



KREDYT INKASO SA

Results presentation

for Q2 2020/21 ending
30 September 2020 and H1
2020/21.

Warsaw, 8 December 2020

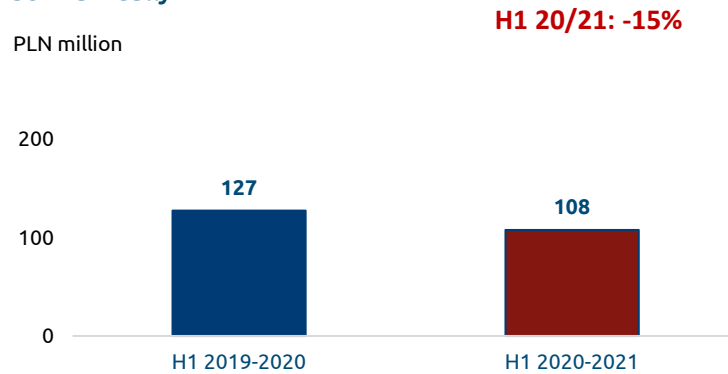
KEY RESULTS – p.1



GROSS COLLECTIONS BY DEBTORS

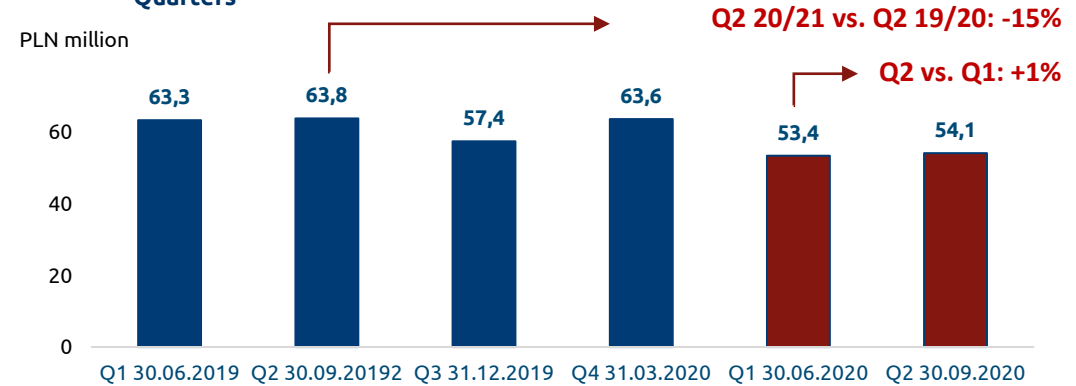
Semi-annually

PLN million



Quarters

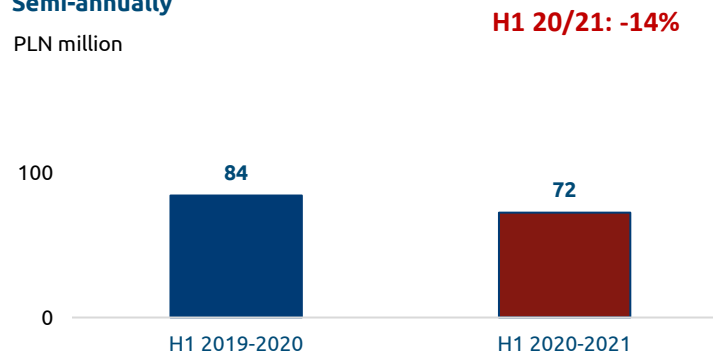
PLN million



CASH EBITDA

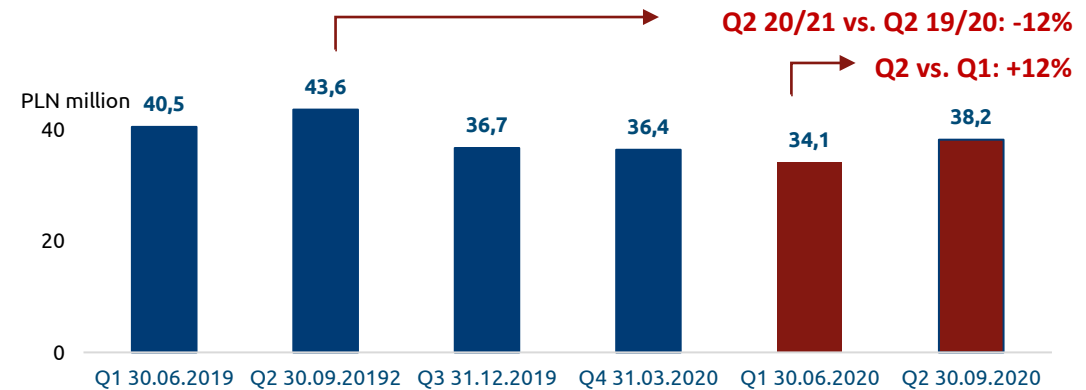
Semi-annually

PLN million



Quarters

