



PLUSPLUS CAPITAL

Earnings Call Presentation

Q2 2023

17 August 2023



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PRESENTERS



Peeter Piho

CEO

Peeter has 30 years of financial sector experience from banking, asset management, corporate finance and financial advisory. He has worked for a Baltics-focused private equity investment vehicle and run the largest corporate debt securities fund in the region. He holds a degree in Economics from Tallinn University of Technology.



Kaarel Raik

Member of the Management Board

Kaarel has 10 years of experience working in the financial sector. Prior to joining PPC, he worked in Swedbank and was in management positions for the last 6 years, leading different cross-border teams. He holds a degree in Mathematics from Tartu University.

EARNINGS CALL SET UP

- Overview of Q2 2023 results
- Operational highlights
- Financial overview
- Priorities going forward
- Q&A:
 - Listen only mode
 - Questions can be submitted via Zoom chat
- In case of any questions afterwards, please write to us at finance@plusplus.ee

SITUATION REGARDING EUROBOND INTEREST PAYMENT

- PlusPlus Capital did not pay the **coupon** of the EUR Bond 2022/2026 (XS2502401552) on **31 July 2023**.
- Reason for not paying – due to **higher-than-expected costs** in relation to restructuring outstanding Baltic bonds.
- Company intends to **fulfil its obligations** of interest payment. This will be done through a **share issue**, the subscription period of which is **until 29 September 2023**.
- As of now, approximately **2/3 of the EUR 4.5 million** issue has been subscribed. Management looks forward to achieving full subscription by the end of the subscription period.
- PlusPlus has convened a **bondholders meeting on 29 August 2023**.
- Proposal to investors – to agree on a temporary **standstill until 2 October 2023** on the payment of interest and enforcement of the Guarantees.
- **Voting period** ends at 28 August 2023 at 15:00 CET.
- **All necessary documents** on are available on the **website of PlusPlus Capital AS**: <https://pluspluscapital.eu/investor-relations>

OPERATIONAL HIGHLIGHTS

- As of 27 June 2023, there were significant changes in the management structure and line-up. During the Extraordinary Shareholders meeting, Peeter Piho was recalled from the Supervisory Board and three new members were elected – Viljar Kähari, Hannu Kananen and Rasmus Pikkani. As a result, three seasoned professionals with significant financial sector experience joined Mirje Trumsi and Mihkel Õim in the Supervisory Board.
- The new Supervisory Board elected Mirje Trumsi as Chairman of the Supervisory Board and Peeter Piho was appointed as Member of the Management Board and to also perform CEO functions.
- Shareholders also decided to announce issue of new shares in the amount of up to EUR 4.5 million. Deadline of the issue is 29 September 2023.
- During Q2, PlusPlus was successful in converting existing Baltic Bonds and loans into Eurobond. In total the Eurobond balance has increased ca EUR 40 million during the quarter. In addition, investors representing ca EUR 13 million of Baltic Bonds and loans have chosen to exit by selling their bonds back to the company.
- The quarter was characterized by continuous very low volume of investments. Less than EUR 1 million was invested into new portfolios, bringing the total investment in H1 to EUR 1.4 million.
- Performance of collection in Q2 was approximately 90 per cent of the budget. This result is not satisfactory and to improve the outcome we have put more emphasis on dealing with claims in bailiff stages. We look forward to benefit from changes made into the process to generate positive effect over the coming months.

Business model

- PlusPlus Capital, established in 2010, is a **leading pan-Baltic** receivables acquisition, restructuring, and management company active in **Estonia, Latvia, Lithuania** and **Finland** with close to 100 employees.
- PlusPlus Capital purchases **private individual overdue receivables** from **banks, telecoms**, and **consumer finance** companies.
- PlusPlus Capital aims to assist people by **upgrading NPL debtors** from **credit rejected life** to **normal** financial market clients and finance consumer loans to the good customers via Fresh Finance.
- PlusPlus Capital realized its vision through **proprietary technology, data, and algorithms**. Along with their **automated client service process**, PlusPlus provides **best-in-class** client reach and behaviour change.
- PlusPlus Capital's **data and technology-driven** approach, and **unbeaten customer response**, have helped to become a leading platform with the ability to offer the best service to its customers.

KEY FIGURES

All figures in EUR million

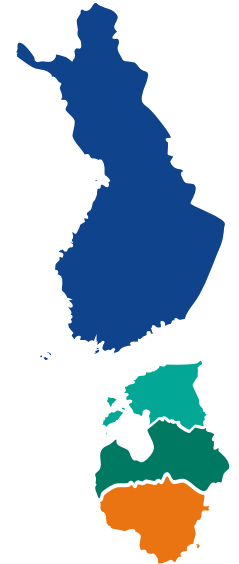
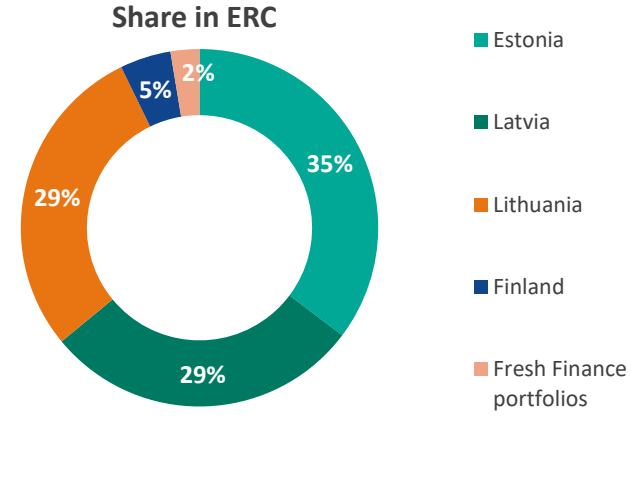
	AC Q2 2023*	AC Q1 2023*	AC 12M 2022	FVTPL 12M 2021
Incoming payments from clients (cash collection)**	5.0	5.1	21.5	17.5
Cash EBITDA	3.4	3.7	14.9	10.1
Operating revenue	3.8	3.7	20.3	26.6
Operating expenses (incl. salaries, amortization)	1.6	1.5	7.1	9.7
Net Finance Charges	3.7	3.5	11.7	11.4
Net profit	0.4	0.8	1.3	5.3
Expected remaining collections (ERC)**	215.5	213.9	210.0	162.4
Total assets	133.7	133.5	133.6	113.5
Total interest-bearing debt (incl. amortized costs)	82.4	83.1	84.2	71.6
Equity ***	44.6	44.2	43.5	39.9
Equity ratio	33.4%	33.3%	32.6%	35.2%
Net debt/Cash EBITDA (Net leverage)	5.5	5.6	5.6	7.0
Net debt/ERC (Net LTV)	38.0%	38.6%	39.7%	43.8%
Cash Profit	-0.3	0.1	2.7	-3.2

