

REPORT OF THE SUPERVISORY BOARD OF KRUK S.A. FOR 2023

Appendix to Resolution No. 8/2024 of the KRUK S.A. Supervisory Board of 27 March 2024

I. Report on assessment of:

- 1) the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023;
- 2) the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023;
- 3) the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023;
- 4) the Management Board's proposal concerning distribution of profit or coverage of loss for 2023;

II. Report on assessment of:

- 1) the Company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the Supervisory Board to perform such assessment;
- 2) the Company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports to be published by issuers of securities, and information about measures taken by the Supervisory Board to perform such assessment;
- 3) the validity of expenses incurred by the Company and the Group to sponsor cultural projects, sports, charitable organisations, the media, social organisations, trade unions, etc.;
- 4) the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board;
- 5) the performance by the Management Board of its obligations under Art. 380¹ of the Commercial Companies Code;
- 6) the manner in which the Management Board prepares and/or submits to the Supervisory Board information, documents, reports, and/or clarifications requested pursuant to Art. 382.4 of the Commercial Companies Code.

- III. Summary of the activity of the Supervisory Board and its committees in 2023.
- IV. Information on the aggregate amount of consideration payable by the Company for audits ordered by the Supervisory Board in the financial year under Art. 382¹ of the Commercial Companies Code.
- V. Resolutions passed and motions submitted to the General Meeting of KRUK S.A.

I. REPORT SUBMITTED IN ACCORDANCE WITH THE REQUIREMENTS OF ART. 382.3 OF THE COMMERCIAL COMPANIES CODE

With a view to fulfilling the obligation provided for in Art. 382.3 of the Commercial Companies Code and Articles 15.2.1 and 15.2.2 of the Company's Articles of Association, the Supervisory Board reviewed the following documents presented by the Company's Management Board:

- 1) the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023;
- 2) the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023;
- 3) the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023;
- 4) the auditor's report on the full-year separate financial statements of KRUK S.A. for the financial year ended 31 December 2023;
- 5) the auditor's report on the full-year consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023.

1) Assessment of the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023

By Resolution No. 47/2021, the Company's Supervisory Board appointed PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp.k. of Warsaw, entered in the list of statutory auditors of financial statements under Reg. No. 144, as the auditor to audit the full-year separate financial statements of KRUK S.A. and the full-year consolidated financial statements of the KRUK Group for the financial years 2022–2024. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards and other applicable regulations.

The key financial statement figures for the reporting period 1 January – 31 December 2023:

Separate statement of profit or loss:

PLN '000	Note	1 Jan–31 Dec	
		2023	2022
Revenue from services	4.	226,461	164,102
Gain/(loss) on expected credit losses	4.	17,699	18,700
Interest income on debt portfolios measured at amortised cost	4.	16,620	17,502
Other income	4.	1,130	2,561
Other income/(expenses) from purchased debt portfolios	4.	(1,921)	566
Income including gain/(loss) on expected credit losses and other income/(expenses) from purchased debt portfolios		259,989	203,431
Share of profit/(loss) of equity-accounted investees	13.	1,192,612	1,002,707
Employee benefits expense	7.	(222,350)	(200,625)
Depreciation and amortisation	11.,12.	(25,965)	(21,250)
Services	5.	(74,596)	(51,065)
Other expenses	6.	(32,728)	(32,293)
		(355,639)	(305,233)
Finance income	8.	101,195	46,476
<i>including interest income on loans measured at amortised cost</i>	8.	<i>100,913</i>	<i>46,059</i>
Finance costs	8.	(172,146)	(105,971)
<i>including interest expense relating to lease liabilities</i>		<i>(1,996)</i>	<i>(1,645)</i>
Net finance costs		(70,951)	(59,495)
Profit/(loss) before tax		1,026,011	841,410
Income tax	9.	(42,077)	(36,428)
Net profit/(loss) for period		983,934	804,982
Earnings/(loss) per share			
Basic (PLN)	20.	50.93	42.07
Diluted (PLN)	20	48.37	40.71

Separate statement of financial position

<i>PLN '000</i>	<i>Note</i>	31 Dec 2023	31 Dec 2022
Assets			
Cash and cash equivalents	18.	227,643	22,008
Hedging instruments	22.	98,428	30,335
Trade receivables from related entities	17.	33,932	27,523
Trade receivables from other entities	17.	2,582	3,339
Other receivables	17.	11,664	15,715
Income tax receivable		16,232	9,292
Inventories	16.	14,562	15,174
Investments	14.	1,432,518	464,743
Equity-accounted investments in subsidiaries	13.	5,483,390	4,735,762
Property, plant and equipment	11.	35,348	39,774
Intangible assets	12.	29,427	30,791
Other assets		8,787	8,962
Total assets		7,394,513	5,403,418
Equity and liabilities			
Liabilities			
Trade and other payables	25.	35,452	30,645
Hedging instruments	22.	20,883	9,824
Employee benefit obligations	23.	38,196	28,974
Borrowings, other debt securities and leases	21.	3,265,472	1,865,886
Provisions	24.	40,810	12,653
Deferred tax liability	15.	202,307	201,419
Total liabilities		3,603,120	2,149,401
Equity			
Share capital	19.	19,319	19,319
Share premium		358,506	358,506
Hedge reserve	22.	62,774	16,871
Translation reserve		(95,871)	100,448
Share of other comprehensive income of equity-accounted investees		(8,400)	19,911
Other capital reserves		171,847	149,896
retained earnings		3,283,218	2,589,066
Total equity		3,791,393	3,254,017
Equity and liabilities		7,394,513	5,403,418

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

Separate statement of cash flows

PLN '000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flows from operating activities			
Net profit/(loss) for period		983,934	804,982
<i>Adjustments</i>			
Depreciation of property, plant and equipment	11.	15,191	14,297
Amortisation of intangible assets	12.	10,774	6,953
Net finance costs		68,690	59,464
Share of (profit)/loss of equity-accounted investees	13.	(1,192,612)	(1,002,707)
(Gain)/loss on retirement/sale of property, plant and equipment	4.	(805)	(1,550)
Equity-settled share-based payments	29.	21,951	27,694
Interest income	4.	(16,620)	(17,502)
Income tax	9.	42,077	36,428
Change in debt portfolios purchased	14.	(556)	596
Change in inventories	16.	612	3,796
Change in trade and other receivables	17.	5,585	48,215
Change in other assets		175	(2,595)
Change in trade and other payables, excluding financial liabilities	25.	9,232	21,188
Change in employee benefit obligations	23.	9,222	4,821
Change in provisions	24.	(397)	(4)
Interest received	4.	16,620	17,502
Income tax paid		(30,049)	(29,667)
Net cash from operating activities		(56,976)	(8,089)
Cash flows from investing activities			
Interest received		46,658	13,699
Loans	14.	(1,034,534)	(71,755)
Sale of intangible assets and property, plant and equipment		743	503
Dividends received	13.	29,695	19,487
Proceeds from investments in subsidiaries	13.	364,612	119,875
Purchase of intangible assets and property, plant and equipment	11.,12.	(18,444)	(15,897)
Acquisition of shares in subsidiaries	13.	(236,358)	(108,115)
Proceeds from repayment of loans*	14.	108,483	70,822
Net cash from investing activities		(739,145)	28,619
Cash flows from financing activities			
Proceeds from issue of debt securities	21.	1,560,639	545,000
Proceeds from issue of shares	19.	-	25,548
Increase in borrowings	21.	1,422,851	1,072,148
Repayment of borrowings	21.	(1,439,452)	(851,384)
Payments under finance lease contracts (principal)	21.	(18,931)	(12,666)
Dividends paid	20.	(289,782)	(248,661)
Redemption of debt securities	21.	(65,000)	(467,926)
Interest paid and received on hedging instruments		69,801	25,334
Interest paid**		(238,370)	(139,613)
Net cash from financing activities		1,001,756	(52,220)

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Total net cash flows	205,635	(31,690)
Cash and cash equivalents at beginning of period	22,008	53,698
Cash and cash equivalents at end of period	<u>227,643</u>	<u>22,008</u>
- including restricted cash***	-	5,691
- effect of exchange rate fluctuations on cash held	(2,261)	(527)

** Proceeds from the issue of Series AN2 bonds, of PLN 5,691 thousand, deposited in a technical account held with the broker, credited in the Company's bank account after the reporting date, on 10 January 2023.*

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

* Notes and other detailed information are included in the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023.

According to the auditor's report on the full-year separate financial statements of KRUK S.A. for the financial year ended 31 December 2023, the financial statements were prepared on the basis of properly maintained accounting records, comply with the form and content requirements set out in the laws applicable to the Company, and give a true and fair view of the Company's assets and financial position as at 31 December 2023, as well as its financial result for the financial year 1 January – 31 December 2023, in accordance with the principles set forth in the Polish Accounting Act, International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission.

In view of the above, the Supervisory Board gives a positive assessment of the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023.

2) Assessment of the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023

The consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023 were prepared in accordance with International Financial Reporting Standards and other applicable laws.

