INTRODUCTION TO FINANCIAL STATEMENTS

CHANGES IN ACCOUNTING PRINCIPLES

In these financial statements the Company and the Group changed the accounting principles, in particular the principles for the measurement of liabilities covered by the Arrangement, which affects the respective elements of the financial statements.

The Company did not apply IFRS 9 to the measurement and presentation of liabilities covered by the Arrangement in its financial statements for three quarters of the year 2022. This deviation aimed to ensure that the financial statements provide a reliable, that is, true and transparent presentation of liabilities subject to arrangement with creditors which – according to the Restructuring Law – despite the Arrangement, still exist and will not be remitted until lawful decision of the court on the execution of the arrangement.

Therefore, prior to changing the accounting principles, the liabilities covered by the Arrangement and those not covered by the Arrangement but for which covenants were breached, that is, for instance, financial liabilities and trade payables, were measured and presented in the Company's financial statements at the amount payable at the balance sheet date, that is, at their nominal value increased by accrued interest.

The change of the accounting principles involves, among other things, resumption of IFRS 6 in the measurement and presentation of liabilities covered by the Arrangement. This means that starting from the financial statements for 2022, the Company has presented its liabilities covered by the Arrangement as a sum of discounted (at the balance sheet date), outstanding arrangement instalments. So far, the Company has presented the liabilities covered by the Arrangement at their nominal value, increased by accrued interest and decreased by payments made and contractual remittance – that is, **not taking into account a conditional reduction in the value of these liabilities due to accepting the Arrangement.**

The Company decided to resume the application of IFRS 9 in implementing the recommendation issued by the Polish Financial Supervision Authority based on legal and financial due diligence and assessment of the advancement of the implementation of the Restructuring Scheme at 31.12.2022.

The introduction of IFRS 6 in the measurement and presentation of liabilities subject to arrangement with creditors was analysed and approved by the statutory auditor auditing the financial statements of the Company and of the Group – who did not make objections or reservations to the report on the audit of the financial statements of the Company and the Group for 2022.

IMPLEMENTATION OF THE RESTRUCTURING SCHEME AT 31.12.2022

At 31.12.2022, the implementation of the Restructuring Scheme underlying the adoption and approval of the Arrangement in the Company was advanced.

The level of implementation of the assumptions of the Restructuring Scheme is, in the first place, determined by the fulfilment of the following:

1) Out of the primary amount of the Group's liabilities for repayment under the Restructuring Scheme, that is, ca. PLN 1 300 million, consisting of (i) ca. PLN 700 million worth liabilities not subject to arrangement with creditors (so-called non-reducible liabilities), and (ii) ca. PLN 600 million worth liabilities due to repayment of the arrangement instalments, at 31.12.2022:
    - ca. PLN 790 million was satisfied, including generally all non-reducible liabilities and PLN 71.8 million worth liabilities due to arrangement instalments, more than PLN 510 million worth liabilities (consolidated)
    - remained unpaid, including more than 508 million worth liabilities due to repayment of the arrangement instalments.

    which means that more than 60% of the Company's and the Group’s liabilities assumed by the Restructuring Scheme has been satisfied.
2) The Group stabilised its operating activities, including the recovery level, which was associated with a continuing reduction of the operating costs, which in turn is a principal source of repayment of the arrangement instalments.
3) The Company completed the process of arrangement with Lumen funds, which ended in the full remittance of the largest liability for which the Company created a reserve – amounting to ca. PLN 108 million.
4) The Company extended the scale of litigation to the extent of claims for compensation (that is, pecuniary claims, including, in particular: claims for remedying damage caused to the Company, claims for reimbursement of pecuniary

performance fulfilled by the Company, including claims for refunding undue pecuniary performance, claims due to unjust enrichment) exceeding PLN 700 million in total, including a claim against the fund OFWD NS FIZ instituted in Q4 2022 for the total amount of about PLN 85 million.

5) The Company initiated the consolidation of the assets of the Group's equity funds by Jupiter FIZNSF – at 31.12.2022 it held 34% of the total value of the Group's receivables portfolios, which will ultimately provide unlimited access to money held by this fund and accelerate the payment of arrangement instalments.

The advanced level of implementation of the Restructuring Scheme (in particular the degree of satisfaction of the Group's liabilities provided for in the Restructuring Scheme) has enabled the Company to comply with the recommendation of the Polish Financial Supervision Authority to resume the application of IFRS 9 for the measurement and presentation (in the financial statements for 2022) of the liabilities covered by the Arrangement – as a result of which the liabilities covered by the Arrangement have been presented at an amount **considering a contingent reduction due to adopting the Arrangement** – and therefore upon the assumption that the Arrangement would be implemented following its terms.

NO IMPACT OF THE CHANGE IN ACCOUNTING PRINCIPLES ON THE LEGAL AND ECONOMIC STANDING OF THE COMPANY AND THE GROUP

Changes in accounting principles after the date of the financial statements for 2022 do not affect the actual economic, financial and legal standing of the Company and the Group.

Changes in accounting principles after the date of these financial statements with reference to liabilities covered by the Arrangement are for indicated for presentation only.

The key items of the financial statements and their changes from Q3 2022 to the end of 2022 are presented below:

1) **The nominal amount of liabilities subject to arrangement with creditors did not decrease as a consequence of adopting IFRS 9** – liabilities subject to arrangement still exist at an amount not considering the reduction provided for by the Arrangement. The nominal amount of liabilities covered by the Arrangement, presented in the consolidated statement for three quarters of 2022, amounting to PLN 3 217 million (note 12 to the Company's consolidated financial statements for three quarters of 2022) – including arrangement instalments repaid in Q4 2022, accrued interest and concluded restructuring agreements – did not decrease due to the adoption of IFRS 9 and, at 31.12.2022, was PLN 3 218 million (notes 32.4. and 22 to the Company's consolidated financial statements for 2022).
This means that if the Company continued to derogate from applying IFRS 9, the measurement and presentation of liabilities covered by the Arrangement in the financial statements of the Company and the Group would be identical as in the financial statements for three quarters of 2022.

2) **The nominal amount of arrangement instalments to be repaid by the Company was not reduced due to the adoption of IFRS 9** – at 31.12.2022 it was PLN 533 million (note 24 to the separate financial statements of the Company for 2022).
3) **Methods of measurement and value of the Group's key assets (portfolios of receivables), receipts from service constituting the main source of repayment of the arrangement instalments – did not change due to the adoption of IFRS 9** – at 31.12.2022 it was PLN 335 million (note 14 to the Company's consolidated financial statements for 2022).

Adopting IFRS 9 to measure and present liabilities subject to arrangement with creditors means that the Company measures them as a sum of outstanding arrangement instalments, at their current value discounted at the balance sheet date (note 22 to the consolidated financial statements for 2022) – that is, at the discounted amount **including a contingent reduction of a portion of the nominal amount of these liabilities resulting from the Arrangement** – so, assuming that the Arrangement will be executed following its terms.

So far the Company presented its liabilities covered by the Arrangement at their primary (nominal) value, including amounts repaid, interest accrued after the date of payment until the balance sheet date and contractual remittance, but **excluding contingent reduction of the portion of the nominal amount resulting from the Arrangement.**

The change in accounting principles regarding the measurement and presentation of liabilities subject to arrangement in compliance with IFRS 9 in no way affects the actual economic and liquidity standing of the Company and the Group or the Company's and the Group's ability to execute the Arrangement.

The Company's and the Group's ability to execute the Arrangement is determined by the level of fulfilment of the assumptions of the Restructuring Scheme consisting of the following areas:

- Operating activities (debt recovery activities) of the Group – comprising (i) recovery of the receivables portfolios of closed-end investment funds where the sole participant is the Company, to maximise the surplus of debtors' payments over the Group's operating expenses, or (ii) sale of receivables portfolios (investment certificates of equity funds) on terms maximising related receipts.

- Restructuring of the Group's liabilities to senior creditors (creditors of equity funds and creditors of the Company secured by the investment certificates of these funds or their assets) – to settle these liabilities while redeeming the maximum amount, which from the perspective of the (economic) implementation of the Arrangement and the maximisation of the level of repayment to creditors under the Arrangement is equivalent to increasing the level of cash that can be used to repay the liabilities covered by the Arrangement.
- Claims for compensation – to maximise proceeds from third parties exceeding the expenses on pursuing these claims.
- Settlements with third parties – to maximise the surplus of receipts over expenses related to these settlements.