* preliminary data (unaudited)

** including portfolios in Fresh Finance

*** including subordinated convertible loans

Geographical presence

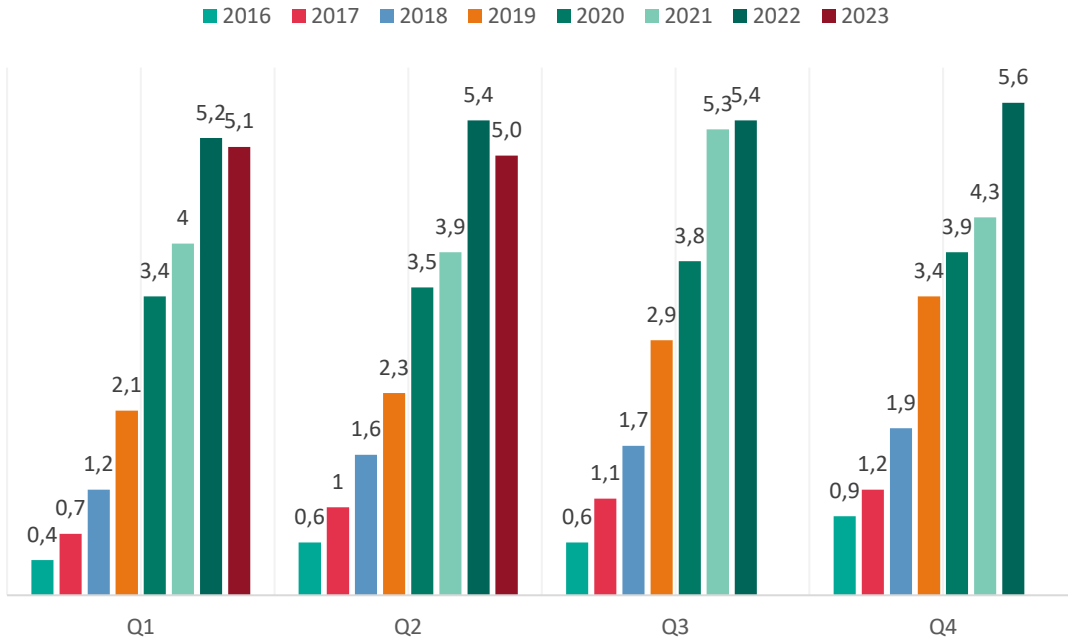


Q2 '23 financial highlights

- Incoming payments from clients** in Q2 '23 was **EUR 5.0 million**, compared with EUR 5.1 million in Q1 '23.
- Cash EBITDA** in Q2 '23 **decreased approx. 8.1% q-o-q** to **EUR 3.4**.
- Net profit** in Q2 '23 amounted to **EUR 0.4 million** (Q1 '23: EUR 0.8 million).
- As of 30 June 2023 **ERC is at EUR 215.5 million** and increased by 0.7% compared to ERC at the end of Q1 '23 (EUR 213.9 million).

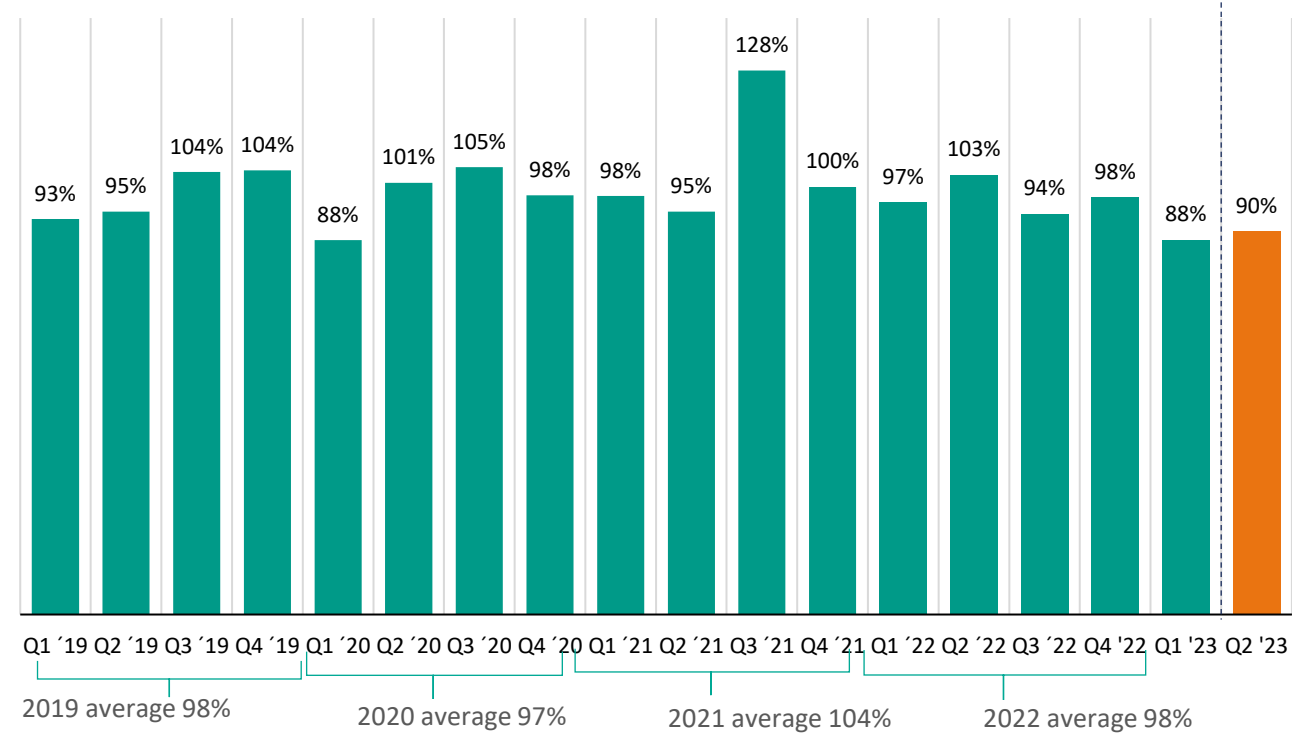
INCOMING PAYMENT DYNAMICS

Incoming payments from clients by quarters (mEUR)



* Since Q1 2022 also Fresh Finance portfolio collections are included.

