



**Financial highlights of KRUK S.A.  
for the period  
from January 1st to March 31st 2023**

## Financial highlights

Financial highlights	PLN thousand		EUR thousand	
	Jan 1–Mar 31	Jan 1–Mar 31	Jan 1–Mar 31	Jan 1–Mar 31
For the period	2023	2022	2023	2022
	unaudited	unaudited	unaudited	unaudited
Revenue	62,351	49,832	13,265	10,723
Operating profit/(loss)	(17,635)	(17,677)	(3,752)	(3,804)
Profit/(loss) before tax	259,330	259,802	55,171	55,905
Net profit/(loss)	234,401	243,933	49,867	52,490
Net cash from operating activities	(10,581)	(3,709)	(2,251)	(798)
Cash recoveries	8,364	9,116	1,779	1,962
Net cash from investing activities	(44,820)	(17,760)	(9,535)	(3,822)
Net cash from financing activities	56,964	109,284	12,119	23,516
Net change in cash	1,563	87,815	333	18,896
Diluted earnings per share (PLN/EUR)	11.65	12.40	2.48	2.67
Average number of shares (thousand)	19,319	19,013	19,319	19,013
Earnings per share (PLN/EUR)	12.13	12.83	2.58	2.76
	<b>Mar 31 2023</b>	<b>Dec 31 2022</b>	<b>Mar 31 2023</b>	<b>Dec 31 2022</b>
	<b>unaudited</b>		<b>unaudited</b>	
As at				
Total assets	5,751,421	5,403,418	1,230,119	1,152,139
Non-current liabilities	1,856,064	1,788,174	396,977	381,282
Current liabilities	389,767	361,227	83,364	77,022
Equity	3,505,590	3,254,017	749,779	693,835
Share capital	19,319	19,319	4,132	4,119
Book value per ordinary share (PLN/EUR)	181.46	168.44	38.81	35.91

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

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

for the reporting period **4.7005**  
for the comparative period **4.6472**

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 **4.6755**  
at end of the comparative period **4.6899**



**Interim condensed financial statements  
of KRUK S.A.  
for the period from January 1st  
to March 31st 2023**

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## I. Statement of financial position

<i>PLN thousand</i>	<i>Note</i>	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Mar 31 2022 unaudited</b>
<b>Assets</b>				
Cash and cash equivalents		23,571	22,008	141,513
Hedging instruments	8.9.	41,961	30,335	21,819
Trade receivables from related entities	8.11.	28,782	27,523	24,882
Trade receivables from other entities	8.11.	3,431	3,339	2,973
Other receivables	8.11.	11,559	15,715	8,046
Income tax receivable		15,685	9,292	-
Inventories		14,721	15,174	19,509
Investments	7.	512,775	464,743	434,676
Equity-accounted investments in subsidiaries	8.10.	5,024,261	4,735,762	4,136,102
Property, plant and equipment		36,459	39,774	40,096
Intangible assets		29,290	30,791	8,623
Other assets		8,926	8,962	6,354
<b>Total assets</b>		<b>5,751,421</b>	<b>5,403,418</b>	<b>4,844,593</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Trade and other payables	8.12.	34,088	30,645	33,046
Hedging instruments	8.9.	-	9,824	-
Employee benefit obligations		27,873	28,974	23,426
Income tax payable		-	-	10,948
Borrowings, other debt securities and leases	8.8.	1,945,131	1,865,886	1,699,266
Provisions	8.13.	12,546	12,653	13,465
Deferred tax liability	8.7.	226,193	201,419	182,924
<b>Total liabilities</b>		<b>2,245,831</b>	<b>2,149,401</b>	<b>1,963,075</b>
<b>Equity</b>				
Share capital		19,319	19,319	19,013
Share premium		358,506	358,506	333,264
Hedge reserve		37,762	16,871	25,901
Translation reserve		97,884	100,448	96,841
Share of other comprehensive income of equity-accounted investees	8.10.	14,138	19,911	-
Other capital reserves		154,514	149,896	129,821
Retained earnings		2,823,467	2,589,066	2,276,678
<b>Total equity</b>		<b>3,505,590</b>	<b>3,254,017</b>	<b>2,881,518</b>
<b>Equity and liabilities</b>		<b>5,751,421</b>	<b>5,403,418</b>	<b>4,844,593</b>

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

## II. Statement of profit or loss

PLN thousand

	Note	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income on debt portfolios measured at amortised cost	8.1.	4,249	4,271
Other income/(expenses) from purchased debt portfolios	8.1.	-	279
Revenue from other services	8.1.	53,983	39,683
Other income	8.1.	1,035	401
Gain/(loss) on expected credit losses	8.1.	3,084	5,197
<b>Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios</b>		<b>62,351</b>	<b>49,832</b>
Employee benefits expense	8.2.	(51,395)	(45,983)
Depreciation		(6,594)	(4,510)
Services	8.3.	(17,094)	(10,801)
Other expenses	8.4.	(4,903)	(6,214)
		<b>(79,986)</b>	<b>(67,508)</b>
<b>Operating profit/(loss)</b>		<b>(17,635)</b>	<b>(17,677)</b>
Finance income	8.5.	13,406	8,597
Finance costs	8.6.	(28,149)	(23,700)
<i>including interest expense relating to lease liabilities</i>		<i>(597)</i>	<i>(265)</i>
<b>Net finance costs</b>		<b>(14,743)</b>	<b>(15,103)</b>
<b>Share of profit/(loss) of equity-accounted investees</b>	8.10.	<b>291,708</b>	<b>292,582</b>
<b>Profit/(loss) before tax</b>		<b>259,330</b>	<b>259,802</b>
Income tax	8.7.	(24,929)	(15,869)
<b>Net profit/(loss) for period</b>		<b>234,401</b>	<b>243,933</b>
<b>Earnings/(loss) per share</b>			
Basic (PLN)	8.14.	12.13	12.83
Diluted (PLN)	8.14.	11.65	12.40

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

### III. Statement of comprehensive income

PLN thousand

	Note	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
<b>Net profit/(loss) for period</b>		234,401	243,933
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Instruments hedging cash flows and net investment in a foreign operation	8.9.	20,891	8,016
Exchange differences on translating foreign operations	8.10.	(2,564)	21,133
Share of other comprehensive income of equity-accounted investees	8.10.	(5,773)	-
Other comprehensive income for period, net		12,554	29,149
<b>Total comprehensive income for period</b>		246,955	273,082

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



## IV. Separate statement of changes in equity

PLN thousand	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	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 period</b>									
Net profit/(loss) for period		-	-	-	-	-	-	243,933	243,933
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	8.10.	-	-	-	21,133	-	-	-	21,133
- Measurement of hedging instruments	8.9.	-	-	8,016	-	-	-	-	8,016
<b>Total other comprehensive income</b>		-	-	8,016	21,133	-	-	-	29,149
<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 an integral part of the financial statements.

		Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity- accounted investees	Other capital reserves	Retained earnings	<b>Total equity</b>
PLN thousand	Note								
<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 period</b>									
Net profit/(loss) for period		-	-	-	-	-	-	804,982	804,982
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	8.10.	-	-	-	24,740	-	-	-	24,740
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	19,911	-	-	19,911
- Measurement of hedging instruments	8.9.	-	-	(1,014)	-	-	-	-	(1,014)
<b>Total other comprehensive income</b>		-	-	(1,014)	24,740	19,911	-	-	43,637
<b>Total comprehensive income for period</b>		-	-	(1,014)	24,740	19,911	-	804,982	848,619
<b>Contributions from and distributions to owners</b>									
- Payment of dividends		-	-	-	-	-	-	(248,661)	(248,661)
- Share-based payments		-	-	-	-	-	27,694	-	27,694
- Issue of shares		306	25,242	-	-	-	-	-	25,548
<b>Total contributions from and distributions to owners</b>		306	25,242	-	-	-	27,694	(248,661)	(195,419)
<b>Total equity as at Dec 31 2022</b>		19,319	358,506	16,871	100,448	19,911	149,896	2,589,066	3,254,017

