



FINANCIAL HIGHLIGHTS

OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF KRUK S.A.

for the period 1 January–
31 March 2024

Financial highlights

Financial highlights	PLN '000		EUR '000	
	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
For the period				
Revenue	64,771	62,351	14,989	13,265
Profit/(loss) before tax	320,364	259,330	74,139	55,171
Net profit/(loss)	338,334	234,401	78,298	49,867
Net cash from operating activities	2,122	(10,581)	491	(2,251)
Cash recoveries	7,439	8,364	1,722	1,779
Net cash from investing activities	(186,910)	(44,820)	(43,255)	(9,535)
Net cash from financing activities	73,330	56,964	16,970	12,119
Net change in cash	(111,458)	1,563	(25,794)	333
Diluted earnings per share (PLN/EUR)	16.55	11.65	3.83	2.48
Average number of shares ('000)	19,319	19,319	19,319	19,319
Earnings per share (PLN/EUR)	17.51	12.13	4.05	2.58
	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2024 unaudited	31 Dec 2023
As at				
Total assets	7,854,891	7,394,513	1,826,337	1,700,670
Non-current liabilities	3,202,160	3,188,557	744,533	733,338
Current liabilities	495,885	414,563	115,298	95,346
Equity	4,156,846	3,791,393	966,506	871,986
Share capital	19,319	19,319	4,492	4,443
Book value per ordinary share (PLN/EUR)	215.17	196.25	50.03	45.14

The financial highlights have been translated into the euro as follows:

items of or related to the statement of profit or loss and the statement of cash flows have been translated using the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; the exchange rates thus calculated are:

for the reporting period **4.3211**
for the comparative period **4.7005**

items of or related to the statement of financial position have been translated using the mid rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rates thus calculated are:

at the end of the reporting period **4.3009**
at end of the comparative period **4.3480**



INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF KRUK S.A.

for the period 1 January–
31 March 2024

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I. Separate statement of financial position

	Note	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Cash and cash equivalents	8.12.	116,185	227,643	23,571
Hedging instruments	8.9.	116,141	98,428	41,961
Trade receivables from related entities	8.11.	24,571	33,932	28,782
Trade receivables from other entities	8.11.	2,063	2,582	3,431
Other receivables	8.11.	10,698	11,664	11,559
Income tax receivable		6,785	16,232	15,685
Inventories	7.	14,041	14,562	14,721
Investments	7.	1,516,367	1,432,518	512,775
Equity-accounted investments in subsidiaries	8.10.	5,978,652	5,483,390	5,024,261
Property, plant and equipment		31,863	35,348	36,459
Intangible assets		27,509	29,427	29,290
Other assets		10,016	8,787	8,926
		7,854,891	7,394,513	5,751,421
Trade and other payables	8.13.	35,633	35,452	34,088
Hedging instruments	8.9.	12,048	20,883	-
Employee benefit obligations	8.14.	35,132	38,196	27,873
Borrowings, other debt securities and leases	8.8.	3,384,361	3,265,472	1,945,131
Provisions	8.15.	40,573	40,810	12,546
Deferred tax liability	8.7.	190,298	202,307	226,193
		3,698,045	3,603,120	2,245,831
Share capital		19,319	19,319	19,319
Share premium		358,506	358,506	358,506
Hedge reserve	8.9.	88,189	62,774	37,762
Translation reserve		(111,986)	(95,871)	97,884
Share of other comprehensive income of equity-accounted investees		5,007	(8,400)	14,138
Other capital reserves		176,259	171,847	154,514
retained earnings		3,621,552	3,283,218	2,823,467
		4,156,846	3,791,393	3,505,590
		7,854,891	7,394,513	5,751,421

The separate statement of financial position should be read in conjunction with the notes to the separate financial statements, which form their integral part.

II. Separate statement of profit or loss

PLN '000	Note	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Revenue from services	8.1.	56,914	53,983
Gain/(loss) on expected credit losses	8.1.	3,101	3,084
Interest income on debt portfolios measured at amortised cost	8.1.	4,312	4,249
Other income	8.1.	698	1,035
Other income/(expenses) from purchased debt portfolios	8.1.	(254)	-
Income including gain/(loss) on expected credit losses and other income/(expenses) from purchased debt portfolios		64,771	62,351
Share of profit/(loss) of equity-accounted investees	8.10.	368,830	291,708
Employee benefits expense	8.2.	(56,735)	(51,395)
Depreciation and amortisation		(7,062)	(6,594)
Services	8.3.	(20,275)	(17,094)
Other expenses	8.4.	(7,639)	(4,903)
		(91,711)	(79,986)
Finance income	8.5.	40,967	13,406
<i>including interest income on loans measured at amortised cost</i>		<i>36,001</i>	<i>13,379</i>
Finance costs	8.6.	(62,493)	(28,149)
<i>including interest expense relating to lease liabilities</i>		<i>(353)</i>	<i>(597)</i>
Net finance costs		(21,526)	(14,743)
Profit/(loss) before tax		320,364	259,330
Income tax	8.7.	17,970	(24,929)
Net profit/(loss) for period		338,334	234,401
Earnings/(loss) per share			
Basic (PLN)	8.16.	17.51	12.13
Diluted (PLN)	8.16.	16.55	11.65

The separate statement of profit or loss should be read in conjunction with the notes to these separate financial statements, which form their integral part.

III. Separate statement of comprehensive income

<i>PLN '000</i>	<i>Note</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Net profit/(loss) for period		338,334	234,401
Other comprehensive income, gross			
Items that may be reclassified subsequently to profit or loss			
Instruments hedging cash flows and net investment in a foreign operation	8.9.	31,377	20,891
Exchange differences on translating foreign operations	8.10.	(16,115)	(2,564)
Share of other comprehensive income of equity-accounted investees	8.10.	13,407	(5,773)
		<u>28,669</u>	<u>12,554</u>
Income tax on instruments hedging cash flows and net investment in a foreign operation	8.7.	(5,962)	-
Other comprehensive income for period, net		<u>22,707</u>	<u>12,554</u>
Total comprehensive income for period		<u><u>361,041</u></u>	<u><u>246,955</u></u>

The separate statement of comprehensive income should be read in conjunction with the notes to these separate financial statements, which form their integral part.

IV. Separate statement of changes in equity

PLN '000	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	retained earnings	Total equity
Equity as at 1 Jan 2023		19,319	358,506	16,871	100,448	19,911	149,896	2,589,066	3,254,017
Comprehensive income for period									
Net profit/(loss) for period		-	-	-	-	-	-	234,401	234,401
Other comprehensive income									
- Exchange differences on translating foreign operations	8.10.	-	-	-	(2,564)	-	-	-	(2,564)
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	(5,773)	-	-	(5,773)
- Measurement of hedging instruments		-	-	20,891	-	-	-	-	20,891
Total other comprehensive income		-	-	20,891	(2,564)	(5,773)	-	-	12,554
Total comprehensive income for period		-	-	20,891	(2,564)	(5,773)	-	234,401	246,955
Contributions from and distributions to owners									
- Share-based payments	8.2.	-	-	-	-	-	4,618	-	4,618
Total contributions from and distributions to owners		-	-	-	-	-	4,618	-	4,618
Total equity as at 31 March 2023, unaudited		19,319	358,506	37,762	97,884	14,138	154,514	2,823,467	3,505,590

The separate statement of changes in equity should be read in conjunction with the notes to these separate financial statements, which form their integral part.

PLN '000	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	retained earnings	Total equity
Equity as at 1 Jan 2023		19,319	358,506	16,871	100,448	19,911	149,896	2,589,066	3,254,017
Comprehensive income for period									
Net profit/(loss) for period		-	-	-	-	-	-	983,934	983,934
Other comprehensive income									
- Exchange differences on translating foreign operations	8.10.	-	-	-	(196,319)	-	-	-	(196,319)
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	(28,311)	-	-	(28,311)
- Measurement of hedging instruments	8.9.	-	-	45,903	-	-	-	-	45,903
Total other comprehensive income		-	-	45,903	(196,319)	(28,311)	-	-	(178,727)
Total comprehensive income for period		-	-	45,903	(196,319)	(28,311)	-	983,934	805,207
Contributions from and distributions to owners									
- Payment of dividends	8.16.	-	-	-	-	-	-	(289,782)	(289,782)
- Share-based payments		-	-	-	-	-	21,951	-	21,951
Total contributions from and distributions to owners		-	-	-	-	-	21,951	(289,782)	(267,831)
Total equity as at 31 Dec 2023		19,319	358,506	62,774	(95,871)	(8,400)	171,847	3,283,218	3,791,393

The separate statement of changes in equity should be read in conjunction with the notes to these separate financial statements, which form their integral part.

PLN '000	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	retained earnings	Total equity
Equity as at 1 Jan 2024		19,319	358,506	62,774	(95,871)	(8,400)	171,847	3,283,218	3,791,393
Comprehensive income for period									
Net profit/(loss) for period		-	-	-	-	-	-	338,334	338,334
Other comprehensive income									
- Exchange differences on translating foreign operations	8.10.	-	-	-	(16,115)	-	-	-	(16,115)
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	13,407	-	-	13,407
- Measurement of hedging instruments	8.9.	-	-	25,415	-	-	-	-	25,415
Total other comprehensive income		-	-	25,415	(16,115)	13,407	-	-	22,707
Total comprehensive income for period		-	-	25,415	(16,115)	13,407	-	338,334	361,041
Contributions from and distributions to owners									
- Share-based payments	8.2.	-	-	-	-	-	4,412	-	4,412
Total contributions from and distributions to owners		-	-	-	-	-	4,412	-	4,412
Total equity as at 31 March 2024, unaudited		19,319	358,506	88,189	(111,986)	5,007	176,259	3,621,552	4,156,846

The separate statement of changes in equity should be read in conjunction with the notes to these separate financial statements, which form their integral part.

V. Separate statement of cash flows

<i>PLN '000</i>		1 Jan–31 Mar 2024	1 Jan–31 Mar 2023
	<i>Note</i>	unaudited	unaudited
Cash flows from operating activities			
Net profit/(loss) for period		338,334	234,401
<i>Adjustments</i>			
Depreciation of property, plant and equipment		4,317	3,872
Amortisation of intangible assets		2,745	2,722
Net finance costs		21,116	14,722
Share of (profit)/loss of equity-accounted investees	8.10.	(368,830)	(291,708)
(Gain)/loss on retirement/sale of property, plant and equipment	8.1.	1	(460)
Write-off of development work	8.4.	899	-
Equity-settled share-based payments	8.2.	4,412	4,618
Interest income	8.1.	(4,312)	(4,249)
Income tax	8.7.	(17,970)	24,929
Change in debt portfolios purchased	7.	280	956
Change in inventories	7.	521	453
Change in trade and other receivables	8.11.	11,235	(808)
Change in other assets		(1,229)	36
Change in trade and other payables, excluding financial liabilities	8.13.	145	3,443
Change in employee benefit obligations	8.14.	(3,064)	(1,101)
Change in provisions	8.15.	(237)	(107)
Interest received	8.1.	4,312	4,249
Tax paid/refunded		9,447	(6,549)
Net cash from operating activities		2,122	(10,581)
Cash flows from investing activities			
Interest received		28,942	2,814
Loans	7.	(136,078)	(42,156)
Sale of intangible assets and property, plant and equipment		313	30
Dividends received	8.10.	-	5,613
Proceeds from investments in subsidiaries	8.10.	1,479	18,585
Purchase of intangible assets and property, plant and equipment		(2,878)	(1,866)
Acquisition of shares in subsidiaries	8.10.	(130,066)	(55,434)
Repayments	7.	51,378	27,594
Net cash from investing activities		(186,910)	(44,820)
Cash flows from financing activities			
Proceeds from issue of debt securities	8.8.	173,724	170,000
Increase in borrowings	8.8.	233,551	188,566
Repayment of borrowings	8.8.	(195,318)	(270,659)
Payments under finance lease contracts (principal)	8.8.	(4,822)	(4,619)
Redemption of debt securities	8.8.	(77,500)	-
Interest paid and received on hedging instruments		23,616	16,161
Interest paid		(79,921)	(42,485)
Net cash from financing activities		73,330	56,964
Total net cash flows		(111,458)	1,563
Cash and cash equivalents at beginning of period		227,643	22,008
Cash and cash equivalents at end of period		116,185	23,571
- effect of exchange rate fluctuations on cash held		(410)	1,086

The separate statement of cash flows should be read in conjunction with the notes to these separate financial statements, which form their integral part.

