KREDYT INKASO SA

Kredyt Inkaso Group

Full year consolidated financial statements for the 12 months ended 31.03.2021

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SELECTED FINANCIAL DATA OF THE GROUP

	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	PLN thousand		EUR thousand	
Selected financial ratios				
Net financial debt	380 503	453 260	81 648	99 567
Equity	263 382	214 698	56 516	47 163
Net financial debt / equity	1,44	2,11	1,44	2,11
PLN/EUR exchange rate at the reporting date	4,6603	4,5523	4,6603	4,5523

	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)
	PLN thousand		EUR thousand	
Consolidated statement of profit or loss				
Net revenue	200 301	129 400	44 333	29 909
Operating profit/(loss)	86 414	(2 170)	19 126	(502)
Profit/(loss) before tax	55 646	(39 192)	12 316	(9 059)
Net profit/(loss)	45 460	(35 861)	10 062	(8 289)
Net profit/(loss) attributable to owners of the parent	45 083	(36 539)	9 978	(8 446)
Earnings/(loss) per share in PLN	3,50	(2,83)	0,77	(0,65)
Diluted earnings/(loss) per share in PLN	3,50	(2,83)	0,77	(0,65)
Average PLN/EUR exchange rate in the period	4,5181	4,3264	4,5181	4,3264
Consolidated statement of cash flows				
Net cash (used in)/from operating activities	120 177	143 708	26 599	33 217
Net cash (used in)/from investing activities	(15 003)	(31 634)	(3 321)	(7 312)
Net cash (used in)/from financing activities	(62 566)	(135 167)	(13 848)	(31 243)
Net increase/(decrease) in cash and cash equivalents	42 608	(23 093)	9 431	(5 338)
Average PLN/EUR exchange rate in the period	4,5181	4,3264	4,5181	4,3264

	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	PLN thousand		EUR thousand	
Consolidated statement of financial position				
Total assets	764 596	768 538	164 066	168 824
Total liabilities	501 214	553 840	107 550	121 662
Non-current liabilities	329 582	305 117	70 721	67 025
Current liabilities	171 632	248 723	36 829	54 637
Equity	263 382	214 698	56 516	47 163
Equity attributable to owners of the parent	262 379	212 588	56 301	46 699
PLN/EUR exchange rate at the reporting date	4,6603	4,5523	4,6603	4,5523

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)
Continuing operations			
Net revenue			
Interest income on debt portfolios calculated using the effective interest method		125 622	152 387
Revaluation of debt portfolios	5	68 584	(33 438)
Other revenue / costs	5	6 095	10 451
Total net revenue		**200 301**	**129 400**
Direct expenses	6	(65 569)	(66 420)
General management expenses	6	(47 654)	(60 503)
Other operating expenses	7	(664)	(4 647)
Operating profit/(loss)		**86 414**	**(2 170)**
Finance income, including:	8	2 020	2 612
interest on instruments measured at amortised cost		264	1 267
Finance costs, including:	8	(32 788)	(44 276)
interest on instruments measured at amortised cost		(23 265)	(33 789)
Share in profit (loss) in entities valuated using equity method (+/-)		-	4 642
Profit/(loss) before tax		**55 646**	**(39 192)**
Income tax	9	(10 186)	3 331
Net profit/(loss) from continuing operations		**45 460**	**(35 861)**
Discontinued operations			
Net profit/(loss) from discontinued operations		-	-
Net profit/(loss)		**45 460**	**(35 861)**
Net profit attributable to:			
Owners of the parent		45 083	(36 539)
Non-controlling interests		377	678

Earnings/(loss) per share			
(in zł/gr per share)			
From continuing and discontinued operations:			
Basic	18.5	3,50	(2,83)
Diluted	18.5	3,50	(2,83)
From continuing operations:			
Basic	18.5	3,50	(2,83)
Diluted	18.5	3,50	(2,83)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Net profit/(loss)		**45 460**	**(35 861)**
Other comprehensive income to be reclassified to statement of profit or loss			
Cash-flows hedging instruments			
- gains/(losses) recognised in the period in other comprehensive income	28.4	(3 966)	(11 603)
- amounts transferred to profit or loss	28.4	8 379	3 081
- income tax	15	(838)	1 619
Total cash-flows hedging instruments		**3 575**	**6 903**
Exchange differences on translation of foreign operations		1 133	(541)
Total comprehensive income		**50 168**	**(43 305)**
Comprehensive income attributable to:			
- owners of the parent		49 791	(43 983)
- non-controlling interests		377	678

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/03/2021	31/03/2020
ASSETS			
Non-current assets			
Goodwill	10.1	10 623	10 623
Intangible assets	10.2	7 328	8 736
Property, plant and equipment	10.3	16 269	16 818
Investment property	11	11 987	15 490
Receivables and loans	14	441	269
Other non-current financial assets	12	2 756	3 848
Deferred tax assets	15	-	13 371
Non-current assets total		**49 404**	**69 155**
Current assets			
Trade and other receivables	10	8 777	22 793
Current income tax receivables		2 205	399
Purchased debt	13	628 615	643 504
Loans		29	30
Other current financial assets	12	460	351
Prepayments and accrued income	21	1 065	873
Cash and cash equivalents	17	74 041	31 433
Current assets total		**715 192**	**699 383**
Total assets		**764 596**	**768 538**

	Note	31/03/2021	31/03/2020 (restated)
EQUITY AND LIABILITIES			
EQUITY AND LIABILITIES			
Equity			
Share capital	18.1	12 897	12 897
Reserves		114 363	151 496
Revaluation reserve		(7 728)	(11 303)
Translation reserve	18.6	(2 670)	(3 803)
Retained earnings, including	18.7	145 517	63 301
- net profit attributable to owners of the parent		45 083	(36 539)
- profit carried forward		100 434	99 840
Equity attributable to owners of the parent		**262 379**	**212 588**
Non-controlling interests	18.9	1 003	2 110
Total equity		**263 382**	**214 698**
Non-current liabilities			
Loans and other debt instruments	19	323 689	297 364
Lease liabilities	20	4 416	7 744
Non-current accruals and deferred income		-	9
Deferred tax liabilities	15	1 477	-
Total non-current liabilities		**329 582**	**305 117**
Current liabilities			
Trade and other payables	23	12 495	30 890
Current income tax liabilities	24	-	6 000
Loans and other debt instruments	19	123 042	176 301
Lease liabilities	20	3 397	3 284
Derivative financial instruments	28.4	24 822	28 187
Other short-term provisions	25	3 372	915
Current accruals and deferred income	22	4 504	3 146
Total current liabilities		**171 632**	**248 723**
Total liabilities		**501 214**	**553 840**
Total equity and liabilities		**764 596**	**768 538**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)
Net cash (used in)/from investing activities			
Profit/(loss) before tax		55 646	(39 192)
Adjustments for:			
Depreciation of and impairment loss on property, plant and equipment	10.3	4 133	3 954
Amortisation and impairment of intangible assets	10.2	2 324	2 816
Purchased debt – difference between collections and interest income	13	96 996	95 758
Purchased debt – revaluation	5	(68 584)	33 438
Gain/(loss) on disposal of non-financial non-current assets		2 795	2 231
Finance costs		32 788	44 989
Finance income		(2 020)	(2 434)
Profit (loss) in associates		-	(4 642)
Currency translation differences	27	(75)	(2 733)
Other adjustments		1 542	11 662
Total adjustments		**69 899**	**185 039**
Change in receivables		12 039	6 812
Change in liabilities		(24 849)	5 560
Change in provisions, accruals and prepaid expenses		11 469	(14 511)
Cash generated by operations		**124 204**	**143 708**
Income taxes paid		(4 027)	-
Net cash (used in)/from operating activities		**120 177**	**143 708**
Net cash (used in)/from investing activities			
Purchase of debt portfolios	13	(13 052)	(31 136)
Sale of debt portfolios	13	600	3 463
Purchase of intangible assets	10.2	(1 098)	(2 446)
Purchase of property, plant and equipment	10.3	(4 365)	(1 275)
Purchase of investment property	11	(1 964)	(1 574)
Proceeds on disposal of investment property	11	2 671	-
Proceeds on disposal of other financial assets		844	1 200
Purchase of associates		-	(2 300)
Interest received		205	2 434
Other finance income		1 156	-
Net cash (used in)/from investing activities		**(15 003)**	**(31 634)**
Net cash (used in)/from financing activities			
Proceeds from loans		145 780	92 580
Proceeds on issue of debt securities		-	241 566
Redemption of debt securities		(8 346)	(367 957)
Payments under settlement of hedging transactions		(7 201)	27
Repayment of loans		(163 998)	(64 931)
Repayment of lease liabilities		(3 413)	(4 040)
Interest paid		(23 960)	(31 330)

	Note	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)
Dividends paid to owners		(1 428)	(1 082)
Net cash (used in)/from financing activities		**(62 566)**	**(135 167)**
Net increase/(decrease) in cash and cash equivalents		**42 608**	**(23 093)**
Cash and cash equivalents at beginning of period		**31 433**	**54 526**
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at end of period		**74 041**	**31 433**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 1 April 2020	**12 897**	**151 496**	**(11 303)**	**(3 803)**	**63 301**	**212 588**	**2 110**	**214 698**
Changes in equity								
Changes in the Group's structure (transactions with non-controlling interests)	-	-	-	-	-	-	(56)	(56)
Dividends	-	-	-	-	-	-	(1 428)	(1 428)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(1 484)**	**(1 484)**
Net profit	-	-	-	-	45 083	45 083	377	45 460
Cash-flow hedging instruments	-	-	3 575	-	-	3 575	-	3 575
Translation currency differences	-	-	-	1 133	-	1 133	-	1 133
Total comprehensive income	**-**	**-**	**3 575**	**1 133**	**45 083**	**49 791**	**377**	**50 168**
Allocation of profit	-	(37 133)	-	-	37 133	-	-	-
At 31 March 2021	**12 897**	**114 363**	**(7 728)**	**(2 670)**	**145 517**	**262 379**	**1 003**	**263 382**

	Share capital	Reserves	Revaluation reserve	Translation reserve	Retained earnings	Reserves created from retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 31 March 2019	**12 897**	**101 551**	**(4 400)**	**(3 262)**	**119 352**	**23 533**	**249 671**	**2 502**	**252 173**
Correction of error	-	-	-	-	6 842	-	6 842	-	6 842
At 1 April 2019	**12 897**	**101 551**	**(4 400)**	**(3 262)**	**126 194**	**23 533**	**256 513**	**2 502**	**259 015**
Changes in equity									
Changes in the Group's structure (transactions with non-controlling interests)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(1 082)	(1 082)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1 082)**	**(1 082)**
Net profit	-	-	-	-	(36 539)	-	(36 539)	678	(35 861)
Cash-flow hedging instruments	-	-	(6 903)	-	-	-	(6 903)	-	(6 903)
Translation currency differences	-	-	-	(541)	-	-	(541)	-	(541)
Total comprehensive income	**-**	**-**	**(6 903)**	**(541)**	**(36 539)**	**-**	**(43 983)**	**678**	**(43 305)**
Other	-	62	-	-	-	(4)	58	12	70
Allocation of profit	-	-	-	-	(26 354)	26 354	-	-	-
At 31 March 2021	**12 897**	**101 613**	**(11 303)**	**(3 803)**	**63 301**	**49 883**	**212 588**	**2 110**	**214 698**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

1.1. Parent

Kredyt Inkaso Group (the "Group") is controlled by the parent – Kredyt Inkaso Spółka Akcyjna (the "Parent", the "Company").

Headquarters:	02-672 Warszawa, ul. Domaniewska 39
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)
KRS number:	0000270672
REGON number:	951078572
NIP number	922-254-40-99

PKD (Polish Classification of Economic Activities): 64.99.Z – Other financial service activities, except insurance and pension funding n.e.c.

The Parent'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 Group entities purchase debt portfolios both in Poland and abroad. The Group collects debt mainly from natural persons through an amicable or legal process.

1.2. Composition of Management Board and Supervisory Board of the Parent

As at the date of approval of these financial statements composition of management and supervisory bodies was as the following.

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:

Barbara Anna Rudziks	appointed as Vice-President of the Management Board on 6th of April 2020.
Tomasz Andrzej Kuciel	appointed as Member of the Management Board on 6th of April 2020.
Pan Jarosław Jerzy Orlikowski	tendered his resignation as Vice-President of the Management Board on 5th of June 2020.
Pani Iwona Jolanta Słomska	appointed as Vice-President of the Management Board on 17th of May 2021.

