



KREDYT INKASO

*Miejsce dobrych rozwiązań*

# Financial Results of the Kredyt Inkaso Capital Group for the Financial Year 2021/2022

*5 July 2022*

The presented material has been prepared for informational purposes only and cannot be treated as an offer or recommendation to conclude any transactions, it is not any investment, legal or tax advice, nor is it an indication that any investment or strategy is appropriate in the individual situation of the investor. Investing in financial instruments, including bonds, involves the risk of losing part or all of the invested capital. Investors should get their own independent advice before making any investment decision. The investor uses the information contained in this material at their own risk and responsibility.

# Key information

Repayments

**PLN 279 million**

(+25% y/y)

Cash EBITDA<sup>1</sup>

**PLN 162.1 million**

(+34% y/y)

Net profit<sup>1</sup>

**PLN 44.1 million**

(-3% y/y)

ERC

**PLN 1,080 million**

(-10% y/y)

Net debt / equity

**0.94**

(previous year: 1.44)

Net debt / EBITDA cash

**1.79**

(previous year: 3.14)

# Changes in the function of CFO



## Tomasz Kuciel

**member of the Management Board (CFO) since April 2020  
(in the Group since 2019)**

During the period of holding the CFO function in Kredyt Inkaso by Tomasz:

- equity increased by nearly **PLN 86 million**, i.e. by **40%**,
- net debt decreased by nearly **PLN 172 million**, i.e. by **38%**, and the remaining debt was deferred for 7 years.

## Mateusz Boguta

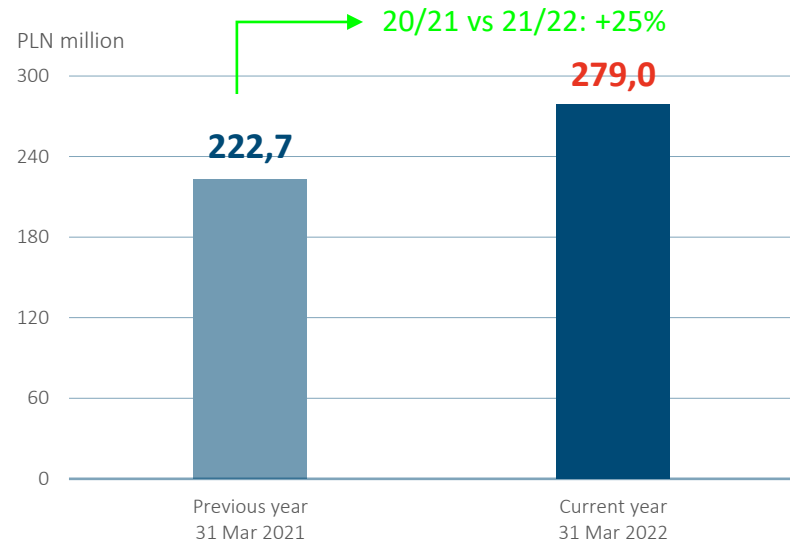
**CFO deputy from May 2022**

An economist by education, specialising in finance and banking, as well as risk management.

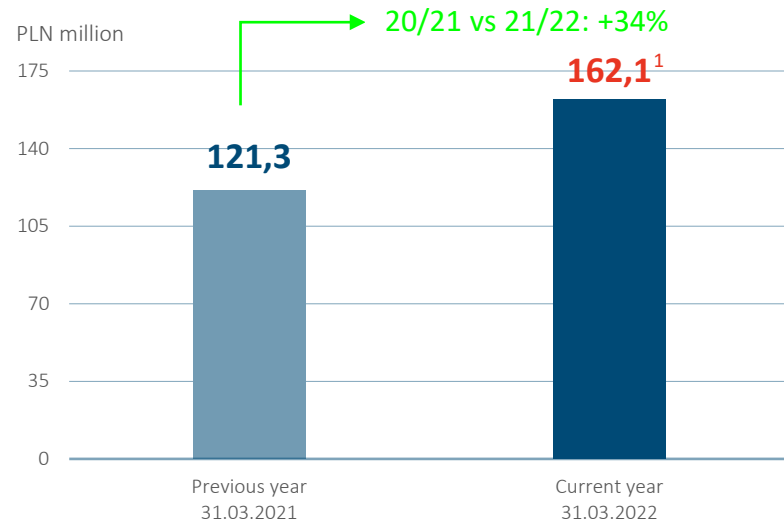
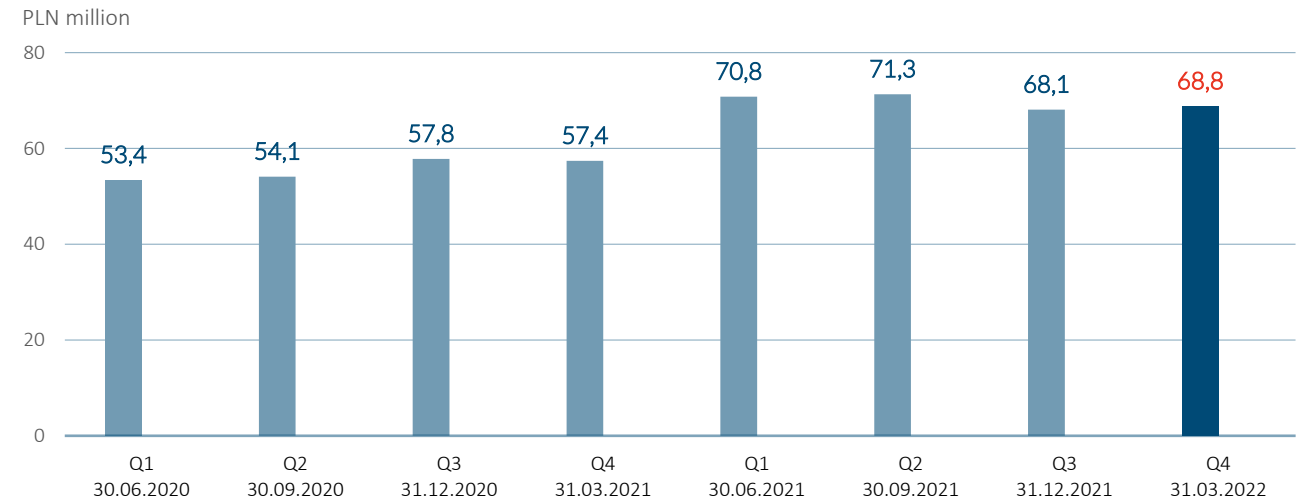
Experienced manager specialising in the area of financial management, M&A, investor relations, and the capital market. Previously, he was associated, *inter alia*, with ATM S.A., KNF, Deloitte.

