



FINANCIAL HIGHLIGHTS

FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period 1 January 2024–
31 December 2024



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I. Consolidated statement of financial position

PLN '000		31 Dec 2024	30 Sep 2024	31 Dec 2023
	Note	unaudited	unaudited	
Assets				
Cash and cash equivalents	10.17	214,790	178,363	388,461
Hedging instruments	10.11	114,326	109,843	98,428
Trade receivables	10.16	19,619	21,673	24,440
Other receivables	10.16	52,496	43,574	58,970
Income tax receivables		3,684	8,021	22,398
Inventories	10.15	12,556	10,821	15,038
Investments	9	11,003,183	10,221,822	9,091,893
Deferred tax assets	10.9	44,429	42,948	45,958
Property, plant and equipment		89,572	90,397	91,777
Goodwill	10.14	7,928	7,944	8,084
Other intangible assets		69,341	65,130	67,206
Other assets		16,955	13,579	15,852
Total assets		11,648,879	10,814,115	9,928,505
Equity and liabilities				
Liabilities				
Trade and other payables	10.19	231,823	201,298	220,448
Derivatives		105	-	-
Hedging instruments	10.11	36,742	37,736	32,614
Employee benefit liabilities	10.18	85,775	64,841	76,469
Income tax payable		5,493	5,913	11,785
Borrowings, debt securities and leases	10.10	6,626,551	5,867,560	5,531,167
Provisions	10.20	19,896	49,228	62,905
Deferred tax liabilities	10.9	113,837	179,782	202,307
Total liabilities		7,120,222	6,406,358	6,137,695
Equity				
Share capital		19,382	19,382	19,319
Share premium		374,097	374,097	358,506
Hedge reserve		64,779	59,194	51,043
Measurement reserve (defined benefit plans)		3,374	3,331	3,331
Reserve of exchange differences on translation		(130,734)	(127,289)	(95,871)
Other reserves		188,654	185,133	171,847
Retained earnings		4,009,434	3,894,233	3,283,218
Equity attributable to owners of the Parent		4,528,986	4,408,081	3,791,393
Non-controlling interests		(329)	(324)	(583)
Total equity		4,528,657	4,407,757	3,790,810
Total equity and liabilities		11,648,879	10,814,115	9,928,505

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–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Interest income on debt portfolios and loans measured at amortised cost	10.1	2,127,739	586,502	1,723,731	462,430
Interest income on loans measured at fair value	10.1	2,000	419	4,529	838
Revenue from sale of debts and loans	10.1	15,209	8,018	7,305	1,215
Other income/expenses from purchased debt portfolios	10.1	(2,373)	(1,533)	(19,666)	(3,890)
Revenue from rendering of services	10.1	58,633	15,576	59,221	13,773
Other operating income	10.1	9,953	2,980	21,614	2,565
Change in investments measured at fair value	10.1	(461)	15	1	320
Gain/(loss) on expected credit losses	10.1	696,853	(29,067)	795,845	192,575
Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios		2,907,553	582,910	2,592,580	669,826
Employee benefits expense	10.3	(580,709)	(169,160)	(529,291)	(150,270)
Depreciation and amortisation		(62,479)	(15,303)	(58,297)	(15,358)
Court fees	10.4	(450,946)	(116,370)	(353,253)	(96,015)
Services expense	10.2	(320,215)	(88,409)	(245,290)	(73,539)
Other expenses	10.5	(80,770)	(28,019)	(79,291)	(35,911)
		(1,495,119)	(417,261)	(1,265,422)	(371,093)
Operating profit		1,412,434	165,649	1,327,158	298,733
Finance income	10.6	6,212	169	10,231	(505)
Finance costs	10.7	(408,241)	(112,911)	(299,915)	(93,524)
<i>including interest expense relating to lease liabilities</i>		<i>(3,436)</i>	<i>(1,231)</i>	<i>(3,293)</i>	<i>(729)</i>
Net finance costs		(402,029)	(112,742)	(289,684)	(94,029)
Profit before tax		1,010,405	52,907	1,037,474	204,704
Income tax	10.9	63,873	62,290	(53,273)	22,182
Net profit for period		1,074,278	115,197	984,201	226,886
Net profit attributable to:					
Owners of the Parent		1,073,954	115,201	983,934	227,101
Non-controlling interests		324	(4)	267	(215)
Net profit for period		1,074,278	115,197	984,201	226,886
Earnings per share					
Basic (PLN)	10.12	55.54	5.92	50.93	11.75
Diluted (PLN)	10.12	52.43	5.59	48.37	11.06

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–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Net profit for period		1,074,278	115,197	984,201	226,886
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(34,827)	(3,446)	(196,297)	(163,229)
Instruments hedging cash flows and net investment in a foreign subsidiary	10.11	17,817	6,812	28,889	6,234
Items that will not be reclassified to profit or loss					
Defined benefit plans		43	43	(824)	(824)
Other comprehensive income for period, gross		(16,967)	3,409	(168,232)	(157,819)
Income tax on instruments hedging cash flows and net investment in a foreign subsidiary	10.9	(4,081)	(1,227)	(10,473)	(7,233)
Other comprehensive income for period, net		(21,048)	2,182	(178,705)	(165,052)
Total comprehensive income for period		1,053,230	117,379	805,496	61,834
Total comprehensive income attributable to:					
Owners of the Parent		1,052,870	117,384	805,207	62,039
Non-controlling interests		360	(5)	289	(205)
Total comprehensive income for period		1,053,230	117,379	805,496	61,834

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

IV. Consolidated statement of changes in equity

For the reporting period ended 31 December 2024 (PLN '000)

	Note	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Reserve of exchange differences on translation	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at 1 Jan 2024		19,319	358,506	51,043	3,331	(95,871)	171,847	3,283,218	3,791,393	(583)	3,790,810
Comprehensive income for period											
Net profit for period		-	-	-	-	-	-	1,073,954	1,073,954	324	1,074,278
Other comprehensive income											
- Exchange differences on translation of foreign operations		-	-	-	-	(34,863)	-	-	(34,863)	36	(34,827)
- Measurement of hedging instruments	10.11	-	-	13,736	-	-	-	-	13,736	-	13,736
- Measurement of defined benefit plans		-	-	-	43	-	-	-	43	-	43
Total other comprehensive income		-	-	13,736	43	(34,863)	-	-	(21,084)	36	(21,048)
Total comprehensive income for period		-	-	13,736	43	(34,863)	-	1,073,954	1,052,870	360	1,053,230
Contributions from and distributions to owners											
- Payment of dividends		-	-	-	-	-	-	(347,738)	(347,738)	(106)	(347,844)
- Issue of shares		63	15,591	-	-	-	-	-	15,654	-	15,654
- Share-based payments	10.3	-	-	-	-	-	16,807	-	16,807	-	16,807
Total contributions from and distributions to owners		63	15,591	-	-	-	16,807	(347,738)	(315,277)	(106)	(315,383)
Total equity as at 31 Dec 2024		19,382	374,097	64,779	3,374	(130,734)	188,654	4,009,434	4,528,986	(329)	4,528,657

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)

<i>Note</i>	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Reserve of exchange differences on translation	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at 1 Jan 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 translation of foreign operations	-	-	-	-	(196,319)	-	-	(196,319)	22	(196,297)
- Measurement of hedging instruments	10.11	-	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	10.3	-	-	-	-	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

V. Consolidated statement of cash flows

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Cash flows from operating activities				
Net profit for period	1,074,278	115,197	984,201	226,886
<i>Adjustments</i>				
Depreciation of property, plant and equipment	36,834	8,354	35,698	9,194
Amortisation of intangible assets	25,645	6,949	22,599	6,164
Impairment losses on goodwill	-	-	8,003	8,003
Net finance costs	402,029	112,742	289,684	94,029
Write-off of development work	1,055	-	-	-
(Gain)/loss on sale of property, plant and equipment	199	14	(1,184)	120
(Gain)/loss on sale of subsidiaries	-	-	(15,103)	-
Equity-settled share-based payments	16,807	3,521	21,951	3,762
Interest income	(2,129,739)	(586,921)	(1,728,260)	(463,268)
Income tax	(63,873)	(62,290)	53,273	(22,182)
Change in loans	(84,777)	(29,985)	(48,685)	(13,996)
Change in debt portfolios purchased	(1,882,627)	(756,540)	(2,126,786)	(682,340)
Change in inventories	2,482	(1,735)	1,331	1,826
Change in trade and other receivables	11,295	(6,868)	(29,221)	(13,448)
Change in other assets	(1,103)	(3,376)	4,689	1,888
Change in trade and other payables	4,183	30,301	62,177	72,160
Change in employee benefit liabilities	9,306	20,934	16,830	18,973
Change in provisions	(16,062)	(2,385)	(2,080)	254
Minority interest share of profit	(324)	4	(267)	215
Interest received	2,129,739	586,921	1,728,260	463,268
Income tax paid	(34,482)	(29,169)	(62,361)	(8,322)
Net cash from (used in) operating activities	(499,135)	(594,332)	(785,251)	(296,814)
Cash flows from investing activities				
Interest received	6,212	169	1,489	589
Proceeds from disposal of intangible assets and property, plant and equipment	559	61	1,029	99
Proceeds from sale of subsidiaries	-	-	16,777	-
Purchase of intangible assets and property, plant and equipment	(43,180)	(19,218)	(42,623)	(8,530)
Net cash from (used in) investing activities	(36,409)	(18,988)	(23,328)	(7,842)
Cash flows from financing activities				
Proceeds from issue of shares	15,654	-	-	-
Proceeds from issue of debt securities	373,724	200,000	1,560,639	583,319
Increase in borrowings	2,929,362	1,144,195	2,578,622	698,747
Repayment of borrowings	(2,073,886)	(570,044)	(2,455,207)	(607,568)
Payments under lease contracts	(34,556)	(11,607)	(37,729)	(10,260)
Payment of dividends	(347,844)	-	(289,934)	-
Redemption of debt securities	(102,500)	-	(65,000)	(65,000)
Interest received and paid on hedging instruments	94,609	20,525	74,564	21,358
Interest paid	(492,690)	(133,322)	(371,075)	(121,001)
Net cash from (used in) financing activities	361,873	649,747	994,880	499,595
Total net cash flows	(173,671)	36,427	186,301	194,939
Cash and cash equivalents at beginning of period	388,461	178,363	202,160	193,522
Cash and cash equivalents at end of period	214,790	214,790	388,461	388,461
<i>of which:</i>				
- effect of exchange rate fluctuations on cash held	3,299	671	(4,532)	28

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

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 2024 to 31 December 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 31 December 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 31 December 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 31 December 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 Stępniaak	Member of the Supervisory Board
Piotr Szczepiórkowski	Member of the Supervisory Board

In the three months to 31 December 2024, the composition of the KRUK S.A. Supervisory Board did not change. Following the end of the reporting period until the date of issue of this interim report, the following changes occurred in the Supervisory Board:

- On 22 January 2025, Beata Stelmach resigned as a member of the Supervisory Board effective 29 January 2025;
- On 30 January 2025, the Extraordinary General Meeting of KRUK S.A. appointed Dominika Bettman as a member of the KRUK S.A. Supervisory Board, effective from the same date.

