

Presentation of the KRUK Group's Q1 2022 results

KRUK Group

Agenda



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



KRUK's best ever first quarter net profit of PLN 244m

NET PROFIT

PLN 244m
(+92% y/y)

CASH EBITDA

PLN 447m
(+23% y/y)

RECOVERIES
FROM
PURCHASED DEBT
PORTFOLIOS
PLN 623m
(+22% y/y)

PORTFOLIO
INVESTMENTS

PLN 262m
(+64% y/y)

EPS

PLN 12.83
(+91% y/y)

ROE rolling
(LTM)*

28%

PORTFOLIO
CARRYING
AMOUNT

PLN 5.3bn
(+32% y/y)

NET DEBT/CASH
EBITDA

1.6x
(Q1 2021: 1.5x)



Both recoveries and investments up year on year

Recoveries from
purchased debt portfolios
PLN 623m
(+22% y/y)

Quarterly recoveries from purchased portfolios at an all-time high, with y/y growth reported across all markets.

The PLN 111m overall y/y increase in amounts recovered in Q1 2022 achieved mainly on higher collections in Poland (PLN +62m y/y) and Italy (PLN +30m y/y).

Recoveries from the Polish market accounting for 50% of the Q1 2022 total. The corresponding percentages for the Romanian, Italian and Spanish markets at 23%, 16% and 7%. The share of the other markets in total recoveries at 4%.

New portfolio purchases
PLN 262m
(+64% y/y)

Investments in new portfolio purchases in Q1 2022 up by PLN 103m, +64% y/y.

The KRUK Group's investment activity focused on the Italian (PLN 147m) and Romanian (PLN 103m) markets.

In nominal terms, the purchased debt portfolios are worth PLN 2.2bn.

ROE LTM at 28% and record-high cash EBITDA of PLN 447m in Q1 2022



Net profit
PLN 244m
(+92% y/y)

Net profit for Q1 2022 was PLN 244m, almost double the figure posted for the same period last year.

Q1 2022 cash EBITDA stood at PLN 447m (+23% y/y). It's record-high net profit of KRUK Group.

Return on equity (LTM ROE) at 28% vs 6% in Q1 2021, a result better from figures posted by KRUK's most major competitors.

Revenue
PLN 545m
(+42% y/y)

Revenue from purchased debt portfolios at PLN 493m (+45% y/y). The revenue growth driven largely by higher-than-expected recoveries* of PLN 79m and an upward revaluation of the ERC forecast amounting to PLN 135m (vs PLN +117m, or +634%, the year before).

71% of the total amount of the upward revaluation on retail unsecured portfolios made in the three months to March 31st 2022 was attributable to a change in the collections forecast for the next 2 years.

Operating and
administrative
expenses
PLN 228m
(+19% y/y)

In Q1 2022, costs of operations excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 228m, up by PLN 37m (+19%) y/y.

By type, the y/y increase in operating expenses was driven mainly by higher employee costs and salaries (PLN +12m y/y), court and bailiff fees (PLN +8m y/y) and costs of the incentive scheme (PLN +8m y/y).

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

The lowest debt level vs major peers* and improved access to funding



Equity
PLN 2.9bn
(+32% y/y)

Equity represents 46% of the KRUK Group's financing sources. KRUK's net interest-bearing debt to equity ratio of 0.9x and net interest-bearing debt to cash EBITDA of 1.6x are among the lowest vs major peers*. KRUK enjoys ample access to borrowed funds.

As at March 31st 2022, it had PLN 1.1bn in undrawn lines of available credit.

In Q1 2022, the total amount available to the KRUK Group under lines of credit was increased by PLN 114m, to PLN 2.4bn. In Q1 2022, KRUK issued PLN 450m of new bonds.

Group's assets
PLN 6.2bn
(+ 5% y/y)

The carrying amount of the Group's investments in debt portfolios was PLN 5.3bn and accounted for 84% of its assets.

The carrying amount of loans granted was PLN 328m, representing 5% of the Group's assets.

As at March 31st 2022, cash and cash equivalents amounted to PLN 321m (PLN +122m q/q).

Dividend
PLN 13 / share

In 2021, KRUK implemented the Dividend Policy. By resolution of April 14th 2022, the KRUK General Meeting resolved to allocate a portion of net profit to dividend payment of PLN 13 per share, adding up to ca. PLN 249m in total dividend for 2021.

Conflict in Ukraine

The KRUK Group in Poland donated ca. PLN 0,2m to NGOs supporting people from Ukraine.

