



25 years
OF EUROPEAN
KNOWLEDGE
& EXPERIENCE

QUARTERLY REPORT – PART III









Additional information on the operations
of the KRUK Group

Unaudited data
for the period 1 January – 31 December 2023

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KEY ACHIEVEMENTS IN 2023

| | | | |
|---|---|--|--|
|  <p>New portfolio purchases PLN 2,972m +29%</p> |  <p>Recoveries PLN 3,062m +17%</p> |  <p>Cash EBITDA PLN 2,104m +16%</p> |  <p>Net profit PLN 1,013m +26%</p> |
|  <p>ROE 27% (25%)</p> |  <p>Net profit margin 39% (38%)</p> |  <p>Net debt/ cash EBITDA 2.4 (2.1)</p> |  <p>Net debt/ equity 1.3 (1.2)</p> |

| | 31 Dec 2023 (PLNm) | 31 Dec 2022 (PLNm) | change | 31 Dec 2023 (EURm) | 31 Dec 2022 (EURm) |
|--|-----------------------|-----------------------|--------|-----------------------|-----------------------|
| Expenditure on debt portfolios | 2,972 | 2,311 | 29% | -656 | -493 |
| Gross recoveries | 3,062 | 2,627 | 17% | 676 | 560 |
| Carrying amount of purchased portfolios | 8,674 | 6,768 | 28% | 1,995 | 1443 |
| Estimated remaining collections (ERC) | 18,397 | 13,765 | 34% | 4,231 | 2,935 |
| Total revenue ¹ | 2,593 | 2,146 | 21% | 573 | 458 |
| Revenue from purchased portfolios | 2,344 | 1,913 | 23% | 518 | 408 |
| EBIT | 1,327 | 1,043 | 27% | 293 | 222 |
| EBITDA ² | 1,385 | 1,094 | 27% | 306 | 233 |
| Cash EBITDA ³ | 2,104 | 1,809 | 16% | 465 | 386 |
| Net profit | 1,013 | 805 | 26% | 224 | 172 |
| Basic EPS (PLN EUR) | 52.41 | 42.07 | 25% | 11.57 | 8.97 |
| Diluted EPS (PLN EUR) | 49.77 | 40.71 | 22% | 10.99 | 8.68 |
| ROE ⁴ | 27% | 25% | - | - | - |
| Net profit margin ⁵ | 39% | 38% | | | |
| Interest-bearing net debt to equity ratio | 1.3 | 1.2 | - | - | - |
| Interest-bearing net debt to cash EBITDA ratio | 2.4 | 2.1 | - | - | - |
| Cash EBITDA to interest on debt | 7.0 | 9.8 | - | - | - |

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

² EBITDA = EBIT + depreciation and amortisation.

³ Cash EBITDA = EBITDA – revenue from purchased portfolios + purchased portfolio collections.

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

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



PLN 9.2bn

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



International expansion

74% of investments and 56% of recoveries in markets outside Poland



Technology development

digital transformation at KRUK Group including through Discovery



Record high cash EBITDA

PLN 2.1bn in 2023



Credit rating

Ba1 from Moody's BB- from S&P top ratings among listed debt collection companies worldwide



27%

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



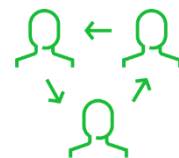
KRUK S.A.

celebrated its 25th anniversary in 2023



Employee turnover 11.1%

in 2023
– one of the lowest turnover rates in the financial sector



at KRUK Group
women hold 58%
of senior managerial positions

⁶* Source: stooq.pl as at 31 December 2023

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

1.1. KRUK'S PERFORMANCE FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

Net profit and return on equity (ROE)

In 2023, the KRUK Group's net profit came in at PLN 1,013m, a PLN 208m increase on net profit earned in 2022, which amounted to PLN 805m (up by 26% year on year). It was the Group's highest ever net profit, exceeding the PLN 1bn mark for the first time in its history. This increase was largely driven by a PLN 447m rise in revenue (up by 21% year on year). Additionally a positive impact on the net profit had the negative value of deferred tax amounted to PLN -48m.

Cash EBITDA in 2023 came in at PLN 2,104m, having improved by 16% on the year before, primarily on higher recoveries (up by PLN 435m, or 17%, year on year).

Net profit earned in the three months ended 31 December 2023 was PLN 255m, up by PLN 128m (or 100%) year on year. Cash EBITDA for the three-month period came in at PLN 484m, up by PLN 38m (or 9%) year on year.

As at 31 December 2023, return on equity for the twelve months ended on that date was 27%, compared with 25% the year before.

The KRUK Group advises that an inspection of corporate income tax settlements for 2018–2020 is ongoing at KRUK S.A. The inspecting authority is the Customs and Tax Office in Kraków. In 2023, the Group has not recognised any provision for tax surcharge, as it is impossible to estimate the probable amount of tax surcharge, if any, at the current stage of the inspection.

Revenue

In 2023, the KRUK Group generated PLN 2,593m in revenue, up by 21% (PLN 447m) compared with the year before. Revenue from purchased debt portfolios amounted to PLN 2,344m, up by 23% (PLN +431m) year on year. The largest year-on-year increase by far was recorded in revenue from purchased debt portfolios on the Polish market (PLN +172m, or +20%), with significant increases achieved also in Spain (PLN +170m, or +142%), Italy (PLN +49m, or +14%) and Romania (PLN +47m, or +9%).

In the three months to 31 December 2023, the Group's total revenue reached PLN 670m, having increased by PLN 135m, or +25%, from PLN 535m in the fourth quarter of 2022. Revenue from purchased debt portfolios in the three months ended 31 December 2023 amounted to PLN 607m, up by 28% (PLN +133m) year on year. The largest year-on-year increase by far in the three months to 31 December 2023 was recorded in revenue from purchased debt portfolios on the Polish market (PLN +83m, or +46%), with significant increases achieved also in Romania (PLN +23m, or +18%) and Spain (PLN +22m, or +40%).

For the full year 2023, revaluation of projected recoveries booked by the Group totalled PLN 439m, compared with PLN 384m in the previous year. The deviation between the Group's actual and projected recoveries, including revenue decreases on early collections in collateralised cases and payments from the original creditor, was positive and amounted to PLN 427m, compared with PLN 353m a year earlier (up by 21%).

In the three months ended 31 December 2023, the Group booked a PLN 120m revaluation of projected recoveries, up by PLN 41m on the same period the year before. 70% of the total revaluation of projected recoveries in the three months to 31 December 2023 from unsecured retail portfolios purchased until June 2023 was attributable to a revision of projected recoveries for the next 40 months. The deviation between the Group's actual and projected recoveries, including revenue decreases on early collections in collateralised cases and payments from the original creditor, was positive and amounted to PLN 83m, compared with PLN 84m a year earlier (down by 1%).

In addition, the increase in the Group's revenue for 2023 reflected an increase in Wonga's revenue (PLN +11m, or +8%, year on year), while an amount of PLN 15m represented proceeds from the disposal on 24 January 2023 of two Group companies: ERIF BIG S.A. and EBS Sp. z o.o.

Costs of operations

In 2023, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 1,207m, having increased by PLN 155m (15%) on the previous year. The increase was driven mainly by a rise in employee costs and salaries (up by PLN 54m, or 11%, year on year), as well as court and bailiff fees (up by PLN 64m, or 22%, year on year).

Costs of operations incurred by the KRUK Group in the three months to 31 December 2023 (excluding depreciation and amortisation) amounted to PLN 356m, having risen by PLN 40m (+13%) year on year. Their increase reflected mainly higher salaries and employee costs (up by PLN 15m, or +11%), as well as higher costs of operating processes (up by PLN 6m, or +18%).

Finance costs

In 2023, net finance costs were PLN 290m, having grown by PLN 111m relative to 2022, driven by higher debt (up by PLN 1,589m⁷), as well as elevated 1M/3M WIBOR rates (the average of quotations for the last day of each month in the period January–December 2022 was 5.79%/6.21%, compared with 6.52%/6.50% in the comparative period of 2023) and 1M/3M EURIBOR rates (up from 0.24%/0.47% to 3.32%/3.49%, respectively). The effect of interest rate increases on the Group's finance costs was partly offset by the effect of interest rate hedges, which amounted to PLN +21m and PLN +75m in the three and twelve months to 31 December 2023, respectively. IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,896m) represented 71% of the Group's total debt as at 31 December 2023. WIBOR-sensitive debt accounted for 9% (PLN 508m) and EURIBOR-sensitive debt – for 20% (PLN 1,068m) of the Group's total debt as at 31 December 2023.

In the three months to 31 December 2023, net finance costs amounted to PLN 94m, up by PLN 42m year on year. The increase was attributable to a higher debt amount (up by PLN 1,589m¹), combined with the elevated 1M/3M EURIBOR rates (the average of quotations for the last day of each month in the three-month period to 31 December 2022 was 1.55%/1.94%, compared with 3.86%/3.95% in the comparative period of 2023).

Purchased debt portfolios

Recoveries from purchased portfolios

Amounts recovered in 2023 from portfolios purchased by the KRUK Group came to PLN 3,062m, up by 17% year on year. These were the Group's highest ever recoveries for a full year. 56% of that amount was collected in foreign markets. The year-on-year increase of PLN 435m achieved in 2023 was mainly attributable to PLN 144m growth in recoveries on the Spanish market (+58% year on year), PLN 119m growth in recoveries on the Polish market (+10% year on year), PLN 112m growth in recoveries on the Italian market (+24% year on year), and PLN 42m growth in recoveries on the Romanian market (+7% year on year).

Amounts recovered in the three months to 31 December 2023 from portfolios purchased by the KRUK Group reached PLN 777m, marking an 11% increase year on year. 59% of that amount was collected in foreign markets. The year-on-year increase of PLN 77m in the three months to 31 December 2023 was mainly attributable to PLN 49m growth in recoveries on the Spanish market (+60% year on year) and PLN 20m growth in recoveries on the Polish market (+7% year on year).

⁷ Debt reported at nominal amounts.

Table 1. Recoveries from purchased portfolios in 2023, by market

| | 2023 recoveries (PLNm) | Share of total recov- eries | 2022 recoveries (PLNm) | Share of total recov- eries | Change y/y |
|---------------|---------------------------|--------------------------------|---------------------------|--------------------------------|------------|
| Poland | 1,351 | 44% | 1,232 | 47% | 10% |
| Romania | 635 | 21% | 593 | 23% | 7% |
| Italy | 569 | 19% | 457 | 17% | 24% |
| Spain | 390 | 13% | 246 | 9% | 58% |
| Other markets | 117 | 4% | 99 | 4% | 19% |
| KRUK Group | 3,062 | 100% | 2,627 | 100% | 17% |

The actual recoveries exceeded the budgeted figures both cumulatively for the full year and in each quarter (the positive deviation⁸ in the three months to 31 December 2023 was PLN 83m, or 12%).

Table 2. Actual vs projected recoveries from purchased debt portfolios

| (PLNm) | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Actual recoveries | 623 | 657 | 648 | 700 | 724 | 776 | 785 | 777 |
| B. Deviation between actual and pro- jected recoveries and related items ² | 79 | 109 | 82 | 84 | 111 | 143 | 91 | 83 |
| C. Percentage deviation (B/(A-B)) ² | 15% | 20% | 14% | 14% | 18% | 23% | 13% | 12% |

The tables below present, respectively, the amounts of 2022 and 2023 recoveries from purchased debt portfolios and shares of purchased debt portfolios in the 2022 and 2023 total recoveries broken down by the portfolio acquisition period.

Table 3. Amounts of 2022 and 2023 recoveries from purchased debt portfolios

| Data in PLNm | Acquisition period | | | | | | | | | | |
|-----------------|--------------------|-----------|------|------|------|------|------|------|------|------|-------|
| | 2004-2010 | 2011-2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
| 2022 recoveries | 128 | 485 | 350 | 219 | 318 | 227 | 173 | 499 | 227 | n/a | 2,627 |
| 2023 recoveries | 125 | 448 | 300 | 217 | 285 | 202 | 137 | 449 | 536 | 363 | 3,062 |

Table 4. Shares of purchased debt portfolios in the 2022 and 2023 total recoveries by portfolio acquisition period

| Data in PLNm | Acquisition period | | | | | | | | | | |
|-----------------|--------------------|-----------|------|------|------|------|------|------|------|------|-------|
| | 2004-2010 | 2011-2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
| 2022 recoveries | 5% | 18% | 13% | 8% | 12% | 9% | 7% | 19% | 9% | n/a | 5% |
| 2023 recoveries | 4% | 15% | 10% | 7% | 9% | 7% | 4% | 15% | 17% | 12% | 4% |

⁸ The item 'deviation between actual and projected recoveries' includes the deviation of actual recoveries from budgeted figures, decreases on early collections in collateralised cases, and payments from the original creditor. The percentage deviation is determined as the ratio of 'deviation between actual and projected recoveries' to the difference between 'actual recoveries' and 'deviation between actual and projected recoveries'.

The portfolios purchased over the last six years accounted for the largest (more than 60%) share in the KRUK Group's total recoveries in 2023 and in 2022, with the portfolios purchased in 2011–2015 accounting for 15% of total recoveries in 2023. At the same time, the Group continued to recover debts from portfolios that had already been under its management for more than 10 years (portfolios purchased by 2010). At PLN 125m, recoveries from those portfolios in 2023 were down by PLN 3m year on year. The contribution of the portfolios purchased in 2023 to total recoveries was 12%, in keeping with the figures recorded in prior years. The share of debt portfolios purchased in a financial year in total recoveries posted for that year is largely determined by the purchase date (the earlier in a year an asset is purchased, the longer it will contribute to recoveries in that year).