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

PLN thousand

Note

		Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	Retained earnings	Total equity
<b>Equity as at Jan 1 2023</b>		19,319	358,506	16,871	100,448	19,911	149,896	2,589,066	3,254,017
<b>Comprehensive income for period</b>									
Net profit/(loss) for period		-	-	-	-	-	-	234,401	234,401
<b>Other comprehensive income</b>		-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	8.10.	-	-	-	(2,564)	-	-	-	(2,564)
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	(5,773)	-	-	(5,773)
- Measurement of hedging instruments	8.9.	-	-	20,891	-	-	-	-	20,891
<b>Total other comprehensive income</b>		-	-	20,891	(2,564)	(5,773)	-	-	12,554
<b>Total comprehensive income for period</b>		-	-	20,891	(2,564)	(5,773)	-	234,401	246,955
<b>Contributions from and distributions to owners</b>									
- Payment of dividends		-	-	-	-	-	-	-	-
- Share-based payments		-	-	-	-	-	4,618	-	4,618
- Issue of shares		-	-	-	-	-	-	-	-
<b>Total contributions from and distributions to owners</b>		-	-	-	-	-	4,618	-	4,618
<b>Total equity as at Mar 31 2023</b>		19,319	358,506	37,762	97,884	14,138	154,514	2,823,467	3,505,590

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

## V. Statement of cash flows

PLN thousand

	Note	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
<b>Cash flows from operating activities</b>			
<b>Net profit/(loss) for period</b>		234,401	243,933
<i>Adjustments</i>			
Depreciation of property, plant and equipment		3,872	3,462
Amortisation of intangible assets		2,722	1,048
Net finance costs		14,722	14,993
Share of (profit)/loss of equity-accounted investees	8.10.	(291,708)	(292,582)
(Gain)/loss on sale of property, plant and equipment		(460)	(142)
Equity-settled share-based payments		4,618	7,619
Interest income	8.1.	(4,249)	(4,271)
Income tax	8.7.	24,929	15,869
Change in debt portfolios purchased	7.	956	(440)
Change in inventories		453	(539)
Change in trade and other receivables		(808)	3,147
Change in other assets		36	13
Change in trade and other payables, excluding financial liabilities	8.12.	3,443	3,876
Change in employee benefit obligations		(1,101)	(727)
Change in provisions	8.13.	(107)	808
Interest received	8.1.	4,249	4,271
Income tax paid		(6,549)	(4,047)
<b>Net cash from operating activities</b>		(10,581)	(3,709)
<b>Cash flows from investing activities</b>			
Interest received		27	189
Loans		(42,156)	(19,000)
Sale of intangible assets and property, plant and equipment		30	157
Dividends received		5,613	1,500
Proceeds from investments in subsidiaries		18,585	2,050
Purchase of intangible assets and property, plant and equipment		(1,866)	(4,057)
Acquisition of shares in subsidiaries		(55,434)	(11,520)
Repayments		30,381	12,920
<b>Net cash from investing activities</b>		(44,820)	(17,760)
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt securities		170,000	400,000
Increase in borrowings		188,566	154,593
Repayment of borrowings		(270,659)	(272,788)
Payments under finance lease contracts (principal)		(4,619)	(2,453)
Redemption of debt securities		-	(150,000)
Interest paid		(26,324)	(20,068)
<b>Net cash from financing activities</b>		56,964	109,284
<b>Total net cash flows</b>		1,563	87,815
Cash and cash equivalents at beginning of period		22,008	53,698
Cash and cash equivalents at end of period		23,571	141,513
- effect of exchange rate fluctuations on cash held		1,086	(829)

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

## 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. The consolidated financial statements were approved on the same day as these separate financial statements.

As at March 31st 2023, KRUK S.A.'s Management Board was composed of the following persons:

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

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

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

Piotr Stępiak	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

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

## 2. Reporting period

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

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

## 3. Statement of compliance

These interim condensed separate financial statements of the Company have been prepared in a condensed form in accordance with IAS 34 applicable to interim financial statements, as endorsed by the European Union, and should be read in conjunction with the consolidated financial statements of the Group as at March 31st 2023 and for the period from January 1st to March 31st 2023.

These financial statements do not contain all the information required to be included when preparing full-year financial statements and should therefore be read in conjunction with the separate financial statements of KRUK S.A. and consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards as at and for the year ended December 31st 2022. The separate and consolidated financial statements are available at:

<https://pl.kruk.eu/relacje-inwestorskie/raporty/raporty-okresowe> .

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.

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



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

These interim condensed separate financial statements have been prepared based on the following valuation concepts:

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

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

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

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

- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities Arising from a Single Transaction*,
- IFRS 17 *Insurance Contracts*, amendments to IFRS 17,
- Amendment to IAS 8 *Definition of Accounting Estimates*,
- Amendments to IAS 1 and IFRS Practice statement 2 *Disclosure of Accounting Policies*,
- IFRS 17 *Insurance Contracts Initial Application of IFRS 17 and IFRS 9 – Comparative Information*

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

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on or after
Amendments to IAS 1 <i>Presentation of Financial Statements</i> – 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 2024
Amendments to IFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i>	The amendments concern the measurement of lease liabilities in sale and leaseback transactions.	The Company does not expect the amendments to have any significant effect on its separate financial statements.	January 1st 2024

## 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 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:

Item	Amount estimated		Note	Assumptions and estimate calculation
	Mar 31 2023 (PLN thousand)	Dec 31 2022 (PLN thousand)		
Investments in subsidiaries equity-accounted	5,024,261	4,735,762	8.10.	Equity-accounted investments in subsidiaries are subject to impairment testing. Investments in subsidiaries for which impairment indications were identified were tested for impairment. As part of the tests, the Company estimated the recoverable amount of the investments based on the value in use of the respective cash-generating units, using the discounted cash flow method. The valuation of investments in subsidiaries is based on a number of assumptions and estimates, in particular with respect to the amount of future cash flows and the adopted discount rate. The projected cash flows of subsidiaries investing in debt portfolios or debt-related assets depend primarily on the assumed expenditure on new portfolios and amount of recoveries. The correctness of the underlying assumptions involves a considerable risk given the significant uncertainty as to the effectiveness of debt collection activities in the future. The discount rate used to test investments in subsidiaries for impairment reflects the current market assessment of the asset risk for the debt collection industry.
Investments in debt portfolios	30,235	31,191	7.	The value of purchased debt portfolios as at the valuation date is determined using an estimation model relying on expected discounted cash flows. The expected cash flows were estimated with the use of analytical methods (portfolio analysis) or

based on a legal and economic analysis of individual claims or indebted persons (case-by-case analysis). The method of estimating cash flows from a debt portfolio is selected based on the available data on the portfolio, debt profiles as well as historical data collected in the course of managing the portfolio. KRUK S.A. prepares projections of recoveries from debt portfolios separately for individual markets. The projections account for historical performance of the process of debt portfolio recovery, legal regulations currently in force and planned, type and nature of debt and security, current collection strategy and macroeconomic considerations, among other factors. Initial projections of expected cash flows that take into account the initial value (purchase price) are the basis for calculating the effective interest rate, equal to the internal rate of return including an element that reflects credit risk, which is used for discounting estimated cash flows, and which, as a rule, remains unchanged throughout the life of a portfolio.

Item	Amount subject to judgement		Note	Assumptions underlying judgements
	Mar 31 2023 (PLN thousand)	Dec 31 2022 (PLN thousand)		
Deferred tax liability	(226,193)	(201,419)	8.7.	<p>The Company exercises control over the timing of temporary differences regarding subsidiaries, and thus recognizes deferred tax liabilities. These liabilities are based on estimates of future income tax payments, which are derived from three-year plans. The Company assesses the recoverability of the deferred tax asset based on its approved projection of profits for the following years. The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future. The level of the cash flows depends on such factors as:</p> <ul style="list-style-type: none"> <li>• KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A.,</li> <li>• raised and projected new debt financing available to the investment companies,</li> <li>• the planned expenditure on debt portfolios – its amount determines the</li> </ul>

projected liquidity position of the investment companies,

- planned recoveries from purchased debt portfolios at the investment companies.

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

## 6. 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 2022. In the period from January 1st to March 31st 2023, there were no significant changes in the approach to financial risk management.

