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# BEST GROUP

## PRESENTATION OF FINANCIAL RESULTS FOR 9 MONTHS OF 2022

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Gdynia, 22 November 2022

## Summary

### Key events in BEST Capital Group (BEST CG) in Q3 2022

- increasing repayments under claim portfolios, significant overruns of expected recoveries
- purchase of claim portfolios with a nominal value of PLN 71.9 million for PLN 12.7 million
- launch of a new version of Best Online
- redemption of bonds with a value of PLN 56 million
- launch of a new public bond issue programme with a nominal value of up to PLN 250 million

Key financial and operational parameters	9M 2022	9M 2021	Movement
<ul style="list-style-type: none"> <li>▪ repayment of claims from managed portfolios, including:                             <ul style="list-style-type: none"> <li>▪ due to BEST Capital Group</li> </ul> </li> </ul>	PLN 319.2 million	PLN 304.2 million	5%
<ul style="list-style-type: none"> <li>▪ operating revenues</li> </ul>	PLN 360.8 million	PLN 248.3 million	45%
<ul style="list-style-type: none"> <li>▪ Cash EBITDA</li> </ul>	PLN 158.9 million	PLN 169.7 million	6

## NON-PERFORMING CLAIM MARKET IN POLAND

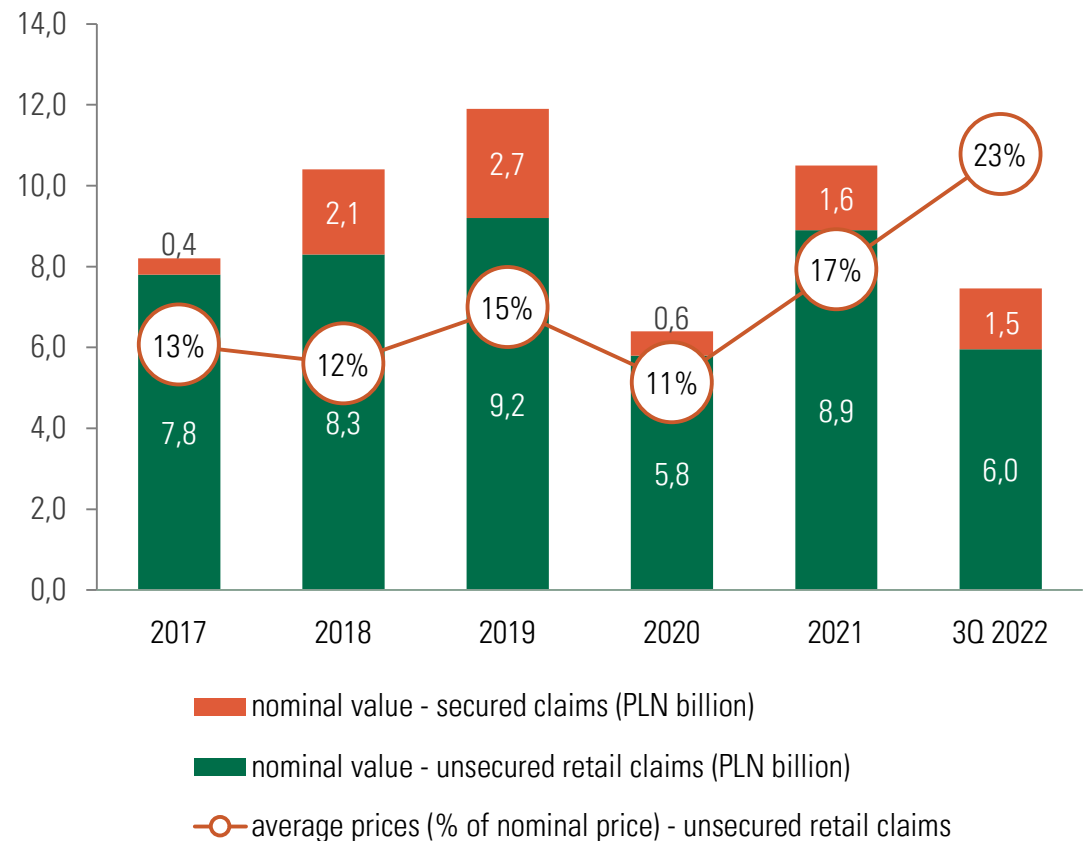


## Poland – non-performing claim market

### Market situation in Q3 2022:

- supply of bank claim portfolios comparable to the supply of the corresponding period of 2021
- possible increase in supply as a result of consolidation of, inter alia, the lending sector
- demand remaining high
- high portfolio prices resulting, inter alia, from better claim quality
- anticipated stabilisation or gradual decline of portfolio price levels

Bank NPL – supply of claim portfolios  
(retail and mortgage-backed portfolios, primary market)

