KREDYT INKASO

Kredyt Inkaso S.A.

Full-year separate financial statements for the 12 months ended **31 March 2022**

Warsaw, 30 June 2022

SELECTED SEPARATE FINANCIAL DATA

	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	PLN thousand		EUR thousand	
Statement of financial position				
Total assets	435,427	518,832	93,590	111,330
Total liabilities	363,364	438,204	78,101	94,029
Non-current liabilities	197,494	275,604	42,449	59,139
Current liabilities	165,870	162,600	35,652	34,890
Equity	72,063	80,628	15,489	17,301
Share capital	12,897	12,897	2,772	2,767
PLN/EUR exchange rate at the reporting date	4.6525	4.6603	4.6525	4.6603

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Statement of profit or loss				
Net revenue	70,329	57,454	15,301	12,716
Operating profit/(loss)	(6,757)	(7,261)	(1,470)	(1,607)
Profit/(loss) before tax	(10,199)	(16,015)	(2,219)	(3,545)
Net profit/(loss)	(14,221)	(15,257)	(3,094)	(3,377)
Earnings/(loss) per share in PLN	(1.10)	(1.18)	(0.24)	(0.26)
Diluted earnings/(loss) per share in PLN	(1.10)	(1.18)	(0.24)	(0.26)
Average PLN/EUR exchange rate in the period	4.5963	4.5181	4.5963	4.5181
Statement of cash flows				
Net cash (used in)/from operating activities	3,536	(23,721)	769	(5,250)
Net cash (used in)/from investing activities	100,039	102,010	21,765	22,578
Net cash (used in)/from financing activities	(91,426)	(70,497)	(19,891)	(15,603)
Net increase/(decrease) in cash and cash equivalents	12,149	7,792	2,643	1,725
Average PLN/EUR exchange rate in the period	4.5963	4.5181	4.5963	4.5181

SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021 restated
Continuing operations			
Net revenue			
Interest income on debt portfolios calculated using the effective interest method		13,687	10,877
Revaluation of debt portfolios	3	11,975	16,562
Other revenue / costs	3	44,667	30,015
Total net revenue		**70,329**	**57,454**
Employee benefits expense		(31,335)	(24,712)
Depreciation and amortisation		(3,305)	(2,718)
Services		(34,859)	(31,822)
Other expenses		(7,587)	(5,463)
Total operating expenses	**4**	**(77,086)**	**(64,715)**
Operating profit/(loss)		**(6,757)**	**(7,261)**
Finance income, including:	5	29,341	25,909
interest on instruments measured at amortised cost		15,767	22,590
Finance costs, including:	5	(32,783)	(34,663)
interest on instruments measured at amortised cost		(21,657)	(22,395)
Profit/(loss) before tax		**(10,199)**	**(16,015)**
Income tax	6	(4,022)	758
Net profit/(loss) from continuing operations		**(14,221)**	**(15,257)**
Net profit/(loss) from discontinued operations		**-**	**-**
Net profit/(loss)		**(14,221)**	**(15,257)**

Earnings/(loss) per share (PLN)		
From continuing and discontinued operations:		
basic	(1.10)	(1.18)
diluted	(1.10)	(1.18)
From continuing operations:		
basic	(1.10)	(1.18)
diluted	(1.10)	(1.18)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Net profit/(loss)		**(14,221)**	**(15,257)**
Gains/(losses) recognised in the period in other comprehensive income	22.4	(1,170)	(5,109)
Amounts transferred to profit or loss	22.4	8,154	8,789
Income tax	6	(1,327)	(699)
Cash flow hedges that may be reclassified subsequently to profit or loss		**5,657**	**2,981**
TOTAL COMPREHENSIVE INCOME		**(8,564)**	**(12,276)**

SEPARATE STATEMENT OF FINANCIAL POSITION

Assets	Note	31 Mar 2022	31 Mar 2021
Intangible assets	7.1	3,321	2,604
Property, plant and equipment	7.2	4,843	6,432
Investment property	8	1,440	1,205
Investments in subsidiaries	9	71,411	71,411
Receivables and loans	10	395	6,746
Other non-current financial assets	12	205,078	320,700
Derivative financial instruments	22.4	2,902	-
Non-current assets		**289,390**	**409,098**
Trade and other receivables	10, 11	6,148	10,179
Purchased debt	13	58,765	65,646
Loans	10	4,725	8,802
Other current financial assets	12	50,667	11,474
Prepayments and accrued income	14	458	508
Cash and cash equivalents	27	25,274	13,125
Current assets		**146,037**	**109,734**
Total assets		**435,427**	**518,832**

Equity and liabilities	Note	31 Mar 2022	31 Mar 2021 restated
Share capital	15.1	12,897	12,897
Reserves	15.2	77,263	92,521
Revaluation reserve		418	(5,239)
Retained earnings, including	15.5	(18,515)	(19,551)
net profit/(loss) for current period		(14,221)	(15,257)
profit/(loss) carried forward		(4,294)	(4,294)
Total equity		**72,063**	**80,628**
Loans and other debt instruments	17	186,733	269,333
Lease liabilities	21	3,544	4,403
Deferred tax liabilities	6	7,217	1,868
Non-current liabilities		**197,494**	**275,604**
Trade and other payables	20	8,417	9,938
Loans and other debt instruments	17	143,626	120,373
Lease liabilities	21	1,385	2,336
Derivative financial instruments	22.4	3,659	24,822
Other short-term provisions	18	5,895	3,099
Accruals and deferred income	19	2,888	2,032
Current liabilities		**165,870**	**162,600**
Total liabilities		**363,364**	**438,204**
Total equity and liabilities		**435,427**	**518,832**

SEPARATE STATEMENT OF CASH FLOWS

	Note	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Profit/(loss) before tax		**(10,199)**	**(16,015)**
Adjustments for:			
Depreciation of and impairment loss on property, plant and equipment	7.2	2,222	2,464
Amortisation and impairment of intangible assets	7.1	1,083	254
Purchased debt – difference between collections and interest income		18,856	11,559
Purchased debt – revaluation	3.1	(11,975)	(16,562)
Gain/(loss) on disposal of financial non-current assets		14	
Gain/(loss) on disposal of non-financial non-current assets		-	-
Finance costs	5	32,783	34,663
Finance income	5	(29,341)	(25,909)
Foreign exchange gains/(losses)		-	-
Other adjustments		(1,590)	(815)
Total adjustments		**12,052**	**5,654**
Change in receivables		3,998	3,688
Change in liabilities		(2,339)	(25,242)
Change in provisions, accruals and prepaid expenses		24	8,194
Cash generated by operations		**3,536**	**(23,721)**
Income taxes paid		-	-
Net cash (used in)/from operating activities		**3,536**	**(23,721)**
Purchase of debt portfolios	13	-	-
Sale of debt portfolios	13	-	-
Proceeds on disposal of investment property	8	-	-
Acquisition of shares in subsidiaries		(628)	-
Proceeds on disposal of financial assets		614	-
Repayment of loans advanced		9,139	12,125
Purchase of intangible assets	7.1	(1,800)	(597)
Purchase of property, plant and equipment	7.2	(149)	(112)
Proceeds on disposal of other financial assets/bond repayment		76,541	63,210
Dividends received		-	8
Interest received		16,322	27,376
Net cash (used in)/from investing activities		**100,039**	**102,010**
Proceeds on the executed cash pool agreement		18,149	(6,704)
Proceeds on issue of debt securities	24	20,452	-
Redemption of debt securities	24	(95,138)	(18,346)
Payments under settlement of hedging transactions		(11,761)	(7,201)
Repayment of loans		-	(14,282)
Repayment of lease liabilities		(2,608)	(2,100)
Interest paid	24	(20,520)	(21,864)
Net cash (used in)/from financing activities		**(91,426)**	**(70,497)**
Net increase/(decrease) in cash and cash equivalents		**12,149**	**7,792**
Cash and cash equivalents at beginning of period		**13,125**	**5,333**
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at end of period		**25,274**	**13,125**

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Revaluation reserve	Retained earnings	Total equity
At 1 April 2021	**12,897**	**92,521**	**(5,239)**	**(19,551)**	**80,628**
Net profit/(loss)	-	-	-	(14,221)	(14,221)
Cash flow hedges	-	-	5,657	-	5,657
Total comprehensive income	**-**	**-**	**5,657**	**(14,221)**	**(8,564)**
Allocation of profit	-	(15,257)	-	15,257	-
At 31 March 2022	**12,897**	**77,263**	**418**	**(18,515)**	**72,063**

	Share capital	Reserves	Revaluation reserve	Retained earnings	Total equity
At 1 April 2020	**12,897**	**138,016**	**(8,220)**	**(49,789)**	**92,904**
Net profit/(loss)	-	-	-	(15,257)	(15,257)
Cash flow hedges	-	-	2,981	-	2,981
Total comprehensive income	**-**	**-**	**2,981**	**(15,257)**	**(12,276)**
Allocation of profit	-	(45,495)	-	45,495	-
At 31 March 2021	**12,897**	**92,521**	**(5,239)**	**(19,551)**	**80,628**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General information

1.1. The Company

Kredyt Inkaso Spółka Akcyjna (the "Company", the "Parent") is the parent of the Kredyt Inkaso Group (the "Group").

Registered office of the Company	02-672 Warsaw, ul. Domaniewska 39, Poland
Place of business	02-672 Warsaw, ul. Domaniewska 39, Poland
Registry court	District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, Poland
Date of registration	28 December 2006 in the present legal form (*spółka akcyjna*, joint-stock company)
	19 April 2001 in the previous legal form (*spółka komandytowa*, limited partnership)
Number in the National Court Register (KRS)	0000270672
Business Identification Number (REGON)	951078572
Tax Identification Number (NIP)	922-254-40-99
Business in accordance with the Polish Classification of Economic Activities (PKD)	64.99.Z – Other financial service activities, except insurance and pension funding n.e.c.

The Company's core business is the management of securitised debt portfolios purchased by Group subsidiaries and by external investment funds whose debt portfolios have been entrusted for management. The Company's principal business activities include:

- Other financial service activities, except insurance and pension funding n.e.c. – 64-99-Z in accordance with the Polish Classification of Economic Activities (PKD);
- Other activities auxiliary to financial services, except insurance and pension funds – 66-19-Z in accordance with PKD;
- Activities of call centres – 82-20-Z in accordance with PKD;
- Fund management activities – 66-30-Z in accordance with PKD;
- Accounting, bookkeeping and auditing activities; tax consultancy – 69-20-Z in accordance with PKD;
- Activities of holding companies – 64-20-Z in accordance with PKD;
- Activities of head offices and holding companies other than financial holdings – 70-10-Z in accordance with PKD; f) Activities of holding companies – 64-20-Z in accordance with PKD;
- Other business and management consultancy activities – 70-22-Z in accordance with PKD.

The ultimate parent of the company is Waterland Private Equity Investments B.V.

1.2. Composition of management and supervisory bodies as at the date of approval of these financial statements

1.2.1. Management Board

Maciej Jerzy Szymański	President of the Management Board
Barbara Anna Rudziks	Vice-President of the Management Board
Iwona Jolanta Słomska	Vice-President of the Management Board

Tomasz Andrzej Kuciel	Member of the Management Board

Changes in the composition of the Management Board:

- On 17 May 2021, Ms Iwona Słomska was appointed as Vice-President of the Management Board.
- On 11 May 2022, Mr Tomasz Kuciel tendered his resignation as Member of the Management Board with effect from 11 July 2022.

1.2.2. Supervisory Board

Bogdan Dzudzewicz	Chairman
Marcin Okoński	Deputy Chairman
Daniel Dąbrowski	Member
Karol Szymański	Member
Karol Sowa	Secretary

The composition of the Supervisory Board did not change in the current reporting period. The Extraordinary General Meeting was held on 25 April 2022, which appointed the current members of the Supervisory Board for a new term of office.

2. Basis of preparation of separate financial statements and accounting policies

2.1. Basis of preparation of separate financial statements

The financial year begins on 1 April and ends on 31 March of the following year. Full-year separate financial statements of the Company cover the 12 months ended 31 March 2022 and comprises:

- comparative information for the 12 months ended 31 March 2021 for the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows,
- comparative information at 31 March 2021 for the statement of financial position.

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards and their interpretations ("IFRS"), which were added to the European Union law through regulations of the European Commission ("EU") and requirements for issuers of securities admitted to official stock-exchange trading or for which a request for admission to official stock-exchange trading has been made. Where the above standards and interpretations do not apply, they comply with the requirements of the Accounting Act of 29 September 1994 (consolidated text in Journal of Laws of 2021, item 217, as amended) ("Accounting Act") and the regulations issued thereunder. In these financial statements, the Company has applied the requirements of all standards and related interpretations endorsed by the EU, with the exception of the following standards and interpretations which await endorsement by the EU, or have been endorsed by the EU but are or will be effective after the reporting date. In the period covered by these financial statements, the Company did not choose to apply early the standards and interpretations which have been endorsed by the EU but are or will be effective after the reporting date.

The reporting currency in these full-year separate financial statements is the Polish złoty and all amounts are expressed in thousands of Polish złoty, unless indicated otherwise.

These full-year separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. At the date of authorisation of these full-year separate financial statements for issue, no facts or circumstances existed that would indicate any threat to Kredyt Inkaso S.A.'s continuing as a going concern.

On 24 February 2022, the armed forces of the Russian Federation entered the territory of Ukraine, starting military hostilities in the region. Russia's aggression has triggered a range of sanctions primarily from European countries, the United States, Japan and Australia. The Russian Federation responded with counter-sanctions and a series of internal formal and informal measures. Informal activities mostly include stepped-up propaganda against so-called Western countries and their interests in Russia, as well as the use of administrative tools (primarily various forms of inspection) in a way that impedes normal operations and damages the sense of comfort among personnel members. Formal measures include passing a law that is unfavourable to the operations of foreign-owned companies (e.g. taking over so-called abandoned companies, lack of intellectual property protection, etc.) or that prevents normal operations (e.g. impedes transfer of funds abroad).

The Company does not operate directly in Russia or Ukraine. Within the Group, activities in the Russian Federation are carried out by an indirect subsidiary Kredyt Inkaso RUS Limited Liability Company (LLC) ("KI RUS"). As at the date of issue of these financial statements, the Company did not identify any threats to the subsidiary's continuing as a going concern in the foreseeable future, and the war does not have a significant impact on the financial standing and growth prospects of the Company.

A detailed description of the impact of Russian Federation's military action in Ukraine on the operations of the Company and the Group is included in the Note "Factors and events, including of a non-recurring nature, with a material bearing on the financial statements".

2.2. Statement of compliance

These separate financial statements have been prepared on the basis of the International Financial Reporting Standards and related interpretations issued in the form of the European Commission's regulations.

