Kredyt Inkaso S.A.

Annual standalone financial statements for a period of 12 months ended **31.03.2023**

Warsaw, 17.07.2023

SELECTED STANDALONE FINANCIAL DATA

	31/03/2023	31/03/2022 restated	31/03/2023	31/03/2022 restated
	in PLN thousand		in EUR thousand	
Statement of Financial Position				
Total assets	378,377	435,427	80,928	93,590
Total liabilities	301,698	363,364	64,527	78,101
Long-term liabilities	212,229	197,988	45,392	42,555
Short-term liabilities	89,469	165,376	19,136	35,546
Equity	76,679	72,063	16,400	15,489
Share capital	12,897	12,897	2,758	2,772
PLN/EUR exchange rate as at the balance sheet date	4.6755	4.6525	4.6755	4.6525

	01/04/2022-31/03/2023	01/04/2021-31/03/2022	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Statement of profit or loss				
Net revenue	79,787	70,329	16,970	15,301
Profit (loss) on operating activities	(3,139)	(6,757)	(668)	(1,470)
Profit (loss) before tax	(422)	(10,199)	(90)	(2,219)
Net profit (loss)	5,034	(14,221)	1,071	(3,094)
Earnings (loss) per share in PLN	0.39	(1.10)	0.08	(0.24)
Diluted earnings (loss) per share in PLN	0.39	(1.10)	0.08	(0.24)
Average PLN / EUR exchange rate in the period	4.7016	4.5963	4.7016	4.5963
Statement of Cash Flows				
Net operating cash	2,890	3,536	615	769
Net cash from investing activities	69,380	100,039	14,757	21,765
Net cash from financing activities	(88,356)	(91,426)	(18,793)	(19,891)
Net change in cash and cash equivalents	(16,086)	12,149	(3,421)	2,643
Average PLN / EUR exchange rate in the period	4.7016	4.5963	4.7016	4.5963

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STANDALONE STATEMENT OF PROFIT OR LOSS

	Note	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Net revenues			
Interest income on debt packages calculated using the effective interest rate method		11,622	13,687
Revaluation of packages	4	13,767	11,975
Other revenues/expenses	4	54,398	44,667
Total net revenues		**79,787**	**70,329**
Costs of salaries and employee benefits		(35,141)	(31,335)
Depreciation and amortization		(3,320)	(3,305)
External services		(36,236)	(34,859)
Other operating expenses		(8,229)	(7,587)
Total operating expenses	5	**(82,926)**	**(77,086)**
Profit (loss) on operating activities		**(3,139)**	**(6,757)**
Financial revenues, including	6	42,285	29,341
interest on instruments measured at amortized cost		27,316	15,767
Financial expenses, including:	6	(39,568)	(32,783)
interest on instruments measured at amortized cost		(28,167)	(21,657)
Profit (loss) before tax		**(422)**	**(10,199)**
Income tax	7	5,456	(4,022)
Net profit (loss)		**5,034**	**(14,221)**
Earnings (loss) per share in zloty and groszy			
From continued and discontinued operations:			
ordinary		0.39	(1.10)
diluted		0.39	(1.10)
From continued operations:			
ordinary		0.39	(1.10)
diluted		0.39	(1.10)

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STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	Note	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Net profit (loss)		**5,034**	**(14,221)**
Income (loss) recognized in the period in other comprehensive income	23.4	5,963	(1,170)
Amounts carried over to profit or loss	23.4	(6,479)	8,154
Income tax	7	98	(1,327)
Cash flow hedging instruments subject to reclassification to the income statement		**(418)**	**5,657**
TOTAL COMPREHENSIVE INCOME		**4,616**	**(8,564)**

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STANDALONE STATEMENT OF FINANCIAL POSITION

Assets	**Note**	**31/03/2023**	**31/03/2022**
Intangible assets	8.1	2,399	3,321
Tangible fixed assets	8.2	10,158	4,843
Investment property	9	1,473	1,440
Investments in subsidiaries	10	74,653	71,411
Receivables and loans	11	243	395
Other long-term financial assets	13	31,300	205,078
Financial derivatives	23.4	-	2,902
Property, plant and equipment		**120,226**	**289,390**
Trade and other receivables	11, 12	8,211	6,148
Purchased receivables	14	49,503	58,765
Loans	11	-	4,725
Other short-term financial assets	13	190,388	50,667
Short-term prepayments	15	861	458
Cash and cash equivalents		9,188	25,274
Current assets		**258,151**	**146,037**
Total assets		**378,377**	**435,427**

Liabilities	**Note**	**31/03/2023**	**31/03/2022 restated**
Share capital	16.1	12,897	12,897
Supplementary capital	16.2	63,042	77,263
Revaluation reserve		-	418
Retained profits, including	16.5	740	(18,515)
net profit (loss) for the current period		5,034	(14,221)
profits (losses) from previous years		(4,294)	(4,294)
Total equity		**76,679**	**72,063**
Credits, loans, other debt instruments	18	202,044	186,733
Lease liabilities	22	8,522	3,544
Provision for deferred tax	7	1,663	7,217
Other liabilities		-	494
Long-term liabilities		**212,229**	**197,988**
Trade and other liabilities	21	5,240	7,923
Credits, loans, other debt instruments	17	72,470	143,626
Lease liabilities	22	1,654	1,385
Financial derivatives	23.4	-	3,659
Other short-term reserves	19	4,339	5,895
Short-term prepayments	20	5,766	2,888
Short-term liabilities		**89,469**	**165,376**
Total liabilities		**301,698**	**363,364**
Total liabilities		**378,377**	**435,427**

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STANDALONE STATEMENT OF CASH FLOWS

	Note	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Profit (loss) before tax		**(422)**	**(10,199)**
Adjustments:			
Depreciation and write-downs on property, plant and equipment	8.2	2,061	2,222
Depreciation and write-downs on intangible assets	8.1	1,259	1,083
Purchased receivables - difference between payments and interest income		23,029	18,856
Purchased receivables - revaluation	4.1	(13,767)	(11,975)
Profit (loss) on sale of financial fixed assets		-	14
Profit (loss) on sale of non-financial fixed assets		-	-
Financial expenses	6	39,401	32,783
Financial revenues	6	(42,285)	(29,341)
Profit (loss) on FX differences		167	-
Other adjustments		(457)	(1,590)
Total adjustments		**9,408**	**12,052**
Change in receivables		(1,912)	3,998
Change in liabilities		(3,424)	(2,339)
Change in the balance of provisions and prepayments and accruals		(760)	24
Cash from operating activities		**2,890**	**3,536**
Income tax paid		-	-
Net cash from operating activities		**2,890**	**3,536**
Purchased receivables - purchase of packages	14	-	-
Purchased receivables - sale of packages	14	-	-
Proceeds from sales of investment real property	9	-	-
Expenditures on acquisition of shares in subsidiaries		-	(628)
Proceeds from sales of fixed assets		126	-
Proceeds from other financial assets		-	614
Receipt of repayment of loans granted		3,370	9,139
Expenditures on acquisition of intangible values	8.1	(337)	(1,800)
Expenditures on acquisition of tangible fixed assets	8.2	(204)	(149)
Proceeds from sale of other financial assets/bond repayments		47,858	76,541
Dividends received		4,223	-
Interest received		14,344	16,322
Net cash from investing activities		**69,380**	**100,039**
Proceeds from the concluded cashpool agreement		6,323	18,149
Proceeds from issue of debt securities	25	42,689	20,452
Redemption of debt securities	25	(101,464)	(95,138)
Payments from settlement of hedging transactions		676	(11,761)
Repayments of credit facilities and loans		-	-
Repayment of lease liabilities		(2,504)	(2,608)
Interest paid	25	(34,076)	(20,520)
Net cash from financing activities		**(88,356)**	**(91,426)**
Net change in cash and cash equivalents		**(16,086)**	**12,149**
Cash and cash equivalents at the beginning of the period		**25,274**	**13,125**
Change in balance due to exchange rate differences		-	-
Cash and cash equivalents at the end of the period		**9,188**	**25,274**

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STANDALONE STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Revaluation reserve	Retained earnings	Total equity
As at 1 April 2022	**12,897**	**77,263**	**418**	**(18,515)**	**72,063**
Net profit (loss)	-	-	-	5,034	5,034
Cash flow hedging instruments	-	-	(418)	-	(418)
Total comprehensive income	**-**	**-**	**(418)**	**5,034**	**4,616**
Distribution of profit/loss coverage	-	(14,221)	-	14,221	-
As at 31 March 2023	**12,897**	**63,042**	**-**	**740**	**76,679**

	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)	-	-	-	(14,221)	(14,221)
Cash flow hedging instruments	-	-	5,657	-	5,657
Total comprehensive income	**-**	**-**	**5,657**	**(14,221)**	**(8,564)**
Distribution of profit/loss coverage	-	(15,257)	-	15,257	-
As at 31 March 2022	**12,897**	**77,263**	**418**	**(18,515)**	**72,063**

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EXPLANATORY NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. General information

1.1. Information about the entity

Kredyt Inkaso Spółka Akcyjna ("Company", "Issuer", "Parent Company") is the parent company of the Kredyt Inkaso S.A. Capital Group ("Capital Group", "Group").

Registered office of the Company	02-676 Warszawa, ul. Postępu 21B, Poland
Place of business	02-676 Warszawa, ul. Postępu 21B, Poland
Registry Court	District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, Poland
Date of registration	28 December 2006 in its current legal form (joint stock company)
	19 April 2001 in its previous legal form (limited partnership)
National Court Register number (KRS)	0000270672
REGON (National Business Registry Number)	951078572
NIP (Tax Identification Number)	922-254-40-99
PKD	64.99.Z - other financial service activities not classified elsewhere, except insurance and pension funds

The Company's core activity is the management of securitized debt portfolios acquired by the Group's subsidiaries and by external investment funds whose debt portfolios have been entrusted for management. Core activities of the entity include:

- other financial service activities, not elsewhere classified, except insurance and pension funds - in PKD 64.99.Z;
- other activities supporting financial services, excluding insurance and pension funds - in PKD 66.19.Z;
- activities of call centers - in PKD 82.20.Z;
- fund management activities - in PKD 66.30.Z;
- accounting and bookkeeping activities; tax consulting - in PKD 69.20.Z;
- activities of financial holding companies - in PKD 64.20.Z;
- activities of head offices and holdings, excluding financial holdings - in PKD 70.10.Z;
- activities of financial holding companies - in PKD 64.20.Z;
- business and other management consultancy activities - in PKD 70.22.Z.

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

As of 28 July 2022, the Company's registered office has changed, and is now located at ul. Postępu 21B in Warsaw.

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1.2. Composition of management and supervisory bodies as of the balance sheet date and as of the statements approval date

1.2.1. Management Board

Barbara Rudziks	President of the Management Board
Maciej Szymański	Vice-President of the Management Board
Iwona Słomska	Vice-President of the Management Board
Mateusz Boguta	Member of the Management Board

Changes in the composition of the Management Board:

- on 11 May 2022, Mr. Tomasz Kuciel resigned from his position as Member of the Management Board, effective 11 July 2022,
- on 25 October 2022, Mr. Mateusz Boguta was appointed as a Member of the Management Board,
- on 24 November 2022, the Supervisory Board made changes to the functions held by Members of the Company's Management Board: Ms. Barbara Rudziks, previously acting as Vice-President of the Company's Management Board, was entrusted with the function of President of the Company's Management Board, while Mr. Maciej Szymański, previously acting as President of the Company's Management Board, was entrusted with the function of Vice-President of the Company's Management Board.

1.2.2. Supervisory Board

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

On 30 September 2022, the Company's Ordinary General Meeting was held, which approved the above composition of the Supervisory Board.

Pursuant to the resolutions of the Ordinary General Meeting of Kredyt Inkaso S.A.:

- Mr. Raimondo Eggink assumed the position of Member of the Supervisory Board,
- Mr. Karol Szymański was not appointed for another term.

2. Basis of preparation of standalone financial statements and accounting principles

2.1. Basis of preparation of standalone financial statements

The financial year is the year beginning on 1 April and ending on 31 March of the following year. These annual standalone financial statements of the Company cover the 12-month period ended on 31 March 2023 and include:

- comparative figures for the 12-month period ended on 31 March 2022 for the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows
- comparative figures as at 31 March 2022 for the statement of financial position.

The standalone financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards and their interpretations ("IFRS"), which have been incorporated into European Union law in the form of European Commission ("EU") regulations, as well as the requirements relating to issuers of securities admitted or sought to be admitted to trading on an official stock exchange listing market. However, to the extent not regulated by the above standards and interpretations, they comply with the requirements of the Accounting Act of 29 September 1994 (consolidated text Journal of Laws of 2021, item 217, as amended) ("Accounting Act") and the implementing regulations issued thereunder. The financial statements incorporate the requirements of all EU-approved standards and related interpretations except for the standards and interpretations listed below, which are either pending EU approval or have been approved by the EU but have entered or will enter into force after the balance sheet date. The Company did not take advantage during the period under review of the early application of standards and interpretations that have been approved by the EU but did not or will not become effective until after the balance sheet date.

The reporting currency of these annual standalone financial statements is the Polish zloty, and all amounts are expressed in thousands of Polish zloty, unless otherwise indicated.

The annual standalone financial statements have been prepared on the assumption that the company will continue as a going concern in the foreseeable future. As of the date of approval of these annual standalone financial statements for publication, there are no circumstances indicating a threat to Kredyt Inkaso S.A.'s going concern.

2.2. Statement of compliance

These standalone financial statements have been prepared in accordance with International Financial Reporting Standards and related interpretations promulgated as regulations of the European Commission.

2.3. Significant values based on professional judgment and estimates

In preparing the annual standalone financial statements, the Company's Management Board makes estimates, judgments and assumptions regarding the amounts of valuation of individual assets and liabilities. Estimates and related assumptions are based on historical experience and other factors considered reasonable. Although estimates are based on the best knowledge of current circumstances, actual results may deviate from these estimates.

Information on estimates and assumptions made that are significant to these annual standalone financial statements is presented below.

2.3.1. Valuation of debt portfolios

Purchased debt packages are valued at amortized cost using the effective interest rate method adjusted for credit risk (so-called POCI assets).

The valuation of each debt portfolio is determined by the Company using the estimation method, as the present value of the expected cash inflows generated by the debt portfolio, discounted at an effective interest rate adjusted for credit risk (internal rate of return - IRR). In calculating the effective interest rate adjusted for credit risk, the Company estimates the expected cash flows from the debt package, taking into account expected credit losses. Estimation of projected cash flows is made based on historical cash flows generated by similar debt packages. For retail banking and telecom packages, estimates include payments received from debtors to the Company's bank accounts and in the case of secured cases, proceeds from the liquidation of assets on which the Company is secured by mortgage or proceeds from signed settlements are taken into account. Based on historical data, separate repayment curves are built for each type of debt.

The debt package is divided into groups, which include homogeneous claims in terms of possible actions and business assumptions. Then, using the model, the repayment rate for the entire package is calculated. The curve of planned collection costs is linked to the actions that have been taken in the past for the corresponding groups of cases.

2.3.2. Investments in subsidiaries

Investments in subsidiaries are subject to impairment testing when indications of possible impairment are identified. The catalogue of such grounds is open and their evaluation requires the use of professional judgment. The valuation of investments in subsidiaries is based on a number of assumptions and estimates, particularly with regard to the amount of future cash flows and the discount rate adopted. The projected cash flows of subsidiaries engaged in investing in debt packages or in debt-related assets depend primarily on assumptions about the amount of expenditures on new debt packages and the amount of recoveries. The reasonableness of the assumptions made in this regard is subject to significant risk due to the high uncertainty associated with the effectiveness of future collection activities.

