



KREDYT INKASO

Kredyt Inkaso S.A. Capital Group

Interim condensed consolidated
and separate financial statements
for three months ended
30 June 2023

Warsaw, 29 August 2023



SELECTED CONSOLIDATED FINANCIAL DATA OF THE GROUP	3
SELECTED SEPARATE FINANCIAL DATA OF THE COMPANY	4
CONSOLIDATED STATEMENT OF PROFIT AND LOSS.....	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CASH FLOWS.....	9
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	12
1. General information	12
2. Basis for the preparation of the consolidated financial statements and accounting policies	14
3. Operating segments.....	18
4. Net revenue.....	20
5. Costs.....	21
6. Financial income and expenses	21
7. Income tax.....	21
8. Other financial assets	23
9. Purchased debt claims.....	23
10. Receivables and issued loans.....	24
11. Deferred income tax assets and provisions	24
12. Financial instruments.....	25
13. Equity.....	28
14. Borrowings and other debt instruments	29
15. Notes to Statement of Cash Flows.....	31
16. Financial risk management.....	32
17. Capital management.....	33
18. Significant related-party transactions.....	33
19. Contingent liabilities, guarantees, warranties and security over Group assets.....	35
20. Court, enforcement, tax and other proceedings	36
21. Significant events after the balance sheet date	38
22. Factors and events, including extraordinary, with a material impact on the financial statements.....	38
23. Other information relevant to the assessment of staff, assets and financial position	39
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS	40
SEPARATE STATEMENT OF PROFIT AND LOSS.....	41
SEPARATE STATEMENT OF COMPREHENSIVE INCOME	42
SEPARATE STATEMENT OF FINANCIAL POSITION	43
SEPARATE STATEMENT OF CASH FLOWS	45
SEPARATE STATEMENT OF CHANGES IN EQUITY	46
NOTES TO THE SEPARATE FINANCIAL STATEMENTS.....	47
1. Basis for the preparation of the interim condensed separate financial statements and the accounting policies	47
APPROVAL FOR PUBLICATION	48

SELECTED CONSOLIDATED FINANCIAL DATA OF THE GROUP

	30/06/2023	31/03/2023	30/06/2023	31/03/2023
	PLN '000		EUR '000	
Selected financial ratios				
Net financial debt	294,333	288,676	66,138	61,742
Equity	329,390	323,037	74,015	69,091
Net financial debt to equity	0.89	0.89	0.89	0.89
PLN/EUR rate at the balance sheet date	4.4503	4.6755	4.4503	4.6755
Consolidated Statement of Financial Position				
Total assets	758,312	696,415	170,396	148,950
Total liabilities	428,922	373,378	96,380	79,858
Long-term liabilities	277,884	271,625	62,442	58,095
Short-term liabilities	151,038	101,753	33,939	21,763
Equity	329,390	323,037	74,015	69,091
Equity attributable to parent's shareholders	328,935	322,431	73,913	68,962
	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022
Consolidated Statement of Profit and Loss				
Net revenue	62,609	56,547	13,834	12,192
Profit (loss) on operating activities	22,806	21,265	5,039	4,585
Profit (loss) before tax	9,635	15,506	2,129	3,343
Net profit (loss)	8,651	14,710	1,912	3,172
Net profit (loss) attributable to parent's shareholders	8,102	14,189	1,790	3,059
Earnings per share (PLN)	0.63	1.10	0.14	0.24
Diluted earnings per share (PLN)	0.63	1.10	0.14	0.24
Average PLN/EUR rate in the period	4.5256	4.6381	4.5256	4.6381
Consolidated Statement of Cash Flows				
Net cash from operating activities	55,149	43,126	12,186	9,298
Net cash from investing activities	(48 872)	(18,963)	(10 799)	(4,089)
Net cash from financing activities	9,492	(65,882)	2,097	(14,205)
Change due to exchange rate differences	(2,012)	5 744	(445)	1 238
Net increase (decrease) in cash and equivalents	13,757	(35 975)	3,040	(7 756)
Average PLN/EUR rate in the period	4.5256	4.6381	4.5256	4.6381

SELECTED SEPARATE FINANCIAL DATA OF THE COMPANY

	30/06/2023	31/03/2023	30/06/2023	31/03/2023
	PLN '000		EUR '000	
Statement of Financial Position				
Total assets	384,855	378,377	86,478	80,928
Total liabilities	305,741	301,698	68,701	64,527
Long-term liabilities	224,189	212,229	50,376	45,392
Short-term liabilities	81,552	89,469	18,325	19,136
Equity	79,114	76,679	17,777	16,400
Share capital	12,897	12,897	2,898	2,758
PLN/EUR rate at the balance sheet date	4.4503	4.6755	4.4503	4.6755

	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022
Statement of Profit and Loss				
Net revenue	24,262	23,532	5,361	5,074
Profit (loss) on operating activities	3,258	3,618	720	780
Profit (loss) before tax	2,273	3,012	502	649
Net profit (loss)	2,435	3,432	538	740
Earnings per share (PLN)	0.19	0.27	0.04	0.06
Diluted earnings per share (PLN)	0.19	0.27	0.04	0.06
Average PLN/EUR rate in the period	4.5256	4.6381	4.5256	4.6381

	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022
Consolidated Statement of Cash Flows				
Net cash from operating activities	4,713	4,548	1,041	981
Net cash from investing activities	7,845	49,746	1,733	10,725
Net cash from financing activities	(4,304)	(69,094)	(951)	(14,897)
Net increase (decrease) in cash and equivalents	8,254	(14,800)	1,824	(3,191)
Average PLN/EUR rate in the period	4.5256	4.6381	4.5256	4.6381

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022
Net revenue			
Interest income on debt portfolios calculated using the effective interest rate method		34,582	29,624
Revaluation of portfolios	4.1	27,320	25,808
Other income/expenses	4.2	707	1,115
Total net income		62,609	56,547
Payroll and employee benefits		(14,548)	(12,473)
Depreciation and amortisation		(2,124)	(1,920)
Third party services		(12,167)	(10,968)
Other operating expenses		(10,964)	(9,921)
Total operating expenses	5	(39,803)	(35,282)
Profit (loss) on operating activities		22,806	21,265
Financial income, including	6	682	2,311
interest on instruments measured at amortised cost		677	307
Financial expenses, including	6	(13,853)	(8,070)
interest on instruments measured at amortised cost		(9,854)	(7,873)
Profit (loss) before tax		9,635	15,506
Income tax	7	(984)	(796)
Net profit (loss)		8,651	14,710
Net profit attributable to:			
Parent's shareholders		8 102	14 189
Non-controlling interests		549	521
Earnings per share (PLN)			
ordinary	13.5	0.63	1.10
diluted	13.5	0.63	1.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022
Net profit (loss)		8,651	14,710
Income (loss) on hedge accounting recognised in other comprehensive income	16.1	-	1,175
Amounts related to hedge accounting moved to profit or loss	16.1	-	(974)
Income tax	16.1	-	(38)
Exchange differences on translation of foreign operations		(1 598)	5,909
Other comprehensive income		(1 598)	6 072
Total comprehensive income		7,053	20,782
Comprehensive income attributable to:			
parent's shareholders		6,504	20,261
non-controlling interests		549	521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note	30/06/2023	31/03/2023
Goodwill		7,022	7,022
Intangible assets		7,006	7,434
Tangible assets (PP&E)		16,763	17,319
Investment properties		10,909	11,449
Long-term receivables	10	466	464
Derivative financial instruments		-	-
Deferred income tax assets	11	647	676
Non-current assets		42,813	44,364
Trade and other receivables	10	8,933	9,400
Current income tax receivables		290	185
Purchased debt claims	9	643,899	593,908
Other current financial assets	8	1 118	1,118
Short-term prepaid expenses and accrued income		1,862	1,800
Cash and cash equivalents		59,397	45,640
Current assets		715,499	652,051
Total assets		758,312	696,415

Interim condensed consolidated financial statements for three months ended 30 June 2023 (PLN '000)

Equity & Liabilities	Note	30/06/2023	31/03/2023
Share capital	13.1	12,897	12,897
Statutory reserve		95,063	92,157
Revaluation reserve		-	-
Exchange differences from conversion		(3,735)	(2,137)
Retained earnings, including		224,710	219,514
net profit attributable to parent's shareholders		8,102	22,512
profits brought forward		216,608	197,002
Equity attributable to parent's shareholders		328,935	322,431
Non-controlling interests		455	606
Total equity		329,390	323,037
Borrowings and other debt instruments	14	265,299	258,439
Lease liabilities		11,056	11,472
Deferred tax liabilities (provision)	11	1,529	1,714
Long-term liabilities		277,884	271,625
Trade and other payables*		54,951	19,699
Current income tax liabilities		1 290	1 047
Borrowings and other debt instruments	14	74,302	61,333
Lease liabilities		3,073	3,072
Derivative financial instruments		-	-
Other short-term provisions		11,929	11,357
Short-term accrued expenses and prepaid income		5,493	5,245
Short-term liabilities		151,038	101,753
Total liabilities		428,922	373,378
Total equity & liabilities		758,312	696,415

(*) The increase in the trade and other payables has been caused by claim portfolios purchased but not paid for as at the balance sheet date (cf. Note 15).