In his previous career, he held the functions, among others, of financial director, investor relations director, supervisory board member, financial controller.

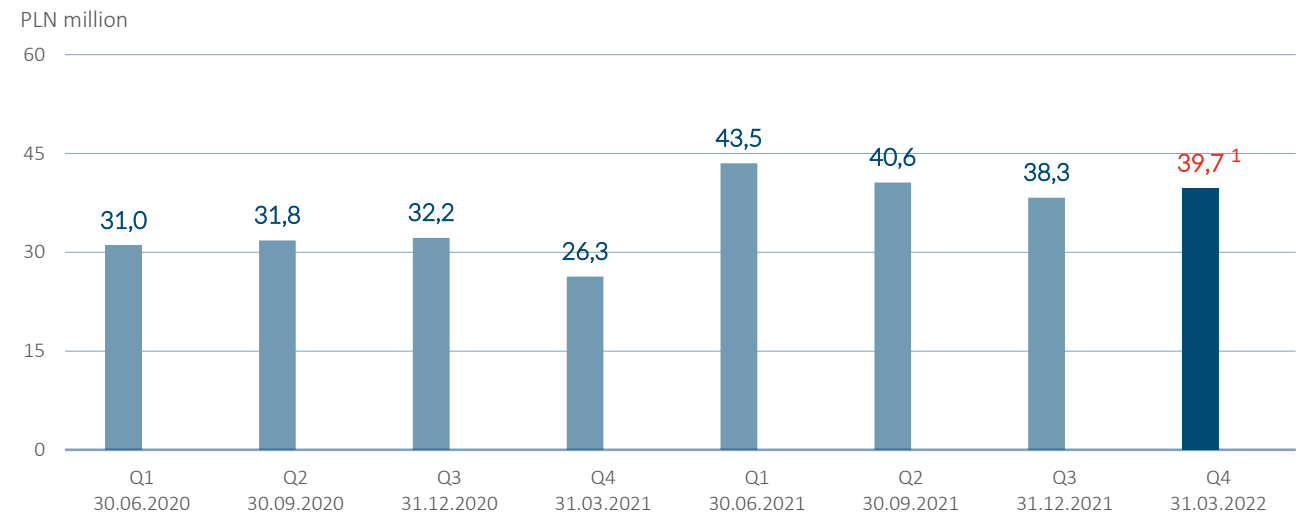
# Key results I



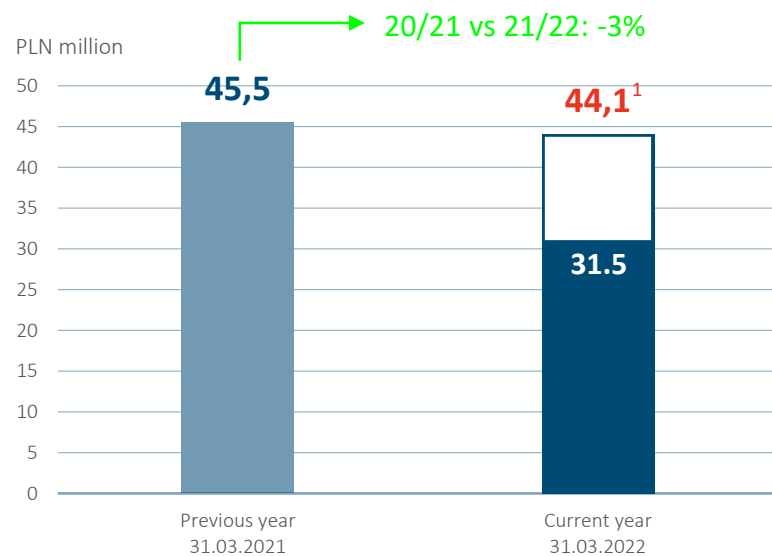
## GROSS COLLECTIONS BY DEBTORS



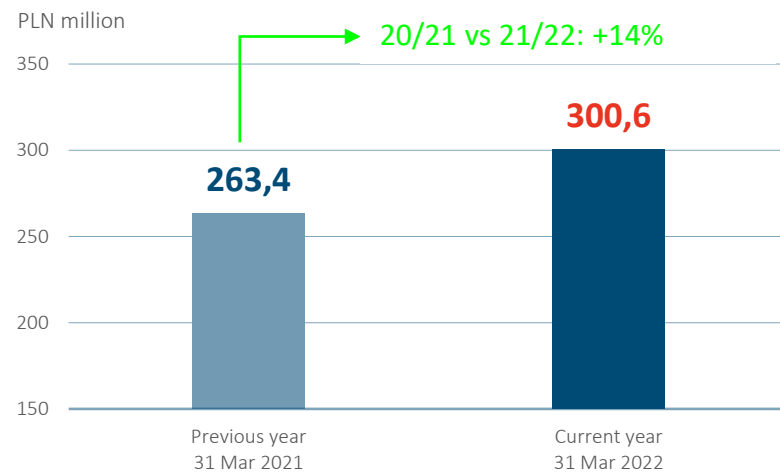
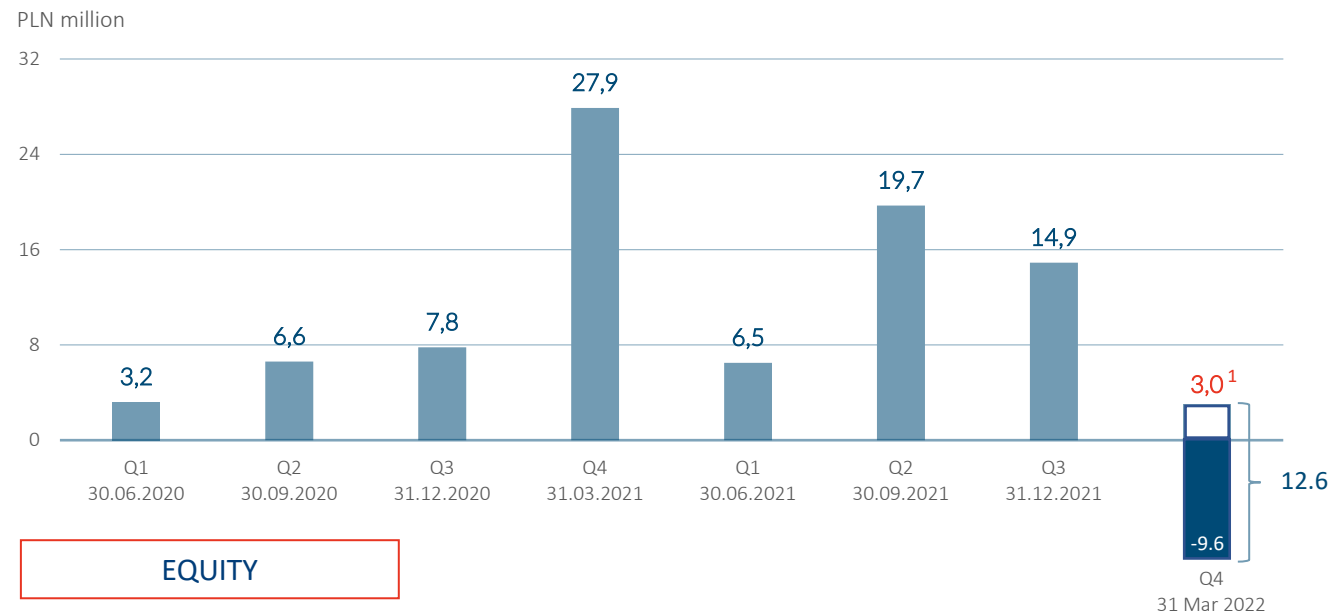
## CASH EBITDA



