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# BEST GROUP

## PRESENTATION OF FINANCIAL RESULTS FOR 2021

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Gdynia, 12 April 2022

## Executive summary

### Key events at BEST Group in 2021

- Back to high investment in portfolios of claims
- Back to the bond market—new bond issues
- Continued high repayments from managed portfolios of claims
- Higher revenue and cash EBITDA
- Cleared the balance sheet from investment beyond the control of BEST (Kredyt Inkaso)
- Keeping net debt to equity ratio at low level

Key financial and operating parameters	2021	2020	Change
▪ Repayment of claims from managed portfolios, including:	PLN 398.6m	PLN 365.3m	9%
▪ Due to BEST Group	351.0m	328.2m	7%
▪ Operating revenue	339.1m	295.1m	15%
▪ Cash EBITDA*	218.5m	215.5m	1%
▪ Investment in portfolios of claims (acquisition cost)	156.7m	10.1m	>100%

\* \* Not reflecting the revaluation write-down of Kredyt Inkaso or result from share in Kredyt Inkaso as calculated on slide 22 (appendix)

# NONPERFORMING DEBT MARKET IN POLAND

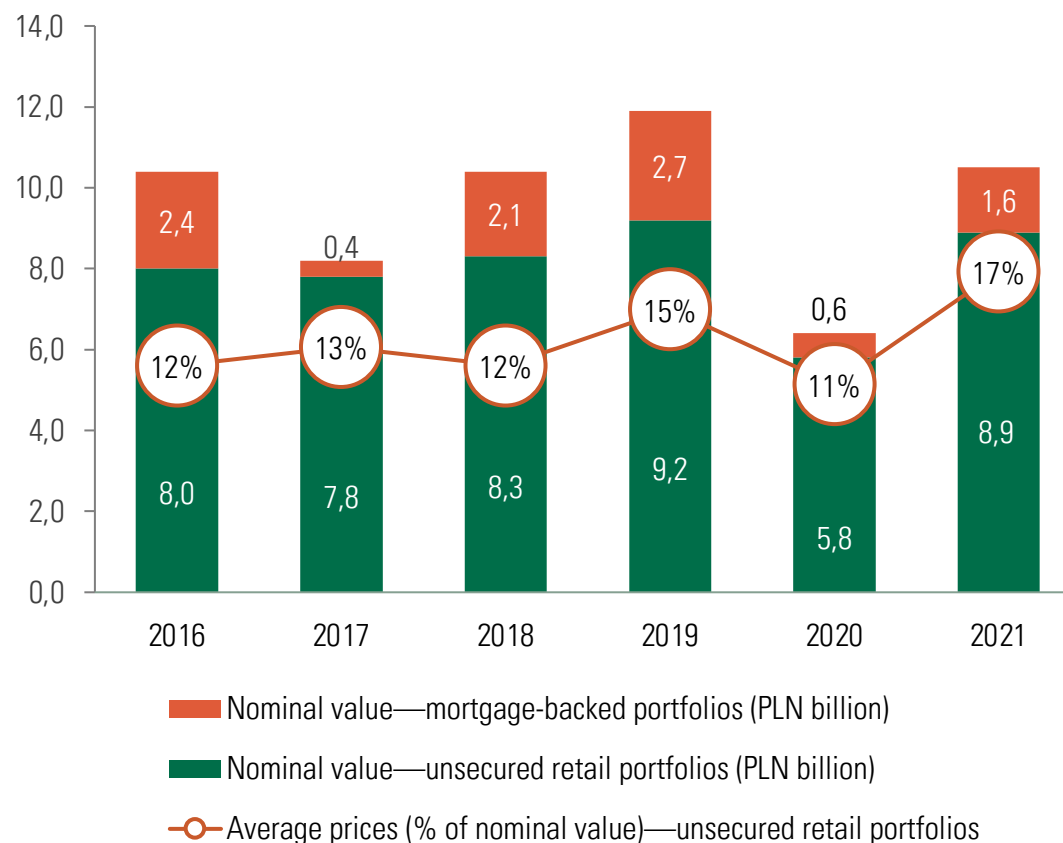


## Poland—nonperforming debt market

### Market situation in 2021:

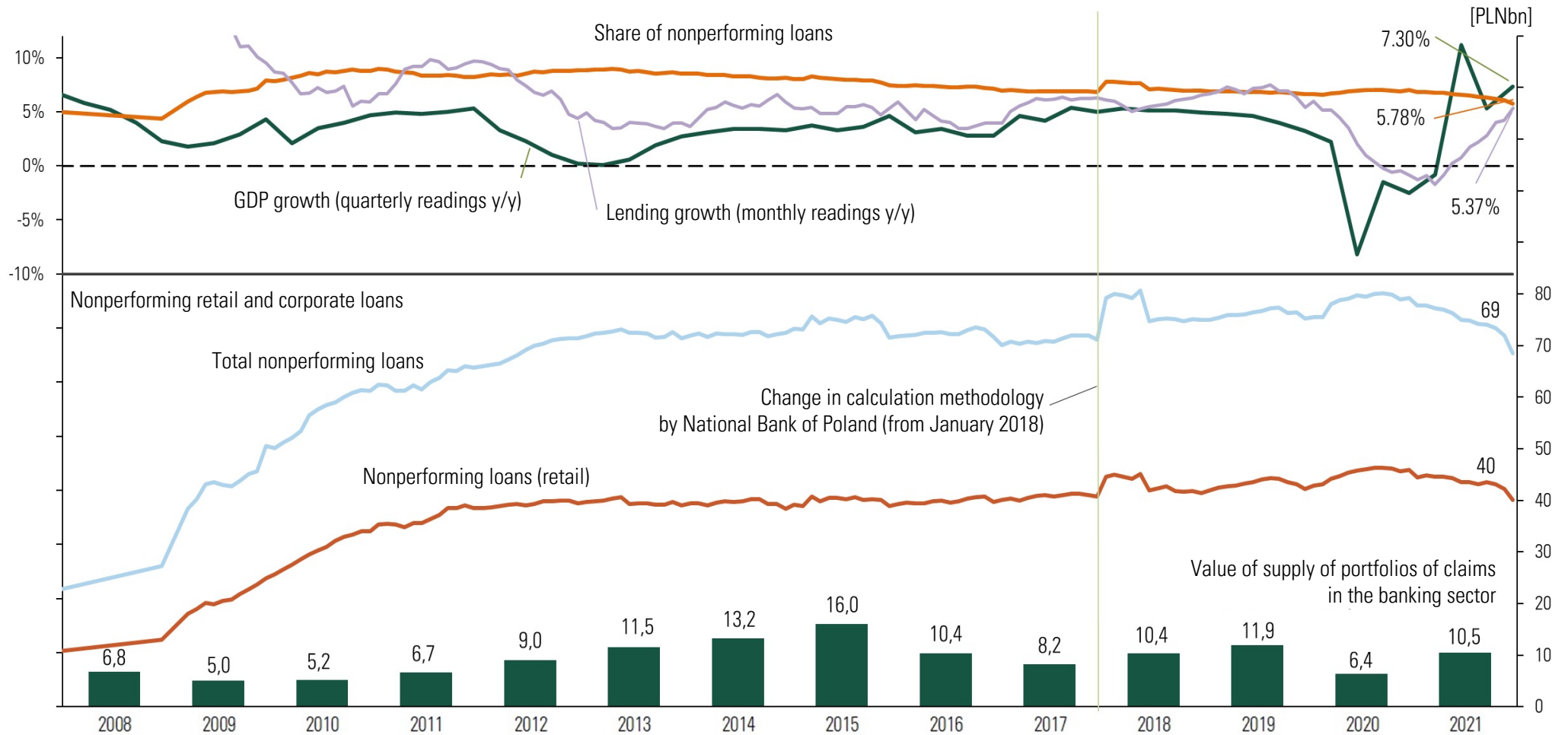
- Post-pandemic recovery in supply of bank portfolios
- Increased demand on market of nonperforming loans
- Significant increase in prices of claim portfolios
- Gradual increase of consumer insolvency claims in total supply of claim portfolios
- High inflation over last months indicates a growing market potential in the coming quarters

Nonperforming bank loans—supply of claim portfolios  
(retail and mortgage-backed portfolios, primary market)



Source: Company's own study based on market data

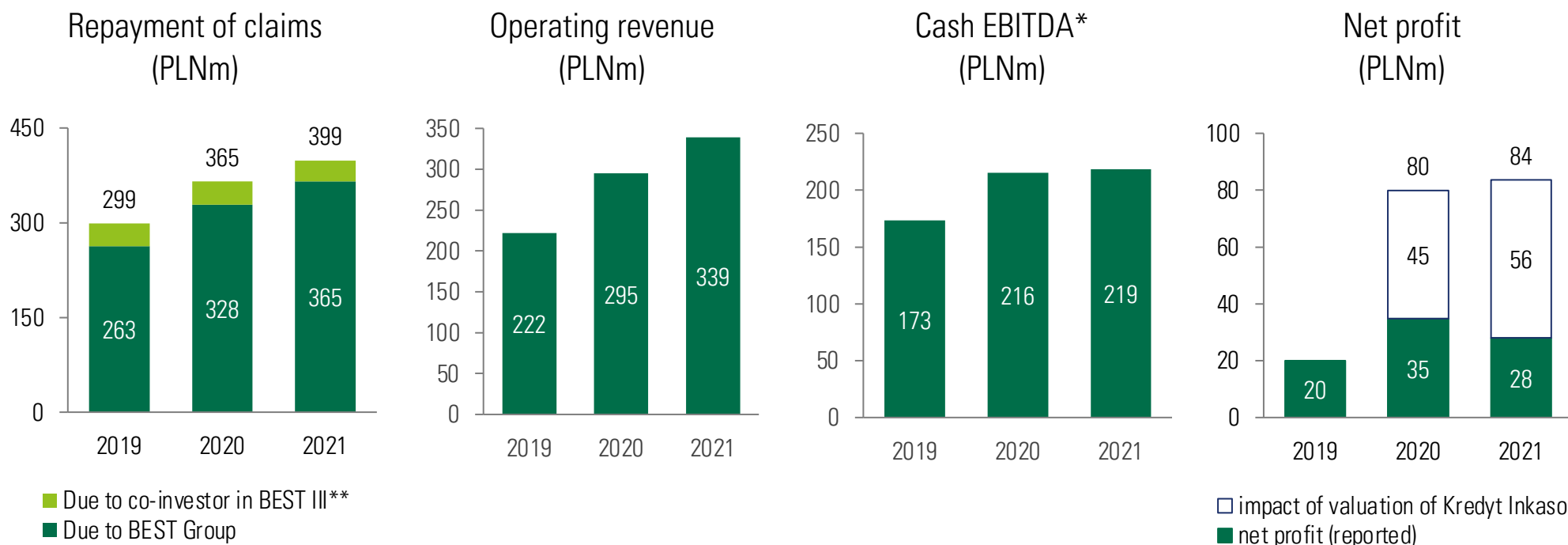
## Poland—nonperforming debt market



## DISCUSSION OF OPERATING RESULTS OF BEST GROUP



## High repayment of claims and key financial results



**7%**

Increase in repayment of claims due to BEST Group (2021 y/y)

**15%**

Increase in operating revenue (2021 y/y)

