



Kredo Finance

Unaudited interim financial statements

prepared in accordance with IFRS, as adopted by
the EU (Regulation (EC) No 1606/2002) and IAS34

for the period ended 30 September 2023

Interim Financial Statements

Statement of Profit and Loss and Other Comprehensive Income

Continuing operations	Notes	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
		ALL	ALL
Interest revenue	3	1 979 604 134	1 662 892 651
Interest expense	4	(194 257 506)	(142 183 320)
Net interest income		1 785 346 628	1 520 709 331
Fee and commission income related to finance lease activities	5	164 441 995	122 444 070
Impairment expense	6	(668 864 037)	(481 479 349)
Net gain/(loss) from de-recognition of financial assets measured at amortized cost	7	75 379 852	12 930 119
Expenses related to peer-to-peer platform services	8	(15 602 722)	(9 383 431)
Selling expense	9	(37 419 654)	(39 266 144)
Administrative expense	10	(478 884 686)	(446 849 258)
Other operating expense	11	(20 755 636)	(10 932 123)
Net foreign exchange result	12	(13 858 845)	(9 688 328)
Profit before tax		789 782 895	658 484 887
Corporate income tax	13	(128 059 517)	(124 768 661)
Deferred corporate income tax	13	(2 670 928)	4 458 643
Profit from continuing operations		659 052 450	538 174 869

Statement of Financial Position

ASSETS

NON-CURRENT ASSETS	Notes	30.09.2023. ALL	31.12.2022. ALL
Intangible assets			
Internally generated intangible assets		75 865 133	85 637 299
Other intangible assets		-	-
Total intangible assets	14	75 865 133	85 637 299
Tangible assets			
Right-of-use assets		57 054 794	74 903 964
Rental fleet		-	-
Property, plant and equipment		13 344 909	17 044 841
Leasehold improvements		3 741 497	5 967 370
Advance payments for assets		-	-
Total tangible assets	15	74 141 200	97 916 175
Non-current financial assets			
Loans and advances to customers	16	850 825 298	931 881 792
Deferred tax asset		16 259 008	18 929 936
Total non-current financial assets		867 084 306	950 811 728
TOTAL NON-CURRENT ASSETS		1 017 090 639	1 134 365 202
CURRENT ASSETS			
Receivables and other current assets			
Loans and advances to customers	16	2 538 551 083	2 385 928 051
Other loans and receivables		34 121 600	36 553 600
Prepaid expense		14 808 835	21 614 616
Other receivables	17	234 406 512	13 392 328
Cash and cash equivalents	18	68 019 355	78 845 843
Total receivables and other current assets		2 889 907 385	2 536 334 438
TOTAL CURRENT ASSETS		2 889 907 385	2 536 334 438
TOTAL ASSETS		3 906 998 024	3 670 699 640

Statement of Financial Position

EQUITY AND LIABILITIES

EQUITY	Notes	30.09.2023.	31.12.2022.
		ALL	ALL
Share capital	19	63 936 362	508 936 362
Retained earnings/(losses) brought forward		1 400 230 917	1 076 601 074
for the period		741 178 467	319 907 063
		659 052 450	756 694 011
TOTAL EQUITY		1 464 167 279	1 585 537 436
LIABILITIES			
Non-current liabilities			
Borrowings	20	737 739 677	875 949 703
Total non-current liabilities		737 739 677	875 949 703
Current liabilities			
Borrowings	20	1 077 435 265	988 697 063
Trade payable		241 755 024	31 973 665
Corporate income tax payable		117 840 268	23 708 819
Taxes payable		25 902 922	40 494 743
Other liabilities		53 911 782	38 117 848
Accrued liabilities		19 152 669	35 505 543
Other current financial liabilities		169 093 138	50 714 820
Total current liabilities		1 705 091 068	1 209 212 501
TOTAL LIABILITIES		2 442 830 745	2 085 162 204
TOTAL EQUITY AND LIABILITIES		3 906 998 024	3 670 699 640

