



KREDYT INKASO SA

**Presentation of results
for Q3 ended on
31 December 2021**

Warsaw, 24 February 2022



Key information

Collections

PLN 210.2 M

(+27% Q3 YTD/YTD)

ERC

PLN 1,111 M

(-7% Q3/YE)

Value of portfolios

PLN 592.9 M

(-6% Q3/YE)

Cash EBITDA

PLN 122.4 M

(+29% Q3 YTD/YTD)

Net debt / equity

0.97

(YE: 1.44)

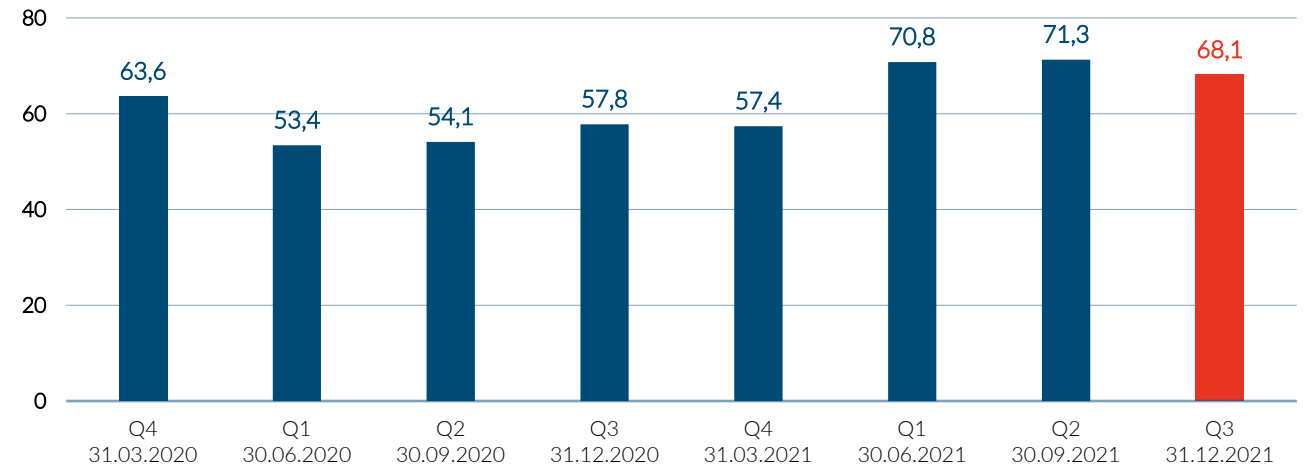
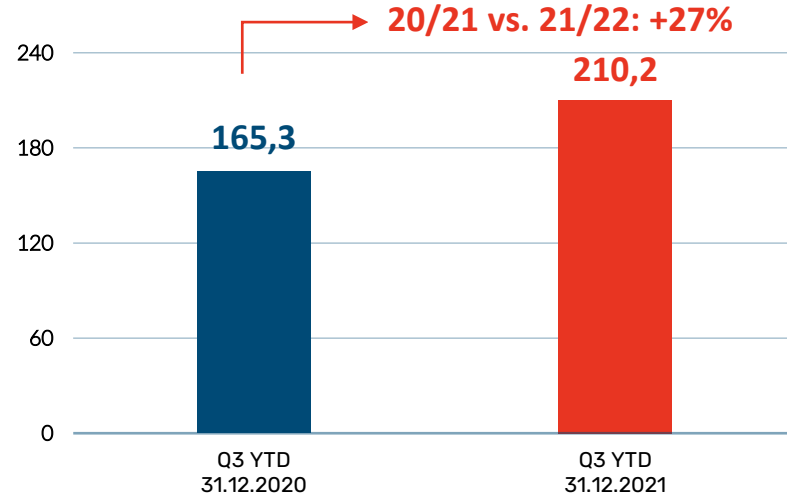
Net debt / cash EBITDA