2.3.3. Economic useful lives of fixed assets

The Company's Management Board reviews annually the economic useful lives of fixed assets subject to depreciation and their possible impairment at the end of each annual reporting period. The Management Board has determined that the useful lives of the assets adopted by the Company for depreciation and amortization purposes reflect the expected period of future economic benefit of the assets and that the assets are not permanently impaired. However, the actual benefit periods of these assets in the future may differ from those assumed, including due to technical aging of assets.

2.3.4. Deferred income tax assets and reserves

Deferred income tax assets are determined in the amount anticipated to be deducted from income tax in the future, due to negative temporary differences that will result in a future reduction of the income tax calculation basis, while at the same time respecting the precautionary principle. The provision for deferred income tax is recognized in the amount that will increase the liability to pay income tax in the future, due to the existence of positive temporary differences between the balance sheet value of assets and liabilities and their tax value. The valuation of deferred income taxes takes into account the income tax rate that, to the best of our knowledge, will apply in the year in which the items are realized. Deferred tax assets related to unused tax losses or unused tax credits are recognized up to the amount to which it is probable that taxable income will be realized.

2.4. Accounting policies applied

2.4.1. Transactions in foreign currencies

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

Monetary items denominated in foreign currency are valued at the closing rate (immediate realization, execution rate), i.e., at the leading bank's exchange rate from the first quotation on the balance sheet date.

Non-monetary balance sheet items recorded at historical cost expressed in foreign currency are valued at the average exchange rate of the National Bank of Poland announced on the day preceding the date of the transaction.

Non-monetary balance sheet items recorded at fair value expressed in foreign currency are valued at the average exchange rate of the National Bank of Poland in effect on the date the fair value is determined.

2.4.2. Intangible assets

Intangible assets were considered to be assets that arise from contractual or other legal titles, regardless of whether they are transferable.

The initial valuation of intangible assets was carried out at the purchase price resulting from a separate transaction or at the cost of the entity's own manufacture. After initial recognition, the valuation of intangible assets was carried out at the cost of the entity's own manufacture, less amortization; the factor that reduces the valuation as a rule is also the total amount of impairment losses. This factor did not occur during the reporting period.

The amortization period and amortization method for intangible assets with a designated useful life were revised at the end of the reporting period. The revised useful life of intangible assets did not differ from previous estimates. Intangible assets are depreciated using the straight-line method over their expected useful lives, which for computer software is 30%, 33% or 50%, and for development costs is 20-100%.

The depreciation rates applied to intangible assets in previous periods do not differ from those reviewed and applied in the reporting period. There were no indications of impairment of other intangible assets in the reporting periods presented. An intangible asset is removed from the balance sheet records when it is disposed of or when no further benefits are expected from its use or disposal.

2.4.3. Property, plant and equipment

Property, plant and equipment are considered to be fixed assets and the right to use them:

- which are maintained by the Company for use in its operations,
- which are to be used for more than one period,
- for which there is a likelihood that they will bring economic benefits in the future,
- whose value can be reliably assessed.

Property, plant and equipment include:

- the right to use property, plant and equipment (buildings and structures),
- improvements to third-party fixed assets (buildings),
- machinery, equipment,
- other fixed assets,
- fixed assets under construction.

As of the date of initial recognition, fixed assets were valued at cost of purchase or manufacture. The initial value of fixed assets includes their purchase price plus all costs directly related to the purchase and adaptation of the asset to a usable condition.

The company classifies long-term rental agreements as leases by disclosing right-of-use assets (in the statement of financial position line item "Property, plant and equipment") and lease liabilities (in the statement of financial position line item "Lease liabilities") measured at the present value of the outstanding lease payments.

According to the regulations, the lessee recognizes an asset representing the right to use a specific asset and a lease liability corresponding to its obligation to pay lease payments. The lessee separately recognizes interest expense on the lease liability and depreciation of the right-of-use asset.

The lease term is determined taking into account the options of its extension and shortening provided for in the executed agreements, where it is likely that such option would be exercised.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term, while lease liabilities are measured using the amortized cost method (interest expense on the lease liability is recognized).

After initial recognition, property, plant and equipment was valued at cost less accumulated depreciation; furthermore, the total amount of impairment losses is a factor that reduces the valuation as a matter of principle.

In the fixed assets used by the Company, no significant components of fixed assets (components) were distinguished, the useful life of which would differ from that of the entire fixed asset.

In the periods presented, the straight-line method of depreciation of fixed assets was applied, resulting from the expected wear and tear of the asset.

The basis for calculating depreciation of fixed assets is the initial value less the residual value. The depreciation rates applied to intangible assets in previous periods do not differ from those reviewed and applied in the reporting period. Depreciation was carried out using rates based on expected useful lives, which for already owned assets are:

- Investments in third-party fixed assets (buildings) - 10%
- Computers (workstations), laptops, servers, specialized computer equipment - 17%, 30%, 35%
- High-volume copiers and printers - 28%
- Telecommunications systems, furniture, means of transport - 20%, 30%
- Specialized office equipment (e.g., envelope stuffers, high-volume shredders) - 14%

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

Fixed assets with a value not exceeding PLN 1,000 are not considered fixed assets and are written off in the month they are put into use.

2.4.4. Investment property

Investment properties are initially valued at cost of purchase, including transaction costs. After initial recognition, investment properties are carried at fair value. In determining the fair value of an investment property, the Company uses the services of a qualified independent appraiser with experience in valuing properties of a similar nature and similar location. Valuations are updated at least once a year. Gains or losses resulting from changes in the fair value of investment property are recognized in the income statement.

2.4.5. Deferred tax assets

Deferred income tax assets were determined in the amount anticipated to be deducted from income tax in the future, due to negative temporary differences that will result in a future reduction of the income tax calculation basis, while at the same time respecting the precautionary principle.

The valuation of deferred tax assets took into account the income tax rate of 19%, which, to the best of our knowledge, will apply in the year in which the asset item is realized. Deferred tax assets are created on tax losses, up to the amount to which it is probable that the company will generate taxable income to realize them.

2.4.6. Financial assets

A financial asset is recognized in the statement of financial position when the Company becomes a party to the agreement for that instrument. Standardized purchases and sales of financial assets and liabilities are recognized on the date of the transaction.

The classification of financial assets depends on the business model adopted by the Company for the management of the portfolio of financial assets to which the financial asset belongs and the result of the test of the characteristics of contractual cash flows carried out for the financial asset (from the test *solely payments of principal and interest*, i.e. whether the contractual flows are solely repayments of the outstanding *principal* amount and payments of interest on that amount).

The Company identifies the following business models for managing a portfolio of financial assets:

(1) a business model that involves holding financial assets to collect contractual cash flows;
(2) a business model that aims to generate both contractual cash flows from financial assets held and from the sale of financial assets;
(3) a model other than the models described in items (1) and (2) above.

Evaluation of the business model takes place at the initial recognition of the financial asset. The business model criterion refers to how the Company manages its financial assets to generate cash flow.

At the date of acquisition, the Company measures financial assets at fair value. The Company includes transaction costs in the initial valuation of all financial assets, except for the category of assets measured at fair value through profit or loss.

As at the balance sheet date, the Company classifies financial assets for measurement purposes after initial recognition, other than hedging derivatives, into the following categories:

(1) financial assets at amortized cost,
(2) financial assets measured at fair value through other comprehensive income,
(3) financial assets measured at fair value through profit or loss.

These categories determine the valuation rules as at the balance sheet date and the recognition of valuation gains or losses in profit or loss or other comprehensive income. Profits or losses recognized in the financial result are presented in the line of net *interest income and other financial income or other financial expenses.*

A financial asset is derecognized from the statement of financial position when the contractual rights to economic benefits and risks arising from the agreement have been realized, have expired or have been relinquished by the Company.

2.4.6.1. Financial assets at amortized cost

A financial asset is classified as a financial asset measured at amortized cost if both of the following conditions are met:

a) the financial asset is held in accordance with the business model whose purpose is to hold financial assets for the purpose of obtaining cash flows resulting from the contract,

b) the contractual terms relating to the financial asset result in the generation of cash flows which represent solely payments of the principal and interest on the principal outstanding on certain dates.

Financial assets measured at amortized cost are classified as current assets, provided their maturity does not exceed 12 months from the end of the reporting period. Financial assets measured at amortized cost with a maturity exceeding 12 months from the end of the reporting period are classified as fixed assets. Financial assets measured at amortized cost are included in the statement of financial position under the headings receivables and loans, purchased receivables, trade receivables and debt securities presented within other financial assets. The category of financial assets measured at amortized cost includes cash and cash equivalents. Cash and cash equivalents are a separate item in the statement of financial position.

After initial recognition, the Company measures financial assets at amortized cost using the effective interest rate, which is the internal rate of return of the financial asset.

For financial assets classified at amortized cost that are purchased as *credit-impaired* due to credit risk *(purchased or originated credit-impaired, POCI*), the *credit-adjusted effective interest rate* is used for valuation.

When calculating the effective interest rate adjusted for credit risk, the entity estimates the expected cash flows, taking into account all the contractual terms of the financial asset and expected credit losses.

Impairment losses on debt financial instruments measured at amortized cost, are recognized in profit or loss in the line *Financial expenses.*

An allowance for expected impairment is made at the time of initial recognition of the asset. The amount of the write-down is updated at each closing date of the reporting period.

The category of financial assets measured at amortized cost includes:

- Purchased receivables
- Loans
- Other financial assets
- Trade receivables, loans and other receivables.

Trade receivables, loans and other receivables are primarily receivables resulting from the company's business of trading and managing securitized receivables.

Purchased receivables are bulk bundles of overdue liabilities (e.g., consumer loans, telecommunications fees, etc.) acquired by the Company under debt assignment agreements at a price significantly lower than the nominal value of these liabilities (purchased or created financial assets impaired due to credit risk, i.e. POCI - Purchased or originated credit impaired assets).

The Company's business model for the acquired debt portfolios is to maintain and operate the portfolios on a long-term basis in order to meet the planned flows generated by the managed portfolios. The Company classifies all purchased debt packages as instruments measured at amortized cost. This classification reflects the management strategy of acquired holdings, which focuses on holding the asset to maximize the value of contractual payments.

Receivables packages are valued at amortized cost using the effective interest rate. Initial recognition is made on the date of purchase at the purchase price, i.e. the fair value of the consideration paid plus significant transaction costs.

Based on the initial forecast of expected cash inflows, taking into account the initial value (purchase price plus transaction costs), an effective interest rate equal to the internal rate of return including a credit risk component is determined and used to discount the estimated cash inflows, which remains constant over the life of the portfolio.

Interest income is accrued on the value of the portfolio determined on the basis of the amortized cost model in accordance with the guidelines of IFRS 9 for purchased financial assets impaired due to credit risk using an effective interest rate that includes the credit risk component mentioned above, and is recognized in the current period in profit or loss. Interest income is recognized in full as an increase in the value of the portfolio. Actual payments received during the period as a result of collections are recognized in full as a reduction in the value of the portfolio.

Estimated cash flows are determined primarily based on:

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

The value of an asset at a given balance sheet date is equal to its initial value (purchase price plus transaction costs) plus interest income and minus actual receipts and further modified by an update (change) in estimates of future cash flows. As a result, the value of the asset at the balance sheet date is equal to the discounted value of the expected cash inflows.

Estimated flows from debt packages include the principal portion of the portfolios and interest determined at a discount rate. The capital portion received is recognized as a reduction in the book value of the packages, while the interest portion is recognized as current period's income.

In addition, changes in the value of the portfolio resulting from changes in estimates of the timing and amounts of expected future cash inflows for the portfolio are recognized in current period's income.

The activities of acquiring debt packages involve credit risk.

The company recognizes an asset in the form of loans or other financial assets in the statement of financial position if and only if it becomes a party to the agreement for that instrument. The Company classifies its financial assets on initial recognition.

With respect to loans and other financial assets, the financial asset at initial recognition is measured at fair value, plus or minus transaction costs directly attributable to the acquisition or issuance of the financial asset. In subsequent periods, such other financial assets are measured at amortized cost using the effective interest rate method. Profits or losses recognized in profit or loss are presented as financial income or expenses except for impairment losses. Due to the insignificant effects of discounting, receivables are valued at the amount due.

2.4.6.2. Financial assets measured at fair value through other comprehensive income

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

- the financial asset is held in a business model that aims to generate both contractual cash flows from the financial assets held and from the sale of the financial assets,
- contractual terms give the right to receive cash flows representing only principal and interest on principal on specified dates.

With respect to equity instruments, an entity may, at the date of initial recognition, make an irreversible election to classify the instrument as a financial instrument at fair value through other comprehensive income (the fair value through other comprehensive income option). This choice is made for a single financial asset. The option to select fair value through other comprehensive income is not available for equity instruments held for trading. Profits and losses, both from valuation and realization, arising on a financial asset that is an equity instrument for which the fair value through other comprehensive income option has been applied are recognized in other comprehensive income, except for income from dividends received, which is recognized in the line *other financial revenues or other financial expenses.*

Profits and losses on a financial asset that is a debt instrument measured at fair value through other comprehensive income are recognized in other comprehensive income except:

- foreign exchange gains and losses that arise for monetary assets,
- interest income calculated using the effective interest rate, and
- allowance for expected credit losses, with the allowance for expected credit losses for such instruments recognized in other comprehensive income in correspondence with profit or loss, such that from the total change in fair value recognized in the statement of financial position, the change resulting from expected credit losses is transferred to profit or loss. The remainder of the change in fair value is recognized in other comprehensive income.

For debt financial instruments measured at fair value through other comprehensive income, impairment losses or gains (reversals of losses) are recognized in profit or loss in correspondence with other comprehensive income, thus the impairment loss does not reduce the carrying amount of the financial asset in the statement of financial position.

2.4.6.3. Financial assets measured at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are not measured at amortized cost or at fair value through other comprehensive income, or (for financial assets that are debt instruments only) if the entity has elected at initial recognition to be measured at fair value through profit or loss. Profits and losses from the valuation of financial assets are determined by the change in fair value determined on the basis of prices current at the balance sheet date from an active market or on the basis of valuation techniques if an active market does not exist. Profits and losses from a change in valuation on a financial asset classified as valued at fair value through profit or loss are recognized in profit or loss in the period in which they arose in the line *other financial revenues or other financial expenses.*

2.4.6.4. Equity instruments valued at fair value through other comprehensive income

Investments in equity financial instruments, which the entity irrevocably decided at initial recognition that subsequent changes in fair value would be presented in comprehensive income, are classified in this category. Such an instrument cannot be held for trading or be contingent payment recognized by the acquirer as part of a merger.

2.4.6.5. Impairment of financial instruments

In the case of financial assets measured using the risk-adjusted effective interest rate method (acquired debt portfolios), the impairment loss on financial assets (so-called credit loss) is the difference between the future originally planned flows (including credit risk) from the financial asset and the currently expected cash flows from the asset (including credit risk), discounted using the original credit risk-adjusted effective interest rate over the entire expected life horizon of the exposure. The change in value of financial assets measured using the risk-adjusted effective interest rate method is presented in the line *Revaluation of packages.*

For other instruments, the impairment loss on financial assets (so-called credit loss) is the difference between all contractual payments on a financial asset and the expected cash flows from that asset, discounted using the original effective interest rate over the expected life horizon of the exposure.

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost. Expected credit losses are credit losses weighted by the probability of default, for which the following *approaches* are used to determine impairment losses:

- general (basic) approach,
- simplified approach.

