



# QUARTERLY REPORT – PART III

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Additional information on the operations  
of the KRUK Group

for the period from January 1st to March 31st 2022

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## KEY ACHIEVEMENTS IN THE THREE MONTHS TO MARCH 31ST 2022



Portfolio investments

PLN 262m

+64%



Recoveries

PLN 623m

+22%



Cash EBITDA

PLN 447m

+23%



Net profit

PLN 244m

+92%



ROE

28%

(6%)



Profit margin

45%

(33%)



Net debt/cash EBITDA

1.6

(1.5)



Net debt/equity

0.9

(0.9)

	Mar 31 2022 (PLNm)	Mar 31 2021 (PLNm)	Change	Mar 31 2022 (EURm)	Mar 31 2021 (EURm)
Expenditure on debt portfolios	262	159	64%	56	35
Gross recoveries	623	512	22%	134	112
Carrying amount of purchased portfolios	5,265	3,997	32%	1,132	869
Estimated remaining collections (ERC)	10,318	7,911	30%	2,218	1,720
Total revenue <sup>1</sup>	545	383	42%	117	84
Revenue from purchased portfolios	493	341	45%	106	74
EBIT	306	181	69%	66	40
EBITDA <sup>2</sup>	317	193	65%	68	42
Cash EBITDA <sup>3</sup>	447	364	23%	96	80
Net profit	244	127	92%	52	28
Basic EPS (PLN   EUR)	12.83	6.70	91%	2.76	1.47
Diluted EPS (PLN   EUR)	12.40	6.54	90%	2.67	1.43
ROE <sup>4</sup>	28%	6%	-	-	-
Interest-bearing net debt to equity ratio	0.9	0.9	-	-	-
Interest-bearing net debt to cash EBITDA ratio	1.6	1.5	-	-	-

<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 portfolios + purchased portfolio collections. <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



**Ethical Audit Certificate**

for KRUK S.A. from ZPF



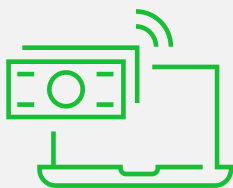
**Bond issue**  
worth **PLN 400m**  
Q1 2022



**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 40% of out-of-court recoveries in March 2022)



**e-KRUK** growth (10% increase in number of users since December 2021)



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

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

## 1.1 First-quarter 2022 results

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

Net profit for the three months to March 31st 2022 was PLN 244m, almost double the figure posted for the same period last year (PLN 127m). Cash EBITDA for the three months to March 31st 2022 came in at PLN 447m, having improved 23% year on year.

As at March 31st 2022, LTM return on equity was 28%, compared with 6% the year before.

### Revenue

In the first quarter of 2022, the KRUK Group generated PLN 545m in revenue, up 42% year on year. Revenue from purchased debt portfolios amounted to PLN 493m, up 45% year on year. The increase was driven by higher than expected actual recoveries from debt portfolios and by an upward revision of the ERC forecast of PLN 135m, compared with PLN 18m a year earlier. 71% of the total amount of the upward revision on retail unsecured portfolios made in the three months to March 31st 2022 was attributable to a change in the collections forecast for the next 2 years.

### Costs of operations

In the three months to March 31st 2022, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 228m, having increased by PLN 37m (19%) year on year. The increase was driven mainly by a rise in employee costs and salaries (up PLN 12m year on year), court and bailiff fees (up PLN 8m year on year) and costs of the incentive scheme (up PLN 8m year on year).

### Purchased debt portfolios

#### Recoveries from purchased portfolios

In the three months ended March 31st 2022, recoveries from portfolios purchased by the KRUK Group totalled PLN 623m, up 22% year on year, marking the best quarter in terms of recoveries in the Group's operating history. In the three months to March 31st 2022, recoveries increased PLN 111m year on year, mainly due to a PLN 62m increase in recoveries in Poland and a PLN 30m increase in recoveries in Italy.

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

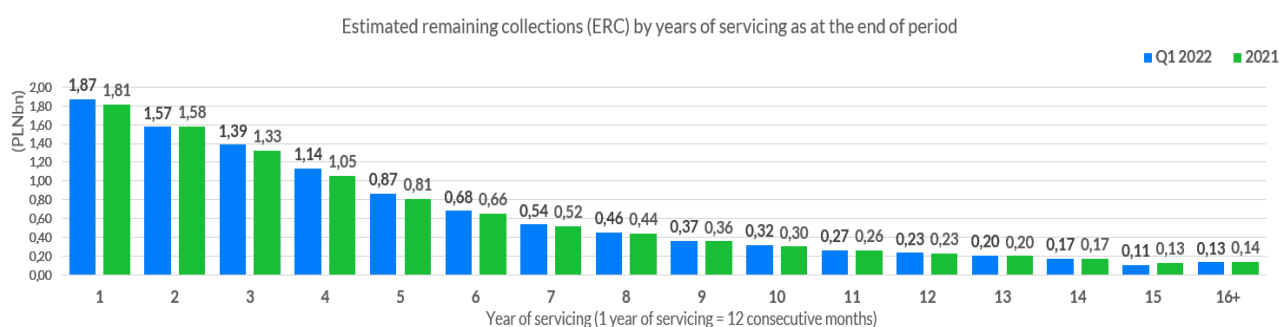
	Recoveries in Q1 2022 PLNm	Share of total recoveries	Recoveries in Q1 2021 PLNm	Share of total recoveries	Change y/y
Poland	312	50%	250	49%	25%
Romania	145	23%	140	27%	3%
Italy	96	16%	66	13%	46%
Spain	45	7%	36	7%	26%
Other markets	25	4%	20	4%	23%
KRUK Group	623	100%	512	100%	22%

### New portfolio purchases

Investments in debt portfolios purchased in the three months to March 31st 2022 totalled PLN 262m. In the same period of 2021, KRUK invested PLN 159m, which means a 64% year-on-year increase in investments. In the three months to March 31st 2022, the KRUK Group invested primarily in portfolios put out for sale by banks, telecom operators and non-bank financial institutions. The largest investments were made on the Italian and Romanian markets. The aggregate nominal value of purchased debt portfolios was PLN 2,201m, 151% more than in the same period of 2021 (the nominal value of debts purchased in the three months to March 31st 2021 was PLN 878m).