2.04

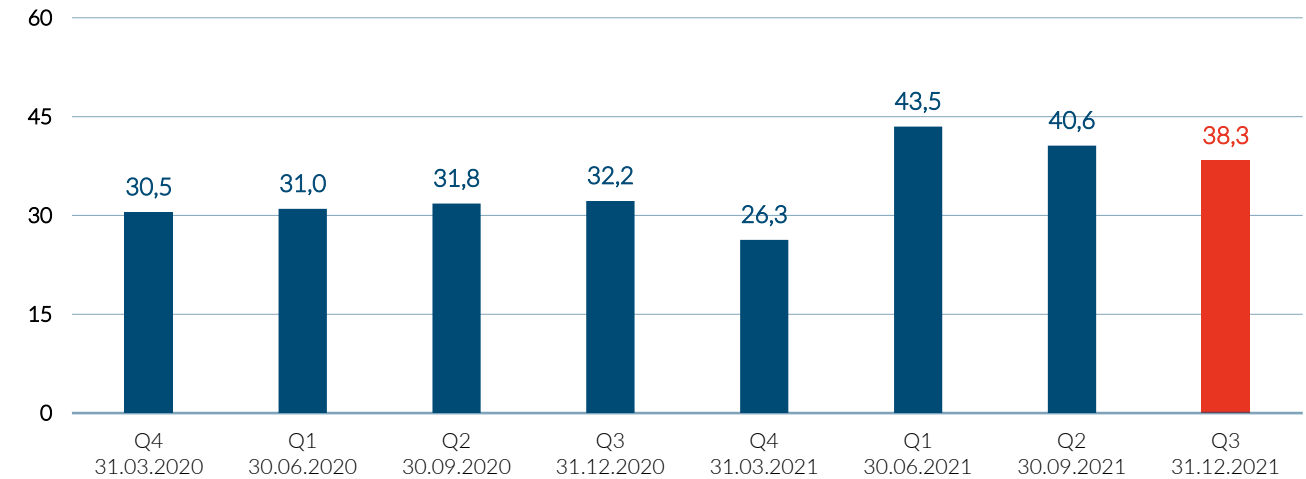
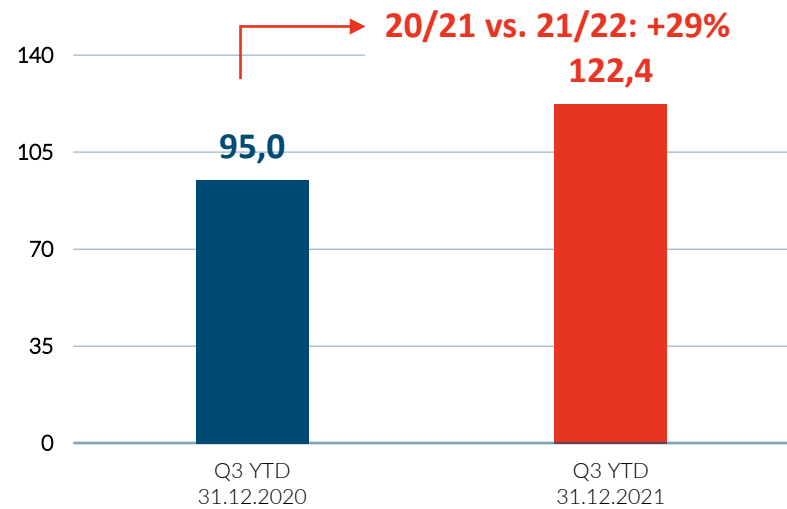
(YE: 3.14)

Key Figures I

GROSS COLLECTIONS BY DEBTORS

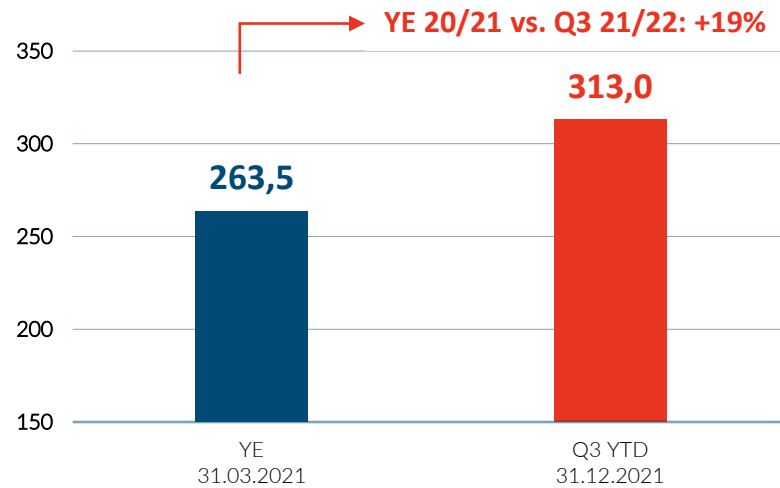
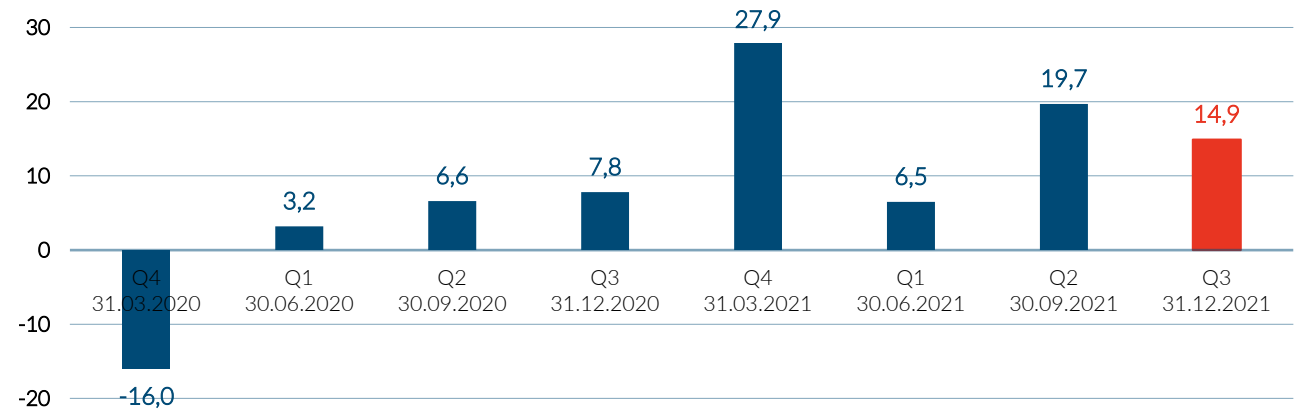
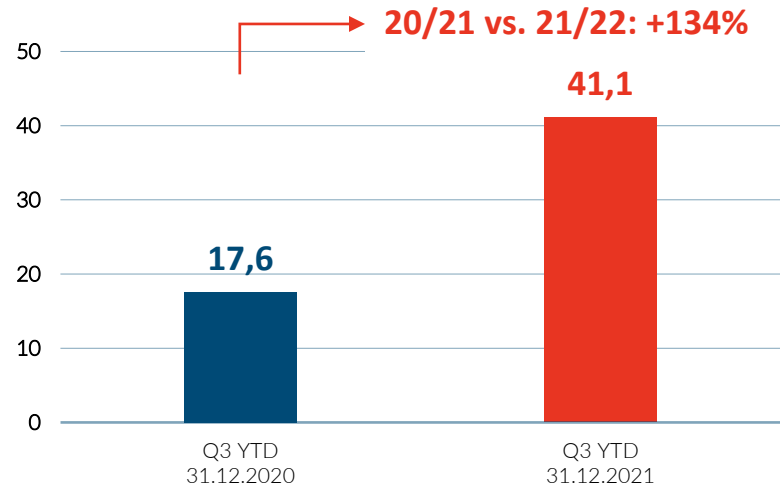


