



HALF-YEAR REPORT – part III









KRUK S.A. Directors' Report
on the operations of
the KRUK Group

1 January to 30 June 2024

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KEY ACHIEVEMENTS IN THE SIX MONTHS TO 30 JUNE 2024

 <p>New portfolio purchases PLN 900 million -24%</p>	 <p>Recoveries PLN 1,738 million +16%</p>	 <p>Cash EBITDA PLN 1,191 million +11%</p>	 <p>Net profit PLN 603 million +14%</p>
 <p>ROE 26% (24%)</p>	 <p>Net profit margin 41% (41%)</p>	 <p>Net debt/ cash EBITDA 2.4 (2.0)</p>	 <p>Net debt/ equity 1.3 (1.2)</p>

	30 Jun 2024 (PLN million)	30 Jun 2023 (PLN million)	change	30 Jun 2024 (EUR million)	30 Jun 2023 (EUR million)
Expenditure on debt portfolios	900	1,178	-24%	209	255
Gross recoveries	1,738	1,501	16%	403	325
Carrying amount of purchased portfolios	9,143	7,390	24%	2,120	1,661
Estimated remaining collections (ERC)	19,832	15,271	30%	4,598	3,432
Total revenue ¹	1,481	1,299	14%	343	282
Revenue from purchased portfolios	1,349	1,161	16%	313	252
EBIT	771	708	9%	179	153
EBITDA ²	802	736	9%	186	160
cash EBITDA ³	1,191	1,076	11%	276	233
Net profit	603	528	14%	140	115
Basic EPS (PLN EUR)	31.20	27.33	14%	7.24	5.93
Diluted EPS (PLN EUR)	29.46	26.13	13%	6.83	5.66
ROE ⁴	26%	24%	-	-	-
Net profit margin ⁵	41%	41%			
Interest-bearing net debt to equity ratio	1.3	1.2	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.4	2.0	-	-	-
Cash EBITDA to interest on debt	6.2	8.7	-	-	-

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

² EBITDA = EBIT + depreciation and amortisation.

³ Cash EBITDA = EBITDA - revenue from purchased portfolios + recoveries from purchased portfolios.

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

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



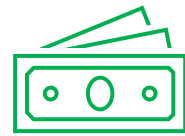
PLN 8.9 billion

KRUK ranks as the world's largest debt collection company in terms of market capitalisation⁶



26%

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



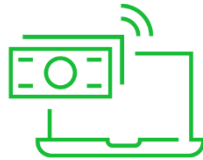
PLN 18 per share

Record-high dividend paid for 2023



International expansion

61% of investments and 58% of recoveries in markets outside Poland



Technological advances

digital transformation of the KRUK Group



Capital Market HERO

award from the Association of Retail Investors



INVESTOR RELATIONS LEADER

award from the *Parkiet* daily



Employee turnover at 10.8%

– one of the lowest turnover rates in the financial sector



at KRUK Group

women hold 58%

of senior managerial positions

⁶ Source: stooq.pl, as at 30 June 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 RESULTS FOR THE SIX MONTHS TO 30 JUNE 2024

Net profit and return on equity (ROE)

Net profit earned in the six months ended 30 June 2024 was PLN 603 million, up PLN 74 million (or 14%) year on year. This increase was largely driven by a PLN 181 million rise in revenue (up by 14% y/y).

Cash EBITDA for the period came in at PLN 1,191 million, up PLN 115 million (or 11%) year on year.

As at 30 June 2024, return on equity for the twelve months ended on that date was 26%, compared with 24% the year before.

Revenue

In the six months to 30 June 2024, the Group's total revenue reached PLN 1,481 million, having increased by PLN 181 million, or 14%, from PLN 1,299 million in the first half of 2023. Revenue from purchased debt portfolios in the six months ended 30 June 2024 amounted to PLN 1,349 million, up by 16% (PLN 188 million) year on year. The largest year-on-year increase by far in the six months to 30 June 2024 was recorded in revenue from purchased debt portfolios on the Polish market (up by PLN 90 million or 18%), with a significant increase achieved also in Italy (up by PLN 64 million, or 30%) and Spain (up by PLN 25 million, or 19%). At the same time, in the second quarter of 2024 alone, revenue from purchased debt portfolios declined the most in Spain (down by PLN 24m, or 33%, y/y), which saw a PLN 36 million negative revaluation of projected recoveries.

In the six months ended 30 June 2024, the Group booked a PLN 258 million revaluation of projected recoveries, up by PLN 37 million on the same period the year before. In the three months ended 30 June 2024 alone, the Group posted a PLN 114 million revaluation of projected recoveries, down by PLN 20 million on the same period last year. 70% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months ended 30 June 2024 was attributable to a revision of projected recoveries for the next 63 months. The deviation between actual and projected recoveries⁷ in the second quarter of 2024 was PLN 103 million, compared with PLN 143 million a year earlier.

Costs of operations

Costs of operations incurred in the six months to 30 June 2024 (excluding depreciation and amortisation) amounted to PLN 678 million, having increased by PLN 115 million (20%) year on year, mainly due to an increase in court fees (up by PLN 53 million, or 32%), a rise in salaries and wages and employee benefits expense (up by PLN 24 million, or 10%).

Finance costs

In the six months to 30 June 2024, net finance costs amounted to PLN 185 million, up by PLN 62 million year on year. The increase was driven by a higher debt amount (up by PLN 1,387 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 June 2024 was 3.80%/3.84%, compared with 2.87%/3.10% 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 45 million in the six months to 30 June 2024. IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,939 million) represented 72% of the Group's total debt as at 30 June 2024.

⁷The line item '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'*.

WIBOR-sensitive debt accounted for 8% (PLN 444 million) and EURIBOR-sensitive debt – for 20% (PLN 1,097 million) of the Group's total debt as at 30 June 2024.

Purchased debt portfolios

Recoveries from purchased portfolios

Amounts recovered in the six months to 30 June 2024 from portfolios purchased by the KRUK Group reached PLN 1,738 million, marking an 16% increase year on year. Over half of that amount was collected in foreign markets. The year-on-year increase of PLN 237 million in the six months to 30 June 2024 was attributable mainly to PLN 90 million growth in recoveries on the Spanish market (up 58% y/y), PLN 85 million growth in recoveries on the Italian market (up 29% y/y), and PLN 67 million growth in recoveries on the Polish market (up 10% year on year). In the six months to 30 June 2024, KRUK recorded its first recoveries in the French market, which are presented together with recoveries from the Czech Republic, Slovakia and Germany in the 'Other markets' segment.

Table 1. Recoveries from purchased portfolios in H1 2024, by market

	Recoveries in H1 2024 (PLN million)	Share of total recoveries	Recoveries in H1 2023 (PLN million)	Share of total recoveries	Change y/y
Poland	734	42%	667	44%	10%
Romania	338	19%	322	21%	5%
Italy	373	21%	288	19%	29%
Spain	245	14%	155	10%	58%
Other markets	48	3%	68	5%	-30%
KRUK Group	1,738	100%	1,501	100%	16%

Recoveries in the six months to 30 June 2024 exceeded budgeted figures, with a positive ⁸deviation of PLN 105 million, or 14%, in the first quarter and PLN 103 million, or 13%, in the second quarter.

Table 2. Actual vs projected recoveries from purchased debt portfolios

(PLN million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Actual recoveries	623	657	648	700	724	776	785	777	854	883
Deviation between actual and projected recoveries ²	79	109	82	84	111	143	91	83	105	103
C. Percentage deviation (B/(A-B)) ²	15%	20%	14%	14%	18%	23%	13%	12%	14%	13%

New portfolio purchases

In the six months ended 30 June 2024, the KRUK Group invested PLN 900 million in debt portfolios with a nominal value of PLN 5.8 billion, compared with PLN 1,178 million of debt investments with a nominal value of PLN 5.5 billion in the

⁸The line item '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'.

first half of 2023. The majority of these investments (98%) were allocated to unsecured retail debt portfolios. Poland, Italy, and Spain accounted for the largest shares of total purchases in the period, representing 39%, 27%, and 19%, respectively. Additionally, KRUK made its first investments in debt portfolios in the French market during the six months ended 30 June 2024, included in the 'Other markets' segment.