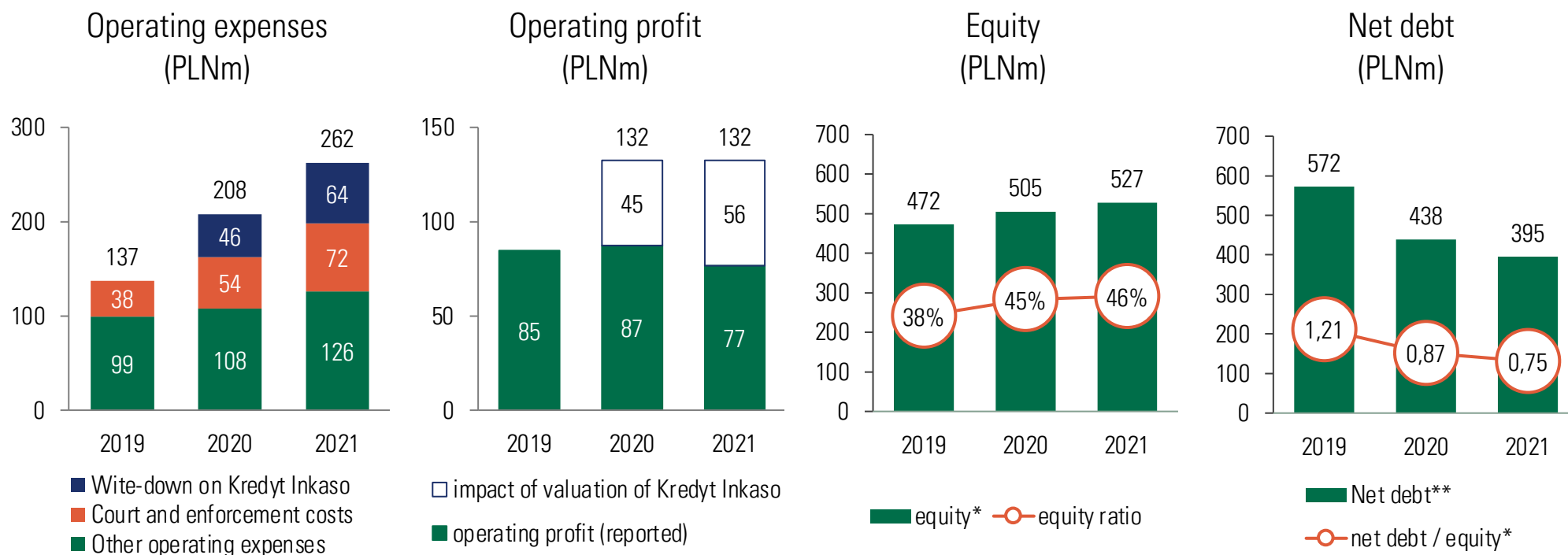
**1%**

Increase in cash EBITDA (2021 y/y)

**PLN (64.2m)**

Write-down on investment in Kredyt Inkaso (2021)

## Operating efficiency and strong balance sheet structure



**33%**  
Increase in court and enforcement costs (2021 y/y)

Stable results over 2020–2021 excluding write-downs on investment in Kredyt Inkaso

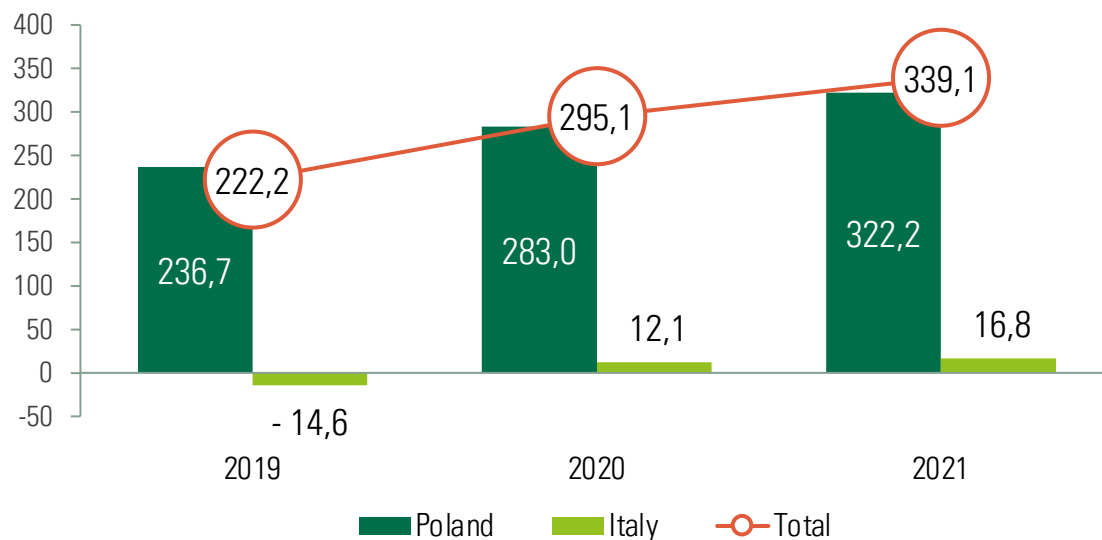
**4%**  
Growth in equity (2021 y/y)

**0.75**  
Low net debt to equity ratio (31.12.2021)



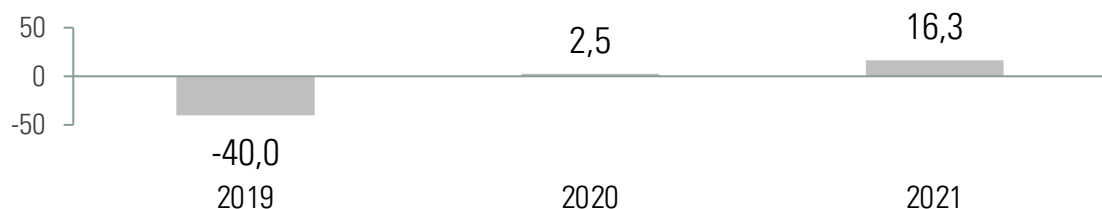
## Growth in revenue driven by continued high repayment of claims

Operating revenue by market (PLNm)



