



# Presentation of the KRUK Group's Q1-Q3 2022 results

KRUK Group

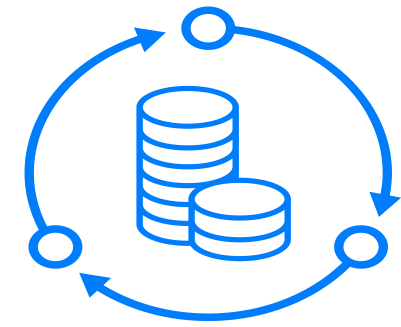


# Agenda



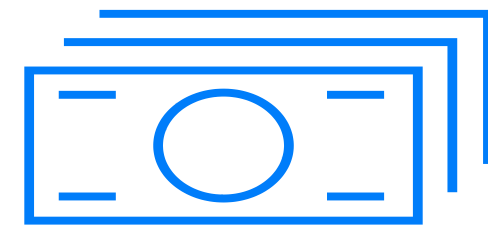
1. Summary
2. KRUK Group's results
3. Geographical and operating segments
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# KRUK's Q1-Q3 2022 performance – net profit at a record high of PLN 677m



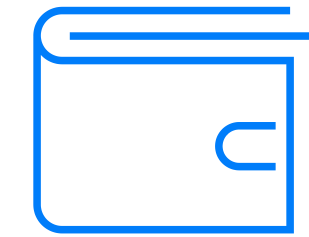
NET PROFIT

**PLN 677m**  
(+20% y/y)



CASH EBITDA

**PLN 1,363m**  
(+18% y/y)



RECOVERIES FROM  
PURCHASED DEBT  
PORTFOLIOS

**PLN 1,928m**  
(+19% y/y)



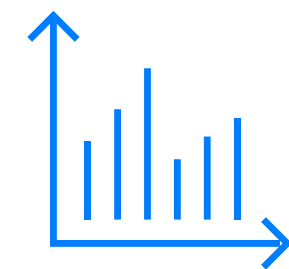
NEW  
PORTFOLIO  
PURCHASES

**PLN 1,351m**  
(+45% y/y)



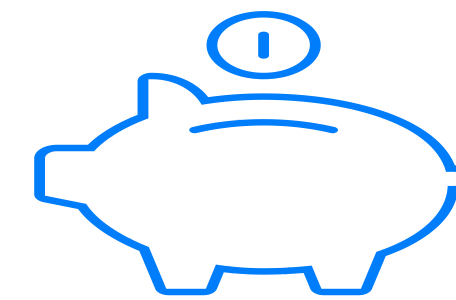
EPS

**PLN 35.48**  
(+19% y/y)



ROE rolling  
(LTM)\*

**26%**



PORTFOLIO CARRYING  
AMOUNT

**PLN 6.2bn**  
(+36% y/y)



NET DEBT/CASH  
EBITDA

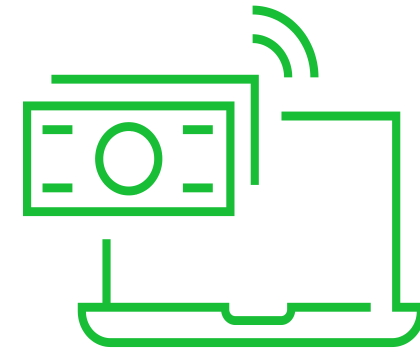
**1.8x**  
(Q3 2021 1.5x)

# KRUK's Q1-Q3 2022 performance highlights



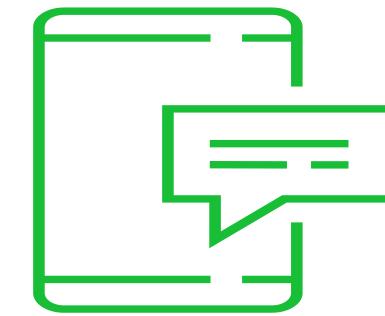
**PLN 249m**  
**(PLN 13 per share)**

dividend paid in April  
2022



**Growing share of  
online payments**

at KRUK Group  
41% of out-of-court  
recoveries  
in September 2022



**e-KRUK  
growth**

26% increase in number  
of users  
since December 2021



**89% of settlement  
agreements signed in  
paperless form**

at KRUK Group  
in September 2022



**63% of senior  
managerial positions  
held by women**  
at KRUK Group



**Listed Company of the  
Year  
# 7**

in Puls Biznesu Survey



**mWIG40 Company of  
the Year**

for KRUK S.A. in the  
Bulls and Bears awards  
of Parkiet daily



**2nd main prize**

in the 'Banks and Financial  
Institutions' category  
for the 2021 annual report  
in the Best Annual Report  
2021 competition

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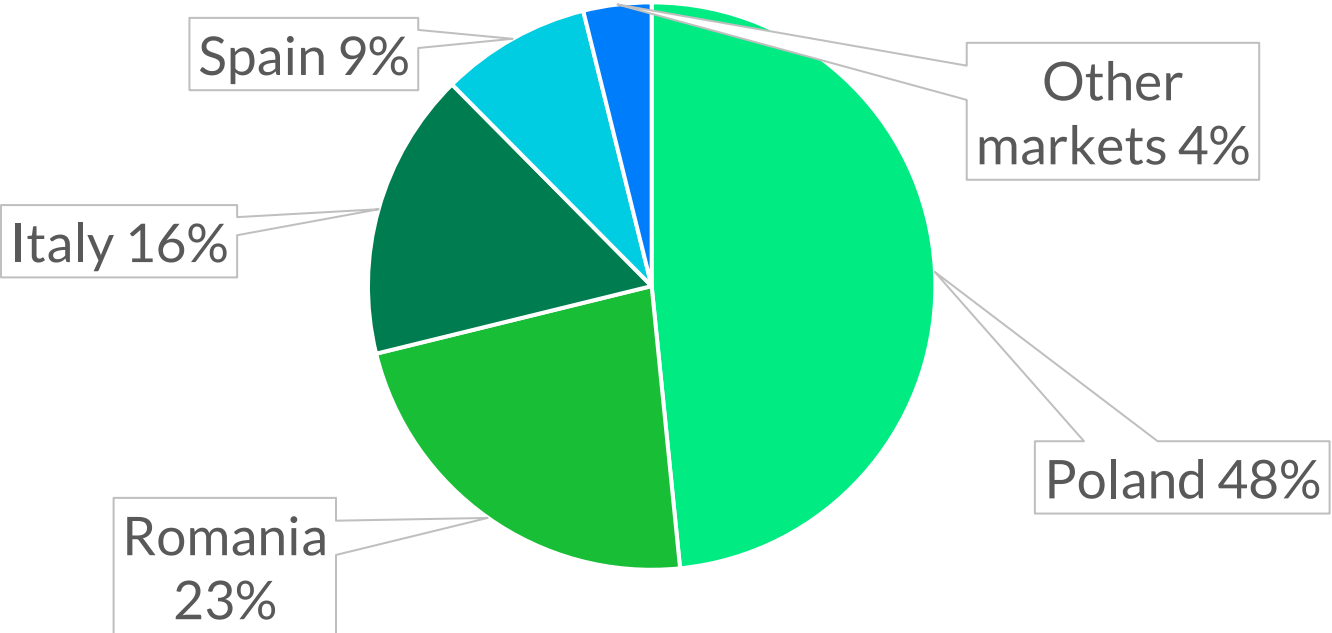
# KRUK continues record-breaking performance in terms of investments and recoveries in Q1-Q3 2022



Recoveries from purchased debt portfolios: PLN 1,928m (+19% y/y)

- ✓ 2022 has seen KRUK deliver its best ever Q1-Q3 performance in terms of recoveries, which improved across all markets where the Company is present.
- ✓ The PLN 313m y/y increase in amounts recovered was achieved mainly on higher recoveries in Poland (PLN +150m y/y), Italy (PLN +90m y/y), and Spain (PLN +47m y/y).
- ✓ Foreign markets accounted for more than a half of the Group's total recoveries.

