



**Financial highlights of KRUK S.A.  
for the period  
from January 1st to March 31st 2022**

## Financial highlights

| Financial highlights                       | PLN '000             |                      | EUR '000             |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Jan 1–Mar 31<br>2022 | Jan 1–Mar 31<br>2021 | Jan 1–Mar 31<br>2022 | Jan 1–Mar 31<br>2021 |
| <b>For the period</b>                      |                      |                      |                      |                      |
| Revenue                                    | 49,832               | 44,071               | 10,723               | 9,639                |
| Operating profit/(loss)                    | -17,677              | -9,836               | -3,804               | -2,151               |
| Profit/(loss) before tax                   | 259,802              | 146,885              | 55,905               | 32,126               |
| Net profit/(loss) for owners of the Parent | 243,933              | 127,355              | 52,490               | 27,855               |
| Net cash from operating activities         | -3,709               | -2,706               | -798                 | -592                 |
| Cash recoveries                            | 9,116                | 9,057                | 1,962                | 1,981                |
| Net cash from investing activities         | -17,760              | -8,706               | -3,822               | -1,904               |
| Net cash from financing activities         | 109,284              | 14,402               | 23,516               | 3,150                |
| Net change in cash                         | 87,815               | 2,990                | 18,896               | 654                  |
| Diluted earnings per share                 | 12.40                | 6.54                 | 2.67                 | 1.43                 |
| Average number of shares ('000)            | 19,013               | 19,011               | 19,013               | 19,011               |
| Earnings per share                         | 12.83                | 6.70                 | 2.76                 | 1.47                 |
| <b>As at</b>                               | <b>Mar 31 2022</b>   | <b>Dec 31 2021</b>   | <b>Mar 31 2022</b>   | <b>Dec 31 2021</b>   |
| Total assets                               | 4,844,593            | 4,414,079            | 1,041,288            | 959,708              |
| Non-current liabilities                    | 1,547,932            | 1,231,645            | 332,710              | 267,784              |
| Current liabilities                        | 415,143              | 581,617              | 89,230               | 126,455              |
| Equity                                     | 2,881,518            | 2,600,817            | 619,348              | 565,469              |
| Share capital                              | 19,013               | 19,013               | 4,087                | 4,134                |
| Book value per ordinary share              | 151.56               | 137.13               | 32.58                | 29.82                |

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

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

**for the reporting period** **4.6472**  
**for the comparative period** **4.5721**

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

**at the end of the reporting period** **4.6525**  
**at end of the comparative period** **4.5994**



**Interim condensed financial statements of  
KRUK S.A. for the period  
from January 1st to March 31st 2022**

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## I. Statement of financial position

As at March 31st and December 31st

| PLN '000                                     | Note  | Mar 31 2022<br>unaudited | Dec 31 2021      | Mar 31 2021<br>unaudited |
|--|-------|--------------------------|------------------|--------------------------|
| <b>Assets</b>                                |       |                          |                  |                          |
| Cash and cash equivalents                    | 7.12. | 141,513                  | 53,698           | 9,585                    |
| Hedging instruments                          | 7.9.  | 21,819                   | 13,803           | -                        |
| Trade receivables from related entities      | 7.11. | 24,882                   | 27,331           | 18,510                   |
| Trade receivables from other entities        | 7.11. | 2,973                    | 2,870            | 1,809                    |
| Other receivables                            | 7.11. | 8,046                    | 7,255            | 11,470                   |
| Inventories                                  | 6     | 19,509                   | 18,970           | 24,523                   |
| Investments                                  | 6     | 434,676                  | 419,983          | 311,743                  |
| Equity-accounted investments in subsidiaries | 7.10. | 4,136,102                | 3,814,418        | 3,516,117                |
| Property, plant and equipment                |       | 40,096                   | 39,882           | 35,331                   |
| Intangible assets                            |       | 8,623                    | 9,502            | 12,553                   |
| Other assets                                 |       | 6,354                    | 6,367            | 5,049                    |
| <b>Total assets</b>                          |       | <b>4,844,593</b>         | <b>4,414,079</b> | <b>3,946,690</b>         |
| <b>Equity and liabilities</b>                |       |                          |                  |                          |
| <b>Liabilities</b>                           |       |                          |                  |                          |
| Trade and other payables                     | 7.13. | 33,046                   | 29,170           | 53,624                   |
| Derivatives                                  |       | -                        | -                | 12,784                   |
| Hedging instruments                          | 7.9.  | -                        | -                | 12,178                   |
| Employee benefit obligations                 | 7.14. | 23,426                   | 24,153           | 22,085                   |
| Income tax payable                           |       | 10,948                   | 14,995           | 318                      |
| Borrowings, other debt securities and leases | 7.8.  | 1,699,266                | 1,565,210        | 1,494,144                |
| Provisions                                   | 7.15. | 13,465                   | 12,657           | 10,599                   |
| Deferred tax liability                       | 7.7.  | 182,924                  | 167,077          | 153,777                  |
| <b>Total liabilities</b>                     |       | <b>1,963,075</b>         | <b>1,813,262</b> | <b>1,759,509</b>         |
| <b>Equity</b>                                |       |                          |                  |                          |
| Share capital                                |       | 19,013                   | 19,013           | 19,011                   |
| Share premium                                |       | 333,264                  | 333,264          | 310,430                  |
| Cash flow hedging reserve                    | 7.9.  | 25,901                   | 17,885           | (8,575)                  |
| Translation reserve                          |       | 96,841                   | 75,708           | 91,208                   |
| Other capital reserves                       |       | 129,821                  | 122,202          | 103,626                  |
| Retained earnings                            |       | 2,276,678                | 2,032,745        | 1,671,482                |
| <b>Total equity</b>                          |       | <b>2,881,518</b>         | <b>2,600,817</b> | <b>2,187,182</b>         |
| <b>Equity and liabilities</b>                |       | <b>4,844,593</b>         | <b>4,414,079</b> | <b>3,946,690</b>         |

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

## II. Statement of profit or loss

For the reporting period from January 1st to March 31st

PLN '000

|  | Note  | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|--|-------|-----------------------------------|-----------------------------------|
| <b>Continuing operations</b>   |       |                                   |                                   |
| Interest income on debt portfolios measured at amortised cost  | 7.1.  | 4,271                             | 4,387                             |
| Other income/(expenses) from purchased debt portfolios   | 7.1.  | 279                               | (66)                              |
| Revenue from other services  | 7.1.  | 39,683                            | 34,294                            |
| Other income   | 7.1.  | 401                               | 281                               |
| Gain/(loss) on expected credit losses  | 7.1.  | 5,197                             | 5,175                             |
| <b>Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios</b> |       | <b>49,832</b>                     | <b>44,071</b>                     |
| Employee benefits expense  | 7.2.  | (45,983)                          | (35,442)                          |
| Depreciation   |       | (4,510)                           | (4,160)                           |
| Services   | 7.3   | (10,801)                          | (7,758)                           |
| Other expenses   | 7.4.  | (6,214)                           | (6,547)                           |
|  |       | <b>(67,508)</b>                   | <b>(53,907)</b>                   |
| <b>Operating profit/(loss)</b>   |       | <b>(17,677)</b>                   | <b>(9,836)</b>                    |
| Finance income   | 7.5.  | 8,597                             | 4,410                             |
| Finance costs  | 7.6.  | (23,700)                          | (19,837)                          |
| <i>including interest expense relating to lease liabilities</i>  |       | <i>(265)</i>                      | <i>(204)</i>                      |
| <b>Net finance costs</b>   |       | <b>(15,103)</b>                   | <b>(15,427)</b>                   |
| <b>Share of profit/(loss) of equity-accounted investees</b>  | 7.10. | <b>292,582</b>                    | <b>172,148</b>                    |
| <b>Profit/(loss) before tax</b>  |       | <b>259,802</b>                    | <b>146,885</b>                    |
| Income tax   | 7.7.  | (15,869)                          | (19,529)                          |
| <b>Net profit/(loss) for period</b>  |       | <b>243,933</b>                    | <b>127,355</b>                    |
| <b>Earnings/(loss) per share</b>   |       |                                   |                                   |
| Basic (PLN)  | 7.16. | 12.83                             | 6.70                              |
| Diluted (PLN)  | 7.16. | 12.40                             | 6.54                              |

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

### III. Statement of comprehensive income

For the reporting period from January 1st to March 31st

PLN '000

|  | <i>Note</i> | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|--|-------------|-----------------------------------|-----------------------------------|
| <b>Net profit/(loss) for period</b>                                  |             | <b>243,933</b>                    | <b>127,355</b>                    |
| <b>Other comprehensive income</b>                                    |             |                                   |                                   |
| <b>Items that may be reclassified subsequently to profit or loss</b> |             |                                   |                                   |
| Exchange differences on translating foreign operations               |             | 21,133                            | 9,848                             |
| Cash flow hedges   | 7.9.        | 8,016                             | 6,208                             |
| <b>Other comprehensive income for the period, net</b>                |             | <b>29,149</b>                     | <b>16,056</b>                     |
| <b>Total comprehensive income for period</b>                         |             | <b>273,082</b>                    | <b>143,411</b>                    |

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



## IV. Separate statement of changes in equity

*For the reporting period ended March 31st 2021*

| PLN '000  | Share capital | Share premium | Cash flow hedging reserve | Translation reserve | Other capital reserves | Retained earnings | Total equity |
|---|---------------|---------------|---------------------------|---------------------|------------------------|-------------------|--------------|
| <b>Equity as at Jan 1 2021</b>                              | 19,011        | 310,430       | (14,783)                  | 81,360              | 103,626                | 1,544,127         | 2,043,771    |
| <b>Comprehensive income for the period</b>                  |               |               |                           |                     |                        |                   |              |
| Net profit/(loss) for period                                | -             | -             | -                         | -                   | -                      | 127,355           | 127,355      |
| Exchange differences on translating foreign operations      | -             | -             | -                         | 9,848               | -                      | -                 | 9,848        |
| Measurement of hedging instruments                          | 7.9.          | -             | 6,208                     | -                   | -                      | -                 | 6,208        |
| <b>Total comprehensive income for period</b>                | -             | -             | 6,208                     | 9,848               | -                      | 127,355           | 143,411      |
| <b>Total contributions from and distributions to owners</b> | -             | -             | -                         | -                   | -                      | -                 | -            |
| <b>Total equity as at Mar 31 2021</b>                       | 19,011        | 310,430       | (8,575)                   | 91,208              | 103,626                | 1,671,482         | 2,187,182    |

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

**For the reporting period ended December 31st 2021**

| PLN '000  | Share capital | Share premium | Cash flow hedging reserve | Translation reserve | Other capital reserves | Retained earnings | Total equity |
|---|---------------|---------------|---------------------------|---------------------|------------------------|-------------------|--------------|
| <b>Equity as at Jan 1 2021</b>                              | 19,011        | 310,430       | (14,783)                  | 81,360              | 103,626                | 1,544,127         | 2,043,771    |
| <b>Comprehensive income for the period</b>                  |               |               |                           |                     |                        |                   |              |
| Net profit/(loss) for period                                | -             | -             | -                         | -                   | -                      | 694,758           | 694,758      |
| Translation reserve   | -             | -             | -                         | (5,652)             | -                      | -                 | (5,652)      |
| Measurement of hedging instruments                          | 7.9.          | -             | 32,668                    | -                   | -                      | -                 | 32,668       |
| <b>Total comprehensive income for period</b>                | -             | -             | 32,668                    | (5,652)             | -                      | 694,758           | 721,774      |
| <b>Contributions from and distributions to owners</b>       |               |               |                           |                     |                        |                   |              |
| - Payment of dividends                                      | -             | -             | -                         | -                   | -                      | (206,140)         | (206,140)    |
| - Share-based payments                                      | -             | -             | -                         | -                   | 18,576                 | -                 | 18,576       |
| - Issue of shares   | 273           | 22,834        | -                         | -                   | -                      | -                 | 23,107       |
| - Cancellation of treasury shares                           | (271)         | -             | -                         | -                   | -                      | -                 | (271)        |
| <b>Total contributions from and distributions to owners</b> | 2             | 22,834        | -                         | -                   | 18,576                 | (206,140)         | (164,728)    |
| <b>Total equity as at Dec 31 2021</b>                       | 19,013        | 333,264       | 17,885                    | 75,708              | 122,202                | 2,032,745         | 2,600,817    |

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

**For the reporting period ended March 31st 2022**

| PLN '000  | Share capital | Share premium | Cash flow hedging reserve | Translation reserve | Other capital reserves | Retained earnings | Total equity |
|---|---------------|---------------|---------------------------|---------------------|------------------------|-------------------|--------------|
| <b>Equity as at Jan 1 2022</b>                              | 19,013        | 333,264       | 17,885                    | 75,708              | 122,202                | 2,032,745         | 2,600,817    |
| <b>Comprehensive income for the period</b>                  |               |               |                           |                     |                        |                   |              |
| Net profit/(loss) for period                                | -             | -             | -                         | -                   | -                      | 243,933           | 243,933      |
| Translation reserve   | -             | -             | -                         | 21,133              | -                      | -                 | 21,133       |
| Measurement of hedging instruments                          | 7.9.          | -             | 8,016                     | -                   | -                      | -                 | 8,016        |
| <b>Total comprehensive income for period</b>                | -             | -             | 8,016                     | 21,133              | -                      | 243,933           | 273,082      |
| <b>Contributions from and distributions to owners</b>       |               |               |                           |                     |                        |                   |              |
| - Share-based payments                                      | -             | -             | -                         | -                   | 7,619                  | -                 | 7,619        |
| <b>Total contributions from and distributions to owners</b> | -             | -             | -                         | -                   | 7,619                  | -                 | 7,619        |
| <b>Total equity as at Mar 31 2022</b>                       | 19,013        | 333,264       | 25,901                    | 96,841              | 129,821                | 2,276,678         | 2,881,518    |