VI. Notes to the interim condensed separate financial statements

1. Company details

Name

KRUK Spółka Akcyjna (“KRUK S.A.” or “the Company”)

Registered office

ul. Wołowska 8
51-116 Wrocław, Poland

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, ul. Poznańska 16-17, 53-230 Wrocław, Poland

Date of registration: 7 September 2005

Registration number: KRS NO. 0000240829

Principal business activity

The Company's principal business consists in debt collection, including collection of receivables from purchased debt portfolios, fee-based credit management services, and investing in subsidiaries.

The Company is the parent of the KRUK Group (the “Group”) and in addition to these separate financial statements it prepares consolidated financial statements containing the data of the Company and its subsidiaries. The consolidated financial statements were approved on the same day as these separate financial statements.

As at 31 March 2024, the composition of KRUK S.A.’s Management Board was as follows:

Piotr Krupa	President of the Management Board
Piotr Kowalewski	Member of the Management Board
Adam Łodygowski	Member of the Management Board
Urszula Okarma	Member of the Management Board
Michał Zasępa	Member of the Management Board

In the three months ended 31 March 2024 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

As at 31 March 2024, the composition of the Supervisory Board was as follows:

Piotr Stępnia	Chairman of the Supervisory Board
Krzysztof Kawalec	Deputy Chairman of the Supervisory Board
Katarzyna Beuch	Member of the Supervisory Board
Izabela Felczak-Poturnicka	Member of the Supervisory Board
Ewa Radkowska-Świętoń	Member of the Supervisory Board
Beata Stelmach	Member of the Supervisory Board
Piotr Szczepiórkowski	Member of the Supervisory Board

In the three months to 31 March 2024 and by the issue date of this interim report, the composition of the Supervisory Board of KRUK S.A. did not change.

2. Reporting period

The reporting period is the period from 1 January to 31 March 2024 and the comparative period is the period from 1 January to 31 March 2023. The separate statement of financial position has been prepared as at 31 March 2024 and the comparative data is presented as at 31 December 2023 and 31 March 2023. The statement of changes in equity was prepared for the period from 1 January to 31 March 2024 and the comparative periods are from 1 January to 31 December 2023 and from 1 January to 31 March 2023.

The presented data has not been audited.

3. Statement of compliance

These interim condensed separate financial statements of the Company have been prepared in a condensed form in accordance with IAS 34 applicable to interim financial statements, as endorsed by the European Union, and should be read in conjunction with the consolidated financial statements of the Group as at 31 March 2024 and for the period from 1 January to 31 March 2024.

These financial statements do not contain all the information required to be included when preparing full-year financial statements and should therefore be read in conjunction with the separate financial statements of KRUK S.A. and consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards as at and for the year ended 31 December 2023. The separate and consolidated financial statements are available at:

<https://pl.kruk.eu/relacje-inwestorskie/raporty/raporty-okresowe> .

In the opinion of the Management Board, there are no facts or circumstances which could pose a significant threat to the Company continuing as a going concern. Therefore, these interim condensed financial statements have been prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

These interim condensed separate financial statements were authorised for issue by the Company's Management Board (the "Management Board") on 7 May 2024.

All amounts in these interim condensed separate financial statements are presented in the Polish złoty, rounded to the nearest thousand. Therefore, mathematical inconsistencies may occur in summations or between notes.

The Polish złoty is the functional currency of the Company.

4. Significant accounting policies

These interim condensed separate financial statements have been prepared based on the following valuation concepts:

- measurement with the equity method – for investments in subsidiaries;
- measurement at amortised cost calculated using the effective interest rate method:
 - including allowance for expected credit losses – for credit-impaired assets (investments in debt portfolios);
 - for financial assets held as part of the business model whose objective is to hold financial assets in order to collect contractual cash flows (loans advanced); and
 - for other financial liabilities;
- measurement at fair value – for derivatives;
- measurement at historical cost for other non-financial assets and liabilities.

The accounting policies applied to prepare these interim condensed separate financial statements are consistent with those applied in the most recent full-year separate financial statements as at and for the year ended 31 December 2023.

The Company also applied the following amendments to standards and interpretations approved for use in the European Union as of 1 January 2024:

- The amendments to IAS 1 *Presentation of Financial Statements* concern the presentation of liabilities in the statement of financial position.
- The amendments to IFRS 16 *Leases* concern the measurement of lease liabilities in sale and leaseback transactions.

The amendments had no significant effect on the interim condensed separate financial statements.

These financial statements comply with the requirements of International Accounting Standards, International Financial Reporting Standards and related interpretations endorsed by the European Union, which have been issued and are effective for annual periods beginning on or after 1 January 2024.

Standards and interpretations issued but not yet adopted by the European Union

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on or after
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments</i> – Disclosures: Supplier Finance Arrangements	The amendments mandate the disclosure of information about how supply chain finance arrangements affect an entity's liabilities and cash flows and what is their effect on the entity's exposure to liquidity risk.	The Company is assessing the potential impact of the amendments on its separate financial statements.	1 January 2024
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rate</i> – Lack of Exchangeability	The amendments clarify how an entity should assess whether a currency is exchangeable and determine the exchange rate when it is not as well as require certain additional disclosures in such cases.	The Company is assessing the potential impact of the amendments on its separate financial statements.	1 January 2025
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	The standard is to replace IAS 1 <i>Presentation of Financial Statements</i> .	The Company expects the standard will have a material impact on its separate financial statements.	1 January 2027

Enhancing comparability

To better reflect the relevant economic substance, the Company changed the presentation of ‘Share of profit/(loss) of equity-accounted investees’ in the separate statement of profit or loss, and added a new line item ‘Interest income on loans measured at amortised cost’.

In the separate statement of cash flows, the Company also changed the presentation of interest paid on loans to related parties, which was previously presented as ‘Repayments’ and is now presented as a separate line item ‘Interest received’.

Additionally, cash flows from interest on hedging instruments, previously recorded under ‘Interest paid’, have been separated and presented under ‘Interest received and paid on hedging instruments’.

In the Management Board’s opinion, these changes will enhance the quality of data presented and its usefulness to readers.

The data reported in the separate financial statements issued for the period 1 January–31 March 2023 was restated to ensure comparability.

Effect of the change on the separate statement of cash flows

PLN ‘000	1 Jan–31 Mar 2023 unaudited and restated for comparability	Presentation change	1 Jan–31 Mar 2023 reported unaudited
Cash flows from investing activities			
Interest received	2,814	2,787	27
Loans	(42,156)	-	(42,156)
Sale of intangible assets and property, plant and equipment	30	-	30
Dividends received	5,613	-	5,613
Proceeds from investments in subsidiaries	18,585	-	18,585
Purchase of intangible assets and property, plant and equipment	(1,866)	-	(1,866)
Acquisition of shares in subsidiaries	(55,434)	-	(55,434)
Repayments	27,594	(2,787)	30,381
Net cash from investing activities	(44,820)	-	(44,820)
Cash flows from financing activities			
Proceeds from issue of debt securities	170,000	-	170,000
Increase in borrowings	188,566	-	188,566
Repayment of borrowings	(270,659)	-	(270,659)
Payments under finance lease contracts (principal)	(4,619)	-	(4,619)
Redemption of debt securities	-	-	-
Interest paid and received on hedging instruments	16,161	16,161	-
Interest paid	(42,485)	(16,161)	(26,324)
Net cash from financing activities	56,964	-	56,964

Effect of the change on the separate statement of profit or loss

PLN '000	1 Jan–31 Mar 2023 unaudited and restated for comparability	Presentation change	1 Jan–31 Mar 2023 reported unaudited
Revenue from services	53,983	-	53,983
Gain/(loss) on expected credit losses	3,084	-	3,084
Interest income on debt portfolios measured at amortised cost	4,249	-	4,249
Other income	1,035	-	1,035
Other income/(expenses) from purchased debt portfolios	-	-	-
Income including gain/(loss) on expected credit losses and other income/(expenses) from purchased debt portfolios	62,351	-	62,351
Share of profit/(loss) of equity-accounted investees	291,708	291,708	-
Employee benefits expense	(51,395)	-	(51,395)
Depreciation and amortisation	(6,594)	-	(6,594)
Services	(17,094)	-	(17,094)
Other expenses	(4,903)	-	(4,903)
	(79,986)	-	(79,986)
Finance income	13,406	-	13,406
<i>including interest income on loans measured at amortised cost</i>	<i>13,379</i>	<i>13,379</i>	<i>-</i>
Finance costs	(28,149)	-	(28,149)
<i>including interest expense relating to lease liabilities</i>	<i>(597)</i>	<i>-</i>	<i>(597)</i>
Net finance costs	(14,743)	-	(14,743)
Share of profit/(loss) of equity-accounted investees	-	(291,708)	291,708
Profit/(loss) before tax	259,330	-	259,330
Income tax	(24,929)	-	(24,929)
Net profit/(loss) for period	234,401	-	234,401
Earnings/(loss) per share			
Basic (PLN)	12.13		12.13
Diluted (PLN)	11.65		11.65

5. Accounting estimates and judgements

In order to prepare interim separate financial statements, the Management Board is required to make judgements, estimates and assumptions which affect the application of adopted accounting policies and the reported amounts of assets, liabilities, revenue and expenses, whose actual values may differ from estimates.

The estimates and assumptions are reviewed by the Company on an ongoing basis, based on past experience and other factors, including expectations as to future events, which seem justified in given circumstances. Any changes in accounting estimates are introduced prospectively, starting from the reporting period in which the estimate is revised.

Information on estimates and judgements concerning the application of accounting policies which most significantly affect the amounts presented in the financial statements:

Item	Amount estimated		Note	Assumptions and estimate calculation
	31 Mar 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Equity-accounted investments in subsidiaries	5,978,652	5,483,390	8.10.	Equity-accounted investments in subsidiaries are subject to impairment testing. Investments in subsidiaries for which impairment indications were identified are tested for impairment at least annually. As part of the tests, the Company estimates the recoverable amount of the investments based on the value in use of the respective cash-generating units, using the discounted cash flow method. The valuation of investments in subsidiaries is based on a number of assumptions and estimates, in particular with respect to the amount of future cash flows and the adopted discount rate. The projected cash flows of subsidiaries investing in debt portfolios or debt-related assets depend primarily on the assumed expenditure on new portfolios and amount of recoveries. The correctness of the underlying assumptions involves a considerable risk given the significant uncertainty as to the effectiveness of debt collection activities in the future. The discount rate used to test investments in subsidiaries for impairment reflects the current market assessment of the asset risk for the debt collection industry.
Investments in debt portfolios	31,467	31,747	7.	The value of purchased debt portfolios as at the valuation date is determined using an estimation model relying on expected discounted cash flows. The expected cash flows were estimated with the

use of analytical methods (portfolio analysis) or based on a legal and economic analysis of individual claims or indebted persons (case-by-case analysis). The method of estimating cash flows from a debt portfolio is selected based on the available data on the portfolio, debt profiles as well as historical data collected in the course of managing the portfolio. KRUK S.A. prepares projections of recoveries from debt portfolios separately for individual markets. The projections account for historical performance of the process of debt portfolio recovery, legal regulations currently in force and planned, type and nature of debt and security, current collection strategy and macroeconomic considerations, among other factors. Initial projections of expected cash flows that take into account the initial value (purchase price) are the basis for calculating the effective interest rate, equal to the internal rate of return including an element that reflects credit risk, which is used for discounting estimated cash flows, and which, as a rule, remains unchanged throughout the life of a portfolio.

Item	Amount subject to judgement		Note	Assumptions and estimate calculation
	31 Mar 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Deferred tax liability	190,298	202,307	8.7.	<p>The Company exercises control over the timing of temporary differences regarding subsidiaries, and thus recognises deferred tax liabilities. These liabilities are based on estimates of future income tax payments, which are derived from three-year plans. The Company assesses the recoverability of the deferred tax asset based on its approved projection of profits for the following years. The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future. The level of the cash flows depends on such factors as:</p> <ul style="list-style-type: none"> • KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A., • raised and projected new debt financing available to the investment companies,

- the planned expenditure on debt portfolios – its amount determines the projected liquidity position of the investment companies,
- planned recoveries from purchased debt portfolios at the investment companies.

