



# Presentation of the KRUK Group's H1 2021 results

KRUK Group



# Agenda



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



# Record-high net profit of PLN 396m

NET PROFIT	CASH EBITDA	RECOVERIES FROM PURCHASED DEBT PORTFOLIOS	PORTFOLIO PURCHASES
<b>PLN 396m</b> (+2,148% y/y)	<b>PLN 762m</b> (+29% y/y)	<b>PLN 1,065m</b> (+19% y/y)	<b>PLN 644m</b> (+705% y/y)
EPS	ROE LTM	PORTFOLIO CARRYING AMOUNT	NET DEBT/CASH EBITDA
<b>PLN 20.82</b> (+2,145% y/y)	<b>23%</b> (H1 2020: 5%)	<b>PLN 4.3bn</b> (+12% y/y)	<b>1.4x</b> (H1 2020: 1.9x)



# Strong recoveries from purchased debt portfolios and increase in new purchases

Recoveries from  
purchased debt portfolios  
PLN 1,065m  
(+19% y/y)

Recoveries in H1 2021 amounted to PLN 1,065m, of which PLN 553m was received in Q2 2021 alone, up 33% y/y, and 8% q/q. Thus, recoveries continue on a growing trend commenced in the third quarter of 2020.

Recoveries from unsecured retail portfolios benefited from operational changes made in the consistent pursuit of the operational excellence strategy.

Amounts recovered in Poland and Romania accounted for the largest part of the KRUK Group's total recoveries (76%), having remained stable year on year.

New portfolio purchases  
PLN 644m  
(+705% y/y)

In H1 2021, the KRUK Group purchased portfolios with a nominal value of PLN 3.6bn. Polish portfolios accounted for 60% of the total investments.

After more than a year, the Company resumed purchases on the Italian market.

Estimated remaining  
collections (ERC)  
PLN 8.5bn  
(+22% y/y)

Estimated remaining collections (ERC) increased by PLN 1.5bn y/y.

The increase in ERC was largely attributable to high H1 investments in debt portfolios and revaluation of recovery projections, with a discounted value of PLN 117m in Q2.



# The continued strong stream of recoveries was reflected in positive revaluations across all business segments and record-high cash EBITDA

Net profit  
PLN 396m  
(+2,148% y/y)

The record-high net profit for H1 2021 was driven mainly by strong performance delivered by the KRUK Group's purchased debt portfolios across all operating markets. In Q2 2021, the KRUK Group's net profit was PLN 268m, the highest quarterly net profit on record.

Revenue  
PLN 894m  
(+44% y/y)

Revenue from purchased portfolios came in at PLN 812m (up 114% y/y), on the back of higher than expected recoveries and upward revaluation of recovery projections totalling PLN 135m (vs PLN -193m in H1 2020).

Gain/(loss) on expected  
credit losses from debt  
portfolios  
PLN 348m

The revaluation of recovery projections in H1 2021 totalled PLN 135m (vs PLN -193m in H1 2020). The deviations between actual and projected recoveries disclosed jointly with revenue decreases on early collections in collateralised cases and payments from original creditor totalled PLN 213m, relative to PLN 87m the year before.

Operating and  
administrative  
expenses  
PLN 386m  
(-1% y/y)

The costs of operations in the first and second quarter of 2021 were broadly similar.

# Strong balance sheet and high dividend



Equity  
PLN 2.2bn  
(+11% y/y)

Equity represents 41% of the KRUK Group's financing sources. With a net interest-bearing debt to equity ratio of 0.9x (relative to 1.1x in H1 2020) and a net interest-bearing debt to cash EBITDA of 1.4x (relative to 1.9x the year before), KRUK's financial position is strong and stable.

Cash and cash  
equivalents  
PLN 528m  
(+53% y/y)

As at June 30th 2021, cash and cash equivalents amounted to PLN 528m (up PLN +358m q/q), and its undrawn lines of credit totalled PLN 835m.

In H1 2021, the Company launched two prospectus-based issues of unsecured five-year bonds with a total nominal value of PLN 90m offered to retail investors, bearing a fixed coupon of 4.2% (February 2021) and 4.0% (June 2021). In July 2021, KRUK carried out a third issue with a nominal value of PLN 65m, bearing a fixed coupon of 4.0%.

Under the bond issue programme without a prospectus, the Company issued six-year unsecured bonds with a total nominal value of PLN 330m, with a margin of 3.7% above 3M WIBOR. The bonds were offered to qualified institutional investors.

In 2021, KRUK paid out  
PLN 206m in dividends  
(95m in 2020 as shares  
buyback)

As a listed company since 2011, KRUK distributed an aggregate income of PLN 589m to its shareholders between 2015 and 2021.

The intention of KRUK's Management Board, within the period covered by its 2019–2024 strategy, is to make the amount of income distributions to shareholders dependent on the Company's financial standing and prevailing market conditions, allowing for re-investment of profit in the Company's growth with a view to increasing its value.



# Why KRUK



We are proficient in what we do thanks to a stable and seasoned management team

- ✓ With an operating history going back to 1998, we have one of the most impressive track records among Central Europe's debt collection companies and a presence spanning 7 European markets
- ✓ We provide comprehensive credit management services, leveraging both amicable settlement and court procedures, based on our own IT system and decision-making models
- ✓ We invest in cutting-edge IT solutions and develop our high precision analytical tools
- ✓ We have built from scratch our own process know-how based on a range of operational tools, comprising a contact centre, field advisor visits, written communications (including email) and online tools
- ✓ We also have long-standing experience in court and enforcement processes, where we rely on advanced solutions to manage large volumes of cases
- ✓ We have an extensive track record of international expansion through organic growth and acquisitions
- ✓ We have a wealth of experience in debt portfolio valuation, purchase and collection, having already invested PLN 8.4bn to buy 1,197 portfolios
- ✓ We can improve our processes and leverage lessons learned; we are driven by the Lean philosophy; and we keep refining our statistics-based models

We deliver excellent performance

- ✓ We are firmly entrenched as the market leader in Poland and Romania, boasting a strong brand and delivering profitable growth across all business lines
- ✓ For all the past 23 years, we have maintained a consistent track record of profit generation
- ✓ Average ROE LTM for 2011–2021: 22%\*
- ✓ Average EPS CAGR growth for 2011– 1H 2021: 17%\*
- ✓ We can combine business growth with profit sharing: between 2015 and 2021, KRUK distributed a total of PLN 589m to its shareholders.
- ✓ KRUK's share price has risen over 671% since its IPO in 2011\*\*

# Why KRUK



## We have ambitions and growth potential

- ✓ Our ambition is to remain on a path of profit growth and geographic expansion, with the economic interests of KRUK's management tied to the share price performance
- ✓ Over the years, we have demonstrated an ability to maximise recoveries from our existing portfolio through process efficiency improvements, translating into robust profit growth
- ✓ We believe we are well-placed to step up portfolio purchases going forward through market share gains and further expansion
- ✓ We have a corporate culture that supports sustainability: we are responsible, bold, ready to embrace change and to leverage lessons learned

## Our history to date has shown that KRUK is a moderate-risk business

- ✓ Having come through two global crises, including the 2020 pandemic, we have proven our ability to adapt and capitalise on any conditions that may emerge
- ✓ With a low leverage ratio, we can keep down our liquidity risk profile and borrowing costs, while being able to flexibly capture future growth
- ✓ For the 23 years since our business was launched, we have not experienced a single major financial, liquidity or PR crisis
- ✓ KRUK's affairs are run by its founder and a stable management team. Since 2003 it has been led by Mr Piotr Krupa as CEO. The CEO together with the other Management Board members hold a combined equity stake of some 10% in KRUK S.A.

## We are strongly committed to business ethics

- ✓ Respect for clients at every stage of the operational process remains KRUK's core value. We have received the Ethical Business title in a prestigious awards programme run by *Puls Biznesu* (subject to thorough audit by EY) every year since 2017.
- ✓ Our activities are making a positive difference in the way the debt collection and consumer lending industry are perceived
- ✓ As a responsible corporate citizen, we are engaged in financial literacy projects.



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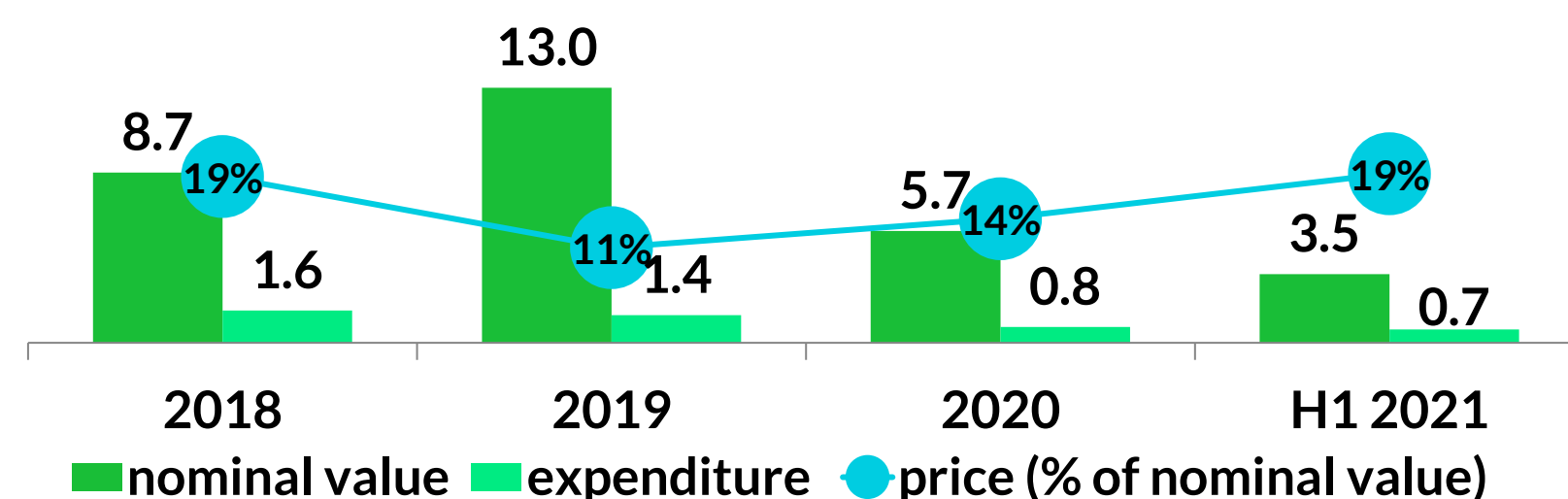
# KRUK Group in H1 2021, by segment

	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
(PLNm)														
Expenditure on debt portfolios	389	64	43	14	117	0	82	0	13	2	N/A	N/A	H1 2021	H1 2020
													644	80
Recoveries	521	425	286	251	135	121	80	53	43	44	N/A	N/A	1,065	894
Carrying amount of purchased debt portfolios (PLNbn)	2.2	1.8	0.8	0.9	0.8	0.7	0.4	0.3	0.1	0.1	N/A	N/A	4.3	3.9
Revenue	460	285	221	115	116	19	68	17	29	19	N/A	N/A	894	456
Purchased debt portfolios	398	224	213	109	111	14	61	13	29	19	N/A	N/A	812	379
Credit management services	12	11	6	6	5	5	7	5			N/A	N/A	30	27
Wonga	37	38									N/A	N/A	37	38
Other activities	13	12	2	1							N/A	N/A	15	12
EBITDA	305	120	167	71	32	-58	27	-42	13	4	-35	-20	510	76
Cash EBITDA	429	320	240	213	56	49	46	-1	27	29	-35	-20	762	591