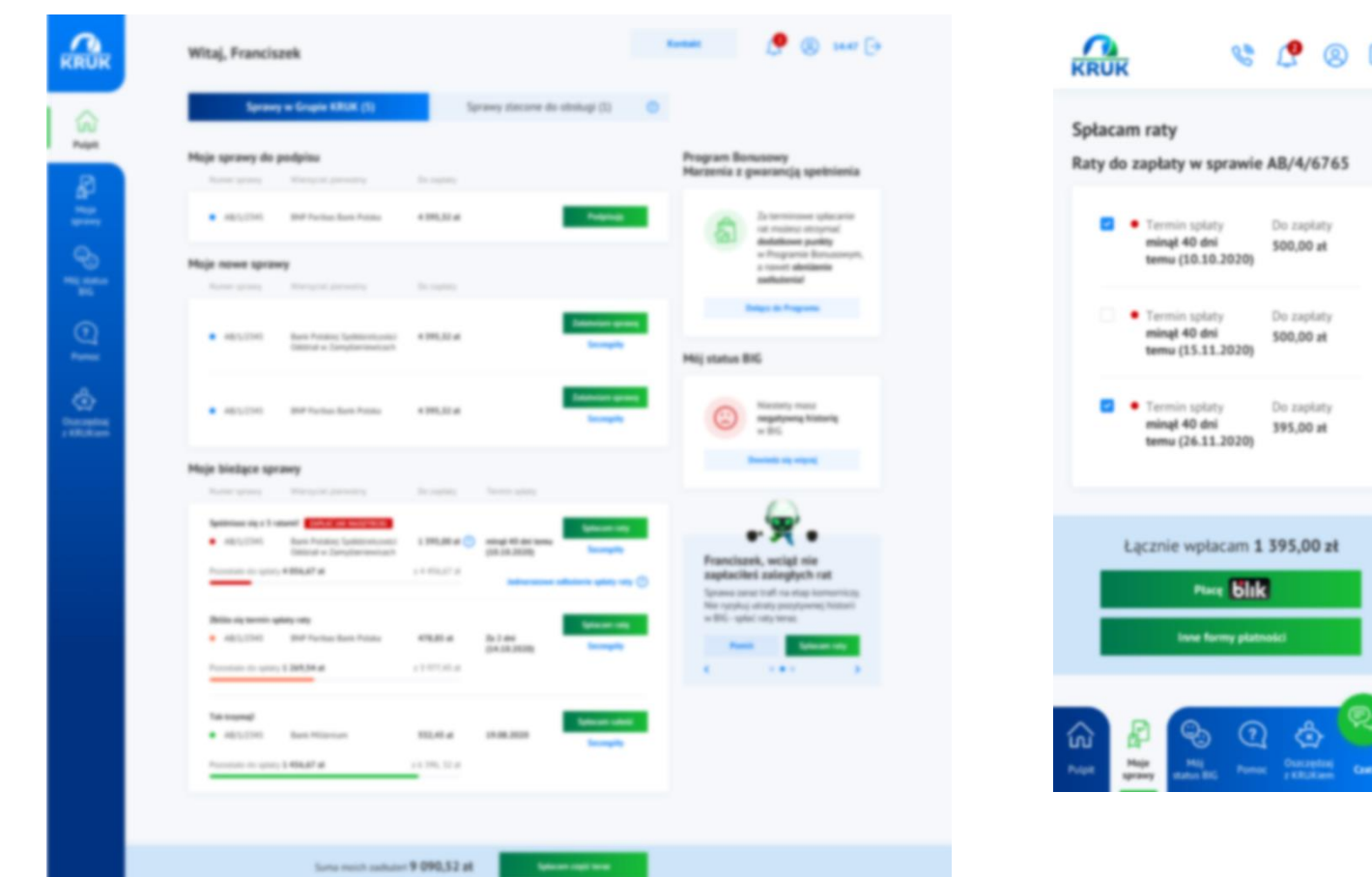
The Group will donate EUR 320 thousand (ca. PLN 1.5m) to support Ukrainian refugees in the countries bordering Ukraine where KRUK operates.

Technological development



Development of online solutions

- In all its markets, KRUK continues to hone self-service tools (e-KRUK, e-payments, electronic signature, online settlement).
- As at the end of the first quarter, online payments as a percentage of total recoveries at the amicable stage were 71% in Spain, 40% in Poland, 35% in Italy and 24% in Romania.
- The share of settlement agreements in paperless form came to 85%,
- the total number of e-KRUK users having increased by 10% relative to December 2021.



Automation, machine learning and artificial intelligence

- KRUK has purchased almost 10.3m debt cases in its history.
- KRUK process about 2.5 TB of data daily.
- Nowadays about 1,000 machines can process data without human interaction.
- KRUK uses a number of algorithms e.g. to identify key words in correspondence received, which significantly accelerates and facilitates the handling of cases.

Development of cloud solutions

- A dedicated function was established at the Group in Q1 2022, which – in addition to building a strategy for the development of cloud-based solutions – will seek to use the best solutions of this type available on the market and manage the related risks.

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KRUK Group in Q1 2022, by segment



(PLNm)

	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021		
Expenditure on debt portfolios	10	130	103	20	147	0	0	0	2	10	N/A		Q1 2022	Q1 2021
													262	159
Recoveries	312	250	145	140	96	66	45	36	25	20	N/A		623	512
Carrying amount of purchased debt portfolios (PLNbn)	2,6	1,9	1,0	0,9	1,1	0,7	0,4	0,4	0,1	0,1	N/A		5.3	4.0
Revenue	258	199	166	90	82	54	24	27	14	12	N/A		545	383
Purchased debt portfolios	217	166	162	86	80	52	20	24	14	12	N/A		493	341
Credit management services	7	6	3	3	2	2	4	3			N/A		16	15
Wonga	27	20									N/A		27	20
Other activities	7	6	1	1							N/A		8	7
EBITDA	164	122	136	63	37	12	-1	6	6	5	-23	-13	317	193
Cash EBITDA	258	205	118	116	53	26	24	18	17	13	-23	-13	447	364

Operations of the KRUK Group – Poland



(PLNm)	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
EXPENDITURE ON DEBT PORTFOLIOS	10	130	-92%	46	18	9	272	130	259	72	638	10
RECOVERIES	312	250	25%	219	205	213	225	250	271	262	291	312
PORTFOLIO CARRYING AMOUNT	2,584	1,929	34%	1,852	1,754	1,688	1,876	1,929	2,151	2,143	2,668	2,584
REVENUE	258	199	30%	128	158	165	172	199	261	222	191	258
PURCHASED DEBT PORTFOLIOS	217	166	31%	93	131	134	139	166	231	183	170	217
REVALUATION OF RECOVERY PROJECTIONS	37	5	580%	-31	-14	1	5	5	49	41	14	37
CREDIT MANAGEMENT SERVICES	7	6	11%	6	5	5	5	6	6	6	6	7
WONGA	27	20	34%	23	15	20	21	20	17	26	9	27
OTHER ACTIVITIES	7	6	17%	6	6	6	6	6	7	7	5	7
EBITDA	164	122	34%	41	79	89	84	122	183	136	101	164
WONGA	11	9	14%	4	0	7	5	9	5	11	11	11
CASH EBITDA	258	205	26%	167	153	168	170	205	223	215	222	258
PORTFOLIO PROFITABILITY (LTM)*	35%	30%	17%	26%	25%	27%	26%	30%	34%	38%	33%	35%

- The KRUK Group's investments in new debt portfolios in Poland reached PLN 10m, representing 4% of all funds invested by the Group in Q1 2022. The nominal value of the purchased portfolios is in excess of PLN 73m. In Poland, KRUK invested primarily in unsecured retail debt.
- In Q1 2022, recoveries from the Polish market reached PLN 312m, +25% y/y. Accounting for 50% of the Group's total recoveries.
- The carrying amount of purchased debt portfolios as at the end of Q1 2022 totalled PLN 2.6bn, +34% y/y. Polish portfolios accounted in total for 49% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue of PLN 258m was mainly attributable to the excess of actual recoveries against projections and revaluation of the ERC forecast, which totalled PLN 37m. Wonga generated PLN 27m in revenue.
- The LTM portfolio profitability improved 5pp y/y, mainly as a result of strong recoveries and a 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 Romania