## 7. 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

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Investments measured at amortised cost</b>			
Investments in debt portfolios	30,235	31,191	32,228
Loans to related parties	482,540	433,552	402,449
	512,775	464,743	434,676

### Investments in debt portfolios

Purchased debt portfolios are divided into the following main categories:

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Investments in debt portfolios</b>			
Unsecured portfolios	30,216	31,172	32,180
Secured portfolios	19	19	48
	30,235	31,191	32,228

For information on the assumptions made in the valuation of debt portfolios and the adopted schedule of cash receipts (undiscounted value), see Note 8.1.

### Changes in carrying amounts of investments in debt portfolios

In the reporting period, the Company did not invest any amounts in debt portfolios, while the amount of recoveries from indebted persons was PLN 8,364 thousand (same period of the year before: PLN 9,116 thousand). Below are presented changes in the net carrying amount of investments in debt portfolios:

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Carrying amount of investments in debt portfolios at beginning of period</b>	31,191	31,787	31,787
Cash recoveries	(8,364)	(36,336)	(9,116)
Gain/(loss) on sale/revaluation of property	75	(1,028)	(191)
Revenue from purchased debt portfolios	7,333	36,768	9,748
<b>Carrying amount of investments in debt portfolios at end of period</b>	30,235	31,191	32,228

For a description of income from investments in debt portfolios, see Note 8.1.



*Changes in expected credit losses*

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

*PLN thousand*

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Cumulative expected credit losses on purchased debt portfolios at beginning of period</b>	270,745	253,075	253,075
Revaluation of projected recoveries	1,646	11,712	3,910
Deviations from actual recoveries, decreases on early collections in collateralised cases	1,519	5,958	1,097
<b>Cumulative expected credit losses on purchased debt portfolios at end of period</b>	273,910	270,745	258,082

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

*Loans to related parties*

As at March 31st 2023, the gross carrying amount of loans advanced to related parties was PLN 487,818 thousand, and the loss allowance was PLN 5,278 thousand (December 31st 2022: PLN 462,003 thousand and PLN 28,451 thousand, respectively). For information on the Company's exposure to credit, currency and interest rate risks associated with its investments, see note 10.

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

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

#### Breakdown by type of activity

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revenue from credit management services	38,128	29,764
Revenue from other services	15,844	9,918
Revenue from purchased debt portfolios	7,333	9,748
Other income	1,035	401
Revenue from sale of merchandise and materials	11	-
	62,351	49,832

#### Revenue from purchased debt portfolios

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Interest income on debt portfolios measured at amortised cost	4,249	4,271
Gain/(loss) on expected credit losses	3,084	5,197
Other income/(expenses) from purchased debt portfolios	-	279
	7,333	9,748

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

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revaluation of projected recoveries	1,646	3,910
Deviations from actual recoveries, decreases on early collections in collateralised cases	1,438	1,287
	3,084	5,197

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;
- cash flows estimation period;
- expected future cash flows estimated using the current data and debt collection processes.

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 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
Discount rate	28.11% - 170.19%	28.11% - 170.19%	28.11% - 170.19%
Cash flows estimation period	Apr 2023–Dec 2037	Jan 2023–Dec 2037	Apr 2022–Dec 2036
Undiscounted value of future recoveries PLN thousand	94,094	90,800	89,228

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

PLN thousand	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Period</b>			
Up to 12 months	22,345	23,721	25,205
From 1 to 2 years	16,340	16,546	16,582
From 2 to 3 years	12,483	12,396	12,205
From 3 to 4 years	9,551	9,405	9,105
From 4 to 5 years	7,330	7,158	6,840
From 5 to 6 years	5,769	5,458	5,144
From 6 to 7 years	4,630	4,144	3,850
From 7 to 8 years	3,743	3,183	2,893
From 8 to 9 years	3,024	2,428	2,181
From 9 to 10 years	2,447	1,868	1,628
From 10 to 11 years	1,976	1,442	1,216
From 11 to 12 years	1,586	1,106	909
From 12 to 13 years	1,257	829	679
From 13 to 14 years	1,028	632	500
From 14 to 15 years	585	484	292
Over 15 years	-	-	-
	94,094	90,800	89,228

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
discount rate:			
< 25%	16	17	31
25% - 50%	12,355	12,950	12,148
> 50%	81,723	77,833	77,049
	94,094	90,800	89,228

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

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

### Other income/(expenses) from purchased debt portfolios

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Foreign exchange gains/(losses)	-	279
	-	279

### Revenue from other services

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Revenue from credit management services	38,128	29,764
Revenue from other services	15,844	9,918
Revenue from sale of merchandise and materials	11	-
	53,983	39,683

### Other income

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Re-billing income	571	55
Gain/(loss) on sale of property, plant and equipment	460	142
Other	4	47
Compensation for motor damage	-	157
	1,035	401

## 8.2. Employee benefits expense

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Salaries and wages	(37,394)	(31,170)
Equity-settled cost of stock option plan	(4,618)	(7,619)
Old-age and disability pension contributions (defined contribution plans)	(5,798)	(4,795)
Other social security contributions	(3,256)	(2,124)
Contribution to the State Fund for the Disabled	(329)	(275)
	<u>(51,395)</u>	<u>(45,983)</u>

## 8.3. Services

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Advisory services	(6,787)	(1,966)
Credit management services	(3,306)	(2,198)
IT services	(2,970)	(3,012)
Postal and courier services	(1,697)	(1,140)
Space rental and service charges	(650)	(546)
Communications services	(583)	(648)
Security	(246)	(124)
Banking services	(186)	(251)
Other auxiliary services	(180)	(131)
Recruitment services	(148)	(243)
Repair of vehicles	(93)	(123)
Printing services	(88)	(107)
Other rental	(54)	(4)
Repair and maintenance services	(31)	(238)
Transport services	(31)	(25)
Packing services	(27)	(23)
Marketing and management services	(17)	(23)
	<u>(17,094)</u>	<u>(10,801)</u>

## 8.4. Other expenses

<i>PLN thousand</i>	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
Raw materials and consumables used	(1,400)	(994)
Advertising	(631)	(334)
Staff training	(475)	(272)
VAT on rental payments (leases and rents)	(466)	(442)
Other	(319)	(200)
Business trips	(295)	(51)
Entertainment expenses	(244)	(94)
Court fees	(222)	(213)
Donations	(191)	(370)
Motor insurance	(191)	(292)
Refund of litigation costs	(140)	(265)
Non-competition	(107)	(94)
Property insurance	(96)	(74)
Taxes and charges*	(94)	(2,461)
Losses caused by motor damage	(27)	(54)
Membership fees	(5)	(3)
	<b>(4,903)</b>	<b>(6,214)</b>

\*Since January 1st 2023, the Company has presented gross undeducted VAT with the relevant service.

## 8.5. Finance income

<i>PLN thousand</i>	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
Interest income on loans advanced and receivables	13,379	8,408
Interest income on bank deposits	27	189
	<b>13,406</b>	<b>8,597</b>

## 8.6. Finance costs

<i>PLN thousand</i>	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
Interest and commission expense on financial liabilities measured at amortised cost	(46,036)	(22,612)
<i>including interest</i>	<i>(43,090)</i>	<i>(21,657)</i>
Interest income/expense on hedging instruments – IRS	377	(291)
Net foreign exchange gains	1,168	(797)
Interest income/expense on hedging instruments – CIRS	3,528	-
Hedging costs	12,814	-
	<b>(28,149)</b>	<b>(23,700)</b>



In the three months ended March 31st 2023, there was a significant year-on-year increase in interest expense, primarily due to higher debt, including borrowings, as well as markedly elevated 1M/3M WIBOR rates during the year.