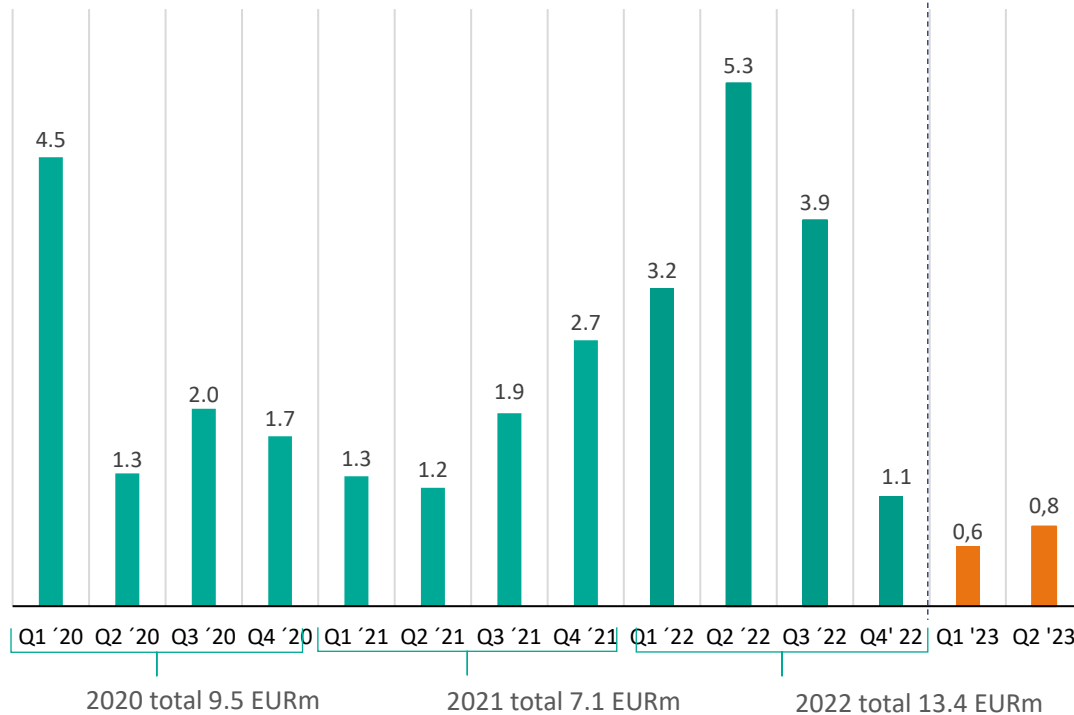
Actual incoming payments vs forecast (%)



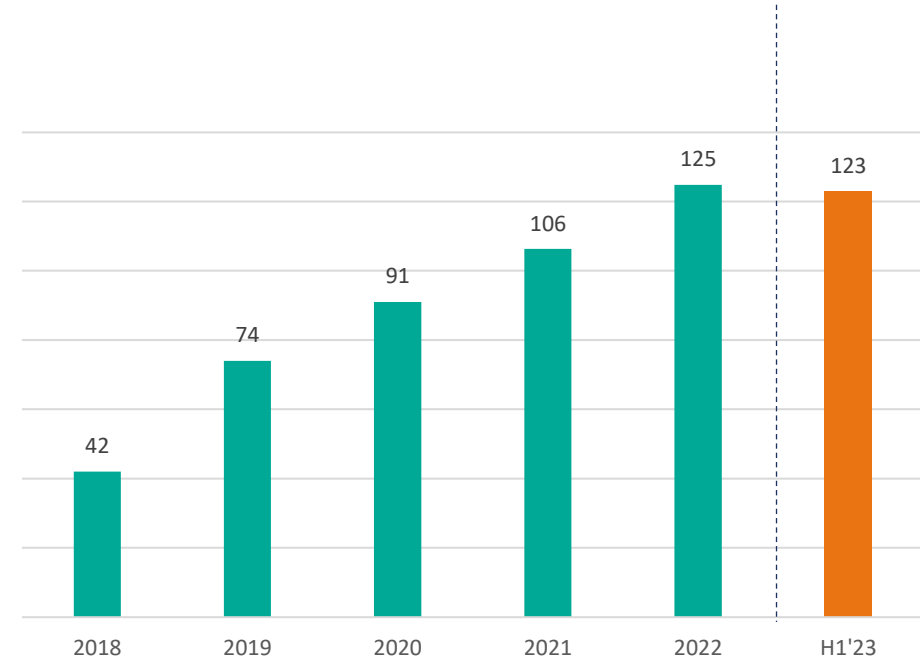
- Q2 '23 incoming payments amounted to EUR 5.0 million.
- Q2 '23 incoming payments were behind the expectations (90% of ERC).

