



KREDYT INKASO

Kredyt Inkaso S.A. Group

Interim condensed consolidated and separate financial statements for the period of 9 months ended **31 December 2022**

Warsaw, 1 March 2023



The interim condensed consolidated and separate financial statements for the period of 9 months ended 31 December 2022 (data in PLN thousand)

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SELECTED CONSOLIDATED FINANCIAL DATA OF THE CAPITAL GROUP

	31/12/2022	31/03/2022 restated	31/12/2022	31/03/2022 restated
	PLN thousand		EUR thousand	
Selected financial ratios				
Financial indebtedness net	267,126	281,354	56,958	60,474
Equity	314,994	299,056	67,164	64,279
Net financial debt / equity	0.85	0.94	0.85	0.94
PLN/EUR exchange rate as at the balance sheet date	4.6899	4.6525	4.6899	4.6525
Consolidated statement of financial position				
Total assets	686,436	733,294	146,365	157,613
Total liabilities	371,442	434,238	79,200	93,334
Long-term liabilities	263,871	256,260	56,264	55,080
Short-term liabilities	107,571	177,978	22,937	38,254
Equity	314,994	299,056	67,164	64,279
Equity attributable to owners of the parent	314,242	298,352	67,004	64,127
	01/04/2022- 31/12/2022	01/04/2021- 31/12/2021 restated	01/04/2022- 31/12/2022	01/04/2021- 31/12/2021 restated
Consolidated statement of profit or loss				
Net revenue	153,723	161,150	32,693	35,191
Operating profit/(loss)	42,278	65,516	8,992	14,307
Profit/(loss) before tax	19,919	47,558	4,236	10,385
Net profit (loss)	15,929	41,141	3,388	8,984
Net profit/(loss) attributable to owners of the parent	15,168	40,741	3,226	8,897
Earnings/(loss) per share in PLN	1.18	3.16	0.25	0.69
Diluted earnings/(loss) per share in PLN	1.18	3.16	0.25	0.69
Average PLN/EUR exchange rate in the period	4.7020	4.5793	4.7020	4.5793
Consolidated statement of cash flows				
Net cash (used in)/from operating activities	120,009	128,002	25,523	27,952
Net cash (used in)/from investing activities	(72,678)	(22,401)	(15,457)	(4,892)
Net cash (used in)/from financing activities	(94,728)	(94,836)	(20,146)	(20,710)
Net increase/(decrease) in cash and cash equivalents	(47,397)	10,765	(10,080)	2,351
Average PLN/EUR exchange rate in the period	4.7020	4.5793	4.7020	4.5793

The interim condensed consolidated and separate financial statements for the period of 9 months ended 31 December 2022 (data in PLN thousand)

SELECTED SEPARATE FINANCIAL DATA OF THE COMPANY

	31/12/2022	31/03/2022	31/12/2022	31/03/2022
	PLN thousand		EUR thousand	
Statement of financial position				
Total assets	377,626	435,427	80,519	93,590
Total liabilities	304,032	363,364	64,827	78,101
Long-term liabilities	215,326	197,494	45,913	42,449
Short-term liabilities	88,706	165,870	18,914	35,652
Equity	73,594	72,063	15,692	15,489
Share capital	12,897	12,897	2,750	2,772
PLN/EUR exchange rate as at the balance sheet date	4.6899	4.6525	4.6899	4.6525

	01/04/2022- 31/12/2022	01/04/2021- 31/12/2021	01/04/2022- 31/12/2022	01/04/2021- 31/12/2021
Statement of profit or loss				
Net revenue	58,920	53,649	12,531	11,716
Operating profit/(loss)	(1,262)	(2,546)	(268)	(556)
Profit/(loss) before tax	320	(3,946)	68	(862)
Net profit (loss)	1,949	(7,160)	415	(1,564)
Earnings/(loss) per share in PLN	0.15	(0.56)	0.03	(0.12)
Diluted earnings/(loss) per share in PLN	0.15	(0.56)	0.03	(0.12)
Average PLN/EUR exchange rate in the period	4.7020	4.5793	4.7020	4.5793

Statement of Cash Flows				
Net cash (used in)/from operating activities	216	5,064	46	1,106
Net cash (used in)/from investing activities	69,208	79,303	14,719	17,318
Net cash (used in)/from financing activities	(78,701)	(72,113)	(16,738)	(15,748)
Net increase/(decrease) in cash and cash equivalents	(9,277)	12,254	(1,973)	2,676
Average PLN/EUR exchange rate in the period	4.7020	4.5793	4.7020	4.5793

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022
(figures in PLN thousand)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	01/04/2022- 31/12/2022	01/10/2022- 31/12/2022	01/04/2021- 31/12/2021	01/10/2021- 31/12/2021
Net income					
Interest income on debt portfolios calculated using the effective interest method		88,642	29,515	92,333	31,200
Revaluation of portfolios	4.1	63,452	19,857	65,981	19,376
Other income/ expenses	4.2	1,629	1,176	2,836	1,217
Total net revenues		153,723	50,548	161,150	51,793
Costs of remunerations and employee benefits		(39,573)	(14,071)	(34,605)	(12,073)
Depreciation and amortization		(5,635)	(1,956)	(4,997)	(1,615)
External services		(32,437)	(10,996)	(30,314)	(10,417)
Other operating expenses		(33,800)	(13,413)	(25,718)	(8,532)
Total operating expenses	5	(111,445)	(40,436)	(95,634)	(32,637)
Profit (loss) on operating activities		42,278	10,112	65,516	19,156
Financial revenues, including:	6	8,182	1,578	9,053	6,177
interest on instruments measured at amortised cost		1,552	604	394	137
Financial expenses, including:	6	(30,541)	(11,484)	(27,011)	(9,017)
interest on instruments measured at amortised cost		(26,538)	(9,622)	(15,911)	(5,402)
Profit (loss) before tax		19,919	206	47,558	16,316
Income tax	7	(3,990)	405	(6,417)	(1,326)
Net profit (loss)		15,929	611	41,141	14,990
Net profit attributable to:					
Owners of the parent		15,168	582	40,741	14,763
Non-controlling interests		761	29	400	227
Earnings/(loss) per share (PLN)					
ordinary	13.4	1.18	0.05	3.16	1.15
diluted	13.4	1.18	0.05	3.16	1.15

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01/04/2022- 31/12/2022	01/10/2022- 31/12/2022	01/04/2021- 31/12/2021	01/10/2021- 31/12/2021,
Net profit (loss)		15,929	611	41,141	14,990
Gains/(losses) recognised in the period in other comprehensive income	17	4,569	1,592	2,166	3,504
Amounts transferred to profit or loss	17	(6,331)	(2,726)	8,902	2,978
Income tax	17	335	216	(2,103)	(1,232)
Exchange differences on translation of foreign operations		2,076	(5,183)	380	(723)
Other comprehensive income		649	(6,101)	9,345	4,527
Total comprehensive income		16,578	(5,490)	50,486	19,517
Comprehensive income attributable to:					
owners of the parent		15,817	(5,519)	50,086	19,290
non-controlling interests		761	29	400	227

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note	31/12/2022	31/03/2022
Goodwill		7,773	7,773
Intangible assets		7,586	8,787
Property, plant and equipment (PP&E)		16,691	14,309
Investment property		11,142	13,029
Receivables and loans	10	525	656
Derivative financial instruments	17	-	2,902
Other non-current financial assets	8	705	1,600
Property, plant and equipment		44,422	49,056
Trade and other receivables	10	8,614	7,936
Derivative financial instruments	17	5,450	-
Current income tax receivables		101	1,260
Purchased debt	9	571,378	575,287
Loans	10	29	29
Other current financial assets	8	388	587
Current accruals and deferred income		1,830	916
Cash and cash equivalents		54,224	98,223
Current assets		642,014	684,238
Total assets		686,436	733,294

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

Liabilities	Note	31/12/2022	31/03/2022 restated
Share capital	13.1	12,897	12,897
Supplementary capital		91,725	105,691
Revaluation reserve		41	1,468
Exchange differences		(3,024)	(5,100)
Retained earnings, including		212,603	183,396
net profit attributable to owners of the parent		15,168	29,933
profit brought forward		197,435	153,463
Equity attributable to owners of the parent		314,242	298,352
Non-controlling interests		752	704
Total equity		314,994	299,056
Loans and other debt instruments	14	249,562	242,710
Lease liabilities		8,391	6,136
Deferred tax liabilities	11	5,918	7,414
Long-term liabilities		263,871	256,260
Trade and other payables		32,656	30,126
Current income tax liabilities		433	1,024
Loans and other debt instruments	14	60,666	128,252
Lease liabilities		2,731	2,479
Derivative financial instruments	17	-	3,659
Other short-term provisions		5,595	8,472
Current accruals and deferred income		5 490	3,966
Short-term liabilities		107,571	177,978
Total liabilities		371,442	434,238
Total liabilities		686,436	733,294

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022
(figures in PLN thousand)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01/04/2022-31/12/2022	01/04/2021-31/12/2021 restated
Profit (loss) before tax		19,919	47,558
Adjustments for:			
Depreciation of and impairment loss on property, plant and equipment		2,994	2,669
Amortisation and impairment of intangible assets		2,641	2,328
Purchased debt – difference between recoveries and interest income	9	145,511	117,882
Purchased debt – revaluation	4.1	(63,452)	(65,981)
Gain/(loss) on disposal of non-financial non-current assets		-	448
Financial costs		30,541	25,262
Finance income		(7,950)	(9,053)
Foreign exchange differences		(232)	1,749
Other adjustments		(793)	805
Total adjustments		109,260	76,109
Change in balance of receivables		612	1,376
Change in liabilities	15	33	4 263
Change in provisions, accruals and prepaid expenses		(4,567)	742
Cash generated by operations		125,257	130,048
Income tax paid		(5,248)	(2,046)
Net cash from operating activities		120,009	128,002
Purchased debt – purchase of debt portfolios	15	(73,506)	(16,739)
Purchased debt – sale of debt portfolios	9	-	-
Proceeds on disposal of investment property		998	2,308
Inflows from sales of tangible fixed assets		160	-
Proceeds from other financial assets		800	844
Acquisition of a subsidiary, net of cash acquired		-	(2,078)
Purchase of intangible assets		(1,441)	(4,387)
Purchase of property, plant and equipment		(1,065)	(964)
Purchase of investment property		(176)	(1,507)
Interest received		1,552	122
Net cash from investing activities		(72,678)	(22,401)
Proceeds from loans		21,150	13,312
Proceeds on issue of debt securities		32,689	4,970
Redemption of debt securities		(90,321)	(58,754)
Payments under settlement of hedging transactions		(4,775)	(12,517)
Repayments of credit facilities and loans		(25,344)	(20,725)
Repayment of lease liabilities		(3,574)	(2,067)
Interest paid		(23,820)	(18,187)
Dividends paid to owners		(733)	(775)
Other finance income		-	(93)
Net cash from financing activities		(94,728)	(94,836)
Net increase/(decrease) in cash and cash equivalents		(47,397)	10,765
Cash and cash equivalents at the beginning of the period		98,223	74,041
Effect of foreign exchange rate changes		3,398	(167)
Cash and cash equivalents at the end of the period		54,224	84,806