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

PLN thousand	Note	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Realised exchange gains/(losses)		82	32
Remeasurement of debt portfolios due to exchange rate movements	8.1.	-	279
Unrealised exchange gains/(losses)		1,086	(829)
		<u>1,168</u>	<u>(518)</u>

### 8.7. Income tax

PLN thousand	Note	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
<b>Income tax (current portion recognised in profit or loss)</b>			
Income tax		(155)	(22)
<b>Income tax (deferred portion recognised in profit or loss)</b>			
Temporary differences/reversal of temporary differences	8.7.	(24,774)	(15,847)
<b>Income tax recognised in profit or loss</b>		<u>(24,929)</u>	<u>(15,869)</u>
<b>Income tax recognised in other comprehensive income</b>		-	-
		<u>(24,929)</u>	<u>(15,869)</u>

### Reconciliation of effective tax rate

PLN thousand	Jan 1–Mar 31 2023 unaudited	Jan 1–Mar 31 2022 unaudited
Profit/(loss) before tax	259,330	259,802
Income tax recognised in profit or loss	(24,929)	(15,869)
Tax calculated at the tax rate applicable in Poland (19%)	(49,273)	(49,362)
Differences resulting from ability to control the timing of reversal of temporary differences relating to the measurement of net assets of subsidiaries and the probability of their reversal in the foreseeable future, and other non-deductible expenses/non-taxable income	24,344	33,493
	<u>(24,929)</u>	<u>(15,869)</u>
Effective tax rate	9,61%	6,11%

**Deferred tax assets and liabilities**

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

	Assets		Provisions		Net carrying amount	
	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2023 unaudited	Dec 31 2022
Property, plant and equipment	7,775	8,725	(4,938)	(4,983)	2,837	3,742
Intangible assets	-	-	(5,555)	(5,051)	(5,555)	(5,051)
Trade and other receivables	-	-	(454)	(413)	(454)	(413)
Borrowings and other debt instruments, leases	19,109	16,633	-	-	19,109	16,633
Employee benefit obligations	2,552	2,416	-	-	2,552	2,416
Provisions and liabilities	-	-	21	(109)	21	(109)
Investments in debt portfolios	-	-	(6,921)	(7,058)	(6,921)	(7,058)
Equity-accounted investments in subsidiaries	-	-	(234,488)	(208,285)	(234,488)	(208,285)
Derivative hedging instruments	-	-	(3,294)	(3,294)	(3,294)	(3,294)
<b>Deferred tax assets/liability</b>	<b>29,436</b>	<b>27,774</b>	<b>(255,629)</b>	<b>(229,193)</b>	<b>(226,193)</b>	<b>(201,419)</b>
Deferred tax assets offset against liabilities	(29,436)	(27,774)	29,436	27,774	-	-
<b>Deferred tax assets/liabilities in the statement of financial position</b>	<b>-</b>	<b>-</b>	<b>(226,193)</b>	<b>(201,419)</b>	<b>(226,193)</b>	<b>(201,419)</b>

**Change in temporary differences in the period**

PLN thousand

	Net amount of deferred tax at Jan 1 2023	Change in temporary differences recognised in profit or loss for the period	Net amount of deferred tax at Mar 31 2023 unaudited	Net amount of deferred tax at Jan 1 2022	Change in temporary differences recognised in profit or loss for the period	Net amount of deferred tax at Dec 31 2022
Property, plant and equipment	3,742	(905)	2,837	81	3,661	3,742
Intangible assets	(5,051)	(504)	(5,555)	(1,712)	(3,339)	(5,051)
Trade and other receivables	(413)	(41)	(454)	(245)	(168)	(413)
Borrowings and other debt instruments, leases	16,633	2,476	19,109	7,775	8,858	16,633
Employee benefit obligations	2,416	136	2,552	2,282	134	2,416
Provisions and liabilities	(109)	130	21	40	(149)	(109)
Investments in debt portfolios	(7,058)	137	(6,921)	(6,974)	(84)	(7,058)
Equity-accounted investments in subsidiaries	(208,285)	(26,203)	(234,488)	(168,325)	(39,960)	(208,285)
	(198,125)	(24,774)	(222,899)	(167,077)	(31,048)	(198,125)

PLN thousand

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

The Company assesses the recoverability of the deferred tax asset based on its approved projection of profits for the following years.

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

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

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

The Company benefits from the exemption provided in IAS 12 and does not recognise a deferred tax liability in respect of retained earnings in its related entities where it is able to control the timing of the reversal of temporary differences 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 2023 was PLN 4,127,135 thousand (as at December 31st 2022: PLN 3,676,475 thousand).

## 8.8. Borrowings, other debt securities and leases

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Non-current liabilities</b>			
Secured borrowings	138,129	229,516	100,443
Liabilities under debt securities (unsecured)	1,453,934	1,308,234	1,230,791
Lease liabilities	25,313	26,579	20,359
	<u>1,617,376</u>	<u>1,564,329</u>	<u>1,351,593</u>
<b>Current liabilities</b>			
Secured borrowings	210,592	208,432	8,231
Liabilities under debt securities (unsecured)	101,556	73,781	329,348
Lease liabilities	15,607	19,344	10,093
	<u>327,755</u>	<u>301,557</u>	<u>347,672</u>
	<u>1,945,131</u>	<u>1,865,886</u>	<u>1,699,266</u>

### Liabilities repayment schedule

	Currency	Nominal interest rate	Maturity periods <sup>1</sup>	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
PLN thousand						
Borrowings secured over the Company's assets	PLN/EUR	1M WIBOR + margin of 1.0-2.5pp 3M WIBOR + margin of 2.7pp 1M EURIBOR + margin of 2.2-2.4pp 3M EURIBOR + margin of 0.5-2pp	2023-2028	348,721	437,948	108,674
Liabilities under debt securities (unsecured)	PLN	3M WIBOR + margin of 3.2-4.5pp; 4.00% - 4.80% <sup>2</sup>	2023-2029	1,555,490	1,382,015	1,560,139
Lease liabilities	PLN/EUR	3M WIBOR or 1M EURIBOR + margin of 0.8-9.7pp; 3.3%-6.8%	2023-2026	40,920	45,923	30,453
				<u>1,945,131</u>	<u>1,865,886</u>	<u>1,699,266</u>

<sup>1</sup> Maturity of the last liability.

<sup>2</sup> Fixed interest rate.

## 8.9. Hedging instruments

### Interest rate risk hedges

Open outstanding IRS contracts held by the Company as at March 31st 2023, with a total volume of PLN 255,000 thousand:

Bank	Type of transaction	Notional amount	Side of transaction – Buy / Sale of fixed rate	Fixed rate	Variable rate	Term
Santander Bank Polska S.A.	IRS	PLN 30,000,000.00	buy	1.65%	3M WIBOR	Sep 5 2019 to Nov 27 2023
Santander Bank Polska S.A.	IRS	PLN 25,000,000.00	buy	1.65%	3M WIBOR	Sep 5 2019 to Feb 6 2024
ING Bank Śląski S.A.*	IRS	PLN 35,000,000.00	buy	1.6050%	3M WIBOR	Sep 4 2019 to Oct 12 2023
ING Bank Śląski S.A.*	IRS	PLN 115,000,000.00	buy	1.5775%	3M WIBOR	Sep 4 2019 to Sep 27 2024
ING Bank Śląski S.A.*	IRS	PLN 50,000,000.00	buy	1.5775%	3M WIBOR	Sep 4 2019 to Sep 28 2024
<b>TOTAL as at Mar 31 2023</b>	<b>IRS</b>	<b>PLN 255,000,000.00</b>				

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



As at March 31st 2023, the Company held the following open outstanding CIRS contracts with a total nominal amount of PLN 1,135,000 thousand:

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

DNB Bank ASA	CCIRS	PLN 75,000,000	buy	2.49%	3M WIBOR	Jan 10 2023	Mar 26 2025
DNB Bank ASA	CCIRS	PLN 120,000,000	buy	2.02%	3M WIBOR	Jan 27 2023	Jan 26 2028
<b>TOTAL as at Mar 31 2023</b>	CCIRS	<b>PLN 1,135,000,0 00</b>					

### Currency risk hedges

In 2022, 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 mitigate the effect of exchange differences on cash flows from subsidiaries. The transactions were entered into by KRUK S.A. and settled on a net basis, with no physical delivery. For details of the executed and settled transactions, see the separate full-year financial statements.