The change in the method of presentation of liabilities subject to arrangement into one compliant with IFRS 9 does not, in particular, affect income (i.e. value of the Group's assets adjusted by the Group's outstanding liabilities) at the disposal of the Company and the Group, which would make it possible to change the level of satisfaction of the arrangement creditors and terms set out in the present Arrangement.

The Group's core assets continue to be its equity funds' portfolios of receivables – the adoption of IFRS 9 has in no way altered their economic value for the repayment of arrangement instalments (i.e. the surplus of expected receipts over necessary expenses). There was also no reduction in the outstanding amount of arrangement instalments (subject to repayment of arrangement instalments completed by 31.03.2023 in accordance with the terms of the Arrangement).

In the absence of the change in valuation (i.e. if the derogation from applying IFRS 9 continues), the net profit reported in these consolidated financial statements amounting to PLN 176.3 million would have been lower by more than PLN 212 million – meaning that the Group would have reported a net loss, as it did until the financial statements for three quarters of 2022.

The net profit shown in these consolidated financial statements in the amount of PLN 176.3 million – is solely a consequence of the change in the method of measurement and presentation of the liabilities subject to arrangement to comply with IFRS 9, and not a change in the actual economic standing of the Company, and is of a non-cash nature (it is only an accounting item) and does not affect, in any way, the Company's ability to execute the Arrangement as compared to the situation in which the Company would present the arrangement liabilities in accordance with its previous practice – that is, derogating from IFRS 9.

The net profit for 2022 and for future periods does not affect and will not directly affect the level of satisfaction of the arrangement creditors. The satisfaction of the arrangement creditors by the Company – in accordance with the Restructuring Scheme and the cash nature of the repayment of the arrangement instalments – was based on the cash flows that could be transferred to the arrangement creditors as repayment of the arrangement instalments. The Group's potential and capability to generate cash after the adoption of IFRS 9 has not been altered in any way. This is fundamentally influenced by the Company's and the Group's capability (ability) to operate effectively and pursue its claims.

If the Company had applied IFRS 9 to the measurement and presentation of the liabilities covered by the Arrangement starting from the financial statements for the first period covering the final decision on the approval of the Arrangement (i.e. from the financial statements for 2020 to Q3 2022), the Company and the Group would have reported net profit in the respective, prior reporting periods.

If the Company continues to derogate from IFRS 9 to the extent of measurement and presentation of liabilities covered by the Arrangement until the Arrangement is completed, the Company and its Group would present net loss for each financial year of that period, and the net loss for the financial year 2022 would amount to:

- PLN 36 million in the consolidated financial statements, and considering the one-off reversal of the provision for the claims of Lumen Funds amounting to PLN 108 million, the loss would be PLN 144 million,
- PLN 136 million in the consolidated financial statements, and considering the one-off reversal of the provision for the claims of Lumen Funds amounting to PLN 108 million, the loss would be PLN 244 million.

The carrying amounts presented in the Company's and the Group's financial statements have a supplementary function – the purpose of the Arrangement implemented by the Company is liquidation, which means that all the funds obtained during the execution of the Arrangement will be transferred to the Arrangement creditors. Therefore, the analysis of its cash generating capacity should play a primary role in the analysis of the Company's and the Group's capability to execute the Arrangement (also regarding the potential level and timing of its execution).

The above is consistent with the resolution of the Company's General Meeting of Shareholders of 26.01.2023, according to which, if, prior to the payment of the last arrangement instalment due on 31.03.2028, the Company and the Group have sufficient assets to increase the level of satisfaction of the arrangement creditors, the Company will take steps provided by law to transfer these funds to the arrangement creditors.

Changes in the accounting policies presented in the Company's and the Group's financial statements for 2022 – although having no impact on the Company's and Group's actual economic, financial and legal standing, and on the possibility and timing of satisfying the claims of arrangement creditors – have affected the presentation of the following items reported in the Company's and Group's financial statements:

- **liabilities subject to arrangement with creditors are presented at an amount corresponding to the sum of outstanding payables and discounted using the effective interest rate, i.e. taking into account the reduction of a portion of liabilities subject to arrangement provided for in the Arrangement (previously the arrangement liabilities were presented at their nominal amount plus accrued interest, adjusted by the amounts repaid and contractual remittance – excluding the reduction provided for in the Arrangement),**
- **financial expenses were not charged as interest on the nominal amount of liabilities subject to arrangement,**
- **a technical adjustment was applied to equity as if IFRS 9 had been adopted from 2020 onwards – including the portion of liabilities covered by the Arrangement that are not repayable under the Arrangement, together with the interest accrued thereon, in equity, and the reversal of the provision for the claims of Lumen Funds, resulted in the Company and the Group showing positive shareholders' equity at 31.12.2022.**

For a true and transparent presentation of the Company's and the Group's financial and legal standing, the Company – in addition to the measurement and presentation of liabilities covered by the Arrangement according to IFRS 9 – continues to present in its financial statements the existing treatment of liabilities subject to arrangement and liabilities covered by the Arrangement:

- arrangement liabilities at their original amount, adjusted for accrued interest, repayments made and contractual remittance – i.e. according to the treatment in the financial statements for three quarters of 2022 (notes 22 and 32.4 to the consolidated financial statements),
- the nominal amount of outstanding arrangement instalments with a detailed repayment schedule (note 22 to the consolidated financial statements).

In a situation where the Company would have retained its current principles for measuring and presenting liabilities subject to arrangement with creditors (i.e. if it had continued to derogate from IFRS 9), the key items in the financial statements for 2022 would not have changed substantially compared to the financial statements for three quarters of 2022 – in particular:

- **the value of the portfolios of receivables** – apart from the debtors' repayments made in that period, reassessed using the previous valuation methodology – **would not change**,
- **the nominal amount of liabilities subject to arrangement** – apart from its revaluation according to the previous method including accrued interest, repayments made and agreements concluded – **would not change,**
- **the nominal amount of arrangement instalments** – apart from its revaluation according to the previous method including repayments made and agreements concluded – **would not change,**
- **net result** (consolidated and separate) – **would continue to be negative**,
- **shareholders' equity** (consolidated and separate) – **would continue to be negative**,
- **the Company's and the Group's cash and cash equivalents** – **would not change**.

LEGAL STATUS OF THE COMPANY'S LIABILITIES SUBJECT TO ARRANGEMENT WITH CREDITORS

According to the Restructuring Law of 15 May 2015 (Dz. U. (Journal of Laws) of 2021, item 1588, as amended) (here: the "Restructuring Law"), the conclusion of the arrangement by the Company did not modify the existence and original amount of receivables covered by the arrangement. The original liabilities subject to arrangement, existing at the opening of the accelerated arrangement proceedings – except for separately concluded agreements and the amount of arrangement instalments paid – have not expired or been reduced (written off) in any part at 31.12.2022. This will not occur before the execution of the arrangement becomes final.

According to the Restructuring Law, the conclusion and validation of an arrangement does not constitute an event providing the basis on which a debtor may write off the liabilities covered by the arrangement to the extent that the arrangement provides for reducing such liabilities (subject to the lawful execution of the arrangement). The liability subject to arrangement in the reducible portion provided for in the arrangement does not expire upon the approval of the arrangement, but only upon its complete execution (repayment) and the receipt of a final court decision on the execution of the arrangement.

A legal consequence of validly approving an arrangement which provides for the repayment of liabilities at a reduced (in relation to their original amount) level is that the debtor's liabilities are maintained at their original amount, with the simultaneous effect of prohibiting (until the arrangement is revoked, expires or is amended) the creditor from seeking satisfaction of their claims in excess of the reducible amount provided for in the arrangement.

In the event of revocation, expiry or amendment of the arrangement, the creditors can recover their claims in full less amounts deducted in executing the arrangement.

It is only in the event of final execution of the arrangement that the liabilities restructured thereunder are written off (expire) in the portion exceeding the amount to which they have been reduced according to the arrangement.

As a consequence, the liability subject to arrangement in the reducible portion provided for in the arrangement does not expire upon the approval of the arrangement, but only upon its complete execution (repayment) and the receipt of a final court decision on the execution of the arrangement.

