Kredyt Inkaso S.A.

Annual Separate Financial Statements for 12 months ended **31 March 2024**

Warsaw, 11 July 2024

SELECTED SEPARATE FINANCIAL DATA

	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	'000 PLN		'000 EUR	
Statement of Financial Position				
Total assets	480,259	378,377	111,665	80,928
Total liabilities	394,852	301,698	91,807	64,527
Long-term liabilities	305 360	212 229	70 999	45 392
Short-term liabilities	89 492	89 469	20 808	19 136
Equity	85,407	76,679	19,858	16,400
Share capital	12 897	12 897	2 999	2 758
PLN/EUR exchange rate at the balance sheet date	4.3009	4.6755	4.3009	4.6755

	01/04/2023-31/03/2024	01/04/2022-31/03/2023	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Statement of Profit or Loss				
Net revenue	100,233	79,787	22,608	16,970
Income (loss) on operating activities	5,006	(3,139)	1,129	(668)
Earnings before tax	9,825	(422)	2 216	(90)
Net profit (loss)	8,363	5,034	1 886	1,071
Earnings per share in PLN	0.65	0.39	0.15	0.08
Diluted earnings per share in PLN	0.65	0.39	0.15	0.08
Average PLN/EUR exchange rate during the period	4.4335	4.7016	4.4335	4.7016
Statement of Cash Flows				
Net cash from operating activities	1,842	2,890	415	615
Net cash from investment activities	(23,539)	69 380	(5,309)	14 757
Net cash from financing activities	52 160	(88,356)	11 765	(18,793)
Net change in cash and cash equivalents	30 463	(16,086)	6 871	(3,421)
Average PLN/EUR exchange rate during the period	4.4335	4.7016	4.4335	4.7016

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SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Net income			
Interest income on debt portfolios calculated using the effective interest rate method		9,829	11,622
Debt portfolios revaluation	4.1	25,369	13,767
Other income/expenses	4.2	65,035	54,398
Total net income		**100,233**	**79,787**
Salary and employee benefit costs		(41,907)	(35,141)
Depreciation/amortisation		(3,573)	(3,320)
Third-party services		(41,012)	(36,236)
Court and enforcement fees		(4,949)	(4,787)
Other operating expenses		(3,786)	(3,442)
Total operating expense	5	**(95,227)**	**(82,926)**
Profit (loss) on operating activities		**5,006**	**(3,139)**
Financial income, including:	6	43,565	42,285
interest on instruments measured at amortised cost		32,028	27,316
Finance cost, including:	6	(38,746)	(39,568)
interest on instruments measured at amortised cost		(33,522)	(28,167)
Earnings before taxation		**9,825**	**(422)**
Income tax	7	(1,462)	5,456
Net profit (loss)		**8,363**	**5,034**
Earnings per share in PLN			
ordinary		0.65	0.39
diluted		0.65	0.39

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SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Net profit (loss)		**8,363**	**5,034**
Income (loss) recognized in the period in other comprehensive income	23.4	729	5,963
Amounts transferred to profit or loss	23.4	(278)	(6,479)
Income tax	7	(86)	98
Cash flow hedging instruments subject to reclassification to profit and loss account		**365**	**(418)**
TOTAL COMPREHENSIVE INCOME		**8 728**	**4 616**

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SEPARATE STATEMENT OF FINANCIAL POSITION

Assets	Note	31/03/2024	31/03/2023
Intangible assets	8.1	1,273	2,399
Tangible assets (PP&E)	8.2	9,041	10,158
Investment properties	9	2,015	1,473
Investments in subsidiaries	10	110,294	74,653
Purchased debt portfolios*	14	35 556	32 251
Receivables and loans granted	11	36 903	243
Derivative financial instruments	23.4	461	-
Other long-term financial assets	13	171 000	31 300
Non-current assets		**366,543**	**152,477**
Trade and other receivables	11, 12	10,159	8,211
Purchased debt portfolios*	14	18 545	17 252
Loans	11	1 556	-
Other short-term financial assets	13	42 205	190 388
Short-term prepayments	15	1 600	861
Cash and cash equivalents		39,651	9,188
Current assets		**113,716**	**225,900**
Total assets		**480,259**	**378,377**

(*) starting with these financial statements, the carrying amount of debt portfolios has been divided into short- and long-term parts

Equity & Liabilities	Note	31/03/2024	31/03/2023
Share capital	16.1	12,897	12,897
Statutory capital reserve	16.2	68,076	63,042
Revaluation reserve	23.4	365	-
Retained earnings, including	16.5	4 069	740
net profit (loss) of the current period		8 363	5 034
profit (loss) brought forward		(4 294)	(4 294)
Total equity		**85,407**	**76,679**
Borrowings and other debt instruments	18	295,822	202,044
Lease liabilities	22	6 328	8 522
Deferred tax provision	7	3,210	1,663
Long-term liabilities		**305,360**	**212,229**
Trade and other payables	21	4 663	5,240
Borrowings and other debt instruments	17	69,920	72,470
Lease liabilities	22	2,636	1,654
Other short-term provisions	19	5 065	4 339
Short-term prepayments	20	7,208	5,766
Short-term liabilities		**89,492**	**89,469**
Total liabilities		**394,852**	**301,698**
Total equity and liabilities		**480,259**	**378,377**

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SEPARATE STATEMENT OF CASH FLOWS

	Note	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Earnings before taxation		**9,825**	**(422)**
Adjustments:			
Depreciation and impairment of tangible assets (PP&E)	8.2	2,223	2,061
Amortisation and impairment of intangible assets	8.1	1,350	1,259
Purchased debt portfolios - difference between repayments and interest income		20,771	23,029
Purchased debt portfolios - portfolio revaluation	4.1	(25,369)	(13,767)
Finance expenses	6	38,746	39,401
Finance income	6	(43,495)	(42,285)
Profit (loss) due to exchange rate differences	6	(70)	167
Other adjustments		(681)	(457)
Total adjustments		**(6,525)**	**9,408**
Change in receivables		(1,946)	(1,912)
Change in liabilities		(939)	(3,424)
Change in capital reserves and prepayments/accruals		1 427	(760)
Cash from operating activities		**1,842**	**2,890**
Income tax paid		-	-
Net cash from operating activities		**1,842**	**2,890**
Expenses for acquisition of intangible assets	8.1	(224)	(337)
Expenses for acquisition of tangible assets (PP&E)	8.2	(283)	(204)
Expenses for acquisition of investment properties	25.1	(333)	-
Sale of tangible assets (PP&E)	8.2	86	126
Proceeds from repayments of loans granted		6 077	3,370
Loans granted		(43,097)	-
Proceeds from sale of other financial assets/repayment of bonds		-	47,858
Expenditure on acquisition of shares in subsidiaries	10	(35 641)	-
Dividends received	6	9,374	4,223
Interest received		40,502	14,344
Net cash from investment activities		**(23,539)**	**69,380**
Proceeds from issue of debt securities	18	122,464	42,689
Redemption of debt securities	18	(36,783)	(101,464)
Proceeds from settled hedging transactions		268	676
Flows from the concluded cashpool agreement		1,128	6,323
Payments of lease liabilities		(2,814)	(2,504)
Interest paid		(32,103)	(34,076)
Net cash from financing activities		**52,160**	**(88,356)**
Net change in cash and cash equivalents		**30,463**	**(16 086)**
Cash and cash equivalents at the beginning of the period		**9,188**	**25,274**
Change due to exchange rate differences		-	-
Cash and cash equivalents at the end of the period		**39,651**	**9,188**

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SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory capital reserve	Revaluation reserve	Retained earnings	Total equity
As at 01 April 2023	**12,897**	**63,042**	**-**	**740**	**76,679**
Net profit (loss)	-	-	-	8 363	8 363
Cash flow hedging instruments	-	-	365	-	365
Total comprehensive income	**-**	**-**	**365**	**8 363**	**8 728**
Profit distribution/loss coverage	-	5 034	-	(5,034)	-
As at 31 March 2024	**12 897**	**68 076**	**365**	**4 069**	**85 407**

	Share capital	Statutory capital reserve	Revaluation reserve	Retained earnings	Total equity
As at 01 April 2022	**12,897**	**77,263**	**418**	**(18,515)**	**72,063**
Net profit (loss)	-	-	-	5 034	5 034
Cash flow hedging instruments	-	-	(418)	-	(418)
Total comprehensive income	**-**	**-**	**(418)**	**5 034**	**4 616**
Profit distribution/loss coverage	-	(14,221)	-	14 221	-
As at 31 March 2023	**12 897**	**63 042**	**-**	**740**	**76 679**

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EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General information

1.1. Company details

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

Seat	Warsaw (ul. Postępu 21B, 02-676 Warszawa, Poland)
Principal place of business:	Warsaw (ul. Postępu 21B, 02-676 Warszawa, Poland)
Court of Registration:	District Court for the City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, Poland
Registration date	28 December 2006 in its current legal form (joint stock company)
	19 April 2001 in its previous legal form (limited partnership)
National Court Register number [*KRS*]	0000270672
Statistical number REGON	951078572
Tax number [*NIP*]	922-254-40-99
Polish statistical classification (PKD):	64.99.Z - Other financial service activities, not classified elsewhere, except insurance and pension funding

The main operating activity of the Company is the management of debt portfolios, including portfolios acquired by Group subsidiaries. The core business of the entity includes:

- other financial service activities, not classified elsewhere, except insurance and pension funding - PKD 64.99.Z;
- other activities auxiliary to financial services, except insurance and pension funding; - PKD 66.19.Z;
- call center activities; - PKD 82.20.Z;
- fund management activities - PKD 66.30.Z;
- accounting and bookkeeping activities; tax consultancy - PKD 69.20.Z
- activities of holding companies - PKD 64.20.Z;
- activities of head offices and holdings, except for financial holdings; - PKD 70.10.Z;
- activities of holding companies - PKD 64.20.Z;
- business and other management consultancy activities - PKD 70.22.Z.

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

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1.2. Composition of the Company's management and supervisory bodies as at the balance sheet date and report approval date

1.2.1. Management Board

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

There were no changes in the composition of the Management Board during the current reporting period.

1.2.2. Supervisory Board

Bogdan Dzudzewicz	Chairman of Supervisory Board
Marcin Okoński	Vice Chairman of Supervisory Board
Tomasz Karpiński	Board Member
Raimondo Eggink	Board Member
Karol Sowa	Board Secretary

Changes in the composition of the Supervisory Board:

- on 18 January 2024, Daniel Dąbrowski resigned from the Supervisory Board;
- on 30 January 2024, members of the Company's Supervisory Board appointed Tomasz Karpinski as a member of the Supervisory Board.

Along with the change in the composition of the Supervisory Board, also the composition of its Audit Committee has changed: on 30 January 2024, Tomasz Karpinski joined the Audit Committee as a new member beside Raimondo Eggink and Marcin Okoński (legacy members as at the Approval Date).

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

2.1. Basis for preparation

The financial year is the year beginning on 1 April and ending on 31 March of the following year. These annual financial statements of the Company cover 12 months ended 31 March 2024 and include:

- comparative figures for 12 months ended 31 March 2023 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.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards and the International Accounting Standards as well as related interpretations ("IFRS") promulgated in the form of European Commission ("EU") regulations, as well as requirements relating to issuers of securities admitted or sought to be admitted to trading on an official stock exchange listing market. However, to the extent not covered by the above standards and interpretations, they are consistent with the requirements of the Polish Accounting Act of 29 September 1994 (recast in Polish Official Journal: Dz.U.2023, items 120, 295, 1598, as amended) ("Accounting Act") and the implementing regulations issued under it. The financial statements incorporate the requirements of all EU-approved standards and related interpretations except for the standards and interpretations listed below, which are either pending EU approval or have been approved by the EU but have entered or will not enter into force until after the balance sheet date. During the period under review, the Company did not take advantage of the possibility of early application of standards and interpretations that have been approved by the EU, but have entered or will enter into force only after the balance sheet date.

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

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these separate financial statements for publication, there are no circumstances indicating a threat to the Company's going concern.

2.2. Compliance declaration

These separate financial statements have been prepared in accordance with International Financial Reporting Standards and related interpretations promulgated in the form of European Commission regulations, as well as requirements relating to issuers of securities admitted or sought to be admitted to trading on an official stock exchange listing market.

2.3. Significant values based on professional judgement and estimates.

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

Information on estimates and assumptions made, which are significant for these separate financial statements, is presented below.

2.3.1. Valuation of debt portfolios

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

The valuation of each debt portfolio is determined by the Company using the estimation method, as the present value of the expected cash proceeds generated by the debt portfolio, discounted at an effective interest rate adjusted for credit risk (internal rate of return - IRR). In calculating the effective interest rate adjusted for credit risk, the Company estimates the expected cash flows from a debt portfolio, taking into account expected credit losses. Estimation of projected cash flows is made based on historical cash flows generated by similar debt portfolios. For retail and telecom portfolios, estimates include payments received from debtors into Company 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, separate repayment curves are built for each type of debt claims.

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

2.3.2. Investments in subsidiaries

Investments in subsidiaries are subject to impairment testing in the event of indicators of possible impairment. The catalogue of indicators is open and their evaluation requires professional judgement. The measurement of investments in subsidiaries is based on a number of assumptions and estimates, in particular concerning future cash flows and the discount rate. The expected cash flows of subsidiaries investing in debt portfolios or debt-related assets depend primarily on the assumed amount of expenditures on new debt portfolios and the amount of later recoveries. The rationality of these assumptions bears significant risk due to the high uncertainty related to the effectiveness of future debt collection activities.

2.3.3. Useful life of non-current assets

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

2.3.4. Deferred income tax assets and liabilities

Deferred income tax assets are determined at the amount expected to be deducted from income tax in the future, due to deductible temporary differences that will reduce the basis for calculating income tax in the future, while observing the prudence principle. Deferred tax liability is recognised in the amount that will increase the future income tax liability due to the existence of positive temporary differences between the carrying amount of assets and liabilities and their tax value. The valuation of deferred income taxes takes into account the income tax rate that, to the best of our knowledge, will apply in the year in which the items are realised. Deferred tax assets related to unused tax losses or unused tax credits are recognised up to the amount to which it is probable that taxable income will be realised.

2.4. Accounting policies

2.4.1. Foreign currency transactions

Transactions denominated in a different currency than Polish zloty are converted into Polish zloty using the applicable exchange rate of the bank servicing the Company as at the date of transaction.

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

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

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

2.4.2. Intangible assets

Intangible assets are considered assets that result from contractual or other legal titles, regardless of whether they are transferable.

The initial valuation of intangible assets was made at the acquisition price resulting from a separate transaction, or at the production cost recognised by the entity itself. After the initial recognition, intangible assets are revalued at the acquisition price or own production cost, less amortisation – the factor lowering this valuation usually is the total amount of impairment losses. This factor has not occurred in the reporting period.

The period and method of amortisation of intangible assets with a defined useful life were verified at the end of the reporting period. The verified useful life of intangible assets did not differ from previous estimates. Amortisation of intangible assets is applied on a straight-line basis over the expected period of use, which for computer software is 30%, 33% or 50%, and for development work is 20-100%.

Amortisation rates applied to intangible assets in previous periods do not differ from those verified and applied in the reporting period. In the reporting periods presented, there were no indicators of impairment of other intangible assets. An intangible asset is removed from the balance sheet when it is disposed of or when no further gains are expected from its use or disposal.

