



# **FINANCIAL HIGHLIGHTS**

## **OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

for the period January 1st – March 31st 2023

## Financial highlights

Financial highlights	PLN thousand		EUR thousand	
	Jan 1–Mar 31 2022 unaudited	Jan 1–Mar 31 2022 unaudited	Jan 1–Mar 31 2022 unaudited	Jan 1–Mar 31 2022 unaudited
<b>For the period</b>				
Revenue	614,758	544,851	130,786	117,243
Operating profit	329,368	305,706	70,071	65,783
Profit before tax	268,510	265,378	57,124	57,105
Net profit attributable to owners of the Parent	234,401	243,933	49,867	52,490
Net cash from operating activities	(29,427)	117,105	(6,260)	25,199
Purchase of debt portfolios at prices as per agreement	(524,406)	(262,014)	(111,564)	(56,381)
Cash recoveries	724,453	622,507	154,123	133,953
Net cash from investing activities	12,322	(6,214)	2,621	(1,337)
Net cash from financing activities	44,382	10,781	9,442	2,320
Net change in cash	27,277	121,672	5,803	26,182
Diluted earnings per share (PLN/EUR)	11.65	12.40	2.48	2.67
Average number of shares (thousand)	19,319	19,013	19,319	19,013
Earnings per share (PLN/EUR)	12.13	12.83	2.58	2.76
	<b>Mar 31 2022 unaudited</b>	<b>Dec 31 2022</b>	<b>Mar 31 2022 unaudited</b>	<b>Dec 31 2022</b>
<b>As at</b>				
Total assets	8,060,980	7,681,082	1,724,089	1,637,792
Non-current liabilities	3,944,537	3,729,520	843,661	795,224
Current liabilities	611,401	698,265	130,767	148,887
Equity	3,505,042	3,253,297	749,661	693,682
Share capital	19,319	19,319	4,132	4,119
Book value per ordinary share (PLN/EUR)	181.43	168.40	38.80	35.91

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

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

<b>for the reporting period</b>	<b>4.7005</b>
<b>for the comparative period</b>	<b>4.6472</b>

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

<b>at the end of the reporting period</b>	<b>4.6755</b>
<b>at the end of the comparative period</b>	<b>4.6899</b>



# **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

for the period January 1st – March 31st 2023

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## I. Consolidated statement of financial position

PLN thousand

	Note	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Assets</b>				
Cash and cash equivalents		229,437	202,160	320,837
Hedging instruments		51,944	46,091	21,819
Trade receivables	10.13	14,967	13,033	25,922
Other receivables	10.13	46,323	41,156	51,019
Inventories		15,141	16,369	21,055
Investments	9	7,481,872	7,137,530	5,592,807
Deferred tax asset	10.8	40,061	44,921	38,851
Property, plant and equipment		74,991	71,422	76,578
Goodwill		17,204	17,026	24,103
Other intangible assets		69,295	70,833	42,751
Other assets		19,745	20,541	16,653
<b>Total assets</b>		<b>8,060,980</b>	<b>7,681,082</b>	<b>6,232,395</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Trade and other payables	10.14	151,552	158,271	138,617
Hedging instruments	10.10	-	9,824	-
Employee benefit obligations	10.15	56,345	59,639	50,987
Income tax payable		9,518	16,406	13,903
Borrowings, debt securities and leases	10.9	4,076,761	3,945,794	2,920,773
Provisions	10.16	35,569	36,431	44,248
Deferred tax liability	10.8	226,193	201,420	182,924
<b>Total liabilities</b>		<b>4,555,938</b>	<b>4,427,785</b>	<b>3,351,452</b>
<b>Equity</b>				
Share capital		19,319	19,319	19,013
Share premium		358,506	358,506	333,264
Hedge reserve		47,745	32,627	25,901
Measurement reserve (defined benefit plans)		4,155	4,155	-
Translation reserve		97,884	100,448	96,841
Other capital reserves		154,514	149,896	129,821
Retained earnings		2,823,467	2,589,066	2,276,678
<b>Equity attributable to owners of the Parent</b>		<b>3,505,590</b>	<b>3,254,017</b>	<b>2,881,518</b>
<b>Non-controlling interests</b>		<b>(548)</b>	<b>(720)</b>	<b>(575)</b>
<b>Total equity</b>		<b>3,505,042</b>	<b>3,253,297</b>	<b>2,880,943</b>
<b>Total equity and liabilities</b>		<b>8,060,980</b>	<b>7,681,082</b>	<b>6,232,395</b>

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



## II. Consolidated statement of profit or loss

PLN thousand

	Note	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
<b>Continuing operations</b>			
Interest income on debt portfolios and loans measured at amortised cost	10.1	402,725	311,890
Interest income on loans measured at fair value	10.1	1,495	4,413
Revenue from sale of debts and loans		1,263	7,415
Other income/expenses from purchased debt portfolios	10.1	(3,226)	(4,918)
Revenue from other services		16,744	18,489
Other income	10.1	17,966	937
Change in investments measured at fair value		(484)	(449)
Gain/(loss) on expected credit losses	10.1	178,275	207,074
<b>Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios</b>		614,758	544,851
Employee benefits expense	10.3	(124,142)	(107,284)
Depreciation and amortisation		(14,144)	(11,574)
Services	10.2	(54,338)	(43,514)
Other expenses	10.4	(92,766)	(76,773)
		(285,390)	(239,145)
<b>Operating profit/(loss)</b>		329,368	305,706
Finance income	10.5	396	200
Finance costs	10.6	(61,254)	(40,528)
<i>including interest expense relating to lease liabilities</i>		(867)	(598)
<b>Net finance costs</b>		(60,858)	(40,328)
<b>Profit/(loss) before tax</b>		268,510	265,378
Income tax	10.8	(33,935)	(21,430)
<b>Net profit/(loss) for period</b>		234,575	243,948
<b>Net profit/(loss) attributable to:</b>			
Owners of the Parent	10.11	234,401	243,933
Non-controlling interests		174	15
<b>Net profit/(loss) for period</b>		234,575	243,948
<b>Earnings/(loss) per share</b>			
Basic (PLN)		12.13	12.83
Diluted (PLN)		11.65	12.40

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

### III. Consolidated statement of comprehensive income

PLN thousand

	<b>Note</b>	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
<b>Net profit/(loss) for period</b>		234,575	243,948
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Instruments hedging cash flows and net investment in a foreign operation		(2,566)	21,133
Cash flow hedges		15,118	8,016
<b>Other comprehensive income for period, net</b>		12,552	29,149
<b>Total comprehensive income for period</b>		247,127	273,097
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent		246,955	273,082
Non-controlling interests		172	15
<b>Total comprehensive income for period</b>		247,127	273,097

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

## IV. Consolidated statement of changes in equity

**For the reporting period ended March 31st 2023**  
[PLN thousand]

	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Note</b>										
<b>Equity as at Jan 1 2023</b>	<b>19,319</b>	<b>358,506</b>	<b>32,627</b>	<b>4,155</b>	<b>100,448</b>	<b>149,896</b>	<b>2,589,066</b>	<b>3,254,017</b>	<b>(720)</b>	<b>3,253,297</b>
<b>Comprehensive income for period</b>										
Net profit for period	-	-	-	-	-	-	234,401	234,401	174	234,575
<b>Other comprehensive income</b>										
- Exchange differences on translating foreign operations	-	-	-	-	(2,564)	-	-	(2,564)	(2)	(2,566)
- Measurement of hedging instruments	10.10	-	15,118	-	-	-	-	15,118	-	15,118
<b>Total other comprehensive income</b>		-	15,118	-	(2,564)	-	-	12,554	(2)	12,552
<b>Total comprehensive income for period</b>		-	15,118	-	(2,564)	-	234,401	246,955	172	247,127
<b>Contributions from and distributions to owners</b>										
- Payment of dividends	-	-	-	-	-	-	-	-	-	-
- Share-based payments	-	-	-	-	-	4,618	-	4,618	-	4,618
<b>Total contributions from and distributions to owners</b>		-	-	-	-	4,618	-	4,618	-	4,618
<b>Total equity as at Mar 31 2023</b>	<b>19,319</b>	<b>358,506</b>	<b>47,745</b>	<b>4,155</b>	<b>97,884</b>	<b>154,514</b>	<b>2,823,467</b>	<b>3,505,590</b>	<b>(548)</b>	<b>3,505,042</b>

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



## Quarterly report – Interim condensed consolidated financial statements

**For the reporting period ended December 31st 2022**  
 [PLN thousand]

	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Note</b>										
<b>Equity as at Jan 1 2022</b>	<b>19,013</b>	<b>333,264</b>	<b>17,885</b>	<b>-</b>	<b>75,708</b>	<b>122,202</b>	<b>2,032,745</b>	<b>2,600,817</b>	<b>(590)</b>	<b>2,600,227</b>
<b>Comprehensive income for period</b>										
Net profit for period	-	-	-	-	-	-	804,982	804,982	36	805,018
<b>Other comprehensive income</b>										
- Exchange differences on translating foreign operations	-	-	-	-	24,740	-	-	24,740	1	24,741
- Measurement of hedging instruments	10.10	-	14,742	-	-	-	-	14,742	-	14,742
- Measurement of defined benefit plans	-	-	-	4,155	-	-	-	4,155	-	4,155
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>14,742</b>	<b>4,155</b>	<b>24,740</b>	<b>-</b>	<b>-</b>	<b>43,637</b>	<b>1</b>	<b>43,638</b>
<b>Total comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>14,742</b>	<b>4,155</b>	<b>24,740</b>	<b>-</b>	<b>804,982</b>	<b>848,619</b>	<b>37</b>	<b>848,656</b>
<b>Contributions from and distributions to owners</b>										
- Payment of dividends	-	-	-	-	-	-	(248,661)	(248,661)	(167)	(248,828)
- Issue of shares	306	25,242	-	-	-	-	-	25,548	-	25,548
- Redemption of treasury shares	-	-	-	-	-	-	-	-	-	-
- Share-based payments	-	-	-	-	-	27,694	-	27,694	-	27,694
<b>Total contributions from and distributions to owners</b>	<b>306</b>	<b>25,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,694</b>	<b>(248,661)</b>	<b>(195,419)</b>	<b>(167)</b>	<b>(195,586)</b>
<b>Total equity as at Dec 31 2022</b>	<b>19,319</b>	<b>358,506</b>	<b>32,627</b>	<b>4,155</b>	<b>100,448</b>	<b>149,896</b>	<b>2,589,066</b>	<b>3,254,017</b>	<b>(720)</b>	<b>3,253,297</b>

## Quarterly report – Interim condensed consolidated financial statements

**For the reporting period ended March 31st 2022**  
*[PLN thousand]*

	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Note</b>										
<b>Equity as at Jan 1 2022</b>	<b>19,013</b>	<b>333,264</b>	<b>17,885</b>	<b>-</b>	<b>75,708</b>	<b>122,202</b>	<b>2,032,745</b>	<b>2,600,817</b>	<b>(590)</b>	<b>2,600,227</b>
<b>Comprehensive income for period</b>										<b>-</b>
Net profit for period	-	-	-	-	-	-	243,933	243,933	15	243,948
Other comprehensive income								-		-
- Exchange differences on translating foreign operations	-	-	-	-	21,133	-	-	21,133	-	21,133
- Measurement of hedging instruments	-	-	8,016	-	-	-	-	8,016	-	8,016
Total other comprehensive income	-	-	8,016	-	21,133	-	-	29,149	-	29,149
<b>Total comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>8,016</b>	<b>-</b>	<b>21,133</b>	<b>-</b>	<b>243,933</b>	<b>273,082</b>	<b>15</b>	<b>273,097</b>
<b>Contributions from and distributions to owners</b>										<b>-</b>
- Share-based payments	-	-	-	-	-	7,619	-	7,619	-	7,619
<b>Total contributions from and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,619</b>	<b>-</b>	<b>7,619</b>	<b>-</b>	<b>7,619</b>
<b>Total equity as at Mar 31 2022</b>	<b>19,013</b>	<b>333,264</b>	<b>25,901</b>	<b>-</b>	<b>96,841</b>	<b>129,821</b>	<b>2,276,678</b>	<b>2,881,518</b>	<b>(575)</b>	<b>2,880,943</b>

## V. Consolidated statement of cash flows

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
<b>Cash flows from operating activities</b>		
<b>Net profit for period</b>	234,575	243,948
<i>Adjustments</i>		
Depreciation of property, plant and equipment	8,733	8,173
Amortisation of intangible assets	5,411	3,401
Net finance costs	60,858	40,328
(Gain)/loss on sale of property, plant and equipment	(588)	(186)
(Gain) /loss on sale of subsidiaries	(15,103)	-
Equity-settled share-based payments	4,618	7,619
Interest income	(404,220)	(316,303)
Income tax	33,935	21,430
Change in loans	(12,389)	(11,912)
Change in investments in debt portfolios and property	(322,161)	(143,635)
Change in inventories	1,228	(760)
Change in trade and other receivables	(7,101)	(18,989)
Change in other assets	796	(102)
Change in trade and other payables	(6,719)	(24,369)
Change in employee benefit obligations	(3,294)	2,326
Change in provisions	(862)	1,188
Minority interest share of profit	(174)	(15)
Interest received	404,220	316,303
Income tax paid	(11,190)	(11,340)
<b>Net cash from operating activities</b>	(29,427)	117,105
<b>Cash flows from investing activities</b>		
Interest received	396	200
Loans	-	-
Sale of intangible assets and property, plant and equipment	172	221
Proceeds from sale of subsidiaries	16,777	-
Acquisition of subsidiaries		
Purchase of intangible assets and property, plant and equipment	(5,023)	(6,635)
<b>Net cash from investing activities</b>	12,322	(6,214)
<b>Cash flows from financing activities</b>		
Proceeds from issue of debt securities	170,000	400,000
Increase in borrowings	534,518	350,081
Repayment of borrowings	(577,648)	(547,809)
Payments under lease contracts	(7,475)	(6,330)
Redemption of debt securities		(150,000)
Interest paid	(75,013)	(35,161)
<b>Net cash from financing activities</b>	44,382	10,781
<b>Total net cash flows</b>	27,277	121,672
Cash and cash equivalents at beginning of period	202,160	199,164
Cash and cash equivalents at end of period	229,437	320,837
<i>of which: effect of exchange rate fluctuations on cash held</i>	1,086	(775)

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

## VI. Notes to the interim condensed consolidated financial statements

### 1. Organisation of the KRUK Group

#### Parent

Name:

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

Registered office:

ul. Wołowska 8

51-116 Wrocław, Poland

Poland

Registration in the National Court Register:

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

Date of registration: September 7th 2005

Registration number: KRS NO. 0000240829

#### *Principal business activities of the Parent and its subsidiaries*

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

These interim condensed consolidated financial statements for the reporting period January 1st – March 31st 2023 include the financial statements of the Parent and its subsidiaries (jointly the “Group”).

