the maximum issue price for the New Shares for the purpose subscription by Retail Investors (the “Maximum Price”). Having set the Maximum Price, the Company and the Selling Shareholder shall apply to the KNF for approval of the supplement to the Prospectus listing the Maximum Price. Assuming that the said supplement to the Prospectus listing the Maximum Price is approved by 20 June 2017, the annex shall be published on 20 June 2017 at the latest.</p> <p>A ballpark price range shall be provided for the purposes of bookbuilding for Institutional Investors; this shall not be disclosed to the public and shall be subject to change.</p> <p>Setting of the Final Price of the Offered Shares</p> <p>The final issue price of the New Shares and the final sale price for the Shares for Sale (together the “Final Price of the Offered Shares”) shall be set by the Company and the Selling Shareholder, respectively, in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, following the conclusion of bookbuilding for Institutional Investors.</p> <p>The final issue price for the New Shares shall be determined by the Management Board based on the Management Board authorization granted in the Issue Resolution.</p>

	<p>The Final Price of the Offered Shares shall be the same for the New Shares and the Shares for Sale subscribed for or acquired, as the case may be, by Retail Investors. The Final Price of the Offered Shares for Retail Investors shall not exceed the Maximum Price.</p> <p>The Final Price of the Offered Shares shall be the same for the New Shares and the Shares for Sale subscribed for or acquired, as the case may be, by Institutional Investors. The Final Price of the Offered Shares for Institutional Investors may exceed the Maximum Price.</p> <p>Information about the Final Price of the Offered Shares shall be published by the Company as required in Article 54(3) of the Public Offering Law, i.e. in the same manner as the Prospectus.</p> <p>As the Final Price of the Offered Shares is not indicated in the Prospectus, the Retail Investors and Institutional Investors who shall subscribe for the Offered Shares prior to the publication of the Final Price of the Offered Shares and information about the final number of the Offered Shares offered in the Offering and the final number of Offered Shares allocated to the various categories of investors (all this information to be published on the same date in accordance with the time schedule), shall have the right, pursuant to Article 54(1)(3) of the Public Offering Law, to withdraw their subscriptions, within two business days from the publication of the said information, by filing a written declaration with any of the customer service points operated by the investment company offering the Offered Shares with whom the subscription order was placed.</p> <p><i>Final Number of the Offered Shares</i></p> <p>The final decision as to the number of Offered Shares in the Offering, including the final number of New Shares offered by the Company as part of the Offering and the final number of Shares offered by the Selling Shareholder as part of the Offering shall be made by the Company (with regard to the New Shares) and the Selling Shareholder (with regard to the Shares for Sale) in agreement with the Global Coordinator and in consultation with the Joint Bookrunners by the date of setting the Final Price of the Offered Shares at the latest. The Company and the Selling Shareholder, likewise acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, shall also decide on the final number of Offered Shares to be allocated to the various categories of investors. The Company and the Selling Shareholder intend to offer ca 10% of the Offered Shares, all being New Shares, to Retail Investors.</p> <p>The Selling Shareholder and the Company may decide to reduce the respective numbers of Shares for Sale or New Shares in the Offering or abandon the Offering entirely.</p> <p>The final number of the New Shares shall be: (i) determined by the Management Board based on an authorization granted to it with the Share Capital Increase Resolution, or (ii) if the Management Board does not act upon the authorization referred to in the preceding point (i), this shall be 20,000,000 New Shares. As at the Date of the Marketing Document, the Management Board has still not decided whether to act upon the said authorization, which means that the final number of the New Shares is yet to be determined as of the Date of the Marketing Document.</p> <p>Information about the final number of Offered Shares in the Offering, including the final number of the New Shares in the Offering, the final number of the Shares for Sale in the Offering, and the final numbers of the Offered Shares intended for the various categories of investors shall be published together with information about the Final Price of the Offered Shares, as required in Article 54(3) of the Public Offering Law.</p> <p>As the final number of Offered Shares in the Offering is not listed in the Prospectus, the Retail Investors and Institutional Investors who shall subscribe for the Offered Shares prior to the publication of the Final Price of the Offered Shares and information about the final number of the Offered Shares put up for sale in the Offering and the final number of Offered Shares allocated to the various categories of investors, shall have the right, pursuant to Article 54(1)(3) of the Public Offering Law, to withdraw their subscriptions within two business days from the publication of the said information, by filing a written declaration with any of the customer service points operated by the investment company offering the Offered Shares with whom the subscription order was placed.</p> <p><i>Underwriting and placement</i></p>
--	--

	<p>Pursuant to the Placement Agreement with the Company and the Selling Shareholder the Global Coordinator and the Joint Bookrunner shall be obligated to place the offering without incurring a binding obligation (i.e. on the “best effort” basis). The Placement Agreement is expected to be concluded by 19 June 2017.</p> <p>Additionally, in the Placement Agreement, Mercurius Dom Maklerski sp. z o.o. will declare its willingness to act as a standby underwriter at the joint request of the Company and the Selling Shareholder.</p> <p>Standby underwriting services will be contingent on: (i) the Company and the Selling Shareholder jointly requesting in writing that such services be provided in accordance with the terms set out in the Placement Agreement, and (ii) Mercurius Dom Maklerski sp. z o.o. confirming receipt of the aforesaid request and acknowledging the terms set out therein.</p> <p>In accordance with the applicable provisions of the Placement Agreement regarding the tentative standby underwriting arrangement, Mercurius Dom Maklerski sp. z o.o. will confirm its willingness to provide standby underwriting services in relation to a block of the Offered Shares, where in each case the number of said shares will not be less than the lower of: (i) the number of Offered Shares worth in total PLN 80,000,000.00 according to the Final Price of the Offered Shares for Institutional Investors, or (ii) the number of Offered Shares representing 25% of the number of shares ultimately subscribed for and acquired in the Offering by Institutional Investors, in either case on condition that the Final Price of Offered Shares for Institutional Investors will be determined in the course of bookbuilding by and among Institutional Investors and that it will not be higher than a number being the quotient of PLN 2,700,000,000.00 divided into the total number of Shares inclusive of the New Shares issued.</p> <p>Additionally, if – once the bookbuilding process is completed –as a result of an initial allocation of Offered Shares to Institutional Investors who declared their interest in acquiring the Offered Shares during the bookbuilding process among Institutional Investors to Mercurius Dom Maklerski sp. z o.o., Offered Shares are initially allocated with a value lower than that declared by them, the obligation to offer standby underwriting services will be additionally reduced by the difference between the value of the Offered Shares declared by these investors and the value of the Offered Shares initially allocated to them.</p> <p>Stabilization</p> <p>The terms and conditions of the Offering do not anticipate any over-allotment or “green-shoe” options.</p> <p>Certain stabilization measures are expected to be put in place for the purposes of the Offering. That said, these measures will depend on whether or not the Selling Shareholder sells the Shares for Sale in the Offering. Namely, if the Selling Shareholder does not sell any Shares for Sale in the offering, no stabilization efforts will be undertaken.</p> <p>In connection with stabilization measures, the Selling Shareholder intends to sign a stabilization agreement (the “Stabilization Agreement”) with Pekao Investment Banking S.A. (the “Stabilization Manager”) on the day of determination of the Final Price in respect of the Offered Shares for Retail Investors and Institutional Investors and the ultimate number of New Shares offered by the Company in the Offering and the ultimate number of Shares for Sale offered by the Selling Shareholder in the Offering or on the day directly following thereafter.</p> <p>The Shares or Rights to Shares will be acquired in stabilization transactions in compliance with the MAR Regulation, the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures (the “Regulation 2016/1052”), and the Stabilization Agreement. Transactions involving the acquisition of Shares or Rights to Shares will be permitted within a period not longer than that specified in the Stabilization Agreement, i.e. no more than 30 calendar days starting from the day of the first floatation of the Shares on the WSE (the “Stabilization Period”) at a price not higher than the Final Price of Offered Shares to Institutional Investors. Notwithstanding the foregoing, the Stabilization Manager will not be obligated to undertake any stabilization measures. That</p>
--	--

	<p>said, if such measures are made by the Stabilization Manager, they may be ceased at any time prior to the end of the Stabilization Period. The purpose of the stabilization transactions will be to support the market price of the Shares/Rights to Shares in the Stabilization Period. As a result of stabilization transactions, the market price of the Shares or the Rights to Shares may be higher than in a situation where no stabilization measures would have been taken.</p> <p>It is expected that in accordance with the Stabilization Agreement, in connection with the plans to undertake stabilization efforts, the Selling Shareholder will grant a stabilization option to the Stabilization Manager whereby the Stabilization Manager will be entitled to sell and transfer to the Selling Shareholder Shares or Rights to Shares acquired by it as part of its stabilization measures at a price equal to the price at which these Shares or Rights to Shares had been acquired by the Stabilization Manager in the stabilization transactions at the WSE, with the proviso that this price will not be higher than the Final Price of Offered Shares for Institutional Investors. If the Stabilization Manager makes a decision to proceed with stabilization measures, it will transfer to the Selling Shareholder the Shares or the Rights to Shares acquired as part of the stabilization efforts, which may be effected in one or more transactions executed over a period of no more than 45 calendar days starting from the day of first listing of the Shares on the WSE.</p> <p>The stabilization option will involve the lower of: (a) no more than 10% of Offered Shares allocated in the Offering, or (b) no more than the total number of Shares for Sale finally sold within the offering by the Selling Shareholder.</p> <p>Information on the execution of the Stabilization Agreement will be divulged to the public in the form of an update release pursuant to Article 52(2) of the Public Offering Law. If: (i) the Stabilization Agreement is not executed, especially as a result of the Selling Shareholder not selling any Shares for Sale in the Offering, or (ii) if it is executed subject to terms and conditions materially different to those set out above or on a different date, and in the Selling Shareholder's estimation, the ensuing change in the terms and conditions of the Stabilization Agreement or its execution date could materially affect the price of the Offered Shares, this information will be divulged to the public in the form of an supplement to the Prospectus once approved by the KNF, in accordance with Article 51 of the Public Offering Law.</p> <p>Information on stabilization measures implemented will be relayed in accordance with the rules laid down in the MAR Regulation and the 2016/1052 Regulation.</p>
E.4 Entities involved in the Offering	<p><i>A description of any interest that is material to the issue/offer including conflicting interest</i></p> <p>The Managers and their affiliates may acquire or hold financial instruments issued by the Selling Shareholder, the Company, their affiliates or financial instruments related to the financial instruments issued by the above-mentioned entities. Each of the Managers will provide information regarding the acquisition of financial instruments issued by the Selling Shareholder, the Company their affiliates or financial instruments related to the financial instruments issued by the above-mentioned entities only if the obligation to disclose such information results from generally prevailing laws or regulations. In connection with the Offer each of the Managers or each of their affiliates may also, acting as an investor in its own right, purchase the Offer Shares under the Offer and then hold them, sell them or otherwise dispose of them. Each Manager shall only provide information about the acquisition of the Offer Shares or about entering into the transactions described above if the requirement of disclosing such transactions follows from peremptory provisions of the law or regulations. The remuneration of the Managers is related to the volume of funds obtained from the offer of the Offer Shares.</p> <p>Legal counsels of the Company, the Managers, the Selling Shareholder and the auditors engaged in connection with the Offering do not hold any material interests in the Company, in particular as at the date of the Marketing Document do not hold the Shares. The remuneration of the legal counsels is fixed and is not linked to the amount of the proceeds from the sale of the Offer Shares.</p> <p>Each of the Managers and their affiliates (including those affiliated as part of multinational or global organizations providing financial services) engages or could engage in activity in</p>

	<p>the scope of investment banking, securities, the management of investments and personal assets management. With regard to operations relating to securities, each of the Managers and their affiliates engages or could engage in of securities, trading in securities (on their own or their clients' behalf), brokerage services, currency exchange, trading on commodity exchanges and trading in derivatives (on their own or their clients' behalf), as well as the provision of brokerage services, investment banking services, preparation of analyses as well as financing services and financial counselling. To the extent permitted by the applicable provisions of law and the rules regarding any conflict of interest in relation to engaging in brokerage activities or within the framework of investment banking: (a) in the ordinary course of business related to trading in financial instruments, the provision of brokerage services or financing services, each of the Managers or their affiliates may at any time hold long-term or short-term investments, ensure the financing of investments, or may, on its own or their clients' behalf, engage in trading or otherwise structure or carry out transactions concerning debt or equity securities or preferential loans of any entity engaged in the Offer or in transactions concerning any currencies or commodities related to the Offer or transactions concerning any related derivative instruments; (b) each of the Managers and their affiliates, their directors, members of management and supervisory bodies may at any time invest on their own behalf in or manage funds investing on their own account in debt or equity securities issued by any entity engages in the Offer, in any currencies or commodities related to the Offer or any related derivatives; (c) each of the Managers and their affiliates may at any time perform, in the ordinary course of business, brokerage services for the benefit of any entity engaged in the Offer.</p>
<p>E.5 The selling shareholder; Lock up</p>	<p><i>First and last name (business name) of an individual/entity offering securities for sale.</i></p> <p>Selling Shareholder</p> <p>The Offered Shares are offered for sale by DNLD Holdings B.V. with its registered office in Amsterdam, the sole shareholder of the Company.</p> <p>Contractual restrictions in the marketability of the Shares</p> <p><i>Selling Shareholder</i></p> <p>In the Placement Agreement the Selling Shareholder shall undertake towards the Global Coordinator and the Joint Bookrunners that in the period from the conclusion of the said agreement until the lapse of 360 days from the date of the first listing of the Company's Shares on the WSE, save for the following events: (i) a reply to a public tender offer to subscribe for the sale or swap of Shares, (ii) disposal of the Shares in the Company to an entity controlling the Selling Shareholder or any entity controlled by the entity controlling the Selling Shareholder (on condition that this entity incurs a matching "lock-up" commitment in respect of the Company Shares for the remainder of the period until the Selling Shareholder's commitment expires), (iii) implementation by the Company of a Corporate Group senior management incentive plan on condition that the terms and conditions of this plan are in keeping with the prevailing market practice, and the Selling Shareholder owns less than 66% of the total number of votes exercisable at the general meeting of the Company as at the record date on which the right to participate in the general meeting held to adopt a resolution on the incentive plan will be determined, neither the Selling Shareholder nor any of its subsidiaries or affiliates with respect to which the Selling Shareholder exercises control arising from its right to appoint members of governing bodies of such a subsidiary or affiliate, or from a management agreement, or from the fact of holding the majority of the total number votes at the general meeting or the shareholders meeting of such a subsidiary or affiliate, nor any person acting on its behalf shall, without a written consent of the Global Coordinator or the Joint Bookrunners, offer, sell, encumber or dispose in any other manner whatsoever, or announce an issue, offering, sale or disposal or any intention of the same to the public, or undertake any actions which lead to or may result in the issue, offering, sale or disposal of the Shares or financial instruments exchangeable or convertible to the Shares or enabling to receive the same through exercise of rights attached to such financial instruments, other rights enabling to acquire the Shares or any other securities or financial instruments, the value of which is determined directly or indirectly by reference to the price for the above securities serving as a base instrument, including stock swaps, futures contracts and options.</p>

	<p>Additionally, the Selling Shareholder shall undertake that in the same period it shall not, without consent of the Global Coordinator or the Joint Bookrunners, conclude any other transaction which may result in an issue, offering, sale or disposal of financial instruments similar to the Shares.</p> <p>Company</p> <p>In the Placement Agreement the Company shall undertake towards the Global Coordinator and the Joint Bookrunners that in the period from the conclusion of the said agreement until the lapse of 180 days from the date of the first listing of the Company's Shares on the WSE, except the implementation by the Company of a Corporate Group senior management incentive plan on condition that the terms and conditions of this plan are in keeping with the prevailing market practice, and the Selling Shareholder owns less than 66% of the total number of votes exercisable at the general meeting of the Company as at the record date on which the right to participate in the general meeting held to adopt a resolution on the incentive plan will be determined, neither the Company nor any of its subsidiaries or affiliates with respect to which the Company exercises control arising from its right to appoint members of governing bodies of such a subsidiary or affiliate, or from a management agreement, or from the fact of holding the majority of the total number votes at the general meeting or the shareholders meeting of such a subsidiary or affiliate, nor any person acting on its behalf shall, without a written consent of the Global Coordinator or the Joint Bookrunners, offer, sell, encumber or dispose in any other manner whatsoever, or announce an issue, offering, sale or disposal or any intention of the same to the public, or undertake any actions which lead to or may result in the issue, offering, sale or disposal of the Shares or financial instruments exchangeable or convertible to the Shares or enabling to receive the same through exercise of rights attached to such financial instruments, other rights enabling to acquire the Shares or any other securities or financial instruments, the value of which is determined directly or indirectly by reference to the price for the above securities serving as a base instrument, including stock swaps, futures contracts and options.</p> <p>The Company shall undertake towards the Global Coordinator and the Joint Bookrunners that in the period from the conclusion of the said agreement until the lapse of 180 days from the date of the first listing of the Company's Shares on the WSE, the Company shall not (and shall also procure that its subsidiaries and affiliates, with respect to which the Company exercises control arising from its right to appoint members of governing bodies of such a subsidiary or affiliate, or from a management agreement, or from the fact of holding the majority of the total number votes at the general meeting or the shareholders meeting of such a subsidiary or affiliate, shall not), without a written consent of the Global Coordinator or the Joint Bookrunners, acquire or publicly announce its intention to acquire the Shares, or to reduce or publicly announce its intention to reduce its share capital.</p> <p>Additionally, the Company shall undertake towards the Global Coordinator and the Joint Bookrunners, that in the same period it shall not, without consent of the Global Coordinator or the Joint Bookrunners, conclude any other transaction which may result in an issue, offering, sale or disposal of financial instruments similar to the Shares.</p>
E.6 Dilution	<p><i>The amount and percentage of immediate dilution resulting from the offer.</i></p> <p>If the Offer is completed and assuming that all the New Shares will be offered and subscribed for, then as a result of the Offer, shares of current shareholders in the share capital of the Company and in the total number of votes at the General Meeting will be diluted. After the registration of the increase in the share capital arising from the issue of the New Shares, the Existing Shares, which currently represent 100% of the Company's share capital and the total number of votes at the General Meeting will represent 80% of the Company's share capital and the total number of votes at the Company's General Meeting.</p>
E.7 Estimated expenses charged to the investor	<p><i>Estimated expenses charged to the investor by the issuer or the offeror.</i></p> <p>The Company and the Selling Shareholder will not charge any fees to the entities placing subscriptions for the Offer Shares. However, the amount paid in by the investor at the time of placing the subscription may be increased by a commission, if any, of the investment company accepting the subscription, in accordance with the rules of such an investment</p>

	company.
--	----------

RISK FACTORS

Before making an decision to invest in the Offer Shares or the Rights to Shares, investors should carefully analyze and weigh all the risk factors discussed below, as well as all the remaining information contained in the Marketing Document. The materialization of even only a part of the risks described herein may have a material adverse effect on the business, results, condition or development prospects of the Group. As a result of the materialization of one or more of the risks described herein, the market price of the Offer Shares or Rights to Shares may decrease, exposing the investor to the risk of all or part of the monies invested by them. The order in which the risk factors are listed is no indication of their materiality, probability of their materialization or potential impact on the Group's business. The risk factors presented below do not need to be the only risks which the Group may be facing and which investors should take into account when taking investment decisions. Investors should in particular carefully weigh the risks inherent in the investment before deciding, on their own or upon consulting appropriate legal, tax, financial, investment or other advisers whether the investment is worthwhile in light of such advice.

Risk factors related to the Group's business and the industry in which the Group operates

Risk related to macroeconomic cycles

The activity of the Group and the level of its financial results depend both directly and indirectly from macroeconomic variables, such as, without limitation, the pace of economic growth, unemployment rate, inflation, the level of interests rates, as well as the fiscal and monetary policies.

An unstable situation on the financial markets or an economic downturn may temporarily reduce the availability of external financing, which in the longer term may lead to the slowing down of the Group's involvement in new investments. Furthermore, an economic downturn will cause an increased supply of non-performing debt, which translates into lower prices thereof, but on the other hand the rate of recovery of debt also suffers. Meanwhile, when the economy is growing, debt recovery rates improve but so does the cost of acquisition of same.

Receivables acquired from banking sector entities constitute a large majority of receivables making up the investment portfolios managed by the Company. As at 31 March 2017 the nominal value of the debt acquired from banking sector entities and making up the investment portfolios managed by the Company accounted for approximately 81.6% of the nominal value of all the receivables making up the investment portfolios managed by the Group. As a result, the situation of the banking sector also has a material indirect effect on the results of the Group's operations. In particular, lower lending by the banks may impact the supply of debt portfolios available for sale, and this may in turn affect the revenue earned by the Group.

Negative changes of the overall macroeconomic situation may translate into a deterioration of the rate of debt collection by the Group and the supply of debt portfolios available for purchase, which may lead to a drop in the Group's revenue and a deterioration of its financial situation, and may consequently have a material adverse effect on the business, results, condition or prospects of the Group.

Risk of the Group failing to reach its key business objectives

The chapter "Business Overview—Strategy" presents the Group's key business objectives. The implementation and attainment of these objectives depend on a number of factors that are beyond the Group's control, in particular the market situation, the economic and social environment, force majeure events, the availability and the terms of financing, changes in the provisions of the law or the manner in which they are construed by the law enforcement agencies, the activities of regulatory bodies, the decisions made by the General Meeting of the Company, as well as the strategy and the operations of the Group's main competitors.

Furthermore, when assessing the probability of the implementation of key business objectives by the Group it is impossible to rule out errors being made by the persons responsible for implementing these objectives, in particular errors in assessing the market situation but also in identifying the right investments, including investments in debt portfolios acquired by closed-end investment funds, whose investment portfolios, including debts, are managed by the Company, which may lead to the adoption of bad investment decisions. It can neither be ruled out that the implementation of individual moves or investments within the framework of key business objectives may fail to produce the desired results in the expected time frame or may not materialize at all or result in losses.

A delay or the inability to meet the key business objectives by the Group may have a material adverse effect on the Group's operations and the financial results obtained. Failure to implement the assumptions concerning

projects or investments or the financing arranged to this end may lead to a drop in revenue and a deterioration of the Group's financial results or even to the incurring of a financial loss by the Group.

If unforeseen obstacles appear on the road to the implementation of the Group's key business objectives, the Group may not attain or may only attain with a delay its targets or expected benefits. Besides, the Group may be unable to reach its objectives in full due to the lower than estimated internal operating capacity of resources. Neither can it be ruled out that the objectives pursued by the Group will transpire to be ineffective or that they will not be properly implemented, which may lead to the attaining of results that will be inferior to the anticipated ones or to such results not being attained at all.

The Group's failure to implement its key business objectives, incorrect implementation of these objectives or irregularities in the assumptions of these objectives have a material adverse effect on the business, results, condition or prospects of the Group.

Risk related to growth of the cost of the Group's operations

The Group faces the risk of growth of the costs of its operations. The growth of the Group's operating costs could in particular be caused by the growth of the following cost items: (i) the cost of fees, in particular court, notarial or bailiff's fees; (ii) the cost of postal fees, banking fees or other processing fees related to money services; (iii) labor costs and costs of services provided to the Group by persons on a regular basis; (iv) financing costs, including the cost of issue and servicing of debt securities; (v) administrative costs and the costs of telecommunications, postal, data archiving and digitization services; (vi) costs of maintenance services or (vii) costs of consultancy and expert analysis.

The growth of the cost of any of the items listed above may have a material adverse effect on the business, results, condition or pace of growth or development prospects of the Group.

Risk related to competition

The Group operates on a market characterized by strong growth over the last few years, with several dominant players. One characteristic feature of the debt management market is the financial advantage of large entities whose shareholders command strong financial backing. The suppliers of industry players (e.g., banks, telecom operators) typically cooperate with a number of entities from an industry who compete with one another. As at date of the Marketing Document, there was a group of entities on the market competing with the Group, specializing in debt recovery on demand and, to a smaller extent, in the segment of acquiring debt portfolios and seeking to recover them at their own risk. However, it cannot be ruled out that these entities will expand their activity and focus on acquiring debt portfolios. An increase of the equity held by the competitors, also through increased activity in obtaining equity on the public market, especially in the context of their ability to acquire new debt portfolios, may translate into higher prices of debt portfolios offered for sale on the market. Similar effects could be the result of the entry on the Polish market of foreign entities specializing in acquiring debt portfolios, capitalizing on large experience and low-interest sources of financing, or of the emergence on the Polish market of new competitors, building their own history of debt package recovery, which could force the Group to offer higher prices in the auctions for the sale of new debt portfolios.

Due to the activities of competitors or due to a Group decision ensuing from the valuations of debt portfolios being offered on the market, it may happen that for a period of time the Group will not be purchasing new debt portfolios if it deems the prices expected by the sellers to be exaggerated, which may result in a periodic scaling down of the Group's operations. This may consequently have a material adverse effect on the business, results, condition or prospects of the Group.

Risk of losing key personnel

The Group operates in an industry in which human resources and employee skills constitute a material asset and one of the most important factors of success. The Company views its managerial personnel as one of its competitive advantages (see the chapter "*Business Overview—Competitive strength—One of the most experienced and innovative management teams*"). When carrying out its business, the Group uses the knowledge, skills and experience of its employees. The key persons for the Group's business are Management Board members, who make decisions of key importance to the business. Also important for the Group's operations are other officers or advisers of the Group, including in particular persons in charge of individual organizational units.

The departure of even only some of the persons who are crucial for the Group's business may have an adverse effect on the operations and consequently the business, results, condition or prospects of the Group.

Risk of labor turnover

The majority of the Group's employees are persons employed in operating positions (e.g., call center operator, specialist in locating contact data). The Group cannot rule out a significant growth of labor turnover, including turnover involving persons employed in operating positions, which may be attributed to a number of reasons, including the growth of competition, also in terms of the level of pay offered by the Group's competitors, as well as situations where the actions taken by the Group to arrest the growth of labor turnover turn out to be unsuccessful. Therefore there is a risk of losing employees, in particular those employed in operating positions, and the ensuing growth of the labor turnover rate, which may lead to a weakening of the organizational structure on which the Group's operations are based, and a drop in efficiency in the period of inducting new hires to their duties. Such a situation may also upset the stability of the Group's operations and require the hiring of new employees, which may require the Group to offer higher pay.

An inability to retain the employed persons or recruit new employees may have a material adverse effect on the business, results, condition or development prospects of the Group.

Possibility of disruption of operations and downtime of IT systems

In its operations the Group uses advanced IT systems based on modern technology, enabling it to automate processes and maximize efficiency, whose operation may be disrupted by system errors or malfunctioning. Part of the computer systems used by the Group may also be exposed to attack by third parties. The security systems implemented by the Group and the actions and procedures aimed at minimizing the risk of malfunctioning or of compromising the IT systems security may prove to be ineffective and the malfunctioning or compromising of the IT systems security may threaten the continuity of operation of these systems (or even cause a disruption of operations) and the confidentiality and integrity of the data processed in them, and therefore may have a material adverse effect on the business, results, condition and prospects of the Group. Additionally, the Group may experience difficulties in anticipating and implementing technological changes in time, which may lead to additional costs. The costs of improvements may be higher than expected or it may be the case that the management will be unable to pay sufficient attention to this area of the Group's operations. The Group is not in a position to assure that it will have the necessary capital resources to invest in advanced technologies designed to solicit and process information pertaining to debt. If the Group is no longer able to solicit, gather or use such information and data in an appropriate manner or area in which they are currently solicited, gathered or used, due to the lack of funds, regulatory restrictions, including personal data protection regulations or any other reason, it may have a material adverse effect on the business, results, condition and prospects of the Group.

Risk related to copyright to software used by the Group

In its operations the Group uses software with regard to which it obtained a license or proprietary rights from third parties, as well as placing orders for software development with external providers of such services. The legal grounds for the use of such software by the Group are appropriate license agreements or agreements on the transfer of proprietary rights. The Group cannot guarantee that in each instance the acquisition of the rights to use the software was effective or that its scope was sufficient, or that third parties will not advance claims against Group companies, alleging a breach of their intellectual property rights, or that the defense of the right to use such software by the Group will be successful. Neither can it be guaranteed that in every instance the Group will be able to extend the term of the license and, therefore, to continue using the given software once the original term of the license has run out. Additionally, within the framework of own work on proprietary IT solutions, conducted with the participation of persons cooperating with Group companies under civil-law contracts, it is not possible to rule out a situation in which doubts may arise as to whether the Group companies have effectively acquired or acquired within the requisite scope the proprietary rights to IT solutions devised by such persons. The Group may therefore risk that third parties will lodge claims regarding the software used by the Group, which, if found to be legitimate, may have a material adverse effect on the business, results, condition and prospects of the Group.

Risk of downtime at Group's service providers

As it engages in business activity, the Group uses the services of external parties, including in particular enterprises providing postal or telecommunications services or banking services. In the event of interruptions, strikes, system errors, failures, loss of equipment or software, or an attack on such entities' computer systems by third parties, the Group may face the risk of disruption of its operating activity, especially with regard to making payments, access to court institutions or bailiffs, registers of debtors, data of debtors or other data, which could consequently affect the reputation of the Group and the loss of custom, as well as having a material adverse effect on the business, results, condition and prospects of the Group.

Risk of actions damaging the Group's image

The Group's activities depend in a large measure on the preservation of the reputation it has among the sellers of debt (and banks in particular), investment fund management companies and the debtors. The Group cannot guarantee that it will keep its current reputation. A deterioration or a loss of the Group's reputation may ensue from circumstances that are beyond the Group's control, e.g., from a deterioration of the reputation of the industry in which the Group operates, and could also be connected directly to the Group's operations, e.g., in the case of abuses or breaches resulting in losses incurred by the Group, as well as the materialization of other risks described in this chapter. The loss of confidence in the Group by its trading partners may translate into a negative perception of the Group and its operations, and this may in turn hamper the process of obtaining new trading partners interested in the sale of the debt portfolios, as well as the maintaining of relations with the current partners, which in extreme circumstances could result in the Group's absence from auctions for the sale of further debt portfolios organized by both the current and the future trading partners.

Furthermore, due to the nature of the Group's operations, i.e. the recovery of debt from natural persons who will often be in a difficult financial situation or generally in distress, the Group faces the risk of attracting media attention or of the dissemination in other manner of information that is untrue or unfavorable from the point of view of the image projected by it regarding its relations with indebted persons, which may affect the perception of the Group's credibility by its current or prospective trading partners.

A deterioration or loss of reputation by the Group may have a material adverse effect on the business, results, condition or development prospects of the Group.

The possibility of declaration of bankruptcy by consumers

On 31 December 2014 the Act of 29 August 2014 amending the Bankruptcy and Rehabilitation Law, the National Court Register Act and the Act on court fees in civil cases (Dz. U. of 2014, item 1306) came into force, ushering in changes in the consumer bankruptcy regulations which were in force since 2009. This amendment significantly increased the possibilities of declaration of bankruptcy by consumers. The bankruptcy declaration procedure is highly formalized, time-consuming, and requires that a number of conditions be met by the natural persons concerned, one of them being the disclosure and estimation of the value of its whole assets. In principle, a declaration of bankruptcy does not result in all the liabilities of the bankrupt person being annulled. Part of them must be regularly repaid by him on the terms defined in a repayment plan, which is determined by the court upon hearing the creditors, among others. Therefore the creditors (e.g., closed-end investment funds, whose investment portfolios involving debt are managed by the Company) may impact the content of the bankrupt person's repayment plans and the exercising of control over such person's compliance with the decisions concerning the repayment of liabilities. As at date of the Marketing Document the Group recorded 2,655 instances of consumer bankruptcy among the persons indebted to closed-end investment funds, whose investment portfolios involving debt are managed by the Company. There is a risk that in the event of the proclamation of bankruptcy of a consumer who is a person that is indebted to closed-end investment funds, whose investment portfolios involving debt are managed by the Company, the final amount of debt repaid by such an indebted person may turn out to be lower than in the case of debt being recovered by the Group from an indebted person whose consumer bankruptcy was not proclaimed.

A growth of the number of consumer bankruptcies among persons indebted to the Group may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk of loss or disclosure of data of indebted persons connected with personal data processing

The Group handles debt portfolios purchased from the original creditors, therefore it also obtains access to the particulars of the indebted persons, which are protected under the Personal Data Protection Act. The processing of personal data in the Group takes place on the basis of the principles laid down by the law, in particular the Personal Data Protection Act. In connection with the Group handling individual matters related to debt recovery, there is a risk of unauthorized disclosure of personal data, e.g. as a result of unlawful actions by Group employees relating to the copying of data with the use advanced technology or the risk of loss of data due to failures of the Group's IT systems.

In the event of a breach of the personal data protection regulations, the Group may face criminal or administrative sanctions imposed on it or on members of corporate bodies of Group companies. Unlawful disclosure of personal data may also lead to civil claims being raised against the Group, in particular claims over a breach of personal rights.

A breach of the regulations governing the protection of personal rights may also adversely affect the reputation or credibility of the Group, which may lead to an erosion of the Group's client base, and this may in turn have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to the performance of the judiciary system and enforcement by bailiffs

The Group's business also involved debt recovery through court proceedings. Any delays attributable to the judiciary bodies may cause unexpected delay in the dates of final resolution of the debt recovery processes involving courts. For debt portfolios that became due and payable more than three years before the filing of the claim or in the case of a complaint against a writ of payment issued through Electronic Writ-of-Payment Proceedings being filed by the debtor the court proceedings are conducted in the traditional way, before a court, according to the debtor's place of residence or registered office. If, therefore, the closed-end investment funds whose investment portfolios comprising debts managed by the Company, acquire portfolios that are more than three years overdue, this may lead to an increase in own costs. In connection with the changes with regard to the possibility of choosing a court bailiff, there is a risk that enforcement proceedings conducted at the creditor's request will be more scattered. This may hamper the managing of the enforcement process and increase its costs, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Incorrect valuation of debt portfolios offered on the market

The Group's core business includes, without limitation, acquiring debt portfolios on the account of its own closed-end investment funds (i.e., closed-end investment funds fully consolidated by the Company) or external closed-end investment funds (i.e., closed-end investment funds not consolidated by the Company or reported under the equity method by the Company), whose investment portfolios comprising debt are managed by the Company. The level of revenue obtained by the Group from the debt portfolios acquired depends on the proper evaluation of the quality and economics of the portfolios of non-performing debt acquired from the point of view of the likelihood of effective recovery of the debt from the indebted persons at an assumed level of costs. The level of revenue attained by the Group on account of the debt portfolios being acquired depends on preparing a proper assessment of the quality and economics of the portfolios of irregular debt purchased, based on the probability of effective recovery of debt from indebted persons at a predetermined cost level. When making a valuation of the packages the Group takes into account the possibility of obtaining the anticipated rate of return on the capital invested, while making certain assumptions regarding collections (the monies recovered from debt portfolios through the debt management process pursued by the Group) and the costs to be incurred in connection with it, based on historical data concerning similar portfolios already handled by the Group (reference portfolios).

A faulty evaluation of a portfolio's quality may cause the financial results being posted by the Group to be lower than projected previously. An assessment of the appeal of debts offered for purchase on the market depends on a number of important factors, therefore a flawed estimate of the impact of each such factor on the credit risk of the given portfolio may translate into its incorrect valuation.

Any errors made at the time of valuation, a lower than anticipated operational efficiency, the imperfect nature of analytical models and tools for analyzing the data used by the Group for the purpose of valuation of debt portfolios, as well as changes in the economic situation may cause the actual proceeds and expenditures to differ from what was originally expected. If the acquired debt portfolios do not generate the anticipated cash flow in the time span assumed by the Group, it may be necessary to reassess the value of the debt portfolios held and accept a lower than expected rate of return on investment (see also the risk factor "*Value of purchased debt portfolios may decrease*" below).

The Group cannot rule out that the growth of competition on the market on which it operates will lead to a significant growth of the prices of debt portfolios (see also the risk factor "*Risk related to competition*" above). The acquisition of new debt portfolios at markedly higher prices can in turn translate into a material reduction of the margins realized on them.

The occurrence of any of the events described above may have a material adverse effect on the business, profit, condition or development prospects of the Group.

Impairment of the purchased debt portfolios

The Group's business involves purchasing, on the account of its own or external closed-end investment funds whose investment portfolios involving debt are managed by the Company, portfolios of non-performing consumer debt, among other things. In principle, the whole debt being purchased is made up of the balances of accounts with regard to which the original creditor already attempted to recover the debt, which was

subsequently deemed to be unrecoverable and was written off. A debt is acquired at a discount, for a price that is equal to only a part of its nominal value. When it buys a given debt portfolio, the Group estimates that the aggregate amount of recoverable debt will exceed the purchase price of the given debt portfolio. However, it is impossible to rule out the risk that the amounts actually recovered will be less than the amounts expected by the Group, in particular, with regard to a given debt portfolio, the Group may obtain an amount that will be lower than the price paid to purchase the given portfolio. Any event that leads to an impairment of the debt acquired, in particular the inability of the debtors to repay their debts, may have a material adverse effect on the business, financial situation, results or prospects of the Group.

Due to the time-consuming nature of the process or recovery of the debt acquired within the portfolios, the Group may be unable to identify in time the economic trends or introduce changes to its approach to debt portfolio acquisition. This may result in an impairment identified following the acquisition of a debt portfolio. The review of the given debt portfolio and the analytical models and tools used by the Group to analyze data may fail to identify the changes being made by the original creditors in the quality of the debt portfolios which they are selling. If the price of the debt portfolios purchased is too high, and consequently the value of the acquired debt portfolio and the Group's cash flow from debt recovery activities are lower than expected, this may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk of delayed or incorrect valuation of lack of valuation of own closed-end investment funds

Assets of closed-end investment funds fully consolidated by the Company are subject to valuation and the net asset value and the net asset value per one investment certificate of the given fund are subject to determination in accordance with the provisions of the Accounting Act and the Ordinance on the Special Rules of Accountancy for Investment Funds by deadlines ensuing from the charters of the individual funds. The Act on Investment Funds and the Management of Alternative Investment Funds requires that a valuation be made by an independent external valuer. The effecting of a valuation is the responsibility of the investment fund management company, and in practice such valuation is typically made by a specialized autonomous entity, to which the investment fund management company entrusts the valuation of the assets of the given fund, while the depository is obliged to see to it that the valuation be made in accordance with the provisions of the law and the charter of the given fund. The absence of valuation constitutes a breach of the regulations which make it mandatory to obtain one.

The lack of a valuation or a delayed or incorrect valuation may result in the absence of up-to-date or realistic information about the value of investment certificates, which may be important from the point of view of the participants in the given fund wishing, for example, to dispose of their certificates, or from the point of view of the redemption of the certificates or the conducting of a new issue of same. In practice, the lack of a valuation or a delayed valuation may cause a delay in implementing such processes. An incorrect valuation may result, for example, in the redemption price of the investment certificates of the given fund being set below their actual value. The lack of a valuation or an incorrect valuation result in the necessity of making adjustments and determining the correct value of the assets of the given fund. The lack of a valuation or an erroneous or delayed valuation constitute grounds for joint and several liability for damages of the investment fund management company and the entities to which the company entrusts the preparation of the valuation, for the benefit of the participants of the given fund. The lack of a valuation or an incorrect valuation may result in the Company's liability defined in the relevant provisions of the law. Furthermore, the materialization of any of the events listed above related to the process of valuation of own closed-end investment funds may cause a loss or a deterioration of the reputation of the Company or the Group.

Such occurrences may therefore have a material adverse effect on the business, results, condition or prospects of the Group.

Own closed-end investment funds may exceed investing limits

The Group faces the risk of exceeding the limits set forth in the binding provisions of the law or in the charters of closed-end investment funds and of excessive involvement in one sector of the market, one type of debt or other assets by its own closed-end investment funds, which may have adverse financial consequences for the Group in the event of a decrease in the value of the assets held by such funds or of changes on the debt market. The risk of exceeding investing limits may materialize as a result of an investment decision of the investment fund company managing the given closed-end investment fund or be due to a passive change of the value of the assets.

The exceeding of investing limits by the Group's own closed-end investment funds may therefore have a material adverse effect on the business, results, condition or development prospects of the Group.

The Company may lose the management of investment portfolios comprising the receivables of closed-end investment funds

Within the framework of its operations, under engagement agreements entrusting to it the management of investment portfolios, comprising debt, of closed-end investment funds, the Company manages investment portfolios comprising the debts held by these funds, in particular with regard to the acquisition of debt portfolios and engaging in debt recovery. As at date of the Marketing Document the Company managed investment portfolios comprising debts held by 22 funds (see also the chapter “*General Information on the Group—Structure of the Group—Non-standard closed-end securitization investment funds*”). The Company submitted a notice of termination of the engagement agreement for the management of a part of the investment portfolio of Open Finance Wierzytelności Detalicznych NSFIZ comprising securitized debt on 5 June 2017. The agreement will be terminated effective 5 September 2017 (see chapter „*Operating and Financial Review—Trends and significant events after the balance sheet date—Material events after the balance sheet date*”).

Under the portfolio management agreements, the Company receives a remuneration, in most instances calculated as a percentage of net proceeds from the debt, while in part of the agreements the remuneration is defined as a combination of remuneration calculated as an indicated: (i) percentage of the net asset value of the said closed-end investment fund over one year; and (ii) a percentage of the net proceeds from the debt (see chapter „*Business Overview—Material agreements—Agreements concluded in the ordinary scope of Group’s business—Engagement agreements for the management of investment portfolios comprising receivables of closed-end investment funds concluded by the Company with investment fund management companies*”).

The Company cannot rule out that in the future the closed-end investment fund investors whose debt portfolios are managed by the Company, or the investment fund management companies themselves which manage these funds may take actions aimed at terminating the agreements with the Company and commissioning other entities to manage investment portfolios comprising these funds’ debt. The termination of such agreements or of a part of them might lead to the scaling down of the Group’s operations (due to the drop in the number of investment portfolios comprising debt managed by the Company), and could also have a material adverse effect on the Group’s revenue from this kind of activity. There can be no certainty either that the Company will be able to secure the managing of investment portfolios comprising debt of other closed-end investment funds in the future.

As a result, the occurrence of any of the risks enumerated above may have a material adverse effect on the business, results, condition or development prospects of the Group.

The Group may face contractual and warranty liability towards investment fund companies or closed-end investment funds

The Company is party to cooperation agreements, engagement agreements concerning the management of investment portfolios involving debt of closed-end investment funds and guarantee agreements signed with investment fund management companies in connection with the establishment of closed-end investment funds, whose investment portfolios involving debt are managed by the Company, and the management by the Company of such funds’ investment portfolios. Getback Law Firm is party to agreements on the provision of legal services, signed with closed-end investment funds, whose investment portfolios involving debt are managed by the Company. The agreements referred to in the preceding sentences are described in the chapter “*Business Overview—Material agreements—Agreements concluded in the ordinary scope of Group’s business.*”)

Under the agreements the Company incurred liabilities related to the acquisition of investment certificates of the given closed-end investment fund or the procuring of the placing of subscriptions for the investment certificates of such a fund by investors along with paying for these certificates, as well as to the effecting of new issues of investment certificates by the given fund in the instances specified in the given agreement. Some of these agreements provide for the Company’s obligations equivalent to guarantees, which are included there in order to secure the liquidity of the given closed-end investment fund or a certain guaranteed rate of return for the benefit of participants in the fund other than the Company. The guaranteed rate or return varies from 5.00%-6.00%, depending on the fund. In the event of repayments by debtors and debt collections being lower than anticipated, the Company may be unable to meet its obligations under warranty agreements. In such an event the Company will have to inject additional capital to the fund or make additional distributions to other fund participants.

In addition, the agreements signed impose on the Company a contingent liability for damages for the benefit of the given investment fund management company in the event of such company incurring losses due to the Company’s acts or omissions, as well as the obligation for the Company to reimburse the value of financial penalties imposed on the given investment fund management company or any claims against such management company related to acts or omissions for which the Company is responsible. The Company may also face liability for damages in the event of failing to cooperate with other entities providing services to the given closed-end investment fund or of failing to deliver in due course the documentation related to the management of

such fund's portfolio after the termination of the portfolio management agreement. Furthermore, pursuant to the agreements signed by Getback Law Firm, the value of financial penalties imposed by the competent authorities on the investment fund management company which manages the given fund and the claims against such management company related to its acts or omissions for which the law office is responsible, must be reimbursed by the latter.

Any breach of the provisions of the agreements referred to above by the Company or Getback Law Firm, or the requirement that the Company fulfills warranty obligations, leading to liability for damages referred to above, may involve the need of significant financial expenditures by the Company, which may have a material adverse effect on the Group's financial situation. Furthermore, it cannot be ruled out that the occurrence of the situations indicated above may have a material adverse effect on the Group's relations and cooperation with investment fund companies and in an extreme case may lead to the Company losing the management of investment portfolios involving debt of closed-end investment funds or the inability of the Company to secure in the future the management of such investment portfolios of new closed-end investment funds (see the risk factor "*The Company may lose the management of investment portfolios comprising the receivables of closed-end investment funds*" above).

As a result, the materialization of any of the risks indicated above may have a material adverse effect on the Group's business, results, condition or development prospects.

The willingness to sell debt portfolios may decrease

The creditors' willingness to sell the debt portfolios held by them is an important market parameter that influences the Group's operations. The Group's trading partners use a wide range of debt recovery methods. The risk exists that their willingness to sell debt portfolios will change, i.e., the volume and value of debt which the creditors seek to recover using their own resources may increase. A decrease in the trading partners' willingness to sell debt may reduce the supply of debt portfolios available for purchase, and this in turn may have a material adverse effect on the Group's revenues.

If the Group is unable to invest in a suitable number of attractive debt portfolios and achieve the anticipated rate of return, it may be unable to maintain the cash flows generated by the debt portfolios it services at an adequate, which may affect the Group's ability to acquire subsequent debt portfolios available on the market. Moreover, the Group may as a consequence have difficulties in covering its fixed costs and therefore be forced to reduce staff handling the debt collection or undertake other actions to curb costs. Such changes may disturb the Group's operations, decrease its productivity and result in it incurring excessive costs due to an unused areas of the Group's premises. Any such change may have a material adverse effect on the Group's business, results, condition and development prospects.

Risk of dependence on key sellers of debt portfolios

As at 31 March 2017 the nominal value of the debt acquired from banking sector entities, making up the investment portfolios managed by the Company, accounted for approximately 81.6% of the nominal value (as at purchase) of all the debt making up the investment portfolio managed by the Company. As at 31 March 2017 the nominal value of the debt acquired from telecommunications sector entities (i.e., entities providing mobile phone services, Internet, digital TV, etc.) accounted for approximately 8.1% of the nominal value of all the debt making up the investment portfolios managed by the Company.

When it comes to obtaining debt portfolios, the Group, similarly as other players from this industry, largely depends on the supply of debt portfolios generated by the banking sector. Entities from the Group have exclusivity agreements with some trading partners regarding periodic sales of debt portfolios (see chapter "*Business Overview—Group's business—Selection and acquisition of debt portfolios—Acquisition of debt portfolios*"). In respect of the majority of trading partners, especially those from the banking sector, if the Group is willing to acquire new debt portfolios from such entities, it has to take part in auctions for the sale of new debt portfolios. Additionally, unfavorable economic conditions and any problems faced by financial institutions as their result or consolidation processes in the banking sector may have an adverse effect on the Group by decreasing the scale of the business of financial institutions. Furthermore, the unfavorable economic environment may discourage financial institutions from offering loans and advances to their clients, and thus to a limited supply of debt available for sale, and simultaneously adversely affect the clients by reducing their disposable income or otherwise affecting the capacity to fulfill their obligations.

The reduced interest in the sale of receivables by banking sector trading partners can therefore have a material adverse effect on the business, results, condition or development prospects of the Group.

Operational risk related to the Group's business

The Group faces operational risk, including risk related to internal operational errors (human errors or errors of the system), risk related to third parties and risk related to external developments (see also the risk factor „*Risk related to extraordinary developments beyond the Group's control*” below).

The Group faces the risk of losses or of incurring unforeseen costs in connection with inadequate or inefficient internal procedures, employees' errors, malfunctioning of its systems, disruption to services resulting from malfunctioning of IT systems or deliberate acts by third parties or employees, or external developments, such as errors committed in the course of performing financial operations, clerical errors or errors in documentation, disruptions to operations, unauthorized transactions, theft or damage to assets.

Improper operation of internal systems and processes or failure to implement such systems may in particular disrupt the Group's operations, cause material losses and a growth of operating costs. This may also cause the Group to be unable to obtain insurance in respect of some kinds of risk. Furthermore, fraud or other unauthorized acts by Group employees or third parties acting on behalf of the Group may be difficult to detect and may also expose the Group to sanctions imposed by regulatory bodies as well as serious reputational risk.

The Group's failure to identify or rectify an operational risk or a failure to uphold the provisions of the law or unlawful actions by employees or third parties may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to extraordinary developments beyond the Group's control

Factors that are beyond the Group's control, such as terrorist attacks, pandemics, acts of war, natural disasters or other extraordinary events and their consequences that may cause significant disturbance of the economy, increase the uncertainty on the financial markets, decrease the level of mutual trust and the ability of companies to satisfy their obligations or raise financing, which may adversely affect the Group's business and result in losses. Such developments and losses are difficult to foresee and may refer, *inter alia*, to assets or employees. Unforeseen developments may also lead to additional operating costs, e.g. increased insurance premiums and the need to implement additional security systems. Furthermore, insurance against specific risks may be unavailable, which may considerably increase the risks related to the Group's business. The Group's inability to effectively manage such risks may have a material adverse effect on the business, results, condition or development prospects of the Group.

The Group's insurance coverage may be insufficient

The Group's property may be destroyed or damaged for various foreseeable or unforeseeable reasons.

As per the Group's insurance coverage, certain loss, including damage to property, may be not covered or not fully covered by insurance. Certain risks may not be covered by insurance and in the case of other risk factors, insurance premiums may be too high, as compared to the likelihood of such risks. Insurance policies of the Group may not cover all losses that the Group may incur, in particular as a result of theft or car accidents or other events causing damage to vehicles. As a consequence, the Group may be unable to obtain full damages for loss under a policy. Furthermore, there is a risk of disasters, such as flood, hurricane, acts of terrorism, acts of war that may not be covered by insurance or may be uninsured for economic reasons. Therefore, the Group may not have a sufficient insurance coverage against loss that it may incur, also in respect of the leased assets.

Additionally, insurance policies of the Group provide for certain claim limits for insured risks. Therefore, damages paid under such policies may be insufficient to cover all the losses incurred by the Group. In particular, in the event of an uninsured loss or a loss exceeding the insurance limits, the value of the property to which the event referred may materially decrease.

In respect of its activities and legal services it provides Getback Law Firm is subject to mandatory insurance. Detailed terms of insurance taken out by the company, including the scope of risks covered, loss limits, insured claims or amount of damages payable to the company under the insurance may appear to be insufficient and not cover all the losses incurred by the company, and hence also by the Group.

Insurance contracts entered into by the Group contain clauses excluding the insurer's liability in certain circumstances specified in the contract. Therefore, it cannot be ruled out that if the Group incurs a damage or loss, it will not receive the full or even partial damages under the insurance contracts to which it is a party.

A loss incurred by the Group as a result of an insufficient external insurance coverage may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to the Group's operations on the Romanian market and potential expansion of the Group to other foreign markets in the future

As at the date of the Marketing Document, the Polish market is the main market on which the Group operates. Since March 2014, the Group (through Getback Recovery S.R.L.) has been engaged in business activities on the Romanian market, which consist in raising finance and investing the funds in debt portfolios, including debt management. Additionally, it cannot be ruled out that the Group may commence such activities also in other countries in the future.

The Group may encounter difficulties related to competition on foreign markets, which may result from, inter alia, the lack of experience in operating on a given market, the position of a new market player and additional requirements of the new regulatory environment. Additionally on more developed markets, the Group will compete with international groups specializing in the acquisition of debt portfolios, having extensive experience and access to low-interest financing. Upon the commencement of operations on a foreign market, the Group will be exposed to an operational risk relating, among others, to defects in documentation, errors in the structure of control processes and mechanisms, incorrect implementation of processes by employees, external and internal fraud, system failures, defective functionality of the systems and unexpected impairment of the acquired debt portfolios. Also other risks cannot be ruled out, such as the risks related to the operation of the justice and enforcement system in a foreign jurisdiction, difficulties with finding qualified employees or the risk, or the risk which relates to ensuring the required consistency and communications in the expanding structure of the Group.

Furthermore, there is a risk that the willingness of foreign partners of the Group from a given market to sell debt may change, i.e. the volume or value of debt being recovered by creditors using their own resources may increase. The lower willingness to sell debt may decrease the supply of debt packages available for acquisition, which in turn may negatively affect revenues earned by the Group.

Investment in debt portfolios on foreign markets may also involve currency risks if the Group acquires debt portfolios on its own account in foreign currencies. Any unfavorable fluctuations of the exchange rates may affect the fair value of debt portfolios held by the Group and result in the need for revaluation of such investments.

If any of the above risks materialize, the results achieved by the Group may be worse than originally assumed or the Group may incur higher costs than the originally anticipated costs of operations on the foreign market. As a consequence this may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to potential future acquisitions by the Group

The Group does not rule out the possibility of its growth through acquisitions of entities already present on the market. Such acquisitions may involve a range of risks which, if materialized, may offset the anticipated gains. First of all there is a risk that the acquisition process will be prolonged or will not be completed, because the acquisition of certain entities will pose excessive risks or the price demanded by the seller may not be commercially reasonable from the Company's perspective. Even if an acquisition is successfully completed, it may turn out that the financial results of the acquired entities and the expected synergies will be poorer than those anticipated by the Company. It may also be the case that the acquired entities will have a higher burden of obligations towards third parties than that of which the Company was aware at the time of their acquisition, and the Company may be unable to verify all the risks pertaining to a potential transaction.

Acquisitions also involve the risk of difficulties in integrating various types of operations, staff and technologies, including information technologies. In relation to potential future acquisitions, the Group may incur significant transaction and restructuring costs, overheads, as well as costs and losses relating to the integration (including lost profit), and the very acquisitions may be subject to adjustments of the purchase price, for instance arrangements concerning conditional payments. Furthermore, when it comes to acquisitions it cannot be ruled out that a completion of a transaction will be unfavorably assessed by the clients, business partners or employees of the Group, which may impair the Group's reputation.

There is no assurance that the acquisitions carried out by the Company will be successfully completed and yield the desired effects. It also cannot be ruled out that the Group may be unable to achieve its intended objectives and develop its business or that its business or marketing policy on the markets on which the potential target entities operate, will be ineffective, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to the acquisition of shares in EGB Investments S.A. and its dependence on the satisfaction of conditions set forth in the agreement creating an obligation to sell shares in EGB Investments S.A.

On 30 May 2017, the Company entered into a conditional contract creating an obligation to sell 12,972,842 shares in EGB Investments representing approximately 99.38% of the share capital of EGB Investments (the “Agreement”). Pursuant to the Agreement, the transaction shall be carried out subject to satisfaction of certain conditions precedent, set out in the Agreement, which include without limitation: (i) the UOKiK President issuing an unconditional clearance for the acquisition of shares in EGB Investments or a decision on the return of the antimonopoly notification due to the fact that the acquisition of shares in EGB Investments by the Company does not require the clearance from the UOKiK President or the lapse of the statutory time limit and (ii) collecting at least PLN 120 million as proceeds from the issuance of the Company’s bonds, to be used for the payment of the purchase price for the shares in EGB Investments (see “*Business Overview—Material Agreements—Agreements entered into outside the ordinary course of business—Agreements relating to the planned acquisition of shares in EGB Investments*”). The Company is not in a position to guarantee that the conditions precedent will be satisfied and if yes that this will happen prior to the completion of the Offer. As a consequence, when making their decision to invest in the Offer Shares, potential investors will not be certain that all the conditions precedent set forth in the Agreement will be satisfied and therefore they will have no assurance that the transaction will be successfully completed.

The Company cannot ensure that all the conditions precedent specified in the Agreement will be met within the relevant time limit or at all. The failure to satisfy any one of the conditions precedent may result in the transaction not being carried out in its proposed structure, at the anticipated time or at all. The failure to satisfy the conditions precedent set forth in the Agreement (as well as other conditions arising from the Agreement) of their satisfaction after the certain deadlines may lead to the termination of the Agreement. This in turn may result in the failure of the transaction, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Furthermore, there is no guarantee that all the risks involved in the acquisition of shares in EGB Investments have been identified by the Company. When reviewing the business activities of EGB Investments and its financial results and making the decision to enter into the Agreement, the Company relied on publically available information on EGB Investments made available by EGB Investments and the parties selling its shares. It cannot be ruled out that the information referred to above may turn out to be inaccurate, incomplete or incorrect to the extent that it could adversely affect the results of the analyses carried out by the Company. Thus, when making the decision to enter into the Agreement, the Company might not have all the necessary and relevant information to make a comprehensive assessment of the impact of the transaction on the financial condition or results of the Group. Furthermore, the Company might fail to identify all the risks relating to the transaction, incorrectly estimate the cost, level of indebtedness and the demand for capital. Additionally, the scope of the Company’s authority to enforce its potential claims against the sellers in respect of the representations and warranties made by them in the Agreement and pertaining to EGB Investments, its condition or business will be limited due to the limited scope of representations and warranties agreed by the parties and made by the sellers in the Agreement. Additionally, unforeseen difficulties may arise in the process of the integration of the business of EGB Investments with the business of the Group.

The occurrence of any of the above events may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk factors relating to financial matters

Currency risk

The Group faces currency risks resulting from the fact that fluctuations in exchange rates may affect the Group’s results. In particular, any change in the currency exchange rates may translate to changes of the fair value of the debt portfolios subject to valuation. The Group does not use any financial hedging instruments to protect itself against currency risks. For additional information on the currency risk see section “*Operating and Financial Review—Qualitative and quantitative information about financial risks—Market risk—Currency risk*”.

Unfavorable changes of currency exchange rates to which the Group is exposed may have a material adverse effect on the business, results, condition or development prospects of the Group.

Interest rate risk

The Group uses external sources of capital to finance its business activities, which includes proceeds of bonds issues, credit facilities and loans based on fixed or variable interest rates. The Group is also a party to lease agreements. As at 31 March 2017, out of the total amount of the Group’s indebtedness under bonds, credit

facilities and loans (PLN 1,001.4 million), PLN 512.4 million (i.e. 51.2%) was represented by a variable interest rate debt. For additional information on the interest rate risk see section *“Operating and Financial Review—Qualitative and quantitative information about financial risks—Market risk—Interest rate risk”*.

As a result, the Group faces the risk of fluctuations in the interest rates, which if increased will result in a growing cost of debt management based on variable interest rates, and may contribute to an increase of the current financial costs of the Group if any new debt is incurred or existing debt is refinanced. In its activities to date, the Group has not employed any hedging instruments against interest rate fluctuations. An employment of such instruments and the related change of the risk-free rate may result in a change of the fair value of debt portfolios subject to valuation.

An increase in interest rate or the Group’s ineffective interest rate risk management may have a material adverse effect on the business, results, condition or development prospects of the Group.

Liquidity risk

The Group faces the risk of not having sufficient liquidity to satisfy its obligations without exposing the Group to an additional reputational risk or additional costs or losses (liquidity risk) (see *“Operating and Financial Review—Liquidity and capital resources—Liquidity of the Group”*). The occurrence of liquidity risk may lead to difficulties in Group’s timely repayment of its financial obligations. The Group may not rule out that the liquidity management tools it has implemented and employs may appear to be completely or partly ineffective or may not yield the anticipated effects. For additional information on the currency risk see section *“Operating and Financial Review—Qualitative and quantitative information about financial risks—Market risk—Liquidity risk”*.

As a result the occurrence of any of the risks referred to above may cause insufficient liquidity of the Group, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Credit risk

The Group is exposed to the risk of financial loss if a business partner or client of the Group fails to satisfy its obligations under an agreement. Credit risk is primarily related to the acquired debt packages and amounts due for the services provided by the Group. Closed-end investment funds whose debt portfolios are managed by the Company, acquire portfolios of irregular debt (i.e. portfolios of debt that has not been repaid on time). The acquired debt may originate from various entities, including natural persons and it is usually also subject to various internal or external debt collection processes (instituted by original creditors), including enforcement by bailiffs. For additional information on the currency risk see section *“Operating and Financial Review—Qualitative and quantitative information about financial risks—Market risk—Credit risk”*.

If the Group does not receive amounts due from its business partners or clients or amounts due for the services it provides, it may have a material adverse effect on the business, results, condition or development prospects of the Group.

Statutory interest rate may be decreased

Historical changes of the statutory interest have affected the amount of revenues earned by the Group. Starting from 2008 until 17 December 2014, the statutory interest rate amounted to 13% and from 17 December 2014 until 31 December 2015, the statutory interest amounted to 8%. As of 1 January 2016, the rules of calculating the statutory interest were changed, primarily by singling out the statutory interest for delay. As per the regulations in force as at the date of the Marketing Document, the rate of statutory interest for delay is 7%. The change of the rate may affect the potential statutory interest revenues earned by the Group. Any significant decrease in the statutory interest rate may result in a decline of the Group’s revenues, which as a consequence may have a material adverse effect on the business, results, condition or development prospects of the Group.

The Company’s credit rating may be lowered

On 20 January 2017, the Company was awarded a BB rating with a stable outlook by EuroRating sp. z o.o., a rating agency and on 17 March 2017 the Company was awarded a B long-term and short-term rating with a stable outlook by Standard&Poor’s (See: *“Business Overview—Ratings”*). On 14 April 2017, EuroRating sp. z o.o. conducted a periodic verification of the credit rating awarded to the Company. The Company’s ratings were maintained at BB with a stable outlook. The ratings are significant for the Company in the context of the assessment of credit risk and financial rating of the Company expressed by external entities, which may affect the perception of the Company and its business activities by its existing and future business partners.

There is no assurance that the rating agencies will not lower their ratings awarded to the Company in future.

Any lowering of the ratings may deteriorate the perception of the Company by its business partners and adversely affect the Group's competitive position, impair the trust in the Group and adversely affect the operational activities and chances of the Group being selected as a business partner in debt portfolio acquisitions. Furthermore lower credit ratings may make it difficult for the Group to raise financing, increase the cost of such financing or result in the financing being on less favorable terms, which in turn may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to the indebtedness of the Group

The Group currently relies and intends to continue to rely in future on debt financing in the form of debt securities (specifically bonds), bank loans (including working capital loans and investment loans), financial lease (including in particular, vehicles, computer hardware, equipment and licenses for integrated IT systems) as well as other debt instruments. As at 31 March 2017, the Group's liabilities in respect of debt securities issues, credit facilities, loans and financial lease totaled PLN 1,008.2 million. It cannot be ruled out that the Group's financial situation may deteriorate in future. Any deterioration of the Group's liquidity may result in the Group being unable to repay its liabilities under the existing debt financing. In such an event the Group's debt under loans may be called due in full or in part, and if it is not repaid financial institutions may enforce the security created on the Group's assets for the financing.

Additionally, the documents pertaining to the debt financing of the Group imposes certain obligations on the Group, which relate, specifically, to undertaking or refraining from certain activities, satisfying certain disclosure obligations vis-à-vis financial institutions and maintaining certain levels of financial indicators or other events. A breach of the above obligations may amount to a default under the debt financing terms which may enable the creditors to demand additional information or clarifications, request additional security or in extreme cases demand an earlier redemption by the Company of bonds held by bondholders or call a loan immediately due and payable, together with any interest and other fees, as well as to enforce the security for the loan or bonds on the terms set forth in the relevant finance documents. For instance, in accordance with the terms of issue of certain series of bonds issued by the Company, if the Company buys back its treasury shares or provides funds to its shareholders in any manner that is similar to the buyback of treasury stock in the economic sense, it constitutes a breach of the terms of the bonds issue.

The above events may have a material adverse effect on the business, results, condition or development prospects of the Group.

The Group may be unable to raise new financing

In addition to the Company's management of debt portfolios of closed-end investment funds, the core business of the Group is the acquisition of debt portfolios on behalf of closed-end investment funds. The business involves investing considerable funds and given the limited capital resources of the Company and the time-consuming recovery of amounts due from the debt portfolios, it also requires raising external financing.

Any restriction of the access to external financing due to a declining interest or trust of investors in this type of financial instrument or the Group itself, combined with any regulatory limitations or an increasing attractiveness of other financial instruments may adversely affect the Group's ability to raise new external financing and acquire new debt portfolios. Other factors that may also affect the ability to solicit new financing include changes of legal regulations, changes of the strategies of financial institutions, specifically their growing aversion to the risks related to the debt financing of entities from the debt management business, declining competitiveness of the interest offered on debt instruments as compared to the interest on other financial instruments, as well as restrictions on the raising of new debt financing or other obligations vis-à-vis financial institutions imposed on the Group in relation to the existing or future debt financing and its terms.

The restricted availability of external financing may thus have an adverse effect on the business, results, condition or development prospects of the Group.

The Group may incur losses if the key judgments and estimates applied by the Group are incorrect or inadequate

When preparing the Group's financial statements the Management is required to employ professional judgment, estimates or assumptions which affect the revenues, costs, assets and liabilities and to provide information on contingent liabilities as at the date of such statements. However, due to the uncertainty involved in making such professional judgments, estimates or assumptions, the value of assets and liabilities may vary in future and thus the final result of a transaction may change. The areas in which such judgments, estimates or assumptions made as at the date of the financial statements are exposed to the risk of future adjustments relate in particular to the

valuation of financial instruments, impairment of financial assets, useful life of the property, plant and equipment as well as intangible assets and provisions.

There is a risk that judgments, estimates or assumptions made by the Management will appear to be incorrect or inadequate which may lead to irregularities in reporting on the financial situation and results of the Group. If the judgments, estimates or assumptions made by the Management appear to be incorrect or inadequate, the Group may incur a significant loss, exceeding an anticipated or provisioned one, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk factors relating to the law

Risks related to the legal environment

Laws of countries in which the Group operates, in particular Polish law, may be complicated and subject to frequent changes. The foundation of continental legal systems, including Polish law, is statutory law. The laws and regulations applying to the Group's business, including those governing recovery of debt, costs of legal representation in relation to the recovery of debt, issuance and trading in securities, shareholder rights, foreign investment, issues related to the operations of companies and corporate governance, trade and business activities, including consumer bankruptcy, as well as tax exemptions and privileges of investment funds, have been and may be subject to changes. For instance, in September 2016, the Parliament of Romania adopted Act EGO/52/2016, which sets forth the rules for the operations of entities engaged in debt collection and whose impact on the operations of the Group in Romania cannot be assessed as at the date of the Marketing Document. It should be remembered that the variability of the provisions of law is also subject to EU laws and changes in this respect introduced by the appropriate institutions of the European Union, and the newly-enacted or amended regulations need to be implemented into the legal systems of EU member states.

The above regulations are also subject to various interpretations and their application may not necessarily be uniform. The Group cannot assure that its interpretation of the provisions of law governing its business will not be questioned in the future. Furthermore, the Group cannot rule out that unfavorable legislative changes directly affecting its debt collection business may be introduced in the future, including specifically changes concerning the costs of legal representation in debt recovery processes or adversely affecting the conduct of such business.

Changes of the laws governing the Group's business, combined with the Group's incorrect interpretation of the applicable legal provisions may result in the imposition of civil law, administrative or criminal sanctions on the Group, the need to modify the Group's practices, unfavorable administrative or court decisions, as well as expose the Group to liability of damages, cause unexpected costs, in particular costs related to adjusting the Group's business to comply with the legal requirements, and finally result in reorganization of the Group's structure.

Changes in the regulatory environment of the Group may also affect the supply of debt portfolios and their quality, as well as the efficiency and effectiveness of debt collection processes, which as a result may affect the level of margins charged and may have a material adverse effect on the business, results, condition or development prospects of the Group.

Restrictions may be introduced concerning the sale or recovery of debt

The Group's business consists in the acquisition of debt portfolios sold by their original owners and recovery of such acquired debt. The imposition of any restrictions on the acquisition of debt or terms of debt collection, total or partial prohibitions or additional regulatory requirements concerning the transfer of debt by original creditors or for the collection of such acquired debt, may result in a significant limitation of the Group's business, and as a result deteriorate the Group's financial results. As per the information of 1 February 2017 available on the website of the Ministry of Justice, the Ministry of Justice prepared draft amendments to the regulation concerning limitation periods for claims, which specifically provide for shorter limitation period and changes of the rules of counting new limitation periods for claims recognized by final and non-appealable court judgements or under a settlement. According to the proposed changes of the regulations, a court will be required *ex officio* to determine if the given claim is time-barred. If the court determines that the limitation period has expired it will have to dismiss the action. The proposal of the change refers to any type of claims – both in the ordinary trade and commerce and in business trade. Additionally, according to the above information, the draft is said to provide for shorter limitation periods for property claims. Based on the announcement available on the website of the Ministry of Justice, the basic limitation period which is currently 10 years is proposed to be shortened to 6 years. Furthermore, the draft is to provide that the limitations period will start on the day on which the debtor learns about the claim and the person liable for such claim. The draft is to provide that the limitations period will end on the last day of a calendar year. As at the date of the Marketing Document no details are known about the

draft changes prepared in the Ministry of Justice and the Group is not aware of any specified legislative plans for the introduction of restrictions on the sale or collection of debt, additional requirements or prohibitions, but it cannot be ruled out that they may be imposed in the future.

If the changes to the laws are enacted, as described in the information of the Ministry of Justice referred to above or if other restrictions are introduced concerning the acquisition or terms of debt recovery, total or partial prohibitions or additional regulatory requirements for the sale of debt by the original creditors, such restrictions may have a material adverse effect on the business, results, condition or development prospects of the Group.

Actions taken by the Group vis-à-vis debtors infringe collective consumer interests

Due to the nature of the business it conducts, the Group faces the risk of an appropriate consumer protection authority determining that the actions taken by the Group vis-à-vis debtors who are natural persons infringe collective consumer interests. If a regulator establishes that such practices exist or such actions are taken, it may order that the Group ceases such practices and impose a cash penalty. If collective consumer interests are infringed, a class action may be instituted to assert claims against the Group. Explanatory proceedings have been pending in the past against the Group's competitors regarding the suspected infringement of collective consumer interests. As at the date of the Marketing Document, one proceeding instituted by the UOKiK is pending against the Company (See chapter: "*Business Overview—Court and administrative proceedings*"). It cannot be ruled out that as a result of the pending or future proceedings (if any are instituted against the Group) regarding the possible infringement of the collective consumer interests, the regulatory authorities may impose penalties stipulated by law on the Group and that as a result of the above mentioned class actions instituted against the Group, the Group will be required to incur significant liability for damages, which may have a material adverse effect on the on the business, results, condition or development prospects of the Group, as well as negatively affect the reputation and credibility of the Group and its relations with the debtors, business partners or clients.

The Group may fail to comply with certain regulatory requirements applicable to regulated business

Certain areas of the Group's business, specifically the activities of securitization funds and the management of debt portfolios of non-standardized closed-end securitization funds, as well as the activities consisting in private investigation services are subject to detailed legal regulations (See chapter "*Regulatory Environment*"). In order to engage in such business activities the Group is required to obtain licenses or permits of governmental agencies, including the KNF, and additionally is supervised by these authorities. Furthermore, the Group is subject to the supervision by the KNF to the extent that it provides banking debt collection services to banks.

It cannot be ruled out that entities from the Group may not comply with all the statutory and regulatory requirements for the obtaining, maintaining and obtaining again the necessary consents, licenses or other administrative decisions that are necessary for the Group to conduct its business or broaden the scope of its business, which may result in a refusal of the required consents and licenses or their suspension or revocation, as well lead to a limitation of the scope of the Group's business or prevent the Group from taking up any new business activity. Furthermore, the Group's failure to comply or breach of certain provisions of law and regulations may result in sanctions in the form of e.g. suspension or revocation of the license to manage securitized debt of a securitization fund, administrative penalties, including the imposition of cash penalties, as well as the KNF's decision ordering the bank to take action aimed at an amendment to or termination of the agreement commissioning the Group to recover banking debt. Any amendments to regulatory provisions and imposition of new obligations on the Group may require the Group to incur significant additional costs related to the adjustment of its business to the new regulatory requirements.

As a consequence, the Group's failure to comply with certain regulatory requirements a material adverse effect on the on the business, results, condition or development prospects of the Group.

Proceedings may be instituted against or by entities from the Group

In connection with the activities they conduct, entities from the Group may face the risk of civil law proceedings (including class actions) or administrative, arbitration or other proceedings being instituted against or by them, in particular by debtors, business partners or employees (see "*Business Overview—Court or administrative proceedings*").

The parties initiating proceedings against entities from the Group may demand significant amounts or other satisfaction of their claims which may affect those entities' ability to carry on business, and the amount of potential costs arising from such proceedings may be uncertain for a considerable period of time. Also the cost of the Group's defense in possible future proceedings may be significant.

It is also not ruled out that negative information actions may be taken by parties instituting such proceedings against entities from the Group, in relations to the proceedings pending against the entities from the Group, which may impair the Group's reputation, regardless whether the proceedings pending against the Group are justified or what their outcome will be.

In their ordinary course of business, entities from the Group (specifically NSFIZ) are parties to many court proceedings, acting as claimants. The proceedings are mostly of a typical and repetitive nature, from the perspective of the Group's business. It cannot be ruled out that in future entities from the Group may initiate a high value litigation, an unfavorable outcome of which may have a material adverse effect on the business, results, condition or development prospects of the Group. In particular, in the event of ending the cooperation with certain trading partners of the Group, if such trading partners are not willing to make relevant settlements with entities from the Group or such settlements are made with delay, the Group members may be forced to enforce their claims in court. In connection with the fact that on 5 June 2017 entities from the Group terminated the engagement agreement for the management of a part of the investment portfolio of Open Finance Wierzytelności Detalicznych NSFIZ comprising securitized debt and the engagement agreement for legal representation with Open Finance Wierzytelności Detalicznych NSFIZ (see: "*Operating and Financial Review—Trends and significant events after the balance sheet date—Material events after the balance sheet date*"), after expiry of the notice period, the parties to these agreements are required to pay fees owing to the entities from the Group in consideration of the performance of services under the foregoing agreements, in particular the court-awarded attorney fees, which the Group estimated at approximately PLN 102 million as at 5 June 2017 and which will be finally calculated as at the last day on which the agreements are still in effect. On 6 June 2017 Getin Noble Bank S.A., a majority participant in Open Finance Wierzytelności Detalicznych NSFIZ issued a current report in which it stated that the above claims of the entities from the Group were unfounded. Therefore, as at the date of the Marketing Document, the Group cannot rule out that the above claims may need to be enforced in court in the future.

It cannot be ruled out that the proceedings may end unfavorably for the entities from the Group. Not only may some of unfavorable rulings issued in such proceedings result in the need to incur significant financial expenses, but also negatively affect the Group's reputation and as a consequence have a material adverse effect on the business, results, condition or development prospects of the Group.

Polish tax regulations are complex, subject to ambiguous interpretations and prone to change which may lead to disputes with tax authorities

Polish tax regulations and their interpretations are complicated, ambiguous and often quite unexpectedly revised. For this reason the application of tax regulations by taxpayers and tax authorities is marked by numerous controversies and disputes that often need to be resolved by administrative courts. Inconsistencies in the practice of tax authorities and administrative court decisions are quite common. As a consequence, there is a risk that the tax authorities will issue quite unexpected or even contradictory decisions in individual tax cases or rulings. Due to frequent changes, which, according to the application practice, may have a retroactive effect, as well as due to the existing inaccuracies, the lack of a uniform interpretation of tax law and the relatively long period of limitation for tax liabilities, the risk related to the incorrect application of tax regulations in Poland may be higher than in the legal systems of more developed markets.

The above situation, and specifically frequent changes to the tax law and difficulties regarding its interpretation related to its application hinder both the day-to-day activities of the Group members as well as proper tax planning. This leads to uncertainty regarding the appropriate application of the tax law in day-to-day operations and carries a risk of errors. As a result, the entities from the Group face the risk that their activity in selected areas could be unsuited to the changing regulations and the changing practice in their application. It should be noted that in addition to its own tax liabilities the Group members remit taxes for and on behalf of other entities. This means that the entities from the Group are liable with all their assets for the correct calculation and timely payment of a given tax under the applicable tax law regulations.

In particular it cannot be ruled out that with the introduction of tax evasion regulations, which employ general clauses and the scope of their application will in practice be determined by tax authorities and case law of administrative, tax authorities will make a different assessment of the tax consequences of actions taken by the Group entities than the those entities themselves. It cannot be ruled out that individual advance tax rulings already obtained and applied by the Group members, or rulings that the Group member will obtain, will be changed, questioned or lose their protective power. There can be no assurance that tax regulations will not be subject to amendments that are unfavorable for the Group entities. Thus, there is a risk that once the new regulations have been introduced, entities from the Group will have to take adjusting actions, which may result in increased costs that will need to be incurred in order to comply with the new regulations.

Tax authorities are authorized to verify the correctness of tax settlements of entities from the Group regarding non-time-barred tax liabilities, which includes the due performance of tax remitter's obligations by the Group members). Due to the foregoing, it cannot be ruled out that there will be potential disputes with the Polish tax authorities, that these authorities will adopt a different or unfavorable interpretation of the tax regulations or calculations as compared to the interpretation adopted by entities from the Group, and that as a result the authorities will challenge the correctness of the tax settlements of the Group members regarding the non-time-barred tax liabilities (including the due performance of the tax remitter's obligations by the Group members) and the determine tax arrears for these entities, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Investment fund revenues may be subject to taxation

The attractiveness of investment funds (including securitization funds) is largely based on favorable taxation rules. According to the regulations in force as at the date of the Marketing Document, any income (revenues) of closed-end investment funds enjoy an income-specific exemption from the corporate income tax (with certain exclusions) and the taxation occurs at the level of a participant (investor) and refers to the investor's income from the redemption or sale of an investment certificate or a distribution of the fund's income without redemption of certificates. The Company is engaged in the management of debt portfolios, which consists *inter alia* in the acquisition of debt portfolios by its own (internal) or external (third party) closed-end investment funds and conducting debt collection actions under engagement agreements for the management of debt portfolios of closed-end investment funds. Any amendments to the provisions of law concerning the taxation of investment funds may affect the profitability of closed-end investment funds, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk related to taxation of debt management

As part of its business, closed-end investment funds for which the Company manages their debt portfolios, and other entities from the Group enter into transactions on debt, in particular into transactions for the acquisition of debt portfolios from their original owners. The trading in debt is burdened with a considerable risk of an inconsistent approach of tax authorities to the tax classification of transactions involving debt, in particular debt acquisition transactions. The risk is related, *inter alia* to the possibility of a different (from that adopted by the Group) tax classification of the acquisition of debt under VAT regulations, which may also affect the taxation of such transaction with the tax on civil law transactions.

It cannot be ruled out that the current practice of tax authorities with respect to the taxation of debt management, in particular debt acquisition transactions, will not change or that no new provisions which defining different taxation rules for debt management (including debt acquisition) will be introduced.

Therefore, the Group cannot rule out potential disputes with tax authorities, the authorities assuming a different classification of transactions involving debt (specifically debt acquisition transactions) concluded by closed-end investment funds for which the Company manages their debt portfolios and by other entities from the Group, and as a consequence determining tax arrears for these entities (in particular on account of VAT and tax on civil law transactions), which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk involved in transactions with related parties

In the course of their activities the Group entities enter into related party transactions as defined in the CIT Act (See: chapter "*Transactions with related parties*"). When entering into and performing transactions with related parties, entities from the Group take steps to ensure the compliance of the terms of the transactions with the tax regulations on transfer pricing. Nevertheless it cannot be ruled out that entities from the Group may be subject to audits and other inspections performed by tax authorities and tax audit authorities in this respect. Given the specific features and variety of transactions with related parties, the complexity and ambiguity of legal regulations with respect to methods of reviewing transfer prices, dynamic changes of the market conditions affecting the calculation of prices applied in such transactions, combined with difficulties in identifying comparable transactions, it cannot be ruled out that the tax authorities will question the methods of determining the market conditions adopted in the transactions, or question the compliance with the requirements for the documents related to such transactions, and as a result challenge settlements between entities from the Group and their related parties on the grounds of transfer pricing regulations, which may have a material adverse effect on the business, results, condition or development prospects of the Group.

Risk factors relating to the Offering, capital markets and trading in the Shares

The Offer may be suspended or cancelled

The Company and the Selling Shareholder may, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners, cancel the Offer prior to commencing acceptance of subscriptions for the Offer Shares. The Offering may be revoked at the Company's and the Selling Shareholder's own discretion, without stating the reasons, which will amount to the effective cancellation of the Offer.

The Company and the Selling Shareholder may, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners, cancel the Offer following the commencement of the acceptance of subscriptions for the Offer Shares. The Offer may be cancelled at the Company's or the Selling Shareholder's own discretion, but if there are serious reasons therefor. Such serious reasons include, among others: (i) unfavorable unexpected or sudden changes in the global or Polish economy or political situation, which potentially may have a material adverse effect on the Polish or foreign capital market, Polish or global economy, the Offer or the Company and its business (e.g. terrorist attacks, stock market crashes financial crises or wars); (ii) a material adverse change concerning the Company's business and financial or operational result; (iii) the lack of interest or little interest in the subscriptions for the Offer Shares in the book-building process; (iv) the lack of the adequate free float of the Shares on the WSE resulting from the insufficient forecasted number of the Shares admitted to trading on the WSE; (v) termination by notice or otherwise or invalidity of the Placement Agreement; (vi) the suspension or material restriction of trading in financial instruments on the WSE or foreign stock exchanges, assuming that such situation could have a material adverse effect on the Offer; (vii) unexpected or sudden changes or events, other than those referred to above, that may have a material, direct or indirect, adverse effect on the activity and business of the Company or which may result in a material, direct or indirect loss incurred by the Company or interruption of its business.

If the Company and the Selling Shareholder cancel the Offer entirely, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners and after commencing the acceptance of subscriptions for the Offer Shares from investors, and the Company withdraws from applying for the Shares to be admitted to trading on the WSE, investors and the market will be notified of the situation in the form of an announcement made in accordance with Article 49 Section 1b of the Offering Act, which will be made public in the same manner as the Prospectus.

The Company and the Selling Shareholder may suspend the conduct of the Offer for the Offer Shares, after agreeing with the Global Coordinator and consulting with the Joint Bookrunners and prior to commencing the acceptance of subscriptions for the Offer Shares from investors, without specifying the its new time schedule, which may be agreed and made public at a later time.

The Company and the Selling Shareholder may, after agreeing with the Global Coordinator and consulting the Joint Bookrunners, suspend the conduct of the Offer for the Offer Shares for important reasons, after commencing the acceptance of subscriptions for the Offer Shares from investors, without specifying its new time schedule which may be agreed and made public at a later time. Important reasons include situations which could indirectly or directly adversely affect the success of the Offer or aggravate the investment risk for the purchasers of the Offer Shares. The market and investors will be informed about the suspension of the Offer for the Offer Shares, after the commencement of the acceptance of subscriptions, in the manner set forth in Article 51 of the Offering Act (supplement to the Prospectus), which will be published in the same manner as the Prospectus.

After agreeing with the Global Coordinator and consulting the Joint Bookrunners, until the Price and the number of the Offer Shares under the Offer are finally established, the Selling Shareholder may, on the terms set forth above elect to withdraw from the Offer without the need to consult the decision with the Company. If the Selling Shareholder decides to withdraw from the Offer, the Company may conduct the Offer without the Selling Shareholder's participation. If the withdrawal is to take place in the period between the fixing of the Price for the Offer Shares and the allotment of the Offer Shares, it may occur subject to agreement between the Company, the Selling Shareholder, and after consulting the Global Coordinator and the Joint Bookrunners. If the Company decides to withdraw from or suspend the Offer of the Offer Shares, it will be tantamount to the decision on the withdrawal or suspension of the Offer of the Offer Shares by the Selling Shareholder.

The Offer may not be suspended only in respect of the Sale Shares and may not be further conducted only in respect of the New Shares. It will be impossible to withdraw from the Offer of the Offer Shares once the Offer Shares have been allotted.

The Offer may not be successfully completed

In addition to the situations described in “*The Offer may be suspended or cancelled*” concerning the cancellation or suspension of the Offer, the Offer of the New Shares will not be consummated in the following situations:

- the application to the KRS for registration of the capital increase in the Company is not filed by the Management Board of the Company within the deadline prescribed by law; or
- even one New Share is not paid up or acquired; or
- the court refuses to register the capital increase accompanying the issuance of the New Shares and its decision becomes final and non-appealable.

The Capital Increase Resolution authorizes the Management Board to determine the final number of the New Shares to be offered in the Offer, and to determine the final amount of share capital increase in the Company pursuant to Article 432 § 4 of the Commercial Companies Code.

The Management Board may exercise this authorization and determine the final number of the New Shares to be offered in the Offer. As at the date of the Marketing Document, the Management Board has not yet decided on the contemplated capital increase in the Company, therefore the number of the New Shares has not yet been finally determined. This entails a risk that after the Management Board determines the final number of the New Shares the investors may subscribe for a lesser number of the New Shares than the Management Board finally determines, and the registry court will refuse to register the capital increase, finding that the issuance of the New Shares has not effectively occurred.

Additionally, pursuant to Article 310 of the Commercial Companies Code in conjunction with Article 431 § 7 of the Commercial Companies Code, the Management Board of the Company will be making a statement in relation to the New Shares subscribed for by the investors, as to the final amount of the capital increase and the corresponding share capital acquired; the statement should also specify the new amount of the Company’s increased share capital in the context of the Company’s Articles of Association. This statement should be attached to a court application for the registration of the capital increase. If the Management Board does not make this statement the court application will be deemed incomplete and the issuance of the New Shares will be deemed ineffective.

If the New Shares are not issued but the Rights to Shares are admitted to trading on the WSE, the monies paid against the Offer Shares will be refunded to the holders of the Rights to Shares, based on their respective holdings as at the day preceding the withdrawal of the Rights to Shares from the KDPW. The amount paid against the Offer Shares so refunded will be a product of the number of the Rights to Shares and the Price of the Offer Shares, therefore the investors may incur losses if they acquire the Rights to Shares at a price higher than the Price of the Offer Shares.

If even one New Share is not duly paid up or the Selling Shareholder withdraws from the Offer, the Offer will be deemed ineffective. However, if the investors subscribe for a greater number of the Offer Shares than specified in the Issue Resolution, the number of the allotted Offer Shares will be proportionally reduced for every subscription placed for the Offer Shares.

Infringements of law may occur in relation to the promotion of the Offer of the Offer Shares

Based on the Offering Act, the selling shareholders, issuers and other entities acting on their behalf are permitted to engage in promotional efforts for publicly offered shares. The Public Offering Act regulates in detail the manner and methods of conducting such promotional campaigns. However, the Selling Shareholder, the Company or entities acting on their behalf may fail to comply with the provisions of law in promoting the Offer of the Offer Shares.

Pursuant to the Public Offering Act (Article 53 Section 12), an infringement of the regulations governing promotional campaigns may entail the following sanctions: (i) the KNF may order to withhold the commencement or discontinue an already pending promotional campaign until the identified irregularities are rectified; (ii) the KNF may ban the promotional campaign entirely, especially if the Company or the Selling Shareholder are reluctant to rectify the irregularities identified by the KNF, or the content of the promotional or advertising materials contravenes the law, or (iii) the KNF may publish an announcement at the expense of the Company or the Selling Shareholder, stating that the promotional campaign is unlawful and identifying the breach of the law.

It should be stressed that such sanctions, if imposed by the KNF, may adversely affect the chances of success of the Offer of the Offer Shares.

The Admitted Shares or Rights to Shares may not be admitted to trading on the WSE regulated market

The Admitted Shares or the Rights to Shares may only be admitted to trading and listed on the WSE regulated market after the WSE Management Board approves their admission and the KDPW accepts the Admitted Shares or the Rights to Shares for depositing. The management boards of the WSE and KDPW shall not give their approvals before the Company satisfies all requirements set out in the internal rules and regulations of the WSE and KDPW, and in the Market and Issuers Ordinance. The minimum free float required under the Market and Issuers Ordinance is deemed attained if the shareholders holding individually no more than 5% of the total number of votes at the general meeting hold in aggregate: (i) at least 25% of the company shares covered by the application for admission to trading on an official listing market, or (ii) at least 500,000 shares of the company with a nominal value corresponding to at least EUR 17 million, based on the most recent issue price or selling price of those shares. Additionally, the Market and Issuers Ordinance points out that: (i) an application for admission must cover all shares of the same class and (ii) the issuer must publish its financial statements with relevant certified accountant's opinions for at least three consecutive financial years preceding the filing of the application for admission. In turn, according to the WSE Rules, shares may only be admitted to exchange trading if: (i) an appropriate information document has been prepared and approved by the regulator, unless its preparation and approval is not required by law, (ii) the transferability of the shares is not restricted, (iii) there are no bankruptcy or liquidation proceedings pending against the issuer, (iv) subject to certain exceptions, the capitalization of the company (defined as a product of all issuer's shares and the forecasted market price) should be at least PLN 60 million or a PLN equivalent to EUR 15 million, (v) the shareholders who may individually exercise less than 5% of votes at the issuer's general meeting hold in aggregate at least: a) 15% of shares referred to in the application for admission to exchange trading, and b) 100,000 shares referred to in the application for admission to exchange trading with a value equal at least to PLN 4 million or a PLN equivalent of at least EUR 1 million, calculated based on the last sale or issue price, and (vi) the number of shareholders holding the shares is sufficient for developing liquidity of exchange trading.

As at the date of the Marketing Document, the Company does not satisfy the criteria for admission of the Admitted Shares and Rights to Shares to trading on the regulated market. The Company assumes that upon completion of the Offer it will satisfy the conditions for admission and listing of the Admitted Shares and Rights to Shares to trading on the WSE main market.

However, if upon the completion of the Offer the Company still does not satisfy the requirements for admission of the Admitted Shares and Rights to Shares to trading and their listing on the WSE main market, the Company will apply for admission and listing of the Admitted Shares and Rights to Shares to trading on the parallel market operated by the WSE. If the Company fails to satisfy the requirements for admission and listing of the Admitted Shares and the Rights to Shares to trading and their listing on the WSE main market and on the WSE parallel market and the management board of the WSE does not admit the Admitted Shares and Rights to Shares to trading on any of these markets, as they do not satisfy the requirements for the admission to trading and listing of the Admitted Shares and Rights to Shares on those markets, the Company intends to apply for admission to trading in the alternative trading system of the WSE (NewConnect).

Given the assumptions of the Offer, there is a risk that the Selling Shareholder may decide to withdraw from the Offer without consulting it with the Company. In such event, the Company would still be able to complete the Offer, however the Selling Shareholder's decision could have a significant adverse effect on the Company's ability to satisfy the criteria set out in the Market and Issuers Ordinance and the WSE Rules.

In deciding on admission of securities to trading the Management Board of the Warsaw Stock Exchange analyzes the current and future financial condition of the issuers, the qualifications and experience of its management staff, development plans and prospects, as well as the safety of the market and its participants.

Additionally, it should be emphasized that the issuers planning to list rights to shares along with existing shares, as the Company does, should expect that the existing shares will only be admitted to trading on the WSE after the registration of the share capital increase by the registry court, and the existing shares are assimilated with the newly issued ones, which causes a delay in the admission of the shares to trading on the WSE. This delay is caused by the fact that where rights to shares for new shares are to be introduced to trading concurrently with existing shares, the WSE Management Board will only make its decision after having analyzed such factors as, without limitation, the amount and structure of the offer, the ownership structure, potential contractual lock-up arrangements and other circumstances accompanying the application for admission. Therefore, with respect to the Company it is possible that the Admitted Shares will be introduced to trading no sooner than after the registration of the capital increase by the registry court, in the form of issuance of the New Shares and their assimilation with the Admitted Shares.

Some of the criteria analyzed by the WSE Management Board are of discretionary nature, therefore the Company is not in a position to guarantee that the WSE Management Board will actually grant the admission to

trading and there is a risk that the Admitted Shares or the Rights to Shares will not be admitted to trading and listed on the regulated market of the Warsaw Stock Exchange. If the Company does not satisfy the requirements for admission and listing of the Admitted Shares on a WSE regulated market, the Company may withdraw from the Offer. What is more, the Company cannot guarantee that circumstances beyond its decisive powers will not cause an admission and listing of the Admitted Shares to occur on a different date than the Company and the Selling Shareholder originally assumed. The investors to whom the Sale Shares are allotted should consider a potential risk that the listing of the Sale Shares may be temporarily suspended until the listing of the New Shares (viz until after the registration of the share capital increase in the Company). Additionally, both the Selling Shareholder and the Company agreed to comply with certain contractual lock-up provisions concerning the sale and issuance of the Offer Shares (see “*Underwriting, Stabilization And Contractual Restrictions In The Marketability Of Shares—Contractual Restrictions In The Marketability Of The Shares*”). This fact will be one of the matters analyzed by the WSE Management Board in relation to the Company’s application for admission to trading and listing of its securities on the WSE.

If the Company changes its plans concerning the admission to trading and listing of the Admitted Shares on the WSE, such information will be disclosed to the investors and the market participants pursuant to Article 51 of the Public Offering Act (Prospectus supplement), to be published in the same manner as the Prospectus.

If prior to the allotment of the Offer Shares, the Offer Shares are not subscribed/paid for or are subscribed/paid for in a number that makes it impossible to satisfy the criteria for admission to trading on the WSE regulated market, the information to that effect will be made public pursuant to Article 51 of the Public Offering Act (Prospectus supplement), to be published in the same manner as the Prospectus. If the Prospectus supplement is published, the date of allotment of the Offer Shares will be changed so that investors may enjoy the waiver of legal consequences of placing subscriptions for the Offer Shares.

In the event of a denial to admit the Admitted Shares and Rights to Shares to trading on the WSE, the Company will not be permitted to resubmit such an application with respect to the same shares for a period of six (6) months from the date of delivery of the WSE Management Board resolution or, should it appeal against that resolution, from the date of delivery of the WSE Supervisory Board’s resolution in this regard. The WSE Management Board has a right to withdraw a resolution admitting securities to trading if the Company fails to submit an application for the listing of the Admitted Shares and Rights to Shares on the WSE within six (6) months of the date of that resolution.

The KNF may impose sanctions in relation to the Offer should an infringement of law occur or be suspected to have occurred in relation to the public offering or applying for admission and listing of the Offer Shares to trading on a WSE regulated market

In relation to a public offer of securities conducted in the territory of Poland, the KNF may impose sanctions in the event of a breach or a reasonable suspicion of a breach of laws concerning the public offering, subscription for or sale of securities. With respect to the Offer of the Offer shares conducted by the Company, the KNF may: (i) order that the seeking of admission or introduction of the securities to trading on a regulated market be withheld for a period of no more than 10 business days; (ii) proscribe seeking admission or introduction of the securities to trading on a regulated market; (iii) publish, at the expense of the issuer, information concerning the illegal activities with respect to seeking admission or introduction of securities to trading on a regulated market. The measures referred to in items (ii) and (iii) can be applied by the KNF more than once in respect of the same public offer, subscription or sale.

Pursuant to Article 17 Section 1 of the Public Offering Act, should a breach or a reasonable suspicion of a breach of laws related to the seeking of admission or introduction of securities to trading on a regulated market in the territory of Poland by the issuer or entities acting on its behalf, the KNF may apply the same measures as described above.

Pursuant to Article 18 Section 1 of the Public Offering Act the KNF may also apply the above measures in the following situations: (i) the public offering, subscription or sales of securities on the basis thereof, or admission of the securities to trading on a regulated market, would materially compromise investors’ interests; (ii) circumstances exist that, in the context of legislation in force, may lead to a termination of the legal existence of the issuer; (iii) activities of the issuer were, or are, conducted in gross violation of applicable laws, which may have material impact on an assessment of issuer’s securities, or, in the context of legislation in force, may lead to a termination of the legal existence or bankruptcy of the issuer; or (iv) the legal status of the securities does not comply with applicable laws, and in the context of those laws there is a risk that the securities would be considered nonexistent or burdened with a legal defect having material impact on their assessment.

Pursuant to Article 20 Section 1 of the Trading Act, if it is justified by the security of trading on a regulated market or a threat to investors’ interests exists, upon request of the KNF the WSE shall withhold the admission

to trading on the regulated market or the listing of the securities or other financial instruments indicated by the KNF for no more than 10 days

If the KNF applies any of the measures described above in relation to the Offer of the Offer Shares, it might have a significant adverse effect on success of the Offer.

The Placement Agreement executed by the Managers contains customary conditions precedent to the obligation to place the Offer Shares, and customary terms permitting the parties to the Placement Agreement to withdraw from or terminate the agreement

In the Placement Agreement the Managers shall undertake, subject to the fulfillment of certain conditions (in particular subject to the execution of a price supplement to the Placement Agreement) to act with due diligence in order to place the Offer Shares with the Institutional Investors.

The Placement Agreement will not provide for any obligation of the Managers to ensure (based on a standby underwriting, firm commitment or otherwise) that a predefined level of subscriptions for the Offer Shares will be achieved.

To this end, the Placement Agreement contains typical contractual provisions. These provisions, representations and warranties of the Company and the Selling Shareholder, as well as their respective obligations related to the Offer, do not deviate significantly from ones typical of similar offers.

Based on the Placement Agreement the Company and the Selling Shareholder are obliged to indemnify the Managers and certain other persons against the liability and obligation to meet certain claims, obligations or expenses that can be sought against or by the Managers or other persons in relation to the Placement Agreement (an “indemnification clause”).

As at the date of the Marketing Document, the Company cannot guarantee that the conditions of the Placement Agreement will be satisfied or that the Placement Agreement will not be terminated pursuant to its provisions.

The WSE may suspend trading in the Admitted Shares or Rights to Shares

Pursuant to the WSE Rules, the WSE Management Board may suspend trading in the Admitted Shares or Rights to Shares for a period of up to three (3) months. The suspension may be imposed if requested by the issuer, or to protect the interests and safety of trading participants, or if the issuer is in breach of the WSE Rules.

Additionally, pursuant to the Trading Act, the KNF may request the WSE to suspend trading in specific securities for a period of one (1) month if trading in those securities or other financial instruments is carried out in circumstances which indicate a possible threat to the proper operation of a regulated market or to the security of trading on such a market, or a possible compromise of investors’ interests. The Trading Act also specifies other situations in which the KNF may request a suspension of trading in securities.

During a trading suspension period the investors cannot buy or sell the suspended securities, hence the suspension may adversely affect the liquidity and price of the securities.

It must be pointed out that a risk of trading in the Admitted Shares and Rights to Shares being suspended by the WSE does exist.

The Admitted Shares and Rights to Shares may experience periods of limited liquidity

The admission to trading and listing of the Admitted Shares or Rights to Shares on the WSE entails a risk of temporary limitations to the liquidity of the Admitted Shares or Rights to Shares, and the fact of their admission itself does not guarantee that sufficient liquidity of the Admitted Shares or Rights to Shares will exist, allowing the investors to dispose of the Admitted Shares or Rights to Shares at or even below the market price.

Other companies whose shares have been admitted to trading on securities exchanges may similarly experience periodic significant fluctuations of trading volumes of their securities. Such occurrences may have a significant adverse effect on the market price of the Admitted Shares or Rights to Shares.

Another factor that might have a significant adverse effect on the liquidity of the Admitted Shares or Rights to Shares and their price would be a low level of trading in the Admitted Shares or Rights to Shares as compared to demand. Significant adverse effects on the market price of the Admitted Shares or Rights to Shares may also occur if the investors’ ability to sell a previously planned volume of the Admitted Shares or Rights to Shares at the desired price is compromised. Such a situation may occur even if an appropriate level of trading in the Admitted Shares or Rights to Shares is achieved.

The Admitted Shares or Rights to Shares may be banned from trading on the WSE

The WSE Management Board may delist the Admitted Shares or Rights to Shares from the WSE. Pursuant to the WSE Rules and the WSE Detailed Stock Exchange Trade Rules, shares may or must be delisted by the WSE Management Board if their transferability has become restricted or they have been re-dematerialized, or the KNF requested the WSE to delist the shares on the grounds that they pose a threat to the proper functioning or safety of trading on the WSE or to investors' interests, or in other instances provided for in the Trading Act, e.g. if the securities no longer qualify for admission to trading, however under the condition that the delisting would not significantly harm investors' interests or jeopardize the proper functioning of the exchange market, or if the company defaults under inside trading regulations. The KNF may also decide to delist a public company's shares from the WSE if the company defaults under its obligations imposed by the Public Offering Act.

In addition to the premises for delisting existing under the generally binding provisions of law, the WSE Rules also stipulate that the following, without limitation, may form sufficient grounds for delisting shares: (i) the public company persistently breaches the WSE rules and regulations, (ii) the public company has applied for delisting, (iii) a declaration of bankruptcy, (iv) the company is placed in liquidation, (v) no exchange transactions are effected with respect to the financial instruments for three months.

The Company cannot guarantee that none of the above circumstances will ever occur in the future, creating grounds for the delisting of the Admitted Shares or Rights to Shares from the WSE. If the securities were delisted from the WSE, the investors would no longer be able to purchase or sell these securities on the WSE.

Delisted securities sold outside the stock exchange market may sell at significantly lower prices than the last WSE transaction prices.

The KNF may impose administrative sanctions on the Company

If the issuer or selling shareholder defaults under their statutory obligations, including the disclosure obligations, the KNF may, pursuant to Article 96 of the Public Offering Act: (i) issue a decision excluding the securities from trading on a regulated market for a definite or indefinite period; or (ii) impose a fine of up to PLN 1 million; or (iii) apply both these sanctions jointly. If an issuer defaults under its statutory obligations referred to in Article 56-56c of the Public Offering Act with respect to periodic information, Article 59 of the Public Offering Act with respect to periodic information, Article 63 and Article 70 item 1 of the Public Offering Act, the KNF may: (i) issue a decision excluding the securities from trading on a regulated market for a definite or indefinite period; or (ii) impose a fine of up to PLN 5 million or an equivalent of 5% of the total annual turnover disclosed in the most recent audited annual accounts, if higher than PLN 5 million; or (iii) apply both these sanctions jointly. If the amount of benefits obtained or losses avoided by the issuer due to a default under its obligations referred to in the preceding sentences, the KNF may, instead of the sanctions referred to in items (i), (ii) and (iii) above, impose a fine of up to twice the amount of the benefits obtained or losses avoided by the issuer. In imposing sanctions for the infringements referred to above the KNF shall consider, without limitation, the following factors: (i) gravity and duration of the infringement; (ii) causes of the infringement; (iii) financial condition of the punished entity; (iv) dimension of the benefits obtained or losses avoided by the infringing entity, if assessable; (v) losses suffered by third parties in relation to the infringement, if assessable; (vi) infringing entity's willingness to cooperate with the KNF in investigating the circumstances of the infringement; (vii) record of previous infringements of the act by the punished entity. Additionally, pursuant to Article 96 Section 6 and Section 6a of the Public Offering Act, in the event of a gross infringement of the obligations described above, the KNF may impose a fine of up to PLN 1 million on a management board member or PLN 100,000 on a supervisory board member who acted, respectively, as a management board member or supervisory board member of the public company, an external AIFM or EU AIF, within the meaning of the Act on Investment Funds, or a fund management company acting as a corporate body for a closed-end investment fund.

Additionally, on 6 May 2017 amendments to the Public Offering Act will enter into force provided or by the Amendment to the Trading Act.

In relation to the entry into force of the amendments to the Public Offering Act contemplated by the Amendment to the Trading Act, more stringent sanctions were introduced, for example for any failure to perform or improper performance of the obligations related to insider dealing specified in the MAR Regulation. Pursuant to the new regulations, and should such circumstance arise, the KNF may: (i) issue a decision on excluding of securities from trading on the regulated market or (ii) impose a pecuniary sanction up to PLN 10,364,000 or up to an amount equivalent to 2% of the total annual income as published in the most recent audited accounts for previous financial year if it exceeds PLN 10,364,000, or (iii) apply both sanctions cumulatively (Article 96 Section 1i of the Trading Act). If it is possible to assess the value of profits gained or losses avoided because of the infringement of obligations related to insider dealing, the KNF may choose to impose a penalty of up to three times the amount of the benefits so obtained or losses so avoided in lieu of the said fine. Additionally, the

Amendment to the Trading Act gave the KNF the discretion to impose on a natural person, who at that time held the position of a management board member of a public company, a pecuniary sanction of up to PLN 4,145,600 for the failure to perform or improper performance of duties related to insider dealing provided for in the MAR Regulation.

Besides, if any infringement of obligations related to insider dealing set forth in the MAR Regulation has been confirmed, the KNF may choose to require that the entity responsible for such infringement ceases such practices and undertakes, within prescribed deadline, measures to prevent such infringement in the future (such measure may be applied regardless of other sanctions). If a legal person is responsible for the infringement of provisions of the MAR Regulation concerning insider dealing, the KNF may prohibit the natural person, whose duties included the obligations to assure that a legal person adheres to the provisions of the MAR Regulation with respect to the insider dealing, from entering into, on its own account or on behalf of any third party, any transactions in financial instruments admitted to trading on the regulated market or introduced to trading in an alternative trading system for an definite period of time not exceeding 5 years (such measure may be applied regardless of other sanctions).

The Amendment to the Trading Act imposed tougher cash penalties for violation of obligations set forth in the Article 97 of the Public Offering Act (concerning mostly publication of tender offers and compulsory squeeze-outs) up to the amount of PLN 10,000,000. If it is possible to determine the amount of profits gained or losses avoided by an entity as a result of these infringements, the KNF may choose to impose a penalty of up to three times the amount of the profits so gained or losses so avoided in lieu of the above pecuniary penalty.

The Company cannot guarantee that no infringement of the Offering Act or MAR Regulation will occur in the future which could be a right to initiation for the KNF to impose any of the above sanctions on the Company. Even initiating a process leading to such sanctions by the KNF may have an adverse effect on the Company's perception by its clients and investors. If such a process is initiated and/or sanctions imposed, it could have a material adverse effect on the liquidity and market price of the Offer Shares.

The risks related to the Company's majority shareholder

As at the date of the Marketing Document, the Selling Shareholder is the sole shareholder of the Company. Immediately upon completion of the Offer, assuming that all Offer Shares will have been offered and acquired in the Offer, the Selling Shareholder will hold 60% of the total number of votes at the General Meeting. This means that the Selling Shareholder already holds and will retain after the completion of the Offer a sufficient number of votes to pass resolutions at the General Meeting of the Company. As such, the Selling Shareholder may and will still be able after the completion of the Offer to exert significant influence on the key business goals and development policy pursued by the Company, as well as the decisive influence on the election of members of the Company's Supervisory Board which elects the Management Board. The Selling Shareholder will also have decisive influence on the adoption of crucial resolutions which require simple majority of the votes, e.g. concerning the appropriation of profits or payment of dividends. It is also possible that the Selling Shareholder will have a sufficient number of votes at the General Meeting to adopt or block the adoption of resolutions concerning significant corporate matters which require super majority of votes, including those on amendments of the Articles of Association, issuance of new shares, capital decrease, issuance of convertible bonds or freezing existing shareholders' preemptive rights with respect to a new issues of shares.

Provisions of the Polish law do not require a shareholder to align its intentions with its company's interests, therefore it cannot be ruled out that decisions of the General Meeting will set other directions for the Company's business than the Company's Management Board might expect.

The Company is not in a position to assure that interests of the Selling Shareholder, being its majority shareholder, will at all times be aligned with the interests of the Company or its other shareholders. Such a discrepancy, and in particular potential disputes among the shareholders and their consequences for corporate decisions made by the General Meeting, may have a material adverse effect on the business, performance, condition or prospects of the Group.

The Company may fail to utilize the proceeds from the issuance of the New Shares for the purposes stated in the Marketing Document

The Company intends to use the proceeds from the issuance of the New Shares for the purposes described in "Use of Proceeds". However, there are factors beyond Group's control that may adversely influence the ability to achieve these purposes, such as the overall economic conditions in Poland and in the debt collection industry, activities of Group's competitors, changes of law, regulatory decisions (including the KNF) and the availability of sources of financing.

No assurance can be given that these factors will not affect the efforts to pursue some or all of the key business goals using the proceeds from the Offer, or that the use of those proceeds will not be restricted or abandoned. Additionally, due to external conditions the Company may be forced to utilize some or all of the proceeds from the issuance of the New Shares for other purposes than those identified in the Marketing Document. Using the proceeds from the issuance of the New Shares for such other purposes may prove to be less advantageous to the Company and its shareholders, and the newly set goals to be pursued using the proceeds from the issuance may entail similar implementation risks as those described in relation to the original purposes of utilizing proceeds from the issuance of the New Shares.

Should any of these factors materialize, it might have a material adverse effect on the business, performance, condition or prospects of the Group.

The Company may fail to pay dividend or interim dividend

The Company's ability to pay dividend in the future and the amounts of such dividend will depend on a number of factors, including the Group's prospects, expected future profits, financial standing, development plans and applicable legal regulations.

The Company's profits are appropriated on the basis of its non-consolidated financial statements. Part of the Company's net profits can be derived from dividends paid by its subsidiaries. Therefore, the Company's ability to pay dividend may, to some extent, depend on their performance, and the Company's ability to obtain dividend from such subsidiaries. Should the Company fail to obtain dividend from its subsidiaries, it may reduce its own dividend paid out or cause abstaining from the payment of dividend in the given year entirely.

Also, pursuant to the Commercial Companies Code, dividend can only be paid if the General Meeting adopts a relevant resolution earmarking the profit for appropriation among the shareholders. Interim dividend on account of the expected year-end dividend may only be paid if the Management Board so decides, upon consent of the Supervisory Board. The Management Board is not required to recommend passing such a resolution to the General Meeting for the given year, nor to decide to pay interim dividend. Even if the Management Board decides to pay interim dividend in the given year, it will not be able to assure that appropriate resolutions permitting the payment of dividend or interim dividend will be made, respectively, by the General Meeting or Supervisory Board. Moreover, payment of dividend by the Company is subject to certain contractual restrictions (see "*Dividend and dividend policy—Restrictions to dividend payments*").

Furthermore, an absolute majority of votes at the General Meeting is required for passing a resolution on the payment of dividend. Upon completion of the Offer, such absolute majority will still remain in the hands of the Selling Shareholder whose interests with respect to dividend disbursements may not be aligned with the interests of the other shareholders in this respect (see "*Dividend and dividend policy*").

The Capital Increase Resolution may be challenged

The ability to conduct the Offer of the New Shares depends on the adoption of the Capital Increase Resolution. The Capital Increase Resolution may be challenged through a lawsuit filed against the Company for repealing or asserting invalidity of the resolution.

Pursuant to Article 422 of the Commercial Companies Code, a resolution of the general meeting of a joint-stock company that is contrary to its articles of association or the principles of good practice and prejudices the company's interests or is aimed at injuring a shareholder can be challenged by filing a lawsuit against the company for repealing the resolution. Also, according to Article 425 of the Commercial Companies Code a resolution of the general meeting that is contrary to a statute can be challenged by filing a lawsuit for the assertion of its invalidity. In both cases the lawsuits are filed against the company, and the right to file such a lawsuit is vested in: (i) the management board, supervisory board and their individual members, (ii) any shareholder who voted against the resolution and demanded its objection to be noted in the minutes, (iii) any shareholder who has been unlawfully prevented from participating in the meeting; and (iv) any shareholder who was absent from the meeting if the meeting was convened defectively or the matter concerned by the resolution was not on its agenda. These rights are vested in any shareholder, notwithstanding the number of shares held by it. It should be pointed out that the Selling Shareholder did not make any requests for an objection to be noted in the minutes of the General Meeting held on 28 March 2017 in relation to the passing of the Capital Increase Resolution.

The term for filing a lawsuit for repealing a resolution is one month from the date of becoming aware of the resolution, but in no event longer than six months of the date of the resolution. With respect to the lawsuit for asserting the invalidity of a resolution the applicable term is six months from the date of becoming aware of the resolution, but in no event longer than two years of the date of the resolution.

As a rule, challenging the resolution does not stay the proceedings for registration pending before the registry court. However, the competent registry court may suspend such registration proceedings after having conducted a trial. Such a suspension may also be applied as a form of injunction requested in a litigation for repealing or assertion of invalidity of the resolution, based on a court injunctive order. In order for the court to grant the injunctive order, the applicant must corroborate its claim and its legal interest in obtaining the injunction, which means corroborating that without such injunction enforcing the eventual court judgment will be impossible or significantly hampered, or that it would otherwise preclude or hinder attaining the purpose of the pending proceedings.

It cannot be ruled out that the Capital Increase Resolution will be challenged. Similarly, it cannot be ruled out that if the Capital Increase Resolution is challenged the proceedings for registration of the capital increase will be suspended, the registration delayed and the capital increase may not be registered at all. Neither is it possible to rule out that the Capital Increase Resolution will post-factum be repealed or declared invalid, or that pleas regarding its invalidity will be made. Proceedings initiated as a result of challenging the Capital Increase Resolution may result in the Company obtaining the right to use the proceeds from the Offer later than the time schedule implies. A final and non-appealable refusal to register the capital increase may even result in the Offer being aborted.

Any of these occurrences might have a material adverse effect on the business, performance, condition or prospects of the Group.

The registry court may refuse to register or delay the registration of the share capital increase in the Company based on the Capital Increase Resolution

Conducting the Offer of New Shares requires the registration of the share capital increase of the Company by the registry court. The capital increase will not be registered unless the Management Board files an application for its registration with the registry court in a prescribed term, together with the required documents. Also, the capital increase in the Company will not be registered if the competent registry court enters a final and non-appealable decision refusing to register the capital increase.

Additionally, it is not possible to definitively determine how long will the capital registration process last. The share capital registration may be delayed, in particular as a result of the Capital Increase Resolution being challenged (see “*The Capital Increase Resolution may be challenged*” above).

A delay in the registration of the share capital increase may result in the Company becoming entitled to utilize the proceeds from the Offer later than the time schedule stipulates. As a result of a final and non-appealable court refusal to register the capital increase the Offer may even be aborted.

If the share capital increase in the Company related to the Offer is not registered or is registered in delay, it may have a material adverse effect on the business, performance, condition or prospects of the Group.

The market price of the Offer Shares or Rights to Shares may fall or fluctuate

The market price of the Offer Shares or Rights to Shares may fall or significantly fluctuate due to a number of factors which are partly or entirely outside the Company’s control and are not necessarily related with the Group’s activities or development prospects. These factors include, among other things, general economic trends in Poland, the conditions and trends observed in the Polish debt collection industry and on other European markets, changes in valuation of debt collection industry companies, changes of the Group’s quarterly operating results, fluctuations of prices and trading volumes of shares on stock exchanges, changes of financial estimates or analysts’ recommendations issued with regard to the Company or the Shares, a declarations of the Company or its competitors on the roll-out of new services, acquisitions, joint ventures, activities of short-sellers and changes in the regulatory environment for such activity. Additionally, the capital market experiences significant fluctuations of prices that may not be related or proportional to the performance of the individual companies. Such general market factors may have adverse effect on the quotation of the Shares, including the Offer Shares or Rights to Shares, notwithstanding the Company’s performance.

Admitting the Rights to Shares and Offer Shares to trading on the WSE main market itself will not guarantee their liquidity. Unless the trading in the Rights to Shares and Offer Shares reaches a sufficient level, it may adversely affect the liquidity and market price of the Rights to Shares and Offer Shares.

The market price of the Offer Shares may fall below the issue price of those shares. Should it happen, the investors who acquire the Rights to Shares at a price equal to or higher than the issue price of the New Shares will incur losses.

The price of the Shares may be adversely affected by offers of convertible debt or equity securities conducted in the future by the Company, or a sale of a significant number of the Company shares by its major shareholders, or by expectations that such an issuance or sale may occur

Like in the case of other offers similar to the Offer, it is expected that pursuant to the Placement Agreement to be concluded, for a certain period indicated therein the Selling Shareholder or the Company shall, subject to certain carve-outs specified in the Placement Agreement, be bound by certain contractual lock-up arrangements concerning the issuance and transferring of shares by the Company or the Selling Shareholder (see “Underwriting, Stabilization And Contractual Restrictions In The Marketability Of Shares—Contractual Restrictions In The Marketability Of The Shares”).

After the lock-up arrangements expire, the Company will have the right to issue new shares (also with the exclusion of preemptive rights of the existing shareholders, provided that the General Meeting consents to it in a resolution adopted by a majority of 80% of the votes cast). Upon the lapse of these lock-up arrangements the Selling Shareholder and the Company will also be free to sell or issue shares of the Company.

It is not certain whether the aforesaid entities or other shareholders of the Company who acquire a block of the Offer Shares in the Offer will be willing to sell the shares of the Company or other securities representing rights to acquire those shares, or the Company will issue new shares or securities representing rights to acquire those shares. However, the market price of the shares may fall if, after the expiration of the lock-up barriers the aforesaid entities or other shareholders of the Company who acquire a block of the Offer Shares in the Offer will be willing to sell the shares of the Company, or the Company will issue new shares or other securities, or the investors conclude that such an intention exists.

An issue or sale of a significant number of shares of the Company or securities representing rights to acquire shares of the Company (in particular bonds convertible to shares, senior notes, subscription warrants or ordinary stock) in the future, or an expectation that such an issue or sale will be possible, may have a material adverse effect on the market price of the Company shares and on the Company’s ability to raise capital through a public or private offer of shares or other securities.

Acquiring new shares of the Company issued in future offers or in exercise of rights to acquire shares vested by subscription warrants or convertible notes that the Company may issue in the future, may result in a dilution of the equity rights and voting powers of the Company’s shareholders, if such acquisitions or exercises are effected with the preemptive rights of the existing shareholders being excluded, or if the Company’s shareholders decide not to exercise their preemptive rights or other entitlement to acquire new shares of the Company; it may also result in decreasing the price of the Company shares, or cause both these results concurrently.

Since every decision of the Company to issue securities depends, among other things, on the market conditions, demand for capital, availability and prices of other sources of financing, as well as other factors, including ones beyond Company’s control, the Company is not in a position to foresee or estimate the amount, time or nature of any such future issue. This means that the future investors will deal with a risk of the market price of the Offer Shares and Rights to Shares decreasing and their respective stakes in the Company being diluted as a result of future issues of shares.

Any future transaction involving a sale of a significant number of Company shares or even an expectation that such a sale will occur may adversely affect the Company’s ability to raise capital in the future at an opportune time and for a price satisfactory to the Company.

No assurance can be given that a lively market for the Rights to Shares or Offer Shares will be created nor that trading in these securities will enjoy sufficient liquidity

The Company assumes that its Rights to Shares and Offer Shares will be listed on the WSE. However, the Company cannot give a guarantee that an lively market for the Rights to Shares or Offer Shares will be created nor that trading in these securities will enjoy sufficient liquidity. The holders of Rights to Shares and Offer Shares should be able to cash-in their investments by selling them on the trading market where these securities will be listed. However, if liquidity problems arise their sale orders may not meet a sufficient number of buy orders.

The Management Board has discretionary authority to determine the eventual amount of the share capital increase

In accordance with Article 432 § 4 of the Commercial Companies Code, a share capital increase resolution adopted in relation to a public offer may authorize the management board or supervisory board to determine the final amount by which the share capital will be increased, with a stipulation that the final amount must not be

lower than the minimum amount set by the general meeting or higher than the maximum amount set by the general meeting.

The Capital Increase Resolution authorizes the Management Board to determine the final amount of the share capital increase in accordance with Article 432 § 4 of the Commercial Companies Code. As at the date of the Marketing Document the Management Board is yet to make its decision as to exercising this authority.

Further to the requirements expressed in the “Position of the Office of the Polish Financial Supervision Authority of 30 September 2010 on the application of Article 432 § 4 of the Commercial Companies Code to public offers conducted on the basis of issue prospectuses and information memoranda”, the Company points out that in the opinion of the Office of the Polish Financial Supervision Authority (i) if subscriptions are placed for a lesser number of shares than represented by the final amount of the share capital increase determined by the management board, it may lead to doubts whether the issue has been effective and, consequently, result in a court’s refusal to register the share capital increase; and (ii) if subscriptions are placed for a greater number of shares than represented by the final amount of the share capital increase determined by the management board, the management board shall apply subscription reductions in allocating the shares, on the terms described in the Marketing Document.

The system of open-end pension funds in Poland is undergoing reforms that may affect the capital market in Poland and the price of the Shares

Since their creation, the Open-end Pension Funds have been the WSE’s largest private investor and an important participant of privatization transactions arranged by the State Treasury in the form of public offers of shares on the WSE. 1 February 2014 was an effective date for a new statute passed on 6 December 2013 amending certain acts in relation to determining the rules of pension payments from the funds accumulated in the open-end pension funds (the “OPF Act”). This act reformed the pension system in Poland by changing the rules of functioning of the open-end pension funds (“OPF”) that constitute one of the main pillars of the pension system.

The OPF Act implemented a number of changes to the manner of functioning of the OPF. Among other things, it transferred to the Social Insurance Institution (*Zakład Ubezpieczeń Społecznych* – “ZUS”) some of the assets under management amounting in total to 51.5% of the OPF funds. The transferred assets with an aggregate value of more than PLN 153 billion were written down as of 3 February 2014. Additionally, pension premiums for every OPF member are now transferred in full amount to the ZUS, unless an individual OPF member made a statement electing that part of its pension premiums should be transferred to an OPF. OPF will also be required to gradually transfer the funds accumulated on each OPF member’s account to the ZUS over a period of 10 years before the given OPF member reaches the statutory retirement age. The OPF are furthermore required to adjust their articles of association to the new requirements, including certain restrictions on investment of their funds: the OPF funds now must not be invested in bonds, bills and other securities issued or guaranteed or otherwise backed by the State Treasury or the National Bank of Poland, the OPF are required to maintain a total value of certain categories of assets on specific minimum levels until the end of 2017, with investment limits applicable to particular categories of investments.

The obligation to transfer funds from the OPF to the ZUS 10 years before the retirement age may result in supply of shares from the OPF will exceed OPFs’ demand for shares. Additionally, due to the changes to the manner of functioning of the OPF they are now more inclined to invest the available funds abroad, buying shares of companies listed on foreign bourses, thus the contribution of their funds to the WSE capitalization is lower than before. The OPF exposure to foreign instruments may further increase, as permitted by the implemented system of gradual elevation of the limits on OPF foreign investments over time.

With a potential outflow of the OPF funds, the supply of shares caused by their sales of the WSE-listed shares may have a significant negative effect on prices of the shares listed on the WSE and on their liquidity. Due to the modification of the OPF portfolio structure after the write-down of some of their assets and after the imposition of investment limits, the OPF may be expected to revamp their investment portfolios and sell the shares of some of the WSE-listed companies, which may consequently result in decreasing the valuation of those companies.

The implemented reforms and changes to the functioning of the OPF may adversely affect the image of the Polish capital market and the stability of its institutional framework. The unpredictability of the scale of the funds outflow from the OPF resulting from the voluntary participation in the funds and from the obligation to remodel their portfolios in order to meet the new statutory requirements of the OPF Act may additionally discourage investors from investing in shares of companies listed on the WSE. There can be no guarantee that another reform will be implemented in the future aimed at liquidating the OPF entirely, especially given that the Constitutional Tribunal concluded in its judgment of 4 November 2015 that the implemented reform has not contravened the Polish Constitution.

In July 2016 the Ministry of Development presented the “Plan for Responsible Development” concerning changes to the OPF. According to this plan, the assets accumulated in the OPF will be transferred to the 3rd pillar and the Demographic Reserve Fund. 75 percent of the OPF assets, i.e. the shares, are to be transferred to Individual Pension Accounts (*Indywidualne Konta Emerytalne*). The Demographic Reserve Fund would receive the funds that the OPF are presently investing in bonds or keeping in cash. According to the plan, the OPF would be transformed in Polish stock investment funds governed by the Act on Investment Funds and AIF Management, whereas the Pension Fund Management Companies (*Powszechne Towarzystwa Emerytalne*) would be transformed into Fund Management Companies (*Towarzystwa Funduszy Inwestycyjnych*).

Due to the scope of the implemented reform and the absence of concrete plans concerning the changes affecting the OPF, on the date of the Marketing Document it is not possible to predict the actual impact of the proposed changes on the capital market or, consequently, the price of the Shares. Therefore, there is a risk that the already implemented OPF reform or the contemplated new changed may adversely affect the quotation of the Shares, the volume of trading in the Company shares on the WSE, their liquidity, Company’s ownership structure and the success of the Offer.

The value of the Rights to Shares and the Offer Shares for foreign investors may decrease as a result of exchange rates fluctuations

The Rights to Shares and the Offer Shares will be quoted on the WSE in PLN. For this reason any payments made by foreign investors against the Offer Shares will be made in PLN which, generally, may require converting the respective foreign currency into Polish Zloty at an exchange rate which may change in the future. In consequence, the rate of return on the investment in the Shares will not only depend on fluctuations of the Share price over the period of the investment, but also on the fluctuations of the investor’s local currency exchange rate to the PLN. The exchange rate risk will also accompany any cash disbursements on account of the Shares, including dividends which, if declared, will be payable in PLN.

The exercise of preemptive rights to the Company shares may be subject to restrictions in certain jurisdictions

In the event of a share capital increase in the Company its existing shareholders will have an opportunity to exercise their preemptive rights to such new shares pursuant to the provisions of the Commercial Companies Code, unless a resolution of the General Meeting deprives the existing shareholders of this right entirely or partly. Insofar as the preemptive rights would be vested in the holders of the Company shares in the United States of America, these shareholders may be deprived of the possibility to exercise it, unless a registration statement were filed in accordance with the US Securities Act, or an exempt from this registration obligation would be available on the basis of certain regulations issued thereunder. Shareholders of the Company in other jurisdictions may also be subject to certain restrictions in exercising their preemptive rights. The Company cannot give assurance that it will have any of its shares or other securities registered under the US Securities Act or under any laws of any jurisdiction outside Poland. In the event of a share capital increase in the Company the Company’s shareholders who will not be able to exercise their preemptive rights, if any, must expect their stake in the share capital of the Company to be diluted. Although in some jurisdictions the shareholders who are deprived of a possibility to exercise or transfer their preemptive rights are entitled to a compensation corresponding to the value of that preemptive rights, such an entitlement does not exist in Poland, and the shareholders of the Company must understand that they will not be awarded any compensation for the lack of ability to exercise or transfer their preemptive rights.

Interpretations of the Polish laws and regulations governing investments in shares, including the tax laws and regulations concerning taxation of investments, may be inconsistent and unclear, and these laws and regulations are prone to change

The Polish legal system, including tax laws, is characterized by considerable volatility. Some provisions of the Polish law, in particular the tax law, are ambiguous, often lack coherent and uniform interpretations, and neither the public authorities nor courts have developed consistent practice and case law by which to apply these provisions. Due to frequent changes of law, in particular the tax law, and the varying interpretations, the risk associated with the Polish tax law may be higher than on other developed markets. This concerns first of all the rules of income taxation on investors’ income related to the acquisition, holding and sale of securities. There can be no guarantee that the Polish tax regulations will not be changed in a manner that would be unfavorable for the investors, nor that the tax authorities will not implement a new, different and unfavorable interpretation of the existing tax laws, which might adversely affect the level of tax burden and the eventual investors’ profits from investments in the Shares.

The investment risk inherent to investments in shares is elevated in comparison to investments in other securities

The investors buying the Offer Shares should understand that the risk accompanying direct investments in shares on a capital market is usually significantly higher than that accompanying investments in treasury notes or units of investment funds with diversified investment portfolios, due to unpredictability of share price changes both in the short and long term. On the Polish capital market this risk is relatively higher than on certain developed markets, because the Polish market is still on an early stage of development, with fluctuating securities prices and relatively low liquidity of the listed securities.

Analysts may not issue reports on the Company or they may issue negative recommendations regarding the Company

Reports concerning the Company published by stock exchange analysts affect the quotation and liquidity of the Company shares. If none of the stock exchange analysts reviews the Company and no report is published, or if one or more of the stock exchange analysts discontinues to review the Company or to regularly publish reports on the Company, the interest in the Company on the capital market may settle, with a negative effect on the Company's free float, which may in turn drive down the quotation of the Company shares. If one or more stock exchange analysts issue negative recommendations, the quotation of the Company shares may fall significantly.

There may be claims pursued against the Company or members of its corporate bodies related to civil liability or enforcement of judgments issued against them, including the claims related to the Offer or the Offer Shares

The Company is an entity established and operating under the Polish law. All Company's material fixed assets are located outside the United States of America. All Company's officers are domiciled outside the United States of America and their whole property is also located outside the United States of America. Therefore, the investors who are not subject to the jurisdiction of Polish courts may encounter certain problems in attempts to serve process on the Company, members of the Management Board or Supervisory Board for the purposes of proceedings initiated in relation to the Offer or Offer Shares. There can be no assurance that courts in Poland will (i) enforce court judgments entered in countries outside EU against the Company or members of its corporate bodies; or (ii) pursue claims against the Company or members of its corporate bodies if a lawsuit is filed in a country outside the European Union. These difficulties may affect predominantly the investors from outside the EEA or from the countries which have not signed conventions or bilateral treaties with Poland on the mutual recognition and enforcement of court judgments. Even if such an investor successfully files a lawsuit, the provisions of Polish law may prevent successful enforcement of the obtained judgment against the property of the Company or members of its corporate bodies. Further information in this respect can be found in "Important information below."

IMPORTANT INFORMATION

Financial information and operating data

The Marketing Document includes:

- the interim condensed consolidated financial statements of the Company as at and for the period of three months ended 31 March 2017 (“**Quarterly Consolidated Financial Statements**”) together with audit opinions of independent auditors;
- the consolidated financial statements of the Group for the 12 months ended 31 December 2016, 31 December 2015, 31 December 2014 (the “**2014-2016 Consolidated Financial Statements**”) and jointly with the Quarterly Financial Statements, the “**Consolidated Financial Statements**”) together with audit opinions of an independent auditors.

The Quarterly Consolidated Financial Statements were audited by Deloitte Polska sp. z o.o. Sp. k. with its registered office in Warsaw. The 2014-2016 Consolidated Financial Statements were audited by Deloitte Polska sp. z o.o. Sp. k. with its registered office in Warsaw (see: “*Additional Information—Auditors*”).

The Consolidated Financial Statements are included in the section “*Financial Information*”. The Consolidated Financial Statements should be read in conjunction with the financial information presented elsewhere in the Marketing Document, in particular in the section “*Operating and Financial Review*”.

Unless otherwise indicated, in the Marketing Document:

- the financial data of the Group as at and for the years ended 31 December 2016, 2015 and 2014 is derived from the 2014-2016 Consolidated Financial Statements. Such financial data presented in tables in the Marketing Document is designated as “audited”;
- the financial data of the Group as at and for the three months ended 31 March 2017 is derived from the Quarterly Consolidated Financial Statements. Such financial data presented in tables in the Marketing Document is designated as “unaudited”; and
- financial and operating data concerning the Group that is not derived from the Consolidated Financial Statements was taken from the Group’s management accounts. Such data was not audited, reviewed or examined by an independent auditor. With reference to any such financial and operating data, the Company is indicated as the source of such information. Such financial and operating data presented in the tables in the Marketing Document is designated as “unaudited”.

The 2014-2016 Consolidated Financial Statements have been prepared in accordance with IFRS. Preparing financial information in accordance with IFRS requires making several estimates and assumptions, which may influence the values shown in the Consolidated Financial Statements and notes thereto, which constitute their part (see “*Operating and Financial Review—Accounting policies, assumptions, judgments and estimates*” and Note 4 to the 2014-2016 Consolidated Financial Statements). The actual values may differ from the values obtained on the basis of the estimates and assumptions made.

When deciding whether to invest in the Offer Shares, prospective investors should rely upon their own analyses of the Group, the Consolidated Financial Statements and information presented elsewhere in the Marketing Document, as well as consult their professional advisors.

The Consolidated Financial Statements are prepared in PLN, the legal tender of the Republic of Poland, where the Company primarily conducts its operations. The Company does not prepare its financial statements in U.S. dollars or euros. Certain information regarding the exchange rates of EUR and RON to PLN is presented in the Consolidated Financial Statements.

Some figures contained in the Marketing Document, including financial and operating data, have been rounded off. In addition, some of these and other figures are also presented in PLN millions or billions rather than in PLN thousands as in the Consolidated Financial Statements. Therefore, the sums of amounts given in some columns or rows in the tables and other lists presented in the Marketing Document may slightly differ from the totals specified for such columns or rows. Dashes are used in the tables when the Company did not report given items in the reporting period. Except the tables, figures of less than PLN 100,000.00 are presented in PLN thousands through the Marketing Document.

Similarly, some percentage values presented in the tables in the Marketing Document have been rounded off and the totals specified in such tables may not add up to 100%. Percentage changes between the periods being compared have been calculated on the basis of figures from the Consolidated Financial Statements being rounded off as discussed above.

Basis of preparation of the 2014-2016 Consolidated Financial Statements

To ensure the comparability of the financial data presented in the Marketing Document for the years 2014-2016, the Company has prepared the 2014-2016 Consolidated Financial Statements. The 2014-2016 Consolidated Financial Statements are prepared in accordance with the provisions of law, primarily the Prospectus Directive and the Prospectus Regulation.

Financial and operating information not based on IFRS

In the Marketing Document, the Company presents selected financial information that is not required by, or calculated in accordance with, IFRS, such as EBIT, EBITDA or Cash EBITDA. Such financial information is presented in “*Selected Historical Financial and Operating Information—Selected financial and operating ratios—Selected financial ratios – Alternative Performance Measures*”.

Alternative Performance Measures presented in the Marketing Document should not be analyzed in isolation from the Marketing Document or the Consolidated Financial Statements and should not be treated as measures of financial results or liquidity in accordance with IFRS; they should not be treated as an alternative to revenues, net profit/(loss) or any other performance measures defined by IFRS or as an alternative to cash flows from operational, investment or financial activity or any other liquidity measures defined by IFRS. Alternative Performance Measures do not indicate whether cash flows are adequate or sufficient to satisfy cash requirements and may not be representative of actual financial performance. In addition, Alternative Performance Measures may not be comparable to similarly named measures used by other companies. Due to a discretionary nature of definitions and calculation methods of the Alternative Performance Measures used by the Group and other companies, one should proceed with caution when comparing these measures with similar measures reported by other companies.

In addition, the Company presents in the Marketing Document selected operating ratios such as collections from portfolios, total collections since the beginning of operations or FTEs (full time job equivalents) in “*Selected Historical Financial and Operating Information—Selected financial and operating ratios—Selected operating ratios*”.

Absence of grounds for the preparation of pro forma financial information within the meaning of Regulation 809/2004

The Marketing Document does not contain any pro forma information within the meaning of Regulation 809/2004 due to the absence of grounds for the preparation of pro forma information, set forth in Article 4a Section 1 of Regulation 809/2004, i.e. the Company does not have a complex financial history and has not incurred any significant financial commitment.

In the Company’s judgment, the 2014-2016 Consolidated Financial Statements attached to the Marketing Document describe in detail the situation of the entire organized business of the Group and enables investors to make an informed assessment of the assets, liabilities and equity, financial condition, profits and losses and prospects of the Group. Additionally, the information pertaining to the organized business of the Group which are necessary for the investors to make such assessment are not included in the financial information of any other organizational unit.

Furthermore, the execution by the Company of a conditional agreement creating an obligation to sell shares in EGB Investments (see: “*Business Overview—Material Agreements—Agreements entered into outside the ordinary course of business—Agreements Relating to the Planned Acquisition of Shares in EGB Investments—Conditional Agreement Creating an Obligation to Sell Shares in EGB Investments*”) does not represent a significant financial commitment, since the completion of the transaction will not result in a significant gross change within the meaning of Article 4a Section 5 and 6 of Regulation 809/2004. In particular, the assets of the EGB Investments group constitute approximately 10.0% and 9.0% of the assets of the Group as at 31 December 2016 and as at 31 March 2017, respectively. In the year ended 31 December 2016 and in the three months ended 31 March 2017, the net sales revenues of the EGB Investments group represent approximately: 5.9% and 4.8% of the Group’s net revenues, respectively. In the year ended 31 December 2016 and in the three months ended 31 March 2017, the net profit earned by the EGB Investments group represents 5.3% and 3.4%, respectively of the net profit earned by the Group.

References to defined terms

Certain terms used in this Marketing Document, including certain capitalized terms (which may also be defined in the body of the Marketing Document) and certain other terms, are defined in “*Abbreviations and Definitions*”.

Save as otherwise provided, phrases expressing beliefs, expectations, estimates and opinions of the Company refer to beliefs, expectations, estimates and opinions of the Management Board.

For the purposes of the Marketing Document: (i) the term “closed-end investment fund” means a non-standardized, closed-end securitization fund, unless the context requires otherwise; (ii) the term “own (or internal) closed-end investment fund” means a non-standardized, closed-end securitization fund fully consolidated by the Company, whose debt portfolios are managed by the Company, unless the context requires otherwise; and (iii) the term “third-party (or external) closed-end investment fund” means a non-standardized closed-end securitization fund not consolidated by the Company or reported on an equity basis by the Company, whose debt portfolios are managed by the Company, unless the context requires otherwise.

Amendments to the Prospectus

Publication of the Prospectus after the date of the Prospectus does not mean that in the period from the date of the Prospectus to its publication the situation of the Group or the Company has not changed, or that the information contained in the Prospectus is up to date as at any date following the date of the Prospectus or as at any other date specified in the Prospectus as the date of preparing the information, whichever is earlier.

Supplements to the Prospectus

Pursuant to the provisions of the Public Offering Act, following the approval of the Prospectus by the KNF the Company and the Selling Shareholder are obliged to provide the KNF with information on any material error in the body of the Prospectus or any significant factors which may have an influence on the evaluation of the securities referred to in the Prospectus that occurred or became known to the Company or the Selling Shareholder after the Prospectus approval up to the date of admission of the securities referred to in the Prospectus to trading on a regulated market. Such information should be provided in the form of a supplement to the Prospectus. The KNF should receive the relevant supplement to the Prospectus together with an application for its approval immediately upon becoming aware of any error in the Prospectus or significant factors that warrant the submission of such supplement to the Prospectus and in any event no later than within two Business Days.

Supplements to the Prospectus are subject to the KNF’s approval. The KNF may refuse to approve a supplement to the Prospectus if such supplement does not conform, in terms of its form or contents, to the requirements set forth in laws and regulations. In refusing to approve a supplement to the Prospectus, the KNF applies the measures referred to in Articles 16 and 17 of the Public Offering Act. These measures may involve, in particular, an order that the procedure for admission or introduction of the securities to trading on a regulated market be withheld for a period of not more than ten Business Days or the prohibition of seeking the admission or introduction of securities to trading on a regulated market or the publication, at the expense of the Company of the Selling Shareholder, of information concerning illegal activities with respect to seeking the admission or introduction of securities to trading on a regulated market.

Upon approval of any given supplement to the Prospectus, the Company will make such supplement available to the public immediately and in no event no later than within 24 hours in the same manner as the Prospectus has been made available.

If pursuant to the Public Offering Act it is required to prepare, approve and publish supplements to the Prospectus, some information contained in the Prospectus may, after the date of its publication, be changed in accordance with the supplements to the Prospectus approved by the KNF and published by the Company.

Update reports

Any information resulting in an amendment to the contents of the Prospectus or supplements thereto already made public, with respect to the admission of the securities referred to in the Prospectus to trading on a regulated market, other than information that requires to prepare, approve and publish a supplement to the Prospectus, may be made available to the general public by the Company or the Selling Shareholder without the procedure prescribed for supplements to the Prospectus, in the form of an update report in the same manner as the Prospectus has been made available.

If pursuant to the Public Offering Act it is required to publish update reports, some information regarding the Offering or the Admission contained in the Prospectus may be changed in accordance with the contents of such update reports after the Prospectus publication date.

USE OF PROCEEDS

The Company

The Management Board intends to obtain approximately PLN 400 - 500 million of gross proceeds of the issuance of the New Shares in the Offer. The amount of gross proceeds of the issuance of the New Shares will depend on the final number of the New Shares allotted under the Offer, the Issue Price and the market situation during the conduct of the Offer.

The final amount of the net proceeds from the issuance of the New Shares will depend on the final number of the New Shares allotted under the Offer, the Issue Price and the total amount of costs related to the Offer incurred by the Company (See: “*Additional Information—Costs of the Offer*”).

The actual gross and net proceeds of the issuance of the New Shares under the Offer and the final amount of the costs related to the Offer will be made public upon completion of the Offer in the form of a current report published pursuant to Article 56 Section 1 Section 2 of the Act on Public Offering.

The Management Board intends to use the proceeds of the New Shares for:

- the acquisition of debt portfolios on its own account (i.e. through its own closed-end investment funds) in Poland and abroad, it being understood that with respect to this purpose, if there are no other attractive investment opportunities, the Management Board does not rule out the possibility of its own closed-end investment funds purchasing debt portfolios from external (third-party) closed-end investment funds whose debt portfolios the Company manages; the Management Board’s intention is to use 100% of the proceeds of the issuance of the New Shares for this purpose; within 9-12 of the Company receiving proceeds from the issuance of the New Shares; if the portion of the proceeds from the issuance of the New Shares assigned for this purpose is insufficient to complete the debt portfolios acquisition transactions, the Group may finance the remaining portion of the transactions with its own funds or with debt financing; for the purposes of the acquisition of debt portfolios by its own closed-end investment funds referred to above, the Company will subscribe and pay for investment certificates of these funds;
- if within 9 to 12 months of the Company receiving the proceeds of the issuance of the New Shares there appear any opportunities for the acquisition of entities engaged in a similar or complementary business to that of the Group, which the Management Board considers to be attractive, the Management Board does not rule out the possibility of using a portion of the proceeds of the issuance of the New Share for the acquisitions of such entities, it being understood that if the portion of the proceeds of the issuance of the New Shares assigned for this purpose is insufficient to carry out such acquisitions, the Group may finance the remaining portion with its own funds or debt financing.

Should it be impossible to use the proceeds of the issuance of the New Shares for the purposes set out above within 9 to 12 of the Company receiving the proceeds of the issuance of the New Shares, due to the absence of transaction opportunities satisfying the expectations and conditions of the Management Board, the Management Board may resolve to use the proceeds of the issuance of the New Shares to increase the working capital of the Group and to finance the Group’s operational activities, in particular by covering any current liabilities related to payroll and employee benefits, external services, such as lease, telecommunications or postal services as well as on-going and planned investments, described in Section “*Operating and Financial Review—Capital expenditures—Current and planned investments*”.

The Company does not intend to use the proceeds from the issuance of the New Shares to finance the acquisition of the shares in EGB Investments.

The Company is not planning to change the purposes for which proceeds from the issuance of the New Shares under the Offer will be used, but reserves the right to change them, should the achievement of the said purposes turn out to be impossible or inadvisable or should there occur any circumstances or events that may have an adverse effect on the business of the Company or the Group.

If the Company changes the use of the proceeds of the issuance of the New Shares under the Offer, the relevant announcement shall be made public in the form of a supplement to the Prospectus and a current report issued pursuant to Article 56 Section 1 Clause 2 of the Act on Public Offering (if the changes of the use of the proceeds of the issuance are effected during the term of the Prospectus) or in the form of a current report only pursuant to Article 56 Section 1 Clause 2 of the Act on Public Offering (if the changes of the use of the proceeds of the issuance are effected after expiry of the term of the Prospectus).

Selling Shareholder

The Selling Shareholder will receive the proceeds of the sale of the Sale Shares and they will depend on the number of the Sale Shares that will be sold by the Selling Shareholder under the Offer and on the final price of the Sale Shares.

DIVIDEND AND DIVIDEND POLICY

Historical data concerning dividend

In the years 2014-2016 the Company did not make any dividend payment.

On 24 May 2017, the Annual General Meeting adopted a resolution to assign the entire amount of the net profit earned in 2016 to the supplementary capital.

Dividend policy

As at the date of the Marketing Document, the Company does not have any document which formally defines the Company's dividend policy.

The Company has not paid dividend so far. As at date of the Marketing Document the Management Board does not intend to recommend payment of the dividend for the financial year 2017 to the shareholders.

In the subsequent years, the Management Board does not exclude the possibility that it will recommend payment of dividend for a given financial year to the shareholders. The Management Board, when putting forward such recommendation, will take into account the prospects of the Group, future profits, financial situation and development plans, as well as applicable legal provisions. The Management Board does not guarantee the value of profit achieved by the Company or a part thereof which may be earmarked for the payment of dividend, as well as that in the future it will recommend the payment of dividend to the shareholders.

A decision on dividend payment, as well as its value depends each time on a decision of shareholders made during a General Meeting, with such shareholders not being bound by such recommendation of the Management Board in any way.

Restrictions regarding the payment of dividends

The payment of dividends by the Company is subject to legal restrictions. In particular, the date and payment of dividends are provided for in Polish commercial law. Detailed information about the payment of dividend are included in chapter "*Share Capital and Shares—Shareholder rights—Right to dividend*".

The payment of dividend is also subject to contractual restrictions. In particular, some series of bonds issued by the Company (see "*Business Overview—Material agreements—Agreements entered into outside the ordinary course of business of the Group—Agreements related to debt securities issued by Group companies*") provide for a possibility that bondholders may require an early redemption of bonds by the Company in the event of the payment of dividend, among others, should the dividend amount exceed 50% of the consolidated net profit of the Company for previous financial year in total. Additionally, pursuant to a loan agreement of 1 March 2017 entered into between the Company, EasyDebt NSFIZ and Raiffeisen Bank Polska S.A. (see "*Business Overview—Material agreements—Agreements entered into outside the ordinary course of business of the Group—Agreement with Raiffeisen Bank Polska S.A. of 1 March 2017*") the payment of dividend by the Company during the loan term without the consent of Raiffeisen Bank Polska S.A. constitutes a breach of the agreement which authorizes Raiffeisen Bank Polska S.A., among others, to withhold the payment of disbursements, demand additional collateral to be provided, terminate the loan agreement with notice in whole or in part.

CAPITALIZATION AND INDEBTEDNESS

The following table shows the capitalization and indebtedness of the Group as at 31 March 2017. The data presented below has not been audited or reviewed by an independent auditor. The following data should be reviewed in conjunction with the Consolidated Financial Statements and the information provided in the chapter “Operating and Financial Review” as well as the financial data set forth elsewhere in the Marketing Document.

	As at 31 March 2017 (PLN million) (unaudited)
Short-term indebtedness⁽¹⁾	565.5
Guaranteed*	-
Secured**	145.5
Non-guaranteed/unsecured	420.0
Long-term indebtedness⁽²⁾	813.1
Guaranteed*	-
Secured**	100.1
Non-guaranteed/unsecured	713.0
Equity	442.9
Equity (attributable to shareholders of the parent company)	442.6
Share capital	4.0
Net profit (loss)	57.2
Other equity	381.4
Non-controlling interest	0.3
Total indebtedness and equity	1,821.5
A. Cash	65.6
B. Cash equivalents	-
C. Financial assets held for trading	-
D. Liquidity (A+B+C)	65.6
E. Current receivables⁽³⁾	1,496.2
F. Short-term liabilities relative to loans and borrowings	17.4
G. Current portion of long-term indebtedness	375.7
H. Other short-term indebtedness	172.4
I. Short-term indebtedness (F+G+H)	565.5
J. Short-term indebtedness net (I-E-D)	(996.3)
K. Long-term liabilities relative to loans and borrowings	41.7
L. Bonds issued	568.3
M. Other long-term indebtedness	203.1
N. Long-term indebtedness net (K+L+M)	813.1
O. Net indebtedness (J+N)	(183.2)

⁽¹⁾ Short-term indebtedness includes liabilities arising from issuance of debt securities, trade and other liabilities, financial leasing liabilities, short-term liabilities relative to loans and borrowings, liabilities relative to employee benefits and short-term provisions.

⁽²⁾ Long-term indebtedness includes liabilities arising from issuance of debt securities, financial leasing liabilities, loan and borrowing liabilities and other financial liabilities as well as other long-term liabilities.

⁽³⁾ Current receivables include, in particular, debt portfolios in the amount of PLN 1,007.2 million.

* Including debts secured with guarantees granted by non-Group entities.

** Including debts secured on assets of the Group. Security established in respect of short-term and long-term liabilities includes the following categories: registered pledges on purchased debt portfolios, assets subject to financial lease and registered pledges on investment certificates of closed-end investment funds.

Source: The Company.

From 1 April 2017 to the date of the Marketing Document the Group raised financing from bonds issued with a total nominal value of PLN 440.0 million, which included PLN 139.3 million (PP1 series: PLN 60.0 million and PP2 series: PLN 79.3 million) raised from bonds issued under a public offering (see “Business Overview—Material agreements—Agreements entered into outside the ordinary course of business of the Group—Agreements related to debt securities issued by Group companies”).

Contingent and indirect liabilities

The Group's contingent liabilities as at 31 March 2017 are described in the section "*Operating and Financial Review—Contingent liabilities*".

As at the date of the Marketing Document, the Group has no liabilities that the Company classifies as indirect liabilities.

Working capital statement

The Management Board represents that the working capital of the Group, as at the date of the Marketing Document, is sufficient for the Group's current requirements for a period of at least 12 months following the date of the Marketing Document.

SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION

The tables below present selected historical financial information from the Consolidated Financial Statements, selected financial ratios not derived from the Consolidated Financial Statements and other operating ratios used by the Group. The information provided in this chapter should be analyzed together with the Consolidated Financial Statements and the information included in the chapter “Operating and Financial Review” as well as the financial data presented elsewhere in the Marketing Document.

Selected information from the consolidated income statement

	Three months ended 31 March	
	2017	2016
	(PLN million) (unaudited)	
Net revenues.....	147.2	69.0
Share in profit (loss) of affiliates measured according to the equity method	(4.4)	1.1
Other operating revenue.....	16.2	0.1
Remuneration costs and employee benefits.....	(31.9)	(12.2)
Amortization and depreciation.....	(4.4)	(1.3)
External services	(32.8)	(7.2)
Other operating expenses.....	(10.8)	(4.8)
Operating profit	79.1	44.6
Result on sales of financial assets.....	-	-
Financial revenues.....	2.2	0.2
Financial expenses	(35.1)	(6.4)
Net financial revenues (costs).....	(32.9)	(6.1)
Gross profit (loss).....	46.2	38.4
Income tax	11.2	(0.4)
Net profit (loss)	57.5	38.0
Attributable to equity holders of the parent company	57.2	37.9
Attributable to non-controlling interest	0.2	0.1

Source: Quarterly Consolidated Financial Statements.

	Year ended 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Net revenues.....	422.7	206.7	107.5
Share in profit (loss) of affiliates measured according to the equity method	(10.7)	11.7	(0.0)
Other operating revenue.....	4.4	1.3	0.1
Remuneration costs and employee benefits.....	(78.1)	(49.0)	(18.8)
Depreciation / amortization.....	(6.1)	(3.0)	(1.4)
External services	(71.8)	(27.0)	(10.2)
Other operating expenses.....	(25.7)	(18.1)	(12.9)
Operating profit	234.7	122.6	64.3
Result on sales of financial assets.....	(0.0)	0.0	-
Financial revenues.....	1.1	0.1	0.3
Financial expenses	(44.6)	(12.7)	(10.3)
Net financial revenues (costs).....	(43.6)	(12.6)	(10.1)
Gross profit (loss).....	191.2	110.0	54.2
Income tax	9.1	10.4	(10.0)
Net profit (loss)	200.3	120.3	44.3
Attributable to equity holders of the parent company	200.0	120.1	44.1
Attributable to non-controlling interest	0.2	0.2	0.2

Source: 2014-2016 Consolidated Financial Statements.

Selected information from the consolidated statement of financial position

	31 March 2017 (PLN million) (unaudited)	31 December		
		2016	2015 (PLN million) (audited)	2014
Assets				
Non-current assets	259.7	222.6	100.5	71.9
Tangible fixed assets.....	14.1	13.3	9.7	3.5
Intangible assets.....	46.8	38.8	9.9	2.1
Goodwill.....	8.9	8.9	-	-
Investment property.....	-	1.3	1.3	-
Investments.....	167.0	140.3	77.7	66.2
Investment in affiliates.....	133.9	106.2	77.2	65.5
Investments in securitization funds.....	33.1	34.1	0.5	0.7
Other long-term receivables.....	1.6	10.0	1.1	-
Deferred income tax assets.....	21.2	10.0	0.7	-
Prepayments.....	0.1	0.1	0.2	0.1
Current assets	1,561.8	1,407.9	554.9	217.6
Debt portfolios.....	1,007.2	1,019.6	422.3	188.2
Trade receivables.....	442.9	269.7	74.6	5.0
Income tax receivables.....	0.3	0.3	0.0	0.1
Short-term borrowings granted.....	4.6	-	-	-
Other debtors ⁽¹⁾	18.5	29.7	3.9	6.9
Prepayments.....	22.7	18.2	2.9	0.6
Cash and cash equivalents.....	65.6	70.4	51.3	16.9
Total assets	1,821.5	1,630.6	655.4	289.5

⁽¹⁾ Since "Short-term borrowings granted" are shown separately in the Quarterly Consolidated Financial Statements with the balance of PLN 3.7 million as at 31 December 2016, "Other debtors" in the Quarterly Consolidated Financial Statements equal PLN 26.0 million as at 31 December 2016.

Source: Consolidated Financial Statements.

	31 March 2017 (PLN million) (unaudited)	31 December		
		2016	2015 (PLN million) (audited)	2014
Liabilities and equity				
Equity (attributable to shareholders of the parent company)	442.6	385.8	185.7	65.7
Share capital.....	4.0	4.0	4.0	4.0
Net profit (loss).....	57.2	200.0	120.1	44.1
Other equity.....	381.4	181.7	61.6	17.6
Non-controlling interest	0.3	0.1	0.0	0.0
Total equity	442.9	385.8	185.8	65.7
Long-term liabilities and provisions for liabilities	813.1	583.0	156.1	125.4
Deferred income tax provision.....	-	-	-	12.6
Liabilities arising from issuance of debt securities.....	568.3	397.4	121.6	111.7
Financial leasing liabilities.....	5.0	4.5	1.9	1.1
Long-term liabilities relative to loans and borrowings.....	41.7	45.4	-	-
Other liabilities.....	198.0	135.7	32.5	-
Short-term liabilities	565.5	661.7	313.6	98.4
Liabilities arising from issuance of debt securities.....	374.0	407.5	132.0	16.0
Trade and other liabilities.....	152.6	223.4	172.6	72.2
Financial leasing liabilities.....	1.8	1.6	0.8	0.7
Short-term liabilities relative to loans and borrowings.....	17.4	15.8	-	5.1
Corporate income tax liabilities.....	-	-	0.7	0.1
Liabilities relative to employee benefits.....	19.7	13.5	7.5	4.4
Short-term provisions.....	0.0	0.0	0.0	-
Total liabilities	1,378.6	1,244.7	469.6	223.8
Total liabilities and equity	1,821.5	1,630.6	655.4	289.5

Source: Consolidated Financial Statements.

Selected information from the consolidated cash flow statements

	Three months ended 31 March	
	2017	2016
	(PLN million) (unaudited)	
Net cash from operating activities	(61.4)	(48.8)
Net cash used in investing activities	(50.0)	(46.6)
Net cash from financing activities	106.6	67.6

Source: Quarterly Consolidated Financial Statements.

	Year ended 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Net cash from operating activities	(276.1)	(41.8)	299.8
Net cash used in investing activities	(280.4)	(36.0)	(322.3)
Net cash from financing activities	575.6	112.2	31.6

Source: 2014-2016 Consolidated Financial Statements.