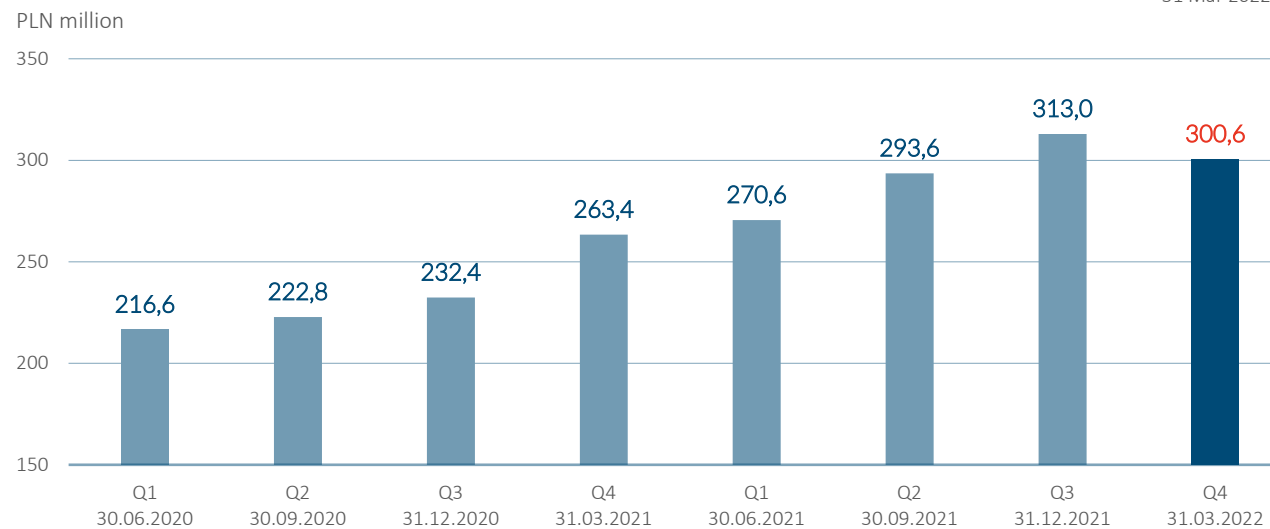
# Key results II



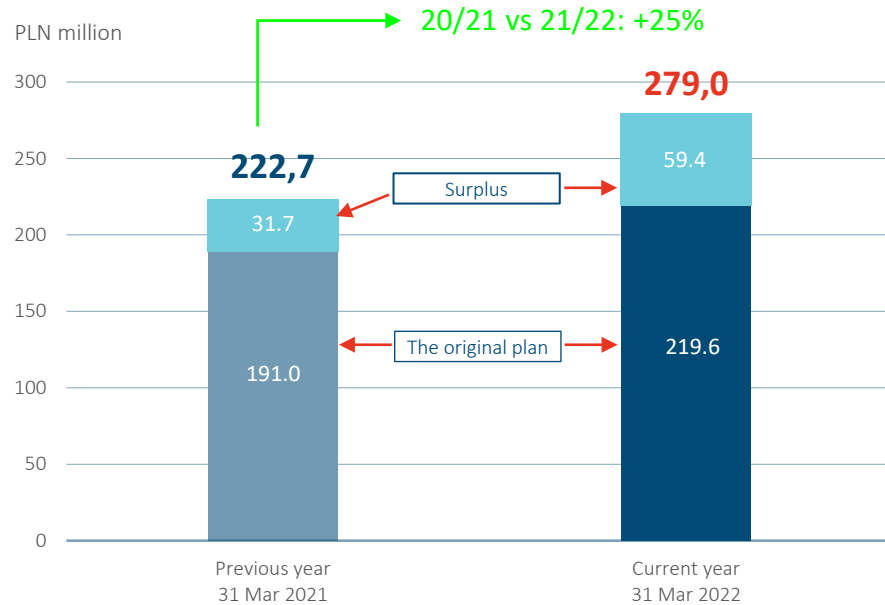
## NET PROFIT (LOSS)



## EQUITY



# Record-breaking repayments from own portfolios



- Repayments from own portfolios at GK KI in 2021/22 were 25% higher than in the previous year 2020/21, in Poland +30% in 2021/22 vs 2020/21.
- Repayments are above expectations for the second consecutive year and exceeded accounting objectives, especially in Poland and Romania, which allowed for another positive verification of projections (discussed in detail in slide 11).

