

BEST GROUP

PRESENTATION OF FINANCIAL
RESULTS FOR 2023

Gdynia, 5 April 2024.



BEST GROUP IN 2023. KEY INFORMATION

SUMMARY OF THE YEAR 2023 IN THE BEST CAPITAL GROUP



Key events in the BEST Capital Group in 2023

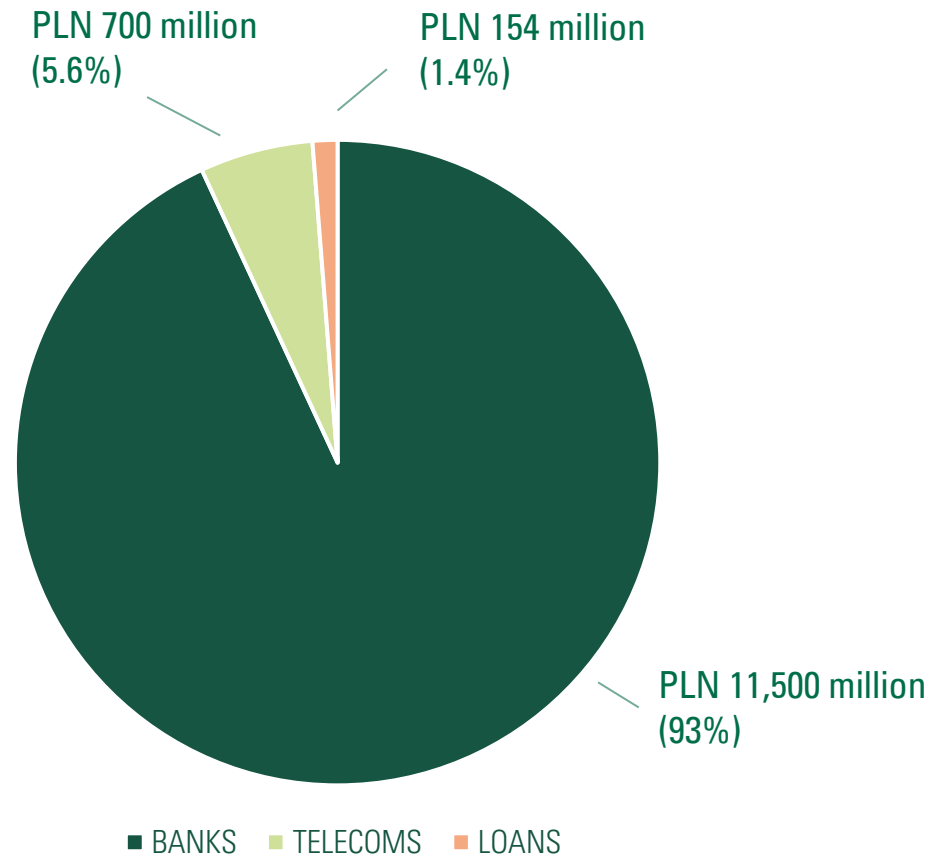
- Stable claim repayments
- Increase in EBITDA, related to lower court costs and other factors
- Raising PLN 169 million from a bond issue, the highest figure since 2017
- Purchase of claim portfolios with an investment value of PLN 311 million
- End of a joint venture with Hoist, buyout of half of the portfolios owned by BEST III NFIZW
- Digital Transformation – launch of first projects

Key financial and operating parameters	2023	2022	Change
▪ repayments of claims from managed portfolios, including:	PLN 414.4 million	PLN 419.6 million	(1%)
▪ due to the BEST Capital Group	PLN 384.9 million	PLN 372.2 million	3%
▪ operating costs	PLN 219.0 million	PLN 229.4 million	(5%)
▪ Cash EBITDA	PLN 220.2 million	PLN 200.3 million	10%

NON-PERFORMING CLAIM MARKET IN POLAND

Market situation in 2023:

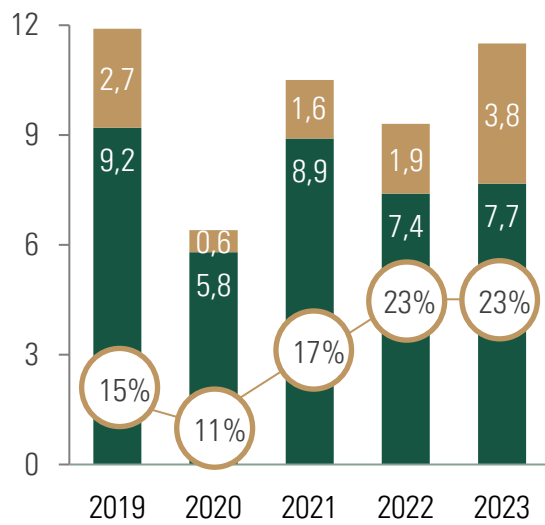
- significant increase in the supply of retail and mortgaged bank claim portfolios (by PLN 2.2 billion compared to 2023)
- demand remaining high despite high financing costs
- stabilisation of claim portfolio prices at a relatively high level
- maintenance of the good quality of portfolios sold



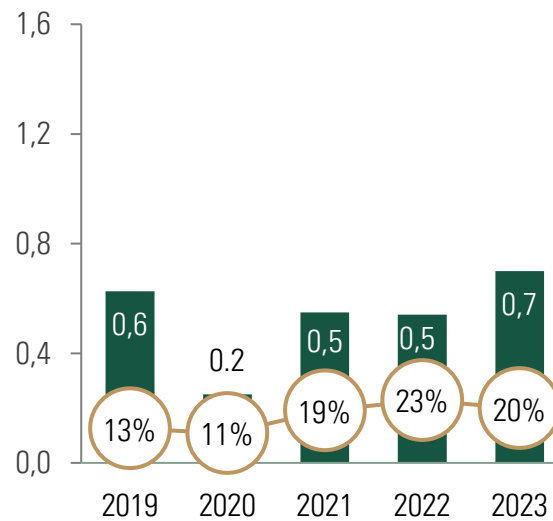
POLAND – NON-PERFORMING CLAIM MARKET

BANKS
(in billion)