(PLNm)	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
EXPENDITURE ON DEBT PORTFOLIOS	103	20	418%	11	3	20	14	20	23	75	49	103
RECOVERIES	145	140	3%	137	114	131	143	140	146	136	143	145
PORTFOLIO CARRYING AMOUNT	1,016	861	18%	973	909	884	889	861	843	907	887	1,016
REVENUE	166	90	84%	47	68	81	119	90	131	107	84	166
PURCHASED DEBT PORTFOLIOS	162	86	87%	43	65	76	114	86	127	103	79	162
REVALUATION OF RECOVERY PROJECTIONS	88	11	682%	-28	-5	-9	32	11	50	41	15	88
CREDIT MANAGEMENT SERVICES	3	3	10%	3	3	4	4	3	3	3	4	3
OTHER ACTIVITIES	1	1	-8%	1	0	1	1	1	1	1	1	1
EBITDA	136	63	116%	23	48	57	93	63	104	77	51	136
CASH EBITDA	118	116	2%	117	96	112	122	116	123	110	114	118
PORTFOLIO PROFITABILITY (LTM)*	50%	37%	35%	37%	33%	31%	32%	37%	46%	48%	45%	50%

- In Q1 2022, expenditure on portfolio purchases in Romania reached PLN 103m, +418% y/y. KRUK invested primarily in unsecured retail debt. Purchases made in Romania accounted for 39% of the Group's total investments in Q1 2022.
- Recoveries from Romanian portfolios amounted to PLN 145m (+3% y/y). They accounted for 23% of the Group's total recoveries.
- At the end of Q1 2022, the carrying amount of purchased debt portfolios was PLN 1,016m (+18% y/y). Romanian portfolios accounted in total for 19% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue of PLN 166m (+84% y/y) was mainly attributable to the PLN 88m (+682%) revaluation of the ERC forecast.
- 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.

KRUK Group's operations in Italy



(PLNm)	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
EXPENDITURE ON DEBT PORTFOLIOS	147	0	-	0	0	0	0	0	117	87	78	147
RECOVERIES	96	66	46%	68	53	61	68	66	70	91	87	96
PORTFOLIO CARRYING AMOUNT	1,117	727	54%	812	744	749	735	727	813	915	972	1,117
REVENUE	82	54	51%	16	3	58	40	54	62	87	76	82
PURCHASED DEBT PORTFOLIOS	80	52	55%	13	1	56	37	52	60	85	74	80
REVALUATION OF RECOVERY PROJECTIONS	12	0	10,680%	-34	-42	1	-22	0	9	16	11	12
CREDIT MANAGEMENT SERVICES	2	2	-27%	3	2	3	2	2	2	2	2	2
EBITDA	37	12	200%	-31	-27	26	2	12	19	46	28	37
CASH EBITDA	53	26	100%	24	25	32	33	26	29	52	41	53
PORTFOLIO PROFITABILITY (LTM)*	32%	19%	71%	17%	16%	17%	14%	19%	26%	28%	32%	32%

- On the Italian market, KRUK invested PLN 147m in Q1 2022 (56% of total expenditure), purchasing debt worth nominally PLN 1,231m.
- Amounts recovered on the Italian market came to PLN 96m (up +46% y/y), accounting for 15% of the Group's total recoveries.
- As at March 31st 2022, the carrying amount of debt portfolios purchased on that market was PLN 1,117m, representing 21% of the KRUK Group's total carrying amount of debt portfolios.
- Revenue of PLN 82m was mainly driven by strong recoveries and a PLN +12m upward revaluation of ERC.
- The LTM portfolio profitability improved 13pp 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.

KRUK Group's operations in Spain



(PLNm)	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
EXPENDITURE ON DEBT PORTFOLIOS	0	0	-	0	0	0	55	0	82	49	0	0
RECOVERIES	45	36	26%	29	24	26	31	36	44	38	55	45
PORTFOLIO CARRYING AMOUNT	400	358	12%	370	343	336	366	358	421	450	420	400
REVENUE	24	27	-10%	-1	18	18	3	27	41	13	32	24
PURCHASED DEBT PORTFOLIOS	20	24	-15%	-4	16	15	-1	24	37	9	28	20
REVALUATION OF RECOVERY PROJECTIONS	-4	1	-425%	-25	-12	-4	-19	1	4	-12	3	-4
CREDIT MANAGEMENT SERVICES	4	3	28%	3	2	3	4	3	4	4	4	4
EBITDA	-1	6	-117%	-19	-22	-2	-37	6	21	-10	1	-1
CASH EBITDA	24	18	35%	14	-14	9	-5	18	29	19	28	24
PORTFOLIO PROFITABILITY (LTM)*	25%	15%	64%	7%	11%	10%	7%	15%	20%	17%	25%	25%

- Amounts recovered in Spain reached PLN 45m (up +26% y/y), accounting for 7% of the Group's total recoveries.
- As at March 31st 2022, the carrying amount of debt portfolios purchased on that market was PLN 400m, representing 8% of the KRUK Group's total carrying amount of debt portfolios.
- Q1 2022 revenue from the Spanish market amounted to PLN 24m (-10% y/y), due mainly to a PLN 4m downward revaluation of the ERC forecast. The downward ERC revaluation was a net effect of an upward revaluation of unsecured retail portfolios and a downward revaluation of corporate portfolios.

