



# **FINANCIAL HIGHLIGHTS**

## **OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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for the period 1 January–  
31 March 2024





# **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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for the period 1 January–  
31 March 2024

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## I. Consolidated statement of financial position

PLN '000

	Note	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
<b>Assets</b>				
Cash and cash equivalents	10.17	284,842	388,461	229,437
Hedging instruments	10.11	117,817	98,428	51,944
Trade receivables	10.16	20,409	24,440	14,967
Other receivables	10.16	67,917	58,970	46,323
Income tax receivable		13,333	22,398	-
Inventories	10.15	14,705	15,038	15,141
Investments	9	9,204,954	9,091,893	7,481,872
Deferred tax asset	10.9	44,702	45,958	40,061
Property, plant and equipment		84,764	91,777	74,991
Goodwill	10.14	7,994	8,084	17,204
Other intangible assets		65,115	67,206	69,295
Other assets		16,763	15,852	19,745
<b>Total assets</b>		<b>9,943,315</b>	<b>9,928,505</b>	<b>8,060,980</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Trade and other payables	10.19	167,529	220,448	151,552
Hedging instruments	10.11	12,048	32,614	-
Employee benefit obligations	10.18	70,071	76,469	56,345
Income tax payable		3,176	11,785	9,518
Borrowings, debt securities and leases	10.10	5,280,837	5,531,167	4,076,761
Provisions	10.20	63,194	62,905	35,569
Deferred tax liability	10.9	190,299	202,307	226,193
<b>Total liabilities</b>		<b>5,787,154</b>	<b>6,137,695</b>	<b>4,555,938</b>
<b>Equity</b>				
Share capital		19,319	19,319	19,319
Share premium		358,506	358,506	358,506
Hedge reserve		89,865	51,043	47,745
Measurement reserve (defined benefit plans)		3,331	3,331	4,155
Translation reserve		(111,986)	(95,871)	97,884
Other capital reserves		176,259	171,847	154,514
Retained earnings		3,621,552	3,283,218	2,823,467
<b>Equity attributable to owners of the Parent</b>		<b>4,156,846</b>	<b>3,791,393</b>	<b>3,505,590</b>
<b>Non-controlling interests</b>		<b>(685)</b>	<b>(583)</b>	<b>(548)</b>
<b>Total equity</b>		<b>4,156,161</b>	<b>3,790,810</b>	<b>3,505,042</b>
<b>Total equity and liabilities</b>		<b>9,943,315</b>	<b>9,928,505</b>	<b>8,060,980</b>

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

## II. Consolidated statement of profit or loss

PLN '000	Note	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Interest income on debt portfolios and loans measured at amortised cost	10.1	490,848	402,725
Interest income on loans measured at fair value	10.1	669	1,495
Revenue from sale of debts and loans	10.1	1,459	1,263
Other income/expenses from purchased debt portfolios	10.1	(2,322)	(3,226)
Revenue from other services	10.1	15,292	16,744
Other income	10.1	1,523	17,966
Change in investments measured at fair value	10.1	(204)	(484)
Gain/(loss) on expected credit losses	10.1	240,872	178,275
<b>Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios</b>		<b>748,137</b>	<b>614,758</b>
Employee benefits expense	10.3	(132,964)	(124,142)
Depreciation and amortisation		(15,973)	(14,144)
Court fees	10.4	(95,360)	(79,484)
Services	10.2	(71,247)	(54,338)
Other expenses	10.5	(14,590)	(13,282)
		<b>(330,134)</b>	<b>(285,390)</b>
<b>Operating profit</b>		<b>418,003</b>	<b>329,368</b>
Finance income	10.6	5,172	396
Finance costs	10.7	(97,691)	(61,254)
<i>including interest expense relating to lease liabilities</i>		<i>(769)</i>	<i>(867)</i>
<b>Net finance costs</b>		<b>(92,519)</b>	<b>(60,858)</b>
<b>Profit before tax</b>		<b>325,484</b>	<b>268,510</b>
Income tax	10.9	12,710	(33,935)
<b>Net profit for period</b>		<b>338,194</b>	<b>234,575</b>
<b>Net profit attributable to:</b>			
Owners of the Parent		338,334	234,401
Non-controlling interests		(140)	174
<b>Net profit for period</b>		<b>338,194</b>	<b>234,575</b>
<b>Earnings per share</b>			
Basic (PLN)	10.12	17.51	12.13
Diluted (PLN)	10.12	16.55	11.65

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

### III. Consolidated statement of comprehensive income

PLN '000

	<i>Note</i>	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023
		unaudited	unaudited
<b>Net profit for period</b>		338,194	234,575
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(16,077)	(2,566)
Instruments hedging cash flows and net investment in a foreign operation		44,784	15,118
<b>Other comprehensive income for period, gross</b>		28,707	12,552
Income tax on instruments hedging cash flows and net investment in a foreign operation		(5,962)	-
<b>Other comprehensive income for period, net</b>		22,745	12,552
<b>Total comprehensive income for period</b>		360,939	247,127
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent		361,041	246,955
Non-controlling interests		(102)	172
<b>Total comprehensive income for period</b>		360,939	247,127

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



## IV. Consolidated statement of changes in equity

For the reporting period ended  
31 March 2024 (PLN '000)

Note	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Equity as at 1 Jan 2024</b>	<b>19,319</b>	<b>358,506</b>	<b>51,043</b>	<b>3,331</b>	<b>(95,871)</b>	<b>171,847</b>	<b>3,283,218</b>	<b>3,791,393</b>	<b>(583)</b>	<b>3,790,810</b>
<b>Comprehensive income for period</b>										
Net profit for period	-	-	-	-	-	-	338,334	338,334	(140)	338,194
<b>Other comprehensive income</b>										
- Exchange differences on translating foreign operations	-	-	-	-	(16,115)	-	-	(16,115)	38	(16,077)
- Measurement of hedging instruments	-	-	38,822	-	-	-	-	38,822	-	38,822
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>38,822</b>	<b>-</b>	<b>(16,115)</b>	<b>-</b>	<b>-</b>	<b>22,707</b>	<b>38</b>	<b>22,745</b>
<b>Total comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>38,822</b>	<b>-</b>	<b>(16,115)</b>	<b>-</b>	<b>338,334</b>	<b>361,041</b>	<b>(102)</b>	<b>360,939</b>
<b>Contributions from and distributions to owners</b>										
- Share-based payments	10.3	-	-	-	-	4,412	-	4,412	-	4,412
<b>Total contributions from and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,412</b>	<b>-</b>	<b>4,412</b>	<b>-</b>	<b>4,412</b>
<b>Total equity as at 31 Mar 2024</b>	<b>19,319</b>	<b>358,506</b>	<b>89,865</b>	<b>3,331</b>	<b>(111,986)</b>	<b>176,259</b>	<b>3,621,552</b>	<b>4,156,846</b>	<b>(685)</b>	<b>4,156,161</b>

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

For the reporting period ended 31 December 2023 (PLN '000)

<i>Note</i>	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Equity as at 1 Jan 2023</b>	<b>19,319</b>	<b>358,506</b>	<b>32,627</b>	<b>4,155</b>	<b>100,448</b>	<b>149,896</b>	<b>2,589,066</b>	<b>3,254,017</b>	<b>(720)</b>	<b>3,253,297</b>
<b>Comprehensive income for period</b>										
Net profit for period	-	-	-	-	-	-	983,934	983,934	267	984,201
<b>Other comprehensive income</b>										
- Exchange differences on translating foreign operations	-	-	-	-	(196,319)	-	-	(196,319)	22	(196,297)
- Measurement of hedging instruments	-	-	18,416	-	-	-	-	18,416	-	18,416
- Measurement of defined benefit plans	-	-	-	(824)	-	-	-	(824)	-	(824)
<b>Total other comprehensive income</b>	-	-	18,416	(824)	(196,319)	-	-	(178,727)	22	(178,705)
<b>Total comprehensive income for period</b>	-	-	18,416	(824)	(196,319)	-	983,934	805,207	289	805,496
<b>Contributions from and distributions to owners</b>										
- Payment of dividends	-	-	-	-	-	-	(289,782)	(289,782)	(152)	(289,934)
- Share-based payments	-	-	-	-	-	21,951	-	21,951	-	21,951
<b>Total contributions from and distributions to owners</b>	-	-	-	-	-	21,951	(289,782)	(267,831)	(152)	(267,983)
<b>Total equity as at 31 Dec 2023</b>	<b>19,319</b>	<b>358,506</b>	<b>51,043</b>	<b>3,331</b>	<b>(95,871)</b>	<b>171,847</b>	<b>3,283,218</b>	<b>3,791,393</b>	<b>(583)</b>	<b>3,790,810</b>

*For the reporting period ended 31 March 2023 (PLN '000)*

	Share capital	Share premium	Hedge reserve	Measurement reserve (defined benefit plans)	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<i>Note</i>										
<b>Equity as at 1 Jan 2023</b>	<b>19,319</b>	<b>358,506</b>	<b>32,627</b>	<b>4,155</b>	<b>100,448</b>	<b>149,896</b>	<b>2,589,066</b>	<b>3,254,017</b>	<b>(720)</b>	<b>3,253,297</b>
<b>Comprehensive income for period</b>										
Net profit for period	-	-	-	-	-	-	234,401	234,401	174	234,575
<b>Other comprehensive income</b>										
- Exchange differences on translating foreign operations	-	-	-	-	(2,564)	-	-	(2,564)	(2)	(2,566)
- Measurement of hedging instruments	-	-	15,118	-	-	-	-	15,118	-	15,118
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>15,118</b>	<b>-</b>	<b>(2,564)</b>	<b>-</b>	<b>-</b>	<b>12,554</b>	<b>(2)</b>	<b>12,552</b>
<b>Total comprehensive income for period</b>	<b>-</b>	<b>-</b>	<b>15,118</b>	<b>-</b>	<b>(2,564)</b>	<b>-</b>	<b>234,401</b>	<b>246,955</b>	<b>172</b>	<b>247,127</b>
<b>Contributions from and distributions to owners</b>										
- Share-based payments	-	-	-	-	-	4,618	-	4,618	-	4,618
<b>Total contributions from and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,618</b>	<b>-</b>	<b>4,618</b>	<b>-</b>	<b>4,618</b>
<b>Total equity as at 31 Mar 2023</b>	<b>19,319</b>	<b>358,506</b>	<b>47,745</b>	<b>4,155</b>	<b>97,884</b>	<b>154,514</b>	<b>2,823,467</b>	<b>3,505,590</b>	<b>(548)</b>	<b>3,505,042</b>

## V. Consolidated statement of cash flows

PLN '000

	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
<b>Cash flows from operating activities</b>		
<b>Net profit for period</b>	338,194	234,575
<i>Adjustments</i>		
Depreciation of property, plant and equipment	9,492	8,733
Amortisation of intangible assets	6,481	5,411
Impairment losses on goodwill	-	-
Net finance costs	92,519	60,858
(Gain)/loss on sale of property, plant and equipment	(11)	(588)
Write-off of development work	899	-
(Gain)/loss on sale of subsidiaries	-	(15,103)
Equity-settled share-based payments	4,412	4,618
Interest income	(491,517)	(404,220)
Income tax	(12,710)	33,935
Change in loans	(8,369)	(12,389)
Change in debt portfolios purchased	(131,397)	(322,161)
Change in inventories	333	1,228
Change in trade and other receivables	(4,916)	(7,101)
Change in other assets	(911)	796
Change in trade and other payables	(52,919)	(6,719)
Change in employee benefit obligations	(6,398)	(3,294)
Change in provisions	289	(862)
Minority interest share of profit	140	(174)
Interest received	491,517	404,220
Income tax paid	(3,548)	(11,190)
<b>Net cash from operating activities</b>	231,580	(29,427)
<b>Cash flows from investing activities</b>		
Interest received	5,172	396
Sale of intangible assets and property, plant and equipment	17	172
Proceeds from sale of subsidiaries	-	16,777
Purchase of intangible assets and property, plant and equipment	(5,900)	(5,023)
<b>Net cash from investing activities</b>	(711)	12,322
<b>Cash flows from financing activities</b>		
Proceeds from issue of debt securities	173,724	170,000
Increase in borrowings	223,180	534,518
Repayment of borrowings	(552,143)	(577,648)
Payments under lease contracts	(9,358)	(7,475)
Redemption of debt securities	(77,500)	-
Interest received and paid on hedging instruments	26,934	14,911
Interest paid	(119,325)	(89,924)
<b>Net cash from financing activities</b>	(334,488)	44,382
<b>Total net cash flows</b>	(103,619)	27,277
Cash and cash equivalents at beginning of period	388,461	202,160
Cash and cash equivalents at end of period	284,842	229,437
<i>of which:</i>		
- effect of exchange rate fluctuations on cash held	(148)	1,086

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

## VI. Notes to the interim condensed consolidated financial statements

### 1. Organisation of the KRUK Group

#### Parent

Name:

KRUK Spółka Akcyjna (“KRUK S.A.” or “Parent”)

Registered office:

ul. Wołowska 8

51-116 Wrocław, Poland

Poland

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, ul. Poznańska 16-17, 53-230 Wrocław, Poland

Date of registration: 7 September 2005

Registration number: KRS NO. 0000240829

#### *Principal business activities of the Parent and its subsidiaries*

The principal business activities of the Parent and most of its subsidiaries consist primarily in the restructuring and recovery of debts purchased by the Group companies and the provision of credit management services to financial institutions and other clients. Some subsidiaries also operate in the consumer lending market.

These interim condensed consolidated financial statements for the reporting period 1 January – 31 March 2024 include the financial statements of the Parent and its subsidiaries (jointly the “Group”).

KRUK S.A. is the Parent of the Group.

