



## **HALF-YEAR REPORT – part III**

Directors' Report on the operations of the KRUK Group and KRUK S.A.

in the period January 1st–June 30th 2022

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## KEY ACHIEVEMENTS IN THE FIRST HALF OF 2022



New portfolio purchases

PLN 757m +18%



Recoveries

PLN 1,279m +20%



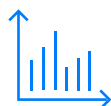
Cash EBITDA

PLN 908m +19%



Net profit

PLN 489m +24%



ROE

27% (23%)



Profit margin

44% (44%)



Net debt/cash EBITDA

1.8 (1.4)



Net debt/equity

1.0 (0.9)

	Jun 30 2022 (PLNm)	Jun 30 2021 (PLNm)	change	Jun 30 2022 (EURm)	Jun 30 2021 (EURm)
Expenditure on debt portfolios	757	644	18%	163	142
Gross recoveries	1,279	1,065	20%	276	234
Carrying amount of purchased portfolios	5,630	4,345	30%	1,203	945
Estimated remaining collections (projected recoveries)	11,139	8,543	30%	2,380	1,857
Total revenue <sup>1</sup>	1,102	896	23%	237	197
Revenue from purchased portfolios	993	812	22%	214	179
EBIT	598	484	24%	129	106
EBITDA <sup>2</sup>	622	510	22%	134	112
Cash EBITDA <sup>3</sup>	908	762	19%	196	168
Net profit	489	396	24%	105	87
Basic EPS (PLN   EUR)	25.66	20.82	23%	5.53	4.58
Diluted EPS (PLN   EUR)	24.78	20.28	22%	5.34	4.46
ROE <sup>4</sup>	27%	23%	-	-	-
Interest-bearing net debt to equity ratio	1.0	0.9	-	-	-
Interest-bearing net debt to cash EBITDA ratio	1.8	1.4	-	-	-

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

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

Source: Company.



**mWIG40 Company  
of the Year**  
for KRUK S.A. in the Bulls and Bears  
awards of Parkiet daily



**Listed  
Company of the Year  
# 7**  
in Puls Biznesu Survey



**59% of senior  
managerial positions  
are held by women**  
at KRUK Group



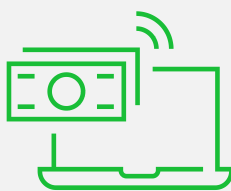
**Issue  
of PLN 450m  
worth of bonds**  
in H1 2022



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



**PLN 249m or  
PLN 13/share**  
dividend paid in April 2022



**Growing share of online  
payments**  
(in Poland 41% of out-of-court  
recoveries in June 2022)



**e-KRUK growth**  
(19% increase in number of users  
since December 2021)



**85% of settlement  
agreements signed in  
paperless form**  
at KRUK Group  
in June 2022

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

## 1.1 Results for the six months ended June 30th 2022

### Net profit and return on equity (ROE)

Net profit for the six months to June 30th 2022 was PLN 489m, up by 24% on the figure posted for the same period last year (PLN 396m). The growth was mainly attributable to a PLN 206m (23%) year-on-year increase in revenue. Cash EBITDA for the six months to June 30th 2022 came in at PLN 908m, having improved 19% year on year.

As at June 30th 2022, return on equity for the last 12 months was 27%, compared with 23% the year before.

### Revenue

In the six months ended June 30th 2022, the KRUK Group generated PLN 1,102m in revenue, up by 23% year on year. Revenue from purchased debt portfolios amounted to PLN 993m, up by 22% year on year. The increase was driven by actual recoveries coming in above the projected amount (PLN 188m, including revenue decreases on early collections in collateralised cases and payments from original creditor) and by an upward revaluation of projected recoveries of PLN 244m, compared with PLN 135m a year earlier. An upward revaluation of recoveries from unsecured retail debt portfolios was recorded in all the markets. 70% of the total revaluation of unsecured retail portfolios as at the end of the first half of 2022 is attributable to the revaluation of projected recoveries for the next 38 months.

### Costs of operations

In the six months to June 30th 2022, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 480m, having increased by PLN 94m (24%) year on year. The increase was driven mainly by a rise in employee costs and salaries (up PLN 35m year on year), court and bailiff fees (up PLN 25m year on year) and costs of the incentive scheme (up PLN 8m year on year).

### Finance costs

Finance costs amounted to PLN 79m, having increased by PLN 52m on the six months ended June 30th 2021, driven by higher debt (borrowings and bonds) and significantly higher 1M/3M WIBOR rates in the first six months of 2022. To hedge the interest rate risk resulting from the effect of EUR/PLN rate movements on EUR-denominated net assets, in the six months ended June 30th 2022 the Group entered into currency interest rate swaps (CIRS) with a total nominal amount of PLN 570m. In July 2022, after the reporting date, the Group entered into further currency interest rate swaps (CIRS) with a total nominal amount of PLN 285m. The total nominal amount of CIRS contracts executed in 2022 is PLN 855m.

## Purchased debt portfolios

### Recoveries from purchased portfolios

In the six months ended June 30th 2022, recoveries from portfolios purchased by the KRUK Group totalled PLN 1,279m, up 20% year on year, marking the best six months in terms of recoveries in the Group's operating history. A half of this amount was collected in the KRUK Group's foreign markets. In the six months to June 30th 2022, recoveries grew by PLN 214m year on year, mainly due to an increase of close to PLN 116m in recoveries in Poland and an increase of close to PLN 73m in recoveries in Italy.

**Table 1. Recoveries from purchased portfolios, by market**

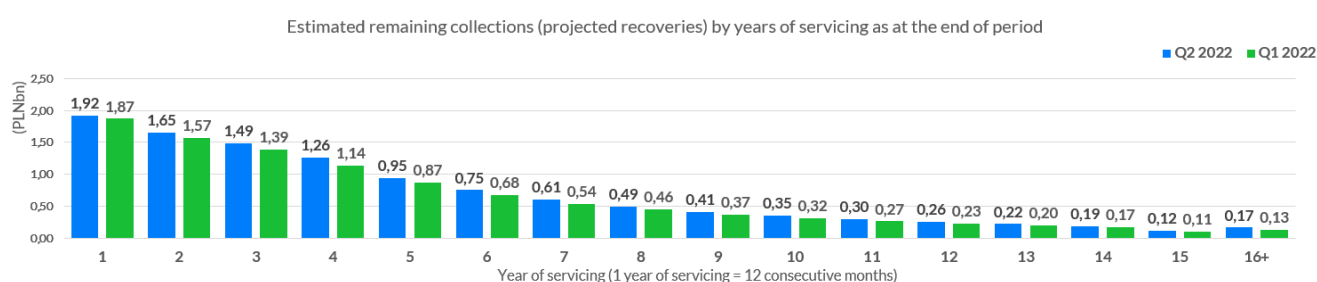
	Recoveries in H1 2022 PLNm	Share of total recoveries	Recoveries in H1 2021 PLNm	Share of total recoveries	Change y/y
Poland	637	50%	521	49%	22%
Romania	287	22%	286	27%	0%
Italy	208	16%	135	13%	54%
Spain	97	8%	80	7%	21%
Other markets	51	4%	43	4%	19%
KRUK Group	1,279	100%	1,065	100%	20%

### New portfolio purchases

The amount spent on debt portfolios was the highest amount of investments in debt portfolios made in the first six months of a year in the KRUK Group's history. Total expenditure on debt portfolios in the six months ended June 30th 2022 was PLN 757m, up 18% year on year. In the six months to June 30th 2021, the KRUK Group invested a total of nearly PLN 644m in debt portfolios. Almost 80% of all investments made in the first six months of 2022 involved the purchase of unsecured retail debts. 82% of the investments were made on foreign markets, with the largest purchases made in Spain and Italy. In the period the Kruk Group invested primarily in portfolios put out for sale by banks and non-bank financial institutions. The aggregate nominal value of purchased debt portfolios was PLN 4,680m, 29% more than in the same period of 2021.

### Estimated remaining collections (projected recoveries)

ERC as at June 30th 2022 were PLN 11.1bn, up by over PLN 1.1bn, or 11%, on December 31st 2021. The increase was driven, among other factors, by investments of PLN 757m in debt portfolios with a nominal value of PLN 4.7bn, made in the first half of 2022, and a revaluation of projected recoveries as at the end of June 2022, with a discounted value of PLN 244m. A detailed schedule of ERC from debt portfolios is presented in the charts below.



## Credit management services

Revenue from fee-based credit management services in the six months to June 30th 2022 was PLN 33m, up 11% year on year.

## Consumer loans (Novum and Wonga)

In the six months to June 30th 2022, the KRUK Group companies advanced 111 thousand cash loans, compared with 108 thousand the year before. The principal amount of loans advanced was PLN 305m (first six months of 2021: PLN 285m). Wonga.pl disbursed 105 thousand cash loans in Poland, with a net amount of PLN 274m. The number of Novum cash loans advanced in Poland and Romania was 6.3 thousand, with a principal amount of PLN 30.7m.

Wonga's revenue was PLN 58m, up by 57% on the first six months of 2021. Novum's consolidated revenue in Poland and Romania amounted to PLN 10,9m, up 4% year on year.

## Credit reference (ERIF BIG)

In the six months ended June 30th 2022, revenue from ERIF BIG's credit reference services came in at over PLN 4m, up 3% year on year. As at July 1st 2022, the ERIF database contained 147m cases (including 144m positive credit information reports), showing debts with a total nominal amount of more than PLN 61.5bn. To compare, as at July 1st 2021 the database contained 120m records (including 117m positive credit information reports), showing debts with a total nominal amount of PLN 55.6bn. More than 6.1m reports from the ERIF BIG database were made available during the six months to June 30th 2022.

