



FINANCIAL HIGHLIGHTS

OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January
to 30 September 2024

Financial highlights

Financial highlights	PLN '000		EUR '000	
	1 Jan–30 Sep 2024	1 Jan–30 Sep 2023	1 Jan–30 Sep 2024	1 Jan–30 Sep 2023
For the period	unaudited	unaudited	unaudited	unaudited
Revenue	2,324,643	1,922,754	540,338	420,063
Operating profit	1,246,785	1,028,425	289,802	224,679
Profit before tax	957,498	832,770	222,560	181,935
Net profit attributable to owners of the Parent	958,753	756,833	222,852	165,345
Net cash from operating activities	95,197	(488,437)	22,128	(106,709)
Purchase of debt portfolios at prices as per agreement	1,642,678	1,983,806	381,823	433,401
Cash recoveries	2,601,666	2,285,967	604,729	499,414
Net cash from investing activities	(17,421)	(15,486)	(4,049)	(3,383)
Net cash from financing activities	(287,874)	495,285	(66,913)	108,205
Net change in cash	(210,098)	(8,638)	(48,835)	(1,887)
Diluted earnings per share (PLN/EUR)	46.84	37.30	10.89	8.15
Average number of shares ('000)	19,323	19,319	19,323	19,319
Earnings per share (PLN/EUR)	49.62	39.18	11.53	8.56
As at	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	unaudited		unaudited	
Total assets	10,814,115	9,928,505	2,527,194	2,283,465
Non-current liabilities	5,803,474	5,385,216	1,356,237	1,238,550
Current liabilities	602,884	752,479	140,890	173,063
Equity	4,407,757	3,790,810	1,030,066	871,851
Share capital	19,382	19,319	4,529	4,443
Book value per ordinary share	227.41	196.22	53.15	45.13

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:

for the reporting period **4.3022**
for the comparative period **4.5773**

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:

at the end of the reporting period **4.2791**
at the end of the comparative period **4.3480**



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January
to 30 September 2024

Table of contents

I.	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
II.	CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	7
III.	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
IV.	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
V.	CONSOLIDATED STATEMENT OF CASH FLOWS	12
VI.	NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	13
1.	Organisation of the KRUK Group	13
2.	Reporting period	18
3.	Statement of compliance.....	18
4.	Significant accounting policies.....	19
5.	Accounting estimates and judgements	23
6.	Financial risk management.....	26
7.	Reportable and geographical segments.....	26
8.	Seasonality or cyclicity of business	29
9.	Type and amounts of changes in estimates adopted in previous financial years with a material effect on the reporting period	29
10.	Type and amounts of items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows, which are material due to their type, size or effect	36
11.	Related-party transactions	65
12.	Management of risk arising from financial instruments	65
13.	Fair value.....	73
14.	Factors and events with material bearing on the Group's financial results	76
15.	Issue, redemption and repayment of non-equity and equity securities	77
16.	Dividends paid (or declared).....	78

- 17. Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year79**
- 18. Events subsequent to the reporting date not disclosed in these financial statements but potentially having a material bearing on the Group's future performance85**

I. Consolidated statement of financial position

PLN '000		30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023
	Note	unaudited	unaudited		unaudited
Assets					
Cash and cash equivalents	10.17	178,363	181,045	388,461	193,522
Hedging instruments	10.11	109,843	136,502	98,428	68,558
Trade receivables	10.16	21,673	16,778	24,440	22,852
Other receivables	10.16	43,574	46,372	58,970	47,110
Income tax receivable		8,021	6,401	22,398	11,659
Inventories	10.15	10,821	11,641	15,038	16,864
Investments	9	10,221,822	9,611,557	9,091,893	8,594,360
Deferred tax asset	10.9	42,948	44,202	45,958	46,291
Property, plant and equipment		90,397	80,417	91,777	94,183
Goodwill	10.14	7,944	8,011	8,084	17,151
Other intangible assets		65,130	64,449	67,206	66,010
Other assets		13,579	14,380	15,852	17,740
Total assets		10,814,115	10,221,755	9,928,505	9,196,300
Equity and liabilities					
Liabilities					
Trade and other payables	10.19	201,298	272,886	220,448	148,288
Hedging instruments	10.11	37,736	2,615	32,614	7,694
Employee benefit obligations	10.18	64,841	68,026	76,469	57,496
Income tax payable		5,913	6,824	11,785	7,126
Borrowings, debt securities and leases	10.10	5,867,560	5,524,538	5,531,167	4,971,240
Provisions	10.20	49,228	62,192	62,905	34,097
Deferred tax liability	10.9	179,782	177,772	202,307	245,145
Total liabilities		6,406,358	6,114,853	6,137,695	5,471,086
Equity					
Share capital		19,382	19,319	19,319	19,319
Share premium		374,097	358,506	358,506	358,506
Hedge reserve		59,194	113,363	51,043	52,042
Measurement reserve (defined benefit plans)		3,331	3,331	3,331	4,155
Translation reserve		(127,289)	(105,971)	(95,871)	67,368
Other capital reserves		185,133	180,672	171,847	168,085
Retained earnings		3,894,233	3,538,137	3,283,218	3,056,117
Equity attributable to owners of the Parent		4,408,081	4,107,357	3,791,393	3,725,592
Non-controlling interests		(324)	(455)	(583)	(378)
Total equity		4,407,757	4,106,902	3,790,810	3,725,214
Total equity and liabilities		10,814,115	10,221,755	9,928,505	9,196,300

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

II. Consolidated statement of profit or loss

PLN '000	Note	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Interest income on debt portfolios and loans measured at amortised cost	10.1	1,541,237	549,047	1,261,301	446,050
Interest income on loans measured at fair value	10.1	1,581	390	3,691	984
Revenue from sale of debts and loans	10.1	7,191	1,458	6,090	3,584
Other income/expenses from purchased debt portfolios	10.1	(840)	4,942	(15,776)	(5,238)
Revenue from other services	10.1	43,057	13,699	45,448	13,531
Other income	10.1	6,973	1,773	19,049	571
Change in investments measured at fair value	10.1	(476)	(113)	(319)	353
Gain/(loss) on expected credit losses	10.1	725,920	273,183	603,270	163,635
Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios		2,324,643	844,379	1,922,754	623,470
Employee benefits expense	10.3	(411,549)	(136,682)	(379,021)	(128,062)
Depreciation and amortisation		(47,176)	(15,508)	(42,939)	(14,539)
Court fees	10.4	(334,576)	(113,160)	(257,238)	(88,970)
Services	10.2	(231,806)	(84,799)	(171,751)	(60,316)
Other expenses	10.5	(52,751)	(18,131)	(43,380)	(10,870)
		(1,077,858)	(368,280)	(894,329)	(302,757)
Operating profit		1,246,785	476,099	1,028,425	320,713
Finance income	10.6	6,043	426	10,736	5,259
Finance costs	10.7	(295,330)	(105,050)	(206,391)	(78,295)
including interest expense relating to lease liabilities		(2,205)	(733)	(2,564)	(869)
Net finance costs		(289,287)	(104,624)	(195,655)	(73,036)
Profit before tax		957,498	371,475	832,770	247,677
Income tax	10.9	1,583	(15,248)	(75,455)	(18,752)
Net profit for period		959,081	356,227	757,315	228,925
Net profit attributable to:					
Owners of the Parent		958,753	356,096	756,833	228,791
Non-controlling interests		328	131	482	134
Net profit for period		959,081	356,227	757,315	228,925
Earnings per share					
Basic (PLN)	10.12	49.62	18.42	39.18	11.84
Diluted (PLN)	10.12	46.84	17.38	37.30	11.17

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

III. Consolidated statement of comprehensive income

<i>PLN '000</i>	<i>Note</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Net profit for period		959,081	356,227	757,315	228,925
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(31,381)	(21,318)	(33,068)	90,516
Instruments hedging cash flows and net investment in a foreign operation		11,005	(61,542)	22,655	(63,786)
Other comprehensive income for period, gross		(20,376)	(82,860)	(10,413)	26,730
Income tax on instruments hedging cash flows and net investment in a foreign operation		(2,854)	7,373	(3,240)	11,924
Other comprehensive income for period, net		(23,230)	(75,487)	(13,653)	38,654
Total comprehensive income for period		935,851	280,740	743,662	267,579
Total comprehensive income attributable to:					
Owners of the Parent		935,486	280,609	743,168	267,420
Non-controlling interests		365	131	494	159
Total comprehensive income for period		935,851	280,740	743,662	267,579

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 nine months ended 30 September 2024 (PLN '000)
PLN '000

	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
Equity as at 1 Jan 2024	19,319	358,506	51,043	3,331	(95,871)	171,847	3,283,218	3,791,393	(583)	3,790,810
Comprehensive income for period										
Net profit for period	-	-	-	-	-	-	958,753	958,753	328	959,081
Other comprehensive income										
- Exchange differences on translating foreign operations	-	-	-	-	(31,418)	-	-	(31,418)	37	(31,381)
- Measurement of hedging instruments	10.11	-	8,151	-	-	-	-	8,151	-	8,151
Total other comprehensive income			8,151		(31,418)			(23,267)	37	(23,230)
Total comprehensive income for period			8,151		(31,418)		958,753	935,486	365	935,851
Contributions from and distributions to owners										
- Payment of dividends	-	-	-	-	-	-	(347,738)	(347,738)	(106)	(347,844)
- Issue of shares	63	15,591	-	-	-	-	-	15,654	-	15,654
- Share-based payments	-	-	-	-	-	13,286	-	13,286	-	13,286
Total contributions from and distributions to owners	63	15,591				13,286	(347,738)	(318,798)	(106)	(318,904)
Total equity as at 30 Sep 2024	19,382	374,097	59,194	3,331	(127,289)	185,133	3,894,233	4,408,081	(324)	4,407,757

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.

For the reporting period ended 31 December 2023 (PLN '000)

Note	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
Equity as at 1 Jan 2023	19,319	358,506	32,627	4,155	100,448	149,896	2,589,066	3,254,017	(720)	3,253,297
Comprehensive income for period										
Net profit for period	-	-	-	-	-	-	983,934	983,934	267	984,201
Other comprehensive income										
- Exchange differences on translating foreign operations	-	-	-	-	(196,319)	-	-	(196,319)	22	(196,297)
- Measurement of hedging instruments	-	-	18,416	-	-	-	-	18,416	-	18,416
- Measurement of defined benefit plans	-	-	-	(824)	-	-	-	(824)	-	(824)
Total other comprehensive income	-	-	18,416	(824)	(196,319)	-	-	(178,727)	22	(178,705)
Total comprehensive income for period	-	-	18,416	(824)	(196,319)	-	983,934	805,207	289	805,496
Contributions from and distributions to owners										
- Payment of dividends	-	-	-	-	-	-	(289,782)	(289,782)	(152)	(289,934)
- Share-based payments	-	-	-	-	-	21,951	-	21,951	-	21,951
Total contributions from and distributions to owners	-	-	-	-	-	21,951	(289,782)	(267,831)	(152)	(267,983)
Total equity as at 31 Dec 2023	19,319	358,506	51,043	3,331	(95,871)	171,847	3,283,218	3,791,393	(583)	3,790,810

For the nine months ended 30 September 2023 (PLN '000)

	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
Equity as at 1 Jan 2023	19,319	358,506	32,627	4,155	100,448	149,896	2,589,066	3,254,017	(720)	3,253,297
Comprehensive income for period										
Net profit for period	-	-	-	-	-	-	756,833	756,833	482	757,315
Other comprehensive income										
- Exchange differences on translating foreign operations	-	-	-	-	(33,080)	-	-	(33,080)	12	(33,068)
- Measurement of hedging instruments	10.11	-	19,415	-	-	-	-	19,415	-	19,415
Total other comprehensive income			19,415		(33,080)			(13,665)	12	(13,653)
Total comprehensive income for period			19,415		(33,080)		756,833	743,168	494	743,662
Contributions from and distributions to owners										
- Payment of dividends	-	-	-	-	-	-	(289,782)	(289,782)	(152)	(289,934)
- Share-based payments	-	-	-	-	-	18,189	-	18,189	-	18,189
Total contributions from and distributions to owners						18,189	(289,782)	(271,593)	(152)	(271,745)
Total equity as at 30 Sep 2023	19,319	358,506	52,042	4,155	67,368	168,085	3,056,117	3,725,592	(378)	3,725,214

V. Consolidated statement of cash flows

PLN '000	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Cash flows from operating activities				
Net profit for period	959,081	356,227	757,315	228,925
<i>Adjustments</i>				
Depreciation of property, plant and equipment	28,480	9,347	26,504	8,794
Amortisation of intangible assets	18,696	6,161	16,435	5,745
Net finance costs	289,287	104,624	195,655	73,036
(Gain)/loss on sale of property, plant and equipment	185	490	(1,304)	(567)
Write-off of development work	1,055	156	-	-
(Gain)/loss on sale of subsidiaries	-	-	(15,103)	-
Equity-settled share-based payments	13,286	4,461	18,189	8,901
Interest income	(1,542,818)	(549,437)	(1,264,992)	(447,034)
Income tax	(1,583)	15,248	75,455	18,752
Change in loans	(54,792)	(4,368)	(34,689)	(1,677)
Change in debt portfolios purchased	(1,126,087)	(635,138)	(1,444,446)	(705,347)
Change in inventories	4,217	820	(495)	(1,065)
Change in trade and other receivables	18,163	(2,097)	(15,773)	(8,118)
Change in other assets	2,273	801	2,801	(161)
Change in trade and other payables	(26,118)	(78,556)	(9,983)	(14,949)
Change in employee benefit obligations	(11,628)	(3,185)	(2,143)	(1,379)
Change in provisions	(13,677)	(12,964)	(2,334)	(946)
Minority interest share of profit	(328)	(131)	(482)	(134)
Interest received	1,542,818	549,437	1,264,992	447,034
Income tax paid	(5,313)	(174)	(54,039)	(22,995)
Net cash from operating activities	95,197	(238,278)	(488,437)	(413,185)
Cash flows from investing activities				
Interest received	6,043	426	900	177
Sale of intangible assets and property, plant and equipment	498	111	930	617
Proceeds from sale of subsidiaries	-	-	16,777	-
Purchase of intangible assets and property, plant and equipment	(23,962)	(12,513)	(34,093)	(8,238)
Net cash from investing activities	(17,421)	(11,976)	(15,486)	(7,444)
Cash flows from financing activities				
Proceeds from issue of shares	15,654	15,654	-	-
Proceeds from issue of debt securities	173,724	-	977,320	75,000
Increase in borrowings	1,785,167	593,122	1,879,875	1,034,882
Repayment of borrowings	(1,503,842)	(228,166)	(1,847,639)	(322,391)
Payments under lease contracts	(22,949)	(5,029)	(27,469)	(14,494)
Payment of dividends	(347,844)	-	(289,934)	(289,782)
Redemption of debt securities	(102,500)	(25,000)	-	-
Interest received and paid on hedging instruments	74,084	24,071	53,206	3,193
Interest paid	(359,368)	(127,080)	(250,074)	(36,310)
Net cash from financing activities	(287,874)	247,572	495,285	450,098
Total net cash flows	(210,098)	(2,682)	(8,638)	29,469
Cash and cash equivalents at beginning of period	388,461	181,045	202,160	164,053
Cash and cash equivalents at end of period	178,363	178,363	193,522	193,522
<i>of which: effect of exchange rate fluctuations on cash held</i>	2,628	206	(4,560)	(8,185)

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: 7 September 2005

Registration number: KRS NO. 0000240829

Principal business activities of the Parent and its subsidiaries

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

These interim condensed consolidated financial statements for the reporting period from 1 January to 30 September 2024 include the financial statements of the Parent and its subsidiaries (jointly the “Group”).

