



25 years

OF EUROPEAN
KNOWLEDGE
& EXPERIENCE

QUARTERLY REPORT – PART III

Additional information on the operations
of the KRUK Group

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

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KEY ACHIEVEMENTS IN THE NINE MONTHS TO SEPTEMBER 30TH 2023



New portfolio purchases

PLN 1,984m

+47%



Recoveries

PLN 2,286m

+19%



Cash EBITDA

PLN 1,620m

+19%



Net profit

PLN 757m

+12%



ROE

24%

(26%)



Profit margin

39%

(42%)



Net debt/cash EBITDA

2.3

(1.9)



Net debt/equity

1.3

(1.0)

	Sep 30 2023 (PLNm)	Sep 30 2022 (PLNm)	change	Sep 30 2023 (EURm)	Sep 30 2022 (EURm)
Expenditure on debt portfolios	1,984	1,351	47%	433	288
Gross recoveries	2,286	1,928	19%	499	411
Carrying amount of purchased portfolios	8,190	6,158	33%	1767	1265
Estimated remaining collections	17,230	12,122	42%	3,717	2,489
Total revenue ¹	1,923	1,611	19%	420	344
Revenue from purchased portfolios	1,737	1,439	21%	380	307
EBIT	1,028	838	23%	225	179
EBITDA ²	1,071	875	22%	234	187
EBITDA gotówkowa ³	1,620	1,363	19%	354	291
Net profit	757	677	12%	165	144
Basic EPS (PLN EUR)	39.18	35.48	10%	8.56	7.57
Diluted EPS (PLN EUR)	37.30	34.36	9%	8.15	7.33
ROE ⁴	24%	26%	-	-	-
Interest-bearing net debt to equity ratio	1.3	1.0	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.3	1.9	-	-	-
Cash EBITDA to interest on debt	8.0	10.2	-	-	-

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 debt portfolios + recoveries from purchased portfolios. ⁴ ROE = (net profit)/(equity) LTM.

Source: Company

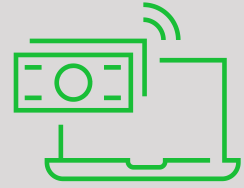


24%

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



International expansion
markets outside Poland account for 82% of all investments and 55% of recoveries



Technology development
digitalisation at KRUK Group including through 'Discovery'



Record high cash EBITDA
PLN 1.6bn after the first nine months of 2023



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



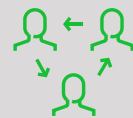
1.3 net debt to equity ratio
KRUK is one of the least leveraged companies within the industry



KRUK S.A.
celebrates its 25th anniversary in 2023



Ethical Audit Certificate
for KRUK S.A. from ZPF



at KRUK Group
58% of senior managerial positions held by women

1 The Group's material achievements or failures in the reporting period, along with the most significant events related to those achievements or failures

1.1 KRUK's performance for the nine months ended September 30th 2023

Net profit and return on equity (ROE)

In the nine months ended September 30th 2023, the Group's net profit came in at PLN 757m, a PLN 80m increase on net profit earned in the corresponding period of 2022, which amounted to PLN 677m (up 12% year on year). This increase was largely driven by a PLN 312m rise in revenue (up 19% year on year).

Cash EBITDA for the nine months ended September 30th 2023 came in at PLN 1,620m, having improved 19% on the corresponding period of 2022 primarily on the back of higher recoveries (up PLN 358m, or 19%, year on year).

Net profit earned in the three months ended September 30th 2023 was PLN 229m, up PLN 41m (or 22%) year on year. Cash EBITDA for the period came in at PLN 544m, up PLN 90m (or 20%) year on year.

As at September 30th 2023, return on equity for the last 12 months was 24%, compared with 26% the year before.

Revenue

In the three months ended September 30th 2023, the KRUK Group generated PLN 1,923m in total revenue, up by 19% (PLN +312m) year on year. Revenue from purchased debt portfolios amounted to PLN 1,737m, up by 21% (PLN +298m) year on year. The largest increase by far was recorded in the Spanish market (PLN +148m, or +233%), with significant increases achieved also in Poland (PLN +89m, or +13%) and Italy (PLN +42m, or +16%).

In the three months to September 30th 2023 alone, the Group's total revenue reached PLN 624m, having increased by PLN 115m, or +23%, from PLN 509m in the third quarter of 2022. Revenue from purchased debt portfolios for the three months ended September 2023 amounted to PLN 576m, up by 29% (PLN +130m) year on year. The largest increase by far was recorded in the Polish market (PLN +59m, or +31%), with significant increases achieved also in Romania (PLN +36m, or +35%) and Spain (PLN +28m, or +55%).

Revaluation of projected recoveries booked by the Group in the first nine months of 2023 totalled PLN 319m, compared with PLN 305m 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 344m, compared with PLN 269m a year earlier (up 28%).

In the three months ended September 30th 2023 alone, the Group booked a PLN 99m revaluation of projected recoveries, up by PLN 38m year on year. 70% of the total revaluation of projected recoveries from unsecured retail portfolios in the three months ended September 30th 2023 was attributable to a revaluation of projected recoveries for the next 46 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 91m, compared with PLN 82m a year earlier (up 11%).

In addition, the increase in the Group's revenue for the first three quarters of 2023 reflected an increase in Wonga's revenue (PLN +9m, or +6%), as well as the result on the sale of two Group companies on January 24th 2023: ERIF BIG S.A. and EBS Sp. z o.o. (total transaction proceeds of PLN 15m).

Costs of operations

In the nine months to September 30th 2023, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 851m, having increased by PLN 116m (16%) on the corresponding period of the previous year. The increase was driven mainly by a rise in employee costs and salaries (up PLN 54m, or 16%, year on year), as well as court and bailiff fees (up PLN 59m, or 30%, year on year).

Costs of operations incurred by the KRUK Group in the three months to September 30th 2023 (excluding depreciation and amortisation) amounted to PLN 289m, having risen by PLN 33m (+13%) year on year. Their increase reflected mainly higher court and bailiff fees (up PLN 21m, or +31%), as well as higher salaries and employee expenses (up by PLN 14m, or +12%).

Finance costs

In the nine months to September 30th 2023, net finance costs were PLN 196m, having grown PLN 68m relative to the same period of 2022, driven by a higher debt amount (up by PLN 1,535m^{1[1]}), as well as elevated 1M/3M WIBOR rates (the average of quotations for the last day of each month in the period January–September 2022 was 5.39%/5.85%, compared with 6.75%/6.74% in the comparative period of 2023) and 1M/3M EURIBOR rates (up from -0.20%/-0.01% to 3.14%/3.34%, 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 +54m in the three and nine months to September 30th 2023, respectively. IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,414m) represented 70% of the Group's total debt as at September 30th 2023. WIBOR-sensitive debt accounted for 4% (PLN 193m) and EURIBOR-sensitive debt – for 26% (PLN 1,299m) of the Group's total debt as at September 30th 2023.

In the three months to September 30th 2023 alone, net finance costs amounted to PLN 73m, up by PLN 25m year on year. The increase was attributable to a higher debt amount (up by PLN 1,535m^{1[1]}) and elevated 1M/3M EURIBOR rates (the average of quotations for the last day of each month in the three-month period to September 30th 2022 was 0.49%/0.79%, compared with 3.69%/3.82% for the same period of 2023). The effect of exchange rate movements on the KRUK Group's profit or loss was PLN 4m both in the nine months ended September 30th 2023 and in the third quarter alone.

Purchased debt portfolios

Recoveries from purchased portfolios

Amounts recovered in the nine months to September 30th 2023 from portfolios purchased by the KRUK Group came to PLN 2,286m, up 19% year on year. These were the Group's highest ever recoveries for the first three quarters of a year, with over half of that amount collected in foreign markets. Also, for the first time in the KRUK Group's history, January–September recoveries exceeded PLN 1bn. The year-on-year increase of PLN 358m in the nine months to September 30th 2023 was attributable mainly to PLN 107m growth in recoveries on the Italian market (up +34% year on year), PLN 99m growth in recoveries on the Polish market (up +11% year on year), and PLN 95m growth in recoveries on the Spanish market (+58% year on year). Higher recoveries were also recorded in Romania (PLN +38m, or +9%) and the Czech and Slovak markets (PLN +19m, or +29%).

