



# KRUK Group 2022 results presentation

KRUK Group



# Agenda



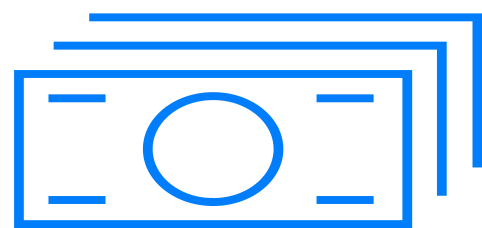
1. Summary
2. KRUK Group's results
3. Geographical and operating segments
4. Financials
5. Additional information

# KRUK after 2022 – another year with record-high net profit



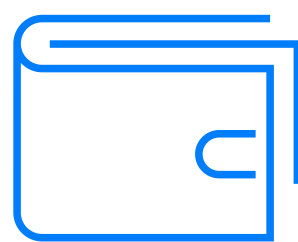
NET PROFIT

**PLN 805m**  
(+16% y/y)



CASH EBITDA

**PLN 1,809m**  
(+17% y/y)



RECOVERIES FROM  
PURCHASED DEBT  
PORTFOLIOS

**PLN 2,627m**  
(+19% y/y)



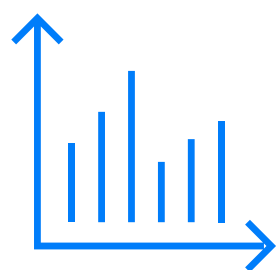
NEW DEBT PORTFOLIO  
PURCHASES

**PLN 2,311m**  
(+33% y/y)



EPS

**PLN 42.07**  
(+15% y/y)



ROE rolling  
(LTM)\*

**25%**



PORTFOLIO CARRYING  
AMOUNT

**PLN 6.8bn**  
(+33% y/y)



NET DEBT/  
CASH EBITDA

**2.1x**  
(2021: 1.7x)

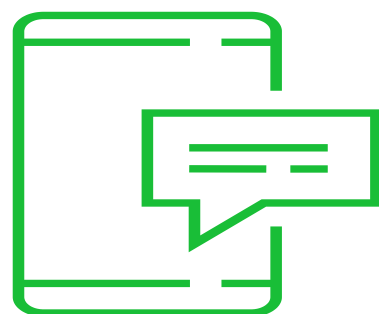
\* last twelve months

# KRUK in 2022 – performance highlights



**PLN 249m**  
**(PLN 13 per share)**

Dividend paid in  
April 2022



**e-KRUK**  
**growth**

37% increase in the  
number of users  
since December 2021



**~90% of settlement**  
**agreements signed**  
**in paperless form**

at KRUK Group



**62% of top**  
**management positions**  
**held by women**

at KRUK Group



**Inclusion in WIG20**  
  
in November 2022



**Listed Company of the**  
**Year # 7**  
  
in *Puls Biznesu* Survey



**mWIG40 Company**  
**of the Year**  
  
award for KRUK S.A. in Bulls  
and Bears competition of  
*Parkiet* daily



**2nd main prize**  
  
received in 2022 in 'Banks  
and Financial Institutions'  
category in Best Annual  
Report 2021 competition

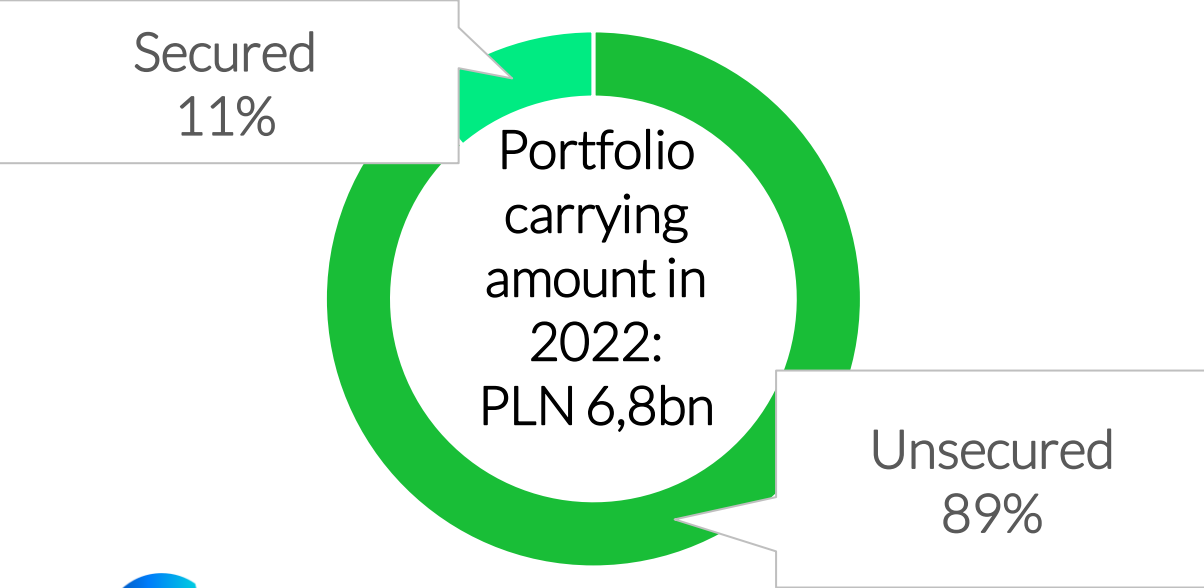
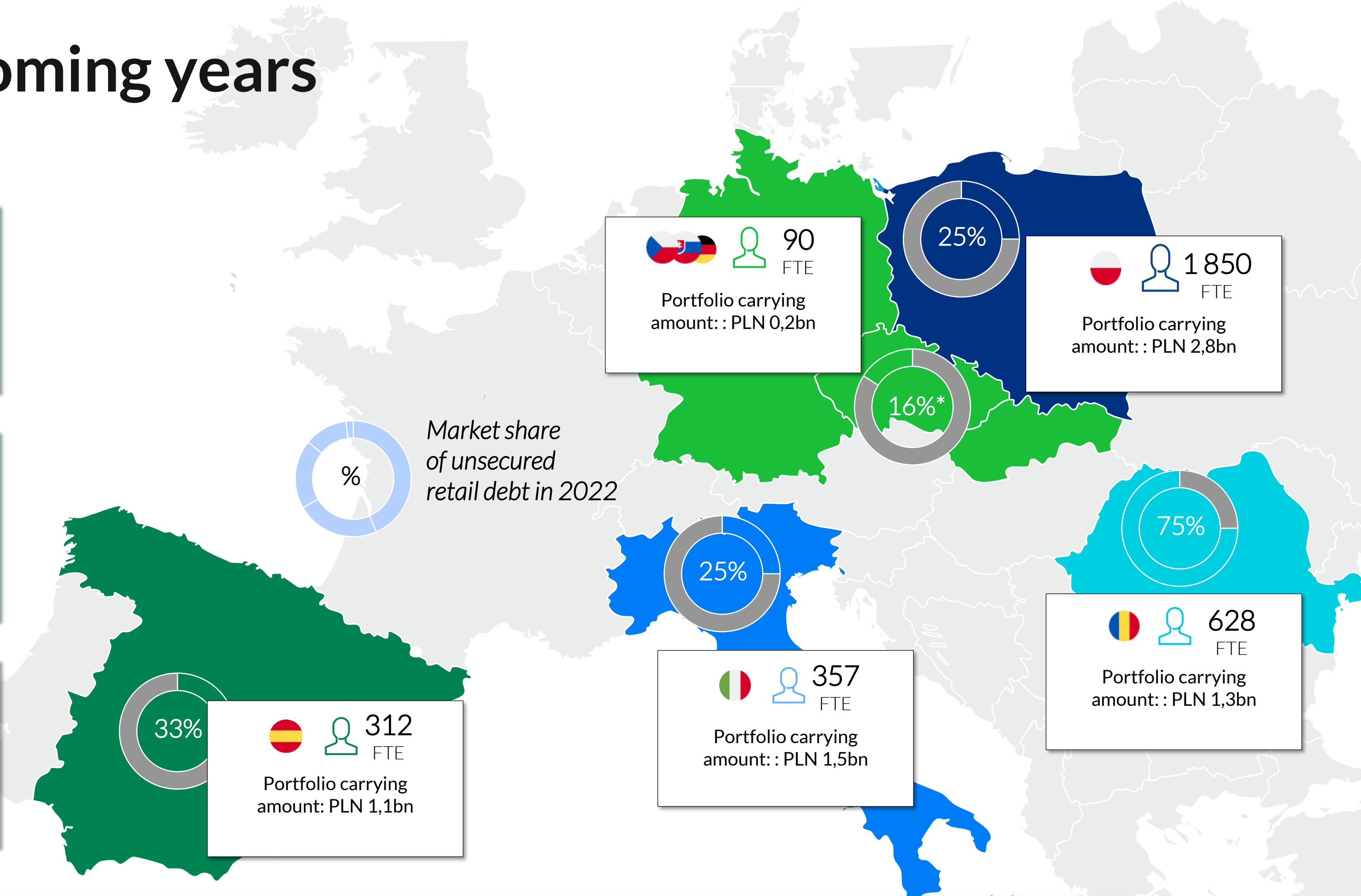
# KRUK – development in the coming years

- Resources directed towards organic growth with focus on the markets where we are present

Operational excellence with focus on unsecured debt
- Secured debt accounting for not more than 25% of the portfolios' value

Focus on organisational culture and LEAN
- Conservative approach to debt and liquidity management

Further footprint expansion in Europe, but based on a selective and long-term approach



	Purchased debt portfolios			Credit management	Loan products
	Unsecured retail	Mortgage	Corporate and SME		
Poland	✓	✓	✓	✓	✓
Romania	✓	✓	✓	✓	✓
Italy	✓		✓	✓	
Spain	✓		✓	✓	
Other markets	✓				



\* Market share in the Czech Republic and Slovakia.

# Agenda



1. Summary
2. KRUK Group's results
3. Geographical and operating segments
4. Financials
5. Additional information



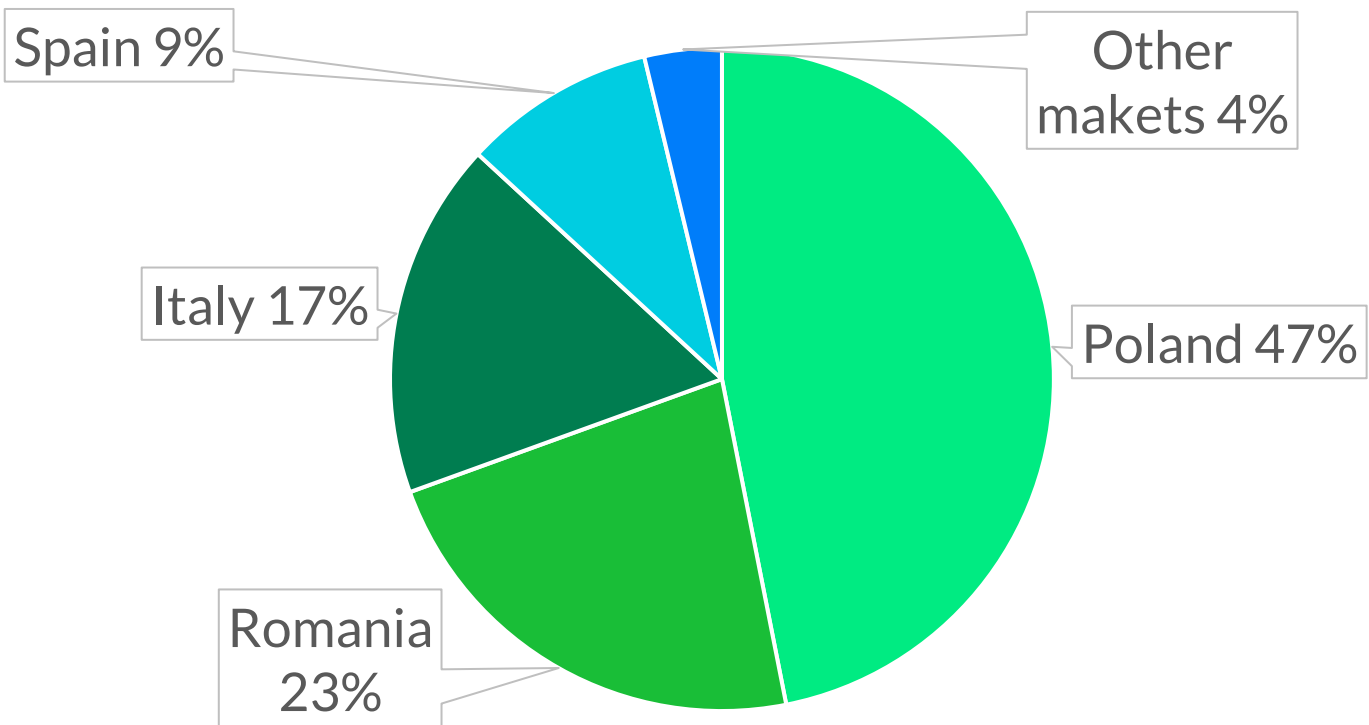
# Expenditure and recoveries at all-time high



Recoveries from  
purchased debt  
portfolios: PLN 2,627m  
(+19% y/y)

- ✓ In 2022, KRUK reported the highest amount of recoveries in its operating history, with increases in each segment of purchased debt portfolios.
- ✓ The PLN 412m y/y increase in amounts recovered was achieved mainly on higher recoveries in Poland (PLN +157m y/y), Italy (PLN +144m y/y), and Spain (PLN +73m y/y).
- ✓ Foreign markets accounted for 53% of the Group's total recoveries.
- ✓ 87% (PLN 2.3bn) of all recoveries came from unsecured portfolios.
- ✓ Cumulatively, historical recoveries from purchased portfolios amounted to PLN 15.5bn.

