



KREDYT INKASO SA

**Presentation of the results
of the financial year ended 31
March 2021**

Warsaw, 21 July 2021

MAIN EVENTS OF THE YEAR



Significantly lower than expected impact of COVID-19 pandemic on recoveries:

- cash recoveries remained satisfactory and increased from quarter to quarter
- related **PLN 31.6 million positive deviation of payments** from curves and
- **35.4 million positive verification of projections** (against 55 million negative verification of projections in the previous year as a result of COVID-19 pandemic)

Preparations for acquiring new debt:

- Change of the lending period for ING credit lines in KI NSFIZ I and II from 3 to 5 years (in the previous year)
- Weakening of F1, G1 and B1 series covenants (after the end of the period), submission of a prospectus to the Polish Financial Supervision Authority [KNF]

Continuation of the Company's deleveraging:

- Since the quarter ended in March 2019, the Company's net debt decreased by PLN 137 million

Changes in accounting policy:

- Change in the presentation of interest revenue in order to adapt to the market leader.

Extension of the Management Board to Vice President Iwona Słomska

- Iwona is a graduate of the University of Wrocław and Wrocław University of Technology, as well as the WSB University. For 16 years at KRUK S.A., including 12 as a Member of the Management Board. At Kredyt Inkaso, she is responsible for HR, projects, organisational culture, compliance, PR and marketing.

M&A:

- Acquisition of Advisors company with a licence to manage securitised receivables. The new name is KI Solver Sp. z o.o.

Expected increase in portfolio supply, first purchases of portfolios for 3 years

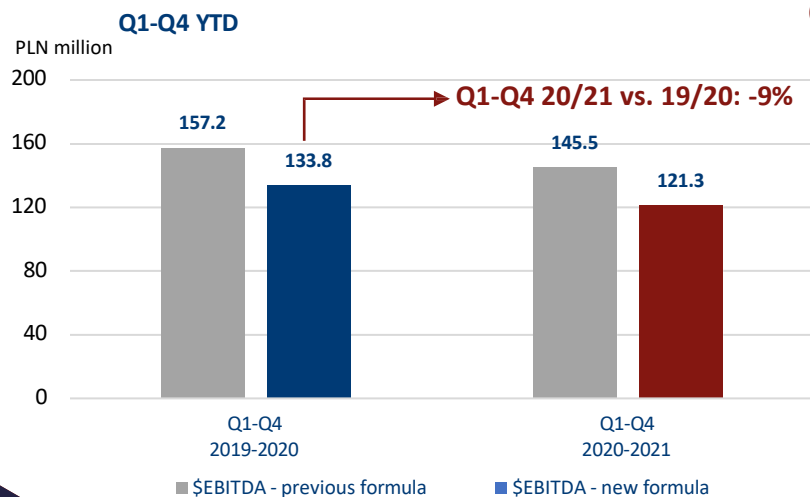
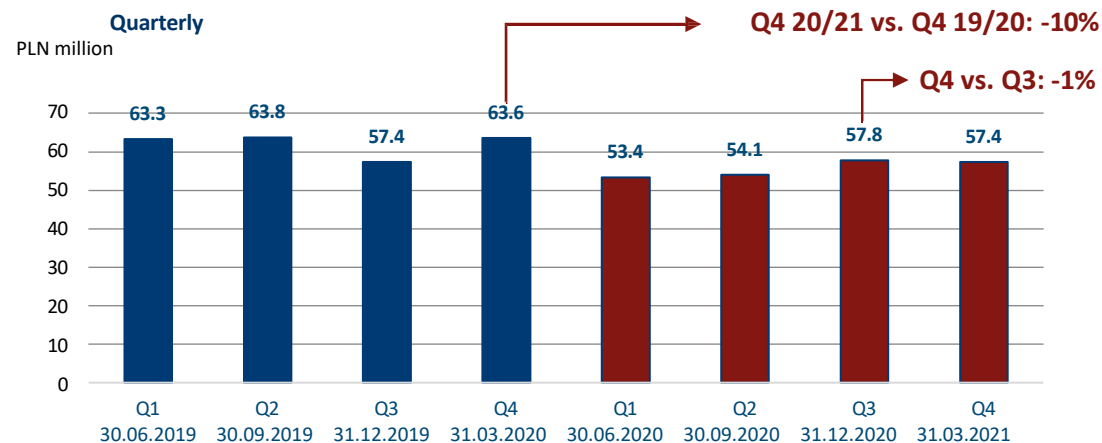
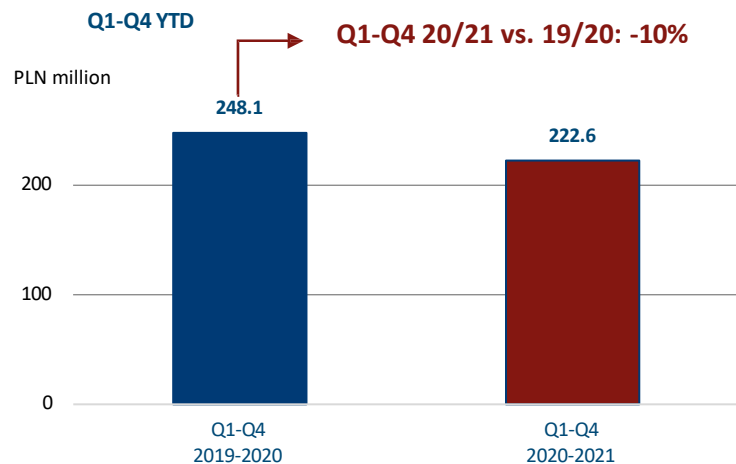
CORPORATE MATTERS:



- 07/10/2020 John Van Kennel (Shareholder) acquired 1937 KISA shares worth approximately PLN 20 thousand.
- 27/11/2020, during the General Meeting of Shareholders, the Shareholder voted against the resolution on appointing Daniel Dąbrowski to the Supervisory Board and in favour of the resolution to revoke Maciej Szymański from the Management Board.
- 15/01/2021 The Shareholder obtained collateral for claims by limiting Maciej Szymański's actions to the activities of ordinary management and "suspension of the enforceability of the resolution on the appointment of Daniel Dąbrowski to the Supervisory Board". The Shareholder argued that WPEF VI Holding V lost voting right on his shares as a result of incorrect notification of his structure in the call in 2016.
- On 22/02/2021, the Company complained to the Court about securing claims.
- On 04/04/2021, the Polish Financial Supervision Authority [KNF] published its position on notification obligations in the case of summons, which is different from the position of the Shareholder.
- On 27/04/2021, the Court, at the request of the Company, **repealed the collateral granted in full.**
- On 27/04/21, the Company received a notification on the acquisition of 7,929,983 KISA shares by WPEF VI Holding 5, which constitutes 61.49% of the Company's share capital.

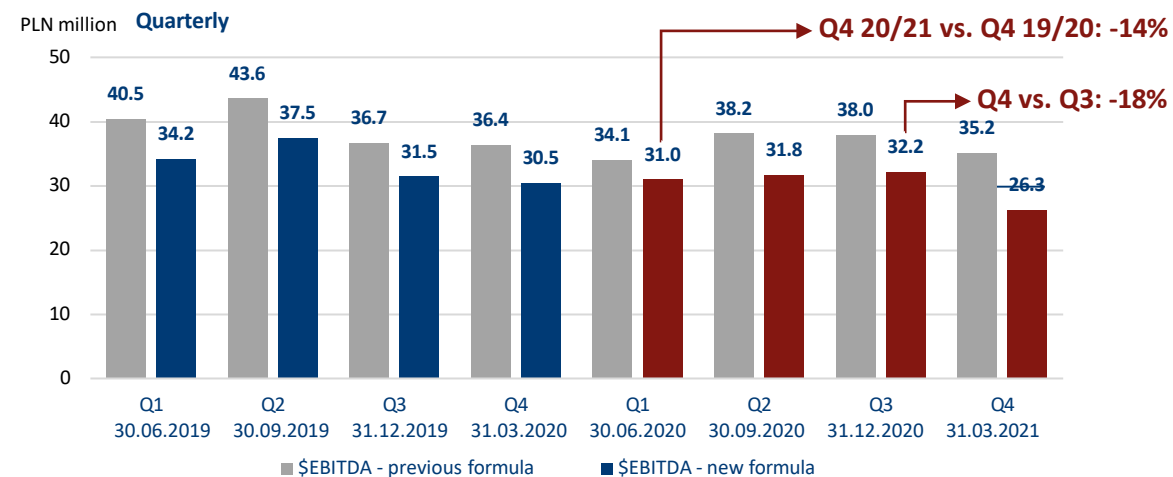
KEY RESULTS – p. 1

GROSS COLLECTIONS BY DEBTORS



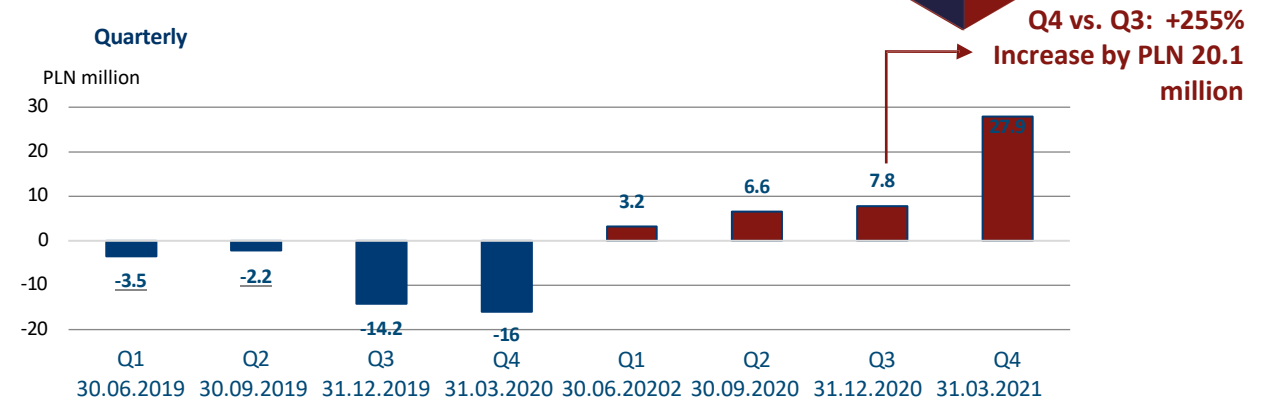
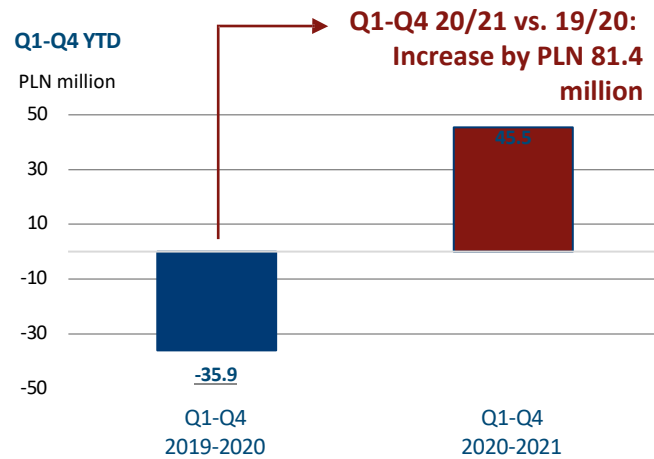
CASH EBITDA