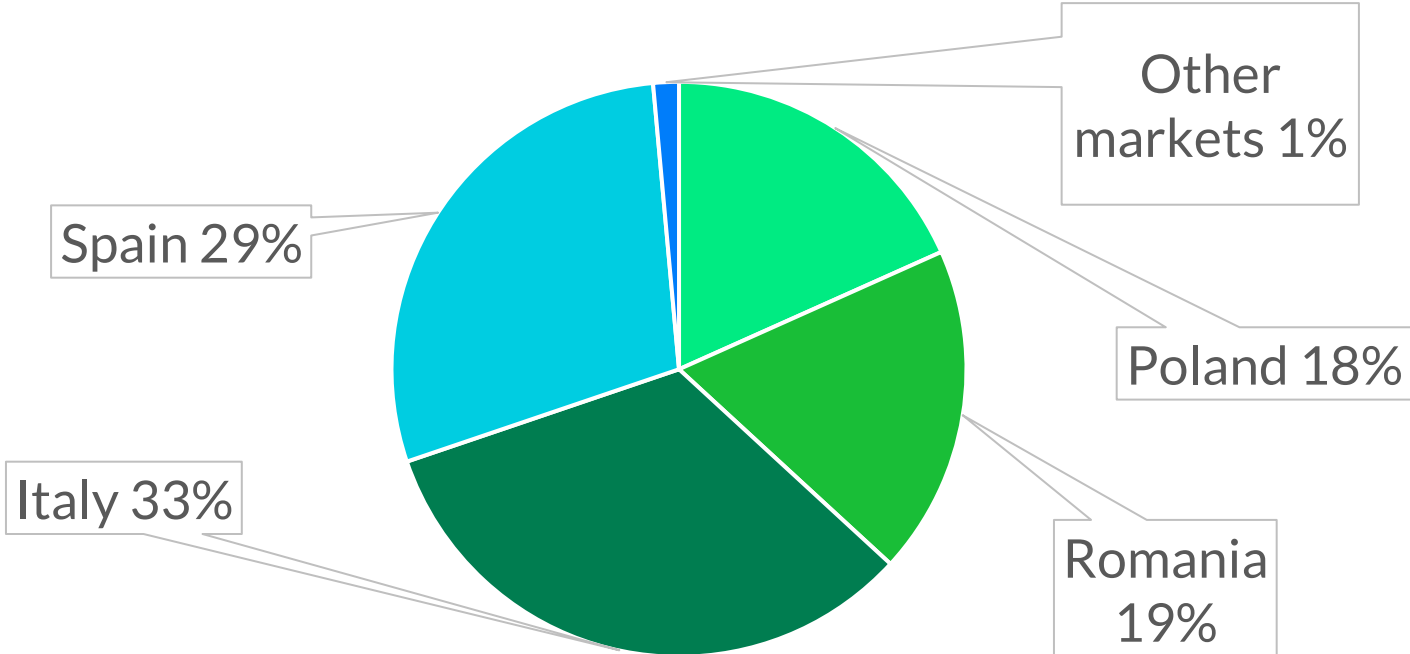
Share of each market in total recoveries



New portfolio purchases: PLN 1,351m (+45% y/y)

- ✓ Investments in new portfolio purchases in Q1-Q3 2022 totalled PLN 1,351m (+418m, or +45% y/y), the highest figure ever recorded by the Group for the first three quarters of a year.
- ✓ The largest investments were made in Italy (PLN 445m) and Spain (PLN 388m).
- ✓ The nominal value of the purchased debt portfolios was PLN 7.8bn.

Share of each market in total investments



# ROE for the last 12 months at 26%



Net profit  
PLN 677m  
(+20% y/y)

- ✓ Net profit rose by PLN 112m (20%) y/y.
- ✓ Cash EBITDA for the period came in at PLN 1,363m (PLN +212m, or +18%, y/y).
- ✓ KRUK's return on equity (ROE for the past 12 months) was 26%.

Revenue  
PLN 1,611m  
(+20% y/y)

- ✓ Revenue from purchased debt portfolios grew by PLN 231m (20%) y/y, driven largely by improved interest income on purchased portfolios (PLN +120m, or +16%, y/y) and an upward revaluation of projected recoveries amounting to PLN 305m (PLN +81m, or +36%, y/y). The revaluation was positive as a result of a strong recovery trend continuing for yet another quarter.
- ✓ 70% of the total revaluation of projected recoveries from unsecured retail portfolios in Q3 2022 was attributable to the revaluation of projected recoveries for the next 6 months.

Operating and  
administrative  
expenses  
PLN 736m  
(+23% y/y)

- ✓ In Q1-Q3 2022, operating expenses excluding depreciation and amortisation (direct and indirect costs, administrative expenses and other expenses) increased by PLN 139m (23%) y/y.
- ✓ By type, the y/y increase in operating expenses was driven mainly by higher employee costs and salaries (PLN +58m, or +21%, y/y), court and bailiff fees (PLN +38m, or +24%, y/y), and costs of the incentive scheme (PLN +9m, or +65%, y/y).

Finance costs  
PLN 127m  
(+124% y/y)

- ✓ The increase in finance costs (PLN +70m y/y) was attributable to higher debt (PLN +1,011m y/y)\*\* and significantly higher 1M/3M WIBOR rates (a rise from 0.18%/0.23% in September 2021 to 7.11%/7.21% in September 2022, respectively).
- ✓ IRS and CIRS contracts used for hedging purposes and fixed-rate bonds (a total of PLN 1,365m) represent 40% of the Group's total debt as at September 30th 2022.
- ✓ WIBOR-susceptible debt accounted for 18% (PLN 613m) of the Group's total debt as at September 30th 2022.\*\*

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

\*\* Debt reported at nominal value.

# Strong balance sheet



Equity  
PLN 3.1bn  
(+29% y/y)

- ✓ Equity represents 44% of the KRUK Group's financing sources. KRUK's ratio of net interest-bearing debt to equity at 1.0x (maximum value at 3.0x) and net interest-bearing debt to cash EBITDA at 1.8x (maximum value at 4.0x) are among the lowest vs major peers.\*
- ✓ Cash EBITDA to interest on debt ratio was 10.4x (minimum level at 4.0x)
- ✓ As at September 30th 2022, the Company had undrawn lines of credit of PLN 967m.
- ✓ As at September 30th 2022, the total amount available to the KRUK Group under lines of credit increased by PLN 622m relative to the year-end 2021, to PLN 2.9bn. In Q1-Q3 2022, KRUK issued PLN 510m worth of new bonds.
- ✓ WIBOR-susceptible debt accounted for 18% (PLN 613m) of the Group's total debt as at September 30th 2022.\*\*

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Group's assets  
PLN 7.0bn  
(+33% y/y)

- ✓ The carrying amount of the Group's investments in debt portfolios was PLN 6.2bn and accounted for 87% of its assets.
- ✓ The carrying amount of loans granted was PLN 360m, representing 5% of the Group's assets.
- ✓ As at September 30th 2022, cash and cash equivalents amounted to PLN 197m.