The general model monitors changes in the level of credit risk associated with a financial asset and classifies financial assets into one of three stages for determining impairment losses based on observation of the change in the level of credit risk relative to the initial recognition of the instrument. Depending on the classification into stages, the impairment loss is estimated over a 12-month horizon (stage 1) or over the life of the instrument (stage 2 and stage 3).

In the simplified model, the Company does not monitor changes in the level of credit risk over the life of the instrument and estimates the expected credit loss over the horizon to maturity of the instrument.

For the purpose of estimating expected credit loss, the Company uses:

- in the general model - levels of probability of default, implied from market credit quotes of analogous debt instruments, or other analyses on the basis of available data, taking into account the specifics and capital ties between the creditor and debtor,
- in the simplified model - historical levels of repayment of receivables from counterparties.

Specifically, the Company considers the failure of a counterparty to meet an obligation after 90 days from the due date of the receivable to be an event of *default*.

The Company uses a simplified model for calculating impairment losses for trade receivables (regardless of maturity). The expected credit loss is calculated at the time the receivables are recognized in the statement of financial position and is updated at each subsequent end of the reporting period, depending on the number of days the receivable is past due.

The general model is used for other types of financial assets (other than trade receivables), i.e. for receivables and loans and other financial assets. At each closing date of the reporting period, the Company analyzes the occurrence of prerequisites resulting in the classification of financial assets into the various stages of impairment loss determination, such as, among others, changes in the debtor’s rating, serious financial problems of the debtor, the occurrence of a significant adverse change in its economic, legal or market environment.

2.4.7. Investments in subsidiaries

Investments in subsidiaries are valued at cost of purchase less any impairment losses.

2.4.8. Short-term receivables

Short-term receivables include trade receivables, income tax receivables, receivables from adjudicated litigation costs and other receivables.

Due to the insignificant effects of discounting, receivables are valued at the amount required to be paid, with caution. The value of receivables is updated taking into account the degree of probability of their payment by making allowances for their value at the end of the reporting period.

These are primarily receivables resulting from the Company’s receivables trading and management activities.

The book value of receivables corresponds to their fair value.

2.4.9. Hedge accounting

The Company enters into derivative transactions to hedge interest rate risk. The Company designates derivatives entered into as hedging instruments in conjunction with cash flow hedges, provided the following criteria are met:

- A hedging relationship consists of permitted financial instruments and permitted hedged items;
- Formal documentation was prepared before the application of hedge accounting;
- The security link meets all of the following collateral effectiveness requirements:
  - there is an economic relationship between the hedging instrument and the hedged item;
  - The effect of credit risk is not dominant in the change in values that result from the economic relationship;
  - the hedge ratio illustrates the actual size of the hedging instrument and the hedged item that the entity is hedging (as long as the determination of the hedge ratio is not a conscious attempt to generate an accounting effect inconsistent with the purpose of hedge accounting).

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

A cash flow hedging derivative is one that:

- serves to reduce the volatility of cash flows and is attributable to a specific risk associated with an asset or liability recognized in the statement of financial position or a highly probable forecasted future transaction; and
- will affect the reported net profit or loss.

Profits and losses resulting from changes in the fair value of the cash flow hedging instrument in the effective portion are recognized in other comprehensive income to the extent that the instrument is an effective hedge of the related hedged item.

The ineffective part is referred to the financial result, as financial revenues or financial expenses.

Profits and losses arising on a cash flow hedging instrument are recognized in profit or loss when the hedged item affects profit or loss.

The Company discontinues hedge accounting if the hedging instrument expires or is sold, its use comes to an end or is exercised, or if the hedge no longer meets the eligibility criteria allowing special hedge accounting rules to be applied to it. The method and frequency of assessing the effectiveness of hedging relationships is specified in the documentation of each hedging relationship.

Derivatives are concluded with major commercial banks in Poland, so the risk of the other party not completing the transaction is considered by the Company to be negligible.

The Company evaluates the effectiveness of the relationship (including, the existence of an economic relationship between the hedged item and the hedging instrument) on the basis of either a comparison of critical parameters or a sensitivity analysis of the change in fair value of the hedging instrument and the hedged item to a change in the hedged risk factor.

2.4.10. Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, as well as other cash, i.e. bank deposits with a maturity of three months or less. The funds were valued at nominal value, while bank deposits were valued at their maturity amount. The book value of these assets corresponds to their fair value.

2.4.11. Short-term prepayments

Short-term prepayments include, in particular, prepaid expenses, i.e. expenses incurred relating to future reporting periods falling to be settled within 12 months from the reporting date.

2.4.12. Share capital

The Company's share capital is shown at par value, in accordance with the Company's Articles of Association and entry in the National Court Register.

2.4.13. Share issue costs and own shares

External costs directly related to the issuance of shares reduce the value of the share premium. Other costs are charged to the income statement as incurred.

If Kredyt Inkaso S.A. or its subsidiaries purchase the Company's equity instruments, the amount paid, together with the costs directly related to the purchase, reduces the equity attributable to the Company's shareholders and is presented separately in the balance sheet as "Own shares" until the shares are redeemed or reissued.

Own shares are recognized on the transaction settlement date.

2.4.14. Capital from sales of shares above their nominal value

This capital is created from the excess of the issue value of issued shares over their nominal value less issuance costs.

External costs directly related to the issuance of shares reduce the value of the share premium. Other costs are charged to the income statement as incurred.

2.4.15. Supplementary capital created from profit

This capital is created from the excess of the issue value of issued shares over their nominal value less issuance costs, profit distributions or other legally permissible sources.

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

The revaluation reserve is created in connection with the measurement at fair value of financial instruments measured at fair value through other comprehensive income; both revaluations increasing and decreasing fair value are recorded here. The effects of hedge accounting are also recorded in the revaluation reserve.

At the time of derecognition of the financial asset from the balance sheet, the accumulated net profits or losses recognized on the revaluation reserve is charged to the profit or loss for the period.

2.4.17. Deferred tax liabilities

The provision for deferred income tax was recognized in the amount that will increase the liability to pay income tax in the future, due to the existence of positive temporary differences between the balance sheet value of assets and liabilities and their tax value.

The valuation of the provision for deferred income tax took into account the income tax rate of 19%, which, to the best of the Company's knowledge, will apply in the year in which the provision will be dissolved.

2.4.18. Provisions for employee benefits

The liabilities and provisions for employee benefits reported in the statement of financial position include the following items:

- short-term employee benefits ensuing from salaries (including bonuses) and social security contributions,
- provisions for unused leaves and
- other long-term employee benefits, under which the Company includes retirement benefits.

The value of liabilities ensuing from short-term employee benefits is determined without discounting and is reported in the statement of financial position in the amount required to be paid.

The Company makes a provision for the cost of accumulated compensated absences that it will have to incur as a result of employees' unused entitlement, which has accrued as of the balance sheet date. The provision for unused leave is a short-term provision and is not discounted.

In accordance with labor laws, the Company's employees are entitled to retirement benefits, which are paid once upon retirement. An estimate of the amount of the pension provision is made once a year by an external actuary.

2.4.19. Other provisions

Other provisions are recognized when the Company has an existing obligation resulting from past events and it is probable that an outflow of economic benefits will be required to meet the obligation and a reliable estimate of the obligation can be made. Established provisions are included in other operating expenses, financial expenses, respectively, depending on the circumstances to which the future liability is related.

In particular, the Company creates a provision for customer overpayments, resulting from customer repayments on debt packages, in an amount corresponding to estimated refunds of overpayments.

2.4.20. Financial liabilities

A financial liability is recognized in the statement of financial position when the Company becomes a party to the agreement for that instrument. Standardized purchases and sales of financial assets and liabilities are recognized on the date of the transaction.

The Company excludes from the statement of financial position a financial liability when the obligation has expired, that is, when the obligation specified in the agreement has been fulfilled, cancelled or expired.

At the date of acquisition, the Company measures financial liabilities at fair value, that is, most often in the amount received in the case of a liability. The Company includes transaction costs in the initial valuation of all financial liabilities, except for the category of liabilities measured at fair value through profit or loss.

Financial liabilities are reported under the following items in the statement of financial position:

- credits, loans, other debt instruments,
- lease liabilities,
- trade and other liabilities, and

- derivative financial instruments.

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

Bond issuance liabilities, loans and lease liabilities are measured at initial recognition at fair value less transaction costs, valued at amortized cost using the effective interest rate method (at adjusted cost) and divided according to the timing of the generated flow into short-term and long-term portions.

The Company includes derivatives other than hedging instruments in the category of financial liabilities at fair value through profit or loss. Short-term trade liabilities are valued at the value of required payment due to insignificant discounting effects. Profits and losses from the valuation of financial liabilities are recognized in the financial result in the line *interest income* and in the line *financial revenues or financial expenses*.

2.4.21. Other prepayments and accruals

Accrued expenses are recognized at the reporting date, if necessary, in the amount of probable liabilities attributable to the current reporting period.

2.4.22. Revenues

Net revenues consist of:

- interest income on debt packages calculated using the effective interest rate method,
- revenues from revaluation of debt packages,
- revenues from debt management representing fees from investment portfolio management agreements recognized on an accrual basis,
- other revenues of a non-financial nature, including income from the provision of other services,
- subsidies,
- result on disposal of property, plant and equipment (net presentation).

Other net revenues also consist of closely related expenses and is presented in the line *Other revenues/expenses*.

2.4.23. Operating expenses

Costs of operations are recorded by nature. The operating expenses include

- depreciation,
- consumption of materials and energy,
- external services,
- court and enforcement fees,
- taxes and fees,
- wages and salaries,
- social security and other benefits,
- other costs by type.

2.4.24. Financial income

Financial income consists of:

- interest income calculated using the effective interest rate on loans and receivables, debt financial instruments
- dividends,
- net foreign exchange gains,
- positive change in the valuation of debt financial assets measured at fair value through profit or loss,
- positive result from the sale of stocks, shares, bonds and other securities (bills of exchange and foreign cheques),
- income related to collateral accounting, guarantees, sureties, securities and other agreements of a similar nature granted or accepted

2.4.25. Financial costs

The financial costs consist of:

- interest expenses calculated using the effective interest rate on loans, financial lease liabilities, debt securities,
- net foreign exchange losses,
- negative change in the valuation of debt financial assets measured at fair value through profit or loss,
- negative result from the sale of stocks, shares, bonds and other securities (bills of exchange and foreign cheques),
- costs of drafting the prospectus for the bond program,
- costs related to the receipt of a line of credit, an overdraft facility and other financial instruments with an undetermined repayment schedule that have not been accounted for using the effective interest rate,
- costs related to collateral accounting, guarantees, sureties, securities and other agreements of a similar nature granted or accepted

2.4.26. Income tax

The tax expense on the financial result includes current and deferred income taxes that have not been recognized in other comprehensive income or directly in the capital.

The current tax burden is calculated on the basis of the tax result (tax base) for the financial year. Tax profit (loss) differs from accounting profit (loss) before taxes due to the temporary shift of taxable income and deductible expenses to other periods and the exclusion of expense and income items that will never be taxable. Tax payable is calculated on the basis of tax rates applicable in a given year.

Deferred tax was calculated on the basis of the balance sheet method, as tax to be refunded or paid in the future based on the existing differences between the balance sheet and tax values of assets and liabilities.

2.4.27. Statement of cash flows

The Company prepares its statement of cash flows using the indirect method. In operating activities, the Company presents cash flows related to the recovery and servicing of acquired receivables.

2.5. Standards applied for the first time in the statement

The following amendments to existing standards, interpretations published by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in the financial statements of the Company in the year 2022/23.

- Amendments to IAS 16 “Property, plant and equipment” - no possibility of deducting from the cost of property, plant and equipment the amounts received from the sale of components produced in preparation of 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 amendments (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - method of determining whether an agreement is an onerous contract (effective for annual periods beginning on or after 1 January 2022),
- Annual amendment program 2018-2020 - Clarification and refinement of recognition and valuation guidelines: IFRS 1 “First-time Adoption of IFRS”, IFRS 9 “Financial Instruments”, IAS 41 “Agriculture” and illustrative examples to IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2022).

The aforementioned new or amended standards and interpretations that are applied for the first time do not have a material impact on the Company’s financial statements.

2.6. New standards and amendments to existing standards that have already been adopted by the IASB and approved by the EU, but have not yet come into force

As of the date 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 estimates (effective for annual periods beginning on or after 1 January 2023),

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- Amendments to IAS 12 "Income Taxes" - deferred tax on 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" - consistent recognition of all insurance contracts (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 "Insurance contracts" - first-time adoption 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 the IFRS Board's Guidance on Disclosures about Accounting Policies in Practice - the issue of materiality of policy disclosures (effective for annual periods beginning on or after 1 January 2023).

The Company decided not to take advantage of the possibility of early application of the above new standards and amendments to existing standards. According to the Company's estimates, the above-mentioned new standards, amendments to existing standards and interpretations would not have a material impact on the financial statements if applied by the Companies as of the balance sheet date.

2.7. New standards and amendments to existing standards that have already been adopted by the IASB but not yet approved for use by the EU

- Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities as current and 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 sale-leaseback transactions, issued 22 September 2022 (effective for annual periods beginning on or after 1 January 2024).

2.8. Changes in significant elements of accounting policy

In preparing these separate financial statements, the same accounting principles were applied as in the last annual standalone financial statements prepared as of and for the financial year ending 31 March 2022.

2.8.1. Error adjustments

In the financial year ended 31 March 2023, the Company transferred the amount of PLN 494 thousand reported as of 31 March 2022 under trade and other liabilities to other long-term liabilities, due to the long-term nature of this liability.

3. Operating segments and information on major counterparties

The Company operates in one primary segment involving the management of debt packages in the domestic market. The Company's Management Board makes business decisions based, in particular, on consolidated data, so data on operating segments at the unit level of Kredyt Inkaso S.A. are not available.

In addition to revenue from the Company's debt portfolios, Kredyt Inkaso S.A. earns revenue from services provided primarily to other Capital Group entities:

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Other revenues/expenses	54,398	44,667
Other revenues/expenses from Capital Group entities:	52,802	41,287
- revenues from management of debt portfolios	51,769	39,716
- other revenues/ expenses	1,033	1,571
Share of other revenues from Group entities in other revenues/expenses	**97%**	**92%**

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4. Net revenue

4.1. Revaluation of debt packages

Revaluation of packages	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Verification of the forecast	2,911	5,614
Deviations of actual payments from projected payments	10,747	6,231
Extension of projected recoveries	109	130
In total	**13,767**	**11,975**

Revaluation of packages includes the following components:

(1) Verification of the forecast of future payments:
 (a) updating recovery curves in future periods, taking into account historical realization of recoveries and recovery plans derived from statistical models;
 (b) for hedged packages - the postponement and/or change in the value of projected payments whose realization of hedges has postponed;
(2) Deviation of actual payments from projected payments - the difference for the reporting period between the actual payments of debtors and the projected payments in the recovery curves, which were the basis for the valuation of debt packages using the method of discounted cash flows from debt portfolios;
(3) Extension of forecasted recoveries - extension of the forecast of recoveries from debt packages for a further period in order to maintain the standard 15-year horizon for estimating recoveries.

