



QUARTERLY REPORT – PART III

Additional information on the operations
of the KRUK Group

for the period from January 1st to March 31st 2023

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KEY ACHIEVEMENTS IN THE THREE MONTHS TO MARCH 31ST 2023



New portfolio purchases

PLN 524m

+100%



Recoveries

PLN 724m

+16%



Cash EBITDA

PLN 530m

+19%



Net profit

PLN 235m

+4%



ROE

23%

(28%)



Profit margin

38%

(45%)



Net debt/cash EBITDA

2.0

(1.6)



Net debt/equity

1.1

(0.9)

	Mar 31 2023 (PLNm)	Mar 31 2022 (PLNm)	change	Mar 31 2023 (EURm)	Mar 31 2022 (EURm)
Expenditure on debt portfolios	524	262	100%	112	56
Gross recoveries	724	623	16%	154	134
Carrying amount of purchased portfolios	7,100	5,265	35%	1,519	1,132
Estimated remaining collections	14,469	10,318	83%	3,095	2,218
Total revenue ¹	615	545	13%	131	117
Revenue from purchased portfolios	538	493	9%	114	106
EBIT	329	306	8%	70	66
EBITDA ²	344	317	8%	73	68
Cash EBITDA ³	530	447	19%	113	96
Net profit	235	244	-4%	50	52
Basic EPS (PLN EUR)	12.13	12.83	-5%	2.58	2.76
Diluted EPS (PLN EUR)	11.65	12.40	-6%	2.48	2.67
ROE ⁴	23%	28%	-	-	-
Interest-bearing net debt to equity ratio	1.1	0.9	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.0	1.6	-	-	-
Cash EBITDA to interest on debt	9.1	14.8	-	-	-

¹ Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income.

² EBITDA = EBIT + depreciation and amortisation. ³ Cash EBITDA = EBITDA - revenue from purchased debt portfolios + recoveries from purchased portfolios. ⁴ ROE = (net profit)/(equity) LTM. Source: Company



23%
highest ROE among the world's
largest listed debt collection
companies



**Presence in 7
geographical markets**
with operating history of seven
years or longer



Ethical Audit Certificate
for KRUK S.A. from ZPF



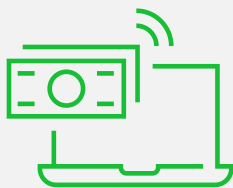
Credit rating
from Moody's **Ba1**
from S&P **BB-**
one of the best ratings among debt
collection companies worldwide



KRUK S.A.
celebrates in 2023



**1.1 net debt to equity
ratio**
KRUK is one of the least
leveraged companies within
the industry



Discovery Programme
digital transformation of the KRUK
Group



e-KRUK growth (10% increase
in number of users since
December 2022)



at KRUK Group
62% of senior managerial
positions held by women

1 The Group's material achievements or failures in the reporting period, along with the most significant events related to those achievements or failures

1.1 First-quarter 2023 results

Net profit and return on equity (ROE)

In the three months ended March 31st 2023, the Group's net profit came in at PLN 235m, a figure comparable to net profit earned in the corresponding period of 2022, which amounted to PLN 244m (-4% year on year). Cash EBITDA for the three months to March 31st 2023 came in at PLN 530m, having improved 19% year on year.

As at March 31st 2023, return on equity for the last 12 months was 23%, compared with 28% the year before.

Revenue

In the three months ended March 31st 2023, the KRUK Group generated PLN 615m in revenue, up by 13% (PLN +70m) year on year. Revenue from purchased debt portfolios amounted to PLN 538m, up by 9% (PLN +44m) year on year. The largest increases were recorded in the Spanish market (PLN +40m, or +196%) and Italian market (PLN +28m, or +35%).

The revaluation of projected recoveries booked by the Group totalled PLN 87m, compared with PLN 135m in the previous year. 70% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months ended March 31st 2023 was attributable to a revision of projected recoveries for the next 33 months.

In addition, the increase in the Group's revenue reflected mainly an increase in Wonga's revenue (PLN +9m, or +36%), as well as the result on the sale of two Group companies on January 24th 2023: ERIF BIG S.A. and EBS Sp. z o.o. (total revenue from the transaction amounted to PLN 15m).

Costs of operations

In the three months to March 31st 2023, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 271m, having increased by PLN 44m (19%) year on year. The increase was driven mainly by a rise in employee costs and salaries (up PLN 24m year on year), as well as court and bailiff fees (up PLN 19m year on year).

Finance costs

Net finance costs amounted to PLN 61m, having gone up by PLN 21m on the three months to March 31st 2022 was attributable to higher debt (PLN +1,153m y/y¹) and higher 1M/3M WIBOR rates (a rise from 4.12%/4.77% in March 2022 to 6.84%/6.89% in March 2023) and 1M/3M EURIBOR rates (a rise from -0.53%/-0.46% to 2.92%/3.04% y/y). IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 2,552m) represented 64% of the Group's total debt as at March 31st 2023. Debt affected by the change in the WIBOR rate accounted for 9% (PLN 367m) and debt affected by the change in the EURIBOR rate debt – for 27% (PLN 1,092m) of the Group's total debt as at March 31st 2023.

¹ Debt reported at nominal values

Purchased debt portfolios

Recoveries from purchased portfolios

Recoveries from purchased portfolios posted by the KRUK Group for the three months ended March 31st 2023 totalled PLN 724m, up by 16% year on year and 4% quarter on quarter. It was the highest level of recoveries ever recorded by the KRUK Group for a three-month period, with over half of that amount collected in its foreign markets. The year-on-year increase of PLN 102m was attributable mainly to PLN 46m growth in recoveries on the Italian market (up 48% year on year), PLN 24.5m growth in recoveries on the Spanish market (up 54% year on year), and PLN 22m growth in recoveries on the Romanian market (up 15% year on year).

Table 1. Recoveries from purchased portfolios, by market

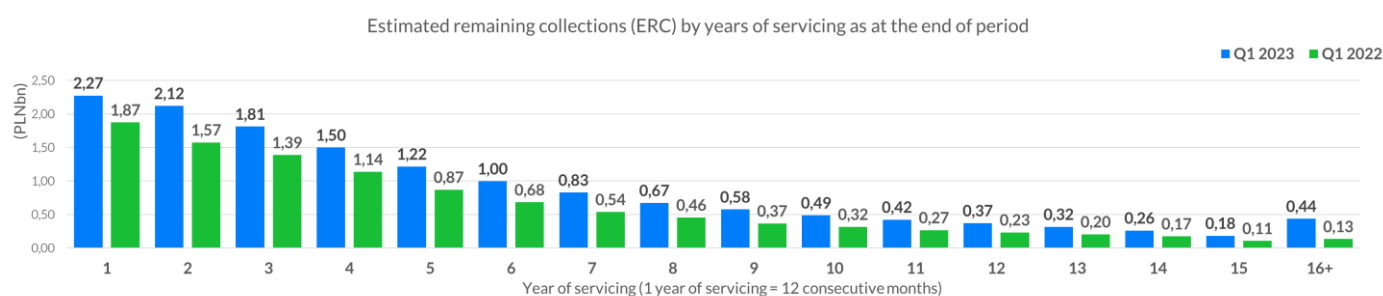
	Recoveries in Q1 2023 PLNm	Share of total recoveries	Recoveries in Q1 2022 PLNm	Share of total recoveries	Change y/y
Poland	322	44%	312	50%	3%
Romania	167	23%	145	23%	15%
Italy	142	20%	96	16%	48%
Spain	69	10%	45	7%	54%
Other markets	24	3%	25	4%	-3%
KRUK Group	724	100%	623	100%	16%

New portfolio purchases

The amount spent on debt portfolios was the highest amount of investments in debt portfolios ever made by the KRUK Group over the first three months of a year. Total expenditure on debt portfolios in the three months ended March 31st 2023 was PLN 524m, up by 100% from PLN 262m in the corresponding period of the previous year. In the reporting period, the Group invested primarily in unsecured retail debt, which represented as much as 93% of new portfolios. Some of the purchases were made under forward flow agreements entered into in previous years, ensuring a continuous inflow of new debt cases for the Group in the coming quarters. The Group purchased debt portfolios in each of its operating markets, with Italy and Poland accounting for the largest share of total investments made in the three months to March 31st 2023. The aggregate nominal value of purchased debt portfolios was PLN 2,838m, 29% more than in the same period of 2022.

Estimated remaining collections

Estimated remaining collections (ERC) as at March 31st 2023 were PLN 14.5bn, up PLN 700m, or 5%, on December 31st 2022. The increase was driven, among other factors, by investments of PLN 524m in debt portfolios with a nominal value of PLN 2.8bn made in Q1 2023, and a revaluation of projected recoveries as at the end of March 2023, with a discounted value of PLN 87m. A detailed ERC timing for debt portfolios is presented in the charts below.