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022 recast
Profit (loss) before tax		9,635	15,506
Adjustments:			
Depreciation of tangible assets (PP&E)		1,082	1,055
Amortisation of intangible assets		1,042	865
Purchased debt claims – difference between recoveries and interest income	9	58,590	49,980
Purchased debt claims – revaluation	4.1	(27,320)	(25,808)
Profit (loss) on disposal of non-financial non-current assets		-	(66)
Financial expenses		10,436	8,070
Financial income		(682)	(1,352)
Foreign exchange gain (loss)		3 417	(959)
Other adjustments		730	(467)
Total adjustments		47,295	31,318
Change in receivables		(340)	(1,159)
Change in liabilities		(1,057)	(1,373)
Change in provisions and accruals/prepayments		251	(2)
Cash from operating activities		55,784	44,290
Income tax paid		(635)	(1,164)
Net cash from operating activities		55,149	43,126
Purchased debt claims – purchase of debt portfolios	9, 15	(49 151)	(18,426)
Purchased debt claims – disposal of debt portfolios	9	-	-
Proceeds from disposal of investment properties		531	-
Proceeds from other financial assets		-	312
Proceeds from disposal of tangible assets (PP&E)		52	160
Expenditures for acquisition of intangible assets		(624)	(494)
Expenditures for acquisition of tangible assets (PP&E)		(362)	(233)
Expenditures for acquisition of investment properties		-	(284)
Interest received		682	2
Net cash from investing activities		(48,872)	(18,963)
Proceeds from borrowings		15,000	10,995
Proceeds from issue of debt securities		15,000	17 010
Redemption of debt securities		(2,787)	(78,556)
Payments from closed hedging transactions		-	-
Repayment of borrowings		(10,523)	(7,457)
Repayment of leases liabilities		(1,044)	(835)
Interest paid		(6,154)	(7,039)
Dividends paid to owners		-	-
Other financial proceeds/expenditures		-	-
Net cash from financing activities		9,492	(65,882)
Net increase (decrease) in cash and cash equivalents (w/o exchange differences)		15,769	(41 719)
Change due to exchange rate differences		(2,012)	5 744
Net increase (decrease) in cash and equivalents (with exchange differences)		13,757	(35,975)
Cash and cash equivalents – opening balance		45,640	98,223
Cash and cash equivalents – closing balance		59,397	62,248

Interim condensed consolidated financial statements for three months ended 30 June 2023 (PLN '000)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Revaluation reserve	Exchange differences from conversion	Retained earnings	Equity attributable to parent's shareholders	Non-controlling interests	Total equity
As at 1 April 2023	12,897	92,157	-	(2,137)	219,514	322,431	606	323,037
Dividends	-	-	-	-	-	-	(700)	(700)
Net profit	-	-	-	-	8,102	8,102	549	8,651
Other comprehensive income	-	-	-	(1,598)	-	(1,598)	-	(1,598)
Total comprehensive income	-	-	-	(1,598)	8,102	6,504	549	7,053
Appropriation of result	-	2,906	-	-	(2,906)	-	-	-
Other changes	-	-	-	-	-	-	-	-
Total changes in equity	-	2,906	-	(1,598)	5,196	6,504	(151)	6,353
As at 30 June 2023	12,897	95,063	-	(3,735)	224,710	328,935	455	329,390

Interim condensed consolidated financial statements for three months ended 30 June 2023 (PLN '000)

	Share capital	Statutory reserve	Revaluation reserve	Exchange differences from conversion	Retained earnings	Equity attributable to parent's shareholders	Non-controlling interests	Total equity
As at 1 April 2022 (recast)	12,897	105,691	1,468	(5,100)	184,927	299,883	704	300,587
Opening balance adjustment					(1,531)	(1,531)		(1,531)
As at 1 April 2022 (recast)	12,897	105,691	1,468	(5,100)	183,396	298,352	704	299,056
Dividends	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	14,189	14,189	521	14,710
Other comprehensive income	-	-	163	5,909	-	6,072	-	6,072
Total comprehensive income	-	-	163	5,909	14,189	20,261	521	20,782
Appropriation of result	-	-	-	-	-	-	-	-
Total changes in equity	-	-	163	5,909	14,189	20,261	521	20,782
As at 30 June 2022	12,897	105,691	1,631	809	197,585	318,613	1,225	319,838

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General information

1.1. Parent company

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

Name of reporting entity:	Kredyt Inkaso S.A.
Registered office:	Warsaw (ul. Postępu 21B, 02-676 Warszawa, Poland)
Principal place of business:	Warsaw (ul. Postępu 21B, 02-676 Warszawa, Poland)
Business name:	Kredyt Inkaso Spółka Akcyjna
Legal form:	Polish joint-stock company
Address:	Warsaw (ul. Postępu 21B, 02-676 Warszawa, Poland)
Country:	Poland
Registry Court:	District Court for Warsaw, in Warsaw, 13th Commercial Division of National Court Register, Poland
Date of Registration:	28 December 2006 in its current legal form (joint-stock company) 19 April 2001 as a former limited partnership
Company number:	0000270672
Business statistics number (REGON):	951078572
Tax number (NIP):	922-254-40-99
Business object according to the Polish classification system (PKD):	64.99.Z - Other financial service activities, not classified elsewhere, except insurance and pension funding

The primary business of the Parent is the management of securitised debt portfolios which are acquired by the Group subsidiaries and by external investment funds whose debt portfolios are managed. The Group subsidiaries acquire the debt portfolios both in Poland and abroad. The Group enforces claims mainly from individuals based on out-of-court and legal means.

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

1.2. Parent's management board and supervisory board as at the balance sheet date and the date of financial statements approval

1.2.1. Management Board

Barbara Rudziak	President of Management Board
Maciej Szymański	Vice President of Management Board
Iwona Słomska	Vice President of Management Board
Mateusz Boguta	Member of Management Board

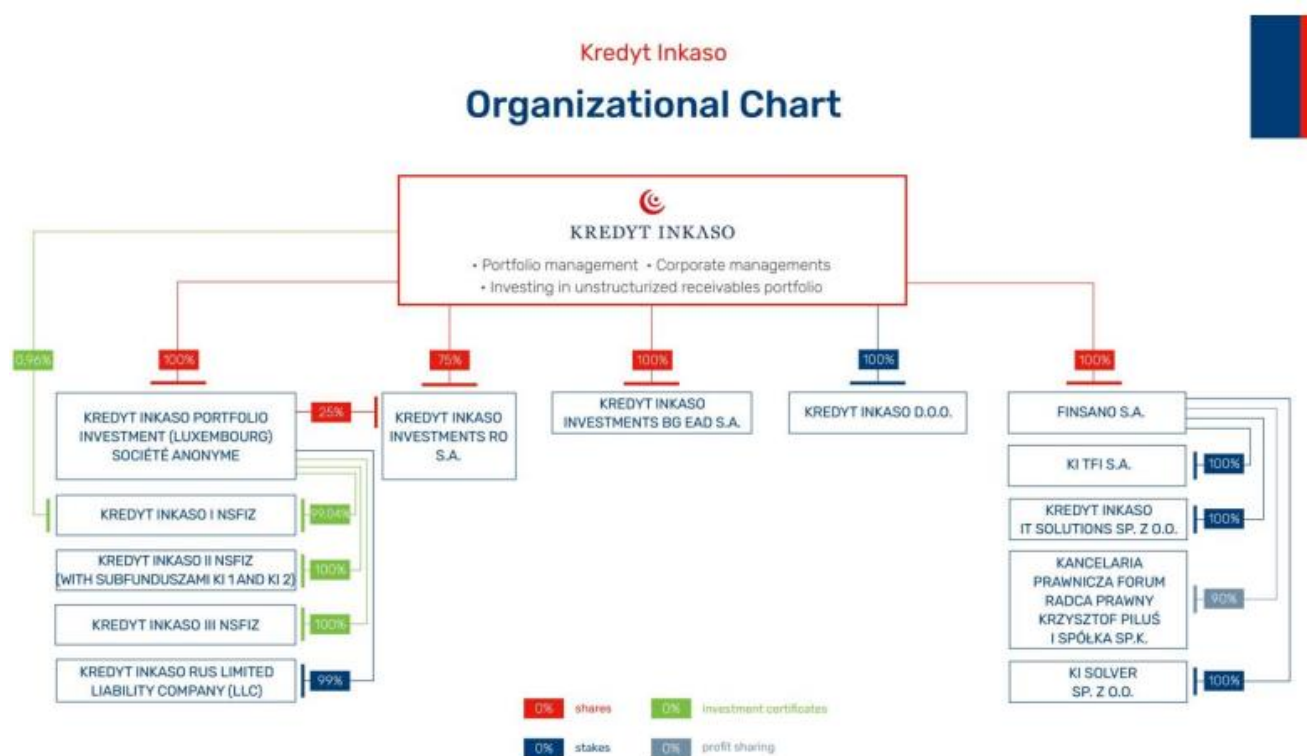
There have been no changes to the Management Board during the current reporting period.

1.2.2. Supervisory Board

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

There have been no changes to the Supervisory Board during the current reporting period.

1.3. Information about the Group



The chart above shows the organisational structure of the Group as at the balance sheet date.

Kredyt Inkaso S.A. is the parent entity of the Group. The Group comprises: Kredyt Inkaso S.A. – the parent company, and subsidiaries located in Poland, Luxembourg, Romania, Bulgaria, Croatia and Russia.

Name	Registered office	Equity interest	Voting rights	Principal business
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp.k.	Warsaw, Poland	84%	90%	Legal services
Finsano S.A.	Warsaw, Poland	100%	100%	Holding activities and acquisition of properties covered by enforcement or collection procedures, and related

Name	Registered office	Equity interest	Voting rights	Principal business
				property trading, development and commercialisation
Kredyt Inkaso IT Solutions Sp. z o.o.	Warsaw, Poland	100%	100%	IT services
Kredyt Inkaso Investments RO S.A.	Bucharest, Romania	100%	100%	Investments in debt portfolios and related debt assets management
Kredyt Inkaso Investments BG EAD S.A.	Sofia, Bulgaria	100%	100%	Investments in debt portfolios and related debt assets management
Kredyt Inkaso RUS Limited Liability Company (LLC)	Moscow, Russia	99%	99%	Investments in debt portfolios and related debt assets management
Kredyt Inkaso d.o.o.	Zagreb, Croatia	100%	100%	Investments in debt portfolios and related debt assets management
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100%	100%	Investments in debt portfolios and risky securities of debtors
Kredyt Inkaso I NSFIZ	Warsaw, Poland	100%	100%	Investments in debt portfolios
Kredyt Inkaso II NSFIZ	Warsaw, Poland	100%	100%	Investments in debt portfolios
Kredyt Inkaso III NSFIZ (formerly AGIO Wierzytelności NSFIZ)	Warsaw, Poland	100%	100%	Investments in debt portfolios
KI Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna	Warsaw, Poland	100%	100%	Creation and management of investment funds
KI Solver Sp. z o.o. (formerly Advisers Sp. z o.o.)	Warsaw, Poland	100%	100%	Debt assets management

The Group controls investment funds based its shareholding which entitles it to pass all resolutions during General Meetings.

