

Dear Mintos Platform Investors

CAPITAL SERVICE S.A. has been continuously operating on the market since 1999.

For several past months, CAPITAL SERVICE S.A., like other entrepreneurs operating on the consumer finance market, has been running its business in very difficult conditions.

The state of the pandemic caused by the SARS-CoV-2 virus has changed the directions of the Company's development.

As a result of the pandemic, the repayments of granted loans worsened noticeably, which resulted in a decrease of revenues. There were at least several reasons which caused that, such as:

- limited work of employees in field branches,
- hybrid (partially remote) work of headquarters' employees,
- lack of contact with customers,
- general anxiety caused by the necessity to limit interpersonal contacts, the order to maintain social distance and to apply health protection measures.

Another important role was played by the *Act of March 31, 2020 on special solutions related to the prevention, counteraction and combating of COVID-19 (Journal of Laws 2020, items 568, 695)*. According to the provisions of the above-mentioned act:

- for a period of 365 days from the date of its announcement, the non-interest cost of a consumer loan was drastically reduced when compared to the previous one. The company adjusted the amount of non-interest loan costs in its products to the newly introduced regulations, however, as a result of these changes, the sales level dropped drastically - by about 2/3 compared to the previous months and the margin by 50% compared to the previous one,
- clients were statutorily allowed to submit an application for so-called credit holidays, after submitting which the client is released from paying installments for a period of up to 3 months.

The Management Board of CAPITAL SERVICE S.A., observing the negative trends, after an in-depth analysis of the situation, decided to dismiss 280 employees and close 103 local branches operating under the KredytOK brand.

The company currently employs 179 people. After the closure of the local branches, the company conducts sales in the on-line channel (Internet) and call center (Hotline).

In the next step, the Management Board decided to carry out the court restructuring of the Company, as part of a simplified procedure for approval of an arrangement, which protects the Company against bankruptcy and aims to ensure stability in the Company.

Dear Investors,

due to this very unpredictable market situation caused by COVID-19, we kindly ask you for your understanding and acceptance of the proposed debt repayment plan. The debt repayment plan assumes a reduction of debt by 40%, repayment within 8 years with a 2-year grace period. We believe that only in this way we are able to survive this very difficult time for us, protect jobs and the company in order to generate profits for Shareholders and Investors in the future.

*President of the Management Board
Founder of the Company*



Kazimierz Dziełak