Selected financial and operating ratios

Selected financial ratios – Alternative Performance Measures

The Management Board evaluates the Group's results with the use of key ratios which are not derived from the Consolidated Financial Statements and are calculated on the basis of financial information included in the Consolidated Financial Statements. The ratios presented herein constitute the Alternative Performance Measures (APM) under the Guidelines of ESMA on Alternative Performance Measures. The Alternative Performance Measures presented below are neither required by nor calculated in accordance with IFRS, and were not audited or reviewed by an independent auditor.

Alternative Performance Measures should be treated as additional information presenting a broader view of the results and financial situation of the Group. Those measures are not defined in IFRS and, therefore, they should not be treated as an alternative to measures defined by IFRS such as net profit/(loss), operating profit, cash flows from operational activity, liquidity or other IFRS measures. In addition, the Alternative Performance Measures described below are not uniformly defined and determined. Calculation methods used by other companies may differ significantly from those adopted by the Group. Therefore, the Alternative Performance Measures presented below, as such, are not the basis of comparison with similar ratios of other companies. Consequently, the following Alternative Performance Measures should not be used to analyze the performance of the Group, also as compared to other companies, instead of or in isolation from IFRS measures and information included in the Consolidated Financial Statements. The financial ratios presented below should not be used to forecast the results or financial situation of the Group.

The following tables present selected Alternative Performance Measures of the Group in for the indicated periods.

Financial ratios	Three months ended 31 March	
	2017	2016
	(unaudited)	
EBIT (PLN million) ⁽¹⁾	79.1	44.6
EBITDA (PLN million) ⁽²⁾	83.6	45.9
Cash EBITDA (PLN million) ⁽³⁾	95.6	51.9
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽⁴⁾	52.5	65.4
Operating profitability (EBIT) (%) ⁽⁵⁾	49.8	63.6
Net return (%) ⁽⁶⁾	35.7	54.0
Return on Assets (ROA) (%) ⁽⁷⁾	12.1	18.7
Return on Equity (ROE) (%) ⁽⁸⁾	49.6	61.7
Overall indebtedness ratio (%) ⁽⁹⁾	75.7	69.7
Debt to equity ratio (%) ⁽¹⁰⁾	311.3	230.0
Short term debt ratio (%) ⁽¹¹⁾	31.0	30.9
Long term debt ratio (%) ⁽¹²⁾	44.6	38.8
Net debt /EBITDA ⁽¹³⁾	3.4	2.1

Financial ratios	Three months ended 31 March	
	2017	2016
	(unaudited)	
Net debt/equity ⁽¹⁴⁾	2.1	1.4

⁽¹⁾ The Company calculates EBIT as operating profit.

⁽²⁾ The Company calculates EBITDA as operating profit after elimination of depreciation and amortization.

⁽³⁾ The Company calculates Cash EBITDA as operating profit after elimination of depreciation, purchase price amortization and revaluation of portfolios.

⁽⁴⁾ The Company calculates the ratio of operating profitability after elimination of depreciation and amortization (EBITDA) as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁵⁾ The Company calculates the operating profitability (EBIT) ratio as operating profit divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁶⁾ The Company calculates the net return ratio as net profit (loss) for a period divided by total revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method, other operating revenues and financial revenues).

⁽⁷⁾ The Company calculates the Return on Assets (ROA) ratio as net profit (loss) for last 12 months divided by total assets as at the end of a period.

⁽⁸⁾ The Company calculates the return on equity (ROE) ratio as net profit (loss) for last 12 months divided by equity as at the end of a period.

⁽⁹⁾ The Company calculates the overall indebtedness ratio as total liabilities as at the end of a period divided by total liabilities and equity as at the end of that period.

⁽¹⁰⁾ The Company calculates the debt to equity ratio as total liabilities divided by equity as at the end of a period.

⁽¹¹⁾ The Company calculates the short term debt ratio as total short term liabilities divided by total liabilities and equity as at the end of a period.

⁽¹²⁾ The Company calculates the long term debt ratio as long term liabilities and provisions for liabilities divided by total liabilities and equity as at the end of a period.

⁽¹³⁾ The Company calculates the net debt to EBITDA ratio as long and short term interest bearing debt less cash and cash equivalents divided by operating profit after elimination of depreciation and amortization for a period (EBITDA).

⁽¹⁴⁾ The Company calculates the net debt to equity ratio as long and short term interest bearing debt less cash and cash equivalents divided by equity as at the end of a period.

Source: the Company.

Financial ratios	Year ended 31 December		
	2016	2015	2014
	(unaudited)		
EBIT (PLN million) ⁽¹⁾	234.7	122.6	64.3
EBITDA (PLN million) ⁽²⁾	240.8	125.5	65.7
Cash EBITDA (PLN million) ⁽³⁾	273.9	136.3	56.9
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽⁴⁾	57.8	57.2	61.1
Operating profitability (EBIT) (%) ⁽⁵⁾	56.4	55.8	59.8
Net return (%) ⁽⁶⁾	48.0	54.7	41.1
Return on Assets (ROA) (%) ⁽⁷⁾	12.3	18.4	15.3
Return on Equity (ROE) (%) ⁽⁸⁾	51.9	64.7	67.4
Overall indebtedness ratio (%) ⁽⁹⁾	76.3	71.7	77.3
Debt to equity ratio (%) ⁽¹⁰⁾	322.6	252.7	340.6
Short term debt ratio (%) ⁽¹¹⁾	40.6	47.8	34.0
Long term debt ratio (%) ⁽¹²⁾	35.8	23.8	43.3
Net debt /EBITDA ⁽¹³⁾	3.3	1.6	1.8
Net debt/equity ⁽¹⁴⁾	2.1	1.1	1.8

⁽¹⁾ The Company calculates EBIT as operating profit.

⁽²⁾ The Company calculates EBITDA as operating profit after elimination of depreciation and amortization.

⁽³⁾ The Company calculates Cash EBITDA as operating profit after elimination of depreciation, purchase price amortization and revaluation of portfolios.

⁽⁴⁾ The Company calculates the ratio of operating profitability after elimination of depreciation and amortization (EBITDA) as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁵⁾ The Company calculates the operating profitability (EBIT) ratio as operating profit divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁶⁾ The Company calculates the net return ratio as net profit (loss) for a period divided by total revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method, other operating revenues and financial revenues).

⁽⁷⁾ The Company calculates the Return on Assets (ROA) ratio as net profit (loss) for last 12 months divided by total assets as at the end of a period.

⁽⁸⁾ The Company calculates the return on equity (ROE) ratio as net profit (loss) for last 12 months divided by equity as at the end of a period.

⁽⁹⁾ The Company calculates the overall indebtedness ratio as total liabilities as at the end of a period divided by total liabilities and equity as at the end of that period.

⁽¹⁰⁾ The Company calculates the debt to equity ratio as total liabilities divided by equity as at the end of a period.

⁽¹¹⁾ The Company calculates the short term debt ratio as total short term liabilities divided by total liabilities and equity as at the end of a period.

⁽¹²⁾ The Company calculates the long term debt ratio as long term liabilities and provisions for liabilities divided by total liabilities and equity as at the end of a period.

⁽¹³⁾ The Company calculates the net debt to EBITDA ratio as long and short term interest bearing debt less cash and cash equivalents divided by operating profit after elimination of depreciation and amortization for a period (EBITDA).

⁽¹⁴⁾ The Company calculates the net debt to equity ratio as long and short term interest bearing debt less cash and cash equivalents divided by equity as at the end of a period.

Source: the Company.

The following tables present selected Alternative Performance Measures of the Group for particular segments in the indicated periods.

Financial ratios	Three months ended 31 March	
	2017	2016
	(PLN million, unless indicated otherwise) (unaudited)	
Segment: own closed-end investment funds.....		
EBITDA ⁽¹⁾	76.7	31.4
Operating profitability after elimination of depreciation and amortization (EBITDA) ⁽²⁾	57.0	67.4
Cash EBITDA ⁽³⁾	88.7	37.4
Cash EBITDA/collections from portfolios (%) ⁽⁴⁾	60.6	71.4
Segment: third-party closed-end investment funds.....		
EBITDA ⁽¹⁾	6.9	14.5
Operating profitability after elimination of depreciation and amortization (EBITDA)⁽²⁾	28.0	61.3
Cash EBITDA ⁽³⁾	6.9	14.5
Cash EBITDA/collections from portfolios (%) ⁽⁴⁾	8.0	14.9

⁽¹⁾ The Company calculates EBITDA for a segment as operating profit after elimination of depreciation and amortization for that segment.

⁽²⁾ The Company calculates the operating profitability after elimination of depreciation and amortization (EBITDA) for a segment as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues) for that segment.

⁽³⁾ The Company calculates Cash EBITDA for a segment as operating profit for that segment after elimination of depreciation, purchase price amortization and portfolio revaluation for that segment.

⁽⁴⁾ The Company calculates the Cash EBITDA/collections from portfolios ratio for a segment as operating profit after elimination of depreciation, purchase price amortization and portfolio revaluation divided by funds received from debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments for that segment in a given period.

Source: the Company.

	Year ended 31 December		
	2016	2015	2014
	(PLN million, unless indicated otherwise) (unaudited)		
Segment: own closed-end investment funds.....			
EBITDA ⁽¹⁾	220.3	78.8	59.8
Operating profitability after elimination of depreciation and amortization (EBITDA) ⁽²⁾	64.9	61.8	63.0
Cash EBITDA ⁽³⁾	253.3	89.5	51.0
Cash EBITDA/collections from portfolios (%) ⁽⁴⁾	68.9	66.6	59.3
Segment: third-party closed-end investment funds			
EBITDA ⁽¹⁾	20.6	46.7	5.9
Operating profitability after elimination of depreciation and amortization (EBITDA) ⁽²⁾	26.6	50.7	46.4
Cash EBITDA ⁽³⁾	20.6	46.7	5.9
Cash EBITDA/collections from portfolios (%) ⁽⁴⁾	6.0	19.6	16.9

⁽¹⁾ The Company calculates EBITDA for a segment as operating profit after elimination of depreciation and amortization for that segment.

⁽²⁾ The Company calculates the operating profitability after elimination of depreciation and amortization (EBITDA) for a segment as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues) for that segment.

⁽³⁾ The Company calculates Cash EBITDA for a segment as operating profit for that segment after elimination of depreciation, purchase price amortization and portfolio revaluation for that segment.

⁽⁴⁾ The Company calculates the Cash EBITDA/collections from portfolios ratio for a segment as operating profit after elimination of depreciation, purchase price amortization and portfolio revaluation divided by funds received from debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments for that segment in a given period.

Source: the Company.

The table below presents justification for the use of particular Alternative Performance Measures.

Alternative Performance Measure	Justification for use
EBIT	EBIT measures operating results.
EBITDA	EBITDA measures operating results after elimination of depreciation and amortization.
Cash EBITDA	Cash EBITDA measures the real cash level of operating profit after elimination of depreciation, purchase price amortization and revaluation of portfolios. Purchase price amortization is the sum of payments from debtors, changes in liabilities to debtors resulting from overpayments and revenues from purchased packets – payments and changes connected with receivables from borrowers granted to debtors. Such changes should be treated as the sum of borrowing repayments, increase/(decrease) in liabilities to debtors resulting from overpayments and revenues from the borrowings granted – payments. The Cash EBITDA level shows the Group's ability to generate cash operating profits.
Operating profitability after elimination of depreciation and amortization (EBITDA)	This EBITDA profitability ratio measures efficiency at the level of operating profit after elimination of fixed and intangible asset depreciation and amortization. Operating revenues are the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenue.
Operating profitability (EBIT)	The EBIT profitability ratio measures efficiency at the level of operating profit. Operating revenues are the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenue.
Cash EBITDA/collections from portfolios	The Cash EBITDA/collections from portfolios ratio presents the efficiency of operations in terms of the real cash level of operating profit compared to realized collections.
Net return	Net profitability measures the Group's profitability after tax against total revenues of the Group (which include net revenues, share in profit (loss) of associates accounted for using equity, other operating revenue and financial revenues).
Return on Assets (ROA)	Return on Assets (ROA) is a measure of profitability on all assets of the Group against the net financial result generated from its assets
Return on Equity (ROE)	Return on Equity (ROE) is a measure of the return on the capital invested by the shareholders of the Group.
Overall indebtedness ratio	The overall indebtedness ratio indicates the extent to which the Group is financed by third party capital.
Debt to equity ratio	The debt to equity ratio indicates the Group's liabilities against its total equity.
Short term debt ratio	The short term debt ratio shows the Group's short term liabilities against its total liabilities and equity.
Long term debt ratio	The long term debt ratio shows the Group's long term liabilities against its total liabilities and equity.
Net debt/EBITDA	The net-debt-to-EBITDA ratio indicates the Group's ability to pay net financial liabilities with cash generated from operating activity. Such debt includes financial liabilities resulting from issues of debt securities, financial lease liabilities and loan and borrowing liabilities.
Net debt/equity	The net-debt/equity ratio measures the Group's ability to pay net financial liabilities with equity. Such debt includes financial liabilities resulting from issues of debt securities, financial lease liabilities and loan and borrowing liabilities.

Source: the Company.

The Company is of the opinion that the other financial data or financial ratios presented in the Marketing Document do not constitute Alternative Performance Measures.

Selected operating ratios

The Group uses certain operating ratios which give supplementary information only and may present a broader view of the Group's situation. The operating ratios presented below are not uniformly defined and determined. Calculation methods used by other companies may differ significantly from those adopted by the Group. Therefore, the operating ratios presented below, as such, are not the basis for comparison with similar ratios of other companies. Consequently, the following operating ratios should not be used to analyze the performance of the Group, also as compared to other companies. The operating ratios presented below should not be used to forecast the situation of the Group.

The following tables present selected operating ratios of the Group for the indicated periods.

Operating ratios	Three months ended 31 March	
	2017	2016
	(PLN million, unless indicated otherwise) (unaudited)	
Collections from portfolios ⁽¹⁾	231.8	149.6
Total collections since the beginning of operations ⁽²⁾	1,460.4	665.3
FTEs (number of full time job equivalents) ⁽³⁾	1,256	717
Average FTEs in the period (number of full time job equivalents) ⁽⁴⁾	1,151.5	712.5
Collections/Average FTEs in the period (number of full time job equivalent) (PLN thousand) ⁽⁵⁾	201.3	210.0
Portfolio purchase price, net ⁽⁶⁾	245.6	45.2
Nominal value of purchased portfolios, net ⁽⁷⁾	1,148.3	165.1
Total nominal value of portfolios under management (PLN billion)⁽⁸⁾	20.0	14.2
Historical average net purchase price (%) ⁽⁹⁾	21.4	27.4
Number of cases in purchased portfolios, net (millions) ⁽¹⁰⁾	0.2	0.2
Total number of cases under processing (millions) ⁽¹¹⁾	2.2	1.2
Settlement and promised payment performance ratio (%)⁽¹²⁾	89.3	83.2
Cost-to-collect (%)⁽¹³⁾	19.1	15.2
Types of acquired portfolios (%) ⁽¹⁴⁾		
Banking sector	80.0	4.4
Telecommunications sector	7.4	36.9
Payday lenders	4.3	0.2
Power sector	0.0	2.2
Insurance sector	0.0	0.0
Other	8.3	56.4

⁽¹⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of own and third party closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽²⁾ The Company reports total collections since the beginning of operations as the total amount of collections received from debtors by own and third-party closed-end investment funds from the beginning of the Group's operations as at the end of a period.

⁽³⁾ The Company reports the FTEs as the number of persons employed by the Group in terms of full time job equivalents as at the end of a period.

⁽⁴⁾ The Company reports the average FTEs in a period as the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁵⁾ The Company reports the collections/average FTEs in a period ratio as collections from debt portfolios of own and third-party closed-end investment funds divided by the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁶⁾ The Company reports the portfolio purchase price, net in the amount equal to the value at purchase price of the portfolios acquired in a period by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁷⁾ The Company reports the nominal value of purchased portfolios, net as the sum of nominal values of the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁸⁾ The Company reports the total nominal value of portfolios under management as the value of debt for the debt portfolios acquired by own and third-party closed-end investment funds as at the end of a period.

⁽⁹⁾ The Company reports the historical average net purchase price ratio as purchase price to nominal value for the portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹⁰⁾ The Company reports the number of cases in purchased portfolios, net as the number of cases in the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹¹⁾ The Company reports the total number of cases under processing as the number of cases being processed by the Group as at the end of a period.

⁽¹²⁾ The Company reports the settlement and promised payment performance ratio as percentage of the payments promised under settlements and other promised payments actually made by debtors on agreed dates.

⁽¹³⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of own and third-party closed-end investment funds divided by collections from such portfolios.

⁽¹⁴⁾ The Company reports the types of acquired portfolios as percentage share of a debt type in the portfolio at purchase price of debt portfolios of own and third-party closed-end investment funds.

Source: the Company.

Operating ratios	Year ended 31 December		
	2016	2015	2014
	(PLN million, unless indicated otherwise) (unaudited)		
Collections from portfolios ⁽¹⁾	713.0	373.4	120.8
Total collections since the beginning of operations ⁽²⁾	1,228.6	515.7	142.3
FTEs (number of full time job equivalents) ⁽³⁾	1,047	708	336
Annual-average FTEs (number of full time job equivalents) ⁽⁴⁾	877.5	522.0	221.5
Collections/annual-average FTEs (number of full time job equivalent) (PLN thousand) ⁽⁵⁾	812.5	715.2	545.4

	Year ended 31 December		
	2016	2015	2014
	(PLN million, unless indicated otherwise) (unaudited)		
Operating ratios			
Portfolio purchase price, net ⁽⁶⁾	911.9	921.5	495.3
Nominal value of purchased portfolios, net ⁽⁷⁾	4,432.8	8,337.5	4,144.6
Total nominal value of portfolios under management (PLN billion) ⁽⁸⁾	19.4	14.0	5.3
Historical average net purchase price (%) ⁽⁹⁾	20.6	11.1	12.0
Number of cases in purchased portfolios, net (millions) ⁽¹⁰⁾	1.0	0.5	0.5
Total number of cases under processing (millions) ⁽¹¹⁾	2.1	1.0	0.5
Settlement and promised payment performance ratio (%) ⁽¹²⁾	89.0	75.2	69.0
Cost-to-collect (%) ⁽¹³⁾	17.1	14.9	16.5
Types of acquired portfolios (%) ⁽¹⁴⁾			
Banking sector	62.3	86.3	93.3
Telecommunications sector	16.8	9.1	4.8
Payday lenders	0.9	0.7	0.6
Power sector	0.3	0.2	0.4
Insurance sector	0.0	0.0	0.0
Other	19.7	3.8	0.8

⁽¹⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of own and third party closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽²⁾ The Company reports total collections since the beginning of operations as the total amount of collections received from debtors by own and third-party closed-end investment funds from the beginning of the Group's operations as at the end of a period.

⁽³⁾ The Company reports the FTEs as the number of persons employed by the Group in terms of full time job equivalents as at the end of a period.

⁽⁴⁾ The Company reports the annual-average FTEs as the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁵⁾ The Company reports the collections/annual-average FTEs ratio as collections from debt portfolios of own and third-party closed-end investment funds divided by the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁶⁾ The Company reports the portfolio purchase price, net in the amount equal to the value at purchase price of the portfolios acquired in a period by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁷⁾ The Company reports the nominal value of purchased portfolios, net as the sum of nominal values of the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁸⁾ The Company reports the total nominal value of portfolios under management as the value of debt for the debt portfolios acquired by own and third-party closed-end investment funds as at the end of a period.

⁽⁹⁾ The Company reports the historical average net purchase price ratio as purchase price to nominal value for the portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹⁰⁾ The Company reports the number of cases in purchased portfolios, net as the number of cases in the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹¹⁾ The Company reports the total number of cases under processing as the number of cases being processed by the Group as at the end of a period.

⁽¹²⁾ The Company reports the settlement and promised payment performance ratio as percentage of the payments promised under settlements and other promised payments actually made by debtors on agreed dates.

⁽¹³⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of own and third-party closed-end investment funds divided by collections from such portfolios.

⁽¹⁴⁾ The Company reports the types of acquired portfolios as percentage share of a debt type in the portfolio at purchase price of debt portfolios of own and third-party closed-end investment funds.

Source: the Company.

The following table presents historical collections from the beginning of the Group's operations for particular segments in indicated periods.

Collections	Segment: own closed-end investment funds	Segment: third- party closed-end investment funds	Group
	(PLN million) (unaudited)		
Collections from the beginning of operations, ⁽¹⁾ including:	756.1	704.3	1,460.4
Year ended 31 December 2012	2.0	-	2.0
Year ended 31 December 2013	19.5	0.0	19.5
Year ended 31 December 2014	86.1	34.7	120.8
Year ended 31 December 2015	134.3	239.0	373.4
Three months ended 31 March 2016	52.4	97.2	149.6
Year ended 31 December 2016 ⁽²⁾	367.8	345.1	713.0
Three months ended 31 March 2017 ⁽³⁾	146.4	85.4	231.8

⁽¹⁾ The Company calculates this amount as the total value of collections received from debtors by funds in particular segments from the beginning of the Group's operations.

⁽²⁾ This amount of the 2016 collections includes the value of repayments of borrowings granted to debtors in the amount of PLN 44.7 million.

⁽³⁾ This amount of collections for the first quarter of 2017 includes the value of repayments of borrowings granted to debtors in the amount of PLN 1.8 million. The segment of own closed-end investment funds for the three months ended 31 March 2017 include collections resulting from the debt portfolios acquired in the three months ended 31 March 2017, amounting to PLN 27.2 million, and the debt portfolios acquired on or before 31 December 2016, amounting to PLN 119.2 million.

Source: the Company.

The following tables present selected operating ratios of the Group by segment for the indicated periods.

	Three months ended 31 March	
	2017	2016
	(PLN million, unless indicated otherwise) (unaudited)	
ERC ⁽¹⁾	2,318.7	-
ERC attributable to Getback ⁽²⁾	1,444.2	-
Collections from portfolios	231.8	149.6
Segment: own closed-end investment funds ⁽³⁾	146.4 ⁽⁶⁾	52.4
Segment: third-party closed-end investment funds ⁽⁴⁾	85.4	97.2
Nominal value of purchased portfolios, net ⁽⁵⁾	1,148.3	165.1
Segment: own closed-end investment funds	(598.9)	(9.3)
Segment: third-party closed-end investment funds	1,747.2	174.4

⁽¹⁾ The Company reports ERC as the expected value of future collections from debt portfolios of own closed-end investment funds.

⁽²⁾ The Company reports ERC attributable to Getback as the expected value of future collections attributable to the Group from debt portfolios of third-party closed-end investment funds. According to the Company, the total ERC of third-party closed-end investment funds amounted to about PLN 4.7 billion as at 31 March 2017.

⁽³⁾ The Company reports collections from portfolios as proceeds recovered from debt portfolios of own closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁴⁾ The Company reports collections from portfolios as proceeds recovered from debt portfolios of third-party closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁵⁾ The Company reports the nominal value of purchased portfolios, net for a segment as the sum of nominal values of debt portfolios acquired by the closed-end investment funds in that segment which were not acquired in order to be transferred.

⁽⁶⁾ The amount of collections for the first quarter of 2017 includes the value of repayments of borrowings granted to debtors in the amount of PLN 1.8 million. The segment of own closed-end investment funds for the three months ended 31 March 2017 include collections resulting from the debt portfolios acquired in the three months ended 31 March 2017, amounting to PLN 27.2 million, and the debt portfolios acquired on or before 31 December 2016, amounting to PLN 119.2 million.

Source: the Company.

	Year ended 31 December		
	2016	2015	2014
	(PLN million) (unaudited)		
ERC ⁽¹⁾	2,519.7	-	-
ERC attributable to Getback ⁽²⁾	1,196.6	-	-
Collections from portfolios			
Segment: own closed-end investment funds ⁽³⁾	367.8	134.3	86.1
Segment: third-party closed-end investment funds ⁽⁴⁾	345.1	239.0	34.7
Nominal value of purchased portfolios, net ⁽⁵⁾			
Segment: own closed-end investment funds	2,872.0	2,731.2	941.1
Segment: third-party closed-end investment funds	1,560.8	5,606.2	3,203.6

⁽¹⁾ The Company reports ERC as the expected value of future collections from debt portfolios of own closed-end investment funds.

⁽²⁾ The Company reports ERC attributable to Getback as the expected value of future collections attributable to the Group from debt portfolios of third-party closed-end investment funds. According to the Company, the total ERC of third-party closed-end investment funds amounted to about PLN 3.9 billion as at 31 December 2016.

⁽³⁾ The Company reports collections from portfolios as proceeds recovered from debt portfolios of own closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁴⁾ The Company reports collections from portfolios as proceeds recovered from debt portfolios of third-party closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁵⁾ The Company reports the nominal value of purchased portfolios, net for a segment as the sum of nominal values of debt portfolios acquired by the closed-end investment funds in that segment which were not acquired in order to be transferred.

Source: the Company.

In addition, the Gross Money Multiple ratio, defined as expected collections in repayment period to the value of investments in debt portfolios of own closed-end investment funds was 3.15 and 3.14 as at 31 March 2017 and 31 December 2016, respectively.

The following table shows net purchases of debt portfolios (at purchase price) in the indicated periods broken down into own and third-party closed-end investment funds.

	Portfolio purchases, net ⁽¹⁾ (at purchase price) in segment: own closed-end investment funds	Debt portfolios purchased by own closed-end investment funds from third-party closed-end investment funds (at purchase price)	Debt portfolios purchased as part of acquisition of subsidiaries (at purchase price)	Portfolio purchases, net ⁽¹⁾ (at purchase price) in segment: third- party closed- end investment funds	Debt portfolios purchased by third-party closed-end investment funds from own closed-end investment funds
	(PLN million) (unaudited)				
Year ended 31 December 2012	15.5	-	-	-	-
Year ended 31 December 2013	82.7	-	-	11.0	3.7
Year ended 31 December 2014	42.7	-	283.2	452.6	323.6
Year ended 31 December 2015	232.2	263.0	263.0	689.3	142.0
Year ended 31 December 2016 ⁽²⁾	620.3	170.6	189.5	291.5	230.3
including three months ended 31 March 2016	(7.1)	-	-	52.4	49.7
Three months ended 31 March 2017 ⁽³⁾	(16.8)	27.0	-	262.5	289.5
Total.....	976.6	460.6	735.7	1,706.8	989.1

⁽¹⁾ The net amount of purchases means the purchase prices of portfolios which were not acquired in order to be transferred.

⁽²⁾ In the above table, purchases made in 2016 include the net amount of borrowings granted to debtors of PLN 55.6 million.

⁽³⁾ In the above table, purchases made in the first quarter of 2017 include the net amount of borrowings granted to debtors of PLN (8.3) million. The net amount of borrowings granted to debtors is the sum of the borrowings granted of PLN 14.6 million and the sales to securitization funds of PLN (22.9) million.

Source: the Company.

The following table shows net purchases of debt portfolios in the indicated periods including acquisitions of subsidiaries.

	Portfolio purchases, net (nominal value)	Acquisition of subsidiary (nominal value)
	(PLN million) (unaudited)	
Year ended 31 December 2014.....	941.1	1,146.4
Year ended 31 December 2015.....	2,731.3	1,092.1
Three months ended 31 March 2016	(9.3)	0.0
Year ended 31 December 2016.....	2,872.0	2,899.8
Three months ended 31 March 2017 ⁽¹⁾	(598.9)	0.0
Total.....	5,945.5	5,138.3

⁽¹⁾ In the above table, purchases made in the first quarter of 2017 include the net amount of borrowings granted to debtors of PLN (8.3) million. The net amount of borrowings granted to debtors is the sum of the borrowings granted of PLN 14.6 million and the sales to securitization funds of PLN (22.9) million.

Source: the Company.

OPERATING AND FINANCIAL REVIEW

The following discussion of the Group's operating and financial condition is based primarily on the Consolidated Financial Statements. This section should be read in conjunction with them and with other financial information contained elsewhere in the Marketing Document. Information on the accounting policies applied in the preparation of the Consolidated Financial Statements and the assumptions, judgements and estimates that affected the application of such accounting policies is set forth in "*Accounting policies, assumptions, judgements and estimates*" below.

Certain information presented in this section, including the information in "*Capital expenditures*" below, and information presented elsewhere in the Marketing Document, including the information in "*Capitalization and Indebtedness*", has not been derived from the Consolidated Financial Statements and has not been audited or reviewed by independent auditors. Such information should not serve as an indicator of the Group's past or future operating performance, financial condition or development prospects or be used to analyze the Group's business in isolation from the Consolidated Financial Statements and other financial information contained elsewhere in the Marketing Document. The Company has included this information in the Marketing Document as it believes that it might be helpful to the assessment of its operation.

This section contains forward-looking statements, which are subject to numerous risks and uncertainties, resulting, among others, from the uncertain elements and events that may have crucial influence on the financial situation, operation and perspectives of the Group. Information on the risk arising from the abovementioned uncertain elements and events is described in the chapter "*Risk Factors*" and the item "*Qualitative and quantitative information on financial risk factors*".

Overview

The Group is engaged in the business of debt management. The Group's business involves, inter alia, acquisition of debt portfolios, management of securitized debt portfolios of closed-end investment funds, which includes handling the debt collection process to ensure the recovery of overdue liabilities. The Group's business enables companies providing universal services (specifically banks, telecom companies) to recover at least some of the bad debts. On the other hand, debtors, being aware of the existence of specialized debt collection entities, are additionally motivated to make timely payments, which translates to the general enhancement of security and trust in business dealings. As of the date of the Marketing Document, the Group operated in the debt management sector in Poland and Romania.

The Company manages investment portfolios of securitized receivables of its own and external closed-end investment funds, and more specifically it purchases receivables portfolios for the account of such closed-end investment funds. The Company is the parent company of the Group. As at 31 March 2017, the Company had 14 subsidiaries reported on a full consolidation basis (including 5 closed-end investment funds) and held shares in 9 affiliates (operating as closed-end investment funds), reported on an equity basis. Additionally, as at 31 March 2017, the Company managed investment portfolios consisting in the receivables of 6 closed-end investment funds, which were not reported on a full consolidation basis and were not reported as affiliates by the Company. The Company held investment certificates of 4 out of the 6 closed-end investment funds as at 31 March 2017. The investment portfolios of closed-end investment funds which the Company manages include primarily receivables of financial sector companies (mainly overdue loans and borrowings) and of the telecom business (primarily unpaid bills for telecom services).

The Group has an innovative approach to debt management. It has developed and employs its own unique debt collection process, taking advantage of advanced technologies and automated system of retrieving contact data of debtors. The Group's approach to the debt collection process is distinguished by: (i) high effectiveness of getting in touch and maintaining contact with the debtors, (ii) ability to implement and comply with the repayment schedule, based on an optimum instalment level on the debtor's solvency, (iii) a very low rate of cancellations of the receivables sought to be recovered, (iv) the pursuit of improved efficiency in every part of the process and (v) employing both court and out-of-court debt collection in parallel (in justified cases). The debt collection model adopted by the Group ensures high collections at the beginning of the process and stable collections over longer periods, based on instalment-based repayment schedules.

The Company's innovative approach extends to the financing of acquisitions of debt portfolios, enabling it to reach a much larger scale of activities than it would be able to achieve based on its own capital resources. The Group actively cooperates with financial institutions in Poland and abroad in developing joint investment products in order to raise capital for the acquisition of debt portfolios to be subsequently managed by the Company.

The Company carefully selects debt portfolios to be acquired, focusing on transactions that are most favorable for the Group, that is their nominal value of between PLN 200 million to PLN 1 billion. The Group also engages into occasional transactions involving debt portfolios of a nominal value ranging from PLN 1-3 billion PLN. According to the Management Board, the Group is currently the most active participant of tender procedures for debt portfolios on the Polish market. During the period since 1 January 2014 to 30 May 2017, the Company received 923 invitations to tender (including 252 in 2016) out of which it won a total of 243 (including 74 in 2016) on behalf of the own and the external closed-end investment funds for which it manages debt portfolios.

The innovative approach to business is reflected in the application of new technologies and advanced debt collection techniques aimed at full understanding and addressing the needs of the indebted. The Company, in cooperation with working with Millward Brown, market research firm conducts regular surveys of the needs of the indebted. Based on these surveys, among others, the Company is able to offer the debtors installments that are tailored to their financial capacity to ensure their timely repayment according to the set schedule. The Company has and develops its proprietary IT solutions. The effectiveness of these efforts is proved by the ratio of collections from debt portfolios under settlement agreements (they provide for debt repayment on an installment basis) with debtors to the total value of collections from debt portfolios, which reached 63% and 59% for the first quarter of 2017 and for 2016, respectively.

Thanks to its innovative business model, within 5 years of its launch, the Group has become the second largest debt managing company in the Polish debt management market in terms of collections from debt portfolios. In the period covered by the Consolidated Financial Statements for the years 2014-2016, the Group's Cash EBITDA increased by more than five times from PLN 56.9 million in the year ended 31 December 2014 to PLN 273.9 million in the year ended 31 December 2016, and average annual growth rate was 119.4% during that period.

The Group's net revenues reached PLN 147.2 million, PLN 422.7 million, PLN 206.7 million and PLN 107.5 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The Group posted a net profit of PLN 57.5 million, PLN 200.3 million, PLN 120.3 million and PLN 44.3 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The value of debt portfolios acquired by the Group was PLN 1,007.2 million, PLN 1,019.6 million, PLN 422.3 million and PLN 188.2 million as at 31 March 2017, 31 December 2016, 2015 and 2014, respectively. The return on assets (ROA) reached by the Group was 12.1%, 12.3%, 18.4% and 15.3% for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The Group's return on equity (ROE) amounted to 49.6%, 51.9%, 64.7% and 67.4% for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively.

Key factors and significant market trends affecting the Group's results of operations

The Company believes that the following factors and market trends significantly affected the Group's results of operations and financial condition during the period covered by the Consolidated Financial Statements, and, unless stated otherwise, the Company expects that they will continue to have a significant impact on the Group's results of operations and financial condition in the future:

- macroeconomic conditions in Poland;
- situation on the debt management market in Poland;
- regulatory framework of the debt management in Poland;
- increase in the share of portfolios acquired by internal closed-end investment funds in the debt portfolios managed by the Company; and
- effectiveness of debt recovery activities of the Group.

Except the aforementioned factors and related trends, the Group is not aware of any other trends that as at the date of the Marketing Document, in the opinion of the Management Board, may have a material influence on the Group's business or main markets on which the Group operates. The above factors and trends may have an influence on the Group's operations, including the ability of members of the Group to acquire debt portfolios and efficiency of the debt collection process which, in turn, may have an impact on revenues, expenses and profits reported by the Group in the future. As at the date of the Marketing Document, the Management Board is of the opinion that the scale of such impact is difficult to estimate and depends on many factors, including the market environment.

The information on uncertainties and events that may have a material influence on the Company's prospects is provided in the chapter "*Risk Factors*". Additional information regarding financial risk that may affect the Group's business is provided in the item "*Qualitative and quantitative information on financial risk factors*".

Market trends and factors

Macroeconomic situation in Poland

The Group operates mainly in Poland. Therefore, it is expected that its operations, financial situation and results will be significantly affected by macroeconomic factors specific to Poland, such as GDP growth, interest rates, inflation, FX, rates, as well as unemployment rate, household income, financial condition of commercial entities, etc.

The strong foundations of Poland's economy are confirmed by continuous and stable growth over 2014-2015, above 3% in each of those years. Poland's GDP recorded high growth in last quarters. In the third quarter of 2016, however, GDP growth slowed down in Poland, mainly due to a decline in investment. Despite that slowdown, Poland was still among the growth leaders in the European Union. In the second quarter of 2016, the average GDP growth rate in the EU was about 1.8% year on year (according to Eurostat). In its forecasts published in November 2016, the European Commission assumes an optimistic scenario for the Polish economy in 2016, 2017 and 2018, with its GDP rising by 3.1%, 3.2% and 3.1%, respectively. In Poland, economic growth is supported by positive market labor tendencies. Cumulatively, the average monthly wage has been on the rise over recent years. The unemployment rate has followed a declining trend – it went down by 5.8 percentage points between January 2014 and October 2016, in consequence of which it amounted 8.2% as of the end of October 2016. Apart from some seasonal fluctuations, this trend was observed in the above period. A gradual increase in real wages and a simultaneous decrease in unemployment over last years have risen disposable income, i.e. that part of income that can be used for spending or additional savings, and, thus, improved the financial situation of households. The stable economic situation in Poland affects the financial condition of companies whose debts are acquired and managed by the Group. In particular, the rising disposable income of households has a positive impact on their ability to service and repay their indebtedness. A potential downturn in the economy may reduce the ability of debtors to repay overdue liabilities, which, in turn, can adversely affect the operations of the Company. Debtors' ability to pay past due liabilities is also considerably influenced by the social policy of the government. As of 31 March 2017 and 31 December 2016, debts of private individuals and individuals running business activities accounted for 77.1% and 75.9% of the total debt balance resulting from the debt portfolios managed by the Company, respectively. The government's social policy initiatives, e.g. the "Family 500 Plus" program, lead to an increase in the disposable income of households. And higher disposable income improves the general financial situation of households, which, in turn, increases the efficiency of enforcement processes in the household segment, leading to higher recovery amounts obtained by the Group.

Situation in the debt management market in Poland

In 2007 - 2016, Poland's debt management market saw a significant increase in both nominal value and volume of debts under management. The growth of the debt management sector is running parallel with its consolidation (among others via a rising number of mergers and acquisitions), with large players gaining momentum as a result. These trends attract foreign investors, who are more and more interested in Poland's debt management market.

The Management Board discerns the declining tendency with respect to the number of entities invited to join tenders organized to dispose of debt portfolios. In connection with the accelerated growth of the market, offered portfolios include receivables with lower and lower delinquency ratios (see "*Market environment—Debt market—Structure of transactions executed on the debt market*"). In addition, for a few recent years, transactions for high nominal values have been observed in the market. These circumstances have reduced the population of competitors of the Group, i.e. entities that are able to finance large debt buys. The demanding market conditions have also accelerated attempts to develop innovative transactional solutions. For example, in order to attract prospective sellers the disposal of the debt portfolios owned, the Group offers them such innovative solutions as framework agreements, subparticipation, instruments that guarantee the purchase of portfolios of debts which are being repaid, cyclical debt sale agreements or structures with participation of partnerships in debt transfer transactions (see "*Business Overview—Group's business—Selection and acquisition of debt portfolios—Acquisition of debt portfolios*"). As far as prices paid for debt portfolios are concerned, the Management Board identifies no clear-cut declining or rising trend. Prices do fluctuate, but the Management Board believes that they actually reflect the characteristics and quality of debt portfolios being sold. The Management Board is of the opinion that better quality of debts improves the debt recovery performance (and, therefore, the debt repayment curve does not go up). Depending on the price paid for the debt portfolios purchased, the Company expects a

recovery ratio of between 3% to 96% of the nominal value of the debt purchased, depending on the characteristics of the given debt and the stage of the debt recovery process at which the given debt portfolio was at the time it was purchased.

Additionally, in the opinion of the Management Board, the prices of debt portfolios purchased by the Company do not differ from typical market prices. The growth of the historic average net purchase price (understood as the ratio of the purchase price to the nominal value of the portfolios purchased by its own and external closed-end investment funds which were not acquired for the purpose of being transferred), which amounted to 21.4%, 20.6%, 11.1% and 12.0% respectively in three months ended 31 March 2017 and in the years ended 31 December 2016, 2015 and 2014, was associated with the execution of several unrelated transactions in 2016 comprising the purchase of a portfolio of a banking sector entity's debt and the acquisition of debt portfolios from the telecommunications sector, whose quality justified the higher price.

Entities from the banking sector are key sellers of debt portfolios. Debts purchased from the banking sector are a vast majority of all the debts managed by the Company. In terms of nominal value, such bank debts managed by the Company accounted for about 81.6% and 81.8% of all its debts under management as at 31 March 2017 and 31 December 2016, respectively. Consequently, the situation of the banking sector has a significant impact on the results of the Group. Especially the supply of debts by banks depends on the scale of their lending activities, i.e. the volume and value of loans granted by banks, and the quality of assets of the banking sector, i.e. the share of impaired loans in the entire loan portfolio of the banking sector. Debt management entities may also be affected by changes in the regulatory environment of the banking sector, and in particular by the introduction of a bank levy, pending works on the law on restructuring of foreign currency loans and an increase in other liabilities of banks, like fees payable to the Bank Guarantee Fund (BFG), the Borrower Support Fund or the compensation system created by the Central Securities Depository of Poland (KDPW). The above changes increase a bank's willingness to sell past due debts.

As far as the supply of debt portfolios in other segments is concerned, the Management Board discerns a stable supply of debt portfolios in the telecom segment and a rising supply in the utilities segment, and especially the power industry.

Regulatory environment of the debt management market in Poland

Entities that operate in the debt management market on the basis of a business model similar to the model used by the Group, i.e. running activities relating to the management of securitized debts, are subject to certain regulatory requirements. Such entities are regulated by the Polish Financial Supervision Authority (KNF) and inspected on an ongoing basis by the Polish Inspector General for Personal Data Protection (GIODO) and by the Polish Competition and Consumer Protection Office (UOKiK) (see "*Regulation environment—Other bodies carrying out surveillance on the group's operation*"). In particular, the Company's activities in the area of management of investment portfolios which include receivables of closed-end investment funds are run under a license granted by the KNF. In case of any non-compliance with regulatory requirements, the KNF may fine the Company or cancel its license for management of securitized receivables of investment funds.

The situation in the debt market may be shaped by regulatory or tax changes applicable to the debt management sector. The most crucial regulatory changes implemented recently in the environment of the debt management sector include the launch of e-courts (electronic writ-of-payment procedure), changes in consumer bankruptcy regulations and an amendment to the Act on Court Bailiff and Rules of Enforcement.

As a result of the high share of banking debts in portfolios managed by companies from the debt management sector, the debt management market is also indirectly impacted by regulatory changes relating to the banking sector, such as the revocation of the banking enforcement title (BTE) (which, as the Management Board believes, positively influenced the market by reducing the costs of debt enforcement in proceedings carried out in the name and on behalf of closed-end investment funds) and the implementation of more stringent capital requirements for banks. The Management Board is of the opinion that the supply of debts disposed of by banks may also be significantly affected by the implementation of IFRS 9 "*Financial Instruments*", which, especially, should increase the supply of mortgage debt portfolios. In addition, the Management Board believes that the introduction of IFRS 9 "*Financial Instruments*" may curb banks' expectations regarding prices of debt portfolios.

Changes in the regulatory environment of the Group may have an impact, among others, on the supply and quality of debt portfolios and on the effectiveness and efficiency of management of the debt enforcement process, and, in consequence, on the results of operations of the Group.

Internal trends and factors

Increase in the share of portfolios purchased by internal closed-end investment funds in the debt portfolios managed by the Company

In 2014-2016, the Group increased the share of the portfolios purchased by its internal closed-end investment funds in the total debt portfolios managed by the Company. As at 31 December 2016, in nominal terms, the share of the portfolios purchased by the internal closed-end investment funds in the total debt portfolios managed by the Company was 60.3%. To compare, this share was 39.2% and 31.7% as at 31 December 2015 and 31 December 2014, respectively. As at 31 March 2017, in nominal terms, the share of the portfolios acquired by the internal closed-end investment funds in the total debt portfolios managed by the Company was 52.6%.

Efficiency of debt enforcement activities of the Group

The primary internal factor that influences the results of the Group is the efficiency of its activities to enforce amounts due from debtors. The Group has in place an efficient and highly automated process for enforcement of mass debts. The Management Board considers this process a crucial competitive advantage of the Group (see “*Business Overview—Competitive strengths—Selection and acquisition of debt portfolios—Effective debt collection process based on innovative solutions and extensive data bases*”). The Group made a good use of lessons learned over recent years to develop a unique process dedicated to the management of secured debts and high-balance debts, especially corporate loans purchased from banks.

In the period covered by the Consolidated Financial Statements, the Group carried out activities to fine tune the debt enforcement process. In this regard, the Group focuses on the improvement of skills and competences of its personnel and on the development of its IT solutions that support the collection and processing of debtor data and facilitate the effective management of the debt enforcement process (see “*Capital expenditures*”). The expansion of the Group’s operations translated into higher headcount (see “*Business Overview—Employment*”).

Over the medium- and long run, the Issuer expects that the above activities will increase the value of recovered debts and, in consequence, improve returns on investments in debt portfolios and generate higher management fees. In the future, the growth of the Group will depend on whether or not the business assumptions adopted by the Management Board are met, including those relating to the growth of purchases of debt portfolios in the own-portfolios pillar (see “*Business Overview—Strategy—Key business objectives of the Group—Organic growth*”).

Trends and significant events after the balance sheet date

From 31 March 2017 to the date of the Marketing Document the Company did not reported any significant changes in the Group’s financial condition or market position, subject to the information provided below.

Trends after the balance sheet date

The Company has discerned no new tendencies having impact on its business, also including the business profile of the Group in terms of its revenues and expenses, as compared to trends observed in the period covered by the Consolidated Financial Statements (see “*Key factors and significant market trends affecting the Group’s results of operations*”).

Material events after the balance sheet date

Between 1 April 2017 and 30 May 2017 the Company entered into or won a tender procedure or the Company’s offer was selected by the seller of a debt portfolio with regard to 31 debt portfolios through its own investment funds, with an aggregate nominal value of PLN 1.9 billion and the aggregate purchase price of PLN 329.2 million. From 1 April 2017 to the date of the Marketing Document, the Group acquired financing due to the issue of bonds with an aggregate nominal value of PLN 440.0 million.

On 24 April 2017 the Management Board learned that an entity wholly owned by the Company won a tender procedure organized by a bank registered in the territory of Poland, for the purchase of debt portfolios with an aggregate nominal value of approximately PLN 0.5 billion. In accordance with the terms of the tender procedure, the acquisition of the debt shall take place after agreeing the final provisions of the agreement, with the bank being authorized to refuse to proceed to sign the agreement without providing a reason therefor.

On 27 April 2017 the Management Board made the allotment of the 600,000 Series PP1 bonds offered, with an aggregate nominal value of PLN 60,000,000 maturing on 10 May 2020, issued within the framework of a public

bonds issue program, described in the basic issue prospectus approved by the KNF on 9 March 2017. These bonds were placed on the main WSE market using the ordinary mode on 19 May 2017.

On 28 April 2017 the Company entered into a letter of intent with some investment funds managed by Altus TFI S.A. concerning the purchase of shares in EGB Investments, the purpose of which is the articulation by the parties thereto of the intention to purchase over 99% of the shares in EGB Investments by the Company or its subsidiary, subject to obtaining the consent of the President of the Office of Competition and Consumer Protection to the effecting of the concentration. Then, on 30 May 2017, the Company signed a conditional preliminary agreement to sell shares in EGB Investments (see “*Business Overview—Material agreements—Agreements signed outside the Company’s ordinary course of business—Agreements related to the planned acquisition of shares in EGB Investments—Conditional agreement creating an obligation to sell shares in EGB Investments*”).

On 16 May 2017 the District Court for Wrocław-Fabryczna in Wrocław, 6th Business Division, entered the amendments to the Articles of Association made pursuant to the resolutions adopted by the Extraordinary General Meeting on 28 March 2017 in the Company’s records in the National Court Register.

On 24 May 2017 the Management Board made the allotment of the 793,000 Series PP2 bonds offered, with an aggregate nominal value of PLN 79,300,000 maturing on 10 May 2020, issued within the framework of a public bonds issue program, described in the issue prospectus approved by the KNF on 9 March 2017. The Series PP2 bonds of the Company were introduced to trading on the regulated market operated by the WSE, as part of Catalyst, on 9 June 2017.

On 24 May 2017 the Ordinary General Meeting appointed Ms. Alicja Kornasiewicz member of the Supervisory Board.

On 25 May 2017 the Company learned that its subsidiary won a tender procedure, organized by a bank registered in the territory of Poland, for the purchase of a debt portfolio. The price offered by the Issuer’s subsidiary, amounting to more than 25% of the equivalent of the net proceeds of the Group for the last four trading quarters, is a fair price for this kind of assets and does not differ from comparable prices for this type of deals. In accordance with the terms of the tender procedure, the bank reserved the right to rule the procedure invalid without providing a reason at any stage.

On 5 June 2017, the Company terminated, subject to three months’ notice, the engagement agreement for the management of part of the investment portfolio of Open Finance Wierzytelności Detalicznych NSFIZ including securitized debts, executed in Warsaw on 12 December 2013. In addition, on 5 June 2017, the Getback Law Firm terminated the agreement on legal services with Open Finance Wierzytelności Detalicznych NSFIZ, executed on 12 December 2013, subject to three months’ notice. After the term of notice, the parties to these agreements are required to settle remuneration due and payable to the Company and the Getback Law Firm in respect of the performance of the aforementioned agreements, in particular the reimbursement of awarded legal representation costs, which according to the estimates of the Company and the Getback Law Firm amounted to approx. PLN 102 million as at 5 June 2017 and will be finally calculated as at the last day of the term of the agreements, i.e. 30 September 2017. The decision to terminate the agreements by the Company and the Getback Law Firm was caused by the inability to reach an understanding with a major participant of the fund with respect to business conditions of further servicing of securitized debts of Open Finance Wierzytelności Detalicznych which would be favorable to the Company and the Getback Law Firm.

Certain non-recurring or extraordinary items affecting the Group’s financial condition and results of operations

The items specified below are considered by the Company to be non-recurring or extraordinary as compared to the results of the Group reported in the ordinary course of business.

In the three months ended 31 March 2017, the Group did not report any non-recurring or extraordinary items.

In the year ended 31 December 2016, the Group did not report any non-recurring or extraordinary items.

In the year ended 31 December 2015 the Group reported the following extraordinary item: the release of a deferred tax provision of the Company with respect to all positive timing differences related to the possible redemption of easyDebt investment certificates for PLN 8.4 million (see: “Accounting principles, assumptions, judgment and estimates—Assumptions, judgments and estimates—Deferred income tax relating to investments in subsidiaries”). The Group classified the above item as extraordinary in view of the change in the assumptions made by the Management Board with respect to possible realization of timing differences in deferred taxed. This item increased the Group’s net profit by PLN 8.4 million for the year ended 31 December 2015. In the year ended 31 December 2015 the Group did not report any non-recurring items.

In the year ended 31 December 2014 the Group did not report any non-recurring items.

Key items of the consolidated income statement

Net revenues

Net revenues mainly include revenues from purchased debt portfolios.

Pursuant to the accounting policies adopted by the Group, revenues and income from debt portfolios measured at fair value through profit or loss are presented in net revenues as revenues from acquired debt portfolios. Such revenues are presented on a net basis, i.e. revenues from acquired debt portfolios include:

- collections from debt portfolios, i.e. actual debt repayments made by debtors,
- reduced by depreciation of debt portfolios and
- adjusted for revaluation of debt portfolios to fair value.

The table below presents historical income including individual items:

	Three months ended 31 March 2017	Year ended 31 December		
		2016	2015	2014
	(PLN million) (unaudited)		(PLN million) (audited)	
Collections from debt portfolios	144.6	323.2	134.3	86.1
Depreciation of debt portfolios	(15.9)	(45.9)	(15.4)	(9.5)
Revaluation of debt portfolios	3.0	56.4	4.7	18.3
<i>Verification of estimates</i>	3.9	57.8	17.6	18.3
<i>Change of discount rate</i>	(0.9)	(1.4)	(12.9)	-
Total.....	131.7	333.7	123.6	94.9

Source: Consolidated Financial Statements.

Collections from debt portfolios include payments from the acquired debt portfolios under debt assignment agreements. Such revenues are recognized in the books of account and financial statements of the Group on the date of their receipt.

Depreciation of debt portfolios (in accordance with the accounting policy) settles over time the price paid for debt portfolios proportionally to realized payments and nominal value of debt portfolios.

Revaluation of debt portfolios to fair value assessed by an independent valuer includes:

- revaluation (decrease or increase) of the carrying value of debt portfolios to fair value estimated based on expected cash flows in the previous reporting period;
- revaluation of debt portfolios for the change in forecasts of discounted expected cash flows;
- revaluation of debt portfolios for the change in a discount rate.

Revaluation of debt portfolios to fair value adjusts any possible mismatch of depreciation of a debt portfolio, i.e. too high or too low depreciation of the debt portfolio through reconciliation of:

- the valuation of debt portfolios to their fair value (discounted expected cash flows);
- the result on debt portfolios (i.e. net revenues) to actual revenues taking into account the result of a debt portfolio valuation.

As part of net revenues, the Group also reports:

- Income from debt portfolios management services under agreements with investment fund management companies. The Company receives remuneration usually calculated as a percentage of net revenues from debts specified in such agreements and for some agreements the remuneration is combined and includes: (i) the percentage of a net asset value on an annual basis, (ii) the percentage of net income from debts (see: “*Business Overview—Material agreements—Agreements concluded in the ordinary scope of Group’s business—Engagement agreements for the management of investment portfolios comprising receivables of closed-end investment funds concluded by the Company with investment fund management companies*”). Such income is recognized at fair value of the received remuneration decreased by any returns, discounts and rebates.

- Income on other services includes, among other things, income on borrowings granted, comprehensive archiving services provided by the Company, debt valuations, accounting services and re-invoicing and is recognized in the amount corresponding to the fair value of the received payment decreased by any returns, discounts and rebates.
- Income on debt recovery services includes commissions in respect of debt recovery services contracted by external entities, which in 2016 were equal to 1.5% to 15% of the recovered amounts (2015: 2.5% to 14%, 2014: 2% to 25%). Such income is recognized on an accrual basis over the time of providing services taking into account recovered amounts.
- Income on legal services includes income on legal services provided by the GetBack Law Firm.
- Other income from debt portfolios include the valuation of real properties recognized in the balance sheet by the Group and took over from debtors as collateral.

The following table shows historical collections in subsequent years after the purchase of debt portfolios as percentage of the expenditure incurred to purchase such debt portfolios:

Year of purchase	Repayments in subsequent years as % of expenditure from prior years			
	1	2	3	4
	<i>(unaudited data)</i>			
2012	30.9%	33.7%	31.5%	38.4%
2013	38.5%	35.4%	38.7%	-
2014	28.0%	35.3%	-	-
2015	30.7%	-	-	-
Total	30.3%	35.3%	37.3%	38.4%

Source: Company.

The next table presents a model debt repayment curve which represents collections in relation to purchase price:

Year after purchase	Model recovery-to-purchase price curve									
	1	2	3	4	5	6	7	8	9	10
	<i>(unaudited data)</i>									
Recovery to purchase price	30.3%	35.3%	37.3%	38.4%	35.5%	36.7%	33.7%	24.7%	21.8%	21.5%

Source: Company.

The above recovery-to-purchase price curve represents the averaged curves used by the Company for assessment of potential repayments of its debt portfolios. The first four years reflect actual collections observed in the years 2012-2016. Collections based on which the curve was calculated excluded borrowings granted as part of the Rehabilitation Loans Program and used to repay debts.

Share in profit (loss) of affiliates measured according to the equity method

The Group recognizes its share in profit (loss) of affiliates accounted for using equity in operating revenues. The Group considers its share in profit (loss) of such companies to be part of its operating activities. The share of the investor in the profit or loss of an investee company is recognized in the profit or loss of the investor. The principles of consolidation applicable to affiliates are presented in “—Accounting principles, assumptions, judgment and estimates—Principles of consolidation—Affiliates of the Company” below.

Other operating revenue

Other operating revenue mainly includes the surpluses emerged after reversal of provisions for costs and the profit on opportunity purchases.

Employee remuneration and benefit costs

Employee remuneration and benefit costs include remuneration, social insurance and other benefits and contributions to PFRON (State-Owned Disabled Rehabilitation Fund).

External services

External services mainly include telecommunications and postal services, maintenance services, consulting services and expert evaluations (including IT), legal services, management services (under a engagement agreement for management advisory services with Getin Holding S.A.) and rental and lease.

Other operating expenses

Other operating expenses mainly include taxes and fees, consumption of materials and energy and representation and advertising expenses.

Profit (loss) on sale of financial assets

Profit (loss) on sale of financial assets includes sales of shares in subsidiaries and of investment certificates.

Financial revenues and expenses

In its profit and loss statement, the Group discloses any interest income and interest expenses relating to financial instruments measured at amortized cost using the effective interest rate method. The effective interest rate is a rate which exactly discounts the estimated future cash inflows and payments to be made in the expected period until the expiration of a financial instrument, or, if reasonable, over a shorter period, to the net carrying value of an asset or a financial liability. An effective interest rate calculation includes any fees and interest which are an integral part of the effective interest rate and are paid and received by the parties to the agreement, as well as transaction costs and any other premiums and discounts. Interest income includes any interest received or receivable from funds deposited in bank accounts. Currency exchange rate differences cover profits and losses on foreign currency purchases and sales and on the translation of assets and liabilities denominated in foreign currencies, including unrealized valuation relating to the initial exchange of derivative instruments.

Income tax

Income tax includes deferred income tax and current income tax. The Group includes both payers of income tax (companies and partnerships limited by shares) and partnerships, companies and entities which are not income tax payers or whose statutory activity is income tax exempt. The Group also includes an entity which is not tax resident in Poland, but is an income tax payer in Romania. The effective income tax rate paid by the Group is affected by the fact that the revenues and costs connected with activities of non-standard closed-end securitization investment funds (NSFIZ) make up a significant portion of gross profit (loss) of the Group. Until 31 December 2016, NSFIZ as such were exempt from income tax and from 1 January 2017 their revenues (incomes) from certain activities are income tax exempt. Income tax is payable by companies from the Group other than NSFIZ. Hence, tax is actually imposed on entities which are income tax payers and on unincorporated partnerships (except for partnerships limited by shares) whose profits or losses are settled for tax purposes by their partners in connection with participation in those partnerships.

As a result, the effective income tax rate of the Group is predominantly shaped by the share of profits (losses) generated by the NSFIZ, whose revenues (incomes) from investing activities are tax exempt, in the total gross profit (loss) of the Group.

Net profit (loss)

Net profit (loss) includes the profit (loss) attributable to equity holders of the parent company and the profit (loss) attributable to non-controlling interest.

Key financial and operating ratios of the Group***Selected financial ratios – Alternative Performance Measure***

The Management Board evaluates the Group's results with the use of Alternative Performance Measures which are not derived from the Consolidated Financial Statements and are calculated on the basis of financial information included in the Consolidated Financial Statements. The Alternative Performance Measures presented below are neither required by nor calculated in accordance with IFRS, and were not audited or reviewed by an independent auditor. Detailed information concerning Alternative Performance Measures used by the Company is presented in "Selected Historical Financial and Operating Information—Selected financial and operating ratios—Selected financial ratios – Alternative Performance Measures".

The following tables present selected Alternative Performance Measures of the Group for the indicated periods.

Financial ratios	Three months ended 31 March	
	2017	2016
	(unaudited)	
EBIT (PLN million) ⁽¹⁾	79.1	44.6
EBITDA (PLN million) ⁽²⁾	83.6	45.9
Cash EBITDA (PLN million) ⁽³⁾	95.6	51.9
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽⁴⁾	52.5	65.4
Operating profitability (EBIT) (%) ⁽⁵⁾	49.8	63.6
Net return (%) ⁽⁶⁾	35.7	54.0
Return on Assets (ROA) (%) ⁽⁷⁾	12.1	18.7
Return on Equity (ROE) (%) ⁽⁸⁾	49.6	61.7
Overall indebtedness ratio (%) ⁽⁹⁾	75.7	69.7
Debt to equity ratio (%) ⁽¹⁰⁾	311.3	230.0
Short term debt ratio (%) ⁽¹¹⁾	31.0	30.9
Long term debt ratio (%) ⁽¹²⁾	44.6	38.8
Net debt /EBITDA ⁽¹³⁾	3.4	2.1
Net debt/equity ⁽¹⁴⁾	2.1	1.4

⁽¹⁾ The Company calculates EBIT as operating profit.

⁽²⁾ The Company calculates EBITDA as operating profit after elimination of depreciation and amortization.

⁽³⁾ The Company calculates Cash EBITDA as operating profit after elimination of depreciation, purchase price amortization and revaluation of portfolios.

⁽⁴⁾ The Company calculates the ratio of operating profitability after elimination of depreciation and amortization (EBITDA) as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁵⁾ The Company calculates the operating profitability (EBIT) ratio as operating profit divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁶⁾ The Company calculates the net return ratio as net profit (loss) for a period divided by total revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method, other operating revenues and financial revenues).

⁽⁷⁾ The Company calculates the Return on Assets (ROA) ratio as net profit (loss) for last 12 months divided by total assets as at the end of a period.

⁽⁸⁾ The Company calculates the return on equity (ROE) ratio as net profit (loss) for last 12 months divided by equity as at the end of a period.

⁽⁹⁾ The Company calculates the overall indebtedness ratio as total liabilities as at the end of a period divided by total liabilities and equity as at the end of that period.

⁽¹⁰⁾ The Company calculates the debt to equity ratio as total liabilities divided by equity as at the end of a period.

⁽¹¹⁾ The Company calculates the short-term debt ratio as total short-term liabilities divided by total liabilities and equity as at the end of a period.

⁽¹²⁾ The Company calculates the long-term debt ratio as long-term liabilities and provisions for liabilities divided by total liabilities and equity as at the end of a period.

⁽¹³⁾ The Company calculates the net debt to EBITDA ratio as long and short-term interest-bearing debt less cash and cash equivalents divided by operating profit after elimination of depreciation and amortization for a period (EBITDA).

⁽¹⁴⁾ The Company calculates the net debt to equity ratio as long and short-term interest-bearing debt less cash and cash equivalents divided by equity as at the end of a period.

Source: the Company.

Financial ratios	Year ended 31 December		
	2016	2015	2014
	(unaudited)		
EBIT (PLN million) ⁽¹⁾	234.7	122.6	64.3
EBITDA (PLN million) ⁽²⁾	240.8	125.5	65.7
Cash EBITDA (PLN million) ⁽³⁾	273.9	136.3	56.9
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽⁴⁾	57.8	57.2	61.1
Operating profitability (EBIT) (%) ⁽⁵⁾	56.4	55.8	59.8
Net return (%) ⁽⁶⁾	48.0	54.7	41.1
Return on Assets (ROA) (%) ⁽⁷⁾	12.3	18.4	15.3
Return on Equity (ROE) (%) ⁽⁸⁾	51.9	64.7	67.4
Overall indebtedness ratio (%) ⁽⁹⁾	76.3	71.7	77.3
Debt to equity ratio (%) ⁽¹⁰⁾	322.6	252.7	340.6
Short term debt ratio (%) ⁽¹¹⁾	40.6	47.8	34.0
Long term debt ratio (%) ⁽¹²⁾	35.8	23.8	43.3
Net debt /EBITDA ⁽¹³⁾	3.3	1.6	1.8
Net debt/equity ⁽¹⁴⁾	2.1	1.1	1.8

⁽¹⁾ The Company calculates EBIT as operating profit.

⁽²⁾ The Company calculates EBITDA as operating profit after elimination of depreciation and amortization.

⁽³⁾ The Company calculates Cash EBITDA as operating profit after elimination of depreciation, purchase price amortization and revaluation of portfolios.

⁽⁴⁾ The Company calculates the ratio of operating profitability after elimination of depreciation and amortization (EBITDA) as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁵⁾ The Company calculates the operating profitability (EBIT) ratio as operating profit divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenues).

⁽⁶⁾ The Company calculates the net return ratio as net profit (loss) for a given period divided by total revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method, other operating revenues and financial revenues).

⁽⁷⁾ The Company calculates the Return on Assets (ROA) ratio as net profit (loss) for last 12 months divided by total assets as at the end of a period.

⁽⁸⁾ The Company calculates the return on equity (ROE) ratio as net profit (loss) for last 12 months divided by equity as at the end of a period.

⁽⁹⁾ The Company calculates the overall indebtedness ratio as total liabilities as at the end of a period divided by total liabilities and equity as at the end of that period.

⁽¹⁰⁾ The Company calculates the debt to equity ratio as total liabilities divided by equity as at the end of a period.

⁽¹¹⁾ The Company calculates the short-term debt ratio as total short-term liabilities divided by total liabilities and equity as at the end of a period.

⁽¹²⁾ The Company calculates the long-term debt ratio as long-term liabilities and provisions for liabilities divided by total liabilities and equity as at the end of a period.

⁽¹³⁾ The Company calculates the net debt to EBITDA ratio as long and short-term interest-bearing debt less cash and cash equivalents divided by operating profit after elimination of depreciation and amortization for a period (EBITDA).

⁽¹⁴⁾ The Company calculates the net debt to equity ratio as long and short-term interest-bearing debt less cash and cash equivalents divided by equity as at the end of a period.

Source: the Company.

Selected operating ratios

The Group uses certain operating ratios. Detailed information concerning operating ratios applied by the Company is presented in “Selected Historical Financial and Operating Information—Selected financial and operating ratios—Selected operating ratios”.

The following tables present selected operating ratios of the Group for the indicated periods.

Operating ratios	Three months ended 31 March	
	2017	2016
	(PLN million, unless indicated otherwise) (unaudited)	
Collections from portfolios ⁽¹⁾	231.8	149.6
Total collections since the beginning of operations ⁽²⁾	1,460.4	665.3
FTEs (number of full time job equivalents) ⁽³⁾	1.256	717
Average FTEs in the period (number of full time job equivalents) ⁽⁴⁾	1,151.5	712.5
Collections/Average FTEs in the period (number of full time job equivalent) (PLN thousand) ⁽⁵⁾	201.3	210.0
Portfolio purchase price, net ⁽⁶⁾	245.6	45.2
Nominal value of purchased portfolios, net ⁽⁷⁾	1,148.3	165.1
Total nominal value of portfolios under management (PLN billion)⁽⁸⁾	20.0	14.2
Historical average net purchase price (%) ⁽⁹⁾	21.4	27.4
Number of cases in purchased portfolios, net (millions) ⁽¹⁰⁾	0.2	0.2
Total number of cases under processing (millions) ⁽¹¹⁾	2.2	1.2
Settlement and promised payment performance ratio (%)⁽¹²⁾	89.3	83.2
Cost-to-collect (%)⁽¹³⁾	19.1	15.2
Types of acquired portfolios (%) ⁽¹⁴⁾		
Banking sector	80.0	4.4
Telecommunications sector	7.4	36.9
Payday lenders	4.3	0.2
Power sector	0.0	2.2
Insurance sector	0.0	0.0
Other	8.3	56.4

⁽¹⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of own and third party closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽²⁾ The Company reports total collections since the beginning of operations as the total amount of collections received from debtors by own and third-party closed-end investment funds from the beginning of the Group's operations as at the end of a period.

⁽³⁾ The Company reports the FTEs as the number of persons employed by the Group in terms of full time job equivalents as at the end of a period.

⁽⁴⁾ The Company reports the average FTEs in a period as the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁵⁾ The Company reports the collections/average FTEs in a period ratio as collections from debt portfolios of own and third-party closed-end investment funds divided by the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁶⁾ The Company reports the portfolio purchase price, net in the amount equal to the value at purchase price of the portfolios acquired in a period by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁷⁾ The Company reports the nominal value of purchased portfolios, net as the sum of nominal values of the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁸⁾ The Company reports the total nominal value of portfolios under management as the value of debt for the debt portfolios acquired by own and third-party closed-end investment funds as at the end of a period.

⁽⁹⁾ The Company reports the historical average net purchase price ratio as purchase price to nominal value for the portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹⁰⁾ The Company reports the number of cases in purchased portfolios, net as the number of cases in the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹¹⁾ The Company reports the total number of cases under processing as the number of cases being processed by the Group as at the end of a period.

⁽¹²⁾ The Company reports the settlement and promised payment performance ratio as percentage of the payments promised under settlements and other promised payments actually made by debtors on agreed dates.

⁽¹³⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of own and third-party closed-end investment funds divided by collections from such portfolios.

⁽¹⁴⁾ The Company reports the types of acquired portfolios as percentage share of a debt type in the portfolio at purchase price of debt portfolios of own and third-party closed-end investment funds.

Source: the Company.

	Year ended 31 December		
	2016	2015	2014
	(PLN million, unless indicated otherwise) (unaudited)		
Operating ratios			
Collections from portfolios ⁽¹⁾	713.0	373.4	120.8
Total collections since the beginning of operations ⁽²⁾	1,228.6	515.7	142.3
FTEs (number of full time job equivalents) ⁽³⁾	1,047	708	336
Annual-average FTEs (number of full time job equivalents) ⁽⁴⁾	877.5	522.0	221.5
Collections/annual-average FTEs (number of full time job equivalent) (PLN thousand) ⁽⁵⁾	812.5	715.2	545.4
Portfolio purchase price, net ⁽⁶⁾	911.9	921.5	495.3
Nominal value of purchased portfolios, net ⁽⁷⁾	4,432.8	8,337.5	4,144.6
Total nominal value of portfolios under management (PLN billion) ⁽⁸⁾	19.4	14.0	5.3
Historical average net purchase price (%) ⁽⁹⁾	20.6	11.1	12.0
Number of cases in purchased portfolios, net (millions) ⁽¹⁰⁾	1.0	0.5	0.5
Total number of cases under processing (millions) ⁽¹¹⁾	2.1	1.0	0.5
Settlement and promised payment performance ratio (%) ⁽¹²⁾	89.0	75.2	69.0
Cost-to-collect (%) ⁽¹³⁾	17.1	14.9	16.5
Types of acquired portfolios (%) ⁽¹⁴⁾			
Banking sector	62.3	86.3	93.3
Telecommunications sector	16.8	9.1	4.8
Payday lenders	0.9	0.7	0.6
Power sector	0.3	0.2	0.4
Insurance sector	0.0	0.0	0.0
Other	19.7	3.8	0.8

⁽¹⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of own and third party closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽²⁾ The Company reports total collections since the beginning of operations as the total amount of collections received from debtors by own and third-party closed-end investment funds from the beginning of the Group's operations as at the end of a period.

⁽³⁾ The Company reports the FTEs as the number of persons employed by the Group in terms of full time job equivalents as at the end of a period.

⁽⁴⁾ The Company reports the annual-average FTEs as the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁵⁾ The Company reports the collections/annual-average FTEs ratio as collections from debt portfolios of own and third-party closed-end investment funds divided by the arithmetic mean of the number of persons employed by the Group in terms of full time job equivalents in a period.

⁽⁶⁾ The Company reports the portfolio purchase price, net in the amount equal to the value at purchase price of the portfolios acquired in a period by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁷⁾ The Company reports the nominal value of purchased portfolios, net as the sum of nominal values of the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽⁸⁾ The Company reports the total nominal value of portfolios under management as the value of debt for the debt portfolios acquired by own and third-party closed-end investment funds as at the end of a period.

⁽⁹⁾ The Company reports the historical average net purchase price ratio as purchase price to nominal value for the portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹⁰⁾ The Company reports the number of cases in purchased portfolios, net as the number of cases in the debt portfolios acquired by own and third-party closed-end investment funds which were not acquired in order to be transferred.

⁽¹¹⁾ The Company reports the total number of cases under processing as the number of cases being processed by the Group as at the end of a period.

⁽¹²⁾ The Company reports the settlement and promised payment performance ratio as percentage of the payments promised under settlements and other promised payments actually made by debtors on agreed dates.

⁽¹³⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of own and third-party closed-end investment funds divided by collections from such portfolios.

⁽¹⁴⁾ The Company reports the types of acquired portfolios as percentage share of a debt type in the portfolio at purchase price of debt portfolios of own and third-party closed-end investment funds.

Source: the Company.

Results of operations

The tables below present selected financial information from the consolidated income statement included in the Consolidated Financial Statements for the indicated periods.

	Three months ended 31 March	
	2017	2016
	(PLN million) (unaudited)	
Net revenues.....	147.2	69.0
Share in profit (loss) of affiliates measured according to the equity method	(4.4)	1.1
Other operating revenue.....	16.2	0.1
Remuneration costs and employee benefits.....	(31.9)	(12.2)
Amortization and depreciation.....	(4.4)	(1.3)
External services	(32.8)	(7.2)
Other operating expenses.....	(10.8)	(4.8)
Operating profit	79.1	44.6
Result on sales of financial assets.....	-	-
Financial revenues.....	2.2	0.2
Financial expenses	(35.1)	(6.4)
Net financial revenues (costs).....	(32.9)	(6.1)
Gross profit (loss).....	46.2	38.4
Income tax	11.2	(0.4)
Net profit (loss)	57.5	38.0
Attributable to equity holders of the parent company	57.2	37.9
Attributable to non-controlling interest	0.2	0.1

Source: Quarterly Consolidated Financial Statements.

	Year ended 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Net revenues.....	422.7	206.7	107.5
Share in profit (loss) of affiliates measured according to the equity method.....	(10.7)	11.7	(0.0)
Other operating revenue.....	4.4	1.3	0.1
Remuneration costs and costs of employee benefits	(78.1)	(49.0)	(18.8)
Depreciation / amortization.....	(6.1)	(3.0)	(1.4)
External services	(71.8)	(27.0)	(10.2)
Other operating expenses.....	(25.7)	(18.1)	(12.9)
Operating profit	234.7	122.6	64.3
Result on sales of financial assets.....	(0.0)	0.0	-
Financial revenues.....	1.1	0.1	0.3
Financial expenses	(44.6)	(12.7)	(10.3)
Net financial revenues (costs).....	(43.6)	(12.6)	(10.1)
Gross profit (loss).....	191.2	110.0	54.2
Income tax	9.1	10.4	(10.0)
Net profit (loss)	200.3	120.3	44.3
Attributable to equity holders of the parent company	200.0	120.1	44.1
Attributable to non-controlling interest	0.2	0.2	0.2

Source: 2014-2016 Consolidated Financial Statements.

Three months ended 31 March 2017 as compared to the corresponding period ended 31 March 2016

Net revenues

The table below presents net revenues of the Group for the three months ended 31 March 2017 as compared to the corresponding period ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Net revenues			
Income from acquired debt portfolios	131.7	46.4	183.8
Income from debt portfolios management services	12.6	22.3	(43.5)
Income on debt recovery services	0.2	0.2	0.0
Income on other services	2.7	0.1	2,600.0
Total	147.2	69.0	113.4

Source: Quarterly Consolidated Financial Statements, *the Company.

Income from acquired debt portfolios represent the main source of net revenues for the Group. In the three months ended 31 March 2017 and 2016, income from acquired debt portfolios accounted for 89.5% and 67.2% of net revenues of the Group, respectively. Income from acquired debt portfolios increased by 183.8%, or PLN 85.3 million, to PLN 131.7 million for the three months ended 31 March 2017 from PLN 46.4 million for the three months ended 31 March 2016. This increase was primarily attributable to higher total collections from debtors in the own closed-end investment fund segment by 179.3%, or PLN 94.0 million, resulting from investments in debt portfolios and continuously growing efficiency of the debt collection process carried out by the Group. Income from debt portfolios management services decreased by 43.5%, or PLN 9.7 million, to PLN 12.6 million for the three months ended 31 March 2017 from PLN 22.3 million for the three months ended 31 March 2016. This decline resulted from the acquisition of two subsidiaries by the Group, which prior to that were included in the external closed-end investment fund segment, and lower income of the Company as a debt management service provider of one of external closed-end investment funds.

The table below presents collections broken down by debt portfolios of own and external closed-end investment funds.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Collections			
Debt portfolios of internal closed-end investment funds, of which	146.4⁽¹⁾	52.4	179.3
Mortgage debts	1.7	1.0	73.5
Debt portfolios of external closed-end investment funds, of which	85.4	97.2	(12.1)
Mortgage debts	8.4	5.6	49.1
Total	231.8	149.6	54.9

⁽¹⁾ Collections in the first quarter of 2017 include repayments from borrowings granted to debtors in the amount of PLN 1.8 million. Collections in the segment of own closed-end investment funds in the three months ended 31 March 2017 were composed of PLN 27.2 million from the debt portfolios acquired in the three months ended 31 March 2017 and of PLN 119.2 million from the debt portfolios acquired until 31 December 2016.

Source: the Company.

Share in profit (loss) of affiliates measured according to the equity method

The share in profit (loss) of affiliates of the Group measured according to the equity method amounted to PLN (4.4) million for the three months ended 31 December 2017 as compared to PLN 1.1 million PLN for the three months ended 31 March 2016. The decrease was primarily attributable to the fair value revaluation of investment certificates of closed-end investment funds.

The table below presents the share in profit (loss) of affiliates of the Group for the three months ended 31 March 2017 as compared to the three months ended 31 March 2016 broken down by entity.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Share in profit (loss) of affiliates			
Omega Wierzytelności NSFIZ	(2.1)	1.1	(292.7)
TRIGON XIV NSFIZ	0.1	-	n/a
TRIGON XV NSFIZ	0.1	-	n/a
TRIGON XVI NSFIZ	0.2	-	n/a
TRIGON XXI NSFIZ	0.4	-	n/a
TRIGON Profit XVIII NSFIZ	(1.0)	-	n/a

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million)		(%)
Share in profit (loss) of affiliates	(unaudited)		(unaudited)
TRIGON Profit XX NSFIZ	(0.6)	-	n/a
TRIGON Profit XXII NSFIZ	(1.4)	-	n/a
Total	(4.4)	1.1	(500.0)

Source: the Company.

The share in profit of affiliates of the Group are calculated based on the difference between the valuation of investment certificates of closed-end investment funds as at the date of their acquisition, or prior balance sheet date, and as at the balance sheet date and pro rata to the percentage share of the Company in any given affiliate. In addition to current results of closed-end investment funds, the valuation of investment certificates of such closed-end investment funds may be influenced by other events (including profit distributions in respect of investment certificates).

Financial information presented in Note 4.6 to the Quarterly Consolidated Financial Statements should not be related directly to the above calculations of share in profit of affiliates because investment certificates were purchased on specified days in the three months ended 31 March 2017 and 2016 while financial information in Note 4.6 presents the valuation of investment certificates of affiliates to their fair value as at the respective balance sheet date.

Other operating revenue

The table below presents other operating revenue of the Group for the three months ended 31 March 2017 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million)		(%)
Other operating revenue	(unaudited)		(unaudited)
Change to VAT proportion	0.2	-	n/a
Profit on fixed assets disposal	1.9	-	n/a
Lease of premises	0.0	0.0	n/a
License granted	4.8	-	n/a
Income on services other than services of core business activity	9.4	-	n/a
Surplus after reversal of provisions for costs	-	0.0	n/a
Other	0.1	0.0	n/a
Total	16.2	0.1	16,100.0

Source: Quarterly Consolidated Financial Statements, *the Company.

Other operating revenue increased by 16,100.0%, or PLN 16.1 million, to PLN 16.2 million for the three months ended 31 March 2017 from PLN 0.1 thousand for the three months ended 31 March 2016. This increase was primarily attributable to income on services other than services of core business activity of PLN 9.4 million and license granted for PLN 4.8 million.

Operating expenses

Remuneration costs and costs of employee benefits

Remuneration costs and costs of employee benefits of the Group increased by 161.5%, or PLN 19.7 million, to PLN 31.9 million for the three months ended 31 March 2017 from PLN 12.2 million for the three months ended 31 March 2016. This increase was primarily attributable to an increase in the number of jobs in line with an expansion of the Group's business operations. The number of full time equivalents (FTEs) increased by 75.2%, or 539 FTEs, as at the end of the first quarter of 2017 as compared to 31 March 2016.

External services

The table below presents external services of the Group for the three months ended 31 March 2017 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
External services			
Leasing	(1.9)	(1.1)	72.7
Telecommunication and postal services	(6.0)	(1.2)	400.0
Legal services, management services	(10.7)	(1.8)	494.4
Consulting services and expert evaluations (including IT)	(6.2)	(1.2)	416.7
Security and housekeeping services	(0.1)	(0.1)	0.0
Repair and maintenance services	(4.7)	(1.5)	213.3
Banking services	(0.3)	(0.1)	200.0
Other external services	(2.8)	(0.2)	1,300.0
Total	(32.8)	(7.2)	355.6

Source: Quarterly Consolidated Financial Statements, *the Company.

Legal and management services, consulting services and expert evaluation as well as telecommunication and postal services represented main items of the costs related to the external services of the Group in the three months ended 31 March 2017 and 2016. In the three months ended 31 March 2017 and 2016, legal and management services accounted for 32.6% and 25.0% of external services of the Group, respectively. Legal and management services increased by 494.4%, or PLN 8.9 million, to PLN 10.7 million for the three months ended 31 March 2017 from PLN 1.8 million for the three months ended 31 March 2016. This increase was attributable to growing numbers of closed-end investment funds in the own closed-end investment fund segment and management costs related to the remuneration of TFIs as well as growing numbers of debts under management and an increase in costs related to subcontractors of the Company in the area of legal services. Consulting services and expert evaluations increased by 416.7%, or PLN 5.0 million, to PLN 6.2 million for the three months ended 31 March 2017 from PLN 1.2 million for the three months ended 31 March 2016.

Consulting services and expert evaluations increased primarily due to higher costs of: (i) recruitment services, which were mostly related to HR and payroll services, job advertisements and advisory services related to recruitment; (ii) IT services, including primarily outsourced IT services, IT work and costs related to IT systems, annual licenses; and (iii) consulting and expert opinions prepared for the Group and involving financial advisory, HR management advisory, tax and legal advisory as well as audit services. In the three months ended 31 March 2017 and 2016, telecommunication and postal services accounted for 18.3% and 16.7% of external services of the Group, respectively. Telecommunication and postal services increased by 400.0%, or PLN 4.8 million, to PLN 6.0 million for the three months ended 31 March 2017 from PLN 1.2 million for the three months ended 31 March 2016. This increase was attributable to growing numbers of cases under management that reached 2.2 million as at the end of the first quarter of 2017.

Depreciation and amortization

Depreciation and amortization increased by 238.5%, or PLN 3.1 million, to PLN 4.4 million for the three months ended 31 March 2017 from PLN 1.3 million for the three months ended 31 March 2016. This increase was primarily attributable to purchases of fixed and intangible assets, in particular licenses and teleinformation infrastructure.

Other operating expenses

The table below presents other operating expenses of the Group for the three months ended 31 March 2017 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Other operating expenses			
Entertaining and advertising costs	(1.7)	(0.4)	325.0
Consumption of materials and energy	(2.0)	(0.8)	150.0
Taxes and charges	(3.8)	(3.2)	18.8
Employee training	(0.2)	(0.2)	0.0
Business trips	(0.4)	(0.1)	300.0
Property insurance	(0.2)	(0.1)	100.0
Other	(2.6)	(0.1)	2,500.0

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million)	(PLN million)	(%)
	(unaudited)	(unaudited)	(unaudited)
Other operating expenses			
Total.....	(10.8)	(4.8)	125.0

Source: Quarterly Consolidated Financial Statements, *the Company.

Other operating expenses of the Group include primarily taxes and charges. In the three months ended 31 March 2017 and 2016, taxes and charges accounted for 35.2% and 66.7% of other operating expenses of the Group, respectively. Taxes and charges increased by 18.8%, or PLN 0.6 million, to PLN 3.8 million for the three months ended 31 March 2017 from PLN 3.2 million for the three months ended 31 March 2016. This increase was attributable, among others, to higher court fees and enforcement charges and provisions for VAT. Court fees and enforcement charges include payments in respect, among others, of court entries, advances paid in at the commencement of enforcement proceedings and subsequent charges, fees for declarations of enforceability, fees related to the appointment of a court receiver, expert fees as well as filing fees for motions or appeals. In addition, consumption of materials and energy increased by 150.0%, or PLN 1.2 million, to PLN 2.0 million for the three months ended 31 March 2017 from PLN 0.8 million for the three months ended 31 March 2016. Consumption of materials and energy was primarily influenced by consumption of utilities and fuel, fittings for workstations and stationary supplies. Other expenses increased by 2,500.0%, or PLN 2.5 million, to PLN 2.6 million for the three months ended 31 March 2017 from 0.1 million for the three months ended 31 March 2016. This increase was primarily attributable to an adjustment related to the settlement of own costs of closed-end investment funds not recognized in previous financial periods.

Direct costs of debt recovery

The largest part of all operating expenses of the Group, such as remuneration costs and costs of employee benefits, external services, depreciation and amortization as well as other operating expenses, represents direct costs related to debt recovery efforts of own and external closed-end investment funds. The table below presents the level of direct costs and their relation to total operating expenses as well as the value of total collections for the three months 31 March 2017 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change
	2017	2016	2017/2016
	(million PLN, unless indicated otherwise)	(million PLN, unless indicated otherwise)	(%)
	(unaudited)	(unaudited)	(unaudited)
Expenses and collections			
Total operating expenses ⁽¹⁾	79.9	25.6	212.1
Direct costs ⁽²⁾	44.3	22.8	94.3
Direct costs to total operating expenses (%).....	55.4	89.0	(37.8)
Collections from portfolios ⁽³⁾	231.8	149.6	54.9
Cost-to-Collect (%) ⁽⁴⁾	19.1	15.2	18.9

⁽¹⁾ Total operating expenses include remuneration costs and costs of employee benefits, external services, depreciation and amortization and other operating expenses.

⁽²⁾ Direct costs include all costs of the Group's departments related to collections from debt portfolios of internal and external closed-end investment funds.

⁽³⁾ The Company reports collections from portfolios as proceeds received from its debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a year.

⁽⁴⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of internal and third-party closed-end investment funds divided by collections from such portfolios.

Source: the Company.

Result on sales of financial assets

In the three months ended 31 March 2017 as well as in the three months ended 31 March 2016 the Group did not report any significant result on sales of financial assets.

Financial revenues

The table below presents financial revenues of the Group for the three months ended 31 March 2017 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Financial revenues			
Interest income on bank deposits.....	0.0	0.1	(100.0)
Interest income from granted loans and receivables	0.0	-	n/a
Investment bonus	0.8	-	n/a
CDS transaction settlement.....	1.3	-	n/a
Exchange differences	-	0.1	n/a
Total.....	2.2	0.2	1,000.0

Source: Quarterly Consolidated Financial Statements, *the Company.

Financial revenues of the Group increased by 1,000.0%, or PLN 2.0 million, to PLN 2.2 million for the three months ended 31 March 2017 from PLN 0.2 million for the three months ended 31 March 2016. This increase was attributable to the settlement of a CDS transaction related to the purchase of a debt portfolio and an investment bonus related to the investment in certificates of a closed-end investment fund.

Financial expenses

The table below presents financial expenses of the Group for the three months ended 31 March 2017 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Financial expenses			
Interest on bonds	(21.4)	(4.4)	386.4
Bond processing costs.....	(6.0)	(1.2)	400.0
Other interest expense.....	(1.5)	(0.7)	114.3
Exchange rate differences	(5.2)	-	n/a
Other financial costs.....	(1.1)	(0.1)	1,000.0
Total.....	(35.1)	(6.4)	448.4

Source: Quarterly Consolidated Financial Statements, *the Company.

Interest on bonds represents the main item of financial expenses of the Group. In the three months ended 31 March 2017 and 2016, interest on bonds accounted for 61.0% and 68.8% of financial expenses of the Group, respectively. Interest on bonds increased by 386.4%, or PLN 17.0 million, to PLN 21.4 million for the three months ended 31 March 2017 from PLN 4.4 million for the three months ended 31 March 2016. This increase was attributable to a higher nominal value of bonds issued by companies from the Group. Bonds not redeemed at the end of the first three months of 2017 increased by 181.0%, or PLN 620.6 million as compared to the corresponding period of 2016. In the period ended 31 March 2017, exchange rate differences were recognized separately to present primarily foreign exchange differences of PLN 4.9 million on borrowings granted in a foreign currency by Getback Recovery S.R.L.

Financial expenses in respect of financial liabilities towards the group of LC Corp B.V. amounted to PLN 2.2 million for the three months ended 31 March 2017.

Income tax

The table below presents components of tax burden of the Group for the three months ended 31 March 2016 as compared to the three months ended 31 March 2016.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (unaudited)	(PLN million) (unaudited)	(%) (unaudited)
Basic components of tax burden			
Current income tax.....	-	0.0	n/a
Current tax burden	-	0.0	n/a
Deferred income tax.....	11.2	(0.4)	n/a
Connected with the occurrence and reversal of the interim differences.....	11.2	(0.4)	n/a
Total.....	11.2	(0.4)	n/a

Source: Quarterly Consolidated Financial Statements, *the Company.

Income tax of the Group was PLN 11.2 million for the three months ended 31 March 2017 and was composed primarily of deferred income tax of PLN 11.2 million related to the occurrence and reversal of the interim differences in the amount of PLN 11.2 million in respect of tax losses recoverable in future periods. For the three months ended 31 March 2016, income tax of the Group was PLN 0.4 million and was composed primarily of deferred income tax of PLN 0.4 million related to the occurrence and reversal of the interim differences in the amount of PLN 0.4 million.

Net profit (loss)

For reasons discussed above, the Group's net profit increased by 51.3%, or PLN 19.5 million, to PLN 57.5 million for the three months ended 31 March 2017 from PLN 38.0 million for the three months ended 31 March 2016. This increase resulted primarily from the dynamic development of the Group.

In the three months ended 31 March 2017, the Group did not execute any transaction which alone would have an impact of PLN 10.0 million or more on the Company's net profit.

Year ended 31 December 2016 as compared to the year ended 31 December 2015

Net revenues

The table below presents net revenues of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

Net revenues	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million) (audited)		(%) (unaudited)
Income from acquired debt portfolios	333.7	122.5	172.4
Other income from debt portfolios	0.0	1.5	(100.0)
Income from debt portfolios management services.....	87.0	78.8	10.4
Income on legal services	0.3	0.4	(25)
Income on debt recovery services.....	0.5	0.6	(16.7)
Income on investments in securitization funds.....	0.0	0.0	n/a
Income on other services	1.3	3.0	(56.7)
Total.....	422.7	206.7	104.5

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Income from acquired debt portfolios represent the main source of net revenues for the Group. In the years ended 31 December 2016 and 2015, income from acquired debt portfolios accounted for 78.9% and 59.3% of net revenues of the Group, respectively. Income from acquired debt portfolios increased by 172.4%, or PLN 211.2 million, to PLN 333.7 million for the year ended 31 December 2016 from PLN 122.5 million for the year ended 31 December 2015. This increase was primarily attributable to higher total collections from debtors by 173.9%, or PLN 233.5 million resulting from investments in debt portfolios and continuously growing efficiency of the debt collection process carried out by the Group. Income from debt portfolios management services increased by 10.4%, or PLN 8.2 million, to PLN 87.0 million for the year ended 31 December 2016 from PLN 78.8 million for the year ended 31 December 2015. Similarly to income from acquired debt portfolios, this increase resulted from higher volumes of debts under management, higher realized collections as well as better efficiency of the debt collection process.

The table below presents collections broken down by debt portfolios of own and external closed-end investment funds.

Collections	Year ended 31 December		Change
	2016	2015	2016/2015
	(PLN million) (unaudited)		(%) (unaudited)
Debt portfolios of internal closed-end investment funds, of which	367.8	134.3	173.9
Mortgage debts	6.8	1.0	580
Debt portfolios of external closed-end investment funds, of which	345.1	239.0	44.4
Mortgage debts	34.6	8.9	288.8

	Year ended 31 December		Change
	2016	2015	2016/2015
	(PLN million) (unaudited)		(%) (unaudited)
Collections			
Total	713.0	373.4	90.9

Source: the Company.

Share in profit (loss) of affiliates measured according to the equity method

The share in profit (loss) of affiliates of the Group measured according to the equity method decreased by PLN 22.4 million to PLN (10.7) million for the year ended 31 December 2016 from PLN 11.7 million for the year ended 31 December 2015. The decrease was primarily attributable to the fair value revaluation of investment certificates of closed-end investment funds.

The table below presents the share in profit (loss) of affiliates of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015 broken down by entity:

	Year ended 31 December		Change
	2016	2015	2016/2015
	(PLN million) (unaudited)		(%) (unaudited)
Share in profit (loss) of affiliates			
Omega Wierzytelności NSFIZ	(11.0)	11.7	n/a
TRIGON XIV NSFIZ	0.5	-	n/a
TRIGON XV NSFIZ	0.5	-	n/a
TRIGON XVI NSFIZ	0.3	-	n/a
TRIGON Profit XVIII NSFIZ	(0.6)	-	n/a
TRIGON XXI NSFIZ	(0.5)	-	n/a
Total	(10.7)	11.7	n/a

Source: the Company.

The share in profit of affiliates of the Group are calculated based on the difference between the valuation of investment certificates of closed-end investment funds as at the date of their acquisition, or prior balance sheet date, and as at the balance sheet date and pro rata to the percentage share of the Company in any given affiliate. In addition to current results of closed-end investment funds, the valuation of investment certificates of such closed-end investment funds may be influenced by other events (including profit distributions in respect of investment certificates). In case of Omega Wierzytelności NSFIZ, profits were distributed in 2016 and, consequently, the net asset value per investment certificate of Omega Wierzytelności NSFIZ declined. Profit was distributed to the majority participant of Omega Wierzytelności NSFIZ who holds investment certificates preferred with respect to profit distributions. Pursuant to the Charter of Omega Wierzytelności NSFIZ, individual participants of the fund are eligible to receive profit distributions when the requirements stipulated in the Charter are met, but the majority participant who holds preferred investment certificates is the first to receive profit distributions. Until the date of the Marketing Document, holders of preferred investment certificates did not exercise their preference to receive profit distributions in 2017.

Financial information presented in Note 18 to the 2014-2016 Consolidated Financial Statements should not be related directly to the above calculations of share in profit of affiliates because investment certificates were purchased on specified days of the financial year ended 31 December 2016 and 2015 while financial information in Note 18 presents the results of affiliates for the entire financial year.

Other operating revenue

The table below presents other operating revenue of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million) (audited)		(%) (unaudited)
Other operating revenue			
Change to VAT proportion	0.0	-	n/a
Profit on bargain acquisition	2.6	1.0	160.0
Profit on fixed assets disposal	0.0	0.1	(100.0)
Lease of premises	0.0	0.0	n/a

	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million)		(%)
	(audited)		(unaudited)
Other operating revenue			
Liquidated damages for termination of service agreement	0.6	-	n/a
Surplus after reversal of provisions for costs	1.0	-	n/a
Other	0.2	0.3	(33.3)
Total	4.4	1.3	238.5

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Other operating revenue increased by 238.5%, or PLN 3.1 million, to PLN 4.4 million for the year ended 31 December 2016 from PLN 1.3 million for the year ended 31 December 2015. This increase was primarily attributable to the release of provisions for expenditures and liquidated damages of RON 0.6 million received from a bank being a party to the engagement agreement related to the management of an investment portfolio covering receivables of a closed-end investment fund in respect of termination of the agreement by the Company by reason of the bank's failure to pay invoices issued by the Company for provided services.

Operating expenses

Remuneration costs and costs of employee benefits

The table below presents remuneration costs and costs of employee benefits of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million)		(%)
	(audited)		(unaudited)
Remuneration costs and costs of employee benefits			
Remuneration	(65.6)	(40.5)	62.0
Costs of social insurance and other benefit	(11.9)	(8.1)	46.9
Payments to the National Disabled Persons Rehabilitation Fund (PFRON)	(0.7)	(0.4)	75.0
Total	(78.1)	(49.0)	59.4

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Remuneration costs and costs of employee benefits of the Group are primarily composed of remuneration. In the years ended 31 December 2016 and 2015, remuneration accounted for 84.0% and 82.7% of remuneration costs and costs of employee benefits of the Group, respectively. Remuneration increased by 62.0%, or PLN 25.1 million, to PLN 65.6 million for the year ended 31 December 2016 from PLN 40.5 million for the year ended 31 December 2015. This increase was primarily attributable to an increase in the number of jobs by 47.9%, or 339 FTEs, in line with an expansion of the Group's business operations.

External services

The table below presents external services of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million)		(%)
	(audited)		(unaudited)
External services			
Leasing	(6.6)	(2.8)	135.7
Telecommunication and postal services	(22.4)	(8.1)	176.5
Legal services, management services	(6.1)	(3.8)	60.5
Consulting services and expert evaluations (including IT)	(12.6)	(3.8)	231.6
Security and housekeeping services	(0.4)	(0.3)	33.3
Repair and maintenance services	(19.8)	(7.2)	175.0
Banking services	(0.6)	(0.3)	100.0
Other external services	(3.4)	(0.8)	325.0
Total	(71.8)	(27.0)	165.9

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Telecommunication and postal services, repair and maintenance services related to the debt collection process and consulting services and expert evaluations represented main items of the costs related to the external services of the Group in 2015-2016. In the years ended 31 December 2016 and 2015, telecommunication and postal services accounted for 31.2% and 30.0% of external services of the Group, respectively. Telecommunication and postal services increased by 176.5%, or PLN 14.3 million, to PLN 22.4 million for the year ended 31 December 2016 from PLN 8.1 million for the year ended 31 December 2015. This increase was attributable to growing numbers of cases under management that reached 2.1 million at the end of 2016. Repair and maintenance services increased by 175.0%, or PLN 12.6 million, to PLN 19.8 million for the year ended 31 December 2016 from PLN 7.2 million for the year ended 31 December 2015. This increase was attributable to growing numbers of cases under management and, in particular, was related to an increase in the following costs: (i) client acquisition and data verification such as telemarketing costs, costs of new contacts added to databases, (ii) costs related to temporary workers, and (iii) debt collection services related to recovery activities on-site.

Consulting services and expert evaluations increased primarily due to higher costs of: (i) recruitment services, which were mostly related to HR and payroll services, job advertisements and advisory services related to recruitment; (ii) IT services, including primarily outsourced IT services, IT work and costs related to IT systems; and (iii) consulting and expert opinions prepared for the Group and involving financial advisory, HR management advisory, tax and legal advisory as well as audit services.

Depreciation / amortization

In the year ended 31 December 2016 amortization and depreciation increased by 103.3%, or PLN 3.1 million, to PLN 6.1 million as compared to the year ended 31 December 2015. This increase was primarily attributable to purchases of fixed and intangible assets, in particular licenses and teleinformation infrastructure.

Other operating expenses

The table below presents other operating expenses of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million)		(%)
Other operating expenses	(audited)		(unaudited)
Entertaining and advertising costs	(2.8)	(1.4)	100.0
Consumption of materials and energy	(5.3)	(4.1)	29.3
Taxes and charges	(14.9)	(10.9)	36.7
Employee training	(0.5)	(0.6)	(16.7)
Business trips	(0.8)	(0.8)	0.0
Property insurance.....	(0.3)	(0.2)	50.0
Other	(1.0)	(0.1)	900.0
Total.....	(25.7)	(18.1)	42.0

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Other operating expenses of the Group include primarily taxes and charges. In the years ended 31 December 2016 and 2015, taxes and charges accounted for 58.0% and 60.2% of other operating expenses of the Group, respectively. Taxes and charges increased by 36.7%, or PLN 4.0 million, to PLN 14.9 million for the year ended 31 December 2016 from PLN 10.9 million for the year ended 31 December 2015. This increase was attributable, among others, to higher court fees and enforcement charges and provisions for VAT. Court fees and enforcement charges include payments in respect, among others, of court entries, advances paid in at the commencement of enforcement proceedings and subsequent charges, fees for declarations of enforceability, fees related to the appointment of a court receiver, expert fees as well as filing fees for motions or appeals. In addition, consumption of materials and energy increased by 29.3%, or PLN 1.2 million, to PLN 5.3 million for the year ended 31 December 2016 from PLN 4.1 million for the year ended 31 December 2015. This increase was primarily attributable to an increase in the total floor space of leased premises by 41.2% , or 2.4 thousand square meters.

Direct costs of debt recovery

The largest part of all operating expenses of the Group, such as remuneration costs and costs of employee benefits, external services, depreciation and amortization as well as other operating expenses, represents direct costs related to debt recovery efforts of own and external closed-end investment funds. The table below presents

the level of direct costs and their relation to total operating expenses as well as the value of total collections for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

Expenses and collections	Year ended 31 December		Change
	2016	2015	2016/2015
	(PLN million, unless indicated otherwise) (unaudited)		(%) (unaudited)
Total operating expenses ⁽¹⁾	181.7	97.1	87.1
Direct costs ⁽²⁾	122.1	55.8	118.8
Direct costs to total operating expenses (%)	67.2	57.4	17.1
Collections from portfolios ⁽³⁾	713.0	373.4	90.9
Cost-to-Collect (%) ⁽⁴⁾	17.1	14.9	14.8

⁽¹⁾ Total operating expenses include remuneration costs and costs of employee benefits, external services, depreciation and amortization and other operating expenses.

⁽²⁾ Direct costs include all costs of the Group's departments related to collections from debt portfolios of internal and external closed-end investment funds.

⁽³⁾ The Company reports collections from portfolios as proceeds received from its debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a year.

⁽⁴⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of internal and third-party closed-end investment funds divided by collections from such portfolios.

Source: the Company.

Result on sales of financial assets

In the year ended 31 December 2016 the Group reported a negative result on sales of financial assets of PLN 32 thousand related to the sale of investment certificates in the fund Getback Windykacji Platynium NSFIZ and shares in the following companies: Bergden Assets SCSp and Neum Pretium sp. z o.o. sp.k.

Financial revenues

The table below presents financial revenues of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

Financial revenues	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million) (audited)		(%) (unaudited)
Interest income on bank deposits	0.2	0.1	100.0
Interest income from granted loans and receivables	0.0	-	n/a
Currency exchange rate differences	0.1	-	n/a
Other financial revenues	0.8	0.0	n/a
Total	1.1	0.1	1,000.0

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Financial revenues of the Group increased by 1,000.0%, or PLN 1.0 million, to PLN 1.1 million for the year ended 31 December 2016 from PLN 0.1 million for the year ended 31 December 2015. This increase was attributable to an increase in other financial revenues by PLN 0.8 million. Higher other financial revenues resulted from an investment premium earned on investment certificates of Open Finance Wierzytelności NSFIZ.

Financial expenses

The table below presents financial expenses of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

Financial expenses	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million) (audited)		(%) (unaudited)
Interest on bonds	(28.3)	(10.1)	180.2
Bond processing costs	(7.1)	(1.2)	491.7
Other interest expense	(6.3)	(0.7)	800.0
Exchange rate differences	(1.0)	(0.3)	233.3
Other financial costs	(1.9)	(0.4)	375.0
Total	(44.6)	(12.7)	251.2

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Interest on bonds represents the main item of financial expenses of the Group. In the years ended 31 December 2016 and 2015, interest on bonds accounted for 63.5% and 79.5% of financial expenses of the Group, respectively. Interest on bonds increased by 180.2%, or PLN 18.2 million, to PLN 28.3 million for the year ended 31 December 2016 from PLN 10.1 million for the year ended 31 December 2015. This increase was attributable to a higher nominal value of bonds issued by companies from the Group. Bonds not redeemed at the end of 2016 increased by 217.4%, or PLN 551.3 million, as compared to the previous year. In addition, other interest expense increased by 800.0%, or PLN 5.6 million, to PLN 6.3 million for the year ended 31 December 2016 from PLN 0.7 million for the year ended 31 December 2015. This increase was primarily attributable to interest on liabilities in respect of acquired debt portfolios under an agreement for the purchase of a portfolio of debts to be repaid on an installment basis.

Income tax

The table below presents components of tax burden of the Group for the year ended 31 December 2016 as compared to the year ended 31 December 2015.

	Year ended 31 December		Change*
	2016	2015	2016/2015
	(PLN million) (audited)		(%) (unaudited)
Basic components of tax burden			
Current income tax	(0.2)	(2.9)	(93.1)
Current tax burden	(0.2)	(2.9)	(93.1)
Deferred income tax	9.3	13.3	(30.1)
Connected with the occurrence and reversal of the interim differences	9.3	13.3	(30.1)
Tax losses from previous years	-	-	n/a
Total	9.1	10.4	(12.5)

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Income tax of the Group was PLN 9.1 million for the year ended 31 December 2016 and was composed primarily of deferred income tax of PLN 9.3 million related to the occurrence and reversal of the interim differences in the amount of PLN 9.3 million in respect of tax losses recoverable in future periods. For the year ended 31 December 2015, income tax of the Group was PLN 10.4 million and was composed primarily of deferred income tax of PLN 13.3 million related to the occurrence and reversal of the interim differences in the amount of PLN 13.3 million in respect of the release of deferred income tax provisions of the Company in the amount of PLN 8.5 million and of Getback Recovery S.R.L. in the amount of PLN 2.1 million. The Company released provisions for tax on income earned on the valuation of investment certificates of own closed-end investment funds. Lower provisions of Getback Recovery S.R.L. resulted from a decline in the fair value of debt portfolios owned by Getback Recovery S.R.L. Current income tax of the Group decreased by 93.1%, or PLN 2.7 million PLN, to PLN 0.2 million PLN for the year ended 31 December 2016 from PLN 2.9 million for the year ended 31 December 2015. This decrease resulted from investments and the development of closed-end investment funds in which the Company acquired investment certificates in 2015-2016. Income of such closed-end investment fund is exempted from the income tax.

Net profit (loss)

For reasons discussed above, the Group's net profit increased by 66.5%, or PLN 80.0 million, to PLN 200.3 million for the year ended 31 December 2016 from PLN 120.3 million for the year ended 31 December 2015. This increase resulted from the dynamic development of the Group and the acquisition of investment certificates of closed-end investment funds in the year ended 31 December 2016 r.

In the years ended 31 December 2016 and 2015, the Group did not execute any transaction which alone would have an impact of PLN 10.0 million or more on the Company's net profit.

Year ended 31 December 2015 as compared to the year ended 31 December 2014

Net revenues

The table below net revenues of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million)		(%)
Net revenues	(audited)		(unaudited)
Income from acquired debt portfolios	122.5	87.7	39.7
Other income from debt portfolios	1.5	7.1	(78.9)
Income from debt portfolios management services	78.8	10.9	622.9
Income on legal services	0.4	0.0	n/a
Income on debt recovery services	0.6	0.7	(14.3)
Income on investments in securitization funds	-	0.0	n/a
Income on other services	3.0	1.0	200.0
Total.....	206.7	107.5	92.3

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Income from acquired debt portfolios represent the main source of net revenues for the Group. In the years ended 31 December 2015 and 2014, income from acquired debt portfolios accounted for 59.3% and 81.6% of net revenues of the Group, respectively. Income from acquired debt portfolios increased by 39.7%, or PLN 34.8 million, to PLN 122.5 million for the year ended 31 December 2015 from PLN 87.7 million for the year ended 31 December 2014. This increase was attributable to higher total collections from debtors by 56.1%, or PLN 48.3 million. In addition, income from debt portfolios management services increased by 622.9%, or PLN 67.9 million, to PLN 78.8 million for the year ended 31 December 2015 from PLN 10.9 million for the year ended 31 December 2014. This increase was attributable to higher revenues from collections from debtors and costs of legal representation in court and enforcement proceedings.

The table below presents collections broken down by debt portfolios of internal and external closed-end investment funds.

	Year ended 31 December		Change
	2015	2014	2015/2014
	(PLN million)		(%)
Collections	(unaudited)		(unaudited)
Debt portfolios of internal closed-end investment funds, of which	134.3	86.1	56.0
Mortgage debts	1.0	0.4	150.0
Debt portfolios of external closed-end investment funds, of which	239.0	34.7	588.8
Mortgage debts	8.9	0.2	4,350.0
Total.....	373.4	120.8	209.1

Source: the Company.

Share in profit (loss) of affiliates measured according to the equity method

Share in profit (loss) of affiliates measured according to the equity method increased by PLN 11.7 million to PLN 11.7 million for the year ended 31 December 2015 from PLN (12) thousand for the year ended 31 December 2014 r. This increase was attributable to the upward fair value revaluation of investment certificates of Omega Wierzytelności NSFIZ by PLN 11.7 million. The fair value revaluation of investment certificates Omega Wierzytelności NSFIZ resulted from an increase in the net asset value of Omega Wierzytelności NSFIZ (and, thus, fair value of investment certificates in Omega Wierzytelności NSFIZ) due to high capital expenditures on the purchase of debt portfolios made by Omega Wierzytelności NSFIZ in 2015.

The table below presents the share in profit (loss) of affiliates of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014 broken down by entity:

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million)		(%)
Share in profit (loss) of affiliates	(unaudited)		(unaudited)
OMEGA WIERZYTELNOŚCI NSFIZ	11.7	(0.0)	n/a
Total	11.7	(0.0)	n/a

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Share in profit (loss) of affiliates of the Group are calculated pro rata to the percentage share of the Company in any given affiliate.

Other operating revenue

The table below presents other operating revenue of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million) (audited)		(%) (unaudited)
Other operating revenue			
Profit on bargain acquisition	1.0	-	n/a
Profit on fixed assets disposal	0.1	-	n/a
Lease of premises	0.0	0.0	n/a
Other	0.3	0.0	n/a
Total	1.3	0.1	1,200.0

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Other operating revenue increased by PLN 1.2 million to PLN 1.3 million for the year ended 31 December 2015 from PLN 59 thousand for the year ended 31 December 2014. This increase was primarily attributable to the profit on bargain acquisition of PLN 1.0 million related to the settlement of acquisition of Debitum Investment sp. z o.o. sp. k. (now Bakura sp. z o.o. Debitum sp.k.), Vinita Investments sp. z o.o. sp.k. (now Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k.) and Universe 3 NSFIZ.

*Operating expenses*Remuneration costs and costs of employee benefits

The table below presents remuneration costs and costs of employee benefits of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million) (audited)		(%) (unaudited)
Remuneration costs and costs of employee benefits			
Remuneration	(40.5)	(15.9)	154.7
Costs of social insurance and other benefit	(8.1)	(2.7)	200.0
Payments to the National Disabled Persons Rehabilitation Fund (PFRON)	(0.4)	(0.1)	300.0
Total	(49.0)	(18.8)	160.6

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Remuneration costs and costs of employee benefits of the Group are primarily composed of remuneration. In the years ended 31 December 2015 i 2014 remuneration accounted for 82.7% and 84.6% of remuneration costs and costs of employee benefits of the Group. Remuneration increased by 154.7%, or PLN 24.6 million, to PLN 40.5 million for the year ended 31 December 2015 from PLN 15.9 million for the year ended 31 December 2014. This increase was attributable to an increase in the number of jobs by 110.7%, or 372 FTEs.

External services

The table below presents external services of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million) (audited)		(%) (unaudited)
External services			
Leasing	(2.8)	(1.2)	133.3
Telecommunication and postal services	(8.1)	(2.9)	179.3
Legal services, management services	(3.8)	(2.0)	90.0
Consulting services and expert evaluations (including IT)	(3.8)	(2.9)	31.0
Security and housekeeping services	(0.3)	(0.2)	50.0
Repair and maintenance services	(7.2)	(0.7)	928.6
Banking services	(0.3)	(0.2)	50.0

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million)		(%)
External services	(audited)		(unaudited)
Other external services.....	(0.8)	(0.2)	300.0
Total.....	(27.0)	(10.2)	164.7

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Telecommunication and postal services, repair and maintenance services related to the debt collection process represented main items of services ordered by the Group in 2014-2015. In the years ended 31 December 2015 and 2014, telecommunication and postal services accounted for 29.8% and 28.4% of external services of the Group, respectively. Telecommunication and postal services increased by 179.3%, or PLN 5.2 million, to PLN 8.1 million for the year ended 31 December 2015 from PLN 2.9 million for the year ended 31 December 2014. This increase was attributable to growing numbers of cases under management that reached 1.0 million at the end of 2015. In addition, repair and maintenance services increased by 928.6%, or PLN 6.5 million, to PLN 7.2 million for the year ended 31 December 2015 from PLN 0.7 million for the year ended 31 December 2014. This increase was primarily attributable to growing numbers of cases and, in particular, was related to an increase in the following costs: (i) client acquisition and data verification such as telemarketing costs, costs of new contacts added to databases, (ii) costs related to temporary workers, and (iii) debt collection services related to recovery activities on-site.

Consulting services and expert evaluations increased primarily due to higher costs of: (i) recruitment services, which were mostly related to HR and payroll services, job advertisements and advisory services related to recruitment; (ii) IT services, including primarily outsourced IT services, IT work and costs related to IT systems; and (iii) consulting and expert opinions prepared for the Group and involving financial advisory, HR management advisory, tax and legal advisory as well as audit services.

Depreciation / amortization

In the year ended 31 December 2015 amortization and depreciation increased by 114.3%, or PLN 1.6 million, to PLN 3.0 million as compared to the year ended 31 December 2014. This increase was primarily attributable to purchases of fixed and intangible assets, in particular licenses and teleinformation infrastructure.

Other operating expenses

The table below presents other operating expenses of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million)		(%)
Other operating expenses	(audited)		(unaudited)
Entertaining and advertising costs.....	(1.4)	(0.6)	133.3
Consumption of materials and energy.....	(4.1)	(2.1)	95.2
Taxes and charges.....	(10.9)	(9.5)	14.7
Employee training.....	(0.6)	(0.1)	500.0
Business trips.....	(0.8)	(0.3)	166.7
Property insurance.....	(0.2)	(0.1)	100.0
Other.....	(0.1)	(0.2)	(50.0)
Total.....	(18.1)	(12.9)	40.3

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Other operating expenses of the Group include primarily taxes and charges. In the years ended 31 December 2015 and 2014, taxes and charges accounted for 60.2% and 73.6% of other operating expenses of the Group, respectively. Taxes and charges increased by 14.7%, or PLN 1.4 million PLN, to PLN 10.9 million for the year ended 31 December 2015 from PLN 9.5 million for the year ended 31 December 2014. This increase was attributable, among other things, to higher court fees and enforcement charges and provisions for VAT. In addition, consumption of materials and energy increased by 95.2%, or PLN 2.0 million, to PLN 4.1 million for the year ended 31 December 2015 from PLN 2.1 million for the year ended 31 December 2014. This increase was primarily attributable to an increase in the total floor space of leased premises by 42.8%, or 1.8 thousand square meters.

Direct costs of debt recovery

The largest part of all operating expenses of the Group, such as remuneration costs and costs of employee benefits, external services, depreciation and amortization as well as other operating expenses, represents direct costs related to debt recovery efforts of own and external closed-end investment funds.

The table below presents the level of direct costs and their relation to total operating expenses as well as the value of total collections for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

Expenses and collections	Year ended 31 December		Change
	2015	2014	2015/2014
	(PLN million, unless indicated otherwise) (unaudited)		(%) (unaudited)
Total operating expenses ⁽¹⁾	97.1	43.3	124.2
Direct costs ⁽²⁾	55.8	19.9	180.4
Direct costs to total operating expenses (%)	57.4	46.0	24.8
Collections from portfolios ⁽³⁾	373.4	120.8	209.1
Cost-to-Collect (%) ⁽⁴⁾	14.9	16.5	(9.3)

⁽¹⁾ Total operating expenses include remuneration costs and costs of employee benefits, external services, depreciation and amortization and other operating expenses.

⁽²⁾ Direct costs include all costs of the Group's departments related to collections from debt portfolios of internal and external closed-end investment funds.

⁽³⁾ The Company reports collections from portfolios as proceeds received from its debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a year.

⁽⁴⁾ The Company reports the cost-to-collect ratio as costs directly incurred by the Group in connection with collections from the portfolios of internal and third-party closed-end investment funds divided by collections from such portfolios.

Source: the Company.

Result on sales of financial assets

In the year ended 31 December 2015, the Group reported a result on sales of financial assets of PLN 6 thousand related to the disposal of the following entities by Bakura sp. z o.o. SKA: Bakura sp. z o.o., Debitum sp.k. (formerly Debitum Investment sp. z o.o. sp.k.), Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k. (formerly Vinita Investments sp. z o.o. sp.k.) and Bakura sp. z o.o. sp.k.

Financial revenues

The table below presents financial revenues of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

Financial revenues	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million) (audited)		(%) (unaudited)
Interest income on bank deposits	0.1	0.3	(66.7)
Other financial revenues	0.0	-	n/a
Total	0.1	0.3	(66.7)

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Financial revenues of the Group decreased by 66.7%, or PLN 0.2 million, to PLN 0.1 million for the year ended 31 December 2015 from PLN 0.3 million for the year ended 31 December 2014. This decrease resulted a decline in interest income on bank deposits by 66.7%, or PLN 0.2 million.

Financial expenses

The table below presents financial expenses of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

Financial expenses	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million) (audited)		(%) (unaudited)
Interest on bonds	(10.1)	(8.0)	26.3
Bond processing costs	(1.2)	(0.8)	50.0

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million)		(%)
	(audited)		(unaudited)
Financial expenses			
Other interest expense	(0.7)	(0.5)	40.0
Exchange rate differences	(0.3)	(0.1)	200.0
Other financial costs	(0.4)	(1.0)	(60.0)
Total	(12.7)	(10.3)	23.3

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Interest on bonds represents the main item of financial expenses of the Group. In the years ended 31 December 2015 and 2014, interest on bonds accounted for 79.5% and 77.7% of financial expenses of the Group, respectively. Interest on bonds increased by 26.3%, or PLN 2.1 million, to PLN 10.1 million for the year ended 31 December 2015 from PLN 8.0 million for the year ended 31 December 2014. This increase was attributable to a higher nominal value of bonds issued by companies from the Group. Bonds not redeemed at the end of 2015 increased by 96.9%, or PLN 128.4 million, as compared to the previous year. Higher financial expenses were partly offset by a decrease of other financial costs by 60.0%, or PLN 0.6 million, to PLN 0.4 million for the year ended 31 December 2015 from PLN 1.0 million for the year ended 31 December 2014. This decrease resulted from lower provisions in respect of transactions in securities.

Income tax

The table below presents components of tax burden of the Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	Year ended 31 December		Change*
	2015	2014	2015/2014
	(PLN million)		(%)
	(audited)		(unaudited)
Basic components of tax burden			
Current income tax	(2.9)	(0.3)	866.7
Current tax burden	(2.9)	(0.3)	866.7
Deferred income tax	13.3	(9.7)	n/a
Connected with the occurrence and reversal of the interim differences	13.3	(10.2)	n/a
Tax losses from previous years	-	0.5	n/a
Total	10.4	(10.0)	n/a

Source: 2014-2016 Consolidated Financial Statements, *the Company.

Income tax of the Group was PLN 10.4 million for the year ended 31 December 2015 and was composed primarily of deferred income tax of PLN 13.3 million related to the occurrence and reversal of the interim differences in the amount of PLN 13.3 million related to the occurrence and reversal of the interim differences in the amount of PLN 13.3 million in respect of the release of deferred income tax provisions of the Company in the amount of PLN 8.4 million and of Getback Recovery S.R.L. in the amount of PLN 2.1 million. The Company released provisions for tax on income earned on the valuation of investment certificates of own closed-end investment funds. Lower provisions of Getback Recovery S.R.L. resulted from a decline in the fair value of debt portfolios owned by Getback Recovery S.R.L. For the year ended 31 December 2014, income tax of the Group was PLN (10.0) million PLN and was composed primarily of deferred income tax of PLN (9.7) million related to the occurrence and reversal of the interim differences in the amount of PLN (10.2) million related mainly to the establishment of provisions for the fair value revaluation of financial assets and tax losses from previous years for PLN 0.5 million, related to the recognition of 50% of tax losses for 2013 which was not included in deferred taxes for 2013, reduced by tax losses settled in 2014. Current income tax of the Group increased by 866.7%, or PLN 2.6 million, to PLN (2.9) million for the year ended 31 December 2015 from PLN (0.3) million for the year ended 31 December 2014. This increase was attributable to the dynamic development of the Group and related growth of taxable income.

Net profit (loss)

For reasons discussed above, the Group's net profit increased by 171.6%, or PLN 76.0 million PLN, to PLN 120.3 million for the year ended 31 December 2015 from PLN 44.3 million for the year ended 31 December 2014.

In the years ended 31 December 2015 and 2014, the Group did not execute any transaction which alone would have an impact of PLN 10.0 million or more on the Company's net profit.

Liquidity and capital resources

Capital resources of the Group

Financing needs of the Group

The Group's financing needs are closely related to the scale of the Group's business, which is measured by the value of the Group's assets. According to the Management Board, essential financing needs of the Group (including future capital needs), and also the need to use debt financing, are related to financing of the Group's operations (in particular, the acquisition of debt portfolio by its own closed-end funds), capital expenditures (see "*Capital expenditures*") and timely repayment of liabilities.

It is expected that current and planned capital expenditures of the Group (although as of the date of the Marketing Document the Group does not plan to have any tangible fixed assets of significant value) will be financed from its own funds generated from ongoing activities (see: "*Capital expenditures—Current and planned capital expenditures*"). Purchases of debt portfolios by internal closed-end investment funds (the Company plans that the sector of own closed-end investment funds will acquire debt portfolios with a nominal value of PLN 25.3 billion in 2017-2019) will be financed mostly with proceeds from bond issues and loans (see: "*Material agreements—Agreements signed outside the Company's ordinary course of business*"). In addition, the Management Board intends to use the proceeds from the issue of New Shares to purchase debt portfolios for own closed-end investment funds (see: "*Use of Proceeds*"). In addition to debt portfolio purchases, the Company admits the possibility to use the proceeds from debt financing to acquire other entities from the debt management market in Poland and to optimize the financing structure of the Company.

As at the date of the Marketing Document, the Group does not identify any seasonality in the Group's credit needs.

Financing structure of the Group

The Group finances its business primarily from equity (see: "*Equity*" and Chapter "*Share Capital and Shares—General*"), issues of debt securities (short and long-term liabilities) (see: "*Liabilities arising from issuance of debt securities*" and Chapter "*Business Overview—Group's business—Material agreements—Agreements signed outside the Company's ordinary course of business*"), trade and other liabilities as well as long-term liabilities due to loans and borrowings (see: Chapter "*Business Overview—Group's business—Material agreements—Agreements signed outside the Company's ordinary course of business*").

The table below presents information on the structure of the Group's financing as at 31 March 2017.

	As at 31 March 2017	
	(PLN million) (unaudited)	(% of liabilities and equity) (unaudited)*
Total equity	442.9	24.3
Long-term liabilities and provisions	813.1	44.6
<i>of which:</i>		
Liabilities from issue of debt securities	568.3	31.2
Liabilities due to loans and borrowings	41.7	2.3
Short-term liabilities	565.5	31.0
<i>of which:</i>		
Liabilities from issue of debt securities	374.0	20.5
Trade and other liabilities	152.6	8.4
Total liabilities and equity	1,821.5	100.0

Source: *Quarterly Consolidated Financial Statements*, *the Company.

Maturity of liabilities of the Group as at 31 December 2016, 2015 and 2014 is presented in: "*Qualitative and quantitative information on financial risk factors*".

The Company did not pay any dividends and did not purchase any treasury stock in the course of its operations.

Limitations on the use of capital resources of the Group

In addition to legal restrictions, the possible utilization of capital resources is limited by some contractual clauses set out in the documentation of debt financing used by the Group. As of the date of the Marketing Document, debt financing used by the Group included but was not limited to loans taken by entities from the Group and bonds issued by the Company (see “*Business Overview—Group’s business—Material agreements—Agreements executed outside the Company’s ordinary course of business*”). The debt financing documentation has imposed certain obligations on the Group, in particular clauses relating to mandatory or prohibited activities, disclosure obligations to financing institutions, financial covenants which require that certain financial ratios must be kept at an appropriate level or other activities. Any failure to comply with the above obligations may be deemed an event of default of the terms of debt financing which entitles lenders or bondholders to ask for additional information or explanations or additional collateral or, in extreme case, even for early redemption of bonds by the Company or immediate repayment of a loan together with interest and other charges and to use the collateral of a loan or bonds on the terms and conditions set out in detail in relevant financing documents. For example, as laid down in the terms and conditions applicable to certain issues of the Company’s bonds, if the Company buys back its own shares or transfers funds to shareholders in any other manner having an economic effect comparable with a buyback, such operation will be deemed an event of default under the terms and conditions of such bond issues.

In addition, pursuant to § 20 item j) of the Articles of Association, the Supervisory Board approves debt limits for the Company and their increase. Dividend payout restrictions applicable to the Company are discussed in “*Dividend and Dividend Policy—Restrictions regarding the payment of dividends*”

Except for the above limitations, the use of capital resources by the Group (including the ability of the Company’s subsidiaries to transfer financial means) is not subject to any significant restrictions which could significantly affect, directly or indirectly, any activities of the Group.

Liquidity of the Group

According to the Company, liquidity risk is a risk that the Group may face difficulties in performing its obligations connected with financial liabilities which should be discharged by payment in cash or by transfer of other financial assets. The Group minimizes its liquidity risk by carrying out the debt collection process in a continuous manner, which ensures regular inflows of cash and tries to diversify sources of funds, including the use of external financing such as bonds, overdraft facilities or issuance of investment certificates by its own closed-end investment funds. Information on liquidity risk is presented in: “*Risk Factors—Risk factors relating to financial matters—Liquidity risk*” and “*—Qualitative and quantitative information on financial risk factors—Liquidity risk*”.

The detailed description of individual risk management methods adopted and applied by the Group for risks related to its business is presented in “*—Qualitative and quantitative information on financial risk factors*” and Note 6 to the 2014-2016 Consolidated Financial Statements.

The table below presents information on the expected liquidity gap of the Group understood as the difference between assets and liabilities maturing in the specified periods as at 31 March 2017.

	As at 31 March 2017					Total
	Up to 1 year	1-3 years	3-5 years	Over 5 years	Unallocated	
	(PLN million) (unaudited)					
Assets ⁽¹⁾	614.7	649.3	289.1	58.2	210.2	1,821.5
Liabilities	565.5	599.4	213.8	0.0	0.0	1,378.6
Liquidity gap	49.2	49.9	75.4	58.2	-	-

⁽¹⁾ Maturity of assets refers to their carrying value. The presented schedule includes balance sheet items for which such maturity may be determined (i.e. cash and cash equivalents, receivables, acquired debts and investments in securitization funds and affiliates). If maturity cannot be determined, the respective assets are presented as “unallocated”. The maturity of assets of the Group shown in the table above is not related to ERC reported by the Company. The ERC ratio is calculated as expected future collections from debt portfolios assuming a 10-year repayment horizon.

Source: the Company.

Information about the maturity of financial liabilities of the Group as at 31 December 2016, 2015 and 2014 is presented in “*—Qualitative and quantitative information on financial risk factors—Liquidity risk*”.

Liabilities and equity

The table below presents selected financial data for liabilities and equity of the Group from the consolidated statement of financial position which is part of the Consolidated Financial Statements for the periods as indicated.

	31 March 2017	31 December			Change*		
	2016	2015	2014	2016/2015	2015/2014		
	(PLN million) (unaudited)	(PLN million) (audited)			(% (unaudited)		
Liabilities and equity							
Equity (attributable to shareholders of the parent company)	442.6	385.8	185.7	65.7	14.7	107.8	182.6
Share capital	4.0	4.0	4.0	4.0	0.0	0.0	0.0
Net profit (loss)	57.2	200.0	120.1	44.1	(71.4)	66.5	172.3
Other equity	381.4	181.7	61.6	17.6	109.9	195.0	250.0
Non-controlling interest	0.3	0.1	0.0	0.0	200.0	n/a	n/a
Total equity	442.9	385.8	185.8	65.7	14.8	107.6	182.8
Long-term liabilities and provisions for liabilities	813.1	583.0	156.1	125.4	39.5	273.5	24.5
Deferred income tax provision	-	-	-	12.6	n/a	n/a	n/a
Liabilities arising from issuance of debt securities	568.3	397.4	121.6	111.7	43.0	226.8	8.9
Financial leasing liabilities	5.0	4.5	1.9	1.1	11.1	136.8	72.7
Long-term liabilities relative to loans and borrowings	41.7	45.4	-	-	(8.1)	n/a	n/a
Other liabilities	198.0	135.7	32.5	-	45.9	317.5	n/a
Short-term liabilities	565.5	661.7	313.6	98.4	(14.5)	111.0	218.7
Liabilities arising from issuance of debt securities	374.0	407.5	132.0	16.0	(8.2)	208.7	725.0
Trade and other liabilities	152.6	223.4	172.6	72.2	(31.7)	29.4	139.1
Financial leasing liabilities	1.8	1.6	0.8	0.7	12.5	100.0	14.3
Short-term liabilities relative to loans and borrowings	17.4	15.8	-	5.1	10.1	n/a	n/a
Corporate income tax liabilities	-	-	0.7	0.1	n/a	n/a	600.0
Liabilities relative to employee benefits	19.7	13.5	7.5	4.4	45.9	80.0	70.5
Short-term provisions	0.0	0.0	0.0	-	0.0	n/a	n/a
Total liabilities	1,378.6	1,244.7	469.6	223.8	10.8	165.1	109.8
Total liabilities and equity	1,821.5	1,630.6	655.4	289.5	11.7	148.8	126.4

Source: Consolidated Financial Statements, *the Company.

As at 31 March 2017, long-term liabilities arising from issuance of debt securities accounted for 31.2%, short-term liabilities arising from issuance of debt securities accounted for 20.5% and net profit (loss) accounted for 3.1% of the liabilities and equity of the Group. The liabilities and equity of the Group rose by 11.7%, or PLN 190.9 million, to PLN 1,821.5 million as at 31 March 2017 from PLN 1,630.6 million as at 31 December 2016. That growth was mainly generated by an increase in long-term liabilities arising from issuance of debt securities by 43.0%, or PLN 170.9 million and an increase in other equity by 109.9%, or PLN 199.7 million. Long-term liabilities arising from issuance of debt securities increased as a result of bond issues by entities from the Group, whose nominal value totaled PLN 315.0 million in the first three months of 2017 and exceeded the nominal value of the bonds redeemed in the same period, which amounted to PLN 179.1 million. Trade liabilities and other long-term liabilities included liabilities to LC Corp B.V. Group, which, as at 31 March 2017, comprised liabilities from purchases of debt portfolios amounting to PLN 211.0 and liabilities from purchases of investment certificates of closed-end investment funds amounting to PLN 38.0 million. Liabilities of PLN 210.0 million are interest bearing. The interest rate is variable and based on WIBOR 1M or WIBOR 3M plus a fixed margin. As agreed in the relevant documentation, as at 31 March 2017, liabilities to the LC Corp B.V. Group arising from purchases of debt portfolios and investment certificates of closed-end investment funds are to be repaid according to the following schedule: PLN 69.0 million in 2017; PLN 53.1 million in 2018; PLN 45.1 million in 2019; PLN 45.1 million in 2020; PLN 33.2 million in w 2021 and PLN 3.6 million in 2022. Liabilities to the LC Corp B.V. Group are related to the purchase of debt portfolios by Universe 3 NSFIZ on 25 September 2015 and 27 April 2015 and the acquisition of investment certificates of Debito NSFIZ on 16 December 2016.

As at 31 December 2016, short-term liabilities arising from issuance of debt securities accounted for 25.0%, long-term liabilities arising from issuance of debt securities accounted for 24.4% and net profit (loss) accounted for 12.3% of the liabilities and equity of the Group. The liabilities and equity of the Group rose by 148.8%, or PLN 975.2 million, to PLN 1,630.6 million as at 31 December 2016 from PLN 655.4 million as at 31 December 2015. That growth was mainly generated by an increase in long-term liabilities arising from issuance of debt securities by 226.8%, or PLN 275.8 million and an increase in short-term liabilities arising from issuance of debt securities by 208.7%, or PLN 275.5 million. Both long-term and short-term liabilities arising from issuance of debt securities increased as a result of bond issues by entities from the Group, whose nominal value totaled PLN 716.1 million in 2016 and exceeded the nominal value of the bonds redeemed in the same period, which amounted to PLN 144.3 million. Trade liabilities and other long-term liabilities included liabilities to LC Corp B.V. Group, which, as at 31 December 2016, comprised liabilities from purchase of debt portfolios amounting to PLN 224.9 and liabilities from purchases of investment certificates of closed-end investment funds amounting to PLN 41.9 million. Liabilities of PLN 223.0 million are interest bearing. The interest rate is variable and based on WIBOR 1M or WIBOR 3M plus a fixed margin. As agreed in the relevant documentation, as at 31 December 2016, liabilities to the LC Corp B.V. Group arising from purchases of debt portfolios and investment certificates of closed-end investment funds were to be repaid according to the following schedule: PLN 131.0 million in 2017; PLN 75.0 million in 2018; PLN 19.0 million in 2019; PLN 19.0 million in 2020; PLN 19.0 million in 2021 and PLN 3.6 million in 2022. Liabilities to the LC Corp B.V. Group are related to the purchase of debt portfolios by Universe 3 NSFIZ on 25 September 2015 and 27 April 2015 and the acquisition of investment certificates of Debito NSFIZ on 16 December 2016.

As at 31 December 2015, trade and other liabilities accounted for 26.3%, short-term liabilities arising from issuance of debt securities accounted for 20.1% and long-term liabilities arising from issuance of debt securities accounted for 18.6% of the liabilities and equity of the Group. The liabilities and equity of the Group rose by 126.4%, or PLN 365.9 million, to PLN 655.4 million as at 31 December 2015 from PLN 289.5 million as at 31 December 2014. That growth was mainly generated by an increase in short-term liabilities arising from issuance of debt securities by 725.2%, or PLN 116.0 million and an increase in trade and other liabilities by 139.1%, or PLN 100.4 million. Both long-term and short-term liabilities arising from issuance of debt securities increased as a result of new bond issues by entities from the Group, whose nominal value totaled PLN 173.4 million in 2015 and exceeded the nominal value of the bonds redeemed in the same period, which amounted to PLN 45.0 million.

As at 31 December 2014, financial liabilities arising from issuance of debt securities accounted for 44.1%, trade and other liabilities accounted for 24.9% and net profit accounted for 15.2% of the liabilities and equity of the Group.

Equity

The equity of the Group rose by 14.8%, or PLN 57.1 million to PLN 442.9 million as at 31 March 2017 from PLN 385.8 million as at 31 December 2016. This growth resulted from a net profit of PLN 57.2 million earned in the first three months ended 31 March 2017 and an increase in other equity by 109.9% related to retained earnings from prior years.

The equity of the Group rose by 107.6%, or PLN 200.0 million, to PLN 385.8 million as at 31 December 2016 from PLN 185.8 million as at 31 December 2015. The main contributors were net profit, which increased by PLN 80.0 million, to PLN 200.3 million as at 31 December 2016 from PLN 120.3 million as at 31 December 2015, and other equity, which rose by 195.0%, or PLN 120.1 million, to PLN 181.7 million as at 31 December 2016 from PLN 61.6 million as at 31 December 2015. This growth of net profit was generated by an increase in net revenues by 104.5%, or PLN 216.0 million, to PLN 422.7 million in the year ended 31 December 2016 from PLN 206.7 million in the year ended 31 December 2015. In addition, expenses increased by 89.3%, or PLN 86.7 million, in the same period. The increase of other equity in the year ended 31 December 2016 was a result of the decision to retain the earnings generated in the year ended 31 December 2015. This was an increase from PLN 61.6 million to PLN 181.7 million (i.e. by 195.0%).

The equity of the Group rose by 182.7%, or PLN 120.1 million, to PLN 185.8 million as at 31 December 2015 from PLN 65.7 million as at 31 December 2014. The main contributors were net profit, which increased by 172.3%, or by PLN 76.0 million, to PLN 120.1 million as at 31 December 2015 from PLN 44.1 million as at 31 December 2014, and other equity, which rose by 250.0%, or PLN 44.0 million, to PLN 61.6 million as at 31 December 2015 from PLN 17.6 million as at 31 December 2014. This growth of net profit in the year ended 31 December 2015 was generated by an increase in net revenues by PLN 99.2 million (or 92.3%) as compared to the year ended 31 December 2014. Other equity increased because the Group decided to retain its prior year earnings. This growth was 250.0%, or PLN 44.0 million.

Equity amounted to PLN 65.7 million as at 31 December 2014, including a net profit of 44.1 million, i.e. 67.1%, and other equity of PLN 17.6 million, i.e. 26.8%.

Liabilities arising from issuance of debt securities

Long-term liabilities arising from issuance of debt securities

Long-term liabilities arising from issuance of debt securities increased by 43.0%, or PLN 170.9 million, to PLN 568.3 million as at 31 March 2017 from PLN 397.4 million as at 31 December 2016. This growth was mainly generated by issuance of bonds of PLN 315.0 million (nominal value), of which bonds with time to maturity over 1 year totaled PLN 201.3 million (nominal value).

Long-term liabilities arising from issuance of debt securities increased by 226.8%, or PLN 275.8 million, to PLN 397.4 million as at 31 December 2016 from PLN 121.6 million as at 31 December 2015. This growth was mainly generated by issuance of bonds of PLN 716.1 million (nominal value), of which bonds with time to maturity over 1 year totaled PLN 318.8 million (nominal value).

Long-term liabilities arising from issuance of debt securities increased by 8.9%, or PLN 9.9 million, to PLN 121.6 million as at 31 December 2015 from PLN 111.7 million as at 31 December 2014. This growth was mainly generated by issuance of bonds of PLN 173.4 million (nominal value), of which bonds with time to maturity over 1 year totaled PLN 87.8 million (nominal value).

Short-term liabilities arising from issuance of debt securities

Short-term liabilities arising from issuance of debt securities decreased by 8.2%, or PLN 33.5 million, to PLN 374.0 million as at 31 March 2017 from PLN 407.5 million as at 31 December 2016. This decline was primarily related to the redemption of bonds for PLN 179.1 million (nominal value) which exceeded the issue of bonds of PLN 315.0 million, of which bonds with time to maturity below 1 year totaled PLN 113.7 million (nominal value).

Short-term liabilities arising from issuance of debt securities increased by 208.7%, or PLN 275.5 million, to PLN 407.5 million as at 31 December 2016 from PLN 132.0 million as at 31 December 2015. This growth was mainly generated by issuance of bonds of PLN 716.1 million (nominal value), of which bonds with time to maturity below 1 year totaled PLN 397.3 million (nominal value).

Short-term liabilities arising from issuance of debt securities increased by 725.0%, or PLN 116.0 million, to PLN 132.0 million as at 31 December 2015 from PLN 16.0 million as at 31 December 2014. This growth was mainly generated by issuance of bonds of PLN 173.4 million (nominal value), of which bonds with time to maturity below 1 year totaled PLN 85.6 million (nominal value).

For more information about bonds issued by the Company see “*Business Overview—Material agreements—Agreements entered into outside the ordinary course of the Group’s business—Agreements related to debt securities issued by Group’s companies*”.

Trade and other liabilities

The table below presents the trade and other liabilities of the Group as at 31 March 2017, 31 December 2016, 2015 and 2014.

	31 March 2017	31 December			Change*		
		2016	2015	2014	Q1 2017/ Q4 2016	2016/2015	2015/2014
	(PLN million) (unaudited)	(PLN million) (audited)			(%) (unaudited)		
Trade and other liabilities							
Trade payables	37.9	30.0	6.2	2.5	26.3	383.9	148.0
Liabilities arising from purchase of debt portfolios	79.3	129.4	127.4	33.6	(38.7)	1.6	279.2
Accrued expenses	8.9	9.8	2.2	2.0	(9.2)	345.5	10.0
Liabilities to debtors due to overpayments...	16.2	16.2	3.2	1.1	0.0	406.3	190.9
Liabilities relative to taxes, customs duties and insurance	1.1	3.4	0.9	2.7	(67.6)	277.8	(66.7)
Liabilities arising from acquisition of subsidiaries and associated entities	3.9	33.9	32.6	30.3	(88.5)	4.0	7.6
Other liabilities	5.4	0.6	0.1	0.1	800.0	500.0	0.0
Total	152.6	223.4	172.6	72.2	(31.7)	29.4	139.1

Source: Consolidated Financial Statements, *the Company.

Trade and other liabilities decreased by 31.7%, or PLN 70.8 million, to PLN 152.6 million as at 31 March 2017 from PLN 223.4 million as at 31 December 2016. This decrease resulted from a decline in liabilities arising from purchase of debt portfolios by 38.7%, or PLN 50.1 million, and a decrease of liabilities arising from acquisition of subsidiaries and associated entities by 88.5%, or PLN 30.0 million. The decrease of trade and other liabilities was partly offset an increase in trade payables by 26.2%, or PLN 7.9 million.

Trade and other liabilities increased by 29.4%, or PLN 50.8 million, to PLN 223.4 million as at 31 December 2016 from PLN 172.6 million as at 31 December 2015. This growth was mainly generated by trade payables, which were up 383.9%, or PLN 23.8 million, primarily related to advances on account of intangible asset purchases, and liabilities to debtors due to overpayments, which increased by 406.3%, or PLN 13.0 million. It happens that a debtor pays a higher amount than required. If so, the resulting overpayment is a kind of liability to the debtor as it might have to be returned in the future. Trade and other liabilities also include liabilities arising from purchase of debt portfolios by Universe 3 NSFIZ and liabilities arising from acquisition of subsidiaries and associated entities related to the acquisition of investment certificates of Debito NSFIZ.

Trade and other liabilities increased by 139.1%, or PLN 100.4 million, to PLN 172.6 million as at 31 December 2015 from PLN 72.2 million as at 31 December 2014. This growth was mainly generated by liabilities arising from purchase of debt portfolios which result from deferred payment schemes provided for in debt sale agreements - those liabilities were up 279.2%, or PLN 93.8 million.

Trade and other liabilities amounted to PLN 72.2 million as at 31 December 2014, with liabilities arising from purchase of debt portfolios which result from deferred payment schemes provided for in debt sale agreements accounting for 46.5%. i.e. PLN 33.6 million and liabilities arising from acquisition of subsidiaries and associated entities accounting for 42.0%, i.e. PLN 30.3 million.

Assets

The table below presents selected financial data for assets of the Group from the consolidated statement of financial position which is part of the Consolidated Financial Statements for the periods as indicated.

	31 March 2017 (PLN million) (unaudited)	31 December			Change*		
		2016	2015	2014	Q1 2017/ Q4 2016	2016/2015	2015/2014
		(PLN million) (audited)			(%) (unaudited)		
Assets							
Non-current assets.....	259.7	222.6	100.5	71.9	16.7	121.5	39.8
Tangible fixed assets.....	14.1	13.3	9.7	3.5	6.0	37.1	177.1
Intangible assets	46.8	38.8	9.9	2.1	20.6	291.9	371.4
Goodwill	8.9	8.9	-	-	0.0	n/a	n/a
Investment property	-	1.3	1.3	-	n/a	0.0	n/a
Investments	167.0	140.3	77.7	66.2	19.0	80.6	17.4
Investment in affiliates	133.9	106.2	77.2	65.5	26.1	37.6	17.9
Investments in securitization funds	33.1	34.1	0.5	0.7	(2.9)	6,720.0	(28.6)
Other long-term receivables.....	1.6	10.0	1.1	-	(84.0)	809.1	n/a
Deferred income tax assets	21.2	10.0	0.7	-	112.0	1,328.6	n/a
Prepayments	0.1	0.1	0.2	0.1	0.0	(50.0)	100.0
Current assets	1,561.8	1,407.9	554.9	217.6	10.9	153.7	155.0
Debt portfolios	1,007.2	1,019.6	422.3	188.2	(1.2)	141.4	124.4
Trade receivables	442.9	269.7	74.6	5.0	64.2	261.5	1,392.0
Income tax receivables.....	0.3	0.3	0.0	0.1	0.0	n/a	(100.0)
Short-term borrowings granted.....	4.6	-	-	-	n/a	n/a	n/a
Other debtors ⁽¹⁾	18.5	29.7	3.9	6.9	(28.8)	661.5	(43.5)
Prepayments	22.7	18.2	2.9	0.6	24.7	527.6	383.3
Cash and cash equivalents	65.6	70.4	51.3	16.9	(6.8)	37.2	203.6
Total assets	1,821.5	1,630.6	655.4	289.5	11.7	148.8	126.4

⁽¹⁾ Since "Short-term borrowings granted" were presented as a separate item in the Quarterly Consolidated Financial Statements and as at 31 December 2016 they amounted to PLN 3.7 million, "Other debtors" of PLN 26.0 million as at 31 December 2016 are reported in the Quarterly Consolidated Financial Statements.

Source: Consolidated Financial Statements, *the Company.

As at 31 March 2017, debt portfolios accounted for 55.3%, trade receivables accounted for 24.3% and investments accounted for 9.2% of the assets of the Group. The assets of the Group rose by 11.7%, or PLN 190.9 million, to PLN 1,821.5 million as at 31 March 2017 from PLN 1,630.6 million as at 31 December 2016 r. This growth primarily resulted from an increase in trade receivables by 64.2%, or PLN 173.2 million and an increase in investments by 19.0%, or PLN 26.7 million. The increase in debt portfolios predominantly resulted from purchases of new debt portfolios by subsidiaries from the Group. The main contributors to the increase in trade receivables were receivables from sale of debts and receivables from invoices for management of the investment portfolios containing debt portfolios of closed-end investment funds.

As at 31 December 2016, debt portfolios accounted for 62.5%, trade receivables accounted for 16.5% and investments accounted for 8.6% of the assets of the Group. The assets of the Group rose by 148.8%, or PLN 975.2 million, to PLN 1,630.6 million as at 31 December 2016 from PLN 655.4 million as at 31 December 2015. This growth was mainly generated by an increase in debt portfolios by 141.4%, or PLN 597.3 million and an increase in trade receivables by 261.5%, or PLN 195.1 million. The increase in debt portfolios predominantly resulted from purchases of new debt portfolios by subsidiaries from the Group. The main contributors to the increase in trade receivables were receivables from sale of debts and receivables from invoices for management of the investment portfolios containing debt portfolios of closed-end investment funds.

As at 31 December 2015, debt portfolios accounted for 64.4%, investments accounted for 11.9% and cash and cash equivalents accounted for 7.8% of the assets of the Group. The assets of the Group rose by 126.4%, or PLN 365.9 million, to PLN 655.4 million as at 31 December 2015 from PLN 289.5 million as at 31 December 2014. This growth was mainly generated by an increase in debt portfolios by 124.4%, or PLN 234.1 million, and increase in trade receivables by 1,392.0%, or PLN 69.6 million and an increase in cash and cash equivalents by 203.6%, or PLN 34.4 million. The increase in debt portfolios predominantly resulted from purchases of new debt portfolios by subsidiaries from the Group. The main contributors to the increase in trade receivables were receivables from sale of debts and receivables from invoices for management of the investment portfolios containing debt portfolios of closed-end investment funds.

As at 31 December 2014, debt portfolios accounted for 65.0%, investments accounted for 22.9%, investments accounts for 22.9% and cash and cash equivalents accounted for 5.8% of the assets of the Group.

Debt portfolios

The table below presents the debt portfolios of the Group as at 31 March 2017, 31 December 2016, 2015 and 2014.

	31 March 2017 (PLN million) (unaudited)	31 December			Change*		
		2016	2015	2014	Q1 2017/ Q4 2016	2016/2015	2015/2014
Debt portfolios		(PLN million) (audited)			(%) (unaudited)		
Bank credits.....	758.5	801.5	343.9	128.3	(5.4)	133.1	168.0
Telephone bills.....	160.6	134.0	48.9	49.9	19.9	174.0	(2.0)
Cash loans (other than from banks).....	25.9	18.5	6.2	4.1	40.0	198.4	51.2
Mixed portfolios ⁽¹⁾	62.2	65.7	23.3	5.9	(5.3)	182.0	294.9
Total.....	1,007.2	1,019.6	422.3	188.2	(1.2)	141.4	124.4

⁽¹⁾ Mixed portfolios include debt portfolios not treated as purchased portfolios of bank credits, telephone bills or cash loans (other than from banks). This item also presents portfolios resulting from the acquisition of an external closed-end investment fund classified as other.

Source: Consolidated Financial Statements, *the Company.

The purchased debt portfolios decreased by 1.2%, or PLN 12.4 million, to PLN 1,007.2 million as at 31 March 2017 from PLN 1,019.6 million as at 31 December 2016. The value of debt portfolios changed in the first three months of 2017 due to net purchases of debt portfolios of PLN (8.5) million, purchase price adjustments in respect of court fees and bailiff advances of PLN 12.6 million, depreciation of debt portfolios of PLN (15.9) million, differences on conversion of portfolios in foreign currencies of PLN (3.6) million and revaluation of debt portfolios of PLN 3.0 million.

The purchased debt portfolios rose by 141.4%, or PLN 597.3 million, to PLN 1,019.6 million as at 31 December 2016 from PLN 422.3 million as at 31 December 2015. This change in 2016 was significantly affected by net purchases of debt portfolios of PLN 564.7 million, purchase price adjustments in respect of court fees and bailiff advances of PLN 21.0 million and revaluation of debt portfolios by PLN 56.4 million. In that period, the value of

the Company's debt portfolios increased, including an increase in debt portfolios that comprise bank credits by 133.1%, or PLN 457.6 million, and an increase in debt portfolios that comprise telephone bills by 174.0%, or PLN 85.1 million.

The purchased debt portfolios rose by 124.4%, or PLN 234.1 million, to PLN 422.3 million as at 31 December 2015 from PLN 188.2 million as at 31 December 2014. This change in 2015 was significantly affected by net purchases of debt portfolios of PLN 232.2 million, purchase price adjustments in respect of court fees and bailiff advances of PLN 12.8 million and revaluation of debt portfolios by PLN 4.7 million. In that period, the value of the Company's debt portfolios increased, including an increase in debt portfolios that comprise bank credits by 168.0%, or PLN 215.6 million, and an increase in debt portfolios that comprise mixed portfolios by 294.9%, or PLN 17.4 million.

The purchased debt portfolios amounted to PLN 188.2 million as at 31 December 2014, of which portfolios containing bank credits accounted for 68.2%, or PLN 128.3 million, and portfolios containing telephone bills accounted for 26.5%, or PLN 49.9 million. The change in the value of debt portfolios in 2014 resulted from net purchases of new debt portfolios of PLN 42.7 million, purchase price adjustments in respect of court fees and bailiff advances of PLN 22.1 million and revaluation of PLN 18.3 million.

In the first three months of 2017, the net value of purchased portfolios at purchase prices was PLN 245.6 million. In 2016, the net value of purchased portfolios at purchase prices was PLN 911.9 million, of which debt portfolios of external closed-end investment funds amounted to PLN 291.5 million (or 32.0% of the total value) and debt portfolios of own closed-end investment funds were PLN 620.3 million (68.0% of the total value). In 2015, the net value of purchased portfolios at purchase prices was PLN 921.5 million, of which debt portfolios of external closed-end investment funds amounted to PLN 689.3 million (74.8% of the total value) and debt portfolios of own closed-end investment funds were PLN 232.2 million (25.2% of the total value). In 2014, the portfolio purchase price was PLN 495.3 million, of which debt portfolios of external closed-end investment funds amounted to PLN 452.6 million (91.4% of the total value) and debt portfolios of internal closed-end investment funds were PLN 42.7 million (i.e. 8.6% of the total value), including corporate portfolios with a high nominal value and relatively low price. There is a noticeable change of the business model as internal closed-end investment funds are raising purchases of debt portfolios.

In the first three months of 2017, the Company did not purchase any portfolios in Romania. The net purchase price for portfolios acquired in Romania was PLN 46.8 million, PLN 20.0 million and PLN 28.3 million for the years ended 31 December 2016, 2015 and 2014, respectively.

The investment structure by type of purchased debt portfolios is dominated by debt portfolios of bank credits and telephone bills. There is a visible growing trend year to year for investments in debt portfolios purchased from telecom operators, which are highly available and generate a high rate of return on investments.

The share of debt portfolios purchased from the LC Corp B.V. Group accounted for 8.2% and 14.2% of investments of own closed-end investment funds in the years ended 31 December 2015 and 2016, respectively. In the three months ended 31 March 2017, internal closed-end investment funds did not acquire debt portfolios from the LC Corp B.V. Group.

Investments

Investments rose by 19.0%, or PLN 26.7 million, to PLN 167.0 million as at 31 March 2017 from PLN 140.3 million as at 31 December 2016. This growth resulted from new investments in affiliates in the amount of PLN 32.5 million. Higher investments in closed-end investment funds resulted from fair value revaluation and purchases of new investment certificates of such securitization funds of the Company as Open Finance Wierzytelności Detalicznych NSFIZ, Universe NSFIZ, Universe 2 NSFIZ, Getback Windykacji NSFIZ.

Investments rose by 80.6%, or PLN 62.6 million, to PLN 140.3 million as at 31 December 2016 from PLN 77.7 million as at 31 December 2015. This growth resulted from new investments in affiliates in the amount of PLN 39.7 million. Higher investments in closed-end investment funds resulted from fair value revaluation and purchases of new investment certificates of such securitization funds of the Company as Open Finance Wierzytelności Detalicznych NSFIZ, Universe NSFIZ, Universe 2 NSFIZ, Universe 5 NSFIZ and Getback Windykacji NSFIZ. In that period, the growth of investments was partially offset by an adjustment to share in profits generated by Omega Wierzytelności NSFIZ in prior years by a negative amount of PLN (10.7) million.

Investments rose by 17.4%, or PLN 11.5 million, to PLN 77.7 million as at 31 December 2015 from PLN 66.2 million as at 31 December 2014. This growth resulted from revaluation of fair value of investment certificates of Omega Wierzytelności NSFIZ by PLN 11.7 million. Change in investments in closed-end investment funds had not any significant impact on the increase in investments and results from the revaluation of fair value of

investment certificates of the following funds: Open Finance Wierzytelności Detalicznych NSFIZ, Universe NSFIZ and Universe 2 NSFIZ.

Trade and other receivables

The table below presents the trade and other receivables of the Group as at 31 March 2017, 31 December 2016, 2015 and 2014.

	31 March 2017 (PLN million) (unaudited)	31 December			Change*		
		2016	2015	2014	Q1 2017/ Q4 2016	2016/2015	2015/2014
		(PLN million) (audited)			(%) (unaudited)		
Trade and other receivables							
Trade receivables	442.9	269.7	74.6	5.0	64.2	261.5	1,392.0
Tax receivables other than income tax	4.4	3.7	3.3	2.1	18.9	12.1	57.1
Other debtors	13.5	20.1	0.4	0.0	(32.8)	4,925.0	n/a
Prepayments, deposits	0.6	2.3	0.3	4.8	(73.9)	666.7	(93.8)
Receivables from awarded loans	4.6	3.7	-	-	24.3	n/a	n/a
Total	465.9	299.4	78.5	11.9	55.6	281.4	559.7

Source: Consolidated Financial Statements, *the Company.

Trade and other receivables increased by 55.6%, or PLN 166.6 million, to PLN 465.9 million as at 31 March 2017 from PLN 299.4 million as at 31 December 2016. This increase resulted primarily from higher trade receivables by 64.2%, or PLN 173.2 million related to the sale of debt portfolios to third parties.

Trade and other receivables rose by 281.4%, or PLN 220.9 million, to PLN 299.4 million as at 31 December 2016 from PLN 78.5 million as at 31 December 2015. This growth was mainly a result of an increase in trade receivables by 261.5%, or PLN 195.1 million, and an increase in other debtors by PLN 19.7 million. Trade receivables were mainly affected by receivables from sale of debts, which amounted to PLN 231.9 million and were related to the sale of debt portfolios to third parties, and receivables from invoices for management of the investment portfolios, which amounted to PLN 26.5 million and covered debt portfolios of closed-end investment funds for December 2016 which were not paid as at 31 December 2016.

Trade and other receivables rose by 66.6%, to PLN 78.5 million as at 31 December 2015 from PLN 11.9 million as at 31 December 2014. This growth was mainly a result of an increase in trade receivables by PLN 69.6 million, partially offset by a decrease in advance payments by PLN 4.5 million. Trade receivables were mainly affected by receivables from sale of debts and receivables from invoices for management of the investment portfolios containing debt portfolios of closed-end investment funds for December 2015 which were not paid as at 31 December 2015.

