



Consolidated financial statements

for the financial year ended
31 December 2025

Prepared in accordance with
International Financial
Reporting Standards,
as endorsed by
the European Union.

Table of contents

Page

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
MATERIAL ACCOUNTING POLICIES AND OTHER NOTES	8
GLOSSARY OF TERMS	153

Consolidated statement of profit or loss

PLN '000

	Note	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Interest income on debt portfolios and loans measured at amortised cost	5	2,468,604	2,127,739
Interest income on loans measured at fair value	5	1,078	2,000
Revenue from sale of debts and loans	5	14,470	15,209
Other income/(expenses) from purchased debt portfolios	5	(49,525)	(2,373)
Revenue from rendering services	5	56,070	58,633
Other operating income	5	10,434	9,953
Change in investments measured at fair value	5	807	(461)
Gain/(loss) on expected credit losses	5	688,713	696,853
Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios		3,190,651	2,907,553
Employee benefits expense	9	(614,996)	(580,709)
Depreciation and amortisation	14.16	(65,381)	(62,479)
Court fees	7	(468,527)	(450,946)
Services expense	6	(362,000)	(320,215)
Other expenses	8	(101,961)	(80,770)
		(1,612,865)	(1,495,119)
Operating profit		1,577,786	1,412,434
Finance income	10	2,337	6,212
Finance costs	10	(444,049)	(408,241)
<i>including interest expense on lease liabilities</i>		(4,536)	(3,436)
Net finance costs		(441,712)	(402,029)
Profit before tax		1,136,074	1,010,405
Income tax	12	(50,433)	63,873
Net profit for period		1,085,641	1,074,278
Net profit attributable to:			
Owners of the Parent		1,085,008	1,073,954
Non-controlling interests		633	324
Net profit for period		1,085,641	1,074,278
Earnings per share			
Basic (PLN)	26	55.92	55.54
Diluted (PLN)	26	52.99	52.43

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

Consolidated statement of comprehensive income

PLN '000

	<i>Note</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Net profit for period		1,085,641	1,074,278
Other comprehensive income, gross			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	11	(37,922)	(34,827)
Instruments hedging cash flows and net investment in a foreign subsidiary	28	55,476	17,817
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plans		1,768	43
Other comprehensive income for period, gross		19,322	(16,967)
Items that may be reclassified subsequently to profit or loss			
Income tax on instruments hedging cash flows and net investment in a foreign subsidiary	28	(9,491)	(4,081)
Other comprehensive income for period, net		9,831	(21,048)
Total comprehensive income for period		1,095,472	1,053,230
Total comprehensive income attributable to:			
Owners of the Parent		1,094,819	1,052,870
Non-controlling interests		653	360
Total comprehensive income for period		1,095,472	1,053,230

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

Consolidated statement of financial position

PLN '000

	Note	31 Dec 2025	31 Dec 2024 restated	1 Jan 2024 restated
Assets				
Cash and cash equivalents	23	212,629	214,790	388,461
Hedging instruments	28	137,354	114,326	98,428
Trade receivables	22	14,600	19,619	24,440
Other receivables	22	60,367	52,496	58,970
Income tax receivables		9,946	3,684	22,398
Inventories	20	9,355	12,556	15,038
Investments in debt portfolios measured at amortised cost	3.1,18	11,632,709	10,500,278	8,673,765
Loans	3.1,19	612,315	502,905	418,128
Deferred tax assets	21	56,107	44,429	45,958
Property, plant and equipment	14	116,041	89,572	91,777
Goodwill	17	7,823	7,928	8,084
Other intangible assets	16	143,580	69,341	67,206
Other assets	24	19,347	16,955	15,852
Total assets		13,032,173	11,648,879	9,928,505
Equity and liabilities				
Liabilities				
Trade and other payables	30	213,018	231,823	220,448
Derivatives		58	105	-
Hedging instruments	28	23,145	36,742	32,614
Employee benefit liabilities	29	77,669	85,775	76,469
Income tax payable		21,347	5,493	11,785
Borrowings	3.1,27	3,662,722	3,458,610	2,610,158
Debt securities	3.1,27	3,460,890	3,109,702	2,851,202
Lease liabilities	3.1,27	103,398	58,239	69,807
Provisions	31	20,265	19,896	62,905
Deferred tax liabilities	21	123,197	113,837	202,307
Total liabilities		7,705,709	7,120,222	6,137,695
Equity				
Share capital	25	19,492	19,382	19,319
Share premium		401,539	374,097	358,506
Hedge reserve	28	110,764	64,779	51,043
Measurement reserve (defined benefit plans)		5,142	3,374	3,331
Reserve of exchange differences on translation		(168,676)	(130,734)	(95,871)
Other reserves		212,689	188,654	171,847
Retained earnings		4,745,190	4,009,434	3,283,218
Equity attributable to owners of the Parent		5,326,140	4,528,986	3,791,393
Non-controlling interests		324	(329)	(583)
Total equity		5,326,464	4,528,657	3,790,810
Total equity and liabilities		13,032,173	11,648,879	9,928,505

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

Consolidated statement of changes in equity

PLN '000

	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Reserve of exchange differences on translation	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at 1 Jan 2024	19,319	358,506	51,043	3,331	(95,871)	171,847	3,283,218	3,791,393	(583)	3,790,810
Comprehensive income for period										
Net profit for period	-	-	-	-	-	-	1,073,954	1,073,954	324	1,074,278
Other comprehensive income										
- Exchange differences on translation of foreign operations	-	-	-	-	(34,863)	-	-	(34,863)	36	(34,827)
- Measurement of hedging instruments	28	-	13,736	-	-	-	-	13,736	-	13,736
- Measurement of defined benefit plans	-	-	-	43	-	-	-	43	-	43
Total other comprehensive income	-	-	13,736	43	(34,863)	-	-	(21,084)	36	(21,048)
Total comprehensive income for period	-	-	13,736	43	(34,863)	-	1,073,954	1,052,870	360	1,053,230
Contributions from and distributions to owners										
- Payment of dividends	26	-	-	-	-	-	(347,738)	(347,738)	(106)	(347,844)
- Issue of shares	25	63	15,591	-	-	-	-	15,654	-	15,654
- Share-based payments	35	-	-	-	-	16,807	-	16,807	-	16,807
Total contributions from and distributions to owners	63	15,591	-	-	-	16,807	(347,738)	(315,277)	(106)	(315,383)
Total equity as at 31 Dec 2024	19,382	374,097	64,779	3,374	(130,734)	188,654	4,009,434	4,528,986	(329)	4,528,657
Equity as at 1 Jan 2025	19,382	374,097	64,779	3,374	(130,734)	188,654	4,009,434	4,528,986	(329)	4,528,657
Comprehensive income for period										
Net profit for period	-	-	-	-	-	-	1,085,008	1,085,008	633	1,085,641
Other comprehensive income										
- Exchange differences on translation of foreign operations	-	-	-	-	(37,942)	-	-	(37,942)	20	(37,922)
- Measurement of hedging instruments	28	-	45,985	-	-	-	-	45,985	-	45,985
- Measurement of defined benefit plans	-	-	-	1,768	-	-	-	1,768	-	1,768
Total other comprehensive income	-	-	45,985	1,768	(37,942)	-	-	9,811	20	9,831
Total comprehensive income for period	-	-	45,985	1,768	(37,942)	-	1,085,008	1,094,819	653	1,095,472
Contributions from and distributions to owners										
- Payment of dividends	26	-	-	-	-	-	(349,252)	(349,252)	-	(349,252)
- Issue of shares	25	110	27,442	-	-	-	-	27,552	-	27,552
- Share-based payments	35	-	-	-	-	24,035	-	24,035	-	24,035
Total contributions from and distributions to owners	110	27,442	-	-	-	24,035	(349,252)	(297,665)	-	(297,665)
Total equity as at 31 Dec 2025	19,492	401,539	110,764	5,142	(168,676)	212,689	4,745,190	5,326,140	324	5,326,464

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

Consolidated statement of cash flows

PLN '000	Note	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024 restated
Cash flows from operating activities			
Net profit for period		1,085,641	1,074,278
<i>Adjustments</i>			
Depreciation of property, plant and equipment	14	36,690	36,834
Amortisation of intangible assets	16	28,691	25,645
Net finance costs		441,712	402,029
Write-off of development work		618	1,055
(Gain)/loss on sale of property, plant and equipment		(915)	199
(Gain)/loss on sale of subsidiaries	5	(2,282)	-
Equity-settled share-based payments	35	24,035	16,807
Interest income	5	(2,469,682)	(2,129,739)
Income tax	12	50,433	(63,873)
Change in loans	19	(109,410)	(84,777)
Change in debt portfolios purchased	18	(1,180,020)	(1,882,627)
Change in inventories	20	3,201	2,482
Change in trade and other receivables	22	(2,852)	11,295
Change in other assets	24	(2,392)	(1,103)
Change in trade and other payables	30	(21,891)	4,183
Change in employee benefit liabilities	29	(8,106)	9,306
Change in provisions	31	1,976	(16,062)
Minority interest share of profit		(633)	(324)
Interest received		2,469,682	2,129,739
Income tax paid		(51,171)	(34,482)
Net cash from (used in) operating activities		293,325	(499,135)
Cash flows from investing activities			
Interest received	10	2,337	6,212
Proceeds from disposal of intangible assets and property, plant and equipment		1,441	559
Proceeds from sale of subsidiaries	17	5,650	-
Expenditure on intangible assets and property, plant and equipment (including assets under construction)	14.16	(93,355)	(43,180)
Net cash from (used in) investing activities		(83,927)	(36,409)
Cash flows from financing activities			
Proceeds from issue of shares	25	27,552	15,654
Proceeds from issue of debt securities	27	600,000	373,724
Increase in borrowings	27	2,883,556	2,929,362
Interest received on hedging instruments	3.1	146,262	130,336
Repayment of borrowings	27	(2,678,431)	(2,073,886)
Payments under finance lease contracts	27	(30,340)	(34,556)
Payment of dividends	26	(349,252)	(347,844)
Redemption of debt securities	27	(242,500)	(102,500)
Interest paid on hedging instruments	3.1	(67,436)	(35,727)
Interest paid		(500,970)	(492,690)
Net cash from (used in) financing activities		(211,559)	361,873
Total net cash flows		(2,161)	(173,671)
Cash and cash equivalents at beginning of period		214,790	388,461
Cash and cash equivalents at end of period	23	212,629	214,790
<i>of which:</i>			
- effect of exchange rate fluctuations on cash held		8,805	3,299

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

Material accounting policies and other notes

1. Parent	9
2. Basis of preparation	12
3. Material accounting policies	16
4. Operating and geographical segments	26
5. Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios	30
6. Services expense	37
7. Court fees	37
8. Other expenses	38
9. Employee benefits expense	39
10. Finance income and costs	39
11. Exchange differences on translation of foreign operations	41
12. Income tax	42
13. Current and non-current items of the statement of financial position	46
14. Property, plant and equipment	48
15. Right of use	52
16. Other intangible assets	54
17. Goodwill	57
18. Investments in debt portfolios measured at amortised cost	60
19. Loans	66
20. Inventories (including property foreclosed as part of investments in debt portfolios)	73
21. Deferred tax	74
22. Trade and other receivables	78
23. Cash and cash equivalents	79
24. Other assets	80
25. Equity	81
26. Earnings per share	84
27. Borrowings, debt securities and leases	86
28. Hedging instruments	91
29. Employee benefit liabilities	107
30. Trade and other payables	108
31. Provisions	108
32. Management of risk arising from financial instruments	110
33. Fair values	130
34. Related-party transactions	134
35. Share-based payments	135
36. Auditor's fees	142
37. Other notes	142
38. Contingent liabilities and security created over the Group's assets	144
39. Glossary of terms	153
40. Events subsequent to the reporting date	156

1. Parent

Name:

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

Registered office:

ul. Bolkowska 3
 53-612 Wrocław, Poland
 Poland

On 31 March 2025, the Parent’s registered office address was changed from ul. Wołowska 8, 51-116 Wrocław – to ul. Bolkowska 3, 53-612 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 activities of the Parent and its subsidiaries

The principal business activities of the Parent and most of its subsidiaries consist primarily in the restructuring and recovery of debts purchased by the Group companies and the provision of credit management services to financial institutions and other clients. Some subsidiaries also operate in the consumer lending market.

Information on subsidiaries

These consolidated financial statements for the reporting period ended 31 December 2025 include the financial statements of the Parent, its subsidiaries, and entities controlled through personal links (jointly the “Group” or the “KRUK Group”).

As at 31 December 2025, the Group comprised KRUK S.A. of Wrocław, 20 subsidiaries, and 2 entities controlled through personal links:

Subsidiary	Registered office	Principal business activity
DEBT MANAGEMENT		
AgeCredit S.r.l.	Cesena	Credit management in Italy
KRUK Česká a Slovenská republika s.r.o.	Hradec Kralove	Credit management services and collection of debt purchased by the KRUK Group
KRUK España S.L.	Madrid	Credit management services and collection of debt purchased by the KRUK Group in Spain and other European countries, investing in debt portfolios
KRUK Italia S.r.l.	Milan	Credit management services and collection of debt purchased by the KRUK Group in Italy and other European countries

Subsidiary	Registered office	Principal business activity
KRUK Romania SRL	Bucharest	Credit management services and collection of debt purchased by the KRUK Group, investing in debt portfolios
INVESTMENTS IN DEBT		
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Wrocław	Management of Prokura NFW FIZ and Presco NFW FIZ funds
Presco NFW FIZ (formerly P.R.E.S.C.O. Investment I NS FIZ)	Wrocław	Non-standardised Debt Closed-End Investment Fund
Prokura NFW FIZ (formerly Prokura NS FIZ)	Wrocław	Non-standardised Debt Closed-End Investment Fund
InvestCapital LTD	Malta	Investing in debt or debt-backed assets
ItaCapital S.r.l.	Milan	Investing in debt portfolios
KRUK Investimenti S.r.l.	Milan	Investing in debt portfolios
SeCapital S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
Presco Investments S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
CONSUMER LENDING		
Novum Finance Sp. z o.o.	Wrocław	Granting consumer loans
Wonga.pl Sp. z o.o.	Warsaw	Granting consumer loans
RoCapital IFN S.A.	Bucharest	Granting consumer loans
DEBT MANAGEMENT SUPPORT ACTIVITIES		
Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa	Wrocław	Comprehensive support for legal action and enforcement proceedings as part of debt collection processes carried out by the KRUK Group and its partners
Zielony Areal Sp. z o.o.	Wrocław	Buying and selling own real estate; services supporting crop production
KRUK TECH S.r.l.	Bucharest	Software development and provision of IT services
KRUK Immobiliare S.r.l.	Milan	Buying and selling own real estate

Entity controlled through personal links*	Registered office	Principal business activity
Corbul S.r.l	Bucharest	Detective activities
Gantoi, Furculita Si Asociatii S.p.a.r.l.	Bucharest	Law firm

* Corbul S.r.l. and Gantoi, Furculita Si Asociatii S.p.a.r.l. are entities controlled through key personnel of KRUK S.A.'s subsidiaries. The Parent has the ability to use its power to affect financial results allocated thereto due to its involvement with these entities (IFRS 10, paragraph 17).

In the reporting period, the following changes took place in the KRUK Group's structure:

- On 31 March 2025, shares in RoCapital INF S.A. previously held by KRUK S.A. were transferred as an in-kind contribution to Wonga.pl Sp. z o.o.
- On 30 September 2025, the Parent sold 100% of the shares in its subsidiary KRUK Deutschland GmbH outside the Group.

Subsequent to the reporting period, on 1 March 2026, the subsidiary KRUK Česká a Slovenská republika s.r.o. was placed in liquidation.

The Parent operates three local offices in Warsaw, Szczawno-Zdrój and Piła.

KRUK S.A. is the Parent of the Group. KRUK S.A. has no parent or shareholder that has the ability to influence the Group's financial and operating policies through control, joint control, or the exercise of significant influence. The subsidiaries are listed below.

	Country	Ownership interest and share in total voting rights	
		31 Dec 2025	31 Dec 2024
SeCapital S.a r.l. ¹	Luxembourg	100%	100%
Novum Finance Sp. z o.o. ¹	Poland	100%	100%
KRUK Romania SRL	Romania	100%	100%
Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NFW FIZ ¹	Poland	100%	100%
InvestCapital LTD ¹	Malta	100%	100%
RoCapital IFN S.A. ¹	Romania	100%	100%
Kruk Deutschland GmbH ³	Germany	-	100%
KRUK Italia S.r.l.	Italy	100%	100%
ItaCapital S.r.l.	Italy	100%	100%
KRUK España S.L.	Spain	100%	100%
Presco Investments S.a r.l.	Luxembourg	100%	100%
Presco NFW FIZ ¹	Poland	100%	100%
Corbul S.r.l. ²	Romania	n/a	n/a
Gantoi, Furculita Si Asociatii S.p.a.r.l. ²	Romania	n/a	n/a
AgeCredit S.r.l.	Italy	100%	100%
Wonga.pl Sp. z o.o.	Poland	100%	100%
KRUK Investimenti S.r.l.	Italy	100%	100%
Zielony Areał Sp. z o.o.	Poland	100%	100%
KRUK TECH S.r.l. ¹	Romania	100%	100%
KRUK Immobiliare S.r.l.	Italy	100%	100%

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

² The Parent controls the company through a personal link.

³ Entity sold outside the Group on 30 September 2025.

2. Basis of preparation

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), as endorsed by the European Union (“EU”).

These consolidated financial statements were authorised for issue by the Management Board of the Parent (the “Management Board”) on 9 March 2026.

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future, meaning that it will continue to operate largely in its present form for at least 12 months from the date of these financial statements. As at the date of authorisation of these financial statements, no circumstances were identified which would indicate any threat to the Group companies continuing as going concerns. The going concern assumption was reviewed in light of the current economic and political climate.

2.2. Basis of accounting

These consolidated financial statements have been prepared for the reporting period 1 January 2025 – 31 December 2025. The comparative data is presented as at 31 December 2024 and for the period 1 January 2024 – 31 December 2024.

These consolidated financial statements have been prepared based on the following accounting concepts:

- at amortised cost calculated using the effective interest rate method
 - including allowance for expected credit losses – for credit-impaired assets,
 - for financial assets held as part of the business model whose objective is to hold financial assets in order to collect contractual cash flows,and
 - for other financial liabilities,
- at fair value – for derivatives and loans for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding,
- at historical cost – for non-financial assets and liabilities.

2.3. Functional currency and presentation currency

The data contained in these consolidated financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand. Therefore, mathematical inconsistencies may occur in summations or between notes.

The Polish złoty is the functional currency of the Parent.

2.4. Accounting estimates and judgements

In order to prepare financial statements in accordance with the EU-IFRS, the Management Board is required to make judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and costs, whose actual values may differ from those estimates.

The estimates and assumptions are reviewed by the Group 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 subject to estimation (PLN '000)	31 Dec 2025	31 Dec 2024	Note
Investments in debt portfolios measured at amortised cost	11,632,709	10,500,278	3.4.1 18 32.1 32.3
Assumptions and estimate calculation			
<p>The value of purchased debt portfolios as at the valuation date is determined using an estimation model relying on expected discounted cash flows.</p> <p>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/entities (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.</p> <p>The KRUK Group prepares projections for recoveries from debt portfolios separately for each market. 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.</p> <p>Initial projections of expected cash flows that take into account the initial value 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 remains unchanged throughout the life of a portfolio.</p> <p>For a sensitivity analysis, see Note 18.</p>			
Item subject to estimation (PLN '000)	31 Dec 2025	31 Dec 2024	Note
Goodwill	7,823	7,928	3.5.2 17
Assumptions and estimate calculation			
<p>Goodwill impairment is estimated based on the expected discounted cash flows to be derived from a cash-generating unit. The discount rate used to discount expected cash flows reflects the current market assessment of the asset risk for the debt collection industry.</p> <p>For a sensitivity analysis, see Note 17.</p>			

Item subject to estimation (PLN '000)	31 Dec 2025	31 Dec 2024	Note
Loans measured at amortised cost	610,020	499,604	3.4.1 19 32.1 32.3
Assumptions and estimate calculation			
<p>Gross loans are calculated based on expected cash flows discounted with the effective interest rate. The expected cash flows are determined for homogeneous groups of loans, based on historical prepayment data. The prepayment possibility varies depending, among other factors, on the time elapsed since the grant of a loan. The amount of gross loans is reduced by the amount of expected credit losses. These are determined based, among other things, on the probability of default (PD), the loss given default (LGD), and total exposure at default (EAD). For a sensitivity analysis, see Note 19.</p>			
Item subject to estimation (PLN '000)	31 Dec 2025	31 Dec 2024	Note
Loans measured at fair value through profit or loss	2,295	3,301	3.4.1 19 32.1 32.3
Assumptions and estimate calculation			
<p>Loans that do not meet the SPPI test are measured at fair value. The fair value of loans was determined based on Level 3 of the fair value hierarchy, that is based on the projection of expected cash flows. For a sensitivity analysis, see Note 19.</p>			

Item involving judgement (PLN '000)	31 Dec 2025	31 Dec 2024	Note
Deferred tax assets and liabilities	56,107 (assets) 123,197 (liabilities)	44,429 (assets) 113,837 (liabilities)	21
Assumptions underlying judgements			
<p>The KRUK Group 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 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. <p>Therefore, the amount of deferred tax liability for <i>expected future cash flows from subsidiaries</i> may be subject to material changes in individual reporting periods.</p>			

The KRUK Group assesses the recoverability of deferred tax assets based on its approved financial forecast for the following years.

For a sensitivity analysis, see Note 21.

Item involving judgement (PLN '000)	31 Dec 2025	31 Dec 2024	Note
Exchange differences on translating equity and profit of InvestCapital	-148,883	-117,957	3.3 25

Assumptions underlying judgements

InvestCapital carries out material transactions in three different currencies: EUR, PLN and RON. Under IAS 21, the KRUK Group assesses the correctness of applying the functional currency for executed transactions on a quarterly basis, taking into account both historical and planned transactions. Given the volume of planned and held investments in debt portfolios, InvestCapital's functional currency is the euro.

3. Material accounting policies

Material accounting policies applied in the preparation of these financial statements are discussed below and within the relevant notes to these consolidated financial statements.

3.1. Changes in accounting policies

The accounting policies presented in these consolidated financial statements were applied consistently to all periods covered by the consolidated financial statements, except for changes in the presentation of items described in the 'Restatement for comparability' section.

There were no significant changes in accounting policies in 2025.

The Group applied the following amendments to standards and interpretations approved for use in the European Union as of 1 January 2025:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rate – Lack of Exchangeability*:

The amendments introduce a definition of exchangeability, require entities to estimate the exchange rate when a currency is not exchangeable, and require additional disclosures enabling users to evaluate the impact on the financial statements.

The Group conducts transactions primarily in the following currencies: PLN, EUR, RON, CZK and USD. As at the date of these consolidated financial statements, all of these currencies were fully exchangeable in the market and there were no restrictions on the remittance of funds or determination of exchange rates. Accordingly, the amendment had no significant effect on the Group's consolidated financial statements for 2025.

The Group monitors the risk of a lack of currency exchangeability in the countries where it operates. In the event that a currency becomes non-exchangeable, the Group will estimate the exchange rate at the measurement date using methods that would yield a rate reflecting an orderly exchange transaction between market participants under prevailing economic conditions.

Restatement for comparability

In order to better reflect the economic substance and enhance the usefulness of data presented in the consolidated statement of financial position, the Group changed the presentation of the line item *Investments* by separating it into distinct line items: *Investments in debt portfolios measured at amortised cost* and *Loans*. The Group also changed the presentation of the line item *Borrowings, debt securities and leases* by separating it into three distinct line items: *Borrowings*, *Debt securities* and *Lease liabilities*.

In the consolidated statement of cash flows, the Group separated the line item *Interest received and paid on hedging instruments*, presenting the respective amounts in separate line items: *Interest received on hedging instruments* and *Interest paid on hedging instruments*.

The data originally reported in the published consolidated financial statements as at 31 December 2024 and for the period from 1 January 2024 to 31 December 2024 has been restated to ensure comparability.

Effect of the change on the consolidated statement of financial position

PLN '000	1 Jan 2024 Originally reported	Change	1 Jan 2024 Restated to ensure comparability
Investments	9,091,893	(9,091,893)	-
Investments in debt portfolios measured at amortised cost	-	8,673,765	8,673,765
Loans	-	418,128	418,128
PLN '000	31 Dec 2024 Originally reported	Change	31 Dec 2024 Restated to ensure comparability
Investments	11,003,183	(11,003,183)	-
Investments in debt portfolios measured at amortised cost	-	10,500,278	10,500,278
Loans	-	502,905	502,905
PLN '000	1 Jan 2024 Originally reported	Change	1 Jan 2024 Restated to ensure comparability
Borrowings, debt securities and leases	5,531,167	(5,531,167)	-
Borrowings	-	2,610,158	2,610,158
Debt securities	-	2,851,202	2,851,202
Lease liabilities	-	69,807	69,807
PLN '000	31 Dec 2024 Originally reported	Change	31 Dec 2024 Restated to ensure comparability
Borrowings, debt securities and leases	6,626,551	(6,626,551)	-
Borrowings	-	3,458,610	3,458,610
Debt securities	-	3,109,702	3,109,702
Lease liabilities	-	58,239	58,239

Effect of the change on the consolidated statement of cash flows

<i>PLN '000</i>	1 Jan–31 Dec 2024 Originally reported	Change	1 Jan–31 Dec 2024 Restated to ensure comparability
Interest paid and received on hedging instruments	94,609	(94,609)	-
Interest received on hedging instruments	-	130,336	130,336
Interest paid on hedging instruments	-	(35,727)	(35,727)

3.2. Basis of consolidation

The Group consolidates the entities over which it exercises control, i.e. subsidiaries, starting from the date when the Group obtains control.

The Parent exercises control when it:

- exercises power over the investee,
- is exposed or has rights to variable returns from its involvement with the investee,
- has the ability to use its power over the investee to affect the amount of its returns.

All Group entities are fully consolidated, have consistent reporting periods and apply the same accounting policies.

3.2.1. Business acquisitions

Business acquisitions, including acquisitions of closed-end investment funds, are accounted for with the acquisition method as at the acquisition date, which is the date on which the Group assumes control of the acquiree.

The Group recognises goodwill calculated as the excess of the consideration transferred over the fair value of the acquired net identifiable assets. If the fair value of purchased net assets exceeds the consideration transferred, the Group recognises the gain on bargain purchase.

The Group measures all non-controlling interests in proportion to the interests in identifiable net assets of the acquiree.

3.2.2. Subsidiaries

Subsidiaries are entities controlled by the Parent, including investment funds. Financial statements of subsidiaries are consolidated from the date of assuming control over subsidiaries to the date on which such control ceases to exist. The accounting policies applied by the subsidiaries are uniform with the policies applied by the Group. In the case of subsidiaries that prepare their financial statements based on national accounting regulations other than IFRSs, their financial data are appropriately adjusted to reflect the accounting policies applied by the Group.

3.3. Foreign currencies

3.3.1. Foreign currency transactions

Transactions denominated in foreign currencies as at the transaction date are recognised in the functional currencies of the Group's entities, at buy or sell rates quoted as at the transaction date by the bank whose services a given entity uses.

Cash items of assets and liabilities denominated in a foreign currency are translated as at the end of the reporting period at the relevant mid exchange rate quoted by the central bank of the respective country for that date. Exchange differences on measurement of financial assets and liabilities as at the end of the reporting period are the differences between the value at amortised cost (or at fair value) in the functional

currency as at the beginning of the reporting period, adjusted for the interest accrued and payments made during the reporting period, and the value at amortised cost in the foreign currency, translated at the relevant mid exchange rate quoted by the central bank for the end of the reporting period.

Non-monetary items of foreign currency assets and liabilities valued at historical cost are translated at the relevant mid exchange rate quoted by the central bank for the transaction date.

Exchange differences on translation into the functional currency are recognised in profit or loss for the given period.

3.3.2. Translation of foreign operations

Assets and liabilities of foreign entities, including goodwill and consolidation adjustments to the fair value as at the acquisition date, are translated at the mid exchange rate quoted by the National Bank of Poland at the end of the reporting period. Retained earnings from foreign operations are translated at the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the year in which the profit/(loss) was generated. For information on the rates of exchange applied, see Note 32.3.

Any currency-translation differences are recognised as other comprehensive income. Where a foreign operation is sold, in whole or in part, relevant amounts recognised in equity are charged to profit or loss for the period.

3.4. Financial instruments

3.4.1. Financial assets

Financial assets are classified by the Group into one of the following categories:

- measured at amortised cost,
- at fair value through profit or loss.

The classification of financial assets as at the acquisition or origination date depends on the business model adopted by the Group to manage a given group of assets and the characteristics of contractual cash flows arising from a single asset or group of assets.