2.4.3. Tangible assets (PP&E)

Tangible assets are considered to be fixed assets and their right of use:

- which are maintained by the Company in order to be used in its activities,
- which are to be used for more than one year,
- which are likely to bring economic benefits in the future,
- the value of which can be reliably assessed.

Such tangible assets include:

- right of use to tangible assets (buildings and structures),
- improvements in foreign fixed assets (buildings),
- machinery, devices,
- other fixed assets,
- work-in-progress assets.

At the date of initial recognition, fixed assets were valued at purchase price or at production cost. The initial value of PP&E include the purchase price plus all costs directly related to their purchase and adaptation to a condition fit for use.

The Company classifies long-term lease agreements as leases disclosable in the financial statements as right-of-use assets (in item 'Tangible assets' of the statement of financial position) and lease liabilities (in item 'Lease liabilities' of the statement of financial position), measured at the present value of the lease payments outstanding.

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

The lease term is determined taking into account the extension and reduction options available in the concluded contracts, if the option is likely to be exercised.

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

After the initial recognition, tangible assets are revalued at the acquisition price less depreciation – the factor lowering this valuation usually is the total amount of impairment losses.

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

In the presented periods, the straight-line method of depreciation of fixed assets was used, resulting from the expected consumption of fixed assets.

The basis for calculating depreciation of fixed assets is the initial value less the residual value. Depreciation rates applied to fixed assets in previous periods do not differ from those verified and applied in the reporting period. Depreciation was applied using the rates that correspond to the expected useful life of the assets currently held:

- Leasehold improvements (buildings) – 10%
- Computers (workstations), laptops, servers, specialist computing devices – 17%, 30%, 35%
- Photocopiers and high-capacity printers - 28%
- Telecommunications systems, furniture, vehicles - 20%, 30%
- Specialist office equipment (e.g. envelopers, high-capacity shredders) - 14%

Depreciation begins when a given fixed asset is available for use and ends when its carrying amount is equal to the residual value.

Fixed assets not exceeding PLN 1,000 are not considered fixed assets and are charged to expenses of the month when put into use.

2.4.4. Investment properties

Investment properties are initially valued at the purchase price including transaction costs. After the initial recognition, investment properties are recorded at fair value. When determining the fair value of investment properties, the Company uses the services of a qualified and independent valuer experienced in the valuation of properties of a similar nature and location. The valuations are updated at least once a year. Gains or losses resulting from a change in the fair value of an investment property are recognised in profit or loss.

2.4.5. Deferred income tax assets

Deferred income tax assets are determined at the amount expected to be deducted from income tax in the future, due to deductible temporary differences that will reduce the basis for calculating income tax in the future, while observing the prudence principle.

The valuation of deferred income tax assets takes into account the income tax rate (19%) that, to the best of our knowledge, will apply in the year in which the asset is realised. In the case of tax losses, deferred tax assets are created up to the amount to which it is likely that the entity will achieve taxable income allowing their realisation.

2.4.6. Financial assets

A financial asset is recognised in the statement of financial position when the Company becomes a party to a contract for such instrument. Standardized transactions in the purchase and sale of financial assets and liabilities are recognised as at the date of the transaction.

The classification of financial assets depends on the Company's business model in the area of management of the financial asset portfolio to which a given financial asset belongs, and also on the results of the SPPI test of that asset (*solely payments of principal and interest).*

The Company distinguishes the following financial asset portfolio management business models:

(1) a business model according to which financial assets are held for cash flows under a contract,
(2) a business model the purpose of which is to obtain contractual cash flows from held financial assets as well as from the sale of financial assets;
(3) other model than those described in (1) and (2) above.

The business model is assessed at the initial recognition of the financial asset. The business model assessment criteria consider the way in which the Company manages its financial assets to generate cash flows.

As at the acquisition date, the Company measures financial assets at fair value. Transaction costs are included by the Company in the initial value of the measurement of all financial assets, except for the category of assets measured at fair value through profit or loss.

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

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

These categories predetermine the principles for the measurement at the balance sheet date and the recognition of measurement-related gains or losses in profit or loss or in other comprehensive income. Gains or losses recognised in profit or loss are presented in line *Effect of interest and other financial income or other financial expenses.*

A financial asset is excluded from the statement of financial position in the event that the rights to economic benefits and risks arising from the concluded contract have been exercised, expired or waived by the Company.

2.4.6.1. Financial assets measured at amortised cost

A financial asset is classified into financial assets measured at amortised cost if both of the following conditions are met:

a) the asset is maintained in line with a business model according to which financial assets are held for cash flows under a contract,

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets measured at amortised cost are classified as current assets, provided that their maturity does not exceed 12 months from the end of the reporting period. Financial assets measured at amortised cost maturing later than in 12 months of the end of the reporting period are classified into non-current assets. Financial assets measured at amortised cost are recognised in the statement of financial position as receivables and loans, purchased debt portfolios, trade receivables and debt securities presented in other financial assets. The class of financial assets measured at amortised cost include cash and cash equivalents. Cash and cash equivalents are a separate item in the statement of financial position.

Subsequently to the initial recognition, financial assets are measured based on amortised cost using the effective interest rate that is the internal rate of return for a given financial asset.

In the case of financial assets classified for valuation at amortised cost that have been *purchased or originated credit-impaired (POCI),* the effective interest rate adjusted for credit risk (*credit-adjusted effective interest rate)* is used for the purposes of valuation.

In calculating the effective interest rate adjusted for credit risk, the entity estimates the expected cash flows, taking into account all contractual conditions of the financial asset as well as expected credit losses.

Revaluation of debt instruments measured at amortised cost are recognised through profit or loss in line '*Finance expenses'*.

An expected impairment loss is recognised at the initial recognition of the asset. The amount of the adjustment will updated for each day ending a reporting period.

The class of financial assets measured at amortised cost includes:

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

Trade receivables, loans and other receivables are primarily receivables resulting from the Company's debt trading and management activities.

Debtor claims purchased are bulk portfolios of overdue debtor receivables (e.g. consumer loans, telecom charges, etc.) that the Company purchased under claim assignment agreements in exchange for a certain price which is significantly lower than the nominal value of the receivable amounts (*Purchased or originated credit impaired assets* - POCI).

The Company's business model in relation to purchased debt portfolios consists in the long-term maintenance and servicing of the portfolios in order to achieve the expected flows from the managed portfolios. It classifies all purchased debt portfolios into the category of instruments that are measured at amortised cost. This classification reflects the portfolio management strategy which focuses on keeping the assets in order to maximize the value of the contractual proceeds.

The debt portfolios are measured based on amortised cost using the effective interest rate. The initial recognition takes place on the date of purchase, at the purchase price, i.e. the fair value of the payment made plus material transaction costs.

The original forecast of expected cash proceeds that takes taking into account the initial value (purchase price plus transaction costs) is used to determine the effective interest rate that is equal to the internal rate of return (with the credit risk element accounted for) and used to discount the estimated cash proceeds - it will remains unchanged throughout the entire period of holding the portfolio.

Interest income is calculated on the value of the portfolio determined using the amortised cost model according to IFRS 9 guidelines applicable to purchased components of financial assets that has been impaired due to credit risk using the aforementioned effective interest rate that accounts for the credit risk element, and they are recognised through profit or loss in the current period. Interest income is recognised entirely as an increase in the value of the portfolio. Actual repayments received in the period through debt collection are recognised entirely as a decrease in the value of the portfolio.

Estimated cash flows are determined primarily based on:

- the expected effectiveness of the debt collection tools used,
- the repayment history to date,
- the macroeconomic environment.

The value of the asset at a given balance sheet date is equal to its initial value (purchase price plus transaction costs) increased by interest income and reduced by actual proceeds, and also adjusted for changes in estimates of future cash flows. As a result, the value of the asset at the balance sheet date is equal to the discounted value of the expected cash proceeds.

The estimated flows from debt portfolios include the principal part of a package and the interest determined on the basis of the discount rate. The principal received is recognised as a decrease in the book value of the package, while the interest is recognised as income of the current period.

In addition, changes in the value of a debt portfolio resulting from changes in estimates of time or value of expected future cash proceeds for that portfolio are recognised in revenue of the current period.

The activities involving the purchase of portfolios of debtor claims is associated with certain credit risks.

The Company recognises loans and other financial assets in the statement of financial position only when it becomes a party to such financial instrument contract. The Company decides the classification of a financial asset at the time of its initial recognition.

For loans and other financial assets, the financial asset at initial recognition is measured at fair value, plus or minus transaction costs that can be directly attributed to the acquisition or issue of the financial asset. Subsequently, such other financial assets are measured based on amortised cost using the effective interest rate. Profits or losses recognised in profit or loss are presented as financial income or expenses with the exception of revaluation allowances. Due to insignificant discount effects, accounts receivable are valued at the amount due.

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

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

- the financial asset is maintained based on a business model the purpose of which is to obtain contractual cash flows from held financial assets as well as from the sale of financial assets; and
- contractual conditions entitle to receive cash flows on certain dates that are only principal and interest on principal.

With respect to equity instruments, at the date of initial recognition the entity may make an irreversible selection to classify the instrument as financial instruments measured at fair value through other comprehensive income (fair value through other comprehensive income option). This election concerns a single financial asset. The option to choose fair value through other comprehensive income is not available for equity instruments held for trading. Gains and losses both from measurement and implementation, arising on a financial asset that is an equity instrument for which the fair value through other comprehensive income option has been applied, are recognised in other comprehensive income, with the exception of income from dividends received which is recognised in *Other finance income or other finance expenses.*

Gains and losses arising on a financial asset that is a debt instrument measured at fair value through other comprehensive income option has been applied, are recognised in other comprehensive income, with the exception of:

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

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

2.4.6.3. Financial assets at fair value through profit or loss

Financial assets are classified as financial assets measured at fair value through profit or loss if they are not measured at amortised cost or at fair value through other comprehensive income, or (only for financial assets that are debt instruments) if the entity has decided at the moment of initial recognition to measure at fair value through profit or loss. Profits and losses from the valuation of financial assets are determined by the change in the fair value determined on the basis of current prices from the active market as at the balance sheet date or on the basis of valuation techniques, if the active market does not exist. Revaluation gains and losses on a financial asset measured at fair value through profit or loss are recognised in profit or loss in the period when they occurred in line *Other finance income or other finance expenses.*

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

This category includes investments in equity financial instruments which, at the time of initial recognition, the entity has irrevocably decided to present as comprehensive income later changes in fair value. Such instrument is neither held for trading nor a contingent payment of the acquiring entity in a business combination.

2.4.6.5. Impairment of financial instruments

In the case of financial assets measured using the risk-adjusted effective interest rate method (purchased debt portfolios), the impairment loss on financial assets (so-called credit loss) is the difference between originally planned future flows (taking into account credit risk) from a financial asset and currently expected cash flows from that asset (taking into account credit risk), discounted using the original effective interest rate adjusted for credit risk throughout the expected time horizon of the exposure. Change in the value of financial assets valued using the effective interest rate method adjusted for risk is presented in line *Revaluation of debt packages.*

In the case of other instruments, the impairment loss on financial assets (so-called credit loss) is the difference between all contractual payments from a given financial asset, and expected cash flows from this component, discounted using the original effective interest rate over the entire expected time horizon of the exposure.

The Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. Expected credit losses are credit losses weighted by the probability of default, for which the following impairment approaches are used:

- general approach (basic),

- simplified approach.

The general model monitors changes in the level of credit risk associated with a given financial asset and classifies financial assets into one of the three impairment loss stages that involve the observation of change in the level of credit risk in relation to the initial recognition of the instrument. Depending on the classification into individual stages, the impairment loss is estimated over a horizon of 12 months (stage 1) or the lifetime horizon of the instrument (stage 2 and stage 3).

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

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

- in the general model - the levels of probability of insolvency, implied from market credit quotations of analogous debt instruments, or other analyses based on available data, taking into account the specificity and capital links between the creditor and the debtor,
- in the simplified model – historical levels of repayments from counterparties.

In particular, the Company considers *default* to be 90 days after the due date.

The Company uses a simplified model for the calculation of impairment losses in the case of trade receivables (regardless of maturity). The expected credit loss is determined at the time the receivable amount is recognised in the statement of financial position, and later updated at each subsequent end of the reporting period, depending on the number of days the receivable has been past due.

The general model is used for other types of financial assets (other than trade receivables), i.e. for receivables and loans and other financial assets. As of each day ending the reporting period, the Company analyses the occurrence of indicators for the classification of financial assets into the individual impairment loss stages, for example changes in the debtor's rating, serious financial problems of the debtor, the occurrence of a significant adverse change in its economic, legal or market environment.

2.4.7. Investments in subsidiaries

Investments in subsidiaries are measured based on the acquisition price less adjustments for impairment.

2.4.8. Short-term receivables

Short-term receivables include trade and other receivables, income tax receivables, receivables under legal costs awarded by courts, and other receivables.

Due to insignificant discount effects, accounts receivable are valued at the amount due, according to the principle of prudence. Receivables are revaluated taking account the likelihood of their payment, by revaluation adjustments posted at the end of the reporting period.

These are primarily receivables resulting from the Company's debt management activities.

The book value of these receivables corresponds to their fair value.

2.4.9. Hedge accounting

The Company enters into a derivative transaction to hedge its interest rate risk. The Company assigns derivatives to hedging instruments in relation to cash flow hedge, provided that the following criteria are met:

- The hedging relationship consists of eligible financial instruments and eligible hedging items;
- Formal documentation has been prepared before the hedging starts;
- The hedging relationship meets all hedge effectiveness requirements as follows:
  - there is an economic link between the hedged item and the hedging instrument;
  - the credit risk effect is not dominant in the change in value that results from the economic relationship;
  - the hedge ratio reflects the actual size of the hedging instrument and the hedged item (unless the determination of the hedge ratio is a deliberate attempt to generate an accounting effect inconsistent with the purpose of hedge accounting).

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

A cash flow hedging derivative is a derivative that:

- serves to limit the volatility of cash flows and can be attributed to a specific type of risk associated with an asset or liability recognised in the statement of financial position or a highly probable forecast future transaction, and
- will affect the reported net profit or loss.

Gains and losses arising from the change in the fair value of the instrument hedging cash flows (the effective part) are recognised in other comprehensive income to the extent that the instrument is an effective hedge of the related hedged item.

The ineffective part is related to the financial result as finance income or finance expenses.

Gains and losses arising on a cash flow hedge instrument are recognised in profit or loss when a given hedged item affects profit or loss.

The Company discontinues the hedge accounting when the hedging instrument expires or is sold, its use is ended, the instrument is realised or when the hedge no longer meets the special conditions that allow its hedge accounting. The method and frequency of assessing the effectiveness of hedging relationships is specified in the documentation of individual hedging relationships.

Derivatives are entered into with major commercial banks in Poland and therefore the risk of the counterparty failing to realise the transaction is considered negligible.

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

2.4.10. Cash and cash equivalents

Cash and cash equivalents are cash at bank and in hand as well as short-term deposits with original maturity within three months maximum. These funds were measured at nominal value, and the bank deposits at their amount due. The book value of these assets corresponds to their fair value.

2.4.11. Short-term prepayments

Short-term prepayments are, in particular, prepaid expenses incurred in relation to future reporting periods and to be settled within 12 months of the reporting date.

2.4.12. Share capital

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

2.4.13. Cost of share issue and treasury shares

External costs directly related to the issue of shares reduce the value of this share premium reserve. Other costs are charged to the profit and loss account at the time when incurred.