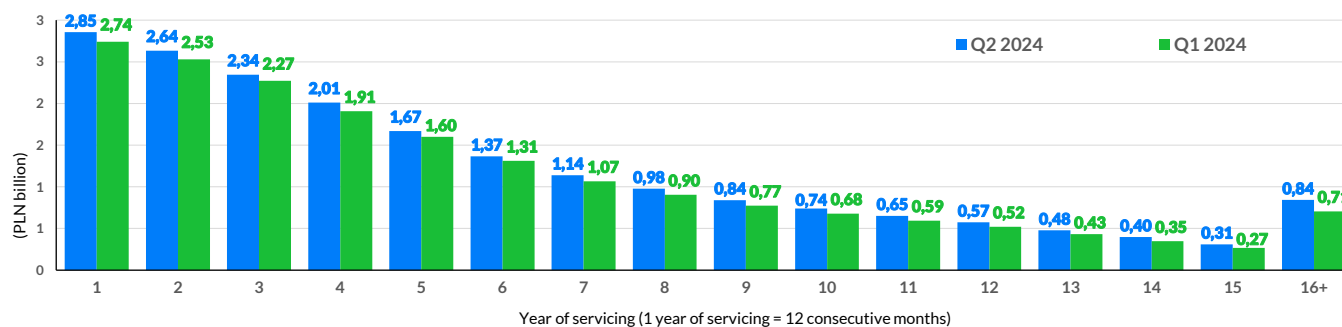
Table 3. Expenditure on debt portfolios in H1 2024, by market

	Expenditure in H1 2024 (PLN million)	Share of total expenditure	Expenditure in H1 2023 (PLN million)	Share of total expenditure	Change y/y
Poland	354	39%	283	24%	25%
Romania	93	10%	118	10%	-21%
Italy	245	27%	524	44%	-53%
Spain	169	19%	196	17%	-14%
Other markets	39	4%	57	5%	-31%
KRUK Group	900	100%	1,178	100%	-24%

Estimated remaining collections (ERC)

Estimated remaining collections (ERC) as at 30 June 2024 were PLN 19.8 billion, up PLN 1.2 billion on 31 March 2024. The increase was driven primarily by investments of PLN 565 million in debt portfolios with a nominal value of PLN 3.6 billion made in the second quarter of 2024, and a revaluation of projected recoveries as at 30 June 2024, with a discounted value of PLN 114 million. 70% of the total revaluation of projected recoveries from unsecured retail portfolios as at 30 June 2024 was attributable to the revaluation of projected recoveries over the next 63 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



Credit management services

In the six months ended 30 June 2024, revenue from fee-based credit management services was PLN 29 million, down 6% year on year. Gross profit⁹ amounted to PLN 7.9 million, down from PLN 8.0 million a year earlier.

Consumer loans (Novum and Wonga)

In the six months ended 30 June 2024, the KRUK Group companies advanced 114 thousand cash loans, compared with 112 thousand the year before. From January to June 2024, the principal amount of loans advanced was PLN 313 million (PLN 271 million the year before). The number of Novum cash loans advanced in Poland and Romania was 10.8 thousand,

⁹ Gross profit = revenue – direct and indirect costs

and their principal amount was PLN 67 million. As for Wonga.pl, it disbursed 103 thousand cash loans in Poland, with a net amount of PLN 246 million.

Wonga's revenue for the six months ended 30 June 2024 reached PLN 81 million, up 9% year on year, while Novum's revenue in Poland and Romania was PLN 16 million, up 17% year on year.

Wonga's EBITDA as at 30 June 2024 was PLN 42 million (down 4% y/y).

1.2 KRUK GROUP'S PERFORMANCE BY GEOGRAPHY

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

(PLN million)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Expenditure on debt portfolios	354	283	93	118	245	524	169	196	39	57	N/A	N/A	N/A	N/A	900	1,178
Recoveries	734	667	338	322	373	288	245	155	48	68	N/A	N/A	N/A	N/A	1,738	1,501
Carrying amount of purchased debt portfolios (PLN billion)	3,4	2,9	1,5	1,3	2,3	1,8	1,8	1,2	0,2	0,2	N/A	N/A	N/A	N/A	9,143	7,390
Percentage of total portfolio carrying amount	38%	39%	16%	17%	25%	25%	19%	16%	2%	2%	N/A	N/A	N/A	N/A	100%	100%
Revenue	701	606	301	290	280	215	166	142	27	28	6	18	N/A	N/A	1,481	1,299
Purchased debt portfolios	593	504	298	288	273	210	158	133	27	28	N/A	N/A	N/A	N/A	1,349	1,161
Credit management services	13	16	0	0	6	5	8	9	0	1	N/A	N/A	N/A	N/A	29	31
Wonga	81	74									N/A	N/A	N/A	N/A	81	74
Other activities	14	6	3	3							N/A	N/A	N/A	N/A	16	15
Gross profit	520	446	236	231	160	117	50	64	15	12	-1	13	N/A	N/A	980	884
EBITDA	468	405	221	216	139	99	37	53	9	4	-1	13	-71	-54	802	736
cash EBITDA	609	568	260	250	239	177	125	76	30	45	-1	13	-71	-54	1,191	1,076

Poland

According to KRUK's estimates, in the six months to 30 June 2024, the nominal value of total debt supply in Poland was PLN 5.5 billion, of which PLN 3.6 billion was related to unsecured retail debt. The sale transactions included all types of debt (unsecured retail, mortgage and corporate debt). 83% of investments made on the primary and secondary market focused on unsecured retail debt. Investors spent on debt purchases a total of PLN 1 billion, of which 35% was attributable to KRUK. KRUK's market share in expenditure on unsecured retail debt is estimated at 40%.

In the six months to 30 June 2024, KRUK's investments in Poland amounted to PLN 354 million, representing 39% of the Group's total expenditure in the period. The nominal value of purchased portfolios was PLN 2.4 billion. In Poland, KRUK invested primarily in unsecured retail debt.

Recoveries in Poland amounted to PLN 734 million (up 10% y/y) and accounted for 42% of the Group's total recoveries in the reporting period.

The PLN 96 million year-on-year growth of revenue was due mainly to an increase in revenue from purchased portfolios (up by PLN 90 million y/y), including primarily higher revaluation of project recoveries (up by PLN 57 million y/y) and improved interest income. In Poland, KRUK also recorded an excess of actual cash recovered over projected recoveries.

Thanks primarily to the higher recoveries, gross profit on the Polish market for the first half of 2024 came in at PLN 520 million, relative to PLN 446 million in the comparative period, up by 16% year on year.

EBITDA on the Polish market was booked at PLN 468 million, up by 16% year on year. Cash EBITDA stood at PLN 609 million, up 7% on the same period the year before, mainly on higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at 30 June 2024 was PLN 3.4 billion, up by 19% year on year. Polish portfolios accounted in total for 38% of the carrying amount of all debt portfolios held by the KRUK Group.

Romania

According to KRUK's estimates, in the six months to 30 June 2024, the nominal value of total unsecured retail debt supply in Romania was PLN 431 billion, while retail debt purchases amounted to PLN 171 million, of which 54% was accounted for by KRUK. The first half of 2024 saw exclusively primary-market transactions, in contrast to previous years, when transactions in the secondary market, characterised by high nominal values and relatively low prices, were an important factor affecting the average price rate of debt, calculated as the ratio of actual expenditure to nominal value.

In the six months to 30 June 2024, expenditure on portfolio purchases in Romania reached PLN 93 million (down 21% y/y). KRUK was active in the unsecured retail debt market. The nominal value of the debt purchased in the period was PLN 256 million. Investments in debt portfolios made in Romania accounted for 10% of the Group's total investments in the reporting period.

Amounts recovered in Romania from purchased portfolios reached PLN 338 million (up 5% y/y), accounting for 19% of the Group's total recoveries.

Revenue increased by 4% to PLN 301 million, mainly on the back of higher interest income. Revaluation of projected recoveries was positive, amounting to PLN 92 million, including PLN 45 million in the second quarter alone. Deviation between actual and projected recoveries in Romania was positive.

Gross profit came in at PLN 236 million, having increased from PLN 231 million a year earlier (up by 2% y/y).

EBITDA in Romania totalled PLN 221 million, up 2% on the first half of 2023, with cash EBITDA at PLN 260 million, up 4% year on year.

As at 30 June 2024, the carrying amount of purchased debt portfolios was PLN 1.5 billion, up 17% year on year. The Romanian portfolios accounted in total for 16% of the carrying amount of all debt portfolios held by the KRUK Group.

