KREDYT INKASO

Kredyt Inkaso Capital Group

Interim Consolidated and Separate Financial Statements for six months ended **30.09.2024**

Warsaw, 18 December 2024

SELECTED CONSOLIDATED FINANCIAL DATA OF THE CAPITAL GROUP

	30/09/2024	31/03/2024	30/09/2024	31/03/2024
	'000 PLN		'000 EUR	
Selected financial indicators				
Net financial debt	374,386	367,536	87,492	85,456
Shareholders Equity	360,517	353,229	84,251	82,129
Net financial debt/equity ratio	1.04	1.04	1.04	1.04
PLN/EUR exchange rate at the balance sheet date	4.2791	4.3009	4.2791	4.3009
Consolidated Statement of Financial Position				
Total assets	850,390	868,852	198,731	202,016
Total liabilities	489,873	515,623	114,480	119,887
Long-term liabilities	361,173	381,149	84,404	88,621
Short-term liabilities	128,700	134,474	30,076	31,266
Equity	360,517	353,229	84,251	82,129
Equity attributable to shareholders of the parent company	360,595	352,545	84,269	81,970

	01/04/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/04/2024-30/09/2024	01/04/2023-30/09/2023 restated
Consolidated Statement of Profit or Loss				
Net revenue	119,939	124,603	27,940	27,593
Income (loss) on operating activities	34,297	48,482	7,990	10,736
Earnings before tax	8,781	25,892	2,046	5,734
Net profit (loss) from continuing operations	6,552	23,510	1 526	5,206
Proft (loss) from discontinued operations	2,743	4,947	639	1,096
Net profit (loss)	9 295	28 457	2 165	6 302
Net profit (loss) attributable to shareholders of the parent company	9 274	27 712	2 160	6 137
Earnings per share in PLN	0.72	2.15	0.17	0.48
Diluted earnings per share in PLN	0.72	2.15	0.17	0.48
Average PLN/EUR exchange rate during the period	4.2927	4.5157	4.2927	4.5157
Consolidated Statement of Cash Flows				
Net cash from operating activities	88,224	94,686	20,552	20,968
Net cash from investment activities	(67,453)	(134 545)	(15,713)	(29 795)
Net cash from financing activities	(44 245)	53,310	(10 307)	11,805
Change due to exchange rate differences	(679)	(1,935)	(158)	(429)
Net change in cash and cash equivalents (including foreign exchange differences)	(24,153)	11,516	(5,627)	2,550
Average PLN/EUR exchange rate during the period	4.2927	4.5157	4.2927	4.5157

SELECTED FINANCIAL FIGURES OF THE COMPANY

	30/09/2024	31/03/2024	30/09/2024	31/03/2024
	’000 PLN		’000 EUR	
Statement of Financial Position				
Total assets	464,793	480,259	108,619	111,665
Total liabilities	382,001	394,852	89,271	91,807
Long-term liabilities	254,134	305,360	59,390	70,999
Short-term liabilities	127,867	89,492	29,882	20,808
Equity	82,792	85,407	19,348	19,858
Share capital	12,897	12,897	3,014	2,999
PLN/EUR exchange rate at the balance sheet date	4.2791	4.3009	4.2791	4.3009

	01/04/2024-30/09/2024	01/04/2023-30/09/2023	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Statement of Profit or Loss				
Net revenue	51,138	46,731	11,913	10,349
Income (loss) on operating activities	1,933	2,263	450	501
Earnings before tax	(2,307)	82	(537)	18
Net profit (loss)	(1,508)	(95)	(351)	(21)
Earnings per share in PLN	(0.12)	(0.01)	(0.03)	(0.002)
Diluted earnings per share in PLN	(0.12)	(0.01)	(0.03)	(0.002)
Average PLN/EUR exchange rate during the period	4.2927	4.5157	4.2927	4.5157
Consolidated Statement of Cash Flows				
Net cash from operating activities	4,584	5,423	1,068	1,201
Net cash from investment activities	12,526	(75)	2,918	(17)
Net cash from financing activities	(32,781)	2,656	(7,636)	588
Net change in cash and cash equivalents	(15,671)	8,004	(3,651)	1,772
Average PLN/EUR exchange rate during the period	4.2927	4.5157	4.2927	4.5157

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Net revenue					
Interest income on debt portfolios calculated using the effective interest rate method		87,530	44,517	72,543	37,986
Portfolio revaluation	4.1	31,746	12,528	50,931	27,351
Other income/expenses	4.2	663	(63)	1,129	422
Total net revenue		**119,939**	**56,982**	**124,603**	**65,759**
Payroll and employee benefits		(29,913)	(14,140)	(26,761)	(13,141)
Depreciation/amortisation		(3,988)	(1,877)	(4,160)	(2,082)
Third party services		(27,039)	(14,102)	(22,747)	(11,172)
Court and enforcement fees		(23,906)	(14,108)	(19,152)	(9,905)
Other operating costs		(796)	2,050	(3,301)	(1,718)
Total operating expense	**5**	**(85,642)**	**(42,177)**	**(76,121)**	**(38,018)**
Profit (loss) on operating activities		**34,297**	**14,805**	**48,482**	**27,741**
Financial income, including:	6	1,904	955	1,318	765
interest on instruments measured at amortised cost		1,296	652	1,312	764
Finance cost, including:	6	(27,420)	(14,258)	(23,908)	(10,150)
interest on instruments measured at amortised cost		(25,534)	(12,840)	(21,338)	(11,484)
Earnings before tax		**8,781**	**1,502**	**25,892**	**18,356**
Income tax	7	(2,229)	(1,707)	(2,382)	(1,812)
Net profit (loss) from continued operations		**6,552**	**(205)**	**23,510**	**16,544**
Net profit (loss) from discontinued operations	**14**	**2,743**	**1,126**	**4,947**	**3,262**
Net profit (loss)		**9,295**	**921**	**28,457**	**19,806**
Net profit attributable to:					
Shareholders of the parent company		9,274	697	27,712	19,610
Non-controlling interests		21	224	745	196
Earnings per share in PLN					
ordinary	12.5	0.72	0.05	2.15	1.52
diluted	12.5	0.72	0.05	2.15	1.52
From continuing operations:					
ordinary	12.5	0.51	(0.03)	1.77	1.27
diluted	12.5	0.51	(0.03)	1.77	1.27

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Net profit (loss)		**9,295**	**921**	**28,457**	**19,806**
Income (loss) on hedge accounting recognised in other comprehensive income	17.1	(759)	(1,230)	-	-
Amounts related to hedge accounting moved to profit or loss	17.1	(608)	(303)	-	-
Income tax	17.1	260	292	-	-
Foreign exchange differences on translation of foreign operations		(117)	(794)	(54)	1,544
Other comprehensive income		**(1,224)**	**(2,035)**	**(54)**	**1,544**
Total comprehensive income		**8,071**	**(1,114)**	**28,403**	**21,350**
Comprehensive income attributable to:					
shareholders of the parent company		8,050	(1,338)	27,658	21,154
non-controlling interests		21	224	745	196

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note	30/09/2024	31/03/2024
Goodwill		4,948	4,948
Intangible assets		6,067	6,161
Tangible assets (PP&E)		13,324	14,627
Investment properties		9,203	10,199
Purchased debt portfolios	8	483,525	474,153
Receivables and loans granted	9	240	241
Derivative financial instruments	17.1	-	461
Long-term prepayments		428	-
Deferred income tax assets	10	478	1,099
Non-current assets		**518,213**	**511,889**
Trade and other receivables	9	5,847	9,436
Current income tax receivables		51	33
Purchased debt portfolios	8	243,161	239,211
Short-term prepayments		1,919	3,062
Cash and cash equivalents		66,586	92,459
Non-current assets classified as held for sale*	14	14,613	12,762
Current assets		**332,177**	**356,963**
Total assets		**850,390**	**868,852**

(*) including PLN 12,112 thousand of KI RUS cash

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

Equity & Liabilities	Note	30/09/2024	31/03/2024
Share capital	12.1	12,897	12,897
Statutory capital reserve		112,508	104,145
Revaluation reserve		(742)	365
Foreign exchange differences on translation		(5,845)	(5,728)
Retained earnings, including		241,777	240,866
net profit attributable to shareholders of the parent company		9,274	33,340
profits brought forward		232,503	207,526
Equity attributable to shareholders of the parent company		**360,595**	**352,545**
Non-controlling interests		(78)	684
Total Equity		**360,517**	**353,229**
Borrowings and other debt instruments	13	351,037	369,814
Lease liabilities		7,018	8,008
Derivative financial instruments	17.1	910	-
Long-term accruals		5	7
Deferred tax provision	10	2,203	3,320
Long-term liabilities		**361,173**	**381,149**
Trade and other payables		13,430	15,413
Current income tax liabilities		1,755	2,341
Borrowings and other debt instruments	13	90,832	88,425
Lease liabilities		3,805	3,655
Other short-term provisions **		9,086	15,792
Short-term accruals		6,161	6,124
Liabilities related to non-current assets held for sale*	14	3,631	2,724
Short-term liabilities		**128,700**	**134,474**
Total liabilities		**489,873**	**515,623**
Total Equity & Liabilities		**850,390**	**868,852**

(*) including PLN 392 thousand of liabilities under KI RUS leases
(**) the decrease in the provisions resulted from the reversal of a part of the provision intended to secure the withholding tax of the Romanian unit, approx. PLN 4.3 million, in consequence of the determinations finally included in adjusted tax returns.

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Earnings before tax, including:		**12,214**	**31,588**
- Earnings before tax – continued operations		8,781	25,892
Earnings before tax – discontinued operations	14	3,433	5,696
Adjustments:			
Depreciation of tangible assets (PP&E)		2,290	2,176
Amortisation of intangible assets		1,801	2,077
Purchased debt portfolios - difference between repayments and interest income	8	91,178	104,142
Purchased debt portfolios - portfolio revaluation	8	(36,975)	(57,476)
Finance expenses	6 and 14	26,344	22,788
Finance income	6 and 14	(2,812)	(1,621)
Profit (loss) due to exchange rate differences	6	1,108	1,240
Other adjustments		460	(150)
Total adjustments		**83,394**	**73,176**
Change in receivables		3,275	1,700
Change in payables	16	(1,568)	(3,889)
Change in capital reserves and prepayments/accruals		(5,770)	(4,432)
Cash from operating activities		**91,545**	**98,143**
Income tax paid		(3,321)	(3,457)
Net cash from operating activities		**88,224**	**94,686**
Debt portfolio purchase	8 and 16	(68,289)	(135,739)
Proceeds from sale of investment properties		700	1,316
Proceeds from sale of tangible assets (PP&E)		-	52
Expenses for acquisition of intangible assets		(1,708)	(1,196)
Expenses for acquisition of tangible assets (PP&E)		(360)	(598)
Interest received		2,204	1,620
Net cash from investment activities		**(67,453)**	**(134,545)**
Proceeds from borrowings	13	29,449	78,000
Proceeds from issue of debt securities	13	-	33,000
Redemption of debt securities	13	(11,370)	(14,158)
Proceeds from settled hedging transactions	17.1	612	-
Repayments of borrowings	13	(35,600)	(21,795)
Payments of lease liabilities		(2,261)	(2,455)
Interest paid		(24,292)	(19,282)
Dividends paid to owners		(783)	-
Net cash from financing activities		**(44,245)**	**53,310**
Net change in cash and cash equivalents (excluding foreign exchange differences)		**(23,474)**	**13,451**
Change due to exchange rate differences		(679)	(1,935)
Net change in cash and cash equivalents(including foreign exchange differences)		**(24,153)**	**11,516**
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		**78,698**	**57,156**
- from discontinued operations	14	12,112	7,878

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 six months ended 30.09.2024 (PLN '000)