Trade and other receivables amounted to PLN 11.9 million as at 31 December 2014, with trade receivables accounting for 42.0%, or PLN 5.0 million, and advance payments accounting for 40.3%, or PLN 4.8 million.

Trade and other receivables are related with the sale of debt portfolios within the business model implemented by the Company, i.e. purchases of debt portfolios on its own account as well as provision of debt portfolio management services to external closed-end investment funds and purchases of debt portfolios on their behalf. In procedures carried out by sellers of debt portfolios the Company acts as an attorney-in-fact of closed-end investment funds. Details of closed-end investment funds as an offeror or tenderer should be provided at the initial stage of a procedure. In some cases, the seller, based on previously executed confidentiality agreements or master debt sale agreements (in which tender procedures are specified) prefers the specific closed-end investment fund that already closed such transactions to be indicated by the Company. As a result, the Company acquires debt portfolios on behalf of such closed-end fund and then transfers them to other internal or external closed-end investment funds. Such actions are dictated by business factors, in particular the liquidity of a given closed-end investment fund and the need to optimize the structure of assets of individual closed-end investment funds to ensure adequate profits and rate of return to be realized by fund participants. In some extraordinary and isolated cases, the Company disposes of some debt portfolios of its own closed-end investment funds when the Company finds out that the debts are rather unlikely to be satisfied or potential costs of further debt recovery proceedings are higher than expected collections. In 2016 and in the first three months of 2017 the Company sold debt portfolios to closed-end investment funds or debt management companies.

Cash and cash equivalents

The table below presents the cash and cash equivalents of the Group as at 31 March 2017, 31 December 2016, 2015 and 2014.

	31 March 2017	31 December			Change*		
		2016	2015	2014	Q1 2017/ Q4 2016	2016/2015	2015/2014
	(PLN million) (unaudited)	(PLN million) (audited)			(%) (unaudited)		
Cash and cash equivalents							
Cash at bank accounts	65.6	70.4	51.3	16.2	(6.8)	37.2	216.7
Cash in transit	-	-	-	0.7	n/a	n/a	n/a
Total	65.6	70.4	51.3	16.9	(6.8)	37.2	203.6

Source: Consolidated Financial Statements, *the Company.

Cash and cash equivalents decreased by 6.8%, or PLN 4.8 million, to PLN 65.6 million as at 31 March 2017 from PLN 70.4 million as at 31 December 2016 due to a decline in cash at bank accounts by 6.8%, or PLN 4.8 million.

Cash and cash equivalents rose by 37.2%, or PLN 19.1 million, to PLN 70.4 million as at 31 December 2016 from PLN 51.3 million as at 31 December 2015. This growth was mainly a result of an increase in cash at bank accounts by 37.2%, or PLN 19.1 million.

Cash and cash equivalents rose by 203.6%, or PLN 34.4 million, to PLN 51.3 million as at 31 December 2015 from PLN 16.9 million as at 31 December 2014. This growth was a result of an increase in cash at bank accounts by 216.7%, or PLN 35.1 million.

Cash and cash equivalents amounted to PLN 16.2 million as at 31 December 2014, with cash at bank accounts accounting for 95.9%, or PLN 16.2 million.

Cash flows

The table below presents net cash flows from operating activities, investing activities and financing activities of the Group for the periods as indicated.

Three months ended 31 March 2017 and 2016

	Three months ended 31 March	
	2017	2016
	(PLN million) (unaudited)	
Net cash from operating activities	(61.4)	(48.8)
Net cash used in investing activities	(50.0)	(46.6)
Net cash from financing activities	106.6	67.6

Source: Quarterly Consolidated Financial Statements.

Cash flows from operating activities

The following table shows cash flows from operating activities of the Group for the periods as indicated.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (audited)		(%) (unaudited)
Net revenues			
Net profit/(loss)	57.5	38.0	51.3
Total adjustments:	(118.9)	(86.8)	37.0
Depreciation / amortization	4.4	1.3	238.5
Share in profit/(loss) of associates	4.4	(1.1)	(500.0)
Foreign exchange (gain)/loss	4.9	(0.1)	(5,000.0)
(Profit)/loss on investing activities	(0.0)	(0.0)	n/a
Interest	28.3	2.5	1,032.0
Movements in deferred income tax assets	(11.2)	0.4	(2,900.0)
Movements in investments in debt portfolios	8.9	(40.0)	(122.3)

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (audited)		(%) (unaudited)
Net revenues			
Change in receivables	(159.9)	(14.4)	1,010.4
Changes in liabilities except for loans and borrowings	(4.4)	(21.9)	(79.9)
Movement of liabilities relative to employee benefits	6.3	(3.1)	(303.2)
Changes in prepayments and accruals	(4.6)	(9.6)	(52.1)
Income tax (paid)/refunded	-	(0.8)	n/a
Current income tax	-	(0.0)	n/a
Valuation of fund's investment certificates	4.1	(0.1)	(4,200.0)
Net cash from operating activities	(61.4)	(48.8)	25.8

Source: Quarterly Consolidated Financial Statements, *the Company.

In accordance with IAS 7 (Statement of Cash Flows), the Company applies the indirect method to prepare its statements of cash flows from operating activities. Under this method, cash flows from operating activities in a period are calculated by making appropriate adjustments to the net profit/(loss) for that period. The primary adjustments applied to the financial result to calculate cash flows from operating activities are discussed below.

In the three months ended 31 March 2017 and 2016, the Group had negative net cash flows from operating activities (outflow) amounting to PLN 61.4 million and PLN 48.8 million, respectively.

In the three months ended 31 March 2017, net profit was PLN 57.5 million. The most important adjustments included: (i) additions: interest of PLN 28.3 million and movements in investments in debt portfolios in the amount of PLN 8.9 million; and (ii) deductions: change in receivables in the amount of PLN 159.9 million and change in deferred tax assets in the amount of PLN 11.2 million.

In the three months ended 31 March 2016, net profit was PLN 38.0 million. The most important adjustments included: (i) additions: interest of PLN 2.5 million; and (ii) deductions: movements in investments in debt portfolios amounting to PLN 40.0 million and changes in liabilities except for loans and borrowings in the amount of PLN 21.9 million.

Cash flows from investing activities

The following table shows cash flows from investing activities of the Group for the periods as indicated.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (audited)		(%) (unaudited)
Net revenues			
Sale of tangible fixed assets and intangible assets	1.3	0.0	n/a
Purchase of tangible fixed assets and intangible assets	(12.2)	(1.8)	577.8
Purchase of financial assets	(2.7)	(44.8)	(94.0)
Purchase of a subsidiary, net of cash acquired	(3.9)	-	n/a
Purchase of shares in associates	(32.5)	-	n/a
Net cash used in investing activities	(50.0)	(46.6)	7.3

Source: Quarterly Consolidated Financial Statements, *the Company.

In the three months ended 31 March 2017 and 2016 the Group had negative net cash flows from investing activities (outflow) amounting to PLN 50.0 million and PLN 46.6 million, respectively.

The net outflow of cash from investing activities in the three months ended 31 March 2017 primarily resulted from the purchase of shares in associates in the amount of PLN 32.5 million, which was related to the acquisition of investment certificates of associates such as Trigon Profit XX NSFIZ, Trigon Profit XXI NSFIZ and Trigon Profit XXII NSFIZ as well as the purchase of tangible fixed assets and intangible assets for PLN 12.2 million in connection with the continuous growth and development of the Group.

The net outflow of cash from investing activities in the three months ended 31 March 2016 primarily resulted from the purchase of financial assets for PLN 44.8 million related to the acquisition of investment certificates of closed-end investment funds.

Cash flows from financing activities

The following table shows cash flows from financial activity of the Group for the periods as indicated.

	Three months ended 31 March		Change*
	2017	2016	2017/2016
	(PLN million) (audited)		(%) (unaudited)
Payment of financial leasing liabilities	(0.4)	(0.2)	100.0
Inflows from loans and borrowings	-	2.2	n/a
Inflows from issued debt securities	307.8	109.7	180.6
Dividends distributed	(0.0)	(0.1)	(100.0)
Repayment of loans and borrowings	(2.1)	-	n/a
Redemption of debt securities	(169.8)	(40.0)	324.5
Interest paid	(28.9)	(4.1)	604.9
Net cash from financing activities	106.6	67.6	57.7

Source: Quarterly Consolidated Financial Statements, *the Company.

In the three months ended 31 March 2017 and 2016, the Group had positive net cash flows from financing activities (inflow) amounting to PLN 106.6 million and PLN 67.6 million, respectively.

In the three months ended 31 March 2017, the inflow of net cash from financing activities mainly resulted from inflows from issued debt securities in the amount of PLN 307.8 million PLN, partially offset by outflows connected with redemption of debt securities in the amount of PLN 169.8 million. The nominal value of the securities issued in the three months ended 31 March 2017 was PLN 315.0 million and the nominal value of the securities redeemed in the same period was PLN 179.1 million. The difference between the nominal value and the value presented in the statement of cash flows results from an increase in the fees paid by entities from the Group in connection with bond issues.

In the three months ended 31 March 2016 the inflow of net cash from financing activities mainly resulted from inflows from issued debt securities in the amount of PLN 109.7 million, partially offset by outflows connected with redemption of debt securities in the amount of PLN 40.0 million. The nominal value of the securities issued in the three months ended 31 March 2016 was PLN 109.7 million and the nominal value of the securities redeemed in the same period was PLN 40.0 million.

Years ended 31 December 2016, 2015 and 2014

	Year ended 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Net cash from operating activities	(276.1)	(41.8)	299.8
Net cash used in investing activities	(280.4)	(36.0)	(322.3)
Net cash from financing activities	575.6	112.2	31.6

Source: 2014-2016 Consolidated Financial Statements.

Cash flows from operating activities

The following table shows cash flows from operating activities of the Group for the periods as indicated.

	Year ended 31 December			Change*	
	2016	2015	2014	2016/2015	2015/2014
	(PLN million) (audited)			(%) (unaudited)	
Net profit/(loss)	200.3	120.3	44.3	66.5	171.6
Total adjustments:	(476.4)	(162.1)	255.5	201.0	n/a
Depreciation / amortization	6.1	3.0	1.4	103.3	114.3
Share in profit/(loss) of associates	10.7	(11.7)	0.0	n/a	n/a
Foreign exchange (gain)/loss	(0.8)	0.1	(0.1)	n/a	n/a
(Profit)/loss on investing activities	(2.6)	(0.2)	-	n/a	n/a
Interest	35.7	7.5	7.9	376.0	(5.1)
Movements in deferred income tax assets	(9.3)	(0.7)	-	1,228.6	n/a

	Year ended 31 December			Change*	
	2016	2015	2014	2016/2015	2015/2014
	(PLN million) (audited)			(%) (unaudited)	
Movements in investments in debt portfolios	(384.1)	(29.4)	209.6	1,254.8	n/a
Change in receivables.....	(229.6)	(63.0)	(11.5)	264.4	447.8
Changes in liabilities except for loans and borrowings	108.6	(55.3)	34.7	n/a	n/a
Movement of liabilities relative to employee benefits.....	5.9	3.1	3.6	90.3	(13.9)
Movements in provisions as well as deferred income tax provision	-	(12.6)	9.7	n/a	n/a
Changes in prepayments and accruals.....	(15.3)	(2.3)	(0.3)	565.2	666.7
Income tax (paid)/refunded	(1.2)	(2.3)	(0.1)	(47.8)	2,200.0
Current income tax	0.2	2.9	0.3	(93.1)	866.7
Valuation of fund's investment certificates	(0.7)	(0.0)	(0.0)	n/a	n/a
Goodwill write-off.....	-	0.0	0.2	n/a	(100.0)
Other adjustments.....	(0.0)	(1.3)	0.2	(100.0)	n/a
Net cash from operating activities	(276.1)	(41.8)	299.8	588.5	n/a

Source: 2014-2016 Consolidated Financial Statements, *the Company.

In accordance with IAS 7 (Statement of Cash Flows), the Company applies the indirect method to prepare its statements of cash flows from operating activities. Under this method, cash flows from operating activities in a period are calculated by making appropriate adjustments to the net profit/(loss) for that period. The primary adjustments applied to the financial result to calculate cash flows from operating activities are discussed below.

In the years ended 31 December 2016 and 2015, the Group had negative net cash flows from operating activities (outflow) amounting to PLN 276.1 million and PLN 41.8 million, respectively. In the year ended 31 December 2014, the Group had positive net cash flows from operating activities (inflow) amounting to PLN 299.8 million.

In the year ended 31 December 2016, net profit was PLN 200.3 million. The most important adjustments included: (i) additions: changes in liabilities except for loans and borrowings, in the amount of PLN 108.6 million; and (ii) deductions: movements in investments in debt portfolios in the amount of PLN 384.1 and change in receivables in the amount of PLN 229.6 million. Trade receivables were mainly affected by receivables from sale of debts and receivables from invoices for management of the investment portfolios containing debt portfolios of closed-end investment funds. The main contributor to the increase in liabilities was trade payables connected with the purchases of new debt portfolios paid after 31 December 2016. As of the date of the Marketing Document, receivables from management of investment portfolios of closed-end investment funds were mostly paid. As of the date of the Marketing Document, receivables from sale of debt portfolios were not due. The adjustment to investments results from changes connected with purchases and sales of debt portfolios.

In the year ended 31 December 2015, net profit was PLN 120.3 million. The most important adjustments included: (i) additions: interest in the amount of PLN 7.5 million, movement of liabilities relative to employee benefits in the amount of PLN 3.1 million and amortization and depreciation in the amount of PLN 3.0 million; and (ii) deductions: change in receivables in the amount of PLN 63.0 million, changes in liabilities except for loans and borrowings in the amount of PLN 55.3 million and movements in investments in debt portfolios in the amount of PLN 29.4 million (in 2015 as compared to 2014 debt portfolios increased by PLN 234.3 million. In 2015, the balance presented in the cash flow statement was adjusted for the value of portfolios acquired through the purchase of investment certificates of Universe 3 NSFIZ, i.e. by PLN 204.9 million). The increase in liabilities relative to employee benefits results from inclusion of accruals relating to unused holidays and accruals relating to bonuses. Liabilities relative to employee benefits are also affected by liabilities relating to wages, social insurance and personal income tax. The increase in amortization and depreciation is connected with purchases of new fixed assets and intangible assets for a total amount of PLN 15.2 million. The change in receivables results from an increase in receivables. Trade receivables were mainly affected by receivables from sale of debts and receivables from management of the investment portfolios containing debt portfolios of closed-end investment funds. The main contributor to the increase in liabilities was trade payables connected with the purchases of new debt portfolios paid after 31 December 2015. The receivables due after 31 December 2015 were paid and settled in 2016. The movements in investments in debt portfolios result from changes connected with purchases and sales of debt portfolios.

In the year ended 31 December 2014, net profit was PLN 44.3 million. The most important adjustments included: (i) additions: movements in investments in debt portfolios in the amount of PLN 209.6 million (in

2014 as compared to 2013 debt portfolios increased by PLN 73.7 million. In 2014, the balance presented in the cash flows statements was adjusted for the value of debt portfolios acquired through the acquisition of a subsidiary, namely Bakura Sp. z o.o. sp.k., i.e. by PLN 283.2 million), changes in liabilities except for loans and borrowings in the amount of PLN 34.7 million and movements in provisions as well as deferred income tax provision in the amount of PLN 9.7 million; and (ii) deductions: change in receivables in the amount of PLN 11.5 million. The main contributor to the increase in liabilities was trade payables connected with the purchases of new debt portfolios paid after the reporting date. The change in provisions mainly resulted from establishment of the provisions for deferred income tax relating to current activities, which amounted to PLN 2.9 million in the year ended 31 December 2013 and PLN 12.6 million in the year ended 31 December 2014. The change in receivables results from an increase in receivables. Receivables were mainly affected by receivables from invoices for management of investment portfolios containing debt portfolios of closed-end investment funds.

Cash flows from investing activities

The following table shows cash flows from investing activities of the Group for the periods as indicated.

	Year ended 31 December			Change*	
	2016	2015	2014	2016/2015	2015/2014
	(PLN million) (audited)			(%) (unaudited)	
Sale of tangible fixed assets and intangible assets	0.1	0.2	-	(50.0)	n/a
Purchase of tangible fixed assets and intangible assets	(34.3)	(15.2)	(3.0)	125.7	406.7
Sale of financial assets	-	0.2	-	n/a	n/a
Purchase of financial assets	(33.3)	-	(0.6)	n/a	n/a
Purchase of a subsidiary, net of cash acquired	(150.7)	9.2	(283.3)	(1,612.0)	(103.2)
Purchase of shares in associates	(39.3)	(30.3)	(35.3)	29.7	(14.2)
Sale of a subsidiary, net of cash disposed of	-	(0.1)	-	n/a	n/a
Other investment expenditures	(22.9)	-	-	n/a	n/a
Net cash used in investing activities	(280.4)	(36.0)	(322.3)	646.7	(88.8)

Source: 2014-2016 Consolidated Financial Statements, *the Company.

In the years ended 31 December 2016, 2015 and 2014, the Group had negative net cash flows from investing activities (outflow) amounting to PLN 280.4 million, PLN 36.0 million and PLN 322.3 million, respectively.

The net outflow of cash from investing activities in the year ended 31 December 2016 mainly resulted from the acquisition of a subsidiary, in the amount of PLN 150.7 million (net of cash acquired), purchases of shares in associates in the amount of PLN 39.3 million and purchases of financial assets in the amount of PLN 33.3 million. The amount connected with the acquisition of a subsidiary, net of cash acquired, was affected by the acquisition of the following subsidiaries: GetPro NSFIZ, Open Finance Wierzytelności NSFIZ, Debito NSFIZ and Kolima Sp. z o.o. sp. k. The amount of purchases of shares in associates was affected by purchases of investment certificates of Trigon XVI NSFIZ, Trigon XV NSFIZ, Trigon XVI NSFIZ, Trigon XVIII NSFIZ, Trigon XXI NSFIZ and Centauris Windykacji NSFIZ. The amount of purchased financial assets was affected by purchases of investment certificates of: Open Finance Wierzytelności Detalicznych NSFIZ, Getback Windykacji NSFIZ, Universe NSFIZ, Universe 2 NSFIZ, Universe 5 NSFIZ and Getback Windykacji Platinum NSFIZ. In addition, in 2016, the Group spent PLN 34.3 million, mostly to finance investment projects intended to support the debt collection process.

The net outflow of cash from investing activities in the year ended 31 December 2015 mainly resulted from the acquisition of shares in associates in the amount of PLN 30.3 million and purchases of tangible fixed assets and intangible assets in the amount of PLN 15.2 million. The amount connected with the acquisition of a subsidiary, net of cash acquired, was affected by purchases of investment certificates of associates. The increase in expenditures for purchases of tangible fixed assets and intangible assets resulted from purchases of those two groups of assets in connection with the continuous growth and development of the Group.

The net outflow of cash from investing activities in the year ended 31 December 2014 mainly resulted from the acquisition of a subsidiary, net of cash acquired in the amount of PLN 283.3 million and purchases of shares in associates in the amount of PLN 35.3 million. The amount connected with the acquisition of a subsidiary, net of cash acquired, was mainly affected by the purchase of shares in Bakura Sp. z o.o. Sp. k. On 8 October 2014 GetBack Investments sp. z o.o. (now: Neum Pretium sp. z o.o.) and Raiffeisen Bank Polska S.A. executed an agreement to transfer the rights and obligations of a limited partner of Bakura Sp. z o.o. sp. k., under which GetBack Investments sp. z o.o. assumed all right and obligations of the limited partner for the final price of PLN

302.9 million. On 24 October 2014, partners of Bakura Sp. z o.o. sp. k. adopted resolutions under which Bakura Sp. z o.o. sp. k. was required to return contributions in favor of the limited partner, i.e. GetBack Investments sp. z o.o. in the total amount of PLN 307.8 million. After redemption, the value of the limited partner's contribution is PLN 1 thousand. In addition, on 24 October 2014 Bakura Sp. z o.o. S.K.A. acquired from GetBack Investments Sp. z o.o. the rights of the limited partner which entitle to 99.91% share in profits of Bakura Sp. z o.o. sp. k. for the total price of PLN 1 thousand.

Cash flows from financing activities

The following table shows cash flows from financing activities of the Group for the periods as indicated.

	Year ended 31 December			Change*	
	2016	2015	2014	2016/2015	2015/2014
	(PLN million) (audited)	(PLN million) (audited)	(PLN million) (audited)	(%) (unaudited)	(%) (unaudited)
Payment of financial leasing liabilities	(1.0)	(0.8)	(0.8)	25.0	0.0
Inflows from loans and borrowings	65.3	-	5.1	n/a	n/a
Inflows from issued debt securities	693.2	173.4	35.1	299.8	394.0
Dividends distributed	(0.2)	(0.2)	(0.2)	0.0	0.0
Repayment of loans and borrowings	(4.1)	(5.1)	-	(19.6)	n/a
Redemption of debt securities	(143.6)	(45.0)	-	219.1	n/a
Interest paid	(33.9)	(10.1)	(7.8)	235.6	29.5
Net cash from financing activities.....	575.6	112.2	31.6	413.0	255.1

Source: 2014-2016 Consolidated Financial Statements, *the Company.

In the years ended 31 December 2016, 2015 and 2014, the Group had positive net cash inflows from financing activities amounting to PLN 575.6 million, PLN 112.2 million and PLN 31.6 million, respectively.

In the year ended 31 December 2016, the inflow of net cash from financing activities mainly resulted from inflows from issued debt securities in the amount of PLN 693.2 million, partially offset by outflows connected with redemption of debt securities in the amount of PLN 143.6 million. The nominal value of the securities issued in the year ended 31 December 2016 was PLN 716.1 million and the nominal value of the securities redeemed in the same year was PLN 144.3 million. The difference between the nominal value and the value presented in the statement of cash flows results from an increase in the fees paid by entities from the Group in connection with bond issues.

In the year ended 31 December 2015, the inflow of net cash from financing activities mainly resulted from inflows from issued debt securities in the amount of PLN 173.4 million, partially offset by outflows connected with redemption of debt securities in the amount of PLN 45.0 million. The nominal value of the securities issued in the year ended 31 December 2015 was PLN 173.4 million and the nominal value of the securities redeemed in the same year was PLN 45.0 million.

In the year ended 31 December 2014, the inflow of net cash from financing activities mainly resulted from inflows from issued debt securities in the amount of PLN 35.1 million, partially offset by outflows connected with interest paid in the amount of PLN 7.8 million. The nominal value of the securities issued in the year ended 31 December 2015 was PLN 35.1 million. In the year ended 31 December 2014, no bonds issued by entities from the Group were redeemed.

Results of operations by reporting segment

For the purposes of financial reporting, the Group splits its operations into two reporting segments:

- segment of own closed-end investment funds, which covers activities to obtain financing and to invest obtained funding in debt portfolios, including portfolio administration, through the following securitization funds: easyDebt NSFIZ, Open Finance FIZAN, Universe 3 NSFIZ, GetPro NSFIZ, Open Finance Wierzytelności NSFIZ, Debito NSFIZ, and the following partnerships and companies: Bakura sp. z o.o., Bakura sp. z o.o. S.K.A., Neum Pretium Sp. z o.o., Bakura sp. z o.o. Kolima sp. k., Neum Pretium S.A., Bakura Sp. z o.o. sp.k. Bakura sp. z o.o. Debitum sp.k. and Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k., and activities to obtain financing and to invest obtained funding in debt portfolios, including their administration, through Getback Recovery S.R.L. in the Romanian market;
- segment of external closed-end investment funds, which covers activities to support investment funds other than those run by the Group, to carry out debt collection and enforcement on behalf of other

entities, and to provide legal services to external entities, which include representation in court and enforcement proceedings, legal advice and in-court representation in civil and commercial law cases and are rendered by the Getback Law Firm.

Revenues and costs of a segment are defined as revenues earned and costs incurred in connection with sales to third party clients. General and administrative expenses, depreciation and amortization and Other operating expenses are allocated to a segment pro rata to the average number of cases under processing during a year. Segment results are presented after intersegmental and consolidation adjustments. In order to allocate transactions to relevant segments, the accounting principles used for the preparation of financial statements of the Group were applied.

The assets of a segment include those operational assets used by the segment in its operating activities which can be attributed to the segment, either directly or on the basis of reasonable assumptions. In particular, the assets of a segment exclude any assets relating to income tax.

Three months ended 31 March 2017 and 2016

The following tables show selected financial information of the Group's reporting segments for the indicated periods.

	Three months ended 31 March 2017			
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(million PLN) (unaudited)			
Revenues from purchased debt portfolios	131.7	-	-	131.7
Revenues relating to debt management and commissioned debt portfolio collection	-	12.8	-	12.8
Share in profit (loss) of affiliates measured according to the equity method	-	(4.4)	-	(4.4)
Income on other services	2.7	(0.0)	-	2.7
Other operating revenue	0.1	16.1	-	16.2
General and administrative expenses	(55.2)	(17.7)	-	(72.9)
Depreciation and amortization.....	(3.1)	(1.3)	-	(4.4)
Other operating expenses.....	(2.6)	(0.0)	-	(2.6)
Profit (loss) on sale of financial assets	-	-	-	0.0
Financial revenues	(0.1)	2.3	-	2.2
Financial expenses	(35.0)	(0.1)	-	(35.1)
Gross profit	38.5	7.7	-	46.2
Income tax	0.9	10.3	-	11.2
Net profit	39.4	18.1	-	57.5
EBIT	73.6	5.5	-	79.1
EBITDA	76.7	6.9	-	83.6
Cash EBITDA	88.7	6.9	-	95.6

Source: Quarterly Consolidated Financial Statements.

	Three months ended 31 March 2016			
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(million PLN) (unaudited)			
Revenues from purchased debt portfolios	46.5	-	-	46.5
Revenues relating to debt management and commissioned debt portfolio collection	-	22.4	-	22.4
Share in profit (loss) of affiliates measured according to the equity method	-	1.1	-	1.1
Income on other services	(0.0)	0.1	-	0.1
Other operating revenue	0.0	0.0	-	0.1
General and administrative expenses	(15.1)	(9.1)	-	(24.2)

Three months ended 31 March 2016				
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(million PLN) (unaudited)			
Depreciation and amortization.....	(0.8)	(0.5)	-	(1.3)
Other operating expenses.....	(0.1)	(0.1)	-	(0.1)
Profit (loss) on sale of financial assets	-	-	-	0.0
Financial revenues	0.0	0.2	-	0.2
Financial expenses	(6.3)	(0.1)	-	(6.4)
Gross profit	24.3	14.1	-	38.4
Income tax.....	(0.1)	(0.3)	-	(0.4)
Net profit	24.2	13.9	-	38.0
EBIT.....	30.5	14.0	-	44.6
EBITDA.....	31.4	14.5	-	45.9
Cash EBITDA	37.4	14.5	-	51.9

Source: Quarterly Consolidated Financial Statements.

In the three months ended 31 March 2017, the segment of own closed-end investment funds generated a gross profit of PLN 38.5 million and the segment of external closed-end investment funds generated a gross profit of 7.7 million. In the three months ended 31 March 2017, the gross profit of the own closed-end investment fund segment increased by PLN 14.2 million and the gross profit of the external closed-end investment fund segment decreased by PLN 6.4 million as compared to the corresponding period ended 31 March 2016. The profit of the own closed-end investment fund segment rose as a result of higher scale and level of collections realized by the Group from its investments in debt portfolios. The decline in the profit of the external closed-end investment fund segment was caused, to a considerable extent, by a decline in revenues relating to debt management and commissioned debt portfolio collection by PLN 9.6 million and a decrease in profits on investments in affiliates accounted for using the equity method by PLN 5.5 million in the three months ended 31 March 2017 as compared to the three months ended 31 March 2016.

Years ended 31 December 2016, 2015 and 2014

The following tables show selected financial information of the Group's reporting segments for the indicated periods.

Year ended 31 December 2016				
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(PLN million) (audited)			
Segment assets	1,451.1	351.9	(288.6)	1,514.3
Investment in affiliates	-	106.2	-	106.2
Deferred income tax assets	10.0	-	-	10.0
Total assets	1,461.1	458.1	(288.6)	1,630.6
Revenues from purchased debt portfolios	333.7	-	-	333.7
Revenues relating to debt management and commissioned debt portfolio collection	-	87.5	-	87.5
Share in profit (loss) of affiliates measured according to the equity method	-	(10.7)	-	(10.7)
Income on other services	1.3	0.2	-	1.5
Other operating revenue	4.3	0.2	-	4.4
General and administrative expenses	(118.1)	(56.5)	-	(174.6)
Depreciation and amortization.....	(4.2)	(2.0)	-	(6.1)
Other operating expenses.....	(0.9)	(0.1)	-	(1.0)
Profit (loss) on sale of financial assets	(0.0)	(0.0)	-	0.0
Financial revenues	0.2	0.9	-	1.1

Year ended 31 December 2016				
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(PLN million) (audited)			
Financial expenses	(43.7)	(0.9)	-	(44.6)
Gross profit	172.6	18.6	-	191.2
Income tax	(1.4)	10.5	-	9.1
Net profit	171.2	29.0	-	200.3
EBIT	216.1	18.6	-	234.7
EBITDA	220.3	20.6	-	240.8
Cash EBITDA	253.3	20.6	-	273.9

Source: 2014-2016 Consolidated Financial Statements.

Year ended 31 December 2015				
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(PLN million) (audited)			
Segment assets	613.4	66.8	(102.6)	577.5
Investment in affiliates	-	77.2	-	77.2
Deferred income tax assets	0.7	-	-	0.7
Total assets	614.1	144.0	(102.6)	655.4
Revenues from purchased debt portfolios	122.5	-	-	122.5
Other revenues from debt portfolios	1.5	-	-	1.5
Revenues relating to debt management and commissioned debt portfolio collection	-	79.4	-	79.4
Income on legal services	0.3	0.1	-	0.4
Share in profit (loss) of affiliates measured according to the equity method	-	11.7	-	11.7
Income on other services	2.3	0.7	-	3.0
Other operating revenue	1.0	0.3	-	1.3
General and administrative expenses	(48.6)	(45.4)	-	(94.0)
Depreciation and amortization	(1.3)	(1.7)	-	(3.0)
Other operating expenses	(0.1)	0.0	-	(0.1)
Profit (loss) on sale of financial assets	0.0	-	-	0.0
Financial revenues	0.1	0.0	-	0.1
Financial expenses	(11.6)	(1.1)	-	(12.7)
Gross profit	66.0	44.0	-	110.0
Income tax	16.3	(5.9)	-	10.4
Net profit	82.3	38.0	-	120.3
EBIT	77.6	45.0	-	122.6
EBITDA	78.8	46.7	-	125.5
Cash EBITDA	89.5	46.7	-	136.3

Source: 2014-2016 Consolidated Financial Statements.

Year ended 31 December 2014				
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
	(PLN million) (audited)			
Segment assets	241.9	30.6	(48.4)	224.1
Investment in affiliates	-	65.5	-	65.5

	Year ended 31 December 2014			
	Segment: own closed-end investment funds	Segment: external closed-end investment funds	Consolidation adjustments	Group
			(PLN million) (audited)	
Deferred income tax assets	-	-	-	-
Total assets	241.9	96.1	(48.4)	289.5
Revenues from purchased debt portfolios	87.7	0.0	-	87.7
Other revenues from debt portfolios	7.1	0.0	-	7.1
Revenues relating to debt management and commissioned debt portfolio collection	0.0	11.6	-	11.6
Income on legal services	0.0	0.0	-	0.0
Share in profit (loss) of affiliates measured according to the equity method	0.0	0.0	-	0.0
Income on other services	0.0	1.0	-	1.0
Other operating revenue	0.0	0.0	-	0.1
General and administrative expenses	(34.9)	(6.8)	-	(41.7)
Depreciation and amortization	(1.1)	(0.3)	-	(1.4)
Other operating expenses	(0.2)	0.0	-	(0.2)
Profit (loss) on sale of financial assets	0.0	0.0	-	0.0
Financial revenues	0.2	0.1	-	0.3
Financial expenses	(9.3)	(1.1)	-	(10.3)
Gross profit	49.7	4.5	-	54.2
Income tax	(11.4)	1.4	-	(10.0)
Net profit	38.3	6.0	-	44.3
EBIT	58.7	5.6	-	64.3
EBITDA	59.8	5.9	-	65.7
Cash EBITDA	51.0	5.9	-	56.9

Source: 2014-2016 Consolidated Financial Statements.

In the year ended 31 December 2016, the segment of own closed-end investment funds generated a gross profit of PLN 172.6 million and the segment of external closed-end investment funds generated a gross profit of PLN 18.6 million. In the year ended 31 December 2016, the gross profit of the own closed-end investment fund segment increased by PLN 106.6 million and the gross profit of the external closed-end investment fund segment decreased by PLN 25.4 million as compared to the year ended 31 December 2015. The profit of the own closed-end investment fund segment rose as a result of higher scale and level of collections realized by the Group from its investments in debt portfolios. The decline in the profit of the external closed-end investment fund segment was caused, to a considerable extent, by a decrease in profits on investment in affiliates accounted for using the equity method by PLN 22.4 million in the year ended 31 December 2016 as compared to the year ended 31 December 2015.

As at 31 December 2016, the total assets of the own closed-end investment fund segment and of the external closed-end investment fund segment accounted for 76.1% and 23.9% of total assets of the Group (without consolidation adjustments), respectively, and increased by PLN 847.0 million (own closed-end investment fund segment) and PLN 314.1 million (external closed-end investment fund segment) from 31 December 2015. In that period, consolidation adjustments amounted to PLN 288.6 million and included shared assets which the Group was unable to reasonably allocate to any of its operating segments.

In the year ended 31 December 2015, the segment of internal closed-end investment funds generated a gross profit of PLN 66.0 million and the segment of external closed-end investment funds earned a gross profit of PLN 44.0 million. In the year ended 31 December 2015, gross profit increased by PLN 16.3 million for the internal closed-end investment fund segment and by PLN 39.5 million for the external closed-end investment fund segment as compared to the year ended 31 December 2014. The profit of the internal closed-end investment fund segment rose as a result of higher revenues from purchased debt portfolios which increased by PLN 211.2 million or 172.4%, achieved as a result to a higher level of collections from debt portfolios. The increase in profit in the external closed-end investment fund segment resulted from investment in affiliates accounted for using the equity method.

As at 31 December 2015, the total assets of the own closed-end investment fund segment and of the external closed-end investment fund segment accounted for 81.0% and 19.0%, respectively, of total assets of the Group (without consolidation adjustments) and increased by PLN 372.2 million (own closed-end investment fund segment) and PLN 47.9 million (external closed-end investment fund segment) in comparison to 31 December 2014. In that period, consolidation adjustments amounted to PLN 102.6 million and represented shared assets which the Group was unable to reasonably allocate to any of its operating segments.

Key financial and operating ratios of segments of the Group

The Group analyses potential future collections on the basis of the ERC and ERC attributable to Getback ratios. The ERC ratio is used for debt portfolios of internal closed-end investment funds and indicates future collections from those portfolios as expected by the Group. The ERC attributable to Getback ratio is used for debt portfolios of external closed-end investment funds and indicates the value, as expected by the Group, of that portion of future cash flows from portfolios of the external closed-end investment funds which is payable to the Group under the agreements for management of investment portfolios containing receivables of closed-end investment funds, signed by the Company with investment fund companies (see “Business Overview—Material agreements—Agreements concluded in the ordinary scope of Group’s business—Engagement agreements for the management of investment portfolios comprising receivables of closed-end investment funds concluded by the Company with investment fund management companies”).

Both ERC and ERC-attributable-to-Getback are calculated assuming a 10-year repayment horizon. As at 31 March 2017, ERC was PLN 2.3 billion and ERC-attributable-to-Getback was PLN 1.4 billion (total ERC of external closed-end investment funds amounted to approx. PLN 4.7 billion). As at 31 December 2016, ERC was PLN 2.5 billion and ERC-attributable-to-Getback amounted to PLN 1.2 billion (total ERC of external closed-end investment funds amounted to approx. PLN 3.9 billion).

On the basis of past collections and investments in debt portfolios in the own closed-end investment fund segment, the Gross Money Multiple ratio can be calculated. The Gross Money Multiple ratio presents the relation of expected collections in repayment period to the value of investments already made in debt portfolios.

The following table shows the Gross Money Multiple ratio for the debt portfolios of own closed-end investment funds.

	Total purchase price to 31 March 2017	Total collections to 31 March 2017	ERC ⁽¹⁾	Gross Money Multiple ⁽²⁾
	(PLN billion)			
	(unaudited)			
Segment: internal closed-end investment funds	1.0	0.8	2.3	3.15

⁽¹⁾ The Company calculates the ERC ratio as expected future collections from the debt portfolios of internal closed-end investment funds.

⁽²⁾ The Company calculates the Gross Money Multiple ratio as the relation of expected collections in a repayment period to investments in the debt portfolios of internal closed-end investment funds.

Source: Company.

	Total purchase price by the end of 2016	Total collections by the end of 2016	ERC ⁽¹⁾	Gross Money Multiple ⁽²⁾
	(PLN billion)			
	(unaudited)			
Segment: internal closed-end investment funds	1.0	0.6	2.5	3.14

⁽¹⁾ The Company calculates the ERC ratio as expected future collections from the debt portfolios of internal closed-end investment funds.

⁽²⁾ The Company calculates the Gross Money Multiple ratio as the relation of expected collections in a repayment period to investments in the debt portfolios of internal closed-end investment funds.

Source: the Company.

The following table shows selected financial information and financial and operating ratios for reporting segments of the Group in presented reporting periods.

Operating Ratios	Three months ended 31 March	
	2017	2016
	(PLN million, unless indicated otherwise) (unaudited)	
Financial information / ratios		
Segment: own closed-end investment funds		
Revenues ⁽¹⁾	134.5	46.5

	Three months ended 31 March	
	2017	2016
	(PLN million, unless indicated otherwise) (unaudited)	
Operating Ratios		
EBITDA ⁽²⁾	76.7	31.4
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽³⁾	57.0	67.4
Cash EBITDA ⁽⁴⁾	88.7	37.4
Cash EBITDA/collections from portfolios (%) ⁽⁵⁾	60.6	71.4
Segment: external closed-end investment funds		
Revenues ⁽⁶⁾	24.5	23.6
EBITDA ⁽²⁾	6.9	14.5
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽³⁾	28.0	61.3
Cash EBITDA ⁽⁴⁾	6.9	14.5
Cash EBITDA/collections from portfolios (%) ⁽⁵⁾	8.0	14.9
Operating ratios		
Collections from portfolios	231.8	149.6
Segment: own closed-end investment funds ⁽⁷⁾	146.4 ⁽⁹⁾	52.4
Segment: external closed-end investment funds ⁽⁸⁾	85.4	97.2

⁽¹⁾ Revenues of the internal closed-end investment fund segment include revenues from purchased debt portfolios, other revenues from debt portfolios, income on legal services, income on other services and other operating revenue.

⁽²⁾ The Company calculates EBITDA for a segment as operating profit after elimination of depreciation and amortization for that segment.

⁽³⁾ The Company calculates the ratio of operating profitability after elimination of depreciation and amortization (EBITDA) for a segment as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenue) for that segment.

⁽⁴⁾ The Company calculates Cash EBITDA for a segment as operating profit of that segment after elimination of depreciation, purchase price amortization and portfolio revaluation for that segment.

⁽⁵⁾ The Company calculates the Cash EBITDA/collections from portfolios ratio for a segment as operating profit after elimination of depreciation, purchase price amortization and portfolio revaluation divided by proceeds received from debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments for that segment in a given period.

⁽⁶⁾ Revenues of the external closed-end investment fund segment include revenues relating to debt management and commissioned debt portfolio collection, share in profit (loss) of affiliates measured according to the equity method, income on legal services, income on other services and other operating revenue.

⁽⁷⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of own closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁸⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of external closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁹⁾ The balance of collections for the first three months of 2017 includes repayments made from borrowings granted to debtors in the total amount of PLN 1.8 million. Collections in the segment of own closed-end investment funds for the three months ended 31 March 2017 included PLN 27.2 million recovered from the portfolios acquired in the three months ended 31 March 2017 and PLN 119.2 million recovered from the portfolios acquired until 31 December 2016.

Source: the Company.

	Year ended 31 December		
	2016	2015	2014
	(PLN million, unless indicated otherwise) (unaudited)		
Financial information / ratios			
Segment: own closed-ended investment funds			
Revenues ⁽¹⁾	339.3	127.5	94.9
EBITDA ⁽²⁾	220.3	78.8	59.8
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽³⁾	64.9	61.8	63.0
Cash EBITDA ⁽⁴⁾	253.3	89.5	51.0
Cash EBITDA/collections from portfolios (%) ⁽⁵⁾	68.9	66.6	59.3
Segment: external closed-ended investment funds			
Revenues ⁽⁶⁾	77.2	92.2	12.7
EBITDA ⁽²⁾	20.6	46.7	5.9
Operating profitability after elimination of depreciation and amortization (EBITDA) (%) ⁽³⁾	26.6	50.7	46.4
Cash EBITDA ⁽⁴⁾	20.6	46.7	5.9

	Year ended 31 December		
	2016	2015	2014
	(PLN million, unless indicated otherwise) (unaudited)		
Cash EBITDA/collections from portfolios (%) ⁽⁵⁾	6.0	19.6	16.9

Operating ratios

Collections from portfolios.....			
Segment: own closed-ended investment funds ⁽⁷⁾	367.8	134.3	86.1
Segment: external closed-ended investment funds ⁽⁸⁾	345.1	239.0	34.7

⁽¹⁾ Revenues of the internal closed-end investment fund segment include revenues from purchased debt portfolios, other revenues from debt portfolios, income on legal services, income on other services and other operating revenue.

⁽²⁾ The Company calculates EBITDA for a segment as operating profit after elimination of depreciation and amortization for that segment.

⁽³⁾ The Company calculates the ratio of operating profitability after elimination of depreciation and amortization (EBITDA) for a segment as operating profit after elimination of depreciation and amortization divided by operating revenues (i.e. the sum of net revenues, share in profit (loss) of affiliates measured according to the equity method and other operating revenue) for that segment.

⁽⁴⁾ The Company calculates Cash EBITDA for a segment as operating profit of that segment after elimination of depreciation, purchase price amortization and portfolio revaluation for that segment.

⁽⁵⁾ The Company calculates the Cash EBITDA/collections from portfolios ratio for a segment as operating profit after elimination of depreciation, purchase price amortization and portfolio revaluation divided by proceeds received from debt portfolios in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments for that segment in a given period.

⁽⁶⁾ Revenues of the external closed-end investment fund segment include revenues relating to debt management and commissioned debt portfolio collection, share in profit (loss) of affiliates measured according to the equity method, income on legal services, income on other services and other operating revenue.

⁽⁷⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of own closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

⁽⁸⁾ The Company reports collections from portfolios as proceeds received from debt portfolios of external closed-end investment funds in the debt management process carried out by the Group, less change in liabilities to debtors resulting from overpayments in a period.

Source: the Company.

Capital expenditures**Investments in the years 2014-2016**

The following table presents the capital expenditures of the Group in particular reporting periods (excluding expenditures for fixed assets used under leasing agreements and excluding investments in debt portfolios).

	As at 31 December		
	2016	2015	2014
	(PLN million) (unaudited)		
Telecom and IT infrastructure	2.9	5.7	1.0
Licenses.....	25.7	5.0	0.6
Research and development	1.2	2.7	0.8
Other fixed assets.....	0.7	1.0	0.5
Other intangible assets	0.1	0.4	0.0
Total.....	30.5	14.9	3.0

Source: the Company.

In the year ended 31 December 2016, total capital expenditures amounted PLN 30.5 million, i.e. they increased by 105.3% as compared to the year ended 31 December 2015. Investments in licenses had the largest share in capital expenditures and mainly included purchases of databases used in the debt enforcement process and purchases of licenses aimed at improving operating activities. The key purchased licenses included the Partner System – a system for the processing of debtors at local offices of subcontractors (local office network), the MDK System (Mobile Client Advisor) – an application enabling the management of work, investigation and information gathering processes carried out by local client advisors, and the PiLab System – a system regarding analysis of data from dispersed sources and enabling the use of information from sources other than the primary database in the debt management process. Capital expenditures for the telecom and IT infrastructure were mostly used for purchases of servers, computer hardware, video conferencing sets and other IT equipment necessary to ensure the effective operation of systems used by the Group. Research and development expenditures, however, were mainly allocated to create the EasyCollect 2.0 application, which supports all debt collection processes.

Investments in databases resulted in an increase of intangible assets which amounted to PLN 38.7 million and PLN 9.9 million as at 31 December 2016 and 2015, respectively. The amortization period for such investments is 3 years.

In the year ended 31 December 2015, total capital expenditures amounted PLN 14.9 million, i.e. they increased by 329.4% as compared to the year ended 31 December 2014. Investments in the telecom and IT infrastructure had the largest shares in capital expenditures and mainly included purchases of servers, of which the most important items were a server for the Genesys software and Data Center server. In addition, they comprised purchases of computer and other IT hardware. Capital expenditures for licenses were mostly used for purchases of various software improving operating activities, of which the most significant was Genesys – a system managing inbound and outbound call center traffic and enabling both cost optimization and effective use of call center resources. Research and development expenditures were mainly allocated to create an application supporting all debt collection and enforcement processes.

In the year ended 31 December 2014, capital expenditures totaled PLN 3.0 million. Investments in the telecom and IT infrastructure had the largest share in capital expenditures and were mainly used for purchases of computer hardware. Research and development expenditures were mostly allocated to a project aimed at ensuring the full flow of information between applications used by the Group, by integration of the transactional system with the operating system, and to a project initiated to optimize call center operations by process automation. In the area of licenses, capital expenditures were allocated to software used in the operating activities of the Group, of which the most crucial items the Sytel software, purchased for the needs of call center, and the purchase of software to improving back office operations.

Current and planned capital expenditures

The Group's capital expenditures planned for the financial year ending 31 December 2017 amount to PLN 26.8 million. These expenditures will be used to finance the following investments: (i) licenses for PLN 21.2 million, including purchases of software and licenses necessary for the Group's operations; (ii) telecom infrastructure for PLN 3.6 million, including purchases of servers and support infrastructure; (iii) other investments for PLN 2.0 million, including other tangible and intangible assets.

The above investments are or will be completed in Poland. It is expected that they will be financed from own funds of the Group generated from its ongoing activities.

As at the date of the Marketing Document, except the projects referred to hereinabove, there are no other capital expenditure projects with valid commitments made by the Supervisory Board. In particular, as at the date of the Marketing Document, the Group has no plans to own tangible fixed assets of a significant value (see: "*Business Overview—Tangible fixed assets*").

Capital expenditures of the Group

Information about material capital expenditures completed by the Group in the period covered by the Consolidated Financial Statements is presented in Note 2.1 to the Quarterly Consolidated Financial Statements and Note 2 to the 2014-2016 Consolidated Financial Statements.

Contingent liabilities

Contingent liabilities of the Group as at 31 March 2017 are described in Note 4.18 to the Quarterly Consolidated Financial Statements. Contingent liabilities of the Group as at 31 December 2016 are described in Note 30 to the 2014-2016 Consolidated Financial Statements.

Qualitative and quantitative information on financial risk factors

In connection with its activities, the Group is exposed to various financial risks, such as (i) credit risk, (ii) liquidity risk and (iii) market risk (including interest rate risk and currency risk). Each of the above risk types may adversely affect the operations, financial situation as well as results of the Group.

The Management Board is responsible for establishing and overseeing the risk management function and activities of the Group. The Management Board manages all identified types of risk (including operational, legal, compliance and reputational risk). The organizational structure of the Company includes the Process Control and Oversight Unit, which is part of the Compliance Department. The Process Control and Oversight Unit is responsible for the coordination of the internal control and risk management system.

The risk management process supports the Company's efforts to achieve its key business objectives while ensuring compliance with the risk management method, especially with respect to risk tolerance. The risk

management rules adopted by the Group are aimed at identifying and analyzing risks to which the Group is exposed, determining appropriate limits and controls as well as monitoring risks and the adequacy of their limits. The risk management rules and systems are systematically reviewed to take account of changes in the market environment and the operations of the Group.

Credit risk

Credit risk is a risk that the Group will sustain a financial loss a client or contractor fails to meet applicable contractual obligations. Credit risk is mainly connected with debt portfolios purchased by the Group and with trade receivables of the Group.

Purchased debt portfolio cover past due receivables which could be subject to debt collection processes carried out by or on behalf of the portfolio seller before they were purchased by the Group. Therefore, the credit risk connected with purchased debts is relatively high, however, the Group has both expertise and well-developed analytical methods enabling reasonable estimation of such risk. As of the day of purchase of a debt portfolio, the Group estimates the credit risk generated by such portfolio, which is subsequently reflected in the offered purchase price. As purchased debt portfolios are shown at fair value, the credit risk connected with purchased debt portfolios is reflected in their valuation at the end of each reporting period. The discount rate is constant until the interest rate of the reference instrument changes by more than 15%.

As of each valuation date, the Group assesses credit risk on the basis of historical inflows from a particular portfolio, as well as from portfolios with similar characteristics. In the credit risk assessment process, various parameters are also taken into consideration, in particular: (i) debt characteristics: debt balance, principal amount, share of principal in debt, amount of received credit or total invoiced amount, product type, delinquency (DPD - days past due), duration of the agreement, time passed since the agreement was signed, security (its existence, type, amount), (ii) debtor's characteristics: age, status (an individual, an individual running a business or a legal person), income, residence address, solvency status, loans / invoices repayment level to date, time passed since the last payment made by the debtor, region, death or bankruptcy of the debtor, (iii) debtor's historical financial behavior, in particular: amounts of and intervals between payments, and (iv) type and intensity of collection activities carried out towards the debtor by the seller of debt before the debt portfolio was purchased by a closed-end investment fund.

Any changes in credit risk assessment influence expected future cash flows, which serve as the basis for valuation of purchased debt portfolios.

The Group minimizes risk by performing a meticulous valuation of debt portfolios before purchase, taking into account the possible recovery of its invested capital from collected amounts and the estimated costs which needs to be incurred during the debt collection process. Portfolios are purchased in tender proceedings and purchase prices offered by the Group in most of those tenders do not depart substantially from prices offered by its competitors. A similar valuation of debt portfolios by several professional appraisers simultaneously reduces the probability of incorrect valuation.

The market value of a debt portfolio and the maximum purchase price are determined with the use of complex statistical and economic analysis. In order to minimize the risk connected with purchased debt portfolios, comparative analyses, among others, are carried out to assess the quality of a debt portfolio versus other portfolios with a similar profile of debtors representing the same industry and valuation is based on the analysis of debt collection effectiveness for similar debts.

Inflows are estimated based on a statistical model built on the basis of possessed and precisely selected reference data corresponding to data subject to valuation. The maximum price is set on the basis of expected investment effectiveness measures (mainly: internal rate of return, payback period and nominal return). Expected returns on investments mainly depend on the risks generated by a project, which are significantly affected, among others, by the quality of data provided by debtors for valuation, correspondence between data subject to valuation and reference data and the quantity and quality of macro- and microeconomic expert coefficients used to determine the expected cash flows.

In addition, the Group diversifies risk by purchasing various types of debt, and with different complexity and past due statuses. In the debt collection process, as its top priority, the Company strives to enter into long-term settlements with debtors and to bring about the amicable repayment of liabilities by debtors. The tools used in debt collection include, among others: letter correspondence, telephone negotiations, text messages, support to obtain an alternative source of financing, direct negotiations, and, in exceptional circumstances, detective investigations and bailiffs, including bailiff enforcement from debt security.

Trade receivables mainly concerns receivables from debt collection services and receivables from sale of debt portfolios. As trade receivables are verified on an ongoing basis, there is no additional credit risk beyond the

level determined by impairment write-downs. The Group makes impairment write-downs for receivables that are more than 360 days past due. In addition, the Group makes impairment write-downs for all receivables from companies in bankruptcy or liquidation proceedings and for receivables under court proceedings. The Group does not make impairment write-downs for trade receivables as long as it is highly probable that they will be paid. When a receivable is deemed irrecoverable, the appropriate amounts are charged to costs.

The book value of financial assets corresponds to maximum exposure to credit risk. The maximum exposure to credit risk as at the end of reporting periods is as follows:

	As at 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Financial assets at fair value through profit or loss.....	1,053.7	422.8	188.9
Receivables	309.4	79.6	11.9
Cash and cash equivalents	70.4	51.3	16.9
Total.....	1,433.5	553.7	217.6

Source: 2014-2016 Consolidated Financial Statements.

The maximum exposure to credit risk as at the end of reporting periods by geographical region is as follows:

	As at 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Poland.....	1,323.9	520.8	194.8
Romania	109.6	32.8	22.9
Total.....	1,433.5	553.7	217.6

Source: 2014-2016 Consolidated Financial Statements.

Liquidity risk

Liquidity risk is a risk that the Group may face difficulties in performing its obligations connected with financial liabilities which should be discharged by payment in cash or by transfer of other financial assets. The Group carries out liquidity management by ensuring, to the maximum extent possible, that the Group has sufficient liquidity to pay its due liabilities, both in business-as-usual and crisis situations, without exposing the Group to unacceptable losses or reputational damage.

The Group minimizes its liquidity risk by carrying out the debt collection process in a continuous manner, which ensures regular inflows of cash. A purchase of receivables for its own portfolios requires a large one-off expenditure. In order to ensure sufficient cash, the Group uses external financing, such as bonds, overdraft facilities or issuance of investment certificates by its investment funds.

The following tables show contractual conditions of financial liabilities as of a given date:

	As at 31 December 2016					
	Current value	Cash flows from a contract	Below 6 months	6-12 months	1-2 years	2-5 years
	(PLN million) (audited)					
Financial liabilities other than derivatives						
Liabilities arising from issuance of debt securities	804.9	893.6	325.4	133.9	232.3	202.0
Financial leasing liabilities	6.0	7.1	1.2	0.7	2.1	3.0
Liabilities relative to loans and borrowings.....	61.2	67.2	12.2	5.9	18.9	30.2
Trade and other liabilities	359.1	371.2	179.2	48.4	99.8	43.9
Total.....	1,231.2	1,339.1	518.0	188.9	353.1	279.2

* Cash flows from a contract were determined on the basis of interest rates applicable as at 31 December 2016.

Source: 2014-2016 Consolidated Financial Statements.

As at 31 December 2015						
Current value	Cash flows from a contract	Below 6 months	6-12 months	1-2 years	2-5 years	
(PLN million) (audited)						
Financial liabilities other than derivatives						
Liabilities arising from issuance of debt securities	253.5	285.9	57.2	88.9	22.4	117.4
Financial leasing liabilities	2.8	3.1	0.5	0.5	1.0	1.1
Liabilities relative to loans and borrowings.....	0.0	0.0	-	-	-	-
Trade and other liabilities	205.1	205.1	111.2	61.4	32.5	-
Total	461.4	494.1	168.9	150.7	56.0	118.5

* Cash flows from a contract were determined on the basis of interest rates applicable as at 31 December 2015.

Source: 2014-2016 Consolidated Financial Statements.

As at 31 December 2014						
Current value	Cash flows from a contract	Below 6 months	6-12 months	1-2 years	2-5 years	
(PLN million) (audited)						
Financial liabilities other than derivatives						
Liabilities arising from issuance of debt securities	127.7	146.9	4.5	19.6	83.6	39.2
Financial leasing liabilities	1.7	1.7	0.4	0.3	0.5	0.6
Liabilities relative to loans and borrowings.....	5.1	5.1	-	5.1	-	-
Trade and other liabilities	72.2	72.2	66.2	6.0	-	-
Total	206.7	226.0	71.00	31.0	84.1	39.8

* Cash flows from a contract were determined on the basis of interest rates applicable as at 31 December 2014.

Source: 2014-2016 Consolidated Financial Statements.

The Group does not expect that any expected cash flows covered by the analysis of their due dates materialize significantly earlier or in significantly different amounts.

Market risk

Market risk is defined as uncertainty if actual interest rates or foreign currency rates turn out to be different from those initially assumed, leading to unexpected profits or losses on maintained positions. The objective of market risk management is to maintain and control the Group's exposure to market risk within the framework of adopted parameters, while striving to optimize the rate of return.

Interest rate risk

The following table shows the structure of interest-bearing financial instruments as of a given date:

	As at 31 December		
	2016	2015	2014
	(PLN million) (audited)		
Fixed-interest financial instruments	912.1	291.7	107.8
Financial assets	294.6	79.6	11.9
Financial liabilities.....	617.4	212.1	95.9
Variable-interest financial instruments.....	628.5	249.3	110.9
Financial assets	14.7	-	-
Financial liabilities.....	613.8	249.3	110.9

*The above table does not include debt portfolios recognized at fair value with the use of a model based on discounted cash flows. Therefore, a change of interest rates has an impact on the fair value of those portfolios.

Source: 2014-2016 Consolidated Financial Statements.

For more information on interest rate risk see Note 6 to the 2014-2016 Consolidated Financial Statements.

Currency risk

The Group does not use any financial instruments for hedging against the risk of changes of foreign currency rates. Cash payments received in a foreign currency are reinvested to buy debt portfolios in the same currency.

The following tables presents the currency engagement of the Group by asset and liability type as of a given date.

	As at 31 December 2016					
	PLN	EUR	USD	RON	GBP	Total
	(PLN million) (audited)					
Assets						
Investments	947.1	0.6	-	71.9	-	1,019.6
Trade and other receivables	271.7	0.0	-	37.3	0.3	309.4
Cash	69.8	0.2	-	0.4	-	70.4
Other	227.9	-	-	3.3	-	231.2
Total assets	1,516.4	0.9	-	112.9	0.3	1,630.6
Liabilities						
Liabilities arising from issuance of debt securities	804.1	-	0.8	-	-	804.9
Financial leasing liabilities	6.0	-	-	-	-	6.0
Liabilities relative to loans and borrowings	61.2	-	-	-	-	61.2
Trade and other liabilities	355.6	-	-	3.4	0.1	359.1
Other	13.2	-	-	0.3	-	13.5
Total liabilities	1,240.1	-	0.8	3.7	0.1	1,244.7
Equity	386.0	-	-	(0.2)	-	385.8
Total equity and liabilities	1,626.1	-	0.8	3.6	0.1	1,630.6
Net exposure	(109.7)	0.9	(0.8)	109.3	0.3	-

Source: 2014-2016 Consolidated Financial Statements.

	As at 31 December 2015					
	PLN	EUR	USD	RON	CHF	Total
	(PLN million) (audited)					
Assets						
Investments	393.0	1.3	-	28.0	-	422.3
Trade and other receivables	75.0	-	-	4.6	-	79.6
Cash	51.0	0.1	-	0.2	-	51.3
Other	96.6	-	-	5.6	-	102.2
Total assets	615.6	1.4	-	38.4	-	655.4
Liabilities						
Liabilities arising from issuance of debt securities	253.5	-	-	-	-	253.5
Financial leasing liabilities	2.8	-	-	-	-	2.8
Liabilities relative to loans and borrowings	-	-	-	-	-	-
Trade and other liabilities	193.3	-	-	11.8	-	205.1
Other	8.0	-	-	0.2	-	8.2
Total liabilities	457.7	-	-	12.0	-	469.6
Equity	189.4	-	-	(3.7)	-	185.8
Total equity and liabilities	647.1	-	-	8.3	-	655.4
Net exposure	(31.5)	1.4	-	30.1	-	-

Source: 2014-2016 Consolidated Financial Statements.

	As at 31 December 2014					
	PLN	EUR	USD	RON	CHF	Total
	(PLN million) (audited)					
Assets						
Investments	166.9	-	-	21.9	-	188.9
Trade and other receivables	11.5	-	-	0.4	-	11.9
Cash	16.1	0.1	0.0	0.6	0.0	16.9

	As at 31 December 2014					Total
	PLN	EUR	USD	RON	CHF	
	(PLN million) (audited)					
Other.....	71.6	-	-	0.3	-	71.9
Total assets.....	266.2	0.1	0.0	23.2	0.0	289.5
Liabilities.....						
Liabilities arising from issuance of debt securities.....	127.7	-	-	-	-	127.7
Financial leasing liabilities.....	1.7	-	-	-	-	1.7
Liabilities relative to loans and borrowings.....	5.1	-	-	-	-	5.1
Trade and other liabilities.....	70.9	-	-	1.3	-	72.2
Other.....	15.9	-	-	1.2	-	17.1
Total liabilities.....	221.4	-	-	2.4	-	223.8
Equity.....	60.5	-	-	5.2	-	65.7
Total equity and liabilities.....	281.9	-	-	7.6	-	289.5
Net exposure.....	(15.7)	0.1	0.0	15.6	0.0	-

Source: 2014-2016 Consolidated Financial Statements.

For more information on currency risk see Note 6 to the 2014-2016 Consolidated Financial Statements.

Accounting principles, assumptions, judgment and estimates

In order to prepare financial statement in accordance with IFRS, the Management Board was required to adopt certain assumptions and to use some estimates and judgment which influence the applied accounting principles and, hence, amounts presented in the Consolidated Financial Statements.

The issues which the Company believes are crucial for the interpretation of information included in the Consolidated Financial Statements and the information on the financial condition and financial results of the Group are discussed below, as they require complex or subjective assumptions, judgment or estimates to be formulated by the Management Board in relation to matters which inherently trigger uncertainty.

Assumptions, judgments and estimates

Classification of lease agreements

The Group classifies lease agreements as operational or financial ones on the basis of evaluation of portions of risks and benefits connected with leased assets which are attributable to the lessor and the lessee, respectively. Such assessment is based on the economic substance of each transaction.

Impairment of financial assets

The Group assesses if any objective conditions occurred which justify recognition of impairment of a financial asset or a group of financial assets. Objective conditions mean an event or a group of events which occurred after a financial asset or a group of financial assets was initially recognized and which indicate that the future cash flows from such asset or group of assets can be lower than initially expected. Impairment write-downs are estimated upon confirmation that the conditions of impairment are met.

Impairment of other fixed assets

As of each balance sheet date, the Group evaluates if objective conditions to recognize impairment of other fixed assets are met. If the Group confirms the conditions of impairment, it will determine whether the current carrying value of the asset is higher than the value that could be realized if such asset is continued to be used or is sold, i.e. the recoverable amount of such asset is estimated by the Group. In the event that the recoverable amount is lower than the current carrying value, impairment is recognized and the respective write-down is recognized through profit or loss.

Impairment of goodwill

After initial recognition, the Company's goodwill is measured at purchase price less all cumulated impairment write-downs. As of each balance sheet date, the Group evaluates if objective conditions to recognize impairment of goodwill are met. An impairment test is carried out by the Group on an annual basis by comparing the total carrying value of cash generating units, goodwill included, with their recoverable amount. A recoverable amount

is estimated on the basis of usable value of cash generating units, which is equal to the estimated value of future cash flows, including the residual value of cash generating units. Such identified impairment is recognized through profit or loss.

Fair value of financial instruments

Fair value of financial assets not listed in an active market, which include purchased debt portfolios, are measured at reliably estimated value calculated with the use of an estimation model based on estimates of discounted expected cash flows. Fair value is determined as the sum of discounted expected cash flows, in an amount equal to the difference between future proceeds from collected debts and the costs of claim enforcement under settlement, in-court and bailiff enforcement procedure.

The most significant estimates made by the Management Board include:

- Assumed discount rate;
- Recovery amount and the period for which expected cash flows were estimated;
- Value of the collateral portfolio held by the Company and its assumed time-to-cash;
- Assumption that receivables from particular debt portfolios have similar characteristics.

All models used for valuation of purchased debt portfolios are confirmed before they are implemented, and they are also calibrated in order to ensure that their results reflect actual data and comparable market prices. To the extent possible, only data that can be observed in an active market is used in such models, however, in some circumstances professional judgment is exercised. Actual future flows from a purchased portfolio may differ from estimates and assumptions, which may lead to adjustments to the carrying value of those assets. Additional information on the evaluation methods used, estimates made and assumptions adopted, and on the carrying value of purchased debt portfolios as of a balance sheet date, is presented in Notes 4 and 20 to the 2014-2016 Consolidated Financial Statements.

Deferred income tax asset component

The Group recognizes the deferred income tax component on the assumption that, in the future, a taxable profit will be generated that will enable it to realize that component. A future deterioration in generated taxable results could make this assumption unreasonable.

Deferred income tax relating to investments in subsidiaries

In 2015, the Group did not establish any deferred income tax provision for certificates of funds being its subsidiaries. It also reversed a provision established in previous years. In 2013-2014, the Group established a deferred income tax provision for all positive timing differences in connection with the possible redemption of easyDebt investment certificates. At present, the Group is focused on activities to reinvest the received cash and, at least in the foreseeable future, it does not intend to generate any profits from repurchase of investment certificates. The Company controls dates and amounts of reversals of timing differences as it holds 100% of investment certificates of the fund and, thereby, 100% of votes at the general meeting of investors. The Group is exempt from the obligation to establish deferred income tax provision, as such obligation is imposed on entities which, in accordance with IAS 12, jointly meet the following conditions:

- They are able to control the dates of reversals of timing difference; and
- It is likely that such timing differences will not be reversed in the foreseeable future.

Accounting principles

The Consolidated Financial Statements were prepared in accordance with the historical cost principle, except for financial instruments measured at fair value and at amortized cost.

The significant accounting principles used by the Group to prepare the Quarterly Consolidated Financial Statements are presented in Note 3.3 the Quarterly Consolidated Financial Statements. The significant accounting principles used by the Group to prepare the 2014-2016 Consolidated Financial Statements are presented in Note 4 to the 2014-2016 Consolidated Financial Statements.

Principles of consolidation

The Consolidated Financial Statements consist of the stand-alone financial information of the Company and the stand-alone financial information of its subsidiaries, prepared for respective reporting periods. The financial

statements of subsidiaries of the Company are prepared for the same reporting period as the statements of the Company, with the use of consistent and uniform accounting principles applied to transactions and market events of similar nature. In order to eliminate differences between applied accounting principles, certain adjustments were made. All significant balances and transactions between companies from the Group, including unrealized gains from intercompany transactions, are fully eliminated. Unrealized losses are eliminated, unless considered impaired.

Subsidiaries of the Company

Irrespective of the nature of its interest in a company, the Company determines whether or not it is its parent company by assessing if it exercises control over such investee company. The Company holds control over an investee company if, as a result of its interest in such company, it is exposed to possible fluctuations of financial results or if it holds rights to variable financial results and can exert influence on the amount of such financial results by exercising governance over such company.

The Company controls an investee company only if the following conditions are jointly met: a) the Company exercises governance over the investee company; b) because of its interest in the investee company, the Company is exposed to possible fluctuations of financial results or holds rights to variable financial results; and c) the Company can use its influence over the investee company to affect the amount of the Company's financial results.

An investee company is subject to consolidation from the date on which the Company gains control over it until the date on which the Company ceases to control it.

The Company attributes profit or loss and each component of other comprehensive income to owners of the parent company and to non-controlling shares. The Company presents non-controlling shares in the consolidated statement of financial position - in equity, separately from the equity of the owners of the parent company. Changes in the shareholding held by the parent company in a subsidiary which do not result in the loss of control over such subsidiary are classified as capital transactions. In the event of a change of part of the equity owned by non-controlling shares, the Company adjusts the carrying value of controlling and non-controlling shares in order to reflect the changes in relative shareholdings in the subsidiary. All differences between the amount of an adjustment to non-controlling shares and the fair value of the amount paid or received are recognized by the Company directly in equity, and attributed to the owners of the parent company.

If the Company ceases to control a subsidiary, it (i) excludes the assets (including goodwill) and liabilities of the former subsidiary from the consolidated statement of financial position; (ii) recognizes all the investments retained in the former subsidiary at their fair value as of the date of loss of control and, then, includes them and all the amounts of mutual liabilities of the former subsidiary and the parent company in accordance with the applicable IFRS; and (iii) recognizes the profits or losses resulting from the loss of control attributed to the former parent company.

Affiliates of the Company

Affiliates are those units which are under a significant influence of the Company. Significant influence means the rights to participate in making decisions relating to financial and operational policy of the investee company, however not in the form of exercising control or joint control over the policy of such unit.

If the Company holds, directly or indirectly (e.g. through subsidiaries) 20% or more of voting rights in an investee company, it is assumed that the Company exerts significant influence over that unit, unless it is possible to clearly demonstrate otherwise. However, if the Company has indirectly or directly (e.g. through subsidiaries) less than 20% of voting rights in the investee company, it can be assumed that it does not exert significant influence over that unit, unless such influence can be clearly demonstrated.

The Company ceases to exert significant influence over an investee company upon the loss of control which enabled it to participate in making decisions relating to financial and operational policy of the investee company.

The Company recognizes its investment in affiliates using the equity method under which an investment is initially measured at cost and subsequently, after the purchase date, its value is adjusted as appropriate by a change of the investor's share in the net assets of the investee company. The Company's profit or loss includes its share in the profit or loss of the investee company and the other comprehensive income of the investor cover its shares in the total comprehensive income of the investee company. If the Company's share in the losses of an affiliate is equal to or higher than its shareholding in that affiliate, the Company ceases to recognize its share in further losses, unless it has accepted obligations or made a payment on behalf of such unit.

If a company from the Group makes transactions with an affiliate or a joint venture of the Group, the profits and losses resulting from such transactions are included in the consolidated financial statement of the Group, however only to the extent the shares in such affiliate or joint venture are connected with the Group.

At the end of each reporting period, the Group evaluates if the conditions are met under which it is required to make impairment write-downs for its net investment in an affiliate. If such conditions are met, the Group estimates the recoverable amount, i.e. usable value or fair value less selling costs, whichever is higher.

In the event that the carrying value of an asset exceeds its recoverable amount, the Group recognizes an impairment write-down through profit or loss.

MARKET ENVIRONMENT

The information presented in this chapter come from generally accessible documents and sources. The source of outside information is provided in each instance when such information was used. No independent verification was made of the macroeconomic, market, industry or other data collected from external sources during their analysis, research and processing. The Company is not planning nor does undertake to update the data concerning the market or the industry presented in this chapter, unless requires by the generally applicable provisions of law.

Debt market

Introduction

The first entities specializing in mass debt collection began to operate in Poland in the late 1990s. Until 2003 the debt was processed using the debt collection (*inkaso*). One factor that had a positive impact on the development of entities engaging in debt collection were changes in the regulator environment enabling the establishment of securitization funds, constituting an effective form of financing the purchase of debt portfolios.

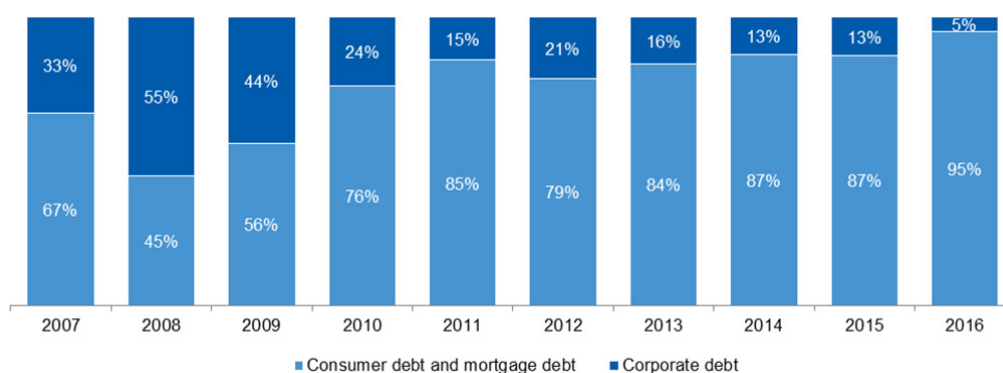
The accessibility of new structures for financing the acquisition of portfolios and the possibility of obtaining funds from the capital market have had a positive effect on the potential of the entities operating on the debt market, enabling them to purchase portfolios of considerable value. The favorable changes in the regulatory environment were accompanied by the growing propensity of the creditors to sell non-performing debt (i.e., debt with regard to which delays in repayment have occurred), which was due to a number of factors, such as the increasingly stringent capital requirements, the availability of innovative and tax-effective transaction structures and the strong competitive pressure. In recent years, the growing supply of non-performing debt portfolios combined with strong demand from debt management companies have contributed to a dynamic growth of the value of transactions effected on the debt market and the establishment of the purchase of portfolios on their own account has become the core element of the business model of companies from the industry in which the Issuer operates.

At present the trading in bank receivables in Poland is done chiefly with the use of securitization funds and is supervised by a number of state bodies, including the Polish Financial Supervision Authority, the Inspector General for Personal Data Protection and the Competition and Consumer Protection Office. The companies engaging in debt recovery for the benefit of securitization funds are also obliged to have the requisite KNF permit. Many of the debt management companies are also listed on the Warsaw Stock Exchange. Furthermore, securitization funds have been equipped with legal tools for collecting receivables similar to those existing in the banking system. As a result, the whole investment process, from the purchase of investment certificated of securitization funds, through the purchase of a debt portfolio, to the recovery of the debt is efficient and transparent.

Structure of transactions entered into on the debt market

The share of consumer and housing debt in the structure of transactions effected on the Polish debt market has increased significantly since 2007. In 2015 they accounted for approximately 87% of the nominal value of all the portfolios sold.

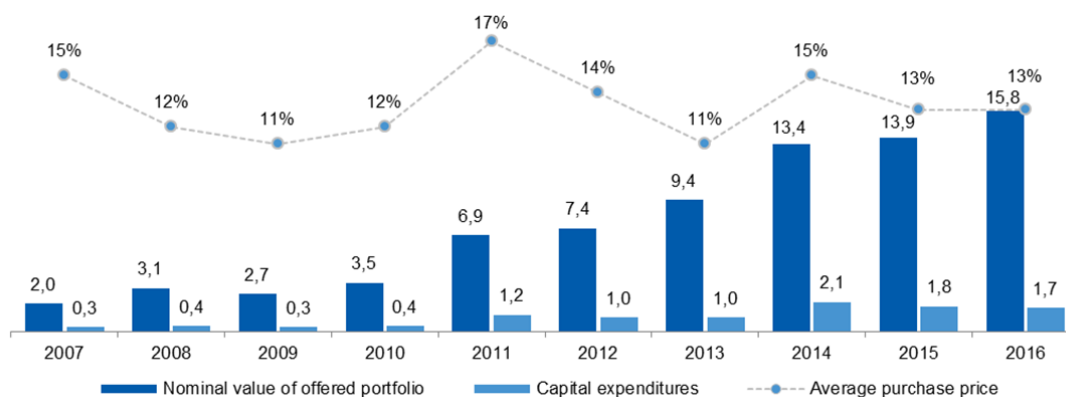
Diagram 1 Structure of transactions executed on debt market



Source: the Company based on a presentation of KRUK Group's 2016 results

According to data coming from the company styled KRUK S.A. between 2007 and 2016, the sales of consumer and housing debt were rising at a mean annual rate of 26%, to reach the nominal value of PLN 15.8 billion at the end of that period. The price paid by debt management companies for the debts purchases, expressed as a percentage of the nominal value of the portfolios, was relatively stable in that period, amounting on the average to 13%.

Diagram 2 Nominal value and price of consumer and mortgage debt portfolios



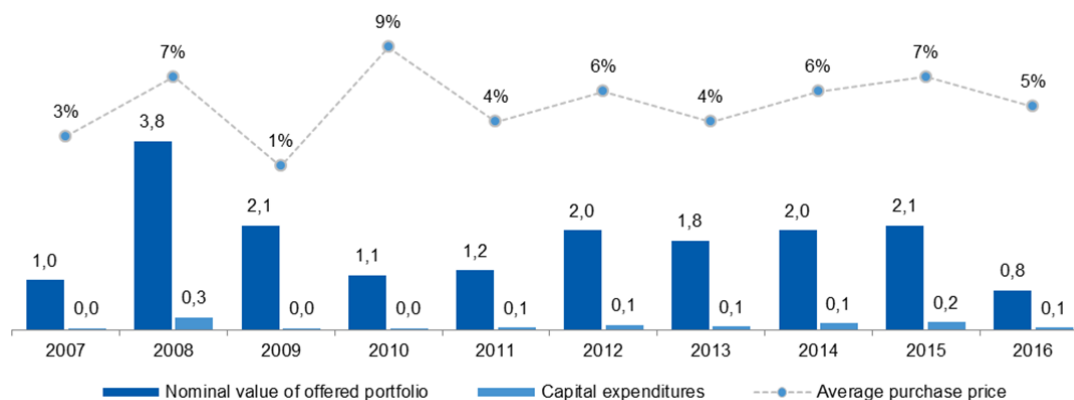
Source: presentation of KRUK Group's 2016 results

Apart from the strong demand from debt management companies, the dynamic growth of the value of transactions executed on the debt market was also due in a large measure to factors contributing to the growing supply of debt portfolios. The most important among them are the potential benefits for the seller arising from the sale of overdue receivables, including the possibility of recouping immediately part of the monies due and a reduction of the level of provisions maintained by them, tax benefits and savings connected with the lack of the necessity to maintain internal debt recover structures.

While most of the consumer debt portfolios sold comes from the banking sector, there have also been transactions involving the receivables of other entities, such as the providers of telecommunications services (cable network and mobile phone operators), the utilities (water, gas, electricity), and other subscription services or other deferred-payment services.

The trade in corporate debt takes place on a much smaller scale than the transactions involving consumer and mortgage debt. In the years 2007-2016 the nominal value of sales of debts of the enterprise sector stayed in the region from PLN 0.8 billion to 3.8 billion. In 2016, that value was PLN 0.8 billion, accounting for 5% of the aggregate nominal value of the debt portfolios sold. Also the price of the portfolios sold was significantly lower than in the case of the consumer debt segment: in the years 2007-2016 it amounted to 5% of the nominal value on the average.

Diagram 3 Nominal value and price of corporate debt portfolios



Source: presentation of KRUK Group's 2016 results

The lower volume of debt being sold as well as the lower price of the portfolios are due in a large measure to problems related to the recovery of such debt:

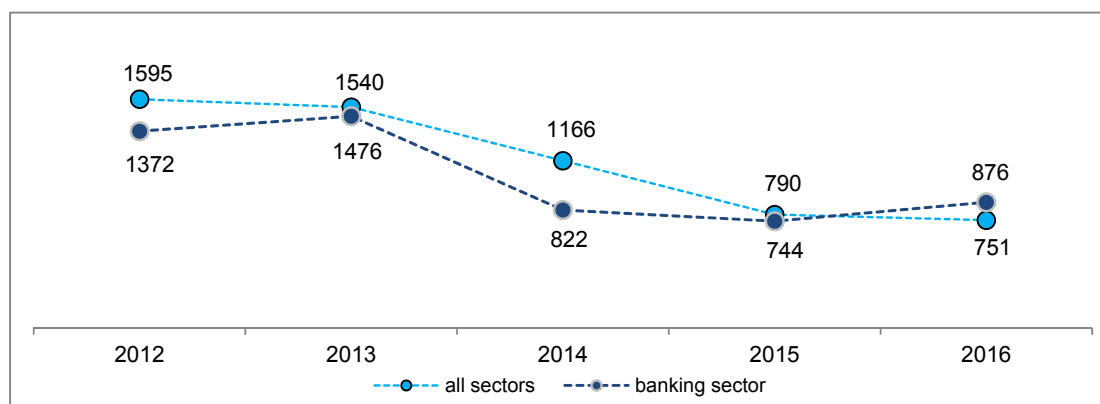
- the corporate debt portfolios are less homogeneous than consumer portfolios, therefore it is harder to make projections of future cash flows and of the time of their occurrence;
- the process of debt recovery can take significantly more time than in the case of consumer debt, which adversely affects the level of costs incurred and the rate of return;
- the recovery of debt from corporate portfolios requires advanced knowledge of the law and specialist authorization to make valuations of the assets serving as security against the loan.

The Issuer has noticed a steady decrease in the average time by which the receivables offered for sale by tender are overdue, based on the tenders in which the Group actively participated. Taking into account the fact that in recent years the Company (acting on behalf of a closed-end investment fund) participated in most debt auctions in Poland, this tendency may be recognized as being representative of the general situation on the Polish market. The changing characteristics of the portfolios attests to the growing readiness of the entities to sell overdue receivables and to the coming of age of the Polish debt management market.

The past-due ratio is calculated based on the number of days that have elapsed since: (i) the date of last payment following the date-past-payment (DPP), or (ii) date-past-due (DPD), with regard to debt where no repayment has yet been made since the date-past-due. The average index of debt past date due calculated by the Issuer used the DPP or DPD parameter weighted by the purchase price of the debt.

Based on data from the auctions in which the Group took part, the value of the average index of debt in individual years decreased by approximately 53%, from 1595 days in 2012, to 751 days in 2016. With regard to banking sector debt the average index of debt meanwhile dropped by 36%, from 1372 days in 2012 to 876 in 2016.

Diagram 4 Average age of debt past date due based on DPD and DPP

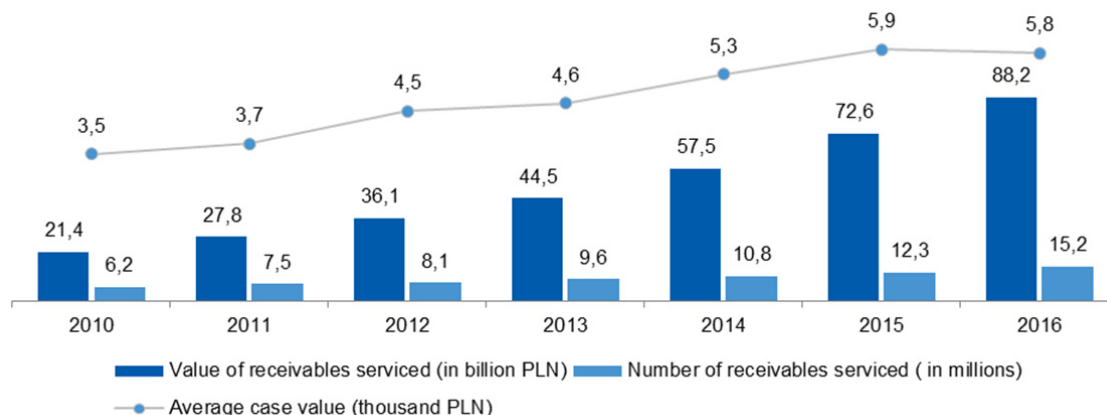


Source: the Company

According to the report of the Conference of Financial Companies (KPF) entitled “The Volume of Polish Debt Market in 4Q2016”, which contains data on the operations of 14 entities which are members of the KPF, the dynamic growth of the debt management market is reflected in the growth of the aggregate value of the portfolios managed. Over the last six years (2010-2016) that value increased by PLN 66.8 billion, from PLN 21.4 billion at the end of 2010 to the all-time high of PLN 88.2 billion at the end of 2016. The number of receivables handled has been growing step-in-step with the growth of their value. During the said period their value increased more than twofold.

The entities taking part in the periodic KPF survey represent a characteristic group for the debt management sector in Poland, therefore the results presented in the report may serve as a reference for describing the situation and tendencies on this market.

Diagram 5 Value and number of receivables serviced from 2010 to 2016

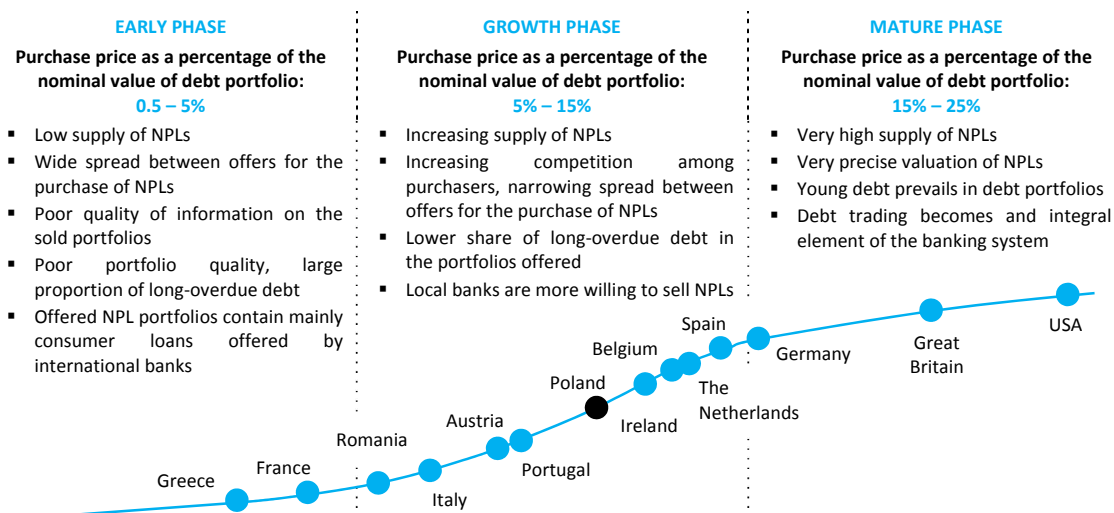


Source: KPF, *Volume of Polish Debt Market in 4Q2016* (pol. “Wielkość polskiego rynku wierzytelności. IV kwartał 2016 r.”), Conference of Financial Companies, Gdańsk 2017

The faster growth of the value of the debt managed as compared to the growth of the number of receivables handled was due to an increase in the average value of such receivables. In 2010, the mean annual value of a receivable handles was approximately PLN 3.5 thousand, while it amounted approximately PLN 5.8 thousand at the end of 2016, which means a growth by more than 67%. During the same period the aggregate mean annual change in the value of stand-alone receivable managed was 9.0%.

One of the conclusions of the report of the Conference of Financial Companies was that Poland was at an advantageous upward phase of the debt management market. The supply of receivables is growing (especially bank loans classified as threatened ones), and competition between the buyers is up as well. The government’s pro-social moves and the trends concerning the regulation of the banking sector positively impact these trends.

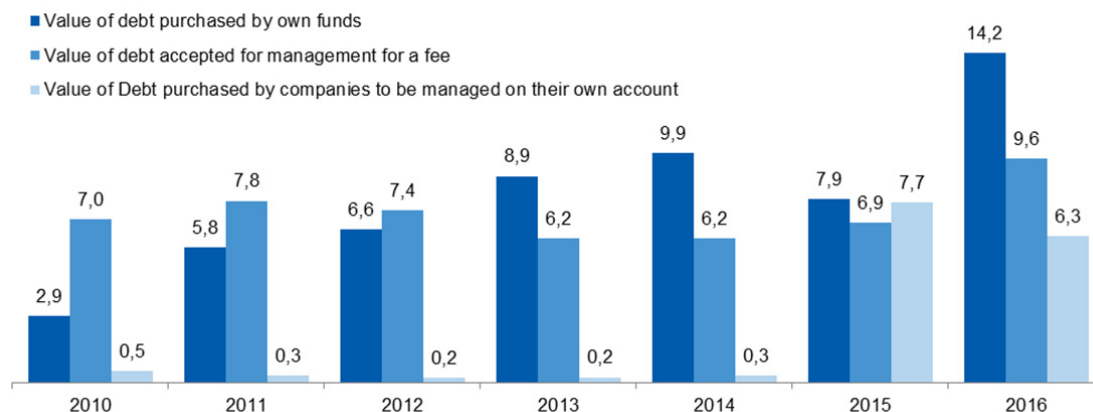
Diagram 6 Debt management market cycles



Source: Hoist, annual report for 2016

From 2010 to 2016, the value of debt purchased by own securitization funds was growing, to reach an all-time high of PLN 14.2 billion. Meanwhile there was a significant growth of the debt purchased by the entities in order to manage them on their own account (PLN 7.7 billion and 6.3 billion in 2015 and 2016 respectively compared to totals of less than PLN 0.5 billion in the years 2010-2014). Also the value of debt accepted for management on a commission basis increased in 2016, reaching an all-time high (of PLN 9.6 billion) during that time.

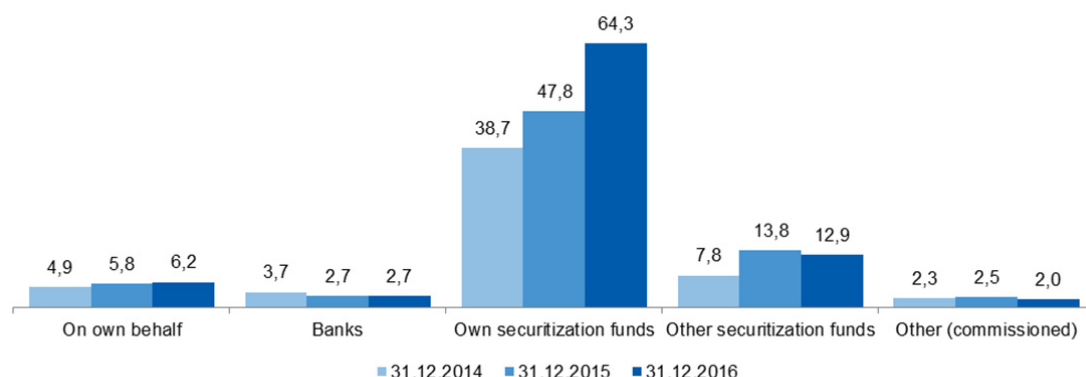
Diagram 7 Value of debt purchased by own funds, accepted for management for a fee, purchased by companies to be maintained on their own account



Source: KPF, Volume of Polish Debt Market in 4Q2016 (pol. "Wielkość polskiego rynku wierzytelności. IV kwartał 2016 r."), Conference of Financial Companies, Gdańsk 2017

As regards the breakdown of receivables by the entities on whose behalf the portfolios were managed, own securitization funds account for the largest proportion of them. According to the data presented in the KPF report, over the last 3 years (from 31 December 2014 to 31 December 2016) the value of debt serviced by own securitization funds increased by approximately PLN 25.6 billion. There was also a significant growth with regard to other securitization funds, by approximately PLN 5.1 billion between 31 December 2014 and 31 December 2016. The said period also saw a growth of debt services by the Company on its own account (change of 26%, from PLN 4.9 billion at the end of 2014 to PLN 6.2 billion at the end of 2016). The value of debt managed on behalf of banks steadied at the level of PLN 2.7 billion, while a slight decrease was noted during that period with regard to the remaining categories of debt serviced on commission.

Diagram 8 Value of debt serviced, broken down by entities on whose behalf the portfolios were managed



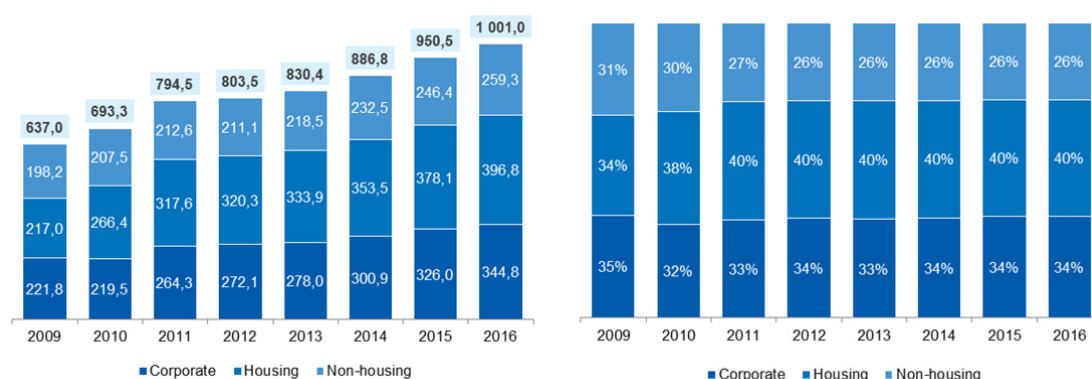
Source: KPF, Volume of Polish Debt Market in 4Q2016 (pol. "Wielkość polskiego rynku wierzytelności. IV kwartał 2016 r."), Conference of Financial Companies, Gdańsk 2017

Banking market

Structure of banking sector receivables

According to NBP figures, the balance-sheet value of banking sector's receivables rose by nearly 59% between the end of 2009 and November 2016, passing the PLN 1,000 billion mark at the end of September 2016 for the first time. In the first years following the global financial crisis, the growth of the total amount of loans in the banks' balance sheets was chiefly due to the acceleration of economic growth (according to GUS figures, the growth of real GDP was 3.6% in 2010 and 5.0% in 2011 respectively), and also to some extent from the fall in the value of the Polish currency, which resulted in the growth of the balance-sheet value of e.g. mortgage loans denominated in foreign currencies. The growth of lending slowed down significantly in the years 2012-2013, which followed both from the slower economic growth (according to GUS, the real GDP growth was 1.6% in 2012 and 1.4% in 2013), the application of more stringent principles of creditworthiness by the banks in response to KNF recommendations, as well as from the higher cost of lending due to rising interest rates. According to NBP data, since 2014 a growth of loans' value was reported in each of the three segments analyzed (corporate, housing and non-housing loans), which was due both to the stable macroeconomic environment and the improving situation of households. The falling interest rates, which contributed to a lower cost of lending, also helped.

Diagram 9 Gross balance sheet value of loans, PLN billion

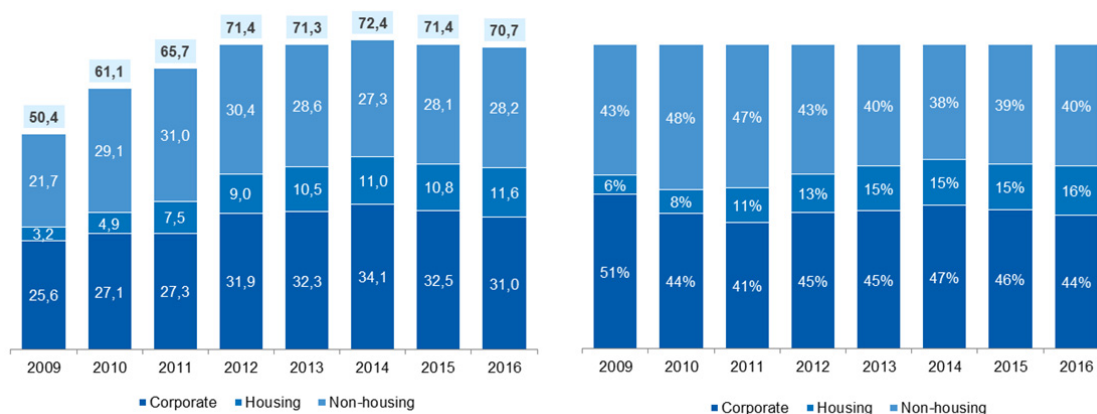


Source: The Company, based on NBP data

The financial data of the banking sector published by the NBP show that in the years 2009-2012 the quality of the banking sector debt portfolio deteriorated significantly. There was a market growth of the value of non-performing loans, which was a direct consequence of the growth of unemployment and a general deterioration of the situation of households in the aftermath of the global financial crisis. The main factors contributing to the post-2012 stabilization of the value of non-performing loans in the PLN 71-73 billion region were:

- the improvement of the business cycle, which translated, among other things, into a decline in unemployment, higher wages level and a good financial situation of enterprises;
- the increase in the value of non-performing receivables sold by the banks to the debt recovery segment, which was possible thanks to the rising propensity of the banks to sell debt portfolios, and to the development of the debt management market;
- the implementation of more stringent creditworthiness criteria, which translated into a lower proportion of non-performing loans among the loans granted post 2009.

Diagram 10 Value of non-performing loans, PLN billion

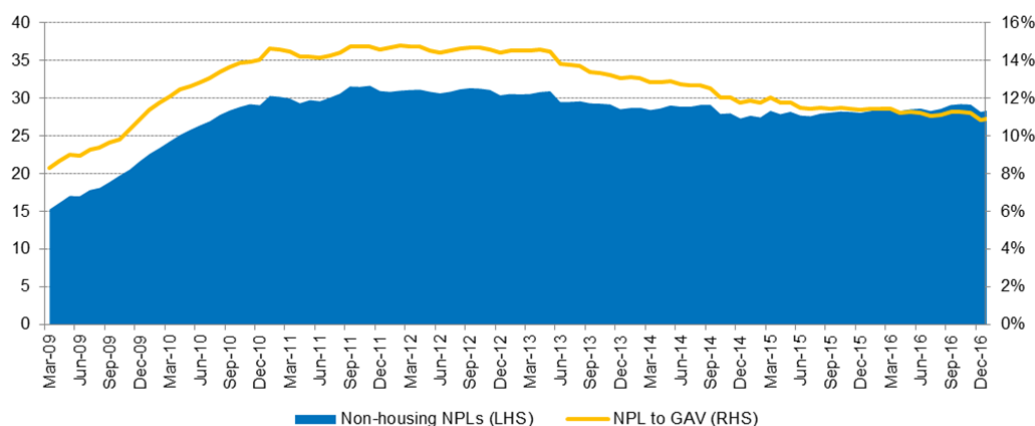


Source: The Company, based on NBP data

Households' loans decreased by the value of non-performing housing loans (hereinafter: "Non-housing loans")

The repayment rate of non-housing loans is characterized by a very strong correlation to business cycles. As a result of the economic downturn, attributable to many economic factors ensuing from the 2008 financial crisis, the value of non-performing non-housing loans in the period from March 2009 to December 2011 nearly doubled, from PLN 15.3 billion to PLN 31.0 billion, with the proportion of non-performing loans compared to the total value of non-housing loans rising from 8.3% to 14.6%. Then, in connection with the improvement of the general economic situation, the value of non-performing loans began to decrease gradually, and this continues to this day; from December 2011 to December 2016 that value fell from PLN 31.0 million to PLN 28.2 million. During that same period there was a stable decrease of the proportion of non-performing debt in the total value of non-housing loans, which ultimately reached 10.9% in December 2016.

Diagram 11 Value of non-performing non-housing loans, PLN billion



Source: The Company, based on NBP data

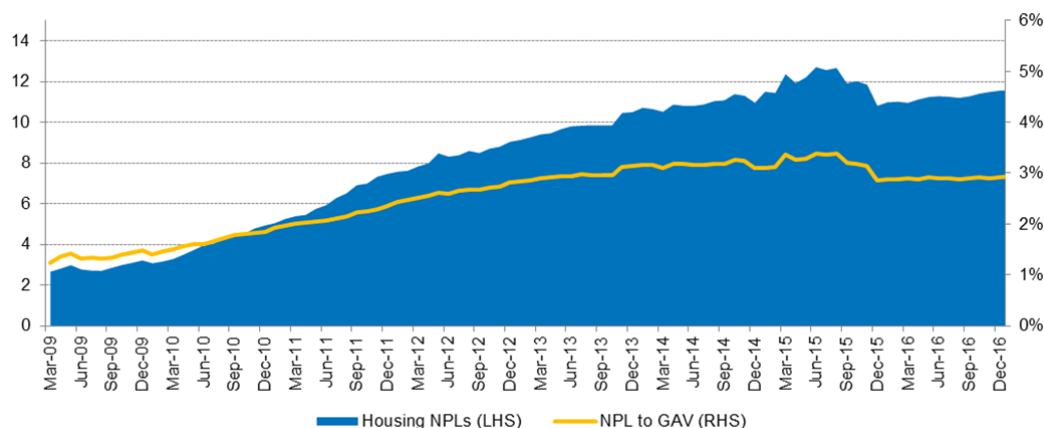
Housing loans

The value of non-performing housing loans showed a fast and relatively stable growth from March 2009 to March 2015, due to which the value of non-performing corporate loans increased during that period from approximately PLN 2.7 billion in March 2009 to PLN 12.4 billion in March 2015. Since April 2015 a stabilization of the value of non-performing corporate loan has been observed, this also being true as at date of the Marketing Document.

The share of non-performing loans in the total value of loans with regard to housing loans was steadily growing between March 2009 and March 2015, rising from 1.2% w March 2009 to 3.4% w March 2015. This trend was

reversed in April 2015, when the share of non-performing housing loans began to decrease, to reach 2.9% in December 2016.

Diagram 12 Value of non-performing housing loans, PLN billion



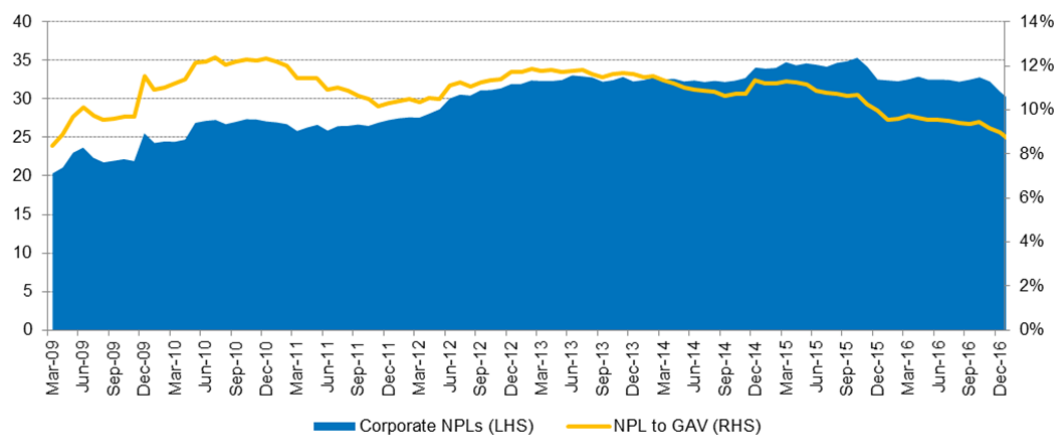
Source: The Company, based on NBP data

Corporate loans

With regard to corporate loans, the share of non-performing debt in the total value of loans is strongly correlated to general economic trends. Between March 2009 and July 2010 it rose from 8.4% to 12.4%, which was the result of lower lending activity and the weakening of domestic and global economic growth resulting from the global financial crisis that began in 2008. This trend was arrested in July 2010, when the share of non-performing corporate loans stopped growing, but went on to fluctuate at a high level (over 10.5%). Starting in December 2014 one can notice a long-term downward trend concerning the share of non-performing loans in the total value of corporate loans, as a result of which that share fell from 11.3% in December 2014 to 9.0% in December 2016.

The value of non-performing corporate loans in the period from March 2009 to October 2015 was characterized by a relatively high variability, with short-term and long-term upward trend, as a result of which in that period the volume of non-performing corporate loans rose from approximately PLN 20.3 million to approximately PLN 35.4 million. Between October and December 2015 there was an approximately 8% drop in the value of non-performing corporate loans. A period of stabilization of the value of non-performing corporate loans started at the beginning of 2016 and continued at date of the Marketing Document.

Diagram 13 Value of non-performing corporate loans



Source: The Company, based on NBP data

Propensity to sell non-performing assets

The banks' propensity to sell non-performing loans has been steadily growing. The main factors contributing to it are:

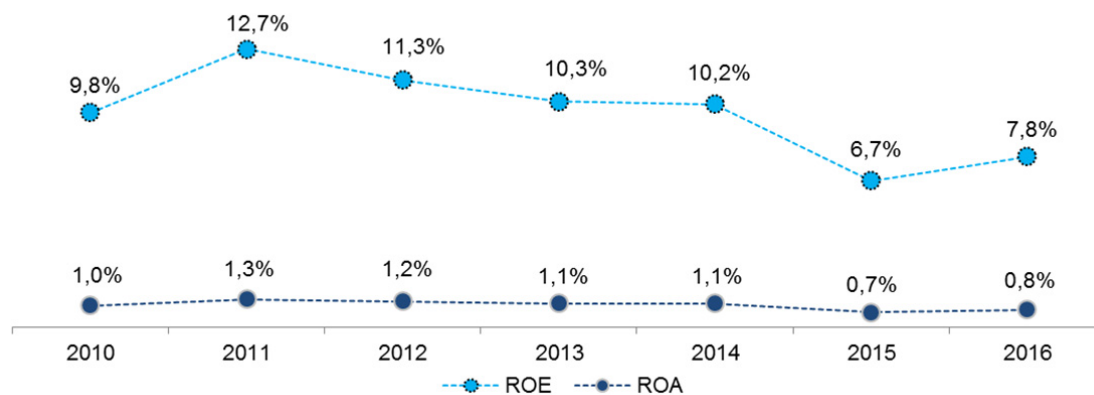
- the possibility of immediate recover of part of the debt without having to wait for the outcome of the debt recovery process (improvement of short-term liquidity, the possibility of using the funds thus freed for core operations);
- the possibility of obtaining significant tax benefits ensuing from the sale of debt to securitization funds;
- the possibility of dispensing with own debt recovery structures, which generate significant costs while their efficiency is low compared to highly specialized firms professionally engaging in debt recovery;
- the introduction in 2015 of the bank tax on their assets – the maintenance of unprofitable assets generates additional costs by increasing the tax base;
- the expiry in August 2016 of the regulations governing the bank enforcement title, resulting in the banks losing the main tool for recovering their receivables;
- mitigation of risk to reputation connected with enforcement of overdue debt.

Outlined below are the main factors affecting the level of burdens carried by the banking sector, and consequently indirectly influencing the supply of non-performing debt portfolios:

- contributions to the Bank Guarantee Fund in connection with the 21 November 2015 suspension of the operations of Spółdzielczy Bank Rzemiosła i Rolnictwa w Wołominie by the KNF (the cost to the banks was approximately PLN 2 billion);
- the adoption of the Act on leverage for housing loans recipients who found themselves in a difficult financial situation by the Polish Parliament (came into force 19 February 2016);
- the KNF recommendation to banks having significant exposure to currency mortgage loans to maintain additional capital buffers, as a result of which the minimum level of equity the Polish banks are required to maintain increased by between PLN 10 and 20 billion. The additional capital buffers have been obligatory for the banks since 30 June 2016;
- the hike in the level of mandatory Bank Guarantee Fund contributions to approximately PLN 2.3 billion in 2016;
- the Act on the tax on some financial institutions at 0.44% of the assets (estimated value: PLN 5.5 billion, came into force 1 February 2016).

In the last few quarters, there has been a strong pressure for results in the banking sector, which is confirmed by the decrease in the net profit to assets ratio (ROA) and net profit to equity (ROE) for the whole Polish banking sector.

Diagram 14 Return on Assets and Return on Equity of the banking sector in the years 2011-2015

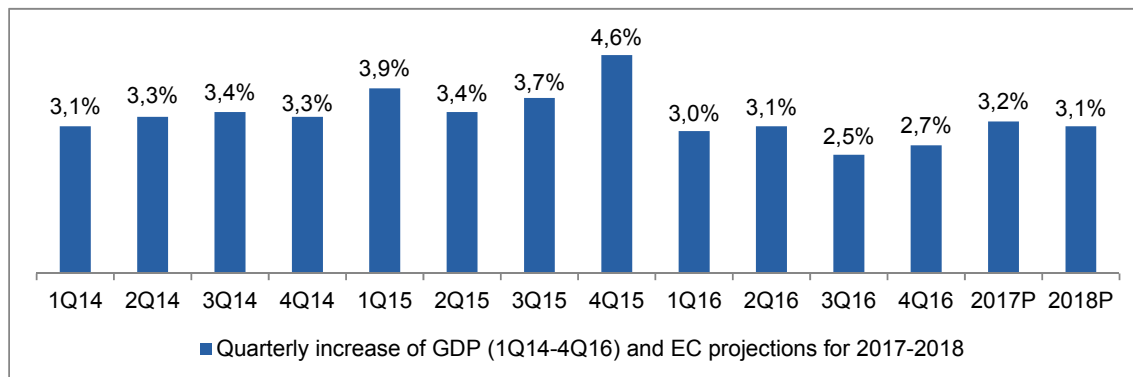


Source: the Company based on KNF data

Macroeconomic environment and the situation of households

Poland's economy saw a high GDP growth over the last few quarters, one of the highest figures for any EU member state. The average growth of the GDP in the EU countries in Q2 2016 was approximately 1.8% YOY (Source: Eurostat). In 4Q2016, Poland witnessed a slackening of the pace of GDP growth, attributed chiefly to lower investment. The strong foundations of the Polish economy are attested to by the steady economic growth, which, according to GUS, exceeded 3% in the period between 2014 and 2015. The main reasons for the growth are a strong domestic demand reflecting the improving situation of households and the positive balance of trade attained thanks to the fast growth of exports. In its forecasts (published in February 2017) the European Commission assumes an optimistic scenario for the Polish economy both for 2017 and 2018, with the GDP growth at 3.2% and 3.1% respectively.

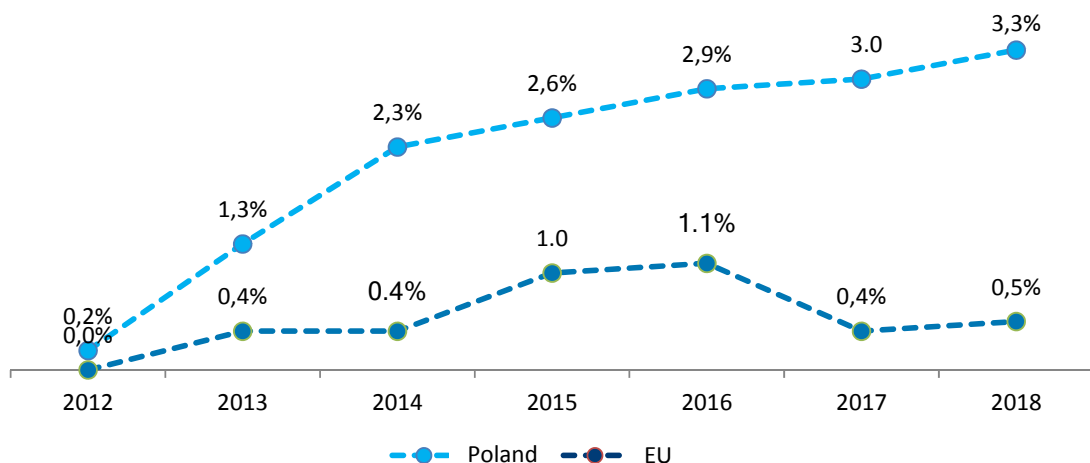
Diagram 15 Growth of Poland's GDP by quarters from 1Q 2014 to 2Q 2016 and the European Commission projections regarding Poland's GDP growth in the years 2017-2018



Source: GUS, the European Commission; mean annual base prices for previous year, P – projection

A stable economic growth ushered in a number favorable trends on the labor market. In recent years the average monthly real wages showed a growth. The registered unemployment rate remains low, having amounted to 8.6% in January 2017. The fast pace of growth of real wages combined with the steadily declining registered unemployment rate leads to a growth of disposable income, and consequently the financial situation of households is improving.

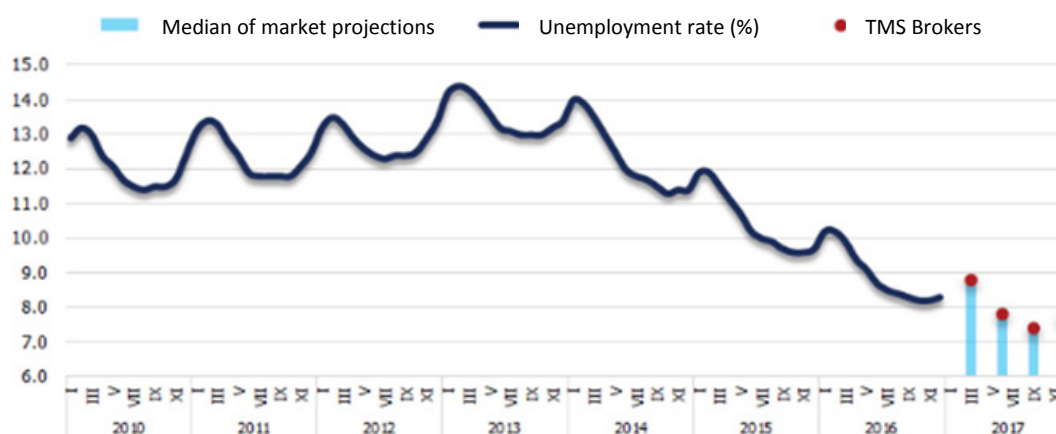
Diagram 16 Pay growth trends in real terms in Poland and EU in the years 2012-2018 (Y-O-Y change presented).



Source: Sedlak & Sedlak study based on European Commission data

In the period from January 2014 to January 2017 the registered unemployment rate fell by 5.4 pp. Seasonal fluctuations aside, this trend is holding in the period given.

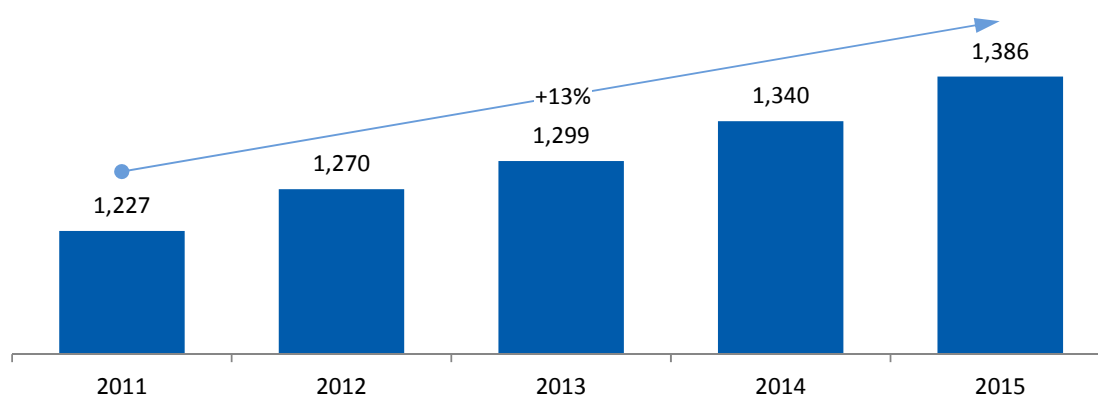
Diagram 17 Registered unemployment rate



Source: GUS, Bloomberg, TMS Nonstop.

A robust labor market, characterized by a fast wages growth and declining unemployment, as well as the funds obtained under new social programs, contribute to the improving financial situation of households, which directly impacts their growing optimism and their ability to meet their financial obligations. The favorable situation on the labor market and the growth of social benefits distributed by the state (Program 500+) also constitute positive factors of GDP growth thanks to the level of domestic consumption staying at a high level. The fast growth of real wages combined with the steadily falling registered unemployment rate and the implementation of new social programs by the state are contributing to the growth of disposable income of households.

Diagram 18 Per capita disposable income expressed in PLN (total households in Poland)



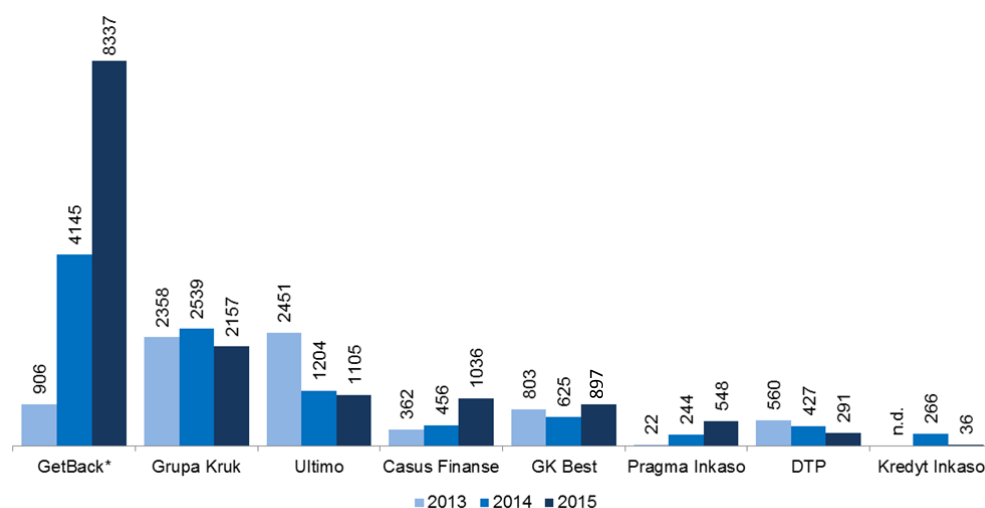
Source: GUS

Competitive environment

There are several dozen firms engaging in professional debt recovery on the Polish market. Of these, a dozen or so operate on a significant scale, having acquired debt portfolios of a nominal value in excess of PLN 15 billion in 2015.

The Company is the fastest growing entity among the leading players on the Polish debt management market. In 2014 and 2015 the Issuer was also a clear leader in terms of the value of cases accepted for debt recovery, which included the acquisition of portfolios with a nominal value of PLN 4.145 million and PLN 8.417 million respectively.

Diagram 19 Nominal value of cases accepted for debt recovery in Poland by selected entities in the years 2013-2015 (PLN million)**



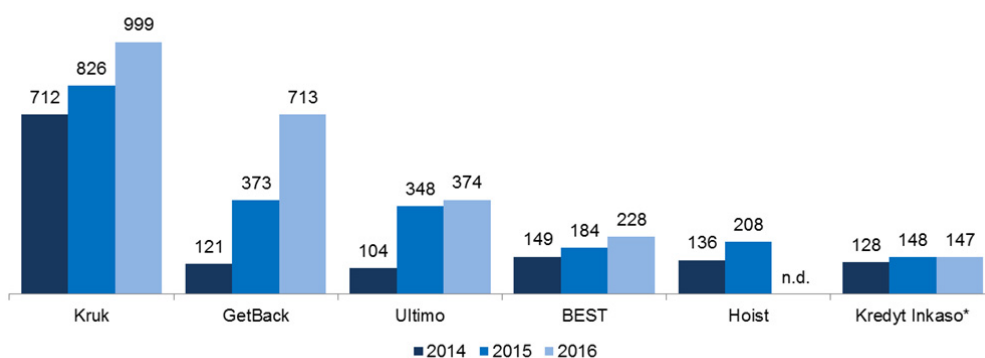
* Net acquisition of own and external closed-end investment funds.

** Due to limited availability of data the list does not include certain foreign subjects which operate, without limitation, on the Polish market (e.g., Hoist, Intrum Justitia).

Source: the Company, based on Parkiet newspaper study of 17 February 2015 and 1 February 2016, company reports, , Getback – Company figures

The Issuer's dynamic growth is also attested to by the high mean annual growth of the gross value of collections in the years 2014-2016, which amounted to 143%. In 2016, repayments from all the segments totaled PLN 713 million, which was the second highest result in the industry.

Diagram 20 Value of gross collections of selected debt management companies in the years 2014-2016 (PLN million)



Source: company reports

* Kredyt Inkaso – figures for the 12 months ended 31 December of the given year

The core activity of debt management companies on the Polish market consists in debt servicing, along with legal services. Some entities, including the Issuer, also provide services consisting in the restructuring of debt portfolios. The Issuer focuses on the recovery of consumer, corporate and mortgaged debt, which positions the Company among the leading industry players in terms of the diversification of the types of debt serviced. The Issuer also stands out with its diversified approach to obtaining capital, e.g., through joint investment with business partners.

Diagram 21 Comparison of business models of selected debt management companies

		GetBack	Kruk	BEST	Kredyt Inkaso	Lindorff	PRA (DTP)	Pragma Inkaso
Services	Debt service							
	Documents' Inkaso							
	Other services							
Types of portfolios serviced	Consumer							
	Corporate							
	Mortgage							
	SME*							
Sources of finance	Own funds							
	Stock exchange							
	Bonds							
	Bank loans							
	Joint investment							
Geographical area of activities	Poland							
	Abroad							

*Small and medium enterprises

Source: the Company

BUSINESS OVERVIEW

Background

The Group is engaged in the business of debt management. The Group's business involves, inter alia, acquisition of debt portfolios, management of securitized debt portfolios of closed-end investment funds, which includes handling the debt collection process to ensure the recovery of overdue liabilities. The Group's business enables companies providing universal services (specifically banks, telecom companies) to recover at least some of the bad debts. On the other hand, debtors, being aware of the existence of specialized debt collection entities, are additionally motivated to make timely payments, which translates to the general enhancement of security and trust in business dealings. As of the date of the Marketing Document, the Group operated in the debt management sector in Poland and Romania.

The Company manages investment portfolios of securitized receivables of its own and external closed-end investment funds, and more specifically it purchases receivables portfolios for the account of such closed-end investment funds. The Company is the parent company of the Group. As at 31 March 2017, the Company had 14 subsidiaries reported on a full consolidation basis (including 5 closed-end investment funds) and held shares in 9 affiliates (operating as closed-end investment funds), reported on an equity basis. Additionally, as at 31 March 2017, the Company managed investment portfolios consisting in the receivables of 6 closed-end investment funds, which were not reported on a full consolidation basis and were not reported as affiliates by the Company. The Company held investment certificates of 4 out of the 6 closed-end investment funds as at 31 March 2017. The investment portfolios of closed-end investment funds which the Company manages include primarily receivables of financial sector companies (mainly overdue loans and borrowings) and of the telecom business (primarily unpaid bills for telecom services).

The Group has an innovative approach to debt management. It has developed and employs its own unique debt collection process, taking advantage of advanced technologies and automated system of retrieving contact data of debtors. The Group's approach to the debt collection process is distinguished by: (i) high effectiveness of getting in touch and maintaining contact with the debtors, (ii) ability to implement and comply with the repayment schedule, based on an optimum instalment level on the debtor's solvency, (iii) a very low rate of cancellations of the receivables sought to be recovered, (iv) the pursuit of improved efficiency in every part of the process and (v) employing both court and out-of-court debt collection in parallel (in justified cases). The debt collection model adopted by the Group ensures high collections at the beginning of the process and stable collections over longer periods, based on instalment-based repayment schedules.

The Company's innovative approach extends to the financing of acquisitions of debt portfolios, enabling it to reach a much larger scale of activities than it would be able to achieve based on its own capital resources. The Group actively cooperates with financial institutions in Poland and abroad in developing joint investment products in order to raise capital for the acquisition of debt portfolios to be subsequently managed by the Company.

The Company carefully selects debt portfolios to be acquired, focusing on transactions that are most favorable for the Group, that is their nominal value of between PLN 200 million to PLN 1 billion. The Group also engages into occasional transactions involving debt portfolios of a nominal value ranging from PLN 1-3 billion PLN. According to the Management Board, the Group is currently the most active participant of tender procedures for debt portfolios on the Polish market. During the period since 1 January 2014 to 30 May 2017, the Company received 923 invitations to tender (including 252 in 2016) out of which it won a total of 243 (including 74 in 2016) on behalf of the own and the external closed-end investment funds for which it manages debt portfolios.

The innovative approach to business is reflected in the application of new technologies and advanced debt collection techniques aimed at full understanding and addressing the needs of the indebted. The Company, in cooperation with working with Millward Brown, market research firm conducts regular surveys of the needs of the indebted. Based on these surveys, among others, the Company is able to offer the debtors installments that are tailored to their financial capacity to ensure their timely repayment according to the set schedule. The Company has and develops its proprietary IT solutions. The effectiveness of these efforts is proved by the ratio of collections from debt portfolios under settlement agreements (they provide for debt repayment on an installment basis) with debtors to the total value of collections from debt portfolios, which reached 63% and 59% for the first quarter of 2017 and for 2016, respectively.

Thanks to its innovative business model, within 5 years of its launch, the Group has become the second largest debt managing company in the Polish debt management market in terms of collections from debt portfolios. In the period covered by the Consolidated Financial Statements for the years 2014-2016, the Group's Cash EBITDA increased by more than five times from PLN 56.9 million in the year ended 31 December 2014 to PLN

273.9 million in the year ended 31 December 2016, and average annual growth rate was 119.4% during that period.

The Group's net revenues reached PLN 147.2 million, PLN 422.7 million, PLN 206.7 million and PLN 107.5 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The Group posted a net profit of PLN 57.5 million, PLN 200.3 million, PLN 120.3 million and PLN 44.3 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The value of debt portfolios acquired by the Group was PLN 1,007.2 million, PLN 1,019.6 million, PLN 422.3 million and PLN 188.2 million as at 31 March 2017, 31 December 2016, 2015 and 2014, respectively. The return on assets (ROA) reached by the Group was 12.1%, 12.3%, 18.4% and 15.3% for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively. The Group's return on equity (ROE) amounted to 49.6%, 51.9%, 64.7% and 67.4% for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively.

History and development of the Group

The Company was registered with the National Court Register on 14 March 2012. The Company obtained the KNF's license to manage debt acquired by securitization funds on 24 September 2012. In May 2013 GetBack law office was established. W March 2014, the Group (through Getback Recovery S.R.L.) launched its activities in Romania.

In the course of development of its business, the Company entered into a range of agreements assigning debt portfolio management to investment fund managers such as: (i) Open Finance TFI S.A. (the first agreement of this type was executed in February 2013 r.), (ii) Altus TFI S.A. (the first agreement of this type was executed in September 2014), (iii) Noble Funds TFI S.A. (the first agreement of this kind was executed in September 2015), (iv) Trigon TFI S.A. (the first agreement of this type was executed in May 2016), and (v) Saturn TFI S.A. (the first agreement of this kind was executed in May 2016).

Additionally, in the course of its business the Group succeeded in completing a number of significant debt portfolio acquisitions, of which the most crucial ones (in terms of the nominal value of the acquired portfolio) were: (i) the acquisition of a debt portfolio with a nominal value of PLN 2.1 billion by easyDebt NSFIZ (the Group's own closed-end investment fund) on 17 December 2015, (ii) the acquisition of a debt portfolio with a nominal value of PLN 1.6 billion by Open Finance Wierzytelności Detalicznych NSFIZ (external closed-end investment fund) on 24 October 2014, (iii) the acquisition of a debt portfolio with a nominal value of PLN 1.4 billion by Debtor NSFIZ (external closed-end investment fund) on 30 December 2015 and (iv) the acquisition of a debt portfolio with a nominal value of PLN 1.0 billion by easyDebt NSFIZ (own closed-end investment fund) on 30 November 2016. In Addition, in the first six months of 2015 the Company finalized its first debt portfolio acquisition with the participation of a specialized foreign institutional investor, i.e. the PRA Group.

On 15 June 2016, a sale of 100% of the Company shares was finalized by Idea Bank S.A. and all those shares were transferred to DNLD sp. z o.o. (previously: Emest Investments sp. z o.o.) (See: section headed "*Selling Shareholder – Shareholding structure*"). As a result of the cross-border merger of DNLD sp. z o.o. (as the target company) with DNLD Holdings B.V., i.e. the Selling Shareholder (as the surviving company), on 9 June 2017, the Selling Shareholder acquired all the rights and obligations and the assets of DNLD sp. z o.o. (including shares of the Company), while DNLD sp. z o.o. ceased to legally exist.

In April 2017 the Company launched its bond issue program (on the basis of the issue prospectus approved by the KNF on 9 March 2017) (see: "*Business Overview—Material agreements—Agreements signed outside the Company's ordinary course of business—Agreements related to debt securities issued by Group's companies*").

The Group's business model

The Company's business focuses on debt management. The Company manages debt portfolios of its own and external closed-end investment funds, and in particular acquires debt portfolios acting on the account of such closed-end investment funds.

The Group's revenues greatly depend on the collections.

In the first quarter of 2017, the Company reported average monthly collections of PLN 77.3 million and average daily collections of PLN 3.6 million. A vast majority of the collections were made on portfolios sold by banks (77.8% of the Group's collections). Another significant portion of total collections were collections from receivables acquired from entities from the telecommunications market (e.g. mobile telecommunications, Internet, digital TV) (12.5% of the Group's collections). Additionally, in 2016 the Company reported average monthly collections of PLN 59.4 million and average daily collections of PLN 2.8 million. A vast majority of the collections were made on portfolios sold by banks (74.2% of the Group's collections). Another significant

portion of total collections were collections from receivables acquired from entities from the telecommunications market (e.g. mobile telecommunications, Internet, digital TV) (17.0% of the Group's collections).

As at the date of the Marketing Document, the Group conducts its operations in two business segments: the segment of its own closed-end investment funds; and the segment of external closed-end investment funds.

Group's own closed-end investment funds

As part of this segment, the Company manages debt portfolios of its own closed-end investment funds. The Group carries on this activity through closed-end investment fund and companies.

The Group is the sole beneficiary of gains earned on the debt management and bears full operational and investment risk involved in the management of debt portfolios of closed-end investment funds. The nominal value of debt acquired by the Group's own closed-end investment funds amounted to PLN 10.5 billion and PLN 11.7 billion, respectively, as at 31 March 2017 and 31 December 2016. In the first three months ended 31 March 2017 and in the year ended on 31 December 2016, 91.3% and 79.3% of the Group's net revenues was earned on the management of debt acquired by its own closed-end investment funds.

The Group finances its acquisitions of debt portfolios with proceeds from bond issuance and with loan facilities (See: "*—Material Agreements—Agreements entered into outside the ordinary course of the Group's business*"). Additionally, the Management Board is going to use the proceeds of the issue of the New Shares for the acquisition of debt portfolios by its own closed-end investment funds (See: "*Use of Proceeds of the Offering*").

External (third party) closed-end investment funds

In this segment, the Company manages debt portfolios of external (third party) closed-end investment funds and provides debt collection services commissioned by other entities and for their account. Additionally, through the Getback Law Firm, it represents external entities in court and enforcement proceedings, provides legal advice and represents them in civil and business cases.

The Company's clients in this segment include closed-end investment funds, whose direct or indirect investors are predominantly domestic retail investors (affluent customers) and closed-end investment funds whose investors in turn are mainly foreign institutional investors (global customers). Some of the external closed-end funds with debt portfolios managed by the Company offer their certificates through brokerage houses and banks from the *private banking* sector, that provide brokerage services targeted at affluent customers, with a minimum investment value being the equivalent of EUR 40 thousand. Investment certificates of these closed-end funds are offered directly by investment fund management companies and also through banks or brokerage houses.

Revenues from debt portfolios acquired by external closed-end funds and are distributed in the following way: the first to be paid is the fee for the management of a debt portfolio of a closed-end fund and other costs of the closed-end investment fund, specifically debt collection costs (such as court fees, administrative fees and mailing costs).

Closed-end fund certificates may be preferred as to their redemption and withdrawal of funds, up to an amount specified in the closed-end investment fund's statute. In such case, after making relevant payments to preferred investors, as provided above, the remaining funds are distributed among the other closed-end fund participants, who usually are domestic individual investors (affluent customers), including the Company.

In the event of third party closed-end investment funds there is a mechanism in place of progressive redemption of investment certificates. With respect to funds which have the mechanism of redemption of certificates in place, and depending on the fund, an average period in which the Company transforms from a minority to the sole participant is 4 years. In the event of third party closed-end investment funds which ownership structure is based on unit-linked insurance funds, the automatic redemption of investment certificates is not provided for.

In the external closed-end investment funds' segment, the Group earns income on debt management and bears operational and investment risks (involved in holding certificates of closed-end investment funds) related to debt portfolio management. The nominal value of debt acquired in the external closed-end investment fund segment amounted to PLN 9.5 billion and PLN 7.7 billion, respectively, as at 31 March 2017 and as at 31 December 2016. For the three months ended 31 March 2017 and for the year ended on 31 December 2016, 8.7% and 20.7%, respectively, of the Group's revenues were gained from the management of debt acquired by external closed-end investment funds.

Competitive strengths

The Management Board of the Group believes that the following competitive strengths are key factors that will enable the Group's future growth, efficient risk management and the achievement of its strategic business objectives.

Diversified business model based on the cooperation with financial market leaders

The Group concentrates on identifying attractive investment opportunities on the debt management market and takes advantage of these opportunities as the manager of debt portfolios. The Group does not limit its activities to the acquisition of debt portfolios by its own investment funds, but presents a diversified and flexible approach to the arrangement of financial transactions. In particular, the Group works with leading Polish and foreign financial entities within the external closed-end funds segment (See: “—*Business model of the Group*”).

The business model adopted by the Group enables it to achieve a higher growth rate and a larger scale of its business than it would be able to achieve solely based on its own capital. The business model also has a positive effect on the operational development of the Group and on its profitability level. The diversification of its business enables the Group to mitigate the business risks involved. Additionally, the cooperation with the investment fund management companies and foreign reputable entities requires the Group to maintain high standards of its services, risk management and data security.

The increasing scale of the Group's business translated into a growing nominal value of debt portfolios managed by the Company, which amounted to o PLN 0.1 billion, PLN 1.0 billion, PLN 5.3 billion, PLN 14.0 billion, PLN 19.4 billion and PLN 20.0 billion as at 31 December 2012, 2013, 2014, 2015 and 2016, and as at 31 March 2017, respectively.

Active and innovative approach to the structuring of debt portfolio transactions

The Group is distinguished by its ability to organize the financing and by its pioneering approach to creating transaction solutions, which is possible thanks to the Group's close cooperation with key debt portfolios sellers. As a consequence, in the Management Board's opinion, the Group is in a position to successfully act as an entity uniting the interests of investors, the Group's clients (closed-end investment funds) with the needs of the Group's business partners (sellers of debt portfolios) whose aim is to maintain the adequate quality of their debt portfolio.

The Group's experience in transaction structuring combined with relations with its business partners and leading consulting companies, enable the Group to identify potential transaction opportunities and engage in optimization projects of debt portfolios held by its business partners (for example, the Company recommends that several debt portfolios be amalgamated into one portfolio of a significant value that can be transferred in a single transaction). The Company collaborates on an ongoing basis with Poland's nine out of ten largest banks and with all the largest telecom companies. The Group undertakes various initiatives to attract the interest of banks and other institutions in debt portfolios sale. To this end, the Group offers innovative solutions such as: framework agreements, subparticipation, instruments concerning a guaranteed acquisition of debt portfolios being paid, cyclical debt sale agreements and structures with participation of partnerships in debt transfer transactions (See section: “—*Selection and acquisition of debts*”).

A characteristic feature of the Group is its active participation in tenders for the acquisition of debt portfolios. In recent years, the Company participated in a majority of tenders organized on the Polish market. Through this approach, the Group on the one hand maximizes its chances to identify attractive investment and on the other hand effectively broadens its information on the debt management market. The Group has successfully closed debt portfolio acquisitions in four out of eight tenders for debt portfolios with the highest nominal value that were organized on the Polish market in the period covered by the Consolidated Financial Statements.

In the period covered by the Consolidated Financial Statements the Group conducted portfolio acquisitions with the aggregate net portfolio acquisition price of PLN 2.6 billion (of which PLN 2.5 billion on the Polish market) and the total nominal value of the acquired net portfolios of PLN 18.1 billion (of which PLN 16.7 billion on the Polish market).

Effective debt collection process based on innovative and automated technological solutions

The Group has developed and implemented a highly effective and automated debt collection process. The key element of the Group's approach is seeking to obtain the maximum amount of information on the debtors, which enables the Group to effectively contact such persons. The high degree of contactability achieved by the Group is one of the main factors that translate to a significant increase in the value of collections from the acquired debt portfolios.

The Group offers debtors installments, which in the debtors' view are more attractive in terms of value than the offers of its market competitors. This, thanks to the high contactability and better repayment rate enables the Group to achieve similar or higher collections as compared to the value of acquired debt portfolio. In the long-term, the lower amount of installments results in a higher proportion of debtors being able to timely repay their debt and, in a longer period over which the Group obtains collections. As a result the Group's collections curve profile is slightly different from similar curves of its main market competitors. The debt collection process employed by the Group enables it to obtain higher collections from debt portfolios in the initial period of their management and maintain significant stable level of collections in a longer term.

In justified cases, specifically in the case of high value of debt and debt potentially subject to statute of limitations, in addition to the amicable debt collection process, the Group initiates court debt recovery proceedings court debt enforcement process. In this way, the Company interrupts the limitations period for the enforced claim and is permitted to capitalize the default interest (pursuant to Article 482 of the Civil Code) which increases the value of claimed debt. In the event of obtaining a final and non-appealable court judgment (or entering into a court or court-approved settlement), the Group obtains a new 10 years' long limitation period (on the basis of Article 125 of the Civil Code). Furthermore, the commencement of court proceedings enables the Group to increase the claimed amount by the cost of court representation and enforcement representation.

The high degree of automation of the Group's debt collection processes is possible thanks to the application of advanced IT solutions, enabling the Group to analyze big data bases and as a result to effectively service the managed debt (See: "*—IT solutions*"). Costs and investments in data bases supporting the debt collection processes amounted to PLN 9.4 billion, PLN 31.6 million, PLN 5.9 million and PLN 0.6 million for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014, respectively.

Additionally, the Management Board puts emphasis on the continuous improvement of the operational processes, which is possible thanks to various initiatives, which for example consist in a continuous monitoring of the effectiveness ratios of the on-going activities, as well as in the use and implementation of innovative ideas and solutions proposed by the Group's employees. The high effectiveness level of the operational activities is proved by the amount of collections gained per one employee (an average annual recovery per FTE, which reached PLN 812.5 thousand in 2016 amounted to PLN 715.2 thousand in 2015).

Significant scale of the Group's business increases its operational efficiency

As at the date of the Marketing Document, the Group ranks the second on the Polish debt management market in terms of the nominal value of the managed debt portfolios and the amount of collections from debt portfolios. In 2016 the Group was the leader on the Polish market in terms of the nominal value of debt portfolios acquired by its own closed-end investment funds and accepted for management from external closed-end investment funds. The value amounted to PLN 4.9 billion (gross) in 2016 (i.e. taking into account debt portfolios acquired to be transferred). The scale of the Group's business has a positive effect on its operations, which results from a relatively stable base of overheads in relation to the obtained collections. The results of scale also translate to operational benefits relating to the development of relevant processes in the Group and use of IT systems for handling a significant number of issues in an efficient manner. The fact that the Group is capable of successful management and servicing large debt portfolios enables it to participate in significant transactions on the debt market. This represents an important competitive strength of the Group over smaller entities which do not have sufficient operational and financial capabilities to carry out large scale transactions.

Proven business model of the Group and its highly efficient organizational structure suitable for further growth of the scale of business

The Group's business model is based on a highly efficient debt collection processes, i.e. the ability to simultaneous handling of multiple issues. The efficiency of the Group's business model is demonstrated by growing profits and a dynamically increasing market share. During five years of its operations, the Group gained the second position on the Polish debt management market in terms of the nominal value of the managed debt portfolios and amount of collections from debt portfolios. In 2016 the Group was Poland's leader in terms of the nominal value of debt portfolios acquired by its own closed-end investment funds and accepted for management from external closed-end investment funds. In 2016 the value amounted to PLN 4.9 billion (gross) (i.e. taking into account debt portfolios acquired to be transferred).

In the years 2014-2016, the Group was the fastest growing entity on the Polish debt market. For instance, the Group's net revenues increased by 293.2%, or by PLN 315.2 million up to PLN 422.7 million in the year ended 31 December 2016 from PLN 107.5 million in the year ended 31 December 2014, whereas the Group's EBITDA increased by 266.5%, or by PLN 175.1 million, up to PLN 240.8 million in the year ended 31 December 2016 from PLN 65.7 million PLN in the year ended 31 December 2014.

The Management Board believes that the existing organizational structure of the Group is well-suited for further significant growth of the scale of its operations, among others, thanks to a highly automated debt collection process, at all of its stages, and employment of advanced technological solutions supporting the operational processes in the Group (for instance, debtor information collection tools or telecom and IT solutions supporting the operations of the *call center*). In view of the Management Board, as at the date of the Marketing Document, the Group is capable of serving around 5 million debtors using its current technical infrastructure.

An instrumental factor in the pursuit of the Group's business objectives is obtaining proceeds of the Offering. The Management Board intends to use the proceeds of the offering for the acquisition of debt portfolios by its own closed-end investment funds (See chapter: "*Use of Proceeds of the Offering*"). In addition to investments in debt portfolios, the scale of the Company's business may also be further increased by entering new product and geographical markets.

One of the most experienced and innovative management teams in the debt management business in Poland

An important competitive strength of the Group is its management staff. As at the date of the Marketing Document, the Management Board is a team of highly qualified and experienced experts, who before they started working for the Group had gained experience in banking institutions, debt management entities, IT companies and law firms. In particular, the President of the Management Board, Mr. Konrad Kąkolewski, who has been with the Group ever since its beginnings, has over 20 years of experience in the financial sector (including bank auditing, financial reporting and accounting and financial restructuring. Other members of the Management Board have at least over ten years of experience in the financial sector (banking market, insurance market and debt management market) or legal services sector. The successful achievement of the key business objectives of the Group is also greatly dependent the qualifications and skill of talented lower level management staff. Furthermore, the Group is capable of attracting valuable managerial staff outside its organization.

In consequence, as at the date of the Marketing Document, the management staff of the Group is composed of highly qualified and experienced sales, management, finance, IT, debt valuation, HR management, legal services and public relations professionals. Additionally, the reputation and long-term experience of the management staff of the Group enabled it to build stable business relations with managing staff of the Group's business partners and clients, which also has a positive effect on the Group's business, especially in the area of the acquisition of debt portfolios.

The expertise, experience and know-how of the Group's management staff has a significant effect on the success of the Group's business operations, its current market position and its dynamic growth.

Strategy

As at the date of the Marketing Document, the Company does not have a document defining that would formally define the strategy of the Company or the Group. In view of the Management Board, the business objectives set forth below are key for the Company and the Group, their further growth, business and prospects.

Business objectives of the Group in the years to come

The key objective of the Group is to build a leading position on the debt management market in the Central and Eastern Europe, with a significant presence in chosen Western European countries, within 36 months of obtaining proceeds of the issue of the New Shares. To this end, the Company broadens its expertise in the structuring of debt portfolios acquisition transactions, which includes raising the financing and selecting the portfolios to be acquired. As for the markets on which the Group is already present, the Group's principal objective is to take advantage of their potential and efficiency of the debt collection process employed by the Company. The Group is planning to develop its own resources on the new markets after it gains sufficient volume of the managed debt portfolios.

The Management Board is planning to achieve this objective by: (i) taking advantage of the potential offered by the Polish debt market and increasing the Group's market share, (ii) foreign expansion of the Group by entering selected foreign markets based on its own resources, cooperation with global and investors and local debt management companies and (iii) strengthening the Group's brand as a debt-based asset manager.

Use of the potential offered by the Polish debt management market and the increase in the Group's share in such market

In view of the Management Board, the Polish debt market is exceptionally attractive due to the supply of high value debt portfolios offering the opportunity of high and stable collections (See: "*Market Overview*").

The Group is planning to continue its business operations in the tried-and-tested business model based on both segments (See section: “—*The business model of the Group*”). In particular, the Management Board is planning to grow the Group’s organic development through acquisition of debt portfolios by its own closed-end investment funds. The Management Board believes that this form of business produces higher operational yield than the management of debt portfolios held by external closed-end investment funds. Given the above, the Management Board is going to earmark 100% of the proceeds of the issue of the New Shares to acquire new debt portfolios (See: chapter “*Use of the Proceeds of the Offering*”). The use of the proceeds of the issuance of the New Shares and other funds will enable the Group to increase the nominal value of the debt portfolios of its own closed-end investment fund by approximately 300% within 36 months of the obtaining the proceeds of the issuance of the New Shares (as at 31 December 2016).

In parallel, the Management Board intends to intensify the Group’s development in the area management of Debt portfolios held by external closed-end investment funds by increasing the scale of soliciting funds by external closed-end investment funds. Additionally, the Management Board believes that the Group can offer global investors with certain expectations as to the minimum value of potential transactions, attractive opportunities for debt portfolio acquisitions with a value that requires above-average financing. This type of transactions may specifically involve mortgage debt portfolios.

In view of the Management Board, the third pillar of the Group’s development should be acquisitions of smaller entities. The Management Board intends to develop the Group’s business in this area, irrespective of increasing of the nominal value of debt portfolios in its own closed-end investment funds’ segment.

In order to provide the Group with access to new categories of debt portfolios and portfolios of an above-average value, the Management Board is preparing new transaction structures for financial market entities that may be interested in the sale of debt portfolios, i.e. banks, leasing and lending companies. The solutions are to enable closed-end investment funds to acquire debt at an earliest possible stage of it being overdue. Furthermore, the Management Board intends to work to increase the efficiency of the debt collection efforts by developing the offer addressed to debtors serviced by the Group. To this end, the Group has developed the Rehabilitation Loans Program under which it offers refinancing solutions to such debtors. Loans granted under the Rehabilitation Loans Program were earmarked to pay debts towards closed-end investment funds only.

Foreign expansion of the Group by entry to selective foreign markets based on its own resources, cooperation with global investors and local debt management companies

As at the date of the Marketing Document the Polish market is the basic market on which the Group operates, which in the opinion of the Management Board remains an attractive market for debt portfolio investments. In the view of the Management Board, the supply of debt portfolio (overdue) may amount to PLN 15-16 billion annually. Additionally, the Group carries on business on the Romanian market. Given that in the Management Board’s judgment, the Romanian market has a high potential and absorbency, the Management Board is planning to further develop its operations on that market.

Simultaneously, the Management Board is examining the possibilities of selective foreign market entries as part of expanding its cooperation with global partners. The Group’s experience in such alliances and the trust and relations with its global partners enable it to structure investment products through which it is able to raise financing necessary for the acquisition of portfolios on the selected European markets. The high degree of specialization, experience and results gained by the Group make it possible to offer similar products on markets in which it does not have its own debt collection resources. The Group’s role, in such situation, is to properly select the debt portfolios and entities to be commissioned to manage debt portfolios and to exercise adequate supervisions over such entities in order maximize the collections. The target of the Group is to build its own resources enabling conduction of the debt collection process. It will be possible after reaching the adequate scale of activities and experience based on the cooperation with global investors. The Management Board believes that potential directions for development abroad are Spain and Bulgaria. In order to commence cooperation with global investors and attract them to the Company’s offer, the Company has opened an office in London.

Strengthening the Group’s reputation as a debt-based assets manager

As at the date of the Marketing Document the Group is taking steps to build the Group’s brand as a debt-based assets manager who in its operations takes into account the requirements of corporate social responsibility. In particular, in relations with debtors, the Group acts as an advisor that has the tools to help the debtor escape the spiral of debt. This approach is exemplified by the pilot Rehabilitation Loan Program under which the Group offers refinancing to debtors that regularly repay their debt serviced by the Group.

The Management Board intends to continue these efforts and further strengthen the Group’s brand as the debt-based assets.

Group's business

At present, the Group is the second largest debt management company in Poland in terms of portfolio collections and the nominal value of the debt under management. In 2016 the Group was a leader on the Polish market in terms of the nominal value of debt portfolios acquired by own closed-end investment funds and accepted for servicing from external closed-end investment funds. Their total gross value was PLN 4.9 billion in 2016 (i.e. taking into account debt portfolios acquired to be transferred). The Management Board believes that the Group is developing at a faster pace than its most of its competitors. The Group focuses on identifying attractive investment opportunities on the debt trading market and strives to capture them for its business in one of the two segments: (i) own closed-end investment funds and (ii) external closed-end investment funds.

The key figures illustrating the scale of the Group's business and showing its reporting segments are set out in the following table.

Essential Financial and Operating Data	Three months ended 31 March 2017	Year ended 31 December		
		2016	2015 PLN million (unaudited)	2014
Internal closed-end investment fund segment.....				
Nominal value of purchased portfolios, net ⁽¹⁾	(598.9)	2,872.0	2,731.2	941.1
Portfolio purchases, net (at purchase price, including portfolios purchased through the acquisition of a subsidiary) ⁽²⁾	(16.8)	620.3	232.2	42.7
Collections ⁽³⁾	146.4 ⁽⁵⁾	367.8	134.3	86.1
Cash EBITDA ⁽⁴⁾	88.7	253.3	89.5	51.0
Net profit.....	39.4	171.2	82.3	38.3
External closed-end investment fund segment.....				
Nominal value of purchased portfolios, net ⁽¹⁾	1,747.2	1,560.8	5,606.2	3,203.6
Portfolio purchase, net (at purchase price, including portfolios purchased through the acquisition of a subsidiary) ⁽²⁾	262.5	291.5	689.3	452.6
Collections ⁽³⁾	85.4	345.1	239.0	34.7
Cash EBITDA ⁽⁴⁾	6.9	20.6	46.7	5.9
Net profit.....	18.1	29.0	38.0	6.0

⁽¹⁾ The Company reports the nominal value of purchased portfolios, net for a given segment as the sum of nominal values of debt portfolios purchased by closed-end investment funds of such segment which were not acquired in order to be transferred.

⁽²⁾ The Company reports the portfolio purchases, net for a given segment as the value of portfolios acquired in the given period by closed-end investment funds of such segment which were not acquired in order to be transferred.

⁽³⁾ Collections mean funds collected in respect of debt portfolios in the process of debt management by the Company.

⁽⁴⁾ The Company calculates Cash EBITDA of a given segment as the operating profit of such segment after elimination of depreciation, purchase price amortization and impairment of portfolios of such segment.

⁽⁵⁾ The amount of collections in the first quarter of 2017 included the value of borrowings granted to debtors in the amount of PLN 1.8 million. As regards the value of collections in the internal closed-end investment funds for the period ended 31 March 2017, collections of the value of PLN 27.2 million were generated by debt portfolios acquired in the three months period ended 31 March 2017, while collections of the value of PLN 119.2 million were generated by debt portfolios acquired until 31 December 2016.

Source: the Company.

Debt collection process

Overview

The Group has developed and implemented an effective process for appraising and collecting debts, characterized by a high degree of automation. A key feature of the Group's approach is to maximize the pool of information gathered on the debtors which lets the group engage effectively in dialog with the debtors. The Management Board believes that the Group's model of activity permits attaining a significant level of contact, understood as a proportion of the number of debtors with whom dialog is maintained (thanks to updated contact data that are not older than 60 days) and the overall number of debtors handled by the Group. The higher level of contact is one of the key factors that significantly contribute to increasing the value of collections from the acquired debt portfolios.

The Group's methodology is to stimulate as many debtors as possible in order to have them commence repayments under agreed repayment schedules. Also, the Group strives to minimize the number of persons with assigned repayment schedules who stop paying their installments (*default ratio*). To this end, what is very important for a long-term effectiveness of debt recovery efforts is the knowledge how to set installment amounts on the optimal level, matching the debtor's ability to pay, and how to maintain relations with the debtors over the

period of the repayment schedule. For this reason the Group always strives to develop a repayment schedules and terms of repayment on a level acceptable for the debtor and takes a number of efforts to maintain contact with the debtor. The Management Board believes that this approach serves minimizing the default ratio and potential facilitates modifying the level of installments depending on the debtor's financial condition.

The Group closely monitors all its receivables. In justified instances (in particular where the debt amount is material or the debt can be time-barred) the Group conducts court enforcement proceedings alongside amicable collection processes. In view of the Management Board, initiating court proceedings additionally incentivizes debtors and improves the effectiveness of the Group's amicable collection efforts.

The effectiveness of Group's collection work hinges on the use of state-of-the-art information technologies supported by professional operational solutions supporting big data analyses and, in consequence, efficient and effective service of the debts managed by the Group (see "*—IT solutions*"). For the purposes of enforcement conducted in courts and by court bailiffs, the Company uses the services of the Getback Law Firm.

In the process of debt collection the Company uses technologies and cooperation strategies in order to obtain a good understanding and face the debtors' needs. The debt recovery process in the Group is generally divided in to the following stages: (i) initial stage (updating contact data of the debtor), (ii) amicable debt collection and court debt collection process (optionally) and (iii) enforcement involving court bailiffs (optionally). In order to tailor the manner of collecting the debt to the debtor and its needs, the Group has developed two separate debt collection processes, i.e. mass collection process and individualized collection process (see: "*—Debt collection processes used by the Group*").

The Group strives to continuously improve its process of collecting debts with a view to improve the effectiveness of the channels of communication with the debtors (telephone negotiations, face-to-face negotiations, marketing efforts related to debt collection and court and enforcement services).

Identifying and communicating with the debtors

An important element of the debt collection process is obtaining up to date information on the debtor in order to contact the debtor, prepare a debt recovery strategy tailored to the individual case and taking account of the particular debtor's ability to repay the debt.

In the initial phase of the debt collection process a Group employee contacts the debtor using the available telephone contact information in order to commence negotiations aimed at determining a repayment schedule. The Group embarks on numerous efforts in order to maintain contacts with possibly the largest group of debtors. If no direct contact with a debtor is possible, the Group acquires the necessary information on the debtors using a skip tracing process which involves obtaining information from publicly available sources, cooperation with companies specializing in delivering this kind of data, or investigative work.

In order to improve contact with the debtors and relations with them the Group employs innovative marketing techniques encouraging the debtors to commence repaying their debts, e.g. a loyalty system in which the debtors who make repayments are awarded bonus points that can be exchanged for non-cash prizes; there are also various competitions and publishing and distribution of information materials. Additionally, the Company offers the debtors that it serves an opportunity to seek legal advice from its specialized unit: Debtor Assistance and Support Office.

Debt recovery processes applied by the Company

Mass debt collection process

The mass debt collection process is applied to the debts with a nominal value not exceeding PLN 0.1 million. This process is highly automated which accelerates its pace and reduces the associated workload. The mass debt collection process focuses on amicable methods of recovering debts and relies on proactive approach to contacts with the debtors, developing individualized repayment schedules and setting installment amounts that match the debtor's financial capabilities. As at the date of the Marketing Document, the Group has teams of specialists building repayment schedules. Additionally, as part of the mass debt collection process the Group puts emphasis on educating the debtors in order to increase their awareness of the consequences of being in debt and convince them to cooperate with the Group.

Individualized debt collection process

The individualized debt collection process is applied to unsecured, secured or corporate debts with a value exceeding PLN 0.1 million. This process is based on individualized approach to the debtors and features a complex and sophisticated structure. Consequently, the individualized debt collection process requires the

involvement of lawyers. In the course of the process the Group employees maintain uninterrupted contact with the debtor and monitor its economic position. As at the date of the Marketing Document, the Group has a team of skilled advisors closely cooperating with the debtors.

Amicable debt collection

Amicable debt collection is conducted in the form of negotiations intended to motivate as many debtors as possible to commence repayments of their existing debts. For this purpose the Group employees contact the debtors using various forms of correspondence (letters, text messages, e-mails) and by telephone. In these communications the Group employees serve reminders and payment requests, propose amicable debt settlements and clarifications of any debatable issues. Engaging in personal contact with the debtors to remind them of the existing debt and arrange the terms of its repayment is also an element of the amicable debt collection process employed by the Group.

The Group works to increase the efficiency of the *call center* and local client advisors efforts by employing, among other things, special IT solutions capable of processing large data bases. Using big data analyses helps elevate the level of maintained contacts. The expenses incurred by the Group in this area in the period covered by the Consolidated Financial Statements are presented in the following table.

	Three months period ended 31 March 2017	Year ended 31 December		
		2016	2015	2014
			PLN million (unaudited)	
Costs and capital expenditures on data bases and solutions supporting debt collection.....	9.4	31.6	5.9	0.6

Source: the Company

Debt collection in court

Where the debt involved is of significant value or may be potentially barred by statutes of limitation, alongside the amicable collection process the Group initiates court collection. The purpose of such court proceedings is to obtain a judgment that will serve as an enforcement title. With the enforcement title in hand, the Group initiates another court process (referred to as “writ of enforcement proceedings”, in Polish: “*postępowanie klauzulowe*”) to obtain an enforcement title. Obtaining an enforcement title is a precondition for entering the execution phase. With the writ of execution granted, the Group initiates execution proceedings and coordinates its progress by actively cooperating with the court bailiffs conducting the proceedings.

In view of the Management Board, initiating court proceedings additionally incentivizes debtors and improves the effectiveness of the Group’s amicable collection efforts. Also, by initiating court proceedings the Group interrupts the period of limitation of the claimed debt and obtains the right to capitalize interest for the delay period (pursuant to Article 482 of the Civil Code). If a final and non-appealable judgment is entered (or a settlement is concluded in court or approved by a judge), the Group wins a restored 10-year limitation period (pursuant to Article 125 of the Civil Code). Additionally, by initiating court proceedings the Company may claim the debt amount increased by legal fees related to court and enforcement representation.