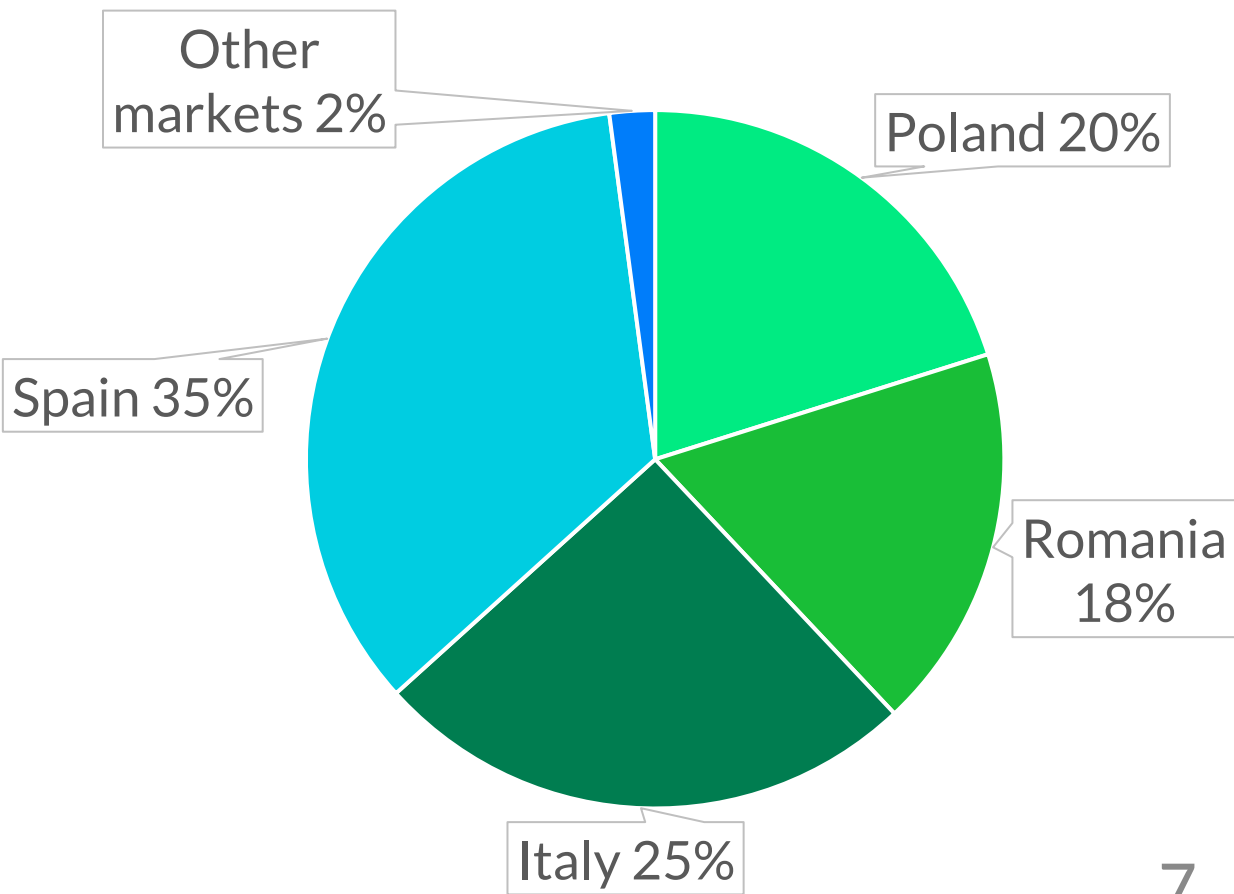
Share of each market in total recoveries



New portfolio purchases  
PLN 2,311m  
(+33% y/y)

- ✓ Expenditure on new debt portfolios in 2022 rose by PLN 573m (+33% y/y), reaching an all-time high.
- ✓ The largest investments were made in Spain (PLN 799m) and Italy (PLN 585m).
- ✓ The nominal value of purchased debt portfolios was PLN 13.7bn.
- ✓ 92% (PLN 2.1bn) of the expenditure was made on unsecured debt.
- ✓ Since its establishment, KRUK has spent PLN 11.8bn on debt portfolios with a nominal value of PLN 103bn.

Share of each market in total expenditure



# ROE for last 12 months at 25%



Net profit  
PLN 805m  
(+16% y/y)

- ✓ Net profit rose by PLN 110m (+16%) y/y, driven by a 21% y/y increase in revenue.
- ✓ Cash EBITDA for the period came in at PLN 1,809m (PLN +261m, or +17%, y/y), driven by a 19% y/y increase in recoveries.
- ✓ At PLN 1.1bn, KRUK's EBITDA is the fourth highest result among the main competitors in the industry.\*
- ✓ Return on equity (ROE) was 25%.

Revenue  
PLN 2,146m  
(+23% y/y)

- ✓ Revenue from purchased debt portfolios grew by PLN 337m (+18%) y/y, driven largely by improved interest income on purchased portfolios (PLN +177m, or +21%, y/y) and an upward revaluation of projected recoveries amounting to PLN 384m (PLN +177m, or +42%, y/y). The significant upward revaluation was a result of strong recoveries continuing for yet another quarter.
- ✓ The positive deviation in actual vs. planned recoveries\*\* from unsecured portfolios amounted to PLN 295m (up PLN +3m y/y), which was one of the reasons for the PLN 441m (up PLN +129m y/y) revaluation of projected recoveries.
- ✓ The positive deviation in actual vs. planned recoveries\*\* from secured portfolios was PLN 49m (up PLN +23m y/y). Revaluation of projected recoveries was PLN -57m (down PLN -15m y/y).
- ✓ 70% of the total revaluation of projected recoveries from unsecured retail portfolios in the fourth quarter of 2022 was attributable to the revaluation of projected recoveries for the period until November 2023.



# Increase in costs related to business upscaling



Operating and  
administrative  
expenses  
PLN 1,052m  
(+26% y/y)

- ✓ In 2022, operating expenses excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) rose by PLN 217m (+26%) y/y.
- ✓ By type, the y/y increase in operating expenses was driven mainly by higher employee costs and salaries (PLN +79m, or +20%, y/y), court and bailiff fees (PLN +57m, or +25%, y/y) and costs of operating processes (PLN +28m, or +46% y/y).
- ✓ The number of FTEs at the KRUK Group was 3,267 (+7% y/y)

---

Finance costs  
PLN 179m  
(+109% y/y)

- ✓ The increase in finance costs (PLN +93m y/y) was attributable to higher debt (PLN +1,081m y/y\*) and significantly higher 1M/3M WIBOR rates (a rise from 2.23%/2.54% in December 2021 to 6.93%/7.02% in September 2022) and 1M/3M EURIBOR rates (a rise from -0.58%/-0.57% to 1.88%/2.13% y/y).
- ✓ IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 2,360m) represent 61% of the Group's total debt as at December 31st 2022.
- ✓ WIBOR-sensitive debt accounted for 17% (PLN 676m) and EURIBOR-sensitive debt – for 22% (PLN 842m) of the Group's total debt as at the end of 2022.\*

\* Debt reported at nominal value.

# Strong balance sheet



Equity  
PLN 3.3bn  
(+25% y/y)

- ✓ Equity represents 42% of the KRUK Group's financing sources. The ratio of net interest-bearing debt to equity was 1.2x (maximum value: 3.0x) and the ratio of net interest-bearing debt to cash EBITDA was 2.1x (maximum value: 4.0x).
- ✓ The ratio of cash EBITDA to interest on debt was 9.8x (minimum value: 4.0x).
- ✓ As at December 31st 2022, undrawn lines of credit amounted to PLN 383m.
- ✓ As at the end of December 2022, the total amount available to the KRUK Group under lines of credit went up by PLN 0.6bn relative to the end of 2021, to PLN 2.9bn. In 2022, KRUK issued PLN 545m worth of new bonds.

Group's assets  
PLN 7.7bn  
(+30% y/y)

- ✓ The carrying amount of the Group's investments in debt portfolios was PLN 6.8bn and accounted for 88% of its assets. 89% of the portfolios comprised unsecured debt.
- ✓ The carrying amount of loans granted was PLN 369m, representing 5% of the Group's assets.
- ✓ As at December 31st 2022, cash and cash equivalents amounted to PLN 202m.

# Technology development



## Rollout of online solutions

- ✓ In all its markets, KRUK continues to improve self-service tools for clients (e-KRUK, e-payments, electronic signature, online settlement).
- ✓ In 2022, KRUK S.A. implemented a subscription-based repayment functionality.
- ✓ The share of settlement agreements in paperless form came to 90% in the Group.
- ✓ The total number of e-KRUK users rose by 37% relative to December 2021.

## Automation, machine learning and artificial intelligence

- ✓ Our work in the area of business analytics in 2022 focused on the development of a decision engine in terms of the number of analytically supported decisions and the advancement of analytical techniques (including the development of decision-making models fuelled by machine learning).
- ✓ Since its inception, KRUK has purchased over 11 million cases.
- ✓ The number of machines able to process data with no employee involvement is on a rise.
- ✓ KRUK uses artificial intelligence algorithms and solutions to identify keywords in correspondence.

## Infrastructure and cybersecurity

- ✓ In 2022, KRUK Romania was awarded the ISO 27001:2013 security standard certificate, which sets out the requirements for information security management systems.
- ✓ KRUK works widely with external companies on cybersecurity and has been pursuing educational activities in this area for years.
- ✓ The Group has implemented a scalable and highly efficient solution to manage and protect data in order to minimise potential system downtime and prevent financial losses.

## Development of cloud-based solutions

- ✓ KRUK has set up an area dedicated, among others, to building a strategy for the development of cloud-based solutions at the Group.
- ✓ The Group has stepped up cooperation with Microsoft to obtain best-in-class office applications with advanced security, compatibility, voice communication and analysis functionalities.

# Agenda



1. Summary
2. KRUK Group's results
3. Geographical and operating segments
4. Financials
5. Additional information

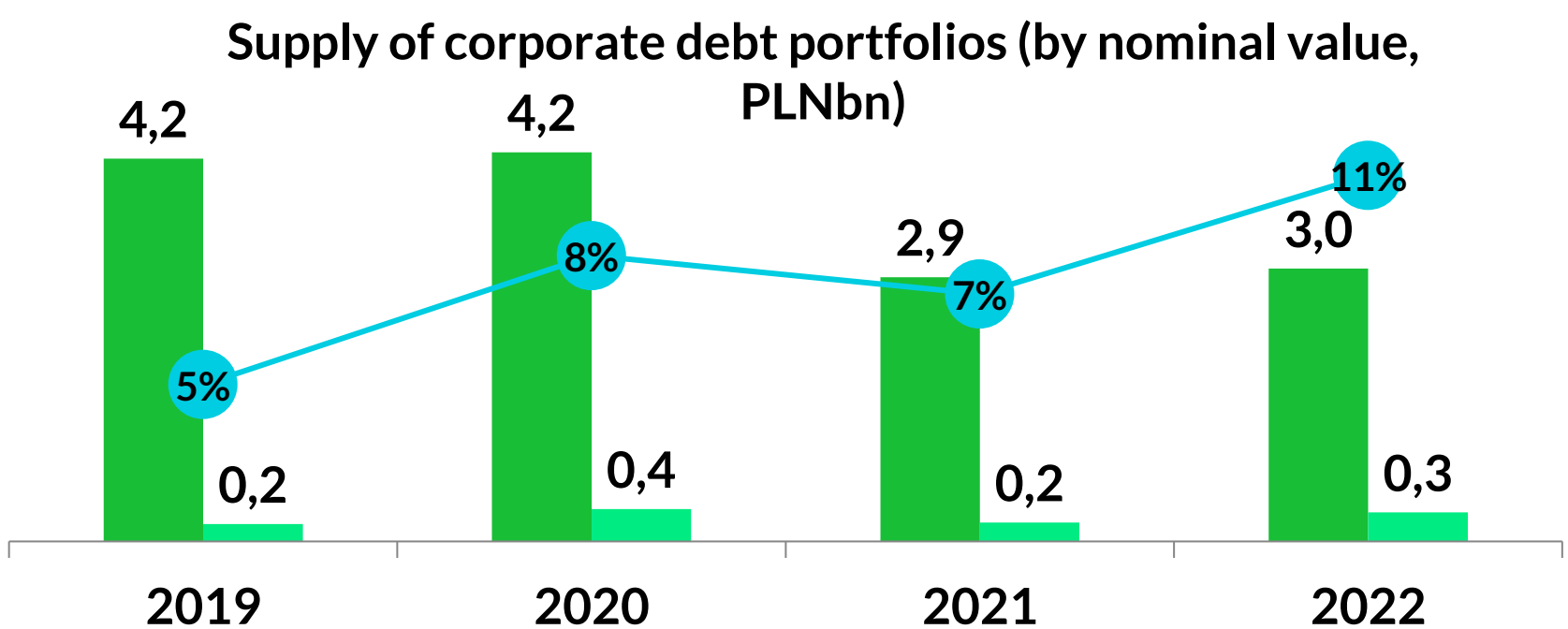
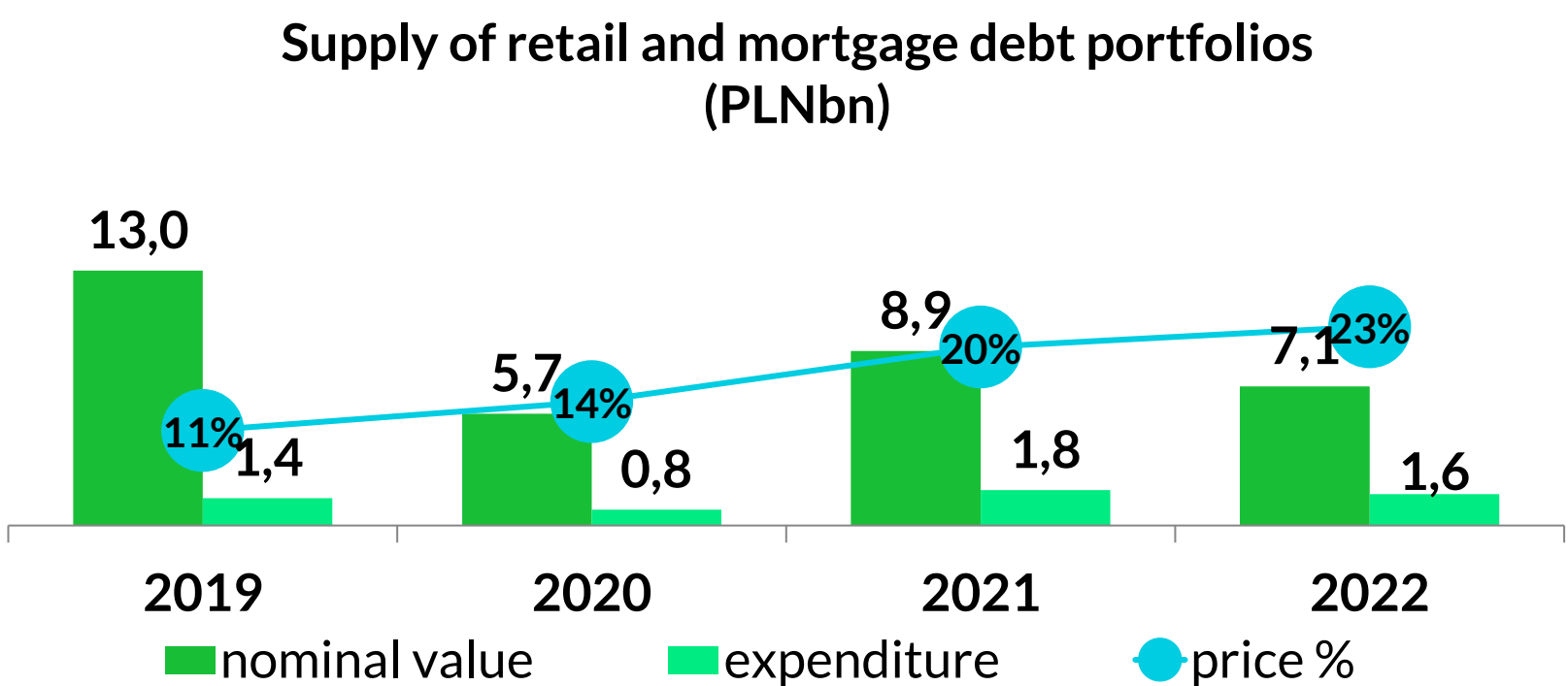
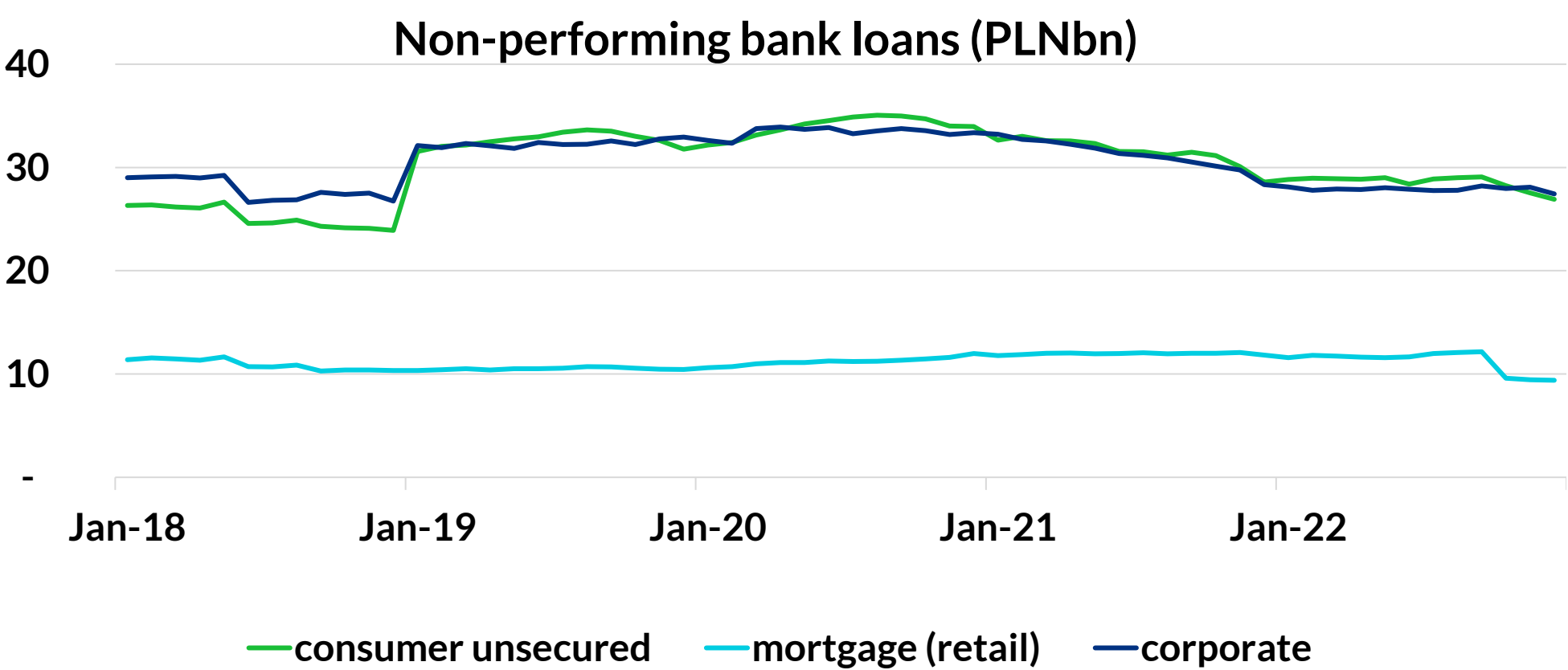
# KRUK Group after 2022 by segment



