



KREDYT INKASO

Miejsce dobrych rozwiązań

Financial results of the Kredyt Inkaso Group for 3 quarters of the financial year 2022/2023

2 March 2023

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.

Agenda

1. Summary of 3 quarters of 2022/2023
2. Financial and operating results
3. Financial situation
4. Corporate situation
5. Market environment
6. Perspectives

1 Summary of 3 quarters of 2022/2023

KISA – the most important achievements for 3 quarters of the financial year 2022/2023

Record-breaking payments from own portfolios **PLN 234.2 million**

in 9M (11% y/y)

Payments from own portfolios significantly above accounting forecasts **+39%**

PLN 234.2 million in payments in 9M, including 65.6 million above forecasts

Safe debt levels maintained

(net debt/equity 0.85; net debt/cash EBITDA 1.62)

Dynamic return to investments in new portfolios **PLN 76.2 million**

in 9M (+355% y/y)

The Financial Supervision Authority approved the prospectus for the Bond Issue Programme of up to **PLN 100 million**

Prospectus is valid until 16 February 2024.

Key financial information

Payments from acquired portfolios

**PLN 234.2
million**

(+11% y/y)

Cash EBITDA¹

**PLN 130.0
million**

(+6% y/y)

Net profit

PLN 15.9 million

(-61% y/y)

ERC

**PLN 1,132
million**

(+2% y/y)

Net debt / equity

0.85

(-0.12% y/y)

Net debt / Cash EBITDA¹

1.62

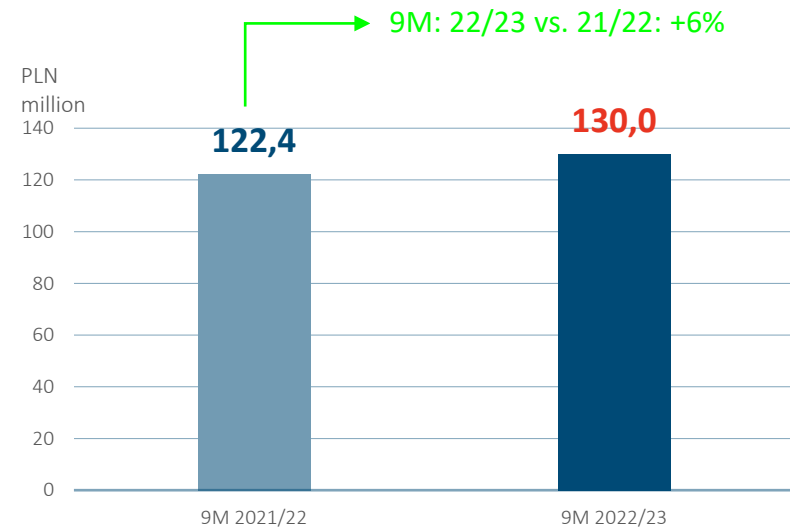
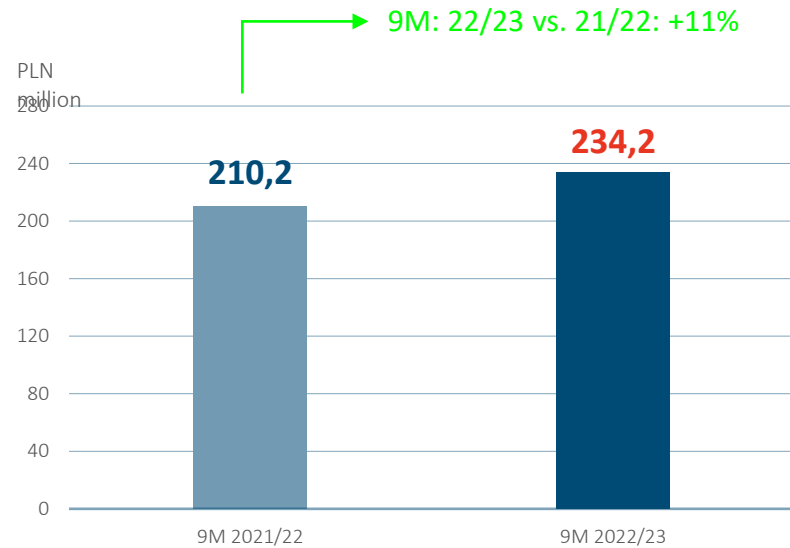
(-0.42% y/y)

Financial data for previous reporting periods presented in this presentation have been restated in connection with the adjustment of errors described in note 2.8.1. of the Interim Consolidated Financial Statements of the Kredyt Inkaso Group for the period of 9 months ended 31 December 2022.

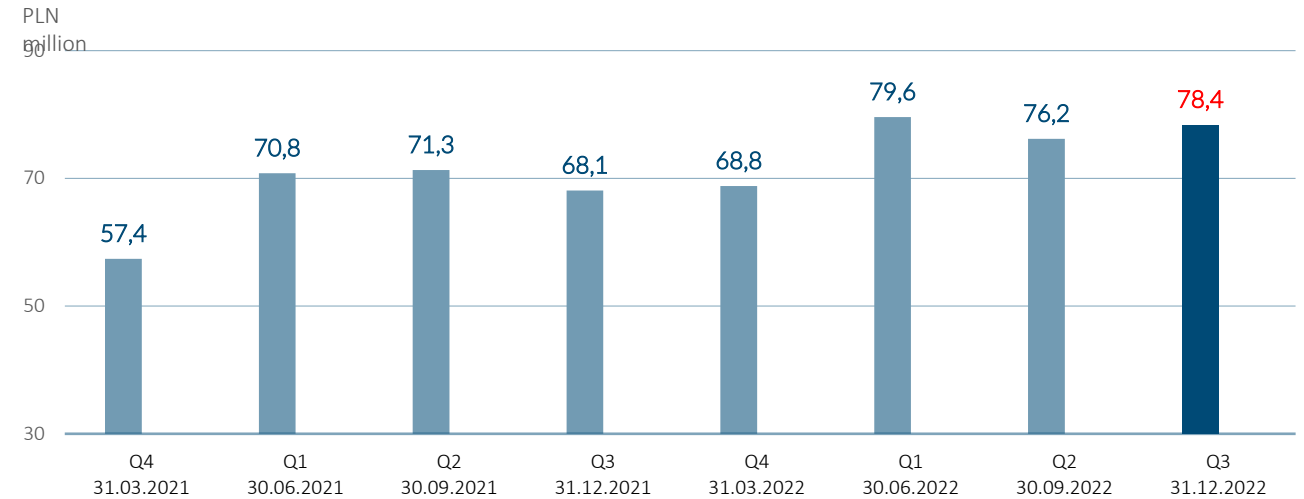
¹ Cash EBITDA = operating profit/(loss) + depreciation/amortisation of property, plant and equipment and intangible assets - interest income from purchased debts - revaluation of purchased debts + repayments from purchased debts.

