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& EXPERIENCE

## **FINANCIAL HIGHLIGHTS**

**OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS  
OF KRUK S.A.**

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for the period January 1st–  
September 30th 2023

## Financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jan 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited
<b>For the period</b>				
Revenue	192,489	149,486	42,053	31,887
Operating profit/(loss)	(55,112)	(70,404)	(12,040)	(15,018)
Profit/(loss) before tax	822,212	690,460	179,628	147,282
Net profit/(loss)	756,833	676,858	165,345	144,381
Net cash from operating activities	(29,587)	(37,526)	(6,464)	(8,005)
Cash recoveries	25,136	27,595	5,491	5,886
Net cash from investing activities	(477,736)	119,515	(104,371)	25,494
Net cash from financing activities	494,172	(123,448)	107,961	(26,333)
Net change in cash	(13,151)	(41,459)	(2,873)	(8,844)
Diluted earnings per share (PLN/EUR)	37.30	34.36	8.15	7.33
Average number of shares ('000)	19,319	19,077	19,319	19,077
Earnings per share (PLN/EUR)	39.18	35.48	8.56	7.57
	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>
<b>As at</b>				
Total assets	6,829,554	5,403,418	1,473,284	1,152,139
Non-current liabilities	2,678,773	1,788,174	577,870	381,282
Current liabilities	425,189	361,227	91,723	77,022
Equity	3,725,592	3,254,017	803,691	693,835
Share capital	19,319	19,319	4,168	4,119
Book value per ordinary share (PLN/EUR)	192.85	168.44	41.60	35.91

### The financial highlights have been translated into the euro as follows:

items of or related to the statement of profit or loss and the statement of cash flows have been translated using the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; the exchange rates thus calculated are:

**for the reporting period** **4.5773**  
**for the comparative period** **4.6880**

items of or related to the statement of financial position have been translated using the mid rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rates thus calculated are:

**at the end of the reporting period** **4.6356**  
**at end of the comparative period** **4.6899**



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# **INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF KRUK S.A.**

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for the period January 1st–  
September 30th 2023

## Table of contents

<b>I.</b>	<b>Separate statement of financial position .....</b>	<b>6</b>
<b>II.</b>	<b>Separate statement of profit or loss.....</b>	<b>7</b>
<b>III.</b>	<b>Separate statement of comprehensive income .....</b>	<b>8</b>
<b>IV.</b>	<b>Separate statement of changes in equity .....</b>	<b>9</b>
<b>V.</b>	<b>Separate statement of cash flows .....</b>	<b>12</b>
<b>VI.</b>	<b>Notes to the interim condensed separate financial statements .....</b>	<b>13</b>
1.	Company details.....	13
2.	Reporting period .....	14
3.	Statement of compliance .....	14
4.	Significant accounting policies .....	15
5.	Accounting estimates and judgements .....	18
6.	Financial risk management .....	20
7.	Type and amounts of changes in estimates adopted in previous financial years with a material effect on the reporting period.....	21
8.	Type and amounts of items affecting the assets, liabilities, capital, net profit/loss or cash flows, which are material due to their type, size or effect .....	24
8.1.	Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios.....	24
8.2.	Employee benefits expense .....	27
8.3.	Services .....	27
8.4.	Other expenses .....	28
8.5.	Finance income .....	29
8.6.	Finance costs .....	29
8.7.	Income tax.....	30
8.8.	Borrowings, other debt securities and leases .....	34
8.9.	Hedging instruments .....	35
8.10.	Equity-accounted investments in subsidiaries .....	41
8.11.	Trade and other receivables .....	43
8.12.	Cash and cash equivalents .....	43
8.13.	Trade and other payables .....	43
8.14.	Employee benefit obligations .....	44
8.15.	Provisions .....	44
8.16.	Earnings per share.....	45

9.	Current and non-current items of the statement of financial position .....	46
10.	Management of risk arising from financial instruments .....	47
10.1.	Credit risk .....	48
10.2.	Liquidity risk .....	49
10.3.	Market risk .....	51
11.	Related-party transactions .....	56
12.	Seasonality or cyclicity of business.....	60
13.	Factors and events, in particular of non-recurring nature, with a material bearing on the Company's financial performance .....	60
14.	Issue, redemption and repayment of non-equity and equity securities.....	61
15.	Dividends paid (or declared) .....	61
16.	Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year .....	62
17.	Events subsequent to the reporting date not disclosed in these financial statements but potentially having a material bearing on the Company's future performance.....	66

## I. Separate statement of financial position

PLN '000	Note	Sep 30 2023 unaudited	Jun 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Assets</b>					
Cash and cash equivalents	8.12.	8,857	12,689	22,008	12,239
Hedging instruments	8.9.	47,705	105,424	30,335	24,710
Trade receivables from related entities	8.11.	27,478	30,571	27,523	22,383
Trade receivables from other entities	8.11.	3,255	3,647	3,339	3,047
Other receivables	8.11.	21,437	15,012	15,715	9,610
Income tax receivable		6,738	23,820	9,292	8,891
Inventories	7.	16,508	15,310	15,174	15,512
Investments	7.	1,231,095	1,192,608	464,743	447,444
Equity-accounted investments in subsidiaries	8.10.	5,394,869	5,274,313	4,735,762	4,595,849
Property, plant and equipment		34,749	36,144	39,774	35,344
Intangible assets		29,088	28,693	30,791	28,787
Other assets		7,775	6,926	8,962	6,269
<b>Total assets</b>		<b>6,829,554</b>	<b>6,745,157</b>	<b>5,403,418</b>	<b>5,210,085</b>
<b>Equity and liabilities</b>					
<b>Liabilities</b>					
Trade and other payables	8.13.	40,036	33,292	30,645	37,817
Liabilities under dividends	15.	-	289,782	-	-
Hedging instruments	8.9.	7,694	-	9,824	29,088
Employee benefit obligations	8.14.	27,809	29,699	28,974	24,590
Borrowings, other debt securities and leases	8.8.	2,770,930	2,671,928	1,865,886	1,794,669
Provisions	8.15.	12,348	12,263	12,653	13,253
Deferred tax liability	8.7.	245,145	258,922	201,419	178,681
<b>Total liabilities</b>		<b>3,103,962</b>	<b>3,295,886</b>	<b>2,149,401</b>	<b>2,078,098</b>
<b>Equity</b>					
Share capital		19,319	19,319	19,319	19,128
Share premium		358,506	358,506	358,506	342,740
Hedge reserve		31,940	85,277	16,871	(5,432)
Translation reserve		67,368	(23,123)	100,448	169,297
Share of other comprehensive income of equity-accounted investees		24,257	22,782	19,911	-
Other capital reserves		168,085	159,184	149,896	145,312
Retained earnings		3,056,117	2,827,326	2,589,066	2,460,942
<b>Total equity</b>		<b>3,725,592</b>	<b>3,449,271</b>	<b>3,254,017</b>	<b>3,131,987</b>
<b>Equity and liabilities</b>		<b>6,829,554</b>	<b>6,745,157</b>	<b>5,403,418</b>	<b>5,210,085</b>

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

## II. Separate statement of profit or loss

PLN '000

	Note	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
Interest income on debt portfolios measured at amortised cost	8.1.	12,379	4,157	13,220	4,605
Other income/(expenses) from purchased debt portfolios	8.1.	(292)	910	1,433	1,011
Revenue from other services	8.1.	166,507	55,869	118,770	40,234
Other income	8.1.	738	74	1,048	475
Gain/(loss) on expected credit losses	8.1.	13,157	4,580	15,015	4,025
<b>Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios</b>		<b>192,489</b>	<b>65,590</b>	<b>149,486</b>	<b>50,350</b>
Employee benefits expense	8.2.	(158,722)	(54,455)	(145,483)	(48,466)
Depreciation and amortisation		(19,253)	(6,282)	(14,734)	(5,724)
Services	8.3.	(52,497)	(18,743)	(37,131)	(12,615)
Other expenses	8.4.	(17,129)	(6,247)	(22,542)	(8,489)
		(247,601)	(85,727)	(219,890)	(75,294)
<b>Operating profit/(loss)</b>		<b>(55,112)</b>	<b>(20,137)</b>	<b>(70,404)</b>	<b>(24,944)</b>
Finance income	8.5.	69,816	32,451	32,767	13,122
Finance costs	8.6.	(115,436)	(54,564)	(81,755)	(29,256)
<i>including interest expense relating to lease liabilities</i>		(1,599)	(477)	(1,066)	(497)
<b>Net finance costs</b>		<b>(45,620)</b>	<b>(22,113)</b>	<b>(48,988)</b>	<b>(16,134)</b>
<b>Share of profit/(loss) of equity-accounted investees</b>	8.10.	<b>922,944</b>	<b>294,165</b>	<b>809,852</b>	<b>223,675</b>
<b>Profit/(loss) before tax</b>		<b>822,212</b>	<b>251,915</b>	<b>690,460</b>	<b>182,597</b>
Income tax	8.7.	(65,379)	(23,124)	(13,602)	5,423
<b>Net profit/(loss) for period</b>		<b>756,833</b>	<b>228,791</b>	<b>676,858</b>	<b>188,020</b>
<b>Earnings/(loss) per share</b>					
Basic (PLN)	8.16.	39.18	11.84	35.48	9.82
Diluted (PLN)	8.16.	37.30	11.17	34.36	9.59

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

### III. Separate statement of comprehensive income

PLN '000	Note	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
<b>Net profit/(loss) for period</b>		756,833	228,791	676,858	188,020
<b>Other comprehensive income, gross</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Instruments hedging cash flows and net investment in a foreign operation	8.9.	18,309	(65,261)	(23,317)	(17,590)
Exchange differences on translating foreign operations	8.10.	(33,080)	90,491	93,589	71,094
Share of other comprehensive income of equity-accounted investees	8.10.	4,346	1,475	-	-
<b>Other comprehensive income for period, gross</b>		(10,425)	26,705	70,272	53,504
Income tax on instruments hedging cash flows and net investment in a foreign operation	8.7.	(3,240)	11,924	-	-
<b>Other comprehensive income for period, net</b>		(13,665)	38,629	70,272	53,504
<b>Total comprehensive income for period</b>		<b>743,168</b>	<b>267,420</b>	<b>747,130</b>	<b>241,524</b>

The separate statement of comprehensive income should be read in conjunction with the notes to these separate financial statements, which form an integral part of the financial statements.



#### IV. Separate statement of changes in equity

PLN '000	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	Retained earnings	<b>Total equity</b>
<b>Equity as at Jan 1 2022</b>		19,013	333,264	17,885	75,708	-	122,202	2,032,745	2,600,817
<b>Comprehensive income for period</b>									
Net profit/(loss) for period		-	-	-	-	-	-	676,858	676,858
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	8.10.	-	-	-	93,589	-	-	-	93,589
- Measurement of hedging instruments		-	-	(23,317)	-	-	-	-	(23,317)
<b>Total other comprehensive income</b>		-	-	(23,317)	93,589	-	-	-	70,272
<b>Total comprehensive income for period</b>		-	-	(23,317)	93,589	-	-	676,858	747,130
<b>Contributions from and distributions to owners</b>									
- Payment of dividends		-	-	-	-	-	-	(248,661)	(248,661)
- Share-based payments		-	-	-	-	-	23,110	-	23,110
- Issue of shares		115	9,476	-	-	-	-	-	9,591
<b>Total contributions from and distributions to owners</b>		115	9,476	-	-	-	23,110	(248,661)	(215,960)
<b>Total equity as at Sep 30 2022</b>		19,128	342,740	(5,432)	169,297	-	145,312	2,460,942	3,131,987

The separate statement of changes in equity should be read in conjunction with the notes to these separate financial statements, which form an integral part of the financial statements.

PLN '000	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	Retained earnings	<b>Total equity</b>
<b>Equity as at Jan 1 2022</b>		19,013	333,264	17,885	75,708	-	122,202	2,032,745	2,600,817
<b>Comprehensive income for period</b>									
Net profit/(loss) for period		-	-	-	-	-	-	804,982	804,982
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	8.10.	-	-	-	24,740	-	-	-	24,740
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	19,911	-	-	19,911
- Measurement of hedging instruments	8.9.	-	-	(1,014)	-	-	-	-	(1,014)
<b>Total other comprehensive income</b>		-	-	(1,014)	24,740	19,911	-	-	43,637
<b>Total comprehensive income for period</b>		-	-	(1,014)	24,740	19,911	-	804,982	848,619
<b>Contributions from and distributions to owners</b>									
- Payment of dividends		-	-	-	-	-	-	(248,661)	(248,661)
- Share-based payments		-	-	-	-	-	27,694	-	27,694
- Issue of shares		306	25,242	-	-	-	-	-	25,548
<b>Total contributions from and distributions to owners</b>		306	25,242	-	-	-	27,694	(248,661)	(195,419)
<b>Total equity as at Dec 31 2022</b>		19,319	358,506	16,871	100,448	19,911	149,896	2,589,066	3,254,017

The separate statement of changes in equity should be read in conjunction with the notes to these separate financial statements, which form an integral part of the financial statements.

