

PLUS & PLUS

PlusPlus Capital AS

Interim Report

Q2 2017

ACTIVITY REPORT FOR 2nd QUARTER 2017 and 1st HALF-YEAR 2017

Across the second quarter 2017, PlusPlus continuously pursued expansion policy by purchasing record breaking 18 portfolios (in 1st quarter 12 portfolios). In total 30 new portfolios were acquired during the 1st half-year 2017. Total assets increased 56% over the last 6 months since the year-end 2016, amounting to 21.5 million euros as of 30 June 2017 (13.8 million euros at 31 December 2016). The growth was mainly driven by the acquisition of fresh portfolios (claims and prepayments increased 36% within the 6 months since the year-end 2016).

Compared with the half-year results in 2016, group's revenue increased 1.8 times, operating profit 2.0 times and net profit 1.8 times.

In terms of cash inflow, PlusPlus broke an important threshold by collecting more than 1 million euros a quarter from clients. By the end of June 2017, collections were 68 per cent up compared to 6 months in 2016 and comprised 1.1 times amount received over the full year 2015.

According to the auditors' recommendation, the group changed its model for recognition of allowances (estimated future cost of collection). From 2017 onwards these allowances are recognised as assets with negative sign, contrary to previous practice to show them as liabilities. The change has no impact on group's owners' equity. In the meantime, new methodology is more conservative as it evaluates assets approximately 12 per cent lower compared with previous approach.

From the fund raising perspective, the quarter saw investors' interest in PlusPlus soaring. As a result, the group significantly strengthened its equity base by signing a convertible loan agreement. On 15 June 2017 we reached an agreement with a group of investors to issue subordinated convertible loan in amount of EUR 4,000,000 with maturity date 1 July 2021. The subordinated loan will be treated as owners' equity of the company and will have positive effect on company's equity ratios. By the end of June, PlusPlus received 50 per cent of the committed amount, 2 million euros. Remaining 2 million euros will be transferred upon drawdown notice during the 3rd quarter 2017.

PlusPlus bonds remained attractive during the quarter. The company raised approximately 2.5 million euros from the bond investors even though essentially no effort was put into marketing after the end of April in order to avoid excessive liquidity. As a result, PlusPlus has attained liquidity position sufficient to consider virtually all reasonable purchasing opportunities in the region notwithstanding the amount of an investment. Having granted liquidity for a reasonable time period, PlusPlus is now concentrating on streamlining its fundraising model, cutting financial expenses and maintaining healthy capital structure.

PlusPlus realizes that growing volumes and increasing market share have triggered the necessity to move towards more institutional organizational structure. To meet challenges the group is facing due to increasing volumes of operations, several key people were hired during the quarter including Group CFO Tanel Paide, Head of Legal Tanel Tikan and Head of Estonian Operations Jaanus Laidvee.

PlusPlus believes that the market will offer a number of attractive investment opportunities in foreseeable future. The company looks forward to work in line with projections and remains

committed to its strategy to increase market share, 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 for the second quarter 2017 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the group.

Consolidated financial statements in the report for the period from January to June 2017 are not audited.



Mirje Trumsi
AS PlusPlus Capital, Member of the Management Board
Tallinn, 28 July 2017

FINANCIAL REPORT

Consolidated balance sheet (unaudited), EUR

	30.06.2017*	31.12.2016	30.06.2016
Assets			
Short-term assets			
Cash	2 738 233	643 483	270 430
Claims and prepayments	2 557 754	3 306 212	1 897 774
Total short-term assets	5 295 987	3 949 695	2 168 204
Fixed assets			
Claims and prepayments	14 906 001	9 524 965	8 140 332
Tangible assets	1 195 361	273 658	69 233
Intangible assets	85 182	29 911	-
Total fixed assets	16 186 544	9 828 534	8 209 565
Total assets	21 482 531	13 778 229	10 377 769
Liabilities and equity			
Liabilities			
Short-term liabilities			
Interest bearing liabilities	3 427 311	3 694 350	2 262 238
Accounts payable	769 013	431 688	287 380
Total short-term liabilities	4 196 324	4 126 038	2 880 398
Long-term liabilities			
Interest bearing liabilities	9 619 365	4 712 724	2 971 366
Total long-term liabilities	9 619 365	4 712 724	3 819 466
Total liabilities	13 815 689	8 838 762	6 699 864
Equity			
Share capital	1 000 000	63 912	63 912
Reserve capital	100 000	-	-
Other equity	2 000 000	-	-
Retained earnings	3 839 468	3 207 503	3 207 503
Profit for the current year	727 374	1 668 052	406 490
Total equity	7 666 842	4 939 467	3 677 905
Total liabilities and equity	21 482 531	13 778 229	10 377 769