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

\*\* Debt reported at nominal value.

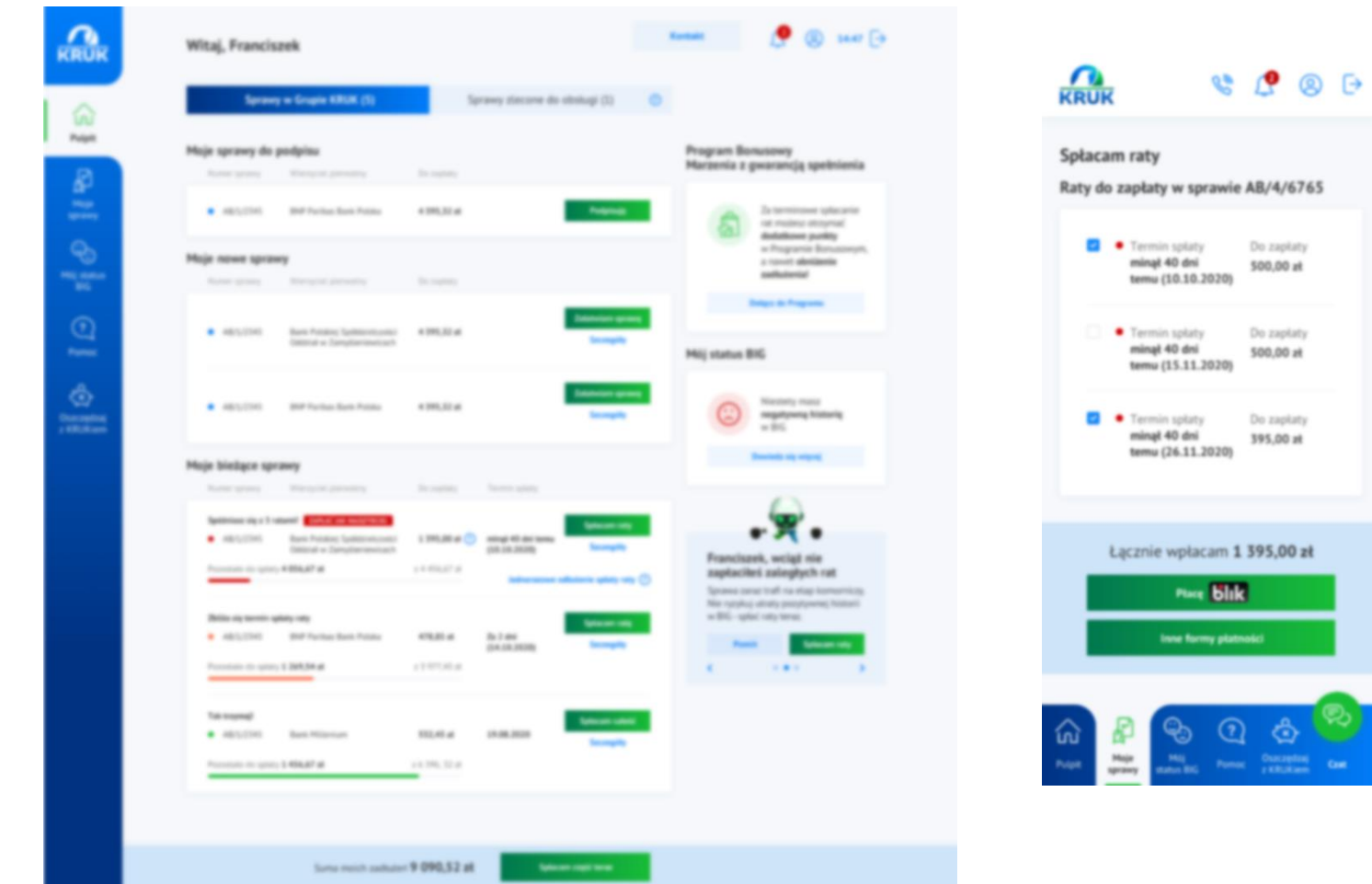


# Technology development



## Rollout 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, indebted persons also 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 Q1-Q3 2022, the share of online payments as a percentage of total amicable collections was as follows: 60% in Spain, 41% in Poland, 42% in Italy and 29% in Romania.
- ✓ The share of settlement agreements in paperless form came to 89%.
- ✓ In September 2022, the number of e-KRUK users increased by 26% relative to December 2021.



## Automation, machine learning and artificial intelligence

- ✓ Since its inception, KRUK has purchased almost 10.7m 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

- ✓ In Q2 2022, a dedicated function was 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 Q1-Q3 2022, by segment



(PLNm)

	Poland		Romania		Italy		Spain		Other markets		Head Office		Total	
	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Expenditure on debt portfolios	247	461	250	118	445	204	388	131	20	19	N/A		1,351	933
Recoveries	933	783	439	422	316	226	165	118	75	66	N/A		1,928	1,615
Carrying amount of purchased debt portfolios (PLNbn)	2,7	2,1	1,2	0,9	1,4	0,9	0,7	0,5	0,2	0,1	N/A		6.2	4.5
Revenue	803	682	416	329	267	203	75	81	46	45	N/A		1,611	1,341
Purchased debt portfolios	666	581	403	316	261	196	63	70	46	45	N/A		1,439	1,208
Credit management services	21	18	10	10	6	7	12	11			N/A		49	45
Wonga	94	63									N/A		94	63
Other activities	21	20	3	3							N/A		24	23
EBITDA	512	442	317	244	116	77	-10	17	22	22	-79	-55	875	744
Cash EBITDA	779	644	353	350	171	107	92	66	50	43	-79	-55	1,363	1,151

# Operations of the KRUK Group – Poland



(PLNm)	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
EXPENDITURE ON DEBT PORTFOLIOS	247	461	-46%	130	259	72	638	10	127	110
RECOVERIES	933	783	19%	250	271	262	291	312	325	296
PORTFOLIO CARRYING AMOUNT	2,666	2,143	24%	1,929	2,151	2,143	2,668	2,584	2,653	2,666
REVENUE	803	682	18%	199	261	222	191	258	302	243
PURCHASED DEBT PORTFOLIOS	666	581	15%	166	231	183	170	217	257	192
REVALUATION OF PROJECTED RECOVERIES	133	96	39%	5	49	41	14	37	69	28
CREDIT MANAGEMENT SERVICES	21	18	17%	6	6	6	6	7	7	7
WONGA	94	63	51%	20	17	26	9	27	31	36
OTHER ACTIVITIES	21	20	6%	6	7	7	5	7	7	7
EBITDA	512	442	16%	122	183	136	101	164	205	143
WONGA	52	25	107%	9	5	11	11	11	19	22
CASH EBITDA	779	644	21%	206	223	215	222	258	273	248
PORTFOLIO PROFITABILITY (LTM)*	35%	38%	-7%	30%	34%	38%	33%	35%	35%	35%

- The KRUK Group's expenditure on portfolio purchases in Poland reached PLN 247m, representing 18% of all funds invested by the Group in the nine months ended September 30th 2022. The nominal value of the purchased portfolios is approximately PLN 1.3bn. In Poland, KRUK invested primarily in unsecured retail portfolios.
- In H1 2022, recoveries from the Polish market amounted to PLN 933m (+19% y/y), accounting for 48% of the Group's total recoveries.
- At the end of the period, the carrying amount of purchased debt portfolios was PLN 2,666m (+24% y/y). Polish portfolios accounted in total for 43% of the carrying amount of all debt portfolios held by the KRUK Group.
- Revenue of PLN 803m was mainly attributable to the excess of actual recoveries over the projected amounts and a revaluation of projected recoveries, which totalled PLN 133m. Wonga generated revenue of PLN 94m.