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022 (PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Reserves	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at 1 April 2022 (non-restated data)		12,897	105,691	1,468	(5,100)	184,927	299,883	704	300,587
Adjusted opening balance	2.8					(1,531)	(1,531)	-	(1,531)
As at 1 April 2022 (restated data)		12,897	105,691	1,468	(5,100)	183,396	298,352	704	299,056
Dividends		-	-	-	-	-	-	(733)	(733)
Total transactions with owners		-	-	-	-	-	-	(733)	(733)
Net profit		-	-	-	-	15,168	15,168	761	15,929
Other comprehensive income		-	-	(1,427)	2,076	-	649	-	649
Total comprehensive income		-	-	(1,427)	2,076	15,168	15,817	761	16,578
Allocation of profit		-	(13,966)	-	-	13,966	-	-	-
Other changes		-	-	-	-	73	73	20	93
As at 31 December 2022		12,897	91,725	41	(3,024)	212,603	314,242	752	314,994

	Note	Share capital	Reserves	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at 1 April 2021		12,897	114,363	(7,728)	(2,670)	145,517	262,379	1,003	263,382

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022 (PLN thousand)

	Note	Share capital	Reserves	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Adjusted opening balance	2.8					(726)	(726)	-	(726)
As at 1 April 2021 (restated data)		12,897	114,363	(7,728)	(2,670)	144,791	261,653	1,003	262,656
Changes in the Group's structure (transactions with non-controlling interests)		-	-	-	-	-	-	(92)	(92)
Dividends		-	-	-	-	-	-	(775)	(775)
Total transactions with owners		-	-	-	-	-	-	(867)	(867)
Net profit		-	-	-	-	40,741	40,741	400	41,141
Cash flow hedges		-	-	8,965	-	-	8,965	-	8,965
Exchange differences on translation of foreign operations		-	-	-	380	-	380	-	380
Total comprehensive income		-	-	8,965	380	40,741	50,086	400	50,486
Allocation of profit		-	(15,257)	-	-	15,257	-	-	-
As at 31 December 2021		12,897	99,106	1,237	(2,290)	200,789	311,740	536	312,276

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

1.1. Parent

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

Registered office of the Company	02-676 Warszawa, ul. Postępu 21B, Poland
Place of business	02-676 Warszawa, ul. Postępu 21B, Poland
Name	Kredyt Inkaso Spółka Akcyjna
Legal form	Spółka Akcyjna (joint-stock company)
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 (<i>spółka akcyjna</i> , joint-stock company) 19 April 2001 in the previous legal form (<i>spółka komandytowa</i> , limited partnership)
Number of entry in the National Court Register (KRS)	0000270672
Business Identification Number (REGON)	951078572
Tax Identification Number (NIP)	922-254-40-99
Business in accordance with the Polish Classification of Economic Activities (PKD)	64.99.Z – Other financial service activities, except insurance and pension funding n.e.c.

The 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.

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

As of 28 July 2022, the registered office of the Company changed and it currently located at ul. Postępu 21B in Warsaw.

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

1.2.1. Management Board

Barbara Rudzińska	President of the Management Board
Maciej Szymański	Vice-President of the Management Board
Iwona Słomska	Vice-President of the Management Board
Mateusz Boguta	Members of the Management Board

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Changes in the composition of the Management Board:

- On 11 May 2022, Mr Tomasz Kuciel tendered his resignation as Member of the Management Board effective as of 11 July 2022.
- On 25 October 2022, Mr Mateusz Boguta was appointed as Member of the Management Board,
- On 24 November 2022, the Supervisory Board made changes to the functions performed by Members of the Management Board of the Company: Ms Barbara Rudziks, acting thus far as Vice President of the Management Board of the Company, was appointed as the President of the Management Board of the Company, whereas Maciej Szymański, acting thus far as President of the Management Board of the Company, has been appointed as Vice President of the Management Board of the Company.

1.2.2. Supervisory Board

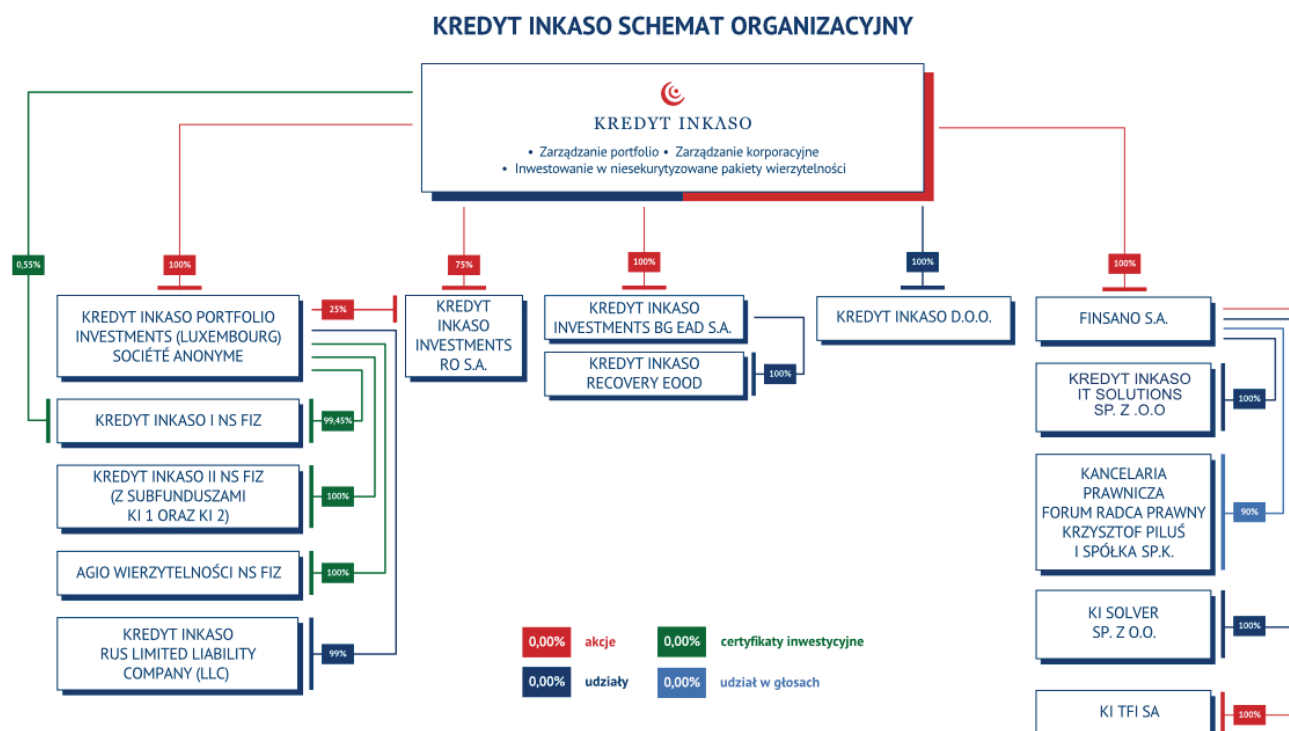
Bogdan Dzdzewicz	Chairman of the Supervisory Board
Marcin Okoński	Deputy Chair of the Supervisory Board
Daniel Dąbrowski	Supervisory Board Member
Raimondo Eggink	Supervisory Board Member
Karol Sowa	Secretary of the Supervisory Board

The Ordinary General Meeting of the Company, which appointed the aforementioned composition of the Supervisory Board, was held on 30 September 2022.

On the basis of resolutions adopted by the Ordinary General Meeting of Kredyt Inkaso S.A.:

- Mr Raimondo Eggink was appointed as Member of the Management Board,
- Mr Karol Szymański was not appointed for another term.

1.3. Information about the Group



The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022 (figures in PLN thousand)

The above diagram shows the organisational structure of the Group as at the balance sheet date. In the reporting period the composition of the Group did not change. After the balance sheet date, the liquidation of Kredyt Inkaso Recovery EOOD established in Bulgaria was completed on 27 January 2023. In connection with the fact that Kredyt Inkaso Recovery EOOD did not conduct operating activities, its liquidation did not have a significant impact on these consolidated financial statements.

Kredyt Inkaso S.A. is the parent of the Group. As at 31 December 2022, the Capital Group was composed of: Kredyt Inkaso S.A. as the parent and subsidiaries operating in Poland, Luxembourg, Romania, Bulgaria, Croatia and Russia, presented in the table below:

Name of entity	Registered office	Ownership interest	Number of voting rights	Core business
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś 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.	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%	Investment 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%	Investment in debt portfolios, servicing of debt assets
Kredyt Inkaso d.o.o.	Zagreb, Croatia	100%	100%	Investment in debt portfolios, servicing of debt assets
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100%	100%	Investment in debt portfolios, investment in securities carrying risks based on debt claims
Kredyt Inkaso I NSFIZ	Warsaw, Poland	100%	100%	Investing in debt portfolios
Kredyt Inkaso II NSFIZ	Warsaw, Poland	100%	100%	Investing in debt portfolios
KI Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw, Poland	100%	100%	Investment fund establishment and management
AGIO Wierzytelności NSFIZ**	Warsaw, Poland	100%	100%	Investing in debt portfolios
KI Solver Sp. z o.o. (formerly Advisers Sp. z o.o.)	Warsaw, Poland	100%	100%	Servicing of debt assets

* the liquidation of the company was completed on 27 January 2023

** on 10 February 2023 the name was changed to Kredyt Inkaso III NSFIZ

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

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

2.1. Basis for the preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Group cover the period of nine months ended 31 December 2022 and comprise:

- comparative information for a period of 9 months ended 31 December 2021 for the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows;

The condensed consolidated interim financial statements for the period of 9 months ended 31 December 2022 (figures in PLN thousand)

- comparative information as at 31 March 2022 for the statement of financial position.
- current and comparative information for a period of 3 months ended 31 December 2022 and 2021, respectively, for the statement of profit or loss, statement of other comprehensive income.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not contain all the information which is disclosed in full-year consolidated financial statements prepared in accordance with IFRS. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the financial year ended 31 March 2022.