PORTFOLIO INVESTMENTS

Quarterly portfolio acquisitions (in EURm)

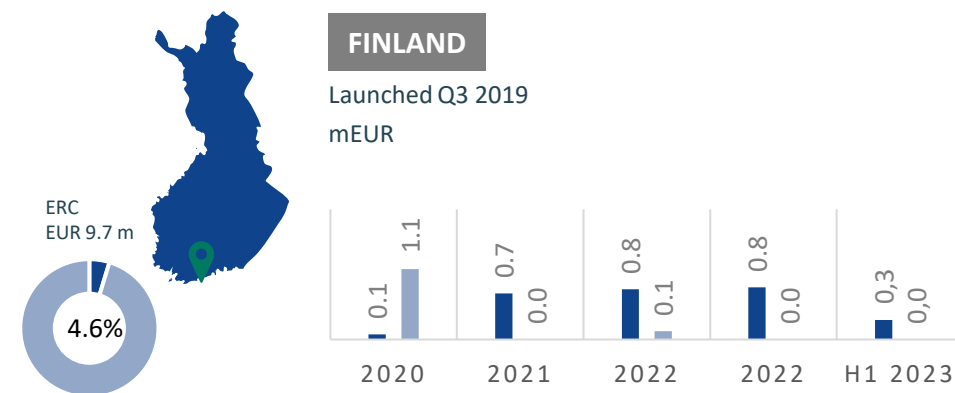
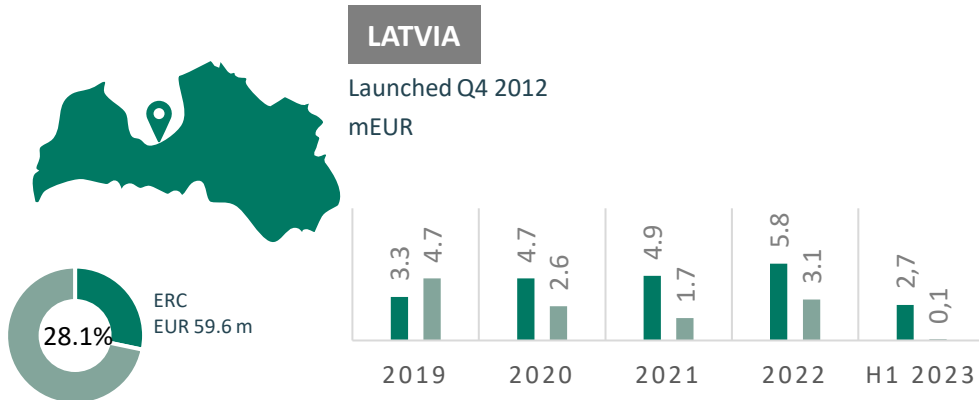
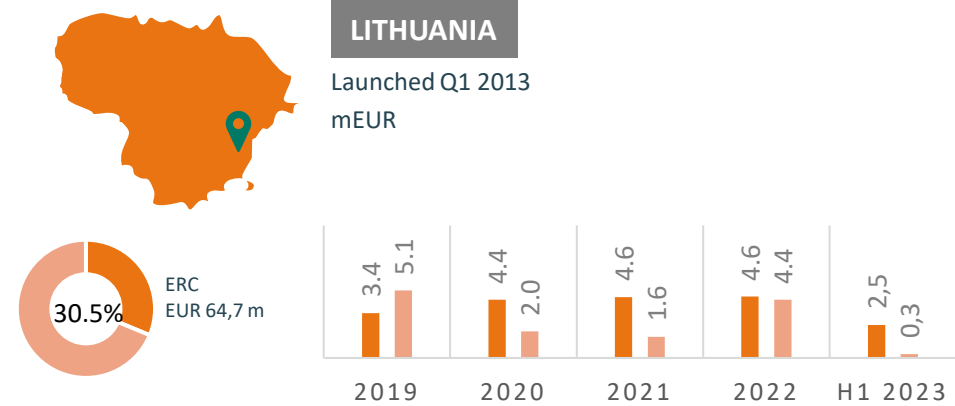
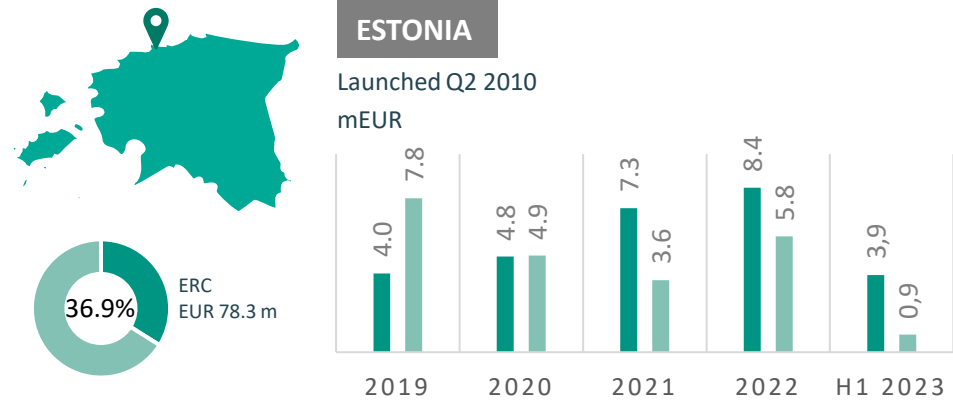


Book value of portfolios (in EURm)