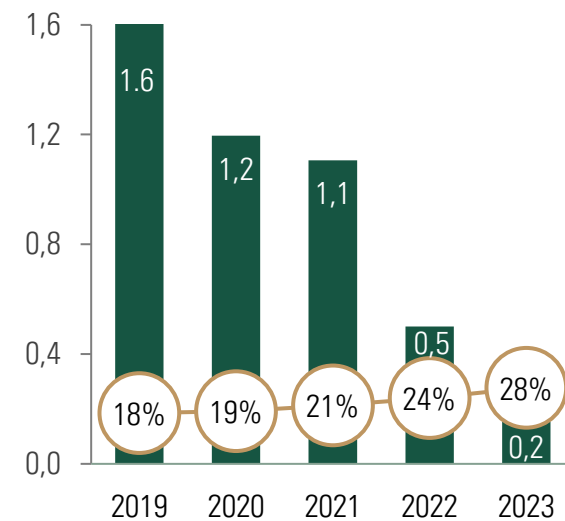
(retail and mortgaged portfolios, , primary market)



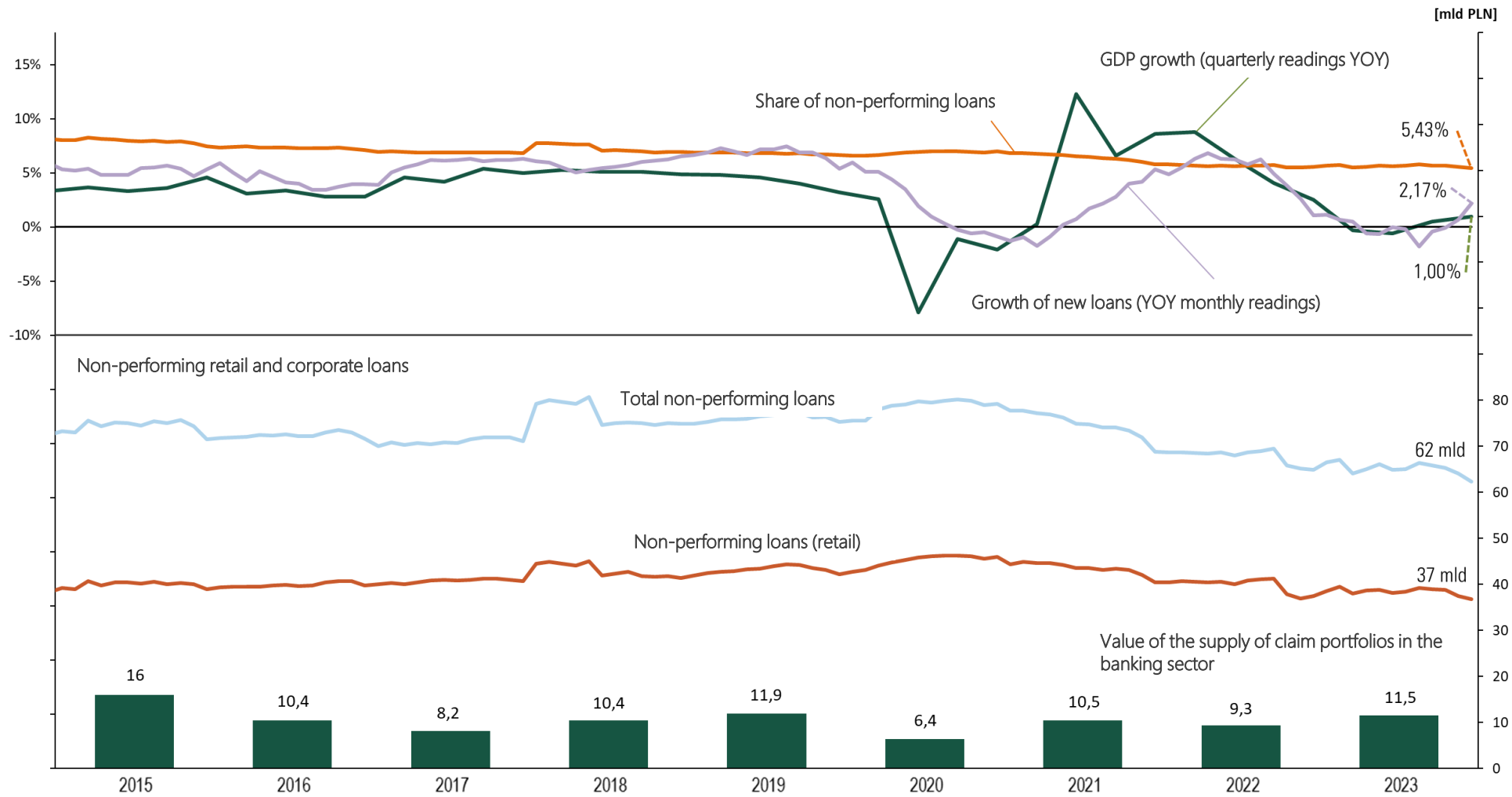
TELECOMS
(in billion)



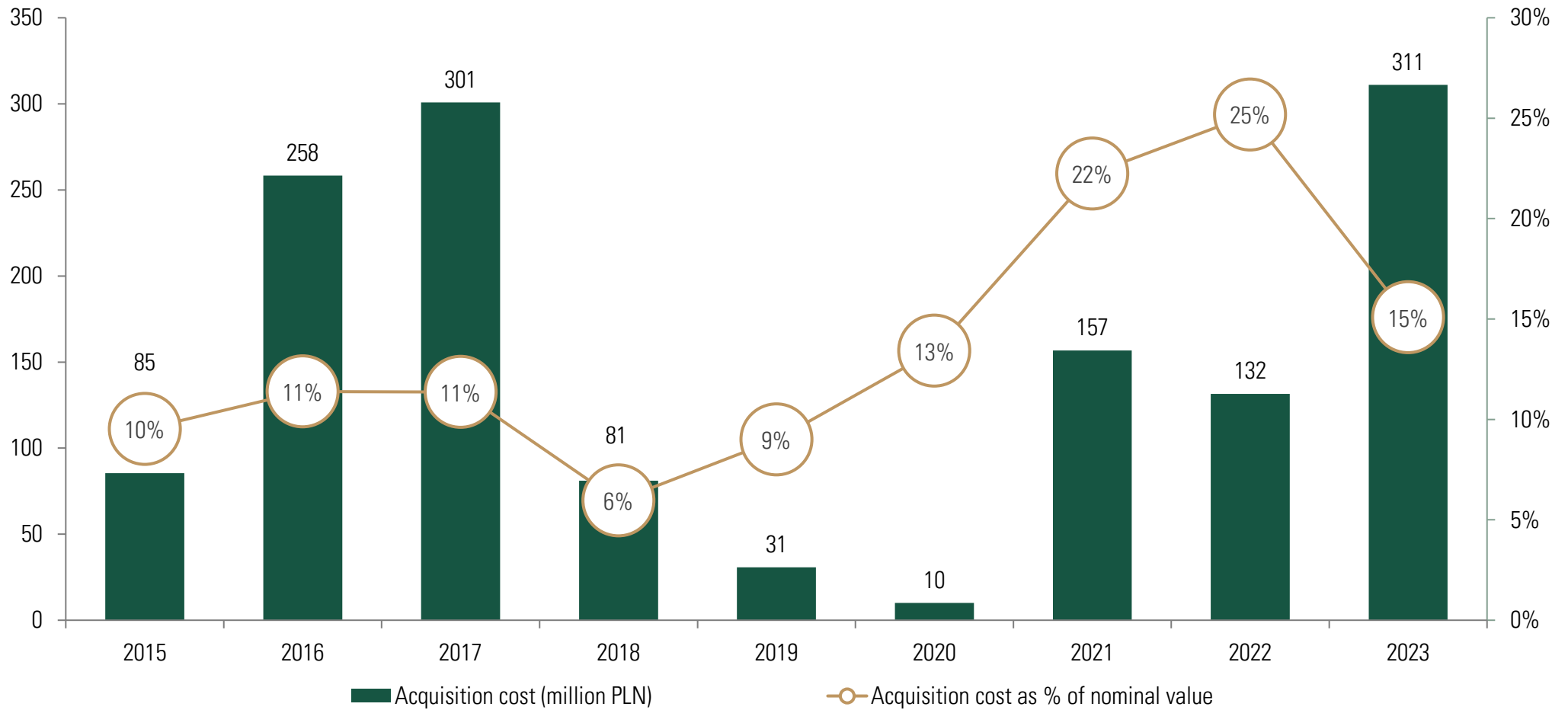
LOANS
(in billion)