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	**-**	**-**	**-**	**-**	**-**	**-**	**(783)**	**(783)**
Net profit	-	-	-	-	9,274	9,274	21	9,295
Other comprehensive income	-	-	(1,107)	(117)	-	(1,224)	-	(1,224)
Total comprehensive income	**-**	**-**	**(1,107)**	**(117)**	**9,274**	**8,050**	**21**	**8,071**
Allocation of result	-	8,363	-	-	(8,363)	-	-	-
Total changes in equity	**-**	**8,363**	**(1,107)**	**(117)**	**911**	**8,050**	**(762)**	**7,288**
As at 30 September 2024	**12,897**	**112,508**	**(742)**	**(5,845)**	**241,777**	**360,595**	**(78)**	**360,517**

Interim condensed consolidated financial statements for six months ended 30.09.2024 (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	-	-	-	-	27,712	27,712	745	28,457
Other comprehensive income	-	-	-	(54)	-	(54)	-	(54)
Total comprehensive income	**-**	**-**	**-**	**(54)**	**27,712**	**27,658**	**745**	**28,403**
Allocation of result	-	7,941	-	-	(7,941)	-	-	-
Total changes in equity	**-**	**7,941**	**-**	**(54)**	**19,771**	**27,658**	**45**	**27,703**
As at 30 September 2023	**12,897**	**100,098**	**-**	**(2,191)**	**239,285**	**350,089**	**651**	**350,740**

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

1.1. Parent company details

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
Tomasz Karpiński	Vice Chairman of Supervisory Board
Piotr Urbańczyk	Board Member
Raimondo Eggink	Board Member
Karol Sowa	Board Secretary

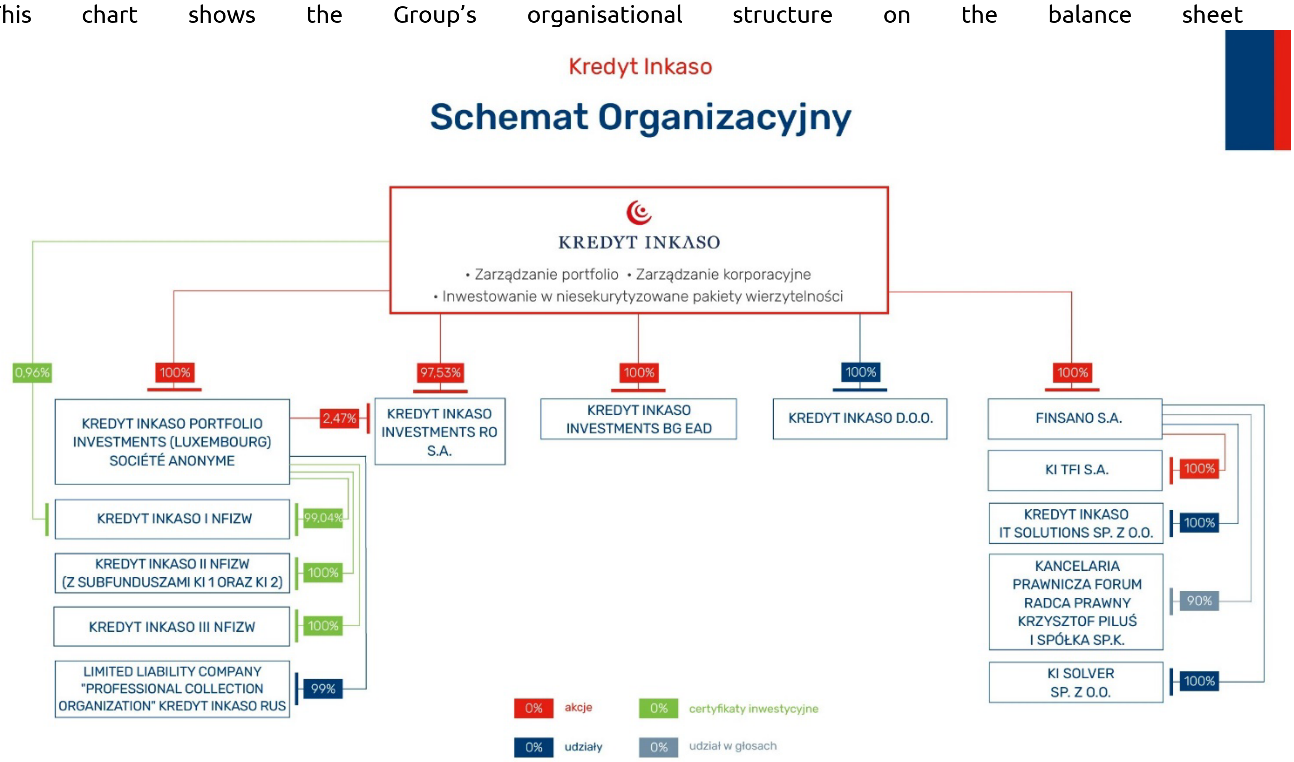
Changes in the composition of the Supervisory Board:

▪ on 27 September 2024, once the term of office has expired for the then members of the Supervisory Board, the Annual General Meeting appointed Mr Marcin Okoński and Piotr Urbańczyk to the vacancies.

Along with this change in the Supervisory Board also the Audit Committee subordinate to it changed its composition and since 2 October 2023 Mr Piotr Urbańczyk has been a member of the Audit Committee, which as at the Approval Date also hosts Mr Raimondo Eggink and Mr Tomasz Karpiński.

1.3. Capital Group details

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 is composed of: 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
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

The Group's interim consolidated financial statements cover the six-month period ended 30 September 2024 and include:

- comparative figures for the six-month period ended 30 September 2023 for the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows;
- comparative figures as at 31 March 2024 in the statement of financial position.
- current and comparative data for the three months ended 30 September 2024 and 2024, respectively, for the statement of profit or loss, statement of comprehensive income.

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 September 2024 include the financial statements of the Parent Company 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. The going concern assumption for the Group entities is reasonable also in view of the potential merger of the parent company with another 'going concern' subsidiary, including by way of acquisition of the parent by such other subsidiary that is a going concern business.

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.

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

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.

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 ending 30 September 2024 (H1)	Average rate	Rate at the end of reporting period
1 RON	0.8626	0.8600
1 BGN	2.1948	2.1878
1 RUB	0.0437	0.0410
1 EUR	4.2927	4.2791

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

Reporting period ending 30 September 2024 (H1)	Average rate	Rate at the end of reporting period
1 RON	0.9117	0.9320
1 BGN	2.3088	2.3701
1 RUB	0.0473	0.0452
1 EUR	4.5157	4.6356

Reporting period ended 31 March 2024 (FY)	Average rate	Rate at the end of reporting period
1 RON	0.8935	0.8655
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 published 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).
- Annual Improvements to IFRS , Part 11 (published 18 July 2024, applicable to annual periods beginning on or after 1 January 2026).
- Changes in the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7, published 18 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).

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

2.7. Changes in significant accounting policies and error adjustments

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 September 2023 were restated: the financial result and consolidation adjustments concerning the Russian entity have been included in the result for discontinued operations.

The data presented in the published financial statements for three and six months ended 30 September 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 September 2023.

	01/04/2023-30/09/2023 original figures	alienation of discontinued operations	change in presentation a)	01/04/2023-30/09/2023 restated figures
Net revenue				
Interest income on debt portfolios calculated using the effective interest rate method	72,595	(52)	-	72,543
Portfolio revaluation	57,476	(6,545)	-	50,931
Other income/expenses	3,109	(1,980)	-	1,129
Total net revenue	**133,180**	**(8,577)**	**-**	**124,603**
Payroll and employee benefits	(28,480)	1,719	-	(26,761)
Depreciation/amortisation	(4,253)	93	-	(4,160)
Third party services	(23,825)	1,078	-	(22,747)
Court and enforcement fees	-	(2)	(19,150)	(19,152)
Other operating costs	(22,627)	176	19,150	(3,301)
Total operating expense	**(79,185)**	**3,064**	**-**	**(76,121)**
Profit (loss) on operating activities	**53,995**	**(5,513)**	**-**	**48,482**
Financial income, including:	1,621	(303)	-	1,318
interest on instruments measured at amortised cost	1,615	(303)	-	1,312
Finance cost, including:	(24,028)	120	-	(23,908)
interest on instruments measured at amortised cost	(21,338)	-	-	(21,338)
Earnings before tax	**31,588**	**(5,696)**	**-**	**25,892**
Income tax	(3,131)	749	-	(2,382)
Net profit (loss) from continued operations	**28,457**	**(4,947)**	**-**	**23,510**
Net profit (loss) from discontinued operations	**-**	**4,947**	**-**	**4,947**

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

	01/04/2023-30/09/2023 original figures	alienation of discontinued operations	change in presentation a)	01/04/2023-30/09/2023 restated figures
Net profit (loss)	**28,457**	**-**	**-**	**28,457**
Net profit attributable to:				
Shareholders of the parent company	27,712	-	-	27,712
Non-controlling interests	745	-	-	745

	01/07/2023-30/09/2023 original figures	alienation of discontinued operations	change in presentation a)	01/07/2023-30/09/2023 restated figures
Net revenue				
Interest income on debt portfolios calculated using the effective interest rate method	38,013	(27)	-	37,986
Portfolio revaluation	30,156	(2,805)	-	27,351
Other income/expenses	2,402	(1,980)	-	422
Total net revenue	**70,571**	**(4,812)**	**-**	**65,759**
Payroll and employee benefits	(13,932)	791	-	(13,141)
Depreciation/amortisation	(2,129)	47	-	(2,082)
Third party services	(11,658)	486	-	(11,172)
Court and enforcement fees	-	-	(9,905)	(9,905)
Other operating costs	(11,663)	40	9,905	(1,718)
Total operating expense	**(39,382)**	**1,364**	**-**	**(38,018)**
Profit (loss) on operating activities	**31,189**	**(3,448)**	**-**	**27,741**
Financial income, including:	939	(174)	-	765
interest on instruments measured at amortised cost	938	(174)	-	764
Finance cost, including:	(10,175)	25	-	(10,150)
interest on instruments measured at amortised cost	(11,484)	-	-	(11,484)
Earnings before tax	**21,953**	**(3,597)**	**-**	**18,356**
Income tax	(2,147)	335	-	(1,812)
Net profit (loss) from continued operations	**19,806**	**(3,262)**	**-**	**16,544**
Net profit (loss) from discontinued operations	**-**	**3,262**	**-**	**3,262**
Net profit (loss)	**19,806**	**-**	**-**	**19,806**
Net profit attributable to:				
Shareholders of the parent company	19,610	-	-	19,610
Non-controlling interests	196	-	-	196

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

3. Operating segments

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

01/04/2024-30/09/2024	Poland	Romania	Russia*	Bulgaria	Other	Total	Reconciliation of management data to reporting data (concerns the Russian segment)**	Total for continuing operations
Net revenue	89,342	19,747	5,290	10,843	(41)	125,181	(48)	119,939
Total operating expenses, including:	(65,536)	(11,765)	(2,678)	(5,464)	(2 885)	(88,328)	(8)	(85,642)
- depreciation/amortisation	(3,377)	(169)	(1)	(230)	(314)	(4,091)	(102)	(3,988)
Segment operating result	**23,806**	**7,982**	**2,612**	**5,379**	**(2,926)**	**36,853**	**(56)**	**34,297**
Finance income								1,904
Finance expenses								(27,420)
Earnings before taxation								**8,781**
Income tax								(2,229)
Net profit (loss) from continued operations								**6,552**

(*) 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 current quarter is shown in the table below.