When Kredyt Inkaso S.A. or its subsidiaries acquire the Company's equity instruments, the amount paid for them, together with the cost directly related to the purchase, will lower the equity attributable to the Company's shareholders and be presented separately in the balance sheet as 'Treasury (own) shares' until these shares are redeemed or re-issued.

Own shares are recognised as at the transaction settlement date.

2.4.14. Share premium reserve

This form of capital reserve is created from the surplus in the value of the issued shares over their nominal value less the cost of their issue.

External costs directly related to the issue of shares reduce the value of this share premium reserve. Other costs are charged to the profit and loss account at the time when incurred.

2.4.15. Revaluation reserve, equity from financial asset revaluation to fair value through OCI

Revaluation reserve is created due to upward or downward re-measurement at fair values of financial instruments measured at fair value through other comprehensive income. The revaluation reserve also reflects the effect of hedge accounting.

At the time of derecognition of a financial asset, cumulative net gains or losses recognised in the revaluation reserve are moved to profit or loss of the period.

2.4.16. Deferred tax provision

Deferred tax liability was recognised in the amount that will increase the future income tax liability due to the existence of positive temporary differences between the carrying amount of assets and liabilities and their tax value.

The valuation of deferred income tax provision takes into account the income tax rate (19%) that, to the best of the Company's knowledge, will apply in the year in which the provision is realised.

2.4.17. Provisions for employee benefits

Liabilities and provisions for employee benefits recognised in the statement of financial position include the following:

- short-term items for employee salaries (including bonuses) and social security contributions,
- provision for outstanding leaves, and
- other long-term employee benefits, which include retirement pensions.

The value of liabilities for short-term employee benefits is determined without discount and shown in the statement of financial position in the amount of the required payment.

The Company creates a provision for the accumulated cost of payable absences which it will have to incur due to outstanding employee leaves as accrued by the balance sheet date. The provision for unused leaves is a short-term provision, and it is not subject to discount.

According to the labour law, the employees of the Company are entitled to pension benefits payable once only at the time when retiring. The amount of the provision for retirement pensions is estimated once a year by a third-party actuarial agent.

2.4.18. Other provisions for liabilities

Other provisions are recognised when the Company has an obligation resulting from past events and when it is certain or highly probable that the discharge of such obligation will cause outflow of funds (representing economic benefits) and the amount of such obligation can be reliably estimated. The provisions created are included in other operating expenses – finance expenses depending on the circumstances to which the future liability relates.

In particular, the Company creates a provision for overpayments of customers resulting from repayments made by them on account of their debts, in the amount corresponding to the estimated return of such overpayments.

2.4.19. Financial liabilities

A financial liability is recognised in the statement of financial position when the Company becomes a party to a contract for such instrument. Standardized transactions in the purchase and sale of financial assets and liabilities are recognised as at the date of the transaction.

The Company derecognises a financial liability once it is extinguished - namely the obligation specified in a contract has been fulfilled, cancelled or expired.

As at the acquisition date, the Company measures financial liabilities at fair value, i.e. usually based on the amount received. Transaction costs are included by the Company in the initial value of the measurement of all financial liabilities, except for the category of liabilities measured at fair value through profit or loss.

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

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

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

Liabilities under bond issues, borrowings and leases are measured at initial recognition at fair value less transaction costs, and are then measured at amortised cost using the effective interest rate method (at the adjusted purchase price) and divided according to the cash flow time into short- and long-term parts.

The Company classifies derivative instruments other than hedging instruments as financial liabilities measured at fair value through profit or loss. Short-term trade payables are measured at the value of the required payment due to insignificant discount effects. Gains and losses from the valuation of financial liabilities are recognised in the financial result in line *Finance income or finance expenses*.

2.4.20. Other accruals

Accrued expenses are recognised as of the reporting date (if needed) in the amount of probable liabilities in the current reporting period.

2.4.21. Revenue

The net revenue consists of:

- interest income on debt portfolios calculated using the effective interest rate method
- income from the revaluation of debt portfolios,
- income from the debt portfolio management that is the consideration paid under investment portfolio management contracts, recognised according to the accrual method,
- other non-financial revenues, including revenues from the provision of other services,
- public subsidies,
- result on disposal of tangible assets (PP&E), presented as net amount.

Other net revenues also include closely related costs and are presented in line *Other income/expenses*.

2.4.22. Operating expenses

The cost of operating activities are recorded by nature of expense. The operating expenses include:

- depreciation/amortisation,
- consumed supplies and energy,
- third-party services,
- court and enforcement fees,
- taxes and public charges,
- payroll,
- social security and other employee benefits,
- other prime costs.

2.4.23. Finance income

Finance income consists of:

- interest income calculated using the effective interest rate on loans and receivables, debt financial instruments,
- dividends,
- positive exchange differences (net),
- positive change in the measurement of debt financial assets measured at fair value through profit or loss,
- positive result from the sale of shares, bonds and other securities (bills of exchange and cheques),
- income related to hedge accounting, granted or received guarantee, suretyship, collateral instruments, and other contracts of a similar nature.

2.4.24. Finance expenses

Finance expenses consist of the following items:

- interest costs calculated using the effective interest rate on borrowings, financial lease liabilities, debt securities,
- negative exchange differences (net),
- negative change in the measurement of debt financial assets measured at fair value through profit or loss,
- negative result from the sale of shares, bonds and other securities (bills of exchange and cheques),
- costs of preparing a bond programme prospectus,
- costs related to the award of a line-of-credit, overdraft and other financial instruments with undefined repayment schedule, which have not been settled using the effective interest rate,

- costs income related to hedge accounting, granted or received guarantee, suretyship, collateral instruments, and other contracts of a similar nature.

2.4.25. Income tax

The tax burden on the financial result includes current and deferred income tax which has not been recognised in other comprehensive income or directly in equity.

The current tax charge is calculated based the taxable result ('tax base') of the given financial year. The taxable profit (loss) differs from the accounting profit (loss) before taxation due to the temporary shift of taxable revenues and expenses constituting deductible expenses to other periods and the exclusion of expenses and revenues that will never be subject to taxation. Tax charges are calculated based on tax rates applicable in a given year.

The deferred tax was calculated using the balance sheet method as tax to be refunded or paid in the future, based on the differences between the balance sheet values and the taxable assets and liabilities.

2.4.26. Statement of Cash Flows

The Company prepares a cash flow statement using the indirect method. Operating activities disclose cash flows related to the Company's recoveries and servicing of the acquired debt portfolios.

2.5. Standards applied for the first time in the statements

The financial statements incorporate the requirements of all EU-approved standards and related interpretations except for the standards and interpretations listed below, which are either pending EU approval or have been approved by the EU but have entered or will not enter into force until after the balance sheet date. During the period under review, the Company did not take advantage of the possibility of early application of standards and interpretations that have been approved by the EU, but have entered or will enter into force only after the balance sheet date.

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

- IFRS 17 'Insurance Contracts' - first-time Adoption of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 'Presentation of Financial Statements', and 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 Errors"- definition of estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 "Income Taxes" - deferred tax on an asset and liability recognized as a result of a single transaction (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 "Insurance Contracts" - deferral of application and exclusion of certain products (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 "Income Taxes" - international Tax Reform (effective for annual periods beginning on or after 1 January 2023).

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

2.6. New standards and amendments to existing standards already adopted by IASB and approved by EU but pending implementation

As at the date of these financial statements, the following new standards, amendments to existing standards or interpretations have already been issued by the IASB but are not in force yet:

- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of liabilities as current and non-current and Non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 "Leases" - lease liability in sale-leaseback transactions, issued on 22 September 2022 (effective for annual periods beginning on or after 01 January 2024).

The Company has decided not to take advantage of the optional early application of these new standards and amendments to the existing standards. As estimated by the Company, the above standards, changes to the existing standards and interpretations would not have any significant impact on the financial statements if applied by the Company as at the balance sheet date.

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

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 (Amendment) "Financial Instruments: Disclosures" - Additional disclosure requirements (effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" - non-exchangeability (effective for annual periods beginning on or after 1 January 2025).

2.8. Changes in significant accounting policies, data presentation and error adjustments

No previous-period errors have been adjusted and the same accounting policies have been applied in the preparation of these 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 course of the preparation of these separate financial statements, the following presentation changes have been made in order to better reflect the economic essence and improve the usefulness of the presented data:

a) In the profit and loss account, the costs of court and enforcement fees were distinguished among other operating costs,
b) The carrying amount of debt portfolios has been divided into short- and long-term parts (current and non-current assets).

The data presented in the published financial statements for the year ended 31 March 2023 have been made comparable. The Effect of adjustments in data presentation on the comparative data in the balance sheet and the profit and loss account is presented below.

Annual separate financial statements for 12 months ended 31 March 2024 (PLN '000)

	01/04/2022-31/03/2023 original figures	adjustment a)	01/04/2022-31/03/2023 restated figures
Net revenue			
Interest income on debt portfolios calculated using the effective interest rate method	11,622		11,622
Debt portfolios revaluation	13,767		13,767
Other income/expenses	54,398		54,398
Total net income	**79,787**		**79,787**
Salary and employee benefit costs	(35,141)		(35,141)
Depreciation/amortisation	(3,320)		(3,320)
Third-party services	(36,236)		(36,236)
Court and enforcement fees		(4,787)	(4,787)
Other operating expenses	(8,229)	4,787	(3,442)
Total operating expense	**(82,926)**		**(82,926)**
Profit (loss) on operating activities	**(3,139)**		**(3,139)**
Financial income, including:	42,285		42,285
interest on instruments measured at amortised cost	27,316		27,316
Finance cost, including:	(39,568)		(39,568)
interest on instruments measured at amortised cost	(28,167)		(28,167)
Earnings before taxation	**(422)**		**(422)**
Income tax	5,456		5,456
Net profit (loss)	**5,034**		**5,034**

Assets	31/03/2023 original figures	adjustment b)	31/03/2023 restated figures
Intangible assets	2,399		2,399
Tangible assets (PP&E)	10,158		10,158
Investment properties	1,473		1,473
Investments in subsidiaries	74,653		74,653
Purchased debt portfolios		32,251	32,251
Receivables and loans granted	243		243
Derivative financial instruments	31,300		31,300
Other long-term financial assets	-		-
Non-current assets	**120,226**	**32,251**	**152,477**
Trade and other receivables	8,211		8,211
Derivative financial instruments	-		-
Purchased debtor claims	49,503	(32,251)	17,252
Other short-term financial assets	190,388		190,388
Short-term prepayments	861		861
Cash and cash equivalents	9,188		9,188
Current assets	**258,151**	**(32,251)**	**225,900**

Annual separate financial statements for 12 months ended 31 March 2024 (PLN '000)

Assets	31/03/2023 original figures	adjustment b)	31/03/2023 restated figures
Total assets	**378,377**	**-**	**378,377**

3. Operating segments and main business counterparties

The Company operates in one basic segment that involves debt portfolio management on the domestic market. The Management Board makes economic decisions based on, in particular, the consolidated data of the Group, therefore no data on operating segments at the Company's individual level is available.

In addition to the revenues from the Company's debt portfolios, Kredyt Inkaso S.A. achieves revenues from services that are provided primarily to other entities of the Capital Group:

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Other income/expenses, including:	65,035	54,398
Other income/ expenses from Capital Group entities:	63,701	52,802
- income from debt portfolio management*	60,845	51,769
- other income/expenses	2,856	1,033
Share of other income from Capital Group entities in total other income/expenses	**98%**	**97%**

4. Net revenue

4.1. Debt portfolios revaluation

Debt portfolios revaluation	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Review of the forecast	17,754	2,911
Deviations in actual recoveries vs. forecast	7,515	10,747
Extension of expected recovery times	100	109
Total	**25,369**	**13 767**

Debt portfolios revaluation includes the following components:

(1) Review of the recovery forecast:
   (a) updated the future recovery curves, taking into account historical recoveries and recovery plans derived from statistical models;
   (b) for security-backed portfolios - postponed and/or changed the value of forecast proceeds from such secured claims;
(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) Extension of recovery times - the postponement of recovery into the next forecast period in order to keep the standard 15-years horizon of recovery estimation;

The noticeable decrease in the value of deviation between actual and forecast debtor repayments in FY 2023/24 (-30% y/y) resulted from the continued improvement of valuation models and the adaptation of their parameters to observable historical data, and, as far as reasonable, to trends and developments in the macroeconomic environment. The above results in the increasing precision of the portfolio valuation models and was reflected in the positive results of the forecast review (PLN 17.8 million in 2023/2024 vs. PLN 2.9 million in 2022/2023).

Annual separate financial statements for 12 months ended 31 March 2024 (PLN '000)

Regardless of the above, the following unusual macroeconomic factors had a significant impact on the effectiveness and accuracy of valuation models in the reporting periods:

(1) The military conflict in Ukraine – the outbreak of the war in Ukraine caused particular uncertainty regarding its impact on the macroeconomic situation in the countries of Central and Eastern Europe, mainly in Poland. These circumstances naturally translated into above-normal precaution and a more conservative level of valuations performed by the Company in the analysed periods;

(2) The high unpredictability of the macroeconomic environment (inflation, political changes) in Poland (e.g. record PIT returns in early 2023 in Poland which at the same time translated into high debt recoveries).

4.2. Other income/expenses

Other income/expenses	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Income from debt management	61,742	52,722
Property valuation	209	33
Costs of provisions for overpayments	10	21
Other income	3,074	1 622
Total	**65,035**	**54,398**

5. Operating expenses

Costs by nature of expense	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Payroll, social security and other employee benefits	41,907	35,141
Third-party services	41,012	36,236
Court and enforcement fees	4,949	4,787
Depreciation/amortisation	3,573	3,320
Taxes and fees	211	277
Consumed supplies and energy	1 611	1 379
Other prime costs	1,964	1 786
Total	**95,227**	**82,926**

Employment costs rose by 19% year on year, mainly caused by a significant increase in minimum wages in Poland as well as the high inflation stress translating into increased wages in the Company. Because of the expanding scale of the Group business and the significant y/y expansion of acquired debt portfolios of the Company, the number of staff has slightly increased as new resources were necessary to ensure the implementation and day-to-day operating management of acquired debts.

The increase in third-party services by 13% year on year was caused by the costs of advisory services related mainly to the support of the strategic options review process, the preparation of the audit report by a special auditor in the Company as well as tax and legal advisory services. These events were largely one-off only.

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6. Finance income and expense

Finance income	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Interest income on financial assets measured at amortised cost	32 028	27 316
Interest income from derivative hedging instruments	278	6 479
Positive exchange differences	70	-
Other interest	1 798	1 021
Dividends	9,374	4,223
Reversal of revaluation write-down for a subsidiary	-	3,242
Other finance income	17	4
Total	**43,565**	**42,285**

Finance expenses	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Interest cost of financial liabilities	33,522	28,167
Other interest, including	4 861	4 942
on lease liabilities	1 144	694
Ineffective portion of financial risk hedging	-	4 529
Other finance expenses	363	207
Allowance for loans granted	-	1 556
Negative exchange differences	-	167
Total	**38,746**	**39,568**

7. Income tax

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Attributed to the current year	-	-
Attributed to previous years	-	-
Current income tax	**-**	**-**
Attributed to the current year	(1 462)	5,456
Deferred tax transferred from equity to profit or loss	-	-
Deferred income tax	**(1 462)**	**5,456**
Total taxable expense recognised in the current year	**(1 462)**	**5 456**

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Income tax related to other comprehensive income

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Deferred income tax		
Attributed to the current year	(86)	98
Total	**(86)**	**98**

The Company is covered by general income tax regulations. The Company is not a tax group and it does not operate in a Special Economic Zone that would result in different rules for determining the tax charge than those provided for the general legal regulations. The tax year and the balance sheet year lasts from 1 April to 31 March of the following year.