The Group identifies the following business models:

- 'Hold to collect' model – a model in which financial assets originated or acquired are held to derive benefits from contractual cash flows,
- 'Hold to collect and sell' model – a model where financial assets are held after the origination or acquisition in order to derive benefits from contractual cash flows, but can also be sold – often and in high volume transactions,
- 'Other' model - a model other than the 'hold to collect' model and 'hold to collect and sell' model.

An assessment of the characteristics of contractual cash flows involves performing the qualitative SPPI test in order to determine whether the cash flows arising from a given financial asset represent solely payments of principal and interest on the outstanding principal amount.

The SPPI test is performed for each financial asset or group of financial assets held in the 'hold to collect' (business model whose objective is to hold financial assets to collect contractual cash flows) and 'hold to collect and sell' (business model whose objective is achieved by both collecting contractual cash flows and selling financial assets) business model as at initial recognition of the asset (including for a substantial modification after restatement of the financial asset). If the contractual terms are modified, the estimated credit risks are revised accordingly. Indications of a significant risk increase include feedback from clients reporting possible problems with timely loan repayments and requests for credit holidays.

On initial recognition, the Group measures financial assets at fair value, except for trade and other receivables.

Trade and other receivables as well as employee loans without a significant financing component are initially measured at the transaction price.

Subsequently, financial assets are measured according to the following categories:

1. The following assets are measured at amortised cost:
 - a. Investments in debt portfolios
 - b. Trade and other receivables
 - c. Loans

Investments in debt portfolios, trade and other receivables, and loans are measured at amortised cost in accordance with IFRS 9 if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Consumer loans in the case of which failure to pass the SPPI test is related to the floating loan interest rate that contains a multiplier (leverage) are measured at fair value through profit or loss.

For detailed accounting policies applicable to the respective categories of financial assets, see Notes 18, 19 and 22.

3.4.2. Financial liabilities other than derivative instruments and other liabilities

For the policy applied to measure trade payables, liabilities under borrowings and other financial liabilities, see Notes 27 and 30.

3.5. Impairment losses on assets

3.5.1. Financial assets

For information on the recognition of impairment losses on financial assets, see Notes 18, 19 and 22.

3.5.2. Non-financial assets

The recoverable amount of assets or cash-generating units is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, projected cash flows are discounted at a rate which reflects current market assessments of the time value of money and the risks specific to the asset. Due to the changing market environment, the Group decided that the discount rate for the purposes of the DCF model used in tests for impairment of goodwill and assets should reflect the current market assessment of the credit risk for the debt collection industry. Therefore, to calculate the discount rate, the Group used the weighted average cost of capital for the debt collection industry, broken down into individual countries where the tested asset exists. To calculate cost of equity, the Group applied the Capital Asset Pricing Model (CAPM) based on financial data of debt collection companies operating on global markets.

For impairment testing, assets are grouped up to the smallest distinguishable units which generate cash flows largely independently from other assets or units of assets.

The Group tests the recognised goodwill for impairment by grouping cash-generating units so that the organisational level, being no higher than the isolated segment of operations, at which the impairment testing is made reflects the lowest organisational level at which the Group monitors goodwill for its own purposes.

For impairment testing, goodwill recognised on a business combination is allocated to the cash-generating units for which synergies are expected as a result of the business combination. The current assumptions are described in Note 17.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit is higher than its recoverable amount. Impairment losses are recognised in profit or loss for the period.

Goodwill impairment losses are irreversible. For other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that impairment loss has decreased or no longer exists. An impairment loss is reversible only up to the initial value of an asset, less depreciation/amortisation charges that would have been made if the impairment loss had not been recognised.

3.6. New standards and interpretations not applied in these financial statements

A number of new standards, amendments to standards and interpretations which were not yet effective for the annual periods ended 31 December 2025 has not been applied in preparing these consolidated financial statements. From among the new standards, amendments to standards and interpretations, the ones discussed below may have an effect on the Company's financial statements. The Group intends to apply them to the periods for which they are effective for the first time.

3.6.1. Amendments to existing standards and interpretations endorsed by the European Union but not yet effective and not yet applied by the Group

The following amendments to International Financial Reporting Standards and their interpretations, endorsed by the European Union (the "EU IFRSs") apply to reporting periods beginning on or after 1 January 2026:

Standards and interpretations endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on or after
Annual Improvements to IFRS Accounting Standards – Volume 11	These annual improvements introduce minor amendments to IFRS 1 <i>First-time Adoption of IFRSs</i> , IFRS 7 <i>Financial Instruments – Disclosures</i> , IFRS 9 <i>Financial Instruments</i> , IFRS 10 <i>Consolidated Financial Statements</i> , and IAS 7 <i>Statement of Cash Flows</i> .	The Group is assessing the potential impact of the amendments on its consolidated financial statements. The Group does not expect the amendments to have a material effect on its financial statements.	1 January 2026

Consolidated financial statements for the year ended 31 December 2025 prepared in accordance with the IFRS endorsed by the EU (PLN thousand)
The published XHTML report is the binding version of financial statements

Standards and interpretations 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 the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)	<p>In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 aimed at:</p> <p>a) clarifying the date of recognition and derecognition of certain financial assets and financial liabilities, with an exception of certain financial liabilities settled through an electronic cash transfer system;</p> <p>(b) clarifying and providing additional guidance on the assessment of whether a financial asset meets the SPPI criteria;</p> <p>(c) introducing new disclosures related to certain instruments whose contractual clauses could modify cash flows; and</p> <p>d) updating disclosures related to equity instruments measured at fair value through other comprehensive income (FVOCI).</p>	The Group is assessing the potential impact of the amendments on its consolidated financial statements. The Group does not expect the amendments to have a material effect on its financial statements.	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	The objective of the amendments is to better reflect the effects of physical and virtual nature-dependent electricity contracts in financial statements.	The amendments will have no effect on the Group's consolidated financial statements.	1 January 2026

3.6.2. 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 and after
IFRS 19 <i>Subsidiaries without Public Accountability</i> : Disclosures and Amendments to IFRS 19	The new standard specifies reduced disclosure requirements that an eligible entity may apply instead of the disclosure requirements in other IFRSs.	The amendments will have no effect on the Group's consolidated financial statements.	1 January 2027
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	The standard is to replace IAS 1 <i>Presentation of Financial Statements</i> . The new standard, issued in April 2024, will supersede IAS 1. The implementation of the new requirements is intended to enhance the comparability and transparency of financial statements.	Based on the Group's analysis, the application of the standard will affect the presentation and scope of disclosures in its consolidated financial statements.	1 January 2027
IAS 21 <i>The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency</i>	The purpose of the amendments is to provide consistent rules for translating financial information into a hyperinflationary presentation currency. The amendments address situations in which an entity presents its financial statements in the currency of a hyperinflationary economy, while its functional currency or the functional currency of its foreign operation is that of a non-hyperinflationary economy.	The amendments will have no effect on the Group's consolidated financial statements.	1 January 2027

4. Operating and geographical segments

Material accounting policies

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses relating to transactions with other components of the Group. Operating results of each segment are reviewed regularly by the Group's chief operating decision maker that makes decisions about resources to be allocated to the segment and assess its performance. Furthermore, discrete financial information is available for each segment.

Operating results of each segment which are reported to the Parent's operating decision maker include items which may be assigned directly to the segment and items which may be assigned indirectly, based on reasonable grounds. Unassigned items relate mainly to common (corporate) assets (assets relating primarily to the management board of the entity), costs of the entity's head office and corporate income tax assets and liabilities.

Operating segments

Based on the criterion of materiality of revenue presented in the consolidated statement of profit or loss, the Group has identified the principal operating segments presented below. The Management Board of the Parent reviews internal management reports relating to each business segment at least quarterly. The Group's operating segments conduct the following activities:

- purchased debt portfolios: collection of purchased debt,
- credit management services: fee-based collection of debts on clients' behalf,
- other: provision of loans, financial intermediation.

In 2024–2025, the Group did not aggregate its operating segments.

The Group changed the presentation of results by operating segment by separating, into distinct columns, data relating to the loan business on the Polish and Romanian markets, reflecting changes in the Group's structure as a result of which its loan business had been integrated (previously, only the Wonga.pl operations on the Polish market were presented in detail – comparative information has been restated to ensure comparability).

The performance of each operating segment is presented below. The key performance metrics for each operating segment are gross profit and EBITDA, which are disclosed in the management's internal reports reviewed by the President of the Management Board of the Parent. A segment's gross profit and EBITDA are used to measure the segment's performance since the management believes them to be the most appropriate metrics for the assessment of the segment's results against other entities operating in the industry.

In the reporting period, the Group's operating activities concentrated in several geographical areas: Poland, Romania, Italy, Spain, as well as Germany, the Czech Republic, Slovakia and France.

The Group's operations are divided into the following geographical segments:

- Poland,
- Romania,
- Italy,
- Spain,
- Other foreign markets.

In the presentation of data by geographical segments, segments' revenue is recognised based on the location of debt collection offices.

Revenue from credit management services and revenue from other products represent revenue from business partners.

The Group did not record any revenue from inter-segment transactions.

Results by operating segment

For the year ended 31 December 2025

	Poland		Romania		Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding the loan segment	Consumer lending*	Romania excluding the loan segment	Consumer lending*						
Revenue	1,306,459	213,172	565,916	12,796	676,101	385,259	20,514	10,434	-	3,190,651
Purchased debt portfolios	1,284,164	-	565,704	-	663,162	367,648	17,509	-	-	2,898,187
<i>including revaluation of projected recoveries</i>	<i>327,081</i>	-	<i>173,324</i>	-	<i>49,103</i>	<i>(12,735)</i>	<i>(39,871)</i>	-	-	496,902
Credit management services	22,055	-	212	-	12,939	17,611	3,005	-	-	55,822
Other products	240	213,172	-	12,796	-	-	-	-	-	226,208
Other operating income	-	-	-	-	-	-	-	10,434	-	10,434
Direct and indirect costs	(333,326)	(89,955)	(105,539)	(6,756)	(325,539)	(221,741)	(23,431)	(6,796)	-	(1,113,083)
Purchased debt portfolios	(314,213)	-	(105,534)	-	(316,982)	(209,942)	(23,431)	-	-	(970,102)
Credit management services	(19,070)	-	(5)	-	(8,557)	(11,799)	-	-	-	(39,431)
Other products	(43)	(89,955)	-	(6,756)	-	-	-	-	-	(96,754)
Unallocated expenses	-	-	-	-	-	-	-	(6,796)	-	(6,796)
Gross profit¹	973,133	123,217	460,377	6,040	350,562	163,518	(2,917)	3,638	-	2,077,568
Purchased debt portfolios	969,951	-	460,170	-	346,180	157,706	(5,922)	-	-	1,928,085
Credit management services	2,985	-	207	-	4,382	5,812	3,005	-	-	16,391
Other products	197	123,217	-	6,040	-	-	-	-	-	129,454
Unallocated income / expenses	-	-	-	-	-	-	-	3,638	-	3,638
Administrative expenses	(97,032)	(11,026)	(36,091)	(1,174)	(53,260)	(35,666)	(11,020)	-	(189,132)	(434,401)
EBITDA²	876,101	112,191	424,286	4,866	297,302	127,852	(13,937)	3,638	(189,132)	1,643,167
Depreciation and amortisation										(65,381)
Finance income/costs										(441,712)
Profit before tax										1,136,074
Income tax										(50,433)
Net profit										1,085,641
Carrying amount of debt portfolios	4,428,850	-	2,033,206	-	3,159,998	1,810,779	199,876	-	-	11,632,709
Carrying amount of loans	-	577,704	-	34,611	-	-	-	-	-	612,315
Cash recoveries	1,562,088	-	708,722	-	968,707	556,643	123,588	-	-	3,919,748

¹ Gross profit = revenue – direct and indirect costs ² EBITDA = gross profit – administrative expenses

* Covers the entire loan segment in the relevant geographical area.

Consolidated financial statements for the year ended 31 December 2025 prepared in accordance with the IFRS endorsed by the EU (PLN thousand)
The published XHTML report is the binding version of financial statements

For the year ended 31 December 2024

	Poland		Romania		Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding the loan segment	Consumer lending*	Romania excluding the loan segment	Consumer lending*						
Revenue	1,214,500	194,068	620,382	7,489	562,351	239,989	58,821	9,953	-	2,907,553
Purchased debt portfolios	1,188,672	-	619,851	-	548,947	221,531	58,597	-	-	2,637,598
<i>including revaluation of projected recoveries</i>	<i>301,551</i>	-	<i>201,761</i>	-	<i>59,591</i>	<i>(173,295)</i>	<i>495</i>	-	-	390,102
Credit management services	25,390	-	531	-	13,404	18,458	224	-	-	58,007
Other products	438	194,068	-	7,489	-	-	-	-	-	201,995
Other operating income	-	-	-	-	-	-	-	9,953	-	9,953
Direct and indirect costs	(323,956)	(74,092)	(119,374)	(4,047)	(253,650)	(244,595)	(23,765)	(7,603)	-	(1,051,082)
Purchased debt portfolios	(303,954)	-	(119,345)	-	(244,076)	(230,893)	(23,765)	-	-	(922,033)
Credit management services	(19,889)	-	(29)	-	(9,574)	(13,702)	-	-	-	(43,194)
Other products	(113)	(74,092)	-	(4,047)	-	-	-	-	-	(78,252)
Unallocated expenses	-	-	-	-	-	-	-	(7,603)	-	(7,603)
Gross profit¹	890,544	119,976	501,008	3,442	308,701	(4,606)	35,056	2,350	-	1,856,471
Purchased debt portfolios	884,718	-	500,506	-	304,871	(9,362)	34,832	-	-	1,715,565
Credit management services	5,501	-	502	-	3,830	4,756	224	-	-	14,813
Other products	325	119,976	-	3,442	-	-	-	-	-	123,743
Unallocated income / expenses	-	-	-	-	-	-	-	2,350	-	2,350
Administrative expenses	(92,499)	(13,619)	(32,998)	(1,214)	(47,119)	(28,089)	(14,686)	-	(151,334)	(381,558)
EBITDA²	798,045	106,357	468,010	2,228	261,582	(32,695)	20,370	2,350	(151,334)	1,474,913
Depreciation and amortisation										(62,479)
Finance income/costs										(402,029)
Profit before tax										1,010,405
Income tax										63,873
Net profit										1,074,278
Carrying amount of debt portfolios	4,059,078	-	1,620,206	-	2,729,077	1,897,857	194,060	-	-	10,500,278
Carrying amount of loans	-	450,909	-	51,996	-	-	-	-	-	502,905
Cash recoveries	1,443,502	-	684,389	-	769,039	537,783	101,598	-	-	3,536,311

¹ Gross profit = revenue – direct and indirect costs ² EBITDA = gross profit – administrative expenses

* Covers the entire loan segment in the relevant geographical area.

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

Material accounting policies

Revenue from purchased debt portfolios

Revenue from purchased debt portfolios includes mainly interest income on investments in debt portfolios and is presented in the statement of profit or loss under 'Interest income on debt portfolios and loans measured at amortised cost'.

The credit risk-adjusted effective interest rate used for discounting estimated cash flows is calculated based on the initial cash recovery projections that take into account the initial value of the investment in debt portfolios, and remains unchanged throughout the life of a portfolio.

Interest income is calculated based on the net carrying amount of the investment in debt portfolios measured at amortised cost in accordance with the regulations applicable to purchased credit-impaired financial assets, using an effective interest rate including an element that reflects that credit risk, and is recognised in profit or loss for the current period. All interest income is recognised as an increase in the carrying amount of the portfolio. All actual recoveries collected during the period are recognised as a decrease in the carrying amount of the portfolio. Moreover, any changes in the portfolio's value resulting from changes in the estimated timing and amounts of expected future cash recoveries for the portfolio are disclosed as 'Gain/(loss) on expected credit losses'. 'Other income/expenses from purchased debt portfolios' includes foreign exchange gains or losses, costs related to the bonus plan and a provision for the refund of overpayments.

Revenue from credit management services

Revenue from credit management services comprises commission fees due for the collection of debts. Such revenue is recognised on an accrual basis, in the period in which the service was provided, based on a defined percentage of collected amounts, as provided for in the relevant contract with a business partner. Such revenue is presented in the statement of profit or loss under 'Revenue from rendering services'.

Revenue from other services

Revenue from loans

Revenue from loans includes mainly interest income on investments in loans and is presented in the statement of profit or loss under 'Interest income on debt portfolios and loans measured at amortised cost' and 'Interest income on loans measured at fair value', depending on the adopted measurement method.

Revenue from loans is recognised using an effective interest rate calculated based on expected future cash flows. Estimates of cash flows are determined using life tables, prepared on the basis of historical loan prepayment data. The life of a loan is variable, depending on the time that has elapsed since the loan was granted. The life tables are periodically back-tested and revised as necessary. For exposures classified into Basket 1 and Basket 2, interest is accrued on the gross carrying amount of loans, while for exposures in Basket 3 interest is accrued on the net carrying amount. If there is a change in the NBP reference rates, leading to a change in interest rates on loans, it is recognised in accordance with IFRS 9.B5.4.5, i.e. a new effective interest rate is determined. If the expectations regarding future cash flows change, the provisions of IFRS

9.B5.4.6 are applied, i.e. a new gross carrying amount of the loan is determined using the existing effective interest rate. The difference between the previous and the new gross carrying amount is recognised under revenue from loans.

Revenue from financial intermediation and agency services, and auxiliary services provided to small and medium-sized enterprises

Revenue from rendering services includes, in addition to revenue from credit management services, revenue from financial intermediation and agency services, and auxiliary services provided to small and medium-sized enterprises. Revenue from the provision of other services is recognised on a continuous basis in monthly and quarterly accounts, depending on the structure of the contract. Revenue from rendering services is disclosed in the amount equal to the fair value of the payment received, net of refunds, discounts and rebates.

Other operating income

Other operating income comprises operating income not directly related to the KRUK Group's main business objects. It includes in particular income from sale and retirement of property, plant and equipment, income/expenses from recharged services, damages received, penalties and fines, and grants received.

Other operating income is recognised in the amount equal to transaction value.

Financial information

PLN '000

	1 Jan–31 Dec 2025					1 Jan–31 Dec 2024				
	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other operating income	Total	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other operating income	Total
Interest income on debt portfolios and loans measured at amortised cost	2,210,958	-	257,646	-	2,468,604	1,883,640	-	244,099	-	2,127,739
Interest income on loans measured at fair value	-	-	1,078	-	1,078	-	-	2,000	-	2,000
Revenue from sale of debts and loans*	14,470	-	-	-	14,470	15,209	-	-	-	15,209
Other income/expenses from purchased debt portfolios	(49,525)	-	-	-	(49,525)	(2,373)	-	-	-	(2,373)
Revenue from rendering services	-	55,822	248	-	56,070	-	58,007	626	-	58,633
Other operating income	-	-	-	10,434	10,434	-	-	-	9,953	9,953
Change in investments measured at fair value	-	-	807	-	807	-	-	(461)	-	(461)
Gain/(loss) on expected credit losses	722,284	-	(33,571)	-	688,713	741,122	-	(44,269)	-	696,853
	2,898,187	55,822	226,208	10,434	3,190,651	2,637,598	58,007	201,995	9,953	2,907,553

*As part of its debt recovery processes, the Group occasionally sells cases from debt portfolios. They are derecognised by the Group at the time of sale.

Other income/expenses from purchased debt portfolios

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Foreign currency gains/(losses)	(41,826)	541
Costs of loyalty scheme valuation	(1,778)	1,380
Costs of provision for overpayments	(5,921)	(4,294)
	<u>(49,525)</u>	<u>(2,373)</u>

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

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Revaluation of projected recoveries	496,902	390,102
Deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor	225,382	351,020
	<u>722,284</u>	<u>741,122</u>

If necessary, as at the end of each quarter the Group updates the following parameters which are used to estimate future cash flows from 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 tools.

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

Assumptions adopted in the valuation of debt portfolios

	31 Dec 2025	31 Dec 2024
Discount rate*	8.00%–147.10%	8.00%–147.10%
Cash flows estimation period	Jan 2026–Jan 2046	Jan 2025–Jun 2045
Undiscounted value of expected future recoveries	26,152,000	23,147,233

* Applicable to 99% of debt portfolios.

Projected estimated schedule of recoveries from debt portfolios (undiscounted value)

PLN '000

	31 Dec 2025	31 Dec 2024
Time horizon		
Up to 12 months	3,602,609	3,304,652
From 1 to 2 years	3,340,971	3,091,801
From 2 to 3 years	2,904,080	2,656,653
From 3 to 4 years	2,484,149	2,219,286
From 4 to 5 years	2,110,633	1,922,602
From 5 to 6 years	1,791,436	1,578,099
From 6 to 7 years	1,548,854	1,334,620
From 7 to 8 years	1,357,042	1,125,478
From 8 to 9 years	1,190,125	986,737
From 9 to 10 years	1,060,937	868,682
From 10 to 11 years	940,096	770,451
From 11 to 12 years	812,430	677,458
From 12 to 13 years	705,894	585,348
From 13 to 14 years	618,375	500,717
From 14 to 15 years	506,852	432,864
Over 15 years	1,177,517	1,091,785
	<u>26,152,000</u>	<u>23,147,233</u>

PLN '000

	31 Dec 2025	31 Dec 2024
discount rate:		
< 25%	17,926,837	15,685,322
25%–50%	6,836,415	6,075,201
>50%	1,388,748	1,386,710
	<u>26,152,000</u>	<u>23,147,233</u>

The amounts of estimated remaining recoveries 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 recoveries on existing debt portfolios,
- revision of estimated remaining recoveries.

Revenue from loans

Revenue from loans measured at amortised cost

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Interest income	257,646	244,099
Allowance for expected credit losses	(33,571)	(44,269)
	<u>224,075</u>	<u>199,830</u>

Revenue from loans measured at fair value

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Interest income	1,078	2,000
Remeasurement	807	(461)
	<u>1,885</u>	<u>1,539</u>

Revenue from rendering services

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Revenue from credit management services	55,822	58,007
Revenue from financial intermediation and agency services, and auxiliary services provided to small and medium-sized enterprises	248	626
	<u>56,070</u>	<u>58,633</u>

The performance obligation arises upon execution of the contract and provision of the data necessary to initiate the debt recovery process. Payment for services is made within 14-30 days of the respective invoice date.

Revenue from fee-based credit management comprises commission fees ranging from 2% to 49% of the collected debts. Commission fee rates depend on delinquency periods and on whether there have been any prior collection attempts. The Group's largest business partner accounted for 21% of total revenue from fee-based credit management (2024: 17%).

Other operating income

PLN '000

	Note	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Gain (loss) on sale of property		2,656	6,156
Recharged costs of services and court fees		2,324	2,528
Sale of shares in subsidiaries*		2,282	-
Compensation for motor damage		1,024	68
Gain on sale of property, plant and equipment		915	-
Government grants		183	-
Rental		97	77
Other cooperation		56	496
Other		897	628
		<u>10,434</u>	<u>9,953</u>

* Gain on agreement for sale of shares in KRUK Deutschland GmbH

6. Services expense

Material accounting policies

'Services expense' include costs of services provided by third parties, such as debt collection, IT, legal and administrative support, short-term rental, property security, service charges, as well as management, packaging, postal and courier services.

The costs of services are charged to current period expenses.

Financial information

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
IT services	(86,529)	(67,550)
Debt collection services ¹	(77,522)	(75,813)
Administrative and accounting support services	(53,108)	(39,636)
Postal and courier services	(34,375)	(24,630)
Legal assistance services ²	(32,898)	(32,919)
Banking services ³	(31,250)	(29,505)
Communications services	(13,906)	(14,036)
Space rental and service charges	(10,162)	(9,666)
Marketing and management services	(7,122)	(11,299)
Printing services	(3,228)	(3,899)
Security services	(3,136)	(2,536)
Repair and maintenance services	(2,218)	(1,654)
Recruitment services	(1,815)	(1,537)
Repair of vehicles	(1,556)	(1,432)
Other rental	(1,415)	(1,532)
Other auxiliary services	(1,342)	(2,289)
Transport services	(366)	(164)
Packing services	(52)	(118)
	(362,000)	(320,215)

¹ Costs of debt management services provided by external service providers.

² Legal assistance mainly relates to debt portfolio management.

³ Costs of operating bank accounts, transcollected and direct debit services.

The increase in the cost of IT, administrative and accounting support services in 2025 was mainly driven by the procurement of services related to the Group's digital transformation.

7. Court fees

Material accounting policies

'Court fees' include costs incurred on court fees in connection with the legal collection process.

The costs of court fees are charged to current period expenses.

Financial information

PLN '000

	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Legal expenses	(334,411)	(315,205)
Bailiff fees	(131,345)	(132,786)
Stamp duties	(2,771)	(2,955)
	<u>(468,527)</u>	<u>(450,946)</u>

8. Other expenses

Material accounting policies

'Other expenses' include:

- promotion, advertising and entertainment costs,
- fees payable to the Polish Financial Supervision Authority and the Central Securities Depository of Poland,
- taxes and charges (including property tax, VAT, municipal and administrative charges),
- insurance costs,
- goodwill impairment losses,
- infrastructure maintenance costs,
- provisions for straight-line fee refunds.

Other expenses are recognised as expenses for the period to which they relate.

Financial information

PLN '000

	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Taxes and charges	(29,132)	(35,957)
Raw materials and consumables used	(17,537)	(13,546)
Advertising	(20,548)	(7,374)
Staff training	(12,309)	(10,662)
Business travel	(6,817)	(5,279)
Entertainment expenses	(5,887)	(6,194)
Non-deductible VAT	(2,029)	(1,914)
Motor insurance	(1,574)	(915)
Property insurance	(1,286)	(1,053)
Losses caused by motor damage	(1,174)	(667)
Refund of litigation costs	(726)	(894)
Write-off of development work	(618)	(1,055)
Membership fees	(524)	(374)
Non-compete agreements	(449)	(321)
Allowances for expected credit losses on receivables	(17)	-
Recharged costs of services and fees	(2)	-
Provision for potential differences due to linear settlement*	-	7,535
Loss on sale of property, plant and equipment	-	(199)
Other	(1,332)	(1,901)
	<u>(101,961)</u>	<u>(80,770)</u>

In 2024, the provision for potential differences due to linear settlement of loans was reversed due to the marginal level of complaints. The Group believes there is a low risk of increase in the level of complaints in the future.

The increase in raw materials and consumables used compared with 2024 resulted from the relocation of the Parent's registered office and was attributable to expenses incurred on office equipment.

In 2025, television and radio campaigns were run, which translated into higher advertising costs compared with the corresponding period of the year before.

9. Employee benefits expense

Material accounting policies

'Employee benefits expense' includes:

- salaries and social security contributions (including old-age and disability pension contributions),
- provisions for accrued holiday entitlements,
- pension and disability insurance provisions,
- bonus provisions,
- management stock option plan recognised in accordance with IFRS 2 Share-based Payment, and
- costs of other pay and non-pay employee benefits.

Employee benefits expense is recognised as an expense for the period to which it relates.

Financial information

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Salaries and wages	(458,215)	(445,786)
Other social security contributions	(91,942)	(83,444)
Pension and disability insurance contributions	(38,284)	(32,456)
Equity-settled cost of stock option plan ¹	(24,035)	(16,807)
Contribution to the State Fund for the Disabled	(2,520)	(2,216)
	<u>(614,996)</u>	<u>(580,709)</u>

¹ The management stock option plans are described in Note 25

10. Finance income and costs

Material accounting policies

Finance income includes interest income on cash invested by the Group (net of income on purchased debt and revenue from loans advanced as part of operating activities, as described in Notes 18 and 19), dividends receivable and foreign exchange gains on translation of monetary items. Interest income is presented in profit or loss of the period using the effective interest rate method. Dividend is accounted for in profit or loss of the period as at the date when the Group becomes entitled to receive the dividend.

Finance costs include interest expense related borrowings, net losses on derivatives and hedging instruments (presented as hedging costs), and foreign exchange losses on translation of monetary items. Borrowing costs that are not directly attributable to acquisition or production of particular assets are recognised in profit or loss of the period using the effective interest rate method. Foreign exchange gains and losses are posted in net amounts.

Finance cost/income presented in the statement of cash flows does not include exchange differences on intragroup transactions.

