

PLUS & PLUS

PlusPlus Capital AS

Interim Report

Q4 2017

ACTIVITY REPORT FOR 4th QUARTER 2017 AND 12-MONTH PERIOD IN 2017

Baltic NPL market remained active in the 4th quarter of 2017. PlusPlus Capital purchased record breaking 20 portfolios over the three-month period. In sum PlusPlus demonstrated its competitiveness across the year, raising the total number of 2017 acquisitions to also record-breaking 68 portfolios. It is important to be mentioned that the number of purchases was similar in Estonia (26), Latvia (18) and Lithuania (24) which is in line with the company's strategic priority to be present in all three countries simultaneously. Total amount of single claims acquired in portfolios was 10 706 in 2017 (2016: 6 108). Some portfolio purchase tenders in process at year-end were closed and recognized in 2018.

Over the twelve months in 2017, the company invested 7.5 million euro into new purchases. The growth compared with 2016 was 120%.

The increase of market share with significant investments in portfolios is supported by strong financials. Consolidated assets of PlusPlus group amounted to 28.3 million euros as of 31 December 2017, having grown by 106% over the last 12 months since the year-end 2016.

Net revenue for 12 months grew 1.8 times from 2016 level and comprised 9.2 million euro. Operating profit was 4.9 million and net income 2.9 million euro, respectively 1.9 and 1.7 times more than last year.

Collection has been steadily over 1 million euro a quarter since Q2, 2017. In the fourth quarter, PlusPlus collected more than 1.2 million euro from clients. Whole year figure of collections was 4 million euro compared with less than 2.5 million in 2016. Group management expects to start seeing full-scale effects of 2017 purchases to incoming cash flow from 2018 onwards.

By vintage the collections from portfolios acquired since 2010 have remained stable and the rolling cash-on-cash multiples by vintages show efficiency and quality of the acquired portfolios and PlusPlus' operations.

Investors' interest in PlusPlus Capital's bonds is continuously strong. In October 2017 a new 3-year secured bond issue was registered with the coupon rate of 11 per cent, also 1 percentage point down from the level of previous, 12 per cent tranche.

PlusPlus has focused its operations in core business and continuously strengthening the group structure. During the 4th quarter in 2017 the new subsidiary in Lithuania PlusPlus Finance UAB obtained a licence for specialized credit activities from the Lithuanian Financial Supervision Authority. The organizational and structural evolution in PlusPlus supports group vision and long-term strategies and corresponds to the growing volumes and increasing market share.

PlusPlus expects active trading on NPL-market in the Baltics to continue. Based on already signed forward flow agreements, PlusPlus looks forward to further grow purchasing volumes, improve efficiency and increase its market share in order to grow equity value and generate agreed upon returns for all its investors.

DECLARATION OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim Report of Aktsiaselts PlusPlus Capital for the fourth quarter 2017 is true and complete. The consolidated main financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the group.

The consolidated financial statements accompanying the report for the period from January to December 2017 are not audited as at interim reporting date. The financial information in Interim Report is prepared based on Estonian GAAP and is comparative with the interim reports for prior quarters.

PlusPlus Capital adopts for annual accounts since financial year 2017 first time the International Financial Reporting Standards as adopted by the EU (IFRS EU). The audited consolidated annual accounts for 2017 based on the IFRS EU will be published by the end of May 2018.



Mirje Trumsi
Aktsiaselts PlusPlus Capital, Member of the Management Board
Tallinn, 31 January 2018

