



INFORMATION ABOUT THE IMPLEMENTED TAX STRATEGY

KRUK Spółka Akcyjna

Prepared on: 16th of December 2024

Approved in accordance with the representation 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 (KRUK, joint-stock company)
Group	International Group of KRUK companies in Europe
Tax Policy Principles	Tax Policy Principles constituting an annex to the Resolution of the Management Board of KRUK S.A. No. 30/2021
CIT Act	Act of 15 February 1992 on Corporate Income Tax (consolidated text: Journal of Laws 2023, item 2805)
Tax Ordinance	Act of 29 August 1997 - the Tax Ordinance (consolidated text: Journal of Laws 2023, item 2383)



I. Introduction

This document presents the implementation of the tax strategy in 2023 by KRUK Spółka Akcyjna, which is part of the KRUK Group.

The Company, as a corporate income tax payer with turnover exceeding EUR 50 million achieved in the financial (tax) year ended on 31 December 2023, is obliged under Article 27c of the CIT Act to prepare and publish information on the implemented tax strategy for the financial (tax) year ended on 31 December 2023.

In this respect, it is worth noting that the applicable regulations do not provide a definition of the term *tax strategy*. Some guidance on what it involves is provided by the Guidance on the Internal Tax Supervision Framework – a document developed by the National Revenue Administration for entities interested in participating in the Cooperation Programme. Regardless of the lack of a legal definition, a tax strategy can be defined as a set of information and assumptions that describe a taxpayer’s approach to managing the process of fulfilling tax obligations and implementing this process.¹

Therefore, this document has been prepared in a manner that aims to present the information specified in Article 27c of the CIT Act and to reliably describe the Company’s approach to the process of managing tax matters.

¹ Summary of the Crido Report: *INFORMACJE O REALIZOWANYCH STRATEGIACH PODATKOWYCH – INTERESUJĄCY PROLOG, A NIE SKOŃCZONE DZIEŁO* [INFORMATION ON IMPLEMENTED TAX STRATEGIES – AN INTERESTING PROLOGUE, BUT NOT A FINISHED WORK]



II. KRUK Spółka Akcyjna (KRUK, joint-stock company)

The company commenced operations in 1998 as KRUK Spółka z ograniczoną odpowiedzialnością (KRUK, limited liability company). By virtue of the Resolution of the Extraordinary General Meeting of Shareholders of 28 June 2005, KRUK Sp. z o.o. (limited liability company) was transformed into KRUK S.A. (joint-stock company) and on 7 September 2005 it was registered in the National Court Register – Register of Entrepreneurs by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register (KRS), under no. 0000240829.

The Company's shares and rights to ordinary bearer shares were introduced to trading on the main market of the Warsaw Stock Exchange on 5 May 2011 in the ordinary procedure pursuant to Resolution No. 586/2011 and Resolution No. 587/2011 of the Management Board of the Stock Exchange.

The Company is primarily engaged in debt collection, including the collection of purchased debt portfolios on its own account, the collection of receivables on behalf of clients, and investing in subsidiaries. It provides receivables management services to affiliated funds, including: purchasing and selling receivables for the fund, preparing investment projects and analyses concerning the fund's investments, preparing analyses concerning the efficient ongoing management of the fund's portfolio, as well as the collection and administration of the fund's securitised receivables. In addition, it provides process support services to Group entities, including, e.g.: accounting services, logistics services, and IT services. It is also involved in financing related entities in the form of capital and through transactions involving the granting of loans and guarantees. The Company operates mainly on the Polish market. It has registered field offices located in Warsaw, Szczawno-Zdrój and Piła. Furthermore, the Company is the dominant entity in the international Kruk Group, i.e. it has direct and indirect control and/or majority stake in subsidiaries operating in, e.g., Spain, Romania and Italy.



The Company's mission is *to uphold social and legal norms that require the settlement of incurred obligations, while always showing respect to people*. In its operations, the Company attaches great importance to reliable and consistent communication with customers, developing tools that facilitate the management of liabilities and debt repayment, as well as implementing a number of initiatives in the field of financial education of society. Both the Company and the entire Group have signed the Principles of Good Practice – a document which constitutes a set of rules of conduct adopted for application by companies operating on the financial market which are Members of the Association of Financial Enterprises in Poland.



