



# Quarterly report

part III

Additional information  
from the Management Board  
on the KRUK Group's operations

Unaudited data  
for the period from 1 January to 31 December 2024

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## KEY ACHIEVEMENTS IN 2024



Investments in debt portfolios

**PLN 2,828 million**

**-5%**



Recoveries

**PLN 3,536 million**

**+15%**



Cash EBITDA

**PLN 2,374 million**

**+13%**



Net profit

**PLN 1,074 million**

**+9%**



ROE

**24%**

**(26%)**



Net profit margin

**37%**

**(38%)**



Net debt/  
cash EBITDA

**2.7**

**(2.4)**



Net debt/  
equity

**1.4**

**(1.4)**

	31 Dec 2024 (PLN million)	31 Dec 2023 (PLN million)	change	31 Dec 2024 (EUR million)	31 Dec 2023 (EUR million)
Expenditure on debt portfolios	2,828	2,972	-5%	657	656
Gross recoveries	3,536	3,062	15%	822	676
Carrying amount of purchased portfolios	10,500	8,674	21%	2,457	1,995
Estimated remaining collections (ERC)	23,147	18,397	26%	5,417	4,231
Total revenue <sup>1</sup>	2,908	2,593	12%	676	573
Revenue from purchased portfolios	2,638	2,344	13%	613	518
EBIT	1,412	1,327	6%	328	293
EBITDA <sup>2</sup>	1,475	1,385	6%	343	306
Cash EBITDA <sup>3</sup>	2,374	2,104	13%	551	465
Net profit	1,074	984	9%	250	217
Basic EPS (PLN   EUR)	55.54	50.93	9%	12.90	11.25
Diluted EPS (PLN   EUR)	52.43	48.37	8%	12.18	10.68
ROE <sup>4</sup>	24%	26%	-	-	-
Net profit margin <sup>5</sup>	37%	38%	-	-	-
Interest-bearing net debt to equity ratio	1.4	1.4	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.7	2.4	-	-	-
Cash EBITDA to interest on debt	5.9	7.0	-	-	-

<sup>1</sup> Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income.

<sup>2</sup> EBITDA = EBIT + depreciation and amortisation.

<sup>3</sup> Cash EBITDA = EBITDA - revenue from purchased portfolios + purchased portfolio collections.

<sup>4</sup> ROE = (net profit)/(equity) for the last twelve months.

<sup>5</sup> Net profit margin = (net profit)/(total revenue). Source: Company



### Record-breaking performance in Italy

PLN 262 million EBITDA (+46% year on year)



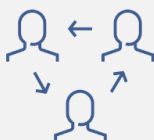
### International expansion

62% of investments and 59% of recoveries in markets outside Poland



### Record-breaking performance by Wonga

PLN 93 million EBITDA (+22% year on year)



### Investor Relations Leader

according to *Parkiet* magazine, Capital Market Hero according to Polish Association of Retail Investors, and 2nd main award for Best Annual Report 2023 from Institute of Accounting and Taxes



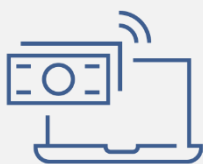
### PLN 8.1 billion

KRUK ranks as the world's largest debt collection company in terms of market capitalisation<sup>6</sup>



### PLN 18 per share

dividend for 2023, paid in May 2024



### Technological advances

we have set out on a digital transformation journey



### Employee turnover at 12%

in 2024 – one of the lowest rates in the financial sector



### Women hold 58%

of senior managerial positions

<sup>6</sup>\* Source: stooq.pl as at 31 December 2024

# 1. THE GROUP'S MATERIAL ACHIEVEMENTS OR FAILURES IN THE REPORTING PERIOD, ALONG WITH THE MOST SIGNIFICANT EVENTS RELATED TO THOSE ACHIEVEMENTS OR FAILURES

## 1.1. KRUK'S PERFORMANCE FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024

### Net profit and return on equity (ROE)

Net profit earned in 2024 was PLN 1,074 million, up by PLN 90 million (or +9%) year on year. This increase was largely driven by a PLN 315 million rise in revenue (up by 12% year on year), with operating expenses up by PLN 226 million.

Cash EBITDA as at the end of 2024 came in at PLN 2,374 million, up by PLN 269 million (or +13%) year on year, largely on the back of higher recoveries.

As at 31 December 2024, return on equity for the twelve months ended on that date was 24%, compared with 26% the year before.

Net profit earned in the three months ended 31 December 2024 was PLN 115 million, down by PLN 112 million (or -49%) year on year, largely on account of a PLN 87 million decline in revenue, with operating expenses up by PLN 46 million.

Cash EBITDA for the three-month period came in at PLN 604 million, up by PLN 120 million (or +25%) year on year.

### Revenue

In 2024, the Group's total revenue reached PLN 2,908 million, having increased by PLN 315 million, or +12%, from PLN 2,593 million in 2023. Revenue from purchased debt portfolios, representing 91% of total revenue, amounted in 2024 to PLN 2,638 million, up by 13% (PLN 294 million) year on year. In 2024, the largest year-on-year increase by far was recorded in revenue from purchased debt portfolios on the Polish market (up by PLN 168 million, or +16%), with a significant increase achieved also in Italy (up by PLN 148 million, or +37%) and Romania (up by PLN 39 million, or +7%). On the Spanish market, revenue fell year on year (down by PLN 68 million, or -24%) due to impairment of the portfolios in the three months ended 31 December 2024. The negative revaluation of projected recoveries was mainly attributable to delays in the processing of court cases, resulting in a downward revision of recovery projections for the purchased portfolios.

In the full year 2024, the Group booked a PLN 390 million revaluation of projected recoveries, down by PLN 49 million on the same period the year before. The deviation between actual and projected recoveries<sup>7</sup> was PLN 351 million, compared with PLN 427 million the year before. Interest income on debt portfolios rose year on year, from PLN 1,490 million to PLN 1,884 million.

In the three months to 31 December 2024, the Group's total revenue reached PLN 583 million, having decreased by PLN 87 million, or -13%, from PLN 670 million in the fourth quarter of 2023. Revenue from purchased debt portfolios in the three months ended 31 December 2024 amounted to PLN 512 million, down by 16% (PLN -95 million) year on year. Definitely, the largest year-on-year decline in revenue from purchased debt portfolios in the three months to 31 December 2024 was seen on the Spanish market (PLN -123 million, or -156%) and in Romania (PLN -17 million, or -11%), partly offset by revenue growth recorded on the Italian market (PLN +37 million, or +38%).

In the three months ended 31 December 2024, the Group posted a PLN -64 million revaluation of projected recoveries due to the impairment loss on its Spanish portfolios, a decrease of PLN 184 million relative to the same period the year before. 81% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months ended 31

<sup>7</sup> The line item 'Deviation between actual and projected recoveries, decreases on early collections in collateralised cases, payments from original creditor' in the financial statements.

December 2024 was attributable to revaluation of projected recoveries until December 2029 (over the next 60 months). The deviation between actual and projected recoveries was PLN 53 million, compared with PLN 83 million the year before.

## Costs of operations

Costs of operations incurred in 2024 (excluding depreciation and amortisation) amounted to PLN 1,433 million, having increased by PLN 226 million (+19%) year on year, due mainly to an increase in court fees (up by PLN 98 million, or +28%), and a rise in salaries and employee benefits expense (up by PLN 51 million, or +10%). Higher court fees lifted the ratio of operating expenses to recoveries<sup>8</sup> to 30%, from 29% in the previous year.

Costs of operations incurred in the three months to 31 December 2024 (excluding depreciation and amortisation) amounted to PLN 402 million, having increased by PLN 46 million (+13%) year on year, due mainly to an increase in court fees (up by PLN 20 million, or +21%) and a rise in salaries and employee benefits expense (up by PLN 19 million, or +13%).

## Finance costs

In 2024, net finance costs amounted to PLN 402 million, up by PLN 112 million year on year. The increase was driven mainly by a higher debt amount (up by PLN 1,107 million), as well as elevated 1M/3M EURIBOR rates (with the average of quotations for the last day of each month in 2024 at, respectively, 3.53%/3.52% compared with 3.32%/3.49% in 2023), partly offset by lower 1M/3M WIBOR rates (with the average of quotations for the last day of each month in 2024 at, respectively, 5.84%/5.86% relative to 6.52%/6.50% in 2023).

In the three months to 31 December 2024, net finance costs amounted to PLN 113 million, up by PLN 19 million year on year. The increase was driven by a higher debt amount (up by PLN 1,107 million), as well as elevated 1M/3M EURIBOR rates (the average of quotations for the last day of each month in the period from January to March 2024 was 2.99%/2.90%, compared with 3.86%/3.95% in the comparative period of 2023).

The effect of interest rate increases on the Group's finance costs was partly offset by a positive effect of interest rate hedges, which amounted to PLN +88 million in 2024. IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,986 million) represented 61% of the Group's total debt as at 31 December 2024. WIBOR-sensitive debt accounted for 15% (PLN 997 million) and EURIBOR-sensitive debt – for 24% (PLN 1,604 million) of the Group's total debt as at 31 December 2024.

## Purchased debt portfolios

### Recoveries from purchased portfolios

Amounts recovered in 2024 from portfolios purchased by the KRUK Group reached PLN 3,536 million, up by 15% year on year. More than half of that amount (59%) was collected in foreign markets. The year-on-year increase of PLN 474 million in 2024 was attributable mainly to PLN 200 million growth in recoveries on the Italian market (up by 35% year on year), PLN 147 million growth in recoveries on the Spanish market (up by 38% year on year), and PLN 92 million growth in recoveries on the Polish market (up by 7% year on year). Cash recoveries in Poland, Romania and Italy were strong, but on the Spanish market they were below operational and accounting projections due to prolonged litigation times. In 2024, KRUK recorded its first recoveries from the French market, which will be presented together with recoveries from the Czech Republic, Slovakia and Germany in the 'Other markets' segment.

Amounts recovered in the three months to 31 December 2024 from portfolios purchased by the KRUK Group reached PLN 935 million, marking a 20% increase year on year. Over half of that amount was collected in foreign markets. The year-on-year increase of PLN 158 million in the three months to 31 December 2024 was mainly attributable to PLN 73 million growth in recoveries on the Italian market (up by 50% year on year) and PLN 42 million growth in recoveries in Poland (up by 13% year on year).

<sup>8</sup>The ratio of operating expenses to recoveries is calculated by dividing direct and indirect costs related to purchased debt portfolios by recoveries.

**Table 1.** Recoveries from purchased portfolios in 2024, by market

	Recoveries in 2024 PLN million	Share of total recoveries	Recoveries in 2023 PLN million	Share of total recoveries	Change y/y
Poland	1,444	41%	1,351	44%	7%
Romania	684	19%	635	21%	8%
Italy	769	22%	569	19%	35%
Spain	538	15%	390	13%	38%
Other markets	102	3%	117	4%	-14%
<b>KRUK Group</b>	<b>3,536</b>	<b>100%</b>	<b>3,062</b>	<b>100%</b>	<b>15%</b>

The actual recoveries exceeded the budgeted figures both cumulatively for the full year and in each quarter of 2024 (the positive deviation<sup>9</sup> in the three months to 31 December 2024 was PLN 53 million, or 6%).

**Table 2.** Actual vs projected recoveries from purchased debt portfolios

PLN million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Actual recoveries	724	776	785	777	854	883	864	935
B. Deviation between actual and projected recoveries and related items <sup>2</sup>	111	143	91	83	105	103	91	53
C. Percentage deviation (B/(A-B)) <sup>2</sup>	18%	23%	13%	12%	14%	13%	12%	6%

The tables below present, respectively, the amounts of 2023 and 2024 recoveries from purchased debt portfolios and shares of purchased debt portfolios in the 2023 and 2024 total recoveries broken down by the portfolio acquisition period.

**Table 3.** Amounts of 2023 and 2024 recoveries from purchased debt portfolios

PLN million	Acquisition period											
	2004–2010	2011–2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Recoveries in 2023	125	448	300	217	285	202	137	449	536	363	n/a	3,062
Recoveries in 2024	120	416	273	170	238	196	116	385	539	773	323	3,536

**Table 4.** Shares of purchased debt portfolios in the 2023 and 2024 total recoveries by portfolio acquisition period

PLN million	Acquisition period											
	2004–2010	2011–2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Recoveries in 2023	4%	15%	10%	7%	9%	7%	4%	15%	17%	12%	n/a	
Recoveries in 2024	3%	12%	8%	5%	7%	6%	3%	11%	15%	22%	9%	

The portfolios purchased over the last six years accounted for the largest (more than 60%) share of the KRUK Group's total recoveries in 2024 and the year before, with the portfolios purchased in 2011–2015 accounting for 12% of total recoveries in 2024. At the same time, the Group continued to recover debts from portfolios that had already been under its management for more than 15 years (portfolios purchased by 2010). At PLN 120 million, total recoveries from those portfolios in 2024 were down by PLN 5 million year on year. The contribution of the portfolios purchased in 2024 to total recoveries was 9%, in keeping with the figures recorded in previous years. The share of debt portfolios purchased in a

<sup>9</sup> The item 'deviation between actual and projected recoveries' includes the deviation of actual recoveries from budgeted figures, decreases on early collections in collateralised cases, and payments from the original creditor. The percentage deviation is determined as the ratio of 'deviation between actual and projected recoveries' to the difference between 'actual recoveries' and 'deviation between actual and projected recoveries'.

financial year in total recoveries posted for that year is largely determined by the purchase date (the earlier in a year an asset is purchased, the longer it will contribute to recoveries in that year).

## Investments in new portfolios

In 2024, the KRUK Group invested PLN 2,828 million in debt portfolios with a nominal value of PLN 14,607 million, compared with PLN 2,972 million of debt investments with a nominal value of PLN 14,523 million the year before. The majority of these investments (93%) were allocated to unsecured retail debt portfolios. Poland and Italy accounted for the largest shares of total purchases in 2024, representing 38% and 30% respectively.

In addition to the debt purchases made by the KRUK Group in 2024, the Group also signed long-term forward flow contracts, under which it may continue to purchase debt portfolios from original creditors in 2025.

In 2024, KRUK made its first investments in debt portfolios on the French market, included in the 'Other markets' segment.

In the three months ended 31 December 2024, the KRUK Group invested PLN 1,185 million in debt portfolios with a nominal value of PLN 5,424 million, compared with PLN 983 million of debt investments with a nominal value of PLN 4,431 million in the fourth quarter of 2023. The majority of these investments (84%) were allocated to unsecured retail debt portfolios. Markets accounting for the largest shares of total purchases in the three months to 31 December 2024 were Poland (47%) and Italy (39%).

**Table 5. Expenditure on debt portfolios in 2024, by market**

	Expenditure in 2024 PLN million	Share of total expenditure	Expenditure in 2023 PLN million	Share of total expenditure	Change y/y
Poland	1,087	38%	776	26%	40%
Romania	264	9%	336	11%	-21%
Italy	847	30%	977	33%	-13%
Spain	541	19%	812	27%	-33%
Other markets	88	3%	70	2%	26%
<b>KRUK Group</b>	<b>2,828</b>	<b>100%</b>	<b>2,972</b>	<b>100%</b>	<b>-5%</b>

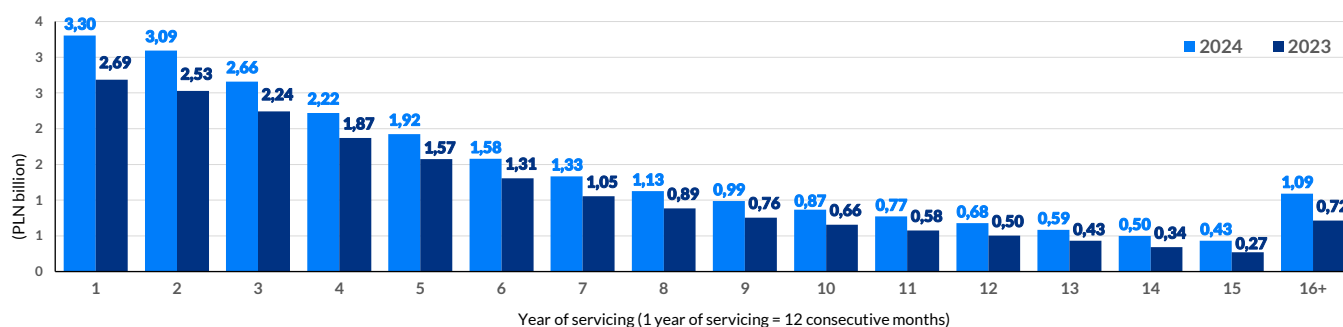
Gross return rate, calculated as the internal rate of return on projected recoveries and the current portfolio carrying amount for all portfolios, estimated as at the time of the investments made in the full year 2024, was 22%, compared with 21% in the full year 2023. Gross IRR calculated separately for each portfolio as at the acquisition date as the internal rate of return on recoveries and expenditure, and then weighted by the share of total expenditure expressed in the Polish złoty (PLN), was 22.7% in 2024, relative to 22.7% in 2023. As at 31 December 2024, the recovery amount for portfolios acquired in the full year 2024 relative to expenditure incurred to acquire the portfolios was 2.5x, compared with 2.3x calculated as at 31 December 2023 for portfolios acquired in the full year 2023 (the recovery amount represents the sum of historical recoveries and projected future recoveries). Estimated remaining collections from all portfolios purchased by 31 December 2024 reflected in the accounting estimate are PLN 23,147 million. Depending on the market and type of the portfolio, estimated remaining collections may be spread over a period of 15 years or more.



## Estimated remaining collections (ERC)

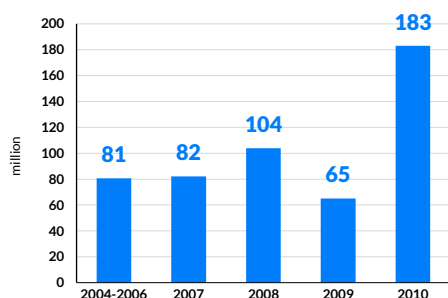
Estimated remaining collections (ERC) as at 31 December 2024 were PLN 23,147 million, up by PLN 4,750 million, or +26%, on 31 December 2023. The increase was driven primarily by investments of PLN 2,828 million made in 2024 (including PLN 1,185 million in the three months to 31 December 2024) in debt portfolios with a nominal value of PLN 14,607 million (including PLN 5,424 million in the three months to 31 December 2024). 81% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months to 31 December 2024 was attributable to revaluation of projected recoveries until December 2029 (over the next 60 months). The breakdown of ERC according to the collection period is presented in the charts below.

### ESTIMATED REMAINING COLLECTIONS BY YEARS OF SERVICING AS AT THE END OF PERIOD

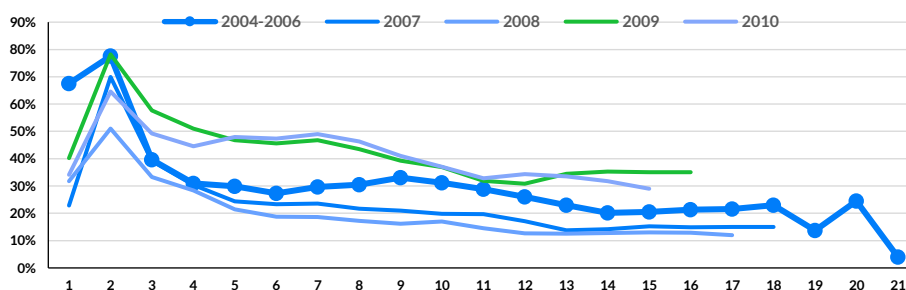


Below is an overview of portfolios in four time perspectives as at 31 December 2024: portfolios purchased in 2004–2010, portfolios purchased in 2011–2015, portfolios purchased in 2016–2020 and the newest portfolios purchased in 2021–2024. The servicing period in the first year from the purchase may be shorter than twelve months.

### EXPENDITURE IN 2004–2010

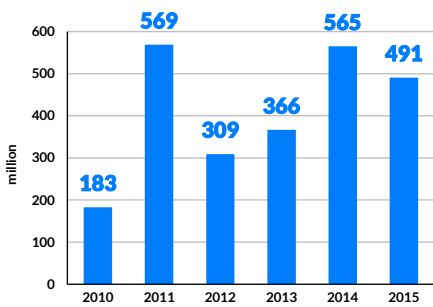


### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2004–2010

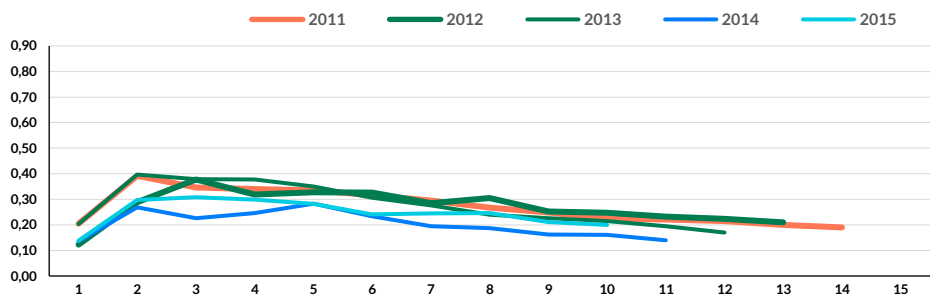


\* For 2004–2006 – data is the average weighted by expenditure incurred in the years which contributed to recoveries in the given period.