Therefore, the amount of deferred tax liability for expected future cash flows from subsidiaries may be subject to material changes in individual reporting periods.

6. Financial risk management

The principles of financial risk management are presented in the most recent separate full-year financial statements prepared as at and for the financial year ended 31 December 2023. In the period from 1 January to 31 March 2024, there were no significant changes in the approach to financial risk management.

7. Type and amounts of changes in estimates adopted in previous financial years with a material effect on the reporting period

Investments measured at amortised cost

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Investments measured at amortised cost			
Loans to related parties	1,484,900	1,400,771	482,540
Investments in debt portfolios	31,467	31,747	30,235
	<u>1,516,367</u>	<u>1,432,518</u>	<u>512,775</u>

Investments in debt portfolios

Investments in debt portfolios are divided into the following main categories:

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Investments in debt portfolios			
Unsecured portfolios	31,467	31,747	30,216
Secured portfolios	-	-	19
	<u>31,467</u>	<u>31,747</u>	<u>30,235</u>

For information on the assumptions made in the valuation of debt portfolios and the adopted schedule of cash receipts (undiscounted value), see Note 8.1.

Changes in carrying amounts of investments in debt portfolios

In the reporting period, the Company did not invest in debt portfolios, while recoveries from indebted persons were PLN 7,439 thousand (same period of the year before: PLN 8,364 thousand; as at 31 December 2023: PLN 32,988 thousand). Below are presented changes in the net carrying amount of investments in debt portfolios:

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Carrying amount of investments in debt portfolios at beginning of period	31,747	31,191	31,191
Cash recoveries	(7,439)	(32,988)	(8,364)
Gain/(loss) on sale/revaluation of property*	-	1,146	75
Revenue from purchased debt portfolios*	7,159	32,398	7,333
Carrying amount of investments in debt portfolios at end of period	<u>31,467</u>	<u>31,747</u>	<u>30,235</u>

* As of 1 January 2024, the presentation of Gain/ loss on sale of property was reclassified from 'Revenue from purchased debt portfolios' to 'Other income'. The change has no effect on the carrying amounts of investments in debt portfolios.

For a description of revenue from purchased debt portfolios, including interest income and allowance for expected credit losses, see Note 8.1.

Changes in expected credit losses

Below are presented changes in expected credit losses on purchased debt portfolios:

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Cumulative expected credit losses on purchased debt portfolios at beginning of period	289,597	270,745	270,745
Revaluation of projected recoveries	2,111	11,359	1,646
Deviations from actual recoveries, decreases on early collections in collateralised cases	990	7,493	1,519
Cumulative expected credit losses on purchased debt portfolios at end of period	292,698	289,597	273,910

Changes in expected credit losses are reflected in the value of the debt portfolio.

Loans to related parties

As at 31 March 2024, the gross carrying amount of loans advanced to related parties was PLN 1,489,805 thousand, and the loss allowance was PLN 4,905 thousand (31 December 2023: PLN 1,404,666 thousand and PLN 3,895 thousand, respectively).

Loans to related parties are provided on the following terms:

- 3M WIBOR + margin of 2-6.4pp;
- 1M EURIBOR + margin of 2.6pp;
- 3M EURIBOR + margin of 2-4.3pp;
- 3M PRIBOR + margin of 2-2.09pp;
- 3M ROBOR+ margin of 2.09-3pp;
- fixed interest rate – 9.76pp.

For information on the balance of loans to related parties, see Note 12.

For information on the Company's exposure to credit, currency and interest rate risks associated with its investments, see Note 10.

Inventories (including property foreclosed as part of investments in debt portfolios)

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Real property	13,850	14,418	14,510
Other inventories	191	144	211
	<u>14,041</u>	<u>14,562</u>	<u>14,721</u>

The Company forecloses real property securing acquired debt. A portion of the recoveries is derived from the sale of such property on the open market.

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Carrying amount of property held at beginning of period	14,418	15,049	15,049
Carrying amount of property foreclosed	930	6,438	520
Carrying amount of property sold	(1,101)	(3,630)	(937)
Impairment loss on property	(397)	(3,439)	(122)
Carrying amount of property held at end of period	<u>13,850</u>	<u>14,418</u>	<u>14,510</u>

As at 31 March 2024, the inventory write-down was PLN 397 thousand (same period of the previous year: PLN 122 thousand; 31 December 2023: PLN 3,439 thousand).

8. Type and amounts of items affecting the assets, liabilities, capital, net profit/loss or cash flows, which are material due to their type, size or effect

8.1. Income including gain/(loss) on expected credit losses and other income/(expenses) from purchased debt portfolios

Revenue from services

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Revenue from credit management services	36,027	38,128
Revenue from other services	20,858	15,844
Revenue from sale of merchandise and materials	29	11
	<u>56,914</u>	<u>53,983</u>

Revenue from purchased debt portfolios

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Interest income on debt portfolios measured at amortised cost	4,312	4,249
Gain/(loss) on expected credit losses	3,101	3,084
Other income/(expenses) from purchased debt portfolios	(254)	-
	<u>7,159</u>	<u>7,333</u>

Gain/(loss) on expected credit losses from purchased debt portfolios

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Revaluation of projected recoveries	2,111	1,646
Deviations from actual recoveries, decreases on early collections in collateralised cases	990	1,438
	<u>3,101</u>	<u>3,084</u>

If necessary, as at the end of each quarter the Company updates the following parameters which are used to estimate the future cash flows for debt portfolios measured at amortised cost:

- discount rate in case of change in the amount of the purchased debt portfolio;
- cash flows estimation period;
- expected future cash flows estimated using the current data and debt collection processes.

The Company analyses the impact of macroeconomic factors on projected recoveries; historically, no material correlation between recoveries from purchased debt portfolios and the macroeconomic situation has been found.

Assumptions adopted in the valuation of debt portfolios

	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Discount rate*	28.11% - 170.19%	28.11% - 170.19%	28.11% - 170.19%
Cash flows estimation period	Apr 2024–Dec 2038	Jan 2024–Dec 2038	Apr 2023–Dec 2037
Undiscounted value of future recoveries PLN '000	114,626	112,069	94,094

* Interest rate range applicable to 99% of debt portfolios.

Estimated remaining collections by collection period (undiscounted amounts)

PLN '000	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Period			
Up to 12 months	22,053	22,523	22,345
From 1 to 2 years	17,510	17,342	16,340
From 2 to 3 years	14,502	14,184	12,483
From 3 to 4 years	12,065	11,696	9,551
From 4 to 5 years	9,962	9,655	7,330
From 5 to 6 years	8,093	7,819	5,769
From 6 to 7 years	6,408	6,197	4,630
From 7 to 8 years	5,297	5,009	3,743
From 8 to 9 years	4,446	4,193	3,024
From 9 to 10 years	3,758	3,519	2,447
From 10 to 11 years	3,183	2,970	1,976
From 11 to 12 years	2,732	2,518	1,586
From 12 to 13 years	2,269	2,125	1,257
From 13 to 14 years	1,721	1,558	1,028
From 14 to 15 years	627	761	585
Over 15 years	-	-	-
	114,626	112,069	94,094

PLN '000	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
discount rate:			
< 25%	34	33	16
25% - 50%	13,135	13,489	12,355
> 50%	101,457	98,547	81,723
	114,626	112,069	94,094

The amounts of estimated remaining collections on debt portfolios as presented above for different discount rate ranges is subject to change for the comparative periods as a result of:

- acquisition of new debt portfolios,
- actual collections on existing debt portfolios,
- revaluation of estimated remaining collections.

Other income/(expenses) from purchased debt portfolios

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Foreign exchange gains/(losses)	(254)	-
	(254)	-

Other income

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Gain/ (loss) on sale of property*	407	-
Re-billing income/(expense)	247	571
Other markets	45	4
Gain/(loss) on retirement/sale of property, plant and equipment	(1)	460
	698	1,035

* As of the current period, Gain/ (loss) on sale of property previously presented under Revenue from purchased debt portfolios, are disclosed as a separate line item.

8.2. Employee benefits expense

PLN '000	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Salaries and wages	(41,718)	(37,394)
Old-age and disability pension contributions (defined contribution plans)	(6,590)	(5,798)
Equity-settled cost of stock option plan	(4,412)	(4,618)
Other employee expenses	(2,169)	(1,931)
Other social security contributions*	(1,512)	(1,325)
Contribution to the State Fund for the Disabled	(334)	(329)
	<u>(56,735)</u>	<u>(51,395)</u>

* Other social security contributions exclude the item presented separately as Other employee expenses.

8.3. Services

PLN '000	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
IT services*	(10,264)	(6,866)
Credit management services	(3,445)	(3,306)
Postal and courier services	(1,669)	(1,697)
Administrative and accounting support services*	(1,356)	(2,015)
Communications services	(905)	(583)
Space rental and service charges	(745)	(650)
Legal assistance services*	(572)	(830)
Other auxiliary services	(237)	(226)
Banking services	(218)	(186)
Recruitment services	(207)	(148)
Security	(194)	(246)
Repair of vehicles	(121)	(93)
Printing services	(92)	(88)
Other rental	(89)	(54)
Repair and maintenance services	(87)	(31)
Transport services	(33)	(31)
Packing services	(29)	(27)
Marketing and management services	(12)	(17)
	<u>(20,275)</u>	<u>(17,094)</u>

* Advisory services presented in the previous reporting period have been divided into Administrative and accounting support services, Legal assistance services, IT services, and Other auxiliary services.

8.4. Other expenses

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Raw materials and consumables used	(1,401)	(1,400)
Staff training	(957)	(475)
Write-off of development work	(899)	-
Entertainment expenses	(732)	(244)
Advertising	(728)	(631)
VAT on rental payments (leases and rents)	(652)	(466)
Taxes and charges	(624)	(94)
Business trips	(506)	(295)
Refund of litigation costs	(337)	(140)
Court fees	(234)	(222)
Motor insurance	(178)	(191)
Property insurance	(114)	(96)
Other markets	(111)	(319)
Donations	(66)	(191)
Non-competition	(64)	(107)
Losses caused by motor damage	(36)	(27)
Membership fees	-	(5)
	(7,639)	(4,903)

8.5. Finance income

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Interest income on loans advanced	36,001	13,379
Interest income on bank deposits	4,966	27
	40,967	13,406

8.6. Finance costs

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Interest and commission expense on financial liabilities measured at amortised cost	(79,458)	(46,036)
<i>including interest</i>	<i>(76,461)</i>	<i>(43,090)</i>
Net foreign exchange losses	(1,822)	1,168
Interest income/expense on hedging instruments – CIRS	(78)	3,528
Interest income/expense on hedging instruments – IRS	3,721	377
Hedging income/expense	15,144	12,814
	(62,493)	(28,149)

In 2024, there was a significant increase in interest expense compared with 2023, primarily due to higher debt (bonds and bank borrowings).

Effect of exchange rate movements on statement of profit or loss

<i>PLN '000</i>	<i>Note</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Realised exchange gains/(losses)		(1,674)	82
Remeasurement of debt portfolios due to exchange rate movements	8.1.	(254)	-
Unrealised exchange gains/(losses)		(148)	1,086
		<u>(2,076)</u>	<u>1,168</u>

8.7. Income tax

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Current income tax recognised in profit or loss		
Current income tax payable	-	(155)
Deferred income tax recognised in profit or loss		
Temporary differences/reversal of temporary differences	17,970	(24,774)
Income tax recognised in profit or loss	<u>17,970</u>	<u>(24,929)</u>
Deferred income tax recognised in other comprehensive income		
Temporary differences/reversal of temporary differences	(5,962)	-
Income tax recognised in other comprehensive income	<u>(5,962)</u>	<u>-</u>
Income tax recognised in comprehensive income	<u>12,008</u>	<u>(24,929)</u>

Reconciliation of effective income tax rate

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Profit/(loss) before tax	320,364	259,330
Income tax recognised in profit or loss	17,970	(24,929)
Tax calculated at the tax rate applicable in Poland (19%)	(60,869)	(49,273)
Differences resulting from ability to control the timing of reversal of temporary differences relating to the measurement of net assets of subsidiaries and the probability of their reversal in the foreseeable future, and other non-deductible expenses/non-taxable income	78,839	24,344
	17,970	(24,929)
	(5.61%)	9.61%

The Company does not recognise CIT based on an estimated average annual effective rate as this would not eliminate tax fluctuations over a financial year.