In the course of its operational efforts related to debt collection, in the first quarter of 2017 the Group sent approximately 2.0 million SMS/MMS and approximately 2.2 million letters by post. In the same period, the *call center* handled 2.7 millions of connections, including approximately 2.0 million outgoing calls and approximately 0.6 million of incoming calls (data excluding automatic dialing). Additionally, as part of its court collection efforts, the Group, in the first quarter of 2017 filled 52.8 thousands of claims in in electronic payment order and over 17.5 thousand regular lawsuits. In 2016 the Group sent approximately 10 million text and multimedia messages and approximately 8.7 million traditional mail letters. In the same year the call center handled a total of 7 million phone calls, including approximately 5.1 million incoming and approximately 1.9 million outgoing calls (data excluding automatic dialing). As part of its court collection efforts, in 2016 the Group filed more than 320 thousand claims in electronic payment order proceedings (Polish: “*elektroniczne postępowanie upominawcze*”) and more than 40 thousand regular lawsuits.

Group business partners

The principal business partners for the Group are (i) the sellers of debt portfolios (Group’s business partners) and (ii) the entities participating in Group’s investments or financing the acquisition of debt portfolio acquisitions (Group’s clients).

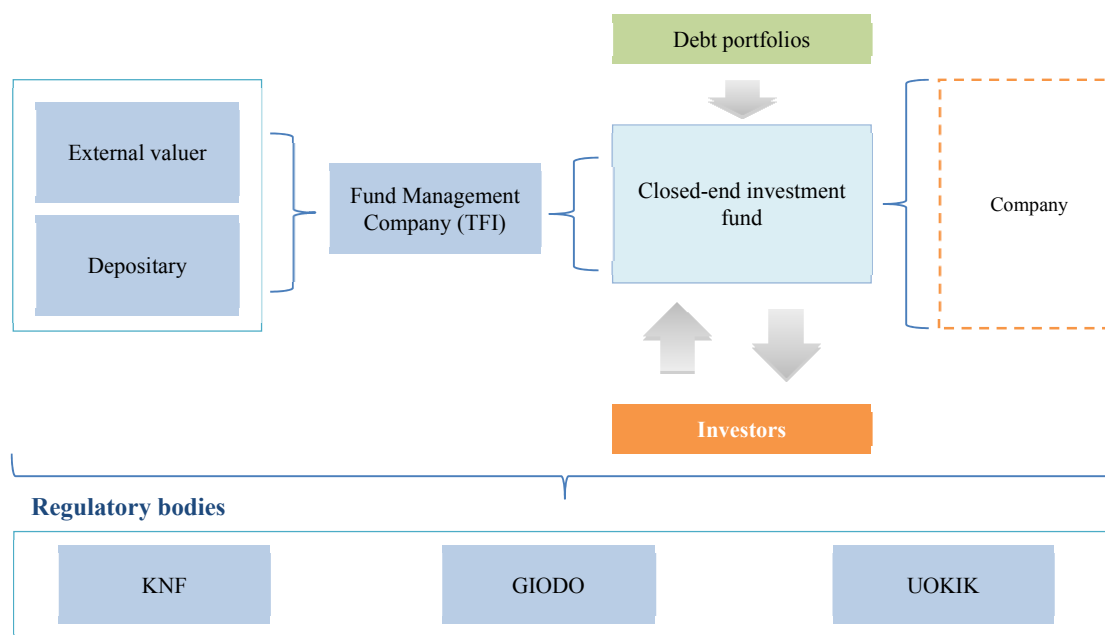
The Group's significant business partners are those entities which sell their debt portfolios. Vast majority of the debts managed by the Company are those acquired from banking sector institutions. The nominal value of debts acquired from the banking sector institutions represented approximately 81.6% and 81.8% of the nominal value of all investment portfolios comprising debts managed by the Company, respectively, as at 31 March 2017 and 31 December 2016. A significant portion of the remaining debts managed by the Company are debts towards telecommunication sector entities, including providers of telephone, Internet, digital TV and other such services. As at 31 March 2017 and 31 December 2016 the nominal value of the debts (as at the purchase date) acquired from the telecommunication sector companies represented approximately 7.6% and 8.1% respectively of the nominal value (as at the purchase date) of all investment portfolios comprising debts managed by the Company.

Closed-end investment funds purchase debt portfolios from the largest banks in Poland. As at the date of the Marketing Document, nine out of ten largest banks in Poland were the Group's business partners. Consequently, the concentration of bank debts managed by the Company that were sourced from any single bank is limited. As at 31 March 2017, debt portfolios with the largest share in the total nominal value of bank-originating debts managed by the Company represented, respectively 28.7%, 11.08% and 7.2 % of the total nominal value of bank-originating debts managed by the Company. As at 31 December 2016, the three debt portfolios with the largest share in the total nominal value of bank-originating debts managed by the Company represented, respectively 29.7%, 12.5% and 7.3% of the total nominal value of bank-originating debts managed by the Company.

Additionally, the Group has not identified a significant exposure to debts acquired from members of the LC Corp B.V. group, to which the Company used to be a member (see "*—History and development of the Group*"). The debt portfolios acquired from members of the LC Corp B.V. group represented 29.0% and 30.2%, respectively, of the total nominal value of all debts managed by the Company as at 31 March 2017 and 31 December 2016. The Company also manages debts of lending institutions, insurance sector and power sector entities as well as other debts of different origin. As at 31 March 2017 and 31 December 2016, value of these debts managed by the Company represented approximately 10.8% and 10.1%, respectively, of the value of all investment portfolios under management comprising debts managed by the Company.

The Group's clients are closed-end investment funds. In the course of its business the Company concludes agreements with investment fund management companies in which they assign the Company to manage investment portfolios comprising the receivables of closed-end investment funds. Based on those agreements the Company manages investment portfolios which comprise debts due to the closed-end investment funds which includes the provision of debt collection services. Additionally, some of these agreements entrust the Company with the performance of other actions related to the execution of contracts in which closed-end investment funds acquire debt portfolios from assignors and conclude subparticipation agreements.

The diagram below illustrates the Company's relations with its business and regulatory environment.



Source: the Company.

Additionally, closed-end investment funds execute engagement agreements for legal services with the Getback Law Firm, on the basis whereof the Getback Law Firm represents the closed-end investment funds in court and enforcement proceedings involving the debts owed to those closed-end investment funds.

As at the date of the Marketing Document, the Company managed investment portfolios comprising debts owed to the following closed-end investment funds: Open Finance Wierzytelności Detalicznych NSFIZ, Open Finance Wierzytelności NSFIZ, Universe NSFIZ, Universe 2 NSFIZ, Universe 3 NSFIZ, Omega Wierzytelności NSFIZ, easyDebt NSFIZ, Getback Windykacji NSFIZ, Trigon Profit XIV NSFIZ, Trigon Profit XV NSFIZ, Trigon Profit XVI NSFIZ, Trigon Profit XVIII NSFIZ, Trigon Profit XX NSFIZ, Trigon Profit XXI NSFIZ, Trigon Profit XXII NSFIZ, Trigon Profit XXIII NSFIZ, Trigon Profit XXIV NSFIZ, GetPro NSFIZ, Debito NSFIZ, Centauris Windykacji NSFIZ, Debtor NSFIZ and Getback Windykacji Platinum NSFIZ.

The Company submitted a notice of termination of the engagement agreement for the management of a part of the investment portfolio of Open Finance Wierzytelności Detalicznych NSFIZ comprising securitized debt on 5 June 2017. The agreement will be terminated effective 5 September 2017 (*see: "Operating and Financial Review—Trends and significant events after the balance sheet date—Material events after the balance sheet date"*).

Detailed information concerning the agreements concluded by various Group members is provided in "*—Agreements concluded in the ordinary scope of Group's business*" below.

Selection and acquisition of debt portfolios

Selection of debt portfolios

Before a decision is made to acquire a debt portfolio and its possible pay price is set, the Group conducts a thorough analysis and valuation of that portfolio. The process of analyzing and appraising the portfolio commences with a review of the source data provided by the seller and a due diligence review of the portfolio documentation. Then, the Group divides the debts portfolio into segments, conducts a statistical analysis of the portfolio and assesses the potential collections achievable in a collection process. The decision to acquire the portfolio depends on the results of this analysis. The decision making process is a two-phase routine: recommendations from the valuation team, decisions of the debt purchase committee, verification and confirmation of the debt portfolio purchase price by an independent valuer (pursuant to Article 36a of the Act on Investment Funds and AFI Management) and a decision of the asset manager.

The key factors considered by the Group in making its investment decisions are: (i) the properties of the debts: balance, principal amount, share of the principal in the debt total, amount of loan granted or total of invoices, kind of product, days past due (DPD), contract term, time elapsed since contract execution, collateral (its existence, kind, amount); (ii) the properties of the debtor: age, status (natural person, natural person conducting business activity, legal person), revenues, place of residence, solvency, previous level of loan / invoice debt repayments, days since last payment made by the debtor (DPP), region, death or insolvency of the debtor, employment of the debtor, (iii) historical repayment performance of the debtor, in particular: the amounts and frequency of payments; and (iv) the kind and intensity of actions taken towards the debtor by the seller of the debt before the acquisition of the debt portfolio by the closed-end investment fund. Detailed information regarding the Group's assessment of credit risk is provided in "*Operating and financial review—Qualitative and quantitative information on financial risk factors—Credit risk*".

Due to the prudent and analytical approach to the debt portfolios selection, the prices offered by the Group for debt portfolios do not deviate significantly from the prices offered by its competitors. If the price for a given debt portfolio exceeds the level recommended by the debt acquisition committee, the Company shall rescind from the tender. In order to comply with the statutory requirements concerning the valuation of debt portfolios, the valuations performed by the Company are authenticated by independent valuers, as referred to in the Act on Investment Funds and AFI Management.

The process of selecting and valuating the acquired debt portfolios is supported by the Getback Law Firm which analyzes selected debts comprised in the portfolio in order to facilitate the preparation of an optimal process and determining priorities for the individual cases. The legal analysis so conducted assures that the effectiveness of the execution process is maximized while minimizing the costs of the process incurred by the clients.

The standard discount rate applied by the Company to assess the value of debt portfolios necessary to make an investment decision amounts to 17%-25%.

Acquisition of debt portfolios

The process of debt acquisition is coordinated by a specialized unit in the Company. In the course their activity the closed-end investment funds (both own and external closed-end investment funds) acquire debt portfolios mainly under tenders organized by the institutions (most often banks) which intend to dispose of their non-performing receivables. The Management Board assesses that in the recent years the Company participated in prevalent majority of such tenders organized on the Polish market.

In the period from 1 January 2014 to 30 May 2017, the Company received 923 invitations to tenders (252 in 2016). Of this number, the Company won a total of 243 (including 74 in 2016) tenders, acting for its own or external closed-end investment funds whose debt portfolios it manages. On behalf of the closed-end investment funds the Company acquired debt portfolios with the nominal value of PLN 3.1, PLN 4.4 billion, PLN 8.3 billion and PLN 4.1 billion for the period from 1 January 2017 to 30 May 2017 and for the years ended 31 December 2016, 2015 and 2014 respectively.

The following table provides information on the Company's participation in tenders of debt portfolios:

	Number of tenders won by the Company	Number of invitations to tenders	Nominal value of tenders won by the company (PLN million) (unaudited)	Nominal value of the tenders for which the Company was invited
2014.....	40	278	4.9	15.1
2015.....	77	296	8.2	31.1
2016.....	74	252	6.1	14.7
1 January 2017 to 30 May 2017	52	97	3.1	6.8
Total	243	923	22.3	67.7

* The difference between the nominal value of the tenders won in particular years and the nominal value of the debt portfolios acquired in the respective periods may result from the fact that there are time shifts between the date of the tender and the finalization of the portfolio acquisition.

Source: the Company

In the years 2015-2016 majority of the portfolios was acquired by the Company's own closed-end investment funds in the first six months of year, with the weighted average acquisition date falling in May each year. The high nominal value of the debt portfolios for which the Company was invited to bid in 2015 resulted mainly from the fact that few of such tenders were conducted by banking sector entities for portfolios of high nominal value, including mortgage and corporate debts. The Management Board believes that approximately 1/3 of the tenders won is a result of actively preparing the transactions for partners.

The decision as to whether a given debt portfolio will be acquired by an own or external closed-end investment fund depends on certain strictly defined formal criteria: availability of funds in the given closed-end investment fund, its investment strategy and the assumed return on investment rate for the closed-end investment fund.

In acquiring debt portfolios both for its own closed-end investment fund and for the external ones the Group at all times follows the principle of prudent approach. The Group's business model provides for selective acquisitions of the best available debt portfolios, assuring that the assumed rates of return can be achieved.

Additionally, the Group undertakes various efforts in order to interest banks and other institutions in selling their debt portfolios. For these purposes, the Group offers innovative solutions, such as framework agreements, subparticipation, instruments related to guaranteed acquisition of portfolios of repaid debts, recurrent debt sale agreements, as well as partnership structures tailored for debt assignment transactions. Acting on behalf of the closed-end investment funds the Company concludes master agreements underpinning the recurrent execution of debt portfolios over a specified period of time. As at the date of the Marketing Document, the closed-end investment funds represented by the Company are parties to four 4 such general agreements. The framework agreements are concluded by the closed-end investment funds represented by the Company with banks, lending institutions and telecommunication enterprises. Another solution is the recurrent debt sale agreement, wherein the closed-end investment funds acting through the Company agree to acquire debt portfolios for a fixed price (or for a price established based on an agreed formula) specified in the agreement, on specified dates, provided that the debts to be sold meet certain pre-defined parameters. As at the date of the Marketing Document, closed-end investment funds represented by the Company were party to six (6) such recurrent debt sale agreements. The recurrent debt sale agreements are concluded by the Company with banking and telecommunication sector institutions. In the process of acquiring the debts the Company also uses partnership-based structures, with the receivables being contributed in kind to those partnerships. Another innovative solution is the use of an

instrument guaranteeing the acquisition of a repaid debts portfolio, by which the Company assumes the risk related to the debtor's non-performance in consideration for an appropriate fee.

Debt portfolios are usually purchased in tender proceedings. In some cases, the Group initiated the sale process of the debt portfolio itself. In the event of cyclical debt sale agreements, agreements transferring title to debt in the period covered by the agreement is carried out without a tender, subject to terms and conditions set forth in the agreement; there is, however, tender proceedings in place prior to execution of such cyclical debt sale agreements.

Some of the debt portfolio acquisition agreements provide for a deferred payment mechanism (see “*Operational and financial review—Liquidity and capital resources—Equity and liabilities—Trade liabilities and other liabilities*”).

By employing the efficient approach to debt portfolio acquisitions the Company managed to have its own closed-end investment funds to acquire debt portfolios with a total nominal value of PLN 10.5 billion, and the external closed-end investment funds to acquire debt portfolios with the nominal value of PLN 9.5 billion (as at 31 March 2017). In addition, the nominal value of potential future transactions that may be concluded under tenders on the Polish market to which the Company has already been invited was, as at the date of the Marketing Document, PLN 6.2 billion (this does not include the Romanian market).

In some debt portfolio acquisitions, the debt portfolio is first acquired by an own closed-end investment fund and then transferred to an external closed-end investment fund. Such a procedure facilitates an effective allocation of the debt portfolios and is instrumental to streamlining the acquisition process by addressing the sellers' preference to have just one business partner involved in its transaction. The Company operates as the manager for the whole structure. For instance, in 2016 the segment of external closed-end investment funds acquired debt portfolios with a total value (at the purchase price) of PLN 291.5 million, of which receivables worth PLN 230.3 million were acquired using the above mechanism.

The following table illustrates the net acquisitions of debt portfolios (at the purchase price) in the period covered by the Consolidated Financial Statements broken down to own and external closed-end investment funds.

	Net portfolio acquisitions ⁽¹⁾ (at purchase price) of proprietary closed-end investment funds segment	Debt portfolios acquired by own closed-end investment funds from external closed-end investment funds (at purchase price)	Debt portfolios acquired in the course of acquisition of the subsidiaries (at purchase price)	Net portfolio acquisitions ⁽¹⁾ (at purchase price) of external closed-end investment funds segment	Debt portfolios acquired by external closed-end investment funds from own closed-end investment funds (at purchase price)
			(PLN million) (unaudited)		
Year ended 31 December 2012	15.5	-	-	-	-
Year ended 31 December 2013	82.7	-	-	11.0	3.7
Year ended 31 December 2014	42.7	-	283.2	452.6	323.6
Year ended 31 December 2015	232.2	263.0	263.0	689.3	142.0
Year ended 31 December 2016(2)	620.3	170.6	189.0	291.5	230.3
including in the period ended 31 March 2016	(7.1)	-	-	52.4	49.7
Three months ended 31 March 2017	(16.8)	27.0	-	262.5	289.5
Total.....	976.6	460.6	735.7	1,706.8	989.1

⁽¹⁾ The net portfolio acquisitions amount is the price paid for the debt portfolios purchased with no intention to transfer on.

⁽²⁾ In the table above the 2016 acquisitions include the net value of borrowings to the debtors in a total amount of PLN 55.6 million.

⁽³⁾ In the above table acquisitions in the first quarter of 2017 include the net value of borrowings to debtors in the amount of PLN (8.3) million. Net value of acquisitions to debtors constitutes the sum of borrowings to debtors of PLN 14.6 million and sale to securitization funds of PLN (22.9) million.

Source: the Company.

The following table illustrates the net acquisitions of debt portfolios in the indicated periods including from subsidiaries.

	Net portfolio acquisitions (nominal value)	Acquisition of a subsidiary (nominal value)
	(PLN million) (unaudited)	
Year ended 31 December 2014.....	941.1	1,146.4
Year ended 31 December 2015.....	2,731.3	1,092.1
Three months ended 31 March 2016.....	(9.3)	0.0
Year ended 31 December 2016.....	2,872.0	2,899.8
Three months ended 31 March 2017 ⁽¹⁾	(598.9)	0.0
Total.....	5,945.5	5,138.3

⁽¹⁾ In the table above the acquisitions in the first quarter of 2017 include the net value of borrowings to the debtors in the amount of PLN (8.3) million. Net value of acquisitions to debtors constitutes the sum of borrowings to debtors of PLN 14.6 million and sale to securitization funds of PLN (22.9) million.

Source: the Company.

According to the Company's plans, in the years 2017-2019 the funds from the segment of own closed-end investment funds will acquire debt portfolios with the nominal value of PLN 25.3 billion, and the funds from the segment of external closed-end investment funds – with the nominal value of PLN 10.5 billion over the same period. The division of acquisitions of debt portfolios in the years to come will depend on the market situation and changes on the debt market in countries in which the Company operates. The Company does not expect that there will be any substantial differences in acquisitions in coming years nor there will be any changes in prices as compared to the years 2015-2016.

The above investments in debt portfolios intend to use the proceeds from the Offering (see chapter „Use of Proceeds of the Offering”), therefore the contemplated acquisitions in debt portfolio may be also effected partially by purchasing entities which own debt portfolios.

Material agreements

The following material agreements were concluded by the Group in the period of two 2 years before the date of the Marketing Document or earlier, where the agreement concerns rights or obligations of the Group that remain material as at the date of the Marketing Document.

Agreements concluded in the ordinary scope of Group's business

The following agreements concluded by the Company and other Group members in relation to the Company's management of closed-end investment funds' investment portfolios comprising securitized debts are collectively described below due to their significance for the Group and its business. It should be kept in mind that these agreements are concluded in the ordinary scope of Group's business and their impact is difficult to estimate due to the nature and unique characteristics of debt collection companies' business. In particular, there is no straight correlation between, for example, the nominal value of assets and the collections obtained by collection staff.

Cooperation agreements concluded by the Company with investment fund management company

The company concluded cooperation agreements with investment fund management companies, laying down the terms and conditions of their cooperation in relation to the creation, administration and management of closed-end investment funds by the particular investment fund management companies. In each of these agreements the Company and an investment fund management company agree on the language of the closed-end investment fund's charter and the Company undertakes to subscribe for a specific number of certificates of the closed-end investment fund, or to cause other investors to make and pay for such subscriptions in the first issue of the investment certificates, for such amount as may be necessary to have the closed-end investment fund registered. Some of these agreements oblige the Company to acquire investment certificates of follow-up issues (guarantee issues). Some of the cooperation agreements directly impose guarantee obligations on the Company securing the liquidity of the closed-end investment fund or a certain pre-defined guaranteed rate of return for other members of the closed-end investment fund; they may also provide for security interests that the Company is required to establish in order to assure its proper performance of the agreement. Furthermore, in each of the agreements the Company and an investment fund management company agree that they would execute a separate contract for the management of the closed-end investment fund's investment portfolio comprising debts and for legal services related to the closed-end investment fund in the scope of debt collection to be provided by a law firm appointed by the Company and accepted by the closed-end investment fund (see: “—Legal services agreement concluded by Getback Law Firm with closed-end investment fund” below). The agreements have been concluded for the period of the investment portfolio management engagement agreement for the closed-end investment

fund comprising the debts, or until the date of opening liquidation of the closed-end investment fund; to this end, some of the agreements contain a clause permitting termination by notice. In certain circumstances described in an agreement (for example if the Company disposes of investment certificates in breach of that agreement), the other party may terminate the agreement with immediate effect.

As at the date of the Marketing Document, the Company is party to 13 cooperation agreements concerning the following funds: Trigon Profit XIV NSFIZ, Trigon Profit XV NSFIZ, Trigon Profit XVI NSFIZ, Trigon Profit XVIII NSFIZ, Trigon Profit XX NSFIZ, Trigon Profit XXI NSFIZ, Trigon Profit XXII NSFIZ, Trigon Profit XXIII NSFIZ, Trigon Profit XXIV NSFIZ, Universe NSFIZ, Universe 2 NSFIZ, Getback Windykacji NSFIZ, Centauris Windykacji NSFIZ.

Engagement agreements for the management of investment portfolios comprising receivables of closed-end investment funds concluded by the Company with investment fund management companies

The Company concluded engagement agreements (*umów zlecenia*) with investment fund management companies, whereby the Company has been engaged to manage investment portfolios comprising the securitized receivables of the respective closed-end investment fund. Under such an engagement agreement the Company is entrusted with the management of the investment portfolio of the closed-end investment fund comprising its securitized receivables, and to take other actions related to the conclusion of agreements by which that fund acquires or disposes of debt portfolios, or to the closed-end investment fund's execution of subparticipation agreements. Other actions entrusted to the Company under such an agreement include, among other things, representing the closed-end investment fund in the collection process. Thirteen (13) of these agreements concluded by the Company authorize the investment fund management company to seek liquidated damages in an amount specified in the agreement if the investment fund management company incurs damage as a result of a company's actions or omission contravening the provisions of law, the charter of the closed-end investment fund or provisions of the engagement agreement. Eight (8) of these agreements concluded by the Company provide for monetary sanctions also if the Company defaults under its obligation to cooperate with other entities providing services to that closed-end investment fund or to deliver the documentation related with the portfolio management with a specified period of time upon termination of the agreement. Furthermore, the Company is required to reimburse the investment fund management company for all financial penalties imposed on it by the relevant administrative bodies, in particular by the KNF, and of any claims raised against it in relation to actions or omissions for which the Company is liable. The Company is required to have a liability insurance policy in place. In consideration for its duties under a fund management agreement the Company receives remuneration, usually calculated as a contract-defined percentage of the net revenues from the debts, albeit in some agreements it is defined as a combination of the: (i) percentage of the net assets value during the year; and (ii) percentage of the net revenues from the debts. One of the agreements concluded with an investment fund management company provides for a temporary limitation of the Company's management fee. Additionally, in relation to the management of the closed-end investment fund's portfolio comprising the receivables the Company is entitled to a reimbursement of certain costs specified in that agreement. All but one of the agreements have been concluded for unspecified time and may be terminated by notice, subject to a notice period of three or six months, as the case may be. The one agreement that has been concluded for a specific term defines certain situations in which it may be earlier terminated by notice. All of these agreements define events of blatant infringement which trigger a right to terminate the agreement with immediate effect (for example if the Company forfeits its license to manage securitized receivables or the ratios and indices specified in the agreement are not attained). All of the agreements provide that in the event of their termination the Group will be entitled to adjudged costs of court substitution and the awarded costs of substitution in enforcement proceedings, and the investment fund management company will be required to settle all costs resulting from those agreements, including the payment of remuneration to the Company. Two of the agreements render the payment of adjudged court substitution costs and the awarded costs of substitution in enforcement proceedings contingent on their execution.

As at the date of the Marketing Document, the Company is party to 22 management agreements concerning investment funds comprising debts entered into with the following entities: Trigon Towarzystwo Funduszy Inwestycyjnych S.A., Saturn Towarzystwo Funduszy Inwestycyjnych S.A., Altus Towarzystwo Funduszy Inwestycyjnych S.A., and Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.

The Company submitted a notice of termination of the engagement agreement for the management of a part of the investment portfolio of Open Finance Wierzytelności Detalicznych NSFIZ comprising securitized debt on 5 June 2017. The agreement will be terminated effective 5 September 2017 (see: *“Operating and Financial Review—Trends and significant events after the balance sheet date—Material events after the balance sheet date”*).

Guarantee agreements concluded by the Company with investment fund management companies

As at the date of the Marketing Document the Company is party to ten (10) guarantee agreements with investment fund management companies. In each of these agreements the Company agrees to assure that the closed-end investment fund concerned by the agreement will achieve sufficient yield to redeem the investment certificates issued by that closed-end investment fund at a price representing the guaranteed rate of return. The Company also agrees that on the dates specified in the time schedule the closed-end investment fund will have sufficient liquid assets to make payment against redeemed investment certificates. All but one of these agreements provide that if the Company fails to honor those obligations the Company, or an entity appointed by it, will be required to place subscriptions and pay for investment certificates issued by the closed-end investment fund in a so-called “guarantee issue” (as of the date of the Marketing Document the Company has not been obliged to provide additional capital to any closed-end investment funds due to insufficient number of liquid assets). A failure to comply with this obligation may result in charging liquidated damages referred to in the respective agreements. In certain situations defined in an agreement (as a rule, if the investment fund management company terminates the management agreement concerning the investment portfolio comprising the closed-end investment fund’s receivables in agreement with the guarantor), the guarantee obligations of the Company expire. The agreement also provides for situations in which the guarantee will remain in force (for example the termination of the agreement on management of the investment portfolio comprising receivables of the closed-end investment fund by a guarantor being the manager or by the investment fund management company in the situations specified in the agreement). Each of the agreements have been concluded for a specified term, ending on the date of opening the liquidation of the closed-end investment fund or on the redemption date falling on the last business day of a specific quarter, or on the date of redemption of 100% of the total number of allotted investment certificates of the given series.

As at the date of the Marketing Document, the Company has the aforesaid guarantee agreements concluded with respect to the following closed-end investment fund: Centauris Windykacji NSFIZ, Trigon Profit XIV NSFIZ, Trigon Profit XV NSFIZ, Trigon Profit XVI NSFIZ, Trigon Profit XVIII NSFIZ, Trigon Profit XX NSFIZ, Trigon Profit XXI NSFIZ, Trigon Profit XXII NSFIZ, Trigon Profit XXIII NSFIZ and Trigon Profit XXIV NSFIZ.

Guaranteed minimum rate of return amounts to 5.0% for the following funds: Centauris Windykacji NS FIZ, Trigon Profit XXII NS FIZ and Trigon Profit XXIII NS FIZ. In the event of other funds with guaranteed minimum rate of return, it amounts from 5.2% to 6.0%.

Legal services agreement concluded by Getback Law Firm with closed-end investment funds

As at the date of the Marketing Document, the Getback Law Firm is party to 22 agreements concluded with the closed-end investment funds whose debt investment portfolios are managed by the Company. Pursuant to these agreements the Getback Law Firm represents the closed-end investment funds in court and enforcement proceedings concerning the debts acquired by these closed-end investment funds. The agreement on legal services with Open Finance Wierzytelności Detalicznych NSFIZ was terminated by the Getback Law Firm on 5 June 2017 (see: “*Operating and Financial Review—Trends and significant events after the balance sheet date—Material events after the balance sheet date*”).

Process costs, including court fees, stamp duties, execution fees and the costs of obtaining relevant certificates from administrative bodies are charged to the respective closed-end investment funds. As a rule, the fee of the Getback Law Firm is set at the level of the costs of court substitution adjudged by courts and awarded by court bailiffs. The amounts of financial penalties imposed by relevant administrative bodies on the investment fund management companies managing the closed-end investment funds and any claims against the investment fund management companies related to actions or omission for which the Getback Law Firm is liable, are reimbursed by the Getback Law Firm. The legal services agreements are concluded for specified term (i.e. the terms of the management agreements concerning the investment portfolios comprising the debts). The parties may terminate these agreements by notice, each time subject to a notice period of three or six months, as the case may be. In certain situations (for example if a liquidation process is opened for the closed-end investment fund) the investment fund management company may terminate the agreement with immediate effects. Majority of these agreements provide that in the event of their termination or expiration the Getback Law Firm will be entitled to receive all adjudged costs of courts substitution and awarded substitution costs in execution proceedings.

Agreements signed outside the Company’s ordinary course of business

Described below are material agreements entered into by the Group outside its ordinary course of building. Agreements signed outside the ordinary course of business were deemed material when their value exceeded 10% of the Group’s own equity.

Agreements related to debt securities issued by Group's companies

The issuance of bonds by the Company constitutes a material form of financing of the Group's operations. As at 31 March 2017, the Group has obtained financing from the issue of 115 series of bonds maturing between 2017 and 2021. The aggregate nominal value of the existing and outstanding bonds, as at 31 March 2017, was PLN 963.4 million. The Issuer's selected bonds are listed in on alternative trading systems organized by the WSE and BondSpot S.A.

As at 31 March 2017 the Group secured financing through the issue of bonds with the following maturity periods:

Maturity	Series	Aggregate amount (PLN million)
2017	A, Z, AC18, AE12, AF12, AF18, AG, AI12, AI18, AN12, AO12, AP12, AR06, AR12, AS06, AS12, AT06, BA, BI, BJ, BK, BP, BR, DA12, DB12, DC12, GL, GO, GZ, KA, HB, ME AC24, AE24, AF24, AI24, AJ24, AL24, AN24, AO24, AP24, AR24, AS24, AT12, AU12, AW12, BC, BG, BH, BL, BM, BN, BU, BW, BY, EA, GB, GC, GH, GJ, GK, GM, GN, GP, GS, GU, GW, JI, JJ, JK, JL, JN, JP, LA, LC, LD	267.7
2018	AA, AK, AO36, AR36, AS36, AT24, AU24, AW24, BB, BD, BE, BF, BT, BZ, G, H, IE, J, JO, K, L, M, N, O, P, VB, VC, VD	290.0
2019	AT36, BS	257.1
2020	JS, JT, JU, JV, JW, JZ, MA, MB, VA	13.3
2021		135.3
Total		963.4

Source: the Company

As at 31 March 2017, series G, H, K, L, M, N, O, P, AK, BB, BC, BD, BE, BF, BG and EA bonds with an aggregate nominal value of PLN 186.3 million were listed on ASO Catalyst. Furthermore, series BH, BL, BM, LA, GK, GS and GU bonds, with an aggregate nominal value of PLN 91.4 million, are in the process of introduction to ASO Catalyst trading.

On 9 March 2017, the primary prospectus of the Company was approved, prepared in connection with: (i) the public offers for up to 3 million unsecured bearer bonds having a nominal value up to PLN 300 million, to be issued by the Company under the PLN 300 million PLN-denominated bonds program, and (ii) in connection with the intent to apply for admission and introduction of the above bonds to trading on the Catalyst regulated market operated by the WSE. On 27 April 2017, the Management Board allocated 600 thousand of Series PP1 offer bonds with the total nominal value of PLN 60 million maturing on 10 May 2020. On 24 May 2017 the Management Board allocated 793 thousand of the series PP2 offer bonds with the total nominal value of PLN 79.3 million maturing on 10 May 2020.

The introduction of Series PP1 bonds of the Company to trading on the Catalyst regulated market operated by the WSE took place on 19 May 2017. The Series PP2 bonds of the Company were introduced to trading on the regulated market operated by the WSE, as part of Catalyst, on 9 June 2017.

As at the Date of the Marketing Document, the Company carried out preparatory and organizational works concerning launch of the issue bonds program denominated in Euro (Eurobonds) up to the maximum amount of EUR 150 million. The Eurobonds would be issued by a foreign special purpose vehicle – a subsidiary of the Company – and would be the object of the offering directed to individual and institutional investors. The Company intends to have final terms and conditions of the Eurobond issue, in particular obligations or restrictions imposed on the Group in respect of the Eurobond issue (e.g. concerning indebtedness or dividend payments by the Company) not different from market standards for such types of debt securities. To the date of the Marketing Document, the Company's Management Board has not adopted valid resolutions required to launch the Eurobond issue program.

In connection with the bonds issuance, the Company enters into standard agreements with specialized entities that provide services consisting in particular in: preparing and carrying out a (public or private) offering of the bonds, the performance of actions related to keeping a register of the bonds and payment of bond-related performances to bondholders (payment agent), support in introducing the bonds to ASO Catalyst, including the representing of the Company before KDPW and WSE, compiling interest tables (interest agent), keeping a collective register of the investors who placed the instruction to deposit the bonds and to procure the delivery of the bonds to authorized persons (issue agent), keeping a collective register of the investors who did not place an instruction to deposit the bonds and to procure the delivery of the bonds to authorized persons (issue sponsor), supporting and ensuring the liquidity of bonds trading (market maker), safekeeping documents, information and announcements published on the Web page pursuant to the relevant regulations (documentation agent).

In order to secure the repayment of the liabilities arising from the bonds issued by the Group, securities have been established in the form of registered pledges over rights to bank account, over the collections of receivables and over investment certificates, an own blank promissory note and a surety. The registered pledges have been established at the highest secured amount, which varies for receivables arising from individual series of bonds issued by the Group.

Credit facility agreements

The following sections describe the material facility agreements to which the Group was party on the date of the Marketing Document. As at 31 March 2017 the total available unused commitments under the facility agreements granted to the Group was PLN 17.3 million.

Investment facility agreement signed with Getin Noble Bank S.A.

On 26 September 2016 the Company signed an investment facility agreement with Getin Noble Bank S.A. for the amount of PLN 60 million for the purpose of purchasing Open Finance Wierzytelności NSFIZ investment certificates (“**Investment Facility Agreement**”). Interest amounts to the variable WIBOR 3M rate increased by a fixed margin. The Investment Facility Agreement contains provisions prohibiting the establishment of any encumbrances over the investment certificates serving as security against the repayment of the loan without a prior consent of Getin Noble Bank S.A. and prohibiting the establishment of encumbrances over the assets of the funds whose certificates serve as security against the repayment of the loan, although it is permitted to establish security at up to 35% of the net asset value of the given fund on such fund’s assets. Under the Investment Facility Agreement, the Company will repay the loan in 60 instalments beginning on 30 September 2016, the final repayment date falling on 24 September 2021. As at 21 March 2017 the amount of the indebtedness under the Investment Facility Agreement was PLN 56.4 million.

The Investment Facility Agreement is secured by a financial pledge and a registered pledge over series B31 investment certificates of Open Finance Wierzytelności Detalicznych NSFIZ owned by the Company, series 10 and 11 investment certificates of Open Finance Wierzytelności NSFIZ over series A, E and F investment certificates of Universe 3 NSFIZ (or another substitute security on the terms defined in the Investment Facility Agreement), which the Company also undertook to establish on the date of executing the Investment Facility Agreement. The repayment of the loan is also secured by a conditional (i.e. applicable if the indebtedness is not serviced) assignment of the Company’s receivables due to it as a limited partner of Getback Law Firm, a power of attorney authorizing Getin Noble Bank S.A. to access funds accumulated on all the clearing accounts kept for the Company by Getin Noble Bank S.A. and the Company’s representation on submission to enforcement pursuant to Article 777 § 1 Clause 5 of the Civil Procedure Code.

Working capital overdraft facility signed with Idea Bank S.A.

On 30 November 2016 the company signed a current account working capital overdraft facility up to the amount of PLN 4.0 million. The facility was granted for the 12-month period running from the date of providing the facility in a current account, with the possibility of extending it for a further 12 months. Interest amounts to the variable WIBOR 12M increased by the bank’s fixed margin. The facility is secured by a power of attorney authorizing Idea Bank S.A. to use the funds accumulated on the accounts kept for the Company and an own promissory note with a promissory note declaration.

Overdraft facility signed with Getin Noble Bank S.A.

On 8 April 2014 the Company signed a current account overdraft facility agreement with Getin Noble Bank S.A., subsequently amended by annex No. 1 of 8 August 2014, annex No. 2 of 7 April 2015, annex No. 3 of 8 April 2016 and annex No. 4 of 26 September 2016, pursuant to which Getin Noble Bank S.A. made available to the Company an overdraft facility valid up to 6 October 2017 up to the amount of PLN 20 million. Interest is equal to the variable WIBOR 1M rate increased by a fixed margin. The agreement envisages restrictions concerning the establishing of security on the certificates used as security against the facility, a ban on establishing security on the assets of the funds whose certificates serve as security against the facility (although it is permitted to establish security up to 35% of the net asset value of the given fund) and a ban on disposing of the objects of pledges.

The facility is secured by a first ranking registered and financial pledge over series B investment certificates issued by Universe 3 NSFIZ (or by another substitute security on the terms described in the facility agreement), a first ranking registered and financial pledge over series C investment certificates issued by GetPro NSFIZ, a power of attorney concerning bank accounts and the Company’s representation on voluntary submission to enforcement pursuant to Article 777 § 1 Clause 5 of the Civil Procedure Code. The repayment of the loan is also

secured by a conditional (i.e. applicable if the indebtedness is not serviced) assignment of the Company's receivables due to it as a limited partner of Getback Law Firm.

Loan agreement signed with Raiffeisen Bank Polska S.A. on 1 March 2017

On 1 March 2017 the Company and EasyDebt NSFIZ signed a loan agreement with Raiffeisen Bank Polska S.A. pursuant to which Raiffeisen Bank Polska S.A. grants the Company and EasyDebt NSFIZ a non-renewable loan of up to PLN 50.0 million. The loan is to be used for the financing or refinancing of the purchase of debt portfolios by EasyDebt NSFIZ. One of the condition pertaining to the use of loan is to provide the Bank with a statement of Management Board (together with a confirmation) to the effect that proceeds from the Offering amount to at least PLN 200 million. As at the date of the Marketing Document, the Company intends to enter into an annex with the bank in order to change this condition. The interest on the loan will be equal to variable WIBOR 1M increased by a fixed margin. The financing is secured by registered pledges named in the agreement and financial pledges on EasyDebt NSFIZ investment certificates and bank accounts, as well as other standard forms of security, including the representations by the Company and EasyDebt NSFIZ on submission to enforcement pursuant to Article 777 § 1 Clause 5 of the Civil Procedure Code. The final repayment date is 30 November 2019. In accordance with the provisions of the agreement, the payment of dividend by the Company requires the consent of Raiffeisen Bank Polska S.A. The Company may not dispose of EasyDebt NSFIZ investment certificates or issue new debt certificates except certificates that are to be taken up by the Company. Without the consent of Raiffeisen Bank Polska S.A. the Company may not dispose of material components of the assets of these entities, including the establishing of encumbrances thereupon outside the ordinary course of its business.

Loan agreement signed with Alior Bank S.A. on 6 March 2017

On 6 March 2017 the Company signed an agreement with Alior Bank S.A. under which Alior Bank S.A. granted the Company a non-renewable loan of up to PLN 50.0 million. The loan is to be used for purposes related to the Company's statutory business. The interest on the loan is equal to the variable WIBOR 3M rate increased by a fixed margin. The financing is secured by registered pledges and financial pledges over debt portfolios, registered pledges over all the investment certificates of the closed-end investment fund entitled to the pledged debt portfolios, a registered and financial pledge over the Company's accounts kept by Alior Bank S.A. and all the bank accounts serving the pledged debt portfolios, a cash deposit and other standard forms of security, including representations on submission to enforcement pursuant to Article 777 § 1 Clause 5 of the Civil Procedure Code. One of the condition pertaining to the use of loan is to provide the Bank with a statement of Management Board (together with a confirmation) to the effect that proceeds from the Offering amount to at least PLN 250 million. The Company also undertook to procure that the share of the Company's shareholder in its share capital and in the number of votes at the General Meeting of the Company shall remain unchanged during the term of the loan. As at the date of the Marketing Document, the Company intends to amend the agreement entered into with the bank in order to amend this condition pertaining to the use of the loan as well as the obligation to maintain the Company's shareholding structure throughout the loan period. The final repayment date shall come no later than 30 September 2022. Without the consent of Alior Bank S.A. the Company may not dispose of material components of the assets of these entities, including the establishing of encumbrances thereupon, outside the ordinary course of its business.

Agreements related to the planned acquisition of shares in EGB Investments

Introduction

As at the date of the Marketing Document, the Company intends to acquire 12,972,842 shares in EGB Investments representing approximately 99.38% of the share capital of this company.

EGB Investments is a company incorporated and existing pursuant to Polish law with its registered office in Bydgoszcz at the following address: ul. Kraszewskiego 1, 85-240 Bydgoszcz, entered in the Register of Entrepreneurs under No. 0000065491, NIP No.: 5541025126, REGON No.: 091280069, with share capital of PLN 1,305,400, divided into 13,054,000 shares with nominal value of PLN 0.10 each. EGB Investments is a public company within the meaning of the Offering Act and its shares and bonds are traded in the alternative trading system operated by the WSE.

EGB Investments is engaged in the business of debt management specializing in managing debt portfolios of a significant number of debtors. EGB obtained permit from the KNF to manage securitized debts of securitization funds on the basis of the KNF decision of 2 December 2010.

As at the date of the Marketing Document, the capital group of EGB Investments includes EGB Nieruchomości sp. z o.o., in which EGB holds 100% of shares and Kancelaria Prawna EGB Bartłomiej Świdorski sp.k., in which EGB is a general partner.

Conditional agreement creating an obligation to sell shares in EGB Investments

On 30 May 2017 the Company entered into a conditional agreement with 15 investment funds managed by Altus Towarzystwo Funduszy Inwestycyjnych S.A. creating an obligation to sell 12,972,842 shares representing approximately 99.38% of the share capital of EGB Investments (“**EGB Shares**”) for the price of PLN 207,565,472, i.e. PLN 16 for one EGB Share (“**Purchase Price**”)(“**Conditional EGB Share Purchase Agreement**”).

Funds earmarked to finance the Purchase Price will be accrued on the Company’s bank account maintained by Idea Bank S.A. (“**Escrow Account**”) and will be generated, in full or in part, by the issuance of bonds effected by the Company, the purpose of which would be the implementation of the Group’s strategy by acquiring the controlling stake in EGB Investments (“**EGB Bonds**”). Proceeds from the issuance of EGB Bonds will be transferred directly to the Escrow Account.

Obligations of the parties related to the sale of EGB Shares have been incurred subject to satisfaction of the following conditions precedent: (i) the UOKiK President issuing an unconditional clearance for the acquisition of shares in EGB Investments or a decision on the return of the antimonopoly notification due to the fact that the acquisition of shares in EGB Investments by the Company does not require the clearance from the UOKiK President or the lapse of the statutory time limit and (ii) collecting at least PLN 120 million as proceeds from the issuance of the Company’s bonds, to be used for the payment of the purchase price for the shares in EGB Investments, and (iii) carrying out the following actions no later than before the vendors file their request for the payment of the below mentioned earnest money (*Polish: zadatek*) from the Escrow Account: (a) establishing a blockade on EGB Shares, excluding the right to dispose of shares without the Company’s consent, which will expire not earlier than on the date falling 3 months after the execution of the Conditional EGB Share Purchase Agreement; and (b) granting a power of attorney to the Company to carry out, on behalf of the vendors, all actions necessary to enter into the unconditional share purchase agreement related to EGB Shares, as well as to carry all other actions related to transfer of title to EGB Share to the Company, in particular to file appropriate instructions, provided that the Company pays the total of the Purchase Price to the vendors (taking into account the amount of the earnest money paid from the Escrow Account) (“**Conditions Precedent**”). If the notification on the intention to acquire EGB Shares is withdrawn or no explanations are provided to the UOKiK President in the course of proceedings initiated by such notification on the intention to acquire EGB Shares in due time (unless failure to provide explanation will result from the fact that EGB Investments or the vendors fail to submit information necessary to provide such explanations in question), the Company will be obliged to pay liquidated damages of PLN 2 million.

Subject to the materialization of Conditions Precedent, vendors will be authorized, however not earlier than on 14 July 2017, to file a request for the transfer of the amount not exceeding PLN 120 million to their accounts from the Escrow Account as earnest money (with the consequences to be borne by the vendors pursuant to the provisions of Article 394 of the Civil Code) against the payment of the Purchase Price; such payment will be effected, unless funds accrued on the Escrow Account have been already paid out on the basis of a request to transfer the amount corresponding to the Purchase Price to the account of a brokerage house handling the share purchase transaction (such request is valid only if the funds accrued on the Escrow Account equal at least the value of Purchase Price), provided that such funds will be re-transferred to the Escrow Account by the brokerage house.

The agreement contains also certain standard provisions regulating obligations of vendors valid between the date of execution of the Agreement and the date on which the title to EGB Shares is transferred to the Company, introducing restrictions as to outflows from assets of EGB Investments and its subsidiaries to shareholders of EGB Investments or its affiliates, as well as provisions ensuring that operations of EGB Investments and its subsidiaries will be carried out in line with ordinary scope of business and current practice.

Cooperation framework agreement with Altus TFI S.A.

On 30 May 2017 the Company and Altus Towarzystwo Funduszy Inwestycyjnych S.A. (“**Altus TFI**”) entered into a framework agreement on the basis of which and on condition that the Company acquires EGB Shares and pays the Purchase Price for such shares to the vendors, Altus TFI (acting in its own name and on behalf of investment funds under its management) undertook to cause that in the period until 30 June 2022 all investment debt portfolios of securitization funds managed by Altus TFI and its affiliates, on the date of this Agreement and in the future, excluding Funds Covered by Exception (pursuant to definition below), will be managed solely by

the Company or its affiliates; with respect to all investment debt portfolios of securitization funds managed by Altus TFI and its affiliates, on the date this Agreement and in the future, excluding Funds Covered by Exception, all legal services pertaining to the management of such debt portfolios constituting debt recovery in court or pursuant to enforcement proceedings, will be provided, on an exclusive basis, by a law firm indicated by the Company; the “Funds Covered by Exception” will be the securitization funds specified in the Agreement and managed by Altus TFI as well as securitization funds created or managed in the future, in which the only participants will be Altus TFI, which would manage part or all investment portfolios of the fund, or affiliates of the managing entity within the meaning of the accounting laws, or which will be created or managed by one participant and its affiliates. In order to perform the aforementioned obligations, Altus TFI (acting in its own name and on behalf of securitization funds under its management) undertook an obligation that it shall enter into with the Company or its affiliates and a law firm designated by the Company appropriate agreements, including agreements on the management of investment debt portfolio as well as on the provision of legal services subject to terms and conditions specified in the Agreement which, as a rule, are convergent with market conditions. In consideration of the costs incurred by Altus TFI regarding portfolio management as well as distribution of securitization funds preparatory stage, the Company will be obliged to pay a lump sum of PLN 22 million (increased by appropriate VAT), paid within 30 of the satisfaction of the condition referred to above. Should Altus TFI (acting in its own name and on behalf of investment funds under its management) fail to perform its obligation at the fault of Altus TFI or its affiliate, the Company may request Altus TFI and funds managed by Altus TFI, to pay, jointly and severally, compensation of PLN 10 million within 10 days of receiving such request; the Company may also seek compensation for breach of the Agreement with the value exceeding the above amount. The obligations of Altus TFI described above will not concern funds with respect to which debt portfolio management agreements have been terminated by Altus TFI due to the fault on the part of the Company or its affiliate being a party to such agreement. Altus TFI will have the right to terminate the framework agreement if all agreements entered into in performance of the framework agreement have been terminated in full, dissolved or expired due to other reason than by mutual agreement of the parties.

Dependence

In the Company’s opinion, with regard to its core activity, the Group does not depend in a major way on patents or licenses, industrial, commercial or financial agreements or new production processes.

The Group also does not depend on any agreements or licenses related to debt management. There are available on the market several debt management software solutions. Additionally, certain elements of software are developed by the Company itself. Therefore, the Group may start using competitive software solutions in the event of termination of the current software license agreement.

Permits

Entry in the register of regulated activities with regard to detective services

The Company is entered in the register of regulated activities with regard to detective services, kept by the Minister of Internal Affairs, under No. RD-35/3515.

Permit to manage securitized debt of a securitization fund

On 2 September 2012, based on an application submitted by the Company, the KNF issued a decision permitting the Company to manage securitized debt of a securitization fund.

Environmental protection

According to the Company, the business and the financial condition of the Group and the use of the Group’s tangible fixed assets are not influenced by nor do they exert a material influence on matters related to environmental protection. No administrative rulings or penalties have been imposed on the Company nor are any proceedings related to environmental protection pending.

Research and development

The Group does not engage in research and development activity.

No new material products or services of the Group have been developed or rolled-out as at the date of the Marketing Document.





Intellectual property

Trademarks



The Company is using several trademarks, including word marks and figurative marks with letters. As at date of the Marketing Document, the Patent Office granted the Company protection rights to eight (8) trademarks while the applications relating to six (6) trademarks have yet to be processed by the Patent Office. In addition, the Company applied for the registration of two (2) trademarks to the European Union Intellectual Property Office (EUIPO). Five trademark registration applications filed for Neum Pretium sp. z o.o. are also being processed by the Patent Office. The tables below show the trademarks belonging to the Company and to Neum Pretium sp. z o.o.

The Company's trademarks registered with or submitted for registration to the Patent Office

#	Trademark	Type	Date of submission to registration	Application #	Protection right #	Nice classification	Protection period ends
1.	GetBACK WINDYKACJA NALEŻNOŚCI 	figurative mark with letters	15 February 2012	396776	263818	9, 35, 36, 38, 45	15 February 2022
2.	GET BACK	word mark	15 February 2012	396777	263819	9, 35, 36, 38, 45	15 February 2022
3.	BIURO RZECZNIKA PRAW DŁUŻNIKA 	figurative mark with letters	1 February 2016	451901	291586	36, 38, 45	1 February 2026
4.	UNIVERSE 	figurative mark with letters	1 February 2016	451903	291587	36	1 February 2026
5.	UNIVERSE2 	figurative mark with letters	1 February 2016	451907	291588	36	1 February 2026
6.	UNIVERSE3 	figurative mark with letters	1 February 2016	451908	291589	36	1 February 2026
7.	 ofw	figurative mark with letters	1 February 2016	451910	291592	36	1 February 2026
8.		figurative mark with	1 February 2016	451912	291594	36	1 February 2026


#	Trademark	Type	Date of submission to registration	Application #	Protection right #	Nice classification	Protection period ends
		letters					
9.	easyDEBT 	figurative mark with letters	1 February 2016	451902	-	36	
10.	getBACK24 	figurative mark with letters	1 February 2016	451913	-	36, 38	
11.	OMEGA 	figurative mark with letters	1 February 2016	451900	-	36	
12.	Getback – z nami warto rozmawiać	word mark	26 September 2016	461941	-	36	
13.	#nowawindykacja	word mark	26 September 2016	461942	-	36	
14.	RAZEM WYGRAMY Z KAŻDYM DŁUGIEM	word mark	26 May 2017	482233	-	09, 35, 36, 38, 45	

The Company's trademarks submitted for registration to the European Union Intellectual Property Office (EUIPO)

#	Trademark	Type	Date of submission to registration	Application #	Protection right #	Nice classification	Protection period ends
1.		figurative mark	26 May 2017	016772998	-	9, 35, 36, 38, 45	-
2.		figurative mark	26 May 2017	016773012	-	9, 35, 36, 38, 45	-

Trademarks of Neum Pretium sp. z o.o. submitted for registration to the Patent Office

#	Trademark	Type	Date of submission to registration	Application #	Protection right #	Nice classification	Protection period ends
	TREFL NAJLEPSZY W NASZEJ	figurative mark with letters	26 September 2016	461999	-	36	

#	Trademark	Type	Date of submission to registration	Application #	Protection right #	Nice classification	Protection period ends
							
	Trefl	word mark	26 September 2016	461948	-	36	
	Trefl – najlepszy w naszej talii	word mark	26 September 2016	462000	-	36	
	KONICZYŃKA – POŻYCZKI PO LUDZKU	word mark	15 February 2016	452348	-	36	
	KONICZYŃKA	word mark	15 February 2016	452349	-	36	

Internet domains

Ninety-four Internet domains have been registered for the benefit of the Group companies. The most important of them is www.getbacksa.pl, where the Company's official website can be found. Other important domains include getback24.pl, biuropomocyiwsparciadluznika.pl, rzecznik-praw-dluznika.pl, rzecznik-dluznika.pl, easydebt.pl, jakwyjsczdlugu.pl, zgubdlug.pl, lekkobezdlugu.pl, punktualni.pl, rozwiazaniedlaciebie.pl.

IT solutions

Technical solutions

In its activity the Group uses a number of IT systems. The key debt recovery processes are supported by the *Easy Collect* system at the stage of amicable debt recovery, *Debt Manager* system for the collection of receivables through courts and enforcement, and the *Easy Bills* system responsible for the financial side of the debt collection process. The collection process is also supported by the *Genesys* call center system. *Easy Collect* and *Easy Bills* are developed at home.

The *Easy Collect* system facilitates mass and individual recovery of debt at the amicable stage. It contains modules for cooperation with the *Genesys* call center system and modules for mass processing of outgoing and incoming correspondence. It is integrated with external systems for obtaining and enrichment of data.

The *Debt Manager* system facilitates mass and individual debt recovery at the court and enforcement stage. It has functionalities supporting the process of mass filing of suits, both using the classic procedure and the *Electronic Writ-of-Payment Procedure*. The system supports the management of correspondence coming from courts and offices. *Debt Manager* has a module for mass generation of enforcement applications and the management of the enforcement process.

The *Easy Bills* system is a billing system. It performs all the financial operations, such as booking of payments, calculation of interest, settlement of the purchase price of the debt portfolios served. The system is integrated with the *Easy Collect* and *Debt Manager* systems.

The *Genesys* call center system is fully integrated with the *Easy Collect* system. It enables real-time control and reporting. Its functionalities include a platform for managing mass text messaging and the IVR (*Interactive Voice Response*) module for automated voice handling of connections. This system also has a module for recording calls and a module making access possible in the event of a malfunctioning.

Earlier this year the company embarked on a project to implement a new system which will service comprehensively the process of debt management at all stages. The system will provide full servicing of the finance area. It will replace the *Easy Collect*, *Debt Manager* and *Easy Bills* systems used at present and will be based on Oracle database technology and Java application server. The projected launch date is the first quarter of

2018. The Group uses *PiLab* and *Prophix* reporting and analytical tools. A global data warehouse will be implemented within the framework of designing the new system.

The MDK (*Mobilny Doradca Klienta*) system which came on stream in 2017 supports the system of collection of local debt. The system was designed in a manner making it possible to use it on mobile devices running under the Android system. The system is integrated with the *Easy Collect* system.

The architecture of the information systems is based on *Blade* series Dell servers and on integrated Dell Compellent mass storage matrixes. The server environment is fully virtualized. The backup server room uses an environment mirroring the production environment. The solutions used guarantee high accessibility, security and efficiency of the systems used in the Company.

Company branches are equipped with videoconferencing systems facilitating full-time contact between the management personnel and project teams in the geographically dispersed structure.

Licensing models

As regards third-party software licenses, the terms and conditions of such licenses do not differ substantially from standard market terms. In principle the software licensee in the Group is Bakura sp. z o.o. S.K.A. due to favorable tax implications of the purchasing of rights to computer software (it is an entity providing IT services itself). In such instances the Company is authorized to use the computer software licensed by it under sublicense agreements.

Ratings

On 20 January 2017 the Warsaw-based EuroRating Sp. z o.o. rating agency („**EuroRating**”) awarded the Company a BB rating with a stable outlook. The rating was maintained by EuroRating at the same level after the periodic rating review on 14 April 2017.

A BB rating signifies an increased credit risk and a relatively lower financial credibility, combined with adequate capacity to meet financial commitments under average or favorable economic conditions. A BB rating also indicates a high or medium level of debt recovery in case of default.

Classes of ratings used by EuroRating rating agency:

Rating	Description of risk
AAA	Negligible credit risk. Highest level of financial credibility. Rating assigned exclusively where an entity has extremely strong capability to meet financial commitments.
AA+	Very low credit risk. Very high level of financial credibility. Very strong capability to meet financial commitments. Low susceptibility to adverse economic conditions.
AA	
AA-	
A+	Low credit risk. High financial credibility and capability to meet financial commitments. Average resistance to long-term unfavorable economic conditions.
A	
A-	
BBB+	Moderate credit risk. Good financial credibility and adequate capability to meet financial commitments in the long term. Increased susceptibility to long-term adverse economic conditions.
BBB	
BBB-	
BB+	Increased credit risk. Relatively lower financial credibility. Adequate capability to meet financial commitments under average or favorable economic conditions. High or medium level of debt recovery in case of a default.
BB	
BB-	
B+	High credit risk. Capability of meeting financial commitments largely conditioned on favorable external conditions. Medium or low level of debt recovery in case of a default.
B	
B-	
CCC	Very high credit risk. Very low capability to meet financial commitments even under favorable economic conditions. Low or very low level of debt recovery in case of a default.
CC	
C	
D	Extremely high credit risk. Complete lack of capability to meet financial commitments. Without additional external support the level of debt recovery is very low or close to zero.

Source: www.eurorating.com

The stable rating prospects mean that judging by the current assessment by EuroRating, the rating awarded to the Company will in all likelihood remain unchanged over the next 12 months.

The agency has named the following characteristics as the main factors influencing the rating awarded by it: the Company's moderate vulnerability to changes of macroeconomic parameters, the high rate of return on core operations and the growing demand for external financing in connection with the planned dynamic growth of the Company.

When analyzing credit risk, EuroRating takes into account the macroeconomic environment risk as well as the vulnerability of the given entity to exchange rate swings. The ratings awarded by EuroRating take into account factors related to the general country and currency risk, therefore they are identical to international ratings.

EuroRating is formally registered by ESMA as a rating agency authorized to award credit ratings in EU territory and is subject to direct oversight by ESMA. EuroRating has the status of ECAI (external creditworthiness assessment institution) in the EU, which means that the credit ratings awarded by EuroRating may be used by financial institutions for regulatory purposes throughout the EU and are equivalent to ratings issued by other ESMA-recognized agencies, without any territorial or other restrictions.

The full rating report along with information about the rating scales and a description of the methodology employed are available on EuroRating rating agency's website www.eurorating.com.

Furthermore, on 17 March 2017, Standard&Poor's rating agency („S&P") awarded the Company long-term and short-term B rating with stable prospects. B-level rating means that the Company is currently able to meet its financial commitments. Stable rating prospects meanwhile mean that judging by the current assessment, the rating awarded to the Issuer by the Agency will most likely remain unchanged over the next 12 months.

S&P's long-term issuer credit ratings:

Rating	Description of risk
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P Global Ratings.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
BBB	An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
BB, B, CCC and CC	Obligors rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
CCC	An obligor rated 'CCC' is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An obligor rated 'CC' is currently highly vulnerable. The 'CC' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within five business days of the due date in the absence of a stated grace period, or within the earlier of the stated grace period or 30 calendar days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

**The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.*

Source: www.standardandpoors.com

S&P's short-term issuer credit ratings:

Rating	Description of risk
A-1	An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by S&P Global Ratings. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.
A-2	An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.
A-3	An obligor rated 'A - 3' has adequate capacity to meet its financial obligations. However, adverse economic

Rating	Description of risk
	conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
B	An obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.
C	An obligor rated 'C' is currently vulnerable to nonpayment that would result in a 'SD' or 'D' issuer rating, and is dependent upon favorable business, financial, and economic conditions for it to meet its financial commitments.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms, when it came due. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations, excluding hybrid instruments classified as regulatory capital, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

Source: www.standardandpoors.com

The main factors influencing the rating, according to S&P, are, among other things, the steadily improving business activity of the Company, the low level of financial leverage and an adequate capacity to generate cash flows. At the same time, S&P pointed to the short period of the Company's operation compared to similar players rated by it, the moderately high country risk and industry risk and the Company's focus on just one area of activity.

The full rating report along with information concerning the rating scale and a description of the methodology used are available on the Agency's website www.standardandpoors.com.

Insurance

The Company holds third-party liability insurance in respect of the business pursued by it. The Company also has insurance cover in the form of all-risk insurance of electronic equipment. Furthermore, the Company has third-party liability insurance for damage caused in the course of providing tax counselling services and bookkeeping services. Getback Law Firm has professional third-party liability insurance. All the insurance policies are renewed annually. Currently the Group's insurers are Powszechny Zakład Ubezpieczeń S.A., AXA Towarzystwo Ubezpieczeń i Reasekuracji S.A. and Towarzystwo Ubezpieczeń i Reasekuracji Warta S.A.

As at date of the Marketing Document, members of the corporate bodies of the Company and of Group companies were covered by D&O insurance agreement signed by the Company initially with AIG Europe Limited sp. z o.o. Oddział w Polsce, and later also with ACE European Group Ltd. Oddział w Polsce. Additionally, as at the date of the Marketing Document, members of the corporate bodies of the Company and the Company are covered by the third party insurance entered into with TUiR Allianz Polska S.A. and AIG Europe Limited sp. z o.o., Oddział w Polsce, pertaining to the liability arising from the Prospectus.

The Management Board believes that the scope of the insurance cover of the Company and the Group companies corresponds to the best practices that should be applied by the entities operating in the industry in which the Company operates.

Employment

As at 30 April 2017, the Group employed (full-time or part-time) a total of 1,256 persons when converted into FTEs. The below table presents the number of the Company's headcount divided according to contract term as at the dates indicated:

	30 April 2017	31 December 2016	31 December 2015	31 December 2014
Group total, of which:	1,378	1,047	708	336
for an indefinite term	619	459	316	126
for a specified term	488	376	295	79
for a trial period	271	210	97	129
the Company, of which:	1056	837	532	238
for an indefinite term	423	331	218	98

	30 April 2017	31 December 2016	31 December 2015	31 December 2014
for a specified term	392	322	229	64
for a trial period	241	184	85	75
subsidiaries, of which:.....	322	210	176	98
for an indefinite term	196	128	98	28
for a specified term	96	55	66	15
for a trial period	30	27	12	55

¹⁾ The table presents information on the aggregate number of persons employed under employment contracts, including persons using child care leaves, unpaid leaves or receiving rehabilitation benefits.

Source: the Company.

In the Company's opinion, the aggregate number of employees of the Group has not undergone any significant change between 30 April 2017 and the date of the Marketing Document.

The Group does not employ a significant number of temporary employees. The average number of temporary employees in the Company in 2016 was 16 persons.

The table below shows the number of persons employed (full-time or part-time) in the Group broken down by the cities in which the Group operates.

	30 April 2017	31 December 2016	31 December 2015	31 December 2014
Poland.....	1,166	918	614	288
Romania	212	129	94	48

Source: the Company.

Remuneration system

The average base pay of the Company's employees amounted, for the three months ended 31 March 2017 and for the years ended 31 December 2014, 2015 and 2016, to: PLN 5,032.63, PLN 4,011.57, PLN 4,559.78 and PLN 5,123.51 a month respectively.

Group employees receive benefits other than pay, which include, without limitation, group insurance, health care plans and gym membership cards.

As at date of the Marketing Document the Group does not employ a significant number of temporary workers.

Liabilities related to mandatory pension benefits

As at date of the Marketing Document there were no provisions for pension benefits or service anniversary bonuses for Group employees, nor were such provisions established in the years 2014, 2015 and 2016.

Collective bargaining agreements

As at date of the Marketing Document, no collective bargaining agreements were in force in the Company or any of the Subsidiaries and neither the Company or any of the Subsidiaries were party to a collective labor dispute.

Labor unions and works councils

As at date of the Marketing Document no labor unions operated in the Company or any of the Subsidiaries and no industrial action took place.

Employees' participation in the Company's share capital

As at date of the Marketing Document three members of the Company's Management Board (each individually) hold a non-controlling stake in the Company's share capital and at the same time those Management Board members do not jointly hold a controlling stake.

Court and administrative proceedings

Group entities (in particular NSFIZ) are involved in numerous court proceedings within the framework of their regular course of business, most of which are typical and repetitive ones and which, each on its own, are not material for the Company, its financial condition and its business. Typical court proceedings involving Group entities concern chiefly the collection of receivables, employment-related issues, claims for damages. Within the framework of its business the Company is also party to administrative proceedings, including one proceeding

before the UOKiK President. As at 7 June 2017, the Group's closed-end investment funds acted as plaintiff in 759,533 court proceedings (including 5,567 business proceedings, 679,302 electronic writ-of-payment proceedings and 3,326 bankruptcy proceedings), in which the aggregate value of the object of dispute was PLN 5,583 million. Furthermore, as at 7 June 2017, there were 368,431 enforcement proceedings underway, in which the aggregate value of the claims being enforced was PLN 2,331 million. As at 26 May 2017, the Company was engaged in 21 court disputes, including 1 dispute with the aggregate value of the object of dispute of PLN 2,000 as the plaintiff and in 20 disputes with the aggregate value of the object of dispute of PLN 463,000 as the defendant. The aggregate value of the objects of dispute is approx. PLN 465,000 (see: "*Risk Factors—Risk factors relating to the law-- Proceedings may be instituted by or against entities from the Group*").

By its decision No. 57/2016 of 18 November 2016 the UOKiK President instituted proceedings against the Company pursuant to the Competition and Consumer Protection Act, which concerns, among other things, the manner of conducting correspondence and taking telephone calls addressed to indebted persons.

As at date of the Marketing Document, the Company is not aware of any pending or threatened disputes involving its management or supervisory personnel. Furthermore, management or supervisory persons did not hold administrative, management or supervisory positions in the companies put into liquidation, receivership or bankruptcy, with the exception of the liquidation of special purpose companies, in which Management Board member Mariusz Brysik acted or has been acting as liquidator.

Other than the proceedings referred to above, in the twelve months preceding the date of the Marketing Document none of the Group companies was party to or participant in any administrative, court or arbitration proceedings that could or might have a material impact on the financial condition or the prospects of the Company or the Group. The Company is not aware of any administrative, court or arbitration proceedings that could take place in the future and that might have a material impact on the financial condition or the operations of the Company or Group.

Tangible fixed assets

As at date of the Marketing Document, the Company nor any Group company did not hold and was not planning to hold tangible assets of significant value, including leased property. In particular, as at the date of the Marketing Document, the Company did not hold any farm property within the meaning of the Agrarian Development Act.

REGULATORY ENVIRONMENT

Activities of securitization funds

In Poland, the activities of securitization funds constitute regulated activity. Securitization funds, acting as closed-end investment funds, are subject to supervision by the KNF, which has broad powers and legal instruments for exercising such supervision KNF supervision.

Following an application filed by an investment fund management company acting in the form of a joint-stock company, the KNF shall grant a permit for the establishment of the fund. The KNF may refuse to grant the permit in the instances defined in the Act on Investment Funds and AIF Management, e.g., when the management company does not guarantee proper management of an investment fund pursuing an investment policy and investment goals such as those of the investment fund which the application concerns. Furthermore, the KNF approves the selection of an entity that will act as the fund's depository and the charter. Some amendments to the fund's charter (e.g., concerning the premises, mode and terms of redemption of investment certificates or the dates and terms of making notifications about the redemption of the certificates) also require a KNF permit. KNF permits for the establishment of a fund, the appointment of a depository, or amending of the charter are not required in the case of a closed-end investment fund which only issued investment certificates that, in accordance with the fund's charter, will not be offered by way of public offering or be admitted to trading on a regulated market or placed in an alternative trading system.

The management of securitized debt of a securitization fund by an entity other than a management company requires the obtaining of a KNF permit by that entity. The permit for the management of securitized debt also signifies a permit for managing a debt pool. An entity other than a management company, while filing an application with the KNF for a permit to manage securitized debt of a securitization fund shall attach thereto, among other things, a description of the procedure of managing the securitized debt, including in particular the principles of recovery of such debt. The KNF must be informed about any change of the procedure. Furthermore, at the request of the KNF or its authorized representative, the entity managing the securitized debt of a securitization fund, in order to check whether its activity in the field of managing securitized debt conforms with the law, the charter of the investment fund, the agreement signed with the investment fund management company and the permit held by it, is obliged to supply the information, documents or explanations indispensable for the exercising of effective supervision by the KNF. The permit for managing the securitized debt of a securitization fund expires upon the declaration of bankruptcy or the opening of the liquidation of the entity. In the event of a merger or demerger of an entity other than a domestic bank, the permit to manage securitized debt of a securitization fund shall not pass to the surviving company or a new company established in connection with the merger or demerger of such an entity.

The KNF may order a management company which breaches the provisions of the law, does not meet the conditions defined in the permit, exceeds the scope of the permit, breaches the interests of the participants in an investment fund or the participants in a collective securities portfolio or which does not uphold the rules of fair trading, and also in the investment fund managed by the company breaches, e.g., the regulations governing the operation of investment funds, does not follow the provisions of a charter of the conditions set out in the permit or does not operate in accordance with the provisions of a prospectus, as well as the entity managing the securitized debt of a securitization fund which breaches the provisions of the law, does not meet the conditions set out in the permit or exceeds the scope of the permit, or its operations breach the interests of the participants in the securitization fund, to discontinue such breaches. Furthermore, in such instances the KNF may, by way of a decision, revoke the permits granted or impose a fine of, respectively, up to PLN 20,949,500 (with some exceptions) for the management company and up to PLN 500,000 for the entity managing the securitized debt of the securitization fund. The KNF may also impose both sanctions simultaneously.

The transfer of all the benefits obtained from a certain pool of receivables or from specified receivables under a subparticipation agreement to a bank or another entity authorized to securitized debt is governed by the provisions of the Act on Investment Funds and AIF Management and of Banking Law.

On 24 September 2012, the KNF passed a decision granting the Company a permit to engage in business in the scope of management of securitized debt of a securitization fund, which is tantamount to authorizing the Company to engage in such business from the date when such entry is made.

Furthermore, the Group's operations in the area designated above must be pursued in accordance with a number of EU regulations and the provisions of Polish law.

Detective services

In Poland, the engaging in actions consisting in obtaining, processing and passing information about persons, things and events, carried out under an agreement with a mandator to an extent not reserved for public authorities constitutes detective services.

Business activity in the scope of detective services is a regulated activity and requires the obtaining of an appropriate entry in the register of detective activity kept by the Minister of Internal Affairs and Administration. The entry of companies in that registry is made at the request of the entrepreneur, provided that entrepreneur meets the statutory requirements, including, without limitation:

- the holding of a license by a person authorized to represent the entrepreneur or by an attorney-in-fact appointed by the entrepreneur to manage the detective services activity;
- persons who do not hold the license and are members of a corporate body of the managing entrepreneur and the proxies appointed by such corporate body have not been penalized for willful offences or willful fiscal offences;
- the company signed a third-party liability insurance agreement regarding the damage caused in the course of performing detective activities.

The Company obtained an entry in the register of regulated activities with regard to detective services on 8 May 2015, which is tantamount to the Company being authorized, as of the date of entry, to provide detective services.

Personal data protection

Due to the considerable scope of processing of personal data of natural persons by Group companies within the framework of their day-to-day operations, the regulations concerning the protection of personal data are particularly important for the Group's business. The processing of personal data may only take place in a manner defined by the provisions of the law, in particular by the Personal Data Protection Act, and shall involve the use of technical and organizational measures ensuring the protection of the processing of personal data, especially protection against disclosure to unauthorized persons.

In the event of breach of the provisions related to the protection of personal data, in particular the disclosure of personal data in an unlawful manner, the Group may face the risk of criminal or administrative sanctions being applied to it or to members of Group companies' bodies. Unlawful disclosure of personal data may also result in civil claims being lodged against the Group, in particular over a breach of personal rights. Additionally, the persons whom such data concern must be granted right of access to the content of their data and the right to rectify such data.

Furthermore with regard to activity consisting in providing access to economic information, the operation of the ERIF Register of Debtors is also subject to the Act on Access to Economic Information. As for the securitization of bank debt by securitization funds, the provisions of Banking Law concerning banking secrecy apply.

UOKiK

Due to the nature of the Group's operations, the Group faces the risk that a relevant consumer protection authority may determine that the Group's actions in relation to debtors who are natural persons breach the consumers' collective interests (such as the provision of false information to clients, use of unfair market practices, use of prohibited clauses listed in a register kept by the UOKiK President, etc.).

The UOKiK President may forbid the use of such practices and impose a fine on the entrepreneur (in principle, at up to 10% of the revenue earned in the year preceding the year in which the penalty was imposed) or employ other measures, which may have an adverse effect on the Group's business, financial condition, results or prospects. Any potential disputes with the UOKiK President concerning the aforesaid decisions may lead to the institution of court proceedings before a competent court in Poland, which may uphold or overturn such a decision. If a non-appealable court ruling determines that a provision or standard terms are prohibited, such a provision or standard clause is entered in the Register of Forbidden Clauses kept by the UOKiK President. Once a standard clause is entered in the aforesaid register, a provision or standard clause deemed to be forbidden may not be used by any entity engaging in operations in Poland.

Furthermore, in accordance with the Act on Competition and Consumer Protection, UOKiK President is authorized to issue a decision ascertaining that the given undertaking is a participant in a scheme whose aim or outcome is the limiting of competition. UOKiK President may charge undertakings holding a dominant position

on the market with abusing that position. Upon ascertaining such breaches, UOKiK President may order them to discontinue such breaches as well as imposing a fine.

In the event of a suspicion of a breach which could have impacted trade between EU member states, the provisions of the treaty on the functioning of the European Union and the remaining EU legislation apply directly, with the European Commission or the UOKiK President being the authorities competent to enforce them. Within their prerogatives, the European Commission or the UOKiK President may determine that the given move of an entrepreneur constitutes a forbidden practice that limits competition, or may ascertain an abuse of a dominant position or a breach of the collective interests of consumers, and prohibit the use of such practices or apply other sanctions envisaged by the provisions of EU laws or the provisions of the Act on Competition and Consumer Protection, which could adversely impact the business, financial condition, results or prospects of the Group.

Consumer bankruptcy

Due to the fact that a large part of the debtors whose debts the Group is seeking to recover are natural persons who are not entrepreneurs, the regulations concerning consumer bankruptcy included in the Bankruptcy Law are material from the point of view of the Group's operations. In accordance with these regulations, a natural person to whom the general provisions of the Bankruptcy Law do not apply, may file an application for the declaration of bankruptcy comprising the liquidation of assets. Following the completion of the bankruptcy proceedings and fulfillment of the obligations vis-à-vis the creditors defined in the repayment plan, the bankrupt person's unrepaid liabilities set out in the repayment plan shall be redeemed, therefore the creditor has no more possibilities of seeking the repayment of outstanding debt.

Other bodies exercising material supervision over the Group's activities

With regard to certain areas of their operations, Group companies are also subject to supervision by other public administration bodies, including, without limitation:

- the Inspector General for Personal Data Protection with regard to the processing and protection of personal data, in accordance with the Personal Data Protection Act. At the request of the person who the given data concern, the data administrator is obliged to inform him/her about their rights and provide information concerning that person's personal data. Furthermore, the supervision by the Inspector General for Personal Data Protection follows from the Act on Access to Economic Information, which authorizes any person to access economic information kept by the administrator of such data;
- the minister in charge of the economy with regard to the exercising of supervision over the economic information bureau, which intermediates in providing economic information based on the on Access to Economic Information, consisting in receiving economic information from creditors and storing and disclosing such information;
- the KNF with regard to the issuing of financial instruments, including investment certificates meeting the requirements referred to in Article 2 of the MAR Regulation and on the basis of the Act on Supervision over the Financial Market, in accordance with which the KNF's tasks include the taking of action serving the proper functioning of the financial market.

MANAGEMENT BOARD AND SUPERVISORY BOARD

Pursuant to the Commercial Companies Code, the Company's management and supervisory bodies are the Management Board and the Supervisory Board, respectively. The description of the Management Board and the Supervisory Board was based on the Commercial Companies Code, the Articles of Association and the Management Board Bylaws and Supervisory Board Bylaws in force as at the date of the Marketing Document, as well as on the basis of statements made by the Management Board and Supervisory Board members.

Management Board

Composition, manner of operation and powers of the Management Board

Composition of the Management Board

As at the date of the Marketing Document, the Management Board is composed of six members appointed for a concurrent three-year term.

The table below contains basic information on members of the Management Board incumbent as at the date of the Marketing Document.

Name of Management Board member	Position	Date of assuming position of Management Board member for the first time	Place of work
Konrad Kąkolewski	President of the Management Board	22 February 2012	ul. Moniuszki 1A, 00-014 Warszawa
Paweł Trybuchowski	Vice President of the Management	2 April 2012	ul. Moniuszki 1A, 00-014 Warszawa
Anna Paczuska	Vice President of the Management	1 August 2016	ul. Moniuszki 1A, 00-014 Warszawa
Mariusz Brysik	Member of the Management	23 June 2016	ul. Powstańców Śląskich 2-4, 53-333 Wrocław
Marek Patuła	Member of the Management	14 November 2016	ul. Moniuszki 1A 00-014 Warszawa
Bożena Solska	Member of the Management	30 December 2016	ul. Moniuszki 1A, 00-014 Warszawa

Source: the Company.

The present term of the Management Board commenced on 27 April 2015 and will expire on 27 April 2018.

The tenures of all the Management Board members holding their positions as at the date of the Marketing Document will expire at the latest on the day of holding the General Meeting which will approve the financial statements for the last full financial year in which the person concerned held the position of Management Board member, i.e., the day when the resolution on the approval of financial statements for the financial year ended 31 December 2017 is passed. The tenure of Management Board members also expires as a result of death, resignation or of being recalled from the Management Board. The tenure of a Management Board member appointed prior to the lapse of given Management Board term of office expire simultaneously with the tenures of the remaining Management Board members.

A description of the knowledge and professional experience of members of the Management Board is presented below in the section “—*Professional résumés of Management Board members*”.

Manner of operation and powers of the Management Board

The Management Board represents the Company towards third parties and handles all matters of the Company. The Management Board may also handle all other matters which do not fall within the powers of the General Meeting or Supervisory Board.

The Management Board shall be made up of one to six members, including President of the Management Board and Vice-Presidents of the Management Board. Pursuant to the Articles of Association Management Board members are appointed and recalled by the Supervisory Board for a concurrent three-year term. The same person may be re-appointed the member of the Management Board for a term not exceeding three years. Management Board members may be recalled at any time by the Supervisory Board, which shall not deprive them of claims arising from the employment contract. If the Management Board member is recalled before the lapse of the current term and a new member is appointed to replace him/her, the term of office of such new Management Board expires concurrently with the expiry of terms of office of other members of the Management Board. The

same applies also to the expansion of the Management Board during the term of office by appointing new members.

If the Management Board is composed of more than one member, two members of the Management Board or one member of the Management Board together with a registered proxy are authorized to make statements on behalf of the Company.

The Management Board Bylaws specify in details the mode of operation of the Management Board, as well as, matters that may be assigned to individual members, as well as issues requiring a resolution of the Management Board to be adopted. The Management Board Bylaws as well as amendments thereto are adopted by the Management Board and approved by the resolution of the Supervisory Board.

Pursuant to the provisions of § 6 Section 3-5 of Management Board Bylaws, Management Board may, by way of resolution, divide duties among its members regarding management or supervision for which a given members is to be responsible. Management Board members supervise operations of business units in the Company according to the division of duties among Management Board members referred to above.

Resolutions of the Management Board are adopted at meetings. Pursuant to the Management Board Bylaws, meetings of the Management Board are held at least once a week, on dates and in a venue determined by the Management Board by way of resolution. The meetings are convened and chaired by the President of the Management Board or other Management Board member authorized by him, or the Vice-President of the Management Board in the event of their absence. Each Management Board member may file a request to the President of the Management Board to convene the meeting in matters requiring an immediate decision of the Management Board or to give notice about the material issues regarding the Company. In such cases, the President of the Management Board convenes the meeting in time to make appropriate decisions. The Management Board members should be notified about the meeting, as well as about its agenda, at least 24 hours prior to such meeting in any effective manner, i.e. the addressee receives the notice and confirms such receipt (via registered mail, courier, fax, e-mail or by phone, etc.). The notification requirement does not apply should the date of the meeting be established in advance by way of the Management Board resolution.

Persons designated by the President and Management Board members may, in an advisory capacity, may participate in the meetings of the Management Board, which includes in particular the employees of the Company which are responsible for matters placed on the agenda. The Supervisory Board members, experts necessary to make a decision on a given subject invited by the Management Board member as well as the secretary, may participate in the meeting of the Management Board without the right to vote.

The Company keeps the Register of Resolutions and the Register of Minutes of the Management Board.

Resolutions of the Management Board are passed by absolute majority of votes cast. Pursuant to the provisions of Management Board Bylaws, each member of the Management Board is entitled to one vote; in the event of a tied vote, the President of the Management Board shall have a casting vote. The resolutions may be adopted, provided that all members of the Management Board have been properly notified about the meeting.

The minutes of the meeting will be taken and will take notice of presence of the Management Board members at the meeting, the place and time of the meeting, its agenda, names of persons present at the meeting, course of the meeting, resolutions adopted and their outcome, as well as manner of voting, objections and dissenting opinions voiced by the Management Board members which may also include substantiations. Pursuant to the Management Board Bylaws the resolution, in the form of a separate document, and dissenting opinions together with substantiations should be attached to the minutes. All persons present at the meeting should sign the minutes.

It is permissible under the Management Board Bylaws to adopt resolutions by way of signing a given resolution by each individual Management Board member (by circulation).

The Management Board puts forward all applications and draft resolutions to be further presented at the General Meeting for the approval of the Supervisory Board. The Management Board provides the General Meeting with applications or draft resolutions together with an opinion issued by the Supervisory Board or information that the Supervisory Board has not issued an opinion referred to in §21 Section 2 of the Articles of Association.

Information regarding the actions with regard to which the Management Board is required to obtain an approval of the Supervisory Board is supplied below, in section “—*Composition, manner of operation and powers of Supervisory Board—Manner of operation and powers of Supervisory Board*”.

Pursuant to the provisions of § 16 Section 10 of the Articles of Association, the Management Board members may, upon the Supervisory Board’s consent, engage in competitive businesses or hold interest in a company running a competitive business as a shareholder of a civil law company, partnership or as a member of a governing authority of a capital company or as a member of a governing body of any legal person running a

competitive business, also in the Company's subsidiary (within the meaning of Article 4 § 1 Item 4 of the CCC). Pursuant to and subject to peremptory legal provisions, a member of Management Board shall notify the Management Board of the existing conflict or clash of interest or any possibility of their occurrence and that such member does not participate in any decision making processes concerning matters with respect to which such conflict or clash of interest may arise.

The Supervisory Board or an attorney appointed by the General Meeting shall represent the Company in agreements and disputes between the Company and Management Board member.

Pursuant to the Management Board Bylaws, if the term of office of the Management Board ends the Management Board members should hand over all the matters related to the Company to new Management Board against confirmation in writing.

Professional résumés of Management Board members

Konrad Kąkolewski

President of the Management Board

Konrad Kąkolewski graduated from the Warsaw University where in 1998 he was awarded a degree of Master in Economics. In 1995 he was awarded a Diploma in Accounting and Business of ACCA – British Association of Chartered Certified Accountants (1995), and further diplomas of the Minister of Finance (1994-1995) and National Depository for Securities. In the years 1995-1999 Konrad Kąkolewski worked as a manager in the KPMG bank audit team. Between 1999 and 2003 he worked for Bank Handlowy w Warszawie S.A., operating as Citi Handlowy since 2001 first as an Advisor of the President and then as a Director of the Financial Reporting Department of Taxes and Accounting Policy. In the years 2003-2005 he conducted financial restructuring process of PZU S.A. and PZU na Życie S.A. In July 2016, he was appointed the president of the management board in Hussar Gruppa S.A., which he has been holding ever since. Between December 2010 and June 2011 he was an advisor to the management board of Allianz Polska S.A. Between August 2011 and September 2012 he worked for Getin Noble Bank S.A. and Getin Holding S.A. as a specialist in accounting in supporting units and project managers. He also holds the position of management board of two companies of the Group, i.e. Neum Pretium S.A. and Neum Pretium sp. z o.o.

Paweł Trybuchowski

Vice President of the Management Board

Paweł Trybuchowski is a graduate of the Warsaw School of Economics where in 1996 was awarded degree of Master in Finance and Banking. In 2004 he completed postgraduate studies in management. In 2005 he was awarded IFG (MBA) of the French Institute of Management in Warsaw. In 2016 he also completed additional postgraduate studies in management at the Wrocław University of Economics. Since 2005 he has held the position of Operational Director in Intrum Justitia. Concurrently, he has worked as an analyst of liabilities and commercial proxy in Intrum Justitia TFI, responsible for analytical part of the Securitization Fund. In the years 2007-2008 he held the position of the Vice President of the Management Board responsible for Operational Department (COO) in Ultimo Sp. z o.o. From 2008 till the end of 2011 he held the position of President of the Management Board of Corpus Iuris Sp. z o.o. He also is a member of the management board of two companies of the Group, i.e. Neum Pretium S.A. and Neum Pretium sp. z o.o. In the past he was also a president of management board of Getback Recovery S.R.L., which is also a member of the Group.

Anna Paczuska

Management Board Member

Anna Paczuska graduated from the Faculty of History of the Warsaw University and in 1998 she was awarded a degree of Master of Art. She has an extensive knowledge of debt management regulations. She has been involved in the debt management sector since 1999. She began her professional career in Intrum Justitia Polska sp. z o.o., where she worked between July 1999 and 2004 as Operation Manager responsible for debt collection process and in particular collection of acquired debts. From 2004 to 2009 she held the position of the Managing Director and Head of Customer Service in EOS KSI Poland sp. z o.o., where, in 2009 she was promoted to the position of the President of the Management Board which she held until 2016. In the years 2012-2016 she worked as a commercial proxy for EOS & M. Witoń Kancelaria Prawna sp. k. Since 2009 she has held the position of management board member of EOS Investment Poland GmbH with its registered office in Hamburg, Germany.

Mariusz Brysik

Management Board Member

Mariusz Brysik graduated from the Faculty of Law, Administration and Economics of the University of Wrocław where in 2005 he was awarded a degree of Master of Law. In 2003 he began his career in business by providing services some legal offices, first as a trainee legal advisor and then as a legal advisor. In 2009 he completed counsel legal training at District Chamber of Legal Advisors (*Okręgowa Izba Radców Prawnych*) in Wrocław, and a year later became a legal advisor himself. Between 2011-2013 he held the position of a legal advisor in the Bad Debts Department in Getin Noble Bank S.A. Since March 2012 he has been working for the Company. In the years 2012-2016 he was a commercial proxy and held the position of the Manager of Law Office and Compliance. His areas of expertise are: procedural law, civil and commercial law, energy law, as well as banking and contract law. He also holds the position of the president of the management board of Bakura sp. z o.o. and the general partner of Getback Law Firm, a member of the Group.

Marek Patuła

Management Board Member

Marek Patuła is a graduate of Geography Faculty of the Adam Mickiewicz University in Poznań, where he was awarded a master degree. He later completed postgraduate studies in banking and was awarded MBA at the Poznań University of Economics and Business. He also participated in numerous Polish and international training programs in banking, e.g. in Leadership Academy Harvard, among others.

He began his professional career in Raiffeisen-Centrobank S.A. (currently Raiffeisen Bank Polska S.A.), where he began working in 1992. Then, in the years 1996-1998, he held the position of an officer in PKO BP S.A. In Raiffeisen Bank Polska S.A. Marek Patuła was first responsible for finalizing commercial transactions and providing services to clients from the SMEs sector, and on 1 May 2001 he was appointed the Head of the SMEs Department for Wielkopolska region. He was then made responsible for the whole area of commercial banking in Wielkopolska region where, in the years 2004-2006, he was in charge of all the Bank's operations. During the following year he was appointed the Head of the Commercial Banking Sales Management Department. In the years 2008-2013 he held the position of the President of the Management Board of Raiffeisen Financial Services Polska Sp. z o.o. On 1 July 2007 he was appointed Management Board responsible for Retail Banking and in January 2013 he became responsible, at the Management Board level, for risk management in Raiffeisen group in Poland. From January 2013 he was also responsible, at the Supervisory Board level, for risk management in Raiffeisen Leasing Polska S.A.

Bożena Solska

Management Board Member

Bożena Solska is a graduate of Cracow University of Economics where in 1998 she was awarded a master degree in finance and banking. In 2004 she was awarded the *Advanced Management Program* certificate from INSEAD Business School in France. Since 2007 she has been a member of ACCA (*Association of Chartered Certified Accountants*). In 2008 she graduated from management accounting postgraduate studies at the Cracow University of Economics. In 2008 she obtained a license of the Minister of Finance while in 2011 a license of PRINCE Foundation. Bożena Solska has an extensive experience in financial sector. She began her professional career in 1997 in KPMG Polska Audyt as a junior manager where she was responsible for examining financial statements of banks and their capital groups, investment funds, *due diligence* projects, and advisory services with respect to finances and managing banking risk. In the years 2002-2007 she worked in PZU S.A. as a chief accountant, director in the financial unit where she supervised, among others, department of assets evaluation and carried out several projects related to financial issues and assets management. In the years 2008-2009 he held the position of the financial director of BZWBK AVIVA TUIR S.A. and BZWBK AVIVA TUNZ S.A. in charge of finances, controlling, assets management and actuarial services. In the years 2009-2012 she worked for Warta TUIR S.A. and Warta TUNŻ S.A. as the head of accounting and external reporting department supervising the area of accounting policy, financial reporting, accounting and assets evaluation and insurance settlements. Additionally, between August 2010 and November 2012 she was a member of the supervisory board in Warta Nieruchomości sp. z o.o. In November 2012 she worked as a financial director for Getin Holding S.A., where she supervised owner supervision over the group companies and areas of financial reporting, controlling and investors relations. Between November 2013 and June 2015 she was a member of the supervisory board of Getin International S.A. She was also involved in many *due diligence* project, both related to acquisition and restructuring.

Positions held by Management Board members in companies outside the Group

The table below contains information about companies outside the Group, in which members of the Management Board held positions in administrative, management or supervisory bodies or of which they were shareholders, along with an indication of whether the given Management Board member remains a member of such bodies or a shareholder. With regard to public companies whose shares have been admitted to trading on a regulated market, information about shares held by members of the Management Board was provided if the shares held by them accounted for more than 5% of the total number of votes at the general meeting of such company

Name of Management Board member	Company from outside the Group	Positions	Is this position still held as at the date of the Marketing Document
Konrad Kąkolewski	URBAN SPA S.A.	chairperson of supervisory board	no
	TURBOT SP. Z O.O.	president of the management board and shareholder (<i>wspólnik</i>)	no
	SOLVUS SP. Z O.O. SP.K.	limited partner	yes
	SOLVUS SP. Z O.O.	president of the management board and shareholder (<i>wspólnik</i>)	yes
	SKINEA POLSKA SP. Z O.O.	commercial proxy and shareholder (<i>wspólnik</i>)	no
	OPTSOLVER SP. Z O.O. SP.K.	limited partner	yes
	OPTISOLVER SP. Z O.O.	president of the management board and shareholder (<i>wspólnik</i>)	yes
	MORE GRUPPA SP. Z O.O. SP.K.	limited partner	no
	MORE GRUPPA SP. Z O.O.	president of the management board; shareholder (<i>wspólnik</i>)	yes
	MCR PACKAGING SP. Z O.O.	commercial proxy and shareholder	no
	MCR CORPORATION SP. Z O.O.	commercial proxy and shareholder (<i>wspólnik</i>)	no
	MCFARLANE KYNN SP. Z O.O.	president of the management board and shareholder (<i>wspólnik</i>)	no
	KINGSBRIDGE SP. Z O.O.	shareholder (<i>wspólnik</i>)	no
	HUSSAR TRANSPORT S.A.	president of the management board	no
	HUSSAR SOLUTIONS S.A.	chairman of supervisory board	no
	HUSSAR GRUPPA S.A.	president of the management board and shareholder (<i>akcjonariusz</i>)	yes
	HUSSAR ANGELS S.A.	chairperson of supervisory board	no
	GB MANAGERS S.A.	president of the management board and shareholder (<i>wspólnik</i>)	yes
	DOCFLOW S.A.	chairperson of supervisory board and shareholder (<i>akcjonariusz</i>)	no
	DNLD SP. Z O.O.	president of the management board	yes
	BEGLOSSY S.A.	chairperson of supervisory board	no
	BASEL OLTEN PHARM S.A.	chairperson of supervisory board and shareholder (<i>akcjonariusz</i>)	no
	ADVALUE ASSOCIATION SP. Z O.O.	president of the management board and shareholder (<i>wspólnik</i>)	yes
	WELLBE PHARMACEUTICALS S.A.	chairperson of supervisory board	no
	UNITED PUBLISHING S.A.	chairperson of supervisory board and shareholder (<i>akcjonariusz</i>)	no
Paweł Trybuchowski	KOLIMA SP. Z O.O.	president of the management board	yes
	KANCELARIA CORPUS IURIS SP. Z O.O.	president of the management board	no
	GB MANAGERS S.A.	vice president of the management board and shareholder (<i>akcjonariusz</i>)	yes
	DNLD SP. Z O.O.	management board member	yes
	ADVALUE ASSOCIATION SP. Z O.O.	shareholder (<i>wspólnik</i>) and vice president of the management board	yes
Anna Paczuska	EOS KSI POLSKA SP. Z O.O.	president of the management board	no
	EOS INVESTMENT POLAND GMBH	management board member	no
	EOS & M. WITON	commercial proxy	no
	KANCELARIA PRAWNA SP.K.	liquidator (formerly president of	yes
Mariusz Brysik	VINITA INVESTMENTS	liquidator (formerly president of	yes

Name of Management Board member	Company from outside the Group	Positions	Is this position still held as at the date of the Marketing Document
	SP. Z O.O. W LIKWIDACJI	the management board)	
	TWOJE MINIBROWARY SP. Z O.O.	commercial proxy	no
	PENRITH SP. Z O.O. W LIKWIDACJI	Liquidator	yes
	PENRITH SP. Z O.O. SP. K. W LIKWIDACJI	liquidator	yes
	LUMAR INVEST SP. Z O.O.	commercial proxy and shareholder	no
	GB MANAGERS S.A.	management board member and shareholder (<i>akcjonariusz</i>)	yes
	DEBITUM INVESTMENT SP. Z O. O. W LIKWIDACJI	liquidator (formerly president of the management board)	yes
	BHR ADWOKACI RADOMSKI I PARTNERZY	representing partner	no
	GETBACK LAW FIRM MARIUSZ BRYSIK S.K.A.	general partner	no
	BAKURA SP. Z O.O. VINITA SP.K. W LIKWIDACJI	Liquidator	yes
	BAKURA SP. Z O.O. DEBITUM SP. K. W LIKWIDACJ	Liquidator	No (deleted entity)
	AFP WENUS SP. Z O.O. W LIKWIDACJI	liquidator (formerly president of the management board)	yes
	ADVALUE ASSOCIATION SP. Z O.O.	vice president of the management board and shareholder	yes
	RAIFFEISEN FINANCIAL SERVICES POLSKA SP. Z O.O.	president of the management board	no
	RAIFFEISEN BANK POLSKA S.A.	management board member	no
Marek Patula	RAIFFEISEN - LEASING POLSKA S.A.	supervisory board member	no
	POLDYSTRYBUJA SP. Z O.O.	management board member	no
	POLBANK EFG S.A.	management board member	no
	WARTA NIERUCHOMOŚCI SP. Z O.O.	supervisory board member	no
	TOWARZYSTWO UBEZPIECZEŃ NA ŻYCIE "WARTA" S.A.	commercial proxy	no
Bożena Solska	TOWARZYSTWO UBEZPIECZEŃ I REASEKURACJI WARTA S.A.	commercial proxy	no
	GETIN INTERNATIONAL S.A.	supervisory board member	no
	"FUNDACJA WARTY I KREDYT BANKU RAZEM MOŻEMY WIĘCEJ"	supervisory board member	no

Source: the Company.

Supervisory Board

Composition, manner of operation and powers of Supervisory Board

Composition of Supervisory Board

As at the date of the Marketing Document, the Supervisory Board was made up of six persons, appointed for a concurrent three-year term.

The table below presents basic information about members of the Supervisory Board holding that position as at the date of the Marketing Document.

Name of Supervisory Board member	Position	Date of assuming position of a member of Supervisory Board for the first time	Address of place of work
Kenneth William Maynard	Chairperson of Supervisory Board	17 January 2017	ul. Powstańców Śląskich 2-4, 53-333 Wrocław
Wojciech Łukawski	Vice Chairperson of Supervisory Board	15 June 2016	ul. Złamania 5A 92-634 Łódź
Jarosław Śliwa	Member of Supervisory Board	15 June 2016	Chocimska 16/10

Name of Supervisory Board member	Position	Date of assuming position of a member of Supervisory Board for the first time	Address of place of work
			00-791 Warszawa
			ul. Króla Kazimierza 10B/10
Rafał Morlak	Member of Supervisory Board	14 September 2016	35-061 Rzeszów
			Havnegade 39, 2100
Rune Mou Jepsen	Member of Supervisory Board	17 January 2017	Kopenhaga, Denmark
			ul. Wspólna 62
Alicja Kornasiewicz	Member of Supervisory Board	24 May 2017	00-684 Warszawa

Source: the Company.

The present term of the Supervisory Board began on 28 April 2015 and will expire on 28 April 2018. In accordance to the provisions of § 18 Section 5 of the Articles of Associations, if one or all members of the Supervisory Board are recalled during their term of office, and new member of Supervisory Board are appointed, the term of office of newly appointed member expire simultaneously with the tenures of the original Supervisory Board members.

The tenures of all the Supervisory Board members incumbent as at the date of the Marketing Document will expire at the latest on the date of holding the General Meeting which will approve the financial statements for the last full financial year during which they held the positions of Supervisory Board members, i.e., on the day of adoption of the resolution on the approval of financial statements for the financial year ended 31 December 2017. The tenures of Supervisory Board members also end in the event of death, resignation or being recalled from the Supervisory Board. The tenure of a Supervisory Board member appointed before the end of the given term shall expire simultaneously with the expiry of the tenures of the remaining Supervisory Board members

The Supervisory Board Members usually perform their duties at the Company's registered office at ul. Powstańców Śląskich 2-4 in Wrocław or at ul. rtm. W. Pileckiego 63 in Warsaw or at ul. Moniuszki 1A in Warsaw.

A description of the knowledge and professional experience of members of the Supervisory Board can be found below in the item "*—Professional résumés of Supervisory Board members*".

Manner of operation and powers of the Supervisory Board

Pursuant to the Articles of Association, the Supervisory Board exercises ongoing supervision over all the areas of activity of the Company. The Supervisory Board Bylaws, adopted by the Supervisory Board and approved by the General Meeting, provides for detailed rules of operation of the Supervisory Board.

The Supervisory Board is made up of five to seven members elected and recalled by the General Meeting. The Supervisory Board elects Chairperson and Vice Chairperson from among its members. A resolution on the appointment of the Supervisory Board member may describe its position in the Supervisory Board, in particular the positions of the Chairperson and Vice Chairperson of Supervisory Board. It does not concern a situation in which, pursuant to the applicable legal provisions, entrusting a person with responsibilities takes place subject to resolution of Supervisory Board. If resolutions appointing Supervisory Board members do not specify Chairperson or Vice Chairperson of Supervisory Board, such Chairperson or Vice Chairperson of Supervisory Board shall be elected by the Supervisory Board from among its members. Members of the Supervisory Board are appointed for a concurrent three-year term of office. The resolution of the General Meeting shall each time determine the composition of the Supervisory Board, however if at least one member of the Supervisory Board is to be elected by voting in separate groups under Article 385 § 5-9 of the Commercial Companies Code for the purpose of electing the Supervisory Board which will be composed of five members. A given person may be re-elected as the member of the Supervisory Board for terms of office not exceeding three years each. Any and all members of the Supervisory Board may be recalled at any time before the end of a given term. If a member of the Supervisory Board is recalled during his/her term of office and a new member is appointed, the tenure of the newly appointed Supervisory Board member will expire simultaneously with the tenures of the remaining Supervisory Board members. The same applies also to Board members appointed during the term to expand the composition of the then current Supervisory Board.

Pursuant to the Supervisory Bylaws, Supervisory Board, in order to perform its duties properly, regularly receives comprehensive information from the Management Board concerning all material issues related to the Company and risks concerning the Company's business and how it is managed.

The meetings of the Supervisory Board are convened as often as required by not less than once every quarter. The Chairperson or Vice Chairperson in his absence convenes meetings of the Supervisory Board and such Vice Chairperson, in the absence of the Chairperson, also chairs the meetings of the Supervisory Board subject to the

provisions of the § 22 of the Articles of Association. Additionally, Management Board or a member of the Supervisory Board may request that the meeting of the Supervisory Board be convened, providing proposed agenda. The Chairperson of the Supervisory Board convenes the meeting within two weeks of receiving such request. If the Chairperson of the Supervisory Board fails to convene the meeting as specified above, the person requesting the meeting may convene the same personally, giving notice of the date, time, place and proposed agenda of such meeting. The meetings of the Supervisory Board are held at the Company's registered office or in any other place in Poland indicated in the notice. The Management Board members may participate in the meetings of the Supervisory Board. The Supervisory Board may also invite the Companies employees or other persons outside the Company to its meetings should their presence be justified as regards issues to be discussed at such meetings. The person convening the meeting or a chairperson of a given meeting makes a decision on inviting such third persons.

The agenda of the Supervisory Board meeting is agreed upon 7 prior to such meeting and approved by the Chairperson of the Supervisory Board. A notice of the meeting specifying its date and agenda should be delivered to the members of the Supervisory Board at least 3 days prior to the meeting. The notice should include information about matters placed on the agenda. The time frame referred to above may be shortened, if there are extraordinary circumstances justifying the shortening of the said time frame.

The Supervisory Board adopts resolutions if at least half of its members are present at the meeting, and all the Supervisory Board members have been invited to the said meeting. If there is no quorum at the meeting of the Supervisory Board, the Chairperson will set another meeting which will be held within no later than within 14 days of the date of meeting which was not held due to the lack of quorum.

Pursuant to the Supervisory Board Bylaws if there is any conflict of interest, a member of the Supervisory Board should inform other members thereof and should refrain from participating in a discussion and from voting with respect to the issue to which such conflict of interest refers.

In principle, the Supervisory Board passes its resolutions by an absolute majority of votes cast unless the Articles of Association provide otherwise. In the event of a tied vote, the Chairperson of the Supervisory Board has the casting vote. Members of the Supervisory Board may adopt resolutions of the Supervisory Board by voting in writing through another member of the Supervisory Board. Voting in writing cannot concern matters placed on the agenda during the meeting of the Supervisory Board. It is permissible to vote on the resolutions of the Supervisory Board in writing or by means of distance communication. The resolution is valid if all members of the Supervisory Board have been notified about the wording of a draft resolution.

Adopting resolutions by circulation via another member of the Supervisory Board or in writing or using means of distance communication cannot concern the election of the Chairperson or Vice Chairperson of the Supervisory Board, electing member of the Management Board (if at discretion of the Supervisory Board) or recalling the same or suspending such persons in duties (Article 388 § 4 of the Commercial Companies Code). The adoption of a resolution in this manner requires the prior presentation of the draft resolution to all the members of the Supervisory Board.

The voting is open except for voting concerning persons. A secret ballot is arranged by the Chairperson of Supervisory Board upon request of at least one member of the Supervisory Board.

Minutes of the Supervisory Board meetings will be taken by a secretary outside the Supervisory Board members or by a Supervisory Board members designated to take minutes by the Chairperson of Supervisory Board. The minutes should identify the venue and time of the meeting, its agenda, names of the persons present, the course of the debates, the text of the resolutions that were adopted and the outcome and manner of voting, as well as the reservations and dissenting opinions submitted by members of the Supervisory Board, if any. It shall be noted in the minutes that the Supervisory Board is capable of passing resolutions as its members had been invited and the required number of them were present and capable to adopt resolutions.

Pursuant to the Supervisory Board Bylaws, the Chairperson of the Supervisory Board who manages the works of the Board represents the Supervisory Board, and in his absence the Vice Chairperson of Supervisory Board performs such duties. As a rule, the Supervisory Board performs its duties collectively; however it may delegate its members to perform certain supervisory duties individually. Information concerning committees of Supervisory Board is included in Section: „—*Supervisory Board Committees*” below. A Supervisory Board member delegated by the Supervisory Board to exercise supervision should provide the Supervisory Board detailed reports from his duties.

Pursuant to the Articles of association, the powers of the Supervisory Board, except for matters provided for by law, include:

- electing and recalling of members of the Management Board,

- temporally suspending of the Company's Management Board or its individual members in their duties,
- determining remuneration rules of the Management Board members,
- approving Management Board Bylaws,
- granting consent to the Management Board members for their participations in business activity competitive with that of the Company,
- appointing a statutory auditor,
- approving of annual budget and introducing changes thereto,
- approving an application for the Company's liquidation prior to its presentation at the General Meeting,
- approving debt limits of the Company and making decisions as to any increase of such limits,
- expressing consent for the Company to incur financial liabilities with the value exceeding limits approved by the Supervisory Board,
- expressing consent for the acquisition and sale of property, perpetual usufruct or holding an interest in a property by the Company,
- passing opinions on amendments to the Articles of Association and other draft resolution prior to their presentation at the General Meeting,
- expressing consent for the Company to enter into an agreement, other transaction, or related agreements or other transaction which go beyond the Company's every day business or which are not related to the Company's core business the total value of which exceeds PLN 1,500,000.00 PLN,
- expressing consent to acquire, transfer, lease or dispose of any assets or other assets of the Company subject to a transaction outside the Company's ordinary scope of business or not related to the Company's core business, the total value of which exceeds PLN 1,000,000.00,
- expressing consent for the grant of suretyship, execution on behalf of the Company any promissory notes securing liabilities of third parties or entities as well as for any actions with the purpose to secure the liabilities of other persons or entities the value of which exceeds PLN 1,500,000.00,
- expressing consent for the subscription or acquisition of share or interest in other companies or for investing in other companies or acceding a joint venture if the value of an individual transaction exceeds PLN 1,500,000.00 PLN,
- approving the maximum value of encumbrances on items of the Company's assets (pledges, mortgages or other charges) and making decisions to increase such limits,
- establishing encumbrances on the assets by the Company if the value of such encumbrances exceeds limits approved by the Supervisory Board,
- expressing consent for members of the Management Board to perform duties of management board members in the Company's subsidiaries,
- expressing consent for representing the Company by the Management Board members in relations with the subsidiaries, in particular for simultaneously representing (co-representing) its subsidiaries in relations with the Company as a management board member of all such companies,
- expressing consent for the members of Management Board to hold the position of members of management board or supervisory boards of companies outside the Group (pursuant to the provisions of § 20 Section v of the Articles of Association the "Group" means the Company and its subsidiaries),
- as of the first date of listing the Shares on the regulated market within the meaning of the Trading Act (the "**First Trading Date**") – expressing consent for entering by the Company into a material agreement with a Company's shareholder holding at least 5% of the total number of shares in the Company or with the Company's affiliate, excluding typical transaction entered into at arm's length with members of the Group in the course of the Company's operations.

Additionally, pursuant to the provisions of the Article 382 § 3 of the Commercial Companies Code, the duties of the Supervisory Board shall include evaluation of financial statements, also in respect of their compliance with books and documents, as well as the facts, examination of the Management Board report as well as motions of

the Management Board concerning distribution of profit or coverage of losses; the duties also include submitting to the General Meeting the outcome of the above evaluations.

The Supervisory Board issues opinions on motions and draft resolution put forward to the General Meeting and adopts resolution on the grant of consent or refusing to grant the same with respect to actions set forth in § 20 of the Articles of Association.

If members of the Management Board are suspended in their duties or are permanently incapable to perform their duties which causes that the remaining number of the Management Board member is lower than provided for in the Articles of Association, the Supervisory Board should immediately take proper actions to fill vacancies in the composition of the Management Board.

In order to perform its duties, the Supervisory Board may inspect all documents of the Company, require that Management Board and employees provide reports and explanations, as well as may review the status of the Company's assets.

Supervisory Board Committees

Pursuant to the provisions of § 23⁽²⁾ Section 1 of the Articles of Association, the Supervisory Board, may establish, and in cases provided for in peremptory legal provisions, shall establish committees operating within the Supervisory Board (Supervisory Board committees). Such committees are composed by members of the Supervisory Board elected by such Board. The responsibilities, scope of duties as well as mode of operation of such Supervisory Board committee are determined in the peremptory provision of law, Articles of Association, Supervisory Board Bylaws, and if not provided for in the Articles of Association or in the Bylaws, they are specified in the bylaws of a given Supervisory Board committee adopted by Supervisory Board.

Audit Committee

Pursuant to the provisions of 23⁽²⁾ Sections 2-5 of the Articles of Association, the Audit Committee operates within the Supervisory Board starting on the date on which the Company has obtained the status of the "public interest entity" (Polish: *jednostka zainteresowania publicznego*) within the meaning of peremptory legal provisions governing audit committees in public interest entities obliged, pursuant to such provisions, to establish audit committees. The Audit Committee shall be composed of at least three members of Supervisory Board, including Chairperson of the Audit Committee. At least one member of the Audit Committee should have qualifications, knowledge and skills set forth in peremptory legal provisions concerning audit committees in public interest entities. The Supervisory Board member referred to above may also be at the same time an independent Supervisory Board member. Within the scope defined by peremptory legal provisions concerning audit committees in public interest entities, member or members of the Audit Committee should meet the independence criteria provided for in such provisions. The Supervisory Board member referred to above may also hold the position of independent Supervisory Board member. The Audit Committee shall be chaired by Supervisory Board member who meets the independence criteria referred to above.

Due to the fact that Series PP1 bonds of the Company were introduced to trading on the Catalyst regulated market operated by the WSE on 19 May 2017, the Company acquired the status of public interest entity. Therefore, the Supervisory Board adopted a resolution on appointment of the Audit Committee in the following composition: Kenneth Maynard, chairperson of the Audit Committee, and Alicja Kornasiewicz and Wojciech Lukawski, members of the Audit Committee.

In the Company's opinion, as at the date of the Marketing Document, Kenneth William Maynard and Alicja Kornasiewicz comply with independence criteria and have qualifications in accounting or audit pursuant to Article 86 Section 4 of the Act on Auditors.

Professional résumés of Supervisory Board members

Kenneth William Maynard

Chairperson of Supervisory Board

Kenneth William Maynard is a graduate of the University of Southampton of the Faculty Economics, and in 1973 he was awarded degree of Bachelor of Science. He has been a member of the Chartered Institute of Bankers since 1976. He has a vast experience in the financial services sector and is a renowned specialist in debt transactions. Throughout his professional career he worked for banking, financial institutions and building societies, including Lloyds Bank, Yorkshire Bulling Society, Woodchester Credit Lyonnais (1992-1996), Next Group plc (1996-1998) and GE Capital Woodchester (1998-1999). Between 1999 and 2011 he held a position of Managing Director of Cabot Financial successfully cooperating at that time with *private equity* investors and

carrying out three *private equity* transactions concerning non-performing loans in 2004, 2006 and 2011. He contributed to the achievement of Cabot Financial a position of leader in debt acquisition in UK and Ireland, as well as in Spain and France. During his management there not only the company's profit increased but the company itself was awarded many awards, including: *Sunday Times Fast Track 100 – Fastest Growing Private Equity Backed Companies* in the years 2007 and 2008, an award for a vice leader of the *National Business Awards* in 2007 and 2008, *South East Business of the Year* award in 2008, *Europa Middle East and Africa Call Centre of the Year* award in 2007 and *Debt Purchaser of the Year* award in 2008. In the years 2011-2014 Kenneth William Mayanard provided advisory services to companies from the debt sector in UK and other European countries. In the same period he provided advisory services to Advent Global Private Equity (2013-2015), Ultimo S.A. and held the position of the president of management board of Tessera Group in UK. From the middle of 2014 until the middle of 2016 he worked as managing director of Bluestone Credit Management Limited. During that period the company achieved a significant growth receiving FCA certification and ISO 27001 certificate. He was one of the founders of Debt Buyers and Sellers Group and its first chairperson between 2004 and 2007. In the years 2015-2017 he held the position of director in Credit Services Association (UK), where in particular he was in charge of undertaking action to improve standards on the debt market.

Wojciech Łukawski

Vice Chairperson of Supervisory Board

Wojciech Łukawski is a graduate of the Łódź University of the Faculty of Management; in 1996 he was awarded a master degree. He began his professional career as a specialist in subsidy fund of Łódzka Agencja Rozwoju Regionalnego, where he worked between 1995 and 1996. In the years 1996-1999 he worked for York Trust Investment Partners Ltd. as a consultant. He has an over fourteen-year experience in *private equity* sector gained mostly in Poland. He is also an expert in merger and acquisitions. He was a member of management board of investment funds involved in general privatization in Poland supervising the restructuring and sale of over 120 companies of the State Treasury and many companies such as: Armada Business Park sp. z o.o. (1999-2002), Księży Młyn (2002-2003), Insight Polska sp. z o.o. (2000-2004), Octava S.A. (formerly Octava NFI S.A. – 2003-2005), BBI Development S.A. (formerly NFI Piast S.A. – 2005), Copernicus Trustee Services S.A. (2004-2006), SPP sp. z o.o. (2006-2007), Copernicus Capital TFI S.A. (2006-2008), SPD Maczka sp. z o.o. and SPD Ikara sp. z o.o. (2008-2009), Szczakowa Glass sp. z o.o. (2009-2011), Manzoi sp. z o.o. and Central European Aggregates sp. z o.o. (2007-2011). He held the position of CFO in companies from car and textile industries, and from December 2001 in Acciona Nieruchomości sp. z o.o. (formerly Mostostal Invest sp. z o.o.), where he became a member of management board (June-July 2002), and in Syntex sp. z o.o. (2003). He was also a member of audit committees of supervisory board of FM Bank S.A. and Prime Car Management S.A. In the years 2002-2003 he worked as a specialist in charge of negotiations related to the lease of commercial space for Apsys Polska sp. z o.o. Since 2008 he has been a member of the management board of Abris Capital Partners Sp. z o.o. Wojciech Łukawski is fluent in English.

Rafał Morlak

Supervisory Board Member

Rafał Morlak is a graduate of Kraków University of Economics, and in 2009 he was awarded a BA degree in Finance and Accounting with specialization in Accounting and Financial Review. In 2011 he was awarded an MA degree of the Warsaw School of Economics in Finances and Accounting specializing in Corporate Finance. He began his professional career in Grant Thornton Poland where he worked as a financial analyst in Corporate Finance in 2010. In the years 2010-2011 he worked, also as a financial specialist in Deloitte Financial Advisory Services in charge of transaction advising. In the years 2011-2013 he worked in Wood & Company as an analyst in investment banking department. He has been involved with Abris Capital Partners since 2013, where currently he holds the position of the Investment Associate. He has experience in M&A transactions and providing services to private equity sector. Rafał Morlak is fluent in English.

Jarosław Śliwa

Supervisory Board Member

Jarosław Śliwa is a graduate of Wyższa Szkoła Biznesu – National-Louis University in Nowy Sącz, of the Business Management Faculty. In 2009 he was awarded a master degree. He began his professional career at Netafim-Irygacja sp. z o.o. (currently Agrofin Poland sp. z o.o.) holding the position of an *area manager*. For several years he worked for Siódemka S.A., in which he was employed in the years 1999-2014, first as an operating manager and then as a vice president of the management board. In November 2011 he became a president of the management board, which he held until October 2014. Jarosław Śliwa is fluent in English.

Rune Mou Jepsen

Supervisory Board Member

Rune Mou Jepsen is a graduate of the University of Queensland; in 1997 he was awarded a degree of the Bachelor of Economics and Bachelor of Commerce. He was awarded a degree of Master of Science in Applied Economics and Finance in 2003 at the Copenhagen Business School in Copenhagen, Denmark. In the years 2001-2006 he worked for Danske Private Equity as an Associate providing advisory and consultancy services with respect to corporate finance. In 2006 he joined QIC Private Equity Pty Ltd (with its registered office in Brisbane in Australia), which manages QIC Private Equity Fund No. 3 and holds a significant minority stake in the Company's Shares. In QIC Private Equity Pty Ltd he is responsible for increase and development of QIC's Global Private Equity in Europe focusing mostly on alternative investment strategies.

Alicja Kornasiewicz

Supervisory Board Member

Alicja Kornasiewicz is a graduate of the Centre for High Performance Development and Faculty of Economics at Szkoła Główna Planowania i Statystyki in Warsaw. She received her PhD degree from Poznań University of Economics. She completed also management programs at INSEAD in Paris. In 1978 she was certified as a statutory auditor. From 1992 to 1997 she worked for the European Bank for Reconstruction and Development as a Senior Banker. In the period from 1997 to 2000 she served as Secretary of State in the Polish Ministry of the Treasury. In the years 2000 – 2007 she was a management board member of CAIB Corporate Finance GmbH. In the years 2000-2010 she held the position of president of management board of UniCredit CAIB Poland S.A., and in the period from 2008 to 2010 she also served as president of management board of UniCredit CAIB AG. In the 2010-2011 she worked for Bank Pekao S.A. as president of management board and in the period from 2011 to 2012 as supervisory board chairperson. Since 2011 she has been employed by Morgan Stanley & Co. International Plc as the Head of Poland & CEE Investment Banking, and since February 2017 she has also been holding the position of Senior Advisor

Positions held by Supervisory Board members in companies outside the Group

The table below contains information about companies outside the Group, in which members of the Supervisory Board held positions in administrative, management or supervisory bodies or of which they were shareholders, along with an indication of whether the given Supervisory Board member remains a member of such bodies or a shareholder. With regard to public companies whose shares have been admitted to trading on a regulated market, information about shares held by members of the Supervisory Board was provided if the shares held by them accounted for more than 5% of the total number of votes at the general meeting of such company.

Name	Company from outside the Group	Position	Is this position still held as at the date of the Marketing Document
Wojciech Lukawski	SPP SP. Z O.O.	commercial proxy	yes
	SLAG HOLDING SP. Z O.O.	commercial proxy	no
	PRIME CAR MANAGEMENT S.A.	supervisory board member	no
	MASTERLEASE SP. Z O.O.	supervisory board member	no
	INVESTORS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A.	supervisory board member	no
	INDUSTRIAL DIVISION SP. Z O.O.	supervisory board member	yes
	GRAF-POZ S.A.	supervisory board member	no
	FUTURA LEASING S.A.	supervisory board member	no
	FM BANK S.A.	supervisory board member	no
	AMERICAN BISTRO POLAND SP. Z O.O. W UPADŁOŚCI LIKWIDACYJNEJ	commercial proxy	no
	ABRIS CAPITAL PARTNERS SP. Z O.O.	management board member	yes
	AAA AUTO INTERNATIONAL A.S.	supervisory board member	yes
	FLEET HOLDINGS S.A.	management board member (director)	no
	FLEET UNO S.À R.L.	management board member (director)	no
	FM HOLDINGS S.À R.L.	management board member (director)	no

Name	Company from outside the Group	Position	Is this position still held as at the date of the Marketing Document
Rafał Morlak	MILO HOLDINGS S.Å R.L.	management board member (director)	no
	DOT2DOT S.A.	supervisory board member	no
	SIODEMKA S.A.	supervisory board member	no
	INDUSTRIAL DIVISION SP. Z O.O.	commercial proxy	yes
Jarosław Śliwa	WS DEVELOPMENT SP. Z O.O. SP.K.	limited partner	no
	SIODEMKA S.A.	president of the management board	no
	SIODEMKA LOGISTYKA SP. Z O.O. W LIKWIDACJI	president of the management board	no
	ITS-APP SP. Z O.O.	president of the management board	yes
	SIODEMKA LOGISTYKA SP. Z O.O. SP.K.	limited partner	no
	KGDI SP. Z O.O.	shareholder (wspólnik)	yes
Kenneth William Maynard	ULTIMO S.A.	supervisory board member	no
	TESSERA CREDIT GROUP LLP	president of the management board (chairperson)	no
	KAMAY HAIR AND BEAUTY LIMITED	management board member (director)	yes
	TASK ADVISORY SERVICES LIMITED	management board member (director)	yes
	FRIIS HOLM CHOKOLADE A.S.	supervisory board member	yes
Rune Mou Jepsen	PJSC "Ukrsotsbank"	supervisory board member	no
	UnicreditBank Hungary	supervisory board member	no
	Bank Pekao S.A.	chairperson of supervisory board	no
	Pioneer Pekao Investment Management S.A.	chairperson of supervisory board	no
	Cineworld	management board member (non-executive director)	yes
	OOO Morgan Stanley Bank Russia	management board member (non-executive director)	yes
	Morgan Stanley & Co. International PLC oddział w Polsce	person representing a foreign entrepreneur in the branch	yes
Alicja Kornasiewicz			

Source: the Company.

Other information concerning members of Management Board and Supervisory Board

Remuneration and other benefits for Management Board and Supervisory Board members

Principles of determining the remuneration of members of the Management Board

The value of the remuneration of the Management Board members is determined by the Supervisory Board by way of resolution or pursuant to an agreement entered into by the Supervisory Board and the Management Board member. Management Board members are entitled to a base remuneration and bonus. Management Board members are entitled to an annual bonus should the Company meet the requirements of the financial plan in 95% minimum (in 2016 and in subsequent years), with respect to consolidated net profit determined in the financial plan of the Company approved by the Supervisory Board for a given financial year. The annual bonus amounts to from 0.6% to 0.9% of the consolidated net profit specified in detail in an agreement entered into with a given Management Board member. The Management Board members are also entitled to additional non-cash, benefits pursuant to terms specified in separate rules, including to health care, a company care and life insurance.

Remuneration amount of the Management Board members in 2016

The table below contains information on the amount of remuneration paid and the value of non-cash benefits awarded in 2016 by the Company and Group companies to all Management Board members holding their posts in 2016.

Name	Remuneration amount paid by the Company in 2016	Remuneration amount paid by the Group companies
Konrad Kąkolewski	PLN 2,899,218.19 ¹⁾⁴⁾	PLN 16,666.67
Paweł Trybuchowski	PLN 1,733,421.54 ²⁾⁵⁾	PLN 16,666.67

Name	Remuneration amount paid by the Company in 2016	Remuneration amount paid by the Group companies
Anna Paczuska	PLN 300,000.00	PLN 0.00
Mariusz Brysik	PLN 586,300.00 ³⁾	PLN 432,821.47
Marek Patuła	PLN 170,000.00	PLN 0.00
Bożena Solska ⁷⁾	PLN 217,800.00	PLN 0.00
Michał Synoś ⁸⁾	PLN 325,000.00 ⁶⁾	PLN 0.00
Wojciech Małek ⁹⁾	PLN 180,000.00	PLN 0.00
In total	PLN 6,411,739.73	PLN 466,156.81

^{1), 2), 3)} The Management Board members, i.e. Konrad Kąkolewski, Paweł Trybuchowski and Mariusz Brysik acquired in 2016 pursuant to an agreement concerning the payment of benefits from the incentive plan entered into by the Company, the Selling Shareholder, Getin International S.à r.l. and Idea Bank S.A., the right to cash benefit out of the management incentive scheme related to the acquisition of the Shares by the Selling Shareholder. The indicated remuneration amounts of the Management Board members include installments due under the management option plan in the following respective amounts: (i) PLN 1,248,400, (ii) PLN 936,300.00 and (iii) PLN 312,100.00 was settled as at the date of the Marketing Document. The total amount of bonuses amount to respectively: (i) PLN 2,000,000.00, (ii) PLN 1,500,000.00 and (iii) PLN 500,000.00. The payment of the remaining part of the bonus has been postponed until the total price of the Shares is paid by Getin International S.à r.l. and will be payable in the first half of 2017. The bonus amounts in question have been or will be paid to the Management Board members by the Company from proceeds received from Getin International S.à r.l. for such purpose.

^{4) 5) 6)} The indicated remunerations of the Management Board members also include bonuses for 2015 paid in 2016.

⁷⁾ Bożena Solska was appointed the Management Board member on 30 December 2016; the indicated remuneration includes remuneration of Bożena Solska as CFO of the Company.

⁸⁾ Michał Synoś performed duties of Management Board member until 15 September 2016.

⁹⁾ Wojciech Małek performed duties of Management Board member between 19 September 2016 and 7 November 2016.

Source: the Company

The total estimated value of non-cash benefits awarded to the Management Board members in 2016 by the Company amounted to approximately PLN 1,765,000. The said amount includes the estimated value of the following: company cars, medical healthcare costs, and directors and officers liability insurance (D&O) as well as the costs related to the use of the company credit cards. The Company does not carry out any estimation regarding non-cash benefits broken down to individual Management Board members. Companies from the Group, other than Issuer, did not award any non-cash benefit to the Management Board members in 2016.

Information concerning the aggregate amount of remuneration paid to members of the Management Board by the Company and its subsidiaries for the three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014 is presented in the section: “*Related-Party Transactions—Transactions with members of the Management Board and Supervisory Board*”.

Principles of determining the remuneration of Supervisory Board members

The Supervisory Board members may be entitled to appropriate remuneration if determined by the General Meeting. The General Meeting by way of resolution determines the remuneration amount for the Supervisory Board members.

Remuneration amount and value of non-cash benefits of Supervisory Board members in 2016

The table below presents information about the amount of remuneration and the value of non-cash benefits awarded in 2016 by the Company and Group companies to all members of the Supervisory Board holding these posts in 2016.

Name	Remuneration amount paid by the Company in 2016	Remuneration amount paid by the Group companies
Kenneth William Maynard ¹⁾	PLN 264,000.00	PLN 0.00
Wojciech Łukawski	PLN 0.00	PLN 0.00
Rafał Morlak	PLN 0.00	PLN 0.00
Jarosław Śliwa	PLN 61,686.80	PLN 0.00
Rune Mou Jepsen ²⁾	PLN 0.00	PLN 0.00
Alicja Kornasiewicz ³⁾	PLN 0.00	PLN 0.00
Paweł Lejk ⁴⁾	PLN 0.00	PLN 0.00
Remigiusz Baliński ⁵⁾	PLN 0.00	PLN 0.00
Jarosław Augustyniak ⁶⁾	PLN 0.00	PLN 0.00
Stanisław Wlazio ⁷⁾	PLN 0.00	PLN 0.00
Radosław Stefurak ⁸⁾	PLN 0.00	PLN 0.00
Marek Syciński ⁹⁾	PLN 0.00	PLN 0.00

Name	Remuneration amount paid by the Company in 2016	Remuneration amount paid by the Group companies
Aneta Skrodzka-Książek ¹⁰⁾	PLN 0.00	PLN 0.00
Wojciech Małek ¹¹⁾	PLN 0.00	PLN 0.00
Total	PLN 325,686.80	PLN 0.00

¹⁾ Performs duties of Supervisory Board member since 17 January 2017.

²⁾ Performs duties of Supervisory Board member since 17 January 2017.

³⁾ Performs duties of Supervisory Board member since 24 May 2017.

⁴⁾ Performed duties of Supervisory Board member until 23 February 2016.

^{5), 6), 7), 8), 9), 10)} Performed duties of Supervisory Board members until 15 June 2016.

¹¹⁾ Performed duties of Supervisory Board member between 15 June 2016 and 13 September 2016.

Source: the Company.

Neither the Company nor any Group company award any non-cash benefits to Supervisory Board members in 2016.

Information about the aggregate amount of remuneration paid to members of the Supervisory Board by the Company for three months ended 31 March 2017 and for the years ended 31 December 2016, 2015 and 2014 is presented in the section “*Related-Party Transactions—Transactions with members of the Management Board and Supervisory Board*”.

Agreements with members of the Management Board and of the Supervisory Board entitling them to benefits disbursed on the day of the discontinuation of holding positions in those bodies

As at the date of the Marketing Document, all Management Board members were party to employment contracts. Additionally, all Management Board members were party to non-disclosure agreements and non-compete agreements entered into with the Company that constituted an integral part of their employment contracts. Pursuant to non-compete agreements, Management Board members are obliged to refrain from any competing activity with respect to the Company or Group companies during the terms of his/her employment relationship.

As at the date of the Marketing Document, members of the Supervisory Board were not party to any agreements that would specify any benefits to which such members might be entitled if recalled from the position of such Supervisory Board member, and also they were not entitled to any additional benefits on the completion of their tenure. Furthermore, Supervisory Board members were not party to non-compete agreements in relation to the operations of the Company or Group companies

Liabilities on account of old-age pensions, disability benefits and other benefits for members of the Management Board and of the Supervisory Board

The Company discloses in its Consolidated Financial Statement only general liabilities related to employee benefits.

Existing Shares and share options held by members of the Management Board and of the Supervisory Board

According to the representations submitted to the Company as at the date of the Marketing Document, out of Management Board and Supervisory Board members or members of their families no one held any Existing Shares or share options and no lock-up periods have been imposed with respect to securities held by them.

Participation of Management Board and Supervisory Board members in the Offering

According to representations made, the Chairperson of Supervisory Board, Kenneth William Maynard, intends to participate in the Offering acquiring less than 5% of Shares.

Arrangements and understandings pursuant to which members of the Management Board and the Supervisory Board were appointed to their respective posts

As at the date of the Marketing Document, there were no arrangements or understandings with the Company’s shareholders, customers, suppliers or other entities pursuant to which any member of the Management Board or of the Supervisory Board would be appointed as a member of the Management Board or the Supervisory Board.

Representations of members of the Management Board and of the Supervisory Board

According to representations made by members of the Management Board and of the Supervisory Board, other than described in this section, during the five years ending on the date of the Marketing Document, no member of the Management Board or of the Supervisory Board:

- was a member of administrative, management or supervisory bodies or a shareholder of any companies outside the Group;
- was sentenced for fraud;
- was the target of official public accusation or sanctions administered by any statutory or regulatory bodies (including recognised professional associations);
- was barred by any court from holding positions in administrative, management or supervisory bodies of companies or from holding senior posts or managing the affairs of any company;
- was a member of an administrative, management or supervisory body or a senior officer of entities in which, during the last five years: (i) bankruptcy proceedings were conducted (or a motion for the declaration of bankruptcy of that entity was rejected due to the lack of funds to cover the cost of bankruptcy proceedings; (ii) liquidation proceedings were conducted; (iii) rehabilitation proceedings were conducted; or (iv) a commissioned administration was appointed.

During the last five years, only one Management Board member, Mariusz Brysik, held the position of a liquidator in the following companies:

- Vinita Investments spółka z ograniczoną odpowiedzialnością in liquidation,
- Penrith spółka z ograniczoną odpowiedzialnością in liquidation,
- Vinita Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa in liquidation,
- Penrith spółka z ograniczoną odpowiedzialnością spółka komandytowa in liquidation,
- Debitum spółka z ograniczoną odpowiedzialnością in liquidation,
- Bakura spółka z ograniczoną odpowiedzialnością Vinita spółka komandytowa in liquidation,
- Bakura spółka z ograniczoną odpowiedzialnością spółka komandytowa in liquidation,
- Bakura spółka z ograniczoną odpowiedzialnością Debitum spółka komandytowa in liquidation,
- AFP Wenus spółka z ograniczoną odpowiedzialnością in liquidation

According to the representations submitted, other than described above, as at the date of the Marketing Document there were no family ties between members of the Management Board and of the Supervisory Board, no member of the Management Board or of the Supervisory Board (other than sitting on management or supervisory bodies of other entities) engaged in any activity outside the Company that could have a material impact on the Company.

According to the statements made as at date of the Marketing Document, members of Management Board or Supervisory Board are not engaged in any conflicts of interests, even if potential, between the obligations vis-à-vis the Company and their private duties or duties of other Management Board or Supervisory Board members, in particular none of the members: (i) is engaged in any business outside the Company which may be of material importance to the Company; (ii) is engaged in any competitive business with respect to the Company; (iii) is a member of a company running a competitive business vis-à-vis the Company or its subsidiaries, civil law company or a partnership; or (iv) is a member of a governing authority of a capital company running a competitive business vis-à-vis the Company or subsidiaries and is a member of a governing authority of any legal person running a competitive business.

The table below contains information about positions held by members of the Company governing bodies outside the Company itself of material importance to the Company:

Full name of Management Board member	Company	Position
Konrad Kąkolewski	Neum Pretium sp. z o.o.	President of Management Board
Paweł Trybuchowski	Neum Pretium sp. z o.o.	Vice-President of Management Board
Mariusz Brysik	Getback Law Firm Mariusz Brysik sp.k.	General Partner
	Bakura sp. z o.o.	President of Management Board

Source: the Company.

Three members of Management Board hold, individually and indirectly, a non-controlling stake in a share capital of the Company by holding shares in a company indirectly controlling the Company; such Management

Board members do not hold in total a controlling stake. Konrad Kąkolewski, Paweł Trybuchowski and Mariusz Brysik hold an indirect share of 2.96% in total.

Supervisory Board members do not run any business outside the Company, which might be of material importance to the Company itself.

In the Company's opinion, as at the date of the Marketing Document, three Supervisory Board members, i.e. Kenneth William Maynard, Alicja Kornasiewicz and Rune Mou Jepsen comply with independence criteria and have qualifications in accounting or audit pursuant to Article 86 Section 4 of the Act on Auditors as well as comply with the independence criteria set forth in Best Practices of GPW Listed Companies 2016.

Compliance with corporate governance rules

Corporate governance rules of the Group

Pursuant to a resolution of Management Board of 23 January 2017 the following regulations were introduced to the Group: Getback Group Code of Ethics, Procedure to prevent corruption in Getback Group and *Whistleblowing* Procedure in Getback Group.

Group Code of Ethics constitutes a set of rules and ethical norms which apply to all persons employed by subsidiaries of the Group, regardless of the position held by such persons, their titles or types of employment or cooperation, as well as to members of statutory bodies of capital companies being members of the Group and entities and persons through which the Group companies carry out their statutory duties.

Corruption prevention procedure in the Group specifies rules of conduct with respect to any actions implying corruption, informing about any abuses or actions earmarked to combat corruption. The procedure applies to all persons employed in companies of the Group regardless of the position held by such persons, their titles or types of employment or cooperation, to members of statutory bodies of capital companies being members of the Group as well as entities and persons through which the Group companies carry out their statutory duties.

Pursuant to guidelines of the Management Board, each current and new employee or collaborator is obliged to, prior to starting work, become familiar with the rules of corporate governance set forth in the Code of Ethics and procedures to prevent corruption in force in the Group, as well as to file a statement according to the form attached.

The purpose of Whistleblowing in the Group is to create such tools for the employees of the Group to anonymously inform should there be any suspicion of violation of applicable legal provisions, internal rules, ethical standards or rules of conduct in the Group or in any company of the Group, ensuring at the same time that no repressive actions will be undertaken against the informant by other employees or the Company. The procedure shall apply to persons employed or providing services to the companies of the Group, regardless of their title, position held or type of employment or cooperation.

Best Practices of GPW Listed Companies 2016

Pursuant to the WSE Rules, the public companies, i.e. the issuers of shares, convertible bonds or senior bonds admitted to trading should comply with rules of corporate governance set forth in the document named Best Practices of GPW Listed Companies 2016 adopted in 2015 by the Exchange Supervisory Board under § 29 Section 1 of the WSE Rules ("**Best Practices of GPW Listed Companies 2016**").

Best Practices of GPW Listed Companies 2016 are the selection of recommendations and rules of conduct related to information and communication with respect to investors, public companies representative bodies, internal systems and functions, general meeting of the company and the relations with shareholders, conflict of interest and transactions with related parties as well as remuneration.

Both the WSE Rules and resolution of the WSE Management Board and Supervisory Board GPW determine the manner used by the public companies to which the Best Practices of GPW Listed Companies 2016 apply, to provide information concerning the application of corporate governance rules and the scope of such information. If a certain rule of corporate governance is not followed regularly or is breached just once, the public company is obliged to publish a current report providing information to that effect. Furthermore, a listed company is obliged to include a report on the implementation of Best Practices of GPW Listed Companies 2016 in its annual report

As at the date of the Marketing Document, the Company, which is not an issuer of shares, convertible or senior bonds admitted to trading, does not operate in compliance with rules set forth in the Best Practices of GPW Listed Companies 2016. Beginning from the first listing of the Company's Shares on the regulated market operated by WSE, the Company intends to comply with all the corporate governance rules pursuant to the Best Practices of GPW Listed Companies 2016, subject to the following objections:

- Detail principle I.Z.1.15 – the Company does not have and has no intention to prepare or implement an official document concerning the Company’s diversity policy; even if no formal rules concerning the same are in place, in the opinion of the Management Board the Company is committed to diversity policy with respect to officers of the Company which is evident if we take into account the composition of the Company’s Management Board;
- Detailed principle I.Z.1.16 – the Company does not intend to live stream General Meetings hence it will not publish information on its website about the planned live streaming of the General Meetings;
- Detailed principle I.Z.1.20 – the Company does not intend to record the General Meeting hence it will not publish on its website any recordings of the General Meeting; however if significant number of shareholders, in particular individual shareholders, show their interest in audio or video recordings of General Meetings and notify the Company thereof, the Company will make an effort to adhere to expectations of such shareholders in this respect and will publish the audio or video recordings of the General Meeting on its website; for the purpose of sharing the above information with the shareholders, the Company, starting from the first General Meeting convened after the Company’s Shares have been admitted to trading on the regulated market, will publish on its website (under information concerning General Meetings) information how shareholders may express their interest in gaining access to recordings of the General Meeting as well as how to contact the Company in this respect;
- Recommendation IV.R.2 – with respect to Section 1 and 2 of this recommendation – the company does not intend to live stream the General Meeting neither provide any live bilateral communication between the shareholders;
- Recommendation IV.Z.3 – the Company does not intend to allow representatives of mass media to be present at General Meetings in particular bearing in mind that confidential information which may occur during the General Meeting should be kept confidential.

The Management Board does not exclude a possibility that it may change its position in the future concerning detailed principles or recommendations referred to above. In such event, the Company will inform about the time frame and principles related to the change of such position.

If implementation of individual rules of the corporate governance set forth in the Best Practices of GPW Listed Companies 2016 will require changes to the Company’s corporate documents or adoption of additional corporate documents, the Management Board will undertake action to introduce such changes. The Management Board points out that a decision as to the compliance with some of the rules set forth in the Best Practices of GPW Listed Companies 2016 will be made by the Company’s shareholders and the Supervisory Board.

SELLING SHAREHOLDER

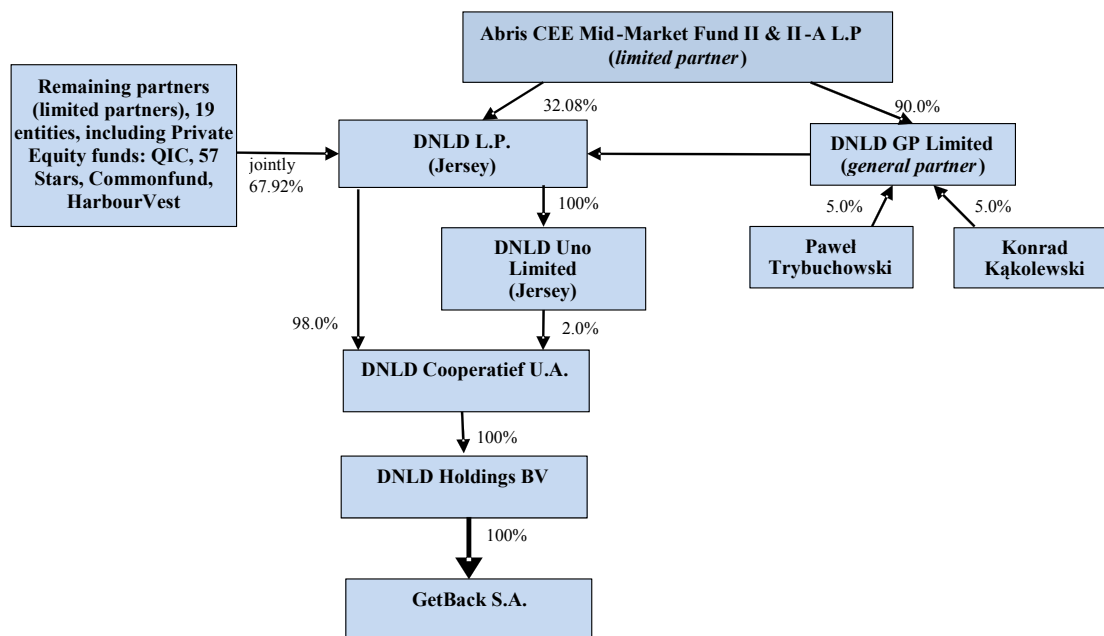
Shareholding structure

As at the date of the Marketing Document the Company's share capital was represented by 80,000,000 Shares. The shares are not preferred shares and each share gives the right to one vote at the General Meeting. All the shares are held by the Selling Shareholder, i.e. DNLD Holdings B.V. with its registered office in Amsterdam at the following address: Amstelveenseweg 760, 1081 JK Amsterdam, the Netherlands, a company which is an indirect subsidiary of a consortium of private equity funds, of which funds managed by Abris Capital Partners exercise a direct control over the Company. All shares (100%) in DNLD Holdings B.V. are held by DNLD Cooperatief U.A.

On 15 June 2016 as a result of finalizing the sale transaction by a subsidiary of Idea Bank S.A., the title to 100% of the Company's shares were transferred to DNLD sp. z o.o. (formerly: Ernest Investments sp. z o.o.), i.e. special purpose vehicle incorporated to acquire all shares of the Company. The price for all the shares amounted to PLN 825 million. As a result of acquisition of all the Company's shares by DNLD sp. z o.o. three Management Board members holds individually and indirectly a non-controlling stake in the share capital of the Company and at the same time such Management Board members do not hold jointly a controlling stake. Konrad Kąkolewski, Paweł Trybuchowski and Mariusz Brysik hold jointly an indirect share in the Company of 2.96%.

As a result of the cross-border merger of DNLD sp. z o.o. (as the target company) with DNLD Holdings B.V., i.e. the Selling Shareholder (as the surviving company), on 9 June 2017, the Selling Shareholder acquired all the rights and obligations and the assets of DNLD sp. z o.o. (including shares of the Company), while DNLD sp. z o.o. ceased to legally exist.

A diagram below presents entities which indirectly hold shares in the Company.



Source: the Company.

As at the date of the Marketing Document there is no physical person who can control the Company through the interest held in entities indirectly holding shares in the Company.

Selling Shareholder

DNLD Holdings B.V. with its registered office in Amsterdam is the entity offering the Sale Shares in the course of the Offer.

Control over the Company and arrangements which may in the future result in change of control over the Company

Control over the Company

As at the date of the Marketing Document the Selling Shareholder is the directly dominant entity for the Company, as defined in Article 4 item 14 of the Offering Act and within the meaning of Article 4 par. 1 item 4 of the Commercial Companies Code holding all the Companies shares issued and registered as at the date of the Marketing Document. The Selling Shareholder has also a decisive impact on the composition of the Supervisory Board appointed by the General Meeting and Management Board appointed by the Supervisory Board. The Selling Shareholder exercises control over the Company in such manner that the Management Board member, Konrad Kąkolewski, is also a member of the Board of Directors (director B) of the Selling Shareholder.

As at the date of the Marketing Document there are no agreements entered into between the Company and the Selling Shareholder (or entities controlling it) having an impact on the Company's operations.

Mechanisms preventing abuse of control

As at the date of the Marketing Document, the Articles of Association do not provide for any provisions which would delay, postpone or prevent the change of control in the Company.

Arrangements which may in the future result in a change of control over the Company

As at the date of the Marketing Document, the Company is not aware of any arrangements which might in the future result in a change of control over the Company. The Company depends on other entities of the Group because comprehensive provision of services related to debt management requires cooperation of all members of the Group, which is not related to any risk of change of control in the Company.

Shareholders agreements and any restrictions related to the shareholding structure

As at the date of the Marketing Document, there are no shareholders agreements with respect to the Company nor there are any other restrictions related to the shareholding structure of the Company.

Participation of employees in the share capital

As at the date of the Marketing Document, the Company's employees do not participate in the share capital of the Company.

Expected ownership structure after the Offer

If all the Sale Shares are transferred and all New Shares are subscribed for, the Selling Shareholder's interest in the share capital of the Issuer and in the general number of votes at General Meeting will decrease accordingly.

The table below present information concerning the shareholding of the Company after the completion of the Offer, based on the assumption that all Sale Shares will be sold and all the New Shares will be subscribed for and, also, that as a result of stabilization efforts the Selling Shareholder will not acquire any Shares.

Shareholder	After the completion of the Offer	
	Shares/ number of votes corresponding to the number of shares at the General Meeting	(%)
Selling Shareholder.....	60,000,000	60
Other.....	40,000,000	40
Total.....	100,000,000	100

Source: the Company

GENERAL INFORMATION ON THE GROUP

Information on the Company

Name and legal form:	Getback Spółka Akcyjna
Abbreviated name:	Getback S.A.
Registered office and address:	ul. Powstańców Śląskich 2-4, 53-333 Wrocław
Telephone number:	+48 71 771 01 01
Website:	www.getbacksa.pl
E-mail:	sekretariat@getbacksa.pl
KRS:	0000413997
REGON:	021829989
NIP:	8992733884

The Company was incorporated under the business name of Getback Spółka Akcyjna pursuant to a notarial deed executed before a notary of 22 February 2012 (Repertorium A No. 1413/2012). Since then the Company's operations have been focused on debt management. The Company was incorporated for an indefinite period of time.

The Company operates under the business name of Getback Spółka Akcyjna. The Company may also use an abbreviated name Getback S.A. and a distinguishing logo.

The Company operates on the basis and in compliance with Polish, in particular with the Commercial Companies Code.

Place of registration and the Company's registration number

The Company, as a joint stock company, was entered in the National Court Register on 14 March 2012 by the District Court for Wrocław-Fabryczna District in Wrocław, 6th Commercial Division of the National Court Register under No. 0000413997. As at the date of the Marketing Document the said court is the competent registry court with respect to the Company.

Share capital of the Company

As at the date of the Marketing Document the share capital of the Company amounts to PLN 4,000,000.00 and is divided into 80,000,000 Shares, including (i) 16,000,000 Series A ordinary registered shares, (ii) 24,000,000 series B ordinary registered shares, (iii) 4,000,000 Series C ordinary registered shares and (iv) 24,000,000 Series D ordinary registered shares, with the nominal value of PLN 0.05 each.

The Company's share capital has been paid up in full.

The Company did not issue any convertible bonds or any bonds granting pre-emptive right to subscribe for shares of new issue in the future, hence there are no grounds to anticipate any changes in the share capital resulting from enforcement of any rights attached to bondholders.

Membership of the Company in associations and other organizations

The table below contains information about unions, associations and other organizations of which the Company is a member as at the date of the Marketing Document.

Name and legal form	Contact details	Website
Konferencja Przedsiębiorstw Finansowych w Polsce (Conference of Financial Enterprises)	ul. Długie Pobrzeże 30, 80-888 Gdańsk tel. 58 302 92 05 info@kpf.pl	www.kpf.pl

Name and legal form	Contact details	Website
Polski Związek Zarządzania Wierzytelnościami (<i>Polish Debt Management Association</i>)	ul. Bociana 22, 31-231, Kraków tel. 515 251 672 biuro@pzzw.pl	http://pzzw.pl
Stowarzyszenie Emitentów Gieldowych (<i>Polish Association of Listed Companies</i>)	ul. Nowy Świat 35/5A, 00-029 Warszawa tel. 22 826 26 89 biuro@seg.org.pl	www.seg.org.pl/pl
Asociatia de Management al Creantelor Comerciale	10A Dimitrie Pompeiu Blvd, Building C3, 7th floor, Bucharest, 020337 - office@amcc.ro	www.amcc.ro

Source: the Company

Due to the Company's membership in Konferencja Przedsiębiorstw Finansowych (*Conference of Financial Enterprises*) and Polski Związek Zarządzania Wierzytelnościami (*Polish Debt Management Associations*), the Company is obliged to adhere to rules of such organizations, i.e. "Code of Ethics of the Debt Collection Sector of the Polish Debt Management Association" and "Good Practices" adopted by the Konferencja Przedsiębiorstw Finansowych (*Conference of Financial Enterprises*).

Company's Scope of Business

The Company's scope of business includes financial services activities, as well as other activities set forth in §5 of the Articles of Association. The Company's operations focus mostly on debt management. The Company manages own debt portfolios and external closed-end investment funds, in particular the Company acquires debt portfolios on account of closed-end investment funds.

Structure of the Group and its material affiliates

The Company is a controlling entity which exercises control or joint control, directly or indirectly, over the members of the Group.

As at the date of the Marketing Document, the Group comprises the Company and 14 direct or indirect subsidiaries of the Company. Additionally, the Company owns 9 material affiliates. The Company is a dominant entity of the Group.

A company styled GetBack Baytree Advisors LLP, with its registered office in London, was registered in the 1st quarter of 2017. As at the date of the Marketing Document, no articles of association of that company have been adopted nor have any shares in it been taken up. Neither has GetBack Baytree Advisors LLP begun its operations.

As at the date of the Marketing Document the following a material subsidiaries or affiliates of the Company:

Subsidiaries:

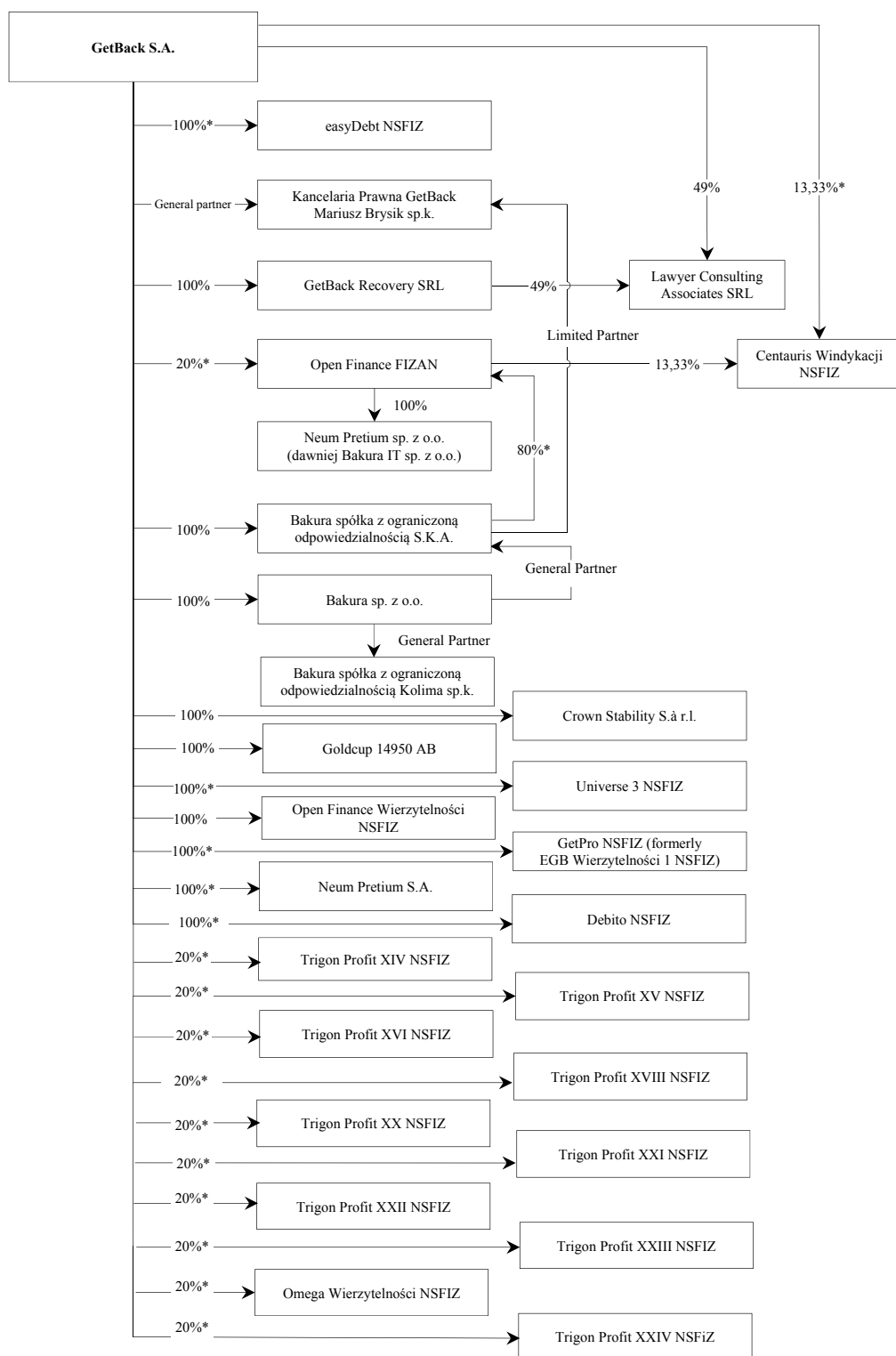
- Universe 3 NSFIZ
- Open Finance FIZAN
- Open Finance Wierzytelności NSFIZ
- Neum Pretium S.A.
- Neum Pretium sp. z o.o.
- Lawyer Consulting Associate S.R.L.
- Getback Recovery S.R.L.
- EasyDEBT NSFIZ
- Bakura sp. z o.o.
- Bakura sp. z o.o. SKA
- Bakura sp. z o.o. Kolima sp. k.
- Getback Law Firm Mariusz Brysik sp.k.
- Crown Stability S.à r.l.

Material affiliates

- Omega Wierzytelności NSFIZ
- Trigon Profit XIV NSFIZ
- Trigon Profit XV NSFIZ
- Trigon Profit XVI NSFIZ
- Trigon Profit XVIII NSFIZ
- Trigon Profit XX NSFIZ
- Trigon Profit XXI NSFIZ
- Trigon Profit XXII NSFIZ
- Centauris Windykacji NSFIZ
- Trigon Profit XXIII NSFIZ
- Trigon Profit XXIV NSFIZ

- Goldcup 14950 AB
- GetPro NSFIZ
- Debito NSFIZ

The diagram below presents the structure of the Group and affiliates of the Company as at the date of the Marketing Document:



Source: the Company

* In respect of investment funds, the percentage interest shown means the percentage of investment certificates held in the given fund

Group and material affiliates

The table below presents basic information about material subsidiaries and affiliates, i.e. direct or indirect subsidiaries of the Company which are deemed material with respect to the Group's operations due to share in total Group's assets of assets of such entity.