New debt portfolio purchases

Total expenditure on debt portfolios in the full year 2023 was PLN 2,972m, up by 29% on 2022, when the KRUK Group invested PLN 2,311m. In 2023, the Group invested primarily in unsecured retail debt, which represented as much as 90% of new debt purchases. Some of the purchases were made under forward-flow agreements entered into in previous years, ensuring a continuous inflow of new debt cases for the Group in the coming quarters. The Group purchased debt portfolios in each of its operating markets, with 74% of these investments made outside Poland. Markets accounting for the largest shares of total purchases in 2023 were Italy (33%), Spain (27%) and Poland (26%). The aggregate nominal value of purchased debt portfolios was PLN 14,524m, 6% more than in 2022.

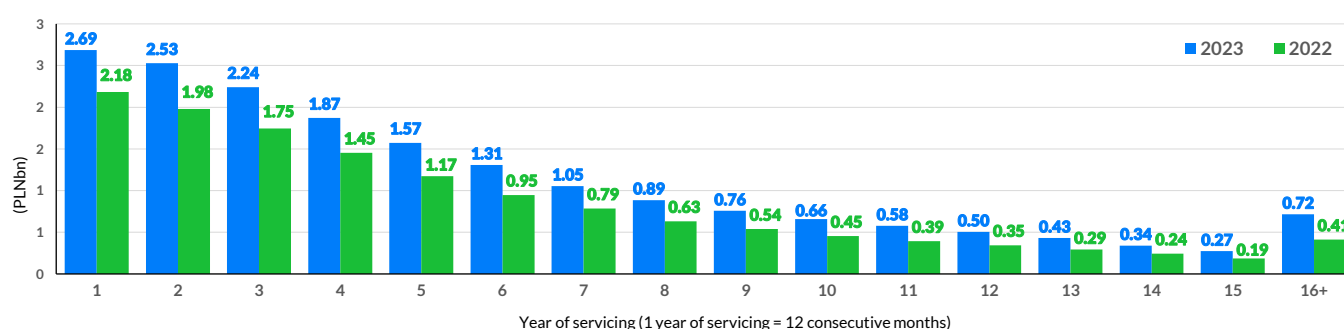
In the three months to 31 December 2023 alone, the KRUK Group invested PLN 983m in debt portfolios with an aggregate nominal value of PLN 4,431m, making it the record quarter for the Group in terms of the value of new investments. In the same quarter of the previous year, PLN 961m was invested in portfolios with a total nominal value of PLN 5,941m. The Group made investments in each of the markets in which it operates, with unsecured retail debt accounting for as much as 84% of its new portfolio purchases in the three months ended 31 December 2023. Markets accounting for the largest shares of total purchases in the fourth quarter of 2023 were Poland (43%) and Italy (32%).

Gross return rates on investments made in the full year 2023 were estimated as at the time of the investments at 21%, compared with 20% in the full year 2022 (gross IRR calculated as internal rate of return on collections and expenditure). As at 31 December 2023, the recovery amount for portfolios acquired in the full year 2023 relative to expenditure incurred to acquire the portfolios was 2.3x, compared with 2.2x as at 31 December 2022, calculated for portfolios acquired in the full year 2022 (the recovery amount represents the sum of historical recoveries and projected future recoveries). Estimated remaining collections from all portfolios purchased by 31 December 2023 assumed in the accounting estimate are PLN 18,397m. Depending on the market and type of the portfolio, estimated remaining collections may be spread over a period of 15 years or more.

Estimated remaining collections (ERC)

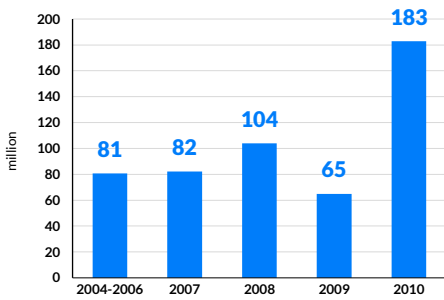
Estimated remaining collections (ERC) as at 31 December 2023 were PLN 18.4bn, up by PLN 4.6bn, or +34%, on 31 December 2022. The increase was driven primarily by investments of PLN 2,972m made in 2023 (including PLN 983m in the three months to 31 December 2023) in debt portfolios with a nominal value of PLN 14,523m (including PLN 4,431m in the three months to 31 December 2023), and a revaluation of projected recoveries as at 31 December 2023, with a discounted value of PLN 120m. 70% of the total revaluation of projected recoveries from unsecured retail portfolios as at 31 December 2023 was attributable to the revaluation of projected recoveries until April 2028 (over the next 40 months). The breakdown of ERC according to the collection period is presented in the charts below.

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

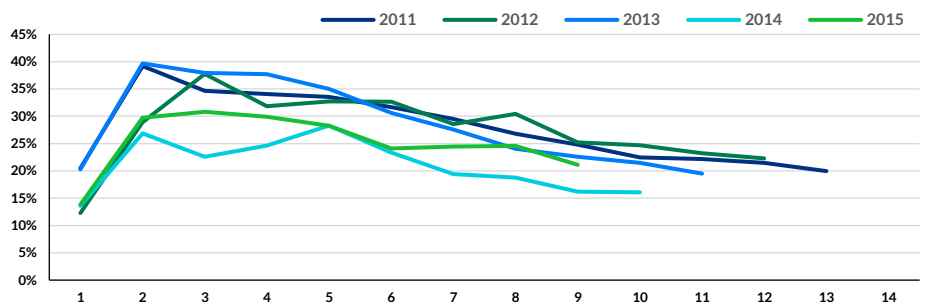


Below is an overview of portfolios in four time perspectives as at 31 December 2023: portfolios purchased in 2004–2010, portfolios purchased in 2011–2015, portfolios purchased in 2016–2019 and the newest portfolios purchased in 2020–2023. The servicing period in the first year from the purchase may be shorter than twelve months.

EXPENDITURE IN 2004–2010

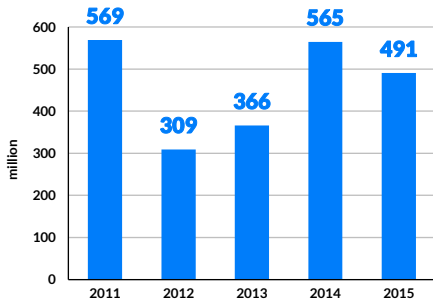


RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2004–2010

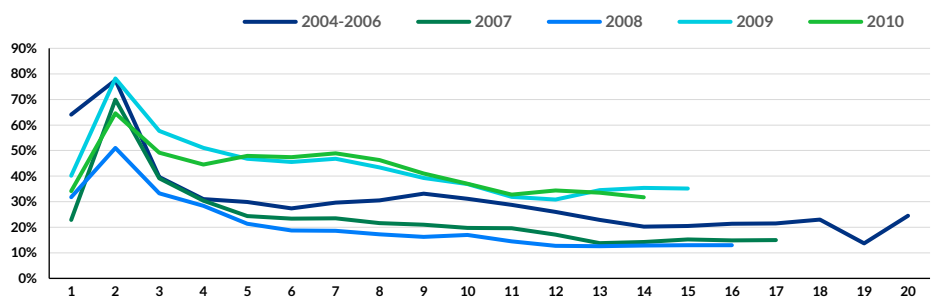


* For 2004–2006 – data is the average weighted by expenditure incurred in the years which contributed to recoveries in the given period.

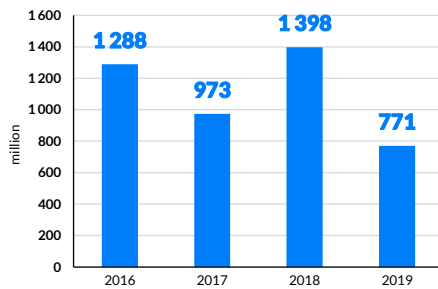
EXPENDITURE IN 2011–2015



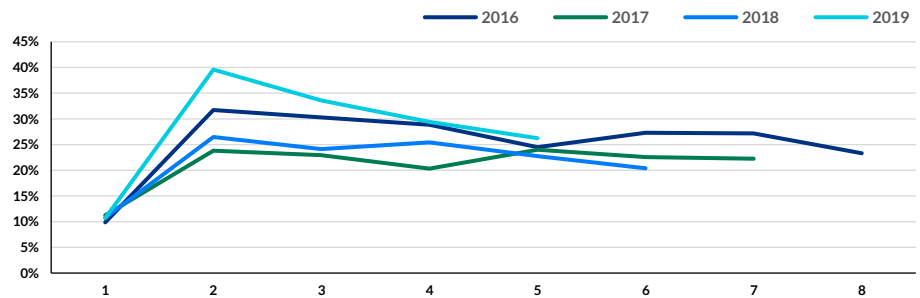
RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2011–2015



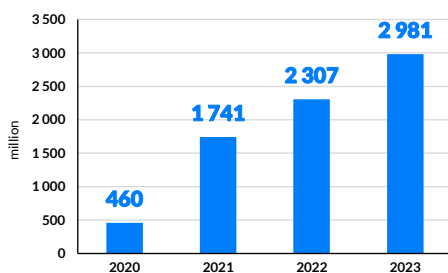
EXPENDITURE IN 2016–2019



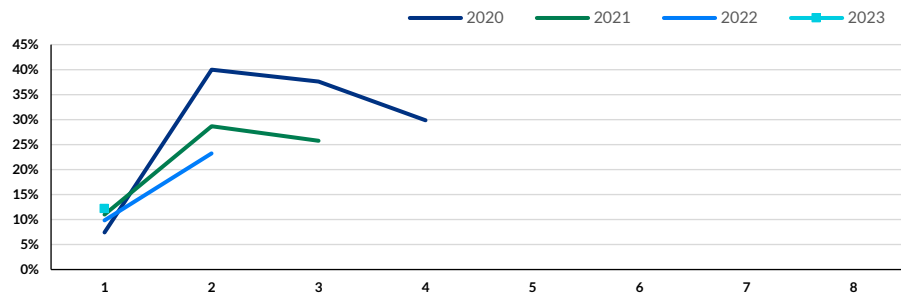
RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2016–2019



EXPENDITURE IN 2020–2023



RECOVERIES IN THE SUCCESSIVE YEARS OF SERVICING TO EXPENDITURE IN 2020–2023



The table below presents recoveries in successive calendar years in relation to expenditure on portfolios purchased in 2004–2023, with the proviso that the first period from the acquisition date may be less than twelve months (portfolios are purchased from 1 January to 31 December).

| PORTFOLIO ACQUISITION DATE | PERIOD | | | | | | | | | | | | | | | | | | | | TOTAL |
|----------------------------|--------|-----|-----|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----|-----|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | |
| 2004–2006* | 64% | 78% | 40% | 31% | 30% | 27% | 30% | 31% | 33% | 31% | 29% | 26% | 23% | 20% | 20% | 21% | 22% | 23% | 14% | 25% | 600% |
| 2007 | 23% | 70% | 39% | 30% | 24% | 23% | 24% | 22% | 21% | 20% | 20% | 17% | 14% | 14% | 15% | 15% | 15% | 406% | | | |
| 2008 | 32% | 51% | 33% | 28% | 21% | 19% | 19% | 17% | 16% | 17% | 15% | 13% | 13% | 13% | 13% | 13% | 332% | | | | |
| 2009 | 40% | 78% | 58% | 51% | 47% | 46% | 47% | 43% | 39% | 37% | 32% | 31% | 34% | 35% | 35% | 653% | | | | | |
| 2010 | 34% | 65% | 49% | 45% | 48% | 47% | 49% | 46% | 41% | 37% | 33% | 34% | 34% | 32% | 594% | | | | | | |
| 2011 | 20% | 39% | 35% | 34% | 34% | 32% | 30% | 27% | 25% | 22% | 22% | 21% | 20% | 361% | | | | | | | |
| 2012 | 12% | 29% | 38% | 32% | 33% | 33% | 29% | 30% | 25% | 25% | 23% | 22% | 331% | | | | | | | | |
| 2013 | 20% | 40% | 38% | 38% | 35% | 31% | 28% | 24% | 23% | 21% | 20% | 316% | | | | | | | | | |
| 2014 | 14% | 27% | 23% | 25% | 28% | 23% | 19% | 19% | 16% | 16% | 210% | | | | | | | | | | |
| 2015 | 14% | 30% | 31% | 30% | 28% | 24% | 24% | 25% | 21% | 227% | | | | | | | | | | | |
| 2016 | 10% | 32% | 30% | 29% | 24% | 27% | 27% | 23% | 203% | | | | | | | | | | | | |
| 2017 | 11% | 24% | 23% | 20% | 24% | 23% | 22% | 147% | | | | | | | | | | | | | |
| 2018 | 11% | 26% | 24% | 25% | 23% | 20% | 130% | | | | | | | | | | | | | | |
| 2019 | 11% | 40% | 34% | 29% | 26% | 140% | | | | | | | | | | | | | | | |
| 2020 | 7% | 40% | 38% | 30% | 115% | | | | | | | | | | | | | | | | |
| 2021 | 11% | 29% | 26% | 65% | | | | | | | | | | | | | | | | | |
| 2022 | 10% | 23% | 33% | | | | | | | | | | | | | | | | | | |
| 2023 | 12% | 12% | | | | | | | | | | | | | | | | | | | |

* The servicing period in the first year from the purchase may be shorter than twelve months. As at 31 December 2023.

The relation of historical recoveries in successive calendar years to expenditure on portfolios purchased in 2004–2023 may differ from year to year depending on a range of factors, including:

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

Credit management services

Revenue from fee-based credit management services in the full year 2023 amounted to PLN 58m, down by 11% year on year, following the Group's decision to discontinue the provision of such services in Romania as of January 2023 and shift all focus to debt purchases on that market. In the three months to 31 December 2023, revenue from this business line was PLN 14m, a 13% decrease year on year.

