

KRUK Group 2021 results presentation

KRUK Group

Agenda



1. Key achievements
2. Geographical and operating segments
3. Financial results
4. Additional information



Record net profit of PLN 695m posted by KRUK in 2021

<p>NET PROFIT</p> <p>PLN 695m (+758% y/y)</p>	<p>CASH EBITDA</p> <p>PLN 1,548m (+25% y/y)</p>	<p>RECOVERIES FROM PURCHASED DEBT PORTFOLIOS</p> <p>PLN 2,216m (+21% y/y)</p>	<p>PORTFOLIO INVESTMENTS</p> <p>PLN 1,738m (+281% y/y)</p>
<p>EPS</p> <p>PLN 36.63 (+754% y/y)</p>	<p>ROE rolling (LTM)</p> <p>27%</p>	<p>PORTFOLIO CARRYING AMOUNT</p> <p>PLN 5.1bn (+28% y/y)</p>	<p>NET DEBT/CASH EBITDA</p> <p>1.7x (2020: 1.7x)</p>



Record recoveries from purchased portfolios (PLN 2.2bn) and record investments (PLN 1.7bn) in 2021

Recoveries from
purchased debt portfolios
PLN 2,216m
(+21% y/y)

Recoveries from purchased portfolios reached an all-time high, with a year-on-year growth in recoveries reported across all markets.

In 2021, recoveries in Poland rose 25% year on year, accounting for 48% of the KRUK Group's total recoveries. In 2021, the Group recorded a major growth in recoveries in Spain (+57% y/y) and Italy (+25% y/y). Total recoveries in the markets other than Poland were PLN 1,141m, representing 52% of the Group's total recoveries.

Portfolios purchased in 2016–2021 accounted for the largest share of recoveries posted by the KRUK Group in 2021 (PLN 1,575m or 71%). Portfolios purchased in 2021 contributed 9% to total recoveries in 2021, which is in line with historical figures. The Group continued to recover debts from portfolios that had already been under its management for more than ten years (portfolios purchased in or before 2010). At PLN 129m, recoveries from those portfolios in 2021 grew PLN 8m year on year, largely as a result of the improved efficiency of debt collection processes.

New portfolio purchases
PLN 1,738m
(+281% y/y)

In all of the markets where the Group operates, debt originators, mainly banks and other financial institutions, held debt sale auctions throughout 2021. In the first half of 2020, debt selling activity was subdued following the outbreak of the pandemic in Europe.

In 2021, the KRUK Group purchased portfolios with a nominal value of PLN 9.7bn, a level not seen before in the Group's over twenty-year history.

In 2021, the KRUK Group resumed investment activities in Italy and stepped up investments in Poland, Romania, Spain, the Czech Republic and Slovakia. Some of the debt purchase agreements were forward-flow agreements providing an option to buy debt in future quarters until 2023. The record PLN 1.1bn worth of investments in Poland represented 63% of the Group's total investments.

Gross return rates on investments made in 2021 were estimated as at the time of the investments at 22%, compared with 21% (gross IRR calculated as internal rate of return on collections and expenditure).

The expected rate of recoveries from portfolios purchased in 2021 in relation to their purchase prices was 2.0x, compared with a 2.4x recovery rate for portfolios purchased in 2020 (the recovery rate is forecast future recoveries at the time of purchase)

Net profit of PLN 695m marks a historical record for KRUK



Net profit:
PLN 695m
(+758% y/y)

The KRUK Group posted net profit of PLN 130m for the fourth quarter of 2021 and an unprecedented PLN 695m for the full year, doubling the previous full-year record of 2018.

Italy and Spain made positive contributions to the Group's EBITDA for the first time in 2021. In 2021, all geographical markets contributed positively to the Group's EBITDA.

Return on Equity (ROE) was 27%, which is the level before the pandemic.

Revenue
PLN 1,743m
(+50% y/y)

Revenue from purchased portfolios came in at PLN 1,576m (up +61% y/y) on the back higher-than-expected recoveries* (deviation of PLN 327m) and an upward revaluation of ERC amounting to PLN 270m (vs a downward revaluation of PLN 205m the year before). The 2021 revaluation was a combined effect of an upward revaluation of ERC from retail portfolios (PLN +310m) and a downward revaluation of ERC from secured portfolios (PLN -40m).

Operating and
administrative
expenses
PLN 835m
(+7% y/y)

The year-on-year increase in costs was partly attributable to a lower cost base in the comparative period. In 2020, in response to the pandemic, the Group introduced a cost savings plan, which helped temporarily reduce or defer costs, including salaries and wages.

The year-on-year growth in costs of operations was driven mainly by year-on-year increase in court and bailiff costs (up PLN +40m or +21%) and staff costs including salaries and wages (up PLN +55m or 12%).

* including revenue decreases on early collections in collateralised cases and payments from original creditor



Ample space on balance sheet for external finance

Equity
PLN 2.6bn
(+27% y/y)

Equity represents 44% of the KRUK Group's financing sources. With a net interest-bearing debt to equity ratio of 1.0x and a net interest-bearing debt to cash EBITDA of 1.7x, KRUK has ample room to raise external finance.

The undrawn amount of lines of credit was PLN 795m as at the end of 2021.

In 2021, the KRUK Group increased the total amount available under lines of credit by PLN 416m to PLN 2,291m as at year-end. In 2021, KRUK issued a total of PLN 535m of bonds and repurchased PLN 540m of bonds.

Group's assets
PLN 5.9bn
(+ 27% y/y)

The carrying amount of the Group's investments in debt portfolios was PLN 5.1m and accounted for 86% of its assets.

The carrying amount of loans granted was PLN 316m and accounted for 5% of the Group's assets.

As at December 31st 2021, cash and cash equivalents amounted to PLN 199m (up PLN +22m q/q).

Dividend
recommendation

In 2021, KRUK implemented a dividend policy. In line with the policy, on March 4th 2022 KRUK's Management Board passed a resolution to recommend a dividend of PLN 13 per share, or PLN 247m in total, for 2021.

Conflict in Ukraine

Russia's aggression against Ukraine started on February 24th 2022. KRUK does not hold any assets in Ukraine or Russia, nor does it carry out any business activity in those countries.

The KRUK Group will donate EUR 320,000 (approximately PLN 1.5m) to support Ukrainian refugees in the countries bordering Ukraine where the KRUK Group operates.

Operational excellence and technology development



In all its markets, KRUK continues to hone self-service tools (e-KRUK, e-payments, electronic signature, online settlement).

In Poland, KRUK implemented a new version of the e-kruk system, which was freshened up and given a clearer customer interface, contributing to improved conversion rates in the tool. KRUK will continue to roll out the new system in other markets.

The share of online payments grew by an average 24pp in all countries in 2021.

As at the end of 2021, online payments as a percentage of total recoveries at the amicable stage were 64% in Spain, 37% in Poland, and more than 20% in Romania and Italy.

The number of paperless settlement agreements grew significantly in December 2021, accounting for 97% of all agreements signed in Spain, 88% in Poland, 70% in Italy, and 36% in Romania.

The total number of e-KRUK users increased by 97% relative to December 2020.

KRUK continues to deploy cloud solutions. The Group continue to digitalise processes that previously required paper form.

The KRUK team is constantly working to advance process automation and robotisation.

KRUK improves the methodologies, statistical models and machine learning models used in the pre-purchase debt portfolio valuation process in order to improve valuation accuracy and mitigate risks involved in investment projects.

The Group is developing statistical methods to forecast recoveries from purchased debt portfolios.

Development of online solutions

Technological advances and research and development

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KRUK Group in 2021, by segment

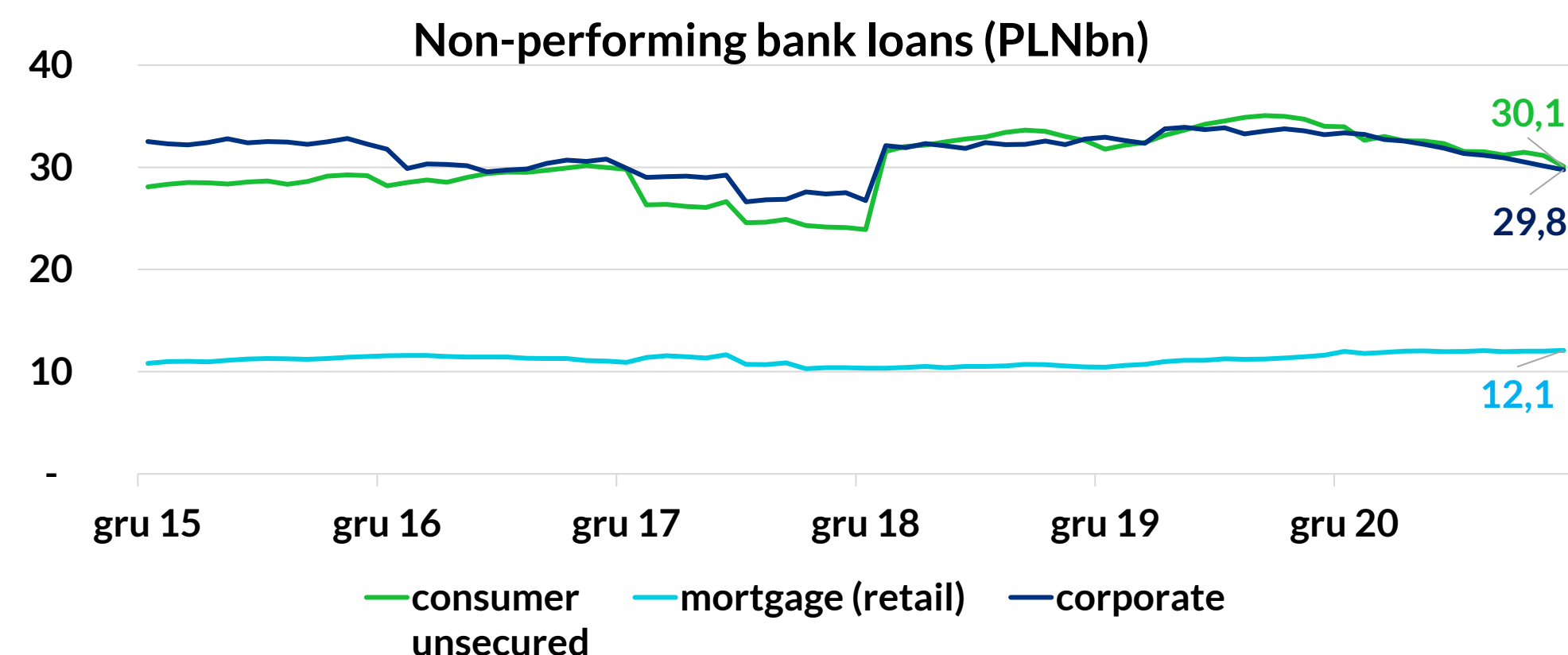


(PLNm)

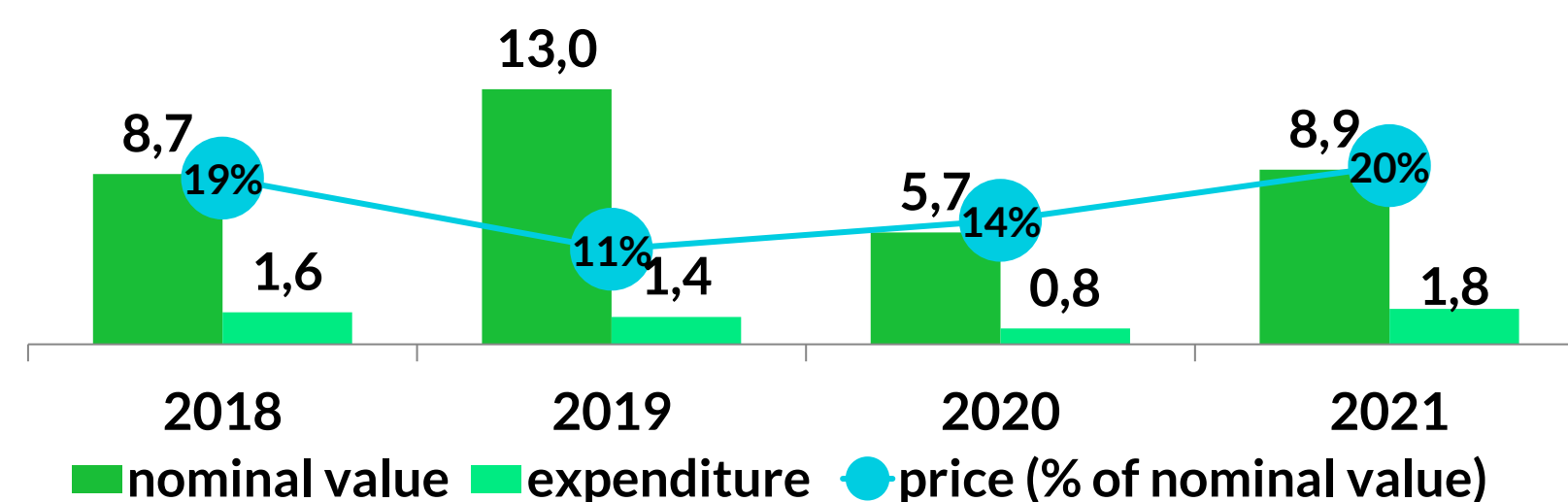
	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Expenditure on debt portfolios	1 100	346	167	48	282	0	130	55	59	8	N/A		2021	2020
													1,738	456
Recoveries	1 074	863	565	525	313	250	173	110	91	85	N/A		2,216	1,834
Carrying amount of purchased debt portfolios (PLNbn)	2,7	1,9	0,9	0,9	1,0	0,7	0,4	0,4	0,2	0,1	N/A		5.1	4.0
Revenue	872	622	412	315	279	117	113	38	61	46	N/A		1,743	1,158
Purchased debt portfolios	751	498	396	299	270	107	97	26	61	46	N/A		1,576	976
Credit management services	24	22	13	13	9	10	15	11			N/A		62	57
Wonga	72	78									N/A		72	78
Other activities	25	24	3	3							N/A		29	26
EBITDA	543	293	295	221	105	-29	18	-80	30	19	-79	-51	908	379
Cash EBITDA	866	658	464	447	148	113	94	4	59	59	-79	-51	1,548	1,236