As at 31 March 2024, the Parent’s Management Board was composed of the following persons:

<b>Piotr Krupa</b>	President of the Management Board
<b>Piotr Kowalewski</b>	Member of the Management Board
<b>Adam Łodygowski</b>	Member of the Management Board
<b>Urszula Okarma</b>	Member of the Management Board
<b>Michał Zasepa</b>	Member of the Management Board

In the three months ended 31 March 2024 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

As at 31 March 2024, the composition of the Parent's Supervisory Board was as follows:

<b>Piotr Stępiak</b>	Chairman of the Supervisory Board
<b>Krzysztof Kawalec</b>	Deputy Chairman of the Supervisory Board
<b>Katarzyna Beuch</b>	Member of the Supervisory Board
<b>Izabela Felczak-Poturnicka</b>	Member of the Supervisory Board
<b>Ewa Radkowska-Świętoń</b>	Member of the Supervisory Board
<b>Beata Stelmach</b>	Member of the Supervisory Board
<b>Piotr Szczepiórkowski</b>	Member of the Supervisory Board

In the three months to 31 March 2024 and by the issue date of this interim report, the composition of the Supervisory Board of KRUK S.A. did not change.

### KRUK Group

As at the issue date of this report, the Group comprised KRUK S.A. of Wrocław, 22 subsidiaries, and 2 entities controlled through personal links:

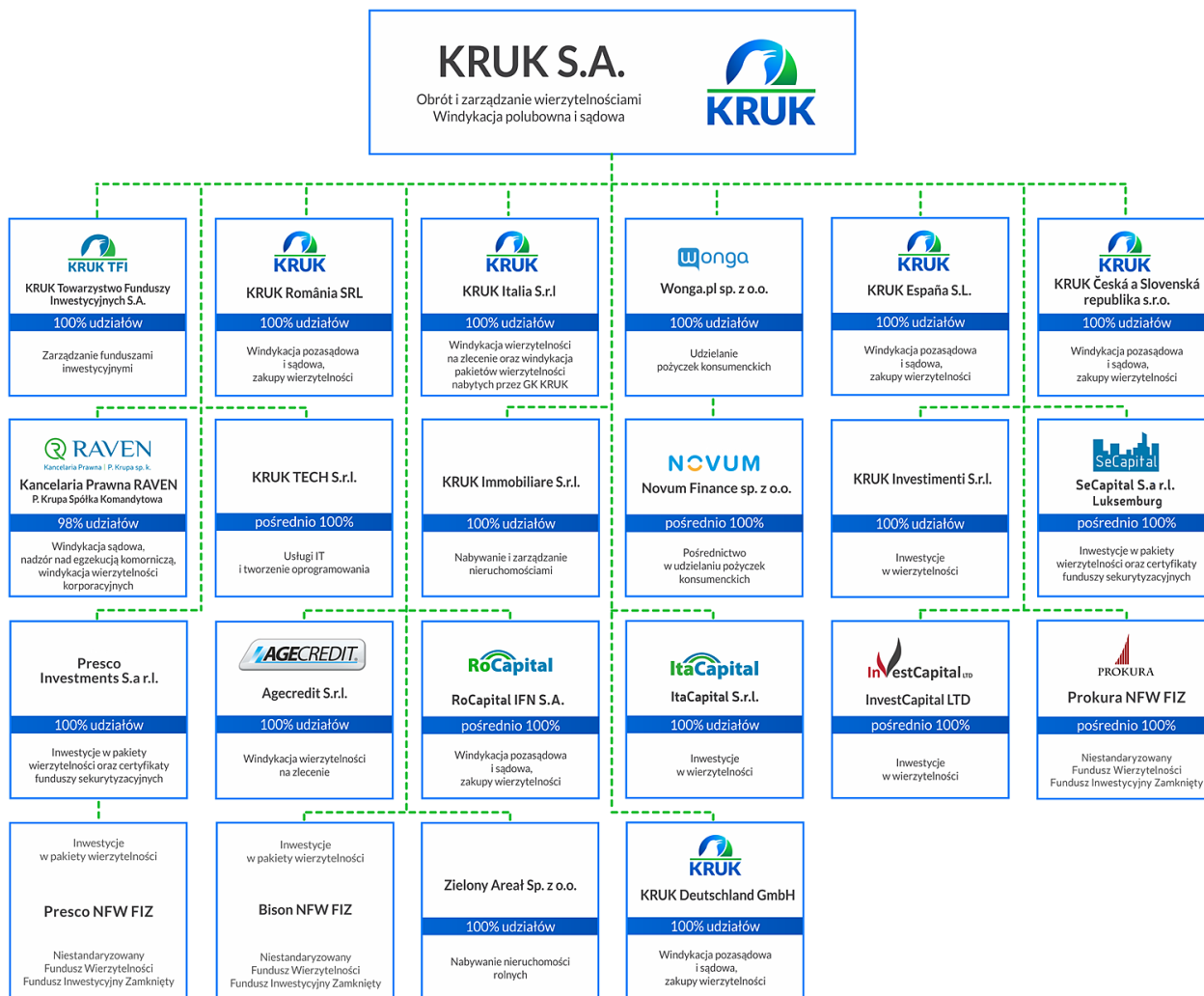
Subsidiary	Registered office	Principal business activity
<b>DEBT MANAGEMENT</b>		
AgeCredit S.r.l.	Cesena	Credit management in Italy
KRUK Česká a Slovenská republika s.r.o.	Hradec Kralove	Credit management services and collection of debt purchased by the KRUK Group, investing in debt portfolios
KRUK Deutschland GmbH	Berlin	Collection of debt purchased by the KRUK Group, investing in debt portfolios
KRUK Espana S.L.U.	Madrid	Credit management services and collection of debt purchased by the KRUK Group in Spain and other European countries, investing in debt portfolios
KRUK Italia S.r.l.	Milan	Credit management services and collection of debt purchased by the KRUK Group in Italy and other European countries
KRUK Romania S.r.l.	Bucharest	Credit management services and collection of debt purchased by the KRUK Group, investing in debt portfolios
<b>INVESTMENTS IN DEBT PORTFOLIOS</b>		
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Wrocław	Management of Prokura NFW FIZ, Presco NFW FIZ and Bison NFW FIZ funds
Bison NFW FIZ (formerly Bison NS FIZ)	Wrocław	Non-standardised Debt Closed-End Investment Fund
Presco NFW FIZ (formerly P.R.E.S.C.O. Investment I NS FIZ)	Wrocław	Non-standardised Debt Closed-End Investment Fund
Prokura NFW FIZ (formerly Prokura NS FIZ)	Wrocław	Non-Standardised Debt Closed-End Investment Fund
InvestCapital Ltd.	Malta	Investing in debt or debt-backed assets
ItaCapital S.r.l.	Milan	Investing in debt portfolios
KRUK INVESTIMENTI S.R.L.	Milan	Investing in debt portfolios
Secapital S.a r.l.	Luxembourg	Investing in debt or debt-backed assets
Presco Investments S.a r.l.	Luxembourg	Investing in debt or debt-backed assets

Subsidiary	Registered office	Principal business activity
<b>CONSUMER LENDING</b>		
NOVUM FINANCE sp. z o.o.	Wrocław	Granting consumer loans
Wonga.pl sp. z o.o.	Warsaw	Granting consumer loans
RoCapital IFN S.A.	Bucharest	Granting consumer loans
<b>DEBT MANAGEMENT SUPPORT ACTIVITIES</b>		
Kancelaria Prawna Raven P. Krupa sp.k.	Wrocław	Comprehensive support for legal action and enforcement proceedings as part of debt collection processes carried out by the KRUK Group and its partners
Zielony Areal sp. z o.o.	Wrocław	Buying and selling own real estate; services supporting crop production
KRUK TECH s.r.l.	Bucharest	Software development and provision of IT services
KRUK Immobiliare S.a r.l.s	Milan	Buying and selling own real estate

Entity controlled through personal links	Registered office	Principal business activity
Corbul S.r.l	Bucharest	Detective activities
Gantoi, Furculita Si Asociatii S.p.a.r.l.	Bucharest	Law firm

All the subsidiaries listed above are included in these condensed consolidated financial statements as at 31 March 2024 and for the period 1 January–31 March 2024.

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



The Parent operates three local offices in Warsaw, Szczawno-Zdrój and Piła.



The ownership interests held by the Parent in the subsidiaries as at the date of this report were as follows:

	Country	Ownership interest and share in total voting rights	
		31 Mar 2024	31 Dec 2023
SeCapital S.a.r.l. <sup>1</sup>	Luxembourg	100%	100%
Novum Finance Sp. z o.o. <sup>1</sup>	Poland	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%
Kancelaria Prawna Raven P. Krupa Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NFW FIZ (formerly Prokura NS FIZ) <sup>1</sup>	Poland	100%	100%
InvestCapital Ltd <sup>1</sup>	Malta	100%	100%
RoCapital IFN S.A. <sup>1</sup>	Romania	100%	100%
Kruk Deutschland GmbH	Germany	100%	100%
KRUK Italia S.r.l.	Italy	100%	100%
ItaCapital S.r.l.	Italy	100%	100%
KRUK España S.r.l.	Spain	100%	100%
Presco Investments S.a.r.l.	Luxembourg	100%	100%
Presco NFW FIZ (formerly P.R.E.S.C.O. Investment I NS FIZ) <sup>1</sup>	Poland	100%	100%
Bison NFW FIZ (formerly Bison NS FIZ)	Poland	100%	100%
Corbul S.r.l. <sup>2</sup>	Romania	n/a	n/a
Gantoi, Furculita Si Asociatii S.p.a.r.l. <sup>2</sup>	Romania	n/a	n/a
AgeCredit S.r.l.	Italy	100%	100%
Wonga.pl Sp. z o.o.	Poland	100%	100%
KRUK Investimenti S.r.l.	Italy	100%	100%
Zielony Areał Sp. z o.o.	Poland	100%	100%
Kruk Tech S.r.l. <sup>1</sup>	Romania	100%	100%
Kruk Immobiliare S.r.l.	Italy	100%	100%

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

<sup>2</sup> The Parent controls the company through a personal link.

## 2. Reporting period

The reporting period is the period from 1 January 2024 to 31 March 2024 and the comparative period is the period from 1 January 2023 to 31 March 2023. The consolidated statement of financial position was prepared as at 31 March 2024 and the comparative data was presented as at 31 March 2023 and 31 December 2023. The consolidated statement of changes in equity was prepared for the period from 1 January 2024 to 31 March 2024 and the comparative periods are from 1 January 2023 to 31 March 2023 and from 1 January 2023 to 31 December 2023.

The presented data has not been audited.

These financial statements do not contain all the information required to prepare full-year financial statements and should therefore be read in conjunction with the Group's consolidated financial statements prepared as at and for the year ended 31 December 2023 (available on the web page: [Periodic reports / KRUK S.A.](#)).

## 3. Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared in the condensed form in accordance with IAS 34 applicable to interim financial statements.

In the opinion of the Management Board, there are no circumstances which could pose a significant threat to the Group companies continuing as going concerns. Therefore, these interim condensed consolidated financial statements have been prepared under the assumption that the companies will continue as going concerns for the foreseeable future, that is for 12 months from the reporting date.

These interim condensed financial statements were authorised for issue by the Parent's Management Board (the "Management Board") on 7 May 2024.

All amounts in these interim condensed consolidated financial statements are presented in the Polish złoty, rounded to the nearest thousand. Therefore, mathematical inconsistencies may occur in summations or between notes.

The Polish złoty is the functional currency of the Parent.

#### 4. Significant accounting policies

These interim condensed consolidated financial statements have been prepared based on the following accounting concepts:

- measurement at amortised cost calculated using the effective interest rate method:
  - including allowance for expected credit losses – for credit-impaired assets,
  - for financial assets held as part of the business model whose objective is to hold financial assets in order to collect contractual cash flows,and
  - for other financial liabilities,
- measurement at fair value – for derivatives and loans for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding,
- measurement at historical cost – for non-financial assets and liabilities.

The accounting policies applied to prepare these interim condensed financial statements are consistent with those applied in the most recent full-year consolidated financial statements as at and for the year ended 31 December 2023.

The Group applied the following amendments to standards and interpretations approved for use in the European Union as of 1 January 2024:

- The amendments to IAS 1 *Presentation of Financial Statements* concern the presentation of liabilities in the statement of financial position.
- The amendments to IFRS 16 *Leases* concern the measurement of lease liabilities in sale and leaseback transactions.

The amendments had no significant effect on the interim condensed consolidated financial statements of the Group.

These financial statements comply with the requirements of International Accounting Standards, International Financial Reporting Standards and related interpretations endorsed by the European Union, which have been issued and are effective for annual periods beginning on or after 1 January 2024.

### Enhancing comparability

- To better reflect the relevant economic substance and enhance the usefulness of presented data, the Group has changed the presentation of court fees from 'Other expenses' to a separate line item 'Court fees'.

The data reported in the consolidated financial statements issued for the period 1 January–31 March 2023 was restated to ensure comparability. The effect of the change on the consolidated statement of profit or loss is presented below.

PLN '000	1 Jan–31 Mar 2023 Reported	Change	1 Jan–31 Mar 2023 Restated for comparability
Employee benefits expense	(124,142)		(124,142)
Depreciation and amortisation	(14,144)		(14,144)
Court fees	-	(79,484)	(79,484)
Services	(54,338)		(54,338)
Other expenses	(92,766)	79,484	(13,282)
	<b>(285,390)</b>	-	<b>(285,390)</b>

- To better reflect the relevant economic substance and enhance the usefulness of the presented data, the Group has changed the presentation of cash flows from interest on hedging instruments. In the previous reporting period, they were recorded under 'Interest paid', and now they are presented as a separate item under 'Interest received and paid on hedging instruments'.

The data reported in the consolidated financial statements issued for the period 1 January–31 March 2023 was restated to ensure comparability. The effect of the change on the consolidated statement of cash flows is presented below.