Basic information about members of the Group

Name and legal type:	Registered office:	Address	Share capital	% in share capital	% in number of votes	Type of business
Universe 3 NSFIZ	Warsaw	ul. Krasieńskiego 2A	-	100% *	100%	Trust, funds and similar financial entities
Open Finance FIZAN	Warsaw	ul. Przyokopowa 33	-	100% *	100%	Trust, funds and similar financial entities
Open Finance Wierzytelności NSFIZ	Warsaw	ul. Przyokopowa 33	-	100% *	100%	Trust, funds and similar financial entities
Neum Pretium S.A.	Warsaw	ul. rtm. W. Pileckiego 63	PLN 200,000	100%	100%	Other monetary intermediation
Neum Pretium sp. z o.o.	Wrocław	ul. Powstańców Śląskich 7A	PLN 10,000,000	100%	100%	Other credit granting
Lawyer Consulting Associate S.R.L.	Bucharest	2nd district, 5-7 Bulevardul Dimitrie Pompeiu, Business Hermes Campus Building, Office No. 2, Floor 5	RON 50,000	98%	98%	Activities of collection agencies and credit bureaus excluding credit bureaus
Getback Recovery S.R.L.	Bucharest	2nd district, 5-7 Bulevardul Dimitrie Pompeiu, Business Hermes Campus Building, Office No. 2, Floor 5	RON 4,410,000	100%	100%	Other financial service activities, except insurance and pensions funding n.e.c.
easyDEBT NSFIZ	Warsaw	ul. Przyokopowa 33	-	100% *	100%	Trust, funds and similar financial entities
Bakura sp. z o.o.	Warsaw	ul. rtm. W. Pileckiego 63	PLN 55,000	100%	100%	Other financial service activities, except insurance and pensions funding n.e.c
Bakura sp. z o.o. SKA	Warsaw	ul. rtm. W. Pileckiego 63	PLN 50,000	100%	100%	Computer programming, consultancy and related activities
Bakura sp. z o.o. Kolima sp. k.	Wrocław	ul. św. Mikołaja 72	-	general partner		Activities of collection agencies and credit bureaus
Getback Law Firm Mariusz Brysik sp.k.	Wrocław	ul. Powstańców Śląskich 2-4	-	limited partner		Legal activities
Crown Stability S.à Luxembourg r.l.		Rue Jean-Pierre Brasseur 1	EUR 12,000	100%	100%	Activities related to the acquisition of shares in other entities and real estate purchases.
Goldcup 14950 AB Stockholm		P.O. Box 162 85, SE-103 25 Stockholm	EUR 60,000	100%	100%	Financial activities
GetPro NSFIZ	Warsaw	ul. Krasieńskiego 2A	-	100% *	100%	Trust, funds and similar financial entities
Debito NSFIZ	Warsaw	ul. Przyokopowa 33	-	100% *	100%	Trust, funds and similar financial entities

* Percentage indicated with respect to investment funds shows percentage of investment certificates held by the Issuer in a given fund.

Source: the Company

Basic information about affiliates

Name and legal type:	Registered office:	Address	Share capital	% in share capital	% in number of votes	Type of business
Omega Wierzytelności NSFIZ	Warsaw	ul. Pankiewicza 3	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XIV NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XV NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XVI NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XVIII NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XX NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XXI NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities

Name and legal type:	Registered office:	Address	Share capital	% in share capital	% in number of votes	Type of business
Trigon Profit XXII NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Centauris Windykacji NSFIZ	Warsaw	ul. Krasińskiego 2A	-	26.66%*	26.66%	Trust, funds and similar financial entities
Trigon Profit XXIII NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities
Trigon Profit XXIV NSFIZ	Warsaw	ul. Puławska 2/ bud. B	-	20% *	20%	Trust, funds and similar financial entities

* Percentage indicated with respect to investment funds shows percentage of investment certificates held by the Issuer in a given fund.

Source: the Company

Non-standard closed-end securitization investment funds

The Company presents below a list of non-standard closed-end securitization investment funds in which, as at the date of the Marketing Document, the Group holds investment certificate or such closed-end investment funds for which Company manages their debt investment portfolios.

Funds for which the Issuer manages their debt investment portfolios and in which the Issuer holds investment certificates (total value of assets as at 8 June 2017 amounts to PLN 2,147.6 million):	Funds for which the Issuer manages their debt investment portfolios and in which the Issuer holds investment certificates (total value of assets as at 8 June 2017 amounts to PLN 406.4 million):	Funds for which the Issuer manages their debt investment portfolios and in which the Issuer holds investment certificates (total value of assets as at 8 June 2017 amounts to PLN 0):
Open Finance Wierzytelności Detalicznych NSFIZ ⁽¹⁾	Debtor NSFIZ	Universe 5 NSFIZ (in liquidation)
Open Finance Wierzytelności NSFIZ	Getback Windykacji Platinum NSFIZ	
Universe NSFIZ	Trigon Profit XXIII NSFIZ	
Universe 2 NSFIZ		
Universe 3 NSFIZ		
Omega Wierzytelności NSFIZ		
easyDebt NSFIZ		
Getback Windykacji NSFIZ		
Trigon Profit XIV NSFIZ		
Trigon Profit XV NSFIZ		
Trigon Profit XVI NSFIZ		
Trigon Profit XVIII NSFIZ		
Trigon Profit XX NSFIZ		
Trigon Profit XXI NSFIZ		
Trigon Profit XXII NSFIZ		
GetPro NSFIZ		
Debito NSFIZ		
Centauris Windykacji NSFIZ		
Trigon Profit XXIII NSFIZ		
Trigon Profit XXIV NSFIZ		

⁽¹⁾ The Company submitted a notice of termination of the engagement agreement for the management of a part of the investment portfolio of Open Finance Wierzytelności Detalicznych NSFIZ comprising securitized debt on 5 June 2017. The agreement will be terminated effective 5 September 2017 (see: "Operating and Financial Review—Trends and significant events after the balance sheet date—Material events after the balance sheet date").

Source: the Company

Information about shares in other enterprises

As at the date of the Marketing Document, there are no entities outside the Group in which members of the Group hold at least 10% in their share capital.

RELATED-PARTY TRANSACTIONS

Introduction

In the period covered by the Consolidated Financial Statements and until the date of the Marketing Document, the Company concluded, and intends to conclude in the future, transactions with related parties within the meaning of IFRS 24. In the period covered by the Consolidated Financial Statements and until the date of the Marketing Document, the following transactions with related parties were concluded in the Group:

- transactions with the parent entities of the Company;
- transactions between the Company and its subsidiaries, however eliminated upon consolidation in accordance with item 4 IFRS 24; and
- transactions with affiliated entities of the Company;
- transactions with the Management Board and Supervisory Board members and their related parties; and
- transactions with other units.

In the Company's judgment, related-party transactions were concluded at arm's length. As at the date of the Marketing Document, tax authorities have not challenged conditions on which the Company carried out transactions with related parties. In particular, tax authorities have not issued any ruling, according to which the transactions were not concluded at arm's length.

During the period covered by the Consolidated Financial Statements and until the date of the Marketing Document, other than the transactions described in this chapter, no related-party transactions were concluded that would be material, whether assessed individually or collectively, to the Company's business. Considering the financial reporting systems operating in the Group, this chapter presents data that could be obtained and were as close as possible to the data as at the date of the Marketing Document. Until the date of the Marketing Document no transactions were entered into on any terms other than those set out in this chapter.

As of 15 June 2016, as a result of the sale of Shares by Getin International S.à r.l., DNLD sp. z o.o. became the direct parent entity of the Group and the owner of 100% the Shares. As of that day, the Group ceased to be part of the LC Corp B.V. group and therefore transactions with entities from the LC Corp B.V. do not qualify as related-party transactions. As a result of the cross-border merger of DNLD sp. z o.o. (as the target company) with DNLD Holdings B.V., viz the Selling Shareholder (as the surviving company), on 9 June 2017, the Selling Shareholder acquired all the rights and obligations and the assets of DNLD sp. z o.o. (including shares of the Company), while DNLD sp. z o.o. ceased to legally exist.

Transactions with parent entities of the Company

Information on the value of related-party transactions with parent entities of the Group, in the indicated period and as at selected dates is presented in the tables below.

Four months ended 30 April 2017								
Receivables ⁽¹⁾	Liabilities	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet Financial and guarantee commitments granted	
(PLN million) (unaudited)								
DNLD sp. z o.o. ⁽²⁾	0.0	-	-	-	-	0.0	-	0.0
Total	0.0	-	-	-	-	0.0	-	0.0

⁽¹⁾ Liabilities include also receivables from banks due on cash held in bank accounts.

⁽²⁾ As a result of the cross-border merger of DNLD sp. z o.o. (as the target company) with DNLD Holdings B.V., viz the Selling Shareholder (as the surviving company), on 9 June 2017, the Selling Shareholder acquired all the rights and obligations and the assets of DNLD sp. z o.o. (including shares of the Company), while DNLD sp. z o.o. ceased to legally exist.

Source: the Company.

Year ended 31 December 2016							
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet Financial and guarantee commitments granted
(PLN million) (audited)							
Getin Holding S.A.	-	-	-	(0.2)	-	-	-
Idea Bank S.A.	-	0.0	-	(0.8)	-	-	-
Idea Expert S.A.	-	-	(0.3)	-	-	-	-
DNLD Sp. z o.o. ⁽³⁾	0.0	-	-	-	0.0	-	-
Total	0.0	0.0	(0.3)	(1.0)	0.0	-	-

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

⁽³⁾ As a result of the cross-border merger of DNLD sp. z o.o. (as the target company) with DNLD Holdings B.V., viz the Selling Shareholder (as the surviving company), on 9 June 2017, the Selling Shareholder acquired all the rights and obligations and the assets of DNLD sp. z o.o. (including shares of the Company), while DNLD sp. z o.o. ceased to legally exist.

Source: 2014-2016 Consolidated Financial Statements.

Year ended 31 December 2015						
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	
(PLN million) (audited)						
Getin Holding S.A.	-	0.0	-	(0.3)	-	-
Idea Bank S.A.	2.4	0.1	0.0	(0.4)	(0.2)	0.1
Idea Expert S.A.	-	9.9	-	(0.6)	-	-
Total	2.4	10.1	0.0	(1.0)	(0.5)	0.1

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: 2014-2016 Consolidated Financial Statements.

Year ended 31 December 2014					
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	
(PLN million) (audited)					
Idea Bank S.A.	1.1	7.6	0.1	(0.7)	(0.1)
Idea Expert S.A.	-	9.9	-	(0.3)	-
Total	1.1	17.5	0.1	(1.0)	(0.1)

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: 2014-2016 Consolidated Financial Statements.

The following is an overview of the Company's key related-party transactions concluded in relevant periods.

DNLD Sp. z o.o.

Transactions with DNLD Sp. z o.o. (as a result of the cross-border merger of DNLD sp. z o.o. (as the target company) with DNLD Holdings B.V., viz the Selling Shareholder (as the surviving company), on 9 June 2017, the Selling Shareholder acquired all the rights and obligations and the assets of DNLD sp. z o.o. (including shares of the Company), while DNLD sp. z o.o. ceased to legally exist) were related to the sales of accounting services. As at 30 April 2017 and 31 December 2016 the Group reported receivables from DNLD Sp. z o.o. on this account in the amount of PLN 3 thousand and PLN 8 thousand respectively. The sales on this account to DNLD Sp. z o.o. amounted to PLN 2 thousand and PLN 7 thousand in the four months ended 30 April 2017 and the year ended 31 December 2016 respectively.

Getin Holding S.A.

Transactions concluded with Getin Holding S.A. including the purchase of consultancy and advisory services. As at 31 December 2015, the Group reported liabilities to Getin Holding S.A. on this account in the amount of

PLN 34 thousand. Additionally, the Group purchased consultancy and advisory services from Getin Holding S.A. with a value of PLN 0.2 million and PLN 0.3 million, in the years ended on 31 December 2016 and 2015, respectively.

Idea Bank S.A.

The Group reported receivables from Idea Bank S.A. on account of bank accounts kept for various Group companies in the amount of PLN 2.4 million and PLN 1.1 million as at 31 December 2015 and 2014, respectively. The Group also reported liabilities to Idea Bank S.A. on account of the securities issued in the amount of PLN 7.6 million as at 31 December 2014. As at 31 December 2015, the Group reported trade liabilities of PLN 0.1 million.

Interest revenues of the Group related to the funds deposited in Idea Bank S.A. by companies from the Group and amounted to PLN 90 thousand in 2014 and PLN 24 thousand. In 2015 and 2014 the Group incurred interest expenses on bonds, which amounted to PLN 0.4 million and PLN 0.7 million respectively.

Purchase transactions with Idea Bank S.A. included settlements on account of the termination of a service agreement with Idea Expert S.A., debt portfolio management and auditor's services. In 2016, the Group made purchases from Idea Bank S.A. for the total amount of PLN 0.8 million, which included a fee for the termination of the service agreement with Idea Expert S.A. of PLN 0.4 million, debt management fee of PLN 0.3 million and PLN 0.1 million for auditor's services.

Furthermore, in 2015 the Group purchased debt portfolio management services with the value of PLN 0.2 million, subcontracted to Idea Bank S.A. and sales of debt collection services with the value of PLN 66 thousand. Additionally in 2014, the Group made a purchase with the value of PLN 0.1 million from Idea Bank S.A. in relation to the commission on a loan granted.

Idea Expert S.A.

Transactions with Idea Expert S.A. related to debt securities issued by the Group members. As at 31 December 2015 and 2014, the Group reported liabilities to Idea Expert S.A. on this account of PLN 9.9 million and PLN 9.9 million, respectively.

The Group also reported interest expenses on bonds in the amount of PLN 0.3, PLN 0.6 million and PLN 0.3 million in the years ended 31 December 2016, 2015 and 2014, respectively.

Transactions between the Company and its subsidiaries

The tables below present information on transactions between the Company and its subsidiaries in the indicated periods and as at relevant dates.

Four months ended 30 April 2017							
	Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from subsidiaries	Interest expenses from subsidiaries	Purchase from subsidiaries	Sales to subsidiaries	Purchase of debt portfolios (assets)
				(PLN million) (unaudited)			
EasyDebt NSFIZ.....	23.7	-	0.1	-	-	0.2	-
Kancelaria Prawna							
Getback	0.1	0.0	-	-	0.0	0.3	-
Getback Recovery							
S.R.L.	97.8	1.2	1.1	-	1.1	0.1	-
Neum Pretium Sp. z o.o.....	63.8	-	1.0	-	-	0.1	-
Bakura Sp. z o.o.							
S.K.A.....	0.9	-	-	-	1.1	0.0	-
Bakura Sp. z o.o.	0.0	-	-	-	-	0.0	-
Universe 3 NSFIZ - after purchase.	6.0	-	0.1	-	-	0.4	-
EGB							
Wierzytelności 1							
FIZ NFS	0.0	-	-	-	-	0.0	-
Bakura Sp. z o.o.							
Kolima Sp. K.	0.0	-	-	-	-	0.0	-
Open Finance							
Wierzytelności							
NSFIZ - after purchase	-	13.1	-	0.1	-	-	-

Four months ended 30 April 2017

	Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from subsidiaries	Interest expenses from subsidiaries (PLN million) (unaudited)	Purchase from subsidiaries	Sales to subsidiaries	Purchase of debt portfolios (assets)
Debito NSFIZ	31.1	3.5	-	0.0	-	0.1	-
GetPro NSFIZ	0.0	-	-	-	-	0.0	-
Razem.....	223.4	17.8	2.3	0.1	2.2	1.2	-

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: the Company.

Year ended 31 December 2016 r.

	Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from subsidiaries	Interest expenses from subsidiaries (PLN million) (unaudited)	Purchase from subsidiaries	Sales to subsidiaries	Purchase of debt portfolios (assets)
EasyDebt NSFIZ.....	5.8	-	-	2.2	-	0.2	-
Kancelaria Prawna Getback	0.1	0.1	-	-	0.1	0.8	-
Getback Recovery S.R.L.	101.2	0.5	2.3	-	0.5	0.4	-
Neum Pretium Sp. z o.o.....	73.0	0.0	2.0	-	0.0	0.8	-
BAKURA Sp. z o.o. S.K.A.....	0.0	0.5	0.0	0.1	2.5	0.0	-
BAKURA Sp. z o.o.....	0.0	-	-	-	-	0.0	-
Universe 3 NSFIZ - after purchase.....	7.0	-	0.1	-	-	0.3	0.0
Bakura Sp. z o.o. Kolima Sp. K.	0.0	-	-	0.0	-	0.0	-
Open Finance Wierzytelności NSFIZ - after purchase	0.8	-	-	-	-	0.8	-
Razem.....	188.0	1.1	4.4	2.3	3.0	3.3	0.0

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: the Company.

Year ended 31 December 2015 r.

	Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from subsidiaries	Interest expenses from subsidiaries (PLN million) (unaudited)	Purchase from subsidiaries	Sales to subsidiaries	Other
EasyDebt NSFIZ.....	0.0	-	-	0.9	0.0	2.6	-
Getback Law Firm	0.1	0.0	-	-	0.0	0.6	-
Getback Recovery S.R.L.	22.2	0.1	0.6	-	-	0.3	-
Getback Investments Sp. z o.o.....	0.0	0.0	-	-	-	0.0	-
Open Finance FIZAN.....	-	-	-	-	0.0	-	-
Bakura Sp. z o.o. sp.k.	-	-	-	0.6	-	0.0	-
Bakura Sp. z o.o. S.K.A.....	0.0	17.3	-	0.3	0.2	0.0	-
Bakura Sp. z o.o. DEBITUM Sp. z o.o.....	0.0	-	-	-	-	0.0	-
Bakura Sp. z o.o. VINITA Sp.k.	-	-	-	-	-	0.0	-
Universe 3 NSFIZ.....	0.1	-	-	-	-	0.2	-
Total.....	22.4	17.3	0.6	1.8	0.3	3.8	-

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: the Company.

	Year ended 31 December 2014 r.						
	Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from subsidiaries	Interest expenses from subsidiaries <i>(PLN million)</i> <i>(unaudited)</i>	Purchase from subsidiaries	Sale to subsidiaries	Other
EasyDebt NSFIZ.....	-	18.0	-	0.0	-	0.4	10.1
Getback Law Firm	0.4	0.0	-	-	0.0	0.5	0.5
Getback Recovery S.R.L.	12.2	0.1	0.1	-	0.1	0.1	-
Getback Investments Sp. z o.o.....	-	-	-	-	-	0.0	-
Open Finance FIZAN.....	-	0.1	-	-	-	-	0.3
Bakura Sp. z o.o. sp.k.	-	18.0	-	0.0	-	0.0	-
Bakura Sp. z o.o. S.K.A.....						0.0	-
Bakura Sp. z o.o.						0.0	-
Total.....	12.6	36.3	0.1	0.1	0.1	1.0	10.8

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: the Company.

The following is an overview of key transactions with subsidiaries concluded in the relevant periods.

EasyDebt NSFIZ

Transactions with easyDebt NSFIZ included primarily costs re-invoiced for the purposes of debt portfolios management. The sales on this account amounted to PLN 0.2 million, PLN 0.2 million, PLN 2.6 million, PLN 0.4 million in the four months ended 30 April 2017 and in the years ended 31 December 2016, 2015 and 2014, respectively. As at 30 April 2017, the Company reported receivables from EasyDebt NSFIZ of PLN 17.6 million under an agreement for the assumption of creditor's rights and of PLN 6.1 million on account of the purchase of bonds issued by easyDebt. As at 31 December 2016, the Company reported receivables from easyDebt NSFIZ of PLN 5.8 million under an agreement for the assumption of creditor's rights. As at 31 December 2015, the Company reported receivables of PLN 47 thousand in connection with re-invoicing related to debt management. As at 31 December 2014, the Company recognized liabilities to easyDebt NSFIZ on account of issued debt securities in the amount of PLN 18 million. Purchase transactions with easyDebt NSFIZ related mainly to the commission on the redemption of bonds and their value was PLN 40 thousand as at 31 December 2015. No purchase transactions occurred in the years ended 31 December 2016 and 2014. Interest expenses incurred by the Company related to interest on bonds and amounted to PLN 2.2 million, PLN 0.9 million and PLN 29 thousand in the years ended 31 December 2016, 2015 and 2014, respectively. The Company's interest income concerned interest on the bonds purchased and amounted to PLN 0.1 million in the four months ended 30 April 2017. In the year ended 31 December 2014, other transactions were specified with a value of PLN 10.1 million, which related to the Company's redemption of easyDebt NSFIZ certificates.

Getback Law Firm

Transactions with Getback Law Firm referred to the lease of cars and premises including auxiliary services: utilities consumption and cleaning services, sale of fixed assets, IT services, and provision of IT infrastructure and administrative, HR and payroll, Management office and legal services. The Company reported receivables from Getback Law Firm of PLN 79 thousand, PLN 0.1 million, PLN 89 thousand and PLN 0.4 million as at 30 April 2017, 31 December 2016, 2015 and 2014, respectively. The sales of services amounted to PLN 0.3 million, PLN 0.8 million, PLN 0.6 million and PLN 0.5 million, in the four months ended 30 April 2017, and in the years ended 31 December 2016, 2015 and 2014, respectively. As at 30 April 2017, 31 December 2016, 2015 and 2014, the Company reported liabilities to Getback Law Firm in the amount of PLN 4 thousand, PLN 52 thousand, PLN 2 thousand and PLN 1 thousand, respectively. The transactions with Getback Law Firm included the purchase of IT hardware and legal services and reimbursement for the cost of representation in court and enforcement proceedings. Their total value amounted to PLN 11 thousand, PLN 55 thousand, PLN 7 thousand and PLN 2 thousand as at 30 April 2017, 31 December 2016, 2015 and 2014, respectively.

Getback Recovery S.R.L.

Transactions with Getback Recovery S.R.L. included the lease of cars, IT and administration services, lease of IT hardware and the use of infrastructure and administrative, HR and payroll, Management office and legal services. As at 30 April 2017, 31 December 2016, 2015 and 2014, the Company reported receivables from Getback Recovery S.R.L. on account of these transactions, in the amount of PLN 0.7 million, PLN 0.6 million, PLN 0.2 million and PLN 0.1 million, as at 31 December 2016, 2015 and 2014, respectively. The sales of services amounted to PLN 0.1 million, 0.4 million, PLN 0.3 million and PLN 0.1 million in the four months ended 30 April 2017 and in the years ended 31 December 2016, 2015 and 2014, respectively. Furthermore, the Company reported receivables on account of loans provided to Getback Recovery S.R.L. of PLN 97.1 million, PLN 100.6 million, PLN 22 million and PLN 12.1 million, as at 30 April 2017, 31 December 2016, 2015 and 2014, respectively. Interest revenues included interest on loans provided and amounted to PLN 1.1 million, PLN 2.3 million, PLN 0.6 million and PLN 80 thousand, in the four months ended 30 April 2017 and the years ended 31 December 2016, 2015 and 2014, respectively. Purchase transactions with Getback Recovery S.R.L. referred to subcontracting debt collection services. In the four months ended 30 April 2017 and the years ended 31 December 2016 and 2014, their total value reached PLN 1.1 million, PLN 0.5 and PLN 74 thousand, respectively. As at 30 April 2017, 31 December 2016, 2015 and 2014, the Company reported liabilities to Getback Recovery S.R.L. on this account, which amounted to PLN 1.2 million, PLN 0.5 million, PLN 73 thousand and PLN 74 thousand, respectively.

Neum Pretium Sp. z o.o.

Transactions with Neum Pretium Sp. z o.o. referred to the sale of accounting services, financial intermediation services, administrative support, HR and payroll services, Management office, legal services and lease of premises, including auxiliary services, that is the use of utilities and cleaning services. As at 30 April 2017, 31 December 2016 and 2015, the Company reported receivables from Neum Pretium Sp. z o.o. of PLN 0.1 million, PLN 0.3 million and PLN 5 thousand, respectively. The value of services sold in the four months ended 30 April 2017 and the years ended 31 December 2016, 2015 and 2014, amounted to PLN 0.1 million, PLN 0.8 million, PLN 19 thousand and PLN 4 thousand, respectively. Furthermore, as at 30 April 2017 and 31 December 2016, the Company reported receivables on account of loans granted in the amount of PLN 63.7 million and PLN 72.6 million respectively. As at 31 December 2016, the Company reported liabilities to Neum Pretium Sp. z o.o. of PLN 7 thousand. Purchase transactions with Neum Pretium Sp. z o.o. referred to marketing services. In the year ended 31 December 2016, their total value was PLN 6 thousand. The Company's interest revenues reached PLN 1.0 million and PLN 2.0 million in the four months ended 30 April 2017 and the year ended 31 December 2016 and consisted in the interest on loans provided.

Open Finance FIZAN

As at 31 December 2014, the Company reported liabilities to Open Finance FIZAN in the amount of PLN 0.1 million on account of the purchase of shares in Getback Investments sp. z o.o., Bakura sp. z o.o. S.K.A. and Bakura sp. z o.o.

Bakura Sp. z o.o.

Transactions with Bakura sp. z o.o. referred to the sale of accounting services, HR and payroll services, Management office services and lease of premises including auxiliary services, that is the use of utilities and cleaning services. As at 30 April 2017, 31 December 2016 and 2015, the Company reported receivables from Bakura sp. z o.o. of PLN 12 thousand, PLN 9 thousand and PLN 5 thousand, respectively. The sales of services amounted to PLN 9 thousand, PLN 19 thousand, PLN 21 thousand and PLN 2 thousand in the four months ended 30 April 2017 and the years ended 31 December 2016, 2015 and 2014, respectively.

Bakura Sp. z o.o. sp.k.

Liabilities of PLN 18 million reported as at 31 December 2014 related to the loan provided by Bakura Sp. z o.o. Sp.k. to the Company. The loan was repaid in full in the year ended 31 December 2015. Sale transactions referred to the sale of accounting services and lease of premises including utilities. Their value in the years ended 31 December 2015 and 2014 amounted to PLN 14 thousand and PLN 2 thousand, respectively. Interest expenses incurred by the Company referred to interest on the loan drawn and amounted to PLN 0.6 million and PLN 35 thousand in the year ended 31 December 2015 and 2014.

Bakura Sp. z o.o. S.K.A.

Sale transactions with Bakura sp. z o.o. S.K.A. included the sale of accounting services, administrative support services, HR and payroll services, Management office and lease of premises, including auxiliary services, that is the use of utilities and cleaning services. As at 30 April 2017 and 31 December of 2016 and 2015, respectively the value of sales was PLN 21 thousand, PLN 2.5 million and PLN 0.2 million respectively. As at 30 April 2017 and 31 December 2016 and 2015, the Company reported receivables from Bakura sp. z o.o. S.K.A. on this account, which amounted to PLN 4 thousand, PLN 11 thousand and PLN 3 thousand PLN, respectively. Furthermore, as at 30 April 2017 the Company reported a receivable from Bakura sp. z o.o. S.K.A. in the amount of PLN 0.9 million arising from an agreement on accession to the rights of a creditor. The value of services purchased amounted to PLN 1.1 million, PLN 40 thousand, PLN 10 thousand and PLN 2 thousand in the four months ended 30 April 2017 and the years ended 31 December 2016, 2015 and 2014, respectively. Purchase transactions with Bakura sp. z o.o. S.K.A. referred to the purchase of IT services. Liabilities on this account amounted to PLN 0.5 million and PLN 0.3 million as at 31 December 2016 and 2015, respectively. Additionally, as at 31 December 2015, the Company reported liabilities to Bakura sp. z o.o. S.K.A. of PLN 17 million on account of the loan received. The interest expenses incurred by the Company related to interest on the loan drawn and amounted to PLN 87 thousand and PLN 0.3 million in the years ended 31 December 2016 and 2015, respectively. In the year ended 31 December 2016 the Company earned interest revenues of PLN 15 thousand on a loan granted.

Bakura Sp. z o.o. Kolima Sp. k.

Transactions with Bakura Sp. z o.o. Kolima Sp. k. included the sale of accounting services and lease of premises, including auxiliary services, that is the use of utilities and cleaning services. As at 30 April 2017 and 31 December 2016, the Company reported receivables from Bakura Sp. z o.o. Kolima Sp. k. of PLN 11 thousand and PLN 4 thousand, respectively. The sales on this account in the four months ended 30 April 2017 in the year ended 31 December 2016 amounted to PLN 5 thousand and PLN 8 thousand, respectively. The interest expenses reported by the Company were incurred in relation to an extension of the payment date and amounted to PLN 15 thousand in the year ended 31 December 2016.

Universe 3 NSFIZ

Transactions with Universe 3 NSFIZ were related primarily to costs re-invoiced for the purposes of debt portfolios management services. The Company reported receivables from Universe 3 NSFIZ on this account, which amounted to PLN 0.2 million, PLN 0.1 million and PLN 77 thousand, as at 30 April 2017, 31 December 2016 and 2015, respectively. The value of service sales in the four months ended 30 April 2017 and the years ended 31 December 2016 and 2015 amounted to PLN 0.4 million, PLN 0.3 million and PLN 0.2 million, respectively. Furthermore, as at 30 April 2017 and 31 December 2016, the Company reported receivables of PLN 4.1 million and PLN 6.9 million on account of bonds issued by Universe 3 NSFIZ. The company reported interest revenues related to bonds issued by Universe 3 NSFIZ, which amounted to PLN 0.1 million and PLN 60 thousand in the four months ended 30 April 2017 and the year ended 31 December 2016. Furthermore, as at 30 April 2017, the Company reported receivables from Universe 3 NSFIZ in the amount of PLN 1.7 million under an agreement on the assumption of creditor's rights.

Open Finance Wierzytelności NSFIZ

The value of sales in the year ended 31 December 2016 was PLN 0.8 million and related to costs re-invoiced for the purposes of debt portfolios management services. As at 31 December 2016, the Company reported receivables from Open Finance Wierzytelności NSFIZ on this account in the amount of PLN 0.8 PLN million. As at 30 April 2017, the Company reported a liability to Open Finance Wierzytelności NSFIZ on account of the bonds issued in the amount of PLN 13.1 million. The interest costs included interest on the bonds and amounted to PLN 32 thousand in the four months ended 30 April 2017.

GetPro NSFIZ

Transactions with GetPro NSFIZ included the re-invoicing of costs related to the management of investment portfolios which included receivables. As at 30 April 2017, the Company reported receivables from GetPro NSFIZ in the amount of PLN 4 thousand. The value of the services sold in the four months ended 30 April 2017 was PLN 13 thousand.

Debito NSFIZ

Transactions with Debito NSFIZ included the re invoicing of costs related to services involved in the management of investment portfolios including receivables. As at 30 April 2017 the Company reported receivables of PLN 32 thousand from Debito NSFIZ. The value of the sale of services was PLN 0.1 million for the four months ended 30 April 2017. Furthermore, as at 30 April 2017 the Company reported receivables from Debito NSFIZ in the amount of PLN 31.1 million on account of accession to the rights of a creditor. As at 30 April 2017 the company reported a liability to Debito NSFIZ in the amount of PLN 3.5 million on account of bonds issued by it. Interest revenue concerned interest on bonds and amounted to PLN 33 thousand in the four months ended 30 April 2017.

Dividends payable to the Company

During the period covered by Consolidated Financial Statements, Getback Law Firm paid the Company interim dividend of PLN 6.7 million, PLN 26.9 million and PLN 26.9 million for the four months ended 30 April 2017 and the years ended 31 December 2016 and 2015, respectively.

Transactions with affiliated entities of the Company

The table below presents information on the value of transactions with affiliated entities of the Company, in the relevant periods and as at the indicated dates.

Four months ended 30 April 2017						
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from affiliated entities	Interest expenses on affiliated entities	Purchase from affiliated entities	Sale to affiliated entities	Purchase of debt portfolios (assets)
(PLN million) (unaudited)						
Omega Wierzytelności NSFIZ	4.2	0.0	-	-	1.7	-
Trigon XIV NSFIZ	0.1	0.1	-	-	0.3	9.8
Trigon XV NSFIZ	0.1	0.1	-	-	0.3	8.9
Trigon XVI NSFIZ	0.0	0.1	-	-	0.1	8.3
Trigon XVIII NSFIZ ..	0.0	0.0	-	-	0.2	-
Trigon XXI NSFIZ	-	6.5	-	-	48.2	-
Trigon XX NSFIZ	-	0.0	-	-	36.3	-
Trigon XXII NSFIZ	-	-	-	-	64.0	-
Centauris Windykacji NSFIZ	0.0	-	-	-	0.1	-
Total	4.5	6.8	-	-	151.1	27.0

⁽¹⁾ The receivables also include receivables from banks due on account of monies kept in bank accounts.

⁽²⁾ The liabilities also include liabilities on account of leases and issue of debt securities.

Source: Company.

Year ended 31 December 2016 r.					
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from affiliated entities	Interest expenses on affiliated entities	Purchase from affiliated entities	Sale to affiliated entities
(PLN million) (audited)					
Omega Wierzytelności NSFIZ	6.4	-	-	-	13.0
Trigon XIV NSFIZ	0.0	-	-	-	0.9
Trigon XV NSFIZ	0.2	-	-	-	2.4
Trigon XVI NSFIZ	0.0	-	-	-	0.7
Trigon XVIII NSFIZ	0.3	-	-	-	41.0
Total	6.8	-	-	-	58.0

⁽¹⁾ The receivables also include receivables from banks due on account of monies kept in bank accounts.

Source: 2014-2016 Consolidated Financial Statements

		Year ended 31 December 2015 r.			
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from affiliated entities	Interest expenses on affiliated entities	Purchase from affiliated entities	Sale to affiliated entities
		(PLN million) (audited)			
Omega Wierzytelności NSFIZ	-	-	(0.1)	-	7.7
Total	-	-	(0.1)	-	7.7

Source: 2014-2016 Consolidated Financial Statements

No transactions with affiliated entities of the Group were reported in the year ended 31 December 2014.

The following is an overview of key transactions entered into with affiliated entities in the relevant periods.

Omega Wierzytelności NSFIZ

Transactions with Omega Wierzytelności NSFIZ related to debt portfolio management services. As at 30 April 2017 and 31 December 2016, the Group reported receivables of PLN 4.2 million and PLN 6.4 million respectively from Omega Wierzytelności NSFIZ. The value of sales to Omega Wierzytelności NSFIZ on this account reached PLN 1.7 million, PLN 13.0 million and PLN 7.7 million in the four months ended 30 April 2017 and the years ended 31 December 2016 and 2015, respectively. Furthermore, the Group reported interest owing to Omega Wierzytelności NSFIZ arising from the extension of the payment date for the investment certificates of Omega Wierzytelności NSFIZ, which amounted to PLN 86 thousand in the year ended 31 December 2015.

Trigon XIV NSFIZ

Transactions with Trigon XIV NSFIZ related to debt portfolio management services and debt portfolio purchase transactions. As at 30 April 2017 and 31 December 2016, the Group reported receivables of PLN 0.1 million and PLN 9 thousand respectively from Trigon XIV NSFIZ on this account. The sales to Trigon XIV NSFIZ on this account amounted to PLN 0.3 million and PLN 0.9 million in the four months ended 30 April 2017 and the year ended 31 December 2016 respectively. The value of debt portfolios purchased from Trigon XIV NSFIZ was PLN 9.8 million in the four months ended 30 April 2017. The liabilities on that account as at 30 April 2017 amounted to PLN 0.1 million.

Trigon XV NSFIZ

Transactions with Trigon XV NSFIZ related to the debt portfolio management services. As at 30 April 2017 and 31 December 2016 the Group reported receivables of PLN 0.1 million and PLN 0.2 million respectively from Trigon XV NSFIZ on this account. The sales to Trigon XV NSFIZ on this account amounted to PLN 0.3 million and PLN 2.4 million respectively in the four months ended 30 April 2017 and in the year ended 31 December 2016. The value of debt portfolios purchased from Trigon XV NSFIZ was PLN 8.9 million in the four months ended 30 April 2017. The liabilities on that account as at 30 April 2017 amounted to PLN 0.1 million.

Trigon XVI NSFIZ

Transactions with Trigon XVI NSFIZ related to debt portfolio management services. As at 30 April 2017 and 31 December 2016 the Group reported receivables of PLN 40 thousand and PLN 3 thousand respectively from Trigon XVI NSFIZ on this account. The sales to Trigon XVI NSFIZ on this account amounted to PLN 0.1 million and PLN 0.7 million respectively for the four months ended 30 April 2017 and the year ended 31 December 2016. The value of debt portfolios purchased from Trigon XVI NSFIZ was PLN 8.3 million in the four months ended 30 April 2017. The liabilities on that account as at 30 April 2017 amounted to PLN 0.1 million.

Trigon XVIII NSFIZ

Transactions with Trigon XVIII NSFIZ related to debt portfolio management services and sale of debt portfolios. As at 30 April 2017 and 31 December 2016 the Group reported receivables of PLN 14 thousand and PLN 0.3 million respectively from Trigon XVIII NSFIZ on this account. The sales to Trigon XVIII NSFIZ on this account amounted to PLN 0.2 million and PLN 41.0 million in the four months ended 30 April 2017 and the year ended 31 December 2016 respectively.

Trigon XXI NSFIZ

Transactions with Trigon XXI NSFIZ related to debt portfolio management services and sale of debt portfolios. As at 30 April 2017 the Group reported liabilities of PLN 6.5 million from Trigon XXI NSFIZ on this account. The sales to Trigon XXI NSFIZ on this account amounted to PLN 48.2 million in the four months ended 30 April 2017.

Trigon XX NSFIZ

Transactions with Trigon XX NSFIZ related to debt portfolio management services and sale of debt portfolios. As at 30 April 2017 the Group reported liabilities of PLN 1.0 thousand from Trigon XX NSFIZ on this account. The sales to Trigon XX NSFIZ on this account amounted to PLN 36.3 million in the four months ended 30 April 2017.

Trigon XXII NSFIZ

Transactions with Trigon XXII NSFIZ related to debt portfolio management services and sale of debt portfolios. The sales to Trigon XXII NSFIZ on this account amounted to PLN 64.0 million in the four months ended 30 April 2017.

Centauris Windykacji NSFIZ

Transactions with Centauris Windykacji NSFIZ related to debt portfolio management services. As at 30 April 2017 the Group reported receivables of PLN 43.0 thousand from Centauris Windykacji NSFIZ. The sales to Centauris Windykacji NSFIZ on this account amounted to PLN 0.1 million in the four months ended 30 April 2017.

Transactions with members of the Management Board and Supervisory Board

The below table presents remuneration either paid or due to members of the Management Board and Supervisory Board in the relevant periods and as at the indicated dates.

	As at/for the four months ended 30 April 2017	As at / for the year ended 31 December		
		2016	2015	2014
	(PLN million)		(PLN million)	
	(unaudited)		(audited)	
Management Board				
Short-term employee benefits paid by a parent company	2.1	9.3	4.3	2.5
Short-term employee benefits paid by subsidiaries	0.1	0.6	0.1	0.9
Supervisory Board				
Short-term employee benefits	0.4	0.1	0.0	0.0
Total.....	2.6	10.0	4.4	3.4

* Source: Consolidated Financial Statements for the years 2014-2016, the company.

Detailed information regarding remuneration of members of Management Board and Supervisory Board for 2016 is provided in „Management Board and Supervisory Board—Other information concerning members of Management Board and Supervisory Board—Remuneration and other benefits for Management Board and Supervisory Board members”).

Transactions with other units

The tables below presents information on value of transactions with other affiliates of the Company, i.e. members of LC Corp B.V. capital group (relations were in place prior to the acquisition of Shares by the Selling Shareholder – after the change of the dominant entity the Company did not identified other affiliates) in the relevant periods and as at the indicated dates.

Four months ended 30 April 2017						
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties (PLN million) (unaudited)	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)
Hussar Gruppa	0.1	-	-	-	0.1	-

Four months ended 30 April 2017						
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)
(PLN million) (unaudited)						
S.A.....						
GB Managers S.A. ...	0.0-	-	-	-	0.0	-
Hussar Angels S.A.....	-	-	-	-	0.0	-
Hussar Solutions S.A.....	0.0	-	-	-	0.0	-
Task Advisory Services Limited.....	0.0	-	-	(0.5)	-	-
Doc Flow S.A.....	0.0	1.3	-	(2.8)	0.1	-
Total.....	0.2	1.3	-	(3.3)	0.2	-

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: the Company.

Year ended 31 December 2016							
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet financial and guarantee commitments granted
(PLN million) (audited)							
Hussar Solutions S.A.....	0.0	-	-	-	0.0	-	-
Hussar Gruppa S.A. ...	0.1	-	(0.0)	-	0.1	-	-
Hussar Angels S.A.	0.0	-	-	-	0.0	-	-
GB Managers S.A.	0.0	-	(0.0)	-	0.0	-	-
Arkady Wroclawskie S.A.	-	-	-	(0.8)	-	-	-
Getin Noble Bank S.A.....	-	0.1	(0.8)	(0.1)	-	-	-
Idea Bank S.A. Rumunia.	-	-	-	(0.5)	-	-	-
Getin Leasing S.A.	-	-	0.0	(0.1)	-	-	-
Getin Fleet S.A.	-	-	(0.1)	(0.3)	-	-	-
Noble Securities S.A.....	-	-	(0.6)	(4.1)	-	-	-
Pośrednik Finansowy sp. z o.o.....	-	-	-	0.0	-	-	-
Open Finance TFI.	-	-	-	(6.4)	18.0	-	-
RB Computer sp. z o.o.....	-	-	-	(0.5)	-	-	-
Debito NSFIZ.	-	-	-	-	1.3	-	-
Getin Leasing S.A. 3 S.K.A.....	-	-	0.0	(0.1)	-	-	-
Doc Flow S.A.	-	0.9	-	(8.6)	0.4	-	-
Getin Leasing S.A. 2 S.K.A.....	-	-	0.0	-	-	-	-
Idea Leasing S.A. IL2 Leasing Sp. z o.o.....	-	-	-	-	0.0	-	-
Noble Funds TFI.....	-	-	-	0.0	5.1	-	-
Fundacja Jolanty i Leszka Czarneckich ...	-	-	(0.1)	-	-	-	-
Total.....	0.1	-	0.1	(1.6)	(17.5)	24.7	-

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: Consolidated Financial Statements for the years 2014-2016.

Year ended 31 December 2015								
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet financial and guarantee commitments granted	
(PLN million) (audited)								
Hussar Gruppa S.A. ...	-	-	-	-	0.0	-	-	
More Gruppa sp. z o.o.	-	-	-	(0.0)	-	-	-	
Arkady Wrocławskie S.A.	0.1	-	-	(1.7)	-	-	-	
Getin Noble Bank S.A.	19.1	182.1	0.0	(0.5)	(0.2)	0.1	6.1	-
Idea Bank S.A. Rumunia.	2.9	0.5	-	(0.4)	2.3	-	-	0.9
Getin Leasing S.A.	0.0	0.3	-	(0.0)	(0.3)	0.0	-	-
Getin Fleet S.A.	-	2.0	-	(0.1)	(0.4)	-	-	-
Noble Securities S.A.	-	22.3	-	(0.4)	(4.1)	-	3.3	-
Pośrednik Finansowy sp. z o.o.	-	0.0	-	(0.1)	-	-	-	-
Open Finance TFI	1.8	0.9	-	(11.6)	32.2	-	-	-
RB Computer sp. z o.o.	0.0	0.0	-	(2.7)	-	-	-	-
Debito NSFIZ	0.5	-	-	-	1.7	-	-	-
Getin Leasing S.A. 3 S.K.A.	-	0.4	-	(0.0)	(0.1)	-	-	-
Doc Flow S.A.	0.0	0.2	-	(1.2)	0.3	-	-	-
Getin Leasing S.A. 2 S.K.A.	-	0.0	-	(0.0)	-	-	-	-
Idea Leasing sp. z o.o. SKA	-	-	-	-	0.0	-	-	-
Idea Leasing S.A. Open Life TU	0.4	-	-	-	0.4	-	-	-
Życie S.A.	-	-	-	(0.2)	(0.1)	-	-	-
Noble Funds TFI	0.3	-	-	-	1.3	-	-	-
Fundacja Jolanty i Leszka Czarneckich ..	-	3.0	-	(0.0)	-	-	-	-
Total	25.1	211.7	0.0	(1.2)	(22.8)	38.4	9.3	0.9

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: Consolidated Financial Statements for the years 2014-2016.

Year ended 31 December 2014								
Receivables ⁽¹⁾	Liabilities ⁽²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet financial and guarantee commitments granted	
(PLN million) (audited)								
Hussar Gruppa S.A.	0.0	0.0	-	(0.0)	0.0	-	-	
More Gruppa sp. z o.o. sp. k.	-	0.0	-	(0.0)	-	-	-	
Gruppa sp. z o.o.	-	-	-	(0.0)	-	-	-	
Arkady Wrocławskie S.A.	0.1	-	-	(1.3)	-	-	-	
Getin Noble Bank S.A.	0.3	36.8	0.1	(0.3)	(0.1)	0.6	31.5	-
Idea Bank S.A. Rumunia.	0.7	0.8	-	-	-	3.3	-	0.2
Getin Leasing S.A.	0.0	0.7	-	(0.1)	(0.3)	-	-	-
Getin Leasing S.A. S.K.A.	-	0.5	-	(0.0)	(0.1)	-	-	-

	Year ended 31 December 2014							
	<u>Receivables⁽¹⁾</u>	<u>Liabilities⁽²⁾</u>	<u>Interest revenues from related parties</u>	<u>Interest expenses from related parties</u>	<u>Purchase from related parties</u>	<u>Sales to related parties</u>	<u>Purchase of debt portfolios (assets)</u>	<u>Out of balance sheet financial and guarantee commitments granted</u>
				(PLN million) (audited)				
Getin Fleet S.A.	-	0.5	-	(0.0)	(0.1)	-	-	-
Noble Securities S.A.....	-	3.7	-	(0.2)	(0.9)	-	-	-
Pośrednik Finansowy sp. z o.o....	-	0.0	-	-	(0.1)	-	-	-
Open Finance TFI	2.2	1.2	-	-	(9.9)	15.3	-	-
RB Computer sp. z o.o.....	-	0.0	-	-	(0.2)	-	-	-
Total.....	3.3	44.2	0.1	(0.6)	(13.0)	15.9	34.8	0.2

⁽¹⁾ Accounts receivable include also receivables from banks due on cash held on bank accounts.

⁽²⁾ Liabilities include also leasing liabilities as well as liabilities from issue of debt securities.

Source: Consolidated Financial Statements for the years 2014-2016.

Information below includes the most significant transaction entered into with other related parties of the Company in specific time periods.

Hussar Solutions S.A.

Transactions with Hussar Solutions S.A., in which Mr. Konrad Kąkolewski served as supervisory board member, included sales concerning the sublease of office space with auxiliary services, i.e., utilities consumption, in the amount of PLN 3 thousand and PLN 4.0 thousand respectively, in the four months ended 30 April 2017 r. and in the year ended 31 December 2016. As at 30 April 2017 and 31 December 2016 the Group reported receivables from Hussar Solutions S.A. on this account in the amount of PLN 2.0 thousand and PLN 5.0 thousand respectively.

Hussar Gruppa S.A.

Transactions with Hussar Gruppa S.A., in which Mr. Konrad Kąkolewski serves as management board member, concerned the sale of IT services and sublease of office space with auxiliary services, i.e., utilities consumption and cleaning services, as well as the reselling of courier services in the amount of PLN 80 thousand, PLN 139.0 thousand, PLN 4.0 thousand and PLN 30.0 thousand respectively in the four months ended 30 April 2017 r. and in the years ended 31 December 2016, 2015 and 2014. As at 30 April 2017 and 31 December 2016 and December 2014 the Group reported receivables from Hussar Gruppa S.A. on that account in the amount of PLN 0.1 million, PLN 50.0 thousand and PLN 37.0 thousand respectively. Purchase transactions in the amount of PLN 11.0 thousand in the year ended 31 December 2014 concerned intermediation in the purchase of a debt portfolio. The relevant liabilities amounted to PLN 13.0 thousand as at 31 December 2014. Additionally, the Group incurred interest costs for the benefit of Hussar Gruppa S.A. concerning interest on the loan received, in the amount of PLN 4.0 thousand in the year ended 31 December 2016.

Hussar Angels S.A.

Transactions with Hussar Angels S.A., in which Mr. Konrad Kąkolewski serves as supervisory board member, included sales concerning the sublease of office space with auxiliary services, i.e., utilities consumption and cleaning services in the amount of PLN 2.0 thousand and PLN 10.0 thousand respectively in the four months ended 30 April 2017 and in the year ended 31 December 2016. As at 31 December 2016 the Group reported receivables from Hussar Angels S.A. on that account in the amount of PLN 4.0 thousand.

GB Managers S.A.

Transactions with GB Managers S.A., in which Mr. Konrad Kąkolewski serves as management board member, included sales concerning the sublease of office space with auxiliary services, i.e., utilities consumption and cleaning services, in the amount of PLN 1.0 thousand and PLN 1.0 thousand respectively in the four months ended 30 April 2017 and in the year ended 31 December 2016. As at 30 April 2017 and 31 December 2016, the Group reported receivables from GB Managers S.A. on this account in the amount of PLN 1.0 thousand and PLN 1.0 thousand, respectively. Additionally, the Group incurred interest costs for the benefit of GB Managers

S.A. concerning interest on the loan received, in the amount of PLN 8.0 thousand in the year ended 31 December 2016.

More Gruppa sp. z o.o.

Transactions with More Gruppa sp. z o.o., in which Mr. Konrad Kąkolewski serves as management board member and is a shareholder, concerned the purchase of debt portfolio purchase intermediation services in the amount of PLN 46.0 thousand in the year ended 31 December 2015.

More Gruppa sp. z o.o. sp. k.

Transactions with More Gruppa sp. z o.o. sp. k. concerned the purchase of debt portfolio purchase intermediation services in the amount of PLN 30.0 thousand in the year ended 31 December 2014. The ensuing liability amounted to PLN 11.0 thousand as at 31 December 2014.

Gruppa sp. z o.o.

Transactions with Gruppa sp. z o.o. concerned the purchase of debt portfolio purchase intermediation services in the amount of PLN 30.0 thousand in the year ended 31 December 2014 r.

Task Advisory Services Limited

Transactions with Task Advisory Services Limited concerned the purchase of advisory services. The value of purchase as at 30 April 2017 on this account was PLN 0.5 million. As at 30 April 2017, the Group reported receivables from Task Advisory Services Limited in the amount of PLN 14 thousand, due to the advance received toward such services.

Arkady Wrocławskie S.A.

Transactions with Arkady Wrocławskie S.A. related to the lease of premises together with the purchase of related services, such as the use of utilities. As at 31 December 2015 and 2014, the Group reported receivables from Arkady Wrocławskie S.A. due deposits securing the lease agreements in the amount of PLN 75 thousand and PLN 75 thousand, respectively. Value of such purchases from Arkady Wrocławskie S.A. amounted to PLN 0.8 million, PLN 1.7 million and PLN 1.3 million, respectively, in the years ended 31 December 2016, 2015, and 2014.

Getin Noble Bank S.A.

Transactions with Getin Noble Bank S.A. related to operation and maintenance of bank accounts for Group companies. As at 31 December 2015 and 2014, the Group reported receivables from Getin Noble Bank S.A. for the operation and maintenance of bank accounts for Group companies of PLN 14.1 million and PLN 0.3 million, respectively. As at 31 December 2015, the Group reported receivables from Getin Noble Bank S.A. of PLN 5.0 million concerning an adjustment of the price for the purchased debt portfolio. As at 31 December 2015, the Group reported liabilities to Getin Noble Bank S.A. under the agreement on transfer rights and duties of a general partner of PLN 65.2 million as well as liabilities for the acquisition of debt portfolio of PLN 116.9 million. As at 31 December 2014 the Group reported liabilities arising from current account overdraft of PLN 5.1 million as well as liabilities arising from the acquisition of debt portfolios of PLN 31.7 million.

The Group also made purchases from Getin Noble Bank S.A. concerning commission and bank charges of PLN 0.1 million, PLN 0.2 million and PLN 0.1 million, respectively, in the years ended 31 December 2016, 2015 and 2014. Additionally, the Group sold debt collection services to Getin Noble Bank S.A. with the value of PLN 0.1 million and PLN 0.6 million, respectively in the years ended 31 December 2015 and 2014.

The Group also purchased debt portfolios from Getin Bank Noble S.A. with the value of PLN 6.1 million and PLN 31.5 million, respectively, in the years ended 31 December 2015 and 2014.

The Group reported interest income from Getin Bank Noble S.A. constituting interest on bank accounts of PLN 77 thousand, PLN 32 thousand and PLN 62 thousand, respectively, in the years ended 31 December 2016, 2015 and 2014. The Group reported also interest expenses owing to Getin Noble Bank S.A. constituting interest on loans of PLN 0.8 million, PLN 0.5 million and PLN 0.3 million, respectively in the years ended 31 December 2016, 2015 and 2014.

Idea Bank S.A. Rumunia

Transactions with Idea Bank S.A. Rumunia related to fees for debt portfolios management. As at 31 December 2015, on account of these transactions the Group reported receivables from Idea Bank S.A. Rumunia of PLN 2.3 million. The sale value in respect of such transactions reached PLN 2.3 million in the year ended 31 December 2015. A Group company's bank account is also kept by Idea Bank S.A. Rumunia. As at 31 December 2015 and 2014, the Group reported receivables on account of these transactions in the amount of PLN 0.6 million and PLN 0.7 million, respectively.

The Group also reported liabilities to Idea Bank S.A. Rumunia concerning the sub-lease of the office space of PLN 0.5 million as at 31 December 2015 and liabilities arising from the acquisition of a debt portfolio of PLN 0.8 million as at 31 December 2014. The value of purchases from Idea Bank S.A. Rumunia related to the sub-lease of premises amounted to PLN 0.5 million and PLN 0.4 million respectively in the years ended 31 December 2016 and 2015.

The Group acquired also debt portfolios from Idea Bank S.A. Rumunia of PLN 3.3 million in the year ended 31 December 2014. The Group also provided financial liability/ guarantee in the amount of PLN 0.9 million and PLN 0.2 million in the years ended 31 December 2015 and 2014, respectively.

Getin Leasing S.A.

Transactions with Getin Leasing S.A. concerns leasing contracts entered into by the Group. As at 31 December 2015 and 2014, the Group reported receivables from Getin Leasing S.A. arising from leasing contracts in the amount of PLN 17 thousand and PLN 12 thousand, respectively. The Group reported also liabilities to Getin Leasing S.A. arising from the leasing. As at 31 December 2015 and 2014, the Group's liabilities therefrom amounted to PLN 0.3 million and PLN 0.7 million, respectively. Additionally, the Group made purchases from Getin Leasing S.A. concerning leasing fees of PLN 0.1 million, PLN 0.3 million and PLN 0.3 million, respectively in the years ended December 2016, 2015 and 2014. Additionally, the Group made sales to Getin Leasing S.A. concerning the settlement of the terminated leasing contract in the amount of PLN 5 thousand in the year ended 31 December 2015. The Group reported interest expenses payable to Getin Leasing S.A. ensuing from leasing contracts in the amount of PLN 15 thousand, PLN 44 thousand and PLN 54 thousand, respectively in the years ended 31 December 2016, 2015 and 2014.

Getin Fleet S.A.

Transactions with Getin Fleet S.A. related to leasing contracts entered into by the Group. As at 31 December 2015 and 2014, the Group reported, on account of these transactions, liabilities to Getin Fleet S.A. arising from such contracts in the amount of PLN 2.0 million and PLN 0.5 million. Additionally, the Group made purchases from Getin Fleet S.A. in the form of leasing fees with the value of PLN 0.3 million, PLN 0.4 million and PLN 0.1 million, respectively, in the years ended 31 December 2016, 2015 and 2014. The Group reported interest costs due to Getin Fleet S.A. constituting interest on leasing contracts of PLN 55 thousand, PLN 83 thousand and PLN 21 thousand, respectively, in the years ended 31 December 2016, 2015 and 2014.

Noble Securities S.A.

Transactions with Noble Securities S.A. related to debt securities issued by the Group. As at 31 December 2015 and 2014, the Group reported, on account of these transactions, liabilities to Noble Securities S.A. of PLN 22.3 million and PLN 3.7 million, respectively. Additionally, the Group made purchases from Noble Securities S.A. concerning tender offer for bonds and bond record keeping of PLN 4.1 million, PLN 4.1 million and PLN 0.9 million, respectively, in the years ended 31 December 2016, 2015 and 2014. The Group acquired also debt portfolios from Noble Securities S.A. in the amount of PLN 3.3 million in the year ended 31 December 2015. The Group reported also interests expenses payable to Noble Securities S.A. concerning interest on bonds of PLN 0.6 million, PLN 0.4 million and PLN 0.2 million, respectively, in the years ended 31 December 2016, 2015 and 2014.

Pośrednik Finansowy sp. z o.o.

Transactions with Pośrednik Finansowy sp. z o.o. related to insurance policies entered into by the Group. As at 31 December 2015 and 2014, on account of these transactions the Group reported liabilities to Pośrednik Finansowy sp. z o.o. of PLN 8 thousand and PLN 18 thousand, respectively. The value of purchases made from Pośrednik Finansowy sp. z o.o. with respect to insurance policies amounted to PLN 35 thousand, PLN 73 thousand and PLN 93 thousand, respectively, in the years ended 31 December 2016, 2015 and 2014.

Open Finance TFI

Transactions with Open Finance TFI related to services of debt portfolio management. As at 31 December 2015 and 2014, on account of these transactions the Group reported receivables from Open Finance TFI of the value of PLN 1.8 million and PLN 2.2 million, respectively. As at 31 December 2015 and 2014, the liabilities of the Group arising therefrom amounted PLN 0.9 million and PLN 1.2 million, respectively. The value of purchases made from Open Finance TFI arising therefrom reached PLN 6.4 million, PLN 11.6 million and PLN 9.9 million, respectively, in the years ended 31 December 2016, 2015 and 2014. The value of sales to Open Finance TFI arising therefrom amounted to PLN 18.0 million, PLN 32.2 million and PLN 15.3 million, respectively, in the years ended 31 December 2016, 2015 and 2014.

RB Computer sp. z o.o.

Transactions with RB Computer sp. z o.o. related to the purchase of IT equipment. On account of these transactions the Group reported receivables from RB Computer sp. z o.o. arising from an advance payment for the purchase of the equipment of PLN 3 thousand as at 31 December 2015. The Group reported also liabilities to RB Computer sp. z o.o. arising from the acquisition of the equipment as at 31 December 2015 and 2014. The Group reported liabilities arising therefrom of PLN 11 thousand and PLN 17 thousand. Additionally, the Group bought IT equipment from RB Computer sp. z o.o. with the value of PLN 0.5 million, PLN 2.7 million and PLN 0.2 million, respectively, in the years ended 31 December 2016 r., 2015 and 2014 r.

Debito NSFIZ

Transactions with Debito NSFIZ included services of debt portfolio management. On account of such transactions, the Group reported receivables from Debito NSFIZ of PLN 0.5 million as at 31 December 2015. The value of sale made with respect to Debito NSFIZ arising therefrom amounted to PLN 1.3 million and PLN 1.7 million, respectively, in the years ended 31 December 2016 and 2015.

Getin Leasing S.A. 3 S.K.A.

Transactions with Getin Leasing S.A. 3 S.K.A. related to leasing contracts entered with the Group. On account of these transactions, the Group reported liabilities to Getin Leasing S.A. 3 S.K.A. of PLN 0.4 million as at 31 December 2015. Additionally, the Group made purchases from Getin Leasing S.A. 3 S.K.A. concerning leasing fees in the amount of PLN 64 thousand and PLN 0.1 million, respectively, in the years ended 31 December 2016 and 2015. The Group reported interest expenses payable to Getin Leasing S.A. 3 S.K.A. which constituted interest on leasing contracts of PLN 10 thousand and PLN 23 thousand, respectively, in the years ended 31 December 2016 and 2015.

Doc Flow S.A.

Transactions with Doc Flow S.A. related to the purchase of services, such as scanning, archiving and disseminating documents, as well as services related to sub-leasing of premises and other related services, such as use of facilities and sale of the equipment. As at 30 April 2017, 31 December 2016 and 31 December 2015, on account of these transactions, the Group reported liabilities to Doc Flow S.A. of PLN 1.3 million, PLN 0.9 million and PLN 0.2 million respectively, as well as receivables from Doc Flow S.A. of PLN 35 thousand and PLN 16 thousand as at 30 April 2017 and 31 December 2015, respectively. The value of purchases made from Doc Flow S.A. amounted to PLN 2.8 million, PLN 8.6 million and PLN 1.2 million, respectively, in the four months ended 30 April 2017 and the years ended 31 December 2016 and 2015. The value of sales to Doc Flow S.A. amounted to PLN 0.1 million, PLN 0.2 million and PLN 0.3 million, respectively, in the period ended 30 April 2017 and the years ended 31 December 2016 and 2015.

Getin Leasing S.A. 2 S.K.A.

Transactions with Getin Leasing S.A. 2 S.K.A. related to leasing contracts entered into by the Group. On account of these transactions, the Group reported liabilities to Getin Leasing S.A. 2 S.K.A. of PLN 20 thousand as at 31 December 2015. The Group reported interest expenses owing to Getin Leasing S.A. 2 S.K.A. constituting interest on leasing contracts of PLN 1 thousand and PLN 1 thousand, respectively, in the years ended 31 December 2016 and 2015.

Idea Leasing sp. z o.o. S.K.A.

Transactions with Idea Leasing sp. z o.o. S.K.A. related to sale of debt collecting services. The sales value to Idea Leasing sp. z o.o. S.K.A. on account of these transactions amounted to PLN 7 thousand in the year ended 31 December 2015 r.

Idea Leasing S.A.

Transactions with Idea Leasing S.A. related to sale of debt collecting services and of IT equipment and facilities. On account of these transactions, the Group reported receivables from Idea Leasing S.A. amounting to PLN 0.4 million as at 31 December 2015. The value of sale to Idea Leasing S.A. arising therefrom reached PLN 85 thousand and PLN 0.4 million, respectively, in the years ended 31 December 2016 and 2015 r.

Open Life TU Życie S.A.

Transactions with Open Life TU Życie S.A. related to debt securities issued by Group companies. On account of these transactions, the Group incurred interest expenses owing to Open Life TU Życie S.A. of PLN 0.2 million as at 31 December 2015.

Additionally, the Group made purchases from Open Life TU Życie S.A. concerning group insurances for employees in the amount of PLN 0.1 million in the year ended 31 December 2015.

Noble Funds TFI

Transactions with Noble Funds TFI related to debt management services. On account of these transactions, the Group reported receivables from Noble Funds TFI of PLN 0.3 million as at 31 December 2015. The sales value to Noble Funds TFI arising therefrom amounted to PLN 5.1 million and PLN 1.3 million, respectively, in the years ended 31 December 2016 and 2015 r.

Fundacja Jolanty i Leszka Czarneckich (Jolanta and Leszek Czarnecki Foundation)

Transactions with Fundacja Jolanty i Leszka Czarneckich related to debt securities issued by the Group. On account of these transactions, the Group reported liabilities to Fundacja Jolanty i Leszka Czarneckich of PLN 3.0 million as at 31 December 2015.

The interest expenses incurred due to Fundacja Jolanty i Leszka Czarneckich amounted to PLN 78 thousand and PLN 31 thousand, respectively, in the years ended 31 December 2016 and 2015.

Getin Leasing S.A. S.K.A.

Transactions with Getin Leasing S.A. S.K.A. related to leasing contracts entered into by the Group. On account of these transactions, the Group reported liabilities to Getin Leasing S.A. S.K.A. of PLN 0.5 million as at 31 December 2014. The purchases made by the Group from Getin Leasing S.A. S.K.A. concerned leasing fees of PLN 0.1 million in the year ended 31 December 2014. The reported interest costs due to Getin Leasing S.A. S.K.A. constituted interests on leasing contracts of PLN 21 in the year ended 31 December 2014.

IL2 Leasing Sp. z o.o.

Transactions with IL2 Leasing Sp. z o.o. related to the sale of debt collecting services. The value of sale to IL2 Leasing Sp. z o.o. arising therefrom amounted to PLN 1 thousand in the year ended 31 December 2016 r.

INFORMATION ON THE OFFERED SECURITIES

Legal basis for the issuance of the Offer Shares

As at the date of the Marketing Document the Sale Shares have been issued and recorded in the Register of Entrepreneurs kept for the Company, whereas the New Shares will be issued pursuant to the provisions of the Commercial Companies Code and denominated in PLN.

The legal basis for the issuance of the New Shares is the following Capital Increase Resolution:

**„Resolution No. 5
of the Extraordinary General Meeting of
Getback Spółka Akcyjna with its registered office in Wrocław
of 28 March 2017**

on an increase of the Company's share capital by way of issuance of series E ordinary bearer shares, exclusion of preemptive rights of the existing shareholders with respect to all series E shares, seeking admission and introduction of the Series E shares and rights to series E shares to trading on a regulated market operated by the Warsaw Stock Exchange, dematerialization of the series E shares and rights to series E shares, and an authorization for the Company to conclude an agreement on the registration of the series E shares and rights to series E shares in the securities deposit and on amendments to the Articles of Association

The Extraordinary General Meeting of the Company acting pursuant to Article 430-433 of the Commercial Companies Code of 15 September 2000 (the "Commercial Companies Code"), Article 27 Section 2 item 3a and 3b of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 (the "Public Offering Act") and § 30 Section 1 item 5-7 of the Company's Articles of Association (the "Articles of Association") hereby resolves as follows:

§1

1. *The share capital of the Company is hereby increased by an amount not lower than PLN 0.20 (twenty grosz) and not higher than PLN 1,000,000 (one million Polish zloty) up to an amount of at least PLN 4,000,000.20 (four million Polish zloty i twenty grosz) and not higher than PLN 5,000,000 (five million Polish zloty) by way of issuance of no less than 1 (one), but in no event more than 5,000,000 (five million), of the Series E ordinary bearer shares with the nominal value of PLN 0.20 (twenty grosz) each („Series E Shares”).*
2. *Considering an amendment to the Company's Articles of Association, referred to in § 1 Section 1 of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 on amendments to the Company's Articles of Association, by way of splitting the Company shares in proportion 1:4, the share capital of the Company is increased by an amount not lower than PLN 0.20 (twenty grosz) and not higher than PLN 1,000,000 (one million Polish zloty) up to an amount of at least PLN 4,000,000.20 (four million Polish zloty i twenty grosz) and not higher than PLN 5,000,000 (five million Polish zloty) by way of issuance of no less than 4 (four), but in no event more than 20,000,000 (twenty million), of the Series E ordinary bearer shares with the nominal value of PLN 0.05 (five grosz) each („Series E Shares”).*
3. *The Series E Shares will be issued in an open subscription within the meaning of Article 431 § 2 item 3 of the Commercial Companies Code conducted in the form of a public offering within the meaning of the Public Offering Act.*
4. *All Series E Shares will be offered on the terms set out in an issue prospectus (the "Prospectus") prepared in accordance with the relevant provisions of law for the purposes, in particular, of a public offering of the Series E Shares and seeking admission and introduction of all shares of the Company, in particular the Series E Shares and rights to Series E Shares ("Rights to Series E Shares"), to trading on a regulated market operated by the Warsaw Stock Exchange (the "WSE").*
5. *The Series E Shares should participate in dividend for the financial year 2017, that is as of 1 January 2017, at par with all other shares of the Company.*
6. *The Series E Shares may only be paid up in cash.*
7. *The Management Board of the Company is hereby authorized to determine the final amount of the share capital increase in the Company, provided that the amount so determined by the Management Board of the Company may not be lower than the minimum amount nor higher than the maximum amount specified in Section 1 or Section 2 above.*

§2

1. *In the best interest of the Company, the preemptive rights of all existing shareholders of the Company are hereby excluded with respect to all of the Series E Shares.*
2. *A written opinion of the Management Board substantiating the exclusion of preemptive rights of all existing shareholders of the Company with respect to all Series E Shares and specifying the manner of determination of Series E Shares issue price is attached to this resolution.*

§3

1. *Pursuant to Article 27 Section 2 item 3a of the Public Offering Act, it is hereby decided that the Company shall seek admission and introduction to trading on a regulated market operated by the WSE of no less than 1 (one) and no more than 5,000,000 (five million) of Series E Shares and no less than 1 (one) and no more than 5,000,000 (five million) Rights to Series E Shares.*
2. *Considering the amendment to the Company's Articles of Association referred to in § 1 Section 1 of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 in amendments to the Company's Articles of Association, concerning the 1:4 split of the Company shares pursuant to Article 27 Section 2 item 3a of the Public Offering Act, it is hereby decided that the Company shall seek admission and introduction to trading on a regulated market operated by the WSE of no less than 4 (four) and no more than 20,000,000 (twenty million) of Series E Shares and no less than 4 (four) and no more than 20,000,000 (twenty million) Rights to Series E Shares.*

§4

1. *Pursuant to Article 5 Section 8 of the Act on Trading in Financial Instruments of 29 July 2005 (the "Trading Act") and Article 27 Section 2 item 3b of the Public Offering Act it is hereby resolved to dematerialize,, within the meaning of the Trading Act, no less than 1 (one) and no more than 5,000,000 (five million) of Series E Shares and no less than 1 (one) and no more than 5,000,000 (five million) Rights to Series E Shares.*
2. *Considering the amendment of the Company's Articles of Association, referred to in § 1 Section 1 of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 regarding the amendment of the Company's Articles of Association to reflect the 1:4 split of the Company shares pursuant to Article 5 Section 8 of the Trading Act and Article 27 Section 2 item 3b of the Public Offering Act it is hereby resolved to dematerialize, within the meaning of the Trading Act, no less than 4 (four) and no more than 20,000,000 (twenty million) of Series E Shares and no less than 4 (four) and no more than 20,000,000 (twenty million) Rights to Series E Shares.*
3. *Pursuant to Article 5 Section 8 of the Trading Act and Article 27 Section 2 item 3b of the Public Offering Act the Management Board of the Company is hereby authorized to conclude with Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW" – the Central Securities Depository of Poland) an agreement on the registration of no less than 1 (one) and no more than 5,000,000 (five million) of Series E Shares and no less than 1 (one) and no more than 5,000,000 (five million) Rights to Series E Shares.*
4. *Considering the amendment to the Company's Articles of Association, referred to in § 1 Section 1 of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 concerning an amendment to the Company's Articles of Association, in the form of the 1:4 split of the Company shares, pursuant to Article 5 Section 8 of the Trading Act and Article 27 Section 2 item 3b of the Public Offering Act, the Management Board of the Company is hereby authorized to conclude with the KDPW an agreement on the registration of no less than 4 (four) and no more than 20,000,000 (twenty million) of Series E Shares and no less than 4 (four) and no more than 20,000,000 (twenty million) Rights to Series E Shares.*

§5

1. *Considering the provisions of Resolution No. 1 of the Extraordinary General Meeting of the Company of 28 March 2017 on consent to a conversion of the Company registered shares into bearer shares in relation to the capital increase in the Company through the issuance of Series E Shares referred to in § 1 Section 1 of this Resolution, the language of § 7 of the Company's Articles of Association reflecting the provisions of Resolution No. 1 of the Extraordinary General Meeting of the Company of 28 March 2017 on consent to the conversion of the Company registered shares into bearer shares, is hereby amended to read as follows:*

- „§ 7. 1. The share capital of the Company amounts to no less than PLN 4,000,000.20 (four million Polish zloty i twenty grosz) and no more than PLN 5,000,000 (five million Polish zloty Polish zloty) and is divided into:
- 4,000,000 (four million) series A ordinary bearer shares, with the nominal value of PLN 0.20 (twenty grosz) each,
 - 6,000,000 (six million) series B ordinary bearer shares, with the nominal value of PLN 0.20 (twenty grosz) each,
 - 4,000,000 (four million) series C ordinary bearer shares, with the nominal value of PLN 0.20 (twenty grosz) each,
 - 6,000,000 (six million) series D ordinary bearer shares, with the nominal value of PLN 0.20 (twenty grosz) each,
 - no less than 1 (one) and no more than 5,000,000 (five million) series E ordinary bearer shares, with the nominal value of PLN 0.20 (twenty grosz) each.
2. The bearer shares cannot be converted into registered shares for as long as they remain dematerialized within the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (the “Trading Act”).”
2. Considering the provisions of Resolution No. 1 of the Extraordinary General Meeting of the Company of 28 March 2017 giving consent to a conversion of registered shares of the Company into bearer shares and considering the amendment to the Company’s Articles of Association, referred to in § 1 Section 1 of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 on an amendment to the Company’s Articles of Association reflecting the 1:4 split of the Company shares, as well as in conjunction with the share capital increase in the Company through the issuance of Series E Shares, referred to in § 1 Section 2 of this Resolution, § 7 of the Company’s Articles of Association, in the language reflecting the provisions of Resolution No. 1 of the Extraordinary General Meeting of the Company of 28 March 2017 giving consent to a conversion of registered shares of the Company into bearer shares and of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 on amendments to the Company’s Articles of Association, is hereby amended to read as follows:
- „§ 7. 1. The share capital of the Company amounts to no less than PLN 4,000,000.20 (four million Polish zloty and twenty grosz) and no more than PLN 5,000,000 (five million Polish zloty Polish zloty) and is divided into:
- 16,000,000 (sixteen million) series A ordinary bearer shares, with the nominal value of PLN 0.05 (five grosz) each,
 - 24,000,000 (twenty four million) series B ordinary bearer shares, with the nominal value of PLN 0.05 (five grosz) each,
 - 16,000,000 (sixteen million) series C ordinary bearer shares, with the nominal value of PLN 0.05 (five grosz) each,
 - 24,000,000 (twenty four million) series D ordinary bearer shares, with the nominal value of PLN 0.05 (five grosz) each,
 - no less than 4 (four) and no more than 20,000,000 (twenty million) series E ordinary bearer shares, with the nominal value of PLN 0.05 (five grosz) each.
2. The bearer shares cannot be converted into registered shares for as long as they remain dematerialized within the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (the “Trading Act”)
3. The wording of § 7 of the Company’s Articles of Association (specifying the amount of the Company’s share capital) will be determined by the Management Board of the Company pursuant to Article 431 § 7 in conjunction with Article 310 of the Commercial Companies Code by way of making a statement in the form of a notarial deed on the amount of share capital subscribed for after the allotment of the Series E Shares.
4. An amendment to the Company’s Articles of Association, referred to in Section 1 or in Section 2 above shall become effective as of the date of its registration in the National Court Register.

5. *The Supervisory Board of the Company is hereby authorized to adopt an amended and restated text of the Company's Articles of Association reflecting the amendments referred to in this resolution.*

§6

1. *The Management Board of the Company is hereby authorized to take all actions related to increasing the share capital and to determine detailed terms and conditions of the subscription for and allotment of the Series E Shares, including to:*
 - a) *determine the final number of the offered Series E Shares pursuant to Article 54 of the Public Offering Act; if the Management Board of the Company does not exercise this authorization, the number of Series E Shares offered in the public offering will be the maximum number of the Series E Shares specified in w § 1 Section 1 of this resolution;*
 - b) *determine an issue price (or issue prices) of the Series E Shares, and a price range for the purposes of book building among the particular categories of investors, or the maximum price of the Series E Shares for the purposes of accepting subscriptions from the investors in particular categories;*
 - c) *determine the dates of opening and closing the subscriptions for the Series E Shares;*
 - d) *determine the terms of subscription for and allotment of the Series E Shares; and*
 - e) *conclude agreements securing the success of the public offering of the Series E Shares, in particular a guarantee or a standby or investment agreement.*
2. *The Management Board of the Company is hereby authorized to take all actions necessary to offer the Series E Shares in a public offering within the meaning of the Offering Act, and in particular to file with the KNF an application for approval of the issue prospectus for the Series E Shares and to conduct a public offering of the Series E Shares (the "Public Offering").*
3. *The Management Board of the Company is hereby authorized to decide on abstain from or suspend executing this resolution, withdraw from or suspend the Public Offering at any time. In deciding on the suspension of the Public Offering the Management Board may abstain from appointing a new date for the Public Offering which may then be agreed and published at a later date.*

§7

This resolution becomes effective as of the date of its adoption, save for the provisions of § 5 Section 3, provided that the provisions of § 1 Section 2, § 3 Section 2, § 4 Section 2, § 4 Section 4 and § 5 Section 2 of this resolution shall apply upon the registration of the amendment to the Company's Articles of Association referred to in § 1 Section 1 of Resolution No. 2 of the Extraordinary General Meeting of the Company of 28 March 2017 on amendments to the Company's Articles of Association."

With respect to the Admitted Shares, the legal basis for their dematerialization and seeking admission and introduction to trading on a regulated market operated by the WSE is Resolution No. 4 of the Extraordinary General Meeting of the Company of 28 March 2017 on seeking admission and introduction of series A, series B, series C and series D shares of the Company to trading on a regulated market operated by the Warsaw Stock Exchange, dematerialization of series A, series B, series C and series D shares of the Company and authorization to execute an agreement on the registration of series A, series B, series C and series D shares of the Company with the securities depository.

Restrictions to transferability of the Offer Shares

Neither the Code of Commercial Companies nor the Articles of Association of the Company restrict the transferability of the Sale Shares or Offer Shares in any manner.

Selected legal regulations concerning the obligations related to acquisitions and disposals of Shares under the peremptory provisions of law are described in "Share capital and Shares" and "Regulations governing the Polish securities market and the obligations related to the acquisition and disposal of Shares".

SHARE CAPITAL AND SHARES

General

Overview

The Company is a joint-stock company established and existing under the laws of Poland. The matters concerning the Company's legal standing, as well as the rights and obligations of its shareholders are governed by Polish law.

This section provides the key information regarding the Company's share capital and a general description of the rights, obligations and legal limitations related to the holding of Shares, other than the rights, obligations and legal limitations under the Polish capital market regulations which are described in the "*Regulations of the Polish securities market and the obligations related to acquiring and disposing of Shares*". The description provided in this section does not purport to be a legal advice with respect to such rights, obligations or legal limitations. Investors are urged to seek individual legal advice before making any decision with regard to such rights, obligations or legal limitations.

Share capital and classes of Shares

As at the date of the Marketing Document the share capital of the Company was PLN 4,000,000.00 and was divided into 80,000,000 Shares with the nominal value of PLN 0.05 each. The Shares have been issued on the basis of the relevant provisions of the Code of Commercial Companies and paid up in full. The Shares are registered shares, carry no preferences as to voting rights, dividend or share in property upon liquidation, and they all incorporate a uniform set of rights including, in particular one vote each at the General Meeting. The Shares are denominated in PLN.

The following table summarizes information regarding the number of Shares in each series, the manner of covering the consecutive capital increases accompanying the issuance of each series of Shares, and the dates of registration of the said capital increases and issues.

Series / issue	Number of shares	Number of Shares at date of the Marketing Document	Manner of covering capital	Registration date
A	4,000,000	16,000,000 ¹⁾	cash contribution	14 March 2012
B	6,000,000	24,000,000 ¹⁾	cash contribution	14 March 2012
C	4,000,000	16,000,000 ¹⁾	cash contribution	8 August 2012
D	6,000,000	24,000,000 ¹⁾	cash contribution	8 August 2012
Total number of shares	20,000,000	80,000,000¹⁾	-	-

¹⁾ The change in the number of Shares follows from the 16 May 2017 registration of amendments to the Articles of Association, consisting, among other things, in changing the number of Shares from 20,000,000 to 80,000,000 and of their nominal value from PLN 0.20 to PLN 0.05.

Source: the Company

As at the date of the Marketing Document no Shares have been registered in the securities deposit kept by the KDPW.

In the period covered by the 2014-2016 Consolidated Financial Statements and until the date of the Marketing Document no Shares were traded on a regulated market (main market) operated by the WSE.

As at the date of the Marketing Document, the Articles of Association do not include up to date provisions authorizing the Management Board to increase the share capital up to the authorized capital.

As at the date of the Marketing Document:

- there are no outstanding Shares that would not represent the share capital (constitute interests in the share capital) of the Company;
- there are no utility certificates, utility shares nor founders' certificates of the Company;
- there are no other preemptive rights or commitments towards the unissued authorized capital, nor commitments to increase the share capital of the Company;
- the Company does not hold any treasury shares, and none of the Company's Subsidiaries or third parties acting for or on behalf of the Company holds any Shares; and

- the capital of the Company and the capital of its subsidiaries has never formed a basis for any options and no conditional or unconditional arrangements have been made to create options based on the capital of any of these entities.

According to the Group's accounting policies, the equity equals to what is left of the Company's total assets after deducting all Company's liabilities (net assets). The Company's equity is shown in the 2014-2016 Consolidated Financial Statements.

In the supplementary capital the Company discloses:

- Share premium, representing the excess of the issue price over the nominal value less the costs of issue,
- retained earnings transferred to supplementary capital pursuant to resolutions of the General Meeting.

The supplementary capital is established in particular to cover balance sheet losses, if any. According to Article 396 § 1 of the Commercial Companies Code, at least 8% of the Company's annual net profit must be transferred to its supplementary capital each year until the supplementary capital amounts to one-third of the Company's share capital. As at the date of the Marketing Document the Company's supplementary capital satisfies these requirements of the Commercial Companies Code.

Posted in the revaluation reserve are:

- the differences on revaluation of financial investments classified as available for sale,
- deferred income tax related to transactions settled against equity.

The "Retained earnings" line of equity reflects the following:

- retained earnings (losses) of previous years;
- adjustments correcting fundamental errors made in previous years which prevented the financial statements for the preceding years(s) from being acknowledged as fairly and clearly reflecting the economic and financial condition of the company,
- results of changes in valuation and accounting policies.

The capital component (foreign exchange differences) reflects the foreign exchange gains and losses on the conversion of results of foreign fully consolidated subsidiaries.

Benefits in the form of Shares (a capital component) comprises the cost of transactions settled in capital instruments bay way of payments made in own Shares.

Changes of the share capital in the period covered by the financial statements

In the period covered by the 2014-2016 Consolidated Financial Statements the share capital and the number of Shares of the Company did not change.

On 16 May 2017 the Company registered amendments to its Articles of Association, which included the change of the number of Shares from 20,000,000 to 80,000,000 and of their nominal value from PLN 0.20 to PLN 0.05. The total share capital of the Company did not change.

The following table illustrates the (lack of) changes in the Company's share capital and the number of outstanding Shares in the period from 1 January 2017 to the date of the Marketing Document.

Period	Number of shares – beginning of period	Share capital – beginning of period (PLN)	Number of shares issued during the period	Number of shares – end of period	Share capital – end of period (PLN)
From 1 January 2017 to the date of the Marketing Document	20,000,000	4,000,000	–	80,000,000 ¹⁾	4,000,000

¹⁾ The change in the number of Shares follows from the 16 May 2017 registration of amendments to the Articles of Association, consisting, among other things, in changing the number of Shares from 20,000,000 to 80,000,000 and of their nominal value from PLN 0.20 to PLN 0.05.

Source: the Company

In the period covered by the 2014-2016 Consolidated Financial Statements there were no instances of payments for more than 10% of the Company's share capital in any other form than cash.

Dematerialization of the Offer Shares

Detailed information concerning the dematerialization and introduction of the Shares to trading on a regulated market is provided in “*Information on the Offered securities*” and “*Regulations concerning the Polish securities market and obligations related to the acquisition and disposal of shares—Dematerialization—Dematerialization of Shares*”.

Pledge on Shares

On 27 March 2017 Idea Bank S.A. announced that the Selling Shareholder had paid the second tranche of the price for all the Shares owed to Getin International S.à r.l. under a share sale agreement concerning the Company Shares of 15 March 2016, as amended in an understanding of 13 June 2016. As a result, the Selling Shareholder repaid a debt secured by a registered pledge and an ordinary pledge over 49,600,000 Existing Shares, established in favor of Getin International S.à r.l. under an agreement on registered pledge and ordinary pledge over the shares of 15 June 2016 between Getin International S.à r.l. and the Selling Shareholder (at that time operating under the name Ernest Investments sp. z o.o.). As a result the aforementioned pledges, as accessory rights connected with a secured debt, expired by operation of law. On 6 June 2017, the Selling Shareholder filed an application with the pledge register, for the deletion of the registered pledge over 49,600,000 Existing Shares. As a result, the Shares are not encumbered with pledges as at date of the Marketing Document.

On 9 June 2017, the Selling Shareholder learned that the relevant court deleted the said registered pledge over the Existing Shares from the pledge register.

Shareholders’ rights

The rights attached to the Shares are governed in particular by the Commercial Companies Code, the Trading Act, the Public Offering Act, the Articles of Association and the General Meeting rules.

Rights to trade in shares

Pursuant to Article 337 of the Commercial Companies Code, shareholders of the Company may dispose of their Shares. A disposal means any transfer (conveyance of ownership) and any other form of disposal, such as establishing a pledge, usufruct right or lease of the Shares. The Articles of Association do not impose any restrictions on the transferability of the Shares.

Pursuant to Article 75 Section 4 of the Public Offering Act, until the pledge expires, the encumbered shares cannot be traded, with the exception of their acquisition in performance of an agreement on the creation of financial collateral within the meaning of the Act on Certain Financial Collaterals.

The obligations related to the acquisition and disposal of the Shares are described in “*Regulations concerning the Polish securities market and the obligations related to acquisition and disposal of shares*”.

Shareholders’ rights related to the General Meeting

Detailed procedural regulations of the General Meeting are provided in the General Meeting rules adopted in the form of resolution by the General Meeting. Unless valid reasons exist, any changes to these rules should only take effect as of the date of the following General Meeting.

Convening the General Meeting, its agenda, draft resolutions

Terms for holding the General Meeting

According to Article 395 § 1 of the Commercial Companies Code, an Ordinary General Meeting should be held no later than six months after the end of each financial year of the Company. The agenda of the Ordinary General Meeting should include the following items:

- review and approval of the Management Board report on the Company’s activities and approval of the financial statements for the preceding financial year;
- adopting a resolution on the appropriation of profits and covering of losses; and
- vote of approval for the performance of duties by members of the Company’s corporate bodies.

According to Article 398 of the Commercial Companies Code, an General Meeting is convened in the situations referred to in the Commercial Companies Code or Articles of Association, or upon request of persons or authorities entitled to convene general meetings.

Entities entitled to convene a General Meeting

Pursuant to Article 399 of the Commercial Companies Code and § 25 of the Articles of Association, a General Meeting is convened by the Management Board. The Supervisory Board may convene an Ordinary General Meeting if the Management Board fails to convene it within six months of the end of each financial year, or an Extraordinary General Meeting should it consider it reasonable. The right to convene a General Meeting is also vested in shareholders of the Company representing at least half of the Company's share capital or at least half of the total vote in the Company. In such event the shareholders of the Company shall appoint the chairperson for such a General Meeting.

Entities entitled to demand the convention of a General Meeting

Pursuant to Article 400 a shareholder or shareholders of the Company representing at least one-twentieth of the Company's share capital may demand that an Extraordinary General Meeting be convened and certain matters be put on its agenda. A request to this effect should be submitted to the Management Board in writing or by electronic mail. Unless the Management Board convenes an Extraordinary General Meeting within two weeks of receiving such a demand, the registry court may authorize the shareholders making that demand to convene the Extraordinary General Meeting. The registry court would appoint the chairperson for a General Meeting so convened (Article 400 § 3 of the Commercial Companies Code).

Demand to place certain matters on the agenda of a General Meeting

Pursuant to Article 401 § 1 of the Commercial Companies Code, a shareholder or shareholders of the Company representing at least one-twentieth of the Company's share capital may demand that particular matters be placed on an agenda of the forthcoming General Meeting. Such a demand should be submitted to the Management Board no later than twenty one days before the scheduled date of the General Meeting (Article 401 § 1 of the Commercial Companies Code). Additionally, the demand should include a substantiation or a draft resolution for the proposed item to be included in the agenda. The demand may be submitted in an electronic form. The Management Board should promptly, but in no event later than eighteen days before the scheduled date of the General Meeting add the item demanded by the Company's shareholder to the General Meeting's agenda (Article 401 § 2 of the Commercial Companies Code). An appropriate announcement should be placed on a web site of the Company and in a manner relevant for disclosing current information specified in the Public Offering Act, i.e. in the form of current reports..

Proposing draft resolutions for the General Meeting

Pursuant to Article 401 § 4 of the Commercial Companies Code, before the scheduled date of a General Meeting a shareholder or shareholders of the Company representing at least one-twentieth of the share capital may submit to the Company, in an electronic form or in writing, draft resolutions for the matters placed on the agenda of the General Meeting, or the matters that are to be added to that agenda. The Company should promptly publish such draft resolutions on its web site.

Refraining from reviewing and dropping a matter from the agenda of a General Meeting

According to Article § 5 of the General Meeting rules, a resolution on refraining from reviewing a matter placed on the agenda of a General Meeting and dropping it from the agenda may only be adopted for material and substantive reasons. A request to refrain from reviewing a matter should be thoroughly documented by the applicant. Striking a matter out from the General Meeting's agenda or refraining from reviewing that matter by the General Meeting requires a resolution of the General Meeting, adopted upon consent of all shareholders submitting such a request. A resolution of the General Meeting in this respect must be adopted by a super majority of three-fourths of all votes represented at the General Meeting.

Manner of convening the General Meeting

Pursuant to Article 402¹ § 1 of the Commercial Companies Code, a General Meeting of a public company is convened in the form of an announcement published on the Company's web site and in the manner appropriate for disclosure of current information pursuant to the Public Offering Act. The announcement should be made at least twenty six days before the scheduled date of the General Meeting (Article 402¹ § 2 of the Commercial Companies Code). An announcement of a General Meeting should satisfy the requirements set out in Article 402² of the Commercial Companies Code and in particular include: (i) the date, hour and venue of the General Meeting and its detailed agenda; (ii) details of the procedures for participation in and voting at the General Meeting; (iii) the record date for the General Meeting; (iv) information to the effect that only the persons who are shareholders on the record date of the General Meeting are entitled to participate in the General Meeting; (v)

information as to where and how a person entitled to participate in the General Meeting may obtain the full text of the documentation to be presented at the General Meeting and the pertinent draft resolutions or, if no resolutions are to be adopted, the comments of the Management Board and Supervisory Board on the matters placed on the agenda of the General Meeting or the matters that are to be added to the agenda before the date of the General Meeting; and (vi) the web site address where information regarding the General Meeting will be published.

Pursuant to § 38 of the Reporting Regulation, the Company is required to publish a current report including an announcement of the convention of the General Meeting, specifying (i) the date, hour and venue of the General Meeting and its detailed agenda (ii) the date and hour by which registered deposit certificates or Share depositing certificates should be filed, and the place where they should be filed. Additionally, if any amendments to the Articles of Association are to be contemplated, a current report should be published including the existing provisions of the Articles of Association, the language of the proposed amendments and an amended and restated version of the Articles of Association, if the Company is to decide to have a new amended and restated version of the Articles of Association prepared due to a significant scope of the intended amendments; the amended and restated version of the Articles of Association should enumerate the added or amended provisions.

The content of draft resolutions and attachments to the drafts to be reviewed at the General Meeting and are important for the resolutions to be adopted must also be disclosed in the form of current reports.

Participation and voting at the General Meeting

Venue

Pursuant to § 27 Section 3 of the Articles of Association, the General Meeting should be held at the Company's registered office or in Warsaw.

Persons entitled to participate in and vote at the General Meeting

Pursuant to Article 406¹ of the Commercial Companies Code, only the persons who are shareholders of the Company sixteen days before the scheduled date of the General Meeting (record date of the General Meeting) may participate in the meeting. The same record date applies to those whose participation rights are derived from bearer shares and registered shares.

Pursuant to Article 406² of the Commercial Companies Code, the persons entitled to participate in the General Meeting based on registered shares and temporary certificates, as well as the pledgees and users of shares who are entitled to exercise voting rights, may participate in the General Meeting if they are recorded in the share register on the date of participation in the General Meeting.

In order to participate in the General Meeting a person entitled to participate based on dematerialized bearer shares should request the institution keeping his/her securities account for a registered deposit certificate confirming the right to participate in the General Meeting. According to Article 406³ § 2 of the Commercial Companies Code, the demand should be made no sooner than upon the announcement of the General Meeting and no later than on the first business weekday following the date record date for the General Meeting.

A list of the entities entitled to participate in the General Meeting of the Company is set up on the basis of a schedule prepared by the institution keeping the deposit of securities in accordance with the Trading Act, and on the basis of documents of any non-dematerialized bearer shares deposited with the Company no later than on the record date for the General Meeting that were not picked up before the end of that day (Article 406³ § 6 of the Commercial Companies Code). According to Article 407 § 1 of the Commercial Companies Code, the said list should be made available at the Company's premises in its registered office for three business days preceding the date of the General Meeting. Any shareholder of the Company may demand that the list of shareholders entitled to participate in the General Meeting be sent to him/her free of charge by e-mail, stating the appropriate e-mail for that purpose in the demand addressed to the Company.

With respect to shares recorded on a collective account, the document that will be deemed to sufficiently confirm the right to participate in the General Meeting is a document to that effect issued by the holder of the collective account. If the collective account is not kept by the KDPW (or an entity employed by the KDPW for the purpose of performing the duties related to keeping a securities deposit), the information concerning the holder of such an account should be sent to the KDPW (or an entity employed by the KDPW for the purpose of performing the duties related to keeping a securities deposit) by the entity keeping the collective account for it before the first issuance of such a document.

Based on all of the aforesaid documents the holder of the collective account shall make a list of the persons entitled to participate in the General Meeting. If the holder of the collective account is not the KDPW (or an

entity employed by the KDPW for the purpose of performing the duties related to keeping a securities deposit), the list of the persons entitled to participate in the General Meeting will be delivered through a participant of the KDPW (or the entity employed by the KDPW for the purpose of performing the duties related to keeping a securities deposit).

A shareholder of the Company is free to transfer the Shares in the period between the record date for the General Meeting and the date of conclusion of the General Meeting (Article 406⁴ of the Commercial Companies Code).

A General Meeting is opened by the Chairperson of the Supervisory Board or, failing him/her, another member of the Supervisory Board. Absent all such persons, the General Meeting can be opened by the President of the Management Board or a person appointed by the Management Board. All members of the Supervisory Board and Management Board are permitted to participate in the General Meeting.

Participating in and voting at the General Meeting

A shareholder may exercise his/her voting rights at the General Meeting. In accordance with the Commercial Companies Code, General Meetings may be held as ordinary/annual or extraordinary.

Pursuant to Article 412 § 1 of the Commercial Companies Code, shareholders may participate in the General Meeting and exercise their voting right personally or by proxy. A shareholder of the Company who intends to participate in the General Meeting by proxy must grant the proxy in writing or in an electronic form. Granting a proxy in an electronic form does not require secure electronic signature verified with a valid certificate (Article 412¹ § 2 of the Commercial Companies Code). The Company should be notified of granting the proxy in an electronic form by e-mail sent to the address provided in the announcement of the General Meeting. The Company should take appropriate actions pursuant to Article 412¹ § 5 of the Commercial Companies Code in order to identify the shareholder and the proxy and verify the validity of the proxy granted in an electronic form. Details of the verification procedure to be applied to a proxy granted in an electronic form should be provided in the announcement of the General Meeting.

A shareholder of the Company who holds Shares recorded on more than one securities account may, based on Article 412 § 6 of the Commercial Companies Code, appoint separate proxies to vote the shares recorded on each of these accounts.

If the proxy holder of a shareholder is a member of the Company's Management Board, Supervisory Board, its liquidator or employee, or a member of corporate bodies or employee of a subsidiary company, partnership or cooperative of the Company, the proxy may only authorize its holder to act at one General Meeting. The proxy is required to disclose to the Company's shareholder any circumstances indicating that a conflict of interests exists or may exist (Article 412² § 3 of the Commercial Companies Code). In such event, further proxy cannot be granted. The proxy referred to above must vote on instructions given by the shareholder of the Company (Article 412² § 4 of the Commercial Companies Code).

Pursuant to Article 411 § 1 of the Commercial Companies Code and § 28 Section 4 of the Articles of Association, each Share carries one vote at the General Meeting. A shareholder may vote differently from each share he/she holds (Article 411³ of the Commercial Companies Code). A proxy may represent more than one shareholder of the Company and vote differently from any Share of each shareholder of the Company (Article 412 § 5 of the Commercial Companies Code).

Pursuant to Article 413 of the Commercial Companies Code a shareholder of the Company may not, in person or by proxy vote on resolutions on his liability towards the Company on any account, including the granting of approval of performance of his duties, release from an obligation towards the Company or a dispute between him and the Company. The above limitation does not apply to a shareholder of the Company voting as a proxy for another shareholder on the adoption of the aforesaid resolutions regarding himself.

Neither the Articles of Association nor the rules of the General Meeting permit a shareholder's participation through electronic means of communication or voting at the General Meeting using any form of correspondence.

Votes are cast in open ballots. A secret ballot shall be arranged for elections and voting on the revoking of members of the Company's corporate bodies or liquidator, on holding them liable and on any personal matters, as well as in any other matters upon request of at least one of the shareholders present or represented at the General Meeting.

According to the rules of the General Meeting, the Company shall not be held liable for any consequences of a shareholder being unable to use the means of electronic communication with the Company or the shareholder's correspondence dispatched by electronic mail not reaching the Company, unless the cause for the same is attributable to the Company.

Competencies of the General Meeting

Pursuant to Article 393 of the Commercial Companies Code and § 30 of the Articles of Association, as at the date of the Marketing Document, the following matters lie in the competencies of the General Meeting:

- review and approval of the Management Board report on the Company's activities and approval of the financial statements for the preceding financial year;
- appropriation of profits and covering of losses for the preceding financial year;
- scheduling the dividend day and the date of dividend payment;
- vote of approval for the performance of duties by members of the Company's corporate bodies;
- amendments to the Articles of Association;
- increasing and decreasing the Company's share capital;
- excluding existing Shareholders' preemptive rights to a new issue of shares;
- merger, demerger, winding up or liquidation of the Company;
- transformation of the Company;
- granting consent to the Company purchasing its own shares for the purpose of their redemption and redeeming Shares and to the redemption of the Shares;
- issuing convertible bonds, senior bonds and subscription warrants;
- disposal, lease or encumbrance of the Company's enterprise or its organized part;
- appointing and revoking Supervisory Board members;
- determining the remuneration for Supervisory Board members;
- approving Supervisory Board rules;
- appointing a proxy to represent the Company in agreements and disputes with Management Board members;
- creating and releasing funds and capitals in the Company;
- share buy-out in the circumstances described in Article 362 § 1 item 2 of the Commercial Companies Code and authorizing their buy-out in the circumstances described in Article 362 § 1 item 8 of the Commercial Companies Code;
- entering into an agreement referred to in Article 7 of the Commercial Companies Code; and
- other matters reserved for competencies of the General Meeting under the Articles of Association or by the peremptory provisions of the law.

Acquiring and disposing of real property, interests in real property or perpetual usufruct rights does not require a resolution of the General Meeting.

The General Meeting may only adopt resolutions on the matters included in its agenda unless all share capital is represented at the General Meeting and none of those present objects against adopting such a resolution. The agenda is determined by the body convening the General Meeting. The General Meeting may change its agenda in compliance with the provisions of the Commercial Companies Code. The General Meeting shall be valid regardless of the number of shares being represented at that meeting unless the Articles of Association or the Commercial Companies Code impose more stringent conditions. Resolutions of the General Meeting are adopted by absolute majority of the votes unless the Articles of Association or the Commercial Companies Code impose more stringent conditions.

Upon request of a shareholder particular matters may be deleted from the agenda or omitted – detailed information in this respect is provided in “—*Convening the General Meeting, its agenda, draft resolutions—Refraining from reviewing and dropping a matter from the agenda of a General Meeting*” above.

Right to review or demand sending a list of shareholders

Pursuant to Article 407 § 1 of the Commercial Companies Code, a list of the shareholders entitled to participate in the General Meeting signed by the Management Board should be made available for review in the premises of the Management Board for a period of three business days preceding the date of the General Meeting.

A shareholder of the Company may (i) review the list of the shareholders entitled to participate in the General Meeting; (ii) request a copy of the list, upon reimbursement of costs of making such a copy (Article 407 § 1 of the Commercial Companies Code); and (iii) demand that the list of shareholders be sent to him/her free of charge by e-mail, stating the address to which the list should be sent (Article 407 § 1¹ of the Commercial Companies Code).

Right to demand copies of motions concerning the matters on the agenda of the General Meeting

Each shareholder of the Company may request copies of any motions concerning the matters on the agenda of the forthcoming General Meeting. Such a request should be submitted to the Management Board no later than one week prior to the date of the General Meeting. (Article 407 § 2 of the Commercial Companies Code).

Right to demand copies of the annual financial statements

Pursuant to Article 395 § 4 of the Commercial Companies Code, each shareholder of the Company may request a copy of the Management Board report on the Company's activities and of the annual financial statements of the Company, together with a copy of the Supervisory Board report and auditor's opinion. The documents referred to in the preceding sentence must be delivered to the shareholder at least fifteen days before the date of the General Meeting.

Right to check the list of attendance at the General Meeting

Pursuant to Article 410 § 2 of the Commercial Companies Code, upon request of shareholders representing one tenth of the share capital represented at the General Meeting a list of attendance enumerating all participants at the General Meeting should be reviewed by a special committee of at least three persons appointed for that purpose. The requesting parties may appoint one member of such a committee.

Right to request that the Supervisory Board be appointed by voting in separate groups

At the request of the shareholders of the Company representing at least one-fifth of the Company's share capital, the Supervisory Board shall be elected by the next General Meeting by voting in separate groups. In such case, the procedure indicated in the Articles of Association will not apply and the Company's shareholders will follow the procedure specified in Article 385 of the Commercial Companies Code. The procedure will be carried out as follows: the total number of the Company's shares will be divided by the total number of members of the Company's supervisory Board (in accordance with § 18 Section 1 of the Articles of Association, as at date of the Marketing Document the Supervisory Board appointed in that manner is made up of 4 members), and the shareholders who represent that number of votes may establish a separate group to elect one member of the Supervisory Board, and they may not vote on the election of its remaining members. If after voting in separate groups there remain vacant seats on the Supervisory Board, then the shareholders who did not participate in forming any of the groups will be entitled to elect other members of the Supervisory Board. If the Supervisory Board members are elected by voting in separate groups, no restrictions relating to voting rights privileges apply, and each Share vests the right to one vote, with the exclusion of the restrictions concerning the Shares which do not authorize the holder to exercise voting rights.

Right to request information about the Company from the Management Board

Pursuant to Article 428 of the Commercial Companies Code, during the General Meeting, the Management Board is required to provide a shareholder, upon request, with information about the Company, if such information is reasonably required to evaluate a matter on the agenda of the General Meeting. The Management Board may provide an answer in writing outside the General Meeting if there are compelling reasons to do so. The Management Board shall provide the information no later than two weeks after the request is made during the General Meeting.

The Management Board shall refuse to provide information if it could cause damage to the Company or its affiliate or a company or cooperative that is the Company's Subsidiary, in particular through disclosing technical, commercial or organizational secrets of the enterprise (Article 428 § 2 of the Commercial Companies Code). A member of the Management Board may refuse to provide information if he/she could be face criminal, civil or administrative liability as a result (Article 428 § 3 of the Commercial Companies Code).

Information provided to the Company's shareholder outside the General Meeting should be released to the public in the form of a current report.

Shareholder's right to demand that a General Meeting resolution be repealed or ruled invalid

The Company's shareholder may challenge resolutions passed by the General Meeting by taking action to have the relevant resolution repealed or ruled invalid. The right to bring such action rests with a shareholder who: (i) voted against the resolution and after its adoption requested that the objection be recorded in the minutes; (ii) was unreasonably denied the opportunity to participate in the General Meeting, and (iii) was absent from the General Meeting, provided, however, that the General Meeting was invalidly convened or a resolution was adopted on a matter not included in its agenda.

Claim to repeal a resolution

Pursuant to Article 422 § 1 of the Commercial Companies Code any resolution of the General Meeting that contravenes the Articles of Association or good practice, or is contrary to the Company's interests, or adopted with the intention to harm a shareholder of the Company may be appealed by way of an action to repeal the resolution.

A claim to have the General Meeting resolution repealed should be filed within one month of learning about the resolution, but in no event later than after the lapse of three months from the date of the resolution being passed (Article 424 § 2 of the Commercial Companies Code).

Claim to rule a resolution invalid

In accordance with Article 425 § 1 of the Commercial Companies Code, a General Meeting resolution which does not conform to the law may be ruled invalid pursuant to a claim filed against the Company to this end. The right to file such a claim expires upon the lapse of six months from the date when an authorized party learned about the resolution, but in no event later than after the lapse of two years from its adoption.

A claim for the ascertainment of the invalidity of a General Meeting resolution should be filed within thirty days of its promulgation, but in no event later than after the lapse of one year from its adoption (Article 425 § 3 of the Commercial Companies Code).

Right to dividends

Persons entitled to dividends

The persons who hold the Shares on the dividend record date are entitled to receive dividends (Article 348 § 2 of the Code of Commercial Companies).

Record date

Pursuant to Article 347 § 1 of the Commercial Companies Code and § 14 Section 1 of the Articles of Association, the shareholders have the right to participate in Bank's profits reported in the audited financial statements which the General Meeting has allocated among the shareholders.

The record date is the date on which a list is prepared which includes shareholders who are entitled to receive dividend for the given accounting year (Article 348 § 2 of the Commercial Companies Code). The dividend shall be paid on the day determined by the resolution of the General Meeting. If the resolution does not determine such day, dividend shall be paid on the day determined by the Supervisory Board (Article 348 § 3 of the Commercial Companies Code). Pursuant to Article 348 § 4 of the Commercial Companies Code and §14 Section 2 of the Articles of Association, the annual General Meeting is authorized to set the record date and the dividend payment date in a resolution on the distribution of profit among shareholders. The record date may be scheduled for a day falling no earlier than five days before and no later than three months after the resolution date. The dividend payment day may be scheduled at any time within three months of the record date.

As provided by § 127 Section 1 of the Detailed Rules of WSE Trading, the Company is required to promptly inform the WSE of a resolution on the distribution of profit as dividends to shareholders and to specify (i) the amount of the dividend; (ii) the number of shares entitled to dividends; (iii) the amount of dividend per share; (iv) the dividend record date; and (v) the dividend payment date. In addition to this information, the Company is required to provide the WSE with the respective resolutions of the relevant corporate body of the Company. A similar obligation vis à vis the KDPW is imposed by § 106 Section 1 of the KDPW Detailed Rules, according to

which the Company is required to inform the KDPW, no later than five days before the dividend record date, of the amount of the dividend per share, the dividend record date and the dividend payment date.

Pursuant to § 106 Section 2 of the KDPW Detailed Rules, the dividend payment date shall not fall earlier than the tenth day after the record date. However, pursuant to § 5 section 1 of the KDPW Rules, Saturdays and statutory holidays based on relevant regulations are excluded from this ten day period.

The KDPW provides information as to the record date obtained from the issuers to all direct participants of the KDPW. Those participants determine the number of securities recorded on their securities accounts or collective accounts as at the end of the record date (§ 107 of the KDPW Detailed Rules). The participants eligible to receive dividends relating to securities recorded on such securities accounts, provide the KDPW with certain information and documents required by relevant provisions of tax law that may influence the manner in which the KDPW performs its obligations to potentially withhold income tax due in connection with the payment of dividends, including confirming that such withholding is not required or that withholding should be at a rate different from the base dividend tax rate (§ 110 of the KDPW Detailed Rules).

Dividends will be paid to the holders of the Offer Shares through the KDPW to the relevant account of the holder of the Shares pursuant to records kept by a bank or a brokerage house.

The dividend policy of the Company is discussed in the section „*Dividend and dividend policy*”.

Statute of limitations applicable to the right to dividend

A shareholder's claim against the Company for payment of dividend may be enforced within ten years from the date on which the General Meeting has adopted a resolution to allocate a portion of or the entire profit of the Company for distribution to its shareholders. Upon the lapse of this term, the Company may refuse to pay the dividends, citing the statute of limitations (Article 118 of the Civil Code).

Amount of dividends

Article 348 of the Commercial Companies Code regulates in detail the amount of Company profit which may be distributed as dividends to its shareholders by a decision of the annual General Meeting. The shareholders have the right to participate in the profits reported in the Company's audited financial statements that the Annual General Meeting has allocated for distribution to shareholders (Article 347 § 1 of the Commercial Companies Code). Amounts available for distribution to Company shareholders in dividends are established on the basis of standalone financial statements of the Company and may differ significantly from the amounts reported in consolidated financial statements.

The amount to be distributed to shareholders cannot exceed the sum of the profit for the previous financial year, retained earnings and amounts transferred from the supplementary capital and capital reserves that can be allocated for dividends. Such amounts should be decreased by unsettled losses, treasury shares and amounts that pursuant to the law or the Articles of Association should be allocated to the supplementary capital or capital reserves from the profit for the last financial year. Pursuant to Article 396 § 1 of the Commercial Companies Code, as long as Company's supplementary capital does not reach at least one-third of its share capital, the Company needs to allocate at least 8% of its profit for any financial year to its supplementary capital. As at the date of the Marketing Document, the supplementary capital of the Company met these requirements with respect to the minimum amount of supplementary capital.

The amount of dividends due to a shareholder of Company in respect of one Share will be equal to the quotient of the amount to be distributed to its shareholders divided by the number of the Shares (Article 347 § 2 of the Commercial Companies Code).

Interim dividend

In accordance with § 14 Section 3 of the Articles of Association, the Management Board, upon the approval of the Supervisory Board is authorized to disburse an interim dividend against the dividend expected at the year end, on the terms consistent with the provisions of the Commercial Companies Code, provided the Company has adequate funds for such disbursement.

Rights associated with liquidation of the Company

In the event of liquidation of the Company, under Article 474 of the Commercial Companies Code all assets remaining after the claims of Company's creditors have been satisfied or secured will be distributed to its shareholders in proportion to their shares in the share capital. Such asset distribution may not be effected earlier

than one year after the last announcement of liquidation and the summoning of the creditors of the Company to report their claims against the Company.

Pre-emptive rights

Pursuant to Article 433 § 1 of the Commercial Companies Code, shareholders of the Company have pre-emptive rights with respect to newly issued shares of the Company, pro-rata to the number of shares they hold in the Company (the pre-emptive right). This pre-emptive right is also vested with respect to the issues of any securities convertible into shares in the Company or with attached subscription rights to shares in the Company (Article 433 § 6 of the Commercial Companies Code).

A resolution to increase the share capital of the Company under Article 432 § 2 of the Commercial Companies Code should indicate the date of which the shareholders of the Company who have pre-emptive rights with respect to newly issued shares are determined (pre-emptive right date). The date of the pre-emptive right must not be later than six months after the date of passing the resolution. The General Meeting convened to pass the resolution on such increase of share capital of the Company should specify a proposed date of the pre-emptive right (Article 432 § 3 of the Commercial Companies Code).

Any pre-emptive rights of shareholders of the Company to newly issued shares may only be excluded, in part or in their entirety, if this is in the best interest of the Company, and only if such decision has been announced in the agenda of the General Meeting (Article 433 § 2 of the Commercial Companies Code). In these circumstances, the Management Board will submit to the General Meeting a written opinion stating the reasons behind such exclusion of pre-emptive rights and the proposed issue price of new shares of the Company or the manner of its calculation. A resolution to exclude pre-emptive rights of shareholders of the Bank requires the majority of at least four-fifths of votes.

Pursuant to Article 433 § 3 of the Commercial Companies Code, the above requirements relating to the adoption of a resolution excluding the pre-emptive rights of existing shareholders do not apply when: (a) the resolution increasing the share capital provides that the new shares of the Company are to be taken up in their entirety by a financial institution (an underwriter) under the obligation of being subsequently offered to the shareholders of the Company in order to enable them to exercise their pre-emptive rights on the terms and conditions specified in the resolution; and (b) the resolution stipulates that the new shares of the Company are to be taken up by the underwriter in the event that any shareholders of the Company having such pre-emptive rights do not take up all or part of the shares they are offered.

Redemption of the Shares

Pursuant to Article 359 of the Commercial Companies Code, shares in a joint-stock company may be subject to (voluntary or compulsory) redemption if its articles of association provide for this.

The Articles of Association include no provision concerning the compulsory redemption of the Shares. In accordance with § 13 Section 4 of the Articles, the Shares may only be redeemed with the shareholder's consent, by way of their acquisition by the Company (voluntary redemption) on the principles set out in the binding provisions of the law. The redemption of the Shares requires a Resolution of the General Meeting. The buy-back of its own shares by the Company requires the consent of the Supervisory Board (Article 359 § 1 of the Commercial Companies Code). The resolution to decrease the share capital should be adopted at the same General Meeting at which it was resolved to redeem the Shares (Article 360 § 1 of the Commercial Companies Code). The Company may buy-back its own shares for the purpose of their redemption. Such a buy-back may be funded from the net profit or from separate capital established for that purpose from part of retained earnings. Irrespective of redemption of any Shares, the Company must comply with applicable capital requirements and risk management requirements.

Pursuant to Article 359 § 2 of the Commercial Companies Code, the legal basis of and the procedure for the redemption of Shares and the amount of consideration for the Shares to be redeemed, or the reasons behind the decision to redeem such Shares without consideration, are to be determined in each case by a resolution of the General Meeting.

Conversion of the Shares

Article 334 § 2 of the Commercial Companies Code provides for the conversion of registered shares into bearer shares and vice versa upon the request of a shareholder, unless relevant acts or the Articles of Association stipulate otherwise. Pursuant to § 7 Section 3 of the Articles of Association, the conversion of bearer shares into registered shares is not permitted in the period when such shares remain dematerialized within the meaning of the provisions of the Trading Act.

Squeeze-out and buy-back of Shares

Detailed information concerning the squeeze-out of Shares at the request of majority shareholders and mandatory buy-back of the Shares at the request of minority shareholders can be found in the chapter „*Polish securities market regulations and obligations relating to the acquisition and disposal of shares—Obligations under the Public Offering Act relating to significant blocks of shares in public companies—Squeeze-out*” and in the chapter „*Polish securities market regulations and obligations relating to the acquisition and disposal of shares—Obligations under the Public Offering Act relating to significant blocks of shares in public companies—Sell-out*”.

Special auditor

Pursuant to Article 84 of the Public Offering Act, at the request of a shareholder or shareholders of the Company commanding at least 5% of the total number of votes, the General Meeting may adopt a resolution to have a specific issue relating to the formation or the conduct of businesses by the Company examined by an auditor, at the expense of the Company. To this end, the shareholders may demand that an Extraordinary General Meeting be convened to adopt the resolution or to include the adoption of such a resolution on the agenda of the next General Meeting. If the Company's shareholders elect to pursue the former option, then, within two weeks of the date of submitting the demand for the convening of such a General Meeting to the Management Board. If such a General Meeting is not convened, a registry court may authorize the Company's shareholders who advanced such a demand to convene such Extraordinary General Meeting. If the Company's shareholders opt for the second option and demand that the proposal to pass such a resolution be included in the agenda of the nearest General Meeting, such demand shall be delivered to the Management Board in writing or in electronic form no later than twenty-one days before the planned date of the General Meeting.

The General Meeting resolution on the appointment of a special auditor shall specify in particular:

- the designation of the special auditor accepted by the applicant in writing;
- the subject and scope of the review, consistent with the wording of the application, unless the applicant consented in writing to an alteration thereof;
- the kinds of documents the Company should make available to the auditor; and
- the date of commencement of the review, falling not later than 3 months following the adoption of the resolution.

Before the adoption of the resolution, the Management Board shall present to the General Meeting an opinion in writing concerning the motion.

If the General Meeting does not adopt the relevant resolution conforming to the aforementioned request, or adopts such a resolution in violation of the provisions of Article 84 Section 4 of the Public Offering Act, the applicants may, within fourteen days of passing the resolution, apply to the registry court to appoint a designated entity as a special auditor (Article 85 Section 1 of the Public Offering Act).

The registry court may, upon a motion of the Management Board, make the decision to appoint a special auditor conditional on the applicants providing a relevant security for prospective claims. If the audit does not demonstrate any violation of law, upon the motion of the Management Board, the registry court may decide that the security is forfeited for the benefit of the company. The decision of the court is appealable.

Only an entity that has professional knowledge and qualifications indispensable for examining the matter defined in the General Meeting resolution, and therefore guarantees that a true and unbiased report on the issue examined, may be appointed the special auditor. The special auditor may not be an entity which in the period subject to review rendered services to the Company or its parent entity or subsidiary and, also, its parent undertaking or major investor as defined in the Accounting Act. Moreover, the entity appointed as a special auditor may not be a member of the same group as an entity which rendered the aforementioned services referred to above (Article 84 Sections 2 and 3 of the Public Offering Act).

The Management Board and the Supervisory Board of the Company are required to make available for the special auditor's review the documents indicated in the General Meeting's resolution or in a court decision to appoint a special auditor, as well as provide the auditor with any explanations for the purposes of the review (Article 86 of the Public Offering Act).

The special auditor is required to submit a written report on the results of the review to the Management Board and the Supervisory Board of the Company. The Management Board is obliged to publish such a report in the form of a current report. The report of the special auditor may not disclose any information comprising technical,

commercial or organizational secrets of the Company, unless its disclosure is necessary to justify the position stated in the report.

The Management Board shall submit a follow-up report on the review findings at the next General Meeting (Article 86 Section 3 of the Public Offering Act).

POLISH SECURITIES MARKET REGULATIONS AND OBLIGATIONS RELATING TO THE ACQUISITION AND DISPOSAL OF SHARES

Key regulations

In view of the fact that the Offer will be subject to an application regarding their introduction to trading on the WSE main market (the official stock exchange listings market), the Offer Shares will be traded in accordance with the Polish securities trading regulations and the regulations of the WSE and the KDPW. The KNF's regulatory activities and procedures with respect to the Polish capital market are governed by the Capital Market Supervision Act, the Financial Market Supervision Act, the Public Offering Act and the Trading Act.

On 3 July 2016 the MAR Regulation took effect – a regulation implementing joint regulatory framework for the use of inside information, unlawful disclosure of inside information and market manipulation (abuse), as well as measures aimed at preventing market abuse in order to improve the integrity of the EU financial markets, protection of investors' interests and building confidence in these markets. The MAR Regulations has universal reach, it is binding in its entirety and applies directly in all member states. At the same time, a number of the matters governed by the MAR Regulations is also dealt with in the Trading Act.

On 28 June 2016 the KNF Office published a document styled "*Stanowisko UKNF w sprawie niektórych skutków niedostosowania do dnia 3 lipca 2016 r. polskiego porządku prawnego do przepisów rozporządzenia MAR*" (KNF Office position on certain consequences of a failure to adjust Polish regulatory environment to the MAR Regulation by 3 July 2016) where it states that as of 3 July 2016 the entities active on the capital market will no longer be required to adhere to the provisions of Section 2, Chapter VI of the Trading Act (Articles 154 – 161a „Inside information”) among other things.

Moreover, on 23 March 2017 the President of Poland signed the Amendment to the Trading Act which implemented the MAD Directive and adjusted the Polish regulations governing trade in securities to the MAR Regulation. This act came into force on 6 May 2017, save for the provisions of Article 12 items 1-3 which will take effect as of 3 January 2018.

Trading in securities and transaction settlement

Shares are traded on the WSE through investment firms (including, without limitation, brokerage houses, banks providing brokerage services and foreign investment firms providing brokerage services in Poland) registered as “Stock Exchange Members”. A list of the current Stock Exchange Members can be found on the website of the WSE. Regarding the technical aspect, trading on the WSE is handled through the transaction system Universal Trading Platform (“UTP”).

UTP ensures that prices are based on selling and buying orders. A schedule of selling and buying orders is prepared in order to determine the price of the securities. These orders are matched under strictly defined rules, and the transactions are completed during stock exchange sessions. In order to improve the liquidity of listed instruments, Stock Exchange Members and other entities may take on the role of market makers who place buying or selling orders for the given securities on their own account (under an appropriate agreement with the WSE). The liquidity of financial instruments may also be supported by entities acting as market makers for the issuer based on a relevant agreement with the issuer of such financial instruments.

In principle, pursuant to Article 20 of the Trading Act, the WSE management board may suspend trade in financial instruments, *inter alia*: (i) upon an application by the issuer in order to ensure investors have general and equal access to information; and (ii) if the instruments fail to comply with terms and conditions prevailing on the relevant market operated by the WSE provided, however, that it does not materially violate the interests of investors or the proper functioning of the market. Upon the request of the KNF, submitted in accordance with the provisions of the Trading Act, the WSE management board shall suspend trade in financial instruments if trading in certain securities or other financial instruments is conducted in circumstances which indicate that the proper functioning of the WSE market, the safety of trading on that market or investors' interests can be compromised. In such request, the KNF may indicate the date until which the suspension of trading will be in force. That deadline may be moved if there are reasonable fears that the premises referred to above will remain valid after the lapse of such deadline. In addition, under the WSE Rules, the WSE management board may suspend trade in financial instruments in other instances, i.e.: (i) at the request of the issuer; (ii) if required to protect the interests and safety of the trade participants; or (iii) if an issuer violates laws and regulations applicable to the WSE.

Trading sessions on the WSE are carried out from Monday to Friday between 8:30 a.m. and 5:05 p.m. In extraordinary circumstances, the WSE management board may, for a specified period of time, change the trading session hours and the trading schedule. Trading session listings are made in a continuous trading system

("continuous trading") or in a single-price system ("single-price trading"). In addition to continuous trading and single-price trading, block transactions are also carried out.

Opening and closing prices for the continuous trading system are determined on the basis of brokers' orders, the types of which are determined by the WSE Rules. In determining opening and closing prices, the following rules apply in order of priority: (i) maximizing the volume of turnover; (ii) minimizing the difference between the number of financial instruments covered by sell orders and buy orders, which may be executed at the determined price; and (iii) minimizing the difference between the price being determined and the reference price, and in the market maker system – between the price being determined and half of a total of the upper and lower price variation limits.

The above rules (subject to market maker system) also apply in determining the price for single-price trading, which is established on the basis of brokers' orders with a price limit, or brokers' orders without a price limit.

Price variations are restricted both in the continuous trading system and in the single-price system. In principle, variations are limited to 10% with respect to shares and 3 percentage points with respect to bonds. In extraordinary circumstances, the price variation limit may be changed, suspended or lifted.

A block transaction (i.e. a transaction concluded outside the continuous trading system and the single-price system) may, in principle, be executed if at least one WSE member submits a buy order and a sell order for the same number of securities at the same price and with the same settlement date. The minimum value of a block transaction for a period of twelve consecutive months, starting from April 1 of the given year, is determined by the management board of the WSE annually, on the last session day of March of the given year. Until determined by the management board of the WSE, the minimum block transaction value for shares of companies first listed in the given year and the shares of companies first listed in December of the preceding year must not be lower than:

- PLN 2 million in respect of shares included in the WIG 20 Stock Index;
- PLN 1 million in respect of shares included in the WIG 40 Stock Index; or
- PLN 0.25 million for other shares.

Pursuant to Resolution No. 317/2016 of the WSE management board dated March 31, 2015 concerning the minimum block trade value for financial instruments listed on the regulated market, the minimum block trade value for shares listed on the regulated market operated by the WSE is generally PLN 250,000.

The difference between the price of the financial instrument set out in the order and the last price of that financial instrument from a trading session cannot exceed 10%. If a block transaction is executed outside trading hours on the WSE, then the price for securities in the order cannot differ by more than 40% (10% for bonds and debentures) from a reference rate equal to the arithmetical average of the prices of all transactions in the relevant securities during the last trading session on the WSE weighted with their turnovers. In extraordinary circumstances, the WSE management board may agree to execute a transaction that does not satisfy the minimum value and price variation limits. The terms and conditions of block transactions involving derivatives or ETF units (*Exchange Traded Fund*) are defined by the WSE management board.

Brokerage commissions charged by entities conducting brokerage operations in Poland are not fixed by the WSE or other regulatory bodies. These commissions depend on the size of a transaction and the rates of a brokerage house executing the transaction and, in the case of transactions executed on the WSE, on transaction fees charged by the WSE to its members.

Transactions involving shares admitted to trading on a regulated market are cleared by KDPW_CCP and settled by the KDPW as a settlement agent. Clearing of transactions in financial instruments involves the specification of the amount of cash and non-cash consideration derived from the transactions entered into, based on the adopted clearing method, to which the parties to the clearing are obliged or entitled. In order to perform the obligations of the parties to the transactions, the KDPW is responsible for settling the transactions in financial instruments through debiting or crediting deposit accounts, collective accounts or securities accounts (as applicable), with reference to the disposal or acquisition of the underlying financial instruments and, in accordance with amounts due in settlement, crediting or debiting the bank account or other cash account specified by the parties to the transaction or settlement.

Pursuant to Article 7 of the Trading Act, the transfer of dematerialized shares (see “—*Dematerialization*” below) to another entity on the secondary market takes place once the relevant entries are made in the corresponding securities accounts. Securities accounts are kept on behalf of investors by entities registered as KDPW participants. This may include, among others, brokerage houses, banks conducting brokerage operations or

maintaining securities accounts and foreign investment firms that carry out brokerage activities in Poland through a local branch office.

In accordance with laws and regulations in force, all transactions on the regulated market of the WSE are executed on a delivery vs. payment basis, and the rights from securities are transferred within two business days after the transaction execution, i.e. in accordance with the T+2 settlement cycle. In general, each investor is required to hold a securities account and a cash account with an investment firm or entity conducting custody operations in Poland, while each investment firm and entity conducting custody operations in Poland is required to hold appropriate accounts with the KDPW and a cash account with a clearing bank. As part of the securities deposit or the securities registration system operated by the NBP, entities authorized to keep securities accounts may also keep collective accounts, i.e. accounts on which dematerialized securities not held by persons for whom such accounts are kept may be recorded, while such securities are actually held by other person or persons. Collective accounts may be kept only on behalf of entities referred to in the Trading Act.

Pursuant to regulations of the WSE and the KDPW, KDPW_CCP S.A. is obliged to clear transactions executed by WSE members based on the list of transactions (post-session sets) delivered by the WSE. WSE members coordinate clearings for clients on whose account the transactions are executed.

Dematerialization

The dematerialization of securities amounts to the fact that securities which are: (i) subject to a public offer; (ii) admitted to trading on a regulated market; (iii) introduced to an alternative system of trading, or (iv) issued by the State Treasury or the NBP, do not have a documentary form from the time of their registration by the KDPW in the depository for securities maintained by the KDPW. Dematerialization may not apply, if so decided by an issuer, to the securities which are (i) subject to a public offer and will not be admitted to trading on a regulated market; or (ii) will be admitted to trading only in an alternative system of trading.

For the purposes of dematerialization, an issuer of securities must sign an agreement with the KDPW on the registration of such securities in the depository for securities maintained by the KDPW. The agreement on the registration of shares in the depository for securities is also the basis for registering pre-emptive rights from such shares in the depository for securities. An issuer who decided that its securities would not be dematerialized is not required to conclude the agreement on the registration of such securities in the depository for securities maintained by the KDPW.

Rights in dematerialized securities arise when the securities are first recorded in a securities account, and represent the rights of the holder of the account. In the case of securities recorded in collective accounts, the rights in such securities are not vested in the account holder. In the territory of Poland, the holder of the rights to securities recorded on a collective account is the person indicated to the entity keeping such an account in a notice served by the account holder. The number of shares concerned is also specified in such a notice.

A share transfer agreement concerning dematerialized securities conveys the title to such securities as of the moment of making the relevant entries on the securities accounts. If dematerialized securities are acquired on the basis of a legal transaction in which their transfer occurs by operation of law, an entry on the securities account of the transferee is made at the transferee's request.

At the request of an account holder, the institution keeping its securities account should issue deposit certificates, separately for each class of securities recorded on the account. The deposit certificate corroborates the holder's authorization to exercise the rights attached to the securities specified on the certificate, if those rights are not or cannot be exercised merely on the basis of entries on the securities account, save for the rights to participate in a general meeting. Deposit certificates are issued by brokerage houses, banks engaging in brokerage business, fiduciary banks, foreign investment firms and foreign legal persons engaging in brokerage business in Poland, in the form of branches, the KDPW or the NBP – if the designation of an account identifies the persons holding the rights attached to the securities.

Upon the issuance of a deposit certificate, the securities in the number specified in the certificate cannot be traded until the deposit certificate expires or is returned to the issuing institution prior to the end of its validity period. For that period the entity issuing the certificate will block an appropriate number of securities on that account. The same securities may be referred to in a number of different certificates, provided that each certificate is issued for a different purpose. In such event, the subsequently issued certificates should contain notes on the fact that the securities are blocked in relation to the previously issued certificates.

Reversal of dematerialization of shares

At the request of an issuer whose registered office is located in the territory of the Republic of Poland, the KNF may grant a permit for the shares to be reversed into documentary form (reversal of dematerialization of shares)

upon satisfaction of the requirement set forth in the Public Offering Act. The legal effect of the permit being granted is that the obligations resulting from the Public Offering Act and arising in connection with the public offer of shares or with their admittance to trading on a regulated market within the territory of the Republic of Poland, and the obligations specified in the section of the Public Offering Act concerning significant blocks of shares in public companies, cease to apply. In its decision granting such a permit, the KNF shall specify a period, not exceeding one month, upon the expiry of which the reversal is effected. An application for the reversal of dematerialization may be filed with the KNF if a shareholders' meeting adopts a resolution on the reversal of dematerialization in the presence of shareholders representing at least half of the company's share capital and with the majority of nine-tenths of the votes cast. The shareholder(s) representing at least one-twentieth of the share capital may request an extraordinary general meeting to be convened and the resolution on the reversal of dematerialization to be placed on its agenda.

The shareholder(s) who requested the resolution to reverse the dematerialization to be placed on the agenda of the shareholders' meeting is first obliged to announce a tender offer for the sale of shares of the company by all remaining shareholders. The shareholder(s) who requested the resolution to reverse the dematerialization to be placed on the agenda of the shareholders' meeting may only acquire shares in that company under the tender offer procedure in the period between submitting the request and closing the tender. The obligation to announce the aforementioned tender offer does not arise if all of the shareholder(s) of the public company request the resolution to reverse the dematerialization to be placed on the agenda of the general shareholders' meeting.

Manipulation

The Position of the KNF Office does not refer directly to the provisions of the Trading Act concerning market manipulation as those that capital market participants will no longer be required to apply, relying instead directly on the MAR Regulation and the delegated and secondary regulations thereunder.

Manipulation under the MAR Regulation

MAR Regulation provides, as a rule, for the same set types of behavior considered market manipulation as specified in the Trading Act. As compared to the Trading Act, MAR Regulation additionally considers manipulation as providing of false or misleading information or providing false and misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark. The Regulation defines "benchmark" as any rate, index or figure, made available to the public or published that is periodically or regularly determined by the application of a formula to, or on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates or other values, or surveys, and by reference to which the amount payable under a financial instrument or the value of a financial instrument is determined.

Pursuant to the provisions of MAR Regulation, apart from financial instruments, related spot commodity contracts or auctioned products based on emission allowance, can also be subject to manipulation.

The MAR Regulation provides for maximum administrative pecuniary sanctions for market manipulation which amount to: (i) EUR 5 000 000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) in respect of a natural person; and (ii) in respect of a legal person, EUR 15 000 000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) or 15% of the total annual turnover of such legal person according to the last available accounts approved by the management body. Where the legal person is a parent entity or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover of the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent entity.

The MAR Regulation directly applies within the territory of the European Union, however with respect to the regulations governing the administrative pecuniary sanctions specified in MAR Regulation, the Member States will entrust, under national law, competent authorities with powers to impose appropriate administrative pecuniary sanctions and other administrative measures. The Amendment to the Trading Act which implemented the MAD Directive and adjusted the Polish regulations governing trade in securities to the MAR Regulation came into force on 6 May 2017, save for the provisions of Article 12 items 1-3 which will take effect as of 3 January 2018. The Amendment to the Trading Act gives the KNF discretion to impose penalties up to PLN 2,072,800 on natural persons and PLN 4,145,600 or up to an amount equivalent to 2% of the total annual income as published in the most recent audited accounts for previous business year if it exceeds PLN 4,145,600, on other entities for: (i) preparing or distributing investment recommendations or other information recommending or suggesting investment strategies in breach of the MAR Regulation, (ii) for default in the performance of such

actions; (iii) for a failure to disclose its interests or a conflict of interests already existing at the time of effecting these actions; or (iv) for a breach of the obligations imposed by the MAR Regulation concerning the conclusion of inside trading by corporate officers. Where the amount of benefits obtained or losses avoided by the entity as a result of the breach, instead of the penalty referred to above the KNF may impose a penalty up to three times the amount of the benefits obtained or losses avoided. According to the Amendment to the Trading Act, a penalty for default under the MAR Regulations may be fined up to PLN o PLN 2,072,800 for natural persons or PLN 4,150,600 or an equivalent to 2% of the total annual revenue disclosed in the last audited annual financial statements if it exceeds PLN 4,150,000 – for all other entities.

The Amendment to the Trading Act imposes a penalty of PLN 5,000,000 or imprisonment for three months to five years, or both these penalties cumulatively, for using confidential information and manipulation. The Amendment to the Trading Act also proposes to penalize a disclosure or confidential information or inside information or making recommendations or otherwise inducing another person to acquire or divest the financial instruments concerned by the confidential information, with a fine of up to PLN 2,000,000 or imprisonment up to four years, or both these penalties cumulatively. Moreover, if it is possible to determine the amount of benefits obtained or losses avoided by an entity as a result of these infringements, the KNF may choose to impose a penalty of up to three times the amount of the benefits so obtained or losses so avoided in lieu of the said fine. Furthermore, the Amendment to the Trading Act adjusts the statutory definitions in the Trading Act to the definitions provided in the MAR Regulation, e.g. with regard to manipulation, accepted market practices and inside information, by referring to the relevant provisions of the MAR Regulation.

Manipulation under the Trading Act

The Trading Act prohibits any manipulation involving financial instruments, such as:

- placing orders or concluding transactions which are or may be misleading as to the actual demand, supply or price of a financial instrument, unless the reasons behind such activities were justified, and the orders placed or transactions concluded have not infringed the market practices established on a given regulated market;
- placing orders or concluding transactions which result in the unnatural or artificial pricing of one or more financial instruments, unless the reasons for acting accordingly were justified, and the orders placed or transactions concluded have not infringed the market practices established on a given regulated market;
- placing orders or concluding transactions with the intention of bringing about legal effects other than those for which a given legal act is actually performed;
- distributing in public media, including the Internet, or in any other way, false or inaccurate information or rumors on financial instruments, which are or may be misleading: (a) by a journalist – if such person failed to exercise due professional care or obtained direct or indirect personal or material benefit for himself/herself or another person as a result of distributing such information, even if acting with due professional care; or (b) by another person – if this person knew or could have known by exercising due care, that such information is untrue or misleading;
- placing orders or concluding transactions while misleading market participants, or taking advantage of them being misled, as to the price of financial instruments;
- ensuring control over the demand or supply of financial instruments in breach of the principles of fair trading or in a manner resulting in a direct or indirect determination of the purchase or sale prices of financial instruments;
- acquiring or disposing of financial instruments towards the closing of quotations in a manner misleading to investors acting on the basis of the price determined at this stage of the quotations; or
- obtaining material benefits resulting from the impact of opinions on financial instruments or their issuers expressed in the public media on an occasional or regular basis, on the price of financial instruments held, unless the existing conflict of interest has been fully and fairly disclosed to the public.

A person performing manipulation may be subject to a fine of up to PLN 5 million or imprisonment for a period from three months to five years, or both. A person collaborating with a person intending to manipulate is subject to a fine of up to PLN 2 million. In addition, the KNF may in some cases of manipulation impose a pecuniary penalty up to PLN 200,000 or a pecuniary penalty up to tenfold the obtained financial benefit, or both.

Inside information

The KNF Office Position directly refers to the provisions of the Trading Act and the Public Offering Act regarding inside information (including the restrictions on the acquisition of shares in public companies during closed periods) as the regulation that capital market participants are no longer required to adhere to and may instead rely directly on the MAR Regulation and the delegated and secondary regulations issued thereunder.

According to the MAR Regulation, inside information includes the following kinds of information:

- information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;
- in relation to commodity derivatives, information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the Union or national level, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets;
- in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments;
- for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a client and relating to the client's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances.

Therefore, in the case of a protracted process which aims at or leads to the occurrence of certain circumstances or a certain event, any future circumstances or future events, and also intermediate phases of the process, related to the occurrence or causing of such future circumstances or events may be deemed as information of a precise nature. The intermediate phase of a protracted process is deemed as confidential information, if the phase in itself satisfies the criteria for confidential information. The information which, if made public, would likely have a significant effect on the prices of financial instruments, derivative instruments, related commodity contracts on a spot market or auctioned products based on emission allowances, refers to the information of which a reasonable investor would probably take advantage, by relying on it to some extent in making its investment decisions. Pursuant to the MAR Regulation, an issuer is required to promptly make public any confidential information that directly pertains to the issuer.

An issuer may, at its own responsibility, delay the public disclosure of confidential information, if the following conditions are jointly satisfied:

- a) A prompt disclosure of such information might prejudice the legitimate interests of the issuer;
- b) A delay of the public disclosure of the information is not likely to mislead the public opinion;
- c) The issuer is unable to ensure the confidentiality of such information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, an issuer or an emission allowance market participant may on its own responsibility delay the public disclosure of inside information relating to this process, subject to points (a), (b) and (c) of the first subparagraph.

Where an issuer has delayed the disclosure of inside information, it should inform the competent authority that disclosure of the information was delayed and provide a written explanation of how the conditions set out in this

paragraph of the MAR Regulation were met, immediately after the information is disclosed to the public. Alternatively, member states may provide that a record of such an explanation is to be provided only upon the request of the competent authority. The MAR Regulation also permits disclosure of inside information in the course of the so-called market sounding.

Market sounding involves a disclosure of information, before the transaction is announced, in order to gauge the interest of potential investors in a possible transaction and its pricing, size and structuring, to at least one potential investor by:

- a) an issuer;
- b) a secondary offeror of a financial instrument, in such quantity or value that the transaction is distinct from ordinary trading and involves a selling method based on the prior assessment of potential interest from potential investors;
- c) an emission allowance market participant; or
- d) a third party acting on behalf or on the account of a person referred to in point (a), (b) or (c).

Disclosure of inside information by a person intending to make a takeover bid for the securities of a company or a merger with a company to parties entitled to the securities, shall also constitute a market sounding, provided that:

- a) the information is necessary to enable the parties entitled to the securities to form an opinion on their willingness to offer their securities; and
- b) the willingness of parties entitled to the securities to offer their securities is reasonably required for the decision to make the takeover bid or merger.

Additionally, before making the disclosure the disclosing market participant must:

- a) obtain the consent of the person receiving the market sounding to receive inside information;
- b) inform the person receiving the market sounding that he is prohibited from using that information, or attempting to use that information, by acquiring or disposing of, for his own account or for the account of a third party, directly or indirectly, financial instruments relating to that information;
- c) inform the person receiving the market sounding that he is prohibited from using that information, or attempting to use that information, by cancelling or amending an order which has already been placed concerning a financial instrument to which the information relates; and
- d) inform the person receiving the market sounding that by agreeing to receive the information he is obliged to keep the information confidential.

The disclosing market participant shall make and maintain a record of all information given to the person receiving the market sounding, including the information given in accordance with letters (a) to (d) of the first paragraph, and the identity of the potential investors to whom the information has been disclosed, including but not limited to the legal and natural persons acting on behalf of the potential investor, and the date and time of each disclosure. The disclosing market participant shall provide that record to the competent authority upon request.

The market participant should keep the records referred to above for a period of at least five years.

Before engaging in a market sounding, the disclosing market participant should assess whether that market sounding will involve the disclosure of inside information. The disclosing market participant shall make a written record of its conclusion and the reasons therefor. It shall provide such written records to the competent authority upon request. This obligation shall apply to each disclosure of information throughout the course of the market sounding. The disclosing market participant shall update the written records referred to in this paragraph accordingly.

If the market participant fulfills the above obligations, the disclosure of inside information will be deemed to have been made in the course of a normal exercise of a person's employment, profession or duties.

Additionally, an issuer is obliged to draw up a list of all persons who have access to inside information and who work for the issuer under an employment contract or otherwise perform duties which give them access to inside information, (e.g. management board members) (insider list). According to the MAR Regulations, persons discharging managerial duties and the persons closely associated to them are required to notify the issuer and the KNF of any transaction executed on their own account and involving issuer's financial instruments. A persons discharging managerial duties is any person affiliated to the issuer as a member of its administrative, managing

or supervisory bodies or otherwise discharging managerial duties who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of the issuer.

The MAR Regulation provides for maximum administrative pecuniary sanctions for:

- a) insider dealing, including recommending or inducing another person to engage in insider dealing or unlawfully disclosing inside information, amounting to: (i) EUR 5,000,000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) in respect of a natural person; and (ii) in respect of a legal person, EUR 15,000,000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) or 15% of the total annual turnover of such legal person according to the last available accounts approved by the management body; and
- b) the infringement of the public disclosure obligation, amounting to: (i) EUR 1,000,000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) in respect of a natural person; and (ii) in respect of a legal person, EUR 2,500,000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) or 2% of the total annual turnover of such legal person according to the last available accounts approved by the management body.

Where the legal person is a parent entity or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover of the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent entity.

With respect to provisions concerning administrative sanctions arising from MAR Regulation see also explanation provided for in Section „—*Manipulation*”.

Restrictions related to the acquisition of shares in a public company during close periods

Pursuant to MAR Regulation, a person discharging managerial responsibilities ("PDMR") within the issuer, shall not, within the closed period, conduct any transactions on its own account or on the account of a third party, directly or indirectly, relating to the shares or debt instruments of the issuer, or to derivatives or other financial instruments linked to them.

The closed period constitutes 30 calendar days before the announcement of an interim financial report or statements which the issuer is obliged to make public according to: (i) the rules of the trading venue where the issuer's shares are admitted to trading; or (ii) national law. Apart from the difference in the length of the close period, MAR Regulation refers exclusively to periodic reports, excluding inside information unlike the Trading Act.

The Issuer may permit a person discharging managerial responsibilities to execute transactions on its own account or on account of a third party during a closed period (i) on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares; or (ii) due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

Pursuant to MAR Regulation, PDMRs as well as persons closely associated with them, shall notify the issuer and KNF of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto. Such notifications shall be made promptly and no later than three business days after the date of the transaction. The issuer shall ensure that the information that is notified in accordance with rules specified above is made public promptly and not later than three business days after the transaction in a manner which enables fast access to information on a non-discriminatory basis in accordance with the implementing technical standards regulated by MAR Regulation.

MAR Regulation provides for maximum administrative pecuniary sanctions concerning the infringement of obligations related to:

- a) close periods, which amount to: (i) EUR 500,000 (or in the Member State whose currency is not the euro, the corresponding value in the national currency) in respect of a natural person; and (ii) EUR 1 000 000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) in respect of legal persons;
- b) notifications concerning transaction involving persons having access to inside information, which amount to: (i) EUR 500,000 (or in a Member State whose currency is not the euro, the corresponding

value in the national currency) in respect of a natural person; and (ii) EUR 1,000,000 (or in a Member State whose currency is not the euro, the corresponding value in the national currency) in respect of legal persons.

Where the legal person is a parent entity or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover of the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent entity.

Obligations under the Public Offering Act relating to significant blocks of shares in public companies

Disclosure obligations regarding the acquisition and sale of significant blocks of shares in public companies

Pursuant to the Public Offering Act, any person who:

- a) reached or exceeded 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% of the total number of votes in a public company; or
- b) held at least 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% of the total number of votes in such a company, and as a result of reducing this share reached, respectively, 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% or less of the total number of votes,

– is obliged to notify the KNF immediately and the relevant company of this fact forthwith, no later than four business days from the date of learning about the change in their share in the total number of votes, or could have learned by exercising due care, and in the case of a change resulting from the acquisition of shares in a public company in a transaction concluded on a regulated market, no later than six trading days from the date of the transaction. Trading days shall be defined as specified by the company which operates a given regulated market (the WSE in the case of the Company), in accordance with the Trading Act, and announced by the KNF on its website.

The obligation to notify the KNF and the public company shall also arise in the event of:

- a) a change in the already held share of more than 10% of the total number of votes, by at least: (a) 2% of the total number of votes in the case of a public company whose shares have been admitted to trading on the official stock market; or (b) 5% of the total number of votes in the case of a public company whose shares have been admitted to trading on a regulated market other than the official stock exchange market; and
- b) a change in the already held share of more than 33% of the total number of votes in a public company, by at least 1% of the total number of votes.

The notification may be prepared in English.

The requirement to notify the KNF and the public company does not arise if, upon the settlement in the depository for securities of a number of transactions executed on a regulated market on a single day, the change in the share of the total number of votes in the public company at the end of the settlement day does not result in reaching or exceeding any threshold which triggers the creation of obligations referred to above.

A public company is required to promptly pass on any information received from its shareholders in exercising the obligations described above, simultaneously, for publication, to the KNF and to the company operating the regulated market on which the company's shares are listed or the entity managing the alternative trading system where the shares are listed.

The KNF may impose a penalty of up to PLN 1 million on a natural person or up to PLN 5 million or 5% of the total revenues disclosed in the last annual audited financial statements if it exceeds PLN 5 million – with respect to any other entities. If it is possible to determine the amount of benefits obtained or losses avoided by an entity infringing the disclosure obligation referred to in Articles 69–69b of the Public Offering Act by not making the disclosure or making it in a manner infringing the relevant regulations, the KNF may choose to impose a penalty of up to two times the amount of the benefits so obtained or losses so avoided in lieu of the said fine.

A shareholder shall not exercise voting rights conferred by shares in a public company which are the subject of legal action or other legal event as a result of which the shareholder will reach or exceed a given threshold of the total vote, without limitation, in breach of the aforementioned requirement

The KNF may release a public company from the obligation to publish information obtained from its shareholder in discharge of the aforesaid obligations if disclosing such information could:

- a) harm public interests;
 - b) cause material damage to the company's interests,
- provided that not publishing the information will not mislead investors generally as to the evaluation of securities.

Tender offer for the sale or exchange of shares in a public company

Tender offer pursuant to Article 73 of the Public Offering Act

A shareholder may exceed the 33% threshold of the total number of votes in a public company, subject to the exceptions described below, only as a result of a tender offer to sell or exchange shares in such company, concerning a number of shares which confers the right to 66% of the total number of votes, unless 33% of the total number of votes is to be exceeded as a result of a tender offer for the sale or exchange of all remaining shares in a company.

If a shareholder exceeds the 33% threshold of the total number of votes as a result of an indirect acquisition of shares (i.e. of obtaining the status of a parent entity in a company or another legal person holding shares in a public company, or in another company or a legal person which is its parent entity and acquisition or taking up of shares of a public company by a direct or indirect subsidiary), taking up newly issued shares, acquisition of shares as part of a public offer or a non-cash contribution to the company, a merger or demerger of the company, amendments to the company's articles of association, expiry of preference rights attached to shares, or otherwise as a result of a legal event other than a legal transaction, the shareholder or entity acquiring shares indirectly shall, within three months of the date of exceeding 33% of the total number of votes:

- a) announce a tender offer to sell or exchange the company's shares, concerning the number of shares conferring the right to 66% of the total number of votes; or
- b) dispose of a sufficient number of shares as to be left with shares conferring the right to no more than 33% of the total number of votes,

unless within that period the share of such shareholder or entity acquiring shares indirectly in the total number of votes decreases to no more than 33% of the total number of votes, as a result of an increase in the share capital, amendments to the company's articles of association, or the expiry of preference rights attached to shares, as the case may be.

If a shareholder exceeds 33% of the total number of votes as a result of inheritance, then the obligation referred to above only applies if following such an acquisition the shareholder's voting rights increase further. The time period in which the shareholder must perform the obligation commences on the day of the event resulting in an increase in the shareholder's voting rights.

Tender offer pursuant to Article 74 of the Public Offering Act

A shareholder may exceed 66% of the total number of votes in a public company, subject to the exception described in the paragraph below, only as a result of a tender offer to sell or exchange the remaining shares in the company.

If the threshold of 66% of the total number of votes is exceeded as a result of an indirect acquisition of shares, taking up of shares of a new issue, acquisition of shares as part of a public offer or non-cash contribution to the company, merger or demerger of the company, amendments to the company's articles of association, expiry of preference rights attached to shares, or otherwise as a result of a legal event other than a legal transaction, the shareholder or entity acquiring shares indirectly shall, within three months of the date of exceeding 66% of the total number of votes, announce a tender offer for the sale or exchange of the remaining shares in the company, unless within that period the share of such shareholder or entity acquiring shares indirectly in the total number of votes decreases below 66% as a result of an increase in share capital, amendments to the company's articles of association, or the expiry of preference rights attached to shares, as the case may be.

If, within six months of a tender offer for the sale or exchange of all remaining shares in a public company, a shareholder acquires further shares in the company at a price higher than the price set in the tender offer other than by way of a tender offer or squeeze-out of the shares upon the request of a minority shareholder, the shareholder is obliged, within a month from the date of such an acquisition, to pay the difference in the share price to all persons that sold shares by accepting that tender offer, except for those from whom the shares were acquired at a reduced price, with respect to all shares constituting at least 5% of all the shares of the public company acquired from a person responding to the tender offer, where the entity was obliged to announce the tender offer and such person decided to reduce the share price.

If a shareholder exceeds 66% of the total number of votes as a result of inheritance, then the obligation referred to above only applies if following such an acquisition the shareholder's voting rights increase further. The time period in which the shareholder must perform the obligation commences on the day of the event resulting in an increase in the shareholder's voting rights.

Exceptions to the obligation of announcing the tender offer

An obligation to announce the tender offer pursuant to Article 73 of the Public Offering Act shall not arise in the case of acquiring shares from the State Treasury (i) through an initial public offer; (ii) within the period of three years of the closing of the sale of the shares by the State Treasury through an initial public offer.

The obligation to announce the tender offer pursuant to Articles 73 - 74 of the Public Offering Act shall not arise in the case of acquiring shares:

- a) in a company whose shares have been introduced solely to an alternative trading system or have not been traded on a regulated market;
- b) from an entity being a member of the same capital group;
- c) by way of a procedure provided for in bankruptcy regulations, or enforcement proceedings;
- d) under an agreement on the establishment of financial collateral between qualifying entities, concluded on the terms and conditions defined in the Act on Certain Financial Collaterals;
- e) encumbered with a pledge in order to satisfy a pledgee entitled, under other acts, to satisfy its claims by seizure; or
- f) through inheritance, except for cases referred to in sections “—Tender offer pursuant to Article 73 of the Public Offering Act” and “—Tender offer pursuant to Article 74 of the Public Offering Act” above, where, despite obtaining the shares through inheritance, the requirement of announcing a tender offer stands
- g) in the compulsory restructurization.

Rules governing the announcement of tender offers

In a tender offer referred to in Article 73 of the Public Offering Act, only the following securities can be acquired in exchange for the shares subject to the tender offer: (a) dematerialized (i) shares of another company, (ii) depositary receipts, (iii) debentures or (b) bonds issued by the State Treasury. In a tender offer referred to in Article 74 of the Public Offering Act only the dematerialized shares of another company or other dematerialized securities carrying voting rights in the company can be acquired. Where the tender offer concerns all remaining shares of the company, its terms must allow the entity responding to the tender offer to sell its shares at a price determined in compliance with the detailed regulations of the Public Offering Act, as described below.

A tender offer may be announced after collateral is established for not less than 100% of the value of the shares covered by the tender offer. The collateral should be documented with a certificate issued by a bank or another financial institution which granted, or intermediated in the granting of, the collateral.

A tender offer shall be announced and carried out via an entity conducting brokerage activities in the territory of the Republic of Poland, which is obliged, no later than fourteen business days prior to the commencement of the subscription period, to simultaneously notify the KNF and the company operating the regulated market on which the given shares are listed, of the intention to announce the tender offer. A copy of the tender offer document should be attached to the notification.

A tender offer may not be cancelled, unless another entity announces a tender offer for the same shares after the first tender offer has been announced. A tender offer for the remaining shares in a given company announced pursuant to Article 74 of the Public Offering Act may be cancelled only if another entity announces a tender offer for all remaining shares in the company at a price not lower than the price of the first tender offer.

Upon receipt of notification of the announcement of a tender offer, the KNF may, no later than three business days before the commencement of the subscription period, request that within a specified period of no fewer than two days, the tender offer document be amended or supplemented as necessary or that clarification of its wording be provided. The request referred to in the preceding sentence, served on the entity conducting brokerage activity which brokers the announcement and carries out the tender offer, is also deemed to have been served on the entity obliged to announce the tender offer. The commencement of the subscription period under a tender offer shall be suspended until the entity obliged to announce the tender offer completes the actions specified in the request.

In the period between the notification of a tender offer to the KNF and the company operating the regulated market and the closing of the tender offer, the entity obliged to announce the tender offer and its subsidiaries or its dominant entities, or parties to a written or oral agreement concluded with the entity obliged to announce the tender offer regarding the acquisition of a public company's shares by these entities, or voting in concert at the shareholders' meeting or carrying out a consistent policy towards the company, may acquire shares in the public company to which the tender offer refers only as part of the tender offer and in a manner defined therein; may not dispose of shares in the public company to which the tender offer refers, or enter into any agreement under which they would be obliged to dispose of the shares, during the tender offer, as well as indirectly acquire shares of a public company to which the tender offer refers.

Upon the announcement of the tender offer, the entity required to announce it and the management board of the company concerned must provide information regarding the tender offer, together with its content, to representatives of the company-level trade union organizations or, in case of the absence of such organizations, to the employees directly.

The Management Board of a public company whose shares are covered by a tender offer referred to in Articles 72 and 73 of the Public Offering Act, is obliged, no later than 2 days prior to the opening of the subscription, to communicate its position on the announced tender offer to the KNF and to the public, providing grounds for such a position. The management board's position shall be disclosed simultaneously to representatives of employee associations active at the company, and if there are no such associations, directly to the employees.

Upon the completion of the tender offer, the entity announcing the tender offer shall be obliged to notify, in the manner prescribed in the section "*—Disclosure obligations regarding the acquisition and sale of significant blocks of shares in public companies*" above, the number of shares acquired in the tender offer and the percentage of the total number of votes attached to them resulting from the tender offer.

The price of shares proposed in the tender offer

The share price proposed in a tender offer, if any shares in the company are traded on a regulated market, may not be lower than (i) the average market price for the six months preceding the announcement of the tender offer in which the shares were traded on the main market, or (ii) the average market price for a shorter period, if the shares were traded on the main market for a period shorter than that specified above.

If it is impossible to determine the price in accordance with the rules described above or for a company in respect of which composition or bankruptcy proceedings have been instituted, the price proposed in the tender offer may not be lower than the fair value.

Furthermore, the share price proposed in the tender offer may not be lower than (i) the highest price paid for the shares tendered in the tender offer by the entity obliged to announce the tender offer, its subsidiary or parent entity, or parties to an agreement concluded with the entity obliged to announce the tender offer regarding the acquisition of a public company's shares by these entities, or voting in concert at the shareholders' meeting or carrying out a consistent policy towards the company, during the twelve-month period preceding the announcement of the tender offer, or (ii) the highest value of assets or rights, delivered in exchange for shares offered under the tender offer, during the twelve-month period before the tender offer announcement, by the entity obliged to announce the tender offer or entities referred to above.

The share price proposed in the tender offer for the sale or exchange of all remaining shares in a public company announced pursuant to Article 74 of the Public Offering Act may not be lower than the average market price for the three months, preceding the announcement of the tender offer, of trading in shares on a regulated market.

The price proposed in the tender offer may be lower than the price determined pursuant to the principles discussed above for shares constituting at least 5% of all the shares of the company to be acquired in the tender offer from a specific person accepting the tender offer, if the entity required to announce the tender offer and such persons so decide.