This means that until the Company has fully executed the arrangement:

- the Company's liabilities covered by the arrangement, exist at their original amount (except for the arrangement instalments repaid and write-offs due to agreements concluded), provided that during this period the arrangement creditors cannot satisfy their claims in excess of the reducible amount anticipated in the arrangement,
- liabilities covered by the arrangement are not remitted or reduced in any way and they are binding to the Company at their full amount.

The above has its foundation in the case law and the doctrine of the Restructuring Law.

SELECTED FINANCIAL DATA

	in kPLN		in kEUR	
	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
Revenues	30 360	(5 853)	6 476	(1 279)
Profit (loss) from sales	12 181	(43 397)	2 598	(9 481)
Profit (loss) from operating activities	121 494	(35 148)	25 914	(7 678)
Gross profit (loss)	132 574	24 181	28 278	5 283
Net profit (loss)	132 574	24 181	28 278	5 283
Depreciation/amortisation	(2 820)	(2 802)	(601)	(612)
Net cash flows from operating activities	120 357	2 504	25 672	547
Net cash flows from investing activities	(67 748)	12 538	(14 450)	2 739
Net cash flow from financing activities	(50 745)	(28 792)	(10 824)	(6 290)
Total net cash flows	1 864	(13 750)	398	(3 004)
	31.12.2022	31.12.2021 converted	31.12.2022	31.12.2021 converted
Fixed assets	427 846	467 684	91 227	101 684
Long-term investments	425 720	462 810	90 774	100 624
Current receivables	71 454	82 515	15 236	17 940
Short-term investments	7 976	4 098	1 701	891
Cash and cash equivalents	6 129	4 265	1 307	927
Assets regarding discontinued operations	211	1 563	45	340
Shareholders' equity	41 407	(91 167)	8 829	(19 821)
Non-current payables	120	962	26	209
Liabilities subject to arrangement	445 774	509 761	95 050	110 832
Current payables	26 460	32 780	5 642	7 127
Reserves and provisions	-	107 937	-	23 468

The selected financial data comprising the fundamental items of the separate financial statements were converted into EUR as follows:

- respective assets and liabilities at the balance sheet date – at the mean rate applicable at the balance sheet date, published by the National Bank of Poland; respectively at 31 December 2022 – 4.6899 and at 31 December 2021 – 4.5994,
- particular items of the profit and loss account and the cash flow statement for the period from 1 January to 31 December of the given year – at the mean rate calculated as the arithmetic mean of the exchange rates published by the National Bank of Poland at the last day of the month in the particular period; respectively for the period from 1 January to 31 December 2022 – 4.6883, from 1 January to 31 December 2021 – 4.5775.

SEPARATE ANNUAL PROFIT AND LOSS ACCOUNT

	Note	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
Revenues, of which:	1	30 360	(5 853)
revenues from the management of the portfolio of receivables	*1*	*-*	*7 244*
share in profit (loss) of associates	*1*	*(48)*	*(36 339)*
revenues from investments in subsidiary and other securitisation funds	*1*	*28 205*	*20 052*
revenues from recovery of acquired blocks of receivables	*1*	*288*	*1 537*
Other operating revenues	4	111 753	14 047
Cost of payroll and employee benefits	3	(8 220)	(25 932)
Depreciation/amortisation	9,10	(2 820)	(2 802)
Outsourced services	2	(7 139)	(8 810)
Other operating expenses	5	(2 440)	(5 798)
Profit /(loss) from operating activities	**-**	**121 494**	**(35 148)**
Financial revenues	7	20 957	62 249
Financial expenses	7	(9 877)	(2 919)
Net financial revenues/ (expenses)	-	11 080	59 329
Profit /(loss) before tax	**-**	**132 574**	**24 181**
Income tax	-	-	-
Profit /(loss) from continuing operations	**-**	**132 286**	**37 006**
Profit/ (loss) from discontinued operations	**-**	**288**	**(12 825)**
Net profit/ (loss) for the reporting period	**-**	**132 574**	**24 181**
of which: net profit/(loss) from discontinued operations	8	288	(12 825)

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
Average number of equity shares in the period	100 000 000	100 000 000
Net profit/(loss) (kPLN)	132 574	24 181
Earnings/loss per share (PLN)	**1.33**	**0.24**
Diluted earnings: Earnings/(loss) per share (PLN) from continuing operations	**1.32**	**0.37**
Diluted earnings: Earnings/(loss) per share (PLN) from discontinued operations	**0.003**	**(0.13)**

*– See note 48.2

SEPARATE ANNUAL STATEMENT OF COMPREHENSIVE INCOME

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
Profit/(loss) for the period	132 574	24 181
Other net comprehensive income	-	-
Comprehensive income for the period	**132 574**	**24 181**
of which: net profit/(loss) from discontinued operations	288	(12 825)

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
Comprehensive income for the financial year	132 574	24 181
Comprehensive income from continuing operations for the financial year	132 286	37 006
Comprehensive income from discontinued operations for the financial year	288	(12 825)
Average number of equity shares in the period	100 000 000	100 000 000
Comprehensive income per share (PLN)	**1.33**	**0.24**
Comprehensive income per share from continuing operations	**1.32**	**0.37**
Comprehensive income per share from discontinued operations	**0.003**	**(0.13)**

SEPARATE ANNUAL STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.12.2022	31.12.2021 converted
FIXED ASSETS	-	**427 846**	**467 684**
Property, plant and equipment (PPE)	10	1 525	3 086
Other intangible assets	9	601	1 206
Investments	11	422 573	450 477
subsidiaries	*11*	*411 494*	450 272
other	*11*	*11 079*	205
Investments in associates	12	-	2 835
Long-term loans granted	13	3 147	9 498
Other non-current payables	18	-	582
Deferred tax assets	14	-	-
CURRENT ASSETS	-	**85 704**	**91 026**
Short-term loans granted	13	7 976	4 098
Trade receivable	19	12 602	24 174
Receivable from taxes other than income tax	19	1 125	205
Other receivables	*19*	56 663	57 552
Advances, security deposits	*19*	1 064	584
Prepayments	*20*	145	148
Cash and cash equivalents	21	6 129	4 265
ASSETS PERTAINING TO DISCONTINUED OPERATIONS	**8**	**211**	**1 563**
TOTAL ASSETS	**-**	**513 761**	**560 273**

LIABILITIES	Note	31.12.2022	31.12.2021 converted
EQUITY	**-**	**41 407**	**(91 167)**
Share capital	22	5 000	5 000
share premium	-	341 049	341 049
other comprehensive income	-	-	-
Retained earnings (total)	-	(304 642)	(437 216)
net earnings (loss)	-	132 574	24 181
retained earnings excl. for the current period		(437 216)	(461 399)
NON-CURRENT LIABILITIES	**-**	**120**	**962**
Financial liabilities due to issuance of debt securities	23	-	-
Lease payable	23	120	962
Non-current credits and loans payable	23	-	-
LIABILITIES SUBJECT TO ARRANGEMENT	**24**	**445 774**	**509 761**
LIABILITIES ATTRIBUTABLE TO DISCONTINUED OPERATIONS	**8**	**-**	**-**
CURRENT PAYABLES	**-**	**26 460**	**32 780**
Financial liabilities due to issuance of debt securities	27	4 808	4 808
Lease payable	28	1 042	2 019
Credits and loans payable	25	2 918	3 046
Trade and other payables	26	16 744	21 695
Employee benefits payable	29	948	1 212
RESERVES AND PROVISIONS	**30**	**-**	**107 937**
TOTAL LIABILITIES	**-**	**513 761**	**560 273**

SEPARATE ANNUAL STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Total shareholders' equity
At 01.01.2022	**5 000**	**341 049**	**(437 216)**	**(91 167)**
Net profit/loss	-	-	132 574	132 574
Net comprehensive income for the period	**-**	**-**	**132 574**	**132 574**
At 31.12.2022	**5 000**	**341 049**	**(304 642)**	**41 407**

	Share capital	Share premium	Retained earnings	Total shareholders' equity
At 01.01.2021 (converted)	**5 000**	**341 049**	**(461 398)**	**(115 349)**
Net profit/loss (converted)	-	-	24 181	24 181
Net comprehensive income for the period (converted)	**-**	**-**	**24 181**	**24 181**
At 31.12.2021 (converted)	**5 000**	**341 049**	**(437 216)**	**(91 167)**

