



25 years

OF EUROPEAN  
KNOWLEDGE  
& EXPERIENCE

## QUARTERLY REPORT – PART III

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Additional information on the operations  
of the KRUK Group

for the period from January 1st to June 30th 2023

KEY ACHIEVEMENTS IN THE SIX MONTHS ENDED JUNE 30TH 2023 .....	3
1 The Group's material achievements or failures in the reporting period, along with the most significant events related to those achievements or failures .....	5
1.1 Second-quarter 2023 results .....	5
1.2 KRUK Group's performance by geographical segment .....	8
1.3 Financial and liquidity position .....	12
1.4 Related-party transactions concluded by KRUK S.A. ....	13
1.5 Sureties for repayment of loans and guarantees issued by KRUK S.A. or its subsidiary .....	13
1.6 Significant agreements executed by companies of the KRUK Group .....	13
1.7 Operations – technology development .....	14
1.8 Operations – military conflict in Ukraine .....	15
2 Assessment of financial resources management .....	15
2.1 Financial forecasts .....	15
2.2 Assessment of future financial condition .....	15
3 Risk factors and their management .....	15
4 Shareholders .....	16
4.1 Shareholding structure .....	16
4.2 Treasury shares .....	18
4.3 Management or Supervisory Board members holding shares or rights to shares .....	18
4.4 Incentive Scheme .....	20
4.5 Dividends paid (or declared) .....	21
4.6 Performance of Company shares on the Warsaw Stock Exchange .....	22
4.6.1 Share price .....	22
4.6.2 Stock liquidity .....	23
4.6.3 Ownership interests of open-end pension funds (OFE) in KRUK S.A. ....	23
5 Company bonds .....	24
5.1 Issue .....	24
5.2 Redemption of bonds .....	25
5.3 Liabilities under bonds .....	25
6 Credit rating .....	25
6.1 Corporate rating .....	25
6.2 Bond rating .....	26
7 Governing bodies .....	26
7.1 The Management Board – members, changes in composition and rules of appointment .....	26
7.2 Supervisory Board – members, changes in composition and rules of appointment .....	26
7.3 General Meeting .....	27
7.4 Changes in the KRUK Group's structure .....	27
8 Material court, arbitration or administrative proceedings .....	28
9 Non-financial information .....	28
10 Glossary of terms .....	31

## KEY ACHIEVEMENTS IN THE SIX MONTHS ENDED JUNE 30TH 2023



New portfolio purchases

**PLN 1,178m**  
+56%



Recoveries

**PLN 1,501m**  
+17%



Cash EBITDA

**PLN 1,076m**  
+18%



Net profit

**PLN 528m**  
+8%



ROE

**24%**  
(27%)



Profit margin

**41%**  
(44%)



Net debt/cash EBITDA

**2.0**  
(1.8)



Net debt/equity

**1.2**  
(1.0)

	Jun 30 2023	Jun 30 2022	change	Jun 30 2023	Jun 30 2022
	(PLNm)	(PLNm)		(EURm)	(EURm)
Expenditure on debt portfolios	1,178	757	56%	255	163
Gross recoveries	1,501	1,279	17%	325	276
Carrying amount of purchased portfolios	7,390	5,630	31%	1,661	1,203
Estimated remaining collections	15,271	11,139	37%	3,432	2,380
Total revenue <sup>1</sup>	1,299	1,102	18%	282	237
Revenue from purchased portfolios	1,161	993	17%	252	214
EBIT	708	598	18%	153	129
EBITDA <sup>2</sup>	736	622	18%	160	134
Cash EBITDA <sup>3</sup>	1,076	908	18%	233	196
Net profit	528	489	8%	115	105
Basic EPS (PLN   EUR)	27.33	25.66	7%	5.93	5.53
Diluted EPS (PLN   EUR)	26.13	24.78	5%	5.66	5.34
ROE <sup>4</sup>	24%	27%	-	-	-
Interest-bearing net debt to equity ratio	1.2	1.0	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.0	1.8	-	-	-
Cash EBITDA to interest on debt	8.7	12.3	-	-	-

<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 debt portfolios + recoveries from purchased portfolios.

<sup>4</sup> ROE = (net profit)/(equity) LTM. Source: Company



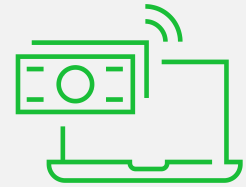
**24%**

highest ROE among the world's largest listed debt collection companies



**International expansion**

markets outside Poland account for 76% of all investments and 56% of recoveries



**Technology development**

digitalisation at KRUK Group including through 'Discovery project'



**Record high cash EBITDA**

Over PLN 1bn after six months to June 30th 2023



**Credit rating**

from Moody's **Ba1** from S&P **BB-** one of the best ratings among debt collection companies worldwide



**1.2 net debt to equity ratio**

KRUK is one of the least leveraged companies within the industry



**KRUK S.A.**

celebrates its 25th anniversary in 2023



**Ethical Audit Certificate**

for KRUK S.A. from ZPF



at KRUK Group

**58%** of senior managerial positions held by women

# 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 Second-quarter 2023 results

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

In the six months ended June 30th 2023, the Group's net profit came in at PLN 528m, a PLN 40m increase on net profit earned in the corresponding period of 2022, which amounted to PLN 489m (up 8% year on year). At the same time, cash EBITDA for the six months ended June 30th 2023 came in at PLN 1,076m, having improved 18% on the corresponding period of 2022.

As at June 30th 2023, return on equity for the last 12 months was 24%, compared with 27% the year before.

Profit earned in the three months ended June 30th 2023 was PLN 294m, up by PLN 49m (or 20%) year on year. Cash EBITDA for the period came in at PLN 545m, up by PLN 84m (or 18%) year on year.

### Revenue

In the six months ended June 30th 2023, the KRUK Group generated PLN 1,299m in total revenue, up by 18% (PLN +197m) year on year. Revenue from purchased debt portfolios amounted to PLN 1,161m, up by 17% (PLN +168m) year on year. The largest increase by far was recorded in the Spanish market (PLN +120m, or +929%), with significant increases achieved also in Italy (PLN +35m, or +20%) and Poland (PLN +29m, or +6%).

The revaluation of projected recoveries booked by the Group in the period totalled PLN 221m, compared with PLN 244m in the previous year.

Although the positive revaluation was lower year on year, revenue from purchased portfolios rose in the period as a result of higher interest income (up by PLN 149m, or +27%) and a higher excess of actual cash recovered over the expected recoveries relative to the comparative period (PLN 253m vs PLN 188m a year earlier)<sup>1</sup>.

In addition, the increase in the Group's revenue for the period January–June 2023 reflected an increase in Wonga's revenue (PLN +16m, or +28%), as well as the result on the sale of two Group companies on January 24th 2023: ERIF BIG S.A. and EBS Sp. z o.o. (total transaction proceeds of PLN 15m).

In the three months to June 30th 2023 alone, the Group's total revenue reached PLN 684m, having increased from PLN 557m in the second quarter of 2022, up by PLN 127m, or +23%.

Revenue from purchased debt portfolios in the three months to June 30th 2023 amounted to PLN 624m, up by 25% (PLN +124m) year on year. The largest increase by far was recorded in the Spanish market (PLN +80m), with a significant increase achieved also in Poland (PLN +30m, or +12%).

In the three months ended June 30th 2023, the Group booked a PLN 134m revaluation of projected recoveries, up by PLN 25m on the same period a year earlier. 70% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months ended June 30th 2023 was attributable to a revision of projected recoveries for the next 35 months.

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<sup>1</sup>The item includes: deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor

## Costs of operations

In the six months to June 30th 2023, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 563m, having increased by PLN 84m (+17%) year on year. The increase was driven mainly by a rise in employee expenses and salaries (up PLN 27m, or +12% year on year), as well as court and bailiff fees (up PLN 39m, or +30% year on year).

Costs of operations incurred by the KRUK Group in the three months to June 30th 2023 (excluding depreciation and amortisation) amounted to PLN 292m, having risen by PLN 39m (+16%) year on year. Their increase reflected mainly higher salaries and employee expenses (up by PLN 16m, or +14%), as well as higher court fees (up by PLN 18m, or +42%).

## Finance costs

In the period January–June 2023, net finance costs were PLN 123m, having grown PLN 44m relative to the same period of 2022, driven by a higher debt amount (up by PLN 1,028m) and elevated 1M/3M WIBOR rates (the average of quotations for the last day of each month in the period January–June 30th 2022 was 4.61%/5.19%, compared with 6.86%/6.91% in the comparative period of 2023) and 1M/3M EURIBOR rates (up from -0.54%/-0.42% to 2.87%/3.10%, respectively). IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,172m) represented 78% of the Group's total debt as at June 30th 2023. WIBOR-sensitive debt accounted for 8% (PLN 342m) and EURIBOR-sensitive debt – for 14% (PLN 576m) of the Group's total debt as at June 30th 2023.

In the three months to June 30th 2023 alone, net finance costs amounted to PLN 62m, up by PLN 23m year on year. The increase was attributable to a higher debt amount (up by PLN 1,028m) and elevated 1M/3M EURIBOR rates (the average of quotations for the last day of each month in the three-month period to June 30th 2022 was -0.53%/-0.32%, compared with 3.22%/3.44% for the same period of 2023).

