

PLUS & PLUS

PlusPlus Capital AS

Interim Report
Q4 2016

ACTIVITY REPORT FOR 4rd QUARTER 2016

2016 was the most successful year in PlusPlus Capital's history. The company continued to perform well over the fourth quarter and on year-on-year terms, posted all time high results in all important metrics of financial performance.

Total income was over 5.2 million exceeding 2015 level more than 200 per cent. Yearly net profit grew more than 3.5 times, to 1.672 thousand euro pushing the group's owners' equity to nearly 5 million euro. Total assets almost doubled, ending the year comfortably over the 15 million euro mark.

During the year, PlusPlus purchased 14 new portfolios. By investing 3.3 million euro the company acquired 6186 claims with aggregate face value over 23 million euro. As a result, the balance of face value of claims doubled over the year. In terms of collection, the year was ended just shy of a 2.5 million euro line, 58 per cent up compared with 2015.

In terms of purchasing policy, PlusPlus continued to follow its balanced portfolio strategy by seeking equilibrium between high quality, relatively expensive bank portfolios and more expedient, cheaper items bought from extraordinary auctions. The company also made a step towards becoming a truly Pan-Baltic player by increasing, through purchasing policy, share of Latvian and Lithuanian portfolios from less than 30 per cent to approximately 40 per cent.

Two new bond issues took place in fourth quarter. Following the investors' appetite recommendation, short term, 11 month unsecured bonds paying a 10 per cent coupon were issued. As of end of December, investors' aggregate exposure in the issue was 5060 bonds representing 506,000 euro in principal and 9,411 euro in accrued interest.

In December PlusPlus registered new issue of secured bonds largely copying terms and conditions of the first issue. Maturity of bonds is in October, 2019 and the papers bear a 12% yearly interest payable once a quarter. The registered volume of the issue was 5 million euro with the option to increase it by another 3 million. As of year end, 14,511 bonds with nominal value of 1,451,100 euro were sold to investors and the amount of accrued interest was 5,369 euro.

It is important to mention that PlusPlus finds it reasonable to stick to the scheme where in case of a securities' issue, significant part of papers are initially bought to issuer's own account and distributed to investors over a longer period in order to avoid heavy campaign periods and seek viable match between incoming and outgoing cash flows.

In 2017 PlusPlus will stay committed to growth strategy and continue actively purchasing selected portfolios from the market. The company will also focus on strengthening its team by hiring competent people capable to handle growing volumes.

DECLARATION OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim Report for the third quarter 2016 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 through December 2016 are not audited.



Mirje Trumsi
AS PlusPlus Capital, Member of the Management Board
Tallinn, 31.01.2017

FINANCIAL REPORT

Consolidated balance sheet (unaudited), EUR

| | 31.12.2016 | 31.12.2015 |
|-------------------------------------|-------------------|-------------------|
| Assets | | |
| Short-term assets | | |
| Cash | 642 626 | 51 646 |
| Claims and prepayments | 4 089 633 | 2 345 087 |
| Total short-term assets | 4 732 259 | 2 396 733 |
| Fixed assets | | |
| Claims and prepayments | 10 277 548 | 5 675 921 |
| Tangible assets | 275 545 | 76 713 |
| Intangible assets | 29 911 | 252 |
| Total fixed assets | 10 583 004 | 5 752 886 |
| Total assets | 15 315 263 | 8 149 619 |
| Liabilities and equity | | |
| Liabilities | | |
| Short-term liabilities | | |
| Interest bearing liabilities | 3 694 350 | 3 170 412 |
| Accounts payable | 341 774 | 402 721 |
| Short-term allowances | 402 228 | 338 463 |
| Total short-term liabilities | 4 438 352 | 3 911 596 |
| Long-term liabilities | | |
| Interest bearing liabilities | 4 712 724 | 407 238 |
| Long-term allowances | 1 220 518 | 559 370 |
| Total long-term liabilities | 5 933 242 | 966 608 |
| Total liabilities | 10 371 594 | 4 878 204 |
| Equity | | |
| Share capital | 63 912 | 63 912 |
| Retained earnings | 3 207 503 | 2 736 606 |
| Profit for the current year | 1 672 254 | 470 897 |
| Total equity | 4 943 669 | 3 271 415 |
| Total liabilities and equity | 15 315 263 | 8 149 619 |

