Kredyt Inkaso Capital Group

# Consolidated and Separate Financial Statements for three months ended **30.06.2024**

Warsaw, 28 August 2024

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# SELECTED CONSOLIDATED FINANCIAL DATA OF THE CAPITAL GROUP

| | 30/06/2024 | 31/03/2024 | 30/06/2024 | 31/03/2024 |
|---|---|---|---|---|
| | '000 PLN | | '000 EUR | |
| **Selected financial indicators** | | | | |
| Net financial debt | 383,992 | 367,536 | 89,031 | 85,456 |
| Equity | 362,414 | 353,229 | 84,028 | 82,129 |
| Net financial debt/equity ratio | 1.06 | 1.04 | 1.06 | 1.04 |
| PLN/EUR exchange rate at the balance sheet date | 4.3130 | 4.3009 | 4.3130 | 4.3009 |
| **Consolidated Statement of Financial Position** | | | | |
| Total assets | 893,262 | 868,852 | 207,109 | 202,016 |
| Total liabilities | 530,848 | 515,623 | 123,081 | 119,887 |
| Long-term liabilities | 392,974 | 381,149 | 91,114 | 88,621 |
| Short-term liabilities | 137,874 | 134,474 | 31,967 | 31,266 |
| Equity | 362,414 | 353,229 | 84,028 | 82,129 |
| Equity attributable to shareholders of the parent company | 361,933 | 352,545 | 83,917 | 81,970 |

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|---|---|
| **Consolidated Statement of Profit or Loss** | | | | |
| Net revenue | 62,957 | 58,844 | 14,639 | 13,002 |
| Income (loss) on operating activities | 19,492 | 20,741 | 4,532 | 4,583 |
| Earnings before tax | 7,279 | 7,536 | 1,693 | 1,665 |
| Net profit (loss) from continuing operations | 6,757 | 6,966 | 1,571 | 1,539 |
| Net profit (loss) from discontinued operations | 1,617 | 1,685 | 376 | 372 |
| Net profit (loss) | 8,374 | 8,651 | 1,947 | 1,912 |
| Net profit (loss) attributable to shareholders of the parent company | 8,577 | 8,102 | 1,994 | 1,790 |
| Earnings per share in PLN | 0.67 | 0.63 | 0.15 | 0.14 |
| Diluted earnings per share in PLN | 0.67 | 0.63 | 0.15 | 0.14 |
| Average PLN/EUR exchange rate during the period | 4.3007 | 4.5256 | 4.3007 | 4.5256 |
| **Consolidated Statement of Cash Flows** | | | | |
| Net cash from operating activities | 50,180 | 55,149 | 11,668 | 12,186 |
| Net cash from investment activities | (53,807) | (48,872) | (12,511) | (10,799) |
| Net cash from financing activities | (3,727) | 9,492 | (867) | 2,097 |
| Change due to exchange rate differences | 742 | (2,012) | 173 | (445) |
| Net change in cash and cash equivalents (with FX differences) | (6,612) | 13,757 | (1,537) | 3,040 |
| Average PLN/EUR exchange rate during the period | 4.3007 | 4.5256 | 4.3007 | 4.5256 |

# SELECTED SEPARATE FINANCIAL DATA OF THE COMPANY

| | 30/06/2024 | 31/03/2024 | 30/06/2024 | 31/03/2024 |
|---|---|---|---|---|
| | '000 PLN | | '000 EUR | |
| **Statement of Financial Position** | | | | |
| Total assets | 476,010 | 480,259 | 110,366 | 111,665 |
| Total liabilities | 392,663 | 394,852 | 91,042 | 91,807 |
| Long-term liabilities | 264,160 | 305,360 | 61,247 | 70,999 |
| Short-term liabilities | 128,503 | 89,492 | 29,794 | 20,808 |
| Equity | 83,347 | 85,407 | 19,325 | 19,858 |
| Share capital | 12,897 | 12,897 | 2,990 | 2,999 |
| PLN/EUR exchange rate at the balance sheet date | 4.3130 | 4.3009 | 4.3130 | 4.3009 |

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|---|---|
| **Statement of Profit or Loss** | | | | |
| Net revenue | 24,597 | 25,285 | 5,719 | 5,587 |
| Income (loss) on operating activities | (246) | 3,258 | (57) | 720 |
| Earnings before tax | (2,389) | 2,273 | (555) | 502 |
| Net profit (loss) | (2,194) | 2,435 | (510) | 538 |
| Earnings per share in PLN | (0.17) | 0.19 | (0.04) | 0.04 |
| Diluted earnings per share in PLN | (0.17) | 0.19 | (0.04) | 0.04 |
| Average PLN/EUR exchange rate during the period | 4.3007 | 4.5256 | 4.3007 | 4.5256 |
| | | | | |
| **Statement of Cash Flows** | | | | |
| Net cash from operating activities | 2,850 | 4,175 | 663 | 923 |
| Net cash from investment activities | 20,307 | 7,845 | 4 722 | 1,733 |
| Net cash from financing activities | (12 276) | (3,766) | (2,854) | (832) |
| Net change in cash and cash equivalents | 10,881 | 8,254 | 2,530 | 1,824 |
| Average PLN/EUR exchange rate during the period | 4.3007 | 4.5256 | 4.3007 | 4.5256 |

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Note | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|---|
| **Net revenue** | | | |
| Interest income on debt portfolios calculated using the effective interest rate method | | 43,013 | 34,557 |
| Debt portfolios revaluation | 4.1 | 19,218 | 23,580 |
| Other income/expenses | 4.2 | 726 | 707 |
| **Total net income** | | **62,957** | **58,844** |
| Salary and employee benefit costs | | (15,773) | (13,620) |
| Depreciation/amortisation | | (2,111) | (2,078) |
| Third-party services | | (12,937) | (11,575) |
| Court and enforcement fees | | (9,798) | (9,247) |
| Other operating expenses | | (2,846) | (1,583) |
| **Total operating expense** | **5** | **(43,465)** | **(38,103)** |
| **Profit (loss) on operating activities** | | **19,492** | **20,741** |
| Financial income, including: | 6 | 949 | 553 |
| interest on instruments measured at amortised cost | | 644 | 548 |
| Finance cost, including: | 6 | (13,162) | (13,758) |
| interest on instruments measured at amortised cost | | (12,694) | (9,854) |
| **Earnings before taxation** | | **7,279** | **7,536** |
| Income tax | 7 | (522) | (570) |
| **Net profit (loss) from continuing operations** | | **6,757** | **6,966** |
| **Net profit (loss) from discontinued operations** | **14** | **1,617** | **1,685** |
| **Net profit (loss)** | | **8,374** | **8,651** |
| | | | |
| **Net profit attributable to:** | | | |
| Shareholders of the parent company | | 8,577 | 8,102 |
| Non-controlling interests | | (203) | 549 |
| | | | |
| **Earnings per share in PLN** | | | |
| ordinary | 12.5 | 0.67 | 0.63 |
| diluted | 12.5 | 0.67 | 0.63 |
| **From continuing operations:** | | | |
| ordinary | 12.5 | 0.54 | 0.50 |
| diluted | 12.5 | 0.54 | 0.50 |

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|---|
| **Net profit (loss)** | | **8,374** | **8,651** |
| Income (loss) on hedge accounting recognised in other comprehensive income | 17.1 | 471 | - |
| Amounts related to hedge accounting moved to profit or loss | 17.1 | (305) | - |
| Income tax | 17.1 | (32) | - |
| Foreign exchange differences on translation of foreign operations | | 677 | (1,598) |
| **Other comprehensive income** | | **811** | **(1,598)** |
| **Total comprehensive income** | | **9,185** | **7,053** |
| | | | |
| **Comprehensive income attributable to:** | | | |
| shareholders of the parent company | | 9,388 | 6,504 |
| non-controlling interests | | (203) | 549 |

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Assets | Note | 30/06/2024 | 31/03/2024 |
|---|---|---|---|
| Goodwill | | 4,948 | 4,948 |
| Intangible assets | | 5,589 | 6,161 |
| Tangible assets (PP&E) | | 14,234 | 14,627 |
| Investment properties | | 9,513 | 10,199 |
| Purchased debt portfolios | 8 | 496 794 | 474,153 |
| Receivables and loans granted | 9 | 241 | 241 |
| Derivative financial instruments | 17.1 | 819 | 461 |
| Deferred income tax assets | 10 | 880 | 1,099 |
| **Non-current assets** | | **533,018** | **511,889** |
| Trade and other receivables | 9 | 10,489 | 9,436 |
| Current income tax receivables | | 778 | 33 |
| Purchased debt portfolios | 8 | 247,558 | 239,211 |
| Short-term prepayments | | 2,453 | 3,062 |
| Cash and cash equivalents | | 83,862 | 92,459 |
| Non-current assets classified as held for sale* | 14 | 15, 104 | 12,762 |
| **Current assets** | | **360,244** | **356,963** |
| **Total assets** | | **893,262** | **868,852** |

*(*) including PLN 12,377 thousand of KI RUS cash*

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

| Equity & Liabilities | Note | 30/06/2024 | 31/03/2024 |
|---|---|---|---|
| Share capital | 12.1 | 12,897 | 12,897 |
| Statutory capital reserve | | 104,145 | 104,145 |
| Revaluation reserve | | 499 | 365 |
| Foreign exchange differences on translation | | (5,051) | (5,728) |
| Retained earnings, including | | 249,443 | 240,866 |
| net profit attributable to shareholders of the parent company | | 8,577 | 33,340 |
| profits brought forward | | 240,866 | 207,526 |
| **Equity attributable to shareholders of the parent company** | | **361,933** | **352,545** |
| Non-controlling interests | | 481 | 684 |
| **Total equity** | | **362,414** | **353,229** |
| Borrowings and other debt instruments | 13 | 382,098 | 369,814 |
| Lease liabilities | | 7,714 | 8,008 |
| Long-term accruals | | 6 | 7 |
| Deferred tax provision | 10 | 3,156 | 3,320 |
| **Long-term liabilities** | | **392,974** | **381,149** |
| Trade payables and other liabilities | | 21,400 | 15,413 |
| Current income tax liabilities | | 1,850 | 2,341 |
| Borrowings and other debt instruments | 13 | 86,169 | 88,425 |
| Lease liabilities | | 3,773 | 3,655 |
| Other short-term provisions *** | | 16,703 | 15,792 |
| Short-term prepayments | | 5,129 | 6,124 |
| Liabilities related to non-current assets held for sale* | 14 | 2,850 | 2,724 |
| **Short-term liabilities** | | **137,874** | **134,474** |
| **Total liabilities** | | **530,848** | **515,623** |
| **Total equity and liabilities** | | **893,262** | **868,852** |

*(*) including PLN 477 thousand of liabilities under KI RUS leases*
*(**) as at 30 June 2024 includes PLN 5,088 thousand liabilities due to the purchase of debt portfolios*
*(***) the increase in the balance of provisions resulted from the creation of a provision of PLN 1,078 thousand as at 30 June 2024 related to the Company's potential obligation to refund the investor's costs in the review of strategic options*