## Purchased debt portfolios

### Recoveries from purchased portfolios

Amounts recovered in the six months to June 30th 2023 from portfolios purchased by the KRUK Group came to PLN 1,501m, up 17% year on year. These were the Group's highest ever recoveries for two quarters, with over half of that amount collected in foreign markets. The year-on-year increase of PLN 222m in the six months to June 30th 2023 was attributable mainly to PLN 80m growth in recoveries on the Italian market (up 39% year on year) and PLN 58m growth in recoveries on the Spanish market (up 60% year on year). Higher recoveries were also recorded in Romania (up by PLN 35m, or +12% year on year), in Poland (up by PLN 30m, or +5% year on year) and on the Czech and Slovak markets (up by PLN 18m, or +38% year on year).

In the six months ended June 30th 2023, both cumulatively and in individual quarters of the period, actual recoveries exceeded the accounting estimates on each market (the total excess in both quarters was PLN 254m<sup>2</sup>, or 20%).

90% of amounts recovered in the six months ended June 30th 2023 (PLN 1.3bn) were attributable to unsecured debt portfolios, mainly from the consumer sector.

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<sup>2</sup>The item includes: deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor

**Table 1. Recoveries from purchased portfolios in Q1 and Q2 2023, by market**

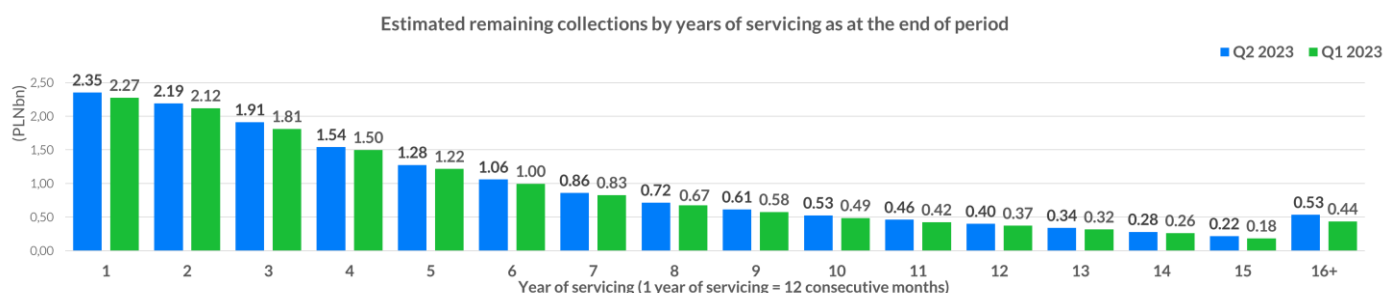
	Recoveries in Q1-Q2 2023	Share of total recoveries	Recoveries in Q1-Q2 2022	Share of total recoveries	Change y/y
	PLNm		PLNm		
Poland	667	44%	637	50%	5%
Romania	322	21%	287	22%	12%
Italy	288	19%	208	16%	39%
Spain	155	10%	97	8%	60%
Other markets	68	6%	51	4%	34%
KRUK Group	1,501	100%	1,279	100%	17%

### New portfolio purchases

Total expenditure on debt portfolios in the six months ended June 30th 2023 was PLN 1,178m, up by 56% on the same period of 2022, when the KRUK Group invested PLN 757m. In January–June 2023, the Group invested primarily in unsecured retail debt, which represented as much as 90% of new debt purchases. Some of the purchases were made under forward flow agreements entered into in previous years, ensuring a continuous inflow of new debt cases for the Group in the coming quarters. The Group purchased debt portfolios in each of its operating markets, with Italy and Poland accounting for the largest share of total investments made in the six months to June 30th 2023. The aggregate nominal value of debt portfolios purchased from January to June 2023 was PLN 5.5bn, 17% more than in the same period of 2022. Some transactions were also closed by the Group after the reporting date, in July 2023, including the purchase of unsecured retail debt portfolios with a total nominal value of PLN 3.3bn on the Spanish market.

### Estimated remaining collections

Estimated remaining collections as at June 30th 2023 were PLN 15.3bn, up by PLN 1.5bn, or +11%, on December 31st 2022. This was attributable to investments made in the six months to June 30th 2023, totalling PLN 1,178m (PLN 524m in the first quarter and PLN 653m in the second quarter of 2023), in debt portfolios worth nominally PLN 5,477m (PLN 2,838m in the first quarter and PLN 2,638m in the second quarter of 2023), and a revaluation of projected recoveries estimated at the end of June 2023, with a discounted value of PLN 221m. 71% of the total revaluation of projected recoveries from unsecured retail portfolios as at June 30th 2023 was attributable to the revaluation of projected recoveries until May 2026 (for the next 35 months). A detailed ERC timing for debt portfolios is presented in the charts below.



## Credit management services

Revenue from fee-based credit management services in the six months to June 30th 2023 amounted to PLN 31m, down 7% year on year, following the Group's decision to discontinue the provision of such services in Romania as of January 2023 and shift all focus to debt purchases on that market. In the other markets where the Group provides credit management services, revenue from their provision grew year on year. In the three months to June 30th 2023 alone, revenue from this business line was PLN 15m, a 1% decrease year on year.

## Consumer loans (Novum and Wonga)

In the six months ended June 30th 2023, the KRUK Group advanced 112 thousand cash loans (a year-on-year increase of 1%), with a principal amount of PLN 271m (PLN 305m in the six months ended June 30th 2022). The number of Novum cash loans advanced in Poland and Romania over the period was 8.3 thousand, with a principal amount of PLN 41.5m, while Wonga.pl disbursed 103 thousand cash loans, with a net amount of PLN 229m.

In the three months to June 30th 2023, the KRUK Group companies advanced 58 thousand cash loans, compared with 55 thousand the year before. The principal amount of the loans advanced was PLN 144m (April–June 2022: PLN 151m). The number of Novum cash loans advanced in Poland and Romania was 4.5 thousand, with a principal amount of PLN 22.7m. As for Wonga.pl, it disbursed 53.6 thousand cash loans in Poland, with a net amount of PLN 121m.

Wonga's revenue for the three months ended June 30th 2023 reached PLN 38m, up 21% year on year, whereas Novum's revenue was PLN 7m, up 41% on the three months to June 30th 2022. Wonga's revenue from the beginning of the year to June 30th 2023 was PLN 74m (up 28% year on year), while Novum's revenue came to PLN 14m (up 25% year on year).

## Credit reference (ERIF BIG)

Following the sale of 100% of shares in ERIF BIG and 100% of shares in ERIF EBS, as of January 24th 2023 the KRUK Group ceased to operate any credit reference agency. In the period from January 1st to January 24th 2023, revenue generated by credit reference services was PLN 0.5m, with total revenue posted by the two companies at PLN 15m.

## 1.2 KRUK Group's performance by geographical segment

(PLNm)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q2 2023	Q1-Q2 2022
Expenditure on debt portfolios	283	137	118	160	524	217	196	236	57	8	N/A	N/A	N/A	N/A	1,178	757
Recoveries	667	637	322	287	288	208	155	97	68	51	N/A	N/A	N/A	N/A	1,501	1,279
Carrying amount of purchased debt portfolios (PLNbn)	2.9	2.7	1.3	1.1	1.8	1.2	1.2	0.6	0.2	0.1	N/A	N/A	N/A	N/A	7.4	5.6
Revenue	606	560	291	308	215	179	142	21	28	32	18	2	N/A	N/A	1,299	1,102
Purchased debt portfolios	504	474	288	299	210	175	133	13	28	32	N/A	N/A	N/A	N/A	1,161	993
Credit management services	16	14	0.1	7	5	4	9	8			N/A	N/A	N/A	N/A	31	33
Wonga	74	58									N/A	N/A	N/A	N/A	74	58
Other activities	12	14	3	2							N/A	N/A	N/A	N/A	15	16
Gross profit	446	401	231	257	117	94	64	-24	12	20	13	-2	N/A	N/A	884	746
EBITDA	405	368	216	244	99	80	53		4	15	13	-2	-54	-52	736	622
Cash EBITDA	568	531	250	231	177	113	76	51	45	35	13	-2	-54	-52	1,076	908

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



## Poland

KRUK estimates that in the six months ended June 30th 2023 the original creditors in Poland, mainly banks and non-bank financial institutions, sold debts with a nominal amount of PLN 6.5bn. The sale transactions included all types of debt (unsecured retail, mortgage and corporate debt). 86% of investments made on the primary and secondary market focused on unsecured retail debt. On the primary and secondary market, investors spent on debt purchases a total of PLN 1bn, of which 27% was attributable to KRUK.

In the six months ended June 30th 2023, KRUK's investments in Poland amounted to PLN 283m, representing 24% of the Group's total expenditure in the period. In Poland, KRUK invested primarily in unsecured retail debt, having gained a 32% share in purchases made within that segment. In the three months ended June 30th 2023, the KRUK Group's investments in portfolio purchases on the Polish market reached PLN 197m, representing 30% of all funds invested by the Group in the period.

Amounts collected in Poland represented 44% of the Group's total recoveries. From the beginning of the year to June 30th 2023, recoveries in Poland amounted to PLN 667m, up 5% year on year, representing 44% of total recoveries in the period. In the three months to June 30th 2023 alone, recoveries on the Polish market reached PLN 345m, up 6% on the same period of 2022.