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Earnings before taxation	**9,825**	**(422)**
19% income tax expense	(1,867)	80
Non-taxable income - dividend	1 781	802
Non-taxable income - cost re-invoices	72	185
Non-taxable income - other	1	34
Asset written off/tax credit activated	(886)	4 145
Non-deductible expenses - subject to re-invoicing	(63)	(184)
Non-deductible expenses - other	(488)	(401)
Adjustments for past periods – deferred tax	-	795
Other	(12)	-
Income tax cost recognized in the result from continuing operations	**(1 462)**	**5 456**
Effective tax rate	**15%**	**1,293%**

Deferred income tax assets and liabilities

Deferred tax assets and provisions are presented by their respective balances.

Deferred income tax	31/03/2024	31/03/2023
Opening balance		
Deferred income tax assets	9,374	2,626
Deferred tax provision	(11,037)	(9,843)
Deferred tax sum at the begining of period	**(1,663)**	**(7 217)**
Change during the period affecting:		
Profit and loss account (+/-)	(1 462)	5,456
Other comprehensive income (+/-)	(86)	98
Deferred tax sum at the end of period before offsetting:	**(3,210)**	**(1,663)**
Deferred income tax assets	8 080	9,374
Deferred tax provision	(11,290)	(11,037)

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Deferred tax asset (provision)	31/03/2023	Change in profit and loss account	Change in other comprehensive income	31/03/2024
Tangible assets (PP&E) – right of use	(311)	157	-	(154)
Provisions for employee benefits	540	77	-	617
Investment properties	16	(40)	-	(24)
Borrowings and derivatives	95	87	(86)	96
Other liabilities	1 374	182	-	1 556
Purchased debt portfolios	(6,891)	(1,782)	-	(8,673)
Receivables and loans granted	(3,781)	1 413	-	(2,368)
Other provisions	68	(54)	-	15
Other assets	110	(32)	-	78
Outstanding tax losses/credits	7 117	(1,470)	-	5 647
Total	**(1,663)**	**(1,462)**	**(86)**	**(3,210)**

According to the Polish tax regulations in force since 1 January 2019, a tax loss for the financial year may be settled against the same source of income:

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

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

According to the Polish tax regulations which had been effective until 1 January 2019, a tax loss for the financial year may be settled against the same source of income over 5 consecutive tax years, but not more than 50% of the loss in any year. This rule applies to tax losses incurred by the Issuer until 31 March 2019.

In previous years, the Company also incurred debt financing costs and expenses for intangible services that were excluded from deductible expenses pursuant to Article 15c and Article 15e of the Corporate Income Tax Act. The cost of debt financing and the cost of intangible services excluded from deductible expenses in a given tax year may be included in the tax costs in one of the following five tax years up to the limits set by the tax regulations.

The below table lists the Company's tax losses and the costs of debt financing and intangible services from which no tax loss assets have been created, as well as the periods over which the tax losses can be settled.

Date of tax loss	Settlement deadline	31/03/2024	31/03/2023
31.03.2019	31.03.2024	-	65
31.03.2020	31.03.2025	2,767	2,397
31.03.2021	31.03.2026	7,846	11,022
31.03.2022	31.03.2027	-	2,983
31.03.2023	31.03.2028	-	-
31.03.2024	31.03.2029	-	-
Unrecovered tax losses		**10,613**	**16,467**
Potential tax credit		**2,017**	**3,129**

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Date of tax credit	Settlement deadline	31/03/2024	31/03/2023
31.03.2021	31.03.2026	364	364
31.03.2022	31.03.2027	19,302	20,076
31.03.2023	31.03.2028	2 829	-
31.03.2024	31.03.2029	-	-
Non-activated tax credits		**22,494**	**20,440**
Potential tax credit		**4,274**	**3,884**

Goods and service tax, corporate income tax, personal income tax, real estate tax, social insurance regulations are subject to changes and therefore there is often lack of reference to stable regulations or legal precedence. Current regulations also contain unclear provisions resulting in different legal interpretation of tax regulations between state authorities themselves as well as between state authorities and businesses.

Tax settlements and others (i.e. customs duties or foreign currency settlements) may be inspected by state agencies authorised to charge significant penalties, and additional amounts liabilities determined during an inspection must be paid with interest. These factors cause the tax risk in Poland and the Group's other operating countries to be higher than in countries with a more developed tax system. Consequently the amounts presented and disclosed in the financial statements may change in the future as a result as a final decision of the tax inspection office.

The Polish Tax Regulation contains the so-called general anti-avoidance rule (GAAR). GAAR is supposed to prevent the creation and use of artificial organisations made up specifically to avoid paying taxes in Poland. GAAR defines tax avoidance as an action taken primarily to obtain tax benefits in a specific circumstances contrary to the object and purpose of the tax law regulations. In accordance to GAAR such action would not result in tax benefits if its mode of operation is artificial. Any (i) unjustified splitting of operations, (ii) involvement of intermediaries despite the lack of economic or business rationale, (iii) presence of elements mutually offsetting or compensating, and (iv) other actions of similar effect to the above may be treated as an indication of the existence of artificial actions covered by the GAAR regulations. These regulations require much more cautious evaluation of the tax consequences of individual transactions. Similar regulations exist in the legal systems of other countries in which the Group operates.

GAAR needs to be used in the case of transactions made after it enters in force as well as the transactions already completed before the GAAR clause entered in force and which provided or still provide benefits after the clause entered in force. These regulations allow the Polish and foreign tax inspection authorities to question legal arrangements and understandings already implemented by the taxpayers such as group restructuring and reorganisation.

The Company recognises and measures current and deferred income tax assets or liabilities in accordance with IAS 12 'Income Tax' based on the tax profit (tax loss), tax base, unsettled tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainties related to tax treatment. When it is uncertain whether and to what extent the tax authority will accept individual tax settlements of transactions, the Group recognises these settlements taking into account the uncertainty assessment.

Tax settlements may be subject to inspection for a period of five years in Poland.

In connection with the Group's operations carried out not only in Poland, but also in the other countries mentioned above, the regulations of the corporate income tax act related to the taxation of income obtained through controlled foreign companies (CFC) may also apply to the Company. If a Polish taxable person holds shares in a CFC, it is subject to certain obligations to notify authorities, assess and pay tax. In the case of the Group, the Russian subsidiary (Limited Liability Company "Professional Collection Organisation" Kredyt Inkaso RUS) should be recognised as such CFC. Upon application of the Company, on 22 August 2023 an individual tax ruling was issued confirming the Company's position that the first income tax return of this CFC (the Russian company) should be submitted by 30 September 2024.

The last decade has been characterized by attempts to reform tax regulations and change the rules of taxation of international corporates. A flagship example of this trend is the BEPS Action Plan (Base Erosion and Profit Shifting) published in 2013 by OECD. Currently, many initiatives are underway at the level of OECD member states or the European Commission, which are also aimed at changing the rules of taxation at the international level. These initiatives are at different stages of development and the most important ones include the Global Minimum Tax – Pillar II (BEPS 2.0), which Member States were obliged to implement by 31 December 2023, and the draft Directive on the abuse of shell entities for tax purposes (so-called ATAD3), which could potentially take effect in Member States from 1 January 2025. The Group does not exclude that changes in the provisions of the above nature may have an impact on its tax settlements in the future.

The Group has conducted tax reviews in recent quarters in selected countries of its operations, with result available to the Company prior to the Approval Date. The tax reviews identified areas of uncertainty in the tax treatment of selected income items of the Company or in liabilities for taxes other than income tax. Having analysed the tax review report, available tax opinions of tax consulting firms, the current tax regulations and interpretation, and the market's best practices, the Company has concluded that it is likely that tax authorities would acknowledge the cases in which there has been the uncertainty as to their tax treatment (save for the situation described below).

Adjustments for corporate income tax

In the Corporate Income Tax Act of 15 February 1992 (Polish Official Journal: Dz.U. 2021, item 1800, as amended – 'CIT Act'), the 'capital gain' source of income has been distinguished as at the start of 2018 and the income obtained from this source was separated from other income of taxable persons. Thus, starting in 2018, taxable persons need to report two separate sources of income, i.e.

- revenue from capital gains (Article 7b (1) of the CIT Act), and
- revenue from other sources (Article 7.1 of the CIT Act).

According to Article 7b (2) of the CIT Act, due to the specific nature of activities of certain entities, they will be exempt from the obligation to report separate 'capital gains' income - with the exception of two categories of revenue that are referred to in Article 7b.1.1(a) and (f). This exemption is dedicated to a closed catalogue of entities under Article 7b.2 of the CIT Act. The exemption referred to in that clause applies to, among others, 'financial institutions within the meaning of Article 4.1.7 of the Banking Law of 29 August 1997'.

Considering such characteristics of its activity, the Company argued (supported by appropriate opinions of professional tax advisors) that the activities performed by it allow its classification as 'financial institution; within the meaning of Article 7b.2 of the CIT Act. Therefore, the Company benefited from the statutory exception permitting it to not separate the two sources of income (save for income from dividends as well as profit allocated to share capital as the exception does not apply to them).

Consequently, in 01.04.2018-31.03.2023, the Company submitted CIT-8 tax forms allocating all revenues and expenses to the 'from other sources' income line (with the exception of dividends and profits allocated to the share capital).

As part of the these regulatory tax reviews, the Company identified the need to verify whether the exception from the obligation to separate two types of sources of revenue had been applied correctly.

The Company determined that there were doubts as to the accuracy such classification in the Company. Subsequently, it was decided to discontinue the exception that is provided in Article 7b of the CIT Act and to apply a more prudent approach (i.e. to implement the principle of separating these two sources of revenue – based on the general principles provided for in the CIT Act).

Therefore, in June 2024, the Company submitted adjusted CIT-8 tax form for tax years 1.04.2018-31.03.2019 to 1.04.2022-31.03.2023 (which did not result in tax arrears in any of tax years still before the statute of limitations) and also applied the changed approach in the CIT-8 tax form covering 1.04.2023-31.03.2024.

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8. Intangible assets and tangible assets (PP&E)

8.1. Intangible assets

	Patents and licences	Computer software	Cost of development work	Expenditure on intangible assets	Total
As at 31.03.2024					
Gross carrying amount	1,661	1,325	3,696	94	6,776
Accumulated amortisation and impairment losses	(1,530)	(1,325)	(2,648)	-	(5,503)
Net carrying amount	**131**	**-**	**1,048**	**94**	**1,273**
As at 31.03.2023					
Gross carrying amount	1,592	1,325	3,635	-	6,552
Accumulated amortisation and impairment losses	(1,011)	(1,325)	(1,817)	-	(4,153)
Net carrying amount	**581**	**-**	**1,818**	**-**	**2,399**

	Patents and licences	Computer software	Cost of development work	Expenditure on intangible assets	Total
As at 01.04.2023	**581**	**-**	**1,818**	**-**	**2,399**
Increases (acquisition, production, leases)	-	-	-	224	224
Receipt of intangible assets	69	-	61	(130)	-
Amortisation (-)	(519)	-	(831)	-	(1,350)
As at 31.03.2024	**131**	**-**	**1,048**	**94**	**1,273**

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	Patents and licences	Computer software	Cost of development work	Expenditure on intangible assets	Total
As at 01.04.2022	**1,019**	**-**	**2,302**	**-**	**3,321**
Increases (acquisition, production, leases)	-	-	-	337	337
Receipt of intangible assets	68	-	269	(337)	-
Amortisation (-)	(506)	-	(753)	-	(1,259)
As at 31.03.2023	**581**	**-**	**1,818**	**-**	**2,399**

8.2. Tangible assets (PP&E)

	Buildings and structures	Plant and machinery	Vehicles	Other PP&E assets	Work-in-progress items	Total
As at 31.03.2024						
Gross carrying amount	11,465	-	1,545	4,871	40	17,921
Accumulated amortisation and impairment losses	(3,776)	-	(600)	(4,504)	-	(8,880)
Net carrying amount	**7,689**	**-**	**945**	**367**	**40**	**9,041**
As at 31.03.2023						
Gross carrying amount	11,273	2,998	1,413	1,606	107	17,397
Accumulated amortisation and impairment losses	(2,434)	(2,998)	(295)	(1,512)	-	(7,239)
Net carrying amount	**8,839**	**-**	**1,118**	**94**	**107**	**10,158**

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Including right of use assets.

	Buildings and structures	Plant and machinery	Vehicles	Other PP&E assets	Work-in-progress items	Total
As at 31.03.2024						
Gross carrying amount	10,120	-	1,545	-	-	11,665
Accumulated amortisation and impairment losses	(2,431)	-	(600)	-	-	(3,031)
Net carrying amount	**7,689**	**-**	**945**	**-**	**-**	**8,634**
As at 31.03.2023						
Gross carrying amount	9,810	-	1,348	-	-	11,158
Accumulated amortisation and impairment losses	(971)	-	(295)	-	-	(1,266)
Net carrying amount	**8,839**	**-**	**1,053**	**-**	**-**	**9,892**

Changes in tangible assets (PP&E) by type

	Buildings and structures	Plant and machinery	Vehicles	Other PP&E assets	Work-in-progress items	Total
As at 01.04.2023	**8,839**	**-**	**1,118**	**94**	**107**	**10,158**
Increases (acquisition, production, leases)	621	-	288	350	(67)	1,192
Reductions (divestment, liquidation) (-)	-	-	(86)	-	-	(86)
Amortisation (-)	(1,771)	-	(375)	(77)	-	(2,223)
As at 31.03.2024	**7,689**	**-**	**945**	**367**	**40**	**9,041**

Including right of use assets.

	Buildings and structures	Plant and machinery	Vehicles	Other PP&E assets	Work-in-progress items	Total
As at 01.04.2023	**8,839**	**-**	**1,053**	**-**	**-**	**9,892**
Increase	621	-	288			909
Decrease (-)	-	-	(21)			(21)
Amortisation (-)	(1,771)	-	(375)			(2,146)
As at 31.03.2024	**7,689**	**-**	**945**	**-**	**-**	**8,634**

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Changes in tangible assets (PP&E) by type in the comparative period

	Buildings and structures	Plant and machinery	Vehicles	Other PP&E assets	Work-in-progress items	Total
As at 01.04.2022	**4,094**	**-**	**680**	**69**	**-**	**4,843**
Increases (acquisition, production, leases)	6,693	-	1,005	58	107	7,863
Reductions (divestment, liquidation) (-)	(321)	-	(153)	(13)	-	(487)
Amortisation (-)	(1,627)	-	(414)	(20)	-	(2,061)
As at 31.03.2023	**8,839**	**-**	**1,118**	**94**	**107**	**10,158**

Including right of use assets.

	Buildings and structures	Plant and machinery	Vehicles	Other PP&E assets	Work-in-progress items	Total
As at 01.04.2022	**4,082**	**-**	**542**	**-**	**-**	**4,624**
Increase	6,693	-	966	-	-	7,659
Decrease (-)	(321)	-	(41)	-	-	(362)
Amortisation (-)	(1,615)	-	(414)	-	-	(2,029)
As at 31.03.2023	**8,839**	**-**	**1,053**	**-**	**-**	**9,892**

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9. Investment properties

	31/03/2024	31/03/2023
Opening balance	**1,473**	**1,440**
Increase due to purchase of properties*	333	-
Decrease due to sale of properties	-	-
Revaluation	209	33
Closing balance	**2,015**	**1,473**

All investment properties of the Company are its ownership title. In the period covered by the financial statements, the Company did not move the value of investment properties between the respective measurement levels.

