

# Presentation of the KRUK Group's H1 2022 results

KRUK Group

# Agenda



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



# Highest ever half-year performance figures in the KRUK Group's history, with net profit at PLN 489m

NET PROFIT

**PLN 489m**  
(+24% y/y)

CASH EBITDA

**PLN 908m**  
(+19% y/y)

RECOVERIES  
FROM  
PURCHASED  
DEBT  
PORTFOLIOS  
**PLN 1,279m**  
(+20% y/y)

NEW  
PORTFOLIO  
PURCHASES  
**PLN 757m**  
(+18% y/y)

EPS

**PLN 25.66**  
(+23% y/y)

ROE rolling  
(LTM)\*

**27%**

PORTFOLIO  
CARRYING  
AMOUNT

**PLN 5.6bn**  
(+30% y/y)

NET DEBT/CASH  
EBITDA

**1.8x**  
(H1 2021: 1.4x)



# The highest recoveries and expenditures in the history of the Group's half-year results

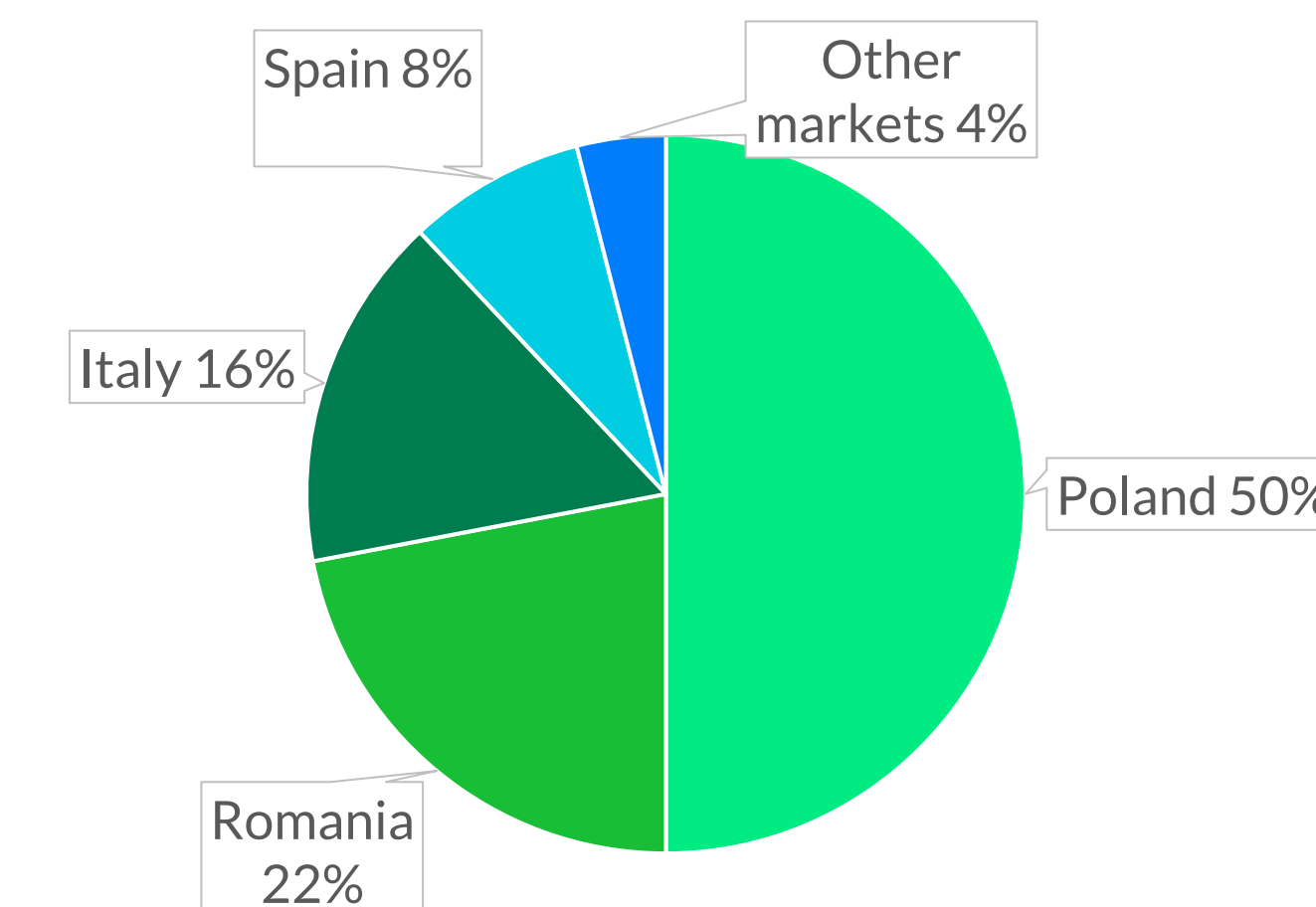
Recoveries from  
purchased debt  
portfolios: PLN 1,279m  
(+20% y/y)

In H1 2022, KRUK reported the highest amount of recoveries in its operating history. Recoveries improved across the markets where the Company is present.

The PLN 214m y/y increase in amounts recovered in H1 2022 was achieved mainly on higher recoveries in Poland (+ PLN 116m y/y) and in Italy (+ PLN 73m y/y).

Actual recoveries exceeded the recovery projection in all markets; one exception was recoveries from corporate portfolios in Spain.

Share of each market in total recoveries



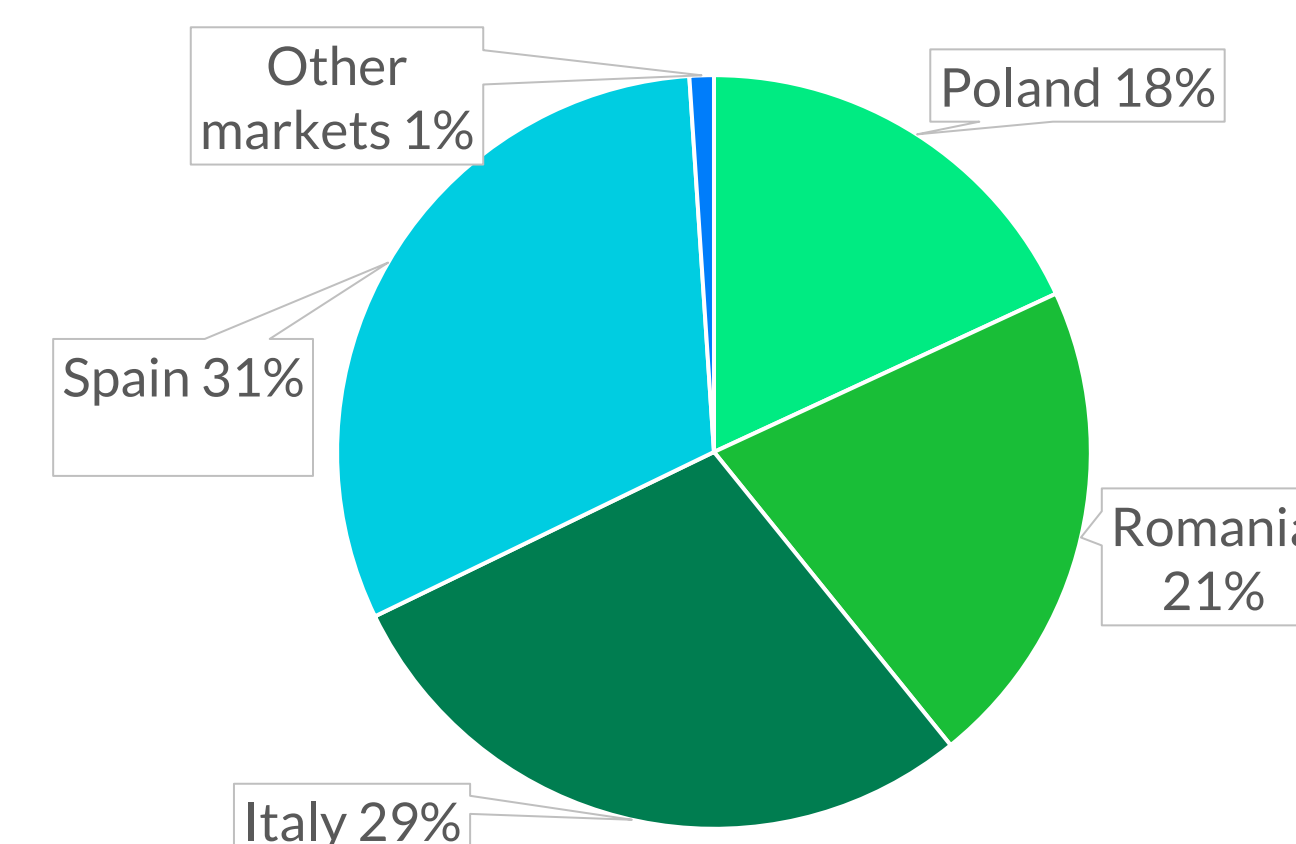
New portfolio purchases:  
PLN 757m  
(+18% y/y)

Investments in new portfolio purchases in H1 2022 reached a record-high PLN 757m (+113m, or 18% y/y).

The largest investments were made by the Group in Spain (PLN 236m) and Italy (PLN 217m).

The nominal value of the purchased debt portfolios was PLN 4.7bn.

Share of each market in total expenditures





# ROE for the last 12 months at 27%

Net profit:  
PLN 489m  
(+24% y/y)

In H1 2022, net profit came in at PLN 489m, up by PLN 93m y/y; cash EBITDA was PLN 908m (+ 19% y/y).

KRUK's return on equity (ROE for the past 12 months) was 27%, compared with 23% in H1 2021.

Revenue  
PLN 1,102m  
(+23% y/y)

Revenue from purchased debt portfolios grew to PLN 993m (+22% y/y), driven largely by higher-than-expected recoveries\* (PLN 188m above the projected amount) and an upward revaluation of projected recoveries amounting to PLN 244m (+ PLN 109m, or 80% y/y). The projection was revised upwards as a result of a strong recovery trend continuing for yet another quarter.

Operating and  
administrative  
expenses  
PLN 480m  
(+24% y/y)

In H1 2022, operating expenses excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) amounted to PLN 480m (+ PLN 94m, or 24% y/y).

By type, the y/y increase in operating expenses was driven mainly by higher employee costs and salaries (+ PLN 35m y/y), court and bailiff fees (+ PLN 25m y/y) and costs of the incentive scheme (+ PLN 8m y/y).

Finance costs  
PLN 79m  
(+197% y/y)

The increase in finance costs (+ PLN 52m y/y) is attributable to higher debt (loans and bonds) and significantly higher 1M/3M WIBOR rates in H1 2022.

The Group entered into CIRS contracts with a total nominal value of PLN 570m in H1 2022 and PLN 285m after the reporting date (in July 2022), which gives a total of PLN 855m. IRS and CIRS\*\* contracts used for hedging purposes and fixed-rate bonds (a total of PLN 1,365m) represent 45% of the Group's debt as at June 30th 2022.