## 1.2 KRUK Group's performance by geographical segment

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

(PLNm)	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Expenditure on debt portfolios	137	389	160	43	217	117	236	82	8	13	N/A	N/A	757	644
Recoveries	637	521	287	286	208	135	97	80	51	43	N/A	N/A	1,279	1,065
Carrying amount of purchased debt portfolios (PLNbn)	2.7	2.2	1.1	0.8	1.2	0.8	0.6	0.4	0.1	0.1	N/A	N/A	5.6	4.4
Revenue	560	460	308	221	179	116	21	68	32	29	N/A	N/A	1,102	896
Purchased debt portfolios	474	398	299	213	175	111	13	61	32	29	N/A	N/A	993	812
Credit management services	14	12	7	6	4	5	8	7			N/A	N/A	33	30
Wonga	58	37									N/A	N/A	58	37
Other activities	14	13	2	2							N/A	N/A	16	15
EBITDA	368	305	244	167	80	32	-33	27	15	13	-52	-33	622	510
Cash EBITDA	531	429	231	240	113	56	51	46	35	27	-52	-33	908	762

## Poland

KRUK estimates that in the six months ended June 30th 2022 the original creditors in Poland, mainly banks and non-bank financial institutions, sold debts with a nominal amount of PLN 3.3bn, of which PLN 697m (21%) was purchased by KRUK. The KRUK Group's expenditure on portfolio purchases in Poland reached PLN 137m, representing 18% of all funds invested by the Group in the six months ended June 30th 2022, and securing an 18% market share. In Poland, KRUK invested primarily in unsecured retail portfolios.

In the six months to June 30th 2022, recoveries on the Polish market reached PLN 637m, up 22% on the same period of 2021, accounting for 50% of the Group's total recoveries.

Compared with the six months ended June 30th 2021, the Group's revenue on the Polish market went up by nearly PLN 100m, to PLN 560m. Revenue increased across all operating segments in Poland. Revenue from purchased debt portfolios was 19% higher than a year earlier, with the increase attributable primarily to actual recoveries being higher than the projected amount and to an upward revaluation of projected recoveries. The revaluation totalled PLN 105m, compared with over PLN 54m in the six months to June 30th 2021.

Revenue from credit management services on the Polish market was close to PLN 14m, up 12% on the first quarter of 2021.

EBITDA on the Polish market was booked at PLN 368m (PLN 338m excluding Wonga), up 21% year on year (up 16% excluding Wonga), mainly on account of the actual recoveries from unsecured portfolios being higher than the projected amount and an upward revaluation of projected recoveries. Cash EBITDA stood at PLN 531m, up 24% on the same period the year before, mainly on higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at June 30th 2022 was PLN 2.7bn, relative to PLN 2.2bn the year before. Polish portfolios accounted in total for 47% of the carrying amount of all debt portfolios held by the KRUK Group.

As at the date of issue of this report, the KRUK Group was not aware of any new or proposed regulations related to the war in Ukraine that could affect the value of its debt portfolios. The KRUK Management Board consistently pursues the Group's strategy, focused primarily on purchased debt portfolios, taking into account various scenarios.

## Romania

KRUK estimates that in the six months ended June 30th 2022 the nominal value of the debt purchase market in Romania was PLN 1,239m, while the investment amount stood at PLN 192.5m. In the six months to June 30th 2022, KRUK's expenditure on portfolio purchases on the Romanian market reached PLN 160m, compared with PLN 43m a year earlier, and secured an 83% market share for KRUK. The total nominal value of debt purchased in the period was PLN 1,098m. KRUK invested primarily in unsecured retail debt portfolios. Purchases made in Romania accounted for 21% of the Group's total investments in the first half of 2022.

Amounts recovered on the Romanian market came to PLN 287m, having remained largely unchanged year on year. They accounted for 22% of the Group's total recoveries.

Revenue from the Romanian market amounted to PLN 308m, up 39% on the six months to June 30th 2021. The major part of revenue from the Romanian market (97%) was generated by the purchased debt segment. Revenue from credit management services was almost PLN 7.3m, up by 18% year on year. In the six months to June 30th 2022, the Group recorded a PLN 145m upward revaluation of projected recoveries, compared with PLN 62m in the corresponding period of 2021.

EBITDA on the Romanian market came in at PLN 244m, up 46% on the corresponding period of the year before, driven by an excess of the actual recoveries over the projected amount and the upward revaluation of projected recoveries. Cash EBITDA came in at PLN 231m, down by 4% year on year due to the upward revaluation of projected recoveries.

The carrying amount of purchased debt portfolios as at June 30th 2022 was PLN 1,076m, up 28% year on year. Romanian portfolios accounted in total for 19% of the carrying amount of all debt portfolios held by the KRUK Group.



As at the date of issue of this report, no material legislative changes related to the armed conflict in Ukraine were identified by the KRUK Group that could affect the value of the Group's debt portfolios.

## Italy

KRUK estimates that the nominal value of debt sold in the first half of the year on the Italian market was PLN 7,200m, and the creditors invested almost PLN 689m. Unlike in previous years, the Group did not see any large one-off transactions. In the reporting period, the KRUK Group purchased debt portfolios with a nominal value of PLN 1,611m in Italy, which gave it a 22% market share. KRUK invested PLN 217m, accounting for 29% of the Group's total investments and representing a 31% market share. The market share growth is due, among other things, to the consistent improvement of the efficiency of KRUK's operating processes – KRUK has been present on the Italian market for more than six years. The Group invested in both unsecured retail debt portfolios and secured debt portfolios.

Recoveries from the Italian portfolios amounted to PLN 208m, up 54% year on year. They accounted for 16% of the Group's total recoveries.

Revenue generated in Italy was PLN 179m, compared with PLN 116m in the same period of 2021 (a 55% increase). Revenue from the purchased debt portfolio business accounted for 98% of total revenue, having increased to PLN 175m from PLN 111m the year before.

In the six months to June 30th 2022, the Group recognised a PLN 31m revaluation of projected recoveries for the Italian portfolios, compared with a PLN 9m revaluation booked a year earlier.

In the credit management business, revenue came in at PLN 4m, down 11% year on year.

In Italy, EBITDA was PLN 80m, up from the PLN 32m posted for the six months to June 30th 2021. Given higher revenue and recoveries, cash EBITDA came in at PLN 113m, compared with PLN 56m the year before.

As at June 30th 2022, the carrying amount of purchased debt portfolios was PLN 1,176m, up 45% on June 30th 2021. The Italian portfolios accounted for a total of 21% of the carrying amount of all debt portfolios owned by the KRUK Group.

## Spain

According to KRUK's estimates, the nominal value of debt purchased by the market players in Spain in the six months to June 30th 2022 was PLN 14,185m. The amount spent on the purchases was PLN 885m. In the reporting period, the KRUK Group invested PLN 236m on the Spanish market, compared with PLN 82m a year earlier, securing a unique 27% market share. The increase in market share is due, among other things, to the consistent improvement of the efficiency of KRUK's operating processes (KRUK has been present in Spain for more than six years now) and favourable market conditions. The nominal value of the purchased portfolios was PLN 1,239m, representing a 9% market share. The Group invested in unsecured retail portfolios.

Recoveries from portfolios in Spain amounted to PLN 97m, up 21% year on year, accounting for 8% of the Group's total recoveries.

In the six months to June 30th 2022, revenue generated in Spain was PLN 21m, down 69% year on year. Revenue from purchased portfolios was close to PLN 13m, a decrease of 79% year on year. The KRUK Group recognised more than PLN 42m in a downward revaluation of projected recoveries in Spain, compared with an almost PLN 5m upward revaluation posted in the corresponding period of the previous year. The downward revaluation was a net effect of an upward revaluation of unsecured retail portfolios and a downward revaluation of corporate debt portfolios.

In Spain, revenue from the credit management business came to PLN 8m, up 16% year on year.

EBITDA in Spain was negative, at PLN -33m, compared with positive EBITDA of PLN 27m reported for the six months to June 30th 2021. The fall was led by lower revenue in the purchased portfolios segment, reflecting a negative revaluation of corporate debt portfolios. Cash EBITDA was booked at PLN 51m, having increased from PLN 46m posted the year before, largely on the back of a year-on-year growth in recoveries.

As at June 30th 2022, the carrying amount of debt portfolios in Spain was PLN 580m (up 38%), representing 10% of the Group's total debt portfolios.

### Other markets (Czech Republic, Slovakia and Germany)

Investments in the Czech Republic and Slovakia amounted to nearly PLN 8m, compared with PLN 13m in the same period last year.

Recoveries in the other markets segment amounted to PLN 51m, up by more than 8m year on year, accounting for 4% of the Group's total recoveries.

In the six months to June 30th 2022, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 32m, up 10% on the corresponding period of 2021.

In the first half of 2022, the KRUK Group recognised almost PLN 5m in upward revaluation of projected recoveries for the other markets, i.e., 5% less than in the corresponding period of the previous year.

Driven by a year-on-year growth in revenue, EBITDA posted in the other markets was PLN 15m, up from PLN 13m in the first six months of 2022. Cash EBITDA posted by the segment was PLN 35m, up 30% year on year.

As at June 30th 2022, the carrying amount of debt portfolios in the other markets segment was PLN 145m, representing 3% of the Group's total debt portfolios.

As at the date of issue of this report, no material legislative changes relating to the military conflict in Ukraine were identified by the KRUK Group in Germany, the Czech Republic or Slovakia that could affect the value of its debt portfolios.

## 1.3 Financial and liquidity position

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

As at June 30th 2022, the KRUK Group's cash and cash equivalents amounted to PLN 177m, down by 67% on June 30th 2021. As at June 30th 2022, the Company had undrawn lines of credit of PLN 909m. As at June 30th 2022, the carrying amount of the Group's investments in debt portfolios accounted for 87% of its assets. The Group's equity accounted for 46% of its financing sources.