The key financial statement figures for the reporting period 1 January – 31 December 2023:

Consolidated statement of profit or loss

PLN '000	Note	1 Jan–31 Dec 2023	Jan–31 Dec 2022
Interest income on debt portfolios and loans measured at amortised cost	5	1,723,731	1,390,066
Interest income on loans measured at fair value	5	4,529	10,129
Revenue from sale of debts and loans	5	7,305	13,662
Other income/(expenses) from purchased debt portfolios	5	(19,666)	(16,530)
Revenue from other services	5	59,221	74,372
Other income	5	21,614	6,556
Change in investments measured at fair value	5	1	3,400
Gain/(loss) on expected credit losses	5	795,845	664,135
Operating income including gain/(loss) on expected credit losses, fair value measurement, and other income/expenses from purchased debt portfolios		2,592,580	2,145,790
Employee benefits expense	9	(529,291)	(475,486)
Depreciation and amortisation	14.15	(58,297)	(51,188)
Court fees	7	(353,253)	(289,716)
Services	6	(245,290)	(205,059)
Other expenses	8	(79,291)	(81,500)
		(1,265,422)	(1,102,949)
Operating profit		1,327,158	1,042,841
Finance income	10	10,231	7,319
Finance costs	10	(299,915)	(186,450)
<i>including interest expense on lease liabilities</i>		(3,293)	(2,878)
Net finance costs		(289,684)	(179,131)
Profit before tax		1,037,474	863,710
Income tax	12	(53,273)	(58,692)
Net profit for period		984,201	805,018
Net profit attributable to:			
Owners of the Parent		983,934	804,982
Non-controlling interests		267	36
Net profit for period		984,201	805,018
Earnings per share			
Basic (PLN)	24	50.93	42.07
Diluted (PLN)	24	48.37	40.71

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

Consolidated statement of financial position

PLN '000

	Note	31 Dec 2023	31 Dec 2022
Assets			
Cash and cash equivalents	21	388,461	202,160
Hedging instruments	26	98,428	46,091
Trade receivables	20	24,440	13,033
Other receivables	20	58,970	41,156
Income tax receivable		22,398	-
Inventories	18	15,038	16,369
Investments	17	9,091,893	7,137,530
Deferred tax asset	19	45,958	44,921
Property, plant and equipment	14	91,777	71,422
Goodwill	16	8,084	17,026
Other intangible assets	15	67,206	70,833
Other assets	22	15,852	20,541
Total assets		9,928,505	7,681,082
Equity and liabilities			
Liabilities			
Trade and other payables	28	220,448	158,271
Hedging instruments	26	32,614	9,824
Employee benefit obligations	27	76,469	59,639
Income tax payable		11,785	16,406
Borrowings, debt securities and leases	25	5,531,167	3,945,794
Provisions	29	62,905	36,431
Deferred tax liability	19	202,307	201,420
Total liabilities		6,137,695	4,427,785
Equity			
Share capital	23	19,319	19,319
Share premium		358,506	358,506
Hedge reserve	26	51,043	32,627
Measurement reserve (defined benefit plans)		3,331	4,155
Exchange differences on translating foreign operations		(95,871)	100,448
Other capital reserves		171,847	149,896
Retained earnings		3,283,218	2,589,066
Equity attributable to owners of the Parent		3,791,393	3,254,017
Non-controlling interests		(583)	(720)
Total equity		3,790,810	3,253,297
Total equity and liabilities		9,928,505	7,681,082

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

Consolidated statement of cash flows

PLN '000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flows from operating activities			
Net profit for period		984,201	805,018
<i>Adjustments</i>			
Depreciation of property, plant and equipment	14	35,698	33,978
Amortisation of intangible assets	15	22,599	17,210
Impairment losses on goodwill	16	8,003	7,262
Net finance costs		289,684	179,131
(Gain)/loss on sale of property, plant and equipment		(1,184)	(1,617)
(Gain)/loss on sale of subsidiaries	5	(15,103)	-
Equity-settled share-based payments	33	21,951	27,694
Interest income	5	(1,728,260)	(1,400,195)
Income tax	12	53,273	58,692
Change in loans	17	(48,685)	(53,107)
Change in debt portfolios purchased	17	(2,126,786)	(1,608,363)
Change in inventories	18	1,331	3,926
Change in trade and other receivables	20	(29,221)	3,763
Change in other assets	22	4,689	(3,990)
Change in trade and other payables	28	62,177	(4,715)
Change in employee benefit obligations	27	16,830	10,978
Change in provisions	29	(2,080)	(6,629)
Minority interest share of profit		(267)	(36)
Interest received		1,728,260	1,400,195
Income tax paid		(62,361)	(36,967)
Net cash from operating activities		(785,251)	(567,772)
Cash flows from investing activities			
Interest received	10	1,489	711
Sale of intangible assets and property, plant and equipment		1,029	1,274
Proceeds from sale of subsidiaries	16	16,777	-
Purchase of intangible assets and property, plant and equipment	14.1	(42,623)	(34,256)
	5		
Net cash from investing activities		(23,328)	(32,271)
Cash flows from financing activities			
Proceeds from issue of shares	23	-	25,548
Proceeds from issue of debt securities	25	1,560,639	545,000
Increase in borrowings	25	2,578,622	2,381,102
Repayment of borrowings	25	(2,455,207)	(1,378,216)
Payments under finance lease contracts	25	(37,729)	(33,795)
Payment of dividends	24	(289,934)	(248,828)
Redemption of debt securities	25	(65,000)	(467,926)
Interest received and paid on hedging instruments		74,564	26,326
Interest paid		(371,075)	(246,172)
Net cash from financing activities		994,880	603,039
Total net cash flows		186,301	2,996
Cash and cash equivalents at beginning of period		202,160	199,164
Cash and cash equivalents at end of period	21	388,461	202,160
<i>of which:</i>			
- effect of exchange rate fluctuations on cash held		(4,532)	130
- restricted cash*		-	5,691

*Proceeds from the issue of Series AN2 bonds deposited in a technical account held with the broker, credited in the Group's bank account after the reporting date, on 10 January 2023.

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

* Notes and other detailed information are included in the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023.

According to the auditor's report on the full-year consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023, the financial statements were prepared on the basis of properly maintained accounting records, comply with the form and content requirements set out in the laws applicable to the Company, and give a true and fair view of the KRUK Group's assets and financial position as at 31 December 2023, as well as its financial result for the financial year 1 January – 31 December 2023.

The financial statements comply with the accounting principles set forth in the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission and – to the extent not provided for in those Standards – with the requirements of the Polish Accounting Act and secondary legislation issued thereunder.

The Supervisory Board gives a positive assessment of the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023.

3) Assessment of the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023

Having read the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023, the Supervisory Board concludes that the Report contains all the elements required by the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018, and meets all the requirements specified in Art. 49 of the Polish Accounting Act.

The Supervisory Board concludes that the Report presents fairly and clearly all the information relevant for the assessment of profitability and financial performance in the financial year as well as presenting a true and fair view of the economic events that occurred at the KRUK Group and KRUK S.A. in 2023 and had an effect on its operations, provides material information on the Group's and the Company's assets and financial position, and presents its development plans for the coming years.

In view of the foregoing, the Supervisory Board gives a positive assessment of the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023.

4) Assessment of the Management Board's proposal on distribution of profit or coverage of loss for 2023

The Management Board proposes that the General Meeting resolve to allocate the net profit for 2023 in the amount of PLN 983,933,614.88 (nine hundred and eighty-three million, nine hundred and thirty-three thousand, six hundred and fourteen zloty, 88/100) as follows:

- a) to distribute a dividend of PLN 18.00 per share to the Company's shareholders;
- b) to transfer the balance of the Company's net profit for 2023 to statutory reserve funds.

The dividend recommendation is consistent with the Dividend Policy adopted by the Management Board on 2 December 2021.

The Supervisory Board gives a positive opinion on the Management Board's proposal to the General Meeting regarding allocation of the Company's net profit for 2023.

II. REPORT ON ASSESSMENT OF:

- 1) the Company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the Supervisory Board to perform such assessment;
- 2) the Company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the Supervisory Board to perform such assessment;
- 3) the validity of expenses incurred by the Company and the Group to sponsor cultural projects, sports, charitable organisations, the media, social organisations, trade unions, etc.;
- 4) the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board;
- 5) the performance by the Management Board of its obligations under Art. 380¹ of the Commercial Companies Code;
- 6) the manner in which the Management Board prepares and/or submits to the Supervisory Board information, documents, reports, and/or clarifications requested pursuant to Art. 382.4 of the Commercial Companies Code.

1) Assessment of the Company's standing in 2023 on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the Supervisory Board to perform such assessment

The Supervisory Board gives a positive assessment of the activities of Company's Management Board in 2023, as well as of the results and current financial condition of the Company and the KRUK Group. In 2023, KRUK generated total revenue of PLN 260m, an increase of 28% relative to 2022. Revenue from purchased debt portfolios decreased by 12% to PLN 32m, revenue from credit management services increased by 31% to PLN 148m, and revenue from other services increased by 53% to PLN 78m.

KRUK S.A. is the parent of the KRUK Group and both its financial and operating performance should be evaluated in the context of the results achieved by the entire KRUK Group. In the past financial year, recoveries from debt portfolios purchased by the KRUK Group came in at PLN 3,062m (an increase of 17% year on year), its investment in debt portfolios amounted to PLN 2,972m (an increase of 29% year on year), revenue totalled PLN 2,593m (an increase of 21% year on year), and the KRUK Group's net profit reached PLN 984m (an increase of 22% year on year). These were the highest results ever recorded by the KRUK Group. The KRUK Group's EBITDA for 2023 came in at PLN 1,385m, having increased by PLN 291m, or 27%, year on year. At the same time, its cash EBITDA for 2023 reached PLN 2,104m, an increase of 16% year on year. The increase was mainly attributable to higher recoveries from purchased debt portfolios (up by 17% on the year before).

