



QUARTERLY REPORT – PART III









Additional information from the Management Board of KRUK S.A.
on the operations of the KRUK Group

1 January to 31 March 2024

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KEY ACHIEVEMENTS IN THE THREE MONTHS TO 31 MARCH 2024

 <p>New portfolio purchases</p> <p>PLN 335 million</p> <p>-36%</p>	 <p>Recoveries</p> <p>PLN 854 million</p> <p>+18%</p>	 <p>Cash EBITDA</p> <p>PLN 604 million</p> <p>+14%</p>	 <p>Net profit</p> <p>PLN 338 million</p> <p>+44%</p>
 <p>ROE</p> <p>26%</p> <p>(23%)</p>	 <p>Net profit margin</p> <p>45%</p> <p>(38%)</p>	 <p>Net debt/ cash EBITDA</p> <p>2.3</p> <p>(2.0)</p>	 <p>Net debt/ equity</p> <p>1.2</p> <p>(1.1)</p>

	31 Mar 2024 (PLN million)	31 Mar 2023 (PLN million)	change	31 Mar 2024 (EUR million)	31 Mar 2023 (EUR million)
Expenditure on debt portfolios	335	524	-36%	78	112
Gross recoveries	854	724	18%	198	154
Carrying amount of purchased portfolios	8,778	7,100	24%	2,041	1,519
Estimated remaining collections (ERC)	18,653	14,469	29%	4,337	3,095
Total revenue ¹	748	615	22%	173	131
Revenue from purchased portfolios	685	538	27%	158	114
EBIT	418	329	27%	97	70
EBITDA ²	434	344	26%	100	73
Cash EBITDA ³	604	530	14%	140	113
Net profit	338	235	44%	78	50
Basic EPS (PLN EUR)	17.51	12.13	44%	4.05	2.58
Diluted EPS (PLN EUR)	16.55	11.65	42%	3.83	2.48
ROE ⁴	26%	23%	-	-	-
Net profit margin ⁵	45%	38%			
Interest-bearing net debt to equity ratio	1.2	1.1	-	-	-
Interest-bearing net debt to cash EBITDA ratio	2.3	2.0	-	-	-
Cash EBITDA to interest on debt	6.5	9.1	-	-	-

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 8.6 billion

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



International expansion

61% of investments and 59% of recoveries in markets outside Poland



Technology development

digital transformation at KRUK Group including through Discovery programme



Record high cash EBITDA

PLN 604 million



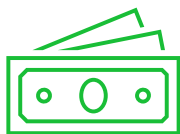
Credit rating

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



26%

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



PLN 18 per share

Recommended record dividend payment for 2023



Employee turnover at 11.6%

– 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 March 2024

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

1.1 RESULTS FOR THE THREE MONTHS TO 31 MARCH 2024

Net profit and return on equity (ROE)

Net profit earned in the three months to 31 March 2024 was PLN 338 million, up by PLN 104 million (or 44%) year on year. This increase was largely driven by a PLN 133 million rise in revenue (up by 22% year on year).

Cash EBITDA for the period came in at PLN 604 million, up PLN 73 million (or 14%) year on year.

As at 31 March 2024, return on equity for the twelve months ended on that date was 26%, compared with 23% the year before.

Revenue

In the three months to 31 March 2024, the Group's total revenue reached PLN 748 million, having increased by PLN 133 million, or 22%, from PLN 615 million in the first quarter of 2023. Revenue from purchased debt portfolios in the three months ended 31 March 2024 amounted to PLN 685 million, up by 27% (PLN 147 million) year on year. The largest year-on-year increase by far in the three months to 31 March 2024 was recorded in revenue from purchased debt portfolios on the Polish market (up by PLN 67 million or 31%), with a significant increase achieved also in Spain (up by PLN 49 million, or 82%).

In the three months ended 31 March 2024, the Group booked a PLN 144 million revaluation of projected recoveries, up by PLN 57 million on the same period the year before. 70% of the total revaluation of projected recoveries in the three months to 31 March 2024 from unsecured retail portfolios acquired by the end of 2023 was attributable to a revision of projected recoveries for the next 34 months. The deviation between actual and projected recoveries⁷ was PLN 105 million, compared with PLN 111 million the year before.

Costs of operations

Costs of operations incurred in the three months to 31 March 2024 (excluding depreciation and amortisation) amounted to PLN 314 million, having increased by PLN 43 million (16%) year on year, mainly due to an increase in court fees (up by PLN 16 million, or 20%), a rise in salaries and wages and employee benefits expense (up by PLN 9 million, or 7%) and higher costs of operating processes (up by PLN 8 million, or 39%).

Finance costs

In the three months to 31 March 2024, net finance costs amounted to PLN 93 million, up by PLN 32 million year on year. The increase was driven by a higher debt amount (up by PLN 1,213 million), as well as elevated 1M/3M EURIBOR rates (the average of quotations for the last day of each month in the period from January to March 2024 was 3.87%/3.91%, compared with 2.52%/2.76% in the comparative period of 2023).

The effect of interest rate increases on the Group's finance costs was partly offset by a positive effect of interest rate hedges, which amounted to PLN 22 million in the three months to 31 March 2024. IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 3,934 million) represented 75% of the Group's total debt as at 31 March 2024. WIBOR-sensitive debt accounted for 6% (PLN 329 million) and EURIBOR-sensitive debt – for 19% (PLN 969 million) of the Group's total debt as at 31 March 2024.

⁷ The line item 'Deviation between actual and projected recoveries, decreases on early collections in collateralised cases, payments from original creditor' in the financial statements.

Purchased debt portfolios

Recoveries from purchased portfolios

Amounts recovered in the three months to 31 March 2024 from portfolios purchased by the KRUK Group reached PLN 854 million, marking an 18% increase year on year. Over half of that amount was collected in foreign markets. The year-on-year increase of PLN 130 million in the three months to 31 March 2024 was mainly attributable to a PLN 57 million growth in recoveries on the Spanish market (up 81% year on year) and PLN 54 million growth in recoveries on the Italian market (up 38% year on year). In the three months to 31 March 2024, KRUK recorded its first recoveries in the French market, which will be presented together with recoveries from the Czech Republic, Slovakia and Germany in the 'Other markets' segment.

Table 1. Recoveries from purchased portfolios, by market

	Q1 2024 (PLN million)	Share of total recoveries	Q1 2023 (PLN million)	Share of total recoveries	Change y/y
Poland	348	41%	322	45%	8%
Romania	160	19%	167	23%	-4%
Italy	196	23%	142	20%	38%
Spain	126	15%	67	10%	81%
Other markets	23	3%	24	3%	-4%
KRUK Group	854	100%	724	100%	18%

Similar to previous quarters, recoveries in the three months to 31 March 2024 exceeded budgeted figures, with a positive⁸ deviation of PLN 105 million, or 14%.