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

## V. Statement of cash flows

For the reporting period from January 1st to March 31st

PLN '000

|   | Note      | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|---|-----------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>                         |           |                                   |                                   |
| <b>Net profit/(loss) for period</b>                                 |           | 243,933                           | 127,355                           |
| <i>Adjustments</i>  |           |                                   |                                   |
| Depreciation of property, plant and equipment                       |           | 3,462                             | 2,980                             |
| Amortisation of intangible assets                                   |           | 1,048                             | 1,181                             |
| Net finance income/costs  | 7.5.,7.6. | 14,993                            | 15,144                            |
| Share of profit/(loss) of equity-accounted investees                | 7.10.     | (292,582)                         | (172,148)                         |
| (Gain)/loss on sale of property, plant and equipment                |           | (142)                             | (250)                             |
| Equity-settled share-based payments                                 |           | 7,619                             | -                                 |
| Income tax  | 7.7.      | 15,869                            | 19,529                            |
| Change in debt portfolios purchased                                 | 6         | (440)                             | 1,390                             |
| Change in inventories   | 6         | (539)                             | 4,232                             |
| Change in trade and other receivables                               | 7.11.     | 3,147                             | (686)                             |
| Change in other assets  |           | 13                                | 907                               |
| Change in trade and other payables, excluding financial liabilities | 7.13.     | 3,876                             | 1,761                             |
| Change in employee benefit obligations                              | 7.14.     | (727)                             | 621                               |
| Change in provisions  | 7.15.     | 808                               | (681)                             |
| Income tax paid   |           | (4,047)                           | (4,041)                           |
| <b>Net cash from operating activities</b>                           |           | <b>(3,709)</b>                    | <b>(2,706)</b>                    |
| <b>Cash flows from investing activities</b>                         |           |                                   |                                   |
| Interest received   | 7.5.      | 189                               | 5                                 |
| Loans   | 6         | (19,000)                          | (23,793)                          |
| Sale of intangible assets and property, plant and equipment         |           | 157                               | 172                               |
| Dividends received  |           | 1,500                             | -                                 |
| Disposal of financial assets  | 7.10.     | 2,050                             | -                                 |
| Purchase of intangible assets and property, plant and equipment     |           | (4,057)                           | (1,767)                           |
| Acquisition of shares in subsidiaries                               | 7.10.     | (11,520)                          | (12,725)                          |
| Repayments  | 6         | 12,920                            | 29,401                            |
| <b>Net cash from investing activities</b>                           |           | <b>(17,760)</b>                   | <b>(8,706)</b>                    |
| <b>Cash flows from financing activities</b>                         |           |                                   |                                   |
| Proceeds from issue of debt securities                              | 7.8.      | 400,000                           | 20,000                            |
| Increase in borrowings  | 7.8.      | 154,593                           | 174,278                           |
| Repayment of borrowings   | 7.8.      | (272,788)                         | (100,098)                         |
| Payments under finance lease contracts (principal)                  | 7.8.      | (2,453)                           | (1,872)                           |
| Redemption of debt securities                                       | 7.8.      | (150,000)                         | (65,000)                          |
| Interest paid   |           | (20,068)                          | (12,906)                          |
| <b>Net cash from financing activities</b>                           |           | <b>109,284</b>                    | <b>14,402</b>                     |
| Total net cash flows  |           | 87,815                            | 2,990                             |
| Cash and cash equivalents at beginning of period                    |           | 53,698                            | 6,595                             |
| Cash and cash equivalents at end of period                          |           | 141,513                           | 9,585                             |

The separate statement of cash flows should be read in conjunction with the notes to these separate financial statements, which form their integral part.

## VI. Notes to the interim condensed financial statements

### 1. Company details

#### *Name*

KRUK Spółka Akcyjna ("KRUK S.A." or "the Company")

#### *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: September 7th 2005

Registration number: KRS NO. 0000240829

#### *Principal business activity*

The Company's principal business consists in debt collection, including collection of receivables from purchased debt portfolios, fee-based credit management services, and investing in subsidiaries.

The Company is the parent of the KRUK Group ("the Group") and in addition to these separate financial statements it prepares consolidated financial statements containing the data of the Company and its subsidiaries, approved on the same day as these separate financial statements.

In the three months ended March 31st 2022 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change and 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    |

As at March 31st 2022, the composition of the Supervisory Board was as follows:

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

The composition of the Supervisory Board of KRUK S.A. did not change in the three months ended March 31st 2022.

On April 14th 2022, appointments were made to the Parent's Supervisory Board for a new term of office. As at the issue date of this interim report, the composition of the Supervisory Board of KRUK S.A. was as follows:

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

## 2. Reporting period

The reporting period is the period from January 1st 2022 to March 31st 2022 and the comparative period is the period from January 1st 2021 to March 31st 2021. The statement of financial position was prepared as at March 31st 2022 and the comparative data was presented as at December 31st 2021 and March 31st 2021. The statement of changes in equity was prepared for the period from January 1st 2022 to March 31st 2022 and the comparative periods are from January 1st 2021 to March 31st 2021 and from January 1st 2021 to December 31st 2021.

The data presented were not subject to a separate review or audit by an auditor.

## 3. Statement of compliance

These interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union.

These financial statements do not contain all the information required to prepare full-year financial statements and therefore they should be read in conjunction with the interim condensed consolidated financial statements of the Group for the period from 1 January to March 31st 2022, the separate financial statements of KRUK S.A. and the consolidated financial statements of the Group prepared as at and for the financial year ended December 31st 2021.

These interim condensed financial statements were authorised for issue by the Company's Management Board (the "Management Board") on April 27th 2022.

In the opinion of the Management Board, there are no facts or circumstances which could pose a significant threat to the Company continuing as a going concern. Therefore, these interim condensed

financial statements have been prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

All amounts in these interim condensed 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 Company.

#### 4. Significant accounting policies

The interim condensed separate financial statements have been prepared based on the following accounting concepts:

- equity accounting method – for investments in subsidiaries,
- at amortised cost calculated using the effective interest rate method:
  - including impairment losses – for credit-impaired assets (investment in debt portfolios),
  - financial assets held as part of the business model whose objective is to hold financial assets in order to collect contractual cash flows (loans)
- and
- for other financial liabilities,
- at fair value – for derivatives,
- at historical cost – for non-financial assets and liabilities.

The accounting policies applied to prepare these condensed interim financial statements are consistent with those applied to prepare the most recent full-year financial statements as at and for the year ended December 31st 2021.

The accounting policies applied to prepare the interim condensed financial statements as at March 31st 2021 and for the period January 1st–March 31st 2021 are consistent with those applied to prepare the most recent full-year separate financial statements as at and for the year ended December 31st 2021.

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 the period beginning on January 1st 2022.

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

| Standards and interpretations endorsed by the EU              | Type of expected change in accounting policies  | Possible effect on the financial statements                                     | Effective for the periods beginning on or after |
|---|---|---|---|
| IFRS 17 <i>Insurance Contracts</i> , amendments to IFRS 17    | <p>IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts, which currently allows continued recognition of insurance contracts in accordance with the accounting policies applicable in national standards and which, as a result, implies a number of different solutions. IFRS 17 requires consistent accounting for all insurance contracts. Contractual obligations will be recognised at present value rather than historical cost. The standard is to be applied on a full retrospective basis (if that is not practicable, the entity should use either the modified retrospective approach or the fair value approach). The purpose of the amendments is to:</p> <ul style="list-style-type: none"> <li>• reduce costs by simplifying some of the standard requirements;</li> <li>• facilitate clarification of financial results; and</li> <li>• facilitate transition to the new standard by deferring the effective date of the standard until 2023 and introducing additional expedients to facilitate the first implementation of IFRS 17.</li> </ul> | The amendments have no significant effect on the separate financial statements. | January 1st 2023                                |
| Amendment to IAS 8, <i>Definition of Accounting Estimates</i> | In the amendment to IAS 8 Definition of Accounting Estimates, the definition of change in accounting estimates was replaced by the definition of accounting estimates. Under the new  | The Company does not expect the amendments to have any                          | January 1st 2023                                |



|  |  |  |                         |
|--|--|--|-------------------------|
|  | <p>definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The Board also clarified the new definition through additional guidance and examples of how accounting principles and accounting estimates are related and how a change in valuation technique constitutes a change in accounting estimate. The introduction of the definition of accounting estimates and other amendments to IAS 8 were intended to help entities distinguish changes in accounting policies from changes in accounting estimates.</p>   | <p>significant effect on its separate financial statements.</p>  |                         |
| <p>Amendments to IAS 1 and IFRS Practice statement 2 Disclosure of Accounting Policies</p> | <p>The amendments to IAS 1 and IFRS Practice statement 2 are intended to help preparers decide which accounting policies to disclose in their financial statements. The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies. Guidance was provided on how an entity can identify material accounting policy information. The amendments clarify that accounting policy information may be material by its nature even if the amounts are immaterial and if users of financial statements would need it to understand other relevant information in the financial statements.</p> | <p>The Company does not expect the amendments to have any significant effect on its separate financial statements.</p> | <p>January 1st 2023</p> |

## Standards and Interpretations that have been published, but have not yet been endorsed by the European Union

| Standards and Interpretations not yet endorsed by the EU   | Type of expected change in accounting policies   | Possible effect on the financial statements   | Effective for periods beginning on or after |
|--|--|---|---|
| IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information     | The amendments provide a transition option for comparative information on financial assets presented on initial application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities, thereby improving the usefulness of comparative information for users of financial statements. | The Company does not expect the amendments to have any significant effect on its separate financial statements. | January 1st 2023                            |
| Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities             | The amendments concern the presentation of liabilities in the statement of financial position. In particular, they clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period. The amendments will apply prospectively.  | The Company does not expect the amendments to have any significant effect on its separate financial statements. | January 1st 2023                            |
| Amendments to IAS 12 <i>Deferred tax on assets and liabilities arising from a single transaction</i> | The amendments are intended to clarify how companies should account for deferred taxes on leases and extinguished liabilities.   | The Company does not expect the amendments to have any significant effect on its separate financial statements. | January 1st 2023                            |

## 5. Accounting estimates and judgements

In order to prepare interim 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 material assumptions adopted by the Company when making the estimates and the accounting policies are presented in the most recent full-year financial statements prepared as at and for the year ended December 31st 2021.

The estimates and assumptions are reviewed by the Company 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:

|  | Amount estimated          |                           | Note | Assumptions and estimate calculation  |
|--|---------------------------|---------------------------|------|---|
|  | Mar 31 2022<br>(PLN '000) | Dec 31 2021<br>(PLN '000) |      |   |
| Investments in subsidiaries equity-accounted | 4,136,102                 | 3,814,418                 | 7.10 | No material changes to previous assumptions and estimates were made during the first quarter. |
| Investments in debt portfolios               | 32,228                    | 31,787                    | 6    | No material changes to previous assumptions and estimates were made during the first quarter. |

| Item                           | Amount subject to judgement |                           | Note  | Assumptions and estimate calculation  |
|--------------------------------|-----------------------------|---------------------------|-------|---|
|                                | Mar 31 2022<br>(PLN '000)   | Dec 31 2021<br>(PLN '000) |       |   |
| Deferred tax liability         | (182,924)                   | (167,077)                 | 7.7.  | No material changes to previous assumptions and estimates were made during the first quarter. |
| Investments in debt portfolios | 65,753                      | 61,474                    | 7.10. | No material changes to previous assumptions and estimates were made during the first quarter. |

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

### Investments measured at amortised cost

| <i>PLN '000</i>                               | <b>Mar 31<br/>2022<br/>unaudited</b> | <b>Dec 31<br/>2021</b> | <b>Mar 31<br/>2021<br/>unaudited</b> |
|---|--------------------------------------|------------------------|--------------------------------------|
| <b>Investments measured at amortised cost</b> |                                      |                        |                                      |
| Investments in debt portfolios                | 32,228                               | 31,787                 | 31,939                               |
| Loans to related parties                      | 402,449                              | 388,195                | 279,804                              |
|   | <u>434,676</u>                       | <u>419,983</u>         | <u>311,743</u>                       |

### Investments in debt portfolios

Purchased debt portfolios are divided into the following main categories:

| <i>PLN '000</i>                       | <b>Mar 31<br/>2022<br/>unaudited</b> | <b>Dec 31<br/>2021</b> | <b>Mar 31<br/>2021<br/>unaudited</b> |
|---------------------------------------|--------------------------------------|------------------------|--------------------------------------|
| <b>Investments in debt portfolios</b> |                                      |                        |                                      |
| Unsecured portfolios                  | 32,180                               | 31,661                 | 31,597                               |
| Secured portfolios                    | 48                                   | 126                    | 341                                  |
|                                       | <u>32,228</u>                        | <u>31,787</u>          | <u>31,939</u>                        |

Unsecured portfolios are retail portfolios. Secured portfolios include mortgages as well as corporate portfolios. A portion of debt portfolios is secured with mortgages (mortgage loan portfolios) or registered pledges (car loan portfolios).

For information on the assumptions made in the valuation of debt portfolios and the adopted schedule of cash receipts (undiscounted value), see Note 7.1.

### Sensitivity analysis – revaluation of projections

The 1% increase in all projected collections would result in an increase in the value of portfolios and thus in net profit/(loss) for the reporting period by PLN 246 thousand, while the 1% decrease in all projected collections would result in a decrease in the value of portfolios, thus reducing net profit/(loss) by PLN 246 thousand for the data as at March 31st 2022 (a PLN 240 thousand increase/decrease, respectively, for the data as at December 31st 2021).

PLN '000

|                                | Profit or loss for the current period |                                    |
|--------------------------------|---------------------------------------|------------------------------------|
|                                | increase in collections by 100 bps    | decrease in collections by 100 bps |
| <b>Mar 31 2022</b>             |                                       |                                    |
| Investments in debt portfolios | 246                                   | (246)                              |
| <b>Dec 31 2021</b>             |                                       |                                    |
| Investments in debt portfolios | 240                                   | (240)                              |

Sensitivity analysis – time horizon

The sensitivity analysis presented below assumes extension or shortening of the projection period with a simultaneous increase or decrease in the recovery projections (in the case of extension by one year, projected recoveries increased by PLN 171.1 thousand, in the case of shortening by one year, projected recoveries decreased by PLN 292.4 thousand; data as at December 31st 2021: PLN 262.7 thousand and PLN 350.8 thousand, respectively).

PLN '000

|                                | Profit or loss for the current period |                       |
|--------------------------------|---------------------------------------|-----------------------|
|                                | extension by one year                 | reduction by one year |
| <b>Mar 31 2022</b>             |                                       |                       |
| Investments in debt portfolios | 0.03                                  | (0.09)                |
| <b>Dec 31 2021</b>             |                                       |                       |
| Investments in debt portfolios | 0.05                                  | (0.10)                |

*Changes in investment in debt portfolios*

In the reporting period, the Company did not invest any amounts in debt portfolios, while the amount of collections from indebted persons was PLN 9,116 thousand (same period of the year before: PLN 9,057 thousand). Changes of the net carrying amount of debt portfolios were presented below:

PLN '000

|  | Mar 31 2022<br>unaudited | Dec 31 2021   | Mar 31 2021<br>unaudited |
|--|--------------------------|---------------|--------------------------|
| <b>Carrying amount of investments in debt portfolios as at beginning of period</b> | 31,787                   | 33,329        | 33,329                   |
| Cash recoveries  | (9,116)                  | (38,239)      | (9,057)                  |
| Gain/(loss) on sale/revaluation of property  | (191)                    | 3,261         | (1,829)                  |
| Revenue from purchased debt portfolios   | 9,748                    | 33,436        | 9,496                    |
| <b>Carrying amount of investments in debt portfolios as at end of period</b>       | <b>32,228</b>            | <b>31,787</b> | <b>31,939</b>            |

For a description of income from investments in debt portfolios, see Note 7.1.