PLN '000	1 Jan–31 Mar 2023 Reported	Change	1 Jan–31 Mar 2023 Restated for comparability
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt securities	170,000		170,000
Increase in borrowings	534,518		534,518
Repayment of borrowings	(577,648)		(577,648)
Payments under finance lease contracts	(7,475)		(7,475)
Interest received and paid on hedging instruments		14,911	14,911
Interest paid	(75,013)	(14,911)	(89,924)
<b>Net cash from financing activities</b>	<b>44,382</b>	-	<b>44,382</b>

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

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on and after
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments – Disclosures: Supplier Finance Arrangements</i>	The amendments mandate the disclosure of information about how supply chain finance arrangements affect an entity's liabilities and cash flows and what is their effect on the entity's exposure to liquidity risk.	The Group is assessing the potential impact of the amendments on its consolidated financial statements.	1 January 2024
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rate – Lack of Exchangeability</i>	The amendments clarify how an entity should assess whether a currency is exchangeable and determine the exchange rate when it is not as well as require certain additional disclosures in such cases.	The Group is assessing the potential impact of the amendments on its consolidated financial statements.	1 January 2025
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	The standard is to replace IAS 1 <i>Presentation of Financial Statements</i> .	The Group expects the standard will have a material impact on its consolidated financial statements.	1 January 2027

## 5. Accounting estimates and judgements

In order to prepare interim consolidated financial statements, the Management Board is required to make judgements, estimates and assumptions which affect the application of adopted accounting policies and the reported amounts of assets, liabilities, revenue and expenses, whose actual values may differ from estimates.

The estimates and assumptions are reviewed by the Group on an ongoing basis, based on past experience and other factors, including expectations as to future events, which seem justified in given circumstances. Any changes in accounting estimates are introduced prospectively, starting from the reporting period in which the estimate is revised.

Information on estimates and judgements concerning the application of accounting policies which most significantly affect the amounts presented in the financial statements:

Item	Amount estimated		Note	Assumptions and estimate calculation
	31 Mar 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Investments in debt portfolios	8,778,457	8,673,765	9	<p>The value of purchased debt portfolios as at the valuation date is determined using an estimation model relying on expected discounted cash flows.</p> <p>The expected cash flows were estimated with the use of analytical methods (portfolio analysis) or based on a legal and economic analysis of individual claims or indebted persons/entities (case-by-case analysis). The method of estimating cash flows from a debt portfolio is selected based on the available data on the portfolio, debt profiles as well as historical data collected in the course of managing the portfolio.</p> <p>The Kruk Group prepares projections for recoveries from debt portfolios separately for each market. The projections account for historical performance of the process of debt portfolio recovery, legal regulations currently in force and planned, type and nature of debt and security, current collection strategy and macroeconomic considerations, among other factors.</p> <p>Initial projections of expected cash flows that take into account the initial value are the basis for calculating the effective interest rate, equal to the internal rate of return including an element that reflects credit risk, which is used for discounting estimated cash flows, and which remains unchanged throughout the life of a portfolio.</p>

Item	Amount estimated		Note	Assumptions and estimate calculation
	31 Mar 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Goodwill	7,994	8,084	10.14	Goodwill impairment is estimated based on the expected discounted cash flows to be derived from a cash-generating unit. The discount rate used to discount expected cash flows reflects the current market assessment of the asset risk for the debt collection industry.
Loans measured at amortised cost	421,814	412,510	9	Gross loans are calculated based on expected cash flows discounted with the effective interest rate. The expected cash flows are determined for homogeneous groups of loans, based on historical prepayment data. The probability of prepayment varies, among other things, depending on the time elapsed since the grant of loan. The amount of gross loans is reduced by the amount of expected credit losses. It is determined based on, among other things, probability of default (PD), loss given default (LGD), and exposure at default (EAD).
Loans at fair value through profit or loss	4,683	5,618	9	Loans that do not meet the SPPI test are measured at fair value. The fair value of loans was determined based on Level 3, that is based on the projection of expected cash flows.  The main parameter that affects the fair value of loans is the interest rate used to discount expected cash flows to the present value and the amount of expected credit losses on the portfolio.

Item	Amount subject to judgement		Note	Assumptions underlying judgements
	31 Mar 2024 (PLN '000)	31 Dec 2023 (PLN '000)		
Deferred tax assets and liabilities	44,702 (assets)	45,958 (assets)	10.9	<p>The Group exercises control over the timing of temporary differences regarding subsidiaries, and thus recognises deferred tax liabilities. These liabilities are based on estimates of future income tax payments, which are derived from three-year plans.</p> <p>The Kruk Group assesses the recoverability of deferred tax assets based on its approved financial forecast for the following years.</p> <p>The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future. The level of the cash flows depends on such factors as:</p> <ul style="list-style-type: none"> <li>• KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A.,</li> <li>• raised and projected new debt financing available to the investment companies,</li> <li>• the planned expenditure on debt portfolios – its amount determines the projected liquidity position of the investment companies,</li> <li>• planned recoveries from purchased debt portfolios at the investment companies.</li> </ul> <p>Therefore, the amount of deferred tax liability for <i>expected future cash flows from subsidiaries</i> may be subject to material changes in individual reporting periods.</p>
	190,299 (liabilities)	202,307 (liabilities)		
Functional currency at InvestCapital	-102,263	-67,772		<p>InvestCapital carries out material transactions in three different currencies: EUR, PLN and RON. Under IAS 21, the Kruk Group assesses the correctness of applying the functional currency for executed transactions on a quarterly basis, taking into account both historical and planned transactions. Given the volume of planned and held investments in debt portfolios, InvestCapital's functional currency is the euro.</p>



## 6. Financial risk management

The principles of financial risk management are presented in the most recent consolidated full-year financial statements prepared as at and for the financial year ended 31 December 2023. In the period from 1 January to 31 March 2024, there were no significant changes in the approach to financial risk management.

## 7. Reportable and geographical segments

### Reportable segments

Based on the criterion of materiality of revenue in the consolidated statement of profit or loss, the Group has identified the principal reportable segments presented below. The President of the Management Board of the Parent reviews internal management reports relating to each business segment at least quarterly. The Group's reportable segments conduct the following activities:

- debt purchase: collection of purchased debt,
- credit management services: fee-based collection of debt on client's behalf,
- other: financial intermediation, lending, provision of business information.

The performance of each reportable segment is discussed below. The key performance metrics for each reportable segment are gross profit and EBITDA, which are disclosed in the management's internal reports reviewed by the President of the Management Board of the Parent. A segment's gross profit and EBITDA are used to measure the segment's performance since the management believes them to be the most appropriate metrics for the assessment of the segment's results against other entities operating in the industry.

The Group's operating activities concentrate in a few geographical areas: Poland, Romania, the Czech Republic, Slovakia, Germany, Spain and Italy.

The Group's operations are divided into the following geographical segments:

- Poland,
- Romania,
- Italy,
- Spain,
- other foreign markets.

In the presentation of data by geographical segments, segments' revenue is recognised based on the location of debt collection offices.

Revenue from credit management services and revenue from other products represent revenue from business partners.

There was no revenue from inter-segment transactions.

## Reportable segments

For the reporting period ended 31 March 2024

	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
<b>Revenue</b>	<b>297,477</b>	<b>39,225</b>	<b>147,918</b>	<b>137,188</b>	<b>112,751</b>	<b>12,055</b>	<b>1,523</b>	-	<b>748,137</b>
Purchased debt portfolios <i>including revaluation of projected recoveries</i>	283,575 72,396	-	146,257 47,619	134,177 16,891	108,589 7,198	12,055 (129)	-	-	684,653 143,976
Credit management services	7,471	-	288	3,011	4,162	-	-	-	14,932
Other products	6,431	39,225	1,373	-	-	-	-	-	47,029
Other income	-	-	-	-	-	-	1,523	-	1,523
<b>Direct and indirect costs</b>	<b>(72,400)</b>	<b>(15,793)</b>	<b>(31,068)</b>	<b>(59,263)</b>	<b>(45,963)</b>	<b>(5,655)</b>	<b>(2,128)</b>	-	<b>(232,270)</b>
Purchased debt portfolios	(64,197)	-	(30,190)	(56,990)	(42,759)	(5,655)	-	-	(199,791)
Credit management services	(5,129)	-	(6)	(2,273)	(3,204)	-	-	-	(10,612)
Other products	(3,074)	(15,793)	(872)	-	-	-	-	-	(19,739)
Unallocated expenses	-	-	-	-	-	-	(2,128)	-	(2,128)
<b>Gross profit <sup>1</sup></b>	<b>225,077</b>	<b>23,432</b>	<b>116,850</b>	<b>77,925</b>	<b>66,788</b>	<b>6,400</b>	<b>(605)</b>	-	<b>515,867</b>
Purchased debt portfolios	219,378	-	116,067	77,187	65,830	6,400	-	-	484,862
Credit management services	2,342	-	282	738	958	-	-	-	4,320
Other products	3,357	23,432	501	-	-	-	-	-	27,290
Unallocated income / expenses	-	-	-	-	-	-	(605)	-	(605)
Administrative expenses	(21,429)	(3,461)	(7,539)	(9,781)	(5,970)	(3,033)	-	(30,679)	(81,892)
<b>EBITDA <sup>2</sup></b>	<b>203,649</b>	<b>19,971</b>	<b>109,311</b>	<b>68,143</b>	<b>60,819</b>	<b>3,367</b>	<b>(605)</b>	<b>(30,679)</b>	<b>433,976</b>
Depreciation and amortisation									(15,973)
Finance income/(costs)									(92,519)
Profit before tax									325,484
Income tax									12,710
<b>Net profit</b>									<b>338,194</b>
<b>Carrying amount of debt portfolios</b>	<b>3,315,544</b>	-	<b>1,437,568</b>	<b>2,192,762</b>	<b>1,693,466</b>	<b>139,117</b>	-	-	<b>8,778,457</b>
<b>Carrying amount of loans</b>	<b>92,289</b>	<b>313,804</b>	<b>20,404</b>	-	-	-	-	-	<b>426,497</b>
<b>Cash recoveries</b>	<b>348,433</b>	-	<b>160,373</b>	<b>196,040</b>	<b>126,069</b>	<b>23,406</b>	-	-	<b>854,321</b>

## Quarterly report – Interim condensed consolidated financial statements

For the reporting period ended 31 March 2023	Poland		Romania	Italy	Spain	Other foreign markets	Unallocated income / expenses	Head Office	TOTAL
	Poland excluding Wonga.pl	Wonga.pl							
<b>Revenue</b>	<b>231,607</b>	<b>35,975</b>	<b>141,296</b>	<b>110,720</b>	<b>64,057</b>	<b>13,137</b>	<b>17,966</b>	-	<b>614,758</b>
Purchased debt portfolios	217,011	-	139,764	108,031	59,711	13,137	-	-	<b>537,654</b>
<i>including revaluation of projected recoveries</i>	<i>31,245</i>	-	<i>38,823</i>	<i>15,938</i>	<i>(694)</i>	<i>1,556</i>	-	-	<b>86,868</b>
Credit management services	8,523	-	118	2,689	4,346	-	-	-	<b>15,676</b>
Other products	6,073	35,975	1,414	-	-	-	-	-	<b>43,462</b>
Other income	-	-	-	-	-	-	17,966	-	<b>17,966</b>
<b>Direct and indirect costs</b>	<b>(67,974)</b>	<b>(12,321)</b>	<b>(29,183)</b>	<b>(45,228)</b>	<b>(36,212)</b>	<b>(5,449)</b>	<b>(2,884)</b>	-	<b>(199,251)</b>
Purchased debt portfolios	(59,284)	-	(28,114)	(43,304)	(32,300)	(5,449)	-	-	<b>(168,451)</b>
Credit management services	(5,449)	-	(4)	(1,924)	(3,912)	-	-	-	<b>(11,289)</b>
Other products	(3,241)	(12,321)	(1,065)	-	-	-	-	-	<b>(16,627)</b>
Unallocated expenses	-	-	-	-	-	-	(2,884)	-	<b>(2,884)</b>
<b>Gross profit <sup>1</sup></b>	<b>163,633</b>	<b>23,654</b>	<b>112,113</b>	<b>65,492</b>	<b>27,845</b>	<b>7,688</b>	<b>15,082</b>	-	<b>415,507</b>
Purchased debt portfolios	157,727	-	111,650	64,727	27,411	7,688	-	-	<b>369,203</b>
Credit management services	3,074	-	114	765	434	-	-	-	<b>4,387</b>
Other products	2,832	23,654	349	-	-	-	-	-	<b>26,835</b>
Unallocated income / expenses	-	-	-	-	-	-	15,082	-	<b>15,082</b>
Administrative expenses	(17,706)	(2,758)	(7,294)	(8,873)	(5,225)	(3,131)	-	(27,008)	<b>(71,995)</b>
<b>EBITDA <sup>2</sup></b>	<b>145,927</b>	<b>20,896</b>	<b>104,819</b>	<b>56,619</b>	<b>22,620</b>	<b>4,557</b>	<b>15,082</b>	<b>(27,008)</b>	<b>343,512</b>
Depreciation and amortisation									<b>(14,144)</b>
Finance income/(costs)									<b>(60,858)</b>
Profit before tax									<b>268,510</b>
Income tax									<b>(33,935)</b>
<b>Net profit</b>									<b>234,575</b>
<b>Carrying amount of debt portfolios</b>	<b>2,753,850</b>	-	<b>1,243,798</b>	<b>1,774,094</b>	<b>1,122,885</b>	<b>205,413</b>	-	-	<b>7,100,040</b>
<b>Carrying amount of loans</b>	<b>54,814</b>	<b>309,940</b>	<b>17,078</b>	-	-	-	-	-	<b>381,832</b>
<b>Cash recoveries</b>	<b>322,482</b>	-	<b>166,535</b>	<b>141,609</b>	<b>69,481</b>	<b>24,346</b>	-	-	<b>724,453</b>

<sup>1</sup> Gross profit = revenue – direct and indirect costs<sup>2</sup> EBITDA = gross profit – administrative expenses

## 8. Seasonality or cyclicity of business

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

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

### Investments

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023 unaudited</b>
Investments in debt portfolios	8,778,457	8,673,765	7,100,040
Loans measured at amortised cost	421,814	412,510	371,793
Loans measured at fair value	4,683	5,618	10,039
	<u>9,204,954</u>	<u>9,091,893</u>	<u>7,481,872</u>

### Investments measured at amortised cost

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023 unaudited</b>
Investments in debt portfolios	8,778,457	8,673,765	7,100,040
Loans measured at amortised cost	421,814	412,510	371,793
	<u>9,200,271</u>	<u>9,086,275</u>	<u>7,471,833</u>

### Debt portfolios

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023 unaudited</b>
<b>Carrying amount of purchased debt portfolios</b>			
Unsecured portfolios	7,956,154	7,822,296	6,344,380
Secured portfolios	822,303	851,469	755,660
	<u>8,778,457</u>	<u>8,673,765</u>	<u>7,100,040</u>

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

- discount rate in case of change in the amount of the purchased debt portfolio;
- cash flows estimation period;
- expected future cash flows estimated using the current data and debt collection processes.
- The Group analyses the impact of macroeconomic factors on projected recoveries; historically, no correlation between recoveries from purchased debt portfolios and the macroeconomic situation has been found.