The Supervisory Board gives a positive assessment of the activities of Company's Management Board in 2023, as well as of the results and current financial condition of the Company and the KRUK Group. In the opinion of the Supervisory Board, the Company's risk management, internal control, compliance and internal audit systems are effective and fit the profile and scale of the Company's operations.

The internal control system is designed to ensure the fulfilment of adopted objectives regarding operational efficiency and effectiveness, and compliance with applicable laws, regulations and internal policies.

The risk management system in place ensures identification, analysis, assessment and monitoring of non-financial risks, supports decision-making processes and increases security of operations. Responsibility for defining risk management procedures, ensuring their implementation and overseeing their application lies with the Management Board.

For the risk management system and the internal control system to function effectively, responsibilities and tasks have been identified and assigned to three independent lines of defence within these systems:

1. 1st line of defence – all operational units as Risk Owner;
2. 2nd line of defence: Compliance Area, Legal and Data Protection Area, Cybersecurity Area;
3. 3rd line of defence – Internal Audit Area.

2023 saw continued efforts to enhance the systems and functions in place at the KRUK Group's Polish and foreign companies. 2023 was also a year of further development of the risk management, internal control and compliance systems as well as the internal audit function at the KRUK Group companies, in particular:

a) with respect to the risk management system:

- detailed information on existing controls was gathered as part of risk identification and assessment within key processes to evaluate their adequacy in addressing the identified risks;
- the Company's Management Board and Chief Executive Officer were kept informed of any materialised risks based on relevant thresholds adopted under the risk management system;
- the remedial action plans developed in response to materialised risks were overseen and any delays in their implementation were reported to the Chief Executive Officer;
- a project was initiated to implement a process support tool within the risk management system;
- detailed documentation on legal and personal data protection risk management was published at the foreign companies, outlining the process responsibilities, basis and framework;
- the documentation of enhanced GDPR compliance controls was reviewed and updated;
- the documentation of the outsourcing risk management process was reviewed and updated;
- rules were established for the management of IT security incidents at international level;

b) with respect to the internal control system:

- the methodology for primary control procedures was tested by running them in relation to operational risks in Poland;
- the methodology and process for secondary control procedures were developed;
- a project was initiated to implement a process support tool within the internal control system;

c) with respect to the compliance system:

- objectives were set for the compliance function and system, operationalised through practical measures defined in the Compliance Work Plan for the year;
- efforts were continued to identify compliance risks within business processes and draw up compliance risk maps;
- follow-up recommendations issued after compliance function audits held at the Group's debt collection companies, involving the preparation of control plans for the next year taking into account the existing and planned controls within business processes, were implemented;

- Group-wide standards were developed promoting best practice with respect to the frequency of client interactions;
- the policies for compliance risk assessment (in day-to-day review and evaluation processes) were modified;
- employee awareness of the compliance culture was continuously enhanced, including through regular newsletters and communications, with work commenced to prepare or update mandatory compliance training;
- internal regulations on managing conflicts of interest, accepting and presenting gifts, and anti-corruption measures were updated;
- the whistleblowing policy was updated and the related rules for misconduct reporting and handling were revised.

The compliance system at the Group's debt collection companies was being refined, taking into account each company's maturity level and the findings of a review assessing the degree to which it has implemented the Group's strategy and must-have requirements;

d) with respect to the internal audit function:

- internal audits were carried out according to the plan for 2023 as updated during the year;
- implementation of audit follow-up recommendations was being tracked, with tracking of external recommendations also initiated;
- a review and self-assessment of the internal audit function were carried out and, based on the results, a programme for raising audit standards was drawn up;
- the internal audit methodology was standardised in the adaptive GRC system and further system functionalities were established;
- a risk matrix was updated and an internal audit plan for 2024 was formulated based on the risk assessment;
- the progress made on development of the Group's internal audit function was reported and the IAA development strategy was updated;
- a proper workflow was implemented to ensure regular reporting and sharing of information on audit findings at the management level of the KRUK Group.

In the opinion of the Supervisory Board, the Company properly identifies and monitors risks that may affect its business with a view to eliminating threats to the Company's operations and financial condition or mitigating their impact and preventing future materialisation of the risks. The current concept of the risk management system is adequate to the Company's needs in this area, and its assessment by the Supervisory Board is positive.

In the opinion of the Supervisory Board, the Company's compliance system functions properly. A Compliance Area at the Group level and Compliance Department at KRUK S.A. were set up as independent organisational units responsible for coordinating compliance risk management. The adopted procedures and arrangements ensure compliance of the Group companies' operations with applicable internal and external regulations and enable proper management of any compliance risks identified within various processes run by each company.

The Supervisory Board gives a positive assessment of the Company's internal audit function. In its opinion, the Company's risk management and internal control system is effective. In 2023, the audit covered the management processes and systems in place at KRUK S.A. and the Group's key companies. As required by the adopted standards, an annual assessment of the performance of the risk management, compliance and internal control systems and of the internal audit function in accordance with the Best Practice for WSE Listed Companies was prepared together with the Management Board.

2) Assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the Supervisory Board to perform such assessment

The Supervisory Board of KRUK S.A. gives a positive assessment of the Company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities.

Best Practice for WSE Listed Companies

Following adoption by the WSE Supervisory Board, by way of Resolution No. 13/1834/2021 of 29 March 2021, of the Best Practice for WSE Listed Companies 2021 (Best Practice 2021), the Management Board of the Company adopted, by way of Resolution No. 142/2021 of 26 July 2021, a statement of compliance with the Best Practice for WSE Listed Companies 2021 at KRUK S.A. The statement was subsequently updated by Resolution No. 54/2023 of 17 April 2023.

The Supervisory Board of the Company also declared its commitment to the corporate governance principles as set out in the Best Practice for WSE Listed Companies 2021, via Resolution No. 41/2021 of 29 July 2021. As regards the principles applicable to General Meetings, Company shareholders made a corresponding declaration in Resolution No. 7/2022 of the Extraordinary General Meeting of KRUK S.A. held on 16 November 2022.

Details on the Company's compliance with the Best Practice for WSE Listed Companies 2021, including all EBI reports, are available on the Company's corporate website at

<https://pl.kruk.eu/relacje-inwestorskie/o-spolce#dobre-praktyki-spek-notowanych-na-gpw>

The Company also complies with corporate governance requirements arising under:

- Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "MAR");
- Regulation the Polish Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 ("Regulation on Current and Periodic Information");
- the Warsaw Stock Exchange Rules.

In order to be able to give its assessment, the Supervisory Board:

- reviewed all of the Company's periodic and current reports as they were released, concluding based on their analysis that the Company complied with all of the laws and regulations listed above;
- verified the declarations of compliance with the Best Practice for WSE Listed Companies 2021 as adopted by the Management Board and Supervisory Board, giving a positive assessment of the Management Board's clarifications on compliance with corporate governance principles, having found those clarifications to be exhaustive, relevant and valid. In addition, it reviewed the

declaration of compliance with the corporate governance principles set out in the Best Practice for WSE Listed Companies 2021 made by the Company's General Meeting. In the Supervisory Board's opinion, the Company has fully satisfied its disclosure obligations in this area. The statement of compliance with the Best Practice for WSE Listed Companies 2021 is up to date, and clarifications on the principles that are not followed should be considered complete;

- verified the report on the Company's compliance with the Best Practice for WSE Listed Companies 2021, as published in the 'Best Practice for WSE Listed Companies' section of KRUK S.A.'s website (<https://pl.kruk.eu/relacje-inwestorskie/o-spolce#dobre-praktyki-spek-notowanych-na-gpw>).

The following documents and factors were also taken into account during the analysis of the Company's compliance with corporate governance principles in 2023:

- a) the Rules of Cooperation in the Fulfilment of Disclosure Requirements within the KRUK Group;
- b) full-year reports for 2023, published in 2024, containing the statement of compliance with the corporate governance standards set out in the Best Practice for WSE Listed Companies 2021, forming part of the Directors' Reports;
- c) interim reports published in 2023;
- d) EBI Current Reports No. 1/2021 of 29 July 2021 and No. 2/2023 of 17 April 2023: Information on compliance with Best Practice for WSE Listed Companies 2021 by KRUK Spółka Akcyjna;
- e) Current Reports No. 1 to No. 96 for the period 1 January – 31 December 2023;
- f) actual application by KRUK S.A. of the Best Practice rules and principles.

3) Assessment of the validity of expenses incurred by the Company and the Group to sponsor cultural projects, sports, charitable organisations, the media, social organisations, trade unions, etc.

In the opinion of the Supervisory Board, the Company pursues a reasonable sponsorship policy in line with the principles set forth in the Charitable Sponsorship Policy at the KRUK Group, as adopted and implemented by the Company. As specified in the document, the KRUK Group conducts charitable and sponsorship activities by providing in-kind and financial support to non-profit organisations, but also to the Group's clients and employees in need.

In 2023, KRUK S.A. budgeted more than PLN 1,761 thousand for charitable and sponsorship activities (the budget includes a donation made by Wonga.pl). As declared in the non-financial statement forming part of the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023, 63% of that amount, i.e. approximately PLN 1,105 thousand, was allocated to charitable and sponsorship activities, including aid efforts related to the situation in Ukraine, while 37% of the expenditure, i.e. approximately PLN 656 thousand, was directed to financial literacy initiatives, including initiatives undertaken as part of the strategic partnership to develop the kapitalni.org website.