Amounts recovered in the three months to September 30th 2023 from portfolios purchased by the KRUK Group reached PLN 785m, marking a PLN 9m increase quarter on quarter and a 21% increase year on year as well as the Group's all-time quarterly high. Over half of that amount was collected in foreign markets. The year-on-year increase of PLN 137m was attributable mainly to PLN 69m growth in recoveries on the Polish market (up 23% year on year), PLN 37m growth in recoveries on the Spanish market (up 54% year on year), and PLN 27m growth in recoveries on the Italian market (up 25% year on year).

¹ Debt reported at nominal value.

Table 1. Recoveries from purchased portfolios in the nine months to September 30th 2023, by market

	Recoveries in Jan-Sep 2023 PLNm	Share of total recoveries	Recoveries in Jan-Sep 2022 PLNm	Share of total recoveries	Change y/y
Poland	1,032	45%	933	48%	11%
Romania	477	21%	439	23%	9%
Italy	423	19%	316	16%	34%
Spain	260	11%	165	9%	58%
Other markets	94	4%	75	4%	25%
KRUK Group	2,286	100%	1,928	100%	19%

In each of KRUK's markets actual amounts recovered were higher than the budgeted figures², both over the nine months to September 30th 2023 and in each quarter (the positive deviation in Q3 2023 was PLN 91m, or 13%).

Table 2. Deviation between actual and projected recoveries and related items

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

New debt portfolio purchases

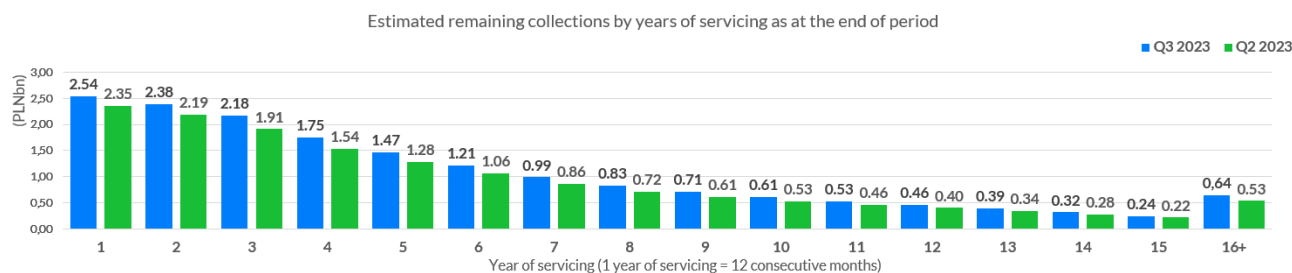
Total expenditure on debt portfolios in the nine months ended September 30th 2023 was PLN 1,989m, up by 47% on the same period of 2022, when the KRUK Group invested PLN 1,351m. In the reporting period, the Group invested primarily in unsecured retail debt, which represented as much as 94% of new debt 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 Spain and Italy accounting for the largest share of total investments made in the nine months to September 30th 2023 (36% and 33%, respectively). The aggregate nominal value of purchased debt portfolios was PLN 10,093m, 30% more than in the same period of 2022.

In the three months to September 30th 2023 alone, the KRUK Group invested PLN 812m in debt portfolios with an aggregate nominal value of PLN 4,616m, compared with PLN 594m invested in portfolios with a total nominal value of PLN 3,071m a year earlier. The Group invested in each of the markets in which it operates, with unsecured retail debt accounting for as much as 98% of its new portfolio purchases in the third quarter of 2023.

² 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'

Estimated remaining collections

Estimated remaining collections (ERC) as at September 30th 2023 were PLN 17.2bn, up by PLN 3.4bn, or +25%, on December 31st 2022. The increase was driven primarily by investments of PLN 1,989m (including PLN 812m in the third quarter of 2023 alone) in debt portfolios with a nominal value of PLN 10,093m (including PLN 4,616m in the third quarter of 2023 alone), and a revaluation of projected recoveries as at September 30th 2023, with a discounted value of PLN 319m. 70% of the total revaluation of projected recoveries from unsecured retail portfolios as at September 30th 2023 was attributable to the revaluation of projected recoveries until July 2027 (over the next 46 months). The breakdown of ERC according to the collection period is presented in the charts below.



Credit management services

Revenue from fee-based credit management services in the nine months to September 30th 2023 amounted to PLN 44m, down 10% year on year, following the Group's decision to discontinue the provision of such services in Romania as of January 2023 and shift all focus to debt purchases on that market. In the other markets where the Group provides credit management services, revenue from their provision grew year on year. In the three months to September 30th 2023 alone, revenue from this business line was PLN 13m, a 13% decrease year on year.

Consumer loans (Novum and Wonga)

In the nine months ended September 30th 2023, the KRUK Group advanced 168 thousand cash loans (a year-on-year increase of 4%), with a principal amount of PLN 416m (PLN 449m in the nine months ended September 30th 2022). The number of Novum cash loans advanced in Poland and Romania in the first three quarters of 2023 totalled 13.5 thousand, and their principal amount was PLN 70.6m. Wonga.pl disbursed 155 thousand cash loans over the same period, with a net amount of PLN 345m.

In the three months to September 30th 2023, the KRUK Group companies advanced 56 thousand cash loans, compared with 51 thousand the year before. In that period, the principal amount of loans advanced was PLN 145m (July–September 2022: PLN 144m). The number of Novum cash loans advanced in Poland and Romania was 5.2 thousand, and their principal amount was PLN 29.2m. As for Wonga.pl, it disbursed 51.3 thousand cash loans in Poland, with a net amount of PLN 116m.

Wonga's revenue for the three months ended September 2023 reached PLN 26m, up 28% year on year, whereas Novum's revenue was PLN 7m, up 17% on the three months to September 30th 2022. For the period from January 1st to September 30th 2023, Wonga's revenue came in at PLN 100m (up 6% year on year) and Novum's revenue at PLN 21m (up 22% year on year).

Credit reference (ERIF BIG)

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

1.2 KRUK Group's performance by geographical segment

(PLNm)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Expenditure on debt portfolios	357	247	193	250	660	445	712	388	67	20	N/A	N/A	N/A	N/A	1,989	1,351
Recoveries	1,032	933	477	439	423	316	260	165	94	75	N/A	N/A	N/A	N/A	2,286	1,928
Carrying amount of purchased debt portfolios (PLNbn)	2.9	2.7	1.4	1.2	2.0	1.4	1.8	0.7	0.2	0.2	N/A	N/A	N/A	N/A	8,190	6,158
Revenue	896	803	432	416	312	267	223	75	41	46	19	4	N/A	N/A	1,923	1,611
Purchased debt portfolios	755	666	427	403	304	261	211	63	41	46	N/A	N/A	N/A	N/A	1,737	1,439
Credit management services	23	21	0	10	8	6	12	12	N/A	N/A	N/A	N/A	N/A	N/A	44	49
Wonga	100	94	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100	94
Other activities	18	21	4	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22	24
Gross profit	654	563	341	337	166	137	106	4	19	29	12	-3	N/A	N/A	1,298	1,067
EBITDA	590	512	319	317	139	116	88	-10	8	22	12	-3	-85	-79	1,071	875
Cash EBITDA	867	779	368	353	259	171	137	92	61	50	12	-3	-85	-79	1,620	1,363

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

Poland

In the nine months ended September 30th 2023, KRUK's investments in Poland amounted to PLN 357m, representing 18% of the Group's total expenditure in the period. The nominal value of the purchased portfolios was PLN 2,103m. In Poland, KRUK invested primarily in unsecured retail debt. In the three months ended September 30th 2023, the KRUK Group's investments in portfolio purchases on the Polish market reached PLN 74m, representing 9% of all funds invested by the Group in the period.

Amounts collected in Poland represented 45% of the Group's total recoveries. In the nine months to September 30th 2023, recoveries in Poland amounted to PLN 1,032m, up 11% year on year. In the third quarter of 2023 alone, recoveries on the Polish market reached PLN 365m, up 23% on the same period of 2022.