	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		
(PLNm)														
Expenditure on debt portfolios	465	1100	412	167	585	282	799	130	49	59	N/A		2022	2021
													2,311	1,738
Recoveries	1 232	1074	593	565	457	313	246	173	99	91	N/A		2,627	2,216
Carrying amount of purchased debt portfolios (PLNbn)	2,8	2,7	1,3	0,9	1,5	1,0	1,1	0,4	0,2	0,2	N/A		6.8	5.1
Revenue	1035	872	549	412	361	279	136	113	59	61	N/A		2,146	1,743
Purchased debt portfolios	849	751	533	396	352	270	120	97	59	61	N/A		1,913	1,576
Credit management services	28	24	12	13	9	9	16	15			N/A		65	62
Wonga	129	72									N/A		129	72
Other activities	29	25	4	3							N/A		33	29
Indirect margin	698	596	437	317	181	128	13	35	36	39	N/A		1,363	1,112
EBITDA	625	543	407	295	150	105		18	26	30	-106	-79	1,094	908
Cash EBITDA	1009	866	467	464	255	148	-6	94	66	59	-106	-79	1,809	1,548



# Debt purchase market in Poland



- As at the end of 2022, non-performing debts at Polish banks amounted to PLN 64bn, down from PLN 69bn in December 2021. Non-performing secured consumer debt fell from PLN 28.6bn to PLN 27bn (down 6%).
- Transactions in 2022 involved all types of debt (retail unsecured, mortgage and corporate). Unsecured retail debt accounted for 77% of the total expenditure on debt purchases in the market.
- The estimated total debt supply in nominal terms was PLN 10.1bn.
- On the primary and secondary market, investors spent on debt purchases a total of PLN 2.0bn, of which 24% was attributable to KRUK.
- KRUK’s market share in expenditure on unsecured retail debt is estimated at 25%.

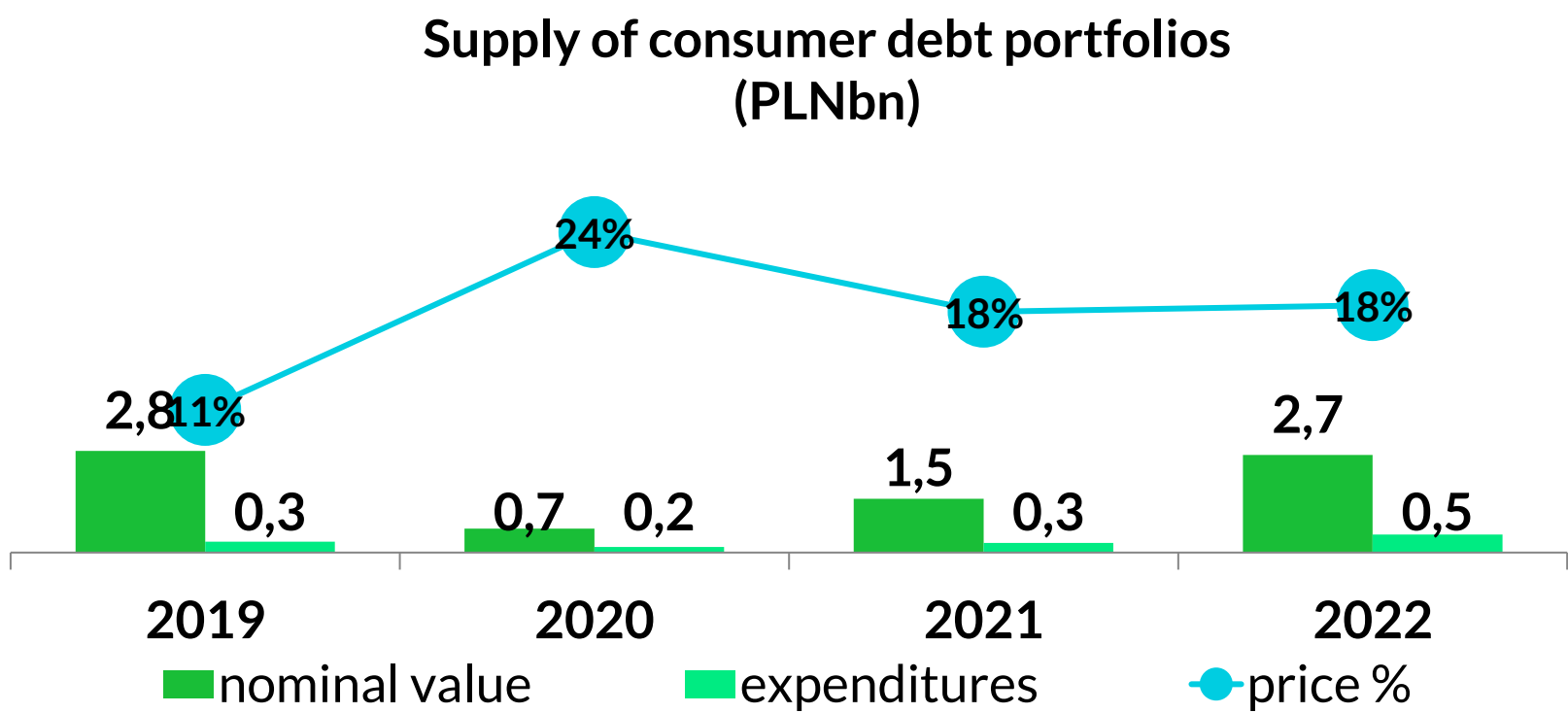
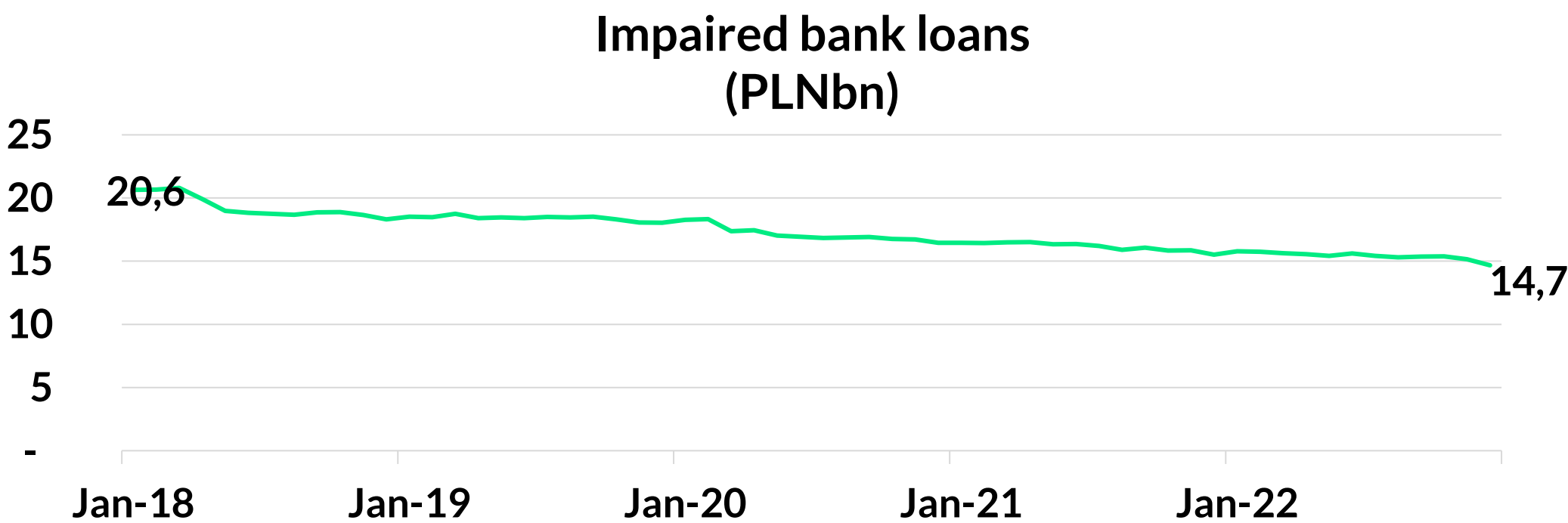
# Operations of the KRUK Group – Poland



(PLNm)	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
EXPENDITURE ON DEBT PORTFOLIOS	465	1,100	-58%	130	259	72	638	10	127	110	218
RECOVERIES	1,232	1,074	15%	250	271	262	291	312	325	296	299
PORTFOLIO CARRYING AMOUNT	2,770	2,668	4%	1,929	2,151	2,143	2,668	2,584	2,653	2,666	2,770
REVENUE	1,035	872	19%	199	261	222	191	258	302	243	233
PURCHASED DEBT PORTFOLIOS	849	751	13%	166	231	183	170	217	257	192	183
REVALUATION OF PROJECTED RECOVERIES	157	110	43%	5	49	41	14	37	69	28	23
CREDIT MANAGEMENT SERVICES	28	24	19%	6	6	6	6	7	7	7	8
WONGA	129	72	78%	20	17	26	9	27	31	36	34
OTHER ACTIVITIES	29	25	16%	6	7	7	5	7	7	7	8
INDIRECT MARGIN	698	596	17%	-	-	-	-	-	-	-	-
EBITDA	625	543	15%	122	183	136	101	164	205	143	113
WONGA	72	36	97%	9	5	11	11	11	19	22	20
CASH EBITDA	1,009	866	16%	206	223	215	222	258	273	248	230
PORTFOLIO PROFITABILITY (LTM)*	31%	33%	-5%	30%	34%	38%	33%	35%	35%	35%	31%

- The KRUK Group's expenditure on portfolio purchases in Poland reached PLN 465m, representing 20% of all funds invested by the Group in 2022. The nominal value of the purchased portfolios is over PLN 2.3bn. In Poland, KRUK invested primarily in unsecured retail debt.
- In 2022, recoveries in the Polish market amounted to PLN 1,232m (PLN +158m, or 15%, y/y), accounting for 47% of the Group's total recoveries.
- At the end of the period, the carrying amount of purchased debt portfolios was PLN 2,770m (+4% y/y). Polish portfolios accounted in total for 41% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue reached PLN 1,035m and was mainly attributable to higher interest income and a revaluation of projected recoveries, which totalled PLN 157m. Wonga generated revenue of PLN 129m.
- The year-on-year increase in indirect margin (+17% y/y) and EBITDA (+15% y/y) was mainly driven by growing revenue.

# Debt purchase market in Romania



- Non-performing debt held by Romanian banks amounted to PLN 15bn, showing a downward trend in the last five years.
- The nominal value of unsecured retail and corporate debt portfolios sold on the Romanian market in 2022 was PLN 3.0bn.
- According to KRUK’s estimates, total expenditure on retail and corporate debt in 2022 was PLN 538m, with KRUK’s share at 77%.
- KRUK’s market share in expenditure on unsecured retail debt in Romania is estimated at 75%.
- In recent years, the size of Romania’s corporate debt market was immaterial relative to the entire market.