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

As at 30 September 2024, the composition of the Parent’s Management Board was as follows:

Piotr Krupa	President of the Management Board
Piotr Kowalewski	Member of the Management Board
Adam Łodygowski	Member of the Management Board
Urszula Okarma	Member of the Management Board
Michał Zasepa	Member of the Management Board

In the three months ended 30 September 2024 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

As at 30 September 2024, the composition of the Parent's Supervisory Board was as follows:

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

The following changes took place on the Supervisory Board during the three months ended 30 September 2024:

- On 27 August 2024, Piotr Stępnik resigned as Chair, and Ewa Radkowska-Świętoń was appointed to the role.

As at the issue date of this interim report, the composition of the Supervisory Board of KRUK S.A. remained unchanged.

KRUK Group

As at the issue date of this report, the Group comprised KRUK S.A. of Wrocław, 21 subsidiaries, and two entities controlled through personal links:

Subsidiary	Registered office	Principal business activity
DEBT MANAGEMENT		
AgeCredit S.r.l.	Cesena	Credit management in Italy
KRUK Česká a Slovenská republika s.r.o.	Hradec Kralove	Credit management services and collection of debt purchased by the KRUK Group, investing in debt portfolios
KRUK Deutschland GmbH	Berlin	Collection of debt purchased by the KRUK Group, investing in debt portfolios
KRUK Espana 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
INVESTMENTS IN DEBT PORTFOLIOS		
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Wrocław	Management of Prokura NFW FIZ, Presco NFW FIZ and Bison NFW FIZ funds
Presco NFW FIZ (formerly P.R.E.S.C.O. Investment I NS FIZ)	Wrocław	Non-standardised Debt Closed-End Investment Fund
Prokura NFW FIZ (formerly Prokura NS FIZ)	Wrocław	Non-Standardised Debt Closed-End Investment Fund

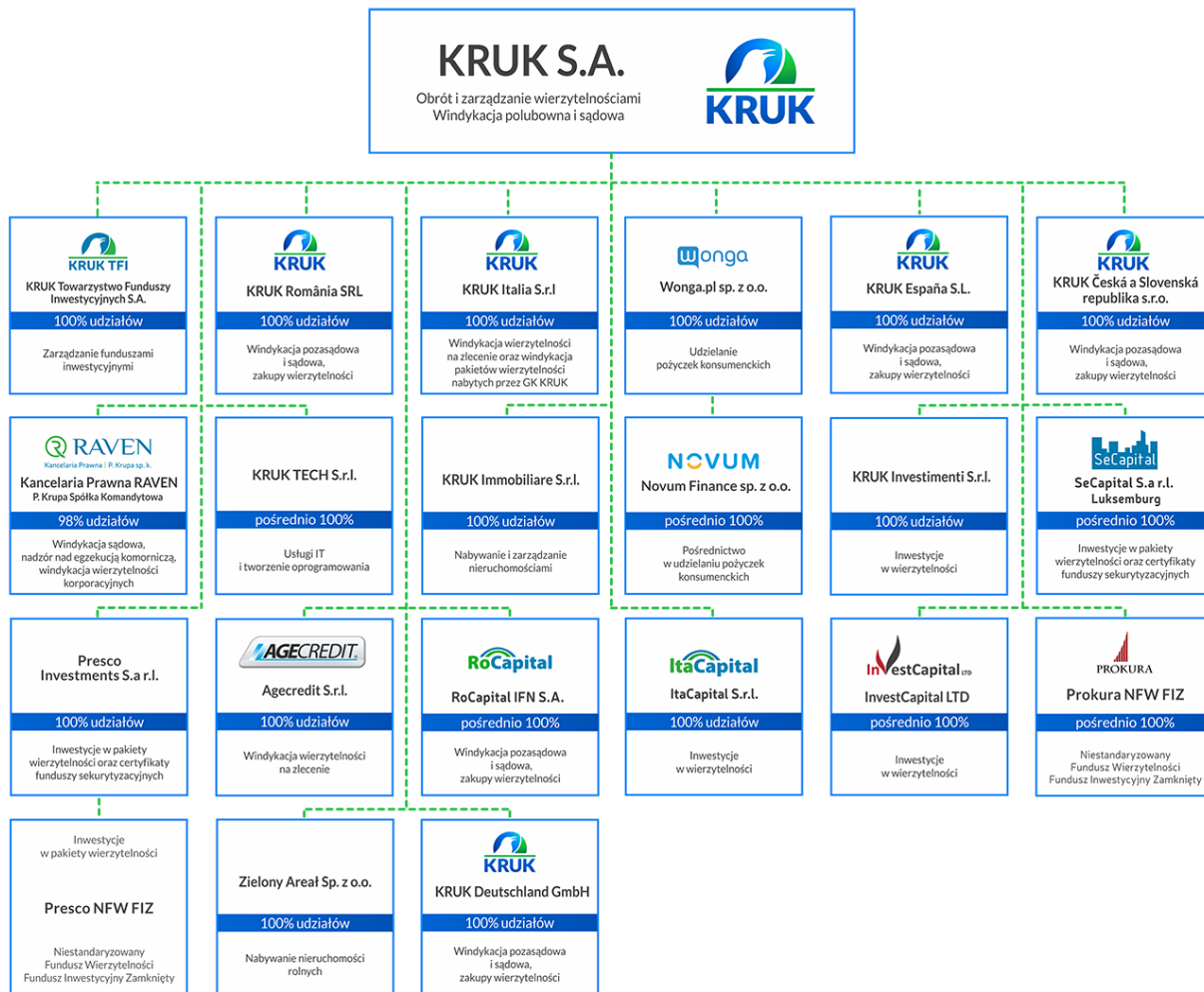
Subsidiary	Registered office	Principal business activity
InvestCapital Ltd.	Malta	Investing in debt or debt-backed assets
ItaCapital S.r.l.	Milan	Investing in debt portfolios
KRUK INVESTIMENTI S.R.L.	Milan	Investing in debt portfolios
Secapital S.a r.l.	Luxembourg	Investing in debt or debt-backed assets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

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

All the subsidiaries listed above are included in these condensed consolidated financial statements as at 30 September 2024 and for the period from 1 January to 30 September 2024.

During the three months ended 30 September 2024, the Prokura NFW FIZ and Bison NFW FIZ funds merged. As of 3 July 2024, Bison was removed from the Register of Investment Funds.

As at the date of issue of this report, the KRUK Group's 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	
		30 Sep 2024	31 Dec 2023
Secapital S.a.r.l. ¹	Luxembourg	100%	100%
Novum Finance Sp. z o.o. ¹	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 NFW FIZ (formerly Prokura NS FIZ) ¹	Poland	100%	100%
InvestCapital Ltd ¹	Malta	100%	100%
RoCapital IFN S.A. ¹	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%
Presco Investments S.a.r.l.	Luxembourg	100%	100%
Presco NFW FIZ (formerly P.R.E.S.C.O. Investment I NS FIZ) ¹	Poland	100%	100%
Bison NFW FIZ (formerly Bison NS FIZ) ³	Poland	-	100%
Corbul S.r.l. ²	Romania	n/a	n/a
Gantoi, Furculita Si Asociatii S.p.a.r.l. ²	Romania	n/a	n/a
AgeCredit S.r.l.	Italy	100%	100%
Wonga.pl Sp. z o.o.	Poland	100%	100%
KRUK Investimenti S.r.l.	Italy	100%	100%
Zielony Areał Sp. z o.o.	Poland	100%	100%
Kruk Tech S.r.l. ¹	Romania	100%	100%
Kruk Immobiliare S.r.l.	Italy	100%	100%

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

² The Parent controls the company through a personal link.

³ During the three months ended 30 September 2024, the Prokura NFW FIZ and Bison NFW FIZ funds merged. As of 3 July 2024, Bison was removed from the Register of Investment Funds.

2. Reporting period

The reporting period is the period from 1 January to 30 September 2024 and the comparative period is the period from 1 January to 30 September 2023. The consolidated statement of financial position has been prepared as at 30 September 2024 and the comparative data is presented as at 30 June 2024, 30 September 2023, and 31 December 2023. The consolidated statement of changes in equity has been prepared for the period from 1 January to 30 September 2024 and the comparative periods are from 1 January to 30 September 2023 and from 1 January to 31 December 2023.

The quarterly financial data is presented for the periods from 1 July to 30 September 2024 and from 1 July to 30 September 2023.

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 31 December 2023 (available on the web page: [Periodic 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 28 October 2024.

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,
- at fair value – for derivatives and loans for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding,
- at historical cost – for non-financial assets and liabilities.

Changes in accounting policies

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 31 December 2023, save for the change discussed in section '*Change of presentation*'.

The Group applied the following amendments to standards and interpretations approved for use in the European Union as of 1 January 2024:

- The amendments to IAS 1 *Presentation of Financial Statements* concern the presentation of liabilities in the statement of financial position.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments – Disclosures: Supplier Finance Arrangements*
- The amendments to IFRS 16 *Leases* concern the measurement of lease liabilities in sale and leaseback transactions.

The amendments had no significant effect on the interim condensed consolidated financial statements of the Group.

These financial statements comply with the requirements of 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 1 January 2024.

Change of presentation

- To better reflect the relevant economic substance and enhance the usefulness of presented data, the Group has changed the presentation of court fees from 'Other expenses' to a separate line item 'Court fees'.

The data reported in the consolidated financial statements issued for the period from 1 January to 30 September 2023 was restated to ensure comparability. The effect of the change on the consolidated statement of profit or loss is presented below.

<i>PLN '000</i>	1 Jan–30 Sep 2023 Reported data	Change	1 Jan–30 Sep 2023 Data restated to ensure comparability
Employee benefits expense	(379,021)		(379,021)
Depreciation and amortisation	(42,939)		(42,939)
Court fees	-	(257,238)	(257,238)
Services	(171,751)		(171,751)
Other expenses	(300,618)	257,238	(43,380)
	(894,329)	-	(894,329)

<i>PLN '000</i>	1 Jul–30 Sep 2023 Reported data	Change	1 Jul–30 Sep 2023 Data restated to ensure comparability
Employee benefits expense	(128,062)		(128,062)
Depreciation and amortisation	(14,539)		(14,539)
Court fees	-	(88,970)	(88,970)
Services	(60,316)		(60,316)
Other expenses	(99,840)	88,970	(10,870)
	(302,757)	-	(302,757)

- To better reflect the relevant economic substance and enhance the usefulness of the presented data, the Group has changed the presentation of cash flows from interest on hedging instruments. In the previous reporting period, they were recorded under 'Interest paid', and now they are presented as a separate item under 'Interest received and paid on hedging instruments'.

The data reported in the consolidated financial statements issued for the period from 1 January to 30 September 2023 was restated to ensure comparability. The effect of the change on the consolidated statement of cash flows is presented below.