Compared with the six months to June 30th 2022, the Group's revenue on the Polish market went up by nearly PLN 46m year on year, to PLN 605m. Revenue in the segment of purchased portfolios rose 6% year on year. The revaluation of projected recoveries totalled PLN 95m, compared with PLN 105m in the six months to June 30th 2022. Although the positive revaluation was lower year on year, revenue from purchased portfolios rose in the period as a result of higher interest income and a higher excess of actual cash recovered over the estimated recoveries relative to the comparative period. Thanks to the higher recoveries, gross profit on the Polish market for the six months to June 30th 2023 came in at PLN 446m, relative to PLN 401m in the comparative period, up by 11% year on year.

EBITDA on the Polish market for the six months ended June 30th 2023 was booked at PLN 404m (PLN 361m excluding Wonga), up 10% year on year (up 6% excluding Wonga). Cash EBITDA stood at PLN 296m, up 10% on the same period the year before, mainly on the higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at June 30th 2023 was PLN 2.9bn, relative to PLN 2.7bn the year before. Polish portfolios accounted in total for 39% of the carrying amount of all debt portfolios held by the KRUK Group.

## Romania

According to KRUK's estimates, in the six months ended June 30th 2023, the value of the Romanian debt sale market was PLN 5.9bn in nominal terms, of which more than PLN 5bn was attributable to a single transaction on the secondary market, with the investment amount of PLN 0.3bn. In the six months to June 30th 2023, KRUK's expenditure on portfolio purchases in Romania reached PLN 118m, securing it a 37% market share. The aggregate nominal value of debt purchased from January to June 2023 was PLN 349m. KRUK invested primarily in unsecured retail debt portfolios. KRUK's market share in terms of expenditure on unsecured retail debt in Romania is estimated at 49%. Purchases made in Romania accounted for 10% of the Group's total investments in the period January-June 2023. In the three months to June 30th 2023, KRUK invested on the Romanian market PLN 100m in debt portfolios with an aggregate nominal value of PLN 274m.

From the beginning of the year to June 30th 2023, recoveries in Romania amounted to PLN 322m, up 12% year on year, representing 21% of total recoveries in the period. In the three months to June 30th 2023 alone, recoveries from portfolios in Romania amounted to PLN 155m, up 9% year on year, accounting for 20% of the Group's total recoveries.

Total revenue from the Romanian market generated in the six months to June 30th 2023 amounted to PLN 291m, down PLN 17m (-6%) on the same period of 2022. The revenue decline is linked to a lower positive

[ADDITIONAL INFORMATION ON THE OPERATIONS OF THE KRUK GROUP IN THE THREE AND SIX MONTHS ENDED JUNE 30TH 2023](#)

revaluation of projected recoveries booked by the Group in the six months ended June 30th 2023: PLN 97m compared with PLN 145m in the corresponding period of 2022. At the same time, KRUK recorded in Romania a year-on-year increase in interest income and a higher excess of actual cash recovered over expected recoveries relative to the comparative period.

The revenue decline affected the level of gross profit, which came in at PLN 231m, compared with PLN 257m the year before.

EBITDA in the Romanian market stood at PLN 216m, down 11% year on year, driven by the lower revaluation of projected recoveries. Cash EBITDA came in at PLN 251m, up 8% year on year.

The carrying amount of purchased debt portfolios as at June 30th 2023 was PLN 1.3bn, up 19% year on year. The Romanian portfolios accounted in total for 17% of the carrying amount of all debt portfolios held by the KRUK Group.

## Italy

According to KRUK's estimates, the nominal value of unsecured retail, SME and corporate debt sold in Italy over the period January–June 2023 totalled PLN 28bn (of which PLN 8.6bn was the value of unsecured retail debt), while the amount invested by creditors was PLN 3.2bn. KRUK invested PLN 524m, accounting for 44% of the Group's total investments and representing a 16% market share. The KRUK Group's investments focused on unsecured retail debt portfolios, its share in purchases made within that segment estimated at 50%. In Italy the KRUK Group purchased debt portfolios with a nominal value of PLN 1,968m. In the three months ended June 30th 2023, the KRUK Group's investments on the Italian market reached PLN 183m, accounting for 28% of its total expenditure in the period, for which it purchased debt portfolios with a nominal value of PLN 728m.

Amounts collected in Italy represented 19% of the Group's total recoveries. From the beginning of the year to June 30th 2023, recoveries in Italy amounted to PLN 288m, up 39% year on year, representing 19% of total recoveries in the period. In the three months to June 30th 2023 alone, recoveries from the Italian portfolios amounted to PLN 147m, up 31% year on year.

Revenue generated in Italy between January 1st and June 30th 2023 was PLN 215m, compared with PLN 179m in the same period of 2022 (a 20% increase). Revenue from the purchased debt portfolio business accounted for 98% of total revenue, having increased to PLN 210m from PLN 175m the year before.

In the six months to June 30th 2023, the Group recognised a PLN 23m revaluation of projected recoveries from the Italian portfolios, compared with a PLN 31m revaluation booked a year earlier. Although the positive revaluation was lower year on year, revenue from purchased portfolios rose in the period mainly as a result of higher interest income relative to the comparative period. In Italy KRUK also recorded an excess of actual recoveries over estimates both in the first six months of 2023 and in the three months to June 30th 2023.

Revenue from the credit management business was PLN 5.3m, relative to PLN 4.0m in the corresponding period of 2022.

Thanks to the revenue increase, gross profit amounted to PLN 117m, relative to PLN 94m in 2022.

On the Italian market EBITDA for January–June 2023 came in at PLN 99m, up from the PLN 80m posted for the six months to June 30th 2022. Given the higher recoveries, cash EBITDA came in at PLN 177m, compared with PLN 113m the year before.

As at June 30th 2023, the carrying amount of purchased debt portfolios was PLN 1.8bn, up 55% on June 30th 2022. The Italian portfolios accounted for 25% of the total carrying amount of all debt portfolios owned by the KRUK Group.

## Spain

According to KRUK's estimates, the nominal value of retail and corporate debt portfolios purchased on the Spanish market from January to June 2023 was PLN 18.5bn, while the amount spent on those purchases was PLN 0.6bn. The amount invested by the KRUK Group on the Spanish market over the period was PLN 196m, which secured it a 34% market share. The nominal value of the purchased portfolios was PLN 985m. The KRUK Group's investments were into unsecured retail debt, its share in purchases made within that segment estimated at 39%. In the three months to June 30th 2023, KRUK invested PLN 161m in debt portfolios with an aggregate nominal value of PLN 780m. Steadily increasing its investments on the Spanish market, the Group closed some transactions after the reporting date, in July 2023, including the purchase of unsecured retail debt portfolios with a total nominal value of PLN 3.3bn.

From the beginning of the year to June 30th 2023, recoveries in Spain amounted to PLN 155m, up 60% year on year, representing 10% of total recoveries in the period. In the three months to June 30th 2023 alone, recoveries from portfolios in Spain amounted to PLN 86m, up 66% year on year, accounting for 11% of the Group's total recoveries.

In the six months to June 30th 2023, revenue generated in Spain reached PLN 142m, up 567% year on year. Revenue from purchased portfolios was PLN 133m, compared with PLN 12m a year earlier. The KRUK Group recognised PLN 4.6m in a positive revaluation of projected recoveries on the Spanish market, compared with a PLN 42m negative revaluation posted a year earlier. The positive revaluation made in 2023 was a net effect of an upward revaluation of unsecured retail portfolios and a downward revaluation of corporate debt portfolios. The year-on-year increase in revenue was also a result of higher interest income and a higher excess of actual cash recovered over expected recoveries relative to the comparative period.

Revenue from the credit management business in Spain came to PLN 9m, up 7% year on year.

Gross profit earned on the Spanish market was PLN 64m, compared with a loss of PLN 24m in the same period of 2022.

As a result of the higher recoveries and revenue, EBITDA on the Spanish market for the period January–June 2023 reached PLN 53m, compared with a negative EBITDA of PLN 33m for the first six months of 2022. Cash EBITDA was booked at PLN 76m, having increased from PLN 51m posted the year before, largely on the back of the year-on-year growth in recoveries.

As at June 30th 2023, the carrying amount of debt portfolios in Spain was PLN 1.2bn (up 110%), representing 16% of the Group's total debt portfolios.

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

According to KRUK's estimates, the nominal value of unsecured retail debt portfolios purchased on the Czech and Slovak markets from January to June 2023 was PLN 0.7bn, while the amount spent on those purchases was PLN 0.2bn. The amount invested by the KRUK Group in both countries over the period was PLN 57m, which secured it a 32% share in the Czech market and 36% share in the Slovak market. The nominal value of the purchased portfolios was PLN 283m. The Group invested in unsecured retail portfolios. In the three months to June 30th 2023 alone, the KRUK Group's investments in the Czech Republic and Slovakia amounted to PLN 11m, for which it purchased debt portfolios worth nominally PLN 32m.

Recoveries from portfolios in the other markets segment for the three months ended June 30th 2023 amounted to PLN 44m, up 70% year on year, accounting for 6% of the Group's total recoveries. From the beginning of the year to June 30th 2023, recoveries from the other markets amounted to PLN 68m, up 34% year on year, representing 5% of total recoveries in the period.