If the average market price of shares offered as part of the tender offer, determined in accordance with the principles discussed in this item, is significantly different than their fair value as a result of:

- a) shareholders being granted any pre-emptive rights, right to dividend, right to acquire shares in a surviving company following the spin-off of a public company and/or other property rights connected with holding shares in a public company;
- b) a material deterioration of the financial standing or assets of the company as a result of events and/or circumstances that could not have been anticipated and/or prevented by the company; or
- c) a threat of permanent insolvency of the company,

the entity announcing a tender offer may apply to the KNF for consent to offer a tender a price that is not in accordance with the criteria referred to above. The KNF may grant such consent, provided that the proposed price is not lower than the fair value of the shares and the announcement of the tender offer will not be contrary to the valid interests of shareholders, and may determine, by way of a decision, a time limit within which the tender offer with the price as specified in the decision should be announced. The KNF will publish the decision regarding the application for consent to offer a tender price that is not in accordance with the criteria referred to above, together with its substantiation. Where the KNF grants its consent, the price proposed in such a tender offer can be lower than the price set out in the KNF's consent with respect to shares representing at least 5% of all shares of the public company that will be acquired under the tender offer from the person responding to the tender offer, if the entity required to announce the tender offer and such persons so decide.

The price proposed in a tender offer for an exchange of shares is the value of the dematerialized shares of the other company that will be transferred in exchange for the shares subject to the tender offer. The value of these shares with respect to shares traded on a regulated market is established as follows: (i) at the average market price for six months of trading in shares on the regulated market preceding the date of announcement of the tender offer; or (ii) at the average price for a shorter period if the shares were traded on the regulated market for a period shorter than specified above in item (i). If the value of the shares cannot be established pursuant to the preceding sentence they should be priced at their fair value.

The average market price referred to in the foregoing rules concerning the tender offer means the arithmetical mean of the average daily price weighted by trading volume.

Penalties for breaching the obligations under the Public Offering Act

A shareholder obliged to fulfill the obligations specified in Article 73 Section 2 and 3 of the Public Offering Act (see “—*Tender offer pursuant to Article 73 of the Public Offering Act*” above) or Article 74 Section 2 and 5 of the Public Offering Act (see “—*Tender offer pursuant to Article 74 of the Public Offering Act*” above) may not, until the date of fulfillment thereof, directly or indirectly acquire or take up shares in a public company in which it exceeded the threshold of the total number of votes specified in these regulations.

A shareholder may not exercise voting rights attached to shares in a public company which are the subject of a legal transaction or another legal event causing a given threshold of the total number of votes being reached or exceeded, if the reaching or exceeding of such threshold involved a breach of the obligations under Article 69 of the Public Offering Act.

A shareholder may not exercise voting rights attached to all the shares in a public company if the exceeding of the threshold of the total number of votes involved a breach of the obligations specified, respectively, in Article 73 Section 1 (see “—*Tender offer pursuant to Article 73 of the Public Offering Act*” above) or Article 74 Section 1 of the Public Offering Act (see “—*Tender offer pursuant to Article 74 of the Public Offering Act*” above). The prohibition of the exercising of the voting rights referred to in the preceding sentence shall also apply to all the shares in a public company held by the subsidiaries of the shareholder or the entity which acquired the shares in breach of the obligations specified in Article 73 Section 1 or Article 74 Section 1 of the Public Offering Act.

Any shareholder which exceeds the threshold of the total number of votes in the instances referred to in Article 73 Section 2 or 3 of the Public Offering Act (see “—*Tender offer pursuant to Article 73 of the Public Offering Act*” above) and Article 74 Section 2 or 5 of the Public Offering Act (see “—*Tender offer pursuant to Article 74 of the Public Offering Act*” above) may not exercise voting rights attached to the shares in a public company unless it fulfils the obligations set out in the above regulations in a timely manner. This restriction on exercising voting rights shall also apply to the shares in the public company held by the subsidiaries of the shareholder or entity which failed to fulfil the obligations specified in Article 73 Section 2 or 3 or Article 74 Section 2 or 5 of the Public Offering Act.

A shareholder may not exercise the voting rights attached to shares in a public company acquired following a tender offer at a price determined in breach of Article 79 of the Public Offering Act (see “—*The price of shares proposed in the tender offer*” above).

An entity (and its subsidiaries) which has acquired shares in a public company in breach of the prohibition referred to in Article 77 Section 4 Item 3 of the Public Offering Act (the ban on the indirect acquisition of shares in the public company of which the tender offer concerns in the period between the filing of the notification of the intention to announce the tender offer and the closing of the tender offer by the entity obliged to announce the tender offer and by the entities referred to in Article 79 Section 2 Item 1 of the Public Offering Act) may not exercise the voting rights attached to those shares. The prohibition referred to in the preceding sentence shall also apply to an entity which acquired or took up shares in breach of the prohibition referred to in the first paragraph of this section, as well as to the entities which, pursuant to Article 77 Section 4 Item 1 of the Public

Offering Act, during the time between the filing of the notification of the intention to announce a tender offer and the closing of the tender offer, may acquire the shares of the company which the tender offer concerns only within the framework of the tender offer and only in the manner specified therein.

Voting rights attached to shares in a public company that have been exercised despite the prohibitions referred to in the foregoing paragraphs and of the entity referred to in the fourth paragraph of this section shall not be taken into account when counting the votes cast during a vote on a resolution of the shareholders' meeting, subject to the provisions of other relevant acts. Additionally, the KNF may impose a fine up to PLN 1,000,000 in an administrative decision on any entity which (i) exceeds a specified threshold of votes without satisfying the conditions set out in Articles 73-74 of the Public Offering Act; (ii) fails to satisfy the conditions set out in Articles 76 or 77 of the Public Offering Act; (iii) fails to timely announce and conduct a tender offer or fails to effect a mandatory disposal of shares in the instances referred to in Articles 73 Section 2 or 3 of the Public Offering Act; (iv) fails to timely announce and conduct a tender offer in the instances referred to in Articles 74 Section 2 or 5 of the Public Offering Act; (v) fails to pay the difference in the share price in the situation referred to in Article 74 Section 3 of the Public Offering Act; (vi) in a tender offer referred to in Articles 73-74 or Article 91 Section 6 of the Public Offering Act proposes a price lower than the price determined pursuant to Articles 79 of the Public Offering Act; or (vii) directly or indirectly acquires shares in breach of Articles 77 Section 4 item 1 or 3 or Article 88a of the Public Offering Act.

Special instances relating to significant blocks of shares in public companies

The obligations relating to significant blocks of shares in public companies discussed in this section also apply to:

- a) an entity which has reached or exceeded the statutory threshold of the total number of votes in connection with acquiring or disposing deposit certificates issued in connection with shares of a public company;
- b) an investment fund, in a case when a given statutory threshold of the total number of votes specified in the regulations governing significant blocks of shares is reached or exceeded in connection with holding shares jointly by: (i) other investment funds managed by the same investment fund management company; or (ii) other investment funds or alternative investment funds established outside the territory of the Republic of Poland managed by the same entity;
- c) an alternative investment company – also if attaining or exceeding the threshold of votes specified in these regulations results in relation to the holding of shares jointly by: other alternative investment companies managed by the same AIC manager within the meaning of the act on investment funds, other alternative investment funds established outside the Republic of Poland managed by the same entity;
- d) an entity which has reached or exceeded a given statutory threshold of the total number of shares specified in the regulations governing significant blocks of shares in connection with the holding of those shares by: (i) a third party acting in its own name, but on behalf of or commissioned by that entity, excluding shares acquired as part of transactions which consist of executing purchase or sale orders for financial instruments on the account of the orderer; (ii) the nature of a transaction which consists in managing portfolios which include one or more financial instruments in so far as they concern shares included in the managed portfolio of securities which gives the entity the right to exercise voting rights at the shareholders' meeting on the behalf of the purchasers, in accordance with the Trading Act and the Act on Investment Funds; or (iii) a third party with which such an entity concluded an agreement to transfer the right to exercise voting rights;
- e) a proxy who, in his capacity as a representative of a shareholder at the shareholders' meeting, was authorized to exercise the voting rights attached to a share of a public company, if the shareholder has not issued any binding written instructions as to how to vote;
- f) all parties (jointly) to a written or oral agreement regarding the acquisition of shares in public company or voting in concert at the shareholders' meeting or carrying out a consistent policy towards a public company, even if only one of such entities undertook or intended to undertake actions giving rise to such obligations;
- g) parties to an agreement referred to in the preceding item, which hold the requisite number of shares in a public company such that a given threshold specified in the provisions of the Public Offering Act has been jointly reached or exceeded;
- h) a proxy other than an investment firm, authorized to acquire or dispose of securities on a securities account.

In the instances specified in the (e) and (f) above, the obligations set out in the provisions of the Public Offering Act concerning significant blocks of shares in public companies may be implemented by one of the parties to the agreement if so designated by the parties to the agreement.

Additionally, the obligations related to significant blocks of shares in public companies also arise when the share in the total number of votes is decreased as a result of unwinding the agreement referred to in item f) above, and in relation to a decrease of the share of a party to such an agreement in the total number of votes.

The obligations set out in the provisions of the Public Offering Act concerning significant blocks of shares of a public company shall also arise when the voting rights concern securities deposited and/or registered with an entity which may dispose of them at its discretion.

It is assumed that an agreement regarding the acquisition of shares in a public company, voting at the shareholders' meeting or carrying out a consistent policy towards a public company exists when shares in the public company are held by: (i) spouses, their ascendants, descendants and siblings or direct relatives (including adopted children and other persons under their care); (ii) persons sharing a household; (iii) associates within the meaning of the Accounting Act.

The number of votes which gives rise to the obligations referred to in the Public Offering Act with respect to significant blocks of shares in public companies includes (i) on the part of the parent entity, the voting rights held by its subsidiaries; (ii) on the part of the proxy holder who has been authorized to exercise the voting rights attached to shares of a public company on behalf of the shareholder represented at the shareholders' meeting, given that the shareholder has not issued any binding written instructions as to how to vote, the number of votes attached to the shares covered by the power of proxy; and (iii) the votes attached to all shares, even if the exercise of these voting rights is restricted or prohibited under the articles of association, contract or provisions of law; and (iv) on the part of the proxy referred to in item h) above, the number of votes held by the mandate in relation to the shares recorded on securities accounts to which the proxy is authorized.

The passed amendments to the Public Offering Act propose new regulations imposing notification requirements on entities that have reached or exceeded the thresholds set out in Article 69 of the Public Offering Act in relation to an acquisition or disposal of financial instruments, which: (i) upon maturity unconditionally entitle or oblige their holder to acquire outstanding shares (carrying voting rights) of the issuer, or (ii) directly or indirectly rely on the issuer's shares and have economic consequences similar to consequences of the financial instruments referred to in (i) above, whether or not these instruments are executed through cash settlements. According to the Public Offering Act, the number of votes held in a public company in relation to the financial instruments discussed above corresponds to the number of votes attached to the shares which may or must be acquired by the holder of such instruments.

Squeeze-out

A shareholder in a public company that (i) on its own; (ii) together with: its subsidiaries, dominant companies, companies which are parties to a written or oral agreement regarding the acquisition of shares in a public company, other shareholders at the shareholders' meeting; or (iii) is carrying out a consistent policy towards a public company, holds 90% or more of the total number of votes in such company may demand, within three months of reaching or exceeding the relevant threshold, that the remaining shareholders sell all the shares held by them.

The squeeze-out price is determined in accordance with the principles set out in the Public Offering Act which concern the determination of a share price under a tender offer (Article 79 Sections 1–3). If 90% of the total number of votes was reached or exceeded as a result of a tender offer for the sale or exchange of the remaining shares in the company announced pursuant to Article 74 of the Public Offering Act, then the squeeze-out price may not be lower than the price proposed in such a tender offer.

The acquisition of shares in a squeeze-out shall take place without the consent of the shareholder to whom the demand to sell is addressed.

The announcement of the demand to sell shares under a squeeze-out shall take place after the establishment of security of not less than 100% of the value of the shares that are to be squeezed out. The security should be documented with a certificate issued by a bank or another financial institution which granted, or intermediated in the granting of, the security.

The squeeze-out shall be announced and carried out via an entity which conducts brokerage activities in the territory of the Republic of Poland. The entity must simultaneously notify the KNF and the company operating the regulated market on which the given shares are listed, and if the company's shares are listed in a number of regulated markets, all such companies, of the intention to announce the tender offer, no later than fourteen

business days before the commencement of the squeeze-out. Information on the squeeze-out shall be attached to the notification by such an entity.

Once announced, a squeeze-out cannot be recalled.

Sell-out

A shareholder in a public company may demand that another shareholder, which holds 90% or more of the total number of votes, acquire the shares that it holds in such company. The demand is made in writing, within three months from the date on which such a shareholder reaches or exceeds the relevant threshold.

On reaching or exceeding the relevant threshold of 90% of the total number of votes referred to above, if this information is not published in the manner specified in the Public Offering Act, the period during which a shareholder must submit a demand shall commence on the date on which the shareholder of a public company entitled to demand the acquisition of shares held by it became aware, or could reasonably have become aware, that another shareholder had reached or exceeded the relevant threshold.

This demand shall be satisfied jointly by the shareholder that reached 90% or more of the total number of votes and by its subsidiaries and dominant entities within 30 days of its submission. The requirement to acquire the shares shall be borne jointly and severally by all of the parties to a written or oral agreement regarding the acquisition of shares in a public company by its parties, on resolute voting at a shareholders' meeting, or when a consistent policy is used in respect of such a company, provided that the parties to such an agreement, together with their dominant entities or subsidiaries, make up not less than 90% of the total number of votes.

A shareholder requesting the sell-out of shares on the basis specified above is entitled to be offered a price not lower than that determined in accordance with the provisions of Article 79 Sections 1 - 3 of the Public Offering Act, which concerns the determination of a share price under a tender offer. However, if 90% of the total number of votes was reached or exceeded as a result of a tender offer for the sale or exchange of the remaining shares in the company announced pursuant to Article 74 of the Public Offering Act, the sell-out price may not be lower than the price proposed in this tender offer.

Notification requirements ensuing from the Commercial Companies Code and anti-monopoly regulations

Mandatory notifications of a new domination relationship under the Commercial Companies Code

A shareholder which qualifies as a "dominant" shareholder over a company within the meaning of Article 4 Section 1 Item 4 of the Commercial Companies Code, is obliged to notify the subsidiary of the dominant relationship within two weeks of its establishment, otherwise the voting rights attached to the Shares representing over 33% of the share capital of the subsidiary shall be suspended. A General Meeting resolution adopted in breach of the Commercial Companies Code provisions relating to notification of any dominant relationship is invalid, unless it satisfies the requirements on quorums and a voting majority irrespective of the invalid votes.

The parent company of a company within the meaning of the Commercial Companies Code is a commercial company which: (i) holds, directly or indirectly, a majority of votes at the general meeting, also as a pledgee or beneficial owner, or in the management board of another capital company (subsidiary), also under agreements with other persons; (ii) has the power to appoint or remove a majority of the management board members of another capital company (subsidiary), also under agreements with other persons; (iii) has the power to appoint or remove a majority of the supervisory board members of another capital company (subsidiary), also under agreements with other persons; (iv) members of its management board constitute over a half of the management board members of another capital company (subsidiary); (v) holds, directly or indirectly, a majority of votes in a subsidiary partnership, or holds such a majority at the general meeting of a subsidiary cooperative, also under agreements with other persons; or (vi) has a decisive influence over the activities of the capital company, in particular under management contracts or profit distribution agreements regarding the company.

The shareholder of the company, or a member of the management board or supervisory board, may request the commercial company which is a shareholder of the company to provide information on whether or not it is in any dominant or subsidiary relationship with a commercial company or cooperative which is also a shareholder of the company. An authorized shareholder may also request disclosure of the number of shares or votes held in the company by the commercial company to which the request is addressed, also as a pledgee or beneficial owner, or under agreements with other persons. The request for information and any replies thereto should be made in writing. The answers to questions should be given to an authorized shareholder and the company within ten days of the receipt of such request. If the request for information was received by its addressee in the two weeks before the date of the general meeting, then the term for reply should commence on the date following the

day that the general meeting ended. From the commencement of the term to the date of reply, the company obliged to reply cannot exercise the rights attached to the shares held by it.

The above mentioned provisions apply accordingly after the dominant relationship ceases. The company that is no longer the parent company in relation to the company is obliged to give notification of the end of such a dominant relationship.

Notification requirements ensuing from anti-monopoly regulations

EU regulations

A concentration of undertakings operating in Poland may also be subject to European Law. The Concentration Regulation applies to "Concentrations having an EU dimension". A given concentration has an EU dimension where:

- a) the combined, aggregate, worldwide turnover of all the undertakings concerned exceeds EUR 5 billion; and
- b) the aggregate turnover in the EU of each of at least two of the undertakings concerned exceeds EUR 250 million,
- c) unless each of the undertakings concerned achieves more than two-thirds of its aggregate turnover in the EU within one and the same Member State.
- d) A concentration which does not satisfy the above criteria is nevertheless deemed to have an EU dimension where the following conditions are satisfied jointly:
 - e) the combined, aggregate, worldwide turnover of all the undertakings concerned exceeds EUR 2.5 billion;
 - f) in each of at least three Member States, the combined aggregate turnover of all the undertakings concerned exceeds EUR 100 million;
 - g) in each of at least three Member States included for the purpose of point (b) above, the aggregate turnover of each of at least two of the undertakings concerned exceeds EUR 25 million; and
 - h) the aggregate turnover in the EU of each of at least two of the undertakings concerned exceeds EUR 100 million,
 - i) unless each of the undertakings concerned achieves more than two-thirds of its aggregate turnover in the EU within one and the same Member State.

A concentration governed by the Concentration Regulation arises where the change of control on a lasting basis results from:

- a) the merger of two or more previously independent undertakings or parts of undertakings; or
- b) the acquisition, by one or more persons already controlling at least one undertaking, or by one or more undertakings, whether by acquisition of securities or assets, by contract or by any other means, of direct or indirect control over the whole or parts of one or more undertakings.

A concentration governed by the Concentration Regulation also arises where a joint venture is created which permanently performs all functions of a standalone business entity.

Concentrations with an EU dimension defined in the Concentration Regulation must be notified to the European Commission ("EC") prior to their implementation and following the conclusion of the agreement, the announcement of a public takeover bid or the acquisition of a controlling interest. In certain cases concentration may be notified at an earlier stage. Concentration shall be suspended until the final decision of the EC or the lapse of the time provided for the issuance of such a decision. If the EC finds that a notified concentration will not significantly impact on effective competition on the common market or a significant part thereof, in particular as a result of creating or strengthening a dominant position, the EC will deem such concentration to be consistent with the common market.

As a rule, concentrations subject to the Concentration Regulation are not subject to notification to the anti-monopoly authorities of a Member State.

Act on Competition and Consumers Protection

The UOKiK President must be notified of a contemplated concentration of undertakings if:

- a) the aggregate global turnover of the undertakings engaged in the concentration in the fiscal year preceding the year of the notification exceeded the equivalent of EUR 1 billion; or
- b) the aggregate turnover in Poland of the undertakings engaged in the concentration in the fiscal year preceding the year of the notification exceeded the equivalent of EUR 50 million.

The turnover referred in the previous paragraph is calculated according to the rules specified in the Act on Competition and Consumers Protection and secondary legislation issued on its basis.

The UOKiK President, by way of a decision, shall consent to a concentration as a result of which competition in the market will not be materially reduced, in particular through the emergence or consolidation of a dominant position in the market.

The provisions of the Act on Competition and Consumers Protection apply not only to undertakings within the meaning of the regulations dealing with the freedom of economic activity, but also to natural persons exercising control within the meaning of the provisions of the Act on Competition and Consumers Protection over at least one undertaking who takes further actions falling within the scope of supervision of concentration ensuing from the provisions of the Act on Competition and Consumers Protection, even if such natural persons did not engage in business activity within the meaning of the regulations on the freedom of economic activity.

The obligation to notify the UOKiK President of a contemplated concentration referred to above applies in relation to: (i) an intention to merge two or more independent undertakings; (ii) a plan to take, by way of acquisition of shares or other securities, all or part of its property or otherwise, direct or indirect control over one or more undertakings by one or more undertakings; (iii) establishing of a joint venture by undertakings; or (iv) acquisition by an undertaking of assets of another undertaking (the whole enterprise or its part), if the turnover attributable to such assets in any of the two years preceding the notification exceeded EUR 10 million in the territory of the Republic of Poland.

Taking over of control shall mean any form of direct or indirect obtaining of rights which, severally or jointly, taking into account all the legal or factual circumstances, make it possible to exert a decisive influence on a certain undertaking or undertakings.

An intended concentration is exempted from the notification obligation if the turnover in Poland of the undertaking being the target of the control take-over and its subsidiaries did not exceed an equivalent of EUR 10 million in any of the two financial years preceding the notification. Additionally, no notification is required of a contemplated concentration:

- a) if the turnover in Poland of neither of the two or more individual undertakings participating in the merger or the undertakings intending to jointly establish an undertaking did not exceed an equivalent of EUR 10 million in any of the two financial years preceding the notification;
- b) amounting to a take-over of control over an undertaking or undertakings being members of the same capital group with a concurrent acquisition of a portion of property of an undertaking or undertakings being members of that capital group – if the turnover of the undertaking or undertakings being target to the control take-over and the turnover generated in Poland by the acquired portions of the property did not exceed an equivalent of EUR 10 million in any of the two financial years preceding the notification;
- c) consisting of an interim acquisition or taking up of shares by a financial institution for the purpose of resale if the scope of business of that institution includes investing in shares of other enterprises on its own or other investors' behalf, provided that such resale takes place within one year of the acquisition or taking up of the shares, and that (i) that institution does not exercise the rights attached to the shares, except for the right to dividend; or (ii) it only exercises such rights for the purpose of preparing the resale of the whole or part of a business, its assets or such shares;
- d) consisting of an interim acquisition or taking up of shares by an undertaking for the purpose of securing receivables, provided it does not exercise the rights attached to those shares, except the right to sell them;
- e) occurring in the course of bankruptcy proceedings, except when the entity intending to take control or acquiring part of the property is a competitor or belongs to a capital group which includes competitors of the entity that is being taken-over or whose part of property is being acquired;

of undertakings belonging to the same capital group.

The undertakings participating in a concentration which requires notification are obliged to refrain from effecting the concentration pending the issuance of the UOKiK President's decision consenting to the concentration or the lapse of the deadline by which such a decision should be issued. The legal transaction

effectuating the concentration may be consummated subject to the UOKiK President's decision consenting to the concentration or the lapse of the statutory deadlines for the completion of proceedings involving concentration. The implementation of a public offer to purchase or exchange shares of which the UOKiK President was notified shall not constitute a breach of the statutory duty to refrain from effecting a concentration pending the issuance of the UOKiK President's decision consenting to the concentration or the lapse of the deadline by which such a decision should be issued, if the acquirer does not exercise voting rights attached to the acquired shares or does so solely for the purpose of preserving the full value of its equity investment, or in order to prevent material damage that may occur to the undertakings involved in the concentration.

The UOKiK President may impose a fine of up to 10% of the turnover calculated according to pertinent rules for the fiscal year preceding the year in which such fine is imposed on an undertaking which has effected a concentration without the UOKiK President's consent.

TERMS OF THE OFFERING

The Offering

The Company and the Selling Shareholder shall offer no more than 40,000,000 ordinary shares in total, each with a par value of PLN 0.05, of which no more than 20,000,000 shall be New Shares and no more than 20,000,000 shall be Shares for Sale. The Company shall offer at least 4 and no more than 20,000,000 New Shares. The Selling Shareholder shall offer no more than 20,000,000 Shares for Sale.

The Management Board expects to receive ca. PLN 400-500 million in gross proceeds from the issue of New Shares in the Offering. The gross proceeds amount will depend, in particular, on the number of New Shares ultimately allocated in the Offer, the Issue Price and the market situation at the time of the Offering. The New Shares shall be the first of the Offered Shares to be allocated, followed by the Shares for Sale.

As at the Date of the Marketing Document, the Company intends to apply for all the Existing Shares, all the New Shares and the Rights to Shares to be admitted to trading and floated on the regulated market (main market) operated by the WSE.

The final decision as to the number of Offered Shares to be offered in the Offering, including the number of New Shares to be ultimately offered by the Company and the number of Shares for Sale to be offered by the Selling Shareholder in the Offering, shall be made by the Company (with regard to the New Shares) and the Selling Shareholder (with regard to the Shares for Sale) in agreement with the Global Coordinator and in consultation with the Joint Bookrunners by the date of determination of the Final Price of the Offered Shares at the latest. The Company and the Selling Shareholder may decide to reduce the respective numbers of New Shares or Shares for Sale in the Offering or abandon the Offering entirely (cf. “Suspension or Abandonment of the Offering” below). The Issuer and the Selling Shareholder have no plans to offer just the Shares for Sale but not the New Shares in the Offering.

As a result of the Offering — provided that all the New Shares are issued and taken up by investors and the Selling Shareholder succeeds in selling all the Shares for Sale — the Offered Shares will account for 40% of the Company’s share capital, translating into 40% of all votes at the General Meeting of the Company’s shareholders.

As at the Date of the Marketing Document, it is expected that around 10% of the total number of the Offered Shares to be ultimately included in the Offering — all of them New Shares — will be acquired by Retail Investors.

The Offered Shares will be an object of a public offering in the territory of the Republic of Poland. A limited promotion campaign may be conducted to appraise selected institutional investors outside the United States of America (excluding Poland) of the Offering, in compliance with Regulation S issued based on the American Securities Law and with the laws applicable in the respective jurisdictions where the Offering will be promoted. The Marketing Document was drawn up for the purposes of conducting this limited promotion campaign, in line with the laws applicable in the relevant jurisdictions where the campaign is to be conducted. The Marketing Document shall not be subject to approval by Poland’s Financial Supervision Authority (KNF) or by any other public administration authorities, including in particular the authorities in jurisdictions where the Offering is to be promoted.

Investors are encouraged to note that the Offering set out in the Prospectus is intended exclusively for the territory of the Republic of Poland, and that the sole legally binding offer documentation drawn up for the purposes of the Offering, intended to provide information about the Group, the Offering and the Offered Shares, is the Prospectus with the annexes thereto, once approved by the KNF, the update announcements to the Prospectus, and the announcements of the final number of Offered Shares in the Offering, the final number of Offered Shares to be allocated to the various categories of investors, and the Final Price of the Offered Shares.

Eligible Investors

The Offering is addressed to Retail Investors and Institutional Investors.

There shall be no preferential treatment in the allocation of the Offered Shares, whether of any of the categories of investors or specific affinity groups (including those covered by family and friends programs). Non-residents intending to place subscription orders for the Offered Shares must be familiar with the relevant regulations applicable in the country of their origin and with the restrictions imposed on the distribution of the Offered Shares detailed in the Chapter titled “Restrictions on the Distribution of the Offered Shares” in the Prospectus. Retail Investors may place subscription orders for just the New Shares. The various Institutional Investors may

place their subscription orders for New Shares alone, Shares for Sale alone, or for both New Shares and Shares for Sale, as set out in the respective invitations to subscribe for the Offered Shares.

Detailed information about the suspension and abandonment of the Offering and the consequences thereof for the subscription orders placed for the Offered Shares are to be found in “Suspension or Abandonment of the Offering” below.

Anticipated Time Schedule of the Offer

The time schedule of the Offering is anticipated to be as follows (all dates are Warsaw time).

by 19 June 2017	conclusion of the conditional Placement Agreement commencement of the book-building process for Institutional Investors
20 June 2017	publication of the Prospectus setting out the Maximum Price (assuming that the supplement to the Prospectus setting out the Maximum Price is approved by 20 June 2017 at the latest)
26 June -3 July	collection of subscription orders from Retail Investors
4 July 2017	completion of the book-building process for Institutional Investors decisions as to the final number of Offered Shares in the Offering, the final number of Offered Shares allocated to the various categories of investors, and the Final Price of the Offered Shares execution of the annex to the Placement Agreement setting out the Final Price of the Offered Shares for Retail Investors and Institutional Investors, the final number of Offered Shares in the Offering, and the final number of Offered Shares allocated to the various categories of investors publication of the Final Price of the Offered Shares for Retail Investors and Institutional Investors, the final number of Offered Shares in the Offering, and the final number of Offered Shares allocated to the various categories of investors
5-7 July 2017	Period in which subscription orders from Institutional Investors will be collected
10 July 2017	allocation of the Offered Shares
By no later than the business day directly preceding the date of the first listing of Admitted Shares and Rights to Shares on the WSE	registration of the Offered Shares and Rights to Shares in the respective Institutional Investors' securities accounts (subject to the data provided by the investors for the purposes of registering the Offered Shares in their securities accounts being complete and true) and registration of Rights to Shares in Retail Investors' securities accounts instructions to sell New Shares to Retail Investors placed via the WSE system
ca. 17 July 2017	anticipated date of the first listing (floating) of the Admitted Shares (including the Shares for Sale and the Rights to Shares) on the WSE

The above time schedule may change as some of the events referred to in it are beyond the control of the Company and the Selling Shareholder. The Company and the Selling Shareholder, to act in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, reserve the right to amend the above time schedule of the Offering, in particular as regards the deadlines for collecting subscription orders for the Offered Shares. Changes of the deadlines envisaged in the Offering, if any, shall be communicated as required in Article 52 of the Public Offering Law, viz. in an update announcement published in the same manner as the Prospectus. If the Company and the Selling Shareholder decide that a given amendment of the time schedule of the Offering could have the potential to significantly affect the appraisal of the Offered Shares, this shall be communicated to the public with an supplement to the Prospectus (following its approval by the KNF) in accordance with Article 51 of the Public Offering Law.

All changes in the dates of commencement and completion of subscription shall be made and communicated to the public by 15:00 hrs on the date of commencement or completion of the collection of subscription orders for the Offered Shares.

New dates for the other events referred to in the time schedule shall be communicated to the public on the date of expiry of each given deadline at the latest, except in the event of an earlier completion of the book-building process for Institutional Investors which shall be communicated to the public by 15:00 hrs on such earlier date.

Changes in the deadlines referred to in the Offering shall not be deemed a cancellation or abandonment of the Offering.

If the decision to alter the time schedule of the Offering shall be taken subsequent to the completion of book-building but prior to the commencement of collection of subscription orders from Institutional Investors, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may repeat the book-building process after confirming whether their previously made declarations and invitations to purchase shares remain valid or not.

The time schedule of the Offering may be changed only as long as the Prospectus remains in effect.

Suspension or Abandonment of the Offering

The Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may suspend the Offering prior before starting to accept subscription orders for the New Shares from Retail Investors, without the obligation to set any new dates for the Offering. The Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may set a new time schedule for the Offering at a later date.

Having commenced the collection of subscription orders for the New Shares from Retail Investors, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may suspend the Offering without setting any new dates for the Offering. In such an event, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may set a new time schedule for the Offering at a later date. The Offering may be suspended only for important reasons, by which is meant, in particular, events potentially having an adverse effect, whether directly or indirectly, on the success of the Offering or creating increased investment risks for entities acquiring or subscribing for the Offered Shares. The decision to suspend the Offering may be taken without at the same time indicating new dates for the Offering which may be determined at a later date.

Information about the suspension of the Offering prior to the commencement of collection of subscription orders for the New Shares from Retail Investors shall be communicated to the public as required in Article 52 of the Public Offering Law, viz. in an update announcement published in the same manner as the Prospectus.

Information about the suspension of the Offering after the commencement of collection of subscription orders for the New Shares from Retail Investors shall be communicated to the public as required in Article 51 of the Public Offering Law, viz. in an supplement to the Prospectus, following the approval thereof by the KNF. The said annex shall be published in the same manner as the Prospectus.

If the decision to suspend the Offering is taken after the commencement of subscription for the New Shares by Retail Investors but prior to the submission of instructions to sell the New Shares to the Retail Investors via the WSE, the subscription orders and related payments shall be deemed valid but the investors who subscribed for the Offered Shares prior to the publication of the Offering suspension annex shall have the right to withdraw their subscriptions pursuant to Article 51a of the Public Offering Law, within two business days of the publication of the supplement to the Prospectus announcing the suspension of the Offer, by filing a written declaration with any of the customer service points operated by the investment company offering the Offered Shares with whom the subscription order was placed.

If the decision to suspend the Offering is taken after the completion of book-building but before starting to collect subscription orders from the Institutional Investors, the Company and the Selling Shareholder acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may repeat the book-building process, in which case they must confirm whether their previous declarations and invitations to purchase or take up the Offered Shares remain valid or not. This information shall be published as required in Article 52 of the Public Offering Law, viz. in an update announcement published in the same manner as the Prospectus.

Prior to commencing the collection of subscription orders for the New Shares from Retail Investors, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with

the Joint Bookrunners, may abandon the Offer, at their own discretion and without stating any reasons for their decision, thereby effectively cancelling the Offer.

Subsequent to the commencement of collection of subscription orders for the New Shares from Retail Investors, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, may abandon the Offer, at their own discretion, if they decide there are important reasons to do so. These important reasons may include, in particular: (i) sudden or unforeseeable changes in the economic or political situation in Poland or elsewhere, such as might have a material adverse impact on financial markets, Poland's economy, the Offering or the Group's business (such as terrorist attacks, war, catastrophes or floods); (ii) sudden or unforeseeable changes other than referred to in the preceding point, such as might have a material adverse impact, whether directly or indirectly, on the Group's business or have the potential to cause material damage to the Group, whether direct or indirect, or to disrupt the operations of the Group to a material extent, whether directly or indirectly; (iii) a material adverse change, whether direct or indirect, impacting the Group's operations, financial situation or operating performance; (iv) a suspension or material restriction of securities trading at the WSE or other exchange markets such that could have a material adverse impact on the Offering; (v) unsatisfactory demand for the Offered Shares during bookbuilding, in terms of numbers of Offered Shares or their price; (vi) insufficient number of Shares to be traded at the WSE, as assessed by the Global Coordinator, failing to ensure adequate liquidity of the Shares; or (vii) termination or dissolution of the Placement Agreement).

The Offering may not be abandoned subsequent to the allocation of the Offered Shares.

Prior to the setting of the Final Price of the Offered Shares and final determination of the number of Offered Shares to be put up for trading with the Offering, the Selling Shareholder may, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners in accordance with the rules set out above, decide to abandon the Offering independently of the Company. In such a case, the Company may proceed with the Offering without the involvement of the Selling Shareholder. If the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, decides to abandon the Offering in its entirety while the Company does not at the same time abandon its plans to proceed with the Offering without the involvement of the Selling Shareholder and seeks admission of the Admitted Shares to trading in the regulated market operated by the WSE, information about this development shall be published as required by Article 51 of the Public Offering Law in the form of an annex published in the same manner as the Prospectus. In such an event, if the Selling Shareholder abandons the Offering after the commencement of subscription of the Offered Shares, the subscription orders and related payments shall be deemed valid but the investors who subscribed for the Offered Shares prior to the publication of information about the abandonment of the Offering shall have the right to withdraw their subscriptions pursuant to Article 51a of the Public Offering Law by filing a written declaration with any of the customer service points operated by the investment company offering the Offered Shares with whom the subscription order was placed within two business days of the publication of the supplement to the Prospectus announcing the abandonment of the Offering by the Selling Shareholder.

In the period from the day following the setting of the Final Price of the Offered Shares and final determination of the number of Offered Shares to be offered in the Offering to the date of allocation of the Offered Shares, the decision to abandon the Offering may be taken jointly by the Company and the Selling Shareholder, with regard to all the Offered Shares, in agreement with the Global Coordinator and in consultation with the Joint Bookrunners. The Company's decision to abandon the Offer, taken in accordance with the rules set out above, shall also mean the abandonment of the Offering by the Selling Shareholder, and the Company's decision to suspend the Offering, taken in accordance with the rules set out above, shall also mean the suspension of the Offering by the Shareholder. It shall not be admissible to suspend the Offering of the New Shares while at the same time continuing with the Offering with regard to the Shares for Sale.

If the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, resolve to abandon the Offering in its entirety, this shall also mean that the Company will no longer seek admission of the Admitted Shares to trading on the regulated market operated by the WSE. In such an event, information to that effect shall be made public as required in Article 49(1b) of the Public Offering Law in the form of an announcement published in the same manner as the Prospectus.

If the Offering is abandoned after the commencement of subscription for the Offered Shares, all the already placed subscription orders shall be cancelled and all payments made in connection therewith shall be returned to the respective investors, without any interest or compensation, within 14 days of publication of the information about the abandonment of the Offering.

Maximum Price

The Company and the Selling Shareholder, acting in agreement with Global Coordinator and in consultation with the Joint Bookrunners, shall set the maximum issue price for the New Shares for the purpose subscription by Retail Investors (the “**Maximum Price**”). Having set the Maximum Price, the Company and the Selling Shareholder shall apply to the KNF for approval of the supplement to the Prospectus listing the Maximum Price. Assuming that the said supplement to the Prospectus listing the Maximum Price is approved by 20 June 2017, the annex shall be published on 20 June 2017 at the latest.

A ballpark price range shall be provided for the purposes of bookbuilding for Institutional Investors; this shall not be disclosed to the public and shall be subject to change.

Setting of the Final Price of the Offered Shares

The final issue price of the New Shares and the final sale price for the Shares for Sale (together the “**Final Price of the Offered Shares**”) shall be set by the Company and the Selling Shareholder, respectively, in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, following the conclusion of bookbuilding for Institutional Investors.

The final issue price for the New Shares shall be determined by the Management Board based on the Management Board authorization granted in the Issue Resolution.

The Final Price of the Offered Shares shall be the same for the New Shares and the Shares for Sale subscribed for or acquired, as the case may be, by Retail Investors. The Final Price of the Offered Shares for Retail Investors shall not exceed the Maximum Price.

The Final Price of the Offered Shares shall be the same for the New Shares and the Shares for Sale subscribed for or acquired, as the case may be, by Institutional Investors. The Final Price of the Offered Shares for Institutional Investors may exceed the Maximum Price.

Information about the Final Price of the Offered Shares for Retail and Institutional Investors shall be published by the Company as required in Article 54(3) of the Public Offering Law, i.e. in the same manner as the Prospectus.

As the Final Price of the Offered Shares is not indicated in the Prospectus, the Retail Investors and Institutional Investors who shall subscribe for the Offered Shares prior to the publication of the Final Price of the Offered Shares for Retail and Institutional Investors, and information about the final number of the Offered Shares offered in the Offering and the final number of Offered Shares allocated to the various categories of investors (all this information to be published on the same date in accordance with the time schedule), shall have the right, pursuant to Article 54(1)(3) of the Public Offering Law, to withdraw their subscriptions, within two business days of the publication of the said information, by filing a written declaration with any of the customer service points operated by the investment company offering the Offered Shares with whom the subscription order was placed.

Final Number of the Offered Shares

The final decision as to the number of Offered Shares in the Offering, including the final number of New Shares offered by the Company as part of the Offering and the final number of Shares offered by the Selling Shareholder as part of the Offering shall be made by the Company (with regard to the New Shares) and the Selling Shareholder (with regard to the Shares for Sale) in agreement with the Global Coordinator and in consultation with the Joint Bookrunners by the date of setting the Final Price of the Offered Shares at the latest. The Company and the Selling Shareholder, likewise acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, shall also decide on the final number of Offered Shares to be allocated to the various categories of investors. The Company and the Selling Shareholder intend to offer ca 10% of the Offered Shares, all being New Shares, to Retail Investors.

The Selling Shareholder and the Company may decide to reduce the respective numbers of Shares for Sale or New Shares in the Offering or abandon the Offering entirely (cf. “Suspension or Abandonment of the Offering” above).

The final number of the New Shares shall be: (i) determined by the Management Board based on an authorization granted to it with the Share Capital Increase Resolution, or (ii) if the Management Board does not act upon the authorization referred to in the preceding point (i), this shall be 20,000,000 New Shares. As at the Date of the Marketing Document, the Management Board has still not decided whether to act upon the said authorization, which means that the final number of the New Shares is yet to be determined as of the Date of the Marketing Document.

Information about the final number of Offered Shares in the Offering, including the final number of the New Shares in the Offering, the final number of the Shares for Sale in the Offering, and the final numbers of the Offered Shares intended for the various categories of investors shall be published together with information about the Final Price of the Offered Shares, as required in Article 54(3) of the Public Offering Law.

As the final number of Offered Shares in the Offering is not listed in the Prospectus, the Retail Investors and Institutional Investors who shall subscribe for the Offered Shares prior to the publication of the Final Price of the Offered Shares and information about the final number of the Offered Shares put up for sale in the Offering and the final number of Offered Shares allocated to the various categories of investors, shall have the right, pursuant to Article 54(1)(3) of the Public Offering Law, to withdraw their subscriptions within two business days of the publication of the said information, by filing a written declaration with any of the customer service points operated by the investment company offering the Offered Shares with whom the subscription order was placed.

Subscription Rules

General

Retail Investors shall subscribe exclusively for New Shares. The various Institutional Investors shall subscribe for New Shares alone, for Shares for Sale alone, or for both New Shares and Shares for Sale at the same time, in accordance with the rules set out in the relevant invitations to subscribe for the Offered Shares.

Subscription orders for the Offered Shares shall be unconditional and irrevocable (except in cases provided for in the Public Offering Law), and must be placed without any reservations or additional preconditions, and shall be binding upon the investors placing them until they are allocated the Offered Shares they subscribed for. If an supplement to the Prospectus is published, investors who subscribed for the Offered Shares prior to such publications shall have the right to withdraw their subscriptions pursuant to Article 51a of the Public Offering Law by filing a written representation to that effect within two business days of publication (i) in any of the customer service points operated by the Retail Consortium Member with whom the subscription order was placed (in the case of Retail Investors), or (ii) in the registered office of the Global Coordinator or the given Joint Bookrunner with whom the subscription order was placed (in the case of Institutional Investors). The subscription orders shall not be subject to withdrawal if the annex is published to rectify errors in the Prospectus which the Company or the Selling Shareholder discovered after having allocated the Offered Shares or in response to circumstances which arose or of which the Company or the Selling Shareholder became aware after having allocated the Offered Shares.

By placing their subscription orders, potential investors shall be deemed to have confirmed that, among other things: (i) they are familiar with the Prospectus; (ii) when subscribing for the New Shares – they approve the wording of the Statute; (iii) they accept the terms of the Offering; (iv) they consent to being allocated fewer of the Offered Shares than they subscribed for or to no Offered Shares being allocated to them in specific cases set out in the Prospectus and in accordance with the rules specified therein, and, in the case of natural persons alone, (v) they consent to their personal data being processed to an extent essential to conduct the Offering and comply with the relevant laws and regulations. Further, each Retail Investor subscribing for the New Shares shall be required to provide all the information requested in the subscription order form, make the required representations, submit all the required authorizations, and duly authorize the Global Coordinator, the given Joint Bookrunner and the Retail Consortium Member receiving the subscription order, using the subscription order form, to disclose information subject to professional secrecy, including information relating to their subscriptions for the New Shares essential to conduct the Offering, and shall authorize the Global Coordinator, the Joint Bookrunners, the Retail Consortium Members, the Company and the Selling Shareholder to receive the said information.

If the information referred to above or any other of the required information is missing from the subscription order form, or if untrue or incorrect information is provided, the subscription order placed by the given Retail Investor shall be deemed invalid. Any and all consequences thereof, including consequences of the subscription being found invalid for reason of faulty completion of the subscription order form for the Offered Shares, including the invalidity of instructions for deposit of the Offered Shares, shall be borne by the investor.

Investors shall be bound by their subscription orders for the Offered Shares from the date of placing the order until the allocation of the Offered Shares, but for a period not exceeding three months counting from the commencement of the Offering (i.e. from the date of commencement of collection of subscription orders for the Offered Shares). Investors shall cease to be bound by their subscription orders if the Company and the Selling Shareholder abandon the Offering.

The Company has no plans to retain the services of payment agents.

Investors shall not pay any additional costs or taxes when submitting their subscription orders, except for the costs of opening and maintaining securities accounts if investors subscribing for the Offered Shares had not opened such accounts before, and any brokers' commissions due under the relevant agreements and rules adopted by entities collecting the orders. For taxation information see the "Taxation" section.

Institutional Investors

Having completed the bookbuilding process, the Company and the Selling Shareholder, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, shall select, at their own discretion, the Institutional Investors which shall be invited to subscribe for the Offered Shares and shall be eligible to submit subscription orders for a number of the Offered Shares indicated in the invitation and make payment for the Offered Shares into an account indicated in the invitation. Invitations to Institutional Investors shall be distributed by the Joint Bookrunners.

Subscription orders from the Institutional Investors invited to subscribe for the Offered Shares shall be collected by the Global Coordinator or the Joint Bookrunners as described in the invitation to submit the orders. Institutional Investors shall submit their subscription orders for the Offered Shares in writing, using dedicated forms available from the Global Coordinator or the Joint Bookrunners. The order form shall include a mandatory instruction for the Shares to be deposited in the investor's securities account. Institutional Investors seeking detailed information about how to submit their subscription orders, such as about: (i) the documents required when orders are placed by statutory representatives, attorneys-in-fact or other persons acting on behalf of the Institutional Investors, and (ii) the ways of submitting subscription orders, should contact the Global Coordinator or the Joint Bookrunners.

Each Institutional Investor may submit one or more subscription orders for the total number of Offered Shares indicated in the invitation to submit orders addressed to the given Institutional Investor, which number shall be the maximum number of Offered Shares the given Institutional Investor may subscribe for. (Different Institutional Investors may be allocated different numbers of shares.) Subject to possible future reallocations of Offered Shares between the various categories of investors, as described in the Prospectus, the total number of Offered Shares specified in the invitations addressed to Institutional Investors shall be the difference between the final number of Offered Shares put up for trading with the Offering and the final number of the New Shares offered to Retail Investors. Subscription orders for more of the Offered Shares than indicated in the invitation referred to in the preceding sentence shall be treated as orders for the maximum number of Offered Shares to which the given Institutional Investor was entitled. Asset management companies may submit a single global subscription order on behalf of multiple clients, attaching a list of the investors concerned to the order, together with the data required in the order form. Investors subscribing for fewer Offered Shares than specified in the invitation may be allocated the number of Offered Shares they ordered, fewer Offered Shares than ordered or no Offered Shares at all.

Payment for the Offered Shares

Retail Investors

Retail Investors subscribing for the New Shares shall pay for them no later than at the time of submitting their subscription orders. The payment shall be in PLN, and the amount due shall be calculated by multiplying the number of New Shares subscribed for by the investor by the Maximum Price, plus any broker's commission that may be charged by the Retail Consortium Member collecting the order.

Institutional Investors

Institutional Investors shall pay the entire amount due for the shares subscribed by them by 15:00 hrs (Warsaw time) on the final date for submitting the subscription orders. The payments shall be made in PLN, as per the instructions in the invitation to submit subscription orders, and the amount due shall be calculated by multiplying the number of Offered Shares subscribed for by the given Institutional Investor by the Final Price of the Offered Shares.

If an Institutional Investor makes a partial payment, his subscription order may be deemed valid for just the number of Offered Shares covered by the amount paid.

Payments for the Offered Shares subscribed for shall be made in PLN, into the account indicated in the invitation to submit subscription orders. The payment date shall be the date when the said account is credited with the amount paid. The amounts paid for the Offered Shares shall not bear interest.

Allocation of the Offered Shares

Decisions as to: (i) the numbers of Offered Shares to be allocated to the various categories of investors, and (ii) allocation and distributions of the Offered Shares to Institutional Investors shall be made by the Company and the Selling Shareholder, at their discretion, in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, following the completion of book building.

After having published the final number of the Offered Shares to be put up for sale to the various categories of investors, the Company and the Selling Shareholder shall have the right to reallocate the Offered Shares among the various categories of investors, in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, with such reallocations confined exclusively to: (i) Offered Shares not covered by properly submitted and paid for subscription orders, and (ii) the Offered Shares which were left unsubscribed for by investors as a result of investors withdrawing their subscriptions in accordance with the Prospectus. The said reallocations shall have no bearing on the final number of the Offered Shares in the Offering.

The New Shares shall be the first of the Offered Shares to be allocated, followed by the Shares for Sale.

Retail Investors shall be allocated New Shares alone while Institutional Investors shall be allocated either New Shares alone, Shares for Sale alone, or both New Shares and Shares for Sale, as set out in the invitations to submit subscription orders, with New Shares to be the first to be allocated. Rights to Shares shall be registered in the securities accounts of the investors to whom New Shares shall be allocated, and once the registry court registers the increase in the issuer's share capital by way of the issue of the New Shares, the said Rights to Shares shall be replaced with the New Shares (cf. "Admission of the Admitted Shares, Rights to Shares and New Shares to Trading on a Regulated Market" below).

Information concerning the allocated quotas of the Offered Shares shall be published, to the extent required by law, in a current report in compliance with §33(1)(6) of the Regulation on Reports, and the Admitted Shares and Rights to Shares may be listed for trading already before the publication of the said information.

Retail Investors

New Shares shall be allocated to Retail Investors via the WSE based on properly submitted and paid for subscription orders, in accordance with the rules detailed below.

Institutional Investors

Offered Shares shall be allocated to Institutional Investors based on the subscription orders submitted by them, provided they pay for the orders in full as required in the Prospectus, and in numbers as shall be specified in the relevant invitations to submit orders.

Once the book building process is complete, invitations to submit subscription orders for the Offered Shares shall be distributed to Institutional Investors by the Global Coordinator and the Joint Bookrunners. The Offered Shares shall be allocated to the Institutional Investors invited to subscribe for them, in numbers indicated in the respective invitations, provided that the orders are submitted properly and paid for in full.

The New Shares remaining after withdrawals from subscriptions by Retail Investors pursuant to Articles 51a and 54(1)(3) of the Public Offering Law may be allocated again to Institutional Investors.

If the Offered Shares are not paid for in full or an Institutional Investor placed one or more orders for fewer Offered Shares than specified in the invitation it received, this investor shall be allocated the number of Offered Shares the said investor paid for or, if so decided at their own discretion by the the Company and the Selling Shareholders, acting in agreement with the Global Coordinator and in consultation with the Joint Bookrunners, the said Institutional Investor shall be allocated fewer of the Offered Shares that were paid for or no Offered Shares at all. If an investor places one or more subscription orders for more Offered Shares than specified in the invitation it received, it may be allocated as many of the Offered Shares as were indicated in the said invitation.

The amounts paid by Institutional Investors which were denied the Offered Shares or whose subscription orders were found to be invalid or were rejected, as well as any excess payments made by them shall be refunded within 14 days of allocation of the Offered Shares or from the date of announcement of abandonment of the Offering, without any interest or compensation, by transfer into the account indicated in the subscription order form submitted by the Institutional Investors concerned.

Settlements

Following the allocation of the New Shares, the corresponding Rights to Shares shall be registered in the securities accounts of the relevant Retail Investors. The Rights to Shares shall be registered in the securities

accounts used to submit the subscription orders and, as required under the KDPW rules, the initially registered Rights to Shares shall be subsequently replaced in the accounts by New Shares. It is envisaged in the time schedule that the special exchange session shall be settled within the same day.

The allocated Offered Shares or the corresponding Rights to Shares shall be registered in the securities accounts of Institutional Investors (subject to the data provided by the Institutional Investors for the purposes of registering the Offered Shares in their securities accounts being complete and true). The Offered Shares or the corresponding Rights to Shares shall be registered in the investors' securities accounts promptly after shares allocation and adoption of the necessary resolutions by the KDPW's management board.

If an Institutional Investor provides incomplete or incorrect information for the purposes of registering the Shares for Sale or Rights to Shares in its securities account, the said registration may be delayed until the Institutional Investor provides the missing information or corrects the information provided.

The Offering Managers shall not be liable for any lack of registration of Shares for Sale or Rights to Shares due to incomplete or incorrect data provided by Institutional Investors for the purposes of registering the Shares for Sale or Rights to Shares in their securities accounts.

If it shall not be possible to register any Shares for Sale or Rights to Shares allocated to an Institutional Investor in the securities account indicated by the said Institutional Investor for that purpose, such Shares for Sale or Rights to Shares shall be entered in the registers kept by the Global Coordinator.

Unsuccessful Offering

The New Shares shall not be issued when:

- the Company abandons the Offering insofar as it concerns the New Shares; or
- not even one New Share is subscribed and paid for as required; or
- the Management Board fails to apply for registration of the share capital increase within the time limit prescribed by law; or
- the decision of the registry court to refuse registration of the increase of the share capital through the issue of the New Shares becomes final and non-appealable.

The Share Capital Increase Resolution shall authorize the Management Board to decide the final number of New Shares to be offered in the Offering and determine, in accordance with Article 432 § 4 of the Commercial Company Code, the amount by which the share capital is ultimately to be increased. The Management Board may avail itself of the said authorization and specify the final number of New Shares in the Offering. As at the Date of the Marketing Document, the Management Board has still not decided whether to act upon the said authorization, which means that the final number of the New Shares is yet to be determined as of the Date of the Marketing Document. One cannot, therefore, entirely exclude the risk that if the Management Board does in the end specify the final number of New Shares to be offered in the Offering and the investors subscribe for fewer of the New Shares than envisaged by the Management Board, the registry court may decide that the issue of the New Shares was unsuccessful and, as a result, refuse to register the increase in the share capital.

The registration of the share capital increase resulting from the issue of the New Shares is also conditional on the Management Board filing a suitable statement on the final amount by which the share capital is to be increased, the amount of the acquired capital, and on the Company altering its Statutes to reflect the Company's share capital calculated while taking into account the number of New Shares that were subscribed for in a valid manner. The said statement, filed in accordance with Article 310 § 2 of the Commercial Company Code in conjunction with Article 431 § 7 of the Commercial Company Code, must be attached to the application for registration of the share capital increase. If the Management Board fails to submit the said statement, the registration of the increase of the Company's share capital through the issue of the New Shares shall not be possible and the issue of the New Shares will fail.

The Offering of the Shares for Sale will fail if the Selling Shareholder abandons the Offering or if not even one Share for Sale is subscribed and paid for as required.

If the number of Offered Shares subscribed for in Offering exceeds the final number of Offered Shares specified by the Company and the Selling Shareholder in accordance with the Prospectus, the subscription orders for the Offered Shares may be reduced in accordance with the rules set out in the Prospectus.

If an event takes place rendering the Offering of the Shares for Sale unsuccessful, a notice thereof shall be published (i) while the Prospectus remains valid in the form of an supplement to the Prospectus, published in the same manner as the Prospectus, subject to the prior approval of the annex by the KNF, (ii) if applicable, in the

form of a current report. If an event takes place rendering the Offering of the New Shares unsuccessful, a notice thereof shall be published as set forth in Article 51 of the Public Offering Law, viz. in the form of an supplement to the Prospectus published in the same manner as the Prospectus.

If the issue of the New Shares shall not take place after the Rights to Shares are admitted to trading on the WSE, refunds shall be made to investors in whose securities accounts the Rights to Shares shall be registered as at the day directly preceding the day of withdrawing Rights to Shares from the KDPW. The amounts of the refunds shall be calculated by multiplying the number of the Rights to Shares registered in the securities account of the investor concerned by the Final Price of the Offered Shares.

Registration of the Admitted Shares and Rights to Shares in the Securities Depository

The Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares, shall be in a book-entry (dematerialized) form, in keeping with the applicable Polish laws and the KDPW rules. The Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares, shall be registered in the depository system operated by KDPW (with its registered office in Warsaw, at ul. Książęca 4, 00-498 Warsaw), which is the central securities depository in Poland. In furtherance of this goal, the General Meeting authorized the Management Board pursuant to Resolutions nos. 4 and 5 of 28 March 2017 to sign an agreement with the KDPW regarding registration of Admitted Shares, the New Shares and the Rights to Shares in the KDPW's depository. Settlements of secondary trading transactions involving the Admitted Shares, New Shares and Rights to Shares, in particular those traded at the WSE, shall be handled by KDPW_CCP S.A., a subsidiary of KDPW.

KDPW shall assign an ISIN code to the Admitted Shares, New Shares and Rights to Shares for the purposes of their registration with the securities depository.

Admission of Admitted Shares, Rights to Shares and New Shares to Trading in the Regulated Market

As of the Date of the Marketing Document, the Company's shares are not yet admitted to trading in the regulated market or any other market of that kind.

The Company intends to clear 80,000,000 Admitted Shares (series A through D), including 20,000,000 Shares for Sale, and no more than 20,000,000 each of New Shares and Rights to Shares, for trading on the regulated market (main market) operated by the WSE. If, following the completion of the Offering, the Company fails to fulfill all the conditions required for the Admitted Shares and Rights to Shares to be admitted to trading and listed on the main market of the WSE operated by the WSE, the Company shall seek the WSE Management Board's consent for Admitted Shares and Rights to Shares to be admitted to trading in the main market of the WSE operated by the WSE despite its failure to fulfill the requirements set forth in the WSE Rules, or for the Admitted Shares and Rights to Shares to be admitted to trading on a parallel market operated by the WSE. If the Company does not fulfill requirements for admission of and trading in Admitted Shares and Rights to Shares, on WSE's basic and parallel markets, and WSE's Management Board does not admit Admitted Shares and Rights to Shares to trading on either of these markets in connection with the failure to fulfill applicable requirements for the admission of and trading in Admitted Shares and Rights to Shares have been fulfilled, the Company intends to apply for the Shares to be admitted to WSE's alternative dealings system (NewConnect).

If before the allocation of the Offered Shares, the Offered Shares will not be subscribed and acquired /paid for or will be subscribed and acquired/paid for in a number insufficient to fulfil listing criteria on WSE's regulated market, this information will be divulged to the public pursuant to Article 51 of the Public Offering Law (supplement to the Prospectus), which will be published in the same manner as this Prospectus. If an annex to this Prospectus is published, the date of allocation of the Offered Shares will be changed so as to enable the investors to avail themselves of the right to rescind the legal consequences of their subscriptions for the Offered Shares.

The Company plans to list Admitted Shares and Rights to Shares at the same time.

No securities of the Company of a class equal to that of the New Shares shall be offered for subscription or in a private placement at or around the time of creation of the New Shares for which the Company intends to seek Admission. Likewise, no Company securities of any other class shall be created in connection with the contemplated public or private placement.

It is the Company's intention in connection with: (i) the Offering and (ii) the admission to trading and flotation of the Admitted Shares, including the Shares for Sale, Rights to Shares and New Shares on the stock exchange, to ultimately register under the same ISIN code a total of 80,000,000 Admitted Shares, including 20,000,000 Shares for Sale and no more than 5,000,000 New Shares, and to register no more than 20,000,000 Rights to Shares in the securities depository operated by KDPW.

The Company shall apply to KDPW for registration of the Offered Shares and Rights to Shares to be put up for sale in the Offering in the securities depository operated by KDPW early enough for the Offered Shares and Rights to Shares to be allocated to Retail Investors and Institutional Investors and registered in the securities accounts of the respective Retail Investors and Institutional Investors in accordance with the rules and within the time limits set forth in the Prospectus. The Company shall also apply for the other Admitted Shares referred to in the said application for admission to trading and flotation of shares to be registered in the securities depository operated by KDPW.

Once the increase of the Company's share capital through the issue of the New Shares is duly registered, the Company shall take action to launch the New Shares on the regulated market operated by the WSE. When the New Shares are registered by the registry court, they shall be entered in the securities accounts in which the corresponding Rights to Shares were registered on the date of settlement of transactions made on the final day of the Rights to Shares being listed on the main market of the WSE. Each Right to Shares registered in the investors' securities accounts shall be replaced with a single New Share, whereupon the Rights to Shares so replaced shall expire. The date of expiry of the Rights to Shares shall be the last day of their trading on the WSE, and the following trading day shall be the first day of the New Shares being traded on the WSE.

The Admitted Shares, including the Shares for Sale, shall be dematerialized and floated on the regulated market operated by the WSE also when the Shares for Sale shall not be sold by the Selling Shareholder.

The admission of the Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares, to trading and their flotation on a regulated market operated by the WSE (including the main market), requires the consent of the management board of the WSE and admission of the Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares, to the securities depository operated by KDPW. The said consent may be granted if the Company fulfills all the legal requirements set forth in the applicable rules of the WSE and KDPW and in the Market and Issuers Regulation, including in particular the requirements as to the minimum number of free float Shares. The Market and Issuers Regulation provides that for the main market (being an official exchange trading market) the minimum number of free float Shares is fulfilled if Shareholders, each entitled to no more than 5% of the total number of votes at the general meeting of shareholders, hold: (i) at least 25% of the Company's Shares referred to in the application for admission to trading on the official exchange trading market, or (ii) at least 500,000 of the Company's Shares with an aggregate value of at least the PLN equivalent of EUR 17 million calculated based on the most recent issue or selling price. Also, the Market and Issuers Regulation requires that: (i) the application for admission to trading concern all shares of the given kind, and (ii) the issuer publish its financial reports together with opinions by duly authorized auditors for at least the three successive financial years preceding the submission of the application. In their turn, the WSE Rules provide that shares may be admitted to trading on a stock exchange (on a main or parallel market) when: (i) a suitable information document is provided and duly approved by the competent supervision authority, or an information document is provided whose equivalence, in the meaning of the Public Offering Law, is confirmed by the competent supervision authority, except in cases when the provision, approval or confirmation of the equivalence of the information document is not required; (ii) there are no restrictions in place on the transferability of the Shares; (iii) no bankruptcy or liquidation proceedings are pending against the issuer; (iv) subject to certain exceptions, the Company's capitalization (calculated by multiplying the number of all the issuer's Shares by the projected market price of the shares) is at least PLN 60 million or the PLN equivalent of EUR 15 million; (v) the Shareholders, each entitled to at least 5% of votes at the general meeting of the issuer's shareholders, hold at least: (a) 15% of the Shares referred to in the application for admission to trading on the exchange (assuming that no Shares for Sale shall be sold in the Offering, at least 3,530,000 of the New Shares must be offered, subscribed for and allocated in the Offering for this particular criterion to be fulfilled), and (b) 100,000 of the shares referred to in the application for admission to trading on the exchange worth at least PLN 4 million or the PLN equivalent of at least EUR 1 million according to the most recent sale or issue price, and (vi) the number of Shareholders holding the shares is sufficient to ensure liquidity of exchange trading.

If the Selling Shareholder cancels its offering of the Shares for Sale, this may hinder the Company's ability to fulfill the preconditions for the admission to trading and floating of shares on the regulated market (main market) operated by the WSE set forth in the WSE and KDPW rules and in the Market and Issuers Regulation.

When reviewing the Company's application for the Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares to be admitted to trading and floated on the WSE, the WSE will look at the Company's current and forecast financial situation, its development prospects, as well as the level of experience and qualifications of its management, having regard to market security and the security of market players. Given that some of the criteria for admissibility and flotation of shares on the WSE are arbitrary and up for assessment by the WSE, the Company is not in a position to guarantee that the required consents and permits will in fact be obtained or that the Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares, shall in fact be admitted to trading and floated on the regulated market operated by the WSE. If the Company decides

that the likely outcome of the Offering might not be sufficient for the Company to fulfill the preconditions for the admission to trading and floating of Admitted Shares on the regulated market operated by the WSE, the Company will consider abandoning the Offering. If the Offering is abandoned, this shall be done as stipulated in the section titled “*Terms of the Offering—Suspension or Abandoning of the Offering*” in the Prospectus. The Company also cannot rule out that as a result of circumstances beyond its control, the Admitted Shares, including the Shares for Sale, New Shares and Rights to Shares, may be admitted to trading and floated on the main market operated by the WSE on dates other than originally envisaged. Further, given the time gap between shares subscription and the first listing of the Offered Shares (cf. “*Terms of the Offering—Anticipated Time Scheduling of the Offering*”), which may be greater than in other jurisdictions, the investors may face loss of liquidity during this hiatus.

According to the position announced by the Management Board of the WSE in 12 September 2006 detailing the terms and conditions for admitting to trade and floating certain financial instruments on exchanges, decisions to admit to trading on exchanges and floating rights to newly issued shares alongside existing shares require a prior review of, in particular, the value and structure of the offering, the ownership structure, any contractual bans on sales of securities that might be in force, and other circumstances relevant to the application. Accordingly, companies planning to float rights to newly issued shares alongside existing shares must reckon with the possibility that the existing shares will be admitted to trading only after the share capital increase is registered and the existing shares are assimilated with the newly issued shares if special circumstances warranting this delay arise. It is therefore likely that the Admitted Shares will not be floated before the increase in the Company’s share capital through the issue of the New Shares is registered and the New Shares assimilated with the Admitted Shares. Accordingly, the investors which shall be allocated Shares for Sale must be ready for the situation where these shares may not be listed before being admitted to stock-exchange trading (which will take place on the date when the New Shares are admitted to stock-exchange trading). Moreover, the Company, the Selling Shareholder and other Shareholders of the Company are parties to contractual bans on sales and issues of the Shares (cf. “*Underwriting, Stabilization and Contractual Restrictions in the Marketability of Shares — Stabilization*” below), which is one of the circumstances that will be looked into by the WSE when reviewing the Company’s application to admit and introduce securities to stock-exchange trading.

The preconditions for admission and floating the Shares on the WSE that are detailed in the Market and Issuers Regulation and in the applicable WSE rules are aimed at ensuring, among other things, adequate liquidity of the Shares and sufficient capitalization. When reviewing the Company’s application for the admission of its securities to trading on the WSE, the Management Board of the WSE will pay particular attention to the Company’s current and foreseeable financial situation, the Company’s development prospects, the level of experience and qualifications of its officers, as well as the security of exchange trading and the interests of the exchange traders.

Any change in the Company’s intentions regarding the admission and floating of the Shares on the stock exchange will be announced to the public as required in Article 51 of the Public Offering Law, viz. with an supplement to the Prospectus published in the same manner as the Prospectus.

Entities obligated to act as intermediaries in trading on the secondary market

No agreement was entered into with a market maker as at the Date of the Marketing Document. The Company is considering entering into an agreement of this kind at a later stage, namely once the Admitted Shares are admitted to trading on the regulated market operated by the WSE.

UNDERWRITING, STABILIZATION AND LOCK-UP

Underwriting and Placement

Pursuant to the Placement Agreement with the Company and the Selling Shareholder the Global Coordinator and the Joint Bookrunner shall be obligated to place the offering without incurring a binding obligation (i.e. on the “best effort” basis).

Additionally, in the Placement Agreement, Mercurius Dom Maklerski sp. z o.o. will declare its willingness to act as a standby underwriter at the joint request of the Company and the Selling Shareholder.

Standby underwriting services will be contingent on: (i) the Company and the Selling Shareholder jointly requesting in writing that such services be provided in accordance with the terms set out in the Placement Agreement, and (ii) Mercurius Dom Maklerski sp. z o.o. confirming receipt of the aforesaid request and acknowledging the terms set out therein.

In accordance with the applicable provisions of the Placement Agreement regarding the tentative standby underwriting arrangement, Mercurius Dom Maklerski sp. z o.o. will confirm its willingness to provide standby underwriting services in relation to a block of the Offered Shares, where in each case the number of said shares will not be less than the lower of: (i) the number of Offered Shares worth in total PLN 80,000,000.00 according to the Final Price of the Offered Shares for Institutional Investors, or (ii) the number of Offered Shares representing 25% of the number of shares ultimately subscribed for and acquired in the Offering by Institutional Investors, in either case on condition that the Final Price of Offered Shares for Institutional Investors will be determined in the course of bookbuilding by and among Institutional Investors and that it will not be higher than a number being the quotient of PLN 2,700,000,000.00 divided into the total number of Shares inclusive of the New Shares issued.

Additionally, if – once the bookbuilding process is completed – as a result of an initial allocation of Offered Shares to Institutional Investors who declared their interest in acquiring the Offered Shares during the bookbuilding process among Institutional Investors to Mercurius Dom Maklerski sp. z o.o., Offered Shares are initially allocated with a value lower than that declared by them, the obligation to offer standby underwriting services will be additionally reduced by the difference between the value of the Offered Shares declared by these investors and the value of the Offered Shares initially allocated to them.

Stabilization

The terms and conditions of the Offering do not anticipate any over-allotment or “green-shoe” options.

Certain stabilization measures are expected to be put in place for the purposes of the Offering. That said, these measures will depend on whether or not the Selling Shareholder sells the Shares for Sale in the Offering. Namely, if the Selling Shareholder does not sell any Shares for Sale in the offering, no stabilization efforts will be undertaken.

In connection with stabilization measures, the Selling Shareholder intends to sign a stabilization agreement (the “**Stabilization Agreement**”) with Pekao Investment Banking S.A. (the “**Stabilization Manager**”) on the day of determination of the Final Price in respect of the Offered Shares for Retail Investors and Institutional Investors and the ultimate number of New Shares offered by the Company in the Offering and the ultimate number of Shares for Sale offered by the Selling Shareholder in the Offering or on the day directly following thereafter.

The Shares or Rights to Shares will be acquired in stabilization transactions in compliance with the MAR Regulation, the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures (the “**Regulation 2016/1052**”), and the Stabilization Agreement. Transactions involving the acquisition of Shares or Rights to Shares will be permitted within a period not longer than that specified in the Stabilization Agreement, i.e. no more than 30 calendar days starting from the day of the first floatation of the Shares on the WSE (the “**Stabilization Period**”) at a price not higher than the Final Price of Offered Shares to Institutional Investors. Notwithstanding the foregoing, the Stabilization Manager will not be obligated to undertake any stabilization measures. That said, if such measures are made by the Stabilization Manager, they may be ceased at any time prior to the end of the Stabilization Period. The purpose of the stabilization transactions will be to support the market price of the Shares/Rights to Shares in the Stabilization Period. As a result of stabilization transactions, the market price of the Shares or the Rights to Shares may be higher than in a situation where no stabilization measures would have been taken.

It is expected that in accordance with the Stabilization Agreement, in connection with the plans to undertake stabilization efforts, the Selling Shareholder will grant a stabilization option to the Stabilization Manager whereby the Stabilization Manager will be entitled to sell and transfer to the Selling Shareholder Shares or Rights to Shares acquired by it as part of its stabilization measures at a price equal to the price at which these Shares or Rights to Shares had been acquired by the Stabilization Manager in the stabilization transactions at the WSE, with the proviso that this price will not be higher than the Final Price of Offered Shares for Institutional Investors. If the Stabilization Manager makes a decision to proceed with stabilization measures, it will transfer to the Selling Shareholder the Shares or the Rights to Shares acquired as part of the stabilization efforts, which may be effected in one or more transactions executed over a period of no more than 45 calendar days starting from the day of first listing of the Shares on the WSE.

The stabilization option will involve the lower of: (a) no more than 10% of Offered Shares allocated in the Offering, or (b) no more than the total number of Shares for Sale finally sold within the offering by the Selling Shareholder.

Information on the execution of the Stabilization Agreement will be divulged to the public in the form of an update release pursuant to Article 52(2) of the Public Offering Law. If: (i) the Stabilization Agreement is not executed, especially as a result of the Selling Shareholder not selling any Shares for Sale in the Offering, or (ii) if it is executed subject to terms and conditions materially different to those set out above or on a different date, and in the Selling Shareholder's estimation, the ensuing change in the terms and conditions of the Stabilization Agreement or its execution date could materially affect the price of the Offered Shares, this information will be divulged to the public in the form of an supplement to the Prospectus once approved by the KNF, in accordance with Article 51 of the Public Offering Law.

Information on stabilization measures implemented will be relayed in accordance with the rules laid down in the MAR Regulation and the 2016/1052 Regulation.

Contractual Restrictions in the Marketability of the Shares

Selling Shareholder

In the Placement Agreement the Selling Shareholder shall undertake towards the Global Coordinator and the Joint Bookrunners that in the period from the conclusion of the said agreement until the lapse of 360 days from the date of the first listing of the Company's Shares on the WSE, save for the following events: (i) a reply to a public tender offer to subscribe for the sale or swap of Shares, (ii) disposal of the Shares in the Company to an entity controlling the Selling Shareholder or any entity controlled by the entity controlling the Selling Shareholder (on condition that this entity incurs a matching "lock-up" commitment in respect of the Company Shares for the remainder of the period until the Selling Shareholder's commitment expires), (iii) implementation by the Company of a Corporate Group senior management incentive plan on condition that the terms and conditions of this plan are in keeping with the prevailing market practice, and the Selling Shareholder owns less than 66% of the total number of votes exercisable at the general meeting of the Company as at the record date on which the right to participate in the general meeting held to adopt a resolution on the incentive plan will be determined, neither the Selling Shareholder nor any of its subsidiaries or affiliates with respect to which the Selling Shareholder exercises control arising from its right to appoint members of governing bodies of such a subsidiary or affiliate, or from a management agreement, or from the fact of holding the majority of the total number votes at the general meeting or the shareholders meeting of such a subsidiary or affiliate, nor any person acting on its behalf shall, without a written consent of the Global Coordinator or the Joint Bookrunners, offer, sell, encumber or dispose in any other manner whatsoever, or announce an issue, offering, sale or disposal or any intention of the same to the public, or undertake any actions which lead or may lead to the issue, offering, sale or disposal of the Shares or financial instruments exchangeable or convertible to the Shares or enabling to receive the same through exercise of rights attached to such financial instruments, other rights enabling to acquire the Shares or any other securities or financial instruments, the value of which is determined directly or indirectly by reference to the price for the above securities serving as a base instrument, including stock swaps, futures contracts and options.

Additionally, the Selling Shareholder shall undertake that in the same period it shall not, without consent of the Global Coordinator or the Joint Bookrunners, conclude any other transaction which may lead to an issue, offering, sale or disposal of financial instruments similar to the Shares.

Company

In the Placement Agreement the Company shall undertake towards the Global Coordinator and the Joint Bookrunners that in the period from the conclusion of the said agreement until the lapse of 180 days from the

date of the first listing of the Company's Shares on the WSE, except the implementation by the Company of a Corporate Group senior management incentive plan on condition that the terms and conditions of this plan are in keeping with the prevailing market practice, and the Selling Shareholder owns less than 66% of the total number of votes exercisable at the general meeting of the Company as at the record date on which the right to participate in the general meeting held to adopt a resolution on the incentive plan will be determined, neither the Company nor any of its subsidiaries or affiliates with respect to which the Company exercises control arising from its right to appoint members of governing bodies of such a subsidiary or affiliate, or from a management agreement, or from the fact of holding the majority of the total number votes at the general meeting or the shareholders meeting of such a subsidiary or affiliate, nor any person acting on its behalf shall, without a written consent of the Global Coordinator or the Joint Bookrunners, offer, sell, encumber or dispose in any other manner whatsoever, or announce an issue, offering, sale or disposal or any intention of the same to the public, or undertake any actions which lead or may lead to the issue, offering, sale or disposal of the Shares or financial instruments exchangeable or convertible to the Shares or enabling to receive the same through exercise of rights attached to such financial instruments, other rights enabling to acquire the Shares or any other securities or financial instruments, the value of which is determined directly or indirectly by reference to the price for the above securities serving as a base instrument, including stock swaps, futures contracts and options.

The Company shall undertake towards the Global Coordinator and the Joint Bookrunners that in the period from the conclusion of the said agreement until the lapse of 180 days from the date of the first listing of the Company's Shares on the WSE, the Company shall not (and shall also procure that its subsidiaries and affiliates, with respect to which the Company exercises control arising from its right to appoint members of governing bodies of such a subsidiary or affiliate, or from a management agreement, or from the fact of holding the majority of the total number votes at the general meeting or the shareholders meeting of such a subsidiary or affiliate, shall not), without a written consent of the Global Coordinator or the Joint Bookrunners, acquire or publicly announce its intention to acquire the Shares, or to reduce or publicly announce its intention to reduce its share capital.

Additionally, the Company shall undertake towards the Global Coordinator and the Joint Bookrunners, that in the same period it shall not, without consent of the Global Coordinator or the Joint Bookrunners, conclude any other transaction which may lead to an issue, offering, sale or disposal of financial instruments similar to the Shares.

Ties under Other Transactions

The Managers and their respective affiliates (also as part of international or global organizations rendering financial services) are or may be engaged in investment banking activity, corporate banking activity, securities, investment management and individual wealth management activity. Within the scope of business concerning securities the Managers and their respective affiliates engage or may engage in securities underwriting, trade in securities (on their own or client's account), brokerage services, buying and selling of currencies, trade on commodity exchange and trade in derivatives (on their own or client's account), as well as provision of brokerage services, investment banking services, analyses, financing services and financial consultancy and within the scope of corporate banking – extension of credit facilities or other banking services provided by them or their affiliates. Within the scope permitted by law and rules applicable to the conflict of interests, with respect to the brokerage activity and within the scope of investment banking and corporate banking services (a) in the normal course of business related to trade in financial instruments, provision of brokerage services or financing services, the Managers and their respective affiliates may at any time hold long- or short-term investments, provide financing of investments and they may – either on their own or on client's account – engage in trade or structure or conduct transactions concerning debt instruments or equity securities or senior facilities of any entity participating in the Offering or transactions concerning any currency or goods related to the Offering, or transactions concerning any related derivatives; (b) the Managers and their respective affiliates, their directors, members of their governing or supervisory bodies, officers and employees may at any time invest on their own account or manage funds investing on their own accounts in debt or equity securities issued by any entity participating in the Offering, in any currencies or goods relating to the Offering or in any related derivatives; (c) the Managers and their respective affiliates may at any time perform, within their normal course of business, brokerage activity in favor of any entity participating in the Offering; (d) the Managers and their respective affiliates may within their corporate banking activity, and within the scope permitted by law, extend credit facilities or provide other banking services.

The Managers and their respective affiliates provided in the past and may provide in the future investment and commercial banking services as well as other financial services and conclude any other transactions with the Selling Shareholder, entities controlled by the Selling Shareholder, the Company and its affiliates. The Managers

and their respective affiliates received in the past and may receive in the future remunerations and commission fees which are customarily due for the provision of such services or conclusion of such transactions.

In relation to the Offering the Managers and their respective affiliates act only in favor of the Selling Shareholder and the Company, and subject to mandatory provisions of law, they are not liable to any other persons.

The Managers and their respective affiliates may acquire financial instruments issued by the Selling Shareholder, the Company, their affiliates or financial instruments related to the financial instruments issued by the abovementioned entities. In relation to the Offering the Managers and their respective affiliates may also act as an investor on their own account, acquire the Offered Shares, and then hold them, sell them or dispose of them in any manner whatsoever. The Managers shall provide information about the acquisition of the Offered Shares or about the transactions described above only if the obligation to disclose such transactions follows from commonly binding laws or regulations.

As of the Date of the Marketing Document, the Global Coordinator is a creditor of easyDEBT NSFIZ, a fund of the Company's Corporate Group, as a result of the issue of bonds by easyDEBT NSFIZ. Within the scope of the issue of bonds by easyDEBT NSFIZ on December 19, 2016, the Global Coordinator as a bondholder subscribed for 105,000 series A bonds with the par value of PLN 1,000 each, with the total par value of PLN 105,000,000. On 23 January 2017, the Company prepaid part of borrowed funds totaling PLN 28.6 million, on 9 February 2017 it repaid an additional PLN 2.1 million, on 7 March 2017 it repaid the sum of PLN 4.1 million on 4 April it paid PLN 3 million and on 12 May 2017 an additional PLN 4.6 million. As of the Date of the Marketing Document the total par value of series A bonds held by the Global Coordinator is PLN 62,572,000. Series A bonds of DEBT NSFIZ funds has been interest-bearing since the issue date (exclusive) until the redemption date (inclusive), i.e. until December 19, 2017, in accordance with the floating rate determined in accordance with the terms of issue. Additionally, at the bonds issue the Global Coordinator acted as an issue agent, dealer, calculating agent, paying agent and depository.

DILUTION

If the Offer is completed and assuming that all the New Shares will be offered and subscribed for, then as a result of the Offer, shares of current shareholders in the share capital of the Company and in the total number of votes at the General Meeting will be diluted. After the registration of the increase in the share capital arising from the issue of the New Shares, the Existing Shares, which currently represent 100% of the Company's share capital and the total number of votes at the General Meeting will represent 80% of the Company's share capital and the total number of votes at the Company's General Meeting.

The table below contains information about the share capital structure of the Company as at the date of the Marketing Document and the anticipated structure of the share capital after the issue of New Shares (assuming that the Company will issue the maximum number of the New Shares).

	As at the date of the Marketing Document		After the issue of New Shares	
Existing Shares	80,000,000	100%	80,000,000	80%
New Shares	-	-	20,000,000	20%
All Shares	80,000,000	100%	100,000,000	100%

Source: the Company.

Information about dilution taking into account existing and new shareholders may be found in chapter „*Selling Shareholder—Expected ownership structure after the Offer*”

TRANSFER RESTRICTIONS

Public Offering of the Offer Shares in Poland

The Prospectus has been prepared solely for the purposes of the Offering to be carried out by way of a public offering in the meaning of Article 3 Section 3 of the Offering Act in the territory of Poland.

In the course of the Offering, the Company may carry out certain activities aimed at providing information on the Offering to institutional investors outside the United States of America (except for the Republic of Poland) under Regulation S of the U.S. Securities Act, in accordance with relevant regulations of the country where such activities will take place, based on the Marketing Document delivered separately to the abovementioned investors. The Marketing Document will not be subject to approval by the KNF or any other supervisory authority in any other jurisdiction.

The Prospectus will not be approved by any supervisory authority other than the KNF, or registered with or notified to any authority in any jurisdiction outside Poland.

The limited promotional activity related to the Offering outside of Poland, excluding the United States of America, will be conducted on the basis of the Marketing Document that will be distributed to selected qualified investors pursuant to the Prospectus Directive (as implemented in the relevant Member States) in order to secure a release from the obligation to prepare a prospectus or another offering document for the purposes of a shares offering, approved by or filed with a relevant body and published as required by applicable laws – with respect to the limited promotional activity outside the EU.

No action has been or will be taken by the Company or the Managers in any jurisdiction other than Poland that would permit a public offering of the Offer Shares, or the possession or distribution of the Prospectus or any other offering materials relating to the Company or the Offer Shares outside of Poland. The Offer Shares may not be offered or sold, directly or indirectly, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of such a country or jurisdiction.

The limited promotional activity related to the Offering may, in certain jurisdictions, be restricted by law. Therefore, persons who take possession of the Marketing Document should acquaint themselves with and observe any such restrictions to and rules governing the limited promotional activity related to the Offering. A failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

The Marketing Document does not constitute an offer of, or a solicitation of an offer to subscribe for or buy, any securities referred to in the Prospectus, addressed to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in that jurisdiction.

United States

The Rights to Shares and the Offer Shares covered by the Prospectus have not been, and will not be, registered under the U.S. Securities Act, or with any other securities market regulator of any state or any jurisdiction of the United States of America and, subject to certain exceptions, may not be offered or sold in the United States of America. As at the date of the Marketing Document, the Company has not undertaken, and does not intend, to register the Rights to Shares or the Offer Shares under the U.S. Securities Act.

Neither the U.S. Securities and Exchange Commission nor any state securities commissions nor any non-U.S. securities authorities have approved or disapproved of the Offer Shares offered in the Offering or determined that the Prospectus is accurate or complete. Any representation to the contrary is a criminal offence.

European Economic Area

The Prospectus has been approved by the KNF, the supervisory authority for capital markets in Poland. No offer of the Offer Shares has been made to the public in any other Member State. However, the Managers may conduct limited promotional activity related to the Offering in another Member State based on the Marketing Document under certain exemptions from the obligation to prepare a prospectus under the Prospectus Directive, if such exemptions have been implemented in that Member State, provided that any such limited promotional activity will not trigger the requirement to prepare, approve, notify and publish a prospectus by the Company, or any of the Managers under Article 3 of the Prospectus Directive or any relevant implementing legislation.

In relation to each Member State of the EEA (other than Poland) which has implemented the Prospectus Directive (each, hereinafter a “**Relevant Member State**”), with effect from and including the date on which the

Prospectus Directive is implemented in that Member State (the “**Relevant Implementation Date**”) there has been or will be no offer of Offer Shares to the public in that Relevant Member State, other than:

- to a legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 natural or legal persons (or 150 natural or legal persons if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EU) other than qualified investors as defined in Article 2(1)(e) of the Prospectus Directive; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive within the territory of the Relevant Member State.

United Kingdom

The Marketing Document may only be distributed in the United Kingdom to, and directed at, persons that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that also: (a) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); or (b) who fall within Article 49(2)(a) to (d) of the Order (companies and other entities of significant net value); or (c) to whom the Prospectus may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant UK Persons**”).

TAXATION

The following information is based only on the tax regulations prevailing in Poland on the date of the Marketing Document. The description provided in this Marketing Document may become outdated as a result of amendments of these tax regulations or their interpretation arising among other things, from the case law of administrative courts and the practice of tax authorities. Such changes may have retroactive effect.

This section describes the key tax consequences of acquiring, holding, exercising the accompanying rights or disposal of the Shares on the grounds of the Polish tax regulations. The information provided is of a general nature and does not purport to constitute a complete or exhaustive analysis. Therefore, the investors are urged to seek individual tax advice from professional advisors or an official ruling of the relevant administrative authorities.

The description below does not cover any specific tax consequences that arise in the case of income tax exemptions for certain categories of taxpayers or taxable income (e.g. in respect of domestic or foreign investment funds).

The term “dividend” as well any other term as used below shall have the meaning ascribed to it by the Polish tax regulations, save where such terms are used in double taxation conventions executed by the Republic of Poland. The relevant double taxation treaty may otherwise define any such term or determine that the term should be deemed have the meaning ascribed to it in the laws of another signatory to the double taxation convention with the Republic of Poland.

Taxation of income from disposal of securities for consideration

Taxation of natural persons' income

Taxation of the income of natural persons who are subject to unlimited tax liability in Poland (i.e. persons whose place of residence for tax purposes is in Poland)

In Poland, natural persons are subject to tax liability affecting all their income (revenue) regardless of the location of the source of such revenues (unlimited tax liability) if they have their place of residence in the territory of the Republic of Poland (Article 3 Section 1 of the PIT Act).

A person whose place of residence is in the Republic of Poland is a natural person who:

- has his/her center of personal or economic interests (center of life interests) within the territory of the Republic of Poland; or
- remains within the territory of the Republic of Poland longer than 183 days in a fiscal year (Article 3 Section 1a of the PIT Act).

These rules apply without prejudice to double taxation conventions signed by the Republic of Poland (Article 4a of the PIT Act). In particular, these conventions may define a natural person's “place of residence” in a different manner or further clarify the notion of the “center of life interests”.

Income generated by natural persons subject to unlimited tax liability in Poland earned on the disposal of securities for a consideration (including shares) is taxed with personal income tax pursuant to the PIT Act.

Income on the disposal of securities for a consideration is the difference between the total revenues earned on such activity in a calendar year and the costs of generating those revenues, calculated pursuant to the PIT Act (Article 30b Section 2 item 1 in conjunction with Section 6 of the PIT Act).

The revenue on the disposal of securities for a consideration is the value expressed as the price in the relevant agreement, less the cost of the disposal for a consideration. However, if for no good reason the price set out in the agreement significantly deviates from the market value of the transferred securities, the revenue on the disposal of securities for a consideration will be assessed by the relevant tax authority or tax inspection authority at the level of the market value of these securities (Article 19 Section 1 in conjunction with Article 17 Section 2 of the PIT Act).

The revenue on the disposal of shares is recognized at the time when the ownership of the shares is transferred to the buyer (Article 17 Section 1ab of the PIT Act).

The tax-deductible costs of generating revenue on the disposal of securities for a consideration are the expenses incurred on acquiring or otherwise taking up the securities. These costs can only be taken into account when

revenue is generated on the disposal of the relevant securities for a consideration (Article 23 Section 1 item 38 of the PIT Act).

As regards the disposal of securities for a consideration or the issuer's redemption of securities that were acquired by a taxpayer through inheritance, the tax-deductible cost is the cost incurred by the testator in order to take up or acquire the securities (Article 22 Section 1m of the PIT Act).

Income earned on the disposal of securities acquired through donation is tax-exempt, to the extent that it equals the amount of the inheritance and donation tax paid (Article 21 Section 1 item 105 of the PIT Act).

If a taxpayer disposes securities which were acquired at various prices and it is not possible to determine a uniform purchase price for the securities so transferred, then for the purpose of determining income on such a disposal the transaction shall be deemed to concern the securities which had been acquired first (the oldest of the securities transferred). The presumption referred to in the preceding sentence is applied separately to each securities account (Article 24 Section 10 of the PIT Act).

The personal income tax rate applicable to natural persons having their tax residence in Poland in relation to the disposal of securities for a consideration is 19% of the income earned (Article 30b Section 1 of the PIT Act).

Income earned on the disposal of securities for a consideration does not trigger an obligation of the tax remitter to deduct the tax nor does it trigger the obligation to remit tax advances during the fiscal year. After the end of the fiscal year the taxpayer, on the basis of personalized information on the income generated provided by natural persons carrying out business operations, legal persons and their business units and organizations with no legal personality by the end of February of the year following the fiscal year, is obliged to report the income generated during the fiscal year on the disposal of securities for a consideration and – where taxable income was generated – calculate the relevant income tax charge in a tax return reporting his/her income earned (loss incurred) during the fiscal year (Article 30b Section 6 in conjunction with Article 45 Section 1a of the PIT Act).

The return referred to in the preceding paragraph should be filed by April 30 of the year following the fiscal year in which the revenues on the disposal of securities for a consideration were earned. By the same date the taxpayer should pay the due tax, as disclosed in the tax return.

Where income is generated on disposing of securities for a consideration, such income is not amalgamated with income generated from other sources of revenues (Article 30b Section 5 of the PIT Act).

Losses incurred on disposing of securities for a consideration in one fiscal year can be deducted from income generated from the same source of revenues in the following five consecutive fiscal years, provided that the deduction in any of these years does not exceed 50% of the amount of the loss. Losses incurred on this activity cannot be amalgamated with losses incurred by the taxpayer on other sources of revenues (Article 9 Section 3 in conjunction with Section 6 of the PIT Act).

The above principles do not apply if securities are transferred for a consideration as part of professional business activity conducted by the taxpayer (Article 30b Section 4 of the PIT Act). In such case these revenues will qualify as regular revenues on business activity, subject to progressive or flat tax, depending on the taxpayer's chosen taxation method and certain additional criteria concerning the taxpayer.

Taxation of the income of natural persons who are subject to limited tax liability in Poland (i.e. the persons whose place of residence for tax purposes is not in Poland)

Generally, the rules governing the taxation of income on the disposal of securities for a consideration that are discussed above also apply to income generated within the territory of the Republic of Poland by persons who have no place of residence in the Republic of Poland (Article 3 Section 2a of the PIT Act).

Such persons are subject to tax liability only with respect to the income (revenue) generated within the territory of the Republic of Poland (limited tax liability – Article 3 Section 2a of the PIT Act).

Pursuant to Article 3 Section 2b of the PIT Act, income (revenue) generated in the territory of the Republic of Poland by the taxpayers who have no place of residence in the Republic of Poland includes, in particular, the income (revenue), among others, from securities and derivative financial instruments other than the securities admitted to public trading in the territory of the Republic of Poland on a regulated stock exchange market, including income (revenue) on a disposal of such securities or instruments as well as exercise of the rights attached thereto.

The taxation principles discussed above applying to income generated in the territory of the Republic of Poland on the disposal of securities for a consideration by persons who are not Polish tax residents apply without prejudice to the double taxation conventions signed by the Republic of Poland (Article 4a of the PIT Act). However, a tax rate set out in the relevant convention can only apply, or such payment can only be avoided (if

permitted under the convention), if the taxpayer evidences his/her tax residency by presenting an appropriate tax residency certificate (Article 30b Section 3 of the PIT Act).

Taxation of the income of legal (corporate) persons and organizations with no legal personality

Taxation of corporate income taxpayers which are subject to unlimited tax liability in Poland (i.e. those having their registered office or place of management in Poland)

The taxpayers subject to the corporate income tax in the Republic of Poland are legal persons, companies under organization and organizational units with no legal personality (other than companies/partnerships not having legal personality) (Article 1 Section 1 and 2 of the CIT Act).

Simultaneously, the provisions of the CIT Act also apply to limited joint-stock partnerships (*spółka komandytowo-akcyjna*) having their registered office or place of management in the Republic of Poland (Article 1 Section 3 item 1 of the CIT Act).

Taxpayers that have their registered office or place of management in the Republic of Poland are subject to tax liability with respect to all their income, wherever generated (unlimited tax liability – Article 3 Section 1 of the CIT Act).

Income generated on the disposal of securities for a consideration (including shares) by taxpayers that are subject to unlimited tax liability in Poland is subject to corporate income tax on the general terms set out in the CIT Act.

Income is the surplus of total revenues earned in the fiscal year over the costs of generating these revenues (Article 7 Section 2 of the CIT Act).

The revenue on the disposal of securities for a consideration is the value expressed as the price in the relevant agreement. However, if for no good reason the price set out in the agreement significantly deviates from the market value of the transferred securities, the revenue on the disposal of securities for a consideration will be assessed by the relevant tax authority, at the level of the market value of these securities (Article 14 Section 1 of the CIT Act).

The tax-deductible costs of generating revenue on the disposal of securities for a consideration are the expenses incurred on acquiring or otherwise taking up the securities. These costs can only be taken into account when revenue is generated on the disposal of the relevant securities for a consideration (Article 16 Section 1 item 8 of the CIT Act).

The revenues on the disposal of securities for a consideration and the corresponding tax deductible costs are amalgamated with other revenues and tax deductible costs relevant to the same fiscal period. The tax rate applicable to income generated by corporate income taxpayers is generally 19% of the tax base (Article 19 Section 1 item 1 of the CIT Act). However, the applicable rate is 15% for the small taxpayers (i.e. those whose sales revenue, including output VAT, in the preceding fiscal year did not exceed a PLN equivalent of EUR 1,200,000) and start-ups, provided that for the latter category the income tax rate is 15% only in the first fiscal year of their business activity (Article 19 Section 1 item 2 of the CIT Act).

With respect to income on the disposal of securities for a consideration, the taxpayer is required to settle the tax due on the disposal of the securities, and the entity making the payment does not withhold any tax. The taxpayer should settle the due tax in its tax return on the amount of the tax income or loss generated in the relevant fiscal year (Article 27 Section 1 of the CIT Act). The deadline for filing the return is the end of the third month of the year following the fiscal year. The taxpayer should also pay the due tax disclosed in that return by the same deadline.

Taxation of corporate income taxpayers that are subject to limited tax liability in Poland (i.e. those not having their registered office or place of management in Poland)

Generally, the rules governing the taxation of income on the disposal of securities for a consideration that are discussed above, also apply to income generated within the territory of the Republic of Poland on the disposal of securities for a consideration by legal persons which have no registered office or place of management in the Republic of Poland. The provisions of the CIT Act also apply to income generated within the territory of the Republic of Poland by companies/partnerships not having legal personality and having their registered office or place of management in another state, provided that pursuant to the relevant tax regulations of such state these companies are treated as legal persons and are subject to taxation on all their income, irrespective of the place where it is earned (Article 1 Section 3 item 2 of the CIT Act).

Such persons are subject to tax liability only with respect to the income earned within the territory of the Republic of Poland (limited tax liability – Article 3 Section 2 of the CIT Act).

Pursuant to Article 3 Section 3 item 3 of the CIT Act, income (revenue) generated in the territory of the Republic of Poland by the taxpayers who have no registered office or management in the territory of the Republic of Poland includes, in particular, the income (revenue) from securities and derivative financial instruments other than the securities admitted to public trading in the territory of the Republic of Poland on a regulated stock exchange market, including income (revenue) on a disposal of such securities or instruments as well as exercise of the rights attached thereto.

The above principles of taxation of income generated in the Republic of Poland on the disposal of securities for a consideration by corporate income taxpayers who have no registered office or place of management in the Republic of Poland apply without prejudice to double taxation conventions signed by the Republic of Poland.

Taxation of dividends and other revenues from shares in the profits of legal persons

Taxation of income (revenue) of natural persons

Taxation of income (revenue) of natural persons who are subject to unlimited tax liability in Poland (i.e. persons whose place of residence for tax purposes is in Poland)

Income (revenue) earned on shares in the profits of legal persons which have their registered office in the Republic of Poland, earned by natural persons subject to unlimited tax liability in the territory of the Republic of Poland, is subject to a flat 19% income tax on the revenue earned (Article 30a Section 1 item 4 of the PIT Act).

The income (revenue) from shares in the profits of legal persons is the income (revenue) actually received on such shares (Article 24 Section 5 of the PIT Act). This category includes income from dividends and other revenues from shares in the profits of legal persons (e.g. distributions resulting from a redemption of shares or assets received in relation to the liquidation of a legal person or a company being a taxpayer of the corporate income tax).

The entity which provides the aforesaid income (revenue) to the taxpayer by making a disbursement or making cash or cash equivalents available to the taxpayer (the “tax remitter”) is required to withhold a flat rate income tax on the disbursements made (benefits delivered) (Article 41 Section 4 of the PIT Act). The tax remitter is required to file an annual return with the relevant tax office on an appropriate form by the end of January of the year following the relevant fiscal year (Article 42 Section 1a of the PIT Act).

Pursuant to Article 45 Section 3b of the PIT Act, if the tax is not collected by the remitter, the natural person is obliged to settle the tax personally, in its annual return filed by the end of April of the year following the relevant fiscal year.

A special situation occurs with respect to income from securities recorded on securities accounts or collective accounts, as defined in the Trading Act. The tax remitters who are responsible for withholding the tax on income (revenue) from dividends, redeemed shares or proceeds from the liquidation of a legal person or a company being a taxpayer of the corporate income tax and, in the event of merger or demerger of companies, cash contributions received by the shareholders (stockholders) of the target company, merged or demerged companies, are the entities keeping the securities accounts for the taxpayers, if such income (revenue) was generated in the territory of the Republic of Poland and is related to the securities recorded on these accounts, and the distributions are made to the taxpayers through the intermediary of such entities (Article 41 Section 4d of the PIT Act). However, with respect to the securities recorded on collective accounts, the tax remitters who are responsible for withholding the tax on income (revenue) from dividends, redeemed shares or proceeds from the liquidation of a legal person or a company being a taxpayer of the corporate income tax and, in the event of merger or demerger of companies, cash contributions received by the shareholders (stockholders) of the target company, merged or demerged companies, are the entities keeping such collective accounts which act as intermediaries in the distribution of such proceeds. The tax is withheld on the date of the distribution of the relevant funds to the holder of the collective account (Article 41 Section 10 of the PIT Act).

If dividend income (revenue) and other revenues from interests in the profits of legal persons are distributed to taxpayers which own rights to and in securities recorded on collective accounts and the identity of such taxpayers was not disclosed to the tax remitter pursuant to a procedure set out in the Trading Act, the tax is withheld at the rate of 19% of the total income (revenue) remitted by the tax remitter to all of the taxpayers through the holder of the collective account (Article 30a Section 2 of the PIT Act). If the remitter makes a distribution pursuant to the above procedure, it is not obligated to prepare personalized statements of income with respect to such taxpayers (Article 42 Section 8 of the PIT Act), whereas the taxpayers are obligated to disclose the amount of such income in their annual tax returns (Article 45 Section 3c of the PIT Act).

Taxation of income (revenue) of natural persons who are subject to limited tax liability in Poland (i.e. the persons whose place of residence for tax purposes is not in Poland)

Generally, the above rules governing the taxation of dividend income (revenue) and other revenues from interests in the profits of legal persons which have their registered office in the Republic of Poland, also apply to income earned by natural persons subject to taxation only on the income (revenue) generated in the territory of the Republic of Poland (limited tax liability).

Pursuant to Article 3 Section 2b of the PIT Act as amended with effect from 1 January 2017, income (revenue) generated in the territory of the Republic of Poland by the natural persons who have no place of residence in the territory of the Republic of Poland includes, in particular, the income (revenue) from securities and derivative financial instruments other than the securities admitted to public trading in the territory of the Republic of Poland on a regulated stock exchange market, including income (revenue) on a disposal of such securities or instruments as well as exercise of the rights attached thereto.

The above principles of taxation of income from shares in the profits of legal persons generated in the territory of the Republic of Poland by natural persons who are not Polish tax residents apply without prejudice to double taxation conventions signed by the Republic of Poland (Article 4a of the PIT Act). However, the tax rate set out in the relevant convention can only apply, or such payment can only be avoided (if permitted under the convention), if the taxpayer evidences his/her tax residency by presenting an appropriate tax residency certificate (Article 30a Section 2 of the PIT Act).

By the end of February of the year following the relevant fiscal year the tax remitter is required to send to the taxpayer, and to the tax office instrumental for the head of the tax office responsible for handling the taxation of foreign persons in discharging his duties, personalized information on an appropriate form (Article 42 Section 2 item 2 of the PIT Act). Additionally, at the written request of the taxpayer, the tax remitter should prepare, within 14 days from receiving such a request, and send the personalized information referred to above to the taxpayer and to the tax office instrumental for the head of the tax office responsible for handling the taxation of foreign persons in discharging his duties (Article 42 Section 4 of the PIT Act).

If income (revenue) from dividends or other revenues from interests in the profits of legal persons are remitted to taxpayers whose rights thereto derive from securities recorded on collective accounts and their identity was not disclosed to the remitter pursuant to the procedure set out in the Trading Act, the tax remitter is not obliged to make or remit personalized information regarding the level of income with respect to such taxpayers (Article 42 Section 8 of the PIT Act).

Taxation of the income (revenue) of legal (corporate) persons and organizational units without legal personality

Taxation of the income (revenue) of corporate income taxpayers subject to unlimited tax liability in Poland (i.e. those having their registered office or place of management in Poland)

Income (revenue) from dividends and other revenue from shares in the profits of legal persons which have their registered office or place of management in the Republic of Poland earned by corporate income taxpayers that are subject to unlimited tax liability in the Republic of Poland is subject to a flat 19% income tax on the revenue earned (Article 22 Section 1 of the CIT Act).

The income (revenue) from shares in the profits of legal persons is the income (revenue) actually received on such share (Article 10 Section 1 of the CIT Act). This category includes income from dividends and other revenues from shares in the profits of legal persons (e.g. distributions resulting from a redemption of shares or proceeds from the liquidation of a legal person or a company being a taxpayer of the corporate income tax).

An entity which makes disbursements to the taxpayer against the aforesaid income (revenue) ("tax remitter") is required to withhold a flat rate income tax on the disbursements made (Article 26 Section 1 of the CIT Act).

Pursuant to Article 26 Section 2c item 2 of the CIT Act, with respect to disbursements of dividend or income referred to in Article 10 Section 1 items 1, 3 and 5 of the CIT Act against securities recorded on securities accounts or collective accounts, the obligation to collect the flat rate tax referred to in Article 26 Section 1 of the CIT Act applies to the entities keeping the securities accounts or collective accounts where the disbursement is effected through such an entity. Those entities, acting as tax remitters, collect the flat rate tax on the date of making the funds available to the holder of the securities account or collective account.

On the other hand, pursuant to Article 26 Section 2c item 2 of the CIT Act, if disbursements of income (revenue) from dividends or other revenue from shares in the profits of legal persons which have their registered office or place of management in the Republic of Poland are made to taxpayers which own rights to and in securities

recorded on collective accounts and the identity of such taxpayers was not disclosed to the tax remitter pursuant to the procedure set out in the Trading Act, the tax remitter withholds tax at the rate of 19% of the total income (revenue) distributed by the tax remitter to all of such taxpayers through the holder of the collective account. Pursuant to Article 26 Section 2a *in fine* of the CIT Act, in such event the provisions of Article 26 Section 1a, 1c, 1d, 1f, 1g and 3b-3d of the CIT Act do not apply (i.e. in particular the provisions on exemptions from the obligation to withhold the flat rate tax and the provisions on exemptions from income tax with respect to such disbursements), with respect to taxpayers whose identity was not disclosed to the tax remitter. In the case and in the scope referred to above, entities keeping such collective accounts which act as intermediaries in the distribution of such proceeds are obliged to withhold the tax. The tax is withheld on the date of the distribution of the relevant funds to the holder of the collective account (Article 26 Section 2b of the CIT Act).

The tax remitter is required to file with the tax office instrumental for the head of the tax office responsible for handling the taxation of foreign persons in discharging his duties an annual return in an appropriate form by the end of the first month of the year following the relevant fiscal year (Article 26a Section 1 of the CIT Act). Annual returns prepared by the tax remitters referred to in Article 26 Section 2b of the CIT Act, i.e. entities keeping collective accounts and acting as intermediaries in the payment of such monies are collective and they do not identify the taxpayers which own rights to and in securities recorded on collective accounts, if the identity of such taxpayers has not been disclosed to the tax remitter pursuant to the procedure set out in the Trading Act (Article 26a Section 2 of the CIT Act). Additionally, by the seventh day of the month following the month in which the tax was collected, the tax remitter is required to distribute information to the taxpayers concerning the amount of the collected tax (Article 26 Section 3 item 1 and Section 3a of the CIT Act). The obligation to send such information does not arise in the event and in the scope referred to in Article 26 Section 2a first sentence of the CIT Act, i.e. where a disbursement was made to a taxpayer holding rights to the securities recorded on collective accounts whose identity was not disclosed to the tax remitter pursuant to the procedure set out in the Trading Act.

Taxation of the income (revenue) of corporate income taxpayers subject to limited tax liability in Poland (i.e. those not having their registered office or place of management in Poland)

Generally, the principles of taxation discussed above apply to income (revenue) from dividend and other revenues from shares in the profits of legal persons which have their registered office or place of management in the Republic of Poland, earned by corporate income taxpayers that are subject to taxation only with respect to the income (revenue) generated in the territory of the Republic of Poland (limited tax liability).

Pursuant to Article 3 Section 2b of the CIT Act as amended with effect from 1 January 2017, income (revenue) generated in the territory of the Republic of Poland by the natural persons who have no place of residence in the territory of the Republic of Poland includes, in particular, the income (revenue) from securities and derivative financial instruments other than the securities admitted to public trading in the territory of the Republic of Poland on a regulated stock exchange market, including income (revenue) on a disposal of such securities or instruments as well as exercise of the rights attached thereto.

Income (revenue) from dividends and other revenue from shares in the profits of legal persons generated within the territory of the Republic of Poland by persons subject to limited tax liability are governed by the taxation principles described above, without prejudice to relevant double taxation conventions to which the Republic of Poland is a party (Article 22a of the CIT Act). However, a tax rate set out in the relevant convention can only apply, or such payment can only be avoided (if permitted under the convention), if the taxpayer evidences his/her tax residency by presenting an appropriate tax residency certificate (Article 26 Section 1 of the CIT Act).

A tax remitter making a disbursement of dividends or other revenues from shares in the profits of legal persons to corporate income taxpayers that are subject to limited tax liability in Poland, is required to provide information concerning any disbursement made and the tax collected by the end of the third month following the end of the fiscal year in which the disbursements were made, to the taxpayer and to the tax office instrumental for the head of the tax office responsible for handling the taxation of foreign persons in discharging his duties (Article 26 Section 3 item 2 and Section 3a of the CIT Act). The obligation to send such information does not arise in the event and in the scope referred to in Article 26 Section 2a first sentence of the CIT Act, i.e. where a disbursement was made to a taxpayer holding rights to the securities recorded on collective accounts whose identity was not disclosed to the tax remitter pursuant to the procedure set out in the Trading Act. At the written request of the taxpayer, the tax remitter should prepare, within 14 days of receiving such a request, and send the information referred to above to the taxpayer and to the tax office instrumental for the head of the tax office responsible for handling the taxation of foreign persons in discharging his duties (Article 26 Section 3b of the CIT Act).

Income tax exemption available to the corporate income tax payers subject to either limited or unlimited tax liability and holding major blocks of Shares

In certain instances, the income (revenue) referred to above earned by corporate income taxpayers that are subject to either limited or unlimited tax liability may be exempted from corporate income tax.

An income tax exemption applies to the income (revenue) from dividends and other revenues from shares in the profits of legal persons, other than the income generated by a general partner from a limited liability partnership having its registered office or management in the territory of the Republic of Poland, generated by a company whose entire income (regardless of where the income is earned) is taxed in the Republic of Poland or in another EU member state or EEA member state (Article 22 Section 4 of the CIT Act) if all of the following conditions are met:

- the company paying dividend and other revenues from participation in the profits of legal persons is a company with its registered office or place of management in the territory of the Republic of Poland;
- the company that earns the income (revenue) from dividend and other revenues from participation in the profits of legal persons holds directly not less than 10% of all the shares in the share capital of the company paying the dividend or other revenues from participation in the profits of legal persons;
- the company that earns the income (revenue) from dividend and other revenues from participation in the profits of legal persons and has continuously held the number of shares specified above for two years. The exemption also applies if the required two-year period expires after the income (revenue) earning date. Should the above condition not be met, the company benefiting from the exemption will be required to pay tax, including any accrued default interest at the rate of 19% of the income (revenue), by the 20th day of the month following the month in which such company forfeited the right to the exemption. The interest shall accrue as of the day following the day on which the company first benefited from the exemption (Article 22 Section 4a and 4b of the CIT Act);
- the company that earns income (revenue) from dividend and other revenues from a share in the profits of legal persons is not exempted from income tax on all its income regardless of where it is generated, and provided that the person who makes the payment obtains a written statement from that company confirming that this condition has been satisfied with respect to the payments to be made (Article 26 Section 1f of the CIT Act);
- the registered office of the foreign company earning the income is documented for tax purposes by a tax residency certificate issued by the relevant foreign tax authority (Article 26 Section 1c item 1 of the CIT Act).

If these conditions are met, the exemption will also apply, accordingly, if the recipient of dividends and other revenue from shares in the profits of legal persons is a foreign establishment (within the meaning of Article 4a item 11 of the CIT Act) of a company whose entire income (regardless of the place where it is earned) is taxed in the Republic of Poland or in another Member State or EEA member state, located in the territory of an EU member state or EEA member state or in the Swiss Confederation. The existence of a foreign establishment should be evidenced by the company that benefits from the exemption by a certificate issued by the applicable tax authority of the country in which the company's registered office and/or place of management is located or by the applicable tax authority of the country in which the establishment is located (Article 26 Section 1c item 2 of the CIT Act).

This exemption may also accordingly apply to income (revenue) distributed to the recipient (company) if all of its income is subject to income tax in the Swiss Confederation, regardless of where it is generated, and the direct share in the company distributing such dividend is no less than 25% (Article 22 Section 4c item 2 and Section 6 of the CIT Act). Also in this case it is necessary to produce a tax residency certificate issued by the relevant foreign tax authority.

The exemption described above applies accordingly to cooperatives established pursuant to Regulation No. 1435/2003/EC of 22 July 2003 on the Statute for a European Cooperative Society (SCE) (OJ EC L 207/1 of 18 August 2003, as amended).

Additionally, this exemption applies only if the shares are held on the basis of ownership title and with respect to income received from shares owned or possessed on a basis other than ownership title, provided that such income (revenue) would qualify for the exemption should the possession of the shares not have been transferred.

At the same time, the exemption may only be applied if the Polish tax authority is legally entitled, on the basis of a double taxation convention or another ratified international treaty to which the Republic of Poland is a party, to

obtain tax information from tax authorities of the foreign state in which the taxpayer has its registered office or in which it generated the income (Article 22b of the CIT Act).

The provision of Article 22 Section 4 of the CIT Act does not apply if income (revenue) from dividend or other revenues from interests in profits of legal persons is obtained in relation to the execution of an agreement or another legal transaction, or a number of related legal transactions, that were aimed solely or mainly at obtaining the exemption from income tax available under Article 22 Section 4 of the CIT Act, and obtaining such an exempt does not serve solely the purpose of avoiding double taxation of such income (revenue), and the actions referred to above are not genuine (Article 22c Section 1 of the CIT Act). In the light of Article 22c Section 2 of the CIT Act, for the purposes of Article 22c Section 1 of the CIT Act it is assumed that an agreement or other legal transaction is not genuine insofar as it has not been undertaken for a reasonable economic cause. In particular, this concerns the situation where a transaction referred to in Article 22c Section 1 of the CIT Act serves transferring the ownership of shares of a company paying dividend, or causes a company to post revenue (income) that is later disbursed in the form of dividend or otherwise as revenue from interests in profits of legal persons.

Transfer tax (tax on civil law transactions) payable on the sale of securities

Transfer tax is payable on agreements concerning the sale or exchange of property or economic rights (including securities) if the subject of such agreements is property situated in the territory of the Republic of Poland, or the economic rights are exercised within the territory of the Republic of Poland (Article 1 Section 1 item 1 letter a in conjunction with Article 1 Section 4 of the Transfer Tax Act).

As a rule, the sale of shares of companies that have their registered office in Poland is considered to constitute a sale of economic rights exercisable in Poland, therefore such transactions are subject to transfer tax at the rate of 1%. The tax base is the market value of the property or the economic rights (Article 6 Section 1 item 1 of the Transfer Tax Act). The tax liability resulting from a sale agreement is borne by the buyer and arises upon the finalization of the civil law transaction (Article 3 Section 1 item 1 and Article 4 item 1 of the Transfer Tax Act). The taxpayers are required to file, without any additional request from the tax office, a transfer tax return and calculate and remit the due tax within 14 days following the day on which the tax liability arose. This obligation does not apply if the transaction is executed in the form of notarial deed where the transfer tax is collected by the notary who, in this case, acts as the tax remitter (Article 10 Section 1 and 2 of the Transfer Tax Act).

An exemption from the transfer tax also applies to a sale of economic rights constituting financial instruments (i) to investment companies and foreign investment companies, (ii) executed through investment companies and foreign investment companies (iii) executed in organized trading, or (iv) executed outside organized trading by investment companies and foreign investment companies which acquired such economic rights in organized trading, as defined in the Trading Act (Article 9 item 9 of the Transfer Tax Act).

Inheritance and donation tax on the acquisition of securities by natural persons

Inheritance and donation tax is charged on the acquisition by natural persons of property located, and economic rights exercised within the territory of the Republic of Poland (including securities), by way of, among others, inheritance, ordinary legacy, further legacy, *legacy per vindicationem*, bequest, donation or donor's order (Article 1 Section 1 of the Inheritance and Donation Tax Act). The tax liability is borne by the person acquiring the property or economic rights (Article 5 of the Inheritance and Donation Tax Act) and it may arise at different times, depending on the manner of such acquisition (Article 6 of the Inheritance and Donation Tax Act).

Pursuant to Article 7 Section 1 of the Inheritance and Donation Tax Act, the tax base is, usually, the value of the acquired things and economic rights, after the deduction of any debts and encumbrances (net value), determined as at the date of acquisition and the market prices prevailing on the date on which the tax obligation arises.

The amount of tax depends on the degree of kinship or other legal relationship between the donor and the recipient or bequeather and heir. The tax rates grow progressively from 3% to 20% of the tax base, depending on the tax group in which the transferee qualifies. There is a tax-free amount defined for each of these groups.

Unless the tax is collected by the tax remitter, taxpayers are required to file, within one month of the date on which the tax liability arose, a tax return disclosing the acquisition of property or economic rights on an appropriate form with the head of the relevant tax office (Article 17a Section 1 and 2 of the Inheritance and Donation Tax Act). The tax is payable within 14 days of delivering a decision assessing the amount of the head of the tax office on the tax liability.

Securities acquired by the closest relatives (a spouse, descendants, ascendants, stepchildren, siblings, stepfather and stepmother) are tax-exempt subject to filing an appropriate notice with the head of the relevant tax office in due time (Article 4a Section 1 item 1 of the Inheritance and Donation Tax Act). The aforementioned exemption

applies if, at the time of acquisition, the acquirer was a citizen of the Republic of Poland, or an EU member state or a European Free Trade Association member state being a party to the EEA Agreement or was a resident of the Republic of Poland or such state (Article 4 Section 4 of the Inheritance and Donation Tax Act).

The tax is not charged on the acquisition of economic rights exercised in the territory of the Republic of Poland (including securities) if on the date of such acquisition neither the transferee nor the testator (or intestate) were Polish citizens and had no place of permanent residence or registered office in the territory of the Republic of Poland (Article 3 Section 1 of the Inheritance and Donation Tax Act).

Provisions on tax remitter liability

Pursuant to Article 30 § 1 and § 3 of the Tax Ordination, a tax remitter who failed to exercise the obligation to compute, collect or pay any tax to the appropriate tax authority, has unlimited liability for the tax which has not been withheld or for the amount of withheld tax which has not been paid. The above provision do not apply when separate legal provisions provide otherwise or when the tax was not withheld at the fault of the taxpayer. In such cases the appropriate tax authority issues a decision about the taxpayer's liability. The taxpayer's liability can be established in a decision assessing the amount of the tax liability (Article 30 § 5 of the Tax Ordination).

ADDITIONAL INFORMATION

Statutory auditors

Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office at al. Jana Pawła II 22, 00-133 Warszawa, is the Company's independent statutory auditor.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. audited the Company's standalone financial statements (not included in the Marketing Document) and the Group's consolidated financial statements for financial years ended 31 December 2016, 2015 and 2014 and issued unqualified opinions on such audits. The opinion on the audit of the aforementioned financial statements was signed on behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. by Paweł Nowosadko, statutory auditor registered under No. 90119.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. also carried out a review of the Group's midterm abridged consolidated financial statements of the Group as at and for the four months ended 30 April 2017 and issued a report on its review free of any qualifications. The report on that review of the financial statements was signed on behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. by Paweł Nowosadko, statutory accountant No. 90119.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. is a member of the Polish Chamber of Statutory Auditors entered on the list of entities authorized to audit financial statements under No. 73. Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. holds no material interests in the Company, in particular, as at date of the Marketing Document, it does not hold any Shares.

In accordance with the Articles of Association, the entity authorized to audit the Company's financial statements is selected by the Supervisory Board.

In the period covered by the Consolidated Financial Statements there was no instance of resignation or dismissal of a statutory auditor authorized to audit the Company's or the Group's financial statements. The change of the statutory auditor in the period covered by the Consolidated Financial Statements was connected with the Management Board's business decision aimed at raising the internal standards.

The entities involved in the Offer

The entities named below are involved in the Offer.

The Managers

Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce with its registered office at ul. Złota 59, 00-120 Warszawa, Poland, acts as the Offeror, Global Coordinator and Joint Book Runner ("**Haitong Bank**").

The Joint Bookrunners are:

- mBank S.A. with its registered office at ul. Senatorska 18, 00-950 Warszawa, Poland,
- Mercurius Dom Maklerski sp. z o.o. with its registered office in Warsaw and address at: ul. Śmiała 26, 01-523 Warszawa;
- Pekao Investment Banking S.A. with its registered office in Warsaw and address at: ul. Żwirki i Wigury 31, 02-091 Warszawa, Polska;
- Raiffeisen Centrobank AG with its registered office in Warsaw and address at: Tegetthoffstraße 1, 1010 Wien, Austria;
- Trigon Dom Maklerski S.A. with its registered office in Warsaw and address at: ul. Puławska 2, 02-566 Warszawa;
- Wood & Company Financial Services A.S., Spółka Akcyjna, Oddział w Polsce with its registered office in Warsaw and address at: ul. Złota 59, 00-120 Warszawa.

Vestor Dom Maklerski S.A. with its registered office in Warsaw and address at: Al. Jana Pawła II 22, 00-133 Warszawa, acts as Joint Manager of the Offer.

The Offer Managers provide service to the Company and the Selling Shareholder in connection with the Offer, in particular they are responsible for coordinating contacts and arranging meetings with investors, while also performing other actions customarily performed by investment companies in the context of public offers of shares.

Each of the Managers and their affiliates (including those affiliated as part of multinational or global organizations providing financial services) engages or could engage in activity in the scope of investment banking, securities, the management of investments and personal assets management. With regard to operations relating to securities, each of the Managers and their affiliates engages or could engage in of securities, trading in securities (on their own or their clients' behalf), brokerage services, currency exchange, trading on commodity exchanges and trading in derivatives (on their own or their clients' behalf), as well as the provision of brokerage services, investment banking services, preparation of analyses as well as financing services and financial counselling. To the extent permitted by the applicable provisions of law and the rules regarding any conflict of interest in relation to engaging in brokerage activities or within the framework of investment banking: (a) in the ordinary course of business related to trading in financial instruments, the provision of brokerage services or financing services, each of the Managers or their affiliates may at any time hold long-term or short-term investments, ensure the financing of investments, or may, on its own or their clients' behalf, engage in trading or otherwise structure or carry out transactions concerning debt or equity securities or preferential loans of any entity engaged in the Offer or in transactions concerning any currencies or commodities related to the Offer or transactions concerning any related derivative instruments; (b) each of the Managers and their affiliates, their directors, members of management and supervisory bodies may at any time invest on their own behalf in or manage funds investing on their own account in debt or equity securities issued by any entity engages in the Offer, in any currencies or commodities related to the Offer or any related derivatives; (c) each of the Managers and their affiliates may at any time perform, in the ordinary course of business, brokerage services for the benefit of any entity engaged in the Offer.

The Managers and their affiliated provided in the past and may provide in the future investment or commercial banking services and other financial services, or enter into other kinds of transactions with the Company, with entities with regard to which the Company acts as the parent company or with entities from the group of which the Selling Shareholder is member. The Managers and their affiliates received in the past and may receive in the future remuneration and commissions that are customarily due for the provision of such services or effecting of such transactions.

In connection with the Offer, the Managers or their affiliates are acting solely for the benefit of the Company and the Selling Shareholder and, subject to peremptory provisions of the law, bear no responsibility vis-a-vis any other party.

The Managers or their affiliates may purchase or hold financial instruments issued by the Company, its affiliates, or financial instruments connected to financial instruments issued by these entities. Each of the Managers will supply information about holding financial instruments issued by the Company, their affiliates, or financial instruments connected to financial instruments issued by these entities only if the requirement of disclosing such transactions ensues from the peremptory provisions of the law or regulations.

In connection with the Offer each of the Managers or each of their affiliates may also, acting as an investor in its own right, purchase the Offer Shares under the Offer and then hold them, sell them or otherwise dispose of them. Each Manager shall only provide information about the acquisition of the offer shares or about entering into the transactions described above if the requirement of disclosing such transactions follows from peremptory provisions of the law or regulations.

The base remuneration of the Managers is related to the volume of funds obtained from the offer of the Offer Shares, to the Final Price and the amount of gross proceeds of the Offer. If the gross proceeds of the Offer are in the region of PLN 800 million to PLN 1 billion (it being understood that the ultimate gross proceeds of the Offer may be lower or higher than the values specified above) the base remuneration of the Managers may amount to between PLN 19 million and PLN 56 million (increased by VAT if applicable).

Additionally, the Company and the Selling Shareholder may award an additional remuneration (a discretionary bonus) to some Managers, in the aggregate amount of up to PLN 4.5 million.

See also the chapter *“Underwriting, Stabilization And Contractual Restrictions In The Marketability Of Shares—Ties under Other Transactions”*.

Stabilization Manager

If a Stabilization Agreement is entered into with the Selling Shareholder, Pekao Investment Banking S.A. with its registered office in Warsaw at ul. Żwirki i Wigury 31, 02-091 Warsaw, will act as the stabilization manager (the **“Stabilization Manager”**). If the Stabilization Agreement is concluded, the Stabilization Manager's fee will be related to the amount of funds raised under the Offer.

Legal Adviser to the Company and the Selling Shareholder

In connection with the Offer, legal services are provided to the Company and the Selling Shareholder by Greenberg Traurig Grzesiak Spółka komandytowa with its registered office in Warsaw and address at: ul. Książęca 4, 00-498 Warszawa, Poland („**Greenberg Traurig**”).

Furthermore, Greenberg Traurig has provided, is providing and may provide in the future legal services to the Company or the Selling Shareholder (or entities from the group to which the Selling Shareholder belongs) in relation to the business pursued by them, based on appropriate agreements on the provision of legal counseling services.

Greenberg Traurig has not held any material interest in the Company, in particular as at date of the Marketing Document it held no Shares of the Company. As at date of the Marketing Document there was no conflict of interest between Greenberg Traurig and the Company that would be material from the point of view of the issuance or the Offer.

The remuneration of Greenberg Traurig does not depend on the level of proceeds from the offer of the Offer Shares.

Legal Adviser to the Offer Managers

Legal services are provided to the Offer Managers in connection with the Offer by: Dentons Europe Oleszczuk sp.k. with its registered office at Rondo ONZ, 00-124 Warszawa („**Dentons**”).

Furthermore, Dentons has provided, is providing and may provide in the future legal services to the Company or the Selling Shareholder (or entities from the group to which the Selling Shareholder belongs) in relation to the business pursued by them, based on appropriate agreements on the provision of legal counseling services.

Dentons has not held any material interest in the Company, in particular as at date of the Marketing Document it held no Shares of the Company.

The remuneration of Dentons does not depend on the level of proceeds from the offer of the Offer Shares.

Third-party information

The chapters “Operating and Financial Review” and “Market environment” contain information coming from third parties, in particular GUS, KNF, NBP, and the Conference of Financial Companies. Such information has been accurately repeated. To the extent to which the Company is aware of it and may assess it based on information published by third party, no material facts, which could cause the repeated information to be inaccurate or misleading, have been omitted.

Documents made available for inspection

During the term of validity of the Marketing Document, the following documents or copies thereof will be made available for inspection at the Company’s registered office (Wrocław, ul. Powstańców Śląskich 2-4), as well as on the Company’s Web page (www.getbacksa.pl):

- the Articles of Association;
- an updated extract from the Company’s entry in the register of entrepreneurs of the National Court Register;
- the texts of General Meeting resolutions passed for the purposes of the Offer and Admission;
- Consolidated Financial Statements for the years 2014-2016 complete with independent statutory auditor’s opinion on the audit of these statements.
- Quarterly Consolidated Financial Statements complete with independent statutory auditor’s report on a review of such statements.

Furthermore, during the term of validity of the Prospectus (at the address supplied above), investors may inspect:

- standalone financial statements of Group companies for the dates and for the years ended 31 December 2016, 2015 and 2014, complete with the statutory auditors’ opinions on the audit of these statements;
- financial statements of own closed-end investment funds as at and for the year ended 31 December 2016, complete with the statutory auditors’ opinions on the audit of these statements;
- the charters of own closed-end investment funds.

Public takeover offers

In the years 2015-2016 and in 2017 until date of the Marketing Document, the Shares were not the subject of any public takeover offer.

Cost of the Offer***Fees collected from entities placing subscriptions for Offer Shares***

The Company and the Selling Shareholder will not charge any fees to the entities placing subscriptions for the Offer Shares. However, the amount paid in by the investor at the time of placing the subscription may be increased by a commission, if any, of the investment company accepting the subscription, in accordance with the rules of such an investment company.

Managers' remuneration

In consideration of the services provided by the Managers for the purposes of the Offer, the Company and the Selling Shareholder will pay the Managers base remuneration and additional remuneration. The Managers' remuneration will comprise the fee for managing the Offer and a fee for the placement and standby underwriting. The amount of the base remuneration will depend on the volume of funds obtained from the issue or the sale of the Offer Shares, the Final Price of the Offer Shares and the level of demand among certain groups of investors.

As at the date of the Marketing Document, the Company and the Selling Shareholder estimated that the amount of the base remuneration of the Managers for the services provided for the purposes of the Offer will exceed PLN 19 million (increased by VAT if applicable). However, the base remuneration of the Managers shall not exceed PLN 56 million (increased by VAT if applicable) which amount represents the maximum amount of the base remuneration of the Managers. Furthermore, the Company and the Selling Shareholder may award an additional remuneration (a discretionary bonus) to some Managers, in the aggregate amount of up to PLN 4.5 million.

The remuneration of the Managers will be paid by the Company and the Selling Shareholder pro rata to the value of gross proceeds from the issue of the New Shares and the sale of the Sale Shares compared to the sum total of the gross value of proceeds from the issue of the New Shares and the sale of the Sale Shares under the Offer.

Remaining costs of the Offer

Additionally, as at the date of the Marketing Document, the Company estimated the remaining costs of the Offer incurred by the Company at approximately PLN 25 million (increased by VAT due on account of the provision of the services of the given kind making up the remaining costs of the Offer, if applicable).

The remaining costs of the Offer borne by the Company include, without limitation: (i) the cost of preparing the Prospectus and of the Marketing Document, (ii) costs and expenses related to investor education, pilot-fishing type of meetings or roadshow presentations, PR and IR advisory services, (iii) the cost of printing and distribution of the documentation prepared in connection with the Offer (including the Prospectus and the Marketing Document), presentations and other offering documents and documents related to the promotion campaign, (iv) the remuneration, costs and expenses of legal advisers, (v) the costs of services related to Consolidated Financial Statements, (vi) the costs of auditing of the Consolidated Financial Statements by statutory auditors and other costs of advice provided by statutory auditors, (vii) the costs of settlement of the Offer payable to KDPW, WSE, KDPW_CCP; and (viii) other KDPW, WSE and notarial fees.

It is expected that based on the terms of set forth in the Stabilization Agreement, the Selling Shareholder will incur the cost of stabilization, including the payment of any fee due to the Stabilizing Manager in consideration of stabilization actions, the amount and payment terms of which will be specified in the Stabilization Agreement. The Selling Shareholder will also reimburse the Stabilizing Manager for the costs defined in the Stabilization Agreement, incurred by the Stabilizing Manager in connection with the stabilizing actions, such as stock exchange fees and fees payable to the KDPW, as well as for the costs relating to the settlement of stabilizing transactions and settlements of stabilization options, as well as any due taxes.

After the completion of the Offer, the Company shall release to the public, in the form of a current report, detailed information on the outcome of the Offer, including information on the (proceeds obtained by the Company from the issue of the New Shares) and the amount of costs incurred by the Company in connection with the Offer.

Agreement with the Company's market maker

As at date of the Marketing Document, no agreement has been signed with a market maker or the Company's market maker. The Company does not rule out the signing of such an agreement following the admission of the Shares to trading on a regulated market operated by the WSE.

Place of registration of the Shares

The Issuer does not forecast benefitting from the pay agents services. The Offered Shares will be registered in the deposit system kept by Krajowy Depozyt Papierów Wartościowych S.A. with its registered office in Warsaw at: ul. Książęca 4, 00-498 Warszawa, Poland.

REPRESENTATIONS BASED ON THE PROSPECTUS REGULATION

Representation by the Company

On behalf of Getback Spółka Akcyjna with its registered office in Wrocław at address at: ul. Powstańców Śląskich 2-4, 53-333 Wrocław, Poland, we hereby represent that to our best knowledge and having exercised due care to ensure this condition, the information contained in the Prospectus is true, accurate and reflects the actual state of affairs, and nothing that could affect the meaning of the Prospectus has been omitted in it.

Konrad Kąkolewski
President of the Management Board

Paweł Trybuchowski
Vice President of the Management Board

Anna Paczuska
Vice President of the Management Board

Mariusz Brysik
Member of the Management Board

Marek Patuła
Member of the Management Board

Bożena Solska
Member of the Management Board

Representation by the Selling Shareholder

Acting on behalf of DNLD Holdings B.V. with its registered office in Amsterdam Warsaw and address at: Amstelveenseweg 760, 1081 JK Amsterdam, the Netherlands, responsible for the information contained in the Prospectus, we hereby represent that to our best knowledge and having exercised due care to ensure this condition, the information contained in the Prospectus is true, accurate and reflects the actual state of affairs, and nothing that could affect the meaning of the Prospectus has been omitted in it.

Ka-Lok Fung
Director A

.....

Konrad Kąkolewski
Director B

.....

Representation by Greenberg Traurig Grzesiak spółka komandytowa

On behalf of Greenberg Traurig Grzesiak spółka komandytowa with its registered office in Warsaw and address at: ul. Książęca 4, 00-498 Warszawa, Poland, I hereby represent that to my best knowledge and having exercised due care to ensure this condition, the information included in the Prospectus in the parts for preparation of which Greenberg Traurig Grzesiak spółka komandytowa is responsible is true, accurate and reflects the actual state of affairs, and nothing that could affect its meaning has been omitted in it.

The responsibility of Greenberg Traurig Grzesiak spółka komandytowa as the entity responsible for preparing the information included in the Prospectus is limited to the following chapters of the Prospectus: the chapter *“Polish securities market regulations and obligations relating to the acquisition and disposal of shares”*, the Chapter *“Taxation”* and the item *„Additional Information—The entities engaged in the Offer—Legal adviser to the Company and the Selling Shareholder”*.

Jarosław Grzesiak
General Partner

.....

Representation by the Offeror

On behalf of Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce with its registered office in Warsaw and address at: ul. Złota 59, 00-120 Warszawa, Poland, we hereby represent that to our best knowledge and having exercised due care to ensure this condition, the information contained in the Prospectus in the parts for preparing of which Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce is responsible is true, accurate and reflects the actual state of affairs, and nothing that could affect its meaning has been omitted in it.

The responsibility of the Offeror as the entity responsible for preparing the information included in the Prospectus is limited to the following chapters of the Prospectus: the Chapter „Podsumowanie” – with regard to the following items of that chapter: E.3 „Warunki oferty”, E.4 „Podmioty zaangażowane w ofertę”, E.5 „Akcjonariusz sprzedający; Umowy typu „lock-up”” (with regard to the part of that item relating to a description of contractual restrictions on the transferability of the Shares), the Chapter „Warunki Oferty” and the Chapter „Subemisja, stabilizacja i umowne ograniczenia zbywalności Akcji”.

Krzysztof Rosa
Director General of Branch

.....

Szymon Ożóg
Managing Director

.....

ABBREVIATIONS AND DEFINITIONS

Unless the context required otherwise, in this document the capitalized terms have the following meanings:

Glossary of general terms

2014-2016 Consolidated Financial Statements	Consolidated Financial Statements of the Group as at and for the years ended 31 December 2016, 2015 and 2014, prepared in accordance with IFRS for the purposes of the Marketing Document
Accounting Act	The Accounting Act of 29 September 1994 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1047, as amended)
Act on Agricultural System	The Act on Agricultural System of 11 April 2003 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 2052, as amended)
Act on Auditors	The Act on Auditors and Auditors' Corporation, Entities Authorized to Audit Financial Statements and on Public Supervision of 7 May 2009 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, No. 1000, as amended).
Act on Certain Financial Collaterals	The Act on Certain Financial Collaterals of 2 April 2004 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 891)
Act on Competition and Consumer Protection	The Act on Competition and Consumer Protection of 16 February 2007 (consolidated text in: <i>Dziennik Ustaw</i> of 2015, No. 50, item 331, as amended)
Act on Court Bailiffs and Rules of Enforcement	The Act on Court Bailiffs and Rules of Enforcement of 29 August 1997 (consolidated text in: <i>Dziennik Ustaw</i> of 2017, item 229 as amended)
Act on Investment Funds and AIF Management	The Act on Investment Funds and Alternative Investment Funds Management of 27 May 2004 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1896, as amended)
Act on Local Taxes and Fees	The Act on Local Taxes and Fees of 12 January 1991 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 716, as amended)
Admission	Admission and listing of the Shares on the WSE main market
Admitted Shares	Shares in the Company which the Company will seek to have listed and admitted to trading on the regulated market operated by the WSE on the basis of the Prospectus, i.e.: (i) the Existing Shares and (ii) New Shares
Alternative Performance Measures	The alternative performance measures as defined in the ESMA Guidelines for Alternative Performance Measures applied by the Company
Articles of Association	The Company's Articles of Association as at the date of the Marketing Document
ASO Catalyst	The system of trading in debt instruments on regulated markets and alternative trading systems operated by the WSE and BondSpot S.A.

Bill of Amendment to Trading Act	The bill of 20 April 2016 amending the act on trading in financial instruments and certain other statutes
Capital Increase Resolution	Resolution of the Extraordinary General Meeting of the Company of 28 March 2017 regarding an increase of the Company's share capital by way of issuing Series E ordinary shares, excluding existing shareholders' preemptive rights with respect to all Series E shares, seeking admission and introduction of Series E shares and Series E Shares Rights to Shares to trading on the regulated market operated by the Warsaw Stock Exchange, dematerialization of the Series E shares and Series E Shares Rights to Shares and authorization to execute an agreement for the registration of the Series E shares and Series E Shares Rights to Shares with the national depository of securities, as well as to amend the Articles of Association of the Company
Capital Market Supervision Act	The Capital Market Supervision Act of 29 July 2005 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1289, as amended)
CHF	Swiss Franc, the legal tender of the Swiss Confederation
CIT Act	The Corporate Income Tax Act of 15 February 1992 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1888, as amended)
Civil Code	The Civil Code of 23 April 1964 (consolidated text in: <i>Dziennik Ustaw</i> of 2017, item 459, as amended)
Civil Procedure Code	The Civil Procedure Code of 17 November 1964 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1822, as amended).
closed-end investment fund	Unless the context requires otherwise: a non-standardized, closed-end securitization fund
Commercial Companies Code	The Commercial Companies and Partnerships Code of 15 September 2000 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1578, as amended)
Concentration Regulation	Council Regulation (EC) No. 139/2004 of 20 January 2004 on the Control of Concentrations Between Undertakings (OJ EU L 24/1 of 29 January 2004, as amended)
Consolidated Financial Statements	the Quarterly Consolidated Financial Statements and Consolidated Financial Statements for the years 2014-2016
Criminal Code	The Penal Code of 6 April 1997 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1137, as amended)
CSP (POK)	A Customer Service Point of a Retail Consortium Member
WSE Detailed Stock Exchange Trade Rules	Detailed Stock Exchange Trading Rules under the UTP System adopted in the Resolution No. 1038/2012 of the Management Board of the WSE of 17 October 2012 (consolidated text as at 24 April 2017)
Directive 2004/39/EC	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive

	2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (OJ EU L 145/1 of 30 April 2004, as amended)
Directive 2010/73/EU	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ EU L 327/1 of 11 December 2010)
Dziennik Ustaw	<i>Dziennik Ustaw</i> - the official journal of the Republic of Poland
EAA	The European Economic Area: a free-trade zone covering the European Union and European Free Trade Association member states (except for Switzerland)
EasyDEBT NSFIZ	EasyDEBT Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (<i>non-standardized securitization fund</i>) with its registered office in Warsaw, ul. Przyokopowa 33, 01-208 Warszawa
EGB Investments	EGB Investments S.A. with its registered office in Bydgoszcz
ESMA	The European Securities and Markets Authority
ESMA Guidelines on Alternative Performance Measures	ESMA Guidelines on Alternative Performance Measures of 5 October 2015
EU	The European Union (of 28 member states)
EUR	The Euro – the legal tender implemented upon commencement of the third stage of Economic and Monetary Union (EMU) pursuant to the EC Treaty
European Commission	The European Commission – an executive body of the EU representing interests of the EU as a whole
external closed-end investment fund	Unless the context requires otherwise, a non-standardized closed-end securitization fund not consolidated by the Company or reported on an equity basis by the Company, whose receivables portfolios are managed by the Company
Final Price, Final Price of Offered Shares	The final issue price for the New Shares and the final sale price for the Shares for Sale, determined by the Company and the Selling Shareholder, respectively, in agreement with the Global Coordinator and in consultation with the Joint Bookrunner after completion of book building for the Institutional Investors
Financial Market Supervision Act	The Financial Market Supervision Act of 21 July 2006 (consolidated text in: <i>Dziennik Ustaw</i> of 2017, item 196, as amended)
FTE	A full time equivalent

GDP	The gross domestic product
General Meeting	The General Meeting of the Company
Getback Law Firm	The law firm Getback Mariusz Brysik sp. k.
GIODO	The Polish Inspector General for Personal Data Protection (<i>Generalny Inspektor Ochrony Danych Osobowych</i>).
Global Coordinator	Haitong Bank S.A. Spółka Akcyjna branch in Poland
Group	The Company and its consolidated entities
GUS	The Central Statistical Office of Poland (<i>Główny Urząd Statystyczny</i>)
IAS	Depending on the context, either the International Accounting Standards or the International Accounting Standards adopted by the European Union
IFRS	Depending on the context, the International Financial Reporting Standards or an International Financial Reporting Standard
Inheritance and Donations Tax Act	The Inheritance and Donations Tax Act of 28 July 1983 (consolidated text in: <i>Dziennik Ustaw</i> of 2017, item 833, as amended)
Institutional Investor(s)	Investors eligible to participate in the book building process or to subscribe for the Offered Shares, who received tender offers to, respectively, subscribe for the Offered Shares and participate in the book-building process, or to subscribe for the Offered Shares from the Global Coordinator or a Joint Bookrunner, who also meet the criteria specified in points (1) to (4) in Part I of Annex II to Directive 2004/39/EU of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, who are: (i) entities entitled or regulated to act on financial markets, including lending institutions, investment ventures, other eligible or regulated financial institutions, insurance firms, collective investment systems and companies managing such systems, pension funds and companies managing such funds, agents concluding transactions on commodity derivatives and other commercial goods and products, local entities and other institutional investors; (ii) large companies meeting two of the following size-related requirements: a balance sheet total of EUR 20 million, net turnover at EUR 40 million, shareholders equity at EUR 2 million; (iii) national and regional governmental authorities, public institutions managing public debt, central banks, international and supranational institutions, such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank, etc.; (iv) other institutional investors, whose main business objective is to invest in financial instruments, including entities dealing with asset securitization or other financial transactions (qualified investors in accordance with Article 2.1(e) of the 2003/71/EC Prospectus Directive)
ISIN	International Securities Identification Number
Issuer, Company, Getback	Getback S.A. with its registered office in Wrocław

Joint Bookrunners	mBank S.A., Mercurius Dom Maklerski sp. z o.o., Pekao Investment Banking S.A., Raiffeisen Centrobank AG, Trigon Dom Maklerski S.A., Wood & Company Financial Services A.S. Spółka Akcyjna, Oddział w Polsce
Joint Manager	Vestor Dom Maklerski S.A.
KDPW	Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna (the <i>Central Securities Depository of Poland</i>) with its registered office in Warsaw at ul. Książęca 4, 00-498 and, unless the context requires otherwise, the depository system operated by the this company
KDPW Detailed Operation Rules	Detailed Rules of Operation the Central Securities Depository of Poland (<i>Szczegółowe Zasady Działania Krajowego Depozytu Papierów Wartościowych</i>) (as of 20 December 2016)
KDPW Rules	Rules of the Central Securities Depository of Poland (<i>Regulamin Krajowego Depozytu Papierów Wartościowych</i>) as at the date of the Marketing Document
KDPW_CCP	KDPW_CCP S.A. with its registered office in Warsaw at ul. Książęca 4, 00-498
KNF	The Polish Financial Supervision Authority (<i>Komisja Nadzoru Finansowego</i>)
KPF	The Conference of Financial Companies in Poland (<i>Konferencja Przedsiębiorstw Finansowych w Polsce</i>)
KRS	The National Court Register (<i>Krajowy Rejestr Sądowy</i>)
Labor Code	The Labor Code of 26 June 1974 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1666, as amended)
MAD Directive	Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (OJ EU L 173/179 of 12 June 2014)
Management Board	The management board of the Company
Managers, Managers of the Offering	Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce, mBank S.A., Mercurius Dom Maklerski sp. z o.o., Pekao Investment Banking S.A., Raiffeisen Centrobank AG, Trigon Dom Maklerski S.A., Wood & Company Financial Services A.S., Spółka Akcyjna, Oddział w Polsce, and Vestor Dom Maklerski S.A.
MAR Regulation	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 173/1 of 12 June 2014, as amended)
Marketing Document	A marketing document in English made by the Company and the Selling Shareholder based on the information contained in the Prospectus for the purposes of promoting the Offer outside the

	territory of Poland and the United States of America among selected qualified investors pursuant to Regulation S; the document does not constitute an offering document (prospectus) and will not be approved by any regulatory agency
Market Ordinance, Market and Issuers Ordinance	Ordinance of the Minister of Finance of 12 May 2010 on determination of detailed terms and conditions that must be satisfied by the official stock-exchange listing market and issuers of securities admitted to trading on such market (<i>Dziennik Ustaw</i> of 2010, Nr 84, item 547)
Maximum Price	The maximum issue price for the New Shares for the purposes of Retail Investors' subscriptions, determined by the Company and the Selling Shareholder in agreement with the Global Coordinator and in consultation with the Joint Bookrunner
Member State	Any of the EEA member states
NBP	The National Bank of Poland (<i>Narodowy Bank Polski</i>)
New Lugano Convention	Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters executed in Lugano on 30 October 2007 (OJ EU L 339/3 of 21 December 2007)
New Shares	No less than one (1) and no more than 20,000,000 Series E new shares issued by the Company and publicly offered on the basis of the Prospectus
NSFIZ	a non-standardized closed-end securitization fund.
OECD	the Organization for Economic Co-operation and Development
Offer, Offering	Public offering of the Offered Shares in Poland conducted on the basis of the Prospectus
Offer Shares, Offered Shares	Together the Shares for Sale and New Shares
OJ EU	Official Journal of the European Union
Ordinance on Special Accounting Rules for Investment Funds	Ordinance of the Minister of Finance of 24 December 2007 on Special Accounting Rules for Investment Funds (<i>Dziennik Ustaw</i> of 2007, No. 249, item 1859)
own closed-end investment fund	Unless the context requires otherwise, a non-standardized closed-end securitization fund fully consolidated by the Company whose receivables portfolio are managed by the Company
Personal Data Protection Act	The Personal Data Protection Act of 29 August 1997 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 922)
PIT Act	The Personal Income Tax Act of 26 July 1991 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 2032, as amended)
PLN, zloty	Polish zloty – the legal tender in the territory of the Republic of Poland

Placement Agreement	Agreement between the Company, the Selling Shareholder and the Managers of the Offering concerning the placement of the Offering, to be executed until 19 June 2017
Prospectus	the Company's prospectus constituting an issue prospectus within the meaning of the Public Offering Act to be used by the Company for the purposes of the Offer and seeking the Admission
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (OJ EU L 345 of 31 December 2003, as amended)
Prospectus Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (OJ EU L 149/1 of 30 April 2004, as amended)
Public Offering Act, Public Offering Law	The Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1639, as amended)
Quarterly Consolidated Financial Statements	midterm abridged consolidated financial statements of the Group as at and for the three months ended 31 March 2017, complete with a statutory auditor's report on a review of such statements
collections	monies recovered on a receivables portfolio in the process of receivables management conducted by the Company
Regulation S	Regulation S issued pursuant to the U.S. Securities Act
Reports Ordinance	Ordinance of the Minister of Finance of 19 February 2009 regarding current and periodic information submitted by issuers of securities and on conditions of accepting as equivalent the information required by the provisions of the law of a non-EU member state (consolidated text in: <i>Dziennik Ustaw</i> of 2014, item 133, as amended)
Retail Consortium Member(s)	Selected investment firms, the list of which will be divulged to the public in the form of an update report to the Prospectus, in accordance with Article 52(2) of the Public Offering Law
Retail Investor(s)	Natural persons with full legal capacity, including residents and non-residents within the meaning of Polish forex regulations, eligible to subscribe for the New Shares as set forth in the Prospectus, as well as legal persons and unincorporated organizational units statutorily recognized as having a legal capacity, seated in Poland.
Right to Shares, RtS	Securities evidencing the right to receive New Shares which shall arise upon allocation of the New Shares and expire upon their registration in the depository of securities or on the day on which a registry court's decision on the refusal to register the increase of the Company's share capital becomes final and non-appealable

RON	Lei, a legal tender in the territory of Romania
Sale Shares, Shares for Sale	not more than 20,000,000 Existing Shares offered for sale to the public by the Selling Shareholder under the Prospectus
Selling Shareholder	DNLD Holdings B.V. with its registered office in Amsterdam, the sole shareholder of the Company
Shareholders	Shareholders of the Company
Shares, Existing Shares	shares in the Company existing as of the date of the Marketing Document, i.e. 80,000,000 shares, with a par value of PLN 0.05 each, including (i) 16,000,000 series A Shares, (ii) 24,000,000 series B Shares, (iii) 16,000,000 series C Shares and (iv) 24,000,000 series D Shares
Stabilization Agreement	Agreement providing for the rules subject to which stabilization measures will be taken and the and the Selling Shareholder will acquire Shares or Rights to Shares from the Stabilization Manager in exercising the stabilization option, to be executed by and between the Selling Shareholder and the Stabilization Manager on the day of determination of the Final Price in respect of the Offered Shares for Retail Investors and Institutional Investors and the ultimate number of New Shares offered by the Company in the Offering and the final number of Shares for Sale offered by the Selling Shareholder in the Offering or on the directly following day.
Stabilization Period	A period defined in the Stabilization Agreement of no more than 30 calendar days starting from the day of first listing of the Shares on the WSE, in which Shares or Rights to Shares may be acquired as part of stabilization efforts.
Stabilization Manager	Pekao Investment Banking S.A. in its capacity as stabilizing manager charged with the task of engaging in stabilization measures in respect of the Shares or Rights to Shares subject to the principles laid down in the MAR Regulation and the Stabilization Agreement.
Supervisory Board	supervisory board of the Company
Tax Code	The Tax Code of 29 August 1997 (consolidated text in: <i>Dziennik Ustaw</i> of 2017, item 201, as amended)
Trading Act, Act on Trading in Financial Instruments	The Act on Trading in Financial Instruments of 29 July 2005 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 1636)
Transfer Tax Act	The Act on Tax on Civil Law Transactions of 9 September 2000 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 223, as amended)
UOKiK	The Polish Competition and Consumers Protection Office (<i>Urząd Ochrony Konkurencji i Konsumentów</i>)
U.S. Securities Act	The United States Securities Act of 1933, as amended
VAT	The Value Added Tax imposed pursuant to the VAT Act of 11 March 2004 (consolidated text in: <i>Dziennik Ustaw</i> of 2016, item 710, as

	amended)
WSE Management Board	The Management Board of the Warsaw Stock Exchange
WSE Rules, Stock Exchange Rules	Rules of the Warsaw Stock Exchange adopted in the Resolution of the Board of the Warsaw Stock Exchange No. 1/1110/2006 of 4 January 2006, as amended (consolidated text as at 1 September 2016)
WSE, Warsaw Stock Exchange,	The Warsaw Stock Exchange: Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna with its registered office in Warsaw, address: ul. Książęca 4, 00-498 Warszawa registered in the Register of Entrepreneurs of the National Court Register under No. 0000082312 and, unless the context indicates otherwise, the regulated market (main market) operated by this company

FINANCIAL INFORMATION

1. Report on a review of Quarterly Consolidated Financial Statements
2. Quarterly Consolidated Financial Statements
3. The opinion on the audit of the 2014-2016 Consolidated Financial Statements.
4. The 2014-2016 Consolidated Financial Statements.

REPORT FROM THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To Shareholders and Supervisory Board of GetBack S.A.

Introduction

For the purpose of the present Prospectus as well as in accordance with the Commission Regulation (EC) no. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (Official Journal of the European Union of 30 April 2004 with subsequent amendments), hereinafter referred to as the Commission Regulation (EC) No. 809/2004, we have conducted a review of the presented interim condensed consolidated financial statements of Getback Capital Group (hereinafter referred to as the "Issuer") where the parent entity is Getback S.A. based in Wrocław at Powstańców Śląskich street No. 2-4 (hereinafter referred to as the "Parent company") which include interim consolidated income statement as well as interim consolidated statement of comprehensive income drafted for the period between 1 January 2017 and 31 March 2017, interim consolidated statements of financial position drafted as at 31 March 2017, interim consolidated statements of changes in equity as well as interim consolidated cash flow statement for the period between 1 January 2017 and 31 March 2017 as well as description of significant accounting policies and other explanatory information.

The Management Board of the Parent Company is responsible for the preparation of interim condensed consolidated financial statements according to International Accounting Standards, International Financial Reporting Standards and associated interpretations announced by the European Commission in the form of regulations. Our responsibility was to present conclusions on this interim financial information based on the review conducted by us.

Scope of the review

We have conducted the review of the interim consolidated financial statements according to the provision of the Polish Auditing Standard 2410 as stipulated by the International Auditing Standard 2410 "Review of interim financial information performed by the independent auditor of the entity" adopted by resolution No. 2783/52/2015 of the National Council of Statutory Auditors in Poland (KRBR) dated 10 February 2015, with subsequent amendments. Review of interim financial information involves enquiries, mainly to persons responsible for financial and bookkeeping issues and it also involves analysis and other review procedures.

The review features a significantly narrower scope than an audit carried out pursuant to the Polish Auditing Standards. The result of such review is not sufficient to obtain certainty that all material issues, that would otherwise have been identified during an audit, have been disclosed. Considering the above are not expressing our opinion on the audit.

Conclusion

Based on our review we hereby concluded that nothing has drawn our attention which would lead us to believe that the attached interim condensed consolidated financial statements do not provide a true and fair view, in all material aspects, of financial position of the Capital Group as at 31 March 2017 and financial results of Capital Group operations and cash flows for the period of 3 months ended on that date in accordance with the International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission.

Paweł Nowosadki

Key statutory
auditor conductor the review,
Registry No. 90119

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership) – an entity authorised to carry out audits of financial statements and registered in the list of authorised entities, held by the National Council of Statutory Auditors in Poland (KRBR), under registration no. 73:



Dariusz Szkaradek - Vice - President of the Management Board of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.

Warsaw, 24 May 2017



GETBACK CAPITAL GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 3 MONTHS ENDED ON 31.03.2017**

TABLE OF CONTENTS

SELECTED FINANCIAL DATA	3
INTERIM CONSOLIDATED PROFIT AND LOSS STATEMENT	4
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
INTERIM CONSOLIDATED CASH FLOW STATEMENT	7
1. General information	8
2. Composition of the Capital Group	8
2.1. Organisation of GetBack Capital Group and its consolidated entities	8
2.2. Composition of the Management Board of Parent Company	11
3. Important accounting principles	11
3.1. Information on the principles adopted for preparation of the condensed interim consolidated financial statements	11
3.2. Amendments to standards and interpretations applied	12
3.3. Selected accounting principles	12
3.4. Significant items based on the professional judgement and estimates	14
3.5. Information on operational segments	16
4. Additional notes and explanations	19
4.1. Net revenues	19
4.2. Other operating revenues and costs	20
4.3. External services	20
4.4. Financial revenues and costs	20
4.5. Income tax expense	21
4.6. Tangible fixed assets, intangible fixed assets, goodwill and investments	21
4.7. Debt portfolios	22
4.8. Trade receivables and other receivables	23
4.9. Information on provisions as well as deferred tax liability and assets	23
4.10. Prepayments	24
4.11. Cash and cash equivalents	24
4.12. Liabilities from issue of debt securities, liabilities arising from financial lease and liabilities arising from loans and borrowings	24
4.13. Trade liabilities and other liabilities	25
4.14. Components of other comprehensive income	25
4.15. Fair value of financial assets and liabilities	25
4.16. Financial risk management at the Capital Group	27
4.17. Related party transactions	28
4.18. Contingent liabilities	32
4.19. Additional information (notes) regarding the cash flow statement	34
4.20. Information on dividends at GetBack Capital Group	35
4.21. Seasonality of operations	35
4.22. Significant events which occurred in the reporting period	35
4.23. Events after the balance sheet date	35
4.24. Position of the Management Board concerning options of implementing previously published profit/loss forecasts for relevant financial year	36

SELECTED FINANCIAL DATA

	in PLN thousand		in EUR thousand	
	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenues	147 172	68 981	34 313	15 836
Result on operations	79 126	44 581	18 448	10 235
Gross profit	46 239	38 443	10 781	8 826
Net profit	57 471	38 014	13 399	8 727
Net profit per shareholders of the parent company	57 246	37 902	13 347	8 701
Profit (earning) per share attributable to equity holders of the parent company (in PLN/EURO per one share)	2.86	1.90	0.67	0.44
Profit (earning) per share attributable to equity holders of the parent company - diluted (in PLN/EURO per one share)	2.86	1.90	0.67	0.44
Acquisition of portfolios at prices set forth in the agreement	258 067	40 467	60 168	9 290
Payments from debtors	(142 205)	(54 027)	(33 155)	(12 403)
Net cash from operating activities	(61 380)	(48 779)	(14 311)	(11 198)
Net cash from investing activities	(49 963)	(46 575)	(11 649)	(10 692)
Net cash from financing activities	106 623	67 589	24 859	15 517
Net increase (decrease) in cash and cash equivalents	(4 720)	(27 765)	(1 100)	(6 374)
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
	(unaudited)		(unaudited)	
Total assets	1 821 524	1 630 558	431 661	368 571
Long-term liabilities	813 139	583 010	192 696	131 783
Short-term liabilities	565 473	661 705	134 005	149 572
Total equity	442 912	385 843	104 960	87 216
Equity attributable to equity holders of the parent company	442 628	385 755	104 893	87 196
Non-controlling interests	284	88	67	20
Share capital	4 000	4 000	948	904
Number of shares	20 000 000	20 000 000	20 000 000	20 000 000
Book value per ordinary share (in PLN/EUR)	22.13	19.29	5.25	4.36

The selected financial data presented above are supplementary to the financial statements and have been converted into EUR according to the following principles:

- relevant items of assets and liabilities as at balance sheet day – according to average exchange rate applicable at the last balance sheet day, announced by the National Bank of Poland; as at 31.03.2017 - 4.2198 and as at 31.12.2016 - 4.4240 respectively;
- individual items of assets and liabilities statement, as well a cash flow statement for the period between 1 January and 31 March of relevant year - based on average rate calculated as an arithmetic rate average quoted by the National Bank of Poland on the last day of the month in given period; for the period of 3 months ended on 31.03.2017 - 4.2891, and on 31.03.2016 - 4.3559 respectively.

