



TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

Independent Registered Auditor's Report

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

Report on the audit of separate financial statements

Our opinion

In our opinion, the accompanying annual separate financial statements:

- give a true and fair view of the separate financial position of Kruk S.A. (the "Company") as at 31 December 2022 and the Company's separate financial performance and the separate cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Law of 29 September 1994 (the "Accounting Act").

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report.

What we have audited

We have audited the annual separate financial statements of Kruk S.A. which comprise:

- the separate statement of financial position as at 31 December 2022;

and the following prepared for the financial year from 1 January to 31 December 2022:

- the separate income statement;
- the separate statement of comprehensive income;
- the separate statement of changes in equity;
- the separate statement of cash flows, and
- the notes comprising a description of the significant adopted accounting policies and other explanations.

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing as adopted by the resolution of the National Council of Statutory Auditors ("NSA") and pursuant to the Law of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Law on Registered Auditors") and the Regulation (EU) No.

537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities (the “EU Regulation”). Our responsibilities under NSA are further described in the Auditor’s responsibilities 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

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the separate financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Company in accordance with the independence requirements set out in the Law on Registered Auditors and in the EU Regulation.

Our audit approach

Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 42 070 thousand, which represents 5% of the profit before tax.
- We have audited the annual financial statement of the Company for the period ended 31 December 2022.
- Uncertainty in the estimation of the deferred tax liability on retained earnings in subsidiaries

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the separate financial statements as a whole.

Overall materiality	PLN 42 070 thousand
How we determined it	5% of the profit before tax
Rationale for the materiality benchmark applied	We have adopted profit before tax as the basis for determining materiality because we believe this ratio is widely used to assess the Company's performance by users of financial statements and is a generally accepted benchmark. We have adopted the materiality level of 5% because, based on our professional judgment, it is consistent with the level of quantitative materiality used when examining profit-oriented entities in the financial sector.

We agreed with the Audit Committee of the Company that we would report to them misstatements of the separate financial statements identified during our audit above PLN 2 100 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the separate

financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Uncertainty in the estimation of the deferred tax liability on retained earnings in subsidiaries</p> <p>The Company uses the exemption allowed by the International Accounting Standard 12 Income Tax (IAS 12) and does not create a provision for deferred tax on retained earnings in the part as to which it is probable that these differences will not reverse (will not become tax revenues) in the set time horizon. This applies to temporary differences from retained earnings of subsidiaries for which the Company has control over the timing of their reversal in the foreseeable future. For the purposes of this estimation, the Company adopted a 3-year projection period as consistent with the financial planning period, which is the basis for the assumptions made. At the end of the reporting period, the Company analyses retained earnings in subsidiaries and creates a provision for deferred tax in the amount of income tax expected to be paid in the future on based on projected cash flows from redemption of shares and investment certificates in subsidiaries.</p> <p>The value of the provision for deferred income tax as at 31 December 2022 for retained earnings in subsidiaries amounted to PLN 208 285 thousand. The total amount of temporary differences constituting the basis for the unrecognized deferred tax liability on retained earnings as at 31 December 2022 was PLN 3 676 476 thousand.</p> <p>The level of the created deferred tax provision depends to a large extent on the Management Board's assumptions regarding future financial plans as well as the projection period adopted for the calculation of projected cash flows, which constitute a significant element of uncertainty of this estimate. Therefore, we considered the estimation of the deferred tax liability for retained earnings in subsidiaries to be a key audit matter.</p> <p>Notes: 2.4. The judgments and estimates made and 16. Deferred tax contain detailed information on the methods and models used and the value of the deferred tax liability.</p>	<p>As part of our audit, we assessed whether the accounting approach applied by the Company is consistent with IAS 12. Our audit procedures were focused mainly on assessing the model and individual assumptions adopted by the Management Board that have a significant impact on the level of the estimated deferred tax liability. In particular, we performed the following procedures:</p> <ul style="list-style-type: none"> - Assessment of the correctness of the assumptions and estimates made to determine the value of the provision; - Evaluation of the presented provision calculation model in terms of mathematical correctness and logical consistency; - Backward verification of the implementation of earlier assumptions regarding the redemption of shares and certificates; - Reconciliation of input data used in the calculation to the business plan and other source documents; - Analysis of events after the balance sheet date. <p>Additionally, we verified the completeness and adequacy of disclosures in the financial statements in accordance with the accounting standards applicable to the Company.</p>