In the six months to June 30th 2023, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 28m, down 13% on the corresponding period of 2022. In the other markets segment, KRUK also recorded an excess of actual recoveries over estimates both in the first six months of 2023 and in the three months to June 30th 2023.

In January–June 2023, the KRUK Group recognised a PLN 1m positive revaluation of projected recoveries in the other markets segment, compared with PLN 5m in the corresponding period of the previous year.

Gross profit was close to PLN 12m, down 8% year on year.

EBITDA for the period January–June 2023 came in at PLN 4m, down 72% year on year, chiefly on account of a lower positive revaluation of projected recoveries (down PLN 3m, or 71% year on year) and an increase in direct, indirect and administrative expenses (up by PLN 7m, or 43% year on year), due mainly to additional VAT charges in the six months ended June 30th 2023. Cash EBITDA rose in the period by 30% year on year, driven mainly by a 34% year-on-year increase in recoveries. As at June 30th 2023, the carrying amount of debt portfolios in the other markets segment was PLN 0.2bn, representing 2% of the Group's total debt portfolios.

### 1.3 Financial and liquidity position

The Group's financial and liquidity position remained stable as at the end of the reporting period and the date of issue of this report.

As at June 30th 2023, the KRUK Group's cash and cash equivalents amounted to PLN 164m, down PLN 13m on June 30th 2022. As at June 30th 2023, the Company had undrawn lines of credit of PLN 958m. As at June 30th 2023, the carrying amount of the Group's investments in debt portfolios accounted for 88% of its assets. The Group's equity accounted for 41% of its financing sources.

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

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

**As at June 30th 2023, the financial ratios defined below were as follows:**

1.2x – Net Debt / Equity Ratio

2.0x – Net Debt / Cash EBITDA 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
- concluded derivative transactions.

**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 12 months exceeds PLN 5m. Cash EBITDA is computed for the KRUK Group for the last 12 months.

The Group's objective is to maintain a solid capital base to ensure business growth, while retaining the trust of its investors, lenders, bondholders and other external partners. In order to control and keep safe the Group's exposure to financial debt, the Management Board of KRUK S.A. monitors the debt ratios on an ongoing basis.

In the three months ended June 30th 2023, the ratios changed negligibly and, in the Management Board's opinion, remained at safe levels. For instance, 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 1.2x (the maximum level being 3.0x in the case of issues for which financial debt limits have been defined), and the net debt to cash EBITDA ratio was 2.0x (the maximum level being 4.0x).

The liquidity ratios are determined by the nature of assets under purchased debt portfolios, which are presented as current assets, and will be used as part of operating activities for a period longer than 12 months.

## 1.4 Related-party transactions concluded by KRUK S.A.

In the period January 1st–June 30th 2023, the Parent executed related-party transactions. For details, see the condensed interim separate financial statements for the period January 1st–June 30th 2023, section 11. *Related-party transactions.*

In the three months to June 30th 2023, 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 January 1st–June 30th 2023, section 16. *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 March 23rd 2023, agreements were signed between the Company's subsidiary Kruk Investimenti s.r.l. of Milan (the Purchaser) and entities of one of Italy's leading financial groups for the purchase of unsecured retail debt portfolios with a total value of approximately EUR 196m (PLN 918m, as translated at the mid rate quoted by the National Bank of Poland for March 23rd 2023), comprising:

- Portfolio with a total nominal value of up to EUR 124m (PLN 581m, as translated at the mid rate quoted by the National Bank of Poland for March 23rd 2023), and:

- Forward flow portfolio with a total nominal value of up to EUR 72m (PLN 337m, as translated at the mid rate quoted by the National Bank of Poland for March 23rd 2023); Debt claims comprised in these portfolios will be purchased in quarterly tranches starting from June 2023.

Transactions after the reporting date:

On July 13th 2023, an agreement was concluded between the Company's subsidiary InvestCapital Ltd. of Malta (the Purchaser) and Banco Bilbao Vizcaya Argentaria S.A. of Spain for the purchase of an unsecured retail debt portfolio with a total nominal value of EUR 427m (PLN 1,898.91m, as translated at the mid rate quoted by the National Bank of Poland for July 12th 2023).

On July 21st 2023, agreements were concluded between the Company's subsidiary InvestCapital Ltd. of Malta (the Purchaser) and entities of the CaixaBank Group of Spain (the Agreements, the Sellers) for the purchase of unsecured retail debt portfolios with a total nominal value of approximately EUR 315m (PLN 1.4bn, as translated at the mid rate quoted by the National Bank of Poland for July 21st 2023).

## 1.7 Operations – technology development

Besides investment and operational excellence, one of the KRUK Group's strategic directions is to make further progress in digital transformation. KRUK is advancing its technology on multiple levels across many business lines, with a special focus placed on the purchased debt business line.

### Digitalisation

As part of our ongoing 'Discovery' Programme, we have defined a number of projects and initiatives to be implemented in 2023 and beyond. The projects cover areas such as digitalisation of the amicable collection process (e.g. digital client touchpoints), automation of the legal enforcement processes, enhanced accuracy of portfolio valuations and financial projections, data management (e.g. availability, quality, and security of data), improvement of analytical processes with a higher number and better quality of analytical models, more effective deployment of IT changes and system architecture, development of 'no-code' tools and capabilities, accelerated innovation, programmes to strengthen staff's digital competencies, as well as a constructive organisational culture and work environment reflecting the principle of 'Diversity, Equity, Inclusion'.

KRUK has selected a platform developed by an external partner, which will speed up the process of setting up test and production environments, significantly shortening the time needed to deploy newly delivered applications.

### Rollout of online solutions

In all markets, we encourage clients to take up self-service and we keep working to deliver new tools to facilitate the process. We also continue to improve the previously deployed tools to make them easier to use, thus ensuring high conversion rates.

Clients can repay their liabilities by entering into a settlement with KRUK, which they can do on their own through accessible and continuously refined tools. The highest self-service rates have been recorded in Poland, with 38% of all settlements from the year's beginning to June 30th 2023 entered into by clients via the e-kruk.pl self-service platform.

In the three months ended June 30th 2023, we launched a new version of e-kruk in Italy (the third country after Poland and Romania). In addition to a visual makeover, the new system has gained a more transparent client interface, translating into improved conversion rates within the tool. The standards and technologies of the revamped system have improved its efficiency and security. Work is now starting to deploy the system on the Spanish market.

In the three months to June 30th 2023, almost 30,000 users from Poland, Italy and Romania activated e-kruk accounts to gain access to information about their debts and ability to self-manage them.



## Development of cloud-based solutions

KRUK continued its work on cloud-based solutions, launched in 2022 by setting up a dedicated area. The selected solutions are expected to drive the Group's fast-paced technological development, while ensuring digital and technological security. Relevant projects have been planned for quarters and years to come. As part of the Microsoft 365 E subscription, KRUK is implementing a wide range of E5 services and tools across the Group. In the three months ended June 30th 2023, KRUK performed a pre-implementation analysis of end-user services for local branches, and commenced discussions on business tools that would increase process automation and efficiency, improve management and, consequently, deliver a better business performance.

### 1.8 Operations – military conflict in Ukraine

Russia's aggression against Ukraine started on February 24th 2022. The KRUK Group does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in those countries. A Ukrainian company is one of the suppliers of IT development services to Wonga, a subsidiary. Given the circumstances, the cooperation with the Ukrainian supplier is continued to a limited extent. This does not affect Wonga's ongoing operations, and it is possible to source the services in Poland.

With no operations conducted in Ukraine or Russia, the Company expects the implications of the conflict for the 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 Financial forecasts

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

### 2.2 Assessment of future financial condition

The Group mitigates risks associated with management of financial resources through a continuous debt 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 operated 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 January 1st to June 30th 2023, 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 Directors' Report on the operations of KRUK S.A. and the KRUK Group in 2022, in: *7 Risk factors and their management*. The report is available at [https://en.kruk.eu/media/article/file/krukdirectorsreportonoperations\\_2022\\_.pdf](https://en.kruk.eu/media/article/file/krukdirectorsreportonoperations_2022_.pdf)

## 4 Shareholders

### 4.1 Shareholding structure

The table below 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. April 26th 2023.

**Table 2. Shareholders with major holdings**

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN PTE*	2,763,000	14.30
Allianz OFE, Allianz DFE and Drugi Allianz OFE managed by Allianz PTE **	2,359,217	12.21
Piotr Krupa	1,774,030	9.18
Generali OFE, General DFE, NNLife OFE and NNLife DFE managed by Generali PTE ***	1,595,950	8.26
PZU OFE*	1,507,000	7.80
Aegon OFE*	1,140,500	5.90

(\*) Data based on the list of shareholders holding 5% or more of total voting rights at the Extraordinary General Meeting of KRUK S.A. held on November 16th 2022.

(\*\*) Data based on the Shareholder's Notification of January 5th 2023 (Current Report No. 5/2023)

(\*\*\*) Data based on the Shareholder's Notification of February 3rd 2023 (Current Report No. 13/2023)

Source: Company

On May 10th 2023, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on May 8th and May 9th 2023 Mr Krupa sold, respectively, 6,140 shares in KRUK S.A. at the average price of PLN 373.06 per share and 2,000 shares in KRUK S.A. at the average price of PLN 374.51 per share, and on May 8th 2023 he purchased 483 shares in KRUK S.A. at the average price of PLN 378.00 per share, in ordinary session trades on the Warsaw Stock Exchange (see Current Report No. 35/2023).