2 Financial and operating results

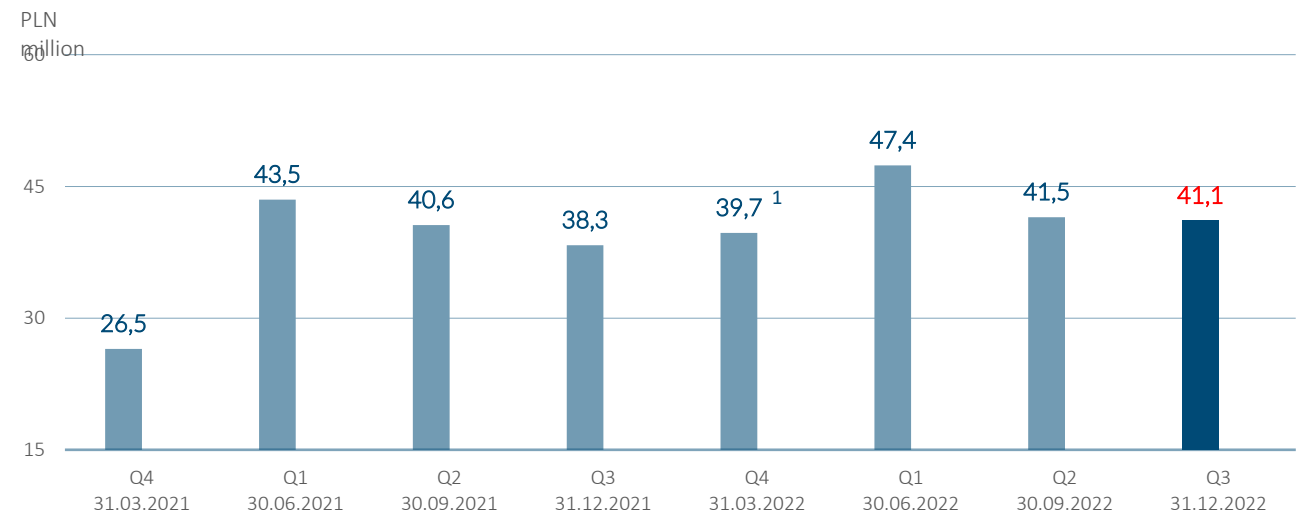
Key results I



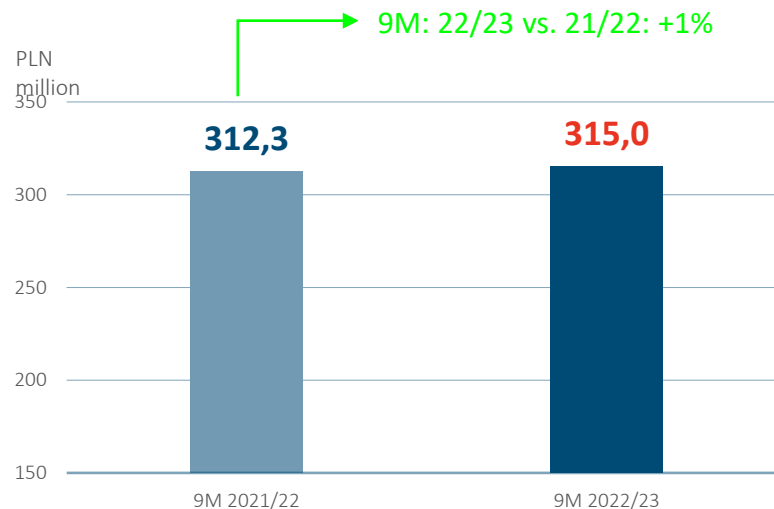
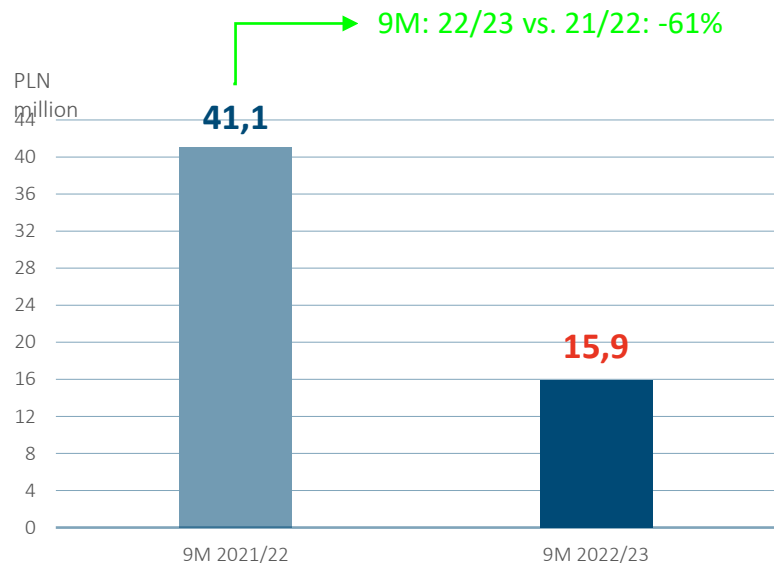
PAYMENTS FROM ACQUIRED PORTFOLIOS