4.2. Other revenues/expenses

Other revenues/expenses	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Management of securitized receivables	52,722	42,509
Real property valuation	33	235
Costs of provisions for overpayments	21	2
Other revenues	1,622	1,921
In total	**54,398**	**44,667**

5. Operating expenses

Expenses by type	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Remunerations, social insurance contributions and other benefits	35,141	31,335
External services	36,236	34,859
Court and enforcement fees	4,787	5,358
Depreciation and amortization	3,320	3,305
Taxes and charges	277	228
Consumption of materials and energy	1,379	824
Other costs by type	1,786	1,177
In total	**82,926**	**77,086**

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6. Financial income and expenses

Financial income	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Interest income on financial assets measured at amortized cost	27,316	15,767
Interest income on hedging instruments	6,479	-
Ineffective part of financial risk hedging	-	13,474
Positive f/x differences	-	-
Other interest	1,021	100
Dividends	4,223	-
Reversal of impairment loss of subsidiary	3,242	-
Other financial revenues	4	-
In total	**42,285**	**29,341**

Financial costs	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Interest expenses concerning financial liabilities	28,167	21,657
Other interest, including	4,942	1,930
due to lease liabilities	694	442
Interest expenses on derivative hedging instruments	-	8,154
Ineffective part of financial risk hedging	4,529	-
Other financial costs	207	440
Allowance for loans granted	1,556	559
Negative f/x differences	167	43
In total	**39,568**	**32,783**

7. Income tax

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Concerning the current year	-	-
Concerning previous years	-	-
Current income tax	**-**	**-**
Concerning the current year	5,456	(4,022)
Deferred tax transferred from capital to result	-	-
Deferred income tax	**5,456**	**(4,022)**
Total tax expense recognized in the current year from continuing operations	**5,456**	**(4,022)**

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Income tax recognized in other comprehensive income

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Deferred income tax		
Concerning the current year	98	(1,327)
In total	**98**	**(1,327)**

With regard to income tax, the entity is subject to general regulations. The entity does not constitute a tax capital group, nor does it operate in a Special Economic Zone, which would differentiate the rules for determining the tax burden from the general rules in this regard. The financial year, like the balance sheet, runs from 1 April to 31 March of the following year.

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Profit (loss) before tax	**(422)**	**(10,199)**
Cost of income tax at the rate of 19%	80	1,938
Non-taxable income - dividends	802	-
Non-taxable income - cost re-invoicing	185	-
Non-taxable income - other	34	-
Activation/ (Write-off) of asset on losses/tax credits	4,145	(2,667)
Non-deductible costs - subject to re-invoicing	(184)	-
Non-deductible costs - other	(401)	(3,293)
Adjustments pertaining to previous periods	795	-
Income tax expense recognized in profit/loss from continuing operations	**5,456**	**(4,022)**

Deferred income tax assets and reserves

Deferred tax assets and liabilities are presented on a per balance basis.

Deferred income tax	31/03/2023	31/03/2022
Balance at the beginning of the year:		
Deferred tax assets	2,626	7,303
Deferred income tax provision	(9,843)	(9,171)
Deferred tax per balance at the beginning of the period	**(7,217)**	**(1,868)**
Change in status during the period affecting:		
Income statement (+/-)	5,456	(4,022)
Other comprehensive income (+/-)	98	(1,327)
Deferred tax per balance at the end of the period, including:	**(1,663)**	**(7,217)**
Deferred tax assets	9,374	2,626
Deferred income tax provision	(11,037)	(9,843)

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Deferred income tax assets (provision)	31/03/2022	Change in income statement	Change in other comprehensive income	31/03/2023
Property, plant and equipment - right to use	(379)	68	-	(311)
Provisions for employee benefits	820	(280)	-	540
Investment property	22	(6)	-	16
Credits, loans, other debt instruments	291	(294)	98	95
Other liabilities	690	684	-	1,374
Purchased receivables	(7,713)	822	-	(6,891)
Receivables and loans	(1,686)	(2,095)	-	(3,781)
Other provisions	19	49	-	68
Other assets	719	(609)	-	110
Unsettled losses/tax credits	-	7,117	-	7,117
In total	**(7,217)**	**5,456**	**98**	**(1,663)**

According to Polish tax regulations in force since 1 January 2019, a tax loss for a financial year can be settled as part of a given source of income:

- in consecutive five tax years, but not more than 50% of the loss in any one tax year, or
- once in one of the five consecutive tax years up to the amount of PLN 5,000,000, and the outstanding amount in the remaining years of the five-year period, but not more than 50% of the loss in any of those years.

The rule applies to losses incurred by the Issuer after 31 March 2019.

According to Polish tax regulations in force until 1 January 2019, a tax loss for a financial year can be settled as part of a given source of income in five consecutive tax years, but no more than 50% of the loss in a single tax year. The rule applies to the tax loss incurred by the Issuer until 31 March 2019.

The Company also incurred costs of debt financing and intangible services in previous years, which were excluded from deductible expenses under Articles 15c and 15e of the Corporate Income Tax Law. Costs of debt financing and costs of intangible services excluded from deductible expenses in a given tax year may be included in tax expenses in one of the following five tax years up to the limits set by tax regulations.

As a result of a reassessment of the realizability of tax losses and credits from previous years, the Company recognized a deferred tax asset in the current financial year. The Company's write-off of assets for tax losses in previous periods was related to the Company's inability to provide accurate forecasts of positive taxable income making it probable that the capitalized losses could be settled. The change in assumptions was made possible by the preparation of additional analyses to precisely determine the timing of the reversal of temporary differences, which will be able to be offset by corresponding temporary differences from capitalized losses and tax credits.

The Company's tax losses and costs of debt financing and intangible services on which no tax loss assets have been established and the periods in which they may be settled are presented in the tables below.

Date of occurrence of tax loss	Statute of limitations date	31/03/2023	31/03/2022
31.03.2019	31.03.2024	65	7,324
31.03.2020	31.03.2025	2,397	3,395
31.03.2021	31.03.2026	11,022	18,714
31.03.2022	31.03.2027	2,983	14,533
Unactivated tax losses		**16,467**	**43,965**
Potential tax benefit		**3,129**	**8,353**

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Date of occurrence of tax credit	Statute of limitations date	31/03/2023	31/03/2022
31.03.2021	31.03.2026	364	364
31.03.2022	31.03.2027	20,076	19,302
Unactivated tax credits		**20,440**	**19,666**
Potential tax benefit		**3,884**	**3,736**

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8. Intangible and tangible fixed assets

8.1. Intangible assets

	Patents and licenses	Computer software	Costs of development works	Other intangible assets	In total
As at 31.03.2023					
Gross carrying amount	1,592	1,325	3,635	-	6,552
Accumulated depreciation and impairment losses	(1,011)	(1,325)	(1,817)	-	(4,153)
Net carrying amount	**581**	**-**	**1,818**	**-**	**2,399**
As at 31.03.2022					
Gross carrying amount	1,524	1,325	3,367	-	6,216
Accumulated depreciation and impairment losses	(505)	(1,325)	(1,065)	-	(2,895)
Net carrying amount	**1,019**	**-**	**2,302**	**-**	**3,321**

	Patents and licenses	Computer software	Costs of development works	Expenditure on intangible assets	In total
As at 01.04.2022	**1,019**	**-**	**2,302**	**-**	**3,321**
Increases: (acquisition, manufacturing, leasing)	-	-	-	337	337
Decreases (disposal, liquidation) (-)	-	-	-	-	-
Acceptance of intangible assets	68	-	269	(337)	-
Depreciation (-)	(506)	-	(753)	-	(1,259)
Transfer between groups	-	-	-	-	-
As at 31.03.2023	**581**	**-**	**1,818**	**-**	**2,399**

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	Patents and licenses	Computer software	Costs of development works	Expenditure on intangible assets	In total
As at 01.04.2021	**-**	**-**	**2,604**	**-**	**2,604**
Increases: (acquisition, manufacturing, leasing)	-	-	-	1,800	1,800
Decreases (disposal, liquidation) (-)	-	-	-	-	-
Acceptance of intangible assets	1,468	-	332	(1,800)	-
Depreciation (-)	(449)	-	(634)	-	(1,083)
Transfer between groups	-	-	-	-	-
As at 31.03.2022	**1,019**	**-**	**2,302**	**-**	**3,321**

8.2. Tangible fixed assets

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 31.03.2023						
Gross carrying amount	11,273	2,998	1,413	1,606	107	17,397
Accumulated depreciation and impairment losses	(2,434)	(2,998)	(295)	(1,512)	-	(7,239)
Net carrying amount	**8,839**	**-**	**1,118**	**94**	**107**	**10,158**
As at 31.03.2022						
Gross carrying amount	10,658	3,068	1,126	1,675	-	16,527
Accumulated depreciation and impairment losses	(6,564)	(3,068)	(446)	(1,606)	-	(11,684)
Net carrying amount	**4,094**	**-**	**680**	**69**	**-**	**4,843**

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Including the right to use

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 31.03.2023						
Gross carrying amount	9,810	-	1,348	-	-	11,158
Accumulated depreciation and impairment losses	(971)	-	(295)	-	-	(1,266)
Net carrying amount	**8,839**	**-**	**1,053**	**-**	**-**	**9,892**
As at 31.03.2022						
Gross carrying amount	9,195	-	988	-	-	10,183
Accumulated depreciation and impairment losses	(5,113)	-	(446)	-	-	(5,559)
Net carrying amount	**4,082**	**-**	**542**	**-**	**-**	**4,624**

Changes in property, plant and equipment by type group

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 01.04.2022	**4,094**	**-**	**680**	**69**	**-**	**4,843**
Increases: (acquisition, manufacturing, leasing)	6,693	-	1,005	58	107	7,863
Decreases (disposal, liquidation) (-)	(321)	-	(153)	(13)	-	(487)
Acceptance of a fixed asset	-	-	-	-	-	-
Depreciation (-)	(1,627)	-	(414)	(20)	-	(2,061)
As at 31.03.2023	**8,839**	**-**	**1,118**	**94**	**107**	**10,158**

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Including the right to use

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 01.04.2022	**4,082**	**-**	**542**	**-**	**-**	**4,624**
Increases	6,693	-	966			7,659
Decreases (-)	(321)	-	(41)			(362)
Depreciation (-)	(1,615)	-	(414)			(2,029)
As at 31.03.2023	**8,839**	**-**	**1,053**	**-**	**-**	**9,892**

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

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 01.04.2021	**5,318**	**-**	**1,024**	**90**	**-**	**6,432**
Increases: (acquisition, manufacturing, leasing)	1,238	-	675	5	5	1,923
Decreases (disposal, liquidation) (-)	(487)	-	(793)	(5)	(5)	(1,290)
Acceptance of a fixed asset	-	-	-	-	-	-
Depreciation (-)	(1,975)	-	(226)	(21)	-	(2,222)
As at 31.03.2022	**4,094**	**-**	**680**	**69**	**-**	**4,843**

Including the right to use

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 01.04.2021	**5,295**	**-**	**70**	**-**	**-**	**5,365**
Increases	1,238	-	536	-	-	1,774
Decreases (-)	(488)	-	-	-	-	(488)
Depreciation (-)	(1,963)	-	(64)	-	-	(2,027)

	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Property, plant and equipment under construction	In total
As at 31.03.2022	**4,082**	**-**	**542**	**-**	**-**	**4,624**

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9. Investment property

	31/03/2023	31/03/2022
Opening balance	**1,440**	**1,205**
Increases due to acquisition of real property	-	-
Decreases due to disposal of real property	-	-
Revaluation	33	235
Closing balance	**1,473**	**1,440**

All of the Company's investment properties are owned by the Company. During the period covered by the financial statements, the Company did not transfer the value of investment properties between valuation levels.

	Level 3	Fair value
Investment properties as at 31.03.2023	1,473	1,473
Investment properties as at 31.03.2022	1,440	1,440

10. Investments in subsidiaries

Investments in subsidiaries as at the balance sheet date.

Name of a subsidiary	Registered office	Share in share capital	Purchase cost	Cumulative impairment	Carrying amount
Kredyt Inkaso I NSFIZ*	Warsaw, Poland	0.96%	124	-	124
FINSANO Spółka Akcyjna	Warsaw, Poland	100.00%	25,444	-	25,444
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100.00%	42,400	-	42,400
Kredyt Inkaso d.o.o.	Croatia, Zagreb	100.00%	577	577	-
Kredyt Inkaso Investments RO S.A.**	Bucharest, Romania	75.00%	3,242	-	3,242
Kredyt Inkaso Investments BG EAD S.A.	Sofia, Bulgaria	100.00%	3,443	-	3,443
In total			**75,230**	**577**	**74,653**

(*) In addition to the Company's direct investment, Kredyt Inkaso I NSFIZ investment certificates are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme
(**) In addition to the Company's direct investment, Kredyt Inkaso Investments RO shares are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme

As of the balance sheet date, the Company valued its investment in Kredyt Inkaso Investments RO S.A. using the discounted cash flow method, with the following assumptions:

- the business model will not change
- detailed cash flow projections cover the next 10 years
- 0% growth rate to extrapolate cash flow projections beyond the period covered by the most current projections
- capital expenditures and depreciation will balance out
- 16% tax rate
- 20% discount rate.

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The discounted value of the company exceeded the carrying value of the investment, which allowed the reversal of a write-down of its value in the amount of PLN 3,242 thousand. The revenue from this was included in financial revenues.

No indications of impairment of other investments have been identified, except for the investment in Kredyt Inkaso d.o.o. (Croatia), for which a 100% write-down was maintained.

Investments in subsidiaries as at 31.03.2022:

Name of a subsidiary	Registered office	Share in share capital	Purchase cost	Cumulative impairment	Carrying amount
Kredyt Inkaso I NSFIZ*	Warsaw, Poland	0.55%	124	-	124
FINSANO Spółka Akcyjna	Warsaw, Poland	100.00%	25,444	-	25,444
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100.00%	42,400	-	42,400
Kredyt Inkaso d.o.o.	Croatia, Zagreb	100.00%	577	577	-
Kredyt Inkaso Investments RO S.A.**	Bucharest, Romania	75.00%	3,242	3,242	-
Kredyt Inkaso Investments BG EAD S.A.	Sofia, Bulgaria	100.00%	3,443	-	3,443
In total			**75,230**	**3,819**	**71,411**

(*) In addition to the Company's direct investment, Kredyt Inkaso I NSFIZ investment certificates are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme
(**) In addition to the Company's direct investment, Kredyt Inkaso Investments RO shares are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme

11. Receivables and loans

	31/03/2023	31/03/2022
Property, plant and equipment		
Receivables	243	395
Loans	-	-
Current assets		
Trade and other receivables	8,211	6,148
Loans	-	4,725

As of the balance sheet date, write-downs include receivables and loans and consist of the following:

- PLN 42 thousand write-downs on trade receivables (PLN 757 thousand as at 31 March 2022),
- PLN 3,514 thousand write-downs on loans (PLN 1,958 thousand as at 31 March 2022).

These write-downs are included in the net values presented in the table above.

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Loans granted as of the balance sheet date.

Borrower	Interest rate	Date of granting	Maturity date	Nominal value	Long-term	Short-term
Kredyt Inkaso d.o.o.	Variable in annual periods	2017-06-21	2024-06-21	1,572	1,572	147
Kredyt Inkaso d.o.o.	Variable in annual periods	2018-06-25	2024-06-25	1,642	1,642	153
In total				3,214	3,214	300

As at 31 March 2023, the entity recognized a write-down in the amount of PLN 3,514 thousand for loans granted to the subsidiary Kredyt Inkaso d. o.o. The table above presents gross values.

Loans granted as of the previous balance sheet date.