PLN '000	Note	Share capital	Share premium	Hedge reserve	Translation reserve	Share of other comprehensive income of equity-accounted investees	Other capital reserves	Retained earnings	<b>Total equity</b>
<b>Equity as at Jan 1 2023</b>		19,319	358,506	16,871	100,448	19,911	149,896	2,589,066	3,254,017
<b>Comprehensive income for period</b>									
Net profit/(loss) for period		-	-	-	-	-	-	756,833	756,833
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	8.10.	-	-	-	(33,080)	-	-	-	(33,080)
- Share of other comprehensive income of equity-accounted investees	8.10.	-	-	-	-	4,346	-	-	4,346
- Measurement of hedging instruments	8.9.	-	-	15,069	-	-	-	-	15,069
<b>Total other comprehensive income</b>		-	-	15,069	(33,080)	4,346	-	-	(13,665)
<b>Total comprehensive income for period</b>		-	-	15,069	(33,080)	4,346	-	756,833	743,168
<b>Contributions from and distributions to owners</b>									
- Payment of dividends		-	-	-	-	-	-	(289,782)	(289,782)
- Share-based payments		-	-	-	-	-	18,189	-	18,189
<b>Total contributions from and distributions to owners</b>		-	-	-	-	-	18,189	(289,782)	(271,593)
<b>Total equity as at Sep 30 2023</b>		19,319	358,506	31,940	67,368	24,257	168,085	3,056,117	3,725,592

The separate statement of changes in equity should be read in conjunction with the notes to these separate financial statements, which form an integral part of the financial statements.

## V. Separate statement of cash flows

PLN '000	Note	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
<b>Cash flows from operating activities</b>					
<b>Net profit/(loss) for period</b>		756,833	228,791	676,858	188,020
<i>Adjustments</i>					
Depreciation of property, plant and equipment		11,203	3,600	10,515	3,541
Amortisation of intangible assets		8,050	2,682	4,219	2,183
Net finance costs		44,975	21,137	49,477	16,628
Share of (profit)/loss of equity-accounted investees	8.10.	(922,944)	(294,165)	(809,852)	(223,675)
(Gain)/loss on sale of property, plant and equipment		(1,090)	(543)	(305)	(200)
Equity-settled share-based payments		18,189	8,901	23,110	7,788
Interest income	8.1.	(12,379)	(4,157)	(13,220)	(4,605)
Income tax	8.7.	65,379	23,124	13,602	(5,423)
Change in debt portfolios purchased	7.	(1,288)	(2,220)	(829)	472
Change in inventories	7.	(1,334)	(1,198)	3,458	3,382
Change in trade and other receivables		5,671	2,608	5,349	(2,742)
Change in other assets		1,187	(849)	98	403
Change in trade and other payables, excluding financial liabilities	8.13.	9,391	6,744	11,552	6,570
Change in employee benefit obligations	8.14.	(1,165)	(1,890)	437	(2,309)
Change in provisions	8.15.	(305)	85	596	(602)
Interest received	8.1.	12,379	4,157	13,220	4,605
Income tax paid		(22,339)	(7,895)	(25,811)	(4,036)
<b>Net cash from operating activities</b>		(29,587)	(11,088)	(37,526)	(10,000)
<b>Cash flows from investing activities</b>					
Interest received		245	211	392	2
Loans		(764,420)	(18,416)	(40,007)	(8,300)
Sale of intangible assets and property, plant and equipment		924	830	349	265
Dividends received		19,014	4,258	14,953	5,845
Proceeds from investments in subsidiaries		353,685	331,905	119,185	1,793
Purchase of intangible assets and property, plant and equipment		(12,547)	(5,221)	(7,999)	(2,820)
Acquisition of shares in subsidiaries		(176,288)	(70,867)	(24,666)	(4,286)
Repayments		101,651	40,899	57,308	23,406
<b>Net cash from investing activities</b>		(477,736)	283,599	119,515	15,905
<b>Cash flows from financing activities</b>					
Proceeds from issue of debt securities		977,320	75,000	510,000	60,000
Proceeds from issue of shares		-	-	9,591	-
Increase in borrowings		911,339	245,808	708,547	88,118
Repayment of borrowings		(973,397)	(256,958)	(615,043)	(116,533)
Payments under finance lease contracts (principal)		(13,936)	(4,731)	(8,745)	(3,677)
Dividends paid		(289,782)	(289,782)	(248,661)	-
Redemption of debt securities		-	-	(392,926)	-
Interest paid		(117,372)	(45,680)	(86,211)	(31,140)
<b>Net cash from financing activities</b>		494,172	(276,343)	(123,448)	(3,232)
<b>Total net cash flows</b>		(13,151)	(3,832)	(41,459)	2,673
Cash and cash equivalents at beginning of period		22,008	12,689	53,698	9,566
Cash and cash equivalents at end of period		8,857	8,857	12,239	12,239
- effect of exchange rate fluctuations on cash held		(1,996)	(986)	(1,914)	(1,376)

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

## VI. Notes to the interim condensed financial statements

### 1. Company details

*Name*

KRUK Spółka Akcyjna (“KRUK S.A.” or “the Company”)

*Registered office*

ul. Wołowska 8  
51-116 Wrocław, Poland

*Registration in the National Court Register:*

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

Date of registration: September 7th 2005

Registration number: KRS NO. 0000240829

*Principal business activity*

The Company's principal business consists in debt collection, including collection of receivables from purchased debt portfolios, fee-based credit management services, and investing in subsidiaries.

The Company is the parent of the KRUK Group (the “Group”) and in addition to these separate financial statements it prepares consolidated financial statements containing the data of the Company and its subsidiaries. The consolidated financial statements were approved on the same day as these separate financial statements.

As at September 30th 2023, the composition of KRUK S.A.’s Management Board was as follows:

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

In the nine months ended September 30th 2023 and by the issue date of this interim report, the composition of the Management Board of KRUK S.A. did not change.

As at September 30th 2023, the composition of the KRUK S.A.'s Supervisory Board was as follows:

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

In the nine months to September 30th 2023 and by the issue date of this interim report, the composition of the Supervisory Board of KRUK S.A. did not change.

## 2. Reporting period

The reporting period is the period from January 1st to September 30th 2023 and the comparative period is the period from January 1st to September 30th 2022. The separate statement of financial position was prepared as at September 30th 2023 and the comparative data was presented as at June 30th 2023, December 31st 2022 and September 30th 2022. The separate statement of changes in equity was prepared for the period from January 1st to September 30th 2023 and the comparative periods are from January 1st to September 30th 2022 and from January 1st to December 31st 2022.

The quarterly financial data is presented for the periods from July 1st to September 30th 2023 and from July 1st to September 30th 2022.

The presented data has not been audited.

## 3. Statement of compliance

These interim condensed separate financial statements of the Company have been prepared in a condensed form in accordance with IAS 34 applicable to interim financial statements, as endorsed by the European Union, and should be read in conjunction with the consolidated financial statements of the Group as at September 30th 2023 and for the period from January 1st to September 30th 2023.

These financial statements do not contain all the information required to be included when preparing full-year financial statements and should therefore be read in conjunction with the separate financial statements of KRUK S.A. and consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards as at and for the year ended December 31st 2022. The separate and consolidated financial statements are available at:

<https://pl.kruk.eu/relacje-inwestorskie/raporty/raporty-okresowe> .

In the opinion of the Management Board, there are no facts or circumstances which could pose a significant threat to the Company continuing as a going concern. Therefore, these interim condensed financial statements have been prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

These interim condensed financial statements were authorised for issue by the Company's Management Board (the "Management Board") on November 7th 2023.

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

The Polish złoty is the functional currency of the Company.

#### 4. Significant accounting policies

These interim condensed separate financial statements have been prepared based on the following valuation concepts:

- measurement with the equity method – for investments in subsidiaries;
- measurement at amortised cost calculated using the effective interest rate method:
  - including allowance for expected credit losses – for credit-impaired assets (investments in debt portfolios);
  - for financial assets held as part of the business model whose objective is to hold financial assets in order to collect contractual cash flows (loans advanced); and
  - for other financial liabilities;
- measurement at fair value – for derivatives;
- measurement at historical cost for other non-financial assets and liabilities.

The accounting policies applied to prepare these interim condensed separate financial statements are consistent with those applied in the most recent full-year separate financial statements as at and for the year ended December 31st 2022.

The Company also applied the following amendments to standards and interpretations approved for use in the European Union as of January 1st 2023:

- IFRS 17 Insurance Contracts, including amendments to IFRS 17 issued in 2020 (Amendments to IFRS 17) and in 2021 (Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information);
- Amendments to IAS 12 introducing a definition of accounting estimates;
- Amendments to IAS 1 and IFRS Practice statement 2 concerning disclosure of accounting policies;
- Amendments to IAS 8 introducing a definition of accounting estimates.

The amendments listed above had no material effect on the separate financial statements.

These financial statements comply with the requirements of International Accounting Standards, International Financial Reporting Standards and related interpretations endorsed by the European Union, which have been issued and are effective for annual periods beginning on or after January 1st 2023.

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

Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on or after
Amendments to IAS 1 <i>Presentation of Financial Statements</i> – Classification of Liabilities	The amendments concern the presentation of liabilities in the statement of financial position. In particular, they clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period. The amendments will apply prospectively.	The Company does not expect the amendments to have any significant effect on its separate financial statements.	January 1st 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> – Non-current Liabilities with Covenants	The amendments clarify how the covenants that an entity has to comply with within the twelve months of the reporting date affect the classification of a liability as current or non-current.	The Company is assessing the potential impact of the amendments on its separate financial statements.	January 1st 2024
Amendments to IFRS 16 <i>Leases</i> : Lease Liability in a Sale and Leaseback	The amendments concern the measurement of lease liabilities in sale and leaseback transactions.	The Company does not expect the amendments to have any significant effect on its separate financial statements.	January 1st 2024
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments</i> – Disclosures: Supplier Finance Arrangements	The amendments mandate the disclosure of information about how supply chain finance arrangements affect an entity's liabilities and cash flows and what is their effect on the entity's exposure to liquidity risk.	The Company is assessing the potential impact of the amendments on its separate financial statements.	January 1st 2024



Standards and interpretations not yet endorsed by the EU	Type of expected change in accounting policies	Possible effect on the financial statements	Effective for periods beginning on or after
Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules	The amendments relate to so-called Pillar 2 of the OECD's international tax reform, which is primarily intended to implement solutions to increase effective taxation of the largest corporate groups.	The Company is assessing the potential impact of the amendments on its separate financial statements.	January 1st 2023
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate – Lack of Exchangeability	The amendments clarify how an entity should assess whether a currency is exchangeable and determine the exchange rate when it is not as well as require certain additional disclosures in such cases.	The Company is assessing the potential impact of the amendments on its separate financial statements.	January 1st 2025

## 5. Accounting estimates and judgements

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

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

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

Item	Amount estimated		Note	Assumptions and estimate calculation
	Sep 30 2023 (PLN '000)	Dec 31 2022 (PLN '000)		
Investments in subsidiaries equity-accounted	5,394,869	4,735,762	8.10.	Equity-accounted investments in subsidiaries are subject to impairment testing. Investments in subsidiaries for which impairment indications were identified are tested for impairment at least once a year. As part of the tests, the Company estimates the recoverable amount of the investments based on the value in use of the respective cash-generating units, using the discounted cash flow method. The valuation of investments in subsidiaries is based on a number of assumptions and estimates, in particular with respect to the amount of future cash flows and the adopted discount rate. The projected cash flows of subsidiaries investing in debt portfolios or debt-related assets depend primarily on the assumed expenditure on new portfolios and amount of recoveries. The correctness of the underlying assumptions involves a considerable risk given the significant uncertainty as to the effectiveness of debt collection activities in the future. The discount rate used to test investments in subsidiaries for impairment reflects the current market assessment of the asset risk for the debt collection industry.
Investments in debt portfolios	32,479	31,191	7.	The value of purchased debt portfolios as at the valuation date is determined using an estimation model relying on expected discounted cash flows. The expected cash flows were estimated with the

use of analytical methods (portfolio analysis) or based on a legal and economic analysis of individual claims or indebted persons (case-by-case analysis). The method of estimating cash flows from a debt portfolio is selected based on the available data on the portfolio, debt profiles as well as historical data collected in the course of managing the portfolio. KRUK S.A. prepares projections of recoveries from debt portfolios separately for individual markets. The projections account for historical performance of the process of debt portfolio recovery, legal regulations currently in force and planned, type and nature of debt and security, current collection strategy and macroeconomic considerations, among other factors. Initial projections of expected cash flows that take into account the initial value (purchase price) are the basis for calculating the effective interest rate, equal to the internal rate of return including an element that reflects credit risk, which is used for discounting estimated cash flows, and which, as a rule, remains unchanged throughout the life of a portfolio.

Item	Amount subject to judgement		Note	Assumptions and estimate calculation
	Sep 30 2023 (PLN '000)	Dec 31 2022 (PLN '000)		
Deferred tax liability	245,145	201,419	8.7.	<p>The Company exercises control over the timing of temporary differences regarding subsidiaries, and thus recognizes deferred tax liabilities. These liabilities are based on estimates of future income tax payments, which are derived from three-year plans. The Company assesses the recoverability of the deferred tax asset based on its approved projection of profits for the following years. The amount of deferred tax liabilities is affected by changes in expected future cash flows from investment companies to KRUK S.A. in the foreseeable future. The level of the cash flows depends on such factors as:</p> <ul style="list-style-type: none"> <li>• KRUK S.A.'s liquidity needs and the amount of raised and projected new debt financing available to KRUK S.A.,</li> <li>• raised and projected new debt financing available to the investment companies,</li> <li>• the planned expenditure on debt portfolios – its amount determines the</li> </ul>

projected liquidity position of the investment companies,

- planned recoveries from purchased debt portfolios at the investment companies.