Basic information about the Company

Name	KRUK Spółka Akcyjna (KRUK, joint-stock company)
Headquarters	ul. Wołowska 8, 51-116 Wrocław
Identification data	KRS (National Court Register): 0000240829 NIP (Taxpayer ID No.): 8942389605 REGON (Polish Business Register): 931189985
Share Capital	PLN 19,318,790
Date of entry into the register of entrepreneurs of the National Court Register	7 September 2005



III. Processes and procedures for managing the performance of obligations arising from tax law provisions and ensuring their correct performance

The basic principles of procedure in tax matters were based on legal provisions and generally accepted good practices in the field of taxes.

The Company had tax policies, processes and procedures in place that enabled it to efficiently adapt to various events occurring in the course of its business, as well as to identify changes in the law that affected the Company's tax affairs.

The most important principles from the perspective of the Company's tax function included:

- KRUK S.A. Tax Strategy, which refers to the Company's tax mission and the rules of conduct that should be followed by all employees involved in the Company's tax matters;
- KRUK S.A. Tax Policy Principles, in which the Company regulates the tasks, rights, obligations and responsibilities of individual departments and employees in the field of tax settlements;
- KRUK S.A. Transfer Pricing Policy, in which the Company regulates the principles of determining transfer prices, the methods used to determine transfer prices and specifies the tasks, duties and responsibilities of individual departments in the process of determining transfer prices.

The applicable rules took into account the specific nature of the financial industry and the Company's position as a dominant entity that sets standards for other entities in the Group.

In addition, the Company applied other tax procedures and instructions relating to specific tax issues and settlements.



Tax settlements

The Company's tax settlements were conducted primarily by internal specialists in cooperation with external service providers. The accounting and reporting process in the Company was organised in such a way as to ensure compliance of tax settlements with regulations and to secure the stability of the processes performed. This includes the principle that tax settlements should be conducted on an ongoing basis, reliably and in a manner that allows their verification.

The key to ensuring the correctness of tax settlements is that the Company employs competent staff. The Company ensured that employees had extensive and regularly updated knowledge in the area for which they were responsible. For this purpose, the Company provided them with the opportunity to participate in appropriate training. The Company also employs an internal tax advisor who plays an advisory and consultative role and is responsible for the analysis of tax regulations in the Company's current operations.

In selected areas, doubt-raising issues were also the subject of consultations with, e.g., external tax advisors.

Cooperation with business departments

There was a division of responsibilities related to tax settlements in the Company. Thus, the personnel providing data that was subsequently used in the Company's tax settlements were aware of their responsibility for the accuracy, reliability and timeliness of the information provided.



Management of tax matters

In order to effectively manage tax matters, the Company formalised and implemented a Tax Strategy and informed its employees about it. Striving to ensure transparency and collegiality of decision-making, the Company made decisions in accordance with the adopted Kruk S.A. Tax Policy Principles. For doubt-raising tax issues, decisions were subject to consultations and made by the responsible persons/teams indicated in the document.



IV. Voluntary forms of cooperation with the National Revenue Administration bodies

In 2023, the Company voluntarily and openly contacted the National Revenue Administration authorities in connection with its current activities. Among other things, the Company used available forms of obtaining information, such as submitting applications for individual tax interpretations (National Tax Information) or submitting inquiries on minor matters via the telephone hotline operated by the National Tax Information.

The Company did not use the available voluntary forms of cooperation with the National Revenue Administration authorities referred to in Article 20s of the Tax Ordinance (cooperation agreement), Article 83 sec. 2 of the Act on resolving disputes concerning double taxation and concluding advance pricing agreements (advance pricing agreement) and Article 26b of the CIT Act (opinion on the application of exemption from flat-rate income tax collection). In 2023, the Company maintained open relations with the tax authorities and cooperated with them on an ongoing basis, in particular during verification activities and customs and tax inspections.



V. Information about tax proceedings and audits

In 2023, the tax authorities did not verify the Company's 2023 settlements through tax audits or tax proceedings referred to in the Tax Ordinance Act. However, throughout 2023, customs and tax inspections initiated in December 2022 by the Małopolska Customs and Tax Office were continued in the scope of:

- a) compliance with the provisions of the Corporate Income Tax Act regarding the taxation of income achieved in 2018;
- b) compliance with the provisions of the Corporate Income Tax Act regarding the taxation of income achieved in 2019;
- c) compliance with the provisions of the Corporate Income Tax Act regarding the taxation of income achieved in 2020.