Compared with the nine months to September 30th 2022, the Group's revenue on the Polish market went up by nearly PLN 94m, to PLN 896m. The revaluation of projected recoveries totalled PLN 145m, versus PLN 133m in the nine months to September 30th 2022. The year-on-year increase in the revaluation, coupled with higher interest income and higher positive deviation between actual and projected recoveries relative to the comparative period, drove the Group's revenue from purchased debt portfolios up 13% year on year. Thanks to the higher recoveries, gross profit on the Polish market for the nine months to September 30th 2023 came in at PLN 654m, up 16% from PLN 563m a year earlier.

EBITDA on the Polish market for the nine months ended September 30th 2023 was booked at PLN 590m, up 16% year on year. Cash EBITDA stood at PLN 867m, up 11% on the same period the year before, mainly on the higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at September 30th 2023 was PLN 2.9bn, up 7% year on year. Polish portfolios accounted in total for 35% of the carrying amount of all debt portfolios held by the KRUK Group.

Romania

In the nine months to September 30th 2023, KRUK's expenditure on portfolio purchases in Romania reached PLN 193m, accounting for 10% of the Group's total investment in the period. The total nominal value of the

debt purchased in the period was PLN 713m. KRUK invested primarily in unsecured retail debt portfolios. In the three months to September 30th 2023, KRUK invested on the Romanian market PLN 75m in debt portfolios with an aggregate nominal value of PLN 365m.

From the beginning of the year to September 30th 2023, recoveries in Romania amounted to PLN 477m, up 9% year on year, representing 21% of total recoveries in the period. In the three months to September 30th 2023 alone, recoveries from portfolios in Romania amounted to PLN 155m, up 2% year on year.

Total revenue from the Romanian market generated in the nine months to September 30th 2023 amounted to PLN 432m, up 4% on the same period of 2022. The increase reflects a lower upward revaluation of projected recoveries in the first nine months of 2023 than in the corresponding period the year before (PLN 145m vs. PLN 161m) as well as higher interest income and higher positive deviation between actual and projected recoveries relative to the comparative period.

Gross profit came in at PLN 341m, having increased from PLN 337m a year earlier.

EBITDA in Romania totalled PLN 319m, up 1% year on year, with Cash EBITDA at PLN 368m, up 4% year on year.

The carrying amount of purchased debt portfolios as at September 30th 2023 was PLN 1.4bn, up 20% year on year. The Romanian portfolios accounted in total for 17% of the carrying amount of all debt portfolios held by the KRUK Group.

Italy

In Italy, KRUK invested PLN 660m, accounting for 33% of the Group's total investments, primarily in unsecured retail debt. The nominal value of the portfolios purchased was PLN 2,551m. In the three months ended September 30th 2023 alone, the KRUK Group's investments on the Italian market reached PLN 137m, accounting for 17% of its total expenditure in the period, for which it purchased debt portfolios with a nominal value of PLN 584m. Committed to consistently increasing its investments in Italy, subsequent to the reporting date KRUK entered into forward flow agreements for unsecured retail debt with a total nominal value of up to PLN 782m, which will ensure an inflow of new investment in 2024.

Amounts collected in Italy represented 19% of the Group's total recoveries. From the beginning of the year to September 30th 2023, recoveries in Italy amounted to PLN 423m, up 34% year on year. In the three months to September 30th 2023 alone, recoveries from the Italian portfolios amounted to PLN 135m, up 25% year on year.

Revenue generated in Italy between January 1st and September 30th 2023 was PLN 312m, compared with PLN 267m in the same period of 2022 (a 17% increase). Revenue from the purchased debt portfolio business accounted for 97% of total revenue, having increased to PLN 304m from PLN 261m the year before.

In the nine months to September 30th 2023, the Group recognised a PLN 23m revaluation of projected recoveries from the Italian portfolios, compared with a PLN 43m 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 both in the first nine months of 2023 and in the three months to September 30th 2023 alone.

Revenue from the credit management business was PLN 8m, relative to PLN 6m in the corresponding period of 2022.

Thanks to the revenue increase, gross profit amounted to PLN 166m, relative to PLN 137m a year earlier.

On the Italian market EBITDA for January–September 2023 came in at PLN 139m, up from PLN 116m in the nine months to September 30th 2022. Driven by higher recoveries, cash EBITDA came in at PLN 259m, compared with PLN 171m the year before.

As at September 30th 2023, the carrying amount of purchased debt portfolios was PLN 2bn, up 39% on September 30th 2022. The Italian portfolios accounted for 24% of the total carrying amount of all debt portfolios owned by the KRUK Group.

Spain

The reporting period saw the KRUK Group invest PLN 712m in Spain, primarily in unsecured retail debt, which represented 36%, and thereby the largest share, of the Group's total expenditure on portfolio purchases in the nine months to September 30th 2023. The nominal value of the purchased portfolios was PLN 4,417m. In the three months to September 30th 2023 alone, KRUK invested PLN 516m in debt portfolios with an aggregate nominal value of PLN 3,432m.

From the beginning of the year to September 30th 2023, recoveries in Spain amounted to PLN 260m, up 58% year on year, representing 11% of total recoveries in the period. In the three months to September 30th 2023 alone, recoveries from portfolios in Spain amounted to PLN 105m, up 54% year on year.

In the nine months to September 30th 2023, revenue generated in Spain reached PLN 223m, almost double the figure posted in the corresponding period of 2022. Revenue from purchased portfolios was PLN 211m, compared with PLN 63m a year earlier. The KRUK Group recognised PLN 4.5m in a positive revaluation of projected recoveries on the Spanish market, compared with a PLN 39m negative revaluation recorded a year earlier. The year-on-year increase in revenue was also a result of higher interest income and a higher excess of actual cash recovered over expected recoveries relative to the comparative period.

Revenue from the credit management business in Spain came to PLN 12m, up 5% year on year.

Gross profit on the Spanish market was PLN 106m, compared with PLN 4m in the same period of 2022.

As a result of the higher recoveries and revenue, EBITDA on the Spanish market for the period January–September 2023 reached PLN 88m, compared with a negative EBITDA of PLN 10m for the first nine months of 2022. Cash EBITDA was booked at PLN 137m, having increased from PLN 92m posted the year before, largely on the back of the year-on-year growth in recoveries.

As at September 30th 2023, the carrying amount of debt portfolios held in Spain was PLN 1.8bn (up 138%), representing 22% of the total carrying amount of the Group's debt portfolios.

Other markets (Czech Republic, Slovakia and Germany)

In the reporting period, the KRUK Group's investments in the Czech Republic and Slovakia amounted to PLN 67m, representing 3% of the Group's total expenditure of portfolio purchases. The nominal value of the purchased portfolios was PLN 308m. The investment was made in unsecured retail portfolios. In the three months to September 30th 2023 alone, the KRUK Group's investments in the Czech Republic and Slovakia were PLN 10m, for which it purchased debt portfolios worth nominally PLN 25m.

From the beginning of the year to September 30th 2023, recoveries from the other markets totalled PLN 94m, up 25% year on year, representing 4% of total recoveries in the period. Recoveries from portfolios in the other markets segment for the three months ended September 30th 2023 amounted to PLN 25m, up 6% year on year.

In the nine months to September 30th 2023, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 41m, down 12% on the corresponding period of 2022. In the other markets segment, KRUK also recorded an excess of actual recoveries over estimates both in the first nine months of 2023 and in the three months to September 30th 2023.

In January–September 2023, the KRUK Group recognised a PLN 2m positive revaluation of projected recoveries in the other markets segment, compared with PLN 7m in the corresponding period of the previous year.

Gross profit was close to PLN 19m, down PLN 34m year on year.

EBITDA for the period January–September 2023 came in at PLN 8m, down 61% year on year, chiefly on account of a lower positive revaluation of projected recoveries (down PLN 5m, or 75% year on year) and an increase in direct, indirect and administrative expenses (up by PLN 5m, or 27%, year on year), due mainly to additional VAT charges in the six months ended June 30th 2023. At the same time, cash EBITDA grew by 22% year on year, driven primarily by a 25% increase in recoveries.

As at September 30th 2023, the carrying amount of debt portfolios in the other markets segment was PLN 0.2bn, representing 2% of the total carrying amount of the Group's debt portfolios

1.3 Financial and liquidity position

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

As at September 30th 2023, the KRUK Group's cash and cash equivalents amounted to PLN 194m, down by PLN 4m on September 30th 2022. As at September 30th 2023, the Company had undrawn lines of credit of PLN 684m. As at September 30th 2023, the carrying amount of the Group's investments in debt portfolios accounted for 89% of its assets. The Group's equity accounted for 41% of its financing sources.