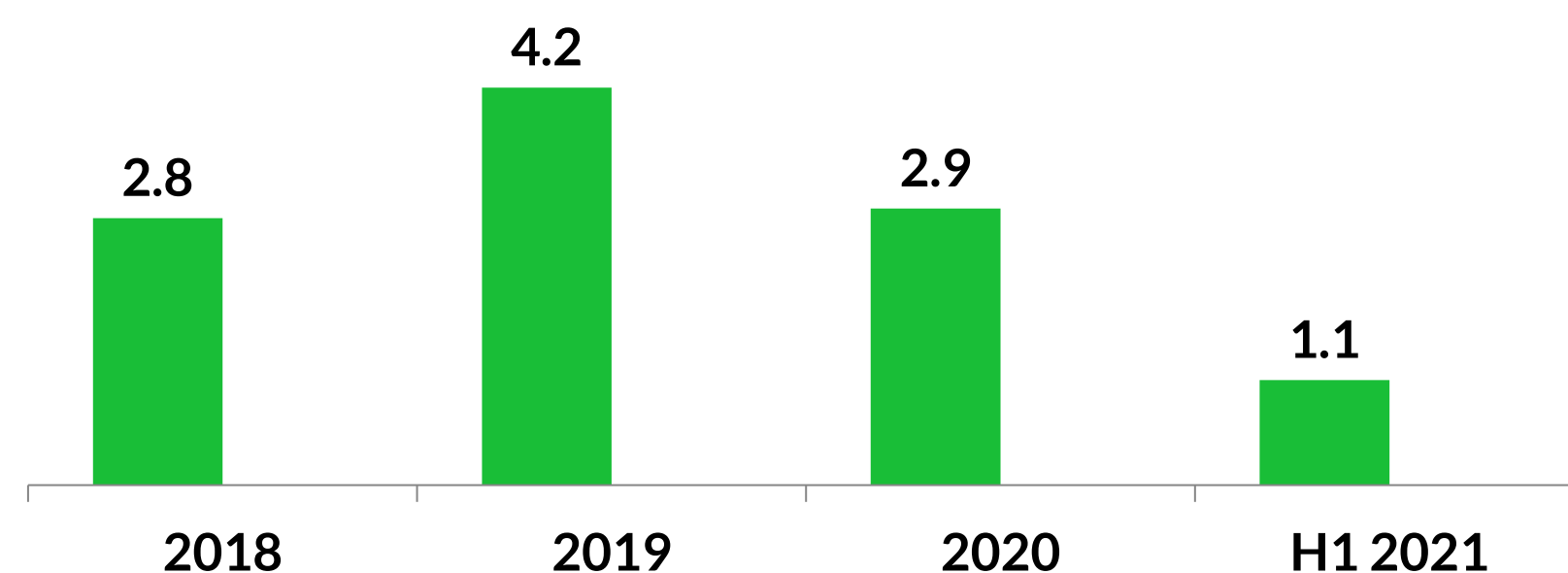


# Debt purchase market in Poland

Supply of retail and mortgage debt portfolios (PLNbn)



Corporate portfolio supply (PLNbn, nominal value)



In the first half of 2021, auctions held by debt sellers (mainly banks and financial institutions) went through without any major pandemic-related disruptions.

All types of debt (including unsecured retail, retail mortgage and corporate cases) were available on the market, with a predominant share of unsecured retail debt, which accounted for 80% of all purchases made on the Polish market.

The estimated total debt supply, based on nominal amounts, was close to PLN 4.6bn, of which KRUK acquired some 48%.

Investors purchased debt cases for a total price of PLN 733m, of which 53% was attributable to KRUK, one of its historically largest market shares in Poland.

# KRUK Group's operations in Poland (excluding Wonga)



(PLNm)	H1 2021	H1 2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	389	64	507%
RECOVERIES	521	425	23%
PORTFOLIO CARRYING AMOUNT	2,151	1,754	23%
REVENUE	423	247	71%
PURCHASED DEBT PORTFOLIOS	398	224	77%
REVALUATION OF RECOVERY PROJECTIONS	54	-45	221%
CREDIT MANAGEMENT SERVICES	12	11	7%
OTHER ACTIVITIES	13	12	14%
EBITDA	291	116	151%
CASH EBITDA	414	316	31%
PORTFOLIO PROFITABILITY (LTM)	34%	25%	36%

On the Polish market KRUK invested PLN 389m (60% of total expenditure), purchasing debt worth nominally PLN 2.2bn. In Poland, KRUK invested primarily in unsecured retail portfolios (their share in KRUK's Polish investments was 73%).

Amounts recovered on the Polish market reached PLN 521m, representing 49% of the Group's total recoveries. In Q2 2021, recoveries reached PLN 271m. The strong recoveries were mainly driven by continuous process enhancement, including development of online tools and successful court and bailiff referrals.

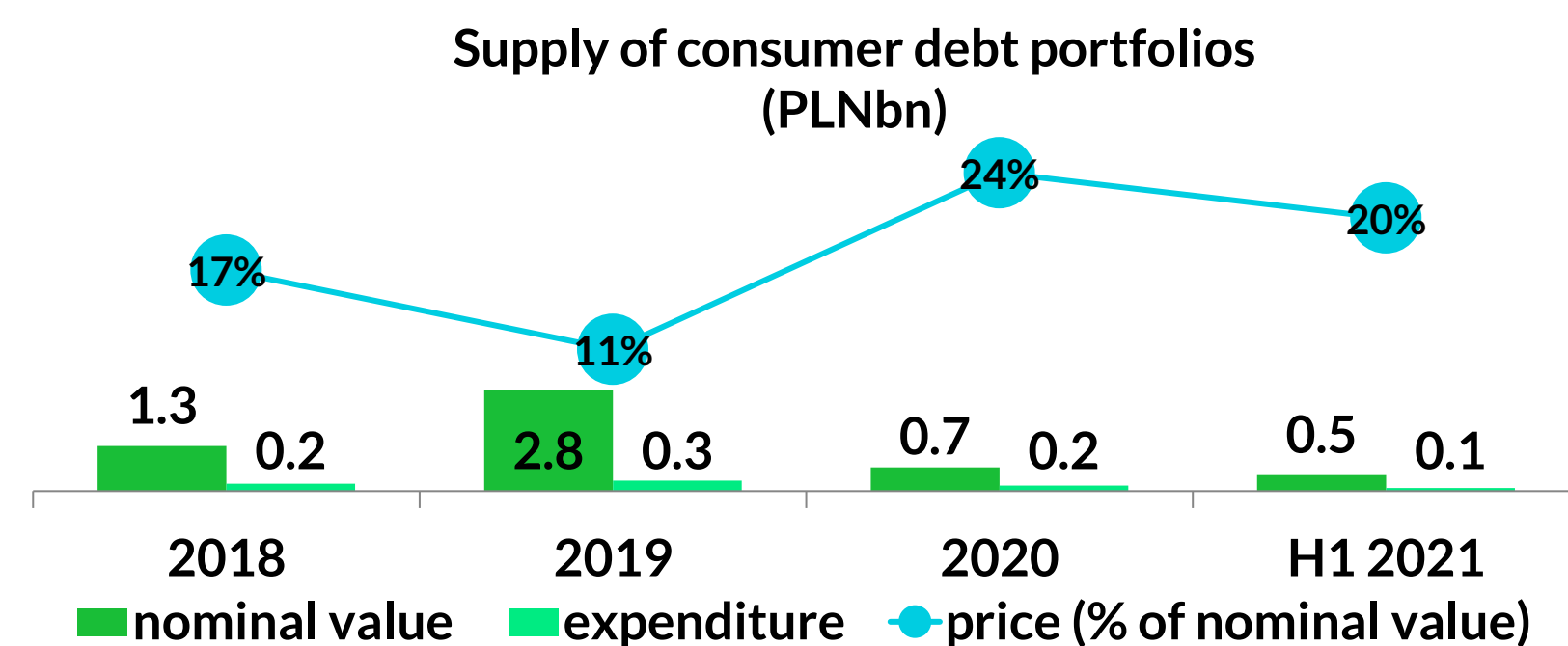
The carrying amount of purchased debt portfolios as at the end of H1 2021 was PLN 2,151m, relative to PLN 1,754m the year before. Polish portfolios accounted in total for 49% of the carrying amount of all debt portfolios held by the KRUK Group.

Revenue of PLN 423m was mainly attributable to the excess of actual recoveries against projections and revaluation of recovery projections, which totalled PLN 54m at the end of H1. A major part of the revaluation of recovery projections (PLN 49m) was made in Q2 2021.

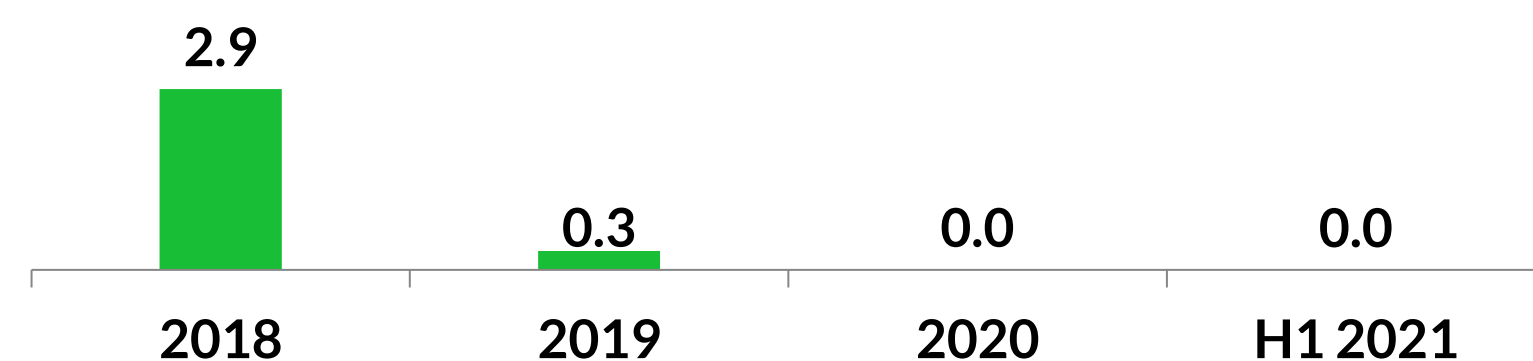
The LTM portfolio profitability improved 9pp y/y, mainly as a result of the upward revaluation of recovery projections and strong recoveries.



# Debt purchase market in Romania



Corporate portfolio supply (PLNbn, nominal value)



In H1 2021, the primary market (banks and non-bank institutions) and the secondary market in Romania saw combined sales of unsecured retail debt worth nominally over PLN 450m. KRUK's share was 42%.

According to KRUK's estimates, total expenditure on the market in the first six months of 2021 was PLN 93m, with KRUK's share at 53%. Taking into account only investments made on the primary market, KRUK's market share was over 80%.



