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Independent Auditor's Report

To the General Shareholders' Meeting and Supervisory Board of KRUK S.A.

Report on the Audit of the Annual Separate Financial Statements

Opinion

We have audited the accompanying annual separate financial statements of KRUK S.A. (the "Entity"), which comprise:

- the separate statement of financial position as at 31 December 2020;

and, for the period from 1 January to 31 December 2020:

- the separate statement of profit or loss;
- the separate statement of comprehensive income;
- the separate statement of changes in equity;
- the separate statement of cash flows;

and

- notes comprising a summary of significant accounting policies and other notes;

(the "separate financial statements").

In our opinion, the accompanying separate financial statements of the Entity:

- give a true and fair view of the unconsolidated financial position of the Entity as at 31 December 2020 and of its unconsolidated financial performance and its unconsolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS EU") and the adopted accounting policy;
- comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Entity's articles of association;
- have been prepared, in all material respects, on the basis of properly maintained accounting records in accordance with chapter 2 of the accounting act dated 29 September 1994 (the "Accounting Act").

Our audit opinion on the separate financial statements is consistent with our report to the Audit Committee dated 25 March 2021.

Basis for Opinion

We conducted our audit in accordance with:

- International Standards on Auditing as adopted by the National Council of Statutory Auditors as National Standards on Auditing (the “NSA”) by the resolution no. 3430/52a/2019 dated 21 March 2019 and the resolution no. 1107/15a/2020 dated 8 September 2020; and
- the act on statutory auditors, audit firms and public oversight dated 11 May 2017 (the “Act on statutory auditors”); and
- regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements

regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the “EU Regulation”); and

- other applicable laws.

Our responsibilities under those regulations are further described in the Auditor’s Responsibility for the audit of the separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Ethics

We are independent of the Entity in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) as adopted by the resolution of the National Council of Statutory Auditors, together with the ethical requirements that are relevant to our audit of the separate financial

statements in Poland and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During our audit the key statutory auditors and the audit firm remained independent of the Entity in accordance with requirements of the Act on statutory auditors and the EU Regulation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. They are the most significant assessed risks of material misstatements, including those due to fraud, described below and we performed appropriate audit procedures to address these

matters. Key audit matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon we have summarised our response to those risks. We do not provide a separate opinion on these matters. We have determined the following key audit matter:

Voluntary change in the accounting policies regarding measurement of investments in subsidiaries

In 2020 the Management Board of the Entity applied voluntary change in the accounting policies regarding measurement of investments in subsidiaries from cost less impairment to equity method.

The Entity applied the change retrospectively recognizing PLN 1 162 465 thousand impact as of 31 December 2018 in total equity (PLN 1 075 975 thousand as of 31 December 2019).

The carrying amount of investments in subsidiaries measured at equity method as of 31 December 2020 amounted to PLN 3 315 459 thousand (PLN 3 352 745 thousand as of 31 December 2019).

Reference to the separate financial statements: note 2.4. “Judgments and estimates”, note 3.1. “Changes in accounting policies”, note 3.8. “Investments in subsidiaries” and note 14 “Investments in subsidiaries”.

<i>Key audit matter</i>	<i>Our response</i>
<p>Investments in subsidiaries measured at equity method constitute major part of the Entity's total assets. Their carrying amount, as of 31 December 2020, equaled to 88% of the total assets, and 86% as of 31 December 2019 respectively. Moreover, share of profits of the subsidiaries constitutes a major part of net profit of the Entity.</p> <p>Voluntary change of the accounting policies is possible only when it provides more reliable and relevant information, which is subject to a significant judgement of the Entity's Management Board.</p> <p>In addition, the change implemented in 2020 has a significant impact on the presented financial position of the Entity and its financial results.</p> <p>Therefore, we considered the voluntary change in the accounting policies regarding measurement of investments in subsidiaries to be the key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> — assessment of correctness of the implementation of the equity method by analyzing significant adjustments to the financial statements due to the application of the equity method for the first time, using our knowledge of the Group and the audit evidence obtained during our audit of the consolidated financial statements of the Kruk Group, — independent recalculation of investments in subsidiaries measured at equity method and the share in net profit of subsidiaries, — assessment of correctness and completeness of disclosures in the separate financial statements regarding the voluntary change of the accounting policies, as well as the valuation of investments in subsidiaries measured at equity method as required by the relevant financial reporting standards.