POLAND – MARKET OF BANK CLAIMS



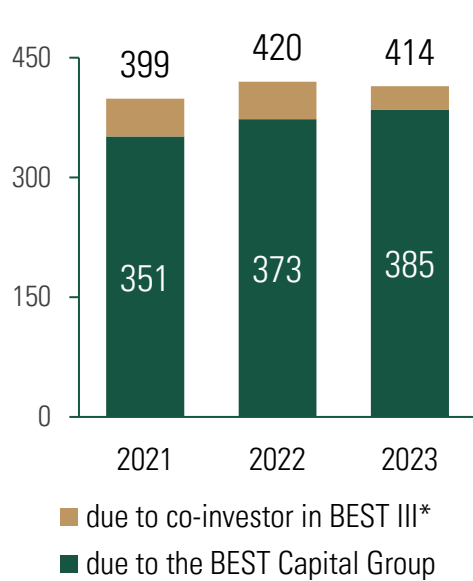
INVESTMENTS IN CLAIM PORTFOLIOS



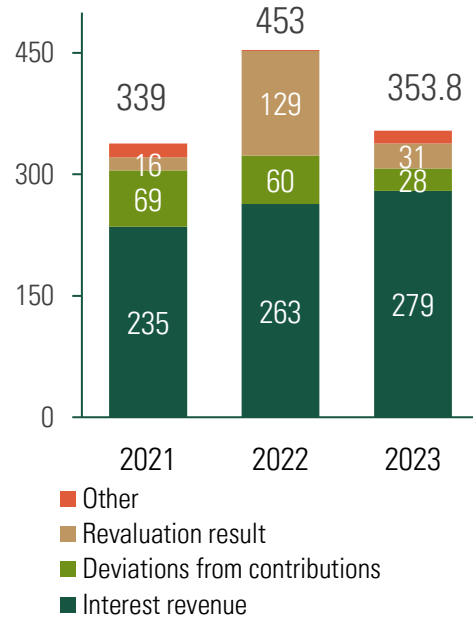
OPERATING AND FINANCIAL RESULTS OF THE BEST CAPITAL GROUP

IN 2023 AT A FINANCIAL GLANCE

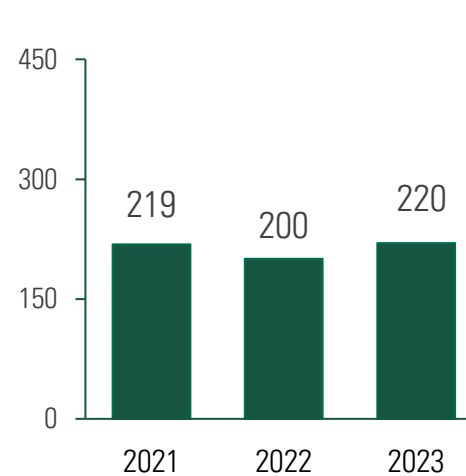
Repayment of claims
(PLN million)



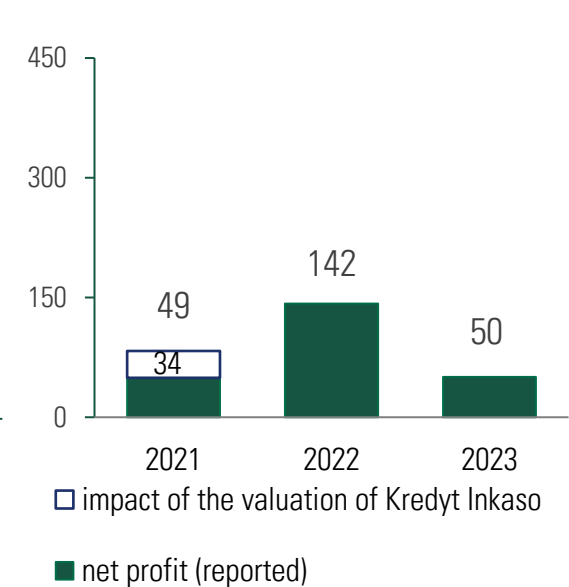
Operating revenue
(PLN million)



Cash EBITDA
(PLN million)



Net profit attributable to
BEST shareholders
(PLN million)



Consistent increase in repayments due to the BEST Group

1

Stable recurring revenue, lower positive revaluation result

2

10% Increase in cash EBITDA (YOY)