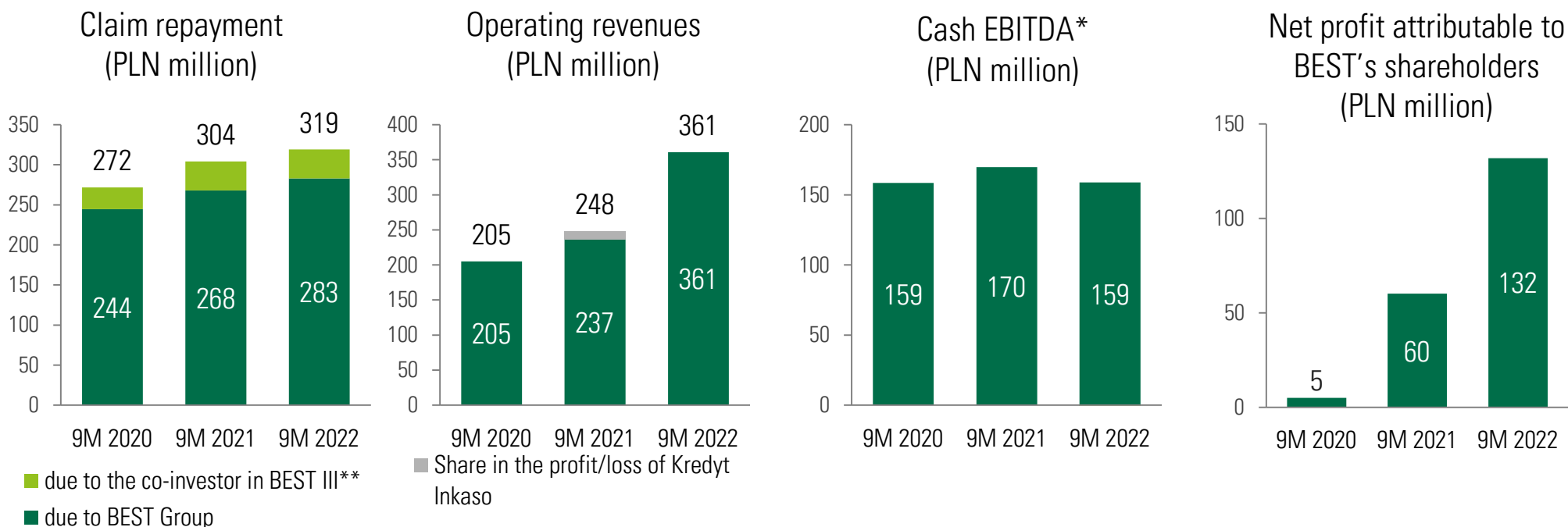


Source: the Company's own compilation based on market data

# PRESENTATION OF THE FINANCIAL RESULTS FOR THREE QUARTERS OF 2022



## Increase in claim repayment and financial performance



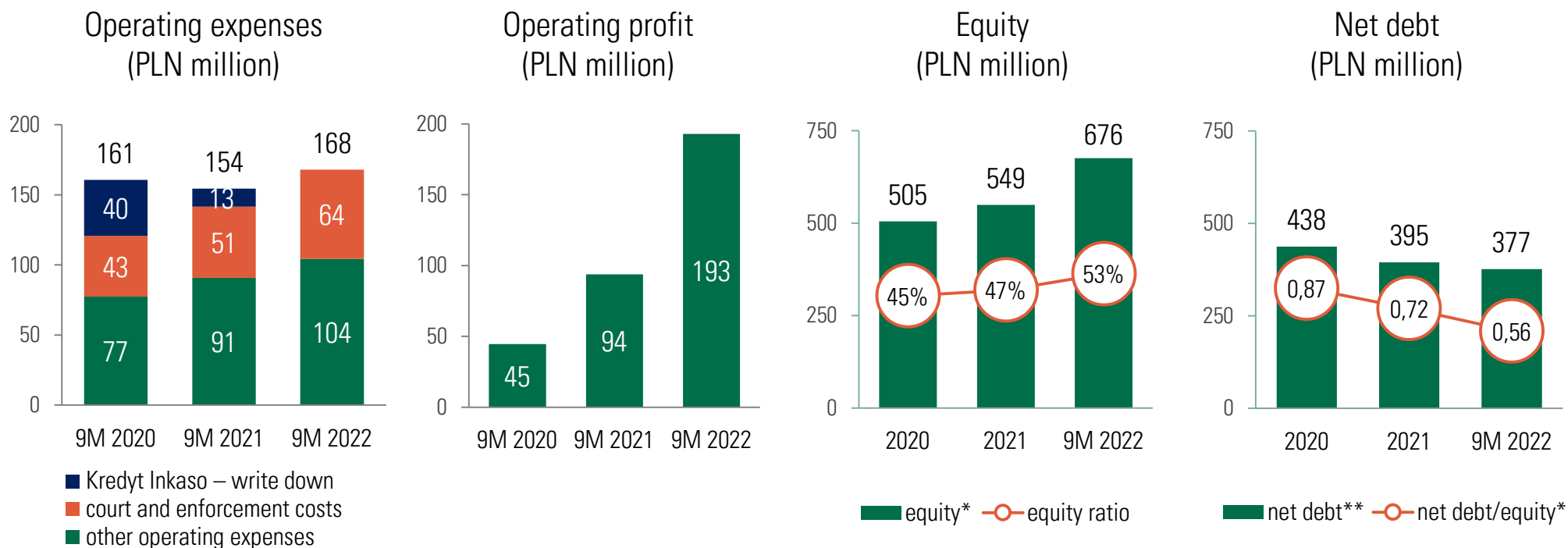
**6%**  
Increase in repayment of claims due to Best CG (YOY)