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|---|
| **Earnings before tax, including:** | | **9,310** | **9,635** |
| - from continuing operations | | 7,279 | 7,536 |
| - from discontinued operations | 14 | 2,031 | 2,099 |
| Adjustments: | | | |
| Depreciation of tangible assets (PP&E) | | 1,140 | 1,082 |
| Amortisation of intangible assets | | 1,023 | 1,042 |
| Purchased debt portfolios - difference between repayments and interest income | 8 | 51,333 | 58,590 |
| Purchased debt portfolios - portfolio revaluation | 4.1 | (22,118) | (27,320) |
| Finance expenses | 6 and 14 | 13,162 | 10,436 |
| Finance income | 6 and 14 | (1,372) | (682) |
| Profit (loss) due to exchange rate differences | 6 and 14 | (58) | 3,417 |
| Other adjustments | | (176) | 730 |
| **Total adjustments** | | **42,934** | **47,295** |
| Change in receivables | | (2,206) | (340) |
| Change in liabilities | 16 | 541 | (1,057) |
| Change in capital reserves and prepayments/accruals | | 1,754 | 251 |
| **Cash from operating activities** | | **52,333** | **55,784** |
| Income tax paid | | (2,153) | (635) |
| **Net cash from operating activities** | | **50,180** | **55,149** |
| Debt portfolio purchase | 8 and 16 | (54,888) | (49,151) |
| Proceeds from sale of investment properties | | 700 | 531 |
| Proceeds from sale of tangible assets (PP&E) | | - | 52 |
| Expenses for acquisition of intangible assets | | (449) | (624) |
| Expenses for acquisition of tangible assets (PP&E) | | (237) | (362) |
| Interest received | | 1,067 | 682 |
| **Net cash from investment activities** | | **(53,807)** | **(48,872)** |
| Proceeds from borrowings | 13 | 29,449 | 15,000 |
| Proceeds from issue of debt securities | 13 | - | 15,000 |
| Redemption of debt securities | 13 | (1,394) | (2,787) |
| Proceeds from settled hedging transactions | 17.1 | 113 | - |
| Repayments of borrowings | 13 | (20,064) | (10,523) |
| Payments of lease liabilities | | (1,105) | (1,044) |
| Interest paid | | (10,726) | (6,154) |
| **Net cash from financing activities** | | **(3,727)** | **9,492** |
| **Net change in cash and cash equivalents (excluding foreign exchange differences)** | | **(7,354)** | **15,769** |
| Change due to exchange rate differences | | 742 | (2,012) |
| Net change in cash and cash equivalents (with FX differences) | | (6,612) | 13,757 |
| **Cash and cash equivalents at the beginning of the period** | | **102,851** | **45,640** |
| - from discontinued operations | 14 | 10,392 | 10,371 |
| **Cash and cash equivalents at the end of the period** | | **96,239** | **59,397** |

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

| | Note | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|---|
| - from discontinued operations | 14 | 12,377 | 10,071 |

For better comparability of data and due to the lack of detailed guidelines in IFRS 5 and IAS 7 regarding the statement of cash flows in a situation where a part of the Group's activities is classified as discontinued operations, the Group has decided not to separate the cash flows related to the Russian subsidiary from the consolidated statement of cash flows. More details of cash flows related to discontinued operations are presented in note 14.

Interim condensed consolidated financial statements for three months ended 30 June 2024 (PLN '000)

KREDYT INKASO

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Statutory capital reserve | Revaluation reserve | Foreign exchange differences on translation | Retained earnings | Equity attributable to shareholders of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **As at 01 April 2024** | **12,897** | **104,145** | **365** | **(5,728)** | **240,866** | **352,545** | **684** | **353,229** |
| **Dividends** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Net profit | - | - | - | - | 8,577 | 8,577 | (203) | 8,374 |
| Other comprehensive income | - | - | 134 | 677 | - | 811 | - | 811 |
| **Total comprehensive income** | **-** | **-** | **134** | **677** | **8,577** | **9,388** | **(203)** | **9,185** |
| Allocation of result | - | - | - | - | - | - | - | - |
| **Total changes in equity** | **-** | **-** | **134** | **677** | **8,577** | **9,388** | **(203)** | **9,185** |
| **As at 30 June 2024** | **12,897** | **104,145** | **499** | **(5,051)** | **249,443** | **361,933** | **481** | **362,414** |

Interim condensed consolidated financial statements for three months ended 30 June 2024 (PLN '000)

| | Share capital | Statutory capital reserve | Revaluation reserve | Foreign exchange differences on translation | Retained earnings | Equity attributable to shareholders of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **As at 01 April 2023** | **12,897** | **92,157** | | **(2,137)** | **219,514** | **322,431** | **606** | **323,037** |
| **Dividends** | **-** | **-** | **-** | **-** | **-** | **-** | **(700)** | **(700)** |
| Net profit | - | - | - | - | 8,102 | 8,102 | 549 | 8,651 |
| Other comprehensive income | - | - | - | (1,598) | - | (1,598) | - | (1,598) |
| **Total comprehensive income** | **-** | **-** | **-** | **(1,598)** | **8,102** | **6,504** | **549** | **7,053** |
| Allocation of result | - | 2,906 | - | - | (2,906) | - | - | - |
| Other changes | - | - | - | - | - | - | - | - |
| **Total changes in equity** | **-** | **2,906** | **-** | **(1,598)** | **5,196** | **6,504** | **(151)** | **6,353** |
| **As at 30 June 2023** | **12,897** | **95,063** | **-** | **(3,735)** | **224,710** | **328,935** | **455** | **329,390** |

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 1. General information

## 1.1. Parent information

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

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

The main operating activity of the Parent Company is the management of debt portfolios, including portfolios acquired by Group subsidiaries and by external investment funds whose debt portfolios have been entrusted for management. Group entities acquire debt portfolios both in Poland and abroad. The Group is collecting debt claims payable mainly by individuals, through amicable or legal means.

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

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

### 1.2.1. Management Board

Composition of the Management Board as at the balance sheet date and the Approval Date:

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

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

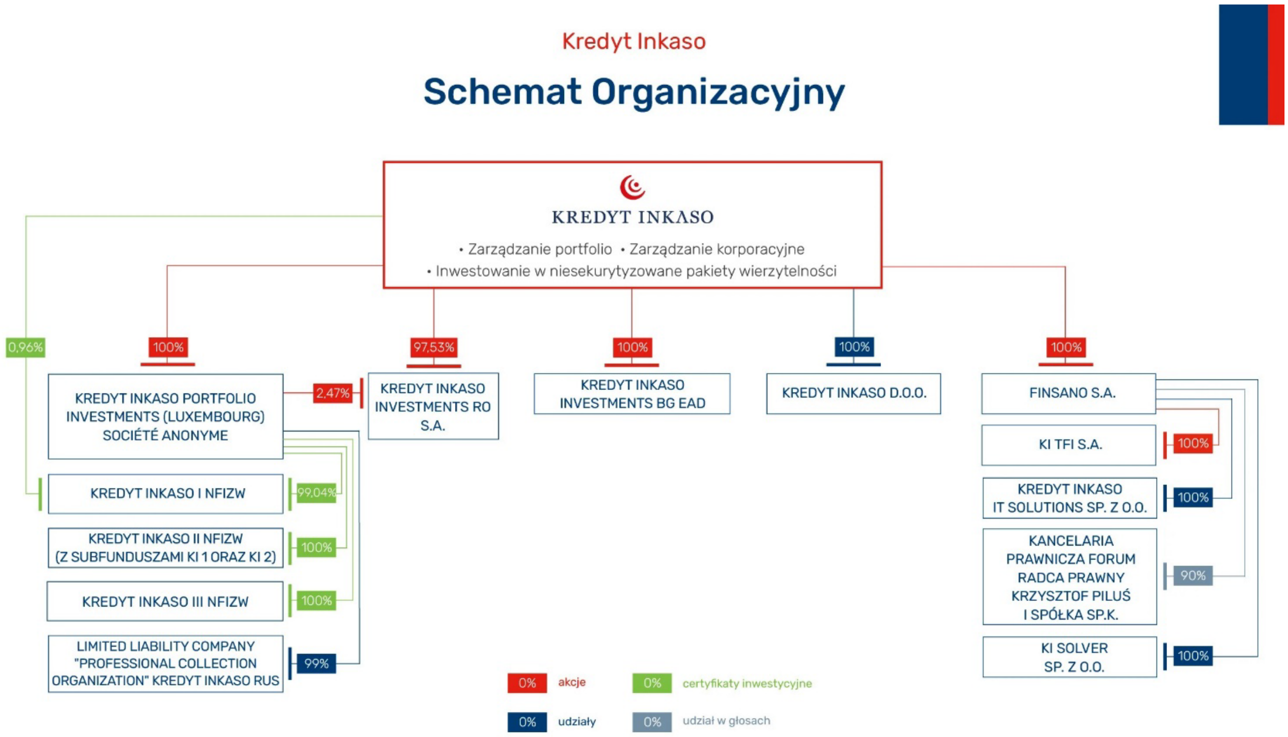
### 1.2.2. Supervisory Board

Composition of the Supervisory Board at the balance sheet date and the Approval Date:

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

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

## 1.3. Information about the Capital Group




This chart shows the Group's organisational structure on the balance sheet date.

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

| Name of the entity | Seat | Shareholding | Voting rights | Core business |
|---|---|---|---|---|
| Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp.k. | Warsaw, Poland | 84% | 90% | Legal services |
| Finsano S.A. | Warsaw, Poland | 100% | 100% | Holding activities and the acquisition in the course of debt enforcement proceedings or collection activities of properties, trading in these properties, their development and commercialization |

| Name of the entity | Seat | Shareholding | Voting rights | Core business |
|---|---|---|---|---|
| Kredyt Inkaso IT Solutions Sp. z o.o. | Warsaw, Poland | 100% | 100% | IT services |
| Kredyt Inkaso Investments RO S.A. | Bucharest, Romania | 100% | 100% | Investment in debt portfolios, servicing debt assets |
| Kredyt Inkaso Investments BG EAD | Sofia, Bulgaria | 100% | 100% | Investment in debt portfolios, servicing debt assets |
| Limited Liability Company "Professional Collection Organization" Kredyt Inkaso RUS | Moscow, Russia | 99% | 99% | Investment in debt portfolios, servicing debt assets |
| Kredyt Inkaso d.o.o. | Zagreb, Croatia | 100% | 100% | Investment in debt portfolios, servicing debt assets |
| Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme | Luxembourg | 100% | 100% | Investment in debt portfolios, investment in securities carrying risk related to debt claims |
| Kredyt Inkaso I NFIZW | Warsaw, Poland | 100% | 100% | Investment in debt portfolios |
| Kredyt Inkaso II NFIZW | Warsaw, Poland | 100% | 100% | Investment in debt portfolios |
| Kredyt Inkaso III NFIZW | Warsaw, Poland | 100% | 100% | Investment in debt portfolios |
| KI Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna | Warsaw, Poland | 100% | 100% | Establishment and management of investment funds |
| KI Solver Sp. z o.o. | Warsaw, Poland | 100% | 100% | Debt assets servicing |

The Group controls the investment funds on the basis of shares entitling it to pass all resolutions at the Investors' Meeting.