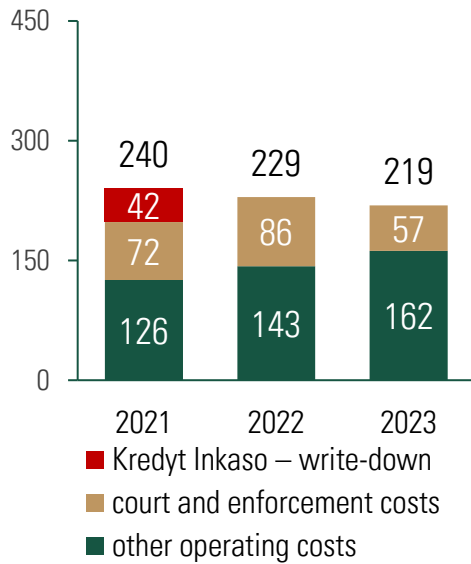
3

Net result under pressure from financial costs

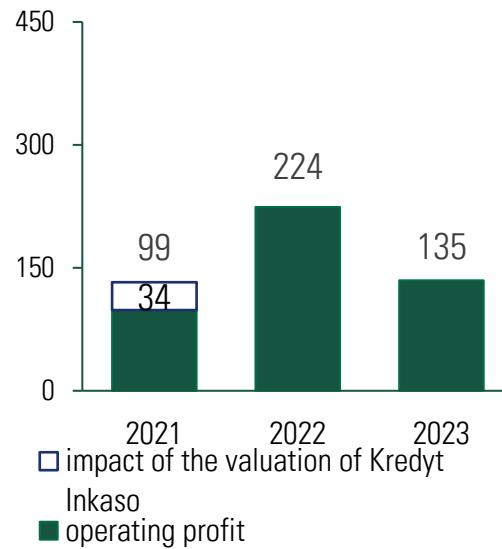
4

OPERATIONAL EFFICIENCY

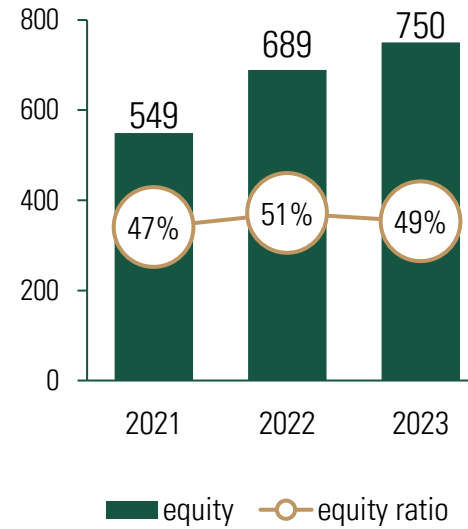
Operating costs
(PLN million)



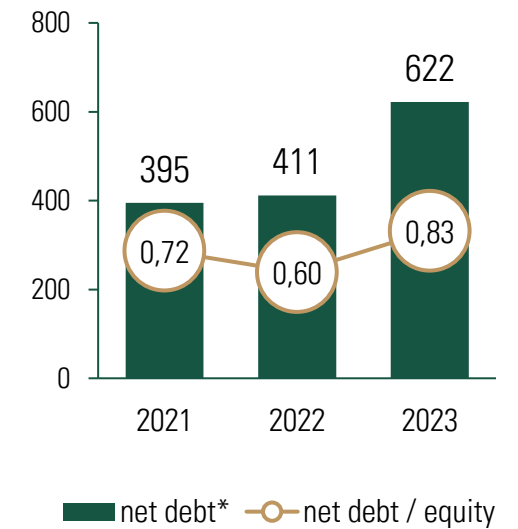
Operating profit
(PLN million)



Equity
(PLN million)



Net debt
(PLN million)



Stabilisation of operating costs

1

38%
operating margin
(2023)

2

Consistent increase
in equities

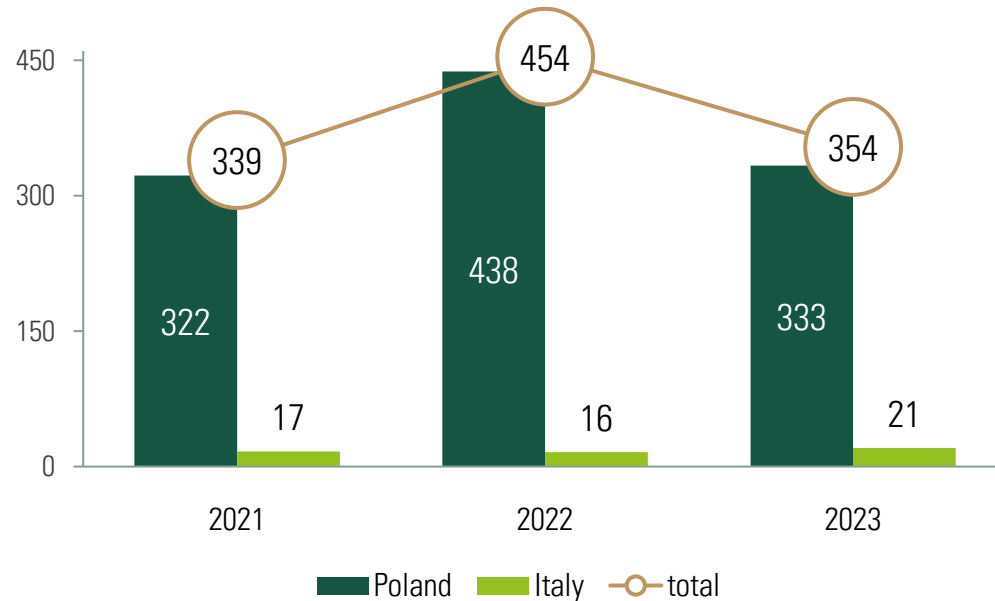
3

Higher debt associated with
an increase in investments

4

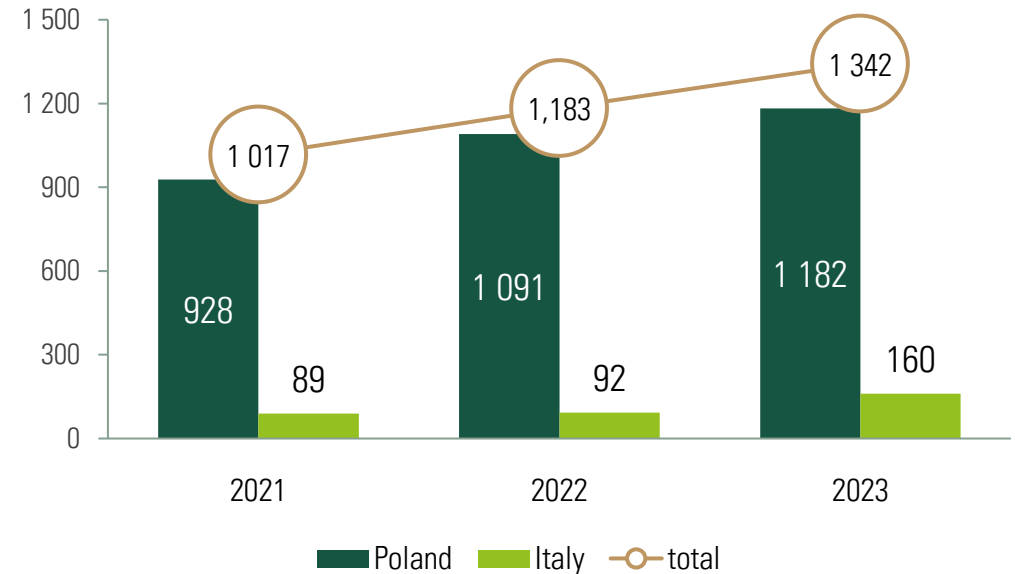
TWO MARKETS – POLAND AND ITALY

Operating revenue by market (PLN million)