Consumer loans (Novum and Wonga)

In 2023, the KRUK Group advanced 221 thousand cash loans (a year-on-year increase of 4%), with a principal amount of PLN 559m (PLN 594m in 2022). The number of Novum cash loans advanced in Poland and Romania in the full year 2023 totalled 18.8 thousand, and their principal amount was PLN 99m. Wonga.pl disbursed 202 thousand cash loans over the same period, with a net amount of PLN 460m.

In the three months to 31 December 2023, the KRUK Group companies advanced 53 thousand cash loans, compared with 52 thousand the year before. The principal amount of the loans advanced in the period was PLN 143m (October–December 2022: PLN 145m). The number of Novum cash loans advanced in Poland and Romania was 5.3 thousand, and their principal amount was PLN 28.7m. Wonga.pl disbursed 47.7 thousand cash loans in Poland, with a net amount of PLN 115m.

For the period from 1 January to 31 December 2023, Wonga's revenue came in at PLN 139m (up by 8% year on year) and Novum's revenue – at PLN 29m (up by 21% year on year). Novum's total revenue in Poland reached PLN 23m (up by 14% year on year).

Wonga's revenue for the three months ended 31 December 2023 reached PLN 39m, up by 14% year on year, while Novum's revenue was PLN 8m, up by 19% on the three months to 31 December 2022.

Wonga's EBITDA as at 31 December 2023 was PLN 76m (up by 6% year on year). Novum's EBITDA amounted to PLN 10.4m (up by 19% year on year), while its EBITDA in Poland was PLN 9.6m (up by 5% year on year).

Credit reference (ERIF BIG)

Following the sale of 100% of shares in ERIF BIG and 100% of shares in ERIF EBS, as of 24 January 2023 the KRUK Group ceased to provide credit reference services. In the period from 1 January to 24 January 2023, revenue earned from credit reference services was PLN 0.5m, while proceeds from the disposal of the two companies totalled PLN 15m.

1.2. KRUK GROUP'S PERFORMANCE BY GEOGRAPHICAL SEGMENT

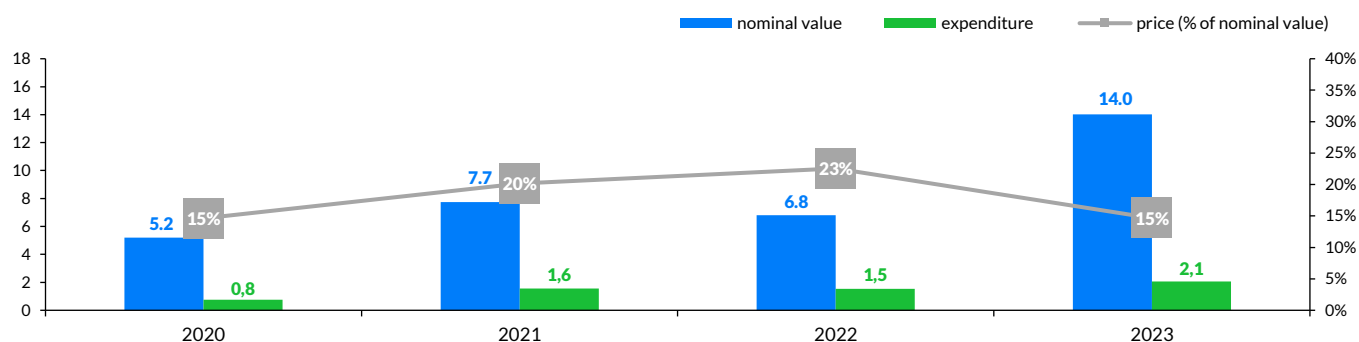
| (PLNm) | Poland | | Romania | | Italy | | Spain | | Other markets | | Unallocated | | Head Office | | KRUK Group | |
|--|--------|-------|---------|------|-------|------|-------|------|---------------|------|-------------|------|-------------|------|------------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Expenditure on debt portfolios | 776 | 465 | 336 | 412 | 977 | 585 | 812 | 799 | 70 | 49 | N/A | N/A | N/A | N/A | 2,972 | 2,311 |
| Recoveries | 1,351 | 1,232 | 635 | 593 | 569 | 457 | 390 | 246 | 117 | 99 | N/A | N/A | N/A | N/A | 3,062 | 2,627 |
| Carrying amount of purchased debt portfolios (PLNbn) | 3,2 | 2,8 | 1,4 | 1,3 | 2,1 | 1,5 | 1,7 | 1,1 | 0,2 | 0,2 | N/A | N/A | N/A | N/A | 8,674 | 6,768 |
| Percentage of total portfolio carrying amount | 37% | 41% | 17% | 19% | 25% | 22% | 20% | 16% | 2% | 2% | N/A | N/A | N/A | N/A | 100% | 100% |
| Revenue | 1,215 | 1,035 | 587 | 549 | 413 | 361 | 306 | 136 | 51 | 59 | 22 | 7 | N/A | N/A | 2,593 | 2,146 |
| Purchased debt portfolios | 1,021 | 849 | 581 | 533 | 401 | 352 | 290 | 120 | 51 | 59 | N/A | N/A | N/A | N/A | 2,344 | 1,913 |
| Credit management services | 30 | 28 | 0 | 12 | 11 | 9 | 16 | 16 | | | N/A | N/A | N/A | N/A | 58 | 65 |
| Wonga | 139 | 129 | | | | | | | | | N/A | N/A | N/A | N/A | 139 | 129 |
| Other activities | 23 | 29 | 6 | 4 | | | | | | | N/A | N/A | N/A | N/A | 30 | 33 |
| Gross profit | 868 | 698 | 462 | 437 | 215 | 181 | 132 | 13 | 24 | 36 | 11 | -2 | N/A | N/A | 1,713 | 1,363 |
| EBITDA | 778 | 625 | 430 | 407 | 179 | 150 | 106 | | 10 | 26 | 11 | -2 | -129 | -106 | 1,385 | 1,094 |
| Cash EBITDA | 1,108 | 1,009 | 484 | 467 | 346 | 255 | 207 | -6 | 76 | 66 | 11 | -2 | -129 | -106 | 2,104 | 1,809 |

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

Poland

In 2023, debt sale auctions held by debt originators (mainly banks and financial institutions) covered all types of debt (unsecured retail, mortgage and corporate portfolios).

SUPPLY OF UNSECURED RETAIL PORTFOLIOS (PLNbn)



Unsecured retail debt accounted for 75% of the total expenditure on debt purchases in the Polish market. As in the year before, KRUK's main competitors in Poland were foreign entities. The estimated nominal value of the total debt supply was PLN 18.9bn, compared with PLN 10.1bn in 2022. According to KRUK's estimates, the average price of unsecured retail debt was 15% (calculated as expenditure incurred to the nominal value of the debt purchased), down by 8pp year on year, due mainly to large volumes and investments made on the secondary market (PLN 459m vs PLN 16m in 2022); whereas the average price of such assets on the primary market was 22% of the nominal value, a level largely unchanged from the previous year. Investors spent a total of PLN of 2.5bn on all types of debt, of which 30% was attributable to KRUK. KRUK's market share in expenditure on unsecured retail debt is estimated at 29%, compared with 25% in 2022.

In 2023, KRUK's investments in Poland amounted to PLN 776m, representing 26% of the Group's total expenditure in the period. The nominal value of the purchased portfolios was PLN 4,461m. In Poland, KRUK invested primarily in unsecured retail debt. In the three months ended 31 December 2023, the KRUK Group's investments in portfolio purchases on the Polish market reached PLN 419m, representing 43% of all funds invested by the Group in the period.

Amounts collected in Poland represented 44% of the Group's total recoveries in 2023, amounting to PLN 1,351m, up by 10% year on year. In the three months to 31 December 2023 alone, recoveries on the Polish market reached PLN 319m, up by 7% on the same period of 2022.

Compared with 2022, the Group's revenue on the Polish market in 2023 went up by nearly PLN 180m, to PLN 1,215m. Revaluation of projected recoveries amounted to PLN 212m, relative to PLN 157m in 2022. The year-on-year increase in the revaluation coupled with higher interest income drove the Group's revenue from purchased debt portfolios up by 20% year on year. In Poland KRUK also recorded an excess of actual cash recovered over projected recoveries.

Thanks primarily to the higher recoveries, gross profit on the Polish market for 2023 came in at PLN 868m, relative to PLN 698m in the comparative period, up by 24% year on year.

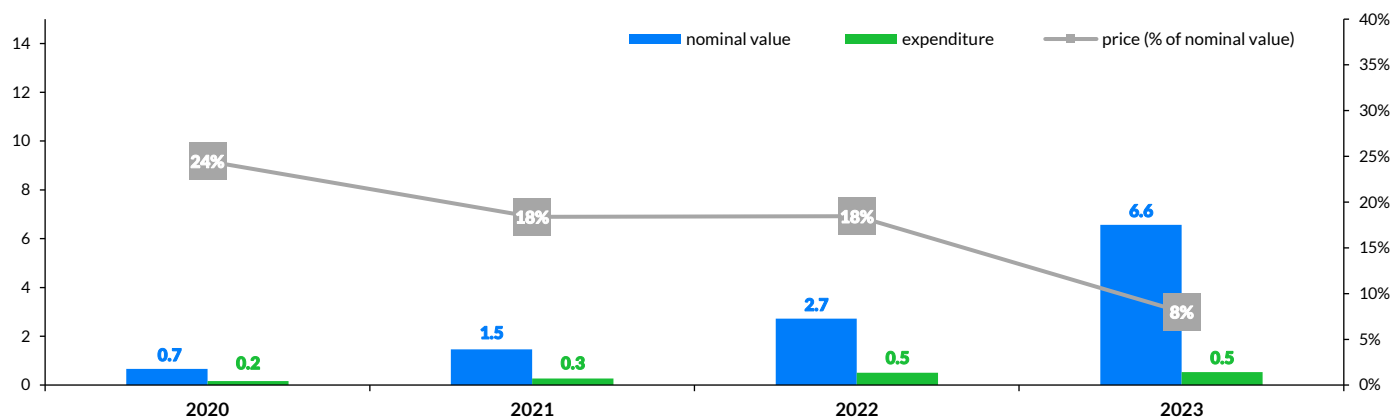
EBITDA on the Polish market for 2023 was booked at PLN 778m, up by 24% year on year. Cash EBITDA stood at PLN 1,108m, up by 10% compared with 2022, mainly on the higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at 31 December 2023 was PLN 3.2bn, up by 17% year on year. Polish portfolios accounted in total for 37% of the carrying amount of all debt portfolios held by the KRUK Group.

Romania

In 2023, debt portfolios sold on the Romanian market had a nominal value of over PLN 7bn, with unsecured retail and corporate debt portfolios worth nominally more than PLN 6.9bn, including secondary market transactions with a nominal value in excess of PLN 5.1bn.

SUPPLY OF UNSECURED RETAIL PORTFOLIOS (PLNbn)



According to KRUK's estimates, total expenditure on the market in 2023 was PLN 619m, with KRUK's share at 54%. KRUK's market share in expenditure on unsecured retail debt in Romania is estimated at 63%, relative to 75% in 2022. In recent years, the size of Romania's corporate debt market was immaterial relative to the whole market. The average prices in Romania were around 9% (taking into account large transactions on the secondary market).

Purchases made in Romania accounted for 11% of the Group's total investments, as it spent PLN 336m in debt with a nominal value of PLN 1,109m. KRUK invested primarily in unsecured retail debt portfolios. In the three months to 31 December 2023, KRUK invested on the Romanian market PLN 143m in debt portfolios with a nominal value of PLN 396m.

For the full year 2023, recoveries in Romania amounted to PLN 635m, up by 7% year on year, representing 21% of total recoveries in the period. In the three months to 31 December 2023 alone, recoveries from portfolios in Romania amounted to PLN 158m, up by 3% year on year.

Total revenue from the Romanian market generated in 2023 amounted to PLN 587m, up by 7% on the year before. The increase reflects a lower upward revaluation of projected recoveries in 2023 than in the corresponding period of the previous year (PLN 197m vs PLN 206m), as well as higher interest income. In Romania KRUK also recorded an excess of actual recoveries over estimated amounts.

Gross profit came in at PLN 462m, having increased from PLN 437m a year earlier.

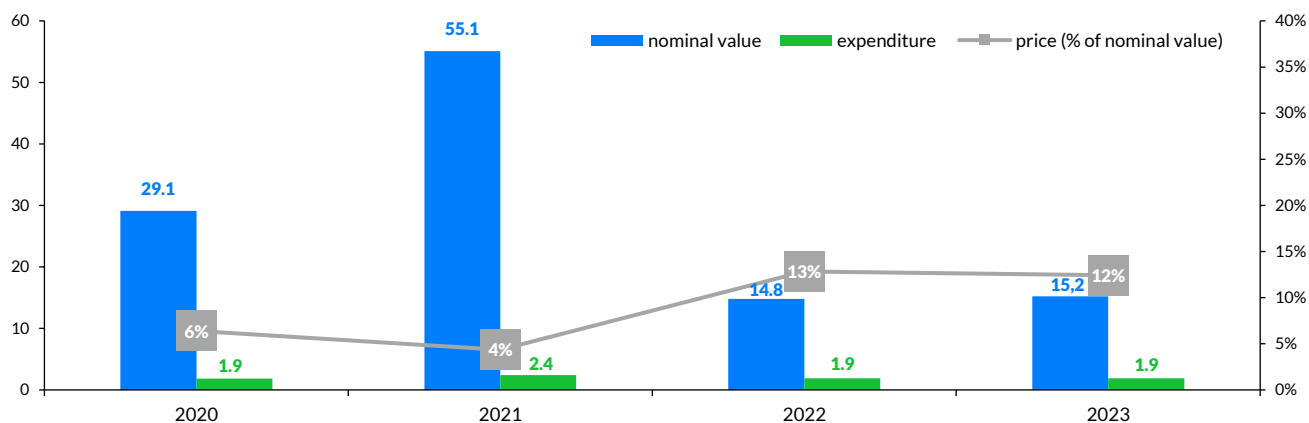
EBITDA in Romania totalled PLN 430m, up by 5% on 2022, with cash EBITDA at PLN 484m, up by 4% year on year.