# KRUK Group's operations in Romania



(PLNm)	H1 2021	H1 2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	43	14	197%
RECOVERIES	286	251	14%
PORTFOLIO CARRYING AMOUNT	843	909	-7%
REVENUE	221	115	92%
PURCHASED DEBT PORTFOLIOS	213	109	97%
REVALUATION OF RECOVERY PROJECTIONS	62	-32	290%
CREDIT MANAGEMENT SERVICES	6	6	4%
OTHER ACTIVITIES	2	1	123%
EBITDA	167	71	137%
CASH EBITDA	240	213	13%
PORTFOLIO PROFITABILITY (LTM)	46%	33%	38%

The amount invested by KRUK on the Romanian market was PLN 43m (7% of total expenditure), purchasing debt portfolios with a nominal value of PLN 192m.

Amounts recovered on the Romanian market reached PLN 286m, accounting for 27% of the Group's total recoveries. In Q2 2021, recoveries reached PLN 146m.

The carrying amount of purchased debt portfolios as at the end of the first half of 2021 was PLN 843m, down 7% year on year. Romanian portfolios accounted in total for 19% of the carrying amount of all debt portfolios held by the KRUK Group.

Revenue of PLN 221m was mainly attributable to the PLN 62m revaluation of recovery projections. A major part of the revaluation of recovery projections (PLN 50m) was made in Q2 2021.

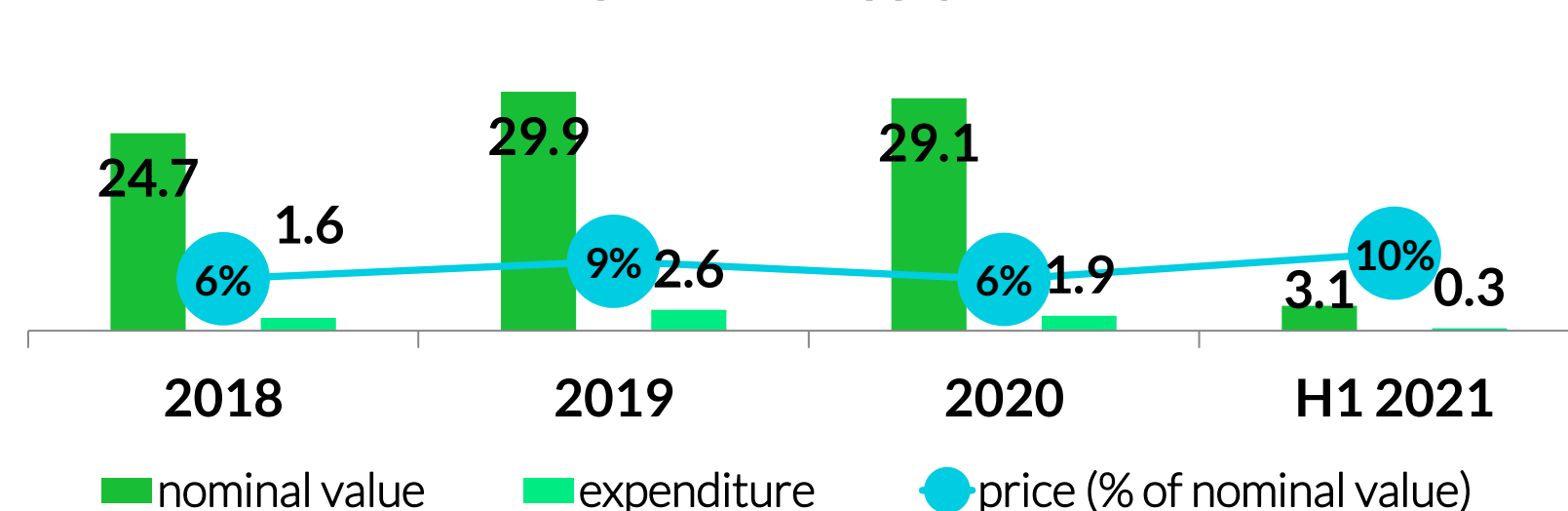
The LTM portfolio profitability improved 13pp y/y, mainly as a result of the upward revaluation of recovery projections and strong recoveries.

\* 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 Italy



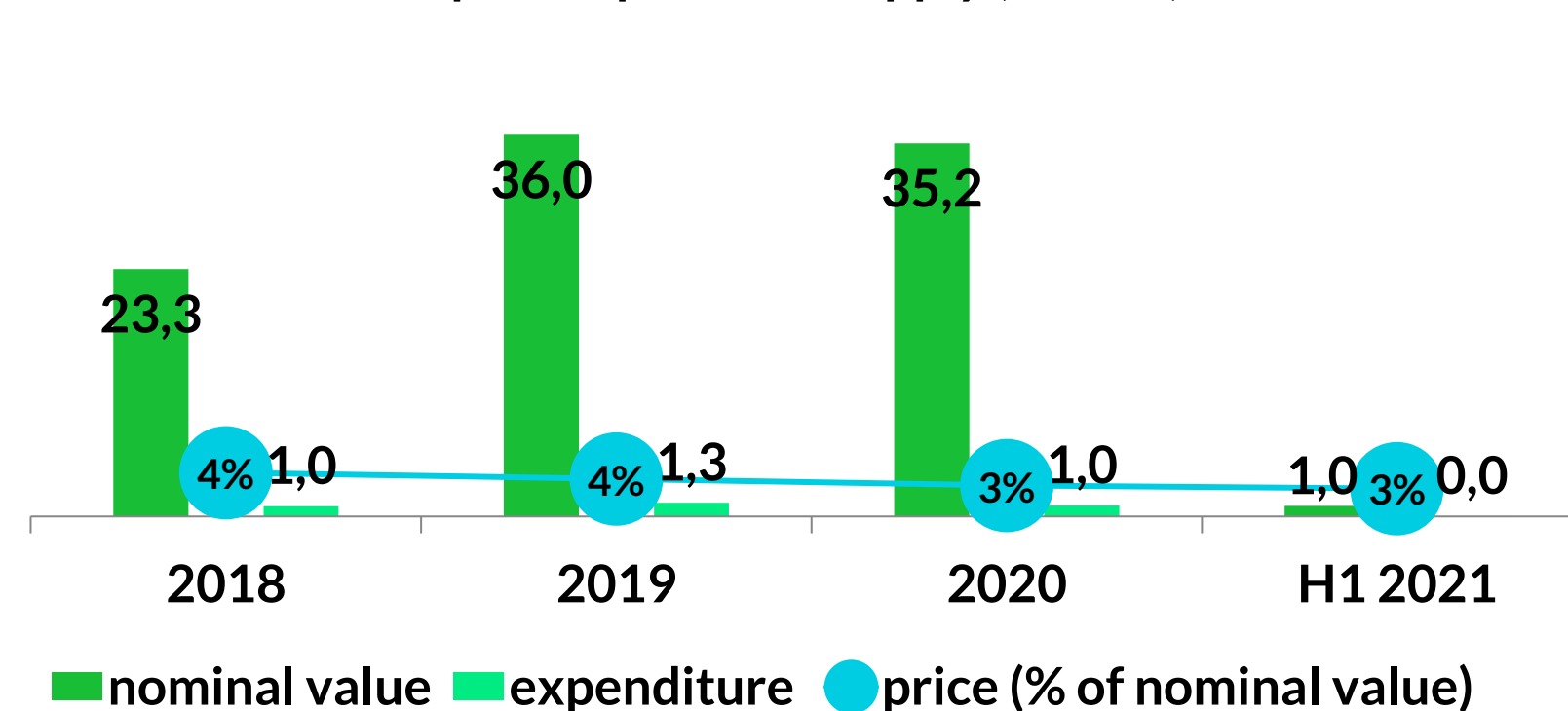
Retail portfolio supply (PLNbn)



According to the KRUK Group's estimates, the supply of retail bank and non-bank debt portfolios in Italy (excluding mortgage debt) in H1 2021 was in excess of PLN 4.1bn in nominal terms, of which KRUK purchased approximately 18%.

Total expenditure on these portfolio categories in Italy was PLN 330m, with KRUK's share estimated at 35%.

Corporate portfolio supply (PLNbn)



# KRUK Group's operations in Italy



(PLNm)	H1 2021	H1 2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	117	0	-
RECOVERIES	135	121	12%
PORTFOLIO CARRYING AMOUNT	813	744	9%
REVENUE	116	19	511%
PURCHASED DEBT PORTFOLIOS	111	14	700%
REVALUATION OF RECOVERY PROJECTIONS	9	-76	112%
CREDIT MANAGEMENT SERVICES	5	5	-10%
EBITDA	32	-58	155%
CASH EBITDA	56	49	14%
PORTFOLIO PROFITABILITY (LTM)*	26%	16%	64%

KRUK resumed debt purchases on the Italian market, having spent PLN 117m on portfolios with a nominal value of PLN 760m.

Amounts recovered on the Italian market reached PLN 135m, accounting for 13% of the Group's total recoveries. In Q2 2021, recoveries reached PLN 70m.

As at the end of H1 2021, the carrying amount of debt portfolios purchased on that market was PLN 813m, representing 19% of the KRUK Group's total carrying amount of debt portfolios.