# Operations of the KRUK Group – Romania

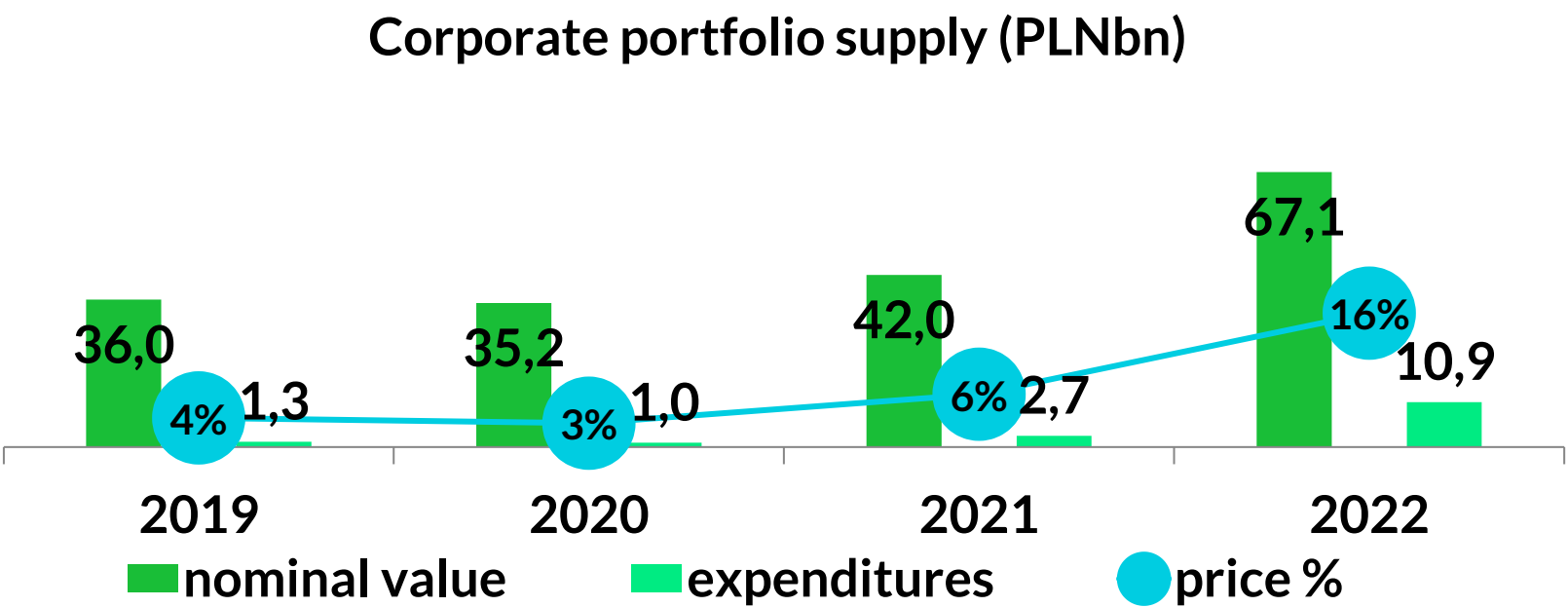
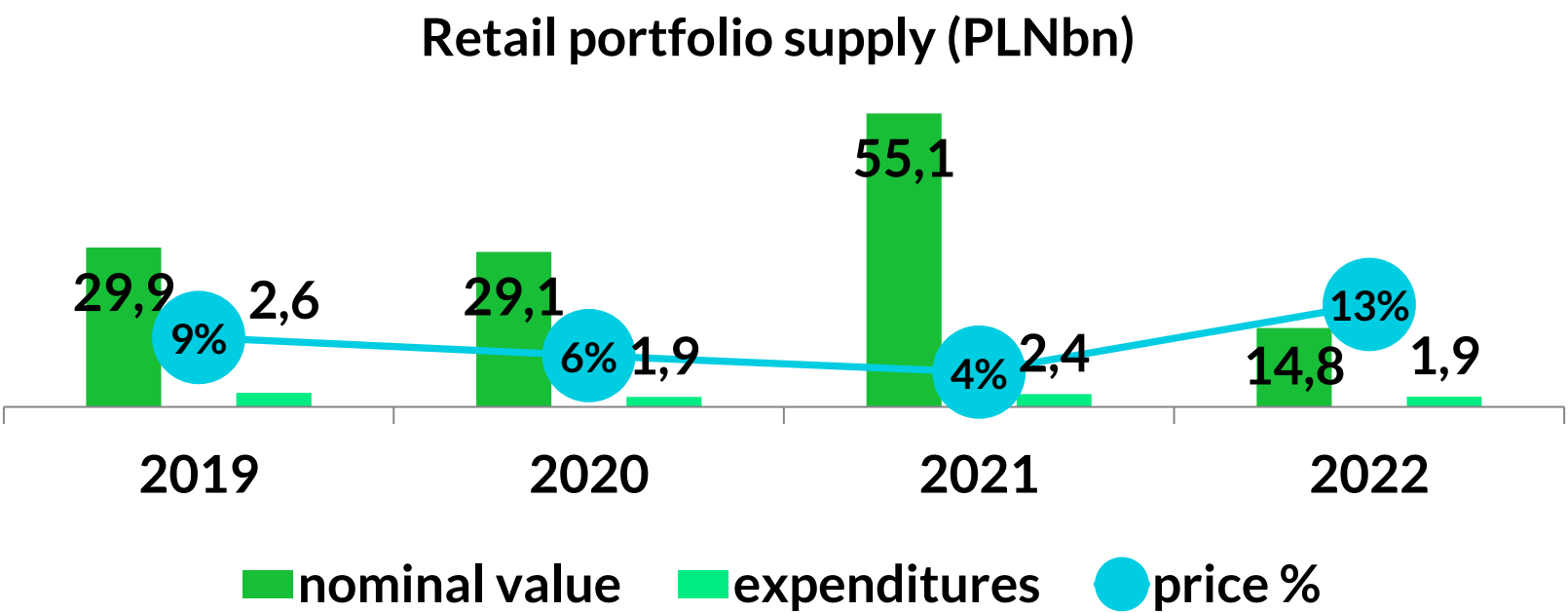
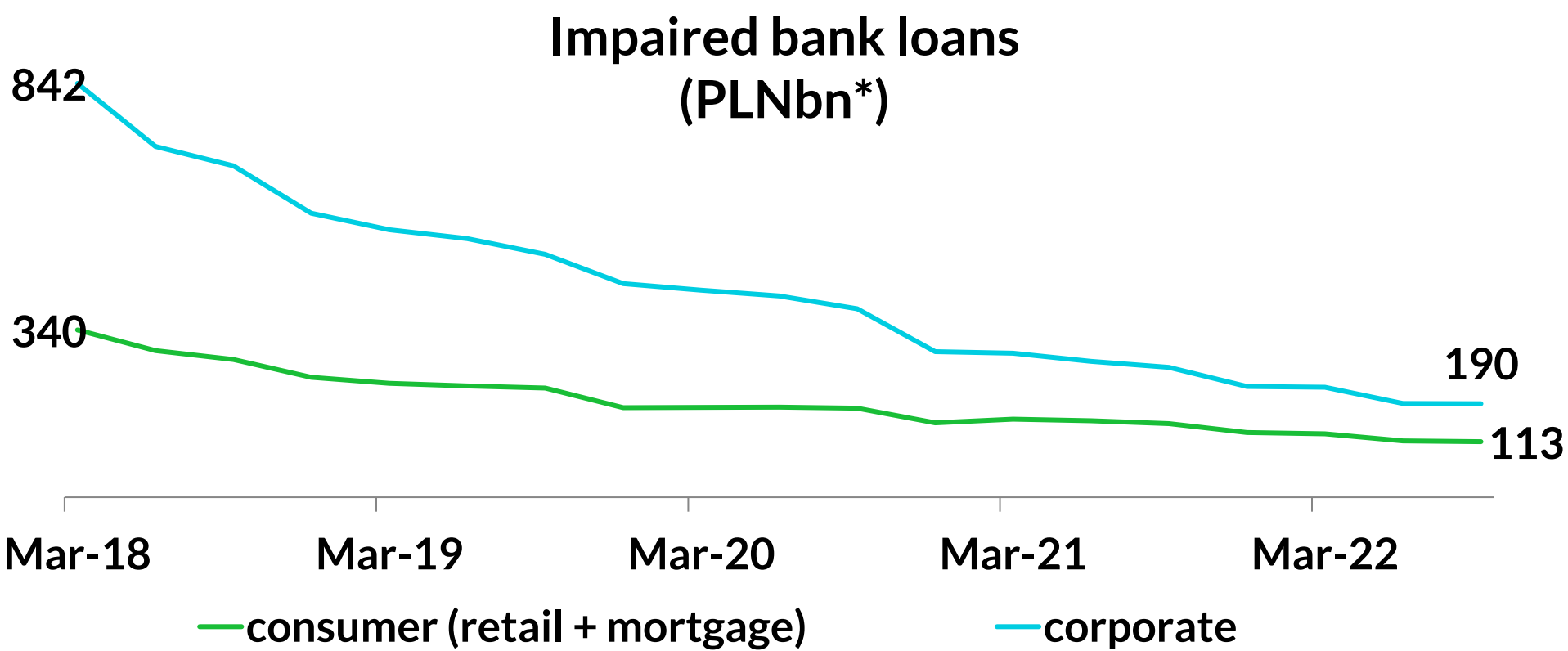


(PLNm)	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
EXPENDITURE ON DEBT PORTFOLIOS	412	167	146%	20	23	75	49	103	57	91	162
RECOVERIES	593	565	5%	140	146	136	143	145	142	152	154
PORTFOLIO CARRYING AMOUNT	1,256	887	42%	861	843	907	887	1,016	59	85	96
REVENUE	549	412	33%	90	131	107	84	166	142	108	133
PURCHASED DEBT PORTFOLIOS	533	396	35%	86	127	103	79	162	137	104	130
REVALUATION OF PROJECTED RECOVERIES	206	118	75%	11	50	41	15	88	57	16	46
CREDIT MANAGEMENT SERVICES	12	13	-11%	3	3	3	4	3	4	3	1
OTHER ACTIVITIES	4	3	9%	1	1	1	1	1	1	1	1
INDIRECT MARGIN	437	317	38%	-	-	-	-	-	-	-	-
EBITDA	407	295	38%	63	104	77	51	136	108	73	90
CASH EBITDA	467	464	1%	116	123	110	114	118	113	122	114
PORTFOLIO PROFITABILITY (LTM)*	50%	45%	11%	37%	46%	48%	45%	50%	47%	47%	50%

- In 2022, expenditure on portfolio purchases in Romania reached PLN 412m (+146% y/y), with the nominal value of the portfolios at PLN 2.4bn. Some of that debt was purchased under forward flow contracts signed in 2021. KRUK invested primarily in unsecured retail debt portfolios. Purchases made in Romania accounted for 18% of the Group's total investments in the period.
- Recoveries from Romanian portfolios amounted to PLN 593m (+5% y/y), accounting for 23% of the Group's total recoveries.
- At the end of the period, the carrying amount of purchased debt portfolios was PLN 1,256m (+42% y/y). Romanian portfolios accounted in total for 19% of the carrying amount of all debt portfolios held by the KRUK Group.
- The revenue increase to PLN 549m (+33% y/y) was mainly attributable to a significant revaluation of projected recoveries, which amounted to PLN 206m (+75% y/y).
- The year-on-year increase in indirect margin (+38% y/y) and EBITDA (+38% y/y) was mainly driven by growing revenue.
- Since January 2023, the KRUK Group has been focusing on purchased debt portfolios, having discontinued the provision of credit management services in Romania.



# Debt purchase market in Italy



- The level of non-performing debt held by Italian banks decreased significantly in 2018–2022, 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 82bn, while the supply of unsecured retail debt portfolios amounted to PLN 14.8bn in 2022 (nominal amounts).
- The price of retail debt portfolios in Italy rose mainly as a result of the quality of the assets and the competitive market.
- KRUK’s market share in Italy, taking into account the primary and secondary markets, is estimated at 5%.
- KRUK’s market share in expenditure on unsecured retail debt is estimated at 25%.