* 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

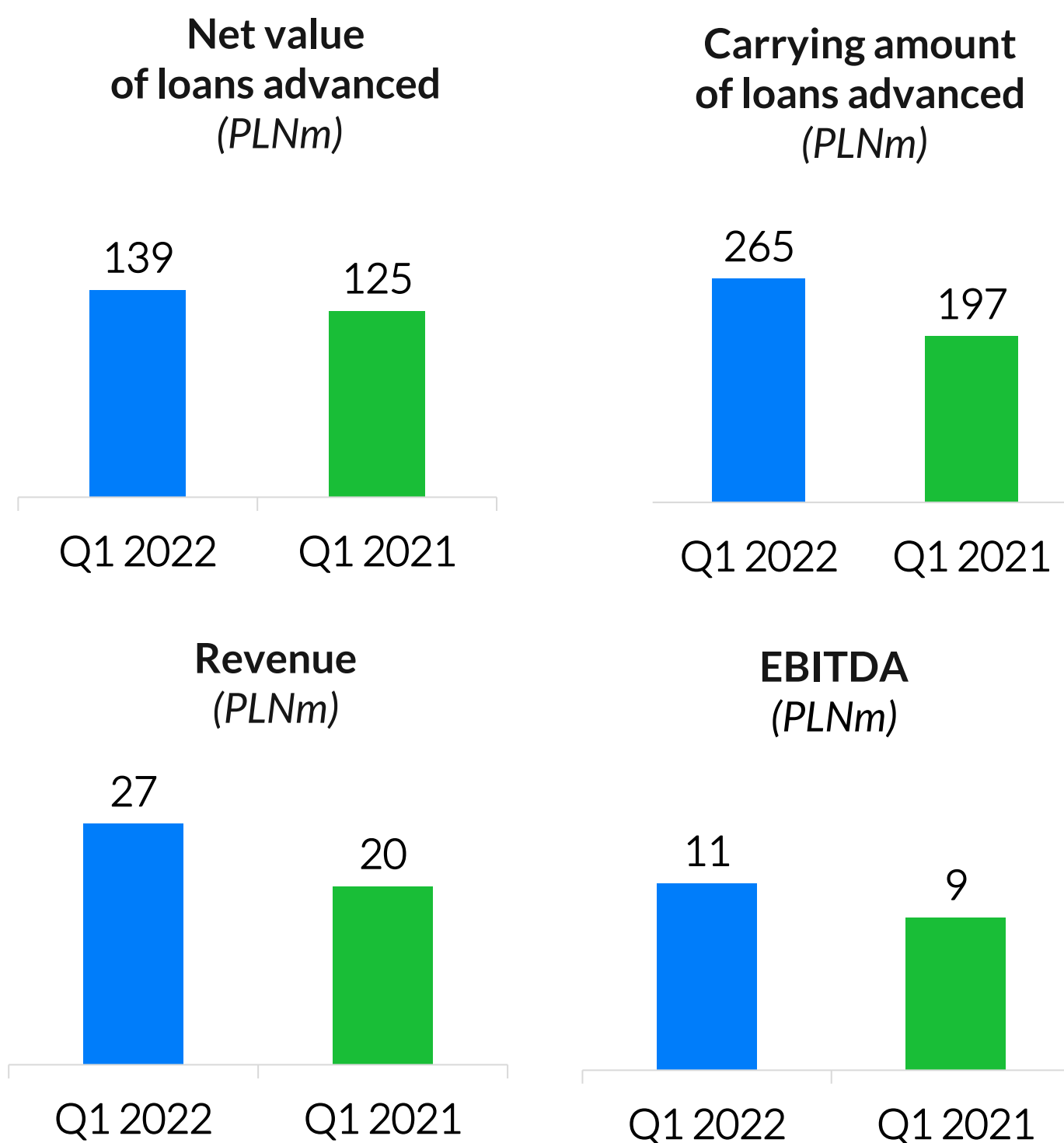


(PLNm)	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
EXPENDITURE ON DEBT PORTFOLIOS	2	10	-82%	0	2	4	3	10	3	6	40	2
RECOVERIES	25	20	23%	23	21	21	21	20	22	23	25	25
PORTFOLIO CARRYING AMOUNT	147	122	21%	68	118	120	119	122	124	120	153	147
REVENUE	14	12	10%	10	9	13	13	12	17	16	16	14
PURCHASED DEBT PORTFOLIOS	14	12	10%	10	9	13	13	12	17	16	16	14
REVALUATION OF RECOVERY PROJECTIONS	1	0	193%	-4	1	0	2	0	4	3	4	1
EBITDA	6	5	18%	3	1	7	8	5	9	8	8	6
CASH EBITDA	17	13	33%	16	13	14	15	13	14	15	16	17
PORTFOLIO PROFITABILITY (LTM)*	46%	38%	21%	27%	33%	35%	35%	38%	46%	49%	45%	46%

- Investments in the Czech Republic and Slovakia amounted to PLN 2m.
- Portfolio recoveries amounted to PLN 25m (+23% y/y), accounting for 4% of the Group's total recoveries.
- As at March 31st 2022, the carrying amount of debt portfolios purchased on that market was PLN 147m, representing 3% of the KRUK Group's total carrying amount of debt portfolios.

* 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.

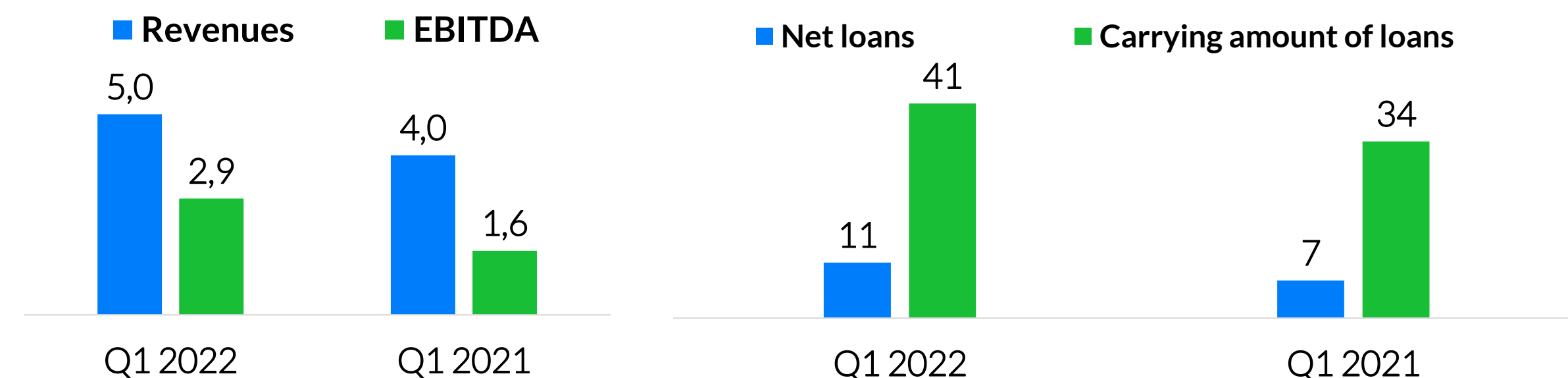
KRUK Group's businesses – Wonga, Novum, ERIF