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

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

**As at June 30th 2022, the financial ratios defined below were as follows:**

1.0x – Net Debt / Equity Ratio

1.8x – Net Debt / Cash EBITDA Ratio;

where:

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

**Financial Liabilities** means total financial liabilities under:

- bonds or other similar debt securities; or
- non-bank borrowings; or

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

**Equity** means the KRUK Group's equity;

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

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

In the first half of 2022, the ratios changed negligibly and, in the Management Board's opinion, remained at safe levels. For instance, the debt ratios measured for the entire Group, specified in the terms and conditions of bonds, were as follows: the net debt to equity ratio stood at 1.0x (the maximum level being 3.0x in the case of issues for which financial debt limits have been defined), and the net debt to cash EBITDA ratio was 1.8x (the maximum level being 4.0x).

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

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

In the period January 1st–June 30th 2022, the Parent executed related-party transactions. For details, see the condensed interim separate financial statements for the period January 1st–June 30th 2022, section 10. *Related-party transactions*.

All transactions in the first half of 2022 between the Group companies were executed at arm's length.

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

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for the period January 1st–June 30th 2022, section 15. *Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year*.

#### 1.6 Significant agreements executed by companies of the KRUK Group

On January 17th 2022, the Company was notified of the execution by its subsidiary Kruk Investimenti s.r.l. of Milan (the Buyer) of an agreement with Unicredit SpA of Milan to purchase a portfolio of secured and unsecured

corporate debt with an aggregate nominal value of approximately EUR 222m (PLN 1bn at the mid exchange rate quoted by the National Bank of Poland for January 17th 2022), as announced by the Company in Current Report No. 4/2022. The agreement was signed after the company won an auction to purchase a portfolio of secured and unsecured corporate debt, as announced by the Company in Current Report No. 60/2021.

On April 15th 2022, the Company was notified of the execution by its subsidiary KRUK Investimenti s.r.l. of Milan (the Buyer) of an agreement with Unicredit SpA of Milan for the purchase of a portfolio of unsecured consumer loans with a nominal value of up to EUR 350m (PLN 1.62bn at the mid exchange rate quoted by the National Bank of Poland for April 15th 2022) originated in the period from the first quarter of 2022 to the end of 2022, as announced by the Company in Current Report No. 35/2022. The agreement was signed following Unicredit SpA's decision to enter into the agreement with the Buyer, as announced by the Company in Current Report No. 20/2022.

On May 4th 2022, the Company was notified of the execution by its subsidiary InvestCapital Ltd. of Malta of an agreement for the purchase an unsecured retail debt portfolio on the Spanish market with a nominal value of approximately EUR 132m (PLN 618m at the mid exchange rate quoted by the National Bank of Poland for May 4th 2022), as announced by the Company in Current Report No. 42/2022. The agreement was signed after InvestCapital Ltd. was selected as the preferred buyer of the portfolio, as announced by the Company in Current Report No. 40/2022.

On June 14th 2022, the Company and its subsidiaries executed an annex amending the revolving multi-currency credit facility agreement with the bank syndicate comprising DNB Bank ASA of Oslo, ING Bank Śląski S.A. of Katowice, Santander Bank Polska S.A. of Warsaw, PKO BP S.A. of Warsaw and Bank Handlowy w Warszawie S.A. of Warsaw, as announced by the Company in Current Report No. 47/2022. The purpose of the annex was to increase the maximum amount of the facility to EUR 358m. Prior to signing the annex, the amount of credit available under the facility was EUR 298m. Following the execution of the annex, the amount of the surety provided by the Company and of its declaration of voluntary submission to enforcement will amount to EUR 537m each. The Company provided information about the credit facility in Current Reports No. 35/2017, No. 43/2019, No. 40/2021 and No. 54/2021.

## 1.7 Operations – technology development

Besides investment and operational excellence, one of the KRUK Group's strategic directions is further progress in digital transformation. KRUK is advancing its technology on multiple levels across many business lines, with a special focus placed on the purchased debt business line. The Group utilises in-house resources and solutions, as well as uses and adopts solutions and resources available on the market, to create functionalities for business.

### Rollout of online solutions

Across all markets, KRUK continues to hone its self-service tools (e-KRUK, e-payment, electronic signature, online settlement agreement) that customers can use without having to interact with KRUK employees. A new version of the e-KRUK system has been deployed and is under development in Poland. Preparations for its implementation on the Romanian and Italian markets are under way.

Depending on the market, apart from conventional solutions, the Group's customers have the choice of the following methods to repay debt: Google Pay, Apple Pay, BLIK, Direct Debit, pay-by-link, debit card payments and Visa Checkout. Customers may repay debt in the e-KRUK system, using a link (received by email or text message) and via a dedicated website (payment without registration). In the six months to June 30th 2022, the share of online payments rose across all countries, with the strongest growth vs. December 2021 reported for Spain and Italy (up 8 p.p. in both markets). As at June 30th 2022, online payments as a percentage of total amicable collections were 73% in Spain, 41% in Poland, 37% in Italy and 26% in Romania.

In Spain, Poland and Italy, a large proportion of paperless settlement agreements was maintained throughout the six months ended June 30th 2022 (paperless as a percentage of the total settlement agreements varied

slightly from month to month and reached ca. 97%–99% in Spain, 84%–89% in Poland, and 75%–82% in Italy). The first six months of 2022 saw a strong increase in the share of settlement agreements signed in paperless form in Romania, to 91%, up by 55% on the end of 2021, driven by the implementation of an up-to-date, convenient signing method. As a result, settlement agreements in paperless form accounted for 85% of the total for the Group in June 2022.

KRUK offers customers an option to manage their debt (including debt monitoring, signing settlement agreements online, making payments) through the e-KRUK platform in Poland, Romania and Italy. The number of e-KRUK users continues to grow and in the six months to June 30th 2022, it increased by 19% in total relative to December 2021.

### **Automation, machine learning and artificial intelligence**

Since its inception, KRUK has purchased almost 10.5m debt cases, translating into large volumes of data. The Group processes approximately 2.5 TB of data every day. With the deployment of automation and machine learning solutions, some processes can be accelerated and specific solutions can be used to analyse data and improve operational decision making. About one thousand machines process data with no human involvement every day.

The Group employs highly-qualified analysts and statisticians who work on models that help make optimal business decisions. Where necessary, KRUK leveraged third party IT resources to implement priority projects.

As regards artificial intelligence, KRUK employs a number of algorithms to perform various tasks, including to identify keywords in correspondence, which significantly accelerates and facilitates the handling of cases.

### **Development of cloud-based solutions**

Cloud-based solutions are developing at a fast pace, and cloud-based applications are becoming more and more common. KRUK acknowledges and understands their importance, as well as the challenges around their implementation. Accordingly, a dedicated function was established at the Group in the first half of 2022, which – in addition to building a strategy for the development of cloud-based solutions – will seek to use the best solutions of this type available on the market and manage the risks involved in their application.

Cooperation with Microsoft was enhanced to obtain best-in-class applications with advanced security, compatibility, voice communication and analysis functionalities.

### **Digital security**

The significant technology advancements at the KRUK Group go hand in hand with digital security, which has become particularly important in the context of the conflict in Ukraine. The KRUK Group invests in state-of-the-art solutions to ensure digital security, and its systems are monitored on a continuous basis. The Group is also engaged in extensive collaboration with third parties in the area of cybersecurity. Furthermore, cybersecurity education has been provided within the Group for several years.

### **KRUK Tech Summit**

In line with technology advancements, it is important for the Group to strengthen the competence of its employees in this area. Therefore, as in previous years, KRUK held an international online event for all KRUK employees in the first half of 2022, which served as a platform for experience sharing and looking for new solutions together. Plentiful speeches, discussion panels and interviews addressed the subjects of technologies used by the Group to facilitate communication and work, as well as tools for business process optimisation.

## **1.8 Operations – COVID-19 and measures taken in connection with the pandemic**

The coronavirus pandemic has had an impact on many aspects of the KRUK Group's operations. The key aspects in the first half of 2022 are discussed below:

- Most of our employees can and continue to work from home. In 2020, we smoothly and swiftly switched to remote working;
- We took care of the employees' safety by adapting the rooms or providing the required sanitisers and disinfectants; we reduced the need for and frequency of face-to-face meetings.
- The field advisors did meet with clients observing the applicable sanitary requirements.
- We keep developing our existing online tools (e-KRUK, e-payments, e-signature, online settlement, self-service process) to enable efficient process management and to enable our clients to pay their liabilities safely and comfortably, regardless of any restrictions on the free movement.

## 1.9 Operations – conflict in Ukraine

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

With no operations conducted in Ukraine or Russia, the Company expects the implications of the conflict for the Group's operations will be indirect and limited. Provided below is an assessment of the possible impact of the conflict in Ukraine on selected areas of operations.

### *Recoveries from purchased debt portfolios*

The Group has not seen any changes in customers' repayment behaviour after the conflict started. Although prices in Poland and Romania are rising, there has been a strong increase in wages and salaries and the unemployment rate is stable, therefore the Group does not expect the trend in recoveries to deteriorate.

### *Investments in debt portfolios*

So far, the Group has not seen any impact of the conflict on either portfolio supply or portfolio prices.

### *Access to debt financing*

The Group has not identified any impact of the conflict on the availability of financing.

