

Report

Q3
2023

At a Glance

Q3 2023 HIGHLIGHTS

- PlusPlus defaulted on Eurobond interest payments in the end of July 2023. The company is set to pay the due interest shortly.
- Eurobond holders voted not to terminate bonds and not to enforce pledges.
- Extraordinarily favourable market conditions for NPL buyers.

KEY FIGURES

All figures in EUR million

	AC Q3 2023*	AC 9M 2023*	AC 12M 2022	FVTPL 12M 2021
Incoming payments from clients (cash collection)**	4.6	14.8	21.5	17.5
Cash EBITDA	3.2	10.3	14.9	10.1
Operating revenue	3.7	11.2	20.3	26.6
Operating expenses (incl. salaries, amortization)	1.5	4.4	7.1	9.7
Net Finance Charges	3.6	10.8	11.7	11.0
Net profit	-1.5	-0.4	1.3	5.3
Expected remaining collections (ERC)**	214.1	214.1	210.0	162.4
Total assets	133.8	133.8	133.6	113.5
Total interest-bearing debt (incl. amortized costs)	81.7	81.7	84.2	71.6
Equity ***	43.1	43.1	43.5	39.9
Equity ratio	32.2%	32.2%	32.6%	35.2%
Net debt/Cash EBITDA (Net leverage)	5.8	5.8	5.6	7.0
Net debt/ERC (Net LTV)	38.2%	38.2%	39.7%	43.8%
Cash Profit	-0.5	3.2	2.7	-3.2

* preliminary data (unaudited)

** including portfolios in Fresh Finance

*** including subordinated convertible loans

Statement of the Management

Dear investors and readers

Since June, upon achieving agreements with most of loan and bond investors related to curing loans and bonds default and Eurobonds' cross default, the focus of PlusPlus management has been on securing funding for the company.

In September, partly due to initiative from investors we switched to an amended funding structure that earmarks proceeds to be split between buyout of existing investors and investing into new portfolios. We believe that new approach is significantly better for both the company and the creditors as it offers solution to both liquidity issues and long-term investment activity of the company.

As implementation of new strategy demanded additional time, PlusPlus turned to Eurobond holders asking them not to terminate bonds and not to enforce guarantees.

As participation quorum was not reached in the first meeting, adjourned meeting was called for 26 September 2023.

A substantial majority, 84.19% of bondholders who casted their votes, opted not to terminate the bonds.

PlusPlus Capital's coupon payment was due on 31 July 2023. We look forward to paying the interest before end of standstill in the end of the year, the company will inform bondholders about exact date shortly.

Regrettably, PlusPlus maintained a low investment level throughout Q3, continuing a trend observed since the previous summer. Over the first nine months, we have invested 2.2 million EUR in portfolios, representing only a fraction of the previous years' volumes. The prevailing favorable market conditions for portfolio purchases underline the urgency of completion of the funding to enable PlusPlus to swiftly resume portfolio acquisitions for the benefit of all stakeholders.

In terms of collection performance, the company has achieved approximately 85% of the budget in the first nine months, falling short of expectations. Reasons are twofold - firstly, the impact from the macro environment and secondly, shifting portfolio phases.

Based on the feedback from clients, we have seen

negative impact of households' increased cost due to inflation in addition to high borrowing costs.

On the other hand, PlusPlus is replacing internal resources directed to reflect the status shift of the claims from predominantly pre-court phase to court and bailiff phase. We have worked on shaping our teams and processes to better deal with the enforcement portfolios. This has taken time, but we expect to see the results in the coming months.

Compared with 2022 collection results, PlusPlus is currently approximately 10 per cent behind due to not purchasing new portfolios.

In income statement terms, PlusPlus reported a loss for Q3 2023 which is an objective reality of non-existent purchasing, below the budget collection and lack of financial income. PlusPlus looks forward to improving the results already in Q4 2023.

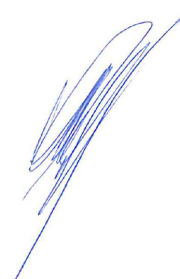
Q3 2023 was effectively the first working quarter for the new management board and CEO. As already pointed out, funding of both exit of part of investors and revival of purchasing activities are the priorities and will stay until the funding is done.

A very favourable portfolio market situation supports our effort, and we look forward to delivering results as soon as funding is done.