# Operations of the KRUK Group – Italy

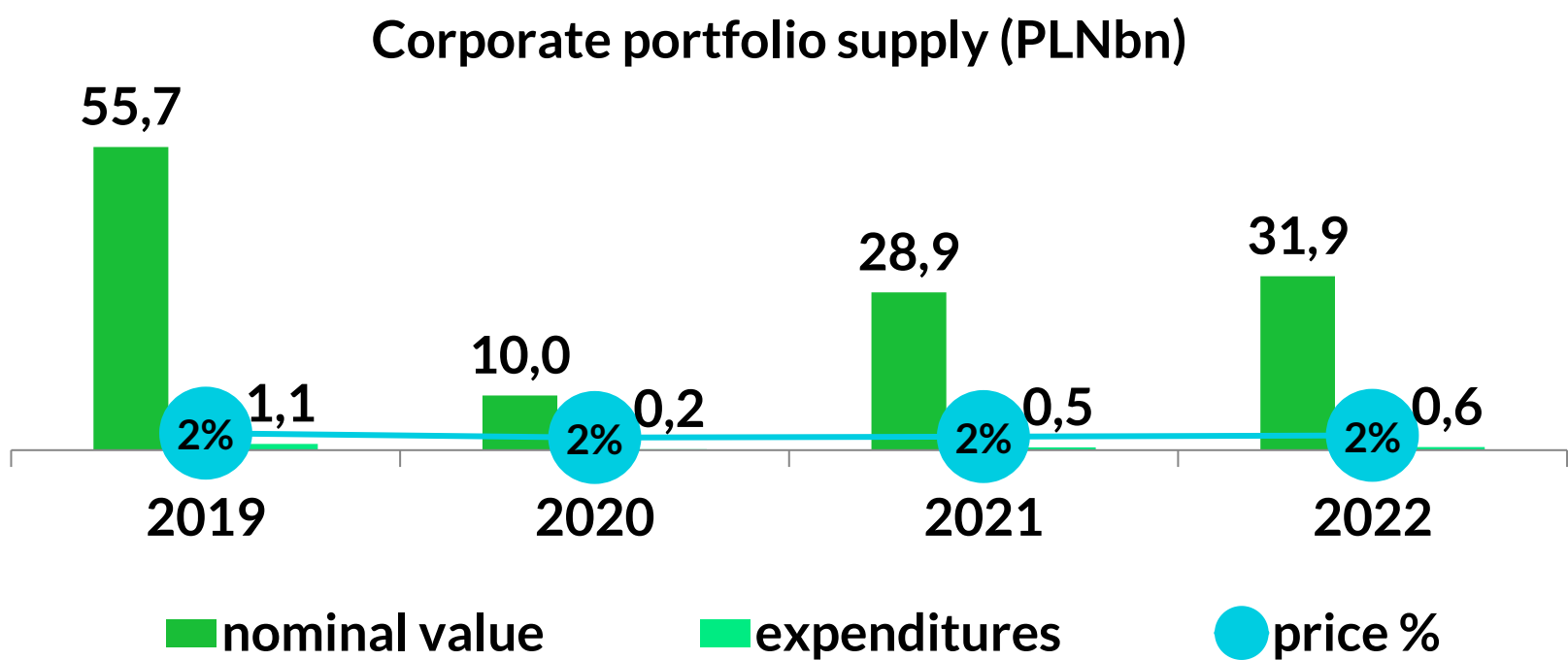
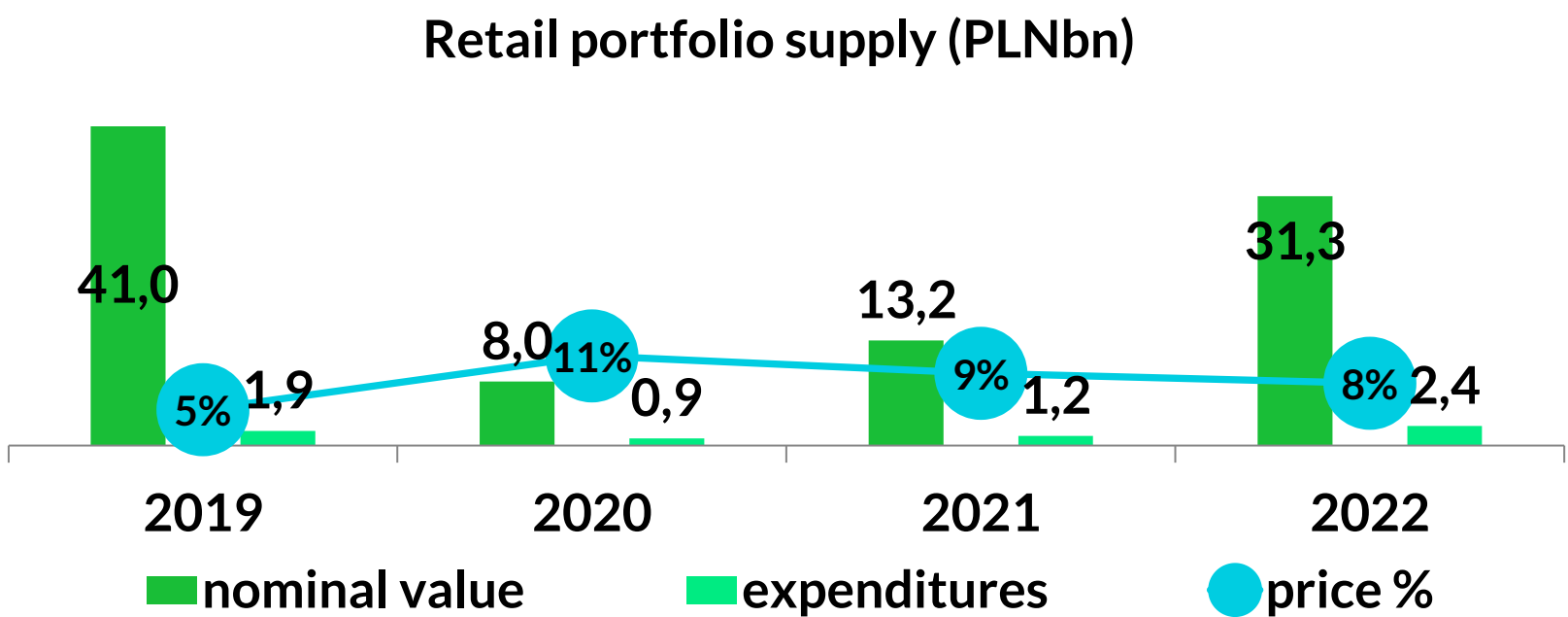
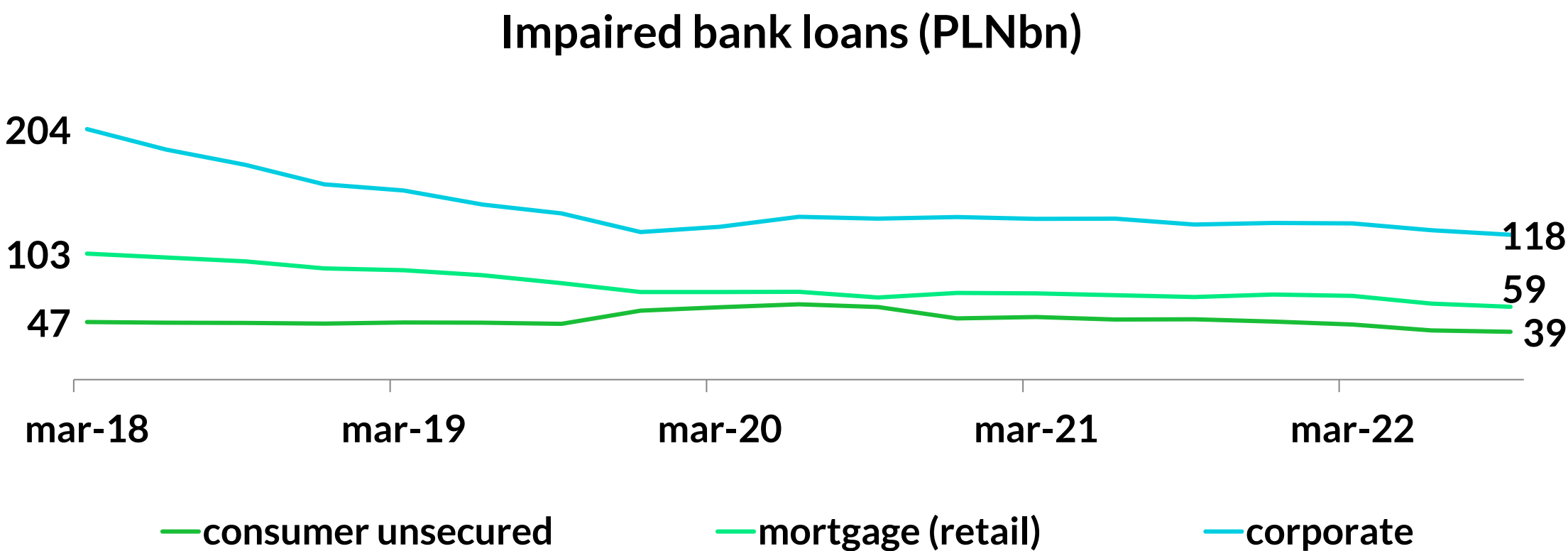


(PLNm)	2022	2021	y/y
EXPENDITURE ON DEBT PORTFOLIOS	585	282	108%
RECOVERIES	457	313	46%
PORTFOLIO CARRYING AMOUNT	1472	972	51%
REVENUE	361	279	29%
PURCHASED DEBT PORTFOLIOS	352	270	30%
REVALUATION OF PROJECTED RECOVERIES	49	36	37%
CREDIT MANAGEMENT SERVICES	9	9	-7%
INDIRECT MARGIN	181	128	41%
EBITDA	150	105	43%
CASH EBITDA	255	148	72%
PORTFOLIO PROFITABILITY (LTM)*	29%	32%	-9%

Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
0	117	87	78	147	69	228	140
66	70	91	87	96	112	108	140
727	813	915	972	1,117	1,176	1,435	1472
54	62	87	76	82	97	88	93
52	60	85	74	80	95	86	91
0	9	16	11	12	19	11	7
2	2	2	2	2	2	2	2
-	-	-	-	-	-	-	-
12	19	46	28	37	43	36	34
26	29	52	41	53	61	58	83
19%	26%	28%	32%	32%	31%	29%	29%

- In the Italian market in 2022, KRUK invested PLN 585m (+108% y/y; 25% of total expenditure), purchasing debt worth nominally PLN 3.2bn.
- Amounts recovered in the Italian market came to PLN 457m (+46% y/y), accounting for 17% of the Group's total recoveries.
- As at December 31st 2022, the carrying amount of debt portfolios purchased on that market was PLN 1,472m, representing 22% of the total carrying amount of debt portfolios held by the KRUK Group.
- Revenue of PLN 361m was mainly driven by strong recoveries and an upward revaluation of projected recoveries of PLN 49m.
- The increase in indirect margin (+41%) and EBITDA (+43%) came mainly as a result of higher revenue.

# Debt purchase market in Spain



- Based on KRUK’s estimates, in 2022 the nominal value of bank and non-bank debt portfolios sold in the primary market in Spain reached approximately PLN 63bn (excluding mortgage debt), of which nearly 50% was unsecured retail debt.
- The total amount invested by all players in the primary market in Spain was in excess of PLN 3bn, with KRUK’s share at 26%.
- KRUK’s market share in expenditure on unsecured retail debt is estimated at 33%.

# Operations of the KRUK Group – Spain



(PLNm)	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
EXPENDITURE ON DEBT PORTFOLIOS	799	130	513%	0	82	49	0	0	235	153	411
RECOVERIES	246	173	42%	36	44	38	55	45	52	68	82
PORTFOLIO CARRYING AMOUNT	1,101	420	162%	358	421	450	420	400	580	743	1,101
REVENUE	136	113	21%	27	41	13	32	24	-3	54	61
PURCHASED DEBT PORTFOLIOS	120	97	23%	24	37	9	28	20	-7	50	56
REVALUATION OF PROJECTED RECOVERIES	-37	-5	-701%	1	4	-12	3	-4	-39	4	2
CREDIT MANAGEMENT SERVICES	16	15	6%	3	4	4	4	4	4	3	4
INDIRECT MARGIN	13	35	-62%	-	-	-	-	-	-	-	-
EBITDA	-6	18	-133%	6	21	-10	1	-1	-32	23	4
CASH EBITDA	121	94	29%	18	29	19	28	24	27	40	29
PORTFOLIO PROFITABILITY (LTM)*	16%	25%	-37%	15%	20%	17%	25%	25%	13%	15%	16%

- In the Spanish market in 2022, KRUK invested PLN 799m (+513% y/y; 35% of total expenditure), purchasing debt worth nominally PLN 5.5bn.
- Amounts recovered in Spain reached PLN 246m (+42% y/y), accounting for 9% of the Group's total recoveries.
- As at December 31st 2022, the carrying amount of debt portfolios purchased on that market was PLN 1,101m, representing 16% of the total carrying amount of debt portfolios held by the KRUK Group.
- Revenue in Spain grew to PLN 136m (+21% y/y) despite a PLN 37m downward revaluation of projected recoveries being a net effect of an upward revaluation of unsecured retail debt portfolios and a downward revaluation of corporate SME debt portfolios.
- Indirect margin fell mainly as a consequence of higher employee costs and salaries, court costs, and a PLN 7m impairment loss on Espana.

# Operations of the KRUK Group – Czech Republic, Slovakia and Germany



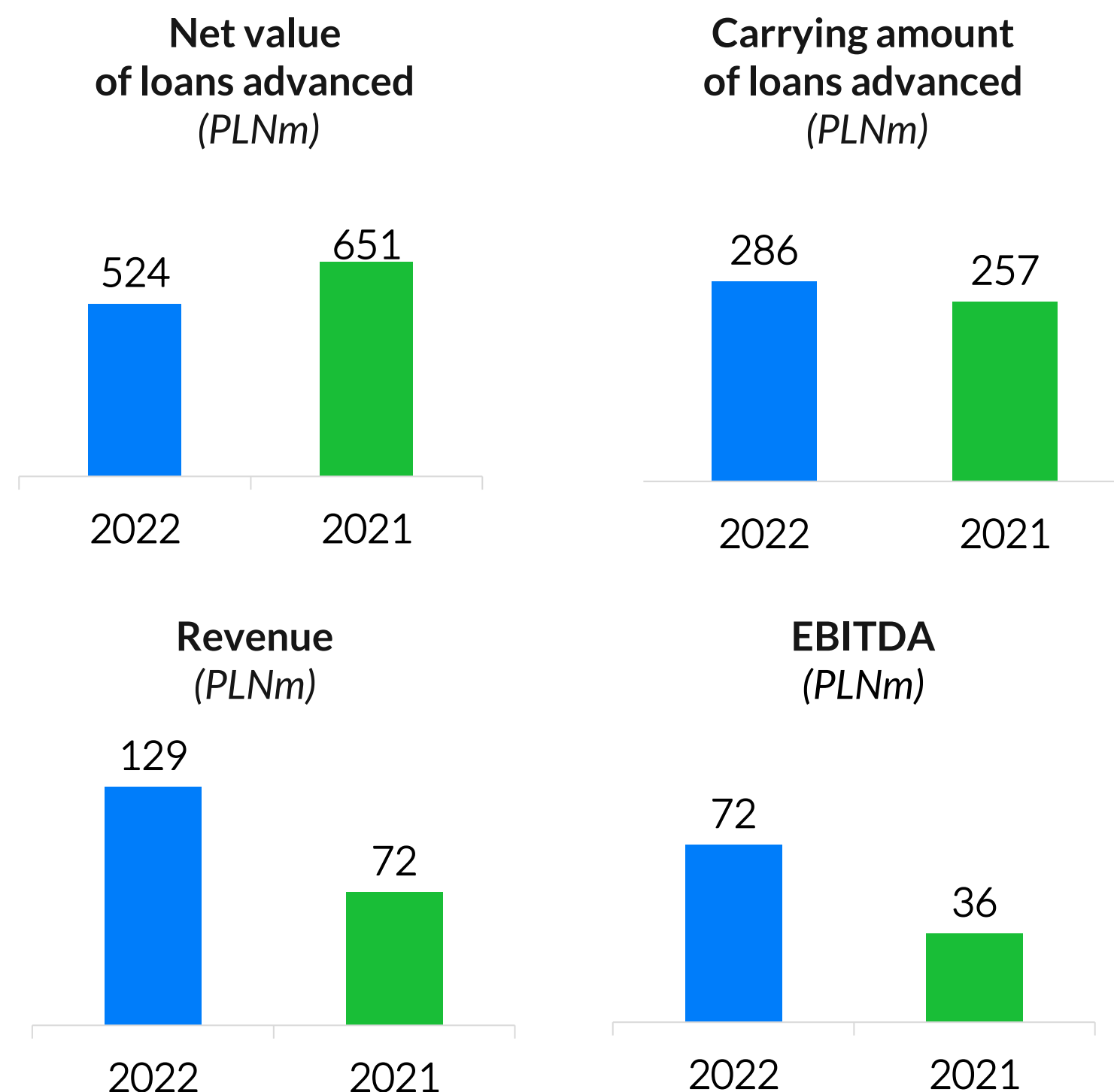
(PLNm)	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
EXPENDITURE ON DEBT PORTFOLIOS	49	59	-18%	10	3	6	40	2	6	12	29
RECOVERIES	99	91	9%	20	22	23	25	25	26	24	24
PORTFOLIO CARRYING AMOUNT	168	153	10%	122	124	120	153	147	145	154	168
REVENUE	59	61	-4%	12	17	16	16	14	18	14	13
PURCHASED DEBT PORTFOLIOS	59	61	-4%	12	17	16	16	14	18	14	13
REVALUATION OF PROJECTED RECOVERIES	8	11	-26%	0	4	3	4	1	3	2	1
INDIRECT MARGIN	36	39	-8%	-	-	-	-	-	-	-	-
EBITDA	26	30	-13%	5	9	8	8	6	10	6	4
CASH EBITDA	66	59	12%	13	14	15	16	17	17	16	15
PORTFOLIO PROFITABILITY (LTM)*	37%	45%	-18%	38%	46%	49%	45%	46%	51%	46%	37%

- Investments in the Czech Republic and Slovakia amounted to PLN 49m.
- Recoveries reached PLN 99m (+9% y/y), accounting for 4% of the Group's total recoveries.
- As at December 31st 2022, the carrying amount of debt portfolios purchased on those markets was PLN 168m, representing 2% of the KRUK Group's total carrying amount of debt portfolios.