### Estimated remaining collections (ERC)

Estimated remaining collections as at March 31st 2022 were PLN 10.3bn, up over PLN 300m, or 3%, on December 31st 2021. The increase was driven, among other factors, by investments of PLN 262m in debt portfolios with a nominal value of PLN 2.2bn, made in the first quarter of 2022, and revision of the ERC forecast as at the end of March 2022, with a discounted value of PLN 135m. 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 three months to March 31st 2022 was PLN 16m, up 8% year on year.

### Consumer loans (Novum and Wonga)

In the three months to March 31st 2022, the KRUK Group companies advanced 55.6 thousand cash loans, compared with 52 thousand the year before. From January to March 2022, the principal amount

of loans advanced was PLN 153.6m (PLN 134m the year before). The number of Novum cash loans advanced in Poland and Romania was 3 thousand, with a principal amount of PLN 14.2m. As for Wonga.pl, it disbursed 52.7 thousand cash loans in Poland, with a net amount of PLN 139.4m.

Novum's revenue was just under PLN 6m, up 20% year on year, whereas Wonga's revenue was PLN 27m, up 34% on the first three months of 2021.

### Credit reference (ERIF BIG)

In the three months to March 31st 2022, revenue from ERIF BIG's credit reference services came in at over PLN 2m, up 4% year on year. As at April 1st 2022, the ERIF database contained 140m cases (including 137m positive credit information reports), showing debts with a total nominal amount of more than PLN 59.6bn. To compare, as at April 1st 2021 the database contained 108m records (including 105.2m positive credit information reports), showing debts with a total nominal amount of PLN 53.7bn. More than 3.07m reports from the ERIF BIG database were made available during the three months to March 31st 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	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Expenditure on debt portfolios	10	130	103	20	147	0	0	0	0	2	10	N/A	262	159
Recoveries	312	250	145	140	96	66	45	36	25	20	N/A	623	512	
Carrying amount of purchased debt portfolios (PLNbn)	2.6	1.9	1.0	0.9	1.1	0.7	0.4	0.4	0.1	0.1	N/A	5.3	4.0	
Revenue	258	199	166	90	82	54	24	27	14	12	N/A	545	383	
Purchased debt portfolios	217	166	162	86	80	52	20	24	14	12	N/A	493	341	
Credit management services	7	6	3	3	2	2	4	3			N/A	16	15	
Wonga	27	20									N/A	27	20	
Other activities	7	6	1	1							N/A	8	7	
EBITDA	164	122	136	63	37	12	-1	6	6	5	-23	-13	317	193
Cash EBITDA	258	205	118	116	53	26	24	18	17	13	-23	-13	447	364

### Poland

The KRUK Group's investments in portfolio purchases in Poland reached PLN 10m, representing 4% of all funds invested by the Group in the three months to March 31st 2022. The nominal value of the purchased portfolios is over PLN 73m. In Poland, KRUK invested primarily in unsecured retail portfolios.

In the three months to March 31st 2022, recoveries on the Polish market reached PLN 312m, up 25% on the same period of 2021, accounting for 50% of the Group's total recoveries.

Compared with the three months to March 31st 2021, the Group's revenue on the Polish market went up by nearly PLN 60m, to PLN 258m. Revenue increased across all operating segments in Poland. Revenue from purchased debt portfolios was 31% higher than a year earlier, with the increase attributable primarily to a positive deviation between actual and planned recoveries and to an upward



revision of the ERC forecast. The revision totalled almost PLN 37m, compared with over PLN 5m in the three months to March 31st 2021.

Revenue from credit management services on the Polish market was close to PLN 7m, up 11% on the first quarter of 2021.

EBITDA on the Polish market was booked at PLN 164m (PLN 153m excluding Wonga), up 34% year on year (up 36% excluding Wonga), mainly on account of the excess of actual recoveries from unsecured portfolios and upward revaluation of recovery projections. Cash EBITDA stood at PLN 247m, up 26% on the same period the year before, mainly on higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at March 31st 2022 was PLN 2.6bn, relative to PLN 1.9bn the year before. Polish portfolios accounted in total for 49% 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 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

In the three months to March 31st 2022, expenditure on portfolio purchases on the Romanian market reached PLN 103m, compared with PLN 20m a year earlier. KRUK invested primarily in unsecured retail debt portfolios. Purchases made in Romania accounted for 39% of the Group's total investments in the three months to March 31st 2022.

Recoveries from portfolios in Romania amounted to PLN 145m, up 3% year on year. They accounted for 23% of the Group's total recoveries.

Total revenue from the Romanian market amounted to PLN 166m, up PLN 76m (84%) on the three months to March 31st 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 3.5m, up 10% year on year. In the three months to March 31st 2022, the Group recorded a PLN 88m upward revision of the ERC forecast, compared with PLN 11m in the corresponding period of 2021.

EBITDA on the Romanian market came in at PLN 136m, up 116% on the corresponding period of the year before, driven by an excess of actual recoveries against projections and the upward revision of the ERC forecast. Cash EBITDA came in at PLN 118m, up 2% year on year.

The carrying amount of purchased debt portfolios as at March 31st 2022 was PLN 1,016m, up 18% 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 war in Ukraine were identified by the KRUK Group that could affect the value of the Group's debt portfolios.

## Italy

In the three months to March 31st 2022, the KRUK Group purchased debt portfolios in Italy with a nominal value of PLN 1,231m, investing PLN 147m or 56% of the Group's total investments.