- Growth in revenue on 2021 of 15% y/y, mainly thanks to higher than expected repayment of claims
- 5% of revenue from the Italian market

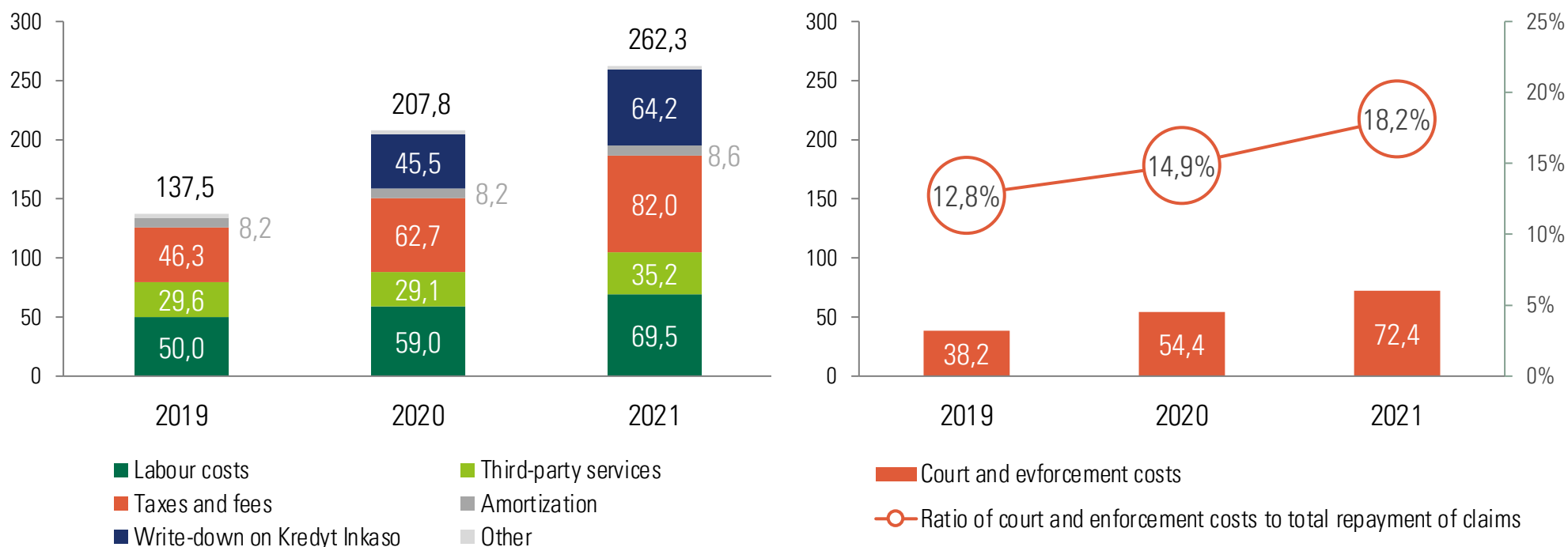
Result from revaluation of portfolios; effect on operating revenue (PLNm)



- Conservative approach to revaluation of portfolios—relatively small revaluation in 2021 (by 1.6% of total portfolio value) despite repayment of claims above the assumed repayment curve

## Additional write-down on Kredyt Inkaso, increase in court and enforcement costs

Operating expenses (PLNm)



- Court and enforcement costs (included in the chart on the left under "taxes and fees") increased in 2021 by 33% y/y
- Total operating expenses excluding write-downs on investment in Kredyt Inkaso increased in 2021 by 22% y/y

## DISCUSSION OF FINANCIAL RESULTS OF BEST GROUP



## Financial results (reported)

(PLN million)	2021	2020	y/y change
<b>Operating revenue</b> , including:	<b>339.1</b>	<b>295.1</b>	<b>15%</b>
Revenue from acquired claims	321.1	290.3	11%
<i>Interest using the effective interest rate method</i>	<i>235.3</i>	<i>247.6</i>	<i>-5%</i>
<i>Deviations from actual payments</i>	<i>69.4</i>	<i>40.3</i>	<i>72%</i>
<i>Revaluation result</i>	<i>16.3</i>	<i>2.5</i>	<i>&gt;100%</i>
Share in profit/(loss) of Kredyt Inkaso	8.6	0.4	>100%
<b>Operating expenses</b> , including:	<b>262.3</b>	<b>207.8</b>	<b>26%</b>
Court and enforcement costs	72.4	54.4	33%
Write-down in value of investment in Kredyt Inkaso	64.2	45.5	41%
<b>Operating profit</b>	<b>76.7</b>	<b>87.3</b>	<b>-12%</b>
Net financial expenses, including:	43.9	44.9	-2%
Interest on financial obligations	17.5	27.5	-36%
Valuation of obligations to co-investor in BEST III	22.6	20.0	13%
<b>Net profit</b> , of which:	<b>28.0</b>	<b>34.8</b>	<b>-19%</b>
Attributable to BEST shareholders	27.4	34.3	-20%
<b>Cash EBITDA*</b>	<b>218.5</b>	<b>215.5</b>	<b>1%</b>