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

2.1. Basis of the consolidated financial statements

These interim condensed consolidated financial statements of the Group cover the period of three months ended 30 June 2023 and present:

- comparative figures for the three months ended 30 June 2022 in the statement of profit and loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows;
- comparative figures as at 31 March 2023 in the statement of financial position.

The interim condensed consolidated financial statements have been prepared in conformity with IAS 34 *Interim Financial Reporting* and do not include all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the financial year ended 31 March 2023.

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

The interim condensed consolidated financial statements for the reporting period ending 30 June 2023 comprise the financial statements of the Parent and the financial statements of its subsidiaries.

The interim condensed consolidated financial statements have been prepared assuming that the Group companies are a going concern in the foreseeable future. At the date of approving these interim condensed consolidated financial statements for publication, there are no circumstances implying any threat to the Group companies continuing their operations as a going concern.

The duration of the individual Group entities is unlimited. The financial statements of all consolidated subsidiaries have been prepared for the same reporting period as the Parent's financial statements, and using consistent accounting policies.

2.2. Declaration of compliance

These interim condensed consolidated financial statements have been prepared based on the International Financial Reporting Standards and related interpretations endorsed in European Commission regulations, as well as requirements applicable to issuers of securities admitted or applying for trading on an official stock exchange market.

2.3. Judgement and estimates of material figures

In the preparation of the interim condensed consolidated financial statements, the Parent's Management Board makes estimates, judgements and assumptions regarding the measurement of individual assets and liabilities. Estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Although the estimates are based on the best knowledge of current circumstances, the actual results may deviate from these estimates.

2.3.1. Measurement of debt portfolios

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

The value of each debt portfolio is determined by the Group using the estimation method as the present value of the expected cash inflows generated by the debt portfolio, discounted at an effective interest rate adjusted for credit risk (internal rate of return - IRR). When calculating the effective interest rate adjusted for credit risk, the Group estimates the expected cash flows from the debt portfolio taking into account expected credit losses. Estimates of projected cash flows are made based on historical cash flows generated by similar debt portfolios. For retail banking and telecom portfolios, estimates include payments received from debtors into Group bank accounts, and in cases of collateralised debts the portfolio includes flows from disposal of mortgaged assets or flows from signed settlements. Based on historical data, dedicated repayment curves are designed for each type of debt claim.

Debt portfolios are divided into groups with claims that are similar in terms of possible measures and business assumptions. Then, using the model, the recovery of the entire portfolio is calculated. The expected recovery expense curve is linked to historic measures taken in the past towards the relevant groups of cases.

2.3.2. Economic useful life of non-current assets

The Parent's management board annually reviews the economic useful lives of depreciable non-current assets and their possible impairment at the end of each annual reporting period. The management has assessed that the useful lives adopted by the Group for depreciation purposes reflect the expected future economic benefits of the underlying assets and that those assets are not permanently impaired. However, the actual periods of benefits associated with these assets in the future may differ from those assumed, including due to their technical obsolescence.

2.3.3. Investment properties

The Group measures investment properties at fair value. The measurement at the balance sheet date reflects their market value and is based on valuation reports prepared by independent appraisers. The measurement is carried out at least once a year. The change of property value is recognised with reference to the statement of profit and loss.

2.3.4. Goodwill impairment

Goodwill is tested for impairment at least once a year, at the end of the reporting period.

Any impairment occurring in goodwill is recognised in the income statement and will not be reversed in subsequent reporting periods.

2.3.5. Deferred income tax assets and provisions

Deferred tax assets are determined at the amount expected to be deductible for future income tax purposes in respect of deductible temporary differences that will reduce the income tax base in the future, with the prudence principle applied. A provision for deferred tax liabilities is recognised in the amount by which the future income tax liabilities will be increased due to taxable temporary differences between the carrying amounts of assets and liabilities and their tax bases. The measurement of deferred income tax takes into account the income tax rate that, to the best of our knowledge, will apply in the year in which the items are activated. Deferred tax assets relating to unused tax losses or unused tax credits are recognised to the extent probable that taxable profit will be available to realise them.

The Group has control over the realisation of temporary differences from investments in subsidiaries and therefore considers the likelihood of realisation of these temporary differences in the foreseeable future (based on 3-year financial plans) when assessing the need for a deferred tax provision. The value of a deferred tax provision, if any, is affected by the level of expected future cash flows from investment companies to the Company in the foreseeable future. Such flows depend on, among other factors:

- liquidity needs of the Company and other Group companies, and on the raised and expected available new debt finance for the Company and other Group companies;
- expected expenditures on debt portfolios in the respective Group companies;
- expected recoveries under purchased debt portfolios in the respective Group companies.

Accordingly, deferred tax provisions related to taxable temporary differences from investments in subsidiaries may be subject to significant changes from one reporting period to the next.

2.4. Accounting principles

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies that were presented in the Group's most recent consolidated financial statements for the year ended 31 March 2023, except for the first-time adoption standards as described below.

2.4.1. Foreign currency transactions

Transactions expressed in currencies other than the Polish zloty are converted into Polish zlotys using exchange rates of the bank used by the Group as of the date of a given transaction.

Monetary items denominated in foreign currency are measured at the closing rate (spot rate), i.e. at the exchange rate of the leading bank at the first quotation on the balance sheet date.

Non-monetary balance sheet items recorded at historical cost that are expressed in a foreign currency are measured at the average exchange rate of the National Bank of Poland (NBP) announced on the day before the date of transaction.

Non-monetary balance sheet items recognised at fair value that are expressed in a foreign currency are measured at the average exchange rate of the National Bank of Poland (NBP) from the date the fair value is determined.

The following exchange rates for the most important foreign currencies were used in the preparation of the financial statements:

	Reporting period ending 30 June 2023	Average FX rate	FX rate at the end of reporting period
1 RON		0.9132	0.8967
1 BGN		2.3139	2.2754
1 RUB		0.0505	0.0476
1 EUR		4.5256	4.4503

	Reporting period ending 30 June 2022	Average FX rate	FX rate at the end of reporting period
1 RON		0.9377	0.9466
1 BGN		2.3714	2.3931
1 RUB		0.0733	0.0859
1 HRK		0.6146	0.6217
1 EUR		4.6381	4.6806

2.4.2. Operating segments

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision body and used to make decisions on resource allocations to the segment as well as in the assessment of the segment results; and
- for which dedicated financial information is available.

Operations of the Group are divided into operating segments based on the *debt portfolio purchase market*, i.e. the geographical location of the debtor:

- Poland;
- Romania;
- Russia;
- Bulgaria.
- Other locations and areas to be recognised but lacking allocation to the defined segments.

Segment revenues are revenues generated from debt collection activities and reported in the consolidated statement of comprehensive income as well as are directly attributable to a given segment.

Segment costs are the costs of debt collection activities that can be directly attributed to a particular segment and, in the case of Poland, expenses of the centralised administration services that are provided both to the Poland segment as well as other segments (e.g. HR, accounting, financial controlling, IT services). The segment's result is determined at the level of the operating result.

Segment assets are operating assets used by a given segment in its operating activities that are directly attributable to that segment - in practice, these are purchased debt claims allocated to specific geographies based on the debt portfolio purchase market. All Group assets other than those listed above are presented under 'Other'.

The Group uses an asymmetric allocation of depreciation / amortisation expense, namely depreciation / amortisation items are allocated to the operating expenses of each segment, while tangible (PP&E) / intangible assets to which such depreciation / amortisation relates are not allocated to the assets of these segments. Central-level costs are entirely allocated to Poland as such central functions are carried out by the Polish organisational units. Hence, as these units perform both local and central functions at the same time, it is not possible to precisely separate the functions relating to the other locations and allocate them to the other segments.

Segment-specific revenue, result and assets can be determined after eliminating any inter-segment transactions.

2.4.3. Statement of Cash Flows

The statement of cash flows has been prepared using the indirect method. Cash flows related to purchased debt portfolios of the Group are disclosed in operating activities.

2.5. First-time adoption of standards

The financial statements incorporate requirements of all EU-endorsed standards and related interpretations, with the exception of the following standards and interpretations with pending EU endorsement or, where endorsed by the EU, with the date of enforcement occurring after the balance sheet date. The financial statements incorporate requirements of all EU-endorsed standards and related interpretations, with the exception of the following standards and interpretations with pending EU endorsement or, where endorsed by the EU, with the date of enforcement occurring after the balance sheet date.

The following amendments to existing standards and interpretations published by the International Accounting Standards Board (IASB) and endorsed for use in the EU apply for the first time in the Group's financial statements for 2023/24:

- IFRS 17 'Insurance Contracts' - first-time adoption of IFRS 17, and IFRS 9 'Comparative Information' (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 'Presentation of Financial Statements', and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Error Correction' - definition of estimates (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (applicable to annual periods beginning on or after 1 January 2023);

- Amendments to IFRS 17 'Insurance Contracts' - deferred application and exclusion of certain products (applicable to annual periods beginning on or after 1 January 2023);

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

2.6. New standards and amendments to existing standards issued by IASB but not endorsed by EU

- Amendments to IAS 1 'Presentation of Financial Statements' - classification of liabilities as current and non-current, and Non-current liabilities with covenants (applicable to annual periods beginning on or after 1 January 2024);
- Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback, effective 22 September 2022 (applicable to annual periods beginning on or after 1 January 2024).
- Amendments to IAS 12 'Income Taxes' - international tax reform (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' – additional disclosure requirements (applicable to annual periods beginning on or after 1 January 2024);

2.7. Changes in significant accounting policies

The same accounting policies have been applied in the preparation of these interim condensed consolidated financial statements as in the most recent annual consolidated financial statements which were prepared as at and for the reporting year ending 31 March 2023.

In the preparation of these interim condensed consolidated financial statements, the presentation changes described in section 2.7.1 have been made.