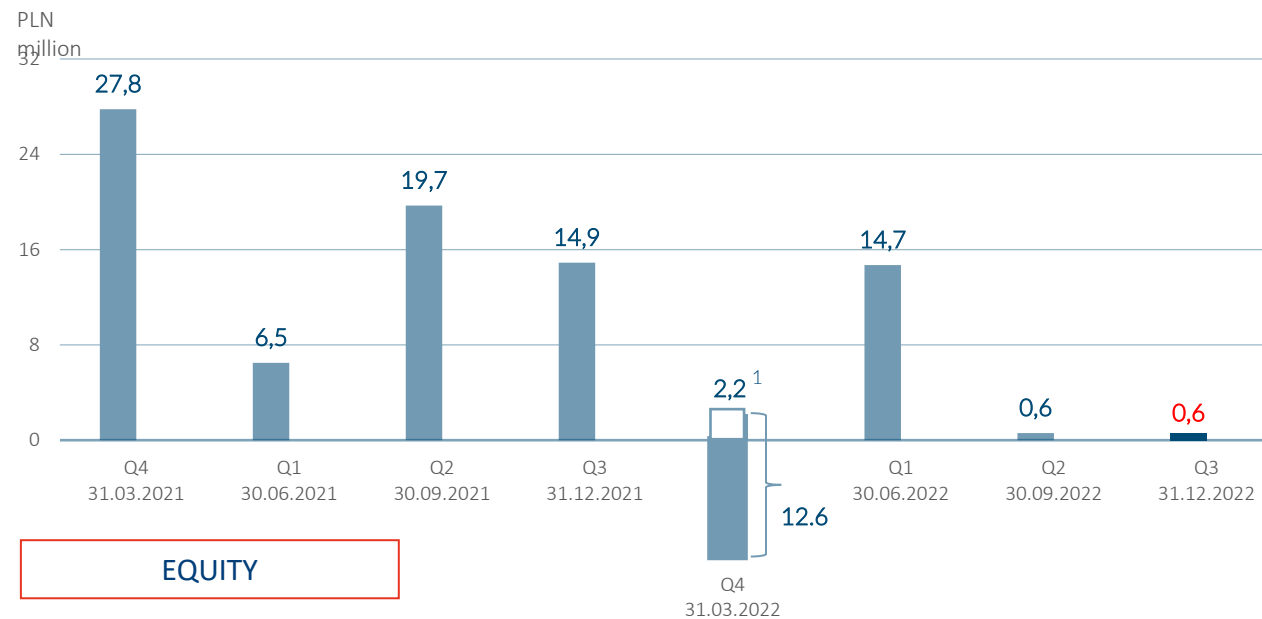
CASH EBITDA



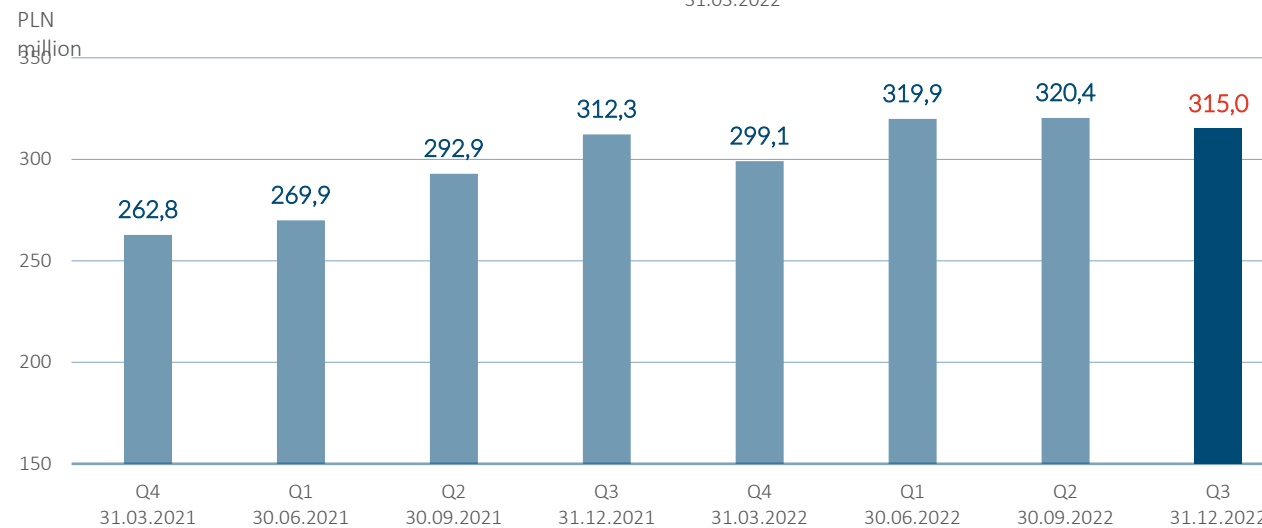
Key results II



NET PROFIT (LOSS)



EQUITY



Profit and loss account

| PLN thousand | 9M 2022/23 | 9M 2021/22 | Change (%) | Q3 2022/23 | Q2 2022/23 | Q1 2022/23 | Q4 2021/22 restated | Q3 2021/22 | Q2 2021/22 | Q1 2020/22 | Q4 2020/21 restated |
|--|------------------|-----------------|-------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|---------------------|
| Payments | 234,153 | 210,215 | 11% | 78,398 | 76,151 | 79,604 | 68,775 | 68,116 | 71,323 | 70,776 | 57,357 |
| Cash EBITDA | 129,972 | 122,414 | 6% | 41,094 | 41,521 | 47,357 | 34,832 | 38,311 | 40,609 | 43,494 | 26,470 |
| Interest revenues | 88,642 | 92,333 | -4% | 29,515 | 29,503 | 29,624 | 27,845 | 31,200 | 29,257 | 31,876 | 31,602 |
| Revaluation of portfolios | 63,452 | 65,981 | -4% | 19,857 | 17,787 | 25,808 | 5,043 | 19,376 | 33,211 | 13,394 | 41,401 |
| Other net revenues | 1,629 | 2,836 | -43% | 1,176 | (662) | 1,115 | 4,079 | 1,217 | 539 | 1,080 | (767) |
| Total net revenues | 153,723 | 161,150 | -5% | 50,548 | 46,628 | 56,547 | 36,967 | 51,793 | 63,007 | 46,350 | 72,236 |
| Remunerations, social insurance contributions and other benefits | (39,573) | (34,605) | 14% | (14,071) | (13,029) | (12,473) | (13,501) | (12,073) | (11,849) | (10,683) | (10,389) |
| External services | (32,437) | (30,314) | 7% | (10,996) | (10,473) | (10,968) | (9,886) | (10,417) | (10,931) | (8,966) | (9,749) |
| Court and enforcement fees | (29,259) | (22,152) | 32% | (11,521) | (9,206) | (8,532) | (8,462) | (7,140) | (7,285) | (7,727) | (8,728) |
| Other | (10,176) | (8,563) | 19% | (3,848) | (3,019) | (3,309) | (8,146) | (3,007) | (2,888) | (2,668) | (2,753) |
| Total operating costs | (111,445) | (95,634) | 17% | (40,436) | (35,727) | (35,282) | (39,995) | (32,637) | (32,953) | (30,044) | (31,619) |
| Profit (loss) on operating activities | 42,278 | 65,516 | -35% | 10,112 | (10,901) | 21,265 | (3,029) | 19,156 | 30,054 | 16,306 | 40,617 |
| Net financial costs | (22,359) | (17,958) | 25% | (9,906) | (6,694) | (5,759) | (4,928) | (2,840) | (5,614) | (9,504) | (7,386) |
| Profit (loss) before tax | 19,919 | 47,558 | -58% | 206 | 4,207 | 15,506 | (7,956) | 16,316 | 24,440 | 6,802 | 33,231 |
| Income tax | (3,990) | (6,417) | -38% | 405 | (3,599) | (796) | (2,502) | (1,326) | (4,817) | (274) | (5,487) |
| Net profit (loss) | 15,929 | 41,141 | -61% | 611 | 608 | 14,710 | (10,458) | 14,990 | 19,623 | 6,528 | 27,744 |

Profit and loss account

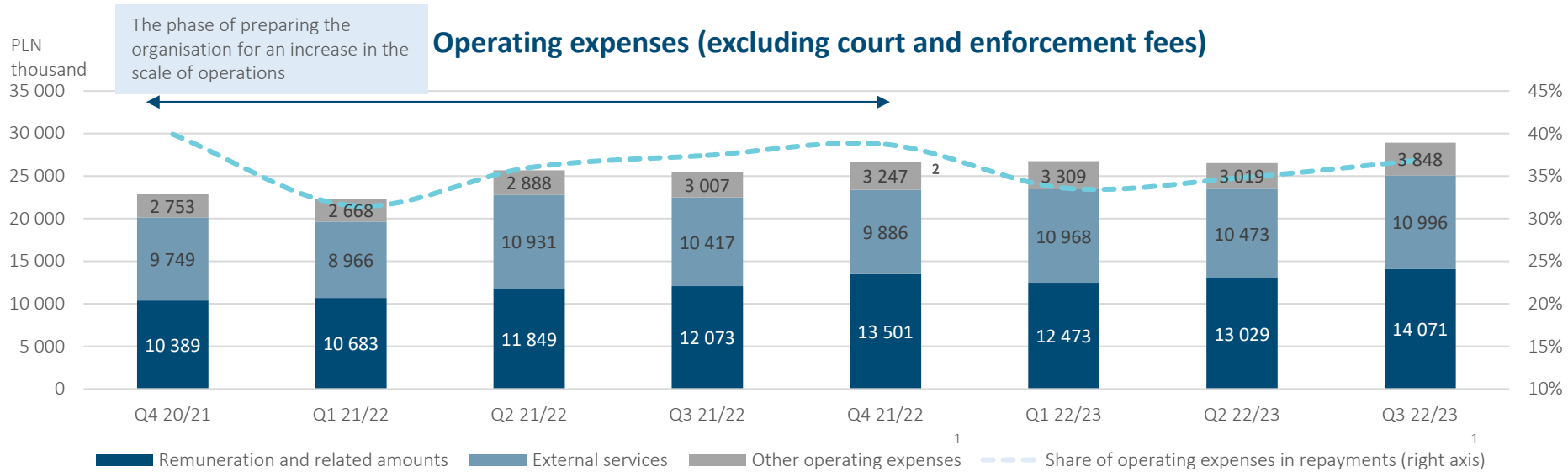
| PLN thousand | 9M 2022/23 | 9M 2021/22 |
|---|---------------|---------------|
| Revision of projection | (3,758) | 19,365 |
| Deviations of actual payments from projected payments | 65,581 | 47,179 |
| Extension of projected recoveries | 904 | 981 |
| Changes to exchange rates | 725 | (1,544) |
| Revaluation of portfolios | 63,452 | 65,981 |