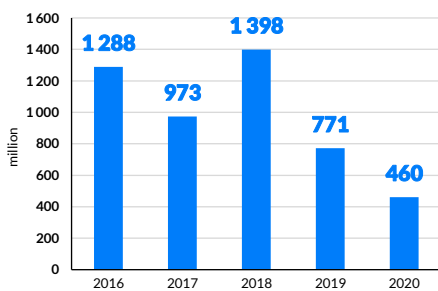
### EXPENDITURE IN 2011–2015



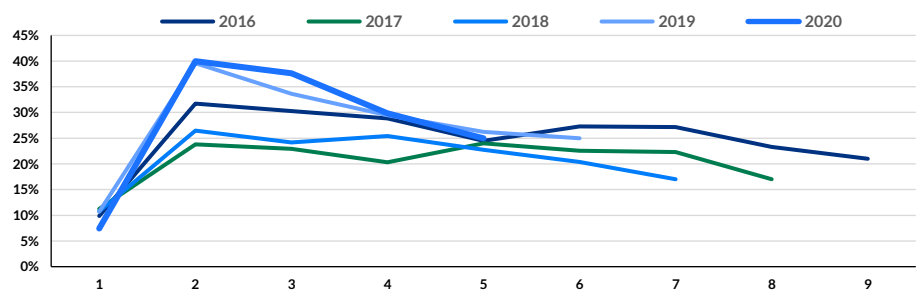
### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2011–2015



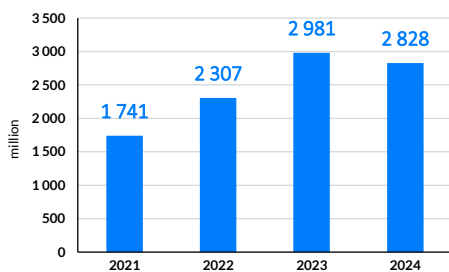
### EXPENDITURE IN 2016–2020



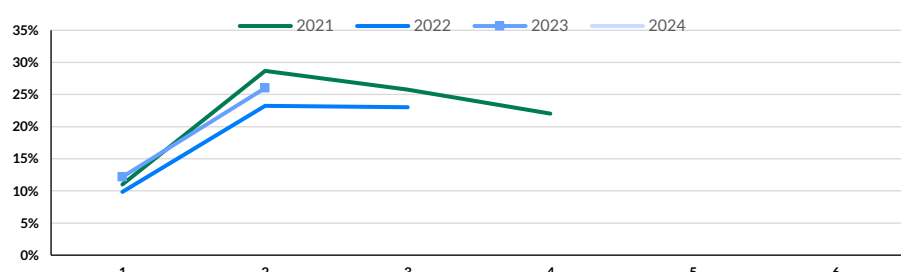
### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2016–2020



### EXPENDITURE IN 2021–2024



### RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2021–2024



The table below presents recoveries in successive calendar years as a percentage of expenditure on portfolios purchased in 2004–2024, with the proviso that the first period from the acquisition date may be less than twelve months (portfolios are purchased from 1 January to 31 December).

	PERIOD																					TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
2004 – 2006*	68	78	40	31	30	27	30	31	33	31	29	26	23	20	20	21	22	23	24	8	4	617%
2007	23	70	39	30	24	23	24	22	21	20	20	17	14	14	15	15	15	15				421%
2008	32	51	33	28	21	19	19	17	16	17	15	13	13	13	13	13	12					345%
2009	40	78	58	51	47	46	47	43	39	37	32	31	34	35	35	35						688%
2010	34	65	49	45	48	47	49	46	41	37	33	34	34	32	29							622%
2011	20	39	35	34	34	32	30	27	25	22	22	21	20	19								380%
2012	12	29	38	32	33	33	29	30	25	25	23	22	21									351%
2013	20	40	38	38	35	31	28	24	23	21	20	17										334%
2014	14	27	23	25	28	23	19	19	16	16	14											224%
2015	14	30	31	30	28	24	24	25	21	20												247%
2016	10	32	30	29	24	27	27	23	21													224%
2017	11	24	23	20	24	23	22	17														165%
2018	11	26	24	25	23	20	17															147%
2019	11	40	34	29	26	25																165%
2020	7	40	38	30	25																	140%
2021	11	29	26	22																		88%
2022	10	23	23																			56%
2023	12	26																				38%
2024	11																					11%

\* The servicing period in the first year from the purchase may be shorter than twelve months. As at 31 December 2024.

The relation of historical recoveries in successive calendar years to expenditure on portfolios purchased in 2004–2024 may differ from year to year depending on a range of factors, including:

- Debt management process carried out by the KRUK Group
- Type and nature of debt portfolios purchased in a given year
- Shares of various geographies in total debt portfolio acquisitions in a given year
- External environment, including legal and business environments.

## Credit management services

Revenue from fee-based credit management services in the full year 2024 totalled PLN 58 million, a level comparable to that recorded in 2023 (an increase of PLN +0.2 million/+0.3% year on year). Gross profit came in at PLN 15 million, compared with PLN 4 million the year before (in 2023, gross profit was affected by the impairment loss recognised on Espana, the Group's Spanish company). Revenue rose year on year both in Italy and Spain (+19% and +16%, respectively) with a 16% decline posted in Poland. In 2024, banks remained the Group's main business partners in the credit management segment. In the three months to 31 December 2024, revenue from this business line amounted to PLN 15.5 million, a 12%

increase year on year. Gross profit amounted to PLN 3.5 million, compared with PLN -6.2 million in the fourth quarter of 2023.

## Consumer loans (Novum and Wonga)

In 2024, the KRUK Group advanced 243 thousand cash loans (a year-on-year increase of 10%), with a principal amount of PLN 679 million (PLN 559 million in 2023). The number of Novum cash loans advanced in Poland and Romania in the full year 2024 totalled 22.2 thousand, and their principal amount was PLN 138 million. Wonga.pl disbursed 221 thousand cash loans over the same period, with a net amount of PLN 541 million.

In the three months to 31 December 2024, the KRUK Group companies advanced 68 thousand cash loans, compared with 53 thousand the year before. The principal amount of the loans advanced in the period was PLN 191 million (October–December 2023: PLN 143 million). The number of Novum cash loans advanced in Poland and Romania was 5.6 thousand, and their principal amount was PLN 35.5 million. Wonga.pl disbursed 62.5 thousand cash loans in Poland, with a net amount of PLN 155 million.

For the period from 1 January to 31 December 2024, Wonga's revenue came in at PLN 168 million (up by 21% year on year) and Novum's revenue – at PLN 33 million (up by 15% year on year). Novum's total revenue in Poland reached PLN 25 million (up by 11% year on year).

Wonga's revenue for the three months ended 31 December 2024 reached PLN 43 million, up by 9% year on year, while Novum's revenue was PLN 9.8 million, up by 25% on the three months to 31 December 2023.

Wonga's EBITDA as at 31 December 2024 was PLN 93 million (up by 22% year on year). Novum's EBITDA amounted to PLN 15.7 million (up by 52% year on year), while its EBITDA in Poland was PLN 13.5 million (up by 40% year on year).

## 1.2. KRUK GROUP'S PERFORMANCE BY GEOGRAPHICAL SEGMENT

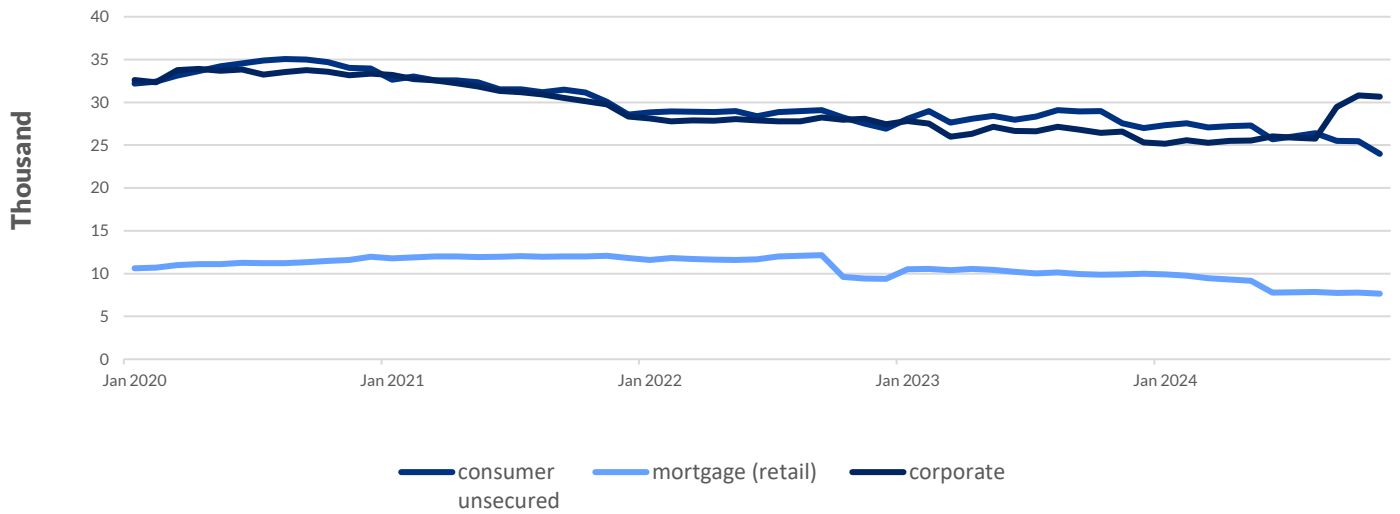
(PLN million)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Expenditure on debt portfolios	1,087	776	264	336	847	977	541	812	88	70	N/A	N/A	2,828	2,972		
Recoveries	1,444	1,351	684	635	769	569	538	390	102	117	N/A	N/A	3,536	3,062		
Carrying amount of purchased debt portfolios (PLN billion)	4.1	3.2	1.6	1.4	2.7	2.1	1.9	1.7	0.2	0.2	N/A	N/A	10,500	8,674		
Percentage of total portfolio carrying amount	39%	37%	15%	17%	26%	25%	18%	20%	2%	2%	N/A	N/A	100%	100%		
Revenue	1,409	1,215	628	587	562	413	240	306	59	51	10	22	N/A	2,908	2,593	
Purchased debt portfolios	1,189	1,021	620	581	549	401	222	290	59	51	N/A	N/A	2,638	2,344		
Credit management services	25	30	1	0	13	11	18	16			N/A	N/A	58	58		
Wonga	169	139									N/A	N/A	169	139		
Other activities	26	24	7	6							N/A	N/A	33	30		
Gross profit	1,011	868	504	462	309	215	-5	132	35	24	2	11	N/A	1,856	1,712	
EBITDA	904	779	470	430	262	179	-33	106	20	10	2	11	-151	-129	1,475	1,385
Cash EBITDA	1,159	1,108	535	484	482	346	284	207	63	76	2	11	-151	-129	2,374	2,104

Discussed below are the Group's results by geography (presentation).

### Poland

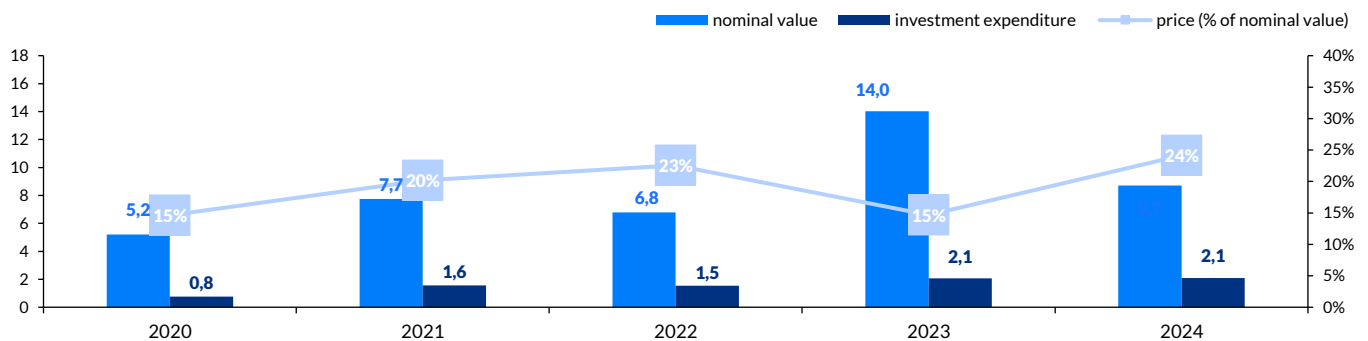
As at the end of 2024, non-performing debt assets held by Polish banks amounted to PLN 62 billion, a level broadly unchanged from December 2023. Non-performing unsecured consumer debt decreased from PLN 27 billion to PLN 24 billion.

## NON-PERFORMING BANK LOANS (PLN BILLION)



In 2024, debt sale auctions held by debt originators (mainly banks and financial institutions) covered all types of debt (unsecured retail, mortgage and corporate portfolios).

## UNSECURED RETAIL DEBT SUPPLY (PLN billion)



As in the year before, KRUK's main competitors in Poland were foreign entities. The estimated total debt supply in nominal terms was PLN 14.2 billion, of which unsecured retail debt accounted for PLN 8.7 billion, corporate and SME debt portfolios – for PLN 4.7 billion, and mortgage debt portfolios – for PLN 0.9 billion. KRUK's expenditure on debt cases in Poland amounted to PLN 2.8 billion, of which 75% related to unsecured retail debt, and the remaining 25% – to corporate, SME and mortgage debt portfolios. The price rate increase to 24% was due to a lower number of transactions executed in the secondary market compared with 2023. KRUK's share in total debt purchases on the Polish market is estimated at 40%, while its share in expenditure on unsecured retail debt – at 45%.

In 2024, KRUK's investments in Poland amounted to PLN 1,087 million, representing 38% and the largest proportion of the Group's total expenditure in the period. The nominal value of the purchased portfolios was PLN 5,552 million. In Poland, KRUK invested primarily in unsecured retail debt. In the three months ended 31 December 2024, the KRUK Group's investments in portfolio purchases on the Polish market reached PLN 552 million, representing 47% of all funds invested by the Group in the period.

Recoveries from Polish portfolios accounted for 41% of the Group's total recoveries in 2024, amounting to PLN 1,444 million (+7% year on year). In the three months to 31 December 2024, recoveries on the Polish market reached PLN 361 million, up by 13% on the same period of 2023.

Compared with 2023, the Group's revenue from the Polish market in 2024 went up by 16%, to PLN 1,409 million. Revaluation of projected recoveries amounted to PLN 302 million, relative to PLN 212 million in 2023. The majority of revenue (84%) was derived from the core business line of purchased debt portfolios. The year-on-year increase in the revaluation coupled with higher interest income drove the Group's revenue from purchased debt portfolios up by 16% year on year. In Poland, KRUK also recorded an excess of actual cash recovered over projected recoveries.

In the three months ended 31 December 2024, revenue amounted to PLN 321 million, compared with PLN 318 million a year earlier, and PLN 267 million in the portfolio purchase business. Revaluation of projected recoveries in the three-month period was PLN 47 million.

Thanks primarily to the higher recoveries, gross profit on the Polish market for 2024 came in at PLN 1,011 million, relative to PLN 868 million in the comparative period, up by 17% year on year. In the three months ended 31 December 2024, gross profit came in at PLN 203 million, compared with PLN 214 million in the same period of 2023, reflecting mainly the year-on-year increase in operating expenses.

EBITDA on the Polish market for 2024 was booked at PLN 904 million, up by 16% year on year. EBITDA for the months ended 31 December 2024 was PLN 174 million, compared with PLN 189 million the year before, due mainly to the higher operating expenses.

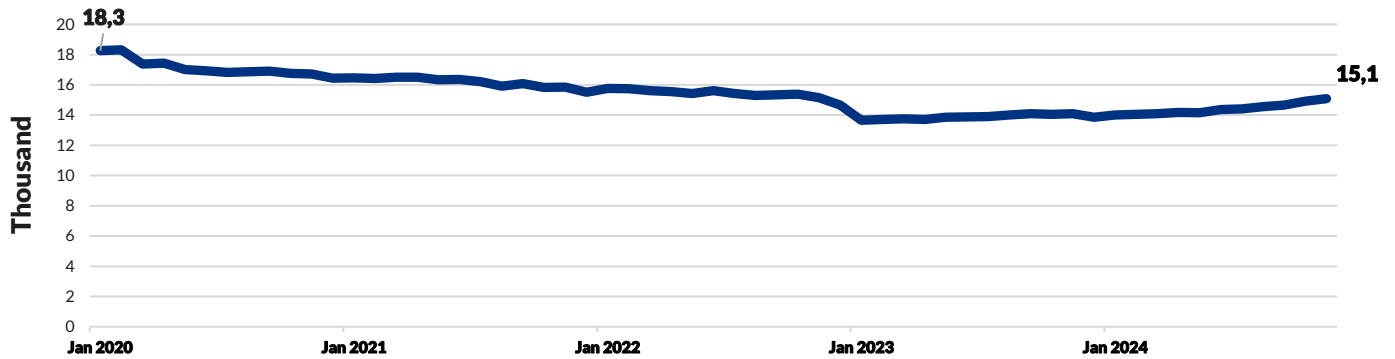
Cash EBITDA stood at PLN 1,159 million, up by 5% compared with 2023, mainly on the higher year-on-year recoveries. Cash EBITDA for the three months ended 31 December 2024 was PLN 268 million, having increased from PLN 241 million a year earlier.

The carrying amount of purchased debt portfolios as at 31 December 2024 was PLN 4.1 billion, up by 26% year on year. Polish portfolios accounted in aggregate for 39% of the carrying amount of all debt portfolios held by the KRUK Group.

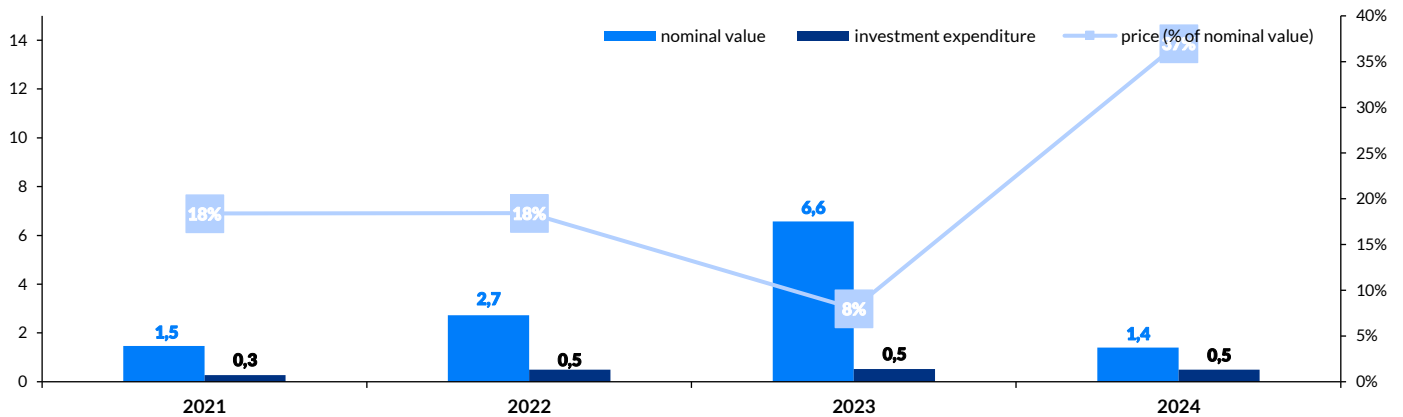
## Romania

Non-performing debt assets held by Romanian banks amounted to PLN 15.1 billion (up by 9% year on year).

### IMPAIRED BANK LOANS (PLN BILLION)



### UNSECURED RETAIL DEBT SUPPLY (PLN billion)



Unsecured retail and corporate debt portfolios sold on the Romanian market in 2024 were worth PLN 1.4 billion in nominal terms.

KRUK's market share in expenditure on unsecured retail debt in Romania (totalling PLN 518 million) is estimated at 51%, relative to 63% in 2023. The average price of debt portfolios went up reflecting better asset quality, increased competition and absence of secondary-market transactions.

Purchases made in Romania accounted for 9% of the Group's total investments, as it spent PLN 264 million in debt with a nominal value of PLN 702 million. KRUK invested primarily in unsecured retail debt portfolios. In the three months to 31 December 2024, KRUK invested on the Romanian market PLN 95 million in debt portfolios with a nominal value of PLN 250 million.

For the full year 2024, recoveries in Romania amounted to PLN 684 million, up by 8% year on year, representing 19% of total recoveries in the period. In the three months to 31 December 2024, recoveries from portfolios in Romania amounted to PLN 179 million, up by 13% year on year.

Total revenue from the Romanian market generated in 2024 amounted to PLN 628 million, up by 8% on the year before. The increase reflected a higher upward revaluation of projected recoveries in 2024 than in the corresponding period of the previous year (PLN 202 million vs PLN 197 million), as well as higher interest income. In Romania, KRUK also recorded an excess of actual recoveries over estimated amounts. In the three months ended 31 December 2024, revenue amounted to



PLN 140 million, down from PLN 155 million a year earlier, its decrease due to a revaluation of projected recoveries between the periods.

Gross profit came in at PLN 504 million, having increased from PLN 462 million a year earlier (up by 9% year on year), largely as a result of higher revenue. Gross profit on the Romanian market for the three months ended 31 December 2024 came in at PLN 110 million, relative to PLN 121 million the year before.