2.3. Material judgements and estimates

In the preparation of the full-year separate financial statements, the Company's Management Board makes estimates, judgements and assumptions concerning the measurement of individual assets and liabilities. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Judgements and estimates which are material to the separate financial statements are presented below.

2.3.1. Useful lives of non-current assets

Each year, the Company reviews the useful lives of non-current assets subject to depreciation and their impairment, if any, at the end of each annual reporting period. In the Management Board's opinion, the useful lives of assets applied by the Company for depreciation purposes reflect the period in which future economic benefits associated with the assets are expected to flow to the Company and no impairment occurred. However, actual periods in which such assets provide economic benefits may differ from the assumptions, including due to such factors as technical obsolescence.

2.3.2. Deferred tax assets

The probability of utilising a deferred tax asset against future taxable profit is determined in relation to the financial projections. If the financial performance forecast indicates that the Company will generate taxable income, deferred tax assets are recognised in full amount.

2.3.3. Measurement of debt portfolios

Purchased debt portfolios are measured at amortised cost using the effective interest method and adjusted for credit risk (POCI assets).

The value of each debt portfolio is determined by the Company using the estimation method as the present value of expected cash inflows generated by the debt portfolio, discounted with the credit-adjusted effective interest rate (internal rate of return – IRR). When calculating the credit-adjusted effective interest rate, the Company estimates the expected cash flows on debt portfolios by considering expected credit losses. The estimate of planned cash flows is based on past cash flows generated by similar debt portfolios. In the case of retail bank and telecom portfolios, estimates cover payments received from debtors to the Company's bank accounts, and in the case of secured portfolios they also cover acquisition and disposal of repossessed properties and other security. Based on historical data, separate repayment curves are built for a given type of debt.

A debt portfolio is divided into groups containing homogenous debt in terms of possible actions and business assumptions. Subsequently, using a model the repayment rate is calculated for the entire portfolio. The curve of planned collection costs is determined by the actions taken in the past for relevant case groups.

2.4. Accounting policies

2.4.1. Foreign currency transactions

Transactions denominated in currencies other than the Polish złoty are translated into the Polish zloty at the rate of exchange prevailing on the transaction date using the average rate published by the National Bank of Poland.

Monetary items denominated in foreign currencies are translated at the closing rate (spot rate), i.e. at the rate announced by the leading bank – the National Bank of Poland, on the reporting date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate from the transaction date.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate from the date that the fair value was determined.

2.4.2. Operating segments

The Company has only one segment covering debt portfolio management in the domestic market. The segment constitutes the Company's principal business activity, while the remaining operations cannot be considered as segments, because the following criteria are not met:

- the Company cannot separate as a component any other operations that would produce revenue and generate costs, because all operations of the Company are strictly related to debt trading,
- it cannot be stated that any other operations could be regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance,
- the Company does not carry out any operations that are not related to debt trading, for which discrete financial information is available,
- all revenue is generated in Poland,
- other revenue from the sale of services primarily include revenue earned in connection with the performance of agreements within the Group.

2.4.3. Intangible assets

Intangible assets are identified as assets that arise from contractual or other legal rights, regardless of whether those rights are transferable.

Intangible assets are measured initially at cost of a purchased asset resulting from a separate transaction or at cost of an internally generated asset. After initial recognition, intangible assets are carried at cost of a purchased asset or at cost of an internally generated asset less any accumulated amortisation; in general, the factor that reduces the valuation are accumulated impairment losses. In the reporting period this factor did not occur.

The period and method of amortisation of intangible assets with finite useful lives were reviewed at the end of the reporting period. The reviewed useful lives of intangible assets did not differ from their previous estimates. Amortisation charges on intangible assets are recognised with the straight-line method over their expected useful lives, which are 30%, 33% or 50% for system software, and 20%, 30% or 50% for production software.

Amortisation rates used for intangible assets in prior periods did not differ from those which were reviewed and applied in the reporting period. No indication of impairment of other intangible assets occurred in the presented reporting periods. An intangible asset is derecognised on disposal or when no further economic benefits are expected from its use or disposal.

2.4.4. Property, plant and equipment

Property, plant and equipment are tangible assets and right-of-use assets that:

- are held by the Company for use in its operations,
- are expected to be used for more than one period,
- have a likelihood of bringing future economic benefits,
- the cost of which can be measured reliably.

Property, plant and equipment includes:

- leasehold (building) improvements,
- plant, equipment,
- other tangible assets,
- tangible assets under construction,

At initial recognition property, plant and equipment are recognised at cost. Property, plant and equipment is initially disclosed at cost plus any costs directly related to the purchase and preparation of an asset for its intended use.

In accordance with the regulations, a lessee recognises a right-of-use asset and a lease liability corresponding to its obligation to make lease payments. A lessee recognises separately the interest expense on lease liabilities and depreciation of right-of-use assets.

After initial recognition, items of property, plant and equipment are carried at their cost less any accumulated depreciation; in general, the factor that reduces the valuation are accumulated impairment losses.

In the property, plant and equipment used by the Company no material property, plant and equipment components were identified whose useful lives would be different than the useful life of the entire item of property, plant and equipment.

In the presented periods, the straight-line method of depreciation of property, plant and equipment was used, which resulted from the anticipated wear and tear.

Depreciation charges on property, plant and equipment are recognised in the period of application of IFRSs based on their initial value less their residual value. Depreciation rates used for property, plant and equipment in prior periods did not differ from those which were reviewed and applied in the reporting period. Depreciation charges were recognised using rates resulting from expected useful lives, which for property, plant and equipment already held were as follows:

- Investments in third-party tangible assets (buildings) – 10%
- Computers (workstations), laptops, servers, specialist computer equipment – 30%
- Copiers and high-volume printers – 30%
- Telecommunications systems, furniture, vehicles – 20%
- Specialist office equipment (e.g. inserters, heavy-duty shredders) – 14%

Depreciation begins when an asset is available for use and ends when the carrying amount equals its residual value.

2.4.5. Investment property

Investment property is initially measured at cost, including transaction costs. Following the initial recognition, investment property is carried at fair value. Gains or losses relating to changes in the fair value of investment property are recognised in profit or loss.

2.4.6. Deferred tax assets

Deferred tax assets are recognised as the amount of income tax expected to be recovered in the future in respect of deductible temporary differences which will reduce the future tax base and any deductible tax losses, determined in accordance with the prudence principle.

In the valuation of deferred tax assets the income tax rate of 19% was applied, which to the best of the Company's knowledge will be effective in the year when the asset will be recovered. Deferred tax assets are recognised for tax losses up to the amount in which the financial performance forecast suggests that the Company will generate sufficient taxable income against which such assets can be realised.

2.4.7. Financial assets

A financial asset is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets and liabilities is recognised using trade date accounting.

A financial asset is derecognised from the statement of financial position when the rights to economic benefits specified in the contract and the risks associated with the contract are either discharged or cancelled, or are waived by the Company.

At acquisition, the Company recognises financial assets and liabilities at their fair value of an asset or of the amount received in the case of a liability. Transaction costs are included in the initial value of all financial assets and liabilities, except in the case of financial assets and liabilities at fair value through profit or loss.

At the reporting date, the Company classified financial assets for the purpose of measurement after initial recognition, other than derivative hedging instruments, to the following categories:

(1) financial assets at amortised cost,
(2) financial assets at fair value through other comprehensive income,
(3) financial assets at fair value through profit or loss,
(4) equity instruments at fair value through other comprehensive income.

These categories determine the measurement policies to be applied at the reporting date and recognition of gains or losses from such measurement in profit of loss or in other comprehensive income. The other comprehensive income presents items that will not be reclassified subsequently to profit or loss in the current period, and separately items that will be reclassified subsequently to profit or loss when specific conditions are met. Gains or losses recognised in profit or loss are presented as finance income or costs, except for impairment losses on trade receivables, which are presented as other expenses.

2.4.7.1. Financial assets at amortised cost

The category of financial assets measured at amortised cost includes:

- Purchased debt
- Loans
- Other financial assets
- Trade and other receivables.

Trade and other receivables, loans and other receivables primarily include receivables resulting from the Company's operations in trade and management of securitised debt.

Purchased debt comprises high-volume portfolios of overdue debt (e.g. debt under consumer loans, bills for telecommunications services, etc.) purchased by the Company under claim assignment agreements for prices significantly lower than their nominal value (POCI – purchased or originated credit-impaired financial assets).

The Company's business model for the purchased debt portfolios consists in long-term holding and management of the portfolios with a view to obtaining the expected cash flows generated by the managed portfolios. The Company classifies all purchased debt portfolios in the category of instruments measured at amortised cost. Such classification better reflects the purchased portfolio management strategy, which is focused on holding assets to maximise collections under agreements.

Debt portfolios are measured at amortised cost using the effective interest method. They are initially recognised on their purchase date at cost, which is the fair value of the consideration transferred increased by any material transaction costs.

The effective interest rate equal to the credit-adjusted internal rate of return used for discounting estimated cash inflow is calculated based on the initial expected cash inflow projections that take into account the initial value (cost plus any transaction costs), and remains unchanged throughout the life of a portfolio.

Interest income is calculated based on the portfolio value measured at amortised cost in accordance with the guidelines of IFRS 9 for purchased credit-impaired financial assets, using the credit-adjusted effective interest rate referred to above and is recognised in profit or loss of the current period. All interest income is recognised as an increase in the portfolio value. Actual collections collected during the period are recognised in whole as a decrease in the portfolio value.

The estimated cash flows are primarily based on:

- expected effectiveness of the collection tools used,
- repayment history,
- macroeconomic conditions.

The value of an asset at the reporting date is its initial value (cost plus any transaction costs) increased by interest income, decreased by actual cash inflows and adjusted to reflect any updates (changes) to future cash flow estimates. In effect, the value of an asset at the reporting date is equal to the discounted estimated cash inflows attributable to the asset.

Estimated cash flows from debt portfolios comprise principal recoveries and interest determined at the discount rate. Recovered principal is recognised as a reduction of the carrying amount of the debt portfolios, while the interest received is recognised as revenue earned in a given period.

Moreover, any changes in a portfolio's value resulting from changes in estimated timing and amounts of future cash inflows for the portfolio are disclosed as revenue earned in a given period.

Purchases of debt portfolios entails credit risk.

The Company recognises loans or other financial assets as an asset item in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. The Company makes an election on classification of a financial asset at its initial recognition.

With regard to loans and other financial assets, at initial recognition a financial asset is measured at fair value increased or decreased by transaction costs that may be directly attributable to the acquisition or issue of the financial asset. In subsequent periods, such other financial assets are measured at amortised cost using the effective interest method. Gains or losses recognised in profit or loss are presented as finance income or costs, except for impairment losses. As the effect of discounting would be negligible, receivables are measured at amounts receivable.

2.4.7.2. Financial assets at fair value through other comprehensive income

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method is recognised in profit or loss.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If an entity reclassifies a financial asset from the fair value through other comprehensive income measurement category into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

If an entity reclassifies a financial asset from the fair value through other comprehensive income measurement category into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

If an entity reclassifies a financial asset from the fair value through profit or loss measurement category into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

2.4.7.3. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include assets that were not qualified under IFRS 9 to any other category of financial assets and that meet either of the following conditions:

- are classified as held for trading,
- it has been assigned to this category at initial recognition.

A financial asset is classified as held for trading if either:

- it has been acquired principally for the purpose of selling it in the near term,
- it is part of a portfolio of identified financial instruments that are managed together and for which there is probability of short-term profit-taking,
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at fair value through profit or loss are measured at fair value, based on their market value at the end of the reporting period, without reflecting sale transaction costs. Any changes in the value of such instruments are recognised in the statement of profit or loss/statement of comprehensive income as finance income (net fair value gain) or costs (net fair value loss). If a contract contains one or more embedded derivatives, the entire contract can be designated as a financial asset at fair value through profit or loss. Financial assets may be designated as financial assets at fair value through profit or loss on initial recognition if the following criteria are met:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch); or
- the assets are part of a group of financial assets that are managed and measured based on fair value, according to a well-documented risk management strategy; or
- the assets contain embedded derivatives which should be presented separately.

2.4.7.4. Equity instruments at fair value through other comprehensive income

This category includes investments in equity instruments for which on initial recognition an entity made an irrevocable election to present subsequent changes in their fair value in other comprehensive income. Such an instrument may not be held for trading or constitute contingent consideration recognised by an acquirer in a business combination.

2.4.8. Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment losses, if any.

2.4.9. Short-term receivables

Short-term receivables include trade receivables, current tax assets, receivables under awarded litigation costs, and other receivables.

As the effect of discounting would be negligible, receivables are measured at amounts receivable, subject to the prudent valuation principle. Receivables are remeasured based on the probability of their payment, with impairment losses recognised at the end of the reporting period.

These primarily include receivables resulting from the Company's operations consisting in trade and management of debt.

The carrying amount of receivables corresponds to their fair value.

2.4.10. Hedge accounting

The Company enters into transactions in derivative instruments in order to hedge interest rate risk. The Company designates the executed derivatives as hedging instruments in connection with cash flow hedge when the following criteria are met:

- the hedging relationship consists of eligible hedging instruments and eligible hedged items;
- before the application of hedge accounting formal documentation was prepared;
- The hedging relationship meets all of the following hedge effectiveness requirements
  - there is an economic relationship between the hedged item and the hedging instrument;
  - the effect of credit risk does not dominate the value changes that result from that economic relationship;
  - the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedging instrument and the quantity of the hedged item that the entity actually hedges (provided that designation of the hedge ratio is not a deliberate attempt to generate an accounting outcome that would be inconsistent with the purpose of hedge accounting).

Derivatives that meet the definition of a hedging instrument hedge the risk of changes in cash flows for assets or liabilities that generate such risk.

A cash flow hedging derivative is a derivative instrument that:

- is designed to hedge the variability in cash flows and is attributable to a particular risk associated with an asset or liability recognised in the statement of financial position, or a highly probable forecast transaction and
- will affect the disclosed net profit or loss.

The part of the gain or loss on the change in the fair value of the cash flow hedge that is determined to be an effective hedge is recognised in other comprehensive income.

Any hedge ineffectiveness is recognised in profit or loss as finance income or finance costs.

Any gains or losses on the cash flow hedge are recognised in profit or loss at the time when a given hedged item affects profit or loss.

The Company discontinues hedge accounting when the hedging instrument expires or is sold, terminated or settled, or if the hedge ceases to meet the criteria for the application of special hedge accounting principles. The method and frequency of assessment of the effectiveness of hedging relationships are specified in the documentation of individual hedging relationships.

Derivatives are executed with major commercial banks in Poland, hence the risk of failure to execute the transaction by the other party is considered immaterial.

The Company assesses the effectiveness of hedging relationship (including the existence of economic relationship between the hedged item and the hedging instrument) by comparing critical parameters or analysing the sensitivity of fair value of the hedging instrument and the hedged item to changes in the hedged risk.