*Assumptions adopted in the valuation of debt portfolios*

	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023</b> <b>unaudited</b>
Discount rate <sup>1</sup>	8.00%–147.10%	8.00%–147.10%	8.00%–147.10%
Cash flows estimation period	Apr 2024–Apr 2044	Jan 2024–Dec 2043	Apr 2023–Jun 2043
Undiscounted value of future recoveries	18,652,829	18,397,175	14,469,046

<sup>1</sup> Interest rate range applicable to 99% of debt portfolios

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

<i>PLN '000</i>	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023</b> <b>unaudited</b>
<b>Period</b>			
Up to 12 months	2,741,488	2,687,036	2,274,486
From 1 to 2 years	2,530,647	2,526,899	2,119,970
From 2 to 3 years	2,271,947	2,239,826	1,810,508
From 3 to 4 years	1,906,041	1,869,962	1,498,452
From 4 to 5 years	1,599,759	1,573,277	1,215,397
From 5 to 6 years	1,310,318	1,307,232	996,099
From 6 to 7 years	1,066,975	1,054,058	826,914
From 7 to 8 years	904,062	886,242	672,368
From 8 to 9 years	773,610	756,219	575,149
From 9 to 10 years	678,738	657,862	487,252
From 10 to 11 years	594,135	576,293	423,711
From 11 to 12 years	519,769	504,106	371,011
From 12 to 13 years	433,678	430,353	316,272
From 13 to 14 years	346,341	340,383	261,672
From 14 to 15 years	268,940	272,407	183,086
Over 15 years	706,381	715,020	436,699
	<b>18,652,829</b>	<b>18,397,175</b>	<b>14,469,046</b>

<i>PLN '000</i>	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023</b> <b>unaudited</b>
discount rate:			
< 25%	12,967,360	12,779,718	10,025,149
25%-50%	4,884,337	4,837,595	3,803,066
> 50%	801,132	779,862	640,831
	<b>18,652,829</b>	<b>18,397,175</b>	<b>14,469,046</b>

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

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

Below are presented changes in the net carrying amount of investments in debt portfolios:

<i>PLN '000</i>	<b>Unsecured portfolios</b>	<b>Secured portfolios</b>	<b>Total</b>
<b>Carrying amount of investments in debt portfolios at 1 Jan 2024</b>	<b>7,822,296</b>	<b>851,469</b>	<b>8,673,765</b>
Purchase of debt portfolios	326,038	9,160	335,198
Cash recoveries***	(778,398)	(75,923)	(854,321)
Increase/(decrease) in liabilities to indebted persons due to overpayments	1,179	-	1,179
Valuation of loyalty scheme*	2,349	-	2,349
Payments from original creditor	(1,949)	-	(1,949)
Revenue from purchased debt portfolios***	644,116	40,537	684,653
Carrying amount of property foreclosed	-	(638)	(638)
Carrying amount of property sold***	-	-	-
Translation differences on debt portfolios**	(59,477)	(2,302)	(61,779)
<b>Carrying amount of investments in debt portfolios at 31 Mar 2024</b>	<b>7,956,154</b>	<b>822,303</b>	<b>8,778,457</b>

<i>PLN '000</i>	<b>Unsecured portfolios</b>	<b>Secured portfolios</b>	<b>Total</b>
<b>Carrying amount of investments in debt portfolios at 1 Jan 2023</b>	<b>6,008,230</b>	<b>759,857</b>	<b>6,768,087</b>
Purchase of debt portfolios	2,717,933	254,298	2,972,231
Cash recoveries	(2,730,606)	(331,867)	(3,062,473)
Increase/(decrease) in liabilities to indebted persons due to overpayments	5,917	-	5,917
Valuation of loyalty scheme*	6,153	-	6,153
Revenue from purchased debt portfolios	2,167,039	176,719	2,343,758
Carrying amount of property foreclosed	-	(3,321)	(3,321)
Carrying amount of property sold	-	4,623	4,623
Translation differences on debt portfolios**	(352,370)	(8,840)	(361,210)
<b>Carrying amount of investments in debt portfolios at 31 Dec 2023</b>	<b>7,822,296</b>	<b>851,469</b>	<b>8,673,765</b>

<i>PLN '000</i>	<b>Unsecured portfolios</b>	<b>Secured portfolios</b>	<b>Total</b>
<b>Carrying amount of investments in debt portfolios at 1 Jan 2023</b>	<b>6,008,230</b>	<b>759,857</b>	<b>6,768,087</b>
Purchase of debt portfolios	486,954	37,452	524,406
Cash recoveries	(635,291)	(89,162)	(724,453)
Increase/(decrease) in liabilities to indebted persons due to overpayments	1,169	-	1,169
Valuation of loyalty scheme*	1,327	-	1,327
Revenue from purchased debt portfolios	490,935	46,719	537,654
Carrying amount of property foreclosed	-	(398)	(398)
Carrying amount of property sold	-	1,639	1,639
Translation differences on debt portfolios**	(8,944)	(447)	(9,391)
<b>Carrying amount of investments in debt portfolios at 31 Mar 2023</b>	<b>6,344,380</b>	<b>755,660</b>	<b>7,100,040</b>

\* The amount of investments in debt portfolios is adjusted to account for the measurement of the loyalty scheme and the increase/(decrease) in liabilities to indebted persons due to overpayments in connection with the recognition of costs related to the bonus plan and a provision for overpayments under 'Other income/expenses from purchased debt portfolios'.

\*\* Including purchased debt portfolios in currencies other than PLN. The item results from exchange rate movements in the respective periods, mainly EUR/PLN fluctuations.

\*\*\* As of the current period, the presentation of income from the sale of property and the carrying amount of property sold was reclassified. The change does not affect the carrying amount of investments in debt portfolios.

In the reporting period, the Group incurred expenditure to purchase debt portfolios of PLN 335,198 thousand (three months to 31 March 2023: PLN 524,406 thousand; 2023: PLN 2,972,231 thousand), while the amount of recoveries from indebted persons was PLN 854,321 thousand (three months to 31 March 2023: PLN 724,453 thousand; 2023: PLN 3,062,473 thousand).

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

PLN '000	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
<b>Cumulative expected credit losses on purchased debt portfolios at beginning of period</b>	<b>3,189,274</b>	<b>2,328,752</b>	<b>2,328,752</b>
Revaluation of projected recoveries, including:			
<i>unsecured portfolios</i>	143,976	438,985	86,868
<i>secured portfolios</i>	156,819	455,770	93,155
<i>secured portfolios</i>	(12,843)	(16,785)	(6,287)
Deviations from actual recoveries, decreases on early collections in collateralised cases, including:			
<i>unsecured portfolios</i>	102,258	421,537	110,096
<i>secured portfolios</i>	86,228	369,171	90,582
<i>secured portfolios</i>	16,030	52,366	19,514
<b>Cumulative expected credit losses on purchased debt portfolios at end of period</b>	<b>3,435,508</b>	<b>3,189,274</b>	<b>2,525,716</b>

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

## Loans

PLN '000	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Loans measured at amortised cost	421,814	412,510	371,793
Loans measured at fair value	4,683	5,618	10,039
	<b>426,497</b>	<b>418,128</b>	<b>381,832</b>

## Loans measured at amortised cost

The structure of loans measured at amortised cost at the end of the reporting periods was as follows:

IFRS 9 classification	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
<b>Gross carrying amount of loans measured at amortised cost</b>			
Basket 1	274,634	263,129	220,595
Basket 2	103,199	111,884	118,318
Basket 3	325,873	302,324	225,139
POCI loans	1,137	1,323	1,260
	<b>704,843</b>	<b>678,660</b>	<b>565,312</b>
<b>Allowance for expected credit losses</b>			
Basket 1	18,096	17,202	10,567
Basket 2	21,784	24,182	17,692
Basket 3	243,149	224,766	165,260
	<b>283,029</b>	<b>266,150</b>	<b>193,519</b>
<b>Net carrying amount</b>			
Basket 1	256,538	245,927	210,028
Basket 2	81,415	87,702	100,626
Basket 3	82,724	77,558	59,879
POCI loans	1,137	1,323	1,260
	<b>421,814</b>	<b>412,510</b>	<b>371,793</b>

Changes in the net carrying amount of loans measured at amortised cost are presented below.

PLN '000	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
<b>Carrying amount of loans measured at amortised cost at beginning of period</b>	<b>412,510</b>	<b>357,003</b>	<b>357,003</b>
New disbursements	152,242	559,747	126,886
Repayments	(188,946)	(666,112)	(153,479)
Interest income	54,151	233,725	60,538
Allowance for expected credit losses	(7,947)	(70,268)	(19,052)
Translation differences on loans	(196)	(1,585)	(103)
<b>Carrying amount of loans measured at amortised cost at end of period</b>	<b>421,814</b>	<b>412,510</b>	<b>371,793</b>



Changes in allowance for expected credit losses on loans measured at amortised cost:

PLN '000	1 Jan–31 Mar 2024 unaudited				1 Jan–31 Dec 2023			
	Basket 1	Basket 2	Basket 3	Total	Basket 1	Basket 2	Basket 3	Total
Loss allowance as at 1 Jan	17,202	24,182	224,766	266,150	9,769	17,316	134,039	161,124
Transfer from basket 1 to basket 2	(10,153)	10,153	-	-	(5,478)	5,478	-	-
Transfer from basket 1 to basket 3	(2,310)	-	2,310	-	(7,394)	-	7,394	-
Transfer from basket 2 to basket 1	814	(814)	-	-	694	(694)	-	-
Transfer from basket 2 to basket 3	-	(14,619)	14,619	-	-	(36,100)	36,100	-
Transfer from basket 3 to basket 1	-	-	-	-	-	-	-	-
Transfer from basket 3 to basket 2	-	1	(1)	-	-	-	-	-
Allowance for expected credit losses recognised in the reporting period and changes reflecting loans advanced and repaid	12,543	2,881	1,455	16,879	19,611	38,182	47,233	105,026
Loss allowance at end of period	<b>18,096</b>	<b>21,784</b>	<b>243,149</b>	<b>283,029</b>	<b>17,202</b>	<b>24,182</b>	<b>224,766</b>	<b>266,150</b>

The amount of the allowance is determined for individual expected loss recognition baskets, based on estimates that reflect the risk of incurring the expected loss, made taking into account the stage of delinquency. The amount of the impairment loss at the end of the reporting period covers 40.2% of the gross carrying amount of loans measured at amortised cost (at the end of 2023: 39.2%). The total amount of undiscounted expected credit losses on impaired financial assets due to credit risk as at 31 March 2024 was PLN 22,403 thousand (31 December 2023: PLN 22,124 thousand).

#### Loans measured at fair value

Changes in the carrying amount of loans measured at fair value:

PLN '000	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Dec 2023	1 Jan–31 Mar 2023 unaudited
<b>Carrying amount of loans measured at fair value at beginning of period</b>	<b>5,618</b>	<b>12,440</b>	<b>12,440</b>
Repayments	(1,400)	-	(3,412)
Interest income	669	(11,352)	1,495
Remeasurement	(204)	4,529	(484)
<b>Carrying amount of loans measured at fair value at end of period</b>	<b>4,683</b>	<b>5,618</b>	<b>10,039</b>

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

### 10.1. Operating income including gain/(loss) on expected credit losses, change in investments, and other income/expenses from purchased debt portfolios

PLN '000

	1 Jan–31 Mar 2024 unaudited					1 Jan–31 Mar 2023 unaudited				
	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other income	Total	Purchased debt portfolios	Revenue from credit management services	Revenue from other services	Other income	Total
Interest income on debt portfolios and loans measured at amortised cost	436,697	-	54,151	-	<b>490,848</b>	342,187	-	60,538	-	<b>402,725</b>
Interest income on loans measured at fair value	-	-	669	-	<b>669</b>	-	-	1,495	-	<b>1,495</b>
Revenue from sale of debts and loans	1,459	-	-	-	<b>1,459</b>	1,263	-	-	-	<b>1,263</b>
Other income/expenses from purchased debt portfolios	(2,322)	-	-	-	<b>(2,322)</b>	(3,226)	-	-	-	<b>(3,226)</b>
Revenue from other services	-	14,932	360	-	<b>15,292</b>	-	15,676	1,068	-	<b>16,744</b>
Other income	-	-	-	1,523	<b>1,523</b>	-	-	-	17,966	<b>17,966</b>
Change in investments measured at fair value	-	-	(204)	-	<b>(204)</b>	-	-	(484)	-	<b>(484)</b>
Gain/(loss) on expected credit losses	248,819	-	(7,947)	-	<b>240,872</b>	197,430	-	(19,155)	-	<b>178,275</b>
	<b>684,653</b>	<b>14,932</b>	<b>47,029</b>	<b>1,523</b>	<b>748,137</b>	<b>537,654</b>	<b>15,676</b>	<b>43,462</b>	<b>17,966</b>	<b>614,758</b>

**Other income/expenses from purchased debt portfolios**

PLN '000

	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Foreign currency gains/(losses)	1,206	(730)
Costs of loyalty scheme valuation	(2,349)	(1,327)
Costs of provision for overpayments	(1,179)	(1,169)
	<u>(2,322)</u>	<u>(3,226)</u>

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

PLN '000

	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Revaluation of projected recoveries	143,976	86,868
Deviations of actual recoveries, decreases on early collections in collateralised cases, payments from original creditor	104,843	110,562
	<u>248,819</u>	<u>197,430</u>