CASH EBITDA

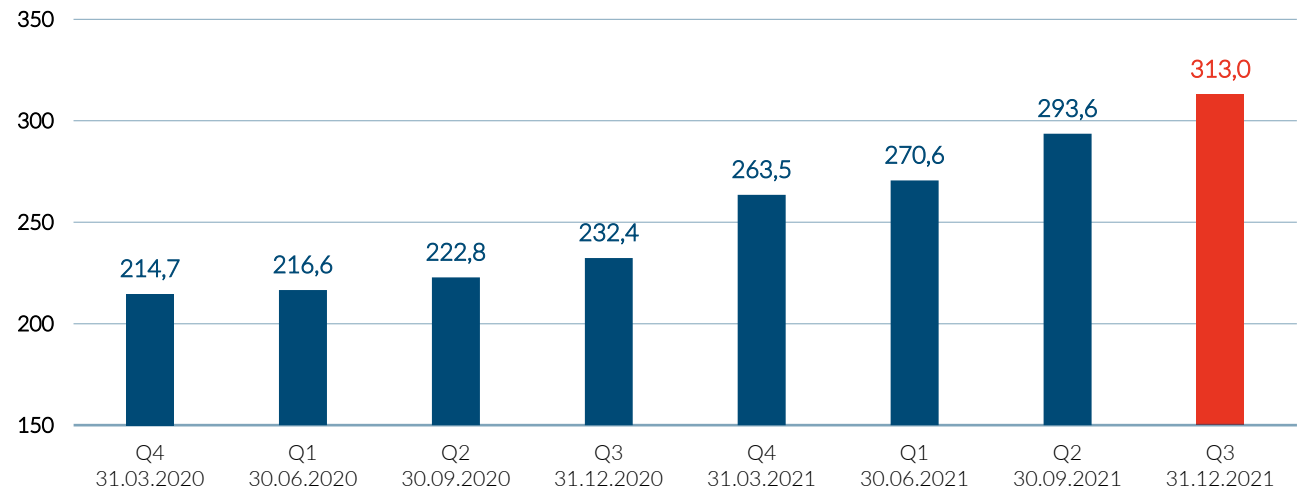


Key results II

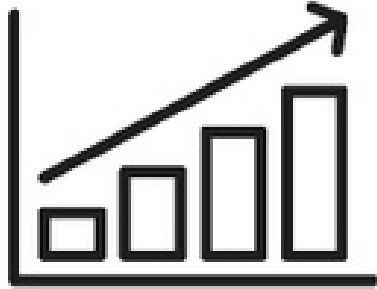
NET PROFIT (LOSS)



Equity



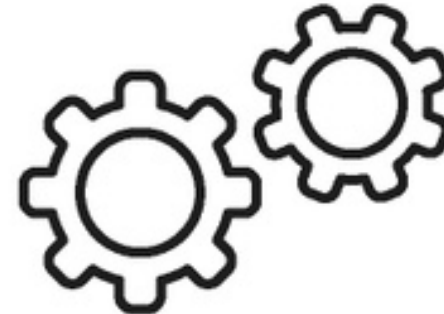
Collections from portfolios



- **Collections from own portfolios in Q3 were 18% higher** than the same period of the previous year, lower by **4% Q/Q**.
- **Collections are above expectations and exceeded accounting targets** especially in Poland, Romania and Russia.
- **No significant investments in new portfolios Q1-Q3 21/22** - investment amounted to **PLN 16.7 M**, contributions mainly generated by investments from previous years
- **No significant one-off events**

High collections are the result of:

- **increased operational effectiveness** due to improvement of operational process Lean management methodology and development of more effective management tools.
- **further optimization of the debt collection strategy**
- **development of advanced data analytics**



Collections from portfolios

Levers of growth in recoveries from portfolios held:



- implementation of the **ugodowi.pl online self-service platform** for KISA customers
- **unification of strategies, tools and management methods** in foreign markets
- **transformation of operations into a LEAN-THINKING organization**
- **full implementation of the LEAN methodology**, which will also make it possible to increase cost efficiency

Outlook for the future

- We still have room for further process and technology improvements, but we are already operationally ready to handle new portfolios without significantly increasing operating costs.
- We have a complete team dedicated to organizational transformation - high synergy between experienced KISA staff and experts recruited from the market
- We have launched the New Organizational Culture project



Profit and loss account

	Q3 YTD 2021/22	Q3 YTD 2020/21	Change (%)	2021/22 Q3	2021/22 Q2	2021/22 Q1	2020/21 Q3	2020/21 Q2	2020/21 Q1
Collections	210,215	165,261	27%	68,116	71,323	70,776	57,772	54,130	53,359
Cash EBITDA	122,414	94,813	29%	38,311	40,609	43,494	32,058	31,594	31,161
Interest revenues	92,333	94,020	-2%	31,200	29,257	31,876	30,998	30,578	32,444
Revaluation of portfolios	65,981	27,183	143%	19,376	33,211	13,394	11,781	12,723	2,679
Other net revenues	2,836	6,862	-59%	1,217	539	1,080	2,351	2,662	1,849
Total net revenues	161,150	128,065	26%	51,793	63,007	46,350	45,130	45,963	36,972
Total operating costs	(95,634)	(82,268)	16%	(32,637)	(32,953)	(30,044)	(29,609)	(26,787)	(25,872)
Remunerations, social insurance contributions and other benefits	(34,605)	(30,834)	12%	(12,073)	(11,849)	(10,683)	(11,241)	(9,380)	(10,213)
External services	(30,314)	(27,595)	10%	(10,417)	(10,931)	(8,966)	(9,764)	(8,631)	(9,200)
Direct Collection Cost	(22,152)	(15,485)	43%	(7,140)	(7,285)	(7,727)	(5,959)	(6,539)	(2,987)
Other	(8,563)	(8,354)	3%	(3,007)	(2,888)	(2,668)	(2,645)	(2,237)	(3,472)
Profit (loss) on operating activities	65,516	45,797	43%	19,156	30,054	16,306	15,521	19,176	11,100
Net financial costs	(17,958)	(23,382)	-23%	(2,840)	(5,614)	(9,504)	(7,318)	(8,406)	(7,658)
Profit (loss) before tax	47,558	22,415	112%	16,316	24,440	6,802	8,203	10,770	3,442
Income tax	(6,417)	(4,809)	33%	(1,326)	(4,817)	(274)	(351)	(4,217)	(241)
Net profit (loss)	41,141	17,606	134%	14,990	19,623	6,528	7,852	6,553	3,201