Deferred tax assets and liabilities

Deferred tax assets and liabilities have been recognised in respect of the following items of assets and liabilities:

PLN '000	Assets		Provisions		Net carrying amount	
	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2024 unaudited	31 Dec 2023
Property, plant and equipment	4,276	5,222	(3,748)	(4,234)	528	988
Intangible assets	-	-	(4,525)	(5,000)	(4,525)	(5,000)
Trade and other receivables	-	-	(265)	(241)	(265)	(241)
Borrowings and other debt instruments, leases	22,759	21,776	-	-	22,759	21,776
Employee benefit obligations	2,455	4,582	-	-	2,455	4,582
Provisions and liabilities	39	186	-	-	39	186
Investments in debt portfolios	-	-	(7,379)	(7,411)	(7,379)	(7,411)
Equity-accounted investments in subsidiaries	-	-	(184,181)	(203,420)	(184,181)	(203,420)
Derivative hedging instruments	-	-	(19,729)	(13,767)	(19,729)	(13,767)
Deferred tax assets/liability	29,529	31,766	(219,827)	(234,073)	(190,298)	(202,307)
Deferred tax assets offset against liabilities	(29,529)	(31,766)	29,529	31,766	-	-
Deferred tax assets/liabilities in the statement of financial position	-	-	(190,298)	(202,307)	(190,298)	(202,307)

Change in temporary differences in the period

PLN '000

	Net amount of deferred tax at 1 Jan 2024	Change in temporary differences recognised in profit or loss for the period	Net amount of deferred tax at 31 Mar 2024	Net amount of deferred tax at 1 Jan 2023	Change in temporary differences recognised in profit or loss for the period	Net amount of deferred tax at 31 Dec 2023
Property, plant and equipment	988	(460)	528	3,742	(2,754)	988
Intangible assets	(5,000)	475	(4,525)	(5,051)	51	(5,000)
Trade and other receivables	(241)	(24)	(265)	(413)	172	(241)
Borrowings and other debt instruments, leases	21,776	983	22,759	16,633	5,143	21,776
Employee benefit obligations	4,582	(2,127)	2,455	2,416	2,166	4,582
Provisions and liabilities	186	(147)	39	(109)	295	186
Investments in debt portfolios	(7,411)	32	(7,379)	(7,058)	(353)	(7,411)
Equity-accounted investments in subsidiaries	(203,420)	19,239	(184,181)	(208,285)	4,866	(203,420)
	(188,540)	17,970	(170,569)	(198,125)	9,586	(188,540)

PLN '000

	Net amount of deferred tax at 1 Jan 2024	Change in temporary differences recognised in other comprehensive income	Net amount of deferred tax at 31 Mar 2024	Net amount of deferred tax at 1 Jan 2023	Change in temporary differences recognised in other comprehensive income	Net amount of deferred tax at 31 Dec 2023
Derivative hedging instruments	(13,767)	(5,962)	(19,729)	(3,294)	(10,473)	(13,767)
	(13,767)	(5,962)	(19,729)	(3,294)	(10,473)	(13,767)

The Company assesses the recoverability of the deferred tax asset based on its approved projection of profits for the following years.

The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future.

The level of the cash flows depends on such factors as:

- KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A.,
- raised and projected new debt financing available to the investment companies,
- the planned expenditure on debt portfolios – its amount determines the projected liquidity position of the investment companies,
- planned recoveries from purchased debt portfolios at the investment companies.

Therefore, the amount of deferred tax liability for expected future cash flows from subsidiaries may be subject to material changes in individual reporting periods.

The Company benefits from the exemption provided in IAS 12 and does not recognise a deferred tax liability in respect of retained earnings in its related entities where it is able to control the timing of the reversal of temporary differences in the foreseeable future and it is probable that the temporary differences will not reverse in the next 36 months. The total amount of temporary differences underlying the unrecognised deferred tax liability on retained earnings as at 31 March 2024 was PLN 4,356,599 thousand (as at 31 December 2023: PLN 3,727,864 thousand).

8.8. Borrowings, other debt securities and leases

PLN '000	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Non-current liabilities			
Secured borrowings	209,573	170,239	138,129
Liabilities under debt securities (unsecured)	2,771,388	2,773,264	1,453,934
Lease liabilities	6,985	9,759	25,313
	<u>2,987,946</u>	<u>2,953,262</u>	<u>1,617,376</u>
Current liabilities			
Secured borrowings	213,412	216,548	210,592
Liabilities under debt securities (unsecured)	167,484	77,938	101,556
Lease liabilities	15,519	17,724	15,607
	<u>396,415</u>	<u>312,210</u>	<u>327,755</u>
	<u>3,384,361</u>	<u>3,265,472</u>	<u>1,945,131</u>

Liabilities repayment schedule

PLN '000	Currency	Nominal interest rate	Maturity periods*	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Borrowings secured over the Company's assets	PLN/EUR	1M WIBOR + 1.0–2.5pp 3M WIBOR + margin of 1.8–2.7pp 1M EURIBOR + margin of 2.2–2.4pp 3M EURIBOR + margin of 0.5–2pp	2024–2028	422,985	386,787	348,721
Liabilities under debt securities (unsecured)	PLN/EUR	3M WIBOR + margin of 3.2–4.65pp; 4.00%-4.80%** 3M EURIBOR + margin of 4.0–6.5pp	2024–2029	2,938,872	2,851,202	1,555,490
Lease liabilities	PLN/EUR	3M WIBOR or 1M EURIBOR + margin of 2.8–4.3pp 3.3%–11.3%	2024–2028	22,504	27,483	40,920
				<u>3,384,361</u>	<u>3,265,472</u>	<u>1,945,131</u>

* Maturity of the last liability.

** Fixed interest rate.

Impact of IBOR reform

The Company does not anticipate a material impact from IBOR reform on its financial obligations, but cannot conclusively determine its effect as not all systemic and regulatory solutions have been finalised. The Company takes measures to prepare for a change in the benchmarks underlying concluded financial instruments in the event WIBOR ceases to be published. The Company continuously monitors regulatory changes in benchmarks, and negotiates amendments to the Master and Credit Agreements governing the hedging instruments and bank loans used by the Group

companies, to ensure optimal transition to an alternative benchmark when the WIBOR is replaced. The individual items for which WIBOR is used as the benchmark are presented below:

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Carrying amount of financial liabilities for which WIBOR is used as the benchmark		
Borrowings secured over the Company's assets	209,626	179,048
Liabilities under debt securities (unsecured)	2,152,099	2,159,898
Lease liabilities	6,378	7,922
Notional amount of hedging instruments for which WIBOR is used as the benchmark		
CIRS	1,832,500	1,750,000
IRS	165,000	190,000

8.9. Hedging instruments

Interest rate risk hedges

In the three months ended 31 March 2024, the Company entered into currency interest rate swaps (CIRS) with a total nominal amount of PLN 160,000 thousand, under which the Company pays a coupon based on a fixed interest rate on debt determined in EUR under the transaction terms and receives a coupon based on a variable interest rate on PLN-denominated debt covered by the transaction.

The purpose of the CIRS contracts is to:

- hedge against interest rate risk, understood as volatility of interest expense due to changes in the 3M WIBOR rate – exchange of floating interest rate for a fixed rate;
- hedge against currency risk, understood as volatility of the net value of EUR-denominated assets due to EUR/PLN exchange rate movements – offsetting exchange differences.

As at 31 March 2024, the Company held the following open outstanding CIRS contracts with a total nominal amount of PLN 1,832,500 thousand:

Bank	Type of transaction	Notional amount	Fixed rate [EUR]	Variable rate [PLN]	Transaction date	Transaction maturity date
ING Bank Śląski S.A.	CCIRS	PLN 330,000,000	2.13%	3M WIBOR	14 Jun 2022	24 May 2027
ING Bank Śląski S.A.	CCIRS	PLN 140,000,000	1.90%	3M WIBOR	23 Jun 2022	24 Mar 2027
Santander Bank Polska S.A.	CCIRS	PLN 50,000,000	1.72%	3M WIBOR	20 Jun 2022	16 Mar 2026
Santander Bank Polska S.A.	CCIRS	PLN 50,000,000	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026
ING Bank Śląski S.A.	CCIRS	PLN 52,500,000	0.96%	3M WIBOR	15 Jul 2022	22 Jan 2025
ING Bank Śląski S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026
DNB Bank ASA	CCIRS	PLN 75,000,000	2.49%	3M WIBOR	10 Jan 2023	26 Mar 2025
DNB Bank ASA	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	CCIRS	PLN 85,000,000	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	CCIRS	PLN 355,000,000	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA	CCIRS	PLN 70,000,000	6.046%	3M WIBOR + 4%	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	CCIRS	PLN 90,000,000	6.19%	3M WIBOR + 4%	21 Mar 2024	26 Sep 2028

The transactions were designated for hedge accounting.

To manage interest rate risk, the Company also enters into IRS contracts.

Open outstanding IRS contracts held by the Company as at 31 March 2024, with a total notional amount of PLN 165,000 thousand and EUR 160,000 thousand.

Bank	Type of transaction	Notional amount	Fixed rate	Variable rate	Term
ING Bank Śląski S.A.*	IRS	PLN 115,000,000	1.5775%	3M WIBOR	4 Sep 2019 to 27 Sep 2024
ING Bank Śląski S.A.*	IRS	PLN 50,000,000	1.5775%	3M WIBOR	4 Sep 2019 to 28 Sep 2024
DNB Bank ASA	IRS	EUR 150,000,000	2.9640%	3M EURIBOR	10 May 2023 to 10 May 2028
DNB Bank ASA	IRS	EUR 10,000,000	2.255%	3M EURIBOR	21 Dec 2023 to 11 Dec 2028

* In the second quarter of 2022, the contracts were transferred from DNB Polska S.A. to ING Bank Śląski S.A. without changing their terms.

The purpose of the PLN contracts was to provide a hedge against volatility of cash flows generated by liabilities denominated in PLN due to changes in the 3M WIBOR rate and to hedge coupons paid on issued PLN-denominated bonds. The purpose of the EUR contracts was to provide a hedge against volatility of cash flows generated by liabilities in EUR due to changes in the 1M and 3M EURIBOR rate and to hedge interest payments under a credit facility and EUR-denominated bonds.

Currency risk hedges

In 2019–2022, the Company took steps to hedge currency risk arising from cash flows from foreign subsidiaries by entering into hedging transactions. The Company's objective is to mitigate the effect of exchange differences on cash flows from subsidiaries. The transactions were entered into by KRUK S.A. and settled on a net basis, with no physical delivery. For details of the executed and settled transactions, see the most recent separate full-year financial statements as at and for the financial year ended 31 December 2023.

Currency risk is also hedged with the use of currency interest rate swaps (CIRS), described in the section above: *Interest rate risk hedges*.