Supervisory Board:

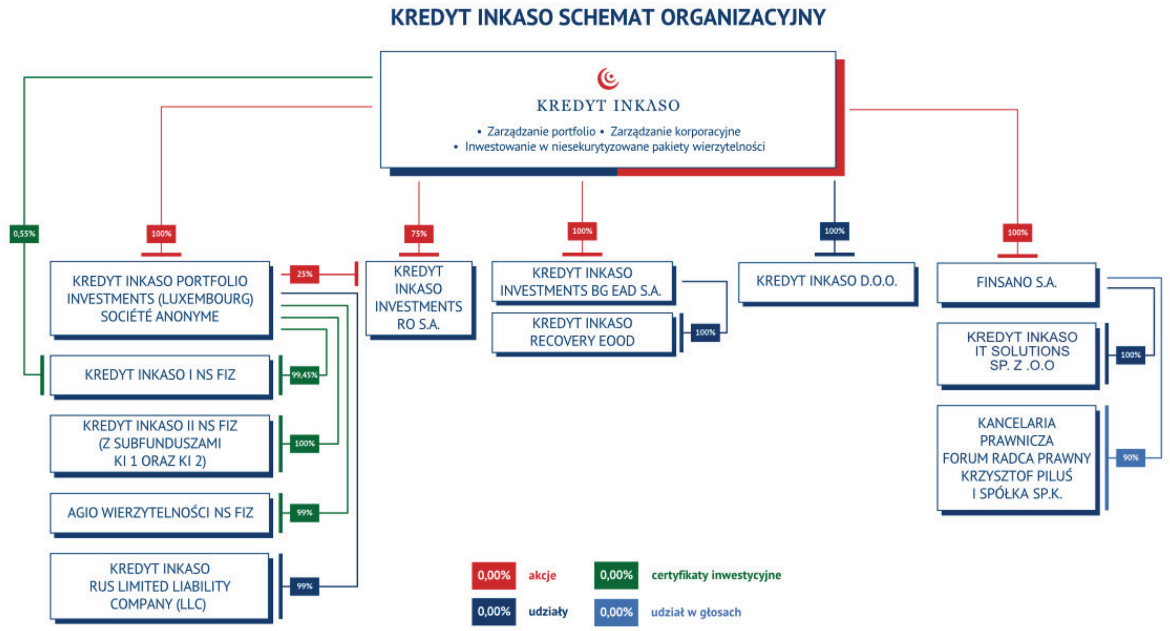
Bogdan Dzudzewicz	Chairman
Marcin Okoński	Deputy Chairman
Daniel Dąbrowski	Member
Karol Szymański	Member
Karol Sowa	Member

Changes in the composition of the Supervisory Board:

There were no changes in the composition of the Supervisory Board in the reporting period.

1.3. The Group

The organisational structure of the Group at the reporting date.



Kredyt Inkaso S.A. is the parent of the Group. The Group is composed of: Kredyt Inkaso S.A. as the parent and subsidiaries operating in Poland, Luxembourg, Romania, Bulgaria, Croatia and Russia.

Name of entity	Registered office	Ownership interest	Number of voting rights	Core business
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp.k.	Warsaw, Poland	84%	90%	Legal activities
Finsano S.A.	Warsaw, Poland	100%	100%	Holding activities and acquisition of property in the course of enforcement proceedings or collection activities, trade in such property, its development and commercialisation
Kredyt Inkaso IT Solutions Sp. z o.o. (previously: Legal Process Administration Sp. z o.o.)	Warsaw, Poland	100%	100%	Provision of IT services
Kredyt Inkaso Investments RO S.A.	Bucharest, Romania	100%	100%	Investing in debt portfolios, servicing of debt assets
Kredyt Inkaso Investments BG EAD S.A.	Sofia, Bulgaria	100%	100%	Investing in debt portfolios, servicing of debt assets
Kredyt Inkaso RUS Limited Liability Company (LLC)	Moscow, Russia	99%	99%	Investing in debt portfolios, servicing of debt assets
Kredyt Inkaso RECOVERY EOOD	Sofia, Bulgaria	100%	100%	Investing in debt portfolios, servicing of debt assets
Kredyt Inkaso d.o.o.	Zagreb, Croatia	100%	100%	Investing in debt portfolios, servicing of debt assets
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100%	100%	Investing in debt portfolios, investing in securities carrying risks based on debt claims
Kredyt Inkaso I NSFIZ	Warsaw, Poland	100%	100%	Investing in debt portfolios

Name of entity	Registered office	Ownership interest	Number of voting rights	Core business
Kredyt Inkaso II NSFIZ	Warsaw, Poland	100%	100%	Investing in debt portfolios
AGIO Wierzytelności NSFIZ	Warsaw, Poland	99%	99%	Investing in debt portfolios

The Group controls investment funds based on shares carrying the right to pass all resolutions at the Meeting of Investors.

Changes in the Group's structure:

i. Finsano S.A. acting as an acquiring company (article 492 § 1 point 1 of Commercial Code) merged with Kancelaria Forum S.A., KI Nieruchomości Sp. z o.o. oraz Finsano Consumer Finance S.A. by transferring all assets to acquiring company. The merger was registered in National Court Register on 29th of May 2020. The companies acquired were dissolved with no liquidation process.

ii. on 30th of April 2020 Russian company – Legal Practice Agency Limited Liability Company (LLC) – was sold.

iii. during the reporting period the following investments funds managed by Ipopema TFI S.A. were liquidated:

- Lumen Profit 6 NSFIZ
  date of removal from Investment Fund Register (Rejestr Funduszy Inwestycyjnych): 15th of October 2020 r.,
- Lumen Profit 7 NSFIZ
  date of removal from Investment Fund Register (Rejestr Funduszy Inwestycyjnych): 18th of December 2020),
- Lumen Profit 8 NSFIZ
  date of removal from Investment Fund Register (Rejestr Funduszy Inwestycyjnych): 15th of October 2020,
- Lumen Profit 9 NSFIZ
  date of removal from Investment Fund Register (Rejestr Funduszy Inwestycyjnych): 19th of October 2020,
- Lumen Profit 10 NSFIZ
  date of removal from Investment Fund Register (Rejestr Funduszy Inwestycyjnych): 26th of October 2020,
- Lumen Profit 12 NSFIZ
  date of removal from Investment Fund Register (Rejestr Funduszy Inwestycyjnych): 22nd of October 2020.

iv. on 6th of April 2021 process of liquidation of Bulgarian company Kredyt Inkaso Recovery EOOD was started, the company did not perform operating activities; the liquidation is related to simplifying Group's structure.

v. on 31st of May 2021 Finsano S.A. acquired 100% shares in Advisers sp. z o.o.; entity holding permit from 28th of October 2020 for managing securitized debt purchased by investment funds

vi. on 21st of June 2021 company Legal Process Administration Sp. z o.o. changed its name to Kredyt Inkaso IT Solutions Sp. z o.o.

2. Basis of preparation of the consolidated financial statements and accounting policies

2.1. Basis of preparation of the consolidated financial statements

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

- comparative information for the 12 months ended 31 March 2020 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 2020 for the statement of financial position.

These full-year consolidated 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"). 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 Group 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 consolidated financial statements is the Polish złoty and all amounts are expressed in thousands of Polish złoty, unless indicated otherwise.

The consolidated financial statements for the comparative period ended 31 March 2021 include the financial statements of the Parent and the financial statements of its subsidiaries.

These full-year consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future. At the date of authorisation of these full-year consolidated financial statements for issue, no facts or circumstances existed that would indicate any threat to the Group companies continuing as going concern.

All the companies comprising the Group have been established for indefinite time. For consolidation purposes, the financial statements of all subordinates have been prepared for the same period as the Parent's financial statements, using uniform accounting policies. These consolidated financial statements include adjustments to ensure that the financial statements of individual Group companies comply with IAS.

2.2. Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and the related interpretations issued in the form of the European Commission's regulations, as well as 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.

2.3. Material judgements and estimates

In the preparation of the full-year consolidated financial statements, the Parent'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 consolidated financial statements are presented below.

Useful lives of non-current assets

- Each year, the Parent 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 Group for depreciation purposes reflect the period in which future economic benefits associated with the assets are expected to flow to the Group 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.

Deferred tax assets

- The probability of utilising a deferred tax asset against future taxable profit is determined in relation to the Group companies' budgets approved by the Management Board of the Parent. If the financial performance forecast indicates that the Group companies will generate taxable income, deferred tax assets are recognised in full amount.

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 Group 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 Group 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 Group'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.
- Portfolio valuation is presented in note 13. Purchased debt.

2.4. Accounting policies

The most important accounting policies applied by the Group are presented below.

2.4.1. Consolidation principles

These consolidated financial statements include the Parent's financial statements and the financial statements of the entities controlled by the Parent, including investment funds. The Group controls an investee, if it has:

- power over the investee,
- exposure, or rights, to variable returns from its involvement with the investee,
- the ability to use its power over the investee to affect the amount of its returns.

The Group reviews whether it has control of investees if there is an indication of change in one or more of the elements of control.

A subsidiary is consolidated when the Group acquires control over it and is deconsolidated when the control is lost. Income and costs of a subsidiary acquired or sold during the year are recognised in the consolidated statement of profit or loss and other comprehensive income in the period from the date of acquisition of control by the Company until the date of loss of control over such subsidiary.

The profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Comprehensive income of subsidiaries is also attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

If needed, appropriate adjustments are made to the financial statements of subsidiaries to ensure conformity of their accounting policies with the Group's accounting policies.

Subsidiaries whose financial statements are immaterial to the consolidated financial statements of the Group, may be excluded from consolidation. Investments in subsidiaries classified as held for sale are recognised in accordance with IFRS 5.

During consolidation, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in whole. In cases where the Group members include associates which are not consolidated, the Group applies the equity method (IAS 28). Associates are measured at net asset value at the reporting date.

Subsidiaries

All entities over which the Group has control are considered subsidiaries.

Associates

An investment in an associate is an investment in an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

Significant influence

It is presumed that an investor has significant influence on an investee, if an investor holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude a given investor from having significant influence.

The existence of significant influence by an investor on an entity is usually evidenced in one or more of the following ways:

a. representation on the board of directors or equivalent governing body of the investee;

b. participation in policy-making processes, including participation in decisions about dividends or other distributions;

c. material transactions between the investor and the investee;

d. interchange of managerial personnel; or

e. provision of essential technical information.

Investments in associates are measured with the equity method.

Investments in associates are measured with the equity method. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the change in the investor's share of net assets of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

Consolidation procedures

In preparing consolidated financial statements, the financial statements of the Parent and its subsidiaries are combined line by line by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:

a. the carrying amount of the Parent's investment in each subsidiary and the Parent's part of equity of each subsidiary are eliminated;

b. non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and

c. non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Parent's ownership interests in them. Non-controlling interests in the net assets consist of::

    1. the amount of those non-controlling interests at the date of the original combination calculated in accordance with IFRS 3; and

2. the non-controlling interests' share of changes in equity since the date of the combination.

When potential voting rights exist, the proportions of profit or loss and changes in equity allocated to the Parent and non-controlling interests are determined on the basis of present ownership interests and do not reflect the possible exercise or conversion of potential voting rights.

Non-controlling interests are presented as a separate item under equity and represent the part of a subsidiary's comprehensive income and net assets that is not held by the Group. The Group attributes total comprehensive income of subsidiaries between the owners of the Parent and non-controlling interests based on their respective ownership interests.

Prior to 1 January 2010, the excess of losses attributable to non-controlling interests over the value of non-controlling interests was allocated to the Parent. In accordance with IFRS 10 the Group did not restate any loss attribution retrospectively, thus the subsequently reported profits of subsidiaries were first attributed to the Parent, until the non-controlling interests' share of losses previously absorbed by the Parent has been recovered.

Transactions with non-controlling interests not resulting in a loss of control by the Parent are treated by the Group as equity transactions:

- partial disposal to non-controlling interests – any difference between the selling price and the carrying amount of the subsidiary's net assets attributable to the interests sold to the non-controlling interests is recognised directly in equity under retained earnings.
- acquisition of shares from non-controlling interests – any difference between the cost and the carrying amount of the net assets purchased from the non-controlling interests is recognised directly in equity under retained earnings.

Change of the Group's ownership interest in subsidiaries

If the Group loses control of a subsidiary, it recognises, in the statement of profit or loss, a profit or loss calculated as the difference between (i) the aggregate amount of consideration received and the fair value of retained interests, and (ii) at the date when control is lost – the carrying amount of assets (including goodwill) and liabilities of that subsidiary and non-controlling interests. All amounts related to that subsidiary, originally disclosed in other comprehensive income, are accounted for as if the Group directly sold the respective assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or to other category of equity in accordance with the relevant IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition to enable potential recovery of the cost incurred on initial recognition of an investment in an associate or a financial asset in accordance with IFRS 9.

Business combinations

Acquisitions of other entities are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for the acquisition of control over the acquiree. Acquisition-related costs are charged to profit or loss when they are incurred.

Identifiable assets and liabilities are measured at fair value at the acquisition date, with the following exceptions:

- assets and liabilities related to deferred tax or employee benefit agreements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits;
- liabilities or equity instruments related to share-based payment arrangements involving shares in the acquiree or the Group, which are to replace the corresponding agreements applicable at the acquiree, are measured in accordance with IFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) classified as held for sale under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is calculated as the excess of the aggregate of consideration transferred, non-controlling interests in the acquiree and the fair value of shares previously held by the acquirer in the acquiree over the fair value of acquired identifiable net assets and liabilities at the acquisition date. If after a revaluation the net value of identifiable assets and liabilities at the acquisition date exceeds the aggregate of consideration transferred, non-controlling interests in the acquiree and the fair value of shares previously held by the acquirer in the acquiree, the surplus is recognised directly in profit or loss as a gain on a bargain purchase.