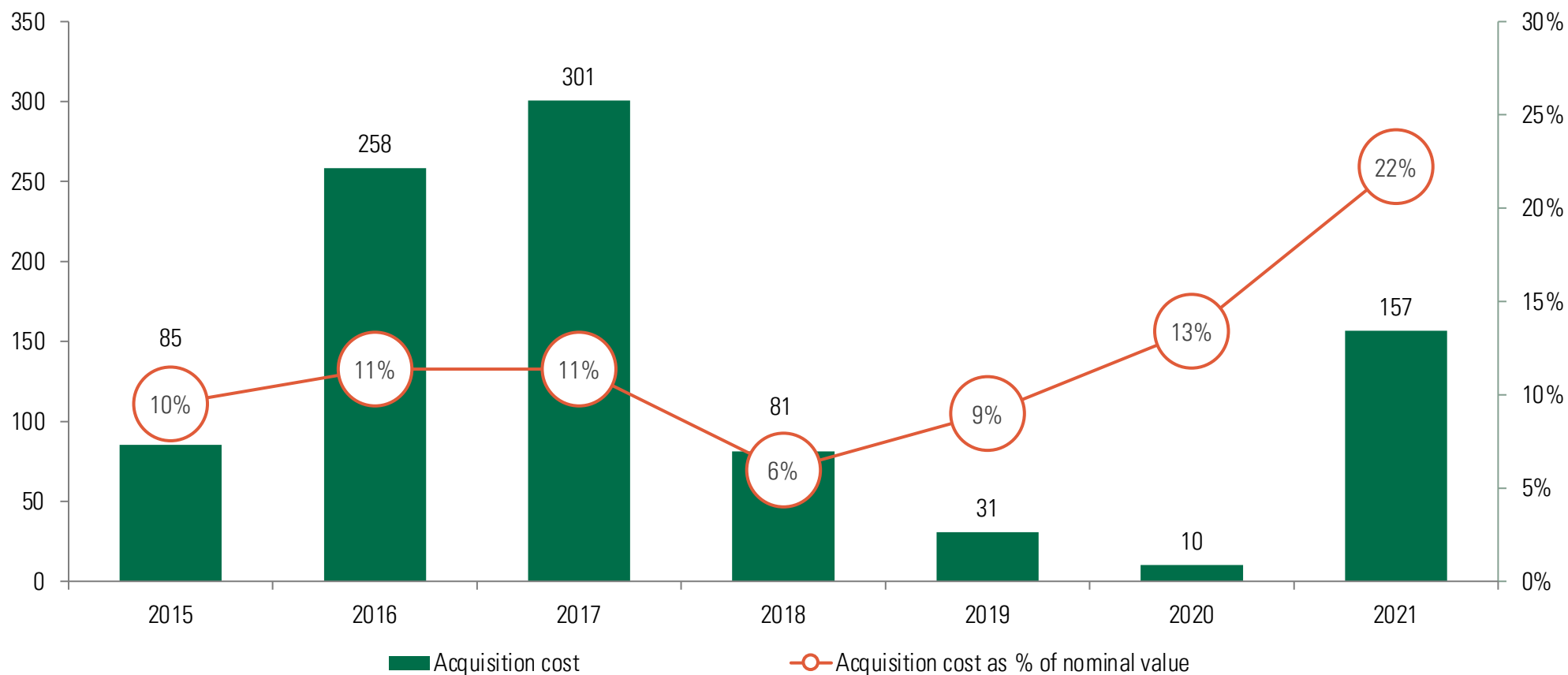
\* Not reflecting the revaluation write-down of Kredyt Inkaso or result from share in Kredyt Inkaso

## Financial results (excluding the impact of revaluation of Kredyt Inkaso)

(PLN million)	2021	2020	y/y change
<b>Operating revenue</b>	<b>330.5</b>	<b>294.7</b>	<b>12%</b>
Operating expenses	198.1	162.3	22%
<b>Operating profit</b>	<b>132.4</b>	<b>132.4</b>	<b>0%</b>
Net financial expenses, including:	43.9	44.9	-2%
Interest on financial obligations	17.5	27.5	-36%
Valuation of obligations to co-investor in BEST III	22.6	20.0	13%
Profit before tax	88.4	87.5	1%
Income tax	4.7	7.6	-38%
<b>Net profit</b>	<b>83.7</b>	<b>79.9</b>	<b>5%</b>
<b>Cash EBITDA</b>	<b>218.5</b>	<b>215.5</b>	<b>1%</b>

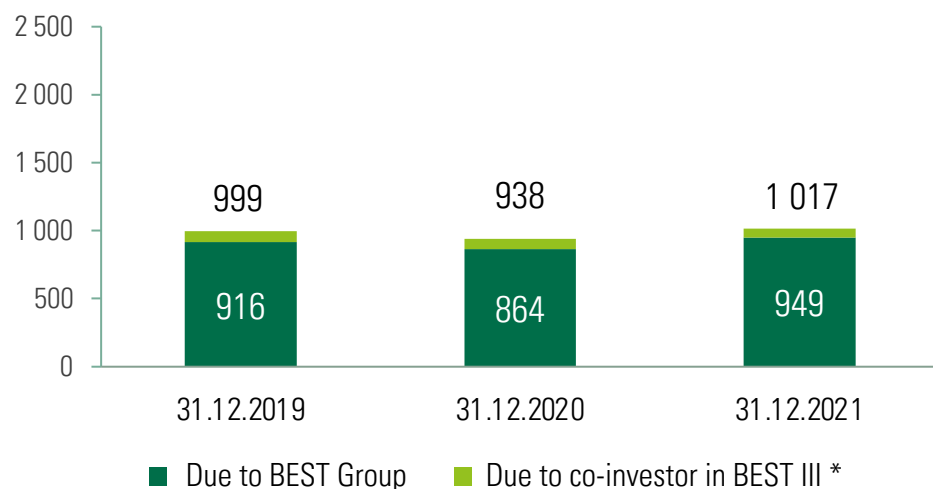
## Back to higher investment in claim portfolios

Investment in claim portfolios (PLNm)