Profit and loss account

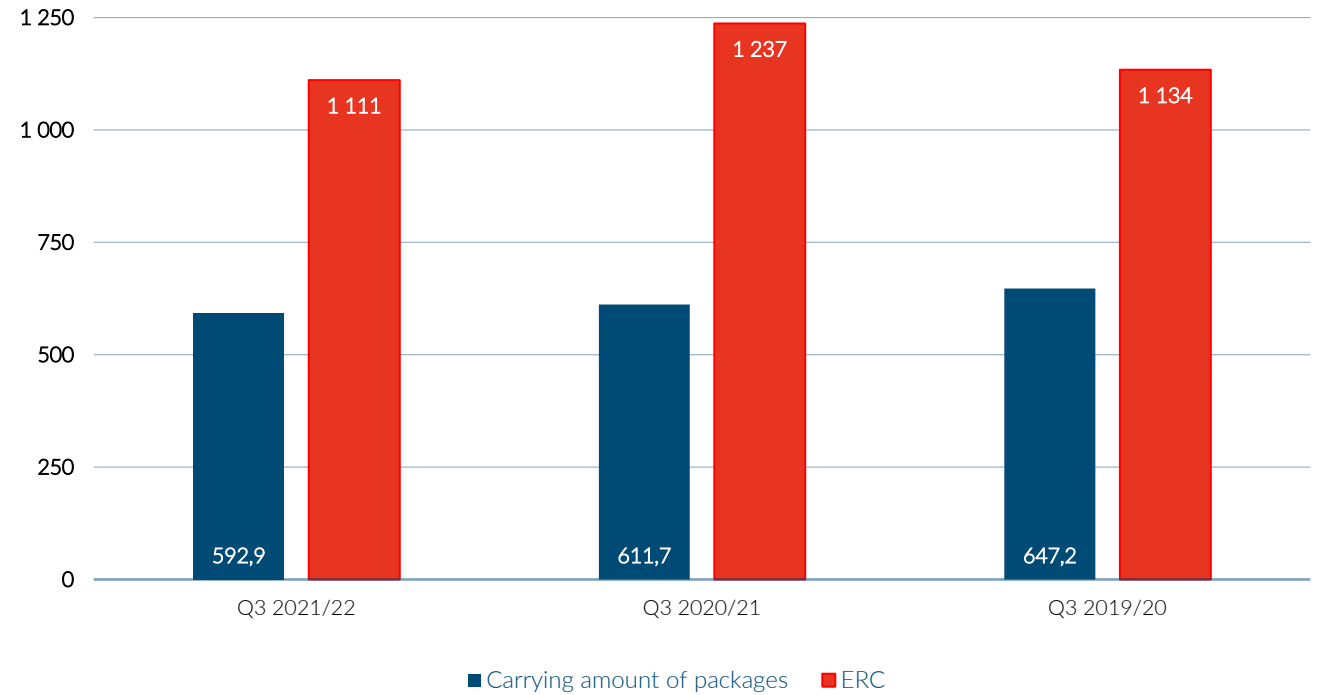
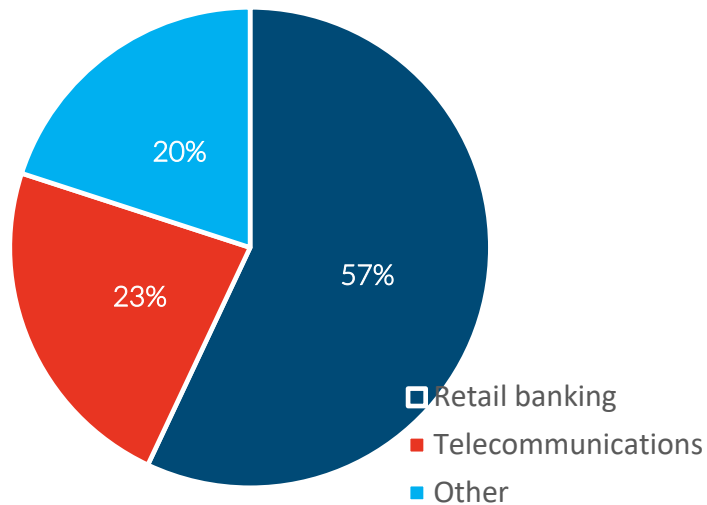
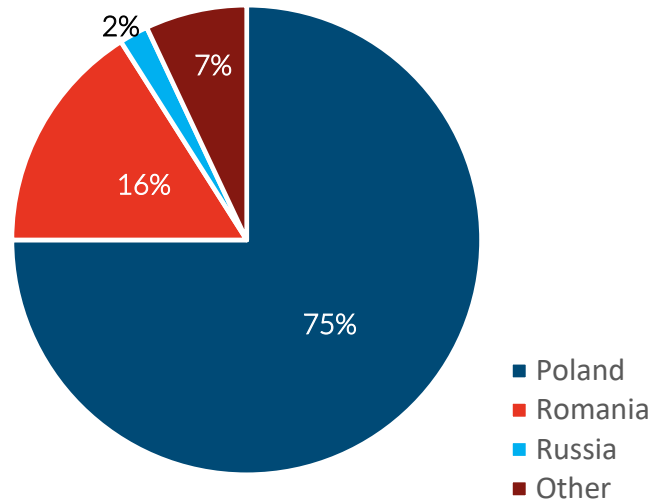
	Q3 YTD 2021/22	Q3 YTD 2020/21
Collection curve adjustment	19,365	5,178
Deviations from actual payments	47,179	20,819
rolling extension of collection curves	981	1,130
Changes to exchange rates	(1,544)	56
Revaluation of portfolios	65,981	27,183

- Increase in salary costs primarily due to the recognition of costs of provisions for bonuses related to Group performance
- Changes in the debt collection strategy – **intensification of the referral of cases to the judicial-enforcement path**
- The comparison of the evolution of costs is distorted by the low base effect associated with the pandemic situation in the bailiff channel

- Customer collections exceeded targets due to **optimization of collection processes** carried out in 2020-2021 and a change in collection strategy.
- 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 forecasts.
- The revision of forecasts follows the **systematic significant exceeding of plans as a result of the adopted optimization of the strategy**, which was evident in the line of deviations from actual collections.

	Q3 YTD 2021/22	Q3 YTD 2020/21	Change (%)
Remuneration and related amounts	34,605	30,834	12%
External services	30,314	27,595	10%
Direct Collection Cost	22,152	15,485	43%
Depreciation and amortization	4,997	4,958	1%
Taxes and charges	1,166	1,326	(12%)
Consumption of materials and energy	1,034	949	9%
Other costs by type	1,366	1,121	22%
Operating expenses	95,634	82,268	16%