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

## 6. Financial risk management

The principles of financial risk management are presented in the most recent separate full-year financial statements prepared as at and for the financial year ended December 31st 2022. In the period from January 1st to September 30th 2023, there were no significant changes in the approach to financial risk management.

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

### Investments measured at amortised cost

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Sep 30 2022 unaudited</b>
<b>Investments measured at amortised cost</b>			
Investments in debt portfolios	32,479	31,191	32,616
Loans to related parties	1,198,616	433,552	414,828
	<u>1,231,095</u>	<u>464,743</u>	<u>447,444</u>

In 2023, the Company advanced a EUR 150,000 thousand loan to its related company InvestCapital Ltd, which significantly increased the amount of loans to related parties.

### Investments in debt portfolios

Investments in debt portfolios are divided into the following main categories:

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Sep 30 2022 unaudited</b>
<b>Investments in debt portfolios</b>			
Unsecured portfolios	32,479	31,172	32,596
Secured portfolios	-	19	20
	<u>32,479</u>	<u>31,191</u>	<u>32,616</u>

For information on the assumptions made in the valuation of debt portfolios and the adopted schedule of cash receipts (undiscounted value), see Note 8.1.

### *Changes in carrying amounts of investments in debt portfolios*

In the reporting period, the Company did not invest any amounts in debt portfolios, while the amount of recoveries from indebted persons was PLN 25,136 thousand (same period of the year before: PLN 27,595; as at December 31st 2022: PLN 36,336 thousand). Below are presented changes in the net carrying amount of investments in debt portfolios:

PLN '000

	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Carrying amount of investments in debt portfolios at beginning of period</b>	31,191	31,787	31,787
Cash recoveries	(25,136)	(36,336)	(27,595)
Gain/(loss) on sale/revaluation of property	1,180	(1,028)	(1,244)
Revenue from purchased debt portfolios	25,244	36,768	29,668
<b>Carrying amount of investments in debt portfolios at end of period</b>	<b>32,479</b>	<b>31,191</b>	<b>32,616</b>

For a description of revenue from purchased debt portfolios, including interest income and allowance for expected credit losses, see Note 8.1.

### Changes in expected credit losses

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

PLN '000

	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Cumulative expected credit losses on purchased debt portfolios at beginning of period</b>	270,745	253,075	253,075
Revaluation of projected recoveries	8,663	11,712	8,907
Deviations from actual recoveries, decreases on early collections in collateralised cases	5,680	5,958	6,108
<b>Cumulative expected credit losses on purchased debt portfolios at end of period</b>	<b>285,088</b>	<b>270,745</b>	<b>268,090</b>

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

### Loans to related parties

As at September 30th 2023, the gross carrying amount of loans advanced to related parties was PLN 1,205,487 thousand, and the loss allowance was PLN 6,871 thousand (December 31st 2022: PLN 462,003 thousand and PLN 28,451 thousand, respectively).

Loans to related parties are provided on the following terms:

- 3M WIBOR + margin of 2-6.4pp;
- 3M EURIBOR/3M PRIBOR + margin of 2-2.09pp;
- 3M ROBOR + margin of 2-3 pp;
- fixed interest rate – 9.76%.

For information on the balance of loans to related parties, see Note 11.

For information on the Company's exposure to credit, currency and interest rate risks associated with its investments, see note 10.

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

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Sep 30 2022 unaudited</b>
Real property	15,116	15,049	15,409
Other inventories	1,392	125	103
	<u>16,508</u>	<u>15,174</u>	<u>15,512</u>

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

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>	<b>Sep 30 2022 unaudited</b>
<b>Carrying amount of property held at beginning of period</b>	15,049	18,970	18,970
Carrying amount of property foreclosed	4,766	4,880	3,719
Carrying amount of property sold	(1,992)	(5,562)	(5,441)
Impairment loss on property	(2,707)	(3,239)	(1,839)
<b>Carrying amount of property held at end of period</b>	<u>15,116</u>	<u>15,049</u>	<u>15,409</u>

As at September 30th 2023, the inventory write-down was PLN 2,707 thousand (December 31st 2022: PLN 3,239 thousand; September 30th 2022: PLN 1,839 thousand).

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

### 8.1. Operating income including gain/(loss) on expected credit losses and other income/expenses from purchased debt portfolios

#### Breakdown by type of activity

PLN '000	Jan 1–Sep 30	Jul 1–Sep 30	Jan 1–Sep 30	Jul 1–Sep 30
	2023	2023	2022	2022
	unaudited	unaudited	unaudited	unaudited
Revenue from credit management services	112,579	38,001	87,323	28,863
Revenue from other services	53,893	17,852	31,435	11,363
Revenue from purchased debt portfolios	25,244	9,647	29,668	9,641
Other income	738	74	1,048	475
Revenue from sale of merchandise and materials	35	16	12	8
	192,489	65,590	149,486	50,350

#### Revenue from purchased debt portfolios

PLN '000	Jan 1–Sep 30	Jul 1–Sep 30	Jan 1–Sep 30	Jul 1–Sep 30
	2023	2023	2022	2022
	unaudited	unaudited	unaudited	unaudited
Gain/(loss) on expected credit losses	13,157	4,580	15,015	4,025
Interest income on debt portfolios measured at amortised cost	12,379	4,157	13,220	4,605
Other income/(expenses) from purchased debt portfolios	(292)	910	1,433	1,011
	25,244	9,647	29,668	9,641

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

PLN '000	Jan 1–Sep 30	Jul 1–Sep 30	Jan 1–Sep 30	Jul 1–Sep 30
	2023	2023	2022	2022
	unaudited	unaudited	unaudited	unaudited
Revaluation of projected recoveries	8,663	3,466	8,907	1,243
Deviations from actual recoveries, decreases on early collections in collateralised cases	4,494	1,114	6,108	2,782
	13,157	4,580	15,015	4,025

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



- discount rate in case of change in the amount of the purchased debt portfolio;
- cash flows estimation period;
- expected future cash flows estimated using the current data and debt collection processes.

The Company analyses the impact of macroeconomic factors on projected recoveries; historically, no material correlation between recoveries from purchased debt portfolios and the macroeconomic situation has been found.

#### Assumptions adopted in the valuation of debt portfolios

	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
Discount rate <sup>1</sup>	28.11–170.19%	28.11–170.19%	28.11–170.19%
Cash flows estimation period	Oct 2023–Dec 2038	Jan 2023–Dec 2037	Oct 2022–Jun 2037
Undiscounted value of future recoveries PLN '000	112,374	90,800	93,499

<sup>1</sup> the range of interest rate is applicable to 99% of debt portfolios.

#### Estimated remaining collections by collection period (undiscounted amounts)

PLN '000	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Period</b>			
Up to 12 months	22,632	23,721	25,121
From 1 to 2 years	18,446	16,546	16,702
From 2 to 3 years	14,890	12,396	12,642
From 3 to 4 years	12,195	9,405	9,636
From 4 to 5 years	9,986	7,158	7,382
From 5 to 6 years	7,983	5,458	5,633
From 6 to 7 years	6,252	4,144	4,268
From 7 to 8 years	4,840	3,183	3,254
From 8 to 9 years	3,941	2,428	2,484
From 9 to 10 years	3,205	1,868	1,907
From 10 to 11 years	2,615	1,442	1,468
From 11 to 12 years	2,052	1,106	1,121
From 12 to 13 years	1,578	829	843
From 13 to 14 years	1,185	632	642
From 14 to 15 years	567	484	396
Over 15 years	7	-	-
	112,374	90,800	93,499

PLN '000	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
discount rate:			
< 25%	49	17	15
25–50%	13,211	12,950	12,860
> 50%	99,114	77,833	80,624
	112,374	90,800	93,499

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

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

#### Other income/(expenses) from purchased debt portfolios

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jul 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Sep 30 2022 unaudited</b>	<b>Jul 1–Sep 30 2022 unaudited</b>
Foreign exchange gains/(losses)	(292)	910	1,433	1,011
	<u>(292)</u>	<u>910</u>	<u>1,433</u>	<u>1,011</u>

#### Revenue from other services

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jul 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Sep 30 2022 unaudited</b>	<b>Jul 1–Sep 30 2022 unaudited</b>
Revenue from credit management services	112,579	38,001	87,323	28,863
Revenue from other services	53,893	17,852	31,435	11,363
Revenue from sale of merchandise and materials	35	16	12	8
	<u>166,507</u>	<u>55,869</u>	<u>118,770</u>	<u>40,234</u>

#### Other income

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jul 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Sep 30 2022 unaudited</b>	<b>Jul 1–Sep 30 2022 unaudited</b>
Gain/(loss) on sale of property, plant and equipment	1,090	543	305	200
Other	33	5	26	(5)
Compensation for motor damage	-	-	242	-
Re-billing income/(expense)	(385)	(474)	475	280
	<u>738</u>	<u>74</u>	<u>1,048</u>	<u>475</u>

## 8.2. Employee benefits expense

PLN '000	Jan 1–Sep 30	Jul 1–Sep 30	Jan 1–Sep 30	Jul 1–Sep 30
	2023	2023	2022	2022
	unaudited	unaudited	unaudited	unaudited
Salaries and wages	(112,707)	(36,670)	(98,720)	(32,827)
Equity-settled cost of stock option plan	(18,189)	(8,901)	(23,110)	(7,788)
Old-age and disability pension contributions (defined contribution plans)	(17,575)	(5,712)	(15,216)	(5,068)
Other employee expenses	(5,472)	(1,807)	(4,444)	(1,695)
Other social security contributions*	(3,776)	(1,020)	(3,147)	(800)
Contribution to the State Fund for the Disabled	(1,003)	(345)	(846)	(288)
	<u>(158,722)</u>	<u>(54,455)</u>	<u>(145,483)</u>	<u>(48,466)</u>

\* Other social security contributions exclude the item presented separately as Other employee expenses.

## 8.3. Services

PLN '000	Jan 1–Sep 30	Jul 1–Sep 30	Jan 1–Sep 30	Jul 1–Sep 30
	2023	2023	2022	2022
	unaudited	unaudited	unaudited	unaudited
IT services*	(23,126)	(8,826)	(15,780)	(5,261)
Credit management services	(9,446)	(3,057)	(7,389)	(2,621)
Postal and courier services	(4,957)	(1,820)	(3,101)	(975)
Administrative and accounting support services*	(4,569)	(1,540)	(1,801)	(783)
Space rental and service charges	(2,734)	(1,152)	(2,028)	(591)
Communications services	(2,293)	(680)	(2,082)	(715)
Legal assistance services*	(1,661)	(405)	(1,204)	(425)
Banking services	(792)	(352)	(808)	(288)
Security	(665)	(219)	(468)	(135)
Recruitment services	(584)	(190)	(788)	(270)
Other auxiliary services	(488)	(164)	(438)	(152)
Repair of vehicles	(343)	(94)	(394)	(124)
Printing services	(226)	(59)	(236)	(70)
Other rental	(207)	(54)	(42)	(24)
Repair and maintenance services	(149)	(58)	(345)	(114)
Transport services	(122)	(27)	(86)	(19)
Packing services	(83)	(29)	(67)	(22)
Marketing and management services	(52)	(17)	(74)	(26)
	<u>(52,497)</u>	<u>(18,743)</u>	<u>(37,131)</u>	<u>(12,615)</u>

\* Advisory services presented in the previous reporting period have been divided into Administrative and accounting support services, Legal assistance services and IT services.

**8.4. Other expenses**

PLN '000	Jan 1–Sep 30	Jul 1–Sep 30	Jan 1–Sep 30	Jul 1–Sep 30
	2023	2023	2022	2022
	unaudited	unaudited	unaudited	unaudited
Raw materials and consumables used	(4,492)	(1,555)	(4,817)	(2,070)
Advertising	(2,852)	(1,048)	(1,679)	(709)
Staff training	(1,991)	(779)	(1,472)	(533)
VAT on rental payments (leases and rents)	(1,817)	(670)	(1,820)	(669)
Business trips	(1,197)	(426)	(473)	(148)
Entertainment expenses	(984)	(206)	(514)	(238)
Court fees	(651)	(248)	(623)	(226)
Donations	(609)	(318)	(436)	(20)
Motor insurance	(552)	(180)	(873)	(288)
Taxes and charges*	(518)	(428)	(8,252)	(2,956)
Refund of litigation costs	(513)	(216)	(625)	(190)
Property insurance	(299)	(107)	(230)	(80)
Other	(299)	34	(172)	(108)
Non-competition	(271)	(83)	(275)	(82)
Losses caused by motor damage	(69)	(12)	(144)	(42)
Membership fees	(15)	(5)	(137)	(130)
	<u>(17,129)</u>	<u>(6,247)</u>	<u>(22,542)</u>	<u>(8,489)</u>

\*Since January 1st 2023, the Company has presented undeducted VAT on a gross basis with the relevant service.