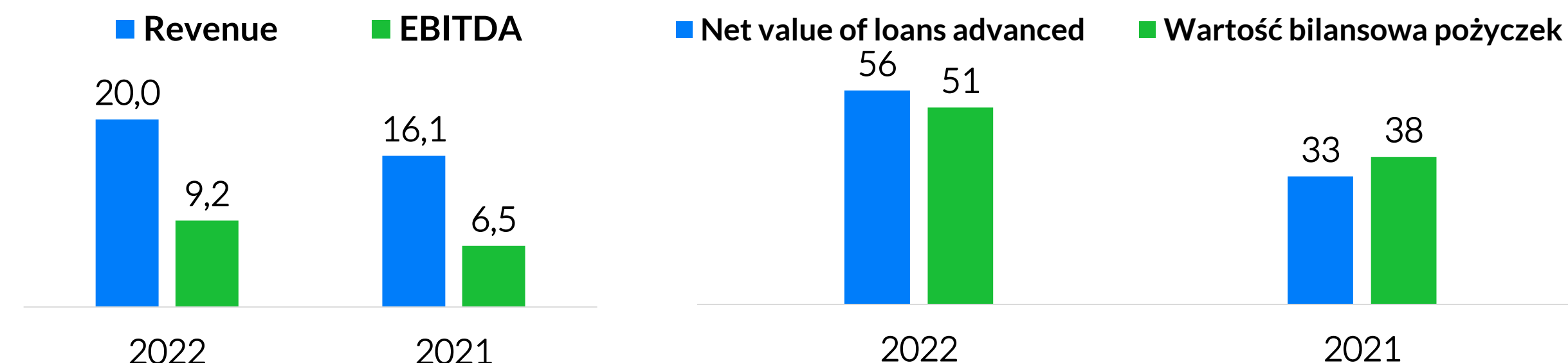
\* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



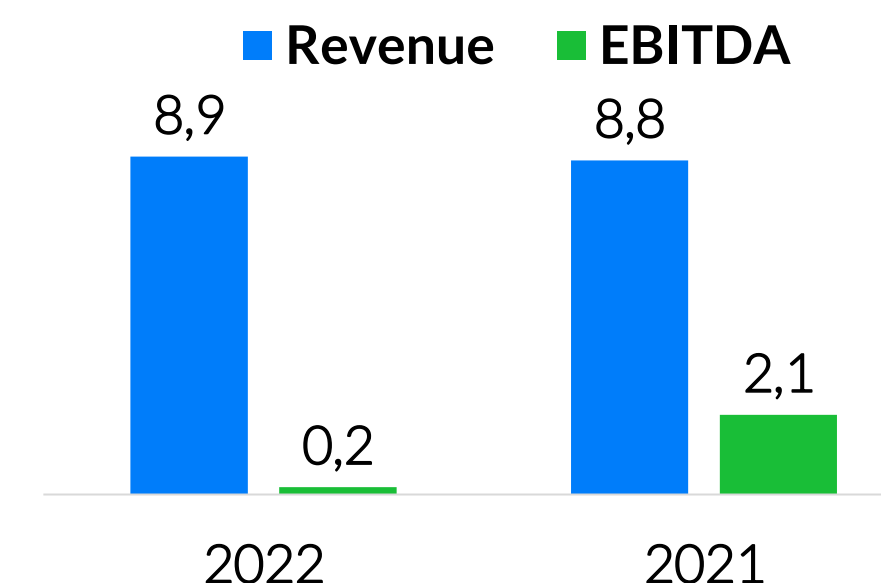
# Operations of the KRUK Group – Wonga, Novum, ERIF



- Wonga.pl disbursed 199 thousand cash loans in Poland, with a net amount of PLN 524m.
- As at the end of 2022, the carrying amount of loans advanced by Wonga was PLN 286m, up 11% y/y.
- Wonga's revenue came in at PLN 129m (+78% y/y), with EBITDA at PLN 72m (+97% y/y).



Novum's revenue in Poland totalled PLN 20m (up +24% y/y), with EBITDA at PLN 9.2m (up +42% y/y).



- ERIF's revenue was PLN 8.9m (+1% y/y), with EBITDA at PLN 0.2m (-90% y/y).
- KRUK decided to sell the companies from the credit reference business line, and as of January 24th 2023 ERIF BIG and ERIF EBS are no longer part of the KRUK Group.



# Agenda



1. Summary
2. KRUK Group's results
3. Geographical and operating segments
4. Financials
5. Additional information

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



PLNm	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
<b>PURCHASED DEBT PORTFOLIOS</b>											
Expenditure on debt portfolios	2,311	1,738	33%	159	484	289	805	262	495	594	961
Recoveries	2,627	2,216	19%	512	553	550	601	623	657	648	700
<b>STATEMENT OF PROFIT OR LOSS</b>											
<b>Operating income</b>	<b>2,146</b>	<b>1,743</b>	<b>23%</b>	<b>383</b>	<b>513</b>	<b>445</b>	<b>401</b>	<b>545</b>	<b>557</b>	<b>509</b>	<b>535</b>
Purchased debt portfolios	1,913	1,576	21%	341	472	396	367	493	500	446	473
Revaluation of projected recoveries	384	270	42%	18	117	89	46	135	109	61	79
Income from difference between projected and actual recoveries and other items*	353	327	8%	89	124	58	56	79	109	82	84
Credit management services	65	62	5%	15	15	15	16	16	17	16	16
Other products and services	168	105	59%	28	26	34	18	36	40	47	46
<b>EBITDA</b>	<b>1,094</b>	<b>908</b>	<b>20%</b>	<b>193</b>	<b>317</b>	<b>235</b>	<b>164</b>	<b>317</b>	<b>305</b>	<b>253</b>	<b>219</b>
EBITDA margin	51%	52%		50%	62%	53%	41%	58%	55%	50%	41%
Finance income / costs	-179	-86	-109%	-30	3	-30	-29	-40	-38	-49	-52
of which: net foreign exchange gains/(losses)	7	8	-16%	-5	14	-2	0	-2	7	0	1
<b>Profit before tax</b>	<b>864</b>	<b>774</b>	<b>12%</b>	<b>151</b>	<b>306</b>	<b>193</b>	<b>123</b>	<b>265</b>	<b>254</b>	<b>191</b>	<b>153</b>
Tax expense	-59	-79	26%	-24	-38	-23	6	-21	-9	-3	-25
Tax %	7%	10%		16%	12%	12%	-5%	8%	4%	1%	16%
<b>Net profit</b>	<b>805</b>	<b>695</b>	<b>16%</b>	<b>127</b>	<b>268</b>	<b>170</b>	<b>130</b>	<b>244</b>	<b>245</b>	<b>188</b>	<b>128</b>
Net profit margin	38%	40%		33%	52%	38%	32%	45%	44%	37%	24%
ROE rolling (LTM)	25%	27%		12%	22%	25%	27%	28%	27%	26%	25%
<b>Cash EBITDA</b>	<b>1,809</b>	<b>1,548</b>	<b>17%</b>	<b>364</b>	<b>399</b>	<b>389</b>	<b>397</b>	<b>447</b>	<b>462</b>	<b>455</b>	<b>446</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	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
<b>Operating income</b>	<b>2,146</b>	<b>1,743</b>	<b>23%</b>	<b>383</b>	<b>513</b>	<b>445</b>	<b>401</b>	<b>545</b>	<b>557</b>	<b>509</b>	<b>535</b>
Poland	1,035	872	19%	199	262	222	191	258	302	243	233
Romania	549	412	33%	90	131	107	84	166	142	108	133
Italy	361	279	29%	54	62	87	76	82	97	88	93
Spain	136	113	21%	27	41	13	32	24	-3	54	61
Other countries	59	61	-4%	12	17	16	16	14	18	14	13
<b>EBITDA</b>	<b>1,094</b>	<b>908</b>	<b>20%</b>	<b>193</b>	<b>317</b>	<b>235</b>	<b>164</b>	<b>317</b>	<b>305</b>	<b>253</b>	<b>219</b>
EBITDA margin	51%	52%		50%	62%	53%	41%	58%	55%	50%	41%
Finance income/costs	-179	-86	-109%	-30	3	-30	-29	-40	-38	-49	-52
Income tax	-59	-79	26%	-24	-38	-23	6	-21	-9	-3	-25
<b>Net profit</b>	<b>805</b>	<b>695</b>	<b>16%</b>	<b>127</b>	<b>268</b>	<b>170</b>	<b>130</b>	<b>244</b>	<b>245</b>	<b>188</b>	<b>128</b>
Net profit margin	38%	40%		33%	52%	38%	32%	45%	44%	37%	24%

# KRUK Group – cash flows (presentation format)



PLNm	2022	2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
<b>Cash flows from operating activities</b>	<b>1,405</b>	<b>1,289</b>	<b>9%</b>	<b>303</b>	<b>357</b>	<b>294</b>	<b>336</b>	<b>348</b>	<b>350</b>	<b>299</b>	<b>408</b>
Recoveries – purchased debt portfolios	2,627	2,216	19%	512	553	550	601	623	657	648	700
Operating costs – purchased debt portfolios	-653	-534	-22%	-123	-121	-129	-161	-139	-157	-156	-200
Operating margin – credit management	6	15	-61%	4	4	3	4	4	3	3	-5
Administrative expenses	-269	-204	-32%	-42	-50	-52	-60	-58	-67	-68	-76
Other operating cash flow	-306	-203	-51%	-48	-30	-79	-47	-82	-87	-129	-9
<b>Cash flows from investing activities</b>	<b>-2,335</b>	<b>-1,756</b>	<b>-33%</b>	<b>-162</b>	<b>-490</b>	<b>-292</b>	<b>-811</b>	<b>-265</b>	<b>-503</b>	<b>-596</b>	<b>-970</b>
Expenditure on debt portfolio purchases	-2,311	-1,738	-33%	-159	-484	-289	-805	-262	-495	-594	-961
Other investing cash flow	-24	-18	-36%	-3	-6	-3	-6	-3	-8	-3	-10
<b>Cash flows from financing activities</b>	<b>933</b>	<b>519</b>	<b>80%</b>	<b>-117</b>	<b>492</b>	<b>-353</b>	<b>497</b>	<b>39</b>	<b>9</b>	<b>318</b>	<b>567</b>
Issue of shares	26	23	12%	0	0	0	23	0	10	0	16
Dividend /Share repurchase	-249	-206	-21%	0	0	-206	0	0	-249	0	0
Increase in borrowings and lease liabilities	3,331	2,914	14%	348	1,133	451	981	602	941	619	1,169
Issue of bonds	545*	535	2%	20	400	65	50	400	50	60	35
Decrease in borrowings and lease liabilities	-2,329	-2,247	-4%	-445	-803	-552	-447	-800	-542	-371	-616
Redemption of bonds	-466	-540	14%	-65	-300	-35	-140	-150	-241	0	-75
Other financing cash flow	75	41	83%	26	61	-76	30	-14	40	10	38
<b>Net cash flows</b>	<b>3</b>	<b>53</b>	<b>-94%</b>	<b>24</b>	<b>358</b>	<b>-351</b>	<b>22</b>	<b>122</b>	<b>-144</b>	<b>20</b>	<b>5</b>

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

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

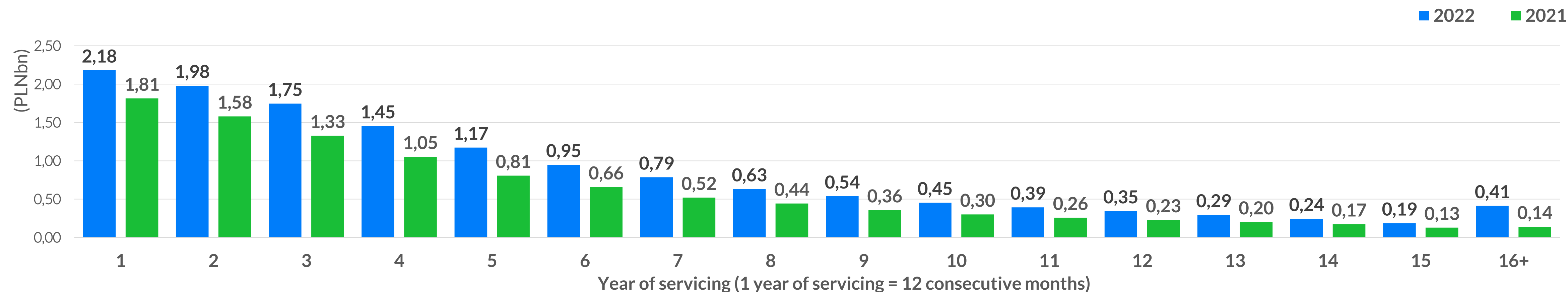


PLNm	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
<b>ASSETS</b>											
Cash and cash equivalents	202	197	177	321	199	177	528	170	146	266	251
Investments in debt portfolios and loans	7,138	6,518	5,980	5,593	5,417	4,836	4,601	4,234	4,209	3,984	4,076
Other assets	341	327	309	319	294	270	244	267	289	262	309
<b>Total assets</b>	<b>7,681</b>	<b>7,043</b>	<b>6,466</b>	<b>6,232</b>	<b>5,909</b>	<b>5,283</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>3,253</b>	<b>3,132</b>	<b>2,883</b>	<b>2,881</b>	<b>2,600</b>	<b>2,425</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	2,589	2,461	2,273	2,277	2,034	1,903	1,734	1,671	1,544	1,497	1,536
<b>Liabilities</b>	<b>4,428</b>	<b>3,911</b>	<b>3,584</b>	<b>3,351</b>	<b>3,309</b>	<b>2,857</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	2,564	2,015	1,754	1,361	1,564	1,032	1,137	804	908	765	1,031
Bonds	1,382	1,423	1,362	1,560	1,305	1,395	1,360	1,273	1,314	1,383	1,354
<b>Total equity and liabilities</b>	<b>7,681</b>	<b>7,043</b>	<b>6,466</b>	<b>6,232</b>	<b>5,909</b>	<b>5,283</b>	<b>5,373</b>	<b>4,672</b>	<b>4,643</b>	<b>4,511</b>	<b>4,635</b>
<b>METRICS</b>											
Interest-bearing debt	3,946	3,438	3,116	2,921	2,869	2,427	2,497	2,077	2,222	2,148	2,385
Net interest-bearing debt	3,744	3,241	2,939	2,600	2,670	2,250	1,969	1,907	2,076	1,882	2,134
Net interest-bearing debt to equity	1,2	1,0	1,0	0,9	1,0	0,9	0,9	0,9	1,0	0,9	1,1