\* Including revenue decreases on early collections in collateralised cases and payments from original creditor.

\*\* CIRS transactions start in August and September.



# The lowest debt level in the industry \* and good access to funding



Equity  
PLN 2.9bn  
(+31% y/y)

Equity represents 45% of the KRUK Group's financing sources. KRUK's ratio of net interest-bearing debt to equity at 1.0x and net interest-bearing debt to cash EBITDA at 1.8x are among the lowest vs major peers.\* KRUK enjoys ample access to external funding.

As at the end of H1 2022, it had PLN 0.9bn in undrawn lines of available credit.

In H1 2022, the total amount available to the KRUK Group under lines of credit increased by PLN 316m relative to the year-end 2021, to PLN 2,6 bn. Also, KRUK issued PLN 450m worth of new bonds in the period.

August 2022 saw an issue of PLN 60m worth of Series AM4 five-year prospectus-based bonds, bearing interest at a variable rate of 3M WIBOR + 3.3%.

Susceptible to WIBOR change debt accounted for 21% (PLN 643m) of the Group's total debt as at June 30th 2022.

Group's assets  
PLN 6.5bn  
(+20% y/y)

The carrying amount of the Group's investments in debt portfolios was PLN 5.6bn and accounted for 87% of its assets.

The carrying amount of loans granted was PLN 350m, representing 5% of the Group's assets.

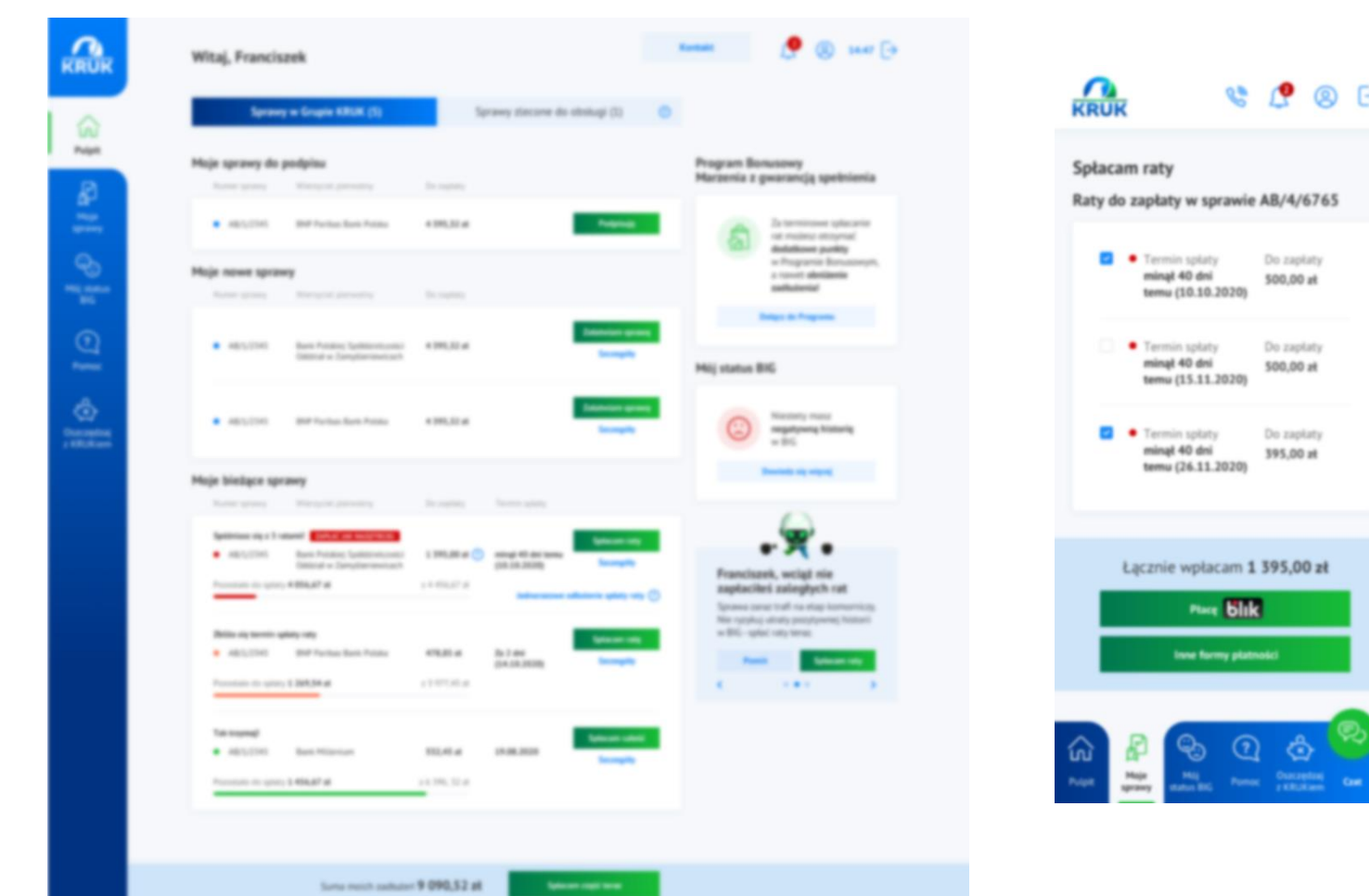
As at June 30th 2022, cash and cash equivalents amounted to PLN 177m.



# Technology and development

## Development of online solutions

- In all its markets, KRUK continues to hone self-service tools (e-KRUK, e-payments, electronic signature, online settlement).
- Depending on the market, debtors have the choice of the following methods to repay debt: Google Pay, Apple Pay, BLIK, Direct Debit, pay-by-link, debit card payments and Visa Checkout.
- In H1 2022, the share of online payments as a percentage of total amicable collections was as follows: 73% in Spain, 41% in Poland, 37% in Italy and 26% in Romania.
- The share of settlement agreements in paperless form came to 85%.
- The number of e-KRUK platform users increased by 19% in H1 2022 relative to December 2021.



## Automation, machine learning and artificial intelligence

- Since its inception, KRUK has purchased almost 10.5m debt cases.
- It processes roughly 2.5 TB of data every day.
- Some 1,000 machines process data with no human involvement every day.
- KRUK uses artificial intelligence algorithms and solutions to identify keywords in correspondence.

## Development of cloud-based solutions

- A dedicated function has been established at the Group, 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 risks involved in their application.
- The Group has stepped up cooperation with Microsoft to obtain best-in-class office applications with advanced security, compatibility, voice communication and analysis functionalities.

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# KRUK Group in H1 2022, by segment



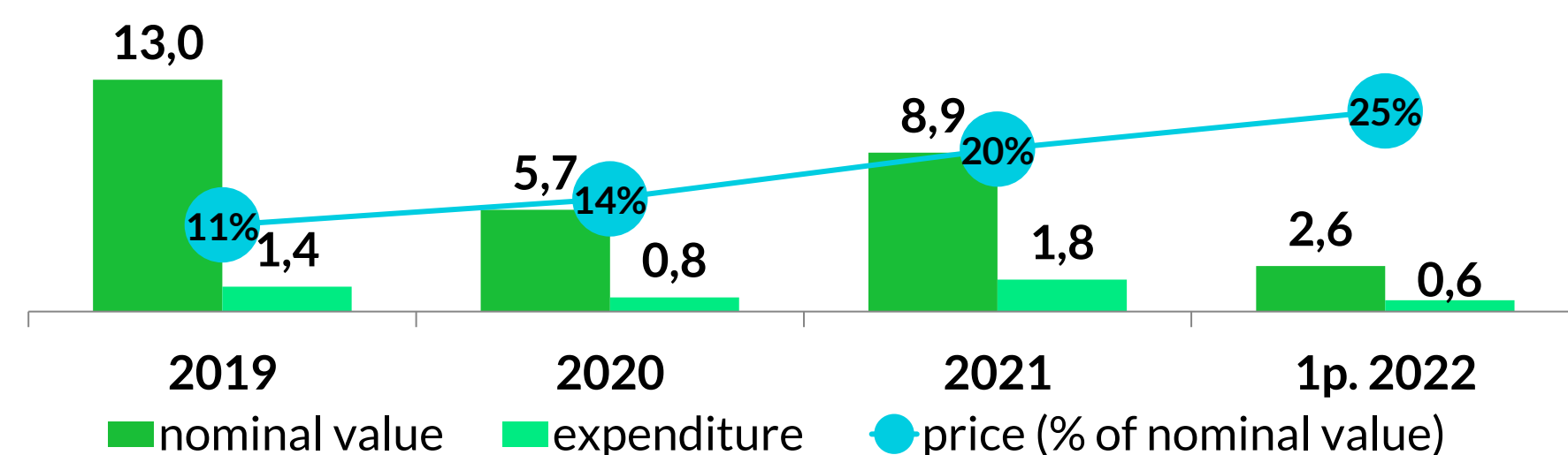
(PLNm)

	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021		
Expenditure on debt portfolios	137	389	160	43	217	117	236	82	8	13	N/A		H1 2022	H1 2021
													757	644
Recoveries	637	521	287	286	208	135	97	80	51	43	N/A		1,279	1,065
Carrying amount of purchased debt portfolios (PLNbn)	2,7	2,2	1,1	0,8	1,2	0,8	0,6	0,4	0,1	0,1	N/A		5.6	4.4
Revenue	560	460	308	221	179	116	21	68	32	29	N/A		1,102	896
Purchased debt portfolios	474	398	299	213	175	111	13	61	32	29	N/A		993	812
Credit management services	14	12	7	6	4	5	8	7			N/A		33	30
Wonga	58	37									N/A		58	37
Other activities	14	13	2	2							N/A		16	15
EBITDA	368	305	244	167	80	32	-33	27	15	13	-52	-33	622	510
Cash EBITDA	531	429	231	240	113	56	51	46	35	27	-52	-33	908	762