PLN '000	1 Jan–30 Sep 2023 Reported data	Change	1 Jan–30 Sep 2023 Data restated to ensure comparability
Cash flows from financing activities			
Proceeds from issue of shares	-		-
Proceeds from issue of debt securities	977,320		977,320
Increase in borrowings	1,879,875		1,879,875
Repayment of borrowings	(1,847,639)		(1,847,639)
Payments under finance lease contracts	(27,469)		(27,469)
Payment of dividends	(289,934)		(289,934)
Redemption of debt securities	-		-
Interest received and paid on hedging instruments		53,206	53,206
Interest paid	(196,868)	(53,206)	(250,074)
Net cash from financing activities	495,285	-	495,285

PLN '000	1 Jul–30 Sep 2023 Reported data	Change	1 Jul–30 Sep 2023 Data restated to ensure comparability
Cash flows from financing activities			
Proceeds from issue of shares	-		-
Proceeds from issue of debt securities	75,000		75,000
Increase in borrowings	1,034,882		1,034,882
Repayment of borrowings	(322,391)		(322,391)
Payments under finance lease contracts	(14,494)		(14,494)
Payment of dividends	(289,782)		(289,782)
Redemption of debt securities	-		-
Interest received and paid on hedging instruments		21,233	21,233
Interest paid	(88,738)	(21,233)	(109,971)
Net cash from financing activities	394,477	-	394,477

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

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on and after
IFRS 19 Subsidiaries without Public Accountability: Disclosures	The new standard specifies reduced disclosure requirements that an eligible entity may apply instead of the disclosure requirements in other IFRSs.	The Group does not expect the amendments to have a significant impact on its consolidated financial statements.	1 January 2027
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	The standard is to replace IAS 1 Presentation of Financial Statements.	The Group is assessing the impact of the amendments on its consolidated financial statements.	1 January 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	These annual improvements introduce minor amendments to IFRS 1 First-time Adoption of IFRSs, IFRS 7 Financial Instruments – Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 41 Agriculture and IAS 7 Statement of Cash Flows.	The Group is assessing the potential impact of the amendments on its consolidated financial statements.	1 January 2026
Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)	The amendments will address diversity in accounting practice by making the requirements more understandable and consistent.	The Group is assessing the potential impact of the amendments on its consolidated financial statements.	1 January 2026
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rate – Lack of Exchangeability</i>	The amendments clarify how an entity should assess whether a currency is exchangeable and determine the exchange rate when it is not as well as require certain additional disclosures in such cases.	The Group is assessing the potential impact of the amendments on its consolidated financial statements.	1 January 2025

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
	30 Sep 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Investments in debt portfolios	9,748,902	8,673,765	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.</p> <p>The expected cash flows were estimated with the use of analytical methods (portfolio analysis) or based on a legal and economic analysis of individual claims or indebted persons/entities (case-by-case analysis). The method of estimating cash flows from a debt portfolio is selected based on the available data on the portfolio, debt profiles as well as historical data collected in the course of managing the portfolio.</p> <p>The Kruk Group prepares projections for recoveries from debt portfolios separately for each market. The projections account for historical performance of the process of debt portfolio recovery, legal regulations currently in force and planned, type and nature of debt and security, current collection strategy and macroeconomic considerations, among other factors.</p> <p>Initial projections of expected cash flows that take into account the initial value are the basis for calculating the effective interest rate, equal to the internal rate of return including an element that reflects credit risk, which is used for discounting estimated cash flows, and which remains unchanged throughout the life of a portfolio.</p>

Item	Amount estimated		Note	Assumptions and estimate calculation
	30 Sep 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Goodwill	7,944	8,084	10.14	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.
Loans measured at amortised cost	469,412	412,510	9	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. 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).
Loans at fair value through profit or loss	3,508	5,618	9	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. 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.

Item	Amount subject to judgement		Note	Assumptions underlying judgements
	30 Sep 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Deferred tax assets and liabilities	42,948 (assets)	45,958 (assets)	10.9	<p>The Group exercises control over the timing of temporary differences regarding subsidiaries, and thus recognises deferred tax liabilities. These liabilities are based on estimates of future income tax payments, which are derived from three-year plans.</p> <p>The Group assesses the recoverability of the deferred tax asset based on its approved projection of profits 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"> • KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A., • raised and projected new debt financing available to the investment companies, • the planned expenditure on debt portfolios – its amount determines the projected liquidity position of the investment companies, • planned recoveries from purchased debt portfolios at the investment companies. <p>Therefore, the amount of deferred tax liability for <i>expected future cash flows from subsidiaries</i> may be subject to material changes in individual reporting periods.</p>
	179,782 (liabilities)	202,307 (liabilities)		
Functional currency at InvestCapital	-114,588	-67,772		<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 31 December 2023. In the period from 1 January to 30 September 2024, there were no significant changes in the approach to financial risk management.

7. Reportable and geographical segments

Reportable segments

Based on the criterion of materiality of revenue in the consolidated statement of profit or loss, the Group has identified the principal reportable segments presented below. 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 operations are focused on several geographical regions – Poland, Romania, the Czech Republic, Slovakia, Germany, Spain, Italy, and France.

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

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

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

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

There was no revenue from inter-segment transactions.

Reportable segments

For the reporting period ended 30 September 2024

	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
Revenue	961,149	126,124	487,994	423,984	278,286	40,133	6,973	-	2,324,643
Purchased debt portfolios	922,029	-	483,667	414,289	265,409	40,133	-	-	2,125,527
<i>including revaluation of projected recoveries</i>	<i>254,864</i>	-	<i>167,199</i>	<i>59,106</i>	<i>(28,607)</i>	<i>1,585</i>	-	-	454,147
Credit management services	19,556	-	410	9,695	12,877	-	-	-	42,538
Other products	19,564	126,124	3,917	-	-	-	-	-	149,605
Other income	-	-	-	-	-	-	6,973	-	6,973
Direct and indirect costs	(235,304)	(44,693)	(93,634)	(183,369)	(183,527)	(16,875)	(6,090)	-	(763,492)
Purchased debt portfolios	(210,875)	-	(90,793)	(176,171)	(174,034)	(16,875)	-	-	(668,748)
Credit management services	(14,493)	-	(27)	(7,198)	(9,493)	-	-	-	(31,211)
Other products	(9,936)	(44,693)	(2,814)	-	-	-	-	-	(57,443)
Unallocated expenses	-	-	-	-	-	-	(6,090)	-	(6,090)
Gross profit ¹	725,845	81,431	394,360	240,615	94,759	23,258	883	-	1,561,151
Purchased debt portfolios	711,154	-	392,874	238,118	91,375	23,258	-	-	1,456,779
Credit management services	5,063	-	383	2,497	3,384	-	-	-	11,327
Other products	9,628	81,431	1,103	-	-	-	-	-	92,162
Unallocated income / expenses	-	-	-	-	-	-	883	-	883
Administrative expenses	(67,632)	(9,017)	(23,645)	(33,585)	(19,576)	(8,807)	-	(104,928)	(267,190)
EBITDA ²	658,213	72,414	370,715	207,030	75,183	14,451	883	(104,928)	1,293,961
Depreciation and amortisation									(47,176)
Finance income/(costs)									(289,287)
Profit before tax									957,498
Income tax									1,583
Net profit									959,081
Carrying amount of debt portfolios	3,600,628	-	1,569,978	2,353,718	2,035,987	188,591	-	-	9,748,902
Carrying amount of loans	99,890	349,300	23,730	-	-	-	-	-	472,920
Cash recoveries	1,082,435	-	505,686	550,671	391,203	71,671	-	-	2,601,666

Quarterly report – Interim condensed consolidated financial statements

For the reporting period ended 30 September 2023	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
Revenue	796,205	100,177	431,953	311,614	223,136	40,620	19,049	-	1,922,754
Purchased debt portfolios	754,745	-	427,367	303,512	210,906	40,620	-	-	1,737,150
<i>including revaluation of projected recoveries</i>	<i>145,039</i>	-	<i>145,058</i>	<i>23,134</i>	<i>4,500</i>	<i>1,718</i>	-	-	319,449
Credit management services	23,409	-	322	8,102	12,230	-	-	-	44,063
Other products	18,051	100,177	4,264	-	-	-	-	-	122,492
Other income	-	-	-	-	-	-	19,049	-	19,049
Direct and indirect costs	(206,682)	(35,769)	(91,071)	(145,405)	(117,495)	(21,445)	(6,602)	-	(624,469)
Purchased debt portfolios	(181,181)	-	(88,079)	(139,200)	(106,342)	(21,445)	-	-	(536,247)
Credit management services	(16,166)	-	(27)	(6,205)	(11,153)	-	-	-	(33,551)
Other products	(9,335)	(35,769)	(2,965)	-	-	-	-	-	(48,069)
Unallocated expenses	-	-	-	-	-	-	(6,602)	-	(6,602)
Gross profit ¹	589,523	64,408	340,882	166,209	105,641	19,175	12,447	-	1,298,285
Purchased debt portfolios	573,564	-	339,288	164,312	104,564	19,175	-	-	1,200,903
Credit management services	7,243	-	295	1,897	1,077	-	-	-	10,512
Other products	8,716	64,408	1,299	-	-	-	-	-	74,423
Unallocated income / expenses	-	-	-	-	-	-	12,447	-	12,447
Administrative expenses	(54,337)	(9,916)	(22,016)	(27,044)	(17,498)	(10,725)	-	(85,384)	(226,920)
EBITDA ²	535,186	54,492	318,864	139,165	88,144	8,450	12,447	(85,384)	1,071,364
Depreciation and amortisation									(42,939)
Finance income/(costs)									(195,655)
Profit before tax									832,770
Income tax									(75,455)
Net profit									757,315
Carrying amount of debt portfolios	2,858,381	-	1,390,486	1,998,172	1,765,962	177,227	-	-	8,190,228
Carrying amount of loans	66,538	318,193	19,401	-	-	-	-	-	404,132
Cash recoveries	1,032,464	-	476,769	423,202	259,979	93,553	-	-	2,285,967

¹ Gross profit = revenue – direct and indirect costs

² EBITDA = gross profit – administrative expenses

8. Seasonality or cyclicity 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

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Investments in debt portfolios	9,748,902	8,673,765	8,190,228
Loans measured at amortised cost	469,412	412,510	397,280
Loans measured at fair value	3,508	5,618	6,852
	<u>10,221,822</u>	<u>9,091,893</u>	<u>8,594,360</u>

Investments measured at amortised cost

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Investments in debt portfolios	9,748,902	8,673,765	8,190,228
Loans measured at amortised cost	469,412	412,510	397,280
	<u>10,218,314</u>	<u>9,086,275</u>	<u>8,587,508</u>

Debt portfolios

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Carrying amount of purchased debt portfolios			
Unsecured portfolios	8,986,107	7,822,296	7,441,009
Secured portfolios	762,795	851,469	749,219
	<u>9,748,902</u>	<u>8,673,765</u>	<u>8,190,228</u>

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

- discount rate in case of change in the amount of the purchased debt portfolio;
- cash flows estimation period;
- expected future cash flows estimated using the current data and debt collection 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

	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Discount rate ¹	8.00%–147.10%	8.00%–147.10%	8.00%–147.10%
Cash flows estimation period	Oct 2024–Mar 2045	Jan 2024–Dec 2043	Oct 2023–Oct 2043
<i>PLN '000</i>			
Undiscounted value of future recoveries, including: discount rate:	21,116,343	18,397,175	17,229,761
< 25%	14,732,369	12,779,718	12,039,919
25%–50%	5,411,169	4,837,595	4,424,520
> 50%	972,805	779,862	765,322

¹ Interest rate range applicable to 99% of debt portfolios

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

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Period			
Up to 12 months	3,111,181	2,687,036	2,537,588
From 1 to 2 years	2,841,675	2,526,899	2,383,739
From 2 to 3 years	2,478,287	2,239,826	2,176,557
From 3 to 4 years	2,105,241	1,869,962	1,746,310
From 4 to 5 years	1,760,065	1,573,277	1,471,926
From 5 to 6 years	1,449,952	1,307,232	1,209,250
From 6 to 7 years	1,206,177	1,054,058	988,908
From 7 to 8 years	1,030,014	886,242	825,987
From 8 to 9 years	889,172	756,219	706,428
From 9 to 10 years	779,392	657,862	608,027
From 10 to 11 years	685,624	576,293	532,856
From 11 to 12 years	599,242	504,106	459,525
From 12 to 13 years	513,455	430,353	388,499
From 13 to 14 years	434,064	340,383	316,720
From 14 to 15 years	335,848	272,407	238,410
Over 15 years	896,954	715,020	639,031
	21,116,343	18,397,175	17,229,761

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

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

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

PLN '000	Unsecured portfolios	Secured portfolios	Total
Carrying amount of investments in debt portfolios at 1 January 2024	7,822,296	851,469	8,673,765
Purchase of debt portfolios	1,628,501	14,177	1,642,678
Cash recoveries***	(2,362,741)	(238,925)	(2,601,666)
Increase/(decrease) in liabilities to indebted persons due to overpayments*	3,342	-	3,342
Valuation of loyalty scheme*	(2,216)	-	(2,216)
Payments from original creditor	(1,949)	-	(1,949)
Revenue from purchased debt portfolios***	1,985,055	140,472	2,125,527
Carrying amount of property foreclosed	-	(1,008)	(1,008)
Translation differences on debt portfolios**	(86,181)	(3,390)	(89,571)
Carrying amount of investments in debt portfolios at 30 September 2024	8,986,107	762,795	9,748,902

PLN '000	Unsecured portfolios	Secured portfolios	Total
Carrying amount of investments in debt portfolios at 1 Jan 2023	6,008,230	759,857	6,768,087
Purchase of debt portfolios	2,717,933	254,298	2,972,231
Cash recoveries	(2,730,606)	(331,867)	(3,062,473)
Increase/(decrease) in liabilities to indebted persons due to overpayments*	5,917	-	5,917
Valuation of loyalty scheme*	6,153	-	6,153
Revenue from purchased debt portfolios	2,167,039	176,719	2,343,758
Carrying amount of property foreclosed	-	(3,321)	(3,321)
Carrying amount of property sold	-	4,623	4,623
Translation differences on debt portfolios**	(352,370)	(8,840)	(361,210)
Carrying amount of investments in debt portfolios at 31 December 2023	7,822,296	851,469	8,673,765

PLN '000	Unsecured portfolios	Secured portfolios	Total
Carrying amount of investments in debt portfolios at 1 Jan 2023	6,008,230	759,857	6,768,087
Purchase of debt portfolios	1,864,968	118,838	1,983,806
Cash recoveries	(2,012,294)	(273,673)	(2,285,967)
Increase/(decrease) in liabilities to indebted persons due to overpayments*	4,810	-	4,810
Valuation of loyalty scheme*	4,888	-	4,888
Revenue from purchased debt portfolios	1,598,270	138,880	1,737,150
Carrying amount of property foreclosed	-	(2,308)	(2,308)
Carrying amount of property sold	-	2,898	2,898
Translation differences on debt portfolios**	(27,863)	4,727	(23,136)
Carrying amount of investments in debt portfolios at 30 September 2023	7,441,009	749,219	8,190,228

* The amount of investments in debt portfolios is adjusted to account for the measurement of the loyalty scheme and the increase/(decrease) in liabilities to indebted persons due to overpayments in connection with the recognition of costs related to the bonus plan and a provision for overpayments under 'Other income/expenses from purchased debt portfolios'. As at the end of August 2024, the KRUK Group concluded its Dreams Come True (Marzenia do spełnienia) loyalty scheme, resulting in the reversal of a PLN 8,952 thousand provision for points.