01/07/2024-30/09/2024	Poland	Romania	Russia*	Bulgaria	Other	Total	Reconciliation of management data to reporting data (concerns the Russian segment)**	Total for continuing operations
Net revenue	40,003	9,819	2,368	7,100	26	59,316	(34)	56,982
Total operating expenses, including:	(33,635)	(4,308)	(1,323)	(2,806)	(1,434)	(43,506)	(6)	(42,177)
- depreciation/amortisation	(1,571)	(85)	-	(115)	(157)	(1,928)	(51)	(1,877)
Segment operating result	**6,368**	**5,511**	**1,045**	**4,294**	**(1,408)**	**15,810**	**(40)**	**14,805**
Finance income								955
Finance expenses								(14,258)
Earnings before taxation								**1,502**
Income tax								(1,707)
Net profit (loss) from continued operations								**(205)**

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

Interim condensed consolidated financial statements for six months ended 30.09.2024 (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).

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

01/04/2023-30/09/2023 restated	Poland	Romania	Russia*	Bulgaria	Other	Total	Reconciliation of management data to reporting data (concerns the Russian segment)**	Total for continuing operations
Net revenue	88,879	23,347	8,559	12,892	(496)	133,180	18	124,603
Total operating expenses, including:	(57,656)	(11,738)	(3,076)	(4,452)	(2,263)	(79,185)	12	(76,121)
- depreciation/amortisation	(3,590)	(121)	(1)	(242)	(299)	(4,253)	(92)	(4,160)
Segment operating result	**31,223**	**11,609**	**5,483**	**8,440**	**(2,760)**	**53,995**	**30**	**48,482**
Finance income								1,318
Finance expenses								(23,908)
Earnings before taxation								**25,892**
Income tax								(2,382)
Net profit (loss) from continued operations								**23,510**

(*) 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 quarter is shown in the table below.

01/07/2023-30/09/2023 restated	Poland	Romania	Russia*	Bulgaria	Other	Total	Reconciliation of management data to reporting data (concerns the Russian segment)**	Total for continuing operations
Net revenue	42,570	14,942	4,763	8,451	(155)	70,571	49	65,759
Total operating expenses, including:	(28,874)	(5,731)	(1,374)	(2,174)	(1,229)	(39,382)	10	(38,018)
- depreciation/amortisation	(1,795)	(63)	(1)	(120)	(150)	(2,129)	(46)	(2,082)
Segment operating result	**13,696**	**9,211**	**3,389**	**6,277**	**(1,384)**	**31,189**	**59**	**27,741**
Finance income								765
Finance expenses								(10,150)
Earnings before taxation								**18,356**
Income tax								(1,812)
Net profit (loss) from continued operations								**16,544**

(*) 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).

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

	Poland	Romania	Russia**	Bulgaria	Other	Total
As at 30.09.2024						
Segment assets*	565,851	115,902	-	44,723	123,914	850,390
As at 30.09.2024						
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 30.09.2024 and 31.03.2024 (respectively, PLN 159 thousand and PLN 209 thousand) was presented in 'Other'.

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

Repayments from debtors by geographic area	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Poland	130,392	61,105	131,461	61,047
Romania	31,184	14,912	27,181	13,968
Russia	5,333	2,388	6,744	2,902
Bulgaria	11,720	5,917	11,167	5,604
Croatia	91	46	184	44
Total	**178,720**	**84,368**	**176,737**	**83,565**

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

Portfolio revaluation	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Forecast review	737	1,509	2,622	7,979
Deviation betwen actual and forceast payments	30,618	10,957	48,383	17,570
Extended period for forecast income gains	575	276	553	277
FX rate change	(184)	(214)	(627)	1,525
Total	**31,746**	**12,528**	**50,931**	**27,351**

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;

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

(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 H1 2024/25 (-37% 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 applied models of debt portfolio measurement – in the first half of this year, the ratio of positive deviations in actual payments versus forecast to total payments was 18% (13% in the second quarter of this year alone), while in the corresponding periods of the previous year these were 28% and 22%, respectively.

The effectiveness and accuracy of the measurement models in the reporting periods analysed were impacted by essentially the same factors that were described in more detail in the annual consolidated financial statements for the year ended 31 March 2024.

4.2. Other income/expenses

Other income/expenses	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Income from debt management	797	334	1,156	502
Net income from property sales and acquisitions	(348)	(361)	(191)	(185)
Other income	158	13	172	102
Costs of (creation)/reversal of provision for customer overpayments	56	(49)	(8)	3
Total	**663**	**(63)**	**1,129**	**422**

5. Operating expenses

Costs by nature of expense	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Payroll, social security and other employee benefits	29,913	14,140	26,761	13,141
Third party services	27,039	14,102	22,747	11,172
Court and enforcement fees	23,906	14,108	19,152	9,905
Depreciation/amortisation	3,988	1,877	4,160	2,082
Taxes and fees*	(2,787)	(3,482)	881	418
Consumables and energy	897	452	1,089	533
Other prime costs **	2,686	980	1,331	767
Total	**85,642**	**42,177**	**76,121**	**38,018**

(**) in the six months ended 30 September 2024, in consequence of the determinations finally included in adjusted tax returns a part of the provision intended to secure the withholding tax of the Romanian unit was reversed, approx. PLN 4.3 million.
(*) in the six months ended 30 September 2024, approx. PLN 1.4 million was recognised as the cost of the Company's obligation to refund investors their expenses under the review of strategic options

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

6. Finance income and expense

Finance income	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Interest income on financial assets measured at amortised cost	1 296	652	1,312	764
Interest income on derivative financial instruments	608	303	-	-
Other finance income	-	-	6	1
Total	**1,904**	**955**	**1,318**	**765**

Finance expenses	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Interest cost of financial liabilities	25,534	12,840	21,338	11,484
Other interest, including	622	249	1,038	488
on lease liabilities	605	237	718	359
Other finance expenses	188	93	412	381
Negative exchange differences	1,076	1,076	1,120	(2,203)
Total	**27,420**	**14,258**	**23,908**	**10,150**

7. Income tax

	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Attributed to the current year	(2,465)	(1,966)	(1,970)	(1,244)
Attributed to previous years	-	-	-	-
Current income tax	**(2,465)**	**(1,966)**	**(1,970)**	**(1,244)**
Attributed to the current year	236	259	(412)	(568)
Deferred tax transferred from equity to profit or loss	-	-	-	-
Deferred income tax	**236**	**259**	**(412)**	**(568)**
Total taxable expense recognised in the current year	**(2,229)**	**(1,707)**	**(2,382)**	**(1,812)**

Tax rates applied by Group companies	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Poland	19%*	19%
Romania	16%	16%
Bulgaria	10%	10%
Luxembourg	25%	25%
Russia	20%	20%
Croatia	12%	10%

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

(*) 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.

	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023 restated	01/07/2023-30/09/2023 restated
Earnings before taxation	**8,781**	**1,502**	**25,892**	**18,356**
Cost of income tax at the rate of 19%	**(1,668)**	**(285)**	**(4,919)**	**(3,488)**
Difference between the applicable tax rates and the 19% rate	681	543	1,133	752
Non-taxable income	2,188	1,365	2,316	1,907
Tax revenues that are not accounting revenues	(177)	(176)	(1)	-
Non-deductible expenses	(2,850)	(1,368)	(2,389)	(1,608)
Tax loss/credit activated (written off)	668	875	87	(573)
Adjustments for past periods – deferred tax	-	-	1	6
Tax costs that are not accounting costs	184	184	-	-
Other items affecting the tax charge	(227)	(65)	19	7
Revaluation of deferred income tax asset/reserve	(218)	(218)	(257)	(257)
Non-taxable result of investment funds and KI LUX*	(810)	(2,562)	1,628	1,442
Income tax cost recognised in current period result	**(2,229)**	**(1,707)**	**(2,382)**	**(1,812)**
Effective tax rate	**25%**	**114%**	**9%**	**10%**

(*) 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	30/09/2024	31/03/2024
Retail	370,191	344,487
Telecommunications	274,826	264,185
Consumer loans	65,308	89,792
Mortgage loans	1,289	1,301
Corporate loans	2,094	2,089
Insurance	181	210
Other	12 797	11 300
Total	**726,686**	**713,364**

Change in debt portfolios*	01/04/2024-30/09/2024	01/04/2023-30/09/2023	01/04/2023-31/03/2024
Opening balance	**713,364**	**593,908**	**593,908**
Purchased debt portfolios	68,289	135,739	205,793
Sold debt portfolios	-	-	-
Revaluation	31,746	57,476	111,190
Effect of currency differences recognised in other comprehensive income	(807)	(447)	(8,788)

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

Change in debt portfolios*	01/04/2024-30/09/2024	01/04/2023-30/09/2023	01/04/2023-31/03/2024
Payments from debtors in 2022/23	(173,436)	(176,737)	(344,979)
Interest income on debt portfolios	87,530	72,595	156,449
Reclassified to discontinued operations	-	-	(209)
Closing balance	**726,686**	**682,534**	**713,364**

(*) the table for 01/04/2023-30/09/2023 and 01/04/2023-31/03/2024 shows the change in portfolios balance with the business to be sold included; and for 01/04/2024-30/09/2024, the opening balance of portfolios no longer includes the business classified as discontinued, with movements in this period related only to the continuing operations

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	01/04/2024-30/09/2024	01/04/2023-30/09/2023	01/04/2023-31/03/2024
Opening balance	**209**	**421**	**421**
Purchased debt portfolios	-	-	-
Sold debt portfolios	-	-	-
Revaluation	5,229	6,545	12,872
Effect of currency differences recognised in other comprehensive income	(7)	(71)	(83)
Payments from debtors in 2022/23	(5,284)	(6,673)	(13,066)
Interest income on debt portfolios	12	52	65
Closing balance	**159**	**274**	**209**

Nominal value of estimated remaining collections (ERC) by discount rate ranges:	30/09/2024	31/03/2024
below 25%	717,137	713,862
25% - 50%	630,241	627,460
above 50%	180,279	174,819
Total	**1,527,657**	**1,516,141**

9. Receivables and loans granted

	30/09/2024	31/03/2024
Non-current assets		
Receivables	240	241
Current assets		
Trade and other receivables	5,847	9,436

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

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

- PLN 542 thousand allowance for receivables sought in court by the Group, PLN 546 thousand at the end of the comparative period,
- PLN 294 thousand allowance for other receivables, PLN 332 thousand at the end of the comparative period.

10. Deferred income tax assets and liabilities

Deferred income tax	**30/09/2024**	**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 (+/-)	236	(868)
Other comprehensive income (+/-)	260	(86)
Alienation of discontinued operations	-	**(229)**
Deferred tax at the end of the period before offsetting:		
Deferred income tax assets	12,335	10,060
Deferred tax provision	(14,060)	(12,281)

	31/03/2024	**Change in profit and loss account**	**Change in other comprehensive income**	**30/09/2024**
Deferred income tax assets				
Tangible assets (PP&E) - right to use	91	49	-	140
Investment properties	(24)	109	-	85
Provisions for employee benefits	767	(460)	-	307
Other provisions for liabilities	388	(168)	-	220
Borrowings, other debt instruments, derivatives	69	(118)	260	211
Other liabilities	1,700	617	-	2,317
Outstanding tax losses	6,412	2,852	-	9,264
Other assets	657	(648)	-	9
Write-down of deferred tax assets	-	(218)	-	(218)
Total	**10,060**	**2,015**	**260**	**12,335**
Offsetting	**(8,961)**			**(11,857)**
Total deferred tax assets reported in the statement of financial position	**1,099**			**478**

Interim condensed consolidated financial statements for six months ended 30.09.2024 (PLN '000).

	31/03/2024	Change in profit and loss account	Change in other comprehensive income	30/09/2024
Deferred income tax provisions				
Tangible (PP&E) and intangible assets	707	88	-	795
Investment properties	(71)	95	-	24
Purchased debt portfolios	8,673	837	-	9,510
Borrowings and other debt instruments	-	-	-	-
Receivables and loans granted, measurement of financial assets	2,367	1,315	-	3,682
Other assets	605	(556)	-	49
Total	**12,281**	**1,779**	**-**	**14,060**
Offsetting	**(8,961)**			**(11,857)**
Total deferred income tax provisions reported in the statement of financial position	**3,320**			**2,203**

In June 2024, The company adjusted its corporate income tax returns for 2018-2023 and its annual returns for 2023-24 based on a revision of the income calculation methodology. In contrast to the previous approach, revenues and expenses are now divided into two revenue/expense sources (capital gains and non-capital gains). There is a risk that the allocation method now adopted by the Company may be questioned as there are other methodologies also available for determining the structure of revenues and expenses in individual "baskets".