In view of the sponsored activities, the Supervisory Board gives a positive assessment of the validity of those expenses.

In 2023, the charitable and sponsorship activities of the KRUK Group continued to focus on aid for Ukraine. Throughout the year, KRUK S.A. continued to support Ukraine by donating PLN 108 thousand for selected projects. Poland-based aid organisations engaged in aid efforts for Ukraine which received KRUK S.A.'s financial support: the Loris Malaguzzi Villages Foundation, aimed at funding Polish language lessons to facilitate the integration of Ukrainians settling in Poland, the Pocięcha Foundation,

engaged in organising summer camps for refugee children from Ukraine, and the Towarzystwo Poligrodzianie society, focused on preserving Ukrainian art and culture.

In 2023, a project was executed with the Zi de Bine Association, with which KRUK Romania had signed an agreement in the previous year. The initiative aimed to support a dedicated multimedia platform for the Ukrainian community in Romania: www.warstreetjournal.eu.

KRUK S.A. intends to spend the remaining budget allocated to relief projects for Ukraine in 2024, given the persisting geopolitical tensions and armed conflict in the region.

Seeking to support local communities in the Group's operating regions, KRUK S.A. donated EUR 30 thousand to the Cesena municipality in Italy, home to one of KRUK Italia's offices, for the restoration of two culturally and socially significant locations: the San Carlo School and the Ex Pescheria Art Gallery, destroyed by a flood that in May 2023 caused considerable damage throughout the region.

In Poland, KRUK S.A. was involved in supporting the Prophet Elijah Hospice Foundation in Michałowo, whose objects include the establishment of a residential hospice. The project addresses a key social need to ensure access to palliative care for terminally ill patients from Poland's region of Podlasie. For this reason, the Management Board of KRUK S.A. decided to continue this engagement commenced in 2021, by donating an additional PLN 100 thousand to the Foundation in 2023.

In addition, KRUK S.A. is a strategic sponsor of the 2023 Business Run charity event, held in Wrocław. Proceeds raised through this annual initiative are used to finance medical treatment and rehabilitation for beneficiaries of the Everest Foundation, primarily focusing on sick and disabled children. Besides assisting children under the care of the Everest Foundation, KRUK engages its employees through various sports activities, demonstrating the Company's dedication to promoting team building and healthy lifestyles.

KRUK is committed to implementing these principles throughout the Group, extending similar initiatives to other countries. On the Italian market, in 2023, KRUK sponsored the annual Run for Children event in La Spezia, aimed at raising funds for the paediatric ward of the municipal hospital, encouraging voluntary participation from its employees and their families.

On the Romanian market, KRUK Romania sponsored activities of the Red Cross in 2023, with the aim of aiding individuals suffering from severe diseases, particularly those lacking financial means to cover the costs of medical treatment and care.

KRUK Romania also participated in the Christmas Tree Festival organised by Salvati Copiii (Save the Children), a non-governmental organisation focused on reintegrating children from disadvantaged and financially vulnerable backgrounds into the educational system and maintaining programmes to reduce dropout rates.

In an effort to promote financial education, KRUK Romania undertook several initiatives in 2023 to enhance financial literacy. One of them was to support the deployment of the Credite inteligente™ (Smart Loans) educational module for public schools. As part of the programme (comprising modern content delivered through engaging video materials, articles, and workbooks, as well as workshops led by volunteer KRUK Mentors), young people and their educators learn about prudent financial management. In addition, KRUK Romania lends its support to the R€sponsABIL financial education programme, now in its fifth edition. This initiative aims to empower young people aged 16-24 from backgrounds at risk of social exclusion, by fostering their financial independence and responsibility while improving their chances for employment. Finally, since 2021, KRUK Romania has been a proud supporter of another essential aspect of financial education: teachers. This is achieved through the MERITO community, which assembles esteemed Romanian teachers to promote excellence through change, innovation, and transformation of the educational landscape.

In addition to charitable and sponsorship spending aimed at enhancing financial literacy within local communities, in 2023 the KRUK Group allocated more than EUR 96 thousand for 'Day without Debt', its flagship financial education project, run in Poland, Romania, the Czech Republic and Slovakia. The campaign aims to draw the public's attention to the problem of indebtedness, raising awareness of voluntary debt repayment benefits, and conducting extensive education on finance management via the Company's own channels and in partnership with the media. Plans for 2024 are to extend the programme to cover further markets of the KRUK Group.

In 2023, KRUK S.A. took a stride forward in its commitment to addressing societal challenges in Poland, by donating a total of PLN 70 thousand to the Literary Heights Festival and its organiser, the Olga Tokarczuk Foundation, named after the 2018 laureate of the Nobel Prize in Literature. The Foundation engages in educational initiatives, but also fosters human rights, including women's rights, environmental protection, efforts to tackle discrimination and promote civic development.

In Italy, KRUK Group companies engaged in supporting a charitable association for individuals with disabilities, mainly the Down syndrome, through participation in the 'DADI Hearts' programme, aimed to assist disabled individuals in developing social skills and achieving autonomy in both personal and professional life. This cooperation, spanning three years, encompasses projects aimed at ensuring equal opportunities for young people with the Down syndrome to find jobs and learn independent living skills.

In 2023, the KRUK Group did not provide any financial or in-kind support to political causes or organisations.

The Supervisory Board gives a positive assessment of the Group's charitable and sponsorship activities, which are intended to help those in need and to promote healthy financial and environmental attitudes in the context of excessive consumerism. Such activities are always carried out in accordance with applicable environmental laws, regulations and standards.

In the Supervisory Board's opinion, those activities are aligned with the core values embraced by the Company and fully reflect the KRUK Group's commitment to helping those in need and to financial education of local communities. Such efforts are also intended to foster the Company's image as a socially and environmentally responsible organisation and a competitive employer.

4) Assessment of the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board

Since 2015, the Company and the Group have had in place a Diversity Policy document, adopted by a resolution of the Management Board on 8 December 2015 and updated on 25 August 2023. The Diversity Policy applies to all employees and associates of the KRUK Group, regardless of the basis of their employment or cooperation, obliging them to comply with its principles and values.

The adopted Diversity Policy aims to foster the creation and operation of a diverse, multicultural workplace by ensuring equal access to employment opportunities and equal prospects for promotion and professional growth for every employee, irrespective of gender, age, disability, health, race, nationality, religion, beliefs, sexual orientation, family status, lifestyle, or any other criterion that could cause an individual to be treated less favourably than others. To effectively manage the Group's Diversity Policy, the following principles were established, which the Kruk Group companies have committed to observe:

1. Diversity and inclusivity analysis: The Group monitors various diversity indicators, including:

- gender balance within the organisation;
- gender representation in promotion opportunities;

- gender pay parity;
- utilisation of parental leave (maternity, paternity, parenting, childcare leave) by gender;
- return rates after maternity, parental, and childcare leave;
- percentage of employees with disabilities;
- age diversity.

2. Integration of diversity: Employees are afforded the opportunity to develop and pursue long-term career paths within an inclusive work environment if they

- attain defined objectives;
- demonstrate an appropriate level of competence;
- embody an attitude aligned with the KRUK Group's values and consistent with its mission and vision;
- contributing to a safe, non-violent and discrimination-free workplace.

3. Internal and external impacts: The KRUK Group shares its vision to influence society and, in line with international benchmarks and market trends, contribute to creating an inclusive business environment. To achieve this, the KRUK Group companies undertake the following initiatives:

- educating the public to enhance financial literacy;
- providing education at all levels of the organisation through webinars, workshops, and articles disseminated through the corporate channel, taking into account the needs of managers and specialists, thus systematically enhancing knowledge and monitoring the indicators outlined in the ESG and diversity strategies.

The KRUK Group is also a signatory of the European Diversity Charter and implements its principles regarding diversity management and equal treatment within the organisation. Under the Policy, each employee is obliged to respect other employees' right to privacy, must not interfere with their personal affairs, and must accept any existing differences. The provisions of the Charter apply across the KRUK Group and are taken into account in various processes, including recruitment.

The Responsible Business Forum, which coordinates the Diversity Charter in Poland, has affirmed through relevant certification KRUK S.A.'s position among the leading Polish employers in terms of diversity and inclusion management practices.

It is also worth noting that, in line with the principles of gender equality and equal employment opportunities, in 2023 women were at the helm of the Company's subsidiaries in five out of its seven European geographies, representing in aggregate 57% of the management staff. At the head office level, out of 23 Heads of Department 12 are women (52% of the total).

As at the date of this Report, the Company did not have in place a diversity policy that would be directly applicable to Members of its Management or Supervisory Board. However, work to establish such a policy is under way.

In 2023, out of the 12 Members of the Company's Management Board and Supervisory Board, five were women, representing 42% of their total composition.

The President of the Management Board is appointed and removed by the Supervisory Board. The Supervisory Board appoints other Members of the Management Board at the President of the Management Board's request. The Management Board is composed exclusively of persons having adequate experience, professional background, expertise and skills to further the interests of the Company and its shareholders. In the Supervisory Board's opinion, Members of the Management Board are appointed with due regard to the principle of diversity, understood primarily as diverse professional experience, educational backgrounds and expertise. In the Supervisory Board's opinion,

each Member of the Management Board is knowledgeable about the Company's business and has different individual competences in such fields as finance, financial reporting, ESG and risk management.