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

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

PLN thousand

	Mar 31 2023 unaudited				Dec 31 2022				Item in the statement of financial position	Hedge type
	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness		
<b>Instrument type:</b>										
<b>IRS</b>	14,817	-	255,000 (PLN)	(3,989)	18,806	-	255,000 (PLN)	5,003	Hedging instruments	Hedge of future cash flows
<b>CIRS</b>	27,144	-	1,135,000 (PLN)	25,439	11,529	9,824	940,000 (PLN)	1,705	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign operation
	<b>41,961</b>	<b>-</b>		<b>21,450</b>	<b>30,335</b>	<b>9,824</b>		<b>6,708</b>		

PLN thousand

**Disclosure of the hedged item as at Mar 31 2023**  
**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)	255,000 (PLN)	(3,989)	14,817	-
Hedging of a net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,135,000 (PLN)	25,439	18,863	-

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

PLN thousand

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

PLN thousand

Hedge reserve	Jan 1–Mar 31 2023 unaudited			Total hedge reserve
	Hedge of future cash flows (interest rate risk)	Hedge of future cash flows (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	
<b>Hedge reserve as at Jan 1 2023</b>	18,806	4,082	(6,017)	16,871
<b>Measurement of instruments charged to capital reserves</b>	(3,612)	-	(5,555)	(9,167)
<b>Cost of hedging</b>	-	-	46,777	46,777
<b>Amount reclassified to profit or loss during the period</b>	(377)	-	(16,342)	(16,719)
- Interest expense/income	(377)	-	(3,528)	(3,905)
- Cost of hedging	-	-	(12,814)	(12,814)
<b>Hedge reserve as at Mar 31 2023</b>	14,817	4,082	18,863	37,762

PLN thousand

Hedge reserve	Jan 1–Dec 31 2022			Total hedge reserve
	Hedge of future cash flows (interest rate risk)	Hedge of future cash flows (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	
<b>Hedge reserve as at Jan 1 2022</b>	13,803	4,082	-	17,885
<b>Measurement of instruments charged to capital reserves</b>	14,897	-	(19,995)	(5,098)
<b>Cost of hedging</b>	-	-	37,109	37,109
<b>Temporary differences/reversal of temporary differences</b>	-	-	(3,294)	(3,294)
<b>Amount reclassified to profit or loss during the period</b>	(9,894)	-	(19,837)	(29,731)
- Interest expense/income	(9,894)	-	(67)	(9,961)
- Cost of hedging	-	-	(19,770)	(19,770)
<b>Hedge reserve as at Dec 31 2022</b>	18,806	4,082	(6,017)	16,871

## 8.10. Equity-accounted investments in subsidiaries

PLN thousand	Country	Carrying amount		
		Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
InvestCapital Ltd <sup>1</sup>	Malta	2,902,132	2,717,866	2,355,885
Prokura NS FIZ <sup>1</sup>	Poland	1,274,303	1,212,018	1,078,607
SeCapital S.à r.l. <sup>1</sup>	Luxembourg	477,625	449,912	370,989
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	87,655	85,543	78,140
Presco Investments S.a.r.l. <sup>3</sup>	Luxembourg	72,395	66,441	70,389
KRUK Espana S.L.	Spain	53,221	51,256	38,526
KRUK Romania S.r.l.	Romania	42,649	38,751	32,388
KRUK Italia S.r.l. <sup>4</sup>	Italy	41,707	35,513	27,938
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	35,148	34,432	33,012
Kancelaria Prawna RAVEN P.Krupa Sp. k.	Poland	9,277	7,557	9,502
BISON NS FIZ (CLOSED-END INVESTMENT FUND)	Poland	7,799	8,529	9,338
Kruk Deutschland GmbH	Germany	7,253	6,520	7,473
RoCapital IFN S.A. <sup>1</sup>	Romania	6,851	7,013	8,242
AgeCredit S.r.l.	Italy	5,333	5,552	5,505
ProsperoCapital S.a.r.l. (in liquidation) <sup>2</sup>	Luxembourg	867	632	632
KRUK TECH s.r.l. <sup>1</sup>	Romania	46	(86)	-
ERIF Biuro Informacji Gospodarczej S.A. <sup>5</sup>	Poland	-	8,313	9,536
ERIF Business Solutions Sp. z o.o. <sup>5</sup>	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	-	-	-
		5,024,261	4,735,762	4,136,102

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

<sup>2</sup> The Company liquidated on March 31st 2023.

<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> On January 24th 2023, the subsidiaries were sold.

PLN thousand	Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Carrying amount of investments in subsidiaries at beginning of period</b>	<b>4,735,762</b>	3,814,418	3,814,418
Share of profit/(loss) of equity-accounted investees	291,708	1,002,707	292,582
Translation reserve	(2,564)	24,740	21,133
Share of other comprehensive income of equity- accounted investees	(5,773)	19,911	-
Increase/(decrease) (dividends, in-kind contributions, redemptions, impairment losses)	5,128	(126,014)	7,970
<b>Carrying amount of investments in subsidiaries at end of period</b>	<b>5,024,261</b>	4,735,762	4,136,102

The share in profit/(loss) of equity-accounted investees for the period from January 1st to March 31st 2023 was PLN 291,708 thousand, reflecting mainly revenue from recoveries and revaluation of recovery projections for debt portfolios owned by the investees, net of costs (from January 1st to March 31st 2022: PLN 292,582 thousand).

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

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

<sup>2</sup> The Company liquidated on March 31st 2023.

<sup>3</sup> KRUK S.A. controls the company through a personal link.

<sup>4</sup> On January 24th 2023, the subsidiaries were sold.

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

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

### 8.11. Trade and other receivables

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Trade receivables from related entities	28,782	27,523
Trade receivables from other entities	3,431	3,339
	<u>32,213</u>	<u>30,862</u>

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Other receivables from related entities	6,355	11,510
Other receivables from other entities	5,141	4,139
Employee loans	63	66
	<u>11,559</u>	<u>15,715</u>

### 8.12. Trade and other payables

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Trade and other payables to related entities	15,150	9,446
Deferred income	5,295	5,296
Trade payables to other entities	6,770	8,584
Other liabilities	6,227	6,344
Accrued expenses	531	864
Taxes, customs duties, insurance and other benefits payable	115	111
	<u>34,088</u>	<u>30,645</u>

### 8.13. Provisions

PLN thousand

	Mar 31 2023 unaudited	Dec 31 2022
Provision for the loyalty scheme	11,639	11,746
Provision for retirement gratuities	907	907
	<u>12,546</u>	<u>12,653</u>



PLN thousand

	Provision for retirement gratuities	Provision for the loyalty scheme
Carrying amount as at Jan 1 2022	907	11,750
Increase	-	1,865
Use	-	(1,869)
Carrying amount as at Dec 31 2022	907	11,746
Carrying amount as at Jan 1 2023	907	11,746
Increase	-	57
Use	-	(164)
Carrying amount as at Mar 31 2023	907	11,639

## 8.14. Earnings per share

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

PLN thousand

	Jan 1–Mar 31 2023 unaudited	Jan 1–Dec 31 2022	Jan 1–Mar 31 2022 unaudited
Net profit for period	234,401	804,982	243,933
Net profit attributable to owners of the Company	234,401	804,982	243,933

### Basic earnings per share

thousands of shares

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

**Diluted separate earnings per share***thousands of shares*

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

**Dividend per share paid***PLN thousand*

	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Dec 31 2022</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
Dividend paid from profit and retained earnings	-	248,661	-
<i>PLN</i>			
Dividend per share	-	13.00	-