Italy

According to the KRUK Group's estimates, in the six months to 30 June 2024, the supply of unsecured retail debt, SME and corporate debt portfolios in Italy was in excess of PLN 20.4 billion, of which PLN 10.6 billion was attributable to retail debt portfolios (nominal amounts). Most of unsecured retail debt, worth nominally PLN 7.1 billion, was sold on the secondary market. Investors paid a total of PLN 0.7 billion for their debt purchases. KRUK's share in the Italian market overall is estimated at 11%, while its share in expenditure on unsecured retail debt at 35%.

In the first half of 2024, KRUK made its largest investments in Italy, amounting to PLN 245 million, which represented 27% of the Group's total investments. This expenditure was exclusively allocated to purchases of unsecured retail debt with a nominal value of PLN 2.2 billion.

Recoveries in Italy represented 21% of the Group's total recoveries in the first half of 2024, amounting to PLN 373 million, up 29% year on year.

With higher interest income and higher positive revaluation of projected recoveries (up PLN 18 million year on year), revenue generated in Italy was PLN 280 million, compared with PLN 215 million in the same period of 2023, reflecting a 30% increase. Revenue from the purchased debt portfolio business contributed 98% of total revenue, rising to PLN 273 million from PLN 210 million the year before. In Italy KRUK also recorded an excess of actual recoveries over estimates.

Revenue from the credit management business was PLN 6 million, marking a 21% increase year on year.

Thanks to the year-on-year revenue increase, gross profit amounted to PLN 160 million, up 37% from PLN 117 million a year earlier.

In Italy, EBITDA for the first half of 2024 reached PLN 139 million, compared with PLN 99 million the previous year, representing a 41% increase. Higher recoveries also bolstered cash EBITDA, which amounted to PLN 239 million, reflecting a 35% increase year on year.

As at 30 June 2024, the carrying amount of purchased debt portfolios was PLN 2.3 billion, up 24% on the end of the same period last year. The Italian portfolios accounted for 25% of the total carrying amount of all debt portfolios held 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 2024 (excluding mortgage debt portfolios) was PLN 26.5 billion, while the amount spent on those purchases was PLN 0.6 billion. KRUK's overall share in the market is estimated at 28%, while its share in expenditure on unsecured retail debt at 31%.

In Spain, KRUK invested PLN 169 million in the first half of 2024 (19% of total expenditure), purchasing debts with a nominal value of PLN 825 million, of which most was unsecured retail debt.

Recoveries in Spain reached PLN 245 million, marking an 58% increase year on year and representing 14% of total recoveries in the period.

Revenue from Spain amounted to PLN 166 million, reflecting a 17% year-on-year increase, with 95% or PLN 158 million of the revenue generated from purchased portfolios, compared with PLN 133 million in the previous year. The increase in revenue was attributable to higher interest income. As at 30 June 2024, revaluation of projected recoveries was negative (PLN -29 million, including PLN -36 million in the second quarter alone), mainly due to lower recoveries in the period from April to June 2024.

Revenue from the credit management business in Spain came to PLN 9 million, down by 3% year on year.

Gross profit and EBITDA declined year on year – while revenue was up, KRUK also paid higher court fees. In the second quarter alone, KRUK reported negative EBITDA on the Spanish market, which was due to negative revaluation of projected recoveries in the period.

Cash EBITDA for the first six months of 2024 came in at PLN 125 million, up 64% year on year, mainly on higher year-on-year recoveries.

As at 30 June 2024, the carrying amount of debt portfolios in Spain was PLN 1.8 billion (up 45% year on year), representing 19% 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 initiated its first investments in debt portfolios in France. Starting from the first quarter of 2024, the performance in the French market is reported in the 'Other markets' segment.

The segment's investments amounted to PLN 39 million, representing 4% of the Group's total investments, and were made exclusively in unsecured retail debt. Most of the expenditure was incurred in France. 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 will be continued, allowing for potential collaboration with local business partners and selective asset sales.

Recoveries from the 'Other markets' segment totalled PLN 48 million, down 30% year on year, representing 3% of total recoveries posted for the period.

In the six months to 30 June 2024, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 27 million, down 3% year on year. In the 'Other markets' segment, KRUK recorded an excess of actual recoveries over estimates.

In the first half of 2024, the KRUK Group recognised a PLN 2 million positive revaluation of projected recoveries in the segment, compared with a PLN 1 million positive revaluation booked in the corresponding period of the previous year.

Gross profit was PLN 15 million, up 25% year on year.

EBITDA was PLN 9 million, up 110% year on year, mainly on the back of lower operating expenses. Cash EBITDA came in at PLN 30 million, down 34% year on year.

As at 30 June 2024, the carrying amount of debt portfolios in the 'Other markets' segment was close to PLN 0.2 billion, down 4% year on year, representing 2% of the total carrying amount of the Group's 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 issue date of this report.

As at the reporting date, the KRUK Group's cash and cash equivalents amounted to PLN 181 million, down PLN 17 million on 30 June 2023. As at 30 June 2024, credit facilities granted to the KRUK Group totalled PLN 3,649 million, of which PLN 2,539 million had been drawn, leaving PLN 1,110 million available for utilisation (translated from EUR at the mid-rate quoted by the National Bank of Poland for 30 June 2024). As at 30 March 2024, the carrying amount of the Group's investments in debt portfolios accounted for 89% of its assets. The Group's equity accounted for 40% 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 30 June 2024, the financial ratios defined below were as follows:

- 1.3x – Net Debt / Equity Ratio
- 2.4x – 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
- 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 the six months ended 30 June 2024, the ratios changed negligibly and, in the Management Board's opinion, remained clearly below the maximum 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 1.3x (the maximum level being 3x in the case of issues for which financial debt limits have been defined), and the net debt to cash EBITDA ratio was 2.4x (the maximum level being 4.0x).

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. 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 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–30 June 2024, the Parent executed related-party transactions. For details, see the condensed interim separate financial statements for the period 1 January–30 June 2024, section 12. *Related-party transactions*.

In the six months to 30 June 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–30 June 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 1 February 2024, a forward-flow agreement was concluded between the Company's subsidiary Kruk Investimenti s.r.l. of Milan (as the Buyer) and one of Italy's leading financial groups (as the Seller). The agreement provides for the acquisition of a portfolio of unsecured retail debt with a nominal value of up to EUR 212 million (PLN 916.8 million as translated at the mid exchange rate quoted by the NBP for 1 February 2024). The debt will be purchased in four quarterly tranches, starting in March 2024.

On 22 April 2024, an agreement was signed between the Company's subsidiary Kruk Investimenti s.r.l. of Milan (as the Buyer) and UniCredit S.p.A. of Milan (as the Seller).

The agreement provides for the acquisition of the following debt portfolios:

- Unsecured retail debt portfolio with a total nominal value of EUR 35 million (PLN 152 million, translated at the mid rate quoted by the National Bank of Poland for 22 April 2024), and
- Forward flow portfolio of unsecured retail debt with a total nominal value of up to EUR 460 million (PLN 2 billion, translated at the mid rate quoted by the National Bank of Poland for 22 April 2024), qualified for acquisition in 2024 and 2025. The debt claims included in the portfolio will be acquired in quarterly tranches starting from June 2024. The first four tranches of unsecured consumer loans qualified for acquisition in 2024 were the subject of an agreement announced by the Company in Current Report No. 87/2022 of 12 December 2022.

The agreement of 22 April 2024 partially replaces the agreement announced in Current Report No. 87/2022, maintaining the original expected volume of unsecured retail debt arising under unsecured consumer loans qualified for acquisition in 2024 and extending the scope of the agreement to include debt qualified for acquisition in 2025.

On 19 July 2024, agreements were concluded between the Company's subsidiary InvestCapital Ltd. of Malta (as the Buyer) and entities of the CaixaBank Group of Spain (as the Sellers) for the purchase by the Buyer from the Sellers of unsecured retail debt portfolios with a total nominal value of approximately EUR 363 million (PLN 1.57 billion, as translated at the mid rate quoted by the NBP for 19 June 2024).

1.7 TECHNOLOGICAL ADVANCES

In the first six months ended 30 June 2024, the KRUK Group focused on an in-depth analysis of its technological ecosystem, data management, and ways of working. As a result, a development plan for these areas has been formulated, which will be integrated into the Group's strategy for the coming years.

As regards its online solutions, KRUK encourages clients across all markets to take up self-service and continues work to deliver new tools to facilitate the process.