The reporting currency in these interim condensed consolidated financial statements is the Polish złoty and all amounts are expressed in thousands of Polish złoty, unless indicated otherwise.

These interim condensed consolidated financial statements have been prepared on the assumption that Group entities will continue as going concerns in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements for publication, no facts or circumstances exist that would indicate any threat to the Group companies continuing as going concerns.

The duration of entities forming part of the Group is unlimited. For consolidation purposes, the financial data of all subsidiaries has been prepared for the same period as the Parent's financial statements, using uniform accounting policies. The interim condensed consolidated financial statements include adjustments to ensure that the financial data of individual Group companies is in compliance with IFRS.

On 24 February 2022, the armed forces of the Russian Federation invaded Ukraine and initiated acts of war in that region. In the reporting period the war did not have any further relevant, negative effects beyond those included in the full-year consolidated and separate financial statements. All forecasts are subject to high uncertainty due to the unprecedented nature of the war of this scale in the recent history of Poland's surrounding areas and the high pace of events. As regards the subsidiary Kredyt Inkaso RUS Limited Liability Company (LLC) ("KI RUS"), the Group maintains all assumptions presented in the full-year consolidated financial statements published on 30 June 2022, in particular as regards the continuation of operations and asset valuation.

2.2. Statement of compliance

These interim condensed 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 interim condensed 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. Although estimates are based on the best knowledge of current circumstances, actual results may deviate from these estimates. Information on judgements and estimates material to these interim condensed consolidated financial statements has been presented below.

2.3.1. 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.

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2.3.2. 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.

2.3.3. Investment property

The Group measures investment properties at fair value. The measurement of investment properties as at the balance sheet date reflects their market value and is based on estimates prepared by independent appraisers. The measurement is carried out at least once a year. The change in real estate measurement is recognised in correspondence with the income statement.

2.3.4. Goodwill impairment

The impairment of assets is measured at least once a year, at the end of the reporting period, in the form of goodwill. The impairment test is carried out using the discounted cash flow method based on projections and assumptions concerning the development of cash flows generated by cash generating centres to which specific goodwill is assigned.

Any impairment of goodwill is recognised in the income statement and is not to be subject to reversal in future reporting periods.

2.3.5. Deferred tax assets

Deferred tax assets are determined 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, and in accordance with the prudence principle. 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. When measuring deferred tax assets, an income tax rate is applied which to the best of the Company's knowledge will be effective in the year when these assets will be realised. Deferred tax assets connected with an unrecognised tax loss or unutilised tax credit are recognised only to the extent that it is probable that taxable income will be earned, allowing to realise them.

2.4. Accounting policies applied

These interim condensed consolidated financial statements have been prepared in line with the accounting policies presented in the most recent consolidated financial statements of the Group for the year ended 31 March 2022, except for standards applied for the first time described below herein.

2.4.1. Foreign currency transactions

Transactions denominated in currencies other than PLN are translated into PLN at the exchange rate of the bank whose services are used by the Company, effective as at the transaction date.

Cash items denominated in foreign currencies are translated at the closing rate (spot rate), i.e. at the rate announced by the leading bank, from the first listing on the reporting date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated at the average exchange rate of the National Bank of Poland published on the day preceding the transaction date.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the average exchange rate of the National Bank of Poland effective as at the day when fair value is determined.

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

	Reporting period ended 31 December 2022	Average exchange rate	Exchange rate at the end of the reporting period
RON 1		0.9537	0.9475
BGN 1		2.4041	2.3979

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	Reporting period ended 31 December 2022	Average exchange rate	Exchange rate at the end of the reporting period
RUB 1		0.0747	0.0618
HRK 1		0.6240	0.6224
EUR 1		4.7020	4.6899

	Reporting period ended 31 December 2021	Average exchange rate	Exchange rate at the end of the reporting period
RON 1		0.9276	0.9293
BGN 1		2.3413	2.3516
RUB 1		0.0531	0.0542
HRK 1		0.6097	0.6118
EUR 1		4.5793	4.5994

2.4.2. Operating segments

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- 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
- for which discrete financial information is available.

Operations of the Group are divided into operating segments on the basis of the market on which debt portfolios were purchased, i.e. geographical location of the debtor:

- Poland,
- Romania,
- Russia,
- Bulgaria,
- Other locations and areas not allocated to established segments.

Segment income is income earned from debt collection activities that is reported in the consolidated statement of comprehensive income that is directly attributable to that segment.

Segment expenses are expenses of debt collection activities that are directly attributable to that segment and – in the case of Poland – represent the expenses of central administrative services provided for the Poland segment and other segments (e.g. HR, accounting, financial controlling, IT services). 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 practice, these are purchased debts allocated to individual geographical locations on the basis of criterion of the market on which the debt portfolio was purchased. "Other" item represents all assets of the Group other than mentioned above.

The Group has an asymmetrical allocation of amortisation/depreciation costs, i.e. amortisation/depreciation costs are allocated to operating expenses of individual segments, whereas fixed assets and intangible assets to which that amortisation/depreciation pertains are not allocated to the assets of these segments.

Segment income, result and assets are determined after the exclusion of intersegment transactions.

2.4.3. 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 the year 2022/23:

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- Amendments to IAS 16 Property, Plant and Equipment – prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – annual improvements (effective for annual periods beginning on or after 1 January 2022),
- Amendments to the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – method of assessing whether the contract is onerous (effective for annual periods beginning on or after 1 January 2022),
- Annual Improvements to IFRSs 2018-2020 Cycle – explanations and clarifications of guidelines on recognition and measurement: IFRS 1 *First-Time Adoption of IFRS*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, and illustrative examples on IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2022),

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 and approved by the EU but not yet in force

As 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 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 *Insurance Contracts* – uniform recognition of all insurance contracts (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 *Insurance Contracts* – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1: "Presentation of Financial Statements" and IASB's guidance on disclosures about accounting policies in practice – materiality of policy disclosures (effective for annual periods beginning on or after 1 January 2023).

The 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 as at the balance sheet date.

2.7. New standards and amendments to existing standards already adopted by the IASB but not yet approved for application by the EU

- Amendments to IAS 1 "Presentation of Financial Statements" – classification of liabilities as current or non-current and Non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for annual periods beginning on or after 1 January 2024).

2.8. Change in significant accounting policies and error adjustments

The accounting policies applied to prepare these interim condensed consolidated financial statements are consistent with those applied to prepare the most recent full-year consolidated financial statements prepared as at and for the year ended 31 March 2022.

When preparing these interim condensed consolidated financial statements, errors from previous periods described in item 2.8.1. below were corrected and presentation changes described in 2.8.2. were made.

2.8.1. Error adjustments

- a) Non-recognition of the impact on deferred tax of the elimination of the impairment loss in the value of investments in subsidiaries, on the consolidated level.

In the years 2016-2021, companies forming part of the Group recognised impairment losses in the value of investments in subsidiaries in their separate balance sheets. These impairment losses were then eliminated on a consolidated level as

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transactions within the group. At the same time, deferred income tax assets established on individual levels on impairment losses were not eliminated on a consolidated level.

As at 31.12.2022, the Group adjusted that error, as a result of which it recognised PLN 726 thousand in deferred expenses and appropriately increased the deferred income tax provision.

b) Recognition of withholding tax on dividend in an incorrect amount

In March 2022, the shareholders of KI RUS made the decision to pay out a dividend to owners of the company. In the current financial year, the Group received information that an incorrect withholding tax rate was applied when paying out the aforementioned dividend, therefore it was necessary to adjust the received dividend and pay tax.

As at 31.12.2022, the Group recognised the expense of PLN 805 thousand in the profit (loss) from previous years in connection with the adjustment of withholding tax and adjusted the corresponding tax liability accordingly.

The impact of the restatement of comparative information in the statement of financial position as at 31 March 2022 has been presented below. The described adjustments did not have an impact on the consolidated statement of profit or loss and on the statement of cash flows for the period of 9 months ended 31 December 2021.

Liabilities	31/03/2022 non-restated	adjustments	31/03/2022 restated
Share capital	12,897	-	12,897
Supplementary capital	105,691	-	105,691
Revaluation reserve	1,468	-	1,468
Exchange differences	(5,100)	-	(5,100)
Retained earnings, including	184,927	(1,531)	183,396
net profit attributable to owners of the parent	30,738	(805)	29,933
profit brought forward	154,189	(726)	153,463
Equity attributable to owners of the parent	299,883	(1,531)	298,352
Non-controlling interests	704	-	704
Total equity	300,587	(1,531)	299,056
Loans and other debt instruments	242,710	-	242,710
Lease liabilities	6,136	-	6,136
Deferred tax liabilities	6,688	726	7,414
Long-term liabilities	255,534	726	256,260
Trade and other payables	30,126	-	30,126
Current income tax liabilities	219	805	1,024
Loans and other debt instruments	128,252	-	128,252
Lease liabilities	2,479	-	2,479
Derivative financial instruments	3,659	-	3,659
Other short-term provisions	8,472	-	8,472
Current accruals and deferred income	3,966	-	3,966
Short-term liabilities	177,173	805	177,978
Total liabilities	432,707	1,531	434,238
Total liabilities	733,294	-	733,294

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2.8.2. Presentation changes

In these interim condensed consolidated financial statements, changes were made to the presentation of exchange rate differences in the statement of cash flows, consisting in the separation of exchange rate differences from the translation of cash in entities operating abroad and standardization of the presentation of income/expenses from exchange rate differences.

The impact of the restatement of comparative information on the consolidated statement of cash flows for the period of 9 months ended 31 December 2021 has been presented below:

	01/04/2021- 31/12/2021 non- restated	presentation change	01/04/2021- 31/12/2021 restated
Profit (loss) before tax	47,558	-	47,558
Financial costs	27,011	(1,749)	25,262
Foreign exchange differences	(798)	2,547	1,749
Other adjustments	1,603	(798)	805
Total adjustments	76,109	-	76,109
Cash and cash equivalents at the beginning of the period	74,041	-	74,041
Effect of foreign exchange rate changes	-	(167)	(167)
Cash and cash equivalents at the end of the period	84,806	-	84,806

2.9. Seasonality and cyclicity of business

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

3. Operating segments

In these interim condensed consolidated financial statements, changes were made to the classification of operating segments compared to the comparative period. In the opinion of the Management Board, the presentation of operating segments based on geographical location is a better representation of the way in which the Management Board currently analyses the results of these segments and makes decisions concerning assets allocated to these segments. The change of the classification of segments is related to the modification of the internal reporting system implemented in the Capital Group in Q4 2022.

Comparative figures for the previous reporting periods presented in these financial statements have been appropriately restated to reflect the current structure of operating segments.