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

PLN thousand

		Mar 31 2023 unaudited	Dec 31 2022	Mar 31 2022 unaudited
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		36,459	39,774	40,096
Intangible assets		29,290	30,791	8,623
Hedging instruments	8.9.	38,535	27,006	20,365
Equity-accounted investments in subsidiaries	8.10.	5,024,261	4,735,762	4,136,102
Investments	7.	474,229	418,008	365,944
<b>Total non-current assets</b>		<b>5,602,774</b>	<b>5,251,341</b>	<b>4,571,130</b>
<b>Current assets</b>				
Inventories		14,721	15,174	19,509
Investments	7.	38,546	46,735	68,733
Trade receivables from related entities	8.11.	28,782	27,523	24,882
Trade receivables from other entities	8.11.	3,431	3,339	2,973
Other receivables	8.11.	11,559	15,715	8,046
Income tax receivable		15,685	9,292	-
Hedging instruments	8.9.	3,426	3,329	1,454
Cash and cash equivalents		23,571	22,008	141,513
Other assets		8,926	8,962	6,354
<b>Total current assets</b>		<b>148,647</b>	<b>152,077</b>	<b>273,463</b>
<b>Total assets</b>		<b>5,751,421</b>	<b>5,403,418</b>	<b>4,844,593</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		19,319	19,319	19,013
Share premium		358,506	358,506	333,264
Hedge reserve		37,762	16,871	25,901
Translation reserve		97,884	100,448	96,841
Share of other comprehensive income of equity-accounted investees	8.10.	14,138	19,911	-
Other capital reserves		154,514	149,896	129,821
Retained earnings		2,823,467	2,589,066	2,276,678
<b>Total equity</b>		<b>3,505,590</b>	<b>3,254,017</b>	<b>2,881,518</b>
<b>Non-current liabilities</b>				
Deferred tax liability	8.7.	226,193	201,419	182,924
Provisions	8.13.	12,495	12,602	13,414
Borrowings, other debt securities and leases	8.8.	1,617,376	1,564,329	1,351,593
Hedging instruments		-	9,824	-
<b>Total non-current liabilities</b>		<b>1,856,064</b>	<b>1,788,174</b>	<b>1,547,932</b>
<b>Current liabilities</b>				
Provisions	8.13.	51	51	51
Borrowings, other debt securities and leases	8.8.	327,755	301,557	347,672
Trade and other payables	8.12.	34,088	30,645	33,046
Income tax payable		-	-	10,948
Employee benefit obligations		27,873	28,974	23,426
<b>Total current liabilities</b>		<b>389,767</b>	<b>361,227</b>	<b>415,143</b>
<b>Total liabilities</b>		<b>2,245,831</b>	<b>2,149,401</b>	<b>1,963,075</b>
<b>Total equity and liabilities</b>		<b>5,751,421</b>	<b>5,403,418</b>	<b>4,844,593</b>

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

## 10. 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 condensed 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. For a full description of the risk management, see the Company's most recent full-year separate financial statements.

### *Key risk management policies*

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.

## 10.1. 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.

### Credit risk exposure

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

<i>PLN thousand</i>	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>
Investments in debt portfolios	30,235	31,191
Loans to related parties	482,540	433,552
Trade and other receivables, net of tax receivable	42,778	45,996
Cash and cash equivalents	23,571	22,008
Hedging instruments	41,961	30,335
	<b>621,085</b>	<b>563,082</b>

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

<i>PLN thousand</i>	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>
Poland	463,441	442,758
Romania	65,747	66,145
Czech Republic and Slovakia	91,897	54,179
	<b>621,085</b>	<b>563,082</b>

### Credit risk exposure – Investments in debt portfolios

<i>PLN thousand</i>	<b>Mar 31 2023 unaudited</b>	<b>Dec 31 2022</b>
<b>Portfolio type</b>		
Unsecured retail portfolios	29,910	30,748
Secured retail portfolios	-	-
Unsecured corporate portfolios	306	424
Secured corporate portfolios	19	19
	<b>30,235</b>	<b>31,191</b>

## 10.2. Liquidity risk

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

Liquidity risk management aims to ensure that the Company has sufficient liquidity to pay its liabilities as they fall due, without exposing the Company to a risk of loss or impairment of its reputation. The main objective of liquidity management is to protect the Company against the loss of ability to pay its liabilities.

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

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

In accordance with the liquidity management policy effective as at the date of issue of these financial statements, the following conditions must be met by the Company before new debt can be incurred:

- the debt can be repaid from the Company's own assets;
- incurring the debt will not result in exceeding the financial covenants stipulated in facility agreements and terms and conditions of bonds.

### Exposure to liquidity risk

As at Mar 31 2023 unaudited

PLN thousand

	Present value	Undiscounted contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Cash and cash equivalents	23,571	23,571	23,571	-	-	-	-
Trade and other receivables, net of tax receivable	42,778	42,778	42,778	-	-	-	-
Investments in debt portfolios*	30,235	94,094	12,296	10,050	16,340	29,363	26,045
Secured borrowings	(348,721)	(416,647)	(11,284)	(31,558)	(82,332)	(291,473)	-
Liabilities under debt securities (unsecured)	(1,555,490)	(2,161,428)	(76,128)	(155,898)	(281,713)	(1,513,973)	(133,716)
Lease liabilities	(40,920)	(41,156)	(10,164)	(10,312)	(15,318)	(5,362)	-
Trade and other payables	(28,147)	(28,147)	(28,147)	-	-	-	-
	(1,876,694)	(2,486,935)	(47,078)	(187,718)	(363,023)	(1,781,445)	(107,671)
<b>Off-balance-sheet contingent liabilities</b>							
Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries**	(3,827,066)	(3,827,066)	(3,584,686)	-	-	(234,900)	(7,481)
	(5,703,761)	(6,314,002)	(3,631,764)	(187,718)	(363,023)	(2,016,345)	(115,152)

As at Dec 31 2022, PLN  
thousand

	Present value	Undiscounted contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Cash and cash equivalents	22,008	22,008	22,008	-	-	-	-
Trade and other receivables, net of tax receivable	45,996	45,996	45,996	-	-	-	-
Investments in debt portfolios*	31,191	90,800	12,879	10,844	16,546	28,958	21,573
Secured borrowings	(437,948)	(519,134)	(86,249)	(13,155)	(111,797)	(303,786)	(4,147)
Liabilities under debt securities (unsecured)	(1,382,015)	(1,928,811)	(67,451)	(132,349)	(175,021)	(1,195,002)	(358,988)
Lease liabilities	(45,923)	(44,348)	(10,298)	(10,006)	(16,280)	(7,764)	-
Trade and other payables	(24,374)	(24,374)	(24,374)	-	-	-	-
	(1,791,065)	(2,357,863)	(107,489)	(144,666)	(286,552)	(1,477,594)	(341,562)
<b>Off-balance-sheet contingent liabilities</b>							
Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries**	(3,714,058)	(3,714,058)	(459,758)	-	(2,764,696)	(62,400)	(427,204)
	(5,505,123)	(6,071,921)	(567,247)	(144,666)	(3,051,248)	(1,539,994)	(768,766)

\* Estimated cash flows.

\*\* Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries have been disclosed in nominal amounts. The surety amounts are equal to 150% of the respective debt amounts. The contingent liabilities will become actual liabilities at the time of failure to meet the respective covenants, default in payment of the debt. As at March 31st 2023 and December 31st 2022, KRUK S.A. saw nothing to indicate that its contingent liabilities under guarantees/sureties could become actual liabilities.

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

The liquidity concentration risk is defined by the Company as the risk arising from cash flows under individual financial instruments.

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

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

As at March 31st 2023, the undrawn revolving credit facility limit available to the Company was PLN 178,470 thousand (December 31st 2022: PLN 78,588 thousand). The limit is available until January 30th 2028.

### 10.3. Market risk

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

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

thousands	Exposure to currency risk					
	Mar 31 2023 unaudited			Dec 31 2022		
	EUR	RON	CZK	EUR	RON	CZK
Cash	377	311	63	221	407	2,018
Investments in debt portfolios	148	23,761	1,012	131	24,046	1,060
Borrowings, other debt securities and leases	(217,002)	-	-	(166,979)	-	-
Exposure to currency risk	(216,477)	24,072	1,075	(166,627)	24,453	3,078

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

thousands	Mar 31 2023 unaudited			Dec 31 2022		
	EUR	RON	CZK	EUR	RON	CZK
	EUR	RON	CZK	EUR	RON	CZK
Cash	38	31	6	22	41	202
Investments in debt portfolios	15	2,376	101	13	2,405	106
Borrowings, other debt securities and leases	(21,700)	-	-	(16,698)	-	-
Exposure to currency risk	(21,647)	2,407	107	(16,663)	2,446	308



**Analysis of sensitivity of currency risk exposure to 10% decrease in exchange rates***thousands*

	<b>Mar 31 2023 unaudited</b>			<b>Dec 31 2022</b>		
	<b>EUR</b>	<b>RON</b>	<b>CZK</b>	<b>EUR</b>	<b>RON</b>	<b>CZK</b>
Cash	(38)	(31)	(6)	(22)	(41)	(202)
Investments in debt portfolios	(15)	(2,376)	(101)	(13)	(2,405)	(106)
Borrowings, other debt securities and leases	21,700	-	-	16,698	-	-
Exposure to currency risk	21,647	(2,407)	(107)	16,663	(2,446)	(308)

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

As at March 31st 2023, assets denominated in foreign currencies accounted for 0.4% of total assets, while liabilities denominated in foreign currencies represented 3.8% of total equity and liabilities (December 31st 2022: 0.5% and 3.1%, respectively).