Responsibility of the Management Board and Supervisory Board of the Entity for the Separate Financial Statements

The Management Board of the Entity is responsible for the preparation, on the basis of properly maintained accounting records, of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union, the adopted accounting policy, the applicable laws and the provisions of the Entity's articles of association and for such internal control as the Management Board of the Entity determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Management Board of the Entity is responsible for assessing the Entity's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Entity either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

According to the Accounting Act, the Management Board and members of the Supervisory Board of the Entity are required to ensure that the separate financial statements are in compliance with the requirements set forth in the Accounting Act. Members of the Supervisory Board of the Entity are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is

a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

The scope of audit does not include assurance on the future viability of the Entity or on the efficiency or effectiveness with which the Management Board of the Entity has conducted or will conduct the affairs of the Entity.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Entity;
- conclude on the appropriateness of the Management Board of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditors' report on the audit of the separate financial statements to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report on the audit of the separate financial statements. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee of the Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee of the Entity with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the Entity, we determine those matters that were of most significance in the audit of the separate financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditors' report on the audit of the separate financial statements unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The other information comprise:

- the letter of the President of the Management Board;
 - the Director's Report on the operations of the Entity for the year ended 31 December 2020 (the "Report on activities"), including the corporate governance statement and the statement on non-financial information referred to in art. 49b paragraph 1 of the Accounting Act, which are separate parts of the Report on activities;
 - statement of the Management Board of the Entity on reliability of preparation of the annual separate financial statements of the Entity for the financial year and on the Report on Activities
 - statement of the Management Board of the Entity on the audit company authorized to audit the financial statements;
 - statement of the Supervisory Board on the Audit Committee and selection of the audit company;
 - the Supervisory Board assessment of the Entity's Report on activities and the Group's Report on activities, and the separate and consolidated financial statements as to their conformity with the accounting records, documents and facts;
- (together the "Other information").

Responsibility of the Management Board and Supervisory Board

The Management Board of the Entity is responsible for the Other information in accordance with applicable laws.

The Management Board and members of the Supervisory Board of the Entity are required to

ensure that the Report on activities, including separate parts of the Report on activities, is in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our opinion on the separate financial statements does not cover the Other information.

In connection with our audit of the separate financial statements, our responsibility was to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Other information, we are required to report that fact.

In accordance with the Act on statutory auditors our responsibility was to report if the Report on activities was prepared in accordance with applicable laws and the

information given in the Report on activities is consistent with the separate financial statements.

Moreover, in accordance with the requirements of the Act on statutory auditors our responsibility was to report whether the Entity included in the statement on corporate governance information required by the applicable laws and regulations, and in relation to specific information indicated in these laws or regulations, to determine whether it complies with the applicable laws and whether it is consistent with the separate financial statements and to inform whether the Entity prepared a statement on non-financial information.

Opinion on the Report on Activities

Based on the work undertaken in the course of our audit of the separate financial statements, in our opinion, the accompanying Report on activities, in all material respects:

- has been prepared in accordance with applicable laws, and
- is consistent with the separate financial statements.

Opinion on the Statement on Corporate Governance

In our opinion, the corporate governance statement, which is a separate part of the Report on activities, includes the information required by paragraph 70 subparagraph 6 point 5 of the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (the “decree”).

Furthermore, in our opinion, the information identified in paragraph 70 subparagraph 6 point 5 letter c-f, h and letter i of the decree, included in the corporate governance statement, in all material respects:

- has been prepared in accordance with applicable laws; and
- is consistent with the separate financial statements.

Information about the Statement on Non-financial Information

In accordance with the requirements of the Act on statutory auditors, we report that the Entity has prepared a statement on non-financial information referred to in art. 49b paragraph 1 of the Accounting Act as a separate part of the Report on activities.

We have not performed any assurance procedures in relation to the statement on non-financial information and, accordingly, we do not express any assurance conclusion thereon.

Statement on Other Information

Furthermore, based on our knowledge about the Entity and its environment obtained in the audit of the separate financial statements, we

have not identified material misstatements in the Report on activities and the Other information.

Report on Other Legal and Regulatory Requirements

Statement on Services Other than Audit of the Financial Statements

To the best of our knowledge and belief, we did not provide prohibited non-audit services referred to in art. 5 paragraph 1 second subparagraph of the EU Regulation and art. 136 of the act on statutory auditors.

Services other than audit of the financial statements, which were provided to the Entity in the audited period are listed in point 7.1 of the Report on activities.

Appointment of the Audit Firm

We have been appointed for the first time to audit the annual separate financial statements of the Entity by resolution of the General Shareholders' Meeting dated 27 April 2017 and reappointed in the following years, including the resolution dated 31 January 2020, to audit

the annual separate financial statements for the year ended 31 December 2020. Our period of total uninterrupted engagement is 4 years, covering the periods ended 31 December 2017 to 31 December 2020.

On behalf of audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

Signed on the Polish original

Justyna Zań

Key Statutory Auditor
Registration No. 12750
Limited Partner, Proxy

Warsaw, 25 March 2021

Signed on the Polish original

Tadeusz de Ville

Limited Partner, Proxy