2.4.11. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and cash in hand as well as other cash, i.e. bank deposits with maturities of up to three months. Cash is measured at nominal value, while bank deposits are measured at amount payable. The carrying amounts of those assets correspond to their fair values.

2.4.12. Current prepayments and accrued income

Current prepayments and accrued income include, in particular, prepayments, i.e. incurred expenses related to future reporting periods to be accounted for within 12 months after the reporting date.

2.4.13. Share capital

Share capital of the Company is disclosed at nominal value, as specified in the Company's Articles of Association and the relevant entry in the National Court Register.

2.4.14. Issue costs and treasury shares

External costs directly related to the issue of shares reduce the share premium account.

If Kredyt Inkaso S.A. or its subsidiaries acquire the Company's equity instruments, the amount paid, together with costs directly related to the acquisition, reduces equity attributable to equity holders of the Company and is presented separately in the statement of financial position as "Treasury shares" until the shares are cancelled or reissued.

Treasury shares are recognised on the transaction settlement date.

2.4.15. Share premium account

Share premium is created from the surplus of the issue price of outstanding shares over their nominal value, less issue costs.

External costs directly related to the issue of shares reduce the share premium account. Other costs are recognised as an expense when they are incurred.

2.4.16. Statutory reserve fund

The statutory reserve fund is increased as a result of profit distribution.

2.4.17. Revaluation reserve

The revaluation reserve arises in connection with the measurement of financial assets at fair value through other comprehensive income and comprises the amounts of remeasurement causing both an increase and a decrease in fair value. The item also includes gains or losses on measurement of hedging instruments resulting from the application of hedge accounting (effective part).

At derecognition of a financial asset, any net cumulative gains or losses recognised in revaluation reserve are charged to profit or loss of a given period.

2.4.18. Deferred tax liabilities

Deferred tax liabilities are recognised in the amount that will cause an increase in income tax payable in the future in connection with taxable temporary differences between the carrying amount of assets and liabilities and their tax base.

In the valuation of deferred tax liabilities the income tax rate of 19% was applied, which to the best of the Company's knowledge will be effective in the year when the liabilities will be reversed.

2.4.19. Provisions for employee benefits

Provisions for employee benefits and employee benefit obligations disclosed in the statement of financial position include:

- short-term employee benefits related to salaries (including bonuses) and social security contributions,
- provisions for unused paid leaves, and
- other long-term employee benefits, under which the Company presents retirement benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and disclosed in the statement of financial position at amounts due.

The Company recognises a provision for the cost of accumulating paid absences that it will need to incur as a result of unused entitlement, which arose at the reporting date. The provision for unused paid leaves is classified as a short-term provision and is not discounted.

In accordance with the labour law, employees of the Company are entitled to receive retirement benefits that are paid on a lump-sum basis upon their retirement.

2.4.20. Other provisions

Other provisions are recognised if the Company has obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to discharge the obligation. In particular, the Company recognises a provision for overpayments resulting from payments made by clients on debt portfolios, in the amount of estimated returns of overpayments.

2.4.21. Financial liabilities

A financial liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets and liabilities is recognised using trade date accounting.

The Company removes a financial liability from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

At acquisition, the Company recognises financial liabilities at their fair value, that is most frequently the amount received in the case of a liability. Transaction costs are included in the initial value of all financial assets and liabilities, except in the case of financial assets and liabilities at fair value through profit or loss.

Financial liabilities other than derivative hedging instruments are presented in the statement of financial position under the following items:

- loans and other debt instruments,
- lease,
- trade and other payables, and
- derivative financial instruments.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated as measured at fair value through profit or loss.

At initial recognition, liabilities under issue of bonds, loans and lease liabilities are measured at fair value less transaction costs, and are subsequently measured at amortised cost using the effective interest method (at adjusted cost) and divided into short-term and long-term part based on the timing of the generated cash flows.

Financial liabilities at fair value through profit or loss include derivatives other than designated as hedging instruments. Short-term trade payables are measured at amounts expected to be paid, as the effect of discounting future outflows would be negligible. Any gains or losses on measurement of financial liabilities are recognised in profit or loss on financing activities under finance income/costs.

2.4.22. Other accruals and deferred income

Accrued expenses are recognised at the reporting date, if needed, at probable amounts of current-period liabilities.

2.4.23. Revenue

Revenue consists of:

- interest income on debt portfolios calculated using the effective interest method,
- income on revaluation of debt portfolios,
- revenue from the management of securitised debt recognised at the date and amount due, less other costs attributable thereto,
- other revenue recognised at the date and amount due. Other revenue includes gains on transactions in investment property.

2.4.24. Finance income

Finance income primarily consist of interest on bonds and loans and ineffective part of financial risk hedge.

2.4.25. Finance costs

Finance costs consist primarily of interest on bonds, loans, lease liabilities, ineffective part of financial risk hedge and net foreign exchange losses.

2.4.26. Income tax

The income tax expense recognised in profit or loss comprises current income tax and deferred income tax not recognised in other comprehensive income or directly in equity.

Current tax is calculated based on the taxable profit (tax base) for a given financial year. The profit (loss) established for tax purposes differs from the profit (loss) before tax established for accounting purposes due to the movement of taxable income and tax-deductible expenses to other periods and the exclusion of expense and income items which will never be taxable. Income tax expense is based on the tax rates effective in a given year.

Deferred tax was calculated using the balance sheet method as tax recoverable or payable in the future, based on the differences between the carrying amounts and tax values of assets and liabilities.

2.4.27. Statement of cash flows

The Company prepares the statement of cash flows with the indirect method. Cash flows arising from debt portfolios purchased by the Company are disclosed in operating activities.

2.5. First-time adoption of standards in the financial statements

The following amendments to existing standards and interpretations published by the International Accounting Standards Board (IASB) and endorsed for use in the EU apply for the first time in the Company's financial statements in 2021/22:

- Amendments to IFRS 16 *Leases – Covid-19-Related Rent Concessions* (effective for annual periods beginning on or after 1 June 2020),
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases – Interest Rate Benchmark Reform – Stage 2* (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 4 *Insurance Contracts* – extension of the temporary exemption from applying IFRS 9 to annual period beginning on or after 1 January 2023 (effective for annual periods beginning on or after 1 January 2021).

The above new or amended standards and interpretations applied for the first time did not have a significant impact on the Company's financial statements.

2.6. New standards and amendments to existing standards already issued by the IASB but are not yet effective

At the date of preparation of these financial statements, the following new standards, amendments to existing standards or interpretations have been issued by the IASB but are not yet effective:

- Amendments to IAS 16 *Property, Plant and Equipment* – prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 1 *Presentation of Financial Statements* – classification of liabilities as current or non-current and requirement of disclosure of material information on accounting policies (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – annual improvements (effective for annual periods beginning on or after 1 January 2022),
- Amendments to the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – method of assessing whether the contract is onerous (effective for annual periods beginning on or after 1 January 2022),

- Annual Improvements to IFRSs 2018-2020 Cycle – explanations and clarifications of guidelines on recognition and measurement: IFRS 1 *First-Time Adoption of IFRS*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, and illustrative examples on IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 *Insurance Contracts* – uniform recognition of all insurance contracts (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 *Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information* (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 *Presentation of Financial Statements* and IASB's guidance on disclosures about accounting policies in practice – materiality of policy disclosures (effective for annual periods beginning on or after 1 January 2023).

The Company decided against the early application of the above new standards and amendments to existing standards. The Company estimates that the above new standards, amendments to existing standards and interpretations would not have had any material effect on the financial statements, if they had been applied at the reporting date.

2.7. Change in significant accounting policies

The accounting policies applied to prepare these separate financial statements are consistent with those applied to prepare the most recent full-year separate financial statements at and for the year ended 31 March 2021, save for those described below.

2.7.1. Introduction of presentation of costs by type

In previous reporting periods, the Company presented costs of operations broken down into operating expenses, administrative expenses and other expenses. To ensure consistency of presentation of those costs with the method used by other leading companies operating in the credit management industry, the Company introduced the presentation of costs by type.

2.7.2. Change of presentation of provision for unused paid leaves

In previous reporting periods, the Company presented the created provision for unused paid leaves under current accruals and deferred income. Currently, the provision is presented under other short-term provisions.

2.7.3. Impact of the change in significant accounting policies on presented values

2.7.3.1. Restatement of comparative information in the separate statement of profit or loss for the period from 1 April 2020 to 31 March 2021 resulting from the implemented changes

	1 Apr 2020-31 Mar 2021 before change	Presentation of costs by type	1 Apr 2020-31 Mar 2021 restated
Continuing operations			
Net revenue			
Interest income on debt portfolios calculated using the effective interest method	10,877	-	10,877
Revaluation of debt portfolios	16,562	-	16,562
Other revenue / costs	30,015	-	30,015
Total net revenue	**57,454**	**-**	**57,454**
Operating expenses	(22,342)	22,342	no item
Administrative expenses	(42,036)	42,036	no item
Other expenses	(337)	337	no item
Employee benefits expense	no item	(24,712)	(24,712)
Depreciation and amortisation	no item	(2,718)	(2,718)
External services	no item	(31,822)	(31,822)

	1 Apr 2020-31 Mar 2021 before change	Presentation of costs by type	1 Apr 2020-31 Mar 2021 restated
Other expenses	no item	(5,463)	(5,463)
Total operating expenses	**(64,715)**	-	**(64,715)**
Operating profit/(loss)	**(7,261)**	**-**	**(7,261)**

2.7.3.2. Restatement of comparative information in the statement of financial position at 31 March 2021 resulting from the implemented changes

Equity and liabilities	31 Mar 2021 before change	Presentation of provision for unused paid leaves	31 Mar 2021 restated
Trade and other payables	9,938	-	9,938
Loans and other debt instruments	120,373	-	120,373
Lease liabilities	2,336	-	2,336
Derivative financial instruments	24,822	-	24,822
Other short-term provisions	1,834	1,265	3,099
Current accruals and deferred income	3,297	(1,265)	2,032
Current liabilities	**162,600**	**-**	**162,600**

2.7.4. Detailed description of changes in comparative information concerning net revenue in the financial years 2018/2019, 2019/2020 and 2020/2021

In the financial statements for the reporting period ended 31 March 2021 a number of presentation changes were introduced regarding, among other things, the presentation of net revenue in the separate statement of profit or loss and the relevant note to the separate financial statements. The change in presentation of net revenue for the financial year ending 31 March 2021 compared to previous periods consisted of the costs of court fees presented in operating expenses instead of decreasing interest income. Concurrently, differences between forecasted and actual collections were transferred to the "Revaluation of debt portfolios" line item.

The Company made a number of presentation changes in the financial years 2018/2019, 2019/2020 and 2020/2021. Summary of changes:

- presentation change A – consisted in calculation of differences between planned and actual collections and their elimination from interest income and recognition under valuation of debt portfolios;
- presentation change B – change applied in Note "Net revenue" in the table "Revaluation of debt portfolios" – addition of a line item for the presentation of differences between planned and actual collections;
- presentation change C – change applied in Note "Net revenue" in the table "Revaluation of debt portfolios" – addition of a line item for the presentation of the effect of extension of the projection horizon;
- presentation change D – separation of court and enforcement fees from revenue and presentation in costs of operations.

The table below details the effect of the presentation changes applied to data for the reporting period ended 31 March 2021 disclosed in the separate financial statements for the reporting period ended 31 March 2021 and disclosed in the separate financial statements for the reporting period ended 31 March 2022. Data presented as restated to ensure consistency with the principles applicable in the reporting period ended 31 March 2019 were restated on a pro forma basis and were never published.

Presentation in the separate statement of profit or loss.

Data published in the financial statements	unpublished (previous principles*)		SFS Mar 2021				SFS Mar 2022
Change		A		B	C	D	
Interest income on debt portfolios calculated using the effective interest method	14,387	(3,510)	10,877	-	-	-	10,877
Revaluation of debt portfolios	13,052	3,510	16,562	-	-	-	16,562

Data published in the financial statements	unpublished (previous principles*)		SFS Mar 2021				SFS Mar 2022
Other net revenue	30,015	-	30,015	-	-	-	30,015
Total net revenue	**57,454**	**-**	**57,454**	**-**	**-**	**-**	**57,454**

** data that would have been published if the presentation principles from the financial statements for the reporting period ended 31 June 2020 had been applied*

Presentation in Note "Net revenue" in the table "Revaluation of debt portfolios".

Data published in the financial statements	unpublished (previous principles*)		SFS Mar 2021				SFS Mar 2022
Change		A, B, C		B	C	D	
Revision of projection	13,052	(148)	12,904	-	-	-	12,904
Differences relative to actual payments	no item	3,510	3,510	-	-	-	3,510
Extension of projected collections	no item	148	148	-	-	-	148
Total	**13,052**	**3,510**	**16,562**	**-**	**-**	**-**	**16,562**

** data that would have been published if the presentation principles from the financial statements for the reporting period ended 31 June 2020 had been applied*

2.8. Seasonality and cyclicality of business

There was no seasonality or cyclicality in the Company's business.

3. Net revenue

3.1. Revaluation of debt portfolios

Revaluation of debt portfolios	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Revision of projection	5,614	12,904
Differences to actual payments	6,231	3,510
Extension of projected collections	130	148
Total	**11,975**	**16,562**

Revaluation of portfolios includes the following components:

(1) Review of future collections projection:
  (a) revaluation of future collection curves, taking into account past collections and planned collections based on statistical models;
  (b) for secured debt portfolios – postponement and/or change of amount or projected collections, where enforcement of claims against security was postponed;
(2) Differences to actual payments – difference for the reporting period between actual payments by debtors and forecast payments in collection curves that were the basis for the valuation of debt portfolios using the model of discounted cash flows from debt portfolios;
(3) Extension of projected collections – extension by another period of projected collections from debt portfolios to match a fixed, standard 15-year collection estimation period;
(4) Exchange rate variation – impact of the variation of exchange rates on debt portfolios denominated in foreign currencies.

The Company is not directly exposed to the effects of the ongoing invasion of Ukraine by the Russian Federation, thus the revaluation of debt portfolios does not include the valuation adjustment at the Group level.