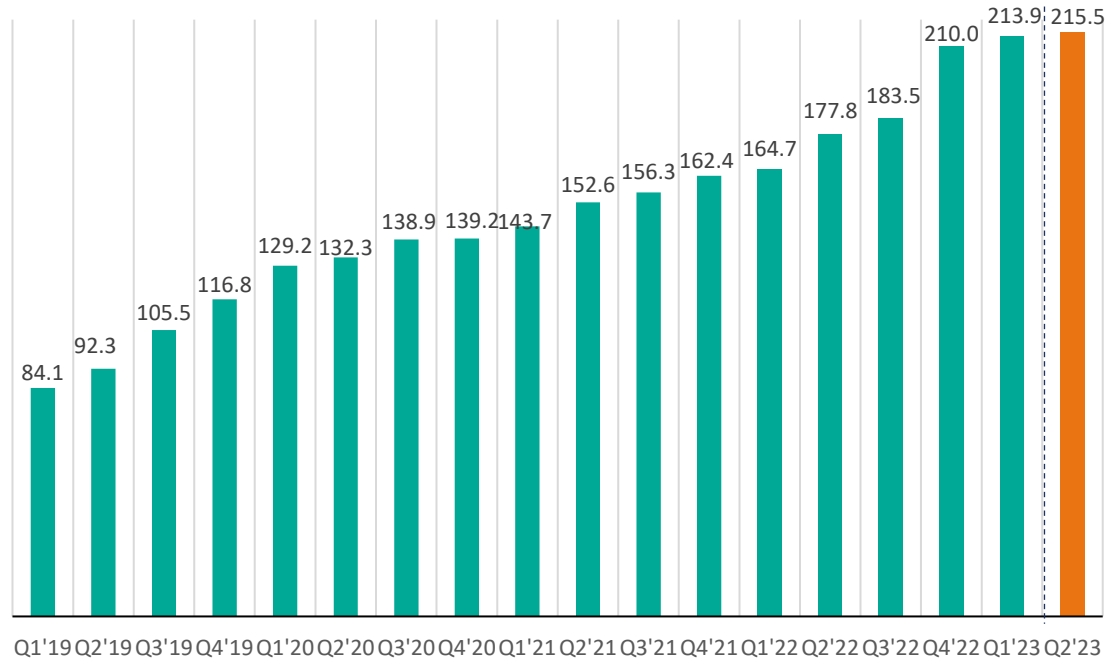


- **Since 2nd half 2022**, PlusPlus Capital has been passive in purchasing market due to restricted access to funding. At the same time, there have been many attractive opportunities available.
- **Q2 '23 portfolio acquisitions** amounted to **EUR 0.8 million** related to fulfilment of existing agreements.
- **In the second quarter of 2023**, in total 17 new portfolios were acquired.

NPL GEOGRAPHICAL PRESENCE



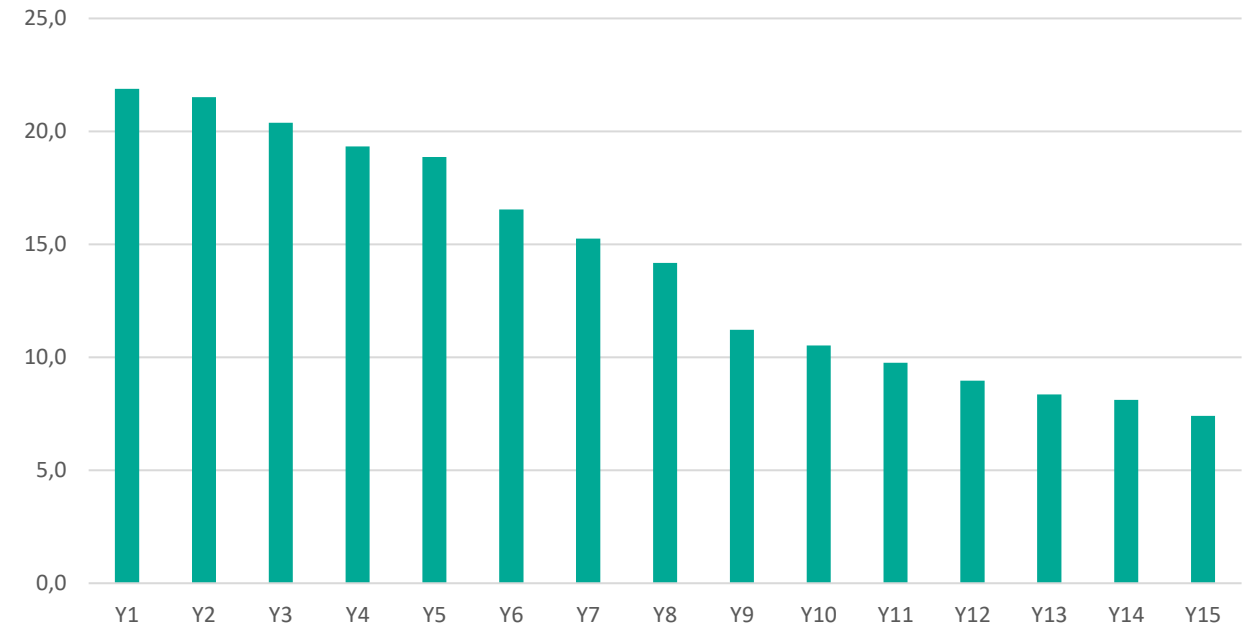
Quarterly ERC development (EURm)



■ **ERC end of June 2023 amounted to EUR 215.5 million, thereof**

- Estonia NPL EUR 78.3 million (34.8%)
- Lithuania NPL EUR 64.7 million (30.8%)
- Latvia NPL EUR 59.6 million (28.1%)
- Finland NPL EUR 9.7 million (4.6%)
- Fresh Finance portfolios EUR 3.2 million (1.7%)

Expected annual incoming payments of NPL according to ERC (in EURm)

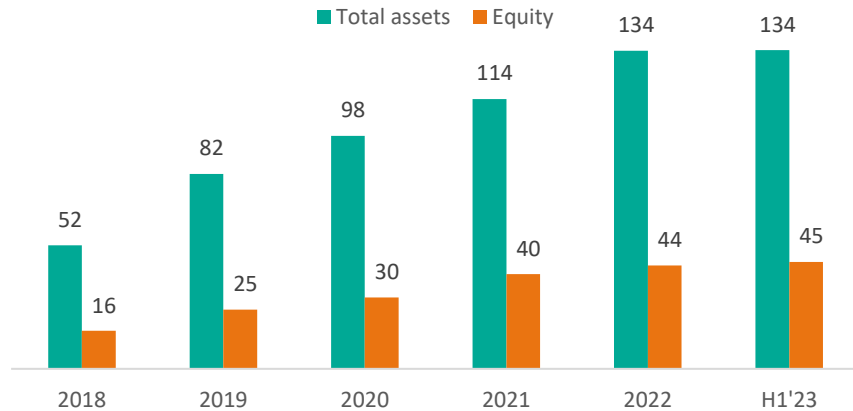


■ **ERC of EUR 215.5 million expected to be received in next 180 months**

- **Next 8-year incoming payments** anticipated at **70% of ERC** equalling to **EUR 151 million**
- By comparison, the **total claim balance** as of 30 June 2023 was around **EUR 289 million**