As at 31 December 2023, the carrying amount of purchased debt portfolios was PLN 1.4bn, up by 15% on the end of 2022. The Romanian portfolios accounted in total for 17% of the carrying amount of all debt portfolios held by the KRUK Group.

Italy

According to the KRUK Group's estimates, the supply of unsecured retail, SME and corporate debt in 2023 was PLN 43bn (nominal amount).

SUPPLY OF UNSECURED RETAIL PORTFOLIOS (PLNbn)



Most of the portfolios were sold by the banking sector and the main buyers in the Italian market besides KRUK were local players. The average price paid for unsecured retail debt portfolios, calculated as expenditure incurred to the nominal value of the debt, was around 12% and reflected both the asset quality and competitiveness in the market. The amount invested by creditors was PLN 4.6bn, with KRUK's market share estimated at 21%. As for KRUK's market share in expenditure on unsecured retail debt, it is estimated at 47%, compared with 25% in 2022.

On the Italian market, KRUK invested the largest amount in 2023, i.e. PLN 977m, accounting for 33% of the Group's total investments, primarily in unsecured retail debt. The nominal value of the portfolios purchased was PLN 3,536m. In the three months ended 31 December 2023 alone, the KRUK Group's investments on the Italian market reached PLN 317m, accounting for 32% of its total expenditure in the period, for which it purchased debt portfolios with a nominal value of PLN 984m.

Amounts collected in Italy represented 19% of the Group's total recoveries in 2023, amounting to PLN 569m, up by 24% year on year. In the three months to 31 December 2023 alone, recoveries from the Italian portfolios amounted to PLN 145m, up 4% year on year.

Revenue generated in Italy between 1 January and 31 December 2023 was PLN 413m, compared with PLN 361m in the same period of 2022 (a 14% increase). Revenue from the purchased debt portfolio business accounted for 97% of total revenue, having increased to PLN 401m from PLN 352m the year before.

In the full year 2023, the Group recognised a PLN 25m revaluation of projected recoveries from the Italian portfolios, compared with a PLN 49m revaluation booked a year earlier. Revenue from purchased portfolios rose in the period mainly as a result of higher interest income relative to the comparative period. In Italy KRUK also recorded an excess of actual recoveries over estimates.

Revenue from the credit management business in 2023 was PLN 11m, relative to PLN 9m in 2022.

Thanks to the year-on-year revenue increase, gross profit amounted to PLN 215m, relative to PLN 181m a year earlier.

On the Italian market EBITDA for 2023 came in at PLN 179m, up from PLN 150m the year before, which represents a 19% increase. On account of the higher recoveries, cash EBITDA amounted to PLN 346m, up by 36% year on year.

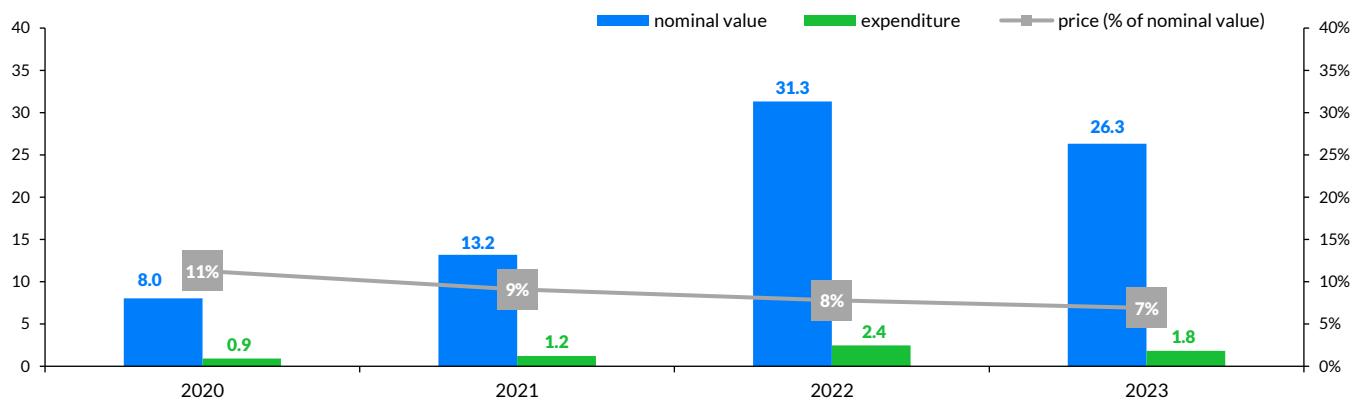
As at 31 December 2023, the carrying amount of purchased debt portfolios was PLN 2.1bn, up by 46% on the end of 2022. The Italian portfolios accounted for 25% of the total carrying amount of all debt portfolios held by the KRUK Group.

Spain

Based on KRUK's estimates, bank and non-bank debt portfolios sold in Spain in 2023 had an aggregate value of PLN 83bn (nominal amount, mortgage debt excluded), of which PLN 59bn was attributable to secondary market transactions.

Most of the portfolios were sold by the banking sector and other financial institutions. The average price paid for debt port-

SUPPLY OF UNSECURED RETAIL PORTFOLIOS (PLNbn)



folios, calculated as expenditure incurred to the nominal value of the debt, was close to 9% on the primary market, and 7% for unsecured retail debt. The total amount invested in the Spanish market was PLN 2.3bn, with KRUK's share at 36%. KRUK's market share in expenditure on unsecured retail debt is estimated at 44%, relative to 33% in 2022.

2023 saw the KRUK Group invest PLN 812m in Spain, primarily in unsecured retail debt, which represented 27% of the Group's total expenditure on portfolio purchases in the period. The nominal value of the purchased portfolios was PLN 5,098m, the largest investment amount for the Group. In the three months to 31 December 2023 alone, KRUK invested PLN 100m in debt portfolios with a nominal value of PLN 682m.

In the full year 2023, recoveries in Spain amounted to PLN 390m, up by 58% year on year, representing 13% of total recoveries in the period. In the three months to 31 December 2023 alone, recoveries from portfolios in Spain amounted to PLN 130m, up by 60% year on year.

Revenue generated on the Spanish market in 2023 came to PLN 306m, more than double the 2022 result. 95% of the revenue on the Spanish market was derived from purchased portfolios: PLN 290m, compared with PLN 120m a year earlier. The KRUK Group recognised PLN 37m in a positive revaluation of projected recoveries on the Spanish market, compared with a PLN 3m negative revaluation recorded a year earlier. The year-on-year revenue growth was also driven by higher interest income. In Spain KRUK also recorded an excess of actual cash recovered over projected recoveries.

Revenue from the credit management business in Spain came to PLN 16m, down by 2% year on year.

Gross profit on the Spanish market was PLN 133m, compared with PLN 13m in 2022, which represented a nine-fold increase.

As a result of the higher recoveries and revenue, EBITDA on the Spanish market for 2023 reached PLN 106m, compared with a negative EBITDA of PLN -6m for 2022. Cash EBITDA stood at PLN 207m, up by 71% on the year before, mainly on the higher year-on-year recoveries.

As at 31 December 2023, the carrying amount of debt portfolios held in Spain was PLN 1.7bn (up by 55%), representing 20% of the total carrying amount of the Group's debt portfolios.

Other markets (Czech Republic, Slovakia and Germany)

According to our in-house estimates, the nominal value of consumer debt portfolios sold in the Czech Republic and Slovakia in 2023 was almost PLN 1.5bn, up on the PLN 1.3bn recorded in 2022. Expenditure on portfolio purchases in both markets is estimated at PLN 0.3bn. The average price, calculated as expenditure incurred to the nominal value of the debt, was 20%. KRUK's share of the unsecured debt purchase market in the Czech Republic and Slovakia was approximately 21% and 31%, respectively. In Germany, KRUK did not invest in new portfolios.

In the reporting period, the KRUK Group's investments in the Czech Republic and Slovakia amounted to PLN 70m, representing 2% of the Group's total expenditure of portfolio purchases. The nominal value of the purchased portfolios was PLN 319m. The investment was made in unsecured retail portfolios. In the three months to 31 December 2023 alone, the KRUK Group's investments in the Czech Republic and Slovakia were PLN 3m, for which it purchased debt portfolios worth nominally PLN 11m.

In the full year 2023, recoveries from the other markets totalled PLN 117m, up by 19% year on year, representing 4% of total recoveries in the period. Recoveries from portfolios in the other markets segment during the three months ended 31 December 2023 amounted to PLN 24m, down by 1% year on year.

In 2023, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 51m, down by 13% on 2022. In the other markets segment, KRUK also recorded an excess of actual recoveries over estimates both in the full year 2023 and in the three months to 31 December 2023.

In 2023, the KRUK Group recognised a PLN 2m positive revaluation of projected recoveries in the other markets segment, compared with PLN 8m in the previous year.

Gross profit was close to PLN 24m, down by 33% year on year.

EBITDA for 2023 came in at PLN 10m, down by 60% year on year, chiefly on account of a lower positive revaluation of projected recoveries (down by PLN 5m, or 75%, year on year) and an increase in direct, indirect and administrative expenses (up by PLN 4m, or 18%, year on year), due mainly to additional VAT charges in the six months ended 30 June 2023. At the same time, cash EBITDA grew by 16% year on year, driven primarily by a 19% increase in recoveries.

As at 31 December 2023, the carrying amount of debt portfolios in the other markets segment was close to PLN 0.2bn, representing 2% of the total carrying amount of the Group's debt portfolios.

Although the KRUK Group's operations in the Czech Republic and Slovakia are well-organised and profitable, their scale differs significantly from the scale of its operations in Poland, Romania, Italy or Spain. The Group's key objective is to focus its efforts on the larger markets, where it can effectively scale up its business. We estimate that the debt trade markets in the Czech Republic and Slovakia have limited potential for long-term growth. For this reason, KRUK has commenced a review of its strategic options in those two jurisdictions.

In December 2023, KRUK signed a forward-flow portfolio purchase agreement in France. With a population of 66 million, France presents significant potential, offered by over EUR 12bn of non-performing unsecured retail debt carried on banks' balance sheets. Historically, the debt sale market in France has seen less bank activity compared to other European markets. KRUK will assess, among other things, the potential and size of the French market.

1.3. FINANCIAL AND LIQUIDITY POSITION

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

As at 31 December 2023, the KRUK Group's cash and cash equivalents amounted to PLN 388m, up by PLN 186m on 31 December 2022. As at 31 December 2023, undrawn lines of credit amounted to PLN 768m. As at 31 December 2023, the carrying amount of the Group's investments in debt portfolios accounted for 87% of its assets. The Group's equity accounted for 38% of its financing sources.

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

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

As at 31 December 2023, the financial ratios defined below were as follows:

- 1.3x – Net Debt / Equity Ratio
- 2.4x – Net Debt / Cash EBITDA Ratio

where:

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

Financial Liabilities means total financial liabilities under:

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

Equity means the KRUK Group's equity;

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

In the three months ended 31 December 2023, the ratios changed negligibly and, in the Management Board's opinion, remained clearly below the maximum levels. For instance, the debt ratios measured for the entire Group, specified in the terms and conditions of bonds issued on the Polish market, were as follows: the net debt to equity ratio stood at 1.3x (the maximum level being 3x in the case of issues for which financial debt limits have been defined), and the net debt to cash EBITDA ratio was 2.4x (the maximum level being 4.0x).

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

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

In the period 1 January – 31 December 2023, KRUK S.A. executed related-party transactions. For details, see the condensed interim separate financial statements for the period 1 January – 31 December 2023, section 12. *Related-party transactions*.

In the three months to 31 December 2023, all intragroup transactions were concluded on an arm's length basis.

1.5. SURETIES FOR REPAYMENT OF BANK AND NON-BANK LOANS AND GUARANTEES ISSUED BY KRUK S.A. OR ITS SUBSIDIARY

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for the period 1 January – 31 December 2023, section 17. *Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year*.

1.6. SIGNIFICANT AGREEMENTS EXECUTED BY COMPANIES OF THE KRUK GROUP

On 15 December 2023, the Company's subsidiary Kruk Investimenti s.r.l. of Milan (as the Buyer) and an entity of the BNP Paribas Group (as the Seller) entered into an agreement to purchase an unsecured retail debt portfolio with a total nominal value of approximately EUR 73m (PLN 314.7m as translated at the mid exchange rate quoted by the National Bank of Poland for 15 December 2023).

On 19 December 2023, the Company's subsidiary Kruk Investimenti s.r.l. of Milan (as the Buyer) and Deutsche Bank Spa of Milan (as the Seller) entered into a forward-flow agreement to purchase an unsecured retail debt portfolio with a total nominal value of up to EUR 280m (PLN 1,213m as translated at the mid exchange rate quoted by the National Bank of Poland for 19 December 2023). The agreement stipulates that the debt will be purchased in eight quarterly tranches over a two-year period, starting in April 2024.

On 20 December 2023, the Company's subsidiary InvestCapital Ltd. of Malta (as the Buyer) and BNP Paribas Personal Finance of Paris (the Agreement, the Bank) entered into an agreement to purchase a portfolio of freshly overdue unsecured retail debt with a total nominal value of up to approximately EUR 120m (PLN 520m as translated at the mid exchange rate quoted by the National Bank of Poland for 20 December 2023). The debt will be acquired by the Buyer in the form of several batches of future flows of receivables sold monthly by the Bank over a two-year period.