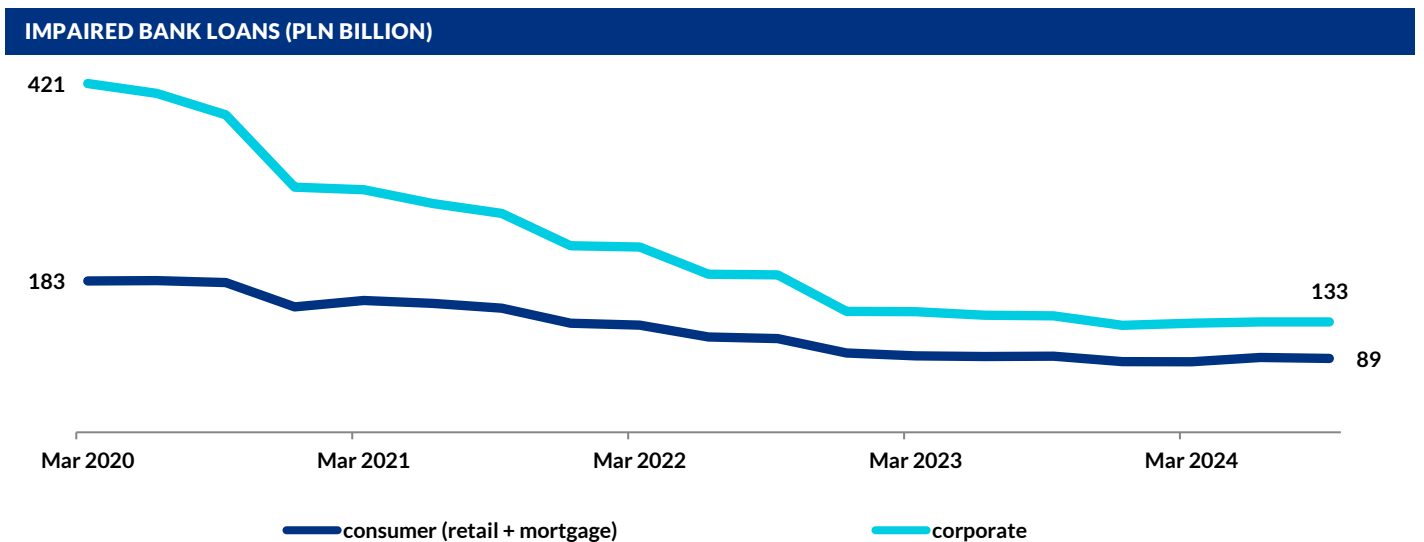
EBITDA in Romania totalled PLN 470 million, up by 9% on 2023, while EBITDA posted for the three months ended 31 December 2024 was PLN 100 million, compared with PLN 111 million a year earlier.

Cash EBITDA stood at PLN 535 million, up by 10% on 2023, while cash EBITDA posted for the three months ended 31 December 2024 came in at PLN 142 million, having increased from PLN 116 million a year earlier.

As at 31 December 2024, the carrying amount of purchased debt portfolios was PLN 1.6 billion, up by 12% on the end of 2023. The Romanian portfolios accounted in total for 15% of the carrying amount of all debt portfolios held by the KRUK Group.

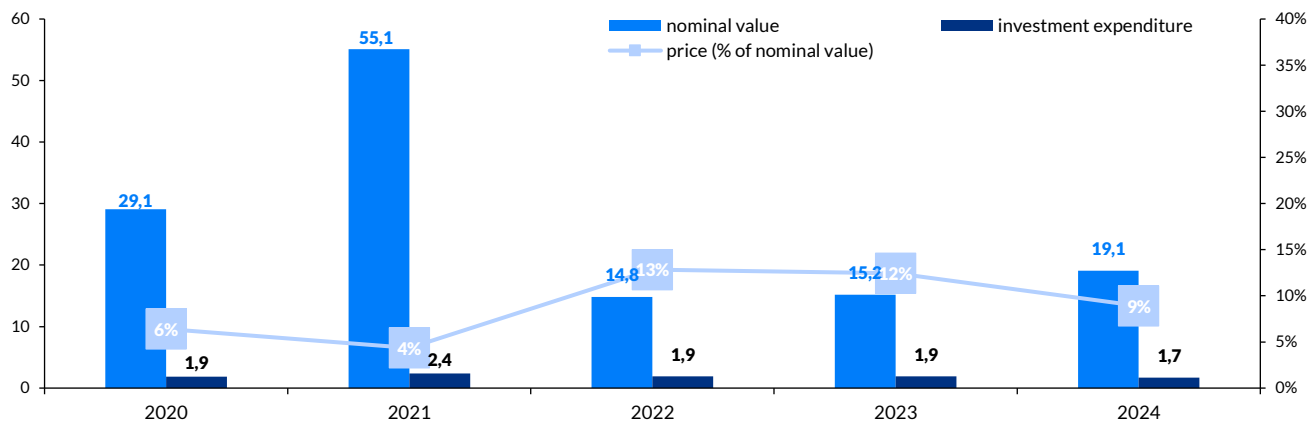
## Italy

Non-performing debt assets held by Italian banks decreased significantly in 2020–2024, but still remain at a high level.



According to the KRUK Group’s estimates, the supply of unsecured retail, SME and corporate debt in 2024 was PLN 34 billion (nominal amount), relative to PLN 43 billion in the previous year.

## UNSECURED RETAIL DEBT SUPPLY (PLN billion)



The supply of unsecured retail debt alone at nominal value was PLN 19.1 billion, of which PLN 10.1 billion was sold on the secondary market. KRUK's share in the Italian market overall is estimated at 21%, while its share in expenditure on unsecured retail debt on both the primary and secondary markets – at 46%. The average price paid for unsecured retail debt portfolios, calculated as expenditure incurred to the nominal value of the debt, was close to 9%. The year-on-year price decrease was a consequence of both asset quality and market competition.

The amount invested by KRUK on the Italian market in 2024 was PLN 847 million, accounting for 30% of the Group's total investments. The primary investment focus was on unsecured retail debt. The nominal value of the portfolios purchased in Italy was PLN 5,046 million. In the three months ended 31 December 2024, the KRUK Group's investments on the Italian market reached PLN 467 million, accounting for 39% of its total expenditure in the period, for which it purchased debt portfolios with a nominal value of PLN 2,175 million.

Amounts collected in Italy represented 22% of the Group's total recoveries in 2024, amounting to PLN 769 million, up by 35% year on year. In the three months to 31 December 2024, recoveries from the Italian portfolios amounted to PLN 218 million, up by 50% year on year.

The amount posted in revenue from the Italian market in 2024 was PLN 562 million (+36% year on year). Revenue from the purchased debt portfolio business contributed 98% of total revenue, rising to PLN 549 million from PLN 401 million the year before. In the three months ended 31 December 2024, revenue amounted to PLN 138 million, having increased from PLN 101 million a year earlier.

The higher revenue from purchased portfolios was attributable to a year-on-year increase in revaluation (PLN +35 million) combined with higher interest income. In the full year 2024, the Group recognised a PLN 60 million revaluation of projected recoveries from the Italian portfolios, compared with a PLN 25 million revaluation booked a year earlier. In Italy, KRUK also recorded an excess of actual recoveries over estimates. In the three months ended 31 December 2024, revenue from purchased debt portfolios amounted to PLN 135 million, relative to PLN 98 million in the comparative period.

Revenue from the credit management business in 2024 was PLN 13 million, compared with PLN 11 million in 2023.

The year-on-year revenue growth led to a gross profit of PLN 309 million, up by 43% from PLN 215 million recorded a year earlier. In the three months to 31 December 2024, gross profit amounted to PLN 68 million, up from PLN 49 million in the same period of the previous year.

On the Italian market, EBITDA for 2024 came in at PLN 262 million, up from PLN 179 million the year before, which represents a 46% increase. In the three months to 31 December 2024, EBITDA came in at PLN 55 million, up from PLN 40 million in the comparative period. The increase in EBITDA was attributable to the year-on-year revenue growth.

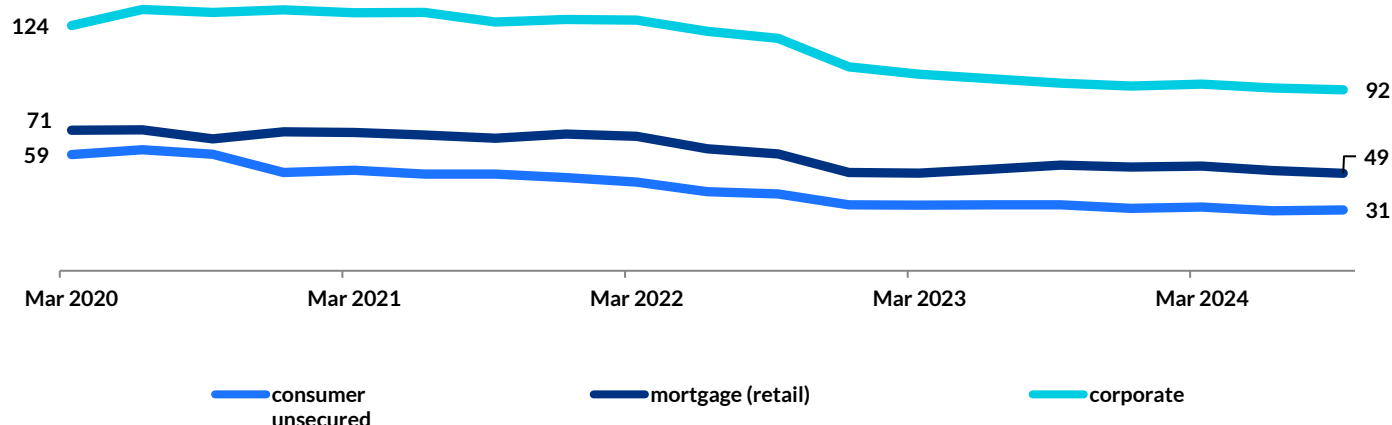
On account of the higher recoveries, cash EBITDA amounted to PLN 482 million, up by 39% on 2023. In the three months ended 31 December 2024, cash EBITDA was PLN 138 million, compared with PLN 87 million a year earlier.

As at 31 December 2024, the carrying amount of purchased debt portfolios was PLN 2.7 billion, up by 27% on the end of 2023. The Italian portfolios accounted for 26% of the total carrying amount of all debt portfolios held by the KRUK Group.

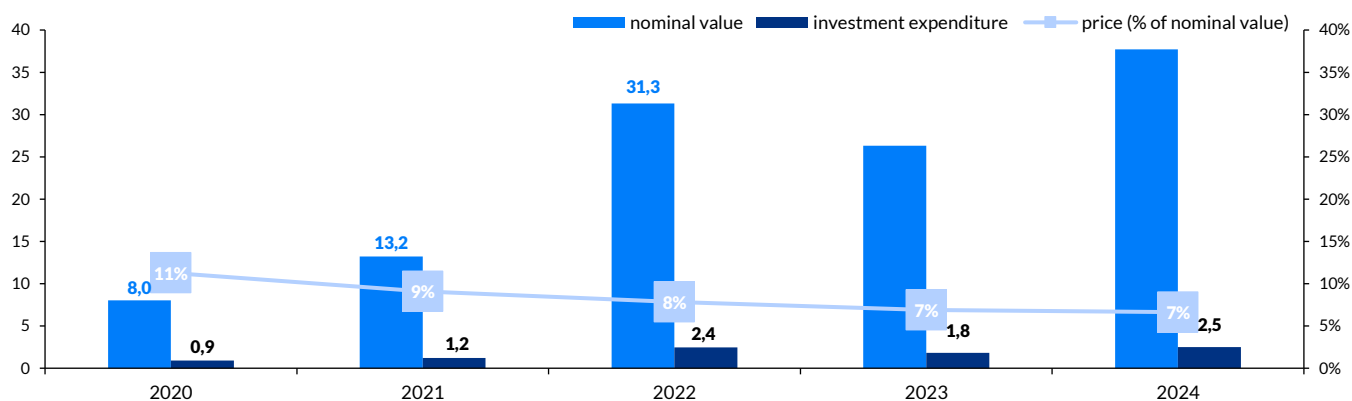
## Spain

On the Spanish market, the level of impaired bank receivables under unsecured consumer loans in 2024 remained similar year on year, at PLN 31 billion.

### IMPAIRED BANK LOANS (PLN BILLION)



### UNSECURED RETAIL DEBT SUPPLY (PLN billion)



Based on KRUK's estimates, bank and non-bank debt portfolios sold in Spain in 2024 had an aggregate value of PLN 85 billion (nominal amount, with mortgage debt excluded).

The total amount invested in debt purchases on the Spanish market was PLN 2.9 billion, with KRUK's share at 19%. KRUK's share in expenditure on unsecured retail debt on both the primary and secondary markets is estimated at 21%.

2024 saw the KRUK Group invest PLN 541 million in Spain, primarily in unsecured retail debt, which represented 19% of the Group's total expenditure on portfolio purchases in the period. The nominal value of the purchased portfolios was PLN 2,936 million. In the three months to 31 December 2024, KRUK invested PLN 54 million in debt portfolios with a nominal value of PLN 419 million.

In the full year 2024, recoveries in Spain amounted to PLN 538 million, up by 38% year on year, representing 15% of total recoveries in the period. In the three months to 31 December 2024, recoveries from portfolios in Spain amounted to PLN 147 million, up by 12% year on year. Despite the year-on-year increase in amounts recovered, recoveries in the fourth quarter of 2024 were below operational and accounting projections due to prolonged litigation times.

Revenue generated on the Spanish market in 2024 amounted to PLN 240 million, down by 21% on the 2023 result. 92% of revenue on the Spanish market was derived from the purchased portfolio business: PLN 222 million, compared with PLN 290 million a year earlier. In the full year 2024, the KRUK Group recognised PLN 173 million in negative revaluation of projected recoveries on the Spanish market, compared with PLN 3 million positive revaluation recorded a year earlier. The PLN 145 million negative revaluation in the three months to 31 December 2024 was mainly attributable to delays in the processing of court cases. Additionally, the reduction in future expected repayments from the acquired portfolios results from a different behaviour of bank cases purchased in 2022 and 2023 than the comparative base of cases used in the valuation of the portfolios. The judicial system in Spain is facing a capacity crunch, which has become particularly apparent after the strike in 2023. The inflow of new court cases went up by 35% in 2023 compared with 2020 (3 million vs 2.2 million in 2020), while the number of pending cases increased by 31% (2.3 million vs 1.7 million in 2020).

Revenue from the credit management business in Spain came to PLN 18 million, up by 16% year on year.

Given the amount booked in negative revaluation of recovery projections and higher litigation costs, gross profit on the Spanish market fell by 103% year on year, to PLN -5 million, from PLN 132 million the year before. In the three months to 31 December 2024, gross profit amounted to PLN -99 million, relative to PLN 26 million in the comparative period.

EBITDA delivered by the Spanish market for 2024 stood at PLN -33 million, compared with PLN 106 million for 2023 (-131% year on year). In the three months to 31 December 2024, EBITDA came in at PLN -108 million, relative to PLN 18 million in the comparative period. The reason for the decline lies in the downward revaluation level and higher court costs.

Cash EBITDA came in at PLN 284 million, up by 37% on the year before, reflecting mainly the higher year-on-year recoveries. In the three months ended 31 December 2024, cash EBITDA was PLN 83 million, compared with PLN 70 million a year earlier.

As at 31 December 2024, the carrying amount of debt portfolios held in Spain was PLN 1.9 billion (up by 11% year on year), representing 18% of the total carrying amount of the Group's debt portfolios.

## **Other markets (Czech Republic, Slovakia, Germany, and France)**

In the reporting period, the Group invested in debt portfolios on the French market. Starting from the first quarter of 2024, its performance in France is reported as part of the 'Other markets' segment. In 2024, investments in the segment amounted to PLN 88 million, representing 3% of the Group's total investments. Most of the expenditure was incurred in France. The nominal value of purchased receivables was PLN 372 million, represented fully by unsecured retail debt. In the three months to 31 December 2024, the amount invested by KRUK on the other markets was PLN 17 million, for which it purchased debt portfolios worth nominally PLN 63 million.

As part of the review of strategic options for the Czech and Slovak markets, in early 2024 KRUK decided to suspend further investments in debt portfolios in these markets due to their relatively small scale within the Group's operations. However, operations in these markets are continued, allowing for potential collaboration with local business partners and selective asset sales.

Recoveries in the segment totalled PLN 102 million, down by 14% year on year, representing 3% of total recoveries posted for the period. In the three months to 31 December 2024, amounts recovered reached PLN 30 million, compared with PLN 24 million in the same period of 2023.

Revenue in the segment, generated entirely from purchased portfolios, totalled PLN 59 million in 2024, marking a 15% year-on-year increase, due largely to an excess of actual cash recovered over projected recoveries. Revenue for the three months to 31 December 2024 was posted at PLN 19 million, up from PLN 11 million in the comparative period.

In the full year 2024, the KRUK Group recognised a PLN 0.5 million positive revaluation of projected recoveries from the other markets segment, compared with PLN 2 million a year earlier, while in the three months to 31 December 2024 the revaluation of projected recoveries was PLN -1 million.

In 2024, gross profit reached PLN 35 million, up by 44% year on year. In the three months ended 31 December 2024, it was PLN 12 million, relative to PLN 5 million in the comparative period.

EBITDA came in at PLN 20 million, having doubled on 2023, primarily on higher revenue generated in France. Cash EBITDA stood at PLN 63 million, down by 17% year on year.

As at 31 December 2024, the carrying amount of debt portfolios in the other markets segment was close to PLN 0.2 billion (+26% year on year), representing 2% of the total carrying amount of the Group's debt portfolios.

### 1.3. FINANCIAL AND LIQUIDITY POSITION

As at the end of 2024 and the issue date of this report, the Group's financial and liquidity position remained stable.

As at 31 December 2024, the KRUK Group's cash and cash equivalents amounted to PLN 215 million, down by PLN 174 million on 31 December 2023. As at 31 December 2024, credit facilities available to the KRUK Group totalled PLN 3,953 million, with PLN 3,478 million already drawn, leaving PLN 475 million still available for utilisation (translated from EUR at the mid rate quoted by the National Bank of Poland for 31 December 2024). As at 31 December 2024, the carrying amount of the Group's investments in debt portfolios accounted for 90% of its assets. The Group's equity accounted for 39% of its financing sources.

The KRUK Group's liquidity risk is managed by pursuing the following objectives:

- protect the KRUK Group against the loss of ability to pay its liabilities,
- secure funds to finance the Group's day-to-day operations and growth,
- effectively manage the available financing sources.

As at 31 December 2024, the financial ratios defined below were as follows:

- 1.4x – Net Debt / Equity Ratio
- 2.7x – Net Debt / Cash EBITDA Ratio
- 5.9x – Cash EBITDA / Interest on Debt ratio;

where:

**Net Debt** represents the KRUK Group's Financial Liabilities less the KRUK Group's cash;

**Financial Liabilities** means total financial liabilities under:

- bonds or other similar debt securities; or
- non-bank borrowings; or
- bank borrowings; or
- finance leases; or
- promissory notes issued by way of security for liabilities of non-KRUK Group entities; or
- guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or
- assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- liabilities arising under derivatives contracts;

**Equity** means the KRUK Group's equity;

**Cash EBITDA** represents profit (loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last twelve months exceeds PLN 5 million. Cash EBITDA is computed for the KRUK Group for the last twelve months.

In 2024, the debt ratios measured for the entire Group, specified in the terms and conditions of bonds issued on the Polish market, were as follows: the net debt to equity ratio stood at 1.4x (the maximum contractual level being 3x in the case of issues for which financial debt limits have been defined), the net debt to cash EBITDA ratio was 2.7x (versus the maximum contractual level of 4.0x) and the cash EBITDA to interest on debt ratio was 5.9x (with the maximum contractual level set at 4.0x).

Following the Group's financial liquidity management strategy, KRUK aims to repay any new debt incurred with its own assets rather than seeking refinancing options. The Group is committed to sustaining a robust capital foundation to support business growth and to maintain the confidence of investors, creditors, bondholders, and other stakeholders. To effectively manage the exposure to financial debt, the Management Board of KRUK S.A. routinely monitors the Group's debt ratios.

The liquidity ratios are determined by the nature of assets related to purchased debt portfolios, which are presented under current assets but are operationally intended for use over periods exceeding 12 months.

## **1.4. RELATED-PARTY TRANSACTIONS CONCLUDED BY KRUK S.A.**

In the period 1 January – 31 December 2024, KRUK S.A. executed related-party transactions. For details, see the condensed interim separate financial statements for the period 1 January – 31 December 2024, section 12. *Related-party transactions*.

In the three months to 31 December 2024, all intragroup transactions were concluded on an arm's length basis.

## **1.5. SURETIES FOR REPAYMENT OF LOANS AND GUARANTEES ISSUED BY KRUK S.A. OR ITS SUBSIDIARY**

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for the period 1 January – 31 December 2024, section 17. *Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year*.

## **1.6. SIGNIFICANT AGREEMENTS EXECUTED BY COMPANIES OF THE KRUK GROUP**

On 21 November 2024, agreements were executed between the Company's subsidiary PROKURA NFW FIZ (as the Buyer) and PKO BP S.A. (the Bank). The Agreements provide for the purchase from the Bank of unsecured debt portfolios with a nominal value of approximately PLN 812 million. The Company announced the execution of the Agreements in Current Report No. 68/2024.

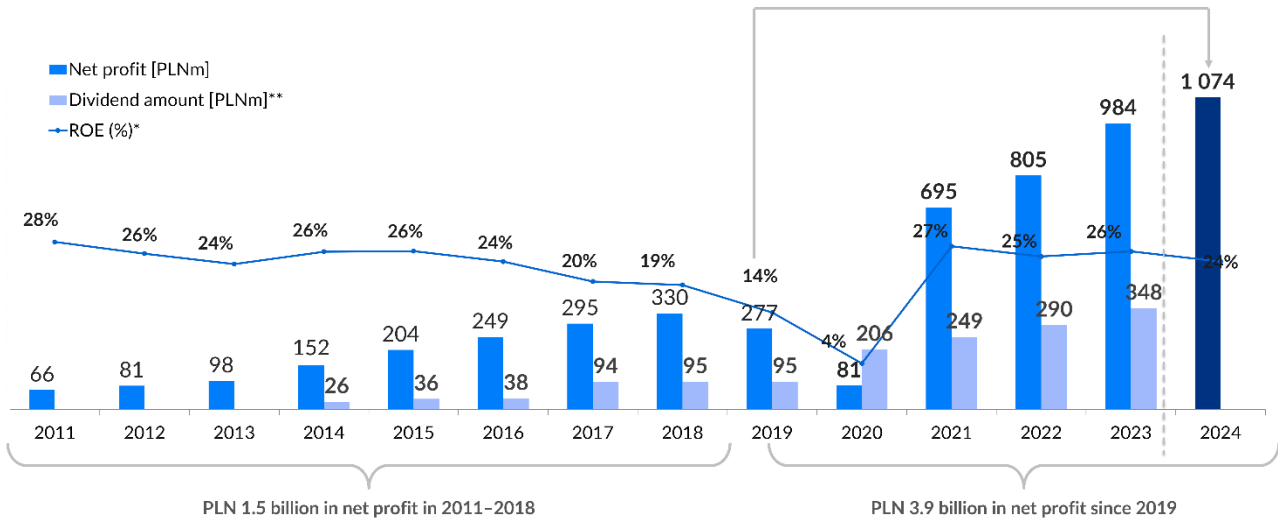
## **1.7. KRUK GROUP'S STRATEGY**

### **1.7.1. Implementation of the Strategic Plan 2019–2024**

2024 marked the final year of the KRUK Group's six-year strategic plan, first announced in December 2018. Initially, the strategic target was to achieve PLN 700 million in net profit by 2024. Over time, the key objective evolved into its final formulation: 'To develop the business by upscaling, increase process efficiency and optimise costs'.