SEPARATE ANNUAL CASH FLOW STATEMENT

	Note	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
A. Cash flow from operating activities			
I. Gross profit (loss)	-	**132 574**	**24 181**
II. Total adjustments:	-	**(12 217)**	**(21 677)**
Depreciation/amortisation	-	2 820	2 802
Share in (profit) / loss of associates	-	48	36 339
(Profit)/ loss due to exchange adjustments	31	111	27
Interest expenses	-	1 276	427
Revenues from interest	-	(1 496)	(591)
Bond service costs, change of the valuation model	-	-	-
Movements in investments in the portfolios of receivables	-	-	9 283
Movements in receivables	-	34 352	44 744
Movements in payables, except credits and loans and debt securities payable	31	100 832	(26 888)
Movements in employee benefits payable	31	(264)	(3 644)
Movements in reserves and deferred tax provisions	31	(107 937)	(7 680)
Movements in prepayments and accruals	-	3	299
FIZ valuation	-	(28 205)	(20 052)
Revaluation of financial assets	-	(591)	741
Impairment loss on loans granted	-	4 778	(625)
Remittance of liabilities	-	-	(6 651)
Profit (loss) from sales, liquidation of PPE and intangibles	-	(242)	(125)
Profit/loss from disposal and redemption of investment certificates, shares	31	(1 478)	(337)
Arrangements, agreements	-	(368)	-
Other adjustments	-	(15 856)	(49 746)
III. Net cash flows from operating activities	-	**120 357**	**2 504**
B. Cash flow from investing activities			
Sale of PPE and intangibles	-	264	4
Acquisition of PPE and intangibles	-	(241)	(77)
Sale/redemption of financial assets	-	30 145	25 711
Acquisition of a subsidiary	-	(700)	(6 041)
Acquisition of interests or shares in associates and of certificates	-	(96 200)	
Other receipts from investments	31	6 592	2 941
Other investment expenditure	31	(7 608)	(10 000)
IV. Net cash used for investing activities	**-**	**(67 748)**	**12 538**
C. Cash flow from financing activities			**-**
Repayment of lease payables (principal amount and interest – IFRS 16)	-	(2 195)	(2 029)
Receipts from contracted credits and loans	-	27 858	7 626
Repayment of credits and loans	-	(29 574)	(18 189)
Redemption of debt securities	-	(47 182)	(16 159)
Interest paid	-	(139)	(41)
Other financial receipts/ expenditure	-	487	-
V. Net cash flows from financing activities	**-**	**(50 745)**	**(28 792)**

	Note	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021 converted
D. Net increase (decrease) in cash and cash equivalents, of which:	-	**1 864**	**(13 750)**
net exchange adjustments	-	-	-
E. Cash and cash equivalents at the beginning of the period	-	**4 265**	**18 015**
F. Cash and cash equivalents at the end of the period, of which:	-	**6 129**	**4 265**
at limited disposal	-	-	-

3 Duration of the company indicated in the deed of incorporation

The Company was established for an unspecified period of time.

4 Period covered by the financial statements

The separate financial statements cover the period of 12 months ended 31 December 2022 and contain corresponding data for the period of 12 months ended 31 December 2021 for the separate annual statement of profit and loss, separate annual statement of comprehensive income, separate annual statement of changes in equity and separate annual cash flow statement and the separate annual statement of financial position at 31 December 2022 and 31 December 2021.

5 Assumption of going-concern

The financial statements have been prepared on the assumption of continuing as a going concern in the foreseeable future, that is, for at least 12 months after the balance sheet date.

The Management Board of the Company has identified the following circumstances and events implying a threat to continuing as a going concern:

5.1 Uncertainty about liquidity, execution and amendment of the arrangement approved under accelerated proceedings for arrangement with creditors (here the "Arrangement")

The loss or significant deterioration of financial liquidity can have a material impact on the Company's and the Group's activities, performance, standing or their prospects for development. In particular, the lack of financial liquidity is a valid reason for the impossibility to execute the Arrangement or incapacity to satisfy liabilities emerging after the date of the Arrangement that are not covered by the Arrangement on an ongoing basis. However, the aforementioned circumstances can be a basis for repealing the concluded Arrangement. Article 173 of the Restructuring Law provides for a possibility to change the terms and conditions of the Arrangement if the income from the debtor's business increases or decreases permanently.

It is also possible that action might be taken against the Company or the Group for asserting pecuniary claims not covered by the Arrangement by operation of law, including unjustified claims. Adverse outcomes for the Company or the Group's companies in such proceedings may significantly contribute to depleting funds at the Company's disposal for the implementation of the Arrangement.

Since the valuation of assets of certain funds in the Capital Group is not approved by the depositary, the Company identifies the risk of impediments to transferring cash held in the bank accounts of these Group funds to the Company. The materialisation of this risk would delay access to cash from the redemption of investment certificates of the funds from the Capital Group.

The entity acting as depositary for a part of the Company's equity funds (mBank S.A.) withholds settlements for contracts and agreements concluded between investment funds and other entities from the Group, justifying this by verifying historically concluded transactions. The Company has the legal means to enforce against these equity funds of the Company cash due from which it benefits. As a result, the Company mitigates the risks of delays in accessing cash from investment funds to the Group's Companies. This is described in more detail in Note 17 "Trade and other receivables" in the consolidated financial statements.

On 13 March 2023, the funds' depositary (mBank S.A.) terminated the depositary agreement with the following funds: Universe NSFIZ, Universe 2 NSFIZ, Universe 3 NSFIZ, easyDEBT FIZNFS and GetPro NSFIZ. The company has taken steps to consolidate the Group's portfolios of receivables in an equity fund with a different depositary than mBank S.A.

On 30 April 2018, the Company's Management Board decided to undertake work related to restructuring of the Company and the Group. This decision was dictated by the need to protect the rights and interests of the Company, the Group, its shareholders and the Company's and the Group's counterparties in the face of the concentration of events that occurred in 2018, that is, the increasing inability to pay maturing liabilities on time. Consequently, on 2 May 2018, the Management Board of Capitea requested the District Court for Wrocław-Fabryczna in Wrocław, 8th Commercial Division for Bankruptcy and Restructuring, for opening the restructuring proceedings – accelerated proceedings for arrangement with creditors within the meaning of the Restructuring Law of 15 May 2015 (consolidated text: Dz. U. (JL) of 2022, item 2309). On 10 May 2018, the Company received a decision issued by the District Court for Wrocław-Fabryczna in Wrocław, 8th Commercial Division for Bankruptcy and Restructuring, issued on 9 May 2018, pursuant to which the District Court for Wrocław-Fabryczna in Wrocław, 8th Commercial Division for Bankruptcy and Restructuring decided to open the accelerated proceedings for arrangement with creditors for Capitea, within the meaning of the Restructuring Law of 15 May 2015 (consolidated text: Dz. U. (JL) of 2022, item 2309; here: the "Restructuring Law").

On 21 January 2019, the Company presented its reviewed proposals for arrangement with creditors previously set out in the motion for the opening of restructuring proceedings. On 25 January 2019, the Company was informed of the positive outcome of the vote to approve the proposals for arrangement with creditors as modified by the Company at the Creditors' Meeting on 22 January 2019. The final proposals for arrangement with creditors, submitted by the Company, were approved by a majority of 96.82% of the creditors present at the Creditors' Meeting, holding 86.8% of the receivables of all the voting creditors.

On 6 June 2019, the District Court for Wrocław-Fabryczna in Wrocław, 8th Commercial Division for Bankruptcy and Restructuring, having previously examined the request on 29 May 2019 in Wrocław at a hearing on the approval of the Arrangement adopted at the Meeting of Creditors held on 22 and 25 January 2019 in the accelerated proceedings for arrangement with the creditors of Capitea in Warsaw, issued a decision approving the Arrangement.

The decision of the District Court for Wrocław-Fabryczna in Wrocław, 8th Commercial Division for Bankruptcy and Restructuring, of 6 June 2019 on the approval of the Arrangement became final on 24 February 2020.