Recoveries from the Italian portfolios amounted to PLN 96m, up 46% year on year. They accounted for 15% of the Group's total recoveries.

Revenue generated in Italy was PLN 82m, compared with PLN 54m in the same period of 2021 (a 51% increase). Revenue from the purchased debt portfolio business accounted for 98% of total revenue, having increased to PLN 80m from PLN 52m the year before.

In the three months to March 31st 2022, the Group recognised a PLN 12m revision of the ERC forecast for the Italian portfolios, compared with a less than PLN 1m revision booked a year earlier.

In the credit management business, revenue came in at PLN 1.8m, down 27% year on year.

In Italy, EBITDA was PLN 37m, up from the PLN 12m posted for the three months to March 31st 2021. Given higher revenue and recoveries, cash EBITDA came in at PLN 53m, compared with PLN 26m the year before.

As at March 31st 2022, the carrying amount of purchased debt portfolios was PLN 1,117m, up 54% on March 31st 2021. The Italian portfolios accounted for a total of 21% of the carrying amount of all debt portfolios owned by the KRUK Group.

## Spain

Recoveries from portfolios in Spain amounted to PLN 45m, up 26% year on year, accounting for 7% of the Group's total recoveries.

In the three months to March 31st 2022, revenue generated in Spain was PLN 24m, down 10% year on year. Revenue from purchased portfolios was PLN 20m, a decrease of 15% year on year. The KRUK Group recognised almost PLN 4m in a downward revision of the ERC forecast in Spain, compared with a PLN 1m revision posted in the corresponding period of the previous year. The downward ERC revisions were a combined effect of an upward revision of unsecured retail portfolios and a downward revision of corporate debt portfolios.

In Spain, revenue from the credit management business came to PLN 4m, up 28% year on year.

EBITDA in Spain was negative at PLN -1m, compared with positive EBITDA of close to PLN 6m reported for the three months to March 31st 2021. The fall was led by lower revenue in the purchased portfolios segment, reflecting a negative revision of corporate debt portfolios. Cash EBITDA was booked at PLN 24m, having increased from nearly PLN 18m posted the year before, largely on the back of a year-on-year growth in recoveries.

As at March 31st 2022, the carrying amount of debt portfolios in Spain was PLN 400m (up 12%), representing 8% 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 2m, compared with PLN 10m in the same period last year.

Recoveries in the other markets segment amounted to PLN 25m, up almost 5m year on year, accounting for 4% of the Group's total recoveries.

In the three months to March 31st 2022, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 14m, up 10% on the corresponding period of 2021.

In the first quarter of 2022, the KRUK Group recognised a PLN 1.5m upward revision of the ERC forecast in the other markets segment, compared with PLN 0.5m in the corresponding period of the previous year.

EBITDA posted by the other markets was close to PLN 6m, up from PLN 5m in the first quarter of last year, driven mainly by higher revenue. Cash EBITDA posted by the other markets was PLN 17m, up 33% year on year.

As at March 31st 2022, the carrying amount of debt portfolios in the other markets segment was PLN 147m, representing 3% of the Group's total debt portfolios.

As at the date of issue of this report, no material legislative changes attributable to the war 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 March 31st 2022, the KRUK Group's cash and cash equivalents amounted to PLN 321m, up PLN 151m on March 31st 2021. As at March 31st 2022, the Company had undrawn lines of credit of PLN 1,106m. As at March 31st 2022, the carrying amount of the Group's investments in debt portfolios accounted for 84% 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 March 31st 2022, the financial ratios defined below were as follows:**

0.9x – Net Debt / Equity Ratio

1.6x – 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, less revenue from purchased debt and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m. Cash EBITDA is computed for the KRUK Group for the last 12 months.

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

In the first quarter of 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 0.9x (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 1.6x (the maximum level being 4.0x).

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

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

In the period January 1st–March 31st 2022, the Parent executed related-party transactions. For details, see the condensed interim separate financial statements for January 1st to March 31st 2022, section 10. *Related-party transactions*

In the three months to March 31st 2022, all intragroup transactions were concluded on an arm's length basis.

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

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for January 1st to March 31st 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 March 18th 2022, the Company was notified that Unicredit SpA of Milan approved the execution of an agreement with the Company's subsidiary KRUK Investimenti s.r.l. of Milan for the purchase of a portfolio of unsecured consumer loans with a nominal value of up to EUR 350m (PLN 1.65bn at the mid exchange rate quoted by the National Bank of Poland for March 18th 2022) arising in the first quarter of 2022 to the end of 2022, as announced by the Company in Current Report No. 20/2022. The agreement was signed on April 15th 2022, as announced by the Company in Current Report No. 35/2022.

## 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.

### **Rollout of online solutions**

Across all markets, we continue to hone our self-service tools (e-KRUK, e-payment, electronic signature, online settlement agreement) that customers can use without having to interact with KRUK employees. In Poland, we are rolling out a new version of the e-kruk system, and we are gearing up to deploy it on the Romanian market. In Italy, customers now have the option to sign up to direct debit to make payments under settlement agreements using the e-kruk system.

In the three months to March 31st 2022, the share of online payments rose across all countries, with the largest increase over December 2021 reported for Italy and Spain (up 7%). As at March 31st 2022, online payments as a percentage of total amicable collections were 71% in Spain, 40% in Poland, 35% in Italy and 24% in Romania.

In Spain, Poland and Italy, we maintained a large proportion of paperless settlement agreements for another quarter running (paperless as a percentage of the total settlement agreements varied slightly from month to month and reached ca. 97%–98% in Spain, 86%–89% in Poland, and 75%–79% in Italy). The first quarter of 2022 saw a sharp increase in the share of settlement agreements signed in paperless form in Romania, to 80%, up 44% 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.

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. In the three months to March 31st 2022, the number of e-kruk users increased by 10% relative to December 2021.