2.7.1. Presentation changes

In these interim condensed consolidated financial statements, the presentation of exchange rate differences in the statement of cash flows has been changed to distinguish exchange rate differences from the translation of cash in foreign operations and to unify the presentation of FX income/expenses. The impact of the recasting of comparative figures to the consolidated statement of cash flows for three months ended 30 June 2022, related to the change in presentation:

	01/04/2022- 30/06/2022 non- recast	presentation change	01/04/2022- 30/06/2022 recast
Profit (loss) before tax	15,506	-	15,506
Financial income	(2,311)	959	(1,352)
Currency differences	4,988	(5,947)	(959)
Other adjustments	289	(756)	(467)
Total adjustments	37,062	(5,744)	31,318
Cash from operating activities	50,034	(5,744)	44,290
Net cash from operating activities	48,870	(5,744)	43,126
Cash and cash equivalents – opening balance	98,223	-	98,223
Change due to exchange rate differences	-	5,744	5,744
Cash and cash equivalents – closing balance	62,248	-	62,248

3. Operating segments

In these interim condensed consolidated financial statements, the classification of operating segments has been changed compared to the comparative period. In the opinion of the Management Board, the presentation of operating segments based on geographical location is a better representation of the way in which the Management Board currently analyses the results

Interim condensed consolidated financial statements for three months ended 30 June 2023 (PLN '000)

of these segments and makes decisions concerning assets allocated to these segments. The change of the classification of segments is related to the modification of the internal reporting system which has been implemented in the Group in Q4 2022.

The comparative figures for the previous reporting period presented in these financial statements have been recast accordingly in order to reflect the current structure of the operating segments.

Segment-specific results of the current reporting period are shown in the table below.

01/04/2023-30/06/2023	Poland	Romania	Russia	Bulgaria	Other	Total
Net revenue	46,309	8,404	3,796	4,441	(342)	62,609
Total operating expenses, including:	(28,782)	(6,007)	(1,702)	(2,279)	(1,033)	(39,803)
- depreciation/amortisation	(1,795)	(58)	(1)	(122)	(148)	(2,124)
Segment operating profit (loss)	17,527	2,397	2,094	2,162	(1,374)	22,806
Financial income						682
Financial expenses						(13,853)
Earnings before tax						9,635
Income tax						(984)
Net profit						8,651

Segment-specific results in the comparative reporting period are shown in the table below.

01/04/2022-30/06/2022	Poland	Romania	Russia	Bulgaria	Other	Total
Net revenue	45,983	1,839	5,495	3,240	(10)	56,547
Total operating expenses, including:	(24,691)	(4,423)	(2,926)	(2,113)	(1,129)	(35,282)
- depreciation/amortisation	(1,557)	(22)	(1)	(133)	(207)	(1,920)
Segment operating profit (loss)	21,292	(2,584)	2,569	1,127	(1,139)	21,265
Financial income						2,311
Financial expenses						(8,070)
Earnings before tax						15,506
Income tax						(796)
Net profit						14,710

	Poland	Romania	Russia	Bulgaria	Other	Total
As at 30.06.2023						
Segment assets*	515,603	97,357	321	30,381	114,650	758,312
As at 31.03.2023						
Segment assets*	464,518	96,916	421	31,798	102,762	696,415

(* Segment assets in segments other than 'Other' are debt portfolios only)

The Group's revenue from customer recoveries by geographical area is shown below.

Debtor recoveries by geographical area	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Poland	70,414	55,688
Romania	13,213	10,683
Russia	3,842	8,037
Bulgaria	5,563	5,091
Croatia	140	105
Total	93,172	79,604

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

4. Net revenue

4.1. Revaluation of debt portfolios

Revaluation of portfolios	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Forecast revision	(5,357)	1,614
Deviations of actual payments from forecast	34,560	23,394
Delay of forecast recoveries	276	308
Exchange rate changes	(2,159)	492
Total	27,320	25,808

The revaluation of portfolios includes the following components:

- (1) Revision of future recovery forecast
 - (a) update to future recovery curves taking into account historical recoveries and recovery plans derived from statistical models;
 - (b) for collateralised portfolios - time-shift or change in the value of projected proceeds;
- (2) Deviation of actual recoveries from forecast - the difference in the reporting period between the actual debtor recoveries and the forecast repayments shown in the recovery curves, which were the basis for the measurement of debt portfolios using the discounted cash flow method for debt portfolios;
- (3) Delay of forecast recoveries - the delay into the next forecast period of recoveries in order to keep the standard 15-year horizon of recovery estimation;
- (4) Exchange rate changes - the impact of exchange rate fluctuations on debt portfolios held in foreign currencies.

4.2. Other income/expenses

Other income/expenses	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Revenue from debt management	654	634
Net result on property sales and acquisitions	(6)	345
Other income	70	92
Costs of provision for overpayments	(11)	44
Total	707	1,115

5. Costs

Prime costs	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Payroll, social security and other employee benefits	14,548	12,473
Third party services	12,167	10,968
Court and enforcement fees and charges	9,245	8,532
Depreciation and amortisation	2,124	1,920
Taxes and charges	524	272
Materials and energy used	581	535
Other prime costs	614	582
Total	39,803	35,282

6. Financial income and expenses

Financial income	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Interest income on financial assets measured at amortised cost	677	307
Interest income on derivative financial instruments	-	974
Ineffective portion of financial risk hedging	-	67
Foreign exchange gains	-	959
Other financial income	5	4
Total	682	2,311

Financial expenses	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Interest expense for financial liabilities	9,854	7,873
Other interest, including	550	197
on lease liabilities	359	148
Interest expense on derivative hedging instruments	-	-
Ineffective portion of financial risk hedging	-	-
Other financial expenses	31	-
Foreign exchange losses	3 418	-
Total	13,853	8,070

7. Income tax

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Current year	(1,140)	(1 381)
Brought forward	-	-
Current income tax	(1,140)	(1 381)

Interim condensed consolidated financial statements for three months ended 30 June 2023 (PLN '000)

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Current year	156	585
Deferred tax transferred from capital to profit or loss	-	-
Deferred income tax	156	585
Total tax expense recognised in the current year	(984)	(796)

Tax rates used by Group companies	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Poland	19%*	19%
Romania	16%	16%
Bulgaria	10%	10%
Luxembourg	29%	29%
Russia	20%	20%
Croatia	12%	10%

(*) Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka Sp.k. and Finsano S.A. settle tax at 9%.

The Group's profits are generated in particular through closed-end investment funds whose income is exempt from corporation tax.

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Earnings before tax	9,635	15,506
19% income tax expense	(1,831)	(2,946)
Difference between actual tax rate used and 19%	363	24
Non-taxable income	7,490	11,405
Taxable income other than only for accounting purposes	(1)	-
Non-deductible expenses	(7,673)	(10,210)
Tax loss brought forward	-	(7)
Created (written off) tax credit assets (tax losses)	660	1,059
Tax effect of tax rate change	-	56
Adjustments for past periods' deferred tax	(5)	-
Adjustments for past periods' current tax	-	-
Taxable expense other than only for accounting purposes	-	(182)
Deferred expenses	-	-
Other items affecting the tax expense	13	5
Income tax expense recognised in current period profit or loss	(984)	(796)

8. Other financial assets

The Group presents the following investments in other financial assets:

	30/06/2023		31/03/2023	
	Short-term assets	Long-term assets	Short-term assets	Long-term assets
Debt instruments	801	-	801	-
Financial assets measured at fair value through profit or loss	317	-	317	-
Total	1 118	-	1 118	-

9. Purchased debt claims

Types of debt portfolios	30/06/2023	31/03/2023
Retail banking claims	327,678	282,024
Telecom claims	206,238	193,842
Consumer loan claims	75,722	78,610
Mortgage claims	19,558	24,110
Corporate claims	14,396	14,987
Insurance claims	291	318
Other	16	17
Total	643,899	593,908

Movements in debt portfolios	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Opening balance	593,908	575,287
Portfolio purchases	85,702	5,826
Portfolio sales	-	-
Portfolio revaluations	27,320	25,808
Effect of currency differences recognised in other comprehensive income	(4,441)	1,881
Debtor recoveries	(93,172)	(79,604)
Interest income on debt portfolios	34,582	29,624
Closing balance	643,899	558,822

Nominal value of estimated future recoveries (ERC) based on discount rate ranges:	30/06/2023	31/03/2023
below 25%	671,015	590,597
25% - 50%	533 812	503,455
above 50%	140 560	135,778

10. Receivables and issued loans

	30/06/2023	31/03/2023
Non-current assets		
Receivables	466	464
Current assets		
Trade and other receivables	8,933	9,400
Loans issued	-	-

As at the balance sheet date, allowances for other receivables consist of the following:

- PLN 1,118 thousand allowance for the recovery of court costs related to the court enforcement recovery of claims; PLN 1,341 thousand at the end of the comparative period;
- PLN 565 thousand allowance for receivables related to the Group's claims sought in court; PLN 596 thousand at the end of the comparative period;
- PLN 288 thousand allowance for other receivables; PLN 288 thousand at the end of the comparative period.

11. Deferred income tax assets and provisions

Deferred income tax	30/06/2023	31/03/2023
Start of period, before offsetting:		
Deferred income tax assets	10,295	3,131
Deferred tax liabilities (provision)	(11,333)	(10,545)
Change during the period affecting:		
Statement of profit and loss (+/-)	156	6,033
Other comprehensive income (+/-)	-	343
Deferred tax at the end of period, before offsetting:		
Deferred income tax assets	7,429	10,295
Deferred tax liabilities (provision)	(8,311)	(11,333)

	31/03/2023	Change in the statement of profit and loss	Change in other comprehensive income	30/06/2023
Deferred income tax assets				
Tangible assets (PP&E) – right of use	78	23	-	101
Investment properties	28	(12)	-	16
Provisions for employee benefits	738	208	-	946
Other provisions	428	(93)	-	335
Borrowings and other debt instruments	116	(43)	-	73
Other liabilities	1,505	82	-	1,587

	31/03/2023	Change in the statement of profit and loss	Change in other comprehensive income	30/06/2023
Unused tax losses	7,395	(3,551)	-	3,844
Other assets	7	520	-	527
Total	10,295	(2,866)	-	7,429
Offsetting	(9,619)			(6,782)
Total deferred tax assets recognised in the statement of financial position	676			647
Deferred income tax provisions				
Non-current assets, tangible (PP&E) and intangible	588	24	-	612
Investment properties	-	(21)	-	(21)
Purchased debt claims	6,891	(215)		6,676
Borrowings and other debt instruments	34	(2)		32
Receivables and loans issues, revaluation of financial assets	3,813	(3,345)	-	468
Other assets	7	537	-	544
Total	11,333	(3,022)	-	8,311
Offsetting	(9,619)			(6,782)
Total deferred tax provisions recognised in the statement of financial position	1,714			1,529