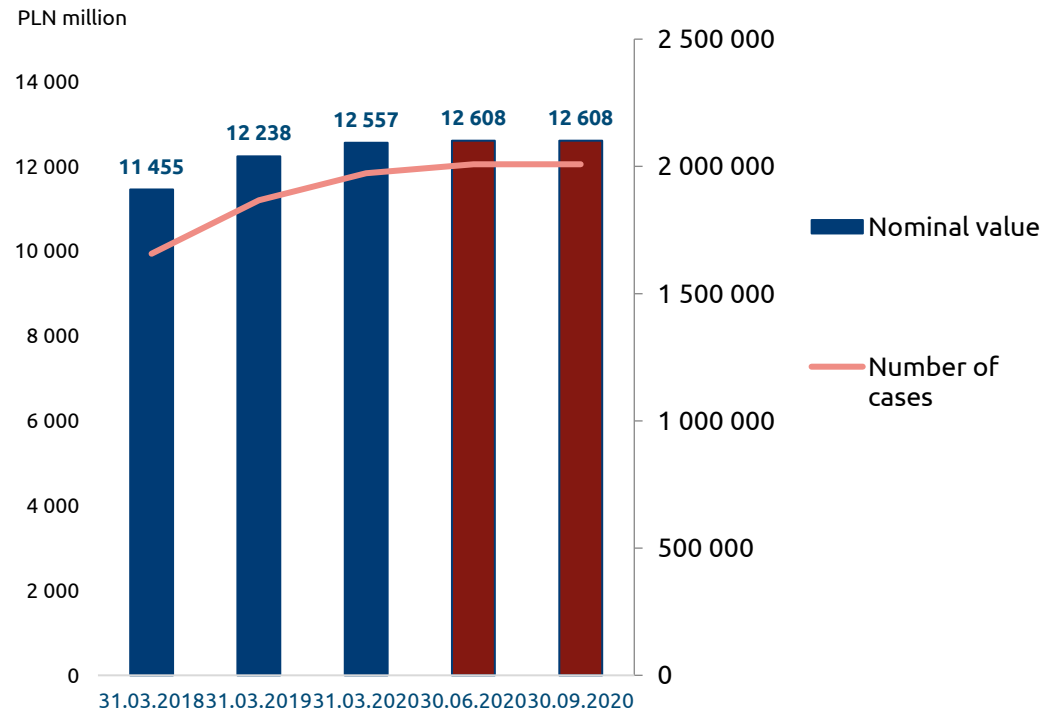
PLN million



KEY RESULTS – p. 2

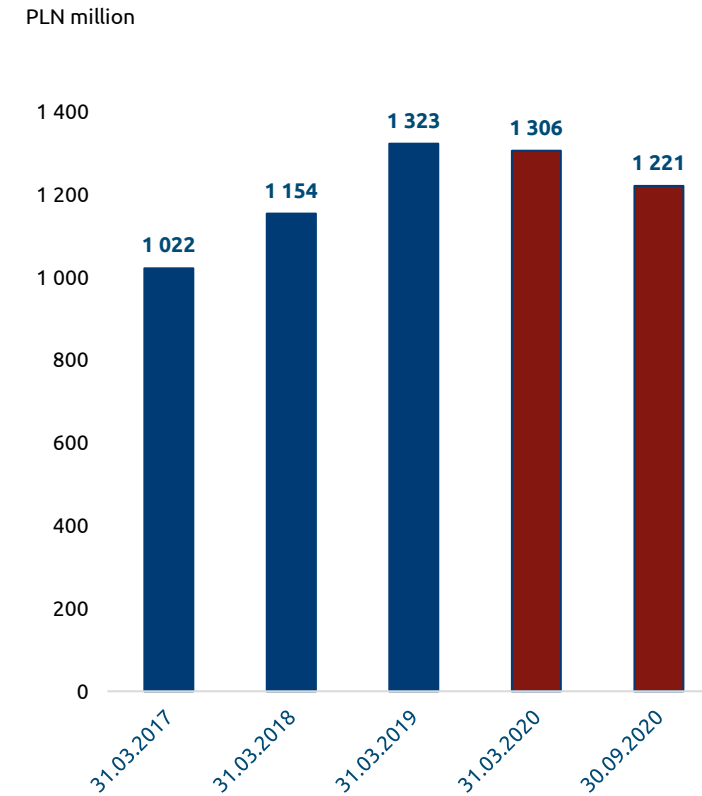


NOMINAL VALUE



Nominal value (at the time of purchase) and number of cases – without Russia

ERC



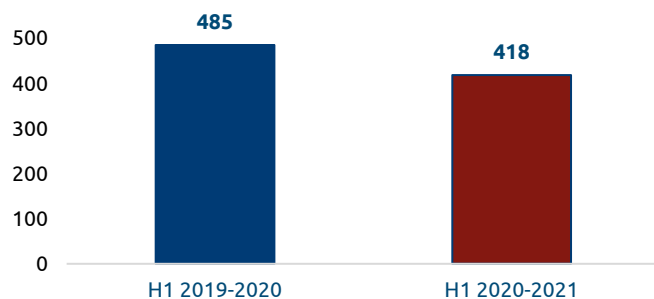
ERC – total of Kredyt Inkaso group

KEY RESULTS – p. 3

NET DEBT

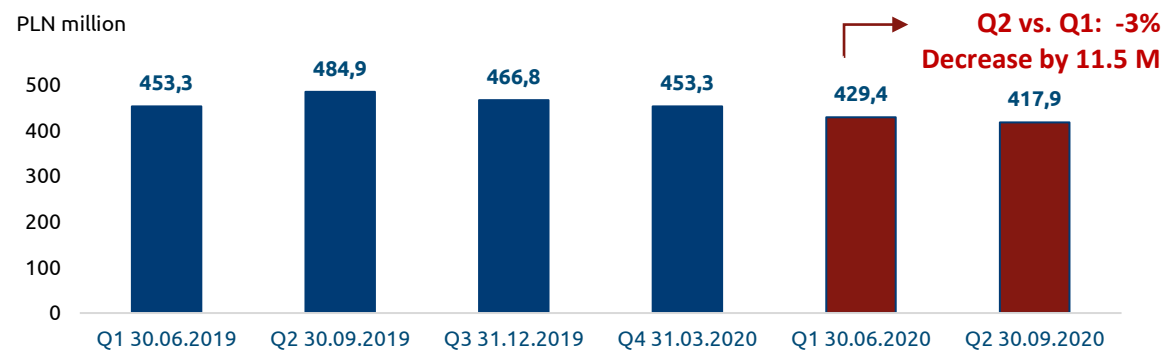
Semi-annually

PLN million



Quarters

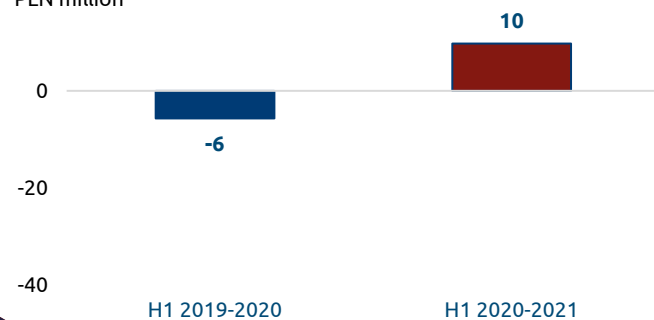
PLN million



NET PROFIT / (LOSS)