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

Subsidiary	Registered office	Principal business activity
Prokura NFW FIZ (formerly Prokura NS FIZ)	Wrocław	Non-Standardised Debt Closed-End Investment Fund
InvestCapital Ltd.	Malta	Investing in debt or debt-backed assets
ItaCapital S.r.l.	Milan	Investing in debt portfolios
KRUK INVESTIMENTI S.R.L.	Milan	Investing in debt portfolios
Secapital S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
Presco Investments S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
CONSUMER LENDING		
NOVUM FINANCE sp. z o.o.	Wrocław	Granting consumer loans
Wonga.pl sp. z o.o.	Warsaw	Granting consumer loans
RoCapital IFN S.A.	Bucharest	Granting consumer loans
DEBT MANAGEMENT SUPPORT ACTIVITIES		
Kancelaria Prawna Raven P. Krupa 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.s	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

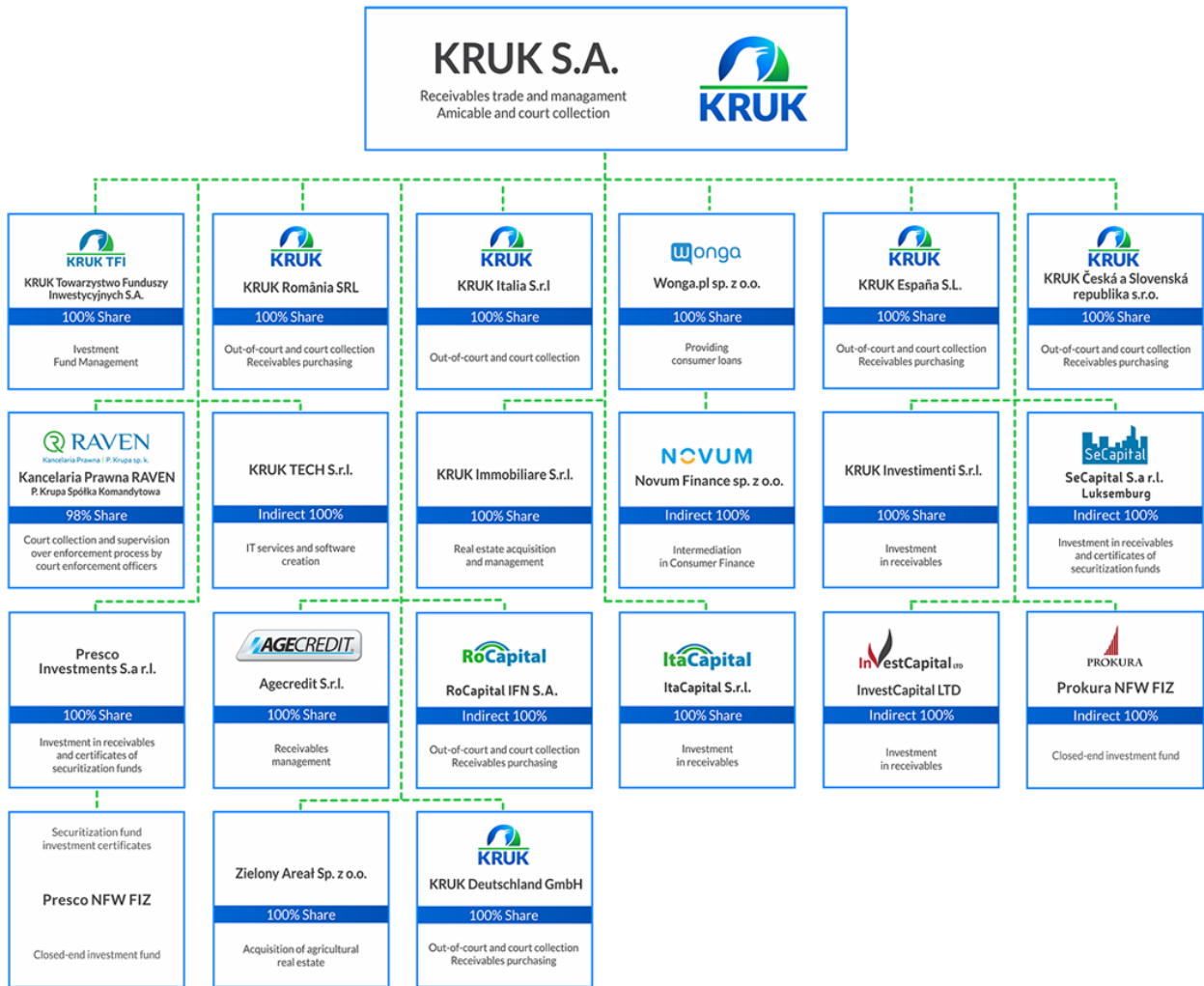
*The companies Corbul S.r.l. and Gantoi, Furculita Si Asociatii S.p.a.r.l. are entities controlled through key personnel of the subsidiaries of KRUK S.A. and due to the use of the subsidiaries' power to influence the financial results assigned to them related to their involvement in these entities (IFRS 10 para. 17).

All the subsidiaries listed above are included in these condensed consolidated financial statements as at 31 December 2024 and for the period 1 January 2024–31 December 2024.

During the third quarter of 2024, the funds Prokura NFW FIZ and Bison NFW FIZ merged. As of 3 July 2024, Bison was removed from the Register of Investment Funds.

The Group's structure did not change during the fourth quarter of 2024.

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	
		31 Dec 2024 unaudited	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 In the third quarter of 2024, the funds Prokura NFW FIZ and Bison NFW FIZ merged. As of 30 July 2024, Bison was removed from the Register of Investment Funds.

2. Reporting period

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

The quarterly financial data is presented for the periods from 1 October 2024 to 31 December 2024 and from 1 October 2023 to 31 December 2023.

The data presented is currently being audited by an audit firm. The KRUK Group's consolidated financial statements for 2024, together with the auditor's report, will be published on 27 March 2025.

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: [Interim reports / KRUK S.A.](#)).

3. Statement of compliance

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

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

These interim condensed financial statements were authorised for issue by the Parent's Management Board (the "Management Board") on 26 February 2025.

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.

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.

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

Standards and interpretations endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on and after
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 does not expect the amendments to have a significant impact on its consolidated financial statements.	1 January 2025

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 analysing the impact of the standard on the presentation of its consolidated financial statements.	1 January 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	These annual improvements introduce minor amendments to IFRS 1 <i>First-time Adoption of IFRSs</i> , IFRS 7 <i>Financial Instruments – Disclosures</i> , IFRS 9 <i>Financial Instruments</i> , IFRS 10 <i>Consolidated Financial Statements</i> , IAS 41 <i>Agriculture</i> , and IAS 7 <i>Statement of Cash Flows</i> .	The Group is assessing the potential impact of the amendments on its consolidated financial statements.	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
Contracts Referencing Nature-dependent Electricity—Amendments to IFRS 9 and IFRS 7	The objective of the Amendments is to better reflect the effects of physical and virtual nature-dependent electricity contracts in financial statements.	The Group does not expect the amendments to have a significant impact on its consolidated financial statements.	1 January 2026

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
	31 Dec 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Investments in debt portfolios	10,500,278	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
	31 Dec 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Goodwill	7,928	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	499,604	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	3,301	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
	31 Dec 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Deferred tax assets and liabilities	44,429 (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 assets 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 liabilities for <i>expected future cash flows from subsidiaries</i> may be subject to material changes in individual reporting periods.</p>
	113,837 (liabilities)	202,307 (liabilities)		
Functional currency at InvestCapital	-117,957	-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 2024 to 31 December 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 Management Board of the Parent reviews internal management reports relating to each business segment at least quarterly. The operational activities of the Group's individual reporting segments are as follows:

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

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

The Group's operating activities 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 collection services and revenue from other products represent revenue from business partners.