Cash EBITDA =
 EBIT
 + depreciation of tangible
 fixed assets and
 intangible assets
 - interest revenues from
 acquired receivables
 - revaluation of acquired
 receivables
 + collections from acquired
 receivables

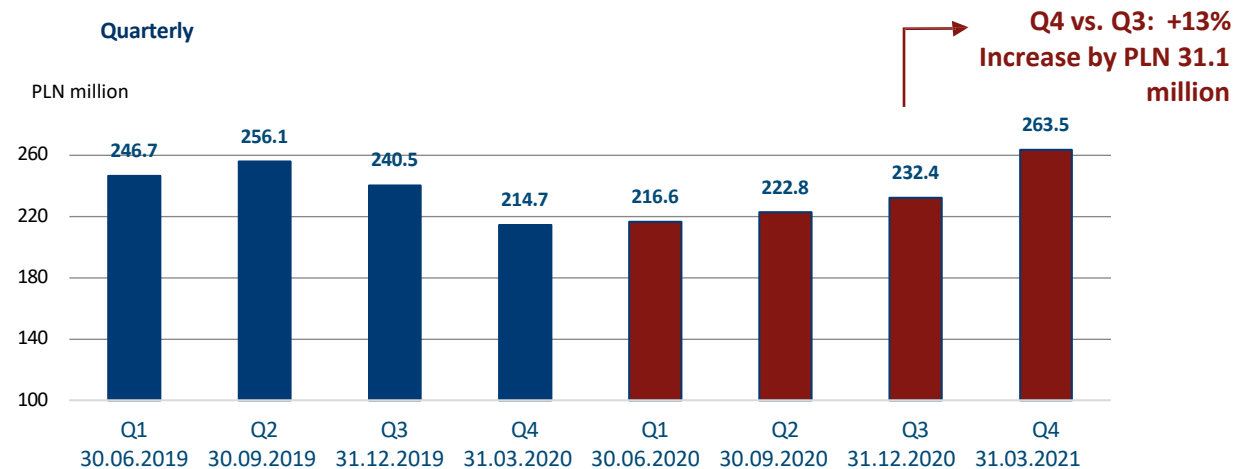
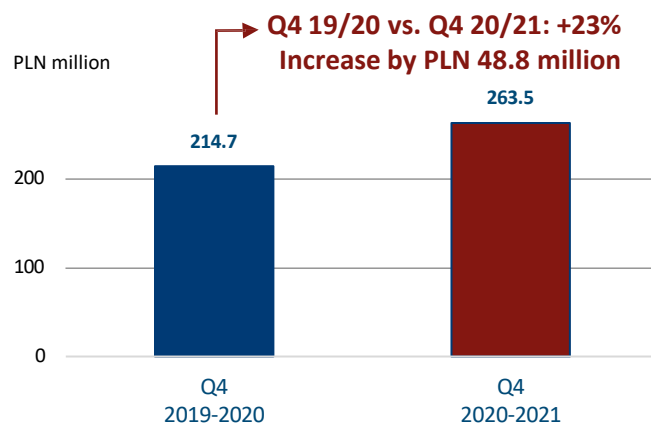


KEY RESULTS – p. 2

NET PROFIT / (LOSS)



CONSOLIDATED EQUITY



CHANGE IN INTEREST REVENUE CALCULATION & \$EBITDA



PLN thousand	2020 / 21			2019 / 20 (comparable data)		
	PREVIOUSLY	COURT AND ENFORCEMENT FEES	NEW PRESENTATION	PREVIOUSLY	COURT AND ENFORCEMENT FEES	NEW PRESENTATION
P&L						
Interest revenues	101,409	24,213	125,622	143,358	23,385	166,744
Revaluation of portfolios	68,584		68,584	(47,794)		(47,794)
Other net revenues	6,095		6,095	10,450		10,450
Total net revenues	176,088	24,213	200,301	106,015	23,385	129,400
OPEX	(89,674)	(24,213)	(113,887)	(108,185)	(23,385)	(131,570)
EBIT	86,414	-	86,414	(2,170)	-	(2,170)
Cash EBITDA						
EBIT	86,414	-	86,414	(2,170)	-	(2,170)
Recoveries from indebted persons	222,618		222,618	248,145		248,145
Interest income on debt portfolios	(101,409)	(24,213)	(125,622)	(143,358)	(23,385)	(166,744)
Revaluation of portfolios	(68,584)	-	(68,584)	47,794	-	47,794
Depreciation of tangible fixed assets in use & intangible assets	6,457	-	6,457	6,770	-	6,770
Cash EBITDA	145,496	(24,213)	121,283	157,180	(23,385)	133,795

Starting from Q4 2021, change in the calculation of interest revenues and \$EBITDA

- Previously, court and enforcement fees decreased net revenues.
- The new presentation is identical to the one used by the market leader: on the one hand, court and enforcement fees increase interest revenues and on the other hand they are in operating costs, thus reducing the level of cash EBITDA compared to the previous recognition.