### *Changes in expected credit losses*

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

PLN '000

|   | <b>Mar 31<br/>2022<br/>unaudited</b> | <b>Dec 31 2021</b> | <b>Mar 31<br/>2021<br/>unaudited</b> |
|---|--------------------------------------|--------------------|--------------------------------------|
| <b>Cumulative expected credit losses on purchased debt portfolios as at beginning of period</b> | 253,075                              | 232,859            | 232,859                              |
| Revaluation of recovery projections   | 3,910                                | 12,555             | 1,504                                |
| Deviations from actual recoveries, decreases on early collections in collateralised cases       | 1,097                                | 7,661              | 1,842                                |
| <b>Cumulative expected credit losses on purchased debt portfolios as at end of period</b>       | <b>258,082</b>                       | <b>253,075</b>     | <b>236,205</b>                       |

### *Loans to related parties*

As at March 31st 2022, the gross carrying amount of loans advanced to related parties was PLN 441,675 thousand, and the loss allowance was PLN 39,226 thousand (December 31st 2021: PLN 425,829 thousand and PLN 37,635 thousand, respectively). For information on the Company's exposure to credit, currency and interest rate risks associated with its investments, and on impairment losses on loans, see note 9.

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

| <i>PLN '000</i>   | <b>Mar 31 2022<br/>unaudited</b> | <b>Dec 31 2021</b> | <b>Mar 31 2021<br/>unaudited</b> |
|-------------------|----------------------------------|--------------------|----------------------------------|
| Real property     | 19,426                           | 18,970             | 24,523                           |
| Other inventories | 83                               | -                  | -                                |
|                   | <u>19,509</u>                    | <u>18,970</u>      | <u>24,523</u>                    |

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

As at March 31st 2022, the inventory write-down was PLN 807 thousand (December 31st 2021: PLN 5,628 thousand).

| <i>PLN '000</i>   | <b>Mar 31 2022<br/>unaudited</b> | <b>Dec 31 2021</b> | <b>Mar 31 2021<br/>unaudited</b> |
|---|----------------------------------|--------------------|----------------------------------|
| <b>Carrying amount of property held as at beginning of period</b> | <b>18,970</b>                    | <b>28,755</b>      | <b>28,755</b>                    |
| Carrying amount of foreclosed property                            | 2,525                            | 6,136              | 877                              |
| Carrying amount of property sold                                  | (1,263)                          | (10,292)           | (5,109)                          |
| Impairment loss on property                                       | (807)                            | (5,628)            | -                                |
| <b>Carrying amount of property held as at end of period</b>       | <b>19,426</b>                    | <b>18,970</b>      | <b>24,523</b>                    |

## 7. 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

### 7.1. Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios

#### By type of activity

| <i>PLN '000</i>                                | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|--|--|--|
| Revenue from credit management services        | 29,764                                     | 26,391                                     |
| Revenue from other services                    | 9,918                                      | 7,818                                      |
| Revenue from purchased debt portfolios         | 9,748                                      | 9,496                                      |
| Other income                                   | 401  | 281  |
| Revenue from sale of merchandise and materials | -  | 85   |
|  | <b>49,832</b>                              | <b>44,071</b>                              |

#### Revenue from purchased debt portfolios

| <i>PLN '000</i>   | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---|--|--|
| Gain/(loss) on expected credit losses                         | 5,197                                      | 5,175                                      |
| Interest income on debt portfolios measured at amortised cost | 4,271                                      | 4,387                                      |
| Other income/(expenses) from purchased debt portfolios        | 279  | (66)                                       |
|   | <b>9,748</b>                               | <b>9,496</b>                               |

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

|   | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---|--|--|
| Revaluation of recovery projections   | 3,910                                      | 1,504                                      |
| Deviations from actual recoveries, decreases on early collections in collateralised cases | 1,287                                      | 3,672                                      |
|   | <b>5,197</b>                               | <b>5,175</b>                               |



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

- discount rate in case of change in the amount of the purchased debt portfolio,
- period for which cash flows have been estimated,
- the value of expected future cash flows estimated based on current data and currently used debt collection tools.

The Company analyses the impact of macroeconomic factors on projected recoveries; historically, no material correlation between recoveries from purchased debt portfolios and the macroeconomic situation has been found.

#### Assumptions adopted in the valuation of debt portfolios

|  | Mar 31 2022<br>unaudited | Dec 31 2021          | Mar 31 2021<br>unaudited |
|--|--------------------------|----------------------|--------------------------|
| Discount rate                                    | 28.11% - 170.19%         | 28.11% - 170.19%     | 28.11% - 170.19%         |
| Period for which collections have been estimated | Apr 2021–Dec<br>2036     | Jan 2022–Dec<br>2036 | Apr 2021–Dec<br>2035     |
| Undiscounted value of future recoveries          | 89,228                   | 86,162               | 80,629                   |

#### Projected ERC from debt portfolios (undiscounted value)

| PLN '000            | Mar 31 2022<br>unaudited | Dec 31 2021 | Mar 31 2021<br>unaudited |
|---------------------|--------------------------|-------------|--------------------------|
| <b>Period</b>       |                          |             |                          |
| Up to 12 months     | 25,205                   | 24,708      | 24,724                   |
| From 1 to 2 years   | 16,582                   | 16,200      | 17,261                   |
| From 2 to 3 years   | 12,205                   | 11,863      | 11,948                   |
| From 3 to 4 years   | 9,105                    | 8,749       | 8,287                    |
| From 4 to 5 years   | 6,840                    | 6,516       | 5,778                    |
| From 5 to 6 years   | 5,144                    | 4,882       | 4,042                    |
| From 6 to 7 years   | 3,850                    | 3,629       | 2,820                    |
| From 7 to 8 years   | 2,893                    | 2,672       | 1,952                    |
| From 8 to 9 years   | 2,181                    | 1,996       | 1,317                    |
| From 9 to 10 years  | 1,628                    | 1,496       | 885                      |
| From 10 to 11 years | 1,216                    | 1,133       | 600                      |
| From 11 to 12 years | 909                      | 859         | 414                      |
| From 12 to 13 years | 679                      | 639         | 288                      |
| From 13 to 14 years | 500                      | 468         | 202                      |
| From 14 to 15 years | 292                      | 351         | 111                      |
| Over 15 years       | -                        | -           | -                        |
|                     | 89,228                   | 86,162      | 80,629                   |

*Other income/expenses from purchased debt portfolios*

|                                 | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---------------------------------|--|--|
| Foreign exchange gains/(losses) | 279  | (66)                                       |
|                                 | <u>279</u>                                 | <u>(66)</u>                                |

*Revenue from the provision of other services*

|  | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|--|--|--|
| Revenue from credit management services        | 29,764                                     | 26,391                                     |
| Revenue from other services                    | 9,918                                      | 7,818                                      |
| Revenue from sale of merchandise and materials | -  | 85   |
|  | <u>39,683</u>                              | <u>34,294</u>                              |

Revenue from credit management services

Revenue from fee-based credit management comprises commission fees ranging from 2% to 49% of the collected debts. Fee rates depend on delinquency periods, amounts outstanding, and on whether there have been any prior collection attempts. The Company's main third-party client accounts for 2.91% of revenue from credit management services, and in the group of related entities – for 88.63% (2021: 2%, 90.6%).

Revenue from other services

Revenue from other services comprises marketing support, human resources and IT support services. The performance obligation arises when a contract is executed and the data necessary to launch the debt recovery process is made available. Payment for services is made within 14-30 days of the respective invoice date.

*Other income*

| <i>PLN '000</i>                                  | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|--|--|--|
| Compensation for motor damage                    | 157  | 108  |
| Gain on sale of property, plant and equipment    | 142  | 89   |
| Re-billing income                                | 55   | -  |
| Other  | 47   | 13   |
| Reversal of allowance for expected credit losses | -  | 53   |
| Write-off of unidentified amounts                | -  | 18   |
|  | <u>401</u>                                 | <u>281</u>                                 |

## 7.2. Employee benefits expense

PLN '000

|   | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|---|-----------------------------------|-----------------------------------|
| Salaries and wages  | (31,170)                          | (28,893)                          |
| Equity-settled cost of stock option plan                                  | (7,619)                           | -                                 |
| Old-age and disability pension contributions (defined contribution plans) | (4,795)                           | (4,428)                           |
| Other social security contributions                                       | (2,124)                           | (1,954)                           |
| Contribution to the State Fund for the Disabled                           | (275)                             | (168)                             |
|   | <u>(45,983)</u>                   | <u>(35,442)</u>                   |

## 7.3. Services

PLN '000

|                                   | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|-----------------------------------|-----------------------------------|-----------------------------------|
| IT services                       | (3,012)                           | (2,175)                           |
| Credit management services        | (2,198)                           | (1,899)                           |
| Consultancy services              | (1,966)                           | (410)                             |
| Postal and courier services       | (1,140)                           | (1,082)                           |
| Communications services           | (648)                             | (591)                             |
| Space rental and service charges  | (546)                             | (714)                             |
| Banking services                  | (251)                             | (196)                             |
| Recruitment services              | (243)                             | (57)                              |
| Repair and maintenance services   | (238)                             | (15)                              |
| Other auxiliary services          | (131)                             | (72)                              |
| Security                          | (124)                             | (121)                             |
| Repair of vehicles                | (123)                             | (248)                             |
| Printing services                 | (107)                             | (21)                              |
| Transport services                | (25)                              | (2)                               |
| Packing services                  | (23)                              | (46)                              |
| Marketing and management services | (23)                              | (104)                             |
| Other rental                      | (4)                               | (6)                               |
|                                   | <u>(10,801)</u>                   | <u>(7,758)</u>                    |

## 7.4. Other expenses

PLN '000

|   | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|---|-----------------------------------|-----------------------------------|
| Taxes and charges                         | (2,461)                           | (2,701)                           |
| Raw materials and consumables used        | (994)                             | (924)                             |
| VAT on rental payments (leases and rents) | (442)                             | (41)                              |
| Donations                                 | (370)                             | -                                 |
| Advertising                               | (334)                             | (278)                             |
| Motor insurance                           | (292)                             | (188)                             |
| Staff training                            | (272)                             | (35)                              |
| Refund of litigation costs                | (265)                             | (162)                             |
| Court fees                                | (213)                             | (61)                              |
| Other                                     | (200)                             | (175)                             |
| Entertainment expenses                    | (94)                              | (74)                              |
| Non-competition                           | (94)                              | (41)                              |
| Property insurance                        | (74)                              | (113)                             |
| Losses caused by motor damage             | (54)                              | (133)                             |
| Business trips                            | (51)                              | (23)                              |
| Membership fees                           | (3)                               | (28)                              |
| Impairment losses on receivables          | -                                 | (37)                              |
| Re-billed costs of services               | -                                 | (1,533)                           |
|   | <u>(6,214)</u>                    | <u>(6,547)</u>                    |

## 7.5. Finance income

PLN '000

|   | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|---|-----------------------------------|-----------------------------------|
| Interest income on loans advanced and receivables | 8,408                             | 4,405                             |
| Interest income on bank deposits                  | 189                               | 5                                 |
|   | <u>8,597</u>                      | <u>4,410</u>                      |

## 7.6. Finance costs

| <i>PLN '000</i>   | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---|--|--|
| Interest and commission expense on financial liabilities measured at amortised cost | (22,612)                                   | (13,492)                                   |
| <i>including interest</i>   | (21,657)                                   | (12,168)                                   |
| Net foreign exchange losses   | (797)                                      | (2,593)                                    |
| Interest income/expense on hedging instruments – IRS                                | (291)                                      | (2,240)                                    |
| Interest income/expense on derivative instruments – CIRS                            | -  | (1,512)                                    |
|   | <u>(23,700)</u>                            | <u>(19,837)</u>                            |

### Effect of exchange rate movements on statement of profit or loss

| <i>PLN '000</i>   | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---|--|--|
| Revaluation of debt portfolios due to exchange rate movements | 279  | (66)                                       |
| Realised exchange gains/(losses)                              | 32   | 495  |
| Unrealised exchange gains/(losses)                            | (829)                                      | (3,088)                                    |
|   | <u>(518)</u>                               | <u>(2,659)</u>                             |

## 7.7. Income tax

| <i>PLN '000</i>   | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---|--|--|
| <b>Income tax (current portion recognised in profit or loss)</b>  |  |  |
| Income tax  | (22)                                       | (2)  |
| <b>Income tax (deferred portion recognised in profit or loss)</b> |  |  |
| Temporary differences/reversal of temporary differences           | (15,847)                                   | (19,528)                                   |
| <b>Income tax recognised in profit or loss</b>                    | <u>(15,869)</u>                            | <u>(19,529)</u>                            |

**Reconciliation of effective tax rate**

PLN '000

|   | <b>Jan 1–Mar 31<br/>2022<br/>unaudited</b> | <b>Jan 1–Mar 31<br/>2021<br/>unaudited</b> |
|---|--|--|
| Profit/(loss) before tax  | 259,802                                    | 146,885                                    |
| Income tax recognised in profit or loss   | (15,869)                                   | (19,529)                                   |
| Tax calculated at the tax rate applicable in Poland (19%)   | (49,362)                                   | (27,908)                                   |
| Differences resulting from control of the timing of reversal of temporary differences relating to the measurement of net assets of subsidiaries and the probability of their reversal in the foreseeable future, and other non-deductible expenses/non-taxable income | 33,493                                     | 8,379                                      |
|   | (15,869)                                   | (19,529)                                   |
| Effective tax rate  | 6.11%                                      | 13.30%                                     |

### Deferred tax assets and liabilities

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

| PLN '000  | Assets                   |               | Provisions               |                  | Net carrying amount      |                  |
|---|--------------------------|---------------|--------------------------|------------------|--------------------------|------------------|
|   | Mar 31 2022<br>unaudited | Dec 31 2021   | Mar 31 2022<br>unaudited | Dec 31 2021      | Mar 31 2022<br>unaudited | Dec 31 2021      |
| Property, plant and equipment   | 5,786                    | 6,279         | (6,303)                  | (6,198)          | (517)                    | 81               |
| Intangible assets   | -                        | -             | (1,411)                  | (1,712)          | (1,411)                  | (1,712)          |
| Trade and other receivables   | -                        | -             | (326)                    | (245)            | (326)                    | (245)            |
| Borrowings and other debt instruments, leases                                 | 9,207                    | 7,775         | -                        | -                | 9,207                    | 7,775            |
| Employee benefit obligations  | 2,270                    | 2,282         | -                        | -                | 2,270                    | 2,282            |
| Provisions and liabilities  | -                        | 40            | (66)                     | -                | (66)                     | 40               |
| Investments in debt portfolios  | -                        | -             | (7,161)                  | (6,974)          | (7,161)                  | (6,974)          |
| Equity-accounted investments in subsidiaries                                  | -                        | -             | (184,920)                | (168,325)        | (184,920)                | (168,325)        |
| <b>Deferred tax assets/liabilities</b>  | <b>17,263</b>            | <b>16,376</b> | <b>(200,187)</b>         | <b>(183,453)</b> | <b>(182,924)</b>         | <b>(167,077)</b> |
| Deferred tax assets offset against liabilities                                | (17,263)                 | (16,376)      | 17,263                   | 16,376           | -                        | -                |
| <b>Deferred tax assets/liabilities in the statement of financial position</b> | <b>-</b>                 | <b>-</b>      | <b>(182,924)</b>         | <b>(167,077)</b> | <b>(182,924)</b>         | <b>(167,077)</b> |