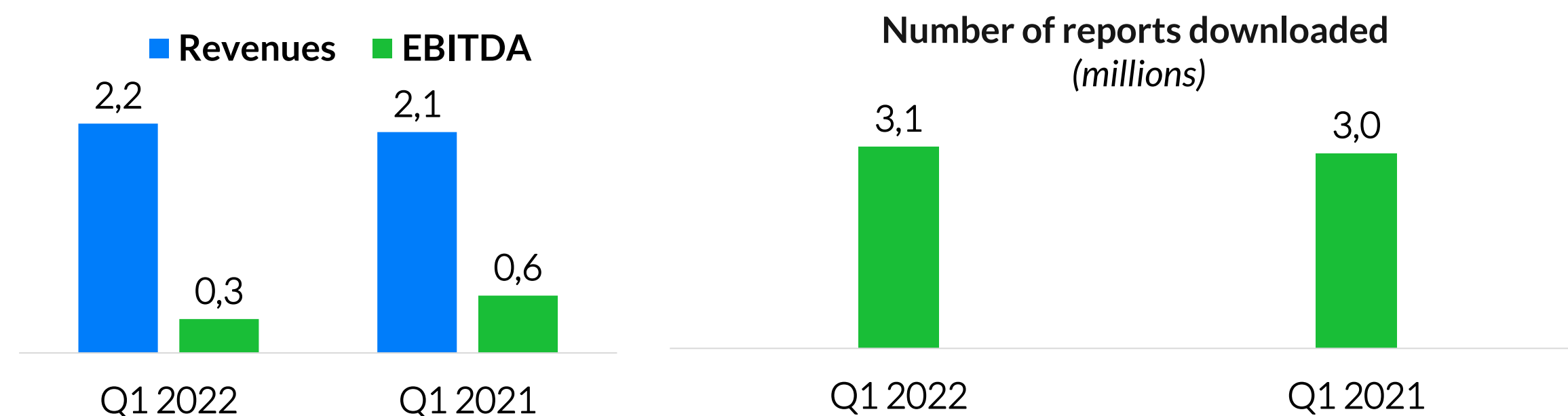
Wonga.pl disbursed 53 thousand cash loans in Poland, with a net amount of PLN 139m.

As at March 31st 2022, the carrying amount of loans advanced by Wonga was PLN 265m, up 39% y/y.

Wonga's revenue came in at PLN 27m (up +34% y/y), with EBITDA at PLN 11m (up +14% y/y).



Novum's revenue in Poland totalled PLN 5m (up +26% y/y), with EBITDA at PLN 6.5m (up +74% y/y).



ERIF's revenue was PLN 2.2m (+4% y/y), with EBITDA at PLN 328 thousand (-41% y/y).

In 2021, the total number of records in the ERIF database was 140m, of which 98% were positive records.

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



PLNm	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
PURCHASED DEBT PORTFOLIOS												
Expenditure on debt portfolios	262	159	64%	57	23	33	344	159	484	289	805	262
Recoveries	623	512	22%	477	417	452	488	512	553	550	601	623
STATEMENT OF PROFIT OR LOSS												
Operating income	545	383	42%	200	265	344	348	383	513	445	401	545
Purchased debt portfolios	493	341	45%	156	223	295	303	341	472	396	367	493
revaluation of recovery projections	135	18	634%	-121	-72	-10	-2	18	117	89	46	135
Income from difference between expected and actual recoveries and other items*	79	89	-11%	25	62	73	75	89	124	58	56	79
Credit management services	16	15	8%	14	13	14	16	15	15	15	16	16
Other products and services	36	28	28%	30	29	35	30	28	26	34	18	36
EBITDA	317	193	65%	5	71	166	137	193	317	235	164	317
EBITDA margin	58%	50%		2%	28%	50%	40%	50%	62%	53%	41%	58%
Finance income / costs	-40	-30	-35%	-47	-23	-28	-30	-30	3	-30	-29	-40
of which: net foreign exchange gains/(losses)	-2	-5	61%	-5	14	-17	-2	-5	14	-2	0	-2
Profit before tax	265	151	75%	-54	36	127	96	151	306	193	123	265
Tax expense	-21	-24	11%	-8	6	-73	-49	-24	-38	-23	6	-21
Tax %	-8%	-16%		15%	18%	-57%	-51%	-16%	-12%	-12%	5%	-8%
Net profit	244	127	92%	-62	43	54	47	127	268	170	130	244
Net profit margin	45%	33%		-31%	17%	16%	13%	33%	52%	38%	32%	45%
ROE rolling (LTM)	28%	12%		6%	5%	3%	4%	12%	22%	25%	27%	28%
Cash EBITDA	447	364	23%	326	265	324	322	364	399	389	397	447

* 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	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Operating income	545	383	42%	200	265	344	348	383	513	445	401	545
Poland	258	199	30%	128	158	165	172	199	262	222	191	258
Romania	166	90	84%	47	68	81	119	90	131	107	84	166
Italy	82	54	51%	16	3	58	40	54	62	87	76	82
Spain	24	27	-10%	-1	18	18	3	27	41	13	32	24
Other countries	14	12	10%	10	9	13	13	12	17	16	16	14
EBITDA	317	193	65%	5	71	166	137	193	317	235	164	317
EBITDA margin	58%	50%		2%	28%	50%	40%	50%	62%	53%	41%	58%
Finance income/costs	-40	-30	-35%	-47	-23	-28	-30	-30	3	-30	-29	-40
Income tax	-21	-24	11%	-8	6	-73	-49	-24	-38	-23	6	-21
Net profit	244	127	92%	-62	43	54	47	127	268	170	130	244
Net profit margin	45%	33%		-31%	17%	16%	13%	33%	52%	38%	32%	45%

KRUK Group – cash flows (presentation format)