Events subsequent to the reporting date

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

1.7. EXECUTION OF THE STRATEGIC PLAN 2019–2024

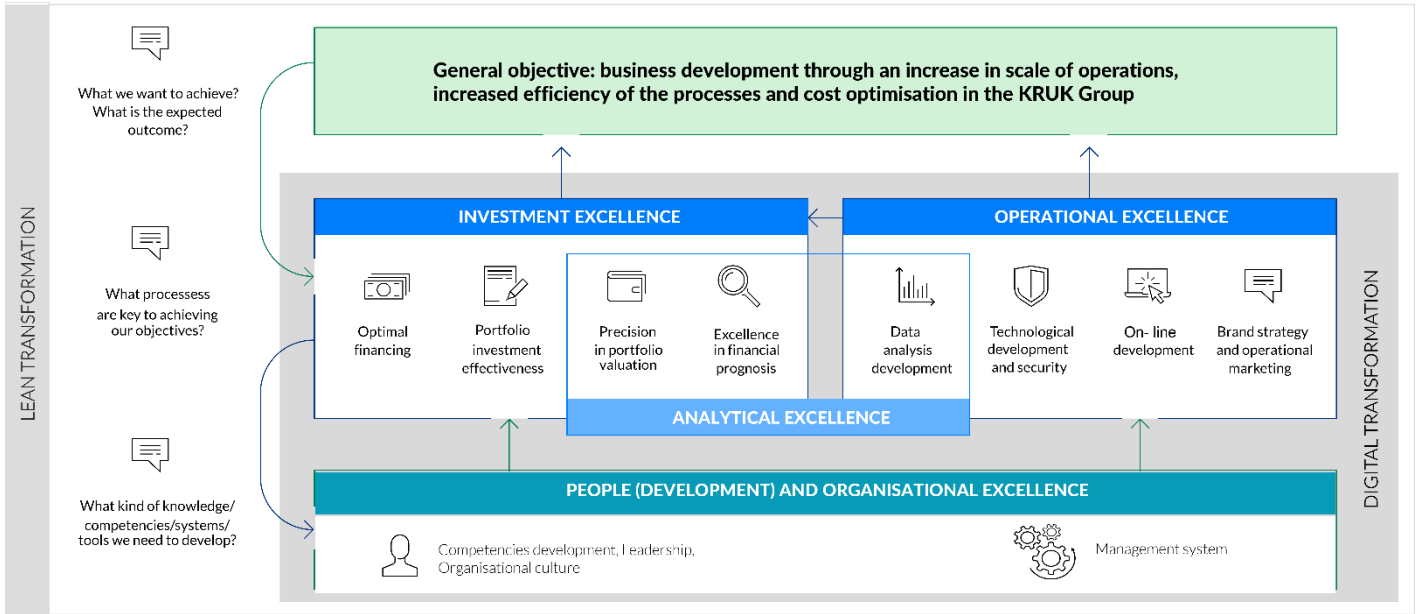
In 2023, the KRUK Group continued to pursue its strategy for 2019–2024, seeking mainly to increase investments, enhance process efficiency and optimise costs.

In line with the Strategic Plan, the KRUK Group:

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

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

2023 was the year when KRUK celebrated not only its 25th anniversary, but also record-breaking investments and recov-



ery streams. These results were achieved mainly on the back of consistent execution of the strategy based on Lean and Digital transformation.

Having set out on the LEAN TRANSFORMATION journey, KRUK is committed to employee upskilling, reviewing its processes and deploying further improvements to increase recoveries, cut costs and shorten lead times.

DIGITAL TRANSFORMATION raises the organisation’s ability to deliver added value by harnessing technology. The objective is to increase process efficiency (to handle a much larger volume of cases and thus increase recoveries without a significant headcount addition), improve client experience by providing user-friendly solutions (such as e-kruk), and build a modern and growth-inspiring organisation for employees.

Both transformations are being coordinated at the Group level under the Discovery programme, designed to ensure a comprehensive and consistent transition encompassing processes, tools and people (staff competencies and organisational culture). As a result, KRUK is seeing additional benefits from synergies (including best practice sharing and standardisation), cost optimisation, upscaling and acceleration of projects.

In 2023, a number of initiatives were under way as part of the Discovery programme, both Group-wide and focused on individual markets. Selected initiatives are described below (under the respective strategic directions).

The three months to 31 December 2023 were an important period marked by particularly intensive work. In-depth analysis was carried out to assess the organisation’s digital and lean maturity against current technology development trends and best lean practices. The analysis covered key processes spanning business operations, IT, no/low code technologies, analytics and human resources (HR processes, competencies). Its findings informed the formulation of roadmaps for the following years, setting development directions and concrete initiatives for the entire Group, while taking into consideration the specific needs and challenges of each local market. The roadmaps will also serve as the basis for defining the Group’s strategic vision for further years.

To ensure smooth execution of these initiatives, an analysis was performed to assess current working methods pertaining to the delivery of technology solutions and management of projects. On this basis, an action plan was defined to improve efficiency through wider adoption of the Agile approach.

Another vital element of the Discovery programme consisted in fostering the organisation’s ability to create and deploy innovations. To this end, appropriate structures and cooperative links with third parties were built on each market.

Below is presented a description of selected initiatives undertaken in 2023 in the pursuit of each strategic direction:

Investment excellence

- Expanding funding sources that meet the adopted security, cost and availability criteria; Increasing the amount of available credit financing by increasing the limits under existing contracts and signing new contracts; Adding further banks to the lending syndicate; Issuing EUR-denominated bonds: under a foreign framework governed by Swedish law with a total nominal value of EUR 150m, and two series governed by Polish law with a total nominal value of EUR 10m; Issuing PLN-denominated bonds with a total nominal value of PLN 835m in four prospectus-based issues for retail investors (PLN 265m) and two prospectus-exempt issues for qualified institutional investors (PLN 570m).
- Investments in new portfolios in 2023 amounted to PLN 2,972m (up by 29% year on year), the highest level reported by the Group for a full year. The largest investments were made in Italy, with purchases outside Poland accounting for 74% of the Group's total investment spending. This trend indicates both the ever-growing potential of the operational maturity of foreign markets, as well as their solid contribution to the Group's performance. In order to ensure a steady increase of investment efficiency, the KRUK Group's focus is on good understanding of market conditions, prevailing trends and needs of our business partners. Our corporate functions responsible for investments, valuations and debt management cooperate closely and continue to build their competencies.
- The valuation process is optimised through such means as a periodic review of the assumptions concerning the nature of recoveries based on the most recent operational knowledge and reported results, and further development of our valuation methods (e.g. by taking into account a broader range of data in our models, building tools for more in-depth monitoring of the quality of our valuation models).
- To improve financial projections, we support the business in determining the 'leads' to the achievement of operational targets, increasing the level of projection detail, analysing the long-term portfolio potential, and using external data that may impact the projections.

Operational excellence

In 2023, efforts were continued aimed at:

- increasing the number of self-payers (clients paying without any interaction with an adviser), optimising processes and tools for client advisers, and
- automating processes at the legal enforcement stage.

Operational processes were improved through a number of measures, including the use of analytics, technologies and marketing support. Details are provided below:

- As regards business analytics, efforts were continued in 2023 to enhance the decision-making engine by increasing the number of analytically supported decisions and advancing analytical techniques (e.g. through improved quality and increased quantity of data feeds). As a result, optimum business decisions are made at every stage and level of our processes. In addition, Group-wide projects were carried out to improve the quality and availability of client data.
- As regards information technologies, business objectives were supported by extensive process automation, facilitating and speeding up process activities, robotisation and digitalisation of processes that require paper handling. The implementation of cloud-based solutions was continued, expected to drive the Group's fast-paced technological development, while further enhancing security. More than ten Enterprise class services and tools were implemented, designed to bolster defence against attacks, ensure data security and facilitate the management of employee equipment and applications, a crucial requirement at the time of widespread remote work. Several dozen other services and tools for business as well as End point User and Security tools are under implementation. KRUK's commitment to security prompted it to establish the Head of Cybersecurity position within the area overseen by the Chief Data & Technology Officer. In addition, with respect to no/low code technologies, working principles were developed for such tools, appropriate governance structures were set up across the Group and citizen development activities were initiated.
- As regards online solutions, clients on all markets are encouraged to take up self-service and KRUK keeps working to deliver new tools to facilitate the process. We also continue to improve the previously deployed tools to make them easier to use, thus ensuring high conversion rates. In Poland, Italy and Romania, clients can access information about their debts and self-manage their liabilities via the e-kruk system. In 2023, the number of the system's users went up by 23%.

The available tools, supported by a range of marketing and communication activities, have translated into an increasingly higher percentage of settlements entered into by clients using self-service tools. Key implementations in 2023:

- in Poland, an online service process was launched to support another type of cases,

- in Romania, work was begun to provide further online payment solutions,
- a refreshed version of the e-kruk system was deployed in Italy. The new system has gained a more transparent client interface, translating into improved conversion rates within the tool,
- work was under way to launch the e-kruk system in Spain (due for implementation in January 2024),
- in Slovakia, we made available new payment methods.
- As regards operational marketing, KRUK was engaged in efforts to build recognition and foster a desired brand image (especially on the Italian and Spanish markets); new product rollouts were supported by brand image campaigns run in the media and educational campaigns.

The efficiency of our operational processes is consistently enhanced also through knowledge and best practice sharing. KRUK regularly reviews the common KPIs, which allows it to achieve efficiency gains across the Group, with due account taken of specific local conditions.

Analytical excellence

Data-driven decision making is one of the key elements behind KRUK's efforts to build competitive advantage. Therefore, cooperation between all analytical areas was continued, including via the Analytical Consortium. This enabled the Group to identify analytical solutions offering the highest added value for the organisation as a whole, not only for individual business areas.

KRUK prioritises work with data, which gave rise to the need for a more comprehensive approach to data governance (including data availability, quality and security). The activities will be continued in 2024 and will be reflected in the strategy for the following years. KRUK's intention is to maximise benefits from the scale of its data (e.g. by preparing personalised client offerings).

People (development) and organisational excellence

In 2023, KRUK continued to implement its strategic plan for human resources management to further support its business growth strategy and respond effectively to changes taking place in its business environment, including the labour market. The plan is based around three pillars:

- Strengthening the organisational culture – focus on building a strong organisational culture, geared towards embracing challenges in digital transformation.
- Leaders development – a series of inspirational meetings, webinars and training sessions with experts from all over the world to support KRUK's leaders in developing skills essential for a fast-changing business landscape.
- Excellence in HR processes and data – focus on process improvement and data governance in the HR area, including remuneration and employee benefit policies, and on improving HR analytics.

These efforts are aimed at promoting the KRUK Group as an employer providing attractive workplace standards and development opportunities, which help attract top talent.

KRUK is strongly committed to creating a work environment aligned with Diversity, Equity, and Inclusion principles. For more information, see the non-financial statement.

ESG

The KRUK Group's ESG strategy, forming an integral part of its business strategy, was prepared based on the results of a survey carried out among our stakeholders in 2021, which allowed us to develop a stakeholder power/interest grid, helping us identify the areas with material bearing on the Group's sustainable development. The survey was updated in 2023, indicating that the materiality of topics addressed by the ESG strategy in terms of their potential impact on the KRUK Group's operational planning remained unchanged or increased. Topics whose materiality increased over the past two years include cybersecurity and innovation. Initiatives taken within these areas are discussed above in the sections on Digital and LEAN transformation, and on operational excellence.

The ESG strategy for the KRUK Group is described in more detail in the non-financial statement, presenting objectives and long-term goals for the three key pillars of the environment, social impact and corporate governance.

The environmental aspect is focused on climate change adaptation by measuring the Group's carbon footprint and managing carbon reduction processes for Scope 1 and 2 emissions under the GHG Protocol and by developing a transition plan to adapt the Group's business to climate change. In 2023, the Group's Scope 1 and 2 emissions were reduced by 30% year on year and by 53% relative to the base year. In 2023, the Group continued its decarbonisation efforts by partially replacing the vehicle fleet and securing guarantees of origin for electricity consumed at its offices in Poland, Romania, Spain and Italy. Another element of the strategic approach was the identification of climate-related risks, to be covered by the risk management framework in 2024.

As regards the social aspect, the KRUK Group integrated objectives to ensure gender equality, decent working conditions, respect for employee rights, dialogue with local communities and client relations, including promotion of financial and digital literacy among indebted individuals.

As part of the Diversity, Equity, Inclusion programme, in 2023 an updated diversity policy was implemented across the Group. An improvement was recorded in the following indicators:

- employee turnover at 11.1% (down by 2.3pp on 2022),
- proportion of employees with disabilities at 2.2% (up by 0.15pp on 2022).

The governance area involves fostering compliance and the highest ethical standards by building a Compliance and GDPR culture. The KRUK Group has implemented a Privacy Protection Programme, which includes policies, instructions, contract templates and other internal regulations, primarily a Personal Data Management Policy designed to ensure effective protection of the rights or freedoms of individuals through formalised personal data processing policies and procedures which provide assurance that appropriate technical and organisational measures are put in place. In 2023, a Code of Ethics was also implemented at all companies of the KRUK Group, and mandatory training was launched to promote the knowledge of and compliance with the Code.

1.8. OPERATIONS – MILITARY CONFLICT IN UKRAINE

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

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

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

2. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

2.1. PERFORMANCE FORECASTS

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

2.2. ASSESSMENT OF FUTURE FINANCIAL CONDITION

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

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

3. RISK FACTORS AND THEIR MANAGEMENT

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

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

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

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

In the period from 1 January to 31 December 2023, there were no material changes to the risk management approach, therefore the Management Board of KRUK S.A. identified the same risks as those specified in the full-year Directors' Report on the operations of KRUK S.A. and the KRUK Group in 2022, in section: 7 *Risk factors and their management*. The report is available in pdf format at https://en.kruk.eu/media/article/file/krukdirectorsreportonoperations_2022_.pdf .