3.2. Other revenue / costs

Other revenue / costs	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Management of securitised debt	42,509	26,690
Property valuation	235	(391)
Cost of provision for overpayments	2	(103)
Other revenue	1,921	3,819
Total	**44,667**	**30,015**

4. Costs

Costs by type	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021 restated
Salaries, social contributions and other benefits	31,335	24,712
External services	34,859	31,822
Court and enforcement fees	5,358	3,265
Depreciation and amortisation	3,305	2,718
Taxes and charges	228	538
Raw materials and energy used	824	736
Other costs by type	1,177	924
Total	**77,086**	**64,715**

5. Finance income and costs

Finance income	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Interest income on financial assets measured at amortised cost	15,767	22,590
Ineffective part of financial risk hedge	13,474	1,273
Foreign exchange gains	-	844
Other interest	100	60
Dividends	-	8
Reversal of impairment loss on a subsidiary	-	1,134
Other finance income	-	-
Total	**29,341**	**25,909**

Finance costs	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Interest expense for financial liabilities	21,657	22,395
Other interest, including	1,930	2,054
on lease liabilities	442	668
Interest expense on derivative hedging instruments	8,154	8,789
Ineffective part of financial risk hedge	-	-
Other finance costs	440	25
Impairment loss on loans advanced	559	1,400
Foreign exchange losses	43	-
Total	**32,783**	**34,663**

6. Income tax

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Current year	-	5,693
Previous years	-	-
Current income tax	**-**	**5,693**
Current year	(4,022)	(4,935)
Deferred tax transferred from equity to profit or loss		-
Deferred income tax	**(4,022)**	**(4,935)**
Total income tax expense recognised in the current year relating to continuing operations	**(4,022)**	**758**

Income tax charged against other comprehensive income.

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Deferred income tax		
Current year	(1,327)	(699)
Total	**(1,327)**	**(699)**

With respect to income tax, the Company is subject to general laws and regulations. The Company is not a group for tax purposes and does not operate in a Special Economic Zone, which would expose it to different taxation rules than those prescribed by general laws and regulations. The tax year and accounting year run from 1 April to 31 March of the following year.

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Profit/(loss) before tax	**(10,199)**	**(16,015)**
Income tax at 19%	1,938	3,043
Non-taxable income	-	5,888
Write-down of deferred tax assets	(2,667)	(7,613)
Expenses that are not deductible for income tax purposes	(3,293)	(659)
Tax expense other than for accounting purposes	-	99
Income tax expense recognised in profit or loss from continuing operations	**(4,022)**	**758**

Deferred tax assets and liabilities. Deferred tax assets and liabilities are presented on a net basis.

Deferred income tax	31 Mar 2022	31 Mar 2021
Balance at beginning of year:		
Deferred tax assets	7,303	11,564
Deferred tax liabilities	(9,171)	(7,798)
Net deferred tax at beginning of period	**(1,868)**	**3,766**
Changes in the period recognised in:		
Statement of profit or loss (+/-)	(4,022)	(4,935)
Other comprehensive income (+/-)	(1,327)	(699)
Net deferred tax at end of period, including:	**(7,217)**	**(1,868)**
Deferred tax assets	2,626	7,303
Deferred tax liabilities	(9,843)	(9,171)

Deferred tax assets/(liabilities)	31 Mar 2021	Change in the statement of profit or loss	Change in other comprehensive income	31 Mar 2022
Property, plant and equipment – right-of-use asset	(451)	72	-	(379)
Provisions for employee benefits	340	480	-	820
Investment property	67	(45)	-	22
Loans and other debt instruments	5,458	(3,840)	(1,327)	291
Other liabilities	436	254	-	690
Purchased debt	(7,318)	(395)	-	(7,713)
Receivables and loans	(1,352)	(334)	-	(1,686)
Other provisions	-	19	-	19
Other assets	952	(233)	-	719
Total	**(1,868)**	**(4,022)**	**(1,327)**	**(7,217)**

In accordance with the Polish tax law, tax loss for a given financial year may be utilised:

- on a one-off basis up to PLN 5,000 thousand of loss,
- up to 50%,

in each of the five years after the tax year when the loss was incurred.

Tax losses of the Company, for which no tax asset for losses was recognised, and periods over which they can be utilised are presented in the table below. Deferred tax assets of PLN 8,353 thousand at 31 March 2022 (31 March 2021: PLN 5,591 thousand) were not included in the calculation of deferred tax as the probability of their use was uncertain.

Date of tax loss	Tax loss expiry date	31 Mar 2022	31 Mar 2021
31 Mar 2019	31 Mar 2024	7,324	7,324
31 Mar 2020	31 Mar 2025	3,395	3,395
31 Mar 2021	31 Mar 2026	18,714	18,706
31 Mar 2022	31 Mar 2027	14,533	n/a
Non-capitalised tax losses		**43,965**	**29,425**
Potential tax benefit		**8,353**	**5,591**

7. Intangible assets and property plant and equipment

7.1. Intangible assets

	Patents and licences	Computer software	Development costs	Other intangible assets	Total
At 31 Mar 2022					
Gross carrying amount	1,524	1,325	3,367	-	6,216
Accumulated amortisation and impairment losses	(505)	(1,325)	(1,065)	-	(2,895)
Net carrying amount	**1,019**	**-**	**2,302**	**-**	**3,321**
At 31 Mar 2021					
Gross carrying amount	296	2,068	3,035	34	5,433
Accumulated amortisation and impairment losses	(296)	(2,068)	(431)	(34)	(2,829)
Net carrying amount	**-**	**-**	**2,604**	**-**	**2,604**

	Patents and licences	Computer software	Development costs	Other intangible assets	Total
At 1 Apr 2021	**-**	**-**	**2,604**	**-**	**2,604**
Increase (purchase, internal development, lease)	-	-	-	1,800	1,800
Decrease (disposal, liquidation) (-)	-	-	-	-	-
Intangible assets acquired	1,468	-	332	(1,800)	-
Depreciation (-)	(449)	-	(634)	-	(1,083)
Reclassification	-	-	-	-	-
At 31 Mar 2022	**1,019**	**-**	**2,302**	**-**	**3,321**

	Patents and licences	Computer software	Development costs	Other intangible assets	Total
At 1 Apr 2020	**-**	**-**	**1,091**	**1,170**	**2,261**
Increase (purchase, internal development, lease)	-	-	-	597	597
Decrease (disposal, liquidation) (-)	-	-	-	-	-
Intangible assets acquired	-	-	1,767	(1,767)	-
Depreciation (-)	-	-	(254)	-	(254)
Reclassification	-	-	-	-	-
At 31 Mar 2021	**-**	**-**	**2,604**	**-**	**2,604**

7.2. Property, plant and equipment

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 31 Mar 2022						
Gross carrying amount	10,658	3,068	1,126	1,675	-	16,527
Accumulated amortisation and impairment losses	(6,564)	(3,068)	(446)	(1,606)	-	(11,684)
Net carrying amount	**4,094**	**-**	**680**	**69**	**-**	**4,843**
At 31 Mar 2021						
Gross carrying amount	10,395	3,846	1,931	2,127	-	18,299
Accumulated amortisation and impairment losses	(5,077)	(3,846)	(907)	(2,037)	-	(11,867)
Net carrying amount	**5,318**	**-**	**1,024**	**90**	**-**	**6,432**

Of which right-of-use assets

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 31 Mar 2022						
Gross carrying amount	9,195	-	988	-	-	10,183
Accumulated amortisation and impairment losses	(5,113)	-	(446)	-	-	(5,559)
Net carrying amount	**4,082**	**-**	**542**	**-**	**-**	**4,624**
At 31 Mar 2021						
Gross carrying amount	8,932	-	307	-	-	9,239
Accumulated amortisation and impairment losses	(3,637)	-	(237)	-	-	(3,874)
Net carrying amount	**5,295**	**-**	**70**	**-**	**-**	**5,365**

Changes in property, plant and equipment by type

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 1 Apr 2021	**5,318**	**-**	**1,024**	**90**	**-**	**6,432**
Increase (purchase, internal development, lease)	1,238	-	675	5	5	1,923
Decrease (disposal, liquidation) (-)	(487)	-	(793)	(5)	(5)	(1,290)
Acceptance of tangible asset	-	-	-	-	-	-
Depreciation (-)	(1,975)	-	(226)	(21)	-	(2,222)
At 31 Mar 2022	**4,094**	**-**	**680**	**69**	**-**	**4,843**

Of which right-of-use assets

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 1 Apr 2021	**5,295**	**-**	**70**	**-**	**-**	**5,365**
Increase	1,238	-	536	-	-	1,774
Decrease (-)	(488)	-	-	-	-	(488)
Depreciation (-)	(1,963)	-	(64)	-	-	(2,027)
At 31 Mar 2022	**4,082**	**-**	**542**	**-**	**-**	**4,624**

Changes in property, plant and equipment by type in the comparative period

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 1 Apr 2020	**7,445**	**3**	**1,568**	**107**	**-**	**9,123**
Increase (purchase, internal development, lease)	93	-	-	19	-	112
Decrease (disposal, liquidation) (-)	(231)	-	(108)	-	-	(339)
Acceptance of tangible asset	-	-	-	-	-	-
Depreciation (-)	(1,989)	(3)	(436)	(36)	-	(2,464)
At 31 Mar 2021	**5,318**	**-**	**1,024**	**90**	**-**	**6,432**

Of which right-of-use assets

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 1 Apr 2020	**7,327**	**-**	**154**	**-**	**-**	**7,481**
Increase	93	-	13	-	-	106
Decrease (-)	(394)	-	-	-	-	(394)
Depreciation (-)	(1,731)	-	(97)	-	-	(1,828)

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 31 Mar 2021	**5,295**	**-**	**70**	**-**	**-**	**5,365**

8. Investment properties

	31 Mar 2022	31 Mar 2021
At 1 Apr 2021	**1,205**	**1,596**
Additions from acquisition of property	-	-
Disposal of property	-	-
Revaluation	235	(391)
At 31 Mar 2022	**1,440**	**1,205**

All of the Company's investment properties are owned by the Company. In the period covered by these financial statements, the Company did not transfer any investment properties between measurement levels.

	Level 3	Fair value
Investment property as at 31 Mar 2022	1,440	1,440
Investment property as at 31 Mar 2021	1,205	1,205

9. Investments in subsidiaries

Investments in subsidiaries as at the reporting date. The balance compared with the previous year did not change.

Name of subsidiary	Registered office	Ownership interest	Cost	Accumulated impairment	Carrying amount
Kredyt Inkaso I NSFIZ*	Warsaw, Poland	0.55%	124	-	124
FINSANO Spółka Akcyjna	Warsaw, Poland	100.00%	25,444	-	25,444
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100.00%	42,400	-	42,400
Kredyt Inkaso d.o.o.	Croatia, Zagreb	100.00%	577	577	-
Kredyt Inkaso Investments RO S.A.**	Bucharest, Romania	75.00%	3,242	3,242	-
Kredyt Inkaso Investments BG EAD S.A.	Sofia, Bulgaria	100.00%	3,443	-	3,443
Total			**75,230**	**3,819**	**71,411**

** Apart from the Company's direct investment, investment certificates of Kredyt Inkaso I NSFIZ are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme*
*** Apart from the Company's direct investment, shares in Kredyt Inkaso Investments RO are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme*

10. Receivables and loans

	31 Mar 2022	31 Mar 2021
Non-current assets		
Receivables	395	359
Loans	-	6,387
Current assets		
Trade and other receivables	6,148	10,179
Loans	4,725	8,802

As at the reporting date, impairment losses covered receivables and loans and included the following items:

- PLN 757 thousand impairment loss on trade receivables,
- PLN 1,958 thousand impairment loss on loans.

The impairment losses are recognised in net amounts presented in the table above.

Loans advanced as at the reporting date.

Borrower	Interest	Date of loan	Maturity	Nominal amount	Non-current	Current
Kredyt Inkaso Investments BG EAD S.A.	Floating during the term of the loan	14 Dec 2016	14 Dec 2022	1,909	-	1,913
Kredyt Inkaso d.o.o.	Floating on annual basis	21 Jun 2017	21 Jun 2022	1,488	-	1,547
Kredyt Inkaso Investments BG EAD S.A.	Floating on semi-annual basis	27 Aug 2018	27 Aug 2022	1,438	-	1,608
Kredyt Inkaso d.o.o.	Floating on annual basis	25 Jun 2018	25 Jun 2022	1,554	-	1,615
Total				**6,389**	**-**	**6,683**

As at 31 March 2022, the entity recognised an impairment loss of PLN 1,598 thousand for the loan granted to the subsidiary Kredyt Inkaso d. o.o. The table above presents gross amounts.

Loans advanced as at the previous reporting date.

Borrower	Interest	Date of loan	Maturity	Nominal amount	Non-current	Current
Kredyt Inkaso Investments BG EAD S.A.	Floating during the term of the loan	14 Dec 2016	14 Dec 2022	4,462	1,912	2,557
Kredyt Inkaso d.o.o.	Floating on an annual basis	21 Jun 2017	21 Jun 2022	1,417	1,417	57
Kredyt Inkaso Investments BG EAD S.A.	Floating on a semi-annual basis	27 Aug 2018	27 Aug 2022	8,935	2,979	5,906
Kredyt Inkaso d.o.o.	Floating on an annual basis	11 May 2018	11 May 2021	214	-	224
Kredyt Inkaso d.o.o.	Floating on an annual basis	25 Jun 2018	25 Jun 2022	1,479	1,479	58
Total				**16,507**	**7,787**	**8,802**

As at 31 March 2021, the entity recognised an impairment loss of PLN 1,400 thousand for the loan granted to the subsidiary Kredyt Inkaso d. o.o. The table above presents gross amounts.

11. Trade and other receivables

	31 Mar 2022	31 Mar 2021
Trade and other receivables	6,905	10,936
Impairment loss	(757)	(757)
Trade and other receivables	**6,148**	**10,179**

On 31 March 2022, the Company recognised an impairment loss on trade receivables of PLN 757 thousand from a subsidiary Kredyt Inkaso RUS Limited Liability Company (LLC). At 31 March 2021, the impairment loss amounted to PLN 757 thousand.

12. Other financial assets

The Company presents the following investments under other financial assets:

	31 Mar 2022		31 Mar 2021	
	Current assets	Non-current assets	Current assets	Non-current assets
Debt instruments	50,432	205,078	11,239	320,700
Shares	235	-	235	-
Total	**50,667**	**205,078**	**11,474**	**320,700**

The Company classifies its investments in AIF Management Services S.A. as Shares. Debt instruments are bonds issued by a subsidiary Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.