\* 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 – Romania



(PLNm)	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
EXPENDITURE ON DEBT PORTFOLIOS	250	118	112%	20	23	75	49	103	57	91
RECOVERIES	439	422	4%	140	146	136	143	145	142	152
PORTFOLIO CARRYING AMOUNT	1160	907	28%	861	843	907	887	1,016	59	85
REVENUE	416	329	27%	90	131	107	84	166	142	108
PURCHASED DEBT PORTFOLIOS	403	316	27%	86	127	103	79	162	137	104
REVALUATION OF PROJECTED RECOVERIES	161	103	56%	11	50	41	15	88	57	16
CREDIT MANAGEMENT SERVICES	10	10	9%	3	3	3	4	3	4	3
OTHER ACTIVITIES	3	3	4%	1	1	1	1	1	1	1
EBITDA	317	244	30%	63	104	77	51	136	108	73
CASH EBITDA	353	350	1%	116	123	110	114	118	113	122
PORTFOLIO PROFITABILITY (LTM)*	47%	48%	-3%	37%	46%	48%	45%	50%	47%	47%

- In Q1-Q3 2022, expenditure on portfolio purchases in Romania reached PLN 250m (+112% y/y), with the nominal value of the portfolios at PLN 2.0bn. 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 portfolios amounted to PLN 439m (+4% y/y). They accounted for 23% of the Group's total recoveries.
- At the end of the period, the carrying amount of purchased debt portfolios was PLN 1,160m (+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 416m (+27% y/y) was mainly attributable to a significant revaluation of projected recoveries, by PLN 161m (+56%).

# Operations of the KRUK Group – Italy



(PLNm)	Q1-Q3 2022	Q1-Q3 2021	y/y
EXPENDITURE ON DEBT PORTFOLIOS	445	204	118%
RECOVERIES	316	226	40%
PORTFOLIO CARRYING AMOUNT	1,435	915	57%
REVENUE	267	203	32%
PURCHASED DEBT PORTFOLIOS	261	196	33%
REVALUATION OF PROJECTED RECOVERIES	43	25	72%
CREDIT MANAGEMENT SERVICES	6	7	-11%
EBITDA	116	77	50%
CASH EBITDA	171	107	59%
PORTFOLIO PROFITABILITY (LTM)*	29%	28%	2%

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

- On the Italian market in Q1-Q3 2022, KRUK invested PLN 445m (+118% y/y; 33% of total expenditure), purchasing debt worth nominally PLN 2.3bn.
- Amounts recovered in the Italian market came to PLN 316m (+40% y/y), accounting for 16% of the Group's total recoveries.
- As at September 30th 2022, the carrying amount of debt portfolios purchased on that market was PLN 1,435m, representing 23% of the KRUK Group's total carrying amount of debt portfolios.
- Revenue of PLN 267m was mainly driven by strong recoveries and a PLN 43m positive revaluation of projected recoveries.

# Operations of the KRUK Group – Spain



(PLNm)	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
EXPENDITURE ON DEBT PORTFOLIOS	388	131	197%	0	82	49	0	0	235	153
RECOVERIES	165	118	40%	36	44	38	55	45	52	68
PORTFOLIO CARRYING AMOUNT	743	450	65%	358	421	450	420	400	580	743
REVENUE	75	81	-7%	27	41	13	32	24	-3	54
PURCHASED DEBT PORTFOLIOS	63	70	-9%	24	37	9	28	20	-7	50
REVALUATION OF PROJECTED RECOVERIES	-39	-7	-424%	1	4	-12	3	-4	-39	4
CREDIT MANAGEMENT SERVICES	12	11	4%	3	4	4	4	4	4	3
EBITDA	-10	17	-156%	6	21	-10	1	-1	-32	23
CASH EBITDA	92	66	39%	18	29	19	28	24	27	40
PORTFOLIO PROFITABILITY (LTM)*	15%	17%	-13%	15%	20%	17%	25%	25%	13%	15%

- On the Spanish market in Q1-Q3 2022, KRUK invested PLN 388m (+197% y/y; 29% of total expenditure), purchasing debt worth nominally PLN 2.1bn.
- Amounts recovered in Spain reached PLN 165m (+40% y/y), accounting for 9% of the Group's total recoveries.
- As at September 30th 2022, the carrying amount of debt portfolios purchased on that market was PLN 743m, representing 12% of the KRUK Group's total carrying amount of debt portfolios.
- Q1-Q3 2022 revenue from the Spanish market amounted to PLN 75m (-7% y/y), due mainly to a PLN 39m negative revaluation of projected recoveries, being a net effect of an upward revaluation of unsecured retail portfolios and a downward revaluation of corporate debt portfolios. In Q3 2022 alone, the revaluation of projected recoveries on the Spanish market was positive, at PLN 3.7m.