Borrower	Interest rate	Date of granting	Maturity date	Nominal value	Long-term	Short-term
Kredyt Inkaso Investments BG EAD S.A	Variable over the term of the loan	2016-12-14	2022-12-14	1,909	-	1,913
Kredyt Inkaso d.o.o.	Variable in annual periods	2017-06-21	2022-06-21	1,488	-	1,547
Kredyt Inkaso Investments BG EAD S.A	Variable in semi-annual periods	2018-08-27	2022-08-27	1,438	-	1,608
Kredyt Inkaso d.o.o.	Variable in annual periods	2018-06-25	2022-06-25	1,554	-	1,615
In total				6,389	-	6,683

As at 31 March 2022, the entity recognized a write-down in the amount of PLN 1,958 thousand for loans granted to the subsidiary Kredyt Inkaso d. o.o. The table above presents gross values.

12. Trade and other receivables

	31/03/2023	31/03/2022
Trade and other receivables	8,253	6,905
Impairment loss	(42)	(757)
Trade and other receivables	**8,211**	**6,148**

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13. Other financial assets

Under other financial assets, the Company presents the following investments:

	31/03/2023		31/03/2022	
	Short-term assets	Long-term assets	Short-term assets	Long-term assets
Debt instruments	190,153	31,300	50,432	205,078
Shares or stocks	235	-	235	-
In total	**190,388**	**31,300**	**50,667**	**205,078**

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

Debt instruments as at the balance sheet date:

Series	Interest rate	Issue date	Maturity date	Nominal value	Long-term	Short-term
series U	variable; paid every 6 months	2014-06-13	2023-06-13*	71,000	-	74,064
series H01	variable; paid every 6 months	2017-05-26	2023-05-26**	100,000	-	112,516
series J01	variable; paid every 12 months	2019-06-14	2024-06-14	31,300	31,300	3,573
In total				**202,300**	**31,300**	**190,153**

(*) Subsequent to the balance sheet date, the maturity date of the series U bonds was changed to 13 June 2026.
(**) Subsequent to the balance sheet date, the maturity date of the series H01 bonds was changed to 26 May 2026.

Debt instruments as of the previous balance sheet date:

Series	Interest rate	Issue date	Maturity date	Nominal value	Long-term	Short-term
series U	variable; paid every 6 months	2014-06-13	2023-06-13	71,000	71,000	1,560
series F01	variable; paid every 6 months	2016-12-16	2022-12-16	26,000	-	26,557
series G01	variable; paid every 6 months	2017-04-20	2023-04-20	1,500	1,500	38
series H01	variable; paid every 6 months	2017-05-26	2023-05-26	100,000	100,000	2,477
series I01	variable; paid every 6 months	2017-12-20	2022-12-20	19,400	-	19,800
series J01	variable; paid every 6 months	2019-06-14	2024-06-14	31,300	32,578	-
In total				**249,200**	**205,078**	**50,432**

14. Purchased receivables

Types of debt packages	31/03/2023	31/03/2022
Banking retail	25,661	27,970
Telecommunication	21,373	27,707
Consumer loans	2,469	3,088
In total	**49,503**	**58,765**

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Change in debt packages	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Opening balance	**58,765**	**65,646**
Purchases of debt packages	-	-
Sale of debt packages	-	-
Revaluation	13,767	11,975
Payments from persons in debt	(34,651)	(32,543)
Interest revenues on debt packages	11,622	13,687
Closing balance	**49,503**	**58,765**

The nominal value of estimated future recoveries (ERC) for discount rate ranges:	31/03/2023	31/03/2022
less than 25%	55,762	63,084
25% - 50%	17,732	22,508
more than 50%	16,954	22,012

15. Short-term prepayments

	31/03/2023	31/03/2022
Social security	352	280
Settlement of costs of public bond issue	371	102
Other	138	76
In total	**861**	**458**

16. Equity

16.1. Share capital

	31/03/2023	31/03/2022
Number of shares	12,897,364	12,897,364
Nominal value of shares (in PLN)	1.00	1.00
Share capital (in PLN)	**12,897,364**	**12,897,364**

All shares are ordinary shares, without preference and without restriction of rights to shares.

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16.2. Supplementary capital

	31/03/2023	31/03/2022
Supplementary capital created from profit	6,986	21,207
Capital from sales of shares above their nominal value	56,056	56,056
In total	**63,042**	**77,263**

16.3. Shareholding structure of Kredyt Inkaso S.A.

As at the balance sheet date of 31 March 2023 and as at the date of approval of these annual standalone financial statements, the Company's shareholding structure is as follows:

	Number of shares	% of capital held	Number of votes	% of voting rights 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 controlling entity and indirectly owns 61.49% of the Company's capital, representing the same share of total voting rights.

16.4. Summary of shareholdings or entitlements to shares by management and supervisory personnel

As at the balance sheet date of 31 March 2023, and as at the Approval Date, no member of the Company's Management Board or Supervisory Board held shares in the Company or other rights to such shares.

16.5. Distribution of profit/loss coverage

On 30 September 2022, an Ordinary General Meeting of Shareholders was held, at which a resolution was adopted to cover the loss for the 2021/2022 financial year in the amount of PLN 14,221 thousand entirely from the Company's supplementary capital.

	31/03/2023	31/03/2022
Net profit/ (loss) for the current period	5,034	(14,221)
Profits/ (losses) from previous years	(4,294)	(4,294)
In total	**740**	**(18,515)**

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

No new series of shares were issued during the period covered by these statements.

Net profit (loss) per common share is calculated in the same way for each share. Shares do not differ in their right to share in net profit.

The basic earnings per share are calculated using the formula net profit attributable to shareholders of the parent company divided by the number of common shares existing during the period. The calculation of the earnings per share is presented below:

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Weighted average number of ordinary shares (in thousands)	12,897	12,897
Impact of own shares	-	-
Weighted average number of ordinary shares (in thousands)	12,897	12,897
Continuing operations		
Net profit (loss)	5,034	(14,221)
Basic earnings (loss) per share (PLN)	0.39	(1.10)
Diluted earnings (loss) per share (PLN)	0.39	(1.10)

There were no discontinued operations in the current and comparative reporting periods.

In the current and comparative reporting period, the Company had no instruments diluting the earnings per share.

16.7. Dividends paid and dividend policy

The Company has not paid dividends in the past five years. In accordance with the provisions of the Articles of Association and the Commercial Companies Code, the decision regarding the payment of dividends rests with the General Meeting.

17. Capital management

The Company manages its capital to maintain its ability to continue its operations, taking into account the implementation of planned investments so that it can generate returns for shareholders and benefit other stakeholders.

The most important ratio that the Company uses to monitor equity and debt levels is the net financial debt/equity ratio at the consolidated level.

Net financial debt is calculated as financial debt less cash. Financial debt is defined as liabilities from credits, loans and other financing sources, as well as guarantees and lease obligations. For the purpose of calculating covenants on certain series of bonds issued by the Company, the negative valuation of derivatives is also included in the value of financial debt.

The calculation of net financial debt and net financial debt/equity ratio is presented below.

	31/03/2023	31/03/2022
Credits, loans, other debt instruments	274,514	330,359
Leasing	10,176	4,929
less cash and cash equivalents	(9,188)	(25,274)
Net financial debt	**275,502**	**310,014**
Equity	**76,679**	**72,063**
Net financial debt/equity ratio	**3.59**	**4.30**

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18. Credits, loans, other debt instruments

	31/03/2023		31/03/2022	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Debt securities	35,820	202,044	113,702	186,733
Intra-group cashpool	36,637	-	29,913	-
Credit card liabilities	13	-	11	-
In total	**72,470**	**202,044**	**143,626**	**186,733**

Balance of issued bonds at the end of the current reporting period.

Bond series	Interest rate	Emergence of liability	Maturity date	Nominal value	Short-term	Long-term	Carrying amount
H1	Fixed 6%	2021-10-22	2025-10-19	3,667	122	3,428	3,550
J1	WIBOR 3M+4.9%	2022-03-28	2029-03-28	44,599	8,547	35,319	43,866
K1	WIBOR 6M+4.9%*	2022-03-28	2029-03-28	103,000	17,560	83,745	101,305
I1	WIBOR 3M+4.9%	2022-04-19	2025-10-23	17,010	260	16,035	16,295
L1	WIBOR 3M+4.7%	2022-08-05	2026-07-27	15,679	527	14,731	15,258
AD	WIBOR 6M+4.9%	2018-10-22	2023-10-22	5,000	5,272	-	5,272
AF	WIBOR 6M+4.9%	2019-03-25	2025-03-25	7,800	15	7,800	7,815
AI	WIBOR 6M+4.9%	2019-06-24	2024-06-24	700	22	700	722
AJ	WIBOR 12M+4.9%	2020-05-29	2025-05-29	30,286	2,949	30,286	33,235
AK	WIBOR 6M+4.9%	2022-04-20	2025-04-20	10,000	546	10,000	10,546
In total				**237,741**	**35,820**	**202,044**	**237,864**

(*) first interest period WIBOR 6M+5.3%, subsequent WIBOR 6M+4.9%

Calendar of events related to bonds issued - including events after the balance sheet date.

Date	
19 April 2022	Series I1 bearer bonds with a total nominal value of PLN 17,010 thousand were issued
20 April 2022	Series AK bearer bonds with a total nominal value of PLN 10,000 thousand were issued
26 April 2022	The Company made a complete early redemption of series F1 bonds with a nominal value of PLN 75,769 thousand.
29 April 2022	The Company made a partial early redemption of series AD bonds with a nominal value of PLN 4,000 thousand.
27 May 2022	The Company made a complete early redemption of series AH bonds with a nominal value of PLN 3,500 thousand.
27 May 2022	The Company made a partial early redemption of series AI bonds with a nominal value of PLN 800 thousand.
28 June 2022	The Company made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
5 August 2022	Series L1 bearer bonds with a total nominal value of PLN 15,679 thousand were issued
16 August 2022	The Company made full repayment of series E1 bonds in the amount of PLN 6,190 thousand
28 September 2022	The Company made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
28 December 2022	The Company made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
2 January 2023	The Company made full repayment of series AA bonds in the amount of PLN 3,200 thousand
28 March 2023	The Company made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
14 April 2023	Series M1 bearer bonds with a total nominal value of PLN 15,000 thousand were issued
28 June 2023	The Company made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
12 July 2023	Series N1 bearer bonds with a total nominal value of PLN 18,000 thousand were issued

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During the reporting period, there were no violations of covenants of issued bonds. As of the Approval Date, there have been no defaults in the repayment of principal or payment of interest on the bonds or violations of other terms and conditions of the issue.

Status at the end of the previous reporting period.

Bond series	Interest rate	Emergence of liability	Maturity date	Nominal value	Short-term	Long-term	Carrying amount
E1	WIBOR 6M+4.9%	2018-08-16	2022-08-16	6,190	6,196	-	6,196
F1	WIBOR 6M+4.9%	2019-04-26	2023-04-26	75,769	77,608	-	77,608
H1	Fixed 6%	2021-10-22	2025-10-19	3,667	75	3,420	3,495
J1	WIBOR 3M+4.9%	2022-03-28	2029-03-28	55,749	11,337	43,453	54,790
K1	WIBOR 6M+4.9%*	2022-03-28	2029-03-28	103,000	388	100,574	100,962
AA	WIBOR 6M+4.9%	2017-09-25	2022-12-31	3,200	3,648	-	3,648
AD	WIBOR 6M+4.9%	2018-10-22	2023-10-22	9,000	228	9,000	9,228
AF	WIBOR 6M+4.9%	2019-03-25	2023-03-25	7,800	7,812	-	7,812
AH	WIBOR 6M+4.9%	2019-06-14	2022-06-14	3,500	3,576	-	3,576
AI	WIBOR 6M+4.9%	2019-06-24	2022-06-24	1,500	1,529	-	1,529
AJ	WIBOR 12M+4.9%	2020-05-29	2025-05-29	30,286	1,305	30,286	31,591
In total				**299,661**	**113,702**	**186,733**	**300,435**

19. Other short-term reserves

	31/03/2023	31/03/2022
Provision for employee benefits	4,259	5,794
Customer overpayments	80	101
In total	**4,339**	**5,895**

	Provision for employee benefits	Customer overpayments	In total
As at 01.04.2022	**5,794**	**101**	**5,895**
Increase in provisions recognized as expense in the period	2,180	-	2,180
Utilization of provisions (-)	(2,342)	-	(2,342)
Reversal of provisions (-)	(1,373)	(21)	(1,394)
As at 31.03.2023	**4,259**	**80**	**4,339**

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	Provision for employee benefits	Customer overpayments	In total
As at 01.04.2021	**2,996**	**103**	**3,099**
Increase in provisions recognized as expense in the period	3,896	-	3,896
Utilization of provisions (-)	(884)	-	(884)
Reversal of provisions (-)	(214)	(2)	(216)
As at 31.03.2022	**5,794**	**101**	**5,895**

20. Short-term accrued expenses and deferred income

	31/03/2023	31/03/2022
Operating costs	5,461	1,772
Settlement of costs of public bond issue	-	849
Other	305	267
In total	**5,766**	**2,888**

21. Trade and other liabilities

	31/03/2023	31/03/2022
Trade payables	2,960	5,729
Other liabilities	2,280	2,688
Total short-term liabilities	**5,240**	**8,417**

Trade and other liabilities are liabilities that the Company will realize or settle within a period of up to 12 months.

22. Lease liabilities

	31/03/2023		31/03/2022	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Lease liabilities	1,654	8,522	1,385	3,544
In total	**1,654**	**8,522**	**1,385**	**3,544**

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	Discounted present value of minimum lease payments		Undiscounted value of minimum lease payments	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
No longer than 1 year	1,654	1,385	2,643	1,574
from 1 year to 5 years	7,255	3,352	8,818	3,462
over 5 years	1,267	192	1,365	199
In total	**10,176**	**4,929**	**12,826**	**5,235**

23. Financial risk management

The main objective of the Company's risk management is to ensure that all risks associated with its operations are adequately managed. The Company manages risk through risk identification, measurement, assessment, control, forecasting and monitoring, reporting and countermeasures. The Company constantly monitors and manages financial risks to minimize the risk of events that could have a negative impact on the organization's operations. The Company manages the following risks:

- Credit risk,
- Liquidity risk,
- Market risk: interest rate risk,
- Market risk: foreign exchange risk,
- Market risk: price change risk.

23.1. Credit risk

The Company's activities are related to, among other things, the assumption of credit risk from debt sellers (original creditors). The Company is also exposed to the risk of insolvency of service recipients and bond issuers. The Company's Management Board constantly monitors the status of business partners and, should the need arise, takes measures to protect the Company from loss of assets or to minimize the loss.

The Company manages credit risk primarily at the stage of purchasing debt packages through appropriate valuation and selection of portfolio components and characteristics. The reported value of the debt portfolio on the balance sheet takes into account its credit risk. Systematically, on the last day of each reporting period, the Company revises the valuation of acquired receivables on the basis of revenue projections based on historical data (present value of future cash flows). For receivables from bankrupt, liquidated or other entities from which the Company does not expect to receive positive cash flows, the value of the receivables is assumed to be zero.

The value of receivables is widely dispersed among debtors, however, there are individual cases in the Company's portfolio with a significantly different denomination than typical. By diversifying the value of receivables into a large number of separate items, it can be expected that actual revenues will not deviate significantly from forecasts.

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

The credit risk for purchased receivables is relatively high, with the Company having experience and developed analytical methods to estimate such risk. At the date of acquisition of a debt portfolio, the Company assesses the credit risk associated with the portfolio. The risk is reflected in the offered purchase price of the portfolio.

Since acquired debt portfolios are valued at amortized cost, the credit risk associated with acquired debt portfolios is reflected in their valuation at the end of each reporting period.