# Debt purchase market in Poland

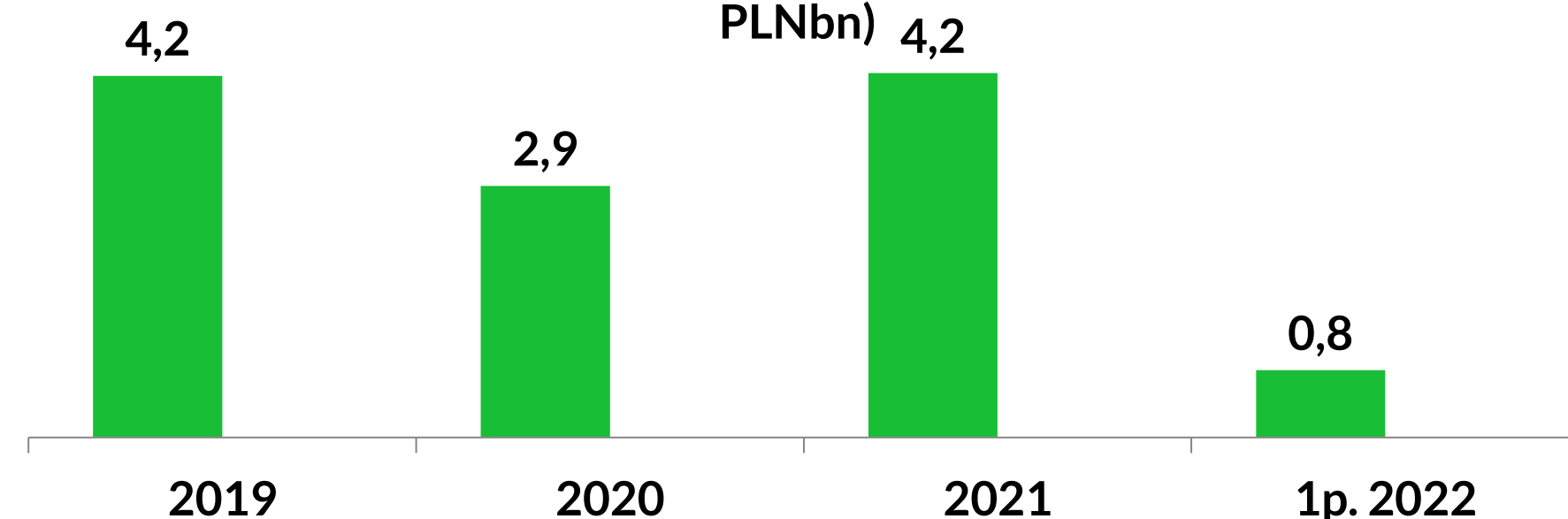
Supply of retail and mortgage debt portfolios (PLNbn)



Based on KRUK's estimates, the nominal value of debts sold in H1 2022 by entities selling debts in the Polish market (mainly banks and financial institutions) was PLN 3.3bn, of which 21% was acquired by KRUK.

Investors spent PLN 0.8bn on debt portfolios in Poland, with KRUK's investments representing 18% of this figure.

Supply of corporate debt portfolios (by nominal value, PLNbn)



# Operations of the KRUK Group – Poland



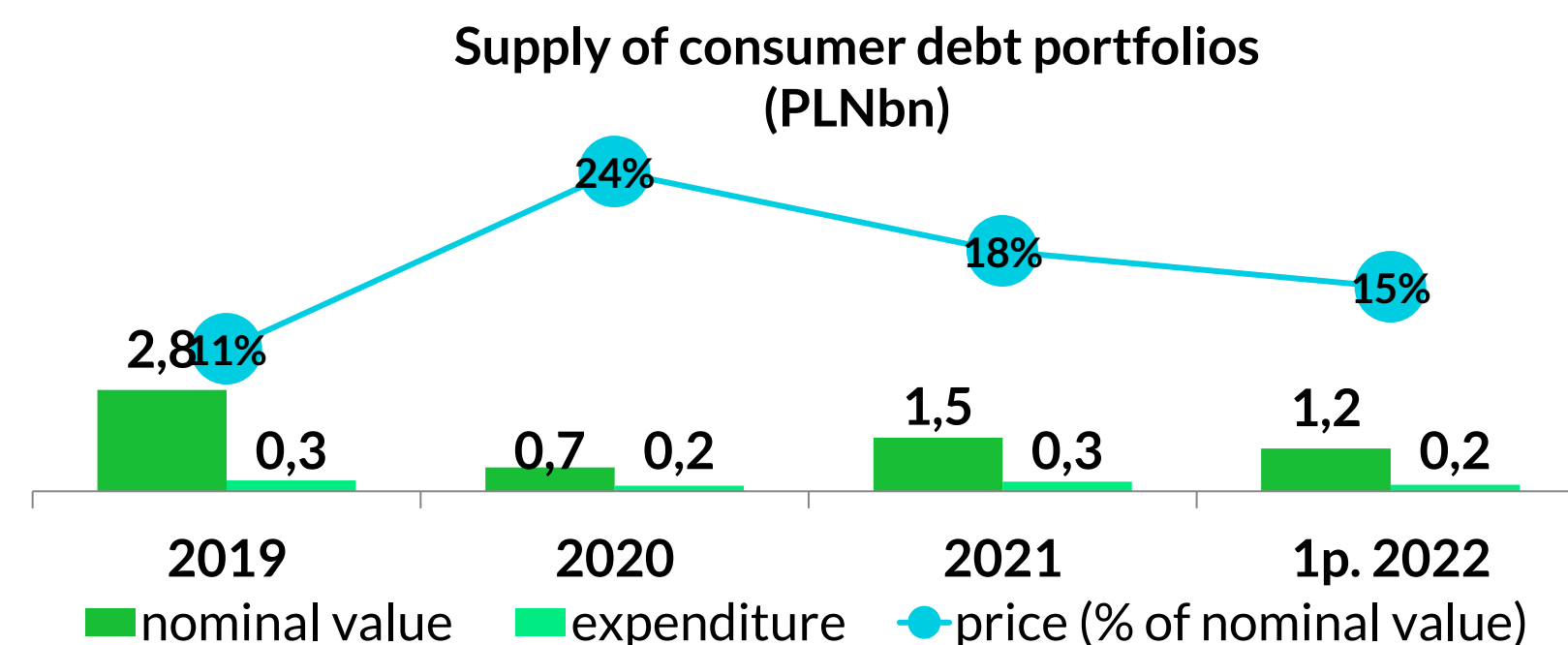
(PLNm)	H1 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
EXPENDITURE ON DEBT PORTFOLIOS	137	389	-65%	130	259	72	638	10	127
RECOVERIES	637	521	22%	250	271	262	291	312	325
PORTFOLIO CARRYING AMOUNT	2,653	2,151	23%	1,929	2,151	2,143	2,668	2,584	2,653
REVENUE	560	460	22%	199	261	222	191	258	302
PURCHASED DEBT PORTFOLIOS	474	398	19%	166	231	183	170	217	257
REVALUATION OF PROJECTED RECOVERIES	105	54	93%	5	49	41	14	37	69
CREDIT MANAGEMENT SERVICES	14	12	12%	6	6	6	6	7	7
WONGA	58	37	56%	20	17	26	9	27	31
OTHER ACTIVITIES	14	13	7%	6	7	7	5	7	7
EBITDA	368	305	21%	122	183	136	101	164	205
WONGA	30	14	108%	9	5	11	11	11	19
CASH EBITDA	531	429	24%	206	223	215	222	258	273
PORTFOLIO PROFITABILITY (LTM)*	35%	34%	2%	30%	34%	38%	33%	35%	35%

- The KRUK Group's expenditure on portfolio purchases in Poland reached PLN 137m, representing 18% of all funds invested by the Group in H1 2022. The nominal value of the purchased portfolios was over PLN 697m. In Poland, KRUK invested primarily in unsecured retail portfolios.
- In H1 2022, recoveries from the Polish market amounted to PLN 637m (+22% y/y), accounting for 50% of the Group's total recoveries.
- At the end of the period, the carrying amount of purchased debt portfolios was PLN 2,653m (+23% y/y). Polish portfolios accounted in total for 47% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue of PLN 560m was mainly attributable to the excess of actual recoveries over the projected amounts and a revaluation of projected recoveries, which totalled PLN 105m. Wonga generated revenue of PLN 58m.
- The LTM portfolio profitability improved by 1pp y/y.

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



# Debt purchase market in Romania



The nominal value of unsecured retail and corporate debt portfolios sold in the Romanian market in H1 2022 was PLN 1.2bn.

Supply of corporate debt portfolios (PLNbn)



According to KRUK's estimates, total expenditure on retail and corporate debt in Romania in the period was PLN 193m, with KRUK's share at 83%.

# Operations of the KRUK Group – Romania



(PLNm)	H1 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
EXPENDITURE ON DEBT PORTFOLIOS	160	43	274%	20	23	75	49	103	57
RECOVERIES	287	286	0%	140	146	136	143	145	142
PORTFOLIO CARRYING AMOUNT	1076	843	28%	861	843	907	887	1,016	59
REVENUE	308	221	39%	90	131	107	84	166	142
PURCHASED DEBT PORTFOLIOS	299	213	40%	86	127	103	79	162	137
REVALUATION OF PROJECTED RECOVERIES	145	62	135%	11	50	41	15	88	57
CREDIT MANAGEMENT SERVICES	7	6	18%	3	3	3	4	3	4
OTHER ACTIVITIES	2	2	-16%	1	1	1	1	1	1
EBITDA	244	167	46%	63	104	77	51	136	108
CASH EBITDA	231	240	-3%	116	123	110	114	118	113
PORTFOLIO PROFITABILITY (LTM)*	47%	46%	1%	37%	46%	48%	45%	50%	47%

- In H1 2022, expenditure on portfolio purchases in Romania reached PLN 160m (+274% y/y), with the nominal value of the portfolios at PLN 1,098. KRUK invested primarily in unsecured retail debt portfolios. Purchases made in Romania accounted for 21% of the Group's total investments in the period.
- Recoveries from Romanian debt portfolios amounted to PLN 287m, on a par with the figure reported for the same period of 2021, and accounted for 22% of the Group's total recoveries.
- At the end of H1 2022, the carrying amount of purchased debt portfolios was PLN 1,076m (+28% y/y). Romanian portfolios accounted in total for 19% of the carrying amount of all debt portfolios held by the KRUK Group.
- The growth of revenue to PLN 308m (+39% y/y) was mainly attributable to a significant revaluation of projected recoveries, by PLN 145m (+135%).
- The LTM portfolio profitability improved by 1pp y/y.

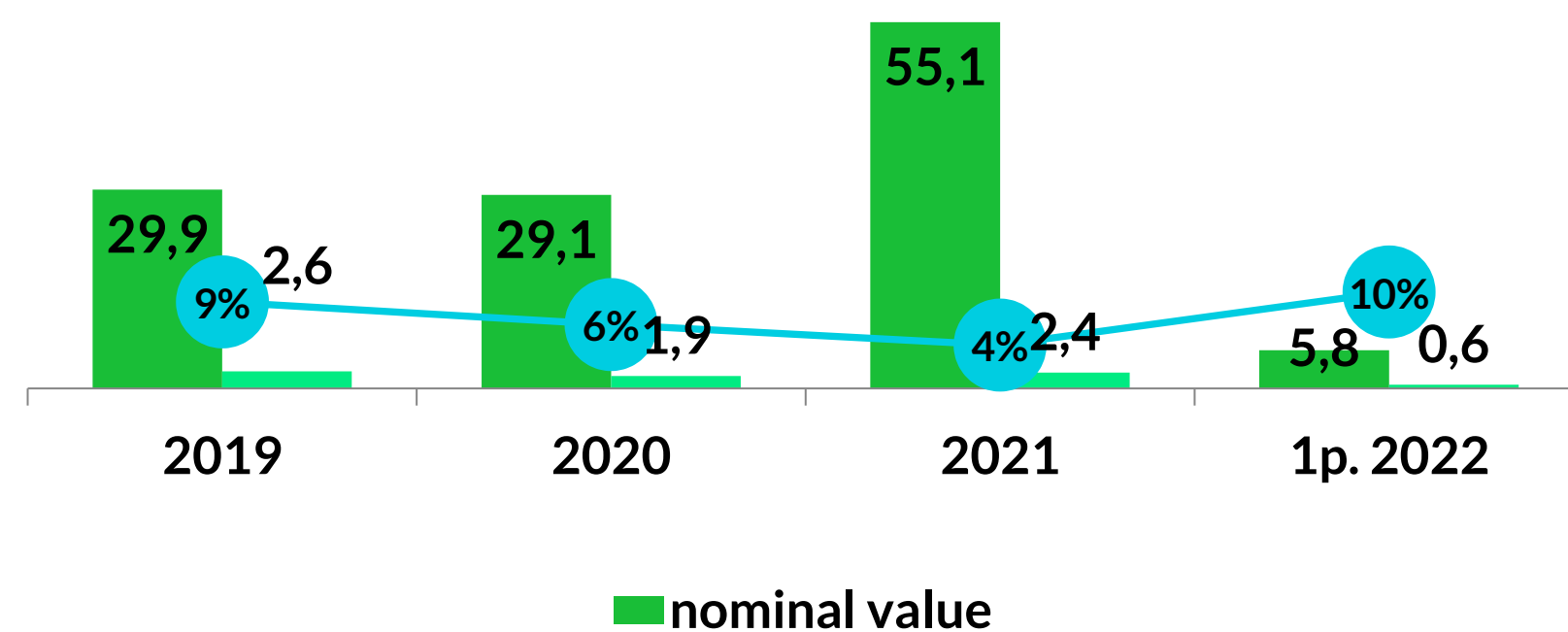
\* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