VI. Information on tax obligations fulfilled by the Company in the Republic of Poland

In its operations, the Company focused on accurate reporting and compliance with regulations, including timely submission of all tax returns, forms and information, collection of documentation and meeting tax payment deadlines. The Company made every effort to ensure that the information provided faithfully reflected the facts and was complete, up-to-date and comprehensible.

In order to ensure compliance with applicable regulations, in 2023 the Company used the support of qualified specialists responsible for tax matters in the Company and the entire Group.

The main taxes for which the Company fulfilled its obligations during 2023 were the corporate income tax (CIT) and the value added tax (VAT). In addition, the Company was also a payer of civil law transaction tax (PCC), real estate tax, and agricultural and forestry taxes.



Information regarding the settlement of corporate income tax, in particular the value of tax revenues, costs of obtaining taxable income or tax due, were published on the [website](#) of the Ministry of Finance in accordance with applicable regulations.

Additionally, in 2023, the Company fulfilled its obligations as a payer in the scope of withholding tax (WHT), personal income tax (PIT) and social and health insurance on remuneration paid to the Company's employees.

The Company also paid environmental fees for releasing gases or dust into the air and a fee to cover the costs of supervision of the Polish Financial Supervision Authority over the capital market.

As of 1 February 2023, the Company joined the VAT group together with the law firm RAVEN P. Krupa sp. k, Kruk Towarzystwo Funduszy Inwestycyjnych S.A. as well as non-standardised receivables funds and closed-end investment funds that are part of the Kruk Group (i.e. Prokura NFW FIZ, Presco NFW FIZ). The created VAT group functions as a special type of taxpayer existing solely for VAT purposes. Outside of VAT, the entities forming the VAT group function as separate entities.



VII. Information on the number of tax arrangements submitted to the Head of the National Revenue Administration, broken down by the taxes they concern

In order to ensure correct and timely fulfilment of the obligation to report tax arrangements, the Company had in place a procedure specifying the actions taken to fulfil the obligation to provide information on tax arrangements. In 2023, the Company did not provide any information on tax arrangements to the Head of the National Revenue Administration. During this period, the Company was informed three times by the user pursuant to Article 86d of the Tax Ordinance Act about the assignment of a Tax Arrangement Number in respect of which it acted as a supporting party. In each of these cases, the arrangements concerned corporate income tax.



VIII. Information on transactions with related entities

In 2023, the Company concluded the following transactions with related entities, the value of which exceeded 5% of the balance sheet total assets within the meaning of accounting regulations, determined on the basis of the Company's last approved financial statements:

- loan for Wonga.pl spółka z ograniczoną odpowiedzialnością (Wonga.pl, limited liability company);
- endorsement of loans for InvestCapital Malta Ltd., KRUK Romania s.r.l., S. and Prokura Fundusz Wierzytelności Fundusz Inwestycyjny Zamknięty.

The Company fulfilled its transfer pricing obligations on time; in particular, it has its transfer pricing documentation for 2023. Furthermore, the Company submitted information on transfer prices (TPR-C form) and a statement on the preparation of local transfer pricing documentation on time.



IX. Information on restructuring activities planned or undertaken by the Company that may affect the amount of tax liabilities of the Company or related entities

Within the KRUK Group, ERIF Biuro Informacji Gospodarczej (Economic Information Office) operated until the end of 2022 in the area of preventive services and support for receivables management activities. It collects both negative and positive information about the payment history of consumers and business entities. ERIF Biuro Informacji Gospodarczej is one of five economic information offices in Poland. It ensured comparability, consistency and reliability of statistical data on the status and structure of the ERIF BIG database for all stakeholder groups in Poland. The Group decided to sell companies from this business line to an unrelated entity. The sale transaction was carried out on 3 January 2023 and should be treated as a derivative of the transformation that the Group has undergone in recent years. As a result, the management focused even more on the main business line, which is receivables management. Therefore, it was decided to reduce the dispersion of the types of activities conducted and it was decided to continue the cooperation.