Consolidated Statement of Changes in Equity

	Share capital ALL	Foreign currency translation reserve ALL	Retained earnings/ (Accumulated loss) ALL	Reserve ALL	Total equity attributable to Equity holders of the Parent Company ALL	Non controlling interest ALL	Total ALL
Balance at 01.01.2022.	508 936 362	-	459 459 285	-	968 395 647	-	968 395 647
Profit for the period	-	-	538 174 869	-	538 174 869	-	538 174 869
Reserve	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	-	-
Balance at 30.09.2022.	508 936 362	-	997 634 154	-	1 506 570 516	-	1 506 570 516
Balance at 01.01.2023.	508 936 362	-	1 076 601 074	-	1 585 537 436	-	1 585 537 436
Profit for the reporting year	-	-	659 052 450	-	659 052 450	-	659 052 450
Share capital increase/(decrease)	(445 000 000)	-	-	-	(445 000 000)	-	(445 000 000)
Reserve	-	-	-	-	-	-	-
Dividends distribution	-	-	(335 422 607)	-	(335 422 607)	-	(335 422 607)
Balance at 30.09.2023.	63 936 362	-	-	-	1 464 167 279	-	1 464 167 279

Statement of Cash Flows

Cash flows to/from operating activities	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Profit before tax	789 782 895	538 174 869
Adjustments for:		
Amortization and depreciation	69 984 568	68 102 630
Interest expense	193 443 887	141 359 441
Interest income	(1 979 604 134)	(1 662 892 651)
Loss on disposal of property, plant and equipment	1 623 908	165 443 802
Impairment expense	668 864 037	468 549 230
Loss from fluctuations of currency exchange rates	13 614 099	9 688 328
Operating profit before working capital changes	(242 290 740)	(271 574 351)
Increase in finance lease receivables, loans and advances to customers and other current assets	(719 181 646)	(231 781 973)
Increase in accrued liabilities	(16 352 874)	5 653 962
Increase/(decrease) in trade payable, taxes payable and other liabilities	329 361 790	61 793 999
Cash generated to/from operations	(648 463 470)	(435 908 363)
Interest received	1 825 659 582	1 432 896 196
Interest paid	(139 405 060)	(63 294 938)
Corporate income tax paid	(57 241 143)	(40 735 118)
Net cash flows to/from operating activities	980 549 909	892 957 777
Cash flows to/from investing activities		
Purchase of property, plant and equipment and intangible assets	(38 061 335)	(185 507 407)
Loan repayments received	4 177 359 662	3 597 620 601
Loans issued	(4 246 741 467)	(4 319 926 571)
Net cash flows to/from investing activities	(107 443 140)	(907 813 377)
Cash flows to/from financing activities		
Proceeds from borrowings	2 794 739 092	1 198 499 209
Repayments for borrowings	(2 898 249 742)	(1 178 285 367)
Share Capital decrease	(445 000 000)	-
Dividends paid	(335 422 607)	-
Net cash flows to/from financing activities	(883 933 257)	20 213 842
Effect of exchange rates on cash and cash equivalents		
Change in cash	(10 826 488)	5 358 242
Cash at the beginning of the year	78 845 843	70 772 667
Cash at the end of the year	68 019 355	76 130 909

Notes to the Financial Statements

1. Corporate information

Kredo Finance Shpk (hereinafter "the Company") is an Albanian company incorporated on March 23 2017 as a limited liability company, subject to general company law.

2. Summary of significant accounting policies

Basis of preparation

The consolidated third quarter report of the Group is, to the best of the Directors' knowledge, prepared in accordance with the applicable set of accounting standards and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole.

These interim financial statements for the period ended 30 September 2023 are prepared in accordance with IAS34.

The Company's annual financial statements and its financial result are affected by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The financial statements are prepared on a historical cost basis as modified by the recognition of financial instruments measured at fair value, except for inventory which is accounted in net realizable value and contingent consideration that has been measured at fair value.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

The Company's presentation currency is Albanian Lek (ALL). The financial statements cover the period from 1 January 2023 till 30 September 2023. Accounting policies and methods are consistent with those applied in the previous years.

