

INFORMATION ON THE TAX STRATEGY

KRUK S.A.

Prepared as at: December 20th 2023

Approved by: Management Board of KRUK S.A.

List of terms and abbreviations

For the purposes of this document, the following terms have the following meanings:

KRUK S.A. / Company	KRUK Spółka Akcyjna
Group	International group of KRUK companies in Europe
Principles of Tax Policy	Principles of the Tax Policy attached to KRUK S.A. Management Board Resolution No. 30/2021
CIT Act	Act of February 15th 1992 on corporate income tax (consolidated text: Dz. U. 2021, item 1800, as amended).
Tax Law	Tax Law Act of August 29th 1997 (consolidated text: Dz.U. 2021, item 1540, as amended).

Introduction

This document outlines how KRUK Spółka Akcyjna, part of the KRUK Group, implements its tax strategy in 2022.

The Company, as a payer of corporate income tax with a turnover in excess of EUR 50 million achieved in the financial (tax) year ending on December 31st 2022, is required to prepare and publish information on its tax strategy for the financial (tax) year ending on December 31st 2022.

This information on the tax strategy has been prepared in accordance with Article 27c of the CIT Act.

KRUK Spółka Akcyjna

The Company serves as the parent entity of the KRUK Group, and is primarily engaged in the management of receivables, including the management of purchased debt portfolios for its own account and on behalf of clients.

The Company's core mission is *to uphold social and legal norms governing debt payments, while always treating people with respect.*

The company signed and operated in accordance with the Principles of Good Practice - a document which is a set of rules of conduct adopted for use by enterprises operating on the financial market that are members of the Association of Financial Enterprises in Poland.

Table 1. Basic information about the Company

Name	KRUK S.A. (Joint-stock Company)
Registered office	Street: Wołowska 8 51-116 Wrocław, Poland
Identification data	Registration no: 0000240829 Tax no: 8942389605 Statistical no: 931189985
Share capital	PLN 19,318,790.00
Date of entry in the Business Register of the National Court Register	September 7th 2005

Processes and procedures for managing and ensuring the proper performance of tax obligations

The Company adhered to the law and generally accepted good tax practice when dealing with tax matters. It established tax policies, processes, and procedures to efficiently adapt to various business events and identify any changes in tax laws that may affect its tax affairs.

The tax policies that were considered most significant from the perspective of the Company's tax function were:

- KRUK S.A.'s tax strategy sets out its mission and principles of conduct for all employees involved in its tax affairs;
- KRUK S.A.'s tax policy in which the Company regulated the tasks, powers, duties and responsibilities of individual departments and employees in the field of tax settlements.

These policies and procedures have been developed with due consideration to the specific nature of the financial industry, as well as the Company's position as the parent that sets the standards for other Group companies.

Furthermore, the Company has implemented various other tax procedures and instructions to ensure compliance with applicable tax laws and regulations.

Tax settlements

The Company's tax settlements were mainly carried out by internal specialists in collaboration with external service providers. The accounting and reporting processes were organised to ensure regulatory compliance and process stability.

The Company recognized the importance of competent staff in ensuring the accuracy of tax accounts, and accordingly provided extensive and up-to-date training to employees responsible for tax-related matters. Additionally, the Company employed an in-house tax advisor who played an advisory and consultative role and was responsible for analysing tax legislation in the Company's day-to-day operations.

The Company also consulted with external tax advisers on issues of concern in selected areas.

Collaboration with business departments

The Company implemented a division of duties in relation to tax settlements, ensuring that the staff providing data for tax purposes understood their responsibility for the accuracy, reliability, and timeliness of the information provided.

Management of tax issues

To effectively manage tax issues, the Company formalized and implemented a Tax Strategy and communicated it to its employees.

In order to ensure collective decision-making, the Company made decisions in accordance with the adopted document "Principles of Tax Policy at KRUK S.A." For tax issues requiring consultation or correction, responsible persons/teams indicated in the document were consulted and involved in the decision-making process.

Voluntary forms of cooperation with National Tax Administration authorities

In 2022, the Company voluntarily and openly contacted the National Tax Administration authorities regarding its current operations.

At the same time, the Company did not make use of the available voluntary forms of cooperation with the authorities of the National Tax Administration, as referred to in Article 20s of the Tax Law (cooperation agreement), Article 83.2 of the Act on the conclusion of prior price agreements (prior price agreement) and Article 26b of the CIT Act (opinion on the application of the flat-rate income tax exemption).