ASSETS AND LIABILITIES

Total assets and equity (mEUR)



Eurobond covenant ratios

	As of	30 Jun 2023	31 Mar 2023	Δ
Capitalization				
Equity ratio (Equity/total assets less cash)		33.4%	33.5%	-0.1%
Financial covenant at least		20.0%		
Net loan to value (LTV) (Net debt/expected remaining collections (ERC))		38.0%	38.6%	-0.6%
Financial covenant not exceeding		65.0%		
Trailing 12-month period ending on				
Net leverage ratio, times (Net debt to cash EBITDA)	30 Jun 2023	5.5	5.6	-0.1
Financial covenant not exceeding		6.0		

Borrowings

- As of 30 June 2023, interest bearing loans and borrowings amounted to EUR 88.0 million in nominal value, including:
 - Eurobond of EUR 72.4 million with maturity in 2026
 - Privately placed local Baltic notes of EUR 8.5 million (including 70% buyback)
 - Other debt instruments of EUR 6.5 million (70% buyback)
 - Commercial bank loan of EUR 0.5 million (head office premises of the Group) and leases EUR 0.1 million.
 - At amortised cost interest bearing loans and borrowings amounted to EUR 82.4 million as of 30 June 2023, with financing related capitalised costs amounted to EUR 5.6 million.
-
- As of 30 June 2023, **total assets** increased to **EUR 133.7 million** (31 Mar '23: EUR 133.5 million)
 - 91.9%** or **EUR 122.9 million** of **assets attributable** to **portfolios of receivables and loans issued and cash** compared to **total assets of EUR 133.7 million** (31 Mar '23: 92.6% or EUR 123.6 million compared to total assets of EUR 133.5 million).
 - As of 30 June 2023, **equity increased by 0.9% to EUR 44.6 million** (31 Mar '23: EUR 44.2 million, corresponding **equity ratio of 33.4%** (31 Mar '23: 33.3%))

PRIORITIES GOING FORWARD

- The most immediate priority is resolving Eurobond interest payment.
- Secondly, PlusPlus has to complete restructuring of liabilities by settlement of investors who chose to sell their bonds back and find solutions with investors in pending negotiations phase.
- Upon completion of the liabilities' restructuring, **PlusPlus's first priority will be revamping portfolio purchasing activities** necessary to generate return and cash flow required to service company's debt and increase shareholders' value. The company has set minimum yearly purchasing target at 20 million EUR while optimal target is in a 30-40 million EUR range over the next 2 years.
- From the buy-side perspective, supply of **non-performing loans is growing, prices are down** and competition among buyers significantly weaker than over the last years. In addition, there are certain market consolidation transactions currently taking place that also improve market situation among portfolio management companies.
- Purchasing new portfolios **assumes securing fresh funding** for the investments. PlusPlus together with financing partners is currently preparing a funding facility covering 70 per cent of purchasing price of new portfolios.
- From operational view, the characteristics of portfolios have changed, hence PlusPlus undergoes the process of reorganization of internal processes.

The background image shows a bright, modern interior with white walls and a staircase. A teal banner with the text "QUESTIONS & ANSWERS" is centered in the middle. A red vertical line is visible at the bottom center of the page.

QUESTIONS & ANSWERS

ANNEXES

Balance sheet 30 June 2023

All figures in EUR thousand

	2023 Quarter 2	2023 Quarter 1	2022 Full year	2022 Quarter 2
ASSETS				
Non-current assets				
Property, plant and equipment	1 330	1 391	1 409	1 526
Intangible assets	3 213	3 098	2 963	2 501
Acquired debt receivable portfolios	98 652	99 460	100 109	94 800
Trade and other receivables	6 109	5 617	4 993	3 490
Total non-current assets	109 306	109 566	109 473	102 317
Current assets				
Acquired debt receivable portfolios	20 518	19 981	19 885	19 557
Trade and other receivables	3 403	3 448	3 506	2 669
Cash and cash equivalents	505	525	779	559
Total non-current assets	24 426	23 955	24 171	22 785
TOTAL ASSETS	133 731	133 521	133 644	125 102

	2023 Quarter 2	2023 Quarter 1	2022 Full year	2022 Quarter 2
EQUITY AND LIABILITIES				
Equity				
Share capital	17 109	17 109	17 109	17 109
Share premium	8 409	8 409	8 409	8 409
Legal reserve	1 100	1 100	1 100	1 100
Subordinated convertible loans	0	0	0	0
Retained earnings	17 984	17 605	16 876	17 082
Total equity	44 602	44 223	43 494	43 700
Non-current liabilities				
Subordinated convertible loans	0	0	0	592
Interest-bearing loans and liabilities	69 508	30 749	20 290	48 004
Total non-current liabilities	69 508	30 749	20 290	48 596
Current liabilities				
Trade and other receivables	6 668	6 198	5 995	3 530
Subordinated convertible loans	0	200	2 151	2 000
Interest-bearing liabilities	12 954	52 150	61 714	27 276
Total current liabilities	19 622	58 549	69 860	32 806
TOTAL EQUITY AND LIABILITIES	133 731	133 521	133 644	125 102

Income statement for Q2 and H1 2023

All figures in EUR thousand

	AC Q2 2023	AC 6M 2023	AC Q2 2022	AC 12M 2022	FVTPL 12M 2021
Operating revenue	3 772	7 501	5 094	20 321	26 542
Other income	0		0	5	6
Total operating revenue	3 772	7 501	5 094	20 326	26 548
Operating expenses	58	599	670	2 246	4 260
Personnel expenses	1 558	2 338	792	4 320	4 860
Depreciation and amortization	116	189	146	552	573
Other expenses	0	1	3	7	7
Total operating expense	1 618	3 127	1 611	7 125	9 700
Operating profit	2 154	4 374	3 483	13 201	16 848
Financial income	1 967	3 948	3 484	0	3
Financial expenses	3 744	7 215	2 765	11 657	10 991
Profit before tax	377	1 107	719	1 543	5 860
Income tax	0		0	262	483
Net profit for the period	377	1 107	719	1 281	5 378