On May 16th 2023, the Company received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. to the effect that Drugi Allianz Polska OFE had been dissolved and its assets had been transferred to Allianz OFE, reading as follows:



“Pursuant to Art. 69.1.1 in conjunction with Art. 87.1.2b) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text: Dz. U. of 2022, item 2554, as amended; the “Act”), Powszechne Towarzystwo Emerytalne Allianz Polska S.A., as the management company which manages open-end pension fund Allianz Polska Otwarty Fundusz Emerytalny (“Allianz OFE”), notifies you that – pursuant to Art. 69.1 of the Act on the Organisation and Operation of Pension Funds of August 28th 1997 (consolidated text: Dz. U. of 2022, item 2342, as amended) – as at May 12th 2023, following dissolution of open-end pension fund Drugi Allianz Polska Otwarty Fundusz Emerytalny (“Drugi Allianz OFE”) by way of transfer of its assets to Allianz OFE, the share of total voting rights in KRUK S.A. registered in Allianz OFE’s account was in excess of 10%.

Prior to the dissolution of Drugi Allianz OFE, the aggregate number of KRUK shares registered in Allianz OFE’s and Drugi Allianz OFE’s accounts was 2,357,090, representing jointly 12.20% of the Company’s share capital and conferring 2,357,090 voting rights, which represented 12.20% of total voting rights in the Company.

After the dissolution of Drugi Allianz OFE, the number of KRUK shares registered in Allianz OFE’s account was 2,357,090, representing 12.20% of KRUK S.A.’s share capital and conferring 2,357,090 voting rights, which represented 12.20% of total voting rights in KRUK S.A.

Powszechne Towarzystwo Emerytalne Allianz Polska S.A., which manages Allianz OFE, further notifies you that:

- it does not have any subsidiaries holding KRUK shares,
- no situation referred to in Art. 69.4.6 of the Act arises, and
- it does not hold any financial instruments referred to in Art. 69b.1.1 and 69b.1.2 of the Act.

On June 16th 2023, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on June 14th 2023 Mr Krupa sold 12,000 shares in KRUK S.A. at the average price of PLN 381.67 per share in ordinary session trades on the Warsaw Stock Exchange. He also corrected the notification given on November 16th 2022 regarding the sale of Company shares in a transaction executed on November 10th 2022: the correct number of shares sold in that transaction was 5,783 at the average price of PLN 278.93 (see Current Report No. 45/2023).

On July 25th 2023, the Company received a notification from Generali Powszechne Towarzystwo Emerytalne S.A. to the effect that NNLife Otwarty Fundusz Emerytalny had been dissolved and its assets had been transferred to Generali Otwarty Fundusz Emerytalny, reading as follows:

“Acting in accordance with Art. 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (Dz.U. of 2022, item 2554) (the “Act”), Generali Powszechne Towarzystwo Emerytalne S.A. with its registered office at ul. Senatorska 18, Warsaw, Poland (“Management Company”) announces that on July 21st 2023 NNLife Otwarty Fundusz Emerytalny (“NNLife OFE”) was dissolved. On the date when the dissolution of NNLife OFE was completed, its assets were transferred to Generali Otwarty Fundusz Emerytalny (“Generali OFE”), leading to Generali OFE’s share in the share capital and total voting rights in Kruk S.A. (the “Company”) exceeding the 5% threshold.

Before dissolution of NNLife OFE

Generali OFE and NNLife OFE held a total of 1,624,510 (one million six hundred and twenty-four thousand five hundred and ten) shares, or 8.41% of the Company’s share capital, and 1,624,510 (one million six hundred and twenty-four thousand five hundred and ten) voting rights, or 8.41% of total voting rights, in the Company; of which Generali OFE held 797,135 (seven hundred and ninety-seven thousand one hundred and thirty-five) shares, or 4.13% of the Company’s share capital, and 797,135 (seven hundred and ninety-seven thousand one hundred and thirty-five) voting rights, or 4.13% of total voting rights in the Company;

After dissolution of NNLife OFE

Generali OFE holds a total of 1,624,510 (one million six hundred and twenty-four thousand five hundred and ten) shares, or 8.41% of the Company’s share capital, and 1,624,510 (one million six hundred and twenty-four thousand five hundred and ten) voting rights, or 8.41% of total voting rights, in the Company;

There are no subsidiaries of Generali OFE holding any shares in the Company, and no individuals mentioned in Art. 87.1.3.c. of the Act.

As calculated in accordance with Art. 69b.2. of the Act, there are no voting rights attached to shares that Generali OFE would have the entitlement or obligation to acquire as a holder of financial instruments mentioned in Art. 69b.1.1 of the Act or financial instruments mentioned in Art. 69b.1.2 of the Act which are not exercised solely through cash settlement.

As calculated in accordance with Art. 69b.3. of the Act, there are no voting rights attached to shares which are directly or indirectly related to financial instruments referred to in Art. 69b.1.2. of the Act.

As calculated in accordance with Art. 69.4.9., the total number of voting rights held by Generali OFE is 1,624,510 (one million six hundred and twenty-four thousand five hundred and ten), representing 8.41% of total voting rights.”

The table below lists the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at the date of issue of this periodic report, i.e. August 10th 2023.

**Table 3. Shareholders with major holdings**

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE*	2,763,000	14.30
Allianz OFE, Allianz DFE and Drugi Allianz OFE managed by Allianz PTE**	2,359,217	12.21
Piotr Krupa	1,754,373	9.08
Generali OFE ***	1,624,510	8.41
PZU OFE*	1,400,000	7.25
Aegon OFE*	1,130,788	5.85

(\*) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on June 20th 2023.

(\*\*) Data based on the Shareholder’s Notification of January 5th 2023 (Current Report No. 5/2023).

(\*\*\*) Data based on the Shareholder’s Notification of July 25th 2023 (Current Report No. 60/2023).

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

The table 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 date of filing its previous periodic report, i.e. April 26th 2023.

**Table 4. KRUK S.A. shares held by management and supervisory personnel**

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,774,813	1,774,813

Piotr Kowalewski	Member of the Management Board	24,013	24,013
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	145,718	145,718
Michał Zasępa	Member of the Management Board	57,597	57,597

Source: Company

As at August 10th 2023, 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.

Apart from the changes in the number of shares held by Piotr Krupa, President of the Management Board, described in the 'Shareholding structure' section (4.1), in the period from April 26th 2023 to the issue date of this report there were also changes in the number of Company shares held by Urszula Okarma, Michał Zasępa and Piotr Kowalewski, as described below.

On May 2nd 2023, the Company received a notification from Urszula Okarma, given under Article 19 of the MAR. According to the notification, on April 27th 2023 Ms Okarma sold, in ordinary session trades on the Warsaw Stock Exchange, 4,000 shares in KRUK S.A. at the average price of PLN 380.00 per share (see Current Report No. 34/2023).

On May 2nd 2023, the Company received a notification from Michał Zasępa, given under Article 19 of the MAR. According to the notification, on April 28th 2023 and May 2nd 2023 Mr Zasępa sold, respectively, 1,430 shares in KRUK S.A. at the average price of PLN 383.82 per share and 167 shares in KRUK S.A. at the average price of PLN 383.82 per share, in ordinary session trades on the Warsaw Stock Exchange (see Current Report No. 34/2023).

On June 7th 2023, the Company received a notification from Piotr Kowalewski, given under Article 19 of the MAR. According to the notification, on June 6th 2023 Mr Kowalewski sold, in ordinary session trades on the Warsaw Stock Exchange, 1,000 shares in KRUK S.A. at the average price of PLN 400.00 per share (see Current Report No. 43/2023).

**Table 5. KRUK S.A. shares held by management and supervisory personnel**

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,754,373	1,754,373
Piotr Kowalewski	Member of the Management Board	23,013	23,013
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	141,718	141,718
Michał Zasępa	Member of the Management Board	56,000	56,000

Source: Company

## 4.4 Incentive Scheme

### Incentive scheme for 2021–2024

On June 16th 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 disapplied 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.

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.

Under the 2021–2024 Incentive Scheme, eligible persons will have the right to acquire Series H Company shares on preferential terms set forth in the resolution. Eligible persons are members of the Management Board, including the President of the Management Board, and the Company's employees, as well as members of the management boards and employees of the KRUK Group companies.

Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series H shares at the issue price equal to the turnover-weighted average closing price of Company shares on the Warsaw Stock Exchange from May 15th 2021 to June 15th 2021. Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series H shares attached to the subscription warrants not earlier than 24 months after the date on which they acquired the subscription warrants (lock-up for subscription of Series H shares by holders of subscription warrants) and not later than on December 31st 2028.

The warrants will be issued in two pools: the basic pool (760,440 subscription warrants) and additional pool (190,110 subscription warrants).

Subscription warrants of the basic pool will be issued in four tranches, one for each of the following years of the reference period, i.e. for the financial years 2021–2024.

Subscription warrants of the additional pool will be issued as a single tranche – Tranche 5, and will be offered in 2025 for 2021–2024.