In 2023, the Company's Management Board comprised five Members, including one woman and four men. Thus, women represented 20% of its total membership, and men – 80%.

The Members of the Management Board have diverse educational backgrounds, translating into a high level of competence and expertise in various disciplines, including law, economics, management and engineering.

Piotr Krupa, President of the Management Board, Chief Executive Officer, is a graduate of the Faculty of Law and Administration of the University of Wrocław. He successfully completed training for prospective judges and is a qualified legal counsel.

Piotr Kowalewski, Member of the Management Board, Chief Operating Officer, holds a degree in managerial econometrics from the Wrocław University of Economics and Business and a degree in computers science and management for the Wrocław University of Technology. He also completed a post-graduate programme in Business Psychology at the WSB University.

Urszula Okarma, Member of the Management Board, Chief Investment Officer, graduated in finance and banking from the Wrocław University of Economics and Business and has completed numerous training programmes in management.

Michał Zasepa, Member of the Management Board, Chief Financial Officer, graduated from the Warsaw School of Economics, majoring in management and marketing. As an awardee of the Batory Foundation Scholarship, he also studied at the University of Wisconsin and the Stockholm School of Economics.

Adam Łodygowski, Member of the Management Board, Chief Data & Technology Officer, graduated from the Poznań University of Technology and from the University of Hanover (Germany) in the field of computational methods in construction, with a Master's degree in Engineering. He was also awarded a doctoral degree in engineering from the Louisiana State University for his work on the application of computational and numerical methods in civil engineering, as well as a Master's degree in financial mathematics.

In the Supervisory Board's opinion, through their education, including various courses and training programmes, and career paths, Members of the Management Board have acquired specialist expertise in corporate management, finance, investor relations, analysis, business strategy management, HR management, risk management, new technologies and digitalisation.

As at 31 December 2023, 60% of the Management Board Members had more than 20 years of professional experience, and the remaining 40% had between 15 and 20 years of professional experience. At the same time, 40% of them had worked for more than 20 years in the industry in which the Company operates, with the others' track records in that industry going back 15-20 years (40%) or 10-15 years (20%).

Also, 40% of the Management Board Members' length of service at KRUK S.A. was in excess of 20 years, with 40% having been with the Company between 15 and 20 years, and 20% – below five years.

All Members of the Management Board are Polish nationals.

As at the last day of the financial year 2023, 80% of the Management Board Members were aged between 40 and 50, while the remaining 20% were more than 50 years old.

Members of the Supervisory Board are appointed by the Company's General Meeting from among candidates having adequate experience, professional background, expertise and skills to further the interests of the Company and its shareholders.

The Supervisory Board comprises seven Members, including four women and three men. Thus, women represent 57% of its total membership, and men – 43%.

In the Supervisory Board's opinion, the composition of the Supervisory Board reflects the Company's commitment to ensuring the greatest possible diversity of its Members in terms of professional experience, skills and expertise. The Supervisory Board believes that its Members educational backgrounds, including numerous undergraduate and postgraduate degree programmes and other training, certificate and diploma courses completed at Polish and foreign universities, and in particular their professional experience, complement the knowledge and experience of the Management Board Members.

Piotr Stępniak graduated from Guelph University, Canada as BA (majoring in Economics and in Management); ESC Rouen, France; Purdue University, U.S., as EMBA, and Purdue University, U.S., as MSM. Mr Stępnia has extensive professional experience. In 2001–2004, he was Vice President of the Management Board, Retail Banking, at LUKAS Bank. In 2005–2008, he was President of the Management Board of Getin Holding S.A. Currently, he serves on the Board of Directors of BFF Banking Group and as Chair of the Supervisory Board of BFF Polska S.A. In addition, he chairs the Supervisory Board and is a member of the Audit Committee of VRG S.A. as well as sitting on the Supervisory Board and Audit Committee of Grupa Kęty S.A. Since 2008, he has been Member of the Supervisory Board of KRUK S.A., and since 2013 he has served as Chair of the Company's Supervisory Board. Piotr Stępnia is also a member of the Company's Audit Committee.

Krzysztof Kawalec graduated from the Faculty of Organisation and Management at the Łódź University of Technology (having earned a Master of Science/Engineer degree in Business Administration); he completed a post-graduate Enterprise Value Management programme at the Warsaw School of Economics, and a post-graduate course in Management Accounting and Controlling at the same school; he also completed an MBA programme at PAM Center of the University of Łódź, University of Maryland. In 1998–2001, he worked as Manager at IFFP Sp. z o.o. (International Fast Food Polska Sp. z o.o.) of Warsaw. In 2001–2002, he headed the Contracts Department at Magellan S.A. In 2002–2003, he was a Member of the Company's Management Board and the CFO. In 2003, he was appointed Vice President of the Company's Management Board and Chief Operating Officer, and he served as President of the Management Board of Magellan S.A. from 1 July 2008. Since 2018, he has been President of the Management Board of BFF Polska S.A., member of the BFF Banking Group listed on Borsa Italiana. Currently, he also serves as Head of the BFF Bank SpA Branch in Poland. He is a member of the Supervisory Boards of BFF Slovakia s.r.o. and BFF MedFinance s.r.o. operating in Slovakia and the Czech Republic. Since 2009, he has been involved in KRUK S.A. and the KRUK Group as a member of the Supervisory Board of KRUK S.A. and a member of the Supervisory Board of KRUK TFI S.A. Since 2022, Krzysztof Kawalec has also served as Deputy Chair of the Supervisory Board of KRUK S.A.

Katarzyna Beuch graduated from the Wrocław University of Economics and Business with a degree in Management and Computer Science and completed a post-graduate programme in financial risk, assets, equity, and liabilities management. She has held ACCA qualifications since 2000 (FCCA since 2005). She began her professional career at Bank Zachodni at the Assets, Equity, and Liabilities Management Department. Ms Beuch has ten years' experience in auditing financial statements of public companies, including banks and insurers (Ernst & Young Audyt; 1996-2006). In 2006–2012, she led the consolidated reporting and finance functions, including as CFO, at Getin Holding S.A., where

she gained extensive experience in integration and transformation processes as well as acquisitions, mergers, and demergers in the period of the company's intensive growth. In 2014–2016, she headed the Accounting and Tax Department of Santander Consumer Bank S.A., and in 2016–2018 served as Head of Corporate Control and Economic Analyses at KGHM S.A. Since 2020, she has been the CFO at Benefit Systems S.A. Ms Beuch has authored publications on the application of International Financial Reporting Standards. She has served as independent supervisory board member at a range of companies, including as Chair of the Audit Committee at Kruk S.A. (since 2013), as Chair of the Audit Committee at ATM Grupa S.A. (since 2020), and as member of the Audit Committee of WP Holding S.A. (since 2021).

Izabela Felczak-Poturnicka is a graduate of the Faculty of Economics of the Lazarski University of Commerce and Law in Warsaw. She also completed doctoral studies in Management and Finance and a postgraduate programme in company valuation methods at the Warsaw School of Economics. Since 2005 she has been a member of the Information and Research Centre of the Public Finance and Tax Law of Central and Eastern European Countries at the Faculty of Law of the University of Białystok. Ms Felczak-Poturnicka has authored and co-authored academic papers in economics.

She has more than 17 years' experience in corporate supervision over companies, capital market transactions, and other fields. Currently, she is Managing Director of Corporate Affairs at the PZU Group. Prior to that, she served as Head of the Ownership Supervision Department of the Ministry of State Assets. From January 2017, she served as counsel to the minister responsible for coordinating the work of the Ownership Policy Team at the Ministry of Energy. In 2018–2019, Ms Felczak-Poturnicka was Deputy Director at the Prime Minister Chancellery. From 2005 to 2016, she worked at the Ministry of State Treasury. She has 15 years' experience working on corporate supervisory boards. She chairs the Supervisory Board of Polski Holding Nieruchomości S.A. and sits on the Supervisory Board of PZU Zdrowie S.A. She has served on the Supervisory Boards of PKN ORLEN S.A., Enea S.A. (as Chair of the Supervisory Board), Jastrzębska Spółka Węglowa S.A., ZEW Niedzica S.A., MERAZET S.A., Z.Ch. ZACHEM S.A., and MERITUM BANK ICB S.A. Ms Felczak-Poturnicka was appointed to the Supervisory Board of KRUK S.A. in 2022.

Ewa Radkowska-Świętoń holds a degree in Finance and Banking from the Warsaw School of Economics. She is certified as CFA (Chartered Financial Analyst) and FRM (Financial Risk Manager). In the past, she was President of the Management Board of Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. and Vice President and then President of the Management Board of Skarbiec Holding S.A. (a company listed on the WSE). In 2008–2017, she served as Member of the Management Board and then Vice President of Nationale Nederlanden Powszechnie Towarzystwo Emerytalne S.A., where she was responsible for investments and corporate governance of the largest Polish open-ended pension fund. She also worked as fund manager at Aviva Investors Polska S.A. and ING TFI S.A. (currently NN Investment Partners), and as equity research analyst at Bank Handlowy S.A.'s Equity Transactions Centre. She is an independent member of the Supervisory Board and the Audit Committee at Ipopema Securities S.A., member of the Capital Market Benchmarks Supervisory Committee at GPW Benchmark S.A. and member of the Risk Committee at KDPW_CCP S.A. Ms Radkowska-Świętoń also serves as President of the Association of Independent Supervisory Board Members and an expert at the Institute for Sustainable Development and Environment at Lazarski University. Since 2019, she has been an independent Member of the Supervisory Board and the Audit Committee, and has chaired the Remuneration and Appointments Committee at KRUK S.A.