	Level 3	Fair value
Investment properties as at 31.03.2024	2,015	2,015
Investment properties as at 31.03.2023	1,473	1,473

10. Investments in subsidiaries

Investments in subsidiaries as at the balance sheet date.

Name of subsidiary	Seat	Shareholding	Purchase price	Cumulative impairment	Carrying value
Kredyt Inkaso I NFIZW*	Warsaw, Poland	0.96%	124	-	124
FINSANO Spółka Akcyjna	Warsaw, Poland	100.00%	25,444	-	25,444
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100.00%	42,400	-	42,400
Kredyt Inkaso d.o.o.	Croatia, Zagreb	100.00%	577	577	-
Kredyt Inkaso Investments RO S.A.**	Bucharest, Romania	97.53%	38,883	-	38,883
Kredyt Inkaso Investments BG EAD	Sofia, Bulgaria	100.00%	3,443	-	3,443
Total			**110,871**	**577**	**110,294**

(*) In addition to the direct investment made by the Company, Kredyt Inkaso I NFIZW investment certificates are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme
(*) In addition to the direct investment made by the Company, shares of Kredyt Inkaso Investments RO S.A. are also held by Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme

On 1 March 2024, the Extraordinary General Meeting of Kredyt Inkaso Investments RO S.A. summoned and adopted a resolution to increase the share capital of this Romanian company by 4,100,000 shares, par value RON 10.00. The Company took over the newly issued shares entirely by paying for them in cash and increasing its interest in the share capital of Kredyt Inkaso Investments RO S.A. from 75% to 97.53%. As a result of this acquisition of the new shares, the value of investment in the Romanian company increased by PLN 35,641 thousand to PLN 38,883 thousand.

As at the balance sheet date, the Company did not identify any indicators of impairment in the investments in subsidiaries, except for the investment in Kredyt Inkaso d.o.o. (Croatia) for which there has been 100% revaluation adjustment.

Investments in subsidiaries as at 31 March 2023:

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Name of subsidiary	Seat	Shareholding	Purchase price	Cumulative impairment	Carrying value
Kredyt Inkaso I NSFIZ*	Warsaw, Poland	0.96%	124	-	124
FINSANO Spółka Akcyjna	Warsaw, Poland	100.00%	25,444	-	25,444
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100.00%	42,400	-	42,400
Kredyt Inkaso d.o.o.	Croatia, Zagreb	100.00%	577	577	-
Kredyt Inkaso Investments RO S.A.**	Bucharest, Romania	75.00%	3,242	-	3,242
Kredyt Inkaso Investments BG EAD	Sofia, Bulgaria	100.00%	3,443	-	3,443
Total			**75,230**	**577**	**74,653**

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

11. Receivables and loans granted

	31/03/2024	31/03/2023
Non-current assets		
Receivables	38	243
Loans	36 865	-
Total	**36,903**	**243**
Current assets		
Trade and other receivables	10,159	8,211
Loans	1 556	-
Total	**11,715**	**8,211**

As at the balance sheet date, allowances include receivables and loans granted, and consist of the following:

- PLN 41 thousand allowance for doubtful trade receivables (PLN 42 thousand on 31 March 2023),
- PLN 3,514 thousand allowance for loans granted (PLN 3,514 thousand on 31 March 2023).

In the above table, those allowances are shown net.

On 27 March 2023, the Company opened a PLN 30 million line of loans for Kredyt Inkaso Investments RO S.A., later increased to RON 60 million on 15 December 2023. The borrower will be able to use this line of loans for three years its commitment. The line is revolving and may be used at the request of the borrower and with the consent of the lender. The interest rate is floating at 8% margin and ROBOR 6M. The maturity date of this facility is 15 December 2026. As at the balance sheet date, the borrower consumed RON 42.6 million.

Loans granted as at the balance sheet date.

Borrower	Interest rate	Date granted	Maturity	Face value	Long-term	Short-term
Kredyt Inkaso d.o.o.	Floating per annum	2017-06-21	2024-06-21	1,623	0	1,719
Kredyt Inkaso d.o.o.	Floating per annum	2018-06-25	2024-06-25	1,697	0	1,795
Kredyt Inkaso Investments RO S.A.	Floating per annum	2023-05-22	2026-12-15	8,912	8,912	702
Kredyt Inkaso Investments RO S.A.	Floating per annum	2023-06-06	2026-12-15	1,996	1,996	88
Kredyt Inkaso Investments RO S.A.	Floating per annum	2023-09-06	2026-12-15	7,984	7,984	48

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Borrower	Interest rate	Date granted	Maturity	Face value	Long-term	Short-term
Kredyt Inkaso Investments RO S.A.	Floating per annum	2023-12-07	2026-12-15	4,990	4,990	217
Kredyt Inkaso Investments RO S.A.	Floating per annum	2023-12-22	2026-12-15	12,983	12,983	501
Total				**40,185**	**36,865**	**5,070**

On 31 March 2024, the entity has decided to continue the PLN 3,514 thousand allowance for loans granted to subsidiary Kredyt Inkaso d.o.o. The table above presents it gross.

Loans granted as at the previous balance sheet date:

Borrower	Interest rate	Date granted	Maturity	Face value	Long-term	Short-term
Kredyt Inkaso d.o.o.	Floating per annum	2017-06-21	2024-06-21	1,572	1,572	147
Kredyt Inkaso d.o.o.	Floating per annum	2018-06-25	2024-06-25	1,642	1,642	153
Total				**3,214**	**3,214**	**300**

On 31 March 2023, the entity created a PLN 3,514 thousand allowance for loans granted to subsidiary Kredyt Inkaso d.o.o. The table above presents it gross.

12. Trade and other receivables

	31/03/2024	31/03/2023
Trade and other receivables	10,200	8,253
Allowance	(41)	(42)
Trade and other receivables	**10,159**	**8,211**

13. Other financial assets

In Other financial assets, the Company presents the following investments:

	31/03/2024		31/03/2023	
	Short-term assets	Long-term assets	Short-term assets	Long-term assets
Debt instruments	42 205	171,000	190 153	31,300
Shares	-	-	235	-
Total	**42 205**	**171,000**	**190 388**	**31,300**

The Company classified the investment in AIF Management Services S.A. as 'Shares'. On 8 March 2024, an option to purchase these shares for EUR 55 thousand was exercised. The price was paid on 23 May 2024 in an amount equivalent to PLN 234,000. The debt instruments are bonds issued by subsidiary Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.

Debt instruments at the balance sheet date:

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Series	Interest rate	Issue date	Maturity	Face value	Long-term	Short-term
Series U	floating, paid every 6 months	2014-06-13	2026-06-13	71,000	71,000	2,787
Series H01	floating, paid every 6 months	2017-05-26	2026-05-26	100,000	100,000	4,549
Series J01 *	floating; paid every 12 months	2019-06-14	2024-06-14	31,300	-	34,868
Total				**202,300**	**171,000**	**42,205**

(*) After the balance sheet date, series J01 bonds with a face value PLN 11,200 thousand were redeemed and an annex was signed changing the redemption date of this series to 13 December 2024

Debt instruments at the previous balance sheet date:

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

14. Purchased debtor claims

Types of debt portfolios	31/03/2024	31/03/2023
Retail	27,463	25,661
Telecom	24,150	21,373
Consumer loans	2,488	2,469
Total	**54,101**	**49,503**

Change in debt portfolios	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Opening balance	**49,503**	**58,765**
Purchased debt portfolios	-	-
Sold debt portfolios	-	-
Revaluation	25,369	13,767
Repayments from debtors	(30,600)	(34 651)
Interest income on debt portfolios	9,829	11,622
Closing balance	**54,101**	**49,503**

Nominal value of estimated remaining collections (ERC) by discount rate ranges:	31/03/2024	31/03/2023
below 25%	61,879	55,762
25% - 50%	18 344	17,732
above 50%	19 256	16,954
Total	**99,479**	**90,448**

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15. Short-term prepayments

	31/03/2024	31/03/2023
Insurance	494	352
Settlement of the cost of public bond issue	605	371
Other	501	138
Total	**1,600**	**861**

16. Equity

16.1. Share capital

	31/03/2024	31/03/2023
Number of shares	12,897,364	12,897,364
Nominal value of shares (in PLN)	1.00	1.00
Share capital (in PLN)	**12,897,364**	**12,897,364**

All shares are ordinary shares, with no preference and no limitation on share rights.

16.2. Statutory capital reserve

	31/03/2024	31/03/2023
Statutory reserve from profit	12,020	6,986
Share premium reserve	56,056	56,056
Total	**68,076**	**63,042**

16.3. Shareholding structure of Kredyt Inkaso S.A.

As at the balance sheet date (31 March 2024) and the date of approval of these financial statements, the Company's shareholder structure is as follows:

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

16.4. Summary of shareholdings or share interests of management and supervisory personnel

As at the balance sheet date (31 March 2024) and the Approval Date, none of the members of the Management Board or the Supervisory Board of the Company held any shares of the Company or any other interest entitling to them.

16.5. Profit sharing

On 21 September 2023, the Company's Ordinary General Meeting of Shareholders was held, at which a resolution was adopted to allocate the profit for 2022/2023 in the amount of PLN 5,034 thousand in full to the Company's statutory reserve.

	31/03/2024	31/03/2023
Net profit (loss) of the current period	8,363	5,034
Profit/ (loss) brought forward	(4,294)	(4,294)
Total	**4,069**	**740**

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

No new series of shares were issued during the period covered by this report.

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

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

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Weighted average number of common shares (in thousands)	12,897	12,897
Impact of treasury shares	-	-
Weighted average number of common shares (in thousands)	12,897	12,897
Continuing operations		
Net profit (loss)	8,363	5,034
Basic earnings (loss) per share (PLN)	0.65	0.39
Diluted earnings (loss) per share (PLN)	0.65	0.39

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

There were no instruments diluting earnings per share in the Company in the current and comparative reporting period.

16.7. Dividends paid and the dividend policy

The Company has not paid dividends in the last five years. According to the Articles of Association and the Commercial Companies Code, the decision regarding dividend payments is reserved for the General Meeting.

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17. Capital management

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

The most important ratio that the Company uses to monitor equity and debt levels is the ratio of net financial debt/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. For the purpose of calculating covenants on certain series of bonds issued by the Company, the negative valuation of derivatives is also included in the value of financial debt.

The calculation of net financial debt and the ratio (simplified) of net financial debt to equity (non-consolidated for illustrative purposes only) is detailed below.

	31/03/2024	31/03/2023
Borrowings and other debt instruments	365,742	274,514
Leases	8,964	10,176
minus: cash and cash equivalents	(39,651)	(9,188)
Net financial debt	**335,055**	**275,502**
Equity	**85,407**	**76,679**
Net financial debt/equity ratio	**3.92**	**3.59**

18. Borrowings and other debt instruments

	31/03/2024		31/03/2023	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Debt securities	32,202	295,822	35,820	202,044
Intra-group cashpooling	37,708	-	36,637	-
Credit card liabilities	10	-	13	-
Total	**69,920**	**295,822**	**72,470**	**202,044**

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 thousand. The line of credit is made available for one year ending on 31 December and such annual period is then automatically extended for another period of one year, unless the bank or the borrower submits a termination notice on at least 35 days before the expiry date. The maximum date to which the end date of the availability of funds for use under the credit limit may be extended is the expiration date of the credit agreement, set at 31 December 2033. The interest rate on the overdraft is variable, and its components are a margin of 1.5% plus the WIBOR 1M prime rate. The interest rate on the line of guarantees is 2.4% per annum and is calculated on the amounts under the currently issued guarantees. The credit facility is uncommitted and the bank has no obligations under the loan agreement, and the utilisation of such credit facilities requires the bank's prior approval. The credit facility liabilities are secured by a corporate guarantee provided to the bank by a subsidiary of Kredyt Inkaso Investments BG EAD.

Bonds issued as at the end of the current reporting period:

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Bond series	Interest rate	Start date	Maturity date	Face value	Short-term	Long-term	Carrying value
H1	Fixed 6%	2021-10-22	2025-10-19	3,667	123	3,487	3,610
J1	WIBOR 3M+4.9%	2022-03-28	2029-03-28	36,237	5,749	29,922	35,670
K1	WIBOR 6M+4.9%*	2022-03-28	2029-03-28	85,834	17,535	67,066	84,601
I1	WIBOR 3M+4.9%	2022-04-19	2025-10-23	17,010	260	16,287	16,547
L1	WIBOR 3M+4.7%	2022-08-05	2026-07-27	15,679	503	14,920	15,423
M1	WIBOR M+5.5%	2023-04-14	2027-04-14	15,000	476	14,440	14,916
N1	WIBOR 3M+5.5%	2023-07-13	2027-07-13	18,000	586	17,257	17,843
O1	WIBOR 6M+5.5%	2023-10-04	2027-10-04	37,741	2,332	35,813	38,145
P1	WIBOR 3M+5.5%	2023-12-05	2027-11-28	15,000	286	14,304	14,590
R1	WIBOR 3M+5.5%	2024-02-07	2028-02-07	20,000	528	19,027	19,556
S1	EURIBOR 3M+5.2%	2024-03-27	2028-03-27	21,504	220	20,512	20,732
AD	WIBOR 6M+4.9%	2018-10-22	2025-10-22	2,500	115	2,500	2,615
AJ	WIBOR 12M+4.9%	2020-05-29	2025-05-29	30,286	3,019	30,286	33,305
AK	WIBOR 6M +4.9%	2022-04-20	2025-04-20	10,000	471	10,000	10,471
Total				**328,458**	**32,202**	**295,822**	**328,024**

(*) first interest period WIBOR 6M+5.3%, subsequent WIBOR 6M+4.9%
(**) bonds issued in EUR, converted into PLN at the balance sheet rate

Key dates related to the issued bonds, including events after the balance sheet date

Date	
14 April 2023	Issue of series M1 bearer bonds, total face value PLN 15,000 thousand
28 June 2023	The Company party repaid the face value of series J1 bonds (PLN 2,787 thousand) in line with the timetable specified in WEO
13 July 2023	Issue of series N1 bearer bonds, total face value PLN 18,000 thousand
28 September 2023	The Company party repaid the face value of series J1 bonds (PLN 2,787 thousand) in line with the timetable specified in WEO
28 September 2023	The Company party repaid the face value of series K1 bonds (PLN 8,583 thousand) in line with the timetable specified in WEO
4 October 2023	Issue of series O1 bearer bonds, total face value PLN 37,741 thousand
5 December 2023	Issue of series P1 bearer bonds, total face value PLN 15,000 thousand
27 December 2023	The Company made early repayment of AD bonds, nominal value PLN 2,500,000
27 December 2023	The Company made early repayment of AF bonds, nominal value PLN 7,800,000
27 December 2023	The Company made early repayment of AI bonds, nominal value PLN 700,000
28 December 2023	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO
7 February 2024	Issue of series R1 bearer bonds, total face value PLN 20,000 thousand
27 March 2024	Issue of series S1 bearer bonds, total face value EUR 4,999.9 thousand
28 March 2024	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO
28 March 2024	The Company party repaid the face value of series K1 bonds (PLN 8,583 thousand) in line with the timetable specified in WEO
28 June 2024	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO

On 16 February 2023, the Polish Financial Supervision Authority (KNF) approved the base prospectus for the bonds issue programme up to PLN 100 million. The prospectus expired on 15 February 2024.