**Change in temporary differences in the period**

PLN '000

|   | Net amount of<br>deferred tax at<br>Jan 1 2022 | Change in<br>temporary<br>differences<br>recognised in<br>profit or loss<br>for the period | Net amount of<br>deferred tax at<br>Mar 31 2022<br>unaudited | Net amount of<br>deferred tax at<br>Jan 1 2021 | Change in<br>temporary<br>differences<br>recognised in<br>profit or loss<br>for the period | Net amount of<br>deferred tax at<br>Dec 31 2021 |
|---|--|--|--|--|--|---|
| Property, plant and equipment                 | 81   | (598)  | (517)  | (78)   | 159  | 81  |
| Intangible assets                             | (1,712)  | 301  | (1,411)  | (1,540)  | (172)  | (1,712)   |
| Trade and other receivables                   | (245)  | (81)   | (326)  | (268)  | 24   | (245)   |
| Borrowings and other debt instruments, leases | 7,775  | 1,432  | 9,207  | 21,112   | (13,337)   | 7,775   |
| Employee benefit obligations                  | 2,282  | (12)   | 2,270  | 2,309  | (27)   | 2,282   |
| Provisions and liabilities                    | 40   | (106)  | (66)   | 56   | (16)   | 40  |
| Investments in debt portfolios                | (6,974)  | (188)  | (7,161)  | (6,984)  | 10   | (6,974)   |
| Equity-accounted investments in subsidiaries  | (168,325)                                      | (16,595)   | (184,920)  | (148,857)                                      | (19,468)   | (168,325)                                       |
|   | (167,077)                                      | (15,847)   | (182,924)  | (134,249)                                      | (32,828)   | (167,077)                                       |

The Company benefits from the regulation provided in IAS 12 and does not recognise a deferred tax liability in respect of retained earnings at its related entities where it is able to control the timing of the reversal of temporary differences in the foreseeable future and it is probable that the temporary differences will not reverse in the next 36 months. The total amount of temporary differences underlying the unrecognised deferred tax liability on retained earnings as at March 31st 2022 was PLN 2,424,978 thousand (as at December 31st 2021: PLN 2,332,410 thousand).



## 7.8. Borrowings, other debt securities and leases

| PLN '000                                      | Mar 31 2022<br>unaudited | Dec 31 2021      | Mar 31 2021<br>unaudited |
|---|--------------------------|------------------|--------------------------|
| <b>Non-current liabilities</b>                |                          |                  |                          |
| Secured borrowings                            | 100,443                  | 196,000          | 168,145                  |
| Liabilities under debt securities (unsecured) | 1,230,791                | 833,032          | 641,958                  |
| Lease liabilities                             | 20,359                   | 22,929           | 24,281                   |
|   | <u>1,351,593</u>         | <u>1,051,962</u> | <u>834,385</u>           |
| <b>Current liabilities</b>                    |                          |                  |                          |
| Secured borrowings                            | 8,231                    | 31,465           | 24,130                   |
| Liabilities under debt securities (unsecured) | 329,348                  | 471,727          | 631,420                  |
| Lease liabilities                             | 10,093                   | 10,057           | 4,209                    |
|   | <u>347,672</u>           | <u>513,249</u>   | <u>659,759</u>           |
|   | <u>1,699,266</u>         | <u>1,565,210</u> | <u>1,494,144</u>         |

### Liabilities repayment schedule

| PLN '000                                      | Currency   | Nominal interest rate   | Maturity periods <sup>1</sup> | Mar 31<br>2022<br>unaudited | Dec 31<br>2021   | Mar 31<br>2021<br>unaudited |
|---|------------|---|-------------------------------|-----------------------------|------------------|-----------------------------|
| Borrowings secured over the Company's assets  | PLN/EUR    | 3M WIBOR + margin of 2.0-2.7pp<br>1M EURIBOR + margin of 2.2pp    | 2022-2027                     | 108,674                     | 227,465          | 192,275                     |
| Liabilities under debt securities (unsecured) | PLN<br>EUR | 3M WIBOR + margin of 3.2-4.0pp<br>4.0-4.80% <sup>2</sup><br>3.59% | 2022-2028                     | 1,560,139                   | 1,304,759        | 1,273,379                   |
| Lease liabilities                             | PLN        | 3M WIBOR or 1M EURIBOR + margin of 0.8-9.7pp<br>3.3-4.4%          | 2022-2026                     | 30,453                      | 32,986           | 28,490                      |
|   |            |   |                               | <u>1,699,266</u>            | <u>1,565,210</u> | <u>1,494,144</u>            |

<sup>1</sup> maturity of the last liability

<sup>2</sup> fixed interest rate

## 7.9. Hedging instruments

### Derivatives designated for hedge accounting

#### Interest rate risk hedges

The Company's exposure to interest rate risk arises mainly from borrowings and debt securities issued (Note 9.3).

It has been concluded that Company's effective interest rate risk management is a proper policy for managing interest rate risk.

The interest rate risk management policy covers:

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

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

Open outstanding IRS contracts held by the Company as at March 31st 2022, with a total volume of PLN 380,000 thousand:

| Bank                       | Company   | Type of transaction | Volume            | Side of transaction - Buy /Sale of fixed rate | Fixed rate | Variable rate | Term                                     |
|----------------------------|-----------|---------------------|-------------------|---|------------|---------------|--|
| Santander Bank Polska S.A. | KRUK S.A. | IRS                 | PLN 50,000,000.00 | buy   | 2.50%      | 3M WIBOR      | November 7th 2017 to May 4th 2022        |
| Santander Bank Polska S.A. | KRUK S.A. | IRS                 | PLN 75,000,000.00 | buy   | 1.67%      | 3M WIBOR      | September 5th 2019 to October 18th 2022  |
| Santander Bank Polska S.A. | KRUK S.A. | IRS                 | PLN 30,000,000.00 | buy   | 1.65%      | 3M WIBOR      | September 5th 2019 to November 27th 2023 |
| Santander Bank Polska S.A. | KRUK S.A. | IRS                 | PLN 25,000,000.00 | buy   | 1.65%      | 3M WIBOR      | September 5th 2019 to February 6th 2024  |
| DNB Bank Polska S.A.       | KRUK S.A. | IRS                 | PLN 35,000,000.00 | buy   | 1.6050 %   | 3M WIBOR      | September 4th 2019 to October 12th 2023  |

|                      |           |     |                    |     |          |          |   |
|----------------------|-----------|-----|--------------------|-----|----------|----------|---|
| DNB Bank Polska S.A. | KRUK S.A. | IRS | PLN 115,000,000.00 | buy | 1.5775 % | 3M WIBOR | September 4th 2019 to September 27th 2024 |
| DNB Bank Polska S.A. | KRUK S.A. | IRS | PLN 50,000,000.00  | buy | 1.5775 % | 3M WIBOR | September 4th 2019 to September 28th 2024 |

The purpose of the contracts was to hedge volatility of cash flows generated by liabilities denominated in PLN due to changes in the reference interest rates and to hedge coupons paid on issued bonds.

#### Currency risk hedges

The Company's exposure to currency risk arises mainly from investments in subsidiaries and financial liabilities measured in foreign currencies (Note 9.3).

The currency risk management policy outlines:

- the Company's currency risk management objectives,
- the key rules of currency risk management at the Company;
- acceptable impact of currency risk on the Company's profit or loss and equity (currency risk appetite);
- methods of measuring and monitoring currency risk and currency risk exposure;
- procedures to be followed in the case of exceeding permitted currency risk appetite and specified currency risk limits;
- currency risk hedging policies;
- roles and responsibilities in the currency risk management process.

In 2021 and 2019, the Company took steps to hedge currency risk arising from cash flows from foreign subsidiaries by entering into hedging transactions. The Company's objective is to reduce the effect of exchange differences on cash flows from subsidiaries. Transactions entered into by KRUK S.A. and settled on a net basis, with no physical delivery. The details of the executed and completed transactions were presented in the full-year separate financial statements.

As at March 31st 2022 and December 31st 2021, the Company had no unsettled forward contracts.

The impact of counterparty credit risk on the fair value of the currency forward contracts may be the source of hedge ineffectiveness, as the credit risk is not reflected in the fair value of the hedged item.

In order to increase the economic effectiveness of the hedge, the Company designated hedging relationships with a monthly frequency, i.e. each FX Forward transaction (EUR sale contract) with a one-month maturity was linked to a designated hedged item for one month (net assets of the investment in a subsidiary expressed in EUR).

The Company does not expect the IBOR reform to have a material impact on hedging relationships in hedge accounting.

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

PLN '000

|                  | Mar 31 2022 unaudited |             |                 |  | Dec 31 2021   |             |                 |  | Item in the statement of financial position | Type of security |
|------------------|-----------------------|-------------|-----------------|--|---------------|-------------|-----------------|--|---|------------------|
|                  | 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              | 21,819                | -           | 380,000 (PLN)   | 8,016  | 13,803        | -           | 530,000 (PLN)   | 32,189   | Hedging instruments                         | Cash flow hedges |
|                  | <b>21,819</b>         | <b>-</b>    |                 | <b>8,016</b>   | <b>13,803</b> | <b>-</b>    |                 | <b>32,189</b>  |   |                  |

PLN '000

## Disclosure of the hedged item as at Mar 31 2022 unaudited

|  | Nominal amount of the hedged item | Change in the fair value of the hedged item | Reserve for measurement of continuing hedges | Reserve (unsettled) for measurement of discontinued hedges |
|--|-----------------------------------|---|--|--|
| Hedge of future cash flows (interest rate risk)                    | 380,000                           | 8,016                                       | 21,819                                       | -  |
| Hedging of a net investment in a foreign operation (currency risk) | -                                 | -   | -  | 4,082  |

PLN '000

## Disclosure of the hedged item as at Dec 31 2021

|  | Nominal amount of the hedged item | Change in the fair value of the hedged item | Reserve for measurement of continuing hedges | Reserve (unsettled) for measurement of discontinued hedges |
|--|-----------------------------------|---|--|--|
| Hedge of future cash flows (interest rate risk)                    | 530,000                           | 32,189                                      | 13,803                                       | -  |
| Hedging of a net investment in a foreign operation (currency risk) | -                                 | -   | -  | 4,082  |

| PLN '000   | Jan 1–Mar 31 2022                               |  |                     |
|--|---|--|---------------------|
|  | Hedge of future cash flows (interest rate risk) | Hedge of future cash flows (currency risk) | Total hedge reserve |
| <b>Cash flow hedge reserve</b>                                 |   |  |                     |
| <b>Hedge reserve as at January 1st 2022</b>                    | 13,803  | 4,082                                      | 17,885              |
| <b>Measurement of instruments charged to capital reserves</b>  | 8,307   | -  | 8,307               |
| <b>Amount reclassified to profit or loss during the period</b> | (291)   | -  | (291)               |
| - Interest expense   | (291)   | -  | (291)               |
| - Reclassification of exchange differences                     | -   | -  | -                   |
| <b>Hedge reserve as at Mar 31 2022</b>                         | 21,819  | 4,082                                      | 25,901              |

| PLN '000   | Jan 1–Dec 31 2021                               |  |                     |
|--|---|--|---------------------|
|  | Hedge of future cash flows (interest rate risk) | Hedge of future cash flows (currency risk) | Total hedge reserve |
| <b>Cash flow hedge reserve</b>                                 |   |  |                     |
| <b>Hedge reserve as at Jan 1 2021</b>                          | (18,386)  | 3,603                                      | (14,783)            |
| <b>Measurement of instruments charged to capital reserves</b>  | 41,368  | 479  | 41,846              |
| <b>Amount reclassified to profit or loss during the period</b> | (9,179)   | -  | (9,179)             |
| - Interest expense   | (9,179)   | -  | (9,179)             |
| - Reclassification of exchange differences                     | -   | -  | -                   |
| <b>Hedge reserve as at Dec 31 2021</b>                         | 13,803  | 4,082                                      | 17,885              |

## 7.10. Investments in subsidiaries

| PLN '000                                      | Country        | Carrying amount          |             |
|---|----------------|--------------------------|-------------|
|   |                | Mar 31 2022<br>unaudited | Dec 31 2021 |
| InvestCapital Ltd <sup>1</sup>                | Malta          | 2,355,885                | 2,160,283   |
| Prokura NS FIZ <sup>1</sup>                   | Poland         | 1,078,607                | 1,008,030   |
| SeCapital S.à r.l. <sup>1</sup>               | Luxembourg     | 370,989                  | 340,837     |
| KRUK Česká a Slovenská republika s.r.o.       | Czech Republic | 78,140                   | 73,351      |
| Presco Investments S.a.r.l. <sup>3</sup>      | Luxembourg     | 70,389                   | 65,341      |
| KRUK Espana S.L.                              | Spain          | 38,526                   | 38,751      |
| KRUK Towarzystwo Funduszy Inwestycyjnych S.A. | Poland         | 33,012                   | 32,579      |
| KRUK Romania S.r.l.                           | Romania        | 32,388                   | 28,412      |
| KRUK Italia S.r.l. <sup>4</sup>               | Italy          | 27,938                   | 16,089      |
| ERIF Biuro Informacji Gospodarczej S.A.       | Poland         | 9,536                    | 9,324       |
| Kancelaria Prawna RAVEN P.Krupa Sp. k.        | Poland         | 9,502                    | 7,824       |
| BISON NS FIZ                                  | Poland         | 9,338                    | 10,704      |
| RoCapital IFN S.A. <sup>1</sup>               | Romania        | 8,242                    | 7,851       |
| Kruk Deutschland GmbH                         | Germany        | 7,473                    | 8,305       |
| AgeCredit S.r.l.                              | Italy          | 5,505                    | 6,105       |
| ProsperoCapital S.a.r.l. <sup>2</sup>         | Luxembourg     | 632                      | 632         |
| ERIF Business Solutions Sp. z o.o.            | Poland         | -                        | -           |
| Novum Finance Sp. z o.o. <sup>1</sup>         | Poland         | -                        | -           |
| Wonga.pl Sp. z o.o.                           | Poland         | -                        | -           |
| Kruk Investimenti s.r.l.                      | Italy          | -                        | -           |
| Zielony Areal sp. z o.o.                      | Poland         | -                        | -           |
| KRUK TECH s.r.l. <sup>1</sup>                 | Romania        | -                        | -           |
|   |                | 4,136,102                | 3,814,418   |

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

<sup>2</sup> ProsperoCapital S.a.r.l. is a party to a joint arrangement (67%).

