



PLUSPLUS CAPITAL
Earnings Call Presentation
Q3 2023

17 November 2023



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PRESENTERS



Peeter Piho

CEO, member of board

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 Q3 2023 results
- Operational highlights
- Financial overview
- Priorities going forward
- Q&A:
 - Listen only mode
 - Questions can be submitted via chat function
- In case of any questions afterwards, please write to us at finance@plusplus.ee

FUNDING PROJECT

PLUSPLUS PAYABLES 2023 mln EUR

Eurobond holders	13.8
Other	11.0
Total buyout	24.9
Eurobond interest	4.0
Total outflows	28.9

REMAINING BALANCE OF LIABILITIES/EXTRA EQUITY

Eurobond	47.4
Other liabilities residual	3.8
New funding	28.9

PLUSPLUS RAISES FUNDING TO FINANCE

Buyouts	28.9
Purchasing portfolios 2023-2024	40.0
Total	68.9

OPERATIONAL HIGHLIGHTS

- On 31 July, PlusPlus Capital's next coupon payment of the EUR 2022/2026 bond was due. PlusPlus did not make the payment on due date.
- In order to solve the situation, PlusPlus convened a bondholders meeting. For the first meeting participation quorum was not reached and adjourned meeting was called for 26 September 2023. Bondholders were asked whether they would want to terminate the EUR 2022/2026 bond and enforce guarantees. A substantial majority, 84.19% of bondholders who casted their votes, opted not to terminate the bonds and to give standstill period until the end of 2023.
- We look forward to paying the coupon payment that was due on 31 July 2023 before end of standstill in the end of the year, details will be reported shortly.
- In September, prompted in part by investor initiatives, we transitioned to a modified funding structure that allocates proceeds to be divided between the buyout of existing investors and the investment in new portfolios, and increased the equity component in funding mix. We are confident that this new approach is markedly advantageous for both the company and its creditors, as it provides a resolution to both liquidity challenges and the long-term investment objectives of the company.
- In October, an offer was made to bondholders for exiting their holdings with a 45% discount. In total, ca 35% (EUR 25.2 million in nominal value) of Eurobond holders accepted this offer.
- Total payables in 2023 amount to 28.9 million EUR.

OPERATIONAL HIGHLIGHTS

- PlusPlus has only achieved approximately 85% of the budget during the first nine months of 2023, falling short of expectations. In Q3 performance worsened.
- This shortfall can be attributed to two primary factors:
 - Firstly, the influence of the macro environment, and secondly, the transition of portfolio phases.
 - Client feedback indicates a negative impact stemming from heightened household costs due to inflation, coupled with elevated borrowing expenses.
- We are reallocating internal resources to align with the evolving status of claims, transitioning from predominantly pre-court phases to court and bailiff phases. Efforts have been directed towards optimizing teams and processes to effectively manage enforcement portfolios. Due to time lag we anticipate achieving positive outcome in end 2023/beginning 2024.
- 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.

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

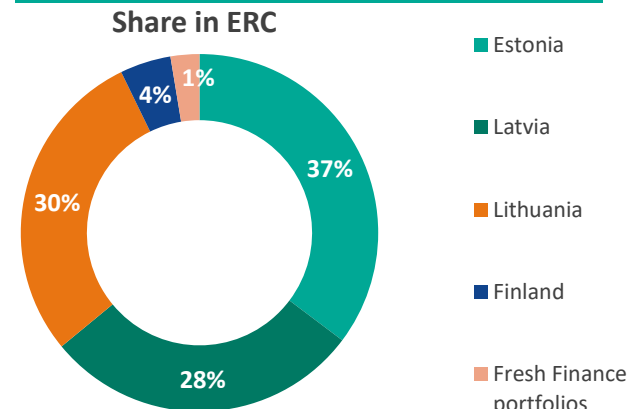
	AC Q3 2023*	AC 9M 2023*	AC 12M 2022	FVTPL 12M 2021
Incoming payments from clients (cash collection)**	4.6	14.8	21.5	17.5
Cash EBITDA	3.2	10.3	14.9	10.1
Operating revenue	3.7	11.2	20.3	26.6
Operating expenses (incl. salaries, amortization)	1.5	4.4	7.1	9.7
Net Finance Charges	3.6	10.8	11.7	11.0
Net profit	-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