* Preliminary data

Consolidated income statement (unaudited), EUR

	2017 H1*	2017 Q2*	2016	2016 H1	2016 Q2
Net revenue	3 332 497	1 781 854	5 273 567	1 877 571	1 469 074
Other income	100 240	56 992	166 888	103 312	52 184
Total income	3 432 737	1 838 846	5 440 455	1 980 883	1 521 258
Cost of goods sold	- 666 786	- 290 244	- 1 504 955	- 719 998	- 598 166
Operating expenses	- 646 013	- 342 129	- 817 259	- 307 606	- 214 336
Personnel expenses	- 531 315	- 308 670	- 504 491	- 182 542	- 107 573
Depreciation	- 43 288	- 31 113	- 31 143	- 15 232	- 9 944
Other expenses	- 287	- 287	- 12	-	-
Operating profit	1 545 048	866 403	2 582 595	755 505	591 239
Financial expenses	- 817 674	- 454 219	- 914 543	- 349 015	- 222 069
Profit before taxes	727 374	412 184	1 668 052	406 490	369 170
Net income	727 374	412 184	1 668 052	406 490	369 170

* Preliminary data

Consolidated statement of cash flows (unaudited), EUR

	2017 H1*	2017 Q2*	2016	2016 H1	2016 Q2
Cash flows from operating activities					
Profit (loss)	1 545 048	866 403	2 582 595	755 505	591 239
Adjustments				-	
Depreciation and impairment loss (reversal)	43 288	31 113	31 143	15 232	9 944
Other adjustments	286	286		-	
Total adjustments	43 574	31 399	31 143	15 232	9 944
Changes in receivables and prepayments	- 4 627 600	- 2 139 814	- 5 687 761	- 1 367 355	- 1 209 674
Changes in payables and prepayments	174 485	80 188	34 917	465 008	190 513
Interest received			34	-	-
Total cash flows from operating activities	- 2 864 493	- 1 161 824	- 3 108 906	- 1 061 626	- 799 004
Cash flows from investing activities					
Purchase of investment property	- 920 289	- 202 302	- 216 936	- 7 500	- 4 500
Purchase of intangible asstes	- 60 299	- 43 463	- 29 911	-	
Other cash payments to acquire subsidiaries	-	-	- 2 500	-	
Total cash flows from investing activities	- 980 588	- 245 765	- 249 347	- 7 500	- 4 500
Cash flows from financing activities					
Loans received	5 740 500	2 264 500	7 107 000	2 516 000	1 766 000
Repayments of loans received	- 1 159 790	- 456 089	- 2 276 449	- 848 128	- 537 303
Proceeds from finance lease	- 35 490	- 28 219	- 35 381	- 17 042	- 11 031
Proceeds from ohter equity investments	2 000 000	2 000 000	-	-	
Interest paid	- 603 138	- 380 048	- 814 680	- 352 420	- 219 294
Other cash outflows from financing activities	- 2 251	- 1 491	- 30 400	- 10 500	- 10 500
Total cash flows from financing activities	5 939 831	3 398 653	3 950 090	1 287 910	987 872
Total cash flows	2 094 750	1 991 064	591 837	218 784	184 368
Cash and cash equivalents at beginning of period	643 483	747 169	51 646	51 646	86 062
Change in cash and cash equivalents	2 094 750	1 991 064	591 837	218 784	184 368
Cash and cash equivalents at end of period	2 738 233	2 738 233	643 483	270 430	270 430

* Preliminary data

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