Amounts related to items designated as hedging instruments

PLN '000

	31 Mar 2024 unaudited				31 Dec 2023				Item in the statement of financial position	Hedge type
	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness		
Instrument type:										
IRS	3,473	-	165,000 (PLN)	(1,481)	4,954	-	190,000 (PLN)	(13,852)	Hedging instruments	Hedge of future cash flows
IRS	637	8,213	160,000 (EUR)	9,089	29	16,694	160,000 (EUR)	(16,665)	Hedging instruments	Hedge of future cash flows
CIRS	112,031	3,835	1,832,500 (PLN)	18,940	93,445	4,189	1,750,000 (PLN)	87,551	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign operation
	116,141	12,048		26,548	98,428	20,883		57,034		

PLN '000	Disclosure of the hedged item as at 31 Mar 2024, unaudited			
	Nominal amount of the hedged item	Change in fair value of hedged item used to determine ineffectiveness	Reserve on measurement of continuing hedges	Reserve (unreleased) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	165,000 (PLN)	(1,481)	5,979	-
Hedge of future cash flows (interest rate risk)	160,000 (EUR)	9,089	(9,302)	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,832,500 (PLN)	18,940	87,430	-

PLN '000	Disclosure of the hedged item as at 31 Dec 2023			
	Nominal amount of the hedged item	Change in fair value of hedged item used to determine ineffectiveness	Reserve on measurement of continuing hedges	Reserve (unreleased) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	190,000 (PLN)	(13,852)	7,180	-
Hedge of future cash flows (interest rate risk)	160,000 (EUR)	(16,665)	(16,665)	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,750,000 (PLN)	87,551	68,177	-

PLN '000

Hedge reserve	1 Jan–31 Mar 2024, unaudited			Total hedge reserve
	Hedge of future cash flows (interest rate risk)	Hedge of future cash flows (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	
Hedge reserve as at 1 Jan 2024	(9,485)	4,082	68,177	62,774
Measurement of instruments charged to capital reserves	11,329	-	45,570	56,899
Cost of hedging	-	-	(6,735)	(6,735)
Temporary differences/reversal of temporary differences	(1,446)	-	(4,516)	(5,962)
Amount reclassified to profit or loss during the period	(3,721)	-	(15,066)	(18,787)
- Interest expense/income	(3,721)	-	78	(3,643)
- Cost of hedging	-	-	(15,144)	(15,144)
Hedge reserve as at 31 Mar 2024	(3,323)	4,082	87,430	88,189

PLN '000

Hedge reserve	1 Jan–31 Dec 2023			Total hedge reserve
	Hedge of future cash flows (interest rate risk)	Hedge of future cash flows (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	
Hedge reserve as at 1 Jan 2023	18,806	4,082	(6,017)	16,871
Measurement of instruments charged to capital reserves	(15,331)	-	59,126	43,795
Cost of hedging	-	-	83,040	83,040
Temporary differences/reversal of temporary differences	2,225	-	(12,698)	(10,473)
Amount reclassified to profit or loss during the period	(15,185)	-	(55,274)	(70,459)
- Interest expense/income	(15,185)	-	(995)	(16,180)
- Cost of hedging	-	-	(54,279)	(54,279)
Hedge reserve as at 31 Dec 2023	(9,485)	4,082	68,177	62,774

8.10. Equity-accounted investments in subsidiaries

PLN '000	Country	Carrying amount		
		31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
InvestCapital Ltd ¹	Malta	3,412,466	3,109,906	2,902,132
Prokura NFW FIZ (formerly Prokura NS FIZ) ¹	Poland	1,595,572	1,494,600	1,274,303
SeCapital S.à r.l. ¹	Luxembourg	619,696	574,722	477,625
Presco Investments S.a.r.l. ³	Luxembourg	76,364	69,062	72,395
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	62,352	57,517	87,655
KRUK Espana S.L.	Spain	54,446	44,020	53,221
KRUK Romania S.r.l.	Romania	51,654	48,405	42,649
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	37,768	37,109	35,148
KRUK Italia S.r.l.	Italy	29,805	12,389	41,707
Wonga.pl Sp. z o.o.	Poland	13,775	9,844	-
RoCapital IFN S.A. ¹	Romania	5,983	6,677	6,851
Bison NFW FIZ (formerly Bison NS FIZ)	Poland	4,993	6,362	7,799
AgeCredit S.r.l.	Italy	4,611	4,863	5,333
Kancelaria Prawna RAVEN P.Krupa Sp. k.	Poland	4,428	3,671	9,277
Kruk Deutschland GmbH	Germany	4,299	3,740	7,253
KRUK TECH s.r.l. ¹	Romania	440	503	46
ProsperoCapital S.a.r.l. (in liquidation) ²	Luxembourg	-	-	867
Kruk Immobiliare S.r.l.	Italy	-	-	-
ItaCapital S.r.l.	Italy	-	-	-
Novum Finance Sp. z o.o. ¹	Poland	-	-	-
Kruk Investimenti s.r.l.	Italy	-	-	-
Zielony Areal Sp. z o.o.	Poland	-	-	-
		5,978,652	5,483,390	5,024,261

¹ Subsidiaries in which the Company indirectly holds 100% of the share capital.

² Company dissolved through liquidation on 31 March 2023.

³ The equity of Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ) is consolidated within Presco Investments S.a.r.l.

PLN '000	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Carrying amount of investments in subsidiaries at beginning of period	5,483,390	4,735,762	4,735,762
Share of profit/(loss) of equity-accounted investees	368,830	1,192,612	291,708
Translation reserve	(16,115)	(196,319)	(2,564)
Share of other comprehensive income of equity-accounted investees	13,407	(28,311)	(5,773)
Increase/(decrease) (dividends, in-kind contributions, redemptions, impairment losses, sale)	129,140	(220,354)	5,128
Carrying amount of investments in subsidiaries at end of period	5,978,652	5,483,390	5,024,261

The share of profit/(loss) of equity-accounted investees for the period from 1 January to 31 March 2024 was PLN 368,830 thousand, reflecting mainly revenue from recoveries and revaluation of recovery

projections for debt portfolios owned by the investees, net of costs (same period of the previous year: PLN 291,708 thousand; from 1 January to 31 December 2023: PLN 1,192,612 thousand).

PLN '000	Country	Ownership interest and share in total voting rights (%)		
		31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
SeCapital S.à r.l. ¹	Luxembourg	100%	100%	100%
Novum Finance Sp. z o.o. ¹	Poland	100%	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%	100%
Kancelaria Prawna RAVEN P.Krupa Sp. k.	Poland	98%	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%	100%
Prokura NFW FIZ (formerly Prokura NS FIZ) ¹	Poland	100%	100%	100%
InvestCapital Ltd ¹	Malta	100%	100%	100%
RoCapital IFN S.A. ¹	Romania	100%	100%	100%
Kruk Deutschland GmbH	Germany	100%	100%	100%
KRUK Italia S.r.l.	Italy	100%	100%	100%
ItaCapital S.r.l.	Italy	100%	100%	100%
KRUK Espana S.L.	Spain	100%	100%	100%
ProsperoCapital S.a.r.l. (in liquidation) ³	Luxembourg	-	-	-
Presco Investments S.a.r.l.	Luxembourg	100%	100%	100%
Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ) ¹	Poland	100%	100%	100%
Elleffe Capital S.r.l. ⁴	Italy	-	-	100%
Bison NFW FIZ (formerly Bison NS FIZ)	Poland	100%	100%	100%
Corbul S.r.l. ²	Romania	n/a	n/a	n/a
AgeCredit S.r.l.	Italy	100%	100%	100%
Wonga.pl Sp. z o.o.	Poland	100%	100%	100%
Gantoi, Furculita Si Asociatii S.p.a.r.l. ²	Romania	n/a	n/a	n/a
Kruk Investimenti s.r.l.	Italy	100%	100%	100%
Zielony Areał Sp. z o.o.	Poland	100%	100%	100%
KRUK TECH s.r.l. ¹	Romania	100%	100%	100%
Kruk Immobiliare S.r.l.	Italy	100%	100%	-

¹ Subsidiaries in which the Company indirectly holds 100% of the share capital.

² KRUK S.A. controls the company through a personal link.

³ The company was dissolved through liquidation on 31 March 2023.

⁴ The subsidiary was sold on 20 September 2023.

8.11. Trade and other receivables

PLN '000	31 Mar 2024 unaudited	31 Dec 2023
Trade receivables from related entities	24,571	33,932
Trade receivables from other entities	2,063	2,582
	<u>26,634</u>	<u>36,514</u>

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Other receivables from related entities	5,449	4,656
Other receivables from other entities	5,249	6,954
Employee loans	-	54
	<u>10,698</u>	<u>11,664</u>

8.12. Cash and cash equivalents

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Cash in hand	43	3
Cash in current accounts	26,142	7,640
Term deposits	90,000	220,000
	<u>116,185</u>	<u>227,643</u>

8.13. Trade and other payables

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Trade and other payables to related entities	15,452	10,606
Trade payables to other entities	12,411	15,830
Deferred income	5,295	5,296
Other liabilities	2,195	2,215
Accrued expenses	167	1,394
Taxes, customs duties, insurance and other benefits payable	113	111
	<u>35,633</u>	<u>35,452</u>

8.14. Employee benefit obligations

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Social benefit obligations	12,259	9,189
Salaries and wages payable	9,579	16,833
Provision for accrued holiday entitlements	9,364	7,982
Personal income tax	2,766	3,101
Liabilities under employee savings plans	670	553
Special accounts	494	538
	<u>35,132</u>	<u>38,196</u>

Change in provision for accrued holiday entitlements

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023
At beginning of period	7,982	6,213
Increase	4,449	8,347
Use	(3,067)	(6,578)
At end of period	9,364	7,982

8.15. Provisions

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Provision for tax inspection outcome	28,554	28,554
Provision for the loyalty scheme	10,634	10,871
Provision for retirement gratuities	1,385	1,385
	40,573	40,810

Changes in provisions for retirement gratuities, the loyalty scheme and tax inspection outcome

<i>PLN '000</i>	Provision for retirement gratuities	Provision for the loyalty scheme	Provision for tax inspection outcome
Carrying amount as at 1 Jan 2023	907	11,746	-
Increase	478	402	28,554
Use	-	(1,277)	-
Carrying amount as at 31 Dec 2023	1,385	10,871	28,554
Carrying amount as at 1 Jan 2024	1,385	10,871	28,554
Increase	-	192	-
Use	-	(429)	-
Carrying amount as at 31 Mar 2024	1,385	10,634	28,554

In connection with the ongoing inspection of corporate income tax settlements for 2018–2020 conducted by the Customs and Tax Office in Kraków, Kruk S.A. has recognised a provision totalling PLN 28,554 thousand to settle a potential tax underpayment for the years under review and subsequent years, together with interest, in its profit or loss for 2023. The procedure may result in a change of the methodology for determining transfer prices between related parties with respect to the management and collection services performed by the Company for its related parties. For many years, the Company has consistently applied the comparable uncontrolled price (CUP) method to determine the consideration due for its management and collection services. The Customs and Tax Office has pointed to the need to change this approach to the cost-plus method, which seeks to cover the service cost and add an appropriate mark-up. As at the date of issue of this interim report, the Company did not receive any inspection report. The provision recognised in 2023 is an estimate made by the Management Board based on a scenario analysis.

8.16. Earnings per share

Separate net profit attributable to owners of the Company

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
Net profit for period	338,334	983,934	234,401
Net profit attributable to owners of the Company	338,334	983,934	234,401

Basic earnings per share

<i>thousands of shares</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
Number of ordinary shares as at 1 Jan	19,319	19,319	19,319
Effect of cancellation and issue	-	-	-
Weighted average number of ordinary shares at end of reporting period	19,319	19,319	19,319
<i>PLN</i>			
Earnings per share	17.51	50.93	12.13

Diluted separate earnings per share

<i>thousands of shares</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
Weighted average number of ordinary shares at end of reporting period	19,319	19,319	19,319
Effect of issue of unregistered shares not subscribed for	1,121	1,024	809
Weighted average number of ordinary shares at end of reporting period (diluted)	20,440	20,343	20,128
<i>PLN</i>			
Earnings per share (diluted)	16.55	48.37	11.65

Dividend per share paid

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
Dividend paid from profit and retained earnings	-	289,782	-
<i>PLN</i>			
Dividend per share	-	15.00	-

9. Current and non-current items of the statement of financial position

PLN '000

	Note	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Assets				
Non-current assets				
Property, plant and equipment		31,863	35,348	36,459
Intangible assets		27,509	29,427	29,290
Hedging instruments	8.9.	93,747	82,848	38,535
Equity-accounted investments in subsidiaries	8.10.	5,978,652	5,483,390	5,024,261
Investments	7.	1,250,125	1,157,433	474,229
Total non-current assets		7,381,896	6,788,446	5,602,774
Current assets				
Inventories	7.	14,041	14,562	14,721
Investments	7.	266,242	275,085	38,546
Trade receivables from related entities	8.11.	24,571	33,932	28,782
Trade receivables from other entities	8.11.	2,063	2,582	3,431
Other receivables	8.11.	10,698	11,664	11,559
Income tax receivable		6,785	16,232	15,685
Hedging instruments	8.9.	22,394	15,580	3,426
Cash and cash equivalents	8.12.	116,185	227,643	23,571
Other assets		10,016	8,787	8,926
Total current assets		472,995	606,067	148,647
Total assets		7,854,891	7,394,513	5,751,421
Equity and liabilities				
Equity				
Share capital		19,319	19,319	19,319
Share premium		358,506	358,506	358,506
Hedge reserve	8.9.	88,189	62,774	37,762
Translation reserve		(111,986)	(95,871)	97,884
Share of other comprehensive income of equity-accounted investees		5,007	(8,400)	14,138
Other capital reserves		176,259	171,847	154,514
retained earnings		3,621,552	3,283,218	2,823,467
Total equity		4,156,846	3,791,393	3,505,590
Non-current liabilities				
Deferred tax liability	8.7.	190,298	202,307	226,193
Provisions	8.15.	11,868	12,105	12,495
Borrowings, other debt securities and leases	8.8.	2,987,946	2,953,262	1,617,376
Hedging instruments	8.9.	12,048	20,883	-
Total non-current liabilities		3,202,160	3,188,557	1,856,064
Current liabilities				
Provisions	8.15.	28,705	28,705	51
Borrowings, other debt securities and leases	8.8.	396,415	312,210	327,755
Trade and other payables	8.13.	35,633	35,452	34,088
Employee benefit obligations	8.14.	35,132	38,196	27,873
Total current liabilities		495,885	414,563	389,767
Total liabilities		3,698,045	3,603,120	2,245,831
Total equity and liabilities		7,854,891	7,394,513	5,751,421

Current and non-current items of the statement of financial position are presented based on cash flows expected as at the reporting date.