PROFIT AND LOSS ACCOUNT



KREDYT INKASO SA

PLN thousand	2019/20	2020/21					Change (%)
	YTD	Q1	Q2	Q3	Q4	YTD	YTD / YTD
Interest revenues	152,387	32,444	30,578	30,835	31,765	125,622	-18%
Revaluation of portfolios	(33,438)	2,679	12,723	11,781	41,401	68,584	n/a
Other net revenues	10,451	1,683	2,828	2,351	(767)	6,095	-42%
Total net revenues	129,400	36,806	46,129	44,967	72,399	200,301	55%
Total operating costs	(131,570)	(25,872)	(26,787)	(29,445)	(31,783)	(113,887)	-13%
Depreciation and amortisation	(6,771)	(1,825)	(1,589)	(1,544)	(1,499)	(6,457)	-5%
Remunerations, social insurance contributions and other benefits	(43,024)	(10,213)	(9,380)	(11,241)	(10,389)	(41,223)	-4%
External services	(46,050)	(9,200)	(8,631)	(9,764)	(9,749)	(37,344)	-19%
Taxes and charges	(2,538)	(536)	(396)	(394)	(526)	(1,852)	-27%
Consumption of materials and energy	(2,151)	(203)	(319)	(427)	(323)	(1,272)	-41%
Other costs by type	(3,004)	(199)	(196)	(362)	(105)	(862)	-71%
Court and enforcement fees	(23,385)	(2,987)	(6,539)	(5,796)	(8,891)	(24,213)	4%
Other expenses	(4,647)	(709)	263	83	(301)	(664)	-86%
Profit (loss) on operating activities	(2,170)	10,934	19,342	15,522	40,616	86,414	n/a
Net financial costs	(41,664)	(7,659)	(8,405)	(7,318)	(7,386)	(30,768)	-26%
Share of profit/(loss) of entities accounted for using the equity method (+/-)	4,642	-	-	-	-	-	-100%
Profit (loss) before tax	(39,192)	3,275	10,937	8,204	33,230	55,646	n/a
Income tax	3,331	(241)	(4,217)	(351)	(5,377)	(10,186)	-406%
Net profit (loss)	(35,861)	3,034	6,720	7,853	27,853	45,460	n/a

- **Increase in net revenues + PLN 70.9 million (+55%) YTD, result:**

- revaluation of packages + PLN 68.6 million YTD
- Verification of forecasts + PLN 35.4 million
- Higher actual payments + PLN 31.7 million

- **Decrease in operating costs** by PLN 17.7 million (13%) YTD, result:

- implemented cost discipline
- no one-off effects in the year 19/20

- **Decrease in net financial costs** by PLN 10.9 million (26%), result

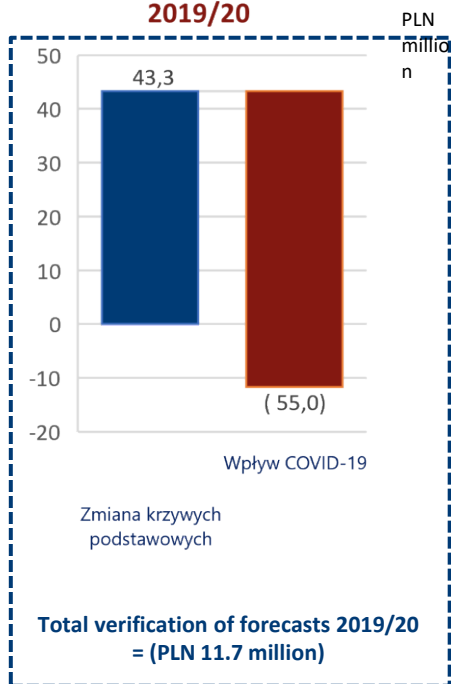
- PLN 10.1 million lower debt service costs as a result of reducing the balance of financial debt

- **Net profit:** PLN 45.5 million YTD – a significant increase vs. the previous one (PLN +81.3 million increase in net profit vs. loss of the previous year)