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

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

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

1.3x – Net Debt / Equity Ratio

2.3x – Net Debt / Cash EBITDA Ratio

where:

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

Financial Liabilities means total financial liabilities under:

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

Equity means the KRUK Group's equity;

Cash EBITDA represents profit (loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m. Cash EBITDA is computed for the KRUK Group for the last 12 months.

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

In the three months ended September 30th 2023, the ratios changed negligibly and, in the Management Board's opinion, remained at safe levels. For instance, the debt ratios measured for the entire Group, specified in the terms and conditions of bonds issued on the Polish market, were as follows: the net debt to equity ratio stood at 1.3x (the maximum level being 3.0x in the case of issues for which financial debt limits have been defined), and the net debt to cash EBITDA ratio was 2.3x (the maximum level being 4.0x).

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

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

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

In the three months to September 30th 2023, all intragroup transactions were concluded on an arm's length basis.

1.5 Sureties for repayment of loans and guarantees issued by KRUK S.A. or its subsidiary

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for the period January 1st–September 30th 2023, section 16. *Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year*

1.6 Significant agreements executed by companies of the KRUK Group

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

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

1.7 Operations – technology development

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

Digital transformation

As part of our ongoing 'Discovery' Programme, the Group continued to implement a number of projects and initiatives slated for completion in 2023 and beyond.

The projects cover areas such as digitalisation of the amicable collection process (e.g. digital client touchpoints), automation of the legal enforcement processes, enhanced accuracy of portfolio valuations and financial projections, data management (e.g. availability, quality, and security of data), development of the concept to create a centralised data warehouse and cloud-based analytics platform, improvement of analytical processes with a higher number and better quality of analytical models, more effective deployment of IT changes and system architecture, development of 'no-code' tools and capabilities, accelerated innovation, programmes to strengthen staff's digital competencies, as well as a constructive organisational culture and work environment reflecting the principle of 'Diversity, Equity, Inclusion'.

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

The purpose of one of the projects, named Starlight, is to conduct an in-depth study of the needs of the entire organisation and compare them with global technology trends. One of its deliverables will be the KRUK Group's digital maturity map indicating possible trajectories for the organisation's further development and adoption of technologies. As a result, KRUK will gain insights into essential competencies to develop, tools to implement, and innovative working methods to apply so as to ensure that the potential of digital transformation is smartly and efficiently maximised.

Rollout of online solutions

In all markets, KRUK encourages clients to take up self-service and keeps working to deliver new tools to facilitate the process. It also continues to improve the previously deployed tools to make them easier to use, thus ensuring high conversion rates.

In Spain, KRUK is currently focusing on replacing the existing system with the self-service e-kruk platform, whose latest version features a range of efficiency and security enhancing standards and technologies.

In Poland, the Company has added to the e-kruk system a new instalment payment product, offering clients preferential repayment terms. The purpose of this latest addition is to further increase the number of settlement agreements executed by clients on the e-kruk self-service platform (this option accounted for more than half of all the settlements concluded in the three months to September 30th 2023).

Thanks to the KRUK Group's consistent efforts, the number of e-kruk active users has been growing, reaching 250 thousand in the third quarter of 2023.

Development of cloud-based solutions

In the three months to September 30th 2023, KRUK continued its work on cloud-based solutions, launched in 2022 by setting up a dedicated area. The selected solutions are expected to drive the Group's fast-paced technological development, while ensuring digital and technological security. Relevant projects have been planned for quarters and years to come. As part of its Microsoft 365 E5 subscription, KRUK continues to implement a wide range of E5 services and tools across the Group to enhance process automation and efficiency, improve management, and ultimately deliver better business performance.

1.8 Operations – military conflict in Ukraine

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

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

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

2 Assessment of financial resources management

2.1 Financial forecasts

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

2.2 Assessment of future financial condition

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

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

3 Risk factors and their management

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

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

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

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

In the period from January 1st to September 30th 2023, there were no material changes to the risk management approach, therefore the Management Board of KRUK S.A. identified the same risks as those specified in the full-year Directors' Report on the operations of KRUK S.A. and the KRUK Group in 2022, in: *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

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. September 6th 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	1,754,373	9.08
Generali OFE***	1,624,510	8.41
PZU OFE*	1,400,000	7.25
Aegon OFE*	1,130,788	5.85

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

(**) Data based on the Shareholder's Notification of January 5th 2023. Allianz OFE and Allianz DFE are managed by Allianz PTE (see Current Report No. 5/2023)

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

Source: Company

On September 7th 2023, the Company received from Piotr Krupa the following notification of the transfer by the latter of 1,100,000 KRUK shares, conferring 1,100,000 voting rights at the Company's General Meeting to the family trust KRUPA Fundacja Rodzinna w organizacji (in formation):

"Acting on my own behalf (as the "Donor") and as a representative authorised to act for and on behalf of the family trust KRUPA Fundacja Rodzinna (the "Trust"), pursuant to

- *Art. 69.1.1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (Dz.U. of 2022, item 2554) (the "Act"), Art. 69.1.2 and Art. 69a.1.3 of the Act of the Act, in conjunction with Art. 87.1.3 (c), Art. 87.1.4-6 and Art. 87.3 of the Act, I hereby notify you that following:*
- *the execution on September 6th 2023 of a share donation agreement involving shares in KRUK S.A. (the "Company") between the Donor and the Trust as the done (the "Donation Agreement");*
- *the transfer (re-registering) on September 7th 2023 of the shares from the Donor's brokerage accounts to the Trust's brokerage accounts*

(jointly the "Transaction"),

on September 7th 2023, 1,100,000 shares in the Company conferring 1,100,000 voting rights at its General Meeting were transferred by the Donor to the Trust, as a result of which:

- *the Trust's direct share of total voting rights in the Company has exceeded the 5% threshold,*
- *the Donor's direct share of total voting rights in the Company has fallen below the 5% threshold,*
- *the Donor's indirect share of total voting rights in the Company exceeds the 5% threshold,*
- *the Donor's aggregate share (both direct and indirect) of total voting rights in the Company exceeds the 5% threshold.*

As a result of the Transaction:

- (i) *The Trust holds 1,100,000 shares in the Company, conferring 1,100,000 voting rights at its General Meeting, representing a 5.69% ownership interest in the Company and a 5.69% share in total voting rights at its General Meeting;*
- (ii) *The Donor, as the settlor and beneficiary of the Trust, is the indirect holder of the Company shares referred to in item (i).*

Notification details (Art. 69.4 of the Act):

1) date and type of event causing the shareholding change to which the notification pertains

Under the Donation Agreement of September 6th 2023, on September 7th 2023 1,100,000 Company shares were registered in the Trust's investment accounts.

*2) number of shares held before the change in shareholding and their percentage share in the company's share capital, and the number of voting rights attached to those shares and their percentage share in total voting rights
Prior to the Transaction:*

a) The Donor held directly 1,754,373 shares, representing:

- 9.08% ownership interest*
- 1,754,373 voting rights*
- 9.08% share in total voting rights;*

b) The Trust did not hold any Company shares, whether directly or indirectly.

3) number of shares currently held and their percentage share in the company's share capital, and the number of voting right attached to those shares and their percentage share in total voting rights

Following the Transaction:

a) The Donor holds directly 654,373 shares, representing:

- 3.39% ownership interest*
- 654,373 voting rights*
- 3.39% share in total voting rights;*

b) The Trust currently holds directly 1,100,000 shares, representing :

- 5.69% ownership interest*
- 1,100,000 voting rights*
- 5.69% share in total voting rights;*

c) The Donor holds indirectly 1,100,000 shares, representing:

- 5.69% ownership interest*
- 1,100,000 voting rights*
- 5.69% share in total voting rights;*

d) The Donor holds jointly: both directly and indirectly [a) + c)] 1,754,373 shares, representing:

- 9.08% ownership interest*
- 1,754,373 voting rights*
- 9.08% share in total voting rights.*

4) subsidiaries of the shareholder making the notification, holding shares in the company;

Krupa Fundacja Rodzinna w organizacji (in formation)

5) persons referred to in Art. 87.1.3.c) of the Act;

Krupa Fundacja Rodzinna w organizacji (in formation) (person controlled by Piotr Krupa)

6) number of voting rights attached to the shares, calculated in accordance with Art. 69b.2, which the shareholder is entitled or obliged to acquire as a holder of the financial instruments referred to in Art. 69b.1.1 and the financial instruments referred to in Art. 69b.1.2 which are not subject to cash settlement only; type or name of those financial instruments, their expiry date and the date on which (or the time limit by which) the shares will or may be acquired;

not applicable

7) number of voting rights attached to the shares, calculated in accordance with Art. 69b.3, to which the financial instruments referred to in Art. 69b.1.2 relate directly or indirectly; type or name of those financial instruments and their expiry date;

not applicable

8) total number of voting rights specified on the basis of items 3, 6 and 7 and its percentage share in total voting rights.