10. Management of risk arising from financial instruments

The Company is exposed to the following risks related to the use of financial instruments:

- credit risk,
- liquidity risk,
- market risk.

This note presents condensed information on the Company's exposure to each type of the above risks, the Company's objectives, policies and procedures for measuring and managing the risks. For a full description of the risk management, see the Company's most recent full-year separate financial statements.

Key risk management policies

The Management Board is responsible for establishing risk management procedures and for overseeing their application.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed on a regular basis, to reflect changes in market conditions and the Company's activities. Using such tools as training, management standards and procedures, the Company seeks to build a stimulating and constructive control environment, in which all employees understand their respective roles and responsibilities.

10.1. Credit risk

Credit risk is the risk of financial loss to the Company if a business partner or a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is chiefly associated with loans advanced by the Company, receivables for the services provided by the Company and purchased debt portfolios.

Credit risk exposure

Carrying amounts of financial assets reflect the maximum exposure to credit risk. Maximum exposure to credit risk as at the end of the reporting periods:

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Loans to related parties	1,484,900	1,400,771
Cash and cash equivalents	116,185	227,643
Hedging instruments	116,141	98,428
Trade and other receivables, net of tax receivable	34,404	44,975
Investments in debt portfolios	31,467	31,747
	1,783,097	1,803,564

Maximum exposure to credit risk by geographical segment as at the end of the reporting periods:

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Malta	980,102	887,126
Poland	680,976	780,168
Romania	61,042	67,249
Czech Republic and Slovakia	60,977	69,021
	1,783,097	1,803,564

Credit risk exposure – Investments in debt portfolios

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Portfolio type		
Unsecured retail portfolios	31,168	31,370
Unsecured corporate portfolios	299	377
	31,467	31,747

10.2. Liquidity risk

Liquidity risk is the risk of the Company's failure to pay its liabilities when due.

Liquidity risk management aims to ensure that the Company has sufficient liquidity to pay its liabilities as they fall due, without exposing the Company to a risk of loss or impairment of its reputation. The main objective of liquidity management is to protect the Company against the loss of ability to pay its liabilities.

The Company has a liquidity management policy in place, which includes rules for contracting debt finance, preparing analyses and projections of the Company's liquidity, and monitoring the performance of obligations under credit facility agreements.

The Company's liquidity position is monitored on a regular basis by analysing sensitivity to changes in the projected level of recoveries from debt portfolios.

In accordance with the liquidity management policy effective as at the date of issue of these financial statements, the following conditions must be met by the Company before new debt can be incurred:

- the debt can be repaid from the Company's own assets;
- incurring the debt will not result in exceeding the financial covenants stipulated in facility agreements and terms and conditions of bonds.

Exposure to liquidity risk

As at 31 March 2024 unaudited PLN '000	Present value	Undiscounted contractual/ estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
Non-derivative financial assets and liabilities							
Cash and cash equivalents	116,185	116,185	116,185	-	-	-	-
Trade and other receivables, net of tax receivable	34,404	34,404	34,404	-	-	-	-
Investments in debt portfolios*	31,467	114,626	11,844	10,209	17,510	36,529	38,534
Loans to related parties	1,484,900	1,831,877	47,161	277,479	167,471	1,339,766	-
Secured borrowings	(422,985)	(496,470)	(14,945)	(46,326)	(99,094)	(336,105)	-
Liabilities under debt securities (unsecured)	(2,938,872)	(4,121,473)	(164,234)	(305,862)	(470,243)	(2,695,759)	(485,375)
Lease liabilities	(22,504)	(23,791)	(9,457)	(7,011)	(5,652)	(1,671)	-
Trade and other payables	(30,058)	(30,058)	(30,058)	-	-	-	-
	(1,747,463)	(2,574,700)	(9,100)	(71,511)	(390,008)	(1,657,240)	(446,841)
Off-balance-sheet contingent liabilities							
Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries**	(4,246,748)	(4,246,748)	(4,191,848)	-	-	(54,900)	-
	(5,994,211)	(6,821,448)	(4,200,948)	(71,511)	(390,008)	(1,712,140)	(446,841)

As at 31 Dec 2023

PLN '000

	Present value	Undiscounted contractual/ Estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
Non-derivative financial assets and liabilities							
Cash and cash equivalents	227,643	227,643	227,643	-	-	-	-
Trade and other receivables, net of tax receivable	44,975	44,975	44,975	-	-	-	-
Investments in debt portfolios*	31,747	112,069	12,281	10,242	17,342	35,535	36,669
Loans to related parties	1,400,771	1,727,662	43,639	286,143	121,914	1,275,966	-
Secured borrowings	(386,787)	(462,789)	(40,668)	(33,737)	(101,856)	(286,528)	-
Liabilities under debt securities (unsecured)	(2,851,202)	(4,012,618)	(159,822)	(160,134)	(445,792)	(2,626,389)	(620,481)
Lease liabilities	(27,483)	(29,180)	(10,056)	(8,870)	(8,233)	(2,021)	-
Trade and other payables	(28,651)	(28,651)	(28,651)	-	-	-	-
	<u>(1,588,987)</u>	<u>(2,420,889)</u>	<u>89,341</u>	<u>93,644</u>	<u>(416,625)</u>	<u>(1,603,437)</u>	<u>(583,812)</u>
Off-balance-sheet contingent liabilities							
Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries**	(4,658,995)	(4,658,995)	(4,604,095)	-	-	(54,900)	-
	<u>(6,247,982)</u>	<u>(7,079,884)</u>	<u>(4,514,754)</u>	<u>93,644</u>	<u>(416,625)</u>	<u>(1,658,337)</u>	<u>(583,812)</u>

* *Estimated cash flows.*

** *Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries have been disclosed in nominal amounts. The surety amounts are equal to 150% of the respective debt amounts. The contingent liabilities will become actual liabilities at the time of failure to meet the respective covenants, default in payment of the debt. As at 31 March 2024 and 31 December 2023, KRUK S.A. found no indications suggesting that its contingent liabilities under guarantees/sureties could become actual liabilities.*

The above amounts do not include expenditure on and recoveries from future purchased debt portfolios and future operating expenses which will be necessary to obtain proceeds from financial assets.

The liquidity concentration risk is defined by the Company as the risk arising from cash flows under individual financial instruments.

Contractual/estimated cash flows were determined based on interest rates effective as at 31 March 2024 and 31 December 2023, respectively.

The Company does not expect the projected cash flows discussed in the maturity analysis to occur significantly earlier than assumed or in amounts materially different from those presented.

As at 31 March 2024, the undrawn revolving credit facility limit available to the Company was PLN 229,904 thousand (31 December 2023: PLN 207,855 thousand). The limit is available until 31 December 2028.

10.3. Market risk

Market risk is the risk of impact of changes in market prices, such as foreign exchange rates and interest rates on the Company's results or on the value of financial instruments held and investments made by the Company. The objective behind market risk management is to maintain and control the Company's exposure to currency and interest rate risks within assumed limits so as to:

- maintain a stable financial position in the long-term;
- mitigate the liquidity risk;
- reduce the impacts of market risk on profit or loss;
- mitigate the risk of non-compliance with financial covenants under credit agreements and bond issue prospectuses.

Exposure to currency risk

The Company's currency risk exposure, determined as the net carrying amount of the financial instruments denominated in foreign currencies based on the exchange rates effective at the end of the reporting period, is presented below:

PLN '000	Exposure to currency risk					
	31 Mar 2024 unaudited			31 Dec 2023		
	EUR	RON	CZK	EUR	RON	CZK
Cash	5,742	600	51	497	1,124	897
Investments in debt portfolios	123	25,334	608	158	25,223	787
Loans to related parties	1,019,781	35,671	20,643	945,986	26,515	24,766
Borrowings, other debt securities and leases	(1,012,636)	-	-	(912,096)	-	-
Exposure to currency risk	13,010	61,605	21,302	34,545	52,862	26,450

Analysis of sensitivity of currency risk exposure to +10% increase in exchange rates

PLN '000	Analysis of sensitivity of currency risk exposure to +10% increase in exchange rates					
	31 Mar 2024 unaudited			31 Dec 2023		
	EUR	RON	CZK	EUR	RON	CZK
Cash	574	60	5	50	112	90
Investments in debt portfolios	12	2,533	61	16	2,522	79
Loans to related parties	101,978	3,567	2,064	94,599	2,652	2,477
Borrowings, other debt securities and leases	(101,264)	-	-	(91,210)	-	-
Exposure to currency risk	1,300	6,160	2,130	3,455	5,286	2,646

Analysis of sensitivity of currency risk exposure to 10% decrease in exchange rates

PLN '000	31 Mar 2024 unaudited			31 Dec 2023		
	EUR	RON	CZK	EUR	RON	CZK
	Cash	(574)	(60)	(5)	(50)	(112)
Investments in debt portfolios	(12)	(2,533)	(61)	(16)	(2,522)	(79)
Loans to related parties	(101,978)	(3,567)	(2,064)	(94,599)	(2,652)	(2,477)
Borrowings, other debt securities and leases	101,264	-	-	91,210	-	-
Exposure to currency risk	(1,300)	(6,160)	(2,130)	(3,455)	(5,286)	(2,646)

Currency concentration risk is defined by the Company as the risk arising from significant exposure to individual financial instruments denominated in RON, CZK, and EUR.

As at 31 March 2024, financial assets denominated in foreign currencies accounted for 14.1% of total assets, while liabilities denominated in foreign currencies represented 12.9% of total equity and liabilities (31 December 2023: 13.9% and 12.3%, respectively).

The following exchange rates of the key foreign currencies were adopted during the preparation of these financial statements:

PLN	Average exchange rates*		End of period (spot rates)	
	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited	31 Mar 2024 unaudited	31 Dec 2023
	EUR 1	4.3278	4.7005	4.3009
USD 1	3.9794	4.3630	3.9886	3.9350
RON 1	0.8704	0.9532	0.8655	0.8742
CZK 1	0.1729	0.1987	0.1700	0.1759

* Average exchange rates were calculated as the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; from 1 January 2024, the calculation also takes into account the exchange rate from the day ending the previous financial year.

Exposure to interest rate risk

Structure of interest-bearing financial instruments as at the reporting date :

<i>PLN '000</i>	31 Mar 2024 unaudited	31 Dec 2023
Fixed-rate financial instruments*		
Financial assets	824,500	953,462
Financial liabilities	(209,466)	(207,904)
Fixed-rate financial instruments before hedging	<u>615,034</u>	<u>745,558</u>
Hedge effect (nominal amount)	(2,685,644)	(2,635,680)
Fixed-rate financial instruments after hedging	<u>(2,070,610)</u>	<u>(1,890,122)</u>
Variable-rate financial instruments**		
Financial assets	958,597	850,102
Financial liabilities	(3,217,001)	(3,107,102)
Variable-rate financial instruments before hedging	<u>(2,258,404)</u>	<u>(2,257,000)</u>
Hedge effect (nominal amount)	<u>2,685,644</u>	<u>2,635,680</u>
Variable-rate financial instruments after hedging	<u>427,240</u>	<u>378,680</u>

* Fixed-rate financial assets comprise investments in debt portfolios, trade and other receivables less tax receivables, cash and cash equivalents as well as a fixed-rate loan advanced to a related entity. Fixed-rate financial liabilities comprise trade and other payables, as well as liabilities under fixed-rate debt securities.