Credit management services

Revenue from fee-based credit management services in the three months to March 31st 2023 amounted to PLN 16m, up 2% year on year, following the Group's decision to discontinue the provision of such services in Romania as of January 2023 and shift all focus to debt purchases. In the countries where the Group continues its credit management business, revenue grew year on year.

Consumer loans (Novum and Wonga)

In the three months to March 31st 2023, the KRUK Group companies advanced 53.6 thousand cash loans, compared with 55.6 thousand the year before. From January to March 2023, the principal amount of loans advanced was PLN 127m (PLN 154m the year before). The number of Novum cash loans advanced in Poland and Romania was 3.8 thousand, with a principal amount of PLN 18.8m. As for Wonga.pl, it disbursed 50 thousand cash loans in Poland, with a net amount of PLN 108m.

Wonga's revenue reached PLN 36m, up 36% year on year, whereas Novum's revenue was PLN 6.5m, up 12% on the first three months of 2022.

Credit reference (ERIF BIG)

Following the sale of 100% of shares in ERIF BIG and 100% of shares in ERIF EBS, as of January 24th 2023 the KRUK Group ceased to operate any credit reference agency. In the period from January 1st to January 24th 2023, revenue generated by credit reference services was PLN 0.5m.

1.2 KRUK Group's performance by geographical segment

Discussed below are the Group's results by geographical segment (presentation).

(PLNm)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Expenditure on debt portfolios	86	10	18	103	341	147	35	0	45	2	N/A		N/A		524	262
Recoveries	322	312	167	145	142	96	69	45	24	25	N/A		N/A		724	623
Carrying amount of purchased debt portfolios (PLNbn)	2.8	2.6	1.2	1.0	1.8	1.1	1.1	0.4	0.2	0.1	N/A		N/A		7.1	5.3
Revenue	268	258	141	166	111	82	64	24	13	14	18	1	N/A		615	545
Purchased debt portfolios	217	217	140	162	108	80	60	20	13	14	N/A		N/A		538	493
Credit management services	9	7	0.1	3	3	2	4	4			N/A		N/A		16	16
Wonga	36	27									N/A		N/A		36	27
Other activities	6	7	1	1							N/A		N/A		7	8
Gross profit	187	179	112	142	65	44	28	3	8	8	15	-1	N/A		416	375
EBITDA	167	164	105	136	57	37	23	-1	5	6	15	-1	-27	-23	344	317
Cash EBITDA	272	258	132	118	90	53	32	24	16	17	15	-1	-27	-23	530	447

Poland

The KRUK Group's investments in portfolio purchases in Poland reached PLN 86m, representing 16% of all funds invested by the Group in the three months to March 31st 2023. The nominal value of the purchased portfolios was over PLN 1,069m. In Poland, KRUK invested primarily in unsecured retail debt and secured debt portfolios.

In the three months to March 31st 2023, recoveries on the Polish market reached PLN 322m, up 3% on the same period of 2022, accounting for almost 45% of the Group's total recoveries.

Compared with the three months to March 31st 2022, the Group's revenue on the Polish market went up by nearly PLN 10m, to PLN 268m. In the purchased debt segment, revenue remained largely unchanged year on year. The revaluation of projected recoveries totalled PLN 31m, compared with PLN 37m in the three months to March 31st 2022.

Revenue growth was recorded in the business lines of credit management (PLN 9m from PLN 7m a year earlier) and Wonga.pl (PLN 36m from PLN 27m in the previous year).

The KRUK Management Board consistently pursues the Group's strategy, focused primarily on purchased debt portfolios. As a result, ERIF and EBS, forming together with NOVUM the 'Other Activities' segment, were sold on January 24th 2023. Revenue from Other Activities amounted to PLN 6m, compared with PLN 7m the year before.

Thanks to higher recoveries, gross profit on the Polish market came in at PLN 187m, relative to PLN 179m in the comparative period, up by 5% year on year.

EBITDA on the Polish market was booked at PLN 167m (PLN 146m excluding Wonga), up 2% year on year (down 5% excluding Wonga). Cash EBITDA stood at PLN 272m, up 6% on the same period the year before, mainly on higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at March 31st 2023 was PLN 2.8bn, relative to PLN 2.6bn the year before. Polish portfolios accounted in total for 39% of the carrying amount of all debt portfolios held by the KRUK Group.

Romania

In the three months to March 31st 2023, expenditure on portfolio purchases on the Romanian market reached PLN 18m, compared with PLN 103m a year earlier. KRUK invested primarily in unsecured retail debt portfolios. Purchases made in Romania accounted for 3% of the Group's total investments in the three months to March 31st 2023.

Recoveries from portfolios in Romania amounted to PLN 167m, up 15% year on year. They accounted for 23% of the Group's total recoveries.

Total revenue from the Romanian market amounted to PLN 141m, down PLN 25m (15%) on the three months to March 31st 2022. The major part of revenue from the Romanian market (99%) was generated by the purchased debt segment. In the three months to March 31st 2023, the Group recorded a PLN 39m positive revaluation of projected recoveries, compared with PLN 88m in the corresponding period of 2022. In January 2023, KRUK discontinued the provision of credit management services, shifting all focus to the debt purchase and collection business.

The revenue decline affected the level of gross profit, which came in at PLN 112m, compared with PLN 142m the year before.

EBITDA in the Romanian market stood at PLN 105m, down 23% year on year, driven by the lower revaluation of projected recoveries. Cash EBITDA came in at PLN 132m, up 11% year on year.

The carrying amount of purchased debt portfolios as at March 31st 2023 was PLN 1.2bn, up 22% year on year. The Romanian portfolios accounted in total for 18% of the carrying amount of all debt portfolios held by the KRUK Group.

Italy

In the three months to March 31st 2023, the KRUK Group purchased debt portfolios in Italy with a nominal value of PLN 1,240m, investing PLN 341m or 65% of the Group's total investments.

Recoveries from the Italian portfolios amounted to PLN 142m, up 48% year on year. They accounted for 20% of the Group's total recoveries.

Revenue generated in Italy was PLN 111m, compared with PLN 82m in the same period of 2022 (a 35% increase). Revenue from the purchased debt portfolio business accounted for 98% of total revenue, having increased to PLN 108m from PLN 80m the year before.

In the three months to March 31st 2023, the Group recognised a PLN 16m revaluation of projected recoveries from the Italian portfolios, compared with the PLN 12m revaluation booked a year earlier.

Revenue from the credit management business was PLN 2.7m, relative to PLN 1.7m in the corresponding period of 2022.

Thanks to the revenue increase, gross profit amounted to PLN 65m, relative to PLN 44m in 2022.

In Italy, EBITDA was PLN 37m, up from the PLN 57m posted for the three months to March 31st 2022. Given higher recoveries, cash EBITDA came in at PLN 90m, compared with PLN 53m the year before.

As at March 31st 2023, the carrying amount of purchased debt portfolios was PLN 1.8bn, up 59% on March 31st 2022. The Italian portfolios accounted for a total of 25% of the carrying amount of all debt portfolios owned by the KRUK Group.

Spain

In the three months to March 31st 2023, the KRUK Group purchased debt portfolios in Spain with a nominal value of PLN 204m, investing PLN 35m or 7% of the Group's total investments.

Recoveries from portfolios in Spain amounted to PLN 69m, up 54% year on year, accounting for 10% of the Group's total recoveries.

In the three months to March 31st 2023, revenue generated in Spain reached PLN 64m, up 165% year on year. Revenue from purchased portfolios was PLN 60m, compared with PLN 20m a year earlier. The KRUK Group recognised PLN 0.7m in a negative revaluation of projected recoveries on the Spanish market, compared with a nearly PLN 4m negative revaluation posted a year earlier. The negative revaluation in both periods was a net effect of an upward revaluation of unsecured retail portfolios and a downward revaluation of corporate debt portfolios.

Revenue from the credit management business in Spain came to PLN 4m, up 9% year on year.

Gross profit on the Spanish market was PLN 28m, compared with PLN 3m in the same period of 2022.

As a result of higher recoveries and revenue, EBITDA on the Spanish market reached PLN 23m, compared with a negative EBITDA of PLN 1m in the first quarter of 2022. Cash EBITDA was booked at PLN 32m, having increased from PLN 24m posted the year before, largely on the back of the year-on-year growth in recoveries.

As at March 31st 2023, the carrying amount of debt portfolios in Spain was PLN 1.1bn (up 181%), representing 16% of the Group's total debt portfolios.