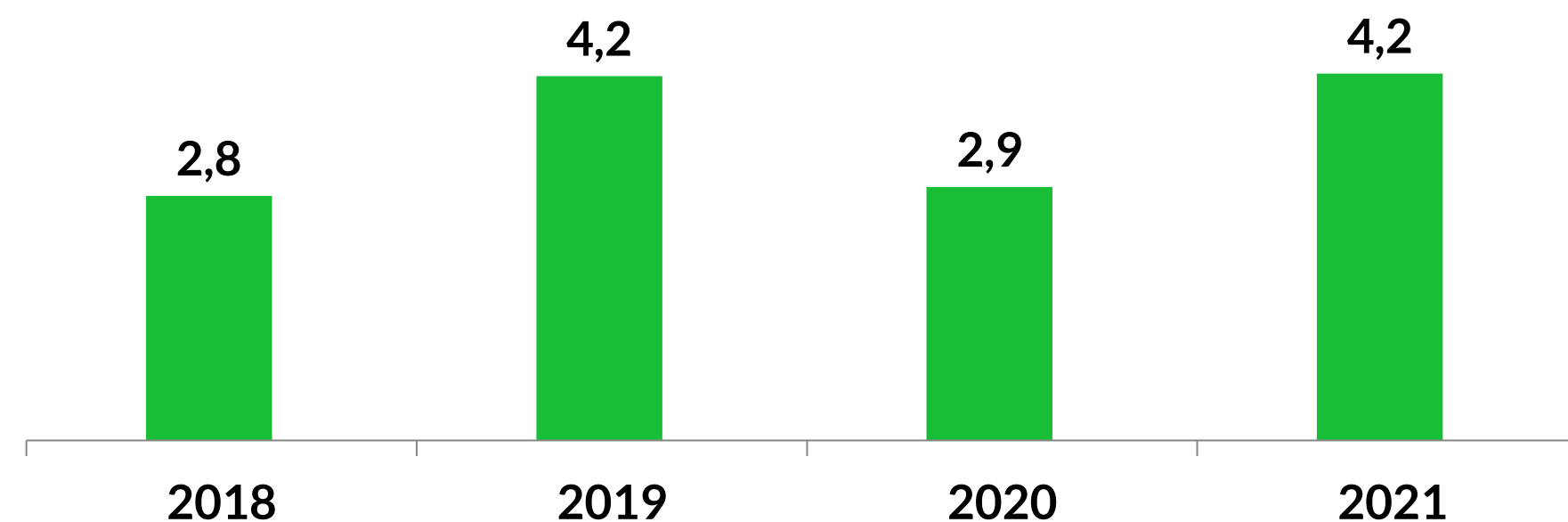
Debt purchase market in Poland



Supply of retail and mortgage debt portfolios (PLNbn)



Corporate portfolio supply (by nominal value, PLNbn)



Non-performing debt held by Polish banks amounted to PLN 72bn, having remained broadly unchanged since 2015.

In 2021, debt sale auctions held by debt originators (mainly banks and financial institutions) went through without any pandemic-related disruptions.

In terms of volume, the market returned pre-pandemic levels, with transactions in 2021 involving all types of debt (retail unsecured, mortgage and corporate).

The estimated total debt supply in nominal terms was close to PLN 13.1bn.

Investors spent a total of PLN of 2.1bn on debt, of which 52% was attributable to KRUK, a figure representing its historically largest market share in Poland.

Operations of the KRUK Group – Poland



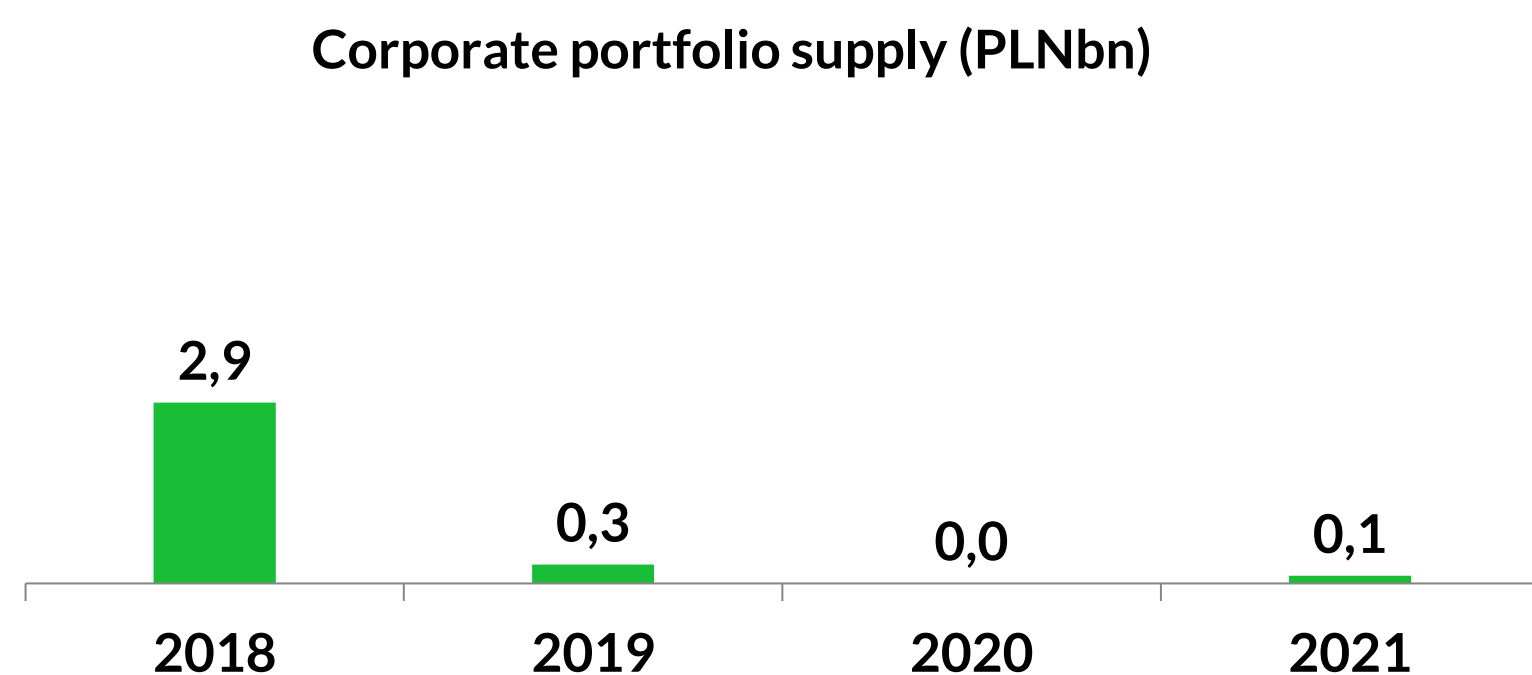
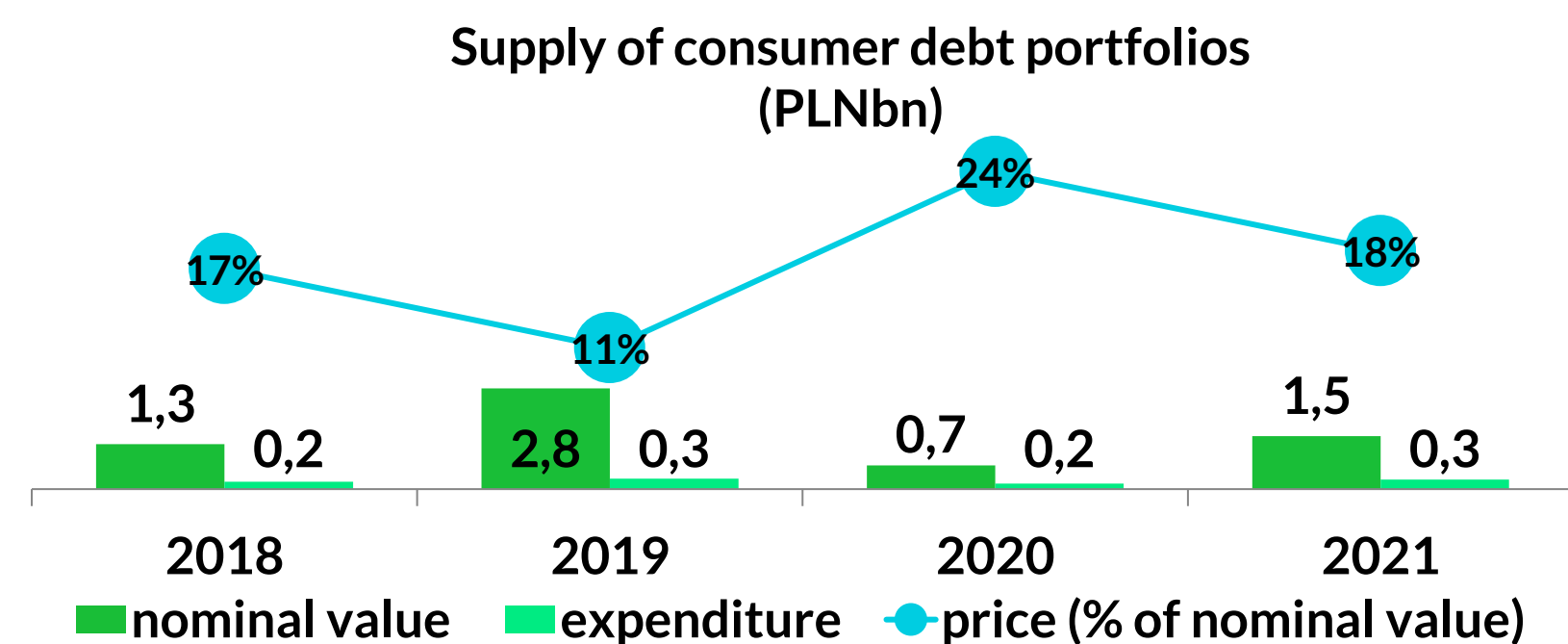
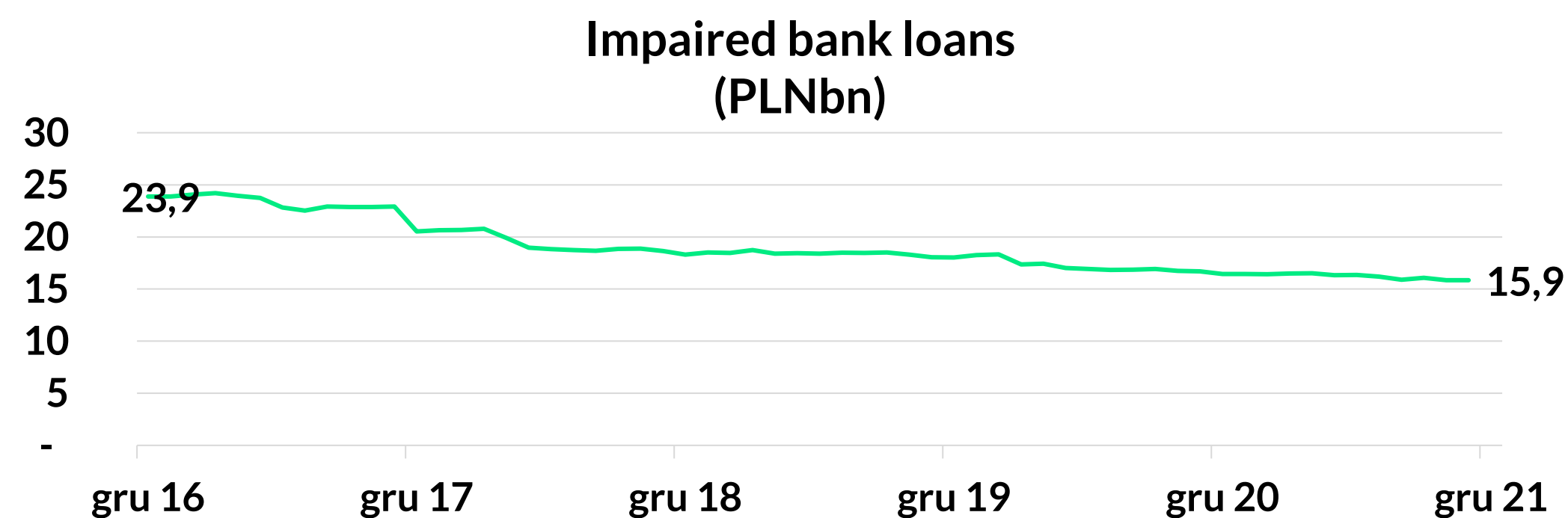
(PLNm)	2021	2020	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
EXPENDITURE ON DEBT PORTFOLIOS	1,100	346	218%	46	18	9	272	130	259	72	638
RECOVERIES	1,074	863	25%	219	205	213	225	250	271	262	291
PORTFOLIO CARRYING AMOUNT	2,668	1,876	42%	1,852	1,754	1,688	1,876	1,929	2,151	2,143	2,668
REVENUE	872	622	40%	128	158	165	172	199	261	222	191
PURCHASED DEBT PORTFOLIOS	751	498	51%	93	131	134	139	166	231	183	170
REVALUATION OF RECOVERY PROJECTIONS	110	-38	386%	-31	-14	1	5	5	49	41	14
CREDIT MANAGEMENT SERVICES	24	22	9%	6	5	5	5	6	6	6	6
WONGA	72	78	-8%	23	15	20	21	20	17	26	9
OTHER ACTIVITIES	25	24	6%	6	6	6	6	6	7	7	5
EBITDA	543	293	85%	41	79	89	84	122	183	136	101
WONGA	36	16	123%	4	0	7	5	9	5	11	11
CASH EBITDA	866	658	32%	167	153	168	170	206	223	215	222
PORTFOLIO PROFITABILITY (LTM)*	33%	26%	25%	26%	25%	27%	26%	30%	34%	38%	33%

- The KRUK Group's expenditure on portfolio purchases in Poland reached PLN 1,100m, representing 63% of all funds invested by the Group in 2021. The nominal value of the purchased portfolios is over PLN 6.5bn.
- Amounts recovered on the Polish market reached PLN 1,074m (up +25% y/y), representing 48% of the Group's total recoveries.
- At the end of 2021, the carrying value of purchased debt portfolios was PLN 2,668m (up +42% y/y). Polish portfolios accounted in total for 52% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue of PLN 872m was mainly attributable to the excess of actual recoveries against projections and revaluation of the ERC forecast, which totalled PLN 110m. Wonga generated PLN 72m in revenue.
- The LTM portfolio profitability improved 7pp y/y, mainly as a result of a revaluation of the ERC forecast and strong recoveries.

* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



Debt purchase market in Romania



Non-performing debt held by Romanian banks amounted to PLN 16bn. Over the past five years, the value of impaired receivables has been falling steadily.

Unsecured retail and corporate debt portfolios with a nominal value of PLN 1.6bn were sold on the Romanian market in 2021.

According to KRUK's estimates, total expenditure on retail and corporate debt in 2021 was PLN 296m, with KRUK's share at 60%.

KRUK Group's operations in Romania



(PLNm)	2021	2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	167	48	251%
RECOVERIES	565	525	8%
PORTFOLIO CARRYING AMOUNT	887	889	0%
REVENUE	412	315	31%
PURCHASED DEBT PORTFOLIOS	396	299	32%
REVALUATION OF RECOVERY PROJECTIONS	118	-9	1,356%
CREDIT MANAGEMENT SERVICES	13	13	-2%
OTHER ACTIVITIES	3	3	24%
EBITDA	295	221	34%
CASH EBITDA	464	447	4%
PORTFOLIO PROFITABILITY (LTM)*	45%	32%	41%

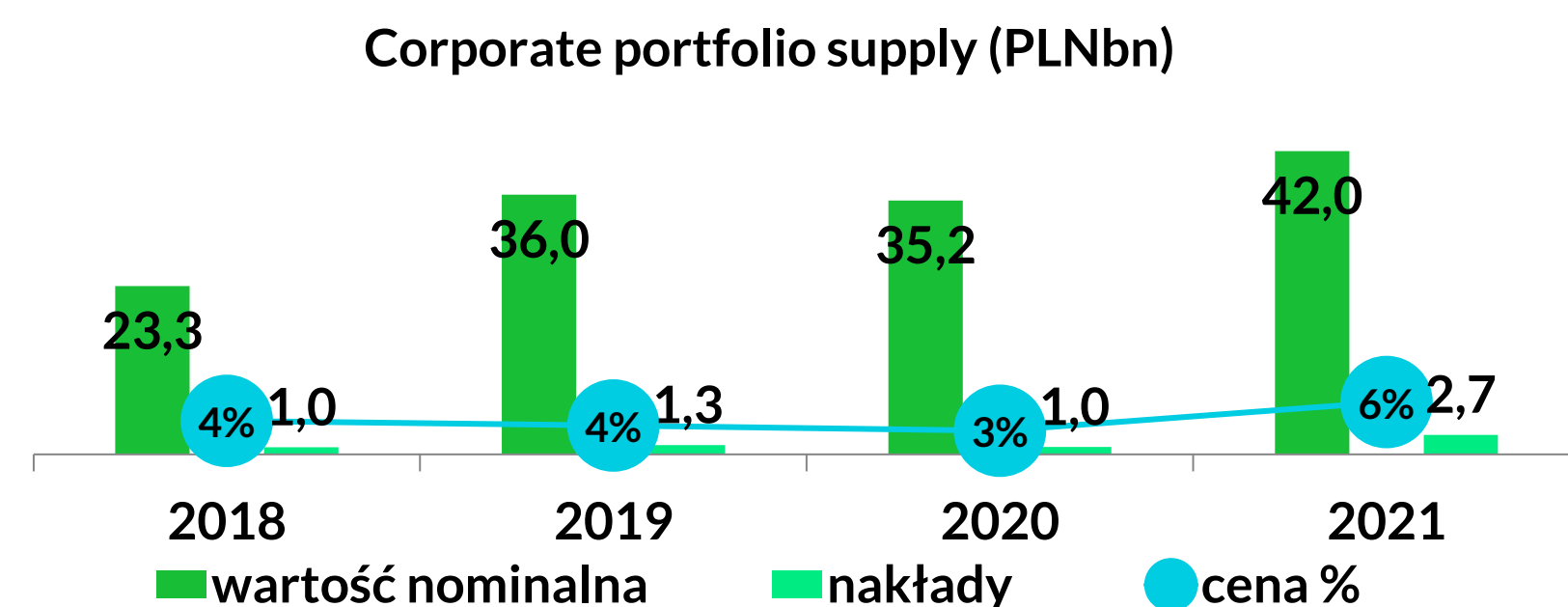
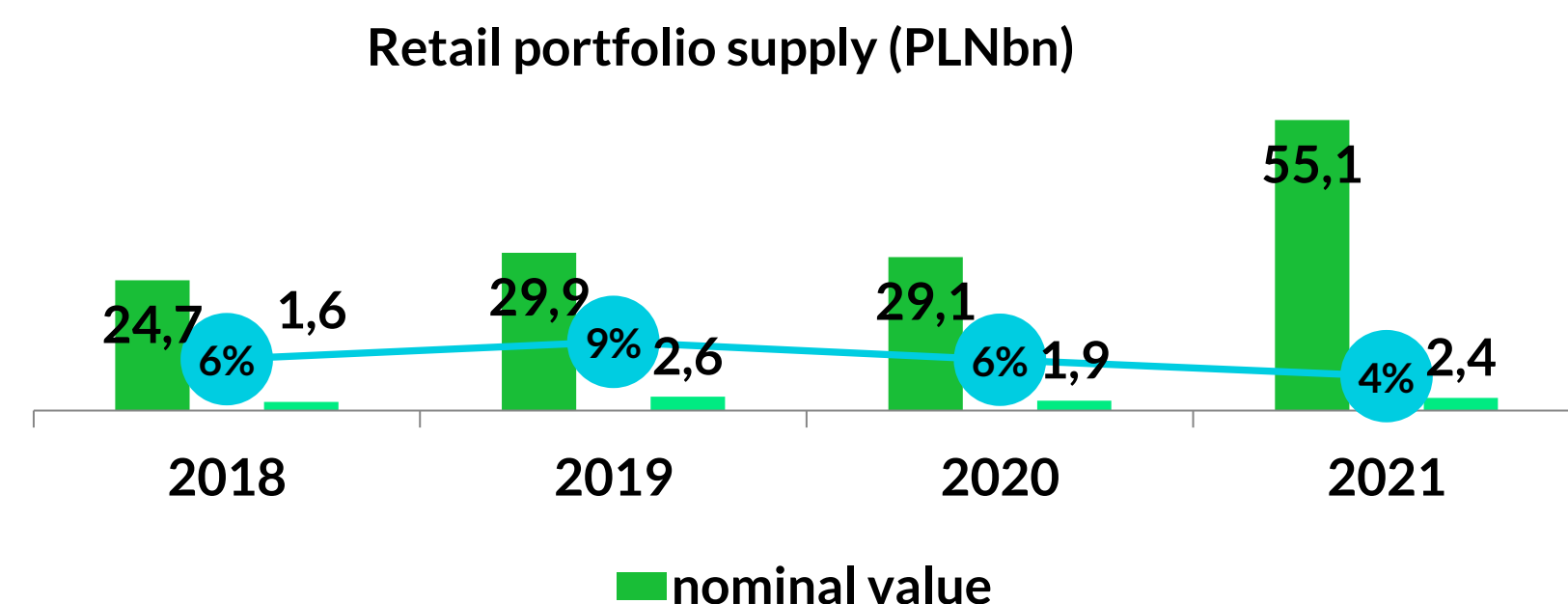
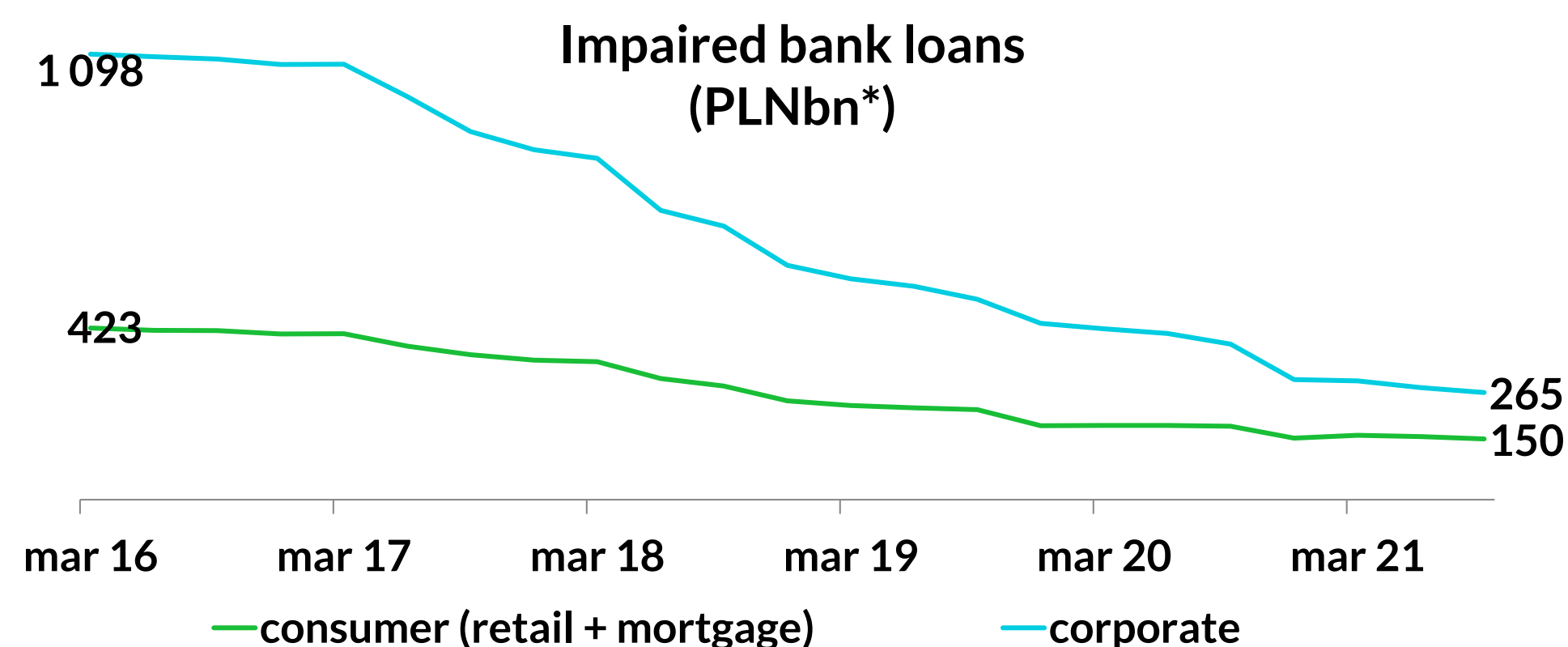
Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
11	3	20	14	20	23	75	49
137	114	131	143	140	146	136	143
973	909	884	889	861	843	907	887
47	68	81	119	90	131	107	84
43	65	76	114	86	127	103	79
-28	-5	-9	32	11	50	41	15
3	3	4	4	3	3	3	4
1	0	1	1	1	1	1	1
23	48	57	93	63	104	77	51
117	96	112	122	116	123	110	114
37%	33%	31%	32%	37%	46%	48%	45%

- On the Romanian market, KRUK invested PLN 167m (10% of total expenditure), purchasing debt worth nominally PLN 0.7bn.
- Amounts recovered on the Romanian market reached PLN 565m, accounting for 25% of the Group's total recoveries.
- At the end of 2021, the carrying amount of purchased debt portfolios was PLN 887m. Romanian portfolios accounted in total for 17% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue of PLN 412m (up PLN +31m y/y) was mainly attributable to the PLN 118m upward revaluation of the ERC forecast (vs a PLN -9m downward revaluation a year earlier).
- The LTM portfolio profitability improved 13pp y/y, mainly as a result of the upward revaluation of the ERC forecast.

* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



Debt purchase market in Italy



The level of non-performing debt held by Italian banks decreased significantly in 2016–2021, but still remains relatively high.

According to the KRUK Group's estimates, the supply of unsecured retail debt, SME and corporate debt portfolios was in excess of PLN 97bn, while the supply of unsecured retail debt portfolios amounted to PLN 55bn in 2021.

In 2021, KRUK resumed investment activities and spent PLN 282m on the Italian market.

Expenditure in Italy totalled PLN 5.1bn, with KRUK's market share estimated at 5%.