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

Since its inception, KRUK has purchased almost 10.3m debt cases, translating into large volumes of data. We process roughly 2.5TB of data every day. Through deployment of automation and machine learning solutions we can accelerate processes, analyse data and improve our operational decision

making. Some 1,000 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. 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**

The development of cloud-based solutions is extremely fast, their applications quickly gaining in popularity. KRUK understands the importance of cloud-based solutions and the related implementation challenges. Accordingly, a dedicated function was established at the Group in the three months to March 31st 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 related risks.

## **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 quarter 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 Company 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 Company does not expect the trend in recoveries to deteriorate.

### *Investments in debt portfolios*

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

### *Access to debt financing*

The Company does not identify the impact of the conflict on the availability of financing.

### *Liquidity management*

The Company believes the current situation in Ukraine does not and should not have a material adverse effect on the following areas of the Company'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 Company 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. Another factor reducing the Group's exposure to fluctuations in foreign exchange rates and the WIBOR rate is the fact that the Group funds investments in EUR-denominated assets from bank loans in EUR and own funds in EUR. Also, the Group's WIBOR-sensitive debt represents only 52% of total debt (as at December 31st 2021), as part of the debt bears interest at fixed or EURIBOR rates or is hedged under IRS.

### *Loans advanced*

As the war in Ukraine is pushing up prices of energy carriers and causing a strong depreciation of the zloty, 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.

## 2 Assessment of financial resources management

### 2.1 Financial forecasts

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

### 2.2 Assessment of future financial condition

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

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

## 3 Risk factors and their management

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

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

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

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

In the period from January 1st to March 31st 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, section 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. March 15th 2022.

**Table 2. Shareholders with major holdings**

Shareholder	Number of shares/voting rights	Ownership interest (%)
NN PTE	2,802,261	14.74
Piotr Krupa	1,766,463	9.29
Aviva OFE*	1,726,000	9.08
PZU OFE*	1,650,000	8.68
Allianz OFE	1,007,672	5.30
Aegon OFE	959,254	5.05

*(\*) 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 June 16th 2021. Source: Company*

On March 29th 2022, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on March 28th 2022 Mr Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 3,000 shares in KRUK S.A. at the average price of PLN 315.67 per share (see Current Report No. 23/2022).

On April 5th 2022, 114,832 Series F shares in the Company (the Shares) were registered in the securities accounts of the eligible persons. The shares were acquired in exchange for subscription warrants in connection with the implementation of the Incentive Scheme approved by the Annual General Meeting's Resolution No. 26/2014 of May 28th 2014.

Pursuant to Art. 452.1 of the Commercial Companies Code, the Company's share capital was increased from PLN 19,012,898.00 to PLN 19,127,730.00, or by PLN 114,832.00, upon registration of the Shares in the securities accounts.

After the increase, the Company's share capital amounts to PLN 19,127,730.00 and consists of 19,127,730 shares with a par value of PLN 1.00 per share.

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

**Table 3. Shareholders with major holdings**

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.

## 4.2 Treasury shares

The Company holds no treasury shares.

## 4.3 Management or supervisory board members holding shares or rights to shares

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the date of filing its previous periodic report, i.e. March 15th 2022.

**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	1,766,463	1,766,463
Piotr Kowalewski	Member of the Management Board	12,875	12,875
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	6,869	6,869
Tomasz Bieske	Member of the Supervisory Board	1,383	1,383

Source: Company

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at April 5th 2022 and the date of issue of this periodic report.

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

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,763,463	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 April 28th 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.

On March 17th 2022, the Company received a notification from Tomasz Bieske, given under Article 19 of the MAR. According to the notification, on March 17th 2022 Mr Bieske bought, in ordinary session trades on the Warsaw Stock Exchange, 285 shares in KRUK S.A. at the average price of PLN 282.01 per share (see Current Report No. 18/2022).

On March 23rd 2022, the Company received a notification from Piotr Kowalewski, given under Article 19 of the MAR. According to the notification, on March 21st 2022 Mr Kowalewski sold, in ordinary session trades on the Warsaw Stock Exchange, 2,000 shares in KRUK S.A. at the average price of PLN 301.00 per share (see Current Report No. 21/2022).

On March 28th 2022, the Company received a notification from Piotr Kowalewski, given under Article 19 of the MAR. According to the notification, on March 28th 2022 Mr Kowalewski placed, outside a trading system, an order to convert subscription warrants into 6,596 KRUK S.A. shares at the average price of PLN 83.52 under the 2015–2019 Incentive Scheme (see Current Report No. 22/2022). The shares were delivered on April 5th 2022 (see Current Report No. 25/2022).

On March 28th 2022, the Company received a notification from Michał Zasepa, given under Article 19 of the MAR. According to the notification, on March 28th 2022 Mr Zasepa placed, outside a trading system, an order to convert subscription warrants into 43,498 KRUK S.A. shares at the average price of PLN 83.52 under the 2015–2019 Incentive Scheme (see Current Report No. 22/2022). The shares were delivered on April 5th 2022 (see Current Report No. 25/2022).

## 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, refer to 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.

Since, by decision of the shareholders of August 31st 2020, the subscription warrants remaining to be granted under Tranche 5 and not granted to the Eligible Persons in 2020 could be granted until the end of 2021, on June 2nd 2021, the Management Board passed a resolution determining the second list of members of the Management Board eligible to acquire Tranche 5 subscription warrants for 2019 under the 2015–2019 Incentive Scheme. The resolution was approved by a resolution of the Supervisory Board of June 4th 2021, and on the basis of the resolution, 32,992 additional subscription warrants were allotted to the Management Board members.

On June 22nd 2021, the Company's Management Board passed a resolution to determine the third list of persons other than Management Board members who were eligible to acquire Tranche 5 subscription warrants for 2019 under the 2015–2019 Incentive Scheme. Under the resolution, 9,097 Subscription warrants were allotted to the eligible persons.