**45%**  
operating revenue increase (YOY)

Profitability under pressure from a challenging economic situation

Extraordinary increase of net profit attributable to BEST Shareholders (YOY)

## Strong balance sheet structure, low debt



Increase in running costs of operations and creation of provisions

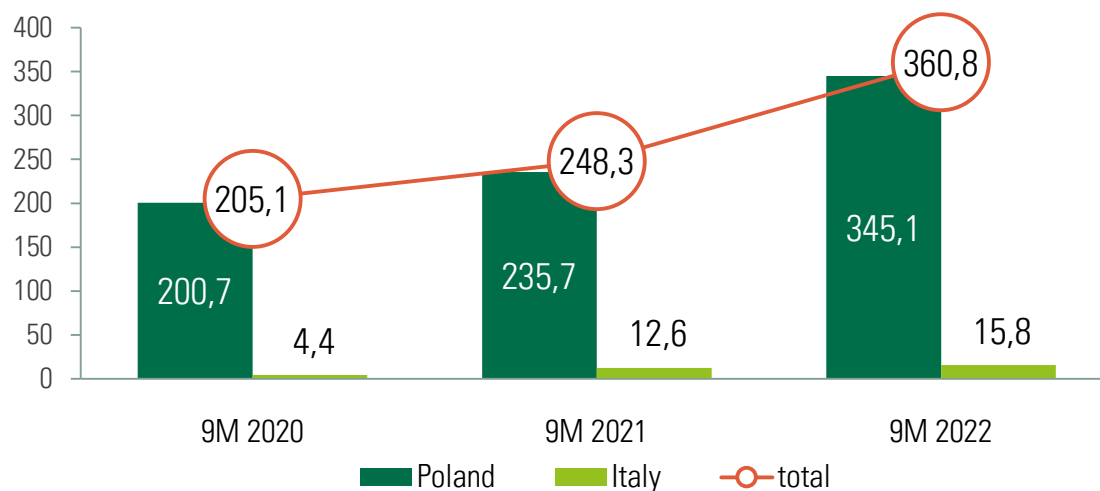
Record operating profit (effect of, inter alia, revaluation of portfolios)

**23%** increase in equity (9M 2022)

**0.56** the lowest net debt ratio since 2014 (30.09.2022)

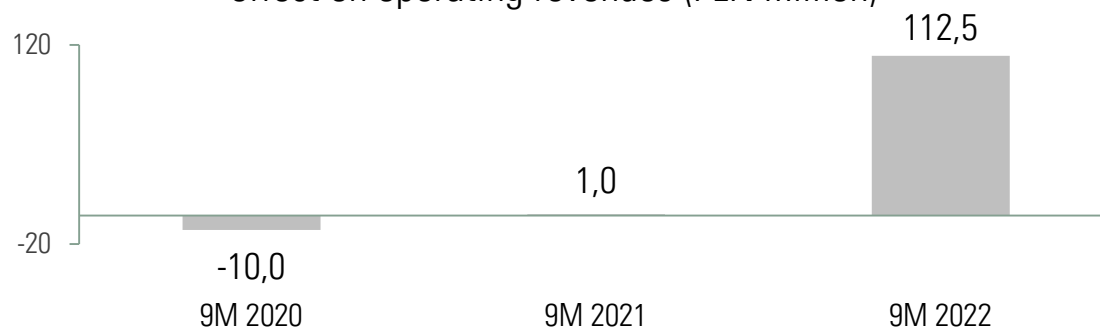
## Positive revaluation of portfolios due to repayments higher than forecasted

Operating revenues by market (PLN million)



- 45% increase in revenue for 9 months of 2022
- Consistently growing revenues from the Italian market

Portfolio revaluation result;  
effect on operating revenues (PLN million)