Financial information

Finance income

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Interest income on bank deposits	2,337	6,212
	2,337	6,212

Finance costs

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Interest and commission expense on financial liabilities measured at amortised cost	(503,561)	(494,194)
<i>including interest</i>	(477,128)	(471,121)
Net exchange rate differences	(511)	(2,503)
Interest income/expense on hedging instruments – IRS	(7,965)	22,737
Hedging costs	71,899	64,278
Interest income/expense on hedging instruments – CIRS	(2,233)	1,546
Expense/income from measurement of derivatives – FORWARD	(1,678)	(105)
	(444,049)	(408,241)

Effect of exchange rate movements on statement of profit or loss

PLN '000	Note	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Realised exchange gains/(losses)	10	(1,061)	(7,781)
Unrealised exchange gains/(losses)	10	550	5,278
Expense/income from settlement of derivatives – FORWARD	10	(1,678)	(105)
Remeasurement of debt portfolios due to exchange rate movements	5	(41,826)	541
		(44,015)	(2,067)

11. Exchange differences on translation of foreign operations

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Exchange differences on translation of foreign operations	(37,922)	(34,827)
Attributable to:		
Owners of the Parent	(37,942)	(34,863)
Non-controlling interests	20	36
Finance income/(cost) recognised directly in other comprehensive income	(37,922)	(34,827)

12. Income tax

Material accounting policies

Income tax comprises current and deferred tax. Current and deferred tax is charged to profit or loss of the period except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

When determining amounts of current and deferred tax, the Group takes into account the impact of uncertainty concerning potential additional tax liabilities. However, facts and circumstances which may materialise in the future, may have an effect on an assessment of correctness of the existing and past tax liabilities.

Current tax is the expected income tax payable or receivable in respect of taxable income for the year, determined using tax rates enacted or substantially enacted at the reporting date for the parent and group companies, and any adjustment to income tax payable in respect of previous years' income. The Group chose to present tax for prior years resulting from a tax audit together with interest under 'Current income tax' in the statement of profit or loss. Such presentation will better reflect the impact of this item on the Group's financial position.

Deferred tax is measured using tax rates that are expected to apply when temporary differences reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets are recognised in respect of tax loss carryforwards, tax credits and deductible temporary differences only to the extent that it is expected that taxable income will be generated against which such assets can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group does not recognise a deferred tax liability in respect of retained earnings at 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 foreseeable future (three years). For each reporting date, the Group reviews the expected realisations from retained earnings in subsidiaries. Any adjustments to the amount of deferred tax liabilities are made based on results of the review. Deferred tax liabilities are affected by the methodology used to determine the value of shares.

As a rule, shares or certificates are sold/redeemed by KRUK Group companies at fair value determined on the date of their sale/redemption, except for companies for which commercial law defines a specific method for determining the value of shares. The Group applies the LIFO approach to determine the order of redemption of shares in subsidiaries (taking into account the restrictions of securitisation law in InvestCapital, which stipulates that funds raised from specific shares must be used for investments before they can be redeemed). However, for the redemption of fund certificates, the Group applies the FIFO approach.

Financial information

Income tax recognised in profit or loss and in total comprehensive income for period

PLN '000	Note	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Current income tax			
Current income tax payable*		(62,242)	(27,149)
Deferred income tax			
Related to temporary differences and their reversal**	21	11,809	91,022
Income tax recognised in profit or loss		(50,433)	63,873
Deferred income tax			
Related to temporary differences and their reversal		(9,491)	(4,081)
Income tax recognised in other comprehensive income		(9,491)	(4,081)
Income tax recognised in comprehensive income		(59,924)	59,792

* The amount of tax disclosed in these financial statements includes income tax, CFC tax and tax for prior years resulting from a tax audit.

** Deferred tax liability due to expected future cash flows from subsidiaries may be subject to material changes in individual reporting periods.

Reconciliation of effective tax rate

The effective income tax rate differs from the enacted income tax rates as the consolidated data includes primarily data of entities whose operations are subject to deferred income tax upon realisation of income or payment of dividend.

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Profit before tax	1,136,074	1,010,405
Tax calculated at the Parent's rate (19%)	(215,854)	(191,977)
Effect of application of other income tax rates abroad and effect of deferred tax	7,974	3,652
Differences resulting from ability to control the timing of reversal of temporary differences in the valuation of net assets of subsidiaries and the probability of their realization in the foreseeable future, and other non-deductible expenses/non-taxable income	164,864	252,198
Tax for prior years resulting from tax audit	(7,417)	-
Income tax recognised in profit or loss	(50,433)	63,873
Effective tax rate (%)	4.44%	-6.32%

Tax risk

Regulations on value added tax, corporate income tax, and social security contributions are subject to frequent amendments, both in Poland and in other EU countries where the Group operates, with a resulting lack of appropriate points of reference, conflicting interpretations, and scarcity of established precedents to follow. Furthermore, the applicable tax laws lack clarity, which leads to differences in opinions and diverse interpretation of tax regulations, both between individual public authorities and between public authorities and enterprises.

Tax settlements and other areas of activity (e.g. customs or foreign exchange control) may be subject to inspection by administrative bodies authorised to impose high penalties and fines plus relatively high interest, and any additional tax liabilities arising from such inspections must be paid with high interest.

The amounts presented and disclosed in the financial statements may therefore change in the future as a result of a final decision by a tax inspection authority.

The Group believes that it has paid all due taxes, fines and default interest in a timely manner, and has properly accounted for both current and deferred taxes for the reporting period and for prior years.

In respect of all uncertain tax items, where the current legislation and communication with tax authorities do not provide sufficient guidance, the Group analysed the existing tax laws and regulations and their interpretations, and – in the opinion of the Group – applied them correctly.

The period for which tax settlements may be subject to tax audit is four years in Spain, five years in Poland, the Czech Republic and Germany, six years in Italy, and seven years in Romania and Slovakia. As a result, the amounts disclosed in the financial statements may be changed at a later date after they are finally determined by tax authorities.

As of 1 January 2025, pursuant to the Act on Top-up Tax Levied on Constituent Entities of Multinational and Domestic Groups of 6 November 2024 (the “Act”), the OECD Pillar Two rules entered into force in Poland. These regulations require taxpayers to pay a top-up tax, representing the difference between the effective tax rate (calculated in accordance with the principles set out in the Act) applicable in a given jurisdiction and the minimum rate of 15%. A group of entities becomes subject to these provisions if it achieves consolidated revenue of at least EUR 750 million in two out of the four financial years immediately preceding the tax year. As at 31 December 2025, the Group had not exceeded the above threshold (its revenue for 2025, translated into EUR at the ECB average exchange rate of December of the year preceding the financial year, i.e. 4.2704, amounted to EUR 747 million). Based on estimates, the KRUK Group is not expected to meet this revenue threshold earlier than 2028, i.e. its consolidated revenue may reach EUR 750 million for the first time in the 2026 and 2027 financial years.

The Group is in the process of assessing its exposure to the Pillar Two requirements. Given that its subsidiaries operate in Poland, Malta, and Luxembourg – jurisdictions where the estimated effective tax rate, based on accounting profit for the reporting period ended 31 December 2025, is less than 15% – the Group is analysing the potential impact of these regulations on its overall tax burden. This rate will, in practice, differ from the rate determined under IAS 12 *Income Taxes*. In particular, the Group is evaluating the applicability of permitted exclusions and ‘safe harbour’ provisions set out in the Act, as well as their impact on the effective tax rate for the purposes of calculating the tax, should the KRUK Group become subject to the top-up tax in the future.

Based on the current assessment, the application of this legislation may first increase the Group’s effective annual tax rate in 2028. Therefore, as at the reporting date, the Group had no current tax expense. At the same time, the Group takes advantage of the IAS 12 exception from recognising and disclosing information about deferred tax assets and liabilities related to the Pillar Two income taxes.

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

PLN '000	Note	31 Dec 2025	31 Dec 2024 restated
Assets			
Non-current assets			
Property, plant and equipment	14	116,041	89,572
Other intangible assets	16	143,580	69,341
Goodwill	17	7,823	7,928
Investments in debt portfolios measured at amortised cost	18	8,428,466	7,563,430
Loans	19	219,060	174,694
Hedging instruments	28	101,372	101,285
Deferred tax assets	21	56,107	44,429
Total non-current assets		9,072,449	8,050,679
Current assets			
Inventories	20	9,355	12,556
Investments in debt portfolios measured at amortised cost	18	3,204,243	2,936,848
Loans	19	393,255	328,211
Trade receivables	22	14,600	19,619
Other receivables	22	60,367	52,496
Income tax receivables		9,946	3,684
Hedging instruments	28	35,982	13,041
Other assets	24	19,347	16,955
Cash and cash equivalents	23	212,629	214,790
Total current assets		3,959,724	3,598,200
Total assets		13,032,173	11,648,879
Equity and liabilities			
Equity			
Share capital	25	19,492	19,382
Share premium		401,539	374,097
Hedge reserve	28	110,764	64,779
Measurement reserve (defined benefit plans)		5,142	3,374
Reserve of exchange differences on translation		(168,676)	(130,734)
Other reserves		212,689	188,654
Retained earnings		4,745,190	4,009,434
Equity attributable to owners of the Parent		5,326,140	4,528,986
Non-controlling interests		324	(329)
Total equity		5,326,464	4,528,657
Non-current liabilities			
Borrowings	27	3,619,895	3,423,881
Debt securities	27	3,228,255	2,892,970
Lease liabilities	27	78,637	35,155
Deferred tax liabilities	21	123,197	113,837
Provisions	31	2,670	1,897
Hedging instruments	28	23,145	36,742
Total non-current liabilities		7,075,799	6,504,482

Current liabilities			
Borrowings	27	42,827	34,729
Debt securities	27	232,635	216,732
Lease liabilities	27	24,761	23,084
Derivatives		58	105
Trade and other payables	30	213,018	231,823
Income tax payable		21,347	5,493
Employee benefit liabilities	29	77,669	85,775
Provisions	31	17,595	17,999
Total current liabilities		629,910	615,740
Total liabilities		7,705,709	7,120,222
Total equity and liabilities		13,032,173	11,648,879

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

14. Property, plant and equipment

Material accounting policies

Recognition and measurement

Items of property, plant and equipment are recognised at cost, less depreciation charges and impairment losses.

Gain or loss on disposal of an item of property, plant and equipment is estimated as the difference between the disposal proceeds and the carrying amount of the disposed item, and is recognised in current period's profit or loss under other operating income or other expenses.

Subsequent expenditure

The Group companies capitalise future expenditure on an item of property, plant and equipment if such expenditure may be reliably estimated and if the Group is likely to derive economic benefits from such item of property, plant and equipment.

Depreciation and amortisation

The level of depreciation charges is determined based on acquisition or production cost of a certain asset less its residual value.

Assets are depreciated beginning in the month after they are placed in service. Depreciation expense is recognised in the current period's profit or loss, using the straight-line method with respect of the useful economic life of a given item of property, plant and equipment. This method reflects the manner of achieving future economic benefits related to the use of a certain asset in the best possible way. Land is not depreciated.

The Group has adopted the following length of useful lives for particular categories of property, plant and equipment:

Buildings (investments in third-party facilities)	10-40	years
Plant and equipment	3-10	years
Vehicles	4-5	years
Other property, plant and equipment	3-8	years

Financial information

Gross carrying amount of property, plant and equipment

<i>PLN '000</i>	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at 1 Jan 2024	107,672	65,563	42,072	11,589	426	227,322
Purchase	19,206	15,076	3,512	165	446	38,405
Sale/ retirement	(6,251)	(4,120)	(3,506)	(61)	-	(13,938)
Accounting for assets under construction	-	334	92	-	(426)	-
Effect of exchange rate changes*	(1,259)	(482)	(419)	(117)	-	(2,277)
Gross carrying amount as at 31 Dec 2024	119,368	76,371	41,751	11,576	446	249,512

<i>PLN '000</i>	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at 1 Jan 2025	119,368	76,371	41,751	11,576	446	249,512
Purchase	32,692	21,762	13,311	375	3,764	71,904
Sale/ retirement	(9,908)	(13,316)	(4,566)	(469)	134	(28,125)
Accounting for assets under construction	-	225	-	-	(225)	-
Effect of exchange rate changes*	(1,654)	(473)	(348)	(140)	(2)	(2,617)
Gross carrying amount as at 31 Dec 2025	140,498	84,569	50,148	11,342	4,117	290,674

Accumulated depreciation

<i>PLN '000</i>	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Accumulated depreciation as at 1 Jan 2024	(61,635)	(40,981)	(24,229)	(8,700)	-	(135,545)
Depreciation	(15,120)	(10,913)	(10,155)	(646)	-	(36,834)
Decrease resulting from sale / retirement	3,755	3,894	3,233	61	-	10,943
Effect of exchange rate changes*	719	362	335	80	-	1,496
Accumulated depreciation as at 31 Dec 2024	(72,281)	(47,638)	(30,816)	(9,205)	-	(159,940)
<i>PLN '000</i>	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Accumulated depreciation as at 1 Jan 2025	(72,281)	(47,638)	(30,816)	(9,205)	-	(159,940)
Depreciation	(15,088)	(13,353)	(7,548)	(700)	-	(36,690)
Decrease resulting from sale / retirement	3,312	13,240	3,279	403	-	20,234
Effect of exchange rate changes*	1,021	332	324	86	-	1,763
Accumulated depreciation as at 31 Dec 2025	(83,035)	(47,419)	(34,762)	(9,417)	-	(174,633)

Net carrying amount

<i>PLN '000</i>	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
As at 1 Jan 2024	46,037	24,582	17,843	2,889	426	91,777
As at 31 Dec 2024	47,087	28,733	10,935	2,371	446	89,572
As at 1 Jan 2025	47,087	28,733	10,935	2,371	446	89,572
As at 31 Dec 2025	57,463	37,150	15,386	1,925	4,117	116,041

* Exchange differences on translating financial statements in currencies other than PLN.

In 2025 and 2024, there were no impairment losses.

For more information on security interests in property, plant and equipment, see Note 27.

As at 31 December 2025 and 31 December 2024, the value of contractual commitments to purchase property, plant and equipment was PLN 0.

The data relating to property, plant and equipment presented in Note 15 'Right of use' is disclosed in the table above.

15. Right of use

Material accounting policies

Right of use and lease liabilities

The Group classifies long-term lease contracts as leases, disclosing in its financial statements the right-of-use assets (under 'Property, plant and equipment' in the statement of financial position) and lease liabilities (under 'Lease liabilities' in the statement of financial position) measured at the present value of the lease payments that remain to be paid.

The amount of future lease payments is discounted using the lessee's weighted average incremental borrowing rate. The right-of-use assets are recognised at the same amounts as the lease liabilities, unless contractual clauses exist that could result in creating provisions for additional charges or provisions related to the disassembly of leased facilities or items. The Group applies the practical expedient permitted by the standard for short-term leases (up to 12 months) and low-value leases (up to PLN 20 thousand), for which it does not recognise financial liabilities and related right-of-use assets, and lease payments are recognised as costs using the straight-line method during the lease term under 'Services' in the consolidated statement of profit or loss.

The Group recognises a lease contract as a right-of-use asset and a corresponding lease liability as of the date when the leased asset is available for use. The lease term was determined taking into account the extension and shortening options available under executed contracts if the option is likely to be exercised.

The lease liability includes the present value of the following lease payments:

- fixed lease payments (including in-substance fixed lease payments) less any lease incentives due,
 - variable lease payments that depend on an index or rate,
 - amounts expected to be paid by a lessee under a residual value guarantee,
 - the exercise price of the call option if it is reasonably certain that the lessee will exercise that option,
- and
- cash penalties for terminating the lease if the lease provides that the lessee may exercise the option to terminate the lease.

After the commencement date, the lease liability is measured by:

- a) increasing the carrying amount to reflect interest on the lease liabilities;
 - b) reducing the carrying amount to reflect the lease payments made;
- and
- c) remeasuring the carrying amount to reflect any lease reassessment or modification, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term, unless the Group is certain that it obtains ownership before the end of the lease.

The Group has lease contracts for vehicles, space and software rental.

Lease payments

Lease payments are accounted for in accordance with IFRS 16, as described above.

Financial information

PLN '000

	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Carrying amount of right-of-use assets, by class of underlying asset at beginning of period		
Buildings and structures	44,441	42,431
Plant and equipment	195	187
Vehicles	10,507	17,186
Intangible assets – software	5,222	12,119
	<u>60,365</u>	<u>71,923</u>
Cost of depreciation/amortisation of right-of-use assets in the reporting period, by class of underlying asset		
Buildings and structures	(14,037)	(14,289)
Plant and equipment	(98)	(144)
Vehicles	(7,502)	(10,042)
Intangible assets – software	(10,262)	(8,419)
	<u>(31,899)</u>	<u>(32,894)</u>
Increase in right-of-use assets	76,458	24,089
Decrease in right-of-use assets due to retirement/termination of contract	(2,076)	(2,254)
Translation differences	(586)	(499)
Carrying amount of right-of-use assets, by class of underlying asset at end of period		
Buildings and structures	55,971	44,441
Plant and equipment	140	195
Vehicles	15,016	10,507
Intangible assets – software	31,135	5,222
	<u>102,262</u>	<u>60,365</u>
Interest expense relating to lease liabilities	4,536	3,436
Total cash outflow in connection with leases	34,876	37,992

In 2025, costs under short-term and low-value contracts were PLN 1,415 thousand (2024: PLN 1,532 thousand).

16. Other intangible assets

Material accounting policies

Other acquired or internally produced intangible assets with finite useful economic lives are initially recognised at cost. Following initial recognition, intangible assets are reduced by amortisation charges and impairment losses.

Amortisation

Amortisation expense is recognised in the current period's profit or loss on the straight-line basis with respect of the estimated useful life of an intangible asset, other than goodwill, from the moment it is placed in service. This method reflects the manner of achieving future economic benefits related to the use of a certain asset in the best possible way.

The Group has adopted the following length of useful lives for particular categories of intangible assets:

<i>Software</i>	<i>3-5 years</i>
<i>Development expense</i>	<i>1-5 years</i>

Assets amortised over time and intangible assets under development

The Group recognises expenditure related to the long-term process of generating intangible assets (especially expenditure on development of IT systems) as intangible assets under development. Only expenditure meeting the definition of intangible assets in accordance with the applicable accounting standards is capitalised. Expenditure incurred on configuration and modification of IT systems hosted on the vendor's servers (in the cloud) is recognised as prepayments until the system is placed in service. Once the system is placed in service, both these assets and prepaid subscription fees are amortised into expenses on a straight-line basis over the term of the agreement with the vendor.

Financial information

Gross carrying amount of intangible assets

PLN '000	Software, licences, permits	Capitalised development expenses	Other	Intangible assets under development	Total
Gross carrying amount as at 1 Jan 2024	80,063	70,436	369	9,803	160,671
Produced internally	-	-	-	3,244	3,244
Purchase	6,863	7,619	-	11,332	25,814
Retirement	(2,593)	-	-	(1,068)	(3,661)
Accounting for assets under development	6,756	-	-	(6,756)	-
Effect of exchange rate changes*	(429)	-	-	-	(429)
Gross carrying amount as at 31 Dec 2024	90,660	78,055	369	16,555	185,639
Gross carrying amount as at 1 Jan 2025	90,660	78,055	369	16,555	185,639
Produced internally	-	-	-	35,591	35,591
Purchase	57,628	7,659	-	3,042	68,329
Retirement	(3,646)	-	(369)	(190)	(4,205)
Accounting for assets under development	7,702	854	-	(8,556)	-
Effect of exchange rate changes*	(299)	-	-	-	(299)
Gross carrying amount as at 31 Dec 2025	152,045	86,568	-	46,442	285,055

Accumulated amortisation

PLN '000	Software, licences, permits	Capitalised development expenses	Other	Intangible assets under development	Total
Accumulated amortisation as at 1 Jan 2024	(41,765)	(51,331)	(369)	-	(93,465)
Amortisation	(18,721)	(6,924)	-	-	(25,645)
Decrease resulting from sale / retirement	2,476	-	-	-	2,476
Effect of exchange rate changes*	336	-	-	-	336
Accumulated amortisation as at 31 Dec 2024	(57,674)	(58,255)	(369)	-	(116,298)
Accumulated amortisation as at 1 Jan 2025	(57,674)	(58,255)	(369)	-	(116,298)
Amortisation	(21,508)	(7,183)	-	-	(28,691)
Decrease resulting from sale / retirement	2,890	-	369	-	3,259
Effect of exchange rate changes*	255	-	-	-	255
Accumulated amortisation as at 31 Dec 2025	(76,037)	(65,438)	-	-	(141,475)

Net carrying amount

<i>PLN '000</i>	Software, licences, permits	Capitalised development expenses	Other	Intangible assets under development	Total
As at 1 Jan 2024	38,298	19,105	-	9,803	67,206
As at 31 Dec 2024	32,986	19,800	-	16,555	69,341
As at 1 Jan 2025	32,986	19,800	-	16,555	69,341
As at 31 Dec 2025	76,008	21,130	-	46,442	143,580

* Exchange differences on translating financial statements in currencies other than PLN.

In 2025 and 2024, there were no impairment losses.

As at 31 December 2025 and 31 December 2024, the Group had no contractual obligations to purchase intangible assets.

The data relating to intangible assets presented in Note 15 'Right of use' is disclosed in the table above.

17. Goodwill

Material accounting policies

Goodwill arises on acquisition of subsidiaries. Goodwill measurement methods at the time of its initial recognition are described in Note 3.2.1.

Measurement after initial recognition

Following initial recognition, goodwill is measured at cost less cumulative impairment loss. Goodwill is tested for impairment at least once a year. For estimates and judgements used to determine impairment losses, see Note 3.5.2.

Financial information

PLN '000

	Kancelaria Prawna RAVEN	KRUK España S.L.	Total
Gross carrying amount as at 1 Jan 2024	299	48,101	48,400
Increase	-	-	-
Decrease	-	-	-
Translation differences	-	(156)	(156)
Gross carrying amount as at 31 Dec 2024	299	47,945	48,244
Gross carrying amount as at 1 Jan 2025	299	47,945	48,244
Increase	-	-	-
Decrease	-	-	-
Translation differences	-	(105)	(105)
Gross carrying amount as at 31 Dec 2025	299	47,840	48,139
Impairment losses as at 1 Jan 2024	-	(40,316)	(40,316)
Increase	-	-	-
Decrease	-	-	-
Impairment losses as at 31 Dec 2024	-	(40,316)	(40,316)
Impairment losses as at 1 Jan 2025	-	(40,316)	(40,316)
Increase	-	-	-
Decrease	-	-	-
Impairment losses as at 31 Dec 2025	-	(40,316)	(40,316)
Net carrying amount			
As at 1 Jan 2024	299	7,785	8,084
As at 31 Dec 2024	299	7,629	7,928
As at 1 Jan 2025	299	7,629	7,928
As at 31 Dec 2025	299	7,524	7,823

Sale of subsidiaries

On 8 September 2025, KRUK S.A. executed an agreement to sell its shareholding in KRUK Deutschland GmbH outside the Group, for EUR 1,328 thousand. The price was paid by bank transfer. Ownership title to the shares was transferred to the buyer on 30 September 2025. Gain on the sale of the subsidiary was recognised at PLN 2,282 thousand under 'Other income' in the consolidated statement of profit or loss.

PLN '000

	KRUK Deutschland
	Final figures at the date of control loss – 30 September 2025
Assets	
Cash and cash equivalents	2,008
Trade receivables	34
Investments	2,402
Other intangible assets	3
Total assets	4,447
	Final figures at the date of control loss – 30 September 2025
Liabilities	
Trade and other payables	1,079
Total liabilities	1,079
	Final figures at the date of control loss – 30 September 2025
Net profit/(loss)	
Interest income on debt portfolios measured at amortised cost	306
Revenue from other services	275
Gain/(loss) on expected credit losses	1,711
Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios	2,292
Employee benefits expense	(46)
Depreciation and amortisation	(1)
Services	(867)
Other expenses	(369)
	(1,282)
Operating profit/(loss)	1,010
Finance costs	(1)
Net finance costs	(1)
Profit/(loss) before tax	1,009
Income tax	-
Net profit/(loss) for period	1,009

Impairment testing of cash-generating units which include goodwill

Impairment tests are performed by comparing the carrying amount of cash-generating units (CGUs) with their recoverable amount. The recoverable amount is calculated based on value in use.

For impairment testing purposes, goodwill was allocated to the Group's operating units, being the smallest cash-generating units (not larger than the Group's operating segments described in Note 4) for which goodwill is monitored for internal management purposes.

Recoverable amount of goodwill associated with the cash-generating units specified above is assessed based on their value in use. Value in use is an estimated present value of future cash flows generated by such units. In order to perform goodwill tests, cash-generating units associated with given goodwill were defined first. In the case of Espand Soluciones de Gestion S.L., which was acquired in 2016 and subsequently merged with KRUK España S.L. in 2017, the cash-generating unit was the credit management business (debt collection services for unrelated undertakings), as such was the company's business profile prior to the acquisition and these activities were continued. The key assumption underlying the calculation of recoverable amount is the level of margin earned on the credit management services provided to clients. The assumptions adopted are based on historical performance, current knowledge of the credit management market and the potential of operating structures.

Next, a four-year forecast of cash flows related to this activity was made. To calculate the discount rate, the Group uses the weighted average cost of capital for the debt collection industry, broken down into individual countries where the tested asset exists. To calculate cost of equity, the Group applied the Capital Asset Pricing Model (CAPM) based on financial data of debt collection companies operating on global markets (as at 31 December 2025, weighted average cost of capital for the debt collection industry in Spain was at 5.31%; as at 31 December 2024: 6.87%). The residual value was calculated using a growth rate equal to the average of projected inflation rates during the forecast period, of 2.03% for Spain (as at 31 December 2024: 1.98%).

The estimated amount of the gross profit affects the present value of future cash flows of cash-generating units. In 2025, no indications were identified for an additional impairment loss on Espand goodwill, as a result of which the total impairment loss as at 31 December 2025 remained unchanged at PLN 40,316 thousand (31 December 2024: PLN 40,316 thousand).

Sensitivity analysis for Espand goodwill

The Group conducted a sensitivity analysis of the Espand goodwill impairment test to changes in the weighted average cost of capital based on the KRUK España Inkaso results scenario (+/- 0.5pp).

The results are shown in the table below:

PLN '000	weighted average cost of capital		
	4.8%	5.3%	5.8%
Value in use of the assets	109,330	92,776	80,602

With the currently assumed weighted average cost of capital at 5.31%, the value in use of assets is PLN 92,776 thousand, significantly higher than the carrying amount (PLN 9,376 thousand), resulting in no impairment loss being recognised.

The analysis showed that a change in the weighted average cost of capital by $\pm 0.5pp$ would also result in nil impairment loss. The discount rate at which the value in use equals the carrying amount is 37.39%.

18. Investments in debt portfolios measured at amortised cost

Material accounting policies

Investments in debt portfolios comprise high-volume portfolios of overdue debt (such as debt under consumer loans, unpaid utility bills, etc.) purchased by the Group under debt assignment agreements. Prices paid by the Group for such debt portfolios are significantly lower than their nominal value (financial assets impaired due to credit risk).

The KRUK Group's business model for investments in debt portfolios consists in holding and managing the portfolios on a long-term basis in order to generate expected cash flows from the portfolios.

All purchased debt portfolios are classified by the Group as measured at amortised cost to better reflect the portfolio management strategy focused on holding an asset with a view to maximising contractual recoveries.

Investments in debt portfolios are classified as purchased or originated credit-impaired financial assets (POCI). Investments in debt portfolios are measured at amortised cost, using the credit risk-adjusted effective interest rate method. Debt portfolios are initially recognised on their purchase date at cost, i.e. the fair value of the consideration transferred which can be directly allocated.

The effective interest rate, equal to the internal rate of return including an element that reflects credit risk, used for discounting estimated cash flows is calculated based on initial projections of expected cash receipts that take into account the initial value (purchase price plus directly allocated transaction costs), and remains unchanged throughout the life of a portfolio. An adjustment of the effective discount rate is possible if the purchase price is reduced as a result of returning part of receivables held in a given debt portfolio to the seller due to legal defects.

Interest income is calculated based on the portfolio value measured at amortised cost applicable to the purchased financial assets impaired due to credit risk, using an effective interest rate including an element that reflects that credit risk, and is recognised in profit or loss for the current period under 'Interest income on debt portfolios and loans measured at amortised cost'. All interest income is recognised as an increase in

the carrying amount of the portfolio. All actual recoveries collected during the period are recognised as a decrease in the carrying amount of the portfolio.

The estimated cash flows are primarily based on:

- *expected recovery rates from the collection tools used,*
- *the extent to which the collection tools are used with respect to individual portfolios (existing and planned),*
- *historical recoveries,*
- *macroeconomic conditions.*

The value of an asset at a reporting date is its initial value increased by interest income and decreased by actual recoveries, and adjusted to reflect any revaluations of estimates concerning future cash flows. Consequently, the value of an asset at the reporting date is equal to the discounted value of expected cash recoveries.

Net changes in allowances for expected credit losses are recognised as 'Gain/(loss) on expected credit losses' in the statement of profit or loss. When assessing the impairment of debt portfolios, the Group uses historical trends in the payments made and transactions in portfolios, taking into account the anticipated future performance.

For the purpose of analyses and recovery projections, retail debt portfolios are grouped. Recovery projections are prepared for separate projection groups rather than for individual portfolios. There are two levels of grouping, based on the following criteria:

1st level of grouping – the country where a debt portfolio was purchased,

2nd level of grouping – the date of debt portfolio purchase for the KRUK Group.