**Table 6. Tranches under the 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>508,770</b>

Following the amendments to the Commercial Companies Code and 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. March 15th 2022, 539,682 subscription warrants were converted into Series F shares in the Company. The eligible persons held 308,268 warrants convertible into Series F shares.

As at March 15th 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 presented below.

**Table 7. Number of subscription warrants held by present and former members of the Management Board as at March 15th 2022**

Name and surname	Number of warrants granted in Tranches 1 to 5	Number of outstanding warrants held under Tranches 1 to 5
Piotr Krupa	83,942	83,942
Piotr Kowalewski*	22,138	17,138
Adam Łodygowski**	-	-
Urszula Okarma	63,893	63,893
Michał Zasępa	63,893	50,728
Agnieszka Kułton***	56,663	-
Iwona Słomska****	56,663	16,250

\* 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 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 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.

As at the date of issue of this periodic report, i.e. April 28th 2022, 654,514 subscription warrants were converted into Series F shares in the Company. The eligible persons hold 193,436 warrants convertible into Series F shares.

As at April 28th 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 presented below.

**Table 8. Number of subscription warrants held by present and former members of the Management Board as at April 28th 2022**

Name and surname	Number of warrants granted in Tranches 1 to 5	Number of outstanding warrants held under Tranches 1 to 5
Piotr Krupa	83,942	83,942
Piotr Kowalewski*	22,138	10,542
Adam Łodygowski**	-	-
Urszula Okarma	63,893	63,893
Michał Zasępa	63,893	7,230

<b>Agnieszka Kułton***</b>	56,663	-
<b>Iwona Słomska****</b>	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 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 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.*

### **Incentive scheme for 2021–2024**

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

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

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

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

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

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

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

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

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

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

#### 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/investor-relations/dividend-policy>.

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 would be distributed from the Company's net profit earned in 2021 (Current Report No. 16/2022). The dividend recommendation is consistent with the Dividend Policy adopted by the Management Board on December 2nd 2021, as announced in Current Report No. 55/2021. The recommendation was endorsed by the Company's Supervisory Board on March 15th 2022 (Current Report No. 17/2022).

After the reporting date, by way of a resolution of April 14th 2022, the General Meeting of KRUK S.A. resolved to allocate the Company's net profit for 2021 of PLN 694,757,626.06 (six hundred and ninety-four million, seven hundred and fifty-seven thousand, six hundred and twenty-six złoty, 06/100) as follows:

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 payment date is April 28th 2022.

## 4.6 Performance of Company shares on the Warsaw Stock Exchange

### 4.6.1 Share price

Over the first quarter of 2022, the KRUK share price on the stock exchange fell 4.59%, to PLN 312 per share. Our stock outperformed in relation to the WIG and mWIG40 indices, which reached rates of return of -6.34% and -9.71%, respectively.

On the last trading day in the first quarter of 2022, the Company's market capitalisation was PLN 5.9bn (compared with PLN 3.5bn at the end of the first quarter of the previous year). On March 31st 2022, KRUK ranked 24th in terms of market capitalisation on the WSE.

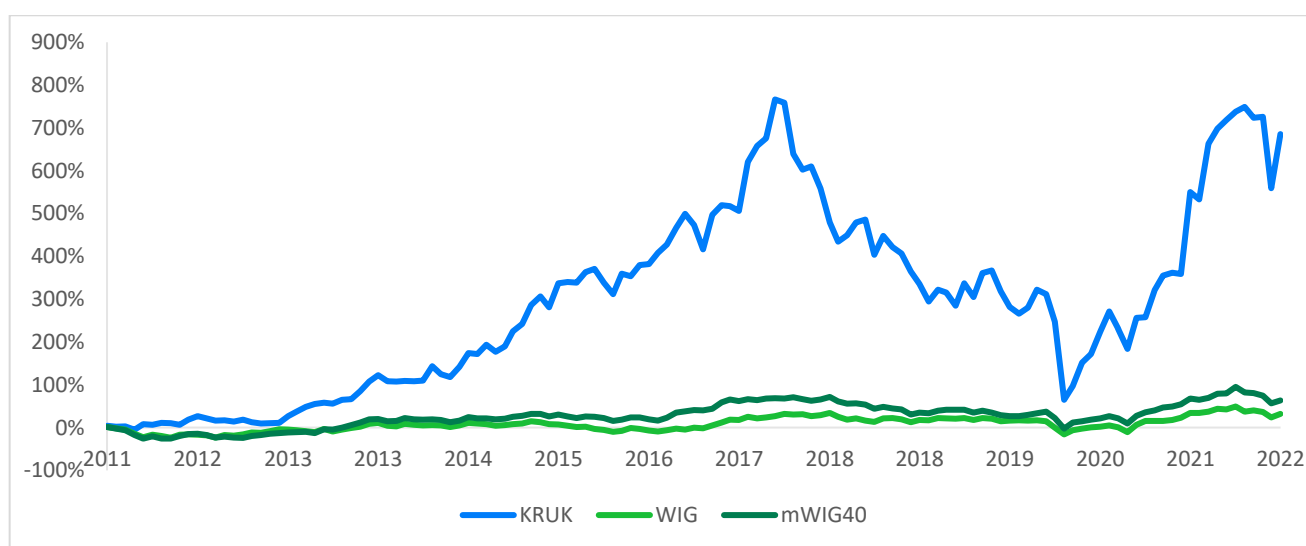
**Table 9. Rates of return on KRUK S.A. stock, WIG and mWIG40 in the first quarter of 2021 – at close**

Date	KRUK	WIG	mWIG40
Rate of return	-4.59%	-6.34%	-9.71%

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to the end of the first quarter of 2022, the rate of return on KRUK shares was 661%. Over the same period, the all-cap WIG index rose by 32%, while the mid-cap mWIG40 index gained 63%.