At each valuation date, the Company assesses credit risk based on historical data on the proceeds of a given portfolio, as well as portfolios with similar characteristics. The following parameters are also taken into account when assessing credit risk:

- characteristics pertaining to the debt: debt balance, principal amount, share of principal in the debt, amount of credit received or total amount of invoices, type of product, past due (DPD), duration of the contract, time since the contract was concluded, collateral (existence, type, amount),
- characteristics of the indebted person: age of the indebted person, status of the indebted person (individual, sole proprietor or legal entity), amount of income earned, place of residence, solvency, previous level of loan

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repayment/level of invoice repayment, time since the indebted person's last payment, region, death or bankruptcy of the indebted person, employment of the indebted person,
- historical payment behavior of the indebted person, in particular: the amounts and frequency of payments made, and the type and intensity of activities carried out against the indebted person by the debt seller before the acquisition of the debt portfolio.

Changes in credit risk assessments affect expectations of future cash flows, which form the basis for valuing acquired debt portfolios. The Company forecasts future cash flows from its debt portfolios over a period of up to 180 months.

The Company minimizes the risk by valuing debt portfolios very meticulously before acquisition, taking into account the possibility of recovering the invested capital from the amounts claimed and the estimated costs necessary to be incurred during the debt collection process. Determination of the market value of the debt portfolio and the maximum selling price is based on a complex statistical and economic analysis. In order to minimize the risks associated with the acquired debt portfolios, among other things, comparative analyses are made of the quality of the debt portfolio with other portfolios with similar characteristics of debtors representing the same industry, and the valuation is based on an analysis of the effectiveness of debt collection activities in relation to debts of a similar nature. The method of estimating proceeds is based on a statistical model built on the basis of held and selected reference data corresponding to the valued data. The maximum price is set based on expected measures of investment performance (mainly: internal rate of return, payback period, nominal return).

The Company's exposure to credit risk is presented in the table below:

	31/03/2023	31/03/2022
Investments in subsidiaries	74,653	71,411
Loans	-	4,725
Purchased receivables	49,503	58,765
Acquired bonds	221,453	255,510
Trade and other financial receivables	8,454	6,543
Cash and cash equivalents	9,188	25,274
Total credit risk exposure	**363,251**	**422,228**

Age structure of loan, trade and other receivables as at the balance sheet date.

	In total	Current	from 1 to 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 to 365 days	above 365 days
Loans	**-**	-	-	-	-	-	-	-
Acquired bonds	**221,453**	221,453	-	-	-	-	-	-
Trade and other financial receivables	**8,454**	8,119	334	-	1	-	-	-
Cash and cash equivalents	**9,188**	9,188	-	-	-	-	-	-
In total	**239,095**	**238,760**	**334**	**-**	**1**	**-**	**-**	**-**

23.2. Liquidity risk

Expenditures for the purchase of debt portfolios are financed from both equity and debt financing, the sources of which may include bond issues and bank loans. In the event of a deterioration in the Company's liquidity, it is possible that the Company will be temporarily or permanently unable to repay previously incurred debt, or will be in breach of its obligations under financing agreements.

As part of its liquidity risk management measures, the Company conducts:

- planning and ongoing monitoring of financial flows,
- managing cash flows between Group entities,
- recovering receivables on a continuous basis, in accordance with the adopted strategy,
- analysis of the possibility of using external sources of financing.

To increase the efficiency of using equity, the Company also uses external financing - mainly bond issues. In future periods, it is still planned to use third-party capital to further develop the business and invest in debt portfolios.

Below are the values of undiscounted flows of the Company's financial liabilities and assets as at 31 March 2023, by maturity.

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	In total	up to 1 month	from 2 to 3 months	from 4 to 12 months	from 1 to 2 years	more than 2 years
Financial assets						
Debt securities**	231,620	-	195,763	-	35,857	-
Loans granted***	4,005	-	395	-	3,610	-
Purchased receivables*	90,448	1,829	3,467	14,277	15,407	55,468
Trade receivables	8,211	8,211	-	-	-	-
Cash and cash equivalents	9,188	9,188	-	-	-	-
Total financial assets	343,472	19,228	199,625	14,277	54,874	55,468
Financial liabilities						
Debt securities**	324,904	1,431	8,206	47,922	54,756	212,589
Trade payables	5,240	5,240	-	-	-	-
Leasing	12,826	225	450	1,968	2,516	7,667
Total financial liabilities	342,970	6,896	8,656	49,890	57,272	220,256
Liquidity gap	502	12,332	190,969	(35,613)	(2,398)	(164,788)
Cumulative liquidity gap		12,332	203,301	167,688	165,290	502

(*) Projected payments (ERC - Estimated Remaining Collections)
(**) Including interest accrued in future periods
(***) The amount does not include an impairment charge

The Company manages its liquidity effectively, so it has a positive cumulative liquidity gap, and it has a credit limit of up to PLN 50 million as part of the Group cash-pool and finances itself with financial instruments issued within the Group, the maturities of which can be adjusted to meet the liquidity needs of individual Group companies as needed.

23.3. Market risk: interest rate risk

Interest rate risk applies to the following financial instruments of the Company:

- loans granted
- cash funds,
- bonds issued and purchased,
- lease liabilities.

With regard to cash and lease liabilities, the impact of changes in interest rates on the Company's financial result or equity level is insignificant. Interest rate risk, which is significant for the Company, is related to bonds issued and purchased and loans granted. Below we present an interest rate sensitivity analysis for these groups of financial instruments.

The Company issues bonds based primarily on variable interest rates (based on WIBOR 6M and WIBOR 3M). Any change in the interest rate may affect the value of interest paid. In pursuit of its strategy to hedge interest rate risk, the Company entered into interest rate swap (IRS) derivative transactions with a nominal value of PLN 600 million in previous periods. The purpose of the hedging transaction was to obtain a fixed-rate financing profile during the hedging period. As at the balance sheet date, the Company has no active hedging instruments.

Financial instruments with variable interest rates	31/03/2023	31/03/2022
Assets		
Loans	-	4,725
Debt securities	221,453	255,510
In total	**221,453**	**260,235**

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Financial instruments with variable interest rates	31/03/2023	31/03/2022
Liabilities		
Credits, loans and other debt instruments	270,964	330,359
Hedging effect	-	(600,000)
In total	**270,964**	**(269,641)**

** does not take into account the bond series based on a fixed interest rate*

A change of 300 basis points in the interest rate would increase (decrease) equity and profit before taxes of the current period by the amounts shown below. The following analysis is based on the assumption that other variables, particularly exchange rates, will remain constant. The effect of such changes on the financial result of the reporting period and the level of equity was presented, assuming a simultaneous and equal increase (decrease) of all market interest rates, taking place at the beginning of the annual reporting period.

	Profit or loss of the current period	
	increase by 300 bp.	decrease by 300 bp.
31/03/2023		
Financial assets with variable interest rates	6,165	(6,165)
Financial liabilities with variable interest rates	7,022	(7,022)

23.4. Hedging derivatives

As at the balance sheet date, the Company has no open hedging relationships. In the current financial year, interest rate swap (IRS) derivative transactions ended, where the Company paid a fixed rate and received a variable rate.

The float-to-fixed IRS transaction, in a currency consistent with the hedged item, was intended to hedge cash flows. As part of the transaction, the Company:

- paid interest on the nominal amount of the transaction based on a fixed rate,
- received interest on the nominal amount of the transaction based on the floating WIBOR6M reference rate.

The Company evaluated the economic relationship between the hedging instrument and the hedged item based on matching critical parameters, in particular:

- compatibility of the nominal values of the hedging instrument and the designated hedged item,
- compatibility of interest periods/interest payment dates,
- compatibility of the reference rate of the hedging instrument and the benchmark rate for the hedged item.

The Company has designated liabilities from issued bonds as a hedged item. The Company evaluated the economic linkage prospectively, with the frequency indicated in the linkage establishment document.

Instrument	Nominal value	Conclusion rate (fixed rate)	Assets	Liabilities	Item in the statement of financial position	Changes in the fair value
IRS	200,000	2.41%	-	-	Financial derivatives	1,959
IRS	200,000	2.28%	-	-	Financial derivatives	1,701
IRS	200,000	1.96%	-	-	Financial derivatives	(2,902)
		In total	**-**	**-**		**758**

Impact of hedging instruments on the Company's statement of financial position

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The amount of interest transferred from other comprehensive income goes to Financial revenues - interest income from derivative hedging instruments or Financial expenses - interest expense on hedging instruments.

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Payments from settlement of hedging transactions included in the statement of cash flows	(676)	11,761
Hedging gains or losses for the reporting period recognized in other comprehensive income	5,963	(1,170)
Ineffective portion of the hedge recognized in the income statement	(4,529)	13,474
In total	**758**	**24,065**

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Revaluation reserve at the beginning of the period	**418**	**(5,239)**
Impact of valuation of hedging transactions (effective portion)	5,963	(1,170)
Amount of interest transferred during the period from other comprehensive income to the income statement	(6,479)	8,154
Income tax	98	(1,327)
Revaluation reserve at the end of the period	**-**	**418**

23.5. Market risk: foreign exchange risk

The Company is exposed to foreign exchange risk arising from loans granted and liabilities assumed. The following table shows the Company's exposure to foreign currency risk to individual currencies expressed in Polish zlotys as at the balance sheet date.

	31/03/2023		31/03/2022	
	value in currency	value in PLN	value in currency	value in PLN
Loans granted				
in EUR	-	-	670	3,117
in BGN	-	-	676	1,608
Total loans granted		**-**		**4,725**
Liabilities				
in EUR	72	337	13	60
in BGN	-	-	-	-
in RON	110	104	1,933	1,818
Total liabilities		**441**		**1,878**

Analysis of the impact of a potential change in the book value of financial instruments on pre-tax profit and on equity (conversion differences) due to a hypothetical change in the exchange rates of significant foreign currencies in relation to the presentation currency (PLN) as at the balance sheet date.

	rate change	gross financial result	equity
EUR/PLN	+/-1%	(3)	-
BGN/PLN	+/-1%	-	-
RON/PLN	+/-1%	1	-

23.6. Market risk: price change risk

A significant change in macroeconomic conditions or regulations may affect the level of repayments made by debtors and, consequently, the valuation of debt packages.

24. Financial instruments

The following table classifies financial instruments and compares the carrying value of financial instruments with their fair value.

The table below also shows financial assets and liabilities measured by the Company at fair value, categorized in a specific level in the fair value hierarchy:

- level 1 - quoted prices (without adjustments) from active markets for identical assets and liabilities,
- level 2 - input data for the valuation of assets and liabilities, other than quoted prices included in Level 1, observable on the basis of variables from active markets,
- level 3 - input data for the valuation of assets and liabilities, undetermined based on variables from active markets.

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	Carrying amount 31/03/2023				Fair value 31/03/2023			
	FVTPL	FVOCI	Amort. cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Property, plant and equipment								
Receivables and loans	-	-	243	**243**	-	-	243	**243**
Financial derivatives	-	-	-	**-**	-	-	-	**-**
Other long-term financial assets - financial debt securities	-	-	31,300	**31,300**	-	-	31,300	**31,300**
Current assets								
Trade and other receivables	-	-	8,211	**8,211**	-	-	8,211	**8,211**
Purchased receivables	-	-	49,503	**49,503**	-	-	35,178	**35,178**
Loans	-	-	-	**-**	-	-	-	**-**
Other short-term financial assets - financial debt securities	-	-	190,153	**190,153**	-	-	190,153	**190,153**
Other short-term financial assets - shares or stocks	235	-	-	**235**	-	-	235	**235**
Cash and cash equivalents	-	-	9,188	**9,188**	-	-	9,188	**9,188**
Financial liabilities								
Long-term liabilities								
Credits, loans, other debt instruments	-	-	202,044	**202,044**	-	-	202,044	**202,044**
Lease liabilities	-	-	8,522	**8,522**	-	-	8,522	**8,522**
Short-term liabilities								
Credits, loans, other debt instruments	-	-	72,470	**72,470**	-	-	72,470	**72,470**
Lease liabilities	-	-	1,654	**1,654**	-	-	1,654	**1,654**
Financial derivatives	-	-	-	**-**	-	-	-	**-**

	Carrying amount 31/03/2022				Fair value 31/03/2022			
	FVTPL	FVOCI	Amort. cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Property, plant and equipment								
Receivables and loans	-	-	395	**395**	-	-	395	**395**
Financial derivatives	-	2,902	-	**2,902**	-	2,902	-	**2,902**
Other long-term financial assets - financial debt securities	-	-	172,500	**172,500**	-	-	172,500	**172,500**
Current assets								
Trade and other receivables	-	-	6,148	**6,148**	-	-	6,148	**6,148**
Purchased receivables	-	-	58,765	**58,765**	-	-	42,260	**42,260**
Loans	-	-	4,725	**4,725**	-	-	4,725	**4,725**
Other short-term financial assets - financial debt securities	-	-	83,010	**83,010**	-	-	83,010	**83,010**
Other short-term financial assets - shares or stocks	235	-	-	**235**	-	-	235	**235**
Cash and cash equivalents	-	-	25,274	**25,274**	-	-	25,274	**25,274**
Financial liabilities								
Long-term liabilities								
Credits, loans, other debt instruments	-	-	186,733	**186,733**	-	-	186,733	**186,733**
Lease liabilities	-	-	3,544	**3,544**	-	-	3,544	**3,544**
Short-term liabilities								
Credits, loans, other debt instruments	-	-	143,626	**143,626**	-	-	143,626	**143,626**
Lease liabilities	-	-	1,385	**1,385**	-	-	1,385	**1,385**
Financial derivatives	-	3,659	-	**3,659**	-	3,659	-	**3,659**

FVTPL - Financial instruments measured at fair value through profit or loss
FVOCI - Financial instruments measured at fair value through other comprehensive income
Amort. cost - Financial instruments measured at amortized cost

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The Company has not reclassified financial assets that would result in a change in the valuation principles for these assets between fair value or the amortized cost method.

The Company also did not reclassify financial assets between levels in the fair value hierarchy.