During the current financial year, the Company carried out the following bond issues:

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- On 14 April 2023, series M1 bonds, total face value PLN 15 million, were registered in the Polish Central Securities Depository (KDPW). As such, they were admitted to trading on the Warsaw Stock Exchange regulated market on 14 April 2023.
- On 13 July 2023, series N1 bonds,. total face value PLN 18 million, were registered in the Polish Central Securities Depository (KDPW). As such, they were admitted to trading on the Warsaw Stock Exchange regulated market on 13 July 2023.
- On 4 October 2023, series O1 bonds, total face value PLN 37,741 thousand, were registered in the Polish Central Securities Depository (KDPW). On 10 October 2023, the bonds were admitted to trading on the Warsaw Stock Exchange's alternative bonds trading market called Catalyst.
- On 5 December 2023, series P1 bonds, total face value PLN 15 million, were registered in the Polish Central Securities Depository (KDPW). As such, they were admitted to trading on the Warsaw Stock Exchange regulated market on 5 December 2023.
- On 7 February 2024, series R1 bonds, total face value PLN 20 million, were registered in the Polish Central Securities Depository (KDPW). As such, they were admitted to trading on the Warsaw Stock Exchange regulated market on 7 February 2024.
- On 27 March 2024, series S1 bonds, total face value PLN 4,999.9 thousand, were registered in the Polish Central Securities Depository (KDPW).On 27 March 2024, these bonds were admitted to trading on the Warsaw Stock Exchange's alternative bonds trading market.

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

Figures as at the end of the previous reporting period.

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

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

19. Other short-term provisions

	31/03/2024	31/03/2023
Provision for employee benefits	4,995	4,259
Customer overpayments	70	80
Total	**5,065**	**4,339**

	Provision for employee benefits	Customer overpayments	Total
As at 01.04.2023	**4,259**	**80**	**4,339**
Increase in provisions recognised as an expense in the period	4,361	-	4,361

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	Provision for employee benefits	Customer overpayments	Total
Consumed provisions (-)	(2,220)	-	(2,220)
Reversed provisions (-)	(1,405)	(10)	(1,415)
As at 31.03.2024	**4,995**	**70**	**5,065**

	Provision for employee benefits	Customer overpayments	Total
As at 01.04.2022	**5,794**	**101**	**5,895**
Increase in provisions recognised as an expense in the period	2,180	-	2,180
Consumed provisions (-)	(2,342)	-	(2,342)
Reversed provisions (-)	(1,373)	(21)	(1,394)
As at 31.03.2023	**4,259**	**80**	**4,339**

20. Short-term accruals

	31/03/2024	31/03/2023
Operating expenses	6,904	5,461
Other	304	305
Total	**7,208**	**5,766**

The provision for operating expenses in the current financial year includes, in particular, provisions for advisory services, including those related to the review of strategic options, made during the year and not yet invoiced, provisions for financial statement auditing and IT services.

21. Trade and other payables

	31/03/2024	31/03/2023
Trade payables	2,406	2,960
Other liabilities	2,257	2,280
Total short-term liabilities	**4,663**	**5,240**

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

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22. Lease liabilities

	31/03/2024		31/03/2023	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Lease liabilities	2,636	6,328	1,654	8,522
Total	**2,636**	**6,328**	**1,654**	**8,522**

	Present value of minimum lease fees		Undiscounted value of minimum lease fees	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
Up to 1 year	2,636	1,654	2,811	2,643
1 to 5 years	6,212	7,255	8,501	8,818
over 5 years	116	1,267	201	1,365
Total	**8,964**	**10,176**	**11,513**	**12,826**

23. Financial risk management

The overriding objective of risk management in the Company is to minimise the likelihood of occurrence and/or to reduce the negative effects of the occurrence in relation to all types of risks related to the conducted activity. The Company manages risk by identifying, measuring, assessing, controlling, forecasting and monitoring risk, reporting and remedial actions. The Company constantly monitors and manages financial risk in order to minimise the risk of incidents that may have a negative impact on the activity of its organisation. The Company manages the following risks:

- Credit risk
- Liquidity risk
- Market risk: interest rate risk
- Market risk: currency risk
- Market risk: price change risk

23.1. Credit risk

The Company's activity involves taking credit risk from sellers of debtor claims (original creditors of the debtors). The Company is also exposed to the risk of insolvency of service recipients and bond issuers. The Management Board constantly monitors the status of business counterparties and, if necessary, takes measures to protect the Company against loss of assets or to minimise losses.

The Company manages credit risk primarily at the stage of purchasing debt portfolios through their appropriate valuation and selection of portfolio components and characteristics. The value of the receivables portfolio shown in the balance sheet takes into account their credit risk. On a systematic basis, on the last day of each reporting period, the Company verifies the valuation of purchased debtor claims based on revenue forecasts that use historical data (current value of future cash flows). For debts of bankrupt, liquidated or other entities from which the Company does not expect to obtain positive cash flows, a zero value of receivables is assumed.

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The value range of receivable claims is diverse among debtors, however the Company's portfolio features individual cases that have a very unusual value. The diversification receivable claims into a large number of separate items allows expecting that the actual revenue will not deviate significantly from the expected one.

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

Credit risk in relation to purchased debtor claims is relatively high but the Company has experience and developed analytical methods enabling the estimation of such risk. As at the date of acquisition of a debt portfolio, the Company assesses the credit risk associated with it. The risk is reflected in the offered purchase price for the portfolio.

Due to the fact that purchased debt portfolios are valued at amortised cost, the credit risk related to the purchased portfolios is reflected in their valuation at the end of each reporting period.

At each valuation date, the Company assesses credit risk based on historical data on proceeds from a given portfolio as well as similar portfolios. When assessing credit risk, the following parameters are also taken into account, among others (but not limited to):

- debtor claim parameters: current balance, amount of principal, principal-to-debt ratio, loan value received or their aggregate amount, type of product, defaults (DPD), contract period, time since date of contract, established security collateral (yes/no, type, amount),
- debtor parameters: age, legal status (individual, sole proprietor, legal entity), income earned, place of residence, solvency, contract/invoice repayments to date, time since the last repayment, geographic region, event of death or bankruptcy, employment,
- historical payment behaviour of the debtor: amounts and frequency of repayments made, types and intensity of actions taken towards the debtor by the original creditor before the debtor claim has been acquired.

Changes in the credit risk assessment affect the expected cash flows, which are the basis for the valuation of purchased debt portfolios. The Company forecasts future cash flows from debt portfolios over a period of 180 months.

The Company minimizes risk by very cautiously measuring debt portfolios before their purchase, taking into account the possibility of investment recovery from debtor claims and the estimated costs necessary to incur during the recovery process. The market value of the debt portfolio and the maximum sale price are determined based on a complex statistical and economic analysis. In order to minimize the risk associated with the purchased debt portfolios, comparative analyses of the quality of the debt portfolio with other portfolios with similar debtor characteristics from the same industry are carried out, and the valuation is based on the analysis of the effectiveness of debt recovery activities in relation to similar debtor claims. The method for estimating proceeds is based on a statistical model developed using own data and benchmarks corresponding to the data being measured. The maximum price is determined based on the expected investment performance indicators (usually internal rate of return, payback period, nominal return).

The below table presents the credit risk exposure of the Company:

	31/03/2024	31/03/2023
Investments in subsidiaries	110,294	74,653
Loans	38,421	-
Purchased debt portfolios	54,101	49,503
Derivative financial instruments	461	-
Purchased bonds	213,205	221,453
Trade receivables and other financial receivables	10,197	8,454
Cash and cash equivalents	39,651	9,188
Total credit risk exposure	**466,330**	**363,251**

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Age structure of receivables from granted loans, trade items and other receivables as at the balance sheet date.

	Total	Current	1 – 30 days	31 – 60 days	61 – 90 days	91 – 180 days	181 – 365 days	over 365 days
Loans	**38,421**	38,421	-	-	-	-	-	-
Purchased bonds	**213,205**	213,205	-	-	-	-	-	-
Trade receivables and other financial receivables	**10,197**	8,807	1,390	-	-	-	-	-
Cash and cash equivalents	**39,651**	39,651	-	-	-	-	-	-
Total	**301,474**	**300,084**	**1,390**	**-**	**-**	**-**	**-**	**-**

23.2. Liquidity risk

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

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

- financial flow planning and constant monitoring
- cash flow management between Group entities
- continuous claim recovery process, according to the adopted strategy
- analysis of the possible external sources of finance

In order to improve the efficiency of equity, the Company also uses external finance, mainly by issuing bonds. In future periods, it also plans to use third-party finance for further development of its business and investments in debt portfolios.

Below are the undiscounted flows resulting from the Company's financial assets and liabilities as at 31 March 2024, by maturity.

	Total	up to 3 months	4 – 12 months	1 to 2 years	over 2 years
Financial assets					
Debt securities**	263,749	47,214	11,452	22,767	182,316
Loans granted***	56,447	6,046	3,202	5,258	41,941
Purchased debt portfolios*	99,479	5,701	15,347	16,639	61,792
Trade receivables and other financial receivables	10,197	10,197	-	-	-
Derivative financial instruments ****	3,639	113	1,052	942	1,532
Cash and cash equivalents	39,651	39,651	-	-	-
Total financial assets	**473,162**	**108,922**	**31,053**	**45,606**	**287,581**
Financial liabilities					
Debt securities**	436,345	12,110	45,667	117,371	261,197
Trade payables	4,663	4,663	-	-	-
Leases	11,513	721	2,090	2,715	5,987
Total financial liabilities	**452,521**	**17,494**	**47,757**	**120,086**	**267,184**
Liquidity gap	**20,641**	**91,428**	**(16,704)**	**(74,480)**	**20,397**
Cumulative liquidity gap		**91,428**	**74,724**	**244**	**20,641**

(*) Estimated Remaining Collections (ERC).
(**) Including interest accrued in future periods
(***) Does not contain a revaluation charge, including interest accrued in future periods
(****) The flows from derivative financial instruments were estimated based on expected flows from differences between the fixed interest rate on concluded IRS transactions and the current market interest rate as at the balance sheet date (i.e. without taking into account future interest rate changes expected by the market), at the dates that have been set in the IRS transactions.

The Company effectively manages financial liquidity which allows it to report a positive cumulative liquidity gap, and in addition it has a PLN 50 million line of credit available from the Group's cashpooling resources as well as a PLN 10 million bank overdraft, with further financing provided using financial instruments issued in the Capital Group which have maturities adjustable to the liquidity needs of the individual Group companies.

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23.3. Market risk: interest rate risk

The interest rate risk relates to the following financial instruments of the Company:

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

In relation to cash and lease liabilities, the impact of interest rate changes on the financial result or the level of equity of the Company is insignificant. The interest rate risk relevant for the Company is related to the bonds issued and purchased as well as loans granted. Below is a sensitivity analysis of interest rate changes in the case of such financial instruments.

The Company issues bonds usually with floating interest rates (based on WIBOR 6M, WIBOR 3M and Euribor 3M). Any change in the interest rate may affect the value of the interest payable. According to its strategy of interest rate risk hedging, the Company concluded transactions in interest rate swap (IRS) derivatives for a total nominal value of approx. PLN 122 million as at 31 March 2024 (the nominal value of the transaction follows the nominal value amortisation of J1 and K1 bonds). The purpose of the hedging transactions was to obtain a fixed-rate financing profile during the hedging period. As at the reporting date, the Company has two active hedging instruments.

Floating rate financial instruments	31/03/2024	31/03/2023
Assets		
Loans	38,421	-
Debt securities	213,205	221,453
Total	**251,626**	**221,453**
Liabilities		
Borrowings and other debt instruments*	324,424	234,327
Effect of hedging	(122,071)	-
Total	**202,353**	**234,327**

(*) does not include a series of bonds with a fixed interest rate and cashpooling liabilities

A 300 bps change of interest rate would increase (decrease) shareholders equity and pre-tax earnings by the corresponding amounts shown below. The following analysis is based on the nominal values of the loans granted by the Company and bonds acquired by the Company as well as the nominal values of floating rate bonds issued by the Company Group (excluding J1 and K1 series that are hedged against interest rate risks), on the assumption that other variables, especially foreign exchange rates, will remain constant. The effect of the above changes on the financial result of the reporting period, and the level of equity is presented assuming a simultaneous and equal increase (decrease) in all market interest rates taking place at the beginning of the annual reporting period.

	Profit (loss) in current period	
	300 bps rise	**300 bps drop**
31/03/2024		
Floating rate financial assets	7,264	(7,264)
Floating rate financial liabilities	(6,082)	6,082

23.4. Derivative hedging instruments

At the balance sheet date, the Company has open hedging positions. The Company has entered into a derivative transaction to hedge its interest rate risk (IRS) and now pays a fixed rate but receives funds at a floating rate.

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Such float-to-fixed IRS transaction, in a currency consistent with the hedged item, is designed to hedge cash flows. In that transaction, the Company:

- pays interest on the nominal amount of the transaction based on a fixed rate,
- receives interest on the nominal amount of the transaction based on a floating reference rate.

The Company assesses the economic link between the hedged item and the hedging instrument by matching the critical parameters, in particular (but not limited to):

- compatibility of face values of the hedging instrument and the identified 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.

The Company has identified its liabilities under its issued bonds as the hedged item. The Company assesses the economic link prospectively, in intervals defined in the underlying document.

Instrument	Face value at balance sheet date	Face value amortsied?	Effective period	Initial rate (fixed rate)	Hedged parameter (floating rate)	Assets	Liabilities	Item in Statement of Financial Position	Change in fair value
IRS	85,834	Yes - consistent with amortisation of K1 bonds face value	31/10/2023-28/03/2029	4.96%	WIBOR 6M	219	-	Derivative financial instruments	219
IRS	36,237	Yes - consistent with amortisation of J1 bonds face value	28/03/2024-28/03/2029	4.63%	WIBOR 3M	242	-	Derivative financial instruments	242
				Total		**461**	**-**		**461**

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

The amount of interest transferred from other comprehensive income is moved to Financial income (interest income on derivative financial instruments) or to Financial expenses (interest expense on derivative financial instruments).

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Payments from settlement of hedging transactions included in cash flow statement	(268)	(676)
Hedging gains or losses for the reporting period recognised in other comprehensive income	451	5,963
Interest income from hedging instruments	278	
Ineffective portion of the hedge recognised in profit and loss account	-	(4,529)
Total	**461**	**758**

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Revaluation reserve at the beginning of period	**-**	**418**
Effect of valuation of hedging transactions (effective portion)	729	5,963
Amount of interest moved during the period from other comprehensive income to profit and loss account	(278)	(6 479)
Income tax	(86)	98

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	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Revaluation reserve at the end of period	**365**	**-**

23.5. Market risk: currency risk

The Group is exposed to the foreign exchange risk resulting from loans granted and liabilities acquired. The following table presents the Company's exposure to the exchange rate risk related to the respective currencies, expressed in PLN as at the balance sheet date.