- High **Deviations of actual payments from projected payments** is a cash effect (real inflow of cash to the Group) observed in **all relevant countries of the Group**.
- Negative **Revision of projection** due to maintaining a **very conservative** approach to repayment curves (non-cash effect).
- Positive impact of **exchange rate differences** (RON) – non-cash effect.

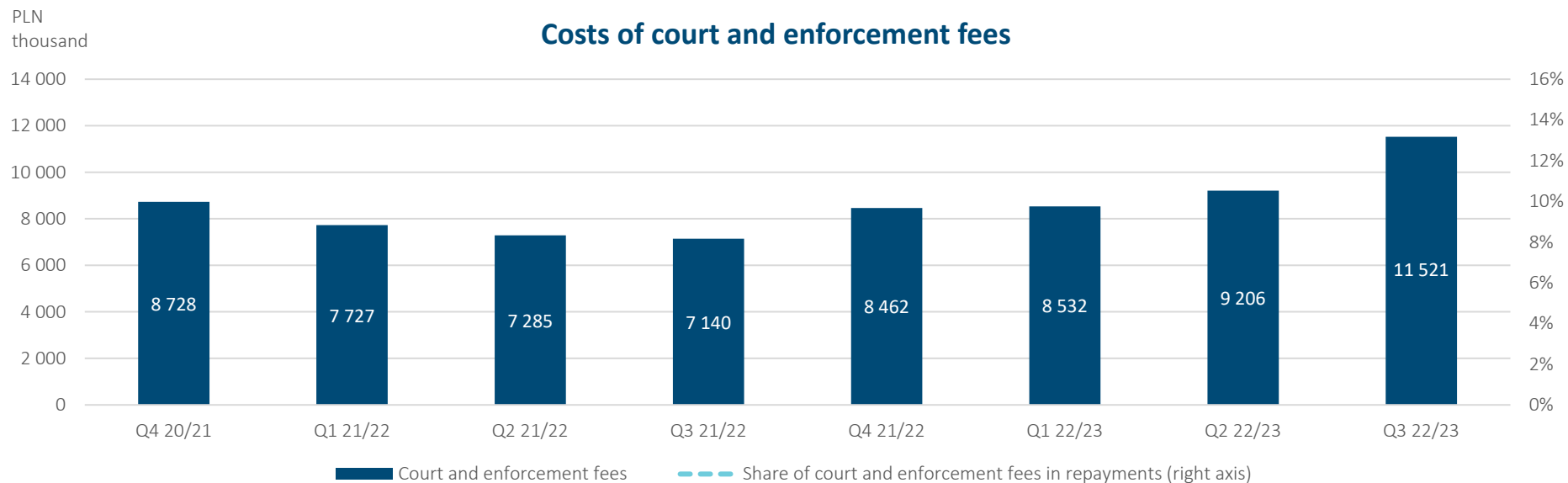
| PLN thousand | 9M 2022/23 | 9M 2021/22 | Change (%) |
|-------------------------------------|----------------|---------------|------------|
| Remuneration and related amounts | 39,573 | 34 605 | 14% |
| Third party services | 32,437 | 30,314 | 7% |
| Court and enforcement fees | 29,259 | 22,152 | 32% |
| Depreciation and amortization | 5,635 | 4,997 | 13% |
| Taxes and charges | 1,284 | 1,166 | 10% |
| Consumption of materials and energy | 1,561 | 1,034 | 51% |
| Other costs by type | 1,696 | 1,366 | 24% |
| Operating expenses | 111,445 | 95,634 | 17% |

- Increase in operating expenses year over year primarily due to **higher costs of remunerations, third party services, court and enforcement fees**.
- **Operating expenses**, after excluding Court and enforcement fees, **rise at a rate similar to the repayment growth rate (12% vs 11% y/y)**.
- Increase in remuneration costs caused primarily due to the preparation of the organisation for a **significant increase in the scale of activity** (the process was conducted intensively during the year 2021/2022, **growth of the cost base slowed down at the turn of Q4 21/22 – Q3 22/23**), **inflation pressure**.
- Increase in the cost of **Court and enforcement fees** is strictly related to **high level of investments in portfolios**, in future quarters it should bring about higher **recoveries from debtors**.

Profit and loss account III



- Systematic improvement of profitability in the long term – the share of operating expenses (excluding court and enforcement fees) in repayments decreased from 43% in Q1 20/21 to 37% in Q3 22/23.
- Share of remuneration in repayments (18% in Q3 22/23) at the level of the best industry benchmarks.

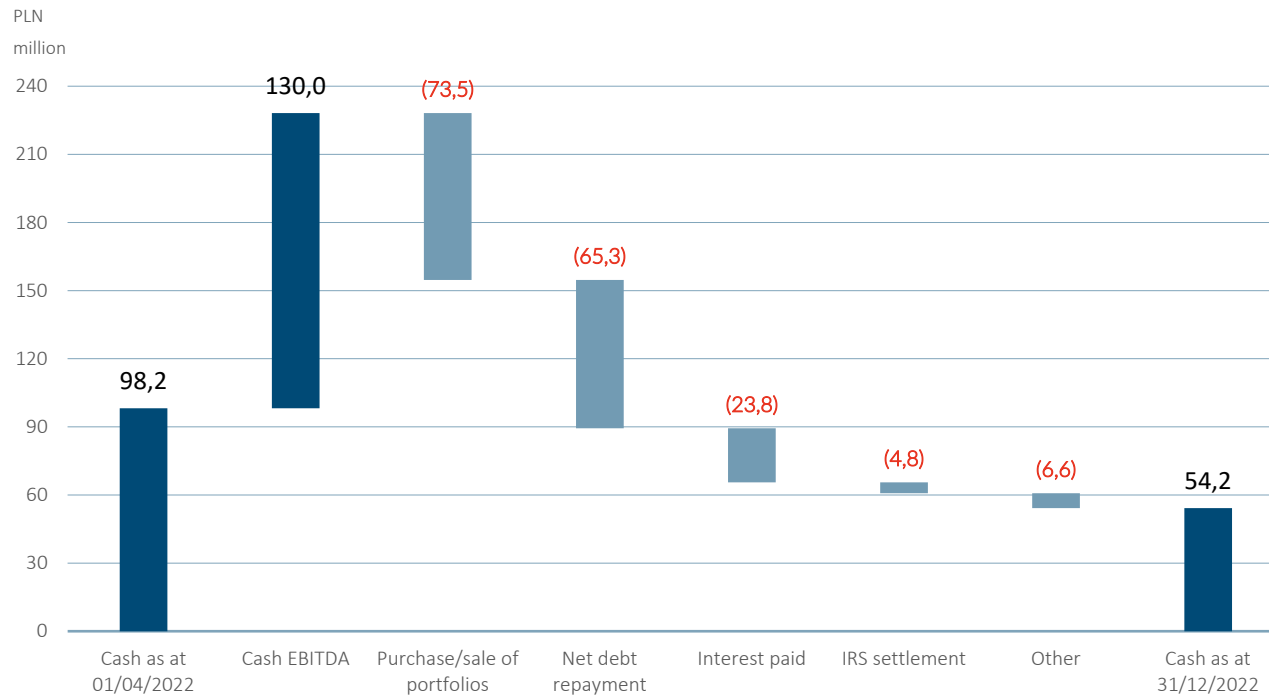


- Growing share of court and enforcement fees in repayments, which will bring about a growth in repayments in subsequent periods (primarily PL and ROM).