Components of non-controlling interests that are ownership interests and entitling their holders to a proportionate share of an entity's net assets in the event of liquidation may be initially measured at fair value or at the non-controlling interests' proportionate share in the acquiree's identifiable net assets. The method of measurement is selected individually for each acquisition transaction. All other components of non-controlling interests are measured at fair value or using another measurement basis required by IFRS.

If the consideration transferred in a business combination includes any asset or liability resulting from a contingent consideration arrangement, the consideration is measured at the acquisition-date fair value of contingent consideration and recognised as part of the consideration transferred in a business combination. Any changes in the fair value of the contingent consideration that qualify as measurement period adjustments are accounted for retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and any revaluation gain or loss is recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.4.2. 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 quoted 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 – ING Bank Śląski S.A., from the first listing 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.

The following exchange rates of the key foreign currencies were adopted during the preparation of these financial statements:

31 March 2021	Average exchange rate	Exchange rate at the end of the reporting period
1 RON	0,9289	0,9462
1 BGN	2,3101	2,3827
1 RUB	0,0517	0,0525
1 EUR	4,5181	4,6603
31 March 2020	**Average exchange rate**	**Exchange rate at the end of the reporting period**
1 RON	0,9076	0,9429
1 BGN	2,2120	2,3275

1 RUB	0,0595	0,0528
1 EUR	4,3264	4,5523

2.4.3. Operating segments

An operating segment is a component of an entity:

a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

c. for which discrete financial information is available.

Operations of the Group are divided into:

a. debt trading segment, which covers the wholesale trade in debt resulting from universal services,

b. credit management segment, which covers the management of debt portfolios and debt collection, in the form of both soft and hard collection, i.e. legal services provided by an internal law firm,

c. corporate functions, which provide for reconciliation and cover activities related to management and administration, other support functions and other operations not assigned to the identified segments.

Segment revenue is revenue reported in the consolidated statement of comprehensive income that is directly attributable to a segment and the relevant part of revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant part of the Group's expense that can be allocated on a reasonable basis to the segment, including expenses relating to sales to external customers and expenses relating to transactions with other segments. Segment profit or loss is determined at the operating result level.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. In particular, segment assets do not include income tax assets.

Segment revenue, result and assets are determined before elimination of intersegment transactions.

2.4.4. Goodwill

Goodwill is measured at the end of the reporting period at cost less accumulated impairment losses and decreases resulting from disposal of part of equity interests to which it was previously allocated. An impairment loss recognised for goodwill is not reversed.

Goodwill is tested for impairment at the end of each reporting period.

2.4.5. 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 resulting from a separate transaction. After initial recognition, intangible assets are carried at their cost 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:

system software:	production software
30%, 33% lub 50%	**20, 30% lub 50%**

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.

2.4.6. Property, plant and equipment

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

- are held by the Group 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 Group 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%
- Telecommunication 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.

2.4.7. Investment properties

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.

2.4.8. 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.

2.4.9. Investments in associates

If an entity's share of losses of an associate equals or exceeds its interest in the associate, the entity discontinues recognising its share of further losses, unless it incurred obligations or made payments on behalf of the associate. When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. At the end of each reporting period, the Group assesses whether there is any indication of impairment of its net investment in an associate. If such indication is found, the Group estimates the recoverable amount, i.e. the higher of the value in use or the fair value less costs to sell. When the carrying amount of an asset is higher than its recoverable amount, the Group recognises an impairment allowance in the statement of profit or loss.

2.4.10. Financial assets

A financial asset is recognised in the statement of financial position when the Group 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 Group.

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

i. financial assets at amortised cost,
ii. financial assets at fair value through other comprehensive income,
iii. financial assets at fair value through profit or loss,
iv. 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.

i. 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.

Purchased 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 Group'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 Group 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 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 reporting 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 reporting period.

Purchases of debt portfolios entails credit risk.

Trade and other receivables

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

ii. 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:

a) are classified as held for trading,
b) 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:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch); or
(ii) 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
(iii) the assets contain embedded derivatives which should be presented separately.

iii. 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:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. 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.

iv. 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.

Hedge accounting

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

a. the hedging relationship consists of eligible hedging instruments and eligible hedged items;

b. before the application of hedge accounting formal documentation was prepared;
c. The hedging relationship meets all of the following hedge effectiveness requirements:
    i. there is an economic relationship between the hedged item and the hedging instrument;
    ii. the effect of credit risk does not dominate the value changes that result from that economic relationship;
    iii. 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.

Cash flow hedging derivatives

A cash flow hedging derivative is a derivative instrument that:

a. 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
b. 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 Group 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 Group 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. 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.

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. Statutory reserve fund

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

2.4.16. Non-controlling interests

The Group measures all non-controlling interests in proportion to the interests in identifiable net assets of the acquiree.

2.4.17. Revaluation reserve, reserve from revaluation of financial assets to fair value through other comprehensive income

The revaluation reserve arises in connection with the measurement of financial assets and equity instruments at fair value through other comprehensive income and comprises the amounts of remeasurement causing both an increase and a decrease in fair value. Revaluation reserve also includes the effect of hedge accounting.

At derecognition of an equity instrument, any net cumulative gains or losses recognised in revaluation reserve are charged to profit or loss carried forward.

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 Group's knowledge will be effective in the year when the liabilities will be reversed.

2.4.19. Provisions for employee benefits

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 Group presents retirement benefits.

Short-term employee benefits

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

Unused paid leaves

The Group 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.

Retirement benefits

In accordance with the labour law, employees of the Group 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 Group 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.

Overpayments

Group 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 Group 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 Group 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 Group 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 include gains on transactions in investment property.

2.4.24. General management expenses

General management expenses consist of all Group's expenses which were not attributed to direct or other operating expenses provided that were made with relation to operating activities.

2.4.25. Direct expenses

Direct expenses include costs of contact centre and other expenses related to purchased debt management.

2.4.26. Finance costs

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

2.4.27. 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.

2.4.28. Statement of cash flows

The Group prepares the statement of cash flows with the indirect method. Cash flows arising from debt portfolios purchased by the Group 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 2020/21:

- Amendments to IAS 1, presentation of financial statements, and IAS 8, accounting policies, changes in accounting estimates and errors, definition of materiality (applicable to annual periods beginning on or after 1 January 2020),
- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2020),
- Amendments to the IFRS Conceptual Framework (effective for annual periods beginning on or after 1 January 2020).

The above new or amended standards and interpretations applied for the first time did not have a significant impact on the Group'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 – it is not possible to deduct from the cost of property, plant and equipment amounts received from the sale of components produced during the preparation of the asset for intended use (applicable to annual periods beginning on or after 1 January 2022),
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 "Presentation of Financial Statements" – Classification of liabilities as current and non-current (applicable to 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 amendments (applicable to annual periods beginning on or after 1 January 2022),
- Amendments to IFRS 16 "Leases" – reliefs in lease payments related to COVID-19 (applicable to annual periods beginning on or after 1 June 2020,
- Amendments to IAS 37, provisions, contingent liabilities and contingent assets: the method of determining whether a contract is an onerous contract (applicable to annual periods beginning on or after 1 January 2022),

- 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 (applicable for annual periods beginning on or after 1 January 2021).

The Group decided against the early application of the above new standards and amendments to existing standards. The Group 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 consolidated financial statements are consistent with those applied to prepare the most recent full-year consolidated financial statements at and for the year ended 31 March 2020, save for those described below.

Changes in the presentation

1. Change in structure of costs by type

For the quarter ended March 31, 2020. The Group analysed costs by type in terms of their place of origin, as a result of which the key for dividing costs between the costs of its operations and management costs changed.

In order to achieve comparability of the data presented in the current financial statements, operating expenses for the 12 months of the previous financial year were restated according to the new methodology, and the impact of this change in presentation on comparative data for the period from April 1, 2019 to March 31, 2020 is presented in the table below.

2. Change in the presentation of deviations between actual and forecast collections

As of the quarter ended March 31, 2020. The Group separates from the amount of interest income from debt packages the amount of deviations between the actual payments of debtors and the forecasted payments in the valuation of debt packages and recognizes it separately as a component of the revaluation of the portfolios. The Group recalculated the deviations of actual payments presented as at 31 March 2020 and the impact of this change in presentation on comparative data for the comparable period from 1 April 2019 to 31 March 2020 is presented in the table below

3. Change in the presentation of court and enforcement fees

In previous reporting periods, court and enforcement fees incurred first increased the value of debt packages in the Group's balance sheet, and then were amortized and recognized in the profit and loss account as amortization of debt packages reducing interest income.

Starting from the quarter ended 31 March 2021, in order to ensure that the presentation of these fees is consistent with the manner used by other leading entities operating in the debt management industry, the Group has changed the presentation of court and enforcement fees incurred related to the recovery of debt packages and presents these values in operating expenses.

Impact of this change for the comparable period from April 1, 2019 to March 31, 2020 is shown in the table below.

4. Change in the presentation of supplementary capital

As of 31 December 2020, the Parent Entity changed the presentation of the supplementary capital. The Parent Entity decided to present in the item "Supplementary capital" together the following integral parts of the supplementary capital, which had previously been shown separately: supplementary capital derived from the surplus from the sale of shares above their nominal value and supplementary capital created from profit. The impact of this change in presentation on the comparative data of the previous year is presented in the table below.

Impact of changes in comparative data restatement on the consolidated statement of profit or loss for the period from 1 April 2019 to 31 March 2020

	01/04/2019-31/03/2020 (before restatement)	Change in structure of costs by type	Change in the presentation of court and enforcement fees	Change in the presentation of deviations between actual and forecast collections	01/04/2019-31/03/2020 (restated)
Continuing operations					
Net revenue					
Interest income on debt portfolios calculated using the effective interest method	143 358	-	23 385	(14 356)	152 387
Revaluation of debt portfolios	(47 794)	-	-	14 356	(33 438)
Other revenue / costs	10 451	-	-		10 451
Total net revenue	**106 015**	**-**	**23 385**	**-**	**129 400**
Direct expenses	(74 064)	31 029	(23 385)	-	(66 420)
General management expenses	(29 474)	(31 029)	-	-	(60 503)
Other operating expenses	(4 647)	-	-	-	(4 647)
Operating profit/(loss)	**(2 170)**	**-**	**-**	**-**	**(2 170)**

Impact of changes in comparative data restatement on the statement of financial position as at 31 March 2020

	31/03/2020 (before restatement)	Change in the presentation of supplementary capital	31/03/2020 (restated)
EQUITY AND LIABILITIES			
EQUITY AND LIABILITIES			
Equity			
Share capital	12 897	-	12 897
Reserves	-	151 496	151 496
- reserve capital	49 883	(49 883)	-
- agio	101 613	(101 613)	-
Revaluation reserve	(11 303)	-	(11 303)
Translation reserve	(3 803)	-	(3 803)
Retained earnings, including	63 301	-	63 301
- net profit attributable to owners of the parent	(36 539)	-	(36 539)
- profit carried forward	99 840	-	99 840
Equity attributable to owners of the parent	**212 588**	**-**	**212 588**
Non-controlling interests	2 110	-	2 110
Total equity	**214 698**	**-**	**214 698**

Impact of changes in comparative data restatement on the cash flow statement for the period from 1 April 2019 to 31 March 2020

	01/04/2019-31/03/2020 (before restatement)	Change in the presentation of supplementary capital	01/04/2019-31/03/2020 (restated)
Net cash (used in)/from investing activities			
Profit/(loss) before tax	(39 192)		(39 192)
Adjustments for:			
Depreciation of and impairment loss on property, plant and equipment	3 954	-	3 954
Amortisation and impairment of intangible assets	2 816	-	2 816
Purchased debt – difference between collections and interest income	119 143	(23 385)	95 758
Purchased debt – revaluation	33 438	-	33 438
Gain/(loss) on disposal of non-financial non-current assets	2 231	-	2 231
Finance costs	44 989	-	44 989
Finance income	(2 434)	-	(2 434)
Profit (loss) in associates	(4 642)	-	(4 642)

	01/04/2019-31/03/2020 (before restatement)	Change in the presentation of supplementary capital	01/04/2019-31/03/2020 (restated)
Currency translation differences	(2 733)	-	(2 733)
Other adjustments	11 662	-	11 662
Total adjustments	**208 424**	**(23 385)**	**185 039**
Change in receivables	6 812	-	6 812
Change in liabilities	5 560	-	5 560
Change in provisions, accruals and prepaid expenses	(14 511)	-	(14 511)
Cash generated by operations	**167 093**	**(23 385)**	**143 708**
Income taxes paid	-	-	-
Net cash (used in)/from operating activities	**167 093**	**(23 385)**	**143 708**
Net cash (used in)/from investing activities			
Purchase of debt portfolios	(54 521)	23 385	(31 136)
Sale of debt portfolios	3 463	-	3 463
Purchase of intangible assets	(2 446)	-	(2 446)
Purchase of property, plant and equipment	(1 275)	-	(1 275)
Purchase of investment property	(1 574)	-	(1 574)
Proceeds on disposal of investment property	-	-	-
Proceeds on disposal of other financial assets	1 200	-	1 200
Purchase of associates	(2 300)	-	(2 300)
Interest received	2 434	-	2 434
Other finance income	-	-	-
Net cash (used in)/from investing activities	**(55 019)**	**23 385**	**(31 634)**
Net cash (used in)/from financing activities			
Proceeds from loans	92 580	-	92 580
Proceeds on issue of debt securities	241 566	-	241 566
Redemption of debt securities	(367 957)	-	(367 957)
Payments under settlement of hedging transactions	27	-	27
Repayment of loans	(64 931)	-	(64 931)
Repayment of lease liabilities	(4 040)	-	(4 040)
Interest paid	(31 330)	-	(31 330)
Dividends paid to owners	(1 082)	-	(1 082)
Net cash (used in)/from financing activities	**(135 167)**	**-**	**(135 167)**
Net increase/(decrease) in cash and cash equivalents	**(23 093)**	**-**	**(23 093)**
Cash and cash equivalents at beginning of period	**54 526**	**-**	**54 526**
Effect of foreign exchange rate changes	-	-	-
Cash and cash equivalents at end of period	**31 433**	**-**	**31 433**

2.8. Seasonality and cyclicality of business

There was no seasonality or cyclicality of the Group's business.

