

**PLUS & PLUS**

# PlusPlus Capital AS

Interim Report

Q3 2017

## ACTIVITY REPORT FOR 3rd QUARTER 2017 AND 9-MONTH PERIOD IN 2017

The 3<sup>rd</sup> quarter of 2017 was challenging and successful for PlusPlus Capital. The group took part in a number of tenders and acquired 16 fresh portfolios. In sum, PlusPlus has now acquired 106 portfolios including 46 of them this year. Over the first nine months, the company has invested more than 5 million euro into new purchases. The latter indicators signal that supply side of the market has strengthened and volume did not decline even during traditionally quiet summer period.

The increase of market share with significant investments in portfolios is supported by strong financials. Consolidated assets of PlusPlus group amounted to 24.4 million euros as of 30 September 2017, having grown by 77% over the last 9 months since the year-end 2016.

Net revenue for 9 months 2017 was 5.3 million euro that already exceeds respective result for full year 2016. The same applies to operating profit that stands at over 2.6 million euro this year compared with slightly less than 2.5 million for 12 months in 2016. Net profit for first 9 months was 1.3 million euro.

Cash flow of the company remained strong as well. In spite of summer period, total quarterly collection exceeded 1 million euro for the second time in a row. Total amount the company has collected exceeded 10 million euro in September. In 9 months 2017, 2.71 million euro have been collected against 2.48 million in January through December 2016.

In September 2017, PlusPlus Capital received second tranche proceeds of its convertible loan issue. The company also increased nominal share capital from 63.9 thousand euro (equivalent of 1 million Estonian kroons) to 1 million euro and established reserve capital in the amount of 100 thousand euro, 10 per cent of paid-in capital. As a result, owners' equity of PlusPlus crossed the 10-million-euro mark and stands at 10.2 million euro, more than 2 times year-end level, as of end of September.

Investors' interest in PlusPlus Capital's bonds is continuously strong. In September the company issued short term 1 year unsecured 9% notes, first securities issued by the company at single-digit coupon interest rate. In October 2017 a new 3-year 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 optimized the group structure. During 2017 several subsidiaries have been and will be merged to enable improvements in efficient portfolio management processes, and to focus on core activities - portfolio management operations. At the same time also two subsidiaries were established in 3<sup>rd</sup> quarter 2017 – PlusPlus Finance UAB in Lithuania for specialized credit management activities in accordance with local legislation, and Forward View OÜ in Estonia for IT-development operations. PlusPlus Finance UAB is in process with Lithuanian Financial Supervision Authority to obtain a licence for specialized credit activities. In October 2017 PlusPlus joined a non-profit association FinanceEstonia, which is representing finance sector parties in Estonia and is a member of the Roundtable of European Financial Centres. The organizational and structural evolvement in PlusPlus supports group vision and long-term strategies and corresponds to the growing volumes and increasing market share.

PlusPlus expects for the 4<sup>th</sup> quarter in 2017 that the active trading on NPL-market in Baltics continues. PlusPlus is committed to its strategy to continuously increase its 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 of Aktsiaselts PlusPlus Capital for the third 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.

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



Mirje Trumsi  
Aktsiaselts PlusPlus Capital, Member of the Management Board  
Tallinn, 21 October 2017

**FINANCIAL REPORT**

**Consolidated balance sheet (unaudited), EUR**

	<b>30.09.2017*</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
<b>Assets</b>			
<b>Short-term assets</b>			
Cash	2 324 285	643 483	1 258 626
Claims and prepayments	1 572 348	3 306 212	1 431 237
Other assets	102 209	-	-
<b>Total short-term assets</b>	<b>3 998 842</b>	<b>3 949 695</b>	<b>2 689 863</b>
<b>Fixed assets</b>			
Claims and prepayments	18 743 936	9 524 965	10 842 100
Tangible assets	1 554 462	273 658	67 827
Intangible assets	109 459	29 911	-
<b>Total fixed assets</b>	<b>20 407 857</b>	<b>9 828 534</b>	<b>10 909 927</b>
<b>Total assets</b>	<b>24 406 699</b>	<b>13 778 229</b>	<b>13 599 790</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Interest bearing liabilities	1 635 718	3 694 350	1 543 838
Accounts payable	693 201	431 688	257 917
<b>Total short-term liabilities</b>	<b>2 328 919</b>	<b>4 126 038</b>	<b>2 068 421</b>
<b>Long-term liabilities</b>			
Interest bearing liabilities	11 831 841	4 712 724	5 897 366
<b>Total long-term liabilities</b>	<b>11 831 841</b>	<b>4 712 724</b>	<b>7 023 262</b>
<b>Total liabilities</b>	<b>14 160 760</b>	<b>8 838 762</b>	<b>9 091 683</b>
<b>Equity</b>			
Share capital	1 000 000	63 912	63 912
Reserve capital	100 000	-	-
Other equity	4 000 000	-	-
Retained earnings	3 839 468	3 207 503	3 207 503
Profit for the current year	1 306 471	1 668 052	1 236 692
<b>Total equity</b>	<b>10 245 939</b>	<b>4 939 467</b>	<b>4 508 107</b>
<b>Total liabilities and equity</b>	<b>24 406 699</b>	<b>13 778 229</b>	<b>13 599 790</b>