¹ Excluding court and enforcement fees

² After adjusting for non-cash write-off for KI RUS

Cash flows – functional vs reporting approach



| Cash flows [PLN million] | 9M 2022/23 | 9M 2021/22 |
|------------------------------|------------|------------|
| Cash opening balance | 98.2 | 74.0 |
| Operating activities | 120.0 | 128.0 |
| Investment-related activity | (72.7) | (22.4) |
| Financing activities | (94.7) | (94.8) |
| Foreign exchange differences | 3.4 | (0.2) |
| Cash closing balance | 54.2 | 84.8 |

- In 9M, the Group concluded portfolio purchase transactions for the amount of PLN 76.2 million and settled its purchase liabilities for the amount of PLN 12.6 million. After the balance sheet date, payment for the portfolio purchased in the reporting period was settled in the amount of PLN 15.3 million.
- In 9M, purchases were made in the amount significantly exceeding the scale of investments made **in the entire previous financial year (after the balance sheet date, additional agreements for the purchase of debt portfolios were signed).**
- The Group is prepared to **spend significantly more on portfolio purchases – promising prospects in the coming quarters (expected supply of portfolios on the market).**

Tangible effects of the transformation



INCREASE IN EFFICIENCY DUE TO LEAN AND TECHNOLOGY

Value of payments per FTE Implementation of the LEAN schedule as regards operating processes in PL

+7% (r/r)

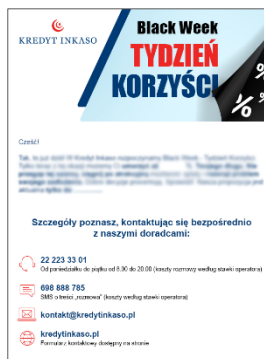
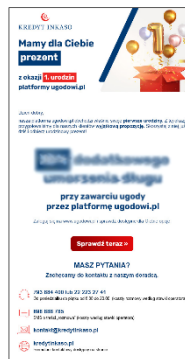
+40% (9M 22/23 vs 9M 20/21)

83%



GROWTH IN REPAYMENTS ON THE AMICABLE STREAM

- Development of communication channels
- Intensification of actions through various marketing campaigns
- Personalisation of relations and offer



Potential for further growth in operating efficiency



GROWTH IN ONLINE PAYMENTS ugodowi.pl

Active mobile users (Q3 vs Q1)

1.3x

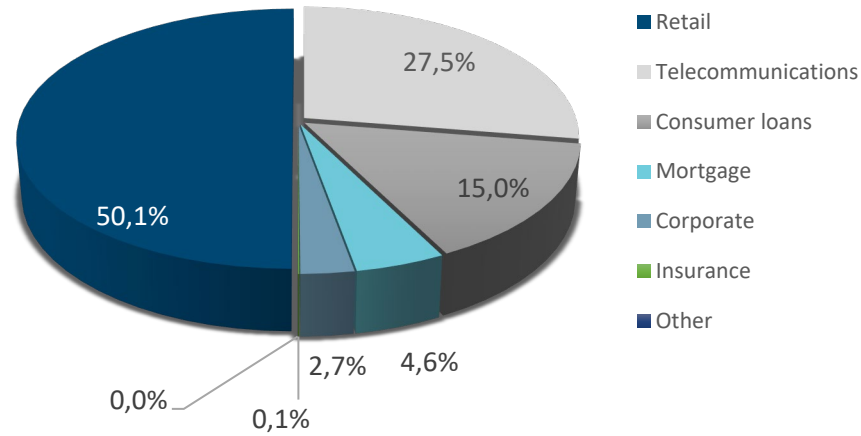
Number of concluded settlements (Q3 vs Q1)

2x

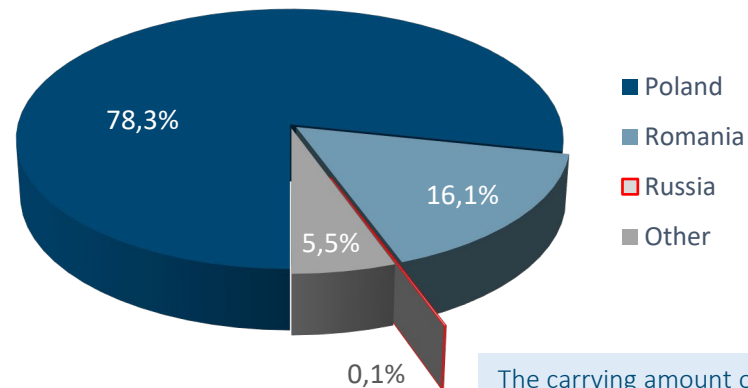
3 Financial situation

KISA portfolio characteristics

Types of portfolios managed according to their carrying amount as at 31 December 2022



Carrying amount of debt portfolios by country of origin as at 31 December 2022



The carrying amount of Russian portfolios represents 0.1% of the balance sheet value of all purchased debts and amounts to PLN 0.5 million; no further discount related to war in Ukraine