KRUK Group's operations in Italy



(PLNm)	2021	2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	282	0	-
RECOVERIES	313	250	25%
PORTFOLIO CARRYING AMOUNT	972	735	32%
REVENUE	279	117	138%
PURCHASED DEBT PORTFOLIOS	270	107	152%
REVALUATION OF RECOVERY PROJECTIONS	36	-96	137%
CREDIT MANAGEMENT SERVICES	9	10	-7%
EBITDA	105	-29	457%
CASH EBITDA	148	113	31%
PORTFOLIO PROFITABILITY (LTM)*	32%	14%	128%

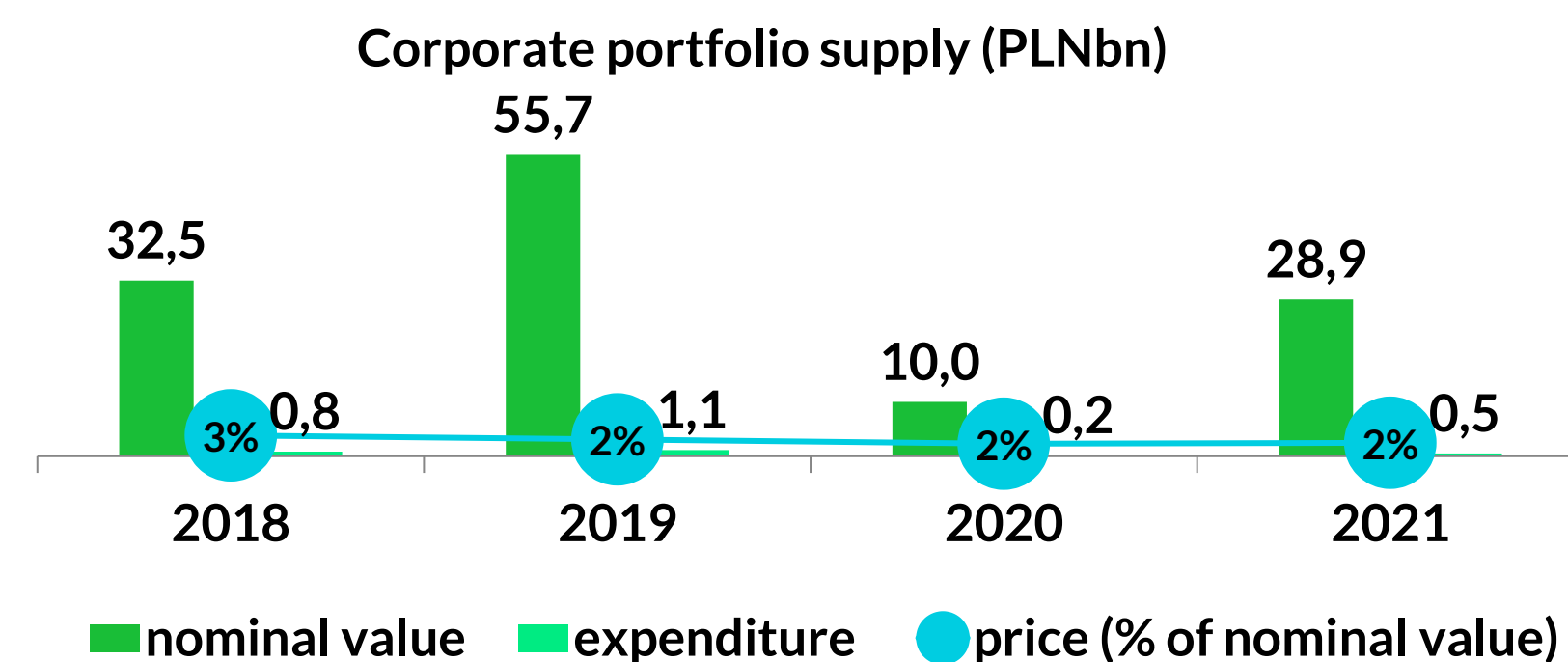
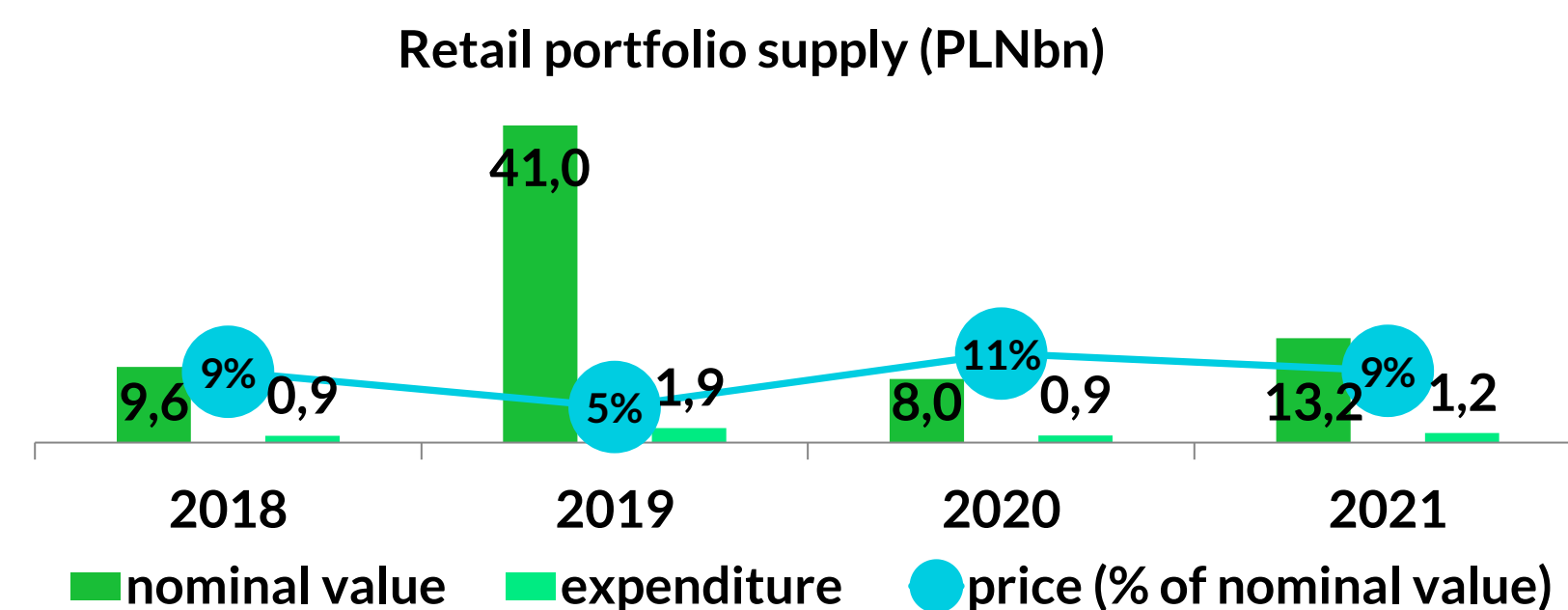
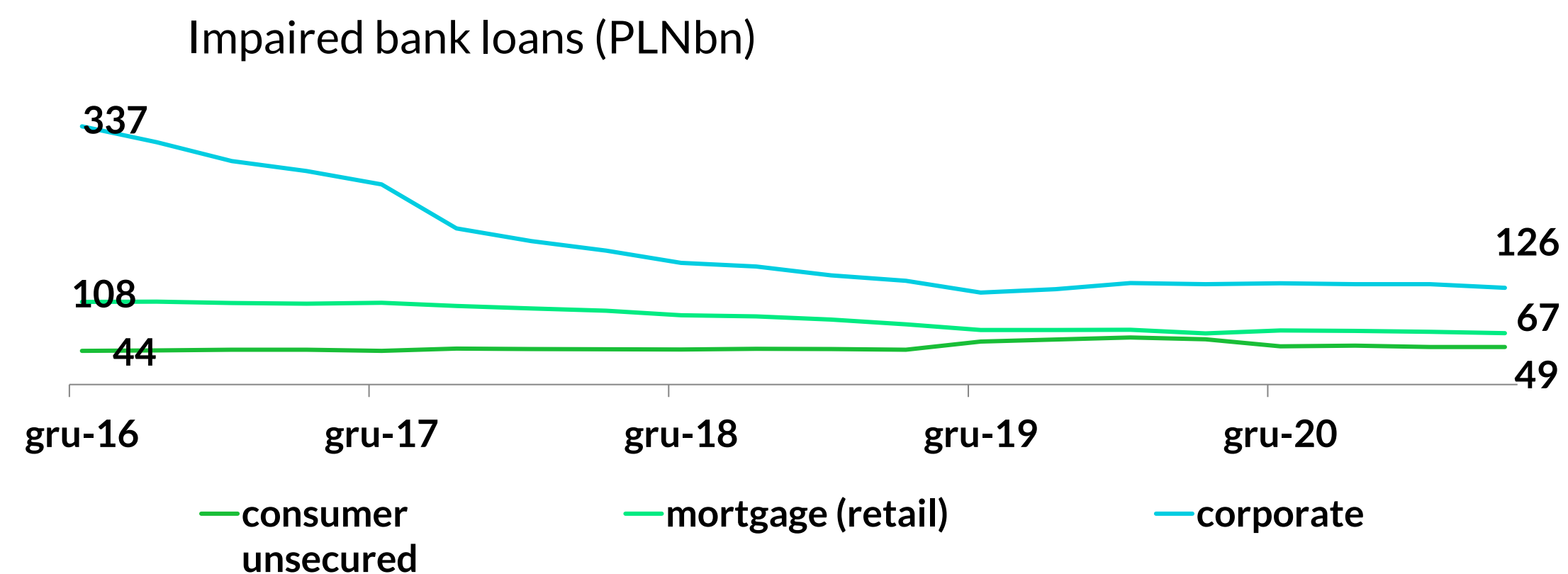
Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
0	0	0	0	0	117	87	78
68	53	61	68	66	70	91	87
812	744	749	735	727	813	915	972
16	3	58	40	54	62	87	76
13	1	56	37	52	60	85	74
-34	-42	1	-22	0	9	16	11
3	2	3	2	2	2	2	2
-31	-27	26	2	12	19	46	28
24	25	32	33	26	29	52	41
17%	16%	17%	14%	19%	26%	28%	32%

- On the Italian market, KRUK invested PLN 282m in 2021 (14% of total expenditure), purchasing debt worth nominally PLN 1.7bn.
- Amounts recovered on the Italian market came to PLN 313m (up +25% y/y), accounting for 14% of the Group's total recoveries.
- In 2021, the carrying amount of debt portfolios purchased on that market was PLN 972m, representing 19% of the KRUK Group's total carrying amount of debt portfolios.
- Revenue of PLN 279m was mainly driven by strong recoveries and a PLN +36m upward revaluation of ERC.
- The LTM portfolio profitability improved 18pp y/y as a result of the upward revaluation of ERC and strong recoveries.

* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



Debt purchase market in Spain



Based on KRUK's estimates, in 2021 sales of bank and non-bank debt portfolios in Spain reached nearly PLN 42bn in nominal terms (excluding mortgage debt), of which nearly a half were sales of unsecured retail debt.

The total amount invested by all players on the Spanish market was in excess of PLN 1.7bn, with KRUK's share at 8%.

KRUK Group's operations in Spain



(PLNm)	2021	2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	130	55	-
RECOVERIES	173	110	57%
PORTFOLIO CARRYING AMOUNT	420	366	15%
REVENUE	113	38	198%
PURCHASED DEBT PORTFOLIOS	97	26	267%
REVALUATION OF RECOVERY PROJECTIONS	-5	-60	92%
CREDIT MANAGEMENT SERVICES	15	11	34%
EBITDA	18	-80	123%
CASH EBITDA	94	4	2416%
PORTFOLIO PROFITABILITY (LTM)*	25%	7%	250%

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
0	0	0	55	0	82	49	0
29	24	26	31	36	44	38	55
370	343	336	366	358	421	450	420
-1	18	18	3	27	41	13	32
-4	16	15	-1	24	37	9	28
-25	-12	-4	-19	1	4	-12	3
3	2	3	4	3	4	4	4
-19	-22	-2	-37	6	21	-10	1
14	-14	9	-5	18	29	19	28
7%	11%	10%	7%	15%	20%	17%	25%

- KRUK's investments on the Spanish market amounted to PLN 130m, comprising debt worth nominally PLN 626m.
- Amounts recovered in Spain reached PLN 173m (up +57% y/y), accounting for 8% of the Group's total recoveries.
- As at the end of 2021, the carrying amount of debt portfolios purchased on that market was PLN 420m, representing 8% of the total carrying amount of the KRUK Group's debt portfolios.
- Revenue of PLN 97m was led mainly by strong recoveries. A PLN -5m revaluation of ERC was attributable primarily to an upward revaluation for unsecured retail portfolios and a downward revaluation for corporate debt portfolios.
- The LTM portfolio profitability improved 18pp y/y, mainly as a result of higher recoveries and the upward revaluation of the ERC forecast.

* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.

KRUK Group's operations in the Czech Republic, Slovakia and Germany



(PLNm)	2021	2020	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
EXPENDITURE ON DEBT PORTFOLIOS	59	8	616%	0	2	4	3	10	3	6	40
RECOVERIES	91	85	6%	23	21	21	21	20	22	23	25
PORTFOLIO CARRYING AMOUNT	153	119	29%	68	118	120	119	122	124	120	153
REVENUE	61	46	33%	10	9	13	13	12	17	16	16
PURCHASED DEBT PORTFOLIOS	61	46	33%	10	9	13	13	12	17	16	16
REVALUATION OF RECOVERY PROJECTIONS	11	-1	1213%	-4	1	0	2	0	4	3	4
EBITDA	30	19	53%	3	1	7	8	5	9	8	8
CASH EBITDA	59	59	0%	16	13	14	15	13	14	15	16
PORTFOLIO PROFITABILITY (LTM)*	45%	35%	27%	27%	33%	35%	35%	38%	46%	49%	45%

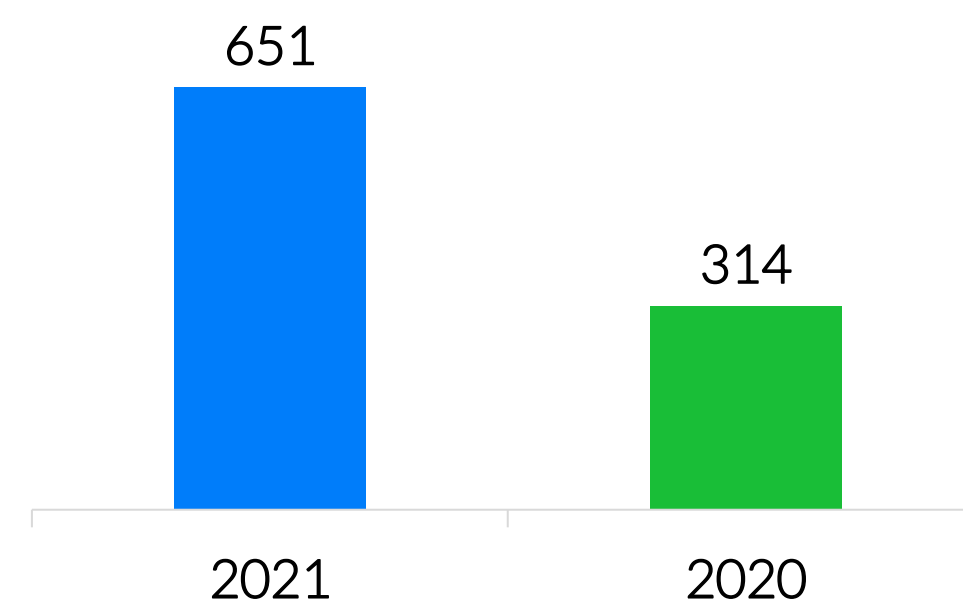
- Investments on the Czech and Slovak market amounted to PLN 59m, comprising debt with a nominal value of PLN 226m. KRUK's share of the unsecured debt purchase market in the Czech Republic and Slovakia was ca. 24% and 20%, respectively.
- Portfolio recoveries amounted to PLN 91m, accounting for 4% of the Group's total recoveries.
- As at the end of 2021, the carrying amount of debt portfolios purchased by the Group was PLN 153m, representing 3% of the total carrying amount of the KRUK Group's debt portfolios.
- Revenue of PLN 61m included PLN +11m upward revaluation of recovery projections (vs PLN -1m a year earlier).
- The LTM portfolio profitability improved 10pp y/y, mainly as a result of the upward revaluation of the ERC forecast.

* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.

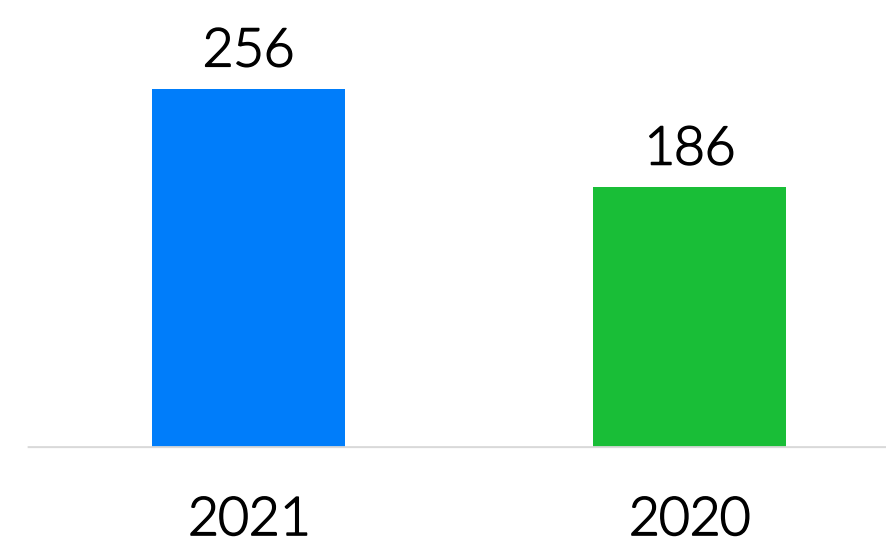
KRUK Group's businesses - Wonga



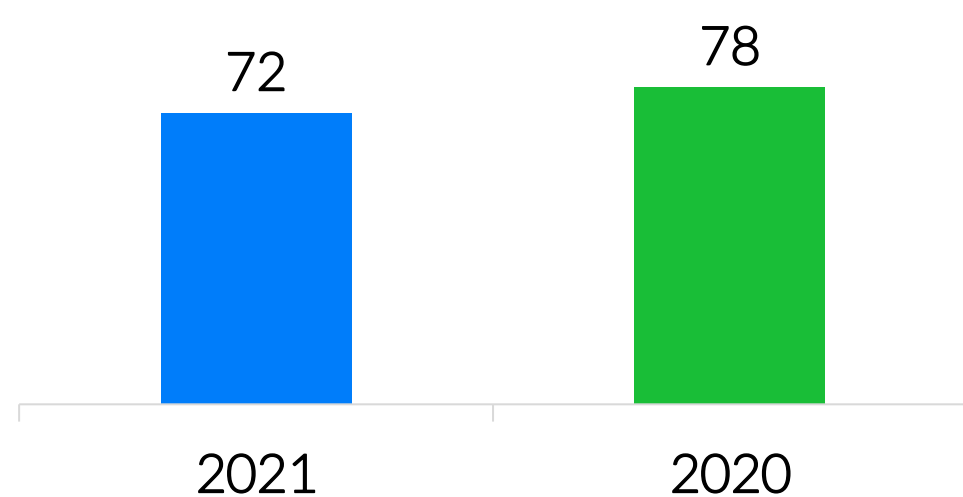
**Net value
of loans advanced
(PLNm)**



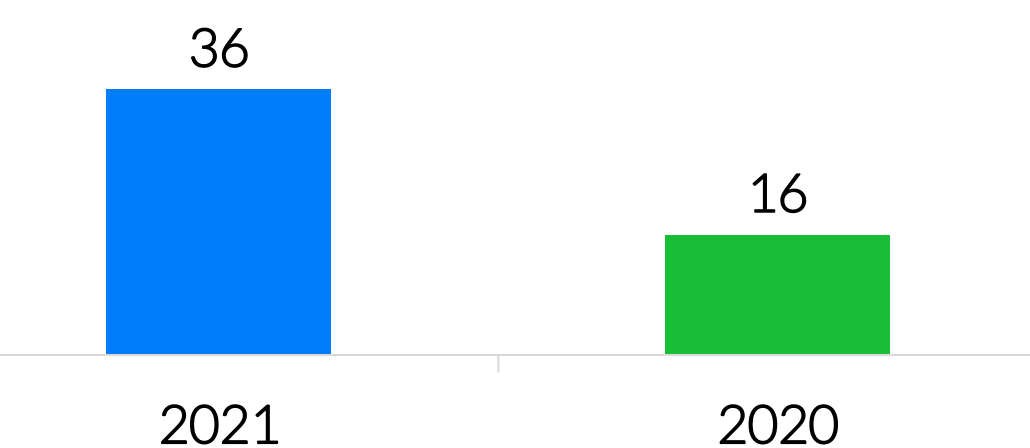
**Carrying amount
of loans advanced
(PLNm)**



**Revenue
(PLNm)**



**EBITDA
(PLNm)**

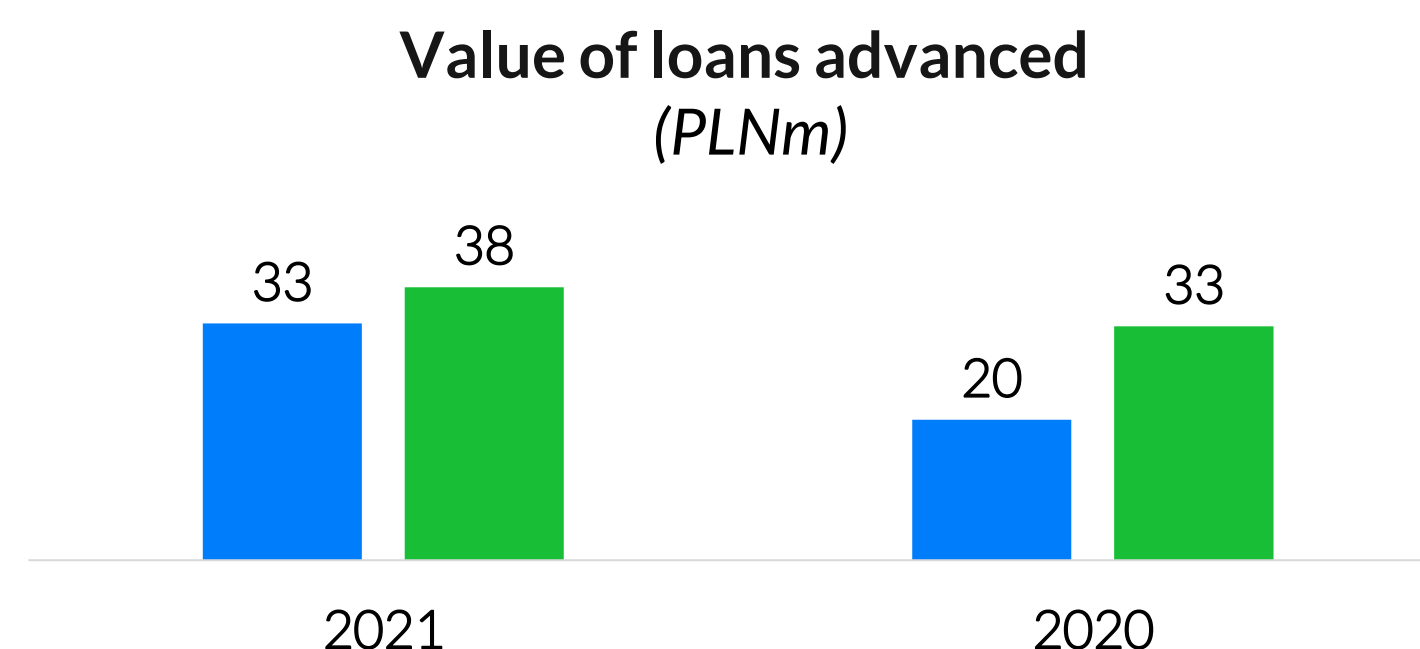
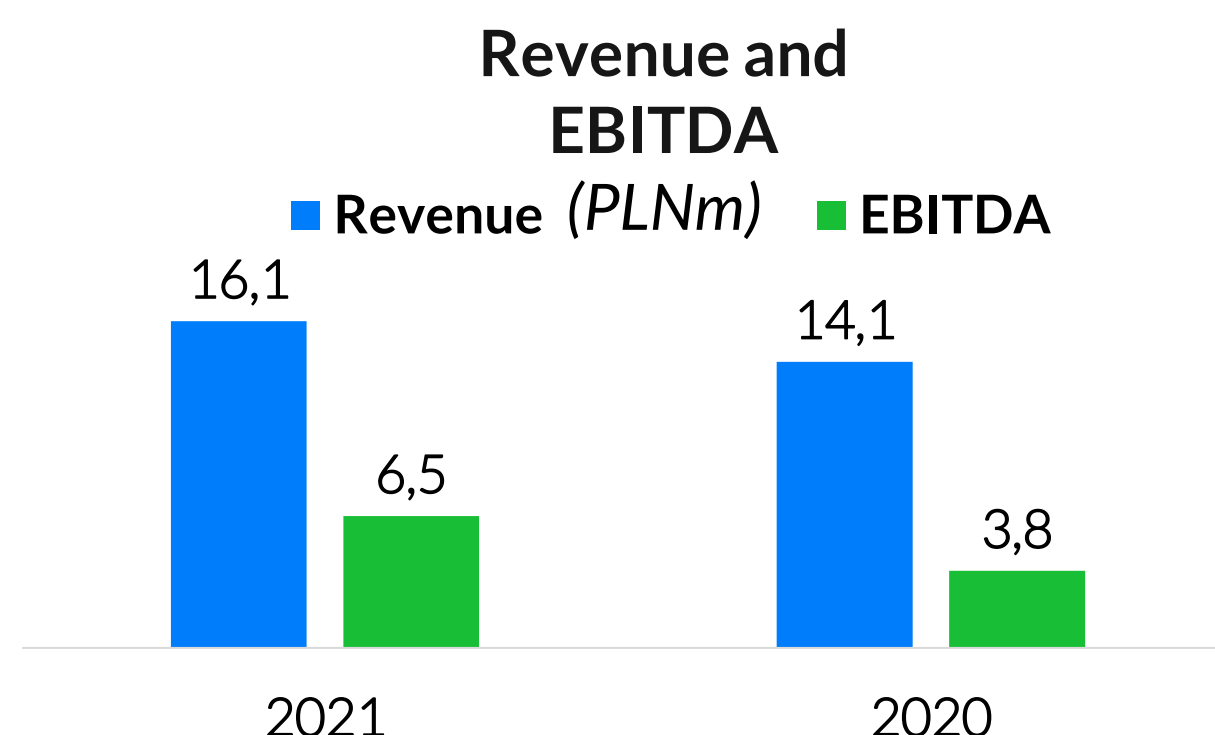


Wonga.pl disbursed 236 thousand cash loans in Poland, with a net amount of PLN 651m.

As at the end of 2021, the carrying amount of loans advanced by Wonga was PLN 256m, up 44% y/y.

Wonga's revenue came in at PLN 72m (up -8% y/y), with EBITDA at PLN 36m (up 123% y/y).