INTERIM CONSOLIDATED PROFIT AND LOSS STATEMENT

Continuing operations	Note	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Net revenues	4.1	147 172	68 981
Share in profits (losses) of affiliates measured according to the equity method		(4 392)	1 109
Other operating revenue	4.2	16 247	53
Remuneration costs and employee benefits		(31 866)	(12 190)
Amortisation and depreciation		(4 433)	(1 282)
External services	4.3	(32 775)	(7 243)
Other operating expenses	4.2	(10 827)	(4 847)
Operating profit		79 126	44 581
Result on sales of financial assets		-	-
Financial revenues	4.4	2 195	224
Financial expenses	4.4	(35 082)	(6 362)
Net financial revenues (costs)		(32 887)	(6 138)
Gross profit (loss)		46 239	38 443
Income tax	4.5	11 232	(429)
Net profit (loss)		57 471	38 014
shareholders of parent company		57 246	37 902
Equity attributable to non-controlling interest		225	112
Earnings per one share:			
- basic earnings for the financial year (in PLN)		2.86	1.90
- diluted earnings for the financial year (in PLN)		2.86	1.90

Earnings per share	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Net profit for the period attributable to non-preference shareholders of the parent company (in PLN thousand)	57 246	37 902
Weighted average number of ordinary shares issued, applied to calculate the basic profit per share	20 000 000	20 000 000
Basic earnings per share (in PLN)	2.86	1.90
Weighted average number of ordinary shares issued, applied to calculate the diluted profit per share	20 000 000	20 000 000
Diluted earnings per share (in PLN)	2.86	1.90

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Components of other comprehensive income, i.e. exchange rate differences on translating foreign entities may be transferred in the future to the income statement.

	Note	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Profit (loss) for the period		57 471	38 014
Exchange differences on translating foreign entities		(373)	13
Other net comprehensive income	4.14	(373)	13
Comprehensive income for the period		57 098	38 027
Attributable to shareholders of parent company		56 873	37 915
Attributable to non-controlling interest		225	112

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.03.2017 (unaudited)	31.12.2016
ASSETS			
Non-current assets		259 731	222 618
Tangible fixed assets	4.6	14 137	13 286
Intangible assets	4.6	46 785	38 772
Goodwill	4.6	8 879	8 879
Investment property		-	1 315
Investments	4.6	166 957	140 257
<i>Investments in affiliates</i>		133 851	106 190
<i>Investments in securitisation funds</i>		33 106	34 067
Other long term receivables	4.8	1 599	9 958
Deferred income tax assets	4.9	21 239	10 019
Prepayments		135	132
Current assets		1 561 793	1 407 940
Debt portfolios	4.7	1 007 213	1 019 632
Trade receivables	4.8	442 865	269 678
Income tax receivables		300	300
Short-term borrowings granted	4.8	4 607	3 725
Other debtors	4.8	18 465	25 998
Prepayments	4.10	22 731	18 200
Cash and cash equivalents	4.11	65 612	70 407
TOTAL ASSETS		1 821 524	1 630 558
LIABILITIES AND EQUITY			
Equity (attributable to shareholders of the parent company)		442 628	385 755
Share capital		4 000	4 000
Net profit (loss)		57 246	200 013
Other equity		381 382	181 742
Non-controlling interests		284	88
Total equity		442 912	385 843
Long-term liabilities and provisions for liabilities		813 139	583 010
Liabilities arising from issuance of debt securities	4.12	568 343	397 371
Financial leasing liabilities	4.12	5 040	4 485
Long-term liabilities relative to loans and borrowings and other financial liabilities	4.12	41 740	45 422
Other long-term liabilities	4.13	198 016	135 732
Short-term liabilities		565 473	661 705
Liabilities arising from issuance of debt securities	4.12	373 951	407 528
Trade and other liabilities	4.13	152 634	223 368
Financial leasing liabilities	4.12	1 761	1 560
Short-term liabilities relative to loans and borrowings	4.12	17 382	15 780
Liabilities relative to employee benefits		19 731	13 455
Short-term provisions		14	14
TOTAL LIABILITIES		1 378 612	1 244 715
TOTAL OF LIABILITIES AND EQUITY		1 821 524	1 630 558

Additional information and explanations to interim condensed consolidated financial statements attached on pages 8 through 31 are an integral part of consolidated financial statements

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period of 3 months ended on 31.03.2017 (unaudited)

	Share capital	Other equity			Net profit	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
		Undistributed retained earnings	Supplementary capital and retained earnings	Exchange rate differences				
As at 01.01.2017	4 000	143 120	38 643	(21)	200 013	385 755	88	385 843
Comprehensive net income for the period	-	-	-	(373)	57 246	56 873	225	57 098
Reclassification of previous year's profit to undistributed financial results	-	200 013	-	-	(200 013)	-	-	-
Dividends payable to non-controlling shareholders	-	-	-	-	-	-	(29)	(29)
Transactions with shareholders	-	200 013	-	-	(200 013)	-	(29)	(29)
As at 03.31.2017	4 000	343 133	38 643	(394)	57 246	442 628	284	442 912

for the period of 12 months ended on 31 December 2016

	Share capital	Other equity			Net profit	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
		Undistributed retained earnings	Supplementary capital and retained earnings	Exchange rate differences				
As at 01.01.2016	4 000	22 982	38 643	(44)	120 138	185 719	37	185 756
Comprehensive net income for the period	-	-	-	23	200 013	200 036	247	200 283
Reclassification of previous year's profit to undistributed financial results	-	120 138	-	-	(120 138)	-	-	-
Dividends payable to non-controlling shareholders	-	-	-	-	-	-	(196)	(196)
Transactions with shareholders	-	120 138	-	-	(120 138)	-	(196)	(196)
As at 31.12.2016	4 000	143 120	38 643	(21)	200 013	385 755	88	385 843

for the period of 3 months ended on 31.03.2016 (unaudited)

	Share capital	Other equity			Net profit	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
		Undistributed retained earnings	Supplementary capital and retained earnings	Exchange rate differences				
As at 01.01.2016	4 000	22 982	38 643	(44)	120 138	185 719	37	185 756
Comprehensive net income for the period	-	-	-	13	37 902	37 915	112	38 027
Reclassification of previous year's profit to undistributed financial results	-	120 138	-	-	(120 138)	-	-	-
Dividends payable to non-controlling shareholders	-	-	-	-	-	-	(78)	(78)
Transactions with shareholders	-	120 138	-	-	(120 138)	-	(78)	(78)
As at 03.31.2016	4 000	143 120	38 643	(31)	37 902	223 634	71	223 705

INTERIM CONSOLIDATED CASH FLOW STATEMENT

	Note	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Cash flows from operating activities			
Net profit (loss)		57 471	38 014
Total adjustments:		(118 851)	(86 793)
Amortisation and depreciation		4 433	1 282
Share in (profit)/loss of associates		4 392	(1 109)
Foreign exchange (gain)/loss		4 861	(74)
(Profit) loss on investing activities		(16)	(1)
Interest		28 332	2 549
Movements in deferred income tax assets	4.19	(11 231)	438
Movement of investments in debt portfolios	4.19	8 919	(40 038)
Change in receivables	4.19	(159 900)	(14 368)
Changes in liabilities except for loans and borrowings	4.19	(4 393)	(21 902)
Movement of liabilities relative to employee benefits	4.19	6 290	(3 133)
Changes in prepayments and accruals	4.19	(4 634)	(9 568)
Income tax (paid) / refunded		-	(765)
Current income tax	4.5	-	(10)
Valuation of fund's investment certificates		4 096	(94)
Net cash from operating activities		(61 380)	(48 779)
Cash flows from investment activities			
Disposal of property, plant and equipment and intangible assets		1 337	1
Acquisition of property, plant and equipment and intangible assets		(12 195)	(1 823)
Purchase of financial assets		(2 735)	(44 753)
Acquisition of a subsidiary, net of cash acquired	4.19	(3 917)	-
Acquisition of shares or stock in other entities	4.19	(32 453)	-
Net cash used in investing activities		(49 963)	(46 575)
Cash flows from financial activities			
Payment of liabilities under finance lease agreements		(376)	(185)
Cash inflows from loans and borrowings taken out		-	2 229
Inflows from issue of debt securities	4.19	307 760	109 700
Dividends paid		(29)	(78)
Repayment of loans and borrowings		(2 080)	-
Redemption of debt securities	4.19	(169 778)	(40 000)
Interest paid	4.19	(28 874)	(4 077)
Net cash from financing activities		106 623	67 589
Net increase / (decrease) in cash and cash equivalents		(4 720)	(27 765)
Net foreign exchange gains/losses		(75)	(17)
Opening balance of cash and cash equivalents		70 407	51 291
Closing balance of cash and cash equivalents, including		65 612	23 509
of limited disposability		3 944	54

1. General information

GetBack Capital Group ("Capital Group", "Group") consists of a parent company GetBack S.A. ("GetBack", "Company" or "parent entity") and its subsidiaries.

Headquarters of GetBack S.A. is based in Wrocław at Powstańców Śląskich street No. 2-4. On 14.03.2012 GetBack S.A. was entered to the National Court Register by the District Court for Wrocław – Fabryczna, 6th Commercial Division of the National Court Register under KRS no. 0000413997. The Company's REGON (Business ID) is 021829989.

The predominant business of the Group is recovery of acquired debt and management of debt portfolios in securitisation funds, including: restructuring and recovery of acquired debt.

The duration of the Company and member companies of the Capital Group is unlimited.

Starting from 15.06.2016 the direct parent company for GetBack Group and the owner of 100% of company's shares is DNLD sp. z o.o. (former: Emest Investments sp. z o.o.).

No member of the Management Board or Supervisory Board holds directly or indirectly at least 5% of shares of GetBack SA.

Prior to that day, the direct parent company for GetBack Group and the owner of all Company's shares was a subsidiary called Getin International S.a r.l. located in Luxemburg, which received 100% of GetBack S.A. shares in kind from its subsidiary Idea Expert S. A. on 14 March 2016. The company LC Corp B.V., owned by PhD Leszek Czarnecki, is the parent company of the whole Group.

2. Composition of the Capital Group

2.1. Organisation of GetBack Capital Group and its consolidated entities

Interim condensed consolidated financial statements of for the period of 3 months ended on 31.03.2017 include GetBack and the following companies of GetBack Capital Group:

Subsidiaries fully consolidated:

Name and registered office	Activity type	Effective share in capital	
		31.03.2017 (unaudited)	31.12.2016
Kancelaria Prawna GetBack Mariusz Brysik sp.k. with its registered office in Wrocław	legal services	90.91%	90.91%
easyDebt NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%
GetBack Recovery Srl with its registered office in Bucharest (Romania)	debt collection services	100.00%	100.00%
Lawyer Consulting Associate Srl with its registered office in Bucharest (Romania)	legal services	98.00%	98.00%
Neum Pretium Sp. z o.o. (former Bakura IT Sp. z o.o.) with its registered office in Wrocław	other financial services	100.00%	100.00%
Open Finance FIZAN with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%
Bakura sp. z o.o. with its registered office in Warsaw	other financial services	100.00%	100.00%
Bakura sp. z o.o. S.K.A. with its registered office in Warsaw	other financial services	100.00%	100.00%
Universe 3 NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%
Bakura Sp. z o.o. Kolima Sp. k. with its registered office in Wrocław	other financial services	100.00%	100.00%
GetPro NSFIZ (former EGB Wierzytelności 1 NSFIZ) with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%
Debito NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%
Open Finance Wierzytelności NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%
Neum Pretium S.A. with its registered office in Warsaw	other financial services	100.00%	100.00%

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

GetBack Baytree Advisors LLP Limited based in London, United Kingdom, was registered in the first quarter of 2017. Until the date of approval of this report no article of association of the company were drafted, no shares were contributed, no operations of the company were commenced. In connection with the aforementioned, this company is currently not subject to consolidation.

The subsidiaries cover the entities controlled by GetBack, including investment funds, where GetBack Group has its investment certificates and exercises active control. Detailed consolidation principles were enclosed in the note 3.3.

Affiliated entities disclosed (consolidated) using the equity method:

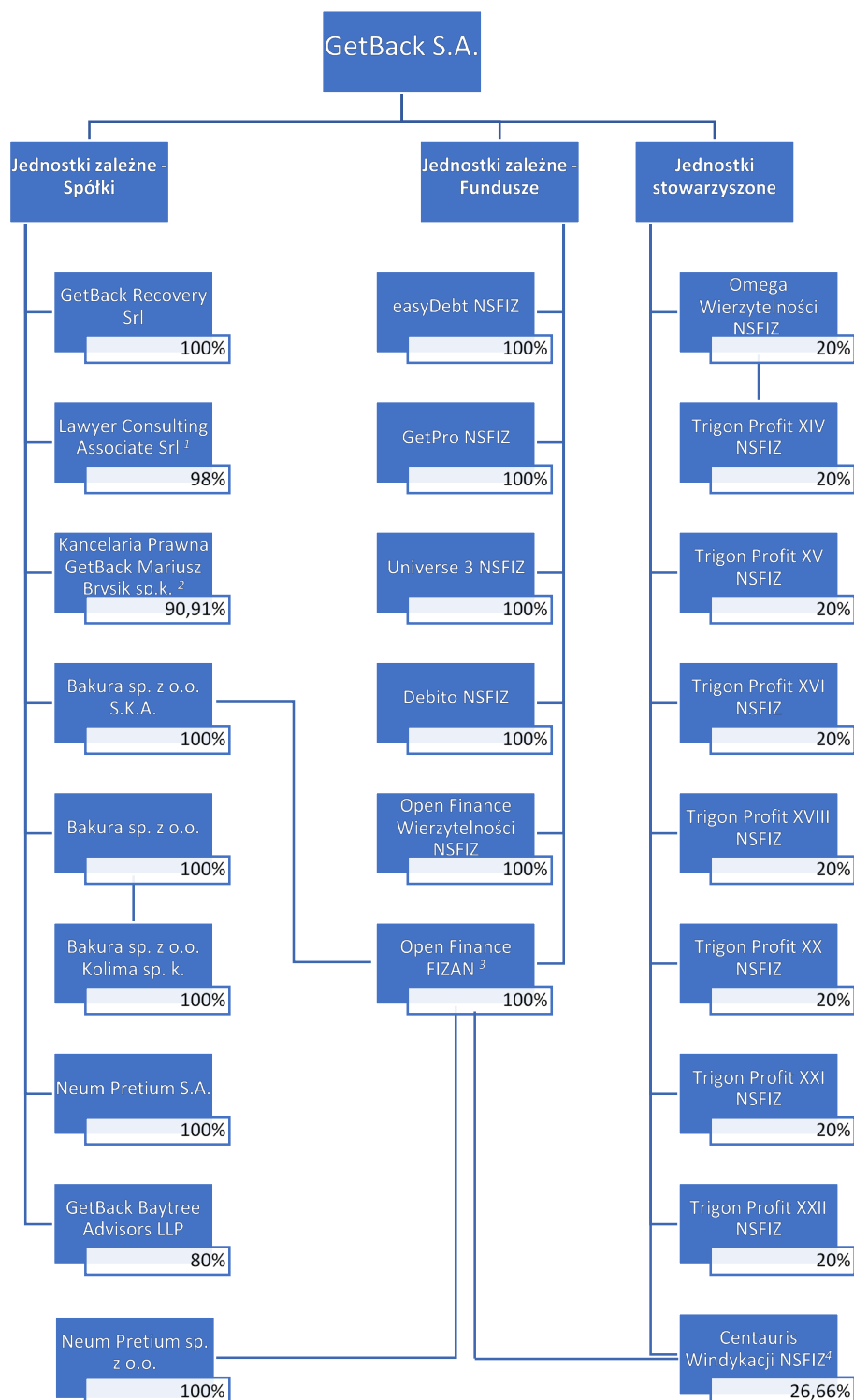
Name and registered office	Activity type	Effective share in capital	
		31.03.2017 (unaudited)	31.12.2016
OMEGA Wierzytelności NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%
Trigon Profit XIV NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%
Trigon Profit XV NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%
Trigon Profit XVI NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%
Trigon Profit XVIII NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%
Trigon Profit XXI NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%
CENTAURIS Windykacji NSFIZ with its registered office in Warsaw	statutory activity of funds	26.66%	26.66%
Trigon Profit XX NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.
Trigon Profit XXII NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.

Affiliated entities are all entities where the Group has significant influence. Detailed consolidation principles were enclosed in the note 3.3.

As at 31.03.2017 Group's share in the total number of votes in respect of its subsidiaries and affiliated entities is equal to its share in share capital of those entities.

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Graphic presentation of GetBack Capital Group structure as at 31.03.2017:



¹ Lawyer Consulting Associate Srl - GetBack SA oraz GetBack Recovery Srl mają po 49% udziału w zysku

² Kancelaria Prawna GetBack Mariusz Brysik sp.k. - Komandytariuszem z udziałem w 90,91% jest GetBack SA, natomiast Bakura sp. z o.o. S.K.A jest Komandytariuszem

³ Open Finance FIZAN - GetBack SA jest w posiadaniu 20% , natomiast Bakura sp. z o.o. S.K.A - 80%, certyfikatów inwestycyjnych Funduszu

⁴ Centauris Windykacji NSFIZ – GetBack SA i Open Finance FIZAN posiadają po 13,33% certyfikatów inwestycyjnych Funduszu

In the period between 01.01.2017 and 31.03.2017 the following changes occurred in the structure of the Capital Group:

- On 11.01.2017 GetBack S.A. submitted a subscription for 5 050 investment certificate of Open Finance FIZAN fund. The final price of the transaction amounted to PLN 200 thousand;
- On 03.02.2017, 23.03.2017, 28.03.2017 Getback S.A submitted subscriptions for the following: 41 series I investment certificates, 64 series K investment certificates, 352 series L investment certificates of Universe 3 NSFIZ fund. The total price of the transaction amounted to PLN 45 837 thousand;
- On 03.02.2017 GetBack S.A. acquired 35 investment certificates of Trigon Profit XXI NSFIZ fund. The price of the transaction amounted to PLN 6 955 thousand.
- On 07.03.2017 GetBack S.A. acquired 49 investment certificates of Trigon Profit XX NSFIZ fund, thus acquiring 20% of investment certificates issued by this fund. The price of the transaction amounted to PLN 10 241 thousand;
- On 07.03.2017 GetBack S.A. acquired 73 investment certificates of Trigon Profit XXII NSFIZ fund, thus acquiring 20% of investment certificates issued by this fund. The price of the transaction amounted to PLN 15 257 thousand.

2.2. Composition of the Management Board of Parent Company

Composition of the Management Board of GetBack S.A. as at 31.03.2017 as well as at the date of approval of condensed interim consolidated financial statements was as follows:

- Konrad Kąkolewski – President of the Management Board,
- Paweł Trybuchowski – Vice-President of the Management Board,
- Anna Paczuska – Vice President of the Management Board,
- Mariusz Brysik – Member of the Management Board,
- Marek Patuła – Member of the Management Board,
- Bożena Solska – Member of the Management Board.

Between 01.01.2017 and 31.03.2017 as well as until approval of these interim abbreviated consolidated financial statements no personal changes occurred to the Management Board.

3. Important accounting principles

3.1. Information on the principles adopted for preparation of the condensed interim consolidated financial statements

Interim condensed consolidated financial statements of the Group cover a three-month's period ended on 31.03.2017 and include:

- comparative data for the period of 3 months ended on 31.03.2016 for the interim condensed consolidated profit and loss statement, interim condensed consolidated statement of comprehensive income as well as interim condensed consolidated cash flow statement,
- comparative data for the period of 3 months ended on 31.03.2016 as well as comparative data for the period of 12 months ended on 31.12.2016 for interim condensed consolidated statement of changes in equity,
- and interim condensed consolidated statement of financial position as at 31.03.2017 and 31.12.2016.

Data as at 31.12.2016 were subject to an audit by statutory auditor. Data as at 31.03.2016 were not subject to an audit or review by statutory auditor.

These interim condensed consolidated financial statements were approved for publication by the Company's Management Board on 24.05.2017.

These interim condensed consolidated financial statements were drafted in compliance with the International Financial Reporting Standards approved by the European Union ("IFRS-EU") and in particular in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" IFRS-EU cover the standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements are presented in the Polish currency ("PLN") and all values in PLN '000, unless specified otherwise.

These interim condensed consolidated financial statements were prepared with assumption of continuation of business activity by the companies of the Group in the possible to predict future. As at the date of approving these interim condensed consolidated financial statements no circumstances exists which would indicate any threat to the going concern of the Group companies.

Interim condensed consolidated financial statements do not cover all information and disclosures to that are required in case of annual financial statements and hence must be verified in conjunction with the consolidated financial statements of the Capital Group for the year ended 31.12.2016.

3.2. Amendments to standards and interpretations applied

Amendments to the published standards and interpretation which became effective after 01.01.2017 have no effect on these interim abbreviated consolidated financial statements.

These interim condensed consolidated financial statements do not consider amendments to standards and interpretations pending approval by the European Union or which were approved by the European Union but entered or will enter into force after 31.03.2017.

List of standards, amendments to standards and interpretations which have not yet been published and have not been applied to these interim abbreviated consolidated financial statements is no different to the list included in Group's consolidated financial statements for the year ended on 31.12.2016.

The Group estimates that standards which did not become effective as at 31.03.2017 would have had no effect on Group's interim condensed consolidated financial statements with the exception of the standards in respect of which Group's consolidated financial statements for the year ended on 31.12.2016 included a summary of the effect of their possible application. Since the date of publication of Group's consolidated financial statements for the year ended on 31.12.2016 no circumstances have occurred neither no new information has come to Group's attention that could change the results of evaluation of application of new standards.

3.3. Selected accounting principles

Accounting principles applied when preparing the interim condensed consolidated financial statements of the Group are consistent with the principles applied when drafting the consolidated financial statements of the Group for the year ended on 31.12.2016. Group's accounting principles were present in the consolidated financial statements of the Group for the year ended on 31.12.2016, which were approved by the Management Board on 28.03.2016.

Consolidation principles

Interim condensed consolidated financial statements of GetBack Capital Group include interim condensed financial statements of GetBack S.A. as well as interim condensed financial statements of its subsidiaries, drafted for relevant reporting periods. Consolidation packages of subsidiaries that are the basis for drafting the interim condensed consolidated financial statements, are prepared for the same reporting period as the statement of the parent company, using consistent accounting principles, on the basis of uniform principles of accounting applied for transactions and economic events of similar nature. In order to eliminate any discrepancies in the applied accounting principles, adjustment are introduced.

All significant balances and transactions between units of the Group, including unrealised profits resulting from transactions within the Group, were completely eliminated. Unrealised losses are eliminated, unless they prove the occurrence of impairment.

Subsidiaries

The company, regardless of the participation nature in given entity, defines its status of a parent company by assessing, if it controls the entity, where the investment was made.

The Company excises control over an entity where investment was made when due to its commitment in this entity it is subject to exposure to variable financial results or when it is entitled to variable

financial results and has possibility to influence the amount of those financial results through governance over such subsidiary.

The company exercises control over the entity, where the investment was made if and only if at the same time:

- a) exercises control over the entity, where the investment was made,
- b) due to its commitment in the entity, in which the investment has been made, it is subject to exposure to variable financial results or has the right to variable financial results and
- c) has possibility to use the exercised power over the entity, where the investment was made, to wield influence on the amount of its financial results.

Consolidation of entity, where the investment was made, begins on the day, when the Company gains control over the entity, and terminates when it loses control.

The Company assigns a profit or loss and each component of other total incomes to the owners of the parent company and to the non-controlling shares. The company presents non-controlling interests in the consolidated balance sheet in equity, separately to the equity of parent company's owners. Changes in the ownership of the parent company in the affiliated entity, which do not result in the loss of control over the affiliated company by the parent company, constitute capital transactions. If part of the equity possessed by non-controlling interests is changed, GetBack makes a balance sheet value correction of controlling and non-controlling interests in order to reflect changes of the relative interests in the subsidiary. All differences between the amount of adjustment of non-controlling shares and the fair value of the paid or received amount are recognised in the equity and assigned to the owners of the parent company.

When the Company loses the control over the subsidiary:

- a) it excludes assets (including goodwill) and liabilities of the former subsidiary from the consolidated balance sheet,
- b) it recognises all investments made in the former subsidiary at their fair value at the date of losing control, and subsequently they are recognised, along with all amounts of mutual liabilities of the former subsidiary and parent company according to the appropriate IFRS,
- c) it recognises profits or losses related to the loss of control attributed to former parent company.

Affiliated entities

Affiliated entities are all entities where the investor has significant influence. Significant influence means power allowing for participation in decision making on the financial and operational policy of the entity, where the investment was made, however, it does not involve taking control or joint control over this entity's policy.

If the Group has, directly or indirectly (for example, through the subsidiaries) 20% or more votes in the entity, where the investment was made, it is assumed that the Group exerts significant influence on this entity, unless it can be evidenced otherwise in the obvious way. On the other hand, if the Group has, directly or indirectly (for example, through the subsidiaries) less than 20% of votes in the entity, where the investment was made, it is assumed that the Group exerts no significant influence on this entity, unless it can be evidenced otherwise in the obvious way.

The Group loses a significant influence on the entity, where the investment was made, when it loses power allowing for participation in decision making on the financial and operational policy of the entity, where the investment was made.

As regards recognising the investments in the affiliates, the Group uses the equity method, where the investment is initially recognised by the cost, and then after the purchase day its value is corrected respectively by the investor's share change in the net assets of the entity, where the investment was made.

Investor's profit or loss covers his share in the profit or loss of the entity, where the investment was made, and other total incomes of the investor contain his share in other total incomes of the entity, where the investment was made.

If the entity's share in the losses of affiliate is equal or higher than his share in the affiliate, the entity ceases to recognise its share in further losses, unless it contracts liabilities, or made payments on behalf of particular entity.

If the entity, being a part of the Group, sets up the transaction with the affiliate or joint venture of the Group, profits and losses arising from these transactions are recognised in the consolidated financial statement of the Group only in such scope, in which the shares of this affiliate or joint venture are not related to the Group.

Each time at the end of reporting period, the Group assesses if there are evidences indicating the necessity for preparing the write down due to impairment loss as regards its net investment in the affiliate. In case of existence of such an evidence, the Group estimated the recoverable value, i.e. the useful value of fair value reduced by the sales costs, depending on which is higher.

If a balance sheet value of a component of assets is higher than its recoverable value, the Group recognises an impairment loss in the profit and loss statement.

3.4. Significant items based on the professional judgement and estimates

Preparation of a financial statement according to the IFRS-UE requires that the Group executes some estimates and makes assumptions which affect the amounts presented in the financial statement. Estimates and assumptions which are subject to permanent assessment by the Group's management are based on the past experience and other factors, including the expectations for future events, which seem justified in given situation. Although these estimates are based on the best knowledge of current conditions and actions taken by the Group, the actual results may differ from these estimates. Estimates carried out at the end of each reporting period reflect the conditions existing at these dates (for example, exchange rate, rate of interest, market prices). Changes of accounting estimates are presented in prospective beginning from the period, in which the estimate was made.

In the period of 3 months ended on 31.03.2017 the areas, for which the Group prepared estimates, have not changed compared to those presented in the consolidated financial statements of the Group for the year ended on 31.12.2016.

Professional judgement

- *Leasing contracts classification*

The Group classifies the leasing as operational or financial by assessing the scope of the risk and the gain, resulted from the leased asset, for the lessee and the lessor. The assessment is based on the economic content of each transaction.

- *Financial asset impairment loss*

The Group assesses whether there is reasonable evidence indicating the loss of value of the component/group of financial assets. Evidences of impairments are understood as events or group of events, which occurred after the date of initial presentation of the item/group of assets, indicating the decreased expected future cash flows from assets item or group of assets. Upon recognition of evidence of loss of value, the estimation of impairment losses is carried out.

- *Impairment of other fixed assets*

As at every balance sheet date, the Group assesses whether there is reasonable evidence of the impairment of a component of other fixed assets. If the Group recognises the evidences indicating the impairment, it is settled, if the current book value of particular asset is higher than the value which can be achieved by further using or selling of this asset, so the recovery value of this item is estimated. If the recovery value is lower than the current balance value of given asset, the impairment is recognised and the write-off is charged in the financial statement.

- *Loss of goodwill*

Following the initial recognition, goodwill is disclosed at cost of acquisition less all accumulated impairment losses. Each statement date is assessed in terms of preconditions for company's impairment loss. Impairment loss test is carried out once a year by comparing the balance value of cash generating units, along with company's value and their recoverable amount. Recoverable amount is estimated based on value in use of cash generating units which is an estimated value of future cash flows including residual value of cash generating units. Identified impairment loss is charged in the financial result.

- *Assets component due to deferred tax*

The Group recognises a component of assets due to deferred tax basing on an assumption that in the future a tax profit will be achieved that will allow for its use. Deterioration of achieved tax results in the future could make this assumption unjustified.

Uncertainty of estimates

Preparation of a financial statement according to the IFRS-UE requires that the Group executes some estimates and makes assumptions which affect the amounts presented in the financial statement. Estimates and assumptions which are subject to permanent assessment by the Group's management are based on the past experience and other factors, including the expectations for future events, which seem justified in given situation. Although these estimates are based on the best knowledge of current conditions and actions taken by the Group, the actual results may differ from these estimations.

Estimates carried out at the end of each reporting period reflect the conditions existing at these dates (for example, exchange rate, rate of interest, market prices). Changes of accounting estimates are presented in prospective beginning from the period, in which the estimate was made.

Main fields, in which the Group carried out the estimates include:

Fair value of financial instruments

Fair value of financial assets, not quoted on active markets, which include purchased portfolios of debts, are estimated at reliably justified value calculated with the estimating model based on estimates within the discounted expected cash flows. Fair value is settled as the sum of discounted expected cash flows, equal to the difference between future incomes from debt recovery and costs of asserting claims out of court, before the court and by means of enforcement.

The most significant estimates carried out by the Management Board include:

- Assumed amount of a discounted rate,
- Amount of recovery and a period of estimated expected cash flows,
- Value of the Company's securities and assumption for the period of their implementation.
- Assumption about similar characteristics of debts included in particular Portfolios.

All models used for evaluating the purchased portfolios of debts are approved before being applied, and calibrated in order to ensure that the received results reflect the actual data and comparative market prices. As far as possible, models use solely data which can be observed, stemming from the active market, however, in some cases, they are based on professional judgement. Future real flows from the purchased portfolios may differ from the estimates and assumptions, which may result in balance value corrections of these assets. Additional information about the adopted valuation methods, executed estimates and assumptions, as well as balance value of the purchased portfolios of debts as of balance sheet date are presented in Note 4.1 and 4.7.

Deferred tax relating to investments in subsidiaries and associates

In 2016, the GetBack Group did not create the reserve for deferred tax related to investment certificates of funds, which are subsidiaries; the reserve created in the previous years was also released. In 2016, the GetBack Group did not create the reserve for deferred tax related to investment certificates of funds, which are subsidiaries; the reserve created in the previous years was also released. In 2013-2014 the Group created the reserve for deferred income tax on all positive temporary differences related to potential redemption of easyDebt investment certificates, and currently concentrates on reinvesting the recovered cash without intending to generate profits from the purchase of investment certificates in the near future. Parent company controls dates and amounts of reversed temporary differences in connection with the fact that it possesses 100% of investment certificates, including 100% of votes on the meeting of investors. The Group is not required to create reserve for deferred tax, which refers to entities meeting the below conditions under IAS 40 jointly:

- parent company is capable of controlling the dates of temporary differences reversal; and
- it is likely that temporary differences will not reverse in the foreseeable future.

Recognition of revenue

Incomes of the Company stem partly from the valuation of the financial assets. When assessing the estimates related to the valuation, the management, at the same time, verifies the estimate of recognised incomes

The periods of use of tangible fixed assets and intangible assets.

Every year, the Group verifies adopted periods of usability of fixed assets and intangible assets on the basis of current estimations.

The estimation of the duration of expected period of economic usability of particular types of tangible fixed assets and intangible assets takes into account e.g.:

- previous average expected periods of economical usability, which reflect the time of wear and tear, intensity of use, etc.,

- loss in the economic value due to technological grounds,
- period of executing control over the asset, as well as legal and other limits of usability period,
- relation of usability period of asset items to the usability period of other assets,
- other circumstances affecting the expected average economical usability period of this asset type.

If the usability period of the asset item arising from contractual rights, the expected average economical usability period translates to the period related to the contractual rights, or in the situation, when the estimated period is shorter, the estimated economical usability period is assumed.

3.5. Information on operational segments

Reporting per segments of the Capital Group activity was prepared on the basis of units connected due to similar economic features and similarities in terms of offered products and services, service provision process, type or category of client, applied distribution methods and the nature of regulatory environment.

The Management Board monitors separate operational results of segments in order to take decisions related to the allocation of resources, assessment of the effects of this allocation and the results of activity.

The operational activity of the Capital Group has been divided into two segments:

Own funds segment covering:

- activity consisting in obtaining financing and allocating funds in debt portfolios including their servicing with the use of easyDebt NSFIZ securitisation fund, Open Finance FIZAN fund, Universe 3 NSFIZ, GetPro NSFIZ, Open Finance Wierzytelności NSFIZ, Debito NSFIZ, and the following companies: Bakura sp. z o.o., Bakura sp. z o.o. S.K.A., Neum Pretium Sp. z o.o., Bakura sp. z o.o. Kolima sp. k., Neum Pretium SA,
- activity consisting in obtaining financing and allocating funds in debt portfolios including their servicing by GetBack Recovery Srl.

Internal funds segment covering:

- activity consisting in servicing investment funds from outside GetBack Group, as well as debt collection services commissioned on behalf of other entities from outside GetBack Group by GetBack S.A., provision of services to external entities in terms of representation in judicial and enforcement proceedings, legal advice and representation in civil and economic proceedings by Kancelaria Prawna GetBack Mariusz Brysik sp. k.

Revenues and costs of the segment are revenues and costs achieved as a result of sales to external clients. General administration, depreciation and other operational costs are assigned to a segment according to the average number of serviced matters in a given year. Segment results were presented after addition of adjustments between the segments and consolidation adjustments.

Assets of the segment are operational assets used by the segment in operational activity, which can be directly assigned to a given segment or can be assigned to a given segment on the basis of rational premises. In particular, the assets of the segment do not include assets associated with income tax.

The activity of the companies of the Group in the territory of Poland does not indicate regional differentiation in terms of risk and level of return from incurred investment expenditures.

Interim condensed consolidated income statement for the period of 3 months ended on 31.03.2017 by segments (unaudited)

Continuing operations	Own funds segment	Third party funds segment	Total
Income from acquired debt portfolios	131 698	-	131 698
Income from debt management and debt recovery under commission	-	12 810	12 810
Share in profits (losses) of affiliated entities valued using equity method	-	(4 392)	(4 392)

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Income on other services	2 676	(12)	2 664
Other operating revenue	136	16 111	16 247
Administration and similar costs	(55 244)	(17 659)	(72 903)
Amortisation and depreciation	(3 084)	(1 349)	(4 433)
Other operating expenses - other	(2 560)	(5)	(2 565)
Financial revenues	(90)	2 285	2 195
Financial expenses	(35 017)	(65)	(35 082)
Gross profit	38 515	7 724	46 239
Income tax	890	10 342	11 232
Net profit	39 405	18 066	57 471
EBIT	73 622	5 504	79 126
EBIT	54.7%	22.4%	49.8%
EBITDA	76 706	6 853	83 559
EBITDA	57.0%	28.0%	52.5%
Cash EBITDA	88 747	6 853	95 600
Cash EBITDA	66.0%	28.0%	60.1%

- (1) The Company calculates EBIT of relevant segment as a profit from operational activity of a given segment.
- (2) The Company calculates EBIT margin of a given segment as a ratio between the operational activity profit and the total operational revenue.
- (3) The Company calculates EBITDA of a given segment as a profit from operational activity after eliminating depreciation of a given segment.
- (4) The Company calculates EBITDA of a given segment as a ratio between the profit from operational activity after elimination of depreciation and the total operational revenue.
- (5) The Company calculates Cash EBITDA of a given segment as a profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating value of portfolios of a given segment.
- (6) The Company calculated Cash EBITDA margin of a given segment as a ratio of the profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating the value of portfolios of a given segment and the total operational revenues.

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Interim condensed consolidated income statement for the period of 3 months ended on 31.03.2016 by segments (unaudited)

<i>Continuing operations</i>	Own funds segment	Third party funds segment	Total
Income from acquired debt portfolios	46 502	-	46 502
Income from debt management and debt recovery under commission	-	22 382	22 382
Share in profits (losses) of affiliated entities valued using equity method	-	1 109	1 109
Income on other services	(7)	104	97
Other operating revenue	12	41	53
Administration and similar costs	(15 089)	(9 065)	(24 154)
Amortisation and depreciation	(822)	(460)	(1 282)
Other operating expenses - other	(50)	(76)	(126)
Financial revenues	46	178	224
Financial expenses	(6 279)	(83)	(6 362)
Gross profit	24 313	14 130	38 443
Income tax	(149)	(280)	(429)
Net profit	24 164	13 850	38 014
EBIT	30 546	14 035	44 581
EBIT	65.7%	59.4%	63.6%
EBITDA	31 368	14 495	45 863
EBITDA	67.4%	61.3%	65.4%
Cash EBITDA	37 403	14 495	51 898
Cash EBITDA	80.4%	61.3%	74.0%

- (1) The Company calculates EBIT of relevant segment as a profit from operational activity of a given segment.
- (2) The Company calculates EBIT margin of a given segment as a ratio between the operational activity profit and the total operational revenue.
- (3) The Company calculates EBITDA of a given segment as a profit from operational activity after eliminating depreciation of a given segment.
- (4) The Company calculates EBITDA of a given segment as a ratio between the profit from operational activity after elimination of depreciation and the total operational revenue.
- (5) The Company calculates Cash EBITDA of a given segment as a profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating value of portfolios of a given segment.
- (6) The Company calculated Cash EBITDA margin of a given segment as a ratio of the profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating the value of portfolios of a given segment and the total operational revenues.

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Data from the interim condensed consolidated statement of financial position by segments as at 31.03.2017 and 31.12.2016

Segment assets as at 31.03.2017 (unaudited)	Own funds segment	Third party funds segment	Consolidation adjustments	Total
Segment assets	1 513 138	394 155	(240 859)	1 666 434
Investments in affiliates	-	133 851	-	133 851
Deferred income tax assets	21 239	-	-	21 239
Total assets	1 534 377	528 006	(240 859)	1 821 524

Segment assets as at 31.12.2016	Own funds segment	Third party funds segment	Consolidation adjustments	Total
Segment assets	1 451 124	351 868	(288 643)	1 514 349
Investments in affiliates	-	106 190	-	106 190
Deferred income tax assets	10 019	-	-	10 019
Total assets	1 461 143	458 058	(288 643)	1 630 558

4. Additional notes and explanations

4.1. Net revenues

Net revenues	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Income from acquired debt portfolios	131 698	46 383
Income from debt portfolios management services	12 567	22 302
Income on debt recovery services	243	170
Income on other services	2 664	126
Total	147 172	68 981

Revenues on other services as at 31.03.2017 include revenues on advisory/consulting services.

Drop in revenues on debt portfolio management is the result of reduced remuneration as well as assuming control of funds (Debito NSFIZ and Open Finance Wierzytelności NSFIZ), for which in the first quarter of 2016 GetBack SA was merely a servicing agent.

In accordance by accounting principles adopted by the Group, revenue and profits arising from debt portfolios valued at fair value by the financial result are represented in the operational revenue as revenue from purchased portfolios.

Income from debt portfolios	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Recoveries from debt portfolios	144 587	52 418
Depreciation of debt portfolios	(15 858)	(11 086)
Revaluation of portfolios	2 969	5 051
Verification of estimates	3 886	3 818
Change of discount rate	(917)	1 233
Total	131 698	46 383

Recoveries from debt portfolios include payments from debtors adjusted by the increase or decrease of liabilities against debtors indebted due to overpayments. Portfolios' depreciation represents the depreciation of the portfolio purchase price. Update of the valuation of debt portfolios results from the change of forecasts of discounted expected cash flows, changes of the level of costs associated with debt collection and change of discount rate.

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

4.2. Other operating revenues and costs

Other operating revenues	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Change to VAT proportion	218	-
Profit on fixed assets disposal	1 859	-
Lease of premises	1	32
Licence granted	4 750	-
Income on services other than services of core business activity	9 350	-
Surplus after reversal of provisions for costs	-	1
Other	69	20
Total	16 247	53

Other operating expenses	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Entertaining and advertising costs	(1 651)	(357)
Consumption of materials and energy	(2 041)	(822)
Taxes and charges	(3 813)	(3 192)
Employee training	(158)	(151)
Business trips	(439)	(144)
Property insurance	(160)	(55)
Other	(2 565)	(126)
Total	(10 827)	(4 847)

4.3. External services

External services	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Leasing	(1 917)	(1 090)
Telecommunication and postal services	(6 003)	(1 228)
Legal services, management services	(10 743)	(1 796)
Consulting services and expert evaluations (including IT)	(6 191)	(1 218)
Security and housekeeping services	(142)	(100)
Repair and maintenance services	(4 697)	(1 513)
Banking services	(307)	(105)
Other external services	(2 775)	(193)
Total	(32 775)	(7 243)

4.4. Financial revenues and costs

Financial revenues	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Interest income from granted loans and receivables	19	-
Interest income on bank deposits	31	101
Investment bonus	848	-
CDS transaction settlement.	1 297	-
Exchange differences	-	123
Total	2 195	224

Financial expenses	01.01.2017 - 31.03.2017 (unaudited)	01.01.2016 - 31.03.2016 (unaudited)
Interest on bonds	(21 429)	(4 409)
Bond processing costs	(5 970)	(1 192)
Other interest expense	(1 479)	(678)
Exchange differences	(5 154)	-
Other financial costs	(1 050)	(83)
Total	(35 082)	(6 362)

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

4.5. Income tax expense

Basic components of tax burden	01.01.2017 - 31.03.2017 <i>(unaudited)</i>	01.01.2016 - 31.03.2016 <i>(unaudited)</i>
Consolidated income statement		
Current income tax	-	10
Current tax burden	-	10
Deferred income tax	11 232	(439)
Connected with the occurrence and reversal of the interim differences	11 232	(439)
Tax expense recognised in the consolidated income statement	11 232	(429)
Consolidated equity		
Current income tax		
Tax expense recognised in consolidated equity	-	-
Total basic components of tax burden	11 232	(429)

Reconciliation of income tax from gross financial result before taxation according to statutory tax rate, with income tax calculate according to effective tax rate for periods ended on 31.03.2017 and 31.03.2016 is as follows:

Reconciliation of the effective tax rate	01.01.2017 - 31.03.2017 <i>(unaudited)</i>	01.01.2016 - 31.03.2016 <i>(unaudited)</i>
Profit (loss) before income tax	46 239	38 443
Tax at 19%, the tax rate applicable in Poland	(9 189)	(7 375)
Impact of various tax rates in different overseas jurisdictions	340	(60)
Non-taxable income	26 647	8 343
Costs not deductible for income tax	(6 681)	(2 291)
Other items with impact on the amount of tax burden (including missing deferred income tax asset)	115	954
Tax expense recognised in the consolidated income statement	11 232	(429)
Effective tax rates	(24,3%)	1.1%

4.6. Tangible fixed assets, intangible fixed assets, goodwill and investments

Tangible fixed assets

As at 31.03.2017 GetBack Capital Group incurred no material expenditure on tangible fixed assets.

As at 31.03.2017 and as at 31.12.2012 the Group did not recognise any impairment write-offs neither occurred any liabilities for acquisition of tangible fixed assets.

Intangible assets

Intangible fixed assets	31.03.2017 <i>(unaudited)</i>	31.12.2016
R&D expenses	4 250	4 655
Patents and licenses	30 111	33 067
Expenditure on intangible assets	12 351	974
Other	73	76
Intangible assets, total	46 785	38 772

As at 31.03.2017 GetBack Capital Group incurred expenditure on databases and development of an IT system.

As at 31.03.2017 and as at 31.12.2017 the Group did not recognise any impairment write-offs on intangible fixed assets.

Goodwill

As at 31.03.2017 goodwill has not changed compared to its value as at 31.12.2016.

As at the date of drafting the interim condensed consolidated financial statements no circumstances occurred that would require to carry out goodwill impairment test.

Investments

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Investments in affiliates

As at 31.03.2017 the item "Investment" of fixed assets includes investment certificates of associated funds, at fair determined by the issuer of investment certificates.

Affiliated entities	Balance sheet value as at	
	31.03.2017 (unaudited)	31.12.2016
Omega Wierzytelności NSFIZ	64 064	66 202
Trigon Profit XIV NSFIZ	8 129	8 052
Trigon Profit XV NSFIZ	7 226	7 105
Trigon Profit XVI NSFIZ	6 640	6 457
Trigon Profit XVIII NSFIZ	12 246	11 871
Trigon Profit XX NSFIZ	9 268	not appl.
Trigon Profit XXI NSFIZ	12 058	5 703
Trigon Profit XXII NSFIZ	13 810	not appl.
Centauris Windykacji NSFIZ	411	800
Total	133 851	106 190

Investments in securitisation funds

In the item of investments in securitisation funds, investment certificates of securitisation funds held by GetBack are presented, the fair value of which amounted to PLN 33 106 thousand as of 31.03.2017. (31.12.2016: PLN 34 067 thousand).

4.7. Debt portfolios

Debt portfolios include financial assets measured at fair value through profit or loss, part of which are purchased debt portfolio worth PLN 1 007 213 thousand as at 31.03.2017 (PLN 1 019 632 thousand as at 31.12.2016).

The acquired debt portfolios are divided into the following major categories:

Purchased debt portfolios	31.03.2017 (unaudited)	31.12.2016
Bank credits	758 519	801 453
Telephone bills	160 603	133 975
Cash loans (other than from banks)	25 862	18 485
Mixed portfolios	62 229	65 719
Total	1 007 213	1 019 632

Debt portfolios were valued under the following assumptions:

	31.03.2017 (unaudited)	31.12.2016
Discount rate	1.4% - 79.0%	1.2% - 86.5%
Period of estimated expected cash flows	April 2017 - March 2027	January 2017 - December 2026

At the end of each quarter the Group updates, if it is justified, the following parameters that constitute the basis for estimation of discounted expected future cash flows:

- discount rate – the increase of the rate impacts the reduction of the fair value;
- period, for which cash flows have been estimated – extension of this period causes reduction in fair value of debt portfolios;
- the value of expected, future flows on the basis of available current information and currently used debt collection tools – the increase of value of expected future cash flows causes the increase of the fair value.

Changes of net book value of purchased debt portfolios were as follows:

Changes of net book value of purchased debt portfolios for the period	01.01.2017- 31.03.2017 (unaudited)	01.01.2016- 31.12.2016
Value of acquired debt portfolios as at 01.01.	1 019 632	422 292
Acquisition of portfolios net	(8 514)	564 735

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Purchase price adjustment due to court fees and enforcement down payments	12 551	21 015
Payments from debtors	(142 205)	(334 580)
Increase / (drop) of liabilities to debtors due to overpayments	(2 382)	11 413
Income from debt portfolios - payments	128 729	277 242
Differences from translation of results from portfolios in overseas currencies	(3 567)	1 089
Revaluation	2 969	56 426
Value of acquired debt portfolios as at 31.03.	1 007 213	1 019 632

Acquired debt portfolios with book value (carrying value) of PLN 365 528 thousand as at 31.03.2017 (PLN 153 904 thousand as at 31.12.2016) were submitted as collaterals for issued bonds (see note 4.12).

Purchased debt portfolios	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Unsecured portfolios	966 951	951 237
Secured portfolios	40 262	68 395
Total	1 007 213	1 019 632

4.8. Trade receivables and other receivables

Trade receivables and other receivables	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Trade receivables	442 865	269 678
Tax receivables other than income tax	4 362	3 681
Other debtors	13 483	20 064
Prepayments, deposits	620	2 253
Loans granted	4 607	3 725
Total	465 937	299 401

Other long term receivables	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Deposits	1 599	1 599
Loans granted	-	8 359
Total	1 599	9 958

Changes of net book value of granted loans (unaudited) were as follows:

Receivables from awarded loans as at 01.01.2017	12 084
Value of granted loans - net	(8 325)
Repayment of loans (-)	(1 983)
Increase / (drop) of liabilities to debtors due to overpayments	190
Income on loans granted - payments	173
Revaluation write-offs	2 468
Receivables from awarded loans as at 31.03.2017	4 607

In the period between 01.01.2017 and 31.03.2017 as well as in 2016 no impairment write-off were recognised for items other than "loans granted".

4.9. Information on provisions as well as deferred tax liability and assets

	31.03.2017	31.12.2016	Change
	<i>(unaudited)</i>		
1. Income tax assets	21 239	10 019	11 220
2. Deferred income tax reserve	-	-	-

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

3. Other provisions	14	14	-
---------------------	----	----	---

4.10. Prepayments

As at 31.03.2017 accruals and prepayments increased due to expenses incurred on IPO.

As at 31.03.2017 and as at 31.12.2016 the Group did not recognise any impairment write-offs.

4.11. Cash and cash equivalents

Cash and cash equivalents	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Cash at bank accounts	65 612	70 407
Total	65 612	70 407

Cash on current accounts also covers restricted funds in the amount of PLN 4 thousand (31.12.2016: PLN 4 thousand). This amount constitutes funds transferred by Getin Noble Bank S.A. for managing the affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp.k. by the bank.

The sum of the restricted cash including the letter of credit as at 31.03.2017 and 31.12.2016 amounts to PLN 3 944 thousand.

As at 31.03.2017 and as at 31.12.2016 the Group did not recognise any impairment write-offs.

4.12. Liabilities from issue of debt securities, liabilities arising from financial lease and liabilities arising from loans and borrowings

Long-term liabilities	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Liabilities from issue of debt securities	568 343	397 371
Financial leasing liabilities	5 040	4 485
Liabilities due to loans and borrowings	41 740	45 422
Total	615 123	447 278

Short-term liabilities	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Liabilities from issue of debt securities	373 951	407 528
Financial leasing liabilities	1 761	1 560
Liabilities due to loans and borrowings	17 382	15 780
Total	393 094	424 868

Bonds are secured by registered pledge on acquired debt portfolios with book value (carrying value) of PLN 365 528 thousand as at 31.03.2017 (as at 31.12.2016 the bond collateral was PLN 153 904 thousand).

Issue, redemption and repayment of debt securities values are presented in the table below:

Liabilities from issue of debt securities	Balance as at the beginning of the period, in PLN '000	Bond issue in PLN thousand	Redemption of bonds	Effect of valuation at adjusted acquisition price	Balance as at period end
for the period 01.01.2017 – 31.03.2017 (unaudited)	804 899	314 952	(190 866)	13 309	942 294
for the period 01.01.2016 – 31.12.2016	253 533	716 044	(168 071)	3 393	804 899

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

for the period 01.01.2016 – 31.03.2016 (unaudited)	253 533	109 700	(44 029)	2 501	321 705
---	---------	---------	----------	-------	---------

As at 31.03.2017, 31.12.2016 and as at 31.03.2016 no overdue liabilities occurred from issue of debt securities, liabilities arising from financial lease and liabilities arising from loans and credits. Also no contractual clauses or covenants were violated.

4.13. Trade liabilities and other liabilities

Short-term trade liabilities and other liabilities	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Trade payables	37 919	30 044
Liabilities arising from purchase of debt portfolios	79 275	129 374
Accrued expenses	8 918	9 766
Liabilities to debtors due to overpayments	16 213	16 188
Liabilities relative to taxes, customs duties and insurance	1 071	3 447
Liabilities arising from acquisition of subsidiaries and associated entities	3 855	33 917
Other Liabilities	5 383	632
Total	152 634	223 368

Other long-term liabilities	31.03.2017	31.12.2016
	<i>(unaudited)</i>	
Liabilities arising from acquisition of subsidiaries and associated entities	34 145	8 000
Liabilities arising from purchase of debt portfolios	163 871	127 732
Total	198 016	135 732

4.14. Components of other comprehensive income

Other comprehensive income	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016
	<i>(unaudited)</i>	<i>(unaudited)</i>
Exchange differences on translating foreign entities	(373)	13
Total other comprehensive income	(373)	13

Income tax relative to components of other comprehensive income	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016
	<i>(unaudited)</i>	<i>(unaudited)</i>
Exchange differences on translating foreign entities - non-taxable amount	(373)	13
<i>Profit before tax</i>	<i>(373)</i>	<i>13</i>
Income tax relative to total other comprehensive income components	-	-

4.15. Fair value of financial assets and liabilities

In many cases the accounting and disclosure principles adopted by the Group require determination of fair value of both financial and non-financial assets and liabilities. Fair values are determined and disclosed using the methods presented below.

Trade receivables and other receivables

Fair value of trade receivables and other receivables is estimated as a current value of future cash flows, discounted using market interest rate as of reporting date. Short-term debts are not discounted since their book value is similar to their fair value. The fair value is estimated only to be disclosed.

Investments

Purchased debt portfolios

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Fair value of purchased debt portfolios is calculated on the basis of expected future cash flows associated with debt portfolios, discounted using discount rate that constitute an internal return rate increased by a margin.

Investment Certificates

Fair value of investment certificates of closed investment funds has been determined on the basis of valuation by the issuer of certificates as of balance sheet date. It results from estimation of the value of financial instruments in which the fund has invested.

Financial liabilities that are not derivatives

The fair value, estimated for the purposes of disclosure, is calculated on the basis of the current value of future cash flows resulting from return of the main amount and payment of interests, discounted using the market interest rate applicable at the end of the reporting period. In case of financial leasing, the market interest rate is established by reference to other similar leasing agreements. Short-term liabilities and liabilities for which the interest rates are updated with base rates changes on an on-going basis are not discounted, since their book value is similar to their fair value.

Financial assets and liabilities measured at fair value

Long-term financial assets	31.03.2017 (unaudited)		31.12.2016	
	Book value	Fair value	Book value	Fair value
Investments in securitisation funds	33 106	33 106	34 067	34 067
Total	33 106	33 106	34 067	34 067

Short-term financial assets	31.03.2017 (unaudited)		31.12.2016	
	Book value	Fair value	Book value	Fair value
Debt portfolios	1 007 213	1 007 213	1 019 632	1 019 632
Total	1 007 213	1 007 213	1 019 632	1 019 632

Financial assets and liabilities not measured at fair value

In case of financial assets and liabilities not valued at fair value, their book values constitute approximation of fair value due to their short realisation terms and variable interest rates.

Long-term financial assets	31.03.2017 (unaudited)		31.12.2016	
	Book value	Fair value	Book value	Fair value
Other debtors	1 599		9 958	
Total	1 599		9 958	

Short-term financial assets	31.03.2017 (unaudited)		31.12.2016	
	Book value	Fair value	Book value	Fair value
Trade and other receivables	461 330		299 401	
Cash and cash equivalents	65 612		70 407	
Total	526 942		369 808	

Long-term financial liabilities	31.03.2017 (unaudited)		31.12.2016	
	Book value	Fair value	Book value	Fair value
Liabilities arising from issuance of debt securities	568 343		397 371	

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Financial leasing liabilities	5 040		4 485	
Liabilities due to loans and borrowings	41 740		45 422	
Other long-term liabilities	198 016		135 732	
Total	813 139		583 010	

Short-term financial liabilities	31.03.2017 <i>(unaudited)</i>		31.12.2016	
	Book value	Fair value	Book value	Fair value
Liabilities arising from issuance of debt securities	373 951		407 528	
Financial leasing liabilities	1 761		1 560	
Liabilities due to loans and borrowings	17 382		15 780	
Trade and other liabilities	152 634		223 368	
Total	545 728		648 236	

The Group classifies particular components of financial assets and liabilities valued to the fair value by using the following hierarchy:

Level 1

Financial assets and liabilities valued on the basis of market quotations available on active markets for identical instruments.

Level 2

Financial assets and liabilities valued using valuation techniques based on directly observed market quotations or other information based on market quotations.

Level 3

Financial assets and liabilities, the fair value of which is valued using valuation models, in case of which input data are not based market data that is possible to observe.

In the first quarter of 2017 (as well as in the first quarter of 2016) no shifts occurred between level 1 and level 2 of the fair value hierarchy, as well as no instrument was reclassified from level 2 or level 1 to level 3 of the fair value hierarchy.

The balance sheet value of financial instruments valued at fair price, broken down into the aforementioned valuation levels as at 31.03.2017, is presented below (unaudited):

	Level 3	Total
Selected asset items		
Investments in securitisation funds	33 106	33 106
Debt portfolios	1 007 213	1 007 213

The balance sheet value of financial instruments valued at fair price, broken down into the aforementioned valuation levels as of 31.12.2016, is presented below:

	Level 3	Total
Selected asset items		
Investments in securitisation funds	34 067	34 067
Debt portfolios	1 019 632	1 019 632

4.16. Financial risk management at the Capital Group

Principles of risk management at GetBack Capital Group as at 31.03.2017 have not changed significantly compared to the principles described in the consolidated financial statements at the end of 2016.

Fair value of financial instruments - analysis

The sensitivity of financial instruments to the interest rate risk was calculated as a product of the balance of accounting items sensitive to interest rates and adequate deviation of the interest rate. Change by 100 base points in the interest rate would increase (decrease) the own capital and profit before taxation by the amounts presented below. The following analysis is based on the assumption that other variables will remain at a fixed level.

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Fair value sensitivity analysis for fixed interest rate financial instruments	Current period profit or loss		Equity excluding current period profit or loss	
	drop by 100 bps	drop by 100 bps	drop by 100 bps	drop by 100 bps
31.03.2017 (unaudited)				
Fixed interest rate financial instruments	(4 983)	4 983	-	-
31.12.2016				
Fixed interest rate financial instruments	(3 750)	3 750	-	-

Analysis of cash flow sensitivity for variable interest rate financial instruments	Current period profit or loss		Equity excluding current period profit or loss	
	drop by 100 bps	drop by 100 bps	drop by 100 bps	drop by 100 bps
31.03.2017 (unaudited)				
Debt portfolios	(16 687)	17 367	-	-
Other variable interest rate financial instruments	(4 509)	4 509	-	-
31.12.2016				
Debt portfolios	(16 259)	16 928	-	-
Other variable interest rate financial instruments	(4 971)	4 971	-	-

4.17. Related party transactions

Affiliated entities are understood by the Group as related parties of GetBack Capital Group.

Until 15.06.2016, related entities are understood as affiliated companies and entities affiliated by then parent company - dr Leszek Czarnecki, who owns 100% of shares of LC Corp BV (Getin Holding S.A., Idea Bank S.A., Idea Expert S.A.). Starting from 15.06.2016 the direct parent company for GetBack Group and the owner of 100% of company's shares is DNLD sp. z o.o. (former: Ernest Investments sp. z o.o.).

Consolidated financial statement includes financial statement of GetBack S.A. and financial statements of affiliated entities listed in note 2. Transactions concluded by the entities that are a part of the Group in 2017 and 2016 were carried out under the conditions that do not significantly differ from the market conditions.

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Transactions of Group companies with related entities in the period 1.01.2017 - 31.03.2017 as well as at 31.03.2017 (unaudited)

Transactions of Group companies with other related entities	31.03.2017		01.01.2017 - 31.03.2017				
	Receivables ¹⁾	Payables ²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)
Affiliated entities	6 986	6 824	-	-	-	150 400	27 011
Omega Wierzytelności NSFIZ	6 604	6	-	-	-	1 310	-
Trigon XIV NSFIZ	141	115	-	-	-	188	9 798
Trigon XV NSFIZ	142	104	-	-	-	175	8 940
Trigon XVI NSFIZ	37	88	-	-	-	51	8 273
Trigon XVIII NSFIZ	56	1	-	-	-	113	-
Trigon XXI NSFIZ	-	6 502	-	-	-	48 166	-
Trigon XX NSFIZ	-	8	-	-	-	36 331	-
Trigon XXII NSFIZ	-	-	-	-	-	64 003	-
Centauris Windykacji NSFIZ	6	-	-	-	-	63	-
Parent Companies	11	-	-	-	-	2	-
DNLD sp. z o.o.	11	-	-	-	-	2	-
Other entities, including:	176	595	-	-	2 422	133	-
Hussar Gruppa S.A.	122	-	-	-	-	59	-
GB Managers S.A.	-	-	-	-	-	1	-
HUSSAR ANGELS SA	-	-	-	-	-	2	-
Hussar Solutions SA	3	-	-	-	-	2	-
Task Advisory Services Limited	14	-	-	-	463	-	-
DOC FLOW SA	37	595	-	-	1 959	69	-

1) Accounts receivable include also receivables from banks due to cash held on bank accounts

2) Liabilities include also leasing liabilities as well as liabilities from issue of debt securities

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

Transactions of Group companies with related entities in the period 1.01.2017 - 31.12.2016 as well as at 31.12.2016

Transactions of Group companies with other related entities	31.12.2016		01.01.2016 - 31.12.2016				
	Receivables ¹⁾	Payables ²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)
Affiliated entities	6 818	-	-	-	-	57 967	-
Omega Wierzytelności NSFIZ	6 359	-	-	-	-	13 018	-
Trigon XIV NSFIZ	9	-	-	-	-	906	-
Trigon XV NSFIZ	153	-	-	-	-	2 379	-
Trigon XVI NSFIZ	3	-	-	-	-	681	-
Trigon XVIII NSFIZ	294	-	-	-	-	40 983	-
Parent Companies	8	-	2	(286)	(966)	7	-
Getin Holding S.A.	-	-	-	-	(156)	-	-
Idea Bank S.A.	-	-	2	-	(810)	-	-
Idea Expert S.A.	-	-	-	(286)	-	-	-
DNLD sp. z o.o.	8	-	-	-	-	7	-
Other entities, including:	63	915	77	(1 579)	(21 447)	25 061	-
Arkady Wrocławskie S.A.	-	-	-	-	(801)	-	-
Getin Noble Bank S.A.	-	-	77	(795)	(67)	-	-
Idea Bank S.A. Romania	-	-	-	-	(496)	-	-
Getin Leasing S.A.	-	-	-	(15)	(102)	-	-
Getin Fleet S.A.	-	-	-	(55)	(307)	-	-
Noble Securities S.A.	-	-	-	(613)	(4 057)	-	-
Pośrednik Finansowy sp. z o.o.	-	-	-	-	(35)	-	-
Open Finance TFI	-	-	-	-	(6 436)	17 985	-
RB Computer sp. z o.o.	-	-	-	-	(465)	-	-
Debito NSFIZ	-	-	-	-	-	1 337	-
Getin Leasing S.A. 3 S.K.A.	-	-	-	(10)	(64)	-	-
Doc Flow S.A.	3	915	-	-	(8 617)	393	-
Getin Leasing S.A. 2 S.K.A.	-	-	-	(1)	-	-	-
Idea Leasing S.A.	-	-	-	-	-	85	-
IL2 Leasing Sp. z o.o.	-	-	-	-	-	1	-
Noble Funds TFI	-	-	-	-	-	5 106	-
Fundacja Jolanty i Leszka Czarnieckich	-	-	-	(78)	-	-	-
Hussar Solutions S.A.	5	-	-	-	-	4	-
Hussar Gruppa S.A.	50	-	-	(4)	-	139	-
Hussar Angels S.A.	4	-	-	-	-	10	-
GB Managers S.A.	1	-	-	(8)	-	1	-

1) Accounts receivable include also receivables from banks due to cash held on bank accounts

Additional information and explanations to interim condensed consolidated financial statements attached on pages 8 through 31 are an integral part of consolidated financial statements

GetBack Capital Group
Interim condensed consolidated financial statements for the period of 3 months ended on 31.03.2017
(data in PLN '000)

2) Liabilities include also leasing liabilities as well as liabilities from issue of debt securities

4.18. Contingent liabilities

Court proceedings

In 2017 (as well as in 2016) and on the day of confirmation of this report, no significant court proceedings or bailiff proceedings were pending against the Group. As at 31.03.2017 as well as at 31.12.2016, due to pending arbitration proceedings, in which GetBack acts as a plaintiff, a reserve for the amount of PLN 14 thousand has been created.

Guarantees

As of 31.03.2017 (and as of 31.12.2016), GetBack S.A. holds a contingent liability resulting from a guarantee granted to DocFlow S.A. for Altus 33 FIZ (represented by Altus TFI S.A.), who secures execution of the obligation to purchase bonds issued by DocFlow. The guarantee has been granted up to the amount of PLN 1 500 thousand.

Contingent liabilities

On the basis of agreements entered into with investment funds, the Group manages securitised debts purchased by closed-end investment funds. Due to the fact that the Company has an impact on selection of deposits made by those funds and the scope of incomes obtained by the funds from those deposits, and therefore also on the financial results of the funds, in relation to certain funds managed by Trigon TFI S.A., the Company obliged to ensure profitability of activity of those funds in the amount that guarantees average annual rate of return from investment certificates in the amount specified in the articles of association of the aforementioned funds.

The Company's obligation has a nature of investment liability on a risk basis and it consists in that in case failure to achieve assumed profitability or liquidity by those funds, the Company will be obliged to recapitalise the aforementioned funds through covering and paying for a new issue of investment certificates in the amount guaranteeing purchase of the amount of investment certificates specified in guarantee agreements by those funds.

Cooperation contracts concluded by the Company with investment fund companies

The Company concluded the cooperation contracts with the investment fund companies, specifying the principles and conditions of cooperation in the scope of creation, administration and management of relevant closed-end investment fund by relevant investment fund company. In the scope of each of such contracts, the Company establishes with the company the content of the statutes of relevant fund and is obliged to submit subscriptions for a defined number of certificates of relevant Fund or to ensure the performance of the subscriptions by the investors and their payment within the first issue of investment certificates in the amount necessary for registration of relevant fund.

The part of contracts includes the Company's obligation to acquire the investment certificates of guaranteed issues. Some of the cooperation contracts directly foresee additional Company's obligations of a guarantee nature the aim of which is to secure the liquidity of relevant fund or defined guaranteed return rate for the benefit of participants in this fund other than the Company as well as provide for the establishment of performance guarantees for such contracts.

The aforementioned subscriptions, in various scope, relate to cooperation agreements with Trigon Profit XIV NS FIZ, Trigon Profit XV NS FIZ, Trigon Profit XVI NS FIZ, Trigon Profit XVIII NS FIZ, Trigon Profit XX NS FIZ, Trigon Profit XXI NS FIZ, Trigon Profit XXII NS FIZ, Trigon Profit XXIII NS FIZ, Universe NS FIZ, Universe 2 NS FIZ, Getback Windykacji NS FIZ, Centauris Windykacji NS FIZ.

Guarantee contracts concluded by the Company with investment fund companies

Under each of entered into guarantee contracts, the Company undertook to ensure that relevant closed-end investment fund included in the contract achieves the profitability allowing for redemption of investment certificates at the price considering the guaranteed return rate by relevant fund. The Company also undertook that, on dates specified in the schedule, the closed-end investment fund would have sufficient number of liquid assets available for out-payments for redemption of investment certificates. Except for one contract, the contracts provide that in case of failure to fulfil the obligation, the Company or entity indicated by it are obliged to submit the subscription and pay for the investment certificates issued by relevant closed-end investment fund in the scope of so-called guaranteed issues. Failure to fulfil this obligation can result in the payment of penalties (liquidated damages) specified in contracts.

In cases specified in relevant contract (e.g. in case of termination of the contract for management of the investment portfolio which includes the receivables of relevant fund conducted by the company under the agreement with the guarantor), the Company's guarantee obligations expire.

The Contract also provides for situations in which the guarantee remains in effect (e.g. termination of the contract for management of the investment portfolio which includes the receivables of relevant fund by a guarantor who is a manager or the company in cases specified in the contract). The contracts are concluded for the specified period of time, until the commencement date of relevant fund or until the redemption date occurring on the last business day of the specified quarter or redemption date of 100% of total number of assigned certificates of relevant series.

The guarantee contracts, referred to above, entered into by the Company are related to the following closed-end investment funds - Centauris Windykacji NS FIZ, Trigon Profit XIV NS FIZ, Trigon Profit XV NS FIZ, Trigon Profit XVI NS FIZ, Trigon Profit XVIII NS FIZ, Trigon Profit XX NS FIZ, Trigon Profit XXI NS FIZ, Trigon Profit XXII NS FIZ, Trigon Profit XXIII NS FIZ.

Contracts of mandate for management of the investment portfolio which includes the receivables of closed-end investment funds concluded by the Company with investment fund companies

The Company concluded contracts of mandate for management of the investment portfolios, which include securitised receivables of relevant closed-end investment fund, performed by the Company, with the investment fund companies.

In part of the contracts concluded by the Company it is provided that if the investment fund company incurs damage as a result of the Company's action or in-action contradictory with the law, statutes of relevant fund or provisions of the contract, the investment fund company can request the payment of the liquidated damages in the amount specified in relevant contract.

Certain contracts concluded by the Company provide for pecuniary sanctions also in the case when the Company fails to fulfil the obligation to cooperate with other entities supporting relevant fund or to submit the documentation associated with the portfolio management upon the contract termination on a relevant date. In addition, the Company is obliged to return the investment fund company the value of financial penalties imposed on the company by competent administration bodies, in particular by KNF.

All contracts specify the cases of gross breach of contracts in which the termination can occur with immediate effect (e.g. Company's loss of permit for management of securitised receivables).

Some contracts with Kancelaria Prawna GetBack Mariusz Brysik sp. k. provide that in case of their termination the Company will receive the awarded costs of legal representation in court proceedings and will be awarded with costs of representation in enforcement proceedings, and the investment fund company will be responsible for payment of remuneration.

Legal services agreements concluded by Kancelaria Prawna (Law Firm) GetBack Mariusz Brysik sp.k. with closed-end investment funds

Kancelaria Prawna GetBack Mariusz Brysik sp. k. was party to contracts concluded with closed-end investment funds whose investment portfolio which includes the receivables is managed by the Company, under which it represents those funds in court and enforcement proceedings concerning the receivables purchased by those funds. The value of financial penalties imposed by competent administration bodies on the investment fund company which manages relevant fund as well as of claims towards such a company associated with action or in-action for which the Kancelaria Prawna Getback is responsible is subject to reimbursement by Kancelaria Prawna Getback. The costs of proceedings, including court fees, stamp duties, enforcement fees and costs of acquisition of relevant certificates from the administration organs are covered by the funds. In majority of the contracts, there is a reservation that, in case of their termination or dissolution, the Kancelaria Prawna shall be paid the awarded costs of legal representation in the court proceedings and awarded costs of representation in the enforcement proceedings.

4.19. Additional information (notes) regarding the cash flow statement

Explanations to differences between balance sheet changes in assets as well as equity and liabilities and changes in the cash flow for the first quarter of 2017 (unaudited):

	Statement of financial position	Cash flow statement	Difference	Explanation of differences	
				Exchange rate differences on translating foreign entities	Acquisition / Disposal of subsidiary
Movements in deferred income tax assets	(11 220)	(11 231)	11	11	-
Movement of investments in debt portfolios	12 419	8 919	3 500	3 500	-
Change in receivables	(158 177)	(159 900)	1 723	1 723	-
Changes in liabilities except for loans and borrowings	(8 450)	(4 393)	(4 057)	(140)	(3 917)
Movement of liabilities relative to employee benefits	6 276	6 290	(14)	(14)	-
Changes in prepayments and accruals	(4 534)	(4 634)	100	100	-

Explanations to differences between balance sheet changes in assets as well as equity and liabilities and changes in the cash flow for the first quarter of 2016:

	Statement of financial position	Cash flow statement	Difference	Explanation of differences	
				Exchange rate differences on translating foreign entities	Acquisition / Disposal of subsidiary
Movements in deferred income tax assets	425	438	(13)	(13)	-
Movement of investments in debt portfolios	(40 392)	(40 038)	(354)	(354)	-
Change in receivables	(33 416)	(14 368)	(19 048)	(48)	(19 000)
Changes in liabilities except for loans and borrowings	(21 589)	(21 902)	313	313	-
Movement of liabilities relative to employee benefits	(3 133)	(3 133)	-	-	-
Changes in prepayments and accruals	(9 577)	(9 568)	(9)	(9)	-

Significant items indicated in the consolidated statement of cash flows for the first quarter of 2017:

Item "Purchase of subsidiary, after deduction of cash acquired" in the amount of PLN 3 917 thousand includes the inflow of cash in the current period resulting from payment of liability due to acquisition of investment certificates of Debito NSFIZ investment fund in 2016.

Item "Purchase of shares in affiliated entities" disclosed at PLN 32 453 thousand relates to the purchase of investment certificates of the following funds: Trigon Profit XX NSFIZ, Trigon Profit XXI NSFIZ and Trigon Profit XXII NSFIZ.

Inflows from issuance of debt securities include inflows from issuance of bonds of GetBack S.A. in the amount of PLN 307 760 thousand, and the repurchase of debt securities is a repurchase of bonds of GetBack S.A. in the amount of PLN 169 778 thousand.

Paid interests disclosed in cash flows from financial activity include interests paid by GetBack Capital Group: for bonds in the amount of PLN 27 740 thousand, for leasing in the amount of PLN 90 thousand, as well as for bank borrowings - in the amount of PLN 1 044 thousand.

Restricted funds include cash transferred by Getin Noble Bank S.A. for management of affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp. k. by Getin Noble Bank S.A. as well as cash secured in a form of letter of credit.

Significant items indicated in the consolidated statement of cash flows for the first quarter of 2016:

Item "Purchase of financial assets" relates to expenditures on the purchase of investment certificates of securitisation funds incurred in the first quarter of 2016.

Inflows from issuance of debt securities include inflows from issuance of bonds of GetBack S.A. in the amount of PLN 109 700 thousand, and the repurchase of debt securities is a repurchase of bonds of GetBack S.A. in the amount of PLN 40 000 thousand.

Paid interests indicated in cash flows from financial activity include interests paid by GetBack S.A.: for bonds in the amount of PLN 4 029 thousand, for leasing in the amount of PLN 45 thousand, as well as for loans and borrowings - in the amount of PLN 3 thousand.

Restricted funds include cash transferred by Getin Noble Bank S.A. for management of affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp. k. by the bank.

4.20. Information on dividends at GetBack Capital Group

The Management Board of GetBack will suggest to reclassify the entire 2016 profit to Company's supplementary capital. No dividend was paid by any Group company in the first quarter of 2017.

4.21. Seasonality of operations

The Group's business is not exposed to seasonal volatility or phenomena of cyclical nature hence the presented performance information of the Group shows no significant deviations throughout the year.

4.22. Significant events which occurred in the reporting period

- On 17 January 2017 two new members were appointed to the Supervisory Board - Mr Kenneth William Maynard and Mr Rune Mou Jepsen.
- On 23 January 2017 the Group repaid part of overdue financing provided to the Group by transferring an amount of PLN 28.7 million. The repayment followed the terms of financing.
- On 1 March 2017, the Management Board of the Company decided to apply to the General Meeting of the Company to adopt the resolutions for the purposes of the first public offering of shares of the Company in the territory of Poland and their admission and marketing on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. At the time of publication of this report, the parameters or the term of execution of a possible offer have not been established.
- On 1 March 2017 the Group signed a loan agreement with Raiffeisen Bank Polska S.A. under which Raiffeisen Bank Polska granted financing of up to PLN 50 million.
- On 06 March 2017 the Group signed a loan agreement with Alior Bank S.A. under which Alior Bank granted financing of up to PLN 50 million.
- On 8 March 2017 the Management Board of GetBack S.A. chose to commence negotiations with significant shareholders of two companies in debt management sector on the acquisition of their shares.
- On 9 March 2017 the Polish Financial Supervision Authority approved a bond issue prospectus of the Issuer. The prospect was developed in connection with the public offer and with intention to apply for admission to trade on the regulated market of the Issuer bonds issued as a part of issuance program of the total nominal value of up to PLN 300 million.
- On 27 March 2017, Idea Bank S.A. received information from Idea Investment S.a.r.l. on the payment of the second tranche of the sale price for all shares of GetBack S.A. in the total amount of PLN 334 036 thousand ("Second Tranche") by DNLD sp. z o.o. (previously "Emest Investments sp. z o.o."). The total value of the Second Tranche includes the amount of PLN 310 million that constitutes the part of the Shares sale price and interest on this amount in the amount of PLN 24,036 thousand.

Apart from the above events no other extraordinary factors or events occurred in the reporting period that would have a significant impact on the present financial statements. The Group believes that no other events or factors will occur that would have an effect on future financial statements.

4.23. Events after the balance sheet date

Presented below are event which occurred after the balance sheet date but did not require any amendments in the presented financial statements.

- On 24.04.2017 the Parent Company became aware that an entity controlled in 100% by the Parent Company had been selected, in a tender proceedings organised by a bank based in

Poland, as a purchaser of a debt portfolio of total nominal value amounting to approximately PLN 0.5 billion. The purchase price offered by that subsidiary of the Parent Company is an arms-length price for assets of this sort and does not deviate from comparable prices for such transactions. According to the terms and conditions of the tender proceedings the acquisition of the debt portfolio will be pursued upon agreeing final contractual provisions, however the bank may withdraw from the transaction without stating the reasons.

- On 28.04.2017 a Letter of Intent was concluded regarding acquisition of shares of EGB Investments S.A. with its registered office in Bydgoszcz (the "Document"). The Parties that signed the Documents are investment funds indicated in the Documents, managed by Altus Towarzystwo Inwestycyjne S.A. (collectively as the "Sellers") and GetBack (the "Parties"). The acquiring Party can be GetBack itself or a subsidiary of GetBack (the "Purchaser"). The objective of the Document is stating the intent by the Parties to pursue acquisition of over 99% of shares of EGB Investments S.A. by Purchaser from the Sellers under the condition of obtaining the consent of the Office of Competition and Consumer Protection by the Purchaser for concentration.
- On 19.05.2017, under standard proceedings, 600 000 (six hundred thousand) series PP1 bearer bonds issued by the Company were introduced into trading on primary market of the stock exchange with nominal value of PLN 100 (one hundred) each.
- Since 01.04.2017 until the day of approval of these interim condensed consolidated financial statements, GetBack S.A. issued bonds for total nominal value of PLN 280 993 thousand.

4.24. Position of the Management Board concerning options of implementing previously published profit/loss forecasts for relevant financial year

GetBack Capital Group did not publish any early performance estimates.

Konrad Kąkolewski
President of the Management Board

Paweł Trybuchowski
Vice President of the Management Board

Anna Paczuska
Vice President of the Management Board

Marek Patuła
Member of the Management Board

Mariusz Brysik
Member of the Management Board

Bożena Solska
Member of the Management Board

Wrocław, 24.05.2017

INDEPENDENT AUDITOR'S OPINION

For the Shareholders and the Supervisory Board of GetBack S.A.

For the purposes of the securities prospectus of Getback S.A. (the "Company") and in accordance with the requirements of Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (OJ L 149, 30.4.2004, as amended), we have audited the consolidated financial statements, as presented therein, of the GetBack Group (the "GetBack Group", the "Issuer"), for which Getback S.A. is the Parent Company, comprising the consolidated statement of financial position as at 31 December 2014, 31 December 2015 and 31 December 2016, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of cash flows covering the financial year from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015, from 1 January 2016 to 31 December 2016 as well as notes to the consolidated financial statements, which notes comprise information on the adopted accounting policies and other explanatory information, hereinafter referred to as the historical financial information.

The Management Board of the Parent Company is responsible for the presentation of the historical financial information in accordance with the requirements of Commission Regulation (EC) No 809/2004 as well as for the correctness of its determination in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations, as published in the form of regulations of the European Commission.

Our responsibility was to express an opinion on the truthfulness and fairness of the historical financial information presented in the prospectus.

We conducted the audit of the historical financial information in accordance with the applicable laws, pursuant to the provisions of:

- chapter 7 of the Accounting Act of 29 September 1994 (Journal of Laws: Dz.U. of 2016, item 1047, as amended), hereinafter referred to as "Accounting Act", and
- the National Standards on Auditing in accordance with the wording of International Standards on Auditing, as adopted by resolution 2783/52/2015 of the National Board of Statutory Auditors of 10 February 2015, as amended,

to obtain reasonable assurance allowing us to express an opinion about whether the historical financial

information is free from material misstatement. The audit included, in particular, examination – mainly by random sample methods – of accounting evidence and records supporting the amounts and disclosures in the historical financial information, as well as the assessment of accounting policies applied, significant estimates made by the Issuer's Management Board and a general assessment of the presentation of the historical financial information. We believe that our audit provides a reasonable basis for expressing an opinion.

In our opinion, the historical financial information of the GetBack Group has been prepared in all material respects in accordance with applicable International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission and gives a true and fair view of all the information relevant to the assessment of the financial position and financial performance of the Issuer in the periods presented in this prospectus.

[signature]

Paweł Nowosadko

Auditor in Charge

who conducted the audit

Number in the register 90119

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., an entity authorized to audit financial statements, entered on the authorised entities list maintained by the National Board of Statutory Auditors [KIBR] under number 73:

[signature]

Dariusz Szkaradek – Vice-President of the Management Board of Deloitte Polska Sp. z o.o., the general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 28 March 2017



GETBACK CAPITAL GROUP

**CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN
COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS
FOR PERIODS OF 12 MONTHS ENDED ON 31.12.2016, 31.12.2015
AND 31.12.2014
TOGETHER WITH INDEPENDENT STATUTORY AUDITOR'S OPINION**

TABLE OF CONTENTS

SELECTED FINANCIAL DATA	3
CONSOLIDATED INCOME STATEMENT.....	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	5
CONSOLIDATED STATEMENT ON CHANGES IN EQUITY	6
CONSOLIDATED CASH FLOW STATEMENT.....	8
ADDITIONAL INFORMATION AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
1 General information.....	9
2 Composition of the Capital Group.....	10
3 Approval of the financial statements	17
4 Important accounting principles	17
5 Effect of changes to the accounting policies	32
6 Financial risk management at the Capital Group	32
7 Information on operational segments.....	42
8 Net revenues.....	46
9 Other operating revenues.....	47
10 Other operating expenses	47
11 Remuneration costs and costs of employee benefits	47
12 External services.....	47
13 Result on sales of financial assets.....	47
14 Financial revenues and costs	48
15 Income tax expense	48
16 Tangible fixed assets.....	50
17 Intangible fixed assets	52
18 Investments.....	54
19 Prepayments	54
20 Debt portfolios	55
21 Trade and other receivables	56
22 Cash and cash equivalents	57
23 Share capital.....	57
24 Other equity.....	58
25 Profit per share.....	58
26 Dividends paid and proposed for payment.....	59
27 Liabilities from issue of debt securities, liabilities arising from financial lease and liabilities arising from loans and credits.....	59
28 Trade liabilities and other liabilities	60
29 Liabilities relative to employee benefits.....	61
30 Contingent liabilities and provisions for liabilities.....	61
31 Operating lease.....	63
32 Additional information to cash flow statement	64
33 Related party transactions.....	66
34 Business combinations.....	71
35 Components of other comprehensive income.....	79
36 Events after the balance sheet date	79

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

SELECTED FINANCIAL DATA

	in PLN thousand			in EUR thousand		
	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Net revenues	422 671	206 673	107 522	96 595	49 387	25 666
Result on operations	234 740	122 566	64 295	53 646	29 288	15 347
Gross profit	191 176	109 957	54 238	43 690	26 275	12 947
Net profit	200 260	120 311	44 286	45 766	28 750	10 571
Net profit per shareholders of the parent company	200 013	120 138	44 097	45 710	28 708	10 526
Profit (earning) per share attributable to equity holders of the parent company (in PLN/EURO per one share)	10.00	6.01	2.20	2.29	1.44	0.53
Profit (earning) per share attributable to equity holders of the parent company - diluted (in PLN/EURO per one share)	10.00	6.01	2.20	2.29	1.44	0.53
Acquisition of portfolios set forth in the agreement	(810 416)	(111 187)	(83 146)	(185 208)	(26 569)	(19 847)
Payments from debtors	334 580	136 291	86 642	76 463	32 568	20 682
Net cash from operating activities	(276 117)	(41 761)	299 805	(63 102)	(9 979)	71 565
Net cash from investing activities	(280 416)	(35 982)	(322 269)	(64 085)	(8 598)	(76 927)
Net cash from financing activities	575 646	112 189	31 556	131 555	26 809	7 533
Net increase (decrease) in cash and cash equivalents	19 113	34 446	9 092	4 368	8 231	2 170

	in PLN thousand			in EUR thousand		
	31.12.2016	31.12.2015	31.12.2014	31.12.2016	31.12.2015	31.12.2014
Total assets	1 630 558	655 393	289 535	368 571	153 794	67 929
Long-term liabilities	583 010	156 070	125 382	131 783	36 623	29 417
Short-term liabilities	661 705	313 567	98 447	149 572	73 581	23 097
Total equity	385 843	185 756	65 706	87 216	43 589	15 416
Equity attributable to equity holders of the parent company	385 755	185 719	65 668	87 196	43 581	15 407
Non-controlling interests	88	37	38	20	9	9
Share capital	4 000	4 000	4 000	904	939	938
Number of shares	20 000 000	20 000 000	20 000 000	20 000 000	20 000 000	20 000 000
Book value per ordinary share (in PLN/EUR)	19.29	9.29	3.28	4.36	2.18	0.77

The selected financial data presented above are supplementary to the financial statements and have been converted into EUR according to the following principles:

- relevant items of assets and liabilities as at balance sheet day – according to average exchange rate applicable at the last balance sheet day, announced by the National Bank of Poland; as of 31 December 2016 – 4.4240, as of 31 December 2015 – 4.2615 and as of 31 December 2014 - 4.2623;
- particular items of assets and liabilities statement, as well a cash flow statement for the period between 1 January and 31 December of given year - based on average rate calculated as an arithmetic rate average quoted by the National Bank of Poland on the last day of the month in given period; for the period between 1 January and 31 December 2016 - 4.3757, between 1 January and 31 December 2015 - 4.1848 respectively and 1 January and 31 December 2014 - 4.1893.

CONSOLIDATED INCOME STATEMENT

<i>Continuing operations</i>	Note	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Net revenues	8	422 671	206 673	107 522
Share in profits (losses) of affiliates measured according to the equity method	18	(10 662)	11 711	(12)
Other operating revenue	9	4 420	1 316	59
Remuneration costs and employee benefits	11	(78 101)	(49 034)	(18 790)
Depreciation / amortisation		(6 108)	(2 983)	(1 384)
External services	12	(71 788)	(27 013)	(10 187)
Other operating expenses	10	(25 692)	(18 104)	(12 913)
Operating profit		234 740	122 566	64 295
Result on sales of financial assets	13	(32)	6	-
Financial revenues	14	1 087	102	280
Financial expenses	14	(44 619)	(12 717)	(10 337)
Net financial revenues (costs)		(43 564)	(12 609)	(10 057)
Gross profit (loss)		191 176	109 957	54 238
Income tax	15	9 084	10 354	(9 952)
Other charges on the financial result		-	-	-
Net profit (loss)		200 260	120 311	44 286
shareholders of parent company	25	200 013	120 138	44 097
Equity attributable to non-controlling interest		247	173	189
Earnings per one share:				
- basic earnings for the financial year (in PLN)	25	10.00	6.01	2.20
- diluted earnings for the financial year (in PLN)	25	10.00	6.01	2.20

Earnings per share	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Net profit for the period attributable to non-preference shareholders of the parent company (in PLN thousand)	200 013	120 138	44 097
Weighted average number of ordinary shares issued, applied to calculate the basic profit per share	20 000 000	20 000 000	20 000 000
Basic earnings per share (in PLN)	10.00	6.01	2.20
Weighted average number of ordinary shares issued, applied to calculate the diluted profit per share	20 000 000	20 000 000	20 000 000
Diluted earnings per share (in PLN)	10.00	6.01	2.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Components of other comprehensive income, i.e. exchange rate differences on translating foreign entities may be transferred in the future to the income statement.

	Note	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Profit (loss) for the period		200 260	120 311	44 286
Exchange differences on translating foreign entities		23	(87)	43
Other net comprehensive income	35	23	(87)	43
Comprehensive income for the period		200 283	120 224	44 329
Attributable to shareholders of parent company		200 036	120 051	44 140
Attributable to non-controlling interest		247	173	189

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2016	31.12.2015	31.12.2014
ASSETS				
Non-current assets		222 618	100 484	71 890
Tangible fixed assets	16	13 286	9 701	3 523
Intangible assets	17	38 772	9 855	2 135
Goodwill	17	8 879	-	-
Investment property		1 315	1 308	-
Investments	18	140 257	77 685	66 153
<i>Investments in affiliates</i>		<i>106 190</i>	<i>77 180</i>	<i>65 469</i>
<i>Investments in securitisation funds</i>		<i>34 067</i>	<i>505</i>	<i>684</i>
Other long term receivables	21	9 958	1 107	-
Deferred income tax assets	15	10 019	673	-
Prepayments	19	132	155	79
Current assets		1 407 940	554 909	217 645
Debt portfolios	20	1 019 632	422 292	188 186
Trade receivables	21	269 678	74 567	5 019
Income tax receivables		300	4	96
Other debtors	21	29 723	3 905	6 887
Prepayments	19	18 200	2 850	606
Cash and cash equivalents	22	70 407	51 291	16 851
TOTAL ASSETS		1 630 558	655 393	289 535
LIABILITIES AND EQUITY				
Equity (attributable to shareholders of the parent company)		385 755	185 719	65 668
Share capital	23	4 000	4 000	4 000
Net profit (loss)		200 013	120 138	44 097
Other equity	24	181 742	61 581	17 571
Non-controlling interests		88	37	38
Total equity		385 843	185 756	65 706
Long-term liabilities and provisions for liabilities		583 010	156 070	125 382
Deferred income tax provision	15	-	-	12 619
Liabilities arising from issuance of debt securities	27	397 371	121 576	111 676
Financial leasing liabilities	27	4 485	1 947	1 087
Long-term liabilities relative to loans and borrowings	27	45 422	-	-
Other Liabilities	28	135 732	32 547	-
Short-term liabilities		661 705	313 567	98 447
Liabilities arising from issuance of debt securities	27	407 528	131 957	15 990
Trade and other liabilities	28	223 368	172 577	72 180
Financial leasing liabilities	27	1 560	825	652
Short-term liabilities relative to loans and borrowings	27	15 780	-	5 133
Corporate income tax liabilities		-	655	92
Liabilities relative to employee benefits	29	13 455	7 539	4 400
Short-term provisions	30	14	14	-
TOTAL LIABILITIES		1 244 715	469 637	223 829
TOTAL OF LIABILITIES AND EQUITY		1 630 558	655 393	289 535

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

for the period of 12 months ended on 31 December 2016

	Note	Share capital	Other equity			Net profit	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
			Undistributed retained earnings	Supplementary capital and retained earnings	Exchange rate differences				
		23	24	24	24				
As at 01.01.2016		4 000	22 982	38 643	(44)	120 138	185 719	37	185 756
Comprehensive net income for the period		-	-	-	23	200 013	200 036	247	200 283
Reclassification of previous year's profit to undistributed financial results		-	120 138	-	-	(120 138)	-	-	-
Dividends payable to non-controlling shareholders		-	-	-	-	-	-	(196)	(196)
Transactions with shareholders		-	120 138	-	-	(120 138)	-	(196)	(196)
As at 31.12.2016		4 000	143 120	38 643	(21)	200 013	385 755	88	385 843

for the period of 12 months ended on 31 December 2015

	Note	Share capital	Other equity			Net profit	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
			Undistributed retained earnings	Supplementary capital and retained earnings	Exchange rate differences				
		23	24	24	24				
As at 01.01.2015		4 000	(41)	17 569	43	44 097	65 668	38	65 706
Comprehensive net income for the period		-	-	-	(87)	120 138	120 051	173	120 224
Reclassification of previous year's profit to undistributed financial results		-	44 097	-	-	(44 097)	-	-	-
Transfer of undistributed financial result to reserve capital		-	(21 074)	21 074	-	-	-	-	-
Dividends payable to non-controlling shareholders		-	-	-	-	-	-	(175)	(175)
Non-controlling interest in Lawyer Consulting Associate Srl		-	-	-	-	-	-	1	1
Transactions with shareholders		-	23 023	21 074	-	(44 097)	-	(174)	(174)
As at 31.12.2015		4 000	22 982	38 643	(44)	120 138	185 719	37	185 756

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

for the period of 12 months ended on 31 December 2014

	Note	Share capital	Undistributed retained earnings	Other equity Supplementary capital and retained earnings	Exchange rate differences	Net profit	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
		23	24	24	24				
As at 01.01.2014		4 000	-	7 430	-	10 098	21 528	-	21 528
Comprehensive net income for the period		-	-	-	43	44 097	44 140	189	44 329
Reclassification of previous year's profit to supplementary capital		-	-	10 139	-	(10 139)	-	-	-
Reclassification of previous year's profit to undistributed financial results		-	(41)	-	-	41	-	-	-
Dividends payable to non-controlling shareholders		-	-	-	-	-	-	(151)	(151)
Transactions with shareholders		-	(41)	10 139	-	(10 098)	-	(151)	(151)
As at 31.12.2014		4 000	(41)	17 569	43	44 097	65 668	38	65 706

Additional information and explanations to consolidated financial statements attached on pages 9 through 81 are their integral part

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

CONSOLIDATED CASH FLOW STATEMENT

	Note	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Cash flows from operating activities				
Net profit (loss)		200 260	120 311	44 286
Total adjustments:		(476 377)	(162 072)	255 519
Depreciation / amortisation		6 108	2 983	1 384
Share in (profit) loss of associates	18	10 662	(11 711)	12
Foreign exchange (gain)/loss		(814)	105	(58)
(Profit) loss on investing activities		(2 628)	(220)	-
Interest		35 680	7 536	7 947
Movements in deferred income tax assets	32	(9 313)	(673)	-
Movement of investments in debt portfolios	32	(384 077)	(29 366)	209 584
Change in receivables	32	(229 573)	(62 962)	(11 515)
Changes in liabilities except for loans and borrowings	32	108 600	(55 309)	34 739
Movement of liabilities relative to employee benefits	32	5 910	3 141	3 610
Movements in provisions as well as deferred income tax provision	32	-	(12 594)	9 689
Changes in prepayments and accruals	32	(15 321)	(2 320)	(305)
Income tax (paid) / refunded		(1 181)	(2 270)	(132)
Current income tax	15	230	2 925	263
Valuation of fund's investment certificates		(653)	(20)	(14)
Goodwill write-off	34	-	-	156
Other adjustments		(7)	(1 317)	159
Net cash from operating activities		(276 117)	(41 761)	299 805
Cash flows from investment activities				
Disposal of property, plant and equipment and intangible assets		133	224	-
Acquisition of property, plant and equipment and intangible assets		(34 314)	(15 209)	(3 021)
Disposal of financial assets		-	178	-
Purchase of financial assets		(33 294)	-	(600)
Acquisition of a subsidiary, net of cash acquired	32	(150 748)	9 179	(283 308)
Acquisition of shares or stock in other entities	32	(39 272)	(30 300)	(35 340)
Disposal of a subsidiary, net of cash spent on acquisition		-	(54)	-
Other capital expenditure		(22 921)	-	-
Net cash used in investing activities		(280 416)	(35 982)	(322 269)
Cash flows from financial activities				
Payment of liabilities under finance lease agreements		(1 014)	(834)	(767)
Cash inflows from loans and borrowings taken out		65 302	-	5 133
Inflows from issue of debt securities	32	693 181	173 404	35 105
Dividends paid	26	(196)	(175)	(151)
Repayment of loans and borrowings		(4 100)	(5 133)	-
Redemption of debt securities	32	(143 578)	(45 000)	-
Interest paid	32	(33 949)	(10 073)	(7 764)
Net cash from financing activities		575 646	112 189	31 556
Net increase / (decrease) in cash and cash equivalents		19 113	34 446	9 092
Net foreign exchange gains/losses		3	(6)	3
Opening balance of cash and cash equivalents		51 291	16 851	7 756
Closing balance of cash and cash equivalents, including		70 407	51 291	16 851
of limited disposability	32	3 944	54	41

ADDITIONAL INFORMATION AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

GetBack Capital Group ("Capital Group", "Group") consists of a parent company GetBack S.A. ("GetBack", "Company" or "parent entity") and its subsidiaries.

Consolidated financial statements of the Group cover period of 12 months ended 31 December 2016, 31 December 2015 as well as 31 December 2014 for consolidated profit and loss statement, consolidated statement of changes in equity, consolidated statement of cash flows as well as consolidated statement of financial position as of 31 December 2016, 31 December 2015 as well as 31 December 2014.

GetBack S.A. is based in Wrocław at Powstańców Śląskich street No. 2-4. On 14.03.2012 GetBack S.A. was entered to the National Court Register by the District Court for Wrocław – Fabryczna, 6th Commercial Division of the National Court Register under KRS no. 0000413997. The Company's REGON (Business ID) is 021829989.

The predominant business of the Group is recovery of acquired debt and management of debt portfolios in securitisation funds, including: restructuring and recovery of acquired debt.

The duration of the Company and member companies of the Capital Group is unlimited.

Business activity type of each company included in the Group of Companies was described in note no.2 - additional information and explanations.

Starting from 15.06.2016 the direct parent company for GetBack Group and the owner of 100% of company's shares is DNLD sp. z o.o. (former: Emest Investments sp. z o.o.).

Prior to that day, the direct parent company for GetBack Group and the owner of all Company's shares was a subsidiary called Getin International S.a r.l. located in Luxemburg, which received 100% of GetBack S.A. shares in kind from its subsidiary Idea Expert S. A. on 14 March 2016. The company LC Corp B.V., owned by PhD Leszek Czarnecki, is the parent company of the whole Group.

2 Composition of the Capital Group

As of 31.12.2016, 31.12.2015 as well as 31.12.2014 GetBack Capital Group included the following companies:

Subsidiaries fully consolidated:

Name and registered office	Activity type	Effective share in capital		
		31.12.2016	31.12.2015	31.12.2014
Kancelaria Prawna GetBack Mariusz Brysik sp.k. with its registered office in Wrocław	legal services	90.91%	90.91%	90.91%
easyDebt NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%	100.00%
GetBack Recovery Srl with its registered office in Bucharest (Romania)	debt collection services	100.00%	100.00%	100.00%
Lawyer Consulting Associate Srl with its registered office in Bucharest (Romania)	legal services	98.00%	98.00%	not appl.
Neum Pretium Sp. z o.o. (former Bakura IT Sp. z o.o.) based in Wrocław	other financial services	100.00%	100.00%	100.00%
Open Finance FIZAN with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%	100.00%
Bakura sp. z o.o. with its registered office in Warsaw	other financial services	100.00%	100.00%	100.00%
Bakura sp. z o.o. sp.k. based in Warsaw	other financial services	-	-	100.00%
Bakura sp. z o.o. S.K.A. with its registered office in Warsaw	other financial services	100.00%	100.00%	100.00%
Universe 3 NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	100.00%	not appl.
Bakura Sp. z o.o. Kolima Sp. k. with its registered office in Wrocław	other financial services	100.00%	not appl.	not appl.
GetPro NSFIZ (former EGB Wierzytelności 1 NSFIZ) based in Warsaw	statutory activity of funds	100.00%	not appl.	not appl.
Debito NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	not appl.	not appl.
Open Finance Wierzytelności NSFIZ with its registered office in Warsaw	statutory activity of funds	100.00%	not appl.	not appl.
Neum Pretium S.A. with its registered office in Warsaw	other financial services	100.00%	not appl.	not appl.

The subsidiaries cover the entities controlled by GetBack, including investment funds, where GetBack Group has its investment certificates and exercises active control. Detailed consolidation principles were enclosed in the note 4.8.

Affiliated entities disclosed using the equity method:

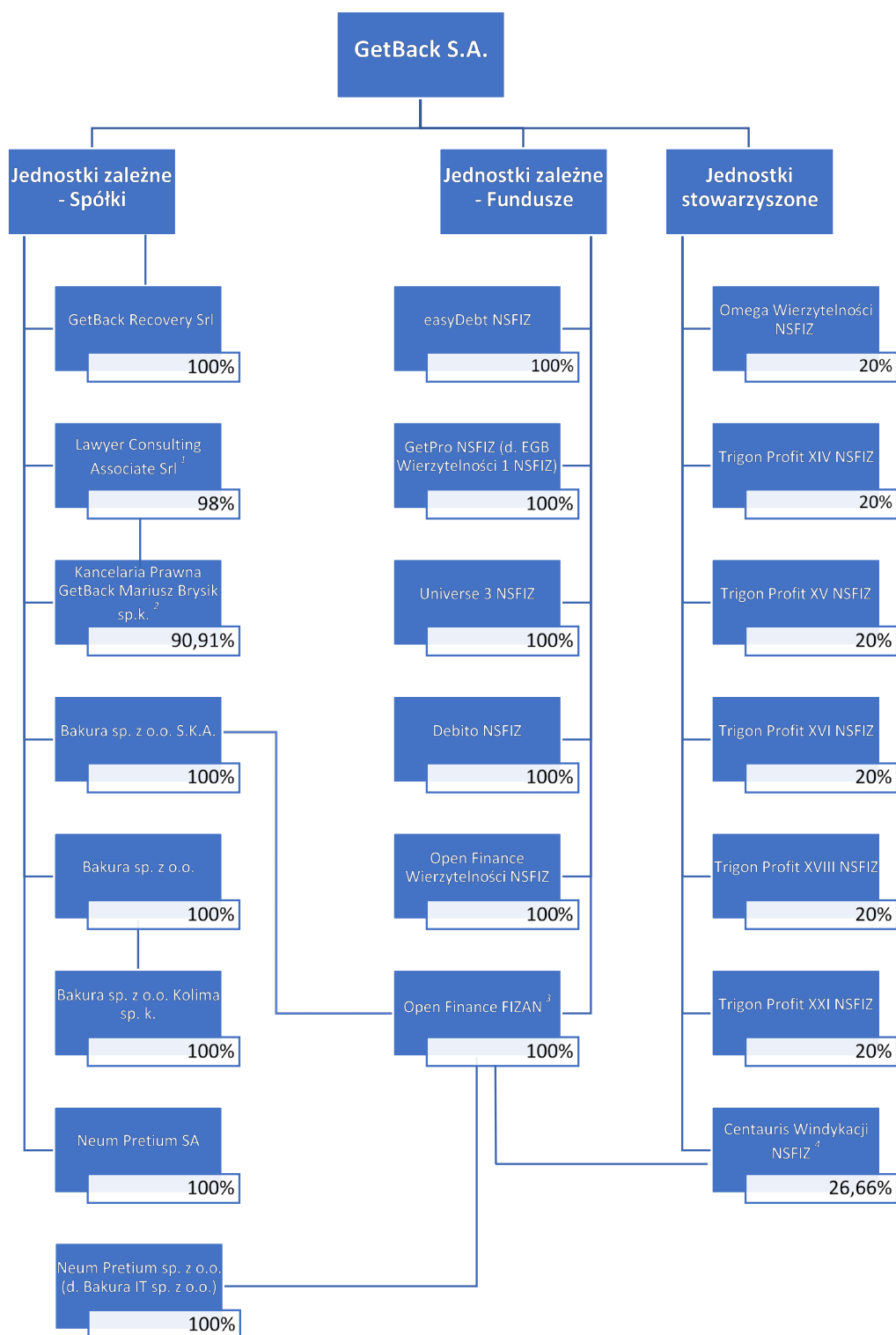
Name and registered office	Activity type	Effective share in capital		
		31.12.2016	31.12.2015	31.12.2014
OMEGA Wierzytelności NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	20.00%	20.00%
Trigon Profit XIV NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.	not appl.
Trigon Profit XV NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.	not appl.
Trigon Profit XVI NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.	not appl.
Trigon Profit XVIII NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.	not appl.
Trigon Profit XXI NSFIZ with its registered office in Warsaw	statutory activity of funds	20.00%	not appl.	not appl.
CENTAURIS Windykacji NSFIZ with its registered office in Warsaw	statutory activity of funds	26.60%	not appl.	not appl.

Affiliated entities are all entities where the Group has significant influence. Detailed consolidation principles were enclosed in the note 4.8.

As at 31.12.2016 Group's share in the total number of votes in respect of its subsidiaries and affiliated entities is equal to its share in share capital of those entities.

Graphic presentation of GetBack Capital Group structure as at 31.12.2016:

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)



¹ Lawyer Consulting Associate Srl - GetBack SA oraz GetBack Recovery Srl mają po 49% udziału w zysku

² Kancelaria Prawna GetBack Mariusz Brysik sp.k. - Komandytariuszem z udziałem w 90,91% jest GetBack SA, natomiast Bakura sp. z o.o. S.K.A. jest Komandytariuszem

³ Open Finance FIZAN - GetBack SA jest w posiadaniu 19% , natomiast Bakura sp. z o.o. S.K.A - 81%, certyfikatów inwestycyjnych Funduszu

⁴ Centauris Windykacji NSFIZ – GetBack SA i Open Finance FIZAN posiadają po 13,33% certyfikatów inwestycyjnych Funduszu

In the period between 01.01.2016 and 31.12.2016 the following significant transactions took place within the Capital Group:

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

- On 18 February 2016 Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A. acquired 281 200 series 3 investment certificates of Open Finance FIZAN fund. The same year, on 02.06.2016, GetBack S.A. acquired 17 000 series 4 investment certificates and on 03.11.2016 - 37 375 series 5 investment certificates of Open Finance FIZAN fund. As at 31 December 2016 Bakura sp. z o.o. S.K.A. held 81% of the fund's investment certificate, while the direct share of GetBack S.A. in the fund was 19%. GetBack Capital Group now holds in total 100% of investment certificates of Open Finance FIZAN fund. The final valuation of all transactions amounted to PLN 19 921 thousand.
- On 7.03.2016 GetBack S.A. submitted a subscription for series B investment certificates and series C investment certificates of NSFIZ (former EGB Wierzytelności 1 NSFIZ). The acquisition was completed on 29.04.2016. The transaction resulted in GetBack S.A. holding 100% stake in the fund. The final valuation of all transactions amounted to PLN 19 million.
- On 15.03.2016 Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A., joined a partnership with Prawna GetBack Mariusz Brysik sp. k. as limited partner.
- On 19.04.2016 r. Neum Pretium sp. z o.o. sp.k., a subsidiary of GetBack S.A., acquired the rights and obligations of a limited partner to Kolima sp. z o.o. sp. k. The final valuation of the transaction amounted to PLN 22 700 thousand.
- On 30.05.2016 GetBack S.A. acquired:
 - 42 series B investment certificates of Trigon Profit XV NSFIZ fund, thus acquiring 20% of investment certificates issued by this fund
 - 37 series B investment certificates of Trigon Profit XV NSFIZ fund, thus acquiring 20% of investment certificates issued by this fund,
 - 34 series B investment certificates of Trigon Profit XVI NSFIZ fund, thus acquiring 20% of investment certificates issued by this fundThe final valuation of the transaction amounted to PLN 20 264 thousand.
- On 22.06.2016 GetBack S.A. submitted a subscription for 160 series 22 investment certificate of easyDebt NSFIZ fund. The price of the transaction amounted to PLN 20 274 thousand.
- On 12.07.2016 GetBack S.A. submitted a subscription for 73 series 23 investment certificate of easyDebt NSFIZ fund. The final valuation of the transaction amounted to PLN 9 250 thousand. As at 31.12.2016 r. GetBack S.A. held 100% investment certificates of easyDebt NSFIZ fund.
- In the second half of 2016 Capital Group GetBack S.A. acquired investment certificates of Centauris Windykacji NSFIZ fund; the acquisition was conducted in the following tranches:
 - on 12.07.2016 GetBack S.A. submitted a subscription for one series B0 investment certificate,
 - on 9.12.2016 GetBack S.A. GetBack S.A. submitted a subscription for one series B2 investment certificate,
 - on 24.11.2016 Open Finance FIZAN fund acquired 2 series B investment certificates, thus acquiring 26,6% of investment certificates issued of this fund. The final valuation of the transaction amounted to PLN 800 thousand.
- In quarter 3 of 2016 GetBack S.A. acquired investment certificates of Trigon Profit XVIII NSFIZ fund; the acquisition was conducted in the following tranches:
 - 20 series B investment certificates on 19.07.2016,
 - 44 series B investment certificates on 26.09.2016,thus acquiring 20% of investment certificates issued by this fund. The final valuation of the transaction amounted to PLN 12 427 thousand.
- On 16.12.2016 GetBack S.A. acquired series E, G, J, K investment certificates of Debito NSFIZ fund thus becoming a 100% owner of the fund. The final valuation of the transaction amounted to PLN 41 917 thousand.
- On 30.12.2016 r. GetBack S.A. acquired 31 series B investment certificates of Trigon Profit XXI NSFIZ fund, thus acquiring 20% of investment certificates issued by this fund The final valuation of the transaction amounted to PLN 6 160 thousand.
- In quarter 4 of 2016 GetBack S.A. acquired 100% investment certificates of Open Finance Wierzytelności NSFIZ fund; the acquisition was conducted in the following tranches:
 - 184 011 series 11 investment certificates on 22.09.2016,

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

- 121 076 series 11 investment certificates as well as 498 611 series 10 investment certificates on 28.09.2016,
- 91 513 series 11 investment certificates as well as 500 series 1 investment certificates on 23.12.2016,
- 173 316 series 11 investment certificates on 30.12.2016,

The final valuation of the transaction amounted to PLN 115 863 thousand.

- On 22.12.2016 Neum Pretium S.A. with share capital of PLN 200 thousand, founded by GetBack S.A., was entered in the National Court Register.

In the period between 01.01.2015 and 31.12.2015 the following significant transactions took place within the Capital Group:

- On 26.02.2015 r. Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A., acquired the rights and obligations of a limited partner to Debitum Investment sp. z o.o. sp.k. On 04.03.2015 Badura share in Debitum dropped to 99.99% due to the refund of non-cash contribution. The final valuation of the transaction amounted to PLN 143 million.
- On 31.08.2015 r. Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A., acquired the rights and obligations of a limited partner to Vinita Investments sp. z o.o. sp.k. The final valuation of the transaction amounted to PLN 65 095 thousand.;
- On 24.09.2015 GetBack S.A. sold 100% of shares in GetBack Investments sp. z o.o. (currently Bakura IT sp. z o.o.) to its subsidiary - Open Finance FIZAN. The final price of the transaction amounted to PLN 205 thousand;
- On 28.09.2015 GetBack S.A. acquired of series A investment certificates of Universe 3 NSFIZ fund, becoming a 100% owner of the fund. The final price of the acquisition transaction amounted to PLN 4 135 thousand;
- On 04.11.2015 Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A. concluded agreements on the transfer, outside Getback Capital Group, of rights and obligations of a limited partner in the following companies: Bakura sp. z o.o. Debitum sp.k. (former Debitum Investment sp. z o.o. sp.k.), Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k. (former Vinita Investments sp. z o.o. sp.k.) as well as Bakura sp. z o.o. sp.k. Each of these companies was sold for PLN 1 thousand.
- On 21.12.2015 the Group established a company in Romania, under the business name Lawyer Consulting Associate Srl. Shares in the share capital of this newly established company were acquired by GetBack Recovery Srl (49%) as GetBack S.A. (49%). Thus the company became a subsidiary, consolidated within GetBack Capital Group;
- Acquisition of Universe 3 NSFIZ investment certificates:
 - on 23.10.2015 GetBack S.A. submitted a subscription for two series B investment certificate of the fund, the transaction price amounted to PLN 8 269 thousand,
 - on 30.11.2015 GetBack S.A. submitted a subscription for one series E investment certificate of the fund, the transaction price amounted to PLN 8 904 thousand,
 - on 9.12.2016 GetBack S.A. submitted a subscription for one series F investment certificate of the fund, the transaction price amounted to PLN 8 013 thousand,

As at 31.12.2015 r. GetBack S.A. held 100% investment certificates of easyDebt Universe 3 NSFIZ;

- Acquisitions and disposals of investment certificates of easyDebt NSFIZ:
 - on 27.03.2015 GetBack S.A. submitted a redemption request for 60 series 3 investment certificates of the fund, the transaction price amounted to PLN 5 156 thousand,
 - on 30.03.2015 GetBack S.A. submitted a subscription for 23 series 18 investment certificates of the fund, the transaction price amounted to PLN 2 055 thousand, including a handling fee,
 - on 30.07.2015 GetBack S.A. submitted a subscription for 15 series 19 investment certificates of the fund, the transaction price amounted to PLN 1 388 thousand,
 - on 03.11.2015 GetBack S.A. submitted a subscription for 30 series 20 investment certificates of the fund, the transaction price amounted to PLN 3 002 thousand, including a handling fee,
 - on 9.12.2016 GetBack S.A. submitted a subscription for 150 series 21 investment certificates of the fund, the transaction price amounted to PLN 14 964 thousand,

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

As at 31.12.2015 GetBack S.A. held 100% investment certificates of easyDebt NSFIZ fund.

- Acquisitions of investment certificates of Open Finance FIZAN
 - on 12.10.2015 GetBack S.A. submitted a subscription for 11 428 series 2 investment certificate of the fund, the transaction price amounted to PLN 300 thousand,

As at 31.12.2015 r. GetBack S.A. held 100% investment certificates of Open Finance FIZAN fund.

In the period between 01.01.2014 and 31.12.2014 the following significant transactions took place within the Capital Group:

- On 11.03.2014 GetBack concluded a sales agreement with Romanian International Bank S.A. (Romania) under which it acquired 100% of shares in RIB Recovery Srl (currently GetBack Recovery Srl) for EUR 5 thousand.
- On 13.08.2014 GetBack S.A. acquired 100% of shares in GetBack Investments Sp. z o.o. for PLN 100 thousand.
- On 14.08.2014 the Company acquired 100% of series 1 investment certificates of Open Finance FIZAN fund at their nominal value in exchange for a contribution in cash worth PLN 200 000. As at 31.12.2014 GetBack remained the sole investor in the fund. The nominal value of the acquired certificates amounted to PLN 200 thousand as at 31.12.2014.
- 08.10.2014 GetBack Investments Sp. z o.o. concluded an agreement with Raiffeisen Bank Polska S.A. on the transfer of rights and obligation of a limited partner in Bakura Sp. z o.o. sp. k. based in Warsaw. Under the agreement GetBack Investments Sp. z o.o. assumed all rights and obligations of a limited partner in Bakura Sp. z o.o. sp. k. w in return for a price of PLN 306 342 thousand thereafter reduced by PLN 3 419 thousand as per an annex dated 29.10.2014. The final acquisition price was PLN 302 923 thousand. Thus the Company acquired a share in profit generated by Bakura Sp. z o.o. sp. k. of 99.99%.
- On 08.10.2014 Open Finance FIZAN acquired from Raiffeisen Bank Polska S.A. 100% of shares in Bakura Sp. z o.o., being a limited partner in Bakura Sp. z o.o. sp.k., for a total price of PLN 6 thousand.
- On 21.10.2014 Open Finance FIZAN acquired from Abbey Art. Fund FIZAN 100% shares of Abbey Asset Management Sp. z o.o. 6 S.K.A. (currently Bakura Sp. z o.o. S.K.A.) for the total price of PLN 56 thousand. On the same day Bakura Sp. z o.o. assumed the rights of a limited partner of Abbey Asset Management Sp. z o.o. 6 S.K.A. (currently Bakura Sp. z o.o. S.K.A.).
- On 24.10.2014 shareholders of Bakura Sp. z o.o. sp. k. adopted resolution under which Bakura Sp. z o.o. sp. k. was required to return contributions to the limited partner of the company, i.e. GetBack Investments Sp. z o.o. in the total amount of PLN 307 781 thousand. Upon redemption the value of the limited partner's contribution is PLN 1 thousand and share in profit is 99.91%.
- On 24.10.2014 Bakura Sp. z o.o. S.K.A. acquired from GetBack Investments Sp. z o.o. the rights of a limited partner, which entitle to a 99.91% share in profit of Bakura Sp. z o.o. sp. k. for the total amount of PLN 1 thousand.
- On 26.11.2014 GetBack S.A. filed a request for redemption of investment certificates of easyDebt NSFIZ for the total amount of PLN 10 085 thousand. Nominal value of investment certificates subject to redemption was PLN 5 780 thousand. As the consequence of the above and of issues of investment certificates that took place in 2014 and were fully acquired by GetBack S.A., the nominal value of investment certificates held by the Company as at 31.12.2014 amounted to PLN 106 221 thousand.
- On 18.12.2014 GetBack S.A. acquired from Open Finance FIZAN 100% of shares in Bakura Sp. z o.o. S.K.A. for a total price of PLN 56 thousand.
- On 18.12.2014 GetBack S.A. acquired from Open Finance FIZAN 100% of shares in Bakura Sp. z o.o. for a total price of PLN 6 thousand.
- On 19.12.2014 the Company acquired 53 333 series C investment certificates of Omega Wierzytelności NSFIZ fund for the total price of PLN 65 440 thousand. Starting from 18.09.2014 the Company held series A investment certificate with a nominal value of PLN 200 thousand. As at 31.12.2014 the share of the company in the assets of the fund was 20% while the total nominal value of the acquired investment certificates - PLN -65 640 thousand.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

2.1 Employment at the Capital Group

Number of persons employed (in FTE's) in companies of GetBack Capital Group	31.12.2016	31.12.2015	31.12.2014	Change 2016/2015	Change 2015/2014
GetBack S.A.	837	532	238	305	294
Kancelaria Prawna GetBack Mariusz Brysik sp.k.	74	82	50	(8)	32
easyDebt NSFIZ	-	-	-	-	-
GetBack Recovery Srl	129	94	48	35	46
Neum Pretium Sp. z o.o. (former Bakura IT Sp. z o.o.)	6	-	-	6	-
Open Finance FIZAN	-	-	-	-	-
Bakura sp. z o.o.	-	-	-	-	-
Bakura sp. z o.o. SKA	1	-	-	1	-
Kolima sp. z o.o. sp. k.	-	-	-	-	-
GetPro NSFIZ (former EGB Wierzytelności 1 NSFIZ)	-	-	-	-	-
Universe 3 NSFIZ	-	-	-	-	-
Lawyer Consulting Associate Srl	-	-	-	-	-
Debito NSFIZ	-	-	-	-	-
Open Finance Wierzytelności NSFIZ	-	-	-	-	-
Neum Pretium S.A.	-	-	-	-	-
Total	1 047	708	336	339	372
including:					
Poland	918	614	288	304	326
Overseas activity	129	94	48	35	46

2.2 Composition of the Management Board of Parent Company

Composition of the Management Board of GetBack S.A. as at 31.12.2016 as well as at the date of approval of the consolidated financial statements was as follows:

- Konrad Kąkolewski – President of the Management Board,
- Paweł Trybuchowski – Vice-President of the Management Board,
- Anna Paczuska – Vice President of the Management Board,
- Mariusz Brysik – Member of the Management Board,
- Marek Patuła – Member of the Management Board,
- Bożena Solska – Member of the Management Board.

The following changes to the composition of the Company's Management Board took place in 2016:

- on 23.06.2016 the Supervisory Board of the Company appointed Mr Mariusz Brysik to the Management Board of the Company,
- on 01.08.2016 Ms Anna Paczuska was appointed to the Company's Management Board and assumed the function of Vice-President of the Management Board,
- on 15.09.2016 Mr Michał Synoś was dismissed from his function of the Member of the Management Board and replaced by Mr Wojciech Małek, who remained Member of the Management Board until 7.11.2016,
- on 14.11.2016 Mr Marek Patuła was appointed to the Management Board as Member of the Management Board.
- on 30.12.2016 Ms Bożena Solska was appointed to the Management Board as Member of the Management Board.

The following changes to the composition of the Company's Management Board took place in 2015:

- on 29.04.2015 Mr Piotr Kaliszuk ceased to perform his function as member of the Management Board for GetBack,
- on 27.04.2015 the Supervisory Board of the Company adopted a resolution to appoint Mr Michał Synoś as member of the Management Board, effective from 04.05.2015

The following changes to the composition of the Company's Management Board took place in 2014:

- on 27.04.2015 the Supervisory Board of the Company appointed, effective from 03.10.2014 Mr Konrad Kąkolewski as President of the Management Board for GetBack S.A.; prior to that Mr Kąkolewski was a member of the Management Board.

3 Approval of the financial statements

GetBack Capital Group drafted these consolidated financial statements for periods of 12 months ended 31.12.2016, 31.12.2015, 31.12.2014, which were approved for publication by the Management Board on 28.03.2017.

The consolidated financial statements for the Group for the year ended on 31.12.2014 was approved by the General Meeting of Shareholders on 28.04.2015 and for the year ended on 31.12.2015 on 11.03.2016

4 Important accounting principles

4.1 Basis for preparation of the consolidated financial statements

consolidated financial statements for periods of 12 months ended 31.12.2016, 31.12.2015, 31.12.2014 were compiled for the purpose of the Issue Prospectus of Getback S.A. drafted in accordance with the Commission Regulation (EC) no. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council regarding the information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements with subsequent amendments.

The consolidated financial statements have been prepared in line with the historical cost method, except for financial instruments, measured at fair value (i.e. investments in acquired debt portfolios and investment certificates).

The consolidated financial statements are presented in PLN and all values are disclosed in PLN '000 (PLN thousand), unless specified otherwise.

The consolidated financial statements were prepared with assumption of continuation of business activity by the companies of the Group in possible to predict future covering a period of at least 12 months from the balance sheet date. As of the date of approving these consolidated financial statements there are no circumstances which would indicate any threat to the going concern of the Group companies within a period of at least one year from the balance sheet date.

In the period between 1 January 2016 and 31 December 2016, in comparable period between 1 January 2015 and 31 December 2015 as well as the period between 1 January 2014 and 31 December 2014 no discontinued operations occurred in the Group.

The consolidated financial statements contain data for the period from 1 January 2016 to 31 December 2016 as well as in comparable data:

- for items of consolidated statement of financial position as at 31 December 2015 and 31 December 2014,
- for items of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the period between 1 January 2015 to 31 December 2015 as well as for the period between 1 January 2014 to 31 December 2014.

4.2 Statement of compliance

On 17.12.2014 the General Meeting of Shareholders of GetBack S.A. adopted a resolution on drafting the consolidated financial statements in accordance with the International Financial Reporting Standards.

These consolidated financial statements was prepared in compliance with International Financial Reporting Standards (IFRS) approved by the EU, and to all matters not settled therein, in compliance with the Accounting Act ("Act", "AA") of 29 September 1994 as amended, and with the secondary legislation thereto ("Polish accounting standards").

Consolidated financial statement considers the requirements of all standards approved by the EU, and related interpretations, excluding the standards and interpretations listed below, which are to be approved by the EU, or have been approved by the EU, but entered or will enter into force after the balance sheet date.

Within the period covered by the consolidated financial statement the Group failed to earlier application of the standards and interpretations, which have been approved by the EU, but entered or will enter into force after the balance sheet date.

IFRS cover the standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

4.3 Changes in the accounting principles applied

The below standards and interpretations, valid for annual periods commencing on 1 January 2016, have no significant effect on financial position, results of Group's operation, or the scope of information presented in the consolidated financial statement:

- Amendments to IFRS 11 "Joint Arrangements" - reconciliation of acquisition of interest in joint operations - approved in the EU on 24 November 2015 - (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative regarding disclosures - approved in the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Explanations on acceptable methods of depreciation - approved in the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: crops - approved in the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 "Separate financial statements" - Equity method in separate financial statements - approved in the EU on 18 December 2015 (applicable to annual periods beginning on or after 1 January 2016);
- Amendments to various standards "Improvements to IFRS (2012-2014 cycle)" - resulting from the annual improvement procedure of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - approved in the EU on 15 December 2015 (effective for annual periods beginning on or after 1 January 2016)

4.4 New standards and interpretations which have been published but have not entered into force yet

The following standards and interpretations have been issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee, approved by the EU, but have not yet come into effect:

- IFRS 15 "Revenue from contracts with customers" (effective for annual periods as of 1 January 2017 and thereafter) - This new standard clarifies the principles that will replace most of the detailed guidelines on disclosing revenues, that currently exist in IFRS. In particular, the standard, when approved, will invalidate IAS 18 Revenues, IAS 11 Construction contracts and associated interpretations.
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018)
 - This new standard replaces the disclosure and valuation guidelines on classification and valuation of financial assets, including guidelines on impairment of financial assets, outlined in IAS 39 Financial Instruments. IFRS 9 eliminates the categories of financial assets, existing in IAS 39: held to maturity, available for sale, as well as loans and receivables. Corresponding to the requirements of the new standard, financial assets should be classified as one of the three categories upon the initial recognition, if they meet the conditions of two criteria - business model and cash flow characteristics test:
 - financial assets measured at amortised cost;
 - financial assets measured at fair value through profit or loss; or
 - financial assets measured at fair value through other comprehensive income.

Profits and losses of financial assets pricing at fair value measurement are presented in the current period result, except for assets in the business model, which intends to hold the assets both in order to obtain contractual cash flow along with their sale and meeting the cash flow characteristics test - for these assets, pricing profits and losses are presented in other total incomes.

As regards the estimation of value loss of the financial assets, IFRS 9 substitutes the “incurred loss” model, contained in IAS 39, with the “expected loss” model, which means that the event causing the loss does not have to be prior to its recognition and making allowance. New principles aim to avoid situations, when the allowances for credit losses are created too late and are not sufficient.

Expected loss model uses two approaches to loss valuation, which are based on:

- credit loss expected within the period of 12 months, or
- credit loss expected until maturity (life-time expected loss).

New Standards and Interpretations adopted by IASB but not yet approved by the EU:

- IFRS 14 “Deferred balances on regulated activity” (applicable to annual period beginning on or after 1 January 2016, to be applied only by entities using IFRS for the first time) - the European Commission chose not to initiate the process of approval of this interim standard for use in the EU until the final version of IFRS 14 is published,
- IFRS 16 “Leasing” (effective for annual periods beginning on or after 1 January 2019), IFRS 16 Leasing supersedes IAS 17 Leasing as well as interpretations associated with this standard. As regards the lessee, a new Standard eliminates the existing distinction between financial and operational leasing. Presenting the operational leasing in the statement of financial position will result in recognising a new item of assets - a right to use the leased asset, and a new liability - liability to make the leasing payment. Rights of using the leased assets are subject to remission, whereas liability is subject to charging interests. This will result in the increased costs in the initial leasing phase, even if, the parties agreed the fixed annual fees.
- Amendments to IFRS 15 “Revenue from contracts with customers” (effective for annual periods as of 1 January 2017 and thereafter), The changes include two additional simplifications aimed at facilitating transition to the Standard and reduce the associated cost,
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - sale or in-kind contribution of assets between an investor and its associated entity or joint venture (effective for annual periods as of 1 January 2016 and thereafter),
- Amendments to IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of interests in other entities” and IAS 28 “Investments in affiliates and joint ventures” - Investment units: exemption from consolidation (effective for annual periods as of 1 January 2016 and thereafter; The European Commission chose to postpone approval of these changes for undefined period of time). The changes eliminate the existing incoherence between the requirements of IFRS 10 and IAS 28 as regards presenting the loss of control over the subsidiary, being an in-kind contribution to the associated company or a joint venture,
- Amendments to IAS 7 “Statement of cash flows” - Initiative regarding disclosures (effective for annual periods beginning on or after 1 January 2017), The changes provide for presentations by the entities, which enable the users of financial statements to assess the value changes of liabilities within financial operation, including both changes resulting from cash flows, as well as non-cash changes. One of the method to meet the above requirements is to present the opening and closing balances reconciliation of liabilities due to financial operation,
- Amendments to IAS 12 “Income Taxes” – Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017). The changes clarify, among other things, that unrealised losses related to debt instruments valued at fair value in the financial statements, in which their initial cost is the fiscal value, may contribute to negative temporary differences,
- Changes in different standards Amendments to IFRS (cycle 2014-2016) - (valid for annual periods commencing on 1 January 2018 or after this date - except for changes to IFRS 12, which are valid for annual periods commencing on 1 January 2017, or after this date). Amendments contain 3 modifications of the standards, mainly:
 - amendments eliminate short term exemptions for entities using the IFRS for the first time (IFRS 1 — First-time Adoption of International Financial Reporting Standards); the exemptions

regarded mainly the transitional provisions of IFRS 7 Financial Instruments: Disclosures in terms of comparative data disclosures and financial assets transfer, as well as IAS 19 Employee benefits;

- clarify that requirements of IFRS 12 Disclosure of information about shares in other entities (except for disclosures of shortened financial information in accordance with paragraphs B10-B16 of the standard) apply also to the shares in a subsidiary, associated company, joint venture, non-consolidated subordinate organization that is affiliated with another organization, which are classified as intended for selling according to IFRS 5 Fixed assets intended for selling and discontinued operations; and
 - clarify that the selection as regards waiver for equity method according to IAS 28 Investments in affiliates and joint ventures should be made separately for each affiliate or joint venture, as well as clarify when the selection should be made,
- IFRIC 22 Foreign currency transactions and Advances (valid for annual periods commencing on 1 January 2018, or after this date), contains guidelines as regards exchange rate to be used for presenting a foreign currency transaction (such as income transaction), if the payment is made or received as advance payment, and clarifies the date of these transactions is the initial day of presenting the prepayments, or deferred income related to the advance. As regards serial payments transactions, executed or received, a separate date is settled for each transaction,
 - Changes to MSR 40 Investment Estates (applicable in relation to annual periods starting on 01.01.2018 or after this date). Changes contain clarifications as regards transfers to or from the investment properties:
 - transfer to or from investment properties should take place only if the manner of property usage is changed; and
 - the change of property usage manner should be followed by the assessment, if the property can be qualified as investment property.

According to Group's estimates, the above-mentioned standards, interpretations and amendments would have had no material effect on the financial statements, had they been applied as at the balance sheet date, except for IFRS 16. According to the preliminary analysis carried out by the Group, IFRS 16 can significantly affect the financial statement of the Group.

GetBack Capital Group carried out the preliminary impact analysis of implementing a new IFRS 9 standard as regards classification and valuation of financial instruments and impairment of financial instruments and trade receivables. The Group does not apply the hedge accounting, so the impact of the standard in this regard has not been valued.

Classification of purchased portfolio of debts, valued previously at fair value, will depend on the business model according to the requirements of a new standard. If the business model test is positive, these assets will be classified as estimated in amortized cost. The Group does not expect that the implementation of a new standard will significantly affect the classification and the estimation of other assets and financial liabilities.

Taking into account that the Group purchases the portfolios of debts with significant value loss, the impact of this impairment is already included in the purchase price. Portfolios of debts, currently estimated according to the fair value model, contain the correction due to expected future credit losses.

Similarly, for the portfolios of debts to be estimated in amortized cost according to a new standard, the impact of assets impairment should already be included in the purchase price of this portfolio. Therefore, the Group does not expect a significant impact of a new standard, as regards presenting the expected credit losses, on the estimation of financial assets.

As a result of further analysis and obtaining new information by the Group, the estimated impact can differ.

4.5 Significant items based on the professional judgement and estimates

Professional judgement

- *Leasing contracts classification*

The Group classifies the leasing as operational or financial by assessing the scope of the risk and the gain, resulted from the leased asset, for the lessee and the lessor. The assessment is based on the economic content of each transaction.

- *Financial asset impairment loss*

The Group assesses whether there is reasonable evidence indicating the loss of value of the component/group of financial assets. Evidences of impairments are understood as events or group of events, which occurred after the date of initial presentation of the item/group of assets, indicating the decreased expected future cash flows from assets item or group of assets. Upon recognition of evidence of loss of value, the estimation of impairment losses is carried out.

- *Impairment of other fixed assets*

As at every balance sheet date, the Group assesses whether there is reasonable evidence of the impairment of a component of other fixed assets. If the Group recognises the evidences indicating the impairment, it is settled, if the current book value of particular asset is higher than the value which can be achieved by further using or selling of this asset, so the recovery value of this item is estimated. If the recovery value is lower than the current balance value of given asset, the impairment is recognised and the write-off is charged in the financial statement.

- *Loss of goodwill*

Following the initial recognition, goodwill is disclosed at cost of acquisition less all accumulated impairment losses. Each statement date is assessed in terms of preconditions for company's impairment loss. Impairment loss test is carried out once a year by comparing the balance value of cash generating units, along with company's value and their recoverable amount. Recoverable amount is estimated based on value in use of cash generating units which is an estimated value of future cash flows including residual value of cash generating units. Identified impairment loss is charged in the financial result.

- *Assets component due to deferred tax*

The Group recognises a component of assets due to deferred tax basing on an assumption that in the future a tax profit will be achieved that will allow for its use. Deterioration of achieved tax results in the future could make this assumption unjustified.

Uncertainty of estimates

Preparation of a financial statement according to the IFRS-UE requires that the Group executes some estimates and makes assumptions which affect the amounts presented in the financial statement. Estimates and assumptions which are subject to permanent assessment by the Group's management are based on the past experience and other factors, including the expectations for future events, which seem justified in given situation. Although these estimates are based on the best knowledge of current conditions and actions taken by the Group, the actual results may differ from these estimations.

Estimates carried out at the end of each reporting period reflect the conditions existing at these dates (for example, exchange rate, rate of interest, market prices). Changes of accounting estimates are presented in prospective beginning from the period, in which the estimate was made.

Main fields, in which the Group carried out the estimates include:

- *Fair value of financial instruments*

Fair value of financial assets, not quoted on active markets, which include purchased portfolios of debts, are estimated at reliably justified value calculated with the estimating model based on estimates within the discounted expected cash flows. Fair value is settled as the sum of discounted expected cash flows, equal to the difference between future incomes from debt recovery and costs of asserting claims out of court, before the court and by means of enforcement.

The most significant estimates carried out by the Management Board include:

- Assumed amount of a discounted rate,
- Amount of recovery and a period of estimated expected cash flows,
- Value of the Company's securities and assumption for the period of their implementation.
- Assumption about similar characteristics of debts included in particular Portfolios.

All models used for evaluating the purchased portfolios of debts are approved before being applied, and calibrated in order to ensure that the received results reflect the actual data and comparative market prices. As far as possible, models use solely data which can be observed, stemming from the

active market, however, in some cases, they are based on professional judgement. Future real flows from the purchased portfolios may differ from the estimates and assumptions, which may result in balance value corrections of these assets. Additional information about the adopted valuation methods, executed estimates and assumptions, as well as balance value of the purchased portfolios of debts as of balance sheet date are presented in Note 4.13 and 20.

- *Deferred tax relating to investments in subsidiaries and associates*

In 2016, the GetBack Group did not create the reserve for deferred tax related to investment certificates of funds, which are subsidiaries; the reserve created in the previous years was also released. In 2013-2014 the Group created the reserve for deferred income tax on all positive temporary differences related to potential redemption of easyDebt investment certificates, and currently concentrates on reinvesting the recovered cash without intending to generate profits from the purchase of investment certificates in the near future. Parent company controls dates and amounts of reversed temporary differences in connection with the fact that it possesses 100% of investment certificates, including 100% of votes on the meeting of investors. The Group is not required to create reserve for deferred tax, which refers to entities meeting the below conditions under IAS 40 jointly:

- parent company is capable of controlling the dates of temporary differences reversal; and
- it is likely that temporary differences will not reverse in the foreseeable future.

- *Recognition of revenue*

Incomes of the Company stem partly from the valuation of the financial assets. When assessing the estimates related to the valuation, the management, at the same time, verifies the estimate of recognised incomes

- *The periods of use of tangible fixed assets and intangible assets.*

Every year, the Group verifies adopted periods of usability of fixed assets and intangible assets on the basis of current estimations. Detailed information related to the usability periods of fixed assets and intangible assets are contained in Note 4.9 and 4.10.

The estimation of the duration of expected period of economic usability of particular types of tangible fixed assets and intangible assets takes into account e.g.:

- previous average expected periods of economical usability, which reflect the time of wear and tear, intensity of use, etc.,
- loss in the economic value due to technological grounds,
- period of executing control over the asset, as well as legal and other limits of usability period,
- relation of usability period of asset items to the usability period of other assets,
- other circumstances affecting the expected average economical usability period of this asset type.

If the usability period of the asset item arising from contractual rights, the expected average economical usability period translates to the period related to the contractual rights, or in the situation, when the estimated period is shorter, the estimated economical usability period is assumed.

4.6 Functional currency and financial statements currency

Polish zloty is the functional currency of the parent company, the presentation currency of this consolidated financial statement and the functional currency of the Group's companies, except for GetBack Recovery Srl and Lawyer Consulting Associate Srl, where the functional currency is Romanian leu (RON).

4.7 Measurement of items expressed in foreign currencies

Transactions denominated in currencies other than the Polish zloty are translated into the Polish zloty at the exchange rate applicable as at the transaction date.

As at the balance sheet day cash assets and liabilities expressed in currencies other than PLN are translated into PLN using the average exchange rates for respective currencies as determined by the National Bank of Poland and applicable at the end of the reporting period. Exchange rate differences caused due to conversion are recognised in the financial income (costs) item or, in cases specified by the accounting policy, are capitalised in the value of assets respectively. Non-monetary assets and liabilities recognised at cost denominated in a foreign currency are disclosed at the historical exchange rate applicable on the transaction day. Non-monetary assets and liabilities recognised at fair

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

value denominated in a foreign currency are translated according to the foreign exchange rate applicable on the date of fair value measurement.

The Company's value due to the purchase of foreign entity and all corrections due to fair value valuation of the assets and liabilities at such purchase are treated as assets or liabilities of such foreign entity, and translated using the average exchange rate for respective currency as determined by the National Bank of Poland valid on the balance sheet day.

For the purpose of balance sheet valuation the following exchange rates were adopted:

	Statement of financial position			Income statement		
	31.12.2016	31.12.2015	31.12.2014	2016	2015	2014
RON	0.9749	0.9421	0.9510	0.9739	0.9421	0.9462

Financial statements of foreign units are converted to Polish currency in the following manner:

- appropriate balance sheet items using average exchange rate, established by the Polish National Bank at the end of the reporting period;
- appropriate items of the income statement using exchange rate that constitute arithmetic average of average exchange rates established by the Polish National Bank for each day ending a financial months. Exchange rate differences arising due to such conversion are recognised in directly in equity as a separate item (line "Exchange rate differences").

4.8 Consolidation principles

Business combinations

Business combinations, including closed-end investment funds, are calculated by purchasing on purchase day method, which is the day, when the Group takes control over the purchased entity.

The Group values all non-controlling interests in relation to the interests in potentially identifiable net assets of the purchased entity.

Transaction costs borne in relation to the business combination, such as private services fees, due diligence and other professional services are recognised as a cost of period.

Consolidation principles

Consolidated historical financial information includes financial statements of GetBack S.A. and financial statements of its subsidiaries prepared for relevant reporting periods. Financial statements of subsidiaries are prepared for the same reporting period as the statement of the parent company, using consistent accounting principles, on the basis of uniform principles of accounting applied for transactions and economic events of similar nature. In order to eliminate any discrepancies in the applied accounting principles, adjustment are introduced.

All significant balances and transactions between units of the Group, including unrealised profits resulting from transactions within the Group, were completely eliminated. Unrealised losses are eliminated, unless they prove the occurrence of impairment.

Subsidiaries

The company, regardless of the participation nature in given entity, defines its status of parent company by assessing, if it controls the entity, where the investment was made.

The Company excises control over an entity where investment was made when due to its commitment in this entity it is subject to exposure to variable financial results or when it is entitled to variable financial results and has possibility to influence the amount of those financial results through governance over such subsidiary.

The company exercises control over the entity, where the investment was made if and only if at the same time:

- a) exercises control over the entity, where the investment was made,
- b) due to its commitment in the entity, in which the investment has been made, it is subject to exposure to variable financial results or has the right to variable financial results and
- c) has possibility to use the exercised power over the entity, where the investment was made, to wield influence on the amount of its financial results.

Consolidation of entity, where the investment was made, begins on the day, when the Company gains control over the entity, and terminates when it loses control.

The Company assigns a profit or loss and each component of other total incomes to the owners of the parent company and to the non-controlling shares. The company presents non-controlling interests in the consolidated statement of financial position in equity, separately to the equity of parent company's owners. Changes in the ownership of the parent company in the affiliated entity, which do not result in the loss of control over the affiliated company by the parent company, constitute capital transactions. If part of the equity possessed by non-controlling interests is changed, GetBack makes a balance sheet value correction of controlling and non-controlling interests in order to reflect changes of the relative interests in the subsidiary. All differences between the amount of adjustment of non-controlling shares and the fair value of the paid or received amount are recognised in the equity and assigned to the owners of the parent company.

When the Company loses the control over the subsidiary:

- a) it excludes assets (including company's value) and liabilities of the former subsidiary from the consolidated statement of the financial position,
- b) it recognises all investments made in the former subsidiary at their fair value at the date of losing control, and subsequently they are recognised, along with all amounts of mutual liabilities of the former subsidiary and parent company according to the appropriate IFRS,
- c) it recognises profits or losses related to the loss of control attributed to the parent company.

Affiliated entities

Affiliated entities are all entities where the investor has significant influence. Significant influence means power allowing for participation in decision making on the financial and operational policy of the entity, where the investment was made, however, it does not involve taking control or joint control over this entity's policy.

If the Group has, directly or indirectly (for example, through the subsidiaries) 20% or more votes in the entity, where the investment was made, it is assumed that the Group exerts significant influence on this entity, unless it can be evidenced otherwise in the obvious way. On the other hand, if the Group has, directly or indirectly (for example, through the subsidiaries) less than 20% of votes in the entity, where the investment was made, it is assumed that the Group exerts no significant influence on this entity, unless it can be evidenced otherwise in the obvious way.

The Group loses a significant influence on the entity, where the investment was made, when it loses power allowing for participation in decision making on the financial and operational policy of the entity, where the investment was made.

As regards recognising the investments in the affiliates, the Group uses the equity method, where the investment is initially recognised by the cost, and then after the purchase day its value is corrected respectively by the investor's share change in the net assets of the entity, where the investment was made.

Investor's profit or loss covers his share in the profit or loss of the entity, where the investment was made, and other total incomes of the investor contain his share in other total incomes of the entity, where the investment was made.

If the entity's share in the losses of affiliate is equal or higher than his share in the affiliate, the entity ceases to recognise its share in further losses, unless it contracts liabilities, or made payments on behalf of particular entity.

If the entity, being a part of the Group, sets up the transaction with the affiliate or joint venture of the Group, profits and losses arising from these transactions are recognised in the consolidated financial statement of the Group only in such scope, in which the shares of this affiliate or joint venture are not related to the Group.

Each time at the end of reporting period, the Group assesses if there are evidences indicating the necessity for preparing the write down due to impairment loss as regards its net investment in the affiliate. In case of existence of such an evidence, the Group estimated the recoverable value, i.e. the useful value of fair value reduced by the sales costs, depending on which is higher.

If a balance sheet value of a component of assets is higher than its recoverable value, the Group recognises an impairment loss in the profit and loss statement.

4.9 Tangible assets

Tangible fixed assets include fixed assets and investment on fixed assets under construction, which are the property of the Company and are held by it for use in the production or supply of goods or services, possibly for rental to others on the basis of a lease agreement or for administrative purposes and are expected to be used during more than one period.

Tangible fixed assets other than land are recognised at the purchase (acquisition) price or costs of manufacture less accumulated depreciation charged and value impairment write-offs. Initial value of fixed assets includes their price of purchase plus all costs directly attributable to the purchase and adaptation of the asset to a usable condition. If a subsidiary is included in consolidation, the assumed price of purchased fixed assets is their fair value at acquisition date.

Fixed assets under construction are recognised at the purchase (acquisition) price and/or costs of manufacture less accumulated depreciation charged and value impairment write-offs. Assets under construction are not depreciated until completed and commissioned.

Upon purchase tangible assets are divided into components that are items of significant value, to which a separate useful lifetime may be assigned.

Fixed assets, except land, are subject to straight line depreciation, using basic rates resulting from the estimate of fixed assets useful economic life:

Fixed assets group	Depreciation rates
Land and buildings	10%
Technical equipment and machines	10% - 30%
Vehicles	20% - 33%
Other	10% - 20%

If during preparation of financial statement circumstances occurred that indicate that the balance sheet value of tangible assets may not be possible to recover, those assets are reviewed for possible impairment. If there are evidence indicating the impairment, and the balance sheet value exceeds estimated recoverable value, the value of those assets of cash-generating centres which own those assets is reduced to the level of recoverable value. Recoverable value corresponds to the higher of the two following values: the fair value reduced by sales costs or useful value. While determining the useful value the estimated future cash flows are discounted to the current value with application of a discount rate before tax that reflects current market assessments of value of money in time and risk associated with relevant component of assets. In case of tangible assets component that does not generate cash inflows in a sufficiently independent manner, the recoverable amount is determined for a cash-generating unit to which the component belongs to. Impairment losses are recognised in the income statement.

A relevant item of tangible assets may be removed from the statement on financial position after its sale or if no economic benefits resulting from further use of such a component of assets are expected. Any profits or losses resulting from removal of a given component of assets from the statement on financial position (calculated as a difference between possible inflows from net sales and the balance sheet value of relevant item) are recognised in the financial result in which such a removal took place.

Final value, useful life and amortisation method of assets components are verified and, if necessary, adjusted at the end of each financial year.

Cost of external financing are capitalised as part of the costs of tangible fixed asset manufacturing. Costs of external financing include interests and profits or losses due to exchange rate differences to the amount corresponding to the adjustment of interests cost.

Components of tangible fixed assets used under leasing agreements

Leasing contracts, within which the Group takes practically the whole risk and derives practically whole benefits arising from the possessed tangible fixed assets classified as financial leasing contracts. Assets purchased by means of financial leasing are initially presented at fair value or current value of minimum leasing charges, whichever of these amounts is lower, and then reduced by amortisation and impairment loss.

4.10 Intangible assets

Intangible asset is an identifiable (is separable or arises from contractual or the legal rights) non-monetary asset without physical substance controlled by the Group and where the Group intends to make profits.

Intangible and legal assets include also acquired company's value and costs of completed development works.

Intangible assets purchased in a separate transaction are initially valued in the purchase price or production cost. Purchase price of intangible assets purchased in a transaction of merger of business units is equal to their fair value as at the merger day. After initial recognition, intangible assets are recognised at the price of purchase or cost of manufacturing, less amortisation and impairment write-offs. Expenditure on intangible assets manufactured in-house, excluding activated expenditures incurred for development works are not activated and are recognised in the costs of the period in which they were incurred.

If a subsidiary is included in consolidation, the assumed price of purchased intangible fixed assets is their fair value at acquisition date.

The Group applies the following depreciation rates applied for intangible fixed assets, considering their economic usability period:

- software - 20%-50%
- other intangible assets - 20%

Life of intangible assets was assessed to be limited or unlimited, depending on the type of intangible fixed assets. Intangible assets of limited useful life are amortised over the useful life and subjected to impairment tests each time when there is evidence indicating their impairment. Period and method of amortisation of intangible assets of limited useful life are verified at least at the end of each financial year. Changes in expected useful life or expected manner of consuming of economic benefits derived from a given asset are recognised through change of, respectively, period or method of amortisation treated as changes of estimated values.

Intangible assets of indefinite useful life and those that are not used are annually subjected to verification for possible impairment, in relation to particular assets or at the level of cash-generating unit. In case of other intangible assets annual assessments are made whether evidence occurred that may indicate their impairment. Usage periods are also subject to annual verification and, if needed, adjusted with the effect at the beginning of the financial year.

4.11 Investment property

When evaluating the investment properties, the Group uses fair value model, where the valuation of investment property to fair value is carried out for each balance day, and profit or loss arising from the fair value change is recognised in the profit or loss statement. Group's investment properties are valued at fair value based on the valuation conducted by independent competent entity providing such services. Fair value changes of the investment properties are presented as operating activities. The Group classifies investment estates to the 3rd level of fair value hierarchy.

4.12 Goodwill

Goodwill from acquisition of an economic undertaking is initially held at cost of acquisition, constituting the excess of:

- the sum of:
 - ✓ provided payment,
 - ✓ amounts of all non-controlling interests in the acquired entity and
 - ✓ in the case of business combinations being realised in stages of fair value at the day of acquiring share in the capital of acquired entity, previously owned by acquiring entity over the net amount settled on the acquisition day of the identifiable purchased assets and acquired liabilities.

Following the initial recognition, goodwill is disclosed at cost of acquisition less all accumulated impairment losses. A test for impairment is carried out at annual or shorter intervals, if justified. Goodwill is not amortised.

As at the acquisition date, the acquired goodwill is allocated to all cash-generating units that may benefit from the synergies of the combination. Each cash-generating unit or a group of cash-generating units to which the goodwill is so allocated:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, and
- is not larger than one operating segment in accordance with IFRS 8 *Operating Segments* before aggregation.

Impairment losses are determined by estimation of the recoverable amount of a cash-generating unit to which the goodwill has been allocated. The recoverable value is one of the two amounts, whichever is higher: fair value of assets less selling costs or use value. The impairment loss is recognised, when the recoverable amount of a cash-generating unit is lower than the carrying amount. If goodwill is part of a cash-generating unit and part of operations of that unit is sold, then in determining the profit or loss on sales of such operations, the goodwill related to the operations sold is included in its carrying amount. In such circumstances, the goodwill sold is determined based on the relative value of the operations sold and the value of the retained part of the cash-generating unit.

4.13 Financial investments

The following categories are distinguished among financial assets:

- Financial assets held to maturity,
- Financial assets measured at fair value through profit or loss,
- Loans and receivables,
- Financial assets available for sale.

Financial assets held to maturity

Financial assets held to maturity are investments with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Financial assets held to maturity are measured at amortised cost using the effective interest rate method. Financial assets held to maturity are classified as long-term assets, if their maturities exceed 12 months of the end of the reporting period.

Financial assets measured at fair value through profit or loss

Financial assets are classified as investments valued at fair value through profit or loss, if they are marketable, or are designated for fair value valuation by financial result at initial recognition. Financial assets are intended for fair value through profit or loss, if the Company manages such investments actively and makes decisions about purchase and sell at fair value. All profits and losses related to these investments are held in profit or loss of the current period.

Purchased debt portfolios

Purchased debt portfolios are mass portfolios of overdue consumer debts (for example, consumer loan, utility bills, etc.) purchased by the Company under debt assignment agreement for prices lower than the nominal value of the debt. The Company recognises purchased debt portfolios as financial assets valued to a fair value by the financial result.

The purchased portfolios are recognised as financial assets measured at fair value through profit or loss and valued initially at purchase price.

Purchase price is additionally enhanced by direct expenses related to the maintenance of debts after the placement of transaction, i.e. bailiff advance (expenditures of bailiffs related to the execution) and court fees.

Income from debt portfolios include actual repayment of debts reduced by depreciation of the portfolios.

Current period income include as well, except for profits from repayments, changes of fair value arising from changes of estimates related to the expected future cash flows for given portfolio and changes in a discount rate.

Fair value is settled as the sum of discounted expected cash flows, equal to the difference between future incomes from debt recovery and costs of asserting claims out of court, before the court and by means of enforcement. The valuation uses "expected cash flow" approach (par. B23-B30 appendix B

to IFRS 13), where all credit risk and liquidity risk should be taken into account in cash flows rather than in discount rate.

Valuation at fair value is carried out collectively for each portfolio because the purchase price is defined for the whole portfolios rather than for each individual debt. Interest rate for discounting is settled based on internal rate of return enhanced by profit margin.

The Group presents acquired debts as current assets due to the fact that the purchased portfolios are realised within standard operational cycle of the Group and cover almost solely overdue debts.

Loans and receivables

Loans and receivables consist of financial assets not classified as derivative instruments, with payments either determined or possible to determine, not listed on an active market. Such assets are initially recognised at fair value enhanced by direct attributable transaction costs. Valuation of loans and receivables at a later date is carried out based on amortised cost using effective interest rate method after reducing by potential impairment write-offs. They are included into current assets as long as their maturity date does not exceed 12 months after the balance sheet date. Loans and receivables with the maturity date falling on a date later than 12 months after the balance sheet date are classified as non-current assets.

Financial assets available for sale

All the remaining financial assets are financial assets available for sale. Financial assets available for sale are recognised at fair value, without deduction of transaction costs, taking into account their market value at the end of the reporting period. If there are no published price quotations in an active market and the assets' fair value cannot be reliably determined using the alternative methods, financial assets available for sale are measured at cost of acquisition adjusted for impairment loss.

A positive and negative difference between fair value and cost of acquisition, net of deferred tax, of assets available for sale (if there is a market price determined in an active regulated market or for which fair value may be determined in another reliable way) is recognised under revaluation reserve. A decrease in the value of assets available for sale resulting from impairment is recognised in the income statement as a financial cost.

Exclusion of financial assets from the balance sheet:

A financial instrument is removed from the statement of financial position when the Company loses control over contractual rights making up a given financial instrument; it is usually the case when the instrument is sold or when all cash flows assigned to a given instrument are transferred to an independent third party.

4.14 Asset impairment write-offs

Financial assets

At the end of each reporting period, the assessment is carried out, whether there were objective evidences indicating the value loss of financial assets, other than valued at fair value through profit and loss. It is assumed that the item of financial assets is impaired, if after the initial recognition there, were objective evidences for the event causing impairment, which can have negative, reliably valued impact on the value of future cash flows with a particular asset.

The objective evidences of financial assets loss include failing to pay or overdue debt payment by the debtor; rescheduling of debt agreed by the Group due to economic or legal reasons arising from financial difficulties of the debtor, and which would not be approved by the Group in other circumstances; circumstances indicating the high probability of bankruptcy by the debtor or issuer; disappearance of active market for given financial asset.

The Group carries out the assessment of evidences indicating debt or investment impairment held until the maturity at the level of single asset.

Impairment of financial assets valued per amortised cost is estimated as a difference between their book value, and current value of the estimated future cash flows discounted by original effective interest rate.

All losses due to impairment of financial assets valued per amortised cost are held in profit or loss of current period, and reduce the current value of financial assets, whereby the Group continues charging the updated assets interests.

If the fair value reduction of the financial asset available for sale is recognised directly in the equity, and there are objective evidences of the asset impairment, the cumulated losses previously recognised in equity will be removed from accounting record of the Group's equity and recognised in the loss and profit account, even if the financial asset was not excluded from the balance. The amount of cumulated losses which is removed from the accounting record and recognised in the loss and profit account is a difference between purchase cost (reduced by all capital payments and amortisation) and current fair value, reduced by all impairment losses of this asset, which are previously recognised in the loss and profit account.