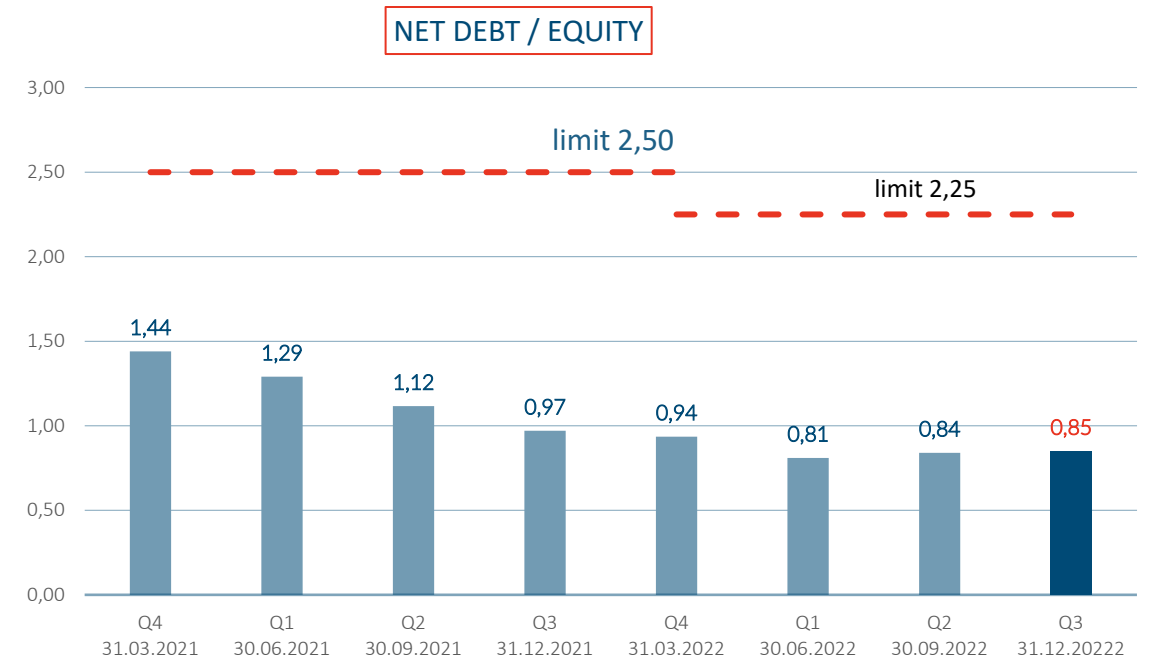
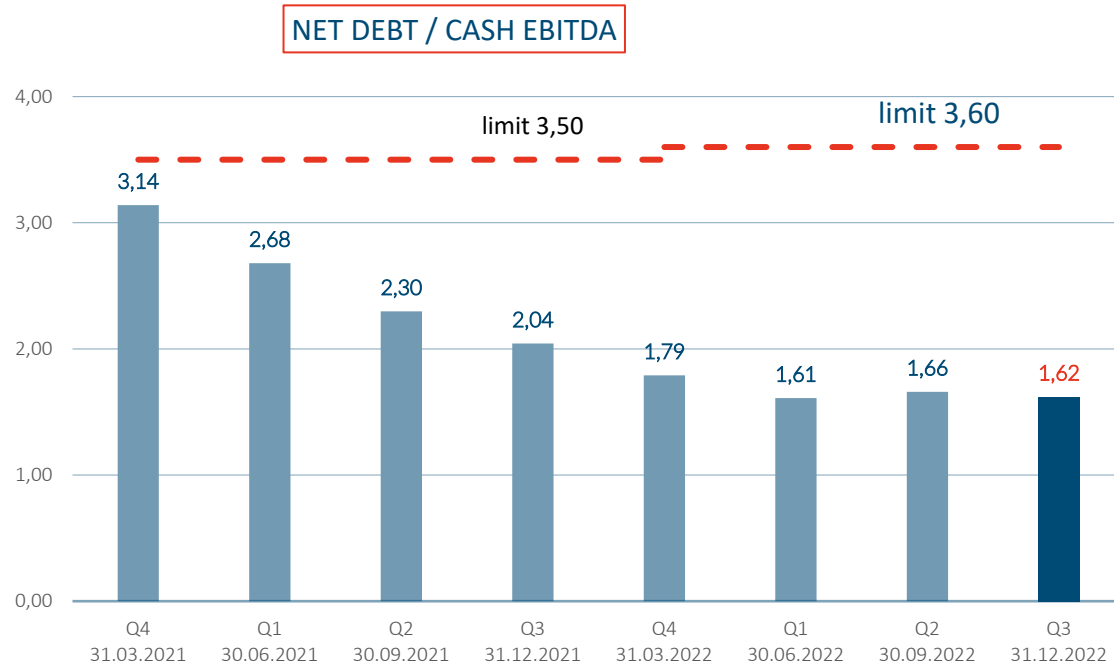
Carrying amount of KI Group's debt portfolios broken down by type (PLN million)

| | Carrying amount as at 31.12.2022 | Percentage share (%) |
|-------------------|----------------------------------|----------------------|
| Retail | 286.0 | 50.1 |
| Telecommunication | 157.1 | 27.5 |
| Consumer loans | 85.8 | 15.0 |
| Mortgage | 26.4 | 4.6 |
| Corporate | 15.7 | 2.7 |
| Insurance | 0.4 | 0.1 |
| Other | - | - |
| Total | 571.4 | 100.0 |

Debt repayments and carrying amount of KI Group's debt portfolios (PLN million)

| | Debt repayments 9M 2022/2023 | Carrying amount as at 31.12.2022 | Percentage share (%) |
|--------------|------------------------------|----------------------------------|----------------------|
| Poland | 160.3 | 447.2 | 78.3 |
| Romania | 34.7 | 92.2 | 16.1 |
| Bulgaria | 16.1 | 30.4 | 5.3 |
| Russia | 22.9 | 0.5 | 0.1 |
| Croatia | 0.2 | 1.1 | 0.2 |
| Total | 234.2 | 571.4 | 100.0 |