The debt portfolio purchase date helps to determine the recovery phase of a given debt portfolio at the Group. Portfolio groups are made of portfolios that are at similar recovery phases. The Group has introduced the following breakdown mechanism for this level of grouping:

- *the projection prepared for each projection group is ultimately broken down within the groups into individual debt portfolios using keys based on historical data,*
- *neither mortgage-backed nor secured corporate debt portfolios are grouped. Recovery projections are prepared for each portfolio separately.*

Financial information

Investments measured at amortised cost

PLN '000	31 Dec 2025	31 Dec 2024
Investments in debt portfolios measured at amortised cost	11,632,709	10,500,278
Loans measured at amortised cost	610,020	499,604
	<u>12,242,729</u>	<u>10,999,882</u>

Investments in debt portfolios

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

PLN '000	31 Dec 2025	31 Dec 2024
Unsecured portfolios	10,804,177	9,674,563
Secured portfolios	828,532	825,715
	<u>11,632,709</u>	<u>10,500,278</u>

For information on the assumptions made in the valuation and revaluation of debt portfolios and the adopted schedule of cash receipts (undiscounted amounts), see Note 5 'Revenue'.

Some debt portfolios are secured by mortgage entries (mortgage loan portfolios) or registered pledges (car loan portfolios). Mortgage collateral primarily comprises residential properties owned by individuals, as well as various types of commercial real estate in the case of corporate portfolios. Such collateral is located across different regions of the country, both in large cities and smaller towns. Prior to acquisition, a due diligence process is conducted, covering a selected collateral sample. Based on its results, assumptions are formulated to support the valuation of the remaining collateral.

No significant change was recorded in the quality of collateral. However, each secured portfolio to be acquired by the Group has a different structure, which is why a separate due diligence process is carried out for each portfolio.

The change in expected credit losses on revaluation of projected recoveries from secured portfolios was PLN -17,132 thousand in 2025 (2024: PLN -7,393 thousand).

Sensitivity analysis – revaluation of projected recoveries

The 1% increase in all projected recoveries would result in an increase in the value of portfolios and thus in net profit/(loss) for the reporting period by PLN 103,837 thousand, while the 1% decrease in all projected recoveries would result in a decrease in the value of portfolios, thus reducing net profit/(loss) by PLN 103,837 thousand for the data as at 31 December 2025 (a PLN 94,860 thousand increase/decrease, respectively, for the data as at 31 December 2024).

PLN '000

	Profit or loss for the current period	
	100 bps increase in recoveries	100 bps decrease in recoveries
31 Dec 2025		
Investments in debt portfolios measured at amortised cost	103,837	(103,837)
31 Dec 2024		
Investments in debt portfolios measured at amortised cost	94,860	(94,860)

Sensitivity analysis – time horizon

The sensitivity analysis assumes extension or shortening of the projection period with a simultaneous increase or decrease in the recovery projections (in the case of extension by one year, projected recoveries increased by PLN 42,713 thousand, in the case of shortening by one year, projected recoveries decreased by PLN 84,433 thousand; for 2024, the amounts were PLN 34,763 thousand and PLN 78,162 thousand, respectively).

PLN '000

	Profit or loss for the current period	
	extension by one year	shortening by one year
31 Dec 2025		
Investments in debt portfolios measured at amortised cost	583	(1,415)
31 Dec 2024		
Investments in debt portfolios measured at amortised cost	507	(1,393)

For information on the Group's exposure to credit, currency and interest rate risks associated with its investments, and on allowances for expected credit losses on loans, see Note 32.

Changes in net carrying amount

Below are presented changes of the net carrying amount of investments in debt portfolios:

PLN '000

	Unsecured portfolios	Secured portfolios	Total
Carrying amount of investments in debt portfolios at 1 January 2024	7,822,296	851,469	8,673,765
Purchase of debt portfolios*	2,718,827	109,069	2,827,896
Cash recoveries from indebted persons and from sale of debt portfolios	(3,221,036)	(315,275)	(3,536,311)
Increase/(decrease) in liabilities to indebted persons due to overpayments**	4,294	-	4,294
Valuation of loyalty scheme**	(1,380)	-	(1,380)
Payments from original creditor	(1,949)	-	(1,949)
Revenue from purchased debt portfolios (Note 5)	2,449,656	187,942	2,637,598
Carrying amount of property foreclosed	-	(3,606)	(3,606)
Translation differences on debt portfolios***	(96,145)	(3,884)	(100,029)
Carrying amount of investments in debt portfolios at 31 December 2024	9,674,563	825,715	10,500,278

PLN '000

	Unsecured portfolios	Secured portfolios	Total
Carrying amount of investments in debt portfolios at 1 Jan 2025	9,674,563	825,715	10,500,278
Purchase of debt portfolios*	2,057,223	165,709	2,222,932
Disposal of debt portfolios resulting from sale of a subsidiary	(2,402)	-	(2,402)
Cash recoveries from indebted persons and from sale of debt portfolios	(3,562,795)	(356,953)	(3,919,748)
Increase/(decrease) in liabilities to indebted persons due to overpayments**	5,921	-	5,921
Valuation of loyalty scheme**	1,778	-	1,778
Payments from original creditor	-	-	-
Revenue from purchased debt portfolios (Note 5)	2,698,495	199,692	2,898,187
Carrying amount of property foreclosed	-	(1,793)	(1,793)
Translation differences on debt portfolios***	(68,606)	(3,838)	(72,444)
Carrying amount of investments in debt portfolios at 31 December 2025	10,804,177	828,532	11,632,709

* The item reflects an adjustment to the purchase price for the discount attributable to defective debt cases.

** The amount of investments in debt portfolios is adjusted to account for the measurement of the loyalty scheme and the increase/(decrease) in liabilities to indebted persons due to overpayments in connection with the recognition of costs related to the bonus plan and a provision for overpayments under 'Other income/expenses from purchased debt portfolios'.

As at the end of August 2024, the KRUK Group concluded its Dreams Come True (Marzenia do spełnienia) loyalty scheme, resulting in the reversal of a PLN 8,952 thousand provision for points.

*** Relating to purchased debt portfolios in currencies other than PLN. The item results from exchange rate movements in the respective periods, mainly EUR/PLN fluctuations.

Investments to purchase debt portfolios are the principal business activity of the Parent and most of its subsidiaries. In light of IAS 7.15, the Company regards investments in debt portfolios as its principal revenue-

producing activity and presents expenditure on their acquisition under operating activities as 'Change in debt portfolios purchased' in the statement of cash flows.

As part of its debt recovery processes with respect to purchased portfolios, the Company occasionally sells cases from debt portfolios seeking to increase revenue from principal activities. In view of the above, and the provision of IAS 7.14, the Company presents proceeds from the sale of debt cases under operating activities as 'Change in debt portfolios purchased' in the statement of cash flows.

Changes in expected credit losses

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

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Cumulative expected credit losses on purchased debt portfolios at beginning of period	3,924,841	3,189,274
Revaluation of projected recoveries, including:		
<i>unsecured portfolios</i>	496,902	390,102
<i>secured portfolios</i>	514,034	397,495
	(17,132)	(7,393)
Deviations from actual recoveries, decreases on early collections in collateralised cases, including:		
<i>unsecured portfolios</i>	223,590	345,465
<i>secured portfolios</i>	148,973	296,263
	74,616	49,202
Cumulative expected credit losses on purchased debt portfolios at end of period	4,645,333	3,924,841

Amount of undiscounted cash flows expected to be generated as at the date of portfolio purchase

<i>in thousands of PLN (converted at the average NBP rate on the reporting date)</i>	Debt portfolios purchased in 2025	Debt portfolios purchased in 2024
Unsecured portfolios	4,866,643	6,715,675
Secured portfolios	270,619	213,503
	5,137,262	6,929,178

19. Loans

Material accounting policies

Financial assets measured at amortised cost

Loans measured at amortised cost

Loans measured at amortised cost are based on the effective interest rate and include allowances for expected credit losses. The effective interest rate is determined based on the originally expected cash flows under the agreed repayment schedule and is recalculated in the event of any changes in market interest rates. Interest income is calculated at the effective interest rate and recognised in the statement of profit or loss under 'Interest income on debt portfolios and loans measured at amortised cost'.

Impairment losses on loans reflect changes in expected credit losses. Net changes in allowances for expected credit losses are recognised as 'Gain/(loss) on expected credit losses' in the statement of profit or loss.

Expected credit losses for a loan are determined based on the following parameters: PD (probability of default), PPS (prepayment possibility), LGD (loss given default) and EAD (exposure at default). The Group analyses the impact of macroeconomic factors on projected recoveries; historically, no material correlation between recoveries from loans and the macroeconomic situation has been found.

The PD (probability of default) parameter is determined based on a lifetime PD model that returns the probability of default in a given month. The parameter is set at the level of defined rating grades based on behavioural scoring. The PPS (prepayment possibility) parameter is determined based on a prepayment model that calculates the probability of repayment in a given month. The Markov model of the flow of balances was used to determine the LGD (loss given default), taking into account, among other things, the following information:

- indicator of default (identified at the time of default),
- months after default (MAD),
- payments made by the client,
- sale of debt,
- debt sale price,
- accrued fees and interest.

Based on the indicator of default and MAD, the state of each loan account is determined, while the matrix of balances transition between states, including ending (absorbing) states, determines the present value of expected cash flows and the required level of provisioning. The EAD (exposure at default) parameter is determined based on repayment schedules. The gross carrying amount of the loan portfolio as at the reporting date includes, among other things, the loan principal amount and other contractual charges (interest, commissions, etc.) accrued as at the reporting date, less payments made by the client as at the reporting date.

How expected credit losses are recognised by the KRUK Group depends on a change of the risk level from the date of the loan origination.

Objective evidence that a financial asset is credit-impaired includes observable data about the following events: a breach of contract, such as an event of default or past-due event. If the contractual terms are

modified, the estimated credit risks are revised accordingly. Indications of a significant risk increase include, among other things, feedback from clients reporting possible problems with timely repayments and requests for credit holidays, as well as a significant deterioration of the client's rating, understood as a deterioration by at least two rating grades, since initial recognition.

With reference to the requirements of IFRS 9, the KRUK Group classifies loans into three baskets for which expected losses and interest income are recognised as follows:

- **Basket 1 (stage 1)** – includes loans for which no significant increase in credit risk (past-due events) and no impairment have been identified between the date of recognition and the reporting date, days past due are fewer than 30 and no impairment has been identified. The expected losses on such loans are recognised for a time horizon of the next 12 months or earlier if their maturity date is closer. In Basket 1, interest income is recognised on the gross carrying amount.

- **Basket 2 (stage 2)** – includes loans for which there has been a significant increase in credit risk between the date of recognition and the reporting date (i.e. the loan is past due or the credit agreement has been terminated by the lender). Loans are classified into Basket 2 if their repayment is past due by at least 30 days. In addition, Basket 2 may include loans for which a significant increase in risk has been identified based on feedback from clients reporting possible problems with timely loan repayments and requests for credit holidays, as well as a significant deterioration of the client's rating, understood as a deterioration by at least two rating grades, since initial recognition.

For such loans, lifetime expected credit losses are recognised. In Basket 2, interest income is recognised on the gross carrying amount.

- **Basket 3 (stage 3)** – includes loans in the case of which impairment has been identified, including where the loan is past due by over 90 days. This basket also includes loans in restructuring, fraud loans, bankruptcies and loans where the borrower has died. For loans classified into Basket 3, lifetime expected credit losses are recognised. In Basket 3, interest income is recognised on the net carrying amount.

- **POCI** – purchased or originated credit-impaired financial assets. Interest income on loans classified as POCI are recognised on a net basis. The credit risk-adjusted effective interest rate is determined based on future cash flows adjusted for the effect of credit risk recognised over the entire forecast horizon.

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- it is classified as held for trading,
- it is designated as such upon initial recognition (fair value through profit or loss option),
- it does not meet the SPPI test as the loan contractual flows include elements other than payment of principal, interest, and time value of money. In the case of consumer loans, the element resulting in failure to pass the SPPI test is related to the floating loan interest rate that contains a multiplier (leverage).

The fair value of loans was determined based on Level 3, that is based on the projection of expected cash flows. Loans measured at fair value are loans advanced by the Group from September 2020 to May 2021, whose interest rate includes a multiplier (leverage).

The interest rate used to discount expected future cash flows for loans measured at fair value is based on the following elements: the risk-free rate, the market interest rate (margin) under Group financing, and the premium for non-performing loans (the last two elements being estimated based on the observed prices for terminated loans), as well as an additional margin for a variable prepayment profile (for instance, early repayment vs the agreed schedule or as well as rescheduled repayments for loans advanced).

A gain/(loss) on assets measured at fair value through profit or loss is recognised in profit or loss under 'Change in investments measured at fair value'. Interest income from assets measured at fair value is presented in a separate line in the statement of profit or loss.

Financial information

Loans

In 2025, the Group continued to offer unsecured consumer loans. Loans are granted for up to PLN 20 thousand and their maturities range from 3 to 60 months. The loans bear interest at fixed or floating rates. Additional revenue comprises commission fees and arrangement fees.

PLN '000	31 Dec 2025	31 Dec 2024
Loans measured at amortised cost	610,020	499,604
Loans measured at fair value	2,295	3,301
	612,315	502,905

Loans measured at amortised cost

As per the basket methodology described in 'Material accounting policies', the structure of loans measured at amortised cost at the end of the reporting periods was as follows:

IFRS 9 classification	31 Dec 2025	31 Dec 2024
Gross carrying amount of loans measured at amortised cost		
Basket 1	379,905	336,826
Basket 2	147,686	114,868
Basket 3	497,637	393,345
POCI loans	1,437	1,499
	1,026,665	846,538
Allowances for expected credit losses		
Basket 1	23,576	26,869
Basket 2	25,818	25,459
Basket 3	367,251	294,606
POCI loans	-	-
	416,645	346,934
Net carrying amount		
Basket 1	356,329	309,957
Basket 2	121,868	89,409
Basket 3	130,386	98,739
POCI loans	1,437	1,499

610,020	499,604
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Changes in the net carrying amount of loans measured at amortised cost are presented below.

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Carrying amount of loans measured at amortised cost at beginning of period	499,604	412,510
Acquisition of loans as part of portfolio purchase	-	52,820
New disbursements	981,624	680,851
Repayments (loan principal and interest)	(1,093,687)	(845,841)
Interest income	257,646	244,099
Allowance for expected credit losses	(33,571)	(44,269)
Translation differences on loans	(1,596)	(566)
Carrying amount of loans measured at amortised cost at end of period	610,020	499,604

Interest income and allowance for expected credit loss were determined in accordance with the amortised cost method.

Changes in the gross carrying amount and allowances for expected credit losses are presented in Note 32.1.

Sensitivity analysis – revaluation of projected recoveries

The note presents the effect of a change in projected recoveries on the net carrying amount of loans measured at amortised cost as the effect of the change on net profit/(loss).

PLN '000	Profit or loss for the current period	
	100 bps increase in recoveries	100 bps decrease in recoveries
31 Dec 2025		
Loans measured at amortised cost	6,092	(6,108)
31 Dec 2024		
Loans measured at amortised cost	4,918	(4,917)

As at 31 December 2025, for loans measured at amortised cost:

- a parallel shift of the PF curve by 10% would result in a PLN 3,530 thousand increase/decrease in the expected cash flows (31 December 2024: PLN 3,372 thousand).
- a 10pp increase/decrease in LGD at the time of transfer to Basket 3 would result in a PLN 3,341 thousand decrease/increase in expected cash flows from loans classified into Basket 1 and Basket 2 (31 December 2024: PLN 3,200 thousand).

A 10pp change in LGD at the time of transfer to Basket 3 would result in a corresponding shift of the entire LGD curve for Basket 3 by 10pp across all conditions. The effect of such change for 2025 would equal: PLN 26.8 million (2024: PLN 20.4 million).

Sensitivity analysis – time horizon

The note presents the effect of extending or reducing the repayment projection period by one month on the net carrying amount of loans measured at amortised cost as the effect of the change on net profit or loss.

PLN '000	Profit or loss for the current period	
	extension by one month	shortening by one month
31 Dec 2025		
Loans measured at amortised cost	(12,249)	11,203
31 Dec 2024		
Loans measured at amortised cost	(11,161)	10,449

As at 31 December 2025, for loans measured at amortised cost:

- a 10% extension of the expected life of the loans would result in a PLN 926 thousand increase in the gross carrying amount of the loans (31 December 2024: PLN 673 thousand).
- a 10% shortening of the expected life of the loans would result in a PLN 1,312 thousand decrease in the gross carrying amount of the loans (31 December 2024: PLN 1,094 thousand).

For information on the Group's exposure to credit, currency and interest rate risks associated with its investments, and on allowances for expected credit losses on loans, see Note 32.

Loans measured at fair value

Changes in the carrying amount of loans measured at fair value:

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Carrying amount of loans measured at fair value at beginning of period	3,301	5,618
Repayments	(2,891)	(3,856)
Interest income	1,078	2,000
Remeasurement	807	(461)
Carrying amount of loans measured at fair value at end of period	2,295	3,301

Sensitivity analysis – revaluation of projected recoveries

The note presents the effect of a change in projected recoveries on the carrying amount of loans measured at fair value as the effect of the change on net profit or loss.

PLN '000	Profit or loss for the current period	
	100 bps increase in recoveries	100 bps decrease in recoveries
31 Dec 2025		
Loans measured at fair value	23	(23)
31 Dec 2024		
Loans measured at fair value	33	(33)

Sensitivity analysis – time horizon

The note presents the effect of extending or shortening the recovery projection period by one month on the carrying amount of loans measured at fair value as the effect of the change on net profit or loss.

PLN '000	Profit or loss for the current period	
	extension by one month	shortening by one month
31 Dec 2025		
Loans measured at fair value	(81)	79
31 Dec 2024		
Loans measured at fair value	(94)	92

Sensitivity analysis – interest rate

The interest rate on loans measured at fair value is 30% (31 December 2024: 31%). Presented below is a sensitivity analysis for the discount rate applied to the fair-value measurement of loans:

PLN '000

	Profit or loss for the current period	
	1pp increase in discount rate	1pp decrease in discount rate
31 Dec 2025		
Loans measured at fair value	(20)	20
31 Dec 2024		
Loans measured at fair value	(27)	27

The main parameter that affects the fair value of loans is the interest rate used to discount expected cash flows to the present value and the amount of expected credit losses on the portfolio.

If these parameters changed as at 31 December 2025:

- interest rates by +/- 1pp
- expected credit losses by +/- 10%

the fair value would change by +/- 0.01 million and PLN 0.40 million, respectively (PLN 0.02 million and PLN 0.46 million as at 31 December 2024).

Amount of undiscounted cash flows expected to be generated as at the date of loan acquisition

in thousands of PLN (converted at the average NBP rate on the reporting date)

	Acquisition of loans as part of portfolio purchase in 2025	Acquisition of loans as part of portfolio purchase in 2024
Loans measured at amortised cost	-	54,630
Loans measured at fair value	-	-
	-	54,630

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

Material accounting policies

Property foreclosed through debt recovery is now recognised by the Group under 'Inventories'.

The Group forecloses certain properties in the process of purchased debt collection. Foreclosed properties are held to generate income (proceeds) from sale. The value of a property is recognised in the statement of financial position after the Group has obtained the rights to dispose of the property, i.e. once a final court decision has been issued, and the amount is deducted from the amount of the indebted person's debt. Foreclosed property is initially measured at the value of recoveries projected at the acquisition date. Subsequent to initial recognition, it is measured at the lower of the value of projected recoveries and net realisable value.

Property is derecognised from the statement of financial position when it is determined that no further economic benefits can be obtained from it or upon its sale. The difference between the carrying amount of property and the sale proceeds is recognised in the statement of profit or loss for the reporting period under 'Other income'.

Financial information

PLN '000	31 Dec 2025	31 Dec 2024
Property	9,278	12,356
Other inventories	77	200
	<u>9,355</u>	<u>12,556</u>

As part of its operating activities, the Group forecloses property securing acquired debt. A portion of the recoveries is derived from the sale of foreclosed property on the open market.

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Carrying amount of property held at beginning of period	12,356	14,893
Carrying amount of property foreclosed	3,453	7,665
Carrying amount of property sold	(4,811)	(6,110)
Impairment losses	(1,660)	(4,059)
Currency translation differences on property valuation*	(60)	(33)
Carrying amount of property held at end of period	9,278	12,356

* Exchange differences on translating financial statements in currencies other than PLN.

As at 31 December 2025, the inventory write-down was PLN 1,660 thousand (31 December 2024: PLN 4,059 thousand).

21. Deferred tax

Material accounting policies

For a description of material accounting policies related to deferred tax, see Note 12 'Income tax'.

Financial information

Deferred tax assets and liabilities

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

Item of the statement of financial position		Assets		Liabilities		Net carrying amount	
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
	<i>Type of temporary difference</i>						
Property, plant and equipment	<i>Taxable/deductible temporary difference arising from difference between tax and accounting depreciation rates</i>	11,872	2,403	(7,003)	(2,961)	4,869	(558)
Intangible assets	<i>Taxable/deductible temporary difference arising from difference between tax and accounting amortisation rates</i>	-	-	(7,874)	(3,470)	(7,874)	(3,470)
Tax losses carried forward	<i>Deductible temporary difference arising from tax loss available for offset in future tax years</i>	17,432	15,357	-	-	17,432	15,357
Trade and other receivables	<i>Taxable temporary difference arising from accrued revenue from clients</i>	-	-	(145)	(180)	(145)	(180)
Borrowings and other debt instruments	<i>Deductible temporary difference arising from interest paid on debt financing deductible for tax purposes in future periods</i>	24,312	21,413	-	-	24,312	21,413
Employee benefit liabilities	<i>Deductible temporary difference arising from unpaid salaries and accrued holiday entitlements</i>	3,228	3,443	-	-	3,228	3,443
Provisions and liabilities	<i>Taxable/deductible temporary difference arising from provision for future costs</i>	-	224	(115)	-	(115)	224
Investments in debt portfolios	<i>Taxable temporary difference arising from allowances for expected credit losses on investments in debt portfolios</i>	-	-	(7,867)	(7,682)	(7,867)	(7,682)
Investments in loans	<i>Taxable temporary difference arising from interest and fees received on loans</i>	39,273	28,343	-	-	39,273	28,343
Derivative hedging instruments	<i>Taxable temporary differences arising from measurement of derivative hedging instruments</i>	-	-	(27,339)	(17,848)	(27,339)	(17,848)
Expected future outflows of income from investments in subsidiaries	<i>Taxable temporary difference arising from expected future outflows of income from investments in subsidiaries</i>	-	-	(112,864)	(108,450)	(112,864)	(108,450)
Deferred tax assets/liabilities		96,117	71,183	(163,207)	(140,591)	(67,090)	(69,408)
Deferred tax assets offset against liabilities		(40,010)	(26,754)	40,010	26,754		
Deferred tax assets/liabilities in the statement of financial position		56,107	44,429	(123,197)	(113,837)	(67,090)	(69,408)

Change in temporary differences in the period

PLN '000

	Net amount of income tax as at 1 Jan 2025	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at 31 Dec 2025	Net amount of income tax as at 1 Jan 2024	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at 31 Dec 2024
Property, plant and equipment	(558)	5,427	4,869	988	(1,546)	(558)
Intangible assets	(3,470)	(4,404)	(7,874)	(5,000)	1,530	(3,470)
Tax losses carried forward	15,357	2,075	17,432	13,260	2,097	15,357
Trade and other receivables	(180)	35	(145)	(241)	61	(180)
Borrowings and other debt instruments	21,413	2,899	24,312	21,776	(363)	21,413
Employee benefit liabilities	3,443	(215)	3,228	5,230	(1,787)	3,443
Provisions and liabilities	224	(339)	(115)	186	38	224
Investments in debt portfolios	(7,682)	(185)	(7,867)	(7,411)	(271)	(7,682)
Investments in loans	28,343	10,930	39,273	32,050	(3,707)	28,343
Expected future outflows of income from investments in subsidiaries	(108,450)	(4,414)	(112,864)	(203,420)	94,970	(108,450)
	(51,560)	11,809	(39,751)	(142,582)	91,022	(51,560)

PLN '000

	Net amount of income tax as at 1 Jan 2025	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at 31 Dec 2025	Net amount of income tax as at 1 Jan 2024	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at 31 Dec 2024
Derivative hedging instruments	(17,848)	(9,491)	(27,339)	(13,767)	(4,081)	(17,848)
	(17,848)	(9,491)	(27,339)	(13,767)	(4,081)	(17,848)

The KRUK Group 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 (three years).

The Group assesses the recoverability of deferred tax assets based on its approved financial forecast 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 sensitivity analysis of deferred tax shows the impact of changes in the assumptions for 2026–2028 on:

- projected new debt financing at KRUK S.A.,
- planned investments in debt portfolios at the KRUK Group, taking into account the associated change in the level of necessary debt financing by KRUK S.A., deferred tax liabilities (due to changes in expected future cash flows to KRUK S.A.).

PLN '000

	debt financing at KRUK S.A. in 2026-2028 higher by PLN 300 million	debt financing at KRUK S.A. in 2026-2028 lower by PLN 300 million	expenditure on debt portfolios at the KRUK Group in 2026-2028 higher by PLN 300 million*	expenditure on debt portfolios at the KRUK Group in 2026-2028 lower by PLN 300 million*
31 Dec 2025				
Deferred tax liability	(34,168)	36,379	(24,284)	25,916

* Assuming KRUK S.A. needs to raise more/less debt financing.

The level of deferred tax liability could also change to reflect a different expected structure of financing for the planned investments in debt portfolios, and a different distribution of investments among the KRUK Group investing companies.

The Group takes advantage of the exemption under 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 and it is probable that the temporary differences will not reverse in the foreseeable future. The total amount of temporary differences underlying the unrecognised deferred tax liability on retained earnings as at 31 December 2025 was PLN 6,351,904 thousand (as at 31 December 2024: PLN 5,081,798 thousand).

Unrecognised deferred tax asset due to tax loss

Tax loss for a given financial year may be utilised over a period of five years, beginning in the year immediately following the year when the loss was incurred. Under Polish tax laws, up to 50% of a loss may be utilised in each of the years of the five-year period.

Tax losses (Zielony Areał Sp. z o.o.) and periods over which they can be utilised:

PLN '000	Tax loss expiry date	31 Dec 2025	31 Dec 2024
Tax loss for 2022	31 Dec 2027	83	83
Tax loss for 2023	31 Dec 2028	166	166
Tax loss for 2024	31 Dec 2029	153	-
		402	249
Applicable tax rate		19%	19%
Potential benefit of tax losses		76	47

Deferred tax assets of PLN 76 thousand (2024: PLN 47 thousand) were not included in the calculation of deferred tax as the probability of their use by the date determined in accordance with the applicable tax laws was uncertain.

22. Trade and other receivables

Material accounting policies

Trade and other receivables maturing in less than 12 months from the origination date are initially recognised at nominal value as the discount effect is immaterial. Trade and other receivables maturing in up to 12 consecutive months are recognised as at the reporting date at the amount of payment due, net of allowances for expected credit losses.

When measuring trade receivables, the Group applies the simplified approach permitted under IFRS 9, using the provisions matrix to calculate expected credit losses for receivables.

Impairment of trade and other receivables

The KRUK Group recognises an allowance for expected credit losses on trade and other receivables that do not contain a significant financing component at an amount equal to lifetime expected credit losses. To estimate expected credit losses on trade receivables, the Group entities use a provision matrix estimated based on historical data on payments of amounts due from business partners, which is regularly updated.

Objective evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the client,
- a breach of contract, such as default or past due event,
- probability that the client will enter bankruptcy or other financial reorganisation.

A default is a failure by the business partner to fulfil a performance obligation under a contract. A receivable is past due as a result of delay in the performance of an obligation and may be in monetary or non-monetary form.

Financial information

Trade receivables

PLN '000	31 Dec 2025	31 Dec 2024
Short-term trade receivables	14,600	19,619
	14,600	19,619

Other receivables

PLN '000	31 Dec 2025	31 Dec 2024
Receivable from taxes other than income tax	32,906	18,723
Receivables under collected debts	20,456	26,583
Receivables under security deposits and bid bonds	6,700	6,922
Other receivables	305	268
	60,367	52,496

Taxes receivable (other than income tax) comprise mainly VAT receivable.

For information on the Group's exposure to credit risk and currency risk as well as allowances for expected credit losses on receivables, see Note 32.

23. Cash and cash equivalents

Material accounting policies

Cash and cash equivalents include cash in hand and cash at banks, as well as short-term deposits with original maturities of up to three months. Cash is disclosed in nominal amounts. In the case of cash in bank accounts, its nominal amount as at the end of the reporting period also includes accrued interest.

Financial information

PLN '000	31 Dec 2025	31 Dec 2024
Cash in hand	109	115
Cash in current accounts	212,520	214,675
	<u>212,629</u>	<u>214,790</u>

For information on the Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities, see Note 32.