- 1,754,373 shares representing:*
- 9.08% ownership interest*
- 1,754,373 voting rights*
- 9.08% share in total voting rights.*

I further notify you that on September 7th 2023 the Donor and the Trust executed an agreement under Art. 87.1.5 and 87.1.6 of the Act (the "Agreement") whereby the Parties have agreed that:

- The Trust will grant to the Donor a power of proxy to participate on the Trust's behalf in every annual and extraordinary General Meeting of the Company (the "GM"), as well as to exercise voting rights conferred by all shares in the Company held by the Trust (the "Trust's Shares") and to exercise other rights attached to the Trust's Shares, including: (i) seek information from the brokerage house maintaining the securities account in which the Trust's Shares are registered on the number of Company shares held by the Trust and carry out all instructions concerning the Trust's Shares, (ii) request the issuance of a certificate confirming the holder's right to participate in the GM and request the issuance of a certificate of share ownership, (iii) receive certificates confirming the right to participate in the GM or certificates of share ownership for the Trust's Shares, and (iv) take other factual and legal actions that may be necessary for the Parties to achieve the Purpose of the Agreement (the "Power of Proxy").
- Under the Power of Proxy, the Donor will be entitled to vote on the Trust's Shares at he sees fit and so the Trust has agreed not to instruct the Donor on how to exercise voting rights conferred by the Trust's Shares at the GM.
- The Donor has agreed, acting with due care, to exercise the powers granted to him under the Power of Proxy only to the extent required to achieve the Purpose of the Agreement, notifying the Trust of all actions taken.
- In order to safeguard the interests of all the Parties to the Agreement, the Power of Proxy will be irrevocable during the term of the Agreement, which has been concluded for a period of five years.

Prior to the execution of the Agreement, the respective shareholdings and ownership interests held by the Donor and the Trust were as specified in item 3) above. Following the execution of the Agreement, the shareholdings and ownership interests held by each Party in the Company have not changed.

The joint shareholdings and ownership interests held by Parties to the Agreement are as specified in item 8) above.

Pursuant to Art. 87.3 of the Act, the obligations arising under Section 4 of the Act (Major holdings of shares in public companies) will be performed by the Donor" (see Current Reports Nos. 68/2023 and 69/2023).

On September 13th 2023, the Company received a notification from Piotr Krupa, given under Article 19 of the MAR. According to the notification, on September 12th 2023 Mr Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 4,000 shares in KRUK S.A. at the average price of PLN 415.36 per share (see Current Report No. 71/2023).

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

Table 4. 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**	1,750,373	9.06
Generali OFE***	1,624,510	8.41
PZU OFE*	1,400,000	7.25
Aegon OFE*	1,130,788	5.85

(*) Data based on the list of shareholders eligible to attend the Annual General Meeting on June 20th 2023. Allianz OFE and Allianz DFE are managed by Allianz PTE.

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

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

Source: Company

4.2 Treasury shares

The Company holds no treasury shares.

4.3 Management or Supervisory Board members holding shares or rights to shares

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the release date of its previous periodic report, i.e. September 6th 2023.

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

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa	President of the Management Board	1,754,373	1,754,373
Piotr Kowalewski	Member of the Management Board	23,013	23,013
Adam Łodygowski	Member of the Management Board	-	-
Urszula Okarma	Member of the Management Board	141,718	141,718
Michał Zasepa	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 the Shareholding structure section (4.1), in the period from September 7th 2023 to the issue date of this report there were no changes in the other Management or Supervisory Board members' holdings of Company shares.

As at November 8th 2023, members of the Management Board of the Company held no rights to KRUK S.A. shares other than those under the subscription warrants presented in detail in Section 4.4 Incentive Scheme.

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. November 8th 2023.

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

Name and surname	Position	Number of shares held	Total par value (PLN)
Piotr Krupa*	President of the Management Board	1,750,373	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 Zasepa	Member of the Management Board	56,000	56,000

(*) Including shares held directly and indirectly through Krupa Fundacja Rodzinna

Source: Company

4.4 Incentive Scheme

Incentive scheme for 2021–2024

On June 16th 2021, the Annual General Meeting of KRUK S.A. passed a resolution on setting the rules of an incentive scheme for 2021–2024, conditional increase in the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights disappplied 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.

On July 5th 2022, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche 1 subscription warrants for the fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme. In line with that resolution, a total of 76,044 subscription warrants were awarded to eligible Management Board members in Tranche 1. The warrants were subscribed for by Management Board members on July 29th 2022.

By way of a resolution of July 5th 2022 determining the list of persons other than Management Board members, who were eligible to subscribe for Tranche 1 subscription warrants for the fulfilment in 2021 of the conditions of the 2021–2024 Incentive Scheme, the Company's Management Board granted a total of 96,094 subscription warrants to the eligible persons.

In 2022, EPS grew by 42.27%, and on July 17th 2023, the Supervisory Board of KRUK S.A. passed a resolution to acknowledge that the condition set out in the 2021–2024 Incentive Scheme had been met for the purpose of issuing and offering Tranche 2 subscription warrants in view of fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme.

Therefore, on August 22nd 2023 the Management Board passed a resolution determining the list of persons other than Management Board members, who were eligible to subscribe for Tranche 2 subscription warrants for the fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme, whereby a total of 109,292 subscription warrants to the eligible persons.

On September 14th 2023, the Supervisory Board passed a resolution determining the list of Management Board members eligible to acquire Tranche 2 subscription warrants for the fulfilment in 2022 of the conditions of the 2021–2024 Incentive Scheme. In line with that resolution, a total of 76,044 subscription warrants were awarded to eligible Management Board members for 2022 in Tranche 2. The warrants were subscribed for by Management Board members on September 20th 2023. The table below shows the number of Tranche 1 and 2 warrants awarded to and subscribed for by each Management Board member.

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

Name and surname	Number of Tranche 1 warrants awarded and subscribed for	Number of Tranche 2 warrants awarded and subscribed for
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 Zasepa	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 constant criteria for distribution of generated profits. The Company's Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group's consolidated net profit for a previous financial year, attributable to shareholders of the parent.

The Dividend Policy is available on the Company's website at: https://en.kruk.eu/media/file/file/dividendpolicyofkruksa_appres194_2021_02122021.pdf.

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

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

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

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

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

2022 would be September 7th 2023. The dividend was paid on September 28th 2023 on 19,318,790 KRUK S.A. shares.

4.6 Performance of Company shares on the Warsaw Stock Exchange

4.6.1 Share price

Over the nine months to September 30th 2023, the KRUK share price on the stock exchange rose by 33.6%, to PLN 414 per share. Our stock outperformed the WIG and mWIG20 indices, which reached rates of return of 13.8% and 6.9%, respectively.

Over the three months to September 30th 2023, the KRUK share price increased by 2.8% relative to the end of the second quarter, outperforming the WIG and WIG20 indices, which lost -2.8% and -7.1%, respectively.

On the last trading day in the third quarter of 2023, the Company's market capitalisation was PLN 8bn (compared with PLN 4.5bn a year earlier). On September 30th 2023, KRUK ranked 18th in terms of market capitalisation on the WSE.