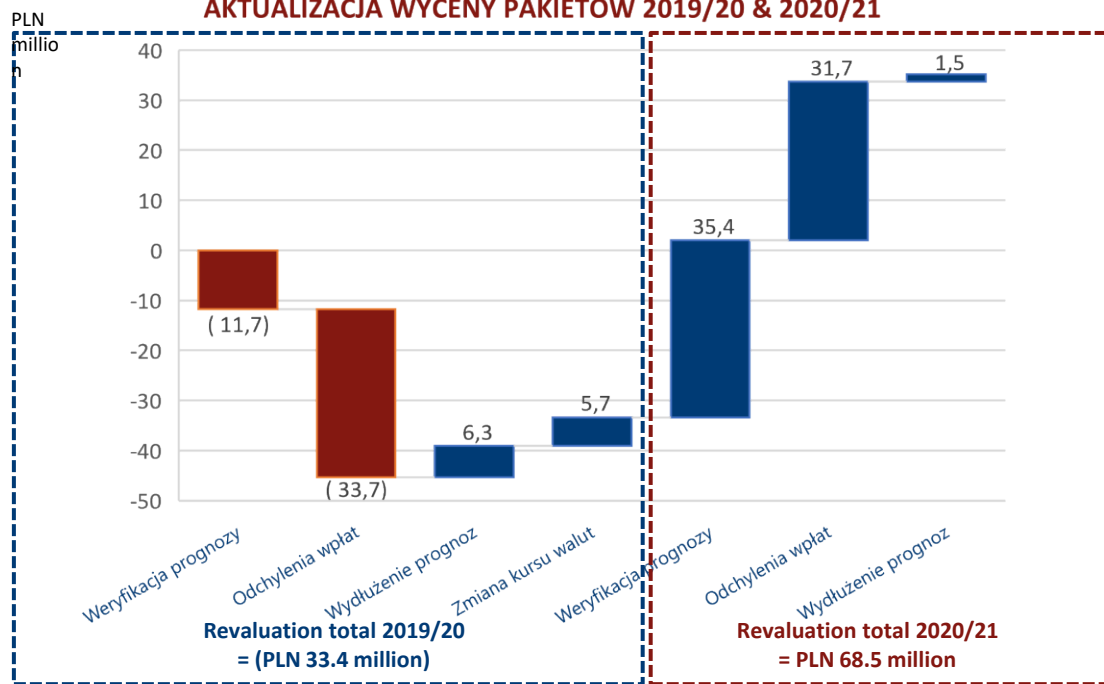
PORTFOLIO REVALUATIONS



WERYFIKACJA PROGNOZ 2019/20



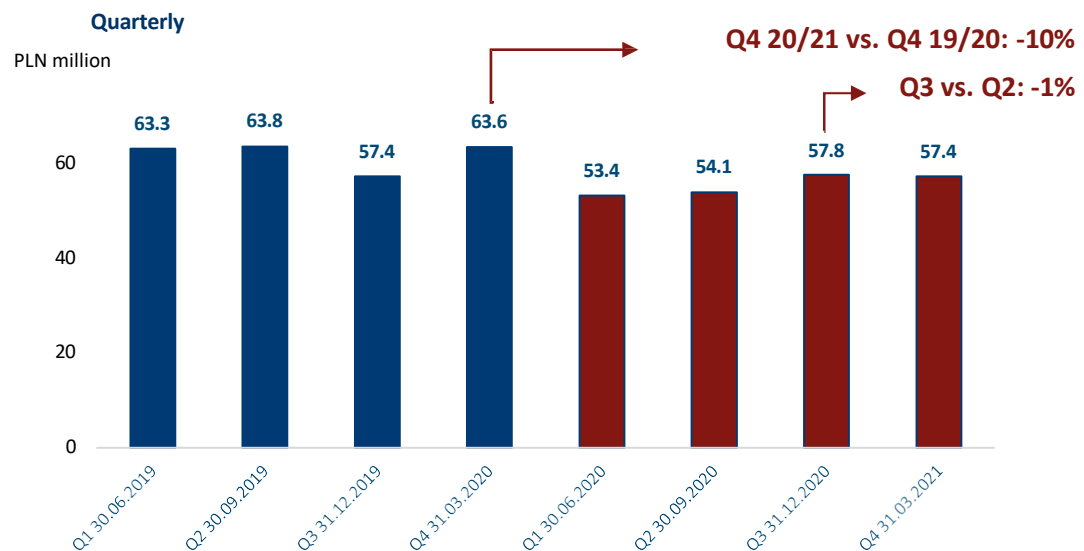
AKTUALIZACJA WYCENY PAKIETÓW 2019/20 & 2020/21



- The verification of the forecasts in the year ended March 20 amounted to 11.7 million:
 - as a result of changing the IT system in Poland and related operational problems, the Company noted a deviation of actual payments = 33.6 million
 - models used by the Company indicated that the deviation will be recovered in subsequent periods, hence the change in the base curves of = 40 million
 - This change was compensated by a negative estimate of the impact of COVID-19 of 55 million,**
- The deviation of actual payments in the year ended in March 21 amounted to 31.7 million, as part of the deviation from the year ended in March 20 was recovered despite operation in the pandemic conditions.
- The Company reviewed its estimates of the impact of the pandemic on future recoveries, which resulted in a positive verification of March 21 forecasts of 35.5 million
- As at the date of publication of the report, the Company does not identify new regulations that could have a significant impact on the value of debt portfolios.

COLLECTIONS OF DEBTORS IN PANDEMIC TIMES

COLLECTIONS BY DEBTORS



Key changes in Q4 2020/21:

- Increase in payments in Q3 and Q4 at the level of PLN 57 million quarterly, compared to PLN 53-54 million in Q1 and Q2
 - ✓ Unblocking the bailiff channel in Romania and Bulgaria
 - ✓ inflows from new portfolios purchased in Q3
 - ✓ increase in impact from historically purchased portfolios – improvement of operational activity

Impact of the pandemic on collections in Q1-Q4 2020/21:

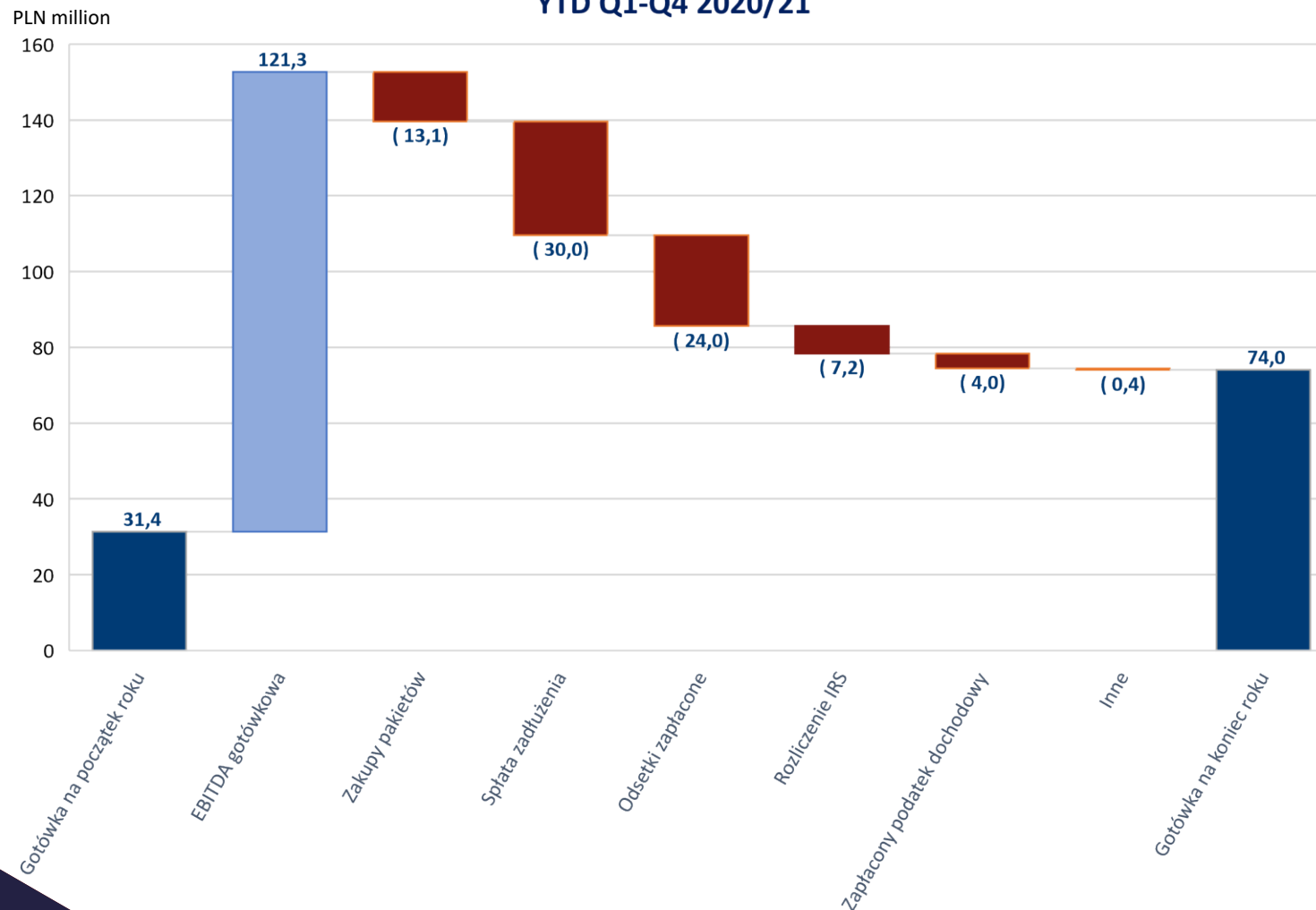
- **PLN 222.6 million of collections made by YTD:** surplus + PLN 31.7 million YTD vs collections forecasts included in portfolio valuation as at 31.03.2020.
- **Effects of the pandemic** less severe than prudent forecasts in portfolio valuation for March 20, also as a result of operational actions taken in portfolios

Good dynamics of inflows in Poland since Q1 2020/21 result from increased operational efficiency

- A change of the organisational structure and strengthening of the managerial staff
- Reconstruction of the amicable strategy and the process of data enrichment - the record-breaking number of settlements concluded and record-breaking amicable payments on the Polish market
- Optimisation of court and enforcement proceedings and further development of a **new case management model in bailiff enforcement**
- Continued **improvement of operational process management methodology** and development of more effective management tools, including further **development of advanced data analytics**
- Replication of the above activities to foreign markets in the next financial year

CHANGES IN CASH

ZMIANA GOTÓWKI YTD Q1-Q4 2020/21



Significant cash changes

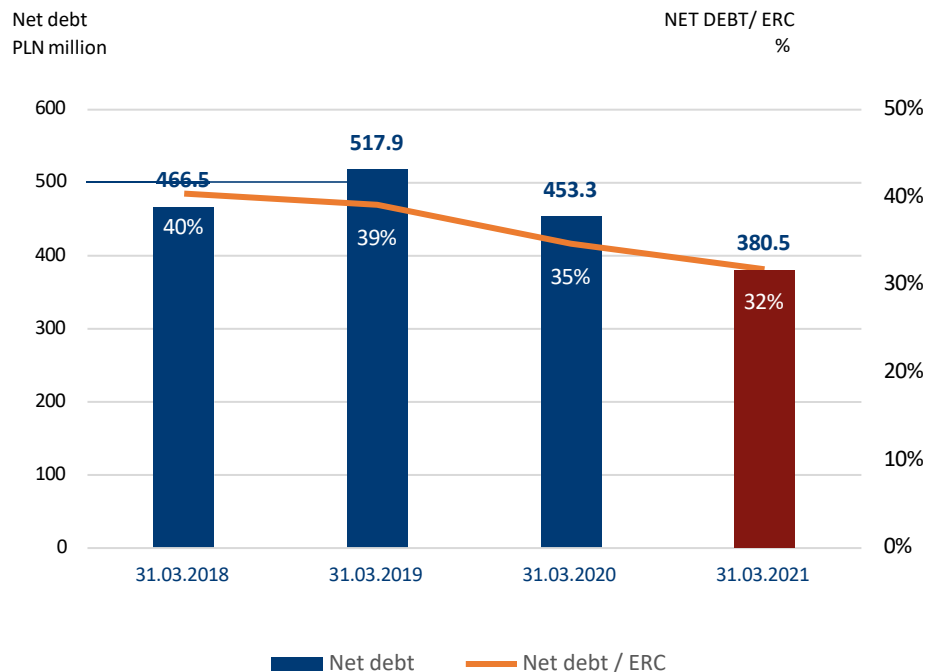
- Cash EBITDA PLN 121 million
- Collections of debt PLN 30 million
- Interest repayment PLN 24 million
- 13 million investments made in receivables portfolios on the primary market