**Revenue from loans***Revenue from loans measured at amortised cost*

PLN '000

	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Interest income	54,151	60,538
Allowance for expected credit losses	(7,947)	(19,052)
	<u>46,204</u>	<u>41,486</u>

*Revenue from loans measured at fair value*

PLN '000

	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Interest income	669	1,495
Remeasurement	(204)	(484)
	<u>465</u>	<u>1,011</u>

## Revenue from other services

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Revenue from credit management services	14,932	15,676
Revenue from collection, processing and provision of credit information on natural persons and business entities, financial intermediation and agency services, and auxiliary services provided to small and medium-sized enterprises	360	965
	<u>15,292</u>	<u>16,641</u>

## Other income

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Sale of shares in subsidiaries	-	15,103
Gain (loss) on sale of property*	804	
Recharged costs of services and court fees	493	1,130
Rental	20	22
Gain on sale of property, plant and equipment	11	588
Other cooperation	-	85
Recovery of written-off receivables and expenses	-	5
Other	195	1,033
	<u>1,523</u>	<u>17,966</u>

\* As of the current period, income from the sale of property and the carrying amount of property sold, previously presented under revenue from purchased debt portfolios, are disclosed as a separate line item

## 10.2. Services

PLN '000

	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Credit management services <sup>1</sup>	(17,863)	(10,307)
IT services	(14,591)	(7,294)
Legal assistance services <sup>2</sup>	(7,618)	(11,443)
Administrative and accounting support services	(5,769)	(5,758)
Postal and courier services	(5,937)	(6,342)
Banking services	(7,972)	(3,018)
Communications services	(3,428)	(2,502)
Marketing and management services	(2,497)	(2,261)
Space rental and service charges	(2,411)	(2,408)
Printing services	(989)	(865)
Security	(537)	(651)
Other auxiliary services	(279)	(349)
Recruitment services	(324)	(588)
Repair and maintenance services	(384)	(181)
Repair of vehicles	(294)	(230)
Other rental	(292)	(81)
Transport services	(33)	(33)
Packing services	(29)	(27)
	<u>(71,247)</u>	<u>(54,338)</u>

<sup>1</sup> Costs of debt management services provided by external service providers.

<sup>2</sup> Legal assistance mainly relates to debt portfolio management.

## 10.3. Employee benefits expense

PLN '000

	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited
Salaries and wages	(101,360)	(94,439)
Other social security contributions	(18,626)	(17,489)
Old-age and disability pension contributions	(8,033)	(7,078)
Equity-settled cost of stock option plan	(4,412)	(4,618)
Contribution to the State Fund for the Disabled	(533)	(518)
	<u>(132,964)</u>	<u>(124,142)</u>

#### 10.4. Court fees

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Legal costs	(62,905)	(52,502)
Bailiff fees	(31,778)	(26,747)
Stamp duties	(677)	(235)
	<u>(95,360)</u>	<u>(79,484)</u>

#### 10.5. Other expenses

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Taxes and charges	(4,198)	(4,352)
Raw materials and consumables used	(2,717)	(2,957)
Staff training	(1,561)	(887)
Advertising	(1,530)	(946)
Entertainment expenses	(1,073)	(815)
Business trips	(1,030)	(782)
Write-off of development work	(899)	-
Non-deductible VAT	(652)	(466)
Property insurance	(249)	(215)
Motor insurance	(207)	(222)
Refund of litigation costs	(91)	(485)
Non-compete agreements	(66)	(107)
Recharged costs of services and fees	(37)	-
Losses caused by motor damage	(36)	(27)
Membership fees	(31)	(33)
Contractual penalties	-	(470)
Provision for possible differences related to straight-line basis settlement	32	595
Other	(245)	(1,113)
	<u>(14,590)</u>	<u>(13,282)</u>

## 10.6. Finance income

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Interest income on bank deposits	5,172	396
	<u>5,172</u>	<u>396</u>

## 10.7. Finance costs

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Interest and commission expense on financial liabilities measured at amortised cost	(117,549)	(77,692)
<i>including interest</i>	(113,041)	(72,765)
Net foreign exchange losses	(2,246)	968
Interest income/expense on hedging instruments – IRS	7,039	(872)
Hedging income/expense	15,144	12,814
Interest income/expense on hedging instruments – CIRS	(78)	3,528
	<u>(97,691)</u>	<u>(61,254)</u>

In the three months ended 31 March 2024, there was a significant year-on-year increase in interest expense, primarily due to higher debt (bonds and notes).

## 10.8. Effect of exchange rate movements on consolidated statement of profit or loss

<i>PLN '000</i>	<i>Note</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Realised exchange gains/(losses)	10.7	(1,395)	296
Unrealised exchange gains/(losses)	10.7	(851)	672
Remeasurement of debt portfolios due to exchange rate movements	10.1	1,206	(730)
		<u>(1,040)</u>	<u>238</u>

## 10.9. Income tax

### Income tax recognised in profit or loss and total comprehensive income for period

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
<b>Current income tax recognised in profit or loss</b>		
Current income tax payable	(4,004)	(4,302)
<b>Deferred income tax recognised in profit or loss</b>		
Related to temporary differences and their reversal	16,714	(29,633)
<b>Income tax recognised in profit or loss</b>	<u>12,710</u>	<u>(33,935)</u>
<b>Deferred income tax recognised in other comprehensive income</b>		
Related to temporary differences and their reversal	(5,962)	-
<b>Income tax recognised in other comprehensive income</b>	<u>(5,962)</u>	<u>-</u>
<b>Income tax recognised in comprehensive income</b>	<u>6,748</u>	<u>(33,935)</u>

### Reconciliation of effective income tax rate

The effective income tax rate differs from the enacted income tax rates as the consolidated data includes primarily data of entities whose operations are subject to deferred income tax upon realisation of income or payment of dividend.

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Profit before tax	325,484	268,510
Tax calculated at the Parent's enacted income tax rate (19%)	(61,842)	(51,017)
Effect of application of other income tax rates abroad and effect of deferred tax	(316)	1,571
Differences resulting from ability to control the timing of reversal of temporary differences relating to the measurement of net assets of subsidiaries and the probability of their reversal in the foreseeable future, and other non-deductible expenses/non-taxable income	74,868	15,511
Income tax recognised in profit or loss	<u>12,710</u>	<u>(33,935)</u>
Effective income tax rate (%)	-3.90%	12.64%

The KRUK Group does not recognise CIT based on an estimated average annual effective rate as this would not eliminate tax fluctuations over a financial year.



**Deferred tax assets and liabilities**

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

PLN '000	Assets		Provisions		Net carrying amount	
	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2024 unaudited	31 Dec 2023
Property, plant and equipment	4,276	5,222	(3,748)	(4,234)	528	988
Intangible assets	-	-	(4,525)	(5,000)	(4,525)	(5,000)
Tax losses deductible in future periods	13,117	13,260	-	-	13,117	13,260
Trade and other receivables	-	-	(265)	(241)	(265)	(241)
Borrowings and other debt instruments	22,759	21,776	-	-	22,759	21,776
Employee benefit obligations	2,664	5,230	-	-	2,664	5,230
Provisions and liabilities	39	186	-	-	39	186
Investments in debt portfolios	-	-	(7,379)	(7,411)	(7,379)	(7,411)
Investments in loans	31,375	32,050	-	-	31,375	32,050
Derivative hedging instruments	-	-	(19,729)	(13,767)	(19,729)	(13,767)
Expected future outflows of income from investments in subsidiaries	-	-	(184,181)	(203,420)	(184,181)	(203,420)
<b>Deferred tax assets/liabilities</b>	<b>74,230</b>	<b>77,724</b>	<b>(219,827)</b>	<b>(234,073)</b>	<b>(145,597)</b>	<b>(156,349)</b>
Deferred tax assets offset against liabilities	(29,528)	(31,766)	29,528	31,766	-	-
<b>Deferred tax assets/liabilities in the statement of financial position</b>	<b>44,702</b>	<b>45,958</b>	<b>(190,299)</b>	<b>(202,307)</b>	<b>(145,597)</b>	<b>(156,349)</b>

**Change in temporary differences in the period**

PLN '000

	Net amount of income tax as at 1 Jan 2024	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at 31 Mar 2024	Net amount of income tax as at 1 Jan 2023	Change in temporary differences recognised in profit or loss for the period	Net amount of income tax as at 31 Dec 2023
Property, plant and equipment	988	(460)	528	3,742	(2,754)	988
Intangible assets	(5,000)	475	(4,525)	(5,148)	148	(5,000)
Tax losses deductible in future periods	13,260	(143)	13,117	11,920	1,340	13,260
Trade and other receivables	(241)	(24)	(265)	(413)	172	(241)
Borrowings and other debt instruments	21,776	983	22,759	16,633	5,143	21,776
Employee benefit obligations	5,230	(2,566)	2,664	2,590	2,640	5,230
Provisions and liabilities	186	(147)	39	(109)	295	186
Investments in debt portfolios	(7,411)	32	(7,379)	(7,058)	(353)	(7,411)
Investments in loans	32,050	(675)	31,375	32,923	(873)	32,050
Expected future outflows of income from investments in subsidiaries	(203,420)	19,239	(184,181)	(208,285)	4,865	(203,420)
	(142,582)	16,714	(125,868)	(153,205)	10,623	(142,582)

PLN '000

	Net amount of income tax as at 1 Jan 2024	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at 31 Mar 2024	Net amount of income tax as at 1 Jan 2023	Change in temporary differences recognised in other comprehensive income	Net amount of income tax as at 31 Dec 2023
Derivative hedging instruments	(13,767)	(5,962)	(19,729)	(3,294)	(10,473)	(13,767)
	(13,767)	(5,962)	(19,729)	(3,294)	(10,473)	(13,767)

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

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

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

The Group takes advantage of the exemption under IAS 12 and does not recognise a deferred tax liability in respect of retained earnings in its related entities where it is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The total amount of temporary differences underlying the unrecognised deferred tax liability on retained earnings as at 31 March 2024 was PLN 4,356,599 thousand (as at 31 December 2023: PLN 3,727,864 thousand).

#### 10.10. Borrowings, finance lease liabilities and other financial liabilities

<i>PLN '000</i>	<b>31 Mar 2024</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023</b>
	<b>unaudited</b>		<b>unaudited</b>
<b>Non-current liabilities</b>			
Secured borrowings	2,039,852	2,324,607	2,225,877
Liabilities under debt securities (unsecured)	2,771,388	2,773,264	1,453,934
Lease liabilities	39,521	40,213	37,624
	<u>4,850,761</u>	<u>5,138,084</u>	<u>3,717,435</u>
<b>Current liabilities</b>			
Secured borrowings	240,038	285,551	224,335
Liabilities under debt securities (unsecured)	167,484	77,938	101,556
Lease liabilities	22,554	29,594	33,435
	<u>430,076</u>	<u>393,083</u>	<u>359,326</u>

**Terms and repayment schedule of borrowings, debt securities and leases**

PLN '000	Currency	Nominal interest rate	Maturity periods <sup>1</sup>	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
Borrowings secured over the Group's assets	EUR/PLN	1M WIBOR + margin of 2.4–2.95pp; 3M WIBOR + margin of 1.8–2.7pp; 1M EURIBOR + margin of 2.2–2.95pp	2024-2028	2,279,890	2,610,158	2,450,212
Liabilities under debt securities (unsecured)	PLN EUR	3M WIBOR + margin of 3.2–4.65pp; 4.00%-4.80% <sup>2</sup> ; 3M EURIBOR + margin of 4.0–6.5pp	2024-2029	2,938,872	2,851,202	1,555,490
Lease liabilities	EUR/PLN CZK	3M WIBOR or 1M EURIBOR + margin of 2.73–4.58pp 3.00%-11.26%	2024-2030	62,075	69,807	71,059
				5,280,837	5,531,167	4,076,761

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

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

**Impact of IBOR reform**

The Group does not anticipate a material impact from IBOR reform on its financial obligations, but cannot conclusively determine its effect as not all systemic and regulatory solutions have been finalised. The Group takes measures to prepare for a change in the benchmarks underlying its financial instruments in the event WIBOR ceases to be published. The Group continuously monitors regulatory changes in benchmarks, and negotiates amendments to the Master and Credit Agreements governing the hedging instruments and bank loans used by the Group companies, to ensure optimal transition to an alternative benchmark when the WIBOR is replaced.

The individual items for which WIBOR is used as the benchmark are presented below:

PLN '000	31 Mar 2024 unaudited	31 Dec 2023
<b>Carrying amount of financial liabilities for which WIBOR is used as the benchmark</b>		
Borrowings secured over the Group's assets	354,574	454,154
Liabilities under debt securities (unsecured)	2,152,099	2,159,898
Lease liabilities	6,378	7,922
<b>Notional amount of hedging instruments for which WIBOR is used as the benchmark</b>		
CIRS	1,832,500	1,750,000
IRS	165,000	190,000

**10.11. Hedging instruments**

### Interest rate risk hedges

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

Open outstanding IRS contracts held by the KRUK Group companies as at 31 March 2024, with a total notional amount of PLN 165,000 thousand and EUR 408,500 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate	Variable rate	Term
ING Bank Śląski S.A.*	KRUK S.A.	IRS	PLN 115,000,000	1.5775%	3M WIBOR	4 Sep 2019 to 27 Sep 2024
ING Bank Śląski S.A.*	KRUK S.A.	IRS	PLN 50,000,000	1.5775%	3M WIBOR	4 Sep 2019 to 28 Sep 2024
ING Bank Śląski S.A.	InvestCapital Ltd.	IRS	EUR 210,000,000	2.6535%	1M EURIBOR	29 Nov 2022 to 30 Jun 2027
DNB Bank ASA	KRUK S.A.	IRS	EUR 150,000,000	2.9640%	3M EURIBOR	10 May 2023 to 10 May 2028
DNB Bank ASA	KRUK S.A.	IRS	EUR 10,000,000	2.2550%	3M EURIBOR	21 Dec 2023 to 11 Dec 2028
ING Bank Śląski S.A.	InvestCapital Ltd.	IRS	EUR 38,500,000	2.3200%	1M EURIBOR	27 Dec 2023 to 30 Jun 2028

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

The purpose of the PLN contracts was to provide a hedge against volatility of cash flows generated by liabilities denominated in PLN due to changes in the 3M WIBOR rate and to hedge coupons paid on issued PLN-denominated bonds. The purpose of the EUR contracts was to provide a hedge against volatility of cash flows generated by liabilities in EUR due to changes in the 1M and 3M EURIBOR rate and to hedge interest payments under a credit facility and EUR-denominated bonds.