By 2021, net profit had already reached PLN 695 million, exceeding the target at PLN 805 million in 2022. In 2024, net profit amounted to a record high of PLN 1,074 million. Throughout the period, the KRUK Group consistently shared its profits with shareholders, distributing PLN 1.2 billion in dividends, while the return on KRUK S.A. shares reached 213%.

## NET PROFIT, ROE AND DIVIDEND AMOUNT

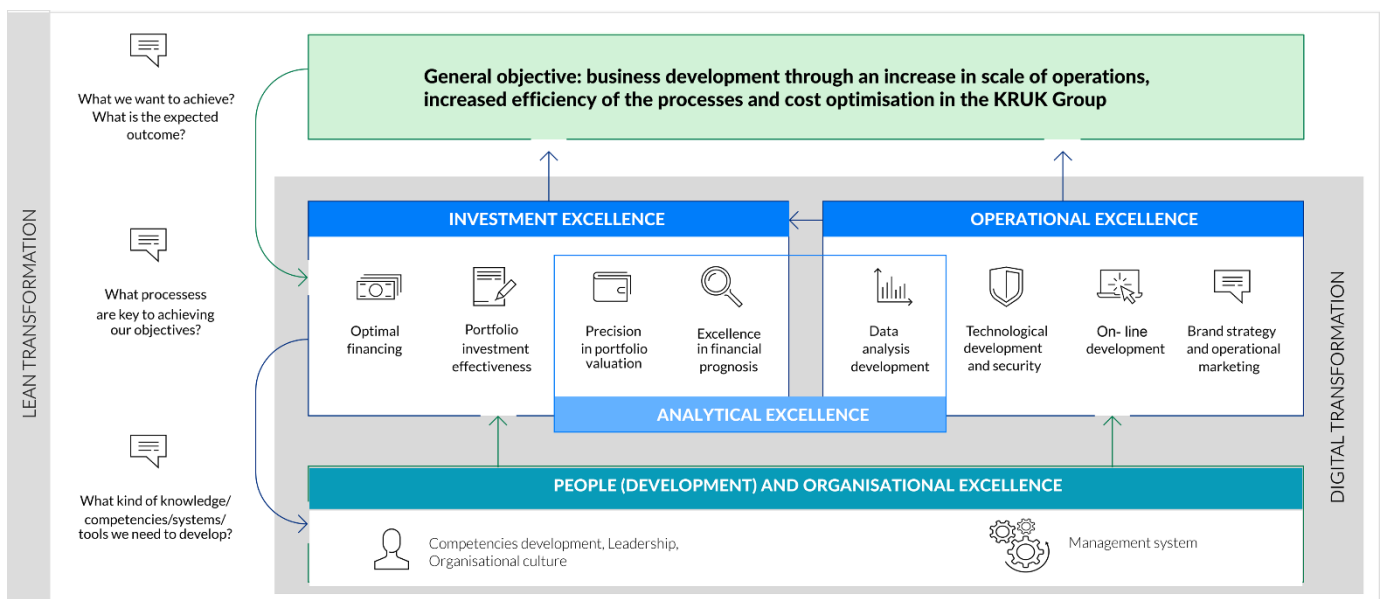


In line with the Strategic Plan 2019–2024, the KRUK Group:

- was focused on the development of its existing business lines across existing markets. At the same time, it was exploring the European market for additional growth potential, taking a selective approach and long-term perspective,
- prioritising the business of purchased debt collection, with a focus on unsecured retail debt,
- and maintaining a conservative leverage and liquidity management policy.

The execution of the strategic plan led to a steady increase in investments and recoveries from debt portfolios: between 2019 and 2024, the KRUK Group invested PLN 11.1 billion and achieved PLN 15.1 billion in portfolio recoveries. By the end of the strategy period, KRUK had become the most highly capitalised debt collection company globally<sup>10</sup>, had solidified its market lead in the purchase of unsecured retail debt, strengthened its competitive standing, and built a strong foundation for continued growth in the years ahead.

The visualisation of the Strategic Plan 2019–2024 is presented below:



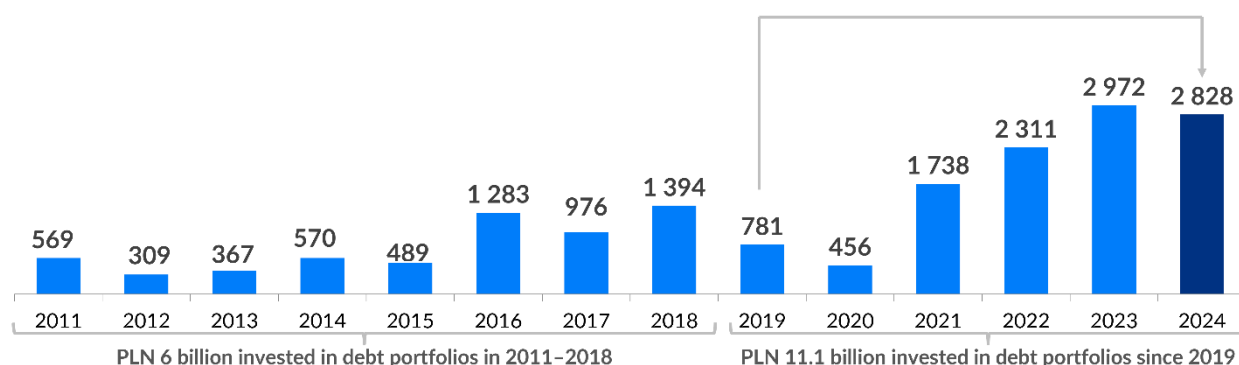
<sup>10</sup> Market capitalisation as at 31 December 2024.

## Investment excellence

### Investment efficiency

- As envisaged by the strategic plan, the KRUK Group developed the existing business lines in its established markets, prioritising the business of purchased debt collection, with a focus on unsecured retail debt. At the same time, it explored additional growth opportunities across the European market.
- To ensure continuous improvements in investment efficiency, the Group's focus was on in-depth market research, trend analysis, and understanding the needs of business partners. Additionally, efforts were made to strengthen collaboration between teams responsible for investments, portfolio valuation, and debt servicing.
- Total funds invested by the KRUK Group from 2019 through 2024 reached PLN 11.1 billion. The share of investments made outside Poland followed a steady upward course, with the growing contribution of international markets to the Group's overall performance.
- Investments in debt portfolios in 2024 amounted to PLN 2,828 million, with Poland accounting for the largest share of the Group's total investment purchases (38%).
- The carrying amount of purchased debt portfolios rose from PLN 4.1 billion at the beginning of 2019 to PLN 10.5 billion at the end of 2024.
- The KRUK Group established itself as a market leader in the unsecured retail debt segment across four key European markets: Poland, Romania, Italy, and Spain.
- In regions with limited growth potential, that is the Czech, Slovak and German markets, the Group discontinued new investments.
- Unlocking new growth opportunities, KRUK entered the French market by signing an agreement in December 2023 to acquire its first debt portfolios in France. In that market, the Group invests in unsecured retail debt, working in collaboration with local servicing partners. In 2024, it purchased 13 portfolios on the French market, investing a total of PLN 83 million.

### INVESTMENTS IN DEBT PORTFOLIOS (PLN MILLION)



### Key activities undertaken with respect to other business lines

- In 2019, the KRUK Group acquired 100% ownership of Wonga.pl sp. z o.o., an independent player in Poland's online lending market. During the strategy period, Wonga doubled the book value of its loan portfolio and recorded PLN 93 million in EBITDA for 2024, compared with negative EBITDA for 2019.
- Prompted by its limited growth potential, KRUK decided to dispose of ERIF BIG S.A., which it did in 2023, discontinuing the provision of credit reference services.

### Optimised funding

KRUK expanded its financing sources based on predefined criteria of security, cost efficiency, and availability.

- The Group maintained a prudent liquidity policy by taking on new debt with a plan to repay it from existing assets, thus avoiding the need for future refinancing.
- In 2024, KRUK expanded its available credit facilities by raising limits under existing contracts and contracting new credit. Additionally, during the strategy period, KRUK issued bonds with a total nominal value of PLN 2,425 million and



EUR 184 million, while redeeming bonds worth PLN 1,291 million and EUR 40 million. As at 31 December 2018, the available credit facilities (both utilised and undrawn limits) amounted to PLN 1,964 million, having increased to PLN 3,953 million as at 31 December 2024.

### Optimised valuation of debt portfolios

Key initiatives included:

- strengthening of collaborative ties between the valuation function and local investment and operations teams, leading to deeper understanding of market-specific dynamics and, consequently, more precise portfolio valuations;
- advancing the valuation methodologies, e.g. by incorporating a broader range of data into valuation models and developing tools for enhanced monitoring of model quality;
- implementing automation.

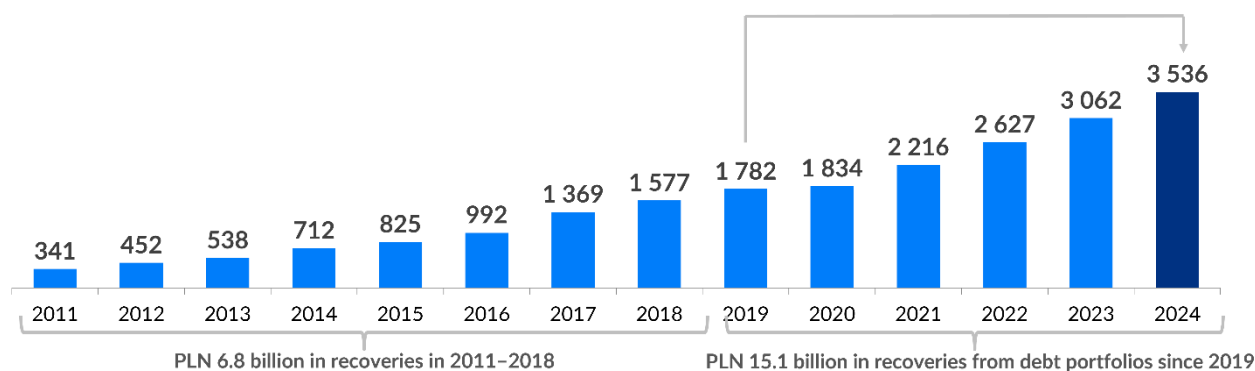
### Financial projection excellence

Efforts focused on supporting the business in determining the 'leads' to the achievement of operational targets, increasing the level of projection detail, analysing the long-term portfolio potential, and using external data that could impact the projections.

## Operational excellence

In 2019–2024, the KRUK Group achieved PLN 15.1 billion in portfolio recoveries, with a significant increase in the contribution of international markets to that total. In 2024 alone, cash recovered amounted to PLN 3,536 million, with the following geographical breakdown: 41% from Poland, 19% from Romania, 22% from Italy, 15% from Spain, and 3% from other markets.

### RECOVERIES FROM DEBT PORTFOLIOS (PLN MILLION)



Operational processes at the KRUK Group were improved through a number of measures, including the use of analytics, technologies (especially self-payer solutions and automation), as well as marketing support.

### Enhanced analytical processes

- Strategic work in that area was initiated by defining an analytical maturity model for operational processes. This facilitated benchmarking across the Group companies, while supporting the process aimed to accurately identify key development priorities.

- To enhance analytical maturity, KRUK advanced statistical modelling and machine learning techniques, while implementing automated tools for monitoring the quality of data analytics post-deployment. Simultaneously, KRUK refined its decision engine, which provides data-driven support for key decision-making processes.
- An external audit conducted in late 2023 and early 2024 confirmed high quality of the KRUK Group's analytical processes and strong competencies of its analytics team, based on relevant benchmarks. The assessment also helped define future development goals, aligned with technological advances and Data Governance improvements. These goals have been incorporated into the Group's strategy for the next period.

### Technological advances

- Business objectives were supported by extensive process automation and robotisation, streamlining and accelerating process workflows. Particular emphasis was placed on digitising paper-based processes, and on automating document classification and generation through AI-driven technologies, which significantly enhanced efficiency, especially in the case of court and bailiff referrals.
- The Group prioritised the adoption of cloud-based solutions to drive its fast-paced technological development, while further strengthening security. More than ten Enterprise class services and tools were implemented, designed to bolster defence against attacks, ensure data security and facilitate the management of staff equipment and applications, all crucial in the era of hybrid and remote work.
- Beyond traditional IT tools, KRUK also invested in no-code/low-code technologies, enabling staff members outside the technology departments to develop applications. AI-powered tools were introduced to further automate processes and enhance data analytics, supporting faster and more efficient development of applications with considerable productivity and innovation gains. Additionally, employees were trained in how to integrate AI into their daily tasks.
- The focus of the technology development strategy was not only on implementing new tools and improvements to existing systems, but also on strengthening collaboration between IT and business functions.
- In 2024, efforts were directed toward in-depth assessments of the current technological landscape and developing potential action plans for key areas, which led to the formulation of a long-term roadmap for the KRUK Group's technological ecosystem. In the second half of the year, the organisational structure and way of working were redefined, with a broad adoption of the Agile approach. Cross-functional product teams were established at the Head Office and companies, integrating professionals across the IT domain, operational processes and various support functions. Training was also provided to ease the transition to this new way of working. The purpose of those changes was to enhance the quality and efficiency with which new solutions are deployed, ensuring the Group is well-positioned for the next phase of its technological transformation, set to unfold over the new strategy period.

### Development of online solutions

- A key strategic objective across all markets was to encourage clients to take up self-service. To this end, the KRUK Group continuously developed new tools to facilitate the process, while refining solutions that were already in place to make them even more user-friendly and thus boost conversion rates. Throughout the strategy period, several initiatives were implemented:
- In 2019, the e-kruk platform was launched in Italy, following its earlier implementation in Poland and Romania. After its upgraded version (e-kruk 3.0) was developed, the platform was gradually rolled out across KRUK's four core markets, reaching Spain in early 2024. Via the platform, clients can manage their debts on an end-to-end basis, setting up flexible repayment plans, paying instalments, updating contact details, and tracking the status of all cases handled by KRUK (\*only their own cases).
- The platform was continuously improved through the addition of new product types and integration of the most widely used online payment methods in the respective markets. System performance and security were also regularly enhanced. In 2024, A/B testing tools were implemented for more precise product customisation and tailored communication based on client needs.
- With the platform's expansion and phased rollouts in new markets, the number of active user accounts increased 12-fold between December 2019 and December 2024. In 2024 alone, the user base grew by 24%.

- The number of settlement agreements generated and signed by clients through self-service also steadily increased. Now, such agreements represent almost half of all debt cases settled across the Group, following a 7% year-on-year increase in 2024.

## Brand strategy and operational marketing

- In operational marketing, KRUK was engaged in efforts to build recognition and foster a desired brand image (especially on the Italian and Spanish markets). New product rollouts were supported by campaigns run across traditional and social media channels. Financial education remains a key priority for the KRUK Group, as it seeks to enhance economic awareness among the general public and to promote secure use of digital tools that can facilitate debt repayment.

## Analytical excellence

Data-driven decision-making is a cornerstone of KRUK's competitive advantage. This is why one of the strategy's central points was to reinforce synergies across analytical functions, notably by establishing the Analytical Consortium. This initiative helped identify high value-add analytical solutions with the greatest impact across the organisation.

KRUK prioritises work with data, recognising the need for a more holistic approach to Data Governance, covering data availability, quality, and security. In 2024, with the support of an external advisor, KRUK conducted a comprehensive assessment of its Data Governance framework, resulting in a structured development plan that has become a key component of its strategy for the years ahead. KRUK's intention is to maximise benefits from the scale of its data (e.g. by preparing personalised client offerings).

## Lean transformation and digital transformation

Outstanding financial performance delivered by the KRUK Group under the 2019–2024 Strategy was made possible, in part, by the consistent pursuit of Lean transformation and digital transformation.

The **Lean transformation** journey is centred on continuous improvement in which the Company strives to maximise client value while minimising resource consumption (eliminating resource wastage, also known as *muda*), by fully harnessing the available employee talent pool and ideas.

During the strategy period, the KRUK Group focused on building problem-solving skills, involving a structured approach to identifying problems, analysing root causes, evaluating potential solutions, selecting the best ones and bringing them to bear. To support this, extensive training and mentoring programmes were launched. As a result, a growing number of employees have developed the ability to analyse processes on a daily basis and implement ongoing optimisations that increase recoveries, bring down costs and shorten turnaround times.

Alongside the Lean approach – already embedded in KRUK's organisational DNA – strong emphasis in the 2019–2024 Strategy was placed on **digital transformation**, which is about leveraging technology to enhance the Company's ability to deliver additional value. The objective is to increase process efficiency (with capability to handle a much larger volume of cases and thus boost recoveries without a significant headcount addition), improve client experience by providing user-friendly solutions (such as e-kruk), and build a modern and growth-inspiring organisation for employees.

A major milestone in this journey was the launch of the Discovery programme in late 2022, ensuring a structured and consistent transition across the entire Group. Designed to ensure comprehensive change encompassing processes, tools and people, the programme has an effect on both staff competencies and the organisational culture.

The period spanning the fourth quarter of 2023 and the first quarter of 2024 was particularly intensive and crucial for the KRUK Group's digital transformation efforts. With the support of an external advisor, the Group conducted a highly detailed digital maturity assessment across its four core markets. The analysis covered key business areas (including debt management at amicable settlement and legal enforcement stages), as well as IT, no/low-code solutions, data analytics, and human resources (HR processes, competencies). For each market and process, the level of maturity was assessed against

current industry trends and benchmarks. Based on these insights, roadmaps were developed to chart out directions and specific initiatives that would drive further digital advancement. Additionally, a review was undertaken to assess the current way of working in delivery of technology solutions and project management. It led to the development of an action plan to improve efficiency through wider adoption of the Agile approach. The key concept of Agile is to work in cross-functional teams empowered to make decisions regarding product development and rapid value delivery, ensuring that services, tools, and functionalities are developed and deployed as quickly as possible to serve both internal and external clients.

In the next stage (the second quarter of 2024), the KRUK Group launched another strategic project with the support of an external advisor. It included several key initiatives:

- an in-depth analysis of the Group's existing technology and analytics ecosystem, defining the target system architecture, creating a roadmap for its further advancement (over the next strategy period), and determining the requisite financial, organisational, and competency resources;
- an in-depth analysis of the organisation's data management framework, leading to the development of a comprehensive Data Governance strategy and execution of pilot initiatives in this area;
- defining key principles of the new way of working, integrating Lean and Agile.

Plans developed through this project served as a basis for outlining essential transformation milestones to be achieved over the next strategy period.

The second half of 2024 was dedicated to finalising the strategic plan and mobilising resources. During this phase, KRUK introduced key structural changes, including the establishment of cross-functional teams, and conducted training sessions to facilitate the adoption of the new way of working.

## People (development) and organisational excellence

The Strategic Plan 2019–2024 for human resources management focused on supporting business objectives, particularly those linked to digital transformation challenges, while also positioning the KRUK Group as an employer of choice, offering competitive working conditions and professional development opportunities to attract and retain top talent.

The HR strategy centred on three areas, with selected major initiatives outlined below:

### Organisational culture and employee engagement

- 2022 witnessed a comprehensive assessment of the organisational culture conducted across all local subsidiaries using the Human Synergistics model. The findings revealed that KRUK's dominant cultural style is constructive, characterised by a strong focus on ambitious goal achievement, self-actualisation, openness to change, and innovation. This cultural foundation creates an environment highly conducive to the digital transformation process.
- In 2024, a Group-wide employee engagement survey was undertaken, with an impressive 92% participation rate. Positive feedback yielded an overall engagement score of 89%, while the employee Net Promoter Score (eNPS) – measuring the willingness to recommend KRUK as an employer – stood at 92%. KRUK's strengths, identified as scoring 80% or higher, covered key areas of the employee experience, including: Goal cascading (96%), Managerial support (86%), Work organisation (83%), Collaboration (83%), Innovation and technology (86%), Feedback (82%), Sense of impact and autonomy (88%), DEI (92%), Work-life balance (87%), Communication and transparency (88%), and Senior leadership (85%). KRUK's engagement and experience indicators outperformed benchmarks for financial sector companies, high-performance firms, and national norms across all its markets.

### Building of skills

- Professional development stands among the KRUK Group's core values. Employees have ongoing access to both internal and external training and upskilling opportunities. As part of the strategy, KRUK expanded internal e-learning platforms, introduced a series of inspirational sessions, webinars, and expert-led training programmes featuring specialists from around the world.

- A particular focus was placed on equipping managers with the skills needed to lead teams effectively through change. To that end, KRUK implemented certified training programmes and established competency centres at the Head Office and across all Group companies. In late 2023 and early 2024, the KRUK\_up competency model, drawing on a mix of Lean and Agile, was introduced at the Group level, to support the digital transformation and enhance adaptability in an increasingly dynamic and complex environment (aligned with the VUCA and BANI world concepts).

### Excellence of HR processes and data

- Throughout the strategy period, remuneration and employee benefits policies were a key focus to ensure that KRUK's employee value proposition not only remained aligned with market standards, but also helped attract and retain top talent.

Work was undertaken to enhance the quality of HR analytics and efficiency of HR processes, including recruitment. In 2024, alongside the ongoing initiatives, efforts were concentrated on formulating a strategic plan for the next period, which included organisational restructuring and developing staff competencies necessary to embrace the new Lean- and Agile-based working model.