Other markets (Czech Republic, Slovakia and Germany)

Investments in the Czech Republic and Slovakia amounted to PLN 45m. Compared with PLN 2m in the same period last year.

Recoveries in the other markets segment amounted to PLN 24m, down 0.7m year on year, accounting for 3% of the Group's total recoveries.

In the three months to March 31st 2023, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 13m, down 3% on the corresponding period of 2022.

In the first quarter of 2023, the KRUK Group recognised a PLN 1.6m positive revaluation of projected recoveries in the other markets segment, compared with PLN 1.5m in the corresponding period of the previous year.

Gross profit was close to PLN 8m, down 7% year on year.

EBITDA posted by the other markets was PLN 5m, down from PLN 6m in the first quarter of last year. Cash EBITDA earned by the other markets segment was PLN 16m, down 9% year on year.

As at March 31st 2023, the carrying amount of debt portfolios in the other markets segment was PLN 0.2bn, representing 3% of the Group's total debt portfolios.

1.3 Financial and liquidity position

The Group's financial and liquidity position remained stable as at the end of the reporting period and the date of issue of this report.

As at March 31st 2023, the KRUK Group's cash and cash equivalents amounted to PLN 229m, down PLN 91m on March 31st 2022. As at March 31st 2023, the Company had undrawn lines of credit of PLN 448m. As at March 31st 2023, the carrying amount of the Group's investments in debt portfolios accounted for 88% of its assets. The Group's equity accounted for 43% of its financing sources.

The KRUK Group's liquidity risk is managed by pursuing the following objectives:

- to protect the KRUK Group against the loss of ability to pay its liabilities,
- to secure funds to finance the Group's day-to-day operations and growth,
- to effectively manage the available financing sources.

As at March 31st 2023, the financial ratios defined below were as follows:

1.1x – Net Debt / Equity Ratio

2.0x – Net Debt / Cash EBITDA Ratio;

where:

Net Debt represents the KRUK Group's Financial Liabilities less the KRUK Group's cash;

Financial Liabilities means total financial liabilities under:

- bonds or other similar debt securities; or
- non-bank borrowings; or
- bank borrowings; or
- finance leases; or
- promissory notes issued by way of security for liabilities of non-KRUK Group entities; or
- guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or

- assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- concluded derivative transactions.

Equity means the KRUK Group's equity;

Cash EBITDA represents profit (loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m. Cash EBITDA is computed for the KRUK Group for the last 12 months.

The Group's objective is to maintain a solid capital base to ensure business growth, while retaining the trust of its investors, lenders, bondholders and other external partners. In order to control and keep safe the Group's exposure to financial debt, the Management Board of KRUK S.A. monitors the debt ratios on an ongoing basis.

In the first quarter of 2023, the ratios changed negligibly and, in the Management Board's opinion, remained at safe levels. For instance, the debt ratios measured for the entire Group, specified in the terms and conditions of bonds, were as follows: the net debt to equity ratio stood at 1.3x (the maximum level being 3.0x in the case of issues for which financial debt limits have been defined), and the net debt to cash EBITDA ratio was 2.0x (the maximum level being 4.0x).

The liquidity ratios are determined by the nature of assets under purchased debt portfolios, which are presented as current assets, and will be used as part of operating activities for a period longer than 12 months.

1.4 Related-party transactions concluded by KRUK S.A.

In the period January 1st–March 31st 2023, the Parent executed related-party transactions. For details, see the condensed interim separate financial statements for January 1st to March 31st 2023, section 11. *Related-party transactions*.

In the three months to March 31st 2023, all intragroup transactions were concluded on an arm's length basis.

1.5 Sureties for repayment of loans and guarantees issued by KRUK S.A. or its subsidiary

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for January 1st to March 31st 2023, section 16. *Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year*

1.6 Significant agreements executed by companies of the KRUK Group

On March 23rd 2023, agreements were signed between the Company's subsidiary Kruk Investimenti s.r.l. of Milan (the Purchaser) and entities of one of Italy's leading financial groups for the purchase of unsecured retail debt portfolios with a total value of approximately EUR 196m (PLN 918m, as translated at the mid rate quoted by the National Bank of Poland for March 23rd 2023), comprising:

- Portfolio with a total nominal value of up to EUR 124m (PLN 581m, as translated at the mid rate quoted by the National Bank of Poland for March 23rd 2023), and:

- Forward flow portfolio with a total nominal value of up to EUR 72m (PLN 337m, as translated at the mid rate quoted by the National Bank of Poland for March 23rd 2023); Debt claims comprised in these portfolios will be purchased in quarterly tranches starting from June 2023.

1.7 Operations – technology development

Besides investment and operational excellence, one of the KRUK Group's strategic directions is further progress in digital transformation. KRUK is advancing its technology on multiple levels across many business lines, with a special focus placed on the purchased debt business line.

Digitalisation

As part of our ongoing Discovery Programme, we have defined a number of projects and initiatives to be implemented in 2023 and beyond. The projects cover areas such as digitalisation of the amicable collection process (e.g. digital client touchpoints), automation of the legal enforcement processes, enhanced accuracy of portfolio valuations and financial projections, data management (e.g. availability, quality, and security of data), improvement of analytical processes with a higher number and better quality of analytical models, more effective deployment of IT changes and system architecture, development of 'no-code' tools and capabilities, accelerated innovation, programmes to strengthen staff's digital competencies, as well as a constructive organisational culture and work environment reflecting the principle of 'Diversity, Equity, Inclusion'.

Rollout of online solutions

In all markets, we encourage clients to take up self-service and we keep working to deliver new tools to facilitate the process. We also continue to improve the previously deployed tools to make them easier to use, thus ensuring high conversion rates. During the three months to March 31st 2023:

- We were preparing for the roll-out of a new e-kruk system for our Italian clients
- We developed a new product available only via the online channel
- We implemented in Poland a new online process for handling cases in which a court judgment or order has been issued
- We launched the subscription payment functionality in another country (Slovakia)

The tools we have made available and keep refining, supported by our marketing and communication activities, have translated into an increasingly higher percentage of settlements made by clients using self-service tools. The best results in this respect have been recorded in Poland, with more than 40% of all settlements since the year's beginning entered into by clients via the e-kruk.pl self-service platform.

The number of the platform's users has been steadily growing. Between December 2022 and March 2023, their total number (in the Polish, Italian and Romanian markets) rose by 10%.

Development of cloud-based solutions

KRUK continued its work on cloud-based solutions, launched in 2022 by setting up a dedicated area. The selected solutions are expected to drive the Group's fast-paced technological development, while ensuring digital and technological security. Relevant projects have been planned for quarters and years to come.

1.8 Operations – COVID-19

Despite the COVID-19 pandemic, the KRUK Group operates efficiently and without disruption. Remote or hybrid working has now become a basic form of work on all markets. We continue to develop online tools that

have become so important in recent years. The measures we took to support the operating process during the pandemic, the cost-cutting measures we took in previous years, and our long-standing policy of keeping the Group's debt at a relatively low level allowed us not only to maintain a stable financial and liquidity position, but also to achieve record-high levels of investment in new portfolios and of recoveries from existing assets. At present, the KRUK Group does not see any impact of the pandemic on its business.

1.9 Operations – military conflict in Ukraine

Russia's aggression against Ukraine started on February 24th 2022. The KRUK Group does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in those countries. A Ukrainian company is one of the suppliers of IT development services to Wonga, a subsidiary. Given the circumstances, the cooperation with the Ukrainian supplier is continued to a limited extent. This does not affect Wonga's ongoing operations, and it is possible to source the services in Poland.

With no operations conducted in Ukraine or Russia, the Company expects the implications of the conflict for the Group's operations to be indirect and limited.

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.

2 Assessment of financial resources management

2.1 Financial forecasts

KRUK S.A. does not issue any performance forecasts.

2.2 Assessment of future financial condition

The Group mitigates risks associated with management of financial resources through a continuous debt management process, which ensures an uninterrupted inflow of cash. The Group partly relies on external financing, but it monitors and ensures proper performance under its credit facility agreements and fulfilment of its other financial liabilities.

In the opinion of the Management Board, given the Group's current and projected financial position there are no significant risks related to its management of financial resources. The Company is able to control and service its debt and manages its financial resources in a prudent manner.

3 Risk factors and their management

The risk management policies operated by the KRUK Group are designed to:

- identify and analyse the Group's risk exposures;
- identify appropriate controls, including limits and procedures;
- enable control and monitoring of risk levels and the progress on implementing the risk management strategy.

The risk management policies in place at the Group are regularly reviewed to ensure that they reflect the market trends and developments at a given time, as well as changes in the Group's legal and regulatory environment. The Management Board is responsible for defining risk management procedures and overseeing their implementation.