In the reporting period, KRUK launched and expanded the e-kruk platform in Spain, enabling clients to access and manage their debts (split debt into instalments, make payments, etc.). In Romania, KRUK introduced an instalment payment option with automatic payments made in line with the agreed payment plan, while in Poland the process of initiating and managing such payments was optimised. KRUK has been continuously enhancing the e-kruk platform and reviewing its settlement process to ensure it is user-friendly and meets customer needs. Bases on the conclusions of the review, the process has been adequately modified in Poland and Italy.

In the reporting period, KRUK saw an increase in the percentage of settlements made by clients using self-service tools, with Poland leading the way where over half of the total settlements are signed via self-service tools. Globally, as many as 36% of settlements are made by clients without assistance from KRUK consultants. The number of e-kruk users in Poland, Italy, Romania and Spain continues to grow steadily, with more than 317 thousand active users by the end of the first half of 2024.

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 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 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 30 June 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: *7 Risk factors and their management*. The report is available in at: <https://en.kruk.eu/media/article/file/cgkrukdro2023p3.pdf>

4. SHAREHOLDERS

4.1 SHAREHOLDING STRUCTURE (MAJOR HOLDINGS)

Table 4 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. 8 May 2024.

Table 4. 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*	2,763,000	14.30
Allianz OFE and Allianz DFE are managed by PTE Allianz Polska S.A.**	1,933,667	10.01
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna***	1,729,373	8.95
Generali OFE ****	1,624,510	8.41
PZU OFE*	1,400,000	7.25
VIENNA OFE*/*****	1,130,788	5.85

(*) Data based on the list of shareholders eligible to attend the Annual General Meeting on 20 June 2023.

(**) Data based on the Shareholder's Notification of 29 February 2024 (see Current Report No. 21/2024).

(***) Data based on the Shareholder's Notification of 8 April 2024 (see Current Report No. 29/2024).

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

(***** Renamed from Aegon OFE.

Source: Company.

Table 5 presents the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at reporting date, i.e. 30 June 2024.

Table 5. Major holdings of KRUK S.A. shares as at 30 June 2024

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE*	2,470,391	12.79
Allianz OFE and Allianz DFE are managed by PTE Allianz Polska S.A.**	1,933,667	10.01
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna***	1,729,373	8.95
Generali OFE****	1,624,510	8.41
PZU OFE*	1,154,000	5.97
VIENNA OFE*/*****	1,044,523	5.41

(*) 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 February 2024 (see Current Report No. 21/2024).

(***) Data based on the Shareholder's Notification of 8 April 2024 (see Current Report No. 29/2024).

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

(*****) Renamed from Aegon OFE.

Source: Company.

Events subsequent to the reporting date

On 29 July 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, 2,000 shares in KRUK S.A. at the average price of PLN 442.58 per share on 25 July 2024 and 2,000 shares in KRUK S.A. at the average price of PLN 454.07 per share on 26 July 2024 (see Current Report No. 47/2024).

Table 6 lists the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at the issue date of this report, i.e. 27 August 2024.

Table 6. Major holdings of KRUK S.A. shares as at 27 August 2024

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE*	2,470,391	12.79
Allianz OFE and Allianz DFE are managed by PTE Allianz Polska S.A.**	1,933,667	10.01
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna***	1,725,373	8.93
Generali OFE****	1,624,510	8.41
PZU OFE*	1,154,000	5.97
VIENNA OFE*/*****	1,044,523	5.41

(*) 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 February 2024 (see Current Report No. 21/2024).

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

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

(*****) Renamed from Aegon OFE.

Source: Company.

4.2 MANAGEMENT OR SUPERVISORY BOARD MEMBERS HOLDING SHARES OR RIGHTS TO SHARES

Table 7 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. 8 May 2024.

Table 7. KRUK S.A. shares held by management and supervisory personnel as at 8 May 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	1,729,373	1,729,373
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	138,718	138,718
Michał Zasępa	Member of the Management Board	56,000	56,000

Source: Company

In the period from the release of the previous period report to the issue date of this report there were also changes in the number of Company shares held by Urszula Okarma and Michał Zasępa, as described below.

On 17 May 2024, the Company received a notification from Urszula Okarma, given under Article 19 of the MAR. According to the notification, on 16 May 2024 Ms. Okarma sold, in ordinary session trades on the Warsaw Stock Exchange, 20,000 shares in KRUK S.A. at the average price of PLN 466.03 per share (see Current Report No. 39/2024).

On 24 June 2024, the Company received a notification from Michał Zasępa, given under Article 19 of the MAR. According to the notification, on 21 June 2024 Mr. Zasępa sold, in ordinary session trades on the Warsaw Stock Exchange, 7,000 shares in KRUK S.A. at the average price of PLN 460.84 per share (see Current Report No. 43/2024).

Table 8 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 reporting date, i.e. 30 June 2024.

Table 8. KRUK S.A. shares held by management and supervisory personnel as at 30 June 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	1,729,373	1,729,373
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	118,718	118,718
Michał Zasępa	Member of the Management Board	49,000	49,000

Source: Company

Events subsequent to the reporting date

On 22 July 2024, the Company received a notification from Urszula Okarma, given under Article 19 of the MAR. According to the notification, Ms. Okarma sold, in ordinary session trades on the Warsaw Stock Exchange, 1,922 shares in KRUK S.A. at the average price of PLN 460.12 per share on 18 July 2024 and 3,078 shares in KRUK S.A. at the average price of PLN 461.14 per share on 19 July 2024 (see Current Report No. 46/2024).

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 issue date of this report, i.e. 27 August 2024.

Table 9. KRUK S.A. shares held by management and supervisory personnel as at 27 August 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

As at 27 August 2024, 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.

4.3 TREASURY SHARES

The Company holds no treasury shares.

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. 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 Warrants under the 2021–2024 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:

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

Table 10. Time horizon for calculating the average annual EPS growth under the 2021–2024 Scheme

Time horizon for the 2021–2024 Incentive Scheme										
Tranche	Periods included in the calculation of the average annual increase in EPS 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 11. Execution of the 2021–2024 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 12. 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 Zasepa	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 12. Members of the Supervisory Board do not hold any subscription warrants issued under 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 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 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

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, the Company paid a total of PLN 347,738,220.00 in dividend.

4.6 PERFORMANCE OF COMPANY SHARES ON THE WARSAW STOCK EXCHANGE

4.6.1 Share price

Over the six months to 30 June 2024, the KRUK share price on the stock exchange dropped by 3%, to PLN 462.6 per share. The share performance lagged behind the WIG and WIG20 indices, which achieved rates of returns of 13% and 9.3%, respectively. On the last trading day of the first half of 2024, the Company's market capitalisation stood at PLN 8.9 billion (compared with PLN 7.8 billion the year before). KRUK ranked 19th in terms of market capitalisation on the WSE.

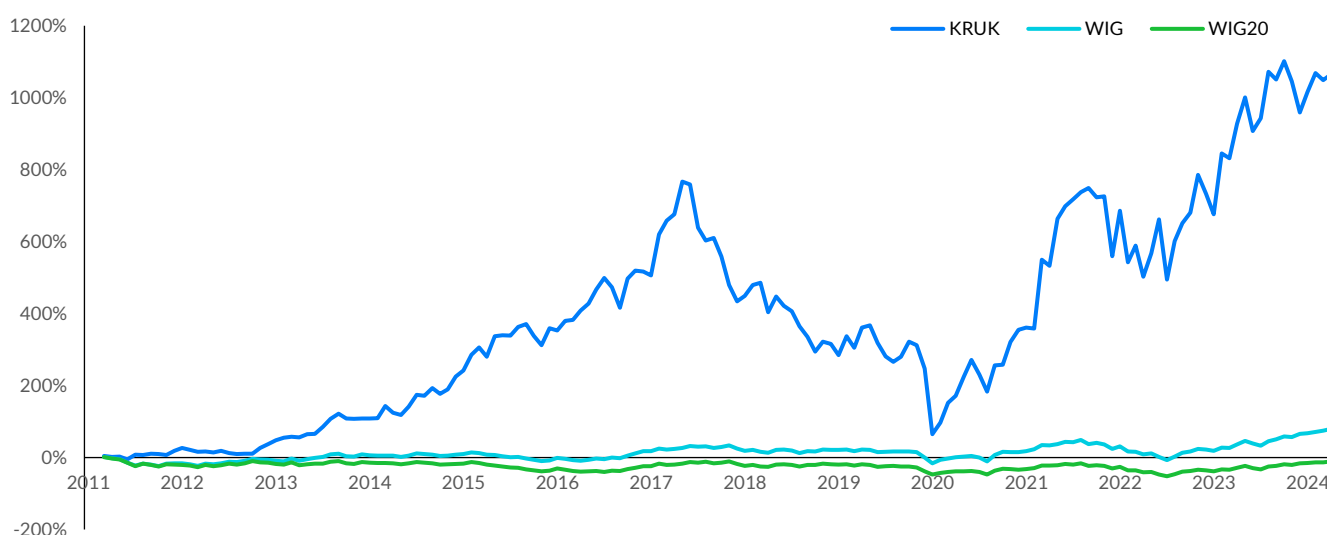
Table 13. Rates of return on KRUK stock, WIG and WIG20 in the six months to 30 June 2024 – at close

Date	KRUK	WIG	WIG20
Rate of return (%)	-3	13	9.3

Source: GPW.pl

From its IPO on the Warsaw Stock Exchange in May 2011 to 30 June 2024, KRUK shares have delivered a cumulative rate of return of 1065%. Over the same period, the all-cap WIG index rose 80%, while the blue-chip WIG20 index dropped 11%.