Geographical presence



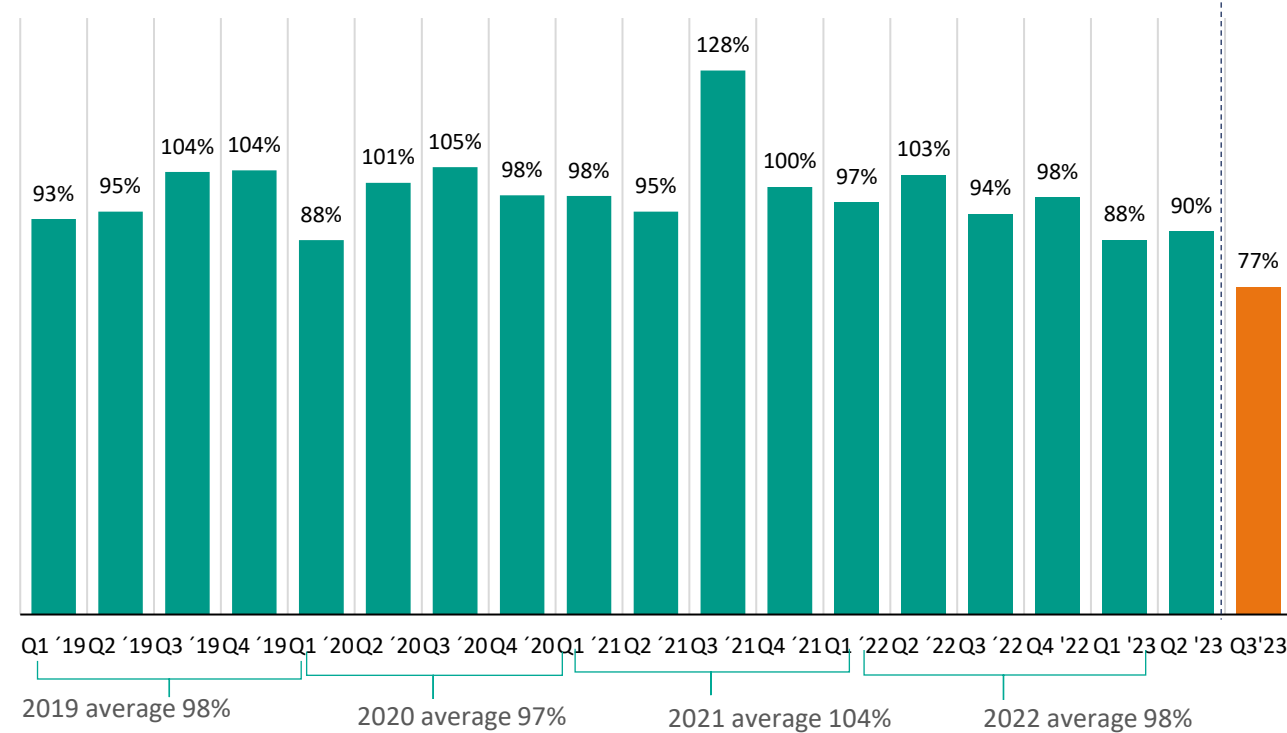
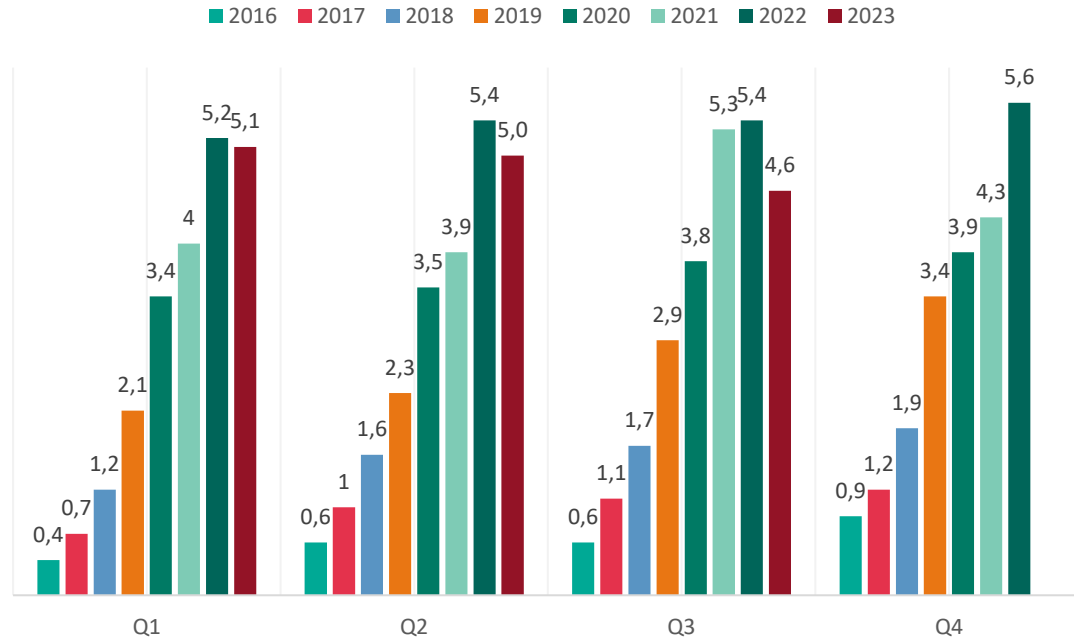
Q3 '23 financial highlights