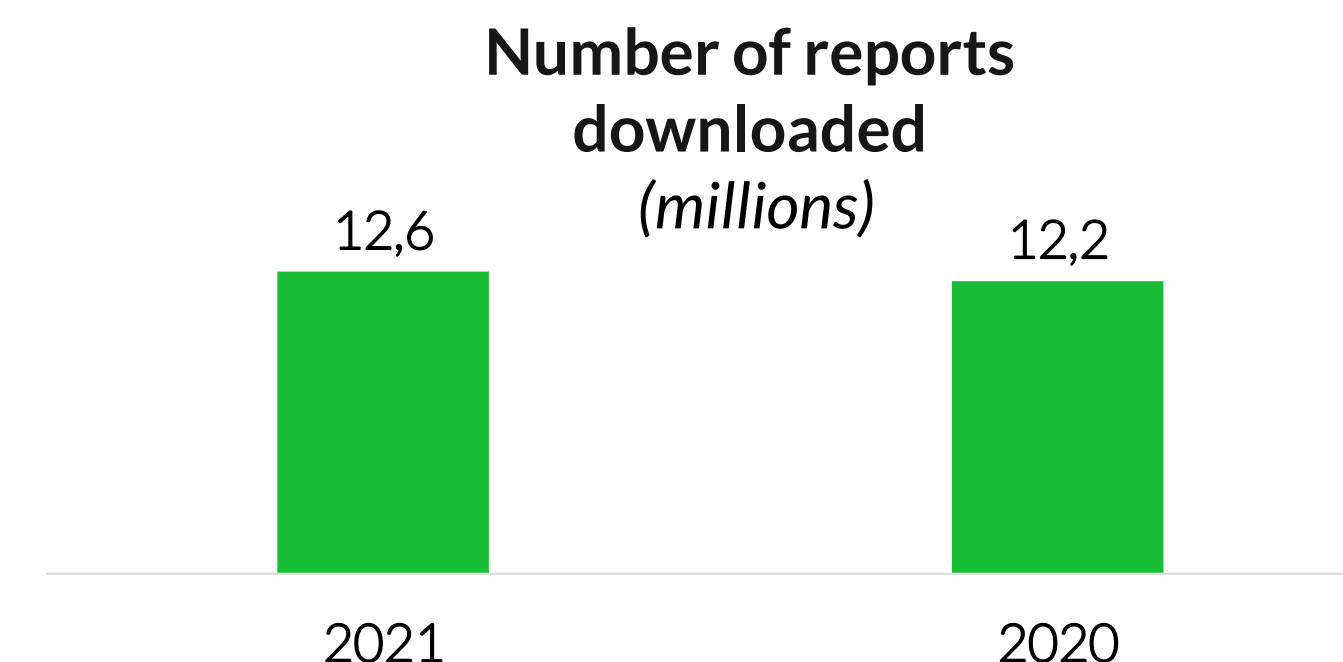
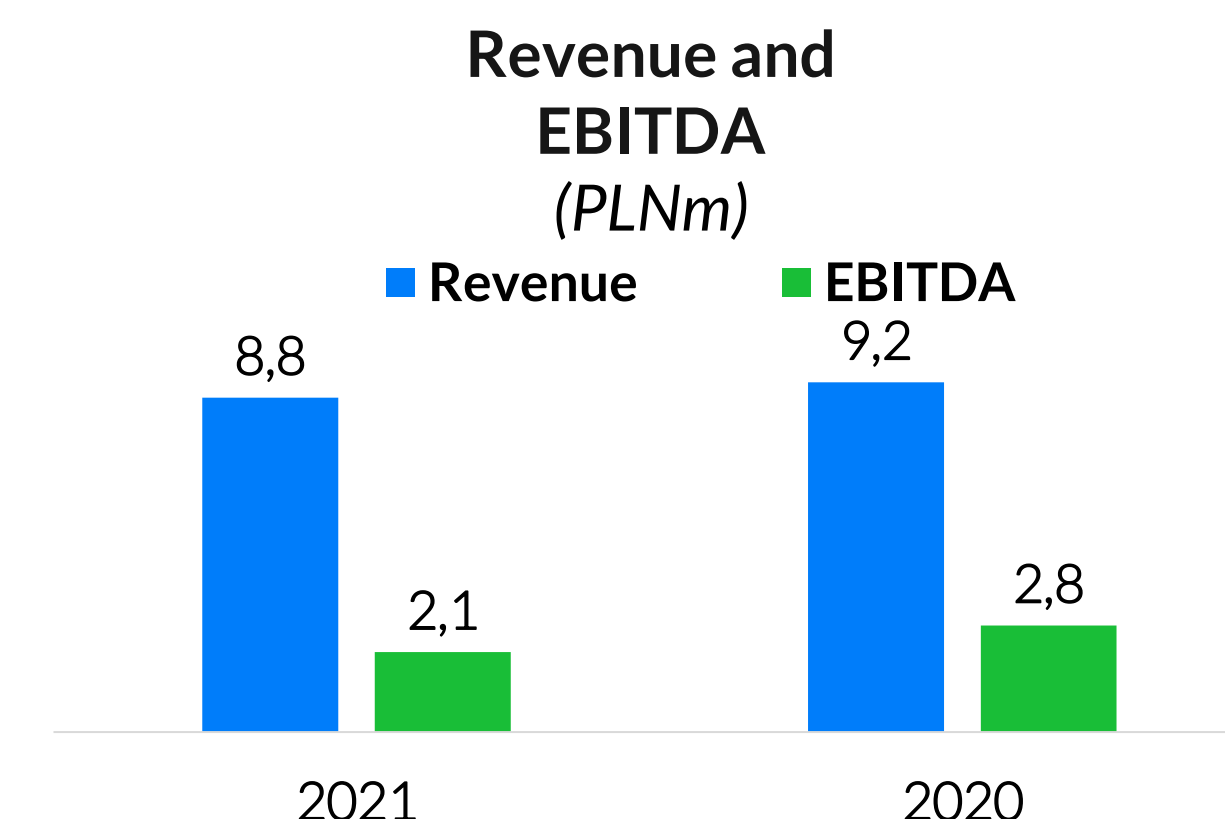
KRUK Group's businesses - Novum and ERIF



■ Wartość udzielonych pożyczek netto ■ Wartość bilansowa pożyczek

Novum's revenue in Poland totalled PLN 16.1m (up +14% y/y), with EBITDA at PLN 6.5m (up +69% y/y).

Novum resumed lending activity in 2021 after sales were scaled down when the COVID-19 pandemic broke out in 2020.



ERIF's revenue was PLN 8.8m (down 4% y/y), with EBITDA at PLN 2.1m (down 26% y/y).

In 2021, the total number of records in the ERIF database was 133m, of which 98% were positive records.

Agenda



1. Key achievements
2. Geographical and operating segments
3. Financial results
4. Additional information

KRUK Group – P&L by business segments (presentation format)



PLNm	2021	2020	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
PURCHASED DEBT PORTFOLIOS											
Expenditure on debt portfolios	1,738	456	281%	57	23	33	344	159	484	289	805
Recoveries	2,216	1,834	21%	477	417	452	488	512	553	550	601
STATEMENT OF PROFIT OR LOSS											
Operating income	1,743	1,158	51%	200	265	344	348	383	513	445	401
Purchased debt portfolios	1,576	976	61%	156	223	295	303	341	472	396	367
revaluation of recovery projections	270	-205	232%	-121	-72	-10	-2	18	117	89	46
Income from difference between expected and actual recoveries and other items*	327	235	40%	25	62	73	75	89	124	58	56
Credit management services	62	57	8%	14	13	14	16	15	15	15	16
Other products and services	105	125	-15%	30	29	35	30	28	26	34	18
EBITDA	908	379	140%	5	71	166	137	193	317	235	164
EBITDA margin	52%	33%		2%	28%	50%	40%	50%	62%	53%	41%
Finance income / costs	-86	-128	33%	-47	-23	-28	-30	-30	3	-30	-29
of which: net foreign exchange gains/(losses)	7	-7	202%	-5	14	-17	-2	-5	14	-2	0
Profit before tax	774	205	278%	-54	36	127	96	151	306	193	123
Tax expense	-79	-123	36%	-8	6	-73	-49	-24	-38	-23	6
Tax %	-10%	-60%		15%	18%	-57%	-51%	-16%	-12%	-12%	5%
Net profit	695	81	756%	-62	43	54	47	127	268	170	130
Net profit margin	40%	7%		-31%	17%	16%	13%	33%	52%	38%	32%
ROE rolling (LTM)	27%	5%		6%	5%	3%	4%	12%	22%	25%	27%
Cash EBITDA	1,548	1,237	25%	326	265	324	322	364	399	389	397

* Deviations between actual and projected recoveries, decreases on early collections in collateralised cases, payments from original creditor

The KRUK Group – P&L by geographical segments (presentation format)



PLNm	2021	2020	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Operating income	1,743	1,158	51%	200	265	344	348	383	513	445	401
Poland	872	622	40%	128	158	165	172	199	262	222	191
Romania	412	315	31%	47	68	81	119	90	131	107	84
Italy	279	117	138%	16	3	58	40	54	62	87	76
Spain	113	38	198%	-1	18	18	3	27	41	13	32
Other countries	61	46	33%	10	9	13	13	12	17	16	16
EBITDA	908	379	140%	5	71	166	137	193	317	235	164
EBITDA margin	52%	33%		2%	28%	50%	40%	50%	62%	53%	41%
Finance income/costs	-86	-128	33%	-47	-23	-28	-30	-30	3	-30	-29
Income tax	-79	-123	36%	-8	6	-73	-49	-24	-38	-23	6
Net profit	695	81	756%	-62	43	54	47	127	268	170	130
Net profit margin	40%	7%		-31%	17%	16%	13%	33%	52%	38%	32%

KRUK Group – cash flows (presentation format)



PLNm	2021	2020	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Cash flows from operating activities	1,289	999	29%	225	247	266	261	303	357	294	336
Recoveries – purchased debt portfolios	2,216	1,834	21%	477	417	452	488	512	553	550	601
Operating costs – purchased debt portfolios	-534	-468	-14%	-123	-102	-107	-137	-123	-121	-129	-161
Operating margin – credit management	15	14	5%	2	3	4	4	4	4	3	4
Administrative expenses	-204	-160	-28%	-37	-39	-39	-45	-42	-50	-52	-60
Other operating cash flow	-203	-221	8%	-95	-32	-44	-49	-48	-30	-79	-47
Cash flows from investing activities	-1,756	-468	-275%	-60	-26	-37	-345	-162	-490	-292	-811
Expenditure on debt portfolio purchases	-1,738	-456	-281%	-57	-23	-33	-344	-159	-484	-289	-805
Other investing cash flow	-18	-12	-45%	-3	-3	-5	-1	-3	-6	-3	-6
Cash flows from financing activities	519	-535	-197%	-79	-206	-214	-37	-117	492	-353	497
Issue of shares	23	3	595%	0	0	0	3	0	0	0	23
Dividend /Share repurchase	-206	-95	-117%	0	0	0	-95	0	0	-206	0
Increase in borrowings and lease liabilities	2,914	1,288	126%	271	301	66	651	348	1,133	451	981
Issue of bonds	535	25	2,040%	0	0	25	0	20	400	65	50
Decrease in borrowings and lease liabilities	-2,247	-1,749	-28%	-369	-530	-334	-516	-445	-803	-552	-447
Redemption of bonds	-540	-88	-511%	0	-13	0	-75	-65	-300	-35	-140
Other financing cash flow	41	80	-49%	20	36	29	-5	26	61	-76	30
Net cash flows	53	-5	1,281%	86	15	15	-120	24	358	-351	22

The KRUK Group – selected items of the statement of financial position (presentation format)

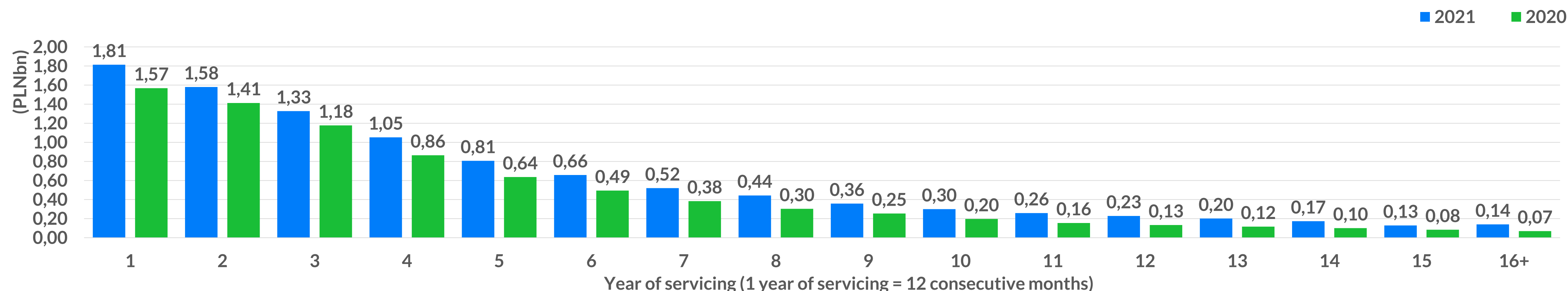


PLNm	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020
ASSETS								
Cash and cash equivalents	199	177	528	170	146	266	251	236
Investments in debt portfolios and loans	5,417	4,836	4,601	4,234	4,209	3,984	4,076	4,307
Other assets	294	270	244	267	289	262	309	307
Total assets	5,909	5,283	5,373	4,672	4,643	4,511	4,635	4,850
EQUITY AND LIABILITIES								
Equity	2,600	2,425	2,207	2,187	2,043	2,064	1,987	1,953
of which: Retained earnings	2,034	1,903	1,734	1,671	1,544	1,497	1,536	1,496
Liabilities	3,309	2,857	3,167	2,485	2,600	2,448	2,648	2,897
of which: Bank borrowings and leases	1,564	1,032	1,137	804	908	765	1,031	1,259
Bonds	1,305	1,395	1,360	1,273	1,314	1,383	1,354	1,376
Total equity and liabilities	5,909	5,283	5,373	4,672	4,643	4,511	4,635	4,850
METRICS								
Interest-bearing debt	2,869	2,427	2,497	2,077	2,222	2,148	2,385	2,635
Net interest-bearing debt	2,670	2,250	1,969	1,907	2,076	1,882	2,134	2,399
Net interest-bearing debt to equity	1,0	0.9	0.9	0.9	1.0	0.9	1.1	1.2

KRUK Group – ERC



Estimated remaining collections (ERC) by years of servicing as at the end of period

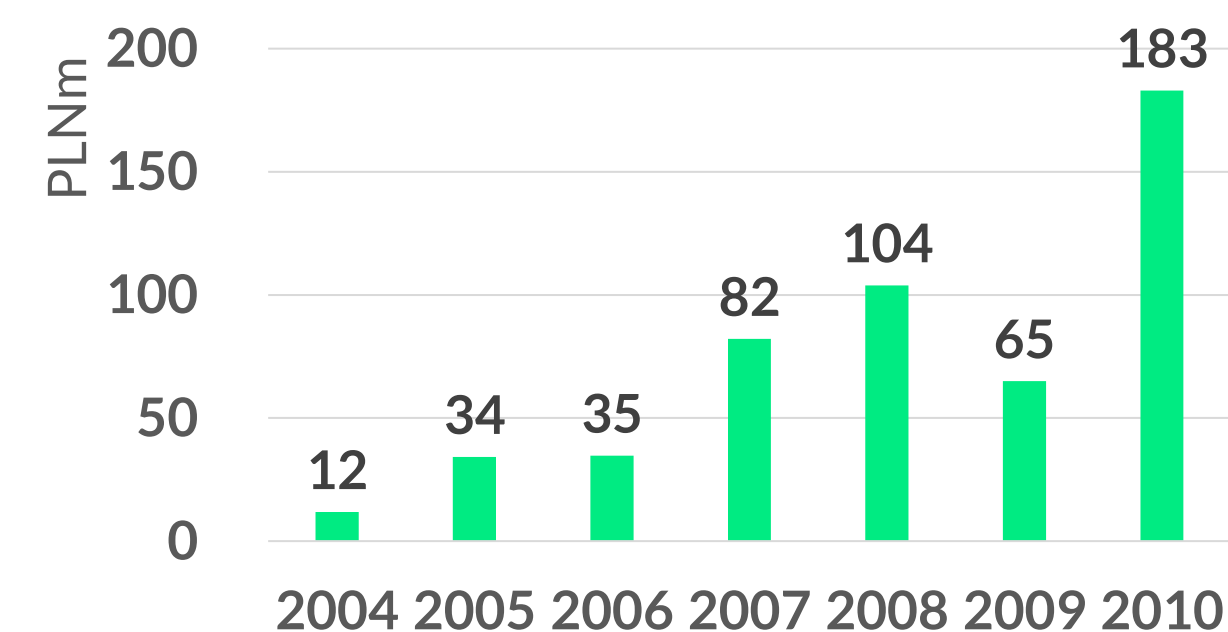


Estimated remaining collections from debt portfolios as at December 31st 2021 were PLN 10bn, up PLN 2bn on December 31st 2020 and up PLN 1bn on September 30th 2021. The increase was driven by a high level of investment, with PLN 1,738m spent on debt portfolios with a nominal value of PLN 9.7bn and a revaluation of the ERC forecast, with a discounted value of PLN 270m.