Beata Stelmach holds a degree from the Faculty of Finance and Statistics of the Higher School of Planning and Statistics in Warsaw (now the Warsaw School of Economics). She has also completed

MBA programmes at Calgary University and INSEAD. She has been a capital and financial markets professional for many years, having worked for the Polish Securities and Exchange Commission from the very beginning of Poland's transition to free-market economy; as a consultant to the World Bank, she has advised on the establishment of capital markets in other countries. Ms Stelmach has served on the management boards of capital market entities, including Intrum Justitia TFI S.A. and MCI Capital TFI S.A. She was President of the Polish Association of Listed Companies, where she currently chairs the Supervisory Board. She has sat on the Supervisory Boards of Bank BPH S.A., HSBC Bank Polska S.A., Bank Millennium S.A., Stalexport Autostrada S.A., and others. Ms Stelmach also has managerial experience in other sectors: in 2001–2005 she was a member of the governing bodies of Prokom Software S.A.; from 2013 to 2018, she was CEO and Director General for Poland and the Baltic States at General Electric. In 2018–2020, she worked as an SVP at Leonardo Helicopters and President of the Management Board of PZL Świdnik S.A. From 2011 to 2013, she was Undersecretary of State at the Ministry of Foreign Affairs, responsible for global economic policy and public and cultural diplomacy. Ms Stelmach has completed a range of specialist training courses, including in financial instruments at New York Institute of Finance, as well as in artificial intelligence at Oxford University. She was awarded with the Knight's Cross of the Order of Polonia Restituta in recognition of her outstanding diplomatic service and achievements in professional work and diplomatic activities for Poland. She is involved in various social outreach initiatives, including economic education of children. She has supported efforts to increase the activity and role of women in economic and social life for many years. Ms Stelmach was appointed as Member of the Supervisory Board of KRUK S.A. in 2022.

Piotr Szczepiórkowski is a graduate of the Faculty of Chemical and Process Engineering at the Warsaw University of Technology. He is an expert in pension systems, asset management, and capital markets. During his professional career, he completed a training programme and successfully passed all the 14 exams to obtain the ACCA qualification and the Executive Management Development courses organised by CEDEP (Fontainebleau), Columbia University, and Wharton School of Business. He holds an investment adviser licence (No. 136) and is a member of the Polish Association of Actuaries and CFA Society Poland (CFA Charterholder). Mr Szczepiórkowski has worked at the Ministry of Finance (Department of Financial Institutions) and Bank Gospodarstwa Krajowego (Treasury Department). For many years, he worked for the Commercial Union Polska Group (now Aviva Polska), first in the Finance Department of Towarzystwo Ubezpieczeń na Życie as an accountant, Deputy Finance Director, Deputy Investment Director, and then at Commercial Union PTE as Chief Investment Officer and Vice President of the Management Board. Since 2001, he has been President of the Management Board of PTE. In 2008–2015, he was Vice President of the Management Board of Aviva Towarzystwo Ubezpieczeń na Życie. At present, Mr Szczepiórkowski sits on the Supervisory Boards of the following WSE listed companies: FM Forte S.A., Decora S.A., ZEW Kogeneracja S.A., Octava S.A., and Ipopema TFI S.A. (where he also chairs the Audit Committee). Mr Szczepiórkowski was appointed to the Supervisory Board of KRUK S.A. in 2019 and now serves as an independent member of its Audit Committee and a member of its Remuneration and Appointments Committee.

It is apparent from the Supervisory Board Members' professional profiles as presented above that 86% of them have more than 20 years of professional experience and approximately 14% have a 15–20 year professional track record. 43% of the Supervisory Board Members have between 0 to 5 years of experience in the industry in which the Company operates. Another 14% of them have declared 15 to 20 years of industry-specific experience, while 43% have more than 20 years of such experience. As regards the length of service at the Company, 57% of the Supervisory Board Members have been with

KRUK S.A. for a period of 0–5 years, 14% for a period of 6–10 years, and 29% for a period of 11–15 years.

All Members of the Supervisory Board are Polish nationals.

The Supervisory Board is of the opinion that its current composition is diverse in terms of its Members' age, with persons between 40 and 50, 50 and 60, and above 60 years of age accounting for 29%, 57% and 14% of the Supervisory Board's membership, respectively.

5) Assessment of the performance by the Management Board of its obligations under Art. 380¹ of the Commercial Companies Code

In order to ensure the Supervisory Board's ability to function properly, effectively exercising its powers and the duty of supervision, the Management Board provided it with ongoing access to accurate and complete information about the Company. Such information allowed the Supervisory Board to objectively and comprehensively assess the Company's standing and to develop a complete and accurate information base facilitating more efficient cooperation between the two corporate bodies. Pursuant to Art. 380¹ of the Commercial Companies Code and Art. 9.11 of the Company's Articles of Association, the Management Board duly provided the necessary information, in particular on:

- 1) resolutions passed by the Management Board and the matters resolved on;
- 2) condition of the Company and other companies of the KRUK Group, including with respect to their assets, and any material circumstances relating to the management of the Company, including, without limitation, its operations, capital projects and human resources;
- 3) progress in the delivery of the Company's and the Group's pre-defined business development objectives, including any deviations from their delivery plans and reasons for such deviations;
- 4) transactions and other events or circumstances which had, or were likely to have, a material effect on the Company's assets, profitability or liquidity;
- 5) changes in matters previously communicated to the Supervisory Board if such changes had, or were likely to have, a material effect on the Company's condition.

The Management Board provided exhaustive information within the scope specified above at each Supervisory Board meeting, as part of materials submitted to Members of the Supervisory Board in connection with a meeting's agenda, upon each request of the Supervisory Board or in the event of circumstances justifying the provision of such information.

In view of the foregoing, the Supervisory Board gives a positive assessment of the performance by the Management Board of its obligations under Art. 380¹ of the Commercial Companies Code.

6) Assessment of the manner in which the Management Board prepares and/or submits to the Supervisory Board information, documents, reports, and/or clarifications requested pursuant to Art. 382.4 of the Commercial Companies Code

In order to ensure the Supervisory Board's ability to properly perform its duties and access pertinent data, the Management Board provided it with effective and adequate access to all information related to the Company's condition. In particular, the Supervisory Board was able to freely scrutinise the Company's documents, review the Company's assets and request any necessary information, documents, reports or clarifications concerning the Company, with a particular emphasis on its operations and assets. At each Supervisory Board meeting and, additionally, upon request from the Supervisory Board and as needed, the Management Board provided exhaustive information on areas of specific interest to the Supervisory Board. This included, in particular, ensuring regular access to

information and data concerning the Company's condition, significant events, planned activities and development objectives. The Management Board effectively collaborated with the Supervisory Board, ensuring a smooth information flow between the two corporate bodies and preventing any asymmetries in the exchange of information. In view of the foregoing, the Supervisory Board gives a positive assessment of the manner in which the Management Board prepares and/or submits to the Supervisory Board information, documents, reports, and/or clarifications requested pursuant to Art. 382.4 of the Commercial Companies Code.

III. SUMMARY OF THE ACTIVITY OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN 2023

COMPOSITION OF THE SUPERVISORY BOARD OF KRUK S.A. In 2023

In the period from 1 January 2023 to 31 December 2023, the Supervisory Board was composed of:

1) Piotr Stępnia	Chairman of the Supervisory Board
2) Krzysztof Kawalec	Deputy Chairman of the Supervisory Board
3) Katarzyna Beuch	Member of the Supervisory Board
4) Izabela Felczak-Poturnicka	Member of the Supervisory Board
5) Ewa Radkowska-Świętoń	Member of the Supervisory Board
6) Beata Stelmach	Member of the Supervisory Board
7) Piotr Szczepiórkowski	Member of the Supervisory Board

The above composition did not change as at the date of this Report.

Biographical notes of Members of the Supervisory Board are presented in Section II.4 *Assessment of the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board* of this Report and are also available in the Investor Relations section of KRUK S.A.'s corporate website.

Members of the Supervisory Board, at least once a year, submit to the Supervisory Board and to the Management Board representations on meeting the independence criteria as defined in the Polish Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017 (Dz.U. of 2017, item 1089, as amended; the "Statutory Auditors Act"), and on the absence of any actual and material links between them and any shareholders holding 5% or more of total voting rights in the Company.

According to the representations completed and submitted by the Members of the Supervisory Board, the following Members met the independence criteria stipulated in the documents listed above:

- Katarzyna Beuch
- Piotr Szczepiórkowski
- Ewa Radkowska-Świętoń
- Beata Stelmach
- Izabela Felczak-Poturnicka

Piotr Stępnia and Krzysztof Kawalec submitted representations to the effect that they did not satisfy the independence criteria, having served on the Supervisory Board of KRUK S.A. for more than 12 years. All of the Supervisory Board Members represented that they do not have any actual or material links with a shareholder holding 5% or more of total voting rights in the Company. Representations submitted by Members of the Supervisory Board are reviewed annually.

In the period from 1 January 2023 to 31 December 2023, the Supervisory Board comprised seven Members, including four women and three men. Thus, women represent 57% of its total membership, and men – 43%.

Detailed information on the composition of the Supervisory Board and its diversity is presented in Section II.4 *Assessment of the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board* of this Report.