- Incoming payments from clients** in Q3 '23 was **EUR 4.6 million**, compared with EUR 5.0 million in Q2 '23.
- Cash EBITDA** in Q3 '23 **decreased approx. 6% q-o-q** to **EUR 3.2**.
- Net loss** in Q3 '23 amounted to **EUR -1.5 million** (Q2 '23 net profit: EUR 0.4 million).
- As of 30 September 2023 **ERC is at EUR 214.1 million** and decreased by 0.5% compared to ERC at the end of Q2 '23 (EUR 215.5 million).

INCOMING PAYMENT DYNAMICS

Incoming payments from clients by quarters (mEUR)

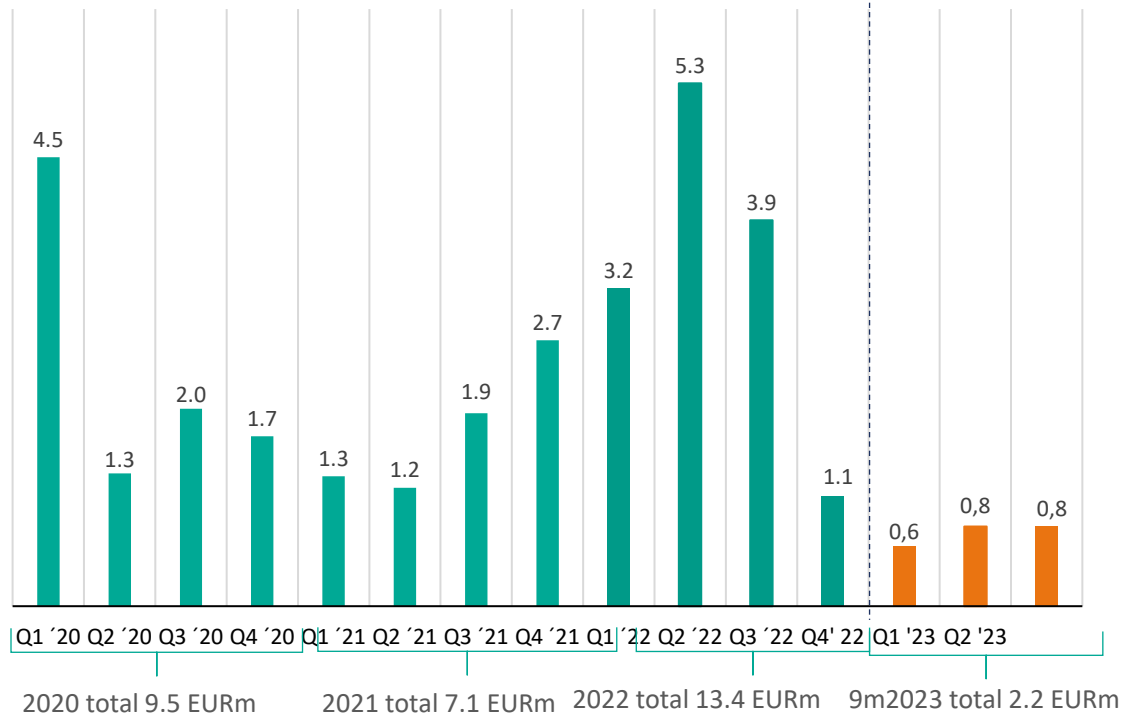
Actual incoming payments vs forecast (%)