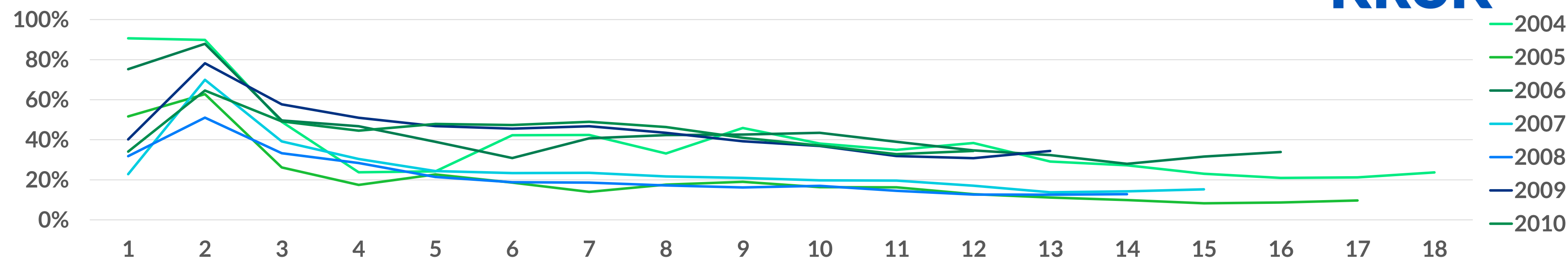
KRUK Group – historical recoveries



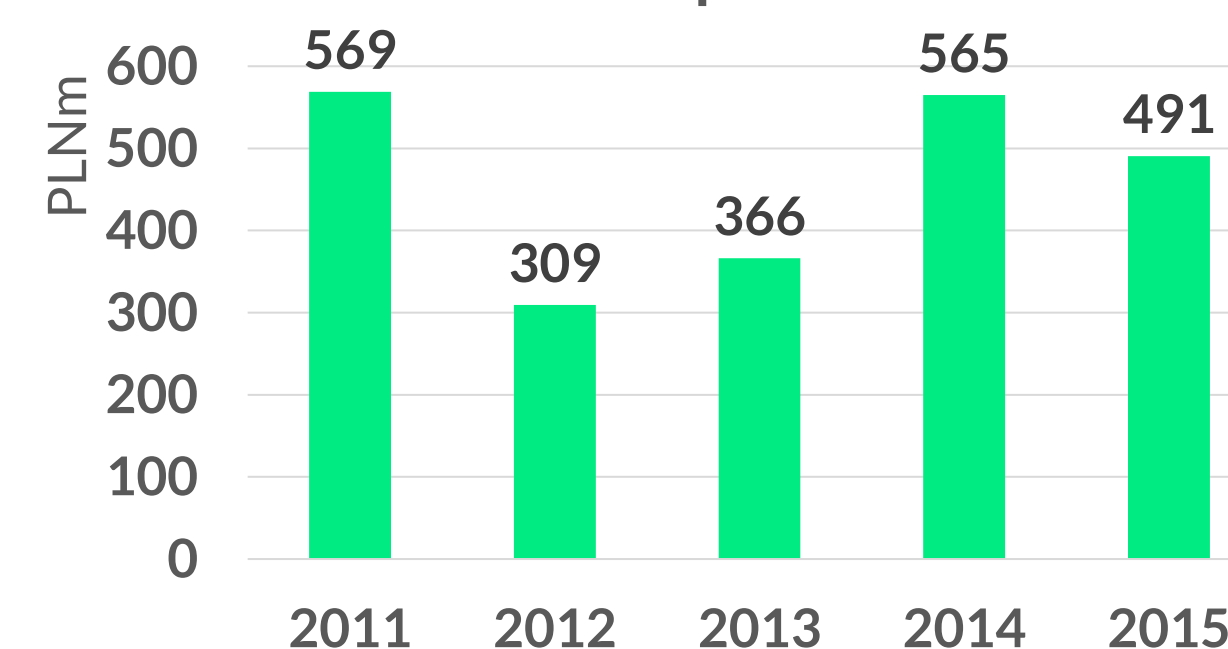
2004–2010 expenditure



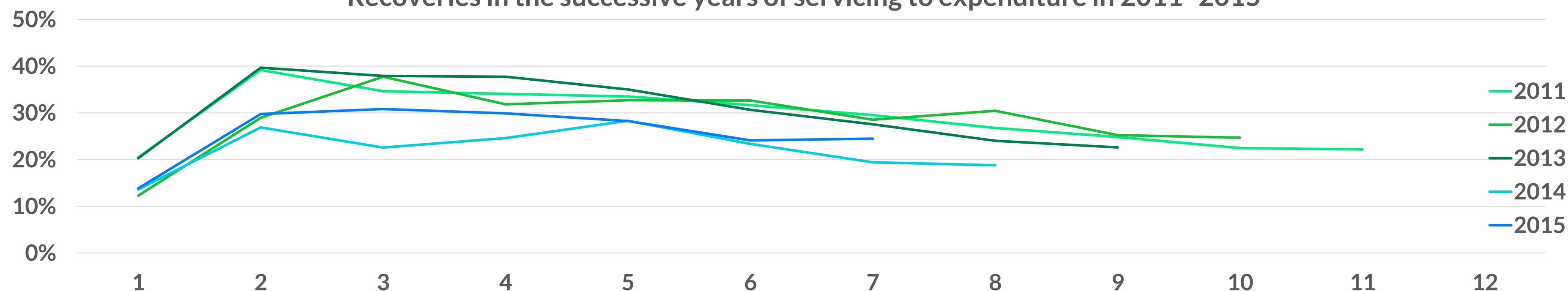
Recoveries in the successive years of servicing to expenditure in 2004–2010



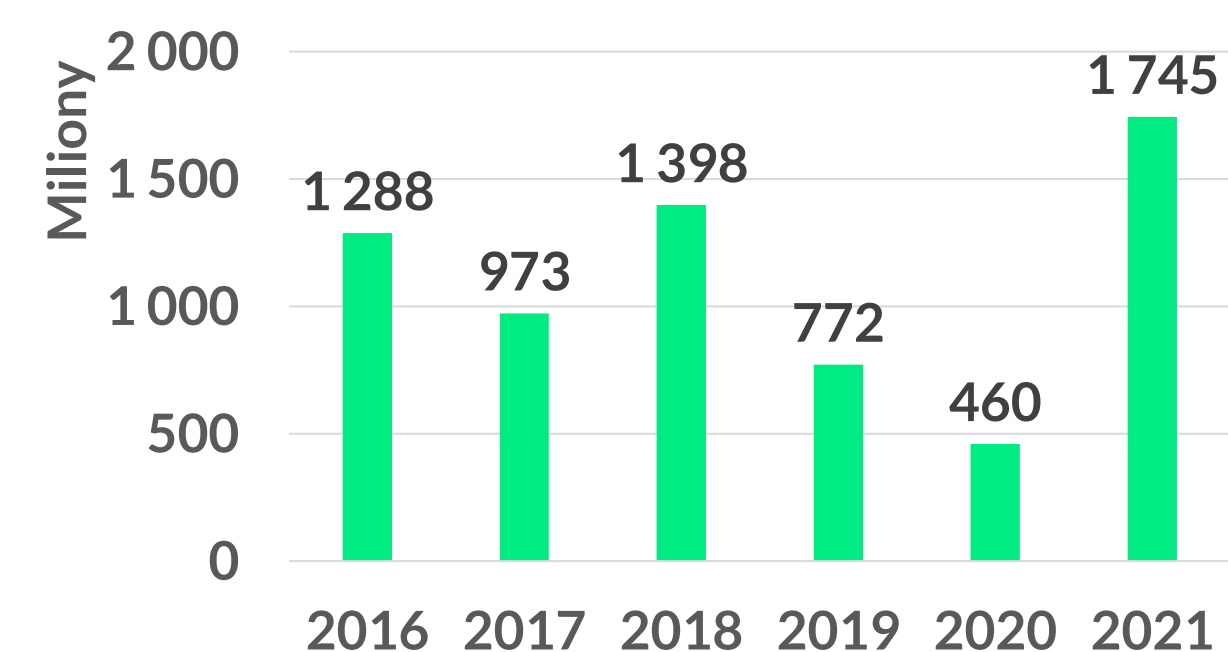
2011–2015 expenditure



Recoveries in the successive years of servicing to expenditure in 2011–2015



2016–2021 expenditure



Recoveries in the successive years of servicing to expenditure in 2016–2021



* The servicing period in the first year from the purchase may be shorter than 12 months. As at Dec 31 2021

KRUK Group – historical recoveries – 2004–2021 portfolios



		Period																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Portfolio acquisition date	2004	91%	90%	49%	24%	24%	42%	42%	33%	46%	38%	35%	38%	29%	27%	23%	21%	21%	24%
	2005	52%	63%	26%	17%	23%	19%	14%	18%	19%	16%	16%	13%	11%	10%	8%	9%	10%	
	2006	75%	88%	50%	47%	39%	31%	41%	42%	43%	43%	39%	35%	32%	28%	32%	34%		
	2007	23%	70%	39%	30%	24%	23%	24%	22%	21%	20%	20%	17%	14%	14%	15%			
	2008	32%	51%	33%	28%	21%	19%	19%	17%	16%	17%	15%	13%	13%	13%				
	2009	40%	78%	58%	51%	47%	46%	47%	43%	39%	37%	32%	31%	34%					
	2010	34%	65%	49%	45%	48%	47%	49%	46%	41%	37%	33%	34%						
	2011	20%	39%	35%	34%	34%	32%	30%	27%	25%	22%	22%							
	2012	12%	29%	38%	32%	33%	33%	29%	30%	25%	25%								
	2013	20%	40%	38%	38%	35%	31%	28%	24%	23%									
	2014	14%	27%	23%	25%	28%	23%	19%	19%										
	2015	14%	30%	31%	30%	28%	24%	24%											
	2016	10%	32%	30%	29%	24%	27%												
	2017	11%	24%	23%	20%	24%													
	2018	11%	26%	24%	25%														
	2019	11%	40%	34%															
	2020	7%	40%																
	2021	11%																	

The relation of historical recoveries in successive calendar years to expenditure on portfolios purchased in 2004–2021 may differ from year to year depending on a range of factors, including:

- debt management process carried out by the KRUK Group
- type and nature of debt portfolios purchased in a given year,
- shares of various geographies in total debt portfolio acquisitions in a given year
- external environment, including legal and business environments.

KRUK Group – recoveries from purchased portfolios as a percentage of total recoveries in a given year



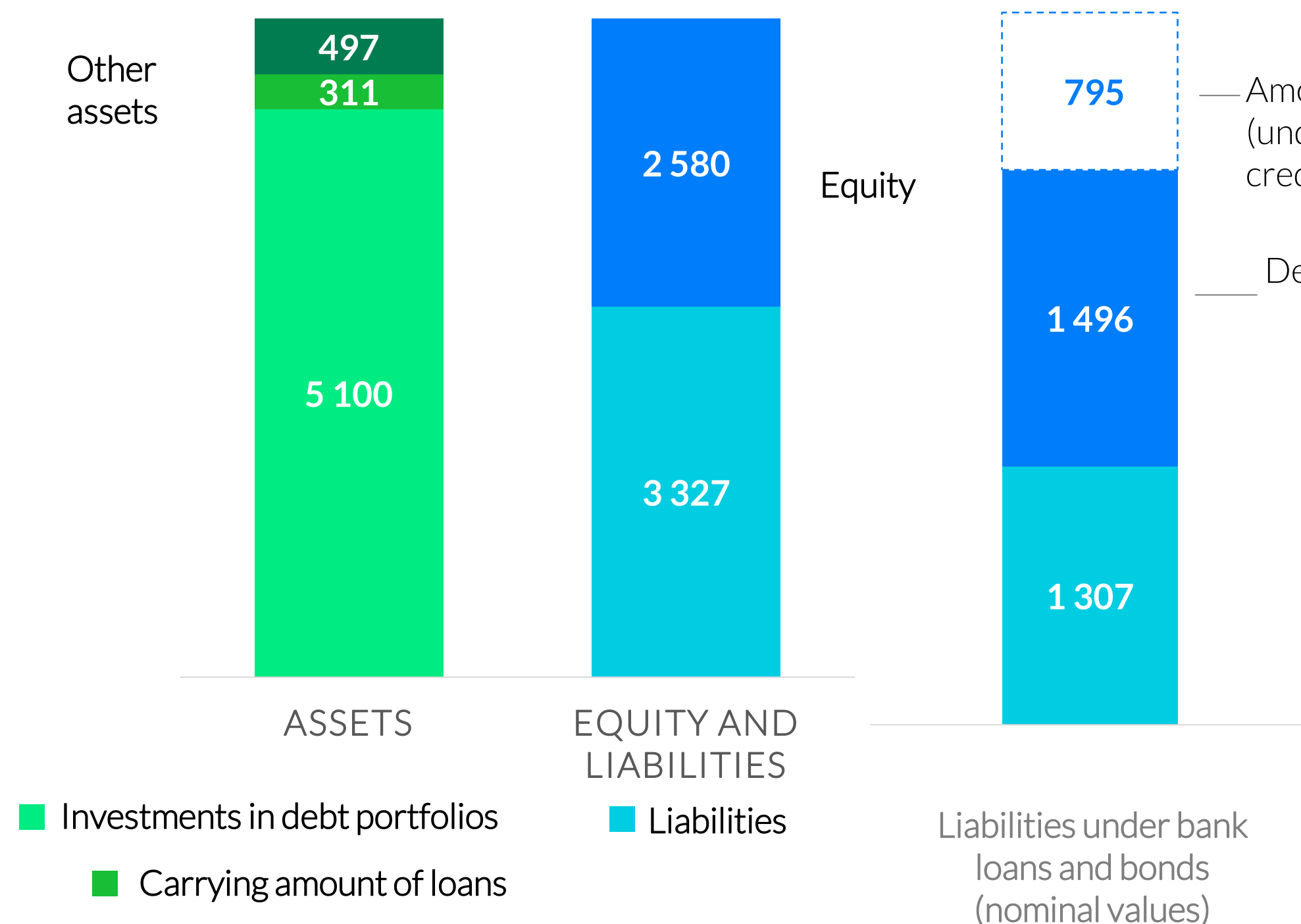
	Purchased in								
(PLNm)	2004-2010	2011-2015	2016	2017	2018	2019	2020	2021	TOTAL
2020 recoveries	121	522	316	198	338	305	34		1,834
2021 recoveries	129	511	351	234	355	259	184	192	2,216