Yours Sincerely

Peeter Piho

CEO



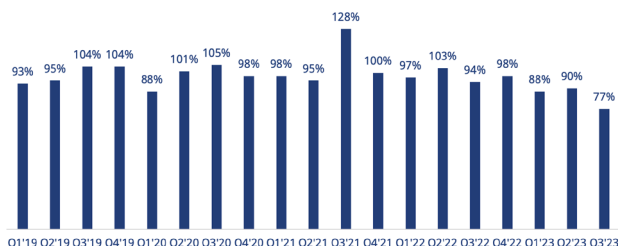
Operations

INCOMING PAYMENTS

In Q3 '23, PlusPlus Group's incoming payments from portfolio clients (collections) decreased by 14.3% y-o-y to EUR 4.6 million. This includes incoming payments from Fresh Finance credit portfolios in Q3 '23 that amounted to EUR 0.3 million.

Across different countries, incoming payments in Q3 '23 compared to Q2 '23 from NPL operations decreased in Latvia by 8.0%, in Lithuania by 14.5% and in Finland by 3.9%, while in Estonia decreased by 0.9%. Q3 '23 incoming payments were slightly behind the expectations (77.1% of ERC).

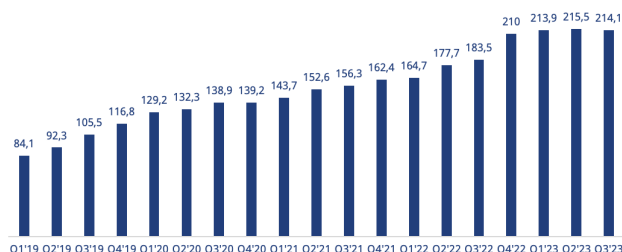
Quarterly Collection vs. forecast



NPL expected remaining collections (ERC) at the end of September '23 amounted to EUR 211.5 million, of which EUR 9.0 million (4.3% in total) in Finland, EUR 79.1 million (37.4% in total) in Estonia, EUR 60.1 million (28.4% of total) in Latvia, and EUR 63.4 (29.9% in total) million in Lithuania.

Expected remaining collections from Fresh Finance portfolios amount to EUR 2.6 million or 1.2% of all collections from NPL and FFG activities totalling to EUR 214.1 million.

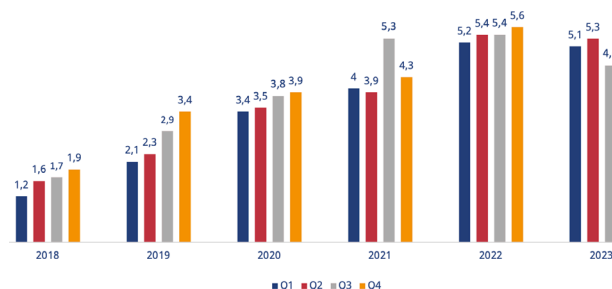
ERC balance as at the end of quarter



The expected annual incoming NPL repayments of EUR 211.5 million are expected to be received over the next 180 months. Within the next 8 years, the Company anticipates receiving approx. EUR 135.4 million. By comparison, the total active claim balance as of 30

September 2023 was around EUR 288 million (including principal, interest, penalties, and service fee claims) while the purchased nominal (only principal claim) amounted to EUR 266 million.

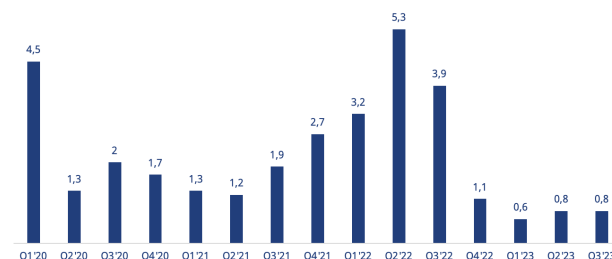
Incoming payments from clients by quarters (EURm)



PORTFOLIO INVESTMENTS

Since H2 2022, due to restricted access to funding, PlusPlus Capital has been rather passive in purchasing market even though many attractive opportunities have been available. In Q3 '23, in total 16 new portfolios were acquired.

Quarterly portfolio acquisitions (EURm)



Earnings, financial and asset position

OPERATING REVENUES

In Q3 '23, operating revenues amounted to EUR 3.7 million (Q2 '23: EUR 3.8 million).

OPERATING EXPENSES

Operating and administrative expenses, including salaries, in Q3 '23, amounted to EUR 1.5 million (Q2 '23: EUR 1.6 million).

Operating expenses essentially comprise restructuring expenses and general operating expenses. Restructuring expenses are recognized as operating expenses as adding value is generated through restructuring claims.

General administrative expenses break down into legal and consulting expenses, personnel expenses, and administrative expenses.

Depreciation and amortization costs in Q3'23 of EUR 0.1 million were roughly at the previous quarter's level in Q2 '23 of EUR 0.1 million. Depreciation and amortization costs are mostly related to IT developments and office equipment.