### Performance of KRUK stock against WIG and mWIG40 from the Company's IPO on the WSE in May 2011 to March 31st 2022



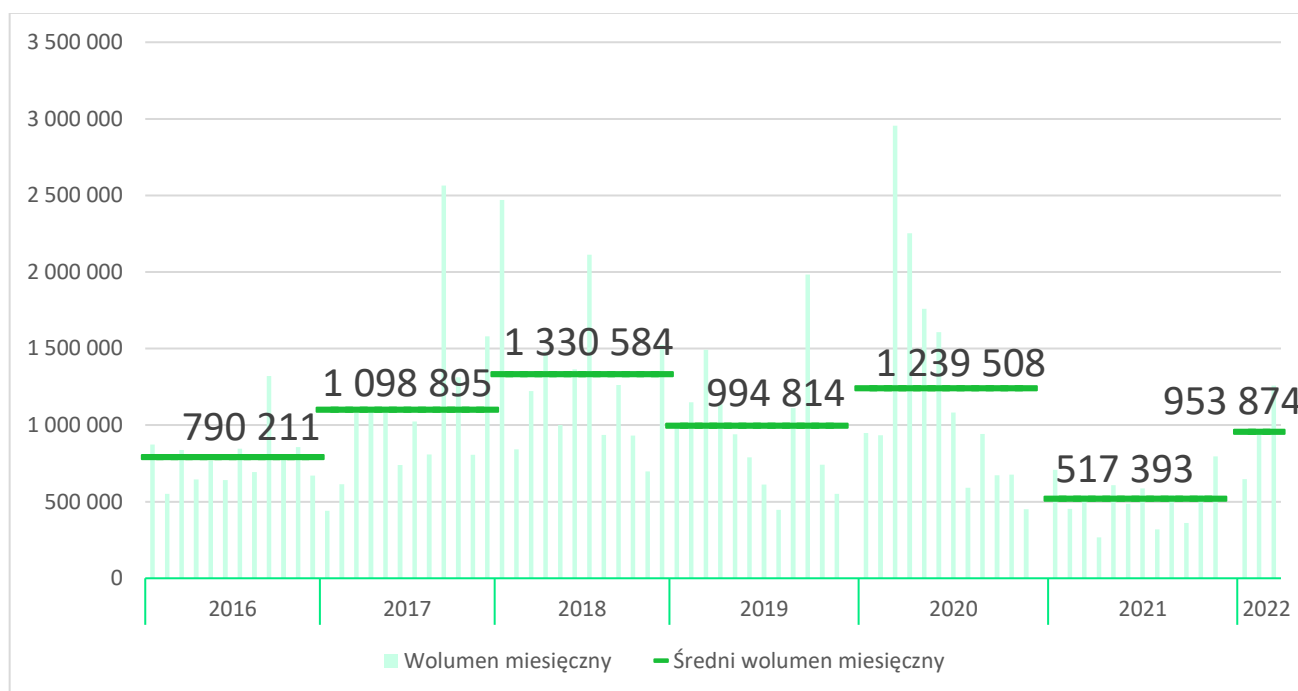
Source: in-house analysis, based on stooq.pl

### 4.6.2 Stock liquidity

The total volume of KRUK S.A. shares traded in the first quarter of 2022 was 2.9m, and the total value of trading reached PLN 852m. To compare, the total volume of KRUK S.A. shares traded in the same period of the previous year was 1.7m, and the total value of trading was PLN 296m. The average daily volume of trading in KRUK shares in the first quarter of 2022 was 45 thousand, and the average daily trading value amounted to PLN 13.5m. KRUK was the 22nd most liquid stock on the WSE (in terms of the total annual trading volume).



## Monthly volume in individual months and the year's average monthly volume of trading in KRUK shares in 2016 – March 31st 2022



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

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

KRUK S.A. is one of the WSE-listed companies in which OFE's ownership interest exceeds 50%. OFE's aggregate ownership interest in KRUK S.A. as at March 31st 2022, i.e. following cancellation of a portion of the share capital, was 58.6%.

Table 10. Ownership interests of individual OFE 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	5.08	971,056
OFE MetLife	4.86	930,000
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](http://stooq.pl) as at March 31st 2022

## 5 Company bonds

### 5.1 Issue

In the three months to March 31st 2022, the Company issued Series AM2 bonds for retail investors, with a total nominal value of PLN 50m, under the prospectus-based Eighth Bond Issue Programme. The issue price of each bond was equal to its nominal value of PLN 100.

Moreover, as part of the First Prospectus-Exempt Bond Issue 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 first quarter of 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

Source: Company

The Prospectus for the Eighth Bond Programme, whereby the Company may issue further series of bonds with a total amount of up to PLN 600m, expires in August 2022.

### 5.2 Redemption of bonds

In the first quarter of 2022, the Company redeemed debt securities with an aggregate nominal value of PLN 150m, on the maturity date set forth in the terms and conditions of the bonds.

**Table 12. Bonds redeemed by the Company in the first quarter of 2022**

Series	Due date	Number of bonds redeemed	Nominal value
AA2	March 2022	150,000	PLN 150m

Source: Company

### 5.3 Liabilities under bonds

As at March 31st 2022, the nominal value of outstanding bonds issued by the Company was PLN 1,559m.

**Table 13. Bonds to be redeemed by the end of 2022**

Series	Due date	Number of bonds redeemed	Nominal value
AC1	May 2022	57,900	PLN 57.9m
AE1	May 2022	20,000	EUR 20m
AE2	June 2022	20,000	EUR 20m
AA4	October 2022	75,000	PLN 75m

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

As at March 31st 2022:

- **Debt Ratio** stood at 0.9x
- **Net Debt to Cash EBITDA ratio** was 1.6x

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 Composition of the Management Board, changes therein and rules of appointment

The Management Board is the Company's management body. The composition of the Management Board of KRUK S.A. did not change in the reporting period, as on March 25th 2021 the Company's Supervisory Board passed resolutions, effective from March 25th 2021, reappointing all the Company's Management Board for a new joint three-year term.