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



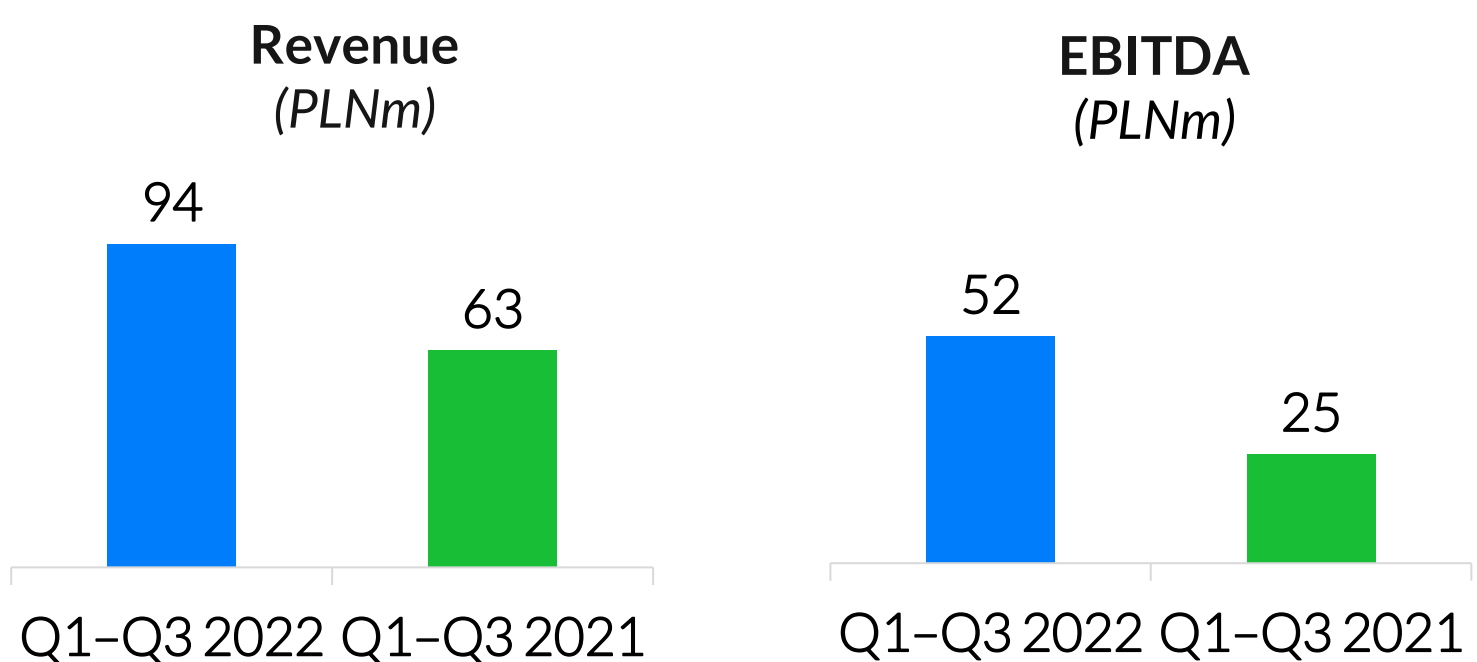
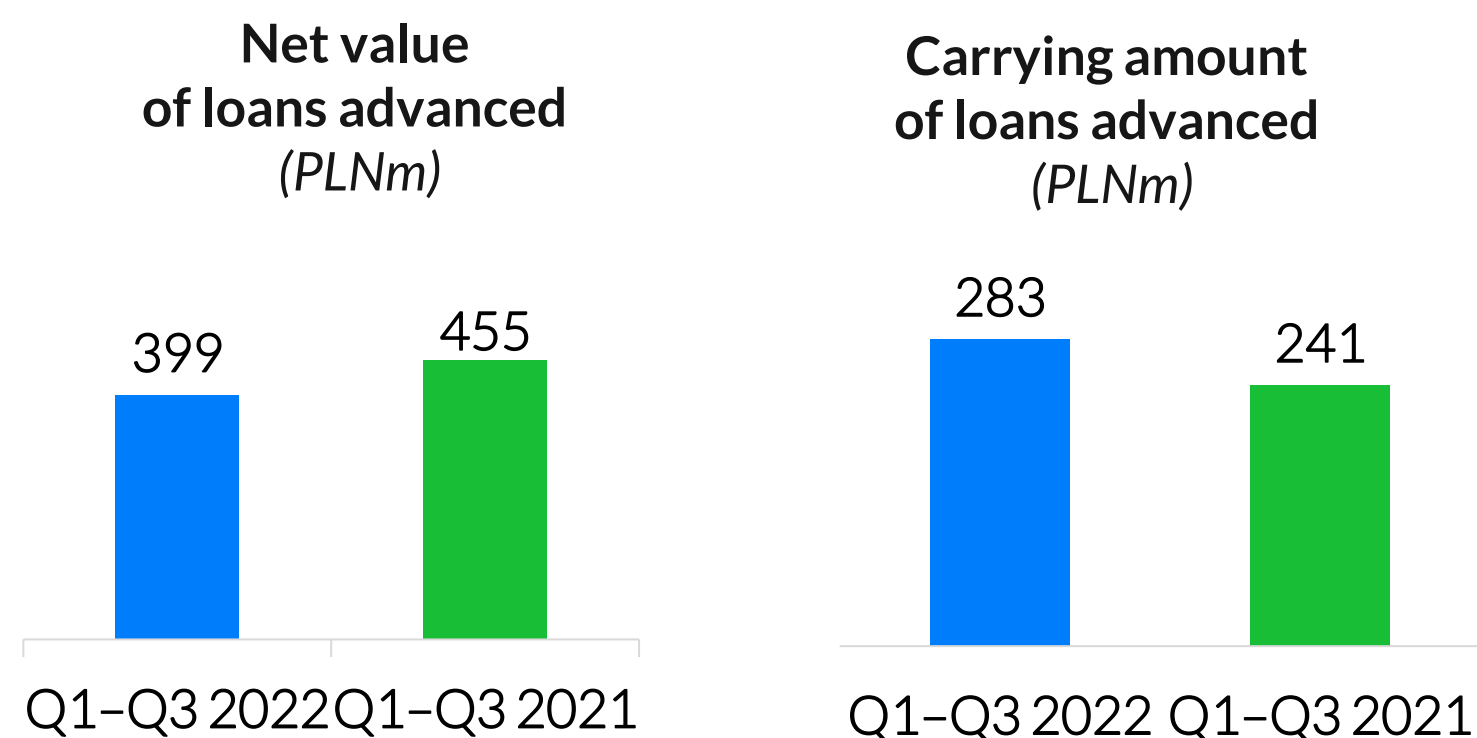
(PLNm)	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
EXPENDITURE ON DEBT PORTFOLIOS	20	19	3%	10	3	6	40	2	6	12
RECOVERIES	75	66	14%	20	22	23	25	25	26	24
PORTFOLIO CARRYING AMOUNT	154	120	28%	122	124	120	153	147	145	154
REVENUE	46	45	3%	12	17	16	16	14	18	14
PURCHASED DEBT PORTFOLIOS	46	45	3%	12	17	16	16	14	18	14
REVALUATION OF PROJECTED RECOVERIES	7	7	-10%	0	4	3	4	1	3	2
EBITDA	22	22	0%	5	9	8	8	6	10	6
CASH EBITDA	50	43	19%	13	14	15	16	17	17	16
PORTFOLIO PROFITABILITY (LTM)*	46%	49%	-6%	38%	46%	49%	45%	46%	51%	46%

- Investments in the Czech Republic and Slovakia amounted to PLN 20m.
- Recoveries reached PLN 75m (+14% y/y), accounting for 4% of the Group's total recoveries.
- As at September 30th 2022, the carrying amount of debt portfolios purchased on those markets was PLN 154m, representing 2% of the KRUK Group's total carrying amount of debt portfolios.

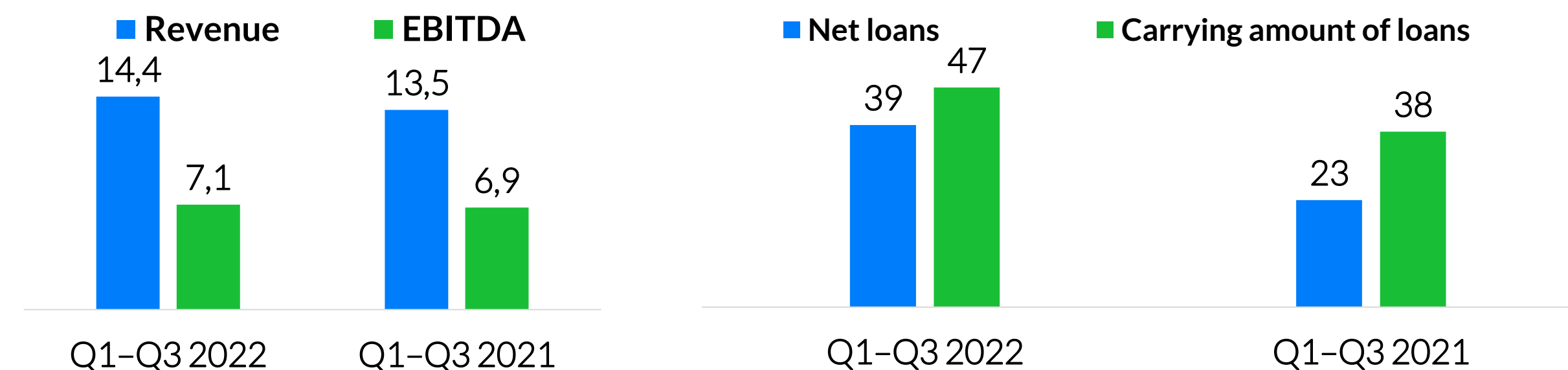
\* LTM portfolio profitability calculated as the sum of revenue from purchased portfolios for the last 12 months divided by the arithmetic mean of the portfolio value at the beginning and at the end of the last 12 months.