# Debt purchase market in Italy

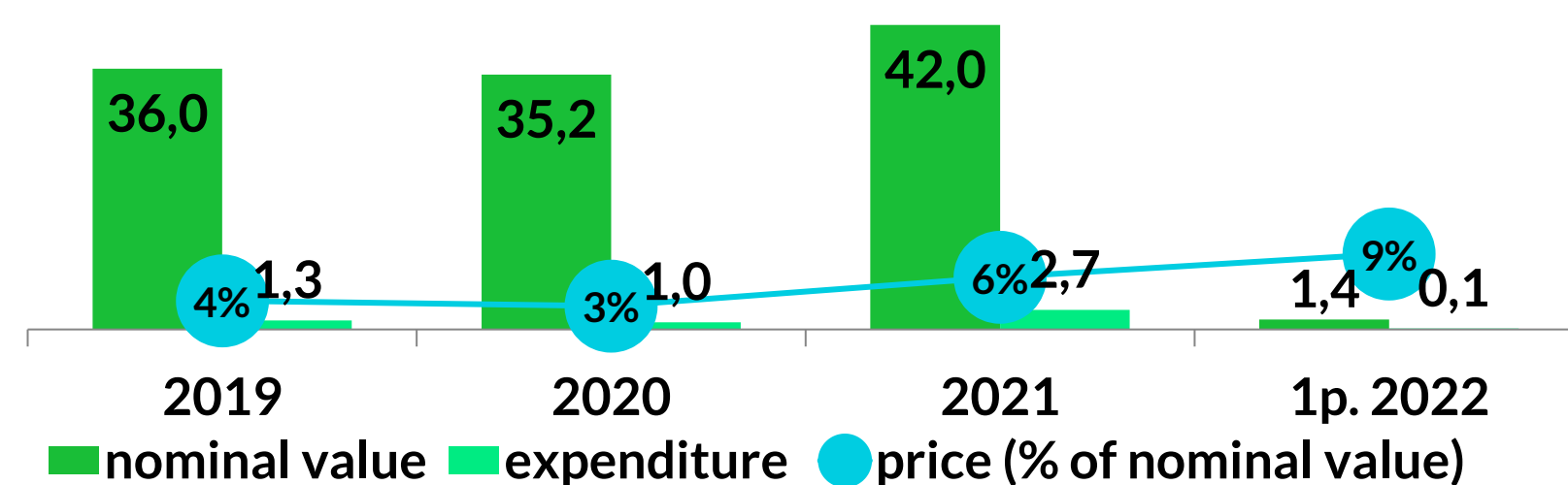


Supply of retail debt portfolios (PLNbn)



According to the KRUK Group's estimates, the supply of unsecured retail debt, SME and corporate debt portfolios in Italy in H1 2022 was PLN 1.4bn (by nominal value), while the supply of unsecured retail debt portfolios was PLN 5.8bn.

Supply of corporate debt portfolios (PLNbn)



Expenditure in Italy totalled PLN 0.7bn, with KRUK's market share estimated at 31%.

# Operations of the KRUK Group – Italy



(PLNm)	H1 2022	H1 2021	y/y
EXPENDITURE ON DEBT PORTFOLIOS	217	117	85%
RECOVERIES	208	135	54%
PORTFOLIO CARRYING AMOUNT	1,176	813	45%
REVENUE	179	116	55%
PURCHASED DEBT PORTFOLIOS	175	111	57%
REVALUATION OF PROJECTED RECOVERIES	31	9	239%
CREDIT MANAGEMENT SERVICES	4	5	-11%
EBITDA	80	32	153%
CASH EBITDA	113	56	104%
PORTFOLIO PROFITABILITY (LTM)*	31%	26%	20%

Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
0	117	87	78	147	69
66	70	91	87	96	112
727	813	915	972	1,117	1,176
54	62	87	76	82	97
52	60	85	74	80	95
0	9	16	11	12	19
2	2	2	2	2	2
12	19	46	28	37	43
26	29	52	41	53	61
19%	26%	28%	32%	32%	31%

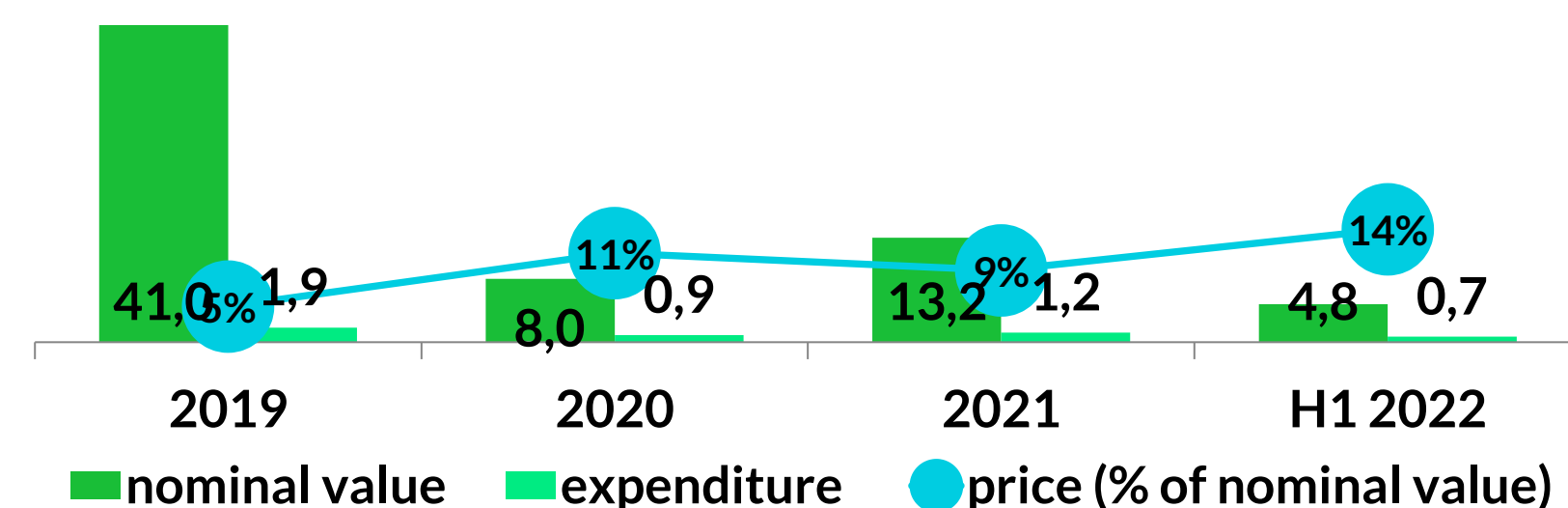
- In Italy, KRUK invested PLN 217m in H1 2022 (29% of total expenditure), purchasing debts with a nominal value of PLN 1,611m.
- Amounts recovered in the Italian market came to PLN 208m (+54% y/y), accounting for 16% of the Group's total recoveries.
- As at June 30th 2022, the carrying amount of debt portfolios purchased on that market was PLN 1,176m, representing 21% of the KRUK Group's total carrying amount of debt portfolios.
- Revenue of PLN 179m was mainly driven by strong recoveries and a PLN +31m upward revaluation of projected recoveries.
- The LTM portfolio profitability improved by 5pp y/y.

\* 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

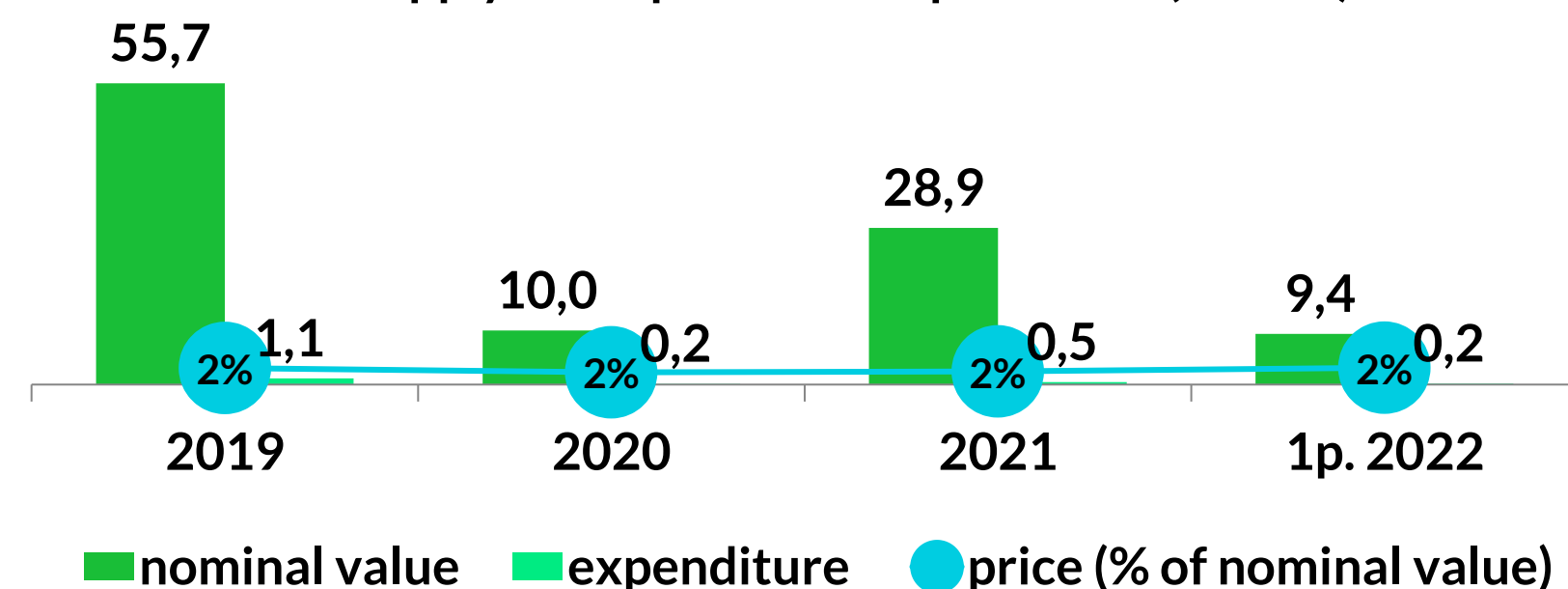


Supply of retail debt portfolios (PLNbn)



Based on KRUK's estimates, bank and non-bank debt portfolios sold in Spain in H1 2022 were valued at PLN 13bn (by nominal value; excluding mortgage debt).