PLNm	Q1 2022	Q1 2021	y/y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Cash flows from operating activities	348	303	15%	225	247	266	261	303	357	294	336	348
Recoveries – purchased debt portfolios	623	512	22%	477	417	452	488	512	553	550	601	623
Operating costs – purchased debt portfolios	-139	-123	-13%	-123	-102	-107	-137	-123	-121	-129	-161	-139
Operating margin – credit management	4	4	3%	2	3	4	4	4	4	3	4	4
Administrative expenses	-58	-42	-37%	-37	-39	-39	-45	-42	-50	-52	-60	-58
Other operating cash flow	-82	-48	-71%	-95	-32	-44	-49	-48	-30	-79	-47	-82
Cash flows from investing activities	-265	-162	-64%	-60	-26	-37	-345	-162	-490	-292	-811	-265
Expenditure on debt portfolio purchases	-262	-159	-64%	-57	-23	-33	-344	-159	-484	-289	-805	-262
Other investing cash flow	-3	-3	-27%	-3	-3	-5	-1	-3	-6	-3	-6	-3
Cash flows from financing activities	39	-117	133%	-79	-206	-214	-37	-117	492	-353	497	39
Issue of shares	0	0	-	0	0	0	3	0	0	0	23	0
Dividend /Share repurchase	0	0	-	0	0	0	-95	0	0	-206	0	0
Increase in borrowings and lease liabilities	602	348	73%	271	301	66	651	348	1,133	451	981	602
Issue of bonds	400	20	1,900%	0	0	25	0	20	400	65	50	400
Decrease in borrowings and lease liabilities	-800	-445	-80%	-369	-530	-334	-516	-445	-803	-552	-447	-800
Redemption of bonds	-150	-65	-131%	0	-13	0	-75	-65	-300	-35	-140	-150
Other financing cash flow	-14	26	-153%	20	36	29	-5	26	61	-76	30	-14
Net cash flows	122	24	403%	86	15	15	-120	24	358	-351	22	122

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



PLNm	Mar 31 2022	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	321	199	177	528	170	146	266	251	236
Investments in debt portfolios and loans	5,593	5,417	4,836	4,601	4,234	4,209	3,984	4,076	4,307
Other assets	319	294	270	244	267	289	262	309	307
Total assets	6,232	5,909	5,283	5,373	4,672	4,643	4,511	4,635	4,850
EQUITY AND LIABILITIES									
Equity	2,881	2,600	2,425	2,207	2,187	2,043	2,064	1,987	1,953
of which: Retained earnings	2,277	2,034	1,903	1,734	1,671	1,544	1,497	1,536	1,496
Liabilities	3,351	3,309	2,857	3,167	2,485	2,600	2,448	2,648	2,897
of which: Bank borrowings and leases	1,361	1,564	1,032	1,137	804	908	765	1,031	1,259
Bonds	1,560	1,305	1,395	1,360	1,273	1,314	1,383	1,354	1,376
Total equity and liabilities	6,232	5,909	5,283	5,373	4,672	4,643	4,511	4,635	4,850
METRICS									
Interest-bearing debt	2,921	2,869	2,427	2,497	2,077	2,222	2,148	2,385	2,635
Net interest-bearing debt	2,600	2,670	2,250	1,969	1,907	2,076	1,882	2,134	2,399
Net interest-bearing debt to equity	0,9	1,0	0,9	0,9	0,9	1,0	0,9	1,1	1,2



Revaluation of ERC forecast and deviation of actual recoveries* are permanent elements of KRUK's profit and loss statement and reflect the actual and planned cash flow

Definition

- Revaluation of ERC forecast is discounted change of the cash flow included in ERC. Revaluation is done each quarter and is being booked as revenue.
- Deviation of actual recoveries* is the difference between the actual payments from debt portfolio and ERC.

Interpretation

- Revaluation and deviation of actual recoveries* are permanent element of KRUK's accounting and revenues and reflect the fact, that the actual payments differ from initial payments forecasted at the moment of portfolio purchase.
- Revaluation and deviation are the correction of revenue which is necessary to reconcile the actual cash flow with the journal entry
- KRUK's revenue, which takes into account revaluation and deviation of actual recoveries, is always the surplus of payments over the price paid for the debt portfolio. Therefore, the analysis of revenues, excluding revaluation, is an accounting and logical mistake.

Practice

- Revaluation and deviation of actual recoveries have been a significant element of KRUK's revenues because of:
 - Payments to KRUK Group are significantly higher than the initial forecasts when purchasing portfolios. This is the result of the operational efficiency increase, the extension of the debt collection process resulting in the extension of ERC forecast, and the income growth of indebted people.
 - KRUK has careful approach in revaluation:
 - Negative revaluation is being recognized instantly, including the actual repayments trend and negative factors impacting the future collections.
 - Positive revaluation is being recognized gradually, with delay to observed improvement of collections, after the trend of improvement is validated.
 - Historically, the vast majority of revaluation is related to the next 2 years, compared to the 20 years of debt collection process of portfolios.

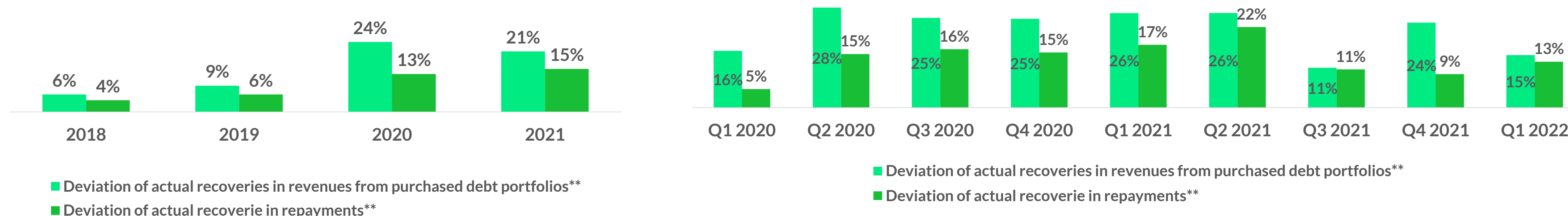
*including revenue decreases on early collections in collateralised cases and payments from original creditor

**Deviations of actual recoveries in 2018 includes decreases on early recoveries in collateralised cases, costs of loyalty scheme valuation, costs of provision for overpayments, payments from original creditor.