Investments in new portfolios



**PLN 35.4 million**

(in Poland PLN 30.1 million, in Romania PLN 5.3 million)

Stable employment in the Group



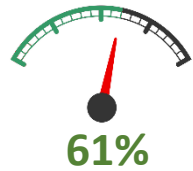
**537 employees**

(+0% y/y)



**Increase in payments per employee by 25% y/y**

## Efficiency and quality



advancement of the implementation of the Process Management Strategy Schedule within the scope of operations processes



## New organisation culture



Project  
**CULTURE**

Problem  
Solving



## Digitisation, automation and security

- Renewal of ISO27001 certificate
- ZPF Ethical Audit Certificate
- Microsoft 365
- Implementation of a new antivirus system and DLP
- Focus set on online [ugodowi.pl](https://ugodowi.pl)

## Continuous optimisation of the recovery strategy

- Further development of data analytics
- Number-based management
- Test and Learn
- Champion/challenger
- Intensification of court and enforcement actions

## Internationalisation

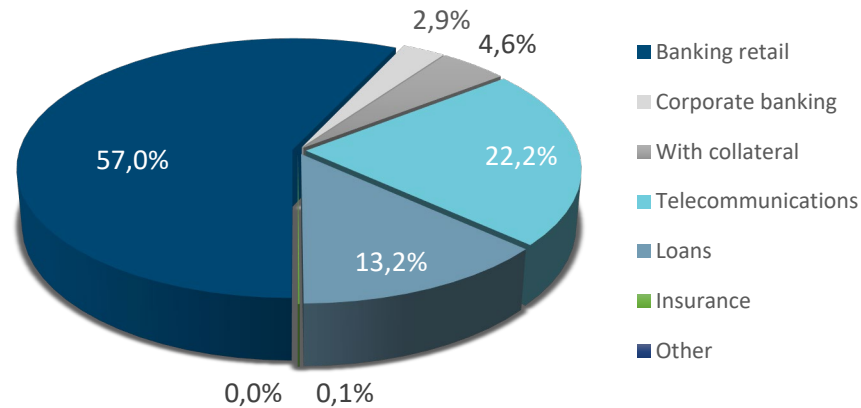
- Systems and technologies
- Processes
- Knowledge and best practices



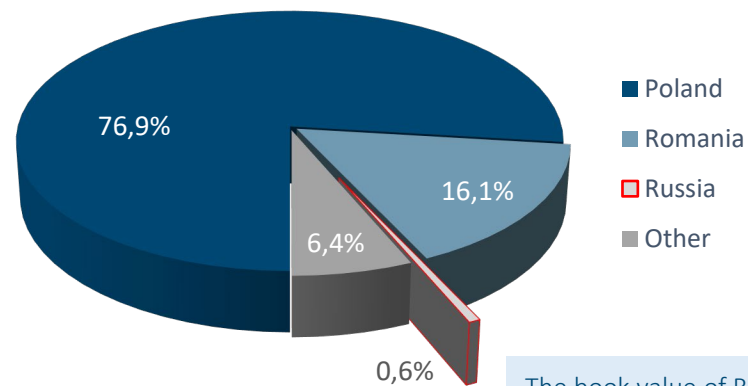
**Competitive  
and committed  
Team**



Types of portfolios managed in line with the balance sheet value as at 31.03.2022



Carrying amount of receivables portfolios by country of origin as at 31.03.2022



The book value of Russian portfolios represents 0.6% of the balance sheet value of all purchased receivables and amounts to **PLN 3.6 million**

Carrying amount of GK KI's receivables portfolios broken down by type (PLN million)

	Carrying amount as at 31.03.2022	Percentage share (%)
Banking retail	328.0	57.0
Corporate banking	16.7	2.9
With collateral	26.8	4.6
Telecommunications	127.4	22.2
Loans	75.8	13.2
Insurance	0.6	0.1
<b>Total</b>	<b>575.3</b>	<b>100%</b>

Debt repayments and carrying amount of GK KI's receivables portfolios (PLN million)

	Debt repayments 2021/2022	Carrying amount as at 31.03.2022	Percentage share (%)
Poland	184.3	442.3	76.9
Romania	49.3	92.7	16.1
Bulgaria	18.9	35.5	6.2
Russia	26.1	3.6	0.6
Croatia	0.4	1.2	0.2
<b>Total</b>	<b>279.0</b>	<b>575.3</b>	<b>100%</b>

# Profit and loss account

PLN thousand	Current year 2021/22	Previous year 2020/21	Change (%)	2021/22 Q4	2021/22 Q3	2021/22 Q2	2021/22 Q1	2020/21 Q4	2020/21 Q3	2020/21 Q2	2020/21 Q1
<b>Collections</b>	<b>278,990</b>	<b>222,618</b>	<b>25%</b>	<b>68,775</b>	<b>68,116</b>	<b>71,323</b>	<b>70,776</b>	<b>57,357</b>	<b>57,772</b>	<b>54,130</b>	<b>53,359</b>
<b>Cash EBITDA</b>	<b>157,246</b>	<b>121,283</b>	<b>30%</b>	<b>34,832</b>	<b>38,311</b>	<b>40,609</b>	<b>43,494</b>	<b>26,470</b>	<b>32,058</b>	<b>31,594</b>	<b>31,161</b>
Interest revenues	120,178	125,622	-4%	27,845	31,200	29,257	31,876	31,602	30,998	30,578	32,444
Revaluation of portfolios	71,024	68,584	4%	5,043	19,376	33,211	13,394	41,401	11,781	12,723	2,679
Other net revenue	6,915	6,095	13%	4,079	1,217	539	1,080	(767)	2,351	2,662	1,849
<b>Total net revenue</b>	<b>198,117</b>	<b>200,301</b>	<b>-1%</b>	<b>36,967</b>	<b>51,793</b>	<b>63,007</b>	<b>46,350</b>	<b>72,236</b>	<b>45,130</b>	<b>45,963</b>	<b>36,972</b>
Remunerations, social insurance contributions and other benefits	(48,106)	(41,223)	17%	(13,501)	(12,073)	(11,849)	(10,683)	(10,389)	(11,241)	(9,380)	(10,213)
External services	(40,200)	(37,344)	8%	(9,886)	(10,417)	(10,931)	(8,966)	(9,749)	(9,764)	(8,631)	(9,200)
Court and enforcement fees	(30,614)	(24,213)	26%	(8,462)	(7,140)	(7,285)	(7,727)	(8,728)	(5,959)	(6,539)	(2,987)
Other	(16,709)	(11,107)	50%	(8,146)	(3,007)	(2,888)	(2,668)	(2,753)	(2,645)	(2,237)	(3,472)
<b>Total operating costs</b>	<b>(135,629)</b>	<b>(113,887)</b>	<b>19%</b>	<b>(39,995)</b>	<b>(32,637)</b>	<b>(32,953)</b>	<b>(30,044)</b>	<b>(31,619)</b>	<b>(29,609)</b>	<b>(26,787)</b>	<b>(25,872)</b>
<b>Profit (loss) on operating activities</b>	<b>62,487</b>	<b>86,414</b>	<b>-28%</b>	<b>(3,029)</b>	<b>19,156</b>	<b>30,054</b>	<b>16,306</b>	<b>40,617</b>	<b>15,521</b>	<b>19,176</b>	<b>11,100</b>
Net financial costs	(22,687)	(30,768)	-26%	(4,729)	(2,840)	(5,614)	(9,504)	(7,386)	(7,318)	(8,406)	(7,658)
<b>Profit (loss) before tax</b>	<b>39,801</b>	<b>55,646</b>	<b>-28%</b>	<b>(7,757)</b>	<b>16,316</b>	<b>24,440</b>	<b>6,802</b>	<b>33,231</b>	<b>8,203</b>	<b>10,770</b>	<b>3,442</b>
Income tax	(8,313)	(10,186)	-18%	(1,896)	(1,326)	(4,817)	(274)	(5,377)	(351)	(4,217)	(241)
<b>Net profit (loss)</b>	<b>31,488</b>	<b>45,460</b>	<b>-31%</b>	<b>(9,653)</b>	<b>14,990</b>	<b>19,623</b>	<b>6,528</b>	<b>27,854</b>	<b>7,852</b>	<b>6,553</b>	<b>3,201</b>