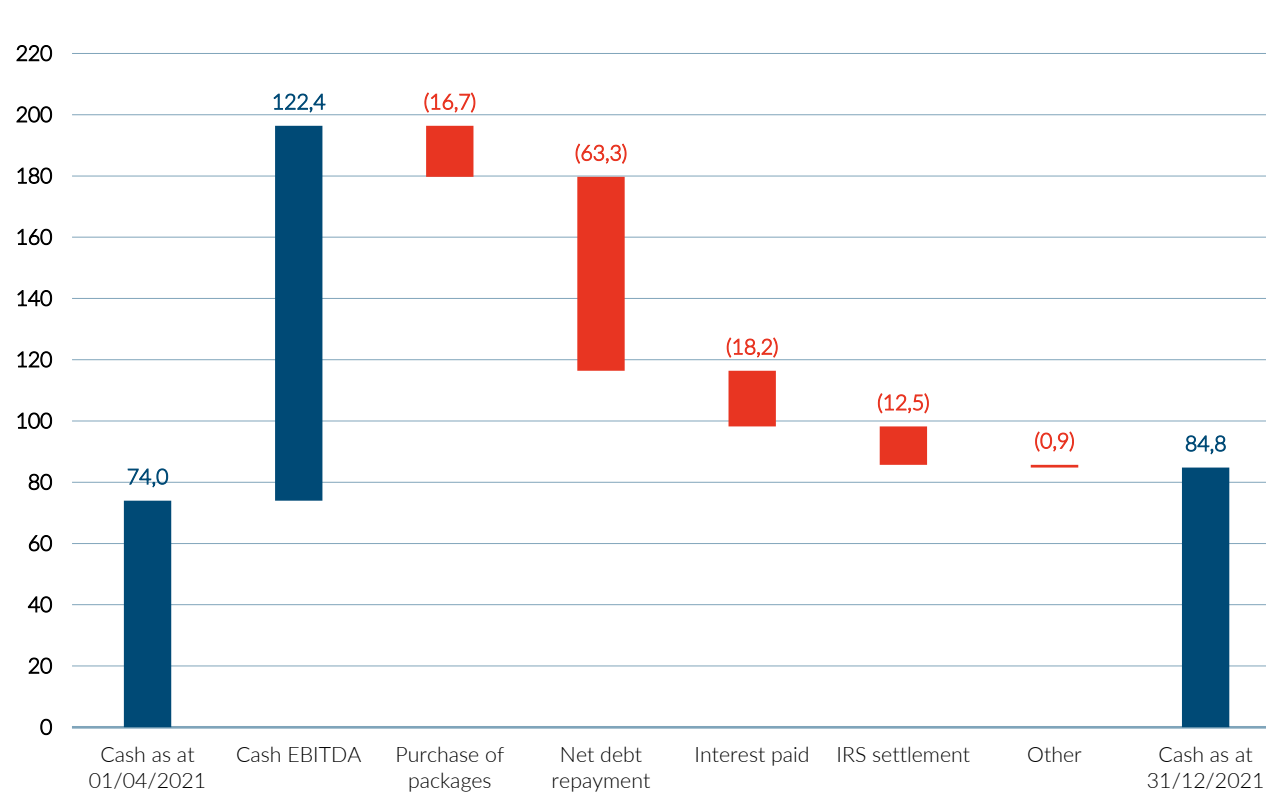
Debt portfolios



The Group participates in tenders for debt portfolios and the scale of investment depends on market supply, competitive quotes and profitability analysis.



Changes in cash

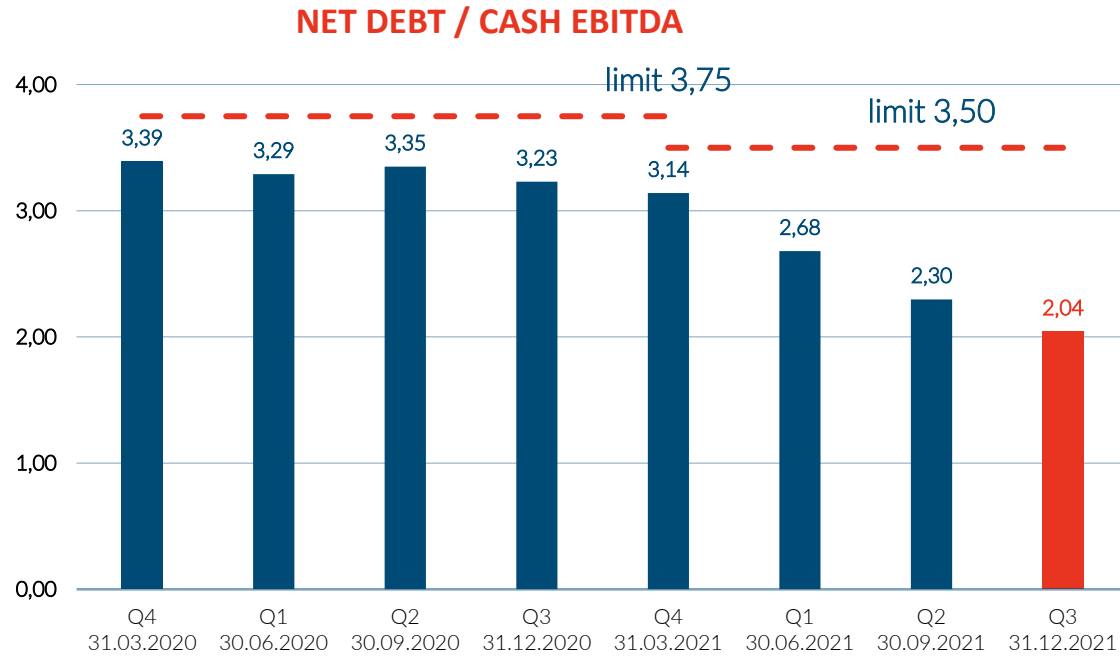


Cash flows	Q3 YTD 2021/22	Q3 YTD 2020/21
Cash opening balance	74.0	31.4
Operating activities	127.9	89.7
Investment activities	(22.4)	(14.8)
Financial activities	(94.7)	(50.6)
Cash closing balance	84.8	55.7