### *Liquidity management*

The Group believes the current situation in Ukraine does not and should not have a material adverse effect on the following areas of the Group's operations:

1. meeting the required financial covenants – currently the covenants are at safe levels, far lower than the thresholds set in relevant credit agreements and bond terms. Furthermore, when calculating most of the financial ratios the effect of exchange differences is neutralised. The Group anticipates potential minor short-term fluctuations in the net debt/cash EBITDA ratio as different EUR/PLN exchange rates are used to calculate the numerator (net debt in PLN is calculated using the mid exchange rate for a given day) and the denominator (EBITDA in PLN is calculated using the average exchange rate for the last 12 months), but the impact of the fluctuations should not be significant.
2. Liquidity position – the Group maintains its liquidity ratios at safe levels and considers the safety of its liquidity position to be high, therefore an increase in financing costs or EUR/PLN exchange rates has no material impact on the Group's liquidity. The Group's exposure to fluctuations in foreign exchange rates and the WIBOR rate is further mitigated by the fact that the Group funds its investments in EUR-denominated assets with bank loans in EUR and own funds in EUR, and by the execution of contracts hedging the currency and interest rate risks. WIBOR-sensitive debt represents only 30% of the Group's total debt (as at June 30th 2022), as part of the debt bears interest at fixed or EURIBOR rates or is hedged under IRS or CIRS contracts.

## Loans

As the war in Ukraine is pushing up prices of energy carriers and causing a strong depreciation of the złoty, further interest rate hikes are expected. The consequences for households would be rising costs of living including the cost of servicing existing loans.

We have identified the risk that the quality of Wonga's loan portfolio may deteriorate due to borrowers' lack of liquidity. Wonga has carried out creditworthiness assessments as part of its lending process since 2019. Approximately 90% of loans are made to customers with the highest credit score, therefore the aforementioned risk is marginal. The recorded delays in payments have been stable, also in the months following the implemented interest rate hikes.

## Digital security

All systems are running smoothly and are subject to routine and, given the current situation, enhanced testing and safeguards. The Group has undertaken a number of digital security measures:

1. Business relationship has been established with CERT.PL, which specialises in computer security, and CERT recommendations issued in connection with the conflict have been implemented
2. Special level of protection has been provided for backup copies of our critical systems
3. Steps have been taken to establish a permanent relationship with an external Security Operations Centre.

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

For KRUK, sustainable business also means not being indifferent to the humanitarian crisis caused by Russia's aggression against Ukraine. Therefore, the KRUK Group will donate a total of EUR 320,000 (approximately PLN 1.5m) to support Ukrainian refugees in the countries bordering Ukraine where the KRUK Group operates. For more information, see Section 8 *Non-financial information*.

## 2 Assessment of financial resources management

### 2.1 Financial forecasts

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

### 2.2 Assessment of future financial condition

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

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

## 3 Risk factors and risk management

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

- identify and analyse the Group's risk exposures;
- identify appropriate controls, including limits and procedures;

- enable control and monitoring of risk levels and the progress on implementing the risk management strategy.

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

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

In the period from January 1st to June 30th 2022, there were no material changes to the risk management approach, therefore the Management Board of KRUK S.A. identified the same risks as those specified in the full-year Directors' Report on the Group operations in 2021, in: *7 Risk factors and their management*. The report is available in pdf format at <https://en.kruk.eu/media/article/file/enkrukgroup2021.pdf>.

## 4 Shareholders

### 4.1 Shareholding structure

The table below lists the shareholders holding, directly or indirectly, major holdings of KRUK S.A. shares as at the date of issue of the previous periodic report, i.e. April 28th 2022.

**Table 2. Major holdings of KRUK S.A shares as at the issue date of the previous periodic report**

Shareholder	Number of shares/voting rights	Ownership interest (%)
NN PTE*	2,763,000	14.44
Piotr Krupa	1,763,463	9.22
PZU OFE*	1,507,723	7.88
Aviva OFE*	1,390,000	7.27
Aegon OFE*	1,140,500	5.96
Allianz OFE*	971,056	5.08

(\* ) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on April 14th 2022. Source: Company.

On June 17th 2022, the Company received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., ul. Rodziny Hiszpańskich 1, 02-685 Warsaw to the effect that the total number of Company shares held by the Funds had fallen below 5% of total voting rights at the General Meeting, which read as follows:

"Pursuant to Art. 69.1.2 and Art. 69.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, Powszechne Towarzystwo Emerytalne Allianz Polska S.A., the management company which manages open-end pension fund Allianz Polska Otwarty Fundusz Emerytalny ("OFE") and voluntary pension fund Allianz Polska Dobrowolny Fundusz Emerytalny ("DFE") announces that following a transaction in KRUK S.A. shares executed on June 8th 2022 the percentage of the share capital and total voting rights held in KRUK S.A., registered in OFE's account and jointly in OFE's and DFE's accounts, decreased below 5%.

Prior to the transaction, 959,056 shares, representing 5.01 % of KRUK S.A.'s share capital and conferring the right to 959,056 voting rights representing 5.01 % of total voting rights at KRUK S.A.'s General Meeting, were registered in OFE's account.



Also, prior to the transaction, 961,183 shares, representing 5.03 % of KRUK S.A.'s share capital and conferring the right to 961,183 voting rights representing 5.03 % of total voting rights at KRUK S.A.'s General Meeting, were registered jointly in OFE's and DFE's accounts.

Following the transaction, the number of KRUK S.A. shares registered in OFE's account decreased to 939,056 shares, representing 4.91% of KRUK S.A.'s share capital and conferring the right to 939,056 voting rights, representing 4.91% of total voting rights at KRUK S.A.'s General Meeting.

Also, the number of KRUK S.A. shares registered jointly in OFE's and DFE's accounts decreased to 941,183 shares, representing 4.92% of KRUK S.A.'s share capital and conferring the right to 941,183 voting rights, representing 4.92% of total voting rights at KRUK S.A.'s General Meeting."

The table below lists the shareholders holding, directly or indirectly, major holdings of KRUK S.A. shares as at the date of issue of the this periodic report, i.e. September 7th 2022.

**Table 3. Major holdings of KRUK S.A shares as at the issue date of this periodic report**

Shareholder	Number of shares/voting rights	Ownership interest (%)
NN PTE*	2,763,000	14.44
Piotr Krupa	1,763,463	9.22
PZU OFE*	1,507,723	7.88
Aviva OFE*	1,390,000	7.27
Aegon OFE*	1,140,500	5.96

(\*) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on April 14th 2022.

## 4.2 Treasury shares

The Company holds no treasury shares.

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

The table below presents the holdings of Company shares of members of KRUK S.A.'s management and supervisory personnel as at the date of issue of the previous periodic report, i.e. April 28th 2022, and as at the date of issue of this periodic report.

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

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,763,463	1,763,463
Piotr Kowalewski	Member of the Management Board	17,471	17,471
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	105,325	105,325
Michał Zasepa	Member of the Management Board	50,367	50,367

Source: Company.

As at September 7th 2022, members of the Management Board of the Company held no rights to KRUK S.A. shares other than those under the subscription warrants presented in detail in Section 4.4 Incentive Scheme.

## 4.4 Incentive Scheme

### Incentive Scheme for 2015–2019

The incentive scheme for 2015-2019 was adopted by Resolution No. 26/2014 of the Annual General Meeting of KRUK S.A. of May 28th 2014 (the 2015-2019 Scheme), as amended by Resolution No. 23/2020 of the Annual General Meeting of KRUK S.A. of August 31st 2020 to amend Resolution No. 26/2014 of the Annual General Meeting of KRUK S.A. of Wrocław of May 28th 2014 on setting the rules of an incentive scheme for 2015–2019, conditional increase of the Company’s share capital and issue of subscription warrants with the Company shareholders’ pre-emptive rights waived in whole with respect to shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association.

For details of the 2015–2019 Incentive Scheme, see the Directors’ Reports on the operations of the KRUK Group in 2021 and in prior years.

A total of 847,950 subscription warrants were offered and delivered to eligible persons throughout the entire duration of the 2015–2019 Scheme, i.e. in 2016-2021.

**Table 6. Tranches under the 2015–2019 Incentive Scheme**

Tranche	Number of subscription warrants acquired by members of KRUK’s Management Board	Number of subscription warrants acquired by other eligible persons
Tranche 1 for 2015	20,000	86,435
Tranche 2 for 2016	50,480	91,467
Tranche 3 for 2017	54,344	85,853
Tranche 4 for 2018	89,768	115,528
Tranche 5 for 2019	124,588	129,487
<b>TOTAL</b>	<b>339,180</b>	<b>508770</b>

Following amendments to the Commercial Companies Code and in connection with the obligation to convert subscription warrants into book-entry form, on February 25th 2021 all subscription warrants issued and outstanding were converted into book-entry form and entered in the securities register maintained by the CSDP.

As at the date of issue of the previous periodic report, i.e. April 28th 2022, 654,514 subscription warrants were converted into Series F shares in the Company. The eligible persons held 193,436 warrants convertible into Series F shares issued under the 2015–2019 Incentive Scheme.

This data remains valid as at the date of issue of this periodic report, i.e. September 7th 2022.

**Table 7. Number of warrants held by current and former Management Board members under the 2015–2019 Incentive Scheme as at the date of issue of this periodic report**

Name and surname	Number of warrants granted in Tranches 1 to 5	Number of outstanding warrants held under Tranches 1 to 5
<b>Piotr Krupa</b>	83,942	83,942
<b>Piotr Kowalewski*</b>	22,138	10,542

Adam Łodygowski**	-	-
Urszula Okarma	63,893	63,893
Michał Zasępa	63,893	7,230
Agnieszka Kułton***	56,663	-
Iwona Słomska****	56,663	-

\* Piotr Kowalewski had been covered by the Incentive Scheme for 2015–2019 as an eligible person other than a member of the Management Board until May 28th 2020. Since May 29th 2020, when he assumed the position of member of the KRUK S.A. Management Board, Piotr Kowalewski has become entitled to acquire Tranche 5 subscription warrants as an eligible person being a member of the Management Board.

\*\* Adam Łodygowski became a member of the Management Board of KRUK S.A. on November 6th 2020.