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.

(PLN '000)

	Carrying value as at 30/09/2024				Fair value as at 30/09/2024			
	FVTPL	FVOCI	Amor. cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade and other receivables	-	-	6,087	**6,087**	-	-	6,087	**6,087**
Derivative financial instruments	-	-	-	**-**	-	-	-	**-**
Purchased debt portfolios	-	-	726,686	**726,686**	-	-	645,064	**645,064**
Financial liabilities								
Borrowings and other debt instruments	-	-	441,869	**441,869**	243,080	-	203,308	**446,388**
Lease liabilities	-	-	10,823	**10,823**	-	-	10,823	**10,823**
Derivative financial instruments	-	910	-	**910**	-	910	-	**910**
Trade payables	-	-	13,430	**13,430**	-	-	13,430	**13,430**

	Carrying value at 30/09/2024				Fair value at 30/09/2024			
	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**
Derivative financial instruments	-	-	-	**-**	-	-	-	**-**
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'

(data in PLN '000)

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

	30/09/2024	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 of the balance sheet date of 30 September 2024, and as of the Approval Date, none of the members of the Management Board or the Supervisory Board held any shares in the Company or other entitlements to such shares.

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

On 27 September 2024, the Company's Annual General Meeting of Shareholders was held, at which a resolution was adopted to allocate the profit for 2023/2024 in the amount of PLN 8,363 thousand in full to the Company's statutory reserve.

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:

	01/04/2024-30/09/2024	01/04/2023-30/09/2023 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	**9,274**	**27,712**
Basic earnings (loss) per share (PLN)	0.72	2.15
Diluted earnings (loss) per share (PLN)	0.72	2.15
Net profit (loss) from continuing operations attributable to the parent's shareholders	**6,559**	**22,810**
Basic earnings (loss) per share (PLN)	0.51	1.77
Diluted earnings (loss) per share (PLN)	0.51	1.77

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

13. Borrowings and other debt instruments, security instruments underwriting financial liabilities

	30/09/2024		31/03/2024	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Borrowings, including:	62,208	108,149	59,828	116,778
- credit card liabilities	23	-	10	-
Debt securities	28,624	242,888	28,597	253,036
Total	**90,832**	**351,037**	**88,425**	**369,814**

13.1. Borrowings

Status of borrowings as at the balance sheet date.

(data in PLN '000)

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	2034-12-31	19,084	35,220	**54,304**
Credit facility in ING Bank Śląski S.A.	PLN	WIBOR 3M + margin	2018-05-21	2034-12-31	43,101	72,929	**116,030**
Total					**62,185**	**108,149**	**170,334**

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) (maturity was later extended through a supplementary agreement of 12 August 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.

On 13 June 2023, Kredyt Inkaso S.A. concluded an overdraft agreement with ING Bank Slaski S.A. for PLN 10,000 thousand plus a line of guarantees up to PLN 449,170.39. This line of credit is made available for one year ending on 31 December and such annual period is then automatically extended for another period of one year, unless the bank or the borrower submits a termination notice on at least 35 days before the expiry date. The maximum date to which the end date of the availability of funds for use under the credit limit may be extended is the expiration date of the credit agreement, set at 31 December 2033. The interest rate on the overdraft is variable, and its components are a margin of 1.5% plus the WIBOR 1M 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.

On 22 July 2024, the Group's fund (Kredyt Inkaso III NFIZW) concluded a credit facility agreement with Santander Bank Polska S.A. ('Santander') for PLN 100 million, with drawdowns available on the following conditions:

- up to PLN 50 million by 31.10.2024 (inclusive);
- up to PLN 100 million possible from 01.11.2024 to the last day of the availability period, with the sum utilised under the Facility no to be higher than 75% of the net asset value of this fund (Kredyt Inkaso III NFIZW) according to the last available net asset valuation of this fund.

The facility is available for drawing until 22 July 2025. The credit facility should be repaid until 22 July 2029 at the latest . 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 (Kredyt Inkaso III NFIZW) 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 Santander bank).

As of the balance sheet date, the Santander facility has remained unused.

Interim condensed consolidated financial statements for six months ended 30.09.2024 (data in PLN '000)

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	124	3,518	3,642
J1	WIBOR 3M+4.9%	2022-03-28	2029-03-28	33,449	5,736	27,215	32,951
K1	WIBOR 6M+4.9%*	2022-03-28	2029-03-28	77,251	17,505	58,705	76,210
I1	WIBOR 3M+4.9%	2022-04-19	2025-10-23	17,010	260	16,425	16,685
L1	WIBOR 3M+4.7%	2022-08-05	2026-07-27	15,679	507	15,026	15,533
M1	WIBOR 3M+5.5%	2023-04-14	2027-04-14	15,000	480	14,502	14,982
N1	WIBOR 3M+5.5%	2023-07-13	2027-07-13	18,000	592	17,332	17,924
O1	WIBOR 6M+ 5.5%	2023-10-04	2027-10-04	37,741	2,373	36,008	38,381
P1	WIBOR 3M+5.5%	2023-12-05	2027-11-28	15,000	300	14,557	14,857
R1	WIBOR 3M+5.5%	2024-02-07	2028-02-07	20,000	534	19,108	19,642
S1	EURIBOR 3M+5.2%	2024-03-27	2028-03-27	21,396	213	20,492	20,705
Total				**274,193**	**28,624**	**242,888**	**271,512**

(*) 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
25 September 2024	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO
25 September 2024	The Company party repaid the face value of series K1 bonds (PLN 8,583 thousand) in line with the timetable specified in WEO
12 November 2024	Issue of series T1 bearer bonds, total face value PLN 30,000 thousand.

On 12 November 2024, series T1 bonds were registered with the Polish depository agent (KDPW), total face value PLN 30 000 thousand. On the same day, the bonds were admitted on the Warsaw Stock Exchange's alternative bonds trading market called Catalyst.

During the reporting period, there were no violations of covenants under the bonds issued (however, subject to Note 22)[1]. 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%	22-10-2021	19-10-2025	3,667	123	3,487	3,610
J1	WIBOR 3M+4.9%	28-03-2022	28-03-2029	36,237	5,748	29,922	35,670
K1	WIBOR 6M+4.9%*	28-03-2022	28-03-2029	85,834	17,535	67,066	84,601
I1	WIBOR 3M+4.9%	19-04-2022	23-10-2025	17,010	260	16,287	16,547
L1	WIBOR 3M+4.7%	05-08-2022	27-07-2026	15,679	503	14,920	15,423
M1	WIBOR 3M+5.5%	14-04-2023	14-04-2027	15,000	476	14,440	14,916
N1	WIBOR 3M+5.5%	13-07-2023	13-07-2027	18,000	586	17,257	17,843

[1] *See also the publication of 17 December 2024 which is included in Note 22 'Significant events after the balance sheet date'.*

(data in PLN '000)

Bond series	Interest rate	Start date	Maturity date	Face value	Short-term notes	Long-term notes	Carrying value
O1	WIBOR 6M+5.5%	04-10-2023	04-10-2027	37,741	2,332	35,813	38,145
P1	WIBOR 3M+5.5%	05-12-2023	28-11-2027	15,000	286	14,304	14,590
R1	WIBOR 3M+5.5%	07-02-2024	07-02-2028	20,000	528	19,028	19,556
S1	EURIBOR 3M+5.2%	27-03-2024	27-03-2028	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. Security instruments underwriting financial liabilities

At the balance sheet date, the Group had the following security instruments established to cover financial liabilities:

Secured item	Form of security	Secured value as at 30/09/2024	Expiry date	Carrying value of the secured liability as at 30/09/2024	Security coverage required as at 30/09/2024
Credit facility granted by ING Bank Śląski S.A. KI I NFIZW fund	Conditional assignment of claims as security (security assignment agreement) concerning payments due under certain commercial contracts	189,398	31-12-2034	116,030	174,045
Credit facility granted by ING Bank Śląski S.A. KI II NFIZW fund	Conditional assignment of claims as security (security assignment agreement) concerning payments due under certain commercial contracts	118,571	31-12-2034	54,304	81,456
Credit facility granted by ING Bank Śląski S.A. KI I NFIZW & KI II NFIZW funds	Suretyship issued by Kredyt Inkaso S.A. covering up to PLN 300 million	n/a	31-12-2037	170,334	n/a
Series K1 bonds	Registered pledges under the Polish or foreign law on debt portfolios that are included in the Company's or its subsidiaries' balance sheets	172,295	28-03-2029	76,210	115,877
Overdraft facility opened by ING Bank Śląski S.A. to Kredyt Inkaso S.A.	Corporate guarantee issued by Kredyt Inkaso Bułgaria EAD up to PLN 12 million	n/a	31-12-2033	-	n/a
Credit facility granted by Santander Bank Polska S.A. to KI III NFIZW fund	Suretyship issued by Kredyt Inkaso S.A. covering up to PLN 150 million	n/a	22-07-2034	-	n/a
Office rental in Warsaw	Bank guarantee up to PLN 284 thousand	n/a	25-07-2027	1,959	n/a
Office rental in Lublin, Poland	Bank guarantee up to PLN 165 thousand	n/a	2028-12-31	1,779	n/a

(data in PLN '000)

13.4. 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:

	30/09/2024	31/03/2024
Kredyt Inkaso S.A.*	(38,827)	(37,708)
Finsano S.A.	37,667	34,754
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka sp.k.	1,132	3,605
Kredyt Inkaso IT Solutions Sp. z o.o.	(832)	(1,497)
KI Solver Sp. z o.o.	860	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 (registered office in Moscow, "KI 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 two offers from interested bidders in May 2024 and selected one of them to proceed with further. Negotiations regarding more detailed parameters and the deal structure have been completed with the selected bidder, however, due to the potential investor's failure to meet all the conditions precedent, the transaction has not been finalised as of the date of this report and, therefore, the Group is continuing its efforts to attract other investors.

The Group is taking every step 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	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Net revenue		
Interest income on debt portfolios calculated using the effective interest rate method	12	52
Portfolio revaluation	5,229	6,545
Other income/expenses	-	1,980
Total net revenue	**5,241**	**8,577**
Payroll and employee benefits	(1,395)	(1,719)
Depreciation/amortisation	(102)	(93)
Third party services	(1,119)	(1,078)
Court and enforcement fees	3	2
Other operating costs	(72)	(176)
Total operating expense	**(2,685)**	**(3,064)**
Profit (loss) on operating activities	**2,556**	**5,513**
Financial income, including:	908	303

(data in PLN '000)

Discontinued operations	01/04/2024-30/09/2024	01/04/2023-30/09/2023
interest on instruments measured at amortised cost	908	303
Finance cost, including:	(31)	(120)
interest on instruments measured at amortised cost	-	-
Earnings before tax	**3,433**	**5,696**
Income tax	(690)	(749)
Net profit (loss) from discontinued operations	**2,743**	**4,947**

Cash flows related to discontinued operations are presented below:

	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Cash flow from operating activities	2,630	973
Cash flow from investment activities	899	303
Cash flow from financial activities	(83)	-

Main groups of assets and liabilities held for sale:

	30/09/2024	31/03/2024
Tangible assets (PP&E)	515	609
Deferred income tax assets	244	255
Trade and other receivables	1,576	1,279
Purchased debt portfolios *	159	209
Prepayments	7	18
Cash and cash equivalents	12,112	10,392
Total assets held for sale	**14,613**	**12,762**
Lease liabilities	392	485
Deferred tax provision	25	26
Trade and other payables	3,077	2,075
Current income tax liabilities	137	138
Total liabilities related to assets held for sale	**3,631**	**2,724**

(*) The value of debt portfolios held by the Russian entity since the outbreak of the war in Ukraine remains significantly adjusted downwards primarily due to geopolitical risks associated with this region

	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Net profit (loss) from discontinued operations attributable to shareholders of the Parent Company	2,715	4,902
Basic earnings (loss) per share (PLN)	0.21	0.38
Diluted earnings (loss) per share (PLN)	0.21	0.38

The cumulative cost of PLN 4,832 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’.