KRUK S.A. is the Parent of the Group.

As at March 31st 2023, the Parent’s Management Board was composed of the following persons:

<b>Piotr Krupa</b>	President of the Management Board
<b>Piotr Kowalewski</b>	Member of the Management Board
<b>Adam Łodygowski</b>	Member of the Management Board
<b>Urszula Okarma</b>	Member of the Management Board
<b>Michał Zasępa</b>	Member of the Management Board

In the three months ended March 31st 2023 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

As at March 31st 2023, the composition of the Parent's Supervisory Board was as follows:

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

In the three months ended March 31st 2023 and by the issue date of this interim report, the composition of the Supervisory Board of of Kruk S.A. did not change.

### Kruk Group

As at the issue date of this report, the Group comprised Kruk S.A. of Wrocław, 22 subsidiaries, and 2 entities controlled through personal links:

Subsidiary	Registered office	Principal business activity
<b>DEBT MANAGEMENT</b>		
AgeCredit S.r.l.	Cesena	Credit management in Italy
Kruk Česká a Slovenská republika s.r.o.	Hradec Kralove	Credit management services and collection of debt purchased by the Kruk Group, investing in debt portfolios
Kruk Deutschland GmbH	Berlin	Collection of debt purchased by the Kruk Group, investing in debt portfolios
Kruk España S.L.U.	Madrid	Credit management services and collection of debt purchased by the Kruk Group in Spain and other European countries, investing in debt portfolios
Kruk Italia S.r.l.	Milan	Credit management services and collection of debt purchased by the Kruk Group in Italy and other European countries
Kruk Romania S.r.l.	Bucharest	Credit management services and collection of debt purchased by the Kruk Group, investing in debt portfolios
<b>INVESTMENTS IN DEBT PORTFOLIOS</b>		
Kruk Towarzystwo Funduszy Inwestycyjnych S.A.	Wrocław	Management of Prokura NS FIZ, P.R.E.S.C.O. Investment I NS FIZ, and Bison NS FIZ funds
Bison NS FIZ (closed-end investment fund)	Wrocław	Non-Standard Securitisation Closed-End Investment Fund;
P.R.E.S.C.O. Investment I NS FIZ securitisation fund	Wrocław	Non-Standard Securitisation Closed-End Investment Fund;
Prokura NS FIZ securitisation fund	Wrocław	Non-Standard Securitisation Closed-End Investment Fund;
InvestCapital Ltd.	Malta	Investing in debt or debt-backed assets
Elleffe Capital S.r.l.	La Spezia	Investing in debt portfolios
ItaCapital S.r.l.	Milan	Investing in debt portfolios
Kruk INVESTIMENTI S.R.L.	Milan	Investing in debt portfolios

Subsidiary	Registered office	Principal business activity
Secapital S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
Presco Investments S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
<b>CONSUMER LENDING</b>		
NOVUM FINANCE sp. z o.o.	Wrocław	Granting consumer loans
Wonga.pl sp. z o.o.	Warsaw	Granting consumer loans
RoCapital IFN S.A.	Bucharest	Granting consumer loans
<b>DEBT MANAGEMENT SUPPORT ACTIVITIES</b>		
Kancelaria Prawna Raven P. Krupa sp.k.	Wrocław	Comprehensive support for litigation and enforcement proceedings as part of debt collection processes carried out by the KRUK Group and its partners
Zielony Areal sp. z o.o.	Wrocław	Buying and selling own real estate; services supporting crop production
KRUK TECH s.r.l.	Bucharest	Software development and provision of IT services

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

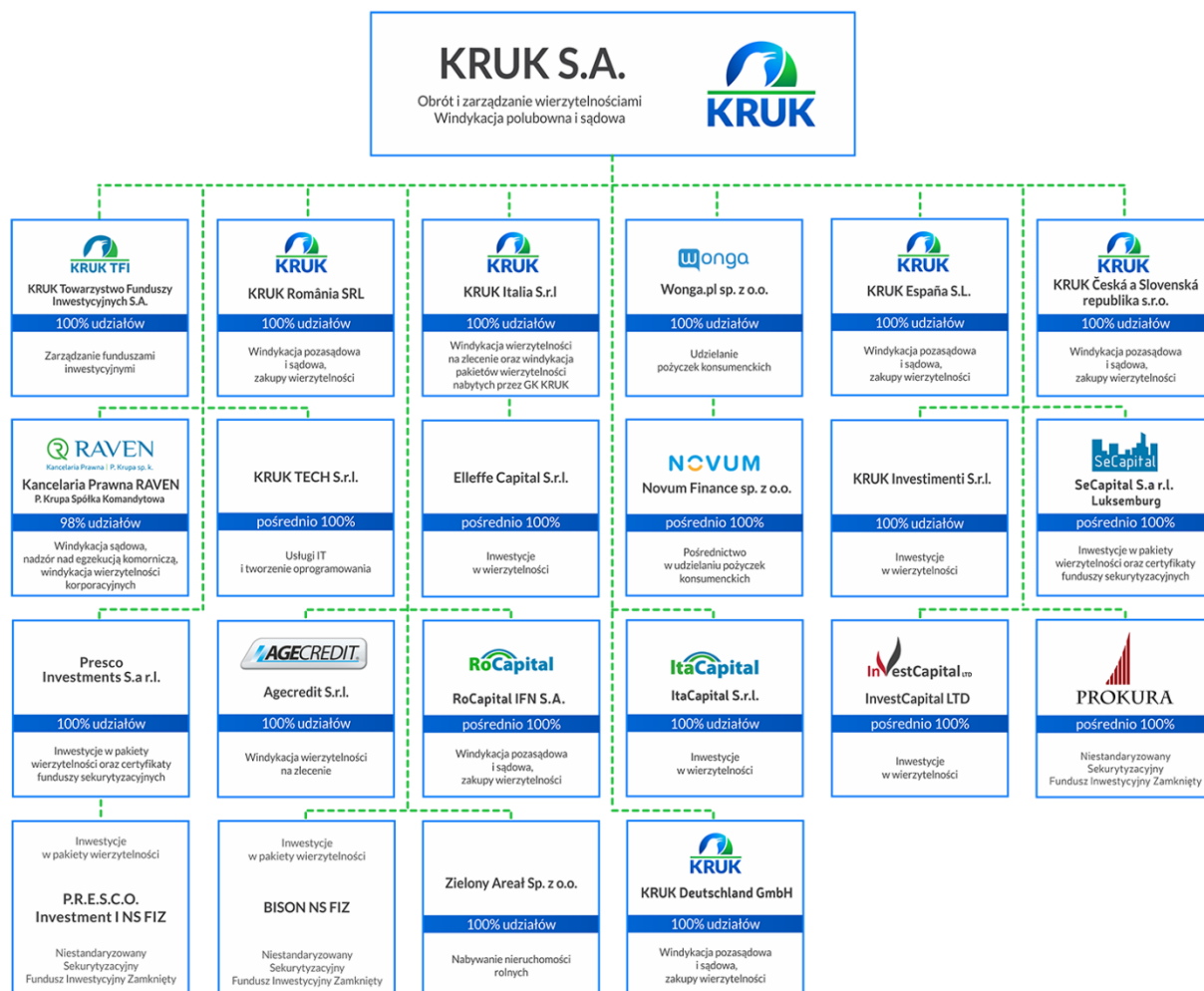
All the subsidiaries listed above are included in these condensed consolidated financial statements as at March 31st 2023 and for the period January 1st–March 31st 2023.

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

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



As at the issue date of this report, the KRUK Group structure was as follows:



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

The ownership interests held by the Parent in the subsidiaries as at the date of this report were as follows:

	Country	Ownership interest and share in total voting rights	
		Mar 31 2023	Dec 31 2022
SeCapital S.a.r.l. <sup>1</sup>	Luxembourg	100%	100%
ERIF Business Solutions Sp. z o.o. <sup>4</sup>	Poland	-	100%
ERIF Biuro Informacji Gospodarczej S.A. <sup>4</sup>	Poland	-	100%
Novum Finance Sp. z o.o. <sup>1</sup>	Poland	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%
Kancelaria Prawna Raven P. Krupa Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NS FIZ <sup>1</sup>	Poland	100%	100%
InvestCapital Ltd <sup>1</sup>	Malta	100%	100%
RoCapital IFN S.A. <sup>1</sup>	Romania	100%	100%
Kruk Deutschland GmbH	Germany	100%	100%
KRUK Italia S.r.l.	Italy	100%	100%
ItaCapital S.r.l.	Italy	100%	100%
KRUK España S.r.l.	Spain	100%	100%
ProsperoCapital S.a.r.l. (in liquidation) <sup>2</sup>	Luxembourg	-	100%
Presco Investments S.a.r.l.	Luxembourg	100%	100%
Presco Investments I NS FIZ <sup>1</sup>	Poland	100%	100%
BISON NS FIZ <sup>1</sup>	Poland	100%	100%
Elleffe Capital S.r.l. <sup>1</sup>	Italy	100%	100%
Corbul S.r.l. <sup>3</sup>	Romania	n/a	n/a
Gantoi, Furculita Si Asociatii S.p.a.r.l. <sup>3</sup>	Romania	n/a	n/a
AgeCredit S.r.l.	Italy	100%	100%
Wonga.pl Sp. z o.o.	Poland	100%	100%
KRUK Investimenti S.r.l.	Italy	100%	100%
Zielony Areał Sp. z o.o.	Poland	100%	100%
Kruk TECH S.r.l. <sup>1</sup>	Romania	100%	100%

<sup>1</sup> Subsidiaries in which the Parent indirectly holds 100% of the share capital.

<sup>2</sup> Entity dissolved through liquidation in the three months ended March 31st 2023.

<sup>3</sup> The Parent controls the company through a personal link.

<sup>4</sup> Entity sold outside the Group in the three months ended March 31st 2023.

## 2. Reporting period

The reporting period is the period from January 1st 2023 to March 31st 2023 and the comparative period is the period from January 1st 2022 to March 31st 2022. The consolidated statement of financial position was prepared as at March 31st 2023 and the comparative data was presented as at March 31st 2022 and December 31st 2022. The consolidated statement of changes in equity was prepared for the period from January 1st 2023 to March 31st 2023 and the comparative periods are from January 1st 2022 to March 31st 2022 and from January 1st 2022 to December 31st 2022.

The presented data has not been audited.

These financial statements do not contain all the information required to prepare full-year financial statements and should therefore be read in conjunction with the Group's consolidated financial statements prepared as at and for the year ended December 31st 2022 (available on the web page: [Interim reports / KRUK S.A.](#)).

### 3. Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared in the condensed form in accordance with IAS 34 applicable to interim financial statements.

In the opinion of the Management Board, there are no circumstances which could pose a significant threat to the Group companies continuing as going concerns. Therefore, these interim condensed consolidated financial statements have been prepared under the assumption that the companies will continue as going concerns for the foreseeable future, that is for 12 months from the reporting date.

These interim condensed financial statements were authorised for issue by the Parent's Management Board (the "Management Board") on April 26th 2023.

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

The Polish złoty is the functional currency of the Parent.

### 4. Significant accounting policies

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

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

The KRUK Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union (the "EU-IFRS").

The accounting policies applied to prepare these interim condensed financial statements are consistent with those applied in the most recent full-year consolidated financial statements as at and for the year ended December 31st 2022.