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

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

*\*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.*

**Exposure to interest rate risk**

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

PLN thousand	Carrying amount	
	Mar 31 2023 unaudited	Dec 31 2022
<b>Fixed-rate financial instruments<sup>1</sup></b>		
Financial assets	96,584	99,195
Financial liabilities	(206,894)	(202,487)
<b>Fixed-rate financial instruments before hedge effect</b>	<b>(110,310)</b>	<b>(103,292)</b>
Hedge effect (nominal amount)	(1,390,000)	(1,195,000)
<b>Fixed-rate financial instruments after hedge effect</b>	<b>(1,500,310)</b>	<b>(1,298,292)</b>
<b>Variable-rate financial instruments<sup>2</sup></b>		
Financial assets	524,501	463,887
Financial liabilities	(1,766,384)	(1,697,597)
<b>Variable-rate financial instruments before hedge effect</b>	<b>(1,241,883)</b>	<b>(1,233,710)</b>
Hedge effect (nominal amount)	1,390,000	1,195,000
<b>Variable-rate financial instruments after hedge effect</b>	<b>148,117</b>	<b>(38,710)</b>

<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.

## 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 thousand	Mar 31 2023 unaudited		Dec 31 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets and liabilities measured at fair value</b>				
Hedging instruments (IRS)	14,817	14,817	18,806	18,806
Hedging instruments (CIRS)	27,144	27,144	11,529	11,529
Hedging instruments (CIRS)	-	-	(9,824)	(9,824)
	41,961	41,961	20,511	20,511
<b>Financial assets and liabilities not measured at fair value</b>				
Investments in debt portfolios	30,235	28,493	31,191	29,008
Loans to related parties	482,540	482,540	433,552	433,552
Trade and other receivables, net of tax receivable	42,778	42,778	45,996	45,996
Trade and other payables	(28,147)	(28,147)	(24,374)	(24,374)
Secured borrowings	(348,721)	(348,721)	(437,948)	(437,948)
Liabilities under debt securities (unsecured)	(1,555,490)	(1,538,762)	(1,382,015)	(1,366,416)
	(1,376,805)	(1,361,819)	(1,333,598)	(1,320,182)

### Interest rates used for fair value estimation

	Mar 31 2023 unaudited	Dec 31 2022
Investments in debt portfolios	0.47%-55.14%	0.81%-55.14%
Secured borrowings	3.54%-9.59%	4.08%-9.72%
Loans to related parties	4.16%-13.41%	3.19%-13.71%

### 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 2023–2022, no transfers were made between the levels.

PLN thousand

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

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

PLN thousand

	<b>Level 2</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
<b>As at Mar 31 2023</b>		
Hedging instruments (IRS)	14,817	14,817
Hedging instruments (CIRS)	27,144	27,144
Trade and other receivables, net of tax receivable	42,778	42,778
Secured borrowings	(348,721)	(348,721)
Trade and other payables	(28,147)	(28,147)
<b>As at Dec 31 2022</b>		
Hedging instruments (IRS)	18,806	18,806
Hedging instruments (CIRS)	11,529	11,529
Hedging instruments (CIRS)	(9,824)	(9,824)
Trade and other receivables, net of tax receivable	45,996	45,996
Secured borrowings	(437,948)	(437,948)
Trade and other payables	(24,374)	(24,374)

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

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

The Company uses Level 2 inputs to determine the fair value of trade and other receivables, excluding receivables on account of taxes, bank borrowings, lease liabilities, and trade and other payables.

PLN thousand

	<b>Level 3</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
<b>As at Mar 31 2023</b>		
Investments in debt portfolios	30,235	28,493
Loans to related parties	482,540	482,540
<b>As at Dec 31 2022</b>		
Investments in debt portfolios	31,191	29,008
Loans to related parties	433,552	433,552

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

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

## 11. Related-party transactions

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

Remuneration of members of the Company's key management personnel:

<i>PLN thousand</i>	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
Base pay/ managerial contract (gross)	1,750	1,565
Additional benefits	38	20
Share-based payments	4,618	7,619
	<b>6,406</b>	<b>9,204</b>

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

Remuneration of members of the Supervisory Board was as follows:

<i>PLN thousand</i>	<b>Jan 1–Mar 31 2023 unaudited</b>	<b>Jan 1–Mar 31 2022 unaudited</b>
Base pay/ managerial contract (gross)	300	233
Additional benefits	4	1
	<b>304</b>	<b>234</b>

### Other transactions with the Company's directors

As at March 31st 2023, members of the Management Board and persons closely related to them jointly held 10.4% of the total voting rights at the Company's General Meeting (December 31st 2022: 10.55%).

### Other related-party transactions

Transactions with subsidiaries as at March 31st 2023 and December 31st 2022 and for the periods ended March 31st 2023 and March 31st 2022.

#### Balance of receivables, liabilities and loans from and to subsidiaries as at March 31st 2023 and December 31st 2022

PLN thousand	Mar 31 2023 unaudited							Dec 31 2022						
	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced	Allowance for expected credit losses	Loans received	Interest accrued on loans received	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced	Allowance for expected credit losses	Loans received	Interest accrued on loans received
SeCapital S.à. r.l.	4,192	58	-	-	-	-	-	3,759	66	-	-	-	-	-
ERIF Business Solutions Sp. z o.o.*	-	-	-	-	-	-	-	-	20	-	-	-	-	-
Novum Finance Sp. z o.o.	269	471	44,342	(13)	(3,160)	-	-	228	442	45,342	-	(3,160)	-	-
Kancelaria Prawna RAVEN P.Krupa Sp. k.	473	1,304	500	-	-	-	-	272	2,965	-	-	-	-	-
KRUK Romania S.r.l.	506	4,166	36,638	553	-	-	-	402	3,309	36,753	524	-	-	-
ERIF BIG S.A.*	-	-	-	-	-	-	-	-	140	-	-	-	6,600	-
NSFIZ PROKURA	4,101	8,373	-	-	-	-	-	1,848	11,221	-	-	-	-	-
KRUK Česká a Slovenská republika s.r.o.	19	2,014	89,730	1,007	-	-	-	20	1,847	52,237	751	-	-	-
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	11,427	-	-	-	-	-	-	7,721	-	-	-	-	-
InvestCapital Ltd.	-	460	-	-	-	-	-	726	-	-	-	-	-	-
KRUK Deutschland GmbH	-	9	-	-	-	-	-	-	19	-	-	-	-	-
Rocapital IFN S.A.	-	-	4,723	111	-	-	-	-	6	4,738	118	-	-	-
KRUK Italia S.r.l.	-	434	-	-	-	14,027	33	-	770	-	-	-	-	-
ItaCapital S.r.l.	-	1	-	-	-	-	-	-	8	-	-	-	-	-
KRUK Espana S.L.	-	1,043	-	-	-	7,013	-	-	1,255	-	-	-	-	-
Presco Investments S.a.r.l.	5,541	1,934	-	-	-	-	-	2,146	6,934	-	-	-	-	-
P.R.E.S.C.O INVESTMENT I NS FIZ	47	186	-	-	-	-	-	43	326	-	-	-	-	-
ProsperoCapital S.a.r.l. (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corbul Capital S.r.l.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elleffe Capital S.r.l.	-	-	-	-	-	-	-	-	7	-	-	-	-	-
NSFIZ BISON	-	3,203	-	-	-	-	-	-	1,809	-	-	-	-	-
AgeCredit S.r.l.	-	9	-	-	-	-	-	-	45	-	-	-	-	-
Wonga.pl Sp. z o.o.	-	9	309,427	-	(1,730)	-	-	-	92	320,640	-	(24,903)	-	-
GANTOI, FURCULITA SI ASOCIATII S.P.A.R.L.	2	-	-	-	-	-	-	2	-	-	-	-	-	-
Kruk Investimenti s.r.l.	-	18	-	-	-	-	-	-	8	-	-	-	-	-
Zielony Areał Sp. z o.o.	-	3	800	-	(388)	-	-	-	8	900	-	(388)	-	-
KRUK TECH s.r.l.	-	15	-	-	-	-	-	-	15	-	-	-	-	-
	15,150	35,137	486,160	1,658	(5,278)	21,040	33	9,446	39,033	460,610	1,393	(28,451)	6,600	-