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

## 2.1. Basis for preparation of consolidated financial statements

These interim condensed consolidated financial statements of the Group cover the period of three months ended 30 June 2024 and present:

- comparative figures for the three months ended 30 June 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 2024 in the statement of financial position.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the fiscal year ended 31 March 2024.

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

The interim condensed consolidated financial statements for the reporting period ending 30 June 2024 comprise the financial statements of the Parent and the financial statements of its subsidiaries.

The interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements for publication, there are no circumstances indicating a threat to the going concern of the companies being part of the Group.

There is no limit to the duration of the operations of the individual Group entities. The financial statements of all subsidiaries for consolidation purposes were prepared for the same reporting period as the Parent's financial statements, using consistent accounting policies.

## 2.2. Statement of compliance

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

### 2.3.1. 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 Group 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 Group 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 banking and telecommunication packages, estimates include payments received from debtors to the Group's bank accounts and, in the case of secured cases, proceeds from the liquidation of assets on which the Group is secured by mortgage or proceeds from signed settlements are included. Based on historical data, separate repayment curves are built for each type of debt claims.

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

### 2.3.2. Useful life of non-current assets

The Parent'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 Group 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.

### 2.3.3. Investment properties

The Group measures investment properties at fair value. The valuation as at the balance sheet date of investment properties reflects their market value and is based on appraisal reports prepared by independent appraisers. The valuation is carried out at least once a year. Change in valuation of property is recognised in correspondence with the profit and loss account.

### 2.3.4. Impairment relating to goodwill

At least once a year, at the end of the reporting period, the impairment of the goodwill asset is examined.

Any impairment relating to goodwill is recognised in the profit and loss account and is not subject to reversal in subsequent reporting periods.

### 2.3.5. 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.

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The Group has control over the realisation of temporary differences on investments in subsidiaries, so when assessing the need to establish a deferred tax liability in this regard, it takes into account the likelihood of realisation of these temporary differences in the foreseeable future (based on financial plans prepared for a period of 3 years). The value of any deferred tax liability is affected by the level of assumed future cash flows from investment companies to the Company in the foreseeable future. The level of these flows depends on, among other things:

- liquidity needs of the Company and other Group companies, and on acquired and projected available new debt financing for the Company and other Group companies,
- planned expenditures on debt portfolios at individual Group companies,
- planned payments from purchased debt portfolios in Group companies,

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

## 2.4. Accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies that were presented in the Group's most recent consolidated financial statements for the year ended 31 March 2024, except for the first-time application standards described below.

### 2.4.1. Foreign currency transactions

Transactions expressed in currencies other than the Polish zloty are translated into Polish zlotys using the exchange rate of the bank that the Group uses, in effect on the date of the 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.

The following exchange rates for major foreign currencies were used in preparing the financial statements:

| Reporting period ended 30 June 2024 (quarter) | Average rate | Rate at the end of reporting period |
|---|---|---|
| 1 RON | 0.8642 | 0.8665 |
| 1 BGN | 2.1989 | 2.2052 |
| 1 RUB | 0.0443 | 0.0458 |
| 1 EUR | 4.3007 | 4.3130 |

| Reporting period ending 30 June 2023 (quarter) | Average rate | Rate at the end of reporting period |
|---|---|---|
| 1 RON | 0.9132 | 0.8967 |
| 1 BGN | 2.3139 | 2.2754 |
| 1 RUB | 0.0505 | 0.0476 |
| 1 EUR | 4.5256 | 4.4503 |

| Reporting period ended 31 March 2024 (year) | Average rate | Rate at the end of reporting period |
|---|---|---|
| 1 RON | 0.8935 | 0.8655 |

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| Reporting period ended 31 March 2024 (year) | Average rate | Rate at the end of reporting period |
|---|---|---|
| 1 BGN | 2.2668 | 2.1990 |
| 1 RUB | 0.0456 | 0.0430 |
| 1 EUR | 4.4335 | 4.3009 |

### 2.4.2. Operating segments

An operating segment is the part of an entity:

- which engages in business activities in connection with which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker and used in making decisions about resources allocated to the segment and when evaluating the segment's performance; and
- for which separate financial information is available.

The Group's operations were divided into operating segments based on the criterion of the market for the purchase of debt portfolios, i.e. the geographic location of debtors:

- Poland,
- Romania,
- Russia,
- Bulgaria,
- Other locations and areas that are a reconciliation item not assigned to separate segments.

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

Segment costs are the costs of debt collection activities that are directly attributable to a particular segment and, in the case of Poland, are the costs of central administrative services provided to both the Poland segment and the other segments (e.g., personnel, accounting, financial controlling, IT services). The segment result is determined at the level of operating result.

Segment assets are operating assets used by the segment in its operations that are directly attributable to the segment - in practice, these are purchased debt claims assigned to specific geographic locations based on the criterion of the market for the purchase of the debt portfolio. All other assets of the Group other than those listed above are presented under "Other."

The Group has an asymmetric allocation in terms of depreciation expense, i.e., depreciation expense is allocated to the operating expenses of each segment, while the fixed assets and intangible assets to which this depreciation relates are not allocated to the assets of these segments. Central costs are entirely allocated to Poland due to the exercise of these central functions by organisational units in Poland. As these units simultaneously perform local and central functions, it is impossible to precisely separate the functions pertaining to the remaining locations and allocate them to the other segments.

Income, result and assets of segments are determined after the exclusion of inter-segment transactions.

### 2.4.3. Non-current assets held for sale and discontinued operations

A Group classifies a non-current asset (or a disposal group) as ‘held for sale’ if its carrying amount is recoverable primarily through a sale transaction rather than through its continued use. This is the case of an asset (or disposal group) that immediately available for sale in its current condition, subject only to normal and customary conditions for selling such an asset (or disposal group), and insofar as its sale is highly probable. The necessary activities leading to the finalization of the sale should imply that significant changes in or withdrawal from the sale is unlikely. The management must be committed to the sale action plan and the sale should be expected to be finalized within one year of the date of classification. The Group measures a non-current asset (or disposal group) ‘held for sale’ at the lower of its carrying amount or its fair value less selling costs.

An entity determined to make a sale that involves a loss of control in a subsidiary classifies all assets and liabilities of that subsidiary as held for sale, regardless of whether the entity maintains non-controlling interests in the entity that was previously its subsidiary after the sale.

Assets and liabilities classified as held for sale are presented separately in the short-term items of the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and shown in a separate line as profit or loss after taxation of discontinued operations in the profit and loss account.

As a result of the pending sale of KI RUS , in FY 2023/24 the Group has made the decision to classify the operations of the Russian company as discontinued, and the assets and liabilities of the said entity as held for sale. Additional disclosures can be found in note 14.

### 2.4.4. Statement of Cash Flows

The Group prepares a cash flow statement using the indirect method. Operating activities disclose cash flows related to the Group's 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 Group 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 Group's financial statements in 2024/25:

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 (Amendment) "Financial Instruments: Disclosures" - supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024).
- 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 aforementioned new or amended standards and interpretations that are applied for the first time do not have a material impact on the Group's financial statements.

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

- IFRS 19 "Subsidiaries Without Public Liability: Disclosures" (published 9 May 2024, applicable to annual periods beginning on or after 1 January 2027).
- IFRS 18 “Presentation and Disclosures in Financial Statements” (published 9 April 2024, applicable to annual periods beginning on or after 1 January 2027).
- Changes in the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7, published 30 May 2024, applicable to annual periods beginning on or after 1 January 2026).
- 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).

## 2.7. Changes in significant accounting policies and error adjustments

The same accounting policies have been applied in the preparation of these interim condensed consolidated financial statements as in the most recent annual consolidated financial statements which were prepared as at and for the reporting year ending 31 March 2024.

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

In the course of the preparation of these interim consolidated financial statements, the following presentation change has 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, As KI RUS has been classified as 'discontinued operations', the comparative data for three months ended on 30 June 2023 were restated: the financial result and consolidation adjustments concerning the Russian entity have been included in the result for discontinued operations.

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The data presented in the published financial statements for three months ended 30 June 2023 have been made comparable. The following is the impact of the above described transformations on the consolidated profit and loss account for three months ended 30 March 2023.

| | 01/04/2023-30/06/2023 original figures | alienation of discontinued operations | change in presentation a) | 01/04/2023-30/06/2023 restated figures |
|---|---|---|---|---|
| **Net revenue** | | | | |
| Interest income on debt portfolios calculated using the effective interest rate method | 34,582 | (25) | | 34,557 |
| Debt portfolios revaluation | 27,320 | (3,740) | | 23,580 |
| Other income/expenses | 707 | - | | 707 |
| **Total net income** | **62,609** | **(3,765)** | | **58,844** |
| Salary and employee benefit costs | (14,548) | 928 | | (13,620) |
| Depreciation/amortisation | (2,124) | 46 | | (2,078) |
| Third-party services | (12,167) | 592 | | (11,575) |
| Court and enforcement fees | | (2) | (9,245) | (9,247) |
| Other operating expenses | (10,964) | 136 | 9,245 | (1,583) |
| **Total operating expense** | **(39,803)** | **1,700** | | **(38,103)** |
| **Profit (loss) on operating activities** | **22,806** | **(2,065)** | | **20,741** |
| Financial income, including: | 682 | (129) | | 553 |
| interest on instruments measured at amortised cost | 677 | (129) | | 548 |
| Finance cost, including: | (13,853) | 95 | | (13,758) |
| interest on instruments measured at amortised cost | (9,854) | - | | (9,854) |
| **Earnings before taxation** | **9,635** | **(2,099)** | | **7,536** |
| Income tax | (984) | 414 | | (570) |
| **Net profit (loss) from continuing operations** | **8,651** | **(1,685)** | | **6,966** |
| **Net profit (loss) from discontinued operations** | **-** | **1,685** | | **1,685** |
| **Net profit (loss)** | **8,651** | **-** | | **8,651** |
| **Net profit attributable to:** | | | | |
| Shareholders of the parent company | 8,102 | - | | 8,102 |
| Non-controlling interests | 549 | - | | 549 |