- Stable recurring revenues from the Polish market, lower positive effect of revaluations
- Increase in revenue in the Italian market

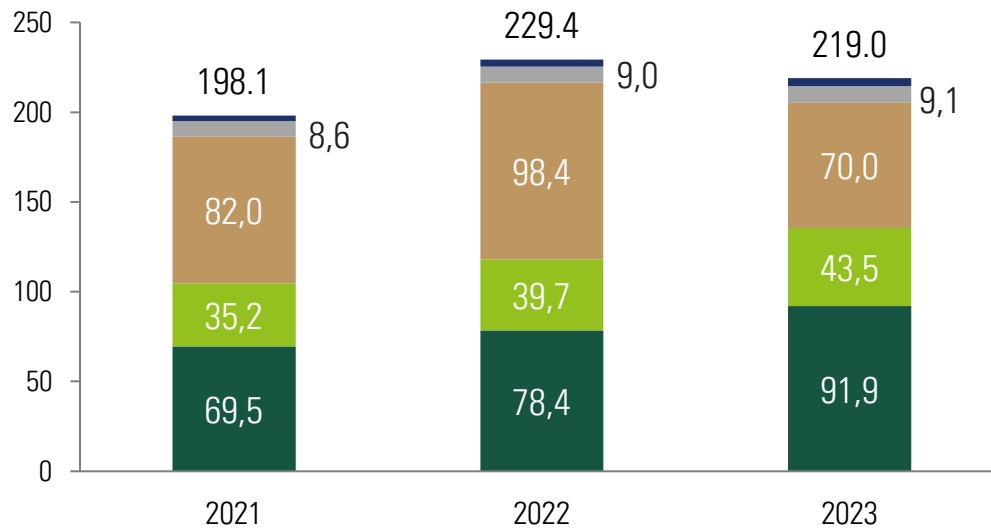
Value of portfolios by market (million PLN)



- 8% increase in the value of the Polish claim portfolio
- 73% increase in the value of Italian claims

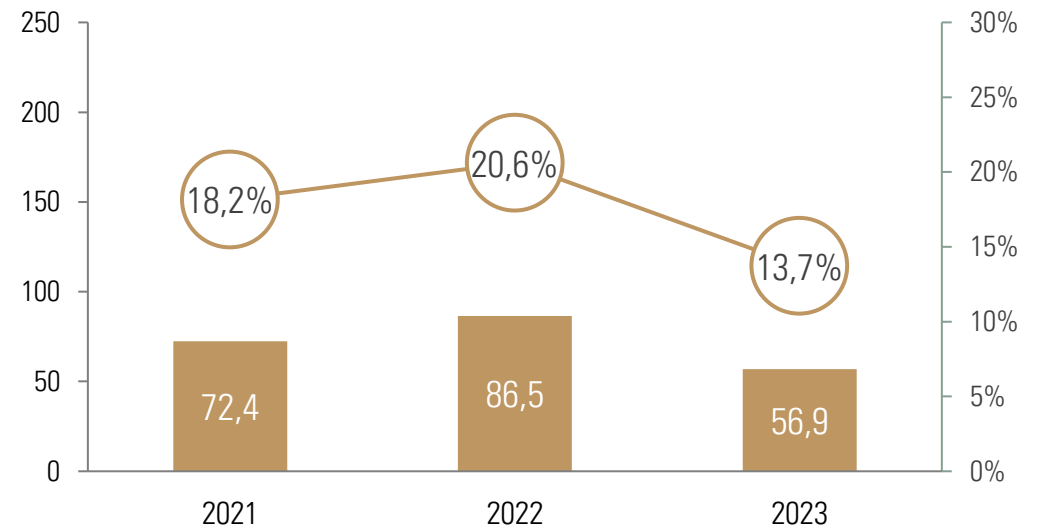
OPERATING COSTS

Segmentation of operating costs (PLN million)



■ labour costs
 ■ third-party services
 ■ taxes and charges
■ depreciation
 ■ other

Court and enforcement costs (PLN million)



■ court and enforcement costs
—○— court and enforcement costs as a % of portfolio repayments

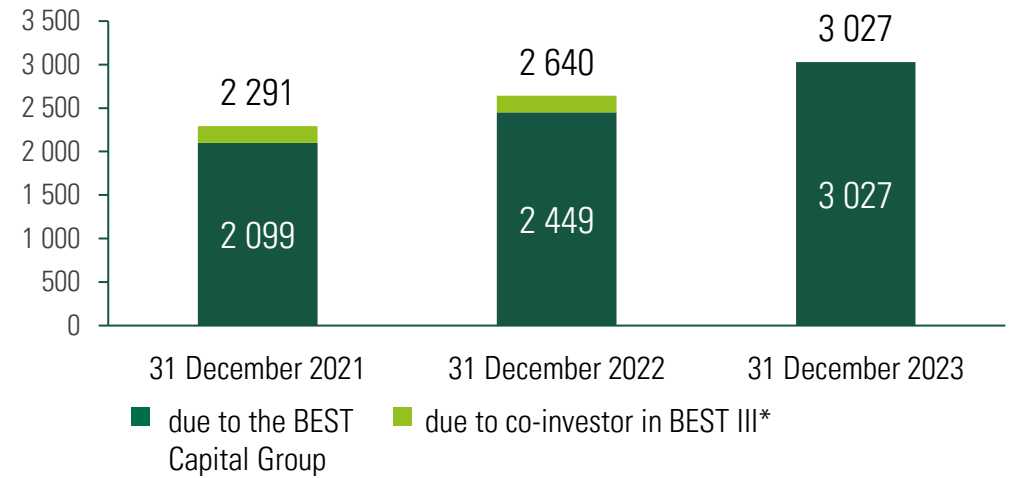
- Decrease in court and enforcement costs by 33%
- Higher personnel costs, related to the increase in the minimum wage and other salary increases
- Increase in third party services costs (e.g. Digital Transformation costs)