12. Financial instruments

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

The table below also shows financial assets and liabilities measured at fair value, classified based on the fair value level hierarchy:

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

Interim condensed consolidated financial statements for three months ended on 30.06.2023
 (PLN '000)

	Carrying amount at 30/06/2023				Fair value at 30/06/2023			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Receivables and issued loans	-	-	466	466	-	-	466	466
Other non-current financial assets - debt securities	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Current assets								
Trade and other receivables	-	-	8,933	8,933	-	-	8,933	8,933
Purchased debt claims	-	-	643,899	643,899	-	-	576,658	576,658
Loans issued	-	-	-	-	-	-	-	-
Other short-term financial assets - debt securities	-	-	801	801	-	-	801	801
Other short-term financial assets - shares	317	-	-	317	-	-	317	317
Cash and cash equivalents	-	-	59,397	59,397	-	-	59,397	59,397
Financial liabilities								
Long-term liabilities								
Borrowings and other debt instruments	-	-	265,299	265,299	134 862	-	133,684	268,546
Lease liabilities	-	-	11,056	11,056	-	-	11,056	11,056
Short-term liabilities								
Borrowings and other debt instruments	-	-	74,302	74,302	20 542	-	52,126	72,668
Lease liabilities	-	-	3,073	3,073	-	-	3,073	3,073
Derivative financial instruments	-	-	-	-	-	-	-	-

FVTPL - Financial instruments measured at 'Fair Value Through Profit or Loss'

FVOCI - Financial instruments at 'Fair Value Through Other Comprehensive Income'

Amortised cost - Financial instruments measured at 'Amortised Cost'

Interim condensed consolidated financial statements for three months ended on 30.06.2023
 (PLN '000)

	Carrying amount at 31/03/2023				Fair value at 31/03/2023			
	FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Receivables and issued loans	-	-	464	464	-	-	464	464
Other non-current financial assets - debt securities	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Current assets								
Trade and other receivables	-	-	9,400	9,400	-	-	9,400	9,400
Purchased debt claims	-	-	593,908	593,908	-	-	505,146	505,146
Loans issued	-	-	-	-	-	-	-	-
Other short-term financial assets - debt securities	-	-	801	801	-	-	801	801
Other short-term financial assets - shares	317	-	-	317	-	-	317	317
Cash and cash equivalents	-	-	45,640	45,640	-	-	45,640	45,640
Financial liabilities								
Long-term liabilities								
Borrowings and other debt instruments	-	-	258,439	258,439	117,449	-	141,417	258,866
Lease liabilities	-	-	11,472	11,472	-	-	11,472	11,472
Short-term liabilities								
Borrowings and other debt instruments	-	-	61,333	61,333	16,754	-	42,709	59,463
Lease liabilities	-	-	3,072	3,072	-	-	3,072	3,072
Derivative financial instruments	-	-	-	-	-	-	-	-

The Group measures its bond liabilities at amortised cost. The fair value of these bonds, which are quoted in an active market, was estimated based on the Catalyst market closing price as at the balance sheet date, plus accrued interest.

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

The Group has also not reclassified financial assets between the respective fair value hierarchy levels.

13. Equity

13.1. Share capital

	30/06/2023	31/03/2023
Number of shares	12,897,364	12,897,364
Par value (PLN)	1.00	1.00
Share capital (PLN)	12,897,364	12,897,364

All shares are ordinary shares, with no preference and no limitation of attached rights.

13.2. Shareholding structure of Kredyt Inkaso S.A.

As at the approval date of these interim condensed consolidated financial statements, the Parent's shareholding structure is as follows:

	Number of shares	Shareholding (%)	Voting rights	Voting interest (%)
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%
Total	12,897,364	100.00%	12,897,364	100.00%

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

13.3. Shares and interests of officers

As at the balance sheet date (30 June 2023) and the date of approval, none of the members of the Management Board or the Supervisory Board held any shares of the Company or any other interest entitling to them.

13.4. Distribution of 2022/23 profit

As at the date of approval, the resolution allocating the Parent's result for 2022/23 has yet to be adopted.

13.5. Number of shares and Earnings Per Share

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

The net profit (loss) per ordinary share (EPS) is calculated in the same way for each share. Shares do not differ in their interest in net profit distribution.

The basic Earnings Per Share is computed as the quotient of net profit attributable to Parent's shareholders to the number of ordinary shares existing from time to time. The EPS calculation is presented below:

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Weighted average number of ordinary shares ('000 shares)	12,897	12,897
Effect of treasury shares	-	-
Weighted average number of ordinary shares ('000 shares)	12,897	12,897
Net profit (loss) attributable to Parent's shareholders	8,102	14,189
Basic earnings per share (PLN)	0.63	1.10
Diluted earnings per share (PLN)	0.63	1.10

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

In the current and comparative reporting period, the Group carried no instruments diluting Earnings Per Share.

14. Borrowings and other debt instruments

	30/06/2023		31/03/2023	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Borrowings, including:	45,131	98,841	34,303	105,180
- credit card liabilities	4	-	14	-
Debt securities	29,167	166,458	27,016	153,259
Total	74,302	265,299	61,333	258,439

14.1. Borrowings

Borrowings as at the balance sheet date.

Instrument	Currency	Interest rate	First date of liability	Maturity date	Short-term liabilities	Long-term liabilities	Total
Credit facility from ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2017-11-23	2032-12-31	15,913	36,137	52,050
Credit facility from ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2018-05-21	2032-12-31	29,218	62,704	91,922
Total					45,131	98,841	143,972

Borrowings as at the comparative balance sheet date.

Instrument	Currency	Interest rate	First date of liability	Maturity date	Short-term liabilities	Long-term liabilities	Total
Credit facility from ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2017-11-23	2032-12-31	12,033	28,235	40,268
Credit facility from ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2018-05-21	2032-12-31	22,270	76,945	99,215
Total					34,303	105,180	139,483

The maturity date for the credit facilities of ING Bank Śląski S.A. means the expiry date of the facility agreement (31 December 2032). The maturity of each individual loan drawn under the available line of credit is 60 months.

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ (based on supplemental agreements) may use funds under the credit facility to finance debt portfolio purchasing.

According to the agreements, the bank makes available up to PLN 200,000 thousand to Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ.

The line of credit is made available based on annual periods, each ending on 31 December, which are then automatically extended for subsequent annual periods unless the bank or the borrower submits a termination notice on at least 35 days before the expiry date. The maximum date for drawing a loan under the line of credit can be extended until the expiry of the credit facility agreement, which will occur on 31 December 2032.

This an uncommitted facility and the bank has no obligation under the agreement, with each loan drawdown application requiring a prior consent of the bank. The liabilities under the credit facilities are secured (cf. Note 19.2).

On 13 June 2023, Kredyt Inkaso S.A. concluded an overdraft agreement with ING Bank Slaski S.A. in the amount of PLN 10,000 thousand plus a line of guarantees up to PLN 449,170.39. The line of credit is made available based on annual periods, each ending on 31 December, which are then automatically extended for subsequent annual periods unless the bank or the borrower submits a termination notice on at least 35 days before the expiry date. The maximum date for drawing a loan under the line of credit can be extended until the expiry of the credit facility agreement, which will occur on 31 December 2033. The interest rate on the overdraft is variable: 1.5% margin plus WIBOR 1M. The interest rate on the line of guarantees is 2.4% per annum, based on the sum of outstanding guarantees from time to time. This an uncommitted facility and the bank has no obligation under the agreement, with each utilisation requiring a prior consent of the bank. The liabilities under the credit facilities are secured by a corporate guarantee issued by the subsidiary *Kredyt Inkaso Investments BG EAD*.

14.2. Bonds issued

Status at the end of the current reporting period.

Bond series	Interest rate	First date of liability	Maturity date	Nominal value	Short-term	Long-term	Carrying amount
H1	fixed, 6%	2021-10-22	2025-10-19	3,667	123	3,442	3,565
J1	WIBOR 3M+4.9%	2022-03-28	2029-03-28	41,812	7,138	33,973	41,111
K1	WIBOR 6M+4.9%*	2022-03-28	2029-03-28	103,000	20,604	83,822	104,426
I1	WIBOR 3M+4.9%	2022-04-19	2025-10-23	17,010	261	16,093	16,354
L1	WIBOR 6M+4.7%	2022-08-05	2026-07-27	15,679	532	14,774	15,306
M1	WIBOR 3M+5.5%	2023-04-14	2027-04-14	15,000	509	14,354	14,863
Total				196,168	29,167	166,458	195,625

(*) first interest period: WIBOR 6M+5.3%

Calendar of events relating to the bonds issued, including events after the balance sheet date.

Date	
14 April 2023	Issued Series M1 bearer bonds, total nominal value PLN 15 million
28 June 2023	The Company made a timely partial repayment of the nominal value of Series J1 bonds off PLN 2.79 million, in line with the calendar specified in the issue terms & conditions
13 July 2023	Issued Series N1 bearer bonds, total nominal value PLN 18 million

On 16 February 2023, the Polish Financial Supervision Authority (KNF) approved the basic prospectus for the bond issue programme up to PLN 100 million.

In April 2023, The Parent issued Series M1 bonds, total nominal value PLN 15 million. The Series M1 bonds were admitted to trading on the Warsaw Stock Exchange regulated market on 14 April 2023, with the first listing day set for 18 April 2023.

On 13 July 2023, Series N1 bonds, total nominal value PLN 18 million, were registered with the Polish Securities Depository (KDPW). As such, they were admitted to trading on the Warsaw Stock Exchange regulated market on 13 July 2023.

There have been no violations of bond issue covenants during the reporting period. Until the date of approval, there have been no defaults in the principal or interest repayments or other breaches of other terms of issue.

Status at the end of the previous reporting period.

Bond series	Interest rate	First date 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	35,320	43,867
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
Total				183,955	27,016	153,259	180,275

(*) first interest period: WIBOR 6M+5.3%

14.3. Cashpooling

On 23 April 2019, a daily cash pool (liquidity management services) agreement was signed between ING Bank and the Group entities ("cashpooling"). The interest rate on cashpool transactions is variable (WIBOR 6M +4.9%).