The Group applied the following amendments to standards and interpretations approved for use in the European Union as of January 1st 2023:

- IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 12 Deferred tax on assets and liabilities arising from a single transaction
- IFRS 17 Insurance Contracts, amendments to IFRS 17
- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of Accounting Policies
- Amendment to IAS 8 Definition of Accounting Estimates

These financial statements comply with the requirements of all International Accounting Standards, International Financial Reporting Standards and related interpretations endorsed by the European Union, which have been issued and are effective for annual periods beginning on or after January 1st 2023.

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

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities	The amendments concern the presentation of liabilities in the statement of financial position. In particular, they clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period. The amendments will apply prospectively.	The Group does not expect the amendments to have a significant impact on its consolidated financial statements.	January 1st 2024
Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i>	The amendments concern the measurement of lease liabilities in sale and leaseback transactions.	The Group does not expect the amendments to have a significant impact on its consolidated financial statements.	January 1st 2024

## 5. Accounting estimates and judgements

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

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

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

Item	Amount estimated		Note	Assumptions and estimate calculation
	Mar 31 2023 (PLN thousand)	Dec 31 2022 (PLN thousand)		
Investments in debt portfolios	7,100,040	6,768,087	9	<p>The value of purchased debt portfolios as at the valuation date is determined using an estimation model relying on expected discounted cash flows. The expected cash flows were estimated with the use of analytical methods (portfolio analysis) or based on a legal and economic analysis of individual claims or indebted persons/entities (case-by-case analysis). The method of estimating cash flows from a debt portfolio is selected based on the available data on the portfolio, debt profiles as well as historical data collected in the course of managing the portfolio.</p> <p>The Kruk Group prepares projections for recoveries from debt portfolios separately for each market. The projections account for historical performance of the process of debt portfolio recovery, legal regulations currently in force and planned, type and nature of debt and security, current collection strategy and macroeconomic considerations, among other factors.</p> <p>The original forecast of estimated cash receipts, taking into account the initial value, is used to determine an effective interest rate equal to the internal rate of return including a credit risk component, which is used for discounting estimated cash flows, and which remains unchanged throughout the life of a portfolio.</p>



Item	Amount estimated		Note	Assumptions and estimate calculation
	Mar 31 2023 (PLN thousand)	Dec 31 2022 (PLN thousand)		
Goodwill	17,204	17,026		<p>Goodwill impairment is estimated based on the expected discounted cash flows to be derived from a cash-generating unit. The discount rate used to discount expected cash flows reflects the current market assessment of the asset risk for the debt collection industry.</p> <p>No goodwill impairment was identified in the reporting period.</p>
Loans measured at amortised cost,	371,793	357,003	9	<p>Gross loans are calculated based on expected cash flows discounted with the effective interest rate. The expected cash flows are determined for homogeneous groups of loans, based on historical prepayment data. The probability of prepayment varies, among other things, depending on the time elapsed since the grant of loan. Life tables are subject to periodic review, which may result in their change. The amount of gross loans is reduced by the amount of expected credit losses. It is determined based on, among other things, probability of default (PD), loss given default (LGD), and exposure at default (EAD).</p>
Loans at fair value through profit or loss	10,039	12,440	9	<p>Loans that do not meet the SPPI test are measured at fair value. The fair value of loans was determined based on Level 3, that is based on the projection of expected cash flows.</p> <p>The main parameter that affects the fair value of loans is the interest rate used to discount expected cash flows to the present value and the amount of expected credit losses on the portfolio.</p>

Item	Amount subject to judgement		Note	Assumptions underlying judgements
	Mar 31 2023 (PLN thousand)	Dec 31 2022 (PLN thousand)		
Deferred tax assets and liabilities	40,061 (assets)	44,921 (assets)	10.8	<p>The Group exercises control over the timing of temporary differences regarding subsidiaries, and thus recognizes deferred tax liabilities. These liabilities are based on estimates of future income tax payments, which are derived from three-year plans.</p> <p>The Kruk Group assesses the recoverability of deferred tax assets based on its approved financial forecast for the following years.</p> <p>The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future. The level of the cash flows depends on such factors as:</p> <ul style="list-style-type: none"> <li>• KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A.,</li> <li>• raised and projected new debt financing available to the investment companies,</li> <li>• the planned expenditure on debt portfolios – its amount determines the projected liquidity position of the investment companies,</li> <li>• planned recoveries from purchased debt portfolios at the investment companies.</li> </ul> <p>Therefore, the amount of deferred tax liability for <i>expected future cash flows from subsidiaries</i> may be subject to material changes in individual reporting periods.</p>
	226,193 (liabilities)	201,420 (liabilities)		
Functional currency at InvestCapital	95,302	102,571		<p>InvestCapital carries out material transactions in three different currencies: EUR, PLN, and RON. Under IAS 21, the Kruk Group assesses the correctness of applying the functional currency for executed transactions on a quarterly basis, taking into account both historical and planned transactions. Given the volume of planned and held investments in debt portfolios, InvestCapital's functional currency is the euro.</p>

## 6. Financial risk management

The principles of financial risk management are presented in the most recent consolidated full-year financial statements prepared as at and for the financial year ended December 31st 2022. In the period from January 1st to March 31st 2023, there were no significant changes in the approach to financial risk management.

## 7. Reporting and geographical segments

### Reportable segments

Below, the Group presents its principal reportable segments. The division into segments presented below is based on the criterion of materiality of revenue in the consolidated statement of profit or loss. The President of the Management Board of the Parent reviews internal management reports relating to each business segment at least quarterly. The Group's reportable segments conduct the following activities:

- debt purchase: collection of purchased debt,
- credit management services: fee-based collection of debt on client's behalf;
- other: financial intermediation, lending, provision of business information.

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

The Group's operating activities concentrate in a few geographical areas: Poland, Romania, the Czech Republic, Slovakia, Germany, Spain and Italy.

The Group's operations are divided into four main geographical segments:

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

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

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

There was no revenue from inter-segment transactions.

For the reporting period ended March 31st 2023

	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
<b>Revenue</b>	<b>231,607</b>	<b>35,975</b>	<b>141,296</b>	<b>110,720</b>	<b>64,057</b>	<b>13,137</b>	<b>17,966</b>	-	<b>614,758</b>
Purchased debt portfolios	217,011	-	139,764	108,031	59,711	13,137	-	-	<b>537,654</b>
<i>including revaluation of projected recoveries</i>	<i>31,245</i>	<i>-</i>	<i>38,823</i>	<i>15,938</i>	<i>(694)</i>	<i>1,556</i>	<i>-</i>	<i>-</i>	<b>86,868</b>
Credit management services	8,523	-	118	2,689	4,346	-	-	-	<b>15,676</b>
Other products	6,073	35,975	1,414	-	-	-	-	-	<b>43,462</b>
Other income	-	-	-	-	-	-	17,966	-	<b>17,966</b>
<b>Direct and indirect costs</b>	<b>(67,974)</b>	<b>(12,321)</b>	<b>(29,183)</b>	<b>(45,228)</b>	<b>(36,212)</b>	<b>(5,449)</b>	<b>(2,884)</b>	-	<b>(199,251)</b>
Purchased debt portfolios	(59,284)	-	(28,114)	(43,304)	(32,300)	(5,449)	-	-	<b>(168,451)</b>
Credit management services	(5,449)	-	(4)	(1,924)	(3,912)	-	-	-	<b>(11,289)</b>
Other products	(3,241)	(12,321)	(1,065)	-	-	-	-	-	<b>(16,627)</b>
Unallocated expenses	-	-	-	-	-	-	(2,884)	-	<b>(2,884)</b>
									-
<b>Gross profit<sup>1</sup></b>	<b>163,633</b>	<b>23,654</b>	<b>112,113</b>	<b>65,492</b>	<b>27,845</b>	<b>7,688</b>	<b>15,082</b>	-	<b>415,507</b>
Purchased debt portfolios	157,727	-	111,650	64,727	27,411	7,688	-	-	<b>369,203</b>
Credit management services	3,074	-	114	765	434	-	-	-	<b>4,387</b>
Other products	2,832	23,654	349	-	-	-	-	-	<b>26,835</b>
Unallocated income / expenses	-	-	-	-	-	-	15,082	-	<b>15,082</b>
									-
Administrative expenses	(17,706)	(2,758)	(7,294)	(8,873)	(5,225)	(3,131)	-	(27,008)	<b>(71,995)</b>
<b>EBITDA<sup>2</sup></b>	<b>145,927</b>	<b>20,896</b>	<b>104,819</b>	<b>56,619</b>	<b>22,620</b>	<b>4,557</b>	<b>15,082</b>	<b>(27,008)</b>	<b>343,512</b>
Depreciation and amortisation									<b>(14,144)</b>
Finance income/(costs)									<b>(60,858)</b>
Profit before tax									<b>268,510</b>
Income tax									<b>(33,935)</b>
<b>Net profit</b>									<b>234,575</b>
Carrying amount of debt portfolios	<b>2,753,850</b>	-	<b>1,243,798</b>	<b>1,774,094</b>	<b>1,122,885</b>	<b>205,413</b>	-	-	<b>7,100,040</b>
Carrying amount of loans	<b>54,814</b>	<b>309,940</b>	<b>17,078</b>	-	-	-	-	-	<b>381,832</b>
Cash recoveries	<b>322,482</b>	-	<b>166,535</b>	<b>141,609</b>	<b>69,481</b>	<b>24,346</b>	-	-	<b>724,453</b>

For the reporting period ended March 31st 2022

	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
<b>Revenue</b>	<b>231,580</b>	<b>26,521</b>	<b>166,082</b>	<b>82,065</b>	<b>24,139</b>	<b>13,527</b>	<b>937</b>	-	<b>544,851</b>
Purchased debt portfolios	217,435	-	161,840	80,315	20,156	13,527	-	-	<b>493,273</b>
<i>including revaluation of projected recoveries</i>	<i>36,603</i>	-	<i>88,246</i>	<i>12,397</i>	<i>(3,641)</i>	<i>1,463</i>	-	-	<b>135,067</b>
Credit management services	6,811	-	3,445	1,750	3,984	-	-	-	<b>15,989</b>
Other products	7,334	26,521	798	-	-	-	-	-	<b>34,652</b>
Other income	-	-	-	-	-	-	937	-	<b>937</b>
<b>Direct and indirect costs</b>	<b>(66,113)</b>	<b>(13,355)</b>	<b>(24,068)</b>	<b>(38,423)</b>	<b>(20,742)</b>	<b>(5,220)</b>	<b>(1,787)</b>	-	<b>(169,708)</b>
Purchased debt portfolios	(58,471)	-	(21,530)	(36,566)	(17,326)	(5,220)	-	-	<b>(139,113)</b>
Credit management services	(4,677)	-	(1,961)	(1,857)	(3,416)	-	-	-	<b>(11,911)</b>
Other products	(2,965)	(13,355)	(577)	-	-	-	-	-	<b>(16,897)</b>
Unallocated expenses	-	-	-	-	-	-	(1,787)	-	<b>(1,787)</b>
<b>Gross profit<sup>1</sup></b>	<b>165,467</b>	<b>13,166</b>	<b>142,014</b>	<b>43,642</b>	<b>3,397</b>	<b>8,307</b>	<b>(850)</b>	-	<b>375,143</b>
Purchased debt portfolios	158,965	-	140,310	43,749	2,829	8,307	-	-	<b>354,160</b>
Credit management services	2,134	-	1,484	(107)	568	-	-	-	<b>4,078</b>
Other products	4,368	13,166	221	-	-	-	-	-	<b>17,755</b>
Unallocated income / expenses	-	-	-	-	-	-	(850)	-	<b>(850)</b>
Administrative expenses	(12,658)	(2,457)	(6,419)	(6,392)	(4,329)	(2,607)	-	(23,002)	<b>(57,865)</b>
<b>EBITDA<sup>2</sup></b>	<b>152,809</b>	<b>10,709</b>	<b>135,595</b>	<b>37,250</b>	<b>(932)</b>	<b>5,701</b>	<b>(850)</b>	<b>(23,002)</b>	<b>317,280</b>
Depreciation and amortisation									<b>(11,574)</b>
Finance income/(costs)									<b>(40,328)</b>
Profit before tax									<b>265,378</b>
Income tax									<b>(21,430)</b>
<b>Net profit</b>									<b>243,948</b>
<b>Carrying amount of debt portfolios</b>	<b>2,584,136</b>	-	<b>1,016,422</b>	<b>1,116,990</b>	<b>400,024</b>	<b>146,987</b>	-	-	<b>5,264,559</b>
<b>Carrying amount of loans</b>	<b>40,659</b>	<b>275,946</b>	<b>11,644</b>	-	-	-	-	-	<b>328,248</b>
<b>Cash recoveries</b>	<b>311,898</b>	-	<b>144,648</b>	<b>95,897</b>	<b>44,981</b>	<b>25,083</b>	-	-	<b>622,507</b>

<sup>1</sup> Gross profit = operating income - operating expenses.<sup>2</sup> EBITDA = operating profit - depreciation and amortisation.