3. Interest revenue

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Interest income from loans and advances to customers	1 979 596 128	1 662 883 954
Other interest income	8 006	8 697
TOTAL:	1 979 604 134	1 662 892 651

4. Interest expense

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Interest expenses for loans from P2P platform investors	131 907 757	47 837 975
Interest expenses for bank liabilities and related parties	58 940 936	91 546 342
Interest expenses for lease liabilities	3 408 813	2 799 003
TOTAL:	194 257 506	142 183 320

5. Fee and commission income related to finance lease activities

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Revenue from contracts with customers recognized point in time:		
Income from penalties received	157 411 089	132 172 839
Income from commissions	24 503 070	10 322 755
TOTAL:	181 914 159	142 495 594

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Revenue from contracts with customers recognized point in time where the Group acted as an agent:		
Gross expenses from debt collection activities	(17 472 164)	(20 051 524)
TOTAL:	(17 472 164)	(20 051 524)
Total fees and commissions income:	164 441 995	122 444 070

6. Impairment expense

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Change in impairment	84 852 950	177 580 442
Written off debts	584 011 087	303 898 907
TOTAL:	668 864 037	481 479 349

7. Net gain/(loss) from de-recognition of financial assets measured at amortized cost

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Loans and advances to customers		
Income arising from cession of loans and advances to customers receivables to non related parties	75 379 852	12 930 119
TOTAL:	75 379 852	12 930 119

8. Expenses related to peer-to-peer platform services

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Service fee for using P2P platform	15 602 722	9 383 431
TOTAL:	15 602 722	9 383 431

9. Selling expense

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Online marketing expenses	5 875 365	4 149 805
TV advertising	23 627 719	28 539 108
Radio advertising	3 284 915	3 247 245
Other marketing expenses	4 631 655	3 329 986
TOTAL:	37 419 654	39 266 144

10. Administrative expense

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Employees' salaries	204 064 971	175 774 957
Management services	98 086 169	112 104 945
Amortization and depreciation	69 979 896	68 102 630
Non-deductible VAT from management services	34 259 286	25 367 775
Office and branches' maintenance expenses	23 252 651	24 303 917
IT services	13 505 490	10 112 789
Communication expenses	8 249 820	8 870 082
Credit database expenses	7 241 425	7 639 425
Bank commissions	6 651 723	4 368 298
Other personnel expenses	6 114 821	3 879 426
Professional services	2 912 200	3 104 561
Business trip expenses	2 531 305	2 509 544
Transportation expenses	537 874	145 840
Low value equipment expenses	450 960	346 997
Expenses from disposal of rental fleet and other fixed assets	267 221	39 714
Employee recruitment expenses	137 867	178 358
Other administration expenses	641 007	-
TOTAL:	478 884 686	446 849 258

11. Other operating expense

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Provision expenses for possible withholding tax liabilities	19 730 762	6 505 086
Other operating expenses	1 024 874	4 427 037
TOTAL:	20 755 636	10 932 123

12. Net foreign exchange result

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Currency exchange gain	(132 974 483)	(53 523 831)
Currency exchange loss	146 833 328	63 212 159
TOTAL:	13 858 845	9 688 328

13. Corporate income tax

	01.01.2023. - 30.09.2023.	01.01.2022. - 30.09.2022.
	ALL	ALL
Current corporate income tax charge for the reporting year	128 059 517	124 768 661
Deferred corporate income tax due to changes in temporary differences	2 670 928	(4 458 643)
Corporate income tax charged to the income statement:	130 730 445	120 310 018