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

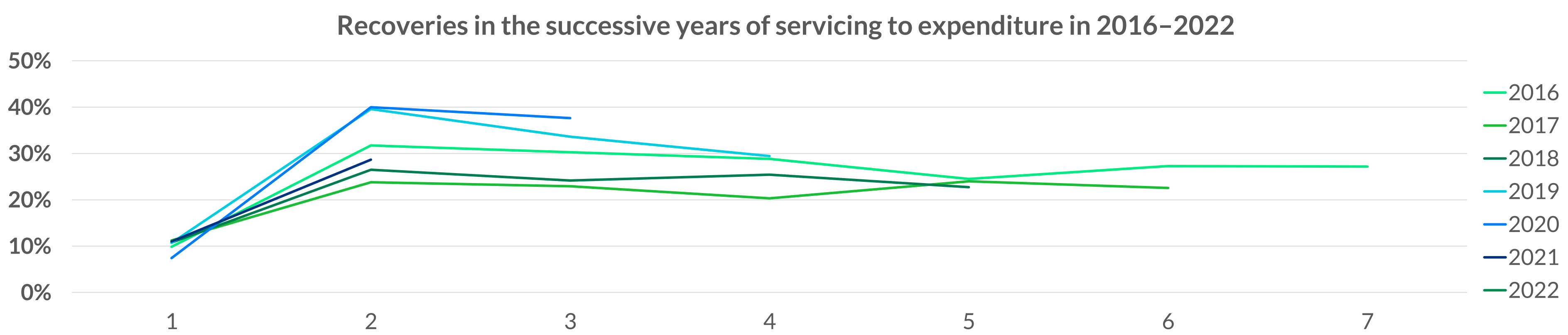
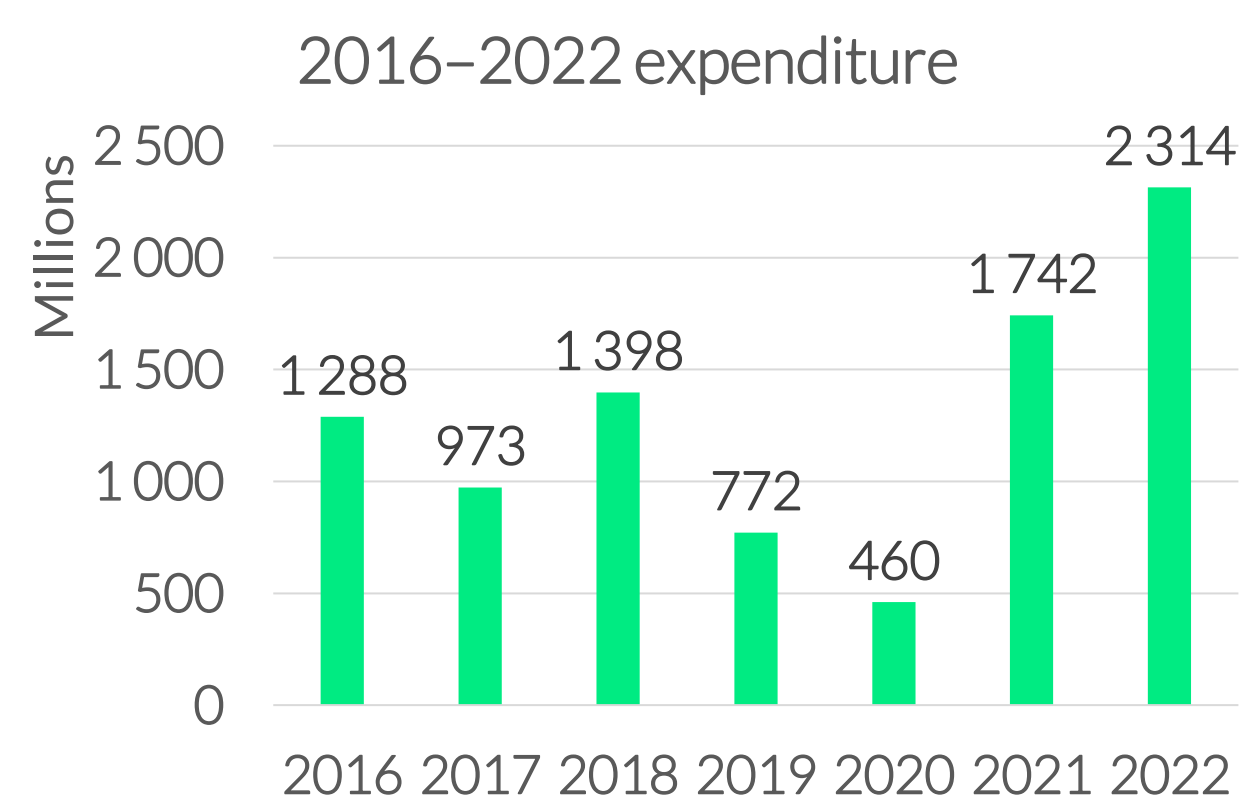
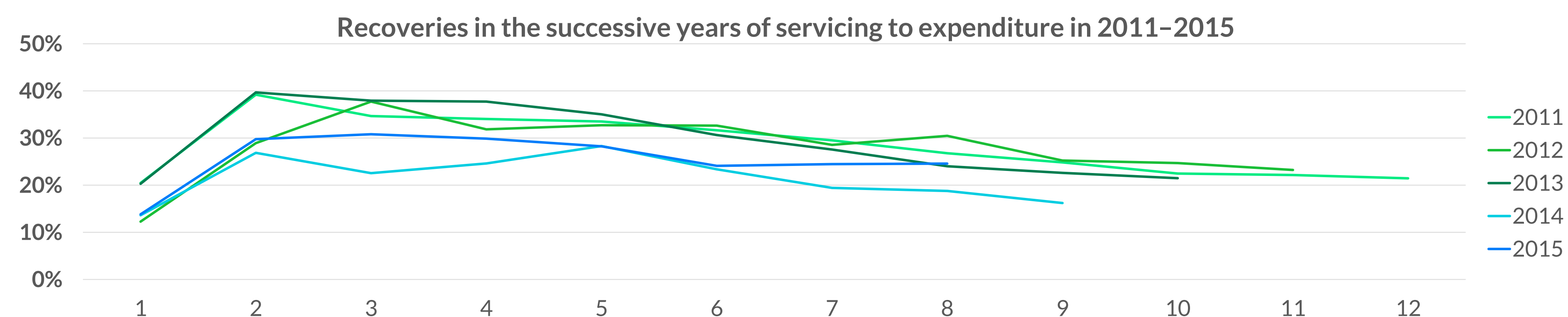
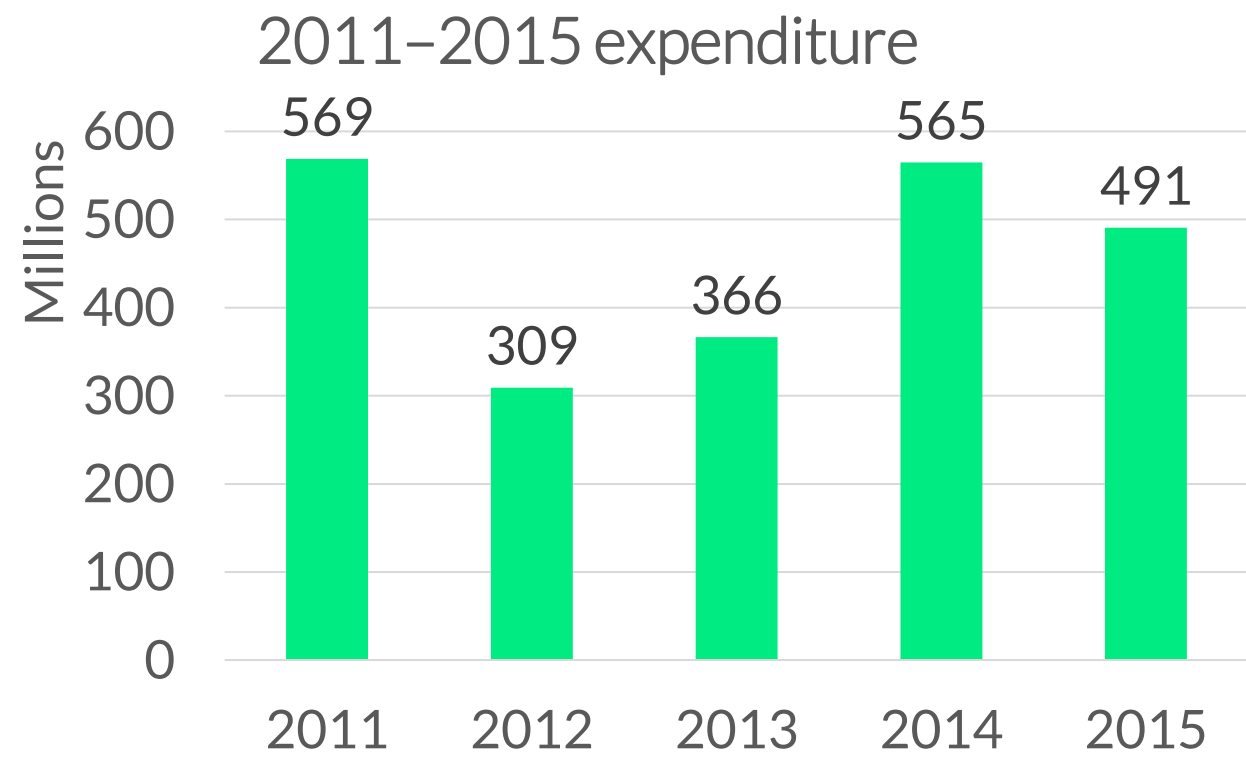
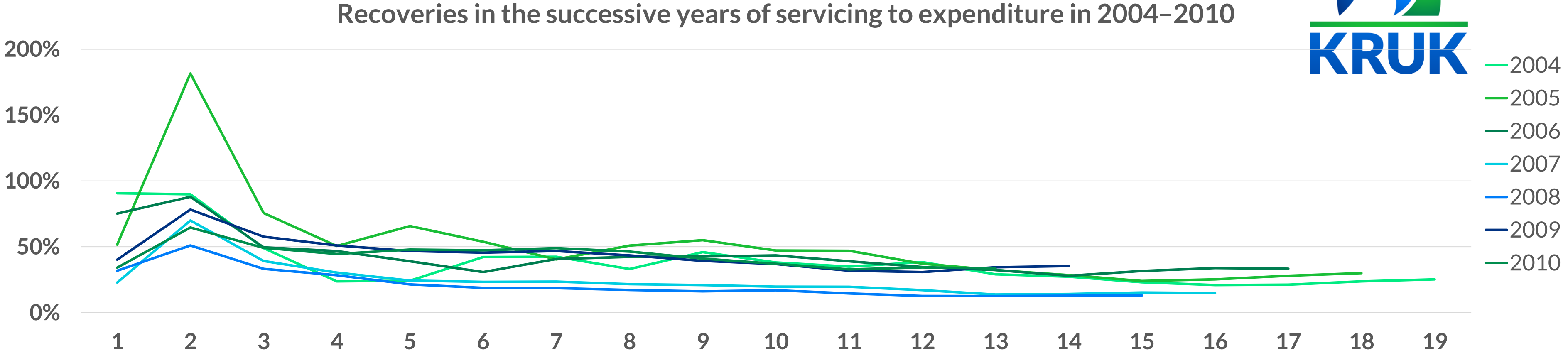


Estimated remaining collections from debt portfolios as at December 31st 2022 were PLN 13.8bn, up by PLN 3.8bn, or 38%, on December 31st 2021, and up by PLN 1.6bn on September 30th 2022. The increase was driven by investments of as much as PLN 2.3m in debt portfolios with a nominal value of PLN 13.7bn and an upward revaluation of projected recoveries, with a discounted value of PLN 384m in 2022.

Gross return rates on investments made in 2022 were estimated as at the time of the investments at 20%. As at December 31st 2022, the rate of recoveries from portfolios purchased in 2022 in relations to their purchase prices was estimated as 2,2x.

70% of the total revaluation of projected recoveries from unsecured retail portfolios in the fourth quarter of 2022 was attributable to the revaluation of projected recoveries for the period until November 2023.

# KRUK Group – historical recoveries



\* The servicing period in the first year from the purchase may be shorter than 12 months. As at Dec 31 2022

# KRUK Group – historical recoveries – 2004–2022 portfolios



		Period																			TOTAL
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Portfolio acquisition date	2004	91%	90%	49%	24%	24%	42%	42%	33%	46%	38%	35%	38%	29%	27%	23%	21%	21%	24%	25%	723%
	2005	52%	63%	26%	17%	23%	19%	14%	18%	19%	16%	16%	13%	11%	10%	8%	9%	10%	10%		354%
	2006	75%	88%	50%	47%	39%	31%	41%	42%	43%	43%	39%	35%	32%	28%	32%	34%	33%			731%
	2007	23%	70%	39%	30%	24%	23%	24%	22%	21%	20%	20%	17%	14%	14%	15%	15%				391%
	2008	32%	51%	33%	28%	21%	19%	19%	17%	16%	17%	15%	13%	13%	13%	13%					319%
	2009	40%	78%	58%	51%	47%	46%	47%	43%	39%	37%	32%	31%	34%	35%						618%
	2010	34%	65%	49%	45%	48%	47%	49%	46%	41%	37%	33%	34%	34%							562%
	2011	20%	39%	35%	34%	34%	32%	30%	27%	25%	22%	22%	21%								341%
	2012	12%	29%	38%	32%	33%	33%	29%	30%	25%	25%	23%									308%
	2013	20%	40%	38%	38%	35%	31%	28%	24%	23%	21%										297%
	2014	14%	27%	23%	25%	28%	23%	19%	19%	16%											194%
	2015	14%	30%	31%	30%	28%	24%	24%	25%												206%
	2016	10%	32%	30%	29%	24%	27%	27%													180%
	2017	11%	24%	23%	20%	24%	23%														125%
	2018	11%	26%	24%	25%	23%															110%
	2019	11%	40%	34%	29%																113%
	2020	7%	40%	38%																	85%
	2021	11%	29%																		40%
	2022	10%																			10%

The relation of historical recoveries in successive calendar years to expenditure on portfolios purchased in 2004–2022 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



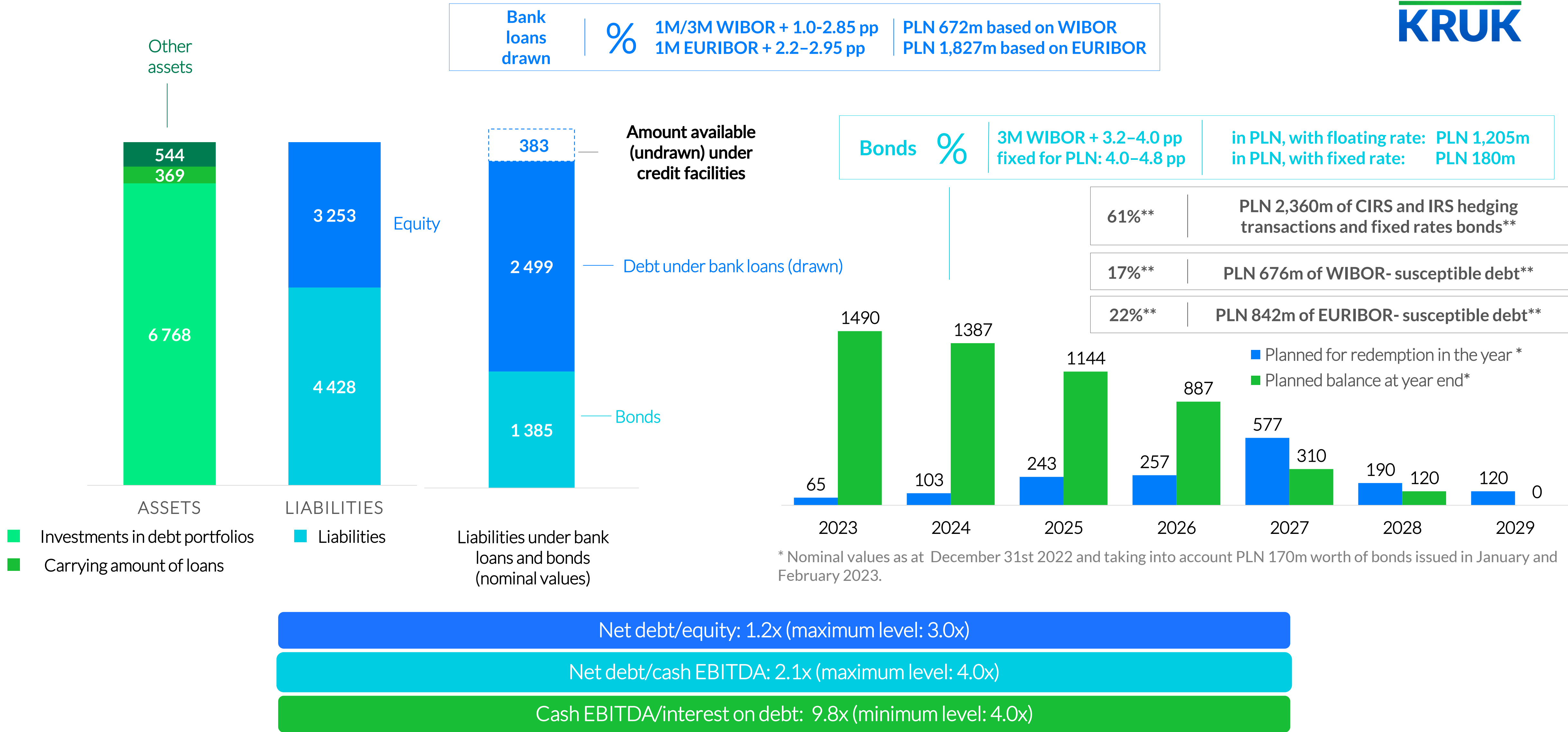
Acquisition period									
Data in PLNm	2004-2010	2011-2015	2016	2017	2018	2019	2020	2021	2022
2021 recoveries	129	511	351	234	355	259	184	192	n/a
2022 recoveries	128	485	350	219	318	227	173	499	227

Acquisition period									
Data in PLNm	2004-2010	2011-2015	2016	2017	2018	2019	2020	2021	2022
2021 recoveries	6%	23%	16%	11%	16%	12%	8%	9%	n/a
2022 recoveries	5%	18%	13%	8%	12%	9%	7%	19%	9%



# Financing structure



\*\*Calculated basing on the total value of debt (bonds and bank loans) amounted to PLN 3,877m. Debt (PLN 2,360m, PLN 676m, and PLN 842m) in nominal amounts.