NET DEBT

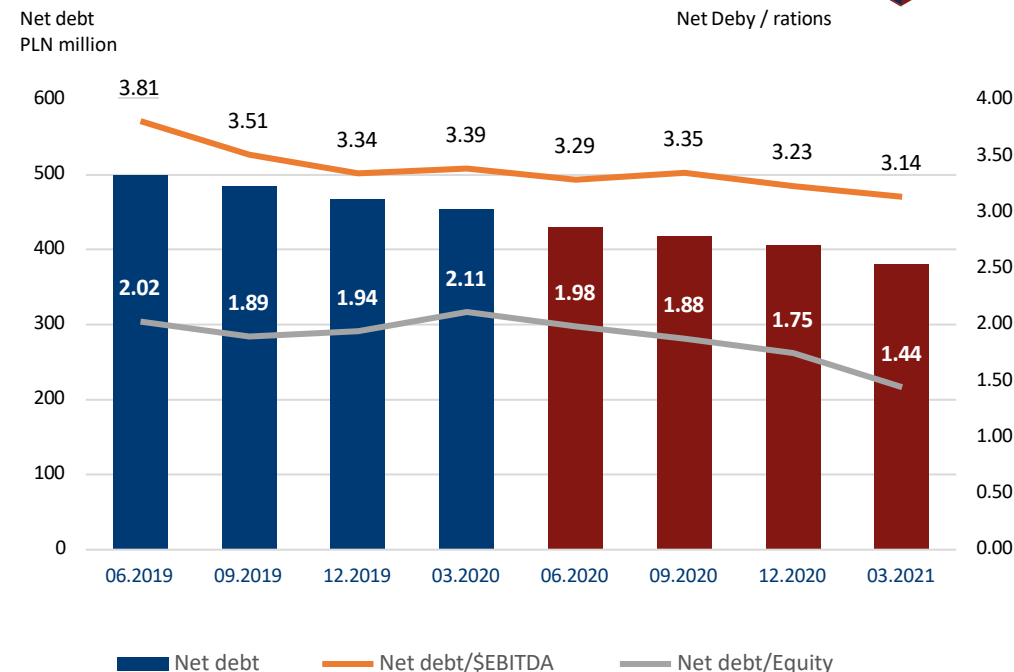


KREDYT INKASO SA

NET DEBT/ ERC



NET DEBT/ RATIOS



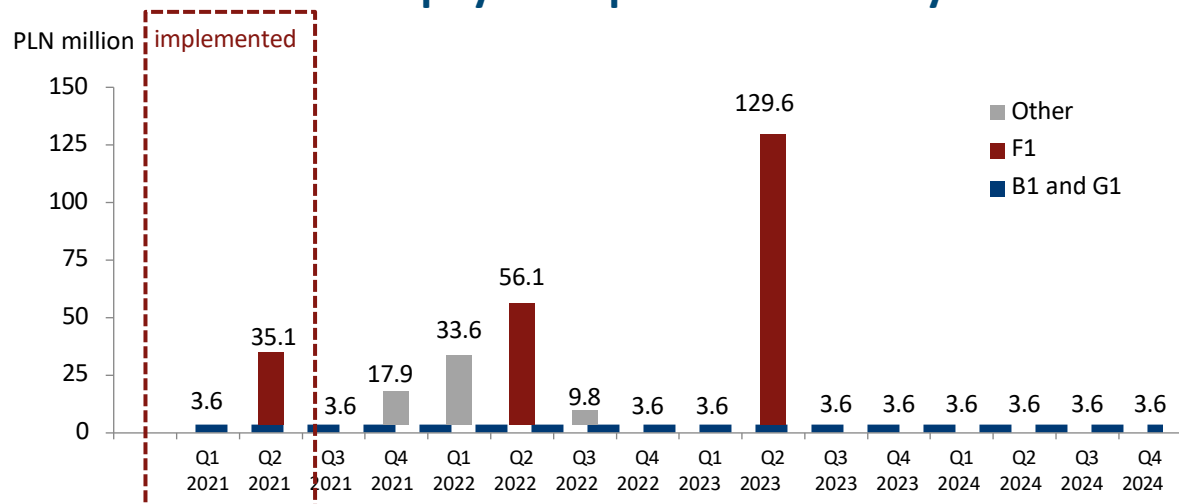
- Net debt drop by **PLN 137 million** over 2 years
- Modification of covenants approved by bondholders
 - Minimum ND/EBITDA ratio increased from 3.25 to 3.50, provided that a minimum of PLN 50 million of debt for investments is incurred ("New Debt") – current 3.14
 - ND/Equity ratio unchanged 2.5 - current 1.44

Indicators for previous periods converted according to the new EBITDA calculation formula.

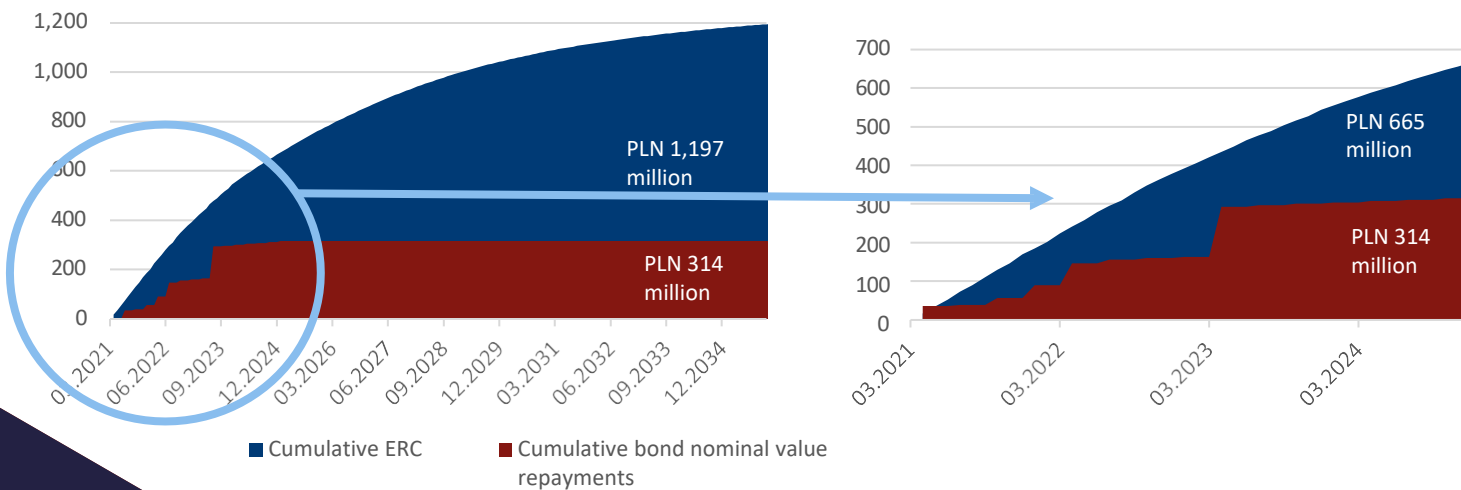
The calculation does not take into account the valuation of IRS in the amount of net debt.