ACTIVITIES OF THE SUPERVISORY BOARD OF KRUK S.A. In 2023

In 2023, the Supervisory Board acted in accordance with the remit and procedures provided for in the Polish Commercial Companies Code, the Company's Articles of Association, and the Rules of Procedure for the Supervisory Board. In 2023, the Supervisory Board convened for a total of five meetings in the months of March, April, September, November, and December. All the meetings were held at the Company's registered office, with provisions for attendance using means of remote communication. In addition, the Supervisory Board met on an as-needed basis via conference calls to discuss the regular agenda and address any emerging matters.

Throughout the financial year 2023, all Members of the Supervisory Board were actively engaged in its proceedings, devoting the necessary time to discharge their responsibilities and participating in both the scheduled meetings and extra conference calls. The Supervisory Board kept in regular communication with the Management Board and the statutory auditor.

A breakdown of each Supervisory Board Member's attendance at the 2023 meetings is detailed in the table below.

Table1. Attendance at Supervisory Board meetings in 2023

Piotr Stępnia	Krzysztof Kawalec	Katarzyna Beuch	Izabela Felczak-Poturnicka	Ewa Radkowska-Świętoń	Beata Stelmach	Piotr Szczepiórkowski
5/5	5/5	5/5	5/5	5/5	4/5	4/5

In 2023, the Supervisory Board discussed, among other things, the following matters:

1. economic, financial and operating results of the Company and the Group companies;
2. changes to the financial plan for 2023 and the financial plan for 2024;
3. the Company's operations in the previous and current financial year;
4. adoption of the Report of the Supervisory Board, as referred to in Art. 382.2 3.3 of the Commercial Companies Code;
5. adoption of the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław for 2022;
6. appointment of an auditor to prepare the auditor's assessment of the Remuneration Report;
7. assessment of the financial statements of KRUK S.A. and the KRUK Group, and the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2022;
8. providing opinions on resolutions to be voted on by the Company's General Meeting;
9. review of the remuneration of Members of the Management Board of KRUK S.A. and rules for the provision of business cars to Members of the Management Board;
10. allocation of warrants to Members of the Management Board under the Group's incentive plan;
11. assessment of the report on compliance of transactions with related parties with the arm's length principle;
12. amendment to the Rules of Procedure for the Management Board of KRUK S.A.;
13. legislative changes and their possible impact on the operations of the Company and its subsidiaries;

14. plans for the Group's development through expansion into new markets;
15. approval of risk appetite and a worst case scenario, in accordance with the currency risk management policy at the KRUK Group;
16. review of the AML risk identification and assessment update;
17. digital transformation;
18. IT activities at the Company and the Group;
19. objectives of the Group's ESG 1.0 strategy;
20. other current tasks assigned to the Supervisory Board by the Company's Articles of Association.

In 2023, the Supervisory Board passed 27 resolutions, of which:

- 15 were adopted at meetings of the Supervisory Board,
- 12 were adopted by written ballot.

As part of supervision over the Company's day-to-day operations, the Supervisory Board regularly analysed the financial position and operating results, taking into account the effect of the digitalisation and digital transformation, as well as market information, taking into account the impact of geopolitical developments on operational processes and financial performance.

The Supervisory Board exercises permanent and ongoing supervision over the Company's operations by:

- analysing materials received from the Management Board;
- obtaining information and detailed clarifications from the Management Board Members and other employees during Supervisory Board meetings;
- working closely with the Head of Internal Audit on an ongoing basis;
- receiving information resulting from the Audit Committee's activities;
- activities described in the section of this Report concerning assessment of the Company's compliance with corporate governance rules and principles and disclosure obligations;
- analysing the findings of reviews and audits of financial and accounting documentation and financial statements prepared on its basis by the statutory auditor;
- monitoring the financial audit function and cooperating with the audit firm auditing the financial statements of the Company and the Group.

In accordance with the Rules of Procedure for the Supervisory Board, the Supervisory Board has the following committees:

- the Audit Committee,
- the Remuneration and Appointments Committee, and
- the Finance and Budget Committee.

Table 2. Supervisory Board and its committees as at 31 December 2023

Appendix to Resolution No. 8/2024 of the Supervisory Board of KRUK S.A.

Name and surname	Position on the Supervisory Board	Independence criteria in accordance with the Statutory Auditors Act	Experience in finance and accounting of listed companies	Knowledge and skills in accounting or financial auditing	Knowledge and skills specific to the industry	Audit Committee	Remuneration and Appointments Committee	Finance and Budget Committee
Piotr Stępiak	Chair	does not meet	meets	meets	meets	Member	x	x
Krzysztof Kawalec	Deputy Chair	does not meet	meets	meets	meets	x	Member	Member
Katarzyna Beuch	Member	meets	meets	meets	meets	Chair	x	x
Izabela Felczak-Poturnicka	Member	meets	meets	meets	meets	x	x	X
Ewa Radkowska-Świętoń	Member	meets	meets	meets	meets	Member	Chair	Member
Beata Stelmach	Member	meets	meets	meets	meets	x	x	Chair
Piotr Szczepiórkowski	Member	meets	meets	meets	meets	Member	Member	x

The composition of the Committees and their activities in 2023 are discussed below in this Report.

In performing its duties, the Supervisory Board used information and documents provided by the Management Board. In the opinion of the Supervisory Board, cooperation with the Management Board was efficient and satisfactory. The Supervisory Board meetings were attended by all its Members. In 2023, the attendance of Supervisory Board meetings was in excess of 94%.

All Members of the Supervisory Board have appropriate knowledge and qualifications necessary to perform their duties, taking into account the nature of the Company's and the KRUK Group's business. In accordance with the requirements imposed on companies by the Statutory Auditors Act, as well as by the Best Practice for WSE Listed Companies, all seven Members of the Supervisory Board have knowledge and skills in the field of accounting or auditing of financial statements, and most of them have the expertise and skills specific to the industry in which the Company operates.

The current composition of the Supervisory Board reflects the Company's care to ensure the greatest possible diversity of its Members in terms of professional experience, knowledge, skills and gender. Thanks to the extensive knowledge and skills of its Members, the Supervisory Board is able to ensure objectivity of its views and assessments of the Company's situation.

Therefore, the Supervisory Board recommends that its Members be granted liability discharge for the financial year 2023.

REPORT ON THE WORK OF THE SUPERVISORY BOARD COMMITTEES

Report on the work of the Audit Committee

The Audit Committee consists of at least three members. The majority of the Audit Committee members, including its chairperson, should be independent members within the meaning of the Statutory Auditors Act. The Audit Committee should include at least one member with knowledge and

skills in accounting or auditing. Members of the Audit Committee should have the knowledge of and skills relevant for the industry in which the Company operates.

The primary objective of the Audit Committee is to assist the Supervisory Board in exercising financial supervision over the Company and provide it with authoritative information and opinions enabling the Supervisory Board to make appropriate decisions on financial reporting, internal control and risk management.

The Audit Committee's responsibilities include in particular:

- 1) monitoring of:
 - a) the financial reporting process;
 - b) the effectiveness of internal control and risk management systems as well as internal audit systems in place at the Company, including effectiveness of the financial reporting process,
 - c) the performance of financial audit activities, in particular an audit conducted by the audit firm, taking into account all recommendations and findings of the Audit Oversight Commission resulting from audits carried out at the audit firm;
- 2) controlling and monitoring of the independence of the statutory auditor and the audit firm, in particular when the audit firm provides non-audit services;
- 3) informing the Supervisory Board about the results of the audit and explaining how the audit has contributed to the integrity of financial reporting in a public-interest entity and what was the role of the Audit Committee in the audit process;
- 4) assessing the independence of the qualified auditor and giving consent to the provision by the auditor of permitted non-audit services to the Company;
- 5) developing a policy for selecting an audit firm to conduct the audit;
- 6) developing a policy for providing permitted non-audit services by the audit firm carrying out the audit, entities related to the audit firm or a member of the audit firm's network;
- 7) determining the procedure for selecting an audit firm by the Company;
- 8) presenting to the Supervisory Board the recommendation referred to in Article 16(2) of Regulation No. 537/2014, in accordance with the policies referred to in items 5 and 6 above;
- 9) submitting recommendations aimed at ensuring the integrity of the financial reporting process in the Company.

In the period 1 January–31 December 2023, the Audit Committee was composed of:

- Katarzyna Beuch – Chair of the Committee, independent Member of the Supervisory Board;
- Ewa Radkowska-Świętoń – Member of the Committee, independent Member of the Supervisory Board;
- Piotr Stępniaak – Member of the Committee, non-independent Member of the Supervisory Board;
- Piotr Szczepiórkowski – Member of the Committee, non-independent Member of the Supervisory Board.

As at the issue date of this Report, there were no changes to the composition of the Audit Committee.

Three of the four members of the Audit Committee, i.e. Katarzyna Beuch, who chairs the Audit Committee, and members of the Committee, Ewa Radkowska-Świętoń and Piotr Szczepiórkowski, meet the independence criteria under the Statutory Auditors Act. All members of the Audit Committee

have knowledge and skills in accounting or auditing as well as the knowledge of and skills relevant for the industry in which the Company operates, which they gathered in the course of education and professional career.

Biographical notes of members of the Audit Committee, highlighting their expertise and professional experience, are presented in Section II.4 *Assessment of the degree of implementation of the diversity policy applicable to the Management Board and the Supervisory Board* of this Report and are also available in the Investor Relations section of KRUK S.A.'s corporate website (<https://pl.kruk.eu/relacje-inwestorskie/o-spolce/rada-nadzorcza>).