As at the date of issue of this report (April 28th 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 – composition, changes 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 Stępiak         | 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 Stępiak 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 Stępiak              | Chairman of the Supervisory Board        |
| • Katarzyna Beuch            | Member of the Supervisory Board          |
| • Izabela Felczak-Poturnicka | Member of the Supervisory Board          |
| • Krzysztof Kawalec          | Deputy Chairman of the Supervisory Board |
| • Ewa Radkowska-Świętoń      | Member of the Supervisory Board          |
| • Beata Stelmach             | Member of the Supervisory Board          |
| • Piotr Szczepiórkowski      | Member of the Supervisory Board.         |

### 6.3 General Meeting

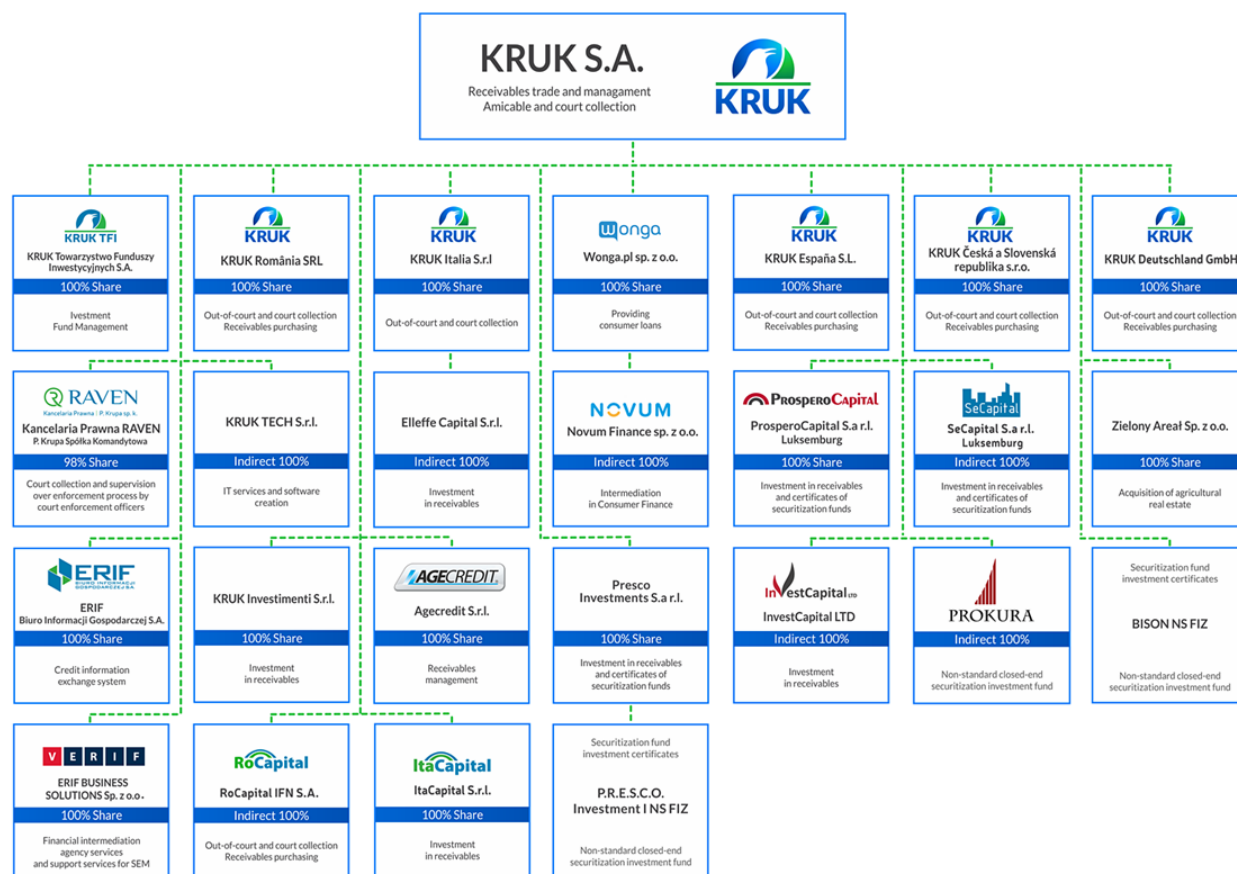
The agenda for the Annual General Meeting held on April 14th 2022, apart from the matters provided for in Art. 395 of the Commercial Companies Code, included resolutions to appoint members of the Supervisory Board of a new term of office, to amend Art. 11, Art.12 and Art.14 of the Company's Articles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

As at the date of issue of this report, the Company had not received decisions concerning registration by the registry court of 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.

As at March 31st 2022 and the issue date of this report, the KRUK Group structure was as follows:



## 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 first quarter of 2022, the KRUK Group's non-financial activities focused primarily on maintaining a continuing dialogue with various stakeholders, including educating the public in finance, enhancing digital tools tailored to many different user categories using various models, including behavioural economics, to adapt the business to climate change, building good relations with non-profit organisations to professionally target support to the needy, ensuring environmental protection, safety and security, and setting new high standards for remote work, which is a work arrangement covering 90% of our employees. All of the KRUK Group companies from across its operating markets, i.e. Romania, Slovakia, Czech Republic, Italy, Spain, and Poland, were involved in these activities.

### Sustainability at the KRUK Group and adapting the organisation to changes in non-financial reporting

As part of the efforts to adapt the organisation to changes in law and non-financial reporting requirements and seeking to meet the expectations of business partners as part of initiatives supporting

SDGs and other goals, in the three months to March 31st 2022 we reviewed the Group's policies and procedures in terms of respect for human rights and key policies in terms of ESG, with recommended changes, where necessary, to be implemented in the coming quarters. The KRUK Group's dual stakeholder power matrix was updated based on the review.