Responsibility of the Management and Supervisory Board for the separate financial statements

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of account of the annual separate financial statements that give a true and fair view of the Company's financial position and results of operations, in accordance with International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Company's Articles of Association, and for such internal control as the Management Board 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 Company's Management Board is responsible for assessing the Company'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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the separate financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the 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 auditor's 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 the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these separate financial statements.

The scope of the audit does not include an assurance on the Company's future profitability nor the efficiency and effectiveness of the Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;

- conclude on the appropriateness of the Company's Management Board'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report 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 auditor's report. However, future events or conditions may cause the Company 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 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 also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 to the Audit Committee, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report 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, including the report on the operations

Other information

Other information comprises:

- a Report on the Company's and the Group's operations for the financial year ended 31 December 2022 ("the Report on the operations") and the corporate governance statement and the statement on non-financial information referred to in Article 49b(1) and Article 55(2b) of the Accounting Act which are separate parts of the Report on the operations,
- other documents comprising the Annual Report for the financial year ended 31 December 2022 ("the Annual Report"),

(together "Other Information"). Other information does not include the financial statements and our auditor's report thereon.

We obtained the Annual Report before the date of this audit report, except for:

- a) regarding the appointment, composition and operation of the audit committee referred to in Art. 70 section 1 item 8 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state ("Regulation on current information") and

- b) in the scope of assessment, together with justification, regarding the report on the activity of the issuer and the financial statement in terms of their compliance with the books, documents and the facts referred to in Art. 70 sec. 1 point 14 of the Regulation on current information, that will be available after that date.

Responsibility of the Management and Supervisory Board

The Management Board of the Company is responsible for the preparation of the Other Information in accordance with the law.

The Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the operations of the Company including its separate parts complies with the requirements of the Accounting Law.

Registered 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 under NSA is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the information in the separate financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Law on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual separate and consolidated financial statements of Kruk Group.

Moreover, we are obliged to issue an opinion on whether the Company provided the required information in its corporate governance statement and to inform whether the Company prepared a statement on non-financial information.

Statement on the Other information

We declare, based on the knowledge of the Company and its environment obtained during our audit, that we have not identified any material misstatements in the Report on the operations of the Group and Company and the remaining Other information.

If we identify a material misstatement in:

- a) regarding the appointment, composition and operation of the audit committee referred to in Art. 70 section 1 item 8 of the Regulation on current information and
- b) in the scope of assessment, together with justification, regarding the report on the activity of the issuer and the financial statement in terms of their compliance with the books, documents and the facts referred to in Art. 70 sec. 1 point 14 of the Regulation on current information,

we are obliged to inform the Company's Supervisory Board of this fact.

Opinion on the Report on the operations

Based on the work we carried out during our audit, in our opinion, the Report on the operations of the Group and Company:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 Regulation on current information;

- is consistent with the information in the separate and consolidated financial statements of Kruk Group.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Company and the Group included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the separate and consolidated financial statements of Kruk Group.

Information on non-financial information

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Company and the Group has prepared a statement on non-financial information referred to in Article 49b(1) and Article 55(2b) of the Accounting Act as a separate section of the Report on the operations.

We have not performed any assurance work relating to the statement on non-financial information and we do not provide any assurance with regard to it.

Report on other legal and regulatory requirements

Statement on the provision of non-audit services

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries are in accordance with the applicable laws and regulations in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Law on Registered Auditors.

The non-audit services which we have provided to the Company and its subsidiaries during the audited period are disclosed in the Report on the Company's and Group's operations.

Appointment

We have been appointed to audit the annual separate financial statements of the Company by the Resolution of the General Shareholders' Meeting of 18 November 2021. The separate financial statements of the Company were audited by us for the first time.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144., is Agnieszka Accordi.

Agnieszka Accordi
Key Registered Auditor
No. 11665

Warsaw, 9 March 2023