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

Reportable segments

For the reporting period ended 31 December 2024

	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
Revenue	1,239,933	168,635	627,871	562,351	239,989	58,821	9,953	-	2,907,553
Purchased debt portfolios	1,188,672	-	619,851	548,947	221,531	58,597	-	-	2,637,598
<i>including revaluation of projected recoveries</i>	<i>301,551</i>	-	<i>201,761</i>	<i>59,591</i>	<i>(173,295)</i>	<i>495</i>	-	-	390,102
Credit management services	25,390	-	531	13,404	18,458	224	-	-	58,007
Other products	25,871	168,635	7,489	-	-	-	-	-	201,995
Other operating income	-	-	-	-	-	-	9,953	-	9,953
Direct and indirect costs	(334,983)	(63,065)	(123,421)	(253,650)	(244,595)	(23,765)	(7,603)	-	(1,051,082)
Purchased debt portfolios	(303,954)	-	(119,345)	(244,076)	(230,893)	(23,765)	-	-	(922,033)
Credit management services	(19,889)	-	(29)	(9,574)	(13,702)	-	-	-	(43,194)
Other products	(11,140)	(63,065)	(4,047)	-	-	-	-	-	(78,252)
Unallocated expenses	-	-	-	-	-	-	(7,603)	-	(7,603)
Gross profit¹	904,950	105,570	504,450	308,701	(4,606)	35,056	2,350	-	1,856,471
Purchased debt portfolios	884,718	-	500,506	304,871	(9,362)	34,832	-	-	1,715,565
Credit management services	5,501	-	502	3,830	4,756	224	-	-	14,813
Other products	14,731	105,570	3,442	-	-	-	-	-	123,743
Unallocated income / expenses	-	-	-	-	-	-	2,350	-	2,350
Administrative expenses	(93,409)	(12,709)	(34,212)	(47,119)	(28,089)	(14,686)	-	(151,334)	(381,558)
EBITDA²	811,541	92,861	470,238	261,582	(32,695)	20,370	2,350	(151,334)	1,474,913
Depreciation and amortisation									(62,479)
Finance income/(costs)									(402,029)
Profit before tax									1,010,405
Income tax									63,873
Net profit									1,074,278
Carrying amount of debt portfolios	4,059,078	-	1,620,206	2,729,077	1,897,857	194,060	-	-	10,500,278
Carrying amount of loans	90,304	360,605	51,996	-	-	-	-	-	502,905
Cash recoveries	1,443,502	-	684,389	769,039	537,783	101,598	-	-	3,536,311

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For the reporting period ended 31 December 2023	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
Revenue	1,075,422	139,300	586,949	412,572	305,514	51,209	21,614	-	2,592,580
Purchased debt portfolios	1,020,899	-	580,684	401,354	289,612	51,209	-	-	2,343,758
<i>including revaluation of projected recoveries</i>	<i>212,045</i>	-	<i>197,064</i>	<i>24,978</i>	<i>3,186</i>	<i>1,712</i>	-	-	438,985
Credit management services	30,337	-	379	11,218	15,902	-	-	-	57,836
Other products	24,186	139,300	5,886	-	-	-	-	-	169,372
Other operating income	-	-	-	-	-	-	21,614	-	21,614
Direct and indirect costs	(295,977)	(50,500)	(125,380)	(197,377)	(173,880)	(26,884)	(10,120)	-	(880,118)
Purchased debt portfolios	(260,735)	-	(121,334)	(188,914)	(151,422)	(26,884)	-	-	(749,289)
Credit management services	(22,485)	-	(50)	(8,463)	(22,458)	-	-	-	(53,456)
Other products	(12,757)	(50,500)	(3,996)	-	-	-	-	-	(67,253)
Unallocated expenses	-	-	-	-	-	-	(10,120)	-	(10,120)
Gross profit¹	779,445	88,800	461,569	215,195	131,634	24,325	11,494	-	1,712,462
Purchased debt portfolios	760,164	-	459,350	212,440	138,190	24,325	-	-	1,594,469
Credit management services	7,852	-	329	2,755	(6,556)	-	-	-	4,380
Other products	11,429	88,800	1,890	-	-	-	-	-	102,119
Unallocated income / expenses	-	-	-	-	-	-	11,494	-	11,494
Administrative expenses	(77,233)	(12,764)	(31,682)	(36,430)	(25,275)	(14,155)	-	(129,468)	(327,007)
EBITDA²	702,212	76,036	429,887	178,765	106,359	10,170	11,494	(129,468)	1,385,455
Depreciation and amortisation									(58,297)
Finance income/(costs)									(289,684)
Profit before tax									1,037,474
Income tax									(53,273)
Net profit									984,201
Carrying amount of debt portfolios	3,227,738	-	1,443,091	2,143,988	1,704,661	154,287	-	-	8,673,765
Carrying amount of loans	73,102	325,836	19,190	-	-	-	-	-	418,128
Cash recoveries	1,351,141	-	634,852	568,609	390,416	117,455	-	-	3,062,473

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>	31 Dec 2024 unaudited	31 Dec 2023
Investments in debt portfolios	10,500,278	8,673,765
Loans measured at amortised cost	499,604	412,510
Loans measured at fair value	3,301	5,618
	<u>11,003,183</u>	<u>9,091,893</u>

Debt portfolios

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Carrying amount of purchased debt portfolios		
Unsecured portfolios	9,674,563	7,822,296
Secured portfolios	825,715	851,469
	<u>10,500,278</u>	<u>8,673,765</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:

- a. discount rate in case of change in the amount of the purchased debt portfolio;
- b. cash flows estimation period;
- c. 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

	31 Dec 2024 unaudited	31 Dec 2023
Discount rate ¹	8.00% - 147.10%	8.00% - 147.10%
Cash flows estimation period	Jan 2025–Jun 2045	Jan 2024–Dec 2043
<i>PLN '000</i>		
Undiscounted value of future recoveries, including: discount rate:	23,147,233	18,397,175
	< 25%	15,685,322
	25% - 50%	6,075,201
	> 50%	1,386,710
		12,779,718
		4,837,595
		779,862

¹ Interest rate range applicable to 99% of debt portfolios

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

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Period		
Up to 12 months	3,304,652	2,687,036
From 1 to 2 years	3,091,801	2,526,899
From 2 to 3 years	2,656,653	2,239,826
From 3 to 4 years	2,219,286	1,869,962
From 4 to 5 years	1,922,602	1,573,277
From 5 to 6 years	1,578,099	1,307,232
From 6 to 7 years	1,334,620	1,054,058
From 7 to 8 years	1,125,478	886,242
From 8 to 9 years	986,737	756,219
From 9 to 10 years	868,682	657,862
From 10 to 11 years	770,451	576,293
From 11 to 12 years	677,458	504,106
From 12 to 13 years	585,348	430,353
From 13 to 14 years	500,717	340,383
From 14 to 15 years	432,864	272,407
Over 15 years	1,091,785	715,020
	23,147,233	18,397,175

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

PLN '000	Unsecured portfolios	Secured portfolios	Total
Carrying amount of investments in debt portfolios at 1 Jan 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

* The amount of investments in debt portfolios is adjusted to account for the valuation 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.

** Applies to 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 01.01.2024, 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.

The main activity of the Parent Company and most of its subsidiaries is investing in acquired debt portfolios. In accordance with IAS 7.15, the KRUK S.A. recognizes these investments in debt portfolios as core operating activities and presents the expenses for their acquisition in operating activities as *Change in debt portfolios purchased* in the cash flow statement.

As part of the operational process of recovering acquired debts, KRUK S.A. occasionally disposes of individual cases from the portfolios to increase the revenues obtained from core operating activities. Due to the above and IAS 7.14, the Parent presents the proceeds from the sale of debt within operating activities as *Change in debt portfolios purchased* in the cash flow statement.

In the reporting period, the Group incurred expenditure on the purchase of debt portfolios of PLN 2,827,896 thousand (2023: PLN 2,972,231 thousand), while recoveries from debt portfolios amounted to PLN 3,536,311 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–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Cumulative expected credit losses on purchased debt portfolios at beginning of period	3,189,274	2,328,752
Revaluation of projected recoveries, including:	390,102	438,985
<i>unsecured portfolios</i>	397,495	455,770
<i>secured portfolios</i>	(7,393)	(16,785)
Deviations from actual recoveries, decreases on early collections in collateralised cases, including:	345,465	421,537
<i>unsecured portfolios</i>	296,263	369,171
<i>secured portfolios</i>	49,202	52,366
Cumulative expected credit losses on purchased debt portfolios at end of period	3,924,841	3,189,274

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

Loans

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Loans measured at amortised cost	499,604	412,510
Loans measured at fair value	3,301	5,618
	<u>502,905</u>	<u>418,128</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	31 Dec 2024 unaudited	31 Dec 2023
Gross carrying amount of loans measured at amortised cost		
Basket 1	336,826	263,129
Basket 2	114,868	111,884
Basket 3	393,345	302,324
POCI loans	1,499	1,323
	<u>846,538</u>	<u>678,660</u>
Allowances for expected credit losses		
Basket 1	26,869	17,202
Basket 2	25,459	24,182
Basket 3	294,606	224,766
	<u>346,934</u>	<u>266,150</u>
Net carrying amount		
Basket 1	309,957	245,927
Basket 2	89,409	87,702
Basket 3	98,739	77,558
POCI loans	1,499	1,323
	<u>499,604</u>	<u>412,510</u>

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

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Carrying amount of loans measured at amortised cost at beginning of period	412,510	357,003
Acquisition of loans as part of portfolio purchase	52,820	-
New disbursements	680,851	559,747
Repayments	(845,841)	(666,112)
Interest income	244,099	233,725
Allowance for expected credit losses	(44,269)	(70,268)
Translation differences on loans	(566)	(1,585)
Carrying amount of loans measured at amortised cost at end of period	499,604	412,510

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

<i>PLN '000</i>	1 Jan–31 Dec 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	(20,968)	20,968	-	-	(5,478)	5,478	-	-
Transfer from basket 1 to basket 3	(36,687)	-	36,687	-	(7,394)	-	7,394	-
Transfer from basket 2 to basket 1	552	(552)	-	-	694	(694)	-	-
Transfer from basket 2 to basket 3	-	(25,717)	25,717	-	-	(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	66,770	6,578	7,436	80,784	19,611	38,182	47,233	105,026
Loss allowance at end of period	26,869	25,459	294,606	346,934	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 41.0% 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 31 December 2024 was PLN 27,591 thousand (31 December 2023: PLN 22,124 thousand).

Impact of Macroeconomic Factors on the Estimation of Expected Credit Losses for the Wonga Loan Portfolio

Expected credit losses for granted loans measured at amortized cost are determined using the following parameters: PD (probability of default, understood as the state of non-fulfillment of an obligation), PPS (probability of prepayment), LGD (loss given default), and EAD (exposure at default).

The company analyzes the impact of macroeconomic factors on planned recoveries and expected credit losses for granted loans measured at amortized cost. The analyzed macroeconomic variables include:

- Consumer bankruptcy,
- Unemployment level (total registered, newly registered, re-registered),
- Registered unemployment rate,
- New job offers during the period.