Cashpool balances are shown in the table below:

	30/06/2023	31/03/2023
Kredyt Inkaso S.A.*	(29,380)	(36,610)
Finsano S.A.	29,046	36,343
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piliś i Spółka sp.k.	3,558	3,201
Kredyt Inkaso IT Solutions Sp. z o.o.	(4,110)	(3,806)
KI Solver Sp. z o.o.	886	872
Total	-	-

(*) Balance on the Cashpool Arranger's liquidity management account

15. Notes to Statement of Cash Flows

	Change in liabilities recognised in statement of financial position	Value of portfolios purchased in 01/04/2023-30/06/2023	Value of portfolios purchased in 01/04/2023-30/06/2023 but paid after the balance sheet date	Presentation in statement of cash flows
Purchased debt claims – purchase and expenditures on debt portfolios		(85,702)	36,551	(49,151)
Change in liabilities	35,496	-	(36,551)	(1,057)

16. Financial risk management

During the reporting period, the Group did not recognise any significant changes in financial risks, nor did it change its objectives and principles for managing these risks compared to those described in the consolidated annual financial statements for 2022/23.

16.1. Derivative hedging instruments

At the balance sheet date, the Group has no open hedging positions. In the previous financial year, interest rate swap (IRS) transactions were closed – in this instrument, the Group paid a fixed rate but received a floating rate.

Such float-to-fixed IRS transaction, in a currency consistent with the hedged item, was used to hedge cash flows. In these transactions, the Group:

- paid interest on the transaction's notional amount at a fixed rate;
- received interest on the transaction's notional amount at a variable reference rate.

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

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

As the hedged item, the Group designated liabilities under its issued bonds and the credit facility of ING Bank Śląski S.A. The Group assessed the economic link prospectively, with the frequency indicated in the underlying document.

Effect of hedging instruments on the Group's statement of financial position

During the period of the hedging, interest transferred from other comprehensive income is charged Financial income (interest income on hedging instruments) or Financial expenses (interest expense on hedging instruments).

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Payments to settle hedging transactions recognised in the statement of cash flows	-	-
Hedging gains / losses in the reporting period recognised in other comprehensive income	-	1,175
Ineffective portion of the hedge recognised in the statement of profit and loss	-	67
Total	-	1,242

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Revaluation reserve - opening balance	-	1,468
Effect of valuation of hedging transactions (effective portion)	-	1,175
Interest transferred in the period from other comprehensive income to the statement of profit and loss	-	(974)
Income tax	-	(38)
Revaluation reserve - closing balance	-	1 631

17. Capital management

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

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

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

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

	30/06/2023	31/03/2023
Borrowings and other debt instruments	339,601	319,772
Leases	14,129	14,544
less: cash and cash equivalents	(59,397)	(45,640)
Net financial debt	294,333	288,676
Equity	329,390	323,037
Net financial debt to equity	0.89	0.89

18. Significant related-party transactions

18.1. Related-party transactions

18.1.1. Trade transactions

The Group made the following commercial transactions with related parties:

	01/04/2023-30/06/2023		01/04/2022-30/06/2022	
	Income	Expense	Income	Expense
Advisory services				
WPEF VI HOLDING 5 B.V.	-	68	-	70
Total (net)	-	68	-	70

Advisory services are provided under an agreement dated 31 March 2017, executed by the Company with WPEF VI HOLDING V B.V., which on 14 December 2021 merged with WPEF VI HOLDING 5 B.V., and include advising the parent and all subsidiaries in the Kredyt Inkaso Group regarding financial analyses and projections, reporting processes, capital management, risk management, corporate finance, business strategy, potential acquisitions (M&A), and investor relations. The agreement has been concluded for a period until 31 December 2017 and is automatically renewed for subsequent annual periods, with each party entitled to terminate it on 90 days in advance of the next calendar year. The value of the advisory services under the agreement is EUR 60,000 per annum (net). Under the agreement, the list of persons designated to perform advisory activities and obtain confidential information includes Mr Daniel Dąbrowski, Member of the Supervisory Board.

18.2. Loans to officers and related persons

None occurred.

18.3. Transactions with officers

18.3.1. Remuneration of Management Board

Remuneration of executives of the Company, the parent and subsidiaries of the Group.

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Basic salary/manager contract fee (gross)	1,168	939
Other - medical and other benefits	83	34
Total	1,251	973

18.3.2. Remuneration of the Supervisory Board

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Remuneration of the Supervisory Board	135	105
Total	135	105

Rules of Supervisory Board remuneration:

- A member of the Supervisory Board is entitled to a monthly remuneration of 1/3 of the average monthly salary reported in the enterprise sector exclusive of any profit-sharing bonuses (according to the Statistics Poland).
- The Chairman of the Supervisory Board is entitled to an extra allowance in the amount of the average monthly salary in the enterprise sector exclusive of any profit-sharing bonuses.
- Other members of the Supervisory Board are entitled to the following allowances:
 - for membership in the audit committee – 1/3 of the average monthly salary in the enterprise sector exclusive of any profit-sharing bonuses (according to the Statistics Poland).
 - for the seat of the secretary of the Supervisory Board – 1/3 of the average monthly salary in the enterprise sector exclusive of any profit-sharing bonuses
 - for the seat of the Deputy Chairperson of the Supervisory Board – 1/3 of the average monthly salary in the enterprise sector exclusive of any profit-sharing bonuses, during a period of absence of the Chairperson;
- A member of the Supervisory Board is not be entitled to the remuneration once he or she submits a notice of resignation.
- A member of the Supervisory Board is entitled to the remuneration and appropriate allowance for his or her function performed for the respective number of sessions participated, compared to the total number of the Supervisory Board sessions in a given month.
- A member the Audit Committee is entitled to an allowance for his or her membership in the committee appropriately to the respective number of sessions participated, compared to the total number the committee sessions in a given month.
- The remuneration and extra allowances are also payable if no meetings have been held in a given month.

According to Resolution 27/2022 of the Extraordinary General Meeting of 30 September 2022, which determined the remuneration of the Supervisory Board members elected by voting held in separate groups and the assignment to permanent performance of certain supervisory activities, the gross monthly remuneration of such members was determined as 1/2 of the remuneration of the Chairperson of the Supervisory Board. Such fixed amount of the remuneration does not preclude the right of a given member to reimbursement of his or her expenses as may be incurred in connection with the performance of that function.

19. Contingent liabilities, guarantees, warranties and security over Group assets

19.1. Cost of discontinued claim enforcement

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

The costs of debt cancellation constitute an obligation that arises from past events (initiation of debt enforcement), but the occurrence or non-occurrence of which does not depend on uncertain future events that remain beyond the control of the Group. For the purposes of measurement of the contingent liability related to the cost of debt enforcement cancellation, the Group conducted an analysis of current and historical operating data and based on it determined statistical curves showing the moment in the lifetime of individual (groups of) debt enforcement proceedings at which it is probable that they will be cancelled as well as the related disbursement of cash. The resulting values were discounted at the balance sheet date using a discount rate reflecting the current market assessment of the time value of money and the risks inherent in the liability.

The value of the contingent liability related to the cost of discontinuing such enforcement proceedings as at the balance sheet date is presented below:

	30/06/2023
Contingent liabilities - cost of discontinued enforcement	40,580
Total	40,580

19.2. Security of the credit facility with ING Bank Śląski S.A.

Based on:

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

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ established a security interest in favour of the bank in the form of a conditional assignment of claims, which are the security of a conditional assignment of claims under certain commercial contracts, with the total value of the security interest being not less than 150% of the amount of the credit limit utilised by each of these subsidiaries.

The above credit facility agreements were collectively replaced by the Supplemental Agreement No. 3 of 31 December 2020 and the later Supplemental Agreements No. 4 of 22 March 2022, No. 5 of 15 April 2022 and No. 6 of 3 August 2022, according to which Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ established a security interest in the form of a conditional assignment of claims based on and in compliance with the conditional assignments of claims under certain commercial contracts, so that the total value of the security interest is not less than 150% of the amount of the credit limit utilised. As at the balance sheet date, the required level of security is, in the case of Kredyt Inkaso I NSFIZ: PLN 137.93 million, and in the case of Kredyt Inkaso II NSFIZ: PLN 78.12 million.

19.3. Bond issue security

On 28 March 2022, the Company issued Series K1 bonds, total nominal value PLN 103 million. According to the terms and conditions of the issue, the bonds were issued as unsecured. In line with the terms and conditions of the issue, bondholders' claims were secured after the date of issue by standard security interests, including Polish or foreign registered pledges over debt portfolios and investment certificates which are items recognised in the statement of financial position of the Company or its subsidiaries or over other assets of the Company. The total value of the security after 26 April 2022 cannot be less than 150% of the current nominal value of the bonds.

At the balance sheet date, the minimum total level of security was PLN 154.5 million.

20. Court, enforcement, tax and other proceedings

20.1. Court and enforcement proceedings

The Group's business model involves purchasing debt portfolios resulting from the sale of universal services (usually from several thousand to even tens of thousands of claims in a portfolio) and seeking their repayment through litigation. The Group's activities include mass quantities of court and enforcement proceedings (involving court enforcement officers). However, due to the relatively low debt balances, there is no risk of concentration of one or more bad debt claims (i.e. one that would have characteristics significantly worse than originally calculated).