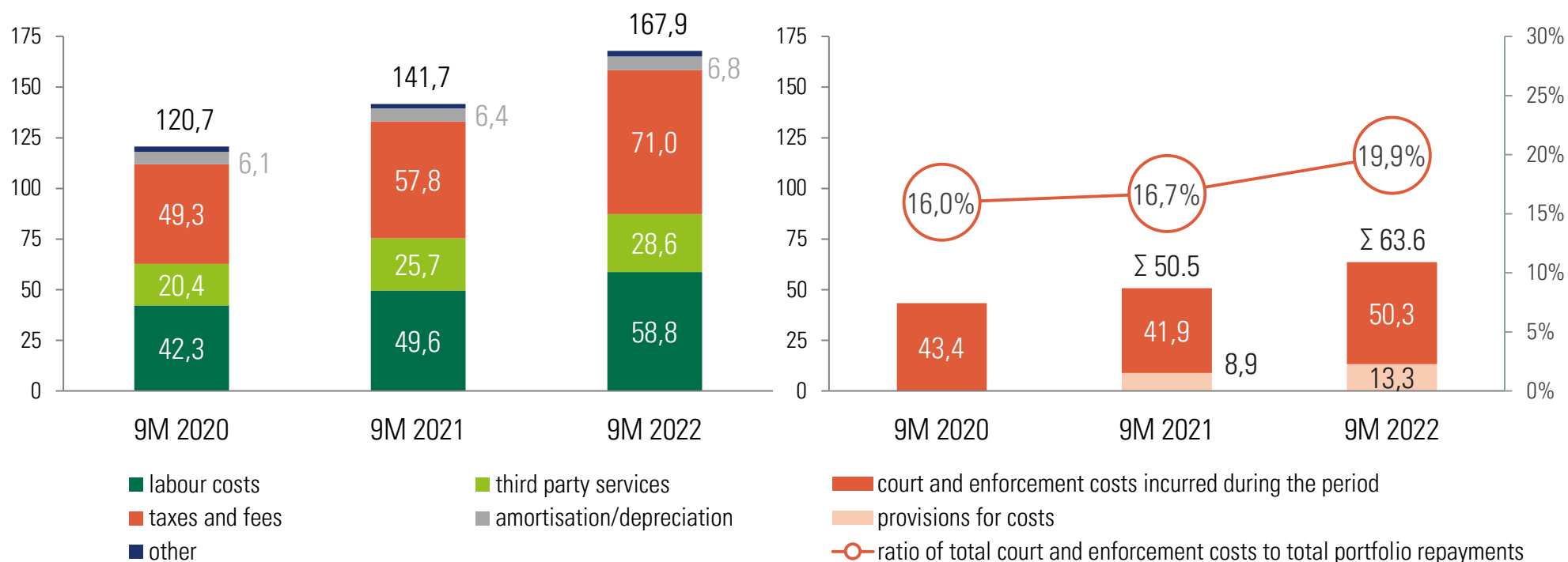


- PLN 112.5 million of revenue from revaluation of portfolios - effect of repayments significantly higher than expected in recent periods



## Increase in salaries, provisions increase enforcement and court costs

Operating expenses (PLN million)\*



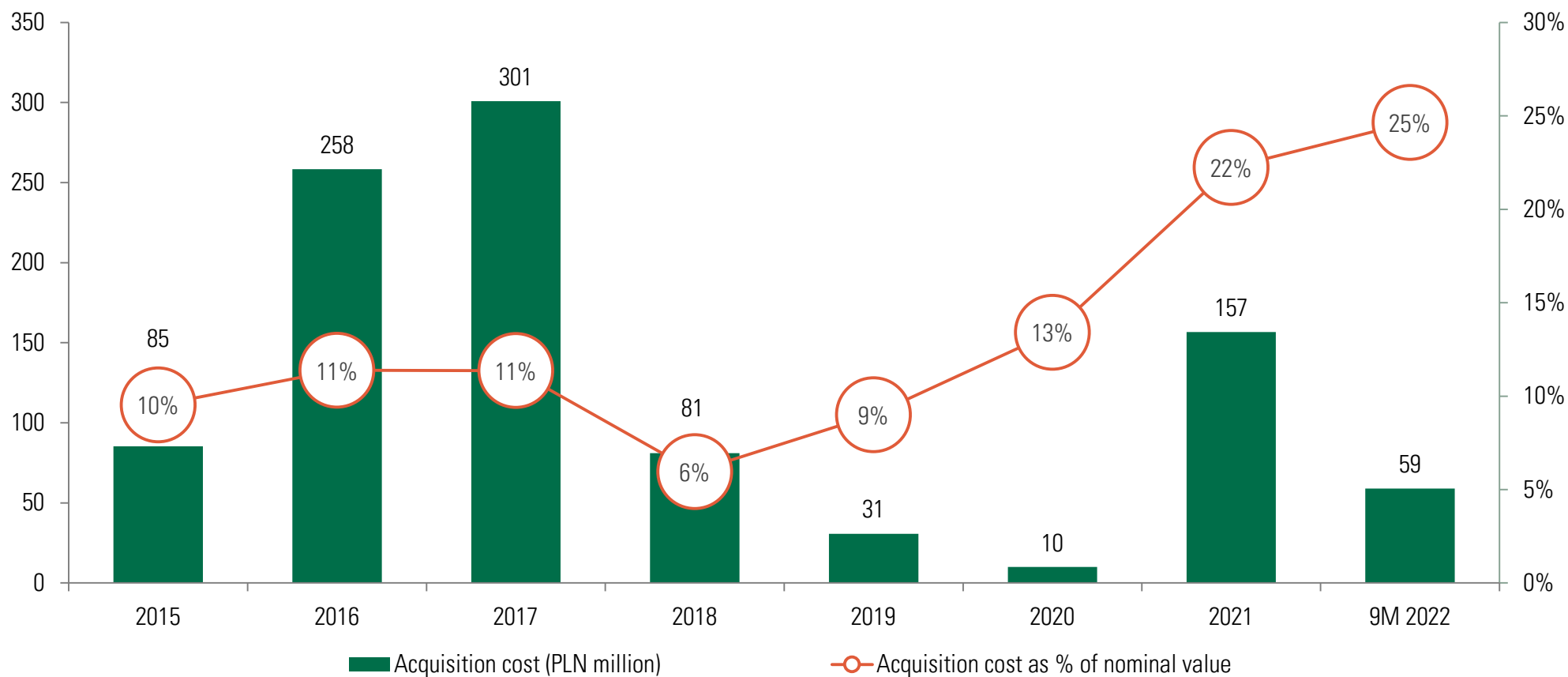
- 18% increase in the wage budget, related to an increases in employment and salaries
- PLN 13.3 million provisions for write-offs of unsuccessful enforcement procedures included in enforcement and court costs in 9 months of 2022