STRUCTURE OF ASSETS

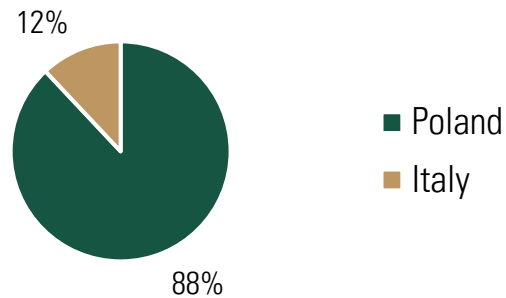
Carrying amount of portfolios (PLN million)



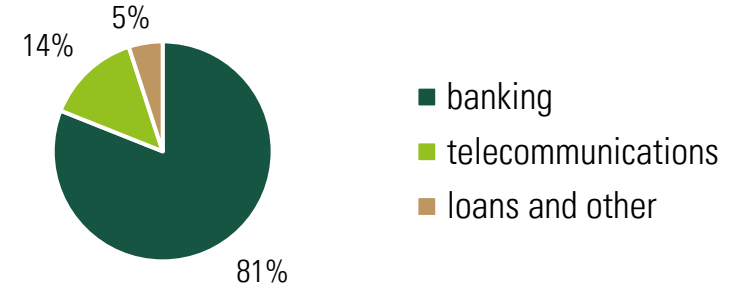
ERC – nominal value of estimated future repayments (PLN million)



Geographical breakdown of managed claims (31 December 2023)



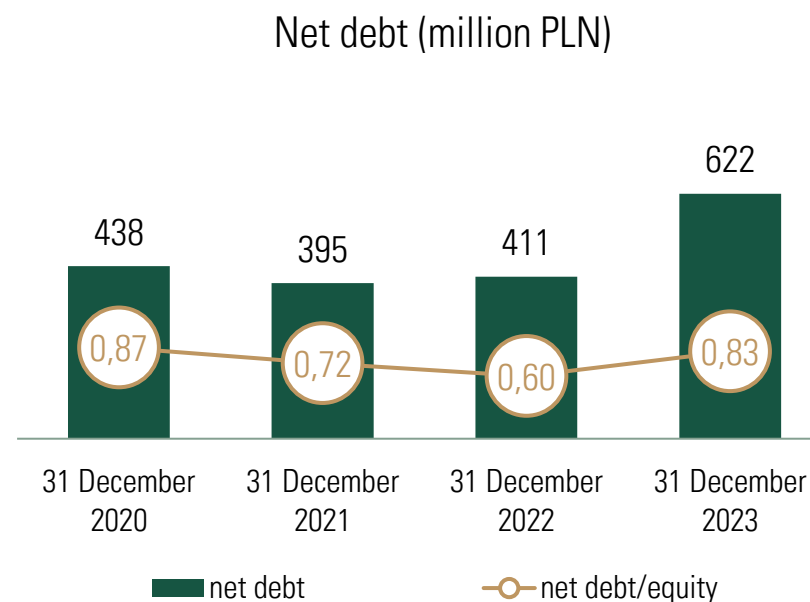
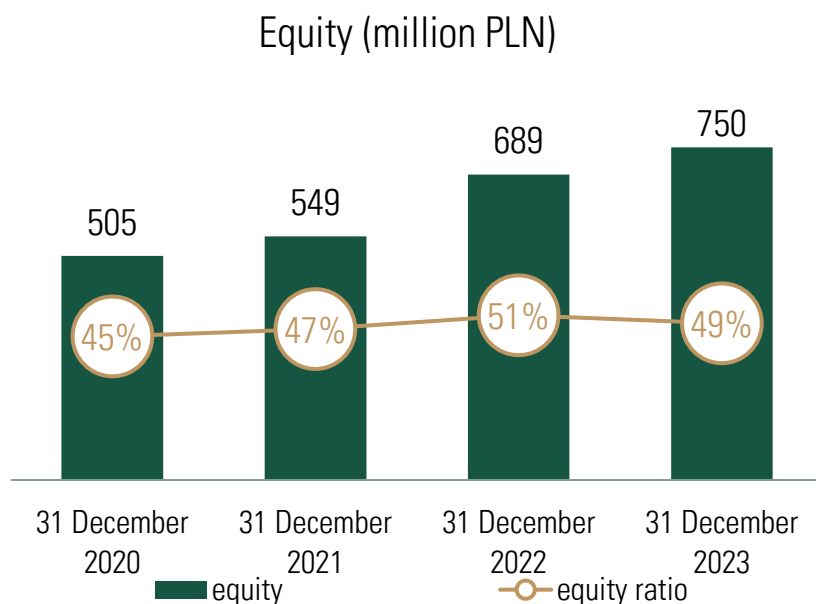
Structure of managed claims by segment (31 December 2023)



Claims are valued using the amortised cost method (also known as the "adjusted cost method" or "ACM"): following initial recognition, the purchase price of the package is increased by accrued interest and reduced by the value of repayments made, as appropriate.

*The share of the BEST Capital Group in BEST III NSFIZ is 50%, as per the structure shown on slide 22.