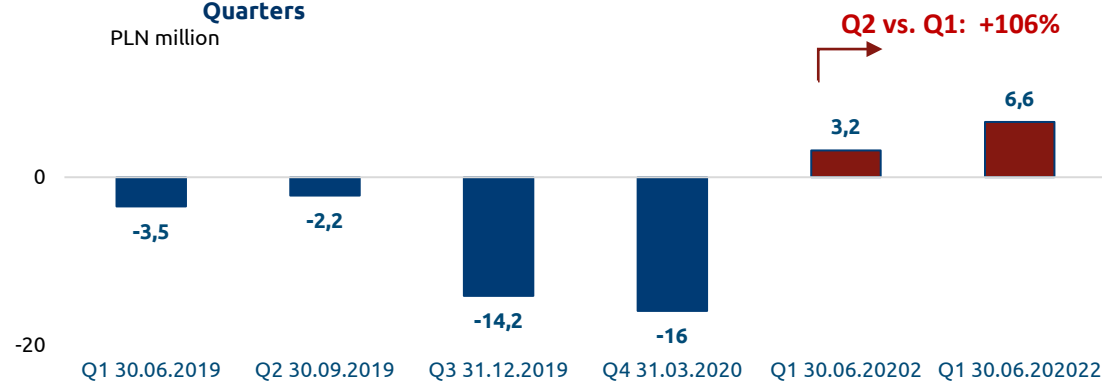
Semi-annually

PLN million



Quarters

PLN million





MAIN EVENTS Q2

GROSS COLLECTIONS BY DEBTORS	OPERATING COSTS	MILESTONES	COVID-19
<ul style="list-style-type: none"> • Q2 '20/21 gross collections from debtors amounted to PLN 54 M and were at a similar level to the previous quarter, but 15% lower compared to Q2'19/20. • The decrease in collections in the current year as a result of the COVID pandemic and the gradual flattening of the collection curve due to the ageing of debt portfolios. • Good dynamics of inflows in Poland since Q1 '20/21 despite the lack of investments in new debt portfolios result from increased operational efficiency. • Record-breaking number of settlements concluded and record-breaking amicable gross collections on the Polish market • Replication of the above activities to foreign markets in the next financial year. 	<ul style="list-style-type: none"> • In Q2 20/21, core operating costs amounted to PLN 20.5 M, down by PLN 1.7 M (8%) compared to Q1 20/21, and down by PLN 5.8 M (22%) compared to Q2 19/20. • The decrease in costs is the result of the restructuring of operating costs carried out at the end of last year. 	<ul style="list-style-type: none"> ▪ Simplification of Group structure: in Q2'20/21 completion of previously opened liquidation of 5 Lumen funds (in Q3 expected completion of liquidation of last Lumen fund), further simplification steps planned in the future ▪ Further development of advanced data analytics ▪ Continued improvement of operational process management methodology and development of more effective management tools. ▪ Development of a new case management model in gross collections enforcement. ▪ Complete repayment of series D1 bonds in 10/20 	<ul style="list-style-type: none"> • Ensuring business continuity and minimising the impact of the pandemic on the Group's operations, by: <ul style="list-style-type: none"> • Organisation of remote work, equipping employees and IT infrastructure with the necessary tools for remote work, • Introduction of procedures for disinfection and hygienic protection of workplaces, • Stringent planning of payments and cash liquidity.