# 3. Operating segments

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

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

| 01/04/2024-30/06/2024 | Poland | Romania | Russia* | Bulgaria | Other | Total | Reconciliation of management data to reporting data (concerns the Russian segment)** | Total for continuing operations |
|---|---|---|---|---|---|---|---|---|
| Net revenue | 49,339 | 9,928 | 2,922 | 3,743 | (68) | 65,864 | (15) | 62,957 |
| Total operating expenses, including: | (31,901) | (7,457) | (1,355) | (2,658) | (1,451) | (44,822) | (2) | (43,465) |
| - depreciation/amortisation | (1,806) | (84) | (1) | (115) | (157) | (2,163) | (51) | (2,111) |
| **Segment operating result** | **17,438** | **2,471** | **1,567** | **1,085** | **(1,519)** | **21,042** | **(17)** | **19,492** |
| Finance income | | | | | | | | 949 |
| Finance expenses | | | | | | | | (13,162) |
| **Earnings before taxation** | | | | | | | | **7,279** |
| Income tax | | | | | | | | (522) |
| **Net profit (loss) from continuing operations** | | | | | | | | **6,757** |

*(*) The Russian segment was classified as 'discontinued operations' in FY 2023/24, cf. note 14.*
*(**) The reconciliation of management data to reporting data makes comparable the Russian segment data, presented as management figures (in which the periodic exchange rates are used to convert the figures for individual months of the financial year), to the reporting figures presenting the discontinued operations in these consolidated financial statements (in which the resulting data for the entire period are translated at the average rate).*

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

| 01/04/2023-30/06/2023 restated | Poland | Romania | Russia* | Bulgaria | Other | Total | Reconciliation of management data to reporting data (concerns the Russian segment)** | Total for continuing operations |
|---|---|---|---|---|---|---|---|---|
| Net revenue | 46,309 | 8,404 | 3,796 | 4,441 | (342) | 62,609 | (31) | 58,844 |
| Total operating expenses, including: | (28,782) | (6,007) | (1,702) | (2,279) | (1,033) | (39,803) | 2 | (38,103) |
| - depreciation/amortisation | (1,795) | (58) | (1) | (122) | (148) | (2,124) | (45) | (2,078) |
| **Segment operating result** | **17,527** | **2,397** | **2,094** | **2,162** | **(1,374)** | **22,806** | **(29)** | **20,741** |
| Finance income | | | | | | | | 553 |
| Finance expenses | | | | | | | | (13,758) |
| **Earnings before taxation** | | | | | | | | **7,536** |
| Income tax | | | | | | | | (570) |
| **Net profit (loss) from continuing operations** | | | | | | | | **6,966** |

*(*) The Russian segment was classified as 'discontinued operations' in FY 2023/24, cf. note 14.*

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

*(**) The reconciliation of management data to reporting data makes comparable the Russian segment data, presented as management figures (in which the periodic exchange rates are used to convert the figures for individual months of the financial year), to the reporting figures presenting the discontinued operations in these consolidated financial statements (in which the resulting data for the entire period are translated at the average rate).*

| | Poland | Romania | Russia** | Bulgaria | Other | Total |
|---|---|---|---|---|---|---|
| **As at 30.06.2024** | | | | | | |
| Segment assets* | 584,883 | 115,366 | - | 43,888 | 149,125 | 893,262 |
| **As at 31.03.2024** | | | | | | |
| Segment assets* | 550,280 | 117,034 | - | 45,832 | 155,706 | 868,852 |

*(*) The segment assets in segments that are not 'Other' segment reflect only the debt portfolios*
*(*) The Russian segment was classified as 'discontinued operations' in FY 2023/24 – in the above table, the book value of the Russian debt portfolios as at 30.06.2024 and 31.03.2024 (respectively, PLN 198 thousand and PLN 209 thousand) was presented in 'Other'.*

Debtor recoveries presented as management data by geographic area are shown below (including discontinued operations).

| Repayments from debtors by geographic area | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Poland | 69,287 | 70,414 |
| Romania | 16,272 | 13,213 |
| Russia | 2,945 | 3,842 |
| Bulgaria | 5,803 | 5,563 |
| Croatia | 45 | 140 |
| **Total** | **94,352** | **93,172** |

The Group has not identified leading customers with whom it realises individual sales revenues exceeding the level of 10% of total sales revenues.

# 4. Net revenue

## 4.1. Debt portfolios revaluation

| Debt portfolios revaluation | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|
| Review of the forecast | (772) | (5,357) |
| Deviations in actual recoveries vs. forecast | 19,661 | 30,813 |
| Extension of expected recovery times | 299 | 276 |
| Change in exchange rates | 30 | (2,152) |
| **Total** | **19,218** | **23,580** |

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 payments from projected payments - the difference for the reporting period between the actual payments of debtors and the projected payments in the recovery curves, which were the basis for the valuation of debt portfolio using the method of discounted cash flows from 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;

(4) Changes in exchange rates - the impact of changes in exchange rates on debt portfolios denominated in foreign currencies.

The noticeable decrease in the value of deviation between actual and forecast debtor repayments in Q1 2024/25 (-36% 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.

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. In addition, the possible impact of hostilities on debt portfolios held by the Group in Russia was unknown (for example, at the time of creating forecasts for valuation on 31 March 2022, the Russian legislator introduced a temporary suspension of payments by court enforcement officers which are the basic stream of recoveries for the Capital Group based in Russia). These circumstances naturally translated into above-normal precaution and a more conservative level of valuations performed by the Group in the analysed periods;

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

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## 4.2. Other income/expenses

| Other income/expenses | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Income from debt management | 463 | 654 |
| Net income from property sales and acquisitions | 13 | (6) |
| Other income | 145 | 70 |
| Costs of (creation)/reversal of provision for customer overpayments | 105 | (11) |
| **Total** | **726** | **707** |

# 5. Operating expenses

| Costs by nature of expense | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|
| Payroll, social security and other employee benefits | 15,773 | 13,620 |
| Third-party services | 12,937 | 11,575 |
| Court and enforcement fees | 9,798 | 9,247 |
| Depreciation/amortisation | 2,111 | 2,078 |
| Taxes and fees | 695 | 463 |
| Consumed supplies and energy | 445 | 556 |
| Other prime costs * | 1,706 | 564 |
| **Total** | **43,465** | **38,103** |

*(*) in the current reporting period, approx. PLN 1.1 million of the cost of the provision was recognised related to the Company's potential obligation to refund the investor's costs in the review of strategic options*

# 6. Finance income and expense

| Finance income | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|
| Interest income on financial assets measured at amortised cost | 644 | 548 |
| Interest income on derivative financial instruments | 305 | - |
| Other finance income | - | 5 |
| **Total** | **949** | **553** |

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| **Finance expenses** | **01/04/2024-30/06/2024** | **01/04/2023-30/06/2023 restated** |
|---|---|---|
| Interest cost of financial liabilities | 12,694 | 9,854 |
| Other interest, including | 373 | 550 |
| on lease liabilities | 368 | 359 |
| Other finance expenses | 95 | 31 |
| Negative exchange differences | - | 3,323 |
| **Total** | **13,162** | **13,758** |

# 7. Income tax

| | **01/04/2024-30/06/2024** | **01/04/2023-30/06/2023 restated** |
|---|---|---|
| Attributed to the current year | (499) | (726) |
| Attributed to previous years | - | - |
| **Current income tax** | **(499)** | **(726)** |
| Attributed to the current year | (23) | 156 |
| Deferred tax transferred from equity to profit or loss | - | - |
| **Deferred income tax** | **(23)** | **156** |
| **Total taxable expense recognised in the current year** | **(522)** | **(570)** |

| **Tax rates applied by Group companies** | **01/04/2024-30/06/2024** | **01/04/2023-30/06/2023** |
|---|---|---|
| Poland | 19%* | 19%* |
| Romania | 16% | 16% |
| Bulgaria | 10% | 10% |
| Luxembourg | 25% | 25% |
| Russia | 20% | 20% |
| Croatia | 12% | 12% |

*(*) Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp.k., Finsano S.A., KI Solver sp. z o.o. and KI Towarzystwo Funduszy Inwestycyjnych S.A. settle tax at a rate of 9%.*

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

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|
| **Earnings before taxation** | **7,279** | **7,536** |
| **Cost of income tax at the rate of 19%** | **(1,383)** | **(1,432)** |
| Difference between the applicable tax rates and the 19% rate | 138 | 381 |
| Non-taxable income | 823 | 409 |
| Tax revenues that are not accounting revenues | (1) | (1) |
| Non-deductible expenses | (1,482) | (781) |
| Tax loss/credit activated (written off) | (207) | 660 |
| Adjustments for past periods – deferred tax | - | (5) |
| Other items affecting the tax charge | (162) | 13 |
| Non-taxable result of investment funds and KI LUX* | 1,752 | 186 |
| **Income tax cost recognised in current period result** | **(522)** | **(570)** |
| **Effective tax rate** | **7%** | **8%** |

*(*) In order to increase data legibility, the Group made a presentation change that involved alienation of revenue and cost (from 'Non-taxable income' and 'Non-deductible expenses') reported by income tax-exempt investment funds and by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. (which is a securitization entity benefiting from a special tax regime in Luxembourg), and then showing their sum in a single line called 'Non-taxable result of investment funds and KI LUX'.*

# 8. Purchased debt portfolios

| Types of debt portfolios | 30/06/2024 | 31/03/2024 |
|---|---|---|
| Retail | 374,788 | 344,487 |
| Telecom | 272,109 | 264,185 |
| Consumer loans | 83,242 | 89,792 |
| Mortgage loans | 1,252 | 1,301 |
| Corporate facilities | 2,023 | 2,089 |
| Insurance claims | 196 | 210 |
| Other | 10 742 | 11 300 |
| **Total** | **744,352** | **713,364** |

| Change in debt portfolios* | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 | 01/04/2023-31/03/2024 |
|---|---|---|---|
| **Opening balance** | **713,364** | **593,908** | **593,908** |
| Purchased debt portfolios | 59,976 | 85,702 | 205,793 |
| Sold debt portfolios | - | - | - |
| Revaluation | 19,218 | 27,320 | 111,190 |
| Effect of currency differences recognised in other comprehensive income | 203 | (4,441) | (8,788) |
| Repayments from debtors | (91,422) | (93,172) | (344,979) |
| Interest income on debt portfolios | 43,013 | 34,582 | 156,449 |
| Reclassified to discontinued operations | - | - | (209) |
| **Closing balance** | **744,352** | **643,899** | **713,364** |

*(*) The table for 01/04/2023-30/06/2023 and 01/04/2023-31/03/2024 presents the change in debt portfolios, taking into account activities classified as held for sale; and for 01/04/2024-30/06/2024, the opening balance of portfolios no longer includes the activities classified as discontinued, with movements in this period related only to the continuing operations*

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In order to better understand the impact of the alienation of discontinued operations on the balance sheet change in debt portfolios, the following table presents the movements on debt portfolios assigned to discontinued operations only:

| Change in debt portfolios related to discontinued operations | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 | 01/04/2023-31/03/2024 |
|---|---|---|---|
| **Opening balance** | **209** | **421** | **421** |
| Purchased debt portfolios | - | - | - |
| Sold debt portfolios | - | - | - |
| Revaluation | 2,900 | 3,740 | 12,872 |
| Effect of currency differences recognised in other comprehensive income | 13 | (55) | (83) |
| Repayments from debtors | (2,930) | (3,811) | (13,066) |
| Interest income on debt portfolios | 6 | 25 | 65 |
| **Closing balance** | **198** | **320** | **209** |

| Nominal value of estimated remaining collections (ERC) by discount rate ranges: | 30/06/2024 | 31/03/2024 |
|---|---|---|
| below 25% | 762,162 | 713,862 |
| 25% - 50% | 658,999 | 627,460 |
| above 50% | 158,616 | 174,819 |
| **Total** | **1,579,776** | **1,516,141** |

# 9. Receivables and loans granted

| | 30/06/2024 | 31/03/2024 |
|---|---|---|
| **Non-current assets** | | |
| Receivables | 241 | 241 |
| **Current assets** | | |
| Trade and other receivables | 10,489 | 9,436 |

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

- PLN 546 thousand allowance for receivables sought in court by the Group – no change versus the closing balance of the previous year,
- PLN 332 thousand allowance for other receivables – no change versus the closing balance of the previous year.