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

*** As of the current period, the presentation of income from the sale of properties and the carrying amount of property sold was reclassified. The change has no effect on the carrying amount of investments in debt portfolios.

Expenditure on debt portfolios is presented in the operating activities section of the statement of cash flows under *Change in debt portfolios purchased*.

In the reporting period, the Group incurred expenditure on the purchase of debt portfolios of PLN 1,642,678 thousand (nine months to 30 September 2023: PLN 1,983,806 thousand; 2023: PLN 2,972,231 thousand), while recoveries from indebted persons amounted to PLN 2,601,666 thousand (nine months to 30 September 2023: PLN 2,285,967 thousand; 2023: PLN 3,062,473 thousand).

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–30 Sep 2023 unaudited
Cumulative expected credit losses on purchased debt portfolios at beginning of period	3,189,274	2,328,752	2,328,752
Revaluation of projected recoveries, including:	454,147	438,985	319,449
<i>unsecured portfolios</i>	462,080	455,770	337,857
<i>secured portfolios</i>	(7,933)	(16,785)	(18,408)
Deviations from actual recoveries, decreases on early collections in collateralised cases, including:	295,556	421,537	340,307
<i>unsecured portfolios</i>	255,454	369,171	289,147
<i>secured portfolios</i>	40,102	52,366	51,160
Cumulative expected credit losses on purchased debt portfolios at end of period	3,938,977	3,189,274	2,988,508

Changes in expected credit losses are reflected in the value of the debt portfolio.

Loans

PLN '000	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Loans measured at amortised cost	469,412	412,510	397,280
Loans measured at fair value	3,508	5,618	6,852
	<u>472,920</u>	<u>418,128</u>	<u>404,132</u>

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	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Gross carrying amount of loans measured at amortised cost			
Basket 1	312,981	263,129	255,405
Basket 2	105,749	111,884	113,813
Basket 3	370,251	302,324	275,659
POCI loans	989	1,323	1,260
	<u>789,970</u>	<u>678,660</u>	<u>646,137</u>
Allowance for expected credit losses			
Basket 1	21,783	17,202	16,795
Basket 2	23,459	24,182	24,151
Basket 3	275,316	224,766	207,911
	<u>320,558</u>	<u>266,150</u>	<u>248,857</u>
Net carrying amount			
Basket 1	291,198	245,927	238,610
Basket 2	82,290	87,702	89,662
Basket 3	94,935	77,558	67,748
POCI loans	989	1,323	1,260
	<u>469,412</u>	<u>412,510</u>	<u>397,280</u>

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–30 Sep 2023 unaudited
Carrying amount of loans measured at amortised cost at beginning of period	412,510	357,003	357,003
Acquisition of loans as part of portfolio purchase	25,234	-	-
New disbursements	491,636	559,747	416,181
Repayments	(607,617)	(666,112)	(493,310)
Interest income	174,720	233,725	178,085
Allowance for expected credit losses	(26,739)	(70,268)	(60,350)
Translation differences on loans	(332)	(1,585)	(328)
Carrying amount of loans measured at amortised cost at end of period	469,412	412,510	397,280

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited				1 Jan–31 Dec 2023			
	Basket 1	Basket 2	Basket 3	Total	Basket 1	Basket 2	Basket 3	Total
Loss allowance as at 1 Jan	17,202	24,182	224,766	266,150	9,769	17,316	134,039	161,124
Transfer from basket 1 to basket 2	(18,268)	18,268	-	-	(5,478)	5,478	-	-
Transfer from basket 1 to basket 3	(23,138)	-	23,138	-	(7,394)	-	7,394	-
Transfer from basket 2 to basket 1	686	(686)	-	-	694	(694)	-	-
Transfer from basket 2 to basket 3	-	(22,620)	22,620	-	-	(36,100)	36,100	-
Transfer from basket 3 to basket 1	-	-	-	-	-	-	-	-
Transfer from basket 3 to basket 2	-	-	-	-	-	-	-	-
Allowance for expected credit losses recognised in the reporting period and changes reflecting loans advanced and repaid	45,301	4,315	4,792	54,408	19,611	38,182	47,233	105,026
Loss allowance at end of period	21,783	23,459	275,316	320,558	17,202	24,182	224,766	266,150

The amount of the allowance is determined for individual expected loss recognition baskets, based on estimates that reflect the risk of incurring the expected loss, made taking into account the stage of delinquency. The amount of the impairment loss at the end of the reporting period covers 40.6% of the gross carrying amount of loans measured at amortised cost (at the end of 2023: 39.2%). The total amount of undiscounted expected credit losses on impaired financial assets due to credit risk as at 30 September 2024 was PLN 25,929 thousand (31 December 2023: PLN 22,124 thousand).

Loans measured at fair value

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–30 Sep 2023 unaudited
Carrying amount of loans measured at fair value at beginning of period	5,618	12,440	12,440
Repayments	(3,215)	(11,352)	(8,960)
Interest income	1,581	4,529	3,691
Remeasurement	(476)	1	(319)
Carrying amount of loans measured at fair value at end of period	3,508	5,618	6,852

10. Type and amounts of items affecting the assets, equity and 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, change in investments, and other income/expenses from purchased debt portfolios

PLN '000

	1 Jan–30 Sep 2024 unaudited					1 Jan–30 Sep 2023 unaudited				
	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other income	Total	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other income	Total
Interest income on debt portfolios and loans measured at amortised cost	1,366,517	-	174,720	-	1,541,237	1,083,216	-	178,085	-	1,261,301
Interest income on loans measured at fair value	-	-	1,581	-	1,581	-	-	3,691	-	3,691
Revenue from sale of debts and loans	7,191	-	-	-	7,191	6,090	-	-	-	6,090
Other income/expenses from purchased debt portfolios	(840)	-	-	-	(840)	(15,776)	-	-	-	(15,776)
Revenue from other services	-	42,538	519	-	43,057	-	44,063	1,385	-	45,448
Other income	-	-	-	6,973	6,973	-	-	-	19,049	19,049
Change in investments measured at fair value	-	-	(476)	-	(476)	-	-	(319)	-	(319)
Gain/(loss) on expected credit losses	752,659	-	(26,739)	-	725,920	663,620	-	(60,350)	-	603,270
	2,125,527	42,538	149,605	6,973	2,324,643	1,737,150	44,063	122,492	19,049	1,922,754

PLN '000

	1 Jul–30 Sep 2024 unaudited					1 Jul–30 Sep 2023 unaudited				
	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other income	Total	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other income	Total
Interest income on debt portfolios and loans measured at amortised cost	483,109	-	65,938	-	549,047	388,058	-	57,992	-	446,050
Interest income on loans measured at fair value	-	-	390	-	390	-	-	984	-	984
Revenue from sale of debts and loans	1,458	-	-	-	1,458	3,584	-	-	-	3,584
Other income/expenses from purchased debt portfolios	4,942	-	-	-	4,942	(5,238)	-	-	-	(5,238)
Revenue from other services	-	13,592	107	-	13,699	-	13,225	306	-	13,531
Other income	-	-	-	1,773	1,773	-	-	-	571	571
Change in investments measured at fair value	-	-	(113)	-	(113)	-	-	353	-	353
Gain/(loss) on expected credit losses	287,142	-	(13,959)	-	273,183	189,568	-	(25,933)	-	163,635
	776,651	13,592	52,363	1,773	844,379	575,972	13,225	33,702	571	623,470

Other income/expenses from purchased debt portfolios

PLN '000

	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Foreign currency gains/(losses)	286	566	(6,078)	(687)
Costs of loyalty scheme valuation	2,216	5,857	(4,888)	(1,893)
Costs of provision for overpayments	(3,342)	(1,481)	(4,810)	(2,658)
	(840)	4,942	(15,776)	(5,238)

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

PLN '000

	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Revaluation of projected recoveries	454,147	196,073	319,449	98,842
Deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor	298,512	91,069	344,171	90,726
	752,659	287,142	663,620	189,568

Revenue from loans*Revenue from loans measured at amortised cost*

PLN '000

	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Interest income	174,720	65,938	178,085	57,992
Allowance for expected credit losses	(26,739)	(13,959)	(60,350)	(25,933)
	147,981	51,979	117,735	32,059

Revenue from loans measured at fair value

PLN '000

	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Interest income	1,581	390	3,691	984
Remeasurement	(476)	(113)	(319)	353
	1,105	277	3,372	1,337

Revenue from other services

PLN '000	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Revenue from credit management services	42,538	13,592	44,063	13,225
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	519	107	1,385	306
	43,057	13,699	45,448	13,531

Other income

PLN '000	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Sale of shares in subsidiaries	-	-	15,103	-
Gain (loss) on sale of property*	5,506	693	-	-
Gain on sale of property, plant and equipment	-	-	1,304	567
Recharged costs of services and court fees	732	615	439	(304)
Rental	56	20	905	11
Other cooperation	-	-	422	189
Recovery of written-off receivables and expenses	-	-	15	6
Compensation for motor damage	35	35	-	-
Other markets	644	410	861	102
	6,973	1,773	19,049	571

* As of the current year, income from the sale of properties and the carrying amount of property sold, previously presented under revenue from purchased debt portfolios, are disclosed as a separate line item

10.2. Services

PLN '000

	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Credit management services ¹	(56,972)	(23,101)	(37,222)	(14,588)
IT services	(48,365)	(17,658)	(37,234)	(17,989)
Administrative and accounting support services	(27,793)	(9,377)	(16,630)	(5,872)
Legal assistance services ²	(23,632)	(7,855)	(22,460)	(2,975)
Banking services	(21,345)	(7,297)	(9,954)	(3,669)
Postal and courier services	(18,407)	(7,082)	(16,375)	(4,850)
Communications services	(10,067)	(3,537)	(8,202)	(2,501)
Marketing and management services	(7,723)	(2,821)	(7,134)	(2,492)
Space rental and service charges	(6,937)	(2,287)	(7,265)	(2,354)
Printing services	(2,938)	(985)	(2,456)	(859)
Security	(1,843)	(655)	(1,829)	(592)
Other auxiliary services	(1,130)	(454)	(1,381)	(486)
Recruitment services	(1,165)	(364)	(1,313)	(333)
Repair and maintenance services	(1,244)	(478)	(935)	(328)
Repair of vehicles	(983)	(289)	(826)	(268)
Other rental	(1,070)	(499)	(327)	(104)
Transport services	(103)	(30)	(125)	(27)
Packing services	(89)	(30)	(83)	(29)
	(231,806)	(84,799)	(171,751)	(60,316)

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

² Legal assistance mainly relates to debt portfolio management.

The increase in the cost of administrative and accounting support services in the three months to 30 September 2024 was mainly driven by the procurement of services related to the development of the Group's digital transformation strategy.

The year-on-year rise in the cost of banking services is attributable to the overall increase in investments in debt portfolios.

10.3. Employee benefits expense

PLN '000

	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Salaries and wages	(311,807)	(103,829)	(285,211)	(94,744)
Other social security contributions	(60,464)	(19,801)	(52,628)	(16,949)
Old-age and disability pension contributions	(24,369)	(8,014)	(21,430)	(6,977)
Equity-settled cost of stock option plan	(13,286)	(4,461)	(18,189)	(8,901)
Contribution to the State Fund for the Disabled	(1,623)	(577)	(1,563)	(491)
	(411,549)	(136,682)	(379,021)	(128,062)

10.4. Court fees

PLN '000	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Legal costs	(234,110)	(77,554)	(171,273)	(56,275)
Bailiff fees	(98,451)	(34,947)	(85,146)	(32,420)
Stamp duties	(2,015)	(659)	(819)	(275)
	<u>(334,576)</u>	<u>(113,160)</u>	<u>(257,238)</u>	<u>(88,970)</u>

10.5. Other expenses

PLN '000	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Taxes and charges	(23,936)	(13,081)	(16,933)	(3,482)
Raw materials and consumables used	(8,647)	(2,829)	(8,872)	(2,935)
Staff training	(6,763)	(2,281)	(3,652)	(1,443)
Advertising	(3,707)	(1,077)	(3,058)	(1,182)
Business trips	(3,457)	(1,227)	(3,020)	(1,047)
Recharged costs of services and fees	(248)	1,964	(410)	(410)
Entertainment expenses	(3,578)	(1,384)	(3,087)	(907)
Non-deductible VAT	(1,592)	(456)	(1,817)	(670)
Write-off of development work	(1,055)	(156)	-	-
Refund of litigation costs	(656)	(114)	(103)	219
Property insurance	(750)	(262)	(688)	(241)
Motor insurance	(624)	(209)	(653)	(210)
Losses caused by motor damage	(420)	(184)	(69)	(12)
Loss on disposal of property, plant and equipment	(185)	(490)	-	-
Non-compete agreements	(230)	(97)	(271)	(83)
Membership fees	(268)	(162)	(149)	(83)
Provision for possible differences related to straight-line basis settlement	4,595	4,538	3,000	1,969
Other markets	(1,230)	(624)	(3,598)	(353)
	<u>(52,751)</u>	<u>(18,131)</u>	<u>(43,380)</u>	<u>(10,870)</u>

In the three months to 30 September 2024, a provision for potential differences arising from the straight-line settlement of loans repaid by September 2020 was reversed due to the marginal level of complaints. The Group believes there is a low risk of any increase in the level of complaints for this group of loans in the future.