Open outstanding CIRS contracts held by Kruk Group companies as at 31 March 2024, with a total notional amount of PLN 1,832,500 thousand:

Bank	Group company	Type of transaction	Notional amount	Fixed rate [EUR]	Variable rate [PLN]	Transaction date	Transaction maturity date
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 330,000,000	2.13%	3M WIBOR	14 Jun 2022	24 May 2027
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 140,000,000	1.90%	3M WIBOR	23 Jun 2022	24 Mar 2027
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.72%	3M WIBOR	20 Jun 2022	16 Mar 2026
Santander Bank Polska S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.56%	3M WIBOR	21 Jun 2022	16 Mar 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	15 Jul 2022	23 Jan 2026

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ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 52,500,000	0.96%	3M WIBOR	15 Jul 2022	22 Jan 2025
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	20 Jul 2022	2 Mar 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	12 Dec 2022	27 Jul 2027
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	21 Dec 2022	27 Nov 2026
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.49%	3M WIBOR	10 Jan 2023	26 Mar 2025
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	27 Jan 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	25 Jul 2023	26 Jan 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	25 Jul 2023	7 Jun 2028
DNB Bank ASA	KRUK S.A.	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	22 Sep 2023	29 Mar 2028
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 85,000,000	2.48%	3M WIBOR	31 Oct 2023	10 Dec 2026
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 355,000,000	2.34%	3M WIBOR	31 Oct 2023	11 Oct 2029
DNB Bank ASA.	KRUK S.A.	CCIRS	PLN 70,000,000	6.046%	3M WIBOR + 4%	21 Mar 2024	16 Feb 2029
ING Bank Śląski S.A.	KRUK S.A.	CCIRS	PLN 90,000,000	6.19%	3M WIBOR + 4%	21 Mar 2024	26 Sep 2028

The transactions were designated for hedge accounting.

### Currency risk hedges

In 2019–2022, the Group took steps to hedge against currency risk arising from the translation of net assets in a foreign entity, which involved execution of hedging transactions by Group companies. The Group's objective is to mitigate the effect of exchange differences arising on consolidation of foreign subsidiaries on the consolidated financial statements. The transactions were entered into by KRUK S.A. and settled on a net basis, with no physical delivery. For details of the executed and settled transactions, see the most recent consolidated full-year financial statements as at and for the financial year ended 31 December 2023.

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

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

PLN '000

	31 Mar 2024 unaudited				31 Dec 2023				Item in the statement of financial position	Hedge type
	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness		
<b>Instrument type:</b>										
<b>IRS</b>	3,473	-	165,000 (PLN)	(1,481)	4,954	-	190,000 (PLN)	(13,852)	Hedging instruments	Hedge of future cash flows
<b>IRS</b>	2,313	8,213	408,500 (EUR)	22,496	29	28,425	408,500 (EUR)	(44,152)	Hedging instruments	Hedge of future cash flows
<b>CIRS</b>	112,031	3,835	1,832,500 (PLN)	18,940	93,445	4,189	1,750,000 (PLN)	87,551	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign operation
	<b>117,817</b>	<b>12,048</b>		<b>39,955</b>	<b>98,428</b>	<b>32,614</b>		<b>29,547</b>		



PLN '000

## Disclosure of the hedged item as at 31 Mar 2024

	Nominal amount of the hedged item	Change in the fair value of the hedged item	Reserve for measurement of continuing hedges	Reserve (unsettled) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	165,000 (PLN)	(1,481)	5,979	-
Hedge of future cash flows (interest rate risk)	408,500 (EUR)	22,496	(7,627)	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,832,500 (PLN)	18,940	87,430	-

PLN '000

## Disclosure of the hedged item as at 31 Dec 2023

	Nominal amount of the hedged item	Change in the fair value of the hedged item	Reserve for measurement of continuing hedges	Reserve (unsettled) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	190,000 (PLN)	(13,852)	7,180	-
Hedge of future cash flows (interest rate risk)	408,500 (EUR)	(44,152)	(28,396)	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,750,000 (PLN)	87,551	68,177	-

PLN '000

1 Jan–31 Mar 2024 unaudited

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
<b>Hedge reserve at beginning of period</b>	(21,216)	4,082	68,177	51,043
<b>Measurement of instruments charged to capital reserves</b>	28,053	-	45,570	73,623
<b>Cost of hedging</b>	-	-	(6,735)	(6,735)
<b>Temporary differences/reversal of temporary differences</b>	(1,446)	-	(4,516)	(5,962)
<b>Amount reclassified to profit or loss during the period</b>	(7,039)	-	(15,066)	(22,105)
- Interest income / expense	(7,039)	-	78	(6,961)
- Cost of hedging	-	-	(15,144)	(15,144)
<b>Hedge reserve at end of period</b>	(1,648)	4,082	87,430	89,865

PLN '000

1 Jan–31 Dec 2023

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of net investment (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
<b>Hedge reserve at beginning of period</b>	34,562	4,082	(6,017)	32,627
<b>Measurement of instruments charged to capital reserves</b>	(38,245)	-	59,126	20,881
<b>Cost of hedging</b>	-	-	83,040	83,040
<b>Temporary differences/reversal of temporary differences</b>	2,225	-	(12,698)	(10,473)
<b>Amount reclassified to profit or loss during the period</b>	(19,758)	-	(55,274)	(75,032)
- Interest income / expense	(19,758)	-	(995)	(20,753)
- Cost of hedging	-	-	(54,279)	(54,279)
<b>Hedge reserve at end of period</b>	(21,216)	4,082	68,177	51,043

## 10.12. Earnings per share

### Basic earnings per share

*thousands of shares*

	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Dec 2023</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Number of ordinary shares as at 1 Jan	19,319	19,319	19,319
Effect of cancellation and issue	-	-	-
Weighted average number of ordinary shares at end of reporting period	19,319	19,319	19,319
<i>PLN</i>			
Earnings per share	17.51	50.93	12.13

### Diluted earnings per share

*thousands of shares*

	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Weighted average number of ordinary shares at end of reporting period	19,319	19,319	19,319
Effect of issue of unregistered shares not subscribed for	1,121	1,024	809
Weighted average number of ordinary shares at end of reporting period (diluted)	20,440	20,343	20,128
<i>PLN</i>			
Earnings per share (diluted)	16.55	48.37	11.65

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

PLN '000	31 Mar 2024 unaudited	31 Dec 2023	31 Mar 2023 unaudited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	84,764	91,777	74,991
Other intangible assets	65,115	67,206	69,295
Goodwill	7,994	8,084	17,204
Investments	6,468,786	6,416,303	5,165,870
Hedging instruments	95,423	82,848	48,518
Deferred tax asset	44,702	45,958	40,061
<b>Total non-current assets</b>	<b>6,766,784</b>	<b>6,712,176</b>	<b>5,415,939</b>
<b>Current assets</b>			
Inventories	14,705	15,038	15,141
Investments	2,736,168	2,675,590	2,316,002
Trade receivables	20,409	24,440	14,967
Other receivables	67,917	58,970	46,323
Income tax receivable	13,333	22,398	-
Hedging instruments	22,394	15,580	3,426
Other assets	16,763	15,852	19,745
Cash and cash equivalents	284,842	388,461	229,437
<b>Total current assets</b>	<b>3,176,531</b>	<b>3,216,329</b>	<b>2,645,041</b>
<b>Total assets</b>	<b>9,943,315</b>	<b>9,928,505</b>	<b>8,060,980</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19,319	19,319	19,319
Share premium	358,506	358,506	358,506
Hedge reserve	89,865	51,043	47,745
Measurement reserve (defined benefit plans)	3,331	3,331	4,155
Translation reserve	(111,986)	(95,871)	97,884
Other capital reserves	176,259	171,847	154,514
Retained earnings	3,621,552	3,283,218	2,823,467
<b>Equity attributable to owners of the Parent</b>	<b>4,156,846</b>	<b>3,791,393</b>	<b>3,505,590</b>
<b>Non-controlling interests</b>	<b>(685)</b>	<b>(583)</b>	<b>(548)</b>
<b>Total equity</b>	<b>4,156,161</b>	<b>3,790,810</b>	<b>3,505,042</b>
<b>Non-current liabilities</b>			
Borrowings, debt securities and leases	4,850,761	5,138,084	3,717,435
Deferred tax liability	190,299	202,307	226,193
Provisions	11,974	12,211	909
Hedging instruments	12,048	32,614	-
<b>Total non-current liabilities</b>	<b>5,065,082</b>	<b>5,385,216</b>	<b>3,944,537</b>
<b>Current liabilities</b>			
Borrowings, debt securities and leases	430,076	393,083	359,326
Trade and other payables	167,529	220,448	151,552
Income tax payable	3,176	11,785	9,518
Employee benefit obligations	70,071	76,469	56,345
Provisions	51,220	50,694	34,660
<b>Total current liabilities</b>	<b>722,072</b>	<b>752,479</b>	<b>611,401</b>
<b>Total liabilities</b>	<b>5,787,154</b>	<b>6,137,695</b>	<b>4,555,938</b>
<b>Total equity and liabilities</b>	<b>9,943,315</b>	<b>9,928,505</b>	<b>8,060,980</b>

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

## 10.14. Goodwill

PLN '000

	Kancelaria Prawna RAVEN	Kruk Espana S.L.	ERIF BIG S.A.	Total
<b>Gross carrying amount as at 1 Jan 2023</b>	299	48,315	725	49,339
Increase	-	-	-	-
Decrease	-	-	(725)	(725)
Translation differences	-	(214)	-	(214)
<b>Gross carrying amount as at 31 Dec 2023</b>	299	48,101	-	48,400
<b>Gross carrying amount as at 1 Jan 2024</b>	299	48,101	-	48,400
Increase	-	-	-	-
Decrease	-	-	-	-
Translation differences	-	(90)	-	(90)
<b>Gross carrying amount as at 31 Mar 2024</b>	299	48,011	-	48,310
<b>Impairment losses</b>				
<b>Impairment losses as at 1 Jan 2023</b>	-	(32,313)	-	(32,313)
Increase	-	(8,003)	-	(8,003)
Decrease	-	-	-	-
<b>Impairment losses as at 31 Dec 2023</b>	-	(40,316)	-	(40,316)
<b>Impairment losses as at 1 Jan 2024</b>	-	(40,316)	-	(40,316)
Increase	-	-	-	-
Decrease	-	-	-	-
<b>Impairment losses as at 31 Mar 2024</b>	-	(40,316)	-	(40,316)
<b>Net carrying amount</b>				
As at 1 Jan 2023	299	16,002	725	17,026
As at 31 Dec 2023	299	7,785	-	8,084
As at 1 Jan 2024	299	7,785	-	8,084
As at 31 Mar 2024	299	7,695	-	7,994

As at 31 March 2024, there were no indications of goodwill impairment.

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

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023 unaudited</b>
Real property	14,514	14,893	14,929
Other inventories	191	145	212
	<b>14,705</b>	<b>15,038</b>	<b>15,141</b>

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

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Dec 2023</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
<b>Carrying amount of property held at beginning of period</b>	<b>14,893</b>	<b>16,243</b>	<b>16,243</b>
Carrying amount of property foreclosed	1,119	3,321	398
Carrying amount of property sold	(1,101)	(13)	(1,517)
Impairment losses	(481)	(4,610)	(122)
Translation differences on property	84	(48)	(73)
<b>Carrying amount of property held at end of period</b>	<b>14,514</b>	<b>14,893</b>	<b>14,929</b>

**10.16. Trade and other receivables****Trade receivables**

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>
Short-term trade receivables	20,409	24,440
	<b>20,409</b>	<b>24,440</b>

**Other receivables**

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>
Taxes receivable (other than income tax)	39,716	38,265
Receivables under collected debts	21,159	12,809
Receivables under security deposits and bid bonds	6,044	7,502
Employee loans	104	163
Other receivables	115	115
Receivables for court fees and stamp duty	779	116
	<b>67,917</b>	<b>58,970</b>



**10.17. Cash and cash equivalents**

<i>PLN '000</i>	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>
Cash in hand	155	118
Cash in current accounts	194,687	168,343
Term deposits	90,000	220,000
	<u>284,842</u>	<u>388,461</u>

**10.18. Employee benefit obligations**

<i>PLN '000</i>	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>
Salaries and wages payable	25,636	36,777
Social benefit obligations	24,487	19,879
Accrued holiday entitlements	14,351	14,136
Personal income tax	4,692	4,778
Special accounts	905	899
	<u>70,071</u>	<u>76,469</u>

**10.19. Trade and other payables**

<i>PLN '000</i>	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>
Trade payables	85,834	163,254
Other liabilities	65,398	41,488
Tax and duties payable	4,584	2,823
Accrued expenses	6,252	6,193
Deferred income	5,462	6,690
	<u>167,529</u>	<u>220,448</u>

## 10.20. Provisions

<i>PLN '000</i>	<b>31 Mar 2024</b> <b>unaudited</b>	<b>31 Dec 2023</b>
Provisions for retirement gratuity payments	16,503	15,945
Provision for the loyalty scheme	10,634	10,871
Provision for tax inspection outcome	28,554	28,554
Other provisions	7,503	7,535
	<b>63,194</b>	<b>62,905</b>

	<b>Provisions for retirement gratuity payments</b>	<b>Provision for the loyalty scheme</b>	<b>Provision for tax inspection outcome</b>	<b>Other provisions</b>
Carrying amount as at 1 Jan 2023	14,124	11,746	-	10,561
Increase / accrual	2,202	402	28,554	
Use	(381)	(1,277)	-	
Reversal of provision for possible differences relative to straight-line basis settlement				(3,026)
Carrying amount as at 31 Dec 2023	<b>15,945</b>	<b>10,871</b>	<b>28,554</b>	<b>7,535</b>
Carrying amount as at 1 Jan 2024	15,945	10,871	28,554	7,535
Increase / accrual	597	192	-	
Use	(39)	(429)	-	
Reversal of provision for possible differences relative to straight-line basis settlement				(32)
Carrying amount as at 31 Mar 2024	<b>16,503</b>	<b>10,634</b>	<b>28,554</b>	<b>7,503</b>

In connection with the ongoing inspection of corporate income tax settlements for 2018–2020 conducted by the Customs and Tax Office in Kraków, Kruk S.A. has recognised a provision totalling PLN 28,554 thousand to settle a potential tax underpayment for the years under review and subsequent years, together with interest, in its profit or loss for 2023. The procedure may result in a change of the methodology for determining transfer prices between related parties with respect to the management and collection services performed by the Parent for its related parties. For many years, the Parent has consistently applied the comparable uncontrolled price (CUP) method to determine the consideration due for its management and collection services. The Customs and Tax Office has pointed to the need to change this approach to the cost-plus method, which seeks to cover the service cost and add an appropriate mark-up. As at the date of issue of this interim report, the Parent did not receive any inspection report. The provision recognised in 2023 is an estimate made by the Management Board based on a scenario analysis.