# 10. Deferred income tax assets and liabilities

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| Deferred income tax | 30/06/2024 | 31/03/2024 |
|---|---|---|
| **Balance at beginning of year before offsetting:** | | |
| Deferred income tax assets | 10,060 | 10,295 |
| Deferred tax provision | (12,281) | (11,333) |
| | | |
| **Change during the period affecting:** | | |
| Profit and loss account (+/-) | (23) | (868) |
| Other comprehensive income (+/-) | (32) | (86) |
| | | |
| **Alienation of discontinued operations** | | **(229)** |
| | | |
| **Deferred tax at the end of the period before offsetting:** | | |
| Deferred income tax assets | 9,284 | 10,060 |
| Deferred tax provision | (11,560) | (12,281) |

| | 31/03/2024 | Change in profit and loss account | Change in other comprehensive income | 30/06/2024 |
|---|---|---|---|---|
| **Deferred income tax assets** | | | | |
| Tangible assets (PP&E) - right to use | 91 | 18 | - | 109 |
| Investment properties | (24) | 113 | - | 89 |
| Provisions for employee benefits | 767 | 134 | - | 901 |
| Other provisions for liabilities | 388 | 29 | - | 417 |
| Borrowings, other debt instruments, derivatives | 69 | (52) | (32) | (15) |
| Other liabilities | 1,700 | 48 | - | 1,748 |
| Outstanding tax losses | 6,412 | (432) | - | 5,980 |
| Other assets | 657 | (602) | - | 55 |
| **Total** | **10,060** | **(744)** | **(32)** | **9,284** |
| **Offsetting** | **(8,961)** | | | **(8,404)** |
| **Total deferred tax assets reported in the statement of financial position** | **1,099** | | | **880** |
| | | | | |
| **Deferred income tax provisions** | | | | |
| Tangible (PP&E) and intangible assets | 707 | 72 | - | 779 |
| Investment properties | (71) | 95 | - | 24 |
| Purchased debt portfolios | 8,673 | (314) | | 8,359 |
| Borrowings and other debt instruments | - | 69 | | 69 |
| Receivables and loans granted, measurement of financial assets | 2,367 | (46) | - | 2 321 |
| Other assets | 605 | (597) | - | 8 |
| **Total** | **12,281** | **(721)** | **-** | **11,560** |
| **Offsetting** | **(8,961)** | | | **(8,404)** |
| **Total deferred income tax provisions reported in the statement of financial position** | **3,320** | | | **3,156** |

# 11. 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 Group 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 to the valuation of assets and liabilities, undetermined based on variables derived from active markets.

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| | Carrying value at 30/06/2024 | | | | Fair value at 30/06/2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amor. cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| Trade and other receivables | - | - | 10,730 | **10,730** | - | - | 10,730 | **10,730** |
| Derivative financial instruments | - | 819 | - | **819** | - | 819 | - | **819** |
| Purchased debt portfolios | - | - | 744,352 | **744,352** | - | - | 664,498 | **664,498** |
| **Financial liabilities** | | | | | | | | |
| Borrowings and other debt instruments | - | - | 468, 267 | **468,267** | 254 063 | - | 220 304 | **474,367** |
| Lease liabilities | - | - | 11,487 | **11,487** | - | - | 11,487 | **11,487** |
| Trade payables | - | - | 21,400 | **21,400** | - | - | 21,400 | **21,400** |

| | 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** | | | | | | | | |
| Trade and other receivables | - | - | 9,677 | **9,677** | - | - | 9,677 | **9,677** |
| Derivative financial instruments | - | 461 | - | **461** | - | 461 | - | **461** |
| Purchased debt portfolios | - | - | 713,364 | **713,364** | - | - | 631,970 | **631,970** |
| **Financial liabilities** | | | | | | | | |
| Borrowings and other debt instruments | - | - | 458,239 | **458,239** | 252,717 | - | 212,276 | **464,993** |
| Lease liabilities | - | - | 11,663 | **11,663** | - | - | 11,663 | **11,663** |
| Trade payables | - | - | 15,413 | **15,413** | - | - | 15,413 | **15,413** |

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

# 12. Equity

## 12.1. Share capital

| | 30/06/2024 | 31/03/2024 |
|---|---|---|
| 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.

## 12.2. Shareholding structure of Kredyt Inkaso S.A.

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

| | Total 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.*

## 12.3. Summary of shareholdings or share interests of management and supervisory personnel

As at the balance sheet date (30 June 2024) and the date of approval, none of the members of the Management Board or the Supervisory Board held any shares of the Company or any other interest entitling to them.

## 12.4. Distribution of the Parent's result for 2023/2024

As at the date of approval, the resolution allocating the Parent's result for 2023/24 has yet to be adopted.

## 12.5. 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:

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 restated |
|---|---|---|
| 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 |
| | | |
| **Net profit (loss) attributable to shareholders of the Parent Company** | **8,577** | **8,102** |
| Basic earnings (loss) per share (PLN) | 0.67 | 0.63 |
| Diluted earnings (loss) per share (PLN) | 0.67 | 0.63 |
| | | |
| **Net profit (loss) from continuing operations attributable to the parent's shareholders** | **6,976** | **6,431** |
| Basic earnings (loss) per share (PLN) | 0.54 | 0.50 |
| Diluted earnings (loss) per share (PLN) | 0.54 | 0.50 |

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

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# 13. Borrowings and other debt instruments

| | 30/06/2024 | | 31/03/2024 | |
|---|---|---|---|---|
| | Short-term liabilities | Long-term liabilities | Short-term liabilities | Long-term liabilities |
| Borrowings, including: | 56,314 | 129,685 | 59,828 | 116,778 |
| - credit card liabilities | 18 | - | 10 | - |
| Debt securities | 29,855 | 252,413 | 28,597 | 253,036 |
| **Total** | **86,169** | **382,098** | **88,425** | **369,814** |

## 13.1. Borrowings

Status of borrowings as at the balance sheet date.

| Instrument | Currency | Interest rate | Start date | Maturity date | Current liabilities | Long-term liabilities | Total |
|---|---|---|---|---|---|---|---|
| Credit facility in ING Bank Śląski S.A. | PLN | WIBOR 3M + margin | 2017-11-23 | 2032-12-31 | 19,084 | 40,017 | **59,101** |
| Credit facility in ING Bank Śląski S.A. | PLN | WIBOR 3M + margin | 2018-05-21 | 2032-12-31 | 37,212 | 89,668 | **126,880** |
| **Total** | | | | | **56,296** | **129,685** | **185,981** |

Borrowings status as at the comparative balance sheet date.

| Instrument | Currency | Interest rate | Start date | Maturity date | Short-term liabilities | Long-term liabilities | Total |
|---|---|---|---|---|---|---|---|
| Credit facility in ING Bank Śląski S.A. | PLN | WIBOR 3M + margin | 2017-11-23 | 2032-12-31 | 22,550 | 47,323 | **69,873** |
| Credit facility in ING Bank Śląski S.A. | PLN | WIBOR 3M + margin | 2018-05-21 | 2032-12-31 | 37,268 | 69,455 | **106,723** |
| **Total** | | | | | **59,818** | **116,778** | **176,596** |

The maturity date for the credit facilities of ING Bank Śląski S.A. means the expiry date of the facility agreement (31 December 2034) (the expiry date has been extended under an auxiliary agreement of 12.08.2024). The maturity of each individual loan drawn under the available line of credit is 60 months.

Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW may utilise the finance under the credit facilities for the purpose of purchasing debt portfolios.

According to the credit facility agreement, the bank will provide Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW with funds up to PLN 200,000 thousand.

The line of credit is made available in annual periods ending 31 December which are automatically extended for subsequent annual periods unless the bank or the funds notify on at least 35 days before the deadline that they do not wish to continue the credit line. The maximum date up to which the utilisation end date can be extended is the expiration date of the credit facility agreement, namely 31 December 2034.

The credit facilities are uncommitted and the bank has no obligations under the agreements, with any applications for the utilisation of the lines of credit requiring a prior approval from the bank. The credit facility liabilities are secured - see Note 20.4.

On 13 June 2023, Kredyt Inkaso S.A. concluded an overdraft agreement with ING Bank Slaski S.A. in the amount of PLN 10,000 thousand plus a line of guarantees up to PLN 449,170.39. The line of credit is made available 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

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31 December 2033. The interest rate on the overdraft is variable, and its components are a margin of 1.5% plus the WIBOR 1M base 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.

After the balance sheet date, on 22 July 2024, the Group's fund (Kredyt Inkaso III Kredyt Inkaso III Niestandaryzowany Fundusz Inwestycyjny Zamknięty Wierzytelności) concluded a credit facility agreement with Santander Bank Polska S.A. for PLN 100 million. More details in Note 22.