Supply of corporate debt portfolios (PLNbn)



The total amount invested by all players in the Spanish market was in excess of PLN 0.9bn, with KRUK's share at 27%.

# Operations of the KRUK Group – Spain



(PLNm)	H1 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
EXPENDITURE ON DEBT PORTFOLIOS	236	82	187%	0	82	49	0	0	235
RECOVERIES	97	80	21%	36	44	38	55	45	52
PORTFOLIO CARRYING AMOUNT	580	421	38%	358	421	450	420	400	580
REVENUE	21	68	-69%	27	41	13	32	24	-3
PURCHASED DEBT PORTFOLIOS	13	61	-79%	24	37	9	28	20	-7
REVALUATION OF PROJECTED RECOVERIES	-42	5	-973%	1	4	-12	3	-4	-39
CREDIT MANAGEMENT SERVICES	8	7	16%	3	4	4	4	4	4
EBITDA	-33	27	-220%	6	21	-10	1	-1	-32
CASH EBITDA	51	46	11%	18	29	19	28	24	27
PORTFOLIO PROFITABILITY (LTM)*	13%	20%	-32%	15%	20%	17%	25%	25%	13%

- In Spain, KRUK invested PLN 236m in H1 2022 (29% of total expenditure), purchasing debts with a nominal value of PLN 1,239m.
- Amounts recovered in Spain reached PLN 97m (+21% y/y), accounting for 8% of the Group's total recoveries.
- As at June 30th 2022, the carrying amount of debt portfolios purchased on that market was PLN 580m, representing 10% of the KRUK Group's total carrying amount of debt portfolios.
- H1 2022 revenue from the Spanish market amounted to PLN 21m (-69% y/y), due mainly to a PLN 42m downward revaluation of projected recoveries, being a net effect of an upward revaluation of unsecured retail portfolios and a downward revaluation of corporate 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 – Czech Republic, Slovakia and Germany



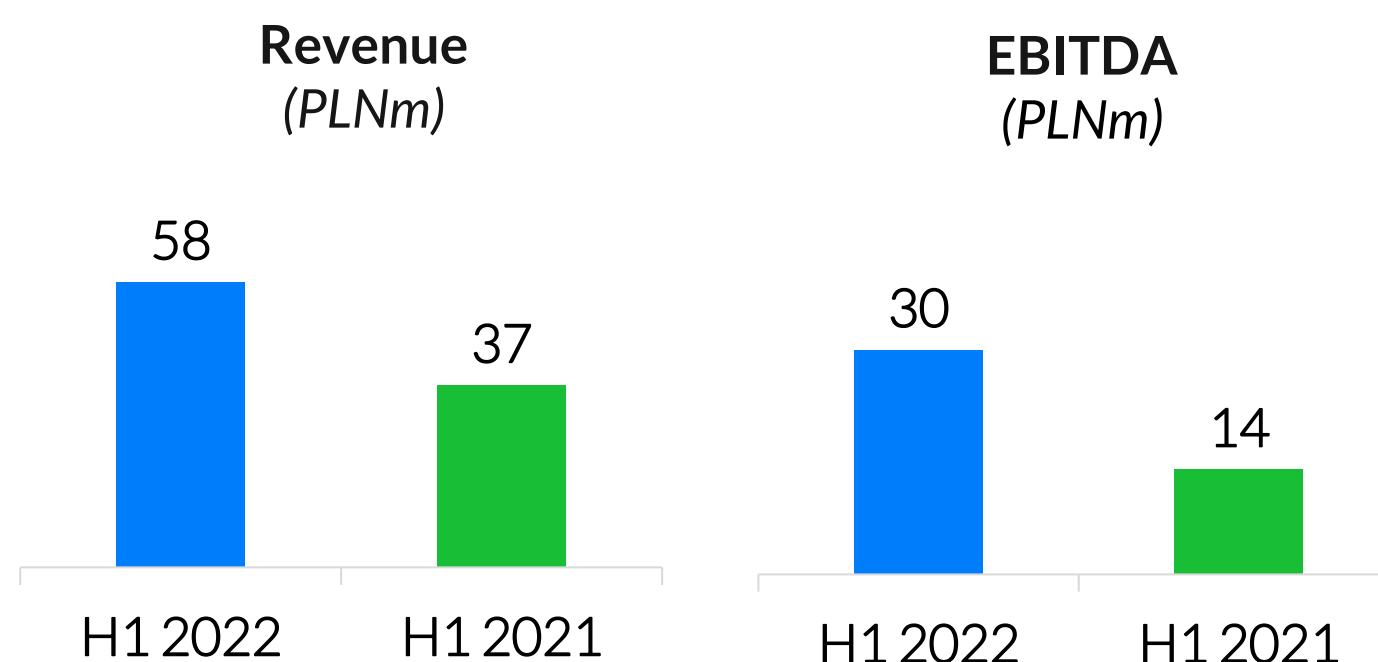
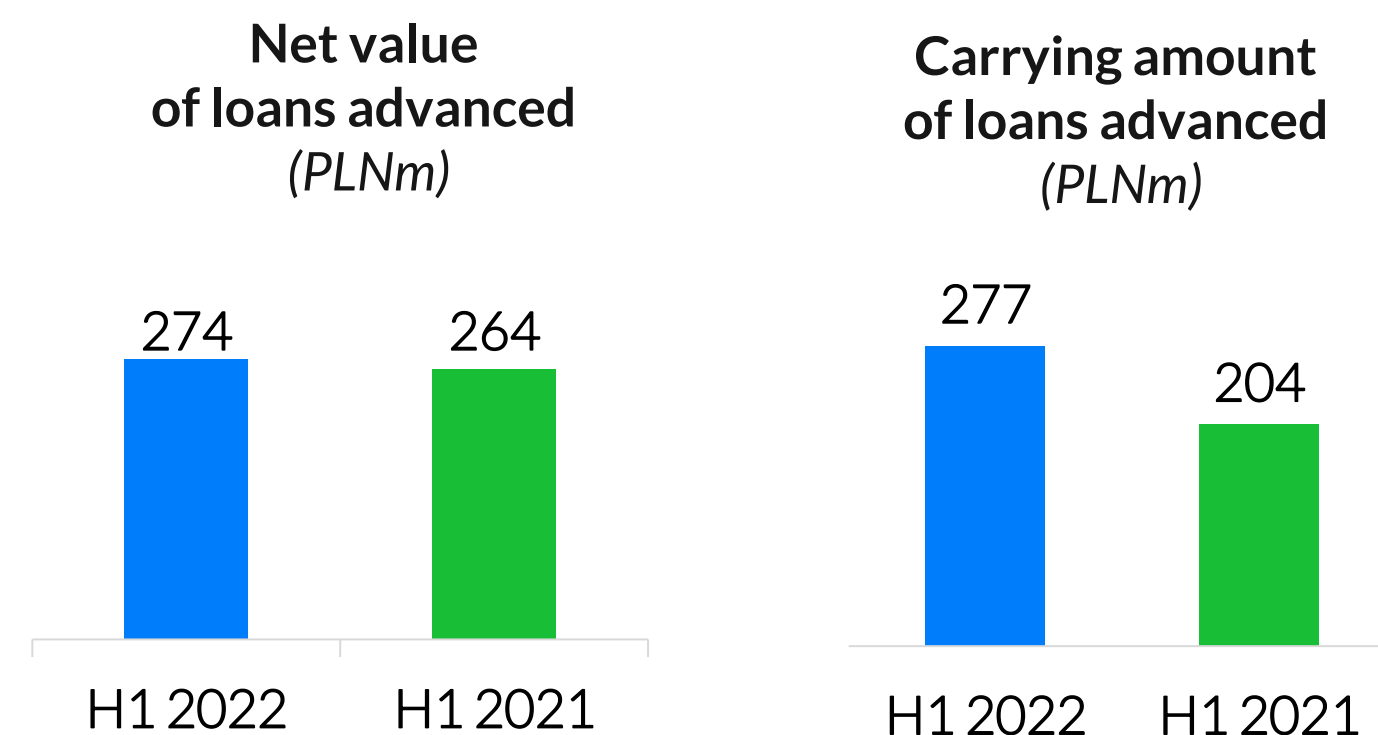
(PLNm)	H1 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
EXPENDITURE ON DEBT PORTFOLIOS	8	13	-38%	10	3	6	40	2	6
RECOVERIES	51	43	19%	20	22	23	25	25	26
PORTFOLIO CARRYING AMOUNT	145	118	23%	122	124	120	153	147	145
REVENUE	32	29	10%	12	17	16	16	14	18
PURCHASED DEBT PORTFOLIOS	32	29	10%	12	17	16	16	14	18
REVALUATION OF PROJECTED RECOVERIES	5	5	-5%	0	4	3	4	1	3
EBITDA	15	13	15%	5	9	8	8	6	10
CASH EBITDA	35	27	28%	13	14	15	16	17	17
PORTFOLIO PROFITABILITY (LTM)*	51%	46%	11%	38%	46%	49%	45%	46%	51%

- Investments in the Czech Republic and Slovakia amounted to PLN 8m.
- Recoveries reached PLN 51m (+19% y/y), accounting for 4% of the Group's total recoveries.
- As at June 30th 2022, the carrying amount of debt portfolios was PLN 145m, representing 3% of the total carrying amount of the KRUK Group's debt portfolios.