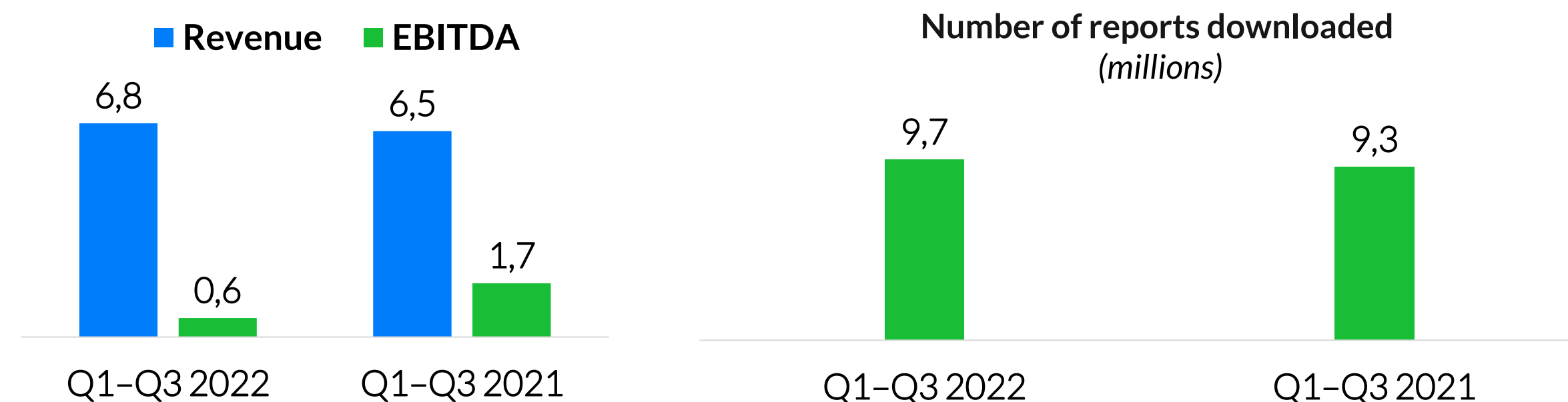
# Operations of the KRUK Group – Wonga, Novum, ERIF



- Wonga.pl disbursed 152 thousand cash loans in Poland, with a net amount of PLN 400m.
- As at September 30th 2022, the carrying amount of loans advanced by Wonga was PLN 283m, up 16% y/y.
- Wonga's revenue came in at PLN 94m (+51% y/y), with EBITDA at PLN 52m (+107% y/y).



Novum's revenue in Poland totalled PLN 14.4m (+6% y/y), with EBITDA at PLN 7.1m (+3% y/y).



- ERIF's revenue was PLN 6.8m (+4% y/y), with EBITDA at PLN 0.6m (-64% y/y).
- The total number of records in the ERIF database was 155m, of which 98% were positive records.

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



PLNm	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>PURCHASED DEBT PORTFOLIOS</b>										
Expenditure on debt portfolios	1,351	933	45%	159	484	289	805	262	495	594
Recoveries	1,928	1,615	19%	512	553	550	601	623	657	648
<b>STATEMENT OF PROFIT OR LOSS</b>										
<b>Operating income</b>	<b>1,611</b>	<b>1,341</b>	<b>20%</b>	<b>383</b>	<b>513</b>	<b>445</b>	<b>401</b>	<b>545</b>	<b>557</b>	<b>509</b>
Purchased debt portfolios	1,439	1,208	19%	341	472	396	367	493	500	446
Revaluation of projected recoveries	305	224	36%	18	117	89	46	135	109	61
Income from difference between projected and actual recoveries and other items*	269	271	-1%	89	124	58	56	79	109	82
Credit management services	49	45	8%	15	15	15	16	16	17	16
Other products and services	122	88	40%	28	26	34	18	36	40	47
<b>EBITDA</b>	<b>875</b>	<b>744</b>	<b>18%</b>	<b>193</b>	<b>317</b>	<b>235</b>	<b>164</b>	<b>317</b>	<b>305</b>	<b>253</b>
EBITDA margin	54%	56%		50%	62%	53%	41%	58%	55%	50%
Finance income / costs	-127	-57	-124%	-30	3	-30	-29	-40	-38	-49
of which: net foreign exchange gains/(losses)	5	7	-30%	-5	14	-2	0	-2	7	0
<b>Profit before tax</b>	<b>711</b>	<b>651</b>	<b>9%</b>	<b>151</b>	<b>306</b>	<b>193</b>	<b>123</b>	<b>265</b>	<b>254</b>	<b>191</b>
Tax expense	-34	-85	61%	-24	-38	-23	6	-21	-9	-3
Tax %	5%	13%		16%	12%	12%	-5%	8%	4%	1%
<b>Net profit</b>	<b>677</b>	<b>565</b>	<b>20%</b>	<b>127</b>	<b>268</b>	<b>170</b>	<b>130</b>	<b>244</b>	<b>245</b>	<b>188</b>
Net profit margin	42%	33%		33%	52%	38%	32%	45%	0%	0%
ROE rolling (LTM)	26%	25%		12%	22%	25%	27%	28%	27%	26%
<b>Cash EBITDA</b>	<b>1,363</b>	<b>1,151</b>	<b>18%</b>	<b>364</b>	<b>399</b>	<b>389</b>	<b>397</b>	<b>447</b>	<b>462</b>	<b>455</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	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Operating income</b>	<b>1,611</b>	<b>1,341</b>	<b>20%</b>	<b>383</b>	<b>513</b>	<b>445</b>	<b>401</b>	<b>545</b>	<b>557</b>	<b>509</b>
Poland	803	682	18%	199	262	222	191	258	302	243
Romania	416	329	27%	90	131	107	84	166	142	108
Italy	267	203	32%	54	62	87	76	82	97	88
Spain	75	81	-7%	27	41	13	32	24	-3	54
Other countries	46	45	3%	12	17	16	16	14	18	14
<b>EBITDA</b>	<b>875</b>	<b>744</b>	<b>18%</b>	<b>193</b>	<b>317</b>	<b>235</b>	<b>164</b>	<b>317</b>	<b>305</b>	<b>253</b>
EBITDA margin	54%	56%		50%	62%	53%	41%	58%	55%	50%
Finance income/costs	-127	-57	-124%	-30	3	-30	-29	-40	-38	-49
Income tax	-34	-85	61%	-24	-38	-23	6	-21	-9	-3
<b>Net profit</b>	<b>677</b>	<b>565</b>	<b>20%</b>	<b>127</b>	<b>268</b>	<b>170</b>	<b>130</b>	<b>244</b>	<b>245</b>	<b>188</b>
Net profit margin	42%	42%		33%	52%	38%	32%	45%	44%	37%