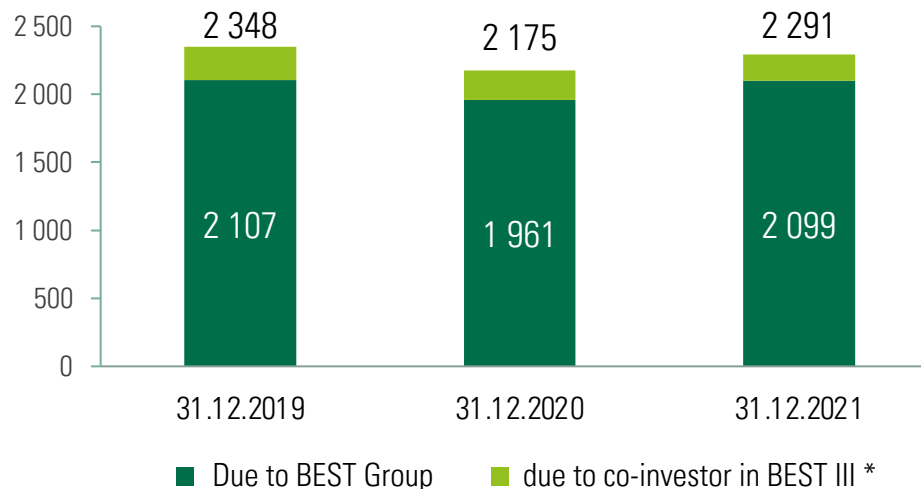


## Book value of claim portfolios above PLN 1.0 billion

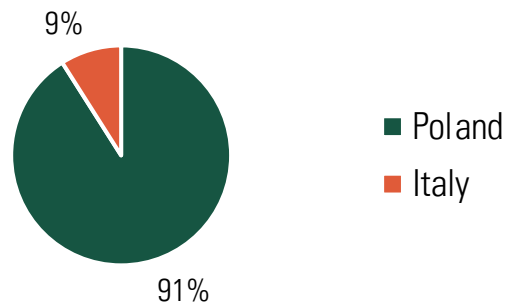
Book value of portfolios (PLNm)



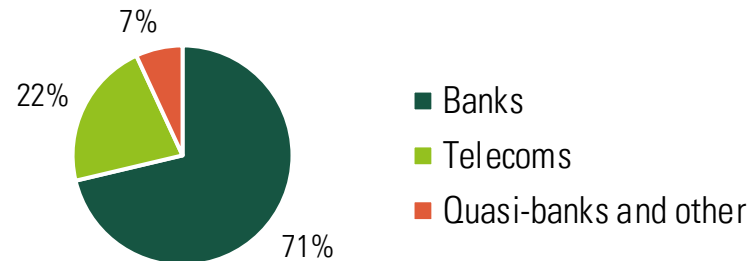
ERC—nominal estimated remaining collections (PLNm)



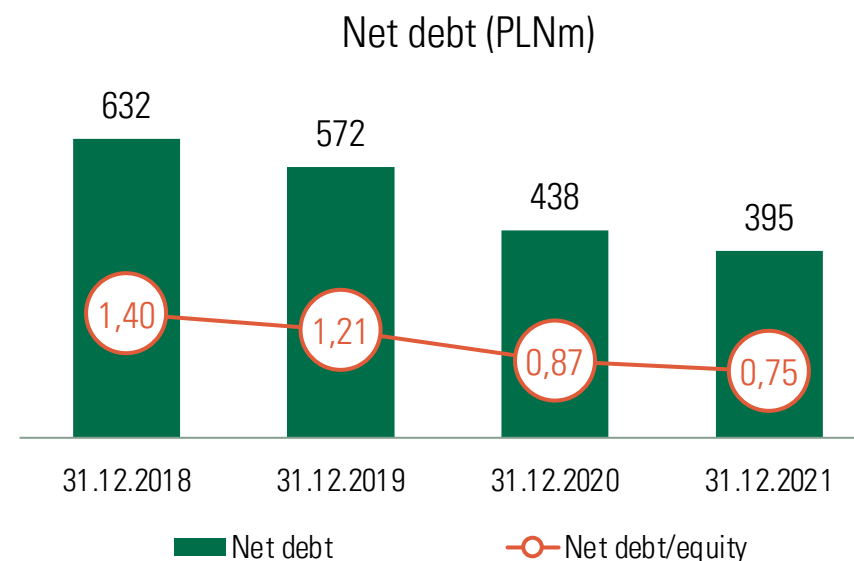
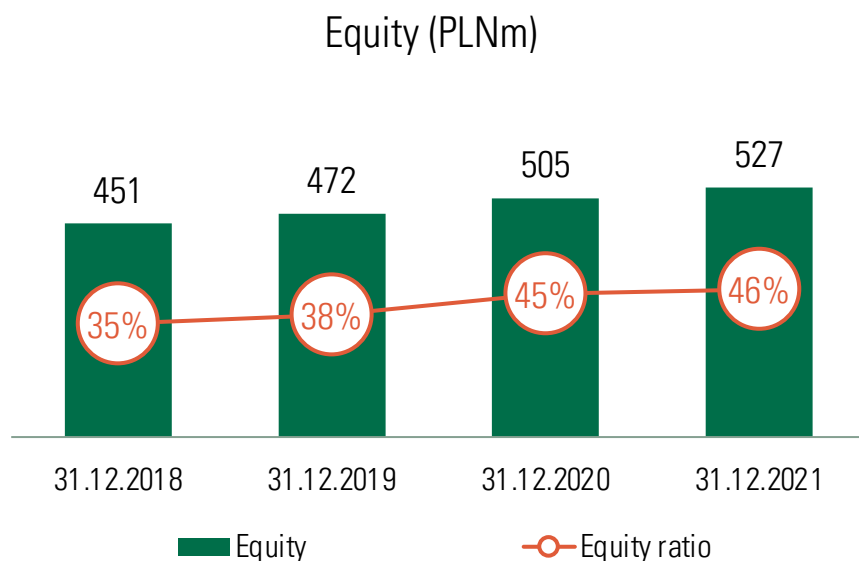
Geographical structure of managed claims (31.12.2021)



Structure of managed claims by segment (31.12.2021)



## Strong balance sheet, great potential for further investment in claim portfolios



- Steady increase in equity despite write-downs on Kredyt Inkaso and a PLN 15m buyback of own shares conducted in the 4th quarter of 2021
- Continued decrease in main debt ratio (net debt/equity) to 0.75; the maximum permissible level of this ratio specified in the bond issue terms is 2.50