Segment performance in the current reporting period is presented in the table below.

01/04/2022-31/12/2022	Poland	Romania	Russia	Bulgaria	Other	Total
Net revenue	104,667	19,862	18,154	10,645	395	153,723
Total operating expenses, including:	(78,985)	(13,774)	(8,620)	(6,800)	(3,266)	(111,445)
- Amortisation/Depreciation	(4,670)	(103)	(4)	(392)	(466)	(5,635)
Segment operating profit/(loss)	25,682	6,088	9,534	3,845	(2,871)	42,278
Finance income						8,182
Financial costs						(30,541)
Profit before tax						19,919
Income tax						(3,990)

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01/04/2022-31/12/2022	Poland	Romania	Russia	Bulgaria	Other	Total
Net profit						15,929

Segment performance in the current quarter is presented in the table below.

01/10/2022-31/12/2022	Poland	Romania	Russia	Bulgaria	Other	Total
Net revenue	30,998	8,018	6,891	4,034	607	50,548
Total operating expenses, including:	(29,242)	(5,161)	(2,704)	(2,425)	(904)	(40,436)
- Amortisation/Depreciation	(1,623)	(53)	(1)	(124)	(155)	(1,956)
Segment operating profit/(loss)	1,756	2,857	4,187	1,609	(297)	10,112
Finance income						1,578
Financial costs						(11,484)
Profit before tax						206
Income tax						405
Net profit						611

Segment performance in the comparative reporting period is presented in the table below.

01/04/2021-31/12/2021	Poland	Romania	Russia	Bulgaria	Other	Total
Net revenue	102,287	36,421	15,040	7,354	48	161,150
Total operating expenses, including:	(67,752)	(10,982)	(7,055)	(5,707)	(4,138)	(95,634)
- Amortisation/Depreciation	(3,964)	(45)	(13)	(421)	(554)	(4,997)
Segment operating profit/(loss)	34,535	25,439	7,985	1,647	(4,090)	65,516
Finance income						9,053
Financial costs						(27,011)
Profit before tax						47,558
Income tax						(6,417)
Net profit						41,141

Segment performance in the comparative quarter is presented in the table below.

01/10/2021-31/12/2021	Poland	Romania	Russia	Bulgaria	Other	Total
Net revenue	38,164	5,272	5,949	2,492	(84)	51,793
Total operating expenses, including:	(22,365)	(3,887)	(2,730)	(1,942)	(1,713)	(32,637)
- Amortisation/Depreciation	(1,283)	3	(4)	(142)	(189)	(1,615)
Segment operating profit/(loss)	15,799	1,385	3,219	550	(1,797)	19,156
Finance income						6,177
Financial costs						(9,017)
Profit before tax						16,316
Income tax						(1,326)

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01/10/2021-31/12/2021	Poland	Romania	Russia	Bulgaria	Other	Total
Net profit						14,990
	Poland	Romania	Russia	Bulgaria	Other	Total
As at 31.12.2022						
Segment assets*	447,233	92,152	510	30,361	116,180	686,436
As at 31.03.2022						
Segment assets*	442,218	92,737	3,641	35,494	159,204	733,294

* Segment assets in segments other than "Other" segment constitute only debt portfolios

The Group's income from recoveries from external customers by geographical location are detailed below.

Recoveries from debtors by geographical regions	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Poland	160,263	52,872	136,194	45,556
Romania	34,746	12,686	39,312	9,687
Russia	22,893	6,991	20,774	8,075
Bulgaria	16,052	5,794	13,655	4,758
Croatia	199	55	280	40
In total	234,153	78,398	210,215	68,116

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

4. Net revenue

4.1. Revaluation of portfolios receivables

Revaluation of portfolios	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Revision of projection	(3,758)	(2,106)	19,365	10,002
Deviations of actual payments from projected payments	65,581	23,606	47,179	9,552
Extension of projected recoveries	904	293	981	320
Changes to exchange rates	725	(1,936)	(1,544)	(498)
In total	63,452	19,857	65,981	19,376

Revaluation of portfolios covers the following components:

- (1) Review of future recovery projection:
 - (a) revaluation of future recovery curves, taking into account past recoveries and planned recoveries based on statistical models;
 - (b) for secured debt portfolios – postponement and/or change of amount or projected recoveries, where enforcement of claims against security was postponed;
- (2) Differences between actual payments and projected payments – difference for the reporting period between actual payments by debtors and projected payments in recovery curves that were the basis for the valuation of debt portfolios using the model of discounted cash flows from debt portfolios;

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- (3) Extension of projected recoveries – extension by another period of projected recoveries from debt portfolios to match a fixed, standard 15-year recovery estimation period;
- (4) Change in currency exchange rate – impact of changes in exchange rates on debt portfolios denominated in foreign currencies.

4.2. Other income/ expenses

Other income/ expenses	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Revenue from debt management	2,090	719	2,716	1,025
Net revenue from sale and repossession of property	(1,155)	23	182	(53)
Cost of provision for overpayments	5	3	(523)	(43)
Other revenue	689	431	461	288
In total	1,629	1,176	2,836	1,217

5. Costs

Costs by type	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Remunerations, social insurance contributions and other benefits	39,573	14,071	34 605	12 073
External services	32,437	10,996	30,314	10 417
Court and enforcement fees	29,259	11,521	22,152	7,140
Depreciation and amortization	5,635	1,956	4,997	1,615
Taxes and charges	1,284	619	1,166	557
Consumption of materials and energy	1,561	596	1,034	371
Other costs by type	1,696	677	1,366	464
In total	111,445	40,436	95,634	32,637

6. Finance income and expense

Finance income	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Interest income on financial assets measured at amortised cost	1,552	604	394	137
Interest income on derivative hedging instruments	6,331	2,726	-	-

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Finance income	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Ineffective portion of financial risk hedge	67	-	8,558	5,977
Foreign currency translation gains	232	(1 747)	-	-
Other finance income	-	(5)	101	63
In total	8,182	1,578	9,053	6,177

Finance expense	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Interest expense for financial liabilities	26,538	9,622	15,911	5,402
Other interest, including	769	331	449	140
on lease liabilities	664	285	429	120
Ineffective portion of financial risk hedge	3,205	1,502	8,902	8,902
Interest expense on derivative hedging instruments	-	-	-	(5,924)
Other finance expenses	29	29	-	(9)
Foreign exchange losses	-	-	1,749	506
In total	30,541	11,484	27,011	9,017

7. Income tax

	01/04/2022-31/12/2022	01/10/2022-31/12/2022	01/04/2021-31/12/2021	01/10/2021-31/12/2021
Current year	(4,734)	291	(3,637)	(1,138)
Brought forward	(417)	-	-	-
Current income tax	(5,151)	291	(3,637)	(1,138)
Current year	1,161	114	(2,780)	(188)
Deferred income tax	1,161	114	(2,780)	(188)
Total income tax expense recognised in the current year	(3,990)	405	(6,417)	(1,326)

Income tax rates applied by Group companies	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Poland	19%*	19%
Romania	16%	16%
Bulgaria	10%	10%
Luxembourg	29%	29%
Russia	20%	20%
Croatia	10%	10%

*Kancelaria Prawnicza FORUM Radca Prawny Krzysztof Piliś i Spółka sp.k. settles tax at the rate of 9%.

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

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	01/04/2022- 31/12/2022	01/10/2022- 31/12/2022	01/04/2021- 31/12/2021	01/10/2021- 31/12/2021
Profit from continuing operations before tax	19,919	206	47,558	16,316
Income tax at 19%	(3,785)	(39)	(9,036)	(3,100)
Difference between foreign tax rates and 19%	562	1,502	403	5
Non-taxable income	17,241	(3,048)	55,733	19,872
Tax income other than for accounting purposes	(716)	(683)	(53)	845
Non-tax-deductible expenses	(18,567)	1,960	(51,985)	(19,118)
Tax loss brought forward	-	-	(31)	(14)
Write-off/activation of tax losses/credits	1,630	653	(1,574)	421
Tax effect of tax rate change	-	(121)	-	(109)
Reimbursable advances paid	-	33	-	-
Adjustment for prior period items	(417)	(417)	(114)	-
Tax expense other than for accounting purposes	99	99	(193)	(591)
Other items with an impact on the amount of tax expense	(37)	466	433	463
Income tax expense recognised in profit or loss from continuing operations	(3,990)	405	(6,417)	(1,326)

8. Other financial assets

The Group presents the following investments under other financial assets:

	31/12/2022		31/03/2022	
	Current assets	Non-current assets	Current assets	Non-current assets
Debt instruments	68	705	268	1,600
Financial assets measured at fair value through profit or loss	320	-	319	-
In total	388	705	587	1,600

9. Purchased debt

Types of debt portfolios	31/12/2022	31/03/2022
Retail	285,998	328,040
Telecommunication	157,056	127,411
Consumer loans	85,758	75,822
Mortgage	26,434	26,766
Corporate	15,672	16,658
Insurance	443	570
Other	17	20
In total	571,378	575,287

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Movements in debt portfolios	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Opening balance	575,287	628,615
Purchase of debt portfolios	76,218	16,739
Sale of debt portfolios	-	-
Revaluation	63,452	65,981
Exchange differences	1,932	(571)
Recoveries from indebted persons	(234,153)	(210,215)
Interest income on debt portfolios	88,642	92,333
Closing balance	571,378	592,882

Exchange rates adopted for the valuation of debt portfolios	31/12/2022	31/03/2022
Discount rate*	6.17%-103.14%	6.17%-112.27%

*applies to 99% of the value of debt portfolios

10. Receivables and loans

	31/12/2022	31/03/2022
Non-current assets		
Receivables	525	656
Current assets		
Trade and other receivables	8,614	7,936
Loans	29	29

The Group recognises impairment losses on other receivables comprised of the following:

- a PLN 2,986 thousand impairment loss on reimbursement of court fees related to debt collection actions before courts, as at 31.12.2022, PLN 2,834 thousand as at the end of the comparative period,
- a PLN 597 thousand impairment loss on receivables related to court cases instigated by the Group, as at 31.12.2022, PLN 593 thousand as at the end of the comparative period,
- a PLN 439 thousand impairment loss on other receivables, as at 31.12.2022, PLN 437 thousand as at the end of the comparative period.