3. Operating segments

The Group's operations are allocated to:

- debt trading segment, which covers the purchase of high-volume debt resulting from universal services, i.e. collection of purchased debt;
- debt portfolios management segment, which covers the management of debt portfolios and debt collection, in the form of both soft and hard collection, and legal services provided to third parties;
- corporate functions, which provide for reconciliation and cover activities related to management and administration, other support functions and other operations not assigned to the identified segments.

No changes occurred in the classification of segments relative to the comparative period.

The above division is based on the model of the Group's operations and the criterion of materiality of revenue.

Allocation of the Group companies to operating segments is presented in the table below.

Company name	Operating segment
Kredyt Inkaso S.A.	debt portfolios management
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	debt trading
Kredyt Inkaso I NSFIZ	debt trading
Kredyt Inkaso II NSFIZ	debt trading
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp.k.	debt portfolios management
Finsano S.A.	corporate functions
Kredyt Inkaso IT Solutions Sp. z o.o. (previously: Legal Process Administration Sp. z o.o.)	corporate functions
Kredyt Inkaso Investments RO S.A.	debt trading
Kredyt Inkaso Investments BG EAD S.A.	debt trading
Kredyt Inkaso RUS Limited Liability Company (LLC)	debt trading
Kredyt Inkaso RECOVERY EOOD	debt trading
Kredyt Inkaso d.o.o. za usluge	debt trading
Agio Wierzytelności NSFIZ	debt trading

From 01.04.2020 to 31.03.2021	Debt trading	Debt portfolios management	Corporate functions	Consolidation eliminations	Total
Net revenue	171 026	31 139	(1 864)	-	200 301
Net inter-segment revenue	6 494	30 116	11 863	(48 473)	-
Total net revenue	**177 520**	**61 255**	**9 999**	**(48 473)**	**200 301**
Operating expenses	(84 956)	(65 661)	(11 079)	48 473	(113 223)
Other operating expenses	(154)	(328)	(182)	-	(664)
Segment operating profit/(loss)	**92 410**	**(4 734)**	**(1 262)**	**-**	**86 414**
Finance income					2 020
Finance costs					(32 788)
Profit before tax					**55 646**
Income tax					(10 186)
Net profit					**45 460**

From 01.04.2019 to 31.03.2020 *(restated)*	Debt trading	Debt portfolios management	Corporate functions	Consolidation eliminations	Total
Net revenue	122 345	5 286	1 769	-	129 400
Net inter-segment revenue	8 395	34 930	13 455	(56 780)	-
Total net revenue	**130 740**	**40 216**	**15 224**	**(56 780)**	**129 400**
Operating expenses	(103 582)	(67 635)	(12 486)	56 780	(126 923)
Other operating expenses	(1 251)	(1 347)	(2 049)	-	(4 647)
Segment operating profit/(loss)	**25 907**	**(28 766)**	**689**	**-**	**(2 170)**
Finance income					2 612
Finance costs					(44 276)
Share in profit (loss) of associates					4 642
Profit before tax					**(39 192)**
Income tax					3 331
Net profit					**(35 861)**

	Debt trading	Debt portfolios management	Corporate functions	Consolidation eliminations	Total
As at 31.03.2021					
Segment assets	194 175	524 410	83 940	(37 929)	**764 596**
Segment liabilities	86 720	439 409	13 014	(37 929)	**501 214**
Equity	107 455	85 001	70 926	-	**263 382**
As at 31.03.2020					
Segment assets	226 269	580 532	33 270	(71 533)	**768 538**
Segment liabilities	133 014	476 102	16 282	(71 558)	**553 840**
Equity	93 255	104 430	16 988	25	**214 698**

All assets are allocated to reported segments. Goodwill was allocated to reported segments. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual operating segments.

All liabilities are allocated to reported segments. Liabilities attributable to different operating segments are allocated in proportion to the value of segment assets.

4. Geographical information

The Group identifies the following main geographical areas:

- a. **Poland**
- b. **Romania**
- c. **Russia**
- d. **Bulgaria**
- e. **Croatia**

The Group's revenue from collections from external customers by geographical location and information about the carrying amount of debt portfolios generating collections from debtors are detailed below.

Collections from debtors by geographical regions	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Poland	141 686	142 169
Romania	38 672	50 823
Russia	24 138	31 346
Bulgaria	17 710	23 205
Croatia	412	602
Total	**222 618**	**248 145**

Carrying amount of purchased debt by geographical location

	31/03/2021		31/03/2020	
	Carrying amount	Percentage share	Carrying amount	Percentage share
Poland	469 752	75%	464 061	72%
Romania	93 814	15%	104 387	16%
Russia	19 396	3%	24 809	4%
Bulgaria	44 336	7%	48 849	8%
Croatia	1 317	0%	1 398	0%
Total	**628 615**	**100%**	**643 504**	**100%**

The Group did not identify major customers which would individually contribute 10% or more to its total revenue.

5. Net revenue

5.1 Revaluation of debt portfolios

Revaluation of debt portfolios	**01/04/2020-31/03/2021**	**01/04/2019-31/03/2020 (restated)**
Revision of projection	35 460	(11 698)
Differences to actual payments	31 688	(33 689)
Extension of projected collections	1 477	6 283
Exchange rate variation	(41)	5 666
Total	**68 584**	**(33 438)**

Revaluation of portfolios includes the following components:

i. Review of future collection projection:
   - Update of collections curves in future periods, taking into account the historical implementation of collections and collections plans resulting from statistical models – in the year ended 31 March 2021 This update includes, in particular, an increase in forecasts for future payments related to the significantly smaller than expected impact of the COVID-19 pandemic on debtors' payments;
   - for secured debt portfolios – postponement and/or change of amount or projected collections, where enforcement of claims against security was postponed;

ii. 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;

iii. Extension of forecast collections – extension by another year of forecast collections from debt packages to the standard 15-year recovery estimation period (in the financial year 2019/20 the period of estimation of collections was extended from 12 years to 15 years), with the exception of Bulgaria, where a 10-year recovery estimation period was adopted due to legislative changes introduced this year regarding the limitation period;

iv. Exchange rate variation – impact of the variation of exchange rates on debt portfolios denominated in foreign currencies.

5.2 Other revenue / costs

Other revenue / costs	**01/04/2020-31/03/2021**	**01/04/2019-31/03/2020**
Revenue from debt portfolios management	6 970	5 196
Net revenue from sale and repossession of property	(1 386)	1 504
Other revenue	1 031	3 751
Cost of provision for overpayments	(520)	-
Total	**6 095**	**10 451**

6. Costs

	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)
Direct expenses	65 569	66 420
General management expenses	47 654	60 503
Total	**113 223**	**126 923**

Costs by type	01/04/2020-31/03/2021	01/04/2019-31/03/2020 (restated)
Salaries, social insurance contributions and other benefits	41 223	43 024
External services	37 344	46 050
Court and enforcement fees	24 213	23 385
Depreciation and amortisation	6 457	6 770
Taxes and charges	1 852	2 538
Raw materials and energy used	1 272	2 151
Other costs by type	862	3 005
Total	**113 223**	**126 923**

7. Other operating costs

Other operating costs	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Impairment chargé	-	2 018
Other costs	664	2 629
Total	**664**	**4 647**

8. Finance income and costs

Finance income	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Interest income on financial assets measured at amortised cost	264	1 267
Ineffective part of financial risk hedge	130	-
Foreign exchange gains	-	847
Other finance income	1 626	498
Total	**2 020**	**2 612**

Finance costs	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Interest expense for financial liabilities	23 265	33 789
Other interest, including	810	1 824
- on lease liabilities	638	714
Interest expense on derivative hedging instruments	8 379	3 081
Ineffective part of financial risk hedge	-	4 830
Other finance costs	197	752
Foreign exchange losses	137	-
Total	**32 788**	**44 276**

9. Income tax

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Current income tax		
Current year	3 824	(10 558)
Previous years	-	-
Current income tax	**3 824**	**(10 558)**
Deferred income tax		
Current year	(14 010)	13 889
Deferred tax transferred from equity to profit or loss	-	-
Deferred income tax	(14 010)	13 889
Total income tax expense recognised in the current year relating to continuing operations	**(10 186)**	**3 331**

Tax rates applied by Group companies

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Poland	19%	19%
Romania	16%	16%
Bulgaria	10%	10%
Luxembourg	29%	29%
Russia	20%	20%
Croatia	12%	12%

The profit of the Group is generated in particular by closed-end investment funds whose income is exempt from corporate income tax under targeted exemption.

	31/03/2021	31/03/2020
Profit from continuing operations before tax	**55 646**	**(39 192)**
Income tax at 19%	**(10 573)**	**7 500**
Difference between foreign tax rates and 19%	109	(39)
Non-taxable income	85 101	31 235
Tax revenues not recognised as accounting revenues	(630)	(10 653)
Non-tax-deductible expenses	(75 843)	(58 275)
Tax loss carried forward	(59)	(1 174)
Write-off of tax losses	(8 393)	-
Tax effect of tax rate change	-	19
Correction of prior period items	127	-
Utilisation of tax losses	-	121
Tax expense not recognised as accounting expenses	962	29 517
Other items with an impact on the amount of tax expense	12	5 060
Income tax expense recognised in profit or loss from continuing operations	**(10 187)**	**3 331**

10. Intangible assets and property plant and equipment

10.1. Goodwill

	31/03/2021	31/03/2020
Goodwill		
Kancelaria Forum S.A. (*)	-	5 643
Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.	62	62
KI Nieruchomości Sp. z o.o. (*)	-	19
Kredyt Inkaso RUS Limited Liability Company	4 899	4 899
Finsano S.A. (*)	5 662	-
Total	**10 623**	**10 623**

(*) As a result of the merger of Finsano S.A. with the following companies: Kancelaria Forum S.A., KI Nieruchomości Sp. z o.o. and Finsano Consumer Finance S.A., goodwill recognized in Kancelaria Forum S.A. and KI Nieruchomości Sp. z o.o. was transferred to the assets of Finsano S.A.

As at the balance sheet date, the Group performed impairment tests for goodwill and did not recognize any reasons to recognize impairment of goodwill. The tests cover the carrying amount of the cash-generating unit and, in the event of impairment, impairment losses are applied first to goodwill and are not reversed.

The following cash-generating units were tested for impairment of goodwill:

i. Kredyt Inkaso RUS Limited Liability Company (LLC),

ii. Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k. (in which voting rights and profit rights are held by Finsano S.A.)

It was assumed that the cash-generating centre for the above investments is the enterprise operating as a whole, as it is not possible to separate smaller integral parts that could function independently generating cash inflows.