## 11. Related-party transactions

### Remuneration of the management personnel - Management Board

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

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Base pay/ managerial contract (gross)	1,920	1,910
Additional benefits	43	42
Share-based payments	4,412	4,618
	<u>6,375</u>	<u>6,570</u>

### Remuneration of members of the Supervisory Board

Remuneration of members of the Parent's Supervisory Board:

<i>PLN '000</i>	<b>1 Jan–31 Mar 2024 unaudited</b>	<b>1 Jan–31 Mar 2023 unaudited</b>
Base pay (gross)	306	306
Additional benefits	10	4
	<u>316</u>	<u>310</u>

### Other transactions with the Company's directors

As at 31 March 2024, members of the Management Board and persons closely related to them jointly held 10.1% of the total voting rights at the Parent's General Meeting (31 December 2023: 10.2%).

## 12. Management of risk arising from financial instruments

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

- credit risk,
- liquidity risk,
- market risk.

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

### *Key risk management policies*

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed on a regular basis to reflect changes in market conditions and in the Group's activities. The Group, through appropriate training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Credit risk

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

### *Credit risk exposure*

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

	<b>31 Mar 2024</b>	<b>31 Dec 2023</b>
	<b>unaudited</b>	
Investments in debt portfolios	8,778,457	8,673,765
Loans	426,497	418,128
Hedging instruments	117,817	98,428
Trade and other receivables, excluding tax receivables	48,610	45,145
Cash and cash equivalents	284,842	388,461
	<b>9,656,223</b>	<b>9,623,927</b>

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

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>
Poland	3,989,169	3,987,968
Romania	1,479,688	1,484,091
Italy	2,278,807	2,227,282
Spain	1,701,948	1,711,748
Other foreign markets	206,611	212,838
	<u>9,656,223</u>	<u>9,623,927</u>

#### **Credit risk exposure – Investments in debt portfolios**

<i>PLN '000</i>	<b>31 Mar 2024 unaudited</b>	<b>31 Dec 2023</b>	<b>31 Mar 2023 unaudited</b>
Unsecured retail portfolios	7,736,827	7,601,776	6,138,808
Secured retail portfolios	267,740	281,025	266,773
Unsecured corporate portfolios	219,327	220,520	205,572
Secured corporate portfolios	554,563	570,444	488,887
	<u>8,778,457</u>	<u>8,673,765</u>	<u>7,100,040</u>

#### **Liquidity risk**

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

Liquidity risk management aims to ensure that the Group has sufficient liquidity to pay its liabilities as they fall due, without exposing the Group to a risk of loss or impairment of its reputation.

The key objectives of liquidity management include:

- 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.

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

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

In accordance with the liquidity management policy adopted by the Group, the following conditions must be met by a Group entity before new debt can be incurred:

- the debt can be repaid from the Group's own assets;
- the debt is incurred taking into account the possibility of transferring the funds between companies, and the time and cost of such transfer;
- incurring the debt will not result in exceeding the financial covenants stipulated in facility agreements and terms and conditions of bonds.

**Exposure to liquidity risk**

As at 31 Mar 2024

PLN '000

	Carrying amount	Undiscounted contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Investments in debt portfolios	8,778,457	18,652,829	1,370,807	1,370,681	2,530,647	5,777,747	7,602,947
Loans	426,497	706,145	236,501	162,281	170,413	72,561	64,389
Trade and other receivables, excluding tax receivables	48,610	48,610	48,610	-	-	-	-
Cash and cash equivalents	284,842	284,842	284,842	-	-	-	-
Secured borrowings	(2,279,890)	(2,907,396)	(97,201)	(102,425)	(261,549)	(2,446,221)	-
Unsecured bonds in issue	(2,938,872)	(4,121,473)	(164,234)	(305,862)	(470,243)	(2,695,759)	(485,375)
Lease liabilities	(62,075)	(66,547)	(16,251)	(13,679)	(16,900)	(17,583)	(2,134)
Trade and other payables	(151,232)	(151,232)	(151,232)	-	-	-	-
	<b>4,106,337</b>	<b>12,445,778</b>	<b>1,511,842</b>	<b>1,110,996</b>	<b>1,952,368</b>	<b>690,745</b>	<b>7,179,827</b>

\* Cash flows based on estimates.

As at 31  
December 2023  
PLN '000

	Carrying amount	Undiscounted					Over 5 years
		contractual/estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	
<b>Non-derivative financial assets and liabilities</b>							
Investments in debt portfolios	8,673,765	18,397,175	1,380,421	1,306,615	2,526,899	5,683,065	7,500,175
Loans	418,128	665,411	221,218	161,854	167,354	64,425	50,560
Trade and other receivables, excluding tax receivables	45,145	45,145	45,145	-	-	-	-
Cash and cash equivalents	388,461	388,461	388,461	-	-	-	-
Secured borrowings	(2,610,158)	(3,058,255)	(2,052,098)	(121,700)	(218,025)	(666,432)	-
Unsecured bonds in issue	(2,851,202)	(4,012,618)	(159,822)	(160,134)	(445,792)	(2,626,389)	(620,481)
Lease liabilities	(69,807)	(74,608)	(16,857)	(15,549)	(20,107)	(19,309)	(2,786)
Trade and other payables	(204,742)	(204,742)	(204,742)	-	-	-	-
	<u>3,789,590</u>	<u>12,145,969</u>	<u>(398,274)</u>	<u>1,171,086</u>	<u>2,010,329</u>	<u>2,435,360</u>	<u>6,927,468</u>

\* Cash flows based on estimates.

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

Contractual cash flows were determined based on interest rates effective as at 31 March 2024 and 31 December 2023, respectively.

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

As at 31 March 2024, the undrawn revolving credit facility limit available to the Group was PLN 1,140,360 thousand (31 December 2023: PLN 768,121 thousand). The limit is available until 1 March 2029.

## Market risk

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

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

As at 31 March 2024, financial assets denominated in foreign currencies accounted for 57% of total assets, while liabilities denominated in foreign currencies represented 29% of total equity and liabilities (31 December 2023: 57% and 31%, respectively).



**Exposure to currency risk and sensitivity analysis**

The Group's exposure to currency risk attributable to financial instruments denominated in foreign currencies, calculated based on the exchange rates effective as at the end of the reporting period:

PLN '000	31 Mar 2024					31 Mar 2024				
	Exposure to currency risk					Analysis of sensitivity of currency risk exposure to +10% increase in exchange rates				
	PLN	EUR	RON	CZK	Total	PLN	EUR	RON	CZK	Total
Trade and other receivables	-	3,605	12,320	-	15,925	-	361	1,232	-	1,593
Investments	-	208	1,406,325	10,134	1,416,667	-	21	140,633	1,013	141,667
Cash	1,405	9,781	14,175	63	25,424	141	978	1,418	6	2,543
Borrowings, debt securities and leases	-	(1,000,151)	-	-	(1,000,151)	-	(100,015)	-	-	(100,015)
Trade and other payables	(895)	(6,645)	(954)	-	(8,494)	(90)	(665)	(95)	-	(850)
<b>Currency risk exposure – effect on profit or loss</b>	<b>510</b>	<b>(993,202)</b>	<b>1,431,866</b>	<b>10,197</b>	<b>449,371</b>	<b>51</b>	<b>(99,320)</b>	<b>143,188</b>	<b>1,019</b>	<b>44,938</b>
Trade and other receivables	-	15,540	31,107	678	47,325	-	1,554	3,111	68	4,733
Investments	-	3,911,963	53,186	121,392	4,086,541	-	391,196	5,319	12,139	408,654
Cash	-	98,444	19,393	5,907	123,744	-	9,844	1,939	591	12,374
Borrowings, debt securities and leases	-	(1,757,578)	(14,044)	(1,348)	(1,772,970)	-	(175,758)	(1,404)	(135)	(177,297)
Trade and other payables	-	(44,582)	(13,298)	(1,631)	(59,511)	-	(4,458)	(1,330)	(163)	(5,951)
<b>Currency risk exposure – effect on other comprehensive income</b>	<b>-</b>	<b>2,223,787</b>	<b>76,344</b>	<b>124,998</b>	<b>2,425,129</b>	<b>-</b>	<b>222,378</b>	<b>7,635</b>	<b>12,500</b>	<b>242,513</b>
<b>Exposure to currency risk</b>	<b>510</b>	<b>1,230,585</b>	<b>1,508,210</b>	<b>135,195</b>	<b>2,874,500</b>	<b>51</b>	<b>123,059</b>	<b>150,821</b>	<b>13,520</b>	<b>287,451</b>
Hedge effect		(1,832,500)			(1,832,500)		(183,250)			(183,250)
Currency risk exposure after hedging	510	(601,915)	1,508,210	135,195	1,042,000	51	(60,191)	150,821	13,520	104,201

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

PLN	Average exchange rates*		End of period (spot rates)	
	1 Jan–31 Mar 2024 unaudited	1 Jan–31 Mar 2023 unaudited	31 Mar 2024 unaudited	31 Dec 2023
EUR 1	4.3278	4.7005	4.3009	4.3480
USD 1	3.9794	4.3630	3.9886	3.9350
RON 1	0.8704	0.9532	0.8655	0.8742
CZK 1	0.1729	0.1987	0.1700	0.1759

\*Average exchange rates were calculated as the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; from 1 January 2024, the calculation also takes into account the exchange rate from the day ending the previous financial year.

### Exposure to interest rate risk

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

PLN '000	Carrying amount	
	31 Mar 2024 unaudited	31 Dec 2023
<b>Fixed-rate financial instruments</b>		
Financial assets	9,210,802	9,199,664
Financial liabilities	(330,640)	(383,995)
Fixed-rate financial instruments before hedging	8,880,162	8,815,669
Hedge effect (nominal amount)	(3,754,418)	(3,716,158)
Fixed-rate financial instruments after hedging	5,125,744	5,099,511
<b>Variable-rate financial instruments</b>		
Financial assets	445,421	424,263
Financial liabilities	(5,113,477)	(5,384,528)
Variable-rate financial instruments before hedging	(4,668,056)	(4,960,265)
Hedge effect (nominal amount)	3,754,418	3,716,158
Variable-rate financial instruments after hedging	(913,638)	(1,244,107)

### 13. Fair value

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

PLN '000	31 Mar 2024 unaudited		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets and liabilities measured at fair value</b>				
Hedging instruments (IRS)	(2,427)	(2,427)	(23,442)	(23,442)
Hedging instruments (CIRS)	108,196	108,196	89,256	89,256
Loans	4,683	4,683	5,618	5,618
	<u>110,452</u>	<u>110,452</u>	<u>71,432</u>	<u>71,432</u>
<b>Financial assets and liabilities other than measured at fair value</b>				
Investments in debt portfolios	8,778,457	8,830,613	8,673,765	8,827,759
Loans	421,814	429,286	412,510	418,318
Trade and other receivables, excluding tax receivables	48,610	48,610	45,145	45,145
Trade and other payables	(151,232)	(151,232)	(204,742)	(204,742)
Secured borrowings	(2,279,890)	(2,293,548)	(2,610,158)	(2,622,718)
Liabilities under debt securities (unsecured)	<u>(2,938,872)</u>	<u>(3,044,672)</u>	<u>(2,851,202)</u>	<u>(2,869,113)</u>
	<u>3,878,887</u>	<u>3,819,057</u>	<u>3,465,318</u>	<u>3,594,649</u>

#### Interest rates used for fair value estimation

	31 Mar 2024 unaudited	31 Dec 2023
Investments in debt portfolios*	2.90%–68.32%	2.55%–65.08%
Loans	18.37–46.53%	17.67%–45.83%
Secured borrowings	6.06%–8.78%	6.05–8.75%

\* Applicable to 97% of the debt portfolio value

## Hierarchy of financial instruments

### Hierarchy of financial instruments measured at fair value

The table below presents financial instruments recognised in the statement of financial position at fair value according to the valuation method applied. Depending on the level of valuation, the following inputs were used in the valuation models.

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

### Hierarchy of financial instruments – Level 1

PLN '000	Level 1	
	Carrying amount	Fair value
<b>As at 31 December 2023</b>		
Liabilities under debt securities (unsecured)	(2,851,202)	(2,869,113)
<b>As at 31 March 2024</b>		
Liabilities under debt securities (unsecured)	(2,938,872)	(3,044,672)

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

### Hierarchy of financial instruments – Level 2

PLN '000	Level 2	
	Carrying amount	Fair value
<b>As at 31 December 2023</b>		
Hedging instruments (IRS)	(23,442)	(23,442)
Hedging instruments (CIRS)	89,256	89,256
<b>As at 31 March 2024</b>		
Hedging instruments (IRS)	(2,427)	(2,427)
Hedging instruments (CIRS)	108,196	108,196

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

*Hierarchy of financial instruments – Level 3*

PLN '000

	Level 3	
	Carrying amount	Fair value
<b>As at 31 December 2023</b>		
Investments in debt portfolios	8,673,765	8,827,759
Loans	418,128	423,936
Trade and other receivables, excluding tax receivables	45,145	45,145
Secured borrowings	(2,610,158)	(2,622,718)
Trade and other payables	(204,742)	(204,742)
<b>As at 31 March 2024</b>		
Investments in debt portfolios	8,778,457	8,830,613
Loans	426,497	433,969
Trade and other receivables, excluding tax receivables	48,610	48,610
Secured borrowings	(2,279,890)	(2,293,548)
Trade and other payables	(151,232)	(151,232)

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

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

The fair value of loans was determined based on the projection of expected cash flows.