11. Deferred tax assets and liabilities

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

Deferred income tax	31/12/2022	31/03/2022 restated
Balance at beginning of year:		
Deferred tax assets	3,131	8,102

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Deferred income tax	31/12/2022	31/03/2022 restated
Deferred income tax provision	(10,545)	(10,305)
Net deferred tax at beginning of period	(7,414)	(2,203)
Changes in the period recognised in:		
Statement of profit or loss (+/-)	1,161	(3,055)
Other comprehensive income (+/-)	335	(2,156)
Net deferred tax at end of period, including:	(5,918)	(7,414)
Deferred tax assets	6,334	3,131
Deferred income tax provision	(12,252)	(10,545)

	31/03/2022 restated	Change in the statement of profit or loss	Change in other comprehensive income	31/12/2022
Deferred tax assets				
Property, plant and equipment – right-of-use asset	67	35	-	102
Investment property	-	22	-	22
Receivables and loans measurement of financial assets	-	33	-	33
Provisions for employee benefits	1,004	(500)	-	504
Other provisions	307	49	-	356
Loans and other debt instruments	286	367	-	653
Other liabilities	744	838	-	1,582
Unused tax losses	626	2,361	-	2,987
Other assets	97	(2)	-	95
In total	3,131	3,203	-	6,334
Provisions for deferred tax liabilities				
Property, plant and equipment and intangible assets	673	101	-	774
Investment property	274	(256)	-	18
Receivables and loans measurement of financial assets	9,484	2,055	(335)	11,204
Loans and other debt instruments	-	142	-	142
Other assets	114	-	-	114
In total	10,545	2,042	(335)	12,252
Net deferred tax	(7,414)	1,161	335	(5,918)

12. 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.

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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.

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	Carrying amount as at 31/12/2022				Fair value as at 31/12/2022			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Receivables and loans	-	-	525	525	-	-	525	525
Other non-current financial assets – debt instruments	-	-	705	705	-	-	705	705
Current assets								
Trade and other receivables	-	-	8,614	8,614	-	-	8,614	8,614
Derivative financial instruments	-	5,450	-	5,450	-	5,450	-	5,450
Purchased debt	-	-	571,378	571,378	-	-	460,161	460,161
Loans	-	-	29	29	-	-	29	29
Other current financial assets – debt instruments	-	-	68	68	-	-	68	68
Other current financial assets – shares	320	-	-	320	-	-	320	320
Cash and cash equivalents	-	-	54,224	54,224	-	-	54,224	54,224
Financial liabilities								
Non-current liabilities								
Loans and other debt instruments	-	-	249,562	249,562	-	-	249,562	249,562
Lease liabilities	-	-	8,391	8,391	-	-	8,391	8,391
Short-term liabilities								
Loans and other debt instruments	-	-	60,666	60,666	-	-	60,666	60,666
Lease liabilities	-	-	2,731	2,731	-	-	2,731	2,731

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

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	Carrying amount 31 Mar 2022				Fair value 31 Mar 2022			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Receivables and loans	-	-	656	656	-	-	656	656
Other non-current financial assets – debt instruments	-	-	1,600	1,600	-	-	1,600	1,600
Derivative financial instruments	-	2,902	-	2,902	-	2,902	-	2,902
Current assets								
Trade and other receivables	-	-	7,936	7,936	-	-	7,936	7,936
Purchased debt	-	-	575,287	575,287	-	-	488,022	488,022
Loans	-	-	29	29	-	-	29	29
Other current financial assets – debt instruments	-	-	268	268	-	-	268	268
Other current financial assets – shares	319	-	-	319	-	-	319	319
Cash and cash equivalents	-	-	98,223	98,223	-	-	98,223	98,223
Financial liabilities								
Non-current liabilities								
Loans and other debt instruments	-	-	242,710	242,710	-	-	242,710	242,710
Lease liabilities	-	-	6,136	6,136	-	-	6,136	6,136
Current liabilities								
Loans and other debt instruments	-	-	128,252	128,252	-	-	128,252	128,252
Lease liabilities	-	-	2,479	2,479	-	-	2,479	2,479
Derivative financial instruments	-	3,659	-	3,659	-	3,659	-	3,659

FVTPL – Financial instruments at fair value through profit or loss

FVOCI – Financial assets at fair value through other comprehensive income

Amortised cost – Financial instruments at amortised cost

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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.

13. Equity

13.1. Share capital

	31/12/2022	31/03/2022
Number of shares	12,897,364	12,897,364
Par value of shares (PLN)	1.00	1.00
Share capital (PLN)	12,897,364	12,897,364

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

13.2. Shareholder structure of Kredyt Inkaso S.A.

As at the balance sheet date and as at the authorisation date of these interim condensed 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	61.49%	7,929,983	61.49%
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	5.37%	693,153	5.37%
In total	12,897,364	100.00%	12,897,364	100.00%

(*) Waterland Private Equity Investments B.V. is the ultimate parent and indirectly holds 61.49% of the Company's share capital, representing the same share in total voting rights.

13.3. Coverage of loss of the Parent for the year 2021/2022

The Ordinary General Meeting of the Company on which the resolution on the coverage of loss for the year 2021/2022 amounting to PLN 14,221 thousand, in full, from the statutory reserve fund of the Company was held on 30 September 2022.

13.4. 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:

	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Weighted average number of ordinary shares (in thousands)	12,897	12,897

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	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Impact of treasury shares	-	-
Weighted average number of ordinary shares (in thousands)	12,897	12,897
Net profit/(loss) attributable to owners of the parent	15,168	40,741
Basic earnings/(loss) per share (PLN)	1.18	3.16
Diluted earnings/(loss) per share (PLN)	1.18	3.16

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.

13.5. Information on members of the management or supervisory bodies holding Parent's shares or rights to Parent's shares

According to the best knowledge of the Group, none of the members of the Management Board and none of the members of the Supervisory Board of the Company held any shares or rights to shares of the Parent as at 31 December 2022.

14. Loans and other debt instruments

	31/12/2022		31/03/2022	
	Current liabilities	Non-current liabilities	Current liabilities	Long-term liabilities
Loans and borrowings, including:	37,152	86,651	32,649	95,264
- credit card liabilities	21	-	10	-
Debt securities	23,514	162,911	95,603	147,446
In total	60,666	249,562	128,252	242,710

14.1. Loans

Balance of loans as at the balance sheet date.

Instrument	Currency	Interest	Liability origination date	Maturity	Current liabilities	Non-current liabilities	Total
Loan from ING Bank Śląski S.A.	PLN	3M WIBOR + margin	23 Nov 2017	2032-12-31	12,913	30,586	43,499
Loan from ING Bank Śląski S.A.	PLN	3M WIBOR + margin	21 May 2018	2032-12-31	24,218	56,065	80,283
In total					37,131	86,651	123,782

Balance of loans at the comparative balance sheet date.

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Instrument	Currency	Interest	Liability origination date	Maturity	Current liabilities	Non-current liabilities	Total
Loan from ING Bank Śląski S.A.	PLN	3M WIBOR + margin	23 Nov 2017	31 Aug 2031	12,167	36,790	48,957
Loan from ING Bank Śląski S.A.	PLN	3M WIBOR + margin	21 May 2018	31 Aug 2031	20,472	58,474	78,946
In total					32,639	95,264	127,903

The maturity date for loans granted by ING Bank Śląski S.A. marks the date of expiry of the loan agreement, which is 31 December 2032. The maturity for each drawdown from the available credit facility is 60 months.

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ, pursuant to supplementary agreements, may use the funds obtained from the credit facility to finance the purchase of debt portfolios.

In accordance with the agreements, the bank will make available up to a total of PLN 200,000 thousand to Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ (on 3 August 2022, the limit of available funds was raised from PLN 140,000 thousand to PLN 200,000 thousand).

The availability of funds for use under the above credit limit is provided for annual periods ending on 31 December, which are automatically extended for subsequent annual periods if neither the bank nor the funds make a statement at least 35 days before the expiry date that they do not wish to continue the availability of the credit line. The maximum date up to which the end-date of the availability of funds to be drawn down under the credit limit may be extended is the expiry date of the credit facility agreement, set for 31 December 2032.

The credit facilities are uncommitted and the bank does not have any obligations under the credit facility agreements and a request to use the allocated credit limits requires the prior approval of the bank. Liabilities under loans are hedged – details in Note 20.2.

14.2. Bonds issued

Balance at end of current reporting period.

Bond Series	Interest	Liability origination date	Maturity	Nominal amount	Current	Non-current	Carrying amount
H1	fixed; 6%	22 Oct 2021	19 Oct 2025	3,667	124	3,414	3,538
J1	3M WIBOR + 4.9%	28 Mar 2022	28 Mar 2029	47,387	9,944	36,663	46,607
K1	6M WIBOR + 4.9%*	28 Mar 2022	28 Mar 2029	103,000	12,118	92,167	104,285
I1	3M WIBOR + 4.9%	2022-04-19	2025-10-23	17,010	777	15,979	16,756
L1	3M WIBOR + 4.7%	2022-08-05	2026-07-27	15,679	551	14,688	15,239
In total				186,743	23,514	162,911	186,425

*first interest period – 6M WIBOR + 5.3%

Calendar of events related to bonds in issue – including events after the balance sheet date.

Date	
19 April 2022	I1 series bearer bonds with a total nominal value of PLN 17,010 thousand were issued.
26 April 2022	The Group performed a total early redemption of series F1 bonds with a total nominal value of PLN 75,769 thousand.
28 June 2022	The Group made a timely partial repayment of the nominal value of series J1 bonds amounting to PLN 2,787 thousand, in line with the schedule specified in the terms and conditions of the bonds.
5 August 2022	L1 series bearer bonds with a total nominal value of PLN 15,679 thousand were issued.
16 August 2022	The Group made a total repayment of series E1 bonds amounting to PLN 6,190 thousand.
28 September 2022	The Group made a timely partial repayment of the nominal value of series J1 bonds amounting to PLN 2,787 thousand, in line with the schedule specified in the terms and conditions of the bonds.
28 December 2022	The Group made a timely partial repayment of the nominal value of series J1 bonds amounting to PLN 2,787 thousand, in line with the schedule specified in the terms and conditions of the bonds.

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

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As at the end of the comparative reporting period, that is 31.03.2022

Bond Series	Interest	Liability origination date	Maturity	Nominal amount	Current	Non-current	Carrying amount
E1	6M WIBOR + 4.9%	16 Aug 2018	16 Aug 2022	6,190	6,196	-	6,196
F1	6M WIBOR + 4.9%	26 Apr 2019	26 Apr 2022	75,769	77,608	-	77,608
H1	fixed; 6%	22 Oct 2021	19 Oct 2025	3,667	75	3,420	3,495
J1	3M WIBOR + 4.9%	28 Mar 2022	28 Mar 2029	55,749	11,336	43,452	54,788
K1	6M WIBOR + 4.9%*	28 Mar 2022	28 Mar 2029	103,000	388	100,574	100,962
In total				244,375	95,603	147,446	243,049

*first interest period – 6M WIBOR + 5.3%

14.3. Cash pool

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%.