# Profit and loss account

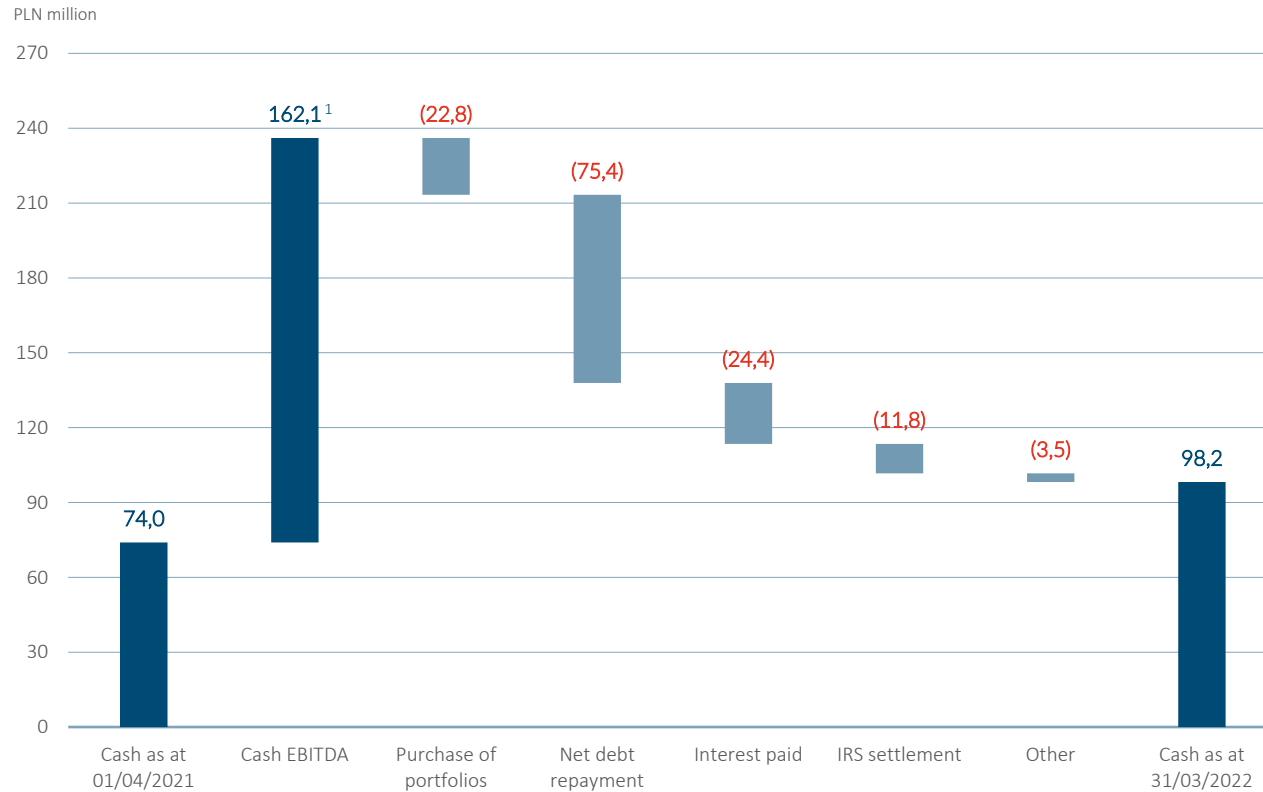
PLN thousand	Current year 2021/22	Previous year 2020/21
Revision of projection	11,249	35,460
Deviations from actual collections	59,424	31,688
Extension of projected recoveries	1,298	1,477
Changes to exchange rates	(947)	(41)
<b>Revaluation of portfolios</b>	<b>71,024</b>	<b>68,584</b>

- The relatively high revaluation of the portfolios mainly consists of a **deviation from actual contributions** (cash effect) and to a lesser extent of the revision of rather conservative projections.
- Customer collections exceeded targets due to **optimisation of collection processes** carried out in 2020-2021 and a change in collection strategy.
- The revision of projections follows **the systematic significant exceeding of plans as a result of the adopted optimisation of the strategy**, which was evident in the line of deviations from actual repayments. Without taking into account the write-off of portfolios to KI RUS, the forecast verification **would amount to PLN 19.0 million**.

- Increase in salary costs primarily due to the recognition of costs of provisions for bonuses related to Group performance.
- Court and enforcement fees:
  - changes in the debt collection strategy,
  - **intensifying the referral of cases to the court and enforcement path**,
  - comparing the evolution of costs is distorted by the low base effect associated with the pandemic situation in the bailiff channel.
- Other generic costs include a write-off of goodwill **for KI RUS in the amount of PLN 4.9 million**.