\*\*\* Agnieszka Kułton, listed among the 2015–2019 Incentive Scheme participants who are members of the Management Board, had served as a member of the KRUK S.A. Management Board until May 28th 2020. \*\*\*\* Iwona Słomska, listed among the 2015–2019 Incentive Scheme participants who are members of the Management Board, had served as a member of the KRUK S.A. Management Board until July 31st 2020.

Rights attached to warrants issued under the 2015–2019 Incentive Scheme may be exercised by their holders until December 31st 2022.

#### Incentive scheme for 2021–2024

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table 9. Number of Tranche I warrants awarded to and subscribed for by Management Board members under the 2021–2024 Incentive Scheme as at the date of issue of this periodic report**

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

By way of the resolution of July 5th 2022 determining the list of non-members of the Management Board eligible to acquire Tranche I subscription warrants for the fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme, the Company's Management Board granted a total of 96,094 subscription warrants to eligible persons.

As at September 7th 2022, members of the Management Board of the Company held no rights to KRUK S.A. shares other than the rights under the subscription warrants issued under the 2015–2019 Incentive Scheme and under the 2021–2024 Incentive Scheme, as shown in Tables 8 and 9.

## 4.5 Dividends paid (or declared)

According to the Dividend Policy in place (Current Report No. 55/2021), the overriding objective of KRUK S.A. is to ensure sustainable growth of the Company and increase its value through profit growth and dividend payment while maintaining appropriate liquidity and observing the principles of sustainable development (ESG). The Management Board's intention is for KRUK to concurrently drive its value growth and make regular profit distributions to shareholders. The objective behind adopting the Dividend Policy is to carry into effect the Management Board's intention and take account of KRUK's status as a growth company paying out dividend based on clear and constant criteria for distribution of generated profits. The Company's Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group's consolidated net profit for a previous financial year, attributable to shareholders of the parent. The Dividend Policy is available on the Company's website at: [https://en.kruk.eu/media/file/file/dividendpolicyofkruksa\\_appres194\\_2021\\_02122021.pdf](https://en.kruk.eu/media/file/file/dividendpolicyofkruksa_appres194_2021_02122021.pdf).

On March 4th 2022, the Management Board of the Company passed a resolution recommending that the Annual General Meeting approves dividend of PLN 13 per share. The dividend was distributed from the Company's net profit earned in 2021 (Current Report No. 16/2022). The dividend recommendation is consistent with the Dividend Policy. The recommendation was endorsed by the Company's Supervisory Board on March 15th 2022 (Current Report No. 17/2022).

On April 14th 2022, the General Meeting of KRUK S.A. passed a resolution to distribute the Company's net profit for 2021 of PLN 694,757,626.06, allocating:

1. PLN 248,660,490.00 to pay a dividend of PLN 13.00 per share; the profit distribution would cover 19,127,730 shares;
2. PLN 446,097,136.06 to be transferred to statutory reserve funds.

The dividend record date with respect to dividend for the year ended December 31st 2021 was set for April 21st 2022. The dividend was paid on April 28th 2022 on 19,127,730 KRUK S.A. shares.

## Performance of Company shares on the Warsaw Stock Exchange

### 4.5.1 Share price

At the end of the six months ended June 30th 2022, the KRUK share price on the stock exchange fell by 23.58%, to PLN 239.40 per share. In the same period, the rates of return for the WIG and mWIG40 indices were -22.69% and -23.10%, respectively.

On the last trading day in the six months to June 30th 2022, the Company's market capitalisation was PLN 4.6bn (compared with PLN 4.8bn at the end of the six months to June 30th 2021). On June 30th 2022, KRUK ranked 29th in terms of market capitalisation on the WSE.

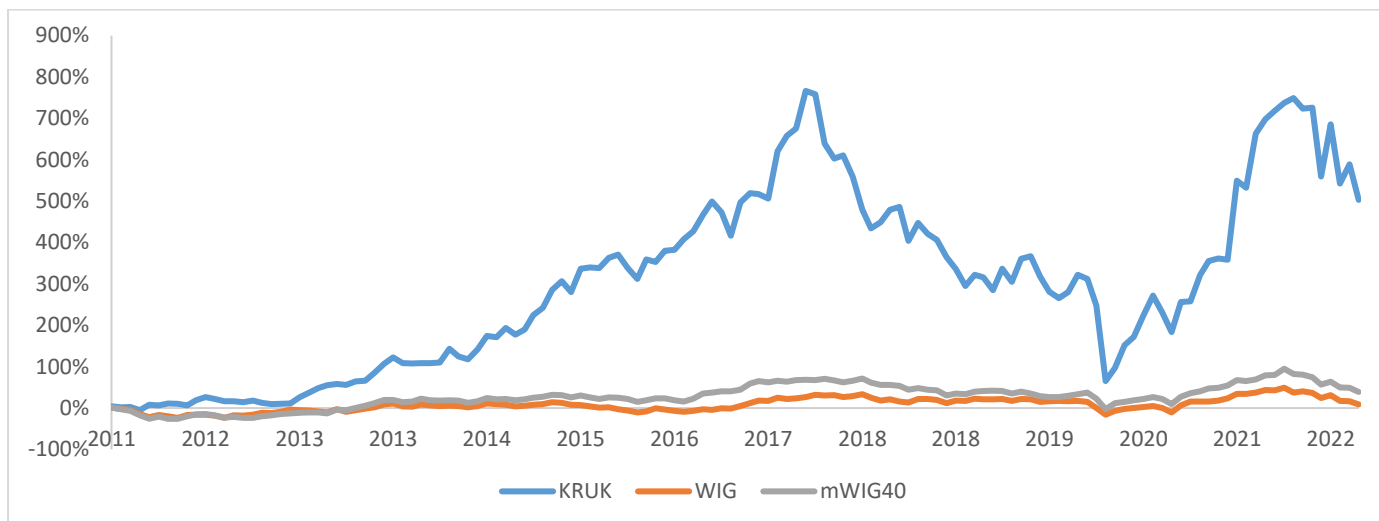
**Table 9. Rates of return on KRUK S.A. stock, WIG and mWIG40 in the first half of 2022 – at closing prices**

Date	KRUK	WIG	mWIG40
Rate of return	-23.58%	-22.69%	-23.10%

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to the end of the first half of 2022, the rate of return on KRUK shares was 484%. Over the same period, the all-cap WIG index rose by 8.6%, while the mid-cap mWIG40 index gained 39%.

**Performance of KRUK stock against WIG and mWIG40 from the Company's IPO on the WSE in May 2011 to June 30th 2022**

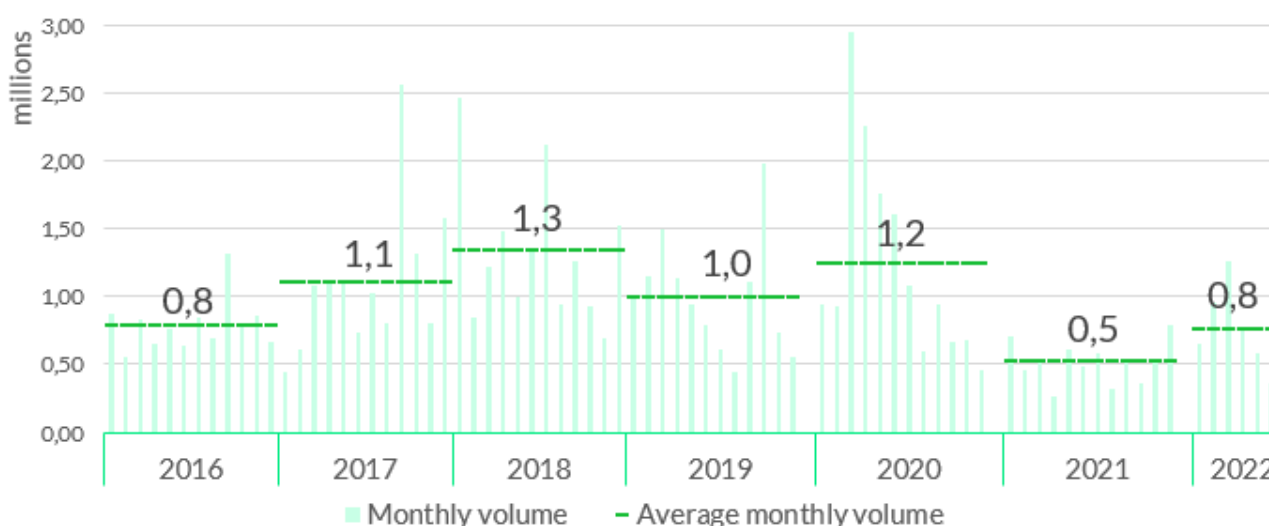


Source: in-house analysis, based on [stooq.pl](http://stooq.pl)

**4.5.2 Stock liquidity**

The total volume of KRUK S.A. shares traded in the six months ended June 30th 2022 was 4.6m, and the total value of trading reached PLN 1.3bn. To compare, the total volume of KRUK S.A. shares traded in the same period of the previous year was 3.1m, and the total value of trading was PLN 610m. The average daily volume of trading in KRUK shares in the first six months of 2022 was 37,000, and the average daily trading value amounted to PLN 10.5m. KRUK was the 22nd most liquid stock on the WSE (in terms of the total annual trading volume).

**Monthly volume in each month and the year's average monthly volume of trading in KRUK shares in 2016 – June 30th 2022**



Source: in-house analysis based on [www.gpw.pl](http://www.gpw.pl)

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

KRUK S.A. is one of the WSE-listed companies in which OFE's ownership interest exceeds 50%. OFE's aggregate ownership interest in KRUK S.A. as at June 30th 2022, i.e. following cancellation of a portion of the share capital, was 58.2%.