Table 2. Actual vs projected recoveries from purchased debt portfolios

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

New portfolio purchases

In the three months ended 31 March 2024, the KRUK Group invested PLN 335 million in debt portfolios with a nominal value of PLN 2.2 billion, compared with PLN 524 million invested in debt portfolios with a nominal value of PLN 2.8 billion in the same period last year. The majority of these investments (96%) were allocated to unsecured retail debt portfolios. Poland and Italy accounted for the largest shares of total purchases in the first quarter of 2024, representing 39% and 40% respectively.

Additionally, KRUK made its first investments in debt portfolios in the French market during the three months ended 31 March 2024, included in the 'Other markets' segment.

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

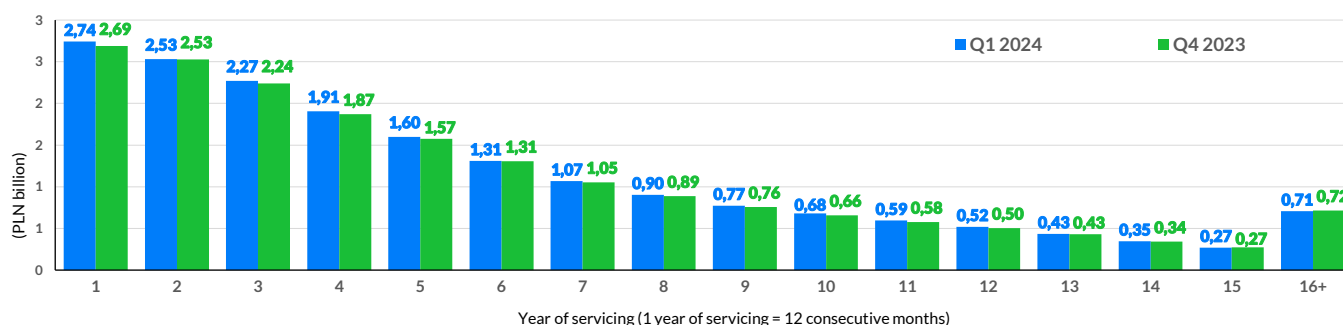
Table 3. Expenditure on debt portfolios, by market

	Q1 2024 (PLN million)	Share of total expenditure	Q1 2023 (PLN million)	Share of total expenditure	Change y/y
Poland	132	39%	86	16%	54%
Romania	23	7%	18	3%	31%
Italy	134	20%	341	65%	-61%
Spain	27	8%	35	7%	-24%
Other markets	19	6%	45	9%	-57%
KRUK Group	335	100%	524	100%	-36%

Estimated remaining collections (ERC)

Estimated remaining collections (ERC) as at 31 March 2024 were PLN 18.7 billion, up PLN 0.3 billion, or 1%, on 31 December 2023. The increase was driven primarily by investments of PLN 335 million in debt portfolios with a nominal value of PLN 2.2 billion made in the first quarter of 2024, and a revaluation of projected recoveries as at the end of March 2024, with a discounted value of PLN 144 million. 70% of the total revaluation of projected recoveries from unsecured retail portfolios as at 31 March 2024 was attributable to the revaluation of projected recoveries over the next 34 months. A detailed schedule of estimated remaining collections is provided in the figure below.

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



Credit management services

In the three months ended 31 March 2024, revenue from fee-based credit management services was PLN 15 million, down 5% year on year.

Consumer loans (Novum and Wonga)

In the three months to 31 March 2024, the KRUK Group companies advanced 57 thousand cash loans, compared with 54 thousand the year before. From January to March 2024, the principal amount of loans advanced was PLN 152 million (PLN 127 million the year before). The number of Novum cash loans advanced in Poland and Romania was 5.4 thousand, and their principal amount was PLN 32 million. As for Wonga.pl, it disbursed 52 thousand cash loans in Poland, with a net amount of PLN 120 million.

Wonga's revenue for the three months ended 31 March 2024 reached PLN 39 million, up 9% year on year, while Novum's revenue in Poland and Romania was PLN 7.7 million, up 17% on the three months to 31 March 2023.

Wonga's EBITDA as at 31 March 2024 was PLN 20 million (down 4% year on year).

1.2 KRUK GROUP'S PERFORMANCE BY GEOGRAPHICAL SEGMENT

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

(PLN million)	Poland		Romania		Italy		Spain		Other markets		Unallocated		Head Office		KRUK Group	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Expenditure on debt portfolios	132	86	23	18	134	341	27	35	19	45	N/A	N/A	N/A	N/A	335	524
Recoveries	348	322	160	167	196	142	126	69	23	24	N/A	N/A	N/A	N/A	854	725
Carrying amount of purchased debt portfolios (PLN billion)	3,3	3,3	1,4	1,4	2,2	2,2	1,7	1,7	0,1	0,2	N/A	N/A	N/A	N/A	8,778	7,100
Percentage of total portfolio carrying amount	38%	39%	16%	18%	25%	25%	19%	16%	2%	3%	N/A	N/A	N/A	N/A	100%	100%
Revenue	337	268	148	141	137	111	113	64	12	13	2	18	N/A	N/A	748	615
Purchased debt portfolios	284	217	146	533	134	108	109	60	12	13	N/A	N/A	N/A	N/A	685	538
Credit management services	7	9	0	0	3	3	4	4			N/A	N/A	N/A	N/A	15	16
Wonga	39	36									N/A	N/A	N/A	N/A	39	36
Other activities	6	6	1	1							N/A	N/A	N/A	N/A	8	7
Gross profit	249	187	117	112	78	65	132	28	6	8	-1	15	N/A	N/A	516	416
EBITDA	224	167	109	105	68	57	61	23	3	5	-1	15	-31	-27	434	334
Cash EBITDA	288	272	123	132	130	90	207	32	15	16	-1	15	-31	-27	604	530

Poland

In the three months to 31 March 2024, KRUK's investments in Poland amounted to PLN 132 million, representing 39% of the Group's total expenditure in the period. The nominal value of the purchased portfolios was PLN 1,397 million. In Poland, KRUK invested primarily in unsecured retail debt.

Recoveries in Poland amounted to PLN 348 million (up 8% year on year) and accounted for 41% of the Group's total recoveries in the first quarter of 2024.