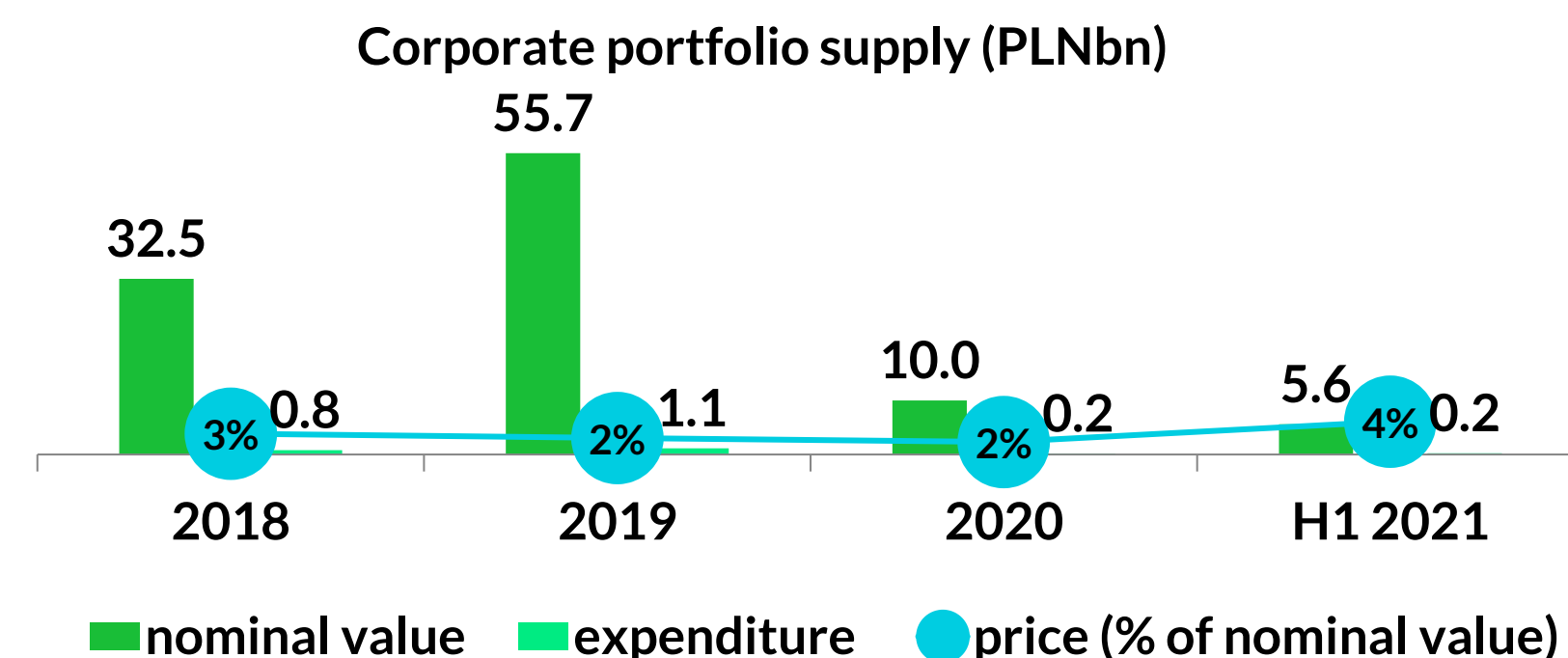
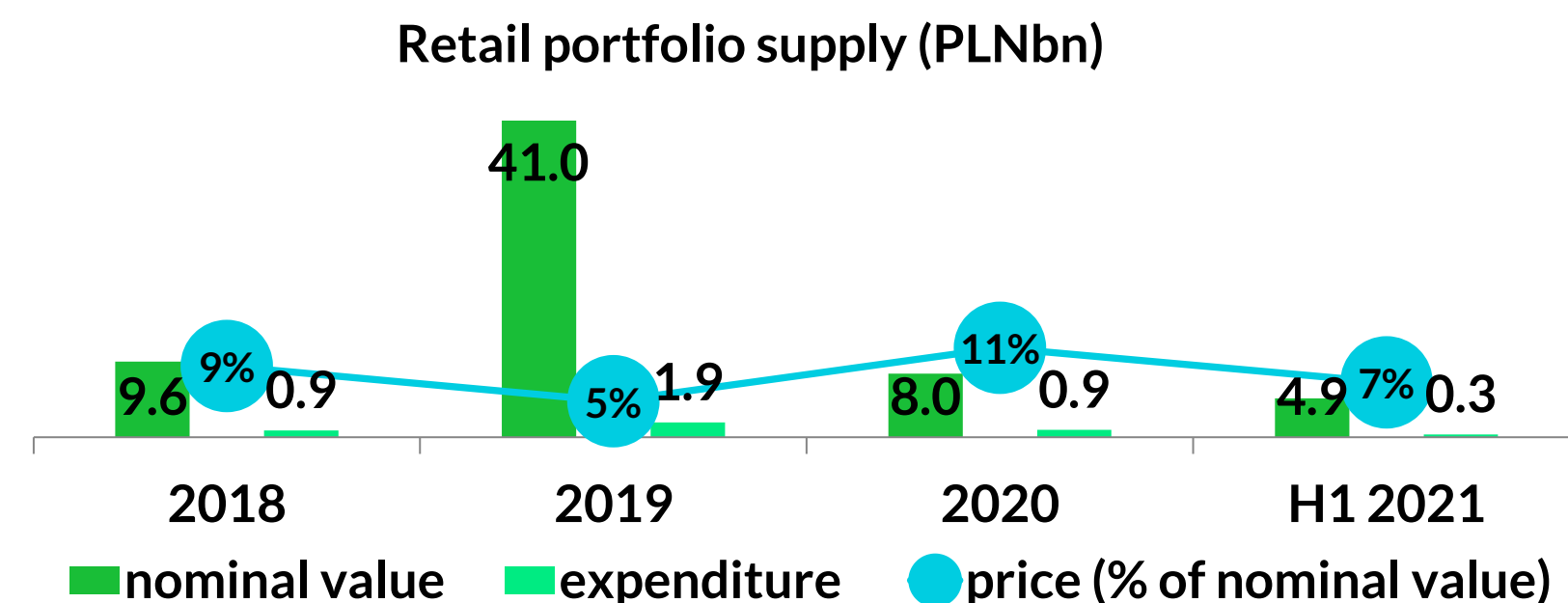
Revenue of PLN 116m was mainly driven by good recoveries and slight, but positive revaluation of recovery projections.

The LTM portfolio profitability improved 10pp y/y, mainly as a result of the upward revaluation of recovery projections.

\* 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 H1 2021 sales of bank and non-bank debt portfolios in Spain reached nearly PLN 10.5bn 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 0.5bn, with KRUK's share at 15%.

# KRUK Group's operations in Spain



(PLNm)	H1 2021	H1 2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	82	0	-
RECOVERIES	80	53	50%
PORTFOLIO CARRYING AMOUNT	421	343	23%
REVENUE	68	17	289%
PURCHASED DEBT PORTFOLIOS	61	13	380%
REVALUATION OF RECOVERY PROJECTIONS	5	-37	113%
CREDIT MANAGEMENT SERVICES	7	5	50%
EBITDA	27	-42	165%
CASH EBITDA	46	-1	5576%
PORTFOLIO PROFITABILITY (LTM)*	20%	11%	76%

KRUK's investments on the Spanish market amounted to PLN 82m, comprising debt worth nominally PLN 418m.

Amounts recovered on the Spanish market reached PLN 80m, accounting for 8% of the Group's total recoveries. In Q2 2021, recoveries reached PLN 44m.

As at the end of H1 2021, the carrying amount of debt portfolios purchased on that market was PLN 421m, representing 10% of the KRUK Group's total carrying amount of debt portfolios.

Revenue of PLN 68m was mainly driven by good recoveries and slight, but positive revaluation of recovery projections.

The LTM portfolio profitability improved 9pp y/y, mainly as a result of the upward revaluation of recovery projections.

\* 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 Germany, the Czech Republic and Slovakia



(PLNm)	H1 2021	H1 2020	y/y
EXPENDITURE ON DEBT PORTFOLIOS	13	2	733%
RECOVERIES	43	44	-3%
PORTFOLIO CARRYING AMOUNT	118	124	-5%
REVENUE	29	19	49%
PURCHASED DEBT PORTFOLIOS	29	19	49%
REVALUATION OF RECOVERY PROJECTIONS	5	-3	260%
EBITDA	13	4	220%
CASH EBITDA	27	29	-6%
PORTFOLIO PROFITABILITY (LTM)*	46%	33%	38%

Investments on the Czech and Slovak market amounted to PLN 13m, comprising debt with a nominal value of PLN 57m.

Portfolio recoveries amounted to PLN 43m, accounting for 4% of the Group's total recoveries. In Q2 2021, recoveries reached PLN 22m.

As at the end of H1 2021, the carrying amount of debt portfolios purchased on that market was PLN 118m, representing 3% of the total carrying amount of the KRUK Group's debt portfolios.

Revenue of PLN 29m was mainly driven by the upward revaluation of recovery projections.

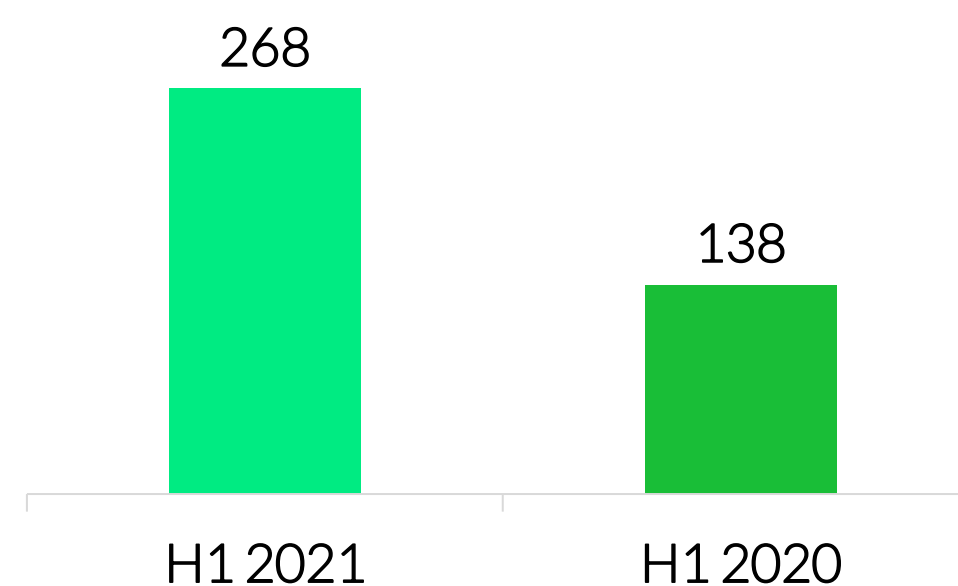
The LTM portfolio profitability improved 13pp y/y, mainly as a result of the upward revaluation of recovery projections.

\* 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.