If an improvement in forecast accuracy is found using the above macroeconomic variables (in addition to the applied behavioral scoring), they are added to the credit loss estimation model.

Impact of Macroeconomic Factors on the Estimation of Expected Credit Losses for the Novum Loan Portfolio

In the calculations of expected credit losses, estimates regarding the expected macroeconomic environment are taken into account. The impact of macroeconomic factors is considered by including the influence of forecasted macroeconomic variables on the values of individual risk parameters (PD, LGD). The relationship between changes in the values of these parameters or their components and macroeconomic variables is verified based on historical data. The scope of analyzed macroeconomic variables includes the following items:

- GDP index dynamics,
- Change in the consumer price index (CPI),
- Change in the retail sales index,
- Dynamics of average wages in the national economy,
- Unemployment rate.

At the end of 2024 the statistically significant macroeconomic variables were the dynamics of the CPI index and the change in the unemployment rate, which were correlated with historical payments, being components in the LGD parameter estimates. The baseline macroeconomic forecast scenario included in the LGD parameter estimates is based on available macroeconomic forecasts, particularly those published by the National Bank of Poland regarding inflation and GDP.

Loans measured at fair value

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

PLN '000

	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Carrying amount of loans measured at fair value at beginning of period	5,618	12,440
Repayments	(3,856)	(11,352)
Interest income	2,000	4,529
Remeasurement	(461)	1
Carrying amount of loans measured at fair value at end of period	3,301	5,618

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–31 Dec 2024 unaudited					1 Jan–31 Dec 2023				
	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other operating income	Total	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other operating income	Total
Interest income on debt portfolios and loans measured at amortised cost	1,883,640	-	244,099	-	2,127,739	1,490,006	-	233,725	-	1,723,731
Interest income on loans measured at fair value	-	-	2,000	-	2,000	-	-	4,529	-	4,529
Revenue from sale of debts and loans	15,209	-	-	-	15,209	7,305	-	-	-	7,305
Other income/expenses from purchased debt portfolios	(2,373)	-	-	-	(2,373)	(19,666)	-	-	-	(19,666)
Revenue from rendering of services	-	58,007	626	-	58,633	-	57,836	1,385	-	59,221
Other operating income	-	-	-	9,953	9,953	-	-	-	21,614	21,614
Change in investments measured at fair value	-	-	(461)	-	(461)	-	-	1	-	1
Gain/(loss) on expected credit losses	741,122	-	(44,269)	-	696,853	866,113	-	(70,268)	-	795,845
	2,637,598	58,007	201,995	9,953	2,907,553	2,343,758	57,836	169,372	21,614	2,592,580

PLN '000

	1 Oct–31 Dec 2024 unaudited					1 Oct–31 Dec 2023 unaudited				
	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other operating income	Total	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other operating income	Total
Interest income on debt portfolios and loans measured at amortised cost	517,123	-	69,379	-	586,502	406,790	-	55,640	-	462,430
Interest income on loans measured at fair value	-	-	419	-	419	-	-	838	-	838
Revenue from sale of debts and loans	8,018	-	-	-	8,018	1,215	-	-	-	1,215
Other income/expenses from purchased debt portfolios	(1,533)	-	-	-	(1,533)	(3,890)	-	-	-	(3,890)
Revenue from rendering of services	-	15,469	107	-	15,576	-	13,773	-	-	13,773
Other operating income	-	-	-	2,980	2,980	-	-	-	2,565	2,565
Change in investments measured at fair value	-	-	15	-	15	-	-	320	-	320
Gain/(loss) on expected credit losses	(11,537)	-	(17,530)	-	(29,067)	202,493	-	(9,918)	-	192,575
	512,071	15,469	52,390	2,980	582,910	606,608	13,773	46,880	2,565	669,826

Other income/expenses from purchased debt portfolios

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Foreign currency gains/(losses)	541	255	(7,596)	(1,518)
Costs of loyalty scheme valuation	1,380	(836)	(6,153)	(1,265)
Costs of provision for overpayments	(4,294)	(952)	(5,917)	(1,107)
	(2,373)	(1,533)	(19,666)	(3,890)

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

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Revaluation of projected recoveries	390,102	(64,045)	438,985	119,536
Deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor	351,020	52,508	427,128	82,957
	741,122	(11,537)	866,113	202,493

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

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Interest income	244,099	69,379	233,725	55,640
Allowance for expected credit losses	(44,269)	(17,530)	(70,268)	(9,918)
	199,830	51,849	163,457	45,722

Revenue from loans measured at fair value

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Interest income	2,000	419	4,529	838
Remeasurement	(461)	15	1	320
	1,539	434	4,530	1,158

Revenue from rendering of services

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Revenue from credit management services	58,007	15,469	57,836	13,773
Revenue from collection, processing, and sharing of information about individuals and business entities, financial and agency intermediation, and support services for small and medium-sized enterprises	626	107	1,385	-
	58,633	15,576	59,221	13,773

Other operating income

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Sale of shares in subsidiaries	-	-	15,103	-
Gain (loss) on sale of property*	6,156	650	-	-
Recharged costs of services and court fees	2,528	1,796	2,374	1,935
Other cooperation	496	496	587	165
Rental	77	21	911	6
Compensation for motor damage	68	33	-	-
Gain on sale of property, plant and equipment	-	-	1,184	(120)
Recovery of written-off receivables and expenses	-	-	21	6
Other	628	(16)	1,434	573
	9,953	2,980	21,614	2,565

* As of 01.01.2024, 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 expense

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Credit management services ¹	(75,813)	(18,841)	(52,800)	(15,578)
IT services	(67,550)	(19,185)	(52,758)	(15,524)
Legal assistance services ²	(32,919)	(9,287)	(30,199)	(7,739)
Administrative and accounting support services	(39,636)	(11,843)	(25,706)	(9,076)
Banking services	(29,505)	(8,160)	(13,069)	(3,115)
Postal and courier services	(24,630)	(6,223)	(24,320)	(7,945)
Communications services	(14,036)	(3,969)	(11,807)	(3,605)
Marketing and management services	(11,299)	(3,576)	(11,167)	(4,033)
Space rental and service charges	(9,666)	(2,729)	(9,665)	(2,400)
Printing services	(3,899)	(961)	(3,453)	(997)
Security	(2,536)	(693)	(2,413)	(584)
Other auxiliary services	(2,289)	(1,159)	(2,372)	(991)
Repair and maintenance services	(1,654)	(410)	(1,491)	(556)
Recruitment services	(1,537)	(372)	(1,992)	(679)
Other rental	(1,532)	(462)	(460)	(133)
Repair of vehicles	(1,432)	(449)	(1,312)	(486)
Transport services	(164)	(61)	(196)	(71)
Packing services	(118)	(29)	(110)	(27)
	<u>(320,215)</u>	<u>(88,409)</u>	<u>(245,290)</u>	<u>(73,539)</u>

¹ Costs of debt management services provided by external servicers.

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 31 December 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 collection and banking services is attributable to the overall increase in investments in debt portfolios.

10.3. Employee benefits expense

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Salaries and wages	(445,786)	(133,979)	(402,314)	(117,103)
Other social security contributions	(83,444)	(22,980)	(74,534)	(21,906)
Pension and disability insurance contributions	(32,456)	(8,087)	(28,426)	(6,996)
Equity-settled cost of stock option plan	(16,807)	(3,521)	(21,951)	(3,762)
Contribution to the State Fund for the Disabled	(2,216)	(593)	(2,066)	(503)
	<u>(580,709)</u>	<u>(169,160)</u>	<u>(529,291)</u>	<u>(150,270)</u>

10.4. Court fees

PLN '000

	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Legal costs	(315,205)	(81,095)	(228,342)	(57,069)
Bailiff fees	(132,786)	(34,335)	(123,551)	(38,405)
Stamp duties	(2,955)	(940)	(1,360)	(541)
	(450,946)	(116,370)	(353,253)	(96,015)

10.5. Other expenses

PLN '000

	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Taxes and charges	(35,957)	(12,021)	(22,586)	(5,653)
Raw materials and consumables used	(13,546)	(4,899)	(12,354)	(3,482)
Staff training	(10,662)	(3,899)	(6,836)	(3,184)
Advertising	(7,374)	(3,667)	(6,163)	(3,105)
Representation	(6,194)	(2,616)	(10,108)	(7,021)
Business trips	(5,279)	(1,822)	(4,424)	(1,404)
Non-deductible VAT	(1,914)	(322)	(2,318)	(501)
Write-off of development work	(1,055)	-	-	-
Property insurance	(1,053)	(303)	(1,001)	(313)
Motor insurance	(915)	(291)	(970)	(317)
Refund of litigation costs	(894)	(238)	(1,388)	(1,285)
Losses due to traffic damage	(667)	(247)	(96)	(27)
Membership fees	(374)	(106)	(238)	(89)
Non-compete agreements	(321)	(91)	(363)	(92)
Loss on sale of property, plant and equipment	(199)	(14)	-	-
Recharged costs of services and fees	(171)	77	(53)	357
Goodwill impairment losses	-	-	(8,003)	(8,003)
Provision for potential differences due to linear settlement	7,535	2,940	3,026	26
Other	(1,730)	(500)	(5,416)	(1,818)
	(80,770)	(28,019)	(79,291)	(35,911)

In the three months to 31 December 2024, the remaining provision for potential differences due to linear settlement of loans was reversed due to the marginal level of complaints. The Group believes there is a low risk of increase in the level of complaints in the future.

10.6. Finance income

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Interest income on bank deposits	6,212	169	1,489	589
Net exchange rate differences	-	-	8,742	(1,094)
	6,212	169	10,231	(505)

10.7. Finance costs

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Interest and commission expense on financial liabilities measured at amortised cost	(494,194)	(130,473)	(374,947)	(114,136)
<i>including interest</i>	(471,121)	(126,470)	(356,680)	(109,258)
Net exchange rate differences	(2,503)	(1,328)	-	-
Interest income/expense on hedging instruments – IRS	22,737	2,695	19,758	4,345
Hedging income/expense	64,278	16,006	54,279	15,030
Interest income/expense on hedging instruments – CIRS	1,546	294	995	1,237
Expense/income from measurement of derivatives – FORWARD	(105)	(105)	-	-
	(408,241)	(112,911)	(299,915)	(93,524)

In 2024, there was a significant year-on-year increase in interest expense due to higher debt (bonds).