25. Information on significant transactions with affiliated entities

25.1. Transactions with affiliated entities

25.1.1. Commercial transactions

	01/04/2022-31/03/2023		01/04/2021-31/03/2022	
	Revenues	**Costs**	**Revenues**	**Costs**
Finsano S.A.	157	168	168	345
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka Sp.k.	194	2,443	290	2,444
Kredyt Inkaso I NSFIZ	24,297	-	16,898	-
Kredyt Inkaso II NSFIZ Subfundusz 1	18,104	-	14,572	-
Kredyt Inkaso II NSFIZ Subfundusz 2	803	-	727	-
Kredyt Inkaso Portfolio Investments (Luxembourg) S. A.	6,626	-	6,464	-
Kredyt Inkaso IT Solutions Sp. z o. o. (formerly Legal Process Administration Sp. z o.o.)	377	9,492	327	8,746
Kredyt Inkaso Investments RO S.A.	-	1,799	11	2,798
Kredyt Inkaso III NSFIZ (formerly Agio Wierzytelności NSFIZ)	2,122	-	1,814	-
KI Towarzystwo Funduszy Inwestycyjnych S.A.	100	-		
Kredyt Inkaso Solver Sp. z o.o.	19	-	10	-
In total	**52,799**	**13,902**	**41,281**	**14,333**

	31/03/2023		31/03/2022	
	Receivables	**Liabilities**	**Receivables**	**Liabilities**
Finsano S.A.	11	4	27	20
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka Sp.k.	24	250	50	250
Kredyt Inkaso I NSFIZ	488	15	447	16
Kredyt Inkaso II NSFIZ Subfundusz 1	731	14	154	19
Kredyt Inkaso II NSFIZ Subfundusz 2	11	-	3	-
Kredyt Inkaso Portfolio Investments (Luxembourg) S. A.	611	39	1,168	36
Kredyt Inkaso IT Solutions Sp. z o. o. (formerly Legal Process Administration Sp. z o.o.)	61	2,340	49	2,852
KI Towarzystwo Funduszy Inwestycyjnych S.A.	6	-	3	-
Kredyt Inkaso Investments RO S.A.	-	-	117	1,818
Kredyt Inkaso Investments BG EAD S.A	-	-	-	30
In total	**1,943**	**2,662**	**2,018**	**5,041**

Annual standalone financial statements for the 12-month period ended 31 March 2023 (data in PLN thousand)

	01/04/2022-31/03/2023		01/04/2021-31/03/2022	
	Revenues	**Costs**	**Revenues**	**Costs**
Costs of consulting services				
WPEF VI HOLDING V B.V.	-	282	-	276
Total (net amounts)	**-**	**282**	**-**	**276**

Consulting services are provided under an agreement concluded by the Company with WPEF VI HOLDING V B.V. on 31 March 2017, which merged with WPEF VI HOLDING 5 B.V. on 14 December 2021, and include advice for the parent company and all subsidiaries in the Kredyt Inkaso Capital Group on financial analyses and projections, reporting processes, capital management, risk management, corporate finance, business strategy and potential acquisitions (M&A), and investor relations. The agreement was concluded for the period until 31 December 2017, and is automatically renewed for subsequent calendar annual periods, and either party may terminate it within 90 days before the start of the next calendar year. The cost of consulting services under the agreement is EUR 60,000 per year. Under the agreement, the list of persons delegated to perform advisory activities and receive confidential information includes Mr. Daniel Dąbrowski, member of the Supervisory Board.

25.1.2. Loans granted to affiliated entities

Net value of loans to affiliated entities.

	31/03/2023	31/03/2022
Kredyt Inkaso Investments BG EAD S.A	-	3,521
Kredyt Inkaso d.o.o.	-	1,203
In total	**-**	**4,724**

The Company analyzed the situation of the borrowers and, as of 31 March 2023, created a write-down for loans granted to Kredyt Inkaso d.o.o. in the amount of PLN 3,514 thousand. The loans granted to Kredyt Inkaso Investments BG EAD S.A. were, as scheduled, repaid in full during the current financial year.

On 27 March 2023, the Company provided Kredyt Inkaso Investments RO S.A. with a loan limit of PLN 30,000 thousand. As at the balance sheet date, the limit remained unused.

25.1.3. Bonds purchased from affiliated entities

Acquired bonds	31/03/2023	31/03/2022
Kredyt Inkaso Portfolio Investments (Luxembourg) S. A.	221,453	255,510
In total	**221,453**	**255,510**

Annual standalone financial statements for the 12-month period ended 31 March 2023 (data in PLN thousand)

25.1.4. Bonds issued to affiliated entities

Issued bonds	31/03/2023	31/03/2022
Finsano S.A.	-	3,648
Kredyt Inkaso I NSFIZ	33,235	35,982
Kredyt Inkaso II NSFIZ Subfundusz 1	19,694	15,738
Kredyt Inkaso II NSFIZ Subfundusz 2	2,024	2,015
Kredyt Inkaso III NSFIZ (formerly Agio Wierzytelności NSFIZ)	2,637	-
In total	**57,590**	**57,383**

25.1.5. Transactions on other financial assets

Transactions on other assets	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Finsano S.A.	-	614
In total	**-**	**614**

During the comparative reporting period, the Company sold its shares in KI TFI S.A. to Finsano S.A.

25.2. Loans to key personnel and related persons

None.

25.3. Transactions with key personnel

25.3.1. Remuneration of the Management Board

Remuneration of the Company's managerial staff:

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Base salary/management contract (gross)	1,764	1,452
Other - medical and other benefits	328	116
In total	**2,092**	**1,568**

25.3.2. Remuneration of the Supervisory Board

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Remuneration of the Supervisory Board	470	389
In total	**470**	**389**

Remuneration rules for the Supervisory Board:

- A member of the Supervisory Board is entitled to monthly remuneration in the amount of 1/3 of the average monthly salary in the enterprise sector without payments of rewards from profit (according to the Central Statistical Office).
- The Chairman of the Supervisory Board is entitled to a function allowance in the amount of the average monthly salary in the enterprise sector without payments of rewards from profit.
- Other members of the Supervisory Board are entitled to allowances:
  - for membership in the audit committee in the amount of 1/3 of the average monthly salary in the sector of enterprises without payments of rewards from profit
  - for serving as secretary of the Supervisory Board in the amount of 1/3 of the average monthly salary in the enterprise sector without payments of rewards from profit
  - for serving as Vice-Chairperson of the Supervisory Board in the amount of 1/3 of the average monthly salary in the enterprise sector without payments of rewards from profit in the period when the Chairperson of the Supervisory Board does not serve in that capacity
- A member of the Supervisory Board is not entitled to remuneration if he/she submits a statement of resignation.
- A member of the Supervisory Board is entitled to remuneration and a due service allowance in a given month in an amount appropriate to the ratio of the number of meetings attended to the total number of meetings of the Supervisory Board in a given month.
- A member of the Audit Committee is entitled to an allowance for membership in an audit committee in a given month in an amount appropriate to the ratio of the number of meetings attended to the total number of Audit Committee meetings in a given month.
- Salaries and allowances are also due if no meetings were held in a given month.

Pursuant to Resolution No. 27/2022 of the Extraordinary General Meeting of 30 September on determining the amount of remuneration of a member of the Company's Supervisory Board elected by separate group voting and delegation to permanent individual performance of supervisory activities, the gross monthly remuneration of the aforementioned member of the Supervisory Board was set at an amount equal to half the remuneration of the Chairperson of the Supervisory Board. The fixed amount of remuneration does not exclude the right of a member of the Supervisory Board to reimbursement of expenses incurred in connection with the performance of this function.

25.4. Information on significant transactions concluded by the Company with affiliated entities on terms other than market terms

During the period covered by the financial statements, the Company did not have any transactions with affiliated entities on other than market terms.

26. Remuneration of auditors

The entity authorized to audit the Consolidated Financial Statements of the Kredyt Inkaso Capital Group and the Standalone Financial Statements of Kredyt Inkaso S.A. for the period from 1 April 2022 to 31 March 2023 is PKF Consult spółka z ograniczoną odpowiedzialnością Spółka komandytowa, based in Warsaw.

The relevant agreement for the audit of the consolidated financial statements and standalone financial statements was concluded on 5 December 2022, and the subject of the agreement is the audit of the annual consolidated and standalone financial statements of Kredyt Inkaso S.A. for the financial years 1 April 2022 to 31 March 2023 and 1 April 2023 to 31 March 2024, and the review of the semi-annual consolidated financial statements of the Kredyt Inkaso Capital Group for the first half of the 2022/23 financial year beginning 1 April 2022 and ending 30 September 2022, and for the first half of the 2023/2024 financial year beginning 1 April 2023 and ending 30 September 2023.

Annual standalone financial statements for the 12-month period ended 31 March 2023 (data in PLN thousand)

Remuneration due for the financial year ending on:	31/03/2023	31/03/2022
Review of semi-annual consolidated financial statements	54	93
Audit of annual consolidated financial statements	148	201
Consolidated statements	**202**	**294**
Review of semi-annual standalone financial statements	69	34
Audit of annual standalone financial statements	101	71
Standalone statements	**170**	**105**
Additional services	**14**	**52**
In total	**386**	**451**

27. Contingent liabilities, guarantees, warranties and securities on the Company's assets

27.1. Costs of discontinued enforcements

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognized in the financial statements because it is not probable that it will be necessary to expend resources embodying economic benefits to satisfy the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The costs of discontinuing enforcements represent an obligation arising from past events (initiation of enforcement), but their occurrence or not depends on uncertain future events beyond the Company's control. For the purpose of estimating the contingent liability for the costs of discontinuing enforcements, the Company conducted an analysis of current and historical operating data, as a result of which it determined statistical curves depicting at what point in the life of each (group of) enforcement proceedings the discontinuation and related cash outflow is likely to occur. The resulting values were discounted as at the balance sheet date using a discount rate that reflects the current market assessment of the time value of money and the risk inherent in the liability.

Presented below is the value of the contingent liability related to the costs of discontinuing enforcements as at the balance sheet date:

	31/03/2023
Contingent liabilities - cost of discontinuing enforcements	9,579
In total	**9,579**

27.2. Collateral for bond issues

On 28 March 2022 the Company issued series K1 bonds with a total nominal value of PLN 103,000 thousand. According to the terms of the bond issue - the bonds were issued as unsecured. In turn, bondholders' claims under the bonds, in accordance with the terms of issue, are subject to collateral established after the issue through the establishment of standard collateral, including, among others, registered pledges governed by Polish or foreign law on debt portfolios and investment certificates that are elements of the balance sheet of the Issuer or its subsidiaries and other assets of the Company. The 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 level was PLN 154.5 million.

27.3. Line of credit

On 27 March 2023, the Company provided Kredyt Inkaso Investments RO S.A. with a loan limit of PLN 30,000 thousand. The borrower will be able to use the limit for two years after it becomes available. The limit is renewable and can be used at the request of the borrower and with the consent of the lender. The interest rate on the utilized limit is variable and consists of a margin of 4.9% and the WIBOR 6M index. The maturity date of the loan is 27 March 2026. As at the balance sheet date, the limit remained unused.

28. Court and enforcement, tax and other proceedings

28.1. Court and enforcement proceedings

The Company's business model involves purchasing packages of receivables resulting from the sale of universal services (usually from several thousand to even tens of thousands of receivables in a package) and pursuing their payment through the courts. The Group's activities include mass litigation and enforcement proceedings conducted by bailiffs. However, due to the relatively low debt balances, there is no risk of concentration (of one or more bad debts, i.e. with characteristics significantly worse than calculated).

As at the Approval Date, the following court proceedings to which the Company is a party are pending, arising from:

- lawsuit by Best S.A. for revocation of resolutions of the Ordinary General Meeting to which it submitted objections, i.e.: (i) Resolution No. 12/2016 on approval of the Management Board's report on the activities of Kredyt Inkaso S.A. and the standalone financial statements of Kredyt Inkaso S.A. for the financial year beginning 1 April 2015 and ending 31 March 2016, (ii) Resolution No. 13/2016 on approval of the Management Board's report on the Group's activities and the Group's consolidated financial statements for the financial year beginning 1 April 2015 and ending 31 March 2016,, (iii) Resolution No. 15/2016 on granting a discharge to a member of the Management Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (iv) Resolution No. 16/2016 on granting a discharge to a member of the Management Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (v) Resolution No. 17/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (vi) Resolution No. 18/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (vii) Resolution No. 19/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (viii) Resolution No. 20/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (ix) Resolution No. 21/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (x) Resolution No. 22/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016 (current report No. 93/2016), (xi) Resolution No. 7/2017 on granting a discharge to a member of the Management Board for the performance of his duties, (xii) Resolution No. 8/2017 on granting a discharge to a member of the Management Board for the performance of his duties, (xiii) Resolution No. 9/2017 on granting a discharge to a member of the Management Board for the performance of his duties, (xiv) Resolution No. 14/2017 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2016 and ending 31 March 2017, (xv) Resolution No. 15/2017 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2016 and ending 31 March 2017 (current report 65/2017), (xvi) Resolution No. 4/2018 on approval of the standalone financial statements of Kredyt Inkaso S.A. for the financial year beginning 1 April 2017 and ending 31 March 2018, (xvii) Resolution No. 5/2018 on approval of the consolidated financial statements of the Group for the financial year beginning 1 April 2017 and ending 31 March 2018, (xviii) Resolution No. 6/2018 on approval of the Management Board's report on the activities of the Company and the Group for the financial year beginning 1 April 2017 and ending 31 March 2018 (current report No. 56/2018). On 14 May 2021, the District Court in Warsaw, 20th Commercial Division issued a decision to discontinue the proceedings with respect to resolutions 15/2016 and 7/2017 due to the irrelevance of further proceedings with respect to these resolutions, in view of the fact that the Company's Ordinary General Meeting of Shareholders adopted Resolution No. 17/2020 dated 27 November 2020 on amending the resolutions on granting discharge to the former aforementioned Member of the Management Board, by virtue of which the discharges granted to him for the periods indicated above were revoked;
- lawsuit by Best S.A. of 9 January 2019 for payment jointly and severally by the Company, Paweł Szewczyk, Jan Paweł Lisicki and Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. of the amount of PLN 51,847,764, but with respect to Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. the plaintiff

limits the demand to the amount of PLN 2,260,000 and the costs of court proceedings 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 the Company's shares at an inflated price, determined on the basis of the Company's financial statements for the 2014/2015 financial year, which were adjusted in subsequent financial years. Kredyt Inkaso S.A. considers BEST S.A.'s claim to be unfounded, as reported in Current Report No. 8/2019;

- lawsuit by Best S.A. of 28 June 2019, seeking a declaration of invalidity or, alternatively, revocation of Resolution No. 4/2019 of the Extraordinary General Meeting of Kredyt Inkaso S.A., adopted on 30 May 2019, on approval of transactions resulting in the encumbrance of the company's assets or those of other entities in the Company's capital group in connection with the Company's issuance of series F1 bonds. The Company considers the demand contained in the lawsuit to be unfounded and, together with its attorney, is actively opposing them in the court proceedings (Current Report No. 34/2019);
- Best S.A.'s request to appoint Rödl Kancelaria Prawna sp. k. and Roedl Audit sp. z o.o. jointly as special auditor. The Company, as well as its Supervisory Board, considers the aforementioned request to be unfounded and is actively participating in the legal proceedings (current report No. 40/2022, No. 66/2022, No. 3/2023 and No. 4/2023);
- John Harvey van Kannel's lawsuit against the Company to establish the existence of the resolution to dismiss Maciej Jerzy Szymański from the Company's Management Board, and (ii) to declare invalid the resolution No. 38/2020 of the Company's Ordinary General Meeting of 27 November 2020 on the appointment of Daniel Dąbrowski to the Company's Supervisory Board for a new term of office. The request to grant a collateral in this case was legally dismissed in its entirety, about which the Company informed in current report No. 11/2021 dated 29 April 2021. The Company considers the demands contained in the lawsuit to be completely unfounded and intends to oppose them by actively participating in the court proceedings (current report No. 26/2021). BEST Capital FIZAN is acting in this case as a side intervener on the plaintiff's side;
- The case arising from John Harvey van Kannel's second lawsuit against the Company to declare invalid the resolution No. 12/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Daniel Dąbrowski as a member of the Company's Supervisory Board, about which the Company informed in current report No. 31/2021 dated 23 August 2021, has been concluded with a favorable judgment of the Court of Appeals issued on 4 April 2023, dismissing John Harvey van Kannel's appeal in its entirety (current report No. 8/2023);
- The lawsuit against the defendants jointly and severally: Best S.A. and Mr. Krzysztof Borusowski for an award of PLN 60,734,500 jointly and severally from the Defendants in favor of the Company, together with statutory interest for delay calculated from the date of filing the lawsuit until the date of payment, an award of the Defendants jointly and severally in favor of the Company for reimbursement of the costs of the lawsuit, according to the prescribed norms, unless a statement of costs is submitted at the last hearing. The amount demanded arises from the Company's claim against the Defendants for compensation for damage caused to the Company as a result of the dissemination by the Defendants of false and slanderous information: concerning the Company's Management Board, alleged irregularities in the Company, alleged falsification of financial statements and the lack of authority of the Company's Management Board to act on its behalf, which, according to the Company, was the direct cause of the 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 concluded with the Company for the management of debt portfolios and legal service agreements. The amount of the claim is the sum of the actual losses incurred by the Company and its estimated lost benefits in future years, about which the Company informed in current report No. 57/2016 dated 10 August 2016, and additionally estimated lost benefits, due to, among other things, the termination of management agreements by Lumen Profit 14 NS FIZ, Lumen Profit 15 NS FIZ, Lumen Profit 16 NS FIZ. The Company informed about the reasons and the impact of the termination of the aforementioned agreements on the Company's financial situation, including in particular the loss of further systematic income as well as the possibility of the Company going to court to pursue relevant compensation claims, in the Consolidated Quarterly Report for the first quarter of the 2016/2017 financial year released to the public on 12 August 2016;
- The Company's lawsuit against joint and several Defendants Paweł Szewczyk, Ion Melnic and KI Servcollect SRL for an order that the Defendants jointly and severally pay the Company the amount of PLN 21,320,000 as compensation for indirect damages that the Company suffered as a result of the Defendants' actions, with statutory interest for delay calculated from 26 May 2020 to the date of payment, PLN 30,000 as reimbursement of the costs incurred by the Company for the preparation of a private expert opinion on business valuation, with statutory interest for delay calculated from the date of delivery of the copy of the lawsuit to the last of the Defendants to the date of payment, and PLN 44,000 as reimbursement for the cost of providing certified translations of the lawsuit and some of the appendices to the lawsuit, with statutory interest for delay calculated from the date of delivery of the copy of the lawsuit to the last of the Defendants to the date of payment. Along with the lawsuit, the Company sought injunctive relief for the above claims (Current Report No. 13/2020). The Company's request for injunctive relief was dismissed by the Court and, as the complaint filed by the Company's attorney was rejected by the Court of Second Instance, this decision should be considered final;