Under this Arrangement, the Company's liabilities will be repaid over eight years from the date on which the decision on its approval becomes final, dividing the creditors into seven groups (here: the "Groups"):

First group – creditors who are the Company's bond holders (other than creditors from Group 3), at the opening of the restructuring proceedings holding non-redeemed bonds not secured with the assets of its subsidiaries or closed-end investment funds. The first group also includes creditors entitled to receivables due to credits or loans granted to the Company where none of the subsidiaries or non-subsidiary funds is a co-debtor, or a joint and several debtor, which are not secured on the assets of the subsidiaries or non-subsidiary funds, and creditors entitled to receivables due to the Company's guarantee of claims arising from bonds issued by a subsidiary other than a fund.

Group two – creditors who have claims against the Company, where any of the subsidiaries or any of the non-subsidiary funds is a co-debtor or has provided security by way of a charge over its assets.

Group three – creditors of the Company who are subsidiaries.

Group four – creditors having claims against the Company secured on the Company's assets, who consented to being covered by the Arrangement.

Group five – the Company's liabilities to the National Insurance Institution.

Group six – all other creditors not classified in other groups.

Group seven – creditors being the shareholders of the Company, and at the same time parent companies within the meaning of the Accounting Act.

The groups of liabilities reported for the Arrangement with creditors are:

Groups subject to arrangement	Payment of the principal amount	Nominal value
Group 1	25%	2 276 199
Group 2	25%	253 624
Group 3	1%	115 386
Group 4	52%	-
Group 5	100%	401
Group 6	10%	201 930
Group 7	5%	70 941
Total	**NA**	**2 918 481**

The aforementioned liabilities of the Company do not include interest and other costs scheduled for write-off, except Group 5, that is, liabilities to the National Insurance Institution, where the claims are shown at the full amount.

Also included in the table are liabilities with collaterals reported for the Arrangement, which in the portion secured on the Company's assets are liabilities not subject to arrangement, and in the portion not secured on the Company's assets or in the portion secured on the Company's own equity funds' portfolios are, from the Company's point of view, liabilities subject to arrangement with creditors, as well as provisions for liabilities such as contractual guarantees. Therefore, due to the current valuation, a difference exists between the aforementioned amount of PLN 2.9 billion and the value presented in the statement of financial position under liabilities subject to arrangement with creditors.

The terms and conditions of restructuring the liabilities towards creditors from respective groups are:

- Unless the following points stipulate otherwise, the arrangement instalments under the Arrangement will be paid within 16 (in words: sixteen) instalments payable every 6 (in words: six) months,
- the first instalment will be payable on the last working day of the second full calendar quarter following the date on which the decision to approve the Arrangement becomes final,
- the subsequent instalments will be payable on the last working day of the 6th (in words: sixth) month following the month in which the previous instalment was payable.

Schedule of payments according to groups of creditors:

Number of instalment	Date	Group 1	Group 2	Group 3	Group 4	Group 6	Group 7
I	30.09.2020	0%	0%	0%	0%	0%	0%
II	31.03.2021	0%	0%	0%	0%	0%	0%
III	30.09.2021	2%	0%	0%	2%	2%	13%
IV	31.03.2022	2%	0%	0%	2%	2%	13%
V	30.09.2022	7%	0%	0%	7%	7%	13%
VI	31.03.2023	7%	0%	0%	7%	7%	13%
VII	29.09.2023	6%	0%	0%	6%	6%	13%
VIII	29.03.2024	5%	0%	0%	5%	5%	13%
IX	30.09.2024	11%	19%	0%	11%	11%	13%
X	31.03.2025	11%	19%	0%	11%	11%	13%
XI	30.09.2025	12%	21%	0%	12%	12%	0%
XII	31.03.2026	10%	21%	0%	10%	10%	0%
XIII	30.09.2026	9%	6%	0%	9%	9%	0%
XIV	31.03.2027	7%	4%	0%	7%	7%	0%
XV	30.09.2027	6%	4%	0%	6%	6%	0%
XVI	31.03.2028	5%	8%	100%	5%	5%	0%

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 1

1. The Company will accomplish the payments and repay the principal amount of credits and warranties of bonds of subsidiaries (in total the "Principal Amount") to the extent set out in the Arrangement (and according to section 2) as indicated in the terms and conditions of issuance of the specific bonds and agreements concerning particular credits or warranties of bonds of subsidiaries, at dates indicated below.
2. The Company will repay 25% (in words: twenty-five per cent) of the Principal Amount according to the above schedule as a percentage of the total repayment.
3. To the extent not covered by the repayment referred to in section 2, the Company's liabilities from Group 1 will be redeemed.
4. Interest on the liabilities of creditors from Group 1 for the date preceding the opening of the accelerated proceedings for arrangement with the Company (inclusive) and interest for the period from the opening of the accelerated proceedings for arrangement with the Company and late payment interest and other side receivables, including the costs of proceedings, costs of enforcement and costs of receivables.
5. Prior to the date of payment of the final instalment indicated in section 2, the Company is not obliged to:
   a) redeem the bonds in full or in part, including at the request of the bond holder otherwise than under instalments payable according to the Arrangement,
   b) repay any credit amount or amount payable under warranties for the bonds of subsidiaries otherwise than by way of instalments payable under the Arrangement.

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 2

1. The Company will repay 25% (in words: twenty-five per cent) of the Principal Amount of receivables to creditors from Group 2, as a percentage of the overall repayment to the extent not repaid by the subsidiaries or funds other than subsidiaries
2. To the extent not covered by the repayment referred to in section 1, the Company's liabilities from Group 2 will be redeemed.
3. Interest on the liabilities of creditors from Group 2 for the date preceding the opening of the accelerated proceedings for arrangement with the Company (inclusive) and interest for the period from the opening of the accelerated proceedings for arrangement with the Company and late payment interest and other side receivables, including the costs of proceedings, costs of enforcement and costs of receivables.

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 3

1. The Company will repay 1% (in words: one per cent) of the Principal Amount of receivables to creditors from Group 3 according to the above schedule as a percentage of the overall repayment.
2. To the extent not covered by the repayment referred to in section 1 the Company's liabilities from Group 3 will be redeemed.
3. Interest on the liabilities of creditors from Group 3 for the date preceding the opening of the accelerated proceedings for arrangement with the Company (inclusive) and interest for the period from the opening of the accelerated proceedings for arrangement with the Company and late payment interest and other side receivables, including the costs of proceedings, costs of enforcement and costs of receivables.

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 4

1. The Company will repay 52% (in words: fifty-two per cent) of the Principal Amount of receivables to creditors from Group 4 according to the above schedule as a percentage of the overall repayment.
2. To the extent not covered by the repayment referred to in section 1 the Company's liabilities from Group 4 will be redeemed.
3. Interest on the liabilities of creditors from Group 4 for the date preceding the opening of the accelerated proceedings for arrangement with the Company (inclusive) and interest for the period from the opening of the accelerated proceedings for arrangement with the Company and late payment interest and other side receivables, including the costs of proceedings, costs of enforcement and costs of receivables.

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 5

1. The Company will repay 100% (in words: one hundred per cent of receivables to creditors from Group 5 including interest and other side receivables on a one-off basis not later than on the last working day of the calendar month following the month in which the decision on the approval of the Arrangement became final, that is, on 31 March 2020.

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 6

1. The Company will repay 10% (in words: ten per cent) of the Principal Amount of receivables to creditors from Group 6 according to the above schedule as a percentage of the overall repayment.
2. To the extent not covered by the repayment referred to in section 1 the Company's liabilities from Group 6 will be redeemed.
3. Interest on the liabilities of creditors from Group 6 for the date preceding the opening of the accelerated proceedings for arrangement with the Company (inclusive) and interest for the period from the opening of the accelerated proceedings for arrangement with the Company and late payment interest and other side receivables, including the costs of proceedings, costs of enforcement and costs of receivables.

Terms and conditions of restructuring the Company's liabilities towards creditors from Group 7

1. The Company will repay 5% (in words: five per cent) of the Principal Amount of receivables to creditors from Group 7 according to the above schedule as a percentage of the overall repayment.
2. To the extent not covered by the repayment referred to in section 1 the Company's liabilities from Group 7 will be redeemed.
3. Interest on the liabilities of creditors from Group 7 for the date preceding the opening of the accelerated proceedings for arrangement with the Company (inclusive) and interest for the period from the opening of the accelerated proceedings for arrangement with the Company and late payment interest and other side receivables, including the costs of proceedings, costs of enforcement and costs of receivables.