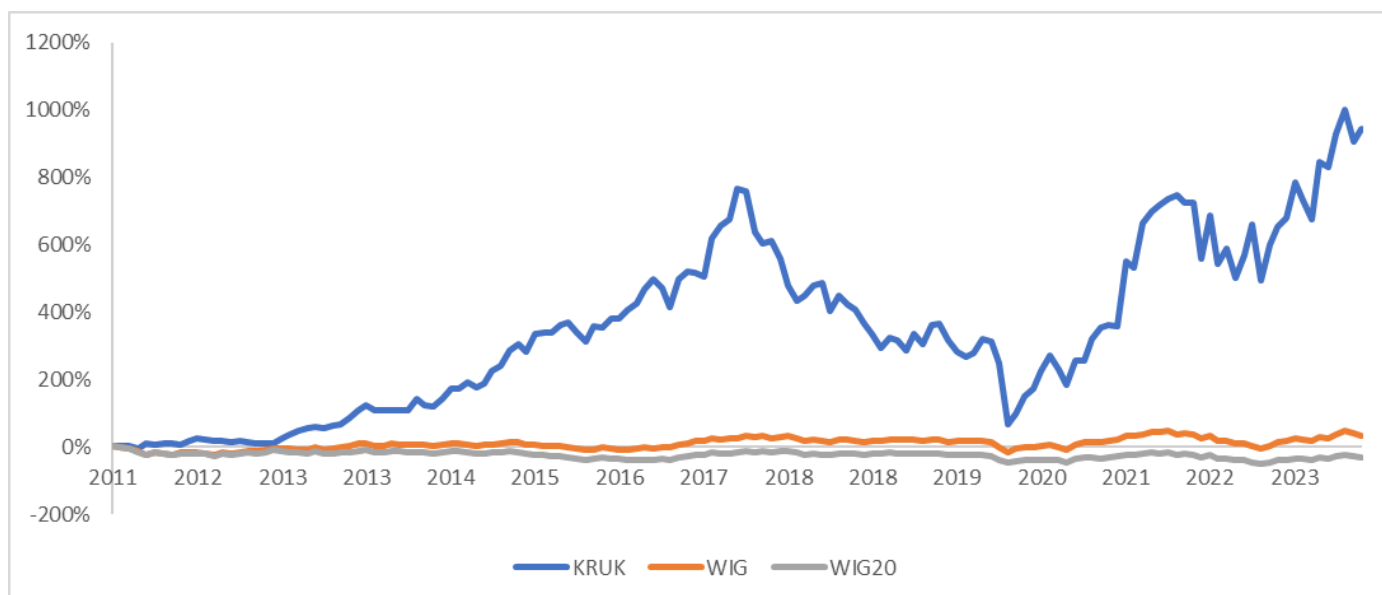
Table 8. Rates of return on KRUK S.A. stock, WIG and WIG20 for the first three quarters of 2023 – at close

Date	KRUK	WIG	WIG20
Rate of return	33.6	13.8	6.9

Source: GPW.pl

From the IPO on the Warsaw Stock Exchange in May 2011 to September 30th 2023, the cumulative rate of return on KRUK shares was 943%. Over the same period, the all-cap WIG index rose 33%, while the blue-chip WIG20 index dropped 33%.

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

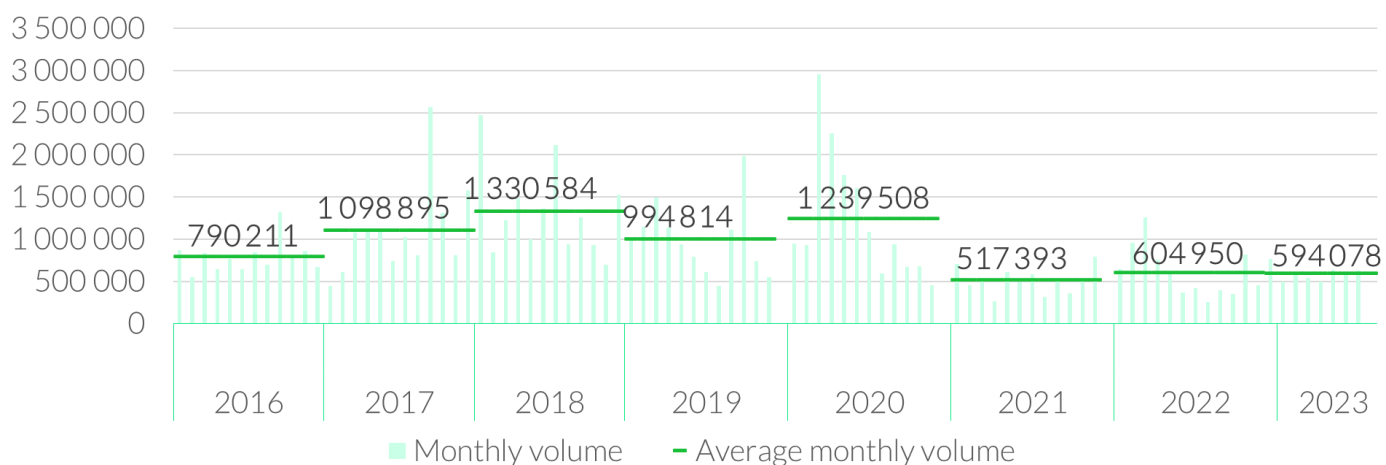


Source: in-house analysis, based on stooq.pl

4.6.2 Stock liquidity

The total volume of KRUK S.A. shares traded in the first three quarters of 2023 was 5.5m, and the total value of trading reached PLN 2bn. To compare, in the corresponding period of 2022 the total volume of KRUK S.A. shares traded was 5.6m, and the total value of trading was PLN 1.6bn. The average daily trading volume of KRUK shares in January–September 2023 was 29 thousand shares, and the average daily trading value stood at PLN 10.9m. KRUK was the 17th most liquid stock on the WSE (in terms of the total annual trading volume).

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



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

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

KRUK S.A. is one of the WSE-listed companies in which OFE's ownership interest exceeds 50%. OFE's aggregate ownership interest in KRUK S.A. as at September 30th 2023 was 54.95%.

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

Shareholder	Ownership interest (%)	Number of votes
OFE Nationale-Nederlanden	14.30%	2,763,105
OFE Allianz Polska	12.20%	2,357,090
OFE Generali	8.41%	1,624,510
OFE PZU Złota Jesień	7.80%	1,507,308
OFE Aegon	6.03%	1,165,500
OFE UNIQA	3.57%	689,865
OFE PKO BP Bankowy	1.61%	310,145
OFE Pocztylion Arka	1.03%	198,139

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

5 Company bonds

5.1 Issue

In the nine months ended September 30th 2023, the Company issued three series of five-year bonds with a total nominal value of PLN 175m, i.e. Series AN3 and AN4 bonds under the prospectus-based 9th Bond Issue Programme and Series AO1 bonds under the prospectus-based 10th 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.

Moreover, as part of the First Prospectus-Exempt Bond Issue Programme, in January 2023 the Company issued Series AL³ six-year bonds with a total nominal value of PLN 120m. The offering was addressed to qualified institutional investors and the issue price of each bond was equal to its nominal value of PLN 1,000.

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

Table 10. Bond issues in Q1–Q3 2023

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AL3	PLN 120m	January 2023	January 2029	variable – 3M WIBOR + 4.50pp	every 3 months
AN3	PLN 50m	February 2023	February 2028	variable – 3M WIBOR + 4.00pp	every 3 months
NO0012903444	EUR 150m	May 2023	May 2028	variable – 3M EURIBOR + 6.5pp	every 3 months
AN4	PLN 50m	June 2023	June 2028	variable – 3M WIBOR + 4.00pp	every 3 months
AO1	PLN 75m	August 2023	August 2028	variable – 3M WIBOR + 4.00pp	every 3 months

Source: Company

Subsequent to the reporting date, in October 2023, the Company issued, under the prospectus-based 10th Bond Issue Programme, Series AO2 bonds with a total nominal value of PLN 90m and a price per bond equal to its nominal value of PLN 100. The bonds were offered to retail investors. Moreover, as part of the First Prospectus-Exempt Bond Issue Programme, in October 2023 the Company issued Series AL⁴ six-year bonds with a total nominal value of PLN 450m. The offering was addressed to qualified institutional investors and the issue price of each bond was equal to its nominal value of PLN 1,000.

Table 11. Bond issues after September 30th 2023 until the date of issue of this report

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
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

Source: Company

5.2 Redemption of bonds

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

After the reporting date, in October 2023, the Company redeemed Series AE³ bonds in accordance with their terms and conditions.