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

PLN '000	Note	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Realised exchange gains/(losses)	10.6; 10.7	(7,781)	(5,353)	(170)	(467)
Unrealised exchange gains/(losses)	10.6; 10.7	5,278	4,025	8,912	(627)
Measurement of forward contracts	10.7	(105)	(105)	-	-
Remeasurement of debt portfolios due to exchange rate movements	10.1	541	255	(7,596)	(1,518)
		(2,067)	(1,178)	1,146	(2,612)

10.9. Income tax

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

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Current income tax recognised in profit or loss				
Current income tax payable*	(27,149)	(6,363)	(63,896)	(27,555)
Deferred income tax recognised in profit or loss				
Related to temporary differences and their reversal**	91,022	68,653	10,623	49,737
Income tax recognised in profit or loss	63,873	62,290	(53,273)	22,182
Deferred income tax recognised in other comprehensive income				
Related to temporary differences and their reversal	(4,081)	(1,227)	(10,473)	(7,233)
Income tax recognised in other comprehensive income	(4,081)	(1,227)	(10,473)	(7,233)
Income tax recognised in comprehensive income	59,792	61,063	(63,746)	14,948

* The amount of income tax disclosed in these financial statements includes income tax and CFC tax, and for 2023 it also includes a provision for tax audit result.

**The decrease in deferred tax liabilities in the reporting period was attributable to a drop in expected cash inflows from subsidiaries and higher cost of revenue related to forecast proceeds from investments in subsidiaries.

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.

PLN '000	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Profit before tax	1,010,405	1,037,474
Tax calculated at the Parent's enacted income tax rate (19%)	(191,977)	(197,120)
Effect of application of other income tax rates abroad and effect of deferred tax	3,652	1,817
Differences resulting from ability to control the timing of reversal of temporary differences in the valuation of net assets of subsidiaries and the probability of their realization in the foreseeable future, and other non-deductible expenses/non-taxable income	252,198	170,584
Provision for tax audit result	-	(28,554)
Income tax recognised in profit or loss	63,873	(53,273)
Effective tax rate (%)	-6.32%	5.13%

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		Liabilities		Net carrying amount	
	31 Dec 2024 unaudited	31 Dec 2023	31 Dec 2024 unaudited	31 Dec 2023	31 Dec 2024 unaudited	31 Dec 2023
Property, plant and equipment	2,403	5,222	(2,961)	(4,234)	(558)	988
Intangible assets	-	-	(3,470)	(5,000)	(3,470)	(5,000)
Tax losses deductible in future periods	15,357	13,260	-	-	15,357	13,260
Trade and other receivables	-	-	(180)	(241)	(180)	(241)
Borrowings and other debt instruments	21,413	21,776	-	-	21,413	21,776
Employee benefit liabilities	3,443	5,230	-	-	3,443	5,230
Provisions and liabilities	224	186	-	-	224	186
Investments in debt portfolios	-	-	(7,682)	(7,411)	(7,682)	(7,411)
Investments in loans	28,343	32,050	-	-	28,343	32,050
Derivative hedging instruments	-	-	(17,848)	(13,767)	(17,848)	(13,767)
Expected future outflows of income from investments in subsidiaries	-	-	(108,450)	(203,420)	(108,450)	(203,420)
Deferred tax assets/liabilities	71,183	77,724	(140,591)	(234,073)	(69,408)	(156,349)
Deferred tax assets offset against liabilities	(26,754)	(31,766)	26,754	31,766	-	-
Deferred tax assets/liabilities in the statement of financial position	44,429	45,958	(113,837)	(202,307)	(69,408)	(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 31 Dec 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	(1,546)	(558)	3,742	(2,754)	988
Intangible assets	(5,000)	1,530	(3,470)	(5,148)	148	(5,000)
Tax losses deductible in future periods	13,260	2,097	15,357	11,920	1,340	13,260
Trade and other receivables	(241)	61	(180)	(413)	172	(241)
Borrowings and other debt instruments	21,776	(363)	21,413	16,633	5,143	21,776
Employee benefit liabilities	5,230	(1,787)	3,443	2,590	2,640	5,230
Provisions and liabilities	186	38	224	(109)	295	186
Investments in debt portfolios	(7,411)	(271)	(7,682)	(7,058)	(353)	(7,411)
Investments in loans	32,050	(3,707)	28,343	32,923	(873)	32,050
Expected future outflows of income from investments in subsidiaries	(203,420)	94,970	(108,450)	(208,285)	4,865	(203,420)
	(142,582)	91,022	(51,560)	(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 31 Dec 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)	(4,081)	(17,848)	(3,294)	(10,473)	(13,767)
	(13,767)	(4,081)	(17,848)	(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 in the investment companies.

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

The decrease in deferred tax liabilities for the current period is due to:

- reduction in expected cash 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 liabilities 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 liabilities on retained earnings as at 31 December 2024 was PLN 5,081,798 thousand (as at 31 December 2023: PLN 3,727,864 thousand).

The Group is subject to OECD's Pillar Two Model Rules. The Pillar Two regulations have been enacted in Poland, the jurisdiction in which Kruk S.A. is registered, and took effect on 1 January 2025 by virtue of the Act on Top-up Tax Levied on Constituent Entities of Multinational and Domestic Groups of 6 November 2024. Since the Pillar Two regulations were not in effect as at the reporting date, the Group has no current tax expense. The Group takes advantage of the IAS 12 exception regarding the recognition and disclosure of information about deferred tax assets and liabilities related to the Pillar Two income taxes.

In accordance with the regulations, the Group will be required to pay a top-up tax representing the difference between the effective tax rate calculated for a given jurisdiction and the minimum rate of 15% after meeting the revenue condition set out therein, i.e., after its consolidated revenue in any two of the four consecutive fiscal years immediately preceding the tested fiscal year reaches EUR 750 million or more. The Company estimates that the KRUK Group's consolidated revenue may reach the EUR 750 million threshold in 2025 and 2026 at the earliest. In this case, the KRUK Group may be required to pay the top-up tax for the first time for 2027.

If other statutory conditions are met, the KRUK Group may benefit from the 'safe harbour' rules provided for in the Act, which would mean exemption from the obligation to compute and pay top-up tax in the Polish jurisdiction for up to five years (starting from the first year for which the revenue condition was met, i.e., not earlier than from 2027).

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates that the KRUK Group has subsidiaries that operate in jurisdictions (Poland, Malta and Luxembourg) for which the estimated weighted average effective tax rate based on accounting profit for the reporting period ended 31 December 2024 is less than 15%. However, although the average effective tax

rate is below 15%, the Group's exposure to paying Pillar Two income taxes may not take into account the full difference in tax rates for the aforementioned jurisdictions. This is due to the ability to apply the safe harbours provided for by the law, as well as the impact of the specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12.

Based on the current assessment, the application of Pillar Two regulations is not expected to increase the Group's effective annual tax rate before 2027, and their financial impact remains difficult to estimate as at the issue date of these financial statements. The Group is working with tax specialists to ensure the correct application of the Pillar Two regulations and to assess their impact on the Group's financial data.

10.10. Borrowings, finance lease liabilities and other financial liabilities

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Non-current liabilities		
Secured borrowings	3,423,881	2,324,607
Liabilities under debt securities (unsecured)	2,892,970	2,773,264
Lease liabilities	35,155	40,213
	<u>6,352,006</u>	<u>5,138,084</u>
Current liabilities		
Secured borrowings	34,729	285,551
Liabilities under debt securities (unsecured)	216,732	77,938
Lease liabilities	23,084	29,594
	<u>274,545</u>	<u>393,083</u>

Terms and repayment schedule of borrowings, debt securities and leases

<i>PLN '000</i>	Currency	Nominal interest rate	Maturity periods¹	31 Dec 2024 unaudited	31 Dec 2023
Borrowings secured over the Group's assets	EUR/PLN	1M WIBOR + margin of 2.4–2.95pp; 3M WIBOR + margin of 2.0–2.7pp; 1M EURIBOR + margin of 2.2–2.85pp.	2025-2029	3,458,610	2,610,158
Liabilities under debt securities (unsecured)	PLN EUR	3M WIBOR + margin of 3.0–4.65pp; 4.00%–4.80% ² EURIBOR 3M + margin of 4.0–6.5pp.	2025-2030	3,109,702	2,851,202
Lease liabilities	EUR/PLN CZK	3M WIBOR or 1M EURIBOR + margin of 3.65–4.29pp 3.00 - 9.64%	2025-2030	58,239	69,807
				<u>6,626,551</u>	<u>5,531,167</u>

¹ Maturity of the last liability.

² Fixed interest rate.

Published projections

Pursuant to Article 35, paragraphs 1a and 1b of the Bond Act, in December 2023 KRUK published on its [website](#) a projection of the financial liabilities and financial structure of KRUK S.A. and the KRUK Group as at 31 December 2024 ("Bonds Act Projection"). The Group informs that the financial liabilities of KRUK S.A. and the KRUK Group as at December 31, 2024, were as follows:

- a. Financial liabilities of KRUK S.A.: PLN 3,706 million (17% more above the Bonds Act Projection),
- b. Financial liabilities of the KRUK Capital Group: PLN 6,627 million (11% above the Bonds Act Projection),
- c. Financing structure of KRUK S.A. (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of KRUK S.A.): 44% (1 pp above the Bonds Act Projection),
- d. Financing structure of the KRUK Group (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of the Group): 57% (1 pp above the Bonds Act Projection).

The fact that the Company's and the Group's financial liabilities as at the end of 2024 were above the projections was attributable to significant expenditure on debt portfolios incurred by the Group in 2024 (PLN 2.8 billion). The percentage share of the Company's and the Group's financial liabilities in total equity and liabilities as at the end of 2024 was close to the projected level (with deviations of +1pp and -1pp, respectively).