OPERATING RESULT

Adjusted EBITDA amounted to EUR 2.2 million in Q3 '23 (Q2 '23: EUR 2.3 million). The adjusted EBITDA margin in Q3 '23 stood at 60.7% (Q2 '23: 59.7%).

Cash EBITDA amounted to EUR 3.2 million in Q3 '23 (Q2 '23: EUR 3.4). The change is attributable to reorganizing operational activities, which resulted in one-off costs in Q3 '23. These changes are expected to result in a lower cost base in future periods. Also, the Group carried out different IT developments in 2022 and H1, which are expected to improve operating margins in the future.

NET FINANCIAL ITEMS

Financial expenses decreased by 3.9% q-o-q in Q3 '23 to EUR 3.6 million (Q2 '23: 3.7 million) attributable mainly to the senior secured bonds issued in July '22 and costs related to restructuring activities.

The amount of interest-bearing debt as of 30 September 2023 was at EUR 81.7 million compared to 82.4 million as of 30 June '23, also contributing to higher financial expenses.

NET PROFIT

Net loss amounted to EUR 1.5 million in Q3 '23 (Q2 '23 net profit: EUR 0.4 million). The profitability is largely on the same level as the previous quarter.

CASH FLOW AND FINANCING

Cash flow from operating activities in Q3 '23 amounted to EUR 1.6 million (Q2 '23: EUR 0.7 million). Portfolio investments in Q3 '23 stood at EUR 0.8 million (Q2 '23: 0.8 million). Total net cash outflow in Q3 '23 amounted to EUR -0.2 million (Q2 '23: -0.0 million).

ASSETS

As of 30 September 23, total assets compared with the situation on 30 June 2023 remained approximately on the same level.

EQUITY

As of 30 September 23, equity decreased by 3.3% to EUR 43.1 million (30 June '23: EUR 44.6 million), attributable to Q3 loss in the amount of EUR 1.5 million. The corresponding equity ratio of 32.2% (30 June '23: 33.4%) reflects the Group's strong capitalization and exceeds PlusPlus Capital's Eurobond covenants of at least 20% significantly.

LIABILITIES

As compared with the year-end, the company's

liabilities remained effectively the same on 91 million EUR level. In terms of interest-bearing debt, debt/ERC is compliant with PlusPlus Capital Finance's Eurobond covenants assuming Net Loan to Value of not more than 65%. The same applies to the net debt/cash EBITDA (Net Leverage) of 5.8, which meets the required covenant level of max 6.0 times.

According to the terms and conditions of the Eurobond (ISIN XS2502401552), the overcollateralization test is met since the aggregate ERC of the pledged receivables portfolios is at least 1.5 times the aggregate nominal value of the outstanding bonds.

Subsequent events

As part of funding project, PlusPlus carried out a discounted buyback offer at 55% of nominal value exercisable before the year-end. As a result, Eurobond investors representing approximately 35% of bonds accepted the offer. Including other arrangement investors, PlusPlus must pay out approximately 25 million EUR to investors before year-end.

In the meantime, the company has made good progress in funding project and looks forward to closing all planned transactions in time, before the end of 2023.

In the meantime, market conditions have change for even better for the buyers over the last few months. We monitor market carefully and look forward to resuming purchasing activities as quickly as the funding phase is completed.

EUROBOND COVENANT RATIOS

	As of	30 Sept 2023	30 Jun 2022	Δ
Capitalization				
Equity ratio (Equity/total assets less cash)		32.2%	33.4%	-1.2%
Financial covenant at least		20.0%		
Net loan to value (LTV) (Net debt/expected remaining collections (ERC))		38.2%	44.2%	-6.0%
Financial covenant not exceeding		65.0%		
	Trailing 12-month period ending on	30 Sept 2023	30 Jun 2022	Δ
Net leverage ratio, times (Net debt to cash EBITDA)		5.8	6.0	-0.2
Financial covenant not exceeding		6.0		

EUROBOND OVERCOLLATERALIZATION TEST

In EUR thousand

As of	30 Sept 2023
Outstanding nominal value of XS2502401552	72 527
Expected remaining collection of the pledged receivables portfolios as at date of issuing of the report	120 051
Overcollateralization	166%
Overcollateralization requirement	150%
Characteristics of pledged receivable portfolios:	
- nominal value of all claims pledged	131 029
- number of claims pledged, pcs.	28 338
- number of claims involved in the ERC	28 615
- division of claims by age groups in the ERC	
- under 25 years old	6 857
- 25-35 years old	40 057
- 35-45 years old	33 726
- 45-55 years old	20 846
- over 55 years old	12 698
- legal entity	5 867
- division of claims by vintage, pcs	
- 2010	211
- 2011	62
- 2012	0
- 2013	686
- 2014	548
- 2015	1 172
- 2016	3 373
- 2017	10 071
- 2018	18 591
- 2019	29 299
- 2020	12 640
- 2021	14 829
- 2022	28 570
- 2023	0
- number of pledged portfolios, pcs	375