Using such tools as training, management standards and procedures, and well-defined internal controls, the Group seeks to build a stimulating and constructive control environment, in which all employees understand their respective roles and responsibilities.

In the period from January 1st to March 31st 2023, there were no material changes to the risk management approach, therefore the Management Board of KRUK S.A. identified the same risks as those specified in the full-year Directors' Report on the Group operations in 2022, section 7 *Risk factors and their management*. The report is available in pdf format at https://en.kruk.eu/media/article/file/krukdirectorsreportonoperations_2022_.pdf.

4 Shareholders

4.1 Shareholding structure

The table below lists the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at the date of issue of the previous periodic report, i.e. March 9th 2023.

Table 2. Shareholders with major holdings

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN PTE*	2,763,000	14.30
Allianz OFE**	2,359,217	12.21
Piotr Krupa***	1,780,813	9.22
Generali OFE****	1,595,950	8.26
PZU OFE*	1,507,000	7.80
Aegon OFE*	1,140,500	5.90

(*) Data based on the list of shareholders holding 5% or more of total voting rights at the Extraordinary General Meeting of KRUK S.A. held on November 16th 2022.

(**) Data based on the Shareholder's Notification of January 5th 2023 (Current Report No. 5/2023)

(***) Data based on the Shareholder's Notification of January 26th and January 27th 2023 (Current Reports No. 10/2023 and 11/2023) and February 7th 2023 (Current Report No. 14/2023)

(****) Data based on the Shareholder's Notification of February 3rd 2023 (Current Report No. 13/2023)

Source: Company

On March 24th 2023, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on March 21st and on March 22nd 2023 Mr Krupa sold, respectively, 4,000 shares in KRUK S.A. at the average price of PLN 304.91 per share and 2,000 shares in KRUK S.A. at the average price of PLN 303.12 per share, in ordinary session trades on the Warsaw Stock Exchange (see Current Report No. 28/2023).

The table below lists the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at the date of issue of this periodic report, i.e. April 26th 2023.

Table 3. Shareholders with major holdings

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN PTE*	2,763,000	14.30
Allianz OFE**	2,359,217	12.21

Piotr Krupa***	1,774,813	9.19
Generali OFE****	1,595,950	8.26
PZU OFE*	1,507,000	7.80
Aegon OFE*	1,140,500	5.90

(*) Data based on the list of shareholders holding 5% or more of total voting rights at the Extraordinary General Meeting of KRUK S.A. held on November 16th 2022.

(**) Data based on the Shareholder's Notification of January 5th 2023 (Current Report No. 5/2023)

(***) Data based on the Shareholder's Notification of March 24th 2023 (Current Report No. 28/2023)

(****) Data based on the Shareholder's Notification of February 3rd 2023 (Current Report No. 13/2023)

Source: Company

4.2 Treasury shares

The Company holds no treasury shares.

4.3 Management or Supervisory Board members holding shares or rights to shares

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the date of filing its previous periodic report, i.e. March 9th 2023.

Table 4. KRUK S.A. shares held by management and supervisory personnel

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,780,813	1,780,813
Piotr Kowalewski	Member of the Management Board	25,013	25,013
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	145,718	145,718
Michał Zasępa	Member of the Management Board	57,597	57,597

Source: Company

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the date of issue of this interim report.

Table 5. KRUK S.A. shares held by management and supervisory personnel

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,774,813	1,774,813

Piotr Kowalewski	Member of the Management Board	24,013	24,013
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	145,718	145,718
Michał Zasępa	Member of the Management Board	57,597	57,597

Source: Company

As at April 26th 2023, members of the Management Board of the Company held no rights to KRUK S.A. shares other than those under the subscription warrants presented in detail in Section 4.4 Incentive Scheme.

Apart from the changes in the number of shares held by Piotr Krupa, President of the Management Board, described in the Shareholding structure section (4.1), in the period from March 9th 2023 to the issue date of this report there were also changes in the number of Company shares held by Piotr Kowalewski, as described below.

On March 27th 2023, the Company received a notification from Piotr Kowalewski, given under Article 19 of the MAR. According to the notification, on March 24th 2023 Mr Kowalewski sold, in ordinary session trades on the Warsaw Stock Exchange, 1,000 shares in KRUK S.A. at the average price of PLN 292.03 per share (see Current Report No. 29/2023).

4.4 Incentive Scheme

Incentive scheme for 2021–2024

On June 16th 2021, the Annual General Meeting of KRUK S.A. passed a resolution on setting the rules of an incentive scheme for 2021–2024, conditional increase in the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights disapplied in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association.

For the purposes of the 2021–2024 Incentive Scheme, the General Meeting approved a conditional increase of the Company's share capital by up to PLN 950,550.00, through an issue of up to 950,550 Series H ordinary bearer shares.

Under the 2021–2024 Incentive Scheme, eligible persons will have the right to acquire Series H Company shares on preferential terms set forth in the resolution. Eligible persons are members of the Management Board, including the President of the Management Board, and the Company's employees, as well as members of the management boards and employees of the KRUK Group companies.

Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series H shares at the issue price equal to the turnover-weighted average closing price of Company shares on the Warsaw Stock Exchange from May 15th 2021 to June 15th 2021. Holders of subscription warrants will be entitled to exercise their rights to subscribe for series H shares attached to the subscription warrants not earlier than 24 months after the date on which they acquired the subscription warrants (lock-up for subscription of series H shares by holders of subscription warrants) and not later than on December 31st 2028.

The warrants will be issued in two pools: the basic pool (760,440 subscription warrants) and additional pool (190,110 subscription warrants).

Subscription warrants of the basic pool will be issued in four tranches, one for each of the following years of the reference period, i.e. for the financial years 2021–2024.

Subscription warrants of the additional pool will be issued as a single tranche – Tranche 5, and will be offered in 2025 for 2021–2024.

Subscription warrants of the basic pool for a given financial year will be granted to eligible persons on condition that EPS (calculated on the basis of the Group's consolidated financial statements) increases by no less than 15.00%. For details on EPS calculations for the purposes of the 2021–2024 Incentive Scheme, see the resolution of the KRUK S.A. General Meeting of June 16th 2021.

Subscription warrants of the additional pool will be granted on condition that the rate of return on the shares (taking into account profit distributions to shareholders in the form of dividends) increases, at the end of the 2021–2024 Incentive Scheme, by a predetermined amount relative to the issue price.

The subscription warrants are issued free of charge, may be inherited, but may not be encumbered and are not transferable.

In accordance with the terms of the Scheme, the number of warrants to be allotted and offered to members of the Management Board throughout the term of the Stock Option Plan is 40% of all warrants.

Acting pursuant to the Scheme, by way of a resolution of July 5th 2021 the Supervisory Board determined the list of persons eligible to participate in the scheme, being members of the Company's Management Board. By way of a resolution of July 15th 2021, the Company's Management Board determined the list of persons who are not members of the Management Board and are eligible to participate in the 2021–2024 Incentive Scheme.

In 2021, EPS grew by 58.34%, and on May 13th 2022, the Supervisory Board of KRUK S.A. passed a resolution to acknowledge that the condition set out in the 2021–2024 Incentive Scheme had been met for the purpose of issuing and offering Tranche 1 subscription warrants in view of fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme.

Therefore, on July 5th 2022, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche I subscription warrants for the fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme. In line with that resolution, a total of 76,044 subscription warrants were awarded to eligible Management Board members for 2021 in Tranche I. The warrants were subscribed for by Management Board members on July 29th 2022. The table below shows the number of warrants awarded to and subscribed for by each Management Board member.

Table 6. Number of Tranche 1 warrants awarded to and subscribed for by Management Board members under the 2021–2024 Incentive Scheme as at the date of issue of this periodic report

Name and surname	Number of Tranche I warrants awarded and subscribed for
Piotr Krupa	22,812
Piotr Kowalewski	13,308
Adam Łodygowski	13,308
Urszula Okarma	13,308
Michał Zasepa	13,308

Source: Company

By way of a resolution of July 5th 2022 determining the list of persons other than Management Board members, who were eligible to subscribe for Tranche 1 subscription warrants for the fulfilment in 2021 of the conditions

of the 2021–2024 Incentive Scheme, the Company's Management Board granted a total of 96,094 subscription warrants to the eligible persons. In the reporting period and as at the date of issue of this report, members of the Management Board of the Company held no rights to KRUK S.A. shares other than the rights under the subscription warrants issued under the 2021–2024 Incentive Scheme, as shown in Table 6. Members of the Supervisory Board do not hold any subscription warrants issued under the 2021–2024 Incentive Scheme.