Impact of IBOR reform

In June 2024, the National Working Group (NWG) initiated a public consultation regarding the review and evaluation of alternative interest rate benchmarks. The purpose of the consultation was to reassess the NWG's September 2022 decision to select WIRON as the optimal replacement for the WIBOR reference rate. The consultation covered the WIRON, WIRON+, WIRF, WIRF+, and WRR benchmarks, which the 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. The 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 NWG announced that it had concluded the public consultation process as of 1 July 2024. At its meetings on 21 November 2024 and 6 December 2024, the Steering Committee of the NWG held discussions and decided to adopt the proposed index technically named WIRF– as the ultimate interest rate benchmark to replace the WIBOR benchmark. On 24 January 2025, the Steering Committee of the NWG decided to adopt the target name POLSTR (Polish Short Term Rate) for the proposed index technically named WIRF–.

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>	31 Dec 2024 unaudited	31 Dec 2023
Carrying amount of financial liabilities for which WIBOR is used as the benchmark		
Borrowings secured over the Group's assets	807,016	454,154
Liabilities under debt securities (unsecured)	2,326,523	2,159,898
Lease liabilities	2,958	7,922
Notional amount of hedging instruments for which WIBOR is used as the benchmark		
CIRS	1,957,500	1,750,000
IRS	-	190,000

10.11. Hedging instruments

Interest rate risk hedges

The interest rate risk management policy covers:

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

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

Open outstanding IRS contracts held by the KRUK Group companies as at 31 December 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.

In the three months ended 31 December 2024, the Group entered into a currency interest rate swap (CIRS) with a notional amount of PLN 125,000 thousand. The Group pays a coupon based on a fixed interest rate on debt determined in EUR under the transaction terms and receives a coupon based on a variable interest rate plus a margin, calculated on PLN-denominated debt covered by the transaction.

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

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

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Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 52,500,000	0.96%	3M WIBOR	15 Jul 2022	22 Jan 2025
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.49%	3M WIBOR	10 Jan 2023	26 Mar 2025
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 85,000,000	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 355,000,000	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA.	KRUK S.A.	CCIRS	PLN 70,000,000	6.046%	3M WIBOR + 4%	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 90,000,000	6.19%	3M WIBOR + 4%	21 Mar 2024	26 Sep 2028
Alior Bank S.A.	KRUK S.A.	CCIRS	PLN 125,000,000	4.40%	3M WIBOR + 3%	11 Dec 2024	13 Nov 2030

The transactions were designated for hedge accounting.

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. signed an amendment to 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 31 December 2024, the Group had no open positions under the framework agreement.

Amounts related to items designated as hedging instruments

PLN '000

	31 Dec 2024 unaudited				31 Dec 2023				Item in the statement of financial position	Hedge type
	Assets	Liabilities	Notional amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Notional amount	Change in fair value used to determine ineffectiveness		
Instrument type:										
IRS	-	-	- PLN	(4,954)	4,954	-	190,000 (PLN)	(13,852)	Hedging instruments	Hedge of future cash flows
IRS	-	34,497	432,500 (EUR)	(6,101)	29	28,425	408,500 (EUR)	(44,152)	Hedging instruments	Hedge of future cash flows
CIRS	114,326	2,245	1,957,500 (PLN)	22,825	93,445	4,189	1,750,000 (PLN)	87,551	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign subsidiary
	114,326	36,742		11,770	98,428	32,614		29,547		

PLN '000

Disclosure of the hedged item as at 31 Dec 2024

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

PLN '000

Disclosure of the hedged item as at 31 Dec 2023

	Notional amount of the hedged item	Change in the fair value of the hedged item	Reserve on measurement of continuing hedges	Reserve (unsettled) on 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 subsidiary (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	-

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PLN '000

Instrument type:	Amount of future cash flows as at 31 Dec 2024				
	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
IRS					
fixed payment EUR sale	(25,072)	(17,674)	(34,877)	(1,894,266)	-
variable payment EUR	25,072	17,674	34,877	1,894,266	-
CIRS					
fixed payment	(69,810)	(91,420)	(295,906)	(1,539,570)	-
variable payment	69,810	91,420	295,906	1,539,570	-
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–31 Dec 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	11,681	-	81,895	93,576
Cost of hedging	-	-	12,802	12,802
Temporary differences/reversal of temporary differences	1,405	-	(5,486)	(4,081)
Amount reclassified to profit or loss during the period	(22,737)	-	(65,824)	(88,561)
- Interest income / expense	(22,737)	-	(1,546)	(24,283)
- Cost of hedging	-	-	(64,278)	(64,278)
Hedge reserve at end of period	(30,867)	4,082	91,564	64,779

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

10.12. Earnings per share

Basic earnings per share

<i>thousands of shares</i>	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Number of ordinary shares as at 1 Jan	19,319	19,319
Effect of cancellation and issue	19	-
Weighted average number of ordinary shares at end of reporting period	19,338	19,319
<i>PLN</i>		
Earnings per share	55.54	50.93

Diluted earnings per share

<i>thousands of shares</i>	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Weighted average number of ordinary shares at end of reporting period	19,338	19,319
Effect of issue of unregistered shares not subscribed for	1,146	1,024
Weighted average number of ordinary shares at end of reporting period (diluted)	20,484	20,343
<i>PLN</i>		
Earnings per share (diluted)	52.43	48.37

On 10 October 2024, the Parent's Management Board received a decision to increase the Parent'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. The share capital was increased 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

	31 Dec 2024 unaudited	30 Sep 2024 unaudited	31 Dec 2023
Assets			
Non-current assets			
Property, plant and equipment	89,572	90,397	91,777
Other intangible assets	69,341	65,130	67,206
Goodwill	7,928	7,944	8,084
Investments	7,738,124	7,129,516	6,416,303
Hedging instruments	101,285	96,685	82,848
Deferred tax assets	44,429	42,948	45,958
Total non-current assets	8,050,679	7,432,620	6,712,176
Current assets			
Inventories	12,556	10,821	15,038
Investments	3,265,059	3,092,306	2,675,590
Trade receivables	19,619	21,673	24,440
Other receivables	52,496	43,574	58,970
Income tax receivables	3,684	8,021	22,398
Hedging instruments	13,041	13,158	15,580
Other assets	16,955	13,579	15,852
Cash and cash equivalents	214,790	178,363	388,461
Total current assets	3,598,200	3,381,495	3,216,329
Total assets	11,648,879	10,814,115	9,928,505
Equity and liabilities			
Equity			
Share capital	19,382	19,382	19,319
Share premium	374,097	374,097	358,506
Hedge reserve	64,779	59,194	51,043
Measurement reserve (defined benefit plans)	3,374	3,331	3,331
Reserve of exchange differences on translation	(130,734)	(127,289)	(95,871)
Other reserves	188,654	185,133	171,847
Retained earnings	4,009,434	3,894,233	3,283,218
Equity attributable to owners of the Parent	4,528,986	4,408,081	3,791,393
Non-controlling interests	(329)	(324)	(583)
Total equity	4,528,657	4,407,757	3,790,810
Non-current liabilities			
Borrowings, debt securities and leases	6,352,006	5,584,616	5,138,084
Deferred tax liabilities	113,837	179,782	202,307
Provisions	1,897	1,340	12,211
Hedging instruments	36,742	37,736	32,614
Total non-current liabilities	6,504,482	5,803,474	5,385,216
Current liabilities			
Borrowings, debt securities and leases	274,545	282,944	393,083
Derivatives	105	-	-
Trade and other payables	231,823	201,298	220,448
Income tax payable	5,493	5,913	11,785
Employee benefit liabilities	85,775	64,841	76,469
Provisions	17,999	47,888	50,694
Total current liabilities	615,740	602,884	752,479
Total liabilities	7,120,222	6,406,358	6,137,695
Total equity and liabilities	11,648,879	10,814,115	9,928,505

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	-	(156)	-	(156)
Gross carrying amount as at 31 Dec 2024	299	47,945	-	48,244
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 31 Dec 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 31 Dec 2024	299	7,629	-	7,928

As at 31 December 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>	31 Dec 2024 unaudited	31 Dec 2023
Property	12,356	14,893
Other inventories	200	145
	<u>12,556</u>	<u>15,038</u>

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

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023
Carrying amount of property held at beginning of period	14,893	16,243
Carrying amount of property foreclosed	7,665	3,321
Carrying amount of property sold	(6,110)	(13)
Impairment losses	(4,059)	(4,610)
Translation differences on property	(33)	(48)
Carrying amount of property held at end of period	<u>12,356</u>	<u>14,893</u>

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

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Short-term trade receivables	19,619	24,440
	<u>19,619</u>	<u>24,440</u>

Other receivables

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Receivables from taxes other than income tax	18,723	38,265
Receivables under collected debts	26,583	12,809
Receivables under security deposits and bid bonds	6,922	7,502
Other receivables	181	115
Employee loans	87	163
Receivables for court fees and stamp duties	-	116
	<u>52,496</u>	<u>58,970</u>

10.17. Cash and cash equivalents

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Cash in hand	115	118
Cash in current accounts	214,675	168,343
Term deposits	-	220,000
	<u>214,790</u>	<u>388,461</u>

10.18. Employee benefit liabilities

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Salaries and wages payable	40,045	36,777
Social benefit obligations	23,913	19,879
Provision for accrued holiday entitlements	14,993	14,136
Personal income tax	5,733	4,778
Special accounts	1,091	899
	<u>85,775</u>	<u>76,469</u>

10.19. Trade and other payables

<i>PLN '000</i>	31 Dec 2024 unaudited	31 Dec 2023
Trade payables	167,396	163,254
Other liabilities	49,537	41,488
Deferred income	5,296	6,690
Accrued expenses	5,050	6,193
Tax and duties payable	4,544	2,823
	<u>231,823</u>	<u>220,448</u>

10.20. Provisions

PLN '000	31 Dec 2024 unaudited	31 Dec 2023
Provisions for retirement gratuity payments	18,289	15,945
Provision for the loyalty scheme	-	10,871
Provision for tax inspection outcome	1,607	28,554
Other provisions	-	7,535
	<u>19,896</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	
Utilisation	(381)	(1,277)	-	
Release of provision for potential differences due to linear 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	2,434	329	-	
Utilisation	(90)	(2,248)	(26,947)	
Release of provision following conclusion of loyalty scheme		(8,952)		
Release of provision for potential differences due to linear settlement				(7,535)
Carrying amount as at 31 Dec 2024	<u>18,289</u>	<u>-</u>	<u>1,607</u>	<u>-</u>

The Customs and Revenue Office of Kraków conducted an audit of Kruk S.A.'s corporate income tax settlements for 2018–2023. As at the issue date of these financial statements, the audits for 2018–2023 had been completed. The Group established a provision in 2023 totalling PLN 28,554 thousand, covering the tax arrears along with interest for the audited years. The proceedings resulted 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. The change was implemented in 2024. For years, the Parent consistently applied the comparable uncontrolled price (CUP) method to determine the consideration due for its management and collection services. The Customs and Revenue Office indicated the need to switch to the cost-plus method, which seeks to cover the service cost and add an appropriate mark-up. The audit results remain consistent with the calculation of the provision created by the Group at the end of 2023.