GROUP'S LIABILITIES



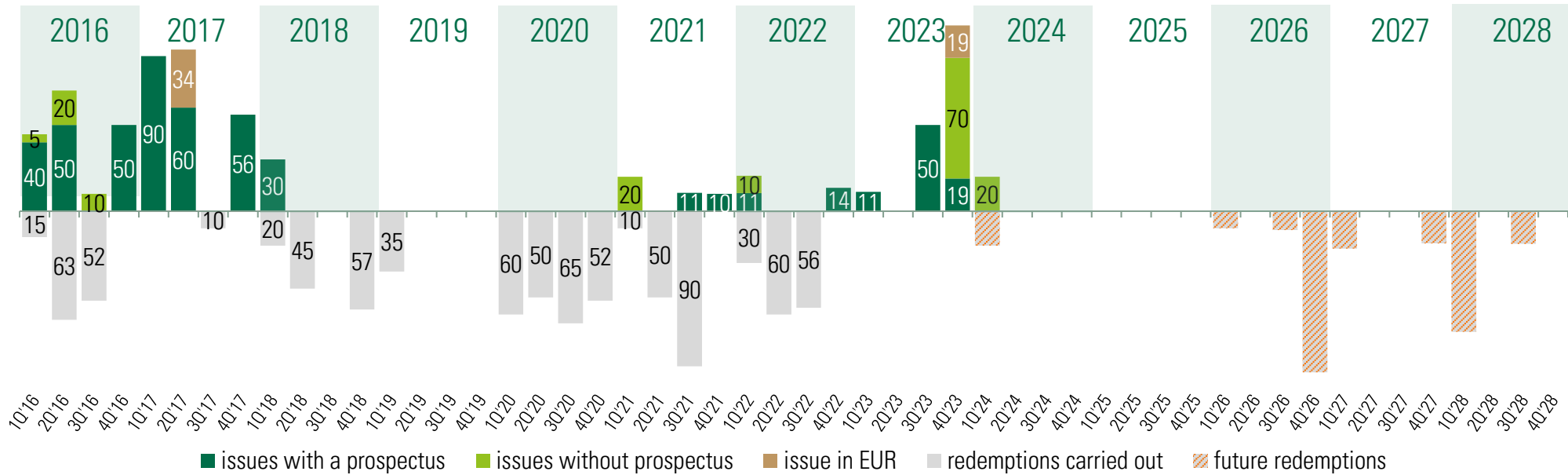
- Further increase in equity
- Higher debt ratio (net debt/equity) related, inter alia, to significant purchases of claim portfolios in the last quarter of 2023.
- Increased share of bonds in the financial structure – from 16% to 35%
- Financial liabilities of the BEST Capital Group as at 31 December 2023:
 - PLN 242 million - bonds
 - PLN 407 million - bank loans
 - PLN 20 million - loans from the Management Board
 - PLN 17 million - lease and rental
- Cash balance at 31 December 2023:
 - PLN 65 million - cash

BEST GROUP ON THE BOND MARKET



Historical bond issues and redemptions (PLN million)

Current bond repayment schedule (PLN million)



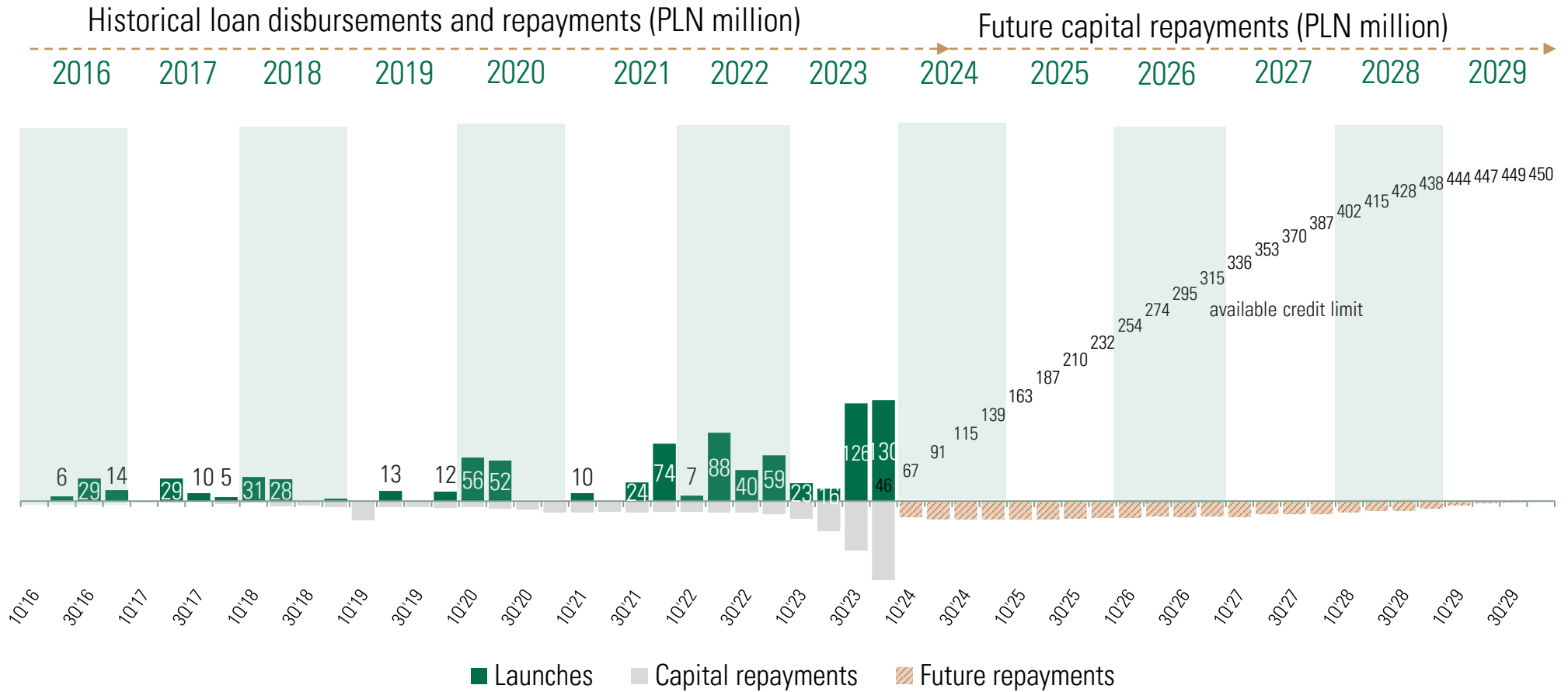
Since 2010, the BEST Capital Group has issued bonds with a total nominal value of **PLN 1.306 million**, out of which **PLN 1.063 million** has been redeemed

Return to the market of institutional investors

Open-ended scheme of bond issues without a prospectus of up to PLN 300 million

Work in progress on the next prospectus

BEST GROUP – CREDIT FINANCING



Since 2016, the BEST Capital Group has disbursed loan commitments with a total nominal value of **PLN 885 million**, out of which **PLN 481 million** has been repaid

BEST GROUP IN 2023 – SUMMARY

INCREASING RECOVERIES
AND CASH EBITDA

1

DYNAMIC GROWTH IN
INVESTMENTS
IN PORTFOLIOS

2

STABILISATION OF OPERATING
COSTS

3

STRONG BALANCE SHEET,
COMFORTABLE DEBT
STRUCTURE

4

DIVERSIFIED SOURCES OF
THIRD PARTY FINANCING

5

DIGITAL
TRANSFORMATION IN
PROGRESS

6

BEST GROUP – DEVELOPMENT DIRECTIONS

INVESTMENTS IN PORTFOLIOS

1

DIGITAL TRANSFORMATION

2

DEVELOPMENT ON THE ITALIAN MARKET

3

- The same investment level as in 2023.
- Growing share of the Italian market +30%
- Increased efficiency
- Flexible architecture
- Process automation
- Data security and quality
- People
- Processes
- Technology