In addition to the HR areas mentioned above, great importance at KRUK is placed on upholding the principles of diversity, equity, and inclusion (DEI). Below are key performance indicators in this area, along with examples of initiatives carried out in 2024:

- Gender equality in the workplace – 63% of the KRUK Group's employees are women, with 58% of managerial positions held by female employees
- Gender Equal Pay Gap (GEPG) – pay disparity between women and men expressed as a ratio of the pay received by men working at the same level, in the same job family and in the same position at the KRUK Group stands at 0.6%
- Employees with disabilities – 2.2% across the KRUK Group, with regional breakdowns of 2.6% in Poland, 3.7% in Italy, 0.3% in Romania, 1.7% in Spain, and 1.5% in the Czech Republic
- Proportion of women on KRUK S.A.'s Management Board and Supervisory Board – 42%
- Employee turnover rate – 12% per year across the KRUK Group.

KRUK's HR initiatives have also won external recognition. In 2024 alone, KRUK S.A. received several prestigious accolades, including two Dream Employer awards for projects in organisational culture and change management; grand prize in the Power of Attraction competition from *Puls Biznesu* in recognition of modern tools and technologies in human resources management; finalist title in the People Innovation competition. For the second time, KRUK was also included in the Diversity IN Check list, which recognises diversity and inclusion management leaders among Polish companies.

## Organisational excellence

As part of its 2019–2024 Strategy, the KRUK Group focused on enhancing management processes in three key areas:

- phased implementation and continuous improvement of Hoshin Kanri – a strategic management method based on goal cascading and the Plan-Do-Check-Adjust (PDCA) cycle;
- advancement of the risk management framework – optimising processes within the framework and fostering synergies across various risk categories identified as inherent to the Group's operations;
- organisational model transformation in 2020 – a structural shift driven by the Group's expansion and the need for better alignment with current strategic priorities. This included the creation of centralised units within KRUK S.A. and separation of the NPL business.

The KRUK Group's business strategy is seamlessly integrated with its ESG strategy. For the Group's ESG initiatives, refer to section 10. *Non-financial statement*.

### 1.7.2. Strategic Plan 2025–2029

On 16 January 2025, the Management Board of KRUK S.A. adopted a new strategy for 2025–2029. Key aspects of the KRUK Group's new strategic plan are outlined below.

## Mission, vision and values of the KRUK Group

In developing the new strategy, the KRUK Group's Management Board decided to refresh its mission and vision statements, ensuring they better reflect KRUK's market position, efforts to reshape industry perception, and its role within the economic and social landscape.

### MISSION:

**We guide our clients toward a path out of debt. We operate ethically and effectively, while educating the public about responsible finances.**

### VISION:

**We are building a world of financial balance based on mutual trust, where promises and commitments are fully honoured.**

Our **VALUES** stay the same and comprise:

#### RESPECT

Mutual respect is the cornerstone of our business. We treat everyone the way we want to be treated.

#### COOPERATION

Together, we can achieve more. We build relationships based on partnership, and clear rules. We call things by their name.

#### ACCOUNTABILITY

Everyone is responsible for their decisions, actions or inaction and their consequences.

#### SIMPLICITY

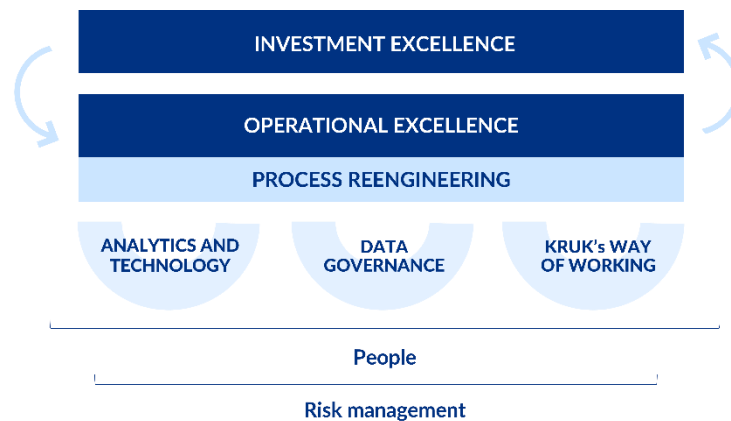
Simplicity is beautiful. We simplify our processes and eliminate waste. Done is better than perfect.

#### DEVELOPMENT

We are committed to continuous improvement. We have an incessant inner drive to progress, even when we succeed.

## Strategic Plan 2025–2029

The key objective over the new strategy period (2025–2029) is to drive continued business growth by upscaling, enhancing process efficiency, and digital transformation.



The KRUK Group is set for a major business expansion, planning to invest as much within the next five years as it has throughout its operating history (approximately PLN 15 billion). With this investment level, KRUK could be handling around 20 million cases by the end of the strategy period. At the same time, KRUK aims to maintain nearly the same workforce size, keeping the number of employees across its existing markets below 4,000. To achieve this, it must further enhance operational efficiency, focusing on: shortening turnaround times, expanding self-service solutions and leveraging behavioural science. To support these goals, KRUK will continue its digital transformation, with a strong focus on three areas: data management, technology and data-driven processes, KRUK's way of working. At the core of this change are engaged, highly skilled employees and a robust risk management system.

Key elements of the Group's strategy:

- ~PLN 15 billion → new investments in debt portfolios
- Ambition for recoveries from existing debt portfolios at PLN 29 billion over the next 20 years
- Profit growth potential both during the strategy period and over the long term
- ~20% ROE
- PLN 20 billion → doubling of the portfolio carrying amount
- PLN 0.5 billion → investment in digital transformation
- Optimising costs through continuous process improvements, economies of scale, and technological advances
- Maintaining the net debt-to-cash EBITDA ratio below 3.0, allowing for a temporary exceedance if necessary.

## Investment excellence

Throughout its 27-year history, the KRUK Group has invested PLN 17.6 billion. Over the next strategy period spanning five years, it expects to invest approximately PLN 15 billion.

The base strategic scenario is to pursue organic growth with a focus on five major European markets: Poland, Romania, Italy, Spain, and France. With combined populations of 232 million, these countries are among Europe's largest NPL markets with further growth potential.

Despite upbeat macroeconomic forecasts and an expected increase in lending activity, the KRUK Group has adopted a cautious market outlook for its base-case scenario, including the following key assumptions:

- modest growth in debt sales across the Group's operating markets from 2025 to 2029;
- following record-high investments in 2023 and 2024, a more moderate investment target has been set for 2025 (approximately PLN 2.5 billion), to grow incrementally in subsequent years; average annual investments are expected to remain in line with the levels of the past two years;
- investments will be made at an average IRR comparable to KRUK's 2024 performance;
- the Group's historical market share in unsecured consumer debt acquisitions on the primary market, averaging 30–40%, will be maintained, ensuring KRUK's continued leadership in the segment;
- other asset classes will account for no more than around a dozen per cent of total investments.

## Operational excellence

The KRUK Group aims to drive further growth by expanding its balance sheet and focusing on maximising recoveries from existing debt portfolios.

The key objective is to double the carrying portfolio amount.

Over the course of the strategy, the Group plans to establish pathways to achieve a realistic target for recoveries from its existing debt portfolios, at PLN 29 billion over the next 20 years.

By 2030, KRUK expects to have acquired a total of over 20 million cases (compared with the current level of approximately 13.1 million). Despite this expansion, the Group projects only a slight increase in headcount (with FTE<sup>3</sup> rising to a maximum of 4,000, from approximately 3,500 at the end of December 2024).

Accordingly, the operational strategy focuses on process reengineering, aimed to explore opportunities for efficiency gains. The key strategic objective is to reduce the portfolio lead time by one year, meaning a faster break-even point (when the investment expenditure and direct operating costs are fully covered by amounts collected). The Group plans to achieve this by doubling the share of self-payers (i.e. the percentage of amicable and hybrid collections where clients make payments without advisor intervention) and doubling the automation rate in legal enforcement (i.e. the share of fully automated document processing in court and bailiff proceedings). KRUK anticipates that these initiatives will also drive up the recoveries per FTE ratio (reflecting total recoveries across all purchased portfolios relative to the number of FTE employees working in the purchased portfolio and Head Office functions).

## Digital transformation

Delivery of the KRUK Group's ambitious financial and operational goals will be driven by the continuation of its digital and Lean transformation efforts. The strategic transformation plan has been built on a thorough assessment of the current state, potential growth scenarios, and best practices, conducted with support from an external advisor (for details, see the section concerned with strategy execution for the previous period). As a result of the work carried out so far, KRUK has defined its target future state, a structured roadmap to achieve it, and the necessary resources. The adopted plan is holistic, focused on enhancing processes, tools, and ways of working, to ensure a seamless and effective transition.

The KRUK Group estimates that its investment in the transformation plan will reach approximately PLN 500 million over five years, targeting a minimum 20% IRR, with the break-even point expected after the strategy period (post-2029).

The plan is based around three pillars:

- Analytics & Technology (implemented through the New Horizon programme)
- Data Governance
- KRUK's Way of Working.

### **Analytics and Technology**

The KRUK Group has launched New Horizon, a bold initiative aimed at constructing a next-generation analytics and technology ecosystem. This end-to-end (E2E) system will seamlessly support processes from start to finish, ensuring they are data-driven, highly secure, and fully controllable. It will be supported by cutting-edge technologies, including a cloud-first model and AI-powered solutions. Artificial intelligence will play a pivotal role in operational processes, with applications such as AI-driven bots and chatbots facilitating interactions with self-payers, automated document processing – enabling AI to read and respond to correspondence, and decision models – supporting data-driven decision-making and personalising the client journey. By revolutionising its technological backbone, KRUK is setting the stage for rapid and agile development of tools and solutions that will evolve in sync with changing client needs.

### **Data Governance**

Data is a critical asset and source of competitive advantage for the KRUK Group. Therefore the Group's strategic objective is to maximise the benefits of data utilisation in operational processes. Over the new strategy period, KRUK will continue implementing a comprehensive, best-practice-based Data Governance framework. This initiative will encompass:

- defining key roles and responsibilities in data management (structure);
- implementing standards and processes to enhance data accessibility, usability and security;
- refining decision-making models and fostering a culture of data-driven decision-making.

The robust Data Governance strategy will also lay the groundwork for wider adoption of advanced technologies, particularly AI.

### **KRUK's Way of Working**

The KRUK Group has embarked on the implementation of a new Way of Working, integrating the best practices of Lean and Agile. The aim is to create systemic solutions that would transform the Group into a truly self-learning organisation. Lean principles are already embedded in KRUK's organisational DNA, ensuring that processes are designed with a relentless focus on value while eliminating resource wastage, by leveraging the talents and potential of employees. Meanwhile, the Agile approach will enable faster implementation of defined improvements and novel solutions. In building the new ecosystem, KRUK is shifting to agile product development, where work is carried out in cross-functional teams, bringing together expertise from across the organisation as business and IT professionals collaborate toward shared goals. The adoption of KRUK's Way of Working includes guiding employees through this transformation, providing support in adapting to change and developing the necessary skills to thrive in an evolving workplace.



## Risk management

Effective risk management is a cornerstone of the KRUK Group's ability to execute its strategic plan. The framework is geared towards enhancing organisational resilience through proactive and deliberate approach to identifying, assessing, and responding to risks.

The strategic goal for KRUK's risk management system is to elevate its maturity and integration, which will be achieved through initiatives focused on:

- enhancing early threat detection and enabling swift action in response;
- deepening the system's integration within the organisational culture and decision-making processes;
- strengthening adaptability to emerging risks;
- improving accuracy in the assessment and quantification of identified threats;
- ensuring reliability of data derived from risk management processes.

## People – our greatest asset

The competencies, experience, and dedication of the KRUK Group's employees are not only fundamental to achieving its business goals, but also serve as a key source of competitive advantage. Recognising this, the Group's strategy includes initiatives aimed at fostering continuous employee development. KRUK is committed to creating an inspiring and supportive workplace, where every individual feels valued, motivated, and empowered to grow. The strategy will focus on four key pillars:

- Employer of Choice – streamlining recruitment processes to efficiently attract top talent;
- Talent Development & Retention – personalised career paths, coaching, mentoring, and internal growth opportunities to nurture talent; Fostering engagement, and cultivating an organisational culture that promotes innovation and collaboration;
- Diversity, Equity, and Inclusion (DEI) – ensuring a work environment where all employees feel respected and valued;
- Wellbeing – implementing wellbeing programmes to make KRUK an even more rewarding and fulfilling place to work.

## Summary of the base scenario

In summary, the KRUK Group's strategic plan under the base-case scenario includes:

- **investing approximately PLN 15 billion in debt portfolios over the next five years** across the Group's existing markets, including France. Actual expenditure on portfolio purchases will depend on market competition, as well as the Group's financial leverage and operational efficiency;
- maintaining the net debt-to-cash EBITDA ratio below 3.0, allowing for a temporary exceedance if necessary;
- targeting recoveries from existing debt portfolios of PLN 29 billion over the next 20 years;
- doubling the carrying amount of the Group's portfolios from approximately PLN 10.5 billion at the end of 2024 to PLN 20 billion by the end of 2029;
- shortening the portfolio lead time (needed to reach break-even) by 20% to four years;

- raising the recoveries per FTE ratio by 50%, including through automation and development of self-payer solutions for clients;
- lowering the ratio of operating costs to recoveries in the purchased portfolio business, driven by continuous process improvements, economies of scale, and technological advances;
- achieving ROE of approximately 20%, though this may decrease if KRUK becomes subject to the GloBE tax going forward;
- sustained profit growth, both within the strategy period (driven by expected recoveries from existing portfolios combined with market opportunities for new investments) and in the long run (with major benefits from the digital transformation expected post-2029);
- investing approximately PLN 500 million in the digital transformation over five years, targeting a minimum 20% IRR and achieving break-even beyond the strategic horizon (post-2029);
- minimal workforce expansion, to no more than 4,000 FTEs by the end of the strategy period from the current 3,500 (resulted FTE), despite nearly doubling investments and handling over 50% more cases.

The KRUK Group has also identified additional growth potential beyond the base scenario, which may be driven by:

- higher recoveries from existing portfolios achieved through continuous process improvements or favourable macroeconomic trends;
- accelerated benefits from the digital transformation;
- faster expansion of the primary market for unsecured retail debt (relative to conservative base-case assumptions);
- expansion of the secondary market for unsecured retail debt;
- higher investments or higher-than-expected returns on unsecured retail portfolios, driven by ongoing consolidation within the sector;
- increased investments in corporate, SME, and mortgage debt (non-core debt assumed to remain capped at 25% of the total portfolio value);
- higher investments in the French market. The base-case scenario assumes conservative expansion, but if operational efficiencies are confirmed and the market continues to expand, the market could contribute more significantly to the KRUK Group's investment plans;
- entry into new markets beyond France, with expansion driven by factors such as population size and the scale of local banking sectors;
- further growth of the consumer lending business in Poland and other markets.

In order to strengthen the process of managing the Group's activities in the area of climate change, social issues, and corporate governance in the KRUK Group, we integrate sustainable development with the business strategy. The goals in the ESG Strategy for the KRUK Group defined in 2023, due to the need for integration with the new business strategy and the results of the double materiality assessment conducted in 2024, will be subject to revision in 2025.

## 1.8. OPERATIONS – MILITARY CONFLICT IN UKRAINE

Russia's aggression against Ukraine started on 24 February 2022. The KRUK Group does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in those countries.

With no operations conducted in Ukraine or Russia, the Company expects the implications of the conflict for the Group's operations to be indirect and limited.

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.

## 2. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

### 2.1. PERFORMANCE FORECASTS

KRUK S.A. does not issue any performance forecasts.

### 2.2. ASSESSMENT OF FUTURE FINANCIAL CONDITION

The Group mitigates risks associated with the management of financial resources through a continuous debt portfolio management process, which ensures an uninterrupted inflow of cash. The Group partly relies on external financing, but it monitors and ensures proper performance under its credit facility agreements and fulfilment of its other financial liabilities.

In the opinion of the Management Board, given the Group's current and projected financial position there are no significant risks related to its management of financial resources. The Company is able to control and service its debt and manages its financial resources in a prudent manner.

## 3. RISK FACTORS AND THEIR MANAGEMENT

The risk management policies followed by the KRUK Group are designed to:

- identify and analyse the Group's risk exposures;
- identify appropriate controls, including limits and procedures;
- enable control and monitoring of risk levels and the progress on implementing the risk management strategy.

The risk management policies in place at the Group are regularly reviewed to ensure that they reflect the market trends and developments at a given time, as well as changes in the Group's legal and regulatory environment. The Management Board is responsible for defining risk management procedures and overseeing their implementation.

Using such tools as training, management standards and procedures, and well-defined internal controls, the Group seeks to build a stimulating and constructive control environment, in which all employees understand their respective roles and responsibilities.

In the period from 1 January to 31 December 2024, there were no material changes to the risk management approach, therefore the Management Board of KRUK S.A. identified the same risks as those specified in the full-year KRUK S.A. Directors' Report on the operations of KRUK S.A. and the KRUK Group in 2023, in section 7. *Risk factors and their management*. The report is available on the Company's website at: <https://en.kruk.eu/media/article/file/cgkrukdro2023p3.pdf>.

## 4. SHAREHOLDERS

### 4.1. SHAREHOLDING STRUCTURE (MAJOR HOLDINGS)

Table 6 lists the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at the date of issue of the previous periodic report, i.e. 29 October 2024.

**Table 6.** Major holdings of KRUK S.A. shares as at the issue date of the previous periodic report

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE	2,470,391*	12.75
Allianz OFE	1,931,790*	9.97
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	1,725,373**	8.90
Generali OFE	1,624,510*	8.38
PZU OFE	1,154,000*	5.95
VIENNA OFE	1,044,523*	5.39

(\*) Data based on the list of shareholders eligible to attend the Annual General Meeting on 10 May 2024.

(\*\*) Data based on the Shareholder's Notification of 29 July 2024 (see Current Report No. 47/2024).

Source: Company.

On 8 November 2024, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, Mr Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 7,408 shares in KRUK S.A. at the average price of PLN 427.60 per share on 6 November 2024 and 1,000 shares in KRUK S.A. at the average price of PLN 438.16 per share on 8 November 2024 (see Current Report No. 64/2024).

Table 7 presents the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at reporting date, i.e. 31 December 2024.

**Table 7.** Major holdings of KRUK S.A. shares as at the reporting date of 31 December 2024

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE	2,470,391*	12.75
Allianz OFE	1,931,790*	9.97
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	1,716,965**	8.86
Generali OFE	1,624,510*	8.38
PZU OFE	1,154,000*	5.95
VIENNA OFE	1,044,523*	5.39

(\*) Data based on the list of shareholders eligible to attend the Annual General Meeting on 10 May 2024.

(\*\*) Data based on the Shareholder's Notification of 8 November 2024 (see Current Report No. 64/2024).

Source: Company.

## Events subsequent to the reporting date

The shareholders holding major holdings of KRUK shares, either directly or indirectly, as at 14 January 2025, i.e. the record date for participation in the Extraordinary General Meeting convened for 30 January 2025, are presented in Table 8. The shareholding structure remains valid as at the issue date of this report.

**Table 8.** Major holdings of KRUK shares as at the issue date of this report

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE	2,488,000*	12.84
Allianz OFE	1,931,790*	9.97
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	1,716,965*	8.86
Generali OFE	1,650,065*	8.51
VIENNA OFE	1,044,523*	5.39
PZU OFE	989,865*	5.11

(\*) Data based on the list of shareholders eligible to attend the Extraordinary General Meeting on 30 January 2025.

Source: Company.

## 4.2. TREASURY SHARES

The Company holds no treasury shares.

## 4.3. MANAGEMENT OR SUPERVISORY BOARD MEMBERS HOLDING SHARES OR RIGHTS TO SHARES

Table 9 below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the issue date of the previous period report, i.e. 29 October 2024.

**Table 9.** KRUK shares held by management and supervisory personnel as at 29 October 2024

Full name	Position	Number of shares held	Total par value (PLN)
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	President of the Management Board	1,725,373	1,725,373
Piotr Kowalewski	Member of the Management Board	22,263	22,263
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	113,718	113,718
Michał Zasępa	Member of the Management Board	49,000	49,000

Source: Company

Except as described in section 4.1, there were no transactions that would lead to changes in the number of KRUK S.A. shares held by members of the Management Board or Supervisory Board during the reporting period.

**Table 10.** KRUK S.A. shares held by management and supervisory personnel as at 31 December 2024

Full name	Position	Number of shares held	Total par value (PLN)
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna	President of the Management Board	1,716,965	1,716,965
Piotr Kowalewski	Member of the Management Board	22,263	22,263
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	113,718	113,718
Michał Zasepa	Member of the Management Board	49,000	49,000

As at 27 February 2025, members of the Management Board of the Company held no rights to KRUK S.A. shares other than those under the subscription warrants presented in detail in section 4.4 *Incentive Scheme*.

## 4.4. INCENTIVE SCHEME

### Incentive scheme for 2021–2024

On 16 June 2021, the Annual General Meeting of KRUK S.A. passed a resolution on setting the rules of an incentive scheme for 2021–2024, conditional increase in the Company’s share capital and issue of subscription warrants with the Company existing shareholders’ pre-emptive rights waived in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association (Resolution 2021), (the “2021–2024 Incentive Scheme”).

For the purposes of the 2021–2024 Incentive Scheme, the General Meeting approved a conditional increase of the Company’s share capital by up to PLN 950,550.00, through an issue of up to 950,550 Series H ordinary bearer shares. The subscription warrants are issued free of charge, may be inherited, but may not be encumbered and are not transferable. In accordance with the terms of the Scheme, the number of warrants to be allotted and offered to members of the Management Board throughout the term of the Scheme is 40% of all warrants.