In the reporting period, the provision for potential differences arising from the straight-line settlement was reversed due to the marginal level of complaints. The Group believes there is a low risk of increase in the level of complaints in the future.

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

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

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Base pay/managerial contract (gross)	8,965	2,305	7,670	1,920
Additional benefits	182	42	206	34
Share-based payments	16,807	3,521	21,951	3,762
	<u>25,955</u>	<u>5,868</u>	<u>29,827</u>	<u>5,716</u>

Remuneration of the Supervisory Board members

Remuneration of members of the Parent's Supervisory Board:

<i>PLN '000</i>	1 Jan–31 Dec 2024 unaudited	1 Oct–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	1 Oct–31 Dec 2023 unaudited
Base pay (gross)	1,553	346	1,226	307
Additional benefits	37	11	18	5
	<u>1,591</u>	<u>357</u>	<u>1,244</u>	<u>312</u>

Other transactions with the management

As at 31 December 2024, members of the Management Board and persons closely related to them jointly held 9.8% 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:

	31 Dec 2024 unaudited	31 Dec 2023
Investments in debt portfolios	10,500,278	8,673,765
Loans	502,905	418,128
Hedging instruments	114,326	98,428
Trade and other receivables, excluding tax receivables	53,392	45,145
Cash and cash equivalents	214,790	388,461
	<u>11,385,691</u>	<u>9,623,927</u>

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

PLN '000

	31 Dec 2024 unaudited	31 Dec 2023
Poland	4,669,869	3,987,968
Romania	1,697,570	1,484,091
Italy	2,849,132	2,227,282
Spain	1,909,174	1,711,748
Other foreign markets	259,946	212,838
	<u>11,385,691</u>	<u>9,623,927</u>

Credit risk exposure – Investments in debt portfolios

PLN '000	31 Dec 2024 unaudited	31 Dec 2023
Unsecured retail portfolios	9,375,242	7,601,776
Secured retail portfolios	255,418	281,025
Unsecured corporate portfolios	299,321	220,520
Secured corporate portfolios	570,297	570,444
	10,500,278	8,673,765

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 31 Dec 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	10,500,278	23,147,233	1,692,715	1,611,937	3,091,801	6,798,541	9,952,239
Loans	502,905	691,074	206,554	154,075	173,654	82,780	74,011
Trade and other receivables, excluding tax receivables	53,392	53,392	53,392	-	-	-	-
Cash and cash equivalents	214,790	214,790	214,790	-	-	-	-
Secured borrowings	(3,458,610)	(4,509,115)	(151,206)	(153,456)	(362,199)	(3,842,254)	-
Unsecured issued bonds	(3,109,702)	(4,079,737)	(355,339)	(156,497)	(513,148)	(2,918,690)	(136,063)
Lease liabilities	(58,239)	(70,299)	(13,073)	(12,710)	(13,025)	(28,174)	(3,317)
Trade and other payables	(216,933)	(216,933)	(216,933)	-	-	-	-
	4,427,881	15,230,405	1,430,900	1,443,349	2,377,083	92,203	9,886,870

* Cash flows based on estimates.

As at 31 Dec 2023

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	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 issued bonds	(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)	-	-	-	-
	3,789,590	11,779,795	1,515,926	1,170,285	1,937,895	228,221	6,927,468

* 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 31 December 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 31 December 2024, the undrawn revolving credit facility limit available to the Group was PLN 475,189 thousand (31 December 2023: PLN 768,121 thousand). The limit is available until 31 December 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 31 December 2024, financial assets denominated in foreign currencies accounted for 58% of total assets, while liabilities denominated in foreign currencies represented 31% 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	31 Dec 2024					31 Dec 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	-	3,752	12,319	-	16,071	-	375	1,232	-	1,607
Investments	-	163	1,606,714	9,487	1,616,364	-	16	160,671	949	161,636
Cash	785	8,589	30,204	138	39,717	79	859	3,020	14	3,972
Borrowings, debt securities and leases	-	(1,116,612)	-	-	(1,116,612)	-	(111,661)	-	-	(111,661)
Trade and other payables	(1,181)	(9,719)	(20,314)	-	(31,214)	(118)	(972)	(2,031)	-	(3,121)
Currency risk exposure – effect on profit or loss	(395)	(1,113,827)	1,628,924	9,625	524,326	(40)	(111,383)	162,892	963	52,433
Trade and other receivables	-	21,210	16,493	470	38,174	-	2,121	1,649	47	3,817
Investments	-	4,723,312	66,946	92,888	4,883,146	-	472,331	6,695	9,289	488,315
Cash	-	118,792	17,542	7,118	143,451	-	11,879	1,754	712	14,345
Borrowings, debt securities and leases	-	(2,376,032)	(10,172)	(930)	(2,387,134)	-	(237,603)	(1,017)	(93)	(238,713)
Trade and other payables	-	(97,888)	(11,828)	(1,368)	(111,083)	-	(9,789)	(1,183)	(137)	(11,109)
Currency risk exposure – effect on other comprehensive income	-	2,389,394	78,981	98,179	2,566,554	-	238,939	7,898	9,818	256,655
Exposure to currency risk	(395)	1,275,567	1,707,905	107,803	3,090,880	(40)	127,557	170,790	10,780	309,087
Hedge effect		(1,957,500)			(1,957,500)	-	(195,750)	-	-	(195,750)
Currency risk exposure after hedging	(395)	(681,933)	1,707,905	107,803	1,133,380	(40)	(68,193)	170,790	10,780	113,337

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

PLN	Average exchange rates*		End of period (spot rates)	
	1 Jan–31 Dec 2024 unaudited	1 Jan–31 Dec 2023	31 Dec 2024 unaudited	31 Dec 2023
EUR 1	4.3075	4.5284	4.2730	4.3480
USD 1	3.9815	4.1823	4.1012	3.9350
RON 1	0.8658	0.9145	0.8589	0.8742
CZK 1	0.1715	0.1889	0.1699	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 also includes the mid rate quoted for the last day of the previous financial year.

Exposure to interest rate risk

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

PLN '000	Carrying amount	
	31 Dec 2024 unaudited	31 Dec 2023
Fixed-rate financial instruments		
Financial assets	10,910,759	9,199,664
Financial liabilities	(396,964)	(383,995)
Fixed-rate financial instruments before hedging	10,513,795	8,815,669
Hedge effect (notional amount)	(3,805,573)	(3,716,158)
Fixed-rate financial instruments after hedging	6,708,223	5,099,511
Variable-rate financial instruments		
Financial assets	474,932	424,263
Financial liabilities	(6,483,367)	(5,384,528)
Variable-rate financial instruments before hedging	(6,008,435)	(4,960,265)
Hedge effect (notional amount)	3,805,573	3,716,158
Variable-rate financial instruments after hedging	(2,202,863)	(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	31 Dec 2024 unaudited		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets and liabilities measured at fair value				
Hedging instruments (IRS)	(34,497)	(34,497)	(23,442)	(23,442)
Hedging instruments (CIRS)	112,081	112,081	89,256	89,256
Derivatives (FORWARD)	(105)	(105)	-	-
Loans	3,301	3,301	5,618	5,618
	80,780	80,780	71,432	71,432
Financial assets and liabilities other than measured at fair value				
Investments in debt portfolios	10,500,278	10,162,194	8,673,765	8,827,759
Loans	499,604	506,532	412,510	418,318
Trade and other receivables, excluding tax receivables	53,392	53,392	45,145	45,145
Trade and other payables	(216,933)	(216,933)	(204,742)	(204,742)
Secured borrowings	(3,458,610)	(3,477,433)	(2,610,158)	(2,622,718)
Liabilities under debt securities (unsecured)	(3,109,702)	(3,289,856)	(2,851,202)	(2,869,113)
	4,268,029	3,737,896	3,465,318	3,594,649

Interest rates used for fair value estimation

	31 Dec 2024 unaudited	31 Dec 2023
Investments in debt portfolios*	2.19% - 87.14%	2.55% - 65.08%
Loans	18.38% - 47.54%	17.67% - 45.83%
Secured borrowings	5.15% - 8.77%	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	
	Carrying amount	Fair value
As at 31 December 2023		
Liabilities under debt securities (unsecured)	(2,851,202)	(2,869,113)
As at 31 December 2024		
Liabilities under debt securities (unsecured)	(3,109,702)	(3,289,856)

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

Hierarchy of financial instruments – Level 2

PLN '000	Level 2	
	Carrying amount	Fair value
As at 31 December 2023		
Hedging instruments (IRS)	(23,442)	(23,442)
Hedging instruments (CIRS)	89,256	89,256
As at 31 December 2024		
Hedging instruments (IRS)	(34,497)	(34,497)
Hedging instruments (CIRS)	112,081	112,081
Derivatives (FORWARD)	(105)	(105)

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 December 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 31 December 2024		
Investments in debt portfolios	10,500,278	10,162,194
Loans	502,905	509,833
Trade and other receivables, excluding tax receivables	53,392	53,392
Secured borrowings	(3,458,610)	(3,477,433)
Trade and other payables	(216,933)	(216,933)

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 twelve months ended 31 December 2024

The Group's net profit as at 31 December 2024 came in at PLN 1,074,278 thousand and exceeded the net profit earned as at 31 December 2023, which amounted to PLN 984,201 thousand (PLN +90,077 thousand, or +9% year on year). Cash EBITDA for the twelve months ended 31 December 2024 was PLN 2,373,626 thousand, having improved 13% year on year.