## 8.5. Finance income

PLN '000	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
Interest income on loans advanced and receivables	69,571	32,240	32,375	13,120
Interest income on bank deposits	245	211	392	2
	<u>69,816</u>	<u>32,451</u>	<u>32,767</u>	<u>13,122</u>

## 8.6. Finance costs

PLN '000	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
Interest and commission expense on financial liabilities measured at amortised cost <i>including interest</i>	(167,690)	(66,697)	(95,216)	(40,493)
Net foreign exchange gains	(254)	(7,004)	(998)	(917)
Interest income/expense on hedging instruments – CIRS	2,344	1,852	(177)	(171)
Interest income/expense on hedging instruments – IRS	10,915	3,999	5,363	3,876
Hedging income/expense	39,249	13,286	9,273	8,449
	<u>(115,436)</u>	<u>(54,564)</u>	<u>(81,755)</u>	<u>(29,256)</u>

In 2023, there was a significant increase in interest expense compared with 2022, primarily due to higher debt, including borrowings and bonds, as well as markedly elevated 1M/3M WIBOR rates during the year.

## Effect of exchange rate movements on statement of profit or loss

PLN '000	Note	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
Unrealised exchange gains/(losses)		4,306	680	(1,914)	(1,375)
Realised exchange gains/(losses)		(4,560)	(7,684)	916	458
Remeasurement of debt portfolios due to exchange rate movements	8.1.	(292)	910	1,433	1,011
		<u>(546)</u>	<u>(6,094)</u>	<u>435</u>	<u>94</u>

## 8.7. Income tax

PLN '000	Note	Jan 1–Sep 30 2023 unaudited	Jul 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited	Jul 1–Sep 30 2022 unaudited
<b>Current income tax recognised in profit or loss</b>					
Current income tax payable		(24,893)	(24,978)	(1,998)	1,481
<b>Deferred income tax recognised in profit or loss</b>					
Temporary differences/reversal of temporary differences	8.7.	(40,486)	1,854	(11,604)	3,942
<b>Income tax recognised in profit or loss</b>		<b>(65,379)</b>	<b>(23,124)</b>	<b>(13,602)</b>	<b>5,423</b>
<b>Deferred income tax recognised in other comprehensive income</b>					
Temporary differences/reversal of temporary differences	8.7.	(3,240)	11,924	-	-
<b>Income tax recognised in other comprehensive income</b>		<b>(3,240)</b>	<b>11,924</b>	<b>-</b>	<b>-</b>
<b>Income tax recognised in comprehensive income</b>		<b>(68,619)</b>	<b>(11,200)</b>	<b>(13,602)</b>	<b>5,423</b>

## Reconciliation of effective income tax rate

PLN '000	Jan 1–Sep 30 2023 unaudited	Jan 1–Sep 30 2022 unaudited
Profit/(loss) before tax	822,212	690,460
Income tax recognised in profit or loss	(65,379)	(13,602)
Tax calculated at the tax rate applicable in Poland (19%)	(156,220)	(131,187)
Differences resulting from ability to control the timing of reversal of temporary differences relating to the measurement of net assets of subsidiaries and the probability of their reversal in the foreseeable future, and other non-deductible expenses/non-taxable income	90,841	117,585
	(65,379)	(13,602)
Effective tax rate	7.95%	1.97%

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

**Deferred tax assets and liabilities**

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

PLN '000	Assets		Provisions		Net carrying amount	
	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2023 unaudited	Dec 31 2022
Property, plant and equipment	5,935	8,725	(4,047)	(4,983)	1,888	3,742
Intangible assets	-	-	(5,591)	(5,051)	(5,591)	(5,051)
Trade and other receivables	-	-	(375)	(413)	(375)	(413)
Borrowings and other debt instruments, leases	16,853	16,633	-	-	16,853	16,633
Employee benefit obligations	2,371	2,416	-	-	2,371	2,416
Provisions and liabilities	37	-	-	(109)	37	(109)
Investments in debt portfolios	-	-	(7,591)	(7,058)	(7,591)	(7,058)
Equity-accounted investments in subsidiaries	-	-	(246,203)	(208,285)	(246,203)	(208,285)
Derivative hedging instruments	-	-	(6,534)	(3,294)	(6,534)	(3,294)
<b>Deferred tax assets/liability</b>	<b>25,196</b>	<b>27,774</b>	<b>(270,341)</b>	<b>(229,193)</b>	<b>(245,145)</b>	<b>(201,419)</b>
Deferred tax assets offset against liabilities	(25,196)	(27,774)	25,196	27,774	-	-
<b>Deferred tax assets/liabilities in the statement of financial position</b>	<b>-</b>	<b>-</b>	<b>(245,145)</b>	<b>(201,419)</b>	<b>(245,145)</b>	<b>(201,419)</b>

**Change in temporary differences in the period**

PLN '000

	Net amount of deferred tax at Jan 1 2023	Change in temporary differences recognised in profit or loss for the period	Net amount of deferred tax at Sep 30 2023 unaudited	Net amount of deferred tax at Jan 1 2022	Change in temporary differences recognised in profit or loss for the period	Net amount of deferred tax at Dec 31 2022
Property, plant and equipment	3,742	(1,854)	1,888	81	3,661	3,742
Intangible assets	(5,051)	(540)	(5,591)	(1,712)	(3,339)	(5,051)
Trade and other receivables	(413)	38	(375)	(245)	(168)	(413)
Borrowings and other debt instruments, leases	16,633	220	16,853	7,775	8,858	16,633
Employee benefit obligations	2,416	(45)	2,371	2,282	134	2,416
Provisions and liabilities	(109)	146	37	40	(149)	(109)
Investments in debt portfolios	(7,058)	(533)	(7,591)	(6,974)	(84)	(7,058)
Equity-accounted investments in subsidiaries	(208,285)	(37,918)	(246,203)	(168,325)	(39,960)	(208,285)
	(198,125)	(40,486)	(238,611)	(167,077)	(31,048)	(198,125)

PLN '000

	Net amount of deferred tax at Jan 1 2023	Change in temporary differences recognised in other comprehensive income	Net amount of deferred tax at Sep 30 2023 unaudited	Net amount of deferred tax at Jan 1 2022	Change in temporary differences recognised in other comprehensive income	Net amount of deferred tax at Dec 31 2022
Derivative hedging instruments	(3,294)	(3,240)	(6,534)	-	(3,294)	(3,294)
	(3,294)	(3,240)	(6,534)	-	(3,294)	(3,294)



The Company assesses the recoverability of the deferred tax asset based on its approved projection of profits for the following years.

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

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

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

The Company benefits from the exemption provided in IAS 12 and does not recognise a deferred tax liability in respect of retained earnings in its related entities where it is able to control the timing of the reversal of temporary differences in the foreseeable future and it is probable that the temporary differences will not reverse in the next 36 months. The total amount of temporary differences underlying the unrecognised deferred tax liability on retained earnings as at September 30th 2023 was PLN 3,414,110 thousand (as at December 31st 2022: PLN 3,676,475 thousand).

## 8.8. Borrowings, other debt securities and leases

PLN '000	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Non-current liabilities</b>			
Secured borrowings	164,908	229,516	229,467
Liabilities under debt securities (unsecured)	2,236,633	1,308,234	1,338,617
Lease liabilities	12,096	26,579	29,538
	<u>2,413,637</u>	<u>1,564,329</u>	<u>1,597,622</u>
<b>Current liabilities</b>			
Secured borrowings	203,412	208,432	94,955
Liabilities under debt securities (unsecured)	134,739	73,781	84,606
Lease liabilities	19,142	19,344	17,486
	<u>357,293</u>	<u>301,557</u>	<u>197,047</u>
	<u>2,770,930</u>	<u>1,865,886</u>	<u>1,794,669</u>

### Liabilities repayment schedule

PLN '000	Currency	Nominal interest rate	Maturity periods <sup>1</sup>	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
Borrowings secured over the Company's assets	PLN/EUR	3M WIBOR + margin of 1.8–2.7pp 1M EURIBOR + margin of 2.2–2.4pp 3M EURIBOR + margin of 0.5–2pp	2023-2028	368,320	437,948	324,422
Liabilities under debt securities (unsecured)	PLN/EUR	3M WIBOR + margin of 3.2–4.5pp; 4.00–4.80% <sup>2</sup> 3M EURIBOR + margin of 6.5pp;	2023-2029	2,371,372	1,382,015	1,423,223
Lease liabilities	PLN/EUR	3M WIBOR or 1M EURIBOR + margin of 0.8–9.7pp; 3.3–11.3%	2023-2026	31,238	45,923	47,024
				<u>2,770,930</u>	<u>1,865,886</u>	<u>1,794,669</u>

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

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

### Impact of IBOR reform

The Company does not anticipate a material impact from IBOR reform on its financial obligations, but cannot conclusively determine its effect as not all systemic and regulatory solutions have been finalised. The Company takes measures to prepare for a change in the benchmarks underlying concluded financial instruments in the event 3M WIBOR ceases to be published. The Company continuously monitors regulatory changes in benchmarks, and negotiates amendments to the Master and Credit Agreements governing the hedging instruments and bank loans used by the Group companies, to ensure optimal transition to an alternative benchmark when the WIBOR is replaced. The individual items for which WIBOR is used as the benchmark are presented below:

PLN '000

	Sep 30 2023 unaudited	Dec 31 2022
<b>Carrying amount of financial liabilities for which WIBOR is used as the benchmark</b>		
Borrowings secured over the Company's assets	149,190	291,220
Liabilities under debt securities (unsecured)	1,680,608	1,382,015
Lease liabilities	9,177	13,771
<b>Notional amount of hedging instruments for which WIBOR is used as the benchmark</b>		
CIRS	1,310,000	940,000
IRS	255,000	255,000

## 8.9. Hedging instruments

### Interest rate risk hedges

In the three months ended September 30th 2023, the Company entered into currency interest rate swaps (CIRS) with a total nominal amount of PLN 175,000 thousand, under which the Company pays a coupon based on a fixed interest rate on debt determined in EUR under the transaction terms and receives a coupon based on a variable interest rate on PLN-denominated debt covered by the transaction.

The purpose of the CIRS contracts is to:

- hedge against interest rate risk, understood as volatility of interest expense due to changes in the 3M WIBOR rate – exchange of floating interest rate for a fixed rate;
- hedge against currency risk, understood as volatility of the net value of EUR-denominated assets due to EUR/PLN exchange rate movements – offsetting exchange differences.

As at September 30th 2023, the Company held the following open outstanding CIRS contracts with a total nominal amount of PLN 1,310,000 thousand:

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

ING Bank Śląski S.A.	CCIRS	PLN 105,000,000	1.21%	3M WIBOR	Jul 15 2022	Jan 23 2026
ING Bank Śląski S.A.	CCIRS	PLN 52,500,000	0.96%	3M WIBOR	Jul 15 2022	Jan 22 2025
ING Bank Śląski S.A.	CCIRS	PLN 52,500,000	0.955%	3M WIBOR	Jul 18 2022	Jan 23 2024
ING Bank Śląski S.A.	CCIRS	PLN 50,000,000	1.40%	3M WIBOR	Jul 20 2022	Mar 2 2026
ING Bank Śląski S.A.	CCIRS	PLN 25,000,000	0.90%	3M WIBOR	Jul 20 2022	Mar 2 2024
DNB Bank ASA	CCIRS	PLN 60,000,000	1.96%	3M WIBOR	Dec 12 2022	Jul 27 2027
DNB Bank ASA	CCIRS	PLN 25,000,000	2.05%	3M WIBOR	Dec 21 2022	Nov 27 2026
DNB Bank ASA	CCIRS	PLN 75,000,000	2.49%	3M WIBOR	Jan 10 2023	Mar 26 2025
DNB Bank ASA	CCIRS	PLN 120,000,000	2.02%	3M WIBOR	Jan 27 2023	Jan 26 2028
ING Bank Śląski S.A.	CCIRS	PLN 50,000,000	2.475%	3M WIBOR	Jul 25 2023	Jan 26 2028
ING Bank Śląski S.A.	CCIRS	PLN 50,000,000	2.435%	3M WIBOR	Jul 25 2023	Jun 7 2028
DNB Bank ASA	CCIRS	PLN 75,000,000	2.61%	3M WIBOR	Sep 22 2023	Mar 29 2028

The transactions were designated for hedge accounting.

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

Open outstanding IRS contracts held by the Company as at September 30th 2023, with a total notional amount of PLN 255,000 thousand and EUR 150,000 thousand:

Bank	Type of transaction	Notional amount	Fixed rate	Variable rate	Term
Santander Bank Polska S.A.	IRS	PLN 30,000,000	1.65%	3M WIBOR	Sep 5 2019 to Nov 27 2023
Santander Bank Polska S.A.	IRS	PLN 25,000,000	1.65%	3M WIBOR	Sep 5 2019 to Feb 6 2024
ING Bank Śląski S.A.*	IRS	PLN 35,000,000	1.6050%	3M WIBOR	Sep 4 2019 to Oct 12 2023

ING Bank Śląski S.A.*	IRS	PLN 115,000,000	1.5775%	3M WIBOR	Sep 4 2019 to Sep 27 2024
ING Bank Śląski S.A.*	IRS	PLN 50,000,000	1.5775%	3M WIBOR	Sep 4 2019 to Sep 28 2024
DNB Bank ASA	IRS	EUR 150,000,000	2.9640%	3M EURIBOR	May 10 2023 to May 10 2028

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

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

### Currency risk hedges

In 2019–2022, the Company took steps to hedge currency risk arising from cash flows from foreign subsidiaries by entering into hedging transactions. The Company's objective is to mitigate the effect of exchange differences on cash flows from subsidiaries. The transactions were entered into by KRUK S.A. and settled on a net basis, with no physical delivery. For details of the executed and settled transactions, see the separate full-year financial statements.