## 13.2. Bonds issued

Figures as at the end of the current reporting period.

| Bond series | Interest rate | Start date | Maturity date | Face value | Short-term notes | Long-term notes | Carrying value |
|---|---|---|---|---|---|---|---|
| H1 | fixed, 6% | 2021-10-22 | 2025-10-19 | 3,667 | 123 | 3,503 | 3,626 |
| J1 | WIBOR 3M+4.9% | 2022-03-28 | 2029-03-28 | 34,843 | 5,737 | 28,568 | 34,305 |
| K1 | WIBOR 6M+4.9%* | 2022-03-28 | 2029-03-28 | 85,834 | 19,838 | 67,144 | 86,982 |
| I1 | WIBOR 3M+4.9% | 2022-04-19 | 2025-10-23 | 17,010 | 260 | 16,354 | 16,614 |
| L1 | WIBOR 3M+4.7% | 2022-08-05 | 2026-07-27 | 15,679 | 502 | 14,972 | 15,474 |
| M1 | WIBOR 3M+5.5% | 2023-04-14 | 2027-04-14 | 15,000 | 476 | 14,471 | 14,947 |
| N1 | WIBOR 3M+5.5% | 2023-07-13 | 2027-07-13 | 18,000 | 587 | 17,293 | 17,880 |
| O1 | WIBOR 6M+ 5.5% | 2023-10-04 | 2027-10-04 | 37,741 | 1,292 | 35,893 | 37,185 |
| P1 | WIBOR 3M+5.5% | 05-12-2023 | 2027-11-28 | 15,000 | 290 | 14,538 | 14,828 |
| R1 | WIBOR 3M+5.5% | 2024-02-07 | 2028-02-07 | 20,000 | 535 | 19,066 | 19,601 |
| S1 | EURIBOR 3M+5.2% | 2024-03-27 | 2028-03-27 | 21,565 | 215 | 20,611 | 20,826 |
| **Total** | | | | **284,339** | **29,855** | **252,413** | **282,268** |

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

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

| Date | |
|---|---|
| 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 |

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 notes | Long-term notes | 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 | 5,748 | 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 3M+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 |

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| Bond series | Interest rate | Start date | Maturity date | Face value | Short-term notes | Long-term notes | Carrying value |
|---|---|---|---|---|---|---|---|
| P1 | WIBOR 3M+5.5% | 05-12-2023 | 2027-11-28 | 15,000 | 286 | 14,304 | 14,590 |
| R1 | WIBOR 3M+5.5% | 2024-02-07 | 2028-02-07 | 20,000 | 528 | 19,028 | 19,556 |
| S1 | EURIBOR 3M+5.2% | 2024-03-27 | 2028-03-27 | 21,504 | 220 | 20,512 | 20,732 |
| **Total** | | | | **285,672** | **28,597** | **253,036** | **281,633** |

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

## 13.3. Cashpooling

On 23 April 2019, an agreement for the provision of liquidity management services in the form of daily limits was concluded between ING Bank and Group entities ("cashpool"). The interest rate on cashpool transactions is floating and set as WIBOR 6M +4.9%.

Cashpool balances are shown in the table below:

| | 30/06/2024 | 31/03/2024 |
|---|---|---|
| Kredyt Inkaso S.A.* | (38,672) | (37,708) |
| Finsano S.A. | 35,678 | 34,754 |
| Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka sp.k. | 2,584 | 3,605 |
| Kredyt Inkaso IT Solutions Sp. z o.o. | (441) | (1,497) |
| KI Solver Sp. z o.o. | 851 | 846 |
| **Total** | **-** | **-** |

*(*) Funds accumulated in the main liquidity account of the cashpool organizer*

# 14. Discontinued operations

In financial year 2023/24, the Group has taken certain actions aimed at divesting Limited Liability Company "Professional Collection Organisation" Kredyt Inkaso RUS, which constitutes a standalone geographical area in the Group's operations. *Kredyt Inkaso Portfolio Investments (Luxembourg) Societe Anonyme* ("KI LUX"), which holds 99% shares in KI RUS, received three initial and non-binding offers and the bidders started *due diligence* procedures for KI RUS. In May 2024, KI LUX received offers from two of the three interested parties. Negotiations of transaction parameters and structure are currently underway.

The Group is making every effort to complete the sale of the Russian company within 12 months of the balance sheet date.

The net result from discontinued operations, understood as the operations of the Russian entity after the consolidation exemptions, is presented in detail below:

| Discontinued operations | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| **Net revenue** | | |
| Interest income on debt portfolios calculated using the effective interest rate method | 6 | 25 |
| Debt portfolios revaluation | 2,901 | 3,740 |

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| Discontinued operations | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Other income/expenses | (1) | - |
| **Total net income** | **2,906** | **3,765** |
| Salary and employee benefit costs | (700) | (928) |
| Depreciation/amortisation | (51) | (46) |
| Third-party services | (579) | (592) |
| Court and enforcement fees | (4) | 2 |
| Other operating expenses | (22) | (136) |
| **Total operating expense** | **(1,356)** | **(1,700)** |
| **Profit (loss) on operating activities** | **1,550** | **2,065** |
| Financial income, including: | 475 | 129 |
| interest on instruments measured at amortised cost | 475 | 129 |
| Finance cost, including: | 6 | (95) |
| interest on instruments measured at amortised cost | - | - |
| **Earnings before taxation** | **2,031** | **2,099** |
| Income tax | (414) | (414) |
| **Net profit (loss) from discontinued operations** | **1,617** | **1,685** |

Cash flows related to discontinued operations are presented below:

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Cash flow from operating activities | 945 | 1,115 |
| Cash flow from investment activities | 423 | 129 |
| Cash flow from financial activities | - | - |

Main groups of assets and liabilities held for sale:

| | 30/06/2024 | 31/03/2024 |
|---|---|---|
| Tangible assets (PP&E) | 557 | 609 |
| Deferred income tax assets | 271 | 255 |
| Trade and other receivables | 1,686 | 1,279 |
| Purchased debt portfolios | 198 | 209 |
| Prepayments | 15 | 18 |
| Cash and cash equivalents | 12,377 | 10,392 |
| **Total assets held for sale** | **15,104** | **12,762** |
| | | |
| Lease liabilities | 477 | 485 |
| Deferred tax provision | 28 | 26 |
| Trade and other payables | 2,210 | 2,075 |
| Current income tax liabilities | 135 | 138 |
| **Total liabilities related to assets held for sale** | **2,850** | **2,724** |

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| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Net profit (loss) on discontinued operations attributable to shareholders of the Parent Company | 1,601 | 1,671 |
| Basic earnings (loss) per share (PLN) | 0.12 | 0.13 |
| Diluted earnings (loss) per share (PLN) | 0.12 | 0.13 |

The cumulative cost of PLN 4,666 thousand reported in the Group's equity, as part of foreign exchange differences from the translation of foreign subsidiaries, refers to a group of assets and liabilities classified as 'held for sale'.

# 15. Share-based payments

On the basis of the annex of 6 May 2024 to the 4 April 2023 agreement with Ipopema Securities, the Company undertook to pay the transaction advisor a success fee in cash depending on the Company's share price (2.00% of the product of multiplying the number of Company shares covered by the transaction resulting from the implemented strategic options and the sale price per share in that transaction). This agreement was concluded for a definite period until 31 December 2024. However, according to the agreement exclusivity clauses, the transaction advisor is entitled to the success fee in the event of the implementation of strategic options by 31 March 2026 (on certain contractual conditions).

This success fee is conditioned on the delivery of the transaction advisory service as well as one of the three strategic options: change of control, merger or sale of the Group's assets. The likelihood of implementing any of these strategic options was estimated at 25%. The advisor's fee depends on the price of the Company's shares only in the event of a change of control or merger. The total probability of the two options (change of control or merger) was estimated at 80% (40% per options). In the case of the sale of the Group's assets, the success fee depends on the price of the assets sold. At the same time, such transaction with no share-based payment is not subject to the requirements of IFRS 2 "Share-based payments". The general likelihood of selling the Group's assets and incurring expenditure on this account was estimated as low (below 50%), therefore, according to section 14 of IAS 37, the Company did not create a provision for the related fee (cf. Note 20.3).

As of the date of the transaction advisor agreement, the Company issued 12,897,364 shares. Based on the Management Board's assessment of the probability of the transaction scenarios and the relevant agreement clauses as at the date of publication of this report, the balance sheet valuation of the advisor's success fee was based on the price of 7,929,983 shares held by WPEF VI Holding 5 B.V. in the Company.

| Details | |
|---|---|
| Agreement date | 04-04-2023 (and annex of 06-05-2024) |
| Strategic option expiry | 31-03-2026 |
| Valuation date | 30-06-2024 |

| 01.04.2024-30.06.2024 | Number of shares determining the fee |
|---|---|
| Existing at period start | 0 |
| Issued during the period | 7,929,983 |
| Redeemed during the period | 0 |
| Exercised during the period | 0 |
| Expired during the period | 0 |
| Existing at period end | 7,929,983 |

The fair value of this fee was estimated using the binomial tree model. The model considered, among others: the Company's share price as at the valuation date and the volatility of the Company's share price on a monthly basis. The calculated value was posted in the statement of profit or loss proportionally throughout the period of the transaction advisory services (agreement period), i.e. until 31 December 2024, and in 'other liabilities'. The terms of the agreement stipulate the achievement of general goals, and without the direct assignment to an asset these expenses do not meet the criteria for activation and are recognised as in the result of the Group. The basic parameters of the model used to calculate the fair value of the potential success fee for the performance of the agreement and the expenses to be included in the statement of profit or loss for the period are presented below:

Interim condensed consolidated financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

| Details | |
|---|---|
| **Valuation date** | **30-06-2024** |
| Kredyt Inkaso S.A. share price on valuation date (in PLN) | 19.30 |
| Kredyt Inkaso S.A. share price volatility month to month (in %) | 12.3% |
| Risk-free rate (in %) | 5.1% |
| Number of shares determining the success fee on valuation date | 7,929,983 |
| Likelihood of transaction success | 25% |
| Likelihood of change of control or merger option | 80% |
| Success fee rate (%) | 2% |
| **Valuation of success fee (in PLN)** | **612,789** |
| Statement of Profit and Loss for 01.04.2024-30.06.2024 - 'third party services' | 153,197 |
| The total cost of the fee to be settled by 31.12.2024 (in PLN) | 459,592 |
| **Total** | **612,789** |

According to the agreement, the services supporting the Company in the potential transaction will be implemented by 31.12.2024. The variable part of the success fee (applicable to the options dependent on the share price) was introduced by an annex of 06.05.2024. According to IFRS 2, taking into account the conditions entitling the counterparty to receive a success fee, the vesting period was assumed as the contractual period of the provision of the services that give rise to the fee (in its variable part). As at 30.06.2024, the expense corresponding to the previous period of two months was recognized.

# 16. Notes to Statement of Cash Flows

| | Change in liabilities recognised in statement of financial position | Change in liabilities related to discontinued operations | Value of portfolios purchased in 01/04/2024-30/06/2024 | Value of portfolios purchased in 01/04/2024-30/06/2024 but paid after the balance sheet date | Presentation in statement of cash flows |
|---|---|---|---|---|---|
| Purchased debt claims – purchase and expenditures on debt portfolios | | | (59,976) | 5,088 | **(54,888)** |
| Change in liabilities | 5,496 | 132 | - | (5,088) | **541** |

# 17. Financial risk management

During the reporting period, the Group did not recognize any significant changes in financial risks, nor did it change its objectives and principles for managing these risks compared to those described in the consolidated annual financial statements for fiscal year 2023/2024.

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## 17.1. Derivative hedging instruments

At the balance sheet date, the Group has open hedging positions. The Group 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.