Cash flow statement for Q2/H1 2023

All figures in EUR million

	2023 Q2	2023 6M	2022 Q2	2022 12M
Cash flow from operating activities				
Profit before income tax	378	1 107	719	1 543
Adjustments for non-cash items:				
Depreciation and amortization	116	189	146	552
Other adjustments	0	0	0	0
Changes in working capital:				
Change in trade and other receivables	-1 011	-2 227	-454	-3 964
Change in trade and other payables	5 333	4 275	-115	-1 810
Change in acquired debt receivable portfolios	271	823	-4 502	-13 711
Change in loans and advances to customers	400	862	-1 493	-1 715
Other adjustments:				
Interest expenses	-10 677	-7 206	2 249	11 655
Other financial income and expenses	5 921	3 940	0	-2
Net cash flow from operating activities	730	1 762	-3450	-7 453
Cash flow from investing activities				
Acquisition of tangible and intangible assets	-7	-8	-268	-231
Business loans issued	0	0	0	0
Repayments received for business loans issued	0	0	0	0
Interests received	0	0	0	0
Net cash flow from investing activities	-7	-8	-268	-231

	2023 Q2	2023 6M	2022 Q2	2022 12M
Cash flow from financing activities				
Loans received and bonds issued	1	1	7 373	22 791
Repayments of loans and bonds issued	-725	-756	-2 042	-10 565
Repayments of financial lease liabilities	-3	-6	-17	-35
Paid-in equity contribution	0	0	0	3 635
Paid dividend	0	0	0	-1 350
Income tax paid	0	0	0	-262
Interests paid on loans and borrowings	-15	-1 265	-2 077	-6 314
Interest paid on financial lease liabilities	-1	-1	0	-2
Other financing activities	0	0	0	0
Net cash flow from financing activities	-744	-2 028	3237	7 896
Cash and cash equivalent at beginning of period	526	779	1 041	566
Change in cash and cash equivalents	-21	-274	-482	212
Cash and cash equivalent at end of period	505	505	559	779