Compared with the same period in 2023, the Group's revenue from the Polish market increased by 26% to PLN 338 million. The revaluation of projected recoveries totalled PLN 72 million, up from PLN 31 million in the previous year. The year-on-year increase in the revaluation coupled with higher interest income drove the Group's revenue from purchased debt portfolios up by 31% 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 the first quarter of 2024 came in at PLN 249 million, relative to PLN 187 million in the comparative period, up by 33% year on year.

EBITDA on the Polish market was booked at PLN 224 million, up by 34% year on year. Cash EBITDA stood at PLN 288 million, up 6% on the same period the year before, mainly on higher year-on-year recoveries.

The carrying amount of purchased debt portfolios as at 31 March 2024 was PLN 3.3 billion, up 20% year on year. Polish portfolios accounted in total for 38% of the carrying amount of all debt portfolios held by the KRUK Group.

Romania

Purchases made in Romania accounted for 7% of the Group's total investments, as it spent PLN 23 million in debt with a nominal value of PLN 65 million. All of the investments were allocated to unsecured retail debt.

In the three months ended 31 March 2024, recoveries in Romania reached PLN 160 million, representing a 4% decrease year on year and accounting for 19% of total recoveries in the period.

Revenue from the Romanian market totalled PLN 148 million, showing a 5% increase year on year, driven by a positive revaluation of projected recoveries amounting to PLN 48 million, compared with PLN 39 million in the previous year. In Romania, KRUK also recorded an excess of actual recoveries over estimated amounts.

Gross profit came in at PLN 117 million, having increased from PLN 112 million a year earlier.

EBITDA in Romania totalled PLN 109 million, up 4% on the first quarter of 2023, with cash EBITDA at PLN 123 million, down 6% year on year.

As at 31 March 2024, the carrying amount of purchased debt portfolios was PLN 1.4 billion, up 16% on the end of March 2023. The Romanian portfolios accounted in total for 16% of the carrying amount of all debt portfolios held by the KRUK Group.

Italy

In the first quarter of 2024, KRUK made its largest investments in Italy, amounting to PLN 134 million, which represented 40% of the Group's total investments and were exclusively allocated to unsecured retail debt portfolios with a nominal value of PLN 528 million.

Recoveries in Italy represented 15% of the Group's total recoveries in the first quarter of 2024, amounting to PLN 196 million, up 38% year on year.

Revenue generated in Italy in the three months to 31 March 2024 was PLN 137 million, compared with PLN 111 million in the same period of 2023, reflecting a 24% increase. Revenue from the purchased debt portfolio business contributed 98% of total revenue, rising to PLN 134 million from PLN 108 million the year before.

During the same period, the Group recorded a PLN 17 million revaluation of projected recoveries from Italian portfolios, compared with a PLN 16 million 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 was PLN 3 million, marking a 12% increase year on year.

This growth contributed to a gross profit of PLN 78 million, up from PLN 65 million in the previous year.

In Italy, EBITDA for the first quarter of 2024 reached PLN 68 million, compared with PLN 57 million the previous year, representing a 20% increase. Higher recoveries also bolstered cash EBITDA, which amounted to PLN 130 million, reflecting a 44% increase year on year.

As at 31 March 2024, the carrying amount of purchased debt portfolios stood at PLN 2.2 billion, up 24% from the end of March 2023. The Italian portfolios accounted for 25% of the total carrying amount of all debt portfolios held by the KRUK Group.

Spain

In Spain, in the first quarter of 2024, the KRUK Group invested PLN 27 million, constituting 8% of the Group's total investments for the period, exclusively in unsecured retail debt with a nominal value of PLN 158 million.

Recoveries in Spain reached PLN 126 million, marking an 81% increase year on year and representing 15% of total recoveries in the period.

Revenue from Spain amounted to PLN 113 million, reflecting a 76% year-on-year increase, with 96% or PLN 109 million of the revenue generated from purchased portfolios, compared with PLN 60 million in the previous year. The KRUK Group recognised PLN 7 million in a positive revaluation of projected recoveries on the Spanish market, compared with a PLN 0.7 million 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 4 million, down by 4% year on year.

Gross profit was PLN 67 million, marking a 1.4 times increase from PLN 28 million reported for the same period last year.

Higher recoveries and revenue lifted EBITDA to PLN 61 million, from PLN 23 million in the first quarter of 2023. Cash EBITDA stood at PLN 78 million, up 142% year on year, mainly on higher year-on-year recoveries.

As at 31 March 2024, the carrying amount of debt portfolios in Spain was PLN 1.7 billion (up 51% year on year), representing 19% of the total carrying amount of the Group's debt portfolios.

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

In the reporting period, the Group initiated its first investments in debt portfolios in France. Starting from the first quarter of 2024, the performance in the French market will be reported in the 'Other markets' segment.

Investments in the segment amounted to PLN 19 million, representing 6% of the Group's total investments. The nominal value of the purchased portfolios was PLN 68 million. The investments were allocated to acquire unsecured retail portfolios, mostly in France. As part of the review of strategic options for the Czech and Slovak markets, KRUK decided to suspend further investments in debt portfolios in these markets due to their relative scale within the Group's operations. However, operations in these markets will be continued, allowing for potential collaboration with local business partners and selective asset sales.

Recoveries from the 'Other markets' segment totalled PLN 23 million, down 4% year on year, representing 3% of total recoveries posted for the period.

In the three months to 31 March 2024, the segment's revenue, comprising solely revenue from purchased portfolios, was PLN 12 million, down 8% year on year. In the 'Other markets' segment, KRUK recorded an excess of actual recoveries over estimates.

In the first quarter of 2024, the KRUK Group recognised a PLN 0.1 million negative revaluation of projected recoveries in the segment, compared with a PLN 1.5 million positive revaluation booked in the corresponding period of the previous year.

Gross profit was close to PLN 6 million, down 17% year on year.

EBITDA was PLN 3 million, down 26% year on year, and cash EBITDA stood at PLN 15 million, marking a 7% drop year on year.

As at 31 March 2024, the carrying amount of debt portfolios in the 'Other markets' segment was close to PLN 0.1 billion, down 32% year on year, representing 2% of the total carrying amount of the Group's debt portfolios.

1.3 FINANCIAL AND LIQUIDITY POSITION

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

As at 31 March 2024, the KRUK Group's cash and cash equivalents amounted to PLN 285 million, up PLN 56 million on 31 March 2023. As at 31 March 2024, the Group had undrawn lines of credit of PLN 1,140 million, and the carrying amount of its investments in debt portfolios accounted for 88% of its assets. The Group's equity accounted for 42% of its financing sources.

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

- Protect the KRUK Group against the loss of ability to pay its liabilities.
- Secure funds to finance the Group's day-to-day operations and growth.
- Effectively manage the available financing sources.