Subscription warrants of the basic pool for a given financial year will be granted to eligible persons on condition that EPS (calculated on the basis of the Group's consolidated financial statements) increases by no less than 15.00%. For details on EPS calculations for the purposes of the 2021–2024 Incentive Scheme, see the resolution of the KRUK S.A. General Meeting of June 16th 2021.

Subscription warrants of the additional pool will be granted on condition that the rate of return on the shares (taking into account profit distributions to shareholders in the form of dividends) increases, at the end of the 2021–2024 Incentive Scheme, by a predetermined amount relative to the issue price.

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 Stock Option Plan is 40% of all warrants.

Acting pursuant to the Scheme, by way of a resolution of July 5th 2021 the Supervisory Board determined the list of persons eligible to participate in the scheme, being members of the Company's Management Board. By way of a resolution of July 15th 2021, the Company's Management Board determined the list of persons who are not members of the Management Board and are eligible to participate in the 2021–2024 Incentive Scheme.

In 2021, EPS grew by 58.34%, and on May 13th 2022, the Supervisory Board of KRUK S.A. passed a resolution to acknowledge that the condition set out in the 2021–2024 Incentive Scheme had been met for the purpose

of issuing and offering Tranche 1 subscription warrants in view of fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme.

Therefore, on July 5th 2022, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche I subscription warrants for the fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme. In line with that resolution, a total of 76,044 subscription warrants were awarded to eligible Management Board members for 2021 in Tranche I. The warrants were subscribed for by Management Board members on July 29th 2022. The table below shows the number of warrants awarded to and subscribed for by each Management Board member.

**Table 6. Number of Tranche 1 warrants awarded to and subscribed for by Management Board members under the 2021–2024 Incentive Scheme as at the date of issue of this periodic report**

Name and surname	Number of Tranche I warrants awarded and subscribed for
Piotr Krupa	22,812
Piotr Kowalewski	13,308
Adam Łodygowski	13,308
Urszula Okarma	13,308
Michał Zasępa	13,308

Source: Company

By way of a resolution of July 5th 2022 determining the list of persons other than Management Board members, who were eligible to subscribe for Tranche 1 subscription warrants for the fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme, the Company's Management Board granted a total of 96,094 subscription warrants to the eligible persons. 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 6. Members of the Supervisory Board do not hold any subscription warrants issued under the 2021–2024 Incentive Scheme.

In 2022, EPS grew by 42.27%, and on July 17th 2023, the Supervisory Board of KRUK S.A. passed a resolution to acknowledge that the condition set out in the 2021–2024 Incentive Scheme had been met for the purpose of issuing and offering Tranche 2 subscription warrants in view of fulfilment in 2022 of the conditions of the 2021–2024 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 constant criteria for distribution of generated profits. The Company's Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group's consolidated net profit for a previous financial year, attributable to shareholders of the parent.

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

On May 17th 2023, the Company's Management Board passed a resolution on its proposal for the Supervisory Board regarding allocation of the Company's net profit for 2022 and recommendation for the General Meeting to allocate the Company's net profit earned in 2022 of PLN 804,982,752.25 as follows:

1. to distribute PLN 289,781,850.00 as a dividend of PLN 15.00 per share to the Company's shareholders;
2. to transfer the remaining PLN 515,200,902.25 to statutory reserve funds.

The dividend recommendation is consistent with the Dividend Policy adopted by the Management Board on December 2nd 2021.

On May 22nd 2023, the Supervisory Board passed a resolution to issue a favourable opinion on the Management Board's proposal regarding allocation of the Company's net profit for 2022 and recommendation that the Annual General Meeting allocate the Company's net profit for 2022 as described above.

On June 20th 2023, by Resolution No. 6/2023, the General Meeting resolved to allocate the Company's net profit as recommended by the Supervisory Board. In addition, it was decided that the dividend record date for determining the list of shareholders entitled to receive dividend for the financial year ended December 31st 2022 would be September 7th 2023, while the dividend payment date would be September 28th 2023.

## 4.6 Performance of Company shares on the Warsaw Stock Exchange

### 4.6.1 Share price

Over the six months to June 30th 2023, the KRUK share price on the stock exchange rose by 31.61%, to PLN 408 per share. Our stock outperformed the WIG and mWIG20 indices, which reached rates of return of 17.1% and 14.98%, respectively.

Over the three months to June 30th 2023, the KRUK share price increased by 32.38% relative to the end of the first quarter, outperforming the WIG and WIG20 indices, which gained 17.09% and 17.16%, respectively.

On the last trading day in the second quarter of 2023, the Company's market capitalisation was PLN 7.8bn (compared with PLN 4.9bn a year earlier). On June 30th 2023, KRUK ranked 19th in terms of market capitalisation on the WSE.

**Table 7. Rates of return on KRUK S.A. stock, WIG and WIG20 in Q1 and Q2 2023 – at close**

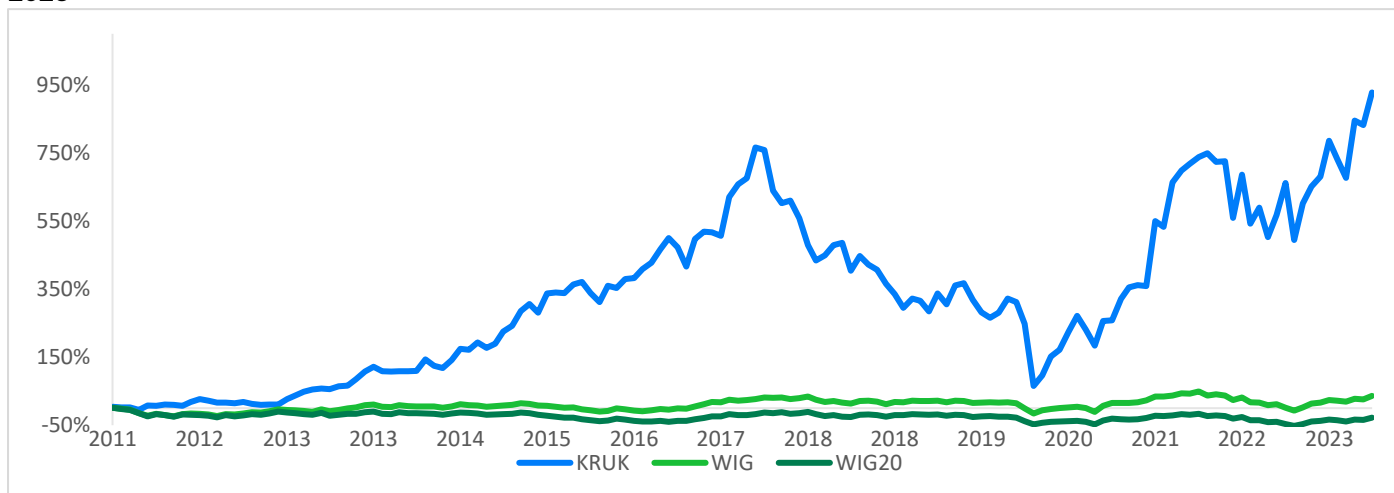
Date	KRUK	WIG	WIG20
Rate of return	31.61	17.1	14.98

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to June 30th 2023, the cumulative rate of return on KRUK shares was 895%. Over the same period, the all-cap WIG index rose 36%, while the blue-chip WIG20 index dropped 28%



## Performance of KRUK stock against WIG and WIG20 from the Company's IPO on the WSE in May 2011 to June 30th 2023

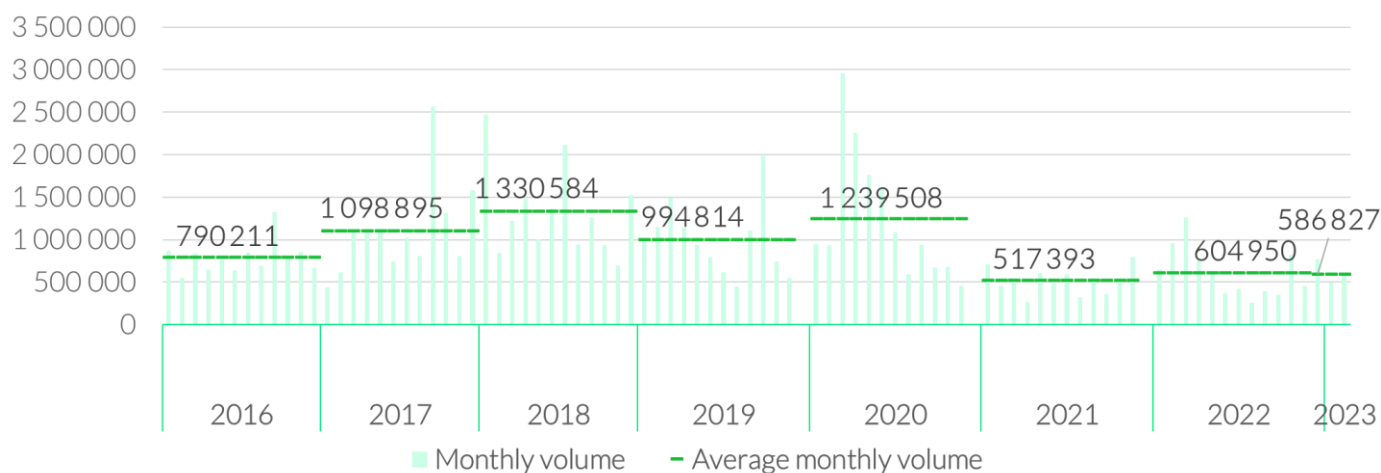


Source: in-house analysis, based on [stoog.pl](http://stoog.pl)

### 4.6.2 Stock liquidity

In the first six months of 2023, the total volume of KRUK S.A. shares traded was 3.5m, and the total value of trading reached PLN 1.2bn. To compare, in the corresponding period of 2022 the total volume of KRUK S.A. shares traded was 4.6m, and the total value of trading was PLN 1.3bn. The average daily volume of trading in KRUK shares in the six months ended June 30th 2023 was 28.4 thousand, and the average daily trading value amounted to PLN 10m. KRUK was the 17th most liquid stock on the WSE (in terms of the total annual trading volume).

