Dear Sir or Madam,

On behalf of the Management Board of BEST S.A., I would like to present the annual reports showing the Group’s and the Company’s results and achievements in 2016.

2016 was a historic year for the Group, with record-breaking repayments under the managed claims portfolios amounting to nearly PLN 180 million, an increase by 30% YOY compared to the PLN 138.6 million achieved in 2015. With this very good result, in 2016 we were able to generate a total consolidated operating revenue of PLN 210.0 million, up by nearly 50% compared to the previous year.

Also noteworthy is the exceptionally high increase in the Group’s investments in new claims portfolios. Throughout 2016, we expended PLN 258.3 million to acquire claims with a total nominal value of PLN 2.3 billion, three times more than in 2015. We estimate our share in the Polish bank claims market in 2016 at 17%. As of 31 December 2016, the nominal value of the claims we managed was PLN 12.8 billion.

In the last year, our consolidated operating profit increased to PLN 133.6 million compared to PLN 88.2 million in 2015, which is mainly due to the expansion of our operations and a number of Group level investments, such as improving the efficiency of technology and operations.

The Group’s net profit in 2016 amounted to PLN 38.8 million, compared to the PLN 82.2 million in 2015. The decrease in the consolidated financial results was largely due to last year’s decision to recognise an impairment loss on investments in Kredyt Inkaso of PLN 69.3 million. The impairment loss was recognised on a one-time basis and it may be reversed in the future. It is important to emphasise that if the impairment loss had not been recognised, the net profit in 2016 would have amounted to more than PLN 108 million, compared to PLN 82.2 million in 2015, up by 31% YOY.

The Group’s operating and financial position is very good. It must be pointed out that last year we successfully executed both public and private issues of bonds, offering securities with a total value of PLN 174.5 million to investors. As announced, we earmarked the funds from last year’s issues of bonds for the Group’s continued development, including the purchase of new claims portfolios.

Considering the great interest in our debt securities, in H2 2016 we started another public bonds issue programme worth PLN 200 million, under which in Q4 2016 and Q1 2017 we issued three series of bonds (R1, R2 and R3) with a total value of PLN 140 million.

Our capital base has been strengthened by last year’s issue of new shares worth PLN 36.5 million. As a result, our debt ratio currently amounts to 1.35.

With every passing year, the Polish claims market becomes more competitive, which is why we put great emphasis on improving our operating efficiency, allowing us to continue to grow and significantly expand our operations. December 2016 marked the end of a 3-year period of intensive work on SIGMA, our proprietary operating system that supports the claims management process. With the innovative technological solutions offered by SIGMA, we can significantly improve all business processes in the Group, making them more secure at the same time.

I would like to thank all Employees, and the Members of the Management Boards and Supervisory Boards of the companies in our capital group for their dedication and support, and to our Shareholders and Bondholders for their trust. A high debt recovery rate, major investments in claims and the completion of the state-of-the-art SIGMA operating system are our main competitive advantages that allow us to look forward to the future with optimism. Ahead of us is an intense and challenging year as we plan to expand our operations not only in Poland but also, for the first time, abroad.

I would like to encourage you to read the Group’s and the Company’s management report and financial results for 2016.

Krzysztof Borusowski
President of the Management Board of BEST S.A.