The arrangement instalments are repaid using funds from the following sources:

1. recovery of the portfolios of receivables managed by Asseta S.A.and held by the Company's equity funds and the portfolios that were transferred to external service providers under service agreements,

2. claims for compensation, for refunding undue benefits or by virtue of unjust enrichment stemming from the Company's action in court against its former counterparties, insurers and former members of the Company's management board,
3. sales of assets,
4. funds obtained from the Company's settlement of accounts with third parties.

At the date of publication of these statements, the Company had paid arrangement instalments number 1, 2, 3, 4, 5 and 6. Consequently, at the time of publication of these financial statements, the Company paid all the arrangement instalments that, according to the payment schedule should have been paid by the date of these statements.

The Company manages the risk of timely payment of arrangement instalments, in particular through:

- analysing the level of fulfilment of the assumptions of the Restructuring Scheme, including necessary corrective actions,
- overseeing the implementation of short-term assumptions regarding revenues and costs by the Company and the Group,
- maintaining the balance of cash and cash equivalents on the accounts of the Group's companies comparable to the amount of arrangement instalments payable in the following 12 months,
- making – depending on funds available to the Group's companies – accelerated payments of arrangement instalments, which postpones the maturity of the following arrangement instalment in time,
- analysing the balance of net debt subject to arrangement with creditors,
- working with Investment Fund Associations (TFI) managing equity funds to reduce the term of availability of funds from redeemed investment certificates, which are the principal source of repayment of the Arrangement.

5.2 Uncertainty related to the possible bankruptcy of the Company

In connection with the risk of claims not covered by the Arrangement by operation of law (risk of the lack of liquidity and failure to execute the Arrangement) being made against the Company or the Group, the Company cannot rule out that it will be necessary to file a bankruptcy petition to a bankruptcy court of venue to the Company's registered address. The Company also considers a possibility that the Company's creditors can file such a petition and that the opening of the proceedings for amending the Arrangement, and in particular, putting it under third-party administration, can significantly distort the Company's operations and liquidity.

5.3 Uncertainty related to the pandemic of SARS-COV-2 (COVID-19)

The Company is monitoring the development of the pandemic of COVID-19 and the resulting events on an ongoing basis and analyses the necessity of undertaking actions to reduce the scale of its impact on the Group's financial standing, including on its future financial performance.

At the date of these financial statements, in the opinion of the Company's Management Board, the pandemic of COVID-19 has no direct material impact on the assumption of going concern, but the Company can experience a slowdown in the area of pending litigation processes, and in particular secured claims and receivables, due to increasing delays in the work of courts and other authorities as a result of the pandemic. However, the Company has identified the risk of an effect of regulatory changes adverse for the Group, as mentioned in 40.5 Regulatory changes. The limitations can adversely affect the level of the Group's revenues in the following years.

5.4 Uncertainty related to the political and economic situation in Ukraine

The Company does not see any direct impact of the war in Ukraine on the activities of the Company and the Group. The Group has no assets in the territories of the parties to the conflict and does not derive revenues from the territories of the parties to the conflict. The Company can see an indirect effect of the political and economic situation in Ukraine on the economic situation in Poland, manifested, for instance, by the increasing inflation.

6 Significant accounting principles

6.1 Declaration of compliance

These separate financial statements were prepared according to the requirements of the International Financial Reporting Standards (IFRS) in the version approved by the European Union, and to the extent not regulated by the above standards, as required by the Accounting Act of 29 September 1994 (consolidated text – Journal of Laws (Dz. U.) of 2021, item 217, as amended) and implementing provisions issued on its basis referring to issuers of securities admitted or subject to request for admission to the official stock exchange market. These separate financial statements comply with the disclosure requirements set out in the Regulation of the Minister of Finance of 29 March 2018 concerning current and interim reporting by issuers of securities and the terms and conditions of harmonisation of the information required under regulations applicable in non-member states (Dz. U. (JL) of 2018, item 757).

These separate financial statements were prepared at historical cost, except financial assets measured at fair value and at amortised cost.

In the corresponding period, the Company discontinued operations to the extent described in detail in Note 8.

The profit and loss account has been drawn up by nature of expenses, and the cash flow statement – using the indirect method.

The financial statements were prepared in Polish zloty ("PLN") and the financial data presented in the financial statements were given in thousands of Polish zloty ("kPLN"), unless indicated otherwise.

The IFRS include standards and interpretations approved by the International Accounting Standards Committee (IASC) and the International Financial Reporting Interpretations Committee (IFRIC).

In preparing the separate financial statements for 12 months, the Company did not make use of earlier adoption of standards and interpretations already effective or to become effective after the balance sheet date.

6.6.1 Basic earnings/loss per share

Basic earnings/loss per share are calculated based on the amount of profit (loss) attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the period.

6.6.2 Diluted earnings/loss per share

Diluted earnings/loss per share are calculated based on the amount of profit (loss) attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the period, adjusted by equity shares held by the Company and the effect of all potentially diluting equity shares.

6.7 Operating segments

The Company discontinued its operations in 2021. The Management Board of the Company does not analyse the activities and standing of the Company and the Group by operating segments. The Management Board makes an overall assessment of results, both achieved and anticipated, as a single operating segment including all the activities.

6.8 Change in accounting principles

Starting from the annual financial statements for 2022, the Company decided to resume the application of IFRS 9 to the valuation of liabilities not covered by the Arrangement, that is, trade and other payables, including financial liabilities such as credits and loans and payables due to issuance of debt securities, and to the valuation of the financial liabilities not covered by the Arrangement, that is, due to issuance of debt securities and credits and loans for which covenants were breached. The Company changed the principles of valuation in that respect. Starting from the financial statements for 2022, liabilities will be measured at amortised cost.

The change in the valuation (measurement) principles was associated with a change of judgement regarding the probability that the arrangement would be executed by the Company, in particular due to the elimination of respective legal risks and stabilisation of the financial standing.

The change in the principles of measuring the liabilities did not affect the actual financial standing of the Company. However, due to the change in the principles of valuation, the Company ceased to present all its liabilities subject to arrangement, including provisions for interest, and it has presented liabilities subject to arrangement with creditors at amortised cost, that is, as a sum of future arrangement instalments discounted at the effective rate of interest.

In addition, the company decided to resume the application of IFRS 9 in the valuation of interests/shares in subsidiaries.

Investments in the controlled commercial law companies were included in the buying price reduced by impairment losses, contrary to investments in controlled investment funds recognised according to IFRS 9. Starting from the annual financial statements for 2022, the Company decided to classify capital investments in subsidiaries and associates as Financial assets measured at fair value through profit and loss.

Changes in accounting principles were recognised retrospectively, and the effect of the changes on comparative data was presented in Note 46 *Adjustment of comparative data.*

6.9 Change in the business model regarding the portfolios of receivables

Starting from 1 January 2022, the Company changed the business model regarding the portfolios of receivables, that is, the way it manages its assets to generate cash flows. This means that the entity's business model is determined based on whether the cash flows derive from contracts or from the sales of financial assets or from both. IFRS 9 provides specific guidance on how the business model should be evaluated.

The principal purpose of the Company's existence is the repayment of liabilities covered by the Arrangement at dates and amounts set out in the concluded Arrangement and this is the Group's liquidity that determines how the Company will manage its assets in the form of portfolios of receivables. In the last paragraph of 5.1, the Company has identified measures it takes to manage the risk of liquidity in the context of paying the arrangement instalments. Since 2020 the Group's payments from debtors have been stable. These payments, after the Group's operating costs are covered, are generally used to finance the payment of arrangement instalments. Due to the stable level of payments from debtors and the optimised costs of operating activities, the Group is determined to dispose of the portfolios of receivables to finance the payment of arrangement instalments but intends to finance the future payments of arrangement instalments using the surplus of payments from debtors over the Group's expenses.

The previous business model of the Company intended to increase the financing of future instalments using funds from the disposal of assets in the form of the portfolios of receivables.

The way the portfolios of receivables are reclassified from those measured at fair value through profit or loss into ones measured at fair value through other comprehensive income has no effect on the value of the portfolios of receivables presented in the consolidated financial statements.