PLN thousand	Current year 2021/22	Previous year 2020/21	Change (%)
Remuneration and related amounts	48,106	41,223	17%
External services	40,200	37,344	8%
Court and enforcement fees	30,614	24,213	26%
Depreciation and amortisation	6,971	6,457	8%
Taxes and charges	1,503	1,852	-19%
Consumption of materials and energy	1,482	1,272	17%
Other costs by type	6,753	1,526	343%
<b>Operating expenses</b>	<b>135,629</b>	<b>113,887</b>	<b>19%</b>
<i>Operating expenses without court fees and goodwill write-off of KI RUS</i>	<i>100,116</i>	<i>89,674</i>	<i>12%</i>

# Cash flow – functional vs reporting approach

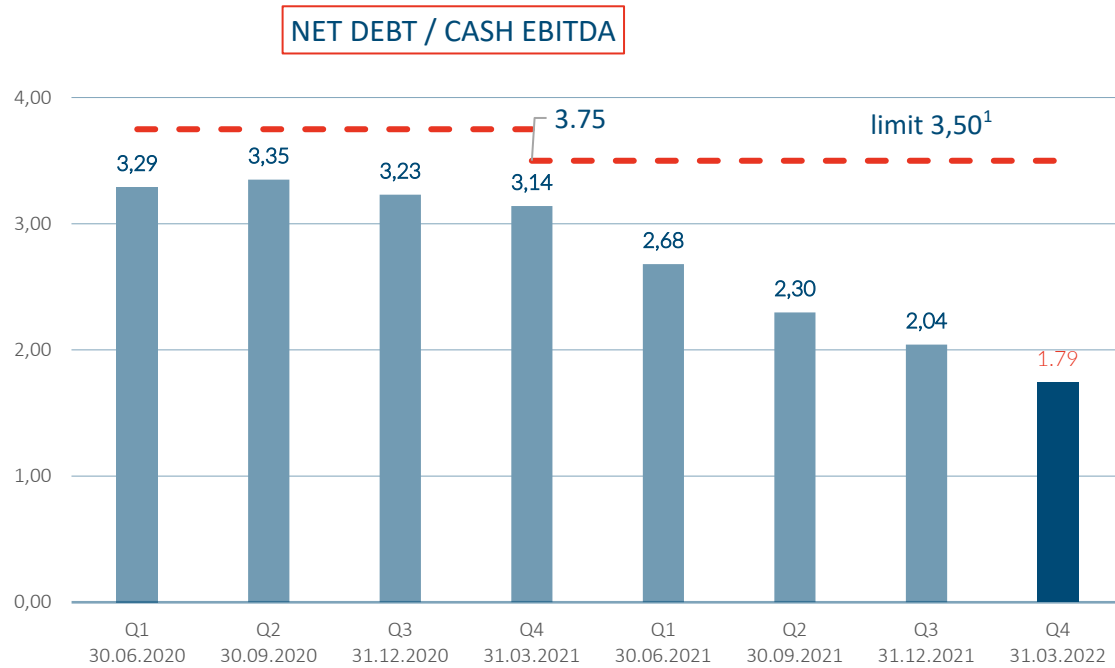


PLN million

Cash flows	Current year 2021/22	Previous year 2020/21
Cash opening balance	74.0	31.4
Operating activities	165.1	120.2
Investment activities	(28.2)	(15.0)
Financial activities	(112.7)	(62.6)
Cash closing balance	98.2	74.0

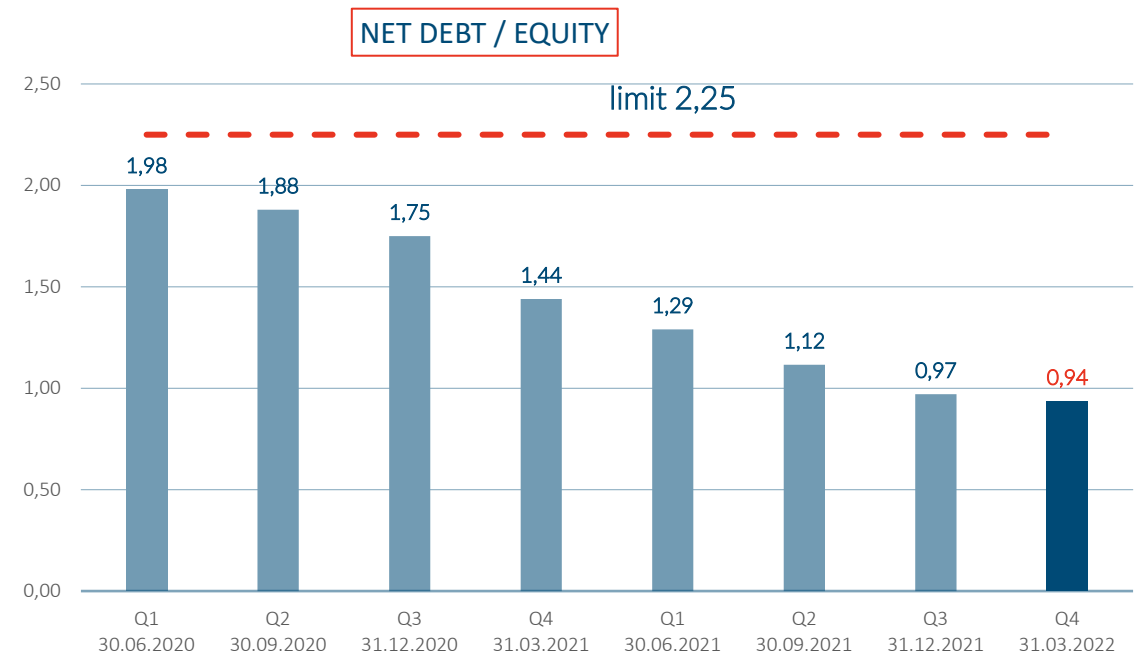
Strong, growing ability to generate cash from operating activities