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

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

PLN '000

	Sep 30 2023 unaudited				Dec 31 2022				Item in the statement of financial position	Hedge type
	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness	Assets	Liabilities	Nominal amount	Change in fair value used to determine ineffectiveness		
<b>Instrument type:</b>										
IRS	6,554	-	255,000 (PLN)	(12,252)	18,806	-	255,000 (PLN)	5,003	Hedging instruments	Hedge of future cash flows
IRS	10,704	-	150,000 (EUR)	10,704	-	-	-	-	Hedging instruments	Hedge of future cash flows
CIRS	30,447	7,694	1,310,000 (PLN)	21,048	11,529	9,824	940,000 (PLN)	1,705	Hedging instruments	Hedge of future cash flows/Hedge of net investment in a foreign operation
	<b>47,705</b>	<b>7,694</b>		<b>19,500</b>	<b>30,335</b>	<b>9,824</b>		<b>6,708</b>		

PLN '000

**Disclosure of the hedged item as at Sep 30 2023**  
unaudited

	Nominal amount of the hedged item	Change in the fair value of the hedged item	Reserve on measurement of continuing hedges	Reserve (unreleased) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	255,000 (PLN)	(12,252)	3,275	-
Hedge of future cash flows (interest rate risk)	150,000 (EUR)	10,704	10,704	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	1,310,000 (PLN)	21,048	13,879	-

**Disclosure of the hedged item as at Dec 31 2022**

	Nominal amount of the hedged item	Change in the fair value of the hedged item	Reserve on measurement of continuing hedges	Reserve (unreleased) on measurement of discontinued hedges
Hedge of future cash flows (interest rate risk)	255,000 (PLN)	5,003	18,806	-
Hedge of net investment in a foreign operation (currency risk)	-	-	-	4,082
Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	940,000 (PLN)	1,705	(6,017)	-

## Jan 1–Sep 30 2023 unaudited

PLN '000

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of future cash flows (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
<b>Hedge reserve as at Jan 1 2023</b>	18,806	4,082	(6,017)	16,871
<b>Measurement of instruments charged to capital reserves</b>	9,367	-	(28,093)	(18,726)
<b>Cost of hedging</b>	-	-	89,543	89,543
<b>Temporary differences/reversal of temporary differences</b>	(3,279)	-	39	(3,240)
<b>Amount reclassified to profit or loss during the period</b>	(10,915)	-	(41,593)	(52,508)
- Interest expense/income	(10,915)	-	(2,344)	(13,259)
- Cost of hedging	-	-	(39,249)	(39,249)
<b>Hedge reserve as at Sep 30 2023</b>	13,979	4,082	13,879	31,940

## Jan 1–Dec 31 2022

PLN '000

Hedge reserve	Hedge of future cash flows (interest rate risk)	Hedge of future cash flows (currency risk)	Hedge of future cash flows/Hedge of investment in a subsidiary (currency risk/interest rate risk)	Total hedge reserve
<b>Hedge reserve as at Jan 1 2022</b>	13,803	4,082	-	17,885
<b>Measurement of instruments charged to capital reserves</b>	14,897	-	(19,995)	(5,098)
<b>Cost of hedging</b>	-	-	37,109	37,109
<b>Temporary differences/reversal of temporary differences</b>	-	-	(3,294)	(3,294)
<b>Amount reclassified to profit or loss during the period</b>	(9,894)	-	(19,837)	(29,731)
- Interest expense/income	(9,894)	-	(67)	(9,961)
- Cost of hedging	-	-	(19,770)	(19,770)
<b>Hedge reserve as at Dec 31 2022</b>	18,806	4,082	(6,017)	16,871



## 8.10. Equity-accounted investments in subsidiaries

PLN '000	Country	Carrying amount		
		Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
InvestCapital Ltd <sup>1</sup>	Malta	3,073,491	2,717,866	2,583,998
Prokura NFW FIZ (formerly Prokura NS FIZ) <sup>1,6</sup>	Poland	1,407,250	1,212,018	1,218,894
SeCapital S.à r.l. <sup>1</sup>	Luxembourg	535,865	449,912	428,329
Presco Investments S.a.r.l. <sup>3</sup>	Luxembourg	75,272	66,441	80,934
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	73,074	85,543	89,588
KRUK Espana S.L.	Spain	56,046	51,256	40,390
KRUK Italia S.r.l.	Italy	53,607	35,513	31,458
KRUK Romania S.r.l.	Romania	47,524	38,751	38,950
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	36,575	34,432	33,789
Kancelaria Prawna RAVEN P.Krupa Sp. k.	Poland	10,053	7,557	9,330
Bison NFW FIZ (formerly Bison NS FIZ) <sup>6</sup>	Poland	8,553	8,529	9,383
RoCapital IFN S.A. <sup>1</sup>	Romania	7,166	7,013	8,241
Kruk Deutschland GmbH	Germany	5,247	6,520	7,225
AgeCredit S.r.l.	Italy	5,090	5,552	5,870
KRUK TECH s.r.l. <sup>1</sup>	Romania	198	(86)	369
Kruk Immobiliare S.r.l. <sup>5</sup>	Italy	(142)	-	-
ERIF Biuro Informacji Gospodarczej S.A. <sup>4</sup>	Poland	-	8,313	8,469
ProsperoCapital S.a.r.l. (in liquidation) <sup>2</sup>	Luxembourg	-	632	632
ItaCapital S.r.l.	Italy	-	-	-
ERIF Business Solutions Sp. z o.o. <sup>4</sup>	Poland	-	-	-
Novum Finance Sp. z o.o. <sup>1</sup>	Poland	-	-	-
Wonga.pl Sp. z o.o.	Poland	-	-	-
Kruk Investimenti s.r.l.	Italy	-	-	-
Zielony Areal Sp. z o.o.	Poland	-	-	-
		5,394,869	4,735,762	4,595,849

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

<sup>2</sup> Company dissolved through liquidation on March 31st 2023.

<sup>3</sup> The equity of Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ ) is consolidated within Presco Investments S.a.r.l.

<sup>4</sup> On January 24th 2023, the subsidiary was sold.

<sup>5</sup> Company established in the six months ended June 30th 2023.

<sup>6</sup> The fund's name was changed as of September 29th 2023.

PLN '000	Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Carrying amount of investments in subsidiaries at beginning of period</b>	4,735,762	3,814,418	3,814,418
Share of profit/(loss) of equity-accounted investees	922,944	1,002,707	809,852
Exchange differences on translating foreign operations	(33,080)	24,740	93,589
Share of other comprehensive income of equity-accounted investees	4,346	19,911	-
Increase/(decrease) (dividends, in-kind contributions, redemptions, impairment losses, sale)	(235,103)	(126,014)	(122,010)
<b>Carrying amount of investments in subsidiaries at end of period</b>	5,394,869	4,735,762	4,595,849

The share in profit/(loss) of equity-accounted investees for the period from January 1st to September 30th 2023 was PLN 922,944 thousand, reflecting mainly revenue from recoveries and revaluation of recovery projections for debt portfolios owned by the investees, net of costs (from January 1st to September 30th 2022: PLN 809,852 thousand).

PLN '000	Country	Ownership interest and share in total voting rights (%)		
		Sep 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
SeCapital S.à r.l. <sup>1</sup>	Luxembourg	100%	100%	100%
ERIF Business Solutions Sp. z o.o. <sup>4</sup>	Poland	-	100%	100%
ERIF Biuro Informacji Gospodarczej S.A. <sup>4</sup>	Poland	-	100%	100%
Novum Finance Sp. z o.o. <sup>1</sup>	Poland	100%	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%	100%
Kancelaria Prawna RAVEN P.Krupa Sp. k.	Poland	98%	98%	98%
KRUK Towarzystwo Funduszy				
Inwestycyjnych S.A.	Poland	100%	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%	100%
Prokura NFW FIZ (formerly Prokura NS FIZ) <sup>1,6</sup>	Poland	100%	100%	100%
InvestCapital Ltd <sup>1</sup>	Malta	100%	100%	100%
RoCapital IFN S.A. <sup>1</sup>	Romania	100%	100%	100%
Kruk Deutschland GmbH	Germany	100%	100%	100%
KRUK Italia S.r.l.	Italy	100%	100%	100%
ItaCapital S.r.l.	Italy	100%	100%	100%
KRUK Espana S.L.	Spain	100%	100%	100%
ProsperoCapital S.a.r.l. (in liquidation) <sup>2</sup>	Luxembourg	-	100%	100%
Presco Investments S.a.r.l.	Luxembourg	100%	100%	100%
Presco NFW FIZ (formerly P.R.E.S.C.O				
INVESTMENT I NS FIZ) <sup>1,6</sup>	Poland	100%	100%	100%
Elleffe Capital S.r.l. <sup>7</sup>	Italy	-	100%	100%
Bison NFW FIZ (formerly Bison NS FIZ) <sup>6</sup>	Poland	100%	100%	100%
Corbul S.r.l. <sup>3</sup>	Romania	n/a	n/a	n/a
AgeCredit S.r.l.	Italy	100%	100%	100%
Wonga.pl Sp. z o.o.	Poland	100%	100%	100%
Gantoi, Furculita Si Asociatii S.p.a.r.l. <sup>3</sup>	Romania	n/a	n/a	n/a
Kruk Investimenti s.r.l.	Italy	100%	100%	100%
Zielony Areał Sp. z o.o.	Poland	100%	100%	100%
KRUK TECH s.r.l. <sup>1</sup>	Romania	100%	100%	100%
Kruk Immobiliare S.r.l. <sup>5</sup>	Italy	100%	-	-

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

<sup>2</sup> Company dissolved through liquidation on March 31st 2023.

<sup>3</sup> KRUK S.A. controls the company through a personal link.

<sup>4</sup> On January 24th 2023, the subsidiary was sold.

<sup>5</sup> Company established in the six months ended June 30th 2023.

<sup>6</sup> The fund's name was changed as of September 29th 2023.

<sup>7</sup> On September 20th 2023, the subsidiary was sold.

On January 3rd 2023, an agreement was signed for sale by the Company of all shares in ERIF Biuro Informacji Gospodarczej S.A. and ERIF Business Solutions Sp. z o.o. The ownership title to the shares was transferred, and control was lost, on the date on which the Company's bank account was credited with the sale price, i.e., on January 24th 2023.

Following the liquidation process launched on December 30th 2022, ProsperoCapital S.à.r.l. of Luxembourg was effectively liquidated on March 31st 2023.

On May 17th 2023, the articles of association of KRUK Immobiliare S.r.l. of Milan were executed, and on May 19th 2023 the company was entered in the commercial register. The principal business activities of KRUK Immobiliare S.r.l. consist in buying and managing of real estate. KRUK S.A. holds 100% of shares in the newly incorporated company.

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 transaction, Elleffe ceased to be a subsidiary of KRUK S.A.

### 8.11. Trade and other receivables

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>
Trade receivables from related entities	27,478	27,523
Trade receivables from other entities	3,255	3,339
	<u>30,733</u>	<u>30,862</u>

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>
Other receivables from related entities	15,089	11,510
Other receivables from other entities	6,291	4,139
Employee loans	57	66
	<u>21,437</u>	<u>15,715</u>

### 8.12. Cash and cash equivalents

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>
Cash in hand	6	3
Cash in current accounts	8,851	16,314
Cash proceeds from bond issues deposited in brokerage account	-	5,691
	<u>8,857</u>	<u>22,008</u>

### 8.13. Trade and other payables

<i>PLN '000</i>	<b>Sep 30 2023 unaudited</b>	<b>Dec 31 2022</b>
Trade and other payables to related entities	18,228	9,446
Deferred income	5,776	5,296
Trade payables to other entities	11,707	8,584
Other liabilities	3,138	6,344
Accrued expenses	1,071	864
Taxes, customs duties, insurance and other benefits payable	116	111
	<u>40,036</u>	<u>30,645</u>

**8.14. Employee benefit obligations**

<i>PLN '000</i>	<b>Sep 30 2023</b> <b>unaudited</b>	<b>Dec 31 2022</b>
Salaries and wages payable	8,787	8,596
Social benefit obligations	8,848	10,027
Provision for accrued holiday entitlements	6,051	6,213
Personal income tax	3,071	3,209
Special accounts	525	515
Liabilities under employee savings plans	527	414
	<u>27,809</u>	<u>28,974</u>

<i>PLN '000</i>	<b>Jan 1–Sep 30</b> <b>2023</b> <b>unaudited</b>	<b>Jan 1–Dec 31</b> <b>2022</b>
At beginning of period	6,213	5,569
Increase	6,269	6,922
Use	(6,431)	(6,278)
At end of period	<u>6,051</u>	<u>6,213</u>

**8.15. Provisions**

<i>PLN '000</i>	<b>Sep 30 2023</b> <b>unaudited</b>	<b>Dec 31 2022</b>
Provision for the loyalty scheme	11,441	11,746
Provision for retirement gratuities	907	907
	<u>12,348</u>	<u>12,653</u>