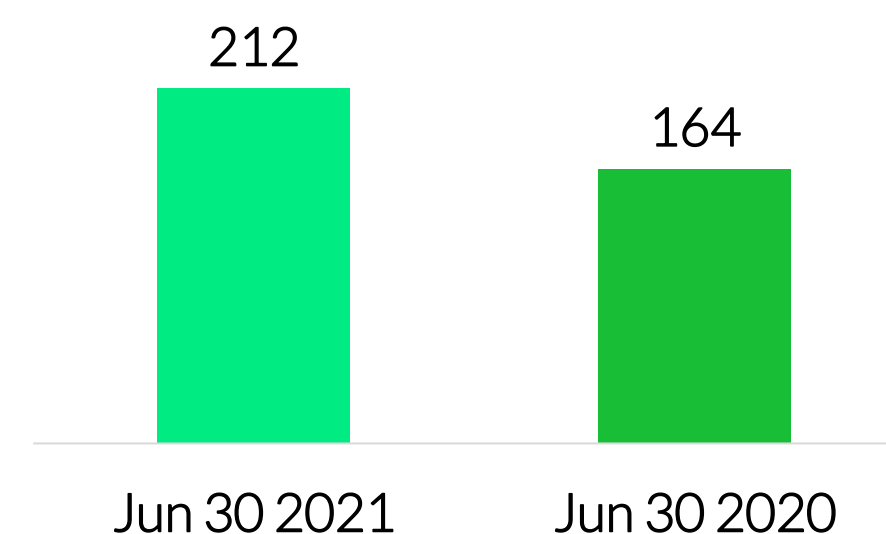
# KRUK Group's businesses - Wonga



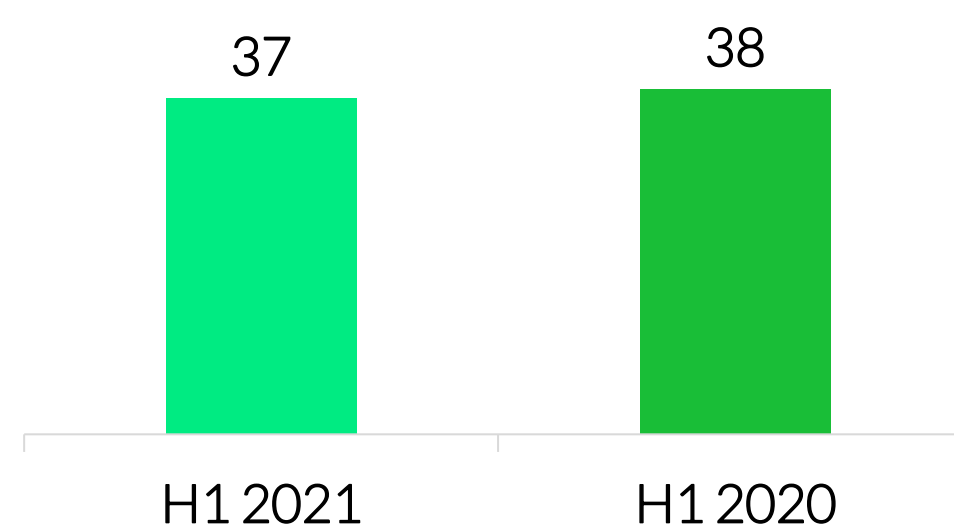
**Net value of loans advanced (PLNm)**



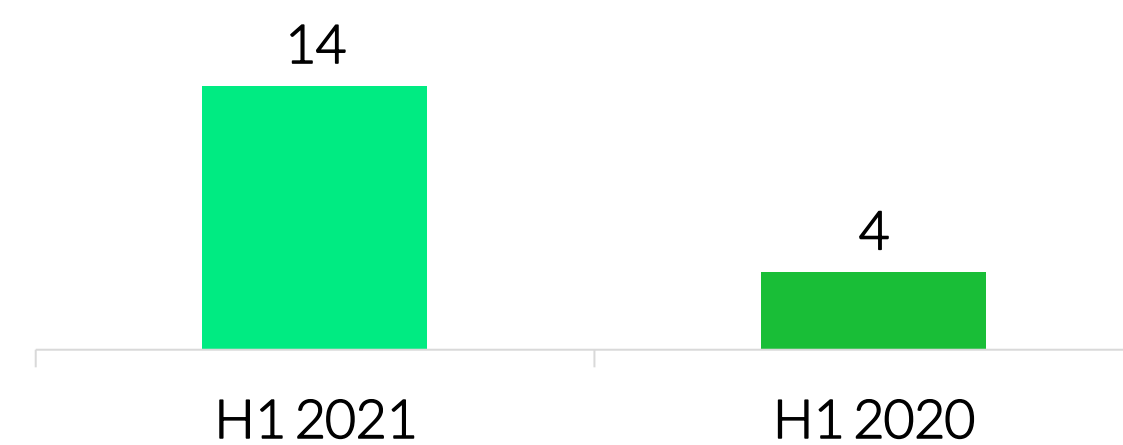
**Carrying amount of loans advanced (PLNm)**



**Revenue (PLNm)**



**EBITDA (PLNm)**



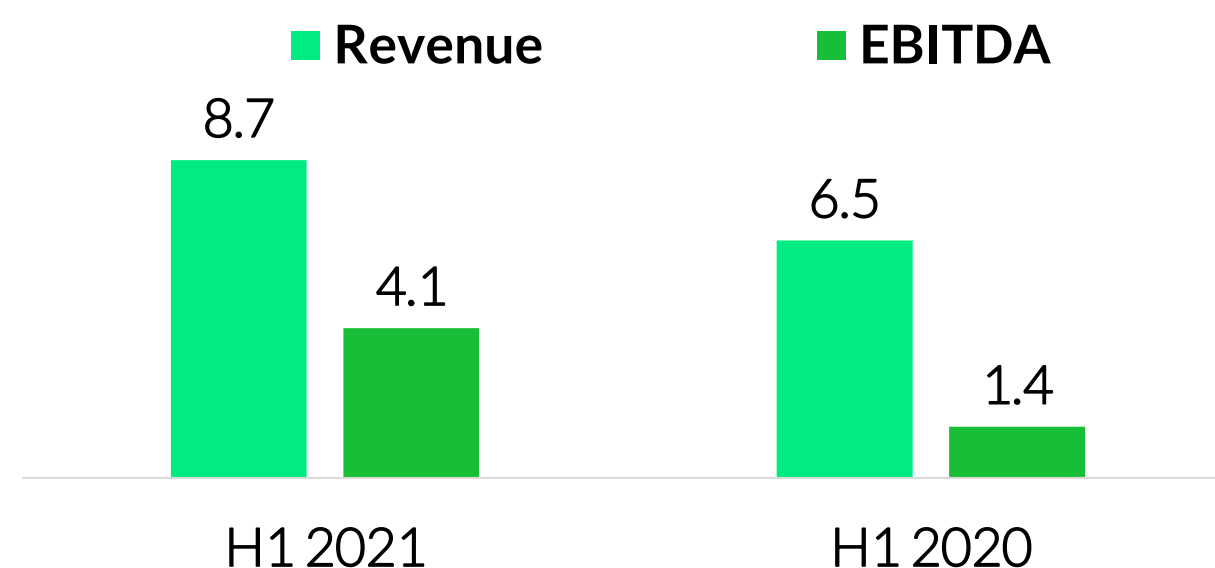
As at the end of H1 2021, the carrying amount of loans advanced by Wonga was PLN 212m, up 29% y/y.

The nominal value of loans advanced in H1 2021 was PLN 268m, up 94% y/y. Wonga's EBITDA came in at PLN 14m on revenue of PLN 37m.

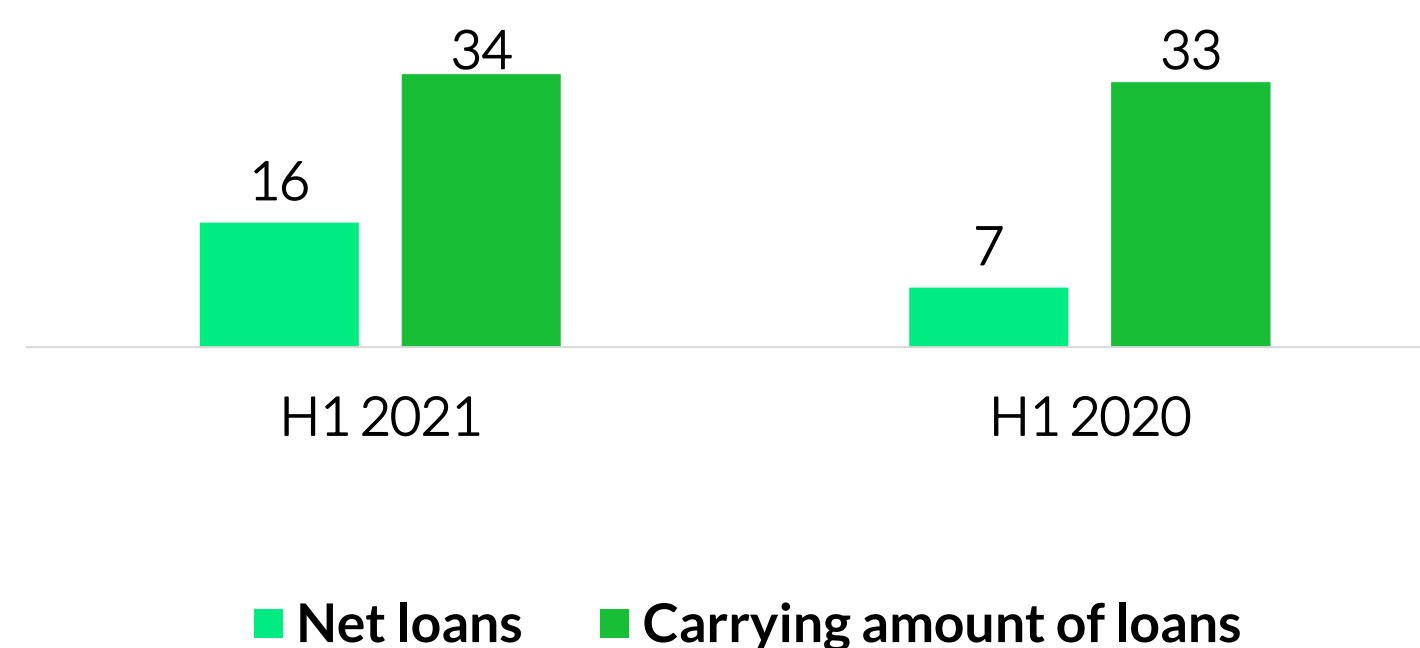
# KRUK Group's businesses - Novum and ERIF



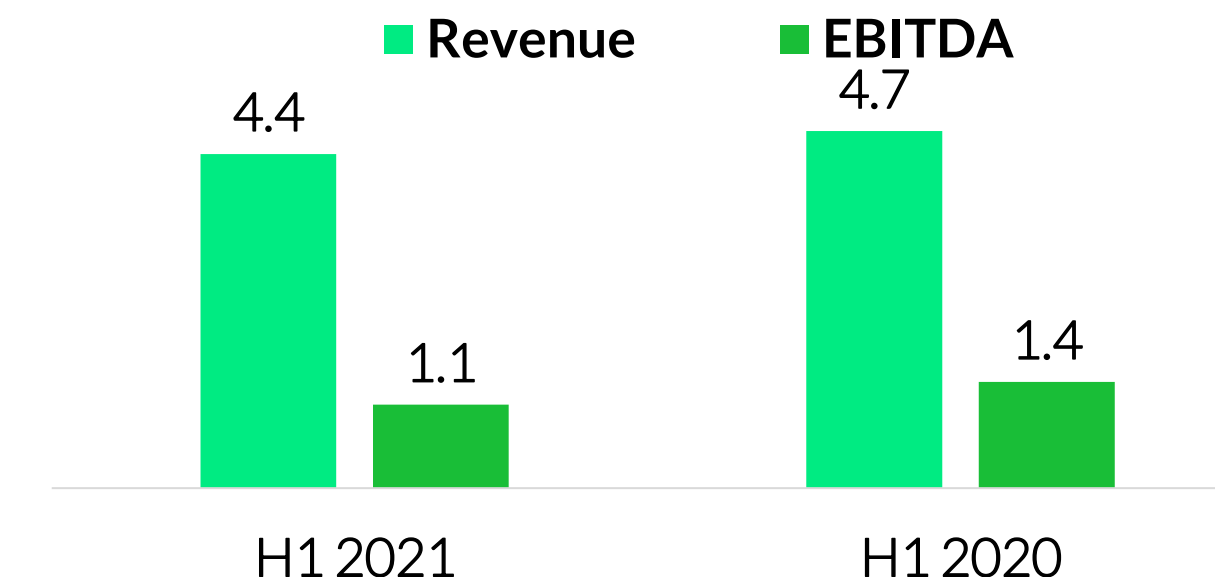
Revenue and EBITDA  
(PLNm)



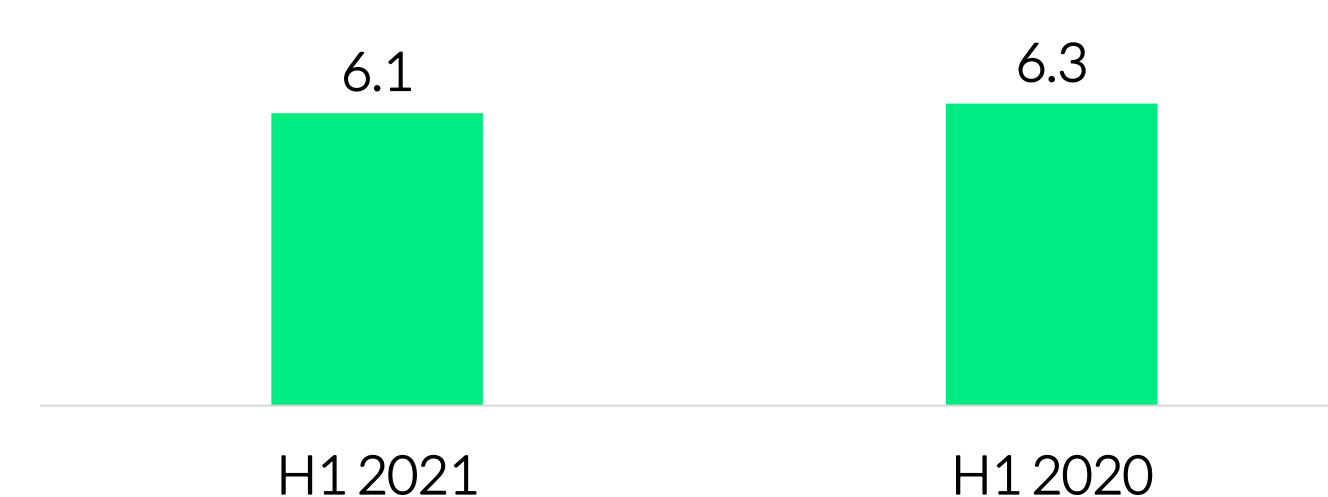
Value of loans advanced  
(PLNm)



Revenue and EBITDA  
(PLNm)



Number of reports downloaded  
(millions)



The main contributor to the y/y improvement was concentration on the less risky client segment and an increase in product margins (extended loan terms).