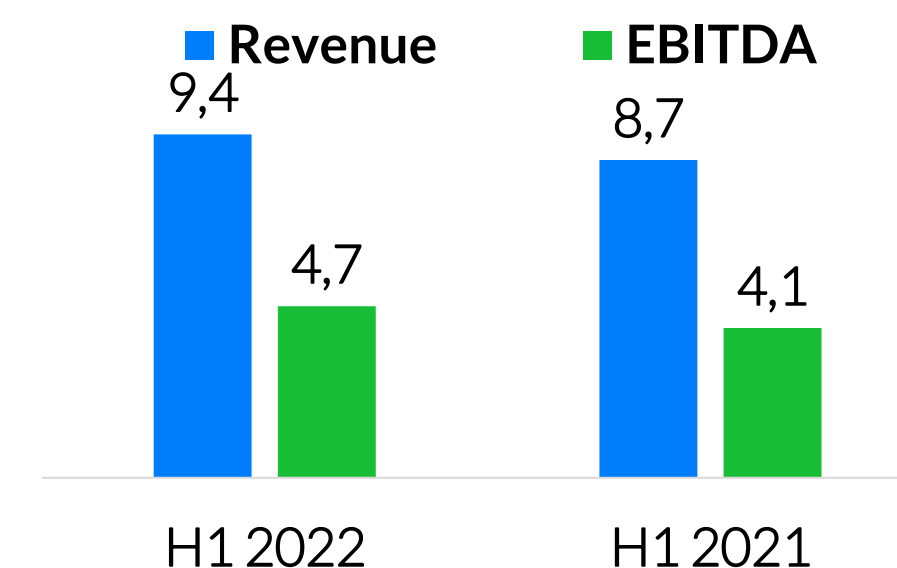
\* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



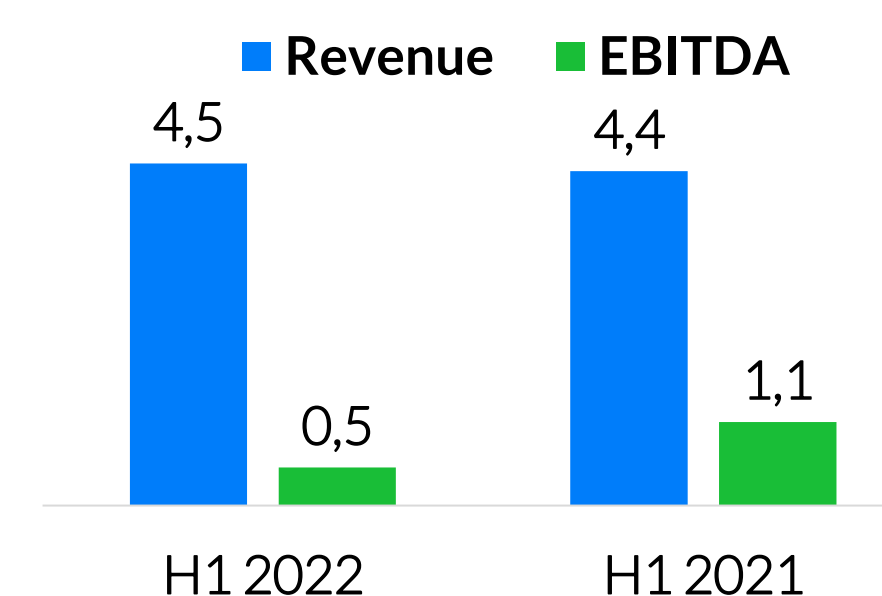
# Operations of the KRUK Group – Wonga, Novum, ERIF



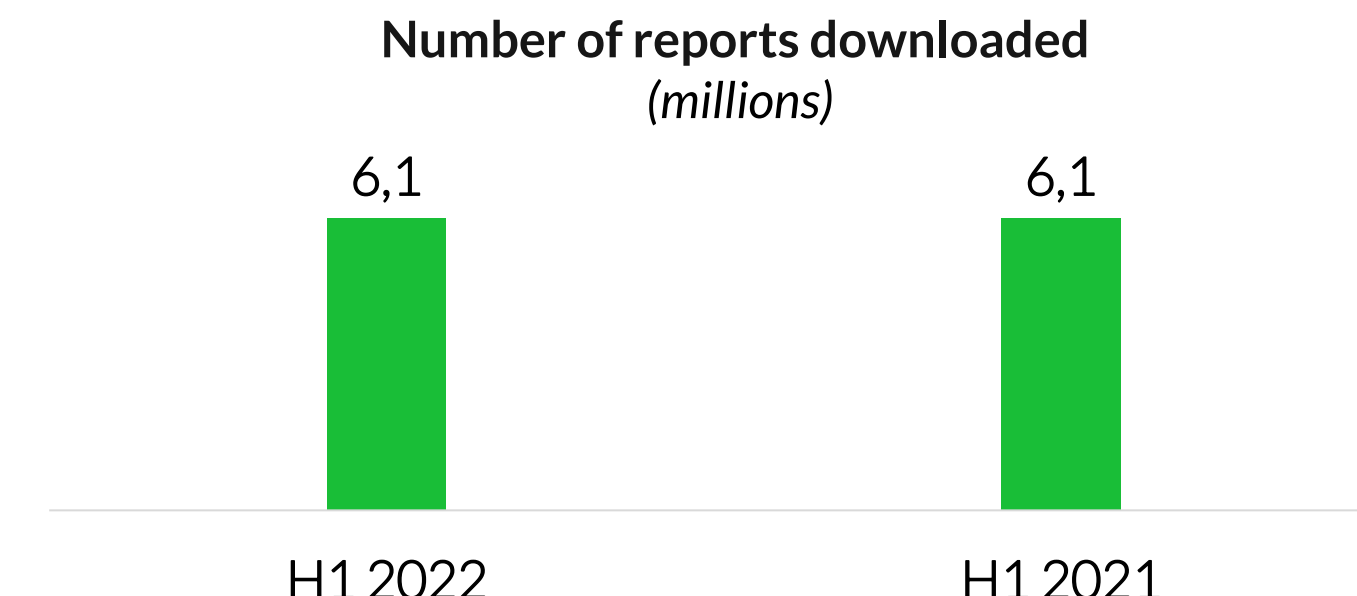
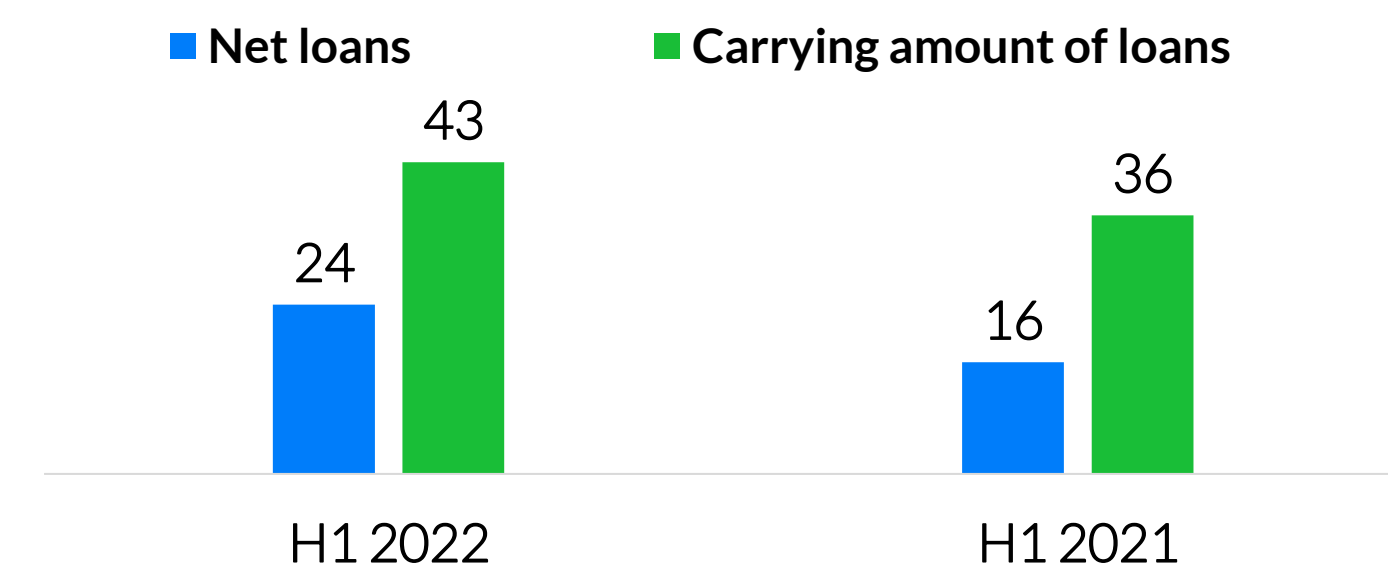
- Wonga.pl disbursed 105 thousand cash loans in Poland, with a net amount of PLN 274m.
- As at the end of H1 2022, the carrying amount of loans advanced by Wonga was PLN 277m, up by 35% y/y.
- Wonga's revenue came in at PLN 58m (+56% y/y), with EBITDA at PLN 30m (+108% y/y).



Novum's revenue in Poland totalled PLN 9.4m (up +8% y/y), with EBITDA at PLN 4.7m (up +15% y/y).



- ERIF's revenue was PLN 4.4m (+3% y/y), with EBITDA at PLN 0.5m (-59% y/y).
- Total number of records in the ERIF database was 147m, of which 98% were positive records.



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



PLNm	H1 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>PURCHASED DEBT PORTFOLIOS</b>									
Expenditure on debt portfolios	757	644	18%	159	484	289	805	262	495
Recoveries	1,279	1,065	20%	512	553	550	601	623	657
<b>STATEMENT OF PROFIT OR LOSS</b>									
<b>Operating income</b>	<b>1,102</b>	<b>896</b>	<b>23%</b>	<b>383</b>	<b>513</b>	<b>445</b>	<b>401</b>	<b>545</b>	<b>557</b>
Purchased debt portfolios	993	812	22%	341	472	396	367	493	500
Revaluation of recovery projections	244	135	80%	18	117	89	46	135	109
Income from difference between projected and actual recoveries and other items*	188	213	-12%	89	124	58	56	79	109
Credit management services	33	30	11%	15	15	15	16	16	17
Other products and services	76	53	41%	28	26	34	18	36	40
<b>EBITDA</b>	<b>622</b>	<b>510</b>	<b>22%</b>	<b>193</b>	<b>317</b>	<b>235</b>	<b>164</b>	<b>317</b>	<b>305</b>
EBITDA margin	56%	50%		50%	62%	53%	41%	58%	55%
Finance income / costs	-79	-26	-197%	-30	3	-30	-29	-40	-38
of which: net foreign exchange gains/(losses)	5	9	-44%	-5	14	-2	0	-2	7
<b>Profit before tax</b>	<b>520</b>	<b>458</b>	<b>14%</b>	<b>151</b>	<b>306</b>	<b>193</b>	<b>123</b>	<b>265</b>	<b>254</b>
Tax expense	-31	-62	50%	-24	-38	-23	6	-21	-9
Tax %	6%	16%		16%	12%	12%	-5%	8%	-%
<b>Net profit</b>	<b>489</b>	<b>396</b>	<b>24%</b>	<b>127</b>	<b>268</b>	<b>170</b>	<b>130</b>	<b>244</b>	<b>245</b>
Net profit margin	44%	33%		33%	52%	38%	32%	45%	0%
ROE rolling (LTM)	27%	22%		12%	22%	25%	27%	28%	27%
<b>Cash EBITDA</b>	<b>908</b>	<b>762</b>	<b>19%</b>	<b>364</b>	<b>399</b>	<b>389</b>	<b>397</b>	<b>447</b>	<b>462</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 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Operating income</b>	<b>1,102</b>	<b>896</b>	<b>23%</b>	<b>383</b>	<b>513</b>	<b>445</b>	<b>401</b>	<b>545</b>	<b>557</b>
Poland	560	460	22%	199	262	222	191	258	302
Romania	308	221	39%	90	131	107	84	166	142
Italy	179	116	55%	54	62	87	76	82	97
Spain	21	68	-69%	27	41	13	32	24	-3
Other countries	32	29	10%	12	17	16	16	14	18
<b>EBITDA</b>	<b>622</b>	<b>510</b>	<b>22%</b>	<b>193</b>	<b>317</b>	<b>235</b>	<b>164</b>	<b>317</b>	<b>305</b>
EBITDA margin	56%	57%		50%	62%	53%	41%	58%	55%
Finance income/costs	-79	-26	-197%	-30	3	-30	-29	-40	-38
Income tax	-31	-62	50%	-24	-38	-23	6	-21	-9
<b>Net profit</b>	<b>489</b>	<b>396</b>	<b>24%</b>	<b>127</b>	<b>268</b>	<b>170</b>	<b>130</b>	<b>244</b>	<b>245</b>
Net profit margin	44%	44%		33%	52%	38%	32%	45%	44%