10.6. Finance income

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Interest income on bank deposits	6,043	426	900	177
Net foreign exchange losses	-	-	9,836	5,082
	<u>6,043</u>	<u>426</u>	<u>10,736</u>	<u>5,259</u>

10.7. Finance costs

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Interest and commission expense on financial liabilities measured at amortised cost <i>including interest</i>	(363,721)	(129,254)	(260,811)	(99,601)
Net foreign exchange losses	(1,175)	(282)	-	-
Interest income/expense on hedging instruments – IRS	20,042	6,183	15,413	8,754
Hedging income/expense	48,272	16,935	39,249	13,286
Interest income/expense on hedging instruments – CIRS	1,252	1,368	(242)	(734)
	<u>(295,330)</u>	<u>(105,050)</u>	<u>(206,391)</u>	<u>(78,295)</u>

In the nine months ended 30 September 2024, there was a significant year-on-year increase in interest expense, primarily due to higher debt (bonds and notes).

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

<i>PLN '000</i>	<i>Note</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Realised exchange gains/(losses)	10.6; 10.7	(2,428)	61	297	(477)
Unrealised exchange gains/(losses)	10.6; 10.7	1,253	(343)	9,539	5,559
Remeasurement of debt portfolios due to exchange rate movements	10.1	286	566	(6,078)	(687)
		<u>(889)</u>	<u>284</u>	<u>3,758</u>	<u>4,395</u>

10.9. Income tax

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Current income tax recognised in profit or loss				
Current income tax payable	(20,786)	(4,612)	(36,341)	(31,021)
Deferred income tax recognised in profit or loss				
Related to temporary differences and their reversal	22,369	(10,637)	(39,114)	12,268
Income tax recognised in profit or loss	<u>1,583</u>	<u>(15,248)</u>	<u>(75,455)</u>	<u>(18,753)</u>
Deferred income tax recognised in other comprehensive income				
Related to temporary differences and their reversal	(2,854)	7,373	(3,240)	11,924
Income tax recognised in other comprehensive income	<u>(2,854)</u>	<u>7,373</u>	<u>(3,240)</u>	<u>11,924</u>
Income tax recognised in comprehensive income	<u>(1,271)</u>	<u>(7,876)</u>	<u>(78,695)</u>	<u>(6,829)</u>

Reconciliation of effective income tax rate

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited
Profit before tax	957,498	832,770
Tax calculated at the Parent's enacted income tax rate (19%)	(181,925)	(158,226)
Effect of application of other income tax rates abroad and effect of deferred tax	2,093	2,811
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	181,415	79,960
Income tax recognised in profit or loss	<u>1,583</u>	<u>(75,455)</u>
Effective income tax rate (%)	-0.17%	9.06%

The KRUK Group does not recognise CIT based on an estimated average annual effective rate as this would not eliminate tax fluctuations over a financial year.

Deferred tax assets and liabilities

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

PLN '000	Assets		Provisions		Net carrying amount	
	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2024 unaudited	31 Dec 2023
Property, plant and equipment	3,045	5,222	(3,166)	(4,234)	(121)	988
Intangible assets	-	-	(3,560)	(5,000)	(3,560)	(5,000)
Tax losses deductible in future periods	12,651	13,260	-	-	12,651	13,260
Trade and other receivables	-	-	(273)	(241)	(273)	(241)
Borrowings and other debt instruments	17,502	21,776	-	-	17,502	21,776
Employee benefit obligations	2,536	5,230	-	-	2,536	5,230
Provisions and liabilities	179	186	-	-	179	186
Investments in debt portfolios	-	-	(7,721)	(7,411)	(7,721)	(7,411)
Investments in loans	30,153	32,050	-	-	30,153	32,050
Derivative hedging instruments	-	-	(16,621)	(13,767)	(16,621)	(13,767)
Expected future outflows of income from investments in subsidiaries	-	-	(171,559)	(203,420)	(171,559)	(203,420)
Deferred tax assets/liabilities	66,066	77,724	(202,900)	(234,073)	(136,834)	(156,349)
Deferred tax assets offset against liabilities	(23,118)	(31,766)	23,118	31,766	-	-
Deferred tax assets/liabilities in the statement of financial position	42,948	45,958	(179,782)	(202,307)	(136,834)	(156,349)

Change in temporary differences in the period

PLN '000

	Net amount of income tax as at 1 Jan 2024	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at 30 Sep 2024	Net amount of income tax as at 1 Jan 2023	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at 31 Dec 2023
Property, plant and equipment	988	(1,109)	(121)	3,742	(2,754)	988
Intangible assets	(5,000)	1,440	(3,560)	(5,148)	148	(5,000)
Tax losses deductible in future periods	13,260	(609)	12,651	11,920	1,340	13,260
Trade and other receivables	(241)	(32)	(273)	(413)	172	(241)
Borrowings and other debt instruments	21,776	(4,274)	17,502	16,633	5,143	21,776
Employee benefit obligations	5,230	(2,694)	2,536	2,590	2,640	5,230
Provisions and liabilities	186	(7)	179	(109)	295	186
Investments in debt portfolios	(7,411)	(310)	(7,721)	(7,058)	(353)	(7,411)
Investments in loans	32,050	(1,897)	30,153	32,923	(873)	32,050
Expected future outflows of income from investments in subsidiaries	(203,420)	31,861	(171,559)	(208,285)	4,865	(203,420)
	(142,582)	22,369	(120,213)	(153,205)	10,623	(142,582)

PLN '000

	Net amount of income tax as at 1 Jan 2024	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at 30 Sep 2024	Net amount of income tax as at 1 Jan 2023	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at 31 Dec 2023
Derivative hedging instruments	(13,767)	(2,854)	(16,621)	(3,294)	(10,473)	(13,767)
	(13,767)	(2,854)	(16,621)	(3,294)	(10,473)	(13,767)

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 decrease in the related provision for the current period is due to:

- expected reduction in inflows from subsidiaries,
- higher cost of revenue related to forecast proceeds from investments in subsidiaries.

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 30 September 2024 was PLN 4,863,585 thousand (as at 31 December 2023: PLN 3,727,864 thousand).

The published draft bill on top-up taxation of constituent entities of multinational and domestic groups, which implements Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, is expected to be enacted by the end of 2024. The Directive provides that the effective tax rate for multinational corporate groups with consolidated revenue exceeding EUR 750 million that operate in more than six jurisdictions should not be lower than 15% (with the possibility of deferring the application of these regulations for a period of five years for certain income).

As at the issue date of this consolidated report, this requirement does not apply to the KRUK Group as it does not meet the revenue criterion. The KRUK Group expects these new regulations to impact its reporting in the future. However, due to the absence of final provisions, the Group is currently unable to assess their potential effect on its financial statements.

10.10. Borrowings, finance lease liabilities and other financial liabilities

PLN '000	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Non-current liabilities			
Secured borrowings	2,851,423	2,324,607	2,309,728
Liabilities under debt securities (unsecured)	2,696,092	2,773,264	2,236,633
Lease liabilities	37,101	40,213	40,195
	<u>5,584,616</u>	<u>5,138,084</u>	<u>4,586,556</u>
Current liabilities			
Secured borrowings	34,445	285,551	214,429
Liabilities under debt securities (unsecured)	217,558	77,938	134,739
Lease liabilities	30,941	29,594	35,516
	<u>282,944</u>	<u>393,083</u>	<u>384,684</u>

Terms and repayment schedule of borrowings, debt securities and leases

PLN '000	Currency	Nominal interest rate	Maturity periods ¹	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Borrowings secured over the Group's assets	EUR/PLN	1M WIBOR + margin of 1.8–2.60pp; 3M WIBOR + margin of 1.8–2.7pp; 1M EURIBOR + margin of 2.2–2.85pp.	2024–2029	2,885,868	2,610,158	2,524,157
Liabilities under debt securities (unsecured)	PLN EUR	3M WIBOR + margin of 3.2–4.65pp; 4.00%–4.80% ² ; 3M EURIBOR + margin of 4.0–6.5pp	2024–2029	2,913,650	2,851,202	2,371,372
Lease liabilities	EUR/PLN CZK	3M WIBOR or 1M EURIBOR + margin of 3.26–4.58pp 3.00%–8.95%	2024–2030	68,042	69,807	75,711
				<u>5,867,560</u>	<u>5,531,167</u>	<u>4,971,240</u>

¹ Maturity of the last liability.² Fixed interest rate.

Impact of IBOR reform

In June 2024, the National Working Group initiated a public consultation regarding the review and evaluation of alternative interest rate benchmarks. The purpose of the consultation was to reassess the National Working Group's September 2022 decision to select WIRON as the optimal replacement for the WIBOR reference rate. The consultation covered the benchmark WIRON, WIRON+, WIRF, WIRF+, and WRR, which participants were invited to evaluate based on criteria such as benchmark quality, characteristics, and their potential for the development of the financial and banking products markets. Participants also had the opportunity to comment on current market and regulatory environment and related initiatives that could help strengthen the new benchmark, the market it represents, and the instruments based on it. On 9 July 2024, the National Working Group announced that it had concluded the public consultation process as of 1 July 2024. The results of the consultation will be considered in the decision-making process regarding the selection of an alternative reference rate for WIBOR and the development of an updated Roadmap for the reform of reference rates in Poland, including the necessary steps for further development of the domestic money market.

The Group does not anticipate a material impact from IBOR reform on its financial obligations but cannot conclusively determine its effect as not all systemic and regulatory solutions have been finalised. The Group takes measures to prepare for a change in the benchmarks underlying its financial instruments in the event WIBOR ceases to be published. The Group continuously monitors regulatory changes in benchmarks and negotiates amendments to the Master and Credit Agreements governing the hedging instruments and bank loans used by the Group companies, to ensure optimal transition to an alternative benchmark when the WIBOR is replaced.

The individual items for which WIBOR is used as the benchmark are presented below:

<i>PLN '000</i>	30 Sep 2024	31 Dec 2023	30 Sep 2023
	unaudited		unaudited
Carrying amount of financial liabilities for which WIBOR is used as the benchmark			
Borrowings secured over the Group's assets	557,250	454,154	256,949
Liabilities under debt securities (unsecured)	2,129,547	2,159,898	1,680,608
Lease liabilities	3,607	7,922	9,177
Notional amount of hedging instruments for which WIBOR is used as the benchmark			
CIRS	1,832,500	1,750,000	1,310,000
IRS	-	190,000	255,000

10.11. Hedging instruments

Interest rate risk hedges

The interest rate risk management policy covers:

- the Group's objectives in terms of interest rate risk;
- principles of interest rate risk management at the KRUK Group;
- acceptable impact of interest rate risk on the Group's results (interest rate risk appetite);
- methods of measuring and monitoring interest rate risk and interest rate risk exposure;
- procedures in case of exceeding the Group's interest rate risk appetite;
- interest rate risk hedging policies.

To manage interest rate risk, the Company enters into IRS and CIRS contracts.

Open outstanding IRS contracts held by the KRUK Group companies as at 30 September 2024, with a total notional amount of EUR 432,500 thousand:

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

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

Open outstanding CIRS contracts held by Kruk Group companies as at 30 September 2024, with a total notional amount of PLN 1,832,500 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate [EUR]	Variable rate [PLN]	Transaction date	Transaction maturity date
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 330,000,000	2.13%	3M WIBOR	14 Jun 2022	24 May 2027
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 140,000,000	1.90%	3M WIBOR	23 Jun 2022	24 Mar 2027
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.72%	3M WIBOR	20 Jun 2022	16 Mar 2026
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026

ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 52,500,000	0.96%	3M WIBOR	15 Jul 2022	22 Jan 2025
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.49%	3M WIBOR	10 Jan 2023	26 Mar 2025
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 85,000,000	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 355,000,000	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA.	KRUK S.A.	CCIRS	PLN 70,000,000	6.046%	3M WIBOR + 4%	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 90,000,000	6.19%	3M WIBOR + 4%	21 Mar 2024	26 Sep 2028

The transactions were designated for hedge accounting.

The purpose of CIRS contracts is to:

- hedge against interest rate risk, understood as volatility of interest expense due to changes in the 3M WIBOR rate – exchange of floating interest rate for a fixed rate,
- hedge against currency risk, understood as volatility of the net value of EUR-denominated assets due to EUR/PLN exchange rate movements – offsetting exchange differences.

Currency risk hedges

The Group's exposure to currency risk arises mainly from investments in subsidiaries and financial liabilities measured in foreign currencies (Note 12).

The currency risk management policy outlines:

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

In 2019–2024, 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 31 December 2023.

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

On 2 August 2024, KRUK S.A. and mBank S.A. entered into an agreement amending the Hedging Agreement which governs the establishment of hedges under the master agreement of 7 February 2019 for financial market transactions. The amendment provided for the termination of the Hedging Agreement by mutual agreement as of 22 August 2024.

As at 30 September 2024, the Group had no open positions under the framework agreement.