As at 31 March 2024, the financial ratios defined below were as follows:

- 1.2x – 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
- liabilities arising under derivatives contracts;

Equity means the KRUK Group's equity;

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

In the three months ended 31 March 2024, the ratios changed negligibly and, in the Management Board's opinion, remained clearly below the maximum levels. For instance, the debt ratios measured for the entire Group, specified in the terms and conditions of bonds issued on the Polish market, were as follows: the net debt to equity ratio stood at 1.2x (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 2.3x (the maximum level being 4.0x).

The Group is committed to sustaining a robust capital foundation to support business growth and to maintain the confidence of investors, creditors, bondholders, and other stakeholders. To effectively manage the exposure to financial debt, the Management Board of KRUK S.A. routinely monitors the Group's debt ratios. Following the Group's financial liquidity management strategy, KRUK aims to repay any new debt incurred with its own assets rather than seeking refinancing options.

The liquidity ratios are determined by the nature of assets related to purchased debt portfolios, which are presented under current assets but are operationally intended for use over periods exceeding 12 months.

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

In the period 1 January–31 March 2024, the Parent executed related-party transactions. For details, see the condensed interim separate financial statements for 1 January to 31 March 2024, section 12. *Related-party transactions*.

In the three months to 31 March 2024, all intragroup transactions were concluded on an arm's length basis.

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

In the reporting period, KRUK S.A. and the Group companies issued sureties for repayment of loans and guarantees. For details, see the condensed interim separate financial statements for 1 January to 31 March 2024, section 17. *Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year*.

1.6 SIGNIFICANT AGREEMENTS EXECUTED BY COMPANIES OF THE KRUK GROUP

On 1 February 2024, 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 212 million (PLN 916.8 million 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.

Events subsequent to the reporting date

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

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

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

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

1.7 TECHNOLOGY DEVELOPMENT

In the three months to 31 March 2024, the Group continued its digital and LEAN transformation process through the Discovery Programme, which is 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. A number of initiatives are being implemented under the Programme, including the following:

- As regards business analytics, efforts were continued to enhance the decision-making engine by increasing the number of analytically supported decisions and advancing analytical techniques through improved quality and increased quantity of data feeds, etc.

- 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. KRUK continued the implementation of cloud solutions and citizen development opportunities, enabling employees outside the IT department to create software applications.

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 the three months to 31 March 2024, KRUK introduced the e-kruk platform in Spain, enabling clients to access and manage their debts (split debt into instalments, make payments, etc.). In Romania, KRUK launched an instalment payment option with automatic payments made in line with the agreed payment plan.

In the reporting period, KRUK saw an increase in the percentage of settlements made by clients using self-service tools available on the e-kruk platform, with Poland leading the way where over half of the total settlements are signed via self-service tools. Globally, as many as 34% of settlements are made by clients without assistance from KRUK consultants. The number of e-kruk users in Poland, Italy, Romania and Spain continues to grow steadily, with 300,654 active users by the end of the first quarter.

1.8 OPERATIONS – MILITARY CONFLICT IN UKRAINE

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

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

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

2. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

2.1 FINANCIAL FORECASTS

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

2.2 ASSESSMENT OF FUTURE FINANCIAL CONDITION

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

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

3. RISK FACTORS AND THEIR MANAGEMENT

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

- identify and analyse the Group's risk exposures;
- identify appropriate controls, including limits and procedures;

- enable control and monitoring of risk levels and the progress on implementing the risk management strategy.

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

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

In the period from 1 January to 31 March 2024, there were no material changes to the risk management approach, therefore the Management Board of KRUK S.A. identified the same risks as those specified in the full-year Directors' Report on the operations of KRUK S.A. and the KRUK Group in 2023, in section: 7 *Risk factors and their management*. The report is available in pdf format at: <https://en.kruk.eu/media/article/file/cgkrukdro2023p3.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. 27 March 2024.

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 are managed by PTE Allianz Polska S.A.**	1,933,667	10.01
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 29 February 2024 (see Current Report No. 21/2024).

(***) 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*.

In the reporting period, the shareholding structure shown in Table 4 did not change and remained up to date as at 31 March 2024.

Events subsequent to the reporting date

On 8 April 2024, the Company received a notification from Piotr Krupa, given under Article 19 of MAR. According to the notification, on 5 April 2024 Mr Krupa sold, in ordinary session trades on the Warsaw Stock Exchange, 10,000 shares in KRUK S.A. at the average price of PLN 443.25 per share (see Current Report No. 29/2024).

Table 5. Major shareholdings as at the date of issue of this report

Shareholder	Number of shares/voting rights	Percentage of share capital/total voting rights at GM
NN OFE*	2,763,000	14.30
Allianz OFE and Allianz DFE are managed by PTE Allianz Polska S.A.**	1,933,667	10.01
Piotr Krupa directly and indirectly through Krupa Fundacja Rodzinna***	1,729,373.00	8.95
Generali OFE ****	1,624,510	8.41
PZU OFE*	1,400,000	7.25
VIENNA OFE*/*****	1,130,788	5.85

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

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

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

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

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

Source: Company.

4.2 TREASURY SHARES

The Company holds no treasury shares.

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

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the date of filing its previous periodic report, i.e. 27 March 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

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 shareholdings), in the period from 27 March 2024 to the issue date of this report there were also changes in the number of Company shares held by Piotr Kowalewski, as described below.

On 5 April 2024, the Company received a notification from Piotr Kowalewski, given under Article 19 of MAR. According to the notification, on 4 April 2024 Mr Kowalewski sold, in ordinary session trades on the Warsaw Stock Exchange, 750 shares in KRUK S.A. at the average price of PLN 440.00 per share (see Current Report No. 28/2024).

The table below presents the holdings of Company shares or rights to Company shares by members of KRUK S.A.'s management and supervisory personnel as at the release date of this report, i.e. 8 May 2024.

Table 7. 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	1,729,373	1,729,373
Piotr Kowalewski	Member of the Management Board	22,263	22,263
Adam Łodygowski	Member of the Management Board		-
Urszula Okarma	Member of the Management Board	138,718	138,718
Michał Zasępa	Member of the Management Board	56,000	56,000

Source: Company

As at 8 May 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, 2022 and 2023.

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 8. 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://go.kruk.eu/div_eng.

On 27 March 2024, the Company passed a resolution on a proposal for the Supervisory Board regarding the allocation of the 2023 net profit and a recommendation for the Annual General Meeting to approve a dividend payment of PLN 18.00 per share. The remaining balance of the Company's net profit for 2023 is recommended to be transferred to statutory reserve funds.