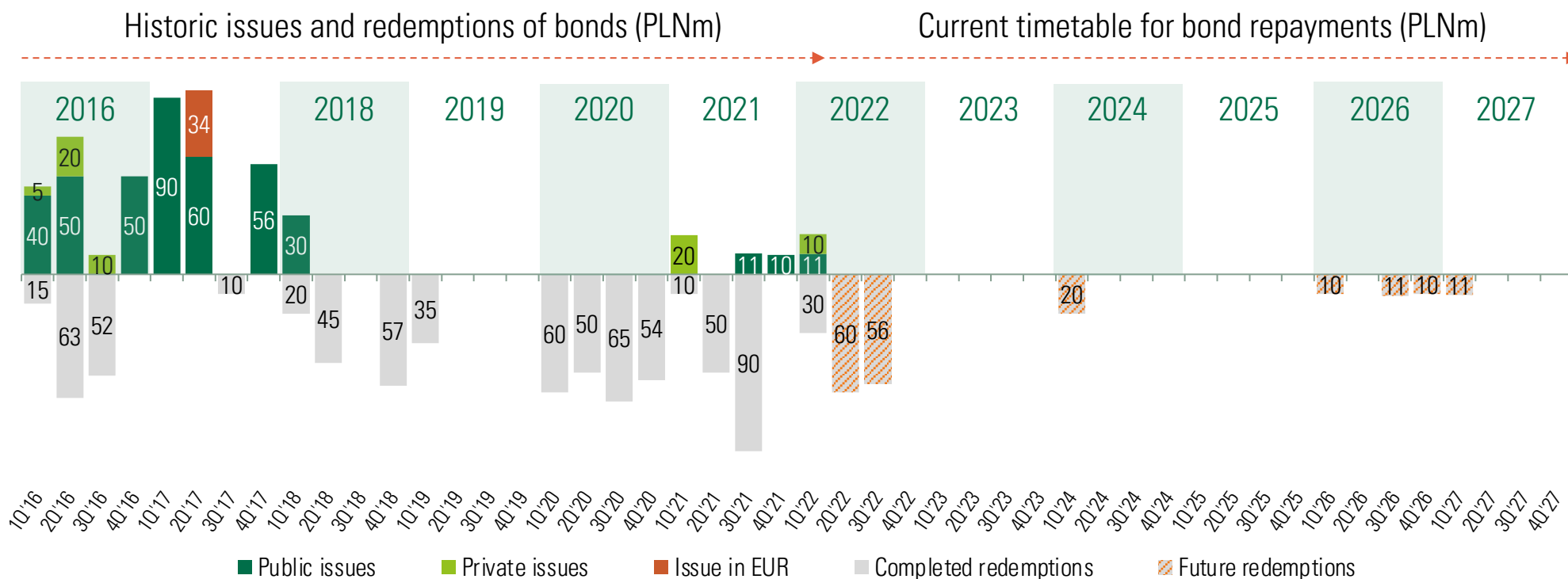
- BEST Group's financial liabilities as of 31.12.2021:
  - PLN 185m - Bonds
  - 212m - Bank loans
  - 20m - Borrowings from management board
  - 21m - Leasing and rental
- Cash position as of 31.12.2021:
  - PLN 47m - Cash



# BEST GROUP



## BEST as a long-term bond market participant



Since 2010 BEST Group has issued bonds with a total nominal value of **PLN 1,104 million**, of which **PLN 927 million** has already been redeemed