Amounts related to items designated as hedging instruments

PLN '000

	30 Sep 2024 unaudited				31 Dec 2023				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		
Instrument type:										
IRS	-	-	- PLN	(4,954)	4,954	-	190,000 (PLN)	(13,852)	Hedging instruments	Hedge of future cash flows
IRS	-	35,455	432,500 (EUR)	(7,059)	29	28,425	408,500 (EUR)	(44,152)	Hedging instruments	Hedge of future cash flows
CIRS	109,843	2,281	1,832,500 (PLN)	18,306	93,445	4,189	1,750,000 (PLN)	87,551	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign operation
	109,843	37,736		6,293	98,428	32,614		29,547		

PLN '000

Disclosure of the hedged item as at 30 Sep 2024

	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)	-	(4,954)	-	-
Hedge of future cash flows (interest rate risk)	432,500 (EUR)	(7,059)	(31,710)	-
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)	1,832,500 (PLN)	18,306	86,822	-

PLN '000

Disclosure of the hedged item as at 31 Dec 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)	190,000 (PLN)	(13,852)	7,180	-
Hedge of future cash flows (interest rate risk)	408,500 (EUR)	(44,152)	(28,396)	-
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)	1,750,000 (PLN)	87,551	68,177	-

PLN '000

Instrument type:	Amount of future cash flows as at 30 Sep 2024				
	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
IRS					
fixed payment EUR sale	(26,108)	(19,679)	(29,691)	(1,900,712)	-
variable payment EUR	26,108	19,679	29,691	1,900,712	-
CIRS					
fixed payment	(67,155)	(20,336)	(337,773)	(1,427,783)	-
variable payment	67,155	20,336	337,773	1,427,783	-

Instrument type:	Amount of future cash flows as at 31 Dec 2023				
	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
IRS					
fixed payment PLN sale	(26,312)	(165,656)	-	-	-
variable payment PLN	26,312	165,656	-	-	-
IRS					
fixed payment EUR sale	(39,325)	(26,169)	(35,886)	(1,843,653)	-
variable payment EUR	39,325	26,169	35,886	1,843,653	-
CIRS					
fixed payment	(125,963)	(43,342)	(192,769)	(1,286,932)	(369,021)
variable payment	125,963	43,342	192,769	1,286,932	369,021

PLN '000

1 Jan–30 Sep 2024 unaudited

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
Hedge reserve at beginning of period	(21,216)	4,082	68,177	51,043
Measurement of instruments charged to capital reserves	8,028	-	48,659	56,687
Cost of hedging	-	-	23,884	23,884
Temporary differences/reversal of temporary differences	1,520	-	(4,374)	(2,854)
Amount reclassified to profit or loss during the period	(20,042)	-	(49,524)	(69,566)
- Interest income / expense	(20,042)	-	(1,252)	(21,294)
- Cost of hedging	-	-	(48,272)	(48,272)
Hedge reserve at end of period	(31,710)	4,082	86,822	59,194

PLN '000

1 Jan–31 Dec 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	(38,245)	-	59,126	20,881
Cost of hedging	-	-	83,040	83,040
Temporary differences/reversal of temporary differences	2,225	-	(12,698)	(10,473)
Amount reclassified to profit or loss during the period	(19,758)	-	(55,274)	(75,032)
- Interest income / expense	(19,758)	-	(995)	(20,753)
- Cost of hedging	-	-	(54,279)	(54,279)
Hedge reserve at end of period	(21,216)	4,082	68,177	51,043

PLN '000

1 Jan–30 Sep 2023 unaudited

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	18,211	-	(28,093)	(9,882)
Cost of hedging	-	-	89,543	89,543
Temporary differences/reversal of temporary differences	(3,279)	-	39	(3,240)
Amount reclassified to profit or loss during the period	(15,413)	-	(41,593)	(57,006)
- Interest income / expense	(15,413)	-	(2,344)	(17,757)
- Reclassification of exchange differences	-	-	-	-
- Cost of hedging	-	-	(39,249)	(39,249)
Hedge reserve at end of period	34,081	4,082	13,879	52,042

10.12. Earnings per share

Basic earnings per share

<i>thousands of shares</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–30 Sep 2023 unaudited
Number of ordinary shares as at 1 Jan	19,319	19,319	19,319
Effect of redemption and issue	5	-	-
Weighted average number of ordinary shares at end of reporting period	19,323	19,319	19,319
<i>PLN</i>			
Earnings per share	49.62	50.93	39.18

Diluted earnings per share

<i>thousands of shares</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–30 Sep 2023 unaudited
Weighted average number of ordinary shares at end of reporting period	19,323	19,319	19,319
Effect of issue of unregistered shares not subscribed for	1,144	1,024	969
Weighted average number of ordinary shares at end of reporting period (diluted)	20,468	20,343	20,288
<i>PLN</i>			
Earnings per share (diluted)	46.84	48.37	37.30

On 10 October 2024, the Parent's Management Board received a decision to increase the Company's share capital by PLN 62,878, to PLN 19,381,668, through the issue of Series H shares. The registration of the share capital increase in the National Court Register was declaratory in nature, and the increase was formally effected on 23 September 2024.

The share capital was increased as part of a conditional share capital increase under Resolution No. 22/2021 of the Annual General Meeting of 16 June 2021 through the issue of 62,878 Series H shares of the Parent, with a par value of PLN 1.00 per share. The issue of Series H shares was related to the exercise by eligible participants of their rights attached to subscription warrants issued as part of an incentive scheme for key management personnel of KRUK S.A. and the Group companies.

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

PLN '000	30 Sep 2024 unaudited	30 Jun 2024 unaudited	31 Dec 2023 unaudited	30 Sep 2023 unaudited
Assets				
Non-current assets				
Property, plant and equipment	90,397	80,417	91,777	94,183
Other intangible assets	65,130	64,449	67,206	66,010
Goodwill	7,944	8,011	8,084	17,151
Investments	7,129,516	6,752,680	6,416,303	6,049,901
Hedging instruments	96,685	121,947	82,848	57,627
Deferred tax asset	42,948	44,202	45,958	46,291
Total non-current assets	7,432,620	7,071,706	6,712,176	6,331,163
Current assets				
Inventories	10,821	11,641	15,038	16,864
Investments	3,092,306	2,858,877	2,675,590	2,544,459
Trade receivables	21,673	16,778	24,440	22,852
Other receivables	43,574	46,372	58,970	47,110
Income tax receivable	8,021	6,401	22,398	11,659
Hedging instruments	13,158	14,555	15,580	10,931
Other assets	13,579	14,380	15,852	17,740
Cash and cash equivalents	178,363	181,045	388,461	193,522
Total current assets	3,381,495	3,150,049	3,216,329	2,865,137
Total assets	10,814,115	10,221,755	9,928,505	9,196,300
Equity and liabilities				
Equity				
Share capital	19,382	19,319	19,319	19,319
Share premium	374,097	358,506	358,506	358,506
Hedge reserve	59,194	113,363	51,043	52,042
Measurement reserve (defined benefit plans)	3,331	3,331	3,331	4,155
Translation reserve	(127,289)	(105,971)	(95,871)	67,368
Other capital reserves	185,133	180,672	171,847	168,085
Retained earnings	3,894,233	3,538,137	3,283,218	3,056,117
Equity attributable to owners of the Parent	4,408,081	4,107,357	3,791,393	3,725,592
Non-controlling interests	(324)	(455)	(583)	(378)
Total equity	4,407,757	4,106,902	3,790,810	3,725,214
Non-current liabilities				
Borrowings, debt securities and leases	5,584,616	5,244,783	5,138,084	4,586,556
Deferred tax liability	179,782	177,772	202,307	245,145
Provisions	1,340	1,340	12,211	909
Hedging instruments	37,736	2,615	32,614	7,694
Total non-current liabilities	5,803,474	5,426,510	5,385,216	4,840,304
Current liabilities				
Borrowings, debt securities and leases	282,944	279,755	393,083	384,684
Trade and other payables	201,298	272,886	220,448	148,288
Income tax payable	5,913	6,824	11,785	7,126
Employee benefit obligations	64,841	68,026	76,469	57,496
Provisions	47,888	60,852	50,694	33,188
Total current liabilities	602,884	688,343	752,479	630,782
Total liabilities	6,406,358	6,114,853	6,137,695	5,471,086
Total equity and liabilities	10,814,115	10,221,755	9,928,505	9,196,300

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

10.14. Goodwill

PLN '000

	Kancelaria Prawna RAVEN	Kruk España S.L.	ERIF BIG S.A.	Total
Gross carrying amount as at 1 Jan 2023	299	48,315	725	49,339
Increase	-	-	-	-
Decrease	-	-	(725)	(725)
Translation differences	-	(214)	-	(214)
Gross carrying amount as at 31 Dec 2023	299	48,101	-	48,400
Gross carrying amount as at 1 Jan 2024	299	48,101	-	48,400
Increase	-	-	-	-
Decrease	-	-	-	-
Translation differences	-	(140)	-	(140)
Gross carrying amount as at 30 Sep 2024	299	47,961	-	48,260
Impairment losses				
Impairment losses as at 1 Jan 2023	-	(32,313)	-	(32,313)
Increase	-	(8,003)	-	(8,003)
Decrease	-	-	-	-
Impairment losses as at 31 Dec 2023	-	(40,316)	-	(40,316)
Impairment losses as at 1 Jan 2024	-	(40,316)	-	(40,316)
Increase	-	-	-	-
Decrease	-	-	-	-
Impairment losses as at 30 Sep 2024	-	(40,316)	-	(40,316)
Net carrying amount				
As at 1 Jan 2023	299	16,002	725	17,026
As at 31 Dec 2023	299	7,785	-	8,084
As at 1 Jan 2024	299	7,785	-	8,084
As at 30 Sep 2024	299	7,645	-	7,944

As at 30 September 2024, there were no indications of goodwill impairment.

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

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Real property	10,639	14,893	15,471
Other inventories	182	145	1,393
	10,821	15,038	16,864

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

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–30 Sep 2023 unaudited
Carrying amount of property held at beginning of period	14,893	16,243	16,243
Carrying amount of property foreclosed	2,273	3,321	5,783
Carrying amount of property sold	(5,260)	(13)	(2,898)
Impairment losses	(1,265)	(4,610)	(3,475)
Translation differences on property	(2)	(48)	(182)
Carrying amount of property held at end of period	10,639	14,893	15,471

10.16. Trade and other receivables**Trade receivables**

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023
Short-term trade receivables	21,673	24,440
	21,673	24,440

Other receivables

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023
Taxes receivable (other than income tax)	15,128	38,265
Receivables under collected debts	19,595	12,809
Receivables under security deposits and bid bonds	7,329	7,502
Employee loans	92	163
Other receivables	651	115
Receivables for court fees and stamp duty	779	116
	43,574	58,970

10.17. Cash and cash equivalents

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023
Cash in hand	249	118
Cash in current accounts	178,114	168,343
Term deposits	-	220,000
	<u>178,363</u>	<u>388,461</u>

10.18. Employee benefit obligations

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023
Salaries and wages payable	23,770	36,777
Social benefit obligations	21,229	19,879
Accrued holiday entitlements	13,006	14,136
Personal income tax	5,648	4,778
Special accounts	1,188	899
	<u>64,841</u>	<u>76,469</u>

10.19. Trade and other payables

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023
Trade payables	148,536	163,254
Other liabilities	38,146	41,488
Tax and duties payable	3,832	2,823
Accrued expenses	3,557	6,193
Deferred income	7,226	6,690
	<u>201,298</u>	<u>220,448</u>

10.20. Provisions

PLN '000	30 Sep 2024 unaudited	31 Dec 2023
Provisions for retirement gratuity payments	17,734	15,945
Provision for the loyalty scheme	-	10,871
Provision for tax inspection outcome	28,554	28,554
Other provisions	2,940	7,535
	<u>49,228</u>	<u>62,905</u>

	Provisions for retirement gratuity payments	Provision for the loyalty scheme	Provision for tax inspection outcome	Other provisions
Carrying amount as at 1 Jan 2023	14,124	11,746	-	10,561
Increase / accrual	2,202	402	28,554	
Use	(381)	(1,277)	-	
Reversal of provision for possible differences relative to straight-line basis settlement				(3,026)
Carrying amount as at 31 Dec 2023	<u>15,945</u>	<u>10,871</u>	<u>28,554</u>	<u>7,535</u>
Carrying amount as at 1 Jan 2024	15,945	10,871	28,554	7,535
Increase / accrual	1,799	329	-	
Use	(10)	(2,248)	-	
Reversal of provision related to conclusion of loyalty scheme		(8,952)		
Reversal of provision for possible differences relative to straight-line basis settlement				(4,595)
As at 30 Sep 2024	<u>17,734</u>	<u>-</u>	<u>28,554</u>	<u>2,940</u>

In connection with the ongoing inspection of corporate income tax settlement for 2018–2020 conducted by the Customs and Tax Office in Kraków, Kruk S.A. has recognised a provision totalling PLN 28,554 thousand to settle a potential tax underpayment for the years under review and subsequent years, including interest, in its profit or loss for 2023. The proceedings will result in a change in the methodology for determining transfer pricing between related parties for management and debt collection services provided by the Parent to its related parties, which will be implemented by the end of 2024. For years, the Parent has consistently applied the comparable uncontrolled price (CUP) method to determine the consideration due for its management and collection services. The Customs and Tax Office has indicated the need to switch to the cost-plus method, which seeks to cover the service cost and add an appropriate mark-up. As at issue the date of this report, the Parent has received the audit report for the years 2018 and 2019 (with audits for the remaining years still ongoing). The audit results for 2018 and 2019 match the Parent's calculations of the provision recognised for the tax liability in question as at the end of 2023. Settlement of liabilities related to the inspection for 2019 took place after the end of the reporting period.

In the three months to 30 September 2024, a provision for potential differences arising from the straight-line settlement of loans repaid by September 2020 was reversed due to the marginal level of complaints.

The Group believes there is a low risk of any increase in the level of complaints for this group of loans in the future.

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

11. Related-party transactions

Remuneration of the management personnel - Management Board

The remuneration of the key management personnel of the Parent was as follows:

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Base pay/managerial contract (gross)	6,660	2,392	5,750	1,920
Additional benefits	140	50	172	32
Share-based payments	13,286	4,461	18,189	8,901
	<u>20,086</u>	<u>6,903</u>	<u>24,111</u>	<u>10,853</u>

Remuneration of Supervisory Board members

Remuneration of the Parent's Supervisory Board members:

<i>PLN '000</i>	1 Jan–30 Sep 2024 unaudited	1 Jul–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	1 Jul–30 Sep 2023 unaudited
Base pay (gross)	1,208	901	919	613
Additional benefits	26	16	13	9
	<u>1,234</u>	<u>917</u>	<u>932</u>	<u>622</u>

Other transactions with the Company's directors

As at 30 September 2024, members of the Management Board and persons closely related to them jointly held 9.9% of the total voting rights at the Parent's General Meeting (31 December 2023: 10.2%).