Tests for impairment of goodwill are presented in the table below:

	31/03/2021	
Entity to which goodwill has been assigned	Finsano S.A	Kredyt Inkaso RUS Limited Liability Company (LLC)
	The goodwill arose through the acquisition in 2010 by the subsidiary Kancelaria Forum S.A. of shares in Kancelaria Prawnicza Forum radca prawny Krzysztof Piluś i spółka Sp. k. with its registered office in Warsaw, and then the merger in 2020 of Kancelaria Forum S.A. with Finsano S.A., KI Nieruchomości Sp. z o.o. and Finsano Consumer Finance S.A., where Finsano S.A. was the acquiring company.	The goodwill was created through the acquisition of shares in Kredyt Inkaso RUS Limited Liability Company (LLC) (formerly: Mark Collect Limited Liability Company (LLC)), with its registered office in the business center Sheremetyevo-2 Airport, Moscow Oblast by a subsidiary Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.
Carrying amount of goodwill attributable to the cash-generating unit	5 643	4 899

	31/03/2021	
Cash-generating unit	Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k.	Kredyt Inkaso RUS Limited Liability Company (LLC)
Basis for valuation of the recoverable amount of a given centre, determined on the basis of its value in use	12 810	68 370
Discount rate used in forecasts	8,36%	
Description of the individual key assumptions on the basis of which cash flow forecasts for the period covered by the most recent budget/forecast were prepared	• The business model will not change • Detailed cash flow forecasts cover the next 5 years • Revenues and expenses grow proportionally by 5% per annum in the period of a detailed forecast • 0% growth rate to extrapolate cash flow forecasts beyond the period covered by the most recent projections • Capital expenditures in the period of detailed forecast remain in the amount of depreciation write-offs of fixed assets (replacement investments) • tax rate 19%	• The business model will not change • Detailed cash flow forecasts cover the next 5 years • Revenues and expenses remain constant during the detailed forecast period • 0% growth rate to extrapolate cash flow forecasts beyond the period covered by the most recent projections • Capital expenditures in the period of detailed forecast remain in the amount of depreciation write-offs of fixed assets (replacement investments) • tax rate 20%

10.2. Intangible assets

	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under construction	Total
As at 31.03.2021						
Gross carrying amount	11 734	4 298	3 627	382	141	20 182
Accumulated amortisation and impairment losses	(7 591)	(4 008)	(873)	(382)	-	(12 854)
Net carrying amount	**4 143**	**290**	**2 754**	**-**	**141**	**7 328**
As at 31.03.2020						
Gross carrying amount	11 713	3 927	1 860	382	1 149	19 031
Accumulated amortisation and impairment losses	(5 431)	(3 927)	(555)	(382)	-	(10 295)
Net carrying amount	**6 282**	**-**	**1 305**	**-**	**1 149**	**8 736**

	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under construction	Total
Net carrying amount at 01.04.2020	**6 282**	**-**	**1 305**	**-**	**1 149**	**8 736**
Increase (purchase, internal development, lease)	48	-	-	-	1 050	1 098
Decrease (disposal, liquidation) (-)	(182)	-	-	-	-	(182)
Intangible assets acquired	32	260	1 766	-	(2 058)	-
Depreciation (-)	(1 926)	(81)	(317)	-	-	(2 324)
Reclassification	(111)	111	-	-	-	-
Net carrying amount at 31.03.2021	**4 143**	**290**	**2 754**	**-**	**141**	**7 328**

	Patents and licences	Computer software	Development costs	Other intangible assets	Intangible assets under construction	Total
Net carrying amount at 01.04.2019	***3 167***	***484***	***209***	***87***	***5 402***	***9 349***
Increase (purchase, internal development, lease)		-	1 496	-	950	2 446
Decrease (disposal, liquidation) (-)	-	(153)	(90)	-	-	(243)
Intangible assets acquired	5 164	39	-	-	(5 203)	-
Depreciation (-)	(2 049)	(370)	(310)	(87)	-	(2 816)
Net carrying amount at 31.03.2020	**6 282**	**-**	**1 305**	**-**	**1 149**	**8 736**

10.3. Property, plant and equipment

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 31.03.2021						
Gross carrying amount	18 135	9 598	2 608	1 133	2 453	33 927
Accumulated amortisation and impairment losses	(6 553)	(8 676)	(1 540)	(889)	-	(17 658)
Net carrying amount	**11 582**	**922**	**1 068**	**244**	**2 453**	**16 269**
At 31.03.2020						
Gross carrying amount	18 436	6 717	2 972	3 365	66	31 556
Accumulated amortisation and impairment losses	(4 427)	(6 194)	(1 256)	(2 861)	-	(14 738)
Net carrying amount	**14 009**	**523**	**1 716**	**504**	**66**	**16 818**

Of which right of use assets.:

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
At 31.03.2021						
Gross carrying amount	11 120	-	426	-	-	11 546
Accumulated amortisation and impairment losses	(4 894)	-	(297)	-	-	(5 191)
Net carrying amount	**6 226**	**-**	**129**	**-**	**-**	**6 355**
At 31.03.2020						
Gross carrying amount	11 575	-	413	-	-	11 988

Accumulated amortisation and impairment losses	(2 569)	-	(170)	-	-	(2 739)
Net carrying amount	**9 006**	**-**	**243**	**-**	**-**	**9 249**

Changes in property, plant and equipment by type.

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
Net carrying amount at 01.04.2020	**14 009**	**523**	**1 716**	**504**	**66**	**16 818**
Increase (purchase, internal development, lease)	210	1 373	101	181	2 500	4 365
Decrease (disposal, liquidation) (-)	(331)	1	(314)	(24)	(113)	(781)
Acceptance of tangible asset	-	-	-	-	-	-
Depreciation (-)	(2 306)	(975)	(435)	(417)	-	(4 133)
Net carrying amount at 31.03.2021	**11 582**	**922**	**1 068**	**244**	**2 453**	**16 269**

Of which right of use assets.:

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
Net carrying amount at 01.04.2020	**9 006**	**-**	**243**	**-**	**-**	**9 249**
Increase	-		58			58
Decrease (-)	(500)	-	-	-	-	(500)
Depreciation (-)	(2 280)		(172)			(2 452)

Net carrying amount at 31.03.2021	**6 226**	**-**	**129**	**-**	**-**	**6 355**

Changes in property, plant and equipment by type.

	Buildings	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
Net carrying amount at 01.04.2019	**5 079**	**769**	**1 078**	**374**	**148**	**7 448**
Increase (purchase, internal development, lease)	11 694	85	422	48	1 077	13 326
Decrease (disposal, liquidation) (-)	-	(2)	-	-	-	(2)
Acceptance of tangible asset	-	196	785	178	(1 159)	-
Depreciation (-)	(2 764)	(525)	(569)	(96)	-	(3 954)
Net carrying amount at 31.03.2020	**14 009**	**523**	**1 716**	**504**	**66**	**16 818**

Of which right-of-use assets.

	Building s	Plant and equipment	Vehicles	Other tangible assets	Property, plant and equipment under construction	Total
Net carrying amount at 01.04.2019	**-**	**-**	**-**	**-**	**-**	**-**
Increase	11 575		413			11 988
Depreciation (-)	(2 569)		(170)			(2 739)

Net carrying amount at 31.03.2020	**9 006**	**-**	**243**	**-**	**-**	**9 249**

11. Investment properties

	31/03/2021	31/03/2020
Beginning of the reporting period	**15 490**	**15 963**
Additions from acquisition of property	1 964	1 574
Disposal of property	(2 671)	(1 792)
Revaluation	(2 796)	(255)
End of the reporting period	**11 987**	**15 490**

All of the Group's investment properties are owned by the Group.

In the period covered by these financial statements, the Group did not transfer any investment properties between measurement levels.

	Level 3	Fair value
Investment properties at 31 March 2021	11 987	11 987
Investment properties at 31 March 2020	15 490	15 490

12. Other financial assets

The Group presents the following investments under other financial assets:

	Current assets		Non-current assets	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Debt instruments	84	116	2 756	3 600
Other financial assets valued at amortised cost	-	-	-	248
Financial assets at fair value through profit or loss	376	235	-	-
Total	**460**	**351**	**2 756**	**3 848**

13. Purchased debt

Types of debt portfolios	31/03/2021	31/03/2020
Retail	373 429	384 083
Telecommunications	112 759	109 437
Corporate	25 777	27 957
Mortgage	35 673	37 357
Consumer loans	80 565	84 047
Insurance	380	589
Other	32	34
Total	**628 615**	**643 504**

Movements in debt portfolios	31/03/2020 -31/03/2021	31/03/2019 -31/03/2020 (restated)
At beginning of period	**643 504**	**716 802**
Assumed control over subsidiaries	-	26 666
Purchase of debt portfolios	13 052	31 136
Sale of debt portfolios	(600)	(3 463)
Revaluation	68 584	(33 689)
Translation reserve	1 071	1 559
Collections	(222 618)	(248 145)
Interest income on debt portfolios	125 622	152 638
At end of period	**628 615**	**643 504**

14. Receivables and loans

	31/03/2021	31/03/2020
Non-current assets		
Receivables	441	269
Loans	-	-
Receivables and non-current loans total	**441**	**269**

14.1. Trade receivables and other receivables

	31/03/2021	31/03/2020
Trade receivables	4 678	14 274
Receivables from other services	1 929	6 481
Other receivables	2 170	2 038
Total	**8 777**	**22 793**

Current receivables are due within 12 months and comprise mainly fees for management of external funds and are settled on time.

Impairment	31/03/2021	31/03/2020
Receivables – gross value	12 798	26 523
Impairment	(4 021)	(3 730)
Receivables net	**8 777**	**22 793**

Impairment of PLN 4 021 thousand is comprised of:

- PLN 3 161 thousand impairment loss on reimbursement of court fees related to debt collection actions before courts,
- PLN 597 thousand impairment loss on receivables related to court cases instigated by the Group,
- PLN 263 thousand impairment loss on other receivables.

15. Deferred tax assets and liabilities

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

	31/03/2021	31/03/2020
Deferred tax assets	-	13 371
Deferred tax liabilities	1 477	-

Deferred income tax	31/03/2021	31/03/2020
Balance at beginning of year::		
Deferred tax assets	21 701	12 885
Deferred tax liabilities	(8 330)	(15 021)
Net deferred tax at beginning of period	**13 371**	**(2 136)**
Changes in the period recognised in:		
Statement of profit or loss (+/-)	(14 010)	13 888
Other comprehensive income (+/-)	(838)	1 619
Net deferred tax at end of period, including:	**(1 477)**	**13 371**
Deferred tax assets	8 102	21 701
Deferred tax liabilities	(9 579)	(8 330)

	31/03/2020	Change in the statement of profit or loss	Change in other comprehensive income	31/03/2021
Deferred tax assets				
Property, plant and equipment – right-of-use asset	52	(6)	-	46
Receivables and loans, valuation	2 319	(2 319)	-	-
Provisions for employee benefits	132	515	-	647
Other provisions	81	274	-	355
Loans and other debt instruments	6 339	(17)	(838)	5 484
Other liabilities	2 539	(1 986)	-	553
Unused tax losses	5 762	(5 681)	-	81
Other assets	4 477	(3 541)	-	936
Total	**21 701**	**(12 761)**	**(838)**	**8 102**
Deferred tax liabilities				
Property, plant and equipment and intangible assets	-	495	-	495
Investment property	274	(147)	-	127
Receivables and loans, valuation of financial assets	7 485	1 324	-	8 809
Loans and other debt instruments	-	-	-	-
Other assets	571	(423)	-	148
Total	**8 330**	**1 249**	**-**	**9 579**
Net deferred tax	**13 371**	**(14 010)**	**(838)**	**(1 477)**

Unrecognized tax losses

According to the Polish tax regulation tax loss may be utilised within 5 years following tax year with recorded tax loss provided that no more than 50% of tax loss may be utilised in one year. Foreign subsidiaries utilise tax losses in accordance with local tax regulations.

Tax losses of the Group, for which no tax asset for losses was recognised, and periods over which they can be utilised.

Date of tax loss	Tax loss expiry date	31/03/2021	31/03/2020
31-03-2017	31-03-2022	274	-
31-03-2018	31-03-2023	4 276	2 313
31-03-2019	31-03-2024	8 459	43
31-03-2020	31-03-2025	4 377	830
31-03-2021	31-03-2026	18 706	-
Non-capitalised tax losses		**36 092**	**3 186**
Potential tax benefit		**6 823**	**605**

Deferred tax assets of PLN 6 823 thousand (31 March 2020: PLN 605 thousand) from tax losses were not recognised because there is an uncertainty of utilisation of the tax losses.

16. 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 the 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 31/03/2021				Fair value 31/03/2021			
					Level			
	FVTPL	FVOCI	Amortised cost	Total	1	2	3	Total
Financial assets								
Non-current assets								
Receivables and loans	-	-	441	**441**	-	-	441	**441**
Other non-current financial assets – debt instruments	-	-	2 756	**2 756**	-	-	2 756	**2 756**
Current assets								
Trade and other receivables	-	-	8 777	**8 777**	-	-	8 777	**8 777**
Purchased debt	-	-	628 615	**628 615**	-	-	623 633	**623 633**
Loans	-	-	29	**29**	-	-	29	**29**
Other current financial assets – debt instruments	-	-	84	**84**	-	-	84	**84**
Other current financial assets – shares	376	-	-	**376**	-	-	376	**376**
Cash and cash equivalents	-	-	74 041	**74 041**	-	-	74 041	**74 041**
Financial liabilities								
Non-current liabilities								
Loans and other debt instruments	-	-	323 689	**323 689**	-	-	323 689	**323 689**
Lease liabilities	-	-	4 416	**4 416**	-	-	4 416	**4 416**
Current liabilities								
Loans and other debt instruments	-	-	123 042	**123 042**	-	-	123 042	**123 042**
Lease liabilities	-	-	3 397	**3 397**	-	-	3 397	**3 397**
Derivative financial instruments	-	24 822	-	**24 822**	-	24 822	-	**24 822**

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

17. Cash and cash equivalents

	31/03/2021	31/03/2020
Cash at bank	74 036	31 430
Cash in hand	5	3
Total	**74 041**	**31 433**

18. Equity

18.1. Share capital

	31/03/2021	31/03/2020
Number of shares	12 897 364	12 897 364
Par value of shares (PLN)	1	1
Share capital (PLN)	**12 897 364**	**12 897 364**

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

18.2. Shareholder structure of Kredyt Inkaso S.A.

At the authorisation date of these full-year consolidated financial statements, the Parent'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.