<i>PLN '000</i>	<b>Provision for</b> <b>retirement</b> <b>gratuities</b>	<b>Provision for the</b> <b>loyalty scheme</b>
Carrying amount as at Jan 1 2022	907	11,750
Increase	-	1,865
Use	-	(1,869)
Carrying amount as at Dec 31 2022	<u>907</u>	<u>11,746</u>
Carrying amount as at Jan 1 2023	907	11,746
Increase	-	402
Use	-	(707)
Carrying amount as at Sep 30 2023	<u>907</u>	<u>11,441</u>

## 8.16. Earnings per share

### Separate net profit attributable to owners of the Company

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Dec 31 2022</b>	<b>Jan 1–Sep 30 2022 unaudited</b>
Net profit attributable to owners of the Parent (basic)	756,833	804,982	676,858
Net profit attributable to owners of the Parent (diluted)	756,833	804,982	676,858

### Basic earnings per share

<i>thousands of shares</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Dec 31 2022</b>	<b>Jan 1–Sep 30 2022 unaudited</b>
Number of ordinary shares as at Jan 1	19,319	19,013	19,013
Effect of cancellation and issue	-	123	65
Weighted average number of ordinary shares at end of reporting period	19,319	19,136	19,077
<i>PLN</i>			
Earnings per share	39.18	42.07	35.48

### Diluted separate earnings per share

<i>thousands of shares</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Dec 31 2022</b>	<b>Jan 1–Sep 30 2022 unaudited</b>
Weighted average number of ordinary shares at end of reporting period	19,319	19,136	19,077
Effect of issue of unregistered shares not subscribed for	969	636	620
Weighted average number of ordinary shares at end of reporting period (diluted)	20,288	19,772	19,697
<i>PLN</i>			
Earnings per share (diluted)	37.30	40.71	34.36

### Dividend per share paid

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Dec 31 2022</b>	<b>Jan 1–Sep 30 2022 unaudited</b>
Dividend paid from profit and retained earnings	289,782	248,661	248,661
<i>PLN</i>			
Dividend per share	15.00	13.00	13.00

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

PLN '000

		Sep 30 2023 unaudited	Jun 30 2023 unaudited	Dec 31 2022	Sep 30 2022 unaudited
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		34,749	36,144	39,774	35,344
Intangible assets		29,088	28,693	30,791	28,787
Hedging instruments	8.9.	36,774	103,158	27,006	24,710
Equity-accounted investments in subsidiaries	8.10.	5,394,869	5,274,313	4,735,762	4,595,849
Investments	7.	1,198,597	1,151,150	418,008	376,574
<b>Total non-current assets</b>		<b>6,694,077</b>	<b>6,593,458</b>	<b>5,251,341</b>	<b>5,061,264</b>
<b>Current assets</b>					
Inventories	7.	16,508	15,310	15,174	15,512
Investments	7.	32,498	41,458	46,735	70,870
Trade receivables from related entities	8.11.	27,478	30,571	27,523	22,383
Trade receivables from other entities	8.11.	3,255	3,647	3,339	3,047
Other receivables	8.11.	21,437	15,012	15,715	9,610
Income tax receivable		6,738	23,820	9,292	8,891
Hedging instruments	8.9.	10,931	2,266	3,329	-
Cash and cash equivalents	8.12.	8,857	12,689	22,008	12,239
Other assets		7,775	6,926	8,962	6,269
<b>Total current assets</b>		<b>135,477</b>	<b>151,699</b>	<b>152,077</b>	<b>148,821</b>
<b>Total assets</b>		<b>6,829,554</b>	<b>6,745,157</b>	<b>5,403,418</b>	<b>5,210,085</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital		19,319	19,319	19,319	19,128
Share premium		358,506	358,506	358,506	342,740
Hedge reserve		31,940	85,277	16,871	(5,432)
Translation reserve		67,368	(23,123)	100,448	169,297
Share of other comprehensive income of equity-accounted investees		24,257	22,782	19,911	-
Other capital reserves		168,085	159,184	149,896	145,312
Retained earnings		3,056,117	2,827,326	2,589,066	2,460,942
<b>Total equity</b>		<b>3,725,592</b>	<b>3,449,271</b>	<b>3,254,017</b>	<b>3,131,987</b>
<b>Non-current liabilities</b>					
Deferred tax liability	8.7.	245,145	258,922	201,419	178,681
Provisions	8.15.	12,297	12,212	12,602	13,202
Borrowings, other debt securities and leases	8.8.	2,413,637	2,318,177	1,564,329	1,597,622
Hedging instruments		7,694	-	9,824	29,088
<b>Total non-current liabilities</b>		<b>2,678,773</b>	<b>2,589,311</b>	<b>1,788,174</b>	<b>1,818,593</b>
<b>Current liabilities</b>					
Provisions	8.15.	51	51	51	51
Borrowings, other debt securities and leases	8.8.	357,293	353,751	301,557	197,047
Trade and other payables	8.13.	40,036	33,292	30,645	37,817
Liabilities under dividends	15.	-	289,782	-	-
Employee benefit obligations	8.14.	27,809	29,699	28,974	24,590
<b>Total current liabilities</b>		<b>425,189</b>	<b>706,575</b>	<b>361,227</b>	<b>259,505</b>
<b>Total liabilities</b>		<b>3,103,962</b>	<b>3,295,886</b>	<b>2,149,401</b>	<b>2,078,098</b>
<b>Total equity and liabilities</b>		<b>6,829,554</b>	<b>6,745,157</b>	<b>5,403,418</b>	<b>5,210,085</b>

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

## 10. Management of risk arising from financial instruments

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

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

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

### *Key risk management policies*

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed on a regular basis, to reflect changes in market conditions and the Company's activities. Using such tools as training, management standards and procedures, the Company seeks to build a stimulating and constructive control environment, in which all employees understand their respective roles and responsibilities.

## 10.1. Credit risk

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

### Credit risk exposure

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

<i>PLN '000</i>	<b>Sep 30 2023</b> <b>unaudited</b>	<b>Dec 31 2022</b>
Investments in debt portfolios	32,479	31,191
Loans to related parties	1,198,616	433,552
Trade and other receivables, net of tax receivable	49,622	45,996
Cash and cash equivalents	8,857	22,008
Hedging instruments	47,705	30,335
	<u>1,337,279</u>	<u>563,082</u>

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

<i>PLN '000</i>	<b>Sep 30 2023</b> <b>unaudited</b>	<b>Dec 31 2022</b>
Poland	505,273	442,758
Romania	60,072	66,145
Czech Republic and Slovakia	80,492	54,179
Malta	691,442	-
	<u>1,337,279</u>	<u>563,082</u>

### Credit risk exposure – Investments in debt portfolios

<i>PLN '000</i>	<b>Sep 30 2023</b> <b>unaudited</b>	<b>Dec 31 2022</b>
<b>Portfolio type</b>		
Unsecured retail portfolios	32,138	30,748
Secured retail portfolios	-	-
Unsecured corporate portfolios	341	424
Secured corporate portfolios	-	19
	<u>32,479</u>	<u>31,191</u>



## 10.2. Liquidity risk

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

Liquidity risk management aims to ensure that the Company has sufficient liquidity to pay its liabilities as they fall due, without exposing the Company to a risk of loss or impairment of its reputation. The main objective of liquidity management is to protect the Company against the loss of ability to pay its liabilities.

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

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

In accordance with the liquidity management policy effective as at the date of issue of these financial statements, the following conditions must be met by the Company before new debt can be incurred:

- the debt can be repaid from the Company's own assets;
- incurring the debt will not result in exceeding the financial covenants stipulated in facility agreements and terms and conditions of bonds.

### Exposure to liquidity risk

As at Sep 30 2023 unaudited  
PLN '000

	Present value	Undiscounted contractual/ estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Cash and cash equivalents	8,857	8,857	8,857	-	-	-	-
Trade and other receivables, net of tax receivable	49,622	49,622	49,622	-	-	-	-
Investments in debt portfolios*	32,479	112,374	12,024	10,608	18,446	37,072	34,224
Loans to related parties	1,198,616	1,524,726	38,917	36,014	121,897	1,327,898	-
Secured borrowings	(368,320)	(427,908)	(45,807)	(23,636)	(110,136)	(248,329)	-
Liabilities under debt securities (unsecured)	(2,371,372)	(3,261,573)	(201,986)	(131,180)	(392,860)	(2,409,377)	(126,170)
Lease liabilities	(31,238)	(33,250)	(10,514)	(9,760)	(11,583)	(1,393)	-
Trade and other payables	(33,073)	(33,073)	(33,073)	-	-	-	-
	(1,514,429)	(2,060,225)	(181,960)	(117,954)	(374,236)	(1,294,129)	(91,946)
<b>Off-balance-sheet contingent liabilities</b>							
Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries**	(4,917,940)	(4,917,940)	(4,855,623)	-	-	(54,900)	(7,417)
	(6,432,369)	(6,978,165)	(5,037,583)	(117,954)	(374,236)	(1,349,029)	(99,363)

As at Dec 31 2022, PLN  
thousand

	Present value	Undiscounted contractual/ Estimated cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years	Over 5 years
<b>Non-derivative financial assets and liabilities</b>							
Cash and cash equivalents	22,008	22,008	22,008	-	-	-	-
Trade and other receivables, net of tax receivable	45,996	45,996	45,996	-	-	-	-
Investments in debt portfolios*	31,191	90,800	12,879	10,844	16,546	28,958	21,573
Loans to related parties	433,552	462,002	10,793	18,040	54,094	379,075	-
Secured borrowings	(437,948)	(519,134)	(86,249)	(13,155)	(111,797)	(303,786)	(4,147)
Liabilities under debt securities (unsecured)	(1,382,015)	(1,928,811)	(67,451)	(132,349)	(175,021)	(1,195,002)	(358,988)
Lease liabilities	(45,923)	(44,348)	(10,298)	(10,006)	(16,280)	(7,764)	-
Trade and other payables	(24,374)	(24,374)	(24,374)	-	-	-	-
	(1,357,513)	(1,895,861)	(96,696)	(126,626)	(232,458)	(1,098,519)	(341,562)
<b>Off-balance-sheet contingent liabilities</b>							
Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries**	(3,714,058)	(3,714,058)	(459,758)	-	(2,764,696)	(62,400)	(427,204)
	(5,071,571)	(5,609,919)	(556,454)	(126,626)	(2,997,154)	(1,160,919)	(768,766)

\* Estimated cash flows.

\*\* Off-balance-sheet contingent liabilities under sureties/guarantees provided to subsidiaries have been disclosed in nominal amounts. The surety amounts are equal to 150% of the respective debt amounts. The contingent liabilities will become actual liabilities at the time of failure to meet the respective covenants, default in payment of the debt. As at September 30th 2023 and December 31st 2022, KRUK S.A. saw nothing to indicate that its contingent liabilities under guarantees/sureties could become actual liabilities.

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

The liquidity concentration risk is defined by the Company as the risk arising from cash flows under individual financial instruments.

Contractual/estimated cash flows were determined based on interest rates effective as at September 30th 2023 and December 31st 2022, as appropriate.

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

As at September 30th 2023, the undrawn revolving credit facility limit available to the Company was PLN 158,453 thousand (December 31st 2022: PLN 78,588 thousand). The limit is available until January 30th 2028.

### 10.3. Market risk

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

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

#### Exposure to currency risk

The Company's currency risk exposure, determined as the net carrying amount of the financial instruments denominated in foreign currencies based on the exchange rates effective at the end of the reporting period, is presented below:

PLN '000	Exposure to currency risk					
	Sep 30 2023 unaudited			Dec 31 2022		
	EUR	RON	CZK	EUR	RON	CZK
Cash	31	506	124	221	407	2,018
Investments in debt portfolios	165	26,014	861	131	24,046	1,060
Loans to related parties	770,373	5,940	28,693	37,067	18,495	39,559
Borrowings, other debt securities and leases	(924,685)	-	-	(166,979)	-	-
Exposure to currency risk	(154,116)	32,460	29,678	(129,560)	42,948	42,637

PLN '000	Analysis of sensitivity of currency risk exposure to +10% increase in exchange rates					
	Sep 30 2023 unaudited			Dec 31 2022		
	EUR	RON	CZK	EUR	RON	CZK
Cash	3	51	12	22	41	202
Investments in debt portfolios	17	2,601	86	13	2,405	106
Loans to related parties	77,037	594	2,869	3,707	1,850	3,956
Borrowings, other debt securities and leases	(92,469)	-	-	(16,698)	-	-
Exposure to currency risk	(15,412)	3,246	2,967	(12,956)	4,296	4,264

PLN '000	Analysis of sensitivity of currency risk exposure to -10% increase in exchange rates					
	Sep 30 2023 unaudited			Dec 31 2022		
	EUR	RON	CZK	EUR	RON	CZK
Cash	(3)	(51)	(12)	(22)	(41)	(202)
Investments in debt portfolios	(17)	(2,601)	(86)	(13)	(2,405)	(106)
Loans to related parties	(77,037)	(594)	(2,869)	(3,707)	(1,850)	(3,956)
Borrowings, other debt securities and leases	92,469	-	-	16,698	-	-
Exposure to currency risk	15,412	(3,246)	(2,967)	12,956	(4,296)	(4,264)

Currency concentration risk is defined by the Company as the risk arising from significant exposure to individual financial instruments denominated in RON, CZK, and EUR.