Conditions for offering Subscription Warrants under the 2021–2024 Incentive Scheme, by Tranche	
Target	15.00% or higher average annual increase in EPS in the fiscal year immediately preceding the year in which the warrants are offered.
	EPS growth is calculated according to the following formula:

$$real\ EPS_{2019+n} = \sqrt[n]{\frac{EPS_{2019+n}}{EPS_{2019}}} - 1 \text{ for } n = 2,3,4,5,6$$

**Table 11.** Time horizon for calculating the average annual EPS growth under the 2021–2024 Incentive Scheme

Time horizon for the 2021–2024 Incentive Scheme										
Tranche	Period included in the calculation of the average annual EPS growth in the fiscal year immediately preceding the year in which the warrants are offered									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Tranche 1 for 2021		x	x							
Tranche 2 for 2022		x	x	x						
Tranche 3 for 2023		x	x	x	x					
Tranche 4 for 2024		x	x	x	x	x				

	Reference year
	EPS growth measurement period
	Satisfaction of the grant conditions is assessed, and warrants are allotted
	Lock-up
	Exercise period

Source: Company

For details of the 2021–2024 Incentive Scheme, see the Directors' Reports on the operations of the KRUK Group for 2021, 2022 and 2023.

**Table 12.** Execution of the 2021–2024 Incentive Scheme as at the issue date of issue of this periodic report

2021–2024 Incentive Scheme					
Tranche	Target: EPS growth	EPS growth rate	Number of warrants awarded to and subscribed for by Management Board members	Number of warrants awarded to and subscribed for by other eligible persons	Total number of warrants awarded and subscribed
1	✓	58.34%	76,044	96,094	172,138
2	✓	42.27%	76,044	109,292	185,336
3	✓	36.64%	76,044	113,765	189,809

Source: Company

The table below shows the number of Tranche 1, 2 and 3 warrants awarded to and subscribed for by each Management Board member.

**Table 13.** Number of Tranche 1, 2 and 3 warrants awarded to and subscribed for by Management Board members under the 2021–2024 Incentive Scheme, held as at the issue date of this periodic report

Full name	Number of Tranche 1 warrants awarded and subscribed	Number of Tranche 2 warrants awarded and subscribed	Number of Tranche 3 warrants awarded and subscribed
Piotr Krupa	22,812	22,812	22,812
Piotr Kowalewski	13,308	13,308	13,308
Adam Łodygowski	13,308	13,308	13,308
Urszula Okarma	13,308	13,308	13,308
Michał Zasępa	13,308	13,308	13,308

Source: Company

In the reporting period and as at the date of issue of this report, members of the Management Board of the Company held no rights to KRUK S.A. shares other than the rights under the subscription warrants issued under the 2021–2024 Incentive Scheme, as shown in Table 9. Members of the Supervisory Board do not hold any subscription warrants issued under the 2021–2024 Incentive Scheme.

As at the issue date of this report, 62,878 subscription warrants had been converted into Series H shares in the Company.

The subscription warrants under the 2021–2024 Incentive Scheme are issued free of charge, may be inherited, but may not be encumbered and are not transferable, subject to Resolution No. 5/2025 of 30 January 2025 to amend Resolution 2021, whereby the Extraordinary General Meeting of KRUK S.A. passed the following amendment: “Subscription Warrants shall be non-transferable, except where a donation agreement for the Subscription Warrants is executed with the prior consent of the Company, granted through a resolution of the Management Board. No further donation of the Subscription Warrants shall be permitted”. In accordance with the terms of the Incentive Scheme, the number of warrants to be allotted and offered to members of the Management Board throughout the term of the Scheme is 40% of all warrants.

### **Incentive scheme for 2025–2028**

On 30 January 2025, the Extraordinary General Meeting of KRUK S.A. passed a resolution on setting the rules of an incentive scheme for 2025–2028, conditional increase in the Company’s share capital and issue of subscription warrants with the Company existing shareholders’ pre-emptive rights waived in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association (Resolution 2025), (the “2025–2028 Incentive Scheme”).

For the purposes of the 2025–2028 Incentive Scheme, the General Meeting resolved to conditionally increase the Company’s share capital by no more than PLN 775,264 (seven hundred and seventy-five thousand, two hundred and sixty-four złoty) through the issuance of no more than 775,264 (seven hundred and seventy-five thousand, two hundred and sixty-four) Series I ordinary bearer shares with a par value of PLN 1 (one złoty) per share.

The subscription warrants are issued free of charge, may be inherited, but may not be encumbered and are not transferable, except where a donation agreement for the subscription warrants is executed with the prior consent of the Company, granted through a resolution of the Management Board. No further donation of the subscription warrants is permitted. In accordance with the terms of the Incentive Scheme, the number of warrants to be allotted and offered to members of the Management Board throughout the term of the Scheme is 40% of all warrants.

As at the date of issue of this report, no subscription warrants were awarded under the 2025–2028 Incentive Scheme.



## 4.5. DIVIDENDS PAID (OR DECLARED)

According to the Dividend Policy in place (Current Report No. 55/2021), 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 to concurrently drive its value growth and make regular profit distributions to shareholders. The objective behind adopting the Dividend Policy is to carry into effect the Management Board's intention and take account of KRUK's status as a growth company paying out dividend based on clear and consistent 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 the previous financial year, attributable to owners of the parent.

The Dividend Policy is available on the Company's website at: [https://en.kruk.eu/media/file/file/dividendpolicyofkruksa\\_appres194\\_2021\\_02122021.pdf](https://en.kruk.eu/media/file/file/dividendpolicyofkruksa_appres194_2021_02122021.pdf)

On 27 March 2024, the Company passed a resolution on a proposal for the Supervisory Board regarding the allocation of the 2023 net profit and a recommendation for the Annual General Meeting to approve a dividend payment of PLN 18.00 per share. The remaining balance of the Company's net profit for 2023 is recommended to be transferred to statutory reserve funds.

On 27 March 2024, the Supervisory Board endorsed the Management Board's recommendation for the Annual General Meeting to allocate the Company's net profit for 2023 of PLN 983,933,614.88 as follows:

1. Distribute PLN 347,738,220.00 as a dividend of PLN 18.00 per share. 2. Transfer the balance of PLN 636,195,394.88 to statutory reserve funds.

On 10 May 2024, the Annual General Meeting resolved to allocate the Company's net profit for 2023 as proposed and recommended by the Management Board and the Supervisory Board. The dividend record date was set for 15 May 2024, and the dividend payment date for 20 May 2024.

Accordingly, on 20 May 2024, the Company paid a total of PLN 347,738,220.00 as dividends.

There was no dividend payment in the three months ended 31 December 2024 and no decisions were made to pay dividend in the following period.

On 16 January 2025, the Management Board passed Resolution No. 5/2025 to introduce the 'Dividend Policy of KRUK S.A.' for the period 2025–2029. According to the new Dividend Policy, each year the Management Board 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 the previous financial year, attributable to owners of the parent. This is subject to the condition that, after accounting for the proposed dividend payment, the net debt-to-cash EBITDA ratio remains at or below 3.0. The overriding objective of KRUK S.A. remains unchanged: to ensure sustainable and profitable growth, resulting in increased shareholder value and the ability to pay dividends, while maintaining adequate liquidity and operating in accordance with sustainability (ESG) principles. This Dividend Policy establishes clear and consistent criteria for the distribution of the Company's earnings.

The adoption of the Dividend Policy was announced in Current Report No. 6/2025.

## 4.6. PERFORMANCE OF COMPANY SHARES ON THE WARSAW STOCK EXCHANGE

### 4.6.1. Share price

As at the end of 2024, the KRUK share price on the stock exchange dropped by 12.83%, to PLN 415.8 per share. The share performance lagged behind the WIG and WIG20 indices, which achieved rates of returns of 1.42% and -6.44%, respectively.

Over the three months to 31 December 2024, the KRUK share price receded by -6.31% relative to the end of the third quarter, underperforming the WIG and WIG20 indices, which lost -4.44% and -6.443%, respectively.

On the last trading day in 2024, the Company's market capitalisation was PLN 8.1 billion (compared with PLN 8.9 billion at the end of 2023). On 31 December 2024, KRUK ranked 23rd in terms of market capitalisation on the WSE.

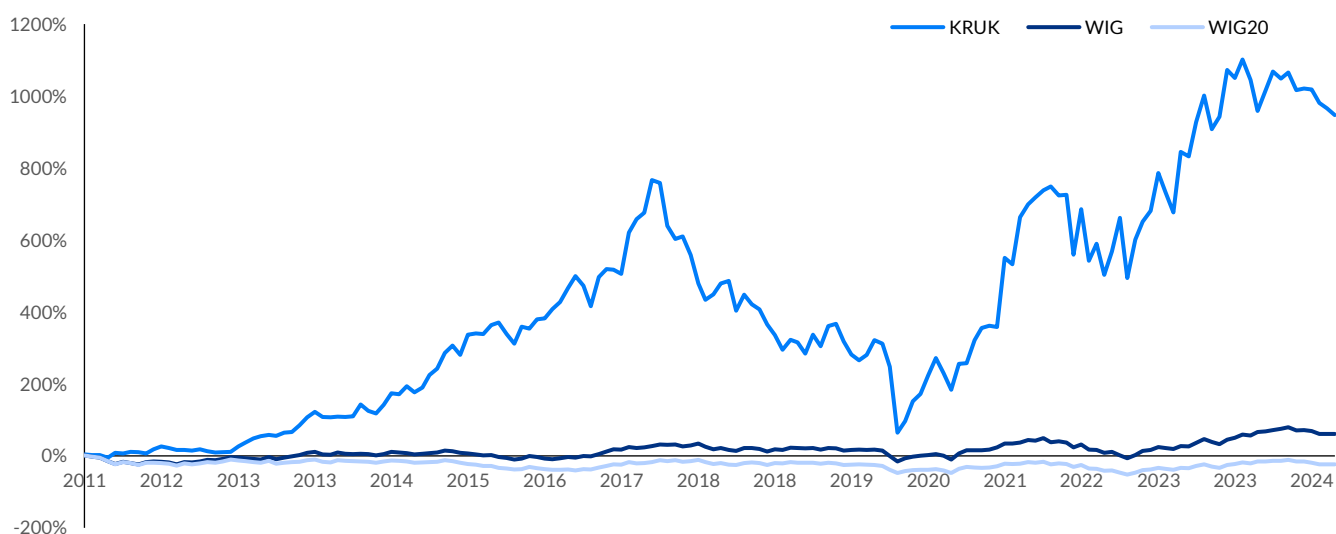
**Table 14.** Rates of return on KRUK S.A. stock, WIG and WIG20 for 2024 – at close

Date	KRUK	WIG	WIG20
Rate of return	-12.83	1.42	-6.44

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to the end of 2024, the rate of return on KRUK shares was 914%. Over the same period, the all-cap WIG index rose 61%, while the blue-chip WIG20 index dropped -24%.

#### PERFORMANCE OF KRUK STOCK AGAINST WIG AND WIG20 FROM THE COMPANY'S IPO ON THE WSE IN MAY 2011 TO THE END OF 2024

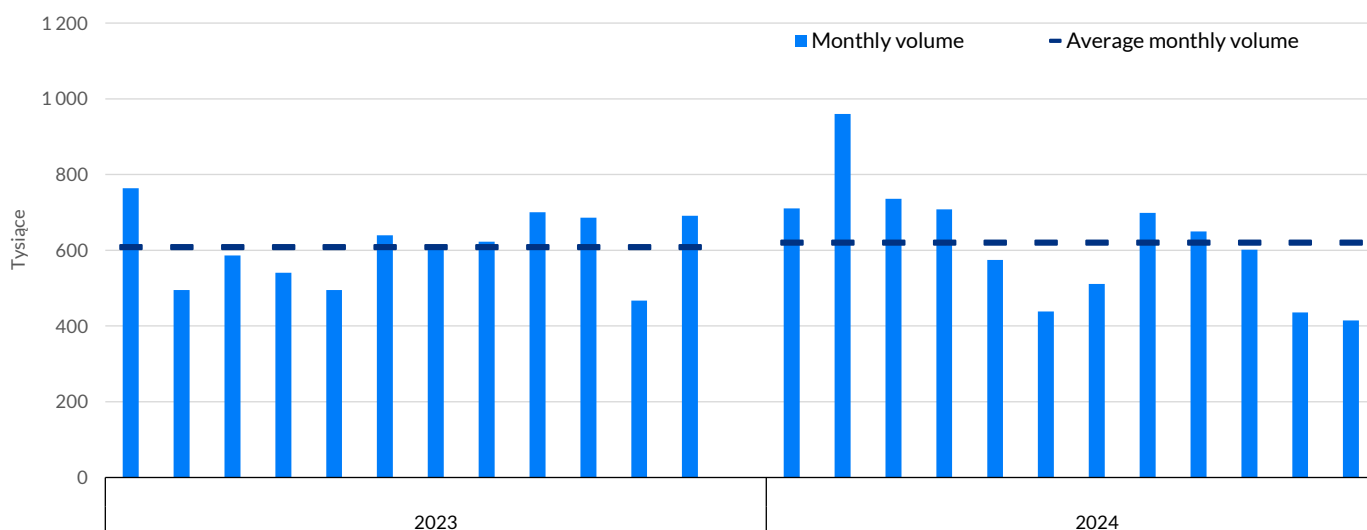


Source: in-house analysis, based on stooq.pl

## 4.6.2. Stock liquidity

The total volume of KRUK S.A. shares traded in 2024 was 4.3 million, and the total value of trading reached PLN 1.9 billion. The total volume of KRUK S.A. shares traded in the same period of the previous year was 7.3 million, and the total trading value was PLN 2.9 billion. The average daily trading volume of KRUK shares in 2023 was 26 thousand shares, and the average daily trading value stood at PLN 11.5 million. KRUK was the 22nd most liquid stock on the WSE (in terms of the total annual trading value of trades).

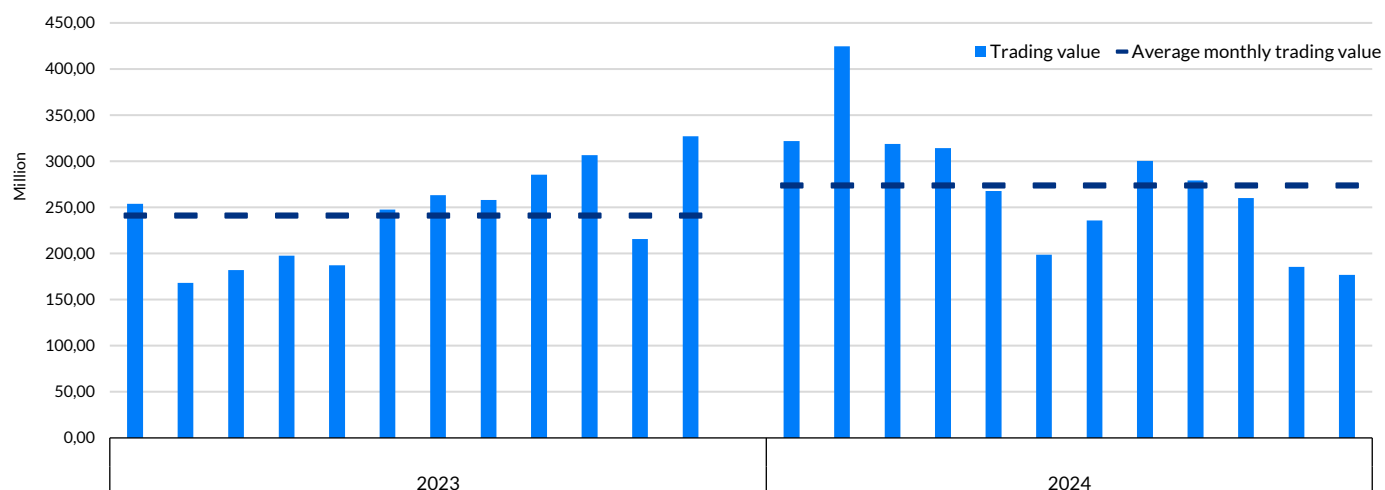
### MONTHLY VOLUME IN INDIVIDUAL MONTHS AND THE YEAR'S AVERAGE MONTHLY VOLUME OF TRADE IN KRUK SHARES IN 2023-2024



Source: in-house analysis based on [www.stoog.pl](http://www.stoog.pl)

### MONTHLY VALUE IN INDIVIDUAL MONTHS AND THE YEAR'S AVERAGE MONTHLY VALUE OF TRADE IN KRUK SHARES IN 2023-2024

#### AVERAGE DAILY TRADING VALUE IN 2024: PLN 11.5 MILLION



Source: in-house analysis based on [www.gpw.pl](http://www.gpw.pl)

## 5. COMPANY BONDS

### 5.1. ISSUE

In 2024, under the prospectus-based Tenth Bond Issue Programme, the Company issued Series AO5EUR bonds with a total nominal value of EUR 10 million and Series AO6EUR bonds with a total nominal value of EUR 14 million, with a price per bond equal to its nominal value of EUR 100, as well as Series AO7 bonds with a total nominal value of PLN 70 million and a price per bond equal to its nominal value of PLN 100. The bonds were offered to retail investors. In October 2024, the Company issued Series AP1 bonds with a total nominal value of PLN 75 million, and in November 2024 – Series AP2 bonds with a total nominal value of PLN 125 million. The bonds were issued under the prospectus-based 11th Bond Issue Programme. The bonds of both series were offered to retail investors and the issue price of each bond was equal to its nominal value of PLN 100.

**Table 15. Bond issues in 2024**

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AO5EUR	EUR 10 million	February 2024	February 2029	floating 3M EURIBOR + margin of 4.00pp	every 3 months
AO6EUR	EUR 14 million	February 2024	February 2029	floating 3M EURIBOR + margin of 4.00pp	every 3 months
AO7	PLN 70 million	February 2024	February 2029	floating 3M WIBOR + margin of 4.00pp	every 3 months
AP1	PLN 75 million	October 2024	October 2029	floating 3M WIBOR + margin of 3.00pp	every 3 months
AP2	PLN 125 million	November 2024	November 2030	floating 3M WIBOR + margin of 3.00pp	every 3 months

Source: Company

Subsequent to the reporting date, in February 2025, the Company issued Series AP3 bonds with a total nominal value of PLN 100 million and a price per bond equal to its nominal value of PLN 100. The bonds were issued under the prospectus-based 11th Bond Issue Programme. The bonds were offered to retail investors.

**Table 16. Bond issues after 31 December 2024 until the issue date of this report**

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AP3	PLN 100 million	February 2025	February 2031	floating 3M WIBOR + margin of 2.80pp	every 3 months

### 5.2. REDEMPTION

In 2024, the Company redeemed, in accordance with the relevant terms and conditions, a part of Series AL2 bonds through amortisation of their nominal value, which was PLN 150 per bond. In the same period, the Company redeemed at maturity Series AG2 bonds with a total nominal value of PLN 25 million and Series AJ1 bonds with a total nominal value of PLN 25 million.

Subsequent to the reporting date, in February 2025, the Company redeemed, in accordance with the relevant terms and conditions, a part of Series AL2 bonds through amortisation of their nominal value, which was PLN 150 per bond.

**Table 17. Bond amortisation in 2024**

Series	Redemption date	Amortisation value
AL2	February 2024	PLN 52.5 million

**Table 18. Bond redemptions in 2024**

Series	Redemption date	Number of bonds	Nominal value
AG2	February 2024	250,000	PLN 25 million
AJ1	September 2024	250,000	PLN 25 million

**Table 19. Bond amortisation in 2025**

Series	Redemption date	Amortisation value
AL2	February 2025	PLN 52.5 million

### 5.3. LIABILITIES UNDER BONDS

As at 31 December 2024, the nominal value of outstanding bonds issued by the Company was PLN 3,109 million (amounts in EUR translated into PLN at the mid exchange rate quoted by the NBP for 31 December 2024).

Financial ratios monitored pursuant to the terms and conditions of the bonds

As at 31 December 2024:

- Debt Ratio stood at 1.4x
- Net Debt to Cash EBITDA ratio was 2.7x

where:

- **Cash EBITDA** is defined in the Glossary of terms;
- **Equity** means the KRUK Group's equity;
- **Debt Ratio** means: Net Debt to Equity;
- **Net Debt** represents the KRUK Group's Financial Liabilities less the KRUK Group's cash;
- **Financial Liabilities** are defined in the Glossary of terms.

### 5.4. INFORMATION PROVIDED TO FULFIL THE BOND ISSUER'S OBLIGATIONS UNDER ART. 35.1A, 35.1B AND 35.1C OF THE BONDS ACT

Pursuant to Art. 35.1a and 35.1b of the Bonds Act, in December 2023 KRUK published on its website at <https://pl.kruk.eu/relacje-inwestorskie/obligacje/dodatkowe-informacje> a projection of the financial liabilities and financing structure of KRUK S.A. and the KRUK Group as at 31 December 2024 (the "Bonds Act Projection").

The financial liabilities of KRUK S.A. and the KRUK Group as at 31 December 2024 were as follows:

- financial liabilities of KRUK S.A.: PLN 3,706 million (17% above the Bonds Act Projection),
- financial liabilities of the KRUK Group: PLN 6,627 million (11% above the Bonds Act Projection),
- financing structure of KRUK S.A. (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of KRUK S.A.): 44% (1pp above the Bonds Act Projection).
- financing structure of the KRUK Group (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of the KRUK Group): 57% (1pp below the Bonds Act Projection).

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

## 6. CREDIT RATING

### 6.1. CORPORATE RATING

On 13 March 2023, the KRUK Group was assigned a corporate rating of Ba1, outlook stable, by Moody's Investors (Moody's). Standard & Poor's (S&P) assigned it a rating of BB-, outlook stable.

Agency	Corporate rating	Outlook	Link to information
Moody's	Ba1	Stable	<a href="#">Moody's rating</a>
S&P	BB-	stable	<a href="#">S&amp;P rating</a>

### 6.2. BOND RATING

On 17 April 2023, the planned issue of the Company's bonds in EUR was assigned ratings of Ba2 and BB-, respectively, by Moody's and S&P.