### **Social responsibility**

As part of its community engagement activities, in the three months to March 31st 2022 the KRUK Group launched or continued the following projects and programmes under its Charitable Giving and Sponsorship Policy that help to deal with the difficult situation in Ukraine and the largest refugee crisis since the Second World War. As an international organisation operating also in countries bordering Ukraine (Poland, Romania, and Slovakia), the KRUK Group resolved to take concrete action and donate EUR 350,000.00 (approximately PLN 1.5m) to Ukrainians in need. Funds will be transferred according to needs in proportion to the number of refugees staying in a given territory according to the UNO and distributed over one year in accordance with the charitable giving and sponsorship policy in place.

In Poland, financial support was provided to the following NGOs:

- UNGC for the United Business for Ukraine Programme – PLN 100 thousand
- Employers of Poland and Nienieodpowiedzialni Foundation – PLN 50 thousand and PLN 20 thousand for information campaigns encouraging support for people from Ukraine
- We established a partnership with the Zobacz mnie Foundation of Wrocław, which received PLN 60 thousand and partnered a project to equip an IT centre with laptops, phones and tablets featuring an Ukrainian language option. A donation drive was held among employees to collect staples and other necessary goods for Ukrainians in the care of the Foundation.

In Romania, donations will be made in the coming quarters of 2022 to support non-governmental organisations assisting refugees.

In the Czech Republic and Slovakia, KRUK will be providing monthly donations to selected non-governmental organisations supporting Ukrainian refugees from April to the end of 2022.

Donation drives for Ukrainian refugees were held in Spain and Italy as part of employee volunteering initiatives, with the collected goods transferred to non-governmental organisations.

Other social engagement activities of the KRUK Group in the three months to March 31st 2022 are listed below.

The KRUK Group carried out the following educational initiatives to support the Third, Fourth and Fifth Sustainable Development Goal:

- As part of the Global Money Week, KRUK Romania continued its tutoring programme for youth, providing 60 lessons in financial education and safe money management to over 1,500 students.
- As part of the financial education projects, the Group is expanding its kapitalni.org website, which is visited by 70,000 users a month. The high-quality content is supported by independent organisations, such as the Consumer Federation.
- For several years now, KRUK S.A. has worked closely with the Psychological Support Centre, offering counselling to indebted persons who its customers.
- All the KRUK Group companies were engaged in, mostly online, educational campaigns to raise customer and general public awareness in the area of personal finance management in the geographies where the Group operates.

- KRUK S.A. provided a summary and highlights of its highly effective omnichannel campaign encouraging people in Poland to talk about debt. The campaign was run online and across multiple TV channels. It was also aimed at supporting the Company's rebranding efforts.
- KRUK S.A. and ERIF BIG S.A. passed an ethics audit carried out by the Association of Financial Companies in Poland (ZPF) and received an Ethics Audit Certificate, which provides assurance our business practices are compliant with ZPF's Code of Best Practice. KRUK joined the UNGC and became a signatory to the Ethics Programme Standard developed by the coalition working on the programme Business and Human Rights – Ethics Standard in Poland. It is a set of universal values and necessary tools that need to be implemented in order to enhance the business ethics, transparency and sustainability performance of organisations.
- 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.

### Safe and healthy workplace

- As in the prior quarter, more than 90% of the workforce at most of the KRUK Group companies continued to work from home in the third quarter of 2021. 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.
- 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. and KRUK Česká a Slovenská republika launched an employee volunteering programme enabling employees to join the relief efforts of non-governmental organisations supporting Ukrainian refugees.
- KRUK S.A. continued its Inspirational Meetings programme, enabling renowned experts to share interesting facts and knowledge. In March, we addressed the topic of 'how to achieve work-life balance and why is it so important?' to mark International Women's Day.
- KRUK Romania implemented a well-being programme to celebrate the International Day of Happiness of employees and their children.
- KRUK Romania partnered a psychology centre to provide free psychology and psychotherapy counselling.
- As part of a campaign celebrating March 8th, KRUK España promoted women in science and its four-year strategic plan for equal pay and career opportunities.
- In pursuit of the Fifth Sustainable Development Goal, KRUK España ran a dedicated campaign to promote diversity and gender equality at the workplace.

## Environmental responsibility

- KRUK continues work to streamline and optimise its workflows to cut down paper waste generation. KRUK Romania is another country that implemented e-signature on tablets. As a result, the solution is now present on the Group's largest markets.
- In order to optimise travel times, raw materials and fuels consumption and to ensure efficient performance of tasks, field consultants in Poland, Spain and Italy may use customised routes and maps.
- In Romania, KRUK donated furniture to local non-governmental organisations to promote the concept of circular economy.
- KRUK Italia continued to work with the non-governmental organisation ZeroCO2, which fights against deforestation.
- KRUK joined the UNGC's the Climate Positive initiative designed to support businesses with expert knowledge on how to counter climate change, reduce carbon footprint and raise environmental awareness.

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

## Awards and distinctions

- Bulls and Bears mWIG40 Company of the Year, Parkiet
- KRUK in TOP 10 Listed Companies of the Year, Puls Biznesu Survey (7th place)

## 9 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, under which up to 847,950 registered subscription warrants will be issued, 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, under which up to 950,550 registered subscription warrants will be issued, 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	KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. of Warsaw
CAGR	Compound Annual Growth Rate



Cash EBITDA	represents profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt, less revenue from purchased debt 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 March 31st 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 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 <b>España</b> 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.)

Michał Zasępa

Member of the Management Board

Urszula Okarma

Member of the Management Board

Piotr Krupa

President of the Management Board

Piotr Kowalewski

Member of the Management Board

Adam Łodygowski

Member of the Management Board

Wrocław, April 28th 2022