Information about tax proceedings and audits

In 2022, the Company maintained open relations with the tax authorities and cooperated with them on an ongoing basis, in particular during inspection activities, including those carried out with contractors.

In December 2022, a customs and tax inspection was initiated in the Company by the Małopolska Customs and Tax Office in Kraków in the scope of:

- a) compliance with the provisions of the Corporate Income Tax Act regarding taxation of income earned in 2018.
- b) compliance with the provisions of the Corporate Income Tax Act regarding taxation of income

earned in 2019.

- c) compliance with the provisions of the Corporate Income Tax Act regarding taxation of income obtained in 2020.

As of the date of preparation of this Information, the authority has not completed the proceedings and has not issued the inspection result.

**Tax obligations fulfilled by
the Company in Poland**

The Company placed a strong emphasis on accurate reporting and compliance in its operations, ensuring the timely filing of all tax returns, forms, and information, as well as the collection of documentation and meeting of tax payment deadlines. The Company took all necessary measures to ensure that the information provided accurately represented the facts and was complete, up-to-date, and easily understandable.

To ensure compliance with applicable regulations in 2022, the Company received support from qualified specialists responsible for tax issues within the Company and across the Group.

The Company primarily fulfilled its tax obligations in respect of corporate income tax (CIT) and value added tax (VAT), as well as stamp duty tax (PCC), real estate tax, and agricultural and forestry taxes.

Information regarding the settlement of corporate income tax, including tax revenue, tax-deductible expenses, and tax liabilities, is published on the Ministry of Finance website in accordance with applicable regulations.

Additionally, in 2021, the Company fulfilled its obligations as a payer of withholding tax (WHT), personal income tax (PIT), and social and health insurance on salaries paid to employees.

The Company also paid environmental fees for the introduction of gases or dust into the air and a fee to cover the costs of the Financial Supervision Authority's supervisory functions of the capital market.

Number of tax scheme disclosures submitted to the Head of the National Tax Administration, categorized by the relevant taxes.

The Company implemented a procedure to ensure accurate and timely compliance with the obligation to report tax schemes. The procedure outlined the steps taken by the Company to fulfil its obligations in reporting information on tax schemes.

In 2022, the Company did not make any tax scheme disclosures to the Head of the National Tax Administration as defined under Article 27c.2.2 of the CIT Act.

Transactions with related parties

In 2021, the Company engaged in transactions with related parties that exceeded 5% of its total assets, as defined under the applicable accounting regulations and determined based on the Company's latest approved financial statements. The following transactions were carried out:"

- Loan to Wonga.pl spółka z ograniczoną odpowiedzialnością
- Loan guarantees provided to InvestCapital Malta Ltd, KRUK Romania s.r.l. and Prokura Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty

The Company fully complies with its transfer pricing obligations, including the timely preparation of transfer pricing documentation. Furthermore, the Company timely submits transfer pricing information in Form TPR-C and a statement confirming the preparation of local transfer pricing documentation.

Restructuring activities planned or undertaken by the Company that may affect the tax liabilities of the Company or related parties

In 2022, the Company did not plan or undertake any restructuring activities that would impact its tax liabilities as defined under Article 11a.1.4 of the CIT Act.

Tax settlements in territories or countries with harmful tax competition

The Company did not carry out any tax settlements in territories or countries that apply harmful tax competition, as specified in the executive acts issued under Article 11j.2 and Article 23v.2 of the Personal Income Tax Act of July 26th 1991, and in the announcement of the Minister responsible for public finance issued under Article 86a.10 of the Tax Law.

Specifically, in 2022, the Company did not engage in any of the following activities in territories or countries that apply harmful tax competition:

- Register for tax purposes;
- Submit tax returns or forms;
- Collect and pay taxes.

Applications submitted by the Company

In 2022, the Company did not submit any applications for the issuance of:

- General tax interpretations;
- Binding rate information;
- Binding excise information.

In 2022, the Company requested ruling regarding:

- a) issuing an individual interpretation of the rules for determining the proportion used to deduct input VAT for companies forming a VAT group. The Director of the National Tax Information recognized the position of KRUK S.A as correct
- b) issuing an individual interpretation regarding the collective conditions that must be met by a foreign entity within the meaning of the Corporate Income Tax Act in order to meet the definition of a controlled foreign entity and, consequently, to result in arising income tax liability. The Director of the National Tax Information refused to issue an individual interpretation.