## Financial results

(PLN million)	9M 2022	9M 2021	change YOY	Q3 2022	Q3 2021	change YOY
<b>operating revenues, including:</b>	<b>360.8</b>	<b>248.3</b>	<b>45%</b>	<b>76.4</b>	<b>75.1</b>	<b>2%</b>
revenue from claims acquired	359.9	236.1	52%	76.4	72.7	5%
<i>interest calculated using the effective interest rate method</i>	<i>194.4</i>	<i>177.9</i>	<i>9%</i>	<i>69.8</i>	<i>58.4</i>	<i>19%</i>
<i>deviations from actual payments</i>	<i>53.0</i>	<i>57.3</i>	<i>(7%)</i>	<i>6.6</i>	<i>13.8</i>	<i>52</i>
<i>revaluation result</i>	<i>112.5</i>	<i>1.0</i>	<i>&gt;100%</i>	<i>0.1</i>	<i>0.5</i>	<i>(87%)</i>
share in the profit/(loss) of Kredyt Inkaso	-	11.4	-	-	2.1	
<b>operating expenses, including:</b>	<b>168.0</b>	<b>154.5</b>	<b>9%</b>	<b>64.1</b>	<b>47.1</b>	<b>36%</b>
court and enforcement costs	63.6	50.8	25%	29.3	15.2	93%
write-down on investment in Kredyt Inkaso	-	12.8	-	-	2.6	-
<b>operating profit</b>	<b>192.9</b>	<b>93.8</b>	<b>106%</b>	<b>12.3</b>	<b>28.0</b>	<b>(56%)</b>
net financial expenses, including:	56.1	32.1	75%	17.9	10.4	72%
interest on financial liabilities	25.4	13.2	92%	10.7	4.4	144%
valuation of obligations to the co-investor in BEST III	25.9	17.4	48%	5.6	6.2	(9%)
<b>net profit, including:</b>	<b>132.4</b>	<b>60.7</b>	<b>118%</b>	<b>3.4</b>	<b>18.0</b>	<b>-</b>
attributable to BEST's shareholders	131.9	60.1	119%	3.5	17.9	-

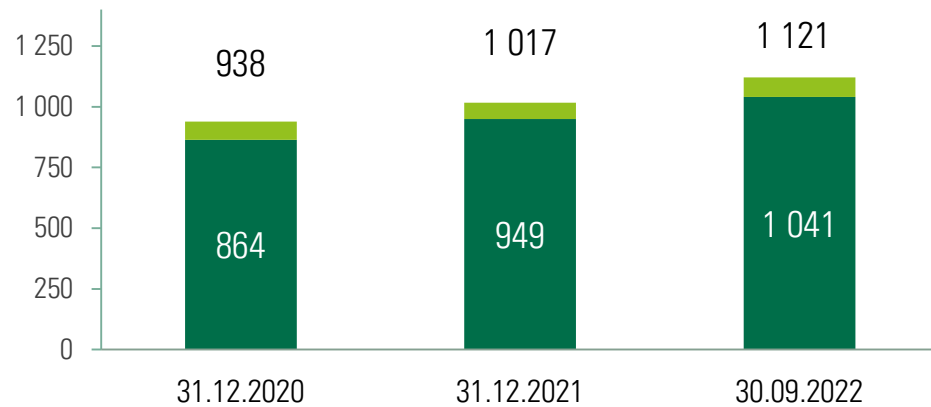
## Increasing selective purchases of claim portfolios

Investments in claim portfolios (PLN million)



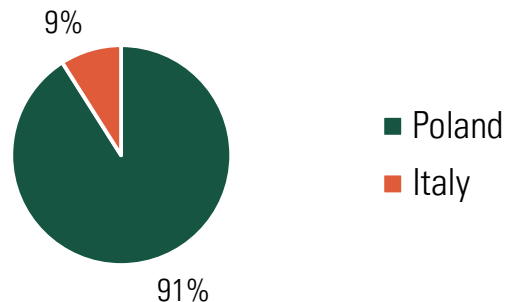
## Claim portfolios are the biggest item of assets

carrying value of portfolios  
(PLN million)