# KRUK Group – cash flows (presentation format)



PLNm	Q1-Q3 2022	Q1-Q3 2021	y/y	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Cash flows from operating activities</b>	<b>997</b>	<b>953</b>	<b>5%</b>	<b>303</b>	<b>357</b>	<b>294</b>	<b>336</b>	<b>348</b>	<b>350</b>	<b>299</b>
Recoveries – purchased debt portfolios	1,928	1,615	19%	512	553	550	601	623	657	648
Operating costs – purchased debt portfolios	-453	-373	-21%	-123	-121	-129	-161	-139	-157	-156
Operating margin – credit management	11	11	-5%	4	4	3	4	4	3	3
Administrative expenses	-193	-144	-34%	-42	-50	-52	-60	-58	-67	-68
Other operating cash flow	-297	-156	-90%	-48	-30	-79	-47	-82	-87	-129
<b>Cash flows from investing activities</b>	<b>-1,365</b>	<b>-944</b>	<b>-45%</b>	<b>-162</b>	<b>-490</b>	<b>-292</b>	<b>-811</b>	<b>-265</b>	<b>-503</b>	<b>-596</b>
Expenditure on debt portfolio purchases	-1,351	-933	-45%	-159	-484	-289	-805	-262	-495	-594
Other investing cash flow	-14	-12	-21%	-3	-6	-3	-6	-3	-8	-3
<b>Cash flows from financing activities</b>	<b>366</b>	<b>22</b>	<b>1551%</b>	<b>-117</b>	<b>492</b>	<b>-353</b>	<b>497</b>	<b>39</b>	<b>9</b>	<b>318</b>
Issue of shares	10	0	-	0	0	0	23	0	10	0
Dividend /Share repurchase	-249	-206	-21%	0	0	-206	0	0	-249	0
Increase in borrowings and lease liabilities	2,163	1,933	12%	348	1,133	451	981	602	941	619
Issue of bonds	510	485	5%	20	400	65	50	400	50	60
Decrease in borrowings and lease liabilities	-1,713	-1,800	5%	-445	-803	-552	-447	-800	-542	-371
Redemption of bonds	-391	-400	2%	-65	-300	-35	-140	-150	-241	0
Other financing cash flow	36	10	247%	26	61	-76	30	-14	40	10
<b>Net cash flows</b>	<b>-2</b>	<b>31</b>	<b>-107%</b>	<b>24</b>	<b>358</b>	<b>-351</b>	<b>22</b>	<b>122</b>	<b>-144</b>	<b>20</b>

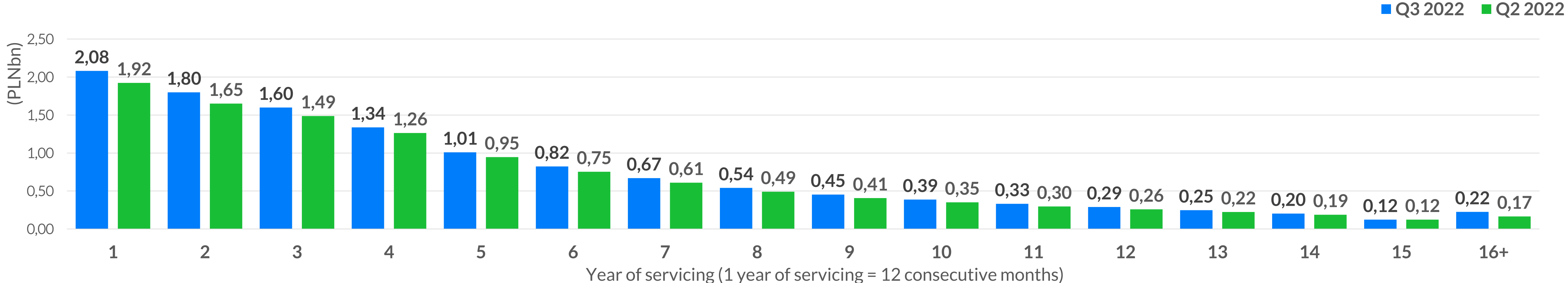
# The KRUK Group – selected items of the statement of financial position (presentation format)



PLNm	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	197	177	321	199	177	528	170	146	266	251
Investments in debt portfolios and loans	6,518	5,980	5,593	5,417	4,836	4,601	4,234	4,209	3,984	4,076
Other assets	327	309	319	294	270	244	267	289	262	309
<b>Total assets</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>3,132</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	2,461	2,273	2,277	2,034	1,903	1,734	1,671	1,544	1,497	1,536
<b>Liabilities</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	2,015	1,754	1,361	1,564	1,032	1,137	804	908	765	1,031
Bonds	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>7,043</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	3,438	3,116	2,921	2,869	2,427	2,497	2,077	2,222	2,148	2,385
Net interest-bearing debt	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	1,0	1,0	0,9	1,0	0,9	0,9	0,9	1,0	0,9	1,1



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



Estimated remaining collections as at September 30th 2022 amounted to PLN 12.1bn (PLN +0.9bn, or +9%, q/q). The increase was driven, among other factors, by investments of PLN 594m in debt portfolios made in Q3 2022, and a revaluation of projected recoveries as at the end of September 2022, with a discounted value of PLN 61m.

70% of the total revaluation of projected recoveries from unsecured retail portfolios as at September 30th 2022 was attributable to the revaluation of projected recoveries for the next 6 months.

# Financing structure – the lowest debt level in the industry\*



**Bank loans used**

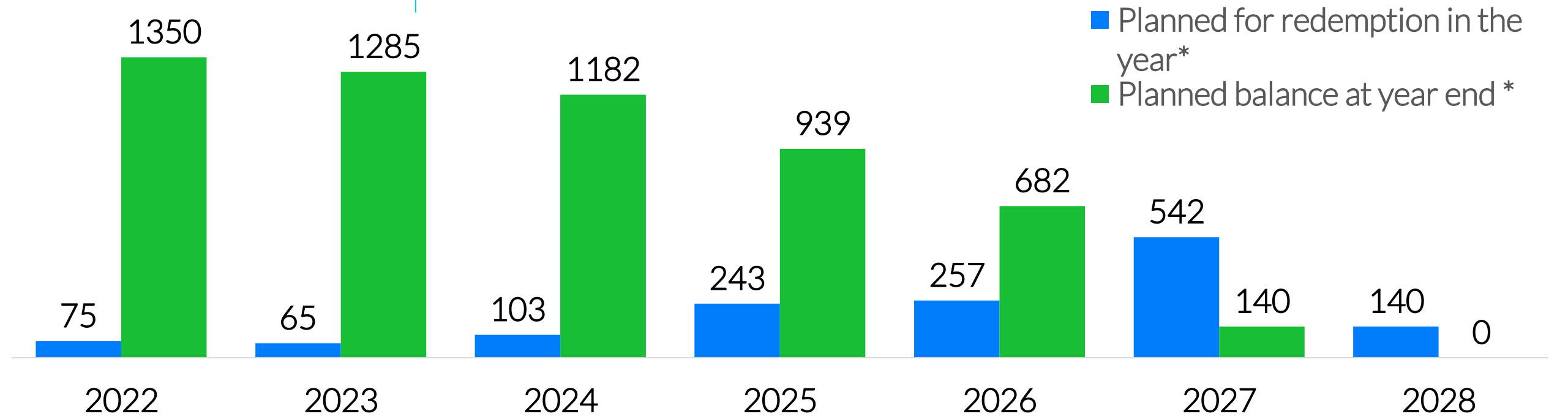
- 1M/3M WIBOR + 1.0-2.85 pp
- 1M EURIBOR + 2.2-2.95pp
- PLN 553m based on WIBOR
- PLN 1,393m based on EURIBOR



**Bonds**

- 3M WIBOR + 3.2-4.0pp
- fixed for PLN: 4.0-4.8pp
- in PLN, with variable rate: PLN 1,245m
- in PLN, with fixed rate: PLN 180m

**18%** | PLN 613m of WIBOR-susceptible debt\*\*



\* Nominal values as at September 30th 2022.