24. Other assets

PLN '000	31 Dec 2025	31 Dec 2024
Expenses relating to future reporting periods	8,184	7,058
IT costs amortised over time	10,091	8,103
Insurance	1,072	1,793
	<u>19,347</u>	<u>16,955</u>

25. Equity

Material accounting policies

Ordinary shares are disclosed in equity, in the amount specified in the Parent's Articles of Association and registered with the National Court Register.

Costs directly attributable to the issue of ordinary shares and stock options (legal and notarial expenses, IPO costs) adjusted by the effect of taxes, reduce equity.

Share premium account is created in the amount of the difference between the issue price and the nominal value of issued shares.

Capital reserve is created from retained earnings in accordance with the objective set out in a relevant resolution, and from the effective portion of hedging instruments.

Exchange differences on translation of foreign operations are disclosed in accordance with the policy described in Note 3.3.2.

Financial information

Share capital

	Ordinary shares	
	2025	2024
<i>thousands of shares</i>		
Number of shares as at 1 Jan	19,382	19,319
Issue of shares	110	63
Cancellation of shares	-	-
Number of fully-paid shares at end of period	19,492	19,382
<i>PLN</i>		
Par value per share	1.00	1.00
<i>PLN '000</i>		
Par value of share capital as at 1 Jan	19,382	19,319
Par value as at 31 Dec	19,492	19,382

The Parent shares are not preferred and do not confer any special rights.

Parent's shareholding structure

As at 31 December 2025, the share capital comprised 19,492 thousand registered shares with voting and dividend rights (31 December 2024: 19,382 thousand registered shares with voting and dividend rights).

As at 31 Dec 2025	Number of shares	Par value (PLN thousand)	Ownership interest (%)
Shareholder			
Piotr Krupa ¹	1,699,965	1,700	8.72%
NN OFE	2,488,000	2,488	12.76%
Allianz OFE	2,266,466	2,266	11.63%
Generali OFE	1,650,065	1,650	8.47%
PZU OFE	989,865	990	5.08%
Vienna OFE	1,044,523	1,045	5.36%
Other members of the Management Board	183,136	183	0.94%
Other shareholders	9,170,318	9,170	47.05%
	19,492,338	19,492	100%

As at 31 Dec 2024	Number of shares	Par value (PLN thousand)	Ownership interest (%)
Shareholder			
Piotr Krupa ¹	1,716,965	1,717	8.86%
NN OFE	2,470,391	2,470	12.75%
Allianz OFE and Allianz DFE ²	1,931,790	1,932	9.97%
Generali OFE	1,624,510	1,625	8.38%
PZU OFE	1,154,000	1,154	5.95%
Vienna OFE	1,044,523	1,045	5.39%
Other members of the Management Board	184,981	185	0.95%
Other shareholders	9,254,508	9,255	47.75%
	19,381,668	19,382	100%

¹ Including shares held by Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna.

² Aggregate shareholding by Allianz OFE and Allianz DFE, managed by Allianz PTE.

Other reserves

Other reserves are created by virtue of relevant resolutions of the Parent's General Meeting, which has the power to decide on allocation of such reserves. In addition, capital reserves are also created when benefits are granted to employees under share-based payments. The management stock option plan is described in Note 35.

Measurement reserve (defined benefit plans)

Under Italian law, the Group is required to recognise, in accordance with IAS 19, provisions for termination compensation (Trattamento di Fine Rapporto, TFR) which are recognised as a defined benefit plan.

Exchange differences on translation of subsidiaries

Exchange differences on translation of subsidiaries include exchange differences arising from the translation of financial statements of foreign operations in accordance with the policy described in Note 3.3.2.

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
InvestCapital LTD	(30,926)	(50,184)
KRUK Investimenti S.r.l.	2,285	5,128
KRUK Italia S.r.l.	(300)	(2,069)
KRUK Deutschland GmbH	(23)	(1,226)
KRUK España S.L.U.	(495)	(590)
KRUK Romania SRL	(2,690)	(806)
ItaCapital S.r.l.	(6,045)	(9,536)
KRUK Česká a Slovenská republika s.r.o.	302	8,362
Other	(30)	16,094
	<u>(37,922)</u>	<u>(34,827)</u>

26. Earnings per share

Material accounting policies

The Group presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted for the number of treasury shares held by the Parent. Diluted earnings per share are calculated by dividing the adjusted profit or loss (adjusted by the share issue proceeds under the management stock option plan) attributable to holders of ordinary shares by the weighted average number of ordinary shares adjusted for the number of treasury shares and the dilutive effect of any potential shares. Dilution is a reduction in earnings per share or an increase in loss per share, assuming that the convertible instruments are converted, options or warrants are exercised, or ordinary shares are issued on satisfaction of certain conditions.

Financial information

Basic earnings per share

As at 31 December 2025, basic earnings per share were calculated based on net profit attributable to owners of the Parent (holding ordinary shares) of PLN 1,085,008 thousand (2024: PLN 1,073,954 thousand) and the weighted average number of shares in the reporting period of 19,403 thousand (2024: 19,338 thousand). The amounts were determined as follows:

Net profit attributable to owners of the Parent

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Net profit for period	1,085,641	1,074,278
Non-controlling interests	(633)	(324)
Net profit attributable to ordinary shareholders of the Parent	1,085,008	1,073,954

Weighted average number of ordinary shares

thousands of shares	Note	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Number of ordinary shares as at 1 Jan	21	19,382	19,319
Effect of cancellation and issue		21	19
Weighted average number of ordinary shares at end of reporting period		19,403	19,338
PLN			
Earnings per share		55.92	55.54

Dividend per share paid

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Dividend paid from profit and retained earnings	349,252	347,738
PLN		
Dividend per share	18.00	18.00

Diluted earnings per share

As at 31 December 2025, diluted earnings per share were calculated based on net profit attributable to owners of the Parent (holding ordinary shares) of PLN 1,085,008 thousand (2024: PLN 1,073,954 thousand) and the weighted average number of shares in the reporting period of 20,475 thousand (2024: 20,484 thousand). The amounts were determined as follows:

Weighted average number of ordinary shares (diluted)

thousands of shares	31 Dec 2025	31 Dec 2024
Weighted average number of ordinary shares at end of reporting period	19,403	19,338
Effect of issue of unregistered shares not subscribed for	1,072	1,146
Weighted average number of ordinary shares at end of reporting period (diluted)	20,475	20,484
PLN		
Earnings per share (diluted)	52.99	52.43

27. Borrowings, debt securities and leases

Material accounting policies

Financial liabilities other than derivative instruments

The Group classifies financial liabilities as measured at amortised cost.

Financial liabilities are recognised as at the date of transaction under which the Group becomes a party to an agreement obliging it to the delivery of a financial instrument.

Non-derivative financial liabilities are initially recognised at fair value plus directly attributable transaction costs. Following initial recognition, such liabilities are measured at amortised cost with the use of the effective interest rate.

The Group has the following liabilities: bank borrowings, debt securities, and lease liabilities (Note 15).

The Group derecognises a liability when the liability has been paid, written off or is time barred.

Financial information

This note contains information on the Group's liabilities under borrowings, debt securities and leases, measured at amortised cost. For information on the Group's exposure to currency, liquidity and interest rate risks, see Note 32.

PLN '000	31 Dec 2025	31 Dec 2024
Non-current liabilities		
Secured borrowings	3,619,895	3,423,881
Liabilities under debt securities (unsecured)	3,228,255	2,892,970
Lease liabilities	78,637	35,155
	<u>6,926,787</u>	<u>6,352,006</u>
Current liabilities		
Secured borrowings	42,827	34,729
Liabilities under debt securities (unsecured)	232,635	216,732
Lease liabilities	24,761	23,084
	<u>300,223</u>	<u>274,545</u>

As at 31 December 2025, transaction costs reflected in the carrying amount were:

- PLN 31,446 thousand for bonds (31 December 2024: PLN 32,114 thousand),
- PLN 21,018 thousand for borrowings (31 December 2024: PLN 18,824 thousand).

Realised and unrealised exchange rate differences affecting the financial liabilities in 2025 were: PLN 8,992 thousand (2024: PLN 19,028 thousand).

The most significant long-term credit facility at the KRUK Group is the revolving multi-currency credit facility of 3 July 2017, as amended, between InvestCapital LTD, KRUK Romania S.R.L., Prokura NFW FIZ, KRUK España S.L.U. (the borrowers) and KRUK S.A. (the surety provider), and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., and Bank Polska Kasa Opieki S.A (the lenders).

As at 31 December 2025, the total facility limit was PLN 3,191 million and the outstanding balance was PLN 2,854 million (the facility was granted up to EUR 755 million; the limit and the outstanding balance were translated into PLN at the mid-rate quoted by the National Bank of Poland for 31 December 2025).

As at 31 December 2025, all financial covenants under the agreement were complied with. Key covenant levels:

	Year ended 31 Dec		Covenant level
	2025	2024	
Net Debt to Cash EBITDA ratio*	2.64	2.71	<4
Interest coverage ratio*	6.48	6.20	>3
Net Debt to Equity ratio*	1.36	1.45	<3

* The methodology used to calculate the above ratios under the agreement differs slightly from that applied to bond covenants, but the differences are not material.

Financial covenants applicable to bond liabilities are presented in the KRUK Group's Directors' Report.

Compliance with the covenants is tested by the Group on a quarterly basis. As at 31 December 2025 and 31 December 2024, all covenants that could trigger accelerated repayment of the financial liabilities were complied with. As at the date of issue of these financial statements, the KRUK Group identified no risk of non-compliance with these covenants within the next 12 months.

Changes in borrowings, debt securities and leases

PLN '000

	Changes in borrowings, debt securities and leases							
	As at 31 Dec 2024	Disbursements	Repayments	Finance costs	Interest paid	Early termination/ currency translation of agreements	Translation differences	As at 31 Dec 2025
Secured borrowings	3,458,610	2,883,556	(2,678,431)	202,367	(203,380)			3,662,722
Debt securities (unsecured liabilities)	3,109,702	600,000	(242,500)	286,742	(293,054)			3,460,890
Lease liabilities	58,239	74,943	(30,340)	4,702	(4,536)	(166)	556	103,398
	6,626,551	3,558,499	(2,951,271)	493,811	(500,970)	(166)	556	7,227,010

PLN '000

	Changes in borrowings, debt securities and leases							
	As at 31 Dec 2023	Disbursements	Repayments	Finance costs	Interest paid	Early termination/ currency translation of agreements	Translation differences	As at 31 Dec 2024
Secured borrowings	2,610,158	2,929,362	(2,073,886)	194,293	(201,317)			3,458,610
Debt securities (unsecured liabilities)	2,851,202	373,724	(102,500)	275,213	(287,937)			3,109,702
Lease liabilities	69,807	24,089	(34,556)	3,550	(3,436)	(2,173)	958	58,239
	5,531,167	3,327,175	(2,210,942)	473,056	(492,690)	(2,173)	958	6,626,551

Terms and repayment schedules of borrowings, debt securities and leases

PLN '000	Currency	Nominal interest rate	Maturity periods ¹	31 Dec 2025	31 Dec 2024
Borrowings secured over the Group's assets	EUR, PLN	1M WIBOR + margin of 1.9–2.95pp; 3M WIBOR + margin of 2.0–2.7pp; 1M EURIBOR + margin of 2.3–2.95pp	2026-2031	3,662,722	3,458,610
Debt securities (unsecured liabilities)	PLN	3M WIBOR + margin of 2.7–4.65pp; 4.00% - 4.20 % ² ; 3M EURIBOR + margin of 4.0–6.5pp	2026-2032	3,460,890	3,109,702
Lease liabilities	EUR, PLN, CZK	1.89% – 9.04%	2026-2033	103,398	58,239
				<u>7,227,010</u>	<u>6,626,551</u>

¹ Maturity of the last liability.

² Fixed interest rate.

Schedule of lease payments

PLN '000

	Future minimum lease payments	Interest	Present value of future minimum lease payments
As at 31 Dec 2025			
up to 1 year	30,946	6,185	24,761
from 1 to 5 years	86,789	8,152	78,637
	<u>117,735</u>	<u>14,337</u>	<u>103,398</u>
As at 31 Dec 2024			
up to 1 year	25,783	2,699	23,084
from 1 to 5 years	44,516	9,361	35,155
	<u>70,299</u>	<u>12,060</u>	<u>58,239</u>

Security over assets

PLN '000

	31 Dec 2025	31 Dec 2024
Registered pledge over purchased debt portfolios, with assignment of claims, financed with a credit facility, registered pledge over shares in SeCapital S.a r.l., registered pledge over investment certificates of Prokura NFW FIZ, registered pledge over bonds of ItaCapital S.r.l.	9,490,879	7,835,107
Property, plant and equipment used under lease contracts	15,016	10,507
	<u>9,505,895</u>	<u>7,845,614</u>

A claim secured by a registered pledge and not repaid may be satisfied from the pledged assets in priority to other claims, unless such other claims have priority under special regulations. Satisfaction of the pledgee from the registered pledge takes place in accordance with the enforcement procedure provided for in the Code of Civil Procedure.

For a description of the security created, see Note 38.

Published forecasts (unaudited)

Pursuant to Article 35(1a) and 35(1b) of the Bonds Act, in December 2024 the Group published on the Parent's website a projection of the financial liabilities and financing structure of KRUK S.A. and the KRUK Group as at 31 December 2025 (the "Bonds Act Projection"). The financial liabilities of KRUK S.A. and the KRUK Group as at 31 December 2025 were as follows:

- a. financial liabilities of KRUK S.A.:
 - borrowings: PLN 538 million (21% below the Bonds Act Projection),
 - debt securities: PLN 3,461 million (21% above the Bonds Act Projection),
 - leases: PLN 62 million (31% above the Bonds Act Projection),
- b. financial liabilities of the KRUK Group:
 - borrowings: PLN 3,663 million (1% below the Bonds Act Projection),
 - debt securities: PLN 3,461 million (21% above the Bonds Act Projection),
 - leases: PLN 103 million (91% above the Bonds Act Projection),
- c. financing structure of KRUK S.A.:
 - percentage share of liabilities under borrowings in total equity and liabilities of KRUK S.A.: 6% (3pp below the Bonds Act Projection),
 - percentage share of liabilities under debt securities in total equity and liabilities of KRUK S.A.: 36% (2pp above the Bonds Act Projection),
 - percentage share of liabilities under leases in total equity and liabilities of KRUK S.A.: 1% (0.1pp above the Bonds Act Projection),
- d. financing structure of the KRUK Group:
 - percentage share of liabilities under borrowings in total equity and liabilities of the KRUK Group: 28% (4pp below the Bonds Act Projection),
 - percentage share of liabilities under debt securities in total equity and liabilities of the KRUK Group: 27% (2pp above the Bonds Act Projection),
 - percentage share of liabilities under leases in total equity and liabilities of the KRUK Group: 0.8% (0.3pp above the Bonds Act Projection).

The fact that total financial liabilities of the Parent (up by PLN 465 million, or +13%) and the KRUK Group (up by PLN 590 million, or +9%) as at the end of 2025 were above the projections was largely attributable to significant expenditure on debt portfolios incurred by the Group in 2025 (PLN 2.2 billion). The percentage share of the Parent's and the Group's financial liabilities in total equity and liabilities as at the end of 2025 was close to the projected level (with deviations of -1pp and -2pp, respectively).

Data relating to published forecasts was not audited by the statutory auditor.

Impact of IBOR reform

The Group 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 Group is taking measures to prepare for a change in the benchmarks underlying its financial instruments in the event WIBOR ceases to be published. In particular, the Group is monitoring regulatory developments relating to benchmark rates; negotiating amendments to master agreements and credit facility agreements governing the hedging instruments and bank facilities utilised by KRUK Group companies; aligning fallback clauses in new bond issues with market standards, taking into account the recommendations of the National Working Group on Benchmark Reform, 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:

PLN '000

	31 Dec 2025	31 Dec 2024
Carrying amount of financial liabilities for which WIBOR is used as the benchmark		
Borrowings secured over the Group's assets	795,946	807,016
Liabilities under debt securities (unsecured)	2,683,749	2,326,523
Lease liabilities	5,154	2,958
Notional amount of hedging instruments for which WIBOR is used as the benchmark		
CIRS	2,430,000	1,957,500
IRS	-	-

28. Hedging instruments

Material accounting policies

Hedge accounting

Under IFRS 9, to apply hedge accounting, the Group is required to meet all the requirements specified below:

- a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- b) at the inception of the hedging relationship, the entity has formally designated and documented the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio, where the hedge ratio for the established hedging relationship is set at a level that ensures effectiveness of the relationship and is consistent with the actual quantity of the hedged item and the quantity of the hedging instrument);
- c) the hedging relationship meets all of the following hedge effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument;

- the credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation may not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognised or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

The hedge ratio for a given relationship is set at 1.0 (i.e. each unit of the notional amount of the hedging instrument hedges a unit of the designated notional amount of the hedged item).

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is part of, and consistent with, the entity's documented risk management objective.

A hedging relationship is terminated in its entirety when, as a whole, it no longer meets the qualifying criteria, in particular:

- a) where the hedging relationship no longer meets the risk management objective based on which it was qualified for hedge accounting (i.e. the entity no longer pursues that risk management objective);
- b) where the hedging instrument or instruments have been sold or terminated (with respect to the entire volume that was part of the hedging relationship);
- c) where an economic relationship between the hedged item and the hedging instrument no longer exists, or the credit risk starts to dominate the value changes that result from that economic relationship.

Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

Cash flow hedges

A cash flow hedge is a hedge of the exposure to the variability of cash flows that is attributable to a particular risk associated with a recognised asset or liability or with a highly probable future transaction, and could affect profit or loss.

As long as a cash flow hedge meets the qualifying criteria in the paragraphs above, the hedging relationship is accounted for as follows:

- a) the separate component of equity with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
 - the cumulative gain or loss on the hedging instrument from inception of the hedge;
 - the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge;

b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with a)) is recognised in other comprehensive income;

c) any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with a)) is hedge ineffectiveness that is recognised in profit or loss;

d) the amount that has been accumulated in the cash flow hedge reserve in accordance with a) is accounted for as follows:

- if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becoming a firm commitment for which fair value hedge accounting is applied, the entity removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability,
- for cash flow hedges other than those covered by the subparagraph above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss,
- however, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

The effectiveness of the hedge is assessed by means of prospective and retrospective effectiveness tests, performed on a quarterly basis.

Hedging of a net investment in a foreign subsidiary

Hedge accounting for a net investment in a foreign subsidiary consists in hedging the currency exposure of the interest in net assets of a foreign operation included in these consolidated financial statements.

The hedged item is a specified portion of interests in net assets of foreign operations, understood as the difference between the carrying amount of the assets and the carrying amount of liabilities and provisions of the foreign subsidiary (expressed in EUR).

Calculation of the permitted hedged item does not include those monetary items (intra-group receivables and/or liabilities between the Parent and the foreign subsidiary) that have a specified maturity date (i.e. they will be converted into receivables/payables at a specified future date (including trade receivables/payables, receivables/payables under collected debts, resale of shares etc.).

In order to increase the economic effectiveness of the hedge, the Group designated hedging relationships with a monthly frequency, i.e. each FX Forward/FX Swap transaction with a one-month maturity was linked to a designated hedged item for one month, assuming that the nominal portion of the net investment designated as the hedged item is fixed during the month.

The Group measures the ex-ante effectiveness as at the date of establishing the hedging relationship and as at each subsequent effectiveness measurement date (the end date of the reporting period).

As part of a prospective assessment of hedge effectiveness, the Group checks whether the following three conditions for establishing and maintaining a hedging relationship are met:

- Condition 1 – an economic relationship exists,
- Condition 2 – credit risk does not dominate the hedged risk,
- Condition 3 – designated hedge ratio is consistent.

The hedge ratio for the established hedging relationship is set at a level that ensures effectiveness of the relationship and is consistent with the actual quantity of the hedged item and the quantity of the hedging instrument.

The hedge ratio for a given relationship is set at 1.0 (i.e. each unit of the notional amount of the hedging instrument hedges a unit of the designated notional amount of the hedged item).

Given its characteristics, the hedging relationship meets, by definition, the requirement that an economic relationship exists between the hedging instrument and the hedged item (EUR sale contract vs EUR-denominated net assets).

The effect of credit risk must not dominate changes in the fair values of the hedging instrument and the hedged item.

As at each effectiveness measurement date, the Group performs an expert assessment of whether this condition is met based on the following three qualitative criteria:

- *absence of the counterparties' defaults under hedging transactions,*
- *application of credit risk management policies to counterparties under hedging transactions (monitoring, limits),*
- *absence of credit risk on the hedged item.*

If all the above criteria are met at the measurement date, the condition that the effect of credit risk must not dominate value changes of the hedging instrument and the hedged item is deemed to be met.

The Group expects this condition to be met in each case.

The Group recognises hedges of a net investment in a foreign subsidiary, including the hedge of a monetary item forming part of the net investment, similarly to cash flow hedges:

- a) the portion of the gain/(loss) on the hedging instrument that has been designated as effective hedge is recognised in other comprehensive income; and*
- b) the portion that is not an effective hedge is recognised in profit or loss of the current financial year.*

The Group discontinues hedge accounting in one of the following cases:

- *the hedging instrument expires, is sold or settled early,*
- *the value of net assets in a foreign operation falls below the nominal value of the hedging instrument (in this case there is only partial discontinuation of hedge accounting for the excess portion of the hedging instrument),*
- *the criteria for applying hedge accounting are not met, in particular the criteria for assessing hedge effectiveness,*
- *The Group changes its risk management strategy to one with which the existing hedging relationship is not consistent.*

After discontinuing hedge accounting for a given hedging relationship, cumulative gains or losses on the hedging instrument, related to an effective portion of the hedge, which have been accumulated in the foreign currency translation reserve are reclassified from equity to profit or loss as a reclassification adjustment in accordance with IAS 21 on disposal or partial disposal of a foreign operation at the time of such event.

Financial information

Interest rate risk hedges

The Group's exposure to interest rate risk arises mainly from borrowings and debt securities issued (Notes 27 and 32.3).

It has been concluded that effective implementation of the Group's growth strategy requires, among other elements, a proper policy for managing interest rate risk.

The interest rate risk management policy covers:

- the Group's objectives in terms of interest rate risk;
- methods of interest rate risk monitoring;
- the Group's permitted exposure to interest rate risk;
- procedures in case of exceeding the Group's permitted exposure to interest rate risk;
- principles of interest rate risk management at the Group;

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

The purpose of the EUR contract was to provide a hedge against volatility of cash flows generated by liabilities in EUR due to changes in the EURIBOR 1M and EURIBOR 3M rate, as well as to hedge interest payments under EUR-denominated loans and bonds.

The Group expects cash flows to be generated and to have an effect on its results in the period until 2029.

The Group determines the economic relationship based on the matching of the key terms of the hedging instrument and the hedged item, i.e. the base rate, the frequency of revaluation of the base rate, the duration and end dates of the interest periods, the maturity date, and the notional amount.

The hedge ratio for the established hedging relationship is set at a level that ensures effectiveness of the relationship and is consistent with the actual quantity of the hedged item and the quantity of the hedging instrument.

The hedge ratio for a given relationship is set at 1.0 (i.e. each unit of the notional amount of the hedging instrument hedges a unit of the designated notional amount of the hedged item).

The impact of counterparty credit risk on the fair value of the forward rate agreements may be the source of hedge ineffectiveness, as the credit risk is not reflected in the fair value of the hedged item.

Open outstanding IRS contracts held by the KRUK Group companies as at 31 December 2025, with a total volume of EUR 432,500 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate	Variable rate	Term
ING Bank Śląski S.A.	InvestCapital LTD	IRS	EUR 210,000,000	2.6535%	1M EURIBOR	29 Nov 2022 to 30 Jun 2027
DNB Bank ASA	KRUK S.A.	IRS	EUR 150,000,000	2.9640%	3M EURIBOR	10 May 2023 to 10 May 2028
DNB Bank ASA	KRUK S.A.	IRS	EUR 10,000,000	2.2550%	3M EURIBOR	21 Dec 2023 to 11 Dec 2028
ING Bank Śląski S.A.	InvestCapital LTD	IRS	EUR 38,500,000	2.3200%	1M EURIBOR	27 Dec 2023 to 30 Jun 2028
ING Bank Śląski S.A.	KRUK S.A.	IRS	EUR 24,000,000	2.4050%	3M EURIBOR	21 Aug 2024 to 1 Feb 2029

Open outstanding IRS contracts held by the KRUK Group companies as at 31 December 2024, with a total volume of EUR 432,500 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate	Variable rate	Term
ING Bank Śląski S.A.	InvestCapital LTD	IRS	EUR 210,000,000	2.6535%	1M EURIBOR	29 Nov 2022 to 30 Jun 2027
DNB Bank ASA	KRUK S.A.	IRS	EUR 150,000,000	2.9640%	3M EURIBOR	10 May 2023 to 10 May 2028
DNB Bank ASA	KRUK S.A.	IRS	EUR 10,000,000	2.2550%	3M EURIBOR	21 Dec 2023 to 11 Dec 2028
ING Bank Śląski S.A.	InvestCapital LTD	IRS	EUR 38,500,000	2.3200%	1M EURIBOR	27 Dec 2023 to 30 Jun 2028
ING Bank Śląski S.A.	KRUK S.A.	IRS	EUR 24,000,000	2.4050%	3M EURIBOR	21 Aug 2024 to 1 Feb 2029

In 2025, the Group entered into currency interest rate swaps (CIRS) with a total notional amount of PLN 600,000 thousand, under which the Group pays a coupon based on a fixed EUR interest rate and receives a coupon based on a variable PLN interest rate. 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.

The hedge ratio for the hedging relationship is set at a level that ensures effectiveness of the relationship and is consistent with the actual quantity of the hedged item and the quantity of the hedging instrument.

The hedge ratio for a given relationship is set at 1.0 (i.e. each unit of the notional amount of the hedging instrument hedges a unit of the designated notional amount of the hedged item).

Open outstanding CIRS contracts held by KRUK Group companies as at 31 December 2025, with a total volume of PLN 2,430,000 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate [EUR]	Variable rate [PLN]	Transaction date	Transaction maturity date
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 330,000,000	2.13%	3M WIBOR	14 Jun 2022	24 May 2027
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 140,000,000	1.90%	3M WIBOR	23 Jun 2022	24 Mar 2027
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.72%	3M WIBOR	20 Jun 2022	16 Mar 2026
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 85,000,000	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 355,000,000	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA.	KRUK S.A.	CCIRS	PLN 70,000,000	6.046%	3M WIBOR + 4%	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 90,000,000	6.19%	3M WIBOR + 4%	21 Mar 2024	26 Sep 2028
Alior Bank S.A.	KRUK S.A.	CCIRS	PLN 125,000,000	4.40%	3M WIBOR + 3%	11 Dec 2024	13 Nov 2030
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 100,000,000	4.86%	3M WIBOR + 2.8%	4 Apr 2025	29 Jan 2031
DNB Bank ASA.	KRUK S.A.	CCIRS	PLN 200,000,000	4.864%	3M WIBOR + 3%	3 Jun 2025	27 Mar 2030
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 200,000,000	4.930%	3M WIBOR + 3%	3 Jun 2025	26 Mar 2031
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 100,000,000	4.820%	3M WIBOR + 2.7%	28 Jul 2025	26 Jun 2031

Open outstanding CIRS contracts held by KRUK Group companies as at 31 December 2024, with a total volume of PLN 1,957,500 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate [EUR]	Variable rate [PLN]	Transaction date	Transaction maturity date
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 330,000,000	2.13%	3M WIBOR	14 Jun 2022	24 May 2027
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 140,000,000	1.90%	3M WIBOR	23 Jun 2022	24 Mar 2027
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.72%	3M WIBOR	20 Jun 2022	16 Mar 2026
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 52,500,000	0.96%	3M WIBOR	15 Jul 2022	22 Jan 2025
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.49%	3M WIBOR	10 Jan 2023	26 Mar 2025
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 85,000,000	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 355,000,000	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA.	KRUK S.A.	CCIRS	PLN 70,000,000	6.046%	3M WIBOR + 4%	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 90,000,000	6.19%	3M WIBOR + 4%	21 Mar 2024	26 Sep 2028
Alior Bank S.A.	KRUK S.A.	CCIRS	PLN 125,000,000	4.40%	3M WIBOR + 3%	11 Dec 2024	13 Nov 2030

The transactions were designated for hedge accounting.

Hedge ineffectiveness occurs when the sum of the notional amount of the hedging instrument is greater than the carrying amount of the net assets at the reporting date (after taking into account other relationships hedging the net asset). The ineffective portion corresponds to the proportion of profit or loss on the hedging instrument attributable to the excess of the notional amount of the hedging instrument over the nominal value of the hedged item. Consequently, both the effective portion and the cost of hedging are reduced in the same proportion. The change in the fair value of the hedging instrument from the date of its conclusion and designation of the hedging relationship to the measurement date, representing the ineffective portion, is recognised in profit or loss on an ongoing basis.