**Table 10. Ownership interests of individual OFEs in the Company:**

Shareholder	Ownership interest (%)	Number of votes
OFE Nationale-Nederlanden	14.45%	2,763,105
OFE Aviva Santander	9.10%	1,740,000
OFE PZU Złota Jesień	8.63%	1,650,000
OFE Aegon	5.88%	1,125,500
OFE Allianz Polska	4.92%	941,183
OFE MetLife	4.60%	880,375
OFE Generali	4.48%	856,289
OFE UNIQA	3.61%	689,865
OFE PKO BP Bankowy	1.47%	280,912
OFE Pocztylion Arka	1.04%	198,139

Source: in-house analysis, based on stooq.pl as at June 30th 2022.

## 5 Company bonds

### 5.1 Issue

In the six months to June 30th 2022, the Company issued two series of bonds for retail investors, with a total nominal value of PLN 100m, under the prospectus-based 8th Bond Programme. The issue price of each bond was equal to its nominal value of PLN 100.

Moreover, as part of the 1st Prospectus-Exempt Bond Programme, the Company issued Series AL<sup>2</sup> bonds with a total nominal value of PLN 350m. The bonds are amortised and mature on the sixth anniversary of the issue date. The offering was addressed to qualified institutional investors and the issue price of each bond was equal to its nominal value of PLN 1,000.

**Table 11. Bond issues in the six months ended June 30th 2022**

Series	Nominal value	Issue date	Due date	Interest	Interest payment
AL2	PLN 350m	February 2022	February 2028	variable – 3M WIBOR + 3.20pp	every 3 months
AM2	PLN 50m	February 2022	February 2027	variable – 3M WIBOR + 3.30pp	every 3 months
AM3	PLN 50m	June 2022	June 2027	variable – 3M WIBOR + 3.30pp	every 3 months

Source: Company.

After the reporting date, the Company issued Series AM4 bonds for retail investors, with a total nominal value of PLN 60m, under the 8th Bond Programme. The issue price of each bond was equal to its nominal value of PLN 100.

Series	Nominal value	Issue date	Due date	Interest	Interest payment
AM4	PLN 60m	August 2022	August 2027	variable – 3M WIBOR + 3.30pp	every 3 months

After the reporting period, on September 2nd 2022, the Prospectus for the 8th Bond Programme expired. On August 23rd 2022, the Polish Financial Supervision Authority approved the Base Prospectus for the 9th Bond Programme with a nominal value of up to PLN 700m.

## 5.2 Redemption of bonds

In the six months ended June 30th 2022, the Company redeemed PLN-denominated debt securities with a total nominal value of PLN 207.9m and EUR-denominated debt securities with a total nominal value of EUR 40m, on the maturity dates set forth in the terms and conditions of the bonds.

**Table 12. Bonds redeemed by the Company in the six months ended June 30th 2022**

Series	Due date	Number of bonds redeemed	Nominal value
AA2	March 2022	150,000	PLN 150m
AC1	May 2022	57,900	PLN 57.9m
AE1	May 2022	20,000	EUR 20m
AE2	June 2022	20,000	EUR 20m

Source: Company.

## 5.3 Liabilities under bonds

As at June 30th 2022, the nominal value of outstanding bonds issued by the Company was PLN 1,365m.

**Table 13. Bonds due by the end of 2022 as at June 30th 2022**

Series	Due date	Number of bonds redeemed	Nominal value
AA4	October 2022	75,000	PLN 75m

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

As at June 30th 2022:

- **Debt Ratio** stood at 1.0x
- **Net Debt to Cash EBITDA ratio** was 1.8x

where:

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



## 6 Governing bodies

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

The Management Board is the Company's management body.

Rules governing appointment and removal of members of the Management Board and their powers are set forth in the Company's Articles of Association. Pursuant to Art. 7.1 and 7.2, the Management Board is composed of three to eight members, and the number of members is defined each time by the Supervisory Board upon request by the President of the Management Board. The President of the Management Board is appointed and removed by the Supervisory Board. The other members of the Management Board are also appointed and removed by the Supervisory Board, following a request by the President of the Management Board. Members of the Management Board are appointed for a joint three-year term of office. The mandate of a member of the Management Board expires on or before the date of the General Meeting approving the financial statements for the last full financial year in which the member held the office.

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

As at the date of issue of this report (September 7th 2022), the composition of the Management Board was as follows:

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

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

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

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

Until April 14th 2022, the composition of the Supervisory Board was as follows:

- |                         |                                   |
|-------------------------|-----------------------------------|
| • Piotr Stępnia         | Chairman of the Supervisory Board |
| • Katarzyna Beuch       | Member of the Supervisory Board   |
| • Tomasz Bieske         | Member of the Supervisory Board   |
| • Krzysztof Kawalec     | Member of the Supervisory Board   |
| • Mateusz Melich        | Member of the Supervisory Board   |
| • Ewa Radkowska-Świętoń | Member of the Supervisory Board   |
| • Piotr Szczepiórkowski | Member of the Supervisory Board   |

Following expiry of the term of office of the Company's Supervisory Board, on April 11th 2022 Piotr Krupa submitted a statement on the exercise of the rights conferred by Art. 11.5 and Art. 11.8 of the Company's Articles of Association and appointed Piotr Stępnia and Krzysztof Kawalec to the Supervisory Board of the new term, with effect from April 14th 2022. On April 14th 2022, the Annual General Meeting of KRUK S.A. appointed the following persons to the Company's Supervisory Board, with effect from the same date:

Katarzyna Beuch, Ewa Radkowska-Świętoń, Izabela Felczak-Poturnicka, Piotr Szczepiórkowski and Beata Stelmach.

From April 14th 2022 to the date of issue of this report, the composition of the Supervisory Board was as follows:

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

Pursuant to the Rules of Procedure for the Supervisory Board, the following committees operate within the KRUK S.A. Supervisory Board:

- Audit Committee,
- Remuneration and Appointments Committee,
- Finance and Budget Committee.

Members of the committees are appointed by the Supervisory Board from among its members.

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

#### Audit Committee

Name and surname	Function
Katarzyna Beuch	Chair of the Audit Committee
Ewa Radkowska-Świętoń	Member of the Audit Committee
Piotr Stępnik	Member of the Audit Committee
Piotr Szczepiórkowski	Member of the Audit Committee

#### Remuneration and Appointments Committee

Name and surname	Function
Ewa Radkowska-Świętoń	Chair of the Remuneration and Appointments Committee
Krzysztof Kawalec	Member of the Remuneration and Appointments Committee
Piotr Szczepiórkowski	Member of the Remuneration and Appointments Committee

#### Finance and Budget Committee

Name and surname	Function
Beata Stelmach	Chair of the Finance and Budget Committee
Krzysztof Kawalec	Member of the Finance and Budget Committee
Ewa Radkowska-Świętoń	Member of the Finance and Budget Committee

### 6.3 General Meeting

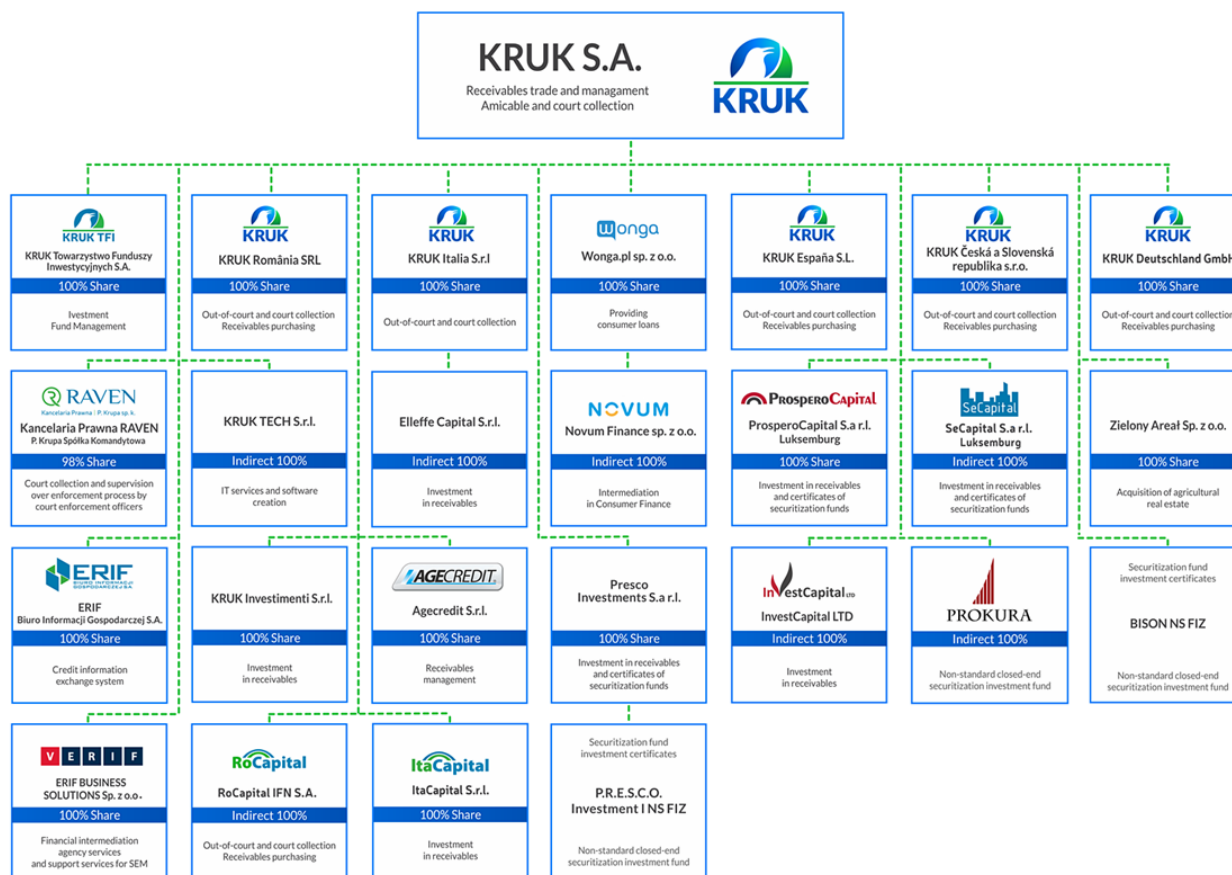
The agenda for the Annual General Meeting held on April 14th 2022, apart from the matters provided for in Art. 395 of the Commercial Companies Code, included resolutions to appoint members of the Supervisory Board of a new term of office, to amend Art. 11, Art.12 and Art.14 of the Company's Articles of Association, and to amend the Rules of Procedure for the Supervisory Board of the Company.