According to the notifications of April 27, 2021 submitted to the Company, in place of WPEF VI Holding V B.V., the Company's shares are now held directly by WPEF VI Holding 5 B.V., as set out above. However, the share of the top-level controlling entity of Waterland Private Equity Investments B.V. in the Company's shareholding structure has not changed and still amounts to 61.48% of the Company's capital and constitutes the same share in the number of all votes.

On 10 November 2020, BEST Capital Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("BEST Capital FIZAN") acquired from BEST Spółka Akcyjna ("BEST S.A.") 7,000 shares of the Company, which constitute 0.05% of the total number of shares in the Company's share capital, and which entitle to exercise 7,000 votes at the general meeting of the Company, which constitutes 0.05% of the total number of votes in the Company.

After the event described above, BEST S.A. holds 4,267,228 shares in the Company, which constitute 33.09% of the total number of shares in the Company's share capital and which entitle to exercise 4,267,228 votes at the general meeting of the Company, which constitutes 33.09% of the total number of votes in the Company. BEST Capital FIZAN holds 7,000 shares of the Company, which constitute 0.05% of the total number of shares in the Company's share capital and which entitle to exercise 7,000 votes at the general meeting of the Company, which constitutes 0.05% of the total number of votes in the Company.

18.3. 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 2021 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 2021 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.

18.4. 17.4. Coverage of loss of the Parent for 2019/2020

On November 27, 2020, the Ordinary General Meeting of Shareholders was held, at which the Financial Statements of Kredyt Inkaso S.A. for 2019/2020 were approved. A resolution was adopted to cover the loss for 2019/2020 in the amount of PLN 45,495 thousand in full from the Company's supplementary capital.

18.5. 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:

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
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) attributable to owners of the parent	45 083	(36 539)
Basic earnings/(loss) per share (PLN)	3,50	(2,83)
Diluted earnings/(loss) per share (PLN)	3,50	(2,83)

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.

18.6. Translation reserve

Translation reserve comprises exchange differences resulting from the translation into PLN of the financial statements of foreign companies and groups of companies.

	31/03/2021	31/03/2020
Translation reserve		
At beginning of year	**(3 803)**	**(3 262)**
Translation reserve	1 133	(541)
At end of year	**(2 670)**	**(3 803)**

18.7. Retained earnings

	31/03/2021	31/03/2020
Retained earnings		
Net profit for current period attributable to owners of the parent	45 083	(36 539)
Retained earnings	100 434	99 840
Total	**145 517**	**63 301**

18.8. Equity attributable to non-controlling interests

	31/03/2021	31/03/2020
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k.	691	1 763
Kredyt Inkaso RUS Limited Liability Company (LLC)	184	186
Agio Wierzytelności NS FIZ	128	161
Total	**1 003**	**2 110**

	Net profit/(loss)	Non-controlling interest at 31/03/2021		Share of profit/(loss)
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k.	2 369	n/d	(*)	301
Kredyt Inkaso RUS Limited Liability Company (LLC)	5 439	1,0%		54
Agio Wierzytelności NSFIZ	3 712	0,6%		22
Total				**377**

(*) Minority shareholders (limited partners) of Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k. hold 10% of voting rights and the partnership's deed of incorporation defines in detail the exercise of voting rights and profit distribution among the shareholders.

Below is summarised information on each of the subsidiaries that has non-controlling interests relevant to the Group. The amounts quoted for each unit do not take into account the elimination of intragroup balances.

Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp. k.

	31/03/2021	31/03/2020
Non-current assets	218	791
Current assets	5 860	15 084
Total assets	**6 078**	**15 875**
Equity	4 607	11 756
Non-current liabilities	-	457
Current liabilities	1 471	3 662
Total liabilities	1 471	**4 119**
Total equity and liabilities	**6 078**	**15 875**
Equity attributable to the non-controlling interests	**691**	**1 763**

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Net revenue	6 730	13 829
General management expenses	(1 770)	(120)
Direct expenses	(2 778)	(10 423)
Other operating expenses	(68)	(137)
Operating profit	**2 114**	**3 149**

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Finance income and costs	255	538
Profit before tax	**2 369**	**3 687**
Income tax	-	-
Net profit	**2 369**	**3 687**
Items of other comprehensive income	-	-
Net comprehensive income	**2 369**	**3 687**
Net profit attributable to the non-controlling interests	**301**	**553**

Kredyt Inkaso RUS Limited Liability Company (LLC)

	31/03/2021	31/03/2020
Non-current assets	4 095	29
Current assets	23 937	25 983
Total assets	**28 032**	**26 012**
Equity	25 654	20 243
Non-current liabilities	4	2
Current liabilities	2 374	5 767
Total liabilities	**2 378**	**5 769**
Total equity and liabilities	**28 032**	**26 012**
Equity attributable to the non-controlling interests	**184**	**186**

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Net revenue	**17 098**	20 016
Direct expenses	(8 822)	(9 971)
General management expenses	(689)	(2 975)
Other operating expenses	20	2 030
Operating profit	**7 607**	**9 100**
Finance income and costs	17	(511)
Profit before tax	**7 624**	**8 589**
Income tax	(2 185)	(3 019)
Net profit	**5 439**	**5 570**
Items of other comprehensive income	-	-
Net comprehensive income	**5 439**	**5 570**
Net profit attributable to the non-controlling interests	**54**	**56**

Agio Wierzytelności NSFIZ

	31/03/2021	31/03/2020
Non-current assets	2 756	3 600
Current assets	16 839	16 677
Total assets	**19 595**	**20 277**
Equity	19 096	19 255
Current liabilities	499	1 022
Total liabilities	**499**	**1 022**
Total equity and liabilities	**19 595**	**20 277**
Equity attributable to the non-controlling interests	**128**	**161**

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Net revenue	5 347	1 439
Direct expenses	(1 840)	(2 776)
Other operating expenses	-	2 500
Operating profit	**3 507**	**1 163**
Finance income and costs	205	202
Profit before tax	**3 712**	**1 365**
Income tax	-	-
Net profit	**3 712**	**1 365**
Items of other comprehensive income	-	-
Net comprehensive income	**3 712**	**1 365**
Net profit attributable to the non-controlling interests	**22**	**69**

18.9. Non-controlling interests

	31/03/2021	31/03/2020
Beginning of the period	**2 110**	**2 502**
Share in earning during the period	377	678
Changes in the structure of capital group (transactions with non-controlling interests)	(56)	12
Non-controlling interests created following assuming control over Lumen Profit NSFIZ funds	-	1 542
Non-controlling interests decreased following redemption of shares by external investors in Lumen Profit NSFIZ funds	-	(1 542)
Dividends paid	(1 428)	(1 082)
Closing balance	**1 003**	**2 110**

18.10. Dividends paid and dividend policy

The Parent 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.

19. Loans and other debt instruments

	Current liabilities		Non-current liabilities	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Loans	27 204	147 575	101 641	-
Debt securities	95 838	28 726	222 048	297 364
Total	**123 042**	**176 301**	**323 689**	**297 364**

19.1. Loans

As at 31.03.2021

Instrument	Currency	Interest	Liability origination date	Maturity (*)	Carrying value		
					PLN	non-current	current
Kredyt ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2017-11-23	2031-08-31	44 438	35 043	9 395
Kredyt ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2018-05-21	2031-08-31	84 407	66 598	17 809
Kredyty i pożyczki razem					**128 845**	**101 641**	**27 204**

(*) The maturity date for loans granted by ING Bank Śląski S.A. marks the date of expiry of the loan agreement, which is 31 August 2031. The maturity for each drawdown from the available credit facility is 60 months.

The loan from WPEF VI Finance Limited, contracted in previous periods, was fully repaid by 30 June 2020.

As at 31.03.2020

Instrument	Currency	Interest	Liability origination date	Maturity (*)	Carrying value		
					PLN	non-current	current
Kredyt ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2017-11-23	2029-08-31	42 986	-	42 986
Kredyt ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2018-05-21	2029-08-31	89 943	-	89 943
Pożyczka WPEF VI Finance Limited	EUR	Fixed	2019-10-03	2020-07-01	14 646		14 646
Kredyty i pożyczki razem					**147 575**	**-**	**147 575**

(*) The maturity date for loans granted by ING Bank Śląski S.A. marks the date of expiry of the loan agreement, which is 31 August 2031. The maturity for each drawdown from the available credit facility is 60 months.

Loan granted by ING Bank Śląski S.A.

On 30 December 2020, the Group's subsidiaries, i.e. Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ, concluded supplementary agreements with ING Bank Śląski S.A. to the previously established credit lines.

As a result of the conclusion of the supplementary agreement, Kredyt Inkaso I NSFIZ repaid its entire existing liability in the amount of PLN 77,778 thousand and incurred new ones in the amount of PLN 90,000 thousand. The repayment period of the used loan has been extended from 3 to 5 years and its repayment is carried out by repayment of 19 quarterly principal installments, starting from the end of the second quarter falling after the drawing date.

As a result of the conclusion of the supplementary agreement, Kredyt Inkaso II NSFIZ repaid its entire existing liability in the amount of PLN 31,478 thousand and incurred new ones in the amount of PLN 44,530 thousand. The repayment period of the used loan has been extended from 3 to 5 years and its repayment is carried out by repayment of 19 quarterly principal installments, starting from the end of the second quarter falling after the drawing date.

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ in accordance with the new supplementary agreements may use the funds obtained from the loan to finance the purchase of debt portfolios.

According to the agreement concluded with Kredyt Inkaso I NSFIZ, the bank will make funds available up to PLN 90,000 thousand, while according to the agreement concluded with Kredyt Inkaso II, NSFIZ will make funds available up to PLN 50,000 thousand.

The availability of funds to be used within the above credit limit is ensured in annual periods ending August 31, which are automatically extended for subsequent annual periods if neither the bank nor the funds declare at least 35 days before the deadline that they do not want to continue the availability of the credit line. The maximum date until which the end date of availability of funds to be used within the credit limit may be extended is the expiry date of the loan agreement set for August 31, 2031.

The loans are unpromised and the bank has no obligations under the loan agreements, and the application for the use of the granted credit limits requires the bank's prior consent.

19.2. Bonds issued

31.03.2021							Liability	
Bond Series	**Interest**	**Liability origination date**	**Maturity**		**Nominal amount**	**Carrying amount**	**Non-current**	**Current**
B1	*WIBOR 3M+4,9%*	*2017-03-08*	*2024-12-13*	(*)	24 153	25 004	18 509	6 495
PA01	*WIBOR 6M+3,5%*	*2017-12-18*	*2021-12-18*		14 294	14 347	-	14 347
PA02	*WIBOR 6M+3,7%*	*2018-03-28*	*2022-03-28*		30 000	29 700	-	29 700
E1	*WIBOR 6M+4,9%*	*2018-08-16*	*2022-08-16*		6 190	6 012	5 835	177
F1	*WIBOR 6M+4,9%*	*2019-04-26*	*2023-04-26*	(*)	210 000	213 346	176 248	37 098
G1	*WIBOR 3M+4,9%*	*2019-12-13*	*2024-12-13*	(*)	29 593	29 477	21 456	8 021
Razem					**314 230**	**317 886**	**222 048**	**95 838**

(*) Taking into account the previous partial amortization of the nominal value in accordance with the WEO.

October 26, 2020 The Group redeemed on time series D1 bonds with a nominal value of PLN 4,763 thousand.

March 13, 2021 The Group made timely partial repayment of the nominal value, in accordance with the schedule of partial amortisation of the nominal value recorded in the WEO, for the following series of bonds:

- PLN 1,610 thousand partial repayment of series B1 bonds, and
- PLN 1,973 thousand partial repayment of series G1 bonds.

After the balance sheet date, April 26, 2021. The Group made timely partial repayment of the nominal value of series F1 bonds with a value of PLN 31,500 thousand, in accordance with the schedule of partial depreciation of the nominal value recorded in the WEO.

June 13, 2021 The Group made another timely partial repayment of the nominal value, in accordance with the schedule of partial depreciation of the nominal value recorded in the WEO, for the following series of bonds:

- PLN 1,610 thousand partial repayment of series B1 bonds, and
- PLN 1,973 thousand partial repayment of series G1 bonds.