Strong, growing ability to generate cash from operating activities

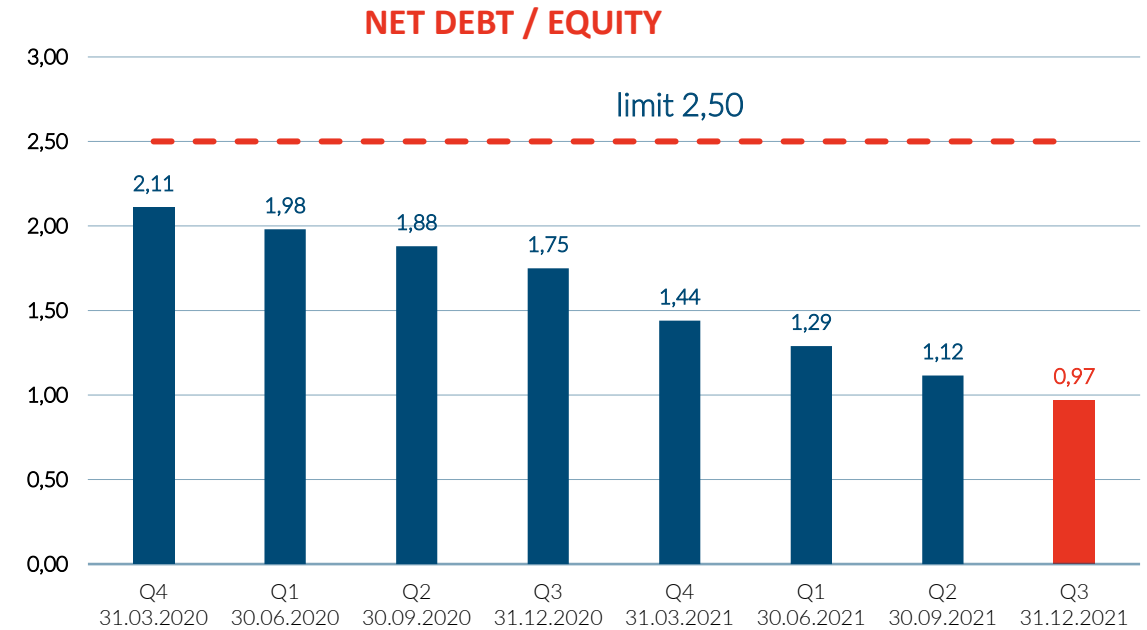


Debt ratios

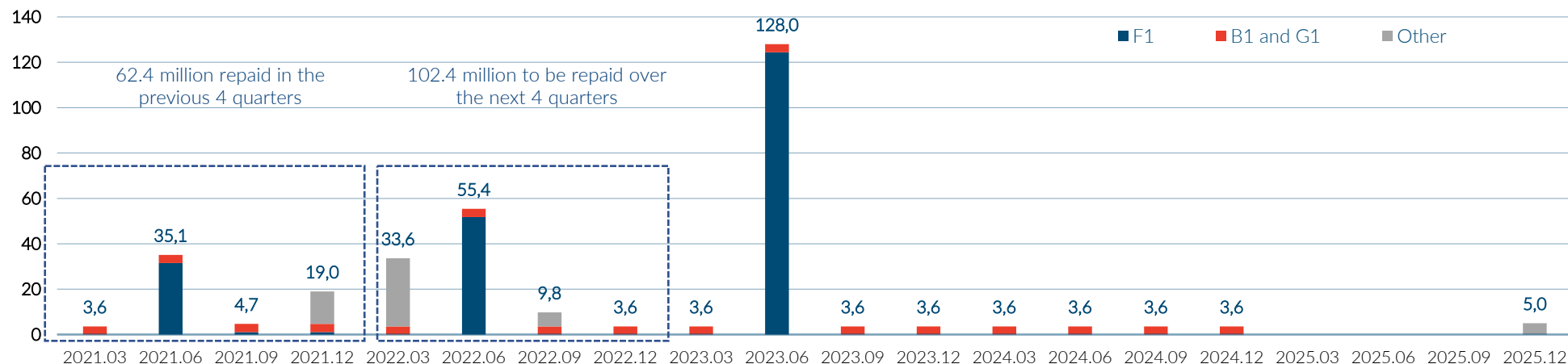


- The current debt ratios allow for a return to the bond market once the market stabilizes.

- Further decrease in debt ratios mainly due to improved financial results.
- Safe debt levels (ND/\$EBITDA and ND/EQ) allow for new investments financed by borrowed capital.