By way of a decision of April 29th 2022, the registry court registered amendments to the Company's Articles of Association and changes in the composition of the Supervisory Board.

## 6.4 Changes in the KRUK Group's structure

KRUK TECH s.r.l. of Bucharest was registered on January 31st 2022. The shareholders in the company are KRUK S.A. and KRUK Romania s.r.l., holding ownership interests of 99% and 1%, respectively. The principal business activity of the company is the provision of IT services and software development. Accordingly, as at the date of this Report, the KRUK Group comprised the parent KRUK S.A., 25 subsidiaries, and 2 entities controlled through personal links. The subsidiaries are presented below.

Structure of the KRUK Group as at June 30th 2022 and the issue date of this report:



## 7 Material court, arbitration or administrative proceedings

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

## 8 Non-financial information

In the six months ended June 30th 2022, the KRUK Group continued its work to develop its ESG (environmental, social and governance) strategy and to prepare for its implementation. The strategy will provide a comprehensive response to stakeholder expectations in view of global environmental, social and governance challenges. Currently, work is ongoing in areas of particular relevance to building a sustainable

business, which includes workshops and development of long-term plans, together with indicators to support the measurement of strategy implementation over the next years.

The other key activity areas in the six months ended June 30th 2022 included the continuation of assistance programmes in connection with the war in Ukraine, pursuing the Agenda 2030 Sustainable Development Goals, expanding stakeholder dialogue through financial education, building good relations with non-profit organisations to support vulnerable groups in a professional manner, protecting the environment, ensuring safety, and improving operating procedures in line with the highest ethical standards. The Company placed particular focus on ensuring the comfort, health and team spirit of its employees. All companies across all operating markets were engaged in these activities.

### **Our responsibility towards society**

In the wake of the armed attack on Ukraine in February 2022, the KRUK Group is continuing its activities and launching new initiatives as part of the 'KRUK for Ukraine' campaign. In accordance with the Charitable Giving and Sponsorship Policy, in the six months ended June 30th 2022, the KRUK Group decided to take concrete action and donate EUR 320,000 (approx. PLN 1.5 million) to people in need from Ukraine. The funds will be transferred according to needs and distributed in proportion to the number of refugees staying in a given territory over one year. Throughout the Group, across all geographies, efforts were made to aid Ukrainian refugees and support employee volunteering.

KRUK's initiatives as part of 'Ukraine in Poland':

- Cooperation with the 'Zobacz mnie' Foundation of Wrocław, to which KRUK S.A. donated PLN 80 thousand in total. The foundation is responsible for the construction of the Ukrainian House, which offers shelter for people afflicted by the war Ukraine.
- In addition, as part of the cooperation with the 'Zobacz mnie' Foundation, KRUK S.A. donated electronic equipment, i.e. telephones, notebook computers, and tablets with Ukrainian language software for the residents of the Ukrainian Home.
- This year, instead of the Company Run, KRUK S.A. employees took part in the Run for Ukraine organised by the 'SiePomaga' Foundation. PLN 10,000 was raised and donated to Polish Humanitarian Action's programme for Ukrainian refugees.
- In the first half of the year, KRUK S.A. decided to support several organisations providing relief to Ukraine. These included Employers of Poland, BloomPro Foundations, Nienieodpowiedzialni and Czerwona Linia, UNGCNP in the framework of the United Business for Ukraine programme, the Club of Catholic Intelligentsia and the Towarzystwo Poligrodzianie society. The financial aid provided to these organisations totalled more than PLN 225,000.
- The employees of KRUK S.A. were encouraged to volunteer during their working hours. In addition, an internal communication channel dedicated to aid to Ukraine was set up, which the employees used to organise donation drives and provide information about local initiatives.

KRUK's initiatives for Ukraine outside Poland:

- In the six months ended June 30th 2022, support from the budget earmarked for aid to Ukraine went to NGOs supporting Ukrainian refugees: Catholic Charity CARITAS Czech Republic in Hradec Kralove and Catholic Charity CARITAS Slovakia in Vyšné Nemecké. The funds were used to purchase hygiene products, baby cosmetics and car seats.
- Donation drives for Ukrainian refugees were also organised by KRUK España and KRUK Italia as part of employee volunteering initiatives, and the collected goods were handed over to non-governmental organisations.
- KRUK Romania launched a programme where employees fill out surveys in exchange for financial assistance to children from Ukraine staying in Romania. One cash voucher for Ukrainian children was donated for each completed questionnaire. In addition, in a series of newsletters, KRUK Romania informed its employees about aid schemes for Ukraine in which they could engage.

As part of its activities for the benefit local communities, the KRUK Group carried out the following educational initiatives to support the Third, Fourth and Fifth Sustainable Development Goal:

- For several years now, KRUK S.A. has worked closely with the Psychological Support Centre, offering counselling to indebted persons who are its customers.
- All the KRUK Group companies were engaged in educational campaigns (mostly online) to raise customer and general public awareness in the area of personal finance management in the geographies where the Group operates.
- In the Run For Children campaign launched in 2021, KRUK Italia donated EUR 7,000 to La Spezia hospital for the purchase of specialist medical equipment required for the paediatric ward.
- During the Pride Month, KRUK España carried out an educational campaign promoting respect for LGBTQ+ community rights. The social media campaign reached more than 1,300 people outside the company.
- To celebrate the International Women's Day, KRUK España launched a communication campaign on equal opportunities for women and girls. In these extraordinary times for Europe, KRUK España decided to promote an NGO supporting Ukrainian women: the Ukrainian Women's Fund.
- In an effort to help the local community to recover from the crisis caused by the COVID-19 pandemic, KRUK España provided assistance to the Somos Tribu charity. It was used to provide supplies to a canteen in one of the poorest districts of Madrid.

### **Financial education of people**

The KRUK Group is an important element of the financial system. Therefore, we make every effort to ensure its stability. By means of educational activities, the KRUK Group helps the public to manage their finances in a responsible manner, preparing them for future economic crises. Day without Debt, KRUK Group's flagship campaign, is a good example. The project aims to raise public awareness of personal finances management and responsible borrowing, to develop the financial maturity of our existing and potential customers, and to raise awareness of the benefits of voluntary debt repayment.

### **Main financial education initiatives of the KRUK Group:**

- As part of its financial education initiatives, the Group is expanding its kapitalni.org website, which had 73,000 unique users per month on average in the first half of 2022. The high-quality content is supported by independent organisations, such as the Consumer Federation.
- As part of its financial education initiatives, KRUK S.A. continues to participate in the 'Debt Collection? Everything Clear!' educational campaign, addressing subjects and issues related to debt, in order to give people an insight into the legal basis and operating methods of professional debt collection companies. The key target audience of the campaign also includes business partners, media and entrepreneurs.
- In view of the growing inflation, KRUK Italia created an online educational campaign to educate people about money management. The focus was in particular on the financial education of young generations, i.e. persons under 30 years of age. The online campaign reached 3,000 unique users.
- KRUK Romania continues a programme of trainings and webinars for school youth and teachers, which has supported more than 1,700 people in 60 schools across Poland in the area of financial education and secure money management.

### **Our responsibility for employees**

- In May 2022, in cooperation with its business partner Benefit Systems S.A., KRUK S.A. organised the Health at Work (Zdrowie na etacie) programme. Its objective was to raise awareness and inspire employees to choose a more active and healthy lifestyle. On average, nearly 400 people participated in each webinar. Wonga with its 140 employees engaged in a similar programme.
- In the first half of the year, in most KRUK Group companies approximately 90% of employees continued to work in a hybrid or remote model. Employees who must be physically present to perform their responsibilities or who did not have the conditions at home for working remotely were allowed to work from KRUK offices provided they complied with all pandemic-related recommendations and restrictions in place.

- Preparations are also under way to implement a new work model, in accordance with the requirements and regulations applicable in the country concerned.
- The KRUK Group is aware how the role of women in business drives organisational growth, management quality and the level of innovation. Women occupy 59% of senior management positions at the Group, which is well reflected in the gender structure of the organisation at the end of June 2022.
- In order to contribute to the well-being and mental health of its employees, KRUK S.A. has arranged for them counselling services of the Psychological Support Centre. An information campaign promoting the Arm in Arm Programme was launched one week after the outbreak of war in Ukraine.
- KRUK S.A. continues its Inspirational Meetings, and in the first half of 2022 it initiated the Good Morning Teams programme. Both programmes offer inspiring knowledge delivered by well-known experts. In the first half of the year, the focus was on raising the awareness of work-life balance and well-being.
- KRUK Česká a Slovenská Republika carried out number of initiatives to take care of the health and well-being of its employees. Employees had the opportunity to check their health parameters and obtain information on health prevention.
- For the second year in a row, the KRUK Group was also engaged in the Humanites Institute's 'Two Hours for the Family' initiative on the occasion of the International Day of Families. The initiative aims in particular to address the family bond crisis, and includes preventive measures designed to support the employees' mental and emotional health. In the campaign, the employees were allowed to end their work day two hours earlier and use this time with their families.
- To celebrate the World Day for Cultural Diversity for Dialogue and Development, KRUK España ran a communication campaign among its employees to promote and highlight diversity in the organisation.
- KRUK Italia continued its collaboration with and support for the Fondazione Vite Vere 100 Cuori DADI project launched in 2021, designed to promote the employment of people with the Down syndrome. The cooperation will be continued in 2023.
- KRUK Česká a Slovenská Republika developed training courses for the staff, including programmes during which the employees had the opportunity to improve their teamwork skills. Similar skills improvement programmes were developed by KRUK Romania and KRUK España.