4. SHAREHOLDERS

4.1. SHAREHOLDING STRUCTURE (MAJOR HOLDINGS)

The table below lists the shareholders holding directly or indirectly major holdings of KRUK S.A. shares as at the date of issue of the previous periodic report, i.e. 8 November 2023.

Table 3. Shareholders with major holdings

| Shareholder | Number of shares/voting rights | Percentage of share capital/ total voting rights at GM |
|---|--------------------------------|---|
| NN OFE* | 2,763,000 | 14.30 |
| Allianz OFE and Allianz DFE*/**** | 2,359,127 | 12.21 |
| Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna** | 1,750,373 | 9.06 |
| Generali OFE*** | 1,624,510 | 8.41 |
| PZU OFE* | 1,400,000 | 7.25 |
| VIENNA OFE*/***** | 1,130,788 | 5.85 |

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

(**) Including shares held by Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna; data based on the Shareholder's Notification of 13 September 2023 (see Current Report No. 71/2023).

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

(****) Allianz OFE and Allianz DFE are managed by Allianz PTE.

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

Source: Company

In the reporting period, the shareholding structure shown in Table 3 did not change and remained up to date as at 31 December 2023.

Events subsequent to the reporting date

On 29 January 2024, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on 25 January 2024 Mr Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 11,000 shares in KRUK S.A. at the average price of PLN 451.48 per share (see Current Report No. 7/2024).

On 23 February 2024 the Company received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. (see Current Report No./2024) :

"In accordance with Art. 69.2.1a) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text: Dz. U. of 2022, item 2554), Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing the open-end pension fund Allianz Polska Otwarty Fundusz Emerytalny ("Allianz OFE"), would like to inform you that following the sale of Company shares on 19 February 2024, there has been a change in the share of total voting rights in KRUK S.A. (LEI: 259400T1FZYBIW8XUJ78) registered in Allianz OFE's account. The previously held share of over 10% has changed by at least 2% of the total voting rights.

Before the sale transaction, Allianz OFE held 2,357,090 Company shares, representing 12.20 % of the Company's share capital and conferring 2,357,090 voting rights, or 12.20 % of total voting rights, at KRUK S.A.'s General Meeting.

After the sale transaction, Allianz OFE holds 1,966,762 Company shares, representing 10.18% of the Company's share capital and conferring 1,966,762 voting rights, or 10.18% of total voting rights, at the Company's General Meeting.

Powszechne Towarzystwo Emerytalne Allianz Polska S.A. would also like to clarify that:

Allianz OFE does not have any subsidiaries holding Company shares,

no situation referred to in Art. 69.4.6 of the Act has arisen, and

Allianz OFE does not hold any financial instruments referred to in Art. 69b.1.1 and 69b.1.2 of the Act."

Table 4. Major holdings of KRUK S.A. shares as at the Q4 2023 report issue date

| Shareholder | Number of shares/voting rights | Percentage of share capital/ total voting rights at GM |
|--|--------------------------------|--|
| NN OFE* | 2,763,000 | 14.30 |
| Allianz OFE** | 1,966,762 | 10.18 |
| Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna*** | 1,739,373 | 9.00 |
| Generali OFE**** | 1,624,510 | 8.41 |
| PZU OFE* | 1,400,000 | 7.25 |
| VIENNA OFE*/***** | 1,130,788 | 5.85 |

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

(**) Data based on the Shareholder's Notification of 23 February 2024 (see Current Report No. 19/2024).

(***) Data based on the Shareholder's Notification of 29 January 2024 (see Current Report No. 7/2024).

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

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

Source: Company

4.2. TREASURY SHARES

The Company holds no treasury shares.

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

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the release date of its previous periodic report, i.e. 8 November 2023.

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

| Full name | Position | Number of shares held | Total par value (PLN) |
|---|-----------------------------------|-----------------------|-----------------------|
| Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna | President of the Management Board | 1,750,373 | 1,750,373 |
| Piotr Kowalewski | Member of the Management Board | 23,013 | 23,013 |
| Adam Łodygowski | Member of the Management Board | - | - |
| Urszula Okarma | Member of the Management Board | 141,718 | 141,718 |
| Michał Zasępa | Member of the Management Board | 56,000 | 56,000 |

Source: Company

Apart from the changes in the number of shares held by Piotr Krupa, President of the Management Board, described in section 4.1. *Shareholding structure (major holdings)*, in the period from 8 November 2023 to the issue date of this report there were also changes in the number of Company shares held by Urszula Okarma, as described below.

On 4 December 2023, the Company received a notification from Urszula Okarma, given under Article 19 of the MAR. According to the notification, on 1 December 2023 Ms Okarma sold, in ordinary session trades on the Warsaw Stock Exchange, 3,000 shares in KRUK S.A. at the average price of PLN 459.77 per share (see Current Report No. 84/2023).

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the release date of this report, i.e. 27 February 2024.

Table 6. KRUK S.A. shares held by management and supervisory personnel

| Full name | Position | Number of shares held | Total par value (PLN) |
|---|-----------------------------------|-----------------------|-----------------------|
| Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna | President of the Management Board | 1,739,373 | 1,739,373 |
| Piotr Kowalewski | Member of the Management Board | 23,013 | 23,013 |
| Adam Łodygowski | Member of the Management Board | - | - |
| Urszula Okarma | Member of the Management Board | 138,718 | 138,718 |
| Michał Zasępa | Member of the Management Board | 56,000 | 56,000 |

Source: Company

As at 27 February 2024, members of the Management Board of the Company held no rights to KRUK S.A. shares other than those under the subscription warrants presented in detail in section 4.4 *Incentive Scheme*.

4.4. INCENTIVE SCHEME

Incentive scheme for 2021–2024

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

For the purposes of the 2021–2024 Incentive Scheme, the General Meeting approved a conditional increase of the Company's share capital by up to PLN 950,550.00, through an issue of up to 950,550 Series H ordinary bearer shares.

The subscription warrants are issued free of charge, may be inherited, but may not be encumbered and are not transferable.

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

In accordance with the terms of the Scheme, the number of warrants to be allotted and offered to members of the Management Board throughout the term of the Stock Option Plan is 40% of all warrants.

In 2022, 172,138 subscription warrants were awarded to eligible persons under Tranche 1, including 76,044 subscription warrants awarded to members of the Management Board and 96,094 subscription warrants awarded to other eligible persons.

In 2023, 185,336 subscription warrants were awarded to eligible persons under Tranche 2, including 109,292 subscription warrants awarded to eligible persons who were not members of the Management Board and 76,044 subscription warrants acquired by members of the Management Board on 20 September 2023.

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

Table 7. Number of Tranche 1 and 2 warrants awarded to and acquired by Management Board members under the 2021–2024 Incentive Scheme, held as at the date of issue of this periodic report

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

Source: Company

In the reporting period and as at the date of issue of this report, members of the Management Board of the Company held no rights to KRUK S.A. shares other than the rights under the subscription warrants issued under the 2021–2024 Incentive Scheme, as shown in Table 7. Members of the Supervisory Board do not hold any subscription warrants issued under the 2021–2024 Incentive Scheme.

4.5. DIVIDENDS PAID (OR DECLARED)

According to the Dividend Policy in place (Current Report No. 55/2021), the overriding objective of KRUK S.A. is to ensure sustainable growth of the Company and increase its value through profit growth and dividend payment while maintaining appropriate liquidity and observing the principles of sustainable development (ESG). The Management Board's intention is for KRUK to concurrently drive its value growth and make regular profit distributions to shareholders. The

objective behind adopting the Dividend Policy is to carry into effect the Management Board’s intention and take account of KRUK’s status as a growth company paying out dividend based on clear and consistent criteria for distribution of generated profits. The Company’s Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group’s consolidated net profit for a previous financial year, attributable to shareholders of the parent.

The Dividend Policy is available on the Company’s website at: https://en.kruk.eu/media/file/file/dividendpolicy-ofkruksa_appres194_2021_02122021.pdf.

On 20 June 2023, by Resolution No. 6/2023, the General Meeting resolved to allocate the Company’s net profit as recommended by the Supervisory Board. In addition, it was decided that the dividend record date for determining the list of shareholders entitled to receive dividend for the financial year ended 31 December 2022 would be 7 September 2023. On 28 September 2023, the dividend of PLN 15.00 per share was paid to shareholders on 19,318,790 shares held by them in KRUK S.A.

There was no dividend payment in the three months ended 31 December 2023 and no decisions were made to pay dividend in the following period.

4.6. PERFORMANCE OF COMPANY SHARES ON THE WARSAW STOCK EXCHANGE

4.6.1. Share price

Over the twelve months to 31 December 2023, the KRUK share price on the stock exchange rose by 59.8%, to PLN 477 per share. Our stock outperformed the WIG and WIG20 indices, which reached rates of return of 36.5% and 30.8%, respectively.

Over the three months to 31 December 2023, the KRUK share price increased by 15.2% relative to the end of the third quarter, underperforming the WIG and WIG20 indices, which gained 20% and 22.3%, respectively.

On the last trading day in 2023, the Company’s market capitalisation was PLN 9.2bn (compared with PLN 6bn at the end of 2022). On 31 December 2023, KRUK ranked 19th in terms of market capitalisation on the WSE.

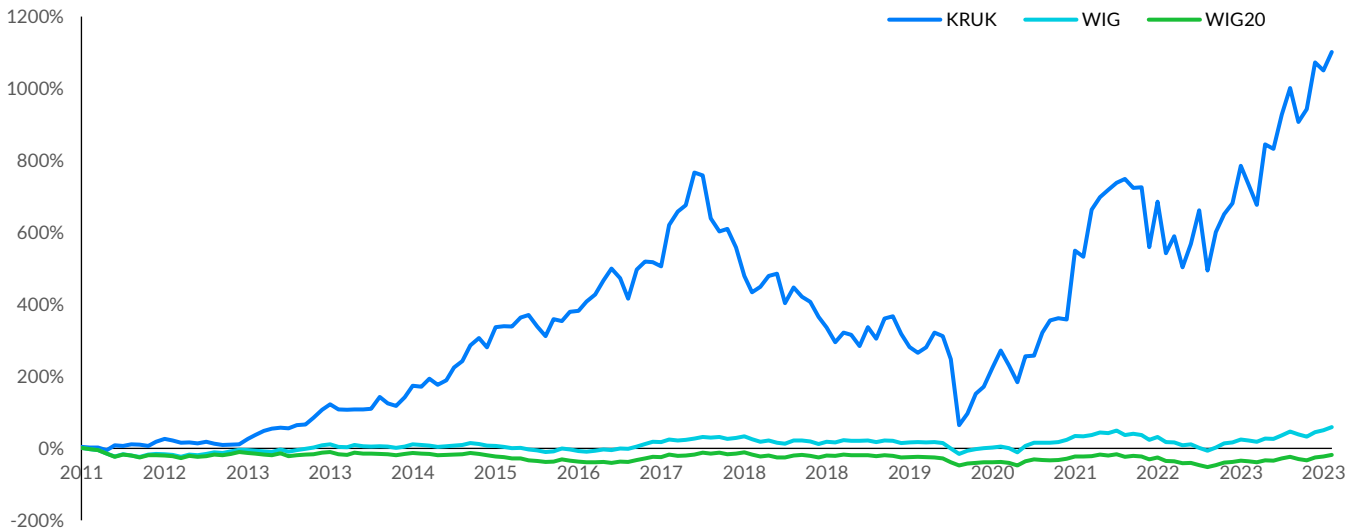
Table 8. Rates of return on KRUK S.A. stock, WIG and WIG20 for 2023 – at close

| Date | KRUK | WIG | WIG20 |
|----------------|------|------|-------|
| Rate of return | 59.8 | 36.5 | 30.8 |

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to the end of 2023, the rate of return on KRUK shares was 1,102%. Over the same period, the all-cap WIG index rose 59%, while the blue-chip WIG20 index dropped 18%.