Profit and loss account – H1 20/21



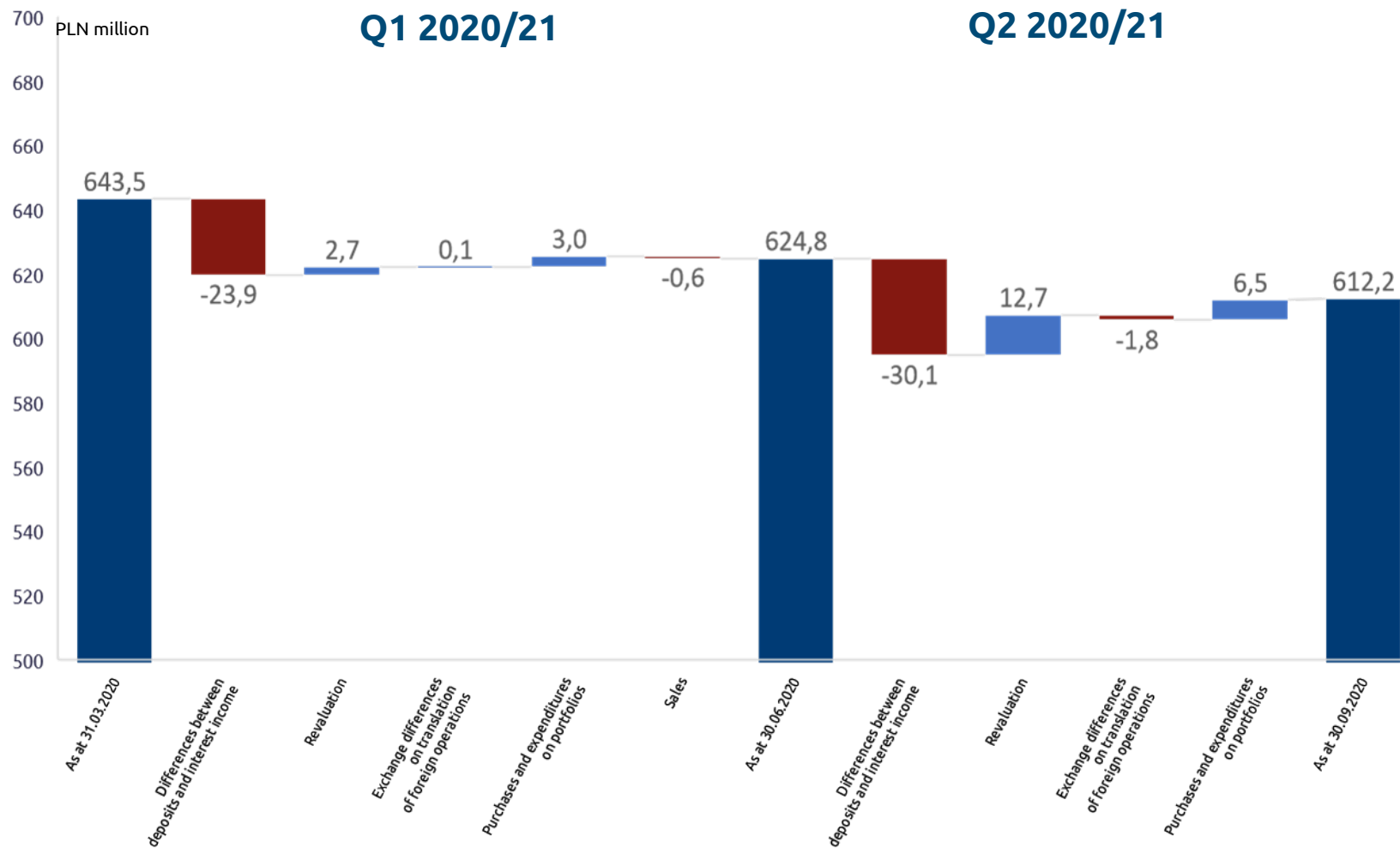
KREDYT INKASO SA

thousand PLN

	20 / 21			19 / 20			Change (%)	
	Q1	Q2	H1	Q1	Q2	H1	Q2 / Q2	H1 / H1
Gross collections by debtors	53,359	54,130	107,489	63,333	63,807	127,140	-15%	-15%
Difference between payments and interest income	(23,902)	(30,091)	(53,993)	(27,485)	(29,531)	(57,016)	2%	-5%
Revaluation of debt portfolios	2,679	12,723	15,402	(7,928)	(7,515)	(15,443)	-269%	-200%
Other net revenues	1,683	2,827	4,511	2,465	4,102	6,567	-31%	-31%
Total net revenues	33,820	39,589	73,409	30,384	30,863	61,247	28%	20%
Operating costs by kind, of which:	(22,176)	(20,511)	(42,686)	(25,139)	(26,332)	(51,472)	-22%	-17%
Depreciation and amortisation	(1,825)	(1,588)	(3,414)	(1,546)	(1,754)	(3,300)	-9%	3%
Salaries, social insurance social charges	(10,213)	(9,380)	(19,593)	(11,418)	(9,673)	(21,091)	-3%	-7%
External services	(9,200)	(8,631)	(17,831)	(10,807)	(11,649)	(22,456)	-26%	-21%
Taxes and charges	(536)	(396)	(932)	(315)	(1,054)	(1,370)	-62%	-32%
Other	(401)	(516)	(917)	(1,053)	(2,202)	(3,256)	-77%	-72%
Other operating costs	(709)	263	(446)	(1,698)	240	(1,458)	10%	-69%
Operating profit (loss) on operating activities (EBIT)	10,935	19,341	30,276	3,547	4,771	8,318	305%	264%
Finance income	2,810	125	2,935	274	858	1,133	-85%	159%