14. Intangible assets

	Internally generated intangible assets	Other intangible assets	TOTAL
Cost	137 350 509	-	137 350 509
Accumulated amortization	(46 442 193)	-	(46 442 193)
As at 1 January 2022	90 908 316	-	90 908 316
2022			
Additions	25 772 150	-	25 772 150
Disposals (cost)	6 493	-	6 493
Amortization charge	(31 049 660)	-	(31 049 660)
Disposals (amortization)	-	-	-
Cost	163 129 152	-	163 129 152
Accumulated amortization	(77 491 853)	-	(77 491 853)
As at 31 December 2022	85 637 299	-	85 637 299
Cost	163 122 659	-	163 122 659
Accumulated amortization	(77 485 360)	-	(77 485 360)
As at 1 January 2023	85 637 299	-	85 637 299
9 months 2023			
Additions	15 752 098	-	15 752 098
Disposals (cost)	(5 175)	-	(5 175)
Amortization charge	(25 519 089)	-	(25 519 089)
Disposals (amortization)	-	-	-
Cost	178 869 582	-	178 869 582
Accumulated amortization	(103 004 449)	-	(103 004 449)
As at 30 September 2023	75 865 133	-	75 865 133

15. Property, plant and equipment and Right-of-use assets

	Right-of-use premises	Right-of-use motor vehicles	Total Right-of-use assets	Rental fleet	Other property, plant and equipment	TOTAL
Cost	123 723 942	-	-	-	105 832 846	105 832 846
Accumulated depreciation	(73 238 943)	-	-	-	(79 095 564)	(79 095 564)
As at 1 January 2022	50 484 999	-	50 484 999	-	26 737 282	77 222 281
2022						
Additions	(5 982 910)	-	-	-	12 877 665	12 877 665
Disposals (cost)	-	-	-	-	-	-
Depreciation charge	30 401 875	-	-	-	(16 602 736)	(16 602 736)
Disposals (depreciation)	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Cost	117 741 032	-	117 741 032	-	118 710 510	236 451 543
Accumulated depreciation	(42 837 068)	-	(42 837 068)	-	(95 698 299)	(138 535 368)
As at 31 December 2022	74 903 964	-	74 903 964	-	23 012 211	97 916 175
Cost	117 741 032	-	117 741 032	-	93 970 498	211 711 530
Accumulated depreciation	(42 837 068)	-	(42 837 068)	-	(76 925 657)	(119 762 725)
As at 1 January 2023	74 903 964	-	74 903 964	-	17 044 841	91 948 805
9 months 2023						
Additions	17 842 923	-	17 842 923	-	4 466 314	22 309 237
Disposals (cost)	(3 764 456)	-	(3 764 456)	-	(326 415)	(4 090 871)
Depreciation charge	(34 399 775)	-	(34 399 775)	-	(10 061 031)	(44 460 806)
Disposals (depreciation)	2 472 138	-	2 472 138	-	5 962 697	8 434 835
Impairment	-	-	-	-	-	-
Cost	131 819 499	-	131 819 499	-	98 110 397	229 929 896
Accumulated depreciation	(74 764 705)	-	(74 764 705)	-	(81 023 991)	(155 788 696)
As at 30 September 2023	57 054 794	-	57 054 794	-	17 086 406	74 141 200

16. Loans and advances to customers

	Non-Current 30.09.2023. ALL	Current 30.09.2023. ALL	Non-Current 31.12.2022. ALL	Current 31.12.2022. ALL
<i>Loans and advances to customers, net</i>				
Loans and advances to customers	1 081 971 514	2 601 137 851	981 240 570	2 608 330 131
Accrued interest	-	665 177 244	-	532 957 551
Fees paid and received upon loan disbursement	-	(26 147 589)	-	(29 397 628)
Impairment allowance	(231 146 216)	(701 616 423)	(49 358 778)	(725 962 003)
	850 825 298	2 538 551 083	931 881 792	2 385 928 051

17. Other receivables

	30.09.2023. ALL	31.12.2022. ALL
Receivables from P2P platform for attracted funding	125 738 387	-
CIT paid in advance	98 974 102	-
Advances to employees	19 849	11 843
Other debtors	52 130 174	85 439 485
Impairment allowance for 'Other debtors'	(42 456 000)	(72 059 000)
TOTAL:	234 406 512	13 392 328

18. Cash and cash equivalents

	30.09.2023. ALL	31.12.2022. ALL
Cash at bank	57 683 309	52 995 565
Cash on hand	10 336 046	25 850 278
TOTAL:	68 019 355	78 845 843

The Company has not created an ECL allowances for cash and cash equivalents on the basis that placements with banks are of short term nature and the lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts (2022: ALL 0).