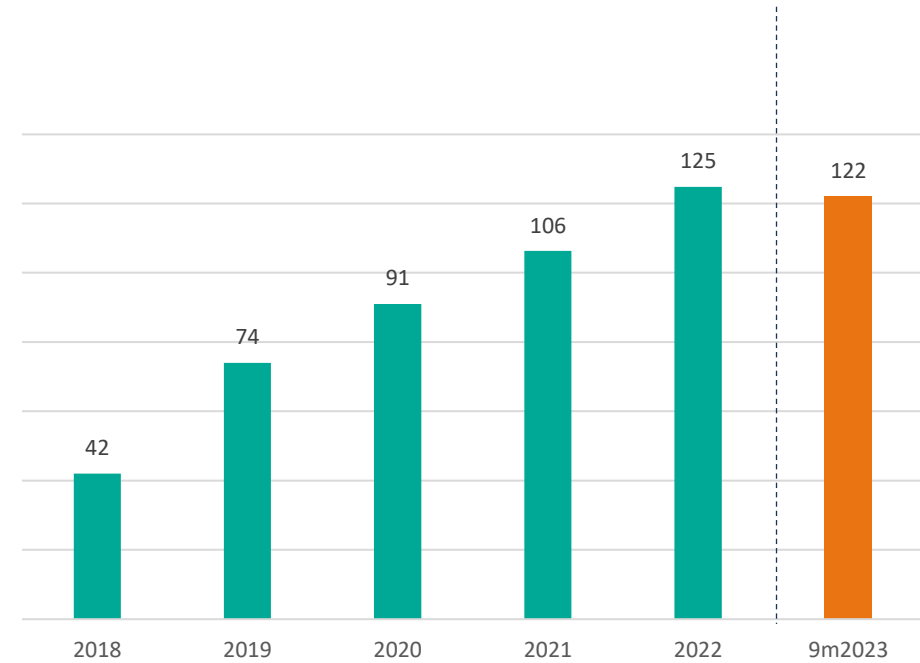
* Since Q1 2022 also Fresh Finance portfolio collections are included.

- Q3'23 incoming payments amounted to EUR 4.6 million.
- Q3'23 incoming payments were behind the expectations (77% of ERC), due impact of deteriorating macroeconomic situation and increased cost of living impact on clients and dealing with shifting portfolio dynamics from pre-court phase to enforcement phase.