PERFORMANCE OF KRUK STOCK AGAINST WIG AND WIG20 FROM THE COMPANY'S IPO ON THE WSE IN MAY 2011 TO 30 JUNE 2024

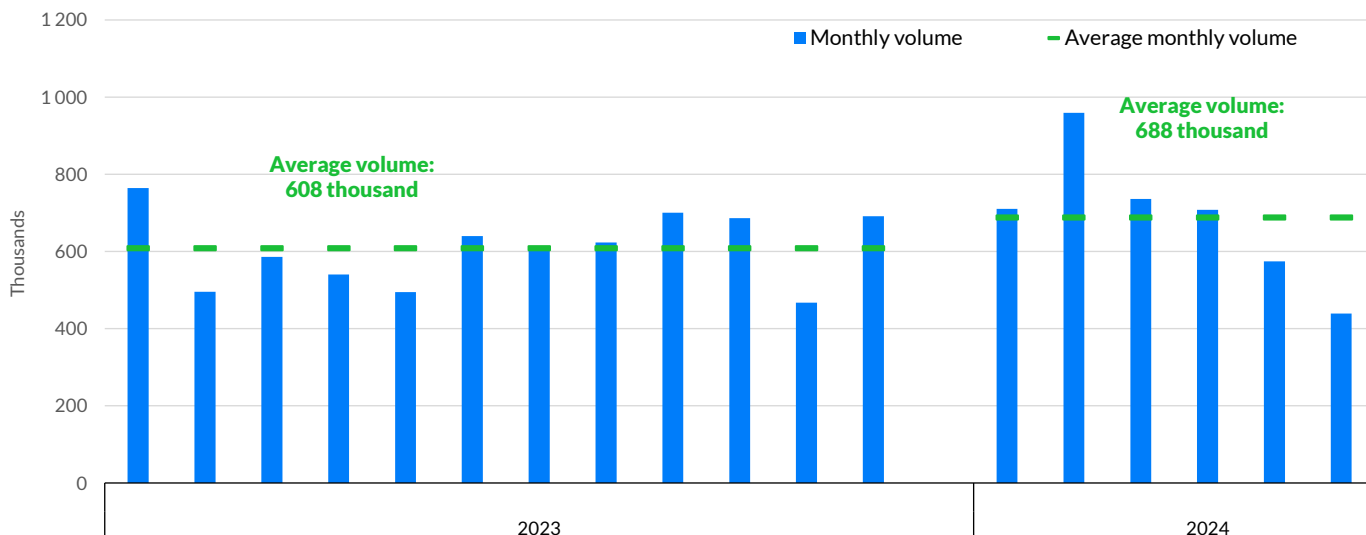


Source: in-house analysis, based on stooq.pl

4.6.2 Stock liquidity

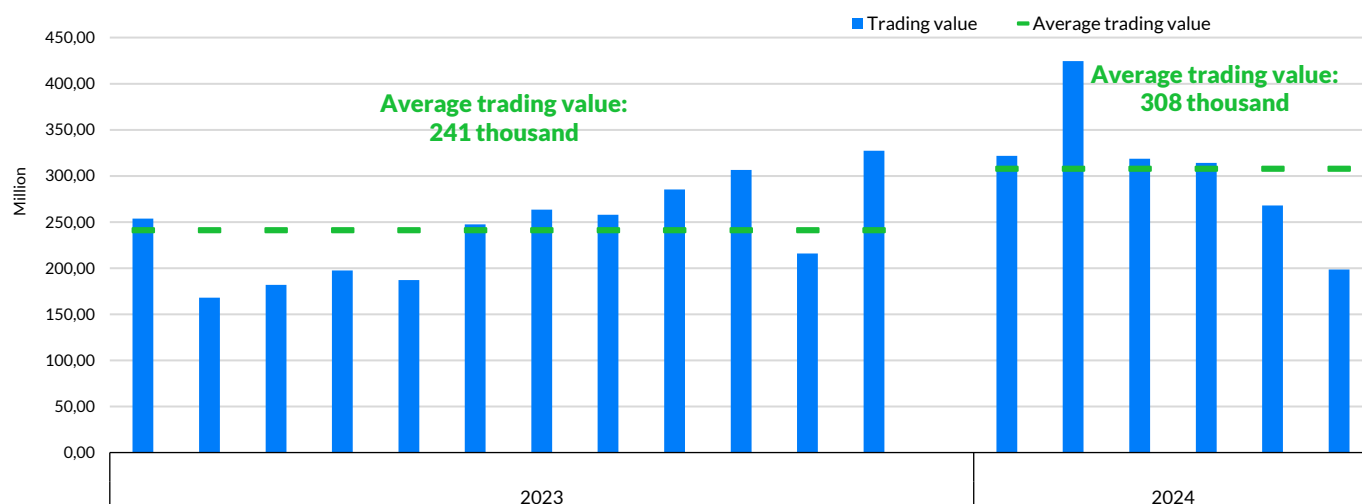
The total volume of KRUK S.A. shares traded in the six months to 30 June 2024 was 4.1 million, and the total value of trading reached PLN 1.8 billion. The total volume of KRUK S.A. shares traded in the same period of the previous year was 3.5 million, and the total trading value was PLN 1.2 billion. The average daily trading volume of KRUK shares in the reporting period was 33 thousand shares, and the average daily trading value stood at PLN 15 million. KRUK was the 20th most liquid stock on the WSE in terms of the total trading value of trades in the first quarter of 2024.

MONTHLY TRADING VOLUME AND THE AVERAGE MONTHLY TRADING VOLUME OF KRUK SHARES IN 2023 AND THE SIX MONTHS TO 30 JUNE 2024



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

MONTHLY TRADING VALUE AND THE AVERAGE MONTHLY TRADING VALUE OF KRUK SHARES IN 2023 AND THE SIX MONTHS TO 30 JUNE 2024



Source: in-house analysis based on www.gpw.pl

5. COMPANY BONDS

5.1 ISSUE

In the six months ended 30 June 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.

Table 14. Bond issues in the six months to 30 June 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

Source: Company

5.2 REDEMPTION OF BONDS

In the six months ended 30 June 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.

Table 15. Bond amortisation in the six months to 30 June 2024

Series	Redemption date	Amortisation value
AL2	February 2024	PLN 52.5 million

Table 16. Bond redemption in the six months to 30 June 2024

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

5.3 LIABILITIES UNDER BONDS

As at 30 June 2024, the nominal value of outstanding bonds issued by the Company was PLN 2,941 million (amounts in EUR translated into PLN at the mid exchange rate quoted by the NBP for 28 June 2024).

Table 17. Bonds to be redeemed by the end of 2024

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

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

As at 30 June 2024:

- Debt Ratio stood at 1.3x
- Net Debt to Cash EBITDA ratio was 2.4x

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 CORPORATE RATING

On 13 March 2023, the KRUK Group was assigned a corporate rating of Ba1, with a stable outlook, by Moody's Investors (Moody's), and a rating of BB-, with a stable outlook, by Standard & Poor's (S&P). On 26 April 2024, Standard & Poor's (S&P) reaffirmed its rating of BB-, with a stable outlook.