FINANCIAL DEBT – STRUCTURE

Bond repayment plan – calendar year



ERC vs. bond nominal value repayments



Key events

January – July 2021:

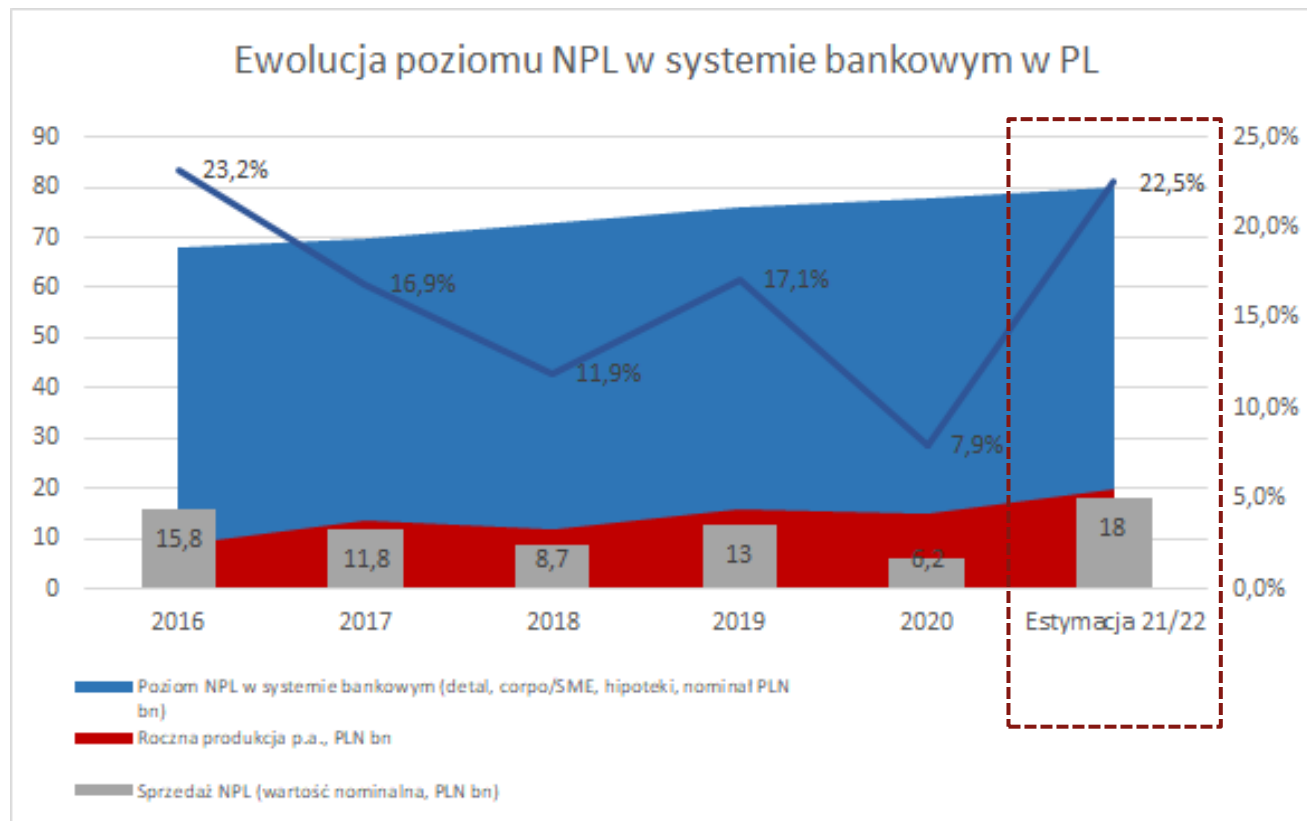
- 13 March 2021 PLN 3.6 million repayment of depreciation B1 and G1
- 26 April 2021 PLN 31.5 million repayment of depreciation F1
- 13 June 2021 PLN 3.6 million repayment of depreciation B1 and G1
- 2 July 2021 change of covenants F1, B1, G1

2020

- 50% decrease in sales of receivables
- Increase in overdue receivables in banks' portfolios

Second half of 2021 and 2022

- We expect an increased supply of receivables on the Polish market at attractive prices
- The situation in the remaining IC geography is similar, we expect a supply of approx. PLN 35 billion, mostly from the banking market
- Purchase of new portfolios will allow further growth of EBITDA and growth in company profits



- Higher collections justify portfolio revaluations
- New presentation of interest revenue comparable to the market leader
- Debt drop by over PLN 70 million
- Continuation of improvement of operational processes and further change of the Company's organisational culture
- Change in the covenants of existing bonds allows for new issues:
 - The planned new bond issues will not be higher than the currently planned repayment of debt under credits and bonds (PLN 118 M in FY 21/22 and PLN 101 M in FY 22/23)
 - New cash will be used for investments
 - Public bond issues are planned
 - The Group plans to maintain gross financial debt at approx. PLN 450 million

**Thank you for
your attention**

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