PERFORMANCE OF KRUK STOCK AGAINST WIG AND WIG20 FROM THE COMPANY'S IPO ON THE WSE IN MAY 2011 TO THE END OF 2023

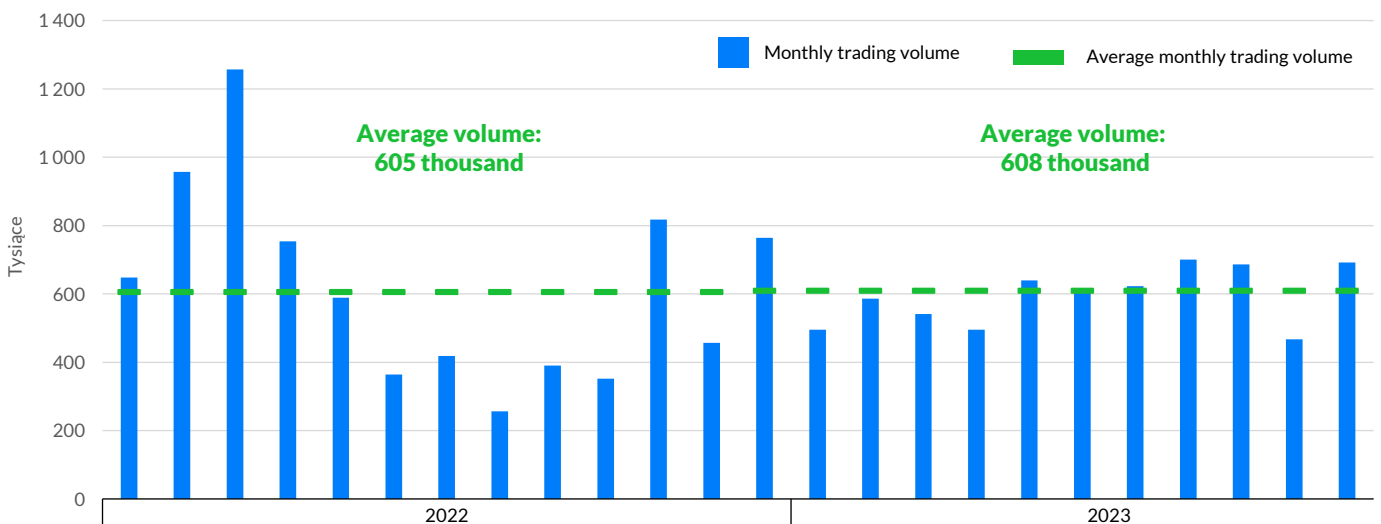


Source: in-house analysis, based on stooq.pl

4.6.2. Stock liquidity

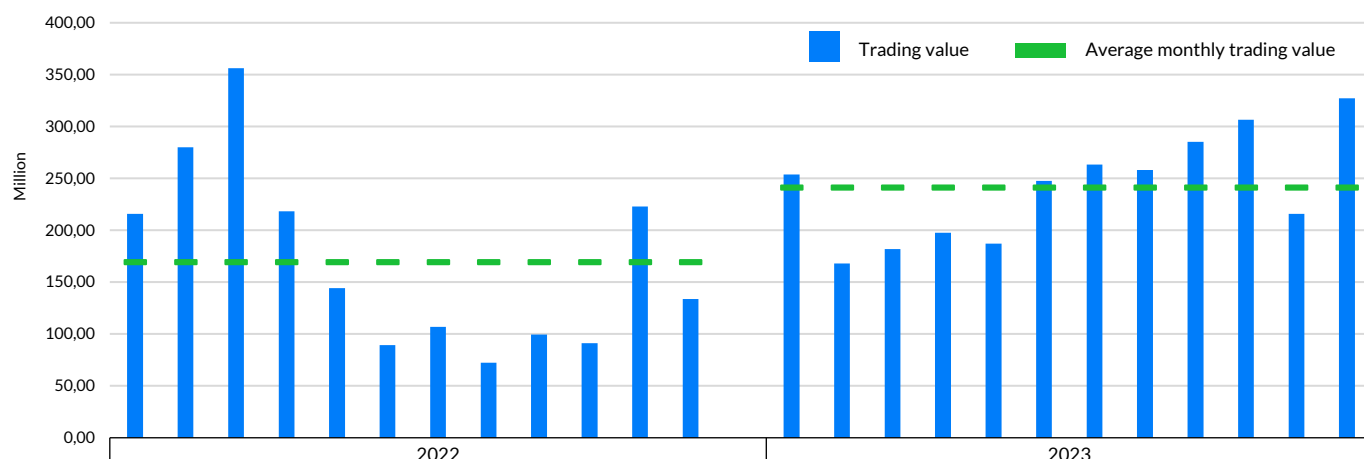
The total volume of KRUK S.A. shares traded in 2023 was 7.3m, and the total value of trading reached PLN 2.9bn. In the corresponding period of 2022, the total volume of KRUK S.A. shares traded was comparable, and the total value of trading was PLN 2.0bn. The average daily trading volume of KRUK shares in 2023 was 29 thousand shares, and the average daily trading value stood at PLN 11.6m. KRUK was the 19th most liquid stock on the WSE (in terms of the total annual value of trades).

MONTHLY VOLUME IN INDIVIDUAL MONTHS AND THE YEAR'S AVERAGE MONTHLY VOLUME OF TRADE IN KRUK SHARES IN 2022-2023



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

AVERAGE DAILY TRADING VALUE IN 2023: PLN 11.6M



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

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

OFE's aggregate ownership interests in KRUK S.A. remains high, at 49.83% as at the end of 2023.

Table 9. Ownership interests of individual OFE in the Company:

| Shareholder | Ownership interest (%) | Number of voting rights |
|----------------------|------------------------|-------------------------|
| OFE NN | 12.79% | 2,470,391 |
| OFE Allianz Polska | 10.69% | 2,064,767 |
| OFE Generali | 8.41% | 1,624,510 |
| OFE PZU Złota Jesień | 6.03% | 1,164,260 |
| OFE Vienna | 5.70% | 1,101,001 |
| OFE UNIQA | 3.57% | 689,864 |
| OFE PKO BP Bankowy | 1.61% | 310,254 |
| OFE Pocztylion Arka | 1.03% | 198,139 |

Source: in-house analysis, based on stooq.pl as at 31 December 2023

5. COMPANY BONDS

5.1. ISSUE OF BONDS

In 2023, the Company issued four series of five-year bonds with a total nominal value of PLN 265m, i.e. Series AN3 and AN4 bonds under the prospectus-based Ninth Bond Issue Programme, and Series AO1 and AO2 bonds under the prospectus-based Tenth Bond Issue Programme. The issue price of each bond was equal to its nominal value of PLN 100. The bonds were offered to retail investors.

In addition, under the prospectus-based Tenth Bond Issue Programme, the Company issued two series of five-year bonds with a total nominal value of EUR 10m, i.e. the Series AO3EUR and AO4EUR bonds. The issue price of each bond was equal to its nominal value of EUR 100. The bonds were offered to retail investors.

Moreover, under the First Prospectus-Exempt Bond Issue Programme, in the period from January to December 2023 the Company issued AL³ and AL⁴ six-year bonds with a total nominal value of PLN 570m. The bonds were offered to be qualified institutional investors and the issue price of each bond was equal to its nominal value of PLN 1,000.

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

Table 10. Bond issues in 2023

| Series | Nominal value | Issued in | Maturing in | Interest rate | Interest payment |
|--------------|---------------|---------------|---------------|--------------------------------|------------------|
| AL3 | PLN 120m | January 2023 | January 2029 | variable – 3M WIBOR + 4.50pp | every 3 months |
| AN3 | PLN 50m | February 2023 | February 2028 | variable – 3M WIBOR + 4.00pp | every 3 months |
| NO0012903444 | EUR 150m | May 2023 | May 2028 | variable – 3M EURIBOR + 6.50pp | every 3 months |
| AN4 | PLN 50m | June 2023 | June 2028 | variable – 3M WIBOR + 4.00pp | every 3 months |
| AO1 | PLN 75m | August 2023 | August 2028 | variable – 3M WIBOR + 4.00pp | every 3 months |
| AO2 | PLN 90m | October 2023 | October 2028 | variable – 3M WIBOR + 4.00pp | every 3 months |
| AL4 | PLN 450m | October 2023 | October 2029 | variable – 3M WIBOR + 4.65pp | every 3 months |
| AO3EUR | EUR 5m | December 2023 | December 2028 | variable – 3M EURIBOR + 4.00pp | every 3 months |
| AO4EUR | EUR 5m | December 2023 | December 2028 | variable – 3M EURIBOR + 4.00pp | every 3 months |

Source: Company

Subsequent to the reporting date, in February 2024, under the prospectus-based Tenth Bond Issue Programme, the Company issued Series AO5EUR bonds with a total nominal value of EUR 10m and Series AO6EUR bonds with a total nominal value of EUR 14m, with a price per bond equal to its nominal value of EUR 100, as well as Series AO7 bonds with a total nominal value of PLN 70m and a price per bond equal to its nominal value of PLN 100. The bonds were offered to retail investors.

Table 11. Bond issues after 31 December 2023 until the date of issue of this report

| Series | Nominal value | Issued in | Maturing in | Interest rate | Interest payment |
|--------|---------------|---------------|---------------|--------------------------------|------------------|
| AO5EUR | EUR 10m | February 2024 | February 2029 | variable – 3M EURIBOR + 4.00pp | every 3 months |
| AO6EUR | EUR 14m | February 2024 | February 2029 | variable – 3M EURIBOR + 4.00pp | every 3 months |
| AO7 | PLN 70m | February 2024 | February 2029 | variable – 3M WIBOR + 4.00pp | every 3 months |

Source: Company

5.2. REDEMPTION OF BONDS

In accordance with the relevant terms and conditions of KRUK S.A.'s bonds, in 2023 the Company redeemed two series of bonds with a total nominal value of PLN 65m.

Subsequent to the reporting date, in February 2024, the Company redeemed, in accordance with the relevant terms and conditions, a part of Series AL² bonds through amortisation of their nominal value, which was PLN 150 per bond. In February 2024, the Company redeemed at maturity Series AG2 bonds with a total nominal value of PLN 25m.

Table 12. Bond amortisations after 31 December 2023 until the date of issue of this report

| Series | Redemption date | Amortisation value |
|--------|-----------------|--------------------|
| AL2 | February 2024 | PLN 52.5m |

Table 13. Bond redemptions after 31 December 2023 until the date of issue of this report

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

5.3. LIABILITIES UNDER BONDS

As at 31 December 2023, the nominal value of outstanding bonds issued by the Company was PLN 2,851m (amounts in EUR translated into PLN at the mid exchange rate quoted by the National Bank of Poland for 29 December 2023).

Table 14. Bonds to be redeemed by the end of 2024

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

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

As at 31 December 2023:

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

where:

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

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

Pursuant to Art. 35.1a and 35.1b of the Bonds Act, in the invitation to purchase Series AL⁴ bonds KRUK provided a projection of the financial liabilities and financing structure of KRUK S.A. and the KRUK Group as at 31 December 2023 ("Bonds Act Projection").

The financial liabilities of KRUK S.A. and the KRUK Group as at 31 December 2023 were as follows:

- a. financial liabilities of KRUK S.A.: PLN 3,265m (2% below the Bonds Act Projection),
- b. financial liabilities of the KRUK Group: PLN 5,531m (8% below the Bonds Act Projection),

- c. financing structure of KRUK S.A. (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of KRUK S.A.): 44% (0.1pp below the Bonds Act Projection),
- d. financing structure of the KRUK Group (percentage share of liabilities under borrowings, issue of debt securities and leases in total equity and liabilities of the KRUK Group): 56% (3pp below the Bonds Act Projection).

In the Company's opinion, differences between the actual values of these items (taken from the accounting records) and projections are not material.

6. CREDIT RATING

6.1. CORPORATE RATING

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

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

6.2. BOND RATING

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

| Agency | Bond rating | Link to information |
|---------|-------------|--------------------------------|
| Moody's | Ba2 | Moody's rating |
| S&P | BB- | S&P rating |

7. GOVERNING BODIES

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

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

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

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

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

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

The Supervisory Board consists of five or seven members. The number of Supervisory Board members is each time determined by the General Meeting. Members of the Supervisory Board are appointed for a joint term of office of three years. As at the date of authorisation of this report, the Company's Supervisory Board is composed of seven members.

The Supervisory Board is appointed and removed by the General Meeting, with the proviso that if Mr Piotr Krupa holds shares in the Company representing 8% or more of the total vote at its General Meeting, he has the right to appoint and remove: one member of a five-member Supervisory Board, including the Deputy Chair of the Supervisory Board; two members of a seven-member Supervisory Board, including the Deputy Chair of the Supervisory Board. Piotr Krupa's rights to appoint and remove members of the Supervisory Board are exercised by delivery to the Company of a written statement on the appointment or removal of a Supervisory Board member.

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

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

- Piotr Stępnik Chair of the Supervisory Board
- Katarzyna Beuch Member of the Supervisory Board
- Izabela Felczak-Poturnicka Member of the Supervisory Board
- Krzysztof Kawalec Deputy Chair of the Supervisory Board
- Ewa Radkowska-Świętoń Member of the Supervisory Board
- Beata Stelmach Member of the Supervisory Board
- Piotr Szczepiórkowski Member of the Supervisory Board

7.3. GENERAL MEETING

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

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

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

20 June 2023 was the date of the Company's Annual General Meeting. In the reporting period, no General Meeting of KRUK S.A. was held.

7.4. CHANGES IN THE KRUK GROUP'S STRUCTURE

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

As at 31 December 2023 and the issue date of this report, the structure of the KRUK Group was as follows:

KRUK S.A.

Receivables trade and management
Amicable and court collection



8. MATERIAL COURT, ARBITRATION OR ADMINISTRATIVE PROCEEDINGS

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

9. NON-FINANCIAL STATEMENT

In 2023, the KRUK Group was engaged in projects based on the core pillars of responsibility encompassing corporate governance, social and environmental aspects, set out in its ESG strategy.

Implementation of the KRUK Group's ESG strategy in 2023

EMPLOYEES



- Maintaining gender equality (objective: at least 50% women)
 - 64% proportion of women in the total workforce, with 58% proportion of women in top managerial positions, compared with 60% and 62% respectively in 2022
- Employees with disabilities (objective: 4% by 2025)
 - 2.2% employees with disabilities, compared with 2% in 2022
- Proportion of women on corporate boards (objective: at least 40%)
 - 42% proportion of women on the Supervisory and Management Boards
- Employee turnover (objective: not more than 16% per year)
 - 11.1% per year, compared with 13.4% in 2022
- KRUK Group's diversity policy implemented under the Diversity, Equity, Inclusion programme

SOCIETY



- KRUK Group's Day Without Debt initiative run on three operating markets in Poland, the Czech Republic/Slovakia and Romania
- Development of virtual call centre assistants to facilitate client service
- Development of the Kapitalni.org portal, visited by 524 thousand unique users in 2023

ENVIRONMENT



- Implementation of a Scope 3 carbon footprint monitoring and reporting tool
- Completion of a project to test the first electric vehicles in the Group's fleet with a view to decarbonising its operations
- Reduction of Scope 1 and 2 emissions in 2023 by 30% compared to 2022 and by 53% compared to the base year



- GDPR – Development of a process to ensure that the principles of privacy by design and privacy by default are applied in practice at the KRUK Group, including designing of new regulations, and implementation of a policy and related process instructions governing data processing risk management at the KRUK Group
- Compliance
 - Mandatory training on the Code of Ethics launched for all KRUK S.A. employees
 - Extension of the system for monitoring sustainable development legislation as part of efforts to foster a compliance culture at KRUK S.A.

In 2023, as part of its sustainability-aligned activities, the KRUK Group focused on further operationalisation of the ESG strategy adopted at the end of 2022, continued dialogue with its stakeholders, mainly employees and clients, and building good relations with public benefit organisations to professionally support those in need.