### The business of the KRUK Group relies on the highest ethical standards

Living up to its commitment to the highest ethical standards in relations with customers and trading partners as well as within the organisation, the KRUK Group focused on the following initiatives in the first half of 2022:

- **The whistleblowing procedure.** In line with the rules in place at the Group, all KRUK Group companies enable anonymous reporting of irregularities. In 2021, KRUK S.A. employees were reminded of the possibility of reporting irregularities (also anonymously) twice. No reports were received through this channel in 2021 and in the first half of 2022.
- **Activities of the Mediation and Consultation Team,** which handles complaints concerning conflict situations. A complaint may be lodged by a staff member who has been involved in a conflict situation or has been affected by inappropriate behaviour, as well as witnesses and any persons who have become aware of such situations. In 2022, the Team did not receive any complaints. One request for investigation was received in connection with a meeting of field advisors in one of the regions.
- **Participation in the Ethical Audit Survey,** an annual survey following which the Ethics Committee of the Association of Financial Companies (ZPF) grants the ZPF Ethics Certificate to confirm conformity of business practices with the ZPF Code of Best Practice. The certificate is a key tool to build the image of ZPF members and foster positive relations with other financial market actors.

The Group has also tools in place to monitor the number of personal data processing complaints and procedures to enable data subjects to exercise their rights under the GDPR. All personal data requests and complaints are thoroughly analysed to determine whether the submitting party's claim is valid and can be satisfied. No complaints were received from external institutions that would be confirmed as valid by the organisation, and 13 complaints were filed in total with local regulators concerning potential breaches of personal data protection laws. In all cases, the KRUK Group submitted appropriate explanations. No case has been resolved

yet. Moreover, in the six months ended June 30th 2022, the KRUK Group's Data Protection Officers (DPOs) issued more than 400 recommendations.

### Our environmental responsibility

- As part of Healthy Cities, a challenge with the objective to promote physical activity and improve health, KRUK S.A. employees joined forces to support this initiative as a team.
- KRUK continues work to streamline and optimise its workflows to cut down paper waste generation. In Spain, Poland and Italy, we maintained the level of 85% of paperless settlement agreements in the first half of the year. At the end of the first half of 2022, Romania recorded a 51% increase in electronically signed agreements (relative to the end of 2021).
- In order to mitigate the climate impact of KRUK Romania's vehicle fleet, the company decided to switch to lower rolling resistance tires which improve energy efficiency and reduce fuel demand. As a result, the carbon footprint of field advisor operations decreased.
- On the Earth Day, KRUK España and KRUK Česká a Slovenská Republika engaged in educational activities to promote sustainable development and counter climate change.
- As part of the Green Wonga programme, Wonga engaged its employees and their families in a clean-up of a local nature reserve. The programme also provides environmental education for employees.
- KRUK Italia continued to work with ZeroCO2, an NGO fighting against deforestation. 40 new trees were planted in 2022, this time in the centre of Milan. The KRUK's forest planting initiative was launched in 2021 in Sicily, where 60 trees were planted in the previous year.
- KRUK joined the UNGC's Climate Positive initiative designed to support businesses with expert knowledge on how to counter climate change, reduce carbon footprint and raise environmental awareness. Owing to its involvement in the initiative, the KRUK Group was invited to the UNGCNP Business Council, which issued recommendations during the World Urban Forum (WUF11) regarding the management of the future of cities in the context of the climate crisis.
- In line with the ideas of circular economy and equal opportunities, KRUK Romania donated computers to a local school and office equipment to a local community.

All of the above activities were carried out to support delivery of the Twelfth and Thirteenth Sustainable Development Goals.

### Awards, distinctions and achievements in the six months ended June 30th 2022

- KRUK S.A. was recognised in the Green Finance in Poland 2022 report, compiled under a strategic framework agreement between the Institute for Responsible Finance and UNGCNP, as a national leader. The Company shared its insights on the importance of CSR and corporate governance in the light of the challenges of financing sustainable economic growth.

Awards:

- *Bulls and Bears for KRUK S.A. – mWIG40 Company of the Year*, a competition of the *Parkiet* magazine
- KRUK among TOP 10 Listed Companies of the Year in a survey of the *Puls Biznesu* magazine (7th place)
- *Super Ethical Company* for KRUK S.A.
- *Trusted Brand 2021* for KRUK S.A.
- *Customer Service Star 2022* for KRUK S.A.
- *Polish Contact Center Awards* – KRUK S.A. won a distinction in the Debt Collection category
- *TOP 30 – Poland's Best Employer* according to the *Wprost* weekly for KRUK S.A.
- *Wektor Serca* (Heart Vector) for KRUK's CEO Piotr Krupa – distinction awarded by *Employers of Poland* for achievements going beyond typical social and economic activities in exceptional and occasional situations
- *Investor without Borders* – distinction at the *European Economic Congress* for KRUK S.A. for its foreign expansion.

## 9 Management Board representations

This half-year report on the activities of the KRUK Group and KRUK S.A. presents a true view of the development, achievements and condition of the KRUK Group, including a description of key threats and risks.

## 10 Glossary of terms

2015-2019 Scheme	An incentive scheme for 2015–2019 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 847,950 registered subscription warrants conferring the right to subscribe for a total of 847,950 ordinary bearer shares issued as part of a conditional share capital increase
2021-2024 Scheme	An incentive scheme for 2021–2024 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 950,550 registered subscription warrants conferring the right to subscribe for a total of 950,550 ordinary bearer shares issued as part of a conditional share capital increase
Articles of Association	The Company's Articles of Association
Auditor	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. of Warsaw
CAGR	Compound Annual Growth Rate
Cash EBITDA	Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m; cash EBITDA is computed for the KRUK Group for the last 12 months
Catalyst	Bond market operated by the Warsaw Stock Exchange
Company KRUK Issuer	KRUK S.A. of Wrocław
Consolidated financial statements	The Group's consolidated financial statements for the reporting period ended June 30th 2022, prepared in accordance with the IFRS
CSDP	Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw)
CZK	Czech koruna
EBIT	Operating profit
EBITDA	Operating profit before depreciation and amortisation
EPS	Earnings per share
ERIF BIG, ERIF	ERIF Biuro Informacji Gospodarczej S.A.
EUR	Euro



Financial Liabilities	Total financial liabilities under: <ul style="list-style-type: none"> <li>• bonds or other similar debt securities; or</li> <li>• non-bank borrowings; or</li> <li>• bank borrowings; or</li> <li>• finance leases; or</li> <li>• promissory notes issued by way of security for liabilities of non-KRUK Group entities; or</li> <li>• guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or</li> <li>• accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or</li> <li>• assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or</li> <li>• concluded derivative transactions.</li> </ul>
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
General Meeting	General Meeting
Wonga	Wonga.pl Sp. z o.o. of Warsaw
IAS	International Accounting Standards as endorsed by the European Union
IFRS	International Financial Reporting Standards as endorsed by the European Union, including International Accounting Standards, International Financial Reporting Standards and related Interpretations endorsed by the European Union
ItaCapital	ItaCapital S.r.l of Milan, Italy
Kancelaria Prawna RAVEN	Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa of Wrocław
KRS	Polish National Court Register (Krajowy Rejestr Sądowy)
KRUK Issuer Company	KRUK S.A. of Wrocław
KRUK Česká a Slovenská republika	KRUK Česká a Slovenská republika s.r.o. of Hradec Králové
KRUK España	KRUK España S.L. of Madrid, Spain
KRUK Italia	KRUK Italia S.r.l of Milan, Italy
KRUK ROMANIA	KRUK Romania s.r.l of Bucharest, Romania
KRUK TFI	KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław
Management Board	The Management Board of KRUK S.A.
NBP	National Bank of Poland
Non-Standard Securitisation Closed-End Investment Funds	Prokura NS FIZ, P.R.E.S.C.O. Investment I NS FIZ, BISON NS FIZ
PFSA	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
PLN	Polish złoty

Prokura NS FIZ	Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Prokura Non-standard securitisation closed-end investment fund)
Total revenue	Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income
Regulation on current and periodic information	Polish Minister of Finance's Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2018, item 757, as amended)
ROE	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
RON	Romanian leu
SeCapital Luksemburg	SeCapital S.à.r.l. (Luxembourg)
SeCapital Polska w likwidacji (in liquidation)	SeCapital Polska Sp. z o.o. w likwidacji (in liquidation) of Warsaw
Subsidiaries	The Company's subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
Supervisory Board	The Company's Supervisory Board
The Group, the KRUK Group	The Company as the Parent along with its subsidiaries and Non-Standard Securitisation Closed-End Investment Funds
UOKiK	The Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
UOKiK President	President of the Office of Competition and Consumer Protection
USD	US dollar
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)

Piotr Krupa  
President of the Management Board .....

Michał Zasępa  
Member of the Management Board .....

Urszula Okarma  
Member of the Management Board .....

Piotr Kowalewski  
Member of the Management Board .....

Adam Łodygowski  
Member of the Management Board .....

Wrocław, September 7th 2022