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

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

As the hedged item, the Group designated liabilities under its issued bonds. The Group assesses the economic link prospectively, in intervals defined in the underlying document.

| Instrument | Face value at balance sheet date | Amortisation of principal | 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 | 516 | - | Derivative financial instruments | 297 |
| IRS | 34,843 | Yes - consistent with amortisation of J1 bonds face value | 28/03/2024-28/03/2029 | 4.63% | WIBOR 3M | 303 | - | Derivative financial instruments | 61 |
| | | | | **Total** | | **819** | **-** | | **358** |

### Effect of hedging instruments on the Group's statement of financial position in the reporting period

The amount of interest moved from other comprehensive income was charged to Finance income (interest income on hedging instruments) or Finance expenses (interest expense on hedging instruments).

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Payments from settlement of hedging transactions included in cash flow statement | (113) | - |
| Hedging gains or losses for the reporting period recognised in other comprehensive income | 471 | - |
| Ineffective portion of the hedge recognised in profit and loss account | - | - |
| **Total** | **358** | **-** |

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| **Revaluation reserve at the beginning of period** | **365** | **-** |
| Effect of valuation of hedging transactions (effective portion) | 471 | - |

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| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Amount of interest moved during the period from other comprehensive income to profit and loss account | (305) | - |
| Income tax | (32) | - |
| **Revaluation reserve at the end of period** | **499** | **-** |

# 18. Capital management

The Group 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 Group uses to monitor equity and debt levels is the ratio of consolidated net financial debt/consolidated equity.

Net financial debt is calculated as financial debt less cash. Financial debt is defined as liabilities from borrowings and other sources of finance, as well as guarantees and leases. 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.

As at 30 June 2024, the most restrictive level of this covenant, contained in the terms of the Company's bond issue, is 2.25.

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

| | 30/06/2024 | 31/03/2024 |
|---|---|---|
| Borrowings and other debt instruments | 468,267 | 458,239 |
| Leases | 11,964 | 12,148 |
| minus: cash and cash equivalents | (96,239) | (102,851) |
| **Net financial debt** | **383,992** | **367,536** |
| **Equity** | **362,414** | **353,229** |
| | | |
| **Net financial debt/equity ratio** | **1.06** | **1.04** |

*(*) when calculating this ratio, lease liabilities and cash of KI RUS were taken into account, which in the consolidated balance sheet are shown as assets and related liabilities held for sale*

# 19. Significant transactions with related parties

## 19.1. Related party transactions

### 19.1.1. Transactions in trade

The Group has entered into the following trade-related transactions with related parties:

| | 01/04/2024-30/06/2024 | | 01/04/2023-30/06/2023 | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Cost of consulting services | | | | |
| WPEF VI HOLDING 5 B.V. | - | 65 | - | 68 |

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| | 01/04/2024-30/06/2024 | | 01/04/2023-30/06/2023 | |
|---|---|---|---|---|
| **Total (net amounts)** | **-** | **65** | **-** | **68** |

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.

## 19.2. Loans to officers and related persons

None.

## 19.3. Transactions with officers

### 19.3.1. Remuneration of the Management Board

Remuneration of the Company's key executives, at the parent company and subsidiaries in the Group.

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Base salary/management contract (gross) | 1,083 | 1 168 |
| Other - medical and other benefits | 86 | 83 |
| **Total** | **1,169** | **1 251** |

### 19.3.2. Remuneration of the Supervisory Board

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| Supervisory Board remuneration | 151 | 135 |
| **Total** | **151** | **135** |

Remuneration rules of 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 serving as secretary of the Supervisory Board in the amount of 1/3 of the average monthly salary in the business sector without profit sharing
  - 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.

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- 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 fixed 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.

# 20. Contingent liabilities, guarantees, warranties and collaterals on the Group's assets

## 20.1. 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 Group's control. For the purpose of estimating the contingent liability covering the costs of discontinued enforcements, the Group 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 for the 15y horizon 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:

| | 30/06/2024 |
|---|---|
| Contingent liabilities - cost of discontinued enforcement | 39,103 |
| **Total** | **39,103** |

## 20.2. 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 Group will pay covered employees and associates additional compensation under the Program, at a cost to the Group of up to PLN 2.7 million.

## 20.3. 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. The success fee (i) that depends on the value of the Company shares sold meets the definition of IFRS 2 "Share-based payments" and has been valued and described in more detail in note 15 to these interim condensed consolidated financial statements. The potential obligation for the Company to pay the success fee (ii) depending on the value of the Company's assets was assessed as less probable as at the balance sheet date than the lack of such obligation, and therefore no provision has been created as at the balance sheet date.

## 20.4. Credit facility security with ING Bank Śląski S.A.

Based on:

(i) the credit facility agreement of 23 November 2017, supplemented by agreements no. 1 dated 21 May 2018., no. 2 dated 14 September 2018, and no. 3 dated 27 November 2019, signed by subsidiary Kredyt Inkaso II NFIZW with ING Bank Śląski S.A., and
(ii) the credit facility agreement of 21 May 2018, supplemented by agreements no. 1 dated 15 September 2018 and no. 2 dated 27 November 2019, signed by subsidiary Kredyt Inkaso I NFIZW with ING Bank Śląski S.A.,

Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW established security in favour of the Bank in the form of a conditional assignment of claims under a conditional claim assignment agreement connected with certain commercial contracts, with the total value of the security being not less than 150% of the line of credit utilised by each of these subsidiaries.

The above credit facility agreements were collectively replaced by the Supplementary Agreement 3 of 31 December 2020 and the subsequent Supplementary Agreements no. 4 dated 22 March 2022, no. 5 dated 15 April 2022 and no. 6 dated 3 August 2022 and no. 7 of 12 August 2024, which stipulate, among other things, that Kredyt Inkaso I NFIZW and Kredyt Inkaso II NFIZW secured the Bank with respect to the credit facility by a conditional claim assignment, based on conditional security assignment agreements connected with certain commercial contracts, with the total value of the claims that are the security not less than 150% of the utilised line of credit. As of the balance sheet date, the required level of security in the case of Kredyt Inkaso I NFIZW is: PLN 190,320 thousand, and in the case of Kredyt Inkaso II NFIZW: PLN 88,652 thousand.

## 20.5. 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.

# 21. Court, enforcement, tax and other proceedings

## 21.1. Litigations and enforcements

The Group's business model involves purchasing of debt portfolios that include claims arising from sold general services (usually
several thousand to tens of thousands of claims bundled in a portfolio) and to pursue their repayment in court. The Group'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 Group 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. On 12 March 2024, the lower court dismissed the legal action and awarded the Defendants (jointly and severally), according to Article 98 (1) of the Civil Procedure Code and Article 99 of the Civil Code in conjunction with Article 2 (9) of the Minister of Justice Regulation of 22 October 2015 on attorney fees, the amount of PLN 100,000 as refund of legal costs. The Company is currently awaiting a written statement of reasons for this 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.

## 21.2. Tax proceedings

There were no significant tax proceedings in the reporting period.

## 21.3. Other inspections

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

# 22. Significant events after the balance sheet date

- On 11 July 2024, in performance of the resolutions of the Supervisory Board dated 13 June 2024 and related to the Remuneration Policy for the Management Board and the Supervisory Board of Inkaso S.A., through a duly authorised Chairperson of the Supervisory Board the Supervisory Board concluded annexes to management contracts signed 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.

- On 22 July 2024, the Group's fund (Kredyt Inkaso III Kredyt Inkaso III Niestandaryzowany Fundusz Inwestycyjny Zamknięty Wierzytelności based in Warsaw - the "Fund") concluded a credit facility agreement ("Facility") with Santander Bank Polska S.A. ("Bank"). The Facility covers up to PLN 100 million, however:
  - drawing of up to PLN 50 million is possible by 31.10.2024 inclusive,
  - drawing of up to PLN 100 million is possible from 01.11.2024 to the last day of the availability period ("Availability Period"), with the sum utilised under the Facility no to be higher than 75% of the net asset value of the Fund according to the last available net asset valuation of the Fund.

  The Availability Period ends on 22.07.2025, with the maturity date set at 22.07.2029 maximum. Interest accrues at the base rate agreed on with the Bank plus the Bank's margin, to be determined based on the ratio of the debt under the Facility to the total value of its object of security. The Fund may use the money to finance purchases of debt packages, directly or indirectly, by the Fund, excluding debt packages for which the applicable law is not the law of the Republic of Poland and excluding portfolios acquired from entities belonging to the Santander Capital Group (including the Bank). The Facility has been secured up to PLN 150 million by:
  - a suretyship granted by the Company under the Polish civil law,
  - registered and financial pledges on the current accounts of the Fund and the Company,
  - a registered pledge on debt packages/portfolios financed by the Bank,
  - the Fund's and the Company's enforcement declaration pursuant to Article 777 of the Civil Procedure Code.

- On 8 August 2024, the Management Board summoned the Extraordinary General Meeting to convene on 4 September 2024. The meeting agenda included, among others, a discussion of the strategic options review process and certain resolutions setting out possible directions for further activities, as well as additional information related to these strategic options (Current Report 31/2024).

- On 12 August 2024, the Company and its subsidiaries (i.e. Kredyt Inkaso I Niestandarizowany Fundusz Inwestycyjny Zamknięty Debtów – "Fund 1" and Kredyt Inkaso II Niestandarizowany Fundusz Inwestycyjny Zamknięty Debtów, Subfundusz KI 1 – "Fund 2") concluded with ING Bank Śląski S.A. based in Katowice ("Bank") an auxiliary agreement ("Auxiliary Agreement") to the line of credit facility agreement between Fund 1, Fund 2 and the Bank ("Facility") concerning the Company's suretyship. As part of the Facility, the Bank undertook to make available to Fund 1 and Fund 2, within the credit limit awarded, a total sum of PLN 200 million. The suretyship was granted up to PLN 300 million, with the end date of the Company's liability under the suretyship being 31 December 2037. The suretyship was granted against consideration that was on arm's length basis in the financial services market.

- On 14 August 2024, the Company was requested by shareholder to place a new item in the Extraordinary General Meeting agenda: "Adoption of a resolution to request the Management Board to continue the review of strategic options" (Current Report 46/2024).

- On 22 August 2024, the Company signed with Santander Bank Polska S.A. based in Warsaw a suretyship agreement to secure the claims under the credit facility granted to the Company's subsidiary (Kredyt Inkaso III Niestandaryzowanego Funduszu Inwestycyjnego Zamkniętego Wierzytelności). The suretyship secured the Fund's liabilities due to the Bank under the facility as well as the Fund's future liabilities towards the Bank as may arise due to a change of the text of the facility agreement. The suretyship was granted up to PLN 150 million, with the end date of the Company's liability under the suretyship being 22 July 2034.

# 23. 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.

# 24. 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 (summoned to convene on 4 September 2024) (Current Report 31/2024) – cf. Note 22. 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.

# INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

Interim condensed separate financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# SEPARATE STATEMENT OF PROFIT OR LOSS

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| **Net income** | | |
| Interest income on debt portfolios calculated using the effective interest rate method | 2,800 | 2,549 |
| Debt portfolios revaluation | 3,066 | 4,173 |
| Other income/expenses | 18,731 | 18,563 |
| **Total net income** | **24,597** | **25,285** |
| Salary and employee benefit costs | (11,113) | (9,983) |
| Depreciation/amortisation | (826) | (868) |
| Third-party services | (10,345) | (9,248) |
| Court and enforcement fees | (615) | (1,023) |
| Other operating expenses | (1,944) | (905) |
| **Total operating expense** | **(24,843)** | **(22,027)** |
| **Profit (loss) on operating activities** | **(246)** | **3,258** |
| Financial income, including: | 9,089 | 8,213 |
| interest on instruments measured at amortised cost | 7,964 | 7,818 |
| Finance cost, including: | (11,232) | (9,198) |
| interest on instruments measured at amortised cost | (9,612) | (7,615) |
| **Earnings before taxation** | **(2,389)** | **2,273** |
| Income tax | 195 | 162 |
| **Net profit (loss)** | **(2,194)** | **2,435** |
| | | |
| **Earnings per share in PLN** | | |
| ordinary | (0.17) | 0.19 |
| diluted | (0.17) | 0.19 |

Interim condensed separate financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# SEPARATE STATEMENT OF COMPREHENSIVE INCOME

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| **Net profit (loss)** | **(2,194)** | **2,435** |
| Income (loss) recognized in the period in other comprehensive income | 471 | - |
| Amounts transferred to profit or loss | (305) | - |
| Income tax | (32) | - |
| **Cash flow hedging instruments subject to reclassification to profit and loss account** | **134** | **-** |
| **TOTAL COMPREHENSIVE INCOME** | **(2,060)** | **2,435** |

Interim condensed separate financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# SEPARATE STATEMENT OF FINANCIAL POSITION

| Assets | 30/06/2024 | 31/03/2024 |
|---|---|---|
| Intangible assets | 1,048 | 1,273 |
| Tangible assets (PP&E) | 9,108 | 9,041 |
| Investment properties | 2,015 | 2,015 |
| Investments in subsidiaries | 110,294 | 110,294 |
| Purchased debt portfolios | 33,725 | 35,556 |
| Receivables and loans granted | 36,946 | 36,903 |
| Derivative financial instruments | 819 | 461 |
| Other long-term financial assets | 171,000 | 171,000 |
| **Non-current assets** | **364,955** | **366,543** |
| Trade and other receivables | 8,905 | 10,159 |
| Income tax receivables | 705 | - |
| Purchased debt portfolios | 17,506 | 18,545 |
| Loans | 510 | 1,556 |
| Other short-term financial assets | 31,546 | 42,205 |
| Short-term prepayments | 1,351 | 1,600 |
| Cash and cash equivalents | 50,532 | 39,651 |
| **Current assets** | **111,055** | **113,716** |
| **Total assets** | **476,010** | **480,259** |

| Equity & Liabilities | 30/06/2024 | 31/03/2024 |
|---|---|---|
| Share capital | 12,897 | 12,897 |
| Statutory capital reserve | 68,076 | 68,076 |
| Revaluation reserve | 499 | 365 |
| Retained earnings, including | 1,875 | 4,069 |
| net profit (loss) of the current period | (2,194) | 8,363 |
| profits (losses) of previous years | 4,069 | (4,294) |
| **Equity** | **83,347** | **85,407** |
| Borrowings and other debt instruments | 254,914 | 295,822 |
| Lease liabilities | 6,199 | 6,328 |
| Deferred tax provision | 3,047 | 3,210 |
| **Long-term liabilities** | **264,160** | **305,360** |
| Trade and other payables | 3,691 | 4,663 |
| Borrowings and other debt instruments | 109,360 | 69,920 |
| Lease liabilities | 2,753 | 2,636 |
| Other short-term provisions | 6,732 | 5,065 |
| Short-term prepayments | 5,967 | 7,208 |
| **Short-term liabilities** | **128,503** | **89,492** |
| **Total liabilities** | **392,663** | **394,852** |
| **Total equity and liabilities** | **476,010** | **480,259** |

Interim condensed separate financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# SEPARATE STATEMENT OF CASH FLOWS

| | 01/04/2024-30/06/2024 | 01/04/2023-30/06/2023 |
|---|---|---|
| **Earnings before taxation** | **(2,389)** | **2,273** |
| Adjustments: | | |
| Depreciation and impairment of tangible assets (PP&E) | 578 | 533 |
| Amortisation and impairment of intangible assets | 248 | 335 |
| Purchased debt portfolios - difference between repayments and interest income | 5,937 | 6,939 |
| Purchased debt portfolios - portfolio revaluation | (3,066) | (4,173) |
| Finance expenses | 11,094 | 9,198 |
| Finance income | (9,089) | (8,177) |
| Profit (loss) due to exchange rate differences | 139 | (36) |
| Other adjustments | (707) | (473) |
| **Total adjustments** | **5,134** | **4,146** |
| Change in receivables | 548 | (1,325) |
| Change in liabilities | (1,118) | (1,842) |
| Change in capital reserves and prepayments/accruals | 675 | 923 |
| **Cash from operating activities** | **2,850** | **4,175** |
| Income tax paid | - | - |
| **Net cash from operating activities** | **2,850** | **4,175** |
| Expenses for acquisition of intangible assets | (9) | (130) |
| Expenses for acquisition of tangible assets (PP&E) | (200) | (192) |
| Sale of tangible assets (PP&E) | - | 52 |
| Proceeds from repayments of loans granted | 459 | - |
| Loans granted | - | (17,000) |
| Proceeds from sale of other financial assets/repayment of bonds | 11,200 | - |
| Interest received | 8,857 | 25,115 |
| **Net cash from investment activities** | **20,307** | **7,845** |
| Proceeds from issue of debt securities | - | 15,000 |
| Redemption of debt securities | (1,394) | (2,787) |
| Proceeds from settled hedging transactions | 113 | - |
| Flows from the concluded cashpool agreement | 965 | (7,185) |
| Payments of lease liabilities | (740) | (696) |
| Interest paid | (11,220) | (8,098) |
| **Net cash from financing activities** | **(12,276)** | **(3,766)** |
| **Net change in cash and cash equivalents** | **10,881** | **8,254** |
| **Cash and cash equivalents at the beginning of the period** | **39,651** | **9,188** |
| Change due to exchange rate differences | - | - |
| **Cash and cash equivalents at the end of the period** | **50,532** | **17,442** |

Interim condensed separate financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

# SEPARATE STATEMENT OF CHANGES IN EQUITY

| | Share capital | Statutory capital reserve | Revaluation reserve | Retained earnings | Total Equity |
|---|---|---|---|---|---|
| **As at 1 April 2024** | **12,897** | **68,076** | **365** | **4,069** | **85,407** |
| Net profit (loss) | - | - | - | (2,194) | (2,194) |
| Cash flow hedges | - | - | 134 | - | 134 |
| **Total comprehensive income** | **-** | **-** | **134** | **(2,194)** | **(2,060)** |
| Allocation of result | - | - | - | - | **-** |
| **As at 30 June 2024** | **12,897** | **68,076** | **499** | **1,875** | **83,347** |

| | 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) | - | - | - | 2,435 | **2,435** |
| Cash flow hedges | - | - | - | - | **-** |
| **Total comprehensive income** | **-** | **-** | **-** | **2,435** | **2,435** |
| Allocation of result | - | - | - | - | - |
| **As at 30 June 2023** | **12,897** | **63,042** | **-** | **3,175** | **79,114** |

# EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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

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

These interim condensed separate financial statements of the Company cover the period of three months ended 30 June 2024 and present:

- comparative figures for the three months ended 30 June 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 2024 in the statement of financial position.

The interim condensed separate financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information that is disclosed in the annual separate financial statements prepared in accordance with IFRS. These interim condensed separate financial statements should be read in conjunction with the Company's separate financial statements for the fiscal year ended 31 March 2024.

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

These interim condensed 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 interim condensed separate financial statements for publication, there are no circumstances indicating a threat to the Company's going concern.

The duration of the Company's operations is not limited.

### 1.2. Statement of compliance

These interim condensed 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.

### 1.3. Accounting policies

These interim condensed separate financial statements have been prepared in accordance with the accounting policies that were presented in the Parent's most recent separate financial statements for the year ended 31 March 2024, except for the first-time adoption standards described in the interim consolidated financial statements of the Group for three months ended 30 June 2024.

### 1.4. Changes in significant accounting policies and error adjustments

The same accounting policies have been applied in the preparation of these interim condensed separate financial statements as in the most recent annual separate financial statements which were prepared as at and for the reporting year ending 31 March 2024.

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

In the course of the preparation of these individual interim financial statements, the following presentation change has been made in order to better reflect the economic essence and improve the usefulness of the presented data:

Interim condensed separate financial statements for the 3-month period ended 30.06.2024 (data in PLN '000)

a) In the profit and loss account, the costs of court and enforcement fees were distinguished among other operating costs,

The data presented in the published financial statements for three months ended 30 June 2023 have been made comparable. The following is the impact of the above described transformations on the individual profit and loss account for three months ended 30 March 2023.

| | 01/04/2023-30/06/2023 original figures | change in presentation a) | 01/04/2023-30/06/2023 data restated |
|---|---|---|---|
| **Net revenue** | | | |
| Interest income on debt portfolios calculated using the effective interest rate method | 2,549 | | 2,549 |
| Debt portfolios revaluation | 4,173 | | 4,173 |
| Other income/expenses | 18,563 | | 18,563 |
| **Total net income** | **25,285** | | **25,285** |
| Salary and employee benefit costs | (9,983) | | (9,983) |
| Depreciation/amortisation | (868) | | (868) |
| Third-party services | (9,248) | | (9,248) |
| Court and enforcement fees | | (1,023) | (1,023) |
| Other operating expenses | (1,928) | 1,023 | (905) |
| **Total operating expense** | **(22,027)** | | **(22,027)** |
| **Profit (loss) on operating activities** | **3,258** | | **3,258** |
| Financial income, including: | 8,213 | | 8,213 |
| interest on instruments measured at amortised cost | 7,818 | | 7,818 |
| Finance cost, including: | (9,198) | | (9,198) |
| interest on instruments measured at amortised cost | (7,615) | | (7,615) |
| **Earnings before taxation** | **2,273** | | **2,273** |
| Income tax | 162 | | 162 |
| **Net profit (loss)** | **2,435** | | **2,435** |

# APPROVAL FOR PUBLICATION

On 28 August 2024, the Management Board of the Parent approved for publication these interim condensed consolidated and separate financial statements prepared for the period from 1 April 2024 to 30 June 2024, including comparative figures ("Approval Date").

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

Director of the Financial Accounting and Reporting Division

Ewa Palczewska-Dunia