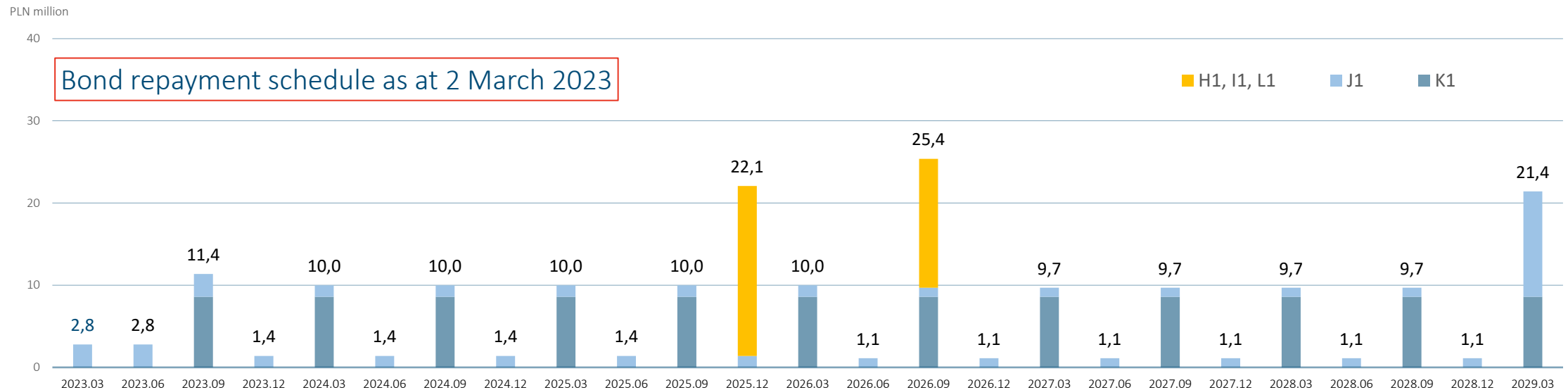
Debt ratios



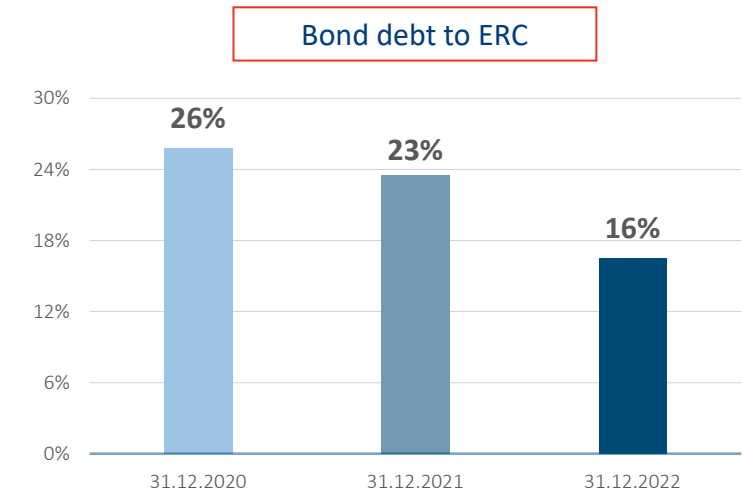
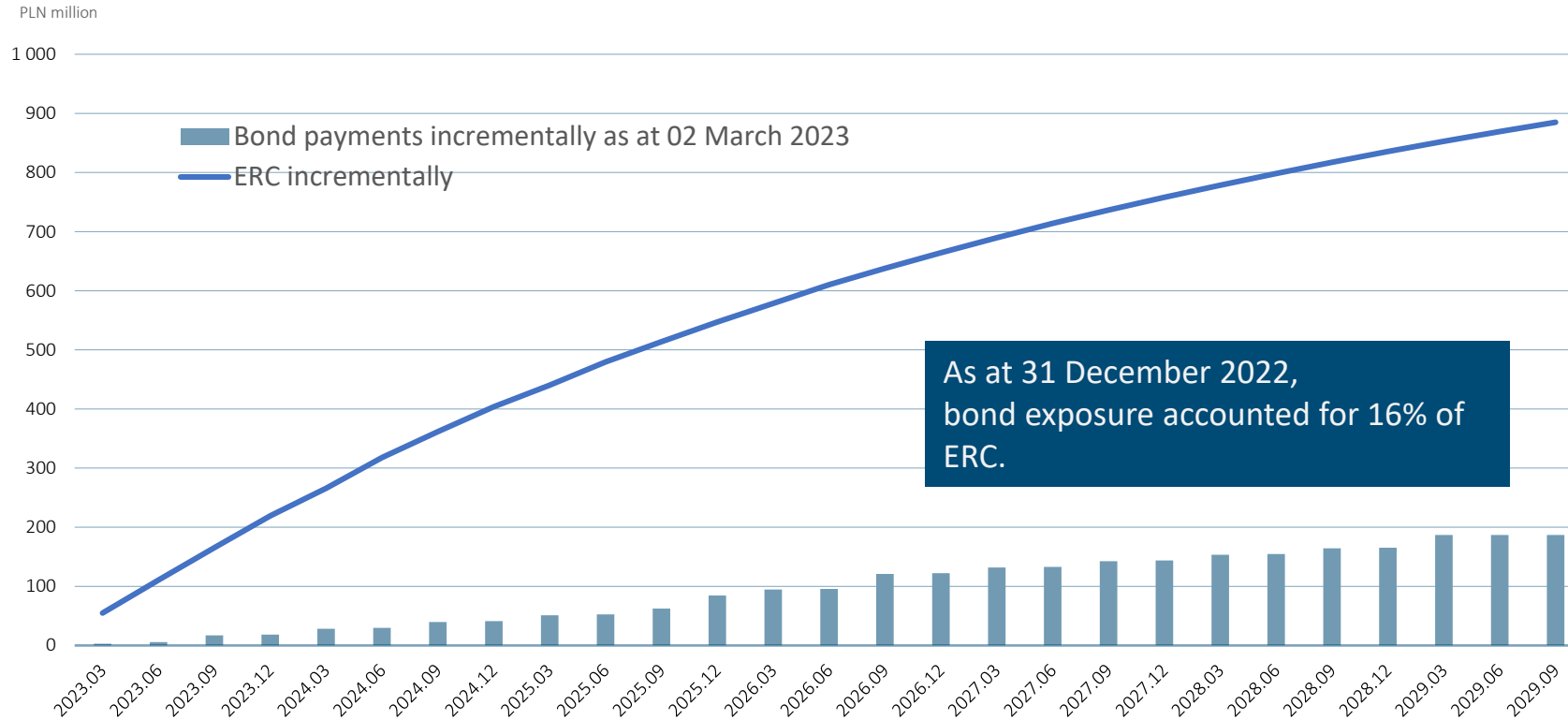
- Ambition and capacity for new investments thanks to safe debt levels (Net debt/EBITDA and Net debt/equity).
- Net debt amounting to **PLN 267.1 million (-12% y/y)** as at 31 December 2022.

Safe repayment plan for current bonds, increasing financing options

- Due to the reconstruction of the financing term structure, the Group eliminated the risk of refinancing bonds and extended the financing period.
- The issue of L1 bonds in August (PLN 15.7 million) and an increase in the credit line limit by PLN 60 million ensure that the Group has sufficient liquidity to execute new large investments.
- As at 31 December 2022, the Group had PLN 54.2 million in cash.



Expected portfolio repayments (ERC) and planned bond repayments



4 Corporate situation

- Issue of a **non-final decision on the appointment of a special auditor in the Company by the registry court.**
- **Complaint lodged by the Company against the decision of the registry court on the appointment of a special auditor in the Company.**
- **Non-final rejection of complaint lodged by the Company against the decision of the court clerk on the appointment of a special auditor in the Company.**
- Delivery of the **appeal against the judgment dismissing the claim against the Company filed by John van Kannel, a shareholder of the Company, to declare resolution No. 12/2021 of the Extraordinary General Meeting of the Company of 24 May 2021 invalid.**
- Approval of the **base prospectus for the Bond Issue Programme up to the total amount of PLN 100,000,000** by the Polish Financial Supervision Authority of 16 February 2023 in connection with the establishment of the Issuer's bond issue programme.
- **Review of strategic options** – the Company will provide information on its commencement by way of a current report.