Currency risk hedges

The Group's exposure to currency risk arises mainly from investments in subsidiaries and financial liabilities measured in foreign currencies (Note 32.3).

The currency risk management policy outlines:

- the Group's currency risk management objectives;
- the key principles of currency risk management at the Group;
- acceptable impact of currency risk on the Group's profit or loss and equity (currency risk appetite);
- methods of measuring and monitoring currency risk and currency risk exposure;
- procedures to be followed in the case of exceeding permitted currency risk appetite and specified currency risk limits,
- currency risk hedging policies,
- roles and responsibilities in the currency risk management process.

The impact of counterparty credit risk on the fair value of the currency forward contracts may be the source of hedge ineffectiveness, as the credit risk is not reflected in the fair value of the hedged item.

The Group does not expect the IBOR reform to have a material impact on hedging relationships in hedge accounting. The Group applied temporary specific exceptions to hedge accounting requirements in IFRS 9 in connection with the IBOR reform and assumed that it could continue hedging relationships. The notional amounts of the hedging instruments to which these exceptions apply are disclosed in Note 27.

The Group takes measures to ensure that it is prepared for a possible change in the benchmarks underlying the concluded hedging instruments in the event the WIBOR 3M rate ceases to be published. In particular, the Group continuously monitors regulatory changes in benchmarks and negotiates amendments to the Master Agreements governing the hedging instruments, in order to prepare optimal procedures for transition to an alternative benchmark if necessary.

Although the Polish Financial Supervision Authority has deemed the process of compiling the WIBOR benchmark to be in compliance with the requirements imposed under European Union law and issued a permit authorising WSE Benchmark SA to operate as an administrator of interest rate benchmarks, in the opinion of the Group there is uncertainty related to potential further changes to the method of determining the WIBOR benchmark. Therefore, the Group does not exclude the possibility that the hedging instruments entered into may need to be appropriately adjusted, in particular if the 3M WIBOR rate is permanently discontinued.

In order to increase the economic effectiveness of the hedge, the Group designated hedging relationships with a monthly frequency, i.e. each FX Forward transaction (EUR sale contract) with a one-month maturity was linked to a designated hedged item for one month (net assets of the investment in a subsidiary expressed in EUR).

In 2025, the Group entered into currency interest rate swaps (CIRS) with a total notional amount of PLN 600,000 thousand, under which the Group pays a coupon based on a fixed EUR interest rate and receives a coupon based on a variable PLN interest rate. 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 December 2025, KRUK Group companies held open outstanding CIRS contracts with a total notional amount of PLN 2,430,000 thousand (the contracts are listed in the *'Interest rate risk hedges'* section).

On 17 June 2025, KRUK S.A. and mBank S.A. signed an amendment to the Master Agreement of 7 February 2019 for financial market transactions. The amendment provided for the termination of the Master Agreement by mutual agreement as of 27 June 2025. As at the termination date, the Group had no open positions under the Master Agreement.

On 18 February 2025, InvestCapital LTD concluded an ISDA Master Agreement with DNB Bank ASA under which it may enter into treasury transactions on the terms set out in that agreement. As at 31 December 2025, the Group had no open positions under the ISDA Master Agreement.

Amounts related to open position designated as hedging instruments

PLN '000

	Carrying amount/fair value of hedging instruments								Item in the statement of financial position	Hedge type
	31 Dec 2025		31 Dec 2024		31 Dec 2025		31 Dec 2024			
Instrument type:	Assets	Liabilities	Notional amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Notional amount	Change in fair value used to determine ineffectiveness		
IRS	-	-	- (PLN)	-	-	-	- (PLN)	(4,954)	Hedging instruments	Hedge of future cash flows
IRS	-	23,145	432,500 (EUR)	11,352	-	34,497	432,500 (EUR)	(6,101)	Hedging instruments	Hedge of future cash flows
CIRS	137,354	-	2,430,000 (PLN)	25,273	114,326	2,245	1,957,500 (PLN)	22,825	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign subsidiary
	137,354	23,145		36,625	114,326	36,742		11,770		

PLN '000

Change in hedging instruments

Consolidated financial statements for the year ended 31 December 2025 prepared in accordance with the IFRS endorsed by the EU (PLN thousand)
The published XHTML report is the binding version of financial statements

	As at 31 Dec 2024	Finance costs	Interest paid/received	Measurement of instruments charged to capital reserves	As at 31 Dec 2025
IRS	(34,497)	-	7,965	3,387	(23,145)
CIRS	112,081	2,233	(88,517)	111,557	137,354
	77,584	2,233	(80,552)	114,944	114,209

PLN '000

Change in hedging instruments

	As at 31 Dec 2023	Finance costs	Interest paid/received	Measurement of instruments charged to capital reserves	As at 31 Dec 2024
IRS	(23,442)	-	(22,737)	11,681	(34,497)
CIRS	89,256	(1,546)	(71,872)	96,243	112,081
	65,814	(1,546)	(94,609)	107,924	77,584

PLN '000

Instrument type:	Amount of future cash flows as at 31 Dec 2025				
	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
IRS					
fixed payment EUR sale	(18,051)	(18,609)	(916,082)	(954,108)	-
variable payment EUR	18,051	18,609	916,082	954,108	-
CIRS					
fixed payment	(264,140)	(58,522)	(624,050)	(1,621,074)	-
variable payment	264,140	58,522	624,050	1,621,074	-

PLN '000

Instrument type:	Amount of future cash flows as at 31 Dec 2024				
	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
IRS					
fixed payment EUR sale	(25,072)	(17,674)	(34,877)	(1,894,266)	-
variable payment EUR	25,072	17,674	34,877	1,894,266	-
CIRS					
fixed payment	(69,810)	(91,420)	(295,906)	(1,539,570)	-
variable payment	69,810	91,420	295,906	1,539,570	-

PLN '000

Disclosure of the hedged item as at 31 Dec 2025

	Notional amount of the hedged item	Change in fair value of hedged item used to determine ineffectiveness	Reserve on measurement of continuing hedges	Reserve (unsettled) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	432,500 (EUR)	11,352	(20,623)	-
Hedge of net investment in a foreign subsidiary (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	2,430,000 (PLN)	25,273	127,305	-

PLN '000

Disclosure of the hedged item as at 31 Dec 2024

	Notional amount of the hedged item	Change in fair value of hedged item used to determine ineffectiveness	Reserve on measurement of continuing hedges	Reserve (unsettled) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	-	(4,954)	-	-
Hedge of future cash flows (interest rate risk)	432,500 (EUR)	(6,101)	(30,867)	-
Hedge of net investment in a foreign subsidiary (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,957,500 (PLN)	22,825	91,564	-

PLN '000

1 Jan–31 Dec 2025

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
Hedge reserve at beginning of period	(30,867)	4,082	91,564	64,779
Measurement of instruments charged to capital reserves	3,387	-	(12,638)	(9,251)
Cost of hedging*	-	-	126,428	126,428
Temporary differences/reversal of temporary differences	(1,108)	-	(8,383)	(9,491)
Amount reclassified to profit or loss during the period	7,965	-	(69,666)	(61,701)
- Interest income / (expense)	7,965	-	2,233	10,198
- Cost of hedging	-	-	(71,899)	(71,899)
Hedge reserve at end of period	(20,623)	4,082	127,305	110,764

PLN '000

1 Jan–31 Dec 2024

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
Hedge reserve at beginning of period	(21,216)	4,082	68,177	51,043
Measurement of instruments charged to capital reserves	11,681	-	81,895	93,576
Cost of hedging*	-	-	12,802	12,802
Temporary differences/reversal of temporary differences	1,405	-	(5,486)	(4,081)
Amount reclassified to profit or loss during the period	(22,737)	-	(65,824)	(88,561)
- Interest income / (expense)	(22,737)	-	(1,546)	(24,283)
- Cost of hedging	-	-	(64,278)	(64,278)
Hedge reserve at end of period	(30,867)	4,082	91,564	64,779

*Cost of hedging:

- the long leg (spread between the interest rates of PLN and EUR) in the measurement of the hedging instrument,
- the EUR/PLN cross-currency basis in the measurement of the hedging instrument.

The cost of hedging is determined as at the date of executing the hedging instrument and establishing the hedging relationship as the sum of net cash flows from interest on the hedging instrument, with cash flows in EUR being translated into PLN at the rate implied by the exchange of the CIRS notional principals at the transaction maturity date. The cost of hedging so determined is amortised until the hedging relationship expires.

The cost of hedging in the statement of profit or loss is recognised under finance costs.

29. Employee benefit liabilities

Material accounting policies

Employee benefits

Defined contribution plan

Pension contributions paid to the Social Insurance Institution are classified as defined contribution plans. Contributions payable to a defined contribution plan are recognised as cost of employee benefits and charged to profit or loss in the period when the employee rendered the related service. A prepayment is recognised as an item under other receivables to the extent that the prepayment will lead to a reduction in future payments or a cash refund. Contributions to a defined contribution plan that fall due within more than twelve months after the period in which the employee rendered the related service are discounted to their present value.

Employee benefit liabilities

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the service is provided.

The Group recognises liability under employee benefit liabilities for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits at the KRUK Group include salaries, bonuses, paid holidays and social security contributions, and are recognised as expenses when incurred.

Financial information

PLN '000	31 Dec 2025	31 Dec 2024
Salaries and wages payable	26,618	40,045
Social benefit obligations	26,329	23,913
Provisions for accrued holiday entitlements	16,548	14,993
Personal income tax	6,607	5,733
Special accounts	1,567	1,091
	<u>77,669</u>	<u>85,775</u>

Changes in accrued employee benefits

Change in provisions for accrued holiday entitlements

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Amount at beginning of period	14,993	14,136
Increase	16,548	14,993
Use	(14,993)	(14,136)
Amount at end of period	<u>16,548</u>	<u>14,993</u>

30. Trade and other payables

Material accounting policies

Trade and other payables are recognised as at the date of the transaction under which the Group becomes a party to a contract for a specific performance, and measured as at the reporting date the amount of payment due.

The Group derecognises a liability when the liability has been paid, written off or is time barred.

The Group presents liabilities related to purchased debt portfolios under trade payables.

Financial information

PLN '000	31 Dec 2025	31 Dec 2024
Trade payables	139,839	167,396
Other liabilities*	59,715	49,537
Deferred income	5,296	5,296
Accrued expenses	3,148	5,050
Tax and duties payable	5,020	4,544
	<u>213,018</u>	<u>231,823</u>

* 'Other liabilities' include liabilities related to court fees incurred in connection with the debt recovery process.

For information on the exposure to currency risk and liquidity risk associated with liabilities, see Note 32.

31. Provisions

Material accounting policies

A provision is recognised if the KRUK Group has a present (legal or constructive) obligation arising from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where the effect is material, the amount of the provision is estimated by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The balance of provisions is reviewed at the end of each reporting period and adjusted to reflect the most current and reliable estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Provisions for retirement gratuities are estimated using the actuarial method. The valuation of these provisions is updated on an annual basis.

Financial information

PLN '000	31 Dec 2025	31 Dec 2024
Provisions for retirement gratuities	20,265	18,289
Provision for the loyalty scheme	-	-
Provision for tax audit result	-	1,607
Other provisions	-	-
	<u>20,265</u>	<u>19,896</u>

Changes in provisions

	Provisions for retirement gratuities	Provision for the loyalty scheme	Provision for tax audit result	Other provisions
Carrying amount as at 1 Jan 2024	15,945	10,871	28,554	7,535
Increase / accrual	2,434	329	-	-
Use	(90)	(2,248)	(26,947)	-
Reversal of provision following conclusion of loyalty scheme	-	(8,952)	-	-
Reversal of provision for potential differences due to linear settlement	-	-	-	(7,535)
Carrying amount as at 31 Dec 2024	<u>18,289</u>	<u>-</u>	<u>1,607</u>	<u>-</u>
Carrying amount as at 1 Jan 2025	18,289	-	1,607	-
Increase / accrual	1,976	-	7,417	-
Reversal of provision for tax audit result	-	-	(9,024)	-
Carrying amount as at 31 Dec 2025	<u>20,265</u>	<u>-</u>	<u>-</u>	<u>-</u>

In December 2025, the tax proceeding held at the subsidiary KRUK Česká a Slovenská republika s.r.o. was concluded. Its outcome was consistent with the amount of the provision recognised during the year.

In 2025, the Group reversed the unused provision relating to the concluded tax audit at KRUK S.A. (PLN 1,607 thousand).

In 2024, the provision for potential differences due to linear settlement was reversed due to the marginal level of complaints. The Group believes there is a low risk of increase in the level of complaints in the future.

At the end of August 2024, the KRUK Group concluded its Dreams Come True (*Marzenia do spełnienia*) loyalty scheme, resulting in the reversal of a PLN 8,952 thousand provision for points.

32. Management of risk arising from financial instruments

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

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

This note presents information on the Group's exposure to each type of the above risks, the Group's objectives, policies and procedures for measuring and managing the risks, and the Group's management of capital.

Key risk management policies

The Management Board of the Parent is responsible for establishing and overseeing the Group-wide risk management framework.

The Group's risk management policies are designed to identify and assess the risks to which the Group is exposed, establish appropriate limits and controls, and continuously monitor the risk levels and adequacy of the limits. The risk management policies and systems are reviewed on a regular basis to reflect changes in market conditions and in the Group's activities. Through appropriate training, standards of practice and management procedures, the Group seeks to foster an effective internal control environment in which all employees understand their respective roles and responsibilities, as well as the significance of risk factors within business processes.

32.1. Credit risk

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

The risk of credit concentration is defined by the Group as the risk of significant exposure to individual entities or indebted persons whose ability to repay debt depends on a common risk factor. The Group analyses the concentration risk with respect to:

- indebted persons (as part of its investments in debt portfolios);
- borrowers (under loans advanced);
- business partners;
- geographical regions.

Loans

The KRUK Group is engaged in consumer lending through Wonga.pl sp. z o.o., Novum Finance sp. z o.o., and RoCapital IFN S.A. Products offered by Wonga.pl sp. z o.o. on the open market are targeted at individuals of good credit standing, with access to online banking. Products offered by Novum Finance sp. z o.o. and RoCapital IFN S.A. (the NOVUM product) are primarily addressed to individuals who have repaid or are regularly repaying their liabilities to the Group under purchased retail debt portfolios. The KRUK Group has the experience and analytical tools necessary to estimate credit risk for loans offered both to new clients and to clients previously involved with the Group. Loans to borrowers who were not previously clients of the KRUK Group currently represents a majority of the Group's consumer loan portfolio. For each loan, the Group assesses the client's creditworthiness, which is then reflected in the offer addressed to the client.

For loans measured at amortised cost and at fair value, the loan-related credit risk is reflected in their measurement at the end of each reporting period, in accordance with section 3.4.1. As at each valuation date, the Group estimates credit risk based on past inflows from loans. The credit risk assessment also takes into account the period of delinquency of the loans being valued.

The Group mitigates the risk through thorough client checks before a loan is advanced, taking into account the likelihood of recovery of the invested capital from disbursed amounts, as well as the costs necessary to be incurred in the process of selling and servicing the loan. The primary risk mitigation tool used by the Group is pursuing an appropriate credit policy towards clients, which includes in particular:

- assessment of a client's creditworthiness prior to advancing a loan and determining the terms of cooperation,
- regular monitoring of timely repayment,
- ongoing monitoring of risk indicators,
- maintaining a diversified client base.

The assessment of a client's creditworthiness is carried out through, among other things:

- running a check on the client with a credit reference agency,
- verification of data with a credit reference agency,
- checking the completeness and accuracy of the loan documentation,
- confirmation of the client's employment,
- verification of the contact telephone number (in the case of telephone sales).

As part of the risk management policy, risk identification, measurement and management methods have been implemented to optimise the level of risk and ultimately to verify profitability. These methods are designed to assist in making rational business decisions based on the principle of balancing risk and profitability by limiting losses resulting from the materialisation of an unplanned adverse scenario, and maximising income earned in the case of materialisation of an unplanned favourable scenario.

The Group carries out a thorough analysis and estimate of the risk attached to the loans it grants using advanced economic and statistical tools and relying on its long-standing experience in this respect.

As at the date of these financial statements, the KRUK Group holds no single loan to third parties where default on the loan could have a material adverse effect on its liquidity.

Trade and other receivables

The Management Board has developed a credit policy for assessing the creditworthiness of business partners before payment terms or other commercial conditions are proposed. As part of this assessment, external credit ratings are used where available and, in certain cases, bank references are additionally obtained. A transaction limit is set for each business partner, specifying the maximum value of transactions that may be entered into without requiring approval from the Management Boards of the entities concerned.

The Group regularly monitors whether payments are made when due, and if any delays are found, the following actions are taken:

- notices are sent to business partners,
- email messages are sent to business partners,
- telephone calls are made to business partners.

More than 60% of the Group's business partners have cooperated with the Group for three years or more, which reduces the overall level of credit risk. Losses incurred by the Group due to non-payment are limited to isolated cases. Trade and other receivables are mainly comprised of fees receivable in respect of debt collected for external business partners.

The Group's exposure to credit risk mainly results from individual characteristics of each business partner. The Group's largest business partner generates 21% (2024: 17%) of the Group's revenue from credit management services. Receivables from the Group's largest business partner represented 6.2% of total trade receivables as at 31 December 2025 (31 December 2024: 5.8%). Based on this data, the Group assesses there is no significant concentration of credit risk.

The Group recognises allowances for expected credit losses that reflect the estimated losses on trade and other receivables. These allowances cover, in particular, losses arising from exposures to significant individual risks identified through individual assessment of business partners.

Purchased debt portfolios

Purchased debt portfolios comprise overdue debts which prior to the purchase by the Group were often subject to collection by the seller of the portfolio or by a third party acting on the seller's behalf. Accordingly, the level of credit risk associated with these receivables is relatively high. However, the Group has long-standing experience and well-developed analytical tools giving it the ability to estimate this risk.

As at the date of acquisition, the Group assesses the credit risk associated with a debt portfolio, which is reflected in the offered purchase price. Any changes in the credit risk over the life of the instrument are recognised through allowances for expected credit losses.

As at each valuation date, the Group estimates credit risk based on recoveries from a given portfolio as well as other portfolios with similar characteristics. In addition, the following parameters are taken into account in the credit risk assessment:

- Debt:
 - outstanding amount
 - principal
 - principal to debt ratio
 - amount of credit granted / total amount of invoices
 - type of product
 - debt past due (DPD)
 - contract's term
 - time elapsed from contract execution
 - collateral (existence, type, amount).
- Indebted person:
 - credit amount repaid so far / amount of invoices repaid so far
 - time elapsed from the last payment made by the indebted person
 - region
 - indebted person's form of incorporation
 - indebted person's death or bankruptcy
 - indebted person's employment.
- Debt processing by the previous creditor:
 - availability of the indebted person's correct contact data
 - in-house collection – by the previous creditor's own resources

- outsourced collection – debt management by third parties
- court collection
- bailiff collection.

Changes in credit risk assessment affect expected amounts of future cash flows which are used as a basis of valuation of the purchased debt portfolios.

The Group minimises the risk by performing a valuation of each portfolio before and after it is purchased, taking into account the likelihood of recovery of invested capital and the estimated costs of the collection process. Debt portfolios are purchased at official auctions, and prices offered by the Group in most of such auctions do not differ significantly from prices offered by the Group's competitors. A similar valuation of a debt portfolio by several specialist companies at the same time reduces the risk of an incorrect valuation.

The market value of a portfolio and its maximum purchase price are determined based on a statistical and economic analysis. Initially, portfolios are divided into sub-portfolios based on debt amount and type of security. This is done to select debts which can be valued using statistical methods. Other sub-portfolios are valued on a case-by-case basis in a due diligence process as at the time of their purchase.

Recoveries are estimated based on a statistical model developed on the basis of available selected reference data matching the valuation data. The reference data is derived from a database containing information on portfolios previously purchased and collected by the Group.

Once the evaluation of effectiveness and debt collection tools is completed, all parameters and comparative data for the reference portfolio, collection process, efficiency curve and risk are gathered. Also at this stage additional parameter reviews are considered, based on expert opinions. A single document (business plan) is then drafted, containing a summary of adopted assumptions and the resultant projection of expected cash flows from a portfolio, and a financial model is structured. The business plan serves to define the maximum purchase price that can be offered.

The maximum price is set based on the expected investment yield (mainly the internal rate of return, payback period, and nominal return). The expected return on investment largely depends on the risk inherent in a given project, which in turn depends, *inter alia*, on the quality of data provided by the business partner for valuation, reference data matching, and the number and quality of both macro- and microeconomic expert indicators used to prepare the cash flow projection.

Moreover, the Group diversifies the risk by purchasing various types of debt, with varying degrees of difficulty and delinquency periods.

The key tool used by the Group in order to mitigate credit risk is pursuing an appropriate credit policy vis à vis its business partners and indebted persons, which includes, among other things:

- assessment of a business partner's or indebted person's creditworthiness prior to proposing payment dates and other terms of cooperation;
- regular monitoring of timely payment of debt;
- maintaining a diversified client base.

The Group carries out a thorough analysis and estimate of the risk attached to the debt portfolios it purchases using economic and statistical tools and relying on its long-standing experience in this respect. It purchases debts of various types, with different degrees of difficulty and delinquency statuses. Debt portfolio valuations are revised on a quarterly basis.

As at the date of these financial statements, the KRUK Group holds no single debt whose non-payment could have a material adverse effect on its liquidity, but no assurance can be given that such a situation will not occur in the future.

The following tools are used in the debt recovery process:

- letters,
- telephone calls,
- text messages,
- partial debt cancellation,
- intermediation in securing an alternative source of financing,
- doorstep collection (at home or workplace),
- detective activities,
- amicable settlements,
- court collection,
- enforcement against collateral,
- loyalty scheme.

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>	Note	31 Dec 2025	31 Dec 2024
Investments in debt portfolios measured at amortised cost	18	11,632,709	10,500,278
Loans	19	612,315	502,905
Hedging instruments	28	137,354	114,326
Trade and other receivables, excluding tax receivables	22	42,061	53,392
Cash and cash equivalents	23	212,629	214,790
		<u>12,637,068</u>	<u>11,385,691</u>

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

<i>PLN '000</i>	31 Dec 2025	31 Dec 2024
Poland	5,193,494	4,669,869
Romania	2,090,879	1,697,570
Italy	3,287,904	2,849,132
Spain	1,821,277	1,909,174
Other foreign markets	243,514	259,946
	<u>12,637,068</u>	<u>11,385,691</u>

Credit risk exposure – Investments in debt portfolios measured at amortised cost

PLN '000	31 Dec 2025	31 Dec 2024
Unsecured retail portfolios	10,416,268	9,375,242
Secured retail portfolios	218,591	255,418
Unsecured corporate portfolios	387,909	299,321
Secured corporate portfolios	609,941	570,297
	11,632,709	10,500,278

Credit risk exposure – Loans

PLN '000	Risk classification	Carrying amount as at 31 Dec 2025				
		Basket 1	Basket 2	Basket 3	POCI loans	Total
Gross carrying amount of loans measured at amortised cost						
	low	312,399	119,946	339,839	20	772,204
	medium	64,629	26,356	98,492	256	189,733
	high	2,457	1,128	18,505	652	22,742
	not classified	420	256	40,801	509	41,986
		379,905	147,686	497,637	1,437	1,026,665
Allowances for expected credit losses						
	low	17,965	18,531	244,529	-	281,025
	medium	5,277	6,877	71,059	-	83,213
	high	304	373	15,467	-	16,144
	not classified	30	37	36,196	-	36,263
		23,576	25,818	367,251	-	416,645
Net carrying amount						
	low	294,434	101,415	95,310	20	491,179
	medium	59,352	19,479	27,433	256	106,520
	high	2,153	755	3,038	652	6,598
	not classified	390	219	4,605	509	5,723
		356,329	121,868	130,386	1,437	610,020

PLN '000	Risk classification	Carrying amount as at 31 Dec 2024				
		Basket 1	Basket 2	Basket 3	POCI loans	Total
Gross carrying amount of loans measured at amortised cost						
	low	290,615	88,190	254,622	-	633,427
	medium	44,535	25,826	75,491	387	146,239
	high	1,410	683	18,907	508	21,508
	not classified	266	169	44,325	604	45,364
		336,826	114,868	393,345	1,499	846,538
Allowance for expected credit losses						
	low	22,069	17,627	185,224	-	224,920
	medium	4,550	7,605	55,137	-	67,292
	high	220	206	14,896	-	15,322
	not classified	30	21	39,349	-	39,400
		26,869	25,459	294,606	-	346,934
Net carrying amount						
	low	268,546	70,563	69,398	-	408,507
	medium	39,985	18,221	20,354	387	78,947
	high	1,190	477	4,011	508	6,186
	not classified	236	148	4,976	604	5,964
		309,957	89,409	98,739	1,499	499,604

Loans are classified into different risk segments upon being granted.

The classification criterion for individual risk groups is the delay in payment of principal instalments:

- low-risk loans – the share of loans with delayed principal payments is 5%,
- medium-risk loans – the share of loans with delayed principal payments is 10%,
- high-risk loans - the share of loans with delayed principal payments is around 20%.

During their lifespan, risks are classified into baskets.

Credit risk exposure – Cash

PLN '000	31 Dec 2025	31 Dec 2024
Cash in accounts with banks rated below BBB – by Standard & Poor's*	40,580	51,852
Cash in accounts with banks rated BBB or higher – by Standard & Poor's*	171,940	162,823
Cash in hand	109	115
	212,629	214,790

* Alternatively BBB- by Fitch Ratings Ltd or Baa3 by Moody's Investors Service Limited.

The KRUK Group defines the cash concentration risk as the risk of material exposure to banks with ratings below and above BBB-.

As at 31 December 2025, 27% of the Group's funds were deposited with a bank rated A, 15% – with a bank rated AA-, and 14% – with a bank rated BBB- (according to Fitch Ratings Ltd) (as at 31 December 2024: 36% of the Group's cash was deposited with a bank rated A- (according to S&P).

Allowance for expected credit losses

For information on changes in allowances for expected credit losses on purchased debt portfolios measured at amortised cost, see Notes 5 and 18.

The table below presents breakdown of trade and other receivables other than tax receivables into baskets as at the end of the reporting periods.

IFRS 9 classification	Days past due	Expected credit losses as % of gross carrying amount	Carrying amount	Carrying amount
			as at 31 Dec 2025	as at 31 Dec 2024
Gross carrying amount of trade and other receivables, excluding tax receivables				
	<1 day		42,061	53,392
	1-90 days		-	182
	>90 days		185	1,613
			42,246	55,187
Allowances for expected credit losses				
	<1 day	0%	-	-
	1-90 days	100%	-	182
	>90 days	100%	185	1,613
			185	1,795
Net carrying amount				
	<1 day		42,061	53,392
	1-90 days		-	-
	>90 days		-	-
			42,061	53,392

Changes in allowances for expected credit losses on receivables:

PLN '000	1 Jan–31 Dec 2025				1 Jan–31 Dec 2024			
	Basket 1	Basket 2	Basket 3	Total	Basket 1	Basket 2	Basket 3	Total
Loss allowance at beginning of period	-	182	1,613	1,795	-	177	1,613	1,790
Loss allowance recognised in the period	-	127	17	144	-	38	-	38
Reversal of loss allowance	-	(124)	-	(124)	-	(33)	-	(33)
Use of loss allowance	-	-	(1,630)	(1,630)	-	-	-	-
Transfer between baskets	-	(185)	185	-	-	-	-	-
Loss allowance at end of period	-	-	185	185	-	182	1,613	1,795

The analysis of loans as at the end of the reporting periods is presented in Note 19.

Changes in the gross amount of loans measured at amortised cost:

PLN '000	1 Jan–31 Dec 2025					1 Jan–31 Dec 2024				
	Basket 1	Basket 2	Basket 3	POCI loans	Total	Basket 1	Basket 2	Basket 3	POCI loans	Total
Gross carrying amount at beginning of period	336,826	114,868	393,345	1,499	846,538	263,129	111,884	302,324	1,323	678,660
Purchase	-	-	-	-	-	43,275	6,525	-	2,868	52,668
Change due to disbursement	314,623	108,997	41,026	-	464,646	238,064	71,558	28,901	-	338,523
Change due to repayment	(280,965)	(66,979)	(71,683)	(62)	(419,689)	(218,243)	(90,703)	(28,902)	(2,692)	(340,540)
Transfer from basket 1 to basket 2	(20,273)	20,273	-	-	-	(16,764)	16,764	-	-	-
Transfer from basket 1 to basket 3	(35,588)	-	35,588	-	-	(28,122)	-	28,122	-	-
Transfer from basket 2 to basket 1	11,794	(11,794)	-	-	-	11,353	(11,353)	-	-	-
Transfer from basket 2 to basket 3	-	(36,095)	36,095	-	-	-	(9,828)	9,828	-	-
Transfer from basket 3 to basket 1	-	-	-	-	-	-	-	-	-	-
Transfer from basket 3 to basket 2	-	-	-	-	-	-	0	(0)	-	-
Change in gross carrying amount in the reporting period	53,488	18,416	63,266	-	135,170	44,134	20,021	53,072	-	117,227
Gross carrying amount at end of period	379,905	147,686	497,637	1,437	1,026,665	336,826	114,868	393,345	1,499	846,538

Changes in the allowances for expected credit losses on loans measured at amortised cost are presented below.