On 27 March 2024, the Supervisory Board issued a favourable opinion on the Management Board's recommendation for the Annual General Meeting to allocate the Company's net profit for 2023 of PLN 983,933,614.88 as follows:

1. Distribute PLN 347,738,220.00 as a dividend of PLN 18.00 per share.
2. Transfer the balance of PLN 636,195,394.88 to statutory reserve funds.

Voting on the resolution on the allocation of KRUK S.A.'s net profit for 2023 and the payment of a dividend to the Company's shareholders is included in the agenda for the Annual General Meeting convened by the Management Board for 10 May 2024.

4.6 PERFORMANCE OF COMPANY SHARES ON THE WARSAW STOCK EXCHANGE

4.6.1 Share price

From the beginning of the year to 31 March 2024, the KRUK share price on the stock exchange dropped by 7.1%, to PLN 443 per share. The share performance lagged behind the WIG and WIG20 indices, which achieved rates of returns of 5.5% and 4%, respectively. On the last trading day of the first quarter of 2024, the Company's market capitalisation stood at PLN 8.6 billion (compared with PLN 6 billion the year before). KRUK ranked 19th in terms of market capitalisation on the WSE.

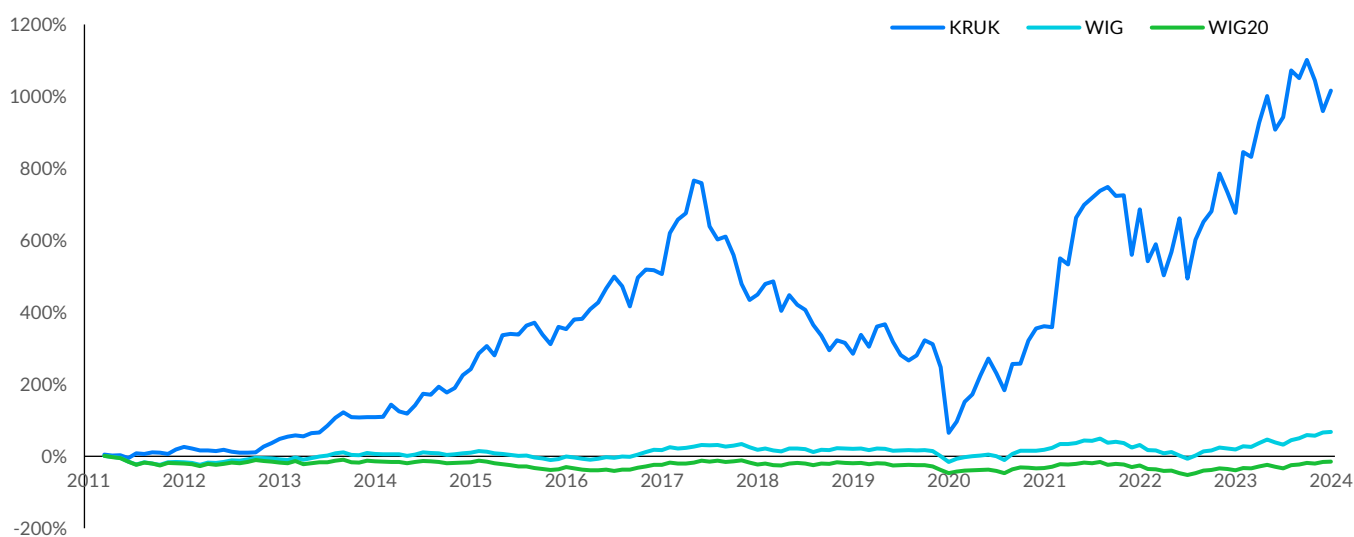
Table 9. Rates of return on KRUK stock, WIG and WIG20 in the three months to 31 March 2024 – at close

Date	KRUK	WIG	WIG20
Rate of return	-7.1	5.5	4.0

Source: GPW.pl

From its IPO on the Warsaw Stock Exchange in May 2011 to 31 March 2024, KRUK shares have delivered a cumulative rate of return of 1016%. Over the same period, the all-cap WIG index rose 68%, while the blue-chip WIG20 index dropped 15%.