### Monthly volume in each month and the year's average monthly volume of trading in KRUK shares in 2016 – June 30th 2023



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

### 4.6.3 Ownership interests of open-end pension funds (OFE) in KRUK S.A.

KRUK S.A. is one of the WSE-listed companies in which OFE's ownership interest exceeds 50%. OFE's aggregate ownership interest in KRUK S.A. as at June 30th 2023 was 55.25%.

**Table 8. Ownership interests of individual OFE in the Company:**

Shareholder	Ownership interest (%)	Number of votes
OFE Nationale-Nederlanden	14.30%	2,763,105
OFE Allianz Polska	12.20%	2,357,090
OFE PZU Złota Jesień	7.80%	1,507,308
OFE Aegon	6.03%	1,165,500
OFE Generali	4.43%	854,941
OFE NN Life	4.28%	827,375
OFE UNIQA	3.57%	689,865
OFE PKO BP Bankowy	1.61%	310,145
OFE Pocztylion Arka	1.03%	198,139

Source: in-house analysis, based on stooq.pl as at June 30th 2023.

## 5 Company bonds

### 5.1 Issue

In the six months to June 30th 2023, the Company issued Series AN3 and Series AN4 five-year bonds for retail investors under the prospectus-based Ninth Bond Programme. The issue price per bond was equal to its nominal value of PLN 100, while the total nominal value of each series was PLN 50m.

Moreover, as part of the First Prospectus-Exempt Bond Programme, in January 2022 the Company issued Series AL<sup>3</sup> six-year bonds with a total nominal value of PLN 120m. The offering was addressed to qualified institutional investors and the issue price of each bond was equal to its nominal value of PLN 1,000.

In May 2023, the Company issued five-year bonds under Swedish law with a total nominal value of EUR 150m and the issue price per bond equal to its nominal value of EUR 100,000. The issue was carried out under the Swedish law bond framework with a total nominal value of up to EUR 350m. Since June 2023, the bonds have been listed on the Nasdaq Stockholm regulated market.

**Table 9. Bond issues in Q1 and Q2 2023**

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AL3	PLN 120m	January 2023	January 2029	variable – 3M WIBOR + 4.50pp	every 3 months
AN3	PLN 50m	February 2023	February 2028	variable – 3M WIBOR + 4.00pp	every 3 months
NO0012903444	EUR 150m	May 2023	May 2028	variable – 3M EURIBOR + 6.5pp	every 3 months
AN4	PLN 50m	June 2023	June 2028	variable – 3M WIBOR + 4.00pp	every 3 months

Source: Company



After the reporting date, on July 11th 2023, the Polish Financial Supervision Authority approved the Base Prospectus of the Tenth Bond Programme, under which the Company may issue bonds with a total nominal value of up to PLN 700m for a year from that date. Within the Programme's framework, in August 2023 the Company issued Series AO1 bonds with a total nominal value of PLN 75m and a price per bond equal to its nominal value of PLN 100. The bonds were offered to retail investors.

**Table 10. Bond issues after June 30th 2023 until the date of issue of this report**

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AO1	PLN 75m	August 2023	August 2028	variable – 3M WIBOR + 4.00pp	every 3 months

Source: Company

## 5.2 Redemption of bonds

As per the terms and conditions of the Company's bonds, no series of bonds was due for redemption in the six months to June 30th 2023.

## 5.3 Liabilities under bonds

As at June 30th 2023, the nominal value of outstanding bonds issued by the Company was PLN 2,273m.

**Table 11. Bonds to be redeemed by the end of 2023**

Series	Maturity	Number of bonds	Nominal value
AE3	October 2023	35,000	PLN 35m
AG1	November 2023	300,000	PLN 30m

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

As at June 30th 2023:

- **Debt Ratio** stood at 1.2x
- **Net Debt to Cash EBITDA ratio** was 2.0x

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

# 6 Credit rating

## 6.1 Corporate rating

On March 13th 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 April 17th 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, following a 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 or before the date of the General Meeting receiving the financial statements for the last full financial year in which the member holds the office.

The composition of the Management Board of KRUK S.A. did not change in the reporting period.

As at the date of issue of this report, the composition of the Management Board was as follows:

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

### 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 Mr 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 Chairman 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.

The composition of the Supervisory Board of KRUK S.A. did not change in the reporting period.

As at the issue date of this report, the composition of the Supervisory Board was as follows:

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

### 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 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.

June 20th 2023 was the date of the Company's Annual General Meeting. In addition to matters provided for in Art. 395 of the Commercial Companies Code, the agenda of the Annual General Meeting 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 2022, 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 July 29th 2005 (Dz. U. of 2022, item 2554, as amended).

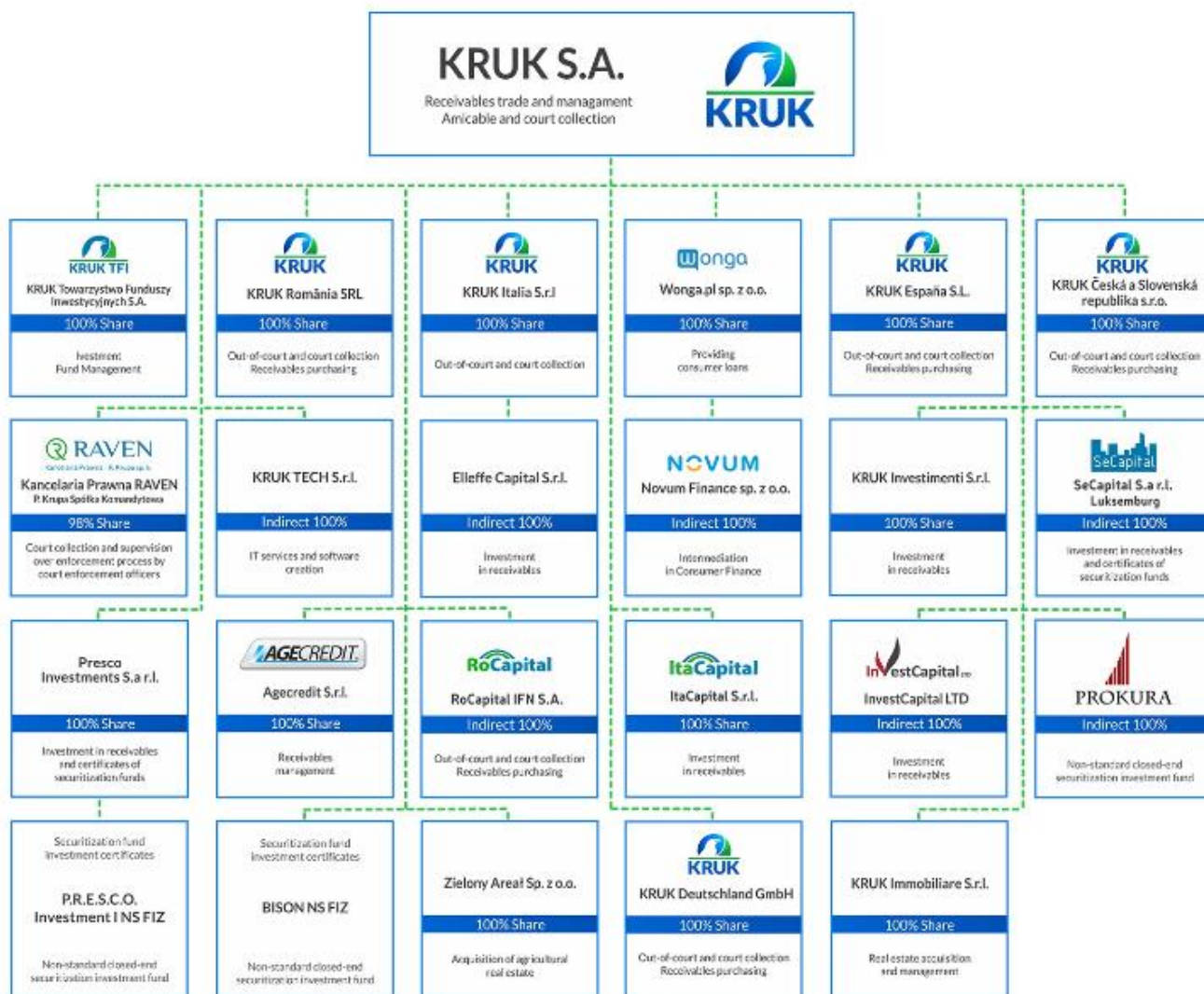
### 7.4 Changes in the KRUK Group's structure

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

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

On May 17th 2023, the articles of association of KRUK Immobiliare S.r.l. of Milan were executed, and on May 19th 2023 the company was entered in the commercial register. The principal business activities of KRUK Immobiliare S.r.l. consist in buying and managing of real estate. KRUK holds 100% of shares in the newly incorporated company.