<sup>3</sup> The equity of P.R.E.S.C.O INVESTMENT I NS FIZ is consolidated within Presco Investments S.a.r.l.

<sup>4</sup> The equity of Elleffe Capital S.r.l. is consolidated within Kruk Italia S.r.l.

<sup>5</sup> Effective January 31st 2022, KRUK S.A. became the holder of 99% of shares in KRUK Tech s.r.l. of Bucharest. The principal business activity of the company is the provision of IT services and software development.

|  | Mar 31 2022<br>unaudited | Dec 31 2021 |
|--|--------------------------|-------------|
| <b>Carrying amount of investments in subsidiaries at beginning of the period</b>         | 3,814,418                | 3,315,459   |
| Share of profit/(loss) of equity-accounted investees                                     | 292,582                  | 864,412     |
| Translation reserve  | 21,133                   | (5,652)     |
| Increase/(decrease) (dividends, in-kind contributions, cancellations, impairment losses) | 7,970                    | (359,802)   |
| <b>Carrying amount of investments in subsidiaries at end of the period</b>               | 4,136,102                | 3,814,418   |

The share in profit/(loss) of equity-accounted investees for the period from January 1st 2021 to March 31st 2022 was PLN 292,582 thousand, reflecting mainly revenue from recoveries and revaluation of

recovery projections for debt portfolios owned by the investees, net of costs (March 31st 2021: PLN 172,148 thousand).

| PLN '000   | Ownership interest and share<br>in total voting rights (%) |             |             |
|--|--|-------------|-------------|
|  | Country  | Mar 31 2022 | Dec 31 2021 |
| SeCapital S.à r.l. <sup>1</sup>                        | Luxembourg   | 100%        | 100%        |
| ERIF Business Solutions Sp. z o.o.                     | Poland   | 100%        | 100%        |
| ERIF Biuro Informacji Gospodarczej S.A.                | Poland   | 100%        | 100%        |
| Novum Finance Sp. z o.o. <sup>1</sup>                  | Poland   | 100%        | 100%        |
| KRUK Romania S.r.l.                                    | Romania  | 100%        | 100%        |
| Kancelaria Prawna RAVEN P.Krupa Sp. k.                 | Poland   | 98%         | 98%         |
| KRUK Towarzystwo Funduszy Inwestycyjnych S.A.          | Poland   | 100%        | 100%        |
| KRUK Česká a Slovenská republika s.r.o.                | Czech Republic   | 100%        | 100%        |
| Prokura NS FIZ <sup>1</sup>                            | Poland   | 100%        | 100%        |
| InvestCapital Ltd <sup>1</sup>                         | Malta  | 100%        | 100%        |
| RoCapital IFN S.A. <sup>1</sup>                        | Romania  | 100%        | 100%        |
| Kruk Deutschland GmbH                                  | Germany  | 100%        | 100%        |
| KRUK Italia S.r.l.                                     | Italy  | 100%        | 100%        |
| ItaCapital S.r.l.                                      | Italy  | 100%        | 100%        |
| KRUK Espana S.L.                                       | Spain  | 100%        | 100%        |
| ProsperoCapital S.a.r.l. <sup>2</sup>                  | Luxembourg   | 100%        | 100%        |
| Presco Investments S.a.r.l.                            | Luxembourg   | 100%        | 100%        |
| P.R.E.S.C.O INVESTMENT I NS FIZ <sup>1</sup>           | Poland   | 100%        | 100%        |
| Elleffe Capital S.r.l. <sup>1</sup>                    | Italy  | 100%        | 100%        |
| BISON NS FIZ   | Poland   | 100%        | 100%        |
| Corbul S.r.l. <sup>3</sup>                             | Romania  | 0%          | 0%          |
| AgeCredit S.r.l.                                       | Italy  | 100%        | 100%        |
| Wonga.pl Sp. z o.o.                                    | Poland   | 100%        | 100%        |
| Gantoi, Furculita Si Asociatii S.p.a.r.l. <sup>3</sup> | Romania  | 0%          | 0%          |
| Kruk Investimenti s.r.l.                               | Italy  | 100%        | 100%        |
| Zielony Areał sp. z o.o.                               | Poland   | 100%        | 100%        |
| KRUK TECH s.r.l. <sup>1,4</sup>                        | Romania  | 100%        | n/a         |

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

<sup>2</sup> ProsperoCapital S.a.r.l. is a party to a joint arrangement (67%).

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

<sup>4</sup> Effective January 31st 2022, KRUK S.A. became the holder of 99% of shares in KRUK Tech s.r.l. of Bucharest. The principal business activity of the company is the provision of IT services and software development.



## Joint arrangements

ProsperoCapital is a party to a joint arrangement. As at March 31st 2022, the carrying amount of the Company's investment in the joint operation discussed above, disclosed in the statement of financial position, was PLN 65,753 thousand (December 31st 2021: PLN 61,474 thousand), while profit shown in the statement of profit or loss was PLN 16,908 thousand (March 31st 2021: PLN 10,514 thousand).

### 7.11. Trade and other receivables

| PLN '000                                | Mar 31 2022<br>unaudited | Dec 31 2021   |
|---|--------------------------|---------------|
| Trade receivables from related entities | 24,882                   | 27,331        |
| Trade receivables from other entities   | 2,973                    | 2,870         |
|   | <u>27,855</u>            | <u>30,200</u> |

| PLN '000                                | Mar 31 2022<br>unaudited | Dec 31 2021  |
|---|--------------------------|--------------|
| Other receivables from related entities | 5,833                    | 4,954        |
| Other receivables from other entities   | 2,138                    | 2,223        |
| Employee loans                          | 75                       | 78           |
|   | <u>8,046</u>             | <u>7,255</u> |

### 7.12. Cash and cash equivalents

| PLN '000   | Mar 31 2022<br>unaudited | Dec 31 2021   |
|--|--------------------------|---------------|
| Cash in hand   | 5                        | 1             |
| Cash in current accounts   | 41,508                   | 14,766        |
| Term deposits  | 100,000                  | -             |
| Cash proceeds from bond issues deposited in brokerage account <sup>1</sup> | -                        | 38,931        |
|  | <u>141,513</u>           | <u>53,698</u> |

<sup>1</sup> Cash raised from the issue of Series AM1 bonds, credited in the Company's bank account after the reporting date, on January 4th 2022..

**7.13. Trade and other payables**

| <i>PLN '000</i>   | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|---|--|--------------------|
| Trade and other payables to related entities                | 12,794                                 | 8,145              |
| Trade payables to other entities                            | 8,873                                  | 10,302             |
| Deferred income   | 6,671                                  | 5,296              |
| Other liabilities   | 3,775                                  | 2,758              |
| Accrued expenses  | 779                                    | 1,751              |
| Taxes, customs duties, insurance and other benefits payable | 154                                    | 918                |
|   | <u>33,046</u>                          | <u>29,170</u>      |

**7.14. Employee benefit obligations**

| <i>PLN '000</i>                            | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|--|--|--------------------|
| Salaries and wages payable                 | 7,209                                  | 6,892              |
| Social benefit obligations                 | 7,109                                  | 8,172              |
| Provision for accrued holiday entitlements | 6,783                                  | 5,569              |
| Personal income tax                        | 1,761                                  | 2,855              |
| Special accounts                           | 295                                    | 340                |
| Liabilities under employee savings plans   | 269                                    | 326                |
|  | <u>23,426</u>                          | <u>24,153</u>      |

**Change in provisions for accrued holiday entitlements**

|                        | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|------------------------|--|--------------------|
| At beginning of period | 5,569                                  | 5,909              |
| Increase               | 3,165                                  | 5,778              |
| Use                    | (1,952)                                | (6,118)            |
| At end of period       | <u>6,783</u>                           | <u>5,569</u>       |

## 7.15. Provisions

PLN '000

|                                     | Mar 31 2022                                    | Dec 31 2021                                 |
|-------------------------------------|--|---|
| Provision for the loyalty scheme    | 12,558   | 11,750                                      |
| Provision for retirement gratuities | 907  | 907   |
|                                     | <u>13,465</u>                                  | <u>12,657</u>                               |
|                                     | <b>Provision for retirement<br/>gratuities</b> | <b>Provision for the loyalty<br/>scheme</b> |
| Carrying amount as at Jan 1 2021    | 628  | 10,652                                      |
| Increase                            | 279  | 1,779                                       |
| Use                                 | -  | (681)                                       |
| Carrying amount as at Dec 31 2021   | <u>907</u>                                     | <u>11,750</u>                               |
| Carrying amount as at Jan 1 2022    | 907  | 11,750                                      |
| Increase                            | -  | 815   |
| Use                                 | -  | (8)   |
| Carrying amount as at Mar 31 2022   | <u>907</u>                                     | <u>12,558</u>                               |

## 7.16. Earnings per share

### Basic earnings per share

As at March 31st 2022, basic separate and consolidated earnings per share were calculated based on net profit/loss attributable to owners of the Company (holding ordinary shares) of PLN 243,933 thousand (March 31st 2021: PLN 127,355 thousand) and the weighted average number of shares in the period covered by the financial statements of 19,013 thousand (March 31st 2021: 19,011 thousand). The amounts were determined as follows:

### Separate and consolidated net profit attributable to owners of the Company

PLN '000

|  | Jan 1–Mar<br>31 2022<br>unaudited | Jan 1–Dec 31<br>2021 | Jan 1–Mar<br>31 2021<br>unaudited |
|--|-----------------------------------|----------------------|-----------------------------------|
| Net profit for period                            | 243,933                           | 694,758              | 127,355                           |
| Net profit attributable to owners of the Company | <u>243,933</u>                    | <u>694,758</u>       | <u>127,355</u>                    |

**Weighted average number of ordinary shares**

'000

|   | Jan 1–Mar<br>31 2022<br>unaudited | Jan 1–Dec 31<br>2021 | Jan 1–Mar<br>31 2021<br>unaudited |
|---|-----------------------------------|----------------------|-----------------------------------|
| Number of ordinary shares as at Jan 1                                 | 19,013                            | 19,011               | 19,011                            |
| Effect of cancellation and issue                                      | -                                 | (45)                 | -                                 |
| Weighted average number of ordinary shares at end of reporting period | 19,013                            | 18,966               | 19,011                            |
| <i>PLN</i>  |                                   |                      |                                   |
| Earnings per share  | 12.83                             | 36.63                | 6.70                              |

**Separate and consolidated diluted earnings per share**

As at March 31st 2022, diluted separate and consolidated earnings per share were calculated based on net profit/loss attributable to owners of the Company (holding ordinary shares) of PLN 243,933 thousand (March 31st 2021: PLN 127,355 thousand) and the diluted weighted average number of shares in the period covered by the financial statements of 19,667 thousand (March 31st 2021: 19,474 thousand). The amounts were determined as follows:

'000

|   | Jan 1–Mar<br>31 2022<br>unaudited | Jan 1–Dec 31<br>2021 | Jan 1–Mar<br>31 2021<br>unaudited |
|---|-----------------------------------|----------------------|-----------------------------------|
| Number of ordinary shares as at Jan 1   | 19,013                            | 18,966               | 19,011                            |
| Effect of issue of unregistered shares not subscribed for                       | 654                               | 441                  | 463                               |
| Weighted average number of ordinary shares at end of reporting period (diluted) | 19,667                            | 19,407               | 19,474                            |
| <i>PLN</i>  |                                   |                      |                                   |
| Earnings per share (diluted)  | 12.40                             | 35.80                | 6.54                              |

**Dividend per share paid**

PLN '000

|   | Jan 1–Mar<br>31 2022<br>unaudited | Jan 1–Dec 31<br>2021 | Jan 1–Mar<br>31 2021<br>unaudited |
|---|-----------------------------------|----------------------|-----------------------------------|
| Dividend paid from profit and retained earnings | -                                 | 206,140              | -                                 |
| <i>PLN</i>                                      | -                                 | -                    | -                                 |
| Dividend per share                              | -                                 | 11.00                | -                                 |

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

As at Dec 31

PLN '000

|  | Note  | Mar 31<br>2022<br>unaudited | Dec 31<br>2021   | Mar 31<br>2021<br>unaudited |
|--|-------|-----------------------------|------------------|-----------------------------|
| <b>Assets</b>                                |       |                             |                  |                             |
| <b>Non-current assets</b>                    |       |                             |                  |                             |
| Property, plant and equipment                |       | 40,096                      | 39,882           | 35,331                      |
| Intangible assets                            |       | 8,623                       | 9,502            | 12,553                      |
| Hedging instruments                          | 7.9.  | 20,365                      | 12,804           | -                           |
| Equity-accounted investments in subsidiaries | 7.10. | 4,136,102                   | 3,814,418        | 3,516,117                   |
| Investments in debt portfolios and loans     | 6.    | 365,944                     | 361,879          | 270,540                     |
| <b>Total non-current assets</b>              |       | <b>4,571,130</b>            | <b>4,238,485</b> | <b>3,834,542</b>            |
| <b>Current assets</b>                        |       |                             |                  |                             |
| Inventories                                  |       | 19,509                      | 18,970           | 24,523                      |
| Investments in debt portfolios and loans     | 6.    | 68,733                      | 58,104           | 41,203                      |
| Trade receivables from related entities      | 7.11. | 24,882                      | 27,331           | 18,510                      |
| Trade receivables from other entities        | 7.11. | 2,973                       | 2,870            | 1,809                       |
| Other receivables                            | 7.11. | 8,046                       | 7,255            | 11,470                      |
| Hedging instruments                          | 7.9.  | 1,454                       | 999              | -                           |
| Cash and cash equivalents                    | 7.12. | 141,513                     | 53,698           | 9,585                       |
| Other assets                                 |       | 6,354                       | 6,367            | 5,049                       |
| <b>Total current assets</b>                  |       | <b>273,463</b>              | <b>175,594</b>   | <b>112,148</b>              |
| <b>Total assets</b>                          |       | <b>4,844,593</b>            | <b>4,414,079</b> | <b>3,946,690</b>            |
| <b>Equity and liabilities</b>                |       |                             |                  |                             |
| <b>Equity</b>                                |       |                             |                  |                             |
| Share capital                                |       | 19,013                      | 19,013           | 19,011                      |
| Share premium                                |       | 333,264                     | 333,264          | 310,430                     |
| Cash flow hedging reserve                    | 7.9.  | 25,901                      | 17,885           | (8,575)                     |
| Translation reserve                          |       | 96,841                      | 75,708           | 91,208                      |
| Other capital reserves                       |       | 129,821                     | 122,202          | 103,626                     |
| Retained earnings                            |       | 2,276,678                   | 2,032,745        | 1,671,482                   |
| <b>Total equity</b>                          |       | <b>2,881,518</b>            | <b>2,600,817</b> | <b>2,187,182</b>            |
| <b>Non-current liabilities</b>               |       |                             |                  |                             |
| Deferred tax liability                       | 7.7.  | 182,924                     | 167,077          | 153,777                     |
| Provisions                                   | 7.15. | 13,414                      | 12,606           | 10,475                      |
| Borrowings, other debt securities and leases | 7.8.  | 1,351,593                   | 1,051,962        | 834,385                     |
| Hedging instruments                          | 7.9.  | -                           | -                | 12,178                      |
| <b>Total non-current liabilities</b>         |       | <b>1,547,932</b>            | <b>1,231,645</b> | <b>1,010,816</b>            |
| <b>Current liabilities</b>                   |       |                             |                  |                             |
| Provisions                                   | 7.15. | 51                          | 51               | 124                         |
| Borrowings, other debt securities and leases | 7.8.  | 347,672                     | 513,249          | 659,759                     |
| Derivatives                                  |       | -                           | -                | 12,784                      |
| Trade and other payables                     | 7.13. | 33,046                      | 29,170           | 53,624                      |
| Income tax payable                           |       | 10,948                      | 14,995           | 318                         |
| Employee benefit obligations                 | 7.14. | 23,426                      | 24,153           | 22,085                      |
| <b>Total current liabilities</b>             |       | <b>415,143</b>              | <b>581,617</b>   | <b>748,694</b>              |
| <b>Total liabilities</b>                     |       | <b>1,963,075</b>            | <b>1,813,262</b> | <b>1,759,509</b>            |
| <b>Total equity and liabilities</b>          |       | <b>4,844,593</b>            | <b>4,414,079</b> | <b>3,946,690</b>            |

In 2021, comparative data was reclassified into a long-term and short-term portion.