Quarterly portfolio acquisitions (in EURm)

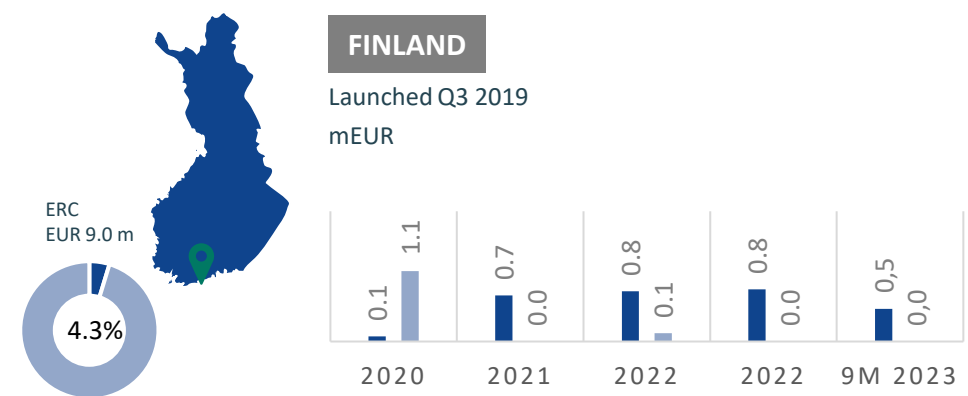
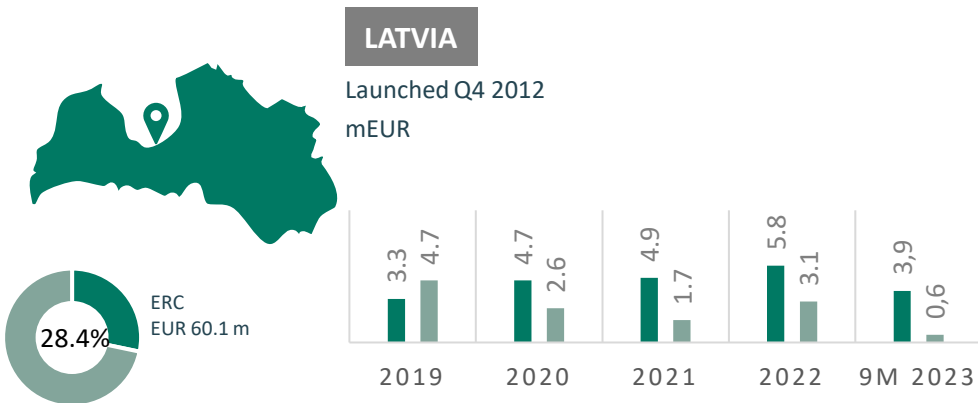
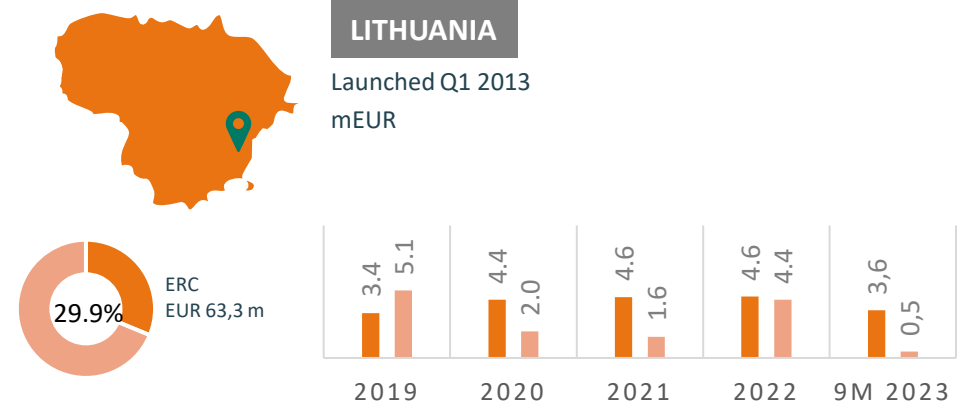
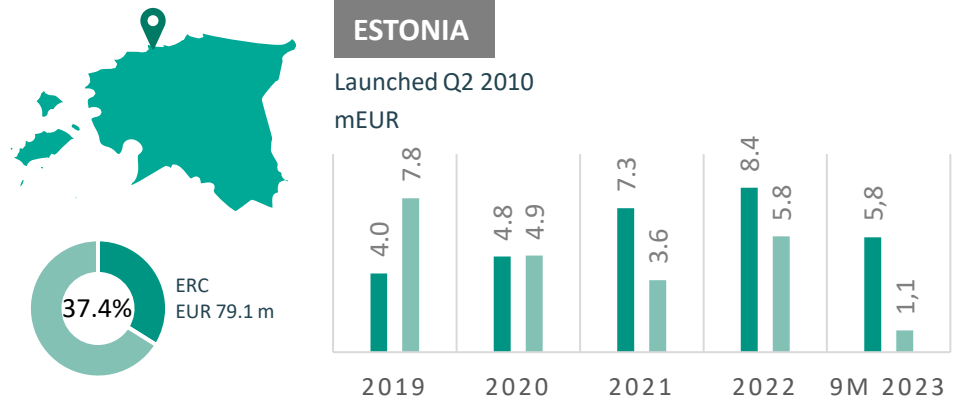