# Agenda



1. Summary
2. KRUK Group's results
3. Geographical and operating segments
4. Financials
5. Additional information

# ESG strategy of the KRUK Group

## Maintaining a high ESG standard given priority on KRUK's agenda



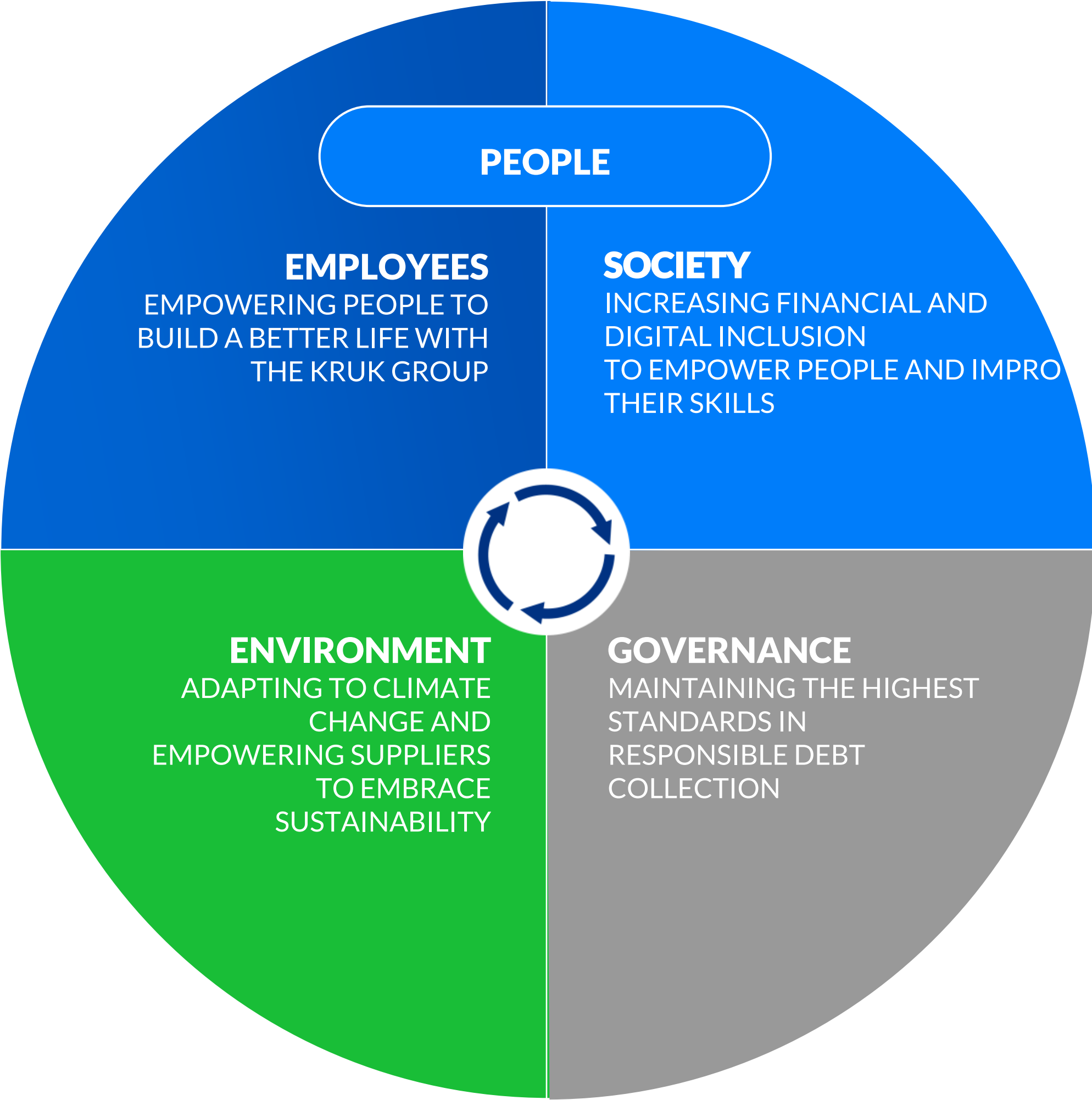
### KRUK Group's strategic commitments towards the UN Sustainable Development Goals

#### TARGETS 2023–2025

- Maintaining gender equality – at least 50% women
- Adjusted gender pay gap – 0% by 2025
- Employees with disabilities – 4% by 2025
- Proportion of women on management boards – at least 40%
- Turnover – below 16% annually
- Diversity, equality and inclusion – dedicated programme

#### TARGETS 2023–2040

- Decarbonisation in Scope 1 and 2 – 70% reduction by 2040
- Scope 3 emissions management and reduction
- Providing education on climate change and environmental challenges



#### TARGETS 2023–2025

We act to increase financial and digital inclusion by promoting:

- Financial and digital literacy
- Behaviour change
- We want to support our employees' local engagement in matters that are important for their communities – Volunteering Programme

#### TARGETS 2023–2027

- Cybersecurity  
- 90% of employees are to complete online cybersecurity courses and training by 2025
- GDPR  
- Strengthening the principles of privacy by design and privacy by default, particularly for projects related to new technologies and digitalisation
- Compliance  
- Building a Compliance Culture by, among others, conforming to applicable laws and internal rules and policies



# Sustainable growth of the KRUK Group in 2022

## EMPLOYEES

- 41% of positions on governing bodies (Management and Supervisory Boards) and 62% of top management positions (General Directors and Heads of Departments) held by women.
- Adjusted gender pay gap at 1.2% across the KRUK Group.
- Employees with disabilities at the KRUK Group – 2%. The share of employees with disabilities was the highest at KRUK Italia (4.7%) and the lowest at KRUK Romania (0.29%).
- Employee turnover at the KRUK Group was 13.4%.

## SOCIETY

- The ‘Day Without Debt’ project of the KRUK Group, promoting the benefits of voluntary debt repayment, and wide-ranging educational efforts in money management reached approximately 11 million people in 2022.
- The Kapitalni.org website was accessed by over 800 thousand unique users seeking to expand their financial literacy. 91% of them were people aged 18-64.
- Financial education programmes were run at the Group companies in Romania, the Czech Republic, Slovakia and Italy.

## ENVIRONMENT

- Direct GHG missions (Scope 1) in accordance with the GHG Protocol at the KRUK Group were 2,241 tCO<sub>2</sub>.
- Indirect location-based GHG emissions (Scope 2) in accordance with the GHG Protocol at the KRUK Group amounted to 1,249 tCO<sub>2</sub>.
- 86% of settlement agreements were signed in paperless form. In Poland, Romania and Italy, more and more clients are using the e-KRUK system to handle cases on their own. The total number of e-KRUK.pl users grew by 37% relative to December 2021.

## GOVERNANCE

- Complying with the principles of privacy by design and privacy by default, especially in projects related to new technologies and digitalisation.
- Responsible debt management supported by Compliance Culture and the KRUK Group’s Code of Ethics developed as part of Compliance Culture. The organisation has also adopted an Environmental Policy and a Human Rights Policy.
- Strengthening the cybersecurity model by automating the vulnerability identification process and implementing new systems to improve the organisation’s safety.

# Investor Relations



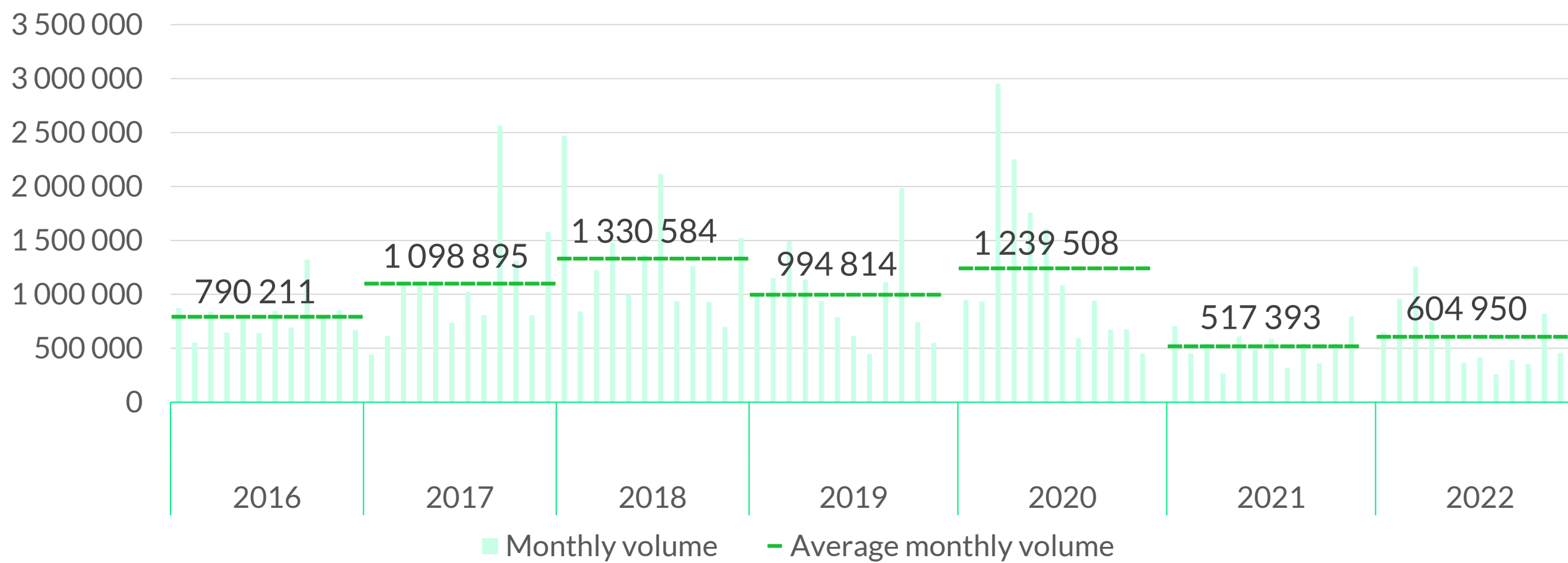
## Selected IR events planned for 2022

Date	Event
January 13th	ARCTIC's Nordic Debt Collection Seminar 2023
March 9th	Publication of 2023 results
March 14th-15th	BM PKO CEE Capital Markets Conference, London
April 4th	BM Pekao 2nd Financial Conference
April 26th	Publication of Q1 results 2023
May 29th-30th	mBank BM and WSE, Polish Capital Market
August 10th	Publication of Q2 2023 results
September 6th	Publication of H1 2023 results

## Equity analyst recommendations

Date	Author	Recommendation	Price target
January 2023	DM PKO BP	hold	371.00
December 2022	DM Trigon	buy	380.00
December 2022	DM mBank	buy	337.58

## KRUK as the 24th most liquid stock on the WSE



## Shareholders with ownership interests above 3%\*

Shareholder	Ownership interest
OFE Nationale-Nederlanden	14.30%
Piotr Krupa	9.22%
OFE PZU Złota Jesień	7.80%
OFE Drugi Allianz	7.34%
OFE Aegon	6.03%
OFE Allianz Polska	4.86%
OFE Generali	4.43%
OFE NNLife	4.28%
OFE UNIQA	3.57%

## Research coverage

Brokerage house	Analyst	Email address
BDM	-	-
Citi	Andrzej Powierża	andrzej.powierza@citi.com
DM Erste Group	Łukasz Jańczak	lukasz.janczak@erstegroup.com
DM mBank	Michał Konarski	michal.konarski@mdm.pl
DM PKO BP	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 December 31st 2022.



## LEGAL DISCLAIMER

*The following notice relates to the content of this document, the oral presentation of its content delivered by KRUK S.A. or any person acting on behalf of KRUK S.A., and any information provided in response to questions that may arise in connection with the presentation of this document (jointly the "Presentation").*

*The materials included herein have been prepared by KRUK S.A. (the "Company"). No part of this Presentation may be reproduced or used for any purpose without the Company's consent.*

*Information contained herein was collected and prepared with due care, based on facts and sources deemed reliable by the Company, in particular the relevant financial statements.*

*This Presentation is purely informational and does not constitute an offer within the meaning of the civil law, a public offering within the meaning of the Public Offering Act, a proposal or invitation to acquire, or an advertisement for, any securities of the Company.*

*No part of this Presentation creates an obligation to enter into any agreement or establish any legal relationship to which the Company or its subsidiary would be a party.*

*No information herein purports to be a recommendation, investment, legal or tax advice, or an indication that any investment or strategy is suitable to the institution or to any other person to whom this Presentation is made available.*

*The Company does not guarantee the completeness of information contained herein, nor does it assume responsibility for the outcomes of investment decisions made in reliance hereon.*

*Only the decision maker shall be liable for investment decisions and any damage suffered as a result of such decisions. Therefore, any person who intends to make a decision to invest in securities issued by the Company is advised to rely on information disclosed by KRUK S.A. in its official releases, in accordance with the applicable laws and regulations.*

*This Presentation may include statements and views concerning future and uncertain events, i.e. all statements other than those relating to historical data. Such forward-looking statements may involve identified or unidentified threats, uncertainties and other material factors beyond the Company's control, which may cause the Company's actual results or achievements to differ substantially from the expected results or achievements expressed or implied by such forecasts.*

*Please note that information contained in this Presentation may become outdated, but the Company does not assume an obligation to update it, unless otherwise stated.*





KRUK S.A.  
ul. Wołowska 8  
51-116 Wrocław, Poland  
[www.kruksa.pl](http://www.kruksa.pl)

Investor Relations contact: [ir@kruksa.pl](mailto:ir@kruksa.pl)  
Investor website: <https://en.kruk.eu/investor-relations>