# Debt ratios

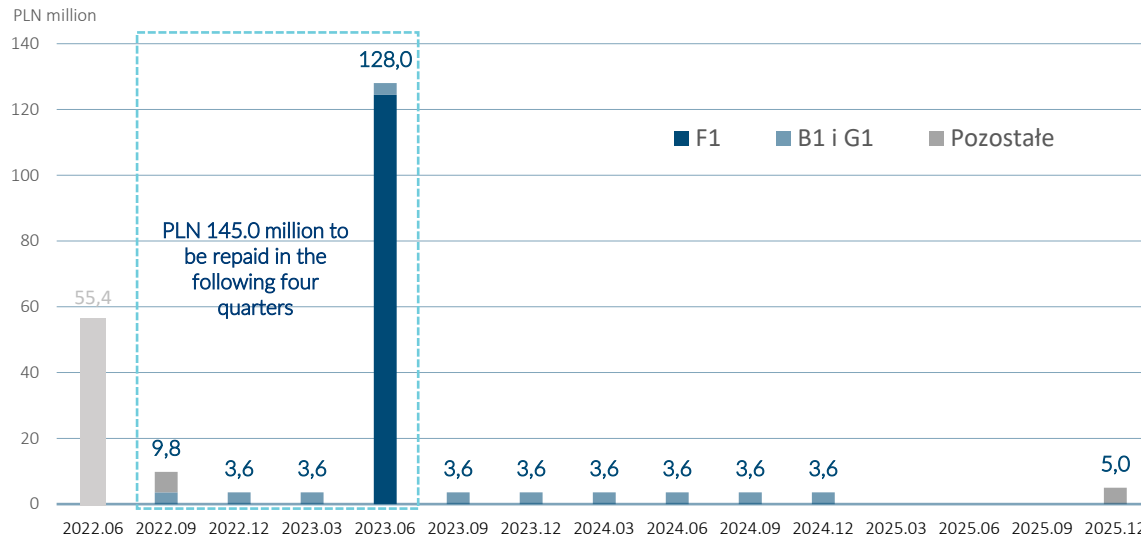


The current debt ratios allowed for the success of the refinancing operation for the maturity of series F1 bonds.

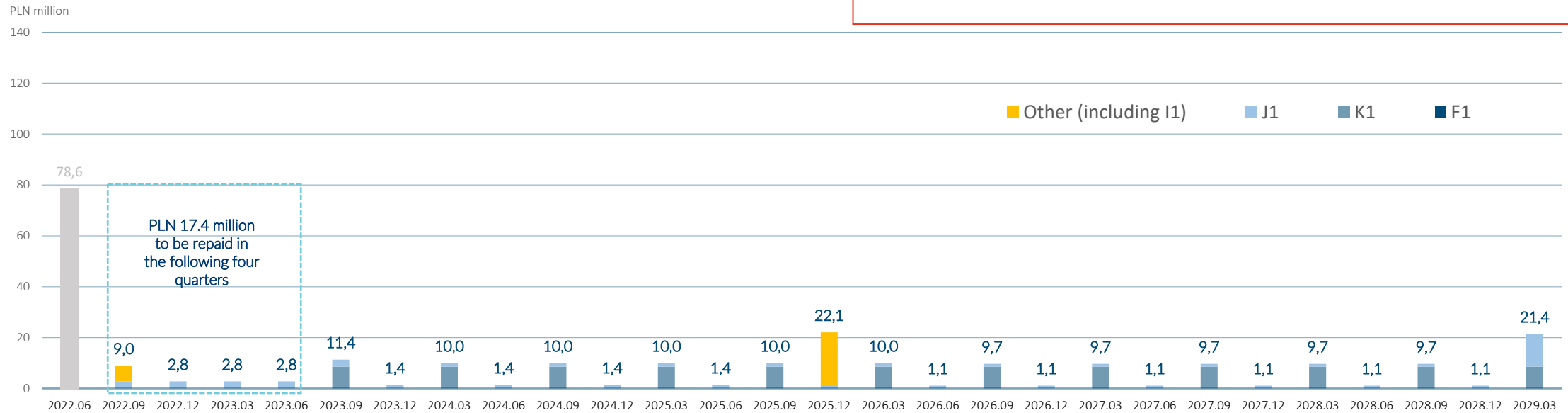
- Further decrease in debt ratios mainly due to improved financial results.
- **Safe levels of debt** (ND/ŞEBITDA and ND/EQ) allow for new significant investments.



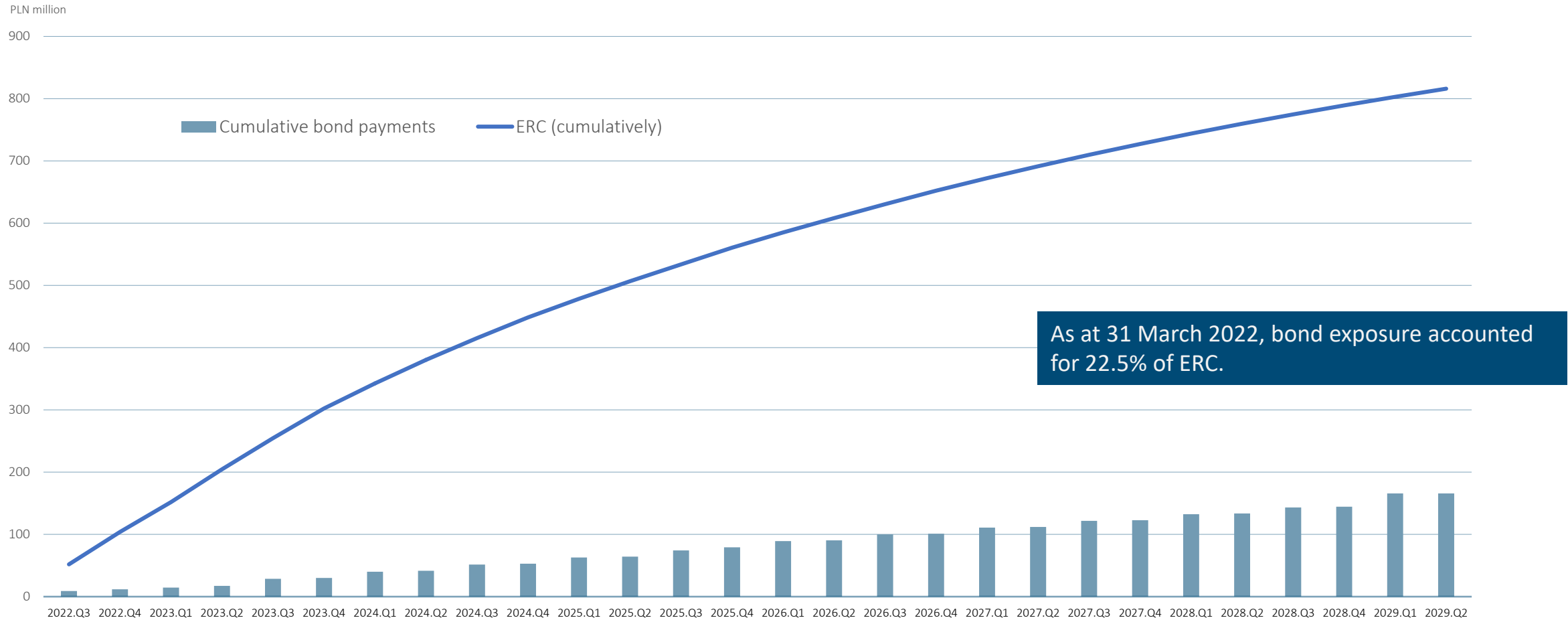
# Bond redemption history and repayment plan for current bonds