No covenants under the issued bonds were breached in the reporting period.

All bonds issued by Kredyt Inkaso S.A., with the exception of series B1 and G1, are listed on the Catalyst bond market, operated on the transaction platforms of the Warsaw Stock Exchange and BondSpot.

31.03.2020							Liability	
Bond Series	**Interest**	**Liability origination date**	**Maturity**		**Nominal amount**	**Carrying amount**	**Non-current**	**Current**
B1	*WIBOR 3M+4,9%*	*2017-03-08*	*2024-12-13*	(*)	25 763	27 070	23 720	3 350
D1	*WIBOR 6M+3,5%*	*2017-10-26*	*2020-10-26*		4 763	4 410	-	4 410
PA01	*WIBOR 6M+3,5%*	*2017-12-18*	*2021-12-18*		14 294	14 281	13 523	758
PA02	*WIBOR 6M+3,7%*	*2018-03-28*	*2022-03-28*		30 000	29 392	27 745	1 647
E1	*WIBOR 6M+4,9%*	*2018-08-16*	*2022-08-16*		6 190	5 880	5 465	415
F1	*WIBOR 6M+4,9%*	*2019-04-26*	*2023-04-26*	(*)	210 000	213 676	199 589	14 087
G1	*WIBOR 3M+4,9%*	*2019-12-13*	*2024-12-13*	(*)	31 566	31 381	27 322	4 059
Razem					**322 576**	**326 090**	**297 364**	**28 726**

(*) Taking into account the previous partial amortization of the nominal value in accordance with the WEO.

19.3. Cashpool

On 23 April 2019, an agreement on liquidity management in the form of daily limits was executed between ING Bank and the Group companies ("cash pool"). The transactions as part of the cash pool bear interest at a variable rate of 6M WIBOR +4.9%.

Cash pool balances are presented in the table below:

Subsidiaries	31/03/2021
Kredyt Inkaso S.A.	(11 765)
Finsano S.A.	15 704
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka sp.k.	(977)
Kredyt Inkaso IT Solutions Sp. z o.o.(previously: Legal Process Administration Sp. z o.o.)	(2 962)
Total	-

20. Lease liabilities

	Non-current liabilities		Current liabilities	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Lease liabilities	4 416	7 744	3 397	3 284
	4 416	**7 744**	**3 397**	**3 284**

	Discounted present value of minimum lease payments		Undiscounted value of minimum lease payments	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Up to 1 year	3 397	3 284	3 691	3 584
from 1 year to 5 years	3 755	6 259	4 071	6 990
over 5 years	661	1 485	663	1 141
Total	**7 813**	**11 028**	**8 425**	**11 715**

21. Current prepayments and accrued income

	31/03/2021	31/03/2020
Licences and maintenance of IT systems	448	627
Insurance policies	261	174
Other	356	72
Total	**1 065**	**873**

22. Current accruals and deferred income

	31/03/2021	31/03/2020
Rent free period	128	243
Unused paid holidays	1 412	1 166
Operating expenses	2 923	1 565
Other	41	172
Total	**4 504**	**3 146**

23. Trade and other payables

	31/03/2021	31/03/2020
Trade payables	7 786	24 780
Total financial liabilities	**7 786**	**24 780**
Tax and other benefits payable	1 725	-
Other non-financial liabilities	2 984	6 110
Total non-financial liabilities	**4 709**	**6 110**
Total current liabilities	**12 495**	**30 890**

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

24. Current tax liability

	31/03/2021	31/03/2020
Opening balance of the reporting period	6 000	348
Increases	-	6 536
Decreases	(6 000)	(884)
Closing balance of the reporting period	**-**	**6 000**

25. Other short-term provisions

	31/03/2021	31/03/2020
Provision for employee benefits	2 172	910
Overpayments	520	-
Other provisions	680	5
Total	**3 372**	**915**

26. Changes in provisions

	Provision for employee benefits	Overpayments	Other provisions	Total
As at 01.04.2020	**910**	**-**	**5**	**915**
Zwiększenie rezerw ujęte jako koszt w okresie	1 405	520	675	2 600
Utilisation of provisions (-)	-	-	-	-
Reversal of provisions (-)	(143)	-	-	(143)
As at 31.03.2021	**2 172**	**520**	**680**	**3 372**

	Provision for employee benefits	Guarantees	Other provisions	Total
As at 01.04.2019	**1 323**	**8 763**	**1 351**	**11 437**
Zwiększenie rezerw ujęte jako koszt w okresie	930	-	-	930
Utilisation of provisions (-)	-	(8 763)	-	(8 763)
Reversal of provisions (-)	(1 343)	-	(1 346)	(2 689)
As at 31.03.2020	**910**	**-**	**5**	**915**

27. Note to the statement of cash flows

	Statement of comprehensive income	Foreign exchange differences on translation of movements in debt portfolios	Negative foreign exchange differences in the statement of profit or loss	Statement of cash flows
Translation reserve	1 133	(1 071)	(137)	(75)

28. Financial risk management

The Kredyt Inkaso Group 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 Group 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.

28.1. Credit risk

The operations of the Group involve acquisition of credit risk from sellers of claims (original creditors). All purchased debt is subject to credit risk, thus the proper management of the risk is the key element of business.

The Group 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 Group 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 Group expects not to generate any positive cash flows.

The value of debts is highly dispersed among debtors, but the Group'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 Group 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 Group has the experience and advanced analytical tools necessary to estimate such risk. At the date of purchase of a debt portfolio, the Group 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 Group 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:

(1) 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),
(2) 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,
(3) 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 Group forecasts future cash flows from debt portfolios in the period of up to 180 months.

The Group 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).

Credit risk exposure	31/03/2021	31/03/2020
Non-current assets		
Receivables and loans	441	269
Other non-current financial assets	2 756	3 848
Current assets		
Trade and other receivables	8 777	22 793
Loans	29	30
Other current financial assets	460	351
Purchased debt	628 615	643 504
Cash and cash equivalents	74 041	31 433
Total credit risk exposure	**715 119**	**702 228**

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

			Overdue					
	Total	Current	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
Non-current assets								
Receivables and loans	441	441	-	-	-	-	-	-
Current assets								
Loans	29	29	-	-	-	-	-	-
Trade and other receivables	8 777	6 369	178	-	1 050	1 161	15	4
Total	**9 247**	**6 839**	**178**	**-**	**1 050**	**1 161**	**15**	**4**

28.2. Liquidity risk

Expenditure on debt portfolio purchases is financed both from equity and from debt financing, the sources of which are bond issues and bank loans. If the Group'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 Group 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 Group 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 Group's undiscounted cash flows of financial assets and liabilities at 31 March 2021 by maturity are presented below..

	Undiscounted cash flows					
	Total	to 1 month	from 2 to 3 months	from 4 to 12 months	from 1 to 2 years	more than 2 years
Financial assets						
Non-current assets						
Other non-current financial assets	2 756	-	-	-	2 400	356
Receivables and loans	441	-	-	-	-	441
Current assets						
Trade and other receivables	8 777	8 777	-	-	-	-
Purchased debt*	1 197 461	17 042	35 864	170 681	197 262	776 612
Loans	29	29	-	-	-	-
Other current financial assets	460	460	-	-	-	-
Cash and cash equivalents	74 041	74 041	-	-	-	-
Total financial assets	**1 283 965**	**100 349**	**35 864**	**170 681**	**199 662**	**777 409**
Financial liabilities						
Debt securities – principal	314 230	31 500	3 583	55 043	73 022	151 082
Loans – principal	129 030	-	6 791	20 373	27 164	74 702
Debt securities – interest	29 821	5 654	960	8 402	10 125	4 680
Loans – interest	12 934	-	1 290	3 477	3 677	4 490
Trade payables	12 495	12 495	-	-	-	-
Leasing	8 996	298	886	2 734	2 175	2 903
Derivative financial instruments	26 077	-	-	11 779	14 298	
Total financial liabilities	**533 583**	**49 947**	**13 510**	**101 808**	**130 461**	**237 857**
Liquidity gap	**750 382**	**50 402**	**22 354**	**68 873**	**69 201**	**539 552**
Accumulated liquidity gap		**50 402**	**72 756**	**141 629**	**210 830**	**750 382**

(*) ERC – Estimated Remaining Collections

In the reporting period, similarly as in prior periods, the Group paid all its liabilities as they fell due. The received debt collections from a very large number of debtors constitute a stable and consistent source of monetary flows..

28.3. Market risk: interest rate risk

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

- cash,
- issued bonds and contracted loans,
- lease liabilities.

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

The Group 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 Group 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.

Interest rate risk exposure

	31/03/2021	31/03/2020
Loans	128 845	132 899
Debt securities	317 886	326 090
	446 731	**458 989**
Hedging effect	(600 000)	(600 000)
Exposure to interest rate risk	**(153 269)**	**(141 011)**

Cash flow sensitivity analysis of floating interest rate financial analysis

A change of an interest rate by 100 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 100 bps	decrease by 100 bps	increase by 100 bps	decrease by 100 bps
31.03. 2021				
Financial assets with a variable interest rate	-	-	-	-
Financial liabilities with a variable interest rate	483	(3 881)	1 065	(1 065)

28.4. Derivative hedging instruments

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

Float-to-fixed IRS in the currency of the hedged item was to serve as a cash flow hedge. As part of the transaction the Group:

- pays interest on the transaction notional amount at a fixed rate,
- receives interest on the transaction notional amount at a floating reference rate.

The Group assesses the economic relationship between the hedged item and the hedging instrument based on the matching of critical parameters, in particular:

- consistency of notional amounts of the hedging instrument and the designated hedged item,
- consistency of interest periods/interest payment dates,
- consistency of the reference rate of the hedging instrument and the benchmark rate for the hedged item.

As the hedged item, the Group designated liabilities under bonds issued and the credit facility at ING Bank Śląski S.A. The Group assesses the economic relationship prospectively, with a frequency indicated in the document establishing the relationship.

	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%	-	8 628	Derivative financial instruments	1 524
	200 000	2,28%	-	8 110		1 269
	200 000	1,96%	-	8 084		572
			Razem	**24 822**		**3 365**

The effect of hedging instruments on the statement of financial position of the Group in the reporting period.

	Amount
Payments under settlement of hedging transactions recognised in the statement of cash flows	7 201
Hedging gains or losses of the reporting period that were recognised in other comprehensive income	(3 966)
Hedging effect recognised in the statement of profit or loss – finance income	130
Total	**3 365**

The table below presents the impact of the application of hedge accounting for the above-mentioned hedging relationships on the profit and loss account and on the Company's other comprehensive income (in PLN thousand).

	Amount
Revaluation reserve at beginning of period	**(11 303)**
Effect of valuation of hedging transactions (effective part)	(3 966)
Interest transferred in the period from other comprehensive income to profit or loss	8 379
Income tax	(838)
Revaluation reserve at end of period	**(7 728)**

28.5. Market risk: foreign exchange risk

The Group is exposed to foreign currency risk arising from short-term receivables and payables, cash and cash equivalents, and capital expenditures. The table below presents the Group's exposure to foreign exchange risk by currency expressed in the Polish złoty, as at the reporting date.

	RON in PLN	BGN in PLN	RUB in PLN	EUR in PLN	HRK in PLN	other currencies in PLN	Total in PLN
Short-term receivables	20 444	-	1 183	1 256	-	1 843	24 726
Cash	-	-	-	377	-	42	419
Purchased debt	75 889	-	1 887	-	-	-	77 776
Current liabilities	(2 293)	-	(8)	(70)	-	(38)	(2 409)
Total	**94 040**	**-**	**3 062**	**1 563**	**-**	**42**	**100 512**

	RON in PLN	BGN in PLN	RUB in PLN	HRK in PLN	Total in PLN
Net assets in foreign subsidiaries	(10 927)	31 172	25 654	(1 688)	37 013

Currency risk sensitivity analysis

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.

		impact on	
31.03.2021	exchange rate change	profit/(loss) before tax	equity – translation reserve
RON/PLN	+/-1%	+/- 940	+/- 109
BGN/PLN	+/-1%	-	+/- 312
RUB/PLN	+/-1%	+/- 31	+/- 256
EUR/PLN	+/-1%	+/- 16	-

29. Capital management

The main objective behind the Group'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 Group to monitor equity and debt is the ratio of consolidated net financial debt to consolidated 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 consolidated net financial debt to consolidated equity is detailed below.