30
LAT

BEST

SPÓŁKA AKCYJNA

THANK YOU

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APPENDICES

CASH EBITDA

(PLN million)	2023	2022	2021	2020	2019
BEST					
claim repayments	414.3	419.6	398.6	365.3	299.1
other revenue	15.8	1.2	18.0	4.8	(9.2)
OPEX (without depreciation)	(209.9)	(220.4)	(231.8)	(199.7)	(129.2)
Cash EBITDA (including the result of Kredyt Inkaso)	220.2	200.3	184.8	170.4	160.7
change in value of investments in Kredyt Inkaso	-	-	(33.7)	(45.1)	(12.5)
Cash EBITDA*	220.2	200.3	218.5	215.5	173.2

* Cash EBITDA = operating profit – revenue from purchased claims + repayments of purchased claims + depreciation – change in the value of investments in Kredyt Inkaso.

STATEMENT OF FINANCIAL POSITION

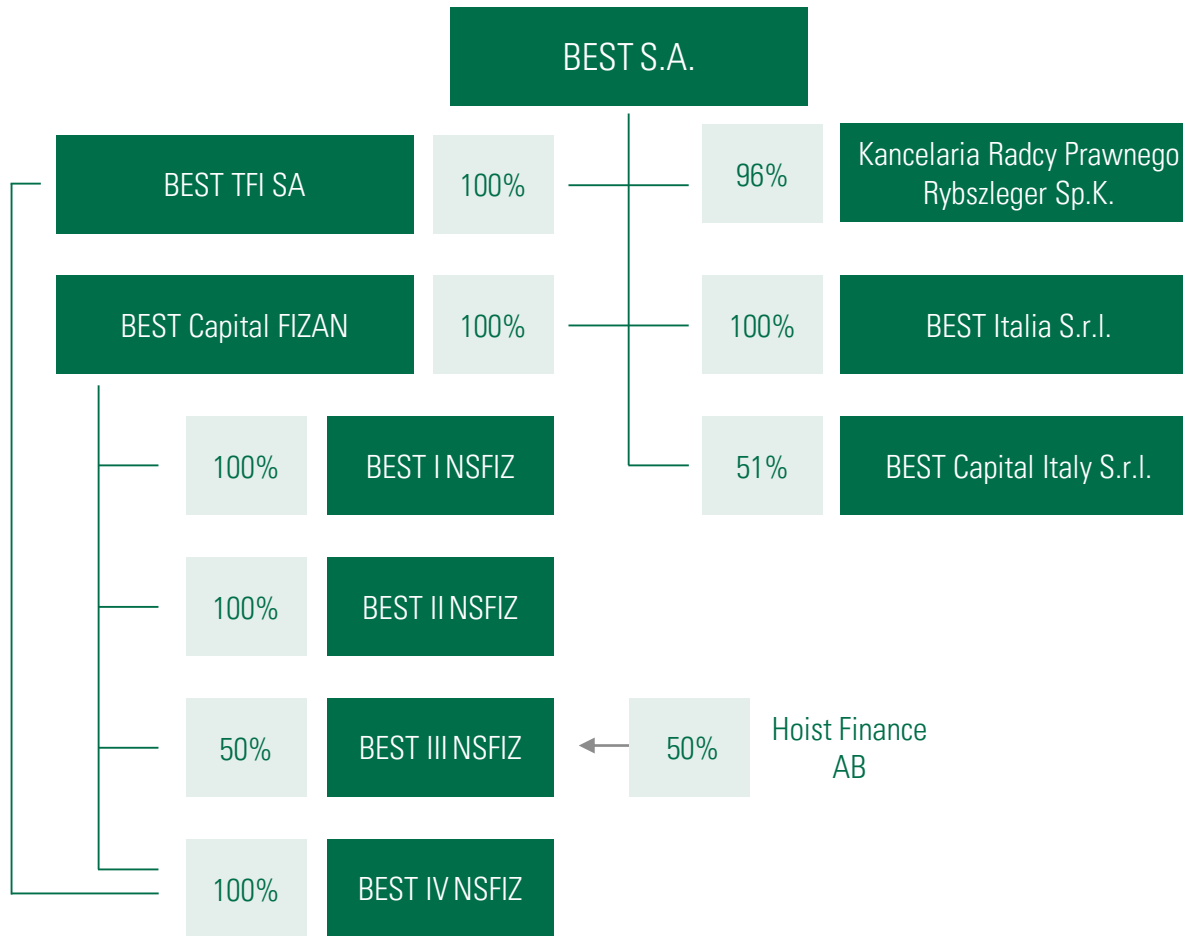
(PLN million)	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
assets, including:	1,545.1	1,349.3	1,173.6	1,134.9	1,244.9
cash and equivalent	64.8	52.2	47.3	65.6	82.0
purchased claims	1,342.4	1,183.2	1,017.1	938.4	998.6
equity investments	39.9	27.6	21.9	-	
investment properties	40.2	32.4	32.0	23.5	20.6
liabilities, including:	1,545.1	1,349.3	1,173.6	1,134.9	
financial liabilities	687.2	463.6	442.3	504.0	654.4
liabilities to co-investor in BEST III	-	71.3	66.4	75.5	82.3
equities	750.0	689.0	549.1	505.1	472.5
net debt	622.3	411.4	395.0	437.5	572.4
net debt / equity	0.83	0.60	0.72	0.87	1.21

FINANCIAL PERFORMANCE



(PLN million)	2023	2022	YOY change
operating revenue , including	353.8	453.6	(22%)
revenue from purchased claims	338.1	452.4	(25%)
<i>interest calculated using the effective interest rate method</i>	279.5	263.4	6%
<i>deviations from actual payments</i>	27.9	59.6	(53%)
<i>revaluation result</i>	30.7	129.4	(76%)
operating costs , including:	219.0	229.4	(5%)
court and enforcement costs	56.9	86.5	(34%)
operating profit	134.8	224.2	(40%)
net financial costs, including:	68.3	68.8	(1%)
interest on financial liabilities	49.7	36.0	38%
valuation of liabilities to participants in consolidated funds	13.8	34.9	(61%)
net profit , including:	51.1	143.0	(64%)
attributable to BEST shareholders	50.4	142.3	(65%)

STRUCTURE OF THE BEST CAPITAL GROUP



Shareholding structure of BEST SA
(share in the share capital
as of 5 April 2024)