# KRUK Group – cash flows (presentation format)



PLNm	H1 2022	H1 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Cash flows from operating activities</b>	<b>698</b>	<b>660</b>	<b>6%</b>	<b>303</b>	<b>357</b>	<b>294</b>	<b>336</b>	<b>348</b>	<b>350</b>
Recoveries – purchased debt portfolios	1,279	1,065	20%	512	553	550	601	623	657
Operating costs – purchased debt portfolios	-296	-244	-21%	-123	-121	-129	-161	-139	-157
Operating margin – credit management	7	8	-9%	4	4	3	4	4	3
Administrative expenses	-124	-92	-35%	-42	-50	-52	-60	-58	-67
Other operating cash flow	-168	-78	-117%	-48	-30	-79	-47	-82	-87
<b>Cash flows from investing activities</b>	<b>-769</b>	<b>-652</b>	<b>-18%</b>	<b>-162</b>	<b>-490</b>	<b>-292</b>	<b>-811</b>	<b>-265</b>	<b>-503</b>
Expenditure on debt portfolio purchases	-757	-644	-18%	-159	-484	-289	-805	-262	-495
Other investing cash flow	-11	-9	-29%	-3	-6	-3	-6	-3	-8
<b>Cash flows from financing activities</b>	<b>48</b>	<b>375</b>	<b>-87%</b>	<b>-117</b>	<b>492</b>	<b>-353</b>	<b>497</b>	<b>39</b>	<b>9</b>
Issue of shares	10	0	-	0	0	0	23	0	10
Dividend /Share repurchase	-249	0	-	0	0	-206	0	0	-249
Increase in borrowings and lease liabilities	1,544	1,482	4%	348	1,133	451	981	602	941
Issue of bonds	450	420	7%	20	400	65	50	400	50
Decrease in borrowings and lease liabilities	-1,342	-1,248	-7%	-445	-803	-552	-447	-800	-542
Redemption of bonds	-391	-365	-7%	-65	-300	-35	-140	-150	-241
Other financing cash flow	26	87	-70%	26	61	-76	30	-14	40
<b>Net cash flows</b>	<b>-23</b>	<b>382</b>	<b>-106%</b>	<b>24</b>	<b>358</b>	<b>-351</b>	<b>22</b>	<b>122</b>	<b>-144</b>



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

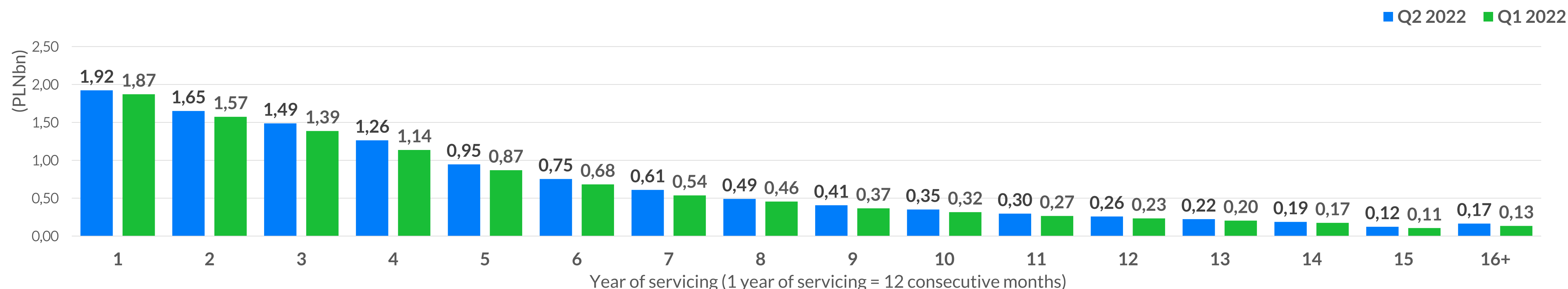


PLNm	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
<b>ASSETS</b>									
Cash and cash equivalents	177	321	199	177	528	170	146	266	251
Investments in debt portfolios and loans	5,980	5,593	5,417	4,836	4,601	4,234	4,209	3,984	4,076
Other assets	309	319	294	270	244	267	289	262	309
<b>Total assets</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>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	2,273	2,277	2,034	1,903	1,734	1,671	1,544	1,497	1,536
<b>Liabilities</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	1,754	1,361	1,564	1,032	1,137	804	908	765	1,031
Bonds	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>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>									
<b>Interest-bearing debt</b>	<b>3,116</b>	<b>2,921</b>	<b>2,869</b>	<b>2,427</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>2,939</b>	<b>2,600</b>	<b>2,670</b>	<b>2,250</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	1,0	0.9	1.0	0.9	0.9	0.9	1.0	0.9	1.1

## KRUK Group – ERC



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



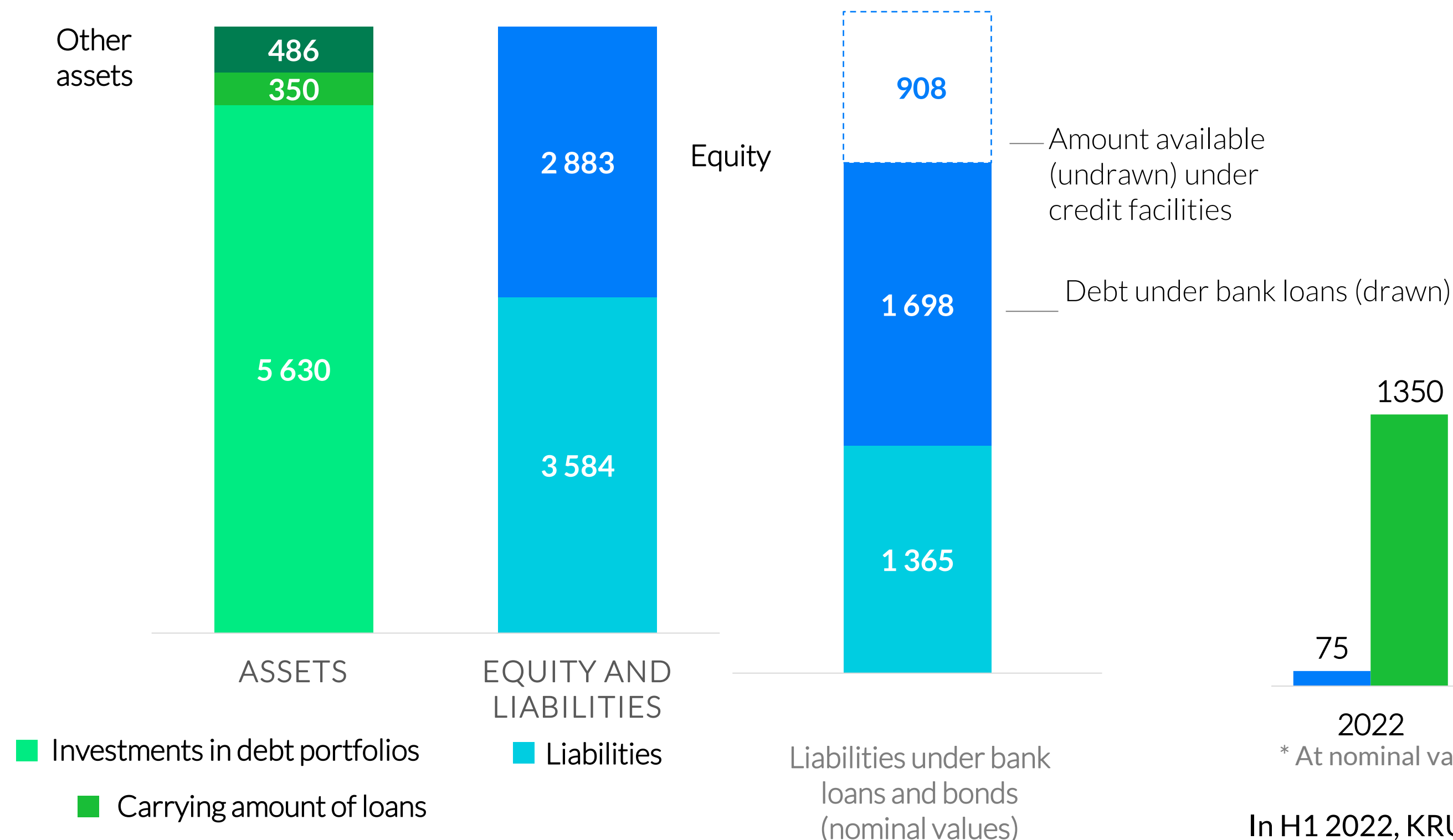
Estimated remaining collections (projected recoveries) as at June 30th 2022 amounted to PLN 11.1bn (+ PLN 0.8bn or 8% q/q). The increase was driven, among other factors, by investments of PLN 757m in debt portfolios with a nominal value of PLN 4.7bn, made in H1 2022, and a revaluation of projected recoveries as at the end of June 2022, with a discounted value of PLN 244m.

70% of the total revaluation of unsecured retail portfolios as at the end of the first half of 2022 was attributable to the revaluation of projected recoveries for the next 38 months.