4.5 Dividends paid (or declared)

According to the Dividend Policy in place (Current Report No. 55/2021), the overriding objective of KRUK S.A. is to ensure sustainable growth of the Company and increase its value through profit growth and dividend payment while maintaining appropriate liquidity and observing the principles of sustainable development (ESG). The Management Board's intention is for KRUK to concurrently drive its value growth and make regular profit distributions to shareholders. The objective behind adopting the Dividend Policy is to carry into effect the Management Board's intention and take account of KRUK's status as a growth company paying out dividend based on clear and constant criteria for distribution of generated profits. The Company's Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group's consolidated net profit for a previous financial year, attributable to shareholders of the parent.

The Dividend Policy is available on the Company's website at: https://en.kruk.eu/media/file/file/dividendpolicyofkruksa_appres194_2021_02122021.pdf.

As at the date of issue of this report, the Management Board had not passed a resolution recommending a dividend payment for 2022 to the Annual General Meeting.

4.6 Performance of Company shares on the Warsaw Stock Exchange

4.6.1 Share price

Over the first quarter of 2023, the KRUK share price on the stock exchange fell 0.58%, to PLN 308 per share. Our stock underperformed the WIG index and outperformed the WIG20 index, which reached rates of return of -1.99% and -1.87%, respectively.

On the last trading day in the first quarter of 2023, the Company's market capitalisation was PLN 6.0bn (compared with PLN 5.9bn a year earlier). On March 31st 2023, KRUK ranked 20th in terms of market capitalisation on the WSE.

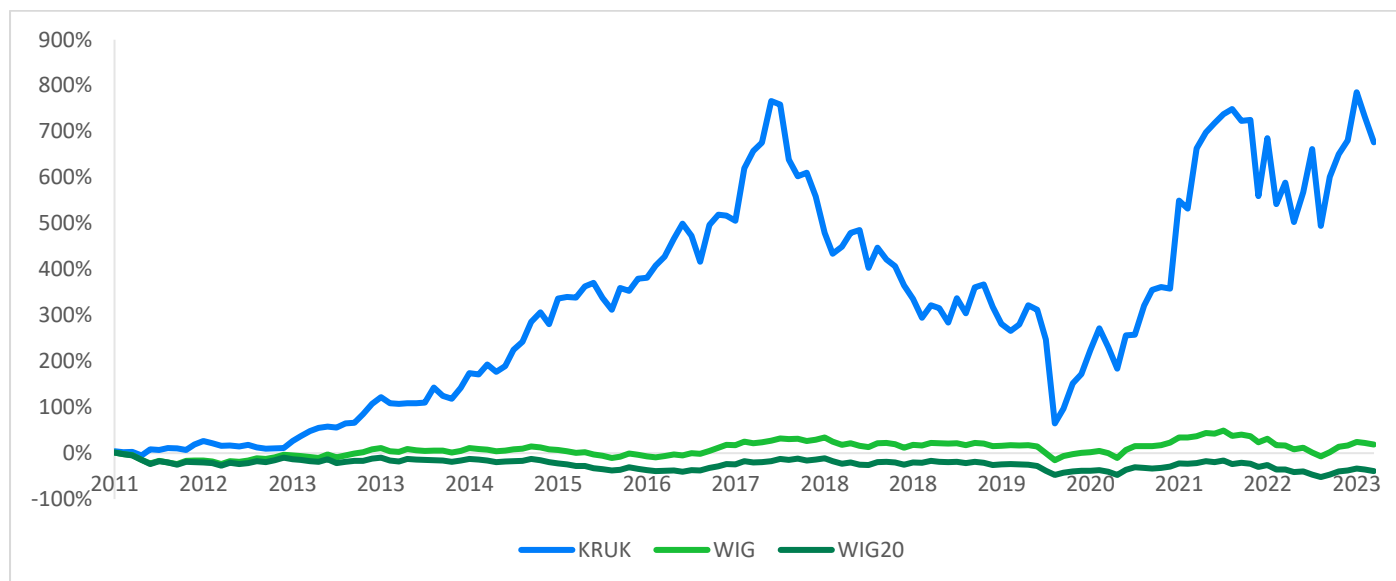
Table 7. Rates of return on KRUK S.A. stock, WIG and WIG20 in the first quarter of 2023 – at close

Date	KRUK	WIG	WIG20
Rate of return	-0.58	1.99	-1.87

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to the end of the first quarter of 2023, the rate of return on KRUK shares was 652%. Over the same period, the all-cap WIG index rose 19%, while the mid-cap WIG20 index dropped 39%.

Performance of KRUK stock against WIG and WIG20 from the Company's IPO on the WSE in May 2011 to March 31st 2023

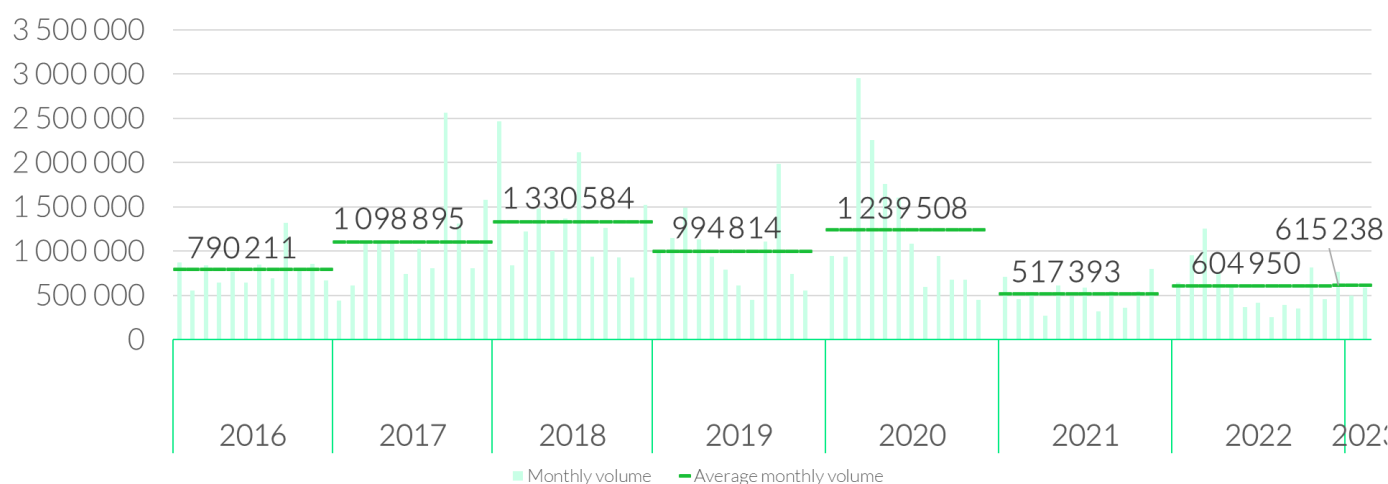


Source: in-house analysis, based on [stooq.pl](https://www.stooq.pl)

4.6.2 Stock liquidity

The total volume of KRUK S.A. shares traded in the first quarter of 2023 was 1.9m, and the total value of trading reached PLN 604m. To compare, the total volume of KRUK S.A. shares traded in the same period of the previous year was 2.9m, and the total value of trading was PLN 852m. The average daily volume of trading in KRUK shares in the first quarter of 2023 was 28.8 thousand, and the average daily trading value amounted to PLN 9.4m. KRUK was the 19th most liquid stock on the WSE (in terms of the total annual trading volume).

Monthly volume in each month and the year's average monthly volume of trading in KRUK shares in 2016 – March 31st 2023



Source: in-house analysis based on www.stooq.pl

4.6.3 Ownership interests of open-end pension funds (OFE) in KRUK S.A.

KRUK S.A. is one of the WSE-listed companies in which OFE's ownership interest exceeds 50%. OFE's aggregate ownership interest in KRUK S.A. as at March 31st 2023 was 55.25%.

Table 8. Ownership interests of individual OFE in the Company:

Shareholder	Ownership interest (%)	Number of votes
OFE Nationale-Nederlanden	14.30%	2,763,105
OFE PZU Złota Jesień	7.80%	1,507,308
OFE Drugi Allianz	7.34%	1,418,034
OFE Aegon	6.03%	1,165,500
OFE Allianz Polska	4.86%	939,056
OFE Generali	4.43%	854,941
OFE NNLife	4.28%	827,375
OFE UNIQA	3.57%	689,865
OFE PKO BP Bankowy	1.61%	310,145
OFE Pocztylion Arka	1.03%	198,139

Source: in-house analysis, based on stooq.pl as at March 31st 2023.