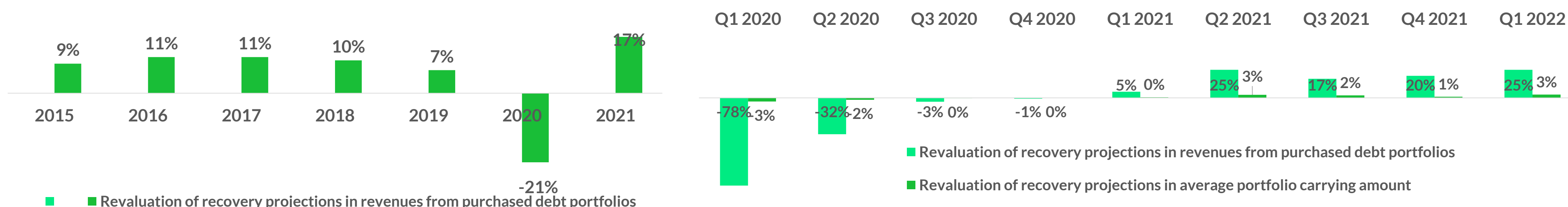


Revaluation of ERC forecast and deviation of actual recoveries* are permanent elements of KRUK's profit and loss statement and reflect the actual and planned cash flow

Deviation of actual recoveries from debt portfolios vs estimates (deviation of actual recoveries)* on an annual and quarterly basis



ERC forecast revaluation on an annual and quarterly basis



- Revaluation in Q1 2022 amounted to PLN 135m, which accounts for 3% of portfolio carrying amount. Deviation of actual recoveries* amounted PLN 79m, which accounts for 13% of recoveries i Q1 2022.
- 71% of revaluation on unsecured retail portfolio at the end of Q1 2022 is related to the change in the collection forecast for the next 2 years.
- Deviation of actual recoveries in 2020 and 2021 amounted to 24% and 21% in revenues from purchased portfolios.
- Historical revaluation values were about 3% of portfolio carrying amount (the highest % revaluation in last 7 years took place in 2021 and amounted to 6% of the portfolio carrying amount).
- In last 4 quarters, despite postive revaluation at the level of 1%-3% of portfolio carrying amount, there was still a positive deviation of actual recoveries at the level of 9%-22% of quaterly payments.

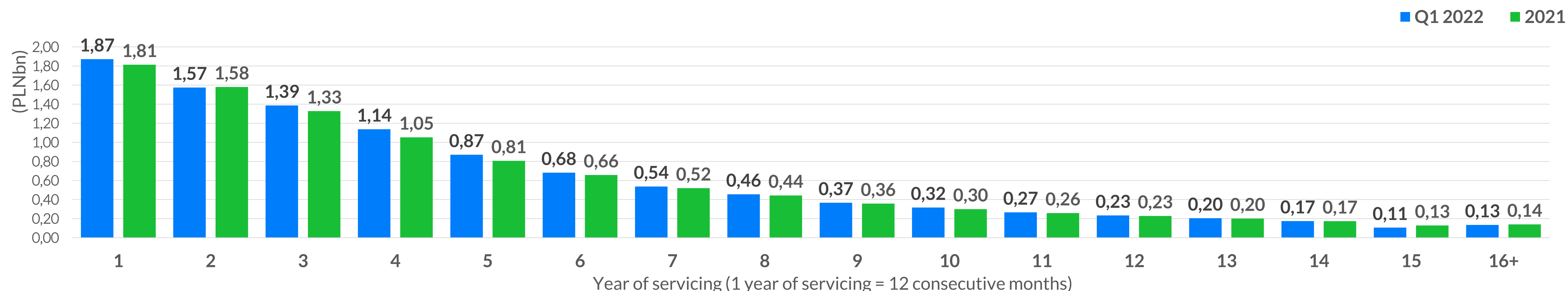
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KRUK Group – ERC

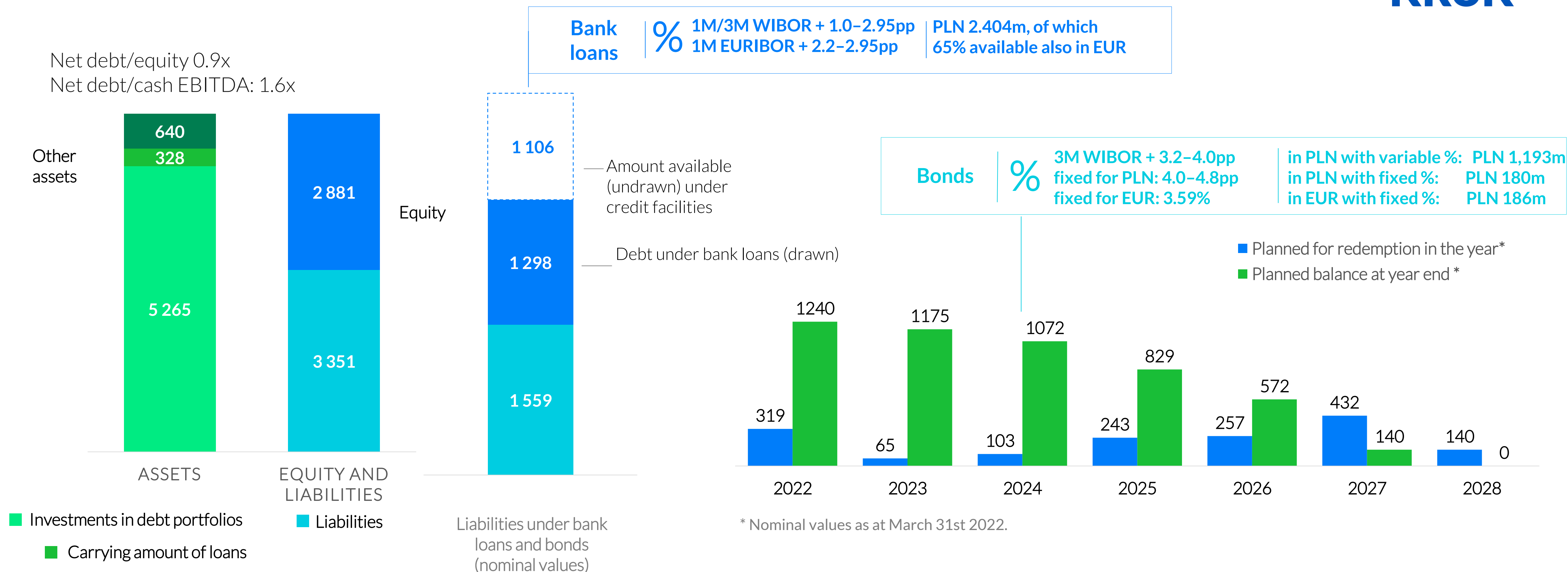


Estimated remaining collections (ERC) by years of servicing as at the end of period



Estimated remaining collections (ERC) as at March 31st 2022 were PLN 10.3bn (up PLN 300m, +3% q/q). The increase was driven, among other factors, by investments of PLN 262m in debt portfolios with a nominal value of PLN 2.2bn made in Q1 2022, and a revaluation of the ERC forecast as at the end of March 2022, with a discounted value of PLN 135m.