## 8. Seasonality or cyclical of business

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

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

### Investments

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
Investments in debt portfolios	7,100,040	6,768,087	5,264,559
Loans measured at amortised cost	371,793	357,003	301,828
Loans measured at fair value	10,039	12,440	26,420
	7,481,872	7,137,530	5,592,807

#### Investments measured at amortised cost

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
Investments in debt portfolios	7,100,040	6,768,087	5,264,559
Loans measured at amortised cost	371,793	357,003	301,828
	7,471,833	7,125,090	5,566,387

### Debt portfolios

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Carrying amount of purchased debt portfolios</b>			
Unsecured portfolios	6,344,380	6,008,230	4,450,575
Secured portfolios	755,660	759,857	813,984
	7,100,040	6,768,087	5,264,559

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

- discount rate in case of change in the amount of the purchased debt portfolio;
- cash flows estimation period;
- expected future cash flows estimated using the current data and debt collection processes.
- The Group analyses the impact of macroeconomic factors on projected recoveries; historically, no correlation between recoveries from purchased debt portfolios and the macroeconomic situation has been found.



*Assumptions adopted in the valuation of debt portfolios*

	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Mar 31 2022 unaudited</b>
Discount rate *	8.00% - 147.10%	8.00% - 147.10%	8.00% - 147.10%
Cash flows estimation period	Apr 2023–Jun 2043	Jan 2022–Jun 2043	Apr 2022–Jan 2042
Undiscounted value of expected future recoveries	14,469,046	13,764,663	10,317,668

\* Applicable to 99% of debt portfolios.

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

PLN thousand

	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Mar 31 2022 unaudited</b>
<b>Period</b>			
Up to 12 months	2,274,486	2,181,714	1,872,292
From 1 to 2 years	2,119,970	1,979,975	1,574,744
From 2 to 3 years	1,810,508	1,745,420	1,386,743
From 3 to 4 years	1,498,452	1,453,870	1,137,225
From 4 to 5 years	1,215,397	1,172,660	869,663
From 5 to 6 years	996,099	948,012	682,045
From 6 to 7 years	826,914	785,290	537,247
From 7 to 8 years	672,368	632,161	455,298
From 8 to 9 years	575,149	538,006	366,466
From 9 to 10 years	487,252	453,222	316,438
From 10 to 11 years	423,711	392,846	266,352
From 11 to 12 years	371,011	345,127	233,460
From 12 to 13 years	316,272	294,225	204,674
From 13 to 14 years	261,672	243,635	174,901
From 14 to 15 years	183,086	186,276	105,958
Over 15 years	436,699	412,224	134,162
	<b>14,469,046</b>	<b>13,764,663</b>	<b>10,317,668</b>

PLN thousand

	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Mar 31 2022 unaudited</b>
discount rate:			
< 25%	10,025,149	9,392,269	5,958,829
25% - 50%	3,803,066	3,753,717	3,712,576
> 50%	640,831	618,677	646,263
	<b>14,469,046</b>	<b>13,764,663</b>	<b>10,317,668</b>

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

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

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

PLN thousand

	Unsecured portfolios	Secured portfolios	TOTAL
<b>Carrying amount of investments in debt portfolios at January 1st 2023</b>	<b>6,008,230</b>	<b>759,857</b>	<b>6,768,087</b>
Purchase of debt portfolios	486,954	37,452	524,406
Cash recoveries	(635,291)	(89,162)	(724,453)
Increase/(decrease) in liabilities to indebted persons due to overpayments	1,169	-	1,169
Valuation of loyalty scheme*	1,327	-	1,327
Revenue from purchased debt portfolios	490,935	46,719	537,654
Carrying amount of property foreclosed	-	(398)	(398)
Carrying amount of property sold	-	1,639	1,639
Translation differences on debt portfolios**	(8,944)	(447)	(9,391)
<b>Carrying amount of investments in debt portfolios at March 31st 2023</b>	<b>6,344,380</b>	<b>755,660</b>	<b>7,100,040</b>

PLN thousand

	Unsecured portfolios	Secured portfolios	TOTAL
<b>Carrying amount of investments in debt portfolios at January 1st 2022</b>	<b>4,344,965</b>	<b>755,211</b>	<b>5,100,176</b>
Purchase of debt portfolios	2,130,808	180,264	2,311,072
Cash recoveries	(2,293,628)	(333,715)	(2,627,343)
Increase/(decrease) in liabilities to indebted persons due to overpayments	7,998	-	7,998
Valuation of loyalty scheme*	6,624	-	6,624
Revenue from purchased debt portfolios	1,758,830	153,846	1,912,676
Carrying amount of property foreclosed	-	(4,866)	(4,866)
Carrying amount of property sold	-	9,166	9,166
Translation differences on debt portfolios**	52,633	(49)	52,584
<b>Carrying amount of investments in debt portfolios at December 31st 2022</b>	<b>6,008,230</b>	<b>759,857</b>	<b>6,768,087</b>

PLN thousand

	Unsecured portfolios	Secured portfolios	TOTAL
<b>Carrying amount of investments in debt portfolios at January 1st 2022</b>	<b>4,344,965</b>	<b>755,211</b>	<b>5,100,176</b>
Purchase of debt portfolios	156,984	105,030	262,014
Purchase price adjustment for discount	-	-	-
Cash recoveries	(537,583)	(84,924)	(622,507)
Receivables from debt sold	-	(4,000)	(4,000)
Increase/(decrease) in liabilities to indebted persons due to overpayments	2,537	-	2,537
Valuation of loyalty scheme*	2,417	-	2,417
Payments from original creditor	-	-	-
Revenue from purchased debt portfolios	445,134	48,139	493,273
Carrying amount of property foreclosed	-	(2,509)	(2,509)
Carrying amount of property sold	-	2,199	2,199
Translation differences on debt portfolios**	36,120	(5,161)	30,959
<b>Carrying amount of investments in debt portfolios at March 31st 2022</b>	<b>4,450,574</b>	<b>813,985</b>	<b>5,264,559</b>

\* The value of investments in debt portfolios is adjusted to account for the measurement of the loyalty scheme in connection with the recognition of costs related to the bonus plan under 'Other income/expenses from purchased debt portfolios'.

\*\* Including purchased debt portfolios in currencies other than PLN.

In the reporting period, the Group incurred expenditure to purchase debt portfolios of PLN 524,406 thousand (three months to March 31st 2022: PLN 262,014 thousand; 2022: PLN 2,311,072 thousand), while the amount of recoveries from indebted persons was PLN 724,453 thousand (three months to March 31st 2022: PLN 622,507 thousand; 2022: PLN 2,627,343 thousand).

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

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Dec 31 2022	Jan 1–Mar 31 2022 unaudited
<b>Cumulative expected credit losses on purchased debt portfolios at beginning of period</b>	<b>2,328,752</b>	<b>1,600,562</b>	<b>1,600,562</b>
Revaluation of projected recoveries, including:	86,868	383,860	135,067
<i>unsecured portfolios</i>	93,155	441,314	143,006
<i>secured portfolios</i>	(6,287)	(57,454)	(7,939)
Deviations from actual recoveries, decreases on early collections in collateralised cases, including:	110,096	344,330	75,885
<i>unsecured portfolios</i>	90,582	295,489	71,067
<i>secured portfolios</i>	19,514	48,841	4,818
<b>Cumulative expected credit losses on purchased debt portfolios at end of period</b>	<b>2,525,716</b>	<b>2,328,752</b>	<b>1,811,514</b>

## Loans

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
Loans measured at amortised cost	371,793	357,003	301,828
Loans measured at fair value	10,039	12,440	26,420
	381,832	369,443	328,248

## Loans measured at amortised cost

The structure of loans measured at amortised cost at the end of the reporting periods was as follows:

IFRS 9 classification	Carrying amount as at Mar 31 2023	Carrying amount as at Dec 31 2022	Carrying amount as at Mar 31 2022
<b>Gross carrying amount of loans measured at amortised cost</b>			
Basket 1	220,595	216,799	201,141
Basket 2	118,318	117,473	94,449
Basket 3	225,139	182,377	103,586
POCI loans	1,260	1,478	1,493
	565,312	518,127	400,668
<b>Allowance for expected credit losses</b>			
Basket 1	10,567	9,769	9,919
Basket 2	17,692	17,316	11,654
Basket 3	165,260	134,039	77,267
	193,519	161,124	98,840
<b>Net carrying amount</b>			
Basket 1	210,028	207,030	191,221
Basket 2	100,626	100,157	82,795
Basket 3	59,879	48,338	26,320
POCI loans	1,260	1,478	1,493
	371,793	357,003	301,828

Changes in the net carrying amount of loans measured at amortised cost are presented below.

PLN thousand	Jan 1–Mar 31 2023 unaudited	Jan 1–Dec 31 2022	Jan 1–Mar 31 2022 unaudited
<b>Carrying amount of loans measured at amortised cost at beginning of period</b>	<b>357,003</b>	<b>279,213</b>	<b>279,213</b>
Acquisition of loans as part of portfolio purchase	-	8,530	-
New disbursements	126,886	593,852	154,841
Repayments	(153,479)	(663,700)	(160,414)
Interest income	60,538	220,864	41,984
Allowance for expected credit losses	(19,052)	(72,944)	(7,156)
Gain/(loss) on sale of loans	-	(9,263)	(6,446)
Translation differences on loans	(103)	451	(194)
<b>Carrying amount of loans measured at amortised cost at end of period</b>	<b>371,793</b>	<b>357,003</b>	<b>301,828</b>

Changes in allowance for expected credit losses on loans measured at amortised cost:

PLN thousand	Jan 1–Mar 31 2023				Jan 1–Dec 31 2022			
	Basket 1	Basket 2	Basket 3	TOTAL	Basket 1	Basket 2	Basket 3	TOTAL
Loss allowance at beginning of period	9,769	17,316	134,039	161,124	9,657	7,538	71,977	89,172
Loss allowance as at acquisition date	-	-	-	-	1,272	338	129	1,739
Transfer from basket 1 to basket 2	(8,790)	8,790	-	-	(3,489)	3,489	-	-
Transfer from basket 1 to basket 3	(2,276)	-	2,276	-	(3,707)	-	3,707	-
Transfer from basket 2 to basket 1	437	(437)	-	-	89	(89)	-	-
Transfer from basket 2 to basket 3	-	(17,906)	17,906	-	-	(4,959)	4,959	-
Transfer from basket 3 to basket 1	1	-	(1)	-	1	-	(1)	-
Transfer from basket 3 to basket 2	-	-	-	-	-	4	(4)	-
Allowance for expected credit losses recognised in the reporting period and changes reflecting loans advanced and repaid	11,426	9,929	11,040	32,395	5,946	10,996	53,271	70,213
Loss allowance at end of period	<b>10,567</b>	<b>17,692</b>	<b>165,260</b>	<b>193,519</b>	<b>9,769</b>	<b>17,316</b>	<b>134,039</b>	<b>161,124</b>

The amount of the allowance is determined for individual expected loss recognition buckets, based on estimates that reflect the risk of incurring the expected loss, made taking into account the stage of delinquency. The amount of the impairment loss at the end of the reporting period covers 34.2% of the gross carrying amount of loans measured at amortised cost (at the end of 2022: 31.1%). The total amount of undiscounted expected credit losses on impaired financial assets due to credit risk as at March 31st 2023 was PLN 21,815 thousand (December 31st 2022: PLN 21,525 thousand).