As at the date of approval, the following legal proceedings involving the Group as a party are pending, arising from:

- the action brought by Best S.A. to cancel the resolutions of the Annual General Meeting against which has filed an objection, namely: (i) Resolution 12/2016 approving the management report of Kredyt Inkaso S.A. and the separate financial statements of Kredyt Inkaso S.A. for the financial year beginning on 1 April 2015 and ending on 31 March 2016; (ii) Resolution 13/2016 approving the management report of the Capital Group and the consolidated financial statements of the Capital Group for the financial year beginning on 1 April 2015 and ending on 31 March 2016; (iii) Resolution 15/2016 granting discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016; (iv) Resolution 16/2016 granting discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016; (v) Resolution 17/2016 granting discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016; (vi) Resolution 18/2016 granting discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016; (vii) Resolution 19/2016 granting discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 ending on 31 March 2016; (viii) Resolution 20/2016 granting discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016; (ix) Resolution 21/2016 granting discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016; (x) Resolution 22/2016 granting discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016 (current report 93/2016); (xi) Resolution 7/2017 granting discharge to a member of the Management Board; (xii) Resolution 8/2017 granting discharge to a member of the Management Board; (xiii) Resolution 9/2017 granting discharge to a member of the Management Board; (xiv) Resolution 14/2017 granting discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017; (xv) Resolution 15/2017 granting discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017 (current report 65/2017); (xvi) Resolution 4/2018 approving the separate financial statements of Kredyt Inkaso S.A. for the financial year beginning on 1 April 2017 and ending on 31 March 2018; (xvii) Resolution 5/2018 approving the consolidated financial statements of the Capital Group for the financial year beginning on 1 April 2017 and ending on 31 March 2018; (xviii) Resolution 6/2018 approving the management report of the Company and the Capital Group for the financial year beginning on 1 April 2017 and ending on 31 March 2018 (current report 56/2018). On 14 May 2021, the Regional Court in Warsaw, 20th Commercial Department, issued a decision to discontinue the proceedings with respect to Resolutions 15/2016 and 7/2017 as groundless considering that the Company's Annual General Meeting adopted Resolution 17/2020 of 27 November 2020 amending the resolutions granting discharges to the former Management Board member who is referred to above, under which the previous discharge for the above periods above were cancelled;
- the action brought by Best S.A. on 09 January 2019 for the payment of PLN 51,847,764 jointly and severally by the Company, Mr Paweł Szewczyk, Mr Jan Paweł Lisicki and Grant Thornton Frackowiak spółka z ograniczoną odpowiedzialnością sp. k., however with the claim against the latter being limited by the claimant to PLN 2,260,000 plus court costs, including attorney charges according to the statutory standards. This action is based on the alleged damage caused to BEST S.A. by the defendants as a result of the purchase of Company's shares at an inflated price, which had been determined on the basis of the Company's financial statements for 2014/2015, later corrected in subsequent financial years. Kredyt Inkaso S.A. treats BEST S.A.'s claims as groundless and informed about it in Current Report 8/2019;
- the action brought by Best S.A. on 28 June 2019 to declare invalid or cancel Resolution 4/2019 of the Extraordinary General Meeting of Kredyt Inkaso S.A. of 30 May 2019 approving certain transactions that encumbered the Company's assets or the assets of other Capital Group entities in connection with the issue of Series F1 bonds by the Company. The Company treats the claims as groundless and has been actively defending it in court (Current Report 34/2019);

- the action brought by John Harvey van Kannel against the Company (i) to establish a resolution dismissing Mr Maciej Jerzy Szymański from the Management Board of the Company, and (ii) to declare invalid Resolution 38/2020 of the Annual General Meeting of the Company of 27 November 2020 which appointed Daniel Dąbrowski to the Supervisory Board of the Company for a new term of office. The injunction request filed to the court was entirely dismissed in a final and binding decision, which the Company communicated in Current Report 11/2021 of 29 April 2021. The Company treats the claims as completely groundless and has been defending it in the court (Current Report 26/2021). BEST Capital FIZAN takes part in the litigation as the so-called supplemental claimant [*interwenient uboczny*];
- the second action brought by John Harvey van Kannel against the Company to cancel Resolution 12/2021 of the Company's Extraordinary General Meeting of 24 May 2021 appointing Daniel Dąbrowski as member of the Supervisory Board, of which the Company informed in Current Report 31/2021 of 23 August 2021, was finally ruled by the Court of Appeals in favour of the Company in a judgment of 4 April 2023 which entirely rejected the complaint of John Harvey van Kannel (Current Report 8/2023). On 1 August 2023, the Company was informed that its attorney received a Supreme Court appeal for an extraordinary measure in the case, filed by Best Capital FIZAN against the judgment that had entirely rejected the original action for the cancellation of the Extraordinary General Meeting's resolution 12/2021 of 24 May 2021 (Current Report 32/2023), which had appointed Daniel Dąbrowski to the Supervisory Board. The Company's attorney timely replied to that extraordinary appeal to the Supreme Court;
- the action brought against the following defendants jointly and severally: Best S.A. and Mr Krzysztof Borusowski, requesting that they jointly and severally pay the Company PLN 60,734,500 plus statutory default interest accrued from the date of filing the claim until the date of actual payment, as well as reimburse the Company any court costs according to the statutory standards, unless a detailed listing of such costs will be submitted at the last hearing. The claimed amount results from the Company's damage the rectification of which the Company seeks from the Defendants, which had been caused by the Defendants spreading untrue and slanderous information concerning the Company's Management Board, allegation of irregularities inside the Company, allegations of financial statements forgery and lack of authorisations held by the Company's Management Board, which the Company claims to have been the direct cause of the termination by the following closed-end investment funds: Lumen Profit 14 NS FIZ ("Lumen Profit 14 NS FIZ"), Lumen Profit 15 NS FIZ ("Lumen Profit 15 NS FIZ"), Lumen Profit 16 NS FIZ ("Lumen Profit 16 NS FIZ"), AGIO Wierzytelności Plus NS FIZ ("AWP NS FIZ") and AGIO Wierzytelności Plus 2 NS FIZ ("AWP 2 NS FIZ"), of debt portfolio management agreements signed with the Company as well as legal services agreements. The disputed amount is the sum of the actual losses incurred by the Company and its estimated lost profits of future years, as the Company communicated in Current Report 57/2016 of 10 August 2016, and any other lost profits as may be additionally assessed, resulting from, among other facts, the termination of the portfolio 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 above agreements on the Company's financial situation, in particular the loss of further regular income as well as the potential litigation by the Company to seek relevant compensation, in the Consolidated Quarterly Report for Q1 2016/2017 which was published on 12 August 2016;
- the action brought by the Company against the following defendants jointly and severally: Mr Paweł Szewczyk, Ion Melnic and KI Servcollect SRL, requesting that the Defendants jointly and severally pay the Company PLN 21,320,000 as indirect damages suffered by the Company due to the Defendants' actions, plus the statutory default interest accruing from 26 May 2020 to the date of actual payment, PLN 30,000 of the cost of a court expert's opinion, plus statutory default interest accruing from date of delivery of the statement of claim to the last Respondent to the date of actual payment, and PLN 44,000 of the cost of certified translations of the statement of claim with its attachments, plus statutory default interest accruing from the date of delivery of the statement to the last Respondent until the date of actual payment. The company also requested injunction (Current Report 13/2020). The injunction request was rejected by the Court and the Company's attorney appealed against such decision to an upper court which, however, likewise refused such request.
- the action brought by two members of the Supervisory Board to cancel the resolution of a group of shareholders entitled to appoint Supervisory Board members by the so-called block voting procedure, namely Resolution 13/2021 of the Extraordinary General Meeting of 24 May 2021 appointing Karol Szymański as a member of the Company's Supervisory Board for a new term of office and his mandate to individually perform supervisory duties on a permanent basis. The Company is planning to take active part in the court proceedings (Current Report 53/2021);
- the action brought by two members of the Supervisory Board to cancel the resolution of a group of shareholders entitled to appoint Supervisory Board members by the so-called block voting procedure, namely Resolution 6/2022 of the Extraordinary General Meeting of 25 May 2022 appointing Karol Szymański as a member of the Company's Supervisory Board for a new term of office and his mandate to individually perform supervisory duties on a permanent basis. On 6 July 2022, the Court issued an injunction securing the claimants' claim for the cancellation of the above resolution, therefore suspending its legal effect until the litigation will be legally ended. The Company is planning to take active part in the court proceedings (Current Report 36/2022);

20.2. Tax proceedings

On 29 December 2022, Kredyt Inkaso RUS Limited Liability Company (LLC) ("KI RUS") received a notice of inspection from the Inter-District Inspectorate of Federal Tax Service. The subject of the inspection was all taxes, charges and social security contributions in the period from 1 January 2019 to 31 December 2021. On 22 June 2023, a tax inspection report was issued which challenged settlements between KI RUS and Kredyt Inkaso Portfolio Investments (Luxembourg) Societe Anonyme (hereinafter: "KI LUX") under the assignments of claims concluded between them on 16 May 2014 and 2 July 2014 as well as under the agency agreement of 5 May 2014.

The following arrears were raised in the tax inspection report:

- RUB 19,443,349 (no interest) for the underpaid corporate income tax for 2019-2021 plus a fine of 40%, which the company assessed as 7,777,341 roubles;
- RUB 28,650,930 (no interest) for the withholding tax due from KI LUX, which the remitter failed to withhold, plus a fine of 20%, which the company assessed as 5,730,186 roubles; and

RUB 2,330,579 of overpaid VAT for 2019-2021.

KI RUS raised objections against the inspection report in writing and during a meeting with the tax authorities. On 21 August 2023, the Company paid the tax arrears (no interest and fines) for a total value of RUB 31,532,425 (net of the overpaid VAT) as such sum has been agreed during the meeting with the tax authority on 18 August 2023. The Company is awaiting a concluding decision in which the authorities will specify the final rates and amounts of the fines. The decision should be served on the Company by 8 September 2023. Upon its receipt of the Company will pay the fines set out in the decision and interest on the tax arrears. KI RUS will decide any further procedural strategy after receiving the concluding decision. There is an appeal procedure available with upper tax authorities. If such appeal is rejected, a taxable person can also complain to a commercial arbitration tribunal. Regardless what will be legal measures taken, as at 30 June 2023 the Group has set up a provision for liabilities under the claim sum of RUB 79,800,499.28 (which includes the tax arrears and the expected interest and fines), equivalent to PLN 3,798,503.77 based on the exchange rate of 30 June 2023.

20.3. Other inspections

There have been no significant inspections or investigations during the reporting period.

21. Significant events after the balance sheet date

- On 13 July 2023, Series N1 bearer bonds, par value PLN 1,000 each, total nominal value PLN 18,000,000, were registered with the Polish Securities Depository (KDPW). As such, the bonds were admitted to trading on the Warsaw Stock Exchange regulated market on 13 July 2023.

Significant events after the balance sheet date are mentioned also in the description of significant litigates and tax proceedings above.

22. Factors and events, including extraordinary, with a material impact on the financial statements

None occurred.