Net debt/equity: 1.0x (maximum value at 3.0x)

Net debt/cash EBITDA: 1.8x (maximum value at 4.0x)

Cash EBITDA to interest on debt ratio: 10.4x (minimal value at 4.0x)

\* Credit Management Services Report by JP Morgan (October 2022)  
 \*\* Debt reported at nominal value.



# Agenda



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

# KRUK Group's sustainability achievements in Q3 2022

## ENVIRONMENTAL RESPONSIBILITY

- Participation in surveys conducted by CDP (formerly Carbon Disclosure Project) and EFRAG (European Financial Reporting Advisory Group) to assess business organisations' contributions to climate protection and readiness to apply new non-financial reporting standards.
- The percentage of paperless settlement agreements signed in Spain, Poland, Romania, and Italy maintained at more than 81%.
- Involvement in environmental education projects, including the Earth Overshoot Day.

## SOCIAL RESPONSIBILITY

- Engagement in relief efforts for Ukrainian refugees in the Group's operating countries neighbouring Ukraine. KRUK's contribution was recognised by UNGC and highlighted in the 'United Business for Ukraine' report, which was presented in New York.
- The KRUK Group's kapitalni.org website, dedicated to ongoing financial education informing actual consumer decisions and attitudes, recorded 179,588 unique visitors in Q3 2022.

## RESPONSIBLE GOVERNANCE

- 62% proportion of women in the total workforce, with 63% proportion of women in top managerial positions and 41% on the management bodies at the KRUK Group
- The results of a dedicated survey conducted at the KRUK Group indicate that its organisational culture is highly constructive, both task- and relationship-oriented.
- KRUK is an active participant in the 'Ethical Communication' and 'Climate Positive' programmes of the UNGC Network Poland. In Q3 2022, we also joined the 'Equal Opportunity in Business' programme, which is dedicated to promoting diversity and inclusion in organisations.

63% of top managerial positions held by women

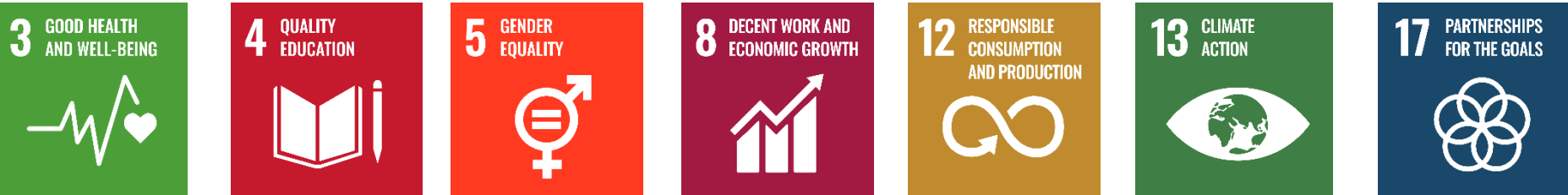
81% of all settlement agreements signed in paperless form in the Group's 4 largest operating markets

Participation in CDP and EFRAG surveys

Continued aid measures for Ukraine

Highly constructive organisational culture

Active participation in three United Nations Global Compact programmes



# Investor Relations



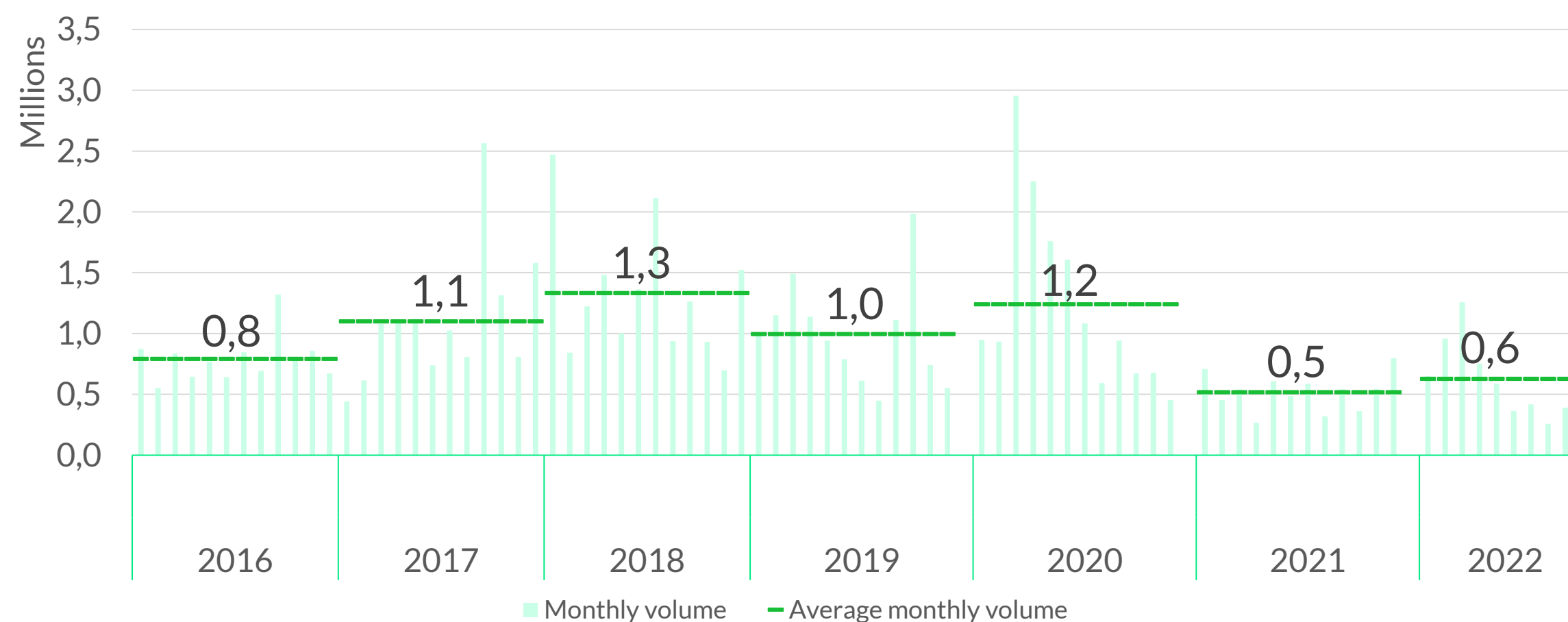
## Selected IR events planned for 2022

Date	Event
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
November 24th	Santander Annual Financial Sector Conference
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	14.30%
Piotr Krupa	9.05%
OFE Aviva Santander	9.01%
OFE PZU Złota Jesień	8.54%
OFE Aegon	5.83%
OFE Allianz Polska	4.87%
OFE MetLife	4.56%
OFE Generali	4.43%
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
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\* Source: stooq.pl as at September 30th 2022.



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