If the later circumstances indicate the termination of evidences for impairment, the reversal of updated write-off is recognised in the profit or loss of the current period.

Non-financial assets

Book value of non-financial assets and assets due to deferred income tax is subject to the assessment at the end of each reporting period with the aim to state, if there are evidences indicating impairment. In case of occurrence of evidences, the Group estimates the recovery value of each asset.

4.15 Employee benefits

Short term employee benefits

Liabilities for short term employee benefits are valued without discount and are charged to costs during the benefit execution period.

The Group charges the liability to costs in the amount of envisaged payments for employees due to short term cash bonuses or profit distribution plan, when the Group has a legal or customary obligation of such payments based on services made by the employees in the past, and the obligation can be reliably estimated.

4.16 Contingent liabilities committed

Within the operational activity of the Group's companies make transactions which are not recognised as assets or liabilities in the statement of financial position at the time of their completion, but cause the occurrence of contingent liabilities. Contingent liabilities include:

- potential obligation arising from future events, whose existence will be approved only when uncertain future event occurs or does not occur, or larger number of such events occur or not, and they are not completely controlled by the entity;
- current obligation arising from past events but not recognised in the statement of financial position because the need of spending funds or other assets is not likely in order to fulfil the obligation, or amount committed cannot be estimated in a reliable manner.

For granted off-balance liabilities posing risk of failure to fulfil the contractual conditions by the customer, the reserves are created according to IAS 37.

4.17 Equity of the Capital Group

Equity includes capitals and funds created in accordance with relevant provisions of law, that is appropriate legislative acts, articles of association.

Share capital of the Capital Group is recognised in the amount defined in the Articles of Association of the parent entity and disclosed in the court register.

Differences between the fair value of a payment and the nominal value of shares are recognised in supplementary capital as share premium.

Supplementary capital contains profit and surplus capital write-offs over the nominal value of shares. Retained profits/losses cover undistributed profits and retained losses from previous years of units subject to consolidation under the full method.

4.18 Equity attributable to non-controlling shareholders

Equity of non-controlling stockholders (shareholders) is the share in equity of subsidiary consolidated under the full method and belonging to the unit other than the company, or other units within the Capital Group.

Changes in the ownership of the parent company, which do not result with loss of control over a subsidiary, are recognised as equity transactions. In such cases, in order to reflect the changes in

relative interest in a subsidiary, the Group makes adjustment of the balance sheet value of controlling shares and non-controlling shares. All differences between the amount of adjustment of non-controlling shares and the fair value of the paid or received amount are recognised in the equity and assigned to the owners of the parent company.

4.19 Provisions

Provisions are recognised when a Capital Group member company has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Where the effect of a change in the time value of money is material, the provision is established by discounting the forecasted future cash flows to the current value, using a pre-tax discount rate that reflects current market assessments of the time value of money and a possible risk specific to a given liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as financial costs.

4.20 Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include issued debt securities. Determination of the amortised cost considers costs associated with obtaining of such liability and discounts or bonuses obtained on settlement of a liability. Profits and losses are recognised in the statement of income at the moment a liability is removed from the statement on financial situation.

Upon initial recognition, all liabilities are recognised at purchase price corresponding to the fair value of obtained funds, reduced by costs associated with obtaining liabilities.

4.21 Revenues, costs and determination of financial result

Revenues are recognised to the extent that it is probable that a Group member company will obtain economic benefits that can be reliably measured.

Costs are recognised on an accrual basis, i.e. in periods to which they relate, irrespective of the date of their payment.

Income from debt collection

Income from operational activity covers profits from purchased debts, services of debt maintenance of structural funds, debt collection actions ordered by other business units, valuation effects of debt portfolios fair value.

Income from debt collection of commissioned portfolios

Income from ordered debt portfolios collection include due profit margins for collected debts. Such profits are based on accrual principle in the period of providing service based on collected amounts.

Income from debt portfolios

Income from debt portfolios covers amount recovered, both in nominal debt value arising from assignment of claims, conducted with the original creditor and court costs ruled by legally binding decision. They are recognised in books and financial statement at the date of receipt.

Income from debt portfolios include actual repayment of debts reduced by depreciation of the portfolios.

The Group conducts amortisation of portfolios by settling the price of debt purchase in time, respectively to the achieved income and nominal value of portfolios. It means that purchase price of portfolios is settled proportionally to cash inflows obtained from particular portfolios in relation to nominal value of the purchased portfolio. Additionally, costs of expenditures for asserting claims by means of law proceedings or debt enforcement are recognised.

Current period income include as well, except for profits from repayments, changes of fair value arising from changes of estimates related to the expected future cash flows for given portfolio and changes in a discount rate. Accounting principles of purchased debt portfolios are further described in note 4.13.

Share in profits (losses) of affiliated entities valued using equity method

The Group presents the share in profits (losses) of affiliated entities valued using equity method in the operating incomes. Share in profit (loss) of these affiliates is treated by the Groups as part of own operational activity.

Income from disposal of debt portfolios and sell of other services

Income from disposal of debt portfolios and sell of other services are recognised in the amount corresponding to the fair value of the received payment reduced by the value of returns, rebates and discounts. Income from debt portfolio disposal cover, i.e. income from dealing with investment process on behalf of fund, debt maintenance to the benefit of the fund and representing the fund in legal and enforcement proceedings related to the debts acquired by the fund. Income from sell of other services cover, i.e. income from legal services provided by the GetBack Law Office Mariusz Brysik sp.k. and comprehensive archive services provided by GetBack S.A.

Financial revenues and costs

Units of the Group disclose in profit and loss statement all interest income and costs related to financial instruments valued per amortised cost with effective interest rate method.

Effective interest rate is the rate which precisely discounts the estimated future cash flows and payments made in the expected time until the maturity of the financial instrument, and in justified cases within shorter periods, until the balance net value of the asset or financial liability. The calculation of the effective interest rate covers all fees and commissions paid or received by the parties to the agreement, constituting an integral part of the effective interest rate, transactional costs and all other premiums and discounts.

Income from interests cover interests received or due from funds on bank accounts.

Result of foreign exchange position includes profits and loss from transactions of purchase and sell of currencies and recalculated assets and liabilities in foreign currency, including: unrealised valuation of initial exchange derivatives.

4.22 Dividend

Dividends are recognised upon determination of rights of shareholders to obtain them.

4.23 Current and deferred income tax

Liabilities and receivables due to current tax for the current period and previous periods are recognised at the amounts of expected payments/returns to/from tax authorities or amount of return due from the tax authorities at the tax rates and in accordance with tax regulations that were legally binding as at the balance sheet date.

For the needs of financial reporting, deferred tax is calculated using the balance sheet liabilities method, in relation to the interim differences occurring as at the balance sheet date between the tax value of the assets and liabilities and their balance sheet value in the financial statements.

Deferred income tax provision is recognised at the amount of the tax with obligatory future payment, in connection with positive taxable temporary differences. The balance sheet value (carrying value) of deferred income tax provision is reviewed as at each balance sheet date.

The deferred tax liabilities are recognised due to all positive interim differences:

- except if the deferred income tax provision is established as a result of initial recognition of goodwill or initial recognition of an asset or liability connected with a transaction not constituting combination of business entities and which does not influence the gross financial result, taxable income or tax loss at the time of conclusion, and
- in case of positive interim differences resulting from investments in subsidiaries, affiliated entities and shares in joint undertakings – except for situations when the dates of reversal of interim differences are under the control of the investor and when it is likely that the interim differences will not be reversed within a foreseeable future,

Deferred income tax assets are recognised at the amount of the expected future tax reduction due to negative interim (temporary) differences that will result reduction of the base for calculation of income tax, excluding situations when assets due to deferred tax regarding negative transitional differences arise as a result of initial recognition of an asset or liability at transaction that does not constitute merger of business units and at the moment of its conclusion they have no influence on the gross financial result and taxable income or tax loss and in case of negative transitional differences due to

investments in subsidiaries or affiliates and shares in all joint ventures. The deferred income tax asset item is recognised in the statement on financial situation exclusively at the amount at which it is likely that the aforementioned interim differences will be reversed within a foreseeable future and taxable income is achieved, allowing deduction of negative interim (temporary) differences.

Balance sheet value (carrying value) of deferred income tax assets is subject to review as at each balance sheet date and relevant correction is recognised, by the amount corresponding to the correction of the expected future taxable income that will enable partial or full utilisation of such deferred income tax asset item. Unrecognised deferred income tax asset is subject to reassessment for each balance sheet date and is recognised up to the amount reflecting probability of achieving future taxable income which will allow for recovery of this asset.

Deferred income tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is released, based on tax rates (and tax laws) that are in force as at the balance sheet date or tax rates (and tax laws) that are certain to be in force as at the balance sheet date.

Income tax related to positions recognised outside the profit or loss is recognised outside profit or loss: in other total income when referring to positions recognised in other total income or directly in equity when referring to positions recognised directly in equity.

The Group offsets deferred tax assets with deferred tax provisions if and only if the Group has an enforceable legal title to carry out compensation of tax assets with deferred income tax provisions and under the condition that deferred income tax assets and deferred income tax provisions result from income tax imposed by the same fiscal authority on the same tax payer or different tax payers which intend to settle their income tax liabilities and receivables in the net amount or recover income tax receivable/settle income tax liability simultaneously.

5 Effect of changes to the accounting policies

In 2016 as well as in 2015 the Group made no amendments to its accounting policies.

However in 2016 the Group changed the presentation of information on operational segments in note No. 7.

Change of presentation in comparative financial data

With the purpose of improved presentation of the nature an item in the income statement and to ensure comparability of financial data the Company chose to correct comparative data for the period 01.01.2014 - 31.12.2014. The result of valuation of investment certificates in securitisation funds was disclosed as an item of revenues. In 2015 the amount transferred to net revenues due to this change was PLN 15 thousand.

6 Financial risk management at the Capital Group

Basic principles of risk management

Management is responsible for establishing and supervision over the risk management by the Group.

Principles of risk management by the Group aim at identifying and analysing risks, to which the Group is vulnerable, defining proper limits and controls, as well as monitoring of risks and degree of its adjusting to the limits. Principles of risk management and systems are subject to regular inspections in order to take into account the changes of market conditions and changes of Group activity. Through proper training, adopted standards and management procedures.

The methods and objectives of financial risk management

The Capital Group is exposed to the following types of risks resulting from the use of financial instruments:

- credit risk,
- market risk (including interest rate risk, foreign currency risk),
- liquidity risk.

6.1 Credit risk

Credit risk is the risk that the Capital Group sustains a loss when its client or the other party to the financial instrument defaults on its contractual obligations. Credit risk is related mainly to purchased debt portfolios and liabilities attributed to services provided by the Group.

Purchased debt portfolios

Purchased debt portfolios include overdue debts, which, before they have been purchased by the Group, were subject to debt collection process, conducted by the seller of the debt or commissioned on its behalf, multiple times. Therefore, the credit risk related to the purchased debts is relatively high, wherein the Group has experience and developed analytical methods that allow to estimate such a risk.

As of debt portfolio purchase date, the Group assesses the credit risk associated with a given portfolio, which is later reflected in the offered debt purchase price.

Due to the fact that the purchased debt portfolios are valued in fair value, the credit risk associated with the purchased debt portfolios is reflected in their valuation at the end of each reporting period.

The discount rate remains unchanged until the interest rate of a reference instrument changes by more than 15%.

As of valuation date, the Group assesses the credit risk on the basis of historical data related to incomes from a given portfolio as well as portfolios of similar characteristics. The credit risk assessment also takes into account the following parameters:

- features of debt:
 - debt balance,
 - principal amount,
 - share of equity in debt,
 - the amount of obtained loan / total amount of invoices,
 - type of product,
 - period of overdue (days past due),
 - duration of the agreement,
 - days from agreement conclusion,
 - collateral (existence, type, amount),
- features of debtor:
 - year to date history of loan repayment / level of invoice settlement,
 - time since last debtor's repayment,
 - region,
 - legal form of debtor,
 - death or bankruptcy of debtor,
 - employment of debtor.
- features regarding the procedure of debt recovery by former creditor:
 - proper address and other contact data,
 - internal debt recovery procedures employed by the former debtor by itself,
 - external debt recovery - debt management by third party companies,
 - issue of a bank enforcement order,
 - court collection,
 - enforced collection by court collector.

Changes in the assessment of the credit risk impact the expectations related to future cash flows, which constitute the basis for valuation of the purchased debt portfolios.

The Group minimises the risk by a very careful valuation of the debt portfolios before purchasing them, taking into account the possibility to recover the invested capital from amounts subject to debt collection and estimated costs that must be incurred during the debt collection process. The portfolios are purchased by way of official tenders and the purchase prices offered by the Group, in the majority of those tenders, do not differ significantly from the prices offered by the competition. A similar valuation of a portfolio, made by several specialised entities at the same time, decreased the probability of incorrect valuation.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Determination of the market value of a portfolio and the maximum purchase price is carried out on the basis of submitted statistical and economic analysis. In order to minimise the risk associated with purchased debt portfolios, e.g. comparative analyses of the quality of a debt portfolio with other portfolios of similar characteristics owned by clients representing the same industry is carried out and the valuation is based on the analysis of efficiency of debt collection activities in relation to the debt of similar character.

The manner of estimation of incomes is based on statistical model built on the basis of owned and carefully selected reference data, corresponding to the valued data.

The maximum price is established on the basis of expected measures of the effectiveness of the investment (mainly: internal return rate, return period, nominal return). Expected returns on investment to a great extent depend on the risk associated with the project, which are significantly impacted by e.g. the quality of data submitted by the client for the purpose of valuation, reference data matching, the amount and quality of expert factors of both macro- and microeconomic nature, used to determine the forecast of cash flows.

Moreover, the Group diversifies the risk through purchasing debt of various types, of different difficulty and overdue level.

The debt collection tools used by the Group include:

- prompt letters,
- telephone collection,
- sms collection,
- partial exemption of debt,
- intermediation in obtaining alternative source of financing,
- calls at places of residence or work,
- detective activities,
- settlement proceedings,
- court collection,
- collection from collateral.

Trade receivables

Trade receivables are predominantly receivable due to debt collection services. Due to on-going control of trade receivables there is no additional credit risk above the level specified by a loss impairment. As at 31.12.2016, 31.12.2015 and 31.12.2014 the Group did not record significant overdue receivables.

The Group recognises bad debt provisions for receivables overdue more than 30 days. Besides the Group recognises impairment write-offs on all receivables from companies under bankruptcy proceedings and receivables sought through court.

The Group will not recognise impairment write-offs on receivable as long as it believes that overdue receivables are still likely to be collected. If a debt is considered irrecoverable, relevant amounts are recognised as costs.

Credit risk exposure

Book values (carrying value) of financial assets represent the maximum credit exposure. The maximum credit risk exposure at the end of reporting periods is as follows:

Credit risk	31.12.2016	31.12.2015	31.12.2014
Financial assets measured at fair value through profit or loss	1 053 699	422 797	188 870
Receivables	309 359	79 579	11 906
Cash and cash equivalents	70 407	51 291	16 851
Total	1 433 465	553 667	217 627

The maximum credit risk exposure at the end of reporting periods per geographical regions is as follows:

Credit risk	31.12.2016	31.12.2015	31.12.2014
Poland	1 323 859	520 846	194 752
Romania	109 606	32 821	22 875

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Total	1 433 465	553 667	217 627
--------------	------------------	----------------	----------------

6.2 Market risk

The market risk is defined as an uncertainty whether the values of interest rates, currency exchange rates will differ from values originally assumed, causing unexpected profits or losses resulting from maintained items.

The purpose of market risk management is to maintain and control the level of exposure of the Group to the market risk within the limits of adopted parameters, and strive to optimise the return rate at the same time.

a) currency risk

Currency risk exposure

The Group does not use financial instruments to hedge against exchange rate risk. Cash deposits obtained in foreign currency are reinvested in the purchase of debt portfolios in this currency.

The following table presents the currency commitment of the Group, broken down into particular types of assets and liabilities as of 31.12.2016, 31.12.2015 and 31.12.2014.

Currency risk	31.12.2016					Total
	PLN	EUR	USD	RON	CHF	
ASSETS						
Investments	947 124	644	-	71 864	-	1 019 632
Trade receivables and other receivables	271 662	43	-	37 320	334	309 359
Cash	69 766	219	-	422	-	70 407
Other	227 869	-	-	3 291	-	231 160
TOTAL ASSETS	1 516 421	906	-	112 897	334	1 630 558
LIABILITIES						
Liabilities arising from issuance of debt securities	804 100	-	799	-	-	804 899
Liabilities due to financial lease	6 045	-	-	-	-	6 045
Liabilities due to loans and borrowings	61 202	-	-	-	-	61 202
Trade and other liabilities	355 597	-	-	3 448	55	359 100
Other	13 203	-	-	266	-	13 469
TOTAL LIABILITIES	1 240 147	-	799	3 714	55	1 244 715
Capitals	386 001	-	-	(158)	-	385 843
TOTAL OF LIABILITIES AND EQUITY	1 626 148	-	799	3 556	55	1 630 558
NET AMOUNT COMMITTED	(109 727)	906	(799)	109 341	279	-

Currency risk	31.12.2015					Total
	PLN	EUR	USD	RON	CHF	
ASSETS						
Investments	392 968	1 293	-	28 031	-	422 292
Trade receivables and other receivables	74 973	-	-	4 606	-	79 579
Cash	51 013	94	-	184	-	51 291
Other	96 606	-	-	5 625	-	102 231
TOTAL ASSETS	615 560	1 387	-	38 446	-	655 393
LIABILITIES						
Liabilities arising from issuance of debt securities	253 533	-	-	-	-	253 533
Liabilities due to financial lease	2 772	-	-	-	-	2 772
Trade and other liabilities	193 317	-	-	11 807	-	205 124
Other	8 037	-	-	171	-	8 208
TOTAL LIABILITIES	457 659	-	-	11 978	-	469 637
Capitals	189 424	-	-	(3 668)	-	185 756
TOTAL OF LIABILITIES AND EQUITY	647 083	-	-	8 310	-	655 393

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

NET AMOUNT COMMITTED	(31 523)	1 387	-	30 136	-	-
-----------------------------	-----------------	--------------	----------	---------------	----------	----------

Currency risk	31.12.2014					Total
	PLN	EUR	USD	RON	CHF	
ASSETS						
Investments	166 947	-	-	21 923	-	188 870
Trade receivables and other receivables	11 523	-	-	383	-	11 906
Cash	16 133	54	1	643	20	16 851
Other	71 622	-	-	286	-	71 908
TOTAL ASSETS	266 225	54	1	23 235	20	289 535
LIABILITIES						
Liabilities arising from issuance of debt securities	127 666	-	-	-	-	127 666
Liabilities due to financial lease	1 739	-	-	-	-	1 739
Liabilities due to loans and borrowings	5 133	-	-	-	-	5 133
Trade and other liabilities	70 912	-	-	1 268	-	72 180
Other	15 930	-	-	1 181	-	17 111
TOTAL LIABILITIES	221 380	-	-	2 449	-	223 829
Capitals	60 547	-	-	5 159	-	65 706
TOTAL OF LIABILITIES AND EQUITY	281 927	-	-	7 608	-	289 535
NET AMOUNT COMMITTED	(15 702)	54	1	15 627	20	

Sensitivity analysis

The following tables present the analysis of sensitivity of currency exchange rate changes and their impact on the gross result of the Group broken down into particular currencies. Percentage increase / drop in exchange rate is based on the historical variability of average NBP exchange rates for particular currencies for the year preceding the balance sheet date. In 2016, the volatility of EUR exchange rate amounted to +/-6.8%, and +/-6.5% in case of RON (in 2015 the volatility of EUR was +/-5.7% and of RON +/-5.5% while in 2014 the volatility of EUR was +/-4.5% and of RON +/-4.7%). The analysis assumed that other variables will remain at the stable level.

as at 31.12.2016					
Amount exposed to risk (in PLN thousand)	(109 727)	906	(799)	109 341	279
Exchange rate change risk - impact on gross result (in PLN thousand)	PLN	EUR	USD	RON	CHF
Increase of exchange rate to PLN by	not appl.	6.8%	11.1%	6.5%	12.3%
Decrease of exchange rate to PLN by	not appl.	(6.8%)	(11.1%)	(6.5%)	(12.3%)
Impact on gross result in case of increase in currency exchange rate	not appl.	61	(89)	7 151	34
Impact on gross result in case of decrease in currency exchange rate	not appl.	(61)	89	(7 151)	(34)

as at 31.12.2015					
Amount exposed to risk (in PLN thousand)	(31 523)	1 387	-	30 136	-
Exchange rate change risk - impact on gross result (in PLN thousand)	PLN	EUR	USD	RON	CHF
Increase of exchange rate to PLN by	not appl.	5.7%	11.2%	5.5%	17.6%
Decrease of exchange rate to PLN by	not appl.	(5.7%)	(11.2%)	(5.5%)	(17.6%)
Impact on gross result in case of increase in currency	not appl.	79	-	1 664	-

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

exchange rate					
Impact on gross result in case of decrease in currency exchange rate	not appl.	(79)	-	(1 664)	-
as at 31.12.2014					
Amount exposed to risk (in PLN thousand)	(15 702)	54	1	15 627	20
Exchange rate change risk - impact on gross result (in PLN thousand)	PLN	EUR	USD	RON	CHF
Increase of exchange rate to PLN by	not appl.	4.5%	7.3%	4.7%	5.2%
Decrease of exchange rate to PLN by	not appl.	(4.5%)	(7.3%)	(4.7%)	(5.2%)
Impact on gross result in case of increase in currency exchange rate	not appl.	2	-	736	1
Impact on gross result in case of decrease in currency exchange rate	not appl.	(2)	-	(736)	(1)

b) interest rate risk

The Group finances its business activity by external capital – funds raised from bond issue, credits and loans based on fixed or variable interest rates. As a consequence, the Group is exposed to fluctuations of interest rates risk, the increase of which causes the increase of the cost of debt management based on variable interest rates, as well as may contribute to the growth of current financial costs of the Group in case of making a new or refinancing an existing debt.

As at balance sheet day, the structure of interest-bearing financial instruments is as follows:

Fixed interest rate financial instruments	Book value		
	31.12.2016	31.12.2015	31.12.2014
Financial assets	294 641	79 579	11 906
Financial obligations	617 449	212 110	95 868
Total	912 090	291 689	107 774

Variable interest rate financial instruments	Book value		
	31.12.2016	31.12.2015	31.12.2014
Debt portfolios	1 019 632	422 292	188 186
Financial assets	14 718	-	-
Financial obligations	613 797	249 319	110 850
Total	1 648 147	671 611	299 036

The above analysis does not include debt portfolios which are valued at fair value by application of a model based on discounted cash flows. Therefore, the change of interest rates impacts the fair value of those portfolios, since the rate adopted for the portfolios discount includes the market interest rate.

Fair value of financial instruments - analysis

The sensitivity of financial instruments to the interest rate risk was calculated as a product of the balance of accounting items sensitive to interest rates and adequate deviation of the interest rate. Change by 100 base points in the interest rate would increase (decrease) the own capital and profit before taxation by the amounts presented below. The following analysis is based on the assumption that other variables will remain at a fixed level.

Fair value sensitivity analysis for fixed interest rate financial instruments	Current period profit or loss		Equity excluding current period profit or loss	
	increase by 100 pb	decline by 100 pb	increase by 100 pb	decline by 100 pb
31.12.2016				
Fixed interest rate financial instruments	(3 750)	3 750	-	-
31.12.2015				
Fixed interest rate financial instruments	(782)	782	-	-
31.12.2014				
Fixed interest rate financial instruments	(237)	237	-	-

Analysis of cash flow sensitivity for variable interest rate financial instruments	Current period profit or loss		Equity excluding current period profit or loss	
	increase by 100 pb	decline by 100 pb	increase by 100 pb	decline by 100 pb

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

31.12.2016				
Debt portfolios	(16 259)	16 928	-	-
Other variable interest rate financial instruments	(4 971)	4 971	-	-
31.12.2015				
Debt portfolios	(8 274)	8 649	-	-
Other variable interest rate financial instruments	(1 782)	1 782	-	-
31.12.2014				
Debt portfolios	(3 347)	3 475	-	-
Other variable interest rate financial instruments	(1 109)	1 109	-	-

6.3 Liquidity risk

Liquidity risk is the risk of difficulties in meeting Group's commitments associated with financial liabilities that are settled by delivering cash or other financial assets. Group's liquidity management is about ensuring, as far as possible, that the Group always enjoys sufficient liquidity to settle the required commitments, both in normal and crisis situation, without exposure to unacceptable loss or undermining the Group's reputation.

The Group minimises the liquidity risk by executing debt collection in a continuous manner, which ensures constant cash inflow. Purchase of a debt at own expense entails a necessity to incur a large, one-time expense. In order to secure availability of cash the Group uses external financing in the form of bonds and current account overdraft.

GetBack Capital Group is able to pay the incurred liabilities from the remuneration obtained from the management of the securitisation fund receivables, from the profit made by Group subsidiaries, by redemption of investment certificates and out-payment of incomes of the funds in which the Group has investment certificates. Additionally, in case of a justified need, GetBack Capital Group can redeem the owned investment certificates in owned securitisation funds or the funds (in which the Issuer is the participant) can redeem the receivable portfolios. GetBack Capital Group is also able to obtain financing from the banking sector.

Contractual terms for financial liabilities are listed below:

Liquidity risk as at 31.12.2016	Current value	Cash flows resulting from the agreement	Below 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Other financial liabilities which are not derivative instruments							
Liabilities arising from debt securities	804 899	893 560	325 390	133 874	232 264	202 032	-
Financial leasing liabilities	6 045	7 065	1 198	744	2 097	3 026	-
Liabilities due to loans and borrowings	61 202	67 245	12 225	5 868	18 906	30 246	-
Trade and other liabilities	359 100	371 237	179 180	48 384	99 783	43 890	-
Total	1 231 246	1 339 107	517 993	188 870	353 050	279 194	-

Liquidity risk as at 31.12.2015	Current value	Cash flows resulting from the agreement	Below 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Other financial liabilities which are not derivative instruments							
Liabilities arising from debt securities	253 533	285 889	57 190	88 878	22 413	117 408	-
Financial leasing liabilities	2 772	3 109	488	505	1 020	1 096	-
Liabilities due to loans and borrowings	-	-	-	-	-	-	-
Trade and other liabilities	205 124	205 124	111 226	61 351	32 547	-	-
Total	461 429	494 122	168 904	150 734	55 980	118 504	-

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Liquidity risk as at 31.12.2014	Current value	Cash flows resulting from the agreement	Below 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Other financial liabilities which are not derivative instruments							
Liabilities arising from debt securities	127 666	146 935	4 515	19 578	83 610	39 232	-
Financial leasing liabilities	1 739	1 739	368	283	459	629	-
Liabilities due to loans and borrowings	5 133	5 133	-	5 133	-	-	-
Trade and other liabilities	72 180	72 180	66 164	6 016	-	-	-
Total	206 718	225 987	71 047	31 010	84 069	39 861	-

Cash flows resulting from the agreement have been determined on the basis of interest rates applicable as of 31.12.2016, 31.12.2015 and 31.12.2014 respectively.

The Group does not expect that the expected cash flows, included in the analysis of maturity dates, may take place significantly earlier or in significantly other amounts.

6.4 Capital management

The policy of the Management Board focuses on maintaining a solid capital standing in order to retain the trust of investors, lenders and the market and ensure future business growth of the Group. The Management Board monitors the return on equity rate, which is defined by the Group as a quotient of net profit for the reporting period and the average value of equity decreased by the net profit, exuding the non-controlling shares.

The Management Board aims to maintain balance between the higher return rate, possible to achieve at the higher level of debt, and benefits and safety achieved with solid capital. The Group aims to achieve a high return on equity rate; in the reporting period from 01.01.2016 to 31.12.2016 this rate amounted to 51.9% (in 2015: 64.8%, and in 2014: 67.4%).

The debt ratio of the Group, calculated as a relation of the sum of liabilities resulting from drawn loans and borrowings, emitted bonds and liabilities resulting from signed financial leasing agreement, decreased by the total funds to the equity, amounted to 2.1 as of 31.12.2015 (as at 31.12.2014: 1.1 and as at 31.12.2014: 1.8).

In the reporting period from 01.01.2014 to 31.12.2016 the Group did not change its approach to capital management.

In accordance with the Commercial Companies Code, the share capital of the parent company must amount to minimum PLN 100 thousand. The parent company is obliged to allocate at least 8% of the profit to the increase of the reserve capital used to cover future losses. This capital is created until it achieves at least 1/3 of the share capital.

6.5 Fair value of financial assets and liabilities

In many cases the accounting and disclosure principles adopted by the Group require determination of fair value of both financial and non-financial assets and liabilities. Fair values are determined and disclosed using the methods presented below. In justified cases, further information regarding the assumptions used to determine the fair value is presented in explanatory notes related to particular assets and liabilities.

Trade receivables and other receivables

Fair value of trade receivables and other receivables is estimated as a current value of future cash flows, discounted using market interest rate as of reporting date. Short-term debts are not discounted since their book value is similar to their fair value. The fair value is estimated only to be disclosed.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Investments

Purchased debt portfolios

Fair value of purchased debt portfolios is calculated on the basis of expected future cash flows associated with debt portfolios, discounted using discount rate that constitute an internal return rate increased by a margin.

Investment Certificates

Fair value of investment certificates of closed investment funds has been determined on the basis of valuation by the issuer of certificates as of balance sheet date. It results from estimation of the value of financial instruments, in which the fund invested.

Financial liabilities that are not derivatives

The fair value, estimated for the purposes of disclosure, is calculated on the basis of the current value of future cash flows resulting from return of the main amount and payment of interests, discounted using the market interest rate applicable at the end of the reporting period. In case of financial leasing, the market interest rate is established by reference to other similar leasing agreements. Short-term liabilities and liabilities for which the interest rates are updated with base rates changes on an on-going basis are not discounted, since their book value is similar to their fair value.

Financial assets and liabilities measured at fair value

Long-term financial assets	31.12.2016		31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Investments	34 067	34 067	505	505	684	684
Total	34 067	34 067	505	505	684	684

Short-term financial assets	31.12.2016		31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Debt portfolios	1 019 632	1 019 632	422 292	422 292	188 186	188 186
Total	1 019 632	1 019 632	422 292	422 292	188 186	188 186

Financial assets and liabilities not measured at fair value

In case of financial assets and liabilities not valued at fair value, their book values constitute approximation of fair value due to their short realisation terms and variable interest rates.

Long-term financial assets	31.12.2016		31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Other debtors	9 958		1 107		-	
Total	9 958		1 107		-	

Short-term financial assets	31.12.2016		31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Trade receivables and other receivables	299 401		78 472		11 906	
Cash and cash equivalents	70 407		51 291		16 851	
Total	369 808		129 763		28 757	

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Long-term financial liabilities	31.12.2016		31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Liabilities arising from issuance of debt securities	397 371		121 576		111 676	
Financial leasing liabilities	4 485		1 947		1 087	
Liabilities due to loans and borrowings	45 422		-		-	
Other long-term liabilities	135 732		32 547		-	
Total	583 010		156 070		112 763	

Short-term financial liabilities	31.12.2016		31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Liabilities arising from issuance of debt securities	407 528		131 957		15 990	
Financial leasing liabilities	1 560		825		652	
Liabilities due to loans and borrowings	15 780		-		5 133	
Trade and other liabilities	223 368		172 577		72 180	
Total	648 236		305 359		93 955	

The Group classifies particular components of financial assets and liabilities valued to the fair value by using the following hierarchy:

Level 1

Financial assets and liabilities valued on the basis of market quotations available on active markets for identical instruments.

Level 2

Financial assets and liabilities valued using valuation techniques based on directly observed market quotations or other information based on market quotations.

Level 3

Financial assets and liabilities, the fair value of which is valued using valuation models, in case of which input data are not based market data that is possible to observe.

In 2016, 2015 and 2014 no shifts occurred between level 1 and level 2 of the fair value hierarchy, as well as no instrument has been moved from level 2 or level 1 to level 3 of the fair value hierarchy.

The balance sheet value of financial instruments valued at fair price, broken down into the aforementioned valuation levels as of 31.12.2016, 31.12.2015 and 31.12.2014 is presented below:

31.12.2016				
	Level 1	Level 2	Level 3	Total
Selected asset items				
Investments	-	-	34 067	34 067
Debt portfolios	-	-	1 019 632	1 019 632

31.12.2015				
	Level 1	Level 2	Level 3	Total
Selected asset items				
Investments	-	-	505	505
Debt portfolios	-	-	422 292	422 292

31.12.2014				
	Level 1	Level 2	Level 3	Total
Selected asset items				
Investments	-	-	684	684
Debt portfolios	-	-	188 186	188 186

7 Information on operational segments

Reporting per segments of the Capital Group activity was prepared on the basis of units connected due to similar economic features and similarities in terms of offered products and services, service provision process, type or category of client, applied distribution methods and the nature of regulatory environment.

The Management Board monitors separate operational results of segments in order to take decisions related to the allocation of resources, assessment of the effects of this allocation and the results of activity.

The operational activity of the Capital Group has been divided into two segments:

Own funds segment covering:

- activity consisting in obtaining financing and allocating funds in debt portfolios including their servicing with the use of easyDebt NSFIZ securitisation fund, Open Finance FIZAN fund, Universe 3 NSFIZ, GetPro NSFIZ, Open Finance Wierzytelności NSFIZ, Debito NSFIZ, and the following companies: Bakura sp. z o.o., Bakura sp. z o.o. S.K.A., Neum Pretium Sp. z o.o., Bakura sp. z o.o. Kolima sp. k., Neum Pretium,
- activity consisting in obtaining financing and allocating funds in debt portfolios including their servicing by GetBack Recovery Srl.

In 2015, the results of consolidated companies until the end of October 2015 were included in segments: Bakura Sp. z o.o. sp.k. Bakura sp. z o.o. Debitum sp.k. (former Debitum Investment sp. z o.o. sp.k.) and Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k. (former Vinita Investments sp z o.o. sp.k.).

Internal funds segment covering:

- activity consisting in servicing investment funds from outside GetBack Group, as well as debt collection services commissioned on behalf of other entities from outside GetBack Group by GetBack S.A., provision of services to external entities in terms of representation in judicial and enforcement proceedings, legal advice and representation in civil and economic proceedings by Kancelaria Prawna GetBack Mariusz Brysik sp. k.

Revenues and costs of the segment are revenues and costs achieved as a result of sales to external clients. General administration, depreciation and other operational costs are assigned to a segment according to the average number of serviced matters in a given year.

Segment results were presented after addition of adjustments between the segments and consolidation adjustments. Assets of the segment are operational assets used by the segment in operational activity, which can be directly assigned to a given segment or can be assigned to a given segment on the basis of rational premises. In particular, the assets of the segment do not include assets associated with income tax.

The activity of the companies of the Group in the territory of Poland does not indicate regional differentiation in terms of risk and level of return from incurred investment expenditures.

Consolidated income statement for the period of 12 months ended on 31 December 2016 by segments

<i>Continuing operations</i>	Own funds segment	Third party funds segment	Total
------------------------------	--------------------------	----------------------------------	--------------

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Income from acquired debt portfolios	333 675	-	333 675
Income from debt management and debt recovery under commission	-	87 471	87 471
Share in profits (losses) of affiliated entities valued using equity method	-	(10 662)	(10 662)
Income on other services	1 327	198	1 525
Other operating revenue	4 251	169	4 420
Administration and similar costs	(118 100)	(56 484)	(174 584)
Depreciation / amortisation	(4 154)	(1 954)	(6 108)
Other operating expenses - other	(859)	(138)	(997)
Result on sales of financial assets	(10)	(22)	(32)
Financial revenues	203	884	1 087
Financial expenses	(43 715)	(904)	(44 619)
Gross profit	172 618	18 558	191 176
Income tax	(1 388)	10 472	9 084
Net profit	171 230	29 030	200 260
EBIT	216 140	18 600	234 740
EBIT	63,71%	24,10%	56.37%
EBITDA	220 294	20 554	240 848
EBITDA	64,94%	26.63%	57.84%
Cash EBITDA	253 303	20 554	273 857
Cash EBITDA	74,66%	26.63%	65,76%

- (1) The Company calculates EBIT of relevant segment as a profit from operational activity of a given segment.
- (2) The Company calculates EBIT margin of a given segment as a ratio between the operational activity profit and the total operational revenue.
- (3) The Company calculates EBITDA of a given segment as a profit from operational activity after eliminating depreciation of a given segment.
- (4) The Company calculates EBITDA of a given segment as a ratio between the profit from operational activity after elimination of depreciation and the total operational revenue.
- (5) The Company calculates Cash EBITDA of a given segment as a profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating value of portfolios of a given segment.
- (6) The Company calculated Cash EBITDA margin of a given segment as a ratio of the profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating the value of portfolios of a given segment and the total operational revenues.

Consolidated income statement for the period of 12 months ended on 31 December 2015 by segments

Continuing operations	Own funds segment	Third party funds segment	Total
------------------------------	--------------------------	----------------------------------	--------------

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Income from acquired debt portfolios	123 905	-	123 905
Income from debt management and debt recovery under commission	-	79 363	79 363
Share in profits (losses) of affiliated entities valued using equity method	-	11 711	11 711
Income on legal services	349	75	424
Income on other services	2 264	717	2 981
Other operating revenue	1 005	311	1 316
Administration and similar costs	(48 647)	(45 394)	(94 041)
Depreciation / amortisation	(1 251)	(1 732)	(2 983)
Other operating expenses - other	(72)	(38)	(110)
Result on sales of financial assets	6	-	6
Financial revenues	69	33	102
Financial expenses	(11 642)	(1 075)	(12 717)
Gross profit	65 986	43 971	109 957
Income tax	16 276	(5 922)	10 354
Net profit	82 262	38 049	120 311
EBIT	77 553	45 013	122 566
EBIT	60.81%	48.83%	55.79%
EBITDA	78 804	46 745	125 549
EBITDA	61.80%	50.71%	57.15%
Cash EBITDA	89 533	46 745	136 278
Cash EBITDA	70,21%	50.71%	62,03%

- (1) The Company calculates EBIT of a given segment as a profit from operational activity of a given segment.
- (2) The Company calculates EBIT margin of a given segment as a ratio between the operational activity profit and the total operational revenue.
- (3) The Company calculates EBITDA of a given segment as a profit from operational activity after eliminating depreciation of a given segment.
- (4) The Company calculates EBITDA of a given segment as a ratio between the profit from operational activity after elimination of depreciation and the total operational revenue.
- (5) The Company calculates Cash EBITDA of a given segment as a profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating value of portfolios of a given segment.
- (6) The Company calculated Cash EBITDA margin of a given segment as a ratio of the profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating the value of portfolios of a given segment and the total operational revenues.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Consolidated income statement for the period of 12 months ended on 31 December 2014 by segments:

<i>Continuing operations</i>	Own funds segment	Third party funds segment	Total
Income from acquired debt portfolios	94 856	-	94 856
Income from debt management and debt recovery under commission	-	11 614	11 614
Share in profits (losses) of affiliated entities valued using equity method	-	(12)	(12)
Income on legal services	-	34	34
Income on investments in securitisation funds	-	15	15
Income on other services	10	993	1 003
Other operating revenue	29	30	59
Administration and similar costs	(34 929)	(6 782)	(41 711)
Depreciation / amortisation	(1 070)	(314)	(1 384)
Other operating expenses - other	(174)	(5)	(179)
Result on sales of financial assets	-	-	-
Financial revenues	218	62	280
Financial expenses	(9 251)	(1 086)	(10 337)
Gross profit	49 689	4 549	54 238
Income tax	(11 359)	1 407	(9 952)
Net profit	38 330	5 956	44 286
EBIT	58 722	5 573	64 295
EBIT	61.88%	43.97%	59.77%
EBITDA	59 792	5 887	65 679
EBITDA	63.01%	46.45%	61.06%
Cash EBITDA	51 007	5 887	56 894
Cash EBITDA	53.75%	46.45%	52.89%

- (1) The Company calculates EBIT of a given segment as a profit from operational activity of a given segment.
- (2) The Company calculates EBIT margin of a given segment as a ratio between the operational activity profit and the total operational revenue.
- (3) The Company calculates EBITDA of a given segment as a profit from operational activity after eliminating depreciation of a given segment.
- (4) The Company calculates EBITDA of a given segment as a ratio between the profit from operational activity after elimination of depreciation and the total operational revenue.
- (5) The Company calculates Cash EBITDA of a given segment as a profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating value of portfolios of a given segment.
- (6) The Company calculated Cash EBITDA margin of a given segment as a ratio of the profit from operational activity of a given segment after elimination of depreciation, purchase price depreciation and updating the value of portfolios of a given segment and the total operational revenues.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Information from consolidated statement of financial position by segments as at 31.12.2016, 31.12.2015 and 31.12.2014:

Segment assets as at 31.12.2016	Own funds segment	Third party funds segment	Consolidation adjustments	Total
Segment assets	1 451 124	351 868	(288 643)	1 514 349
Investments in affiliates	-	106 190	-	106 190
Deferred income tax assets	10 019	-	-	10 019
Total assets	1 461 143	458 058	(288 643)	1 630 558

Segment assets as at 31.12.2015	Own funds segment	Third party funds segment	Consolidation adjustments	Total
Segment assets	613 377	66 784	(102 621)	577 540
Investments in affiliates	-	77 180	-	77 180
Deferred income tax assets	673	-	-	673
Total assets	614 050	143 964	(102 621)	655 393

Segment assets as at 31.12.2014	Own funds segment	Third party funds segment	Consolidation adjustments	Total
Segment assets	241 883	30 625	(48 442)	224 066
Investments in affiliates	-	65 469	-	65 469
Deferred income tax assets	-	-	-	-
Total assets	241 883	96 094	(48 442)	289 535

8 Net revenues

Net revenues	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Income from acquired debt portfolios	333 668	122 455	87 729
Other income from debt portfolios	7	1 450	7 127
Income from debt portfolios management services	86 969	78 755	10 878
Income on legal services	271	424	34
Income on debt recovery services	502	608	736
Income on investments in securitisation funds	-	-	15
Income on other services	1 254	2 981	1 003
Total	422 671	206 673	107 522

In accordance by accounting principles adopted by the Group, revenue and profits arising from debt portfolios valuated at fair value by the financial result are represented in the operational revenue as revenue from purchased portfolios.

Income from debt portfolios	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Recoveries from debt portfolios	323 167	134 335	86 071
Depreciation of debt portfolios	(45 925)	(15 387)	(9 519)
Revaluation of portfolios	56 426	4 658	18 304
Verification of estimates	57 848	17 564	18 304
Change of discount rate	(1 422)	(12 906)	-
Total	333 668	123 606	94 856

Recoveries from debt portfolios include payments from debtors adjusted by the increase or decrease of liabilities against debtors indebted due to overpayments. Portfolios' depreciation represents the depreciation of the portfolio purchase price. Update of the valuation of debt portfolios results from the change of forecasts of discounted expected cash flows, changes of the level of costs associated with debt collection and change of discount rate.

The revenue from debt collection services include commissions, which amount to 1.5% - 15% of amounts collected in 2016 (2015: 2.5% - 14%. 2014: 2% - 25%). The commission is subject to the overdue period of relevant case.

9 Other operating revenues

Other operating revenues	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Change to VAT proportion	8	-	-
Profit on bargain acquisition	2 601	996	-
Profit on fixed assets disposal	3	56	-
Lease of premises	8	10	13
Liquidated damages for termination of service agreement	584	-	-
Surplus after reversal of provisions for costs	1 038	-	-
Other	178	254	46
Total	4 420	1 316	59

10 Other operating expenses

Other operating expenses	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Entertaining and advertising costs	(2 764)	(1 360)	(615)
Consumption of materials and energy	(5 347)	(4 100)	(2 129)
Taxes and charges	(14 894)	(10 940)	(9 494)
Employee training	(527)	(597)	(110)
Business trips	(833)	(785)	(283)
Property insurance	(330)	(204)	(103)
Other	(997)	(118)	(179)
Total	(25 692)	(18 104)	(12 913)

11 Remuneration costs and costs of employee benefits

Remuneration costs and employee benefits	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Remuneration	(65 581)	(40 504)	(15 928)
Costs of social insurance and other benefits	(11 855)	(8 082)	(2 715)
Payments to the National Disabled Persons Rehabilitation Fund (PFRON)	(665)	(448)	(147)
Total	(78 101)	(49 034)	(18 790)

12 External services

External services	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Leasing	(6 584)	(2 765)	(1 152)
Telecommunication and postal services	(22 364)	(8 061)	(2 889)
Legal services, management services	(6 108)	(3 758)	(1 959)
Consulting services and expert evaluations (including IT)	(12 578)	(3 795)	(2 859)
Security and housekeeping services	(436)	(330)	(193)
Repair and maintenance services	(19 770)	(7 162)	(713)
Banking services	(594)	(312)	(179)
Other external services	(3 354)	(830)	(243)
Total	(71 788)	(27 013)	(10 187)

13 Result on sales of financial assets

In 2016 the negative result of the sales of financial assets in the amount PLN -32 thousand resulted from the sales of investment certificates of GetBack Windykacja Platinum NSFIZ fund and shares in the following companies: Bergden Assets SCSp and Neum Pretium sp. z o.o. sp. k.

In 2015, due to disposal of financial assets of PLN 6 thousand, Bakura sp. z o.o. SKA disclosed the result on disposal of the following entities: Bakura sp. z o.o. Debitum sp.k. (former Debitum Investment sp. z o.o. sp.k.), Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k. (former Vinita Investments sp. z o.o. sp.k.) as well as Bakura sp. z o.o. sp.k.

No income on sale of financial instruments was generated by the Group in 2014.

14 Financial revenues and costs

Financial revenues	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Interest income from granted loans and receivables	4	-	-
Interest income on bank deposits	218	100	280
Currency exchange rate differences	74	-	-
Other financial revenues	791	2	-
Total	1 087	102	280

Financial expenses	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Interest on bonds	(28 320)	(10 136)	(7 972)
Bond processing costs	(7 069)	(1 161)	(765)
Other interest expense	(6 313)	(732)	(532)
Exchange rate differences	(975)	(337)	(116)
Other financial costs	(1 942)	(351)	(952)
Total	(44 619)	(12 717)	(10 337)

15 Income tax expense

Basic components of tax burden	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Consolidated income statement			
Current income tax	(230)	(2 925)	(263)
Current tax burden	(230)	(2 925)	(263)
Deferred income tax	9 314	13 279	(9 689)
Connected with the occurrence and reversal of the interim differences	9 314	13 279	(10 174)
Tax losses from previous years	-	-	485
Tax expense recognised in the consolidated income statement	9 084	10 354	(9 952)
Consolidated equity			
Current income tax	-	-	-
Deferred income tax	-	-	-
Tax expense recognised in consolidated equity	-	-	-
Total basic components of tax burden	9 084	10 354	(9 952)

Reconciliation of income tax from gross financial result before taxation according to statutory tax rate, with income tax calculate according to effective tax rate for periods ended on 31.12.2016, 31.12.2015 and 31.12.2014 is as follows:

Reconciliation of the effective tax rate	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Profit (loss) before income tax	191 176	109 957	54 238
Tax at 19% rate applicable in Poland	(35 562)	(22 950)	(9 125)
Impact of various tax rates in different overseas jurisdictions	(660)	1 735	(993)
Non-taxable income	53 922	34 615	1 672
Costs not deductible for income tax	(8 970)	(7 540)	(1 202)
Undisclosed tax loss	74	11	559
Adjustments relative to current income tax from previous years	(57)	322	-
Other items with impact on the amount of tax burden (including missing deferred income tax asset)	337	4 161	(863)
Tax expense recognised in the consolidated income statement	9 084	10 354	(9 952)
Effective tax rates	(4.8%)	(9.4%)	18,3%

Regulations regarding VAT, corporate income tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference to the established regulations or legal precedents. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax settlements may be subject to inspection by administrative bodies authorised to impose high penalties and fines,

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

and any additional taxation liabilities calculated as a result must be paid together with interest. Due to these phenomena the tax risk in Poland is significantly higher than typical for other countries with more developed tax system. In Poland tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

Corporate income tax rate in 2016, 2015 and 2014 in Poland was 19%, in Romania 16%.

In Poland, tax losses can be settled within 5 years, and the amount of deduction may not be higher than 50% of the tax base in a given tax year.

Tax losses and periods in which they can be settled are as follows:

	Date of limitation of loss	31.12.2016	31.12.2015	31.12.2014
2013 tax loss	2018-12-31	2 942	2 942	5 497
2014 tax loss	2019-12-31	59	59	-
2015 tax loss	2020-12-31	39	-	-
2016 tax loss	2021-12-31	30 198	-	-
Total		33 238	3 001	5 497
Binding tax rate		19%	19%	19%
Possible benefit from tax loss		6 315	570	1 044

Deferred income tax assets and liabilities

	Changes in the period			State as at 31.12.2016
	State as at 01.01.2016	Recognised in the profit/loss	Exchange differences on translating foreign entities	
Deferred income tax provisions				
Financial assets measured at fair value through profit or loss	1 193	(248)	(32)	913
Income from own portfolio	-	119	-	119
Trade receivables and other receivables	599	(449)	-	150
Other	111	683	-	794
Deferred tax provisions	1 903	105	(32)	1 976
Deferred income tax assets				
Tangible fixed assets	21	112	-	133
Trade and other liabilities	403	678	-	1 081
Liabilities relative to employee benefits	1 017	872	-	1 889
Interest on liabilities	474	690	-	1 164
Tax losses recoverable in future periods	510	6 706	-	7 216
Exchange rate differences	91	172	-	263
Other	60	189	-	249
Gross deferred corporate income tax assets	2 576	9 419	-	11 995
Credit / (charge) arising from deferred income tax disclosed in the income statement	-	9 314	-	-
Credit / (charge) arising from deferred income tax disclosed in equity	-	-	32	-
Deferred income tax assets / (provisions) recognised in the statement of financial position	673	9 314	32	10 019

	State as at 01.01.2015	Changes in the period		State as at 31.12.2015
		Recognised in the profit/loss	Exchange differences on translating foreign entities	

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

<u>Deferred income tax provisions</u>				
Tangible fixed assets	41	(41)	-	-
Financial assets measured at fair value through profit or loss	11 816	(10 610)	(13)	1 193
Trade receivables and other receivables	75	524	-	599
Other	3 563	(3 452)	-	111
Deferred tax provisions	15 495	(13 579)	(13)	1 903
<u>Deferred income tax assets</u>				
Tangible fixed assets	-	21	-	21
Trade and other liabilities	542	(139)	-	403
Liabilities relative to employee benefits	466	551	-	1 017
Interest on liabilities	390	84	-	474
Tax losses recoverable in future periods	1 044	(534)	-	510
Exchange rate differences	22	69	-	91
Other	412	(352)	-	60
Gross deferred corporate income tax assets	2 876	(300)	-	2 576
Credit / (charge) arising from deferred income tax disclosed in the income statement	-	13 279	-	-
Credit / (charge) arising from deferred income tax disclosed in equity	-	-	13	-
Deferred income tax assets / (provisions) recognised in the statement of financial position	(12 619)	13 279	13	673

	Changes in the period			Balance as at 12.31.2014
	Balance as at 01.01.2014	Recognised in the profit/loss	Exchange differences on translating foreign entities	
<u>Deferred income tax provisions</u>				
Tangible fixed assets	37	4	-	41
Financial assets measured at fair value through profit or loss	3 906	7 903	7	11 816
Trade receivables and other receivables	-	75	-	75
Other	-	3 563	-	3 563
Deferred tax provisions	3 943	11 545	7	15 495
<u>Deferred income tax assets</u>				
Trade and other liabilities	13	528	-	542
Liabilities relative to employee benefits	100	366	-	466
Interest on liabilities	309	81	-	390
Tax losses recoverable in future periods	559	485	-	1 044
Exchange rate differences	-	22	-	22
Other	38	374	-	412
Gross deferred corporate income tax assets	1 019	1 856	-	2 876
Credit / (charge) arising from deferred income tax disclosed in the income statement	-	(9 689)	-	-
Credit / (charge) arising from deferred income tax disclosed in equity	-	-	(7)	-
Deferred income tax assets / (provisions) recognised in the statement of financial position	(2 923)	(9 689)	(7)	(12 619)

Negative temporary differences do not expire in accordance with applicable tax regulations. Deferred corporate income tax assets were recognised with the assumed tax rate of 19% for interim differences and losses generated by companies located in Poland.

16 Tangible fixed assets

Tangible assets	31.12.2016	31.12.2015	31.12.2014
Land and buildings	824	545	142
Technical equipment and machines	7 360	6 395	1 966
Vehicles	4 311	2 133	1 111
Other tangible fixed assets	699	614	290

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Tangible fixed assets under construction	92	14	14
Tangible fixed assets, total	13 286	9 701	3 523

Movements in fixed tangible assets for the period of 12 months ended on 31.12.2016	Land and buildings	Technical equipment and machines	Vehicles	Other tangible fixed assets	Tangible fixed assets under construction	Total
Initial value						
Opening balance as at 01.01.2016	584	8 765	3 509	708	14	13 580
Additions, including:	346	3 757	3 529	257	355	8 244
Acquisition, including:	69	3 741	3 529	257	355	7 951
- under lease	-	813	3 529	-	-	4 342
Transfer from tangible fixed assets under construction	277	-	-	-	-	277
Exchange rate differences	-	16	-	-	-	16
Reductions, including:	-	(90)	(72)	(15)	(277)	(454)
Disposal and sale, donation	-	(90)	(72)	(15)	-	(177)
Other	-	-	-	-	(277)	(277)
Closing balance as at 31.12.2016	930	12 432	6 966	950	92	21 370
Depreciation						
Opening balance as at 01.01.2016	39	2 370	1 376	94	-	3 879
Additions, including:	67	2 850	1 319	172	-	4 408
Amortisation and depreciation for the period	67	2 845	1 319	172	-	4 403
Exchange rate differences	-	5	-	-	-	5
Reductions, including:	-	(148)	(40)	(15)	-	(203)
Disposal and sale	-	(148)	(40)	(15)	-	(203)
Closing balance as at 31.12.2016	106	5 072	2 655	251	-	8 084
Net value						
Opening balance as at 01.01.2016	545	6 395	2 133	614	14	9 701
Closing balance as at 31.12.2016	824	7 360	4 311	699	92	13 286

Movements in fixed tangible assets for the period of 12 months ended on 31.12.2015	Land and buildings	Technical equipment and machines	Vehicles	Other tangible fixed assets	Tangible fixed assets under construction	Total
Initial value						
Opening balance as at 01.01.2015	156	3 002	1 822	417	14	5 411
Additions, including:	428	6 018	1 882	655	413	9 396
Acquisition, including:	15	5 711	1 882	655	412	8 675
- under lease	-	-	1 882	35	-	1 917
Transfer from tangible fixed assets under construction	413	-	-	-	-	413
Exchange rate differences	-	-	-	-	1	1
Other	-	307	-	-	-	307
Reductions, including:	-	(255)	(195)	(364)	(413)	(1 227)
Disposal and sale, donation	-	(253)	(195)	(74)	-	(522)
Exchange rate differences	-	(2)	-	-	-	(2)
Other	-	-	-	(290)	(413)	(703)
Closing balance as at 31.12.2015	584	8 765	3 509	708	14	13 580
Depreciation						
Opening balance as at 01.01.2015	14	1 036	711	127	-	1 888
Additions, including:	25	1 442	821	90	-	2 378
Amortisation and depreciation for the period	25	1 316	821	90	-	2 252
Other	-	126	-	-	-	126
Reductions, including:	-	(108)	(156)	(123)	-	(387)
Disposal and sale	-	(108)	(156)	(14)	-	(278)
Other	-	-	-	(109)	-	(109)
Closing balance as at 31.12.2015	39	2 370	1 376	94	-	3 879
Net value						
Opening balance as at 01.01.2015	142	1 966	1 111	290	14	3 523
Closing balance as at 31.12.2015	545	6 395	2 133	614	14	9 701

Movements in fixed tangible assets for the period of 12 months ended on 31.12.2014	Land and buildings	Technical equipment and machines	Vehicles	Tangible fixed assets under construction	Other tangible fixed assets	Total
--	--------------------	----------------------------------	----------	--	-----------------------------	-------

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Initial value						
Opening balance as at 01.01.2014	20	1 963	980	-	-	2 963
Additions, including:	136	1 085	866	417	14	2 518
Acquisition, including:	136	1 085	866	371	14	2 472
- under lease	-	43	866	-	-	909
Other	-	-	-	46	-	46
Reductions, including:	-	(46)	(24)	-	-	(70)
Other	-	-	(24)	-	-	(24)
Transfers	-	(46)	-	-	-	(46)
Closing balance as at 31.12.2014	156	3 002	1 822	417	14	5 411
Depreciation						
Opening balance as at 01.01.2014	3	547	246	-	-	796
Additions, including:	11	524	465	127	-	1 127
Amortisation and depreciation for the period	11	524	465	92	-	1 092
Other	-	-	-	35	-	35
Reductions, including:	-	(35)	-	-	-	(35)
Transfers	-	(35)	-	-	-	(35)
Closing balance as at 31.12.2014	14	1 036	711	127	-	1 888
Net value						
Opening balance as at 01.01.2014	17	1 416	734	-	-	2 167
Closing balance as at 31.12.2014	142	1 966	1 111	290	14	3 523

In 2016 and 2015 as well as in 2014 no impairment write-off were recognised. Balance sheet value of fixed assets used under financial lease with purchase option amounted, as at 31.12.2016, to PLN 5 296 thousand (31.12.2015: PLN 2 356 thousand, 31.12.2014: PLN 1 931 thousand). The fixed tangible assets listed above were submitted as collateral for liabilities arising from financial lease (note 27). As at the balance sheet date the Group did not hold any contractual liabilities to purchase tangible assets in the future.

17 Intangible fixed assets

Intangible assets	31.12.2016	31.12.2015	31.12.2014
R&D expenses	4 655	3 364	850
Patents and licenses	33 067	5 045	1 227
Expenditure on intangible assets	974	1 412	50
Other	76	34	8
Intangible assets, total	38 772	9 855	2 135

Changes in intangible fixed assets for the period of 12 months ended on 31 December 2016	R&D expenses	Patents and licenses*	Expenditure on intangible assets	Other	Total
Initial value					
Opening balance as at 01.01.2016	3 558	6 153	1 412	61	11 184
Additions, including:	1 533	29 444	28 998	81	60 056
Additions due to proprietary R&D projects	1 199	-	-	-	1 199
Acquisition	-	342	28 998	81	29 421
Transfer from investments	-	29 102	-	-	29 102
Other	334	-	-	-	334
Reductions, including:	-	-	(29 436)	-	(29 436)
Transfer from investments	-	-	(29 436)	-	(29 436)
Closing balance as at 31.12.2016	5 091	35 597	974	142	41 804
Depreciation					
Opening balance as at 01.01.2016	194	1 108	-	27	1 329
Additions, including:	242	1 422	-	39	1 703
Amortisation and depreciation for the period	242	1 422	-	39	1 703
Closing balance as at 31.12.2016	436	2 530	-	66	3 032
Net value					
Opening balance as at 01.01.2016	3 364	5 045	1 412	34	9 855
Closing balance as at 31.12.2016	4 655	33 067	974	76	38 772

* including copy rights to data bases

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Changes in intangible fixed assets for the period of 12 months ended on 31 December 2015	R&D expenses	Patents and licenses	Expenditure on intangible assets	Other	Total
Initial value					
Opening balance as at 01.01.2015	870	1 820	50	11	2 751
Additions, including:	2 688	4 364	1 434	50	8 536
Additions due to proprietary R&D projects	2 688	-	-	-	2 688
Acquisition	-	4 292	1 100	37	5 429
Transfer from investments	-	72	-	-	72
Other	-	-	334	13	347
Reductions, including:	-	(31)	(72)	-	(103)
Other	-	(31)	(72)	-	(103)
Closing balance as at 31.12.2015	3 558	6 153	1 412	61	11 184
Depreciation					
Opening balance as at 01.01.2015	20	593	-	3	616
Additions, including:	174	546	-	24	744
Amortisation and depreciation for the period	174	546	-	11	731
Other	-	-	-	13	13
Reductions, including:	-	(31)	-	-	(31)
Other	-	(31)	-	-	(31)
Closing balance as at 31.12.2015	194	1 108	-	27	1 329
Net value					
Opening balance as at 01.01.2015	850	1 227	50	8	2 135
Closing balance as at 31.12.2015	3 364	5 045	1 412	34	9 855

Changes in intangible fixed assets for the period of 12 months ended on 31 December 2014	R&D expenses	Patents and licenses	Expenditure on intangible assets	Other	Total
Initial value					
Opening balance as at 01.01.2014	36	1 172	85	-	1 293
Additions, including:	834	651	286	11	1 782
Acquisition	834	330	286	8	1 458
Other	-	321	-	3	324
Reductions, including:	-	(3)	(321)	-	(324)
Other	-	(3)	(321)	-	(324)
Closing balance as at 31.12.2014	870	1 820	50	11	2 751
Depreciation					
Opening balance as at 01.01.2014	2	322	-	-	324
Additions, including:	18	272	-	3	293
Amortisation and depreciation for the period	18	272	-	2	292
Other	-	-	-	1	1
Reductions, including:	-	(1)	-	-	(1)
Other	-	(1)	-	-	(1)
Closing balance as at 31.12.2014	20	593	-	3	616
Net value					
Opening balance as at 01.01.2014	34	850	85	-	969
Closing balance as at 31.12.2014	850	1 227	50	8	2 135

In 2016 and 2015 no impairment write-off were recognised.

As of balance sheet date, there are no intangible assets, the legal title to which is subject to limitation and intangible assets that are pledged as security to liabilities.

As of 31.12.2016, 31.12.2015 and 31.12.2014, the Group did not hold any contractual liabilities to purchase intangible assets in the future.

Goodwill

The main factor which led to recognition of the goodwill was e.g. expected synergy of associated activities of units within the Group, resulting from control and management of portfolios of a unit purchased by GetBack.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

As of 31 December 2016 goodwill amounted to PLN 8 879 thousand and was established as a result of acquisition of 100% of investment certificates issued by EGB Wierzytelności 1 NSFIZ (currently GetPro NSFIZ) by GetBack S.A. which took place on 29 April 2016.

Details related to the settlement of the purchase are presented in note 34.

The goodwill will be subjected to tests for loss of value in subsequent reporting periods.

18 Investments

Investments in affiliates

Affiliates as at 31.12.2016, 31.12.2015 and as at 31.12.2014 are listed in Note No. 2 Abbreviated information on affiliates disclosed using the equity method (in PLN thousand):

as at 31.12.2016

Entity name	Asset value	Liabilities value	Amount of revenues	Profit/(loss) net	% of shares
Omega Wierzytelności NSFIZ	343 781	17 795	29 238	(22 967)	20.0%
Trigon Profit XIV NSFIZ	40 473	406	6 589	2 447	20.0%
Trigon Profit XV NSFIZ	35 416	465	5 520	2 192	20.0%
Trigon Profit XVI NSFIZ	32 668	764	4 468	1 329	20.0%
Trigon Profit XVIII NSFIZ	60 005	1 389	5 669	1 735	20.0%
Trigon Profit XXI NSFIZ	29 574	880	3	(6)	20.0%
CENTAURIS Windykacji NS FIZ	3 000	0	0	0	26.6%

as at 31.12.2015

Entity name	Asset value	Liabilities value	Amount of revenues	Profit/(loss) net	% of shares
Omega Wierzytelności NFIZ	390 525	4 565	1 415	58 577	20.0%

as at 31.12.2014

Entity name	Asset value	Liabilities value	Amount of revenues	Profit/(loss) net	% of shares
Omega Wierzytelności NFIZ	459 736	132 354	83	(59)	20.0%

Affiliated entities of the Group are Funds that invest in debt portfolios. They do not own fixed assets, and the presented value of assets is a value of current assets. Those Funds do not hold long-term liabilities, therefore, the presented value of liabilities is a value of short-term liabilities.

The fair value of the funds' investment certificates attributed to GetBack Capital Group has been determined on the basis of valuations made by the issuers of certificates and as of 31.12.2016 it amounted to PLN 109 190 thousand (31.12.2015: PLN 77 180 thousand, 31.12.2014: PLN 65 469 thousand). It results from estimation of the value of financial instruments, in which the fund invested.

Shares in the profits of the Group's affiliated entities are calculated on the basis of difference in valuation of investment certificates of closed-end investment funds between the day of purchasing the investment certificates (in case of certificates purchased during a fiscal year) or the value at the beginning of a fiscal year and the balance sheet day and in accordance with the percentage share of the Company in a given entity. The valuation of the investment certificates of the closed-end investment funds, additionally to the current result of the closed-end investment funds, may also be impacted by other events (including e.g. dividend payment in 2016 in Fundusz Omega NSFIZ fund for the profit in previous years).

Investments in securitisation funds

In the item of investments in securitisation funds, investment certificates of securitisation funds held by GetBack are presented, the fair value of which amounted to PLN 34 067 thousand as of 31.12.2016. (31.12.2015: PLN 505 thousand, 31.12.2014: PLN 684 thousand).

19 Prepayments

Prepayments - long term	31.12.2016	31.12.2015	31.12.2014
Cost of bond issue	91	155	79
Other	41	-	-
Total	132	155	79

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Prepayments - short term	31.12.2016	31.12.2015	31.12.2014
Project expenses: "Activation of debtors by means of debt collection marketing"	1 096	675	-
Project expenses: "Activation of debtors by means of debt enforcement activities"	-	935	-
Licenses	637	918	102
Costs recognised on accrual basis	14 361	-	-
Costs of uncompleted R&D works	-	-	334
Provisions for compensation cost	1 374	-	-
Other	732	322	170
Total	18 200	2 850	606

20 Debt portfolios

Debt portfolios include financial measured at fair value through profit or loss, part of which are purchased debt portfolio worth PLN 1 019 632 thousand as at 31.12.2016 (31.12.2015: PLN 422 292 thousand, 31.12.2014: PLN 188 186 thousand). Valuation principles of purchased debt portfolios are further described in note 4.13.

The acquired debt portfolios are divided into the following major categories:

Purchased debt portfolios	31.12.2016	31.12.2015	31.12.2014
Bank credits	801 453	343 894	128 261
Telephone bills	133 975	48 947	49 917
Cash loans (other than from banks)	18 485	6 167	4 105
Mixed portfolios	65 719	23 284	5 903
Total	1 019 632	422 292	188 186

Debt portfolios were valued under the following assumptions:

	31.12.2016	31.12.2015	31.12.2014
Discount rate	1.2% - 86.5%	1.2% - 86.5%	15%
Period of estimated expected cash flows	January 2017 – December 2026	January 2016 – September 2025	January 2014 – December 2021

Part of debt portfolios is secured by entry to a mortgage (mortgage portfolios) or registered pledge (car loans portfolios).

At the end of each quarter the Group updates, if it is justified, the following parameters that constitute the basis for estimation of discounted expected future cash flows:

- discount rate – the increase of the rate impacts the reduction of the fair value;
- period, for which cash flows have been estimated – extension of this period causes reduction of the debt portfolios' fair value;
- the value of expected, future flows on the basis of available current information and currently used debt collection tools – the increase of value of expected future cash flows causes the increase of the fair value.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Changes of net book value of purchased debt portfolios were as follows:

Changes of net book value of purchased debt portfolios for the period	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Value of acquired debt portfolios as at 01.01	422 292	188 186	114 507
Acquisition of portfolios net	564 735	232 190	42 739
Purchase price adjustment due to court fees and enforcement down payments	21 015	12 814	22 113
Payments from debtors	(334 580)	(136 291)	(86 642)
Increase / (drop) of liabilities to debtors due to overpayments	11 413	1 956	571
Income from debt portfolios - payments	277 242	118 948	76 552
Differences from translation of results from portfolios in overseas currencies	1 089	(169)	42
Revaluation	56 426	4 658	18 304
Value of acquired debt portfolios as at 31.12	1 019 632	422 292	188 186

Acquired debt portfolios with book value (carrying value) of PLN 153 904 thousand as at 31.12.2016 (PLN 51 306 thousand as at 31.12.2015 and PLN 43 991 thousand as at 31.12.2014) were submitted as collaterals for issued bonds (see note 27).

Purchased debt portfolios	31.12.2016	31.12.2015	31.12.2014
Unsecured portfolios	951 237	383 307	175 875
Secured portfolios	68 395	38 985	12 311
Total	1 019 632	422 292	188 186

Part of debt portfolios is secured by entry to a mortgage (mortgage portfolios) or registered pledge (car loans portfolios).

21 Trade and other receivables

Trade receivables and other receivables	31.12.2016	31.12.2015	31.12.2014
Trade receivables	269 678	74 567	5 019
Tax receivables other than income tax	3 681	3 252	2 051
Other debtors	20 064	350	28
Prepayments, deposits	2 253	303	4 808
Receivables from awarded loans	3 725	-	-
Total	299 401	78 472	11 906

Other long term receivables	31.12.2016	31.12.2015	31.12.2014
Deposits	1 599	1 107	-
Receivables from awarded loans	8 359	-	-
Total	9 958	1 107	-

Changes of net book value of granted loans were as follows:

Changes of net book value of loans granted in the period	01.01.2016- 31.12.2016	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Receivables from awarded loans as at 01.01.	-	-	-
Value of granted loans - net	55 594	-	-
Repayment of loans (-)	(45 707)	-	-
Increase / (drop) of liabilities to debtors due to overpayments	1 057	-	-
Income on loans granted - payments	4 007	-	-
Revaluation write-offs	(2 867)	-	-
Receivables from awarded loans as at 31.12	12 084	-	-

22 Cash and cash equivalents

Cash and cash equivalents	31.12.2016	31.12.2015	31.12.2014
Cash at bank accounts	70 407	51 291	16 186
Cash in transit	-	-	665
Total	70 407	51 291	16 851

Cash on current accounts also covers restricted funds in the amount of PLN 4 thousand (31.12.2015: PLN 54 thousand, 31.12.2014: PLN 41 thousand). This amount constitutes funds transferred by Getin Noble Bank S.A. for managing the affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp.k. by the bank.

The sum of the restricted cash including the letter of credit as at 31 December 2016 amounted to PLN 3 944 thousand.

23 Share capital

Series/issue	Type of shares	Number of shares	Value of series/issue at nominal value (in PLN thousand)	Type of contribution to equity	Date of registration	Right to dividend (from date)
Series A shares	bearer shares	4 000 000	800	in cash	14.03.2012	dividend entitlement in proportion to 2012 profit if relevant resolution is adopted by the General Meeting of Shareholders
Series B shares	bearer shares	6 000 000	1 200	in cash	14.03.2012	
Series C shares	bearer shares	4 000 000	800	in cash	08.08.2012	
Series D shares	bearer shares	6 000 000	1 200	in cash	08.08.2012	
Total number of shares		20 000 000				
Total share capital, in PLN thousand			4 000			
Par value of 1 share = PLN 0.20						

Shares that have been issued and fully paid (in thousands)	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	20 000	20 000	20 000
Balance as at period end	20 000	20 000	20 000

Ownership structure of share capital of the parent company as at 31.12.2016:

Shareholder	Number of shares (shares)	Nominal value of shares (in PLN thousand)	share (%)
DNLD sp. z o.o.	20 000 000	4 000	100%
Total	20 000 000	4 000	100%

Ownership structure of share capital of the parent company as at 31.12.2015 and 31.12.2014:

Shareholder	Number of shares (shares)	Nominal value of shares (in PLN thousand)	share (%)
Idea Expert S.A.	20 000 000	4 000	100%
Total	20 000 000	4 000	100%

24 Other equity

Other equity	31.12.2016	31.12.2015	31.12.2014
Supplementary capital and retained earnings, including:	181 763	61 625	17 528
Share premium	5 956	5 956	5 956
Retained earnings (including undistributed profit)	175 807	55 669	11 572
Exchange rate differences	(21)	(44)	43
Other equity, total	181 742	61 581	17 571

Changes in retained earnings	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	55 669	11 572	1 474
Reclassification of previous year's profit to undistributed financial results	120 138	23 023	(41)
GetBack S.A. - profit distribution	-	21 074	10 139
Balance as at period end, total	175 807	55 669	11 572

25 Profit per share

Earnings per share, basic

The basic earnings per share ratio is calculated based on profit or loss attributable to ordinary shareholders of the parent entity by dividing the net profit for the period for ordinary shareholders of the Parent by the average weighted number of the equity shares issued as existing in the period.

Earnings per share	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Earning attributable to holders of non-preference shares (in PLN thousand)	200 013	120 138	44 097
Weighted average number of ordinary shares (in units of shares)	20 000 000	20 000 000	20 000 000
Earnings per share (in PLN per share)	10.00	6.01	2.20

Earnings per share, diluted

The diluted earnings per share ratio is calculated based on profit or loss attributable to ordinary shareholders of the parent entity by dividing the net profit for the period for ordinary shareholders of the Parent by the average weighted number of the equity shares issued as existing in the period, corrected to take account of all potential diluting ordinary shares.

No diluting instruments existed in the Group.

Diluted earnings per share	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Earning attributable to holders of non-preference shares (in PLN thousand)	200 013	120 138	44 097
Net profit for calculation of diluted earnings	200 013	120 138	44 097
Weighted average number of ordinary shares (in units of shares)	20 000 000	20 000 000	20 000 000
Corrections of the number of shares for calculation of diluted earnings	-	-	-
Weighted average number of ordinary shares for calculation of diluted earnings	20 000 000	20 000 000	20 000 000
Diluted earnings per share (in PLN per share)	10.00	6.01	2.20

26 Dividends paid and proposed for payment

The Management Board of GetBack will suggest to reclassify the entire 2016 profit to Company's supplementary capital.

27 Liabilities from issue of debt securities, liabilities arising from financial lease and liabilities arising from loans and credits

This note covers information on Group's liabilities due to loans, borrowings and other liabilities measured at amortised cost. Information on Group's exposure to interest rate risk is presented in note 6.2.

Long-term liabilities	31.12.2016	31.12.2015	31.12.2014
Liabilities from issue of debt securities	397 371	121 576	111 676
Financial leasing liabilities	4 485	1 947	1 087
Liabilities due to loans and borrowings	45 422	-	-
Total	447 278	123 523	112 763

Short-term liabilities	31.12.2016	31.12.2015	31.12.2014
Liabilities from issue of debt securities	407 528	131 957	15 990
Financial leasing liabilities	1 560	825	652
Liabilities due to loans and borrowings	15 780	-	5 133
Total	424 868	132 782	21 775

Terms and schedule of repayment of liabilities arising from debt securities:

Liabilities from issue of debt securities (year of maturity)	31.12.2016		31.12.2015		31.12.2014	
	average % interest rate	carrying value	average % interest rate	carrying value	average % interest rate	carrying value
2015	-	-	-	-	6.85%	15 239
2016	-	-	5.99%	131 826	6.82%	77 576
2017	5.53%	407 528	6.92%	15 589	7.40%	10 072
2018	5.88%	195 899	-	-	-	-
2019	5.84%	188 941	5.79%	106 118	6.56%	24 779
2020	6.23%	12 531	-	-	-	-
Total		804 899		253 533		127 666

Bonds are secured by registered pledge on acquired debt portfolios with book value (carrying value) of PLN 153 904 thousand as at 31.12.2016 (as at 31.12.2015 the bond collateral was PLN 51 306 thousand, while as at 31.12.2014 the bond collateral was PLN 43 991 thousand).

Payment schedule of liabilities under finance lease agreements

Financial leasing liabilities	31.12.2016		31.12.2015		31.12.2014	
	Minimum lease payments	Current value of lease payments	Minimum lease payments	Current value of lease payments	Minimum lease payments	Current value of minimum lease payments
Up to one year	1 905	1 560	1 000	825	745	652
One year to 5 years	4 948	4 485	2 124	1 947	1 206	1 087
Over 5 years	-	-	-	-	-	-
Total	6 853	6 045	3 124	2 772	1 951	1 739
Unrealised financial expenses (-)	(808)		(352)		(212)	-
Net leasing investment	6 045	6 045	2 772	2 772	1 739	1 739
Current value of minimum lease payments	6 045		2 772		1 739	
short-term		1 560		825		652
long-term		4 485		1 947		1 087

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Collaterals on company's assets as at 31.12.2016, 31.12.2015 and 31.12.2014:

Type of assets granted as collateral 31.12.2016	Type of liability	Value of liabilities secured by collateral	Balance sheet (carrying) value of assets granted as collateral
Registered pledge on purchased portfolios, financed by bonds	bonds	92 514	153 904
Property, plant and equipment under financial lease	leasing agreements	6 045	5 296
Registered pledge on investment certificates	investment loans	59 822	100 857
Registered pledge on investment certificates	working capital facility	1 380	47 215
Total		159 761	307 272

Type of assets granted as collateral 31.12.2015	Type of liability	Value of liabilities secured by collateral	Balance sheet (carrying) value of assets granted as collateral
Registered pledge on purchased portfolios, financed by bonds	bonds	24 874	51 306
Property, plant and equipment under financial lease	leasing agreements	2 772	2 356
Total		27 646	53 662

Type of assets granted as collateral 31.12.2014	Type of liability	Value of liabilities secured by collateral	Balance sheet (carrying) value of assets granted as collateral
Registered pledge on purchased portfolios, financed by bonds	bonds	40 018	43 991
Property, plant and equipment under financial lease	leasing agreements	1 739	1 931
Total		41 757	45 922

As at 31.12.2016 liabilities due to loans and borrowings includes Overdraft facility in current account (PLN 1 380 thousand) investment loan granted to Getback S.A. (PLN 59 822 thousand). As at 31.12.2015 the Group had no liabilities due to loans and borrowings and as at 31.12.2014 liabilities includes due to loans and borrowings included liabilities due to current account overdraft of PLN 5 133 thousand.

As at 31.12.2016 the value of unutilised credit limits was PLN 22 660 thousand (as at 31.12.2015 it amounted to PLN 6 000 thousand and as at 31.12.2014 it amounted to PLN 867 thousand).

28 Trade liabilities and other liabilities

Trade liabilities and other liabilities	31.12.2016	31.12.2015	31.12.2014
Trade payables	30 044	6 245	2 519
Liabilities arising from purchase of debt portfolios	129 374	127 373	33 571
Accrued expenses	9 766	2 153	1 969
Liabilities to debtors due to overpayments	16 188	3 177	1 050
Liabilities relative to taxes, customs duties and insurance	3 447	916	2 713
Liabilities arising from acquisition of subsidiaries and associated entities	33 917	32 616	30 300
Other Liabilities	632	97	58
Total	223 368	172 577	72 180

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Other long-term liabilities	31.12.2016	31.12.2015	31.12.2014
Liabilities arising from acquisition of subsidiaries and associated entities	8 000	32 547	-
Liabilities arising from purchase of debt portfolios	127 732	-	-
Total	135 732	32 547	-

Exposure to liquidity risk due to liabilities was presented in note 6.3.

29 Liabilities relative to employee benefits

Liabilities relative to employee benefits	31.12.2016	31.12.2015	31.12.2014
Payroll liabilities	696	891	261
Social security contribution liabilities	2 795	2 115	845
Personal income tax liabilities	951	416	306
Accruals on unutilised holidays	1 151	1 260	606
Accruals on bonuses	7 862	2 857	2 382
Total	13 455	7 539	4 400

30 Contingent liabilities and provisions for liabilities

Court proceedings

In 2016 (just like in 2015) and on the day of confirmation of this report, there were no significant court proceedings or bailiff proceedings against the Group. As at 31.12.2016, due to pending arbitration proceedings, in which GetBack acts as a plaintiff, a reserve for the amount of PLN 14 thousand has been created. In 2014 no significant court proceedings or bailiff proceedings against GetBack Capital Group were pending.

Guarantees

As at 31.12.2016 (similar to as at 31.12.2015), GetBack S.A. holds a contingent liability resulting from a guarantee granted to DocFlow S.A. for Altus 33 FIZ (represented by Altus TFI S.A.); the guarantee secures execution of the obligation to purchase bonds issued by DocFlow. The guarantee has been granted up to the amount of PLN 1 500 thousand.

As at 31.12.2015, GetBack held a contingent liability in the amount of RON 1 million (as at 31.12.2014: RON 200 thousand) resulting from the guarantee granted to Romanian International Bank S.A. in connection with the risk participation agreement entered into between GetBack Recovery Srl and Romanian International Bank S.A. As at 31.12.2016, this obligation has expired.

Contingent liabilities

On the basis of agreements entered into with investment funds, the Group manages securitised debts purchased by closed-end investment funds. Due to the fact that the Company has an impact on selection of deposits made by those funds and the scope of incomes obtained by the funds from those deposits, and therefore also on the financial results of the funds, in relation to certain funds managed by Trigon TFI S.A., the Company obliged to ensure profitability of activity of those funds in the amount that guarantees average annual rate of return from investment certificates in the amount specified in the articles of association of the aforementioned funds.

The Company's obligation has a nature of investment liability on a risk basis and it consists in that in case failure to achieve assumed profitability or liquidity by those funds, the Company will be obliged to recapitalise the aforementioned funds through covering and paying for a new issue of investment certificates in the amount guaranteeing purchase of the amount of investment certificates specified in guarantee agreements by those funds.

Cooperation contracts concluded by the Company with investment fund companies

The Company concluded the cooperation contracts with the investment fund companies, specifying the principles and conditions of cooperation in the scope of creation, administration and management of relevant closed-end investment fund by relevant investment fund company. In the scope of each of such contracts, the Company establishes with the company the content of the statutes of relevant fund and is obliged to submit subscriptions for a defined number of certificates of relevant Fund or to ensure the performance of the subscriptions by the investors and their payment within the first issue of investment certificates in the amount necessary for registration of relevant fund.

The part of contracts includes the Company's obligation to acquire the investment certificates of guaranteed issues. Some of the cooperation contracts directly foresee additional Company's obligations of a guarantee nature the aim of which is to secure the liquidity of relevant fund or defined guaranteed return rate for the benefit of participants in this fund other than the Company as well as provide for the establishment of performance guarantees for such contracts.

The aforementioned subscriptions, in various scope, relate to cooperation agreements with Trigon Profit XIV NS FIZ, Trigon Profit XV NS FIZ, Trigon Profit XVI NS FIZ, Trigon Profit XVIII NS FIZ, Trigon Profit XX NS FIZ, Trigon Profit XXI NS FIZ, Trigon Profit XXII NS FIZ, Trigon Profit XXIII NS FIZ, Universe NS FIZ, Universe 2 NS FIZ, Getback Windykacji NS FIZ, Centauris Windykacji NS FIZ.

Guarantee contracts concluded by the Company with investment fund companies

Under each of entered into guarantee contracts, the Company undertook to ensure that relevant closed-end investment fund included in the contract achieves the profitability allowing for redemption of investment certificates at the price considering the guaranteed return rate by relevant fund. The Company also undertook that, on dates specified in the schedule, the closed-end investment fund would have sufficient number of liquid assets available for out-payments for redemption of investment certificates. Except for one contract, the contracts provide that in case of failure to fulfil the obligation, the Company or entity indicated by it are obliged to submit the subscription and pay for the investment certificates issued by relevant closed-end investment fund in the scope of so-called guaranteed issues. Failure to fulfil this obligation can result in the payment of penalties (liquidated damages) specified in contracts.

In cases specified in relevant contract (e.g. in case of termination of the contract for management of the investment portfolio which includes the receivables of relevant fund conducted by the company under the agreement with the guarantor), the Company's guarantee obligations expire.

The Contract also provides for situations in which the guarantee remains in effect (e.g. termination of the contract for management of the investment portfolio which includes the receivables of relevant fund by a guarantor who is a manager or the company in cases specified in the contract). The contracts are concluded for the specified period of time, until the commencement date of relevant fund or until the redemption date occurring on the last business day of the specified quarter or redemption date of 100% of total number of assigned certificates of relevant series.

The guarantee contracts, referred to above, entered into by the Company are related to the following closed-end investment funds - Centauris Windykacji NS FIZ, Trigon Profit XIV NS FIZ, Trigon Profit XV NS FIZ, Trigon Profit XVI NS FIZ, Trigon Profit XVIII NS FIZ, Trigon Profit XX NS FIZ, Trigon Profit XXI NS FIZ, Trigon Profit XXII NS FIZ, Trigon Profit XXIII NS FIZ.

Contracts of mandate for management of the investment portfolio which includes the receivables of closed-end investment funds concluded by the Company with investment fund companies

The Company concluded contracts of mandate for management of the investment portfolios, which include securitised receivables of relevant closed-end investment fund, performed by the Company, with the investment fund companies.

In part of the contracts concluded by the Company it is provided that if the investment fund company incurs damage as a result of the Company's action or in-action contradictory with the law, statutes of relevant fund or provisions of the contract, the investment fund company can request the payment of the liquidated damages in the amount specified in relevant contract.

Certain contracts concluded by the Company provide for pecuniary sanctions also in the case when the Company fails to fulfil the obligation to cooperate with other entities supporting relevant fund or to submit the documentation associated with the portfolio management upon the contract termination on a relevant date. In addition, the Company is obliged to return the investment fund company the value of financial penalties imposed on the company by competent administration bodies, in particular by KNF.

All contracts specify the cases of gross breach of contracts in which the termination can occur with immediate effect (e.g. Company's loss of permit for management of securitised receivables).

Some contracts with Kancelaria Prawna GetBack Mariusz Brysik sp. k. provide that in case of their termination the Company will receive the awarded costs of legal representation in court proceedings

and will be awarded with costs of representation in enforcement proceedings, and the investment fund company will be responsible for payment of remuneration.

Legal services agreements concluded by Kancelaria Prawna (Law Firm) GetBack Mariusz Brysik sp.k. with closed-end investment funds

Kancelaria Prawna GetBack Mariusz Brysik sp. k. was party to contracts concluded with closed-end investment funds whose investment portfolio which includes the receivables is managed by the Company, under which it represents those funds in court and enforcement proceedings concerning the receivables purchased by those funds. The value of financial penalties imposed by competent administration bodies on the investment fund company which manages relevant fund as well as of claims towards such a company associated with action or in-action for which the Kancelaria Prawna Getback is responsible is subject to reimbursement by Kancelaria Prawna Getback. The costs of proceedings, including court fees, stamp duties, enforcement fees and costs of acquisition of relevant certificates from the administration organs are covered by the funds. In majority of the contracts, there is a reservation that, in case of their termination or dissolution, the Kancelaria Prawna shall be paid the awarded costs of legal representation in the court proceedings and awarded costs of representation in the enforcement proceedings.

31 Operating lease

Operating leasing agreements in which the Capital Group is the lessee

Minimum payments due to irrevocable operating lease agreements are as follows:

Operating lease	31.12.2016	31.12.2015	31.12.2014
up to 1 year	6 150	3 845	2 383
between 1 year and 5 years	19 644	12 286	7 687
Total	25 794	16 131	10 070

Significant operating lease agreements as at 31.12.2016 include the following:

- agreements concluded with Arkady Wrocławskie Sp. z o.o. for use of real estate properties with surface area of 2 232.21 m² located at: Powstańców Śląskich street No. 2-4 in Wrocław. Agreements were concluded for a period of 5 years. Annual running cost is approximately EURO 469 thousand (PLN 2 076 thousand at the exchange rate of 31.12.2016).
- agreements concluded with REF sp. z o.o. 17 S.K.A. for use of real estate properties with surface area of 2 267.79 m² located at: Pileckiego street No. 3 in Warsaw. The agreement was concluded for a period of 6 years. Annual running cost is approximately EURO 448 thousand (PLN 1 982 thousand at the exchange rate of 31.12.2016).
- agreements concluded with Globis Wrocław sp. z o.o. for use of real estate properties with surface area of 776.15 m² located at: Powstańców Śląskich street No. 7a, for a period of 5 years. Annual running cost is approximately EURO 114 thousand (PLN 506 thousand at the exchange rate of 31.12.2015).
- agreements concluded with Kelleron sp. z o.o. for lease of office space with surface area of 1 121.47 m² located at: Moniuszki street No. 1A in Warsaw. The agreements were concluded for the period of 5 years and the annual running cost is approximately EURO 243 thousand (PLN 1 074 thousand at the exchange rate of 31.12.2016).
- agreements concluded with Xerox Polska sp. z o.o. for use of IT hardware by GetBack and Kancelaria Prawna GetBack. Agreements were concluded for a period of 2 years. The annual costs of use of the leased IT hardware is approximately PLN 181 thousand.

Significant operating lease agreements as at 31.12.2015 include the following:

- agreement concluded with Arkady Wrocławskie Sp. z o.o. for use of real estate properties located at: Powstańców Śląskich street No. 2-4 in Wrocław with surface area of 1 577.21 m². The agreement was concluded for a period of 5 years. Annual running cost is approximately EURO 342 thousand (PLN 1 457 thousand at the exchange rate of 31.12.2015);
- agreement concluded with REF sp. z o.o. 17 S.K.A. for use of real estate properties located at: Pileckiego street No. 3 in Warsaw with surface area of 1 737.33 m². The agreement was concluded for a period of 5 years. Annual running cost is approximately EURO 347 thousand (PLN 1 480 thousand at the exchange rate of 31.12.2015);

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

- agreements concluded with Xerox Polska sp. z o.o. for use of IT hardware by GetBack and Kancelaria Prawna GetBack. Agreements were concluded, on average, for a period of 2 years. The annual costs of use of the leased IT hardware is approximately PLN 104 thousand.
- agreements concluded with Globis Wrocław sp. z o.o. for use of real estate properties with surface area of 776.15 m² located at: Powstańców Śląskich street No. 7a, for a period of 5 years. Annual running cost is approximately EURO 101 thousand (PLN 429 thousand at the exchange rate of 31.12.2015);
- agreements concluded with Kelleron sp. z o.o. for lease of office space with surface area of 519.3 m² located at: Moniuszki street No. 1A in Warsaw. The agreement was concluded for the period of 5 years and the annual running cost is approximately EURO 70 thousand (PLN 299 thousand at the exchange rate of 31.12.2015).

Significant operating lease agreements as at 31.12.2014 include the following:

- agreement concluded with Arkady Wrocławskie Sp. z o.o. for use of real estate properties located at: Powstańców Śląskich street No. 2-4 in Wrocław with surface area of 1 577.21 m². The agreement was concluded for a period of 5 years. Annual running cost is approximately EURO 356 thousand (PLN 1 575 thousand at the exchange rate of 31.12.2014);
- agreement concluded with Prologis Poland REIT Sp. z o.o. LIII SKA for use of real estate properties located at: Graniczna street No. 8/Dc1 in Wrocław with surface area of 778.60 m². The agreement was concluded for a period of 5 years. Annual running cost is approximately EURO 76 thousand (PLN 336 thousand at the exchange rate of 31.12.2014);
- agreement concluded with REF Spółka z o.o. 17 S.K.A. for use of real estate properties located at: Pileckiego street No. 3 in Warsaw with surface area of 596.86 m². The agreement was concluded for a period of 5 years. Annual running cost is approximately EURO 113 thousand (PLN 500 thousand at the exchange rate of 31.12.2014).

32 Additional information to cash flow statement

Explanations to differences between changes in assets as well as equity and liabilities in the statement of financial position and the changes in those items disclosed in the cash flow statement for 2016:

01.01.2016-31.12.2016	Statement of financial position	Cash flow statement	Difference	Explanations to differences between changes in assets as well as equity and liabilities in the statement of financial position and the changes in those items disclosed in the cash flow statement		
				Exchange differences on translating foreign entities	Acquisition / Disposal of subsidiary	Other adjustments
Movements in deferred income tax assets	(9 346)	(9 313)	(33)	(33)	-	-
Movement of investments in debt portfolios	(597 340)	(384 077)	(213 263)	(1 021)	(212 242)	-
Change in receivables	(229 780)	(229 573)	(207)	(207)	-	-
Changes in liabilities except for loans and borrowings	153 976	108 600	45 376	407	44 969	-
Movement of liabilities relative to employee benefits	5 916	5 910	6	6	-	-
Movements in provisions as well as deferred income tax provisions	-	-	-	-	-	-
Changes in prepayments and accruals	(15 327)	(15 321)	(6)	(6)	-	-

Explanations to differences between changes in assets as well as equity and liabilities in the statement of financial position and the changes in those items disclosed in the cash flow statement for 2015:

				Explanations to differences between changes in assets as well as equity and liabilities in the statement of financial position and the changes in those items disclosed in the cash flow statement		
				Exchange differences on translating foreign entities	Acquisition / Disposal of subsidiary	Other adjustments

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

01.01.2015-31.12.2015	Statement of financial position	Cash flow statement	Difference	Exchange differences on translating foreign entities	Acquisition / Disposal of subsidiary	Other adjustments
Movements in deferred income tax assets	(673)	(673)	-	-	-	-
Movement of investments in debt portfolios	(234 106)	(29 366)	(204 740)	206	(204 946)	-
Change in receivables	(67 673)	(62 962)	(4 711)	3	(4 714)	-
Changes in liabilities except for loans and borrowings	132 944	(55 309)	188 253	(11)	218 564	(30 300)
Movement of liabilities relative to employee benefits	3 139	3 141	(2)	(2)	-	-
Movements in provisions as well as deferred income tax provisions	(12 605)	(12 594)	(11)	(11)	-	-
Changes in prepayments and accruals	(2 320)	(2 320)	-	-	-	-

Explanations to differences between changes in assets as well as equity and liabilities in the statement of financial position and the changes in those items disclosed in the cash flow statement for 2014:

01.01.2014-31.12.2014	Statement of financial position	Cash flow statement	Difference	Explanations to differences between changes in assets as well as equity and liabilities in the statement of financial position and the changes in those items disclosed in the cash flow statement		
				Exchange differences on translating foreign entities	Acquisition of a subsidiary	Other adjustments
Movement of investments in debt portfolios	(73 679)	209 584	(283 263)	(107)	(283 156)	-
Change in receivables	(11 516)	(11 515)	(1)	(1)	-	-
Changes in liabilities except for loans and borrowings	65 046	34 739	30 307	2	5	30 300
Movement of liabilities relative to employee benefits	3 611	3 610	1	1	-	-
Movements in provisions as well as deferred income tax provisions	9 695	9 689	6	7	(1)	-
Changes in prepayments and accruals	(305)	(305)	-	-	-	-

Significant items indicated in the consolidated statement of cash flows for 2016:

Item "Purchase of financial assets" relates to expenditures on the purchase of investment certificates of securitisation funds incurred in 2016.

Item "Purchase of affiliated entity, after deduction of cash acquired" in the amount of PLN -150 748 thousand includes expenditure of the current period due to acquisition of the following funds: GetPro NSFIZ, Open Finance Wierzytelności NSFIZ, Debito NSFIZ as well as Kolima sp. z o.o. sp. k. (company) in the amount of PLN 157 157 563 thousand less cash acquired in the process of PLN 6 6 815 thousand.

Item "Purchase of shares in affiliated entities" relates to the purchase of investment certificates of the following funds: Trigon Profit XIV NSFIZ, Trigon Profit XV NSFIZ, Trigon Profit XVI NSFIZ, Trigon Profit XVIII NSFIZ, Trigon Profit XXI NSFIZ oraz CENTAURIS Windykacji NS FIZ.

Item "Other investment expenditures" relates to redemption of investment certificates of Open Finance Wierzytelności NSFIZ.

Inflows from issuance of debt securities include inflows from issuance of bonds of GetBack S.A. in the amount of PLN 693 181 thousand, and the repurchase of debt securities is a repurchase of bonds of GetBack S.A. in the amount of PLN 143 578 thousand.

Paid interests indicated in flows from financial activity include interests paid by GetBack S.A.: for bonds in the amount of PLN 33 062 thousand, for leasing in the amount of PLN 220 thousand, as well as for loans and borrowings - in the amount of PLN 667 thousand.

Restricted funds include cash transferred by Getin Noble Bank S.A. for management of affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp. k. by the bank, as well as cash secured in a form of letter of credit.

Significant items indicated in the consolidated statement of cash flows for 2015:

The difference between the change of the state of liabilities, excluding loans and borrowings, indicated in the financial statement and the change indicated in the statement of cash flows presented in the table above in the amount of PLN 30 300 thousand results from the repayment of the liability resulting from the purchase of investment certificates made in 2014..

Item "Purchase of affiliated entity, after deduction of cash acquired" in the amount of PLN 9 179 thousand includes the inflow of cash in the current period resulting from purchase of Universe 3 NSFIZ for the price of PLN 4 135 thousand reduced by acquired cash in the amount of PLN 13 314 thousand.

Item "Purchase of shares in affiliated entities" relates to the purchase of investment certificates of Omega Wierzytelności NSFIZ.

Inflows from issuance of debt securities include inflows from issuance of bonds of GetBack S.A. in the amount of PLN 173 404 thousand, and the repurchase of debt securities is a repurchase of bonds of GetBack S.A. in the amount of PLN 45 million.

Paid interests indicated in flows from financial activity include interests paid by GetBack S.A.: for bonds in the amount of PLN 9 799 thousand, for leasing in the amount of PLN 159 thousand, as well as for borrowings - in the amount of PLN 115 thousand.

Restricted funds include cash transferred by Getin Noble Bank S.A. for management of affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp. k. by the bank.

Significant items indicated in the consolidated statement of cash flows for 2014:

The difference between the change of the state of liabilities, excluding loans and borrowings, indicated in the financial statement and the change indicated in the statement of cash flows presented in the table above in the amount of PLN 30 300 thousand results from the repayment of the liability resulting from the purchase of investment certificates of Omega Wierzytelności NSFIZ fund.

Item "Purchase of affiliated entity, after deduction of cash acquired" in the amount PLN 283 308 thousand includes the inflow of cash in 2014 resulting from purchase of shares in Bakura Sp. z o.o. sp.k. -PLN 302 923 thousand, RIB Recovery Srl (currently GetBack Recovery Srl) -PLN 21 thousand, Bakura Sp. z o.o. -PLN 6 thousand, Abbey Asset Management Sp. z o.o. 6 SKA (currently Bakura sp. z o.o. S.K.A.) -PLN 56 thousand, GetBack Investments Sp. z o.o. -PLN 100 thousand, Open Finance FIZAN -PLN 200 thousand reduced by acquired cash in the amount of PLN 19 998 thousand.

Item "Purchase of shares in affiliated entities" relates to the purchase of investment certificates of Omega Wierzytelności NSFIZ.

Inflows from issuance of debt securities include inflows from issuance of bonds of GetBack S.A. in the amount of PLN 35 105 thousand.

Paid interests indicated in flows from financial activity include interests paid by GetBack S.A.: for bonds in the amount of PLN 7 638 thousand and for leasing in the amount of PLN 126 thousand.

Restricted funds include cash transferred by Getin Noble Bank S.A. for management of affairs commissioned to Kancelaria Prawna GetBack Mariusz Brysik sp. k. by the bank.

33 Related party transactions

Affiliated entities are understood by the Group as related parties of GetBack S.A. Capital Group.

Until 15.06.2016, related entities are understood as affiliated companies and entities affiliated by then parent company - dr Leszek Czarnecki, who owns 100% of shares of LC Corp BV (Getin Holding S.A., Idea Bank S.A., Idea Expert S.A.). Starting from 15.06.2016 the direct parent company for GetBack Group and the owner of 100% of company's shares is DNLD sp. z o.o. (former: Ernest Investments sp. z o.o.).

Consolidated financial statement includes financial statement of GetBack S.A. and financial statements of affiliated entities listed in note 2. Transactions concluded by the entities that are a part of the Group in 2016, 2015 and 2014 were carried out under the conditions that do not significantly differ from the market conditions.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Transactions of Group companies with related entities in 2016:

Transactions of Group companies with related entities	31.12.2016		01.01.2016 - 31.12.2016					31.12.2016
	Receivables ¹⁾	Payables ²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet Financial and guarantee commitments granted
Affiliated entities	6 818	-	-	-	-	57 967	-	-
Omega NSFIZ	6 359	-	-	-	-	13 018	-	-
Trigon XIV NSFIZ	9	-	-	-	-	906	-	-
Trigon XV NSFIZ	153	-	-	-	-	2 379	-	-
Trigon XVI NSFIZ	3	-	-	-	-	681	-	-
Trigon XVIII NSFIZ	294	-	-	-	-	40 983	-	-
Parent Companies	8	-	2	(286)	(966)	7	-	-
Getin Holding S.A.	-	-	-	-	(156)	-	-	-
Idea Bank S.A.	-	-	2	-	(810)	-	-	-
Idea Expert S.A.	-	-	-	(286)	-	-	-	-
DNLD Sp. z o.o.	8	-	-	-	-	7	-	-
Other entities, including:	63	915	77	(1 579)	(21 447)	25 061	-	-
Arkady Wrocławskie S.A.	-	-	-	-	(801)	-	-	-
Getin Noble Bank S.A.	-	-	77	(795)	(67)	-	-	-
Idea Bank S.A. Rumunia	-	-	-	-	(496)	-	-	-
Getin Leasing S.A.	-	-	-	(15)	(102)	-	-	-
Getin Fleet S.A.	-	-	-	(55)	(307)	-	-	-
Noble Securities S.A.	-	-	-	(613)	(4 057)	-	-	-
Pośrednik Finansowy sp. z o.o.	-	-	-	-	(35)	-	-	-
Open Finance TFI	-	-	-	-	(6 436)	17 985	-	-
RB Computer sp. z o.o.	-	-	-	-	(465)	-	-	-
Debito NSFIZ	-	-	-	-	-	1 337	-	-
Getin Leasing S.A. 3 S.K.A.	-	-	-	(10)	(64)	-	-	-
Doc Flow S.A.	3	915	-	-	(8 617)	393	-	-
Getin Leasing S.A. 2 S.K.A.	-	-	-	(1)	-	-	-	-
Idea Leasing S.A.	-	-	-	-	-	85	-	-
IL2 Leasing Sp. z o.o.	-	-	-	-	-	1	-	-
Noble Funds TFI	-	-	-	-	-	5 106	-	-
Fundacja Jolanty i Leszka Czarneckich	-	-	-	(78)	-	-	-	-
Hussar Solutions S.A.	5	-	-	-	-	4	-	-
Hussar Gruppa S.A.	50	-	-	(4)	-	139	-	-
Hussar Angels S.A.	4	-	-	-	-	10	-	-
GB Managers S.A.	1	-	-	(8)	-	1	-	-

1) Accounts receivable include also receivables from banks due to cash held on bank accounts

2) Liabilities include also leasing liabilities as well as liabilities from issue of debt securities

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Transactions of Group companies with related entities in 2015:

Transactions of Group companies with related entities	31.12.2015		01.01.2015 - 31.12.2015					31.12.2015
	Receivables ¹⁾	Payables ²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet Financial and guarantee commitments granted
Affiliated entities	-	-	-	(86)	-	7 734	-	-
Omega Wierzytelności NSFIZ	-	-	-	(86)	-	7 734	-	-
Parent Companies	2 374	10 112	24	(993)	(491)	66	-	-
Getin Holding S.A.	-	34	-	-	(336)	-	-	-
Idea Bank S.A.	2 374	147	24	(371)	(155)	66	-	-
Idea Expert S.A.	-	9 931	-	(622)	-	-	-	-
Other entities, including:	25 149	211 717	32	(1 223)	(22 886)	38 356	9 345	942
Arkady Wrocławskie S.A.	75	-	-	-	(1 650)	-	-	-
Getin Noble Bank S.A.	19 147	182 063	32	(481)	(152)	91	6 090	-
Idea Bank S.A. Rumunia (dawniej Romanian International Bank S.A.)	2 871	505	-	-	(385)	2 261	-	942
Getin Leasing S.A.	17	342	-	(44)	(316)	5	-	-
Getin Fleet S.A.	-	2 040	-	(83)	(434)	-	-	-
Noble Securities S.A.	-	22 296	-	(387)	(4 083)	-	3 255	-
Pośrednik Finansowy sp. z o.o.	-	8	-	-	(73)	-	-	-
Open Finance TFI	1 812	926	-	-	(11 551)	32 236	-	-
RB Computer sp. z o.o.	3	11	-	-	(2 695)	-	-	-
Debito NSFIZ	521	-	-	-	-	1 678	-	-
Getin Leasing S.A. 3 S.K.A.	-	370	-	(23)	(141)	-	-	-
Doc Flow S.A.	16	167	-	-	(1 247)	323	-	-
Getin Leasing S.A. 2 S.K.A.	-	20	-	(1)	-	-	-	-
Idea Leasing sp. z o.o. SKA	-	-	-	-	-	7	-	-
Idea Leasing S.A.	359	-	-	-	-	410	-	-
Open Life TU Życie S.A.	-	-	-	(173)	(113)	-	-	-
Noble Funds TFI	328	-	-	-	-	1 341	-	-
Fundacja Jolanty i Leszka Czarneckich	-	2 969	-	(31)	-	-	-	-
Hussar Gruppa S.A.	-	-	-	-	-	4	-	-
More Gruppa sp. z o.o.	-	-	-	-	(46)	-	-	-

1) Accounts receivable include also receivables from banks due to cash held on bank accounts

2) Liabilities include also leasing liabilities as well as liabilities from issue of debt securities

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Transactions of Group companies with related entities in 2014:

Transactions of Group companies with related entities	31.12.2014		01.01.2014 - 31.12.2014					31.12.2014
	Receivables ¹⁾	Payables ²⁾	Interest revenues from related parties	Interest expenses from related parties	Purchase from related parties	Sales to related parties	Purchase of debt portfolios (assets)	Out of balance sheet Financial and guarantee commitments granted
Affiliated entities	-	-	-	-	-	-	-	-
Parent Companies	-	9 897	-	(278)	-	-	-	-
Idea Expert S.A.	-	9 897	-	(278)	-	-	-	-
Other entities, including:	3 346	44 192	62	(583)	(13 031)	15 975	34 823	190
Arkady Wroclawskie S.A.	75	-	-	-	(1 311)	-	-	-
Getin Noble Bank S.A.	306	36 831	62	(254)	(103)	612	31 545	-
Romanian International Bank S.A. (obecnie Idea Bank S.A. Rumunia)	713	760	-	-	-	-	3 278	190
Idea Bank S.A.	-	-	-	-	-	-	-	-
Getin Leasing S.A.	12	676	-	(54)	(265)	-	-	-
Getin Leasing S.A. S.K.A.	-	531	-	(21)	(139)	-	-	-
Getin Fleet S.A.	-	457	-	(21)	(100)	-	-	-
Noble Securities S.A.	-	3 724	-	(233)	(850)	-	-	-
Pośrednik Finansowy sp. z o.o.	-	18	-	-	(93)	-	-	-
Open Finance TFI	2 203	1 154	-	-	(9 879)	15 333	-	-
RB Computer sp. z o.o.	-	17	-	-	(220)	-	-	-
Hussar Gruppa S.A.	37	13	-	-	(11)	30	-	-
More Gruppa sp. z o.o. Sp. k.	-	11	-	-	(30)	-	-	-
Gruppa Sp. z o.o.	-	-	-	-	(30)	-	-	-

1) Accounts receivable include also receivables from banks due to cash held on bank accounts

2) Liabilities include also leasing liabilities as well as liabilities from issue of debt securities

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Benefits to members of the Management Board and Supervisory Board

Benefits to members of the management board of GetBack S.A.	Amount of benefits		
	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Short term employee benefits	9 271	4 253	2 486
Total	9 271	4 253	2 486

Benefits to members of the supervisory board of GetBack S.A.	Amount of benefits		
	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Short term employee benefits	86	28	24
Total	86	28	24

Remuneration and other benefits to members of the Management Board and Supervisory Board of subsidiaries

Remuneration and other benefits to members of management boards and supervisory boards of Group subsidiaries	Amount of benefits		
	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Management Boards			
Short term employee benefits	571	144	946
Total amount of benefits	571	144	946

In the tables above Group presents the value of benefits to members of the Management Board and the Supervisory Board in the amount of accrual expenses, incurred in a given financial year, irrespective of the date of their payment. The above value also include the cost of remuneration, for example the employer's costs related to employee contributions for the given financial year (for 2016 amounted to 180 thousand PLN). In addition, the above table includes the remuneration of the current Management Board members in respect of other functions other than the Management Board member (PLN 218 thousand) in 2016.

The total estimated value of non-cash benefits granted by the Company to members of the Management Board in 2016 amounts to approximately PLN 1 765 thousand. This amount includes the estimated value of the car, medical expenses, insurance(D&O), and the cost of using corporate credit cards. The amount of benefits shown in the tables above does not include: the amount of some Management Board members received in 2016 due to the management incentive program related to the acquisition of GetBack S.A. By DNLD sp. Z o.o. In 2016 (in the amount of PLN 2 497 thousand). The amounts of the bonus in question were paid to the Company's Management Board members by the funds received for this purpose from Getin International S.à r.l.

34 Business combinations

Business combinations in the period 01.01.2016 – 31.12.2016

Reconciliation of Debito NSFIZ acquisition

On 16 December 2016, GetBack S.A. entered into agreement on purchase of 100% of investment certificates issued by Debito NSFIZ, which is managed by Noble Funds TFI S.A.; the following number of investment certificates was acquired:

- 25 140 601 series E certificates with issue value of PLN 0.19 each,
- 67 142 858 series G certificates with issue value of PLN 0.28 each,
- 99 150 973 series J certificates with issue value of PLN 0.33 each,
- 9 090 910 series K certificates with issue value of PLN 0.33 each,

As a result of the settlement transaction, there are not non-controlling shares in the acquired entity. Since 16 April 2016, the Fund was subject to full consolidation.

As of 28 December 2016, an appendix to the Purchase agreement was concluded, which changes the total price for the purchased investment certificates. According to the appendix, the remuneration for the price amounts to PLN 41 917 thousand. According to the purchase agreement, the right to the investment certificates has been transferred to the Company after conclusion of the agreement, upon relevant entry to the Fund participants register.

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

The price of the transaction was lower than the fair value of acquired assets and liabilities, as a result of which the Company recognised profits on a bargain purchase for PLN 2 601 thousand.

The table below details the reconciliation of Debito NSFIZ acquisition:

Reconciliation of Debito NSFIZ acquisition	
Fair value of payment	41 917
<i>Cash and cash equivalents</i>	2 801
<i>Debt portfolios</i>	42 332
<i>Other receivables</i>	66
<i>Liabilities</i>	(681)
Fair value of net assets	44 518
Profit on bargain acquisition	2 601

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Reconciliation of EGB Wierzytelności 1 NFSIZ (currently Get Pro NSFIZ) acquisition

On 7 March 2016, GetBack S.A. entered into agreement that obliged it to purchase 100% of investment certificated issued by EGB Wierzytelności 1 NSFIZ. The agreement obliged GetBack S.A. to purchase investment certificated upon the call of EGB Investments S.A., submitted between 7 March 2016 and 31 May 2016, provided that the investment certificates will be previously contributed to a newly established closed-end non-public investment fund.

On 29 April 2016, GetBack S.A. entered into agreement on purchase of 100% of investment certificates issued by EGB Wierzytelności 1 NSFIZ in the following amount

- 3 572 series B certificates,
- 238 962 series C certificates,

for the price of PLN 19 million. As a result of the settlement transaction, there are not non-controlling shares in the acquired entity. Since 29 April 2016, the Fund was subject to full consolidation.

According to the purchase agreement, the right to the investment certificates has been transferred to GetBack S.A. after conclusion of the agreement, upon relevant entry to the Fund participants register, however, the acquisition of control took place on the day of entering into the purchase agreement.

The price of the transaction was higher than the fair value of acquired assets and liabilities, as a result of which the Company recognised the goodwill in the amount of PLN 8 879 thousand.

The table below details the reconciliation of EGB Wierzytelności 1 NFSIZ (currently Get Pro NSFIZ) acquisition:

Reconciliation of EGB Wierzytelności 1 NFSIZ (currently Get Pro NSFIZ) acquisition	
Fair value of payment	19 000
<i>Cash and cash equivalents</i>	1 186
<i>Debt portfolios</i>	9 522
<i>Liabilities</i>	(586)
Fair value of net assets	10 121
Goodwill	8 879

Reconciliation of Open Finance Wierzytelności NSFIZ acquisition

Getback S.A. concluded the following agreements on acquisitions of investment certificates issued by Open Finance Wierzytelności NSFIZ, which is managed by Open Finance TFI S.A.:

- On 22 September 2016 GetBack S.A. purchased, for a total of PLN 19,980 thousand, 184 011 series 11 investment certificates with issue value of PLN 103.06 each,
- On 28 September 2016 GetBack S.A. purchased, for a total of PLN 59 815 thousand, 498 661 series 10 investment certificates with issue value of PLN 102.78 each, and 53 039 series 11 investment certificates with issue value of PLN 103.06 each
- On 28 September 2016 GetBack S.A. purchased, for a total of PLN 7 193 thousand, 66 335 series 11 investment certificates with issue value of PLN 103.06 each,
- On 28 September 2016 GetBack S.A. purchased, for a total of PLN 185 thousand, 1 702 series 11 investment certificates with issue value of PLN 103.06 each,
- On 23 December 2016 GetBack S.A. purchased, for a total of PLN 10 000 thousand, 91 513 series 11 bearer investment certificates with issue value of PLN 108.68 each, and 500 series 1 bearer investment certificates with issue value of PLN 108.68 each
- On 30 December 2016 GetBack S.A. purchased, for a total of PLN 18 690 thousand, 173 316 series 11 investment certificates with issue value of PLN 107.84 each,

Acquisition took place in four stages with transition of control to GetBack at the second stage. Since that second stage the Fund was subject to full consolidation.

According to the purchase agreement, the right to the investment certificates has been transferred to GetBack S.A. after conclusion of the agreement, upon relevant entry to the Fund participants register, however, the acquisition of control took place on 28 September upon entering into the purchase agreement.

The price of the transaction was equal to the fair value of acquired assets and liabilities, as a result of which the Company did not recognise the goodwill.

The table below details the reconciliation of Open Finance Wierzytelności NSFIZ acquisition:

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Reconciliation of Open Finance Wierzytelności NSFIZ acquisition				
Date	2016-09-22	2016-09-28	2016-12-23	2016-12-30
Percentage of acquired shares	14.07%	48.42%	8.61%	16.21%
Fair value of payment	19 980	67 193	10 000	18 690
<i>Cash and cash equivalents</i>	5 218	2 828	2 606	7 812
<i>Debt portfolios</i>	138 426	137 688	115 393	113 890
<i>Other receivables</i>	190	38	14	4
<i>Liabilities</i>	(1 879)	(1 785)	(1 836)	(6 427)
Fair value of net assets	141 954	138 769	116 177	115 279
Fair value of net assets owned by GetBack	-	19 531	72 605	81 966
Fair value of net assets attributable to acquisition	19 980	67 192	10 000	18 690
Amounts of all non-controlling interests in the acquired entity	not appl.	52 045	33 572	14 623
Goodwill	-	-	not appl.	not appl.

Reconciliation of Kolima Sp. z o.o. Sp. k. (currently Bakura Sp. z o.o. Kolima Sp. k.) acquisition

On 19 April 2016 Neum Pretium Sp. z o.o. sp. k. concluded an agreement for transition of all rights and obligations of limited partner in limited partnership with Euro Bank S.A., which at the date of conclusion of the agreement was the only limited partner in Kolima Sp. z o.o. Sp. k.

Neum Pretium Sp. z o.o. all rights and obligations of limited partner for the price of PLN 22 700 thousand. As a result of the settlement transaction, there are not non-controlling shares in the acquired entity, the control was assumed on the date of conclusion of the agreement. Since 19 April 2016, the Company was subject to full consolidation.

The price of the transaction was equal to the fair value of acquired assets and liabilities, as a result of which the Company did not recognise the goodwill.

The table below details the reconciliation of Kolima Sp. z o.o. Sp. k. acquisition:

Reconciliation of Kolima Sp. z o.o. Sp. k. (currently Bakura Sp. z o.o. Kolima Sp. k.) acquisition	
Fair value of payment	22 700
<i>Debt portfolios</i>	22 700
Fair value of net assets	22 700
Goodwill	-

All 2016 acquisitions of entities generated the following goodwill value:

Company	Goodwill as at 01.01.2016	Goodwill acquired during the period			Goodwill acquired during the period	Goodwill write-off	Goodwill as at 31.12.2016
		<i>Acquisition price</i>	<i>Including price paid in cash</i>	<i>Value of acquired net assets</i>			
Bakura Sp. z o.o. Kolima sp.k. (former Kolima sp. z o.o. sp. k)	-	22 700	22 700	22 700	-	-	-
Get Pro NSFIZ	-	19 000	19 000	10 121	8 879	-	8 879
OFW NSFIZ	-	115 863	115 863	115 863	-	-	-
Debito NSFIZ	-	41 917	-	44 518	-	-	-

Disclosure on entities acquired during the current reporting period as per IFRS 3 par. B64(q):

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Company	Revenues	Net profit / loss	Profit/loss not included in Group financial results	Revenues not included in Group financial results	Profit/loss included in Group financial results	Revenues included in Group financial results	Group's share as at 31.12.2016
Bakura Sp. z o.o. Kolima sp.k. (former Kolima sp. z o.o. sp. k)	52	-	114	-	(114)	52	100%
GetPro NSFIZ	11 421	8 692	(480)	170	9 172	11 251	100%
OFW NSFIZ	44 965	18 508	13 981	32 537	4 527	12 428	100%
Debito NSFIZ	(2 404)	(11 872)	(27 762)	(19 228)	15 890	16 824	100%

Business combinations in the period 01.01.2015 – 31.12.2015

Reconciliation of Debitum Investment sp. z o.o. sp.k. (currently Bakura sp. z o.o. Debitum sp.k.) acquisition

On 26.02.2015 r. Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A., acquired the rights and obligations of a limited partner to Debitum Investment sp. z o.o. sp.k. for the price of PLN 149 753 thousand. The Company, the core business of which involves financial services, was acquired in order to assume a debt portfolio for the fund, in which GetBack is a service provider. On 10.03.2015, under annex No. 1 to the agreement on the transfer of rights and obligation of a limited partner the sales price was corrected to the amount of PLN 143 248 thousand.

At the moment of acquisition the Group verified the valuation to fair value of acquired assets and liabilities and completeness of liabilities. The purchase was slightly lower than the fair value of the acquired assets and assumed liabilities. Profit on the bargain acquisition in the amount of PLN 1 thousand was disclosed in the consolidated income statement in the item "Other operating revenues".

The table below details the reconciliation of Debitum Investment sp. z o.o. sp.k. acquisition:

Reconciliation of Vinita Investments sp. z o.o. sp.k. (currently Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k.) acquisition

On 31.08.2015 r. Bakura sp. z o.o. SKA, a subsidiary of GetBack S.A., acquired the rights and obligations of a limited partner to Vinita Investments sp. z o.o. sp.k. Vinita Investments was acquired in order to assume a debt portfolio. The final valuation of the transaction amounted to PLN 65 095 thousand.

At the moment of acquisition the Group verified the valuation to fair value of acquired assets and liabilities and completeness of liabilities. The purchase was slightly lower than the fair value of the acquired assets and assumed liabilities. Profit on the bargain acquisition in the amount of PLN 780 thousand was disclosed in the consolidated income statement in the item "Other operating revenues".

The table below details the reconciliation of Vinita Investments sp. z o.o. sp.k. acquisition:

Reconciliation of Universe 3 NSFIZ acquisition

28.09.2015 GetBack S.A. concluded an agreement for acquisition of series A investment certificates of Universe 3 NSFIZ fund. The transfer of certificates was completed on 05.10.2015. The transaction resulted in GetBack S.A. holding 100% stake in the fund. The fund was acquired in order for the Capital Group to assume a debt portfolios. The price of the acquisition transaction amounted to PLN 4 135 thousand;

At the moment of acquisition the Group verified the valuation to fair value of acquired assets and liabilities and completeness of liabilities. The transaction price was slightly lower than the fair value of

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

the acquired assets and assumed liabilities. Profit on the bargain acquisition in the amount of PLN 215 thousand was disclosed in the consolidated income statement in the item "Other operating revenues".

The table below details the reconciliation of Universe 3 NSFIZ acquisition:

Reconciliation of Universe 3 NSFIZ acquisition	
Fair value of payment	4 135
<i>Cash and cash equivalents</i>	13 314
<i>Debt portfolios</i>	204 946
<i>Other receivables</i>	4 735
<i>Liabilities</i>	(218 645)
Fair value of net assets	4 350
Profit on bargain acquisition	215

All 2015 acquisitions of entities generated goodwill.

Company	Goodwill as at 01.01.2015	Goodwill acquired during the period				Goodwill write-off	Goodwill as at 31.12.2015
		<i>Acquisition price</i>	<i>Including price paid in cash</i>	<i>Value of acquired net assets</i>	Goodwill acquired during the period		
Debitum Investment sp. z o.o. sp.k. (currently Bakura sp. z o.o. Debitum sp.k.)	-	143 248	143 248	143 249	-	-	-
Vinita Investments sp. z o.o. sp.k. (currently Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k.)	-	65 095	-	65 875	-	-	-
Universe 3 NSFIZ	-	4 135	4 135	4 350	-	-	-

Disclosure on entities acquired during the current reporting period as per IFRS 3 par. B64(g):

Company	Revenues	Net profit / loss	Profit/loss not included in Group financial results	Revenues not included in Group financial results	Profit/loss included in Group financial results	Revenues included in Group financial results	Group's share as at 31.12.2015
Vinita Investments sp. z o.o. sp.k. (currently Bakura sp. z o.o. Vinita Investments sp. z o.o. sp.k.)	-	(435)	(331)	-	(104)	-	0%
DEBITUM sp. z o.o. sp.k. (currently Bakura sp. z o.o. Debitum sp.k.)	-	(758)	(753)	-	(5)	-	0%
Universe 3 NSFIZ	50 779	41 140	4 150	10 793	36 990	39 986	100%

Business combinations in the period 01.01.2014 – 31.12.2014

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Reconciliation of the acquisition of RIB Recovery Srl (currently GetBack Recovery Srl)

On 11.03.2014 GetBack S.A. concluded an agreement for acquisition of 100% of shares in RIB Recovery Srl for the total amount of EUR 5 thousand. The shares were acquired from Romanian International Bank S.A. Presented below is the result of reconciliation of the acquisition of RIB Recovery Srl:

Reconciliation of the acquisition of RIB Recovery Srl (currently GetBack Recovery Srl)	
Fair value of payment	21
<i>Assets</i>	889
<i>Liabilities</i>	(880)
Fair value of net assets	9
Goodwill	12

Reconciliation of Bakura Sp. z o.o. sp.k. acquisition

On 08.10.2014 GetBack Investments Sp. z o.o. concluded an agreement with Raiffeisen Bank Polska S.A. on the transfer of rights and obligation of a limited partner in Bakura Sp. z o.o. sp. k. Under the agreement GetBack Investments Sp. z o.o. assumed all rights and obligations of a limited partner in Bakura Sp. z o.o. sp. k. w in return for a price of PLN 306 342 thousand. Thereafter the price was reduced under annex of 29.10.2014 by PLN 3 419 thousand and finally it closed at PLN 302 923 thousand. Presented below is the result of reconciliation of Bakura Sp. z o.o. sp.k. acquisition:

Reconciliation of Bakura Sp. z o.o. sp.k. acquisition	
Fair value of payment	302 923
<i>Assets</i>	302 824
<i>Liabilities</i>	(5)
Fair value of net assets	302 819
Goodwill	104

Reconciliation of Bakura Sp. z o.o. acquisition

On 08.10.2014 Open Finance FIZAN fund acquired from Raiffeisen Bank Polska S.A. 100% of shares in Bakura Sp. z o.o., being a limited partner in Bakura Sp. z o.o. sp.k., for a total price of PLN 6 thousand. Presented below is the reconciliation of Bakura Sp. z o.o. acquisition:

Reconciliation of Bakura Sp. z o.o. acquisition	
Fair value of payment	6
<i>Assets</i>	1
<i>Liabilities</i>	-
Fair value of net assets	1
Goodwill	5

Reconciliation of Abbey Asset Management Sp. z o.o. 6 S.K.A. (currently Bakura Sp. z o.o. S.K.A.) acquisition

On 21.10.2014 Open Finance FIZAN fund acquired 100% of shares in Abbey Asset Management Sp. z o.o. 6 S.K.A. from Abbey Art Fund FIZAN. The acquisition price amounted to PLN 56 thousand. Presented below is the result of reconciliation of Abbey Asset Management Sp. z o.o. 6 S.K.A. acquisition:

Reconciliation of Abbey Asset Management sp. z o.o. 6 S.K.A. (currently Bakura sp. z o.o. S.K.A.) acquisition	
Fair value of payment	56
<i>Assets</i>	21
<i>Liabilities</i>	-

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Fair value of net assets						21	
Goodwill						35	
<i>Due to negligible amounts of goodwill generated from acquisition, in 2014 the Company chose to write - off these values of goodwill in other operating expenses, in the total amount of PLN 156 thousand.</i>							
Company	Goodwill as at 01.01.2014	Goodwill acquired during the period				Goodwill write-off	Goodwill as at 31.12.2014
		Acquisition price	Including price paid in cash	Value of acquired net assets	Goodwill acquired during the period		
RIB Recovery Srl (currently getBACK Recovery Srl)	-	21	21	9	12	(12)	-
GetBack Investments sp. z o.o.	-	100	100	100	-	-	-
Open Finance FIZAN	-	200	200	200	-	-	-
Bakura Sp. z o.o. sp.k.	-	302 923	302 923	302 819	104	(104)	-
Bakura sp. z o.o.	-	6	6	1	5	(5)	-
Abbey Asset Management sp. z o.o. 6 S.K.A. (currently Bakura sp. z o.o. S.K.A.)	-	56	56	21	35	(35)	-

Disclosure on entities acquired during the current reporting period and previous reporting periods as per IFRS 3 par. B64(q):

Company	Revenues	Net profit / loss	Profit/loss not included in Group financial results	Revenues not included in Group financial results	Profit/loss included in Group financial results	Revenues included in Group financial results	Group's share as at 31.12.2014
RIB Recovery Srl (currently getBACK Recovery Srl)	8 320	5 116	-	-	5 116	8 320	100%
getBACK Investments Sp. z o.o.	1 832	162	-	-	162	1 832	100%
Open Finance FIZAN	1	(85)	-	-	(85)	1	100%
Bakura Sp. z o.o. sp.k.	20 308	15 949	(6)	1	15 955	20 307	100%

GetBack Capital Group
Consolidated financial statements for the year ended on 31.12.2016, 31.12.2015 and 31.12.2014 (data in PLN thousand)

Bakura sp. z o.o.	2	(53)	(4)	2	(49)	2	100%
Abbey Asset Management Sp. z o.o. 6 S.K.A. (currently Bakura Sp. z o.o. S.K.A.)	-	(54)	(29)	-	(25)	-	100%

35 Components of other comprehensive income

Other comprehensive income	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Exchange differences on translating foreign entities	23	(87)	43
Total other comprehensive income	23	(87)	43

Income tax relative to components of other comprehensive income	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Exchange differences on translating foreign entities - non-taxable amount	23	(87)	43
<i>Profit before tax</i>	23	(87)	43
Income tax relative to total other comprehensive income components	-	-	-

36 Events after the balance sheet date

Presented below are event which occurred after the balance sheet date but did not require any amendments in the presented financial statements.

- On 27 January 2017 two new members were appointed to the Supervisory Board - Mr Kenneth William Maynard and Mr Rune Mou Jepsen.
- On 23 January 2017 the Group repaid part of overdue financing provided to the Group by transferring an amount of PLN 28.7 million. The repayment followed the terms of financing.
- On 1 March 2017, the Management Board of the Company decided to apply to the General Meeting of the Company to adopt the resolutions for the purposes of the first public offering of shares of the Company in the territory of Poland and their admission and marketing on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. At the time of publication of this report, the parameters or the term of execution of a possible offer have not been established.
- On 1 March 2017 the Group signed a loan agreement with Raiffeisen Bank Polska S.A. under which Raiffeisen Bank Polska granted financing of up to PLN 50 million.
- On 06 March 2017 the Group signed a loan agreement with Alior Bank S.A. under which Alior Bank granted financing of up to PLN 50 million.
- On 08 March 2017 the Management Board of GetBack S.A. chose to commence negotiations with significant shareholders of two companies in debt management sector on the acquisition of their shares.
- On 9 March 2017 by the Polish Financial Supervision Authority approved a bond issue prospectus of the Issuer. The prospect was developed in connection with the public offer and with intention to apply for admission to trade on the regulated market of the Issuer bonds issued as a part of issuance program of the total nominal value of up to PLN 300 million.
- Since 01.01.2017 until the day of approval of the consolidated financial statements of GetBack Capital Group for 2016, bonds of the total nominal value of PLN 142 130 thousand were issued.
- On 27 March 2017, Idea Bank S.A. received information from Idea Investment S.a.r.l. on the payment of the second tranche of the sale price for all shares of GetBack S.A. in the total amount of PLN 334,034 thousand ("Second Tranche") by DNLD sp. z o.o. (previously "Ernest Investments sp. z o.o."). The total value of the Second Tranche includes the amount of PLN 310 million that

constitutes the part of the Shares sale price and interest on this amount in the amount of PLN 24,036 thousand.

Konrad Kąkolewski
President of the Management Board

Paweł Trybuchowski
Vice President of the Management Board

Anna Paczuska
Vice President of the Management Board

Marek Patuła
Member of the Management Board

Mariusz Brysik
Member of the Management Board

Bożena Solska
Member of the Management Board

These consolidated financial statements include 81 sequentially numbered pages.

Wrocław, 28.03.2017

ARTICLES OF ASSOCIATION

The text below constitutes Articles of Association as at the date of the Marketing Document.

ARTICLES OF ASSOCIATION OF GETBACK SPÓŁKA AKCYJNA**SECTION I****Corporate name, registered office and duration****§1**

1. The Appearing Party represents that he hereby establishes a joint stock company.
2. The Corporate name of the Company is Getback Spółka Akcyjna.
3. The Company may use an abbreviated version of its corporate name, i.e. Getback S.A. and a distinguishing logo.

§2

The Company has registered office in Wrocław.

§3

The Company shall operate in the territory of the Republic of Poland and abroad.

§4

The duration of the Company shall be unlimited.

SECTION II**The Company's Business****§5**

1. The scope of the Company's business is the following:
 - 1) Other financial service activities, except insurance and pension funding n.e.c. – (PKD 64.99.Z);
 - 2) Fund management activities – (PKD 66.30.Z);
 - 3) Other activities auxiliary to financial services, except insurance and pension funding – (PKD 66.19.Z);
 - 4) Buying and selling of own real estate – (PKD 68.10.Z);
 - 5) Renting and operating of own or leased real estate – (PKD 68.20.Z);
 - 6) Legal activities– (PKD 69.10.Z);
 - 7) Business and other management consultancy activities – (PKD 70.22.Z);
 - 8) Photocopying, document preparation and other specialized office support activities – (PKD 82.19.Z);
 - 9) Activities of collection agencies and credit bureaus – (PKD 82.91.Z);
 - 10) Activities of call centers – (PKD 82.20.Z);
 - 11) Other credit granting – (PKD 64.92.Z);
 - 12) Computer programming activities - (PKD 62.01.Z);
 - 13) Other information technology and computer service activities - (PKD 62.09.Z);
 - 14) Data processing, hosting and related activities - (PKD 63.11.Z);
 - 15) Other monetary intermediation - (PKD 64.19.Z);
 - 16) Accounting, bookkeeping and auditing activities; tax consultancy (PKD 69.20.Z);
 - 17) Other retail sale not in stores, stalls or markets - (PKD 47.99.Z);
 - 18) Retail sale via mail order houses or via Internet - (PKD 47.91.Z);
 - 19) Sale of cars and light motor vehicles - (PKD 45.11.Z);

- 20) Wholesale and retail trade of other motor vehicles, excluding motorcycles - (PKD 45.19.Z);
 - 21) Investigation activities - (PKD 80.30.Z);
 - 22) Other professional, scientific and technical activities n.e.c. (PKD 74.90.Z).
2. Any activity requiring a license or permit will be carried out after such license or permit has been obtained.

§6

- 1. The Company may operate in the territory of the Republic of Poland and abroad.
- 2. The Company may set up local offices, representative offices and branches as well as other organizational units in Poland and abroad, as well as may acquire interest in commercial and civil law companies and partnerships, cooperatives, associations and other joint undertakings in any legally permissible form.

SECTION III Share capital and funds of the Company

§7

- 1. The share capital of the Company amounts to PLN 4,000,000.00 (four million złoty) and is divided into:
 - 16,000,000 (sixteen million) ordinary Series A registered share with the nominal value of PLN 0.05 (five grosz) each,
 - 24,000,000 (twenty four million) ordinary Series B registered share with the nominal value of PLN 0.05 (five grosz) each,
 - 16,000,000 (sixteen million) ordinary Series C registered share with the nominal value of PLN 0.05 (five grosz) each,
 - 24,000,000 (twenty four million) ordinary Series D registered share with the nominal value of PLN 0.05 (five grosz) each.
- 2. Registered series A, B, C and D shares will be converted to bearer shares upon their dematerialization within the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (the “**Trading Act**”).
- 3. The bearer shares cannot be converted into registered shares for as long as they remain dematerialized within the meaning of the Trading Act.

§8

[Repealed]

§9

LC Corp B.V. is the founding member of the Company.

§10

- 1. The share capital may be increased by way of issue of new shares or by the increase in the nominal value of existing shares in exchange for cash or non-cash contributions.
- 2. The increase in the share capital may be carried out by allocating for this purpose the Company's resources accrued in the form of supplementary capital or capital reserves.

§11

- 1. The Company shall create the following capitals and funds pursuant to peremptory legal provisions:
 - a) share capital,
 - b) supplementary capital,
 - c) special purpose funds the establishment of which is required by law.
- 2. Regardless of capitals and funds referred to in § 11 Section 1 (a) - (c), the Company may, pursuant to a resolution of General Meeting, create capital reserves to cover individual losses or expenses, as well as special purpose funds. Rules related to contributions made as well as governing how funds are to be allocated shall be determined by resolution of the General Meeting.

§12

The Company may issue bonds, including convertible bonds and subscription warrants.

**SECTION IV
Right and Duties of Shareholders****§13**

1. The Shareholders shall fulfill obligations set forth in these Articles of Association.
2. The Shareholder shall pay for shares in full.
3. The Shares are indivisible.
4. Pursuant to rules provided for in the applicable legal provisions the shares may be redeemed upon the shareholder's consent by way of acquiring of such shares by the Company (voluntary redemption). Redemption of shares shall require as resolution of the General Meeting. Acquisition of own shares by the Company shall require the consent of Supervisory Board.

§14

1. Shareholders may participate in the profit reported in financial statements audited by a statutory auditor earmarked for distribution among shareholders by the General Meeting. The profit shall be distributed in proportion to the number of shares.
2. The General Meeting shall specify, by way of resolution on distribution of profit to shareholders, date on which a list of shareholders entitled to dividend for a given financial year (record date) as well as deadline for the dividend payment.
3. Subject to terms and conditions as well as within the boundaries set forth in the Act of 15 September 2000 – The Commercial Companies Code (the “**Commercial Companies Code**”), the Management Board, with consent of Supervisory Board, is authorized to pay interim dividend to shareholders at the end of financial year, should the Company have sufficient resources.

**SECTION V
Company's Authorities****§15**

The Company's corporate authorities are:

1. Management Board,
2. Supervisory Board,
3. General Meeting.

Management Board**§16**

1. The Management Board shall be composed of 1 (one) to 6 (six) members.
2. Management Board members, including the President, shall be appointed and recalled by the Supervisory Board, however the first Management Board members shall be appointed by the Founding Member.
3. Management Board members shall be elected by a three-year concurrent term of office. The Management Board member may be re-elected for tenures not exceeding three years each.
4. A Management Board member may be recalled at any time. The tenure of a Management Board member appointed prior to the lapse of given Management Board term of office expires simultaneously with the tenures of the remaining Management Board members. The same applies also to Management Board members appointed during the term of office to expand the composition of the then current Management Board.
5. The tenure of Management Board member expires on the latest on the date of the General Meeting approving the financial statements for the last full financial year a given person held the position of the Management Board member. The tenure of Management Board members also expires as a result of death, resignation or of being recalled from the Management Board.

6. The Management Board manages all the Company's affairs and represents the Company towards third parties. The Management Board may also handle all other matters which do not fall within the powers of the General Meeting or Supervisory Board.
7. If the Management Board is composed of more than one member, two members of the Management Board acting jointly or one member of the Management Board together with a registered proxy are authorized to make statements on behalf of the Company.
8. The Management Board puts forward all applications and draft resolutions to be further presented at the General Meeting for the approval of the Supervisory Board. The Management Board provides the General Meeting with applications or draft resolutions together with an opinion issued by the Supervisory Board or information that the Supervisory Board has not issued an opinion referred to in §21 Section 2 of these Articles of Association.
9. Management Board Bylaws specify in details the mode of operation of the Management Board, as well as, matters that may be assigned to individual members, as well as issues requiring a resolution of the Management Board to be adopted. The Management Board Bylaws as well as amendments thereto are adopted by the Management Board and approved by the resolution of the Supervisory Board.
10. Management Board members may, upon the Supervisory Board's consent, engage in competitive businesses or hold interest in a company running a competitive business as a shareholder of a civil law company, partnership or as a member of a governing authority of a capital company or as a member of a governing body of any legal person running a competitive business, also in the Company's subsidiary (within the meaning of Article 4 § 1 Section 1 of Commercial Companies Code).
11. Pursuant to and subject to peremptory legal provisions, a member of Management Board shall notify the Management Board of the existing conflict or clash of interest or any possibility of their occurrence and that such member does not participate in any decision making processes concerning matters with respect to which such conflict or clash of interest may arise.

§17

The Supervisory Board or an attorney appointed by the General Meeting shall represent the Company in agreements and disputes between the Company and Management Board member.

Supervisory Board

§18

1. The Supervisory Board shall be made of 5 (five) to 7 (seven) members appointed for a three-year term. The General Meeting shall establish the number of Supervisory Board members within the above limits, however, if at least one member of the Supervisory Board is to be elected by voting in separate groups under Article 385 § 5-9 of the Commercial Companies Code, the Supervisory Board so appointed should be composed of (five) members.
2. Supervisory Board members shall be appointed by the General Meeting, however the members of the first Supervisory Board shall be appointed by the Founding Member.
3. Supervisory Board members shall be appointed for a concurrent term of office.
4. A resolution on the appointment of the Supervisory Board member may describe its position in the Supervisory Board., in particular the position of the Chairperson and Vice Chairperson . The above sentence does not concern a situation in which, pursuant to the applicable legal provisions, entrusting a person with responsibilities takes place subject to resolution of Supervisory Board. If resolutions appointing Supervisory Board members do not specify Chairperson or Vice Chairperson of Supervisory Board, such Chairperson or Vice Chairperson of Supervisory Board shall be elected by the Supervisory Board from among its members.
5. Any and all members of the Supervisory Board may be recalled at any time. If a member of the Supervisory Board is recalled during his/her term of office and a new member is appointed, the tenure of the newly appointed Supervisory Board member will expire simultaneously with the tenures of the remaining Supervisory Board members. The same applies also to Supervisory Board members appointed during the term to expand the composition of the then current Supervisory Board.
6. The tenure of Supervisory Board member expires on the date of the General Meeting approving the financial statements for the last full financial year a given person held the position of the Supervisory Board member. The tenure of Supervisory Board members also expires as a result of death, resignation or of being recalled from the Supervisory Board.

7. The Supervisory Board member may be re-elected for tenures not exceeding three years each.

§19

1. The Supervisory Board adopts resolutions if at least half of its members are present at the meeting, and all the Supervisory Board members have been invited to the said meeting.
2. If there is no quorum at the meeting of the Supervisory Board, the Chairperson will set another meeting which will be held within no later than within 14 days of the date of meeting which was not held due to the lack of quorum.
3. The Supervisory Board passes its resolutions by an absolute majority of votes cast unless the Articles of Association provide otherwise.
4. In the event of a tied vote, the Chairperson of the Supervisory Board has the casting vote.
5. Members of the Supervisory Board may adopt resolutions of the Supervisory Board by voting in writing through another member of the Supervisory Board. Voting in writing cannot concern matters placed on the agenda during the meeting of the Supervisory Board.
6. It is permissible to vote on the resolutions of the Supervisory Board in writing or by means of distance communication. The resolution is valid if all members of the Supervisory Board have been notified about the wording of a draft resolution.
7. Adopting a resolution in a manner set forth in Section 5 and 6 shall not concern the election of the Chairperson or Vice Chairperson of the Supervisory Board (if at discretion of the Supervisory Board), electing member of the Management Board or recalling the same or suspending such persons in duties.

§20

The Supervisory Board exercises supervision over the operations of the Company as provided for in the provisions of the Commercial Companies Code and these Articles of Association. The powers of the Supervisory Board, except for matters provided for in applicable legal provisions, include:

- a) electing and recalling of members of the Management Board,
- b) temporarily suspending of the Company's Management Board or its individual members in their duties,
- c) determining remuneration rules of the Management Board members,
- d) approving of Management Board Bylaws,
- e) granting consent to the Management Board members for their participations in business activity competitive with that of the Company,
- f) appointing a statutory auditor,
- g) approving of annual budget and introducing changes thereto,
- h) *[repealed]*
- i) approving an application for the Company's liquidation prior to its presentation at the General Meeting
- j) approving debt limits of the Company and making decisions as to any increase of such limits,
- k) expressing consent for the Company to incur financial liabilities with the value exceeding limits approved by the Supervisory Board,
- l) expressing consent for the acquisition and sale of property, perpetual usufruct or holding an interest in a property by the Company,
- m) passing opinions on amendments to the Articles of Association and other draft resolution prior to their presentation at the General Meeting,
- n) expressing consent for the Company to enter into an agreement, other transaction, or related agreements or other transaction which go beyond the Company's day-to-day business or which are not related to the Company's core business the total value of which exceeds PLN 1,500,000.00 PLN,
- o) expressing consent to acquire, transfer, lease or dispose of any assets or other assets of the Company subject to a transaction outside the Company's ordinary scope of business or not related to the Company's core business, the total value of which exceeds PLN 1,000,000.00,

- p) expressing consent for the grant of suretyship, execution on behalf of the Company any promissory notes securing liabilities of third parties or entities as well as for any actions with the purpose to secure the liabilities of other persons or entities the value of which exceeds PLN 1,500,000.00,
- q) expressing consent for the subscription or acquisition of share or interest in other companies or for investing in other companies or acceding a joint venture if the value of an individual transaction exceeds PLN 1,500,000,00 PLN,
- r) approving the maximum value of encumbrances on items of the Company's assets (pledges, mortgages or other charges) and making decisions to increase such limits,
- s) establishing encumbrances on the assets by the Company if the value of such encumbrances exceeds limits approved by the Supervisory Board,
- t) expressing consent for members of the Management Board to perform duties of management board members in the Company's subsidiaries,
- u) expressing consent for representing the Company by the Management Board members in relations with the subsidiaries, in particular for simultaneously representing (co-representing) its subsidiaries in relations with the Company as a management board member of all such companies,
- v) expressing consent for the members of Management Board to hold the position of members of management board or supervisory boards of companies outside the Group (pursuant to the Articles of Association the "Group" means the Company and its subsidiaries),
- w) *[repealed]*
- x) as of the first date of listing the Shares on the regulated market within the meaning of the Trading Act (the "**First Trading Date**") – expressing consent for entering by the Company into a material agreement with a Company's shareholder holding at least 5% of the total number of shares in the Company or with the Company's affiliate, excluding typical transaction entered into at arm's length with members of the Group in the course of the Company's operations.

§21

1. The Supervisory Board meets when required, but in any event not less than once in every quarter. The Supervisory Board meeting is convened by its Chairperson or, in the event of his absence, by the Vice Chairperson, who then chairs the meeting, subject to the provisions of § 22 of these Articles.
2. The Supervisory Board passes opinions on motions and draft resolutions submitted by the Management Board to the General Meeting and adopts resolutions granting or refusing to grant consent to the actions referred to in § 20 of these Articles.
3. The Supervisory Board acts in accordance with bylaws adopted by the Supervisory Board and approved by the General Meeting ("Supervisory Board Bylaws").

§22

1. The Management Board or a Supervisory Board member may request the convening of a Supervisory Board meeting and propose its agenda. The Chairperson of the Supervisory Board shall convene such meeting within two weeks of receiving such request.
2. If the Chairperson of the Supervisory Board does not convene a meeting in accordance with Section 1, the applicant may convene it himself, defining the date and venue and the proposed agenda.

§23

In the event of suspension of duties or long-term inability of Management Board members to perform their obligations, resulting in the number of the remaining Management Board members being lower than the minimum number of members defined in these Articles, the Supervisory Board should take, without delay, the requisite steps to appoint additional Management Board members.

§ 23⁽¹⁾

1. As of the First Trading Date, at least two Supervisory Board members should meet the independence criteria as regards the Company and entities having material relationship with the Company ("Independent Supervisory Board Members").
2. As regards the independence criteria of the Independent Supervisory Board Members the provisions of Annex II to the Commission Recommendation of 15 February 2005 (2005/162/EC) on the role of non-

executive or supervisory directors of listed companies and on the committees of the (supervisory) board (“Recommendation 2005/162/WE”) (“Annex II”), and if Annex II is replaced, the provisions replacing Annex II, taking into account the requirements ensuing from regulations applicable on a given regulated market on which the Company’s shares are traded. Regardless of the wording of Section 1 letter (b) of Annex II, an employee of the Company or its subsidiary or an affiliate, as well as a person associated with such entities on the basis of a similar agreement, may not be recognized as fulfilling independence criteria. Such association with shareholder of the Company precluding the independence of a given Supervisory Board member, shall be understood as actual and material relationship with the Company’s shareholder holding at least 5% in the total number of votes in the Company.

3. The Independent Supervisory Board Member shall provide other Supervisory Board members and the Management Board a statement confirming that the independence criteria referred to in the preceding section has been satisfied.
4. If only one Supervisory Board member or no Supervisory Board member meets the independence criteria, referred to herein, however the Supervisory Board is composed of the minimum number of the members required by these Articles of Association, the Supervisory Board is competent to act and perform its rights and duties, in particular to adopt valid resolutions.
5. The loss of status of the Independent Supervisory Board Member by a member of the Supervisory Board has no impact on the term of office of such member in the Supervisory Board.

§ 23⁽²⁾

1. The Supervisory Board, may establish, and in cases provided for in peremptory legal provisions, shall establish committees operating within the Supervisory Board (Supervisory Board committees). Such committees are composed by members of the Supervisory Board elected by such Board. The responsibilities, scope of duties as well as mode of operation of such Supervisory Board committee are determined in the peremptory provision of law, Articles of Association, Supervisory Board Bylaws, and if not provided for in the Articles of Association or in the Bylaws, they are specified in the bylaws of a given Supervisory Board committee adopted by Supervisory Board.
2. As of the date on which the Company has obtained the status of the “public interest entity” (Polish: *jednostka zainteresowania publicznego*), within the meaning of peremptory legal provisions governing audit committees in public interest entities obliged, the Company is obliged, pursuant to such provisions, to establish audit committees, hence the Audit Committee operates within the Supervisory Board. The Audit Committee shall be composed of at least 3 (three) members of Supervisory Board, including Chairperson of the Audit Committee.
3. At least 1 (one) member of the Audit Committee should have qualifications, knowledge and skills set forth in peremptory legal provisions concerning audit committees in public interest entities. For avoidance of doubt, the Supervisory Board member referred to herein may also be at the same time an Independent Supervisory Board Member.
4. Within the scope defined by peremptory legal provisions concerning audit committees in public interest entities, member or members of the Audit Committee should meet the independence criteria provided for in such provisions. For avoidance of doubt, the Supervisory Board member referred to above may also hold the position of independent Supervisory Board member.
5. The Audit Committee shall be chaired by Supervisory Board member who meets the independence criteria referred to in 4 above.
6. The responsibilities, scope of duties as well as mode of operation of the Audit Committee shall be established in compliance with the following: (i) peremptory legal provisions concerning audit committees in public interest entities, and (ii) Annex I to Recommendation 2005/162/WE.
7. The responsibilities, scope of duties as well as mode of operation of other committees of the Supervisory Board shall be determined in compliance with Annex I to Recommendation 2005/162/WE.

§ 23⁽³⁾

The Supervisory Board member shall notify the Supervisory Board of any existing conflict of interest or any possibility of its occurrence and shall not participate in voting on any matter with respect to which such conflict of interest regarding such member may arise.

General Meeting**§24**

The General Meeting can be held as an ordinary or extraordinary meeting.

§25

The ordinary General Meeting should be held before the lapse of six months from the end of each financial year.

§26

1. The General Meeting is convened by the Management Board of the Company.
2. *[repealed]*.
3. The Supervisory Board may convene an ordinary General Meeting if the Management Board does not convene it in due course and an extraordinary General Meeting if it deems it advisable.
4. Shareholders representing at least one-half of the General Meeting or at least one-half of the number of votes may convene an extraordinary General Meetings. The shareholders shall designate the chairperson of such meeting.
5. A shareholder or shareholders representing at least one-twentieth of the share capital may demand the convening of an extraordinary General Meeting and the placing of specific matters on its agenda.
6. Shareholders representing at least one-twentieth of the share capital may demand the placing of specific matters on the agenda of the nearest General Meeting. The demand should be submitted to the Management Board inside the term defined in the Commercial Companies Code and shall contain a substantiation or the draft of a resolution concerning the proposed item on the agenda.

§27

1. No resolution shall be passed on matters not included in the agenda, unless the full share capital is represented at the General Meeting and none of those present objects to the adoption of such resolution.
2. The agenda is determined by the body convening the General Meeting. The General Meeting may amend the agenda in accordance with the provisions of the Commercial Companies Code.
3. General Meetings are held at the Company's head office or in Warsaw.

§28

1. The General Meeting shall be valid regardless of the number of shares in the Company represented at it, unless these Articles or the Commercial Companies Code impose more stringent requirements of adopting resolutions.
2. General Meeting resolutions shall be passed by an absolute majority of votes unless the general provisions of the law or the provisions of these Articles impose more stringent requirements.
3. *[repealed]*
4. Each share vests the right to one vote at the General Meeting.
5. A shareholder may attend the General Meeting in person or through a proxy.
6. An attendance list containing the names of participants in the General Meeting, with the number of shares represented by each of them and the ensuing number of votes, signed by the Chairperson of the General Meeting, should be prepared immediately after the election of the Chairperson and displayed throughout the General Meeting.

§29

1. The voting shall be by signed ballot.
2. Voting by secret ballot shall be ordered in the case of elections or motions for the recall of members of the Company's corporate bodies or the liquidators, for the institution of accountability proceedings against them as well in personnel matters and any other matters if even one of the shareholders present or represented at the General Meeting so requests.

§30

1. The powers of the General Meeting include in particular passing resolutions on the following matters:

- 1) review and approval of the Management Board report on the Company's activities and approval of the financial statements for the preceding financial year,
 - 2) appropriation of profits and covering of losses for the preceding financial year,
 - 3) defining the record date for determining the shareholders entitled to dividend for the given financial year (record date) and the date of dividend payment,
 - 4) vote of approval for the performance of duties by members of the Company's corporate bodies,
 - 5) amendments to the Articles of Association,
 - 6) increasing and decreasing the Company's share capital,
 - 7) excluding existing Shareholders' preemptive rights to a new issue of shares,
 - 8) merger, demerger, winding up or liquidation of the Company,
 - 9) transformation of the Company,
 - 10) granting consent to the Company acquiring its own shares for the purpose of their redemption and to the redeeming of shares,
 - 11) issuing convertible bonds, senior bonds and subscription warrants,
 - 12) disposal or lease of the Company's enterprise or an organized part thereof or encumbering of same;
 - 13) appointing and recalling Supervisory Board members,
 - 14) determining the remuneration for Supervisory Board members,
 - 15) approving Supervisory Board rules,
 - 16) appointing a proxy to represent the Company in agreements and disputes with Management Board members,
 - 17) creating and releasing funds and capitals in the Company,
 - 18) other matters defined in these Articles, the provisions of the Commercial Companies Code and peremptory provisions of law.
2. Acquiring and disposing of real property, interests in real property or perpetual usufruct rights does not require a resolution of the General Meeting.

§31

1. The General Meeting shall be opened by the Chairperson of the Supervisory Board, if present, or by another Supervisory Board member, with the Chairperson of the Meeting to be elected next from among the persons authorized to attend the General Meeting. Should no such person be in attendance, the General Meeting shall be opened by the President of the Management Board or a person designated by the Management Board.
2. The Chairperson of the General Meeting may not remove from, or change the order of matters placed on, the agenda, except with the consent of the General Meeting.
3. The removal of a matter from the General Meeting agenda or the decision to forego the examination of a matter placed on the agenda by the General Meeting at the request of a shareholder shall require the adoption of a general Meeting resolution, after a prior consent of all the shareholders who had supported such a motion. A General Meeting resolutions on such matters requires the majority of three-fourths of the votes represented at the General Meeting.

§ 31⁽¹⁾

Starting from the First Trading Day, the Management Board and the Supervisory Board are represented at the General Meeting by members competent to provide substantive answers to questions being asked during the General Meeting.

SECTION VI
Company accounts

§32

The financial year shall be the calendar year. The Company's first financial year starts at the moment of its registration and ends on 31 December 2012.

§33

[repealed]

§34

Cost of establishing the Company

All the costs, fees and expenses connected with the establishment and registration of the Company shall be borne by the Company.

SECTION VII
Miscellaneous provisions

§35

The dissolution of the Company shall be preceded by the completion of the liquidation process. The liquidation shall be conducted under the Company's business name, with the words "w likwidacji" added thereto. The liquidators shall be Management Board members unless the General Meeting resolves otherwise. Such a resolution requires a three-fourths majority, with the exceptions named in the provisions of the Commercial Companies Code to be taken into account.

§36

The provisions of the Commercial Companies Code shall apply to any matters not addressed in these Articles of Association.

THE COMPANY

Getback S.A.

ul. Powstańców Śląskich 2-4
53-333 Wrocław
Poland

SELLING SHAREHOLDER

DNLD Holdings B.V.

Amstelveenseweg 760,
1081 JK Amsterdam,
The Netherlands

MANAGERS

Offeror, Global Coordinator, Joint Bookrunner

Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce

ul. Złota 59
00-120 Warsaw
Poland

Joint Bookrunners

mBank S.A.

ul. Senatorska 18
00-950 Warsaw
Poland

Mercurius

Dom Maklerski sp. z o.o.

ul. Śmiała 26
01-523 Warsaw
Poland

Pekao Investment Banking S.A.

ul. Żwirki i Wigury 31
02-091 Warsaw
Poland

Raiffeisen Centrobank AG

Tegetthoffstraße 1
1010 Vienna
Austria

Trigon Dom Maklerski S.A.

ul. Puławska 2
02-566 Warsaw
Poland

Wood & Company Financial Services A.S., Spółka Akcyjna, Oddział w Polsce

ul. Złota 59
00-120 Warsaw
Poland

Offer Joint Manager

Vestor Dom Maklerski S.A.

Al. Jana Pawła II 22
00-133 Warsaw
Poland

LEGAL COUNSEL TO THE COMPANY AND THE SELLING SHAREHOLDER

Greenberg Traurig Grzesiak sp.k.

ul. Książęca 4
00-498 Warsaw
Poland

LEGAL COUNSEL TO THE MANAGERS

Dentons Europe Oleszczuk sp. k.

ul. Rondo ONZ 1
00-124 Warsaw
Poland

AUDITOR

Deloitte Polska spółka z ograniczoną odpowiedzialnością sp.k.

Aleja Jana Pawła II 22
00-133 Warsaw
Poland