As required by IFRS 9, if a financial asset is measured at fair value through other comprehensive income, the amounts recognised in the profit or loss are identical with those that would have been recognised in the profit or loss if that asset had been measured at amortised cost. In connection with these requirements, the change in the valuation model is accompanied by changes in the presentation of the effects of valuation recognised as the financial result (profit or loss) and as other comprehensive income. The financial result includes interest on the value of the portfolio calculated based on the amortised cost model as indicated in IFRS 9, using an effective rate of interest, the result on the modification of recovery curves, including extended term of forecast and discrepancies between scheduled payments and those actually completed in the current period.

In the previous business model assuming measurement at fair value through profit or loss, the whole profit or loss from the valuation of the portfolios of receivables was recognised in the financial result.

The entity can have financial assets in the business model aiming to generate contractual cash flows and sell financial assets.

A business model both generating contractual cash flows and selling financial assets is usually associated with a higher frequency and value of sales than the business model in which assets are maintained to generate contractual cash flows, because the sale of financial assets is an integral condition to accomplish the objective of the business model and not only an incidental event. However, no limit has been agreed on the frequency or volume of sales that need to occur in the business model, since both of them are mutually substitutive and lead to the accomplishment of the business model.

6.10 Judgements and estimates

The preparation of the financial statements according to IFRS requires that the Company makes certain estimates and adopts certain assumptions dictated by the present standing of the Company, which affects the amounts presented in the financial statements. These estimates have been made with full care and objectivity and to the best of our knowledge of the current standing of the Company. Despite these estimates were made to the best of the current knowledge of the Management Board, the actual results can differ from the estimated values.

34.4 Contingent liabilities for liabilities covered by the Arrangement in case the arrangement is not executed

According to the Restructuring Law of 15 May 2015 (Dz. U. (Journal of Laws) of 2021, item 1588, as amended) (here: the "Restructuring Law"), the conclusion of the Arrangement by the Company did not modify the existence and original amount of receivables covered by the arrangement. The original liabilities subject to arrangement, existing at the opening of the accelerated arrangement proceedings – except for separately concluded agreements and the amount of arrangement instalments paid – have not expired or been reduced (written off) in any part at 31.12.2022. This will not occur before the execution of the arrangement becomes final.

According to the Restructuring Law, the conclusion and validation of an arrangement does not constitute an event providing the basis on which a debtor may write off the liabilities covered by the arrangement to the extent that the arrangement provides for reducing such liabilities (subject to the lawful execution of the arrangement). The liability subject to arrangement in the reducible portion provided for in the arrangement does not expire upon the approval of the arrangement, but only upon its complete execution (repayment) and the receipt of a final court decision on the execution of the arrangement.

A legal consequence of validly approving an arrangement which provides for the repayment of liabilities at a reduced (in relation to their original amount) level is that the debtor's liabilities are maintained at their original amount, with the simultaneous effect of prohibiting (until the arrangement is revoked, expires or is amended) the creditor from seeking satisfaction of their claims in excess of the reducible amount provided for in the arrangement.

In the event of revocation, expiry or amendment of the arrangement, the creditors can recover their claims in full less amounts deducted in executing the arrangement.

It is only in the event of final execution of the arrangement that the liabilities restructured thereunder are written off (expire) in the portion exceeding the amount to which they have been reduced according to the arrangement.

As a consequence, the liability subject to arrangement in the reducible portion provided for in the arrangement does not expire upon the approval of the arrangement, but only upon its complete execution (repayment) and the receipt of a final court decision on the execution of the arrangement.

This means that until the Company has fully executed the Arrangement:

• the Company's liabilities covered by the arrangement, exist at their original amount (except for the arrangement instalments repaid and write-offs due to agreements concluded), provided that during this period the arrangement creditors cannot satisfy their claims in excess of the reducible amount anticipated in the Arrangement,

• liabilities covered by the Arrangement are not remitted or reduced in any way and they are binding to the Company at their full amount.

The above has its foundation in the case law and the doctrine of the Restructuring Law.

In connection with the adoption of IFRS 9 in the measurement and presentation of liabilities by virtue of the Arrangement, that is, at amortised cost, the financial statements show only the liabilities repayable according to the applicable schedule of arrangement instalments – these are outstanding payments discounted at the balance sheet date.

According to law, in the event of revocation, expiry or amendment of the Arrangement, the creditors can recover their claims in full less payments and contractual redemptions made in executing the Arrangement. If this scenario materialises, the Company will be obliged to disclose the full amount of liabilities, including accrued interest.

At 31 December 2022, the full value of liabilities subject to arrangement with creditors, increased by accrued interest is PLN 3 375 340 000, and at 31 December 2021 it amounted to PLN 3 162 015 000.

35 Information on dividends in the Company

There were no dividends in 2022 and 2021. As indicated in point 2 in Note 48 *Events occurring after the balance sheet date,* on 26 January 2023, the General Meeting of Shareholders unanimously adopted resolution number 3 on measures to maximise the repayment of liabilities subject to arrangement with creditors implying that any permanent arrangement surplus will be distributed to arrangement creditors. The shareholder, DNLD Holdings S.a.r.l., holding 60.07% of the Company's shares also declared that until 100% of the nominal receivables subject to arrangement with creditors are satisfied, it will not vote for resolutions to make any cash payments to shareholders, including by virtue of dividend or advance dividend, consideration for redeemed shares, acquisition of own shares by the Company or distribution of assets under liquidation.

36 Seasonality of business

In the Company's activity no significant phenomena are subject to seasonal variations or are cyclic, so the Company's results show no significant variations throughout the year.

37 Average level of employment and remuneration

The following table presented the average level of employment in the Company in 2022 and 2021:

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021	Change
Active workers	35	231	(196)
Inactive workers*	33	51	(18)
Average employment in the financial year, in total	**69**	**282**	**(213)**

*Inactive workers are workers whose salary is not the cost incurred by the Capital Group (including by people on long-term health, maternal, parental leaves or receiving rehabilitation benefits).

Employment expressed as FTEs at the end of the reporting period and the comparative period:

	31.12.2022	31.12.2021	Change
Active workers	35	36	(1)

Inactive workers	26	41	(15)
Total employed	**61**	**77**	**(16)**

Remuneration for the Management Board pertaining to the current reporting period:

Full name	Remuneration	Appointments	Civil law agreements	Markup on remuneration	Total
Radosław Barczyński	358	888	-	41	1 287
Paulina Pietkiewicz	-	480	-	-	480
Tomasz Strama	270	-	-	44	314
Total	**628**	**1 368**	**-**	**85**	**2 081**

Remuneration for the Management Board pertaining to the preceding reporting period:

Full name	Remuneration	Appointments	Civil law agreements	Markup on remuneration	Total
Radosław Barczyński**	329	1 463	-	30	1 822
Paulina Pietkiewicz*	-	(731)	1 532	-	801
Tomasz Strama***	712	-	-	26	738
Total	**1 041**	**732**	**1 532**	**56**	**3 361**

*Appointments present adjusted bonuses for 2019-2020, and Civil law agreements show the gross amount
**The amount presented in Appointments is inclusive of the bonus for 2021, that is, PLN 688 000 gross, awarded after the publication of the financial statements for 2021 as a settlement of the accomplishment of the 2021 targets
***The amount presented in Remuneration is inclusive of the bonus for 2021, that is PLN 150 000 .

In the preceding reporting period, the following entities were liquidated: Getback Bulgaria EOOD, Lawyer Consulting Associate Srl., Open Finance Wierzytelności NSFIZ, and Getback Finance AB. In connection with their liquidation, they were deconsolidated.

44 Information on the consolidated financial statements

The Company, as a parent entity, prepares the consolidated financial statements.

45 Information on own shares

At the balance sheet date and at the end of the preceding reporting period, the Company did not hold or acquire own shares.

46 Adjustment of comparative data

In these financial statements, the Company changed the accounting principles to the extent of valuation of liabilities subject to arrangement with creditors and valuation of financial assets in the form of interests and shares in subsidiaries. Changes in accounting principles were presented in the financial statements retrospectively, hence the Company converted data for 2021 that are presented as comparative data in the profit and loss account, statement of comprehensive income, statement of financial position, cash flow statement, and statement of changes in equity, and in the presented explanatory notes.

The following tables show the effect of changes in the company's valuation methods on data for 2021 and at 31 December 2021– comparative data for 2022 and at 31 December 2022.