Book value of portfolios (in EURm)

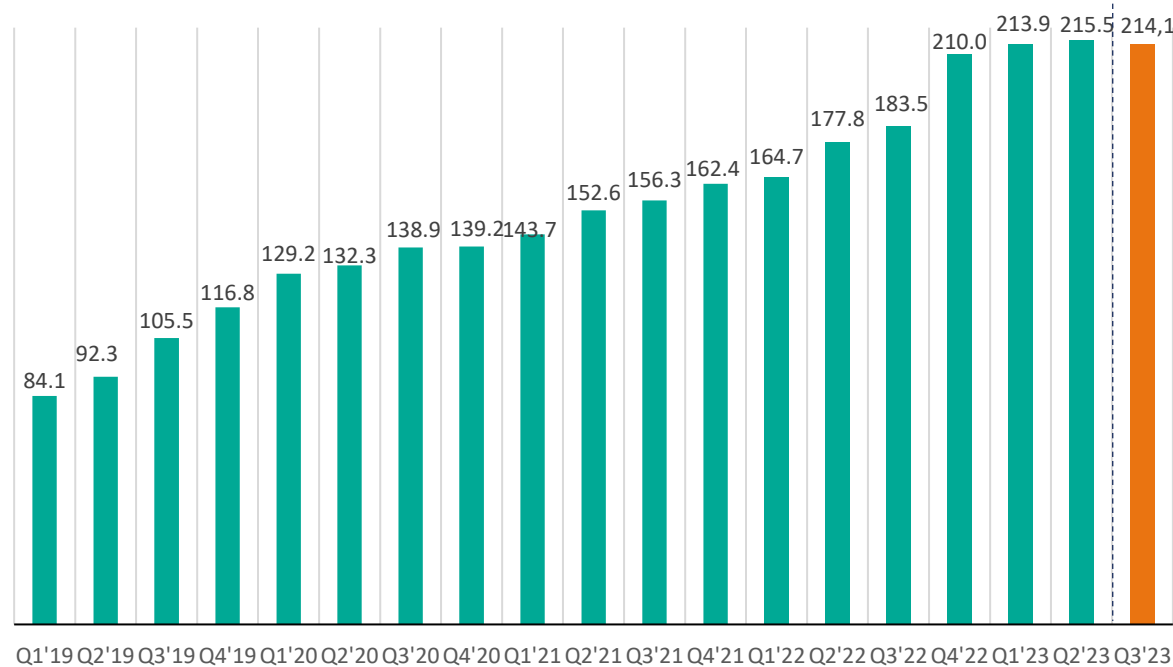


- **Since 2nd half 2022**, PlusPlus Capital has been passive in purchasing market due to restricted access to funding. At the same time, there have been many attractive opportunities available.
- **Q3 '23 portfolio acquisitions** amounted to **EUR 0.8 million**.
- **In the third quarter of 2023**, in total 16 new portfolios were acquired.