As at September 30th 2023, financial assets denominated in foreign currencies accounted for 12.2% of total assets, while liabilities denominated in foreign currencies represented 13.5% of total equity and liabilities (December 31st 2022: 2.3% and 3.1%, respectively).

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

PLN	Average exchange rates*		End of period (spot rates)	
	Jan 1–Sep 30	Jan 1–Sep 30	Sep 30	
	2023	2022	2023	Dec 31 2022
	unaudited	unaudited	unaudited	
EUR 1	4.5773	4.6880	4.6356	4.6899
USD 1	4.2337	4.4413	4.3697	4.4018
RON 1	0.9255	0.9497	0.9320	0.9475
CZK 1	0.1923	0.1904	0.1901	0.1942

\*Average exchange rates were calculated as the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period.

### Exposure to interest rate risk

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

PLN '000	Carrying amount	
	Sep 30 2023	Dec 31 2022
	unaudited	
<b>Fixed-rate financial instruments<sup>1</sup></b>		
Financial assets	782,400	99,195
Financial liabilities	(212,151)	(202,487)
Fixed-rate financial instruments before hedging	570,249	(103,292)
Hedge effect (nominal amount)	(2,260,340)	(1,195,000)
Fixed-rate financial instruments after hedging	(1,690,091)	(1,298,292)
<b>Variable-rate financial instruments<sup>2</sup></b>		
Financial assets	554,879	463,887
Financial liabilities	(2,599,546)	(1,697,597)
Variable-rate financial instruments before hedging	(2,044,667)	(1,233,710)
Hedge effect (nominal amount)	2,260,340	1,195,000
Variable-rate financial instruments after hedging	215,673	(38,710)

<sup>1</sup> Fixed-rate financial assets comprise investments in debt portfolios, trade and other receivables less tax receivables, cash and cash equivalents as well as a fixed-rate loan advanced to a related entity. Fixed-rate financial liabilities comprise trade and other payables, as well as liabilities under fixed-rate debt securities.

<sup>2</sup> Variable-rate financial assets comprise variable-rate loans advanced to related parties. Variable-rate financial liabilities comprise secured borrowings, liabilities under variable-rate debt securities and lease liabilities.

Derivatives and hedging instruments are presented as variable interest rate financial instruments.

## Fair values

### Comparison of fair values and carrying amounts

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

PLN '000	Sep 30 2023 unaudited		Dec 31 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets and liabilities measured at fair value</b>				
Hedging instruments (IRS)	17,258	17,258	18,806	18,806
Hedging instruments (CIRS)	30,447	30,447	11,529	11,529
Hedging instruments (CIRS)	(7,694)	(7,694)	(9,824)	(9,824)
	40,011	40,011	20,511	20,511
<b>Financial assets and liabilities not measured at fair value</b>				
Investments in debt portfolios	32,479	33,688	31,191	29,008
Loans to related parties	1,198,616	1,198,616	433,552	433,552
Trade and other receivables, net of tax receivable	49,622	49,622	45,996	45,996
Trade and other payables	(33,073)	(33,073)	(24,374)	(24,374)
Secured borrowings	(368,320)	(368,320)	(437,948)	(437,948)
Liabilities under debt securities (unsecured)	(2,371,372)	(2,412,326)	(1,382,015)	(1,366,416)
	(1,492,048)	(1,531,793)	(1,333,598)	(1,320,182)

### Interest rates used for fair value estimation

	Sep 30 2023 unaudited	Dec 31 2022
Investments in debt portfolios	0.65–55.14%	0.81–55.14%
Secured borrowings	4.46–8.47%	4.08–9.72%
Loans to related parties	5.60–13.30%	3.19–13.71%

### Hierarchy of financial instruments at fair value

The table below presents the fair value of financial instruments recognised in the statement of financial position at fair value and at amortised cost. Depending on the level of valuation, the following inputs were used in the valuation models.

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

In 2023–2022, no transfers were made between the levels.

PLN '000	Level 1	
	Carrying amount	Fair value
<b>As at Sep 30 2023</b>		
Liabilities under debt securities (unsecured)	(2,371,372)	(2,412,326)
<b>As at Dec 31 2022</b>		
Liabilities under debt securities (unsecured)	(1,382,015)	(1,366,416)

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

PLN '000	Level 2	
	Carrying amount	Fair value
<b>As at Sep 30 2023</b>		
Hedging instruments (IRS)	17,258	17,258
Hedging instruments (CIRS)	30,447	30,447
Hedging instruments (CIRS)	(7,694)	(7,694)
Secured borrowings	(368,320)	(368,320)
<b>As at Dec 31 2022</b>		
Hedging instruments (IRS)	18,806	18,806
Hedging instruments (CIRS)	11,529	11,529
Hedging instruments (CIRS)	(9,824)	(9,824)
Secured borrowings	(437,948)	(437,948)

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

The fair value of financial liabilities under borrowings is determined on the basis of future cash flows from the executed transactions, calculated based on the difference between the margin applicable to the financial liabilities as at the reporting date and the margin as at the transaction date. For the purpose of fair value calculation the Company uses margin rates from the most recent credit facility agreement.

PLN '000

	<u>Level 3</u>	
	Carrying amount	Fair value
<b>As at Sep 30 2023</b>		
Investments in debt portfolios	32,479	33,688
Loans to related parties	1,198,616	1,198,616
Trade and other receivables, net of tax receivable	49,622	49,622
Trade and other payables	(33,073)	(33,073)
<b>As at Dec 31 2022</b>		
Investments in debt portfolios	31,191	29,008
Loans to related parties	433,552	433,552
Trade and other receivables, net of tax receivable	45,996	45,996
Trade and other payables	(24,374)	(24,374)

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

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

The Company uses Level 3 inputs to determine the fair value of trade and other receivables, excluding receivables on account of taxes as well as trade and other payables.

## 11. Related-party transactions

### Remuneration of the Company's directors – Management Board

Remuneration of members of the Company's key management personnel:

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jul 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Sep 30 2022 unaudited</b>	<b>Jul 1–Sep 30 2022 unaudited</b>
Base pay/ managerial contract (gross)	5,249	1,750	5,002	1,749
Additional benefits	85	23	64	22
Share-based payments	18,189	8,901	23,110	7,788
	<b>23,523</b>	<b>10,674</b>	<b>28,176</b>	<b>9,559</b>

### Remuneration of the Company's directors – Supervisory Board

Remuneration of members of the Supervisory Board was as follows:

<i>PLN '000</i>	<b>Jan 1–Sep 30 2023 unaudited</b>	<b>Jul 1–Sep 30 2023 unaudited</b>	<b>Jan 1–Sep 30 2022 unaudited</b>	<b>Jul 1–Sep 30 2022 unaudited</b>
Base pay/ managerial contract (gross)	901	300	827	301
Additional benefits	13	5	14	10
	<b>914</b>	<b>305</b>	<b>841</b>	<b>311</b>

### Other transactions with the Company's directors

As at September 30th 2023, members of the Management Board and persons closely related to them jointly held 10.2% of the total voting rights at the Company's General Meeting (December 31st 2022: 10.55%).



## Other related-party transactions

### Transactions with subsidiaries as at and for the period ended September 30th 2023, December 31st 2022 and September 30th 2022

#### Balance of receivables, liabilities and loans from and to subsidiaries as at September 30th 2023 and December 31st 2022

PLN '000	Sep 30 2023 unaudited							Dec 31 2022						
	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced	Allowance for expected credit losses	Loans received	Interest accrued on loans received	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced	Allowance for expected credit losses	Loans received	Interest accrued on loans received
SeCapital S.à. r.l.	3,897	55	-	-	-	-	-	3,759	66	-	-	-	-	-
ERIF Business Solutions Sp. z o.o.*	-	-	-	-	-	-	-	-	20	-	-	-	-	-
Novum Finance Sp. z o.o.	323	611	59,742	1	(5,430)	-	-	228	442	45,342	-	(3,160)	-	-
Kancelaria Prawna RAVEN P.Krupa Sp. k.	598	1,596	-	-	-	-	-	272	2,965	-	-	-	-	-
KRUK Romania S.r.l.	-	2,437	28,783	543	-	-	-	402	3,309	36,753	524	-	-	-
ERIF BIG S.A.*	-	-	-	-	-	-	-	-	140	-	-	-	6,600	-
Prokura NFW FIZ (formerly Prokura NS FIZ)	6,603	10,074	-	-	-	-	-	1,848	11,221	-	-	-	-	-
KRUK Česká a Slovenská republika s.r.o.	16	2,453	78,189	1,277	-	-	-	20	1,847	52,237	751	-	-	-
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	11,668	-	-	-	-	-	-	7,721	-	-	-	-	-
InvestCapital Ltd.	-	1,142	681,823	9,619	-	-	-	726	-	-	-	-	-	-
KRUK Deutschland GmbH	-	3	-	-	-	-	-	-	19	-	-	-	-	-
Rocapital IFN S.A.	-	-	4,660	112	-	-	-	-	6	4,738	118	-	-	-
KRUK Italia S.r.l.	-	389	-	-	-	27,814	209	-	770	-	-	-	-	-
ItaCapital S.r.l.	-	-	-	-	-	-	-	-	8	-	-	-	-	-
KRUK Espana S.L.	-	583	-	-	-	15,761	-	-	1,255	-	-	-	-	-
Presco Investments S.a.r.l.	6,669	1,934	-	-	-	-	-	2,146	6,934	-	-	-	-	-
Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ)	31	221	-	-	-	-	-	43	326	-	-	-	-	-
ProsperoCapital S.a.r.l. (in liquidation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corbul Capital S.r.l	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elleffe Capital S.r.l.**	-	-	-	-	-	-	-	-	7	-	-	-	-	-
Bison NFW FIZ (formerly Bison NS FIZ)	-	9,331	-	-	-	-	-	-	1,809	-	-	-	-	-
AgeCredit S.r.l.	-	-	-	-	-	-	-	-	45	-	-	-	-	-
Wonga.pl Sp. z o.o.	89	56	339,258	-	(2,311)	-	-	-	92	320,640	-	(24,903)	-	-
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	2	11	-	-	-	-	-	2	-	-	-	-	-	-
Kruk Investimenti s.r.l.	-	-	-	-	-	-	-	-	8	-	-	-	-	-
Zielony Areał Sp. z o.o.	-	3	1,480	-	870	-	-	-	8	900	-	(388)	-	-
KRUK TECH s.r.l.	-	-	-	-	-	-	-	-	15	-	-	-	-	-
Kruk Immobiliare S.r.l.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	18,228	42,567	1,193,935	11,552	(6,871)	43,575	209	9,446	39,033	460,610	1,393	(28,451)	6,600	-

## Revenue from intra-group transactions in the periods ended September 30th 2023 and September 30th 2022

PLN '000	Jan 1–Sep 30 2023 unaudited			Jan 1–Sep 30 2022 unaudited		
	Revenue from sale of materials and services	Revenue from credit management services	Interest	Revenue from sale of materials and services	Revenue from credit management services	Interest
SeCapital S.à. r.l	7	36	-	3	41	-
ERIF Business Solutions Sp. z o.o.*	9	-	-	132	-	-
Novum Finance Sp. z o.o.	1,656	1,487	4,397	1,345	1,216	2,794
Kancelaria Prawna RAVEN P.Krupa Sp. k.	11,502	-	16	6,252	-	-
KRUK Romania S.r.l.	4,701	-	1,654	1,850	-	1,150
ERIF BIG S.A.*	67	-	-	674	-	-
Prokura NFW FIZ (formerly Prokura NS FIZ)	3,948	-	-	6,301	-	-
KRUK Česká a Slovenská republika s.r.o.	2,108	-	3,725	1,139	-	1,454
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	204	99,241	-	191	74,430	-
InvestCapital Ltd.	21,725	-	27,759	11,108	-	-
KRUK Deutschland GmbH	3	-	-	6	-	-
Rocapital IFN S.A.	-	-	326	-	-	286
KRUK Italia S.r.l.	3,383	-	-	1,971	-	-
ItaCapital S.r.l.	2	-	-	-	-	-
KRUK Espana S.L.	3,879	-	-	2,260	-	-
Presco Investments S.a.r.l.	7	677	-	3	974	-
Presco NFW FIZ (formerly P.R.E.S.C.O INVESTMENT I NS FIZ)	-	-	-	-	-	-
ProsperoCapital S.a.r.l. (in liquidation)	-	-	-	3	-	-
Corbul Capital S.r.l	-	-	-	-	-	-
Elleffe Capital S.r.l.**	-	-	-	-	-	-
Bison NFW FIZ (formerly Bison NS FIZ)	-	-	-	-	-	-
AgeCredit S.r.l.	57	-	-	12	-	-
Wonga.pl Sp. z o.o.	63	51	31,618	-	-	26,655
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	-	-	-	-	-	-
Kruk Investimenti s.r.l.	-	-	-	-	-	-
Zielony Areał Sp. z o.o.	24	-	76	12	-	36
KRUK TECH s.r.l.	-	-	-	-	-	-
Kruk Immobiliare S.r.l.	-	-	-	-	-	-
	53,345	101,492	69,571	33,262	76,661	32,375

**Expenses on intra-group transactions in the periods ended September 30th 2023 and September 30th 2022**

PLN '000	Jan 1–Sep 30 2023 unaudited		Jan 1–Sep 30 2022 unaudited	
	Purchase of services	Interest	Purchase of services	Interest
Kancelaria Prawna RAVEN P.Krupa Sp. k.	2,534	-	1,129	-
KRUK Romania S.r.l.	3,633	-	4,080	-
ERIF BIG S.A.*	20	39	178	372
SeCapital S.à. r.l	-	-	-	4
KRUK Česká a Slovenská republika s.r.o.	214	-	248	-
ERIF Business Solutions Sp. z o.o.*	-	-	1	-
GANTOI, FURCULITA SI ASOCIATII-S.P.A.R.L.	17	-	17	-
KRUK Italia S.r.l.	78	394	-	-
KRUK Espana S.L.	-	382	24	-
Wonga.pl Sp. z o.o.	326	-	294	-
	<u>6,822</u>	<u>815</u>	<u>5,971</u>	<u>376</u>

\* Company sold in the three months ended March 31st 2023

\*\* Company sold in the three months ended September 30th 2023

## 12. Seasonality or cyclicity of business

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

## 13. Factors and events, in particular of non-recurring nature, with a material bearing on the Company's financial performance

In the nine months ended September 30th 2023, KRUK S.A. generated a profit of PLN 922,944 thousand through its interests in subsidiaries (nine months ended September 30th 2022: PLN 809,852 thousand). As at September 30th 2023, recoveries from portfolios purchased by KRUK S.A. were PLN 25,136 thousand, having decreased by 9% year on year and by 4% on the second quarter of 2023. As at September 30th 2023, the Company's investments in debt portfolios accounted for 0.5% of its assets. Equity accounted for 54.6% of the Company's financing sources. As at December 31st 2022, the respective percentages were 0.6% and 60.2%.