Financing



Carrying amount in million PLN 31.12.2021

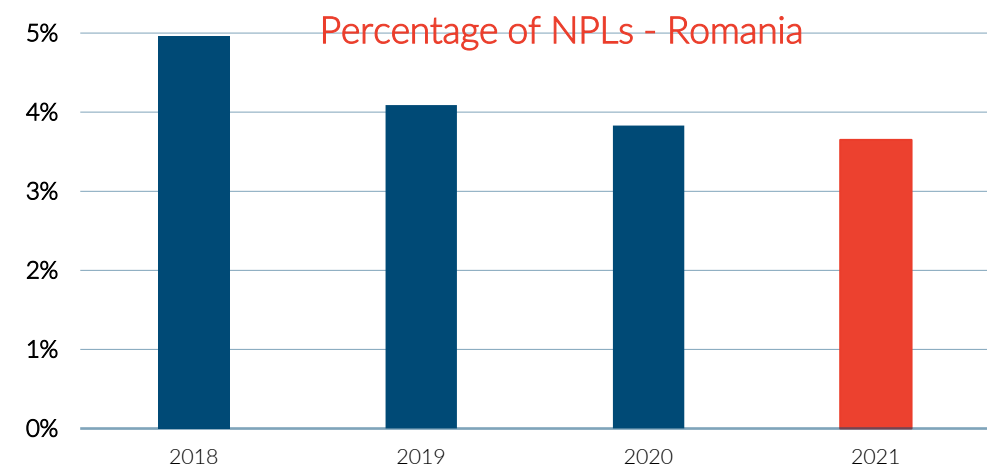
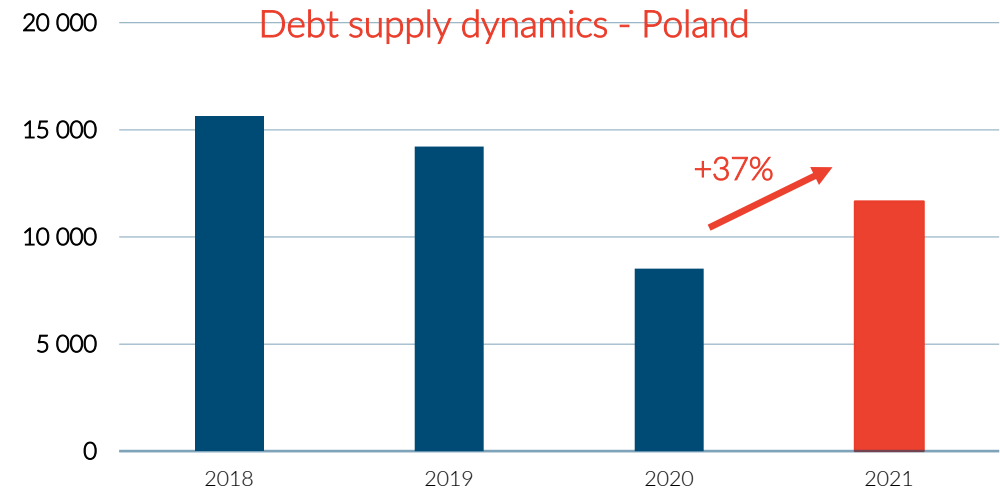
KISA – bonds	261.9
FIZ I - ING credit	84.1
FIZ II - ING credit	37.4
Total	383.4
Cash	84.8

- As at 31.12.2021, the cash balance was PLN 84.8 million.
- Cash EBITDA for the last four quarters amounted to PLN 148.7 million.
- Bonds worth PLN 241.2 million will mature in the next eight quarters.
- The cash EBITDA currently generated secures interest and principal payments, new debt and investments
- Ongoing process of bonds issue for financial institutions and issue on basis of prospectus to raise funding for profitable NPL investments



Market environment of the KI Group / Supply of debt portfolios

- The non-performing debt market is recovering from the pandemic disruption: increase in the supply of the offered face (nominal) value by 37%.
- The supply of non-performing debt portfolios is expected to increase in all major markets.
- Romania's latest NPL indicator reading below the expected trend. However, the latest forecast from the National Bank of Romania puts the NPL ratio at 9.9% by the end of 2022.



Summary

- **Collections from debtors** remain at **about PLN 70 million** quarterly despite no significant investments. Investments in new NPLs amounted to **PLN 16.7 million**
- **High collections from debtors** are due to good macro conditions and **optimized operations and strategies** implemented gradually from mid-2020, work in the area of advanced data analytics continues
- **Second year of improvement in the Company's financial position**
 - ✓ net profit **PLN 41.1 million** (+134% Q3 YTD/YTD)
 - ✓ cash EBITDA **increase by 29%** (Q3 YTD/YTD) **to PLN 122.4 million**
 - ✓ low debt ratios (DN/KW **0.97**, DN/EBITDA **2.04**)
- No new significant corporate events during the presented period
- Draft of legislation regulating the credit management industry published
- Ongoing process of bonds issue for financial institutions and issue on basis of prospectus to raise funding for profitable NPL investments



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