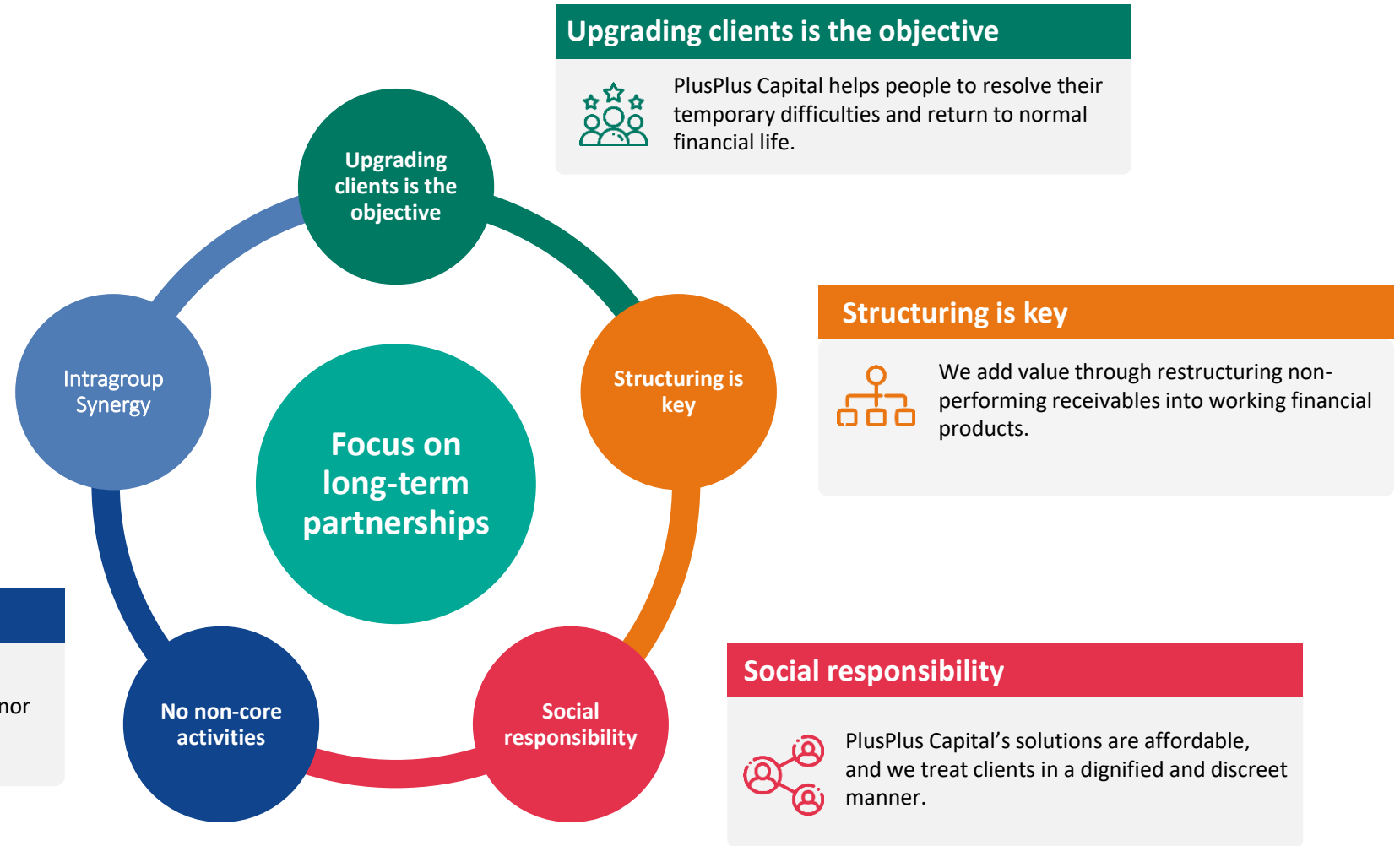
Equity changes for H1 2023

All figures in EUR thousand

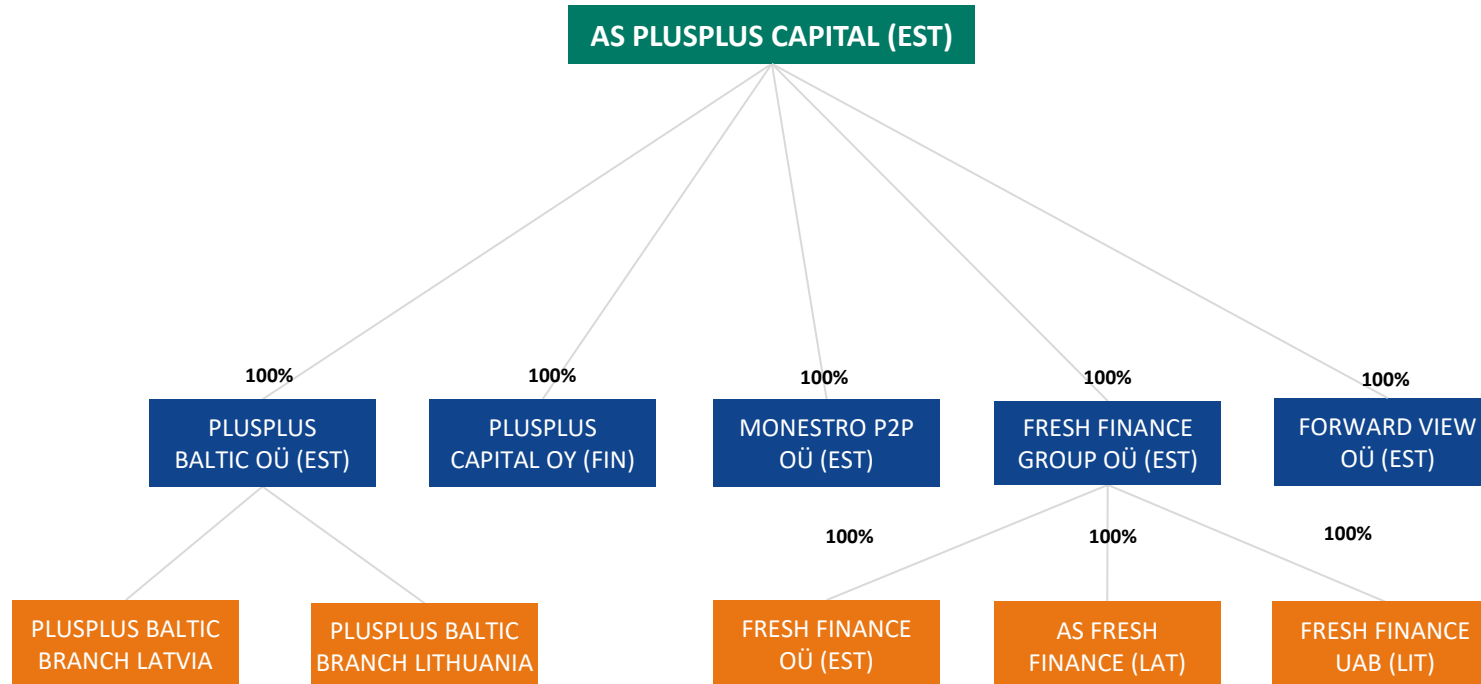
	Share capital	Share premium	Legal reserve	Subordinated convertible loan	Retained earnings	Total
As of 1. Jan 2021	5000	0	500	436	18 617	24 553
Subordinated convertible loans	0	0	0	-436		-436
Dividend	0	0	0	0	-2000	-2000
Non-monetary contribution	6216	6216	0	0	0	12432
Bonus issue	4450	0	0	0	-4450	0
Total transactions with owners	10666	6216	0	-436	-6 450	9 996
Net profit for the period	0	0	0	0	5 378	5378
Total comprehensive income	0	0	0	0	5378	5378
As of 31. Dec 2021	15666	6216	500	0	17 545	39 928
As of 1. Jan 2022	15 666	6216	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	1100	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	0	0	0	0	0	0
Net profit for the period	0	0	0	0	1 107	1 107
Total comprehensive income	0	0	0	0	1 107	1 107
As of 30. Jun 2023	17 109	8 409	1 100	0	17 983	44 602

Mission and Vision

PlusPlus Capital seeks long term client relationships to maximize client satisfaction and improve return for company's shareholders



Legal structure



- PlusPlus Capital is a receivables management company focusing on acquiring, restructuring and managing receivables' portfolios.
- PlusPlus Baltic is an operating company for part of the receivables' portfolios.
- Fresh Finance Group's subsidiaries are licensed credit providers.
- Monestro is a P2P platform active in European Economic Area.
- Forward View provides IT services for group companies.

Glossary

Amortized cost	Accounting methodology, where financial assets are recognized at their acquisition cost adjusted by discounts or premiums minus their principal repayments	ISCR	Interest service coverage ratio, which is the ratio of Cash EBITDA to net finance charges.
Cash EBITDA	Cash and cash equivalents generated within the relevant period minus the consolidated operating expenses for the Group.	MOIC	Multiple of invested capital, which is calculated as gross return divided by investment (see also GMM)
Claim	Legal right to receive payments from debtor based on agreed-upon contractual relationship	Net debt	Interest bearing debts less cash
EBITDA	Operating profit plus depreciation and amortization, non-recurring costs and exceptional items, and portfolio fair value adjustments (where applicable)	LTV	Loan to value, calculated as outstanding loan balance divided by value of relevant assets
ERC	Estimated remaining collections	NPL	Non-performing loans
ESG	Environmental, social and governance framework	One-off (portfolio)	Single commitment for acquisition of a debt receivable portfolio
Forward-flow (portfolio)	Commitment for periodical acquisition of receivables portfolios with pre-agreed specific terms	OPEX	Operating expenses (direct, administrative and payroll expense)
GMM	Gross money multiple, which is calculated as total collections divided by purchase price of a portfolio (see also MOIC)	Portfolio	A set of claims acquired in one transaction
IFRS	International financial reporting standards	Replacement cost	Investment amount needed to maintain ERC at the level of the beginning of the period
Invested Capital	Purchase cost of an acquired debt portfolio	Self-service	Receivables management IT solution, where clients can manage their relations with the company
IRR	Internal rate of return	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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CAPITAL

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