# The lowest debt level in the industry\* and good access to financing sources



Net debt/equity: 1.0x  
Net debt/cash EBITDA: 1.8x



Bank loans used

%

1M/3M WIBOR + 1.0-2.85 pp  
1M EURIBOR + 2.4-2.95 pp

PLN 643m based on WIBOR  
PLN 1,055m based on EURIBOR

21%

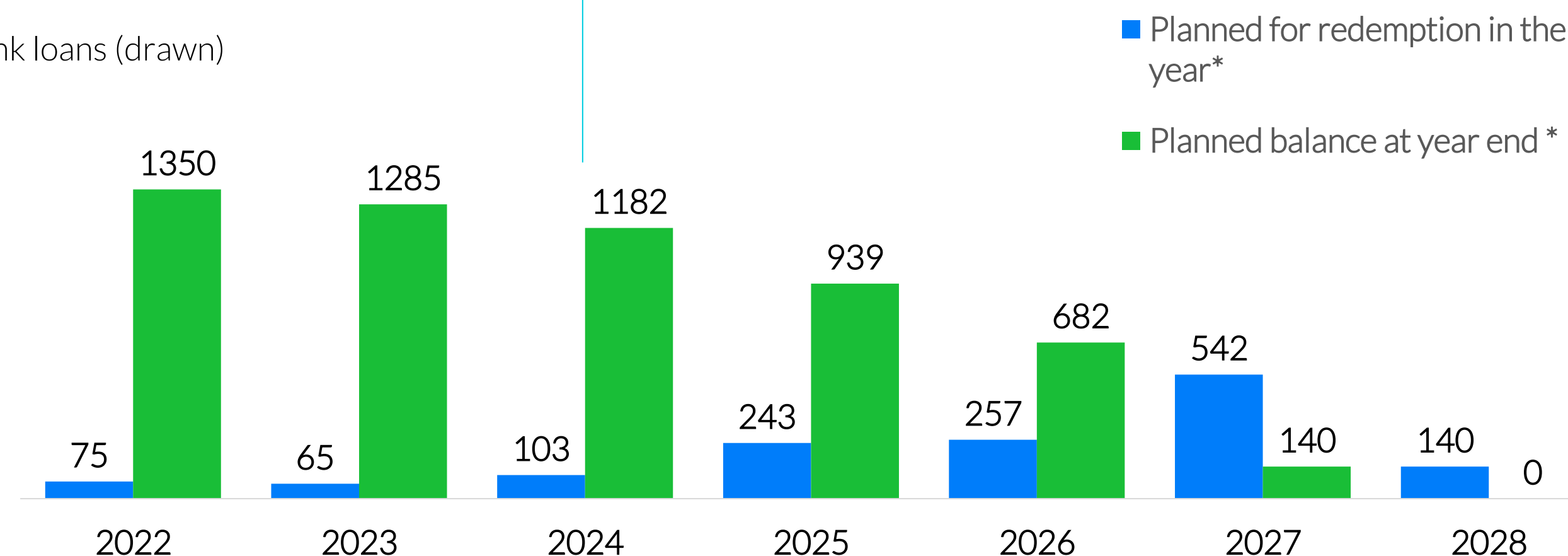
PLN 643m susceptible to WIBOR change

Bonds

%

3M WIBOR + 3.2-4.0pp  
fixed for PLN: 4.0-4.8pp

in PLN, with floating rate: PLN 1,185m  
in PLN, with fixed rate: PLN 180m



\* At nominal values as at June 30th 2022, including the AM4 bond issue (PLN 60m) of August 2022. [mln]

In H1 2022, KRUK S.A. repurchased PLN 394m worth of bonds and issued PLN 450m worth of new bonds, including:

- PLN 50m worth of Series AM2 five-year prospectus-based bonds, bearing interest at a variable rate of 3M WIBOR + 3.3%;
- PLN 350m worth of Series AL2 six-year amortising bonds (issued to institutional investors), bearing interest at a variable rate of 3M WIBOR + 3.2%;
- PLN 50m worth of Series AM3 five-year prospectus-based bonds, bearing interest at a variable rate of 3M WIBOR + 3.3%.

August 2022 saw an issue of PLN 60m worth of Series AM4 five-year prospectus-based bonds, bearing interest at a variable rate of 3M WIBOR + 3.3%.

In H1 2022, the total amount available to the KRUK Group under lines of credit grew relative to the year-end 2021 by PLN 316m, to PLN 2,606m (as at the end of June 2022).

IRS and CIRS\*\* contracts used for hedging purposes and fixed-rate bonds (a total of PLN 1,365m) represent 45% of the Group's debt as at June 30th 2022. Susceptible to WIBOR change debt accounted for 21% (PLN 643m) of the Group's total debt as at June 30th 2022.

\* Credit Management Services Report by JP Morgan (July 2022)

\*\* CIRS transactions start in August and September.

# 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 the general public

- As part of its financial education initiatives targeted at the general public, the Group is expanding its kapitalni.org website, which had 73,000 unique users per month on average in H1 2022. Its high-quality content is supported by independent organisations, such as the Consumer Federation and the Foundation for Financial Market Development.
- In view of the growing inflation, KRUK Italia developed an online educational campaign to educate people about money management. The focus was in particular on the financial education of young generations, i.e. persons under 30 years of age. The online campaign reached 3,000 unique users.

### Aid for Ukraine

- In the first half of the year, KRUK S.A. decided to support a number of organisations providing aid to Ukraine. These included: Employers of Poland the 'Zobacz mnie' Foundation, BloomPro, Nienieodpowiedzialni and Czerwona Linia, UNGCNP in the framework of the United Business for Ukraine programme, the Club of Catholic Intelligentsia and the Towarzystwo Poligrodzianie society. The financial aid provided to these organisations totalled more than PLN 305,000.
- KRUK Group companies in each of its other operating markets contributed to the support for the war-stricken Ukraine as well. The support initiatives ranged from the introduction employee volunteering to specific financial assistance to selected organisations.

### Projects for the benefit of the employees

- The KRUK Group is committed to the well-being of its employees. Therefore, in H1 2022 it introduced new and continued existing well-being programmes.
- For the second year in a row, the KRUK Group was also engaged in the Humanites Institute's 'Two Hours for the Family' initiative on the occasion of the International Day of Families. The initiative aims in particular to address the family bond crisis, and includes preventive measures designed to support the employees' mental and emotional health. As part of the campaign, the employees were allowed to end their work day two hours earlier and use this time with their families.
- Women occupy 66% of senior management positions at the Group, which is well reflected in the gender structure of the organisation.

### Ethics in action

## Environmental responsibility

- KRUK S.A. has once again successfully passed an ethical audit, i.e. an annual survey following which the Ethics Committee of the Association of Financial Companies (ZPF) grants the ZPF Ethics Certificate to evidence conformity of business practices with the ZPF Code of Best Practice. The certificate is a key tool to build the image of ZPF members and foster positive relations with other financial market actors.

### Environmental education

- On the Earth Day, KRUK España and KRUK Česká a Slovenská Republika engaged in educational activities to promote sustainable development and counter climate change.

### Adaptation to climate change

- KRUK continues work to streamline and optimise its workflows to cut down paper waste generation. In Spain, Poland and Italy, we maintained the level of 85% of paperless settlement agreements in the first half of the year. At the end of the first half of 2022, Romania recorded a 51% increase in electronically signed agreements (relative to the end of 2021).

### Supporting initiatives that matter

- In order to mitigate the climate impact of KRUK Romania's vehicle fleet, the company decided to switch to lower rolling resistance tires which improve energy efficiency and reduce fuel demand. As a result, the carbon footprint of field advisor operations decreased.
- The KRUK Group was invited to the UNGCNP Business Council, which issued recommendations during the World Urban Forum (WUF11) regarding the management of the future of cities in the context of the climate crisis.



# Investor Relations

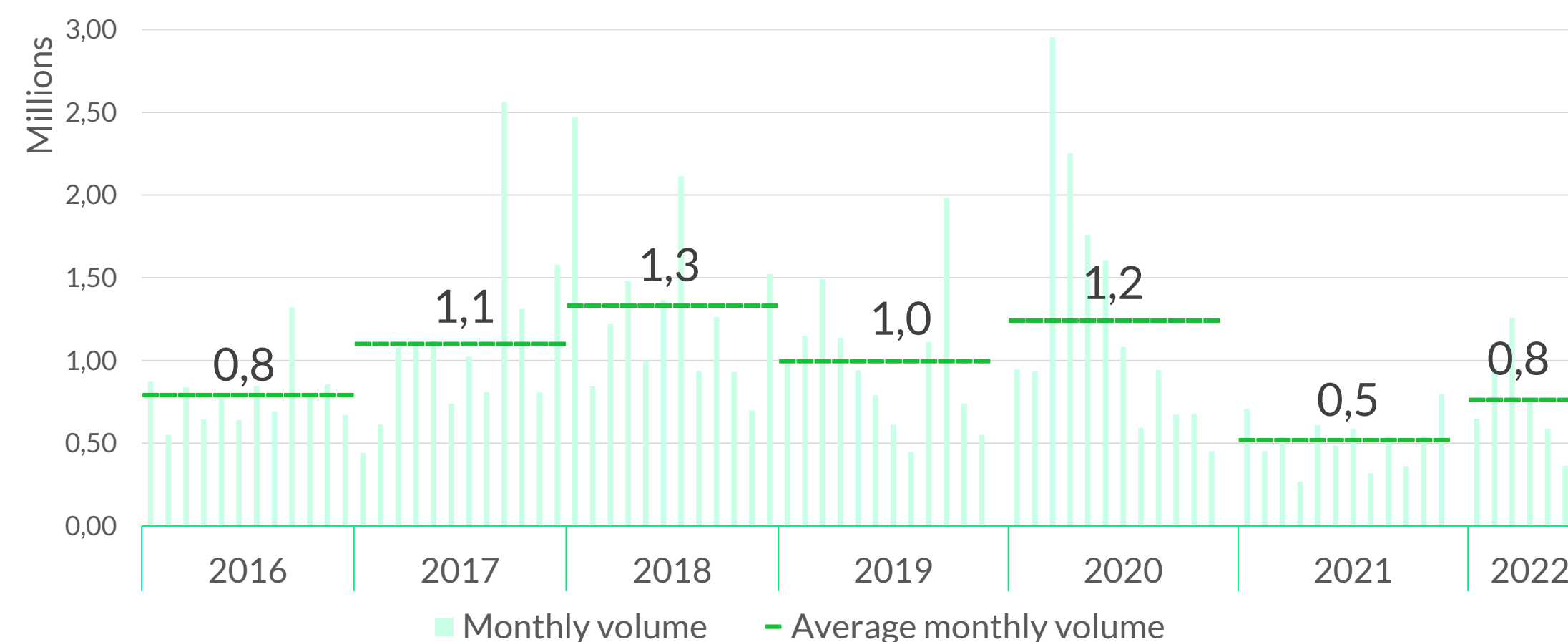
## Selected IR events planned for 2022

Date	Event
September 29th–30th	mBank / Commerzbank European Financials Conference
October 4th – 5th	WOOD's EME NYC - New York EME conference
October 5th–6th	ERSTE The finest CEElection Investors Conference
October 6th–7th	PKO by the Sea
October 10th – 14th	Trigon Investor Week 2022
November 8th	Publication of Q3 2022 results
December 5th–9th	WOOD Winter Wonderland EME Conference in Prague 2022

## Equity analyst recommendations

Date	Author	Recommendation	Price target
July 2022	DM PKO BP	Hold	PLN 274.00
January 2022	DM mBanku	buy	PLN 435.55
January 2022	Bank Pekao BM	buy	PLN 406.00

## 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	4.92%
OFE MetLife	4.60%
OFE Generali	4.48%
OFE UNIQA	3.61%

## 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 June 30th 2022.





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

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