Agency	Bond rating	Link to information
Moody's	Ba2	<a href="#">Moody's rating</a>
S&P	BB-	<a href="#">S&amp;P rating</a>

## 7. GOVERNING BODIES

### 7.1. THE MANAGEMENT BOARD – MEMBERS, CHANGES IN COMPOSITION AND RULES OF APPOINTMENT

The Management Board is the Company's management body. Rules governing appointment and removal of members of the Management Board and their powers are set forth in the Company's Articles of Association. Pursuant to Art. 8.1 and 8.2, the Management Board is composed of three to eight members, and the number of members is defined each time by the Supervisory Board upon request by the President of the Management Board. The President of the Management Board is appointed and removed by the Supervisory Board. The other members of the Management Board are also appointed and removed by the Supervisory Board, with appointments made upon request by the President of the Management Board. Members of the Management Board are appointed for a joint three-year term of office. The mandate of a member of the Management Board expires on the date of the General Meeting approving the financial statements for the last full financial year in which the member holds the office.

In the reporting period and as at the issue date of this report, the composition of the Management Board of KRUK S.A. did not change and was as presented in the table below.

**Table 20. Roles and remits of members of the Management Board of KRUK S.A.**

Roles and remits of members of the Management Board of KRUK S.A.	
<b>Piotr Krupa</b> President of the Management Board, Chief Executive Officer	Internal Audit, Corporate Governance, Strategy and Transformation, Chief Executive Officer Area for Poland
<b>Adam Łodygowski</b> Member of the Management Board, Chief Data & Technology Officer	IT & IT Infrastructure, Cybersecurity, Debt Portfolio Valuation, Statistical Methods Development, IT International Procurement, Core System
<b>Piotr Kowalewski</b> Member of the Management Board, Chief Operating Officer	Analytical Strategy, Customer Service Processes, Customer Service Platform Tribe, Insights and Behavioural Strategy, Digital Transformation, Brand Marketing & Communications, Data & Workflow, Legal & Automation Tools
<b>Urszula Okarma</b> Member of the Management Board, Chief Investment Officer	NPL Investment Strategy, Legal, Data Protection, Operational Risk and ESG, Compliance, HR
<b>Michał Zasepa</b> Member of the Management Board, Chief Financial Officer	Controlling and Liquidity, Investor Relations and Development, Accounting and Taxation

Gender representation on the governing body: 20% women and 80% men

## 7.2. SUPERVISORY BOARD – MEMBERS, CHANGES IN COMPOSITION AND RULES OF APPOINTMENT

The Supervisory Board consists of five or seven Members. The number of Supervisory Board Members is each time determined by the General Meeting. Members of the Supervisory Board are appointed for a joint term of office of three years. As at the date of authorisation of this report, the Company's Supervisory Board is composed of seven members. The Supervisory Board is appointed and removed by the General Meeting, with the proviso that if Piotr Krupa holds shares in the Company representing 8% or more of the total vote at its General Meeting, he has the right to appoint and remove: one member of a five-member Supervisory Board, including the Deputy Chair of the Supervisory Board; two members of a seven-member Supervisory Board, including the Deputy Chair of the Supervisory Board. Piotr Krupa's rights to appoint and remove members of the Supervisory Board are exercised by delivery to the Company of a written statement on the appointment or removal of a Supervisory Board member.

On 27 August 2024, following Piotr Stępiak's resignation as Chair of the Supervisory Board, the Supervisory Board appointed Ewa Radkowska-Świętoń to the role.

As at the reporting date, the composition of the Supervisory Board of KRUK S.A. was as presented in the table below.

**Table 21 Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board members, and their experience, expertise, and diversity.**

Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board members, and their experience, expertise, and diversity					
Full name	Position on the Supervisory Board	Independent*	Finance/accounting**	Accounting/ financial reporting***	Industry expertise****
Ewa Radkowska-Świętoń	Chair	✓	✓	✓	✓
Krzysztof Kawalec	Deputy Chair	x	✓	✓	✓
Katarzyna Beuch	Member	✓	✓	✓	✓
Izabela Felczak-Poturnicka	Member	✓	✓	✓	✓
Beata Stelmach	Member	✓	✓	✓	✓
Piotr Stępiak	Member	x	✓	✓	✓
Piotr Szczepiórkowski	Member	✓	✓	✓	✓

Gender representation on the governing body: 57% women and 43% men

\* Satisfaction of independence criteria under the Statutory Auditors Act

\*\* Experience in finance and accounting of listed companies

\*\*\* Knowledge and skills in financial accounting or auditing

\*\*\*\* Knowledge and skills relevant to the industry

On 22 January 2025, the Company received a letter of resignation from Beata Stelmach, whereby she resigned from the position of member of the Supervisory Board effective 29 January 2025.

The Extraordinary General Meeting of KRUK S.A. held on 30 January 2025 passed Resolution No. 12/2025 to appoint Dominika Bettman as member of the Supervisory Board.

As at the issue date of this report, the composition of the Supervisory Board was as presented in the table below:

**Table 22** Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board members, and their experience, expertise, and diversity.

Composition of the Supervisory Board, satisfaction of the independence criteria by the Supervisory Board members, and their experience, expertise, and diversity						
Full name	Position on the Supervisory Board	Independent*	Finance/accounting**	Accounting/ financial reporting***	Industry expertise****	
Ewa Radkowska-Świętoń	Chair	✓	✓	✓	✓	
Krzysztof Kawalec	Deputy Chair	x	✓	✓	✓	
Dominika Bettman	Member	✓	✓	✓	✓	
Katarzyna Beuch	Member	✓	✓	✓	✓	
Izabela Felczak-Poturnicka	Member	✓	✓	✓	✓	
Piotr Stępnik	Member	x	✓	✓	✓	
Piotr Szczepiórkowski	Member	✓	✓	✓	✓	

Gender representation on the governing body: 57% women and 43% men

### 7.3. GENERAL MEETING

The General Meeting is the highest governing body of the Company. Rules governing the convening and operation of the General Meeting as well as its powers are set out in the Commercial Companies Code and in the Company's Articles of Association.

The Company's Articles of Association are available under 'Corporate documents' in the 'About the Company' section of KRUK S.A.'s website at <https://en.kruk.eu/investor-relations/kruk-group#corporate-documents>.

No Rules of Procedure for the General Meeting are in place at the Company.

On 10 May 2024, the Annual General Meeting of KRUK S.A. was held at its registered office, with the agenda including matters provided for in Art. 395 of the Commercial Companies Code. In addition, the agenda included: voting on a resolution to give an opinion on the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław for 2023, in accordance with Art. 90g.6 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Dz.U. of 2022, item 2554, as amended); voting on a resolution concerning the Remuneration Policy for Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław in accordance with Art. 90e.4 of the Public Offering Act; and voting on a resolution to grant consent to the acquisition by Members of the Supervisory Board and Members of the Management Board of bonds issued by KRUK S.A.

The Company offered its shareholders the option to attend the General Meeting using electronic means of communication, enabling real-time two-way communication, exercise of voting rights at the General Meeting by a Shareholder or the Shareholder's Proxy, and real-time transmission of the General Meeting.

The resolutions passed by the Annual General Meeting were published in Current Report No. 37/2024.

On 30 January 2025, the Extraordinary General Meeting of KRUK S.A. was held at its registered office, with the agenda including: amendments to the Company's Articles of Association, an amendment to the Rules of Procedure for the Supervisory Board, an amendment to the resolution of the Annual General Meeting of KRUK S.A. of Wrocław, dated 16



June 2021, on defining the rules of an incentive scheme for 2021–2024, defining the rules of a new incentive scheme for 2025–2028, conditional increase of the Company’s share capital and issue of subscription warrants with the Company existing shareholders’ pre-emptive rights waived in whole with respect to shares to be issued as part of the conditional share capital increase and subscription warrants, an amendment to the Remuneration Policy for Members of the Management Board and Supervisory Board, and changes in the composition of the Supervisory Board.

The Company offered its shareholders the option to attend the General Meeting using electronic means of communication, enabling real-time two-way communication, exercise of voting rights at the General Meeting by a Shareholder or the Shareholder’s Proxy, and real-time transmission of the General Meeting.

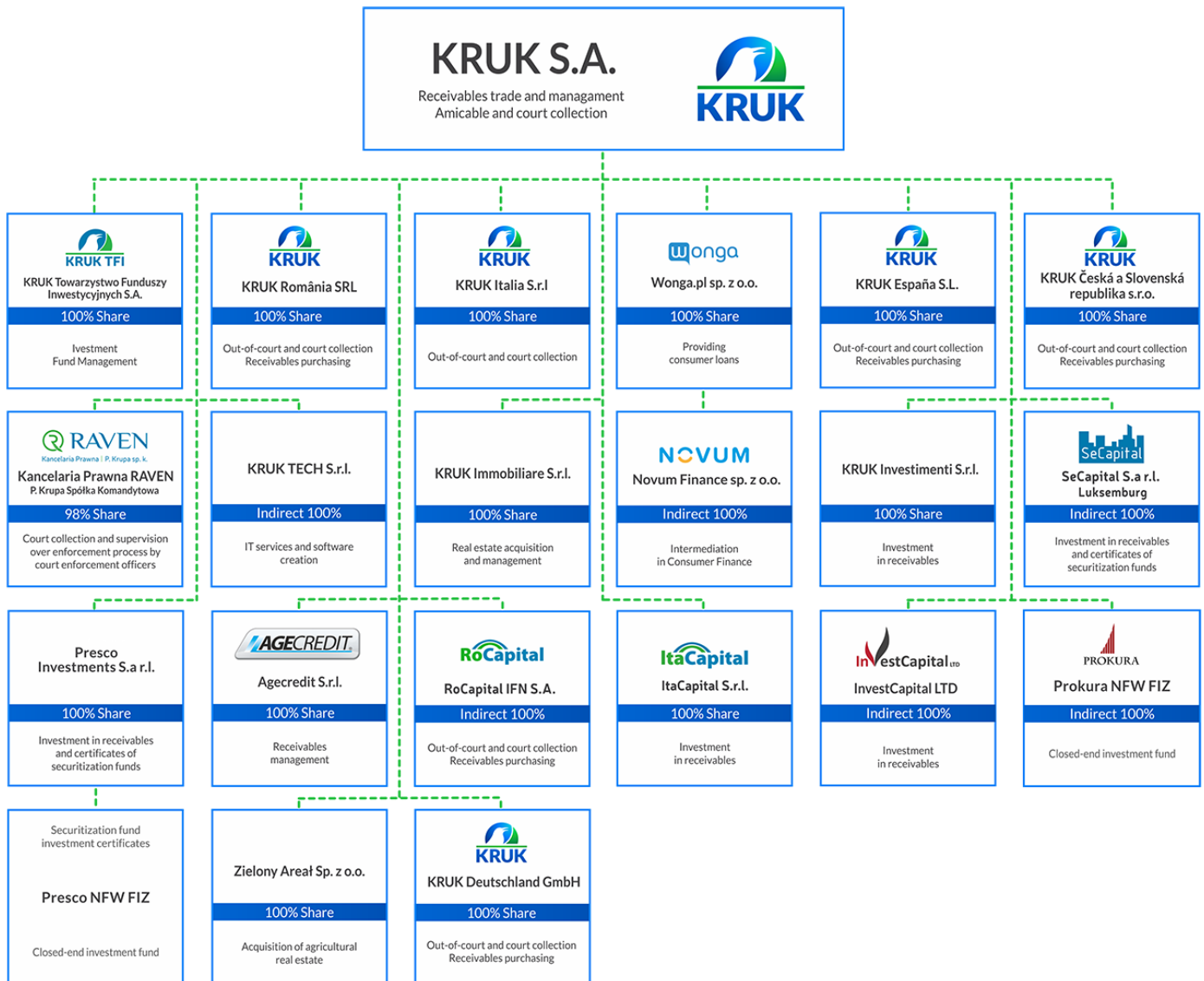
The resolutions passed by the Extraordinary General Meeting were published in Current Report No. 13/2025.

All the documents are available in the Investor Relations/Current Reports section of the Company’s website at <https://en.kruck.eu/investor-relations/reports/current-reports>.

## 7.4. CHANGES IN THE KRUK GROUP’S STRUCTURE

In the reporting period, there were no changes in the KRUK Group’s structure.

As at 31 December 2024 and the issue date of this report, the structure of the KRUK Group was as follows:



## 8. MATERIAL COURT, ARBITRATION OR ADMINISTRATIVE PROCEEDINGS

No material court, arbitration or administrative proceedings are pending against the Company or its subsidiaries in relation to their liabilities or claims.

## 9. CHANGES IN THE EXTERNAL ENVIRONMENT – CHANGES IN LAW

The KRUK Group constantly monitors changes in its external environment, including legislative and regulatory changes. Section 5.3 of the Directors' Report on the KRUK Group's operations in 2024 outlines significant changes in the laws applicable to the Group companies, both those already in effect and those proposed for the future.

In the reporting period, no material changes occurred in the legal or regulatory environment applicable to the KRUK Group companies. One of the most crucial recent legislative changes remains the implementation of the NPL Directive (Directive of the European Parliament and of the Council (UE) 2021/2167 of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU) in the EU Member States where the Group operates. The Directive has already been implemented in Poland, Romania, Germany, the Czech Republic, Slovakia, France, and Malta, with its impact assessed as neutral.

Legislative processes are ongoing in other markets, and the draft implementing acts are undergoing numerous modifications. In Italy and Spain, bills to implement the directive are still undergoing consultation. The Group has assessed the existing bills and determined their potential impact on KRUK to be neutral. The published draft bill on top-up taxation of constituent entities of multinational and domestic groups, which implements Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, is in the final stage of the legislative process and is expected to be enacted by the end of 2024. The bill provides that the effective tax rate for multinational corporate groups with consolidated revenue exceeding EUR 750 million that operate in more than six jurisdictions should not be lower than 15% (with the possibility of deferring the application of these regulations for a period of five years for certain income).

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

## 10. NON-FINANCIAL STATEMENT

In 2024, the KRUK Group was engaged in projects based on the core pillars of responsibility encompassing corporate governance, social and environmental aspects, set out in its ESG strategy.

### KRUK Group's ESG Strategy implementation in 2024

#### EMPLOYEES



- Maintaining gender equality (objective: at least 50% women)  
63% proportion of women in the total workforce, with 58% of female employees in managerial positions, compared with 64% and 58% respectively in 2023
- Closing the gender pay gap (objective: 0% by 2025)  
0.6% for the entire Group in 2024
- Employees with disabilities (objective: 4% by 2025)  
2.2% of employees with disabilities (unchanged relative to 2023)
- Proportion of women on corporate boards (objective: at least 40%)  
42% proportion of women on the Supervisory and Management Boards of KRUK S.A.
- Employee turnover (objective: not more than 16% per year)  
12% per year (11% in 2023)
- As part of the Diversity, Equity, Inclusion programme:  
Implementing a new Diversity and Inclusion Policy at the KRUK Group  
Mandatory DEI training – 90% of designated personnel completed the course by the end of 2024.

#### SOCIETY



- Supporting public benefit organisations focused on human rights protection, environmental preservation, anti-discrimination efforts, women's rights advocacy, education to foster civil society, and respect for human rights, including the Nationwide Education Operator Foundation (OOO), the Campus Poland Foundation, the BloomPro Foundation, the Arterytorium Foundation, the Fundacja Dobrych Inicjatyw Foundation's project 'First Star of Independence', and the H2H Summit
- Engaging with the New Community Foundation to help organise the Polish Women and Men Dialogue, promoting cross-gender cooperation and mutual understanding in professional, financial and other spheres
- In response to floods that affected Poland in September 2024, KRUK S.A. contributed to relief efforts by donating funds to assist victims
- Sponsoring of the Run For Children charity event by KRUK Italia
- Signing of the Diversity Charter and partnering with the Spanish Red Empresarial por la Diversidad e Inclusion LGBTI by KRUK España.

## GOVERNANCE



- PROTECTION OF PERSONAL DATA AND CYBERSECURITY
  - Undertaking a significant revision of the procedure for managing data processor relationships, standardising the process across the KRUK Group
  - Implementing a new risk assessment tool for evaluating potential violations of data subjects' rights and freedoms
  - 98% of the Group's employees have received cybersecurity training, meaning that the 80% target engagement under the existing education programme was exceeded.
- COMPLIANCE
  - Revising the management of employee relations procedure at KRUK S.A. to establish detailed guidelines for managing conflicts of interest, with a focus on preventing risk exposure and minimising potential harm to the Company's and its clients' interests
  - Revising the KRUK Group's Anti-Corruption Policy and anti-corruption clause in Poland and Romania
  - Adopting the Mediation Policy in Romania and implementing the Whistleblowing and Mediation Policies in Malta
  - Expanding compliance training at KRUK S.A.
  - In November 2024, the Group Head of Compliance Area was appointed Chair of the Ethics Committee of the Association of Financial Companies in Poland (ZPF)

## ENVIRONMENT



- Conducting a double materiality assessment and analysis of environmental topics as part of preparations for sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD)
- Conducting a survey among employees to assess their commuting habits in 2024, in order to precisely calculate the Group's carbon footprint for the year.

Seeking to adapt KRUK to evolving sustainability reporting requirements, including alignment with the CSRD and European Sustainability Reporting Standards (ESRS), the Group conducted a double materiality assessment and defined key impacts, risks, and opportunities, which will form the basis for a revision in 2025 of the KRUK Group's ESG Strategy, originally adopted in late 2022.

### Responsible governance

The KRUK Group's focus is on active promotion of transparent, ethical, and fair financial management, client service, and debt recovery practices. As a key part of this commitment, the Group engages in regulatory consultations and industry discussions to advocate for high ethical standards, while combating aggressive and unethical debt collection practices. In lobbying activities to support responsible regulatory developments in Poland, KRUK S.A. collaborates with organisations such as the Lewiatan Polish Confederation of Private Employers and Employers of Poland. The KRUK Group ensures that its business operations are conducted with integrity, transparency, and accountability, respecting the rights of clients, business partners, vendors and investors, and adhering to legal and ethical standards

To reinforce a strong compliance culture and promote awareness of ethical conduct, including principled business practices, in 2024 KRUK S.A. launched a dedicated Compliance training programme, available on its e-learning platform. It is mandatory for all of the Company's employees and independent contractors, with courses covering: the Code of Ethics, whistleblowing procedures, anti-corruption and gifts policies of the KRUK Group, and conflicts of interest management.

New hires are required to complete Compliance training as part of their onboarding process, while existing employees had to complete the courses within 30 days of launch.

Additionally, Compliance training was expanded across the Group's operating subsidiaries (KRUK Italia, KRUK Romania, KRUK España), where it also covered whistleblowing, anti-corruption policies, ethical gifting practices, and conflicts of interest management. The programme provided employees with the necessary tools to recognise, prevent, and address ethical risks while strengthening a culture of compliance across the organisation.

In 2024, no cases of corruption, violations of the Code of Ethics, human rights policy breaches, or regulatory non-compliance were recorded at any of the KRUK Group companies. In 2024, KRUK Romania received a fine of RON 14,922.3 (equivalent to approximately EUR 3,000) for a data protection violation caused by accidental misdelivery of correspondence. The fine was paid, and all corrective actions required by the local regulator were implemented.

In 2024, a total of 14 potential conflicts of interest were identified, with five such cases detected in the fourth quarter of the year. In addition, KRUK S.A., KRUK Italia, KRUK Romania and KRUK España implemented standardised processes for handling client complaints and requests. In 2024, an audit was performed to assess whether these processes and internal regulations were aligned with local regulatory requirements. Where any non-conformities were identified, compliance recommendations were issued and are now subject to ongoing monitoring to ascertain they have been duly implemented.

Throughout 2024, initiatives were also undertaken to raise awareness of ethical conduct and strengthen KRUK's culture of compliance, with a particular focus on anti-corruption measures. For instance, to mark the Poland-wide No Bribery Day, KRUK S.A. issued a statement reaffirming the Group's commitment to combating corruption, accompanied by information on the findings of the 2023 Corruption Perceptions Index, and communications relating to the World Consumer Rights Day 2024 & World Whistleblower Day. In 2024, efforts continued to promote awareness of ethical conduct and to foster a culture of compliance, by addressing practices associated with dark patterns and certain other issues. In their course, KRUK published a summary of the report on illicit practices in subscription services, along with a statement on the use of AI and initiatives aimed at enhancing positive consumer choices. In September 2024, the Company launched the first Compliance & Ethics Month – a series of publications, meetings, and social media communications dedicated to compliance and ethics in KRUK's operations. A dedicated webinar session was held on Sustainable Development Goals (SDGs) and the KRUK Group's approach to embedding sustainability in its operations. On the International Anti-Corruption Day & Human Rights Day, an article was published on human rights protection in a corruption-free work environment.

## Social responsibility

A socially responsible business is built on transparency, respect, and fairness, ensuring that KRUK's clients and indebted persons are treated with dignity. The KRUK Group is committed to enhancing financial and digital literacy, sharing expert knowledge, raising financial awareness and educating the public on how to develop safe and responsible financial habits.

In September 2024, KRUK S.A. partnered with the Nationwide Education Operator Foundation (OOO) to launch a financial education programme for children. As part of this initiative, the foundation conducted a financial literacy survey among preschool and primary school children (grades 1–3), which revealed that parents, schools, and kindergartens play equally crucial roles in shaping financial awareness. One of the most pressing needs addressed by the project is to teach responsible borrowing and repayment habits, which can influence future financial decision-making. Under teacher supervision, the children created a storybook highlighting the importance of how positive financial habits developed early on can contribute to financial responsibility in adult life. The book, promoted by the foundation, is freely available to both individuals and educational institutions wishing to integrate financial education into their curricula. To make learning more engaging for the youngest, Photon AI educational robots will also be introduced. KRUK S.A. has sponsored 10 Photons – one for each participating institution. The project was submitted and officially recognised among educational initiatives run by organisations dedicated to promoting public financial literacy on the occasion of Poland's 2024 Year of Economic Education, declared by the Senate of the Republic of Poland. The concept and initiatives will be continued in the following years supporting the National Financial Education Strategy, adopted by the Polish Council of Ministers. The Learning About Finances with OOO project is set to continue until the end of the 2024/25 school year.