19. Share capital

The subscribed share capital of the Group amounts to ALL 63 936 362 and is divided into 63 936 362 shares fully paid up. The movements on the Share capital caption during the year are as follows:

	Share capital ALL	Number of class A Shares	Number of class B Shares	Total number of Shares
Opening balance as at 1 January 2022	508 936 362	508 936 362	-	508 936 362
Subscriptions	-	-	-	-
Redemptions	-	-	-	-
Closing balance as at 31 December 2022	508 936 362	508 936 362	-	508 936 362
Opening balance as at 1 January 2023	508 936 362	508 936 362	-	508 936 362
Subscriptions	-	-	-	-
Redemptions	(445 000 000)	(445 000 000)	-	(445 000 000)
Closing balance as at 30 September 2023	63 936 362	63 936 362	-	63 936 362

20. Borrowings

Non-current

Other borrowings	Interest rate per annum (%)	Maturity	30.09.2023. ALL	31.12.2022. ALL
Lease liabilities for rent of premises	2%-12%	up to 10 years	21 775 831	44 598 174
Financing received from P2P investors	10.5%	up to 30.06.2028.	289 443 846	248 778 529
Loan acquisition costs			426 520 000	582 573 000
TOTAL NON CURRENT BORROWINGS:			737 739 677	875 949 703

Current

Other borrowings	Interest rate per annum (%)		30.09.2023. ALL	31.12.2022. ALL
Financing received from P2P investors	10.5%		958 085 396	887 722 594
Accrued interest for loans from related parties			59 440 937	4 640 480
Lease liabilities for rent of premises	2%-12%		37 414 031	23 833 270
Short term loans from banks			16 349 181	65 593 370
Accrued interest for financing received from P2P investors			6 132 039	6 847 647
Accrued interest for loan from bank			13 681	59 702
TOTAL:			1 077 435 265	988 697 063

21. Related party disclosures

The income and expense items with related parties for 2023 were as follows:

Related party	Shareholder controlled companies ALL	Other related parties ALL
Interest expenses	(57 117 281)	-
Management services received from related parties	(98 086 169)	-

The income and expense items with related parties for 2022 were as follows:

Related party	Shareholder controlled companies ALL	Other related parties ALL
Interest expenses	(100 939 726)	-
Management services received from related parties	(149 364 221)	-

The receivables and liabilities with related parties as at 30.09.2023. and 31.12.2022. were as follows:

	30.09.2023. ALL	31.12.2022. ALL
Amounts owed to related parties		
Payables to related parties	(711 254 253)	(602 181 385)

Movement in amounts owed to related parties	Amounts owed to related parties
Amounts owed to related parties as of 01 January 2022	(868 378 150)
Loans received in period	(547 679 500)
Loans repaid/settled in period	810 426 500
Interest calculated in period	(82 810 427)
Interest repaid/settled in period	87 518 002
Management services received in period	(174 838 007)
Management services paid in period	173 580 199
Dividends calculated for minority shareholders	(127 418 395)
Dividends paid to minority shareholders	127 418 395
Amounts owed to related parties as of 31 December 2022	(602 181 384)
Amounts owed to related parties as of 01 January 2023	(602 181 384)
Loans received in period	(560 765 000)
Loans repaid/settled in period	716 818 000
Interest calculated in period	(54 788 460)
Management services received in period	(113 437 452)
Management services paid in period	108 374 222
Dividends calculated for minority shareholders	(304 694 542)
Dividends paid to minority shareholders	99 420 362
Amounts owed to related parties as of 30 September 2023	(711 254 253)

22. Events after balance sheet date

As at close of September 30th 2023, the Company has recognized dividend payable.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or Notes thereto.