Agency	Corporate rating	Outlook	Link to information
Moody's	Ba1	Stable	Moody's rating
S&P	BB-	stable	S&P rating

5.5 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	Moody's rating
S&P	BB-	S&P rating

6. GOVERNING BODIES

6.1 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 18. 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.	
Role	Remit
Piotr Krupa President of the Management Board, Chief Executive Officer	Internal Audit, Corporate Governance, Strategy Management, ESG, Chief Executive Officer Area for Poland
Adam Łodygowski Member of the Board, Chief Data & Technology Officer	IT, Cybersecurity, IT Procurement, Debt Portfolio Valuation, Statistical Methods
Piotr Kowalewski Member of the Management Board, Chief Operating Officer	Analytical and Operational Strategy, Brand Marketing and Communications, Customer Service, E-Commerce, Digital & Lean Transformation
Urszula Okarma Member of the Board, Chief Investment Officer	Legal and Data Protection, NPL Investment Strategy, Compliance, HR
Michał Zasepa 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	

6.2 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.

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

Table 19. 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****
Piotr Stępnik	Chair	x	✓	✓	✓
Krzysztof Kawalec	Deputy Chair	x	✓	✓	✓
Katarzyna Beuch	Member	✓	✓	✓	✓
Izabela Felczak-Poturnicka	Member	✓	✓	✓	✓
Ewa Radkowska-Świętoń	Member	✓	✓	✓	✓
Beata Stelmach	Member	✓	✓	✓	✓
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

**** Expertise specific to the industry

6.3 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.

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.

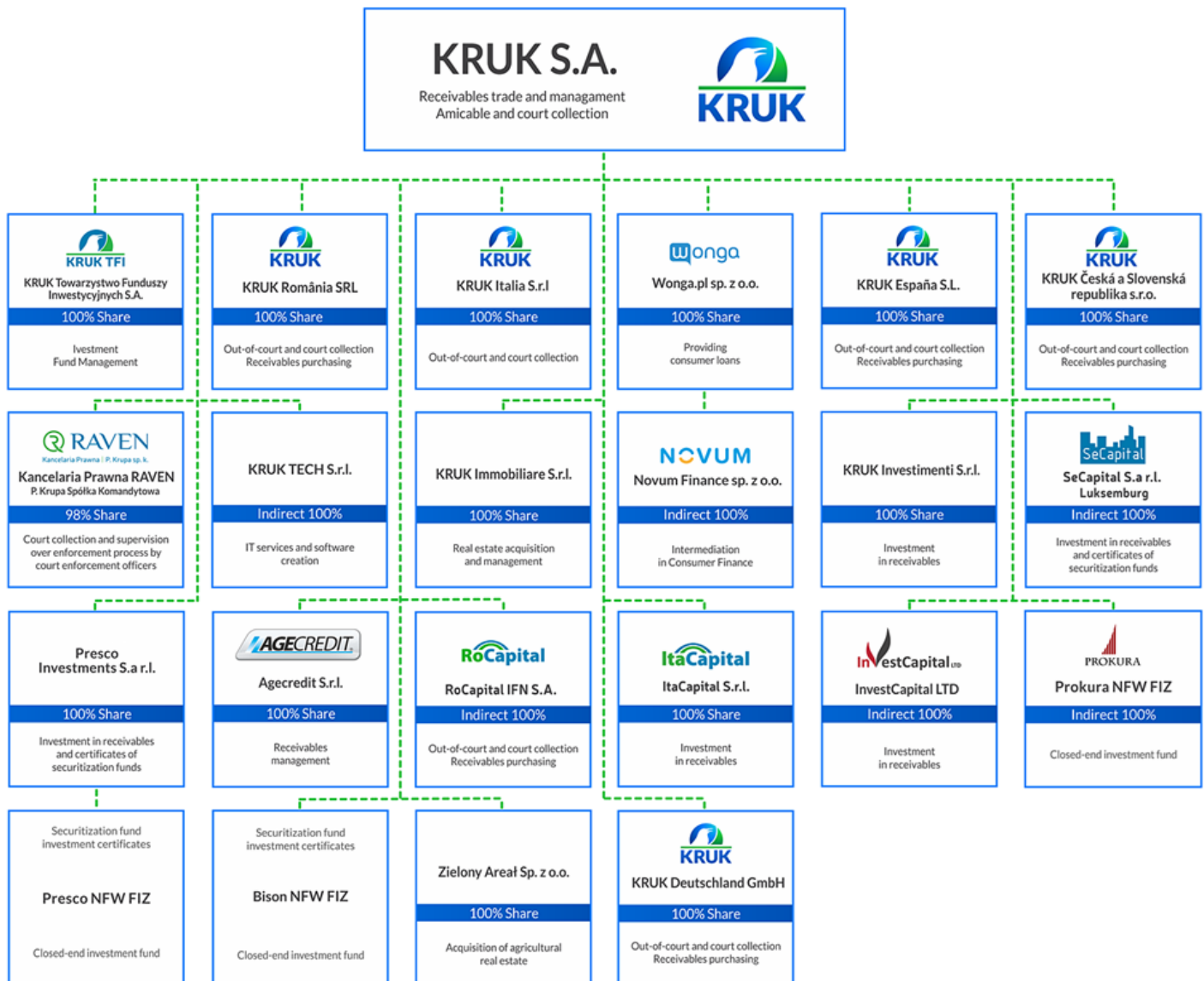
The Company offered its shareholders the option to attend the General Meeting using electronic means of communication, enabling real-time two-way communication, exercise of voting rights at the General Meeting by a Shareholder or the Shareholder's Proxy, and real-time transmission of the General Meeting.

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

All the documents are available in the Investor Relations/Current Reports section of the Company's website at <https://pl.kruk.eu/relacje-inwestorskie/raporty/raporty-biezace>.

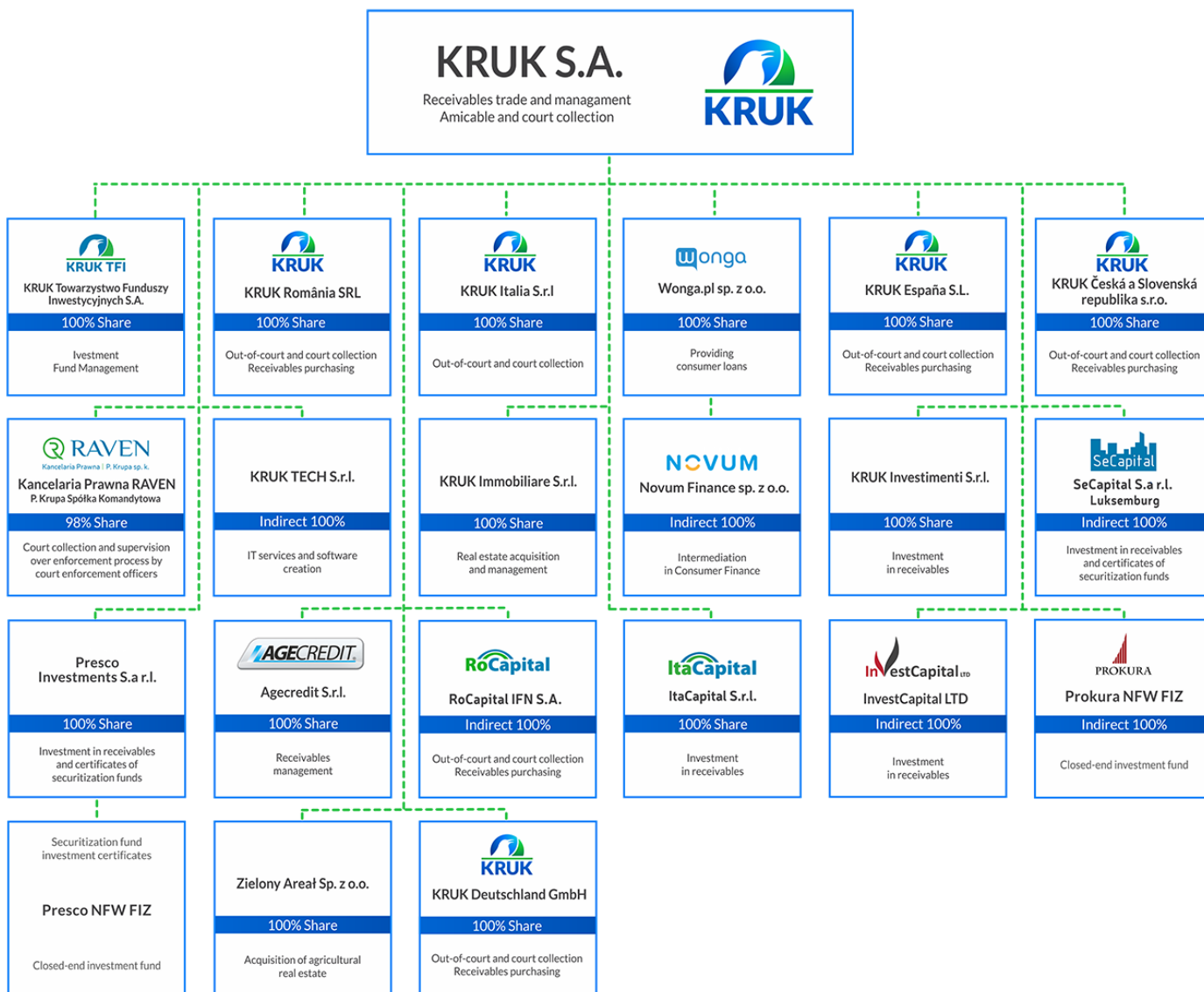
6.4 CHANGES IN THE KRUK GROUP'S STRUCTURE

In the reporting period, there were no changes in the KRUK Group's structure. As at 30 June 2024, the KRUK Group had the following structure:



On 6 June 2024, the Extraordinary General Meetings of Prokura Niestandaryzowany Fundusz Inwestycyjny Zamknięty (as the Acquirer) and Bison Niestandaryzowany Fundusz Inwestycyjny Zamknięty (as the Acquiree) passed resolutions to merge the two funds. The merger was effected on 30 July 2024.