Beyond executing its statutory duties, in 2023 the Audit Committee specifically focused on:

- analysis of the results of the audit of the 2022 full-year report;
- discussion of a supplementary report for the Audit Committee for 2022;
- analysis of the results of review of the interim financial statements;
- analysis and evaluation of the Company's internal control and internal audit system, including a summary of internal audit findings from 2022;
- reviewing the implementation of internal audit recommendations and setting the 2023 audit plan and evaluating its execution, including the results of individual audit;
- the internal audit plan for 2024;
- planning for and initiating a tender process for an independent assessment of the internal audit function;
- reviewing the Report on the annual assessment of the performance of the risk management, compliance, and internal control systems and of the internal audit function in 2022;
- discussion of the KRUK Group's compliance function, its effectiveness and efficiency;
- managing incidents and whistleblower protection;
- risk management within the Company and the Group;
- discussion of portfolio valuation and the valuation methodology;
- evaluating the results of the cloud computing audit and cybersecurity measures;
- pre-authorisation of non-audit services for 2023 and approval of the non-audit service report for 2022;
- discussion of regulatory and tax audits at the Group and significant litigation;
- analysis and discussion of tax issues, including changes in tax legislation;
- analysis of estimated deferred tax liability;
- EU sustainable activities taxonomy reporting;
- reviewing legislative amendments;
- routine assessment of related-party transactions.

Members of the Committee were performing their duties during Committee meetings, held on site at the Company's registered office. In 2023, the Audit Committee convened four times. Each meeting was attended by all Committee members. Attendance at the Committee meetings was 100%. In addition, the Audit Committee members met via conference calls at additional meetings held to discuss a specific matter in detail.

Report on the work of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee is composed of at least three members, including at least one member with knowledge and experience in the area of remuneration policy; the majority of the Remuneration and Appointments Committee members should be independent members of the Supervisory Board.

In the period 1 January–31 December 2023, the Remuneration and Appointments Committee was composed of:

- Ewa Radkowska-Świętoń – Chair of the Committee, independent Member of the Supervisory Board;
- Krzysztof Kawalec – Member of the Committee, non-independent Member of the Supervisory Board;
- Piotr Szczepiórkowski – Member of the Committee, non-independent Member of the Supervisory Board.

The above composition of the Committee remained unchanged as at the date of this Report.

Two of the three members of the Remuneration and Appointments Committee, i.e. Ewa Radkowska-Świętoń, who chairs the Committee, and member of the Committee Piotr Szczepiórkowski, meet the independence criteria.

The Remuneration and Appointments Committee's responsibilities include in particular:

- 1) planning of the remuneration policy for the Management Board Members;
- 2) alignment of the Management Board Members' remuneration with the Company's long-term interests and financial performance;
- 3) recommendation of candidates to the Management Board to the Supervisory Board;
- 4) periodic assessment of the structure, number of Members, composition and performance of the Management Board, and, where needed, recommendation of changes in this respect to the Supervisory Board, and
- 5) submission of a periodic assessment of the skills, knowledge and experience of the individual Management Board Members to the Supervisory Board.

In 2023, the Remuneration and Appointments Committee was primarily engaged in:

- preparing a Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. for 2022, which involved collaborating with the Company, the Audit Committee, a legal adviser and the auditor assessing the Report. The conclusions of the Report were subsequently presented to the entire Supervisory Board;
- reviewing the remuneration of Management Board Members;
- evaluating amendments to the 'Monetary and Non-monetary Components of KRUK S.A. Management Board Members' Compensation and the Policy for the Provision of Business Cars to KRUK S.A. Management Board Members', as well as considering the conditions for acquiring new business cars for the Management Board Members and reviewing the Management Board's request on this matter;
- advising on the draft resolution of the Supervisory Board concerning the fulfilment of the conditions for allotment of subscription warrants and the allotment of Tranche 2 subscription warrants to Management Board under the Management Stock Option Plan 2021–2024;
- appointment of an auditor to assess the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. for 2023;

- discussing the HR strategy for the KRUK Group, especially focusing on the remuneration of the Management Board and employees. As part of their work, the Committee developed a plan to issue recommendations for reviewing the remuneration of Management Board Members.
- planning for succession at the Company, with particular focus on succession plans for Management Board Members.

Members of the Committee were discussing their business at meetings held using means of remote communication and via conference calls held to discuss a specific matter. All Members of the Committee were involved in the Committee's work, attending meetings and conference calls.

Report on the work of the Finance and Budget Committee

In the period 1 January–31 December 2023, the Finance and Budget Committee was composed of:

- Beata Stelmach – Chair of the Committee, independent Member of the Supervisory Board;
- Krzysztof Kawalec – Member of the Committee, non-independent Member of the Supervisory Board;
- Ewa Radkowska-Świętoń – Member of the Committee, independent Member of the Supervisory Board.

The above composition of the Committee remained unchanged as at the date of this Report.

The Finance and Budget Committee's responsibilities include in particular:

- 1) ongoing analysis of the Company's financial performance and condition;
- 2) drafting budget resolutions, providing opinions and assessing draft resolutions of the Supervisory Board on matters related to the Company's finances;
- 3) supporting oversight over the implementation of the Company's budget;
- 4) matters related to the operation of the Company's cash, credit and tax systems, as well as its financial plans, budgets and property insurance contracts.

In 2023, the Finance and Budget Committee focused primarily on matters related to the Company's and the Group's budgets, as well as financial matters related to the Company's operations. Members of the Finance and Budget Committee, acting within their remit, met with the Management Board on a monthly basis to review and monitor the Company's and the Group's current achievements and financial performance. In addition, they reviewed the business plan and were consulted to provide opinions on proposed changes to the KRUK Group's financial plan for 2023 and draft budget for 2024. The Finance and Budget Committee held meetings using means of remote communication as well as holding consultations in the form of conference calls. All members of the Committee were involved in the Committee's work, attending meetings and conference calls.

IV. INFORMATION ON THE AGGREGATE AMOUNT OF CONSIDERATION PAYABLE BY THE COMPANY FOR ANY AUDITS ORDERED BY THE SUPERVISORY BOARD IN THE FINANCIAL YEAR UNDER ART. 382¹ OF THE COMMERCIAL COMPANIES CODE

In 2023, the Supervisory Board did not exercise its right to have, at the Company's expense, a third-party adviser of its choice examine a specific aspect of the Company's business or assets.

V. ADOPTED RESOLUTIONS AND MOTIONS TO THE GENERAL MEETING

With regard to the above Report, on 27 March 2024 the Supervisory Board passed the following resolutions:

- 1) Resolution No. 2/2024 on making representations to the effect that the audit firm auditing the separate and consolidated full-year financial statements has been appointed in accordance with applicable laws, including those regarding the appointment and the procedure for appointment of an audit firm, that the laws governing appointment, composition and operation of the audit committee are complied with, and that the audit committee performed the audit committee tasks provided for in the applicable regulations;
- 2) Resolution No. 3/2024 on assessment of the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023;
- 3) Resolution No. 4/2024 on assessment of the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023;
- 4) Resolution No. 5/2024 on assessment of the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023;
- 5) Resolution No. 6/2024 on assessment of the Directors' Reports on the operations of the KRUK Group and KRUK S.A. in 2023 and on assessment of the separate and consolidated financial statements for the financial year ended 31 December 2023, in terms of their completeness, accuracy and consistency with the underlying accounting records and supporting documents;
- 6) Resolution No. 7/2024 on assessment of the Management Board's proposal concerning allocation of KRUK S.A.'s net profit for 2023;
- 7) Resolution No. 8/2024 concerning adoption of the Report of the KRUK S.A. Supervisory Board for 2023;
- 8) Resolutions No. 10/2024 – 14/2024 on motions to the KRUK S.A. General Meeting concerning grant of liability discharge to the KRUK S.A. Management Board President and Members;
- 9) Resolution No. 20/2024 concerning adoption of the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław for 2023.

In view of the forgoing and in accordance with the Management Board's proposal, the Supervisory Board gives a positive opinion on and recommends that the General Meeting:

- 1) approve the separate financial statements of KRUK S.A. for the financial year ended 31 December 2023;
- 2) approve the consolidated financial statements of the KRUK Group for the financial year ended 31 December 2023;
- 3) approve the Directors' Report on the operations of the KRUK Group and KRUK S.A. in 2023;
- 4) consider and approve the Management Board's proposal concerning allocation of KRUK S.A.'s net profit for 2023;
- 5) provide an opinion on the Report on Remuneration of Members of the Management Board and Supervisory Board of KRUK S.A. of Wrocław for 2023;
- 6) grant liability discharge to the President and Members of the Company's Management Board for 2023;

7) grant liability discharge to Members of the Supervisory Board for 2023.

This Report was prepared and authorised by the Supervisory Board with the following composition:

Piotr Stępniaak	Chair of the Supervisory Board
Krzysztof Kawalec	Deputy Chair of the Supervisory Board.....
Katarzyna Beuch	Member of the Supervisory Board.....
Izabela Felczak-Poturnicka	Member of the Supervisory Board.....
Ewa Radkowska-Świętoń	Member of the Supervisory Board.....
Beata Stelmach	Member of the Supervisory Board.....
Piotr Szczepiórkowski	Member of the Supervisory Board.....