Further potential to increase debt for new investment

Redemptions mainly from proceeds of current operations

Open bond issue programme with a nominal value of up to PLN 200m\*

## SUMMARY

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WE EXPECT FURTHER INCREASE  
IN REPAYMENT OF CLAIMS

WE PLAN  
FURTHER INVESTMENTS

WE ARE BACK  
TO THE BOND MARKET

WE INCREASE EFFICIENCY  
OF OUR OPERATIONS

WE HAVE ACCESS TO CAPITAL:  
BONDS, BANK LOANS

INVESTMENT IN KREDYT  
INKASO WITH NO FURTHER  
IMPACT ON OUR RESULTS

# Thank you

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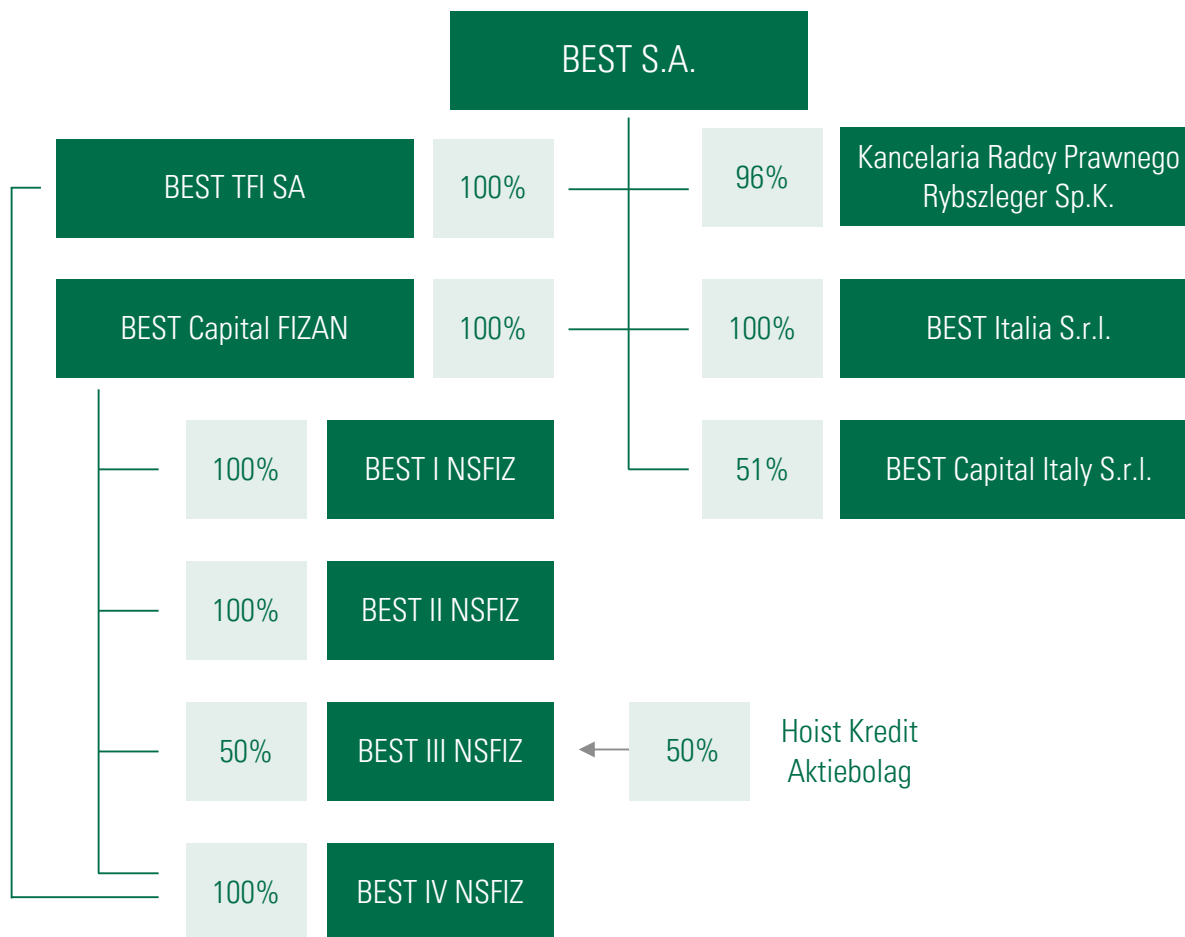
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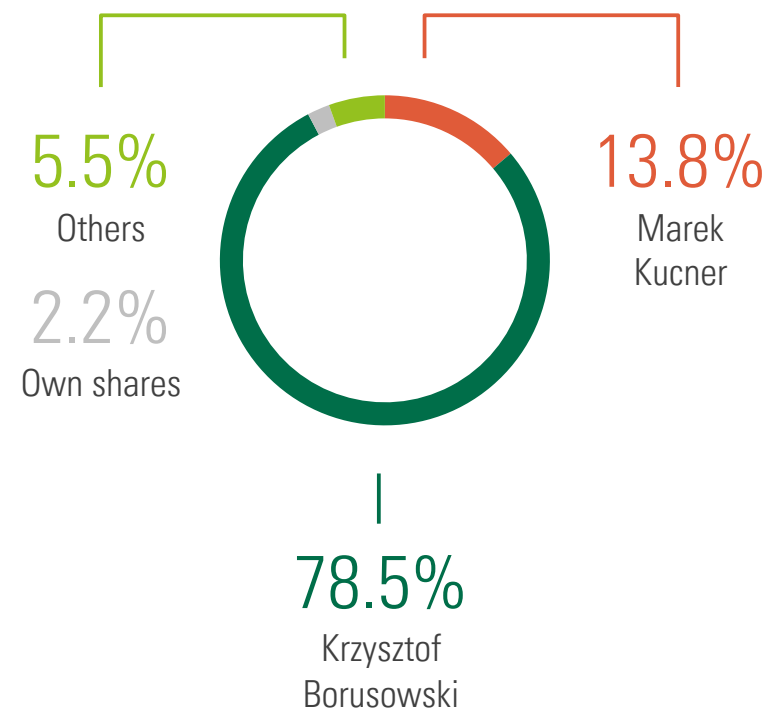
# ANNEXES



## Annex—Capital group structure



Shareholders of BEST SA\*  
(share in the share capital  
as of 31.12.2021)



\* The graph shows the shareholding structure after the Company bought back 500,000 of its own shares, settled on 22.12.2021, before their planned redemption (see current report no. 44/2021), and before increasing the share capital by issuing a total of 407,400 series E shares as a result of exercising the rights from subscription warrants issued under the incentive scheme by entitled persons (see current reports no. 40/2021 and 42/2021)

## Annex—Cash EBITDA

(PLN million)	2021	2020	2019
<b>BEST</b>			
Repayment of claims	398.6	365.3	299.1
Other income	18.0	4.8	(9.2)
OPEX (excluding amortization)	(253.7)	(199.7)	(129.2)
Cash EBITDA (with the Kredyt Inkaso result)	162.9	170.4	160.7
Change in value of investment in Kredyt Inkaso	(55.6)	(45.1)	(12.5)
<b>Cash EBITDA*</b>	<b>218.5</b>	<b>215.5</b>	<b>173.2</b>

\* Cash EBITDA = operating profit - revenue from acquired claims + repayment of acquired claims + amortization - change in value of investment in Kredyt Inkaso

## Annex—Statement of financial position

(PLN million)	31.12.2021	31.12.2020	31.12.2019*
<b>Assets, including:</b>	<b>1,151.6</b>	<b>1,134.9</b>	<b>1,244.9</b>
Cash and cash equivalents	47.3	65.6	82.0
Claims acquired	1,017.1	938.4	998.6
Investments in associates	-	51.4	98.7
Investment real property	32.0	23.5	20.6
<b>Equity and liabilities, including:</b>	<b>1,151.6</b>	<b>1,134.9</b>	<b>1,244.9</b>
Financial liabilities	442.3	504.0	654.4
Obligations to co-investor in BEST III	66.4	75.5	82.3
Equity	527.1	505.1	472.5
<b>Net debt</b>	<b>395.0</b>	<b>437.5</b>	<b>572.4</b>
<b>Net debt/equity</b>	<b>0.75</b>	<b>0.87</b>	<b>1.21</b>