(absolute values)	31/03/2024		31/03/2023	
	value in the currency	value in PLN	value in the currency	value in PLN
Loans granted				
in RON	44,392	38,421	-	-
Total loans granted		**38,421**		**-**
Liabilities				
in EUR	5,806	24,969	72	337
in RON	-	-	110	104
Total liabilities		**24,969**		**441**

Analysis of the effect of a potential change in the book value of financial instruments on the gross financial result and on equity (exchange differences from translation), in connection with a hypothetical change in the exchange rates of relevant foreign currencies versus the presentation currency (PLN), as at the reporting date.

	exchange rate change	gross financial result	equity
EUR/PLN	+1%	(250)	-
RON/PLN	+1%	384	-

23.6. Market risk: price change risk

A significant change in macroeconomic conditions or legal regulations may affect the level of debtor repayments, and therefore the valuation of debt packages.

24. Financial instruments

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

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

- level 1 - quoted prices (without adjustments) from active markets for identical assets and liabilities,
- level 2 - inputs to the valuation of assets and liabilities, other than quoted prices included in Level 1, observable on the basis of variables from active markets,
- Level 3 - inputs for the asset or liability measurement that are not based on variables derived from active markets

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	Carrying value at 31/03/2024				Fair value at 31/03/2024			
	FVTPL	FVOCI	Amor. cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Receivables and loans granted	-	-	38 459	**38,459**	-	-	38 459	**38,459**
Purchased debt portfolios			54 101	**54,101**			39 560	**39,560**
Derivative financial instruments	-	461	-	**461**	-	461	-	**461**
Other financial assets - debt securities	-	-	213,205	**213,205**	-	-	213,205	**213,205**
Other financial assets - shares	-	-	-	**-**	-	-	-	**-**
Trade and other receivables	-	-	10 159	**10,159**	-	-	10 159	**10,159**
Financial liabilities								
Borrowings and other debt instruments	-	-	365,742	**365,742**	252 717	-	119,779	**372,496**
Lease liabilities	-	-	8,964	**8,964**	-	-	8,964	**8,964**
Trade payables	-	-	4,663	**4,663**	-	-	4,663	**4,663**

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	Carrying value at 31/03/2023				Fair value at 31/03/2023			
	FVTPL	FVOCI	Amor. cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Receivables and loans granted	-	-	243	**243**	-	-	243	**243**
Purchased debtor claims	-	-	49,503	**49,503**	-	-	35,178	**35,178**
Derivative financial instruments	-	-	-	**-**	-	-	-	**-**
Other financial assets - debt securities	-	-	221,453	**221,453**	-	-	221,453	**221,453**
Other financial assets - shares	235	-	-	**235**	-	-	235	**235**
Trade and other receivables	-	-	8,211	**8,211**	-	-	8,211	**8,211**
Financial liabilities								
Borrowings and other debt instruments	-	-	274,514	**274,514**	134,203	-	138,106	**272,309**
Lease liabilities	-	-	10,176	**10,176**	-	-	10,176	**10,176**
Trade payables	-	-	5,240	**5,240**	-	-	5,240	**5,240**

FVTPL - Financial instruments measured at ‘Fair Value Through Profit or Loss’
FVOCI - Financial instruments measures at ‘Fair Value Through Other Comprehensive Income’
Amor. cost - Financial instruments measured at ‘Amortised Cost’

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The fair value of each debt portfolio is determined by estimation as the present value of the expected future cash flows net (i.e. planned recoveries from a given portfolio minus the costs of the portfolio servicing fees and planned costs of direct debt collections) generated by the debt portfolio in the subsequent months of the forecast. Net cash flows are discounted at the discount rate calculated separately for each debt portfolio, taking into account its credit risk and the change in risk-free rate between the date of portfolio acquisition and the balance sheet date. The fair value of each debt portfolio is calculated based on net cash flows estimated for the next 180 months (15 years) following the balance sheet date. The fair value of the debt claims estimated in this way can be different from the value that otherwise would be determined were there an appropriate active market for them.

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

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

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

25. Significant transactions with related parties

25.1. Related party transactions

25.1.1. Transactions in trade

	01/04/2023-31/03/2024		01/04/2022-31/03/2023	
	Revenue	**Cost**	**Revenue**	**Cost**
Finsano S.A.	163	1	157	168
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka Sp.k.	1,018	2,150	194	2,443
Kredyt Inkaso I NFIZW	30,976	-	24,297	-
Kredyt Inkaso II NFIZW Subfundusz 1	20,936	-	18,104	-
Kredyt Inkaso II NFIZW Subfundusz 2	1,831	-	803	-
Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.	5,803	-	6,626	-
Kredyt Inkaso IT Solutions Sp. z o. o.	477	9,956	377	9,492
Kredyt Inkaso Investments RO S.A.	-	92	-	1,799
Kredyt Inkaso III NFIZW	2,313	-	2,122	-
KI Towarzystwo Funduszy Inwestycyjnych S.A.	160	-	100	-
KI Solver Sp. z o.o.	24	-	19	-
Total	**63,701**	**12,199**	**52,799**	**13,902**

	31/03/2024		31/03/2023	
	Receivables	**Liabilities**	**Receivables**	**Liabilities**
Finsano S.A.	36	-	11	4
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka Sp.k.	904	390	24	250
Kredyt Inkaso I NFIZW	696	7	488	15

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	31/03/2024		31/03/2023	
Kredyt Inkaso II NFIZW Subfundusz 1	442	4	731	14
Kredyt Inkaso II NFIZW Subfundusz 2	172	-	11	-
Kredyt Inkaso III NFIZW	51	-	50	-
Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.	492	37	611	39
Kredyt Inkaso IT Solutions Sp. z o. o.	54	2,588	61	2,340
KI Towarzystwo Funduszy Inwestycyjnych S.A.	23	-	6	-
Kredyt Inkaso Investments RO S.A.	-	9	-	107
KI Solver Sp. z o.o.	3	-	-	-
Total	**2,873**	**3,035**	**1,993**	**2,769**

	01/04/2023-31/03/2024		01/04/2022-31/03/2023	
	Revenue	**Cost**	**Revenue**	**Cost**
Cost of consulting services				
WPEF VI HOLDING V B.V.	-	266	-	282
Total	**-**	**266**	**-**	**282**

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

25.1.2. Inter-company finance

Net value of loans granted to related entities.

Loans granted	31/03/2024	31/03/2023
Kredyt Inkaso Investments RO S.A.	38,421	-
Total	**38,421**	**-**

On 27 March 2023, the Company opened a PLN 30 million line of loans for Kredyt Inkaso Investments RO S.A.. In the following months of the current financial year, the Romanian company consumed the entire limit, and then on 15 December 2023 it was converted from PLN to RON and increased to RON 60 million.

The Company analysed the situation of the borrowers and on 31 March 2024 kept the allowance for loans granted to Kredyt Inkaso d.o.o. in the amount of PLN 3,514 thousand. The loans granted to Kredyt Inkaso Investments BG EAD were, according to the timetable, repaid in full during the previous financial year.

Carrying amount of bonds purchased from related parties.

Purchased bonds	31/03/2024	31/03/2023
Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.	213,205	221,453
Total	**213,205**	**221,453**

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Carrying amount of bonds issued to related parties.

Bonds issued	31/03/2024	31/03/2023
Kredyt Inkaso I NFIZW	33,305	33,235
Kredyt Inkaso II NFIZW Subfundusz 1	10,471	19,694
Kredyt Inkaso II NFIZW Subfundusz 2	-	2,024
Kredyt Inkaso III NFIZW	2,615	2,637
Total	**46,391**	**57,590**

Finance income and expense connected with related party transactions.

Finance income and expense	01/04/2023-31/03/2024		01/04/2022-31/03/2023	
	Income	Expense	Income	Expense
Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.	28,951	149	27,098	154
Kredyt Inkaso Investments RO S.A.	3,078	36	3,242	15
Kredyt Inkaso Investments BG EAD	9,374	-	4,102	21
KREDYT INKASO D.O.O.	-	-	339	1,556
Kredyt Inkaso I NFIZW	-	3,639	-	3,258
Kredyt Inkaso II NFIZW Subfundusz 1	-	1,883	-	2,269
Kredyt Inkaso II NFIZW Subfundusz 2	-	176	-	221
Kredyt Inkaso III NFIZW	-	283	-	110
Finsano S.A.	-	-	-	244
Cashpooling	462	3,716	212	4,202
Total	**41,865**	**9,882**	**34,993**	**12,050**

25.1.3. Other assets

Transactions in other assets	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Finsano S.A.	333	-
Total	333	-

During the current reporting period, the Company purchased an investment property from Finsano S.A.

25.2. Loans to key officers and related persons

None.

25.3. Transactions with officers

25.3.1. Remuneration of the Management Board

Remuneration of the Company's executives:

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Basic salary/manager contract fee (gross)	1,746	1,764

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	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Other - medical and other benefits	319	328
Total	**2,065**	**2,092**

25.3.2. Remuneration of the Supervisory Board

	01/04/2023-31/03/2024	01/04/2022-31/03/2023
Supervisory Board remuneration	558	470
Total	**558**	**470**

Remuneration rules for the Supervisory Board:

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

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

25.4. Related party transactions other than on arm's length

In the reported period, there have been no transactions with related parties on terms other than arm's length.

26. Auditor remuneration

The entity authorised to audit the consolidated financial statements of the Kredyt Inkaso Capital Group as well as the individual financial statements of the Company (Kredyt Inkaso S.A.) for the period from 1 April 2023 to 31 March 2024: PKF Consult spółka z ograniczoną odpowiedzialnością Spółka komandytowa based in Warsaw.

The auditor contract was concluded on 5 December 2022 and covers the auditing of the annual consolidated and separate financial statements of Kredyt Inkaso S.A. for the financial years from 1 April 2022 to 31 March 2023 and from 1 April 2023 to 31 March 2024, and the review of the interim consolidated financial statements of the Kredyt Inkaso Capital Group for the first half of FY 2022/23 beginning on 1 April 2022 and ending on 30 September 2022 and for the first half of FY 2023/2024 beginning on 1 April 2023 and ending on 30 September 2023.

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Auditor remuneration for the financial year ended:	31/03/2024	31/03/2023
Review of mid-year consolidated financial statements	61	54
Audit of annual consolidated financial statements	164	148
Consolidated statements	**225**	**202**
Review of mid-year individual financial statements	78	69
Audit of annual individual financial statements	114	101
Separate statements of the Company	**192**	**170**
Assessment of the remuneration report	**15**	**14**
Total	**432**	**386**

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

27.1. Costs of discontinued enforcements

A contingent liability is liabilities potentially arising from certain past events, the existence of which can be confirmed only upon either the occurrence or non-occurrence of a future event(s) that is not certain and not fully within the control of the entity, or present liabilities that arise from a past event(s) but are not recognised in the financial statements as the necessity to incur expenditures is not probable to satisfy them or where the amount of such liabilities cannot be measured with sufficient reliability.

The costs of discontinued enforcements are related to past events (initiation of enforcement proceedings), with their occurrence or non-occurrence depending on future events that are uncertain and beyond the Company's control. For the purpose of estimating the contingent liability covering the costs of discontinued enforcements, the Company analysed the current and historical operating figures and determined statistical curves depicting at what point in the lifecycle of each enforcement (group of enforcement proceedings) it is likely that the enforcement will be discontinued, causing the underlying funds to outflow. The resulting values were discounted as at the balance sheet date using a discount rate that reflects the current market assessment of the time value of money and the risk inherent in the liability.

Presented below is the value of the contingent liability related to the cost of discontinued enforcement proceedings as at the balance sheet date:

	31/03/2024
Contingent liabilities - cost of discontinued enforcement	7,485
Total	**7,485**

27.2. Key Personnel Retention Programme

On 30 November 2023, the Company's Management Board adopted a resolution on the adoption of a Retention Program for key employees and associates of the Kredyt Inkaso Capital Group (the "Program"). In the event of the occurrence of certain events related to the review of strategic options, the probability of which the Management Board is currently unable to determine, as well as upon the fulfilment of certain conditions by those covered by the Program, the Company will pay covered employees and associates additional compensation under the Program, at a cost to the Company of up to PLN 2.7 million.

27.3. Contingent remuneration for advisor in strategic options review

According to the signed agreement of 4 April 2023, later amended by the annex of 6 May 2024, the Company pays Ipopema Securities, a transaction advisor, depending on the selected strategic option and the resulting transaction variant: (i) *success fee* of 2.00% (two percent) of the value of the shares sold by shareholders, plus a discretionary fee (to be decided exclusively by the Company) up to 0.50% of the value of the shares sold; or (i) *success fee* of 1.00% (one percent) of the price for the sale of the Company's or its subsidiaries' assets, plus a discretionary fee (to be decided exclusively by the Company) up to 0.50% of the price for the assets sold.

27.4. Bond issues security

On 28 March 2022, the Company issued Series K1 bonds, total face value PLN 103 million. According to the terms and conditions of the issue, the bonds were issued as unsecured. However, the bondholders' claims under the bonds were (according to the terms and conditions of the issue) secured after the issue date by established security interests, including registered pledges under the Polish or foreign law on debt portfolios and on investment certificates that are included in the Company's or its subsidiaries' balance sheets as well as other assets of the Company. The total value of the security after 26 April 2022 cannot be less than 150% of the current face value of the bonds.

As at the balance sheet date, the minimum aggregate security was PLN 128.8 million.

28. Court, enforcement, tax and other proceedings

28.1. Litigations and enforcements

The Company's business model involves management of 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 Company's activities include mass litigation and enforcement proceedings conducted by enforcement officers. However, due to the relatively low debt balances, there is no risk of concentration (one or more bad debts, i.e. debts apparently much worse than originally calculated).