On 7 September 2022, Annex No. 4 to the agreement on liquidity management in the form of daily limits was executed, introducing KI Solver Sp. z o.o. into the structure.

Cash pool balances are presented in the table below:

	31/12/2022	31/03/2022
Kredyt Inkaso S.A.	(30,622)	(29,913)
Finsano S.A.	30,138	25,372
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piliś i Spółka sp.k.	2,775	2,918
Kredyt Inkaso IT Solutions Sp. z o.o. (previously: Legal Process Administration Sp. z o.o.)	(3,161)	1,623
KI Solver Sp. z o.o.	870	-
Total	-	-

15. Note to the statement of cash flows

	Change in liabilities recognised in the statement of financial position	Value of purchased portfolios in the period 01/04/2022-31/12/2022	Payment for portfolios purchased in the period 01/04/2021-31/03/2022	Value of purchased portfolios in the period 01/04/2022-31/12/2022, paid for after the balance sheet date	Opening Balance adjustment	Presentation in the statement of cash flows
Purchased debt – purchase and expenditure on debt portfolios		(76,217)	(12,600)	15,311		(73,506)
Change in liabilities	1,939	-	12,600	(15,311)	805	33

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16. Financial risk management

In the reporting period The Group did not identify any changes in financial risk and did not change any objectives and principles of financial risk management as compared to those described in the full-year consolidated financial statements for the financial year 2021/2022.

17. Derivative hedging instruments

As at the balance sheet date, the Group had open hedging relationships. The Group entered into transactions on derivatives to hedge against interest rate risk (IRS), under which it pays a fixed interest rate and receives 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 the WIBOR6M 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.

Instrument	Nominal amount	Term	Transaction rate (fixed interest rate)	Assets	Liabilities	Item in the statement of financial position	Changes in fair value
IRS	200,000	03/07/2018 - 05/07/2022	2.41%	-	-	Derivative financial instruments	1,957
IRS	200,000	21/08/2018 - 05/07/2022	2.28%	-	-	Derivative financial instruments	1,701
IRS	200,000	14/02/2019 - 05/01/2023	1.96%	5,450	-	Derivative financial instruments	2,548
			In total	5,450	-		6,206

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

Interest transferred from other comprehensive income is charged to Finance expense – Interest expense on hedging instruments or Finance income – Interest income on derivative hedging instruments.

	Amount
Payments under settlement of hedging transactions recognised in the statement of cash flows	4,775
Hedging gains or losses of the reporting period that were recognised in comprehensive income	4,569
Ineffective portion of the hedge recognised in the statement of profit or loss	(3,138)
In total	6,206

	Amount
Revaluation reserve at beginning of period	1,468
Effect of valuation of hedging transactions (effective portion)	4,569

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	Amount
Interest transferred in the period from other comprehensive income to profit or loss	(6,331)
Income tax	335
Revaluation reserve at end of period	41

18. 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.

	31/12/2022	31/03/2022
Loans and other debt instruments	310,228	370,962
Leasing	11,122	8,615
less: cash and cash equivalents	(54,224)	(98,223)
Net financial debt	267,126	281,354
Equity	314,994	299,056
Net financial debt / equity	0.85	0.94

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19. Significant related-party transactions

19.1. Related-party transactions

19.1.1. Trading transactions

The Group entered into the trading transactions with related entities:

	01/04/2022-31/12/2022		01/04/2021-31/12/2021	
	Revenue	Costs	Revenue	Costs
Cost of advisory services				
WPEF VI HOLDING 5 B.V.	-	212	-	-
WPEF VI HOLDING V B.V.	-	-	-	205
In total	-	212	-	205

Advisory services are provided under an agreement dated 31 March 2017, executed by the Company with WPEF VI HOLDING V B.V., which on 14 December 2021 merged with WPEF VI HOLDING 5 B.V., and include advising 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 has been concluded 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.

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

None.

19.3. Transactions with the Management Board and the Supervisory Board

19.3.1. Remuneration of the Management Board

The remuneration of Members of the Management Board of the Company, in the parent company and in subsidiaries.

	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Remuneration of the Management Board	3,399	2,776
Other – medical benefits and other	249	82
In total	3,648	2,858

19.3.2. Remuneration of the Supervisory Board

	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Remuneration of the Supervisory Board	339	286
In total	339	286

Rules of remuneration of the Supervisory Board:

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- 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.

On the basis of Resolution No. 27/2022 of the Extraordinary General Meeting dated 30 September concerning the determination of the amount of remuneration due to a member of the Supervisory Board of the Company appointed by block voting and delegation to permanently and individually perform supervisory activities, the amount of monthly gross remuneration of the aforementioned member of the Supervisory Board was determined in the amount equal to half the remuneration of the Chairperson of the Supervisory Board. The determined amount of remuneration does not exclude the right of a member of the Supervisory Board to be reimbursed the costs incurred in connection with the performance of this function.

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

20.1. Cost of debt enforcement cancellation

A contingent liability constitutes a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a current obligation that arises from past events and is not recognised in the financial statements as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured in a sufficiently reliable way.

The costs of debt cancellation constitute an obligation that arises from past events (initiation of debt enforcement), but the occurrence or non-occurrence of which does not depend on uncertain future events that remain beyond the control of the Group. For the purposes of valuating the contingent liability concerning the costs of debt enforcement cancellation, the Group conducted an analysis of current and historical operating data, as a result of which it determined statistical curves that show when during the lifetime of individual (groups of) debt enforcement proceedings it is probable that they will be cancelled and the related outflow of cash. The received values were discounted as at the balance sheet date using the discount rate that reflects the current market assessment concerning the value of money in time and the risk appropriate for the liability.

The value of the contingent liability related to the costs of debt enforcement cancellation as at the balance sheet date has been presented below:

	31/12/2022
Contingent liabilities - cost of debt enforcement cancellation	27,584
In total	27,584

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

On the basis of:

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

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ provided security in favour of the Bank by way of conditional transfer of receivables constituting collateral, under a conditional agreement on the transfer of receivables under commercial contracts, 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 those subsidiaries.

The credit facility agreements referred to above were jointly superseded by Supplementary Agreement No. 3 dated 31 December 2020 and subsequent Supplementary Agreements No. 4 dated 22 March 2022, No. 5 dated 15 April 2022 and No. 6 dated 3 August 2022, which specify, among other things, that Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ provided security to the Bank for the granted credit facility by way of a conditional transfer of receivables, under and in accordance with conditional agreements on the transfer of receivables under specific commercial contracts, so that the total value of receivables constituting collateral constitutes not less than 150% of the amount of the credit limit used. As at the balance sheet date, the required collateral for Kredyt Inkaso I NSFIZ was: PLN 120,451 thousand and for Kredyt Inkaso II NSFIZ – PLN 65,288 thousand.

20.3. Bond issue security

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

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

As at the balance sheet date, the minimum amount of collateral over the Company's assets had reached its maximum value, i.e. PLN 150 million. This amount represents the pledge on bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S. A. The established security will also secure the holders of other bond series for which the terms and conditions of issue contain clauses on the equal treatment of creditors (*pari passu*).

On 26 April 2022 (in regard to Series F1 bonds) and on 16 August 2022 (in regard to Series E1 bonds), the Company redeemed all bonds by paying their nominal value and interest. In light of the above, security for Series F1 bonds and security for Series E1 bonds described above, established on *pari passu* terms at the moment when series F1 bonds were issued, was released.

In addition, on 28 March 2022 the Company issued Series K1 bonds with a total nominal value of PLN 103 million. Pursuant to the terms of the bond issue, the bonds were issued as unsecured. On the other hand, in accordance with the terms of the bond issue, claims under the bonds were covered by collateral established after the issue date through standard security interests, including registered pledges under the Polish law or foreign law on debt portfolios and investment certificates disclosed in the statement of financial position of the Company or its subsidiaries or on other assets of the Company. The total value of collateral after 26 April 2022 should not be less than 150% of the current nominal value of the bonds.

As at the balance sheet date the minimum total collateral value amounted to PLN 154.5 million.

21. Court, enforcement, tax and other proceedings

21.1. Court and enforcement 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,

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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 Approval 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"). The Company in the Statement of Claim demands:

- that PLN 60,734,500 with statutory default 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.

As at the Approval Date, action brought by the Parent 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 default 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 default 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 default 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, is pending. 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.

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

- action of Best S.A. to revoke the resolutions of the Annual General Meeting against which it filed an objection, i.e.: (i) Resolution No. 12/2016 to approve the Management Board's report on the operations of Kredyt Inkaso S.A. and separate financial statements of Kredyt Inkaso S.A. for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (ii) Resolution No. 13/2016 to approve the Management Board's report on the operations of the Group and consolidated financial statements of the Group for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (iii) Resolution No. 15/2016 to grant discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (iv) Resolution No. 16/2016 to grant discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (v) Resolution No. 17/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (vi) Resolution No. 18/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (vii) Resolution No. 19/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (viii) Resolution No. 20/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (ix) Resolution No. 21/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31

March 2016, (x) Resolution No. 22/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016 (Current Report No. 93/2016), (xi) Resolution No. 7/2017 to grant discharge to a member of the Management Board, (xii) Resolution No. 8/2017 to grant discharge to a member of the Management Board, (xiii) Resolution No. 9/2017 to grant discharge to a member of the Management Board, (xiv) Resolution No. 14/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017, (xv) Resolution No. 15/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017 (Current Report No. 65/2017); On 14 May 2021, the Regional Court in Warsaw, 20th Commercial Department, issued a decision to discontinue the proceedings with respect to Resolutions No. 15/2016 and 7/2017 due to the irrelevance of further proceedings with respect to these resolutions, given that the Company's Annual General Meeting adopted Resolution No. 17/2020 of 27 November 2020 to amend the resolutions on granting discharge to the former Management Board Member referred to above, under which the discharge granted to him for the periods indicated above were revoked;