Financial costs	(10,469)	(8,531)	(18,999)	(9,791)	(10,653)	(20,444)	-20%	-7%
Share in profit (loss) of associates accounted for using the equity method (+/-)	-	-	-	2,141	6,498	8,639		
Profit (loss) before tax	3,276	10,935	14,212	(3,829)	1,474	(2,355)	642%	-703%
Income tax	(241)	(4,216)	(4,458)	316	(3,651)	(3,335)	15%	34%
Net profit (loss)	3,035	6,719	9,754	(3,513)	(2,177)	(5,690)	-409%	-271%

Q2 20/21

- The **decrease in gross collections** results from the COVID pandemic and the gradual flattening of the collection curve due to the ageing of debt portfolios.
- **Decrease in operating costs** as a result of the cost discipline implemented and the absence of one-off year 19/20 effects
- **Revaluation of portfolios up** by PLN 12.7 M as a result of
 - PLN 12.3 M of forecast updates, including:
 - 4.3 M change due to application of new models
 - **PLN 8.0 M are cash collection higher than forecast (overdelivery).**
 - PLN 0.4 M positive impact of exchange rate differences
- **Financial costs**
 - PLN 1.9 M drop in financial costs vs. Q1 20/21, mainly as a result of:
 - PLN 2.2 M of foreign exchange gains
 - PLN 0.6 M decrease in interest expense on bonds and loans as a result of falling WIBOR,
 - - PLN 0.9 M increase in IRS hedging costs

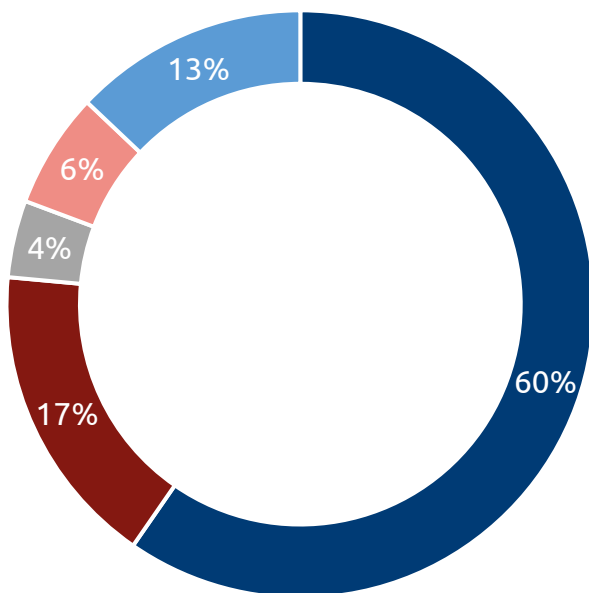


Key changes in Q2 2020/21:

- **Revaluation of packages up** by PLN +12.7 M as a result of
 - + PLN 12.3 M forecast update (new models and positive variance of realised payments vs. plan of PLN 8.0 M)
 - + PLN 0.4 M impact of exchange rate differences

Balance sheet value

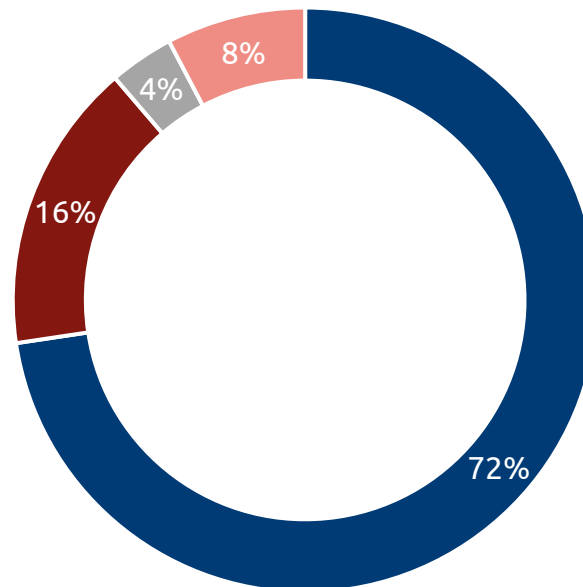
Portfolio structure by type
Q2 20/21



- Retail banking
- Corporate banking
- Consumer loans

- Telecommunication
- Mortgage banking

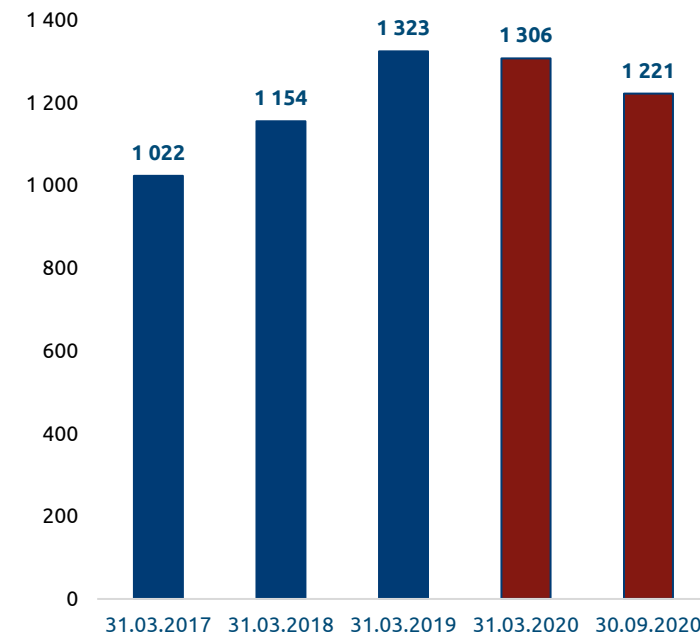
Portfolio structure by region
Q2 20/21



- Poland
- Romania
- Russia
- Bulgaria

ERC

PLN million



ERC – total of Kredyt Inkaso group

COVID-19 – on-going activities



Actions taken:

- Implementation of procedures developed on the basis of the first wave of COVID-19:
 - transition of most staff to remote working (also field teams, CC, law firm);
 - maintaining social distance, disinfection and hygiene protection of workplaces;

Regulatory evolution (included in portfolio valuations):

- PL
 - Increasing the enforcement-free amount by 25% for each family member who lost their job as a result of the COVID-19 pandemic;
 - Suspension of evictions for the duration of the pandemic
 - Suspension by operation of law of enforcement proceedings concerning a claim subject to an arrangement by operation of law
 - Resumption of judicial proceedings but changes in the organisation of court work, adjudication due to the pandemic in closed session,
- ROM
 - Relaxation of certain restrictions in force only until the end of July '20 (such as suspended executions and bailiff auctions, court hearings)
 - Moratorium until the end of December '20 on debt gross collections by individuals still in force
- BG
 - Relaxation of certain restrictions in force only until the end of July '20 (such as suspension of interest calculations, suspension of enforcement proceedings)
 - Introduced obligation of social distance in places of employment
- RUS
 - Restrictions on the actions of courts and bailiffs remain in place;
 - Introduced obligation of social distance in places of employment
 - Introduced debt moratorium for selected groups of citizens and filing for bankruptcy
 - The system of social payments granted by the State supports the ability of debtors to repay their existing debts