## 9. Management of risk arising from financial instruments

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

- credit risk
- liquidity risk
- market risk.

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

### *Key policies of risk management*

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 the Company's activities. Using such tools as training, management standards and procedures, the Company seeks to build a stimulating and constructive control environment, in which all employees understand their respective roles and responsibilities.

### *Financial risk management*

The principles of financial risk management are presented in the most recent separate full-year financial statements prepared as at and for the financial year ended December 31st 2021. In the period from January 1st to March 31st 2022, there were no significant changes in the approach to financial risk management.

## 9.1. Credit risk

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

### Exposure to credit risk

Carrying amounts of financial assets reflect the maximum exposure to credit risk. The maximum exposure to credit risk as at the end of the reporting periods is presented below.

| <i>PLN '000</i>                                    | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|--|--|--------------------|
| Investments in debt portfolios                     | 32,228                                 | 31,787             |
| Loans to related parties                           | 402,449                                | 388,195            |
| Trade and other receivables, net of tax receivable | 35,826                                 | 37,407             |
| Cash and cash equivalents                          | 141,513                                | 53,698             |
| Hedging instruments                                | 21,819                                 | 13,803             |
|  | <b>633,834</b>                         | <b>524,890</b>     |

The maximum exposure to credit risk by geographical segment as at the end of the reporting periods is presented below.

| <i>PLN '000</i>             | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|-----------------------------|--|--------------------|
| Poland                      | 520,286                                | 411,824            |
| Romania                     | 69,790                                 | 68,135             |
| Czech Republic and Slovakia | 43,759                                 | 44,931             |
|                             | <b>633,834</b>                         | <b>524,890</b>     |

### Credit risk exposure – Investments in debt portfolios

| <i>PLN '000</i>                | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|--------------------------------|--|--------------------|
| <b>Portfolio type</b>          |  |                    |
| Unsecured retail portfolios    | 32,144                                 | 31,661             |
| Secured retail portfolios.     | 30                                     | 40                 |
| Unsecured corporate portfolios | 37                                     | -                  |
| Secured corporate portfolios.  | 18                                     | 86                 |
|                                | <b>32,228</b>                          | <b>31,787</b>      |

**Allowance for expected credit losses**

Breakdown of trade and other receivables into quality baskets as at the end of the reporting periods is presented below.

| IFRS 9 classification                              | Days past due                            | Carrying amount as                | Carrying amount as         |
|--|--|-----------------------------------|----------------------------|
|  |  | at Mar 31 2022 (IFRS 9) unaudited | as at Dec 31 2021 (IFRS 9) |
|  | Basket 1 <0 Basket 2 <0;90> Basket 3 >90 |                                   |                            |
| Trade and other receivables, net of tax receivable | Basket 1                                 | 35,826                            | 37,407                     |
|  | Basket 2                                 | 196                               | 216                        |
|  | Basket 3                                 | -                                 | -                          |
|  |  | <u>36,023</u>                     | <u>37,623</u>              |
| Allowance for expected credit losses               | Basket 1                                 | -                                 | -                          |
|  | Basket 2                                 | 196                               | 216                        |
|  | Basket 3                                 | -                                 | -                          |
|  |  | <u>196</u>                        | <u>216</u>                 |
| Net carrying amount                                | Basket 1                                 | 35,826                            | 37,407                     |
|  | Basket 2                                 | -                                 | -                          |
|  | Basket 3                                 | -                                 | -                          |
|  |  | <u>35,826</u>                     | <u>37,407</u>              |

Changes in allowances for expected credit losses on receivables are presented below.

|   | Mar 31 2022<br>unaudited | Dec 31 2021 |
|---|--------------------------|-------------|
| <i>PLN '000</i>   |                          |             |
| Loss allowance as at Jan 1  | 216                      | 436         |
| Allowance for expected credit losses recognised in the reporting period | -                        | 23          |
| Reversal of allowance for expected credit losses                        | -                        | (243)       |
| Use of allowance for expected credit losses                             | (20)                     | -           |
| Loss allowance as at Dec 31   | <u>196</u>               | <u>216</u>  |



Breakdown of loans into quality baskets as at the end of the reporting periods is presented below.

| IFRS 9 classification                | Days past due         |                          | Carrying amount as<br>at Mar 31 2022 (IFRS<br>9) unaudited | Carrying amount as<br>at Dec 31 2021 (IFRS<br>9) |
|--------------------------------------|-----------------------|--------------------------|--|--|
|                                      | Basket 1 <0<br><0;90> | Basket 2<br>Basket 3 >90 |  |  |
| Loans to related parties             | Basket 1              |                          | 88,078   | 88,073   |
|                                      | Basket 2              |                          | 353,596  | 337,757  |
|                                      | Basket 3              |                          | -  | -  |
|                                      |                       |                          | 441,675  | 425,829  |
| Allowance for expected credit losses | Basket 1              |                          | -  | -  |
|                                      | Basket 2              |                          | 39,226   | 37,635   |
|                                      | Basket 3              |                          | -  | -  |
|                                      |                       |                          | 39,226   | 37,635   |
| Net carrying amount                  | Basket 1              |                          | 88,078   | 88,073   |
|                                      | Basket 2              |                          | 314,371  | 300,122  |
|                                      | Basket 3              |                          | -  | -  |
|                                      |                       |                          | 402,449  | 388,195  |

## 9.2. Liquidity risk

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

### Exposure to liquidity risk

As at Mar 31 2022

PLN '000

|  | Present value      | Contractual/<br>estimated cash flows | Less than 6 months | 6–12 months      | 1–2 years        | 2–5 years        | Over 5 years     |
|--|--------------------|--------------------------------------|--------------------|------------------|------------------|------------------|------------------|
| <b>Non-derivative financial assets and liabilities</b> |                    |                                      |                    |                  |                  |                  |                  |
| Cash and cash equivalents                              | 141,513            | 141,513                              | 141,513            | -                | -                | -                | -                |
| Trade and other receivables, net of tax receivable     | 35,826             | 35,826                               | 35,826             | -                | -                | -                | -                |
| Investments in debt portfolios                         | 32,228             | 89,228                               | 13,945             | 11,259           | 16,582           | 28,149           | 19,293           |
| Secured borrowings                                     | (108,674)          | (138,220)                            | (3,762)            | (10,342)         | (14,772)         | (89,891)         | (19,452)         |
| Liabilities under debt securities (unsecured)          | (1,560,139)        | (2,015,928)                          | (299,450)          | (124,565)        | (184,917)        | (691,748)        | (715,248)        |
| Lease liabilities                                      | (30,453)           | (30,530)                             | (5,880)            | (8,013)          | (10,521)         | (6,117)          | -                |
| Trade and other payables                               | (25,442)           | (25,442)                             | (25,442)           | -                | -                | -                | -                |
|  | <b>(1,515,141)</b> | <b>(1,943,552)</b>                   | <b>(143,249)</b>   | <b>(131,661)</b> | <b>(193,629)</b> | <b>(759,606)</b> | <b>(715,407)</b> |

As at Dec 31 2021

PLN '000

|  | Present value      | Contractual/<br>estimated cash flows | Less than 6 months | 6–12 months      | 1–2 years        | 2–5 years        | Over 5 years     |
|--|--------------------|--------------------------------------|--------------------|------------------|------------------|------------------|------------------|
| <b>Non-derivative financial assets and liabilities</b> |                    |                                      |                    |                  |                  |                  |                  |
| Cash and cash equivalents                              | 53,698             | 53,698                               | 53,698             | -                | -                | -                | -                |
| Trade and other receivables, net of tax receivable     | 37,407             | 37,407                               | 37,407             | -                | -                | -                | -                |
| Investments in debt portfolios                         | 31,787             | 86,162                               | 14,454             | 10,254           | 16,200           | 27,129           | 18,124           |
| Secured borrowings                                     | (227,465)          | (238,490)                            | (68,286)           | (9,185)          | (69,724)         | (91,295)         | -                |
| Liabilities under debt securities (unsecured)          | (1,304,759)        | (1,528,742)                          | (427,331)          | (101,969)        | (114,327)        | (527,527)        | (357,588)        |
| Lease liabilities                                      | (32,986)           | (32,804)                             | (5,831)            | (7,098)          | (11,420)         | (8,455)          | -                |
| Trade and other payables                               | (21,205)           | (21,205)                             | (21,205)           | -                | -                | -                | -                |
|  | <b>(1,463,523)</b> | <b>(1,643,975)</b>                   | <b>(417,094)</b>   | <b>(107,998)</b> | <b>(179,271)</b> | <b>(600,148)</b> | <b>(339,464)</b> |

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

Contractual/estimated cash flows were determined based on interest rates effective as at March 31st 2022 and December 31st 2021, respectively.

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

As at March 31st 2022, the undrawn revolving credit facility limit available to the Company was PLN 435,339 thousand (December 31st 2021: PLN 280,932 thousand). The limit is available until January 31st 2028.

### 9.3. Market risk

Market risk is related to changes in such market factors as exchange rates, interest rates or stock prices, which affect the Company's performance or the value of financial instruments it holds. The objective behind currency and interest rate risk management is to maintain and control the Company's exposure to market risk 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 bond issue prospectuses.

#### Exposure to currency risk

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

| '000   | Exposure to currency risk |        |       |             |        |       |
|--|---------------------------|--------|-------|-------------|--------|-------|
|  | Mar 31 2022 unaudited     |        |       | Dec 31 2021 |        |       |
|  | EUR                       | RON    | CZK   | EUR         | RON    | CZK   |
| Cash   | 2,362                     | 3,356  | 48    | 741         | 844    | 397   |
| Investments in debt portfolios               | 364                       | 24,478 | 1,429 | 310         | 23,417 | 1,609 |
| Borrowings, other debt securities and leases | (193,636)                 | -      | -     | (191,780)   | -      | -     |
| Trade payables                               | (316)                     | -      | -     | (255)       | -      | -     |
| Exposure to currency risk                    | (191,227)                 | 27,833 | 1,477 | (190,984)   | 24,261 | 2,006 |

**Analysis of sensitivity of currency risk exposure to +10%  
increase in exchange rates**

| '000   | Mar 31 2022 unaudited |       |     | Dec 31 2021 |       |     |
|--|-----------------------|-------|-----|-------------|-------|-----|
|  | EUR                   | RON   | CZK | EUR         | RON   | CZK |
| Cash   | 236                   | 336   | 5   | 74          | 84    | 40  |
| Investments in debt portfolios               | 36                    | 2,448 | 143 | 31          | 2,342 | 161 |
| Borrowings, other debt securities and leases | (19,364)              | -     | -   | (19,178)    | -     | -   |
| Trade payables                               | (32)                  | -     | -   | (26)        | -     | -   |
| Exposure to currency risk                    | (19,123)              | 2,783 | 148 | (19,098)    | 2,426 | 201 |

Currency concentration risk is defined by the Company as the risk arising from significant exposure to individual financial instruments denominated in RON, CZK, EUR.

As at March 31st 2022, assets denominated in foreign currencies accounted for 0.7% of total assets, while liabilities denominated in foreign currencies represented 9.9% of total equity and liabilities (December 31st 2021: 0.6% and 10.6%, respectively).

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

| PLN   | Average exchange rates* |        | End of period (spot rates) |             |
|-------|-------------------------|--------|----------------------------|-------------|
|       | Jan 1–Mar 31            |        | Mar 31 2022                | Dec 31 2021 |
|       | 2022                    | 2021   |                            |             |
| EUR 1 | 4.6472                  | 4.5721 | 4.6525                     | 4.5994      |
| USD 1 | 4.1638                  | 3.8128 | 4.1801                     | 4.0600      |
| RON 1 | 0.9393                  | 0.9346 | 0.9404                     | 0.9293      |
| CZK 1 | 0.1888                  | 0.1751 | 0.1903                     | 0.1850      |

\*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.

As at March 31st 2022, a 10% appreciation of the Polish złoty against EUR, RON and CZK would have resulted in an increase (decrease) of profit for the current period by the amounts shown below. The analysis is based on the assumption that other variables, in particular interest rates, remain unchanged.

| PLN '000                      | <b>Other<br/>comprehensive<br/>income</b> | <b>Profit or loss for<br/>the current<br/>period</b> |
|-------------------------------|---|--|
| <b>Mar 31 2022</b>            |   |  |
| EUR (10% appreciation of PLN) | -   | (19,123)   |
| RON (10% appreciation of PLN) | -   | 2,783  |
| CZK (10% appreciation of PLN) | -   | 148  |
| <b>Dec 31 2021</b>            |   |  |
| EUR (10% appreciation of PLN) | -   | (19,098)   |
| RON (10% appreciation of PLN) | -   | 2,426  |
| CZK (10% appreciation of PLN) | -   | 201  |

### Interest rate risk exposure

The structure of interest-bearing financial instruments as at the reporting date is presented below:

| PLN '000   | <b>Carrying amount</b>           |                    |
|--|----------------------------------|--------------------|
|  | <b>Mar 31 2022<br/>unaudited</b> | <b>Dec 31 2021</b> |
| <b>Fixed-rate financial instruments<sup>1</sup></b>    |                                  |                    |
| Financial assets                                       | 209,567                          | 122,892            |
| Financial liabilities                                  | (394,784)                        | (386,477)          |
|  | <u>(185,217)</u>                 | <u>(263,585)</u>   |
| Hedge effect (nominal amount)                          | (380,000)                        | (530,000)          |
|  | <u>(565,217)</u>                 | <u>(793,585)</u>   |
| <b>Variable-rate financial instruments<sup>2</sup></b> |                                  |                    |
| Financial assets                                       | 424,267                          | 401,998            |
| Financial liabilities                                  | (1,329,924)                      | (1,199,938)        |
|  | <u>(905,656)</u>                 | <u>(797,940)</u>   |
| Hedge effect (nominal amount)                          | 380,000                          | 530,000            |
|  | <u>(525,656)</u>                 | <u>(267,940)</u>   |

<sup>1</sup> Fixed-rate financial assets comprise investments in debt portfolios and trade and other receivables, less tax receivables and cash and cash equivalents. Fixed-rate financial liabilities comprise trade and other payables, as well as liabilities under fixed-rate debt securities.