Following the liquidation on March 31st 2023 of ProsperoCapital S.à.r.l. of Luxembourg and incorporation of KRUK Immobiliare S.r.l. of Milan, as at June 30th 2023 and the date of issue of this report the KRUK Group structure 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 Non-financial information

In the three months to June 30th 2023, 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.

### Implementation of the KRUK Group's ESG Strategy in Q2 2023



#### EMPLOYEES

- Maintain gender equality
  - 62% proportion of women in the total workforce, with 58% proportion of women in top managerial positions (objective: at least 50%)

ADDITIONAL INFORMATION ON THE OPERATIONS OF THE KRUK GROUP IN THE THREE AND SIX MONTHS ENDED JUNE 30TH 2023

- Close the gender pay gap
  - **1.5% in favour of men** (objective: 0% by 2025)
- Employees with disabilities
  - **2.1% employees with disabilities** (objective: 4% by 2025)

- Share of women on corporate boards
  - **42% proportion of women on the Supervisory and Management Boards** (objective: at least 40%)
- As part of the **Diversity, Equity, Inclusion (DEI) programme**, an Ambassador for People with Disabilities was appointed at the KRUK Group. DEI training was provided to KRUK S.A.'s managers and all employees.



## SOCIETY

- Develop virtual call centre assistants to facilitate client service
- Develop automatic payment methods for clients to set standing payment orders
- Develop Kapitalni.org, a portal visited by **339,000 unique users** as at June 30th 2023



## ENVIRONMENT

- **Scope 1 and 2 emissions at 1,556 tCO<sub>2</sub> e** (objective: 70% reduction by 2040)
- Continue work on the methodology to measure **Scope 3 carbon emissions**



## GOVERNANCE

- **GDPR**
  - Develop a process to ensure that the principles of Privacy by design and Privacy by default are applied in practice at the KRUK Group, including design of new regulations
  - Instruction implemented to govern personal data risk management process at the KRUK Group
- **Compliance**
  - Adoption of a client interaction process and frequency standard
  - Work to develop training content related to ethical conduct, values and attitudes promoted by the KRUK Group

## Responsible governance

The KRUK Group is committed to maintaining compliance, data security and protection in accordance with the highest standards of ethics, as these factors are key to building a sustainable business. The Group operates transparently and with integrity, adhering to all applicable laws and regulations.

Examples of responsible governance measures in the three months to June 30th 2023 included fostering the Compliance Culture and personal data protection at the KRUK Group through international workshops, adoption of a client interaction process and frequency standard and an instruction governing the personal data risk management process.

## Social responsibility

A socially responsible business means building transparent, easy-to-understand and respectable rules for our clients. The KRUK Group promotes financial and digital literacy, sharing best knowledge, raising awareness and educating the public on new, safe financial habits.

Described below are selected social responsibility initiatives in the three months to June 30th 2023:

- Following a flood in the Italian region of Emilia-Romagna, KRUK Italia became involved in an aid campaign for residents of the affected areas. The audiences of its internal and external communications were encouraged to take part in volunteering efforts and support the town of Cesena.
- KRUK S.A. donated PLN 50,000 to support Ukrainian people learning Polish. In the first and second quarters of 2023, the sum was applied to organise and finance 417 hours of group classes, which helped 85 Ukrainian war refugees advance their Polish language skills.

As part of financial education efforts, the Kapitalni.org portal is being developed, with 339,000 unique users registered as at June 30th 2023. Articles published on the website dealt with a number of topics, including certificates of debt repayment capacity or loan refinancing mechanisms.

KRUK Italia also carried on its financial education activities via the [krukitalia.news](https://www.krukitalia.news) blog and press releases. In the three months ended June 30th 2023, financial education posts generated close to 3.41m views.

KRUK España issued a report on the economic condition of Spanish people. The survey is repeated regularly, twice a year.

KRUK Romania continued its flagship 'Credite Inteligente' (Smart Loans) project to provide financial education to schoolchildren. In the three months to June 30th 2023, the initiative reached 1,177 students.

### **Safe and healthy workplace**

The KRUK Group is committed to integrating people processes, strengthening its organisational culture and growing leaders to be an employer of choice.

In the three months ended June 30th 2023, the KRUK Group's responsibility agenda included a number of well-being and educational initiatives marking various occasions, such as the Children's Day and the Diversity Month, and supporting the mental health of its employees.

### **Environmental responsibility**

The KRUK Group takes measures to adapt to climate change and help others to adapt by sharing its knowledge and building awareness among employees, clients, and vendors.

As at June 30th 2023, the KRUK Group's Scope 1 emissions in accordance with GHG Protocol reached 1,276 tCO<sub>2</sub>, including emissions from liquid fuels burned by fleet vehicles and natural gas used to heat office space.

As at June 30th 2023, the KRUK Group's Scope 2 market-based emissions in accordance with GHG Protocol amounted to 280 tCO<sub>2</sub>e, including emissions from electricity and heat consumption. Location-based emissions amounted to 673 tCO<sub>2</sub>e, the difference being attributable to the growing share of renewables in the Group's energy mix.

In the three months ended June 30th 2023, an agreement was concluded to purchase Guarantees of Origin for electricity consumed at offices occupied by the KRUK Group's companies in Poland. Thus, their entire forecast electricity consumption in 2023 (900 MWh) will be covered by electricity from renewable sources delivered to the grid by our partner. This will allow us to markedly reduce Scope 2 carbon emissions.

### **Awards and distinctions**

Having been covered by a Diversity IN Check survey, KRUK S.A. was included on the list of top-ranking employers assessed for maturity in managing diversity and building inclusive organisations. The survey is run by the Responsible Business Forum, coordinator of the Diversity Charter in Poland.

In the 12th ranking of socially responsible companies 2022, KRUK S.A. was honoured with a Silver CSR Leaf by the *Polityka* weekly and Deloitte. The accolade was granted in recognition of our comprehensive integration of ISO 26000's core principles, coupled with the implementation of top-tier solutions and transparent disclosures pertaining to our ESG performance.

For another year running, KRUK S.A. successfully completed the Ethics Audit of the Ethics Committee of the Polish Finance House Association, securing an 'Ethical Company 2022' certificate.



In the three months ended June 30th 2023, KRUK S.A. was also named the Service Quality Star and was included on the list of top 50 employers compiled by the *Wprost* weekly.

## 10 Glossary of terms

2021-2024 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
Articles of Association	The Company's Articles of Association
Auditor	PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw
CAGR	Compound Annual Growth Rate
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 5m; cash EBITDA is computed for the KRUK Group for the last 12 months
Catalyst	Bond market operated by the Warsaw Stock Exchange
Company; KRUK; Issuer	KRUK S.A. of Wrocław
Consolidated financial statements	The Group's consolidated financial statements for the reporting period ended June 30th 2023, prepared in accordance with the IFRS
CSDP	Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw)
EBIT	Operating profit
EBITDA	Operating profit before depreciation and amortisation
EPS	Earnings per share
ERIF BIG, ERIF	ERIF Biuro Informacji Gospodarczej S.A.
EUR	Euro

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> <li>• 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</li> <li>• accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or</li> <li>• assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or</li> <li>• liabilities arising under derivatives contracts;</li> </ul>
GDP	Gross Domestic Product
General Meeting	General Meeting
Wonga	Wonga.pl Sp. z o.o. of Warsaw
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
ItaCapital	ItaCapital S.r.l of Milan, Italy
Kancelaria Prawna RAVEN	Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa of Wrocław
KRS	Polish National Court Register (Krajowy Rejestr Sądowy)
KRUK; Issuer; Company	KRUK S.A. of Wrocław
KRUK Česká a 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
Management Board	The Management Board of KRUK S.A.
Nasdaq Stockholm	Stockholmsbörsen; Securities trading market in Stockholm, Sweden
NBP	National Bank of Poland
Non-Standard Securitisation Closed-End Investment Funds	Prokura NS FIZ, P.R.E.S.C.O. Investment I NS FIZ, BISON NS FIZ
PFSA	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
PLN	Polish złoty



Prokura NS FIZ	Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Prokura Non-standard securitisation 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
Regulation on current and periodic information	Polish Minister of Finance's Regulation of March 29th 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)
ROE	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
RON	Romanian leu
SeCapital Luksemburg	SeCapital S.à.r.l. (Luxembourg)
Subsidiaries	The Company's subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
Supervisory Board	The Company's Supervisory Board
The Group, the KRUK Group	The Company as the Parent along with its subsidiaries and Non-Standard Securitisation Closed-End Investment Funds
UOKiK	The Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
UOKiK President	President of the Office of Competition and Consumer Protection
USD	US dollar
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)

Michał Zasępa

Member of the Management Board

Urszula Okarma

Member of the Management Board

Piotr Krupa

President of the Management Board

Piotr Kowalewski

Member of the Management Board

Adam Łodygowski

Member of the Management Board

Wrocław, August 10th 2023