5 Company bonds

5.1 Issue

In the three months to March 31st 2023, the Company issued Series AN3 five-year bonds for retail investors, with a total nominal value of PLN 50m, under the prospectus-based Ninth Bond Issue Programme. The issue price of each bond was equal to its nominal value of PLN 100.

Moreover, as part of the First Prospectus-Exempt Bond Programme, the Company issued Series AL³ six-year bonds with a total nominal value of PLN 120m. The offering was addressed to qualified institutional investors and the issue price of each bond was equal to its nominal value of PLN 1,000.

Table 9. Bond issues in the first quarter of 2023

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AL3	PLN 120m	January 2023	January 2029	variable – 3M WIBOR + 4.50pp	every 3 months
AM3	PLN 50m	February 2023	February 2028	variable – 3M WIBOR + 4.00pp	every 3 months

Source: Company

The Prospectus for the Ninth Bond Issue Programme, whereby the Company may issue subsequent series of bonds for up to PLN 615m, expires in August 2023.

On March 13th 2023, the KRUK Management Board passed a resolution on contemplating under Swedish law an issuance of senior unsecured bonds in EUR under a total framework amount of up to EUR 350 million.

After the balance sheet date, on April 25th 2023, the Management Board of KRUK S.A. has made a decision on the first issue of bonds under Swedish law as part of the above bond issue framework. The issue price of the bonds is equal to their nominal value, i.e. EUR 100,000 per bond, with the aggregate nominal value of the issue set at EUR 150 million. The senior unsecured bonds, redeemable within five years, bear interest at a floating rate of 6.5% plus 3m EURIBOR. Once the allotment is confirmed and the bonds are registered, KRUK will apply for their listing on the Nasdaq Stockholm regulated market.

5.2 Redemption of bonds

As per the terms and conditions of the Company's bonds, no series of bonds was due for redemption in the three months to March 31st 2023.

5.3 Liabilities under bonds

As at March 31st 2023, the nominal value of outstanding bonds issued by the Company was PLN 1,555m.

Table 10. Bonds to be redeemed by the end of 2023

Series	Due date	Number of bonds redeemed	Nominal value
AE3	October 2023	35,000	PLN 35m
AG1	November 2023	300,000	PLN 30m

Financial ratios monitored pursuant to the terms and conditions of the bonds

As at March 31st 2023:

- **Debt Ratio** stood at 1.1x
- **Net Debt to Cash EBITDA ratio** was 2.0x

where:

- **Cash EBITDA** is defined in the Glossary of terms
- **Equity** means the KRUK Group's equity
- **Debt Ratio** means: Net Debt to Equity
- **Net Debt** represents the KRUK Group's Financial Liabilities less the KRUK Group's cash
- **Financial Liabilities** are defined in the Glossary of terms

6 Credit rating

6.1 Corporate rating

On March 13th 2023, the KRUK Group was assigned a corporate rating of Ba1, outlook stable, by Moody's Investors (Moody's). Standard & Poor's (S&P) assigned it a rating of BB-, outlook stable.

Agency	Corporate rating	Outlook	Link to information
Moody's	Ba1	Stable	Moody's rating
S&P	BB-	stable	S&P rating

6.2 Bond rating

On April 17th 2023, the planned issue of the Company's bonds in EUR was assigned ratings of Ba2 and BB-, respectively, by Moody's and S&P.

Agency	Bond rating	Link to information
Moody's	Ba2	Moody's rating
S&P	BB-	S&P rating

7 Governing bodies

7.1 The Management Board – members, changes in composition and rules of appointment

The Management Board is the Company's management body. Rules governing appointment and removal of members of the Management Board and their powers are set forth in the Company's Articles of Association. Pursuant to Art. 8.1 and 8.2, the Management Board is composed of three to eight members, and the number of members is defined each time by the Supervisory Board upon request by the President of the Management Board. The President of the Management Board is appointed and removed by the Supervisory Board. The other members of the Management Board are also appointed and removed by the Supervisory Board, following a request by the President of the Management Board. Members of the Management Board are appointed for a joint three-year term of office. The mandate of a member of the Management Board expires on or before the date of the General Meeting receiving the financial statements for the last full financial year in which the member holds the office.

The composition of the Management Board of KRUK S.A. did not change in the reporting period.

As at the date of issue of this report, the composition of the 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. |

7.2 Supervisory Board – members, changes in composition and rules of appointment

The Supervisory Board consists of five or seven members. The number of Supervisory Board members is each time determined by the General Meeting. Members of the Supervisory Board are appointed for a joint term of office of three years. As at the date of authorisation of this report, the Company's Supervisory Board is composed of seven members.

The Supervisory Board is appointed and removed by the General Meeting, with the proviso that if Mr Piotr Krupa holds shares in the Company representing 8% or more of the total vote at its General Meeting, he has the right to appoint and remove: one member of a five-member Supervisory Board, including the Deputy Chair of the Supervisory Board; two members of a seven-member Supervisory Board, including the Deputy Chairman of the Supervisory Board. Piotr Krupa's rights to appoint and remove members of the Supervisory Board are exercised by delivery to the Company of a written statement on the appointment or removal of a Supervisory Board member.

The composition of the Supervisory Board of KRUK S.A. did not change in the reporting period.

As at the issue date of this report, the composition of the Supervisory Board was as follows:

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

- Beata Stelmach
- Piotr Szczepiórkowski

Member of the Supervisory Board
Member of the Supervisory Board.

7.3 General Meeting

The General Meeting is the highest governing body of the Company. Rules governing the convening and the operation of the General Meeting as well as its powers are set out in the Commercial Companies Code and in the Company's Articles of Association.

The Company's Articles of Association are available under 'Corporate documents' in the 'About Company' section of KRUK S.A.'s website at <https://en.kruk.eu/investor-relations/kruk-group#corporate-documents>

No Rules of Procedure for the General Meeting are in place at the Company.

In the reporting period and as at the date of issue of this report, the General Meeting was not convened and did not hold any meetings.

7.4 Changes in the KRUK Group's structure

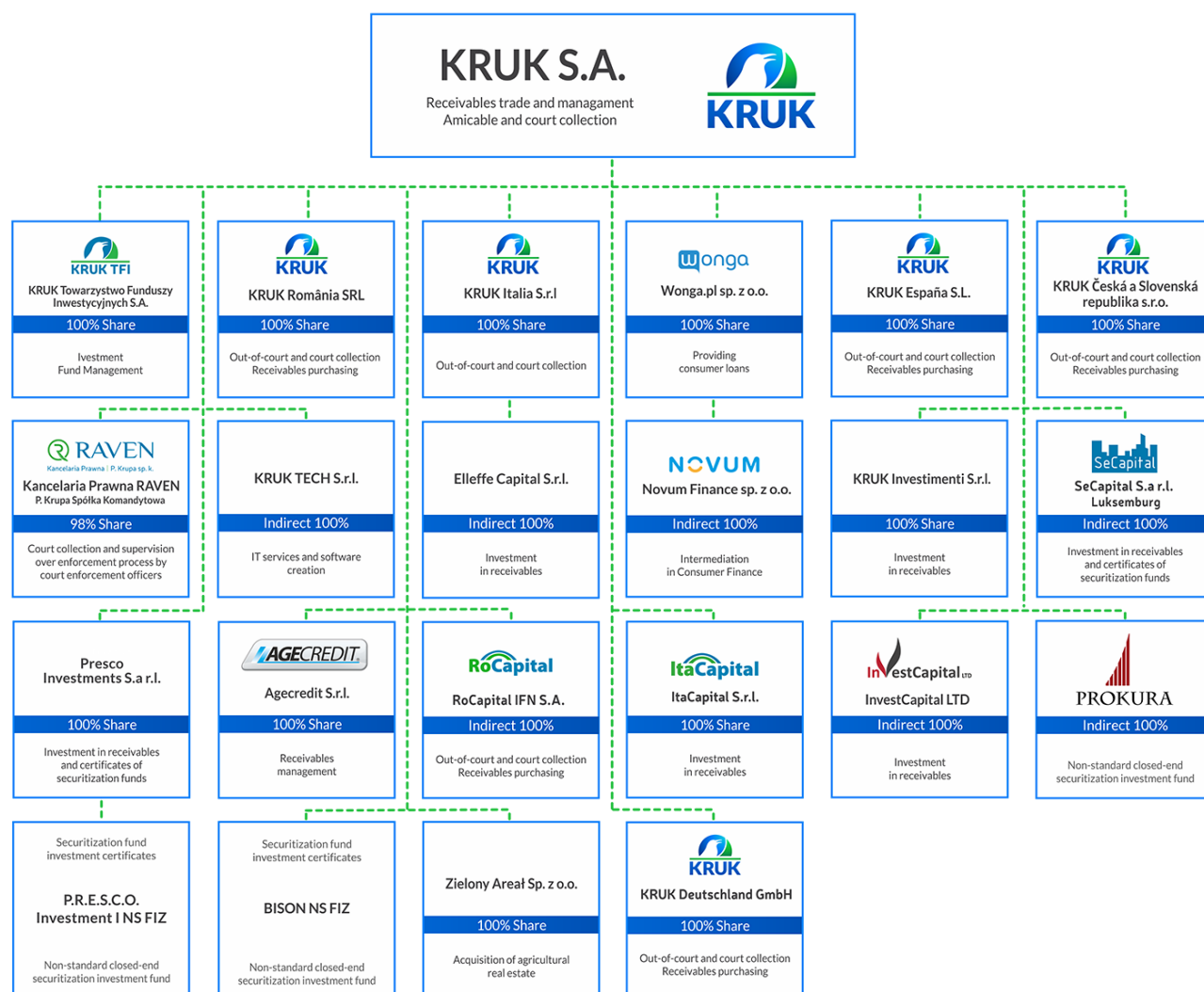
On January 3rd 2023, negotiations were concluded and an agreement was signed for the sale by the Company of all shares in ERIF Biuro Informacji Gospodarczej S.A. and ERIF Business Solutions sp. z o.o. The ownership title to the shares was transferred on the date on which the Company's bank account was credited with the selling price, i.e., on January 24th 2023.