** Variable-rate financial assets comprise variable-rate loans advanced to related parties. Variable-rate financial liabilities comprise secured borrowings, liabilities under variable-rate debt securities and lease liabilities.

Derivatives and hedging instruments are presented as variable interest rate financial instruments.

11. Fair values

Comparison of fair values and carrying amounts

The table below presents a comparison between fair values of financial assets and liabilities and values presented in the statement of financial position.

PLN '000	31 Mar 2024 unaudited		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets and liabilities measured at fair value				
Hedging instruments (IRS)	(4,103)	(4,103)	(11,711)	(11,711)
Hedging instruments (CIRS)	108,196	108,196	89,256	89,256
	104,093	104,093	77,545	77,545
Financial assets and liabilities not measured at fair value				
Investments in debt portfolios	31,467	32,880	31,747	33,021
Loans to related parties	1,484,900	1,484,900	1,400,771	1,400,771
Trade and other receivables, net of tax receivable	34,404	34,404	44,975	44,975
Trade and other payables	(30,058)	(30,058)	(28,651)	(28,651)
Secured borrowings	(422,985)	(422,985)	(386,787)	(386,787)
Liabilities under debt securities (unsecured)	(2,938,872)	(3,044,672)	(2,851,202)	(2,869,113)
	(1,841,144)	(1,945,531)	(1,789,147)	(1,805,784)

Interest rates used for fair value estimation

	31 Mar 2024 unaudited	31 Dec 2023
Investments in debt portfolios*	8.83%-128.94%	8.32%-128.43%
Secured borrowings	4.39%-8.58%	4.41%-8.58%
Loans to related parties	5.91%-12.29%	5.95%-12.28%

* Applicable to 98% of debt portfolios.

Hierarchy of financial instruments at fair value

The table below presents the fair value of financial instruments recognised in the statement of financial position at fair value and at amortised cost. Depending on the level of valuation, the following inputs were used in the valuation models.

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: inputs for given assets and liabilities, other than quoted prices from Level 1, observable directly or indirectly;
- Level 3: inputs that are not based on observable market prices (unobservable inputs).

In 2024–2023, no transfers were made between the levels.

<i>PLN '000</i>	<u>Level 1</u>	
	Carrying amount	Fair value
As at 31 March 2024, unaudited		
Liabilities under debt securities (unsecured)	(2,938,872)	(3,044,672)
As at 31 December 2023		
Liabilities under debt securities (unsecured)	(2,851,202)	(2,869,113)

The fair value of financial liabilities under debt securities is determined based on their prices on the Catalyst market as at the last day of the reporting period.

<i>PLN '000</i>	<u>Level 2</u>	
	Carrying amount	Fair value
As at 31 March 2024, unaudited		
Hedging instruments (IRS)	(4,103)	(4,103)
Hedging instruments (CIRS)	108,196	108,196
As at 31 December 2023		
Hedging instruments (IRS)	(11,711)	(11,711)
Hedging instruments (CIRS)	89,256	89,256

The fair value of derivative and hedging instruments is determined on the basis of future cash flows from the executed transactions, calculated on the basis of the difference between the forecast 3M WIBOR and 3M WIBOR as at the transaction date. To determine the fair value, the Company uses a 3M WIBOR forecast provided by an external company.

<i>PLN '000</i>	<u>Level 3</u>	
	Carrying amount	Fair value
As at 31 March 2024, unaudited		
Investments in debt portfolios	31,467	32,880
Loans to related parties	1,484,900	1,484,900
Trade and other receivables, net of tax receivable	34,404	34,404
Trade and other payables	(30,058)	(30,058)
Secured borrowings	(422,985)	(422,985)
As at 31 December 2023		
Investments in debt portfolios	31,747	33,021
Loans to related parties	1,400,771	1,400,771
Trade and other receivables, net of tax receivable	44,975	44,975
Trade and other payables	(28,651)	(28,651)
Secured borrowings	(386,787)	(386,787)

The fair value of investments in debt portfolios is calculated based on the expected future cash flows related to the debt portfolios, discounted with a rate reflecting the credit risk associated with each portfolio. The rate used for discounting is calculated as an internal rate of return on an investment as at

the date of acquisition of a portfolio and is verified so that it includes the current risk free rate and the current risk premium associated with the credit risk for each portfolio.

The difference between the fair value and the carrying amount calculated using the amortised cost method results from a different methodology for calculating both these amounts. The carrying amount is affected by estimated remaining collections on debt portfolios and the exchange rate as at the reporting date, while the fair value is additionally affected by projected costs of debt collection and the risk-free rate.

The fair value of loans is determined as the present value of future cash flows, with account taken of changes in market and credit risk factors throughout the life of a loan.

The Company uses Level 3 inputs to determine the fair value of trade and other receivables, excluding receivables on account of taxes as well as trade and other payables. Due to their short-term nature, their carrying amount is deemed to be equal to their fair value.

The fair value of financial liabilities under borrowings is determined on the basis of future cash flows from the executed transactions.

12. Related-party transactions

Remuneration of the Company's directors – Management Board

Remuneration of members of the Company's key management personnel:

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Base pay/ managerial contract (gross)	1,750	1,750
Additional benefits (incl. social security contributions)	39	38
Share-based payments	4,412	4,618
	6,201	6,406

Remuneration of the Company's directors – Supervisory Board

Remuneration of members of the Supervisory Board was as follows:

<i>PLN '000</i>	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Base pay/ managerial contract (gross)	300	300
Additional benefits	10	4
	310	304

Other transactions with the Company's directors

As at 31 March 2024, members of the Management Board and persons closely associated with them jointly held 10.1% of total voting rights at the Company's General Meeting (31 December 2023: 10.2%).

Other related-party transactions**Transactions with subsidiaries as at 31 March 2024 and 31 December 2024, and for the periods ended 31 March 2024 and 31 March 2023****Balance of receivables, liabilities and loans from and to subsidiaries as at 31 March 2024 and 31 December 2023**

PLN '000	31 Mar 2024, unaudited							31 Dec 2023						
	Liabilities	Receivables	Loans	Interest accrued on loans advanced	Allowance for expected credit losses	Loans received	Interest accrued on loans received	Liabilities	Receivables	Loans	Interest accrued on loans advanced	Allowance for expected credit losses	Loans received	Interest accrued on loans received
SeCapital S.à.r.l	4,847	-	-	-	-	-	-	4,389	56	-	-	-	-	-
ERIF Business Solutions Sp. z o.o.*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Novum Finance Sp. z o.o.	41	310	69,242	-	(3,165)	-	-	542	-	65,742	-	(2,463)	-	-
Kancelaria Prawna RAVEN P.Krupa Sp. k.	434	2,396	2,500	-	-	-	-	652	5,147	-	-	-	-	-
KRUK Romania S.r.l.	463	1,931	30,725	595	-	-	-	19	1,722	37,073	518	-	-	-
ERIF BIG S.A.*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prokura NFW FIZ (formerly Prokura NS FIZ)	5,202	7,117	-	-	-	-	-	3,922	12,230	-	-	-	-	-
KRUK Česká a Slovenská republika s.r.o.	21	479	59,189	1,058	-	-	-	20	684	66,875	1,201	-	-	-
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	11,278	-	-	-	-	-	-	9,997	-	-	-	-	-
InvestCapital Ltd.	-	847	970,005	10,098	-	-	-	-	1,044	877,887	9,239	-	-	-
KRUK Deutschland GmbH	-	1	-	-	-	-	-	-	2	-	-	-	-	-
Rocapital IFN S.A.	-	32	4,328	99	-	-	-	-	-	4,371	104	-	-	-
KRUK Italia S.r.l.	195	574	-	-	-	8,602	5	94	1,184	-	-	-	-	-
ItaCapital S.r.l.	-	1	-	-	-	-	-	-	-	-	-	-	-	-
KRUK Espana S.L.	5	1,003	-	-	-	17,204	243	-	2,712	-	-	-	15,218	230
Presco Investments S.a.r.l.	4,188	1,934	-	-	-	-	-	888	1,934	-	-	-	-	-
Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ)	10	179	-	-	-	-	-	34	331	-	-	-	-	-
ProsperoCapital S.a.r.l. (in liquidation)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corbul Capital S.r.l	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elleffe Capital S.r.l.***	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bison NFW FIZ (formerly Bison NS FIZ)	-	1,873	-	-	-	-	-	-	1,488	-	-	-	-	-
AgeCredit S.r.l.	-	8	-	-	-	344	4	-	42	-	-	-	348	7
Wonga.pl Sp. z o.o.	44	53	340,226	-	-	-	-	44	12	339,910	6	-	-	-
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	2	-	-	-	-	-	-	2	-	-	-	-	-	-
Kruk Investimenti s.r.l.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zielony Areał Sp. z o.o.	-	4	1,740	-	(1,740)	-	-	-	3	1,740	-	(1,432)	-	-
KRUK TECH s.r.l.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kruk Immobiliare S.r.l.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	15,452	30,020	1,477,955	11,850	(4,905)	26,150	252	10,606	38,588	1,393,598	11,068	(3,895)	15,566	237

Income from intra-group transactions in the periods ended 31 March 2024 and 31 March 2023

PLN '000	1 Jan–31 Mar 2024 unaudited			1 Jan–31 Mar 2023 unaudited		
	Revenue from sale of materials and services	Revenue from credit management services	Interest	Revenue from sale of materials and services	Revenue from credit management services	Interest
SeCapital S.à.r.l	3	8	-	2	13	-
ERIF Business Solutions Sp. z o.o.*	-	-	-	9	-	-
Novum Finance Sp. z o.o.	375	377	1,863	542	402	1,327
Kancelaria Prawna RAVEN P.Krupa Sp. k.	5,182	-	44	3,462	-	13
KRUK Romania S.r.l.	1,340	-	595	1,006	-	554
ERIF BIG S.A.*	-	-	-	67	-	-
Prokura NFW FIZ (formerly Prokura NS FIZ)	1,161	-	-	1,499	-	-
KRUK Česká a Slovenská republika s.r.o.	391	-	1,114	549	-	1,060
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	82	33,033	-	68	33,058	-
InvestCapital Ltd.	9,370	-	21,866	6,482	-	-
KRUK Deutschland GmbH	-	-	-	-	-	-
Rocapital IFN S.A.	32	-	99	-	-	111
KRUK Italia S.r.l.	1,299	-	68	820	-	-
ItaCapital S.r.l.	1	-	-	-	-	-
KRUK Espana S.L.	1,440	-	-	978	-	-
Presco Investments S.a.r.l.	3	162	-	2	256	-
Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ)	-	-	-	-	-	-
ProsperoCapital S.a.r.l. (in liquidation)**	-	-	-	-	-	-
Corbul Capital S.r.l.	-	-	-	-	-	-
Elleffe Capital S.r.l.***	-	-	-	-	-	-
Bison NFW FIZ (formerly Bison NS FIZ)	-	-	-	-	-	-
AgeCredit S.r.l.	23	-	-	18	-	-
Wonga.pl Sp. z o.o.	91	17	10,317	-	13	10,287
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	-	-	-	-	-	-
Kruk Investimenti s.r.l.	-	-	-	-	-	-
Zielony Areal Sp. z o.o.	9	-	35	7	-	27
KRUK TECH s.r.l.	-	-	-	-	-	-
Kruk Immobiliare S.r.l.	-	-	-	-	-	-
	20,802	33,597	36,001	15,511	33,742	13,379

Expenses on intra-group transactions in the periods ended 31 March 2024 and 31 March 2023

PLN '000	1 Jan–31 Mar 2024 unaudited		1 Jan–31 Mar 2023 unaudited	
	Purchase of services	Interest	Purchase of services	Interest
Kancelaria Prawna RAVEN P.Krupa Sp. k.	1,504	-	916	-
KRUK Romania S.r.l.	1,178	-	1,460	-
ERIF BIG S.A.*	-	-	20	39
KRUK Česká a Slovenská republika s.r.o.	59	-	70	-
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	-	-	6	-
KRUK Italia S.r.l.	121	5	-	33
KRUK Espana S.L.	-	243	-	33
Wonga.pl Sp. z o.o.	109	-	-	-
AgeCredit S.r.l.	-	4	-	-
	2,971	252	2,472	105

* Subsidiary sold in the first quarter of 2023.