<sup>2</sup> Variable-rate financial assets comprise loans advanced to related parties. Variable-rate financial liabilities comprise secured borrowings, liabilities under variable-rate debt securities and lease liabilities.

Derivatives and hedging instruments are presented as variable interest rate financial instruments.

### Sensitivity analysis of fair value of fixed-rate financial instruments

The Company does not hold any fixed-interest financial assets or liabilities measured at fair value through profit or loss, nor does it use derivative transactions as fair value hedges. Therefore, a change of an interest rate would have no material effect on current period's profit or loss.

### Sensitivity analysis of cash flows from variable-rate financial instruments

The Company purchases derivative instruments in order to hedge interest rate risk.

A change of an interest rate by 100 basis points would increase (decrease) equity and pre-tax profit by the amounts shown below. The following analysis is based on the assumption that other variables, in particular exchange rates, remain unchanged.

| PLN '000                            | Profit or loss for the current period |                        |
|-------------------------------------|---------------------------------------|------------------------|
|                                     | increase by 100<br>bps                | decrease by 100<br>bps |
| <b>Mar 31 2022</b>                  |                                       |                        |
| Variable rate financial assets      | 4,243                                 | (4,243)                |
| Variable rate financial liabilities | (13,299)                              | 13,299                 |
| <b>Dec 31 2021</b>                  |                                       |                        |
| Variable rate financial assets      | 4,020                                 | (4,020)                |
| Variable rate financial liabilities | (11,999)                              | 11,999                 |

### Fair values

#### Comparison of fair values and carrying amounts

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

| PLN '000   | Mar 31 2022 unaudited |             | Dec 31 2021     |             |
|--|-----------------------|-------------|-----------------|-------------|
|  | Carrying amount       | Fair value  | Carrying amount | Fair value  |
| <b>Financial assets and liabilities measured at fair value</b>     |                       |             |                 |             |
| Hedging instruments  | 21,819                | 21,819      | 13,803          | 13,803      |
|  | 21,819                | 21,819      | 13,803          | 13,803      |
| <b>Financial assets and liabilities not measured at fair value</b> |                       |             |                 |             |
| Investments in debt portfolios                                     | 32,228                | 30,460      | 31,787          | 30,285      |
| Loans to related parties   | 402,449               | 402,449     | 388,195         | 388,195     |
| Secured borrowings   | (108,674)             | (107,572)   | (227,465)       | (225,158)   |
| Liabilities under debt securities (unsecured)                      | (1,560,139)           | (1,582,070) | (1,304,759)     | (1,318,243) |
|  | (1,234,137)           | (1,256,733) | (1,112,241)     | (1,124,920) |

*Interest rates used for fair value estimation*

|   | <b>Mar 31 2022</b><br><b>unaudited</b> | <b>Dec 31 2021</b> |
|---|--|--------------------|
| Investments in debt portfolios                | 0.74% - 55.14%                         | 0.32% - 55.14%     |
| Secured borrowings                            | 4.54% - 5.04%                          | 4.54% - 5.04%      |
| Liabilities under debt securities (unsecured) | 3.59% - 7.97%                          | 3.59% - 5.94%      |
| Loans to related parties                      | 2.00% - 11.17%                         | 2.00% - 8.94%      |

*Hierarchy of financial instruments at fair value*

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

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

In 2020–2021, no transfers were made between the levels.

| <i>PLN '000</i>                |                        | <b>Level 3</b>    |
|--------------------------------|------------------------|-------------------|
|                                | <b>Carrying amount</b> | <b>Fair value</b> |
| <b>As at Mar 31 2022</b>       |                        |                   |
| Investments in debt portfolios | 32,228                 | 30,460            |
| Loans to related parties       | 402,449                | 402,449           |
| <b>As at Dec 31 2021</b>       |                        |                   |
| Investments in debt portfolios | 31,787                 | 30,285            |
| Loans to related parties       | 388,195                | 388,195           |

The fair value of derivative and hedging instruments is determined on the basis of future cash flows related to 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 Company uses a 3M WIBOR forecast provided by an external company.

The fair value of financial liabilities is determined on the basis of future cash flows related to executed transactions, calculated based on the difference between the margin applicable to the financial liabilities as at the reporting date and the margin as at the transaction date. To determine the fair value, the Company takes margins under the most recent credit facility agreement or debt securities issue.

PLN '000

|   | <u>Level 2</u>  |             |
|---|-----------------|-------------|
|   | Carrying amount | Fair value  |
| <b>As at Mar 31 2022</b>                      |                 |             |
| Hedging instruments                           | 21,819          | 21,819      |
| Secured borrowings                            | (108,674)       | (107,572)   |
| Liabilities under debt securities (unsecured) | (1,560,139)     | (1,582,070) |
| <b>As at Dec 31 2021</b>                      |                 |             |
| Hedging instruments                           | 13,803          | 13,803      |
| Secured borrowings                            | (227,465)       | (225,158)   |
| Liabilities under debt securities (unsecured) | (1,304,759)     | (1,318,243) |

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 present risk free rate and the present 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 a projection of recoveries from 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.

For bank borrowings, notes in issue, lease liabilities and trade payables, the Company determines fair value using Level 2 inputs.

The Company does not identify Level 1 assets.



## 10. Related-party transactions

### Remuneration of the Company's directors – Management Board

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

PLN '000

|                                       | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Base pay/ managerial contract (gross) | 1,565                             | 1,449                             |
| Additional benefits                   | 20                                | 19                                |
| Share based payments                  | 7,619                             | -                                 |
|                                       | <u>9,204</u>                      | <u>1,468</u>                      |

### Remuneration of the Company's directors – Supervisory Board

Remuneration of members of the Parent's Supervisory Board was as follows:

PLN '000

|                                       | Jan 1–Mar 31<br>2022<br>unaudited | Jan 1–Mar 31<br>2021<br>unaudited |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Base pay/ managerial contract (gross) | 233                               | 233                               |
| Additional benefits                   | 1                                 | 1                                 |
|                                       | <u>234</u>                        | <u>234</u>                        |

### Other transactions with the Company's directors

As at March 31st 2022, members of the Management Board and persons closely related to them jointly held 10.0% of the total voting rights at the Company's General Meeting (December 31st 2021: 10.05%).

## Other related-party transactions

Transactions with subsidiaries as at and for the period ended March 31st 2022, December 31st 2021 and March 31st 2021

Balance of receivables and loans to subsidiaries as at March 31st 2022 and December 31st 2021

| PLN '000                                      | Mar 31 2022 |             |         |                           |                                      |                |                                    | Dec 31 2021 |             |         |                           |                                      |                |                                    |
|---|-------------|-------------|---------|---------------------------|--------------------------------------|----------------|------------------------------------|-------------|-------------|---------|---------------------------|--------------------------------------|----------------|------------------------------------|
|   | Liabilities | Receivables | Loans   | Interest accrued on loans | Allowance for expected credit losses | Loans received | Interest accrued on loans received | Liabilities | Receivables | Loans   | Interest accrued on loans | Allowance for expected credit losses | Loans received | Interest accrued on loans received |
| SeCapital S.à. r.l                            | 3,740       | 27          | -       | -                         | -                                    | -              | -                                  | 3,456       | 23          | -       | -                         | -                                    | -              | -                                  |
| ERIF Business Solutions Sp. z o.o.            | 0           | 88          | -       | -                         | -                                    | -              | -                                  | -           | 17          | -       | 8                         | -                                    | -              | -                                  |
| Novum Finance Sp. z o.o.                      | 156         | 585         | 35,242  | 540                       | (96)                                 | -              | -                                  | 141         | 545         | 33,742  | 119                       | (96)                                 | -              | -                                  |
| SeCapital Polska Sp. z o.o.                   | -           | -           | -       | -                         | -                                    | -              | -                                  | -           | -           | -       | -                         | -                                    | -              | -                                  |
| Kancelaria Prawna RAVEN P.Krupa Sp. k.        | -           | 1,087       | -       | -                         | -                                    | -              | -                                  | 71          | 2,496       | -       | -                         | -                                    | -              | -                                  |
| KRUK Romania S.r.l.                           | 505         | 2,071       | 40,227  | 325                       | -                                    | -              | -                                  | 459         | 1,230       | 39,762  | 300                       | -                                    | -              | -                                  |
| ERIF BIG S.A.                                 | -           | 162         | -       | -                         | -                                    | 7,600          | -                                  | 24          | 177         | -       | -                         | -                                    | 7,600          | -                                  |
| NSFIZ PROKURA                                 | 2,348       | 8,409       | -       | -                         | -                                    | -              | -                                  | 2,334       | 10,907      | -       | -                         | -                                    | -              | -                                  |
| KRUK Česká a Slovenská republika s.r.o.       | 33          | 1,070       | 41,550  | 416                       | -                                    | -              | -                                  | 27          | 745         | 43,013  | -                         | -                                    | -              | -                                  |
| KRUK Towarzystwo Funduszy Inwestycyjnych S.A. | -           | 11,639      | -       | -                         | -                                    | -              | -                                  | -           | 10,464      | -       | -                         | -                                    | -              | -                                  |
| InvestCapital Ltd.                            | -           | 286         | -       | -                         | -                                    | -              | -                                  | -           | 316         | -       | -                         | -                                    | -              | -                                  |
| KRUK Deutschland GmbH                         | -           | 11          | -       | -                         | -                                    | -              | -                                  | -           | 14          | -       | -                         | -                                    | -              | -                                  |
| Rocapital IFN S.A.                            | -           | -           | 4,702   | 58                        | -                                    | -              | -                                  | -           | 1           | 4,647   | 44                        | -                                    | -              | -                                  |
| KRUK Italia S.r.l.                            | -           | 81          | -       | -                         | -                                    | -              | -                                  | -           | 228         | -       | -                         | -                                    | -              | -                                  |
| ItaCapital S.r.l.                             | -           | 1           | -       | -                         | -                                    | -              | -                                  | -           | 1           | -       | -                         | -                                    | -              | -                                  |
| KRUK Espana S.L.                              | -           | 1,015       | -       | -                         | -                                    | -              | -                                  | -           | 1,292       | -       | -                         | -                                    | -              | -                                  |
| Presco Investments S.a.r.l.                   | 5,952       | 1,543       | -       | -                         | -                                    | -              | -                                  | 1,604       | 2,142       | -       | -                         | -                                    | -              | -                                  |
| P.R.E.S.C.O INVESTMENT I NS FIZ               | 48          | 253         | -       | -                         | -                                    | -              | -                                  | 26          | 255         | -       | -                         | -                                    | -              | -                                  |
| ProsperoCapital S.à r.l.                      | -           | 21          | -       | -                         | -                                    | -              | -                                  | -           | 23          | -       | -                         | -                                    | -              | -                                  |
| Corbul Capital S.r.l                          | -           | -           | -       | -                         | -                                    | -              | -                                  | -           | -           | -       | -                         | -                                    | -              | -                                  |
| Elleffe Capital S.r.l.                        | -           | -           | -       | -                         | -                                    | -              | -                                  | -           | 1           | -       | -                         | -                                    | -              | -                                  |
| NSFIZ BISON                                   | 11          | 2,345       | -       | -                         | -                                    | -              | -                                  | -           | 1,383       | -       | -                         | -                                    | -              | -                                  |
| AgeCredit S.r.l.                              | -           | 19          | -       | -                         | -                                    | -              | -                                  | -           | 19          | -       | -                         | -                                    | -              | -                                  |
| Wonga.pl Sp. z o.o.                           | -           | 0           | 317,814 | -                         | (39,119)                             | -              | -                                  | -           | 2           | 303,895 | -                         | (37,527)                             | -              | -                                  |
| GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.     | 2           | -           | -       | -                         | -                                    | -              | -                                  | 2           | -           | -       | -                         | -                                    | -              | -                                  |
| Kruk Investimenti s.r.l.                      | -           | 1           | -       | -                         | -                                    | -              | -                                  | -           | 1           | -       | -                         | -                                    | -              | -                                  |
| Zielony Areał sp. z o.o.                      | -           | 2           | 800     | -                         | (11)                                 | -              | -                                  | -           | 2           | 300     | -                         | (11)                                 | -              | -                                  |
|   | 12,794      | 30,715      | 440,335 | 1,339                     | (39,226)                             | 7,600          | -                                  | 8,145       | 32,284      | 425,358 | 472                       | (37,635)                             | 7,600          | -                                  |

## Income from intra-group transactions in the periods ended March 31st 2022 and March 31st 2021

| PLN '000                                      | Jan 1–Mar 31 2022                           |   |          | Jan 1–Mar 31 2021                           |   |          |
|---|---|---|----------|---|---|----------|
|   | Revenue from sale of materials and services | Revenue from credit management services | Interest | Revenue from sale of materials and services | Revenue from credit management services | Interest |
| SeCapital S.à. r.l                            | 1   | 15                                      | -        | -   | 17                                      | -        |
| ERIF Business Solutions Sp. z o.o.            | 45  | -                                       | -        | 8   | -                                       | 8        |
| Novum Finance Sp. z o.o.                      | 520   | 354                                     | 663      | 166   | 274                                     | 409      |
| Kancelaria Prawna RAVEN P.Krupa Sp. k.        | 2,257                                       | -                                       | -        | 590   | -                                       | -        |
| KRUK Romania S.r.l.                           | 580   | -                                       | 325      | 715   | 204                                     | 364      |
| ERIF BIG S.A.                                 | 221   | -                                       | -        | 194   | -                                       | -        |
| NSFIZ PROKURA                                 | 2,138                                       | -                                       | -        | 874   | -                                       | -        |
| KRUK Česká a Slovenská republika s.r.o.       | 292   | -                                       | 438      | 206   | 54                                      | 32       |
| KRUK Towarzystwo Funduszy Inwestycyjnych S.A. | 65  | 26,381                                  | -        | 79  | 22,655                                  | -        |
| InvestCapital Ltd.                            | 3,167                                       | -                                       | -        | 2,540                                       | 286                                     | -        |
| KRUK Deutschland GmbH                         | 2   | -                                       | -        | 1   | -                                       | -        |
| Rocapital IFN S.A.                            | -   | -                                       | 58       | -   | -                                       | 47       |
| KRUK Italia S.r.l.                            | 553   | -                                       | -        | 413   | -                                       | -        |
| ItaCapital S.r.l.                             | -   | -                                       | -        | -   | -                                       | -        |
| KRUK Espana S.L.                              | 690   | -                                       | -        | 585   | -                                       | -        |
| Presco Investments S.a.r.l.                   | 1   | 352                                     | -        | -   | 404                                     | -        |
| P.R.E.S.C.O INVESTMENT I NS FIZ               | -   | -                                       | -        | -   | -                                       | -        |
| ProsperoCapital S.à r.l.                      | 1   | -                                       | -        | -   | -                                       | -        |
| Corbul Capital S.r.l                          | -   | -                                       | -        | -   | -                                       | -        |
| Elleffe Capital S.r.l.                        | -   | -                                       | -        | -   | -                                       | -        |
| NSFIZ BISON                                   | -   | -                                       | -        | -   | -                                       | -        |
| AgeCredit S.r.l.                              | -   | -                                       | -        | -   | -                                       | -        |
| Wonga.pl Sp. z o.o.                           | -   | -                                       | 6,920    | -   | 3                                       | 3,544    |
| GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.     | -   | -                                       | -        | -   | -                                       | -        |
| Kruk Investimenti s.r.l.                      | -   | -                                       | -        | -   | -                                       | -        |
| Zielony Areał sp. z o.o.                      | 4   | -                                       | 4        | -   | -                                       | -        |
|   | 10,538                                      | 27,101                                  | 8,408    | 6,370                                       | 23,898                                  | 4,405    |