PERFORMANCE OF KRUK STOCK AGAINST WIG AND WIG20 FROM THE COMPANY'S IPO ON THE WSE IN MAY 2011 TO 31 MARCH 2024

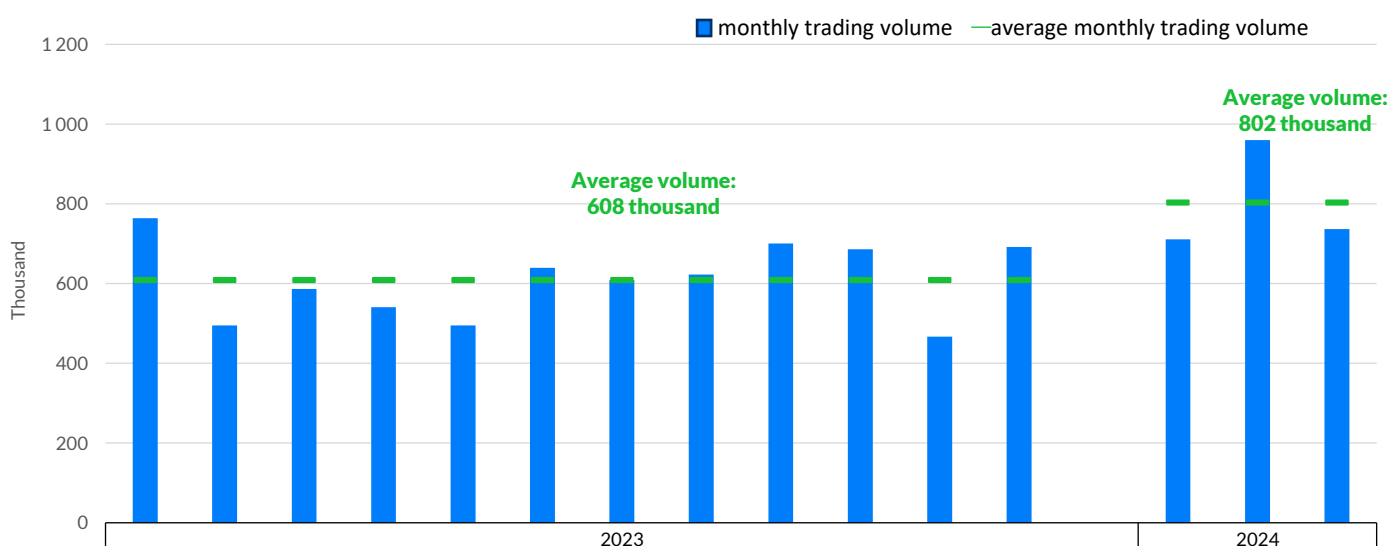


Source: in-house analysis, based on stooq.pl

4.6.2 Stock liquidity

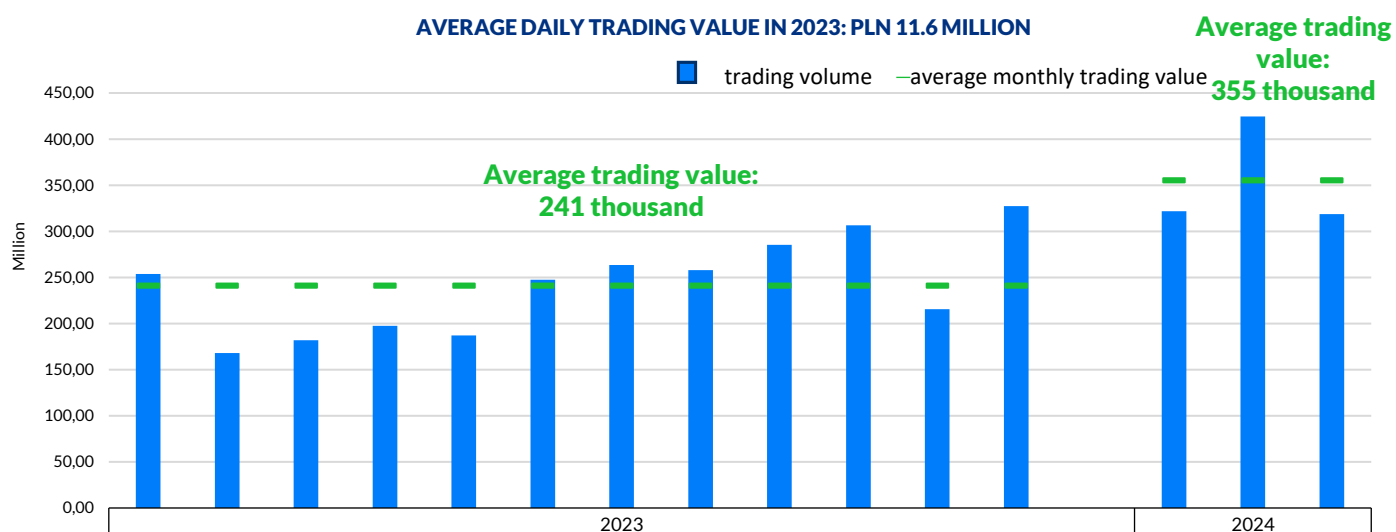
The total volume of KRUK S.A. shares traded in the three months to 31 March 2024 was 2.4 million, and the total value of trading reached PLN 1.1 billion. The total volume of KRUK S.A. shares traded in the same period of the previous year was 1.9 million, and the total trading value was PLN 604 million. The average daily trading volume of KRUK shares in the reporting period was 38 thousand shares, and the average daily trading value stood at PLN 17 million. KRUK was the 16th most liquid stock on the WSE in terms of the total trading value of trades in the first quarter of 2024.

MONTHLY TRADING VOLUME AND THE AVERAGE MONTHLY TRADING VOLUME OF KRUK SHARES IN 2023 AND THE THREE MONTHS TO 31 MARCH 2024



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

MONTHLY TRADING VALUE AND THE AVERAGE MONTHLY TRADING VALUE OF KRUK SHARES IN 2023 AND THE THREE MONTHS TO 31 MARCH 2024



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

5. COMPANY BONDS

5.1 ISSUE

In the three months ended 31 March 2024, under the prospectus-based Tenth Bond Issue Programme, the Company issued Series AO5EUR bonds with a total nominal value of EUR 10 million and Series AO6EUR bonds with a total nominal value of EUR 14 million, with a price per bond equal to its nominal value of EUR 100, as well as Series AO7 bonds with a total nominal value of PLN 70 million and a price per bond equal to its nominal value of PLN 100. The bonds were offered to retail investors.

Table 11. Bond issues in the three months to 31 March 2024

Series	Nominal value	Issued in	Maturing in	Interest rate	Interest payment
AO5EUR	EUR 10 million	February 2024	February 2029	floating 3M EURIBOR + margin of 4.00pp	every 3 months
AO6EUR	EUR 14 million	February 2024	February 2029	floating 3M EURIBOR + margin of 4.00pp	every 3 months
AO7	PLN 70 million	February 2024	February 2029	floating 3M WIBOR + margin of 4.00pp	every 3 months

Source: Company

5.2 REDEMPTION OF BONDS

In the three months ended 31 March 2024, the Company redeemed, in accordance with the relevant terms and conditions, a part of Series AL2 bonds through amortisation of their nominal value, which was PLN 150 per bond. In the same period, the Company redeemed at maturity Series AG2 bonds with a total nominal value of PLN 25 million.

Table 12. Bond amortisation in the three months to 31 March 2024

Series	Redemption date	Amortisation value
AL2	February 2024	PLN 52.5 million

Table 13. Bond redemption in the three months to 31 March 2024

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

5.3 LIABILITIES UNDER BONDS

As at 31 March 2024, the nominal value of outstanding bonds issued by the Company was PLN 2,939 million (amounts in EUR translated into PLN at the mid exchange rate quoted by the NBP for 31 March 2024).

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 25 million

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

As at 31 March 2024:

- Debt Ratio stood at 1.2x
- 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 13 March 2023, the KRUK Group was assigned a corporate rating of Ba1, with a stable outlook, by Moody's Investors (Moody's), and a rating of BB-, with a stable outlook, by Standard & Poor's (S&P). On 26 April 2024, Standard & Poor's (S&P) reaffirmed its rating of BB-, with a stable outlook.

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

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 Szczepiorkowski 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>.