Series	Maturity	Number of bonds	Nominal value
AE3	October 2023	35,000	PLN 35m

5.3 Liabilities under bonds

As at September 30th 2023, the nominal value of outstanding bonds issued by the Company was PLN 2,375m.

Table 12. Bonds to be redeemed by the end of 2023

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

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

As at September 30th 2023:

- **Debt Ratio** stood at 1.3x
- **Net Debt to Cash EBITDA ratio** was 2.3x

where:

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

6 Credit rating

6.1 Corporate rating

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

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

6.2 Bond rating

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

Agency	Bond rating	Link to information
Moody's	Ba2	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, following a request by the President of the Management Board. Members of the Management Board are appointed for a joint three-year term of office. The mandate of a member of the Management Board expires on or before the date of the General Meeting receiving the financial statements for the last full financial year in which the member holds the office.

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

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

- | | |
|--------------------|-----------------------------------|
| • Piotr Krupa | President of the Management Board |
| • Piotr Kowalewski | Member of the Management Board |
| • Adam Łodygowski | Member of the Management Board |
| • Urszula Okarma | Member of the Management Board |
| • Michał 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 Chairman of the Supervisory Board. Piotr Krupa's rights to appoint and remove members of the Supervisory Board are exercised by delivery to the Company of a written statement on the appointment or removal of a Supervisory Board member.

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

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

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

7.3 General Meeting

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

The Company's Articles of Association are available under 'Corporate documents' in the 'About Company' section of KRUK S.A.'s website at <https://en.kruk.eu/investor-relations/kruk-group#corporate-documents>. No Rules of Procedure for the General Meeting are in place at the Company.

June 20th 2023 was the date of the Company's Annual General Meeting. In addition to matters provided for in Art. 395 of the Commercial Companies Code, the agenda of the Annual General Meeting included voting on a resolution to give an opinion on the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław for 2022, in accordance with Art. 90g.6 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (Dz.U. of 2022, item 2554, as amended).

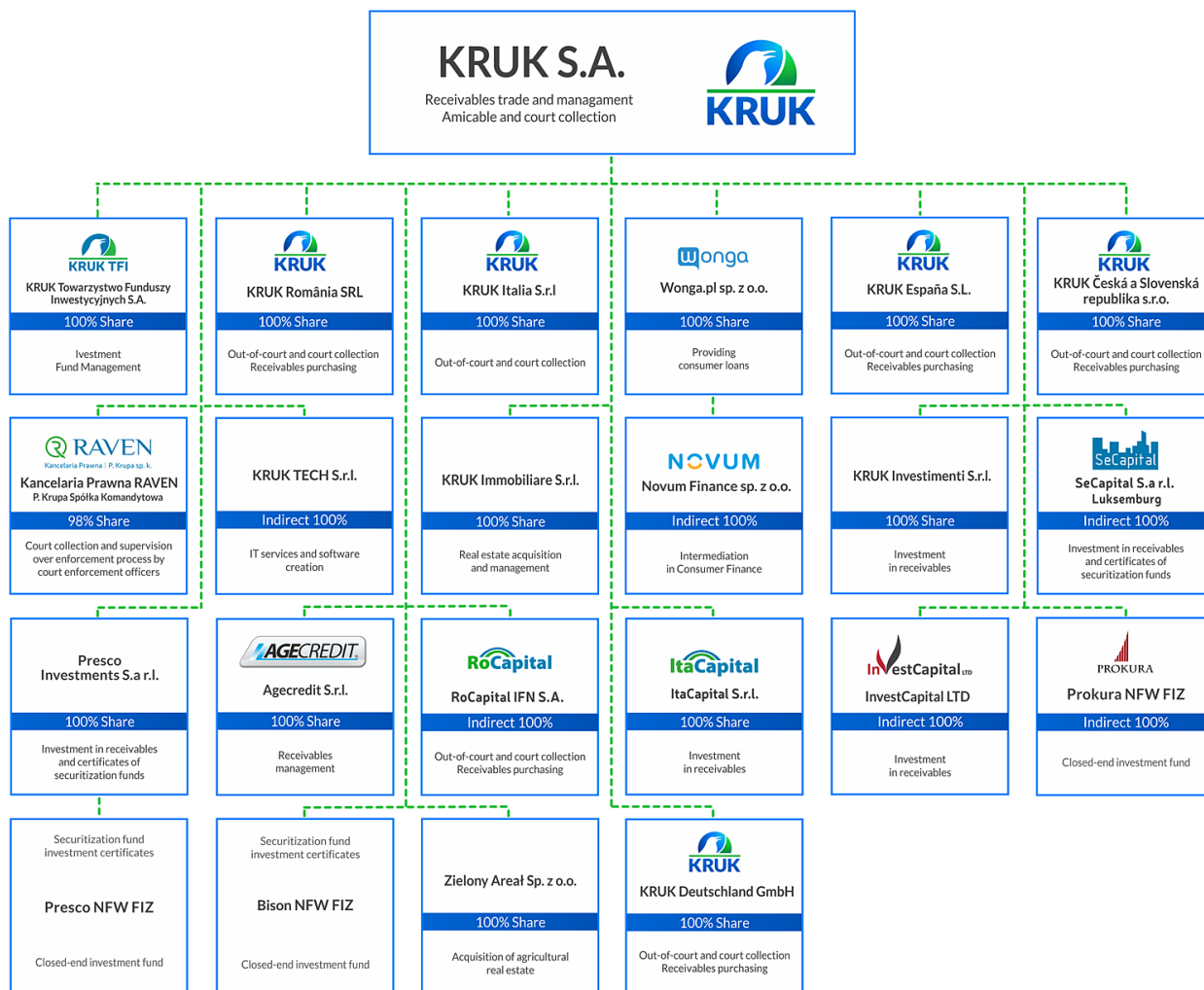
7.4 Changes in the KRUK Group's structure

On September 20th 2023, Kruk Italia, a wholly-owned subsidiary of KRUK S.A., sold all shares in Elleffe Capital s.r.l.

Following the passage into law of the Act to Amend Certain Acts to Ensure Development of the Financial Market and Protection of Investors on That Market, dated August 16th 2023, on September 29th 2023 the names of the KRUK Group investment funds were changed to:

- Prokura Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (Non-Standardised Debt Closed-End Investment Fund). The fund may use the abbreviated names Prokura Niestandaryzowany Fundusz Wierzytelności FIZ or Prokura NFW FIZ.
- Bison Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (Non-Standardised Debt Closed-End Investment Fund). The fund may use the abbreviated name Bison NFW FIZ.
- Presco Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (Non-Standardised Debt Closed-End Investment Fund). The fund may use the abbreviated names Presco Niestandaryzowany Fundusz Wierzytelności FIZ or Presco NFW FIZ.

Following these changes, the structure of the KRUK Group as at September 30th 2023 and the issue date of this report was as follows:



8 Material court, arbitration or administrative proceedings

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

9 Non-financial information

In the three months to September 30th 2023, the KRUK Group was engaged in projects based on the core pillars of responsibility encompassing corporate governance, social and environmental aspects, set out in its ESG strategy.

Implementation of the KRUK Group's ESG Strategy in Q3 2023



EMPLOYEES

- Maintaining gender equality
 - 62% proportion of women in the total workforce, with 58% proportion of women in top managerial positions (objective: at least 50%)
- Close the gender pay gap
 - 1.5% in favour of men (objective: 0% by 2025)

- Employees with disabilities
 - 2.2% employees with disabilities (objective: 4% by 2025)
- Share of women on corporate boards
 - 42% proportion of women on the Supervisory and Management Boards (objective: at least 40%)
- As part of its Diversity, Equity, Inclusion programme, the KRUK Group implemented an updated diversity policy across its Polish subsidiaries. The policy is slated for implementation at the Group’s foreign companies in the fourth quarter of 2023.



- Supporting public benefit organisations engaged in various forms of human rights advocacy, environmental protection, preventing discrimination, promoting women’s rights, and civil society development
- Development of the Kapitalni.org portal, visited by 120,000 unique users in the three months to September 30th 2023



- Completion of a project to test the first electric vehicles in the Group’s fleet with a view to decarbonising its operations



- 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 new internal regulations. Recommendations for the application of the Council of Europe’s guidelines on data protection for the processing of personal data for anti-money laundering purposes were implemented.
- Compliance
 - Systematizing the principles, that we follow and adoption of the KRUK Code of Ethics for the Group’s operations in the Czech Republic and Slovakia
 - To help foster a sound compliance culture across the organization, the CEOs of Group companies issued comprehensive communications to all employees to emphasize the role, responsibilities, and importance of the compliance function in supporting their respective companies in delivering their strategies and objectives, while upholding customer rights and the highest standards of ethical business conduct.