Following the liquidation process launched on December 30th 2022, the voluntary liquidation of ProsperoCapital S.à.r.l. of Luxembourg was effectively completed on March 31st 2023.

As at March 31st 2023, the KRUK Group structure was as follows:



Following the liquidation on March 31st 2023 of ProsperoCapital S.à.r.l. of Luxembourg, as at the date of issue of this report the Kruk Group structure was as follows:



8 Material court, arbitration or administrative proceedings

No material court, arbitration or administrative proceedings are pending against the Company or its subsidiaries in relation to their liabilities or claims.

9 Non-financial information

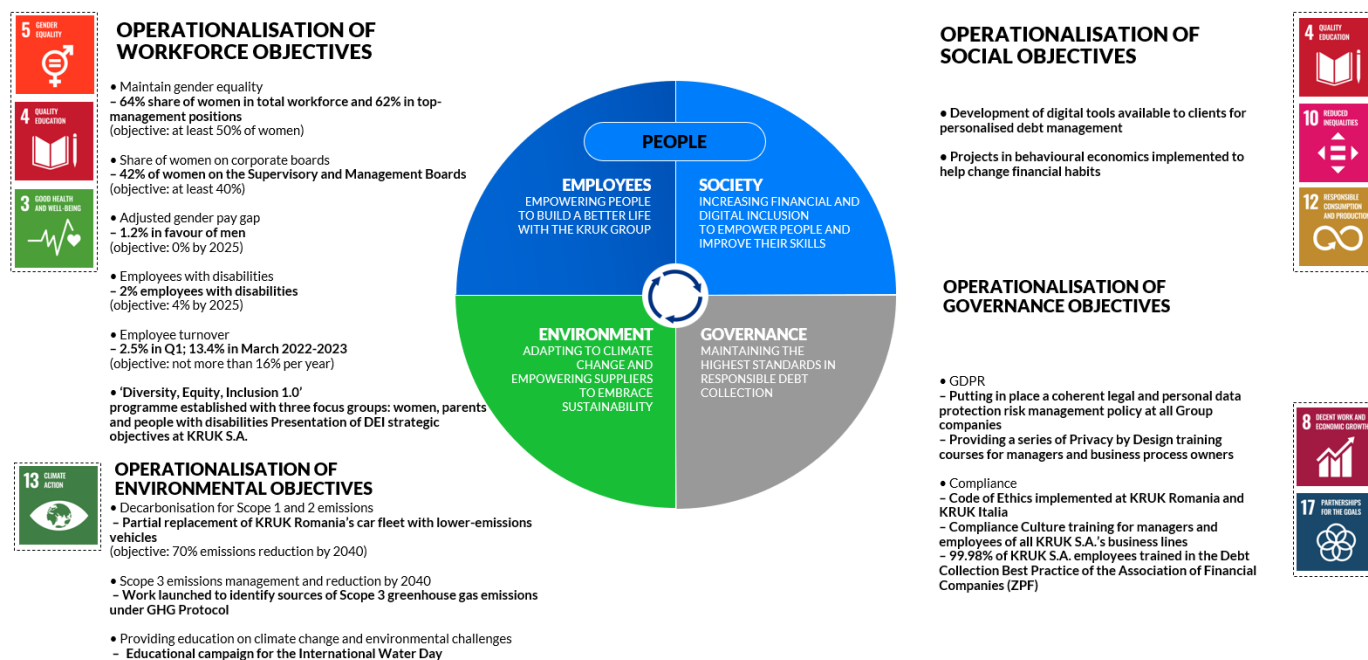
In the three months ended March 31st 2023, as part of its sustainability-aligned activities, the Kruk Group focused on further operationalisation of the ESG strategy adopted at the end of the previous year, continued dialogue with its stakeholders, mainly employees and clients, and building good relations with public benefit organisations to professionally support those in need.

As part of the Discovery Programme of digital transformation of the Kruk Group, intensive work was carried out to define a pipeline of projects for 2023 and beyond. Group-wide projects (based on synergies) and local projects addressing individual companies' specific needs were established within each area.

All of the Kruk Group companies from across its operating markets were involved in these activities.

Implementation of the KRUK Group's ESG Strategy in Q1 2023

KRUK Group's strategic commitments towards the UN Sustainable Development Goals



Sustainability at the KRUK Group and adapting the organisation to changes in regulations and legal requirements

In an effort to adapt the organisation to legislative changes related to sustainability reporting, including requirements of the Corporate Sustainability Reporting Directive (CSRD), and to meet the expectations of its business partners regarding support of the UN Sustainable Development Goals (SDGs), a series of training workshops was launched in the first quarter of 2023 on sustainable development encompassing the topics of environment, society and corporate governance.

In partnership with the Association of Listed Companies, workshops were held at the KRUK Group for senior managers to prepare the Company for reporting in accordance with the requirements of CSRD, including the new European Sustainability Reporting Standards (ESRS), guidelines of the EU Taxonomy of environmentally sustainable activities and other EU regulations, including: directives on corporate sustainability due diligence and on improving gender balance on corporate boards and related measures.

In the first quarter, the ESG Academy was launched to support a sustainability culture at the Group. Its objective is to raise awareness of the strategic objectives related to environmental responsibility, social and corporate governance. The average number of employees watching the webinars is 500.

In preparing to implement human rights due diligence processes, the KRUK Group joined the International Human Rights Accelerator initiative of the United Nations Global Compact.

Responsible governance

In the first half of 2023, the KRUK Group continued to build a privacy culture through efforts aimed at developing the GDPR strategy and framework, implementing a coherent legal and personal data protection risk management policy for all the Group companies, and consistent instructions for assessing the balance between the legitimate interests of the companies and the interests of data subjects. A series of Privacy by Design training sessions were held for managers and business process owners.

The Code of Ethics was implemented locally by further KRUK Group companies: KRUK Italia and KRUK Romania. Compliance Culture training was provided to managers and employees of all KRUK S.A.'s business lines.

In the first quarter of 2023, no complaints were reported concerning non-compliance with the KRUK Group's Code of Ethics. No complaints were reported through the whistleblowing channel, either, and no instances of corruption were identified.

Social responsibility

As part of its activities for the benefit of local communities, the KRUK Group carried out the following educational initiatives to support UN Sustainable Development Goals number 4, 8, 10 and 12:

- In the first quarter of 2023, KRUK Romania, working together with educational organisations, launched new editions of financial education programmes for youth at risk of financial exclusion. KRUK S.A. also engaged in educational initiatives dedicated to young people.
- For several years now, KRUK S.A. has worked closely with the Psychological Support Centre, offering counselling to indebted persons who are its customers.
- All the KRUK Group companies were engaged in educational campaigns (mostly online) to raise customer and general public awareness in the area of personal finance management in the geographies where the Group operates.
- KRUK Italia made a donation of funds collected during the previous year's Children Run. The funds were used to purchase medical equipment for the children's ward of the hospital in La Spezia.
- To advance the circular economy concept and as part of its efforts to prevent digital exclusion, KRUK S.A. donated computer equipment with a total market value of PLN 13,700 to local institutions of education.
- In the first quarter, the Kapitalni.org website (offering free financial education) was visited by 200 thousand unique users, 60 % of whom were women. There is a mobile version of the Pre. Kapitalni.org game available to the website's users on Android and iOS-powered devices. Pre.Kapitalni are in line with the trend of serious gaming, i.e. role-play tools whose primary purpose is not entertainment but the achievement of specific educational objectives.