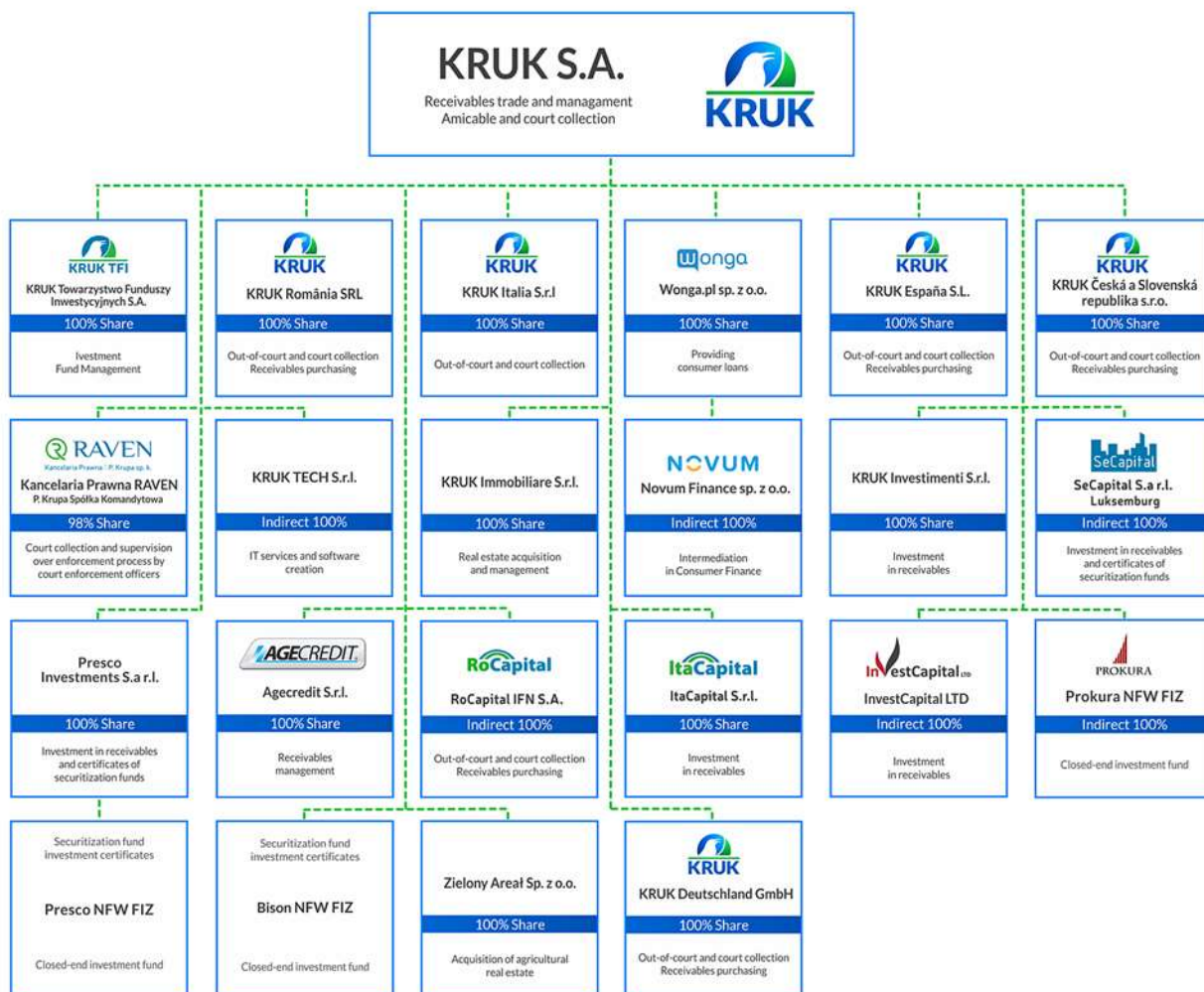
No Rules of Procedure for the General Meeting are in place at the Company.

In the reporting period, no General Meeting of KRUK S.A. was held. The Company convened its Annual General Meeting for 10 May 2024.

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 March 2024 and the issue date of this report, the structure of the KRUK Group 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. CHANGES IN THE EXTERNAL ENVIRONMENT – CHANGES IN LAW

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

One of the most crucial legislative changes is the implementation of the NPL Directive (Directive of the European Parliament and of the Council (UE) 2021/2167 of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU) in each respective country of operations. The Directive has already been implemented in Romania, Germany, the Czech Republic, and France, with its impact assessed as neutral.

Legislative processes are ongoing in other markets, and the draft implementing acts are undergoing numerous modifications. In Italy and Poland, draft laws are still undergoing consultation, while in Slovakia, the relevant act has been passed and awaits its entry into force. In Spain, no official bill has been drafted so far. It is anticipated that in Poland, the NPL Directive will be implemented in the second quarter of 2024 through the act on credit servicers and credit purchasers. The Group has assessed the existing bills and determined their impact on KRUK to be neutral.

10. NON-FINANCIAL STATEMENT

In the three months to 31 March 2024, the KRUK Group was engaged in projects based on the core pillars of responsibility encompassing corporate governance, social and environmental aspects, set out in its ESG strategy.

Implementation of the KRUK Group's ESG Strategy in the three months ended 31 March 2024

EMPLOYEES



- Maintaining gender equality
 - 62% proportion of women in the total workforce, with 58% proportion of women in top managerial positions (target: at least 50%)
- Employee turnover
 - 11.6% annually (target: no more than 16% annually)
- Employees with disabilities
 - 2.2% employees with disabilities (target: 4% by 2025)
- Share of women on corporate boards
 - 42% proportion of women on the Supervisory and Management Boards (target: at least 40%)
- 80% of all KRUK Group employees have completed mandatory diversity and inclusion training as part of the Diversity, Equity, and Inclusion programme.

SOCIETY



- Supporting public benefit organisations engaged in various forms of human rights advocacy, environmental protection, preventing discrimination, promoting women's rights, and civil society development
- Rollout of the Kapitalni.org portal, visited by 49,000 unique users in the three months to 31 March 2024

ENVIRONMENT



- Scope 1 and 2 greenhouse gas emissions totalled 701 tonnes of CO₂ equivalent in the three months to 31 March 2024
- 15% of the energy consumed originated from renewable sources

GOVERNANCE



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

Responsible governance

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

In the three months to 31 March 2024, the Personal Data Protection Authority in Romania imposed a fine of RON 14,922.3 (equivalent to EUR 3,000) on KRUK Romania s.r.l. for a personal data breach involving the erroneous sending of correspondence to improper recipients. The company accepted the regulatory decision and has planned appropriate corrective actions. This marks the first penalty imposed on a KRUK Group company.

There were no cases of corruption, violations of the Code of Ethics, or other ethics regulations, and no reports were made to the Consultation and Mediation Committee at Polish companies of the KRUK Group.

A total of six instances of potential conflicts of interest were identified, along with six incidents involving client correspondence that may potentially be considered incomplete, inaccurate, or misleading. Each case was duly investigated, and none was found to affect the operations of any KRUK Group companies.

In the three months ended 31 March 2024, KRUK S.A. introduced two new compliance training courses covering policies on conflict of interest management, anti-corruption measures, and guidelines for offering and accepting gifts within the KRUK Group.

Social responsibility

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

The Group is rolling out the Kapitalni.org portal as part of a strategic partnership to promote financial literacy. In the three months to 31 March 2024, the portal attracted 49,000 unique users and published 96 articles, including educational materials on topics such as 'European pension' and managing home budgets during mortgage repayment.