23. Other information relevant to the assessment of staff, assets and financial position

- Following the request made to the Company's Management Board by its key shareholders, based on the resolution of the Annual General Meeting of 30 September 2022 (Current Report 60/2022) to initiate a review of strategic options concerning the Company's future in order to resolve the Company's existing shareholder situation, including in particular the potential disposal by shareholder(s) of the Company's shares, on 4 April 2023 the Management Board signed an agreement with a transaction advisor (Ipopema Securities S.A. based in Warsaw), hence initiating the review of strategic options. As part of this procedure and to the extent permitted by applicable law, additional information about the Company and its affiliates may be provided to selected parties. Accordingly, the Management Board has engaged such transaction advisor who together with other advisors will support the Management Board in conducting the strategic review. Currently, no decision has been made regarding the choice of any specific strategic option and it is uncertain if and when such a decision will be made (Current Report 9/2023).
- On 5 December 2022, a court clerk at the District Court for the Capital City of Warsaw in Warsaw (13th Commercial Department of the National Court Register), at the request of the Company's shareholder – Best S.A. based in Gdynia, issued a decision jointly appointing: Rödl Kancelaria Prawna sp. k. with its registered office in Warsaw (National Court Register No.: 267170) to cover legal and tax issues, and Roedl Audit sp. z o.o. with its registered office in Warsaw (National Court Register No. 50605) to cover accounting and financial issues – as the special auditor for the purpose of examining the issue described in § 2 of draft Resolution 4/2022 of 25 April 2022 'Appointment of the Special Auditor', which was included in the minutes from the Extraordinary General Meeting of Shareholders of 25 April 2022 prepared by notary Sławomir Strojny (Notary's ref. A 5729/2022) ("Court Decision"). On 21 July 2023, the Company was notified that its attorney received a decision issued on 13 July 2023 by the District Court in Warsaw, 23rd Commercial Department of Appeals and Public Procurement which dismissed the Company's complaint of 10 March 2023 against the ruling of the 13th Commercial Department of the National Court Register (15 February 2023) which had rejected the Company's complaint against the Court Decision. The dismissal of the complaint means that the Court Decision based on which Rödl Kancelaria Prawna sp. k. and Roedl Audit sp. z o.o. were jointly appointed the auditor of the Company is legally valid. As promised the Company is complying in good faith with the final Court Decision and fulfils all obligations under it as required from its Management Board and Supervisory Board (Current Report 27/2023).

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF PROFIT AND LOSS

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Net revenue		
Interest income on debt portfolios calculated using the effective interest rate method	2,549	3,128
Revaluation of portfolios	4,173	5,513
Other income/expenses	18,563	14,891
Total net income	25,285	23,532
Payroll and employee benefits	(9,983)	(7,955)
Depreciation and amortisation	(868)	(841)
Third party services	(9,248)	(9,418)
Other operating expenses	(1,928)	(1,700)
Total operating expenses	(22,027)	(19,914)
Profit (loss) on operating activities	3,258	3,618
Financial income, including	8,213	6,543
interest on instruments measured at amortised cost	7,818	4,729
Financial expenses, including	(9,198)	(7,149)
interest on instruments measured at amortised cost	(7,615)	(6,148)
Profit (loss) before tax	2,273	3,012
Income tax	162	420
Net profit (loss)	2,435	3,432
Earnings per share (PLN)		
ordinary	0.19	0.27
diluted	0.19	0.27

Interim condensed separate financial statements for three months ended 30 June 2023.
 (PLN '000)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	01/04/2023- 30/06/2023	01/04/2022- 30/06/2022
Net profit (loss)	2,435	3,432
Income (loss) recognised in other comprehensive income	-	479
Amounts moved to profit or loss	-	(974)
Income tax	-	94
Instrumenty zabezpieczające przepływy pieniężne podlegające reklasyfikacji do rachunku zysków i strat	-	(401)
TOTAL COMPREHENSIVE INCOME	2,435	3,031

SEPARATE STATEMENT OF FINANCIAL POSITION

Assets	30/06/2023	31/03/2023
Intangible assets	2,193	2,399
Tangible assets (PP&E)	9,837	10,158
Investment properties	1,473	1,473
Investments in subsidiaries	74,653	74,653
Receivables and issued loans	17,457	243
Derivative financial instruments	-	-
Other non-current financial assets	171,000	31,300
Non-current assets	276,613	120,226
Trade and other receivables	9,521	8,211
Derivative financial instruments	-	-
Purchased debt claims	46,736	49,503
Loans issued	-	-
Other current financial assets	33,542	190,388
Short-term accrued expenses and prepaid income	1 001	861
Cash and cash equivalents	17,442	9,188
Current assets	108,242	258,151
Total assets	384,855	378,377

Interim condensed separate financial statements for three months ended 30 June 2023.
 (PLN '000)

Equity & Liabilities	30/06/2023	31/03/2023
Share capital	12,897	12,897
Statutory reserve	63,042	63,042
Revaluation reserve	-	-
Retained earnings, including	3,175	740
net profit/(loss) of the current period	2,435	5,034
profit/(loss) brought forward	740	(4,294)
Equity	79,114	76,679
Borrowings and other debt instruments	214,544	202,044
Lease liabilities	8,145	8,522
Deferred tax provision	1,500	1,663
Long-term liabilities	224,189	212,229
Trade and other payables	3,521	5,240
Borrowings and other debt instruments	65,161	72,470
Lease liabilities	1,701	1,654
Derivative financial instruments	-	-
Other short-term provisions	5,297	4 339
Short-term accrued expenses and prepaid income	5,872	5,766
Short-term liabilities	81,552	89,469
Total liabilities	305,741	301,698
Total equity & liabilities	384,855	378,377

SEPARATE STATEMENT OF CASH FLOWS

	01/04/2023-30/06/2023	01/04/2022-30/06/2022
Profit (loss) before tax	2,273	3,012
Adjustments:		
Depreciation and impairment of tangible assets (PP&E)	533	547
Amortisation and impairment of intangible assets	335	294
Purchased debt claims – difference between recoveries and interest income	6,939	7,180
Purchased debt claims – revaluation	(4,173)	(5,513)
Financial expenses	9,198	7,149
Financial income	(8,177)	(6,543)
Foreign exchange gain (loss)	(36)	-
Other adjustments	(473)	(776)
Total adjustments	4,146	2,338
Change in receivables	(1,325)	(205)
Change in liabilities	(1,842)	(2,430)
Change in provisions and accruals/prepayments	923	1,833
Cash from operating activities	4,175	4,548
Income tax paid	-	-
Net cash from operating activities	4,175	4,548
Expenditure on acquisition of shares in subsidiaries		
Expenditures for acquisition of intangible assets	(130)	(36)
Expenditures for acquisition of tangible assets (PP&E)	(192)	-
Proceeds from sale of tangible assets (PP&E)	52	113
Proceeds from repayments of loans granted	-	2,084
Loans granted	(17,000)	
Proceeds from disposal of other financial assets/repaid bonds	-	39,458
Interest received	25,115	8,127
Dividends received	-	-
Net cash from investing activities	7,845	49,746
Proceeds from issue of debt securities	15,000	27,010
Redemption of debt securities	(2,787)	(86,856)
Payments from closed hedging transactions	-	-
Flows from the cashpool agreement	(7,185)	(2,678)
Repayment of leases liabilities	(696)	(653)
Interest paid	(8,098)	(5,917)
Net cash from financing activities	(3,766)	(69,094)
Net increase (decrease) in cash and equivalents	8,254	(14,800)
Cash and cash equivalents – opening balance	9,188	25,274
Change due to exchange rate differences	-	-
Cash and cash equivalents – closing balance	17,442	10,474

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Total equity
As at 1 April 2023	12,897	63,042	-	740	76,679
Net profit (loss)	-	-	-	2,435	2,435
Cash flow hedges	-	-	-	-	-
Total comprehensive income	-	-	-	2,435	2,435
Appropriation of result	-	-	-	-	-
As at 30 June 2023	12,897	63,042	-	3,175	79,114

	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Total equity
As at 1 April 2022	12,897	77,263	418	(18,515)	72,063
Net profit (loss)	-	-	-	3,432	3,432
Cash flow hedges	-	-	(401)	-	(401)
Total comprehensive income	-	-	(401)	3,432	3,031
Appropriation of result	-	-	-	-	-
As at 30 June 2022	12,897	77,262	17	(15,083)	75,093

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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

1.1. Basis of interim condensed separate financial statements

These interim condensed separate financial statements of the Company cover the period of three months ended 30 June 2023 and present:

- comparative figures for the three months ended 30 June 2022 in the statement of profit and loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows;
- comparative figures as at 31 March 2023 in the statement of financial position.

The interim condensed separate financial statements have been prepared in conformity with IAS 34 Interim Financial Reporting and do not include all the information that is disclosed in the annual separate financial statements prepared in accordance with IFRS. These interim condensed separate financial statements should be read in conjunction with the separate financial statements of the Company for the financial year ended 31 March 2023.

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

The interim condensed separate financial statements have been prepared assuming that the Company is a going concern in the foreseeable future. At the date of approving these interim condensed separate financial statements for publication, there are no circumstances implying any threat to the Company continuing its operations as a going concern.

The Company has been established for an unlimited time.

1.2. Declaration of compliance

These interim condensed separate financial statements have been prepared based on the International Financial Reporting Standards and related interpretations endorsed in European Commission regulations, as well as requirements applicable to issuers of securities admitted or applying for trading on an official stock exchange market.

1.3. Accounting principles

These interim condensed separate financial statements have been prepared in accordance with the accounting policies that were presented in the Parent's most recent separate financial statements for the year ended 31 March 2023, except for the first-time adoption standards described in the interim consolidated financial statements of the Group for three months ended 30 June 2023.

1.4. Changes in significant accounting policies

The same accounting policies have been applied in the preparation of these interim condensed separate financial statements as in the most recent annual separate financial statements which were prepared as at and for the reporting year ending 31 March 2023.

In the preparation of these interim condensed separate financial statements, no correction of prior period errors or significant changes in estimates were made.

APPROVAL FOR PUBLICATION

On 29 August 2023, the Management Board of the Parent approved for publication these interim condensed consolidated and separate financial statements prepared for the period from 1 April 2023 to 30 June 2023, including comparative figures ("Approval Date").

President
of Management Board

Barbara Rudziks

Vice President
of Management Board

Maciej Szymański

Vice President
of Management Board

Iwona Słomska

Member
of Management Board

Mateusz Boguta

Accounting and Reporting Manager

Ewa Palczewska-Dunia