All of the KRUK Group companies from across its operating markets were involved in these activities.

Sustainability at the KRUK Group and adapting the organisation to changes in regulations and legal requirements.

As part of efforts to adapt the organisation to legislative changes related to sustainability reporting, including preparation for the requirements of the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) and EU Environmental Taxonomy, KRUK S.A. has deployed a system for monitoring sustainable development legislation. Its purpose is to structure the obligations that the KRUK Group is required to perform and the performance schedule.

The first annual edition of the ESG Academy was completed at KRUK S.A. in cooperation with both external and internal experts. Its objective is to raise awareness of the strategic objectives related to environmental responsibility, social and corporate governance. Topics addressed in the three months to 31 December 2023 included challenges posed by climate change and support for decarbonisation efforts, as well as practical examples of how to implement a compliance culture and data privacy.

In preparing to implement human rights due diligence processes, the KRUK Group took part in the Governance Compass initiative of the United Nations Global Compact Network Poland.

Responsible governance

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

In line with the strategic objectives, every employee is required to be familiar with the KRUK Group's Code of Ethics. To ensure this, mandatory training was developed on the Code of Ethics, first implemented at the KRUK Group's Polish companies.

In 2023, no cases of corruption, non-compliance, or breach of any laws or regulations applicable to the Company were recorded. Also, no fines or non-financial penalties were imposed for non-compliance with the law or failure to align its processes with legal or regulatory requirements.

In the three months ended 31 December 2023, as part of the management of conflicts of interest, notifications were received based on which two actual and potential conflicts of interest were identified, as well as three incidents in client service. In 2023, a total of 15 potential and actual conflicts of interest were identified, but they did not affect the operations of any KRUK Group companies.

Once again, KRUK became involved in work on the Green Finance in Poland 2023 report. Michał Zasępa, CFO of KRUK S.A., took part in a discussion panel marking the report's release, during which he spoke about the KRUK Group's commitment to creating a sustainable finance system, and the importance it attaches to fostering a compliance culture and ethical conduct of business.

As part of the Discovery programme, KRUK launched a study of the organisation's needs in relation to market trends in new technologies with a view to preparing a digital maturity map. The map will set out the competencies, skills and tools KRUK should develop and implement to effectively maximise its digital transformation potential.

Social responsibility

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

As part of its activities for the benefit of local communities, the KRUK Group carried out the following social outreach and educational initiatives to support UN Sustainable Development Goals number 4, 8, 10 and 12:

- In Italy, KRUK continued to offer relief aid to the municipality of Cesena, which suffered heavy flooding in May 2023. Apart from enabling employees to take individual volunteer action, the Group donated EUR 30 thousand. The funds were used to repair a local elementary school and art gallery.
- KRUK S.A. has been contributing to the construction of the Prophet Elijah Hospice in depopulated rural areas of the Podlasie region for the past few years. In 2023, the initiative was once again supported by the Group, with a contribution of PLN 100 thousand.
- In Poland, Romania and on the Czech and Slovak market, a social education campaign named Day Without Debt was run on the initiative of the KRUK Group. Funds allocated to the campaign, seeking to promote financial education, amounted to more than EUR 96 thousand. The purpose is to draw public attention to the problem of indebtedness and benefits of voluntary debt repayment.
- For several years now, KRUK S.A. has worked closely with the Psychological Support Centre, offering counselling to indebted individuals who are its clients.
- Educational projects and social outreach initiatives were carried out at all companies of the KRUK Group, spanning environmental education, as well as assistance to financially distressed individuals and institutions, aimed at supporting local communities in the Group's operating markets.

Responsibility for the workplace

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

- Urszula Okarma, Member of the KRUK Management Board, was actively involved in efforts to promote equal opportunities for women in business, taking part in expert panels, including under the Ring the Bell for Gender Equality campaign organised by UNGC, the TOK FM radio campaign 'Let's talk about women in business' and the Female Leadership Meeting initiated by the BloomPro Foundation. The podcast authored by Urszula Okarma was viewed 1,100 times and the TOK FM weekly listenership was close to 2,888 thousand. The CEOs of KRUK España and KRUK Česká a Slovenská Republika participated in local gender equality events.
- In the three months to 31 December 2023, Urszula Okarma, Member of the KRUK Management Board, actively promoted gender equality in business, including as a participant of an expert panel during ZPF's Conference on the Management of Financial Companies' Claims, discussing the situation of women working in the financial sector. KRUK Italia was involved in similar activities at the HerEconomy 2023 conference.
- KRUK S.A. launched an educational campaign for its employees called #ŚrodyZRóżnorodnością (Diversity Wednesdays). Articles and recordings are posted every Wednesday focusing on the themes of diversity and inclusion.
- KRUK S.A. completed work to align its internal regulations with the national legislation concerning remote work. The remote work agreement concluded with the trade union organisation was extended to cover employees whose place

of residence is at least 100 km away from the Company's office and disabled employees. Employees on each market are given an opportunity to work remotely, depending on their duties.

- In all of the KRUK Group's operating markets, mandatory training was launched on Diversity and Inclusion. During the three months to 31 December 2023, the training was completed by 77% of the Group's employees.
- As part of disability inclusion efforts to build accessible operational processes, an internal standard was developed at the KRUK Group to ensure inclusive recruitment processes for candidates with disabilities and those on the neurodivergent spectrum. The guidelines will be implemented throughout 2024.
- Taking care of the well-being and health of their employees, KRUK S.A. and KRUK Romania continue their cooperation with local institutions offering counselling support.
- Seeking to ensure a work-life balance, Wonga.pl implemented incentive schemes encouraging employees to use their holiday leave entitlements. Similar programmes are run at KRUK Romania.
- The KRUK Group continued its employee well-being programmes focused on health promotion. Additional time off work was provided, which employees could use for preventive medical check-ups.

These activities support the UN Sustainable Development Goals number 3, 4, 5 and 10.

Environmental responsibility

The KRUK Group takes measures to adapt to climate change and help others to adapt by sharing its knowledge and building awareness among employees, clients, and vendors. The KRUK Group is engaged in continued work on the transition towards a low-carbon economy.

The Group is consistently striving to minimise its environmental impact and – having measured and set reduction targets for Scope 1 and 2 emissions – it commenced carbon footprint management with respect to Scope 3 emissions. For the first time, the KRUK Group published data on the carbon footprint left by its business trips and property, plant and equipment, including electronic equipment, covering the year 2022. In 2023, the Group extended the scope and further refined its carbon footprint calculation methodology. The work delivered a tool tailored to the specific nature of the Group's business, which, based on data sourced from key elements of the value chain, will ensure due diligence in measuring the Scope 3 carbon footprint. The Group remains on a steady carbon reduction trend, mitigating its Scope 1 and 2 carbon footprint in accordance with the GHG Protocol. In 2023, its Scope 1 and 2 emissions were reduced by 30% year on year and by 53% relative to the base year.

An important factor affecting the KRUK Group's carbon footprint is travel to work. A survey was carried out across the Group to gather information on the means of transport used for commuting. The examined areas included the frequency of office attendance, preferred means of transport, drive mechanism and distance travelled. The findings will be used to plan further decarbonisation measures.

An agreement was concluded to purchase guarantees of origin for electricity consumed at offices occupied by the KRUK Group's companies in Poland. Thus, their entire forecast electricity consumption will be covered by electricity from renewable sources delivered to the grid by our partner. This will allow us to markedly reduce Scope 2 carbon emissions.

Field advisers in Romania received delivery of the Group's first battery-powered cars. The inclusion of these 15 electric cars into Romania's fleet will facilitate the testing of such vehicles during field operations. Concurrently with the delivery of the electric vehicles, the company entered into an agreement with a charger network operator, who will supply renewable energy for battery charging.

In the three months ended 31 December 2023, work was completed to develop guidelines for data reporting and identification of investments and expenditures on products and services eligible for and aligned with Regulation (EU) 2020/ of the European Parliament and of the Council (the EU Environmental Taxonomy).

All these initiatives were carried out to support UN Sustainable Development Goals number 12 and 13.

Awards and distinctions

In the 16th edition of the TOP Brand 2023 ranking, awarding distinctions and statuettes to 50 Polish brands that stand out for the quality of their media presence, KRUK ranked first among all debt collection companies in Poland for another consecutive year.

In the eighth edition of *Forbes'* list of 100 Largest Private Companies in Poland, KRUK S.A. ranked ninth. Notably, KRUK S.A. was the only financial sector organisation to have made it to the ranking's top ten.

In the DEI 30% Club Poland Award competition, KRUK S.A. was recognised for its commitment to an inclusive organisational culture. The criteria on which the Company was awarded included ensuring equal employment opportunities, high proportion of women in managerial positions across all hierarchy levels, fostering an inclusive workplace, and low gender pay gap.

KRUK Romania received a Financial Responsibility and Sustainability Excellence Award from the *Business Review Magazine*. The award was granted in recognition of the company's contribution to promoting financial responsibility, sustainable development and economic prosperity in Romania.

At the Credit Management Congress, KRUK was awarded the first place in the 'INVESTORS' CESSIO' category, in which debt purchasers are recognised for applying the highest standards of business conduct and best business practice when participating in debt auctions.

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

10. GLOSSARY OF TERMS

| | |
|-------------------------|---|
| Auditor | PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw |
| CAGR | Compound Annual Growth Rate |
| Catalyst | Bond market operated by the Warsaw Stock Exchange |
| EBIT | Operating profit |
| EBITDA | Operating profit before depreciation and amortisation |
| Cash EBITDA | Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last twelve months exceeds PLN 5m; cash EBITDA is computed for the KRUK Group for the last twelve months |
| EPS | Earnings per share |
| ERIF BIG, ERIF | ERIF Biuro Informacji Gospodarczej S.A. |
| EUR | Euro |
| WSE | Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) |
| Group KRUK Group | The Company as the Parent along with its subsidiaries and Non-Standardised Securitisation Closed-End Investment Funds/ Non-Standardised Debt Closed-End Investment Funds |
| ItaCapital | ItaCapital S.r.l of Milan, Italy |
| Kancelaria Prawna RAVEN | Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa of Wrocław |

| | |
|---|---|
| CSDP ----- | Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw) |
| PFSA ----- | Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) |
| KRS ----- | Polish National Court Register (Krajowy Rejestr Sądowy) |
| KRUK; Issuer; Company ----- | KRUK S.A. of Wrocław |
| KRUK Česká a Slovenská republika ----- | KRUK Česká a Slovenská republika s.r.o. of Hradec Králové |
| KRUK España ----- | KRUK España S.L. of Madrid, Spain |
| KRUK Italia ----- | KRUK Italia S.r.l of Milan, Italy |
| KRUK ROMANIA ----- | KRUK Romania s.r.l of Bucharest, Romania |
| KRUK TFI ----- | KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław |
| IAS ----- | International Accounting Standards as endorsed by the European Union |
| IFRS ----- | International Financial Reporting Standards as endorsed by the European Union, including International Accounting Standards, International Financial Reporting Standards and related Interpretations endorsed by the European Union |
| Nasdaq Stockholm ----- | Stockholmsbörsen; Securities trading market in Stockholm, Sweden |
| NBP ----- | National Bank of Poland |
| Non-Standardised Debt Closed-End Investment Funds ----- | Prokura NS FIZ, P.R.E.S.C.O. Investment I NS FIZ, and BISON NS FIZ, as of 29 September 2023 renamed to Prokura Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty, Bison Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty, and Presco Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty |
| Deviation between actual and projected recoveries ----- | The figure includes the deviation between actual and projected recoveries, decreases on early collections in collateralised cases, and payments from the original creditor. The percentage deviation is determined as the ratio of 'deviation between actual and projected recoveries' to the difference between 'actual recoveries' and 'deviation between actual and projected recoveries'. |
| GDP ----- | Gross Domestic Product |
| PLN ----- | Polish złoty |
| UOKiK President ----- | President of the Office of Competition and Consumer Protection |
| 2021–2024 Scheme ----- | An incentive scheme for 2021–2024 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 950,550 registered subscription warrants conferring the right to subscribe for a total of 950,550 ordinary bearer shares issued as part of a conditional share capital increase |
| Prokura NFW FIZ ----- | Prokura Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (Non-Standardised Debt Closed-End Investment Fund) – until 29 September 2023 Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Non-Standardised Securitisation Closed-End Investment Fund) |
| Total revenue ----- | Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income |
| Supervisory Board ----- | Supervisory Board of the Company |
| ROE ----- | Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period |
| RON ----- | Romanian leu |

| | |
|--|--|
| Regulation on current and periodic information | Polish Minister of Finance's Regulation of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2018, item 757, as amended) |
| SeCapital Luksemburg | SeCapital S.à.r.l. (Luxembourg) |
| Consolidated financial statements | Consolidated financial statements of the Group for the reporting period ended 31 December 2023, prepared in accordance with the IFRS |
| Company; KRUK; Issuer | KRUK S.A. of Wrocław |
| Subsidiaries | Subsidiaries of the Company, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa |
| Articles of Association | Articles of Association of the Company |
| UOKiK | Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów) |
| USD | US dollar |
| Bonds Act | Polish Act on Bonds of 15 January 2015 (Dz.U. of 2022, item 2244) |
| General Meeting | General Meeting of the Company |
| Wonga | Wonga.pl Sp. z o.o. of Warsaw |
| Management Board | Management Board of KRUK S.A. |
| Financial Liabilities | Total financial liabilities under: <ul style="list-style-type: none"> • bonds or other similar debt securities; or • non-bank borrowings; or • bank borrowings; or • finance leases; or • promissory notes issued by way of security for liabilities of non-KRUK Group entities; or • guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or • accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or • assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or • liabilities arising under derivatives contracts; |

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

Wrocław, 27 February 2024