*Expenses on intra-group transactions in the periods ended March 31st 2022 and March 31st 2021*

| PLN '000                                  | Jan 1–Mar 31 2022    |           | Jan 1–Mar 31 2021    |            |
|---|----------------------|-----------|----------------------|------------|
|   | Purchase of services | Interest  | Purchase of services | Interest   |
| Kancelaria Prawna RAVEN P.Krupa Sp. k.    | 322                  | -         | 319                  | -          |
| KRUK Romania S.r.l.                       | 1,406                | -         | 1,395                | -          |
| ERIF BIG S.A.                             | 59                   | 85        | 25                   | 43         |
| SeCapital S.à. r.l                        | -                    | 4         | -                    | 37         |
| KRUK Česká a Slovenská republika s.r.o.   | 99                   | -         | 143                  | -          |
| ERIF Business Solutions Sp. z o.o.        | 0                    | -         | 2                    | -          |
| GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L. | 6                    | -         | -                    | -          |
| KRUK Italia S.r.l.                        | -                    | -         | -                    | 34         |
| KRUK Deutschland GmbH                     | -                    | -         | -                    | -          |
| KRUK Espana S.L.                          | 24                   | -         | -                    | -          |
|   | <u>1,917</u>         | <u>89</u> | <u>1,884</u>         | <u>113</u> |

## 11. Seasonality or cyclicity of business

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

## 12. Factors and events, in particular of non-recurring nature, with a material bearing on the Company's financial performance

In the three months ended March 31st 2022, KRUK S.A. generated profit of PLN 292,582 thousand through its interests in subsidiaries (three months ended March 31st 2021: PLN 172,148 thousand).

In the three months ended March 31st 2022, collections from portfolios purchased by KRUK S.A. were PLN 9,116 thousand, having increased by 1% year on year and having decreased by 3% on the previous quarter.

As at March 31st 2022, the Company's investments in debt portfolios accounted for 0.67% of its assets. Equity accounted for 59.5% of the Company's financing sources. As at December 31st 2021, the respective percentages were 0.72% and 58.9%.

Russia's aggression against Ukraine started on February 24th 2022. KRUK S.A. does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in those countries. A Ukrainian company is one of the suppliers of IT development services to Wonga.pl Sp. z o.o., a subsidiary. Given the circumstances, the cooperation with the Ukrainian supplier is continued to a limited extent. This does not affect Wonga.pl Sp. z o.o.'s ongoing operations, and it is possible to source the services in Poland. With no operations conducted in Ukraine or Russia, the Company expects the implications of the conflict for the Company's operations will be indirect and limited. Provided below is an assessment of the possible impact of the conflict in Ukraine on selected areas of operations.

### *Recoveries from purchased debt portfolios*

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

### *Investments in debt portfolios*

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

### *Access to debt financing*

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

### *Liquidity management*

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

1) Meeting the required financial covenants – currently the covenants are at safe levels, far lower than the thresholds set in relevant credit agreements and bond terms. Furthermore, when calculating most of the financial ratios the effect of exchange differences is neutralised. The Company anticipates

potential minor short-term fluctuations in the net debt/cash EBITDA ratio as different EUR/PLN exchange rates are used to calculate the numerator (net debt in PLN is calculated using the mid exchange rate for a given day) and the denominator (EBITDA in PLN is calculated using the average exchange rate for the last 12 months), but the impact of the fluctuations should not be significant.

2) Liquidity position – the Group maintains its liquidity ratios at safe levels and considers the safety of its liquidity position to be high, therefore an increase in financing costs or EUR/PLN exchange rates has no material impact on the Group's liquidity. Another factor reducing the Group's exposure to fluctuations in foreign exchange rates and the WIBOR rate is the fact that the Group funds investments in EUR-denominated assets from bank loans in EUR and own funds in EUR. Also, the Group's WIBOR-sensitive debt represents only 52% of total debt (as at December 31st 2021), as part of the debt bears interest at fixed or EURIBOR rates or is hedged under IRS.

#### *Digital security*

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

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

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

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

In the period from January 1st to March 31st 2022, Series AA2 bonds were redeemed on March 7th 2022 in accordance with their terms and conditions, at the nominal value of PLN 150,000 thousand.

In the reporting period, the Company issued new bonds:

On January 19th 2022, the Management Board of KRUK S.A. passed a resolution to issue AM2 Series bonds and define the final terms and conditions of the bonds. On February 8th 2022, the Management Board of KRUK S.A. passed a resolution to allot Series AM2 ordinary bearer bonds issued under the Base Prospectus approved by the Polish Financial Supervision Authority on September 3rd 2021. Pursuant to the resolution, the issue of the bonds was successful and 500,000 bonds with a nominal value equal to the issue price of PLN 100 and a total issue value of PLN 50,000 thousand were allotted.

On January 21st 2022, the Management Board of KRUK S.A. passed a resolution to issue AL2 Series bonds and define the final terms and conditions of the bonds. On February 2nd 2022, the Management Board of KRUK S.A. was notified of payment of the full amount of proceeds from the issue of unsecured Series AL2 bearer bonds. Based on the information, the Management Board declared the issue of the bonds successful and made the final allotment of 350,000 bonds with a nominal value equal to the issue price of PLN 1,000 and a total issue value of PLN 350,000 thousand.

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

On March 4th 2022, the KRUK S.A. Management Board passed a resolution recommending that the Parent's Annual General Meeting approve dividend payment to the Parent's shareholders of PLN 13.00 per share. The dividend would be distributed from the Parent's net profit earned in 2021. The dividend recommendation is consistent with the dividend policy adopted by the Management Board on December 2nd 2021. The recommendation was endorsed by the Parent's Supervisory Board on March 15th 2022.

The recommendation took into account the current financial condition, future implementation of the strategy, as well as plans and growth prospects of KRUK S.A.

On April 14th 2022, the General Meeting of KRUK S.A. passed a resolution to distribute a dividend of PLN 13.00 per share to the Parent's shareholders. The dividend of PLN 248,660,490.00 will be distributed from the Parent's net profit earned in 2021. The dividend payment date is April 28th 2022. The dividend will be paid on 19,127,730 KRUK S.A. shares.

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

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

Security created over KRUK S.A.'s assets as at March 31st 2022 is presented below:

|  |                            |                                       |   |  |
|--|----------------------------|---------------------------------------|---|--|
| Surety for PROKURA NS FIZ's liabilities under the revolving credit facility of July 2nd 2015, as amended, between PROKURA NS FIZ, KRUK S.A. and mBank S.A.   | mBank S.A.                 | PLN 105,000 thousand                  | No later than July 1st 2026   | Prokura NS FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement   |
| Blank promissory note  | Santander Bank Polska S.A. | PLN 162,398 thousand                  | Until the derivative transactions are settled and the bank's claims thereunder are satisfied. | KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of June 13th 2013, as amended        |
| Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.                              | Santander Bank Polska S.A. | PLN 54,900 thousand                   | No later than July 31st 2027  | InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Annex 3 of June 21st 2018 to the master agreement on the procedure for execution and settlement of treasury transactions |
| Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement  | DEVCo Sp. z o.o.           | EUR 292 thousand and PLN 204 thousand | No later than December 30th 2022  | KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee   |
| Surety for PROKURA NS FIZ's liabilities towards ING Bank Śląski S.A. under the credit facility agreement of December 20th 2018, as amended, between PROKURA NS FIZ, KRUK S.A. and ING Bank Śląski S.A. | ING Bank Śląski S.A.       | PLN 300,000 thousand                  | No later than December 20th 2029  | Prokura NS FIZ's failure to pay amounts owed to the bank under the credit facility agreement   |



|   |   |                      |  |   |
|---|---|----------------------|--|---|
| Surety for InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S. L. U. and PROKURA NS FIZ's liabilities under the revolving multi-currency credit facility agreement of July 3rd 2017, as amended, between KRUK S.A., InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S.L.U. and PROKURA NS FIZ (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A. and Bank Handlowy w Warszawie S.A. | DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A. | EUR 447,000 thousand | Until all obligations under the multi-currency revolving credit facility agreement are satisfied | Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement                                       |
| Blank promissory note   | mBank S.A.  | PLN 7,500 thousand   | Until the transactions are settled and the bank's claims thereunder are satisfied.               | KRUK S.A.'s failure to pay its liabilities under financial market transactions executed under the master agreement of February 7th 2019 |
| Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of September 21st 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.   | PKO BP S.A.   | PLN 40,176 thousand  | No later than September 20th 2029  | PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement                     |
| Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of December 14th 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.  | PKO BP S.A.   | PLN 81,510 thousand  | No later than December 13th 2029   | PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement                     |
| Surety for PROKURA NS FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of February 1st 2022 between PROKURA NS FIZ, KRUK S.A. and Pekao S.A.   | Pekao S.A.  | PLN 120,000 thousand | No later than January 31st 2031  | Prokura NS FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement   |

### *Credit sureties or guarantees, security pledges*

On September 14th and December 21st 2021, PROKURA NS FIZ (the borrower) and KRUK S.A. (the surety provider) entered into credit facility agreements with PKO BP S.A. In order to secure liabilities arising under the agreements:

- on January 10th 2022 PROKURA NS FIZ and PKO BP S.A. signed two agreements to create registered pledges over a set of rights (debt portfolios owned by PROKURA NS FIZ). On January 12th 2022, applications were filed with the court to enter the pledges in the pledge register. According to relevant notifications, the pledge pertaining to the credit facility agreement of September 14th 2021 was created up to the maximum amount of PLN 44,640 thousand, whereas the pledge pertaining to the credit facility agreement of December 21st 2021 was created up to the maximum amount of PLN 85,800 thousand.

As at March 31st 2022, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 111,285 thousand.

On February 1st 2022, an overdraft facility agreement was concluded between PROKURA NS FIZ as the borrower, KRUK S.A. as the surety provider, and Bank Polska Kasa Opieki S.A. as the lender. The maximum facility amount is PLN 80,000 thousand. In order to secure liabilities arising under the agreement:

- on February 8th 2022, PROKURA NS FIZ and the Lender executed an agreement establishing a financial pledge over the former's bank account held with Polska Kasa Opieki Spółka Akcyjna and authorising the Lender to exercise control over that account;
- on February 8th 2022, KRUK S.A. issued a surety for liabilities of the borrower Prokura NS FIZ arising under the credit facility agreement. The surety has been provided for up to PLN 120m and will expire on or before January 31st 2031. In connection with the surety, KRUK S.A. provided a statement on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 120,000 thousand, which will expire on or before January 31st 2031.
- on February 21st 2022, PROKURA NS FIZ provided a statement of submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 120,000 thousand, which will expire on or before January 31st 2030.

On February 1st 2022, an overdraft facility agreement was concluded between KRUK S.A. as the borrower and Bank Polska Kasa Opieki S.A. as the lender. The maximum facility amount is PLN 40,000 thousand. In order to secure liabilities arising under the agreement:

- on February 4th 2022, KRUK S.A. granted a power of attorney to the Lender authorising the latter to exercise control over the former's bank account held with Polska Kasa Opieki S.A.;
- on February 21st 2022, KRUK S.A. provided a statement of submission 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 December 31st 2030.

In connection with the credit facility agreement of December 22nd 2021 between Getin Noble Bank S.A. and KRUK S.A., in order to secure liabilities arising under the agreement:

- on February 15th 2022, KRUK S.A. provided a statement of submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before December 31st 2029.
- on April 21st 2022 (subsequent to the reporting date), KRUK S.A. entered into an agreement with Getin Noble Bank S.A. to create a financial and registered pledge over investment certificates issued by PROKURA NS FIZ and acquired by KRUK S.A. On April 26th, an application was filed with the court to enter the pledge in the pledge register. The registered pledge will be created for the maximum secured amount of PLN 150,000 thousand.

As at March 31st 2022, the value of the certificates pledged under the agreement was PLN 127,627 thousand.

In connection with the credit facility agreement of December 20th 2018, as amended, between Prokura NS FIZ (the Borrower), Kruk S.A. (the Surety Provider) and ING Bank Śląski S.A. (the Lender), in order to secure liabilities arising under the agreement:

- on March 28th 2022, PROKURA NS FIZ entered into an agreement with ING Bank Śląski S.A. to create a registered pledge over a set of rights (debt portfolios owned by PROKURA NS FIZ). On April 5th 2022, an application was filed with the court to enter the pledge in the pledge register.
- on March 29th 2022, PROKURA NS FIZ entered into an agreement with ING Bank Śląski S.A. to create a registered pledge over a set of rights (debt portfolios owned by PROKURA NS FIZ). On April 5th 2022, an application was filed with the court to enter the pledge in the pledge register.

As at March 31st 2022, the value of all portfolios pledged in favour of ING Bank Śląski S.A. was PLN 418,855 thousand.

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

On April 19th and 22nd 2022, the Company registered share capital increase by a total of PLN 387,685 (PLN 272,853 and PLN 114,832, respectively) through the issue of series F shares as a result of which KRUK S.A.'s share capital amounts to PLN 19,127,730 and is divided into 19,127,730 shares with a nominal value of PLN 1 each.

After the end of the first quarter of 2022, there were no other events with a potential material bearing on the Company's future performance.

**Piotr Krupa**

*President of the Management Board*

**Urszula Okarma**

*Member of the Management Board*

**Piotr Kowalewski**

*Member of the Management Board*

**Adam Łodygowski**

*Member of the Management Board*

**Michał Zasepa**

*Member of the Management Board*

**Sylwia Bomba**

*Person keeping the accounting records*

**Hanna Stempień**

*Prepared by*

Wrocław, April 27th 2022