** Subsidiary liquidated in the first quarter of 2023.

*** Subsidiary sold in the third quarter 2023.

13. Seasonality or cyclicity of business

The Company's operations are not subject to seasonal or cyclical fluctuations.

14. Factors and events, in particular of non-recurring nature, with material bearing on the Company's financial performance

In the three months to 31 March 2024, the Company's interest in subsidiaries generated a profit of PLN 368,830 thousand (in the same period of 2023: PLN 291,708 thousand).

As at 31 March 2024, recoveries from portfolios purchased by KRUK S.A. were PLN 7,439 thousand, a decrease of 11% year on year and a drop of 5% quarter on quarter.

As at 31 March 2024, the Company's investments in debt portfolios accounted for 0.4% of its assets. Equity accounted for 52.9% of the Company's financing sources. As at 31 December 2023, the respective percentages were 0.4% and 51.3%.

Impact of inflation on KRUK S.A.'s business

Inflation has an effect on the Company's costs, in particular on labour costs and indirectly, through higher interest rates, on debt service costs. The impact of inflation on the Company's income is difficult to assess and can be:

- positive, if indebted persons earn regular income its nominal amount increases, enabling them to repay a larger portion of their debt to the Company,
- negative, if inflation leads to an economic downturn, lower incomes, higher unemployment, and debtors ceasing to repay their debt.

Impact of Russia's aggression against Ukraine on KRUK S.A.'s business

Russia's aggression against Ukraine started on 24 February 2022. KRUK S.A. does not possess any assets in Ukraine or Russia, nor does it engage in any business activities in these countries. Therefore, the Company anticipates that any impact of the conflict on its operations will be indirect and minimal.

The situation in Ukraine does not affect the financial statements as at the reporting date or the recognition and measurement of individual items of the statements after the reporting date.

15. Issue, redemption and repayment of non-equity and equity securities

In the period from 1 January to 31 March 2024, the following series of bonds were redeemed in accordance with their respective terms and conditions:

- Series AL2 bonds, with a nominal value of PLN 52,500 thousand, on 2 February 2024 (first tranche);
- Series AG2 bonds, with a nominal value of PLN 25,000 thousand, on 6 February 2024.

From 1 January to 31 March 2024, the Company issued new bonds:

- On 1 February 2024, unsecured AO5EUR bonds with a nominal value of EUR 10,000 thousand were issued. The bonds bear interest at a floating rate based on 3M EURIBOR plus a margin of 4.00pp and mature on 1 February 2029.
- On 12 February 2024, unsecured AO6EUR bonds with a nominal value of EUR 14,000 thousand were issued. The bonds bear interest at a floating rate based on 3M EURIBOR plus a margin of 4.00pp and mature on 1 February 2029.
- On 23 February 2024, unsecured Series AO7 bonds with a nominal value of PLN 70,000 thousand were issued. The bonds bear interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp and mature on 23 February 2029.

On 25 March 2024, Series AO3 and Series AO4 bonds with a total nominal value of EUR 10,000 thousand were assimilated.

After the reporting period, on 19 April 2024, the Management Board of KRUK S.A. passed a resolution to establish the 11th Bond Issue Programme with a total nominal value of up to PLN 900,000 thousand, allowing the Company to issue public bonds. In connection with the Programme, the Company will prepare a base prospectus, which, along with an application for its approval, will be submitted to the Polish Financial Supervision Authority.

16.Dividends paid (or declared)

On 27 March 2024, the Management Board of KRUK S.A. passed a resolution recommending that the Company's Annual General Meeting approve dividend payment to the Company's shareholders of PLN 18.00 per share. The dividend would be distributed from the Company's net profit earned in 2023. The remaining balance of KRUK S.A.'s net profit for 2023 is recommended to be transferred to statutory reserve funds. The dividend recommendation is consistent with the Dividend Policy adopted by the Management Board on 2 December 2021 . The recommendation was endorsed by the Company's Supervisory Board on 27 March 2024.

The recommendation took into account the current financial condition of the KRUK Group, further implementation of the strategy, as well as the Group's plans and growth prospects.

17. Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year

Until the date of issue of this report, there were no movements in contingent liabilities or contingent assets, except for the expiry of guarantees on the stated dates.

Security created over KRUK S.A.'s assets as at 31 March 2024 is presented below:

Type	Beneficiary	Amount	Expiry date	Terms and conditions
Guarantees provided/promissory notes issued				
Surety for PROKURA NFW FIZ's liabilities under the revolving credit facility of 2 July 2015, as amended, between PROKURA NFW FIZ, KRUK S.A. and mBank S.A.	mBank S.A.	PLN 210,000 thousand	No later than 3 July 2030	Prokura NFW FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement
Blank promissory note	Santander Bank Polska S.A.	PLN 162,398 thousand	Until the derivative transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of 13 June 2013, as amended
Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.	Santander Bank Polska S.A.	up to PLN 54,900 thousand*	No later than 31 July 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Annex 3 of 21 June 2018 to the master agreement on the procedure for execution and settlement of treasury transactions
Surety for liabilities of InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S. L. U. and PROKURA NFW FIZ under the revolving multi-currency credit facility agreement of 3 July 2017, as amended, between KRUK S.A., InvestCapital Ltd, Kruk Romania S.R.L., Kruk Espana S.L.U. and PROKURA NFW FIZ (Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A., PEKAO S.A.	DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A., PEKAO S.A.	EUR 862,500 thousand	Until all obligations under the multi-currency revolving credit facility agreement are satisfied	Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement
Blank promissory note	mBank S.A.	PLN 7,500 thousand	Until the transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to pay its liabilities under financial market transactions executed under the master agreement of 7 February 2019

Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 21 September 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 22,320 thousand	No later than 20 September 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 14 December 2021 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 47,190 thousand	No later than 13 December 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NFW FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of 1 February 2022 between PROKURA NFW FIZ, KRUK S.A. and Pekao S.A.	Pekao S.A.	PLN 120,000 thousand	No later than 31 January 2031	Prokura NFW FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement
Surety for PROKURA NFW FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 22 August 2022 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 55,440 thousand	No later than 21 August 2030	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for InvestCapital Ltd's obligations to BANKINTER S.A. of Madrid, under the direct debit collection management contract between BANKINTER S.A. and InvestCapital Ltd. dated 7 July 2022.	BANKINTER S.A.	EUR 1,600 thousand	Until all obligations under the direct debit collection management contract of 7 July 2022 are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of 7 July 2022.
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 8 February 2024 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 58,950 thousand	No later than 7 February 2032	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Guarantees obtained				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	DEVCO Sp. z o.o.	EUR 325 thousand and PLN 245 thousand	No later than 30 December 2024	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee

*as at 31 March 2024, InvestCapital Ltd had no liabilities subject to a surety.

Credit sureties or guarantees, security pledges

On 19 December 2023, an agreement amending the revolving credit facility agreement of 2 July 2015, as amended, was executed between Prokura NFW FIZ, KRUK S.A. and mBank S.A. of Warsaw. The facility limit was increased up to PLN 140,000 thousand and the availability period of the facility was extended until 18 December 2028.

Accordingly:

- on 10 January 2024, an agreement amending the financial pledge agreement of 2 July 2015 was executed between Prokura NFW FIZ and mBank S.A. under which the security period was extended until 18 December 2031,
- on 10 January 2024, an agreement amending the surety agreement of 2 July 2015 was executed between mBank S.A. and KRUK S.A. under which the surety amount was increased to PLN 210,000 thousand and the surety expiry date was extended until 18 December 2031,
- on 11 January 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210,000 thousand, which will expire on or before 19 December 2031,
- on 12 January 2024, Prokura NFW FIZ provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210,000 thousand, which will expire on or before 19 December 2031,
- on 12 January 2024, an agreement amending the agreement on registered pledge over a set of rights of 20 March 2023 was executed between Prokura NFW FIZ and mBank S.A. under which the maximum secured amount was increased to PLN 210,000 thousand,
- additionally, on 11 January 2024, Prokura NFW FIZ entered into an agreement with mBank S.A. to create a registered pledge over a pool of rights (debt portfolios held by Prokura NFW FIZ) in order to secure the payment of liabilities under the agreement. The pledge was created up to the maximum amount of PLN 210,000 thousand.

As at 31 March 2024, the value of all portfolios pledged in favour of mBank S.A. was PLN 243,449 thousand.

On 28 December 2023, a revolving credit facility agreement was executed between KRUK S.A. and Alior Bank S.A. The facility of up to PLN 100,000 thousand was granted until 31 December 2028. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement:

- on 11 January 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before 31 December 2031,
- on 14 February 2024, an agreement was executed between KRUK S.A. and Alior Bank S.A. to create a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 150,000 thousand.

On 8 February 2024, a non-revolving working capital facility agreement was executed between Prokura NFW FIZ, KRUK S.A. and PKO BP S.A. of Warsaw. The facility of up to PLN 39,300 thousand was granted until 7 February 2029. In order to secure the repayment of Prokura NFW FIZ's liabilities under the agreement:

- on 8 February 2024, an agreement amending the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between Prokura NFW FIZ and PKO BP S.A.,
- on 8 February 2024, an agreement amending the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between KRUK S.A. and PKO BP S.A.,
- on 8 February 2024, a surety agreement was executed between KRUK S.A. and PKO BP S.A. under which KRUK S.A. provided a surety for the borrower's liabilities of up to PLN 58,950 thousand,
- on 14 February 2024, Prokura NFW FIZ and KRUK S.A. provided declarations on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 58,950 thousand, which will expire on or before 7 February 2032.

As at 31 March 2024, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 132,638 thousand.

On 28 February 2024, a revolving working capital facility agreement was executed between KRUK S.A. and VeloBank S.A. of Warsaw. The facility of up to PLN 118,000 thousand was granted until 28 February 2029. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement, on 7 March 2024:

- KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 177,000 thousand, which will expire on or before 1 March 2031,
- an agreement was executed between KRUK S.A. and VeloBank S.A. creating a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 177,000 thousand.

On 28 February 2024, an agreement amending the non-revolving working capital facility agreement of 22 December 2021 was executed between KRUK S.A. and VeloBank S.A. of Warsaw, extending the availability period of the facility until 31 December 2028. In order to secure the repayment of liabilities arising under the agreement, on 7 March 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before 31 December 2030.

In connection with a PLN 60,000 thousand share capital cancellation at InvestCapital Ltd., carried out on 14 September 2023, on 14 September 2023 KRUK S.A. issued a corporate guarantee of up to PLN 60,000 thousand for the benefit of InvestCapital Ltd. The guarantee expired on 9 January 2024. The purpose of the guarantee was to secure the interests of InvestCapital Ltd.'s creditors, who could challenge the share cancellation by 9 January 2024.

In connection with a PLN 180,000 thousand share capital cancellation at InvestCapital Ltd., carried out on 22 September 2023, on 22 September 2023 KRUK S.A. issued a corporate guarantee of up to PLN 180,000 thousand for the benefit of InvestCapital Ltd. The guarantee expired on 9 January 2024. The purpose of the guarantee was to secure the interests of InvestCapital Ltd.'s creditors, who could challenge the share cancellation by 9 January 2024.

After the reporting date, on 26 April 2024, all amounts due under the credit facility agreement executed between KRUK S.A. and VeloBank S.A. (formerly Getin Noble Bank S.A.) on 31 March 2014 were fully prepaid. Under the agreement, the final repayment date was 1 May 2024.

18. Events subsequent to the reporting date not disclosed in these financial statements but potentially having a material bearing on the Company's future performance

After 31 March 2024, there were no events with a potential material bearing on the Company's future performance.

Piotr Krupa

President of the Management Board

Urszula Okarma

Member of the Management Board

Piotr Kowalewski

Member of the Management Board

Adam Łodygowski

Member of the Management Board

Michał Zasepa

Member of the Management Board

Sylwia Bomba

Person keeping the accounting records

Hanna Stempień

Prepared by

Wrocław, 7 May 2024