## Income from intra-group transactions in the periods ended March 31st 2023 and March 31st 2022

	Jan 1–Mar 31 2023 unaudited			Jan 1–Mar 31 2022 unaudited		
PLN thousand	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	2	13	-	1	15	-
ERIF Business Solutions Sp. z o.o. *	9	-	-	45	-	-
Novum Finance Sp. z o.o.	542	402	1,327	520	354	663
Kancelaria Prawna RAVEN P.Krupa Sp. k.	3,462	-	13	2,257	-	-
KRUK Romania S.r.l.	1,006	-	554	580	-	325
ERIF BIG S.A.*	67	-	-	221	-	-
NSFIZ PROKURA	1,499	-	-	2,138	-	-
KRUK Česká a Slovenská republika s.r.o.	549	-	1,060	292	-	438
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	68	33,058	-	65	26,381	-
InvestCapital Ltd.	6,482	-	-	3,167	-	-
KRUK Deutschland GmbH	-	-	-	2	-	-
Rocapital IFN S.A.	-	-	111	-	-	58
KRUK Italia S.r.l.	820	-	-	553	-	-
ItaCapital S.r.l.	-	-	-	-	-	-
KRUK Espana S.L.	978	-	-	690	-	-
Presco Investments S.a.r.l.	2	256	-	1	352	-
P.R.E.S.C.O INVESTMENT I NS FIZ	-	-	-	-	-	-
ProsperoCapital S.a.r.l. (in liquidation)	-	-	-	1	-	-
Corbul Capital S.r.l.	-	-	-	-	-	-
Elleffe Capital S.r.l.	-	-	-	-	-	-
NSFIZ BISON	-	-	-	-	-	-
AgeCredit S.r.l.	18	-	-	-	-	-
Wonga.pl Sp. z o.o.	-	13	10,287	-	-	6,920
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	-	-	-	-	-	-
Kruk Investimenti s.r.l.	-	-	-	-	-	-
Zielony Areał Sp. z o.o.	7	-	27	4	-	4
KRUK TECH s.r.l.	-	-	-	-	-	-
	15,511	33,742	13,379	10,538	27,101	8,408



**Expenses on intra-group transactions in the periods ended March 31st 2023 and March 31st 2022**

PLN thousand	Jan 1–Mar 31 2023 unaudited		Jan 1–Mar 31 2022 unaudited	
	Purchase of services	Interest	Purchase of services	Interest
Kancelaria Prawna RAVEN P.Krupa Sp. k.	916	-	322	-
KRUK Romania S.r.l.	1,460	-	1,406	-
ERIF BIG S.A.*	20	39	59	85
SeCapital S.à. r.l	-	-	-	4
KRUK Česká a Slovenská republika s.r.o.	70	-	99	-
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	6	-	6	-
KRUK Italia S.r.l.	-	33	-	-
KRUK Espana S.L.	-	33	24	-
	2,472	105	1,917	89

\* On January 24th 2023, the subsidiaries were sold.

## 12. Seasonality or cyclicity of business

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

## 13. 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 2023, KRUK S.A. generated a profit of PLN 291,708 thousand through its interests in subsidiaries (three months ended March 31st 2022: PLN 292,582 thousand).

As at March 31st 2023, recoveries from portfolios purchased by KRUK S.A. were PLN 8,364 thousand, a decrease of 8% year on year and an increase of 12% quarter on quarter.

As at March 31st 2023, the Company's investments in debt portfolios accounted for 0.5% of its assets. Equity accounted for 61% of the Company's financing sources. As at December 31st 2022, the respective percentages were 0.6% and 60.2%.

### Impact of inflation on KRUK S.A.'s business

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

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

### Effect of Russia's aggression on Ukraine on KRUK S.A.'s business

Russia's aggression against Ukraine started on February 24th 2022. KRUK S.A. does not possess any assets in Ukraine or Russia, nor does it engage in any business activities in these countries. Therefore, the Company anticipates that any impact of the conflict on its operations will be indirect and minimal.

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.

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

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

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

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

On December 2nd 2021, the Management Board of KRUK S.A. passed a resolution to adopt the KRUK S.A.'s Dividend Policy. According to the Policy, the overriding objective of KRUK S.A. is to ensure sustainable growth of the Company and increase its value through profit growth and dividend payment while maintaining appropriate liquidity and observing the principles of sustainable development (ESG). The Management Board's intention is for KRUK S.A. to concurrently drive its value growth and make regular profit distributions to shareholders. The objective behind adopting the Dividend Policy is to carry into effect the Management Board's intention and take account of KRUK S.A.'s status as a growth company paying out dividend based on clear and constant criteria for distribution of generated profits. The Company's Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group's consolidated net profit for a previous financial year, attributable to shareholders of the parent.

The Dividend Policy is available on the Company's website at: <https://pl.kruk.eu/relacje-inwestorskie/polityka-dywidendowa>.

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

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 2023 is presented below:

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

Blank promissory note	mBank S.A.	PLN 7,500 thousand	Until the transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to pay its liabilities under financial market transactions executed under the master agreement of February 7th 2019
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of September 21st 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 31,248 thousand	No later than September 20th 2029	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of December 14th 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 64,350 thousand	No later than December 13th 2029	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of February 1st 2022 between PROKURA NS FIZ, KRUK S.A. and Pekao S.A.	Pekao S.A.	PLN 120,000 thousand	No later than January 31st 2031	Prokura NS FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of August 22nd 2022 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 71,280 thousand	No later than August 21st 2030	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for InvestCapital Ltd's obligations to BANKINTER S.A. of Madrid, under the direct debit collection management contract between BANKINTER S.A. and InvestCapital Ltd. dated July 7th 2022.	BANKINTER S.A.	EUR 1,600 thousand	Until all obligations under the direct debit collection management contract of July 7th 2022 are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of July 7th 2022.
<b>Guarantees obtained</b>				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	DEVCo Sp. z o.o.	EUR 300 thousand and PLN 215 thousand	No later than December 30th 2023	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee

### Credit sureties or guarantees, security pledges

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

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

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

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

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

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

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

- on February 27th 2023, the surety for up to PLN 300,000 thousand provided by KRUK S.A. to secure repayment of the borrower's (Prokura NS FIZ's) liabilities expired;
- on February 27th 2023, the following pledge agreements were terminated by mutual agreement between the parties:
  - the agreement of January 4th 2019 between PROKURA NS FIZ and ING Bank Śląski S.A. creating a registered and financial pledge over receivables under a bank account agreement;
  - the agreement of December 20th 2018 between KRUK S.A. and ING Bank Śląski S.A. creating a financial pledge over receivables under a bank account agreement.

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

On April 25th 2023 the Management Board of KRUK S.A. passed a resolution on the first issue of senior unsecured bonds in EUR under Swedish law (the "Bonds") under the bond issue framework in EUR launched on March 13th 2023.

The interest rate of the Bonds shall be a floating rate of 3 months EURIBOR plus a margin 6,5 percentage points per annum and at maturity, falling 60 months after the issue date.

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

After the end of the first quarter of 2023, there were no other events with a potential material bearing on the Company's future performance.

**Piotr Krupa**

*President of the Management Board*

**Piotr Kowalewski**

*Member of the Management Board*

**Urszula Okarma**

*Member of the Management Board*

**Adam Łodygowski**

*Member of the Management Board*

**Michał Zasępa**

*Member of the Management Board*

**Sylwia Bomba**

*Person keeping  
the accounting records*

**Hanna Stempień**

*Prepared by*

*Wrocław, April 26th 2023*