### Loans measured at fair value

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

PLN thousand	Jan 1–Mar 31 2023 unaudited	Jan 1–Dec 31 2022	Jan 1–Mar 31 2022 unaudited
<b>Carrying amount of loans measured at fair value at beginning of period</b>	<b>12,440</b>	<b>37,123</b>	<b>37,123</b>
New disbursements	-	-	-
Repayments	(3,412)	(38,212)	(14,666)
Interest income	1,495	10,129	4,413
Remeasurement	(484)	3,400	(449)
<b>Carrying amount of loans measured at fair value at end of period</b>	<b>10,039</b>	<b>12,440</b>	<b>26,420</b>

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

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

#### Breakdown by type of activity

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revenue from purchased debt portfolios	537,654	493,273
Revenue from credit management services	15,676	15,989
Revenue from other services	43,462	34,652
Other income	17,966	937
	614,758	544,851

#### Income from financial assets measured at amortised cost

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revenue from purchased debt portfolios	537,654	493,273
Revenue from loans	41,383	28,188
	579,037	521,461

#### Interest income on debt portfolios and loans measured at amortised cost

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income on debt portfolios	342,187	269,906
Interest income on loans	60,538	41,984
	402,725	311,890

#### Revenue from sale of debts and loans

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Gain/(loss) on sale of debts	1,263	13,861
Profit/(loss) on loans	-	(6,446)
	1,263	7,415



**Gain/(loss) on expected credit losses**

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Gain/(loss) on expected credit losses from debt portfolios	197,430	214,424
Gain/(loss) on expected credit losses from loans	(19,155)	(7,350)
	<u>178,275</u>	<u>207,074</u>

**Revenue from purchased debt portfolios**

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income	342,187	269,906
Other income/expenses from purchased debt portfolios	(3,226)	(4,918)
Gain/(loss) on expected credit losses from purchased debt portfolios	197,430	214,424
Gain/(loss) on sale of debts	1,263	13,861
	<u>537,654</u>	<u>493,273</u>

**Other income/expenses from purchased debt portfolios**

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Foreign currency gains/(losses)	(730)	36
Costs of loyalty scheme valuation	(1,327)	(2,417)
Costs of provision for overpayments	(1,169)	(2,537)
	<u>(3,226)</u>	<u>(4,918)</u>

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

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revaluation of projected recoveries	86,868	135,067
Deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor	110,562	79,357
	<u>197,430</u>	<u>214,424</u>

## Revenue from loans

### Revenue from loans measured at amortised cost

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income	60,538	41,984
Allowance for expected credit losses	(19,052)	(7,156)
Gain/(loss) on sale of loans	-	(6,446)
Foreign currency gains/(losses)	(103)	(194)
	<u>41,383</u>	<u>28,188</u>

### Revenue from loans measured at fair value

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income	1,495	4,413
Remeasurement	(484)	(449)
	<u>1,011</u>	<u>3,964</u>

## Revenue from other services

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revenue from credit management services	15,676	15,989
Revenue from collection, processing and provision of credit information on natural persons and business entities, financial intermediation and agency services, and auxiliary services provided to small and medium-sized enterprises	1,068	2,500
	<u>16,744</u>	<u>18,489</u>

## Other income

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Sale of shares in subsidiaries*	15,103	-
Re-billed costs of services and court fees	1,130	8
Gain on sale of property, plant and equipment	588	186
Other cooperation	85	3
Rental	22	120
Recovery of written-off receivables and expenses	5	155
Compensation for motor damage	-	157
Other	1,033	308
	<u>17,966</u>	<u>937</u>

\*gain on sale of shares in ERIF Biuro Informacji Gospodarczej S.A. and shares in ERIF Business Solutions sp. z o.o.

## 10.2. Services

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Legal assistance services <sup>2</sup>	(11,443)	(6,643)
Credit management services <sup>1</sup>	(10,307)	(11,728)
IT services	(7,294)	(7,469)
Postal and courier services	(6,342)	(3,316)
Administrative and accounting support services	(5,758)	(2,870)
Banking services	(3,018)	(2,486)
Communications services	(2,502)	(1,832)
Space rental and service charges	(2,408)	(1,957)
Marketing and management services	(2,261)	(2,380)
Printing services	(865)	(517)
Security	(651)	(436)
Recruitment services	(588)	(468)
Other auxiliary services	(349)	(506)
Repair of vehicles	(230)	(382)
Repair and maintenance services	(181)	(357)
Other rental	(81)	(103)
Transport services	(33)	(30)
Packing services	(27)	(34)
	<b>(54,338)</b>	<b>(43,514)</b>

<sup>1</sup> Costs of debt management services provided by external service providers.

<sup>2</sup> Legal assistance mainly relates to debt portfolio management.

## 10.3. Employee benefits expense

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Salaries and wages	(94,439)	(80,483)
Old-age and disability pension contributions	(7,078)	(5,917)
Other social security contributions	(17,489)	(12,824)
Contribution to the State Fund for the Disabled	(518)	(441)
Equity-settled cost of stock option plan	(4,618)	(7,619)
	<b>(124,142)</b>	<b>(107,284)</b>

## 10.4. Other expenses

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Court fees	(79,484)	(60,463)
Taxes and charges	(4,352)	(7,864)
Raw materials and consumables used	(2,957)	(2,536)
Advertising	(946)	(3,333)
Staff training	(887)	(469)
Entertainment expenses	(815)	(169)
Business trips	(782)	(236)
Refund of litigation costs	(485)	(265)
Contractual penalties	(470)	-
Non-deductible VAT	(466)	(593)
Motor insurance	(222)	(313)
Property insurance	(215)	(219)
Non-compete agreements	(107)	(144)
Membership fees	(33)	(10)
Losses caused by motor damage	(27)	(54)
Provision for possible differences relative to straight-line basis settlement	595	454
Other	(1,113)	(559)
	<u>(92,766)</u>	<u>(76,773)</u>

## 10.5. Finance income

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income on bank deposits	396	200
	<u>396</u>	<u>200</u>

## 10.6. Finance costs

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest and commission expense on financial liabilities measured at amortised cost	(77,692)	(38,404)
including interest	(72,765)	(34,821)
Net foreign exchange gains	968	(1,833)
Interest income/expense on hedging instruments – IRS	(872)	(291)
Hedging costs	12,814	-
Interest income/expense on hedging instruments – CIRS	3,528	-
	<u>(61,254)</u>	<u>(40,528)</u>

**10.7. Effect of exchange rate movements on consolidated statement of profit or loss**

PLN thousand	Note	Jan 1–Mar 31	Jan 1–Mar 31
		2023 unaudited	2022 unaudited
Realised exchange gains/(losses)	10.6	296	(32)
Unrealised exchange gains/(losses)	10.6	672	(1,801)
Remeasurement of debt portfolios due to exchange rate movements	10.1	(730)	36
Remeasurement of loans due to exchange rate movements	10.1	(103)	(194)
		135	(1,991)

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

PLN thousand	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
<b>Current income tax</b>		
Current income tax payable	(4,302)	(6,874)
<b>Deferred income tax</b>		
Related to temporary differences and their reversal	(29,633)	(14,556)
<b>Income tax recognised in profit or loss</b>	<b>(33,935)</b>	<b>(21,430)</b>
<b>Income tax recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>
	<b>(33,935)</b>	<b>(21,430)</b>

**Reconciliation of effective tax rate**

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

PLN thousand	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Profit before tax	268,510	265,378
Tax calculated at the Parent's rate (19%)	(51,017)	(50,422)
Effect of application of other tax rates abroad and effect of deferred tax	1,571	(290)
Differences resulting from ability to control the timing of reversal of temporary differences relating to the measurement of net assets of subsidiaries and the probability of their reversal in the foreseeable future, and other non-deductible expenses/non-taxable income	15,511	29,282
Income tax recognised in profit or loss	<b>(33,935)</b>	<b>(21,430)</b>
Effective tax rate (%)	12.64%	8.08%

**Deferred tax assets and liabilities**

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

PLN thousand

	Assets		Provisions		Net carrying amount	
	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2023 unaudited	Dec 31 2022
Property, plant and equipment	7,775	8,725	(4,938)	(4,983)	2,837	3,742
Intangible assets	-	-	(5,644)	(5,148)	(5,644)	(5,148)
Tax losses deductible in future periods	11,895	11,920	-	-	11,895	11,920
Trade and other receivables	-	-	(454)	(413)	(454)	(413)
Borrowings and other debt instruments	19,109	16,633	-	-	19,109	16,633
Employee benefit obligations	2,921	2,590	-	-	2,921	2,590
Provisions and liabilities	-	-	21	(109)	21	(109)
Investments in debt portfolios	-	-	(6,921)	(7,058)	(6,921)	(7,058)
Investments in loans	27,884	32,923	-	-	27,884	32,923
Derivative hedging instruments	-	-	(3,294)	(3,294)	(3,294)	(3,294)
Expected future outflows of income from investments in subsidiaries	-	-	(234,486)	(208,285)	(234,486)	(208,285)
<b>Deferred tax assets/liabilities</b>	69,584	72,791	(255,716)	(229,290)	(186,132)	(156,499)
Deferred tax assets offset against liabilities	(29,523)	(27,870)	29,523	27,870		
<b>Deferred tax assets/liabilities in the statement of financial position</b>	40,061	44,921	(226,193)	(201,420)	(186,132)	(156,499)

**Change in temporary differences in the period**

PLN thousand

	As at Jan 1 2023	Change in temporary differences recognised in profit or loss for the period	As at Mar 31 2023	Net amount of income tax as at Jan 1 2022	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at Dec 31 2022
Property, plant and equipment	3,742	(905)	2,837	81	3,661	3,742
Intangible assets	(5,148)	(496)	(5,644)	(1,745)	(3,403)	(5,148)
Tax losses deductible in future periods	11,920	(25)	11,895	8,155	3,765	11,920
Trade and other receivables	(413)	(41)	(454)	(245)	(168)	(413)
Borrowings and other debt instruments	16,633	2,476	19,109	7,775	8,858	16,633
Employee benefit obligations	2,590	331	2,921	2,392	198	2,590
Provisions and liabilities	(109)	130	21	40	(149)	(109)
Investments in debt portfolios	(7,058)	137	(6,921)	(6,974)	(84)	(7,058)
Investments in loans	32,923	(5,039)	27,884	29,328	3,595	32,923
Expected future outflows of income from investments in subsidiaries	(208,285)	(26,201)	(234,486)	(168,325)	(39,960)	(208,285)
	(153,205)	(29,633)	(182,838)	(129,517)	(23,687)	(153,205)

PLN thousand

	As at Jan 1 2023	Change in temporary differences recognised in other comprehensive income	As at Mar 31 2023	Net amount of income tax as at Jan 1 2022	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at Dec 31 2022
Derivative hedging instruments	(3,294)	-	(3,294)	-	(3,294)	(3,294)
	(3,294)	-	(3,294)	-	(3,294)	(3,294)

The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future. The level of the cash flows depends on such factors as:

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

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

The Group takes advantage of the exemption under IAS 12 and does not recognise a deferred tax liability in respect of retained earnings in its related entities where it is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The total amount of temporary differences underlying the unrecognised deferred tax liability on retained earnings as at March 31st 2023 was PLN 4,127,135 thousand (as at December 31st 2022: PLN 3,676,475 thousand).

#### 10.9. Borrowings, finance lease liabilities and other financial liabilities

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Non-current liabilities</b>			
Secured borrowings	2,225,877	2,155,455	1,196,680
Liabilities under debt securities (unsecured)	1,453,934	1,308,234	1,230,791
Lease liabilities	37,624	40,463	22,823
	<u>3,717,435</u>	<u>3,504,152</u>	<u>2,450,294</u>
<b>Current liabilities</b>			
Secured borrowings	224,335	339,401	101,441
Liabilities under debt securities (unsecured)	101,556	73,781	329,348
Lease liabilities	33,435	28,460	39,690
	<u>359,326</u>	<u>441,642</u>	<u>470,479</u>



**Terms and repayment schedule of borrowings, debt securities and leases**

PLN thousand	Currency	Nominal interest rate	Maturity periods <sup>1</sup>	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
Borrowings secured over the Group's assets	EUR/PLN	1M WIBOR + margin of 1.0–2.7pp; 3M WIBOR + margin of 2.7pp; 1M EURIBOR + 2.2–2.95pp	2023-2028	2,450,212	2,494,856	1,298,121
Liabilities under debt securities (unsecured)	PLN EUR	3M WIBOR + margin of 3.2–4.5pp; 4.00%–4.80%	2023-2029	1,555,490	1,382,015	1,560,139
Lease liabilities	EUR/PLN CZK	3M WIBOR or 1M EURIBOR + margin of 0.8–9.7pp; 3.00–6.80%	2023-2030	71,059	68,923	62,513
				<b>4,076,761</b>	<b>3,945,794</b>	<b>2,920,773</b>

<sup>1</sup> Maturity of the last liability.<sup>2</sup> Fixed interest rate.**10.10. Hedging instruments****Interest rate risk hedges**

Open outstanding IRS contracts held by the KRUK Group companies as at March 31st 2023, with a total notional amount of PLN 255,000 thousand and EUR 210,000 thousand:

Bank	Group company	Type of transaction	Notional amount	Side of transaction – Buy / Sale of fixed rate	Fixed rate	Variable rate	Term
Santander Bank Polska S.A.	KRUK S.A.	IRS	PLN 30,000,000.00	buy	1.65%	3M WIBOR	Sep 5 2019 to Nov 27 2023
Santander Bank Polska S.A.	KRUK S.A.	IRS	PLN 25,000,000.00	buy	1.65%	3M WIBOR	Sep 5 2019 to Feb 6 2024
ING Bank Śląski S.A.*	KRUK S.A.	IRS	PLN 35,000,000.00	buy	1.6050%	3M WIBOR	Sep 4 2019 to Oct 12 2023
ING Bank Śląski S.A.*	KRUK S.A.	IRS	PLN 115,000,000.00	buy	1.5775%	3M WIBOR	Sep 4 2019 to Sep 27 2024
ING Bank Śląski S.A.*	KRUK S.A.	IRS	PLN 50,000,000.00	buy	1.5775%	3M WIBOR	Sep 4 2019 to Sep 28 2024
ING Bank Śląski S.A.	InvestCapital Ltd.	IRS	EUR 210,000,000.00	buy	2.6535%	EUR 1M	Nov 29 2022 to Jun 30 2027

\* The contracts were transferred from DNB Polska S.A. to ING Bank Śląski S.A. without changing their terms.