Balance Sheet

All figures in EUR thousand

	2023 Quarter 3	2022 Quarter 3	2022 Full year
ASSETS			
Non-current assets			
Property, plant and equipment	1 438	1 488	1 409
Intangible assets	3 322	2 757	2 963
Acquired debt receivable portfolios	101 729	97 075	100 109
Trade and other receivables	6 538	4 746	4 993
Total non-current assets	113 027	106 065	109 473
Current assets			
Acquired debt receivable portfolios	17 424	21 645	19 885
Trade and other receivables	3 043	3 384	3 506
Cash and cash equivalents	272	1 501	779
Total non-current assets	20 739	26 529	24 171
TOTAL ASSETS	133 766	132 594	133 644
EQUITY AND LIABILITIES			
Equity			
Share capital	17 109	17 109	17 109
Share premium	8 409	8 409	8 409
Legal reserve	1 100	1 100	1 100
Retained earnings	16 511	17 169	16 876
Total equity	43 129	43 747	43 494
Non-current liabilities			
Interest-bearing loans and liabilities	69 547	57 521	20 290
Total non-current liabilities	69 547	57 521	20 290
Current liabilities			
Trade and other payables	8 940	4 059	5 995
Subordinated convertible loans	0	2 135	2 151
Interest-bearing liabilities	12 150	25 092	61 714
Total current liabilities	21 090	31 286	69 860
TOTAL EQUITY AND LIABILITIES	133 766	132 594	133 644

Income Statement

All figures in EUR thousand

	AC Q3 2023	AC 9M 2023	AC Q3 2022	AC 12M 2022	FVTPL 12M 2021
Operating revenue	3 696	11 347	4 755	20 321	26 542
Other income	0	0	0	5	6
Total operating revenue	3 696	11 347	4 755	20 326	26 548
Operating expenses	299	1 048	533	2 246	4 260
Personnel expenses	1 194	3 540	759	4 320	4 860
Depreciation and amortization	99	276	139	552	573
Other expenses	0	1	0	7	7
Total operating expense	1 581	4 865	1 430	7 125	9 700
Operating profit	2 115	6 482	3 325	13 201	16 848
Financial income	0	3 949	0	0	3
Financial expenses	3 578	10 795	2 988	11 657	10 991
Profit before tax	-1 463	-365	337	1 543	5 860
Income tax	0	0	262	262	483
Net profit for the period	-1 463	-365	75	1 281	5 378

Cash Flow Statement

All figures in EUR million

	2023 Q3	2023 9M	2022 Q3	2022 12M
Cash flow from operating activities				
Profit before income tax	-1 463	-365	337	1 543
Adjustments for non-cash items:				
Depreciation and amortization	88	276	139	552
Changes in working capital:				
Change in trade and other receivables	-884	-3 101	-418	-3 964
Change in trade and other payables	6 824	11 099	101	-1 810
Change in acquired debt receivable portfolios	17	841	-4 362	-13 711
Change in loans and advances to customers	641	1 503	-1 541	-1 715
Other adjustments:				
Interest expenses	-3 578	-10 785	2 988	11 655
Other financial income and expenses	0	3 939	0	-2
Net cash flow from operating activities	1 645	3 407	-2 757	-7 453
Cash flow from investing activities				
Acquisition of tangible and intangible assets	-141	-149	-342	-231
Net cash flow from investing activities	-141	-149	-342	-231
Cash flow from financing activities				
Loans received and bonds issued	0	1	10 466	22 791
Repayments of loans and bonds issued	-1 461	-2 217	-2 626	-10 565
Repayments of financial lease liabilities	-3	-9	-5	-35
Paid-in equity contribution	0	0	0	3 635
Paid dividend	0	0	-1 350	-1 350
Income tax paid	0	0	-262	-262
Interests paid on loans and borrowings	-272	-1 538	-2 182	-6 314
Interest paid on financial lease liabilities	-1	-2	0	-2
Net cash flow from financing activities	-1 737	-3 765	4 041	7 896
Cash and cash equivalent at beginning of period	505	779	558	566
Change in cash and cash equivalents	-223	-507	942	212
Cash and cash equivalent at end of period	272	272	1 501	779