Series	Interest	Issue date	Maturity	Nominal amount	Non-current	Current
Series U	floating; paid semi-annually	13 Jun 2014	13 Jun 2023	71,000	71,000	1,560
Series F01	floating; paid semi-annually	16 Dec 2016	16 Dec 2022	26,000	-	26,557
Series G01	floating; paid semi-annually	20 Apr 2017	20 Apr 2023	1,500	1,500	38
Series H01	floating; paid semi-annually	26 May 2017	26 May 2023	100,000	100,000	2,477
Series I01	floating; paid semi-annually	20 Dec 2017	20 Dec 2022	19,400	-	19,800
Series J01	floating; paid semi-annually	14 Jun 2019	14 Jun 2024	31,300	32,578	-
Total				**249,200**	**205,078**	**50,432**

Series	Interest	Issue date	Maturity	Nominal amount	Non-current	Current
Series U	floating; paid semi-annually	13 Jun 2014	13 Jun 2023	71,000	71,000	1,080
Series Z	floating; paid semi-annually	25 Feb 2016	25 Feb 2022	5,300	-	5,329
Series C01	floating; paid semi-annually	30 Nov 2016	30 Nov 2022	22,000	22,000	374
Series E01	floating; paid semi-annually	12 Dec 2016	12 Dec 2022	15,000	15,000	230
Series F01	floating; paid semi-annually	16 Dec 2016	16 Dec 2022	26,000	26,000	383
Series G01	floating; paid semi-annually	20 Apr 2017	20 Apr 2023	16,500	16,500	377
Series H01	floating; paid semi-annually	26 May 2017	26 May 2023	100,000	100,000	1,628
Series I01	floating; paid semi-annually	20 Dec 2017	20 Dec 2022	38,900	38,900	551
Series J01	floating; paid semi-annually	14 Jun 2019	14 Jun 2022	31,300	31,300	1,287
Total				**326,000**	**320,700**	**11,239**

13. Purchased debt

Types of debt portfolios	31 Mar 2022	31 Mar 2021
Retail	27,970	31,306
Telecommunications	27,707	29,904
Consumer loans	3,088	4,436
Total	**58,765**	**65,646**

Movements in debt portfolios	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
At beginning of period	**65,646**	**26,883**
Purchase of debt portfolios	-	33,760
Sale of debt portfolios	-	-
Revaluation	11,975	16,562
Collections	(32,543)	(22,436)
Interest income on debt portfolios	13,687	10,877
At end of period	**58,765**	**65,646**

14. Prepayments and accrued income

	31 Mar 2022	31 Mar 2021
Insurance	280	259
Bond issue costs	102	-
Other	76	249
Total	**458**	**508**

15. Equity

15.1. Share capital

	31 Mar 2022	31 Mar 2021
Number of shares	12,897,364	12,897,364
Par value of shares (PLN)	1.00	1.00
Share capital (PLN)	**12,897,364**	**12,897,364**

All shares are ordinary shares which carry no preference and no limitation on rights.

15.2. Reserves

	31 Mar 2022	31 Mar 2021
Statutory reserve fund	-	-
Share premium account	77,263	92,521
Total	**77,263**	**92,521**

15.3. Shareholder structure of Kredyt Inkaso S.A.

At the authorisation date of these full-year separate financial statements, the Company's shareholder structure was as follows:

	Number of shares	% of ownership interest	Number of voting rights	% of total vote held
WPEF VI Holding 5 B.V. (*)	7,929,983	61.48%	7,929,983	61.48%
BEST S.A.	4,267,228	33.09%	4,267,228	33.09%
BEST Capital FIZAN	7,000	0.05%	7,000	0.05%
Other shareholders	693,153	5.38%	693,153	5.38%
Total	**12,897,364**	**100.00%**	**12,897,364**	**100.00%**

(*) Waterland Private Equity Investments B.V. is the ultimate parent and indirectly holds 61.48% of the Company's share capital, representing the same share in total voting rights.

15.4. Members of the management or supervisory bodies holding Company shares or rights to Company shares

Shareholder	number of shares	par value of all shares (in PLN)	% of votes at GM	number of shares	par value of all shares (in PLN)	% of votes at GM
Management Board	-	-	-	-	-	-
Supervisory Board						
Karol Szymański	1	1	0%	1	1	0%

At the reporting date of 31 March 2022 and at the date of authorisation of these financial statements, none of the members of the Management Board held any shares in the Company or other rights to Company shares.

At 31 March 2022 and at the authorisation date of these financial statements, Mr Karol Szymański, member of the Supervisory Board, held one share in Kredyt Inkaso S.A. representing 0% of the total number of shares in the Company and carrying one voting right, representing 0% of the total vote at the Company's General Meeting. At 31 March 2022 and at the authorisation date of these financial statements, other members of the Supervisory Board did not hold any shares in the Company or other rights to Company shares.

15.5. Profit distribution/coverage of loss

The Annual General Meeting was held on 29 November 2021, which passed a resolution to fully cover the loss for 2020/2021 in the amount of PLN 15,257 thousand from the Company's statutory reserve funds.

	31 Mar 2022	31 Mar 2021
Net profit/(loss) for current period	(14,221)	(15,257)
Profit/(loss) from prior years	(4,294)	(4,294)
Total	**(18,515)**	**(19,551)**

15.6. Number of shares and earnings per share (EPS)

In the period covered by these financial statements, no shares of new series were issued.

The net earnings/(loss) per ordinary share is calculated in the same way for each share. All shares confer equal rights to distribution of net profit.

Basic earnings per share are computed as the quotient of net profit attributable to owners of the Parent to the number of ordinary shares outstanding during the period. The EPS calculation is presented below:

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Weighted average number of ordinary shares (in thousands)	12,897	12,897
Impact of treasury shares	-	-
Weighted average number of ordinary shares (in thousands)	12,897	12,897
Continuing operations		
Net profit/(loss)	(14,221)	(15,257)
Basic earnings/(loss) per share (PLN)	(1.10)	(1.18)
Diluted earnings/(loss) per share (PLN)	(1.10)	(1.18)

No discontinued operations occurred in the current and comparative reporting period.

In the current and comparative reporting period, the Group carried no instruments diluting earnings per share from discontinued operations.

15.7. Dividends paid and dividend policy

The Company did not pay any dividend in the last five years. In accordance with the Articles of Association and the Commercial Companies Code the decision on dividend payment is made by the General Meeting.

16. Capital management

The main objective behind the Company's capital management is to maintain the ability to continue as a going concern, taking into account investment plans, while generating returns to shareholders and benefits for other stakeholders.

The key indicator used by the Company to monitor equity and debt is the ratio of net financial debt to equity.

Net financial debt is calculated as financial debt less cash. Financial debt is defined as liabilities under loans and other sources of funding and guarantees, and lease liabilities. To calculate covenants for certain series of bonds issued by the Company, financial debt also includes loss on derivative instruments.

The calculation of net financial debt and the ratio of net financial debt to equity is detailed below.

	31 Mar 2022	31 Mar 2021
Loans and other debt instruments	330,359	389,706
Lease	4,929	6,739
less: cash and cash equivalents	(25,274)	(13,125)
Net financial debt	**310,014**	**383,320**
Equity	**72,063**	**80,628**
Net financial debt / equity	**4.30**	**4.75**

17. Loans and other debt instruments

	31 Mar 2022		31 Mar 2021	
	Current liabilities	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
Debt securities	113,702	186,733	108,608	269,333
Intragroup cashpool	29,913	-	11,765	-
Overdraft facility	11	-	-	-
Total	**143,626**	**186,733**	**120,373**	**269,333**

Bonds issued as at the end of current reporting period.

Bond Series	Interest	Liability date	Maturity	Nominal amount	Current	Non-current	Carrying amount
E1	6M WIBOR + 4.9%	16 Aug 2018	16 Aug 2022	6,190	6,196	-	6,196
F1	6M WIBOR + 4.9%	26 Apr 2019	26 Apr 2023	75,769	77,608	-	77,608
H1	Fixed 6%	22 Oct 2021	19 Oct 2025	3,667	75	3,420	3,495
J1	3M WIBOR + 4.9%	28 Mar 2022	28 Mar 2029	55,749	11,337	43,453	54,790
K1	6M WIBOR + 4.9%*	28 Mar 2022	28 Mar 2029	103,000	388	100,574	100,962
AA	6M WIBOR + 4.9%	25 Sep 2017	31 Dec 2022	3,200	3,648	-	3,648
AD	6M WIBOR + 4.9%	22 Oct 2018	22 Oct 2023	9,000	228	9,000	9,228
AF	6M WIBOR + 4.9%	25 Mar 2019	25 Mar 2023	7,800	7,812	-	7,812
AH	6M WIBOR + 4.9%	14 Jun 2019	14 Jun 2022	3,500	3,576	-	3,576
AI	6M WIBOR + 4.9%	24 Jun 2019	24 Jun 2022	1,500	1,529	-	1,529
AJ	12M WIBOR + 4.9%	29 May 2020	29 May 2025	30,286	1,305	30,286	31,591
Total				**299,661**	**113,702**	**186,733**	**300,435**

** first interest period – 6M WIBOR + 5.3%, subsequently – 6M WIBOR + 4.9%*

Calendar of events related to bonds in issue – including events subsequent to the reporting date.

Date	
19 April 2021	The Company fully redeemed 18 Series AG bonds with a nominal value of PLN 1,800 thousand.
26 April 2021	The Company made a partial repayment of the nominal value of Series F1 bonds amounting to PLN 31,500 thousand in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds.
27 May 2021	The Company made a partial early redemption of 10 Series AF bonds with a nominal value of PLN 1,000 thousand.
13 June 2021	The Company made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: ▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and ▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.
13 September 2021	The Company made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: ▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and ▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.
7 October	1,301 Series F1 bearer bonds with a total nominal value of PLN 1,106 thousand were redeemed.
22 October 2021	Series H1 bearer bonds with a total nominal value of PLN 4,970 thousand were issued.
8 December 2021	1,300 Series F1 bearer bonds with a total nominal value of PLN 1,105 thousand and 17,636 Series PA01 bearer bonds with a total nominal value of PLN 1,764 thousand were redeemed.
13 December 2021	The Company made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: ▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and ▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.
18 December 2021	The Company made a full repayment of the nominal value of Series PA01 bonds amounting to PLN 12,530 thousand in line with the schedule specified in the terms and conditions of the bonds.

Date	
13 March 2022	The Company made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: ▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and ▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.
28 March 2022	The Company made a full repayment of the nominal value of Series PA02 bonds amounting to PLN 30,000 thousand in line with the schedule specified in the terms and conditions of the bonds. Series K1 bearer bonds with a total nominal value of PLN 103,000 thousand and Series J1 bearer bonds with a total nominal value of PLN 55,749 thousand were issued.
29 March 2022	The Company repaid the nominal value of the following series of bonds: ▪ PLN 100,520 thousand – partial early redemption of Series F1 bonds, ▪ PLN 1,303 thousand – partial early redemption of Series H1 bonds, ▪ PLN 17,712 thousand – full early redemption of Series B1 bonds, ▪ PLN 21,702 thousand – full early redemption of Series G1 bonds.
19 April 2022	Series I1 bearer bonds with a total nominal value of PLN 17,010 thousand were issued.
20 April 2022	The Company issued Series AK bonds with a nominal value of PLN 10,000 thousand.
26 April 2022	The Company made a full early redemption of Series F1 bonds with a nominal value of PLN 75,769 thousand and a partial early redemption of Series AD bonds with a nominal value of PLN 4,000 thousand.

On 2 July 2021, a meeting of holders of Series F1 bonds issued by the Company was held, which adopted resolutions to amend selected terms and conditions of the bonds. At the same time, on 2 July 2021 the Company concluded bilateral agreements with all holders of Series B1 and G1 bonds on changes to the terms and conditions of Series B1 and G1 bonds consistent with the changes approved by the meeting of holders of Series F1 bonds.

No covenants under the issued bonds were breached in the reporting period. Until the Authorisation Date, no cases of default on any principal or interest payments under bonds, or any other terms and conditions of bonds occurred.

As at the end of the previous reporting period.

Bond Series	Interest	Liability date	Maturity	Nominal amount	Current	Non-current	Carrying amount
B1	3M WIBOR + 4.9%	8 Mar 2017	13 Dec 2024	24,153	6,495	18,509	25,004
PA01	6M WIBOR + 3.5%	18 Dec 2017	18 Dec 2021	14,294	14,347	-	14,347
PA02	6M WIBOR + 3.7%	28 Mar 2018	28 Mar 2022	30,000	29,700	-	29,700
E1	6M WIBOR + 4.9%	16 Aug 2018	16 Aug 2022	6,190	177	5,835	6,012
F1	6M WIBOR + 4.9%	26 Apr 2019	26 Apr 2023	210,000	37,097	176,247	213,344
G1	3M WIBOR + 4.9%	13 Dec 2019	13 Dec 2024	29,593	8,021	21,456	29,477
AA	fixed 4.9%	25 Sep 2017	31 Dec 2022	3,200	228	3,200	3,428
AD	6M WIBOR + 4.85%	22 Oct 2018	22 Oct 2021	9,000	9,196	-	9,196
AF	6M WIBOR + 4.9%	25 Mar 2019	25 Mar 2023	8,800	7	8,800	8,807
AG	6M WIBOR + 4.85%	19 Apr 2019	19 Apr 2021	1,800	1,841	-	1,841
AH	6M WIBOR + 4.9%	14 Jun 2019	14 Jun 2022	3,500	53	3,500	3,553
AI	6M WIBOR + 4.9%	24 Jun 2019	24 Jun 2022	1,500	20	1,500	1,520
AJ	12M WIBOR + 4.9%	29 May 2020	29 May 2025	30,286	1,426	30,286	31,712
Total				**372,316**	**108,608**	**269,333**	**377,941**

18. Other short-term provisions

	31 Mar 2022	31 Mar 2021 restated
Provision for employee benefits	5,794	2,996
Overpayments	101	103
Total	**5,895**	**3,099**

	Provision for employee benefits	Overpayments	Total
At 1 Apr 2021	**2,996**	**103**	**3,099**
Increase in provisions recognised as expense in period	3,896	-	3,896
Utilisation of provisions (-)	(884)	-	(884)
Reversal of provisions (-)	(214)	(2)	(216)
At 31 Mar 2022	**5,794**	**101**	**5,895**

	Provision for employee benefits	Overpayments	Total
At 1 Apr 2020	**1,573**	**-**	**1,573**
Increase in provisions recognised as expense in period	1,566	103	1,669
Utilisation of provisions (-)	-	-	-
Reversal of provisions (-)	(143)	-	(143)
At 31 Mar 2021	**2,996**	**103**	**3,099**

19. Current accruals and deferred income

	31 Mar 2022	31 Mar 2021 restated
Rent free period	-	128
Operating expenses	1,772	1,882
Bond issue costs	849	-
Other	267	22
Total	**2,888**	**2,032**

20. Trade and other payables

	31 Mar 2022	31 Mar 2021
Trade payables	5,729	8,410
Other liabilities	2,688	1,528
Total current liabilities	**8,417**	**9,938**

Trade and other payables are liabilities that the Company will settle within 12 months.

21. Lease liabilities

	31 Mar 2022		31 Mar 2021	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Lease liabilities	1,385	3,544	2,336	4,403
Total	**1,385**	**3,544**	**2,336**	**4,403**

	Discounted present value of minimum lease payments		Undiscounted value of minimum lease payments	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Up to 1 year	1,385	2,366	1,574	2,842
from 1 year to 5 years	3,352	3,970	3,462	3,984
over 5 years	192	433	199	545
Total	**4,929**	**6,769**	**5,235**	**7,371**

22. Financial risk management

The Company monitors and manages financial risk on an ongoing basis to eliminate the risk of occurrence of events that may have a negative impact on the organisation's operations. The Company manages the following risks:

- Credit risk,
- Liquidity risk,
- Market risk: interest rate risk,
- Market risk: risk of changes in statutory interest and interest rates quoted by the NBP,
- Market risk: foreign exchange risk,
- Market risk: risk of price changes.