Open outstanding CIRS contracts held by Kruk Group companies as at March 31st 2023, with a total volume of PLN 1,135,000 thousand:

Bank	Group company	Type of transaction	Notional amount	Side of transaction – Buy / Sale of fixed rate	Fixed rate [EUR]	Variable rate [PLN]	Transaction date	Transaction maturity date
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 330,000,000	buy	2.13%	3M WIBOR	Jun 14 2022	May 24 2027
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 140,000,000	buy	1.90%	3M WIBOR	Jun 23 2022	Mar 24 2027
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	buy	1.72%	3M WIBOR	Jun 20 2022	Mar 16 2026
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	buy	1.56%	3M WIBOR	Jun 21 2022	Mar 16 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 105,000,000	buy	1.21%	3M WIBOR	Jul 15 2022	Jan 23 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 52,500,000	buy	0.96%	3M WIBOR	Jul 15 2022	Jan 22 2025
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 52,500,000	buy	0.955%	3M WIBOR	Jul 18 2022	Jan 23 2024
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	buy	1.40%	3M WIBOR	Jul 20 2022	Mar 2 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 25,000,000	buy	0.90%	3M WIBOR	Jul 20 2022	Mar 2 2024
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 60,000,000	buy	1.96%	3M WIBOR	Dec 12 2022	Jul 27 2027
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 25,000,000	buy	2.05%	3M WIBOR	Dec 21 2022	Nov 27 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	buy	2.49%	3M WIBOR	Jan 10 2023	Mar 26 2025
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 120,000,000	buy	2.02%	3M WIBOR	Jan 27 2023	Jan 26 2028

### Currency risk hedges

In 2022, 2021 and 2019, the Group took steps to hedge against currency risk arising from the translation of net assets in a foreign entity, which involved execution of hedging transactions by Group companies. The Group's objective is to mitigate the effect of exchange differences arising on consolidation of foreign subsidiaries on the consolidated financial statements. The transactions were entered into by KRUK S.A. and settled on a net basis, with no physical delivery. For details of the executed and settled transactions, see the most recent consolidated full-year financial statements as at and for the financial year ended December 31st 2022.

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

**Amounts related to items designated as hedging instruments**

PLN thousand

	Mar 31 2023 unaudited				Dec 31 2022				Item in the statement of financial position	Hedge type
	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness		
<b>Instrument type:</b>										
<b>IRS</b>	14,817	-	255,000 (PLN)	(3,989)	18,806	-	255,000 (PLN)	5,003	Hedging instruments	Hedge of future cash flows
<b>IRS</b>	9,983	-	210,000 (EUR)	(5,773)	15,756	-	210,000 (EUR)	15,756	Hedging instruments	Hedge of future cash flows
<b>CIRS</b>	27,144	-	1,135,000 (PLN)	25,439	11,529	9,824	940,000 (PLN)	1,705	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign operation
	<b>51,944</b>	<b>-</b>		<b>15,677</b>	<b>46,091</b>	<b>9,824</b>		<b>22,464</b>		

PLN thousand

## Disclosure of the hedged item as at Mar 31 2023

	Nominal amount of the hedged item	Change in the fair value of the hedged item	Reserve for measurement of continuing hedges	Reserve (unsettled) for measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	255,000 (PLN)	(3,989)	14,817	-
Hedge of future cash flows (interest rate risk)	210,000 (EUR)	(5,773)	9,983	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,135,000 (PLN)	25,439	18,863	-

PLN thousand

## Disclosure of the hedged item as at Dec 31 2022

	Nominal amount of the hedged item	Change in the fair value of the hedged item	Reserve for measurement of continuing hedges	Reserve (unsettled) for measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	255,000 (PLN)	5,003	18,806	-
Hedge of future cash flows (interest rate risk)	210,000 (EUR)	15,756	15,756	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	940,000 (PLN)	1,705	(6,017)	-

PLN thousand

	Jan 1–Mar 31 2023			
Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
Hedge reserve at beginning of period	34,562	4,082	(6,017)	32,627
Measurement of instruments charged to capital reserves	(10,634)	-	(5,555)	(16,189)
Cost of hedging			46,777	46,777
Temporary differences/reversal of temporary differences			-	-
Amount reclassified to profit or loss during the period	872	-	(16,342)	(15,470)
- Interest income / (expense)	872	-	(3,528)	(2,656)
- Cost of hedging	-	-	(12,814)	(12,814)
Hedge reserve at end of period	24,800	4,082	18,863	47,745

PLN thousand

	Jan 1–Dec 31 2022			
Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
Hedge reserve at beginning of period	13,803	4,082	-	17,885
Measurement of instruments charged to capital reserves	29,660	-	(19,995)	9,665
Cost of hedging			37,109	37,109
Temporary differences/reversal of temporary differences			(3,294)	(3,294)
Amount reclassified to profit or loss during the period	(8,901)	-	(19,837)	(28,738)
- Interest income / (expense)	(8,901)	-	(67)	(8,968)
- Cost of hedging	-	-	(19,770)	(19,770)
Hedge reserve at end of period	34,562	4,082	(6,017)	32,627

## 10.11. Earnings per share

### Basic earnings per share

*thousands of shares*

	Jan 1–Mar 31 2023 unaudited	Jan 1–Dec 31 2022	Jan 1–Mar 31 2022 unaudited
Number of ordinary shares as at Jan 1	19,319	19,013	19,013
Effect of redemption and issue	-	123	-
Weighted average number of ordinary shares at end of reporting period	19,319	19,136	19,013
<i>PLN</i>			
Earnings per share	12.13	42.07	12.83

### Diluted earnings per share

*thousands of shares*

	Jan 1–Mar 31 2023 unaudited	Jan 1–Dec 31 2022	Jan 1–Mar 31 2022 unaudited
Weighted average number of ordinary shares at end of reporting period	19,319	19,136	19,013
Effect of issue of unregistered shares not subscribed for	809	636	654
Weighted average number of ordinary shares at end of reporting period (diluted)	20,128	19,772	19,667
<i>PLN</i>			
Earnings per share (diluted)	11.65	40.71	12.40

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

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	74,991	71,422	76,578
Other intangible assets	69,295	70,833	42,751
Goodwill	17,204	17,026	24,103
Investments	5,165,870	4,951,442	3,699,511
Hedging instruments	48,518	42,762	20,365
Deferred tax asset	40,061	44,921	38,851
<b>Total non-current assets</b>	<b>5,415,939</b>	<b>5,198,406</b>	<b>3,902,159</b>
<b>Current assets</b>			
Inventories	15,141	16,369	21,055
Investments	2,316,002	2,186,088	1,893,296
Trade receivables	14,967	13,033	25,922
Other receivables	46,323	41,156	51,019
Hedging instruments	3,426	3,329	1,454
Other assets	19,745	20,541	16,653
Cash and cash equivalents	229,437	202,160	320,837
<b>Total current assets</b>	<b>2,645,041</b>	<b>2,482,676</b>	<b>2,330,236</b>
<b>Total assets</b>	<b>8,060,980</b>	<b>7,681,082</b>	<b>6,232,395</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19,319	19,319	19,013
Share premium	358,506	358,506	333,264
Hedge reserve	47,745	32,627	25,901
Measurement reserve (defined benefit plans)	4,155	4,155	-
Translation reserve	97,884	100,448	96,841
Other capital reserves	154,514	149,896	129,821
Retained earnings	2,823,467	2,589,066	2,276,678
<b>Equity attributable to owners of the Parent</b>	<b>3,505,590</b>	<b>3,254,017</b>	<b>2,881,518</b>
<b>Non-controlling interests</b>	<b>(548)</b>	<b>(720)</b>	<b>(575)</b>
<b>Total equity</b>	<b>3,505,042</b>	<b>3,253,297</b>	<b>2,880,943</b>
<b>Non-current liabilities</b>			
Borrowings, debt securities and leases	3,717,435	3,504,152	2,450,294
Deferred tax liability	226,193	201,420	182,924
Provisions	909	14,124	936
Hedging instruments	-	9,824	-
<b>Total non-current liabilities</b>	<b>3,944,537</b>	<b>3,729,520</b>	<b>2,634,154</b>
<b>Current liabilities</b>			
Borrowings, debt securities and leases	359,326	441,642	470,479
Trade and other payables	151,552	158,271	138,617
Income tax payable	9,518	16,406	13,903
Employee benefit obligations	56,345	59,639	50,987
Provisions	34,660	22,307	43,312
<b>Total current liabilities</b>	<b>611,401</b>	<b>698,265</b>	<b>717,298</b>
<b>Total liabilities</b>	<b>4,555,938</b>	<b>4,427,785</b>	<b>3,351,452</b>
<b>Total equity and liabilities</b>	<b>8,060,980</b>	<b>7,681,082</b>	<b>6,232,395</b>



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

### 10.13. Trade and other receivables

#### Trade receivables

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Short-term trade receivables	14,967	13,033
	14,967	13,033

#### Other receivables

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Taxes receivable (other than income tax)	25,435	24,606
Receivables under collected debts	11,590	7,666
Receivables under security deposits and bid bonds	8,655	8,405
Other receivables	115	115
Employee loans	231	248
Receivables for court fees and stamp duty	297	116
	46,323	41,156

### 10.14. Employee benefit obligations

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Salaries and wages payable	24,690	24,753
Social benefit obligations	18,278	20,983
Accrued holiday entitlements	9,454	8,017
Personal income tax	3,207	5,156
Special accounts	716	730
	56,345	59,639

### 10.15. Trade and other payables

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Trade payables	102,052	109,702
Other liabilities	33,233	29,231
Tax and duties payable	3,089	5,932
Accrued expenses	7,352	6,293
Deferred income	5,826	7,113
	151,552	158,271

**10.16. Provisions***PLN thousand*

	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>
Provision for retirement gratuities	13,963	14,124
Provision for the loyalty scheme	11,639	11,746
Other provisions	9,966	10,561
	<b>35,569</b>	<b>36,431</b>

	<b>Provision for retirement gratuities</b>	<b>Provision for the loyalty scheme</b>	<b>Other provisions</b>
Carrying amount as at Jan 1 2022	16,433	11,750	14,876
Increase / accrual	-	1,865	
Used / reversed	(2,309)	(1,869)	
Reversal of provision for possible differences relative to straight-line basis settlement			(4,315)
Carrying amount as at Dec 31 2022	<b>14,124</b>	<b>11,746</b>	<b>10,561</b>
Carrying amount as at Jan 1 2023	14,124	11,746	10,561
Increase / accrual	-	57	
Provision for possible differences relative to straight-line basis settlement			-
Used / reversed	(161)	(164)	
Reversal of provision for possible differences relative to straight-line basis settlement			(595)
Carrying amount as at Mar 31 2023	<b>13,963</b>	<b>11,639</b>	<b>9,966</b>

On September 11th 2019, after hearing the request of the District Court of Lublin for a preliminary ruling on the interpretation of Article 16(1) of Directive 2008/48/EC of the European Parliament and of the Council on credit agreements for consumers, the Court of Justice of the European Union rules that the article should be interpreted in such a way that the consumer's right to reduce the total cost of credit in the event of early repayment covers all the costs imposed on the consumer.

In connection with the decisions of the Office of Competition and Consumer Protection and its position on the straight-line method of fee refunds, the Group reassessed the level of provisions for the difference between the applied refund method and the straight-line method. The provision reflects the Group's estimate of the probability of an outflow of funds. Since September 18th 2020, the Group has applied the straight-line method to account for fee refunds on early loan repayment.

## 11. Related-party transactions

### Remuneration of the management personnel - Management Board

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

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Base pay/ managerial contract (gross)	1,910	1,701
Additional benefits	42	23
Share-based payments	4,618	7,619
	6,570	9,343

### Remuneration of members of the Supervisory Board

Remuneration of members of the Parent's Supervisory Board:

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Base pay (gross)	306	239
Additional benefits	4	1
	310	240

### Other transactions with the Company's directors

As at March 31st 2023, members of the Management Board and persons closely related to them jointly held 10.4% of the total voting rights at the Parent's General Meeting (December 31st 2022: 10.5%).