Statement of changes in equity

All figures in EUR thousand

	Share capital	Share premium	Legal reserve	Subordinated convertible loan	Retained earnings	Total
As of 1. Jan 2021	5 000	0	500	436	18 617	24 553
Subordinated convertible loans	0	0	0	-436		-436
Dividend	0	0	0	0	-2000	-2000
Non-monetary contribution	6 216	6 216	0	0	0	12432
Bonus issue	4450	0	0	0	-4450	0
Total transactions with owners	10 666	6 216	0	-436	-6 450	9 996
Net profit for the period	0	0	0	0	5 378	5 378
Total comprehensive income	0	0	0	0	5 378	5 378
As of 31. Dec 2021	15 666	6 216	500	0	17 545	39 928
As of 1. Jan 2022	15 666	6 216	500	0	17 545	39 928
Paid-in equity contribution	1 442	2 193	0	0	0	3 635
Dividend	0	0	0	0	-1 350	-1 350
Increase of legal reserve	0	0	600	0	-600	0
Total transactions with owners	1 442	2 193	600	0	-1 950	2 285
Net profit for the period	0	0	0	0	1 281	1 281
Total comprehensive income	0	0	0	0	1 281	1 281
As of 31. Dec 2022	17 109	8 409	1100	0	16 876	43 494
As of 1. Jan 2023	17 109	8 409	1 100	0	16 876	43 494
Paid-in equity contribution	0	0	0	0	0	0
Dividend	0	0	0	0	0	0
Increase of legal reserve	0	0	0	0	0	0
Total transactions with owners	17 109	8 409	1 100	0	16 876	43 494
Net profit for the period	0	0	0	0	-365	365
Total comprehensive income	0	0	0	0	0	0
As of 30. Sept 2023	17 109	8 409	1 100	0	16 511	43 129

Glossary

AMORTIZED COST

Accounting methodology, where financial assets are recognized at their acquisition cost adjusted by discounts or premiums minus their principal repayments

CASH EBITDA

Cash and cash equivalents generated within the relevant period minus the consolidated operating expenses for the Group

CLAIM

Legal right to receive payments from debtor based on agreed-upon contractual relationship

EBITDA

Operating profit plus depreciation and amortization, non-recurring costs and exceptional items, and portfolio fair value adjustments (where applicable)

ERC

Estimated remaining collections

FORWARD-FLOW (PORTFOLIO)

Commitment for periodical acquisition of receivables portfolios with pre-agreed specific terms

GMM

Gross money multiple, which is calculated as total collections divided by purchase price of a portfolio (see also MOIC)

IFRS

International financial reporting standards

INVESTED CAPITAL

Purchase cost of an acquired debt portfolio

IRR

Internal rate of return

ISCR

Interest service coverage ratio, which is the ratio of Cash EBITDA to net finance charges

MOIC

Multiple of invested capital, which is calculated as gross return divided by investment (see also GMM)

NET DEBT

Interest-bearing debts less cash

LTV

Loan to value, calculated as outstanding loan balance divided by value of relevant assets

NPL

Non-performing loans

ONE-OFF (PORTFOLIO)

Single commitment for acquisition of a debt receivable portfolio

OPEX

Operating expenses (direct, administrative and payroll expense)

PORTFOLIO

A set of claims acquired in one transaction

REPLACEMENT COST

Investment amount needed to maintain ERC at the level of the beginning of the period

SPECIAL (PORTFOLIO)

A one-off commitment for acquisition of a receivable portfolio originating from irregular circumstances

STANDARD (PORTFOLIO)

Forward-flow and regular one-off portfolios

TENDER

Sales process of portfolios, usually arranged as an auction

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About PlusPlus Capital

PlusPlus is a pan-Baltic and Finnish technology-driven receivables management company with offices in Tallinn, Riga, Vilnius, and Helsinki. The Company acquires overdue loans and other non-performing exposures from financial institutions and non-financial sector merchants. With its core competence in handling claims against private individuals, PlusPlus prefers diversified portfolios balanced by geography, portfolio type, and other metrics.

Since its inception in 2010, PlusPlus has bought over 120 thousand claims with nominal value of approximately EUR 261 million as of 30. June 2023. The Company offers its clients affordable recovery solutions and aims to avoid litigious scenarios. In doing so, PlusPlus pursues win-win solutions that allow sellers to focus on their core business, provide affordable solutions for borrowers, and ensure adequate returns for investors.

PlusPlus is a transparent and socially responsible company set to assist people in resolving problems connected with their insufficient solvency. The ambition of PlusPlus is to increase its market share and further strengthen its position as a leading player in its regional market.

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