22.1. Credit risk

The operations of the Company involve, among other things, acquisition of credit risk from sellers of claims (original creditors). The Company is also exposed to risk of default by service recipients and issuers of bonds. The Company's Management Board monitors the status of economic partners on a continuous basis and, if needed, takes steps to protect the Company against the loss of assets or to minimise losses.

The Company manages credit risk mostly at the stage of purchase of debt portfolios by ensuring their proper valuation and selection of portfolio components and characteristics. The value of a debt portfolio disclosed in the statement of financial position takes into account the underlying credit risk. Regularly, at the last day of each reporting period, the Company reviews the valuation of purchased debts using revenue projection based on historical data (present value of future cash flows). A zero value is assumed for debts of bankrupt, liquidated or other entities, which the Company does not expect to generate positive cash flows.

The value of debts is highly dispersed among debtors, but the Company's portfolio includes individual cases with a nominal value clearly standing out from that of typical cases. Thanks to the diversification of the value of debts into a high number of separate cases, it can be expected that actual revenue will not differ materially from anticipated.

Credit risk is the risk of financial loss to the Company if a customer or a counterparty fails to meet its contractual obligations.

Credit risk related to the purchased debt portfolios is relatively high, although the Company has the experience and advanced analytical tools necessary to estimate such risk. At the date of purchase of a debt portfolio, the Company assesses the portfolio's credit risk, which is then reflected in the price offered for the portfolio.

As the purchased debt portfolios are measured at amortised cost, the underlying credit risk is reflected in the portfolios' valuations at the end of each reporting period.

At each valuation date, the Company estimates the credit risk based on past inflows from a given portfolio as well as other portfolios with similar characteristics. The following parameters are also taken into account in the credit risk assessment:

- debt: outstanding amount, principal, principal to debt ratio, amount of credit granted or total amount of invoices, type of product, days past due (DPD), contract term, time elapsed from contract execution, collateral (existence, type, amount),
- debtor: age of debtor, status of debtor (natural person, natural person conducting business activity or legal person), income, place of residence, solvency, credit amount repaid so far / amount of invoices repaid so far, time elapsed from the last payment made by the debtor, region, debtor's death or bankruptcy, debtor's employment,
- past payment behaviour of the debtor, in particular: amounts and frequency of payments, and type and intensity of activities undertaken in respect of the debtor by the seller of debt before the purchase of the debt portfolio.

Changes of the credit risk assessment have an effect on the expected amount of future cash flows which are used as a basis of valuation of the purchased debt portfolios. The Company forecasts future cash flows from debt portfolios in the period of up to 180 months.

The Company minimises the risk by performing a thorough valuation of each portfolio before it is purchased, taking into account the likelihood of recovery of invested capital and the estimated costs of the collection process. The market value of a debt portfolio and its maximum selling price are determined based on a complex statistical and economic analysis. To minimise the risk associated with the purchased debt portfolios, benchmark analyses are made, among other things, of the quality of debt portfolios against other portfolios with similar characteristics of debtors representing the same industry and the valuation is based on an analysis of the effectiveness of debt collection actions compared with debt similar in nature. Proceeds are estimated based on a statistical model developed on the basis of available and selected reference data matching the valuation data. The maximum price is set based on the expected investment yield (mainly the internal rate of return, payback period, and nominal return).

	31 Mar 2022	31 Mar 2021
Investments in subsidiaries	71,411	71,411
Loans	4,725	15,189
Purchased debt	58,765	65,646
Purchased bonds	255,510	331,939
Trade and other receivables	6,543	10,538
Cash and cash equivalents	25,274	13,125
Total credit risk exposure	**422,228**	**507,848**

Maturity structure of loans granted and trade and other receivables at the reporting date.

	Total	Not past due	from 1 to 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 to 365 days	more than 365 days
Loans	**4,725**	4,725	-	-	-	-	-	-
Purchased bonds	**255,510**	255,510	-	-	-	-	-	-
Trade and other receivables	**6,543**	5,731	501	191	1	-	-	119
Cash and cash equivalents	**25,274**	25,274	-	-	-	-	-	-
Total	**292,052**	**291,240**	**501**	**191**	**1**	**-**	**-**	**119**

22.2. Liquidity risk

Expenditure on debt portfolios is financed both from equity and from debt financing, the sources of which may be bond issues and bank loans. If the Company's liquidity deteriorates, it is possible that it will be temporarily or permanently unable to repay previously contracted debt or that it will be in breach of its obligations under the financing agreements.

As part of the measures taken to manage liquidity risk, the Company conducts:

- planning and ongoing monitoring of financial flows,
- management of cash flows between Group entities,
- recovery of debts on a continuous basis, in accordance with the strategy adopted,
- an analysis of the possibilities of using external sources of financing.

To increase the effectiveness of equity, the Company also relies on external financing – mainly through the issue of bonds. In subsequent periods, the Company intends to continue using borrowings to support its further business growth and investments in debt portfolios.

The values of the Company's undiscounted cash flows of financial assets and liabilities at 31 March 2022 by maturity are presented below.

	Total	up to 1 month	from 2 to 3 months	from 4 to 12 months	from 1 year to 2 years	more than 2 years
Financial assets						
Debt securities**	272,753	43	40,722	53,334	178,654	-
Loans granted***	6,622	-	3,856	2,766	-	-
Purchased debt*	107,604	2,221	4,305	17,147	18,520	65,411
Trade receivables	6,148	6,148	-	-	-	-
Cash and cash equivalents	25,274	25,274	-	-	-	-
Total financial assets	418,401	33,686	48,883	73,247	197,174	65,411
Financial liabilities						
Debt securities**	374,470	78,271	10,853	41,420	50,273	193,653
Trade payables	8,417	8,417	-	-	-	-
Lease	5,624	203	405	1,084	1,171	2,761
Derivative financial instruments****	3,861	-	-	3,861	-	-
Total financial liabilities	392,372	86,891	11,258	46,365	51,444	196,414
Liquidity gap	26,029	(53,205)	37,625	26,882	145,730	(131,003)
Accumulated liquidity gap		(53,205)	(15,580)	11,302	157,032	26,029

** ERC – Estimated Remaining Collections*
*** Together with interest accrued in subsequent periods*
**** The amount does not account for impairment loss*
***** The item presents all cash flows related to derivative financial instruments*

The negative liquidity gap presented above does not pose a threat to the Company's financial liquidity, as the Company has a credit limit of up to PLN 50 million as part of the Group's cash pool and secures financing through financial instruments issued within the Group, whose maturity, if needed, may be adjusted to the liquidity needs of individual Group companies. As part of its liquidity management efforts, in March and April 2022 the Company transformed its financing structure, see Note 17 for details.

22.3. Market risk: interest rate risk

Interest rate risk affects the following financial instruments of the Company:

- loans advanced,
- purchased financial instruments,
- cash,
- bonds issued,
- lease liabilities.

In regard to cash and lease liabilities, the impact of changes in interest rates on the Company's profit or loss or equity is negligible. The Company is exposed to significant interest rate risk in relation to bonds issued, purchased bonds and loans advanced. The analysis of sensitivity of those groups of financial instruments to interest rate changes is presented below.

The Company issues bonds that mostly bear floating interest (based on 6M WIBOR and 3M WIBOR). Any change in interest rate will have a significant bearing on the value of paid interest, and to some extent also on the valuation of bonds disclosed in the statement of financial position, which are measured at amortised cost. In pursuance of its strategy of hedging against variable interest rate risk, the Company entered into interest rate swap (IRS) derivative transactions in the previous periods with a nominal value of PLN 600 million. The purpose of a hedging transaction was to achieve a financing profile with a fixed interest rate over the hedging period.

Financial instruments with a variable interest rate	**31 Mar 2022**	**31 Mar 2021**
Assets		
Loans	4,725	15,189
Debt securities	255,510	331,939
Total	**260,235**	**347,128**
Liabilities		
Loans and other debt instruments	330,359	389,706
Hedging effect	(600,000)	(600,000)
Total	**(269,641)**	**(210,294)**

A change of an interest rate by 300 basis points would increase (decrease) equity and profit before tax over the loan term by the amounts shown below. The following analysis is based on the assumption that other variables, in particular exchange rates, remain unchanged. The impact of such change on profit or loss for the reporting period and equity was presented based on the assumption that a concurrent and corresponding increase (decrease) in all market interest rates occurs at the beginning of the annual reporting period.

	Profit or loss of current period		**Change in equity excluding profit or loss of current period**	
	increase by 300bps	**decrease by 300bps**	**increase by 300bps**	**decrease by 300bps**
31 Mar 2022				
Financial assets with a variable interest rate	13,667	(13,608)	-	-
Financial liabilities with a variable interest rate	(1,282)	1,155	1,836	(1,846)

22.4. Derivative hedging instruments

As at the reporting date, the Company had open hedging relationships. The Company entered into interest rate swaps (IRS), where it paid a fixed interest rate and received a variable interest rate.

Instrument	**Nominal amount**	**Transaction rate (fixed interest rate)**	**Assets**	**Liabilities**	**Item in the statement of financial position**	**Changes in fair value**
IRS	200,000	2.41%	-	1,958	Derivative financial instruments	6,670
IRS	200,000	2.28%	-	1,701	Derivative financial instruments	6,409
IRS	200,000	1.96%	2,902	-	Derivative financial instruments	10,986
		Total	**2,902**	**3,659**		**24,065**

The expected future cash flows from the executed hedging transactions are presented in the note on liquidity risk.

The effect of hedging instruments on the statement of financial position of the Company in the reporting period. Interest transferred from other comprehensive income is charged to Finance costs – Interest expense on hedging instruments.

Effect of application of hedge accounting on financial statements	**Amount**
Payments under settlement of hedging transactions recognised in the statement of cash flows	11,761

Effect of application of hedge accounting on financial statements	Amount
Hedging gains or losses of the reporting period that were recognised in other comprehensive income	(1,170)
Hedging effect recognised in the statement of profit or loss – finance income	13,474
Total	**24,065**

Other comprehensive income from cash flow hedges	Amount
Revaluation reserve at beginning of period	**(5,239)**
Effect of valuation of hedging transactions (effective part)	(1,170)
Interest transferred in the period from other comprehensive income to profit or loss	8,154
Income tax	(1,327)
Revaluation reserve at end of period	**418**

22.5. Market risk: foreign exchange risk

The Company is exposed to foreign exchange risk resulting from loans granted. The table below presents the Company's exposure to foreign exchange risk by currency expressed in the Polish złoty, as at the reporting date.

	31 Mar 2022		31 Mar 2021	
	in foreign currency	in PLN	in foreign currency	in PLN
Loans advanced				
in EUR	670	3,117	1,353	6,305
in BGN	676	1,608	3,728	8,884
Total loans advanced		**4,725**		**15,189**
Liabilities				
in EUR	13	60	12	56
in BGN	-	-	-	-
in RON	1,933	1,818	1,685	1,594
Total liabilities		**1,878**		**1,650**

Analysis of the impact of potential changes in carrying amounts of financial instruments on the profit or loss before tax and equity (exchange differences) in connection with the hypothetical change of exchange rates of material foreign currencies relative to the presentation currency (PLN) as at the reporting date.

	exchange rate change	profit/(loss) before tax	equity
EUR/PLN	+/-1%	31	-
BGN/PLN	+/-1%	16	-
RON/PLN	+/-1%	18	-

22.6. Market risk: risk of price changes

A significant change in macroeconomic conditions or legal regulations may affect the level of repayments by debtors, thus the valuation of debt portfolios.

23. Financial instruments

The table below presents the classification of financial instruments and a comparison of carrying amounts of financial instruments with their respective fair values.

The table below also presents fair value of financial assets and liabilities classified at a specific level of the fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, based on variables derived from active markets,
- Level 3 – inputs for the asset or liability that are not based on variables derived from active markets.

	Carrying amount 31 Mar 2022				Fair value 31 Mar 2022			
	FVTPL	**FVOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current assets								
Receivables and loans	-	-	395	**395**	-	-	395	**395**
Derivative financial instruments	-	2,902	-	**2,902**	-	2,902	-	**2,902**
Other non-current financial assets – debt instruments	-	-	172,500	**172,500**	-	-	172,500	**172,500**
Current assets								
Trade and other receivables	-	-	6,148	**6,148**	-	-	6,148	**6,148**
Purchased debt	-	-	58,765	**58,765**	-	-	42,260	**42,260**
Loans	-	-	4,725	**4,725**	-	-	4,725	**4,725**
Other current financial assets – debt instruments	-	-	83,010	**83,010**	-	-	83,010	**83,010**
Other current financial assets – shares	235	-	-	**235**	-	-	235	**235**
Cash and cash equivalents	-	-	25,274	**25,274**	-	-	25,274	**25,274**
Financial liabilities								
Non-current liabilities								
Loans and other debt instruments	-	-	186,733	**186,733**	-	-	186,733	**186,733**
Lease liabilities	-	-	3,544	**3,544**	-	-	3,544	**3,544**
Current liabilities								
Loans and other debt instruments	-	-	143,626	**143,626**	-	-	143,626	**143,626**
Lease liabilities	-	-	1,385	**1,385**	-	-	1,385	**1,385**
Derivative financial instruments	-	3,659	-	**3,659**	-	3,659	-	**3,659**

FVTPL – Financial instruments at fair value through profit or loss
FVOCI – Financial assets at fair value through other comprehensive income
Amortised cost – Financial instruments at amortised cost

The Company did not make any reclassifications of financial assets which would lead to a change of the measurement method for such assets, requiring such assets to be measured at fair value or at amortised cost.

The Company also did not make any reclassification of financial assets between individual fair value hierarchy levels.

The fair value of IRS is determined by reference to the future cash flows under the contracts calculated based on the difference between the forecast 3M WIBOR and the actual 3M WIBOR on the transaction date. To forecast 3M WIBOR the Company uses the term structure of interest rates.