Debt - bonds



30.09.2020		PA01	PA02	E1	F1	B1	G1
Maturity date		18.12.2021	28.03.2022	16.08.2022	(*) 26.04.2023	(*) 13.12.2024	(*) 13.12.2024
Nominal value	PLN million	14,294	30,000	6,190	210,000	25,763	31,566
Financial indebtedness net							
Financial debt	PLN million	444	444	444	444	444	444
Cash	PLN million	(26)	(26)	(26)	(26)	(26)	(26)
Financial indebtedness - basis	PLN million	418	418	418	418	418	418
Adjustment:							
IRS - valuation in the balance sheet	PLN million	26	26	26	26	-	-
IRS - effective portion attributable to equity	PLN million	-	-	-	(11)	-	-
Financial indebtedness - adjusted	PLN million	444	444	444	432	418	418
Own equity [PLN million]	PLN million	223	223	223	223	223	223
Adjusted financial indebtedness net / Equity		1.99	1.99	1.99	1.94	1.88	1.88
Cash EBITDA 12 months [PLN million]	PLN million	145	145	145	145	145	145
Adjusted financial indebtedness net / Cash EBITDA		n/a	n/a	3.05	2.97	2.87	2.87

(*) Including previous partial amortisation of the nominal value according to WEO

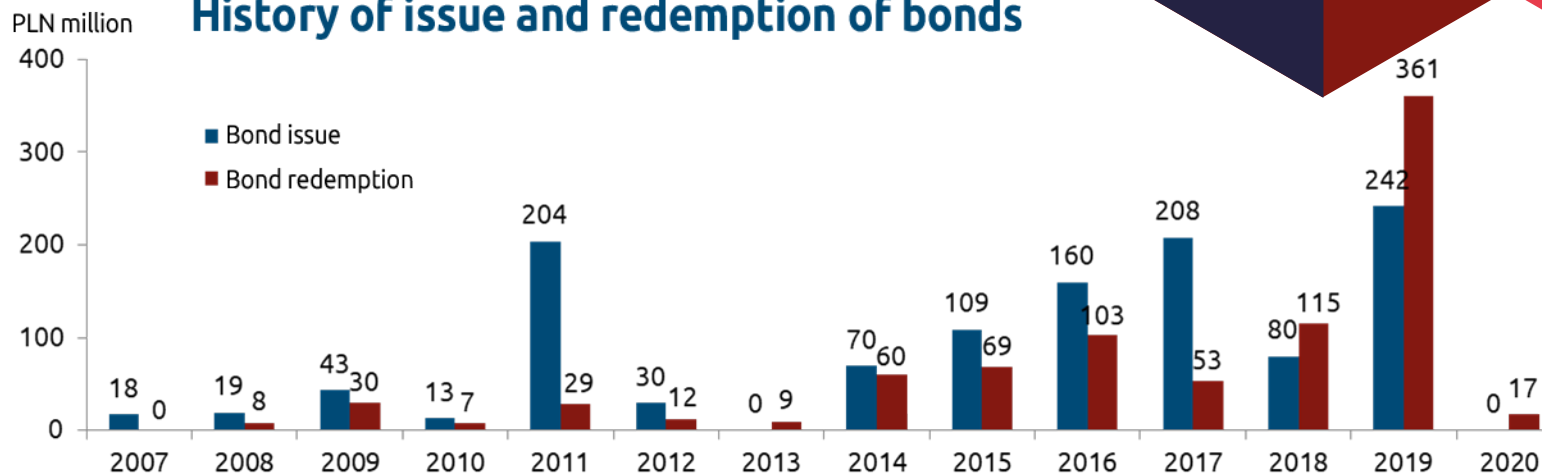
Debt structure



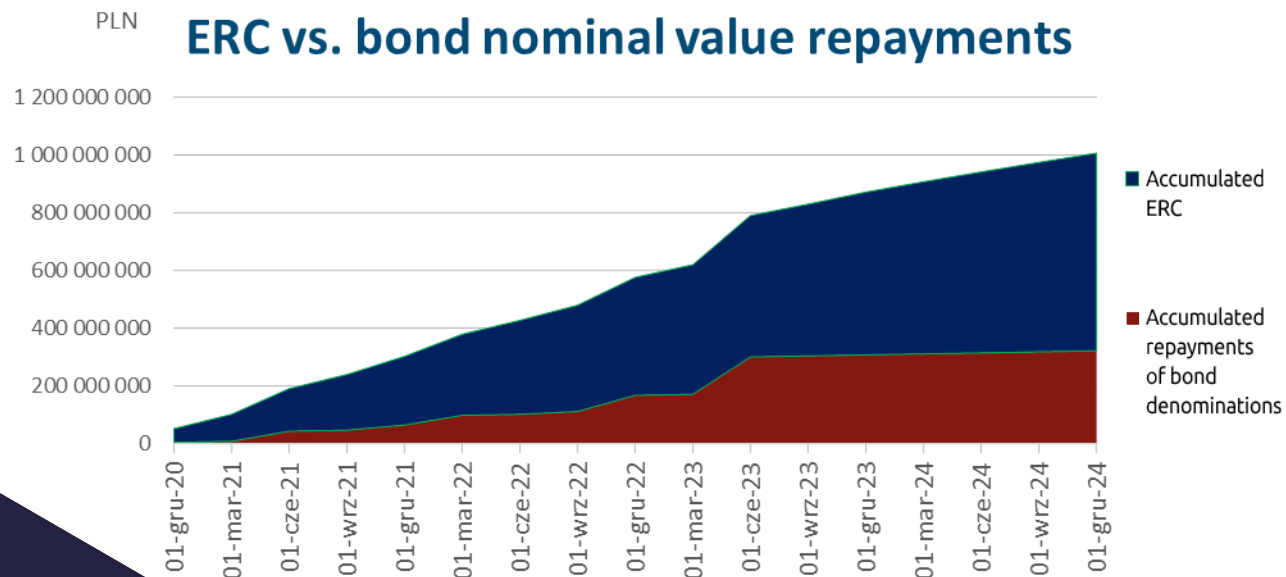
Indebtedness as at 30.09.2020

Instrument	Balance sheet value (PLN million)
KISA – bonds	325.9
FIZ I - ING credit – limit PLN 90 M	77.7
FIZ II - ING credit – limit PLN 50 M	31.5
Total	435.1