FINANCIAL REPORT

Consolidated balance sheet (unaudited), EUR

	31.12.2017*	31.12.2016
Assets		
Short-term assets		
Cash	1 341 865	643 483
Claims and prepayments	7 071 855	3 306 212
Other assets	102 209	-
Total short-term assets	8 515 929	3 949 695
Fixed assets		
Claims and prepayments	18 004 250	9 524 965
Tangible assets	1 678 702	273 658
Intangible assets	127 597	29 911
Total fixed assets	19 810 549	9 828 534
Total assets	28 326 478	13 778 229
Liabilities and equity		
Liabilities		
Short-term liabilities		
Interest bearing liabilities	3 157 443	3 694 350
Accounts payable	607 382	431 688
Total short-term liabilities	3 764 825	4 126 038
Long-term liabilities		
Interest bearing liabilities	12 716 161	4 712 724
Total long-term liabilities	12 716 161	4 712 724
Total liabilities	16 480 986	8 838 762
Equity		
Share capital	1 000 000	63 912
Reserve capital	100 000	-
Other equity	4 000 000	-
Retained earnings	3 839 468	3 207 503
Profit for the current year	2 906 024	1 668 052
Total equity	11 845 492	4 939 467
Total liabilities and equity	28 326 478	13 778 229

*Preliminary data

Consolidated income statement (unaudited), EUR

	2017*	2017 Q4*	2016	2016 Q4
Net revenue	9 235 353	3 912 247	5 273 567	1 691 654
Other income	102 285	2 045	166 888	42 969
Total income	9 337 638	3 914 292	5 440 455	1 734 623
Cost of goods sold	- 1 550 074	- 629 009	- 1 504 955	- 422 924
Operating expenses	- 1 387 792	- 478 679	- 817 259	- 265 948
Personnel expenses	- 1 406 764	- 502 112	- 504 491	- 217 088
Depreciation	- 119 950	- 45 073	- 31 143	- 8 558
Other expenses	- 4 031	- 3 744	- 12	-
Operating profit	4 869 027	2 255 675	2 582 595	820 105
Financial expenses	- 1 963 003	- 656 122	- 914 543	- 388 733
Profit before taxes	2 906 024	1 599 553	1 668 052	431 360
Net income	2 906 024	1 599 553	1 668 052	431 360

*Preliminary data

Consolidated statement of cash flows (unaudited), EUR

	2017*	2017 Q4*	2016	2016 Q4
Cash flows from operating activities				
Profit (loss)	4 869 027	2 255 675	2 582 595	820 105
Adjustments		-		
Depreciation and impairment loss (reversal)	119 950	45 073	31 143	8 558
Other adjustments	2 884	2 597	-	-
Total adjustments	122 834	47 670	31 143	8 558
Changes in receivables and prepayments	- 12 217 890	- 4 623 301	- 5 687 761	- 2 085 821
Changes in payables and prepayments	74 526	31 094	34 917	293 692
Interest received	-	-	34	-
Total cash flows from operating activities	- 7 151 503	- 2 288 862	- 3 108 906	- 963 466
Cash flows from investing activities				
Purchase of investment property and tangible assets	- 1 489 197	- 75 062	- 216 936	- 203 436
Purchase of intangible asstes	- 115 413	- 24 991	- 29 911	- 29 911
Other cash payments to acquire subsidiaries	-	-	2 500	2 500
Total cash flows from investing activities	- 1 604 610	- 100 053	- 249 347	- 235 847
Cash flows from financing activities				
Loans received	11 685 505	3 420 105	7 107 000	1 665 000
Repayments of loans received	- 4 536 555	- 1 322 594	- 2 276 449	- 714 599
Proceeds from finance lease	- 70 802	- 27 166	- 35 381	- 17 086
Proceeds from ohter equity investments	4 000 000	-	-	-
Interest paid	- 1 629 802	- 663 850	- 814 680	- 329 267
Other cashflows from financing activities	6 149	-	30 400	19 900
Total cash flows from financing activities	9 454 495	1 406 495	3 950 090	584 148
Total cash flows	698 382	- 982 420	591 837	- 615 165
Cash and cash equivalents at beginning of period	643 483	2 324 285	51 646	1 258 626
Change in cash and cash equivalents	698 382	- 982 420	591 837	- 615 143
Cash and cash equivalents at end of period	1 341 865	1 341 865	643 483	643 483

*Preliminary data

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