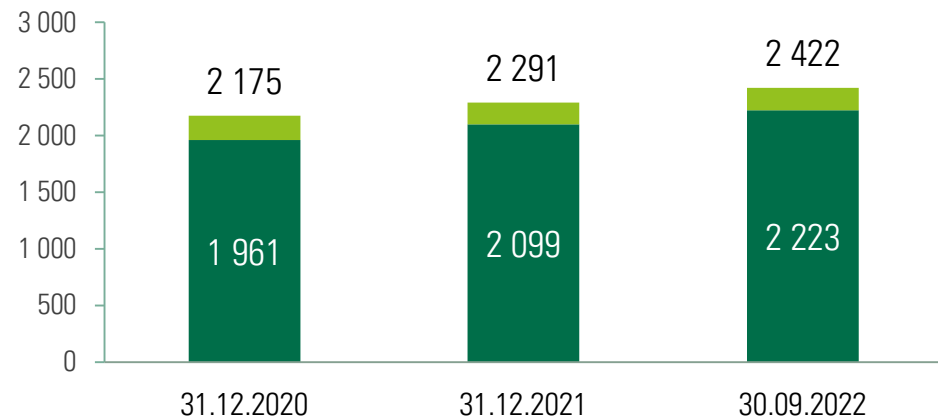


■ due to BEST Capital Group  
■ due to the co-investor in BEST III\*

geographic structure of claims managed  
(30.09.2022)

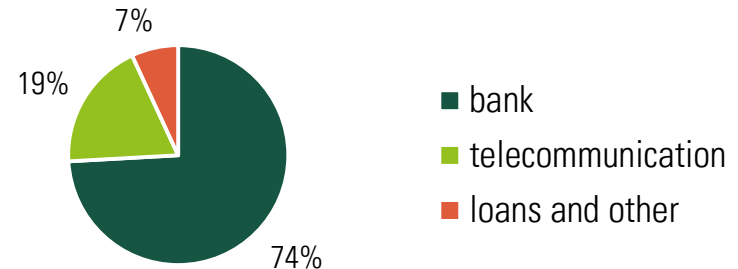


Nominal estimated remaining repayments (ERC) (PLN million)

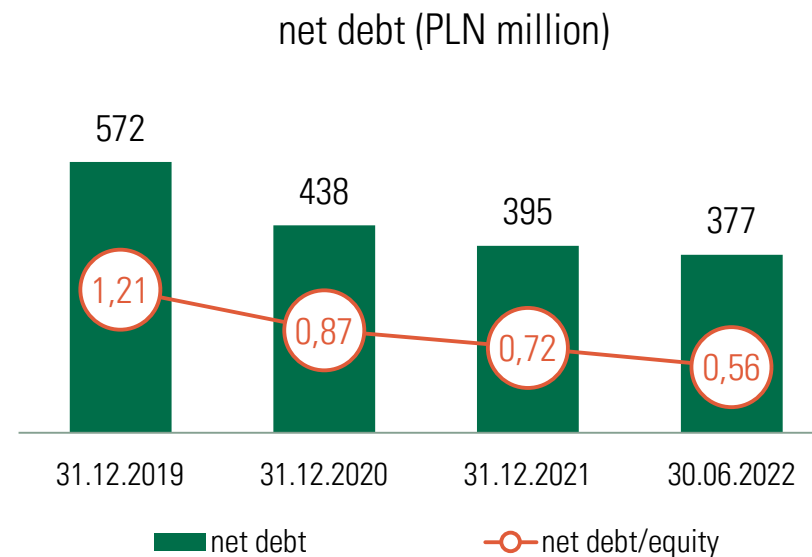
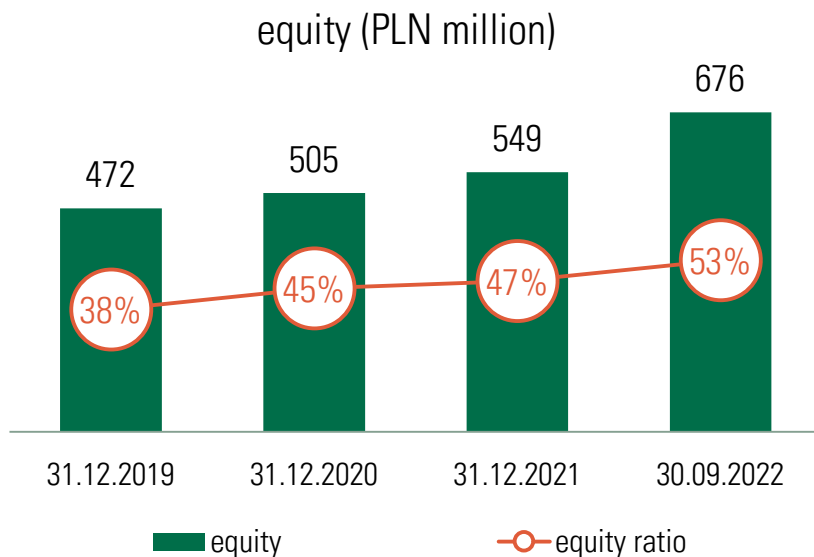