\*Preliminary data

**Consolidated income statement (unaudited), EUR**

	<b>2017 9 MONTHS*</b>	<b>2017 Q3*</b>	<b>2016</b>	<b>2016 Q3</b>
Net revenue	5 323 106	1 990 609	5 273 567	1 704 342
Other income	100 240	-	166 888	20 607
<b>Total income</b>	<b>5 423 346</b>	<b>1 990 609</b>	<b>5 440 455</b>	<b>1 724 949</b>
Cost of goods sold	- 921 065	- 254 279	- 1 504 955	- 362 033
Operating expenses	- 909 113	- 263 100	- 817 259	- 243 705
Personnel expenses	- 904 652	- 373 337	- 504 491	- 104 861
Depreciation	- 74 877	- 31 589	- 31 143	- 7 353
Other expenses	- 287	-	- 12	-
<b>Operating profit</b>	<b>2 613 352</b>	<b>1 068 304</b>	<b>2 582 595</b>	<b>1 006 997</b>
Financial expenses	- 1 306 881	- 489 207	- 914 543	- 176 795
Profit before taxes	1 306 471	579 097	1 668 052	830 202
<b>Net income</b>	<b>1 306 471</b>	<b>579 097</b>	<b>1 668 052</b>	<b>830 202</b>

\*Preliminary data

**Consolidated statement of cash flows (unaudited), EUR**

	2017 9 MONTHS*	2017 Q3*	2016	2016 Q3
<b>Cash flows from operating activities</b>				
Profit (loss)	2 613 352	1 068 304	2 582 595	1 006 997
<b>Adjustments</b>				
Depreciation and impairment loss (reversal)	74 877	31 589	31 143	7 353
Other adjustments	287	1	-	-
Total adjustments	75 164	31 590	31 143	7 353
Changes in receivables and prepayments	- 7 594 589	- 2 966 989	- 5 687 761	- 2 234 585
Changes in payables and prepayments	43 432	131 053	34 917	136 399
Interest received	-	-	34	-
<b>Total cash flows from operating activities</b>	<b>- 4 862 641</b>	<b>- 1 998 148</b>	<b>- 3 108 906</b>	<b>- 1 083 836</b>
<b>Cash flows from investing activities</b>				
Purchase of investment property	- 1 414 135	- 493 846	- 216 936	- 6 000
Purchase of intangible asstes	- 90 422	- 30 123	- 29 911	-
Other cash payments to acquire subsidiaries	-	-	2 500	-
<b>Total cash flows from investing activities</b>	<b>- 1 504 557</b>	<b>- 523 969</b>	<b>- 249 347</b>	<b>- 6 000</b>
<b>Cash flows from financing activities</b>				
Loans received	8 265 400	2 524 900	7 107 000	2 926 000
Repayments of loans received	- 3 213 961	- 2 054 171	- 2 276 449	- 713 722
Proceeds from finance lease	- 43 636	- 8 146	- 35 381	- 1 253
Proceeds from ohter equity investments	4 000 000	2 000 000	-	-
Interest paid	- 965 952	- 362 814	- 814 680	- 132 993
Other cashflows from financing activities	6 149	8 400	30 400	-
<b>Total cash flows from financing activities</b>	<b>8 048 000</b>	<b>2 108 169</b>	<b>3 950 090</b>	<b>2 078 032</b>
<b>Total cash flows</b>	<b>1 680 802</b>	<b>- 413 948</b>	<b>591 837</b>	<b>988 196</b>
Cash and cash equivalents at beginning of period	643 483	2 738 233	51 646	270 430
Change in cash and cash equivalents	1 680 802	- 413 948	591 837	988 196
Cash and cash equivalents at end of period	2 324 285	2 324 285	643 483	1 258 626

\*Preliminary data

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