(data in PLN '000)

15. Share-based payments

15.1. Transaction consultant fee

Based on 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 49% as at the Approval Date. 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 overall likelihood of 'change-of-control' or 'merger' strategic options (assuming one of the three options mentioned above materialises) was estimated at 95%. 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 negligible, therefore, according to section 14 of IAS 37, the Company did not create a provision for the related fee.

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	2026-03-31
Valuation date	2024-09-30

01.04.2024-30.09.2024	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

Due to the highly individual nature of the advisory services provided, it is not possible to reliably estimate their fair value and, therefore and according to IFRS 2, their value was determined by reference to the fair value of the service fee. The fair value of the 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 six months ended 30.09.2024 (data in PLN '000)

Details	
Valuation date	**2024-09-30**
Kredyt Inkaso S.A. share price on valuation date (in PLN)	18.0
Kredyt Inkaso S.A. share price volatility month to month (in %)	12.3%
Risk-free rate (in %)	4%
Number of shares determining the success fee on valuation date	7,929,983
Likelihood of transaction success	49%
Likelihood of change of control or merger option	95%
Success fee rate (%)	2%
Valuation of success fee (in PLN)	**1,329,755**
Statement of Profit and Loss for 01.04.2024-30.09.2024 - 'third party services'	831,097
Total cost to be settled by 31.12.2024 (in PLN)	498,658
Total	**1,329,755**

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 30.09.2024, the expense corresponding to the previous period of five months was recognized.

15.2. Remuneration of the Management Board – retention bonus

Based on the shareholder request formulated in Resolution 20/2022 of the Annual General Meeting of Kredyt Inkaso S.A. which gathered on 30 September 2022, the Company is reviewing strategic options for the Group and its future.

The review of strategic options involves significant additional workload for executives, including top managers. The implementation of the review of strategic options may lead to significant changes in the shareholding structure, including change of control over the Group or its merger with another entity.

In connection with the ongoing review of strategic options, the General Meeting concluded that the retention of the current members of the Management Board to continue to provide management services to the Group, including support in the implementation of the review, is in the best long-term interest of the Group. On 21 December 2023, the General Meeting adopted Resolution 7/2023 changing the remuneration policy for the Management Board and the Supervisory Board of Kredyt Inkaso S.A., based on which the Supervisory Board has become authorised to entitle members of the Management Board to a retention bonus for their continued role in the Management Board, at least until the review of strategic options will have been completed through change of control, merger or sale of assets, on terms consistent with the remuneration policy.

In performance of the resolutions of the Supervisory Board dated 13 June 2024 concerning the elaboration and amendment of the Remuneration Policy for the Management Board and the Supervisory Board of Inkaso S.A., through the Chairperson (duly authorised) of the Supervisory Board the Supervisory Board signed annexes to management contracts of the Management Board members ("Annexes").

The retention bonus consists of a fixed part and a variable part. The fixed part is an amount defined in a given agreement for a given manager that the manager may receive as long as he/she continues to perform (and performs duly) the manager's obligations until the end date of the review of strategic options (the obligations are specified in the retention bonus agreement). The amount may also be paid in the event the manager becomes dismissed prior to the end date of the review for reasons other than, for example, breach of contract by the manager, as well as in the event of his/her resignation due to serious violation of the manager's rights. The fixed part of the retention bonus (as there is no share-based payment) is not subject to the requirements of IFRS 2 "Share-based payments" and has been qualified as 'contingent liability' in Note 20.3.

In addition to the fixed part, the manager may receive also a variable part of the bonus in an amount that depends on the value of shares. The value of shares can be calculated in three different ways, depending on the outcome of the review of strategic options:

(data in PLN '000)

1. In case assets become sold, the basis for its calculation will be the value of payments to shareholders after the sale of assets (dividends, interim dividends, redemption payments, or other non-refundable payments). Such basis will then be divided by the number of shares in the share capital as at the date of such asset sale.

2. In a merger will be the chosen option, the basis for its calculation will be the valuation of all shares that the shareholders will agree upon during the the merger procedure or that the Supervisory Board will determine as the market value less the value of taxes to be paid by the Group in connection with the merger, including any tax increases to be paid by the Group, if any such liability arises. Such basis will then be divided by the number of shares in the share capital as at the date of such merger.

3. In case change of control will be pursued, the basis for its calculation will be the total remuneration including any non-monetary benefits (such as shares of the other entity), calculated by reference to the value of such benefits that the transaction parties will agree upon or that the Supervisory Board will determined as the market value, which will be due to the shareholders in connection with the transaction (or series of transactions) leading to the change of control. Such basis will then be divided by the number of shares transferred in the transaction (or series of transactions) leading to the change of control.

The agreement stipulates that, in each of the above cases, the Supervisory Board may (at its sole discretion) adopt different or additional rules for determining the value of shares needed to fix the variable part of the bonus as the Supervisory Board will deem the best reflection of the true value of shares and assets at the time of the review of strategic options.

The likelihood of implementing any of these strategic options was estimated at 49% as at the Approval Date. The overall likelihood of 'change-of-control' or 'merger' strategic options (assuming one of the three options mentioned above materialises) was estimated at 95%. In the case of the sale of the Group's assets, the remuneration 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 negligible, therefore, according to section 14 of IAS 37, the Company did not create a provision for the related remuneration.

Bonus variable part calculation methods	Method 1	Method 2
Number of signed agreements	1	3
Type of transaction	Share-based payment in cash	Share-based payment in cash
Target structure	Intervals	Stepped (main level and stepped intervals above)
Target value	Share value: PLN 15-24	Share value: min. PLN 32 + each raise by (full) PLN 2
Dependency	Linear	Fixed within particular intervals
Share value below target	No variable part of the bonus	No variable part of the bonus
Share value to target	Proportional bonus	Specific bonus amount indicated in the agreement for a given level of achievement
Share value above target	Full variable part bonus	Each interval point exceeded increases the bonus by an additional variable part amount
Option expiry	End date of review but not later than 31.07.2025 (31.12.2025 in the case of a merger)	End date of review but not later than 31.07.2025 (31.12.2025 in the case of a merger)
Maximum sum of bonus	PLN 2,025,902 gross	a) PLN 1,466,114 gross b) PLN 1,566,846 gross c) PLN 1,207,564 gross

In the first variable part calculation method, the dependency between the share value and the sum of bonus is linear and so any change in the price of shares will affect the final amount of the bonus. In the second calculation method, the bonus depends on the price of shares in a stepped motion and so any change in the price of shared by one defined point will change in the final amount of the bonus. Both calculation methods strongly depend on share quotations and are therefore subject to the requirements of IFRS 2.

The bonus under each of option is determined depending on the value of one share.

Interim condensed consolidated financial statements for six months ended 30.09.2024 (data in PLN '000)

The fair value of the retention bonus 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 bonus vesting period, i.e. until 31 July 2025, and on the other side in 'provisions'. 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 variable part of the retention bonus as well as the expenses to be included in the statement of profit or loss for the period are presented below:

Details	
Valuation date	**2024-09-30**
Kredyt Inkaso S.A. share price on valuation date (in PLN)	18.0
Kredyt Inkaso S.A. share price volatility month to month (in %)	12.3%
Risk-free rate (in %)	4%
Likelihood of transaction success cumulative over the option period	31.5%
Valuation of remuneration (in PLN)	**193,589**
Statement of Profit and Loss for 01.04.2024-30.09.2024 - 'payroll costs'	40,729
Total cost to be settled by 31.07.2025 (in PLN)	152,860
Total	**193,589**

(data in PLN '000)

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 01/04/2024-30/09/2024	Value of portfolios purchased in 01/04/2024-30/09/2024 but paid after the balance sheet date	Presentation in statement of cash flows
Change in payables	(2,569)	1,001	-	-	**(1,568)**

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.

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	77,251	Yes - consistent with amortisation of K1 bonds face value	31/10/2023-28/03/2029	4.96%	WIBOR 6M	-	(658)	Derivative financial instruments	(877)

Interim condensed consolidated financial statements for six months ended 30.09.2024 (data in PLN '000)

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	33,449	Yes - consistent with amortisation of J1 bonds face value	28/03/2024-28/03/2029	4.63%	WIBOR 3M	-	(252)	Derivative financial instruments	(494)
				Total		**-**	**(910)**		**(1,371)**

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).

	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Payments from settlement of hedging transactions included in cash flow statement	(612)	-
Hedging gains or losses for the reporting period recognised in other comprehensive income	(759)	-
Ineffective portion of the hedge recognised in profit and loss account	-	-
Total	**(1,371)**	**-**

	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Revaluation reserve at the beginning of period	**365**	**-**
Effect of valuation of hedging transactions (effective portion)	(759)	-
Amount of interest moved during the period from other comprehensive income to profit and loss account	(608)	-
Income tax	260	-
Revaluation reserve at the end of period	**(742)**	**-**

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

(data in PLN '000)

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

	30/09/2024	31/03/2024
Borrowings and other debt instruments	441,869	458,239
Leases	11,215	12,148
minus: cash and cash equivalents	(78,698)	(102,851)
Net financial debt	**374,386**	**367,536**
Equity	**360,517**	**353,229**
Net financial debt/equity ratio	**1.04**	**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:

	01/04/2024-30/09/2024		01/04/2023-30/09/2023	
	Revenue	Cost	Revenue	Cost
Cost of consulting services				
WPEF VI HOLDING 5 B.V.	-	129	-	135
Total (net amounts)	**-**	**129**	**-**	**135**

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.

(data in PLN '000)

	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Base salary/management contract (gross)	2,217	2 332
Other - medical and other benefits	171	169
Total*	**2,388**	**2 501**

(*) in addition to the above values, the Management Board members are entitled to a retention bonus in certain events (Note 15.2)

19.3.2. Remuneration of the Supervisory Board

	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Supervisory Board remuneration	303	273
Total	**303**	**273**

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.
- 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 27/2024 of the Extraordinary General Meeting of 27 September 2024 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.

Interim condensed consolidated financial statements for six months ended 30.09.2024 (data in PLN '000)

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:

	30/09/2024
Contingent liabilities - cost of discontinued enforcement	43,808
Total	**43,808**

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 that in the opinion of the Management Board as at the Approval Date are less than likely, 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. Remuneration of the Management Board – retention bonus (fixed part)

On 11 July 2024, in performance of its resolutions of 13 June 2024 related to the Remuneration Policy for the Management Board and the Supervisory Board of Inkaso S.A., through the Chairperson (duly authorised) 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:

- the fixed part is, respectively: a) EUR 350,000 gross in the case of Barbara Rudziks, b) EUR 250,000 gross in the case of Maciej Szymański; c) PLN 700,000 gross in the case of Mateusz Boguta; and d) EUR 150,000 gross in the case of Iwona Słomska;
- 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.

As the likelihood of implementing any of these strategic options was estimated at 49% as at the Approval Date, the Group has not opened a provision that would cover the fixed part of the Management Board retention bonus on the balance sheet. The variable part of the bonus was measured according to IFRS 2 and described in more detail in Note 15.2 to these financial statements.

20.4. Security instruments underwriting financial liabilities

A detailed list of contingent liabilities associated with security instruments established on the Group's financial liabilities is presented in Note 13.3 to these interim condensed consolidated financial statements.