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



7. 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.

8. CHANGES IN THE EXTERNAL ENVIRONMENT – CHANGES IN LAW

The KRUK Group constantly monitors changes in its external environment, including changes in law. Section 5.3 of the Directors' Report on the Group's operations in 2023 outlines significant changes in the laws applicable to its operations, both those already in effect and those planned for the future.

In the reporting period, no material changes occurred in KRUK's legal or regulatory environment. 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 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, Spain and Poland, bills to implement the Directive are still undergoing consultation. It is anticipated that in Poland, the NPL Directive will be implemented in the third quarter of 2024 through the act on credit servicers and credit purchasers. The Group has assessed the existing bills and determined their impact on KRUK to be neutral.

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 expected to be effectively implement into Polish law by the end of 2024. The Directive provides that the effective tax rate for multinational corporate groups that operate in more than six countries and whose consolidated revenue exceeds EUR 750 million should not be lower than 15%. 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. However, the Group cannot rule out that the new legislation will affect its financial statements in future periods.

9. NON-FINANCIAL STATEMENT

In the six months to 30 June 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.

Delivery of the KRUK Group's ESG Strategy in H1 2024

EMPLOYEES



- Maintaining gender equality
 - 62% proportion of women in the total workforce, with 58% proportion of women in top managerial positions (target: at least 50%)
- Employee turnover
 - 10.8% annually (target: no more than 16% annually)
- Employees with disabilities
 - 2.3% employees with disabilities (target: 4% by 2025)
- Share of women on corporate boards
 - 42% proportion of women on the Supervisory and Management Boards (target: at least 40%)

- 80% of KRUK Group employees in Poland, Romania, Spain, the Czech Republic, and Slovakia have completed mandatory diversity and inclusion training as part of the Diversity, Equity, and Inclusion programme.

SOCIETY



- Supporting public benefit organisations engaged in various forms of human rights advocacy, environmental protection, preventing discrimination, promoting women's rights, and civil society development
- Rollout of the Kapitalni.org portal, visited by 70,000 unique users in the six months to 30 June 2024

ENVIRONMENT



- Scope 1 and 2 greenhouse gas emissions totalled 1,099 tonnes of CO₂ equivalent in the six months to 30 June 2024
- 15% of the energy consumed originated from renewable sources

GOVERNANCE



- GDPR
 - Ongoing refinement of a process to implement privacy by design and privacy by default principles throughout the KRUK Group, including the creation of new internal regulations and alignment with regulatory standards
- Compliance
 - After undergoing an annual ethics audit as part of its commitment to fostering a culture of compliance, KRUK S.A. received certification for compliance with the ZPF Code of Best Practice

Responsible governance

The KRUK Group is committed to ensuring compliance and data security 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.

In the six months to 30 June 2024, no incidents of corruption or violations of the Code of Ethics or other ethics regulations were recorded at KRUK. The Consultation and Mediation Committee received two reports, which were thoroughly analysed and addressed. Following these investigations, recommendations were issued to enhance existing internal controls and policies.

As part of its conflict-of-interest management, the Group identified eight potential conflicts of interest based on received information. To manage these cases, employees involved were required to submit additional, specific declarations. In Poland and Italy, the results of annual conflict-of-interest surveys were presented, which confirmed the effectiveness of KRUK's controls in this area.

Three incidents were recorded involving non-compliance in product or process communication (not related to typical marketing or advertising activities) where customers could have been misled regarding product or service terms and the associated processes. Each case was duly investigated, and none was found to affect the operations of any KRUK Group companies. Throughout the first half of 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, on 23 February 2024, 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 conclusions of the 2023 Corruption Perceptions Index. Additionally, in observance of the World Consumers Rights Day on 15 March and the World Whistleblower Day on 23 June, the Group distributed targeted communication materials to employees to reinforce knowledge on these critical topics.

Social responsibility

A socially responsible business entails establishing transparent, easily understandable, and ethical standards for clients. The KRUK Group promotes financial and digital literacy, sharing best knowledge, raising awareness and educating the public on new, safe financial habits.

As part of a strategic partnership aimed at promoting financial literacy, the Group continues to develop the Kapitalni.org portal. In the first half of 2024, the website attracted 70,000 unique users and published 184 articles, including educational content on topics such as the Pan-European Personal Pension (PEPP), managing household budgets while repaying a mortgage, employee expense reimbursements, and the electronic court system.

Reinforcing its mission to support financial education, KRUK sponsored and participated in initiatives in Romania organized by its long-standing NGO partners. These included mentoring high school students by KRUK volunteers under the Financial Education Programme "Smart Loans," run by Junior Achievement Romania. The Group also continued its support for teachers through the MERITO project, as part of which KRUK Romania awarded one of the participating teachers at the annual MERITO Gala for excellence in transforming the educational environment. Additionally, KRUK Romania sponsored the Science Festival organised by RUBIK SCHOOL, contributing a total of EUR 9,000. The festival promoted alternative educational methods for children aged 6 to 13, and KRUK volunteers conducted financial education workshops for parents attending the event.

As part of additional efforts to support local communities, the KRUK Group in Poland continued its aid for Ukraine by donating PLN 95,000 to the Pociecha Foundation, which organises summer camps, including for Ukrainian refugee children. Additionally, in its commitment to preserving Polish folklore, KRUK S.A. contributed PLN 15,000 to the Towarzystwo Poligrodzianie society.

KRUK donated a total of PLN 120,000 to a new edition of the Literary Heights Festival and its organiser, the Olga Tokarczuk Foundation, named after the laureate of the Nobel Prize in Literature. The Foundation engages in educational initiatives as well as promoting and supporting human rights, including women's rights, environmental protection, anti-discrimination measures, and civil society development.

KRUK S.A. was the strategic sponsor of the annual Bieg Firmowy charity relay race, contributing PLN 54,940. In 2024, a record amount was raised to support the treatment and rehabilitation of the beneficiaries of the Everest Foundation, with a special focus on children with chronic conditions and disabilities. In addition to supporting the Everest Foundation, KRUK actively engages its employees in sports activities, fostering team-building and promoting a healthy lifestyle within the Group.

Responsibility for the workplace

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

KRUK actively promotes diversity management and supports inclusive practices in the workplace. Since the first quarter of 2024, these efforts have been coordinated by the Group Diversity, Equity & Inclusion Lead, who oversees DEI initiatives across the entire Group.

KRUK educates its employees on the importance of diversity and inclusion not only in the workplace but also in customer relations. In the first half of 2024, the Group continued mandatory training in these topics for employees in Poland, Romania, Spain, the Czech Republic, and Slovakia. In the coming months, this will also be extended to employees in Italy and Malta.

In celebration of European Diversity Month in May 2024, KRUK organised a dedicated communication campaign and held events across the Group, including a special training session on unconscious biases in the context of inclusive practices, as well as a discussion on the broad definition of family and close relationships. Over 600 employees from all markets participated in the live event.

In June, to mark Pride Month, the KRUK Group hosted an international discussion among employees on inclusive practices and the legal situation of LGBT+ individuals in the countries they represented. Additionally, all managers across the KRUK Group received a guide on supporting LGBT+ team members.

The significance of these topics for KRUK was underscored by the active involvement of Urszula Okarma, a Member of the KRUK S.A. Management Board.