Effect on the statement of financial position:

ASSETS	31.12.2021	31.12.2021 converted	Change
FIXED ASSETS	**465 002**	**467 684**	**2 682**
Property, plant and equipment (PPE)	3 086	3 086	-
Other intangible assets	1 206	1 206	-
Investments	447 795	450 477	2 682
subsidiaries	*447 590*	*450 272*	*2 682*
other	*205*	*205*	-
Investments in associates	2 835	2 835	-
Long-term loans granted	9 498	9 498	-
Other non-current payables	582	582	-
Deferred tax assets	-	-	-
Prepayments	-	-	-
CURRENT ASSETS	**91 026**	**91 026**	**-**
Investments	-	-	-
Short-term loans granted	4 098	4 098	-
Trade receivable	24 174	24 174	-
Receivable from taxes other than income tax	205	205	-
Other receivables	57 552	57 552	-
Advances, security deposits	584	584	-
Prepayments	148	148	-
Cash and cash equivalents	4 265	4 265	-
ASSETS PERTAINING TO DISCONTINUED OPERATIONS	**1 563**	**1 563**	**-**
TOTAL ASSETS	**557 591**	**560 273**	**2 682**

LIABILITIES	31.12.2021	31.12.2021 converted	change
EQUITY	**(2 746 105)**	**(91 167)**	**2 654 938**
Share capital	5 000	5 000	-
share premium	*341 049*	*341 049*	-
other comprehensive income	-	-	-
Retained earnings (total)	(3 092 154)	(437 216)	2 654 938
net earnings (loss)	*(202 460)*	*24 181*	*226 641*
retained earnings excl. for the current period	*(2 889 694)*	*(461 397)*	*2 428 297*
NON-CURRENT LIABILITIES	**962**	**962**	**-**
Lease payable	962	962	-
LIABILITIES SUBJECT TO ARRANGEMENT	**3 162 015**	**509 761**	**(2 652 254)**
CURRENT PAYABLES	**32 782**	**32 780**	**(2)**
Financial liabilities due to issuance of debt securities	4 808	4 808	-
Lease payable	2 019	2 019	-
Credits and loans payable	3 046	3 046	-
Trade and other payables	21 695	21 695	-
Employee benefits payable	1 214	1 212	(2)
RESERVES AND PROVISIONS	**107 937**	**107 937**	**-**
TOTAL LIABILITIES	**557 591**	**560 273**	**2 682**

Effect on the profit and loss account:

	01.01.2021 - 31.12.2021	01.01.2021 - 31.12.2021 converted	change
Revenues, of which:	(5 853)	(5 853)	-
revenues from the management of the portfolio of receivables	7 244	7 244	-
share in profit (loss) of associates	(36 339)	(36 339)	-
revenues from investments in subsidiary and other securitisation funds	20 052	20 052	-
revenues from recovery of acquired blocks of receivables	1 537	1 537	-
Other operating revenues	14 082	14 047	(35)
Cost of payroll and employee benefits	(25 932)	(25 932)	-
Depreciation/amortisation	(2 802)	(2 802)	-
Outsourced services	(8 810)	(8 810)	-
Other operating expenses	(5 798)	(5 798)	-
Profit /(loss) from operating activities	**(35 113)**	**(35 148)**	**(35)**
Profit/loss from the sale of financial instruments	-	-	-
Financial revenues	40 693	62 249	21 556
Financial expenses	(208 040)	(2 919)	205 121
Net financial revenues/ (expenses)	(167 347)	59 330	226 677
Profit /(loss) before tax	**(202 460)**	**24 181**	**226 641**
Income tax	-	-	-
Profit /(loss) from continuing operations	**(189 635)**	**37 006**	**226 641**
Profit/ (loss) from discontinued operations	**(12 825)**	**(12 825)**	**-**
Net profit/ (loss) for the reporting period	**(202 460)**	**24 181**	**226 641**
of which: net profit/(loss) from discontinued operations	(12 825)	(12 825)	-

Effect on the statement of comprehensive income:

	01.01.2021 - 31.12.2021	01.01.2021 - 31.12.2021 converted	change
Profit/(loss) for the period	(202 460)	24 181	226 641
Other net comprehensive income	-	226 641	226 641
Comprehensive income for the period	**(202 460)**	**24 181**	226 641
of which: net profit/(loss) from discontinued operations	(12 825)	(12 825)	-

Effect on the cash flow statement:

	01.01.2021 - 31.12.2021	01.01.2021 - 31.12.2021 converted	change
A. Cash flow from operating activities			
I. Gross profit (loss)	**(202 460)**	**24 181**	**226 641**
II. Total adjustments:	**205 114**	**(21 677)**	**(226 791)**
Depreciation/amortisation	2 802	2 802	-
Share in (profit) / loss of associates	36 339	36 339	-

(Profit)/ loss due to exchange adjustments	(42)	27	69
Interest expenses	12 271	427	(11 844)
Revenues from interest	(591)	(591)	-
Other financial revenues	-	-	-
Profit/loss from the sale of financial instruments	-	-	-
Interest, dividends and other costs of financing activities	-	-	-
Bond service costs, change of the valuation model	194 012	-	(194 012)
Movements in deferred income tax assets	-	-	-
Movements in investments in the portfolios of receivables	9 283	9 283	-
Movements in receivables	44 744	44 744	-
Movements in payables, except credits and loans and debt securities payable	(22 973)	(26 888)	(3 915)
Movements in employee benefits payable	(3 257)	(3 644)	(387)
Movements in reserves and deferred tax provisions	(7 680)	(7 680)	-
Movements in prepayments and accruals	299	299	-
FIZ valuation	(20 052)	(20 052)	-
Revaluation of financial assets	-	741	741
Impairment loss on loans granted	(625)	(625)	-
Remittance of liabilities	(38 654)	(6 651)	32 003
Profit (loss) from sales, liquidation of PPE and intangibles	-	(125)	(125)
Profit/loss from disposal and redemption of investment certificates, shares	(337)	(337)	-
Arrangements, agreements	-	-	-
Other adjustments	(425)	(49 746)	(49 321)
III. Net cash flows from operating activities	**2 654**	**2 504**	**(150)**
B. Cash flow from investing activities			**-**
Sale of PPE and intangibles	4	4	-
Acquisition of PPE and intangibles	(77)	(77)	-
Sale/redemption of financial assets	25 711	25 711	-
Acquisition of financial assets	-	-	-
Acquisition of a subsidiary	(6 041)	(6 041)	-
Acquisition of interests or shares in associates and of certificates	-	-	-
Dividends received	-	-	-
Other receipts from investments	2 941	2 941	-
Other investment expenditure	(10 000)	(10 000)	-
IV. Net cash used for investing activities	**12 538**	**12 538**	**-**
C. Cash flow from financing activities			**-**
Receipts from issuance of shares	-	-	-
Repayment of lease payables (principal amount and interest – IFRS 16)	(2 029)	(2 029)	-
Receipts from contracted credits and loans	7 626	7 626	-
Receipts from the issue of debt securities	-	-	-
Repayment of credits and loans	(18 339)	(18 189)	150
Redemption of debt securities	(16 159)	(16 159)	-
Interest paid	(41)	(41)	-
Other financial receipts/ expenditure		-	-
V. Net cash flows from financing activities	**(28 942)**	**(28 792)**	**150**
D. Net increase (decrease) in cash and cash equivalents, of which:	**(13 750)**	**(13 750)**	**-**
Net increase (decrease) in cash and cash equivalents		**-**	**-**

net exchange adjustments	-	-	-
E. Cash and cash equivalents at the beginning of the period	**18 015**	**18 015**	**-**
F. Cash and cash equivalents at the end of the period, of which:	**4 265**	**4 265**	**-**
at limited disposal	-	-	-

47 Significant events in the reporting period

1. On 19 January 2022, the Company complained to the voivodeship Administrative Court in Warsaw against the decision of the Polish Financial Supervision Authority of 9 December 2021, imposing:

a) a monetary penalty of PLN 560 000 on the Company for the incorrect performance of the obligations on the disclosure of confidential information, which is a breach of Article 17 of the market abuse regulation ("MAR Regulation") No 596/2014 of the European Parliament and of the Council (EU) of 16 April 2014.