- As of 31 December 2021, the Group had PLN 84.8 million in cash.
- In March this year, it issued new J1 and K1 bonds worth PLN 158.7 million and the final repayment date in 2029, refinancing most F1 series bonds (PLN 100.5 million) and the B1 and G1 series (PLN 39.4 million) in their entirety, which were to be repaid in the next 6 quarters.
- In April 2022, the Group issued I1 series prospectus bonds worth PLN 17.0 million.
- J1 and K1 series bonds are amortised over the next 7 years and redeemed in 2029.
- **Thanks to these issues, the Group eliminated the risk of refinancing F1 bonds and extended the financing period.**



# Expected portfolio repayments (ERC) and planned bond repayments

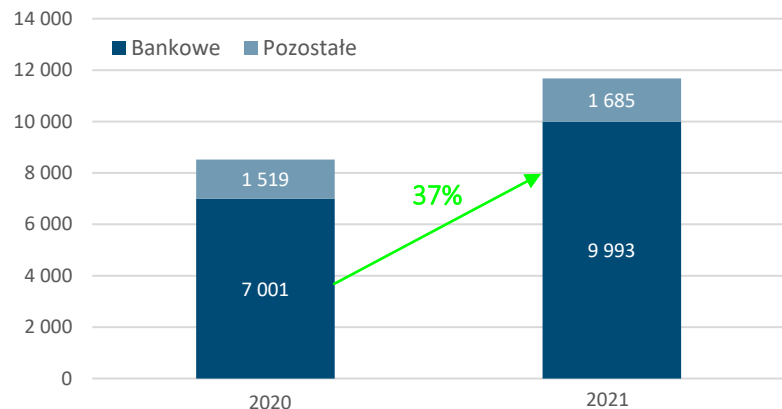


As at 31 March 2022, bond exposure accounted for 22.5% of ERC.

The first quarter shown in the graph is Q3 (calendar-wise), i.e. Q2 (reporting-wise). The graph therefore does not contain the repayment of the F1 series in April 2022.

# Market environ – NPL<sup>1</sup> supply

Poland – year-on-year (PLN million)

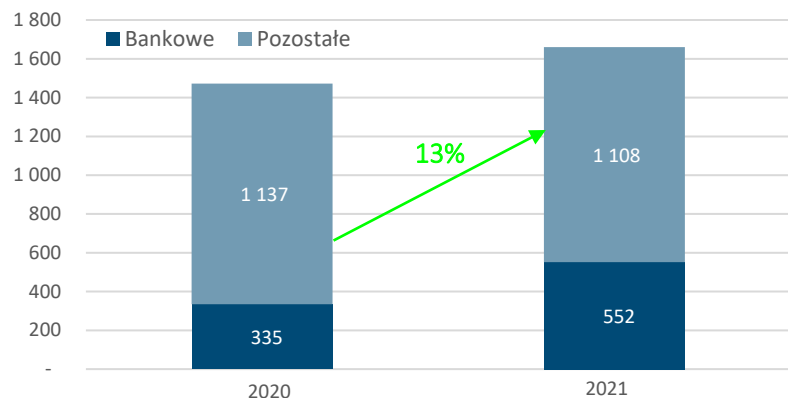


Inflation in Poland in June  
**15.6%**

## Poland

- The supply of non-performing debt in 2021 **increased by 37%** compared to 2020.
- The bank lending market **increased by 43%**.
- The level of sales of non-performing debt portfolios shall be normalised the following pandemic-driven disorder and return to standard seasonality.

Romania – year-on-year (RON million)



Inflation in Romania in May  
**14.5%**

## Romania

- The supply of non-performing debt in 2021 **increased by only 13%** compared to 2020.
- The bank lending market **increased by 65%**, and the portfolios affected by the pandemic to the lesser extent remained stable.

- Despite high profits in recent quarters, the equity of banks in Poland decreased, among others due to losses on government bonds. Possible additional costs associated with aid schemes such as “credit holidays” will not reverse this trend. The cost of credit risk will probably increase due to growing interest and decreasing purchasing power of customers.
- This should result in an increase in the denomination of non-performing debt in the banking systems of Poland and Romania, and then in an increase in supply.
- The supply of non-bank receivables should not change significantly.



# Summary of the year and plans for the coming periods



## Summary

- The effects of organisational transformation are evident in very good financial results:
  - ✓ record-breaking repayments, again significantly above projections,
  - ✓ evident operating leverage (repayments +25%, \$EBITDA +34%),
  - ✓ very good cash generation, safe debt levels,
  - ✓ satisfactory level of net profitability despite PLN 12 million write-off related to the situation in Russia.
- Refinancing of maturing bonds and new issues:
  - ✓ 4 issues for a total of PLN 181 million, including PLN 158 million with a 7-year maturity.
- Return to investments in debt portfolios:
  - ✓ PLN 35.4 million is still a relatively low level, but the highest in 3 years.

## Plans

- Continuation of the organisational transformation programme.
- Increasing investments in new debt portfolios in Poland and Romania, and ultimately also in Bulgaria.
- Keeping the financial debt below PLN 400 million, preparing the financing structure for increased investments in the event of an increase in supply:
  - Another issue of unsecured bonds under the prospectus:
    - PLN 20 million,
    - Tenor 4 years,
    - 470 bps margin,
    - Consortium: NWAJ, Michael / Ström, Noble Securities, Ipopema.
  - Talks with financing banks about increasing credit limits.



**KREDYT INKASO**

*Place of good solutions*

# Thank you for your attention!

## **Maciej Szymański**

President of the Management Board

e-mail: [maciej.szymanski@kredytinkaso.pl](mailto:maciej.szymanski@kredytinkaso.pl)

## **Iwona Słomska**

Vice President of the Management Board

e-mail: [iwona.slomska@kredytinkaso.pl](mailto:iwona.slomska@kredytinkaso.pl)

## **Mateusz Boguta**

Deputy CFO

e-mail: [mateusz.boguta@kredytinkaso.pl](mailto:mateusz.boguta@kredytinkaso.pl)

## **Barbara Rudziks**

Vice President of the Management Board

e-mail: [barbara.rudziks@kredytinkaso.pl](mailto:barbara.rudziks@kredytinkaso.pl)

## **Tomasz Kuciel**

Member of the Management Board

e-mail: [tomasz.kuciel@kredytinkaso.pl](mailto:tomasz.kuciel@kredytinkaso.pl)