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:

	30 Sep 2024 unaudited	31 Dec 2023
Investments in debt portfolios	9,748,902	8,673,765
Loans	472,920	418,128
Hedging instruments	109,843	98,428
Trade and other receivables, excluding tax receivables	50,119	45,145
Cash and cash equivalents	178,363	388,461
	<u>10,560,147</u>	<u>9,623,927</u>

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

PLN '000

	30 Sep 2024 unaudited	31 Dec 2023
Poland	4,203,651	3,987,968
Romania	1,618,339	1,484,091
Italy	2,444,499	2,227,282
Spain	2,042,981	1,711,748
Other foreign markets	250,677	212,838
	<u>10,560,147</u>	<u>9,623,927</u>

Credit risk exposure – Investments in debt portfolios

<i>PLN '000</i>	30 Sep 2024 unaudited	31 Dec 2023	30 Sep 2023 unaudited
Unsecured retail portfolios	8,767,307	7,601,776	7,234,730
Secured retail portfolios	246,146	281,025	247,495
Unsecured corporate portfolios	218,800	220,520	206,279
Secured corporate portfolios	516,649	570,444	501,724
	9,748,902	8,673,765	8,190,228

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.

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

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

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

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

Exposure to liquidity risk**As at 30 Sep 2024**

PLN '000

	Carrying amount	Undiscounted contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
Non-derivative financial assets and liabilities							
Investments in debt portfolios	9,748,902	21,116,343	1,583,565	1,527,616	2,841,675	6,343,593	8,819,894
Loans	472,920	707,017	266,719	131,982	134,642	104,506	69,168
Trade and other receivables, excluding tax receivables	50,119	50,119	50,119	-	-	-	-
Cash and cash equivalents	178,363	178,363	178,363	-	-	-	-
Secured borrowings	(2,885,868)	(3,776,091)	(126,425)	(130,360)	(295,472)	(3,160,191)	(63,643)
Unsecured bonds in issue	(2,913,650)	(3,866,311)	(303,757)	(200,732)	(456,890)	(2,443,011)	(461,921)
Lease liabilities	(68,042)	(73,529)	(15,269)	(13,993)	(13,633)	(27,036)	(3,598)
Trade and other payables	(186,683)	(186,683)	(186,683)	-	-	-	-
	4,396,061	14,149,228	1,446,632	1,314,513	2,210,322	817,861	8,359,900

*Cash flows based on estimates.

As at 31 Dec 2023

PLN '000

	Carrying amount	Undiscounted					Over 5 years
		contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	
Non-derivative financial assets and liabilities							
Investments in debt portfolios	8,673,765	18,397,175	1,380,421	1,306,615	2,526,899	5,683,065	7,500,175
Loans	418,128	665,411	221,218	161,854	167,354	64,425	50,560
Trade and other receivables, excluding tax receivables	45,145	45,145	45,145	-	-	-	-
Cash and cash equivalents	388,461	388,461	388,461	-	-	-	-
Secured borrowings	(2,610,158)	(3,424,429)	(137,898)	(122,501)	(290,459)	(2,873,571)	-
Unsecured bonds in issue	(2,851,202)	(4,012,618)	(159,822)	(160,134)	(445,792)	(2,626,389)	(620,481)
Lease liabilities	(69,807)	(74,608)	(16,857)	(15,549)	(20,107)	(19,309)	(2,786)
Trade and other payables	(204,742)	(204,742)	(204,742)	-	-	-	-
	<u>3,789,590</u>	<u>11,779,795</u>	<u>1,515,926</u>	<u>1,170,285</u>	<u>1,937,895</u>	<u>228,221</u>	<u>6,927,468</u>

* Cash flows based on estimates.

The above amounts do not include expenditure on and recoveries from future purchased debt portfolios and future operating expenses which will be necessary to obtain proceeds from financial assets.

Contractual cash flows were determined based on interest rates effective as at 30 September 2024 and 31 December 2023, 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 30 September 2024, the undrawn revolving credit facility limit available to the Group was PLN 972,375 thousand (31 December 2023: PLN 768,121 thousand). The limit is available until 31 October 2029.

Market risk

Market risk is the risk of impact of changes in market prices, such as foreign exchange rates and interest rates on the Group's results or on the value of financial instruments held and investments made by the Group. The objective behind market risk management is to maintain and control the Group's exposure to currency and interest rate risks within assumed limits so as to:

- maintain a stable financial position in the long-term;
- mitigate the liquidity risk;
- reduce the impacts of market risk on profit or loss;
- mitigate the risk of non-compliance with financial covenants under credit agreements and terms and conditions of bonds.

As at 30 September 2024, financial assets denominated in foreign currencies accounted for 59% of total assets, while liabilities denominated in foreign currencies represented 30% of total equity and liabilities (31 December 2023: 57% and 31%, respectively).

Exposure to currency risk and sensitivity analysis

The Group's exposure to currency risk attributable to financial instruments denominated in foreign currencies, calculated based on the exchange rates effective as at the end of the reporting period:

PLN '000	30 Sep 2024					30 Sep 2024				
	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	-	3,386	12,363	-	15,749	-	339	1,236	-	1,575
Investments	-	171	1,550,052	10,257	1,560,480	-	17	155,005	1,026	156,048
Cash	616	238	11,069	109	12,032	62	24	1,107	11	1,204
Borrowings, debt securities and leases	-	(806,364)	-	-	(806,364)	-	(80,636)	-	-	(80,636)
Trade and other payables	(1,119)	(6,721)	(35,072)	-	(42,912)	(112)	(672)	(3,507)	-	(4,291)
Currency risk exposure – effect on profit or loss	(503)	(809,290)	1,538,412	10,366	738,985	(50)	(80,929)	153,841	1,037	73,900
Trade and other receivables	-	20,409	10,790	58,619	89,818	-	2,041	1,079	5,862	8,982
Investments	-	4,464,382	45,272	103,390	4,613,044	-	446,438	4,527	10,339	461,304
Cash	-	97,469	20,817	7,549	125,835	-	9,747	2,082	755	12,584
Borrowings, debt securities and leases	-	(2,368,407)	(11,471)	(1,104)	(2,380,982)	-	(236,841)	(1,147)	(110)	(238,098)
Trade and other payables	-	(47,676)	(10,251)	(3,108)	(61,035)	-	(4,768)	(1,025)	(311)	(6,104)
Currency risk exposure – effect on other comprehensive income	-	2,166,177	55,157	165,346	2,386,680	-	216,617	5,516	16,535	238,668
Exposure to currency risk	(503)	1,356,887	1,593,569	175,712	3,125,665	(50)	135,689	159,357	17,571	312,567
Hedge effect		(1,832,500)			(1,832,500)	-	(183,250)	-	-	(183,250)
Currency risk exposure after hedging	(503)	(475,613)	1,593,569	175,712	1,293,165	(50)	(47,561)	159,357	17,571	129,317

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

PLN	Average exchange rates*		End of period (spot rates)	
	1 Jan–30 Sep 2024 unaudited	1 Jan–30 Sep 2023 unaudited	30 Sep 2024 unaudited	31 Dec 2023
EUR 1	4.3068	4.5773	4.2791	4.3480
USD 1	3.9575	4.2337	3.8193	3.9350
RON 1	0.8657	0.9255	0.8600	0.8742
CZK 1	0.1718	0.1923	0.1700	0.1759

*Average exchange rates were calculated as the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period. Since 1 January 2024, the calculation has also included the mid rate quoted for the last day of the previous financial year.

Exposure to interest rate risk

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

PLN '000	Carrying amount	
	30 Sep 2024 unaudited	31 Dec 2023
Fixed-rate financial instruments		
Financial assets	10,088,613	9,199,664
Financial liabilities	(366,427)	(383,995)
Fixed-rate financial instruments before hedging	9,722,186	8,815,669
Hedge effect (nominal amount)	(3,683,211)	(3,716,158)
Fixed-rate financial instruments after hedging	6,038,975	5,099,511
Variable-rate financial instruments		
Financial assets	471,534	424,263
Financial liabilities	(5,725,552)	(5,384,528)
Variable-rate financial instruments before hedging	(5,254,018)	(4,960,265)
Hedge effect (nominal amount)	3,683,211	3,716,158
Variable-rate financial instruments after hedging	(1,570,807)	(1,244,107)

13. Fair value

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

PLN '000	30 Sep 2024 unaudited		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets and liabilities measured at fair value				
Hedging instruments (IRS)	(35,455)	(35,455)	(23,442)	(23,442)
Hedging instruments (CIRS)	107,562	107,562	89,256	89,256
Loans	3,508	3,508	5,618	5,618
	<u>75,615</u>	<u>75,615</u>	<u>71,432</u>	<u>71,432</u>
Financial assets and liabilities other than measured at fair value				
Investments in debt portfolios	9,748,902	9,582,700	8,673,765	8,827,759
Loans	469,412	494,637	412,510	418,318
Trade and other receivables, excluding tax receivables	50,119	50,119	45,145	45,145
Trade and other payables	(186,683)	(186,683)	(204,742)	(204,742)
Secured borrowings	(2,885,868)	(2,904,001)	(2,610,158)	(2,622,718)
Liabilities under debt securities (unsecured)	(2,913,650)	(3,065,740)	(2,851,202)	(2,869,113)
	<u>4,282,232</u>	<u>3,971,032</u>	<u>3,465,318</u>	<u>3,594,649</u>

Interest rates used for fair value estimation

	30 Sep 2024 unaudited	31 Dec 2023
Investments in debt portfolios*	2.26%–86.59%	2.55%–65.08%
Loans	18.38%–46.54%	17.67%–45.83%
Secured borrowings	5.65%–8.55%	6.05%–8.75%

* Applicable to 99.7% of the debt portfolio value

Hierarchy of financial instruments

Hierarchy of financial instruments measured at fair value

The table below presents financial instruments recognised in the statement of financial position at fair value according to the valuation method applied. 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).

Hierarchy of financial instruments – Level 1

PLN '000	Level 1	
	<u>Carrying amount</u>	<u>Fair value</u>
As at 31 Dec 2023		
Liabilities under debt securities (unsecured)	(2,851,202)	(2,869,113)
As at 30 Sep 2024		
Liabilities under debt securities (unsecured)	(2,913,650)	(3,065,740)

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

Hierarchy of financial instruments – Level 2

PLN '000	Level 2	
	<u>Carrying amount</u>	<u>Fair value</u>
As at 31 Dec 2023		
Hedging instruments (IRS)	(23,442)	(23,442)
Hedging instruments (CIRS)	89,256	89,256
As at 30 Sep 2024		
Hedging instruments (IRS)	(35,455)	(35,455)
Hedging instruments (CIRS)	107,562	107,562

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

Hierarchy of financial instruments – Level 3

PLN '000

Level 3

	<u>Carrying amount</u>	<u>Fair value</u>
As at 31 Dec 2023		
Investments in debt portfolios	8,673,765	8,827,759
Loans	418,128	423,936
Trade and other receivables, excluding tax receivables	45,145	45,145
Secured borrowings	(2,610,158)	(2,622,718)
Trade and other payables	(204,742)	(204,742)
As at 30 Sep 2024		
Investments in debt portfolios	9,748,902	9,582,700
Loans	472,920	498,145
Trade and other receivables, excluding tax receivables	50,119	50,119
Secured borrowings	(2,885,868)	(2,904,001)
Trade and other payables	(186,683)	(186,683)

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 collections on debt portfolios and the exchange rate as at the reporting date, while the fair value is additionally affected by projected costs of debt collection and the risk-free rate.

The fair value of loans was determined based on the projection of expected cash flows.

The fair value of financial liabilities under borrowings is determined on the basis of future cash flows from the executed transactions.

The Group uses Level 3 inputs to determine the fair value of trade and other receivables, excluding receivables on account of taxes as well as trade and other payables. Due to their short-term nature, their carrying amount is deemed to be equal to their fair value.

14. Factors and events with material bearing on the Group's financial results

Results for the nine months ended 30 September 2024

The Group's net profit as at 30 September 2024 came in at PLN 959,081 thousand, representing an increase from net profit earned in the corresponding period of 2023, which amounted to PLN 757,315 thousand (up PLN 201,766 thousand, or 27% year on year). Cash EBITDA for the first nine months of 2024 was PLN 1,770,100 thousand, having improved 9% year on year.

Revenue

In the nine months ended 30 September 2024, the KRUK Group generated PLN 2,324,643 thousand in revenue, up by 21% (PLN 401,889 thousand) year on year. Revenue from purchased debt portfolios amounted to PLN 2,125,527 thousand, up by 22% (PLN 388,377 thousand) year on year. The largest increase by far was recorded in the Polish market (PLN 167,284 thousand, or 22%), with significant increases achieved also in Italy (PLN 110,777 thousand, or 36%) and Spain (PLN 54,503 thousand, or 26%).

In the nine months to 30 September 2024, the Group booked PLN 454,147 thousand in total revaluation of projected recoveries, compared with PLN 319,449 thousand a year earlier.

Costs of operations

In the nine months to 30 September 2024, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 1,030,682 thousand, having increased by PLN 179,292 thousand (21%) on the corresponding period of the previous year. The increase was driven mainly by a rise in services and court and bailiff fees.

Finance costs

In the nine months to 30 September 2024, net finance costs amounted to PLN 289,287 thousand, having gone up by PLN 93,632 thousand year on year on account of a PLN 896,320 thousand increase in debt.

Investment in new debt portfolios

Total expenditure on debt portfolios in the nine months ended 30 September 2024 was PLN 1,642,687 thousand, down by 17% from PLN 1,989,806 thousand in the corresponding period of the previous year.