Safe and healthy workplace

- In the first quarter of 2023, Urszula Okarma, Member of the KRUK Management Board, was actively involved in efforts to promote equal opportunities for women in business, taking part in expert panels, including under the Ring the Bell for Gender Equality campaign organised by UNGC, the TOK FM radio campaign 'Let's talk about women in business' and the Female Leadership Meeting initiated by the BloomPro Foundation. The podcast authored by Urszula Okarma was viewed 1,100 times and the TOK FM weekly listenership was close to 2,888 thousand.
- In the first quarter of 2023, also the CEOs of KRUK España and KRUK Česká a Slovenská Republika participated in local gender equality events.
- KRUK S.A. launched an educational campaign for its employees called #ŚrodyZRóżnorodnością (Diversity Wednesdays). Articles and recordings will be posted every Wednesday focusing on the themes of diversity and inclusion. Live webinars are also provided. In the first quarter, female and male employees had an opportunity to attend meetings on disabilities and confidence building among women.
- In the first quarter, KRUK S.A. completed work to align its internal regulations with the national legislation concerning remote work. The remote work agreement concluded with the trade union organisation was extended to cover employees whose place of residence is at least 100 km away from the Company's office and disabled employees.
- Taking care of the well-being and health of their employees, KRUK S.A. and KRUK Romania continue their cooperation with local institutions offering counselling support.
- KRUK S.A. launched the Financial Education Academy project for its employees. A series of webinars on how to manage private finances was developed based on opinions from employee surveys devoted to proposed development events.
- KRUK Romania continues its programme aimed at developing employee skills. As part of the programme, participants can choose between courses to develop their digital, leadership or critical

thinking skills. In the first quarter, 239 employees took part in the programme, completing 956 hours of training. The Net Promoter Score was 4.58 on a scale to 5.

- In order to ensure an inclusive work environment, KRUK España engaged with an organisation promoting employment of people with disabilities.

These activities support the UN Sustainable Development Goals number 3, 4, 5 and 10.

Environmental responsibility

In the first quarter, the KRUK Group commenced work to prepare the organisation for the upcoming legislative requirements related to environmental protection. To this end, training and workshops were carried out jointly with external partners.

Training was provided on the Task Force on Climate-related Financial Disclosures (TCFD) standard, as a starting point for the process of ESG risks identification and building a framework for the management of such risks within the existing risk management model.

As part of the reporting obligation under the EU Taxonomy Regulation, a workshop was held to review the identification process for environmentally sustainable services and products.

Also, in line with the strategic objectives, work was launched in the first quarter to identify sources of Scope 3 greenhouse gas emissions under the GHG Protocol. Operational boundaries were defined jointly with an external advisor and a methodology for calculating the carbon footprint was developed. In the coming months, a tool will be developed to enable accurate and repeatable measurement of the Group's Scope 3 emissions to meet the strategy's ESG objectives.

Selected pro-environmental measures in the first quarter of 2023:

- In the first quarter, the process of replacing lighting with energy efficient alternatives at KRUK Italia's office in La Spezia was completed. More than 230 luminaires were replaced with luminaires with a half lower energy requirement, translating into a reduction of the organisation's Scope 2 carbon footprint under the GHG Protocol.
- KRUK España ran an educational campaign on social media to promote sustainability and zero-waste gifts.
- On the occasion of the International Water Day, KRUK S.A. ran a campaign among its employees and on social media to address the problem of shrinking water resources and how everyday choices can contribute to a significant reduction in water consumption.
- As a result of replacement of predominantly diesel-powered with gasoline-fuelled vehicles, KRUK Romania managed to reduce emissions of nitrogen oxides from its car fleet. Thanks to the start&stop system in new vehicles, fuel consumption is estimated to decrease by 8%. Low rolling resistance tyres were provided for the Romanian vehicle fleet, translating into an estimated reduction in fuel consumption of 0.2%.
- The offices in Bucharest and Târgoviște were equipped with new dishwashers, reducing their water and electricity requirement by up to 30.5 litres and 1.87 kWh, respectively, per dishwashing cycle. This translates into a 76% reduction in water consumption and 71% reduction in energy consumption relative to the previously used equipment.

All these initiatives were carried out to support UN Sustainable Development Goals number 12 and 13.

Awards and distinctions

KRUK S.A. was again awarded the Super Ethical Company title by *Puls Biznesu* and PwC, and was named among Leaders of Ethics 2022, the top five most ethical companies in Poland. The distinctions were collected by Urszula Okarma, Member of the KRUK Management Board, during the Ethical Company gala event.

For another year running, KRUK S.A. successfully completed the Ethics Audit of the Ethics Committee of the Polish Finance House Association, securing an 'Ethical Company 2022' certificate.

During the Loan Magazine Awards 2023 gala, KRUK S.A. was awarded in the ‘Debt Collection Partner in Debt Assignment’ category of the non-banking finance market.

10 Glossary of terms

Auditor	PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw
CAGR	Compound Annual Growth Rate
Catalyst	Bond market operated by the Warsaw Stock Exchange
CZK	Czech koruna
EBIT	Operating profit
EBITDA	Operating profit before depreciation and amortisation
Cash EBITDA	Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m; cash EBITDA is computed for the KRUK Group for the last 12 months
EPS	Earnings per share
ERIF BIG, ERIF	ERIF Biuro Informacji Gospodarczej S.A.
EUR	Euro
FMCG	Fast Moving Consumer Goods
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
The Group, the KRUK Group	The Company as the Parent along with its subsidiaries and Non-Standard Securitisation Closed-End Investment Funds
ItaCapital	ItaCapital S.r.l of Milan, Italy
Kancelaria Prawna RAVEN	Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa of Wrocław
CSDP	Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw)
PFSA	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
KRS	Polish National Court Register (Krajowy Rejestr Sądowy)
KRUK; Issuer; Company	KRUK S.A. of Wrocław
KRUK Česká a Slovenská republika	KRUK Česká a Slovenská republika s.r.o. of Hradec Králové
KRUK España	KRUK España S.L. of Madrid, Spain
KRUK Italia	KRUK Italia S.r.l of Milan, Italy
KRUK ROMANIA	KRUK Romania s.r.l of Bucharest, Romania
KRUK TFI	KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław
IAS	International Accounting Standards as endorsed by the European Union

IFRS	International Financial Reporting Standards as endorsed by the European Union, including International Accounting Standards, International Financial Reporting Standards and related Interpretations endorsed by the European Union
NBP	National Bank of Poland
Non-Standard Securitisation Closed-End Investment Funds	Prokura NS FIZ, P.R.E.S.C.O. Investment I NS FIZ, BISON NS FIZ
GDP	Gross Domestic Product
PLN	Polish złoty
UOKiK President	President of the Office of Competition and Consumer Protection
2021-2024 Scheme	An incentive scheme for 2021–2024 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 950,550 registered subscription warrants conferring the right to subscribe for a total of 950,550 ordinary bearer shares issued as part of a conditional share capital increase
Prokura NS FIZ	Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Prokura Non-standard securitisation closed-end investment fund)
Total revenue	Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income
Supervisory Board	The Company's Supervisory Board
ROE	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
RON	Romanian leu
Regulation on current and periodic information	Polish Minister of Finance's Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2018, item 757, as amended)
SeCapital Luksemburg	SeCapital S.à.r.l. (Luxembourg)
Consolidated financial statements	The Group's consolidated financial statements for the reporting period ended March 31st 2023, prepared in accordance with the IFRS
Company; KRUK; Issuer	KRUK S.A. of Wrocław
Subsidiaries	The Company's subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
Articles of Association	The Company's Articles of Association
UOKiK	The Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
USD	US dollar
General Meeting	General Meeting
Wonga	Wonga.pl Sp. z o.o. of Warsaw
Management Board	The Management Board of KRUK S.A.

Financial Liabilities

Total financial liabilities under:

- bonds or other similar debt securities; or
- non-bank borrowings; or
- bank borrowings; or
- finance leases; or
- promissory notes issued by way of security for liabilities of non-KRUK Group entities; or
- guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or
- assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- liabilities arising under derivatives contracts;

Michał Zasępa

Member of the Management Board

Urszula Okarma

Member of the Management Board

Piotr Krupa

President of the Management Board

Piotr Kowalewski

Member of the Management Board

Adam Łodygowski

Member of the Management Board

Wrocław, April 26th 2023