20.5. Contingent liability related to pending court proceedings

In order to increase the transparency of the disclosures presented, the Group has chosen to disclose contingent liabilities in this section related to a legal action brought of BEST S.A. on 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. treats BEST S.A.'s claim as unfounded (Current Report 8/2019) and deems less than probable that it could be settled to the Group's disadvantage, and therefore no provision has been made for any expenses arising from these proceedings as at the balance sheet date.

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 legal action brought by the Company on 18 August 2016 against, jointly and severally: BEST S.A. and Krzysztof Borusowski, for PLN 60,734,500 sought to the benefit 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. include in particular (but not limited to): 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 awarded in a closed-door session, and both parties did so. 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 arrangement of claim trading transactions on the Romanian market. Paweł Szewczyk remained a member of the Management Board in KI Servcollect SRL without the consent of the Supervisory Board of Kredyt Inkaso S.A. and without notifying the latter. 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. After the balance sheet date, on 13 December 2024, the Company received a request from the Customs & Revenue Authorities for Małopolska Province in Poland to submit transfer pricing documentation and JPK_KR and JPK_FA files in connection with the initiation of a customs & tax inspection of corporate income tax disclosures in 01.04.2020 - 31.03.2021.

21.3. Other inspections

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

22. Significant events after the balance sheet date

- On 2 October 2024, the Extraordinary General Meeting of the Company asked the Management Board to start talks with BEST S.A. on a potential merger of the Company with BEST S.A. (as the acquiring party) in order to determine the potential terms of such merger and then to agree upon the merger documentation, and should no such agreement be achieved in the course of the talks by the end of January 2025 or the talks be otherwise terminated earlier due to diverging positions of the two parties, then to convene a general meeting of the Company to choose further line of action in the review of strategic options.
  On 10 October 2024, agreement was signed with BEST S.A. on the commencement of negotiations and cooperation towards a potential merger ("Agreement"). In the Agreement, the parties agreed that they would make reasonable efforts to analyse the possibility of the 'Potential Merger' and determine the timetable and structure of its process as well as issue/obtain any disclosures/consents as may be required for the Potential Merger to/from the competent authorities or third parties. The Potential Merger would be carried out by transferring all assets of the Company to BEST S.A. in exchange for BEST S.A. shares that would be subscribed in the names of the Company's shareholders other than BEST S.A.

  The conclusion of the Potential Merger transaction documentation depends on a number of factors. It is uncertain whether the signing and execution of the Agreement will finally lead to the arrangement of the terms and conditions of the Potential Merger, including its exact procedure, pricing details and dates.

At the same time, work on potential asset deals have been suspended concerning assets of the Company or other subsidiaries of its capital group that were in progress within the framework of the review, including negotiations between the company or other capital group entities and the following entities: APS Investments s.r.o. (sale of Bulgarian and Romanian debt portfolios) and LCM Partners Limited (sale of investment certificates held in investment funds).

- On 2 October 2024, the new Supervisory Board of the Company elected by the Annual General Meeting of the Company on 27 September 2024 has chosen its members.

  The seats in the Supervisory Board were taken by: Mr Bogdan Dzudzewicz as the Chairman of the Supervisory Board, Mr Tomasz Karpiński as the Vice-Chairman of the Supervisory Board, and Mr Karol Sowa as the Secretary of the Supervisory Board.

  In addition, the Supervisory Board of the Company nominated the Audit Committee of 3 members:

  - Mr Raimondo Eggink (the chairperson),
  - Mr Piotr Urbańczyk,
  - Mr Tomasz Karpiński.

- On 9 August 2024, the Company signed a registered pledge agreement with Santander Bank Polska S.A. (based in Warsaw) to secure claims paid to the Company's account under a credit facility granted by the Bank to KI III NFIZW fund.

  The pledge covered the maximum security amount of PLN 150 million.

  At the same time, the Company established a financial pledge within the meaning of the Financial Security Act of 2 April 2004. This pledge is effective until:

  - the Bank's claims secured by the registered pledge become fully satisfied, or
  - the subject of the financial pledge is no longer encumbered by the Bank's right of pledge according to a pledge waiver to be provided by the Bank, but no later than until 22 July 2034.

- On 9 August 2024, KI III NFIZW fund signed a registered pledge agreement with Santander Bank Polska S.A. (based in Warsaw) to secure claims paid to the Company's account under a credit facility granted by the Bank to KI III NFIZW fund.

  The pledge covered the maximum security amount of PLN 150 million.

  At the same time, KI III NFIZW fund established a financial pledge within the meaning of the Financial Security Act of 2 April 2004. This pledge is effective until:

  - the Bank's claims secured by the registered pledge become fully satisfied, or
  - the subject of the financial pledge is no longer encumbered by the Bank's right of pledge according to a pledge waiver to be provided by the Bank, but no later than until 22 July 2034.

- On 12 November 2024, series T1 bonds were registered with the Polish depository agent (KDPW), total face value PLN 30 000 thousand. On the same day, the bonds were admitted on the Warsaw Stock Exchange's alternative bonds trading market called Catalyst.

- On 13 December 2024, the Company received a request from the Customs & Revenue Authorities for Małopolska Province in Poland to submit transfer pricing documentation and JPK_KR and JPK_FA files in connection with the initiation of a customs & tax inspection of corporate income tax disclosures in 01.04.2020 - 31.03.2021.

- As the Company obtained a legal opinion regarding e.g. the compliance of the loan agreement of 27 March 2023 between the Company and its subsidiary (Kredyt Inkaso Investments RO S.A.), including its subsequent annexes, with the General Terms and Conditions for the Issue of Bonds, on 17 December 2024 the Company published (on the bonds-dedicated website at https://obligacje.kredytinkaso.pl/) information that an early-redemption event has occurred with respect to series M1, N1 and P1 bearer bonds of Kredyt Inkaso S.A. and how was remedied, including its legal consequences.

Significant events occurring after the balance sheet date are also included in the description of significant legal and tax proceedings above.

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.

On 2 October 2024, the Extraordinary General Meeting of the Company resolved to ask the Management Board to continue the review of strategic options and initiate talks with BEST S.A. on a potential merger of the Company with BEST S.A. (as the acquiring party) in order to determine the potential terms of such merger and then to agree upon the merger documentation. Should no such agreement be achieved in the course of the talks by the end of January 2025 or the talks be otherwise terminated earlier due to diverging positions of the two parties, the Management Board was asked to summon a general meeting of the Company to choose further line of action in the review of strategic options.

At the same time, on 2 October 2024 the Extraordinary General Meeting did not adopt the resolutions in the agenda that would authorise the Management Board to start the procedure of alienating certain Capital Group assets to BEST S.A. (as the acquiring party) and consent to their sale to third parties.

In performance of the resolution effected at the Extraordinary General Meeting, on 10 October 2024 the Company signed with BEST S.A. an agreement to commence negotiations and cooperation in relation to a potential merger, and in such agreement the parties agreed that they would make reasonable efforts to analyse the possibility of the potential merger and determine the timetable and structure of its process as well as issue/obtain any disclosures/consents as may be required for the potential merger to/from the competent authorities or third parties.

In view of the above, the review of strategic options has not been completed and despite the fact that the Management Board has taken appropriate measures to fix the terms and conditions of the potential merger with BEST S.A. in order to implement such resolution of the Extraordinary General Meeting (including the signing of the above agreement), the Management Board cannot exclude other outcomes of this review. In particular, the Management Board cannot exclude that should the terms of the merger of the Company with BEST S.A. be not agreed upon, the review of strategic options will take a different path, including through a share or asset deal of the Company or its subsidiaries, or other decision made by the Management Board to maintain the status quo. Information about the completion and outcome of the review of strategic options, including any significant events occurring in the course of the process, will be published by the Company appropriately, however the deadline for the procedure has not been fixed as of the Approval Date.

Implementation of any of the strategic options 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.

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Net revenue					
Interest income on debt portfolios calculated using the effective interest rate method		5,429	2,629	4,952	2,403
Portfolio revaluation	2.1	12,113	9,047	8,882	4,709
Other income/expenses	2.2	33,596	14,865	32,897	14,334
Total net revenue		**51,138**	**26,541**	**46,731**	**21,446**
Payroll and employee benefits		(20,951)	(9,838)	(19,684)	(9,701)
Depreciation/amortisation		(1,570)	(744)	(1,750)	(882)
Third party services		(21,614)	(11,269)	(18,932)	(9,684)
Court and enforcement fees		(1,890)	(1,275)	(2,243)	(1,220)
Other operating costs		(3,180)	(1,236)	(1,859)	(954)
Total operating expense	**3**	**(49,205)**	**(24,362)**	**(44,468)**	**(22,441)**
Profit (loss) on operating activities		**1,933**	**2,179**	**2,263**	**(995)**
Financial income, including:	4	17,856	8,767	16,258	8,045
interest on instruments measured at amortised cost		16,193	8,229	15,663	7,845
Finance cost, including:	4	(22,096)	(10,864)	(18,439)	(9,241)
interest on instruments measured at amortised cost		(19,079)	(9,467)	(15,875)	(8,260)
Earnings before tax		**(2,307)**	**82**	**82**	**(2,191)**
Income tax	5	799	604	(177)	(339)
Net profit (loss)		**(1,508)**	**686**	**(95)**	**(2,530)**
Earnings per share in PLN					
ordinary		(0.12)	0.05	(0.01)	(0.20)
diluted		(0.12)	0.05	(0.01)	(0.20)

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Net profit (loss)	**(1,508)**	**686**	**(95)**	**(2,530)**
Income (loss) recognized in the period in other comprehensive income	(759)	(1 230)	-	-
Amounts transferred to profit or loss	(608)	(303)	-	-
Income tax	260	292	-	-
Cash flow hedging instruments subject to reclassification to profit and loss account	**(1,107)**	**(1,241)**	**-**	**-**
TOTAL COMPREHENSIVE INCOME	**(2,615)**	**(555)**	**(95)**	**(2,530)**

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

SEPARATE STATEMENT OF FINANCIAL POSITION

Assets	Note	30/09/2024	31/03/2024
Intangible assets		928	1,273
Tangible assets (PP&E)		8,561	9,041
Investment properties		2,015	2,015
Investments in subsidiaries	6	110,294	110,294
Purchased debt portfolios	9	37,538	35,556
Receivables and loans granted	7	45,269	36,903
Derivative financial instruments		-	461
Other long-term financial assets	8	171,000	171,000
Non-current assets		**375,605**	**366,543**
Trade and other receivables	7	5,721	10,159
Purchased debt portfolios	9	18,719	18,545
Loans	7	1,485	1,556
Other short-term financial assets	8	38,230	42,205
Short-term accruals		1,053	1,600
Cash and cash equivalents		23,980	39,651
Current assets		**89,188**	**113,716**
Total assets		**464,793**	**480,259**

Equity & Liabilities	Note	30/09/2024	31/03/2024
Share capital		12,897	12,897
Statutory capital reserve		76,439	68,076
Revaluation reserve		(742)	365
Retained earnings, including		(5,802)	4,069
net profit (loss) of the current period		(1,508)	8,363
profits (losses) carried from previous years		(4,294)	(4,294)
Equity		**82,792**	**85,407**
Borrowings and other debt instruments	10	245,388	295,822
Lease liabilities		5,743	6,328
Derivative financial instruments		910	-
Deferred tax provision		2,093	3,210
Long-term liabilities		**254,134**	**305,360**
Trade and other payables		4,210	4,663
Income tax liabilities		58	-
Borrowings and other debt instruments	10	109,428	69,920
Lease liabilities		2,773	2,636
Other short-term provisions		3,943	5,065
Short-term accruals		7,455	7,208
Short-term liabilities		**127,867**	**89,492**
Total liabilities		**382,001**	**394,852**
Total Equity & Liabilities		**464,793**	**480,259**