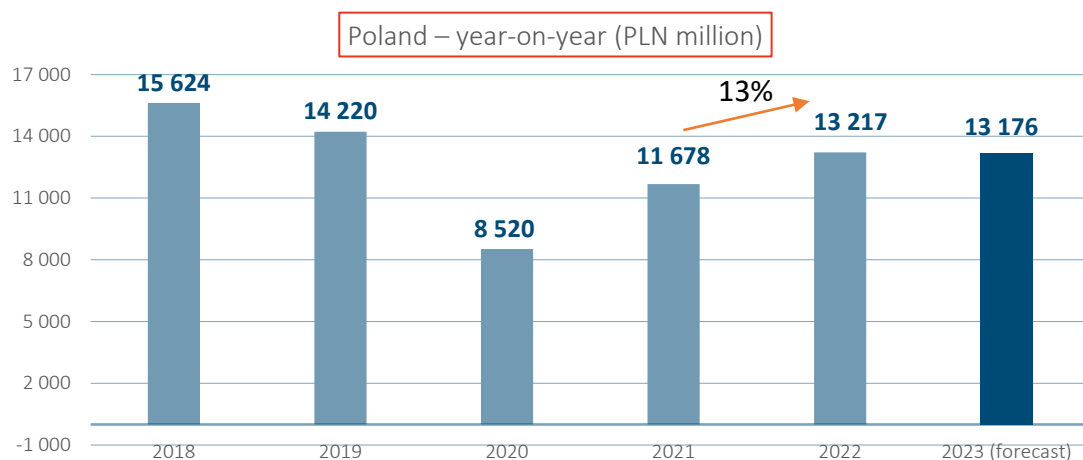


- **Draft Act of 3 October 2022 on Debt Collection Activity and the Profession of Debt Collector**
 - debt collection company must hold a permit and debt collector must hold a licence,
 - amicable debt collection limited by entity (e.g. persons aged 75+, deaf and blind) and subject matter (e.g. time barred cases, cases where the debtor lodged an objection),
 - obligation to prepare additional documentation for debt collection activities (including request to initiate debt collection activities, debt collection note, debt collection protocol, statement of telephone calls, audiovisual connections and text messages sent, including by: fax, electronic mail, text message, MMS or instant messengers, list of debt collection under way),
 - shorter limitation period,
 - strict penal provisions for the debt collection company of the debt collector.
- **Draft Act of 24 October 2022 amending certain acts in connection with ensuring financial market growth and protection of investors on that market**
 - elimination of authorisation for servicers to manage securitised receivables, management will be carried out solely by Investment Fund Companies that will be liable on that account,
 - stricter and more expansive administrative functions, ability to impose penalties on individual members of bodies regardless of proceedings against institutions, depending on the breach, *vacatio legis* – 18 months.
- **Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU (NPL Directive).**
 - directive regulates the rules governing the disposal of debts (relations with the seller), rules for servicing debts (relations with the buyer), rules for debt collection (relations with the debtor), cross-borded servicing of debts, permits and supervision,
 - date of implementation of Directive NPL into the domestic legal order: by 23 December 2023



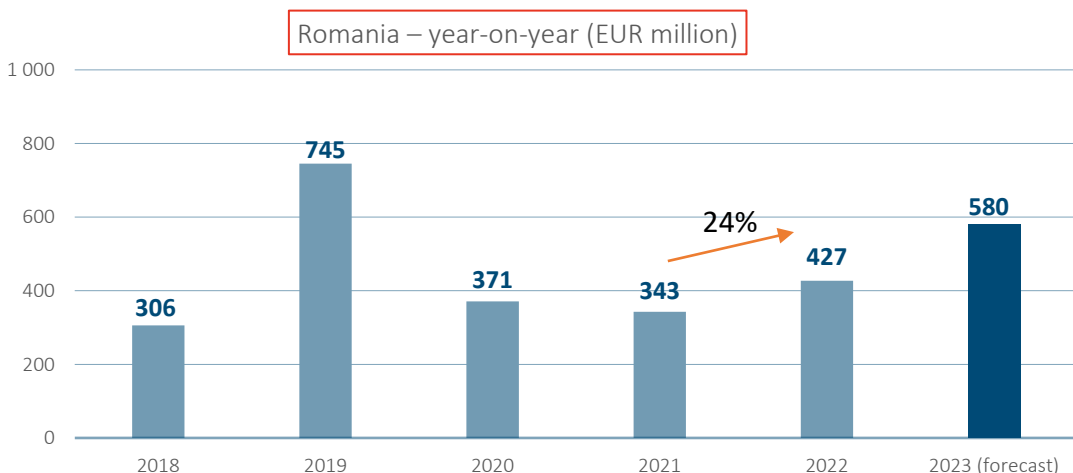
5 Market environment

Market environment – NPL supply*



Poland

- The level of sales of non-performing debt portfolios is normalising following the pandemic-driven disorder.
- In 2022, the supply of debts grew by 13% compared to the previous year. Share of NPL of banks in the entire portfolio supply at the level of 85%.
- In 2023, the projected level of supply of debts will not be lower than in 2022, with potential for further growth.
- The low unemployment rate persisting at a similar level as in the previous year, i.e. approx. 5.2%.
- High inflation results in rising interest rates, which will result in a higher level of NPL in future years.
- Higher supply of higher-quality debts as a result of banks seeking to improve financial results.
- Position of the Advocate General of CJEU regarding the borrower’s claim: “Directive 93/13 does not prevent the consumer from seeking additional benefits after the agreement has been invalidated. The aim of the directive is to protect consumers, rather than financial markets” – for the banking sector this may mean additional burdens related to claims filed by borrowers.



| (data as at the end of the year) | Poland | | | Romania | | |
|----------------------------------|---------|-----------------|-----------------|---------|-----------------|-----------------|
| | 2022 | 2023 projection | 2024 projection | 2022 | 2023 projection | 2024 projection |
| HICP inflation | 15.9%** | 11.7% | 4.4% | 13.4%** | 9.7% | 5.5% |
| Unemployment rate | 5.2% | 5.6% | no data | 5.6% | no data | no data |
| GDP growth rate | 4.9% | 0.4% | 2.5% | 4.8% | 2.5% | 3.0% |

Romania

- The supply of debt portfolios in 2022 grew by 24% compared to the previous year.
- Expected 36% increase in the supply of debt portfolios in 2023.
- Higher supply of debt is likely to occur already in the first half of 2023.
- Expected percentage breakdown of the banking portfolio (approx. 45%) in the entire supply – unchanged.
- In 2023, the average annual inflation dropped to 11.2% according to the National Bank of Romania, compared to 16.3% in the current year.

6 Perspectives

Kredyt Inkaso Group stands on solid foundations:



financial






technological



personnel,
cultural
and
organisational

Our development directions

|  GROWTH SCALE OF ACTIVITY |  IMPROVEMENT OF ORGANISATION EFFICIENCY |  CUSTOMER-ORIENTED APPROACH |
|--|---|--|
| <ul style="list-style-type: none"> • ACQUISITION OF NEW FINANCING Bond issues/loans • INVESTMENTS Growth of investments in PL, ROM and BG (geographical and portfolio diversification) • VALUATION ACCURACY Further improvement of algorithms and models | <ul style="list-style-type: none"> • LEAN Further improvement of process efficiency and quality • TECHNOLOGY Operating system upgrade in ROM New operating system in BG Increase of robotisation and automation level • USE OF ADVANCED DATA ANALYTICS • SYSTEMIC APPROACH TO DATA QUALITY MANAGEMENT Further improvement of data quality and optimisation of its sources • COSTS Focus on cost-effectiveness • INTERNATIONALISATION Systems and technologies Processes and strategies Knowledge and best practices | <ul style="list-style-type: none"> • SELF-SERVICE Further expansion of the self-service area in digital channels in Poland, Romania and Bulgaria (ugodowi.pl) Development of communication channels • MARKETING CAMPAIGNS Based on advanced statistical models and Customer segmentation • PRODUCTS Personalised settlements and restructuring products • SERVICE Advisory and high-quality customer service |
| COMPLIANCE, SECURITY AND RESPONSIBLE RISK MANAGEMENT | | |
| DEVELOPMENT OF PERSONNEL AND CONSTRUCTIVE ORGANISATION CULTURE | | |

Preparations for review of strategic options concerning the future of the Company.

Plans for additional bond issues.

Planned future growth of investments in Poland, Romania, and Bulgaria.

Awaiting for a PFSA licence to be issued for KI TFI.



KREDYT INKASO

Place of good solutions

**Thank you for your
attention!**

Barbara Rudziks

President of the Management Board
e-mail: barbara.rudziks@kredytinkaso.pl

Iwona Słomska

Vice President of the Management Board
e-mail: iwona.slomska@kredytinkaso.pl

Maciej Szymański

Vice President of the Management Board
e-mail: maciej.szymanski@kredytinkaso.pl

Mateusz Boguta

Member of the Management Board
e-mail: mateusz.boguta@kredytinkaso.pl