In addition, the project complemented KRUK's longstanding social campaign Day Without Debt celebrated every 17 November in Poland. The campaign is intended to raise public awareness of financial literacy, household budgeting, and open discussions about debt.

Day Without Debt is also run in Romania and Italy, where KRUK has conducted nationwide surveys to explore attitudes toward debt, personal finance management, and the financial condition of households. These studies are aimed primarily at destigmatising debt discussions and promoting responsible decision-making in managing personal finances. In Poland, results of the Debt Without Debt surveys were shared on leading radio stations (RMF FM, Radio Zet), news portals, and print media. Radio Zet listeners could also benefit from free legal consultations with KRUK's representative and expert insights on financial education for both adults and children.

In 2024, KRUK actively participated in major industry events, including the 1st Debt Management Forum organised by the Lewiatan Polish Confederation of Private Employers. For several years now, KRUK has also been a member of the Debt Collection? Everything Clear! campaign, organised by the Association of Financial Companies in Poland to educate journalists and consumers about debt management, repayment strategies, and debt collection processes. In the fourth quarter of 2024, KRUK participated in the Financial Institutions Congress organised by the Association of Financial Companies in Poland, where it joined the panel entitled 'Junior in the World of Modern Financial Services', sharing expertise on financial education for both children and adults. KRUK also sponsored the Bankier.pl Finance Forum, where students from the Wrocław University of Economics could actively attend discussions on financial literacy, money management, and investment strategies.

KRUK's community support includes initiatives that counteract social divisions, foster dialogue, promote integration and collaboration among diverse groups, and assist marginalised and vulnerable communities, including advocacy efforts for people with disabilities. It also supports initiatives related to civic education, particularly in the context of fostering financial responsibility and shaping social attitudes. With this agenda in mind, since 2023 the Company has been supporting the Campus Polska event, encouraging young people to develop key skills they may need now and in the near future. In 2024, the event hosted 1,100 participants.

Committed to supporting local communities, KRUK backed numerous initiatives aimed at assisting those affected by the September floods in southern Poland. Prioritising the well-being of its clients, the Company provides free access to the Psychological Support Centre. Additionally, in 2024 KRUK S.A.'s support extended to the BloomPro Foundation's initiatives aimed at building mental resilience and protecting mental health among young people. As a result, interested employees who are parents had the opportunity to benefit from free expert-led webinars on building healthy relationships and strengthening mental resilience.

In September 2024, KRUK S.A. partnered with the H2H Summit in Karpacz, an event promoting employment opportunities for people with disabilities on the Polish job market. As a symbolic gesture of integration and overcoming social barriers, KRUK representatives joined participants in climbing the Śnieżka mountain. Support for the social inclusion of people with disabilities and special needs is also evident across KRUK's other markets.

To promote gender equality, collaboration, and social cohesion, KRUK S.A. became a partner of the Women and Men Dialogue events, organised by the Polish New Community Foundation. The discussions explore gender stereotypes and societal expectations, as well as topics related to spending habits, budget planning, and career paths.

As part of its commitment to ethics and human rights advocacy, KRUK supported the mission-driven activities of the Garden of the Righteous Foundation, which commemorates and promotes the stories of individuals who saved lives in Europe and beyond or stood in defence of human freedom and dignity.

In 2024, KRUK Romania continued its financial education efforts through the Smart Loans programme, led by dedicated volunteers from the company in collaboration with Junior Achievement Romania. Launched in 2016, the initiative, which aims to enhance fundamental financial literacy in Romania, has already reached over 12,000 beneficiaries, including students and teachers. In 2024 alone, the number of participants was 1,600.

Other key initiatives included a EUR 10,000 financial contribution to the ResponsABIL project, which, over its six-year span, has helped nearly 400 young people in Romania to develop essential financial skills. KRUK Romania sponsored the MERITO project, which recognised outstanding teachers and their innovative teaching methods. Additionally, the Romanian subsidiary contributed EUR 10,000 to the first edition of the Love for Science Festival, promoting alternative educational approaches for children. KRUK Romania supported Romanian artists showcasing a thought-provoking art installation at the biennial art exhibition in Venice, where the works explored complex themes of labour and identity in the context of migration.

In Italy, KRUK Italia sponsored the Run for Children charity event for the fifth consecutive year. Over 100 employees participated in the run, which aims to raise funds for the paediatric ward of the La Spezia Hospital – with EUR 9,000 collected in 2024.

In June, KRUK Italia sponsored a DEI-focused event as part of Pride Month celebrations in La Spezia. The company is also a partner of LunaBlu, a foundation supporting young people on the autism spectrum. KRUK's Italian subsidiary additionally supports LunaBlu by using its hospitality and restaurant services.

Among KRUK Italia employees, a Christmas toy and clothing drive was organised to benefit Sorriso Franceseano, a La Spezia-based organisation that provides shelter and support for children in need, helping them overcome family and social challenges while fostering their harmonious development and integration into the community. In addition to toys and clothing donated by employees, in 2024 the company contributed EUR 4,000 to the association. As part of Christmas season celebrations, KRUK España hosted a staff breakfast at its headquarters, during which funds were raised for a foundation supporting people with disabilities. Contributions came from both the company and voluntary employee donations.

Preventing LGBTQ+ exclusion is also a key component of the KRUK Group's DEI initiatives. For instance, KRUK España is a member of REDI (Red Empresarial por la Diversidad e Inclusión LGBTI) in Madrid, which in June 2024 hosted a DEI Academy for affiliated companies, focusing on legal frameworks and best practices for workplace inclusion of LGBTQ+ individuals.

In 2024, KRUK España also signed the Spanish Diversity Charter, joining KRUK S.A., KRUK Romania, and Wonga as official signatories of their respective national Diversity Charters.

The Spanish subsidiary also contributed to flood relief efforts in Valencia, donating EUR 10,000 to the Spanish Federation of Food Banks to support those affected.

Additionally, KRUK in Spain conducted its annual debt survey as part of the KRUK Observatory programme, aimed to better understand the concerns and expectations of individuals in debt, providing valuable insights into financial habits of the Spanish population. These findings help KRUK develop more effective financial solutions for its clients.

## Responsibility for the workplace

The KRUK Group prioritises employee health, well-being, engagement, and initiatives that foster diversity and inclusion. Equally important are continuous skills development, professional training, and fair compensation.

The Group is dedicated to ensuring that its employees and independent contractors fully understand the value of integration and social responsibility – not just towards clients, but also in their relationships with colleagues and business partners. In 2024, KRUK implemented a Diversity & Inclusion Policy across the entire Group, outlining its commitment to an inclusive and equitable workplace. To ingrain these values and reinforce their impact on daily operations, KRUK introduced mandatory training focused on the diversity, equity, and inclusion principles. By the end of 2024, 90% of all those required to participate had successfully completed the training.

In 2024, the headcount of the KRUK Group's employees and independent contractors was 3,806 across several European countries, representing 30 nationalities. The Group celebrated its multicultural workforce and shared values of inclusion and collaboration during the European Diversity Month. Building on its strong ethical approach and core values of respect, accountability, and cooperation, KRUK organised its first-ever global internal communication campaign for the Pride Month in 2024. The initiative featured a dedicated LGBTQ+ workplace inclusion guide, awareness campaigns and local events across various markets. It also included the Rainbow Roundtable, an international workshop marking the culmination of Pride Month celebrations.

To further promote workplace accessibility and inclusion for people with disabilities, KRUK observed the Disability Pride Month in July, providing employees with a comprehensive guide on disability rights aligned with national regulations. In addition, KRUK appointed local Disability Ambassadors in each country, ensuring that workplace accessibility initiatives are actively supported and embedded in the organisation's daily operations.

As part of its broad-based commitment to accessibility, KRUK ran educational initiatives focused on inclusive communication and etiquette. In 2024, KRUK S.A. hosted experiential workshops, featuring interactive stations designed to help employees better understand the perspectives and barriers faced by individuals with disabilities or special needs, including age-related challenges.

KRUK's ongoing DEI initiatives also encompass parenting support, neurodiversity awareness, multicultural collaboration, and mental health communication programmes.

In 2024, the KRUK Group became a partner of the international D&I Changemakers Conference, reaffirming its commitment to diversity, equity, and inclusion (DEI) in business and highlighting the importance of sharing best practices to create more inclusive workplaces.

Between May and June 2024, the Group conducted a confidential and voluntary employee engagement survey across its companies in Poland (excluding Wonga), Romania, Spain, Italy, and Malta. The survey covered 92% of the KRUK Group's employees, yielding an overall engagement score of 89%. Positive feedback highlighted several key strengths (with a score

of 80% or more) related to employee experience at the KRUK Group, including goal cascading, managerial support, work organisation, collaboration, innovation and technology, feedback, a sense of impact and autonomy, DEI, work-life balance, communication and transparency, and senior leadership. KRUK's engagement and experience indicators outperformed benchmarks for financial sector companies, high-performance firms, and national norms across all markets. The KRUK Group will seek further improvements in three key areas of employee experience: career and development (73%), compensation (69%), and change management (70%), although the results in these areas remain high (around 70% based on the survey methodology). By the end of 2024, action plans were developed to implement engagement-supporting initiatives in 2025, tailored to the specific insights from individual teams. KRUK also plans to reiterate the engagement survey on an annual basis, ensuring a continuous feedback loop.

In 2024, the new KRUK\_up competency model was launched, designed to enhance key employee skills. Educational initiatives focused on both core employee competencies, such as goal orientation, problem solving and courage, and managerial competencies, including goal management and engagement building. A total of nine webinars were conducted for employees in Polish and English, with translations into other languages used within the Group, as well as six webinars for managers in Polish and English. The training materials were made available in multiple formats, including recorded sessions, audio tracks, presentations, one-pagers, educational inspirations and e-books with personalised development plans. Results from the employee engagement survey confirmed a high level of competency internalisation across the Group: at 95% for goal orientation, 78% for curiosity, 83% for courage, 91% for problem solving, 82% for openness to change; 88% for resilience, 88% for goal management, 87% for engagement building, and 83% for team development.

The KRUK Group is engaged in continuous expansion of training opportunities available through its e-learning platform, which includes courses in the fields of law, data security and protection, ethical principles and good practices in the industry, as well as product training, and courses related to projects implemented at the organisation. The e-learning offering also includes courses for management staff, combined with traditional training. Additionally, KRUK offers subsidised or fully funded external training opportunities, including language courses and IT certifications.

## Environmental responsibility

In 2024, the KRUK Group continued its climate change adaptation efforts while actively promoting sustainable practices and raising employee awareness about pro-environmental initiatives.

To underline its commitment to environmental transparency, the Group underwent an audit by the Carbon Disclosure Project (CDP), which evaluated its maturity in environmental management. It included a detailed assessment of the Group's emission management strategies, environmental policies and measures taken to minimise environmental impacts. The audit results provided valuable insights into areas in need of further improvement, while also reaffirming the KRUK Group's dedication to environmental sustainability.

As regards transitioning to renewable energy sources, contracts for the purchase of Guarantees of Origin for electricity were finalised in Romania, ensuring that 100% of the company's office energy consumption is covered by renewable sources. In Poland, KRUK S.A. purchased certificates confirming the introduction of wind-generated electricity into the distribution grid. The redeemed certificates guarantee that the electricity consumption at the offices in Wrocław, Szczawno-Zdrój, and Piła will be offset by the production of approximately 1,000 MWh of zero-emission energy. This marks another step towards decarbonising the Group's operations.

In 2024, KRUK Italia ordered 80 hybrid vehicles, scheduled for delivery in 2025. Additionally, a charging station for electric vehicles was installed at its La Spezia headquarters, enabling staff members to charge battery-powered and hybrid cars during work hours, encouraging daily usage and helping reduce carbon emissions. In Spain, the company's fleet was expanded to include two electric and five hybrid vehicles, further supporting KRUK's commitment to lowering its carbon footprint.

In 2024, the KRUK Group conducted a detailed study of potential climate and environmental risks that could directly impact its operations or the regions where it operates. The analysis identified and assessed risks associated with extreme weather events, temperature changes, water resource availability and other environmental factors that could potentially affect operational continuity. As a result, the operational risk maps were expanded to include new climate risk categories, integrating them into KRUK's broader operational risk framework.

In 2024, KRUK actively advocated for responsible consumption, particularly during its Earth Overshoot Day campaign. Employees were encouraged to reduce CO<sub>2</sub> emissions through daily sustainable practices, such as waste separation and



reduced paper usage thanks to enhanced digitalisation. Additionally, as part of KRUK's climate-related initiatives, each KRUK Romania employee received a tree as a gift. The planting of 600 trees in Romania is expected to offset between 6,000 and 12,000 kg of CO<sub>2</sub> emissions annually.

Total energy consumption across the KRUK Group in 2024 amounted to 47,020 GJ, with approximately 21% derived from renewables. The energy consumption includes the consumption of liquid and gaseous fuels, electricity, and heat.

In the fourth quarter of 2024, following a double materiality assessment, two key environmental topics (E1) were identified as material for the KRUK Group. To accurately calculate its carbon footprint, KRUK conducted in that period an employee commuting survey across the Group, its findings expected to contribute to a precise measurement of Group-wide greenhouse gas (GHG) emissions. Both topics will be discussed at length in the KRUK Group's Sustainability Report for 2024.

## Awards and distinctions

In 2024, the KRUK Group was recognised across multiple areas of its operations. Below is a selection of the most notable awards and distinctions received:

The Association of Financial Companies in Poland (ZPF) honoured KRUK S.A. with its second title of ZPF Ambassador. The recognition was granted for information presented on the Company's website about its membership in the ZPF, adoption and application of the ZPF Code of Best Practice, and the option to lodge a complaint with the Ethics Committee and Ethics Ombudsman.

- Certificate of compliance with the ZPF Code of Best Practice was awarded again to KRUK S.A., reaffirming its adherence to ethical standards.

Grand prize in the Power of Attraction competition was received by KRUK for modern tools and technologies in human resources management.

- For the second year in a row (in 2023 and 2024), KRUK S.A. was named one of Poland's top employers for D&I practices in the Diversity IN Check run by the Responsible Business Forum, the Diversity Charter coordinator in Poland.

- Dream Employer awards were granted to the Company in recognition of its efforts in fostering a value-driven organisational culture and change management.

*Równowaga* award acknowledged KRUK as a leader in gender equality, prioritising and comprehensively addressing the issue of equal opportunity employment.

- KRUK was featured in *Wprost's* Top 50 Best Employers Ranking, where it was highlighted for building an inclusive work culture focused on gender equality, diversity, and inclusion. Additionally, in 2024 KRUK was named Best Employer in the Debt Collection Industry by *Wprost*.

2024 Service Quality Star – KRUK S.A. was again recognised by consumers for outstanding service quality, making it the only debt management company to receive this distinction.

- TOP Brand 2024 – KRUK S.A. was again ranked first in the Debt Collection Companies category and was named one of the 50 most media-savvy brands in Poland.

- Kotler Awards 2024 – KRUK S.A. won in the Large Enterprise category of the first European edition of this prestigious global award, recognised as one of the most important honours in business management and marketing practices. KRUK received the award for its modern approach to advertising, client relations with indebted persons, and financial education initiatives.

White ESG Leaf 2024 – KRUK S.A. received this distinction in the 13th edition of the ranking compiled by *Polityka* and Deloitte for implementing strong ESG management practices.

WNP Awards – the KRUK Group was awarded by *WNP.pl* and *Nowy Przemysł* magazine for 'Expansion in debt management'. The awards acknowledge companies or individuals who have a significant impact on favourable

developments in home economy. In the case of KRUK, the accolade highlighted its commitment to ethical standards and financial education efforts.

- Polish Contact Center Awards – KRUK S.A. was honoured in the Best Supporting Technology category for its AI-powered chatbot, Emilia, which improves client experience and self-service solutions in KRUK's interactions with indebted persons.
- In 2024, KRUK S.A. remained among the Super Ethical Companies in the Ethical Company competition organised by *Puls Biznesu* daily and PwC.
- *Forbes* list of 100 Largest Private Companies in Poland – KRUK ranked 9th.
- In the 2023 Best Annual Report competition, organised in 2024 by the Institute of Accounting and Taxes, KRUK received second place in the Banks and Financial Institutions category and earned a special distinction for the most significant progress in the corporate governance statement category within the same group.

The Polish Association of Retail Investors awarded KRUK the title of Capital Market Hero 2024 in the category of Publicly Listed Company with the Best Investor Relations for Retail Investors. Additionally, in the annual corporate communications survey conducted by *Parkiet*, KRUK was named the leader in investor relations according to fund managers and analysts.

- Kancelaria Prawna RAVEN P.Krupa Sp. k. topped the 'New Law' Legal Firm Ranking, compiled by *Rzeczpospolita* daily.
- KRUK TFI became a winner of Forbes Diamonds.
- Novum Finance sp. z o.o. won 8th place in the Great Place to Work 2024 ranking in the Small Companies category.
- Cosmina Marinescu, General Director of KRUK Romania, received a Special Award from *Cariere* magazine for leadership excellence.
- iProspect & dentsu Poland won the prestigious IAB Mixx Award 2024 in the Performance Marketing category for the 'Challenge accepted! How to increase sales during economic downturns?' campaign commissioned by Wonga.
- In December 2024, Wonga's legal team was nominated in the In-House Counsel – Banking Team category of the Lexology European Awards 2025.
- Wonga received a distinction from credit reference agency Biuro Informacji Kredytowej (BIK) in the Cooperation and Trust category.
- In March 2024, five Wonga initiatives were mentioned in the prestigious 'Responsible Business in Poland 2023. Best Practice' report by the Responsible Business Forum.
- Agnieszka Szczepanik, Wonga's management board member, was recognised as a Rising Star in cashless.pl's ranking of Most Influential Women in the Payments Industry 2024.

## 11. GLOSSARY OF TERMS

Auditor	-----	PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw
CAGR	-----	Compound Annual Growth Rate
Catalyst	-----	Bond market operated by the Warsaw Stock Exchange
EBIT	-----	Operating profit
EBITDA	-----	Operating profit before depreciation and amortisation

Cash EBITDA	Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5 million; cash EBITDA is computed for the KRUK Group for the last twelve months
Issuer; KRUK; Company	KRUK S.A. of Wrocław
EPS	Earnings per share
EUR	Euro
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
Group KRUK Group	The Company as the Parent along with its subsidiaries and Non-Standardised Debt Closed-End Investment Funds
ItaCapital	ItaCapital S.r.l of Milan, Italy
Kancelaria Prawna RAVEN	Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa of Wrocław
CSDP	Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw)
PFSA	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
KRS	Polish National Court Register (Krajowy Rejestr Sądowy)
KRUK; Issuer; Company	KRUK S.A. of Wrocław
KRUK Česká Slovenská republika	KRUK Česká a Slovenská republika s.r.o. of Hradec Králové
KRUK España	KRUK España S.L. of Madrid, Spain
KRUK Italia	KRUK Italia S.r.l of Milan, Italy
KRUK ROMANIA	KRUK Romania s.r.l of Bucharest, Romania
KRUK TFI	KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław
IAS	International Accounting Standards as endorsed by the European Union
IFRS	International Financial Reporting Standards as endorsed by the European Union, including International Accounting Standards, International Financial Reporting Standards and related Interpretations endorsed by the European Union
Nasdaq Stockholm	Stockholmsbörsen; Securities trading market in Stockholm, Sweden
NBP	National Bank of Poland
Non-Standardised Debt Closed-End Investment Funds	Prokura Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty, Presco Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty, and Bison Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty* (*until 30 July 2024, when it was merged with Prokura NFI FIZ as the acquiring fund)
Deviation between actual and projected recoveries	The line item deviation includes: 'Deviation between actual and projected recoveries, decreases on early collections in collateralised cases, payments from original creditor' in the financial statements. The percentage deviation between actual and projected recoveries is determined as the ratio of 'deviation between actual and projected recoveries' to the difference between 'actual recoveries' and 'deviation between actual and projected recoveries'
GDP	Gross Domestic Product
PLN	Polish złoty
UOKiK President	President of the Office of Competition and Consumer Protection

2021–2024 Incentive Scheme ---	An incentive scheme for 2021–2024 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 950,550 registered subscription warrants conferring the right to subscribe for a total of 950,550 ordinary bearer shares issued as part of a conditional share capital increase
2025–2028 Incentive Scheme	An incentive scheme for 2025–2028 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 775,264 registered subscription warrants conferring the right to subscribe for a total of 775,264 ordinary bearer shares issued as part of a conditional share capital increase
Prokura NFW FIZ -----	Non-Standardised Debt Closed-End Investment Fund
Total revenue -----	Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income
Supervisory Board -----	Supervisory Board of the Company
ROE -----	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
RON -----	Romanian leu
Regulation on current and periodic information -----	Polish Minister of Finance’s Regulation of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2018, item 757, as amended)
SeCapital Luksemburg-----	SeCapital S.à.r.l. (Luxembourg)
Consolidated financial statements -----	Consolidated financial statements of the Group for the reporting period ended 30 December 2024, prepared in accordance with the IFRS
Company; KRUK; Issuer-----	KRUK S.A. of Wrocław
Subsidiaries-----	The Company’s subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
Articles of Association-----	Articles of Association of the Company
UOKiK-----	The Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
USD -----	US dollar
Bonds Act -----	Polish Act on Bonds of 15 January 2015 (Dz.U. of 2022, item 2244)
General Meeting-----	General Meeting of the Company
Wonga-----	Wonga.pl Sp. z o.o. of Warsaw
Management Board -----	Management Board of KRUK S.A.
Financial Liabilities -----	Total financial liabilities under: <ul style="list-style-type: none"> <li>• bonds or other similar debt securities; or</li> <li>• non-bank borrowings; or</li> <li>• bank borrowings; or</li> <li>• finance leases; or</li> <li>• promissory notes issued by way of security for liabilities of non-KRUK Group entities; or</li> </ul>

- guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or
- assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or
- liabilities arising under derivatives contracts;

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

Wrocław, 27 February 2024