- action by a former member of the Company's Supervisory Board – Mr Karol Szymański, to revoke 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 01 April 2016 and ending on 31 March 2017 (Current Report No. 9/2018); On 14 October 2021, the Regional Court dismissed the action of a member of the Supervisory Board, however the ruling is not final (Current Report No. 50/2021);
- action of Best S.A. to revoke the resolutions of the Ordinary 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 09 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 to declare invalid or revoke 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 actively defends against it in court proceedings (Current Report No. 34/2019);
- action by John Harvey van Kannel against the Company to establish (i) 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 defends against them by actively participating in court proceedings (Current Report No. 26/2021).
- action by John Harvey van Kannel against the Company to declare the invalidity of Resolution No. 12/2021 of the Extraordinary General Meeting of the Company of 24 May 2021 on the appointment of Daniel Dąbrowski as member of the Supervisory Board of the Company, of which the Company informed in the Current Report No. 31/2021 of 23 August 2021. On 8 August 2022, the District Court in Warsaw, 16th Commercial Department, dismissed the action of the Company's shareholder in its entirety, however the ruling is not final (Current Report No. 44/2022). The attorney of the Company received an appeal of the Claimant against the said judgment, the grounds of which are basically arguments raised by the Claimant in proceedings before the court of first instance, which dismissed the Claimant's claims in their entirety (Current Report No. 01/2023);
- action by two members of the Supervisory Board to revoke the resolution of the group of shareholders entitled to appoint members of the Supervisory Board by block voting No. 13/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Karol Szymanski as Member of the Company's Supervisory Board for a new term of office and his delegation to individually perform supervisory duties on a permanent basis. The Company intends to actively participate in the court proceedings (Current Report No. 53/2021);
- action by two members of the Supervisory Board to revoke the resolution of the group of shareholders entitled to appoint members of the Supervisory Board by block voting No. 6/2022 of the Company's Extraordinary General Meeting of 25 April 2022 on the appointment of Karol Szymański as Member of the Company's Supervisory Board for a new term of office and his delegation to individually perform supervisory duties on a permanent basis. Decision of 6 July 2022. The court secured the claimants' claim for annulment of the aforementioned resolution by suspending its

effectiveness until the final conclusion of the proceedings. The Company intends to actively participate in the court proceedings (Current Report No. 36/2022);

- motion of Best S.A. to appoint Rödl Kancelaria Prawna sp. k. and Roedl Audit sp. z o.o. jointly as a special auditor. The Company and its Supervisory Board finds the aforementioned motion unfounded and actively participates in the court proceedings (Current Reports No. 40/2022, No. 66/2022 and No. 3/2023).

21.2. Tax 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 statement of reasons for the Provincial Administrative Court's Second Decision. Its contents confirms that the position presented by the Company in its request to issue the Tax Ruling was correct. Notwithstanding the above, the Company upholds the allegations that the procedure was breach in the course of issuing the Tax Ruling, described in detail in the complaint dated 17 October 2016. In light of the above, on 22 July 2021 the Company lodged a cassation complaint with the Supreme Administrative Court against the Second Decision of the Provincial Administrative Court. In addition, on 11 August 2021, the Company received a copy of the tax authority's cassation appeal to the Supreme Administrative Court against the Second Decision of the Provincial Administrative Court. In its decision of 10 October 2021 (ref. II FSK 1143/21), the Supreme Administrative Court dismissed the Second Decision of the Provincial Administrative Court and remanded the case back to the Provincial Administrative Court. In its decision of 27 April 2022, the Provincial Administrative Court dismissed the complaint of Kredyt Inkaso S.A. (ref. III SA/Wa 485/22, "Third Decision of the Provincial Administrative Court"). On 09 June 2022, Kredyt Inkaso S.A. received a written statement of reasons for the Third Decision of the Provincial Administrative Court. Its contents confirm that the Tax Authority, when issuing the Tax Ruling, breached the principle of issuing a tax ruling solely on the grounds and within the bounds of the request for its issuance. However, in the assessment of Provincial Administrative Court, this breach did not affect the outcome of the case. Referring to the core dispute in the case (i.e. the date of recognition of tax income on the price of the sub-participation agreement in question), the Provincial Administrative Court highlighted that the Supreme Administrative Court, by setting aside the Provincial Administrative Court's Second Decision, did not make any final resolution on the matter, leaving it to the judgement of the Provincial Administrative Court. In dismissing the complaint, the Provincial Administrative Court also indicated that it did not share the position of the Supreme Administrative Court in a similar case (ref. II FSK 3299/17), which essentially confirmed the position of Kredyt Inkaso S.A. Therefore, in the opinion of the

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(figures in PLN thousand)

Provincial Administrative Court this ruling by the Supreme Administrative Court did not apply in the case in question. After analysing the Third Decision of the Provincial Administrative Court, Kredyt Inkaso S.A. lodged a cassation compliant with the Supreme Administrative Court on 11 July 2022. In the complaint, the Company raised allegations that rules of substantive law have been breached, based in particular on the substantive position of the Supreme Administrative Court in a similar case (file ref. No. II FSK 3299/17), and allegations that the rules of procedure have been breached, including the need to comply with the principle of issuing a tax ruling solely on the grounds and within the bounds of the request for its issuance. In addition, on 10 August 2022, the Company received a response of the Tax Authority to the lodged cassation complaint, which includes a motion to dismiss the cassation complaint of the Company.

The Company's cassation appeal was dismissed by the Supreme Administrative Court by means of a decision of 8 November 2022. This resolution of the Supreme Administrative Court means that the dispute concerning the validity of the position presented by the Director of the Tax Chamber in Warsaw, included in the Tax Ruling challenged by the Kredyt Inkaso S.A., was concluded. It is necessary to point out that after the Tax Ruling has been delivered, Kredyt Inkaso S.A. decided to comply with the Tax Ruling, which resulted in the need to file adjusted CIT-8 tax returns in 2016 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 with interest. In light of the above, the aforementioned decision of the Supreme Administrative Court did not result in the need for Kredyt Inkaso S.A. to file adjusted corporate income tax settlements and corporate income tax settlements of the Company are consistent with the position of the Director of the Tax Chamber in Warsaw included in the Tax Ruling.

On 29 December 2022, Kredyt Inkaso RUS Limited Liability Company (LLC) ("KI RUS") received a notification that an audit has been initiated by the Russian Federal Taxation Service. The audit concerns two portfolios owned by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme ("KI LUX") and managed by KI RUS as well as a service agreement between KI RUS and KI LUX. On 25 January 2023, KI RUS received a notification that the audit has been suspended.

21.3. Audit procedures

No other relevant inspections or proceedings were carried out in the reporting period.

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

On 24 February 2022, the armed forces of the Russian Federation invaded Ukraine and initiated acts of war in that region. In the reporting period the war did not have any further relevant, negative effects beyond those included in the full-year consolidated and separate financial statements. The unprecedented nature of war on this scale in the recent history of territories surrounding Poland as well as special conditions concerning the volatility of the economic environment related to that war give rise to high uncertainty in forecasts being prepared. As regards the subsidiary Kredyt Inkaso RUS Limited Liability Company (LLC), the Group maintains all assumptions presented in the full-year consolidated financial statements published on 30 June 2022, in particular as regards the continuation of operations and asset valuation, nevertheless these assumptions, especially as regards the valuation of the debt portfolios, may be subject to change in the future.

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

On 30 September 2022, the Ordinary General Meeting of Kredyt Inkaso S.A. passed Resolution No. 20/2022 on filing a request to the Management Board of the Company to commence the review of strategic options concerning the Company's future, reading as follows:

The Ordinary General Meetings adopts the following resolution:

§1

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The Ordinary General Meeting of Kredyt Inkaso S.A. decides to request the Management Board of Kredyt Inkaso S.A. and authorises the Management Board to commence the review of all strategic options concerning the Company's future in order to resolve the situation in the Company's shareholder structure, including in particular to enable a shareholder or shareholders to dispose of the Company's shares.

This authorisation covers the authorisation of the Management Board of the Company to undertake all formal and legal activities aimed at preparing and conducting the process of reviewing strategic options within the time limit and in accordance with the principles defined by the Management Board of the Company.

§2

The resolution enters into force as of the date of its adoption.

The above resolution was adopted unanimously.

At the meeting held on 11 October 2022, the Supervisory Board of the Company selected persons performing functions in the Supervisory Board. The Supervisory Board of the Company was established as follows: Mr Bogdan Dzudzewicz was appointed as the Chairman of the Supervisory Board, Mr Marcin Okoński was appointed as the Vice-Chairman, and Mr Karol Sowa was appointed as the Secretary. Moreover, the Supervisory Board of the Company appointed the Audit Committee of the Company ("Committee"), comprised of 3 persons: Mr Raimondo Eggink (Chairman of the Committee), Mr Daniel Dąbrowski and Mr Marcin Okoński.

On 25 October 2022, the Supervisory Board of the Company appointed Mr Mateusz Boguta to the Management Board for the joint three-year term covering the years 2022 to 2025.

On 24 November 2022, the Supervisory Board made changes to the functions performed by Members of the Management Board of the Company: Ms Barbara Rudziks, acting thus far as Vice President of the Management Board of the Company, was appointed as the President of the Management Board of the Company, whereas Maciej Szymański, acting thus far as President of the Management Board of the Company, has been appointed as Vice President of the Management Board of the Company.

On 5 December 2022, a court clerk at the District Court for the Capital City of Warsaw in Warsaw (13th Commercial Department of the National Court Register), at the request of the shareholder of the Company – Best S.A. with its registered office in Gdynia, issued a decision on the joint appointment of: Rödl Kancelaria Prawna sp. k. with its registered office in Warsaw (National Court Register No.: 267170) to the extent of legal and tax issues and Roedl Audit sp. z o.o. with its registered office in Warsaw (National Court Register No.: 50605) to the extent of accounting and financial issues, as the special auditor for the purpose of examining the matter described in § 2 of draft resolution No. 4/2022 of 25 April 2022 on the appointment of the special auditor, included in the minutes from the Extraordinary General Meeting of Shareholders of the Company dated 25 April 2022 prepared by notary public Sławomir Strojny (Rep. A No. 5729/2022).

Pursuant to the decision:

- The Management Board and the Supervisory Board of the Company are under an obligation to present and make available to the special auditor documents, explanations and information necessary to conduct the audit, specified in § 3 of Draft Resolution No. 4/2022, within 14 days from the date on which the Decision becomes final,
- the auditor is under an obligation to initiate the audit within 14 days from the date on which the Decision becomes final,
- the auditor is under an obligation to present a written report on the results of the audit to the Management Board and the Supervisory Board within the time limit specified in § 4 of Draft Resolution No. 4/2022.

As indicated in the Current Report No. 40/2022, in the assessment of the Company the request to appoint a special auditor in the Company was unfounded and constituted an abuse of the law by the minority shareholder. Thus, the decision approving the shareholder's request is flawed and incorrect.