■ due to BEST Capital Group  
■ due to the co-investor in BEST III\*

structure of claims managed by segments  
(30.09.2022)



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

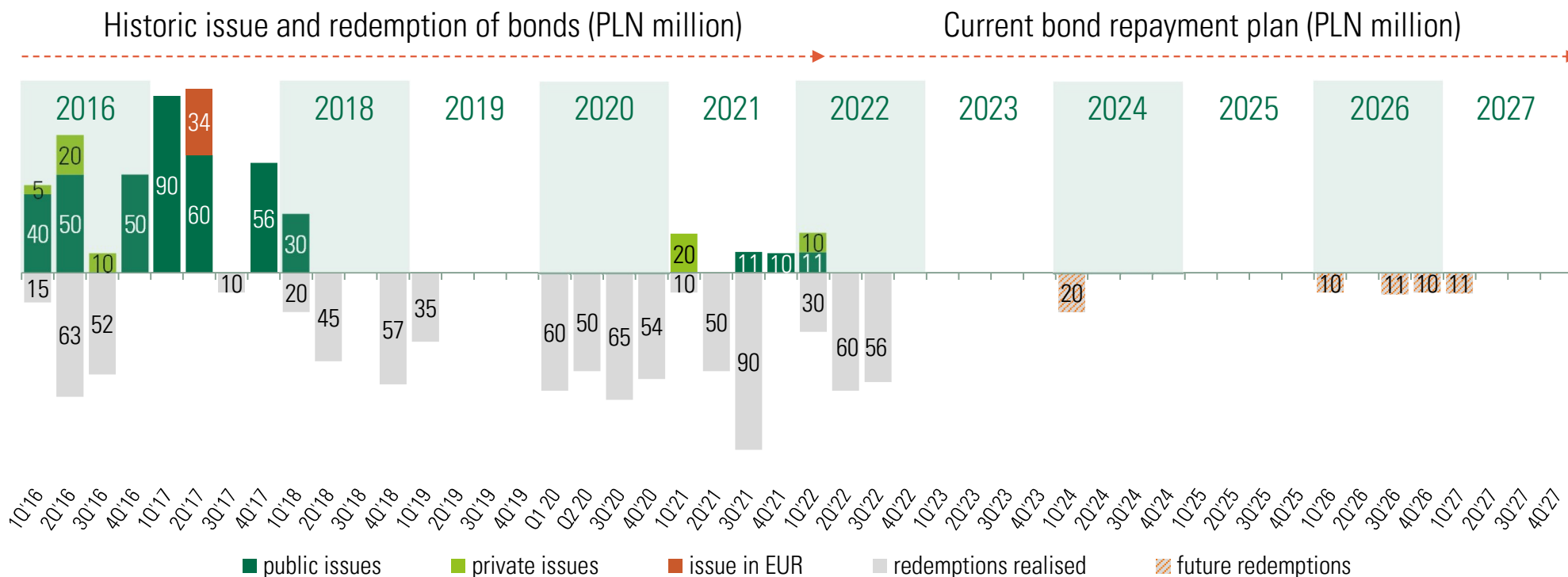


- dynamic growth of equity
- further decrease in the main debt ratio (net debt/equity);
- financial liabilities of BEST CG as of 30.09.2022:
  - PLN 61 million - bonds
  - PLN 305 million - bank loans
  - PLN 20 million - borrowings from the management board
  - PLN 20 million - lease and rental
- cash as of 30.09.2022
  - PLN 38 million - cash

# BEST GROUP



## BEST is a long-standing participant in the bond market



Since 2010, BEST CG has issued bonds with a total nominal value of **PLN 1.104 million**, out of which **PLN 1.043 million** has been already redeemed