## 12. Management of risk arising from financial instruments

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

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

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

### *Key risk management policies*

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed on a regular basis to reflect changes in market conditions and in the Group's activities. The Group, through appropriate training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Credit risk

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

### *Credit risk exposure*

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

*PLN thousand*

	Mar 31 2023 unaudited	Dec 31 2022
Investments in debt portfolios	7,100,040	6,768,087
Loans	381,832	369,443
Hedging instruments	51,944	46,091
Trade and other receivables, excluding tax receivables	35,855	29,583
Cash and cash equivalents	229,437	202,160
	<u>7,799,108</u>	<u>7,415,364</u>

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

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Poland	3,225,526	3,229,373
Romania	1,283,919	1,290,022
Italy	1,867,838	1,566,139
Spain	1,135,574	1,113,564
Other foreign markets	286,251	216,266
	<b>7,799,108</b>	<b>7,415,364</b>

### Credit risk exposure – Investments in debt portfolios

PLN thousand

	Carrying amount as at Mar 31 2023	Carrying amount as at Dec 31 2022
Unsecured retail portfolios	6,138,808	5,798,186
Secured retail portfolios	266,773	281,444
Unsecured corporate portfolios	205,572	210,044
Secured corporate portfolios	488,887	478,413
	<b>7,100,040</b>	<b>6,768,087</b>

### Credit risk exposure – Loans

PLN thousand

Risk classification	Carrying amount as at Mar 31 2023				
	Basket 1	Basket 2	Basket 3	POCI loans	TOTAL
<b>Gross carrying amount of loans measured at amortised cost</b>					
low	185,575	105,448	82,515	-	373,538
medium	32,539	11,883	39,279	542	84,243
high	2,364	874	13,508	-	16,746
not classified	117	113	89,837	718	90,785
	<b>220,595</b>	<b>118,318</b>	<b>225,139</b>	<b>1,260</b>	<b>565,312</b>
<b>Allowance for expected credit losses</b>					
low	7,737	14,244	52,585	-	74,566
medium	2,508	3,097	27,855	-	33,460
high	316	345	10,477	-	11,138
not classified	6	6	74,343	-	74,355
	<b>10,567</b>	<b>17,692</b>	<b>165,260</b>	<b>-</b>	<b>193,519</b>
<b>Net carrying amount</b>					
low	177,838	91,204	29,930	-	298,972
medium	30,031	8,786	11,424	542	50,783
high	2,048	529	3,031	-	5,608
not classified	111	107	15,494	718	16,430
	<b>210,028</b>	<b>100,626</b>	<b>59,879</b>	<b>1,260</b>	<b>371,793</b>

PLN thousand

Risk classification	Carrying amount as at Dec 31 2022				
	Basket 1	Basket 2	Basket 3	POCI loans	TOTAL
<b>Gross carrying amount of loans measured at amortised cost</b>					
low	181,244	103,390	58,243	-	342,877
medium	32,202	12,740	34,974	-	79,916
high	3,256	1,224	13,224	548	18,252
not classified	97	119	75,936	930	77,082
	216,799	117,473	182,377	1,478	518,127
<b>Allowance for expected credit losses</b>					
low	7,190	13,549	36,824	-	57,563
medium	2,177	3,314	24,774	-	30,265
high	398	450	10,174	-	11,022
not classified	4	3	62,267	-	62,274
	9,769	17,316	134,039	-	161,124
<b>Net carrying amount</b>					
low	174,054	89,841	21,419	-	285,314
medium	30,025	9,426	10,200	-	49,651
high	2,858	774	3,050	548	7,230
not classified	93	116	13,669	930	14,808
	207,030	100,157	48,338	1,478	357,003

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

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

## Liquidity risk

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

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

The key objectives of liquidity management include:

- 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.

## Exposure to liquidity risk

As at Mar 31 2023

PLN thousand

	Carrying amount	Undiscounted contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Investments in debt portfolios	7,100,040	14,469,046	1,164,168	1,110,318	2,119,970	4,524,357	5,550,233
Loans	381,832	506,188	218,846	125,165	102,493	29,941	29,743
Trade and other receivables, excluding tax receivables	35,855	35,855	35,855	-	-	-	-
Cash and cash equivalents	229,437	229,437	229,437	-	-	-	-
Secured borrowings	(2,450,212)	(3,106,594)	(97,668)	(102,383)	(242,700)	(2,663,843)	-
Unsecured bonds in issue	(1,555,490)	(2,161,428)	(76,128)	(155,898)	(281,713)	(1,513,973)	(133,716)
Lease liabilities	(71,059)	(73,975)	(15,936)	(15,091)	(23,118)	(17,316)	(2,514)
Trade and other payables	(135,285)	(135,285)	(135,285)	-	-	-	-
	<b>3,535,118</b>	<b>9,763,244</b>	<b>1,323,289</b>	<b>962,111</b>	<b>1,674,932</b>	<b>359,166</b>	<b>5,443,746</b>

**As at Dec 31 2022**

PLN thousand

	Carrying amount	Undiscounted contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Investments in debt portfolios	6,768,087	13,764,663	1,109,132	1,072,582	1,979,975	4,371,950	5,231,024
Loans	369,443	490,554	188,793	107,084	113,785	52,962	27,930
Trade and other receivables, excluding tax receivables	29,583	29,583	29,583	-	-	-	-
Cash and cash equivalents	202,160	202,160	202,160	-	-	-	-
Secured borrowings	(2,494,856)	(3,095,404)	(152,934)	(86,748)	(256,371)	(2,549,374)	(49,977)
Unsecured bonds in issue	(1,382,015)	(1,928,811)	(67,451)	(132,349)	(175,021)	(1,195,002)	(358,988)
Lease liabilities	(68,923)	(70,960)	(17,216)	(14,568)	(24,141)	(12,321)	(2,714)
Trade and other payables	(138,933)	(138,933)	(138,933)	-	-	-	-
	<u>3,284,546</u>	<u>9,252,852</u>	<u>1,153,134</u>	<u>946,001</u>	<u>1,638,227</u>	<u>668,215</u>	<u>4,847,275</u>

Contractual cash flows were determined based on interest rates effective as at March 31st 2023 and December 31st 2022, respectively.

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

As at March 31st 2023, the undrawn revolving credit facility limit available to the Group was PLN 447,630 thousand (December 31st 2022: PLN 382,997 thousand). The limit is available until January 31st 2028.

**Market risk**

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

It has been concluded that effective implementation of the KRUK Group's growth strategy requires, among other elements, a proper interest rate risk and currency risk management policy. As at March 31st 2023, financial assets denominated in foreign currencies accounted for 57% of total assets, while liabilities denominated in foreign currencies represented 27% of total equity and liabilities (December 31st 2022: 55% and 25%, respectively).



**Exposure to currency risk and sensitivity analysis**

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

PLN thousand

	Mar 31 2023					Mar 31 2023				
	Exposure to currency risk					Analysis of sensitivity of currency risk exposure to +10% increase in exchange rates				
	PLN	EUR	RON	CZK	TOTAL	PLN	EUR	RON	CZK	TOTAL
Trade and other receivables	-	3,523	-	-	<b>3,523</b>	-	352	-	-	<b>352</b>
Investments	-	280	1,205,490	15,471	<b>1,221,241</b>	-	28	120,549	1,547	<b>122,124</b>
Cash	633	34,741	13,989	714	<b>50,076</b>	63	3,474	1,399	71	<b>5,007</b>
Borrowings, debt securities and leases	-	(229,398)	-	-	<b>(229,398)</b>	-	(22,940)	-	-	<b>(22,940)</b>
Trade and other payables	(374)	(7,311)	(2,099)	-	<b>(9,785)</b>	(37)	(731)	(210)	-	<b>(978)</b>
<b>Currency risk exposure – effect on profit or loss</b>	<b>258</b>	<b>(198,165)</b>	<b>1,217,379</b>	<b>16,185</b>	<b>1,035,658</b>	<b>26</b>	<b>(19,817)</b>	<b>121,738</b>	<b>1,618</b>	<b>103,565</b>
Trade and other receivables	-	5,720	38,726	727	<b>45,173</b>	-	572	3,873	73	<b>4,518</b>
Investments	-	2,918,922	57,777	177,048	<b>3,153,747</b>	-	291,892	5,778	17,705	<b>315,375</b>
Cash	-	96,590	18,122	7,865	<b>122,576</b>	-	9,659	1,812	786	<b>12,257</b>
Borrowings, debt securities and leases	-	(1,890,984)	(6,241)	(535)	<b>(1,897,760)</b>	-	(189,098)	(624)	(53)	<b>(189,775)</b>
Trade and other payables	-	(28,700)	(9,951)	(33,710)	<b>(72,361)</b>	-	(2,870)	(995)	(3,371)	<b>(7,236)</b>
<b>Currency risk exposure – effect on other comprehensive income</b>	<b>-</b>	<b>1,101,548</b>	<b>98,432</b>	<b>151,395</b>	<b>1,351,375</b>	<b>-</b>	<b>110,155</b>	<b>9,844</b>	<b>15,140</b>	<b>135,139</b>
<b>Exposure to currency risk</b>	<b>258</b>	<b>903,383</b>	<b>1,315,812</b>	<b>167,579</b>	<b>2,387,033</b>	<b>26</b>	<b>90,338</b>	<b>131,581</b>	<b>16,758</b>	<b>238,703</b>
Hedge effect		(1,135,000)			<b>(1,135,000)</b>	-	(113,500)	-	-	<b>(113,500)</b>
Currency risk exposure after hedging	258	(231,617)	1,315,812	167,579	<b>1,252,033</b>	26	(23,162)	131,581	16,758	<b>125,203</b>

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

PLN	Average exchange rates		End of period (spot rates)	
	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited	Mar 31 2023 unaudited	Dec 31 2022
EUR 1	4.7005	4.6472	4.6755	4.6899
USD 1	4.3630	4.1638	4.2934	4.4018
RON 1	0.9532	0.9393	0.9445	0.9475
CZK 1	0.1987	0.1888	0.1987	0.1942

### Exposure to interest rate risk

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

PLN thousand	Carrying amount	
	Mar 31 2023 unaudited	Dec 31 2022
<b>Fixed-rate financial instruments</b>		
Financial assets	7,747,164	7,369,273
Financial liabilities	(314,032)	(317,046)
Fixed-rate financial instruments with hedge effect	7,433,132	7,052,227
Hedge effect (nominal amount)	(2,371,855)	(2,179,879)
Fixed-rate financial instruments with hedge effect	5,061,277	4,872,348
<b>Variable-rate financial instruments</b>		
Financial assets	51,944	46,091
Financial liabilities	(3,898,014)	(3,777,505)
Variable-rate financial instruments with hedge effect	(3,846,070)	(3,731,414)
Hedge effect (nominal amount)	2,371,855	2,179,879
Variable-rate financial instruments with hedge effect	(1,474,215)	(1,551,535)

## Fair value

### Comparison of fair values and carrying amounts

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

PLN thousand	Mar 31 2023 unaudited		Dec 31 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets and liabilities measured at fair value</b>				
Hedging instruments (IRS)	24,800	24,800	34,562	34,562
Hedging instruments (CIRS)	27,144	27,144	1,705	1,705
Loans	10,039	10,039	12,440	12,440
	61,983	61,983	48,707	48,707
<b>Financial assets and liabilities other than measured at fair value</b>				
Investments in debt portfolios	7,100,040	6,773,425	6,768,087	6,358,969
Loans	371,793	374,571	357,003	346,876
Trade and other receivables, excluding tax receivables	35,855	35,855	42,019	42,019
Trade and other payables	(135,285)	(135,285)	(138,204)	(138,204)
Secured borrowings	(2,450,212)	(2,454,107)	(2,494,856)	(2,498,822)
Liabilities under debt securities (unsecured)	(1,555,490)	(1,538,762)	(1,382,015)	(1,366,416)
	3,366,701	3,055,697	3,152,034	2,744,422

### Interest rates used for fair value estimation

	Mar 31 2023 unaudited	Dec 31 2022
Investments in debt portfolios	0.00% - 216.23%	0.00% - 216.23%
Loans	9.43% - 56.70%	10.20% - 57.02%
Secured borrowings	5.12% - 9.59%	4.08% - 9.78%

## Hierarchy of financial instruments

### Hierarchy of financial instruments measured at fair value

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

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

In 2023, no transfers were made between the fair value hierarchy levels.

### *Hierarchy of financial instruments – Level 1*

*PLN thousand*

	Level 1	
	Carrying amount	Fair value
<b>As at Dec 31 2022</b>		
Liabilities under debt securities (unsecured)	(1,382,015)	(1,366,416)
<b>As at Mar 31 2023</b>		
Liabilities under debt securities (unsecured)	(1,555,490)	(1,538,762)

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

### *Hierarchy of financial instruments – Level 2*

*PLN thousand*

	Level 2	
	Carrying amount	Fair value
<b>As at Dec 31 2022</b>		
Hedging instruments (IRS)	34,562	34,562
Hedging instruments (CIRS)	1,705	1,705
Trade and other receivables, excluding tax receivables	42,019	42,019
Trade and other payables	(138,204)	(138,204)
Secured borrowings	(2,494,856)	(2,498,822)
<b>As at Mar 31 2023</b>		
Hedging instruments (IRS)	24,800	24,800
Hedging instruments (CIRS)	27,144	27,144
Trade and other receivables, excluding tax receivables	35,855	35,855
Trade and other payables	(135,285)	(135,285)
Secured borrowings	(2,450,212)	(2,454,107)

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

The fair value of financial liabilities under borrowings is determined on the basis of future cash flows from the executed transactions, calculated based on the difference between the margin applicable to the financial liabilities as at the reporting date and the margin as at the transaction date. For the purpose of fair value calculation the Group uses margin rates from the most recent credit facility agreement.

For bank borrowings, lease liabilities and trade payables, the Group determines fair value using Level 2 inputs.

*Hierarchy of financial instruments – Level 3*

PLN thousand

**Level 3**

	<u>Carrying amount</u>	<u>Fair value</u>
<b>As at Dec 31 2022</b>		
Investments in debt portfolios	6,768,087	6,358,969
Loans	369,443	359,316
<b>As at Mar 31 2023</b>		
Investments in debt portfolios	7,100,040	6,773,425
Loans	381,832	384,610

The fair value of investments in debt portfolios is calculated based on the expected future cash flows related to the debt portfolios, discounted with a rate reflecting the credit risk associated with each portfolio. The rate used for discounting is calculated as an internal rate of return on an investment as at the date of acquisition of a portfolio and is verified so that it includes the current risk free rate and the current risk premium associated with the credit risk for each portfolio.