As at the end of H1 2021, the total number of records in the ERIF database was 120m, of which 97% were positive records.

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



PLNm	H1 2021	H1 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	H1 2021/2020
<b>PURCHASED DEBT PORTFOLIOS</b>							
Expenditure on debt portfolios	644	80	159	484	57	23	705%
Recoveries	1,065	894	512	553	477	417	19%
<b>STATEMENT OF PROFIT OR LOSS</b>							
<b>Operating income</b>	<b>894</b>	<b>456</b>	<b>382</b>	<b>512</b>	<b>199</b>	<b>257</b>	<b>96%</b>
Purchased debt portfolios	812	379	341	472	156	223	114%
of which: revaluation of recovery projections	135	-193	18	117	-121	-72	170%
of which: income from difference between expected and actual recoveries and other items*	213	87	89	124	25	62	146%
Credit management services	30	27	15	15	14	13	11%
Other products and services	52	50	27	25	29	21	3%
<b>EBITDA</b>	<b>510</b>	<b>76</b>	<b>195</b>	<b>315</b>	<b>6</b>	<b>65</b>	<b>574%</b>
EBITDA margin	57%	17%	51%	61%	3%	25%	
Finance income / costs	-26	-70	-30	3	-47	-23	62%
of which: net foreign exchange gains/(losses)	9	-5	-5	14	-6	1	300%
<b>Profit before tax</b>	<b>457</b>	<b>-18</b>	<b>151</b>	<b>306</b>	<b>-54</b>	<b>36</b>	<b>2,710%</b>
Tax expense	-62	-2	-24	-38	-8	6	-3,368%
Tax %	-14%	-10%	-16%	-12%	-15%	18%	
<b>Net profit</b>	<b>396</b>	<b>-19</b>	<b>127</b>	<b>268</b>	<b>-62</b>	<b>43</b>	<b>2,148%</b>
Net profit margin	44%	-4%	33%	52%	-31%	17%	
ROE LTM	23%	5%	12%	23%	6%	5%	
<b>Cash EBITDA</b>	<b>762</b>	<b>591</b>	<b>364</b>	<b>399</b>	<b>326</b>	<b>265</b>	<b>29%</b>

\* 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	H1 2021	H1 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	H1 21/20
<b>Operating income</b>	<b>894</b>	<b>456</b>	<b>382</b>	<b>512</b>	<b>199</b>	<b>257</b>	<b>96%</b>
Poland	460	285	199	261	128	158	61%
Romania	221	115	90	131	47	68	92%
Italy	116	19	54	62	16	3	511%
Spain	68	17	27	41	-1	18	289%
Other countries	29	19	12	17	10	9	49%
<b>EBITDA</b>	<b>510</b>	<b>76</b>	<b>195</b>	<b>315</b>	<b>6</b>	<b>65</b>	<b>574%</b>
EBITDA margin	57%	17%	51%	61%	3%	25%	
Finance income/costs	-26	-70	-30	3	-47	-23	62%
Income tax	-62	-2	-24	-38	-8	6	3,368%
<b>Net profit</b>	<b>396</b>	<b>-19</b>	<b>127</b>	<b>268</b>	<b>-62</b>	<b>43</b>	<b>2,148%</b>
Net profit margin	44%	-4%	33%	52%	-31%	17%	

# KRUK Group – cash flows (presentation format)



PLNm	H1 2021	H1 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	H1 2021/2020
<b>Cash flows from operating activities</b>	<b>660</b>	<b>472</b>	<b>301</b>	<b>357</b>	<b>225</b>	<b>247</b>	<b>40%</b>
Recoveries – purchased debt portfolios	1,065	894	512	553	477	417	19%
Operating costs – purchased debt portfolios	-244	-225	-123	-122	-123	-102	9%
Operating margin – credit management	8	6	4	5	2	3	44%
Administrative expenses	-92	-76	-42	-50	-37	-39	-21%
Other operating cash flow	-77	-127	-49	-30	-95	-32	39%
<b>Cash flows from investing activities</b>	<b>-652</b>	<b>-86</b>	<b>-162</b>	<b>-490</b>	<b>-60</b>	<b>-26</b>	<b>656%</b>
Expenditure on debt portfolio purchases	-644	-80	-159	-484	-57	-23	705%
Other investing cash flow	-9	-6	-3	-6	-3	-3	39%
<b>Cash flows from financing activities</b>	<b>375</b>	<b>-285</b>	<b>-117</b>	<b>492</b>	<b>-79</b>	<b>-206</b>	<b>-232%</b>
Issue of shares	0	0	0	0	0	0	-
Dividend /Share repurchase	0	0	0	0	0	0	-
Increase in borrowings and lease liabilities	1,482	572	348	1,133	271	301	159%
Issue of bonds	420	0	20	400	0	0	-
Decrease in borrowings and lease liabilities	-1,248	-899	-445	-803	-369	-530	-39%
Redemption of bonds	-365	-13	-65	-300	0	-13	-
Other financing cash flow	87	56	26	61	20	36	56%
<b>Net cash flows</b>	<b>383</b>	<b>100</b>	<b>24</b>	<b>358</b>	<b>86</b>	<b>15</b>	<b>281%</b>

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

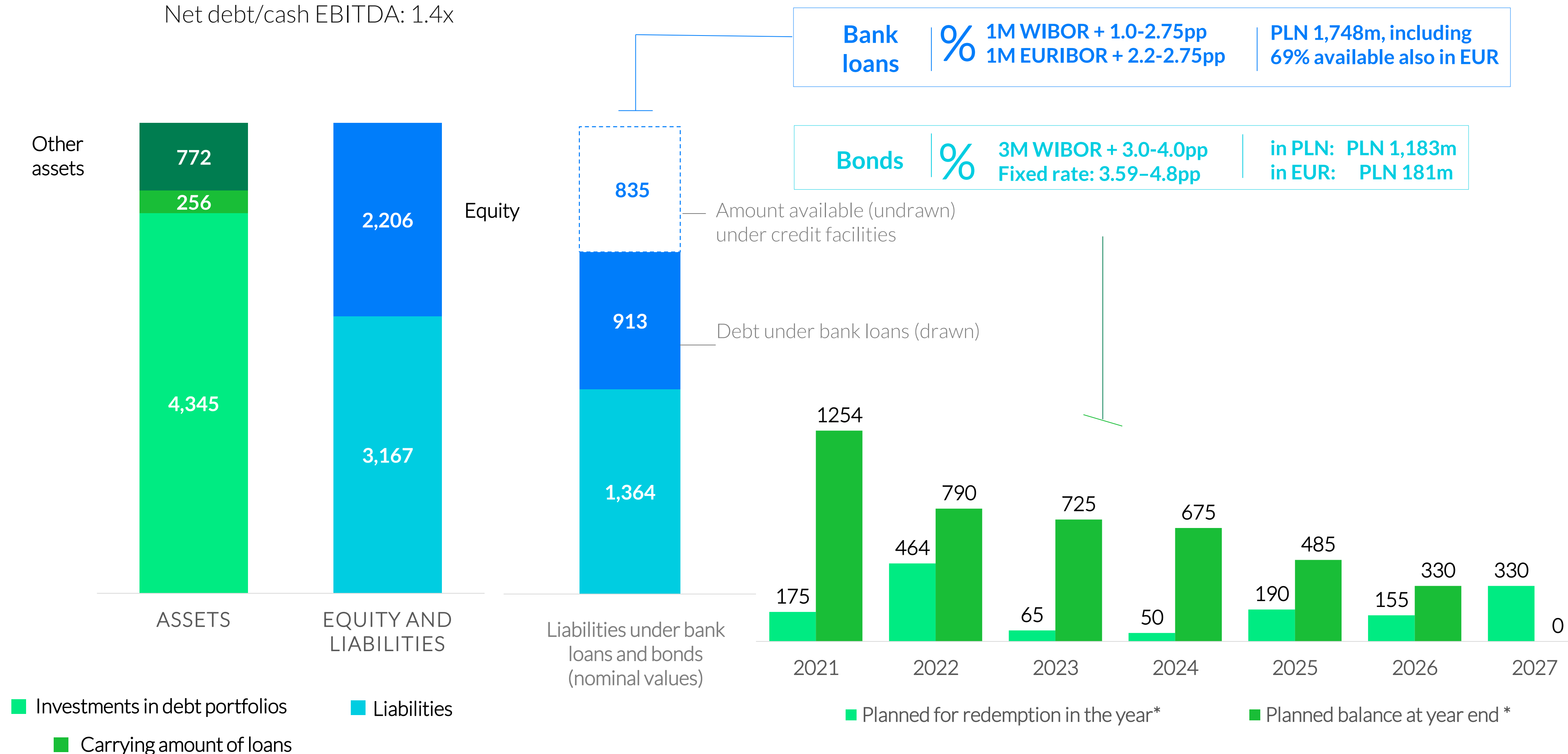


PLNm	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
<b>ASSETS</b>					
Cash and cash equivalents	528	170	146	266	251
Investments in debt portfolios and loans	4,601	4,234	4,209	3,984	4,076
Other assets	244	267	289	262	309
<b>Total assets</b>	<b>5,373</b>	<b>4,672</b>	<b>4,643</b>	<b>4,511</b>	<b>4,635</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>2,207</b>	<b>2,187</b>	<b>2,043</b>	<b>2,064</b>	<b>1,987</b>
of which: Retained earnings	1,734	1,671	1,544	1,497	1,536
<b>Liabilities</b>	<b>3,167</b>	<b>2,485</b>	<b>2,600</b>	<b>2,448</b>	<b>2,648</b>
of which: Bank borrowings and leases	1,137	804	908	765	1,031
Bonds	1,360	1,273	1,314	1,383	1,354
<b>Total equity and liabilities</b>	<b>5,373</b>	<b>4,672</b>	<b>4,643</b>	<b>4,511</b>	<b>4,635</b>
<b>METRICS</b>					
<b>Interest-bearing debt</b>	<b>2,497</b>	<b>2,077</b>	<b>2,222</b>	<b>2,148</b>	<b>2,385</b>
<b>Net interest-bearing debt</b>	<b>1,969</b>	<b>1,907</b>	<b>2,076</b>	<b>1,882</b>	<b>2,134</b>
Net interest-bearing debt to equity	0.9	0.9	1.0	0.9	1.1

# KRUK has good access to financing



Net debt/equity 0.9x  
Net debt/cash EBITDA: 1.4x



\* Nominal values as at June 30th 2021, including the PLN 65m bond issue of July 2021.