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

SEPARATE STATEMENT OF CASH FLOWS

	Note	01/04/2024-30/09/2024	01/04/2023-30/09/2023
Earnings before tax		**(2,307)**	**82**
Adjustments:			
Depreciation and impairment of tangible assets (PP&E)		1,164	1,079
Amortisation and impairment of intangible assets		406	671
Purchased debt portfolios - difference between repayments and interest income	9	9,957	11,403
Purchased debt portfolios - portfolio revaluation	2.1	(12,113)	(8,882)
Finance expenses		21,820	18,439
Finance income		(17,856)	(16,229)
Profit (loss) due to exchange rate differences		276	(29)
Other adjustments		(58)	(1,223)
Total adjustments		**3,596**	**5,229**
Change in receivables		4,437	2,228
Change in payables		(757)	(1,815)
Change in capital reserves and prepayments/accruals		(385)	(301)
Cash from operating activities		**4,584**	**5,423**
Income tax paid		-	-
Net cash from operating activities		**4,584**	**5,423**
Expenses for acquisition of intangible assets		(37)	(159)
Expenses for acquisition of tangible assets (PP&E)		(200)	(273)
Expenses for acquisition of investment properties		-	-
Sale of tangible assets (PP&E)		-	52
Received repayments of loans granted		459	-
Loans granted		(8,558)	(25,000)
Proceeds from sale of other financial assets/bond repayments		11,200	-
Interest received		9,662	25,305
Dividends received		-	-
Net cash from investment activities		**12,526**	**(75)**
Proceeds from issue of debt securities		-	33,000
Redemption of debt securities		(11,370)	(14,158)
Proceeds from settled hedging transactions		612	-
Flows from the concluded cashpool agreement		1,198	2,624
Payments of lease liabilities		(1,603)	(1,371)
Interest paid		(21,618)	(17,439)
Net cash from financing activities		**(32,781)**	**2,656**
Net change in cash and cash equivalents		**(15,671)**	**8,004**
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		**23,980**	**17,192**

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory capital reserve	Revaluation reserve	Retained earnings	Total Equity
As at 01 April 2024	**12,897**	**68,076**	**365**	**4,069**	**85,407**
Net profit (loss)	-	-	-	(1,508)	**(1,508)**
Cash flow hedges	-	-	(1,107)	-	**(1,107)**
Total comprehensive income	**-**	**-**	**(1,107)**	**(1,508)**	**(2,615)**
Allocation of result	-	8,363	-	(8,363)	**-**
As at 30 September 2024	**12,897**	**76,439**	**(742)**	**(5,802)**	**82,792**

	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	-	-	-	(95)	**(95)**
Cash flow hedges	-	-	-	-	**-**
Total comprehensive income	**-**	**-**	**-**	**(95)**	**(95)**
Allocation of result	-	5,034	-	(5,034)	**-**
As at 30 September 2023	**12,897**	**68,075**	**-**	**(4,389)**	**76,584**

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

The Company's interim condensed separate financial statements cover the six-month period ended 30 September 2024 and include:

- comparative figures for the six-month period ended 30 September 2023 for the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows;
- comparative figures as at 31 March 2024 in the statement of financial position.
- current and comparative data for the three months ended 30 September 2024 and 2024, respectively, for the statement of profit or loss, statement of comprehensive income.

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 going concern assumption for the Company is reasonable also in view of its potential merger with another 'going concern' subsidiary, including by way of acquisition by such other subsidiary that is a going concern business.

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 presented in the Parent Company's most recent separate financial statements for the year ended 31 March 2024, except for the standards applied for the first time, as described in the Group's interim condensed consolidated financial statements for the six months ended 30 September 2024.

1.4. Changes in significant accounting policies and error adjustments

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 six months ended 30.09.2024 (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 and six months ended 30 September 2023 have been made comparable. The following is the impact of the above described transformations on the individual profit and loss account for three and six months ended 30 September 2023.

	01/04/2023-30/09/2023 original figures	change in presentation a)	01/04/2023-30/09/2023 data restated
Net revenue			
Interest income on debt portfolios calculated using the effective interest rate method	4,952		4,952
Portfolio revaluation	8,882		8,882
Other income/expenses	32,897		32,897
Total net revenue	**46,731**		**46,731**
Payroll and employee benefits	(19,684)		(19,684)
Depreciation/amortisation	(1,750)		(1,750)
Third party services	(18,932)		(18,932)
Court and enforcement fees		(2,243)	(2,243)
Other operating costs	(4,102)	2,243	(1,859)
Total operating expense	**(44,468)**		**(44,468)**
Profit (loss) on operating activities	**2,263**		**2,263**
Financial income, including:	16,258		16,258
interest on instruments measured at amortised cost	15,663		15,663
Finance cost, including:	(18,439)		(18,439)
interest on instruments measured at amortised cost	(15,875)		(15,875)
Earnings before tax	**82**		**82**
Income tax	(177)		(177)
Net profit (loss)	**(95)**		**(95)**

	01/07/2023-30/09/2023 original figures	change in presentation a)	01/07/2023-30/09/2023 data restated
Net revenue			
Interest income on debt portfolios calculated using the effective interest rate method	2,403		2,403
Portfolio revaluation	4,709		4,709
Other income/expenses	14,334		14,334
Total net revenue	**21,446**		**21,446**
Payroll and employee benefits	(9,701)		(9,701)
Depreciation/amortisation	(882)		(882)
Third party services	(9,684)		(9,684)
Court and enforcement fees		(1,220)	(1,220)
Other operating costs	(2,174)	1,220	(954)
Total operating expense	**(22,441)**		**(22,441)**
Profit (loss) on operating activities	**(995)**		**(995)**
Financial income, including:	8,045		8,045

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

	01/07/2023-30/09/2023 original figures	change in presentation a)	01/07/2023-30/09/2023 data restated
interest on instruments measured at amortised cost	7,845		7,845
Finance cost, including:	(9,241)		(9,241)
interest on instruments measured at amortised cost	(8,260)		(8,260)
Earnings before tax	**(2,191)**		**(2,191)**
Income tax	(339)		(339)
Net profit (loss)	**(2,530)**		**(2,530)**

2. Net revenue

2.1. Debt portfolios revaluation

Portfolio revaluation	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Forecast review	7,771	7,771	2,695	2,747
Deviation betwen actual and forceast payments	4,285	1,249	6,137	1,938
Extended period for forecast income gains	57	27	50	24
Total	**12,113**	**9,047**	**8,882**	**4,709**

2.2. Other income/costs

Other income/expenses	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Income from debt management	32,531	14,568	32,152	14,074
Costs of provisions for overpayments	9	(17)	5	4
Other income	1,056	314	740	256
Total	**33,596**	**14,865**	**32,897**	**14,334**

3. Operating expenses

Costs by nature of expense	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Payroll, social security and other employee benefits	20,951	9,838	19,684	9,701
Third party services	21,614	11,269	18,932	9,684
Court and enforcement fees	1,890	1,275	2,243	1,220
Depreciation/amortisation	1,570	744	1,750	882
Taxes and fees	113	60	107	57
Consumables and energy	648	326	830	416

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

Costs by nature of expense	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Other costs by type	2,419	850	922	481
Total	**49,205**	**24,362**	**44,468**	**22,441**

4. Finance income and expense

Finance income	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Interest income on financial assets measured at amortised cost	16,193	8,229	15,663	7,845
Interest income from derivative hedging instruments	608	303	-	-
Reversal of impairment of loans granted	455	(4)	-	-
Positive exchange differences	-	-	29	(6)
Other interest	600	239	548	195
Other finance income	-	-	17	11
Total	**17,856**	**8,767**	**16,258**	**8,045**

Finance expenses	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Interest cost of financial liabilities	19,079	9,467	15,875	8,260
Other interest, including	2,379	1,043	2,170	642
on lease liabilities	535	261	593	295
Other finance expenses	362	217	394	339
Negative exchange differences	276	137	-	-
Total	**22,096**	**10,864**	**18,439**	**9,241**

5. Income tax

	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Attributed to the current year	(58)	(58)	-	-
Attributed to previous years	-	-	-	-
Current income tax	(58)	(58)	-	-
Attributed to the current year	857	662	(177)	(339)
Deferred income tax	857	662	(177)	(339)
Total tax cost recognized in the current year from continuing operations	**799**	**604**	**(177)**	**(339)**

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

	01/04/2024-30/09/2024	01/07/2024-30/09/2024	01/04/2023-30/09/2023	01/07/2023-30/09/2023
Earnings before tax	**(2,307)**	**82**	**82**	**(2,191)**
Cost of income tax at the rate of 19%	**438**	**(16)**	**(16)**	**416**
Non-taxable income	87	(0)	63	63
Tax revenues that are not accounting revenues	(44)	(44)	-	-
Write-off of an asset/activation of tax credits	667	874	85	(574)
Non-deductible expenses	(360)	(221)	(309)	(249)
Tax costs that are not accounting costs	56	56	-	-
Other items affecting the tax charge	(45)	(45)	-	-
Adjustments for past periods – deferred tax	-	-	-	5
Income tax cost recognized in the result from continuing operations	**799**	**604**	**(177)**	**(339)**
Effective tax rate	**35%**	**(737%)**	**216%**	**(15%)**

6. Investments in subsidiaries

Investments in subsidiaries as of the balance sheet date.

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

Investments in subsidiaries as of the previous balance sheet date.

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

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

Name of subsidiary	Seat	Shareholding	Purchase price	Cumulative impairment	Carrying value
Total			**110,871**	**577**	**110,294**

7. Receivables and loans granted

	30/09/2024	31/03/2024
Non-current assets		
Receivables	38	38
Loans	45,231	36,865
Total	**45,269**	**36,903**
Current assets		
Trade and other receivables	5,721	10,159
Loans	1,485	1,556
Total	**7,206**	**11,715**

On 27 March 2023, the Company opened a PLN 30 million line of loans for Kredyt Inkaso Investments RO S.A., later increased and converted to RON 60 million on 15 December 2023. As at the balance sheet date, the borrower will be able to use this line of loans for three years of its commitment, with maturity date set to 15 December 2026. The line is revolving and may be used at the request of the borrower and with the consent of the lender. The interest rate is floating at 8% margin and ROBOR 6M. As at the balance sheet date, the borrower consumed RON 52.6 m.

After the balance sheet date, on 8 December 2024, the parties entered into an annex to the loan agreement to increase the line to RON 100 million and extend the maturity date to 27 March 2028.

8. Other financial assets

	30/09/2024		31/03/2024	
	Short-term assets	**Long-term assets**	**Short-term assets**	**Long-term assets**
Debt instruments	38,230	171,000	42,205	171,000
Total	**38,230**	**171,000**	**42,205**	**171,000**

Debt instruments at the balance sheet date:

Series	Interest rate	Issue date	Maturity date	Face value	Long-term	Short-term
Series U	variable; paid every 6 months	13-06-2014	13-06-2026	71,000	71,000	2,796
Series H01	floating, paid every 6 months	26-05-2017	26-05-2026	100,000	100,000	11,496
Series J01	variable; paid every 12 months	14-06-2019	13-06-2025	20,100	-	23,938
Total				**191,100**	**171,000**	**38,230**

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

Debt instruments at the previous balance sheet date:

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

9. Purchased debt portfolios

Types of debt portfolios	30/09/2024	31/03/2024
Retail	27,021	27,463
Telecommunications	27,783	24,150
Consumer loans	1,453	2,488
Total	**56,257**	**54,101**

Change in debt portfolios	01/04/2024-30/09/2024	01/04/2023-30/09/2023	01/04/2023-31/03/2024
Status at the beginning of period	54,101	49,503	49,503
Purchased debt portfolios	-	-	-
Sold debt portfolios	-	-	-
Revaluation	12,113	8,882	25,369
Payments from debtors in 2022/23	(15,386)	(16,355)	(30,600)
Interest income on debt portfolios	5,429	4,952	9,829
Closing balance	**56,257**	**46,982**	**54,101**

Nominal value of estimated remaining collections (ERC) by discount rate ranges:	30/09/2024	31/03/2024
below 25%	59,491	61,879
25% - 50%	23,605	18,344
above 50%	24,545	19,256
Total	**107,641**	**99,479**

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

10. Borrowings and other debt instruments, security instruments

	30/09/2024		31/03/2024	
	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities
Debt securities	70,578	245,388	32,202	295,822
Intra-group cashpool	38,827	-	37,708	-
Other	23	-	10	-
Total	**109,428**	**245,388**	**69,920**	**295,822**

On 13 June 2023, Kredyt Inkaso S.A. concluded an overdraft agreement with ING Bank Slaski S.A. in the amount of PLN 10,000 thousand plus a line of guarantees up to PLN 449 thousand. The line of credit is made available for one year ending on 31 December and such annual period is then automatically extended for another period of one year, unless the bank or the borrower submits a termination notice on at least 35 days before the expiry date. The maximum date to which the end date of the availability of funds for use under the credit limit may be extended is the expiration date of the credit agreement, set at 31 December 2033. The interest rate on the overdraft is variable, and its components are a margin of 1.5% plus the WIBOR 1M 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.