KRUK has good access to financing



* Nominal values as at March 31st 2022.

In Q1 2022, the total amount available to the KRUK Group under lines of credit was increased relative to the year-end 2021 by PLN 114m, to PLN 2,404m (as at the end of March 2022).

In Q1 2022, KRUK S.A. repurchased PLN 150m of bonds and issued PLN 400m of new bonds, including:

- PLN 50m of Series AM2 five-year prospectus-based bonds, bearing interest at a floating rate of 3M WIBOR + 3.3%,
- PLN 350m of Series AL2 six-year amortising bonds (issued to institutional investors), bearing interest at a floating rate of 3M WIBOR + 3.2%.

Agenda



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

Non-financial information of the KRUK Group

Social responsibility



Financial education of people

- 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, which is dedicated to teaching young people how to manage their budgets responsibly. In 2022, 1,500 students will be covered by the project.

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.
- 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 hotline is available to people in need of psychological assistance.

Aid for Ukraine

- 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.

Ethics in action

- KRUK S.A. successfully passed an ethics audit carried out by the Association of Financial Companies in Poland (ZPF) receiving an Ethics Audit Certificate, which provides assurance our business practices are compliant with ZPF’s Code of Best Practice.
- KRUK also joined the UNGC and became a signatory to the Ethics Programme Standard developed by the coalition working on the programme ‘Business and Human Rights – Ethics Standard in Poland’. It is a set of universal values and tools that need to be implemented in order to enhance the business ethics, transparency and sustainability performance of organisations.

Environmental responsibility

Environmental education

- KRUK organizes the Earth Overshoot Day in Poland, which addresses the issues created by excessive consumerism and its environmental impact;

Adaptation to climate change

- KRUK continues work to streamline and optimise its workflows to cut down paper waste generation. KRUK Romania is another local branch that implemented e-signature on tablets. As a result, the solution is now present on the Group’s largest markets.

Supporting initiatives that matter

- In order to facilitate the work of field advisors, KRUK has implemented special route optimisation maps in Poland, Spain and Italy. The project will continue to be extended.
- KRUK joined the UNGC’s Climate Positive initiative designed to support businesses with expert knowledge on how to counter climate change, reduce carbon footprint and raise environmental awareness.
- KRUK Italia continued to work with ZeroCO2, an NGO fighting against deforestation.

Investor Relations

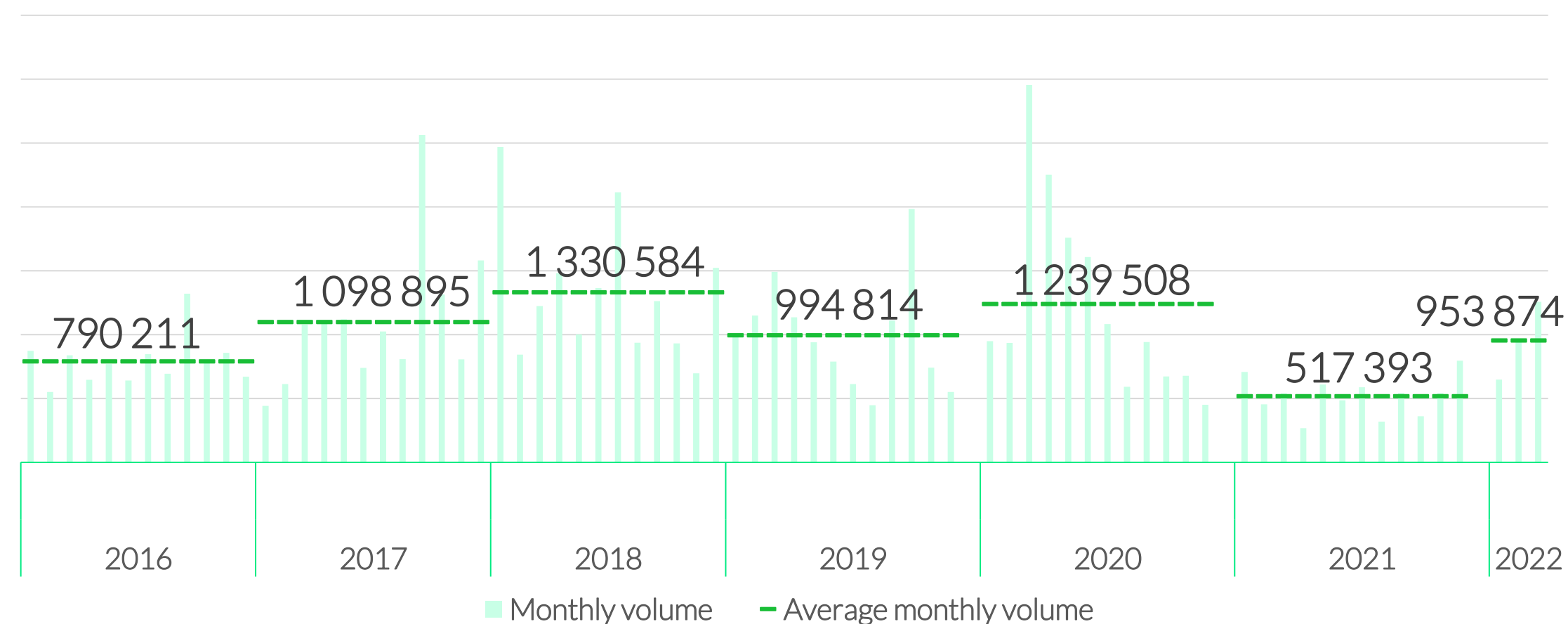
Selected IR events planned for 2022

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
June 8th – 9th	WOOD's Spring Fling
September 7th	Publication of H1 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 22nd most liquid stock on the WSE



Shareholders with ownership interests above 3%*

Shareholder	Ownership interest
OFE Nationale-Nederlanden	14.45%
Piotr Krupa	9.22%
OFE Aviva Santander	9.10%
OFE PZU Złota Jesień	8.63%
OFE Aegon	5.88%
OFE Allianz Polska	5.08%
OFE MetLife	4.86%
OFE Generali	4.48%
OFE UNIQA	3.61%

Research coverage

Brokerage house	Analyst	Email address
BDM	-	-
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* Source: stooq.pl as at March 31st 2022.



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