Revenue

In the twelve months ended 31 December 2024, the KRUK Group generated PLN 2,907,553 thousand in revenue, up by 12% (PLN +314,973 thousand) year on year. Revenue from purchased debt portfolios amounted to PLN 2,637,598 thousand, up by 13% (PLN +293,840 thousand) year on year. The largest increase by far was recorded in the Polish market (PLN +167,773 thousand, or +16%), with significant increases achieved also in Italy (PLN +147,593 thousand, or +37%) and Romania (PLN +39,167 thousand, or +7%).

In 2024, the Group booked PLN 390,102 thousand in total revaluation of projected recoveries, compared with PLN 438,985 thousand a year earlier.

Costs of operations

In 2024, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 1,432,640 thousand, having increased by PLN 225,515 thousand (19%) year on year. The increase was driven mainly by a rise in services and court and bailiff fees.

Finance costs

In 2024, net finance costs amounted to PLN 402,029 thousand, having gone up by PLN 112,911 thousand year on year on account of a PLN 1,095,384 thousand increase in debt.

Investment in new debt portfolios

Total expenditure on debt portfolios in 2024 was PLN 2,827,896 thousand, down by 5% from PLN 2,972,231 thousand invested in 2023.

Recoveries

Amounts recovered from portfolios purchased by the KRUK Group reached PLN 3,536,311 thousand in 2024, up by 15% year on year. Over a half of this amount was collected in foreign markets. The year-on-year increase of PLN 473,838 thousand in 2024 was attributable mainly to a PLN 200,430 thousand growth in recoveries on the Italian market (up by 35% year on year), PLN 147,367 thousand growth in recoveries on the Spanish market (up by 30% year on year), and PLN 92,361 thousand growth in recoveries on the Polish market (up by 7% year on year).

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 31 December 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 2024 to 31 December 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 21 October 2024, unsecured Series AP1 bonds with a nominal value of PLN 75,000 thousand were issued. The bonds bear interest at a floating rate based on 3M WIBOR plus a margin of 3.00pp and mature on 21 October 2029;
- On 20 November 2024, unsecured Series AP2 bonds with a nominal value of PLN 125,000 thousand were issued. The bonds bear interest at a floating rate based on 3M WIBOR plus a margin of 3.00pp and mature on 20 November 2030.

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.

After the end of the reporting period, on 5 February 2025, unsecured Series AP3 bonds with a nominal value of PLN 100,000 thousand were issued. The bonds bear interest at a floating rate based on 3M WIBOR plus a margin of 2.80pp and mature on 5 February 2031.

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.

Securities established over the Group's assets as at 31 December 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 2032	Prokura NFW FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement
Blank promissory note	Santander Bank Polska S.A.	PLN 195,000 thousand	Until the derivative transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of 13 June 2013, as amended
Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.	Santander Bank Polska S.A.	up to PLN 195,000 thousand*	No later than 31 July 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Amendment 3 of 21 June 2018 to the master agreement on the procedure for execution and settlement of treasury transactions

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 15,624 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 34,320 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 43,560 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 52,745 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 341 thousand and PLN 271 thousand	No later than 31 May 2025	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	Vastint Poland Sp. z o.o.	EUR 471 thousand	No later than 6 November 2025	KRUK S.A.'s failure to repay its liabilities and properly perform its obligations under the rental agreement secured with the guarantee

* As at 31 December 2024, InvestCapital Ltd had no obligations that would be covered by the surety.

Granting of loan/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 España S.L.U. (the borrowers) executed an amendment to the revolving multi-currency credit facility agreement of 3 July 2017, as amended, with a 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). The Amendment provided for an increase in the facility limit up to EUR 650,000 thousand. In accordance with the Amendment, 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. Moreover, on 24 December 2024, Prokura NFW FIZ and KRUK S.A. submitted notarised consents 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, 26 April, 23 July, 18 September, 10 December 2024, and, subsequent to the reporting date, on 22 January 2025 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 and 18 December 2024, InvestCapital Ltd and DNB Bank ASA, acting as the security agent, signed amendment to the agreement creating a pledge under Italian law over bonds issued by Kruk Investimenti S.r.l. The amendments confirmed 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;
- On 16 February 2024, InvestCapital LTD and DNB Bank ASA, acting as the security agent, signed an amendment under Romanian law to the agreement creating pledges over bank accounts held by InvestCapital LTD.;
- After the reporting date, on 31 January 2025, Prokura NFW FIZ and DNB Bank ASA, acting as the security agent, signed an agreement under Polish law creating a registered pledge over debt portfolios purchased by Prokura NFW FIZ on the Polish market.

As at 31 December 2024, the value of security created in favour of the Lenders was PLN 6,185,958 thousand.

On 19 December 2023, an amendment to 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 amendment to 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 amendment to 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. submitted a notarised consent 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 submitted a notarised consent 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 amendment to 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;
- Additionally, 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) in order to secure the payment of liabilities under the agreement. The registered pledge was created up to the maximum amount of PLN 210,000 thousand.

On 12 November 2024, an amendment to the revolving credit facility agreement of 2 July 2015, as amended, was executed between Prokura NFW FIZ, KRUK S.A. and mBank S.A. of Warsaw under which the availability period of the facility was extended until 18 December 2029.

Accordingly:

- On 19 November 2024, an amendment to 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 2032;
- On 19 January 2024, an amendment to the surety agreement of 2 July 2015 was executed between mBank S.A. and KRUK S.A. under which the surety expiry date was extended until 18 December 2032;
- On 20 November 2024, KRUK S.A. and Prokura NFW FIZ submitted notarised consents 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 31 December 2032.

As at 31 December 2024, the value of all portfolios pledged in favour of mBank S.A. was PLN 245,687 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 has a maximum amount of PLN 39,300 thousand and matures on 7 February 2029. In order to secure the repayment of Prokura NFW FIZ's liabilities under the agreement:

- On 8 February 2024, an amendment to the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between Prokura NFW FIZ and PKO BP S.A.;
- On 8 February 2024, an amendment to the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between KRUK S.A. and PKO BP S.A.;
- On 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. submitted notarised consents 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.

On 20 December 2024, a non-revolving working capital facility agreement was executed between Prokura NFW FIZ, KRUK S.A. and PKO BP S.A. of Warsaw. The facility has a maximum amount of PLN 40,000 thousand and matures on 19 December 2029. In order to secure the payment by Prokura NFW FIZ of its liabilities under the agreement, subsequent to the reporting date:

- On 8 January 2025, a surety agreement was executed between KRUK S.A. and PKO BP S.A. under which KRUK S.A. provided a surety for the borrower's liabilities of up to PLN 60,000 thousand;
- On 9 January 2025, an amendment to the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between Prokura NFW FIZ and PKO BP S.A.;
- On 9 January 2025, an amendment to the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between KRUK S.A. and PKO BP S.A.;
- On 9 January 2025, Prokura NFW FIZ and KRUK S.A. submitted notarised consents to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 60,000 thousand, which will expire on or before 31 December 2032;
- On 31 January 2025, Prokura NFW FIZ entered into an agreement with PKO BP S.A. to create a registered pledge over a set of rights (debt portfolios owned by Prokura NFW FIZ). The registered pledge was created up to the maximum amount of PLN 60,000 thousand.

As at 31 December 2024, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 170,910 thousand.

In connection with the revolving credit agreement dated 8 April 2011, as amended, between KRUK S.A. and Santander Bank Polska S.A., an amendment 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 amendment 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 notarised consent 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 Facility, valid until 31 October 2029, and for up to PLN 157,500 thousand in respect of the Additional Credit Facility, expiring on or before 29 October 2027.

On 28 February 2024, a revolving working capital facility agreement was executed between KRUK S.A. and VeloBank S.A. of Warsaw. The facility has a maximum amount of PLN 118,000 thousand and matures on 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. submitted a notarised consent 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 amendment to 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. submitted a notarised consent 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. The facility had a maturity date of 1 May 2024.

On 28 December 2023, a revolving credit facility agreement was executed between KRUK S.A. and Alior Bank S.A. The facility has a maximum amount of PLN 100,000 thousand and matures on 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. submitted a notarised consent 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 20 December 2024, a revolving credit facility agreement was executed between KRUK S.A. and Alior Bank S.A. The facility has a maximum amount of PLN 200,000 thousand and matures on 31 December 2029. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement:

- On 20 December 2024, KRUK S.A. submitted a notarised consent to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 300,000 thousand, which will expire on or before 31 December 2032;
- After the reporting date, on 15 January 2025, an agreement was executed between KRUK S.A. and Alior Bank S.A. creating a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 300,000 thousand.

On 30 December 2024, all amounts due under the credit facility agreement executed between KRUK S.A. and Alior Bank S.A. on 2 June 2023 were fully prepaid. The facility had a maximum amount of PLN 50,000 thousand and an original maturity date of 1 June 2025.

On 30 December 2024, all amounts due under the credit facility agreement executed between KRUK S.A. and Alior Bank S.A. on 28 December 2023 were fully prepaid. The facility had a maximum amount of PLN 100,000 thousand and an original maturity date of 31 December 2028.

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

After the end of the fourth quarter of 2024, there were no other events with a potentially material bearing on the Group's future performance.

Piotr Krupa

CEO and President of the Management Board

Piotr Kowalewski

Member of the Management Board

Adam Łodygowski

Member of the Management Board

Urszula Okarma

Member of the Management Board

Michał Zasępa

Member of the Management Board

Monika Grudzień -Wiśniewska

Person responsible for keeping the accounting records

Hanna Stempień

Person responsible for preparation of the financial statements

Wrocław, 26 February 2025