	Purchased in								
	2004-2010	2011-2015	2016	2017	2018	2019	2020	2021	TOTAL
2020 recoveries	7%	28%	17%	11%	18%	17%	2%		100%
2021 recoveries	6%	23%	16%	11%	16%	12%	8%	9%	100%

KRUK has good access to financing

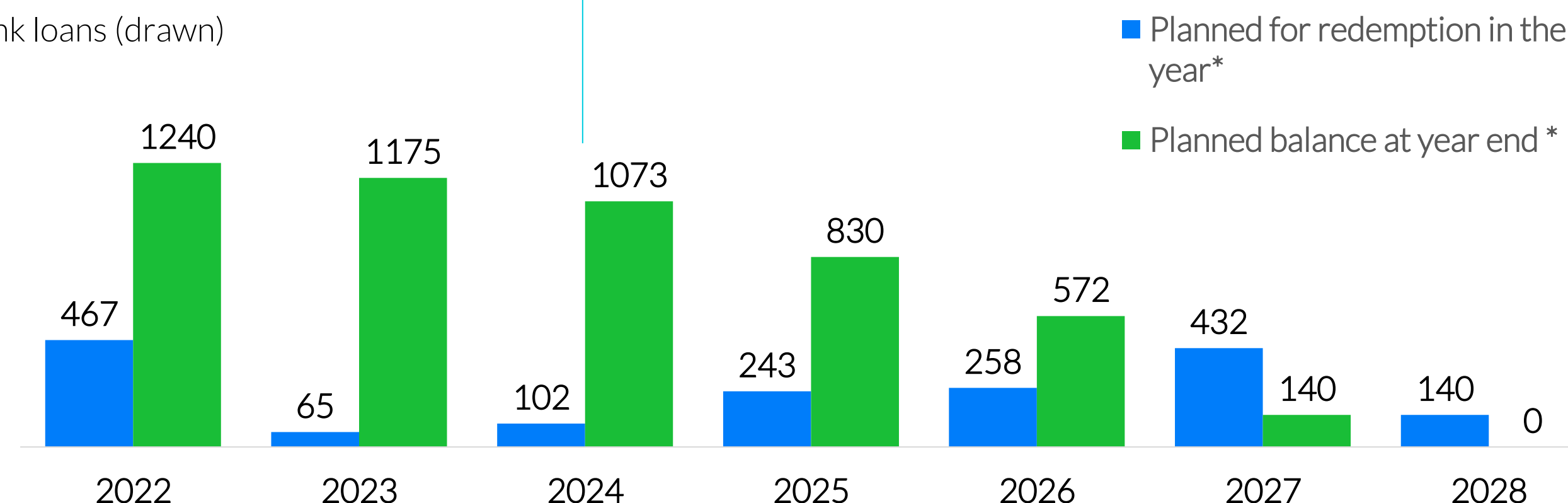


Net debt/equity 1.0x
Net debt/cash EBITDA: 1.7x



Bank loans | % 1M/3M WIBOR + 1.0–2.95pp | 1M EURIBOR + 2.2–2.95pp | PLN 2,291m, of which 67% available also in EUR

Bonds | % 3M WIBOR + 3.25–4.0pp margin | fixed for PLN: 4.0–4.8pp | fixed for EUR: 3.59% | in PLN with variable %: PLN 943m | in PLN with fixed %: PLN 180m | in EUR with fixed %: PLN 184m



* Nominal values as at December 31st 2021; including PLN 400m of bonds issued in February 2022.

In 2021, KRUK S.A. repurchased PLN 540m of bonds and issued a total of PLN 535m of bonds, of which

- PLN 205m were five-year prospectus bonds:
 - Series AK2 bonds with a nominal value of PLN 20m paying a fixed interest rate of 4.2%,
 - Series AK3 bonds with a nominal value of PLN 70m paying a fixed interest rate of 4.0%
 - Series AK4 bonds with a nominal value of PLN 65m paying a fixed interest rate of 4.0%
 - Series AM1 bonds with a nominal value of PLN 50m paying a variable interest rate of 3M WIBOR + 3.4%.
- PLN 330m were six-year bonds for institutional investors (Series AL1) paying interest at 3M WIBOR + 3.7%.

In 2021, KRUK increased the total amount available under lines of credit by PLN 416m to PLN 2,291m as at year-end. KRUK established business relationships with CITI and Bank PKO BP S.A.

In February 2022, revolving facility agreements were signed with Bank Pekao S.A. for up to PLN 40m (KRUK S.A.) and for up to PLN 80m (PROKURA NS FIZ).

Subsequent to the reporting date, KRUK S.A. issued six-year amortised Series AL2 bonds with a nominal value of PLN 350m paying a variable interest rate of 3M WIBOR + 3.2% (issued to institutional investors), and five-year Series AM2 bonds with a nominal value of PLN 50m paying a variable interest rate of 3M WIBOR + 3.3% (issued under the 8th Bond Issue Programme).

Agenda



1. Key achievements
2. Geographical and operating segments
3. Financial results
4. Additional information



Non-financial information of the KRUK Group

Financial education of people

- The KRUK Group is particularly committed to raising public awareness of various financial matters. The Group's strategic approach to education in this area is reflected in its propriety project Day Without Debt. The initiative is carried out not only in Poland, but also in Romania, the Czech Republic and Slovakia, and it aims to raise public awareness of the problem of debt.
- In Poland, Wonga runs the website Kapitalni <https://kapitalni.org/>. It is arranged into special learning paths. To date, 2,700 users have completed at least one full path, while the total number of unique users of Kapitalni.org is over 60,000.
- In Romania, the Group has implemented the 'Credite Inteligente' (Smart Loans) educational project teaching young people how to manage their budgets responsibly. In 2021, 110 secondary schools in 49 towns and cities participated in the project. The Group also carries out various initiatives under the 'Responsible' financial education programme, which is addressed to young people from underprivileged backgrounds.
- Educational projects for young people are also run in the Czech Republic.

Social responsibility

Psychological assistance

- The Psychological Assistance Centre operates in Poland. The Centre is staffed with educated and qualified psychologists who provide support for people in a mental health crisis. Regular training and supervision meetings are held every quarter. In 2021, the meetings focused on crisis issues: 'Crisis, crisis intervention in telework'
- Initiatives designed to support disadvantaged people are also run in the Czech Republic and Italy. A special support protocol for people experiencing a mental health crisis has been launched in Italy. In the Czech Republic, a free helpline is available to people in need of psychological assistance.

For KRUK, sustainable business also means not being indifferent to the humanitarian crisis caused by Russia's aggression against Ukraine. Therefore, the KRUK Group will donate EUR 320,000 (approximately PLN 1.5m) to support Ukrainian refugees in the countries bordering Ukraine where the KRUK Group operates.

Environmental responsibility

One of the KRUK Group's top priorities is protection of the natural environment, which is reflected in our continuously evolving business processes as well as in sponsorship and other activities organised by individual Group companies. For example:

- In Poland – the Earth Overshoot Day, which addresses the issues created by excessive consumerism and its environmental impact.
- In Italy – the 'Plastic-free Walk' event, which KRUK held in 2021 in partnership with Italy's best know NGO Plastic Free.

Investor Relations



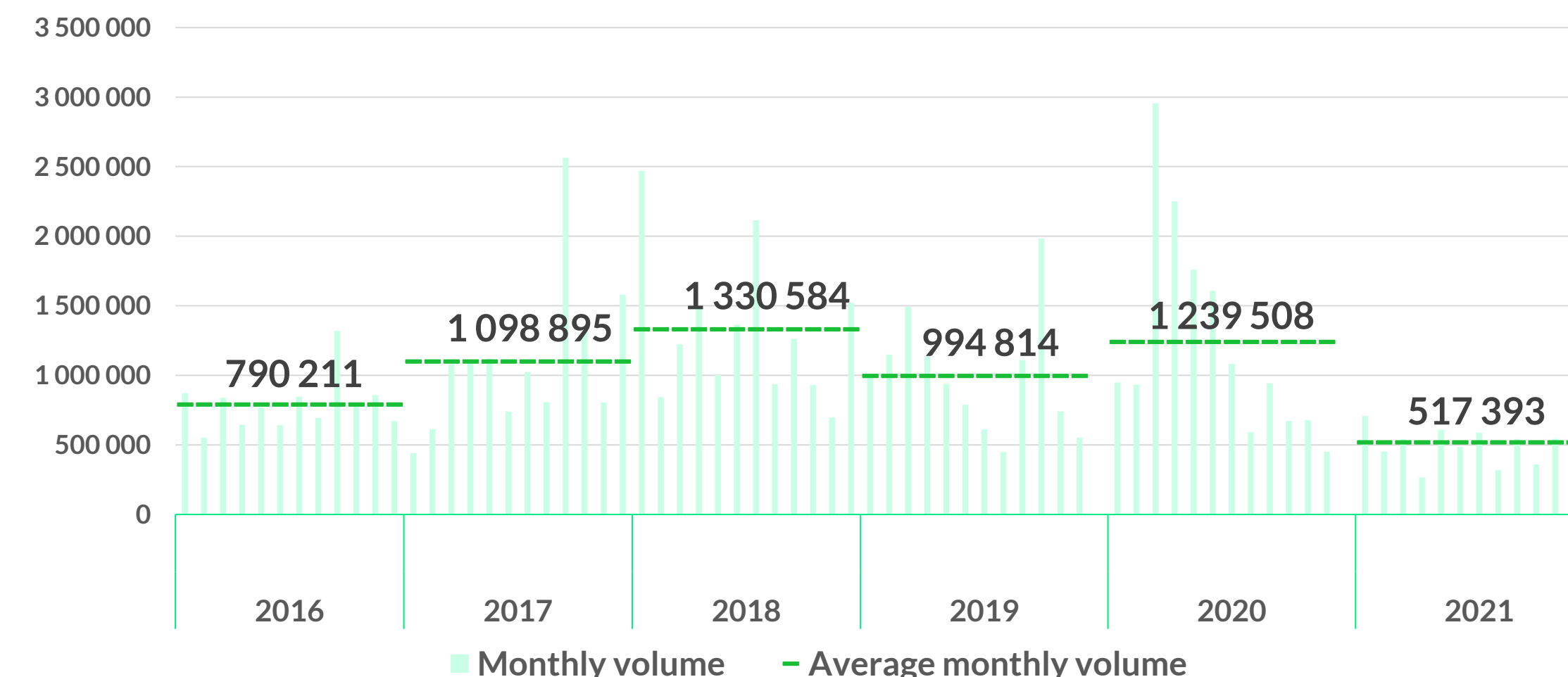
Selected IR events planned for 2022

Date	Event
January 7th	Arcti's Debt Collection Seminar 2022
January 25th	Top Picks 2022 by Trigon
April 5th	BM Pekao Financials Conference
April 28th	Publication of Q1 results

Equity analyst recommendations

Date	Author	Recommendation	Price target
January 2022	DM mBanku	buy	PLN 435.55
January 2022	Bank Pekao BM	buy	PLN 406.00
December 2021	DM PKO BP	hold	PLN 378.00

KRUK as the 28th most liquid stock on the WSE



Shareholders with ownership interests above 3%*

Shareholder	Ownership interest
OFE Nationale-Nederlanden	14.74%
Piotr Krupa	9.52%
OFE Aviva Santander	9.28%
OFE PZU Złota Jesień	8.80%
OFE Aegon	6.01%
OFE Allianz Polska	5.18%
OFE MetLife	4.96%
OFE Generali	4.57%
OFE UNIQA	3.68%

Research coverage

Brokerage house	Analyst	Email address
BDM	-	-
Citi	Andrzej Powierża	andrzej.powierza@citi.com
Erste Group DM	Łukasz Jańczak	lukasz.janczak@erstegroup.com
mBank DM	Michał Konarski	michal.konarski@mdm.pl
PKO BP DM	Jaromir Szortyka	jaromir.szortyka@pkobp.pl
DM Pekao	Michał Fidelus	michal.fidelus@pekao.com.pl
Santander BM	Kamil Stolarski	kamil.stolarski@santander.pl
DM Trigon	Grzegorz Kujawski	grzegorz.kujawski@trigon.pl
Wood & Co.	Marta Jeżewska-Wasilewska	marta.jezewska-wasilewska@wood.com

* Source: stooq.pl as at March 14th 2022.



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KRUK S.A.
ul. Wołowska 8
51-116 Wrocław, Poland
www.kruksa.pl

Investor Relations contact: ir@kruksa.pl
Investor website: <https://pl.kruk.eu/relacje-inwestorskie>