24. Note to the statement of cash flows

	Transaction value	Offset	Statement of cash flows
Bond issue	163,719	(143,267)	20,452
Bond redemption	(236,375)	141,237	(95,138)
Interest paid	(22,550)	2,030	(20,520)

25. Significant related-party transactions

25.1. Related-party transactions

25.1.1. Trading transactions

	1 Apr 2021-31 Mar 2022		1 Apr 2020-31 Mar 2021	
	Revenue	Costs	Revenue	Costs
Finsano S.A.	168	345	81	-
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka Sp.k.	290	2,444	2,515	2,429
Kredyt Inkaso I NSFIZ	16,898	-	11,510	-
Kredyt Inkaso II NSFIZ Subfundusz 1	14,572	-	6,634	-
Kredyt Inkaso II NSFIZ Subfundusz 2	727	-	480	-
Kredyt Inkaso Portfolio Investments (Luxembourg) S. A.	6,464	-	2,920	-
Kredyt Inkaso IT Solutions Sp. z o. o. (formerly Legal Process Administration Sp. z o.o.)	327	8,746	219	8,575
Kredyt Inkaso Investments RO S.A.	11	2,798	4	3,586
Agio Wierzytelności NSFIZ	1,814	-	880	-
Kredyt Inkaso Solver Sp. z o.o.	10	-	-	-
Total	**41,281**	**14,333**	**25,243**	**14,590**

	31 Mar 2022		31 Mar 2021	
	Receivables	Liabilities	Receivables	Liabilities
Finsano S.A.	27	20	10	37

	31 Mar 2022		31 Mar 2021	
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka Sp.k.	50	250	16	250
Kredyt Inkaso I NSFIZ	447	16	2,363	1,084
Kredyt Inkaso II NSFIZ Subfundusz 1	154	19	3,428	467
Kredyt Inkaso II NSFIZ Subfundusz 2	3	-	84	-
Kredyt Inkaso Portfolio Investments (Luxembourg) S. A.	1,168	36	780	7
Kredyt Inkaso IT Solutions Sp. z o. o. (formerly Legal Process Administration Sp. z o.o.)	49	2,852	16	3,231
KI Towarzystwo Funduszy Inwestycyjnych S.A.	3	-		
Kredyt Inkaso Investments RO S.A.	117	1,818	122	2,009
Kredyt Inkaso Investments BG EAD S.A.	-	30	506	-
Total	**2,018**	**5,041**	**7,325**	**7,085**

	1 Apr 2021-31 Mar 2022		1 Apr 2020-31 Mar 2021	
	Revenue	**Costs**	**Revenue**	**Costs**
Cost of advisory services				
WPEF VI HOLDING V B.V.	-	276	-	271
Total	**-**	**276**	**-**	**271**

Advisory services are provided under an agreement executed by the Company with WPEF VI HOLDING V B.V. on 31 March 2017 and include advice to the parent and all subsidiaries in the Kredyt Inkaso Group regarding financial analyses and projections, reporting processes, capital management, risk management, corporate finance, business strategy, potential acquisitions (M&A), and investor relations. The agreement was executed for a period until 31 December 2017 and is automatically renewed for subsequent annual periods. Each party may terminate it at least 90 days before the commencement of the next calendar year. Under the agreement, the list of persons designated to perform advisory activities and obtain confidential information includes Mr Daniel Dąbrowski, Member of the Supervisory Board.

25.1.2. Loans advanced to related entities

Net loans granted to related entities

	31 Mar 2022	31 Mar 2021
Kredyt Inkaso Investments BG EAD S.A.	3,521	13,353
Kredyt Inkaso d.o.o.	1,203	1,836
Total	**4,724**	**15,189**

The Company analysed the situation of borrowers and at 31 March 2022 it recognised an impairment loss on loans advanced to Kredyt Inkaso d.o.o. in an estimated amount of PLN 1,958 thousand.

25.1.3. Bonds acquired from related entities

Purchased bonds	31 Mar 2022	31 Mar 2021
Kredyt Inkaso Portfolio Investments (Luxembourg) S. A.	255,510	331,939
Total	**255,510**	**331,939**

25.1.4. Bonds issued to related entities

Bonds issued	31 Mar 2022	31 Mar 2021
Finsano S.A.	3,648	3,428
Kredyt Inkaso I NSFIZ	35,982	38,626
Kredyt Inkaso II NSFIZ Subfundusz 1	15,738	15,702
Kredyt Inkaso II NSFIZ Subfundusz 2	2,015	2,302
Total	**57,383**	**60,058**

25.1.5. Transactions in debt portfolios

Transactions in debt portfolios	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Kredyt Inkaso I NSFIZ	-	30,286
Finsano S.A.	-	3,474
Total	**-**	**33,760**

25.1.6. Transactions in other financial assets

Transactions in other assets	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Finsano S.A.	614	3,474
Total	**614**	**3,474**

In the current reporting period, the Company sold shares in KI TFI S.A. to Finsano S.A.

25.2. Loans advanced to key members of staff and related persons

None.

25.3. Transactions with key personnel

25.3.1. Remuneration of the Management Board

The remuneration of key management personnel of the Parent and the Group subordinates is set out below.

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Base pay/management contract (gross)	1,452	1,590
Other – medical benefits and other	116	239
Total	**1,568**	**1,829**

25.3.2. Remuneration of the Supervisory Board

	1 Apr 2021-31 Mar 2022	1 Apr 2020-31 Mar 2021
Remuneration of the Supervisory Board	389	357
Total	**389**	**357**

Rules of remuneration of the Supervisory Board:

- Members of the Supervisory Board are entitled to monthly remuneration in the amount of one-third of the average monthly remuneration in the enterprise sector (net of bonuses paid out from profit) (according to Statistics Poland).
- The Chairman of the Supervisory Board is entitled to a special duty allowance in the amount of the average monthly remuneration in the enterprise sector (net of bonuses paid out from profit).
- Other members of the Supervisory Board are entitled to the following allowances:
  - for membership in the audit committee – one-third of the average monthly remuneration in the enterprise sector (net of bonuses paid out from profit)
  - for serving as secretary of the Supervisory Board – one-third of the average monthly remuneration in the enterprise sector (net of bonuses paid out from profit)
  - for serving as Deputy Chairperson of the Supervisory Board – one-third of the average monthly remuneration in the enterprise sector (net of bonuses paid out from profit) in the period when the Chairperson of the Supervisory Board does not carry out their function
- Members of the Supervisory Board are not entitled to any remuneration, if they file a waiver of remuneration.
- In a given month, Members of the Supervisory Board are entitled to remuneration and special duty allowance in the amount corresponding to the proportion of the number of meetings which they attended to the total number of the Supervisory Board's meetings in that month.
- In a given month, a member of the Audit Committee is entitled to allowance for membership in the Audit Committee in the amount corresponding to the proportion of the number of meetings which they attended to the total number of the Audit Committee's meetings in that month.
- Remuneration and allowances are also payable when no meetings were held in a given month.

25.4. Significant related-party transactions executed by the Company on non-arm's length terms

In the period covered by these financial statements, the Company did not execute any related-party transactions on non-arm's length terms.

26. Remuneration of auditors

The entity auditing the Consolidated Financial Statements of the Kredyt Inkaso Group and the Separate Financial Statements of Kredyt Inkaso S.A. for the period from 1 April 2021 to 31 March 2022 is Grant Thornton Polska spółka z ograniczoną odpowiedzialnością Spółka komandytowa, with its registered office in Poznań.

A relevant agreement on the audit of the consolidated financial statements and separate financial statements was signed on 22 October 2020 and it provides for the audit of full-year consolidated and separate financial statements of Kredyt Inkaso S.A. for the financial years from 1 April 2020 to 31 March 2021 and from 1 April 2021 to 31 March 2022 and for the review of half-year consolidated financial statements of the Kredyt Inkaso Group for the first half of the financial year 2020/2021 beginning on 1 April 2020 and ending on 30 September 2020 and for the for the first half of the financial year 2021/2022 beginning on 1 April 2021 and ending on 30 September 2021.

Fees due for the financial year ended on:	31 Mar 2022	31 Mar 2021 restated
Review of the half-year consolidated financial statements	93	89
Audit of the full-year consolidated financial statements	201	144
Consolidated financial statements	**294**	**233**
Review of the half-year separate financial statements	34	34
Audit of the full-year separate financial statements	71	71
Separate financial statements	**105**	**105**
Additional services	**52**	**11**
Total	**451**	**349**

27. Cash and cash equivalents

	31 Mar 2022	31 Mar 2021
Cash at bank and in hand	25,274	13,125
Total	**25,274**	**13,125**

28. Contingent liabilities, guarantees, sureties and security interests over the Company's assets

On 26 April 2019, the Company issued Series F1 bonds with a total nominal value of PLN 210 million. In accordance with the terms and conditions of the bonds, bondholders' claims under the Bonds were secured by standard security interests, including pledges over debt portfolios and investment certificates disclosed in the Company's and its subsidiaries' statement of financial position or over other assets of the Company.

The minimum amount of security over debt portfolios increased consistently until it reached the limit of PLN 200 million, as of 26 April 2021, and subsequently 150% of the outstanding nominal value of the Bonds as of 26 April 2022.

As at the reporting date, the minimum amount of collateral over the Company's assets had reached its maximum value, i.e. PLN 150 million. This was the amount in which a pledge was created over bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. The created collateral will secure the claims of holders of other series of bonds, for which the terms and conditions of the bonds contain a clause on equal treatment of creditors (pari passu).

On 26 April 2022, the Company made an early redemption of all Series F1 bonds by paying the nominal value of the bonds together with interest.

In addition, on 28 March 2022 the Company issued Series K1 bonds with a total nominal value of PLN 103,000 thousand. In accordance with the terms and conditions of the bonds, the bonds were issued as unsecured and had such status as at the reporting date. In turn, in accordance with the terms and conditions of the bonds bondholders' claims under the bonds are subject to collateral established after the issue through standard security interests, including registered pledges under the Polish law or foreign law over debt portfolios and investment certificates disclosed in the Company's and its subsidiaries' statement of financial position or over other assets of the Company. The value of security after 26 April 2022 should not be less than 150% of the current nominal value of the bonds.

The table below presents the carrying amounts of security provided for the issues of bonds established on the Company's assets.

Type of securing asset	31 Mar 2022	31 Mar 2021
Debt portfolios	58,597	65,503
Bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.	150,000	150,000
Total	**208,597**	**215,503**

29. Court, enforcement, tax and other proceedings

29.1. Court and enforcement proceedings

The Group's and the Company's business model involves purchasing debt portfolios resulting from the sale of universal services (usually from several thousand to even tens of thousands of claims in a portfolio) and pursuing their payment through legal process. As part of the Group's business it has a large number of court cases and enforcement proceedings conducted by bailiffs. However, due to the relatively small amounts of the debts, there is no risk of concentration (of one or more bad debts, i.e. with characteristics significantly worse than those calculated).

As at the Authorisation Date, there were pending proceedings instigated by the Company against joint and several defendants: Best S.A. with its registered office in Gdynia and Mr Krzysztof Borusowski ("Defendants", "Statement of Claim"). In the Statement of Claim the Company demands:

- that PLN 60,734,500 with statutory interest, calculated from the date of filing the claim until the date of payment, be paid by the joint and several Defendants to the Company,
- that the litigation costs, according to the prescribed norms, be awarded from the joint and several Defendants to the Company, unless a bill of costs is filed at the last hearing.

The amount claimed results from the Company's claim against the Respondents for redress of damage inflicted on the Company due to dissemination by the Respondents of untrue and defamatory information: concerning the Company's Management Board, alleged irregularities at the Company, alleged falsification of financial statements and lack of authorisation of the Company's Management Board to act on its behalf, which in the Company's opinion was the direct cause of termination by Lumen Profit 14 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 14 NS FIZ"), Lumen Profit 15 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 15 NS FIZ"), Lumen Profit 16 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 16 NS FIZ"), AGIO Wierzytelności Plus Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("AWP NS FIZ") and AGIO Wierzytelności Plus 2 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("AWP 2 NS FIZ") of agreements on debt portfolio management and agreements on the provision of legal services executed with the Company.

The amount of the claim is the sum of the actual losses incurred by the Company and the estimated lost profit in future years, as reported by the Company in Current Report No. 57/2016 of 10 August 2016, and additionally the estimated lost profit resulting from, inter alia, termination of the management agreements by Lumen Profit 14 NS FIZ, Lumen Profit 15 NS FIZ, and Lumen Profit 16 NS FIZ.

The Company communicated the reasons for and the impact of the termination of the aforementioned agreements on the Company's financial position, including in particular the loss of further systematic income as well as the possibility of the Company going to court to seek damages, in the Consolidated Quarterly Report for Q1 of the 2016/2017 financial year published on 12 August 2016.

In addition, there are pending court proceedings involving: Best S.A., Krzysztof Borusowski (President of the Management Board of Best S.A.), Karol Szymański (member of the Supervisory Board), the Management Board of the Company, and the Company itself. The above proceedings result from the following, among other things:

- action of Best S.A. for revoking the resolutions of the Annual General Meeting against which it filed an objection, i.e.: (i) Resolution No. 12/2016 to approve the Management Board's report on the operations of Kredyt Inkaso S.A. and separate financial statements of Kredyt Inkaso S.A. for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (ii) Resolution No. 13/2016 to approve the Management Board's report on the operations of the Group and consolidated financial statements of the Group for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (iii) Resolution No. 15/2016 to grant discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (iv) Resolution No. 16/2016 to grant discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (v) Resolution No. 17/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (vi) Resolution No. 18/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (vii) Resolution No. 19/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (viii) Resolution No. 20/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (ix) Resolution No. 21/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (x) Resolution No. 22/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016 (Current Report No. 93/2016), (xi) Resolution No. 7/2017 to grant discharge to a member of the Management Board, (xii) Resolution No. 8/2017 to grant discharge to a member of the Management Board, (xiii) Resolution No. 9/2017 to grant discharge to a member of the Management Board, (xiv) Resolution No. 14/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017, (xv) Resolution No. 15/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017 (Current Report No. 65/2017); On 14 May 2021, the Regional Court in Warsaw, 20th Commercial Department, issued a decision to discontinue the proceedings with respect to Resolutions No. 15/2016 and 7/2017 due to the irrelevance of further proceedings with respect to these resolutions, given that the Company's Annual General Meeting adopted Resolution No. 17/2020 of 27 November 2020 to amend the resolutions on granting discharge to the former Management Board Member referred to above, under which the discharge granted to him for the periods indicated above were revoked;