10.1. 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%	22-10-2021	19-10-2025	3,667	124	3,518	3,642
J1	WIBOR 3M+4.9%	28-03-2022	28-03-2029	33,449	5,736	27,215	32,951
K1	WIBOR 6M+4.9%*	28-03-2022	28-03-2029	77,251	17,505	58,705	76,210
I1	WIBOR 3M+4.9%	19-04-2022	23-10-2025	17,010	260	16,425	16,685
L1	WIBOR 3M+4.7%	05-08-2022	27-07-2026	15,679	507	15,026	15,533
M1	WIBOR 3M+5.5%	14-04-2023	14-04-2027	15,000	480	14,502	14,982
N1	WIBOR 3M+5.5%	13-07-2023	13-07-2027	18,000	592	17,332	17,924
O1	WIBOR 6M+ 5.5%	04-10-2023	04-10-2027	37,741	2,373	36,008	38,381
P1	WIBOR 3M+5.5%	05-12-2023	28-11-2027	15,000	300	14,557	14,857
R1	WIBOR 3M+5.5%	07-02-2024	07-02-2028	20,000	534	19,108	19,642
S1	EURIBOR 3M+5.2%	27-03-2024	27-03-2028	21,396	213	20,492	20,705
AD	WIBOR 6M+4.9%	22-10-2018	22-10-2025	2,500	118	2,500	2,618
AJ	WIBOR 12M+4.9%	29-05-2020	29-05-2025	30,286	31,356	-	31,356
AK	WIBOR 6M+4.9%	20-04-2022	20-04-2025	10,000	10,480	-	10,480
Total				**316,979**	**70,578**	**245,388**	**315,966**

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

Status at the end of the comparative reporting period.

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

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

(*) 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
25 September 2024	The Company party repaid the face value of series J1 bonds (PLN 1,394 thousand) in line with the timetable specified in WEO
25 September 2024	The Company party repaid the face value of series K1 bonds (PLN 8,583 thousand) in line with the timetable specified in WEO
12 November 2024	Issue of series T1 bearer bonds, total face value PLN 30,000 thousand.

10.2. Cashpooling

Cashpool balances are shown in the table below:

	30/09/2024	31/03/2024
Kredyt Inkaso S.A.*	(38,827)	(37,708)
Finsano S.A.	37,667	34,754
Kancelaria Prawnicza Forum Radca Prawny Krzysztof Piluś i Spółka sp.k.	1,132	3,605
Kredyt Inkaso IT Solutions Sp. z o.o.	(832)	(1,497)
KI Solver Sp. z o.o.	860	846
Total	-	-

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

Interim condensed separate financial statements for six months ended 30.09.2024 (PLN '000)

10.3. Security interests in Company assets and security instruments underwriting Company's financial liabilities

Secured item	Form of security	Secured value as at 30/09/2024	Expiry date	Carrying value of the secured liability as at 30/09/2024	Security coverage required as at 30/09/2024
Security interests established on Company assets:					
Credit facility granted by ING Bank Śląski S.A. KI I NFIZW & KI II NFIZW funds	Suretyship issued by Kredyt Inkaso S.A. covering up to PLN 300 million	n/a	31-12-2037	170,334	n/a
Series K1 bonds	Registered pledges under the Polish law on debt portfolios that are included in the Company's balance sheet	56,105	28-03-2029	76,210	115 877*
Credit facility granted by Santander Bank Polska S.A. to KI III NFIZW fund	Suretyship issued by Kredyt Inkaso S.A. covering up to PLN 150 million	n/a	22-07-2034	-	n/a
Security instruments underwriting Company's financial liabilities (not assets):					
Series K1 bonds	Registered pledges under the Polish or foreign law on debt portfolios that are included in the Company subsidiaries' balance sheets	116,190	28-03-2029	76,210	115,877
Overdraft facility opened by ING Bank Śląski S.A. to Kredyt Inkaso S.A.	Corporate guarantee issued by Kredyt Inkaso Bułgaria EAD up to PLN 12 million	n/a	31-12-2033	-	n/a
Office rental in Warsaw	Bank guarantee up to PLN 284 thousand	n/a	25-07-2027	1,959	n/a
Office rental in Lublin	Bank guarantee up to PLN 165 thousand	n/a	31-12-2028	1,779	n/a
Series AJ bonds (inter-company)	Promissory note issued to KI I NFIZW fund by KILUX for PLN 30,280 thousand	n/a	30-04-2026	31,356	n/a

(*) according to the terms of the K1 issue, additional security interest was established in the assets of other Capital Group entities (cf. bottom of the table and Note 13.3 of the consolidated financial statements)

11. Significant events after the balance sheet date

- On 2 October 2024, the Extraordinary General Meeting of the Company asked the Management Board to start talks with BEST S.A. on a potential merger of the Company with BEST S.A. (as the acquiring party) in order to determine the potential terms of such merger and then to agree upon the merger documentation, and should no such agreement be achieved in the course of the talks by the end of January 2025 or the talks be otherwise terminated earlier due to diverging positions of the two parties, then to convene a general meeting of the Company to choose further line of action in the review of strategic options.
On 10 October 2024, agreement was signed with BEST S.A. on the commencement of negotiations and cooperation towards a potential merger ("Agreement"). In the Agreement, the parties agreed that they would make reasonable

efforts to analyse the possibility of the 'Potential Merger' and determine the timetable and structure of its process as well as issue/obtain any disclosures/consents as may be required for the Potential Merger to/from the competent authorities or third parties. The Potential Merger would be carried out by transferring all assets of the Company to BEST S.A. in exchange for BEST S.A. shares that would be subscribed in the names of the Company's shareholders other than BEST S.A.

The conclusion of the Potential Merger transaction documentation depends on a number of factors. It is uncertain whether the signing and execution of the Agreement will finally lead to the arrangement of the terms and conditions of the Potential Merger, including its exact procedure, pricing details and dates.

At the same time, work on potential asset deals have been suspended concerning assets of the Company or other subsidiaries of its capital group that were in progress within the framework of the review, including negotiations between the company or other capital group entities and the following entities: APS Investments s.r.o. (sale of Bulgarian and Romanian debt portfolios) and LCM Partners Limited (sale of investment certificates held in investment funds).

- On 2 October 2024, the new Supervisory Board of the Company elected by the Annual General Meeting of the Company on 27 September 2024 has chosen its members.

  The seats in the Supervisory Board were taken by: Mr Bogdan Dzudzewicz as the Chairman of the Supervisory Board, Mr Tomasz Karpiński as the Vice-Chairman of the Supervisory Board, and Mr Karol Sowa as the Secretary of the Supervisory Board.

  In addition, the Supervisory Board of the Company nominated the Audit Committee of 3 members:

  - Mr Raimondo Eggink (the chairperson),
  - Mr Piotr Urbańczyk,
  - Mr Tomasz Karpiński.

- On 9 August 2024, the Company signed a registered pledge agreement with Santander Bank Polska S.A. (based in Warsaw) to secure claims paid to the Company's account under a credit facility granted by the Bank to KI III NFIZW fund.

  The pledge covered the maximum security amount of PLN 150 million.

  At the same time, the Company established a financial pledge within the meaning of the Financial Security Act of 2 April 2004. This pledge is effective until:

  - the Bank's claims secured by the registered pledge become fully satisfied, or
  - the subject of the financial pledge is no longer encumbered by the Bank's right of pledge according to a pledge waiver to be provided by the Bank, but no later than until 22 July 2034.

- On 12 November 2024, series T1 bonds were registered with the Polish depository agent (KDPW), total face value PLN 30 000 thousand. On the same day, the bonds were admitted on the Warsaw Stock Exchange's alternative bonds trading market called Catalyst.

- On 13 December 2024, the Company received a request from the Customs & Revenue Authorities for Małopolska Province in Poland to submit transfer pricing documentation and JPK_KR and JPK_FA files in connection with the initiation of a customs & tax inspection of corporate income tax disclosures in 01.04.2020 - 31.03.2021.

- As the Company obtained a legal opinion regarding e.g. the compliance of the loan agreement of 27 March 2023 between the Company and its subsidiary (Kredyt Inkaso Investments RO S.A.), including its subsequent annexes, with the General Terms and Conditions for the Issue of Bonds, on 17 December 2024 the Company published (on the bonds-dedicated website at https://obligacje.kredytinkaso.pl/) information that an early-redemption event has occurred with respect to series M1, N1 and P1 bearer bonds of Kredyt Inkaso S.A. and how was remedied, including its legal consequences.

12. 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.

13. 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.

On 2 October 2024, the Extraordinary General Meeting of the Company resolved to ask the Management Board to continue the review of strategic options and initiate talks with BEST S.A. on a potential merger of the Company with BEST S.A. (as the acquiring party) in order to determine the potential terms of such merger and then to agree upon the merger documentation. Should no such agreement be achieved in the course of the talks by the end of January 2025 or the talks be otherwise terminated earlier due to diverging positions of the two parties, the Management Board was asked to summon a general meeting of the Company to choose further line of action in the review of strategic options.

At the same time, on 2 October 2024 the Extraordinary General Meeting did not adopt the resolutions in the agenda that would authorise the Management Board to start the procedure of alienating certain Capital Group assets to BEST S.A. (as the acquiring party) and consent to their sale to third parties.

In performance of the resolution effected at the Extraordinary General Meeting, on 10 October 2024 the Company signed with BEST S.A. an agreement to commence negotiations and cooperation in relation to a potential merger, and in such agreement the parties agreed that they would make reasonable efforts to analyse the possibility of the potential merger and determine the timetable and structure of its process as well as issue/obtain any disclosures/consents as may be required for the potential merger to/from the competent authorities or third parties.

In view of the above, the review of strategic options has not been completed and despite the fact that the Management Board has taken appropriate measures to fix the terms and conditions of the potential merger with BEST S.A. in order to implement such resolution of the Extraordinary General Meeting (including the signing of the above agreement), the Management Board cannot exclude other outcomes of this review. In particular, the Management Board cannot exclude that should the terms of the merger of the Company with BEST S.A. be not agreed upon, the review of strategic options will take a different path, including through a share or asset deal of the Company or its subsidiaries, or other decision made by the Management Board to maintain the status quo. Information about the completion and outcome of the review of strategic options, including any significant events occurring in the course of the process, will be published by the Company appropriately, however the deadline for the procedure has not been fixed as of the Approval Date.

Implementation of any of the strategic options 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.

APPROVAL FOR PUBLICATION

The Parent Company's Management Board approved for publication these interim condensed consolidated and separate financial statements prepared for the period from 1 April 2024 to 30 September 2024, including comparative data, on 18 December 2024 (the "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