Otherwise, the Company did not undertake any restructuring activities that could affect the amount of the Company's tax liabilities within the meaning of Article 11a sec. 1 (4) of the Corporate Income Tax Act.



X. Information on making tax settlements of a taxpayer in territories or countries applying harmful tax competition

The Company did not make any tax settlements in territories or countries applying harmful tax competition indicated in the implementing acts issued under Article 11j sec. 2 and under Article 23v sec. 2 of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister responsible for public finances issued under Article 86a § 10 of the Tax Ordinance.

In particular, in the above-mentioned territories/countries, in 2023, the Company:

- was not registered for the purpose of settling taxes;
- did not file any tax returns or forms;
- did not collect or pay any taxes.



XI. Information about applications submitted by the Company

In 2023, the Company did not submit any applications for the issuance of:

- a general tax interpretation;
- binding rate information;
- binding excise information.

In 2023, the Company submitted applications to the Director of the National Tax Information for an individual interpretation. In most cases, the subject of the submitted applications were events/situations for which the interpretation of tax law is unclear, and at the same time there is case law which, in the Company's opinion, allows the application of a specific approach to the tax treatment. The purpose of submitting applications for interpretation is to increase the Company's tax security.

Applications for individual interpretations submitted by the Company in 2023:

- a) an application for an individual interpretation asking about the correctness of the Company's position that
- the costs of the retail area and the costs of the IT department incurred by the Company constitute costs of obtaining revenues of a common nature for both sources of revenues (both revenues from capital gains and revenues from other sources of revenues), and thus should be allocated to each of the sources on the basis of Article 15 sec. 2-2b of the CIT Act.

The Director of the National Tax Information considered the position of Kruk S.A. as the applicant to be incorrect.



- b) an application for an individual interpretation asking about the correctness of the Company's position that
- it may use a key for allocating shared costs to sources of revenue other than the revenue key, assuming that it will allow for assigning shared costs to a given source in a more adequate manner than the revenue key;
 - it may use the revenue-asset key to assign shared costs to sources of revenue.

By way of a decision, the Director of the National Tax Information refused to initiate proceedings for the issuance of an individual interpretation, arguing that the application cannot be subject to consideration within the framework of proceedings for the issuance of an individual interpretation as to the merits and result in the issuance of an interpretation of tax law provisions.

- c) an application for an individual interpretation asking about the correctness of the Company's position that
- in connection with the conclusion by the Applicant of a civil liability insurance contract with the insurer and the payment of an insurance premium by the Applicant on this account for persons covered by insurance under the group policy, there will be no income from the free benefit and therefore the Applicant, as a payer, will not be obliged to calculate and collect an advance payment of personal income tax.

The Director of the National Tax Information considered the position of Kruk S.A. as the applicant to be incorrect.

- d) an application for an individual interpretation asking whether the Company's position is correct that
- the value of the lump sum fee that will be paid by the Company to the employee in exchange for the use of a personal telephone will be exempt from taxation under Article 21 sec. 1 (13) of the Personal Income Tax Act, and consequently the Applicant acting as a tax payer will not be obliged, in accordance with Article 32 of the Personal Income Tax Act, to calculate, withhold and pay tax (tax advances) on the lump sum fee paid to the employee.



The Director of the National Tax Information considered the position of Kruk S.A. as the applicant to be correct.

e) an application for an individual interpretation (joint application) asking about the correctness of the position that

- a transaction involving the repurchase of investment certificates by the Funds from the Participant for the purpose of their redemption, in accordance with Article 11b (1) of the CIT Act, is not subject to the provisions of Chapter 1a of the CIT Act regarding transfer pricing, because the method of determining the redemption price in such a transaction is strictly defined by the provisions of the Funds Act.

By way of a decision, the Director of the National Tax Information refused to initiate proceedings for the issuance of an individual interpretation, arguing that the entities indicated in the application do not have the common status of Interested Parties and cannot jointly apply for the issuance of an individual interpretation under Article 14r of the Tax Ordinance.

f) an application for an individual interpretation asking about the correctness of the Company's position:

- regarding the tax consequences related to the acquisition and redemption of shares in a Maltese company.

The Director of the National Tax Information considered the position of Kruk S.A. as the applicant to be correct.