PLN '000	1 Jan–31 Dec 2025				1 Jan–31 Dec 2024			
	Basket 1	Basket 2	Basket 3	Total	Basket 1	Basket 2	Basket 3	Total
Loss allowance at beginning of period	26,869	25,459	294,606	346,934	17,202	24,182	224,766	266,150
Loss allowance as at acquisition date	-	-	-	-	-	-	-	-
Change due to disbursement	20,393	20,029	21,229	61,651	18,176	16,876	18,052	53,104
Change due to repayment	(17,436)	(11,709)	(52,901)	(82,046)	(17,409)	(20,103)	(21,647)	(59,159)
Transfer from basket 1 to basket 2	(3,513)	3,513	-	-	(4,093)	4,093	-	-
Transfer from basket 1 to basket 3	(19,772)	-	19,772	-	(18,635)	-	18,635	-
Transfer from basket 2 to basket 1	417	(417)	-	-	552	(552)	-	-
Transfer from basket 2 to basket 3	-	(20,527)	20,527	-	-	(25,717)	25,717	-
Transfer from basket 3 to basket 1	-	-	-	-	-	-	-	-
Transfer from basket 3 to basket 2	-	-	-	-	-	-	-	-
Allowance for expected credit losses recognised in the reporting period*	16,618	9,470	64,018	90,106	31,076	26,680	29,083	86,839
Loss allowance at end of period	23,576	25,818	367,251	416,645	26,869	25,459	294,606	346,934

* Includes transfers between baskets.

As at 31 December 2025, the gross carrying amount of loans measured at amortised cost was PLN 1,026,665 thousand (PLN 846,538 thousand as at 31 December 2024). The Group recognised an allowance for expected credit losses on loans of PLN 416,645 thousand as at 31 December 2025 (PLN 346,934 thousand as at 31 December 2024). The amount of the impairment loss is determined for individual expected loss recognition baskets, based on estimates that reflect the risk of incurring the expected loss, made taking into account the stage of delinquency (Note 19). The amount of the impairment loss covers 40.6% of the gross carrying amount of loans measured at amortised cost (at the end of 2024: 41.0%).

The total amount of undiscounted expected credit losses on impaired financial assets due to credit risk was PLN 27,541 thousand in 2025 (2024: PLN 27,591 thousand).

Impact of macroeconomic factors on the estimation of expected credit losses for the Wonga loan portfolio

Expected credit losses for loans measured at amortised cost are determined based on the following parameters: PD (probability of default), PPS (prepayment possibility), LGD (loss given default) and EAD (exposure at default).

LGD depends on recoveries achieved after an event of default. Recoveries from impaired loan portfolios are realised either through sale of receivables or through debt collection processes, initially amicable and then pursued in courts. For collection processes, projected recoveries used to determine LGD are based on a historical repayment curve for comparable receivables and are periodically reviewed and updated in the event of material changes. In 2025, Wonga updated the cash collection curve applied, reflecting higher recovery levels observed over a longer time horizon. The impact of this change, as at the date of its implementation, resulted in a one-off reduction of the allowance for expected credit losses by PLN 20.6 million.

The company analyses the impact of macroeconomic factors on projected recoveries and expected credit losses for loans measured at amortised cost. Macroeconomic variables analysed:

- consumer bankruptcies,
- unemployment levels (total registered, newly registered, re-registered unemployed individuals),
- registered unemployment rate,
- number of new job offers in the period.

If incorporating these macroeconomic variables (in addition to the applied behavioural scoring model) improves the projection accuracy, they are included in the expected credit loss estimation model.

As at 31 December 2025 and 31 December 2024, macroeconomic variables were not factored into the expected credit loss estimates due to their insignificant impact on the model.

Impact of macroeconomic factors on the estimation of expected credit losses for the Novum loan portfolio

Calculations of expected credit losses incorporate estimates relating to the anticipated macroeconomic environment. The impact of macroeconomic factors is considered through the effect of forecast macroeconomic variables on the individual risk parameters (PD, LGD). Historical data is used to verify the correlation between changes in these parameters (or their components) and changes in macroeconomic variables.

Macroeconomic variables analysed include changes in:

- GDP growth rate,
- consumer price index (CPI),
- retail sales index,
- average wages in the national economy,
- unemployment rate.

As at the end of 2025, the statistically significant macroeconomic variable was the change in wage levels, correlated with historical repayments, a key component in LGD estimates. The baseline macroeconomic scenario used for the LGD estimation was based on available macroeconomic forecasts, particularly the inflation and GDP projections, published by the National Bank of Poland (NBP).

The estimated impact of incorporated macroeconomic forecasts over a 12-month time horizon translates into an increase in expected credit losses by approximately PLN 699 thousand for the Novum loan portfolio on a consolidated basis as at the end of 2025. The corresponding impact as at 31 December 2024 was PLN 233 thousand (a decrease in expected credit losses).

Over a three-year time horizon, the impact of incorporated macroeconomic forecasts on expected credit losses is approximately PLN 423 thousand (an increase in expected credit losses) for the Novum loan portfolio on a consolidated basis at the end of 2025. The corresponding impact as at 31 December 2024 was PLN 81 thousand (a decrease in expected credit losses).

Modifications

Loan agreement terms may be modified during the financing period to reflect:

- changes in the repayment schedule for all or a part of a loan,
- adjustment of instalment amounts,
- changes in the interest rate basis or discontinuation of interest accrual,
- capitalisation of overdue or current interest payments.

When modifications to contract terms are identified, the Group performs a qualitative and quantitative test to determine whether the modification is substantial, leading to the derecognition of the original financial asset and recognition of a new (modified) financial asset at fair value.

A substantial modification occurs if the following criteria are met:

- quantitative criterion: involves analysing the contractual exposure amount prior to and after the modification. A modification is considered substantial if the change in exposure within a given group of financial assets exceeds 10% of the expected discounted cash flows for the homogeneous product groups. If the change is 10% or less, the modification is deemed non-substantial;
- qualitative criterion: a change in debtor is considered a qualitative criterion, the occurrence of which would cause the modification to be considered substantial.

During the reporting period, no quantitative or qualitative criteria for the recognition of modifications were met, meaning there was no need to derecognise any original financial assets.

32.2. Liquidity risk

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

Liquidity risk management aims to ensure that the Group has sufficient liquidity to pay its liabilities as they fall due, without exposing the Group to a risk of loss or impairment of its reputation.

The key objectives of liquidity management include:

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

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

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

In accordance with the liquidity management policy adopted by the Group, the following conditions must be met by a Group entity before new debt can be incurred:

- the debt can be repaid from the Group's own assets;
- the debt is incurred taking into account the possibility of transferring the funds between companies, and the time and cost of such transfer;
- incurring the debt will not result in exceeding the financial covenants stipulated in facility agreements and terms and conditions of bonds.

Liquidity risk exposure

As at 31 December 2025

PLN '000

	Carrying amount	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							
Investments in debt portfolios measured at amortised cost	11,632,709	26,152,000	1,814,358	1,788,251	3,340,971	7,498,862	11,709,558
Loans	612,315	671,309	176,568	146,488	164,390	81,044	102,819
Trade and other receivables, excluding tax receivables	42,061	42,061	42,061	-	-	-	-
Cash and cash equivalents	212,629	212,629	212,629	-	-	-	-
Secured borrowings	(3,662,722)	(4,547,442)	(136,911)	(135,947)	(297,617)	(3,956,463)	(20,504)
Unsecured bonds in issue	(3,460,890)	(4,303,551)	(273,921)	(242,025)	(803,807)	(2,335,094)	(648,704)
Lease liabilities	(103,398)	(117,735)	(15,591)	(15,355)	(31,564)	(42,481)	(12,744)
Trade and other payables	(199,554)	(199,554)	(199,554)	-	-	-	-
	5,073,150	17,909,717	1,619,639	1,541,412	2,372,373	1,245,868	11,130,425

*Cash flows based on estimates.

As at 31 December 2024

PLN '000

	Carrying amount	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							
Investments in debt portfolios measured at amortised cost	10,500,278	23,147,233	1,692,715	1,611,937	3,091,801	6,798,541	9,952,238
Loans	502,905	691,074	206,554	154,075	173,654	82,780	74,011
Trade and other receivables, excluding tax receivables	53,392	53,392	53,392	-	-	-	-
Cash and cash equivalents	214,790	214,790	214,790	-	-	-	-
Secured borrowings	(3,458,610)	(4,509,115)	(151,206)	(153,456)	(362,199)	(3,842,254)	-
Unsecured bonds in issue	(3,109,702)	(4,079,737)	(355,339)	(156,497)	(513,148)	(2,918,690)	(136,063)
Lease liabilities	(58,239)	(70,299)	(13,073)	(12,710)	(13,025)	(28,174)	(3,317)
Trade and other payables	(216,933)	(216,933)	(216,933)	-	-	-	-
	4,427,881	15,230,405	1,430,900	1,443,349	2,377,083	92,203	9,886,869

Contractual cash flows were determined based on interest rates effective as at 31 December 2025 and 31 December 2024, respectively.

The Group 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 December 2025, the undrawn revolving credit facility limit available to the Group was PLN 848,002 thousand (31 December 2024: PLN 475,189 thousand). The limit is available until 31 January 2031.

The Group companies did not provide any guarantees to third parties.

For information on liquidity risk of hedging instruments, see Note 28.

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

32.3. Market risk

Market risk is related to changes in such market factors as foreign exchange rates, interest rates or stock prices, which affect the Group's performance or the value of financial instruments it holds. The objective behind market risk management is to maintain and control the Group's exposure to market risk within assumed limits, while seeking to optimise the rate of return.

It has been concluded that effective implementation of the KRUK Group's growth strategy requires, among other elements, a proper interest rate risk and currency risk management policy. The interest rate risk management policy covers:

- the Group's objectives in terms of interest rate risk;
- methods of interest rate risk monitoring;
- the Group's permitted exposure to interest rate risk;
- procedures in case of exceeding the Group's permitted exposure to interest rate risk;
- principles of interest rate risk management at the Group;

The currency risk management policy outlines:

- the Group's currency risk management objectives;
- the key rules of currency risk management at the Group;
- acceptable impact of currency risk on the Group's profit or loss and equity (currency risk appetite);
- methods of measuring and monitoring currency risk and currency risk exposure;
- procedures to be followed in the case of exceeding permitted currency risk appetite and specified currency risk limits;
- currency risk hedging policies;
- roles and responsibilities in the currency risk management process.

As at 31 December 2025, financial assets denominated in foreign currencies accounted for 57% of total assets, while liabilities denominated in foreign currencies represented 30% of total equity and liabilities (31 December 2024: 58% and 31%, respectively).

The Group uses financial instruments to hedge its interest rate risk and currency risk (Note 28).

Exposure to currency risk and sensitivity analysis

The Group'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	31 Dec 2025					31 Dec 2024				
	PLN	EUR	RON	CZK	Total	PLN	EUR	RON	CZK	Total
	Exposure to currency risk									
Trade and other receivables	-	3,325	-	1,678	5,003	-	3,752	12,319	-	16,071
Investments	-	-	2,036,629	27,670	2,064,299	-	163	1,606,714	9,487	1,616,364
Cash	551	7,616	25,994	753	34,914	785	8,589	30,204	138	39,717
Borrowings, debt securities and leases	-	(870,153)	-	-	(870,153)	-	(1,116,612)	-	-	(1,116,612)
Trade and other payables	(1,416)	(2,041)	(12,205)	-	(15,662)	(1,181)	(9,719)	(20,314)	-	(31,214)
Currency risk exposure – items affecting profit or loss	(866)	(861,253)	2,050,418	30,101	1,218,401	(395)	(1,113,827)	1,628,924	9,625	524,326
Trade and other receivables	-	16,693	24,037	1,874	42,604	-	21,210	16,493	470	38,174
Investments	-	5,123,998	51,600	-	5,175,598	-	4,723,312	66,946	92,888	4,883,146
Cash	-	126,412	16,912	423	143,746	-	118,792	17,542	7,118	143,451
Borrowings, debt securities and leases	-	(2,885,875)	(6,839)	(392)	(2,893,107)	-	(2,376,032)	(10,172)	(930)	(2,387,134)
Trade and other payables	-	(85,716)	(9,636)	(74)	(95,427)	-	(97,888)	(11,828)	(1,368)	(111,083)
Currency risk exposure – items affecting other comprehensive income	-	2,295,510	76,073	1,831	2,373,415	-	2,389,394	78,981	98,179	2,566,554
Exposure to currency risk	(866)	1,434,257	2,126,492	31,932	3,591,816	(395)	1,275,567	1,707,905	107,803	3,090,880
Hedge effect		(2,430,000)			(2,430,000)		(1,957,500)			(1,957,500)
Currency risk exposure after hedging	(866)	(995,743)	2,126,492	31,932	1,161,816	(395)	(681,933)	1,707,905	107,803	1,133,380

PLN '000

	31 Dec 2025					31 Dec 2024				
	PLN	EUR	RON	CZK	Total	PLN	EUR	RON	CZK	Total
Analysis of sensitivity of currency risk exposure to +10% increase in exchange rates										
Trade and other receivables	-	332	-	168	500	-	375	1,232	-	1,607
Investments	-	-	203,663	2,767	206,430	-	16	160,671	949	161,636
Cash	55	762	2,599	75	3,491	79	859	3,020	14	3,972
Borrowings, debt securities and leases	-	(87,015)	-	-	(87,015)	-	(111,661)	-	-	(111,661)
Trade and other payables	(142)	(204)	(1,221)	-	(1,567)	(118)	(972)	(2,031)	-	(3,121)
Effect on statement of profit or loss	(87)	(86,125)	205,041	3,010	121,839	(40)	(111,383)	162,892	963	52,433
Trade and other receivables	-	1,669	2,404	187	4,260	-	2,121	1,649	47	3,817
Investments	-	512,400	5,160	-	517,560	-	472,331	6,695	9,289	488,315
Cash	-	12,641	1,691	42	14,374	-	11,879	1,754	712	14,345
Borrowings, debt securities and leases	-	(288,588)	(684)	(39)	(289,311)	-	(237,603)	(1,017)	(93)	(238,713)
Trade and other payables	-	(8,572)	(964)	(7)	(9,543)	-	(9,789)	(1,183)	(137)	(11,109)
Effect on other comprehensive income	-	229,550	7,607	183	237,340	-	238,939	7,898	9,818	256,655
Exposure to currency risk	(87)	143,426	212,649	3,194	359,182	(40)	127,557	170,790	10,780	309,087
Hedge effect	-	(243,000)	-	-	(243,000)	-	(195,750)	-	-	(195,750)
Currency risk exposure after hedging	(87)	(99,574)	212,649	3,194	116,182	(40)	(68,193)	170,790	10,780	113,337

As at 31 December 2025, a 10% depreciation of PLN against EUR would result in a PLN 86,125 thousand decrease in profit and PLN 143,426 thousand increase in equity, while a 10% appreciation of PLN against EUR would result in a PLN 86,125 thousand increase in profit and PLN 143,426 thousand decrease in equity. As at 31 December 2025, a 10% depreciation of PLN against RON would result in a PLN 205,041 thousand increase in profit and PLN 212,649 thousand increase in equity, while a 10% appreciation of PLN against RON would result in a PLN 205,041 thousand decrease in profit and PLN 212,649 thousand decrease in equity. The analysis assumes that other variables, especially interest rates, remain equal.

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

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 Dec 2025	1 Jan–31 Dec 2024	31 Dec 2025	31 Dec 2024
EUR 1	4.2400	4.3075	4.2267	4.2730
USD 1	3.7774	3.9815	3.6016	4.1012
RON 1	0.8412	0.8658	0.8291	0.8589
CZK 1	0.1717	0.1715	0.1746	0.1699

* 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. As of 1 January 2024, the calculation also includes the mid rate quoted for the last day of the previous financial year.

Exposure to interest rate risk

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

PLN '000	Carrying amount	
	31 Dec 2025	31 Dec 2024
Fixed-rate financial instruments		
Financial assets	12,047,732	10,910,759
Financial liabilities	(355,196)	(396,964)
	11,692,536	10,513,795
Hedge effect (notional amount)	(4,258,048)	(3,805,573)
Fixed-rate financial instruments after hedging	7,434,488	6,708,223
Variable-rate financial instruments		
Financial assets	589,336	474,932
Financial liabilities	(7,094,571)	(6,483,367)
	(6,505,235)	(6,008,435)
Hedge effect (notional amount)	4,258,048	3,805,573
Variable-rate financial instruments after hedging	(2,247,187)	(2,202,863)

Interest rate concentration risk is defined by the KRUK Group as the risk arising from significant exposure to specific financial instruments whose value or cash flows are sensitive to changes in interest rates. The

Group mitigates the impact of this risk through the use of hedging transactions, including IRS and CIRS instruments (Note 28).

Sensitivity analysis of fair value of fixed-rate financial instruments

The Group does not hold any fixed rate financial instruments measured at fair value through profit or loss, nor does it execute transactions with derivatives (IRSs) serving as security for fair value. Therefore, a change of an interest rate would have no material effect on current period's profit or loss.

Sensitivity analysis of cash flows from variable-rate financial instruments

A change of an interest rate by 100 basis points would increase (decrease) equity and pre-tax profit over the loan term by the amounts shown below. The following analysis is based on the assumption that other variables, in particular exchange rates, remain unchanged.

PLN '000

	Profit or loss for the current period		Equity excluding profit or loss for the current period	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 Dec 2025				
Variable-rate financial assets	4,520	(4,520)	1,374	(1,374)
Variable-rate financial liabilities	(70,714)	70,714	(231)	231
31 Dec 2024				
Variable-rate financial assets	3,606	(3,606)	1,143	(1,143)
Variable-rate financial liabilities	(64,466)	64,466	(367)	367

32.4. Capital management

The Management Board of the Parent seeks an optimal balance between the rate of return achievable with higher debt levels and the risk associated with the use of debt finance. In the period from 1 January to 31 December 2025, return on equity, computed as the ratio of net profit for the reporting period to equity less net profit, was 25.58% (2024: 31.08%).

The Group's debt ratio, defined as the ratio of total liabilities under borrowings, bonds in issue and leases to total equity, was 1.36 as at 31 December 2025 (31 December 2024: 1.46).

As required under the Anti-Usury Act of 18 December 2020, the Management Board of the Parent monitors the share capital levels at the KRUK Group's lending institutions to ensure it is maintained at the required minimum level of PLN 1,000 thousand. In addition, pursuant to Articles 49–51 of the Act of 27 May 2004 on Investment Funds and the Management of Alternative Investment Funds, the investment fund management company KRUK TFI is required to maintain own funds at a level not lower than 25% of total costs incurred in the previous financial year.

All these requirements were met in 2025 and 2024.

In the reporting period from 1 January to 31 December 2025, there were no changes in the Group's capital management policy.

33. Fair values

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 Dec 2025		31 Dec 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets and liabilities measured at fair value				
Hedging instruments (IRS)	(23,145)	(23,145)	(34,497)	(34,497)
Hedging instruments (CIRS)	137,354	137,354	112,081	112,081
Derivatives (FORWARD)	(58)	(58)	(105)	(105)
Loans	2,295	2,295	3,301	3,301
	<u>116,446</u>	<u>116,446</u>	<u>80,780</u>	<u>80,780</u>
Financial assets and liabilities other than measured at fair value				
Investments in debt portfolios measured at amortised cost	11,632,709	11,459,585	10,500,278	10,162,194
Loans	610,020	627,459	499,604	506,532
Trade and other receivables, excluding tax receivables	42,061	42,061	53,392	53,392
Trade and other payables	(199,554)	(199,554)	(216,933)	(216,933)
Secured borrowings	(3,662,722)	(3,683,740)	(3,458,610)	(3,477,433)
Liabilities under debt securities (unsecured)	(3,460,890)	(3,669,009)	(3,109,702)	(3,289,856)
	<u>4,961,624</u>	<u>4,576,802</u>	<u>4,268,029</u>	<u>3,737,896</u>

Interest rates used for fair value estimation

	31 Dec 2025	31 Dec 2024
Investments in debt portfolios measured at amortised cost*	2.58% - 85.85%	2.19% - 87.14%
Loans	21.22% - 47.99%	18.38% - 47.54%
Secured borrowings	4.24% - 6.69%	5.15% - 8.77%

* Applicable to 99.7% of debt portfolios.

Hierarchy of financial instruments

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 2024–2025, no transfers were made between the levels.

Hierarchy of financial instruments – Level 1

PLN '000	Level 1	
	Carrying amount	Fair value
Financial assets and liabilities other than measured at fair value		
As at 31 Dec 2024		
Debt securities (unsecured liabilities)	(3,109,702)	(3,289,856)
As at 31 Dec 2025		
Debt securities (unsecured liabilities)	(3,460,890)	(3,669,009)

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.

Hierarchy of financial instruments – Level 2

PLN '000	Level 2	
	Carrying amount	Fair value
Financial assets and liabilities measured at fair value		
As at 31 Dec 2024		
Hedging instruments (IRS)	(34,497)	(34,497)
Hedging instruments (CIRS)	112,081	112,081
Derivatives (FORWARD)	(105)	(105)
As at 31 Dec 2025		
Hedging instruments (IRS)	(23,145)	(23,145)
Hedging instruments (CIRS)	137,354	137,354
Derivatives (FORWARD)	(58)	(58)

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 Group uses a 3M WIBOR forecast provided by an external company.

Hierarchy of financial instruments – Level 3

PLN '000

	Level 3	
	Carrying amount	Fair value
Financial assets and liabilities measured at fair value		
As at 31 Dec 2024		
Loans	3,301	3,301
As at 31 Dec 2025		
Loans	2,295	2,295
Financial assets and liabilities other than measured at fair value		
As at 31 Dec 2024		
Investments in debt portfolios	10,500,278	10,162,194
Loans	499,604	506,532
Trade and other receivables, excluding tax receivables	53,392	53,392
Secured borrowings	(3,458,610)	(3,477,433)
Trade and other payables	(216,933)	(216,933)
As at 31 Dec 2025		
Investments in debt portfolios	11,632,709	11,459,585
Loans	610,020	627,459
Trade and other receivables, excluding tax receivables	42,061	42,061
Secured borrowings	(3,662,722)	(3,683,740)
Trade and other payables	(199,554)	(199,554)

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 recoveries 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 advanced was determined based on the projection of expected cash flows, taking into account the risk-free discount rate, the premium for non-performing loans, the margin related to financing of the particular business, and – if any prepayments are identified (i.e. early repayments vs the agreed schedule) – an additional margin related to the loan prepayments (see Note 19).

Fair value estimated for the purpose of disclosure is calculated based on the present value of future cash flows from repayment of principal and payment of interest, discounted using the market interest rate effective as at the end of the reporting period. Liabilities with short maturities and liabilities for which interest rates are adjusted for changes in base rates on an on-going basis are not discounted because their carrying amount is approximately 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, taking into account the current interest rate.

The Group 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.

34. Related-party transactions

Related-party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Remuneration of the management personnel - Management Board

Below is presented information on the remuneration payable to the members of the Parent's key management personnel:

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Base pay/managerial contract (gross)	9,126	8,965
Additional benefits	172	182
Share-based payments	24,035	16,807
	<u>33,333</u>	<u>25,954</u>

Remuneration of members of the Supervisory Board

Remuneration of members of the Parent's Supervisory Board:

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Base pay (gross)	1,654	1,553
Additional benefits	44	37
	<u>1,698</u>	<u>1,590</u>

Other transactions with the management

As at 31 December 2025, members of the Management Board and persons closely associated with them held 9.7% of the total voting rights at the Parent's General Meeting (31 December 2024: 9.8%).

In 2025 and 2024, there were no material transactions with close family members of the Group's key management personnel.

Members of the Management Board and Supervisory Board and close family members of the Group's key management personnel did not provide any guarantees or sureties to the Group companies.

Members of the Management Board and Supervisory Board and close family members of the KRUK Group's key management personnel did not receive any guarantees or sureties from the Group companies.

35. Share-based payments

Material accounting policies

Value of rights granted to KRUK Group employees to acquire the Parent shares at a specific price (options) is recognised as an expense with a corresponding increase in equity. The value of the plan is initially measured as at the grant date. Value of the options is recognised in the Group's profit or loss over the period during which employees become unconditionally entitled to acquire the shares. The value of the plan is reviewed as at the end of each reporting period and as at the option vesting date, by changing the number of options that are expected by the Group to vest unconditionally. Any changes in the value of the plan are disclosed as an adjustment to values previously posted in the period under employee benefits expense. The value of individual rights remains unchanged, unless material modifications are made to the terms and conditions of the share-based payments plan, for instance, with respect to the exercise price, the number of rights granted and the vesting conditions. In such a case, the value of an individual right may only increase.

Valuation of the plan has been performed using the Black-Scholes model. The selected model takes into account all the key factors affecting the cost recognised by the Group, including:

- *the expected exchange rate applicable on exercise of an option (based on historical exchange rates and their changes),*
- *the option vesting period,*
- *the time and conditions of exercise of an option,*
- *the risk-free rate.*

For the purpose of the valuation, it has been assumed that all the conditions for granting options will be met and that all the eligible persons will accept the options they have been granted and then will exercise them, that is will purchase the shares corresponding to such options between the option vesting date and the plan closing date.

Financial information

Incentive scheme for 2021–2024

On 16 June 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 Parent's share capital and issue of subscription warrants with the Parent existing shareholders' pre-emptive rights disappplied 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 Parent's Articles of Association.

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

The subscription warrants are issued free of charge, may be inherited, but may not be encumbered and are not transferable, except where a donation agreement for the subscription warrants is executed with the prior consent of the Company, granted through a resolution of the Management Board. No further donation of the subscription warrants is permitted.

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.

On 5 July 2022, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche 1 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 in Tranche 1. The warrants were acquired by Management Board members on 29 July 2022.

By way of a resolution of 5 July 2022 determining the list of persons other than Management Board members who were eligible to acquire Tranche 1 subscription warrants in view of fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme, the Parent's Management Board granted a total of 96,094 subscription warrants to the eligible persons.

In 2022, EPS grew by 42.27%, and on 17 July 2023, 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 2 subscription warrants in view of fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme.

Therefore, on 22 August 2023 the Parent's Management Board passed a resolution determining the list of persons other than Management Board members, who were eligible to subscribe for Tranche 2 subscription warrants for the fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme, whereby a total of 109,292 subscription warrants were awarded to the eligible persons.

On 14 September 2023, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche 2 subscription warrants for the fulfilment in 2022 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 2022 in Tranche 2. The warrants were acquired by the Management Board members on 20 September 2023.

In 2023, EPS grew by 36.64%, and on 10 June 2024, 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 3 subscription warrants in view of fulfilment in 2023 of the conditions of the 2021–2024 Incentive Scheme.

Accordingly, by way of a resolution of 1 July 2024 determining the list of persons other than Management Board members who were eligible to acquire Tranche 3 subscription warrants in view of fulfilment in 2023 of the conditions of the 2021–2024 Incentive Scheme, the Parent's Management Board granted a total of 113,765 subscription warrants to the eligible persons.

On 1 July 2024, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche 3 subscription warrants in view of fulfilment in 2023 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 2023 as part of Tranche 3. The warrants were acquired by Management Board Members on 22 July 2024.

In 2024, EPS grew by 30.61%, and on 22 July 2025, the KRUK S.A. Supervisory Board declared by its resolution that the condition set forth in the 2021–2024 Incentive Scheme for issuing and offering subscription warrants under Tranche 4 for 2024 had been satisfied.

Accordingly, by way of a resolution of 1 September 2025 determining the list of persons other than Management Board members who were eligible to acquire Tranche 4 subscription warrants in view of fulfilment in 2024 of the conditions of the 2021–2024 Incentive Scheme, the Management Board of the Parent granted a total of 137,113 subscription warrants to the eligible persons.

On 1 September 2025, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche 4 subscription warrants for the fulfilment in 2024 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 2024 in Tranche 4. The warrants were acquired by the Management Board members on 25 September 2025.

Given that the increase in absolute return to shareholders (i.e. including dividends paid) calculated in accordance with the 2021–2024 Incentive Scheme was 1.94, the KRUK S.A. Supervisory Board declared by its resolution of 22 July 2025 that the condition for issuing and offering subscription warrants under the Additional Pool had not been satisfied.