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

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.

In the three months to 31 March 2024, KRUK conducted research on eliminating barriers and understanding the needs of people with disabilities in Poland, Romania, Italy, and Spain to promote a culture of inclusivity. These efforts will be locally coordinated and tailored to the specific survey results.

Additionally, KRUK Italia has expanded its support initiatives by offering psychological assistance to employees, a service also extended to employees' relatives. The programme aligns with similar initiatives in Poland, Romania, the Czech Republic, and Slovakia.

A competence development programme continued under the KRUK_up competence model implemented in 2023. It is designed to maximise employee potential, fostering growth and satisfaction in their professional and personal lives.

Environmental responsibility

In the three months ended 31 March 2024, the KRUK Group continued its efforts to comply with the disclosure requirements outlined in the CSRD Directive and sustainability reporting standards.

Work commenced to develop a transition plan for climate change mitigation, revise decarbonisation targets, and formulate relevant action plans. Additionally, potential decarbonisation pathways and locked-in greenhouse gas emissions were assessed.

The Group is also analysing its targets in order to align them with the requirements of the SBTi and potentially join the initiative in the future.

In Romania, contracts for the purchase of Guarantees of Origin for electricity were finalised, ensuring that all electricity demand at KRUK Romania's offices will be covered from renewable sources. This marks another step towards decarbonising the Group's operations.

The Italian subsidiary installed an electric vehicle charger at its head office in La Spezia, enabling the charging of batteries and hybrid vehicles by employees during their time at the office.

The KRUK Group decided to increase the frequency of data disclosure regarding utility consumption and greenhouse gas emissions. In some cases, data for the last month of the quarter may be estimated based on readings from previous years.

In the first quarter of 2024, the organisation consumed a total of 11,793 GJ of energy, which included consumption of liquid and gaseous fuels, electricity, and heat. Approximately 15% of this energy originated from renewable sources.

The energy intensity ratio for the first quarter of 2024, measured as kilojoules of energy per PLN 1 of net revenue, was 35 kJ/PLN, compared with 37.8 kJ/PLN for the full year 2023. The energy intensity ratio was computed taking into account energy from fossil fuels, heat and electricity.

Direct (Scope 1) GHG emissions

Table 15. Gross GHG gas emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure

	Q1 2024
Gross greenhouse gas emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	564 tCO ₂

Indirect (Scope 2) GHG emissions

Table 16. Gross market-based and location-based indirect (Scope 2) GHG emissions in tonnes (t) of CO₂ equivalent or an equivalent unit of measure

	Q1 2024
Gross market-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	137
Gross location-based energy indirect (Scope 2) GHG emissions in tonnes (t) of CO ₂ equivalent or an equivalent unit of measure	390

The positive aspect is that the Group's market-based emissions (resulting from energy consumption by the KRUK Group) were lower than location-based emissions (calculated by reference to the average emissions intensity of the local electricity grids), which factor out purchased guarantees of origin of renewable electricity and supplier-specific emissions factors.

The majority of Scope 2 emissions were attributable to heat consumption (122 tCO₂), with electricity consumption generating 15 tCO₂.

Table 17. GHG emissions intensity ratio for KRUK S.A. includes Scope 1 and 2 emissions under GHG Protocol

	Q1 2024
GHG emissions intensity ratio for the organisation	2.07 gCO ₂ e/PLN of net profit

The GHG emissions intensity ratio increased compared with 2.06 gCO₂e/PLN of net profit reported for the full year 2023.

Awards and distinctions

The Association of Financial Companies in Poland (ZPF) honoured KRUK S.A. with the title of ZPF Ambassador in acknowledgment of KRUK's website providing comprehensive information on ZPF membership and its unwavering adherence to the ethical standards outlined in the Code of Best Practice, aligning closely with ZPF guidelines.

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

11. GLOSSARY OF TERMS

Auditor	PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. of Warsaw
CAGR	Compound Annual Growth Rate
Catalyst	Bond market operated by the Warsaw Stock Exchange
EBIT	Operating profit
EBITDA	Operating profit before depreciation and amortisation
Cash EBITDA	Profit (/loss) before tax plus finance costs, amortisation, depreciation and cash recoveries from purchased debt portfolios, less revenue from purchased debt portfolios and revaluation gains on assets other than purchased debt and consumer loans advanced, if their total amount in the last 12 months exceeds PLN 5 million; cash EBITDA is computed for the KRUK Group for the last twelve months
Issuer; KRUK; Company	KRUK S.A. of Wrocław
EPS	Earnings per share
EUR	Euro
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)

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

ROE -----	Return on equity, computed as the ratio of consolidated net profit to equity as at the end of period
RON -----	Romanian leu
Regulation on current and periodic information -----	Polish Minister of Finance's Regulation of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz.U. of 2018, item 757, as amended)
SeCapital Luksemburg-----	SeCapital S.à.r.l. (Luxembourg)
Consolidated financial statements -----	Consolidated financial statements of the Group for the reporting period ended 31 March 2024, prepared in accordance with the IFRS
Company; KRUK; Issuer-----	KRUK S.A. of Wrocław
Subsidiaries-----	The Company's subsidiaries, as defined in the Polish Accounting Act, and Kancelaria Prawna RAVEN P. Krupa Spółka komandytowa
Articles of Association-----	The Company's Articles of Association
UOKiK-----	The Polish Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
USD -----	US dollar
Bonds Act -----	Polish Act on Bonds of 15 January 2015 (Dz.U. of 2022, item 2244)
General Meeting-----	General Meeting of the Company
Wonga-----	Wonga.pl Sp. z o.o. of Warsaw
Management Board -----	The Management Board of KRUK S.A.
Financial Liabilities -----	Total financial liabilities under: <ul style="list-style-type: none"> • bonds or other similar debt securities; or • non-bank borrowings; or • bank borrowings; or • finance leases; or • promissory notes issued by way of security for liabilities of non-KRUK Group entities; or • guarantees or sureties provided in respect of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or • accession to debt owed by non-KRUK Group entities under bank non-bank borrowings, finance leases, bonds or other similar debt securities; or • assumption of liabilities of non-KRUK Group entities under bank or non-bank borrowings, finance leases, bonds or other similar debt securities; or • liabilities arising under derivatives contracts;

Piotr Krupa
President of the
Management Board

Michał Zasepa
Member of the
Management Board

Urszula Okarma
Member of the
Management Board

Piotr Kowalewski
Member of the
Management Board

Adam Łodygowski
Member of the
Management Board

Wrocław, 8 May 2024