In May 2024, KRUK S.A. was named for the second time among the companies most committed to inclusion and diversity management, based on the Diversity IN Check survey conducted by the Responsible Business Forum, the coordinator of the Diversity Charter for Poland. That same month, KRUK España joined the Spanish Diversity Charter as a signatory.

In its ongoing support and promotion of work-life balance, KRUK participated in the 'Two Hours for Family' initiative. This year, for the first time, KRUK companies from across the Group's geographies joined the project. Employees were encouraged to dedicate two hours of their workday to spending quality time with their families and loved ones.

The competence development programme was continued under the KRUK_up competence model implemented in 2023. It is designed to maximise employee potential, fostering growth and satisfaction in their professional and personal lives. KRUK supported this development through various educational initiatives, including a series of 18 webinars for employees and 18 webinars for managers (held from September 2023 to June 2024). Additionally, an educational platform was made available, offering recordings, presentations, brochures, and two e-books containing essential information and an individualised development plan with exercises designed to upgrade the skills of both employees and managers.

In May 2024, KRUK conducted an employee engagement survey across its operations in Poland, Romania, Italy, Spain, and Malta. The survey aimed to gather feedback and measure levels of engagement and productivity. The Group achieved a response rate of 92%, with results to be presented in the third quarter of 2024.

Environmental responsibility

In the first half of 2024, the KRUK Group continued its efforts to comply with the disclosure requirements outlined in the CSRD Directive and sustainability reporting standards.

KRUK S.A. finalised the purchase of 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, and Piła will be offset by the production of approximately 1,000 MWh of zero-emission energy. This marks another consecutive year in which KRUK S.A. has taken this step, contributing to the reduction of greenhouse gas emissions from own operations.

Total energy consumption across the KRUK Group in the first half of 2024 amounted to 22,114 GJ, with approximately 15% coming from renewables. The share of renewable energy in total consumption increased by 4% compared to the first half of 2023. The energy consumption includes the consumption of liquid and gaseous fuels, electricity, and heat.

Total greenhouse gas emissions amounted to 1,304 tonnes of CO₂ equivalent, representing a 16% decrease compared to the same period in 2023. This reduction is attributable to the growing share of renewable energy in electricity consumption, decreased demand for heating, and reduced petrol consumption by KRUK's vehicle fleet.

Direct (Scope 1) GHG emissions

In the first half of 2024, the Group recorded a decrease in direct greenhouse gas emissions compared to the first half of 2023. This reduction was due to lower fuel consumption and the update of emission factors¹⁰.

Direct (Scope 1) GHG emissions

Table 20. Gross GHG gas emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure¹¹

	H1 2024	H1 2023
Gross greenhouse gas emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	1,099	1,276

Indirect (Scope 2) GHG emissions¹²¹³

Despite increased energy demand, indirect emissions decreased compared to the same period in 2023, reflecting a 10% increase in the share of renewable energy in electricity consumption, now at 88%. The reduction also resulted from lower heating demand following the relocation of KRUK's Piła office to a more energy-efficient building.

The table below presents Scope 2 greenhouse gas emissions measured using two methods. The first is the market-based method, which accounts for emissions from electricity consumption sourced from suppliers selected by KRUK Group companies, including renewable energy certificates. The second is the location-based method, which reflects the average emission intensity of the electricity grid in the relevant area. Comparing emissions measured by both methods highlights the progress in reducing Scope 2 emissions through KRUK Group's active efforts in decarbonising electricity use.

Indirect (Scope 2) GHG emissions

Table 21. Gross market-based and location-based indirect (Scope 2) GHG emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure

	H1 2024	H1 2023
Gross market-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	206	280
Gross location-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	683	673

Emission intensity

The table below presents the greenhouse gas emissions intensity per unit of net profit, illustrating how the Company's increasing profitability impacts its greenhouse gas emissions levels.

Table 22. GHG emissions intensity ratio for KRUK S.A. includes Scope 1 and 2 emissions under GHG Protocol

	H1 2024
GHG emissions intensity ratio for the organisation	2.16 gCO ₂ e/PLN of net profit

The GHG emissions intensity ratio increased compared with 2.6 gCO₂e/PLN of net profit reported for the full year 2023.

¹⁰ The update pertained to the emission factors for the combustion of gasoline, diesel, and natural gas.

¹¹ The calculations were based on the GHG Protocol methodology, using 2023 emission factors data from DEFRA.

¹² The data comes from the first half of 2023, with some figures estimated based on historical records.

¹³ The calculations were based on the GHG Protocol methodology. Emission factors for energy grids were sourced from materials prepared by the EEA, while emission data was provided by electricity suppliers. Heating emission data for Poland was sourced from a report by the Energy Regulatory Office.

Awards and distinctions

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

The KRUK Group was awarded by WNP.pl in the 'Expansion in Debt Management' category. The accolade highlights KRUK as a regional leader and one of the largest debt managers in Europe. The KRUK Group encompasses companies offering a complete, up-to-date, and integrated portfolio of debt management services tailored to the diverse needs and dynamics of different countries and markets.

KRUK S.A. has for the second time been included in the Diversity IN Check list, which recognises companies in Poland that are leaders in diversity and inclusion management. The Diversity IN Check study is conducted based on international organisational management guidelines, such as the Sustainable Development Goals, ISO 26000 and ISO 30415 standards, including 30415:2021 Human Resource Management – Diversity and Inclusion, GRI, and the OECD Guidelines for Multinational Enterprises. The list is prepared by the Responsible Business Forum, the Polish coordinator of the Diversity Charter, which KRUK signed in 2013. This year, KRUK participated in the study again to measure progress and evaluate its ongoing initiatives to foster an inclusive workplace.

KRUK also continues to be recognised among the Super Ethical Companies by the *Puls Biznesu* daily and actively participates in the Super Ethical Companies Forum.

KRUK won the top prize in the 8th edition of the Power of Attraction competition organised by *Puls Biznesu* in the category of Modern Tools and Technologies in Human Resource Management. The award was given for the development of an innovative, proprietary HR solution that optimised and automated a range of HR processes across the KRUK Group. The recognised tool, the KRUK HR Dashboard, enables the monitoring of key HR indicators and allows for even more effective forecasting of future actions.

The Association of Financial Companies in Poland (ZPF) honoured KRUK S.A. with the title of ZPF Ambassador for the second time. This recognition was granted for the way the Company presents information on its website about its membership in the ZPF, its adoption and application of the Principles of Good Practice, the option to file a complaint with the Ethics Commission and Ethics Ombudsman, as well as information about the ethical audits required for ZPF members and the awarding of the ZPF ethical certificate. Following the successful completion of the ethical audit survey verification process, the ZPF Ethics Commission awarded KRUK S.A. a certificate confirming that the Group's business practices align with the ZPF Principles of Good Practice. The certificate is valid until 31 March 2025.

KRUK S.A. was ranked among the 50 Best Polish Employers by the *WPROST* magazine, securing the 37th position. We were recognised not only for our record financial results but also for our long-standing efforts to foster an inclusive organisational culture based on gender equality and diversity.

KRUK's efforts to excel in all areas of its operations were also acknowledged with several awards. The Company received the Polish Contact Center Award from the Polish Marketing Association SMB in the category of Best Supporting Technology for the Emilia bot, and the 2024 Service Quality Star, based on customer service and satisfaction surveys conducted by the VSC Group.

In Poland, the *Gazeta Finansowa* daily recognised KRUK's contribution to sustainable development and social responsibility by awarding the Company the title of the ESG Company of the Year 2024 in the debt collection category. *Gazeta Finansowa* commended KRUK for its commitment to gender equality in terms of access to promotions and equal pay, its efforts to deepen financial and digital inclusion, as well as its ongoing work to build dialogue with local communities and support financial and digital education for customers and individuals facing financial hardship.

10. 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 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
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, Bison Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty, and Presco Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty
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 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
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 -----	The Company's Supervisory Board
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 -----	The Group's consolidated financial statements for the reporting period ended 30 June 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-----	The Company's Articles of Association
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 -----	The Management Board of KRUK S.A.
Financial Liabilities -----	Total financial liabilities under: <ul style="list-style-type: none"> • 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.
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-

Piotr Krupa
President of the
Management Board

Michał Zasepa
Member of the
Management Board

Urszula Okarma
Member of the
Management Board

Piotr Kowalewski
Member of the
Management Board

Adam Łodygowski
Member of the
Management Board

Wrocław, 27 August 2024