Recoveries and revaluation of portfolios

Amounts recovered in the nine months ended 30 September 2024 from portfolios purchased by the KRUK Group reached PLN 2,601,666 thousand, up by 14% year on year, with over half of this amount collected in the foreign markets. The year-on-year increase of PLN 315,699 thousand in the nine months ended 30 September 2024 was attributable mainly to PLN 131,224 thousand growth in recoveries on the Spanish market (up by 50% year on year), PLN 127,469 thousand growth in recoveries on the Italian market (up by 30% year on year), and PLN 49,971 thousand growth in recoveries on the Polish market (up by 5% year on year).

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 the Group's income 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,
- 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 24 February 2022. The KRUK Group does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in these countries. Accordingly, the Group assesses the impact of the conflict on its operations to be only 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.

15. Issue, redemption and repayment of non-equity and equity securities

In the period from 1 January to 30 September 2024, the following series of bonds were redeemed in accordance with their respective terms and conditions:

- Series AL2 bonds, with a nominal value of PLN 52,500 thousand, on 2 February 2024 (first tranche);
- Series AG2 bonds, with a nominal value of PLN 25,000 thousand, on 6 February 2024;
- Series AJ1 bonds, with a nominal value of PLN 25,000 thousand, on 2 September 2024.

In the period from 1 January to 30 September 2024, the Group issued new bonds:

- On 1 February 2024, unsecured AO5EUR bonds with a nominal value of EUR 10,000 thousand were issued. The bonds bear interest at a floating rate based on 3M EURIBOR plus a margin of 4.00pp and mature on 1 February 2029.
- On 12 February 2024, unsecured AO6EUR bonds with a nominal value of EUR 14,000 thousand were issued. The bonds bear interest at a floating rate based on 3M EURIBOR plus a margin of 4.00pp and mature on 1 February 2029.
- On 23 February 2024, unsecured Series AO7 bonds with a nominal value of PLN 70,000 thousand were issued. The bonds bear interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp and mature on 23 February 2029.

On 25 March 2024, Series AO3 and Series AO4 bonds with a total nominal value of EUR 10,000 thousand were assimilated, which was followed by the assimilation of Series AO5 and Series AO6 bonds with a total nominal value of EUR 14,000 on 3 June 2024.

On 19 April 2024, the Management Board of KRUK S.A. passed a resolution to establish the 11th Bond Issue Programme with a total nominal value of up to PLN 900,000 thousand, allowing the Parent to issue public bonds.

On 21 October 2024, unsecured Series AP1 bonds with a nominal value of PLN 75,000 thousand were issued, bearing interest at a floating rate based on 3M WIBOR plus a margin of 3.00pp, maturing on 21 October 2029.

16. Dividends paid (or declared)

On 27 March 2024, the Management Board of KRUK S.A. passed a resolution recommending that the Parent's Annual General Meeting approve dividend payment to the Parent's shareholders of PLN 18.00 per share. The resolution provided that the dividend would be distributed from the Parent's net profit earned in 2023 and that the remaining balance of the Parent's net profit for 2023 should be transferred to statutory reserve funds. The dividend recommendation was consistent with the Dividend Policy adopted by the Management Board on 2 December 2021 and took into account the current financial condition of the KRUK Group, further implementation of the strategy, as well as the Group's plans and growth prospects. The recommendation was endorsed by the Parent's Supervisory Board on 27 March 2024.

On 10 May 2024, the Annual General Meeting resolved to distribute a dividend of PLN 18.00 per share to the Parent's shareholders. The dividend, totalling PLN 347,738,220.00, was distributed from the Parent's net profit earned in 2023. The record date for the payment of dividend for the financial year ended 31 December 2023 was set for 15 May 2024, and the dividend payment date for 20 May 2024. The dividend was distributed on the payment date on 19,318,790 eligible KRUK shares.

17. 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 30 September 2024 is presented below.

Type	Beneficiary	Amount	Expiry date	Terms and conditions
Guarantees provided/promissory notes issued				
Surety for PROKURA NFW FIZ's liabilities under the revolving credit facility of 2 July 2015, as amended, between PROKURA NFW FIZ, KRUK S.A. and mBank S.A.	mBank S.A.	PLN 210,000 thousand	No later than 18 December 2031	Prokura NFW FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement
Blank promissory note	Santander Bank Polska S.A.	PLN 195,000 thousand	Until the derivative transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of 13 June 2013, as amended
Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.	Santander Bank Polska S.A.	up to PLN 195,000 thousand*	No later than 31 July 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Amendment Agreement 3 of 21 June 2018 to the master agreement on the procedure for execution and settlement of treasury transactions

Type	Beneficiary	Amount	Expiry date	Terms and conditions
Surety for liabilities of InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S. L. U. and PROKURA NFW FIZ under the revolving multi-currency credit facility agreement of 3 July 2017, as amended, between KRUK S.A., InvestCapital Ltd, Kruk Romania S.R.L., Kruk Espana S.L.U. and PROKURA NFW FIZ (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., PEKAO S.A.,	DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., PEKAO S.A.	EUR 975,000 thousand	Until all obligations under the multi-currency revolving credit facility agreement are satisfied No later than 31 December 2032	Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 21 September 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 17,856 thousand	No later than 20 September 2029	PROKURA NFW 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 14 December 2021 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 38,610 thousand	No later than 13 December 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NFW FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of 1 February 2022 between PROKURA NFW FIZ, KRUK S.A. and Pekao S.A.	Pekao S.A.	PLN 105,000 thousand	No later than 31 January 2031	Prokura NFW FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement

Type	Beneficiary	Amount	Expiry date	Terms and conditions
Surety for PROKURA NFW FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 22 August 2022 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 47,520 thousand	No later than 21 August 2030	PROKURA NFW 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 7 July 2022.	BANKINTER S.A.	EUR 1,600 thousand	Until all obligations under the direct debit collection management contract of 7 July 2022 are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of 7 July 2022.
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 8 February 2024 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 55,847 thousand	No later than 7 February 2032	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Guarantees obtained				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	DEVCO Sp. z o.o.	EUR 325 thousand and PLN 245 thousand	No later than 30 December 2024	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee

* As at 30 September 2024, InvestCapital Ltd had no obligations that would be covered by the surety.

Credit sureties or guarantees, security pledges

On 20 September 2024, Kruk S.A. and its subsidiaries: InvestCapital Ltd., KRUK Romania S.R.L., PROKURA NFW FIZ and KRUK Espana S.L.U. (the borrowers) executed an agreement amending the revolving multi-currency credit facility agreement of 3 July 2017, as amended, with the bank syndicate comprising DNB Bank ASA of Oslo, ING Bank Śląski S.A. of Katowice, Santander Bank Polska S.A. of Warsaw, PKO BP S.A. of Warsaw, Bank Handlowy w Warszawie S.A. of Warsaw, and Bank Polska Kasa Opieki S.A. (the Lenders) (the Amendment Agreement). The Amendment Agreement provided for an increase in the facility limit up to EUR 650,000 thousand. In accordance with the Amendment Agreement, KRUK S.A., KRUK Romania S.R.L. and Kruk España S.L.U. issued a surety for all liabilities of the borrowers under the revolving multi-currency credit facility agreement, and the borrowers signed relevant amendments to the pledge agreements reflecting the Amendment Agreement. On 24 September 2024, Prokura NFW FIZ and KRUK S.A. made declarations on

voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to EUR 975,000 thousand, which will expire on or before 31 December 2032.

To secure liabilities under the revolving multi-currency credit facility agreement of 3 July 2017, as amended:

- on 16 January 2024, 26 April 2024, 23 July 2024, and 18 September 2024, InvestCapital LTD and the Lenders signed agreements under Spanish law creating pledges over debt portfolios purchased by InvestCapital LTD on the Spanish market,
- on 19 January 2024, InvestCapital Ltd and DNB Bank ASA, acting as the security agent, signed an agreement to amend the agreement creating a pledge under Italian law over bonds issued by Kruk Investimenti S.r.l. The amendment agreement confirms extension of the pledge to apply to the increased nominal amount of the bonds,
- on 2 February 2024, InvestCapital LTD and DNB Bank ASA, acting as the security agent, signed an agreement under Romanian to create a pledge over debt portfolios purchased by InvestCapital LTD on the Romanian market.

As at 30 September 2024, the value of the security created in favour of the Lenders was PLN 6,051,545 thousand.

On 19 December 2023, an agreement amending the revolving credit facility agreement of 2 July 2015, as amended, was executed between Prokura NFW FIZ, KRUK S.A. and mBank S.A. of Warsaw. The facility limit was increased up to PLN 140,000 thousand and the availability period of the facility was extended until 18 December 2028.

Accordingly:

- on 10 January 2024, an agreement amending the financial pledge agreement of 2 July 2015 was executed between Prokura NFW FIZ and mBank S.A. under which the security period was extended until 18 December 2031,
- on 10 January 2024, an agreement amending the surety agreement of 2 July 2015 was executed between mBank S.A. and KRUK S.A. under which the surety amount was increased to PLN 210,000 thousand and the surety expiry date was extended until 18 December 2031,
- on 11 January 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210,000 thousand, which will expire on or before 19 December 2031,
- on 12 January 2024, Prokura NFW FIZ provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210,000 thousand, which will expire on or before 19 December 2031,
- on 12 January 2024, an agreement amending the agreement on registered pledge over a set of rights of 20 March 2023 was executed between Prokura NFW FIZ and mBank S.A. under which the maximum secured amount was increased to PLN 210,000 thousand,
- in order to secure the repayment of liabilities arising under the agreement, on 11 January 2024, Prokura NFW FIZ entered into an agreement with mBank S.A. to create a registered pledge over a pool of rights (debt portfolios held by Prokura NFW FIZ). The pledge was created up to the maximum amount of PLN 210,000 thousand.

As at 30 September 2024, the value of all portfolios pledged in favour of mBank S.A. was PLN 240,538 thousand.

On 28 December 2023, a revolving credit facility agreement was executed between KRUK S.A. and Alior Bank S.A. The facility of up to PLN 100,000 thousand was granted until 31 December 2028. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement:

- on 11 January 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before 31 December 2031,
- on 14 February 2024, an agreement was executed between KRUK S.A. and Alior Bank S.A. to create a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 150,000 thousand.

On 8 February 2024, a non-revolving working capital facility agreement was executed between Prokura NFW FIZ, KRUK S.A. and PKO BP S.A. of Warsaw. The facility of up to PLN 39,300 thousand was granted until 7 February 2029. In order to secure the repayment of Prokura NFW FIZ's liabilities under the agreement:

- on 8 February 2024, an agreement amending the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between Prokura NFW FIZ and PKO BP S.A.,
- on 8 February 2024, an agreement amending the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between KRUK S.A. and PKO BP S.A.,
- on 8 February 2024, a surety agreement was executed between KRUK S.A. and PKO BP S.A. under which KRUK S.A. provided a surety for the borrower's liabilities of up to PLN 58,950 thousand,
- on 14 February 2024, Prokura NFW FIZ and KRUK S.A. provided declarations on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 58,950 thousand, which will expire on or before 7 February 2032,
- on 10 July 2024, Prokura NFW FIZ entered into an agreement with PKO BP S.A. to create a registered pledge over a set of rights (debt portfolios owned by Prokura NFW FIZ). The registered pledge was created up to the maximum amount of PLN 58,950 thousand.

As at 30 September 2024, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 176,478 thousand.

On 28 February 2024, a revolving working capital facility agreement was executed between KRUK S.A. and VeloBank S.A. of Warsaw. The facility of up to PLN 118,000 thousand was granted until 28 February 2029. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement, on 7 March 2024:

- KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 177,000 thousand, which will expire on or before 1 March 2031,
- an agreement was executed between KRUK S.A. and VeloBank S.A. creating a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 177,000 thousand.

On 28 February 2024, an agreement amending the non-revolving working capital facility agreement of 22 December 2021 was executed between KRUK S.A. and VeloBank S.A. of Warsaw, extending the availability period of the facility until 31 December 2028. In order to secure the repayment of liabilities arising under the agreement, on 7 March 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before 31 December 2030.

On 26 April 2024, all amounts due under the credit facility agreement executed between KRUK S.A. and VeloBank S.A. (formerly Getin Noble Bank S.A.) on 31 March 2014 were fully prepaid. Under the agreement, the final repayment date was 1 May 2024.

In connection with the revolving credit agreement dated 8 April 2011, as amended, between KRUK S.A. and Santander Bank Polska S.A., an amending annex was signed on 2 September 2024, increasing the credit limit by PLN 150,000 thousand. The updated credit limits are as follows:

- Credit Facility – up to PLN 270,000 thousand or its equivalent in EUR, with the availability period and final repayment date set for 31 October 2029,
- Additional Credit Facility – up to PLN 105,000 thousand or its equivalent in EUR, with the availability period and final repayment date set for 29 October 2027.

As a result, on 4 September 2024:

- an amending annex to the agreement on a registered pledge over certificates, dated 20 November 2017, between KRUK S.A. and Santander Bank Polska S.A. was signed, increasing the maximum secured amount to PLN 562,500 thousand,
- KRUK S.A. issued a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure, for up to PLN 405,000 thousand in respect of the Credit, valid until 31 October 2029, and for up to PLN 157,500 thousand in respect of the Additional Credit Facility, which expires no later than 29 October 2027.

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

No significant events occurred after the close of the third quarter of 2024 that could materially impact future results.

Piotr Krupa
President
of the Management Board

Piotr Kowalewski
Member
of the Management Board

Adam Łodygowski
Member
of the Management Board

Urszula Okarma
Member
of the Management Board

Michał Zasępa
Member
of the Management Board

Monika Grudzień-Wiśniewska
Person keeping the
accounting records

Hanna Stempień
Prepared by

Wrocław, 28 October 2024