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

### 13. Factors and events with a material bearing on the Group's financial results

#### Investment in new debt portfolios

The amount spent on debt portfolios was the highest amount of investments in debt portfolios ever made by the Kruk Group over the first three months of a year. Total expenditure on debt portfolios in the three months ended March 31st 2023 was PLN 524,406 thousand, up by 100% from PLN 262,014 thousand in the corresponding period of the previous year. In the reporting period, the Group invested primarily in unsecured retail debt, which represented as much as 93% of new portfolios. Some of the purchases were made under forward flow agreements entered into in previous years, ensuring a continuous inflow of new debt cases for the Group in the coming quarters. New investments were also being made. The Group purchased debt portfolios in each of its operating markets, with Italy and Poland accounting for the largest share of total investments made in the three months to March 31st 2023. The aggregate nominal value of purchased debt portfolios was PLN 2,838,326 thousand, i.e. 29% more than in the same period of 2022.

#### Recoveries and revaluation of portfolios

Recoveries from purchased portfolios posted by the KRUK Group for the three months ended March 31st 2023 totalled PLN 724,453 thousand, up by 16% year on year and 4% quarter on quarter. It was the highest level of recoveries ever recorded by the KRUK Group for a three-month period, with over half of that amount collected in its foreign markets. The year-on-year increase of PLN 101,947 thousand was attributable mainly to PLN 45,712 thousand growth in recoveries on the Italian market (up 48% year on year), PLN 24,500 thousand growth in recoveries on the Spanish market (up 54% year on year), and PLN 21,887 thousand growth in recoveries on the Romanian market (up 15% year on year).

In the three months ended March 31st 2023, the Group booked a total gain on revaluation of portfolios of PLN 86,868 thousand. The effects of revaluation were positive in all markets except Spain, where the Group recognised a loss on portfolio revaluation (albeit it was only PLN -694 thousand). In the comparative period, the Group-wide gain on revaluation of portfolios was PLN 135,067 thousand. The PLN 48,199 thousand year-on-year decrease recorded in the three months to March 31st 2023 was largely attributable to portfolios in the Romanian market (down by PLN 49,423 thousand).

#### Revenue

In the three months ended March 31st 2023, the KRUK Group generated PLN 614,758 thousand in revenue, up by 13% (PLN +69,907 thousand) year on year. Revenue from purchased debt portfolios amounted to PLN 537,654 thousand, up by 9% (PLN + 44,381) year on year. The largest increases were recorded in the Spanish market (PLN +39,555 thousand, or +196%) and Italian market (PLN +27,716 thousand, or +35%). A PLN 22,076 thousand decrease (-14%) in revenue from debt portfolios purchased in Romania was mainly attributable to the PLN 49,423 thousand decrease in the gain on portfolio revaluation in that market. It is worth noting that although the revaluation of Romanian portfolios was lower, the continued excess of actual recoveries over the projected amounts led the Group to book a gain on revaluation of Romanian portfolios of PLN 38,823 thousand. The increase in revenue from other segments of the Group's operations reflected mainly an increase in Wonga's revenue (PLN +9,455, or +36%), as well as the result on the sale of two Group companies: ERIF BIG S.A. and EBS Sp. z o.o.

## Financial results for the three months to March 31st 2023

In the three months ended March 31st 2023, the Group's net profit came in at PLN 234,575 thousand, a figure comparable to net profit earned in the corresponding period of 2022, which amounted to PLN 243,948 thousand (-4% year on year). Cash EBITDA for the three months to March 31st 2023 came in at PLN 530,310 thousand, having improved 19% year on year.

### Costs of operations

In the three months to March 31st 2023, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 271,246 thousand, having increased by PLN 43,675 thousand (19%) on the corresponding period of the previous year. The increase was driven mainly by a rise in employee costs and salaries (up PLN 23,892 thousand year on year), as well as court and bailiff fees (up PLN 19,075 thousand year on year).

### Finance costs

Net finance costs amounted to PLN 60,858 thousand, having gone up by PLN 20,529 thousand on the three months to March 31st 2022, driven by higher debt (borrowings and bonds) and a rise in WIBOR and EURIBOR rates.

### Impact of inflation on the business of the Group

Inflation has an effect on the KRUK Group's costs, in particular on labour costs and indirectly, through higher interest rates, on finance costs. The impact of inflation on revenues is difficult to assess and can be:

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

### Russia's invasion of 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 Group expects the implications of the conflict for its operations will be indirect and limited.

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

#### 14. Issue, redemption and repayment of non-equity and equity securities

In the period between January 1st and March 31st 2023, the Group issued new bonds:

- on January 4th 2023 – unsecured Series AL3 bonds with a nominal value of PLN 120,000 thousand, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.50pp, maturing on January 4th 2029;
- on February 20th 2023 – unsecured Series AN3 bonds with a nominal value of PLN 50,000 thousand issued in a public offering, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp, maturing on February 20th 2028.

#### 15. Dividends paid (or declared)

On December 2nd 2021, the Management Board of KRUK S.A. passed a resolution to adopt the KRUK S.A.'s Dividend Policy. According to the Policy, the overriding objective of KRUK S.A. is to ensure sustainable growth of the Group 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://pl.kruk.eu/relacje-inwestorskie/polityka-dywidendowa>.

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

##### KRUK Group's assets pledged as security

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

Security created over the Group's assets as at March 31st 2023 is presented below:



Type	Beneficiary	Amount	Expiry date	Terms and conditions
<b>Guarantees provided/promissory notes issued</b>				
Surety for PROKURA NS FIZ's liabilities under the revolving credit facility of July 2nd 2015, as amended, between PROKURA NS FIZ, KRUK S.A. and mBank S.A.	mBank S.A.	PLN 180,000 thousand	No later than July 3rd 2030	Prokura NS FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement
Blank promissory note	Santander Bank Polska S.A.	PLN 162,398 thousand	Until the derivative transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of June 13th 2013, as amended
Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.	Santander Bank Polska S.A.	PLN 54,900 thousand	No later than July 31st 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Annex 3 of June 21st 2018 to the master agreement on the procedure for execution and settlement of treasury transactions
Surety for InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S. L. U. and PROKURA NS FIZ's liabilities under the revolving multi-currency credit facility agreement of July 3rd 2017, as amended, between Kruk S.A., InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S.L.U. and PROKURA NS FIZ (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A. and PKO BP S.A. and Bank Handlowy w Warszawie S.A.	DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A.	EUR 669,000 thousand	Until all obligations under the multi-currency revolving credit facility agreement are satisfied	Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement
Blank promissory note	mBank S.A.	PLN 7,500 thousand	Until the transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to pay its liabilities under financial market transactions executed under the master agreement of February 7th 2019

Type	Beneficiary	Amount	Expiry date	Terms and conditions
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of September 21st 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 31,248 thousand	No later than September 20th 2029	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of December 14th 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 64,350 thousand	No later than December 13th 2029	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of February 1st 2022 between PROKURA NS FIZ, KRUK S.A. and Pekao S.A.	Pekao S.A.	PLN 120,000 thousand	No later than January 31st 2031	Prokura NS FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of August 22nd 2022 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 71,280 thousand	No later than August 21st 2030	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for InvestCapital Ltd's obligations to BANKINTER S.A. of Madrid, under the direct debit collection management contract between BANKINTER S.A. and InvestCapital Ltd. dated July 7th 2022.	BANKINTER S.A.	EUR 1,600 thousand	Until all obligations under the direct debit collection management contract of July 7th 2022 are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of July 7th 2022.
Guarantees obtained				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	DEVCo Sp. z o.o.	EUR 300 thousand and PLN 215 thousand	No later than December 30th 2023	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee

### Credit sureties or guarantees, security pledges

In connection with the revolving multi-currency credit facility agreement of July 3rd 2017, as amended, concluded between InvestCapital LTD, KRUK Romania S.R.L., Prokura NS FIZ, KRUK Espana S.L.U. (the Borrowers), KRUK S.A. (the Surety Provider), and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A. and Bank Handlowy w Warszawie S.A. (the Lenders), on March 2nd 2023 KRUK S.A. and its subsidiaries entered into an annex to the agreement with the bank syndicate to increase the Facility limit up to a maximum amount of EUR 446,000 thousand. Under the annex, the surety provided by KRUK S.A. and the

declaration on voluntary submission to enforcement by KRUK S.A. will amount to EUR 669,000 thousand each, expiring no later than December 31st 2031.

In order to secure liabilities arising under the agreement:

- on January 10th and March 22nd 2023, InvestCapital LTD and the Lenders signed agreements under Spanish law creating pledges over debt portfolios purchased by InvestCapital LTD on the Spanish market;
- on January 18th 2023, additional bonds issued by KRUK Investimenti S.R.L. were pledged pursuant to the agreement of January 24th 2022 made between InvestCapital LTD and DNB Bank ASA, as the security agent, under Italian law, creating pledges over bonds issued by KRUK Investimenti S.R.L. and the bank account of InvestCapital LTD to which proceeds from the bonds are paid;
- on February 1st 2023, InvestCapital LTD and DNB Bank ASA, acting as the security agent, signed agreements under Romanian law creating pledges over debt portfolios purchased by InvestCapital LTD on the Romanian market;
- on February 2nd 2023, InvestCapital LTD, Kruk Romania S.R.L. and DNB Bank ASA, acting as the security agent, signed an annex under Romanian law to the agreement creating pledges over bank accounts held by Kruk Romania S.R.L.;
- on February 20th 2023, additional bonds issued by ItaCapital S.r.l. were pledged pursuant to an agreement of July 3rd 2017 made between InvestCapital LTD and DNB Bank ASA, as the security agent, under Italian law, creating pledges over bonds and the bank account of InvestCapital LTD to which proceeds from the bonds are paid.

As at March 31st 2023, the value of the security created in favour of the Lenders was PLN 4,118,830 thousand.

In order to secure the repayment of Prokura NS FIZ's liabilities under the up to PLN 52,800 thousand non-revolving working capital facility agreement of August 22nd 2022 between Prokura NS FIZ, KRUK S.A. and PKO BP S.A.:

- on February 10th 2023 PROKURA NS FIZ and PKO BP S.A. signed an agreement to create a registered pledge over a set of rights (debt portfolios owned by PROKURA NS FIZ). The pledge was created up to the maximum amount of PLN 79,200 thousand.

As at March 31st 2023, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 148,606 thousand.

In order to secure the repayment of Prokura NS FIZ's liabilities under the PLN 120,000 thousand revolving credit facility agreement of July 2nd 2015, as amended, between Prokura NS FIZ, KRUK S.A. and mBank S.A. of Warsaw

- on March 20th 2023, PROKURA NS FIZ entered into an agreement with mBank S.A. to create a registered pledge over a set of rights (debt portfolios owned by PROKURA NS FIZ). The pledge was created up to the maximum amount of PLN 180,000 thousand.

As at March 31st 2023, the value of all portfolios pledged in favour of mBank S.A. was PLN 182,969 thousand.

On February 27th 2023, the credit facility agreement between KRUK S.A., PROKURA NS FIZ and ING Bank Śląski S.A. of December 20th 2018, as amended, was terminated by mutual agreement between the parties. Following the termination of the credit facility agreement:

- on February 27th 2023, the surety for up to PLN 300,000 thousand provided by KRUK S.A. to secure repayment of the borrower's (Prokura NS FIZ's) liabilities expired;
- on February 27th 2023, the following pledge agreements were terminated by mutual agreement between the parties:

- the agreement of January 4th 2019 between PROKURA NS FIZ and ING Bank Śląski S.A. creating a registered and financial pledge over receivables under a bank account agreement;
- the agreement of December 20th 2018 between KRUK S.A. and ING Bank Śląski S.A. creating a financial pledge over receivables under a bank account agreement.

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

On April 25th 2023 the Management Board of KRUK S.A. passed a resolution on the first issue of senior unsecured bonds in EUR under Swedish law (the “Bonds”) under the bond issue framework in EUR launched on March 13th 2023. The interest rate of the Bonds shall be a floating rate of 3 months EURIBOR plus a margin 6,5 percentage points per annum and at maturity, falling 60 months after the issue date.

The issue comprised up to 1,500 Bonds, offered at an issue price equal to the their nominal value of EUR 100 thousand per Bond, with an aggregate nominal value of up to EUR 150,000 thousand. The offer was accepted by Investors. The Bonds will exist in book-entry form. The Group will apply for listing of the Bonds on the Nasdaq Stockholm regulated market in Sweden.

After the end of the reporting period January 1st–March 31st 2023, there were no other events with a potential material bearing on the Group's future performance.

**Piotr Krupa**  
*CEO and 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*

**Monika Grudzień-Wiśniewska**  
*Person keeping the  
accounting records*

**Hanna Stempień**  
*Prepared by*

*Wrocław, April 26th 2023*