In the opinion of the Company, the decision is not final and it is not immediately enforceable, which means that the audit cannot commence until the decision becomes final, if it ever becomes final. On 27 December 2022, the attorney of the Company lodged a complaint against the ruling of a court clerk indicating its defectiveness and presenting a detailed position on the case. In the opinion of the Company, lodging a complaint against the ruling of the court clerk results in that decision becoming invalid and the case will be remanded to the District Court for the Capital City of Warsaw in Warsaw (13th Commercial Department of the National Court Register) as the court of first instance. On 15 February 2023, the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division, issued a decision to dismiss the aforementioned complaint of the Company (Current Report No. 3/2023). The decision of the Court is not final. The Company intends to file a motion to prepare

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a statement of reasons for the Decision of the Court and, after its receipt, make a decision whether to lodge an appeal (the Company is currently leaning in favour of filing an appeal). Until such time as the Decision of the Court becomes final (which in the case of an appeal will happen after that appeal is examined at the earliest), the Decision of the Court Clerk is not subject to enforcement and, therefore, it will not be possible to commence the audit on its basis.

24. Material events after the reporting period

The liquidation of Kredyt Inkaso Recovery EOOD established in Bulgaria was completed on 27 January 2023. The Company did not conduct operating activities; therefore its liquidation did not have a significant impact on these interim condensed consolidated financial statements.

On 10 February 2023, the Articles of Association of Agio Wierzytelności Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty [Agio Wierzytelności Closed-end Non-standardised Securitisation Fund] was amended – the current name of the fund was changed to Kredyt Inkaso III Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty [Kredyt Inkaso III Closed-end Non-standardised Securitisation Fund].

On 16 February 2023, the Polish Financial Supervision Authority approved the prospectus for the Bond Issue Programme concerning the issue of bonds by the Company up to the amount of PLN 100 million.

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

Interim condensed separate financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

SEPARATE STATEMENT OF PROFIT OR LOSS

	01/04/2022- 31/12/2022	01/10/2022- 31/12/2022	01/04/2021- 31/12/2021	01/10/2021- 31/12/2021
Net revenue				
Interest income on debt portfolios calculated using the effective interest method	8,971	2,826	10,348	3,570
Revaluation of portfolios	9,640	2,311	10,221	978
Other income/ expenses	40,309	13,660	33,080	12,575
Total net revenues	58,920	18,797	53,649	17,123
Employee benefits expense	(25,155)	(9,161)	(22,121)	(7,697)
Depreciation and amortization	(2,447)	(805)	(2,355)	(741)
External services	(26,912)	(9,106)	(26,470)	(8,408)
Other operating expenses	(5,668)	(2,343)	(5,249)	(1,642)
Total operating expenses	(60,182)	(21,415)	(56,195)	(18,488)
Profit (loss) on operating activities	(1,262)	(2,618)	(2,546)	(1,365)
Finance income, including:	31,497	14,589	23,580	12,018
interest on instruments measured at amortised cost	19,592	7,526	11,316	3,650
Finance expense, including:	(29,915)	(11,660)	(24,980)	(8,177)
interest on instruments measured at amortised cost	(20,722)	(7,654)	(14,234)	(4,861)
Profit (loss) before tax	320	311	(3,946)	2,476
Income tax	1,629	568	(3,214)	(342)
Net profit (loss)	1,949	879	(7,160)	2,134

Earnings/(loss) per share (PLN)

ordinary	0.15	0.07	(0.56)	0.16
diluted	0.15	0.07	(0.56)	0.16

Interim condensed separate financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	01/04/2022- 31/12/2022	01/10/2022- 31/12/2022	01/04/2021- 31/12/2021	01/10/2021- 31/12/2021
Net profit (loss)	1,949	879	(7,160)	2,134
Gains/(losses) recognised in the period in other comprehensive income	5,815	2,726	(1,500)	1,026
Amounts transferred to profit or loss	(6,331)	(2,726)	8,902	2,978
Income tax	98	-	(1,406)	(760)
Cash flow hedges that may be reclassified subsequently to profit or loss	(418)	-	5,996	3,244
TOTAL COMPREHENSIVE INCOME	1,531	879	(1,164)	5,378

Interim condensed separate financial statements for the period of 9 months ended 31 December 2022
(figures in PLN thousand)

SEPARATE STATEMENT OF FINANCIAL POSITION

Assets	31/12/2022	31/03/2022
Intangible assets	2,597	3,321
Property, plant, and equipment (PP&E)	7,300	4,843
Investment property	1,440	1,440
Investments in subsidiaries	71,411	71,411
Receivables and loans	1,012	395
Derivative financial instruments	-	2,902
Other non-current financial assets	31,300	205,078
Property, plant and equipment	115,060	289,390
Trade and other receivables	6,430	6,148
Derivative financial instruments	5,450	-
Purchased debt	50,940	58,765
Loans	201	4,725
Other current financial assets	182,764	50,667
Current accruals and deferred income	784	458
Cash and cash equivalents	15,997	25,274
Current assets	262,566	146,037
Total assets	377,626	435,427

Liabilities	31/12/2022	31/03/2022
Share capital	12,897	12,897
Supplementary capital	63,042	77,263
Revaluation reserve	-	418
Retained earnings, including	(2,345)	(18,515)
net profit/(loss) for the current period	1,949	(14,221)
profit/(loss) brought forward	(4,294)	(4,294)
Equity	73,594	72,063
Loans and other debt instruments	203,897	186,733
Lease liabilities	5,938	3,544
Deferred tax liabilities	5,491	7,217
Long-term liabilities	215,326	197,494
Trade and other payables	4,144	8,417
Loans and other debt instruments	73,510	143,626
Lease liabilities	1,650	1,385
Derivative financial instruments	-	3,659
Other short-term provisions	3,294	5,895
Current accruals and deferred income	6,108	2,888
Short-term liabilities	88,706	165,870
Total liabilities	304,032	363,364
Total liabilities	377,626	435,427

Interim condensed separate financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

SEPARATE STATEMENT OF CASH FLOWS

	01/04/2022-31/12/2022	01/04/2021-31/12/2021
Profit (loss) before tax	320	(3,946)
Adjustments:		
Depreciation of and impairment loss on property, plant and equipment	1,563	1,563
Amortisation and impairment of intangible assets	884	792
Purchased debt – difference between recoveries and interest income	17,466	13,667
Purchased debt – revaluation	(9,640)	(10,221)
Financial costs	29,762	24,980
Finance income	(31,497)	(23,580)
Foreign exchange gains/(losses)	153	-
Other adjustments	(2,600)	(1,275)
Total adjustments	6,091	5,926
Change in balance of receivables	412	3,530
Change in liabilities	(5,222)	(1,132)
Change in provisions, accruals and prepaid expenses	(1,385)	686
Cash generated by operations	216	5,064
Income tax paid	-	-
Net cash from operating activities	216	5,064
Acquisition of shares in subsidiaries		(628)
Purchase of intangible assets	(159)	(1,895)
Purchase of property, plant and equipment	(33)	(10)
Proceeds from the sale of tangible assets	131	-
Repayments of loans advanced	3,370	4,492
Proceeds on disposal of other financial assets/bond repayment	47,858	61,541
Interest received	13,818	15,803
Dividends received	4,223	-
Net cash from investing activities	69,208	79,303
Proceeds on issue of debt securities	42,689	4,970
Redemption of debt securities	(98,602)	(61,555)
Payments under settlement of hedging transactions	(4,776)	(12,517)
Cash flows under the concluded cashpool agreement	710	15,068
Repayment of lease liabilities	(1,929)	(1,971)
Interest paid	(16,793)	(16,108)
Net cash from financing activities	(78,701)	(72,113)
Net change in cash and cash equivalents	(9,277)	12,254
Cash and cash equivalents at the beginning of the period	25,274	13,125
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at the end of the period	15,997	25,379

Interim condensed separate financial statements for the period of 9 months ended 31 December 2022
 (figures in PLN thousand)

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Revaluation reserve	Retained earnings	Total equity
As at 1 April 2022	12,897	77,263	418	(18,515)	72,063
Net profit/(loss)	-	-	-	1,949	1,949
Cash flow hedges	-	-	(418)	-	(418)
Total comprehensive income	-	-	(418)	1,949	1,531
Allocation of profit	-	(14,221)	-	14,221	-
As at 31 December 2022	12,897	63,042	-	(2,345)	73,594

	Share capital	Supplementary capital	Revaluation reserve	Retained earnings	Total equity
As at 1 April 2021	12,897	92,521	(5,239)	(19,551)	80,628
Net profit/(loss)	-	-	-	(7,160)	(7,160)
Cash flow hedges	-	-	5,996	-	5,996
Total comprehensive income	-	-	5,996	(7,160)	(1,164)
Allocation of profit	-	(15,257)	-	15,257	-
As at 31 December 2021	12,897	77,263	757	(11,454)	79,463

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Basis for the preparation of the interim condensed separate financial statements and accounting policies

1.1. Basis for the preparation of the interim condensed separate financial statements

The interim condensed separate financial statements of the Company covers a period of 9 months ended 31 December 2022 and comprise:

- comparative information for a period of 9 months ended 31 December 2021 for the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows;
- comparative information as at 31 March 2022 for the statement of financial position.
- current and comparative information for a period of 3 months ended 31 December 2022 and 2021, respectively, for the statement of profit or loss, statement of other comprehensive income.

These interim condensed separate financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not contain all the information which is disclosed in full-year separate financial statements prepared in accordance with IFRS. These interim condensed separate financial statements should be read in conjunction with the Company's separate financial statements for the financial year ended 31 March 2022.

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

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

The duration of the Company is unlimited.

1.2. Statement of compliance

These interim condensed separate 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.

1.3. Accounting policies applied

These interim condensed separate financial statements have been prepared in line with the accounting policies presented in the most recent separate financial statements of the Parent for the year ended 31 March 2022, except for standards applied for the first time, described in the interim condensed consolidated financial statements of the Group for the period of 9 months ended 31 December 2022.

1.4. Change in significant accounting policies and error adjustments

The accounting policies applied to prepare these interim condensed separate financial statements are consistent with those applied to prepare the most recent full-year separate financial statements prepared as at and for the year ended 31 March 2022.

Interim condensed separate financial statements for the period of 9 months ended 31 December 2022
(figures in PLN thousand)

No errors adjustments for previous periods and no significant changes to estimated values were made when preparing these interim condensed separate financial statements.

The interim condensed consolidated and separate financial statements for the period of 9 months ended 31 December 2022.

APPROVAL FOR PUBLICATION

These interim condensed consolidated separate financial statements for the period from 1 April 2022 to 31 December 2022, along with comparative information, were authorised for issue by the Parent's Management Board on 1 March 2023 ("Authorisation Date").

President
of the Management Board

Barbara Rudziks

Vice-President of the
Management Board

Maciej Szymański

Vice-President of the
Management Board

Iwona Słomska

Members of the
Management Board

Mateusz Boguta

Head of Consolidation
and Statutory Reporting Division

Ewa Palczewska-Dunia