Further potential to increase debt for new investments

Redemptions mainly from proceeds of current operations

Establishment of a public bonds issue programme worth PLN 250 million

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# BEST GROUP



## SUMMARY

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HIGH CLAIM REPAYMENTS

HIGH REVENUES  
AND PROFITS

INVESTMENTS IN PORTFOLIOS  
IN POLAND AND ITALY

FURTHER WORK ON  
EFFECTIVENESS OF OPERATIONS

STRONG  
BALANCE SHEET

FURTHER BOND ISSUES  
PLANNED

# Thank you

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# ANNEXES



## Annex – cash EBITDA

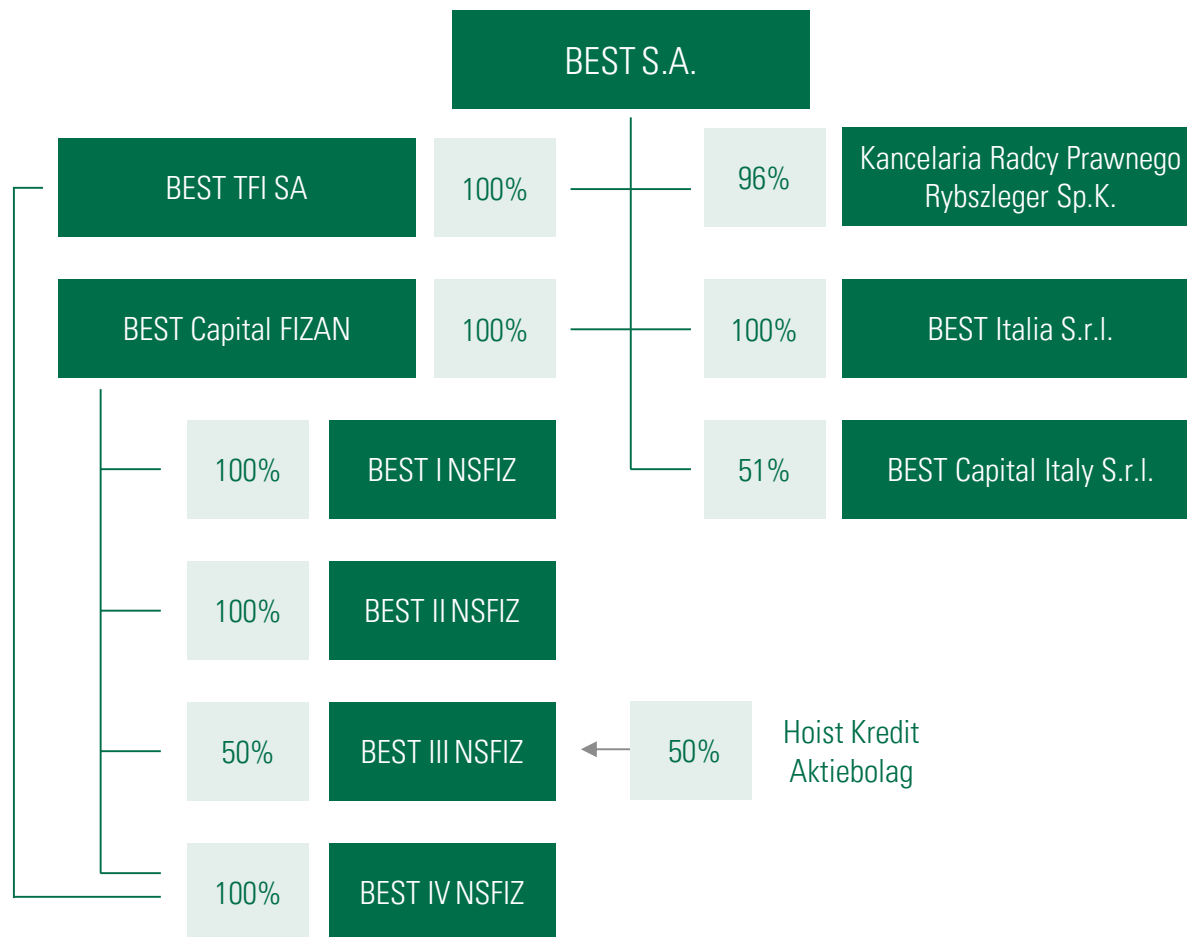
(PLN million)	Q3 2022	Q3 2021	change YOY	9M 2022	9M 2021	change YOY
<b>BEST</b>						
repayment of claims	101.4	94.8	7%	319.2	304.2	5%
other revenues	0.0	0.3	(117%)	0.9	0.8	9%
OPEX (excluding amortisation/depreciation)	61.9	44.9	38%	161.2	148.1	9%
Cash EBITDA (including Kredyt Inkaso)	39/5	50.1	(21%)	158.9	156.9	1%
change in the value of investment in Kredyt Inkaso	-	2.6		-	(12.8)	
<b>Cash EBITDA*</b>	<b>39/5</b>	<b>52.7</b>	<b>(25%)</b>	<b>158.9</b>	<b>169.7</b>	<b>6</b>

\* Cash EBITDA = operating profit – revenues from purchased claims + repayments of purchased claims + amortisation/depreciation - change in the value of investment in Kredyt Inkaso.

## Annex – statement of financial position

(PLN million)	30.09.2022	31.12.2021	31.12.2020
<b>assets</b> , including:	1,269.4	1,173.6	1,134.9
cash and cash equivalents	38.0	47.3	65.6
claims acquired	1,120.9	1,017.1	938.4
investments in associates	-	-	51.4
capital investments	23.0	21.9	-
investment real property	32.4	32.0	23.5
<b>liabilities</b> , including:	1,269.4	1,173.6	1,134.9
financial liabilities	414.5	442.3	504.0
obligations to the co-investor in BEST III	66.9	66.4	75.5
equity	675.9	549.1	505.1
	-	-	
<b>net debt</b>	376.6	395.0	437.5
<b>net debt/equity</b>	0.56	0.72	0.87%

## Appendix – structure of BEST CG



Shareholding of BEST SA\*  
(share in the Issuer's share capital  
as of 30.09.2022)