- action by a member of the Company's Supervisory Board – Mr Karol Szymański, for revocation of the resolution of the Annual General Meeting of the Company of 27 September 2017, i.e. Resolution No. 10/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017 (Current Report No. 9/2018); On 14 October 2021, the Regional Court dismissed the Supervisory Board member's action, but the ruling was not final (Current Report No. 50/2021);
- action of Best S.A. for revoking the resolutions of the Annual General Meeting against which it filed an objection, i.e.: (i) Resolution No. 4/2018 to approve the separate financial statements of Kredyt Inkaso S.A. for the financial year beginning on 1 April 2017 and ending on 31 March 2018, (ii) Resolution No. 5/2018 to approve the consolidated financial statements of the Group for the financial year beginning on 1 April 2017 and ending on 31 March 2018, (iii) Resolution No. 6/2018 to approve the Management Board's report on the operations of the Company and the Group for the financial year beginning on 1 April 2017 and ending on 31 March 2018 (Current Report No. 56/2018);
- action by Best S.A. of 9 January 2019 for the payment of PLN 51,847,764 jointly and severally by the Company, Paweł Szewczyk, Jan Paweł Lisicki and Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k., whereby in relation to Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. the claimant limits the demand to PLN 2,260,000 and the litigation costs, including the costs of legal representation according to the prescribed norms. This action arises from the alleged damage caused to BEST S.A. by the defendants as a result of the purchase of shares in the Company at an inflated price determined on the basis of the Company's financial statements for the 2014/2015 financial year, which were corrected in subsequent fiscal years. Kredyt Inkaso S.A. recognises the claim of BEST S.A. as unfounded, as informed in Current Report No. 8/2019;
- action by Best S.A. of 28 June 2019 for the establishment of invalidity or revocation of Resolution No. 4/2019 of the Extraordinary General Meeting of Kredyt Inkaso S.A. of 30 May 2019 to approve transactions encumbering the Company's assets or the assets of other entities of the Company's Group in connection with the issue of Series F1 bonds by the Company. The Company deems the request stipulated in the statement of claim as unfounded and intends to defend against it in court proceedings (Current Report No. 34/2019);
- action by the Company against Paweł Szewczyk, Ion Melnic and KI Servcollect SRL seeking the award jointly and severally against the Defendants of PLN 21,320,000.00 as redress for indirect damage suffered by the Company in connection with the actions of the Defendants, together with statutory interest from 26 May 2020 until the date of payment, PLN 30,000.00 as reimbursement of costs incurred by the Company for the preparation of a private opinion of an expert business appraiser, together with statutory interest from the date of delivery of a copy of the statement of claim to the last of the Defendants until the date of payment, and PLN 44,000.00 as reimbursement of costs of preparing sworn translations of the statement of claim and part of appendices thereto, together with statutory interest from the date of delivery of a copy of the statement of claim to the last of the Defendants until the date of payment. Along with the action, the Company filed a request to grant injunctive relief (Current Report No. 13/2020). The Company's injunction request was dismissed by the Court and in connection with the rejection of the complaint submitted by the Company's proxy by the Court of second instance, the decision should be deemed as final.
- action by John Harvey van Kannel against the Company to (i) establish the existence of a resolution on removal of Maciej Jerzy Szymański from the Management Board of the Company, and (ii) declare the invalidity of Resolution No. 38/2020 of the Annual General Meeting of the Company of 27 November 2020 on the appointment of Daniel Dąbrowski as member of the Supervisory Board of the Company for a new term of office. The injunction request in this case was dismissed in its entirety with a final decision, which was communicated by the Company in its Current Report No. 11/2021 of 29 April 2021. The Company deems the requests stipulated in the statement of claim as

completely unfounded and intends to defend against them by actively participating in court proceedings (Current Report No. 26/2021);

- action by John Harvey van Kannel against the Company to declare the invalidity of Resolution No. 12/2021 of the Extraordinary General Meeting of the Company of 24 May 2021 on the appointment of Daniel Dąbrowski as member of the Supervisory Board of the Company, which was communicated by the Company in its Current Report No. 31/2021 or 23 August 2021. The Company deems the request stipulated in the statement of claim as completely unfounded and intends to defend against it by actively participating in court proceedings;
- action by two members of the Supervisory Board to revoke the resolution of the group of shareholders entitled to appoint members of the Supervisory Board by block voting No. 13/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Karol Szymanski as Member of the Company's Supervisory Board for a new term of office and his delegation to individually perform supervisory duties on a permanent basis. The Company intends to actively participate in court proceedings (Current Report No. 53/2021).

29.2. Administrative proceedings

On 30 September 2013, Kredyt Inkaso S.A. concluded a Sub-Participation Agreement with Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. (hereinafter: "Agreement" and "Sub-Participant", respectively). The tax consequences of entering into the Agreement covered the tax years from 1 April 2013 to 31 March 2014, from 1 April 2014 to 31 March 2015 and from 1 April 2015 to 31 March 2016. The subject matter of the Agreement was the acquisition by the Sub-Participant of the exclusive right to cash flows from the receivables understood as proceeds from repayments of debt and charges for costs and expenses. Pursuant to the Agreement, Kredyt Inkaso S.A. transferred to the Sub-Participant the exclusive right to cash flows from receivables comprising the debt portfolio specified in the appendix to the Agreement (hereinafter: "Debt Portfolio"). In return for the transfer of the right to cash flows from the receivables, the Sub-Participant undertook to pay a price to Kredyt Inkaso S.A. The price was settled by the Sub-Participant on 13 June 2014.

On 12 April 2016, Kredyt Inkaso S.A. applied for a tax ruling in that matter. In the tax ruling of the Director of the Tax Chamber in Warsaw of 21 July 2016, ref. IPPB3/4510-418/16-3/JBB ("Tax Ruling") issued in response to the request submitted by Kredyt Inkaso S.A., it was indicated that: - "Thus, Kredyt Inkaso S.A. should recognise tax income on account of the price on a cash basis, i.e. on the date of receipt of the payment – in the case in question, on the date of payment of the Price by deducting it from Kredyt Inkaso S.A.'s liability on account of the acquisition price for bonds issued by the Sub-Participant. (…) On the other hand, by transferring to the Sub-Participant, in accordance with the provisions of the sub-participation agreement, amounts constituting proceeds from debt portfolios, Kredyt Inkaso S.A. will be entitled to treat the transferred amounts as tax deductible expenses and recognise them in the tax account as they are incurred", - "the position of Kredyt Inkaso S.A. assuming no income recognised on account of debt repayment (previously purchased from the original debtor) (...) is incorrect. One cannot agree with Kredyt Inkaso S.A.'s claim that exclusion of the receivables in question from the balance sheet may determine tax qualification of a given capital gain", - "The discussed expenses, i.e. the purchase price and Direct Collection Expenses which were incurred by the Company until the conclusion of the sub-participation agreement are directly related to debt (their purchase and collection) being the subject of the sub-participation agreement and not to the event of transferring the rights to cash flows from receivables to the Sub-Participant. (…) Thus, these expenses will be deductible expenses of a direct nature when the debtors make repayments of those debts or when those debts are sold."

After delivery of the tax ruling, Kredyt Inkaso S.A. decided to comply with it, which resulted in the need to file corrections of CIT-8 tax returns for the tax years: from 1 April 2013 to 31 March 2014, from 1 April 2014 to 31 March 2015 and from 1 April 2015 to 31 March 2016, and payment of the corporate income tax together with interest. At the same time, in its letter of 17 October 2016 the Company filed a complaint against the tax ruling to the Provincial Administrative Court in Warsaw ("Provincial Administrative Court"). In its decision of 22 November 2017 the Provincial Administrative Court revoked the ruling (ref. III SA/Wa 3503/16, "Provincial Administrative Court's Decision"). The tax authority filed a cassation appeal within the specified time limit and the case was referred to the Supreme Administrative Court. By its decision of 8 October 2020 (ref. II FSK 1615/18) the Supreme Administrative Court dismissed the Provincial Administrative Court's Decision and remanded the case back to the Provincial Administrative Court. In its decision of 27 April 2021 the Provincial Administrative Court revoked the ruling (ref. III SA/Wa 597/21, "Provincial Administrative Court's Second Decision"). On 22 June 2021, Kredyt Inkaso S.A. received written reasons for the Provincial Administrative Court's Second Decision. Its substance confirms the correctness of the Company's position presented in its request for a Tax Ruling. Notwithstanding the above, the Company maintains the claim that procedural rules were breached in the course of issuing the Tax Ruling, as described in detail in the complaint dated 17 October 2016. Accordingly, on 22 July 2021 the Company filed a cassation appeal with the Supreme Administrative Court against the Provincial Administrative Court's Second Decision. In addition, on 11 August 2021, the Company received a copy of the tax authority's cassation appeal to the Supreme Administrative Court against the Provincial Administrative Court's Second Decision. By its decision of 10 December 2021 (ref. II FSK 1143/21) the Supreme Administrative Court dismissed the Provincial Administrative Court's Second Decision on procedural grounds and remanded the case back to the Provincial Administrative Court. In its decision of 27 April 2022 the Provincial Administrative Court dismissed the appeal filed by Kredyt Inkaso S.A. (ref. III SA/Wa 485/22, "Provincial Administrative Court's Third Decision"). On 9 June 2022, Kredyt Inkaso S.A. received written grounds to the Provincial Administrative Court's Third Decision. Its substance confirms that the tax authority, when issuing the Tax Ruling, violated the principle of issuing a tax ruling only on the basis and within the limits of the relevant request. However, in the opinion of the Provincial Administrative Court, the violation did not affect the outcome of the case. Referring to the core dispute in the case (i.e. the date of recognition of tax income on the price of the sub-participation agreement in question), the Provincial Administrative Court highlighted that the Supreme Administrative Court, by setting aside the Provincial Administrative Court's Second Decision, did not make any final resolution on the matter, leaving it to the judgement of the Provincial Administrative Court. In dismissing the complaint, the Provincial Administrative Court also indicated that it did not share the position of the Supreme Administrative Court in a similar case (ref. II FSK 3299/17), which essentially confirmed the position of Kredyt Inkaso S.A. Therefore, in the opinion of the Provincial Administrative Court this ruling by the Supreme Administrative Court did not apply in the case in question. Having analysed the Provincial Administrative Court's Third Decision, Kredyt Inkaso S.A. intends to file a cassation appeal to the Supreme Administrative Court within the statutory time limit.

29.3. Inspections

In the reporting period, there were no significant audits or inspections, including those concerning the audit completed by the Polish Financial Supervision Authority on 30 September 2019 with regard to management of securitised debt.

30. Factors and events, including of a non-recurring nature, with a material bearing on the financial statements

30.1. The COVID-19 pandemic

The COVID-19 pandemic caused by a highly infectious SARS-CoV-2 coronavirus, which broke out in December 2019 and then spread to other countries quickly and in a large scale, significantly altered the functioning of economies of countries around the world in a matter of months. Due to the high infection rate of the SARS-CoV-2 coronavirus, on 11 March 2020 the World Health Organisation (WHO) declared a pandemic of COVID-19. For about two years, the pandemic was one of the most significant factors that had to be taken into account in business activities. As the vaccination campaign progressed and the impact of successive strains of the virus gradually decreased, the significance of the COVID-19 threat among the business risks recognised by the Company dropped. While the Company's Management Board notes the permanent change in the work model caused by the pandemic, as at the date of release of this report it did not perceive SARS-CoV-2 itself as a factor that had a material impact on the financial statements.

30.2. Invasion of Ukraine by Russia, impact on the Group and the Company

On 24 February 2022, the armed forces of the Russian Federation entered the territory of Ukraine, starting military hostilities in the region. Russia's aggression has triggered a range of sanctions primarily from European countries, the United States, Japan and Australia. The Russian Federation responded with counter-sanctions and a series of internal formal and informal measures. Informal activities mostly include stepped-up propaganda against so-called Western countries and their interests in Russia, as well as the use of administrative tools (primarily various forms of inspection) in a way that impedes normal operations and damages the sense of comfort among personnel members. Formal measures include passing a law that is unfavourable to the operations of foreign-owned companies (e.g. taking over so-called abandoned companies, lack of intellectual property protection, etc.) or that prevents normal operations (e.g. impedes transfer of funds abroad). In the case of KI RUS, the court enforcement channel was blocked for several days and it cannot be ruled out that similar situations may occur in the future.

The impact of the hostilities on the subsidiary KI RUS has been discussed with the assumption that the Company will continue as a going concern. From the Group's perspective, operations in the Russian market are not strategically important both in terms of the value of debt portfolios and collections from debtors. Since 2018, the Group has not made any investments there and its current operations are based on aging portfolios. Nonetheless, the subsidiary continues to have the capacity to finance itself.

In the Management Board's opinion, the outlook of developments in Russia is negative. Based on the scenario assuming reduced collections from its portfolios, the Group adjusted the value of debt portfolios subject to the Russian market risk by PLN 7.7 million, which reduced the value of the portfolios to PLN 3.6 million, representing 0.6% of the total value of all portfolios held by the Group. An impairment test of goodwill allocated to KI RUS based on the same scenario resulted in an impairment loss of PLN 4.9 million. In total, PLN 12.6 million of impairment losses related to KI RUS and resulting from Russia's war in Ukraine was recognised in the statement of profit or loss in the Group's consolidated financial statements. These impairment losses have a non-cash effect.

As regards other geographic locations, the Group did not identify any significant change in collections under portfolios that may be attributed to the war. Similarly, the Group's liquidity, in particular that of the Company, is stable. In the case of debt financing, an increase in market interest rates is observed, caused by rising inflation, which in turn is indirectly attributable to the actions of the Russian Federation (military activity and activity in commodity markets). The direct impact of Russia's invasion of Ukraine on the Company's operations is not significant.

31. Other information relevant to the assessment of the staffing levels, assets and financial standing

No other events relevant to the assessment of the staffing levels, assets and financial standing occurred in the reporting period.

32. Employment at the Company

	31 Mar 2022		31 Mar 2021	
	FTEs	number of staff	FTEs	number of staff
Headcount at the reporting date	334	335	323	325

33. Material events after the reporting period

- In March and April 2022, the Company issued three series of bonds (I1, J1, K1) while redeeming, in whole or in part, Series F1, PA02, G1, B1 and H1 bonds. This way, it optimised the structure of its financing in the long term.
- On 25 April 2022, the Extraordinary General Meeting appointed Marcin Okoński, Bogdan Dzudzewicz, Daniel Dąbrowski, Karol Sowa and Karol Maciej Szymański as Members of the Supervisory Board. On 10 May 2022, the Supervisory Board assigned functions as follows: Bogdan Dzudzewicz was appointed as Chairman, Marcin Okoński as Deputy Chairman, and Karol Sowa as Secretary. On the same day, the Company's Supervisory Board appointed Audit Committee and resolved that it be composed of three persons. The following persons were appointed to the Committee: Marcin Okoński as its Chairman, Daniel Dąbrowski and Karol Maciej Szymański.
- On 11 May 2022, Mr Tomasz Kuciel tendered his resignation as Member of the Company's Management Board with effect from 11 July 2022. Tomasz Kuciel cited personal reasons for his resignation.

34. Authorisation for issue

These full-year separate financial statements for the period from 1 April 2021 to 31 March 2022, along with comparative information, were authorised for issue by the Company's Management Board on 29 June 2022 ("Authorisation Date").

President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board	Member of the Management Board
Maciej Szymański	Barbara Rudziks	Iwona Słomska	Tomasz Kuciel

Head of Consolidation and Statutory Reporting Division	Chief Accountant
Jakub Cąber	Ewa Dąbrowska