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

- a lawsuit of BEST S.A. dated 9 January 2019 for payment jointly and severally by the Company, Paweł Szewczyk, Jan Paweł Lisicki and Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. of the amount of PLN 51,847,764, but with respect to Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. the claimant limits the demand to the amount of PLN 2,260,000 and the costs of court proceedings including the costs of legal representation according to the statutory standards. This action arises from the alleged damage caused to BEST S.A. by the defendants, as a result of the purchase of the Company's shares at an inflated price, determined on the basis of the Company's financial statements for the 2014/2015 fiscal year, which were adjusted in subsequent fiscal years. Kredyt Inkaso S.A. recognises BEST S.A.'s claim as unfounded (Current Report 8/2019);
- a lawsuit by John Harvey van Kannel dated 28 December 2020, against the Company for (i) establishing the existence of a resolution to dismiss Maciej Jerzy Szymanski from the Company's Management Board, and (ii) annulling Resolution no. 38/2020 of the Company's Annual General Meeting of Shareholders, dated 27 November 2020, on the appointment of Daniel Dąbrowski to the Company's Supervisory Board for a new term. John Harvey van Kannel's request for injunction in the present case was fully rejected, and the Company announced it in Current Report 11/2021. The Company considers the demands contained in the lawsuit to be completely unfounded and opposes them, actively participating in the court proceedings (Current Report 26/2021). BEST Capital FIZAN is acting in this case as a side intervener on the side of John Harvey van Kannel;
- a second lawsuit by John Harvey van Kannel dated 22 June 2021, against the Company for annulling Resolution no. 12/2021 of the Company's Extraordinary General Meeting of Shareholders, dated 24 May 2021, on the appointment of Daniel Dąbrowski to the Company's Supervisory Board. The Company considers the demands contained in the lawsuit to be completely unfounded and opposes them, actively participating in the court proceedings (Current Report 31/2021). The case was concluded with a favourable verdict for the Company from the Court of Appeals passed on 4 April 2023, dismissing John Harvey van Kannel's appeal in its entirety (Current Report 8/2023). On 1 August 2023, the Company's attorney was served a notice that the last-resort appeal had been filed with the supreme court by one of the claimants (BEST Capital FIZAN). The Company considers this claim sought through this extraordinary procedure to be completely unfounded (Current Report 32/2023).
- a lawsuit of 18 August 2016 against joint and several defendants: BEST S.A. and Krzysztof Borusowski, and seeking claims of PLN 60,734,500 in favour of the Company. The amount demanded arises from the Company's claim against the Respondents for compensation for damage caused to the Company as a result of the Respondents' dissemination of false and slanderous information: regarding the Company's Management Board at the time, alleged irregularities in the Company, alleged falsification of financial statements and lack of authority of the Company's Management Board to act on behalf of the Company, which, according to the Company, was the direct reason for the termination

of the agreements concluded with the Company to manage debt portfolios and legal services agreements by Lumen Profit 14 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 14 NS FIZ"), Lumen Profit 15 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 15 NS FIZ"), Lumen Profit 16 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 16 NS FIZ"), AGIO Wierzytelności Plus Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty, and AGIO Wierzytelności Plus 2 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty. The amount of the claim is the sum of the actual losses incurred by the Company and its estimated lost benefits in future years, as the Company announced in Current Report 57/2016 dated 10 August 2016, and additionally estimated lost benefits, due to, among other things, the termination of management agreements by Lumen Profit 14 NS FIZ, Lumen Profit 15 NS FIZ, Lumen Profit 16 NS FIZ. The Company informed about the reasons and the impact of the termination of the 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. On 25 August 2023, the court requested the parties to submit their final depositions in writing before the case is closed and the judgment decided in a closed-door session of the court, which both parties did. The judgment of the lower court dismissing the Company's action entirety was issued on 12 March 2024. The Company is currently awaiting a written statement of reasons for the judgment (Current Report 16/2024);

- a lawsuit brought by the Company on 8 June 2020 against the Defendants, jointly and severally: Paweł Szewczyk, Ion Melnic and KI Servcollect SRL for an order that the defendants jointly and severally pay the Company the amount of PLN 21,320,000 as compensation for indirect damages that the Company suffered due to the actions of the defendants (between June 2014 and April 2016 when the sale and purchase of Romanian debt portfolios were being arranged and committed), together with statutory interest for delay calculated since 26 May 2020, to the date of payment, PLN 30,000 as reimbursement of the costs incurred by the Company for the preparation of a private opinion of an expert in the field of business valuation, together with statutory interest for delay calculated from the date of delivery of the copy of the statement of claim to the last of the Respondents until the date of payment, and PLN 44,000 as reimbursement for the costs of providing certified translations of the statement of claim and some of the appendices to the statement of claim, together with statutory interest for delay calculated from the date of delivery of the copy of the statement of claim to the last of the Respondents until the date of payment. The main claim of PLN 21,320,000 became apparent during an in-house investigation which showed that Paweł Szewczyk, then acting as the president of board for Kredyt Inkaso S.A. and capital group companies, namely Kredyt Inkaso Investments RO S.A., Kredyt Inkaso Portfolio Investments Luxembourg S.A., and at the same time being a member of the management board of KI Servcollect SRL, had used his knowledge and information concerning Kredyt Inkaso S.A. and the capital group companies to gain financial benefit from the purchase and sale transactions covered by the lawsuit, which were closed on the Romanian market between June 2014 and April 2016. Paweł Szewczyk did not inform the Company while holding the President of Board office about the nature and scope of his collaboration with KI Servcollect SRL in the process of organising claim trading transactions on the Romanian market. Paweł Szewczyk remained a member of the Management Board for KI Servcollect SRL without obtaining the consent of the Supervisory Board of Kredyt Inkaso S.A. in this respect or informing it about it. At the same time, Paweł Szewczyk knew that KI Servcollect SRL made significant profits on debt trading transactions involving Kredyt Inkaso group companies even though KI Servcollect SRL had no investment agreement or service contract singed with any company from the Kredyt Inkaso capital group. In the lawsuit, the Company has also demanded injunction to secure the above claims (Current Report 13/2020). The Company's request for injunction was dismissed by the court and, as the appeal filed by the Company's attorney was rejected by the upper court, this decision should be considered final. In January 2024, BEST S.A. filed to join the side of the Company in the proceedings to which the defendants objected. In May 2024, the Court considered the defendants' objections and excluded BEST S.A. from the proceedings. Witnesses are still being interviewed in the case and further hearing dates are set. The Company is also submitting more requests for evidence. According to the attorney, there will be an expert opinion issued in the case;
- a lawsuit by two members of the Supervisory Board, dated 24 June 2021, to revoke the resolution of the group of shareholders entitled to elect members of the Supervisory Board by separate group voting, no. 13/2021 of the Company's Extraordinary General Meeting of 24 May 2021, on the appointment of Karol Szymański to the Company's Supervisory Board for a new term and granting him the authority to perform supervisory activities on a permanent individual basis. The Company intends to actively participate in the legal proceedings (Current Report 53/2021);
- the second lawsuit by two members of the Supervisory Board, dated 25 May 2022, to revoke the resolution of the group of shareholders entitled to elect members of the Supervisory Board by separate group voting, no. 6/2022 of the Company's Extraordinary General Meeting of 25 April 2022, on the appointment of Karol Szymański to the Company's Supervisory Board for a new term and granting him the authority to perform supervisory activities on a permanent individual basis. The case is currently pending before the Regional Court in Warsaw, 16th Commercial Division, case number XVI GC 709/22. The Company wants to actively participate in the litigation (Current Report 36/2022 and 38/2022). By an order of 6 July 2022, the court granted the injunction securing the claimants by suspending the effective force of the resolution until the lawsuit is conclusively closed. According to information provided in Current Report 60/2023, on 23 November 2023 the Court of Appeals reversed the order dated 6 July 2022, and referred the request for injunction to the District Court of Warsaw for reconsideration. The Court of Appeals did not rule on any

substantive grounds regarding whether or not securing of the claim should be granted. The request for injunction will therefore be reconsidered.

Court proceedings ended in the current reporting period:

- in reference to Current Report 34/2019 and 61/2023, on 6 December 2023 the Company gained the knowledge that the District Court in Warsaw, 16th Commercial Division, issued a decision of 17 November 2023 to discontinue the proceedings then pending before the Court (case number XVI GC 475/20) and brought by the Company's shareholder BEST S.A. based in Gdynia ("Shareholder"), which sought invalidation or cancellation of Resolution 4/2019 of the Company's Extraordinary General Meeting of 30 May 2019 which had approved certain transactions that encumbered the Company's assets or the assets of other capital group subsidiaries in connection with the Company's issue of Series F1 bonds, for the reason that this Shareholder has withdrawn its claims;
- in reference to Current Report 93/2016, 65/2017, 56/2018, 40/2023 and 55/2023, on 29 November 2023 the Company gained the knowledge that the Regional Court in Warsaw, 20th Commercial Division, issued a decision of 29 November 2023 to discontinue the proceedings then pending before the Court (case number XX GC 739/19) and brought by the Company's shareholder BEST S.A. based in Gdynia, which sought cancellation of certain resolutions of the Company's Annual General Meeting of 3 October 2016, 27 September 2017 and 27 September 2018 (combined into a single case), for the reason that this Shareholder has withdrawn its claims;

28.2. Other inspections

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

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

Factors and events, including those of an unusual nature, having a significant impact on the financial statements factors and events, including those extraordinary in nature, which had a material impact on the financial statements, are presented in notes to the respective financial statement items.

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

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 (Current Report 9/2023). As part of the process, to the extent permitted by applicable law, additional information about the Company and its affiliates were provided to selected entities. As at the Approval Date, the review of strategic options has not been completed or any binding decisions made regarding the final selection of the option to be implemented. A limited number of potential investors have been involved in the current phase of the strategic options review, and the scope of scenarios examined by the Company includes potential transactions on its assets or the assets of its affiliates (including the division of the Company by spin-off). Based on the information obtained in the options review, one of our shareholders, BEST S.A., made a share acquisition offer to the majority shareholder, WPEF VI Holding 5, and informed the Company and the market accordingly in their Current Report 12/2024. The details of the offer are not known to the Company. The decision to implement one of the strategic options developed by the Management Board will be made by the Company's shareholders at their General Meeting. Its implementation may cause the Group to violate certain covenants that have been incorporated in relevant credit facility agreements or bond issue terms and conditions. For example, the review of strategic options may lead to a transaction resulting in the disposal by the Company or Group entities of a material part of its assets or business (possibly causing the early redemption of bonds or credit facility liabilities becoming due and payable). In addition, such divestment may generate significant proceeds for the Group which are subject to a material amount of tax. A transaction resulting in a change in the Issuer's shareholding structure and, consequently, a possible call for its shares and the withdrawal of its shares from the Regulated Market could also necessitate the early redemption of its bonds or cause its credit facilities to become matured. In other events where the implementation of decision upon the strategic review will require a consent of the Company's Board (in addition to approvals from other corporate bodies, if any), for example in the case of a decision leading to the disposal of a material part of the Company's or Group's assets, then the role and tasks of the Board will be (i.e. in addition to the presentation of the summary and results of the strategic review to the shareholders) to appropriately structure and prepare any potential transactions with a view to mitigating risks of regulatory or contractual violations as well as to ensure that the Group meets all its obligations provided for in regulations or contracts. However, the review of strategic options may also conclude with a decision to keep the status quo existing on the Approval Date.

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On March 11, 2024, an out-of-court settlement was concluded between law firm Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś and Spółka Komandytowa ("Forum Law Firm"), Kredyt Inkaso S.A., White Berg Towarzystwo Funduszy Inwestycyjnych S.A., Debito Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Wierzytelności pending liquidation, Jupiter Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Wierzytelności, under which Capitea, Debito and Forum Law Firm are settling certain issues related to Legal Support Services, involving the remuneration under the letter of agreement of 28 December 2020 to which Forum Law Firm, Kredyt Inkaso S.A., GetBack S.A. (currently Capitea S.A.), Noble Funds TFI and the Debito Fund are parties. By this settlement, Capitea S.A. has undertaken to pay Forum Law Firm for the Legal Support Services a one-off sum of PLN 900,955.67 net plus VAT. Forum Law Firm stated that once paid the settlement amount will exhaust its all claims, and in particular claims against Capitea, Debito and Jupiter, as well as any potential claims against the Company and of any Third Party to whom Forum Law Firm may transfer the Claims or other claimable debts under the letter of agreement or the Legal Support Services. The settlement amount was received by Forum Law Firm on 13 March 2024. Pursuant to the letter of agreement singed between the Company and Forum Law Firm on 25 May 2024, part of the amount received under the above settlement (PLN 878,381.67 net) was considered due and payable to the Company and recognised in the current reporting period in 'Other income'.

31. Company staff

	31/03/2024		31/03/2023	
	FTEs	**employees**	**FTEs**	**employees**
Headcount as at the balance sheet date	363	367	346	347

32. Significant events after the balance sheet date

- On 13 May 2024, the Supervisory Board adopted a resolution selecting *PKF Consult Spółka z ograniczoną odpowiedzialnością sp. k.* based in Warsaw (ul. Orzycka 6/1B, licence 477 on the list of audit firms maintained by the Polish Audit Office, registered in the National Court Register under 0000579479) as the entity authorised to audit the individual financial statements of the Company as well as the consolidated financial statements of the Kredyt Inkaso Capital Group for the financial years 2024/2025 and 2025/2026, and to review the mid-year financial individual financial statements of the Company and the mid-year consolidated financial statements of the Kredyt Inkaso Capital Group for the first half of the financial years 2024/2025 and 2025/2026. The contract with *PKF Consult* can last two years. The statutory auditor was selected by the Supervisory Board in conformity with the applicable legal regulations and professional standards.
- On May 28, 2024, Kredyt Inkaso Investments RO S.A. ("KI RO") concluded a pledge agreement under the Romanian law concerning KI RO's debt portfolios for a total fair value of PLN 35.6 million as at 31 March 2024 – in order to secure the claims of series K1 bondholders. The pledge was established according to the terms of the series K1 bonds issue and constitutes another package of security for the bondholders of those Group bonds.

- Acting based on the authorisation of the General Meeting of the Company, contained in Resolution 7/2023 of the Extraordinary General Meeting of Kredyt Inkaso S.A. of 21 December 2023, regarding the amendment of the Management Board and Supervisory Board Remuneration Policy Kredyt Inkaso S.A. ("Remuneration Policy") ("Resolution of the General Meeting")[1], on 13 June 2024 the Supervisory Board adopted:

  (i) a resolution (pursuant to Article 90d (7) of the Public Offering Act) specifying certain elements in the Remuneration Policy related to: a) events that will be considered as the Implementation of the Option Review in the case of Sale of Assets and Change of Control; b) events that will constitute a violation of the additional condition reserved for the payment of the Bonus under section 24[2] of the Remuneration Policy; and c) additional mechanisms for determining the value of the Company's shares for the purpose of the additional part of the variable Bonus, which in the opinion of the Supervisory Board will best reflect the real value of the Company's shares and assets indicated in section 24[3] of the Remuneration Policy;

  (ii) a resolution regarding the positive opinion about some insignificant changes to the Remuneration Policy related to: a) events in which the Bonus may be paid despite the non-fulfilment of certain Conditions; and the deferral of payment of the Bonus in the case of the Sale of Assets until a specific date after certain payments are made to shareholders, including by way of dividend, and related to the variable part of the Bonus that depends on certain payments made after the Option Review (e.g. additional *earn-out* fee or profit obtained from the sale of shares or shares of another entity obtained in exchange for shares of the Company under the Option Review) until a specific date after making such payments;

  (iii) four resolutions approving the conclusion of additional remuneration annexes to the manager contracts of the respective members of the Management Board of the Company.

  The decision concerning the above case was motivated by the Supervisory Board's agreement with the assessment that has been worked out by the General Meeting of the Company, according to which the vesting of the Bonus will contribute to the implementation of the Company's business strategy, its long-term interests and stability through a positive impact on the retention of the management personnel and their motivation to build the value of the Company. In the implementation of the resolutions in question, the Supervisory Board, through the duly authorised Chairman of the Supervisory Board, concluded annexes to management contracts with members of the Management Board ("Annexes"). The basic conditions of vesting the right to the Bonus are: (i) the proper fulfilment of the obligations to support the Option Review; and (ii) holding the office in the Management Board on the date of the Option Review. The annexes define the detailed conditions of the Bonus, including the circumstances in which the second of the above conditions does not need to be met as well as events in which a member of the Company's management board may lose the right to a part of the Bonus upon termination of the office held even after the date of the Option Review. The Bonus consists of two elements, a fixed part and a variable part:

  (i) the fixed part is: a) EUR 350,000 gross for Barbara Rudziks, b) EUR 250,000 gross for Maciej Szymański, c) PLN 700,000 gross for Mateusz Boguta; and d) EUR 150,000 gross for Iwona Słomska;

  (ii) the variable part of the Bonus depends on the reference value, but in any case will not be higher than 140% of the annual gross remuneration of a given member of the management board.

  The additional payment reservation that is referred to in section 24[2] of the Remuneration Policy will not apply to Maciej Szymański.

  The Bonus amounts indicated above are gross, i.e. if payable they will be reduced by the relevant personal income tax sums and social security contributions.

[1] *Capitalized terms mean as defined in the Resolution of the General Meeting*

33. Approval for publication

The Management Board of the Company approved for publication these annual separate financial statements prepared for the period from 1 April 2023 to 31 March 2024, including comparative data, on 11 July 2024 ("Approval Date").

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

Accounting and Reporting Manager

Ewa Palczewska-Dunia