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 Romania, as of the third quarter of 2023, KRUK assumed the presidency of the GDPR Working Party at the Association of Romanian Debt Collection Companies. KRUK’s aim is to share its experiences and best practices in personal data management with the Working Group, which is dedicated to developing uniform industry standards for personal data protection and addressing any emerging challenges in this area.

The KRUK Group has also adopted recommendations for the application of the Council of Europe’s guidelines on data protection for the processing of personal data for anti-money laundering purposes, which are intended to establish common international data protection rules and facilitating cross-border data transfers.

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

As part of its efforts to manage conflicts of interest, the Group identified 12 potential conflict-of-interest situations based on received information. Each case was duly investigated, and none was found to affect the operations of any KRUK Group companies.

Social responsibility

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

As part of the Group's strategic financial education partnership, the Kapitalni.org portal is being developed, with 120,000 unique users registered in the third quarter of 2023. The website features articles on debt-related difficulties, sustainable borrowing, and household budget management, among others.

In Italy, KRUK also continued its financial education efforts via the [krukitalia.news](#) blog and press releases. In the three months ended September 30th 2023, its financial literacy and digital security posts generated close to 3.44m views.

KRUK donated a total of PLN 70,000 to the Literary Heights Festival and its organiser, the Olga Tokarczuk Foundation, named after the 2018 laureate of the Nobel Prize in Literature. The Foundation engages in educational initiatives as well as promoting and supporting human rights, including women's rights, environmental protection, anti-discrimination measures, and civil society development.

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 30,000 to repair a local elementary school and art gallery.

KRUK also donated a further PLN 40,000 to the Pociecha Foundation for the organisation of summer camps for Ukrainian children.

In Romania, KRUK was involved in the 5th edition of the Responsabil programme, which is dedicated to the professional financial literacy mentoring of teenagers.

Safe and healthy workplace

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

In the third quarter of 2023, KRUK implemented the KRUK_up competency model across its organisation. The model encompasses competencies that all employees are encouraged to develop, regardless of their business area or position (Goal Orientation, Curiosity, Courage, Problem Solving, Openness to Change, and Resilience), and additional managerial competencies (Goal Management, Engagement Building, and Team Development). The competencies are designed to be universal and enhance an individual's potential for success and fulfilment both professionally and personally.

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.

In Romania, the Group expanded its fleet with 15 fully electric vehicles, which travelled a total of 42,000 km using 6,827 kWh of renewable energy. For comparison, combustion-engine vehicles would have used approximately 3,418 litres of petrol to cover the same distance, resulting in the emission of five tonnes of CO₂. This successful deployment of EVs demonstrates that they have become a viable alternative to fossil fuel

vehicles particularly where adequate infrastructure investments have been made. However, the Group-wide adoption of EVs is still limited by underdeveloped infrastructure, though the option for electric vehicles will remain a priority for the future expansion of the Group's fleet.

In Italy, KRUK introduced the Soft Mobility Programme, which encourages employees to use means of transport other than cars, rewarding those who either engage in more physical commuting methods or opt for public transportation.

The KRUK Group also monitors the risks associated with the ongoing transition towards a low-carbon economy, which involves imposition of many new legal requirements and obligations on listed companies. These risks, as well as corresponding opportunities, must be properly assessed and addressed in business practice. To this end, the Group takes a proactive approach to identify and evaluate risks and opportunities arising from climate change in line with its business model.

Awards and distinctions

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.

Piotr Krupa, President of the Management Board and CEO of KRUK, was included among the most effective CEOs of WSE-listed companies by the *MIT Sloan Management Review Polska* magazine. The list names 30 businesses leaders who in 2022 were able to successfully navigate adverse market conditions and build the value of their companies despite an economic slowdown and prevalent uncertainty.

In Romania, KRUK received the Environmental & Sustainability Excellence Award at the Environmental & Sustainability Summit in recognition of the Company's substantial contribution to promoting financial responsibility, sustainable development, and economic prosperity in the country.

In the 30% Club Poland DEI Award competition, KRUK was recognised for its commitment to ensuring equal employment opportunities, high representation of women in management positions across hierarchy levels, fostering an inclusive workplace, and low gender pay gap.

10 Glossary of terms

2021-2024 Scheme	An incentive scheme for 2021–2024 implemented by the Company for the Management Board members, selected employees of the Company and selected members of the management boards and employees of the subsidiaries, comprising the issue of up to 950,550 registered subscription warrants conferring the right to subscribe for a total of 950,550 ordinary bearer shares issued as part of a conditional share capital increase
Articles of Association	The Company's Articles of Association
Auditor	PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw
CAGR	Compound Annual Growth Rate
Cash EBITDA	Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5m; cash EBITDA is computed for the KRUK Group for the last 12 months
Catalyst	Bond market operated by the Warsaw Stock Exchange

Company; KRUK; Issuer	KRUK S.A. of Wrocław
Consolidated financial statements	The Group's consolidated financial statements for the reporting period ended September 30th 2023, prepared in accordance with the IFRS
CSDP	Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. of Warsaw)
Deviation between actual and projected recoveries	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'
EBIT	Operating profit
EBITDA	Operating profit before depreciation and amortisation
EPS	Earnings per share
ERIF BIG, ERIF	ERIF Biuro Informacji Gospodarczej S.A.
EUR	Euro
Financial Liabilities	Total financial liabilities under: <ul style="list-style-type: none"> • 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;
GDP	Gross Domestic Product
General Meeting	General Meeting
Wonga	Wonga.pl Sp. z o.o. of Warsaw
IAS	International Accounting Standards as endorsed by the European Union
IFRS	International Financial Reporting Standards as endorsed by the European Union, including International Accounting Standards, International Financial Reporting Standards and related Interpretations endorsed by the European Union
ItaCapital	ItaCapital S.r.l of Milan, Italy
Kancelaria Prawna RAVEN	Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa of Wrocław
KRS	Polish National Court Register (Krajowy Rejestr Sądowy)
KRUK; Issuer; Company	KRUK S.A. of Wrocław
KRUK Česká a Slovenská republika	KRUK Česká a Slovenská republika s.r.o. of Hradec Králové

KRUK España	KRUK España S.L. of Madrid, Spain
KRUK Italia	KRUK Italia S.r.l of Milan, Italy
KRUK ROMANIA	KRUK Romania s.r.l of Bucharest, Romania
KRUK TFI	KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław
Management Board	The Management Board of KRUK S.A.
Nasdaq Stockholm	Stockholmsbörsen; Securities trading market in Stockholm, Sweden
NBP	National Bank of Poland
Non-Standardised Securitisation Closed-End Investment Funds/ Non-Standardised Debt Closed-End Investment Fund	Prokura NS FIZ, P.R.E.S.C.O. Investment I NS FIZ, and BISON NS FIZ, as of September 29th 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
PFSA	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
PLN	Polish złoty
Prokura NS FIZ/ Prokura NFW FIZ	Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Prokura Non-standard securitisation closed-end investment fund), as of September 29th 2023 renamed to Prokura Niestandaryzowany Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty (Non-Standardised Debt Closed-End Investment Fund)
Total revenue	Operating income including gain or loss on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios including other income
Regulation on current and periodic information	Polish Minister of Finance's Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2018, item 757, as amended)
ROE	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
RON	Romanian leu
SeCapital Luksemburg	SeCapital S.à.r.l. (Luxembourg)
Subsidiaries	The Company's subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
Supervisory Board	The Company's Supervisory Board
The Group, the KRUK Group	The Company as the Parent along with its subsidiaries and Non-Standardised Securitisation Closed-End Investment Funds/ Non-Standardised Debt Closed-End Investment Funds
UOKiK	The Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
UOKiK President	President of the Office of Competition and Consumer Protection
USD	US dollar
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)

Michał Zasępa

Member of the Management Board

Urszula Okarma

Member of the Management Board

Piotr Krupa

President of the Management Board

Piotr Kowalewski

Member of the Management Board

Adam Łodygowski

Member of the Management Board