### Impact of inflation on KRUK S.A.'s business

Inflation has an effect on KRUK S.A.'s costs, in particular on labour costs and indirectly, through higher interest rates, on debt service costs. The impact of inflation on revenues is difficult to assess and can be:

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

### Effect of Russia's aggression on Ukraine on KRUK S.A.'s business

Russia's aggression against Ukraine started on February 24th 2022. KRUK S.A. does not possess any assets in Ukraine or Russia, nor does it engage in any business activities in these countries. Therefore, the Company anticipates that any impact of the conflict on its operations will be indirect and minimal.

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.

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

In the period between January 1st and September 30th 2023, the Company issued new bonds:

- on January 4th 2023 – unsecured Series AL3 bonds with a nominal value of PLN 120,000 thousand, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.50pp, maturing on January 4th 2029;
- on February 20th 2023 – unsecured Series AN3 bonds with a nominal value of PLN 50,000 thousand issued in a public offering, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp, maturing on February 20th 2028;
- on May 10th 2023 – unsecured Series NO0012903444 bonds with a nominal value of EUR 150,000 thousand, bearing interest at a floating rate based on 3M EURIBOR plus a margin of 6.50pp, maturing on May 10th 2028;
- on June 12th 2023 – unsecured Series AN4 bonds with a nominal value of PLN 50,000 thousand issued in a public offering, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp, maturing on June 13th 2028;
- on August 8th 2023 – unsecured AO1 bonds with a nominal value of PLN 75,000 thousand, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp, maturing on August 8th 2028.

After the end of the reporting period:

- on October 3rd 2023, the Company issued unsecured AO2 bonds with a nominal value of PLN 90,000 thousand, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.00pp, maturing on October 3rd 2028.
- on October 17th 2023, the Company issued unsecured AL4 bonds with a nominal value of PLN 450,000 thousand, bearing interest at a floating rate based on 3M WIBOR plus a margin of 4.65pp, maturing on October 17th 2029.

No bonds were redeemed in the reporting period.

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

On May 17th 2023, KRUK S.A.'s Management Board passed a resolution recommending that the Annual General Meeting approve dividend payments of PLN 15.00 per share. The dividend would be distributed from the Company's net profit earned in 2022. The dividend recommendation is consistent with the dividend policy adopted by the Management Board on December 2nd 2021. The recommendation was endorsed by the Company's Supervisory Board on May 22nd 2023.

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

On June 20th 2023, the General Meeting of KRUK S.A. passed a resolution to distribute a dividend of PLN 15.00 per share to the Company's shareholders. The dividend of PLN 289,782 will be distributed from the Company's net profit earned in 2022. The dividend record date was September 7th 2023, while the dividend payment date was September 28th 2023.

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

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

Security created over KRUK S.A.'s assets as at September 30th 2023 is presented below:

Type	Beneficiary	Amount	Expiry date	Terms and conditions
<b>Guarantees provided/promissory notes issued</b>				
Surety for PROKURA NS FIZ's liabilities under the revolving credit facility of July 2nd 2015, as amended, between PROKURA NS FIZ, KRUK S.A. and mBank S.A.	mBank S.A.	PLN 180,000 thousand	No later than July 3rd 2030	Prokura NS FIZ's failure to pay amounts owed to the bank under the revolving credit facility agreement
Blank promissory note	Santander Bank Polska S.A.	PLN 162,398 thousand	Until the derivative transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to repay its liabilities under treasury transactions made on the basis of the master agreement on the procedure for execution and settlement of treasury transactions of June 13th 2013, as amended
Surety for InvestCapital LTD's liabilities under the transactions executed under the master agreement between KRUK S.A., InvestCapital LTD and Santander Bank Polska S.A.	Santander Bank Polska S.A.	PLN 54,900 thousand*	No later than July 31st 2027	InvestCapital LTD's failure to repay its liabilities under treasury transactions made on the basis of Annex 3 of June 21st 2018 to the master agreement on the procedure for execution and settlement of treasury transactions
Surety for liabilities of InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S. L. U. and PROKURA NS FIZ under the revolving multi-currency credit facility agreement of July 3rd 2017, as amended, between KRUK S.A., InvestCapital Ltd, Kruk Romania S. R. L., Kruk Espana S.L.U. and PROKURA NS FIZ (the borrowers) and DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A. and PKO BP S.A. and Bank Handlowy w Warszawie S.A.	DNB Bank ASA, ING Bank Śląski S.A., Santander Bank Polska S.A., PKO BP S.A., Bank Handlowy w Warszawie S.A.	EUR 862,500 thousand	Until all obligations under the multi-currency revolving credit facility agreement are satisfied	Borrower's failure to pay amounts due under the multicurrency revolving credit facility agreement
Blank promissory note	mBank S.A.	PLN 7,500 thousand	Until the transactions are settled and the bank's claims thereunder are satisfied	KRUK S.A.'s failure to pay its liabilities under financial market transactions executed under the master agreement of February 7th 2019

Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of September 21st 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 26,784 thousand	No later than September 20th 2029	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of December 14th 2021 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 55,770 thousand	No later than December 13th 2029	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for PROKURA NS FIZ's liabilities towards Pekao S.A. under the overdraft facility agreement of February 1st 2022 between PROKURA NS FIZ, KRUK S.A. and Pekao S.A.	Pekao S.A.	PLN 120,000 thousand	No later than January 31st 2031	Prokura NS FIZ's failure to pay amounts owed to the bank under the overdraft facility agreement
Surety for PROKURA NS FIZ's liabilities towards PKO BP S.A. under the non-renewable working capital facility agreement of August 22nd 2022 between PROKURA NS FIZ, KRUK S.A. and PKO BP S.A.	PKO BP S.A.	PLN 63,360 thousand	No later than August 21st 2030	PROKURA NS FIZ's failure to pay amounts owed to the bank under the non-renewable working capital facility agreement
Surety for InvestCapital Ltd's obligations to BANKINTER S.A. of Madrid, under the direct debit collection management contract between BANKINTER S.A. and InvestCapital Ltd. dated July 7th 2022.	BANKINTER S.A.	EUR 1,600 thousand	Until all obligations under the direct debit collection management contract of July 7th 2022 are satisfied.	InvestCapital Ltd's failure to pay amounts due to the Bank under the direct debit collection management contract of July 7th 2022.
Corporate guarantee provided by KRUK S.A. to InvestCapital Ltd.	InvestCapital Ltd.	PLN 180,000 thousand	No later than January 15th 2024	The purpose of the guarantee is to secure the interests of InvestCapital Ltd.'s creditors, who have the right to challenge the cancellation of shares which took place on September 22nd 2023
Corporate guarantee provided by KRUK S.A. to InvestCapital Ltd.	InvestCapital Ltd.	PLN 60,000 thousand	No later than January 10th 2024	The purpose of the guarantee is to secure the interests of InvestCapital Ltd.'s creditors, who have the right to challenge the cancellation of shares which took place on September 14th 2023
<b>Guarantees obtained</b>				
Guarantee issued by Santander Bank Polska S.A. for KRUK S.A.'s liabilities under the rental agreement	DEVCo Sp. z o.o.	EUR 300 thousand and PLN 215 thousand	No later than December 30th 2023	KRUK S.A.'s failure to repay its liabilities under the rental agreement secured with the guarantee

\* The surety amount depends on the limit available to InvestCapital Ltd; as at September 30th 2023, the limit was 0.

### Credit sureties or guarantees, security pledges

In order to secure the repayment of Prokura NFW FIZ's liabilities under the up to PLN 52,800 thousand non-revolving working capital facility agreement of August 22nd 2022 between Prokura NFW FIZ, KRUK S.A. and PKO BP S.A.:

- On February 10th 2023, PROKURA NFW FIZ and PKO BP S.A. signed an agreement to create a registered pledge over a set of rights (debt portfolios owned by PROKURA NFW FIZ). The pledge was created up to the maximum amount of PLN 79,200 thousand.

As at September 30th 2023, the value of all portfolios pledged in favour of PKO BP S.A. was PLN 141,957 thousand.

In order to secure the repayment of Prokura NFW FIZ's liabilities under the PLN 120,000 thousand revolving credit facility agreement of July 2nd 2015, as amended, between Prokura NFW FIZ, KRUK S.A. and mBank S.A. of Warsaw:

- On March 20th 2023, PROKURA NFW FIZ entered into an agreement with mBank S.A. to create a registered pledge over a set of rights (debt portfolios owned by PROKURA NFW FIZ). The pledge was created up to the maximum amount of PLN 180,000 thousand.

As at September 30th 2023, the value of all portfolios pledged in favour of mBank S.A. was PLN 182,873 thousand.

On February 27th 2023, the credit facility agreement between KRUK S.A., its subsidiary PROKURA NFW FIZ and ING Bank Śląski S.A. of December 20th 2018, as amended, was terminated by mutual agreement between the parties. Following the termination of the credit facility agreement:

- on February 27th 2023, the surety for up to PLN 300,000 thousand provided by KRUK S.A. to secure repayment of the borrower's (Prokura NFW FIZ's) liabilities expired;
- on February 27th 2023, the following pledge agreements were terminated by mutual agreement between the parties:
  - the agreement of January 4th 2019 between PROKURA NFW FIZ and ING Bank Śląski S.A. creating a registered and financial pledge over receivables under a bank account agreement;
  - the agreement of December 20th 2018 between KRUK S.A. and ING Bank Śląski S.A. creating a financial pledge over receivables under a bank account agreement.
- on June 2nd and June 6th 2023, based on decisions issued by the District Court for Wrocław–Fabryczna in Wrocław, 7th Commercial Division, the registered pledges created over debt portfolios held by PROKURA NFW FIZ and over PROKURA NFW FIZ's bank account were deleted from the pledge register.

In order to secure the repayment of KRUK S.A.'s liabilities under the revolving credit facility agreement of June 2nd 2023 between KRUK S.A. and Alior Bank S.A.:

- on June 21st 2023, KRUK S.A. made a declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 75m, which will expire on or before June 1st 2028;



- on July 21st 2023, an agreement was executed between KRUK S.A. and Alior Bank S.A. creating a financial and registered pledge over investment certificates. The pledge was created up to the maximum amount of PLN 75,000 thousand.

In connection with a PLN 60,000 thousand share capital cancellation at InvestCapital Ltd., carried out on September 14th 2023 and due to become final by January 10th 2024, on September 14th 2023 KRUK S.A. issued a corporate guarantee of up to PLN 60,000 thousand for the benefit of InvestCapital Ltd. The guarantee expires on January 10th 2024. The purpose of the guarantee is to secure the interests of InvestCapital Ltd.'s creditors, who can challenge the share capital cancellation by January 10th 2024.

In connection with a PLN 180,000 thousand share capital cancellation at InvestCapital Ltd., carried out on September 22nd 2023 and due to become final by January 15th 2024, on September 22nd 2023 KRUK S.A. issued a corporate guarantee of up to PLN 180,000 thousand for the benefit of InvestCapital Ltd. The guarantee expires on January 15th 2024. The purpose of the guarantee is to secure the interests of InvestCapital Ltd.'s creditors, who have the right to challenge the share cancellation by January 15th 2024.

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

After the end of the third quarter of 2023, there were no events with a potentially material bearing on the Company's future performance.

**Piotr Krupa**

*President of the Management Board*

**Piotr Kowalewski**

*Member of the Management Board*

**Adam Łodygowski**

*Member of the Management Board*

**Urszula Okarma**

*Member of the Management Board*

**Michał Zasepa**

*Member of the Management Board*

**Sylwia Bomba**

*Person keeping the accounting records*

**Hanna Stempień**

*Prepared by*

Wrocław, November 7th 2023