Following expiry of the lock-up period applicable to the subscription of Series H shares in exchange for subscription warrants granted to eligible persons as part of Tranche 1 and 2, as at the issue date of these financial statements 173,548 subscription warrants were converted into Series H shares of the Parent. The eligible persons continue to hold 586,892 subscription warrants.

The table below shows the number of Tranche 1, 2, 3 and 4 warrants awarded to and acquired by each Management Board member.

Number of Tranche 1 warrants awarded to and acquired by Management Board members under the 2021–2024 Incentive Scheme

Full name	Number of Tranche 1 warrants awarded and acquired	Number of Tranche 2 warrants awarded and acquired	Number of Tranche 3 warrants awarded and acquired	Number of Tranche 4 warrants awarded and acquired	Number of outstanding Tranche 1, 2, 3 and 4 warrants held
Piotr Krupa	22,812	22,812	22,812	22,812	22,812
Piotr Kowalewski	13,308	13,308	13,308	13,308	13,308
Adam Łodygowski	13,308	13,308	13,308	13,308	13,308
Urszula Okarma	13,308	13,308	13,308	13,308	13,308
Michał Zasepa	13,308	13,308	13,308	13,308	13,308

In the reporting period and as at the issue date of this Report, members of the Management Board of the Parent 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 above. Members of the Supervisory Board do not hold any subscription warrants issued under the 2021–2024 Incentive Scheme.

Number of options	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Number of options priced under the 2021–2024 Incentive Scheme at the beginning of the reporting period*:	966,228	949,965
Number of options priced under the 2021–2024 Incentive Scheme during the reporting period*:	28,048	16,263
Number of options priced under the 2021–2024 Incentive Scheme at the end of the reporting period*:	994,276	966,228
Number of options forfeited under the 2021–2024 Incentive Scheme during the reporting period**:	191,642	5,831
Number of options exercised under the 2021–2024 Incentive Scheme during the reporting period:	110,670	62,878
Number of options exercisable under the 2021–2024 Incentive Scheme at the end of the reporting period:	183,926	109,260
Issue price of options in the 2021–2024 Incentive Scheme	248.96	248.96

* The number of options priced includes all options priced under the Scheme, including forfeited options. Priced options mean options granted.

** Forfeited options are priced options that have not been delivered for reasons provided for in the Rules of the Incentive Scheme.

*** Options exercisable are options delivered for which the lock-up period restricting the right to subscribe for shares has already expired.

The table includes options that were "reverted to the pool" (the options had been priced, but employees did not acquire the rights and the warrants were not offered to them), after which the warrants were granted to other individuals and priced again. Upon completion of the scheme, the cost was adjusted downwards to reflect the amount of the initial valuations.

In 2025, the average share price was PLN 426.98 (2024: PLN 441.39).

As at 31 December 2025 and 31 December 2024, the amount of liabilities under share-based payment transactions was PLN 0.

2021–2024 Incentive Scheme

Weighted average fair value of options	248.96
Method of measuring the fair value of the options	The weighted average fair value of the options was determined based on the weighted average closing price of Company shares in the period 15 May 2021 – 15 June 2021.
Weighted average share price	305.40
Exercise price	248.96
Expected volatility	43%
Term	4 years
Expected dividend volatility	4.38%
Risk-free rate, determined based on IRS interbank rates quoted by banks on the valuation date	1.70%

The Parent uses historical volatility of its share prices to estimate the expected volatility of its shares, for each tranche taking into account the period between the offer date of the option (the valuation date) and the expected exercise date (rounded to full years). The volatilities thus determined for each tranche are used to calculate a weighted average, with the weights being the number of options priced in each tranche.

The valuation took into account the vesting conditions of the scheme, including the time of vesting, a 24-month lockup period from the start of the scheme, the expected time of exercise falling between the start and end of the scheme, and the time of closing the scheme.

Incentive scheme for 2025–2028

On 30 January 2025, the Annual General Meeting of KRUK S.A. passed a resolution on setting the rules of an incentive scheme for 2025–2028, conditional increase in the Parent’s share capital and issue of subscription warrants with the Parent 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 Parent’s Articles of Association.

For the purposes of the 2025–2028 Incentive Scheme, the General Meeting approved a conditional increase of the Parent’s share capital by up to PLN 775,264, through an issue of up to 775,264 Series I ordinary bearer shares.

The subscription warrants are issued free of charge, may be inherited, but may not be encumbered and are not transferable, except where a donation agreement for the subscription warrants is executed with the prior consent of the Company, granted through a resolution of the Management Board. No further donation of the subscription warrants is permitted. In accordance with the terms of the Incentive Scheme, the number

of warrants to be allotted and offered to members of the Management Board throughout the term of the Scheme is 40% of all warrants.

As at the issue date of these financial statements, no subscription warrants were awarded under the 2025–2028 Incentive Scheme.

Number of options	1 Jan–31 Dec 2024	1 Jan–31 Dec 2024
Number of options priced under the 2025–2028 Incentive Scheme at the beginning of the reporting period*:	-	-
Number of options priced under the 2025–2028 Incentive Scheme during the reporting period*:	736,227	-
Number of options priced under the 2025–2028 Incentive Scheme at the end of the reporting period*:	736,227	-
Number of options forfeited under the 2025–2028 Incentive Scheme during the reporting period**:	-	-
Number of options exercised under the 2025–2028 Incentive Scheme during the reporting period:	-	-
Number of options exercisable under the 2025–2028 Incentive Scheme at the end of the reporting period***:	-	-
Issue price of options in the 2025–2028 Incentive Scheme	424.09	n/a

* The number of options priced includes all options priced under the Scheme, including forfeited options. Priced options mean options granted.

** Forfeited options are priced options that have not been delivered for reasons provided for in the Rules of the Incentive Scheme.

*** Options exercisable are options delivered for which the lock-up period restricting the right to subscribe for shares has already expired.

	2025–2028 Incentive Scheme
Issue price	424.09
Method for determining the issue price	The issue price was determined as the quotient of the total trading value of the shares (in PLN) and the trading volume of the shares on the Warsaw Stock Exchange for the period of one month preceding the date of the General Meeting adopting the stock option plan, that is for the period from 29 December 2024 to 29 January 2025.
Weighted average share price at the valuation date ¹	384.30
Expected volatility ²	0.28
Term	4 years
Weighted average expected dividend volatility ³	5%
Risk-free rate, determined based on IRS interbank rates quoted by banks on the valuation date	5.01%

¹ The weighting factor for the weighted average share price is the number of options priced under the 2025–2028 Incentive Scheme during the reporting period.

² In the valuation model for the 2025–2028 Incentive Scheme, in the ‘Market data’ section, the Exponentially Weighted Moving Average (EWMA) method was used to estimate the volatility of future returns. EWMA is a time-series modelling method, primarily used to estimate volatility. The key assumption is that older observations carry decreasing weight in determining the volatility of the entire series, which better preserves the more recent characteristics of the data. The weights decline exponentially as observations age. The EWMA model contains a single parameter – lambda – which determines the importance of recent observations in estimating volatility. The higher the lambda value, the more closely EWMA tracks the original time series.

³ The weighting factor for the weighted average expected dividend volatility is the number of options priced under the 2025–2028 Incentive Scheme during the reporting period.

Equity-settled cost of stock option plan for the Management Board of the Parent and employees.

PLN ‘000

Period ending	Value of benefits granted
31 Dec 2003	226
31 Dec 2004	789
31 Dec 2005	354
31 Dec 2006	172
31 Dec 2007	587
31 Dec 2008	91
31 Dec 2010	257
31 Dec 2011	889
31 Dec 2012	2,346
31 Dec 2013	2,578
31 Dec 2014	7,335
31 Dec 2015	13,332
31 Dec 2016	7,702
31 Dec 2017	10,147
31 Dec 2018	8,118
31 Dec 2019	9,658
31 Dec 2020	(1,156)
31 Dec 2021	18,576
31 Dec 2022	27,694
31 Dec 2023	21,951
31 Dec 2024	16,807
31 Dec 2025	24,035
Total	172,488

36. Auditor's fees

Auditor's fees are presented below:

<i>PLN '000, net</i>	31 Dec 2025	31 Dec 2024
Audit of financial statements	2,604	2,154
Other assurance services, including review of financial statements	647*	795
	<u>3,251</u>	<u>2,949</u>

* The table does not include the auditor's fee for performing the sustainability assurance engagement, which amounted to PLN 90 thousand.

37. Other notes

37.1. Notes to the consolidated statement of cash flows

The table below presents the reasons for differences between changes in certain items of the consolidated statement of financial position and the consolidated statement of profit or loss and changes resulting from the separate statement of cash flows.

<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Change in investments in debt portfolios in the statement of financial position	(1,132,431)	(1,826,513)
Effect of exchange differences on translation of foreign operations	(47,589)	(56,114)
Change in investments in debt portfolios in the statement of cash flows	<u>(1,180,020)</u>	<u>(1,882,627)</u>
<i>PLN '000</i>	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Change in provisions in the statement of financial position	369	(43,009)
Provision for tax audit result	1,607	26,947
Change in provisions in the statement of cash flows	<u>1,976</u>	<u>(16,062)</u>

PLN '000	1 Jan–31 Dec 2025	1 Jan–31 Dec 2024
Change in trade and other payables in the statement of financial position	(18,805)	11,375
Deferred tax assets offset against liabilities	(3,086)	(7,192)
Change in trade and other payables in the statement of cash flows	(21,891)	4,183

37.2. Management of climate and environmental risks

As part of its ESG Strategy adopted in 2023, the KRUK Group defined key directions for action and – where practicable – set specific objectives relating to its environmental impact. These objectives are aligned with the United Nations Sustainable Development Goals (SDGs) and the goals of the European Green Deal.

As at the issue date of this Report, the Group did not identify any on-balance sheet items whose measurement would be materially dependent on the climate-related risks analysed.

38. Contingent liabilities and security created over the Group's assets

KRUK Group's assets pledged as security

Security created over the Group's assets as at 31 December 2025, including intra-group sureties and guarantees, 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 525,000 thousand	No later than 31 December 2034	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 195,000 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 195,000 thousand*	No later than 31 July 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Amendment 3 of 21 June 2018 to the master agreement on the procedure for execution and settlement of treasury transactions

<p>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 (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., PEKAO S.A.,</p>	<p>DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., PEKAO S.A.</p>	<p>EUR 1,132,500 thousand</p>	<p>Until all obligations under the multi-currency revolving credit facility agreement are satisfied No later than 31 December 2033</p>	<p>Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement</p>
<p>Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-revolving working capital facility agreement of 21 September 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.</p>	<p>PKO BP S.A.</p>	<p>PLN 6,696 thousand</p>	<p>No later than 20 September 2029</p>	<p>PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving working capital facility agreement</p>
<p>Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-revolving working capital facility agreement of 14 December 2021 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.</p>	<p>PKO BP S.A.</p>	<p>PLN 17,160 thousand</p>	<p>No later than 13 December 2029</p>	<p>PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving working capital facility agreement</p>
<p>Surety for PROKURA NFW FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of 1 February 2022, as amended, between PROKURA NFW FIZ, KRUK S.A. and Pekao S.A.</p>	<p>Pekao S.A.</p>	<p>PLN 105,000 thousand</p>	<p>No later than 31 January 2034</p>	<p>Prokura NFW FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement</p>
<p>Surety for PROKURA NFW FIZ's liabilities towards PKO BP S.A. under the non-revolving working capital facility agreement of 22 August 2022 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.</p>	<p>PKO BP S.A.</p>	<p>PLN 27,720 thousand</p>	<p>No later than 21 August 2030</p>	<p>PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving working capital facility agreement</p>

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, as amended on 26 February 2025.	BANKINTER S.A.	EUR 7,000 thousand	Until all obligations under the direct debit collection management contract of 7 July 2022, as amended on 26 February 2025, are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of 7 July 2022, as amended on 26 February 2025.
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-revolving 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 40,109 thousand	No later than 7 February 2032	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-revolving working capital facility agreement of 20 December 2024 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 53,333 thousand	No later than 19 December 2032	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving working capital facility agreement
Guarantees obtained**				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	Vastint Poland Sp. z o.o.	EUR 471 thousand	No later than 6 November 2026	KRUK S.A.'s failure to repay its liabilities and properly perform its obligations under the rental agreement secured with the Guarantee

The table includes disclosures regarding intra-group guarantees which have not been recognised in the consolidated financial statements.

* As at 31 December 2025, InvestCapital had no obligations that would be covered by the surety.

** Guarantees obtained are disclosed off-balance sheet.

Security created over the Group's assets as at 31 December 2024, including intra-group sureties and guarantees, 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 18 December 2032	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 195,000 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 195,000 thousand*	No later than 31 July 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Amendment 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 (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., PEKAO S.A.,	DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., PEKAO S.A.	EUR 975,000 thousand	Until all obligations under the multi- currency revolving credit facility agreement are satisfied No later than 31 December 2032	Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement

Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-revolving 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 15,624 thousand	No later than 20 September 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-revolving 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 34,320 thousand	No later than 13 December 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving 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 105,000 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-revolving 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 43,560 thousand	No later than 21 August 2030	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving 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-revolving 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 52,745 thousand	No later than 7 February 2032	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-revolving 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 341 thousand and PLN 271 thousand	No later than 31 May 2025	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	Vastint Poland Sp. z o.o.	EUR 471 thousand	No later than 6 November 2025	KRUK S.A.'s failure to repay its liabilities and properly perform its obligations under the rental agreement secured with the Guarantee

Credit sureties or guarantees, security pledges

On 30 October 2025, KRUK S.A. and its subsidiaries: InvestCapital Ltd., KRUK Romania S.R.L., PROKURA NFW FIZ and KRUK Espana S.L.U. (the borrowers) DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., and Bank Polska Kasa Opieki S.A. (the Lenders) executed an amendment to the revolving multi-currency credit facility agreement of 3 July 2017, as amended (the Amendment Agreement). Under the Amendment Agreement, the facility limit was increased to EUR 755,000 thousand and the availability period of the facility was extended by another 12 months, i.e. until 3 July 2030. In accordance with the Amendment Agreement, KRUK S.A., KRUK Romania S.R.L. and KRUK España S.L.U. issued a surety for all liabilities of the borrowers under the revolving multi-currency credit facility agreement, and the borrowers signed relevant amendments to the pledge agreements reflecting the Amendment Agreement. On 3 November 2025, Prokura NFW FIZ and KRUK S.A. submitted a notarised consent to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to EUR 1,132,500 thousand, which will expire on or before 31 December 2033. To secure liabilities under the revolving multi-currency credit facility agreement of 3 July 2017, as amended:

- On 22 January 2025, 22 May 2025, 17 September 2025, and, subsequent to the reporting date, on 28 January 2026 InvestCapital LTD and the Lenders signed an agreement under Spanish law creating a pledge over debt portfolios purchased by InvestCapital LTD on the Spanish market;
- On 31 January 2025, Prokura NFW FIZ and DNB Bank ASA, acting as the security agent, signed an agreement under Polish law creating a registered pledge over debt portfolios purchased by Prokura NFW FIZ on the Polish market;
- On 3 December 2025, InvestCapital LTD and DNB Bank ASA, acting as the security agent, signed an agreement under Romanian law to create a pledge over debt portfolios purchased by InvestCapital LTD on the Romanian market.

As at 31 December 2025, the value of security created in favour of the Lenders was PLN 7,366,871 thousand.

On 20 December 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 has a maximum amount of PLN 40,000 thousand and matures on 19 December 2029. In order to secure the repayment of Prokura NFW FIZ's liabilities under the agreement:

- On 8 January 2025, 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 60,000 thousand;

- On 9 January 2025, an amendment to 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 9 January 2025, an amendment to 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 9 January 2025, Prokura NFW FIZ and KRUK S.A. submitted notarised consents to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to PLN 60,000 thousand, which will expire on or before 31 December 2032;
- On 31 January 2025, Prokura NFW FIZ entered into an agreement with PKO BP S.A. to create a registered pledge over a set of rights (debt portfolios owned by Prokura NFW FIZ) The registered pledge was created up to the maximum amount of PLN 60,000 thousand.

As at 31 December 2025, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 227,533 thousand.

In order to secure the repayment of Prokura NFW FIZ's liabilities under the overdraft facility agreement, as amended, executed on 1 February 2022 between Prokura NFW FIZ, KRUK S.A. and Bank Polska Kasa Opieki S.A. of Warsaw:

- On 12 June 2025, Prokura NFW FIZ entered into an agreement with Bank Polska Kasa Opieki S.A. to create a registered pledge over a set of rights (debt portfolios owned by Prokura NFW FIZ). The registered pledge was created up to the maximum amount of PLN 120,000 thousand.

As at 31 December 2025, the value of all portfolios pledged in favour of Bank Polska Kasa Opieki S.A. was PLN 137,058 thousand.

On 15 September 2025, a guarantee facility agreement was concluded between KRUK S.A. and Santander Bank Polska S.A. The facility was granted up to an amount of EUR 550 thousand, valid until 30 April 2029, to secure all obligations under office lease contracts. As security for liabilities resulting from the agreement:

- On 15 September 2025, KRUK S.A. granted a power of attorney over its bank accounts held with Santander Bank Polska S.A.; and
- On 18 September 2025, KRUK S.A. submitted a notarised consent to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to EUR 825 thousand, which will expire on or before 31 December 2032.

The guarantees obtained by KRUK S.A. under the bank guarantee agreement concluded with Santander Bank Polska S.A. on 17 December 2014 were debited against the limit of the aforementioned guarantee facility agreement. Consequently, the bank guarantee agreement was terminated.

On 26 September 2025, an amendment to the revolving working capital facility agreement of 28 February 2024 was executed between KRUK S.A. and VeloBank S.A. of Warsaw, raising the facility limit up to PLN 138,000 thousand and extending the availability period until 28 February 2030.

Accordingly, after the reporting date:

- On 2 October 2025, KRUK S.A. submitted a notarised consent to enforcement under Article 777.1.5 of the Code of Civil Procedure for up to PLN 207,000 thousand, which will expire on or before 1 March 2033;
- On 3 October 2025, an amendment to the agreement on financial and registered pledges over investment certificates of 7 March 2024, as amended, was executed between KRUK S.A. and VeloBank S.A. The registered pledge was created up to the maximum amount of PLN 207,000 thousand.

On 13 October 2025, an amendment to the overdraft facility agreement of 1 February 2022, as amended, was executed between Prokura NFW FIZ, KRUK S.A. and Bank Polska Kasa Opieki S.A. of Warsaw under which the availability period of the facility was extended until 31 January 2031.

Accordingly:

- On 15 October 2025, an amendment to the agreement creating a financial pledge over a bank account of 8 February 2022 was executed between Prokura NFW FIZ and PEKAO S.A.;
- On 16 October 2025, Prokura NFW FIZ submitted a notarised consent to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to PLN 105,000 thousand, which will expire on or before 31 January 2034;
- On 17 October 2025, an amendment to the deed of suretyship dated 4 February 2022 was executed between KRUK S.A. and PEKAO S.A. under which the surety expiry date was extended until 31 January 2034;
- On 23 October 2025, KRUK S.A. submitted a notarised consent to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to PLN 120,000 thousand, which will expire on or before 31 January 2034.

On 13 October 2025, an amendment to the overdraft facility agreement of 1 February 2022, as amended, was executed between KRUK S.A. and Bank Polska Kasa Opieki S.A. of Warsaw under which the availability period of the facility was extended until 31 January 2031.

Accordingly:

- On 16 October 2025, KRUK S.A. submitted a notarised consent to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to PLN 52,500 thousand, which will expire on or before 31 January 2034.

On 21 November 2025, 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 under which the facility limit was increased up to PLN 350,000 thousand and the availability period of the facility was extended until 18 December 2030.

Accordingly:

- On 25 November 2025, an amendment to the financial pledge over a bank account 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 2034;

- On 25 November 2025, an amendment to the surety agreement of 2 July 2015 was executed between KRUK S.A. and mBank S.A. under which the surety expiry date was extended until 18 December 2034;
- On 27 November 2025, Prokura NFW FIZ and KRUK S.A. submitted notarised consents to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to PLN 525,000 thousand, which will expire on or before 31 December 2034;
- On 15 December 2025, Prokura NFW FIZ entered into an agreement with mBank S.A. to create a registered pledge over a set of rights (debt portfolios owned by Prokura NFW FIZ). The registered pledge was created after the reporting date up to the maximum amount of PLN 525,000 thousand.

As at 31 December 2025, the value of portfolios pledged in favour of mBank S.A. was PLN 415,536 thousand.

On 20 December 2024, a revolving credit facility agreement was executed between KRUK S.A. and Alior Bank S.A. The facility has a maximum amount of PLN 200,000 thousand and matures on 31 December 2029. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement:

- On 15 January 2025, an agreement was executed between KRUK S.A. and Alior Bank S.A. creating a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 300,000 thousand.

On 29 December 2025, a credit limit agreement was executed between KRUK S.A. and Alior Bank S.A. under which an overdraft facility of up to PLN 200,000 thousand or its equivalent in EUR was granted until 31 December 2030. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement:

- On 29 December 2025, an amendment was executed to the financial and registered pledge over investment certificates agreement dated 15 January 2025 between KRUK S.A. and Alior Bank S.A. whereby the security originally established under the credit facility agreement of 20 December 2024 was transferred to secure the credit limit agreement. The registered pledge remains valid up to the maximum amount of PLN 300,000 thousand;
- After the reporting date, on 8 January 2026, KRUK S.A. submitted a notarised consent to enforcement under Article 777(1)(5) of the Code of Civil Procedure for up to PLN 300,000 thousand, which will expire on or before 31 December 2034.

As of the date on which the credit limit agreement referred to above was executed, the revolving credit facility agreement of 20 December 2024 was terminated ahead of its scheduled maturity date.

Until the issue date of this Report, there were no changes in other contingent liabilities or contingent assets. Events subsequent to the reporting date had no impact on the financial data as at 31 December 2025 presented in these consolidated financial statements.

39. Glossary of terms

ASI – Alternative Investment Company, equivalent to an Alternative Investment Fund within the meaning of the AIFMD

CAPM – Capital Asset Pricing Model; a model used to estimate the expected rate of return on an investment based on its systematic risk

Catalyst – an organised trading system for debt financial instruments operated by the Warsaw Stock Exchange and BondSpot S.A.

CCIRS – Cross-Currency Interest Rate Swap

CFC tax – tax on income of foreign companies controlled by Polish tax residents

CGU – cash-generating unit

CIRS – Currency Interest Rate Swap; a foreign exchange and interest rate risk hedging instrument used by the Group to hedge future cash flows and net investments in foreign operations

CIT – Corporate Income Tax

CPI – Consumer Price Index; an index measuring changes in the prices of consumer goods and services

CSRD – Corporate Sustainability Reporting Directive; Directive (EU) 2022/2464 of the European Parliament and of the Council as regards corporate sustainability reporting

CZK – Czech koruna, the official currency of the Czech Republic

DCF – Discounted Cash Flow; an asset valuation model based on discounted future cash flows

Default – failure to meet an obligation, including failure to make a payment

Due diligence – a process of analysing and verifying information about assets to be acquired, including assessment of their quality, associated risks and the completeness of available data. Results of the due diligence process are used to establish assumptions underlying their valuation

EAD – Exposure At Default; total outstanding balance a financial institution is exposed to at the moment a borrower defaults

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation; understood as gross profit less administrative expenses

EPS – Earnings Per Share; net profit per one share

ESG – Environmental, Social, Governance; a set of principles and disclosure processes relating to a company's environmental, social and corporate governance impacts

EU – European Union

EUR – euro, the official currency of most member states of the European Union

EURIBOR – Euro Interbank Offered Rate; the reference rate for deposits and loans in the euro interbank market

EWMA – Exponentially Weighted Moving Average; a technique used for estimating the volatility of future returns

FIFO – First In, First Out; the approach used by the Group for redemption of investment fund certificates

FORWARD – a derivative instrument constituting a contract for the purchase or sale of an underlying instrument on a predetermined future date and at a predetermined price

FX – Foreign Exchange; an exchange rate between currencies

FX Forward – a contract under which the exchange rate for the purchase or sale of a currency is agreed for settlement at a predetermined future date

GDP – Gross Domestic Product

GHG Protocol – Greenhouse Gas Protocol; carbon footprint calculation standard including requirements and guidelines for estimating GHG emissions

Gross profit – revenue less direct and indirect costs

Group, KRUK Group – KRUK S.A., its subsidiaries and entities controlled through personal links

IAS – International Accounting Standards

IFRS – International Financial Reporting Standards

Interest coverage ratio – measures how many times the company's operating profit covers its interest expenses

IRS – Interest Rate Swap; an interest rate risk hedging instrument used by the Group to hedge future cash flows

LGD – Loss Given Default; the share of an asset that is lost if a borrower defaults

LIFO – Last In, First Out; the approach used by the Group to determine the order of redemption of shares in subsidiaries

Management Board – the Management Board of KRUK S.A.

NBP – National Bank of Poland, the Polish central bank

Net Debt to Cash EBITDA ratio – indicates how many years it would take the company to repay its net financial debt, assuming the current level of cash EBITDA generation is maintained

Net Debt to Equity ratio – shows the relationship between net financial debt and equity, indicating the extent to which the company's operations are financed by debt relative to shareholders' funds

NFW FIZ – Non-Standardised Debt Closed-End Investment Funds

OECD – Organisation for Economic Co-operation and Development

Parent – KRUK S.A.

PD – Probability of Default; the likelihood that a borrower will fail to meet debt obligations

PFRON – State Fund for the Rehabilitation of the Disabled

Pillar Two – regulations that require taxpayers being multinational enterprise groups to pay a top-up tax, representing the difference between the effective tax rate (calculated in accordance with the principles set out in the Act) applicable in a given jurisdiction and the minimum rate of 15%

PIT – Personal Income Tax

PLN – Polish złoty, the official currency of Poland and the functional currency of the KRUK Group

POCI – Purchased or Originated Credit-Impaired; financial assets that are credit-impaired at initial recognition due to credit risk

PPS – Prepayment Possibility; probability of early repayment

Rating – assessment of the creditworthiness of an entity or a financial instrument, issued by specialised credit rating agencies

RON – Romanian leu, the official currency of Romania

SPPI test – Solely Payments of Principal and Interest; a qualitative assessment of whether the contractual cash flows of a financial asset represent solely payments of principal and interest

USD – US dollar, the official currency of the United States

WIBOR – Warsaw Interbank Offered Rate; the reference rate for loans in the Polish interbank market

WSE – Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)

2025–2028 Incentive Scheme – the incentive scheme for 2025–2028 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, under which up to 775,264 registered subscription warrants will be issued, conferring the right to subscribe for a total of 775,264 ordinary bearer shares issued as part of a conditional share capital increase

40. Events subsequent to the reporting date

- As part of the strategy adopted for the years 2025–2029, which assumes business development through an increase in the scale of operations, improvement of process efficiency and digital transformation, the Group has commenced work on the separation of operational and investment structures within the Group. This process includes, among others, the establishment of special purpose vehicles to which selected areas of activity are planned to be transferred.

At the same time, in connection with the actions undertaken, the Parent Company is considering the possibility of obtaining the status of an alternative investment company (AIC), while remaining a company listed on the Warsaw Stock Exchange. In the opinion of the Management Board, the above organisational changes will enable more effective implementation of the strategy for the years 2025–2029.

The Group notes that the implementation of the above changes and their final scope will depend on a number of factors partially or entirely beyond the Group's control, including the obtaining of administrative opinions and decisions, as well as regulatory approvals (in particular from the Polish Financial Supervision Authority) and corporate approvals, including those at the level of the General Meeting.

On 4 March 2026, K-NEXT Alternative Investment Company joint-stock company in organisation was incorporated, with 100% of its shares subscribed for by the Parent Company. The company's business activity will include the management of an alternative investment company, including introducing such alternative investment company to trading, as well as raising assets from multiple investors for the purpose of investing them in the interest of those investors, in accordance with a defined investment policy.

- On 5 March 2026, the Management Board of the Parent Company resolved to exercise the option of early mandatory redemption of AL3 series bonds with a total nominal value of PLN 120 million. The redemption of the bonds will take place in April 2026 together with the payment of an early redemption premium. Furthermore, on 5 March 2026, the Management Board of the Parent Company adopted a resolution regarding the issuance of AL6 series bonds with a total nominal value not exceeding PLN 600 million. The issuance is planned to be carried out by 30 June 2026 under the First Programme of Non-Prospectus Bond Issues.

Subsequent to the end of the reporting period, there were no other reportable material events whose disclosure in these consolidated financial statements would be required.

Piotr Krupa

CEO and President of the Management Board

Piotr Kowalewski

Member of the Management Board

Urszula Okarma

*Member of the Management
Board*

Michał Zasępa

*Member of the Management
Board*

Adam Łodygowski

*Member of the Management
Board*

Monika Grudzień -Wiśniewska

*Person responsible for keeping
the accounting records*

Hanna Stempień

*Person responsible for preparing
the financial statements*

Wrocław, 9 March 2026