# Agenda



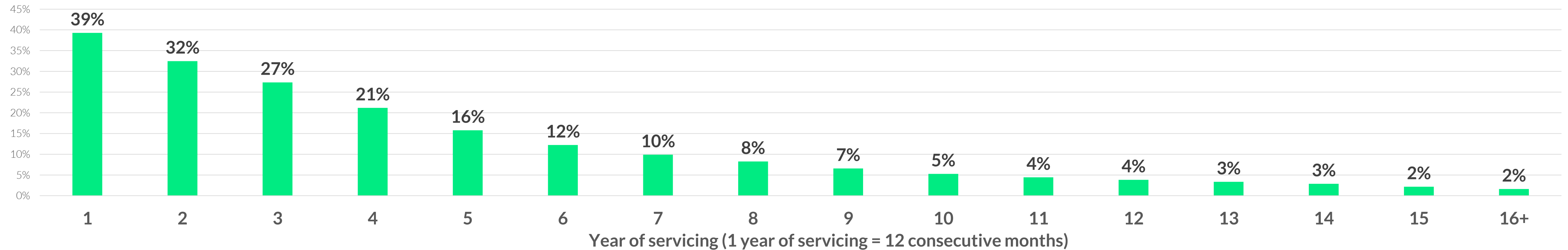
1. Key achievements
2. Geographical and operating segments
3. Financial results
4. Additional information



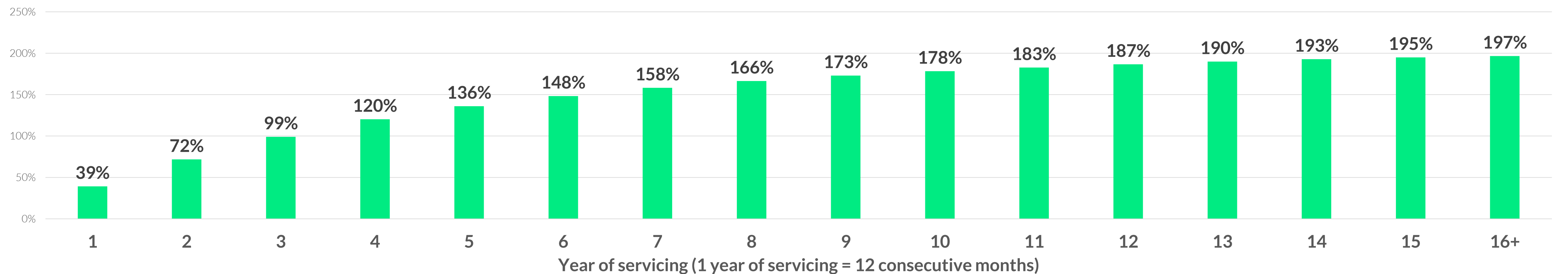
# KRUK Group - ERC



Estimated remaining collections (ERC) relative to the debt portfolio carrying amount, by years of servicing, as at June 30th 2021



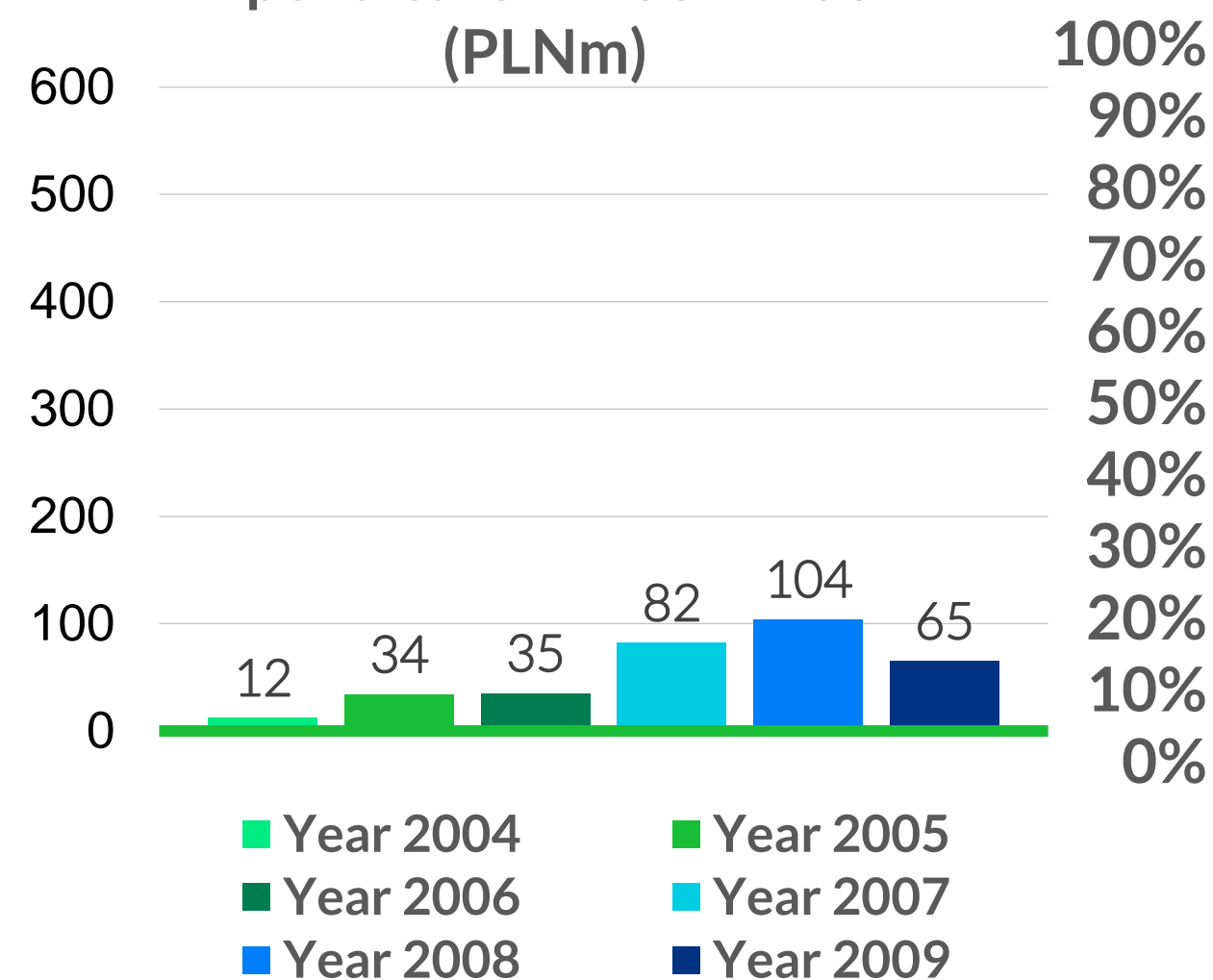
Estimated remaining collections (ERC) cumulatively relative to the debt portfolio carrying amount, by years of servicing, as at June 30th 2021



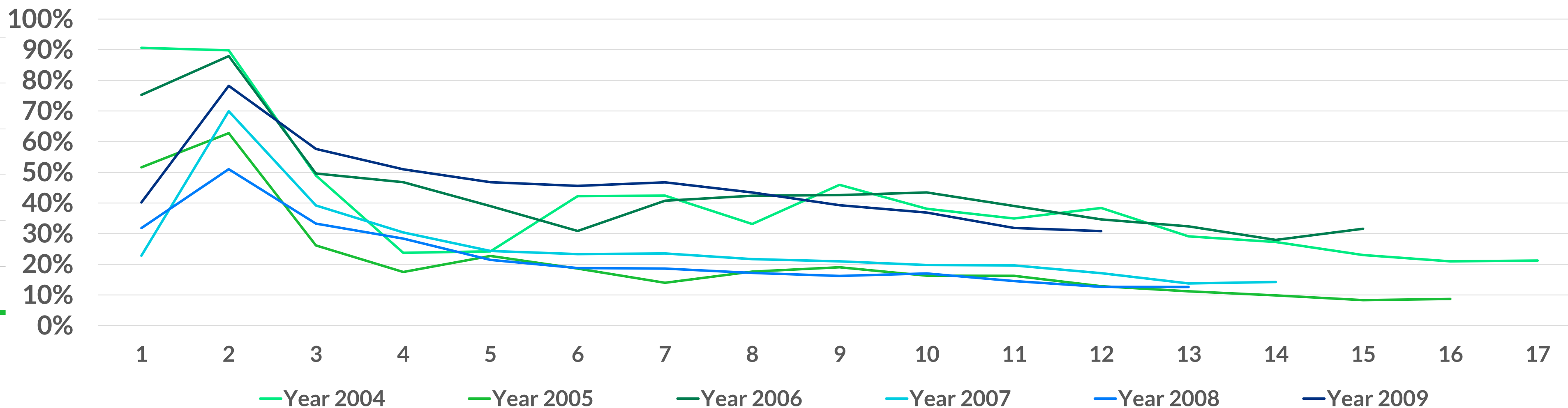
# KRUK Group - historical recoveries - portfolios acquired in 2004-2015