- lawsuit by two members of the Supervisory Board to rescind the resolution of the group of shareholders entitled to elect members of the Supervisory Board by separate group voting No. 13/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Mr. Karol Szymański to the Company's Supervisory Board for a new term of office and granting him the authority to permanently perform supervisory activities on an individual basis. The Company intends to actively participate in the legal proceedings (Current Report No. 53/2021);
- lawsuit by two members of the Supervisory Board to rescind the resolution of the group of shareholders entitled to elect members of the Supervisory Board by separate group voting No. 6/2022 of the Company's Extraordinary General Meeting of 25 April 2022 on the appointment of Mr. Karol Szymański to the Company's Supervisory Board for a new term of office and granting him the authority to permanently perform supervisory activities on an individual basis. In an order dated 6 July 2022, the Court granted security for the plaintiffs' claim for revocation of the aforementioned resolution by suspending its effectiveness until the lawsuit is legally concluded. The Company intends to actively participate in the legal proceedings (Current Report No. 36/2022);

28.2. Proceedings before administrative courts

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

On 12 April 2016, Kredyt Inkaso S.A. applied for an individual interpretation in this regard. In the individual interpretation of the Director of the Tax Chamber in Warsaw, issued on July 21, 2016, following the request of Kredyt Inkaso S.A., ref. IPPB3/4510-418/16-3/JBB (hereinafter: "Interpretation") it was indicated that: "Thus, Kredyt Inkaso S.A. should recognize tax income from the price on a cash basis, i.e. on the date of receipt of the payment - in the present case, on the date of payment of the Price by setting it off against Kredyt Inkaso S.A.'s liability for the subscription price of the bonds issued by the Sub-Participant. (...) In turn, by transferring to the Sub-Participant, in accordance with the terms of the sub-participation agreement, the amounts constituting benefits from the receivables, Kredyt Inkaso S.A. will be entitled to recognize the transferred amounts as deductible expenses and recognize them in the tax bill when incurred", - "the stance of Kredyt Inkaso S.A. assuming that no income is recognized from repayments of receivables (previously acquired from the original creditor) (...) is incorrect. It is not possible to agree with Kredyt Inkaso S.A. that the exclusion of the receivables in question from the balance sheet may prejudge the tax qualification of a given gain", - "The expenses in question, i.e. the purchase price and Direct Collection Expenses, which were incurred by the Company up to the conclusion of the sub-participation agreement, are directly related to the receivables (their acquisition and collection) that are the subject of the sub-participation agreement, and not to the event of transferring the rights to cash flows from the receivables to the sub-participant. (...) Thus, these expenses will be tax deductible expenses of a direct nature when the debtors make repayments of these receivables or sell the receivables".

After delivery of the Interpretation, Kredyt Inkaso S.A. decided to comply with the Interpretation, which resulted in the need to file CIT-8 tax return adjustments for the tax years: from 1 April 2013 to 31 March 2014, 1 April 2014 to 31 March 2015 and 1 April 2015 to 31 March 2016, and to pay corporate income tax with interest. At the same time, in a letter dated 17 October 2016, the Company filed a complaint against the individual interpretation with the Provincial Administrative Court in Warsaw (hereinafter: "WSA"). In a judgment dated 22 November 2017, the WSA revoked the interpretation (ref. III SA/Wa 3503/16, hereinafter: "WSA Ruling"). The tax authority filed a timely cassation complaint and the case was referred to the Supreme Administrative Court (hereinafter: "NSA"). In a judgment dated 8 October 2020 (ref. II FSK 1615/18), NSA overturned the WSA Ruling and remanded the case to the WSA for reconsideration. In a judgment dated 27 April 2021, WSA revoked the interpretation (ref. III SA/Wa 597/21, hereinafter: "Second WSA Ruling"). On 22 June 2021, Kredyt Inkaso S.A. received a written justification of the Second WSA Ruling. Its substantive content confirms the correctness of the position presented by the Company in its request for an Interpretation. Notwithstanding the above, the Company maintains the allegations of violations of procedural regulations in the course of issuing the Interpretation described in detail in the complaint dated 17 October 2016. In connection with the above, on 22 July 2021, the Company filed a cassation complaint with NSA against the Second WSA Ruling. In addition, on 11 August 2021, the Company was served with a copy of the tax authority's cassation complaint to NSA against the Second WSA Ruling. In a judgment dated 10 December 2021 (ref. II FSK 1143/21), NSA reversed the Second WSA Ruling on procedural grounds and remanded the case to WSA for reconsideration. In a judgment dated 27 April 2022, WSA dismissed the complaint of Kredyt Inkaso S.A. (ref. III SA/Wa 485/22, hereinafter: "Third WSA Ruling"). On 9 June 2022, Kredyt Inkaso S.A. received a written justification of the Third WSA Ruling. Its substantive content confirms that the Tax Authority, in issuing the Interpretation, violated the principle of issuing an individual interpretation only on the basis and within the limits of the request for its issuance. However, this violation, in the assessment of the WSA, did not affect the outcome of the case. On the other hand, referring to the basic issue in dispute in the case (i.e., the date of recognition of tax income on the price of the sub-participation agreement in question), WSA stressed that NSA, in overturning the Second WSA Ruling, in no way prejudged the above issue, leaving it to WSA's judgment. Dismissing the complaint, WSA also indicated that it did not share the position of NSA in a similar case (ref. II FSK 3299/17) essentially confirming the position of Kredyt Inkaso S.A. Therefore, this judgment of NSA was not applicable to the present case in the opinion of WSA. Kredyt Inkaso S.A. filed a cassation complaint with NSA on 11 July 2022, after reviewing the Third WSA Ruling.

In the complaint, the Company raised allegations of violations of substantive law, based in particular on the substantive position of NSA in a similar case (ref. II FSK 3299/17), as well as allegations of violations of procedural rules, including the need to comply with the principle of issuing an individual interpretation only on the basis and within the limits of the request for its issuance. In addition, on 10 August 2022, the Company was served with the Tax Authority's response to the cassation complaint filed, which requested that the Company's cassation complaint be dismissed.

The Company's cassation complaint was dismissed by NSA in a ruling of 8 November 2022. This decision of NSA means termination of the dispute regarding the correctness of the position of the Director of the Tax Chamber in Warsaw contained in the Interpretation appealed by Kredyt Inkaso S.A. It should be pointed out that after delivery of the Interpretation, Kredyt Inkaso S.A. decided to comply with the Interpretation, which resulted in the need to file in 2016 CIT-8 tax return adjustments for the tax years: from 1 April 2013 to 31 March 2014, 1 April 2014 to 31 March 2015 and 1 April 2015 to 31 March 2016, and to pay corporate income tax with interest. Therefore, the NSA ruling in question did not result in the need for Kredyt Inkaso S.A. to adjust its corporate income tax settlements, and the Company's corporate income tax settlements are in line with the position of the Director of the Tax Chamber in Warsaw contained in the Interpretation.

28.3. Inspection proceedings

There were no significant inspections or investigations during the reporting period.

29. Factors and events, including those of an unusual nature, having a significant impact on the financial statements

29.1. Russia's invasion of Ukraine, impact on the Company

On 24 February 2022, troops of the Russian Federation entered Ukrainian territory, starting hostilities in the region. In the current financial year, the war situation had no further material adverse effects beyond those included in the annual consolidated and standalone financial statements for the year ended 31 March 2022, and the assumptions made, among others, regarding the valuation of Russian debt portfolios held by a Group entity, remain valid. The unprecedented nature of a war of this magnitude in the recent history of Poland's environment, as well as the special conditions associated with it regarding the volatility of the economic environment, result in a great deal of uncertainty in the forecasts being prepared.

30. Other information relevant to the assessment of personnel, assets and financial situation

On 30 September 2022, the Ordinary General Meeting of Kredyt Inkaso S.A. voted on Resolution No. 20/2022 on requesting the Company's Management Board to initiate a review of strategic options for the Company's future, with the following wording:

The Ordinary General Meeting resolves as follows:

§1

The Ordinary General Meeting of Kredyt Inkaso S.A. decides to request and authorize the Management Board of Kredyt Inkaso S.A. to initiate the process of reviewing all strategic options for the future of the Company in order to resolve the existing situation in the Company's shareholding structure, including, in particular, allowing the shareholder(s) to possibly dispose of the Company's shares.

This authorization includes authorization for the Company's Management Board to take all formal and legal actions to prepare and carry out the strategic options review process within the time frame and on the terms and conditions determined by the Company's Management Board.

§2

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

The above resolution was adopted unanimously.

As at the balance sheet date, the strategic options review process had not begun. As reported in Note 31 to these financial statements, the strategic options review process began in April 2023.

On 5 December 2022, a decision was issued by the court registrar at the District Court for the Capital City of Warsaw in Warsaw (13th Commercial Division of the National Court Register), at the request of the Company's shareholder Best S.A., based in Gdynia, to designate the companies jointly: Rödl Kancelaria Prawna sp. k. with its registered office in Warsaw (National Court Register 267170) with regard to legal and tax issues, and Roedl Audit sp. z o.o. with its registered office in Warsaw (National Court Register: 50605) in the area of accounting and financial issues, as an auditor for special issues, to examine the issue described in § 2 of draft resolution No. 4/2022 of 25 April 2022 on the election of an auditor for special issues, included in the minutes of the Company's Extraordinary General Meeting of Shareholders of 25 April 2022, prepared by notary Sławomir Strojny. (Rep A No. 5729/2022) ("Ruling").

According to the Ruling:

- The Company's Management Board and Supervisory Board are required to present and make available to the special issues auditor the documents, explanations and information necessary for the audit, as indicated in § 3 of Draft Resolution No. 4/2022, within 14 days from the date the Ruling becomes final,
- the expert is obliged to begin the audit within 14 days from the date of the Ruling,
- the expert is required to submit a written report on the results of the audit to the Management Board and the Supervisory Board within the time frame specified in § 4 of Draft Resolution No. 4/2022.

As indicated in current report No. 40/2022, in the Company's opinion, the request for the appointment of a special auditor to the Company was unwarranted and constituted an abuse of rights by a minority shareholder. Thus, the ruling granting the shareholder's request is defective and incorrect.

According to the Company, the Ruling is not final and is not immediately enforceable, which means that the audit cannot begin until the Ruling becomes final, if any. On 27 December 2022, the Company's attorney ad litem filed a complaint against the Court Registrar's Ruling, which pointed out its defects and detailed the position in the case. On 15 February 2023, the District Court for the City of Warsaw in Warsaw (13th Commercial Division of the National Court Register) issued a decision to reject the Company's above-mentioned complaint (current report No. 3/2023). On 10 March 2023, the Company's attorney ad litem filed a complaint against the decision of the District Court for the Capital City of Warsaw dated 15 February 2023. The Court's decision is not final. Until the Court's decision becomes final (which will be at the earliest after the hearing of the complaint in question), the Ruling is not enforceable, and thus it will not be possible to begin the audit based on it.

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31. Employment at the Company

	31/03/2023		31/03/2022	
	in posts	in persons	in posts	in persons
Employment as at the balance sheet date	346	347	334	335

32. Major events subsequent to the reporting date

- On 4 April 2023, the Management Board signed an agreement with the transaction advisor, namely Ipopema Securities S.A., based in Warsaw, which, together with other advisors, will support the Management Board in conducting the strategic review. With the signing of the agreement, the Management Board decided to start the process of reviewing strategic options.
- In April 2023, the Company issued series M1 bonds with a nominal face value of PLN 15 million. Series M1 bonds were admitted to trading on the regulated market operated by the Warsaw Stock Exchange on 14 April 2023, and the first day of listing on the regulated market was set for 18 April 2023.
- On 19 May 2023, the Company made PLN 15 million available to Kredyt Inkaso Investments RO S.A. under the loan limit described in Note 26.3 of these financial statements.
- On 19 May 2023, the Company signed an annex changing the redemption date of the series H01 bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. to 26 May 2026.
- On 6 June 2023, the Company signed an annex changing the redemption date of the series U bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. to 13 June 2026.
- On 13 June 2023, the Company entered into a credit agreement with ING Bank Śląski S.A. for an overdraft in the amount of PLN 10,000 thousand and a guarantee credit in the amount of PLN 449,170.39. The availability of funds for use under the above credit limits is provided for annual periods ending 31 December, which are automatically extended for subsequent annual periods if neither the bank nor the borrower makes a statement at least 35 days before the deadline that they do not wish to continue the availability of the credit line. The maximum date to which the end date of the availability of funds for use under the credit limit may be extended is the expiration date of the credit agreement, set at 31 December 2033. The interest rate on the overdraft is variable, and its components are a margin of 1.5% plus the WIBOR 1M prime rate. The interest rate on the guarantee credit is 2.4% per annum and is calculated on the amounts ensuing from the currently issued guarantees. The credit is not promised and the bank has no obligations under the credit agreement, and the use of the granted credit limits requires the bank's prior approval. The credit obligations are secured by a corporate guarantee provided to the bank by a subsidiary of Kredyt Inkaso Investments BG EAD.
- In July 2023, the Company issued series N1 bonds with a nominal face value of PLN 18 million. Series N1 bonds were admitted to trading on the regulated market operated by the Warsaw Stock Exchange on 12 July 2023.

33. Approval for publication

The Company's Management Board approved for publication these annual standalone financial statements prepared for the period from 1 April 2022 to 31 March 2023, including comparative data, on 17 July 2023 ("Approval Date").

President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board	Member of the Management Board
Barbara Rudziks	Maciej Szymański	Iwona Słomska	Mateusz Boguta

Director of Consolidation and Statutory Reporting Division	Person in charge of bookkeeping
Ewa Palczewska-Dunia	Ewa Dąbrowska