Consolidated income statement (unaudited), EUR

| | 2016 | 2016 Q4 | 2015 | 2015 Q4 |
|-------------------------|------------------|------------------|------------------|----------------|
| Net revenue | 5 253 936 | 1 672 023 | 1 689 930 | 688 022 |
| Other income | 143 855 | 19 936 | 389 269 | 221 553 |
| Total income | 5 397 791 | 1 691 959 | 2 079 199 | 909 575 |
| Cost of goods sold | - 1 501 106 | - 419 075 | - 449 991 | - 221 724 |
| Operating expenses | - 796 174 | - 244 863 | - 249 884 | - 76 842 |
| Personnel expenses | - 499 307 | - 211 904 | - 241 284 | - 74 506 |
| Depreciation | - 31 143 | - 8 558 | - 36 066 | - 9 017 |
| Operating profit | 2 570 061 | 807 559 | 1 101 974 | 527 486 |
| Financial expenses | - 897 807 | - 371 997 | - 631 077 | - 241 852 |
| Profit before taxes | 1 672 254 | 435 562 | 470 897 | 285 634 |
| Net income | 1 672 254 | 435 562 | 470 897 | 285 634 |

Consolidated statement of cash flows (unaudited), EUR

| | 2016 | 2016 Q4 | 2015 | Q4 2015 |
|---|--------------------|------------------|------------------|------------------|
| Cash flows from operating activities | | | | |
| Profit (loss) | 2 570 061 | 807 559 | 1 101 974 | 285 634 |
| Adjustments | | | | |
| Depreciation and impairment loss (reversal) | 1 143 | 8 558 | 36 066 | 9 017 |
| Other adjustments | | | - | |
| Total adjustments | 31 143 | 8 558 | 36 066 | 9 017 |
| Changes in receivables and prepayments | - 6 310 915 | - 2 072 786 | - 1 245 316 | - 721 310 |
| Changes in payables and prepayments | 611 906 | 304 326 | 256 214 | 114 604 |
| Interest received | - | - | 26 | |
| Total cash flows from operating activities | - 3 097 805 | - 952 343 | - 363 464 | - 541 263 |
| Cash flows from investing activities | | | | |
| Purchase of investment property | - 238 078 | - 224 578 | - 13 500 | - 4 500 |
| Purchase of intangible assets | - 29 911 | - 29 911 | | |
| Other cash payments to acquire subsidiaries | - 2 500 | - 2 500 | | |
| Other cash receipts from sales of other financial investments | | | 2 846 | |
| Total cash flows from investing activities | - 270 489 | - 256 989 | - 10 654 | - 4 500 |
| Cash flows from financing activities | | | | |
| Loans received | 7 107 100 | 1 665 100 | 2 200 000 | 944 500 |
| Repayments of loans received | - 2 280 877 | - 719 027 | - 1 267 637 | - 278 573 |
| Proceeds from finance lease | - 35 381 | - 17 086 | - 23 893 | - 6 304 |
| Interest paid | - 801 168 | - 315 755 | - 407 203 | - 128 342 |
| Other cash outflows from financing activities | - 30 400 | - 19 900 | - 154 674 | - 4 500 |
| Total cash flows from financing activities | 3 959 274 | 593 332 | 346 593 | 526 781 |
| Total cash flows | 590 980 | - 616 000 | - 27 525 | - 18 982 |
| Cash and cash equivalents at beginning of period | 51 646 | 1 258 626 | 79 171 | 70 628 |
| Change in cash and cash equivalents | 590 980 | - 616 000 | - 27 525 | - 18 982 |
| Cash and cash equivalents at end of period | 642 626 | 642 626 | 51 646 | 51 646 |

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