The fair value of financial liabilities under borrowings is determined on the basis of future cash flows from the executed transactions.

The Group uses Level 3 inputs to determine the fair value of trade and other receivables, excluding receivables on account of taxes as well as trade and other payables. Due to their short-term nature, their carrying amount is deemed to be equal to their fair value.

## 14. Factors and events with material bearing on the Group's financial results

### Q1 2024 results

The Group's net profit as at 31 March 2024 came in at PLN 338,194 thousand, representing an increase from net profit earned in the corresponding period of 2023, which amounted to PLN 234,575 thousand (PLN +103,619 thousand, or +44% year on year). Cash EBITDA for the first nine months of 2023 was PLN 603,644 thousand, having improved 14% year on year.

### Revenue

In the three months ended 31 March 2024, the KRUK Group generated PLN 748,137 thousand in revenue, up by 22% (PLN +133,379 thousand) year on year. Revenue from purchased debt portfolios amounted to PLN 684,653 thousand, up by 27% (PLN +146,999 thousand) year on year. The largest increase by far was recorded in the Polish market (PLN +66,564 thousand, or +31%), with significant increases achieved also in Spain (PLN +48,878 thousand, or +82%) and Italy (PLN +26,146 thousand, or +24%).

In the three months to 31 March 2024, the Group booked PLN 143,975 thousand in total revaluation of projected recoveries, compared with PLN 86,868 thousand a year earlier.

### Costs of operations

In the three months to 31 March 2024, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 314,161 thousand, having increased by PLN 42,915 thousand (22%) on the corresponding period of the previous year. The increase was driven mainly by a rise in services and court and bailiff fees.

### Finance costs

In the three months to 31 March 2024, net finance costs amounted to PLN 92,519 thousand, having gone up by PLN 31,661 thousand year on year on account of a PLN 1,204,076 thousand increase in debt.

### Investment in new debt portfolios

Total expenditure on debt portfolios in the three months ended 31 March 2024 was PLN 335,198 thousand, down by 36% from PLN 524,406 thousand in the corresponding period of the previous year.

### Recoveries and revaluation of portfolios

Amounts recovered in the three months ended 31 March 2024 from portfolios purchased by the KRUK Group reached PLN 854,321 thousand, up by 18% year on year, with over half of this amount collected in the foreign markets. The year-on-year increase of PLN 129,868 thousand in the three months ended 31 March 2024 was attributable mainly to PLN 56,588 thousand growth in recoveries on the Spanish market (up by 81% year on year), PLN 54,431 thousand growth in recoveries on the Italian market (up by 38% year on year), and PLN 25,951 thousand growth in recoveries on the Polish market (up by 8% year on year).

### Impact of inflation on the business of the Group

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

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

### Russia's invasion of 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 Group expects the implications of the conflict for its operations will be indirect and limited.

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

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

In the period from 1 January to 31 March 2024, the following series of bonds were redeemed in accordance with their respective terms and conditions:

- Series AL2 bonds, with a nominal value of PLN 52,500 thousand, on 2 February 2024 (first tranche);
- Series AG2 bonds, with a nominal value of PLN 25,000 thousand, on 6 February 2024.

From 1 January to 31 March 2024, the Group issued new bonds:

- On 1 February 2024, unsecured AO5EUR bonds with a nominal value of EUR 10,000 thousand were issued. The bonds bear interest at a floating rate based on 3M EURIBOR plus a margin of 4.00pp and mature on 1 February 2029.
- On 12 February 2024, unsecured AO6EUR bonds with a nominal value of EUR 14,000 thousand were issued. The bonds bear interest at a floating rate based on 3M EURIBOR plus a margin of 4.00pp and mature on 1 February 2029.
- On 23 February 2024, unsecured Series AO7 bonds with a nominal value of PLN 70,000 thousand were issued. The bonds bear interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp and mature on 23 February 2029.

On 25 March 2024, Series AO3 and Series AO4 bonds with a total nominal value of EUR 10,000 thousand were assimilated.

After the reporting period, on 19 April 2024, the Management Board of KRUK S.A. passed a resolution to establish the 11th Bond Issue Programme with a total nominal value of up to PLN 900,000 thousand, allowing the Parent to issue public bonds. In connection with the Programme, the Company will prepare a base prospectus, which, along with an application for its approval, will be submitted to the Polish Financial Supervision Authority.

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

On 27 March 2024, the Management Board of KRUK S.A. passed a resolution recommending that the Parent's Annual General Meeting approve dividend payment to the Parent's shareholders of PLN 18.00 per share. The dividend would be distributed from the Parent's net profit earned in 2023. The remaining balance of the Parent's net profit for 2023 is recommended to be transferred to statutory reserve funds. The dividend recommendation is consistent with the Dividend Policy adopted by the Management Board on 2 December 2021. The recommendation was endorsed by the Parent's Supervisory Board on 27 March 2024.

The recommendation took into account the current financial condition of the KRUK Group, further implementation of the strategy, as well as the Group's plans and growth prospects.

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

##### KRUK Group's assets pledged as security

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

Security created over the Group's assets as at 31 March 2024 is presented below.

Type	Beneficiary	Amount	Expiry date	Terms and conditions
<b>Guarantees provided/promissory notes issued</b>				
Surety for PROKURA NFW FIZ's liabilities under the revolving credit facility of 2 July 2015, as amended, between PROKURA NFW FIZ, KRUK S.A. and mBank S.A.	mBank S.A.	PLN 210,000 thousand	No later than 3 July 2030	Prokura NFW FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement
Blank promissory note	Santander Bank Polska S.A.	PLN 162,398 thousand	Until the derivative transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of 13 June 2013, as amended



Type	Beneficiary	Amount	Expiry date	Terms and conditions
Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.	Santander Bank Polska S.A.	up to PLN 54,900 thousand*	No later than 31 July 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Annex 3 of 21 June 2018 to the master agreement on the procedure for execution and settlement of treasury transactions
Surety for liabilities of InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S. L. U. and PROKURA NFW FIZ under the revolving multi-currency credit facility agreement of 3 July 2017, as amended, between KRUK S.A., InvestCapital Ltd, Kruk Romania S.R.L., Kruk Espana S.L.U. and PROKURA NFW FIZ (the Borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A., and PEKAO S.A.	DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A. PEKAO S.A.	EUR 862,500 thousand	Until all obligations under the multi-currency revolving credit facility agreement are satisfied	Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement
Blank promissory note	mBank S.A.	PLN 7,500 thousand	Until the transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to pay its liabilities under financial market transactions executed under the master agreement of 7 February 2019
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 21 September 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 22,320 thousand	No later than 20 September 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 14 December 2021 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 47,190 thousand	No later than 13 December 2029	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement

Type	Beneficiary	Amount	Expiry date	Terms and conditions
Surety for PROKURA NFW FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of 1 February 2022 between PROKURA NFW FIZ, KRUK S.A. and Pekao S.A.	Pekao S.A.	PLN 120,000 thousand	No later than 31 January 2031	Prokura NFW FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement
Surety for PROKURA NFW FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 22 August 2022 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 55,440 thousand	No later than 21 August 2030	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for InvestCapital Ltd's obligations to BANKINTER S.A. of Madrid, under the direct debit collection management contract between BANKINTER S.A. and InvestCapital Ltd. dated 7 July 2022.	BANKINTER S.A.	EUR 1,600 thousand	Until all obligations under the direct debit collection management contract of 7 July 2022 are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of 7 July 2022.
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of 8 February 2024 between PROKURA NFW FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 58,950 thousand	No later than 7 February 2032	PROKURA NFW FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
<b>Guarantees obtained</b>				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	DEVCO Sp. z o.o.	EUR 325 thousand and PLN 245 thousand	No later than 30 December 2024	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee

\*as at 31 March 2024, InvestCapital Ltd had no liabilities subject to a surety.

### Credit sureties or guarantees, security pledges

In connection with the revolving multi-currency credit facility agreement of 3 July 2017, as amended, concluded between InvestCapital LTD, KRUK Romania S.R.L., Prokura NFW FIZ, KRUK Espana S.L.U. (Borrowers), KRUK S.A. (Surety Provider), DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A., and Bank Polska Kasa Opieki S.A. (Lenders), in order to secure liabilities arising under the agreement:

- on 16 January 2024, InvestCapital LTD and the Lenders signed an agreement under Spanish law creating a pledge over debt portfolios purchased by InvestCapital LTD in Spain,
- on 19 January 2024, InvestCapital Ltd and DNB Bank ASA, acting as the security agent, signed an agreement to amend the agreement creating a pledge under Italian law over bonds issued by Kruk Investimenti S.r.l. The amendment agreement confirms extension of the pledge to apply to the increased nominal amount of the bonds,
- on 2 February 2024, InvestCapital LTD and DNB Bank ASA, acting as the security agent, signed an agreement under Romanian to create a pledge over debt portfolios purchased by InvestCapital LTD on the Romanian market.

As at 31 March 2024, the value of the security created in favour of the Lenders was PLN 5,541,174 thousand.

On 19 December 2023, an agreement amending the revolving credit facility agreement of 2 July 2015, as amended, was executed between Prokura NFW FIZ, KRUK S.A. and mBank S.A. of Warsaw. The facility limit was increased up to PLN 140,000 thousand and the availability period of the facility was extended until 18 December 2028.

Accordingly:

- on 10 January 2024, an agreement amending the financial pledge agreement of 2 July 2015 was executed between Prokura NFW FIZ and mBank S.A. under which the security period was extended until 18 December 2031,
- on 10 January 2024, an agreement amending the surety agreement of 2 July 2015 was executed between mBank S.A. and KRUK S.A. under which the surety amount was increased to PLN 210,000 thousand and the surety expiry date was extended until 18 December 2031,
- on 11 January 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210,000 thousand, which will expire on or before 19 December 2031,
- on 12 January 2024, Prokura NFW FIZ provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 210,000 thousand, which will expire on or before 19 December 2031,
- on 12 January 2024, an agreement amending the agreement on registered pledge over a set of rights of 20 March 2023 was executed between Prokura NFW FIZ and mBank S.A. under which the maximum secured amount was increased to PLN 210,000 thousand,
- additionally, on 11 January 2024, Prokura NFW FIZ entered into an agreement with mBank S.A. to create a registered pledge over a pool of rights (debt portfolios held by Prokura NFW FIZ) in order to secure the payment of liabilities under the agreement. The pledge was created up to the maximum amount of PLN 210,000 thousand.

As at 31 March 2024, the value of all portfolios pledged in favour of mBank S.A. was PLN 243,449 thousand.

On 28 December 2023, a revolving credit facility agreement was executed between KRUK S.A. and Alior Bank S.A. The facility of up to PLN 100,000 thousand was granted until 31 December 2028. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement:

- on 11 January 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before 31 December 2031,
- on 14 February 2024, an agreement was executed between KRUK S.A. and Alior Bank S.A. to create a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 150,000 thousand.

On 8 February 2024, a non-revolving working capital facility agreement was executed between Prokura NFW FIZ, KRUK S.A. and PKO BP S.A. of Warsaw. The facility of up to PLN 39,300 thousand was granted until 7 February 2029. In order to secure the repayment of Prokura NFW FIZ's liabilities under the agreement:

- on 8 February 2024, an agreement amending the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between Prokura NFW FIZ and PKO BP S.A.,
- on 8 February 2024, an agreement amending the agreement creating a financial pledge over a bank account of 5 October 2021 was executed between KRUK S.A. and PKO BP S.A.,
- on 8 February 2024, a surety agreement was executed between KRUK S.A. and PKO BP S.A. under which KRUK S.A. provided a surety for the borrower's liabilities of up to PLN 58,950 thousand,
- on 14 February 2024, Prokura NFW FIZ and KRUK S.A. provided declarations on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 58,950 thousand, which will expire on or before 7 February 2032.

As at 31 March 2024, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 132,638 thousand.

On 28 February 2024, a revolving working capital facility agreement was executed between KRUK S.A. and VeloBank S.A. of Warsaw. The facility of up to PLN 118,000 thousand was granted until 28 February 2029. In order to secure the repayment of KRUK S.A.'s liabilities under the agreement, on 7 March 2024:

- KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 177,000 thousand, which will expire on or before 1 March 2031,
- an agreement was executed between KRUK S.A. and VeloBank S.A. creating a financial and registered pledge over investment certificates. The registered pledge was created up to the maximum amount of PLN 177,000 thousand.

On 28 February 2024, an agreement amending the non-revolving working capital facility agreement of 22 December 2021 was executed between KRUK S.A. and VeloBank S.A. of Warsaw, extending the availability period of the facility until 31 December 2028. In order to secure the repayment of liabilities arising under the agreement, on 7 March 2024, KRUK S.A. provided a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 150,000 thousand, which will expire on or before 31 December 2030.

After the reporting date, on 26 April 2024, all amounts due under the credit facility agreement executed between KRUK S.A. and VeloBank S.A. (formerly Getin Noble Bank S.A.) on 31 March 2024 were fully prepaid. Under the agreement, the final repayment date was 1 May 2024.

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

After the end of the reporting period 1 January–31 March 2024, there were no events with a potential material bearing on the Group's future performance.

**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*

**Monika Grudzień-Wiśniewska**  
*Person keeping*  
*the accounting records*

**Hanna Stempień**  
*Prepared by*

Wrocław, 7 May 2024