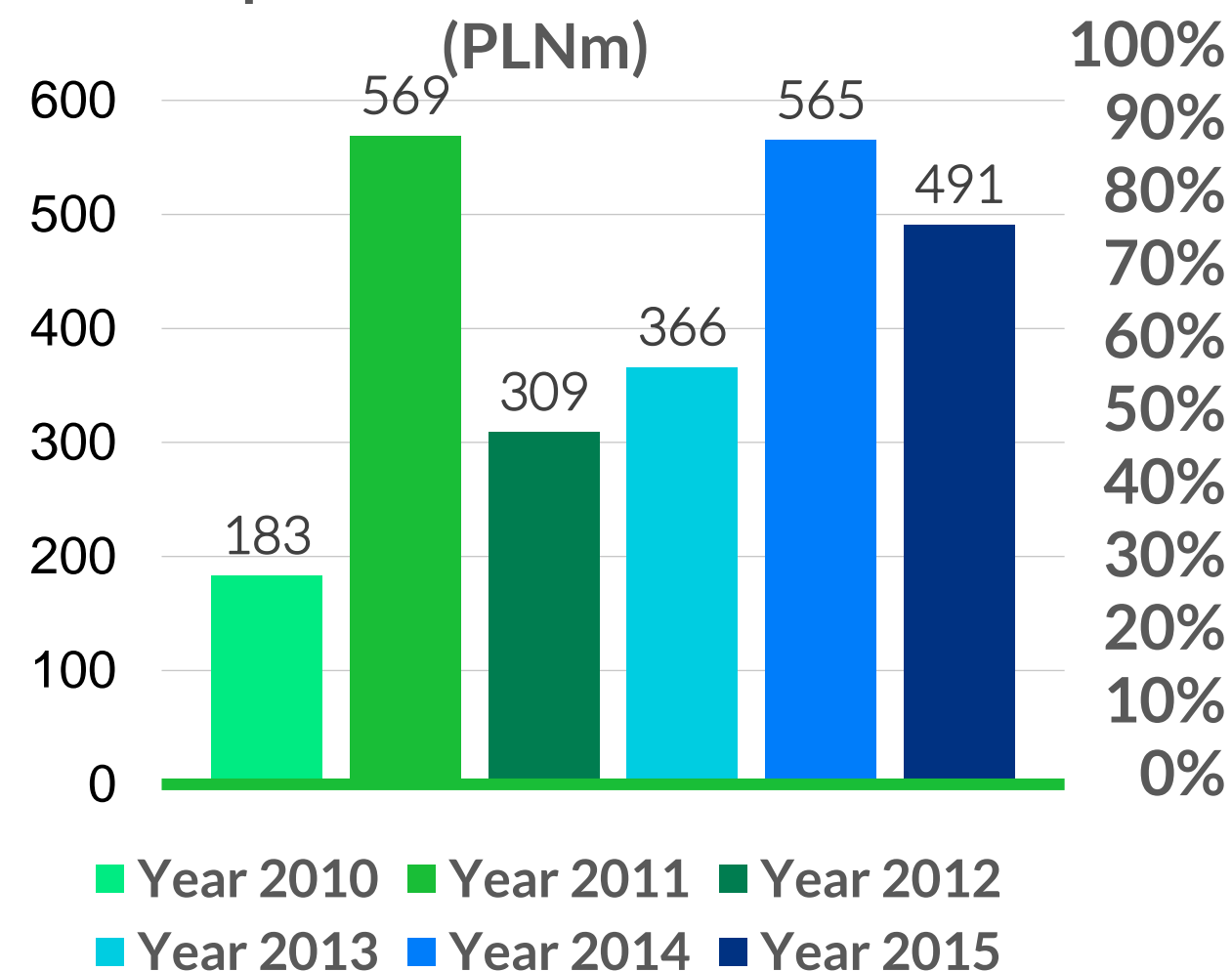
Expenditure in 2004-2009 (PLNm)



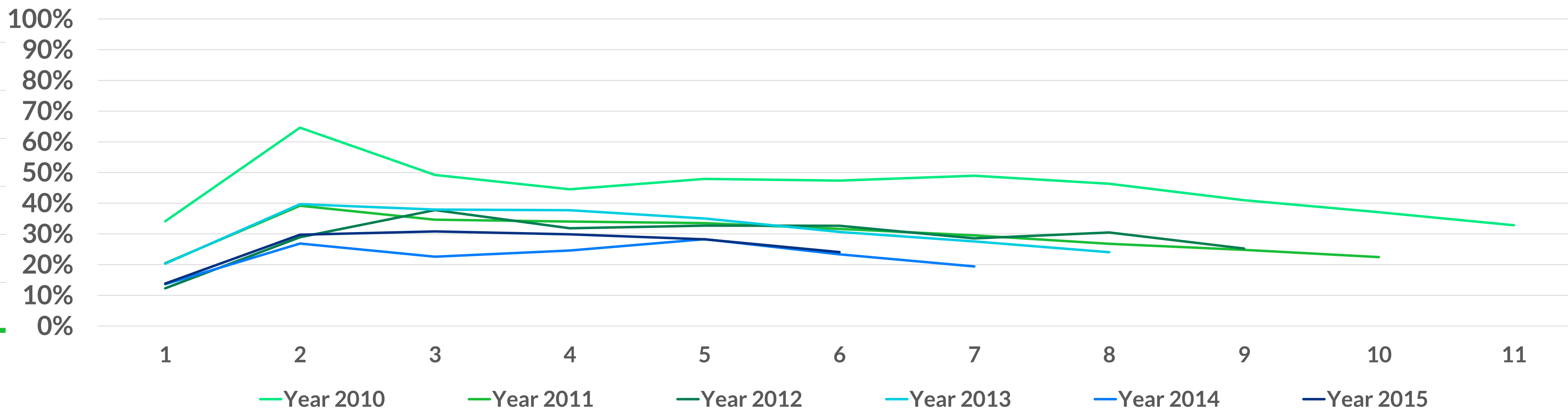
Recoveries in the successive years of servicing to expenditure in 2004-2009\*



Expenditure in 2010-2015 (PLNm)



Recoveries in the successive years of servicing to expenditure in 2010-2015\*



\* The servicing period in the first year from the purchase may be shorter than 12 months. As at Dec 31 2020

# Corporate social responsibility of the KRUK Group

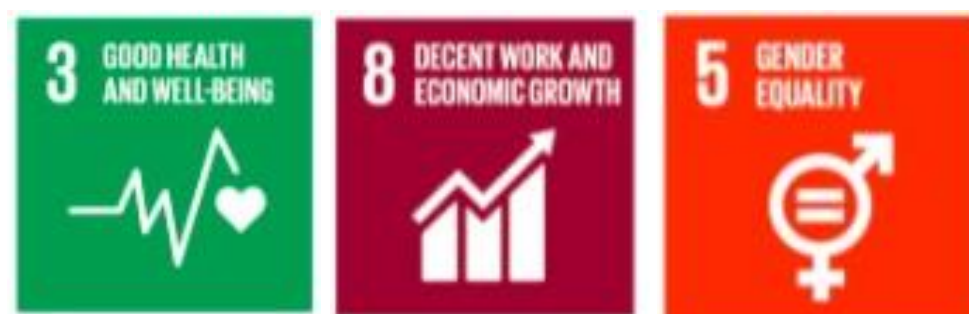


## For the society and clients



- ‘Energy for Medical Personnel’ initiative continued in the Czech Republic to thank the local frontline healthcare staff for engaging in the fight against COVID-19.
- Commitment Certificate from Garantia Madrid awarded to KRUK Espana in recognition of measures taken to combat and prevent COVID-19 at the workplace and in client relations.
- Donation of PLN 100 thousand from KRUK S.A. for the Elijah Hospice Foundation in Michałów to support the construction of a hospice for terminally and chronically ill patients.
- 195 employees of the KRUK Group’s Polish companies taking part in the Everest Foundation’s 2021 Business Run charity event to raise funds for sick children.
- KRUK Romania employees taking part in the ‘Tur de bine race’ charity run to support the poorest.
- In Poland: continued partnership with the Psychological Support Centre.
- Long-running educational campaigns for the general public, including indebted individuals.

## For employees



- Continuation of the home office model – with *ca.* 90% of staff continuing to work from home.
- KRUK Group’s Polish companies engaging in the Humanites Institute's ‘Two hours for the family’ initiative – this year’s event intended to address the crisis of family bonds and strengthen prevention.
- Team-building and education campaigns carried out to boost team spirit and ensure staff’s well-being.
- ‘Equality Plan’ implemented by KRUK Espana and notified to the Spanish Ministry of Labour.
- ‘Mediation Policy’ revamped by KRUK S.A.

## For the environment



- Digital signature implemented at the Spanish company, which, as in the case of KRUK S.A., will reduce paper consumption, saving several hundred trees annually.
- Car fleet replacement at KRUK S.A. – to reduce carbon emissions from vehicles driven by field advisors.
- Staff awareness raising at the KRUK Group’s Polish companies on climate change through the ‘Klimat do zmiany’ webinar, carried out by representatives of the FER Foundation and EkoCentrum.



# Investor Relations



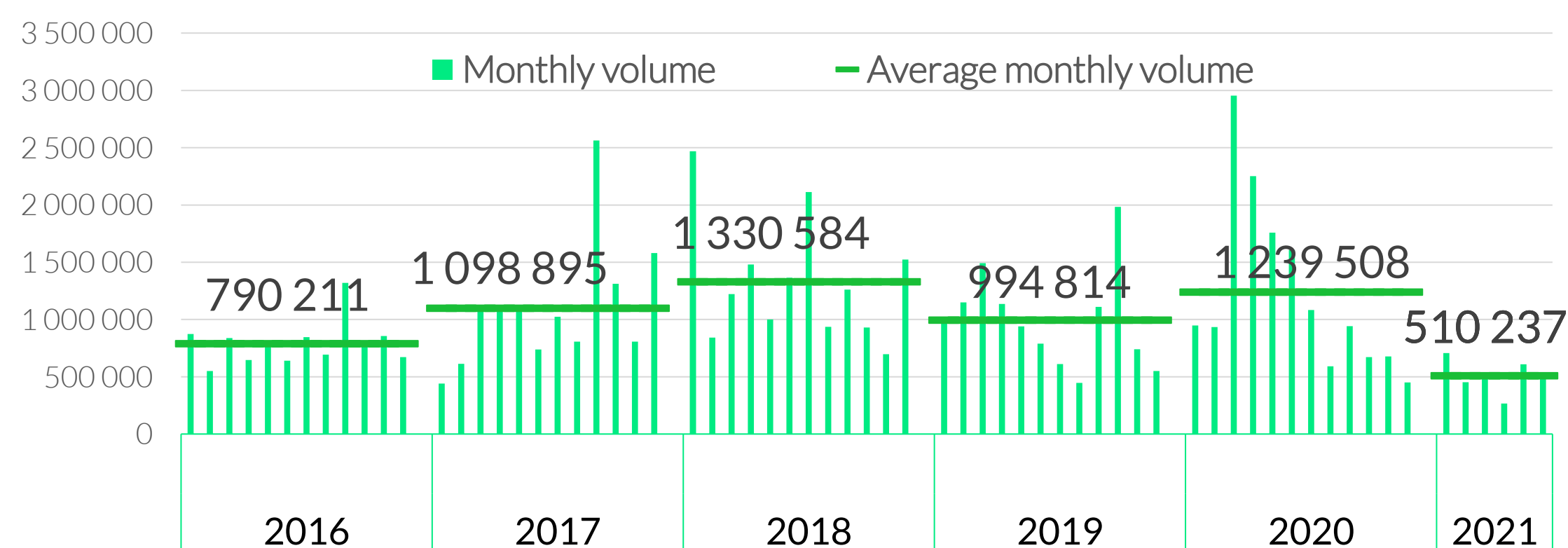
## Selected IR events planned for 2021

Date	Event
September 10th	BM Pekao Emerging Europe Investment Conference
September 13th	PKO BP Virtual Investor's Day: CEE Financials
October 1st	mBank/Commerzbank 'European Financials Conference'
October 6th	ERSTE The Finest CEElection Investor Conference 2021
November 3rd	Q3 2021 financial statements
November 23rd	Santander 2021 Financial Sector Conference
December 7th-8th	WOOD's Winter Wonderland - EME

## Equity analyst recommendations

Date	Author	Recommendation	Price target
July 2021	DM Trigon	hold	PLN 310.00
July 2021	DM mBanku	accumulate	PLN 288.46
May 2021	DM PKO BP	buy	PLN 269.00

## KRUK as the 35th most liquid stock on the WSE



## Shareholders with ownership interests above 3%\*

Shareholder	Ownership interest
OFE Nationale-Nederlanden	14.53%
Piotr Krupa	9.61%
OFE Aviva Santander	9.08%
OFE PZU Złota Jesień	8.68%
OFE Allianz Polska	5.30%
OFE Aegon	4.97%
OFE MetLife	4.89%
OFE Generali	4.53%
OFE UNIQA	3.63%

## Research coverage

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\* Source: stooq.pl as at June 16th 2021.



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