	31/03/2021	31/03/2020
Loans and other debt instruments	446 731	473 665
Leasing	7 813	11 028
less: cash and cash equivalents	(74 041)	(31 433)
Net financial debt	**380 503**	**453 260**
Equity	**263 382**	**214 698**
Net financial debt / equity	**1,44**	**2,11**

30. Significant related-party transactions

30.1. Related-party transactions

30.1.1. Trading transactions

	Revenue		Cost	
Debt management	**01/04/2020-31/03/2021**	**01/04/2019-31/03/2020**	**01/04/2020-31/03/2021**	**01/04/2019-31/03/2020**
Associated companies				
Lumen Profit 9 NS FIZ	-	435	-	-
Lumen Profit 6 NS FIZ	-	400	-	-
Lumen Profit 7 NS FIZ	-	160	-	-
Lumen Profit 8 NS FIZ	-	136	-	-
Lumen Profit 10 NS FIZ	-	311	-	-
Lumen Profit 12 NS FIZ	-	46	-	-
Total	**-**	**1 488**	**-**	**-**

	Revenue		Cost	
Parent	**01/04/2020-31/03/2021**	**01/04/2019-31/03/2020**	**01/04/2020-31/03/2021**	**01/04/2019-31/03/2020**
Cost of advisory services				
WPEF VI HOLDING V B.V.	-	-	271	258
Total	**-**	**-**	**271**	**258**

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.

30.1.2. Loans received

		Liability
	31/03/2021	31/03/2020
WPEF VI Finance Limited	-	14 646
Total	**-**	**14 646**

WPEF VI Finance Limited, a related entity, granted a loan of EUR 4.2mio. on 23rd of October 20219 with due date on 1st of July 2020. The loan was pledged on all assets of Group companies up to 150% of the loan. The company paid up principal EUR 1.0mio and interest due on 30th of December 2019. On 30th of June 2020 the Company paid up the rest of principal with interest due.

30.1.3. Transactions on debt packages

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Purchased debt packages		
Associated entities		
Lumen Profit 6 NS FIZ	-	14 431
Lumen Profit 7 NS FIZ	-	1 934
Lumen Profit 8 NS FIZ	-	-
Lumen Profit 9 NS FIZ	-	8 179
Lumen Profit 10 NS FIZ	-	5 341
Lumen Profit 12 NS FIZ	-	250
Total	**-**	**30 135**

The table above does not include purchase of debt packages from Lumen Profit funds. The transactions were concluded after the control over them was acquired and were eliminated in consolidation process.

All transactions with related parties were concluded on arms-length basis.

30.2. Loans to key personel and related persons

Not incurred.

30.3. Transactions with key personnel

Remuneration of the Management Board

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Base pay/management contract (gross)	3 659	2 761
Other – medical benefits and other	239	55

Total	**3 898**	**2 816**

Remuneration of the Supervisory Board

	01/04/2020-31/03/2021	01/04/2019-31/03/2020
Remuneration of the Supervisory Board	357	341
Total	**357**	**341**

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.

31. Employment at the Group

	31/03/2021		31/03/2020	
	FTEs	number of Staff	FTEs	number of Staff
Average headcount for 12 months	550	557	572	581
Headcount at the reporting date	528	537	570	578

32. Remuneration of auditors

The entity authorized to audit the Consolidated Financial Statements of the Kredyt Inkaso Capital Group and the Separate Financial Statements of Kredyt Inkaso S.A. for the period from April 1, 2020 to March 31, 2021 is Grant Thornton Polska spółka z ograniczoną odpowiedzialnością Spółka komandytowa, with its registered office in Poznań.

On 22 October 2020 The Company concluded an agreement with Grant Thornton Polska spółka z ograniczoną odpowiedzialnością Sp. k. for the audit of separate and consolidated financial statements for the financial year ended 31 March 2021 and the financial year ended 31 March 2022.

	31/03/2021	31/03/2020
Fees for separate and full-year financial statements audits	349	317
Total	**349**	**317**

33. Contingent liabilities, guarantees, sureties and security interests over the Group's assets

Security for the credit facility agreement with ING Bank Śląski S.A.

Pursuant to (i) the credit agreement of 23 November 2017 together with the supplementary agreement No. 1 of 21 May 2018 signed by the subsidiary Kredyt Inkaso II NSFIZ with ING Bank Śląski S.A., and (ii) the credit agreement dated 21 May 2018 signed by the subsidiary Kredyt Inkaso I NSFIZ with ING Bank Śląski S.A., Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ provides collateral to the Bank by way of assignment of receivables constituting collateral under a conditional assignment agreement under commercial agreements, so that the total value of receivables constituting collateral constitutes not less than 150% of the amount of the credit limit used by each of these subsidiaries.

The above loan agreements have been jointly replaced by the content of Supplementary Agreement No. 3 of 31 December 2020, which provides, inter alia, that Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ secured the loan granted to the Bank by way of assignment of receivables, on the basis of and in accordance with conditional agreements, assignments of receivables under commercial agreements in such a way, that the total value of receivables constituting collateral constitutes not less than 150% of the amount of the loan limit used, i.e. for Kredyt Inkaso I NS FIZ: PLN 135,000 thousand, for Kredyt Inkaso II NS FIZ: PLN 66,795 thousand, and Kredyt Inkaso II NS FIZ was obliged to provide debt portfolios with a value not lower than PLN 80,000 thousand as part of the established collateral.

Bond issue security

On 26 April 2019 The Company issued F1 series bonds with a total nominal value of PLN 210,000 thousand. In accordance with the terms of the bond issue, the bondholders' claims under the Bonds will be secured by establishing standard collateral, including m.in pledges on debt portfolios and investment certificates that are elements of the balance sheet of the Issuer or its subsidiaries and other assets of the Issuer;.

The amount of collateral on debt portfolios will gradually increase until the maximum value of PLN 200 million is reached from 26 April 2021, and then 150% of the remaining nominal value of the Bonds from 26 April 2022.

The minimum amount of collateral on investment certificates and other assets of the Issuer will gradually increase until the maximum value of PLN 150,000 thousand is reached. The established collateral will also protect bondholders of other series for which the terms of issue contain clauses of equal treatment of creditors (pari passu).

The table below presents the carrying amounts of the collateral for the issue of bonds established on the Group's assets:

	31/03/2021
Debt portfolios	224 428

In addition, the Company established a pledge on bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. with a nominal value of PLN 150,000 thousand.

34. Court, enforcement, tax and other proceedings

The Group'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 Parent 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.

On 21 January 2021 The Company received decision of the Regional Court in Warsaw, XXVI Commercial Division of 15 January 2021 on:

1) securing a claim to determine, pursuant to Article 189 of the Code of Civil Procedure, that the resolution of the Ordinary General Meeting of Kredyt Inkaso S.A. of 27 November 2020 regarding the dismissal of Maciej Jerzy Szymański from the Management Board of the Company was adopted (exists) by:

a) prohibiting the President of the Management Board of the Company, in the person of Mr. Maciej Jerzy Szymański, from taking any actions and activities as part of the Company's representation and conducting its affairs – to the extent exceeding the ordinary management, until the final conclusion of the proceedings;

b) prohibiting, until the final conclusion of the proceedings, disposing of rights and incurring liabilities on behalf of the Company exceeding PLN 500,000: (i) the Management Board of the Company, if it acts with the participation of the President of the Management Board, and (ii) the President of the Management Board acting jointly with the Company's proxy;

2) securing a claim for declaring invalid pursuant to art. 425 §1 of the Commercial Companies Code Resolution No. 38/2020 of the OGM regarding the appointment of Mr. Daniel Dąbrowski to the Supervisory Board of Kredyt Inkaso S.A. for a new term – by suspending its enforceability.

By decision of 27 April 2021, the Regional Court in Warsaw, XXVI Commercial Department, amended the decision issued in the first instance in such a way that it dismissed the application for security in its entirety.

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:

- pozwu Piotr Urbańczyk's lawsuit to determine the non-existence or annulment of certain resolutions of the Supervisory Board, adopted at the meeting on March 3, 2016, i.e.: (i) resolution on the dismissal of Mr. Mirosław Gronicki from the position of Vice-Chairman of the Supervisory Board, (ii) resolution on entrusting the function of the Deputy Chairman of the Supervisory Board Mr. Andrzej Soczek, (iii) resolutions on the appointment to the Management Board for a new term of office of two existing members of the Management Board in the person of Mr. Paweł Robert Szewczyk - on the the function of the President of the Management Board and Mr. Jan Paweł Lisicki - for the position of Vice-President of the Management Board (current report No. 34/2016); On 5 March 2021, the District Court in Warsaw dismissed the claim of the former member of the Company's Supervisory Board in its entirety, but the ruling is not final;

- 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);

- 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);

- 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;

- a ction 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).

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. Following an analysis of the justification in question, any further legal or factual action will be taken depending on the results of that analysis.

35. Material events after the reporting period

On July 2, 2021, meetings of bondholders of series F1 bonds issued by the Company were held, which adopted resolutions on amending selected terms and conditions of the bond issue. At the same time, on July 2, 2021, the Company concluded bilateral agreements with all bondholders of series B1 and G1 bonds regarding changes to the terms and conditions of the issue of series B1 and G1 bonds with content analogous to the changes voted by the meeting of series F1 bondholders.

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

The pandemic of the COVID-19 disease caused by the highly contagious SARS-CoV-2 coronavirus, which began in December 2019 and then spread rapidly and scale to other countries, significantly changed the functioning of economies around the world in a few months. Due to the high degree of contagiousness of the SARS-CoV-2 coronavirus, on March 11, 2020, the World Health Organization declared the COVID-19 disease a pandemic.

The SARS-CoV-2 pandemic has affected all markets where the Group operates. Due to the growing number of infections in all these markets, including Poland, countermeasures have been introduced to minimize the scale of the spread of the pandemic. They consisted, among others, in limiting the movement of people, mandatory quarantine, closing or partially closing kindergartens, schools, universities, sports and recreation centers, limiting the activities of catering outlets, hotels and canceling mass events. Due to the impact of COVID 19, temporary changes in the work of courts and bailiffs were also observed. Both operational amicable and court proceedings, although currently conducted in difficult conditions, function in every country where the Group's operations are conducted. As at the date of approval of the report, however, there are some symptoms of a potentially negative impact of the described restrictions on the economy in the form of a decrease in economic activity and an increase in unemployment. As the pandemic continues to prolong and the restrictions related to counteracting its spread continue, the risk of a further decline in GDP and an increase in unemployment may increase, and thus the risk of liquidity problems for enterprises and individuals will increase.

Following the outbreak of the COVID-19 pandemic, the Group took the following actions to ensure business continuity and minimize the impact of the pandemic on its operations:

1) organization of remote work, equipping employees and IT infrastructure with the necessary tools for remote work,

2) introduction of procedures for disinfection and hygienic protection of workplaces,

3) limiting operating expenses to the necessary minimum,

4) strict planning of payments and cash liquidity,

5) renegotiation of contracts with suppliers (rental of space, IT services, external consulting services),

6) obtaining assurance of business continuity from external entities providing services to the Group.

The Group has taken a number of actions aimed at maintaining full operational continuity and has successfully implemented solutions aimed at ensuring the safety of its customers and employees. Despite this, the Group remains exposed to business disruptions. These disruptions may be related to the transfer of customer service and the provision of a significant part of it by means of telecommunication systems and the unreliability of these systems, including the possibility of overloading them, as well as the limited availability of the Group's employees resulting from the introduction of remote work or the cessation of services by key external suppliers of the Group.

As at the Report Date, the Group continues to operate in each of the markets and in each business line. The Group revised its previous assessments of the impact of the COVID-19 pandemic and included its most recent forecasts in the valuation of financial assets of the Group's financial assets, including in particular the valuation of debt portfolios.

37. Other information relevant to the assessment of the staff, property and financial situation

On 30 September 2019, the Polish Financial Supervision Authority completed an inspection in the Company, the subject of which was to examine the Company's activities in the management of securitized receivables. The audit investigation was concluded with the issuance of an inspection report dated 30 October 2019 on 18 December 2019. The Company received a recommendation from the Commission, which as at the date of the Approval was implemented in accordance with the schedule agreed with the Polish Financial Supervision Authority. If it is found that the obligations resulting from the permit have been improperly performed, the Commission may initiate administrative proceedings in this matter, which may result in the imposition of a fine of up to PLN 500,000 on the Company or the withdrawal of the permit. At the time of preparation of this report, to the Company's knowledge, no administrative proceedings have been initiated or pending before the PFSA for the imposition of a financial penalty or withdrawal of the permit. Taking into account the above, the Management Board believes that the risk of withdrawal of the Company's permission to manage securitized receivables is not high, because the post-audit recommendations of the Polish Financial Supervision Authority were fully implemented, and the recommendations were implemented in accordance with the schedule and deadlines agreed with the Polish Financial Supervision Authority on an ongoing basis. On 8 February 2021, the Company, acting pursuant to Article 192(9) in conjunction with Article 192(4)(2) and (5) of the Act on Investment Funds, informed the Polish Financial Supervision Authority about the amendment to the regulations for managing securitised receivables and about the change in the description of technical and organizational conditions for managing securitised receivables. The Polish Financial Supervision Authority has read the regulations provided by the Company and submitted only editorial and ordering comments to them.

No other checks or proceedings occurred during the reporting period.

38. Authorisation for issue

These full-year consolidated financial statements for the period from 1 April 2020 to 31 March 2021, along with comparative information, were authorised for issue by the Parent's Management Board on 8 July 2021 ("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

Tomasz Jarzębowicz