Cash and cash equivalents	26.3

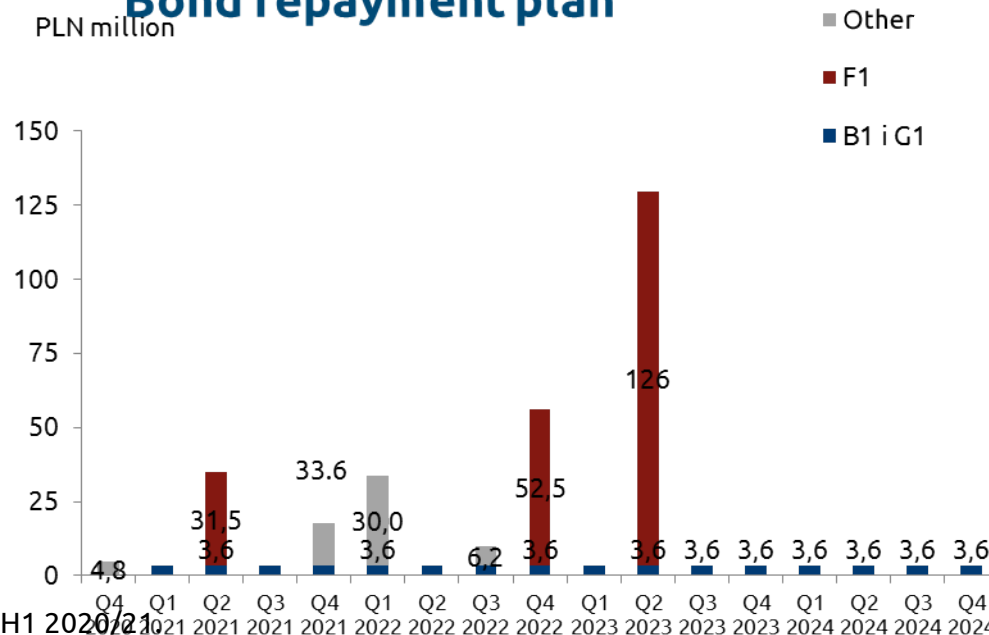
History of issue and redemption of bonds



ERC vs. bond nominal value repayments



Bond repayment plan



Where are we heading



- Kredyt Inkaso is not excessively leveraged (net debt/ERC = 35%)
- Repayments of bonded debt are not at risk, their timing corresponds to expected liquidity
- The company is adequately equipped in terms of systems, experience and human capital, and has provisions for further cost and operational efficiency gains
- The costly clean-up of the past has generally been completed (simplification of structure underway)

Company's priorities for the coming period:

1

Meeting of bondholders of the series B1, E1, F1, G1

- Removal of uncertainties regarding the inclusion (or not) of collaterals in financial indebtedness
- Removal of the need to include concluded IRS contracts in financial indebtedness
- Discussion of financial indicators

2

Fixing the DSCR in ING credit - discussion ongoing

3

Raising new debt capital allowing for a return to investments:

- Prospectus for 150 M bond issue programme to be submitted to the FSA in December
- Discussions with institutional bond investors
- New discussions with banks

**Thank you
for your
attention!**

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