NPL GEOGRAPHICAL PRESENCE

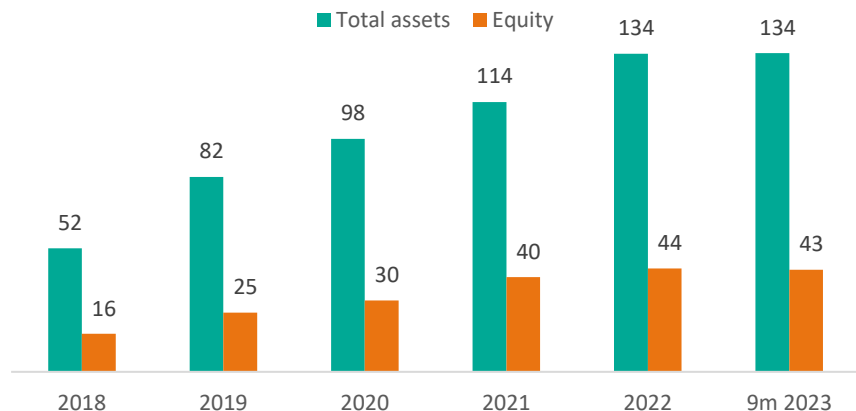


Quarterly ERC development (EURm)



- **ERC 30 September 2023 amounted to EUR 214.1 million, thereof**
 - Estonia NPL EUR 79.1 million (36.9%)
 - Lithuania NPL EUR 63.3 million (29.6%)
 - Latvia NPL EUR 60.1 million (28.1%)
 - Finland NPL EUR 9.0 million (4.2%)
 - Fresh Finance portfolios EUR 2.6 million (1.2%)
- **ERC of EUR 214.1 million expected to be received in next 180 months**
- **By comparison, the total active claim balance as of 30 June 2023 was around EUR 288 million**

Total assets and equity (mEUR)



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				
Net leverage ratio, times (Net debt to cash EBITDA)		5.8	6.0	-0.2
Financial covenant not exceeding		6.0		

Borrowings

- As of 30 September 2023, interest bearing loans and borrowings amounted to EUR 87 million in nominal value, including:
 - Eurobond of EUR 73 million with maturity in 2026
 - Privately placed local Baltic notes of EUR 7 million
 - Other debt instruments of EUR 6 million
 - Commercial bank loan and office premises of the Group and leases EUR 1 million.
- At amortised cost interest bearing loans and borrowings amounted to EUR 82 million as of 30 September 2023, with financing related capitalised costs amounted to EUR 5 million.

- As of 30 September 2023, **total assets** increased to the level of **EUR 133.8 million** (30 June '23: EUR 133.7 million)
- 90.9%** or **EUR 121.7 million** of **assets attributable** to **portfolios of receivables and loans issued and cash** compared to **total assets of EUR 133.7 million** (30 June '23: 91.9% or EUR 122.9 million compared to total assets of EUR 133.7 million).
- As of 30 September 2023, **equity decreased by 3.3%** to **EUR 43.1 million** (30 June '23: EUR 44.6 million, corresponding **equity ratio of 32.2%** (30 June '23: 33.4%))

PRIORITIES GOING FORWARD

1. Funding
2. Funding
3. Funding
4. Purchasing portfolios
5. Reorganisation of production units in countries.

A modern, minimalist interior space with white walls and a staircase. A green banner with the text "QUESTIONS & ANSWERS" is centered in the image. A red vertical line is visible at the bottom center.

QUESTIONS & ANSWERS

ANNEXES

Balance sheet 30 September 2023

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

	2023 Quarter 3	2022 Quarter 3	2022 Full year
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 receivables	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 for Q3 and 9m 2023

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 for Q3/9m 2023

All figures in EUR million

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

Equity changes for 9m 2023

	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

Mission and Vision

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



Upgrading clients is the objective



PlusPlus Capital helps people to resolve their temporary difficulties and return to normal financial life.

Structuring is key



We add value through restructuring non-performing receivables into working financial products.

Social responsibility



PlusPlus Capital's solutions are affordable, and we treat clients in a dignified and discreet manner.

Intragroup Synergy



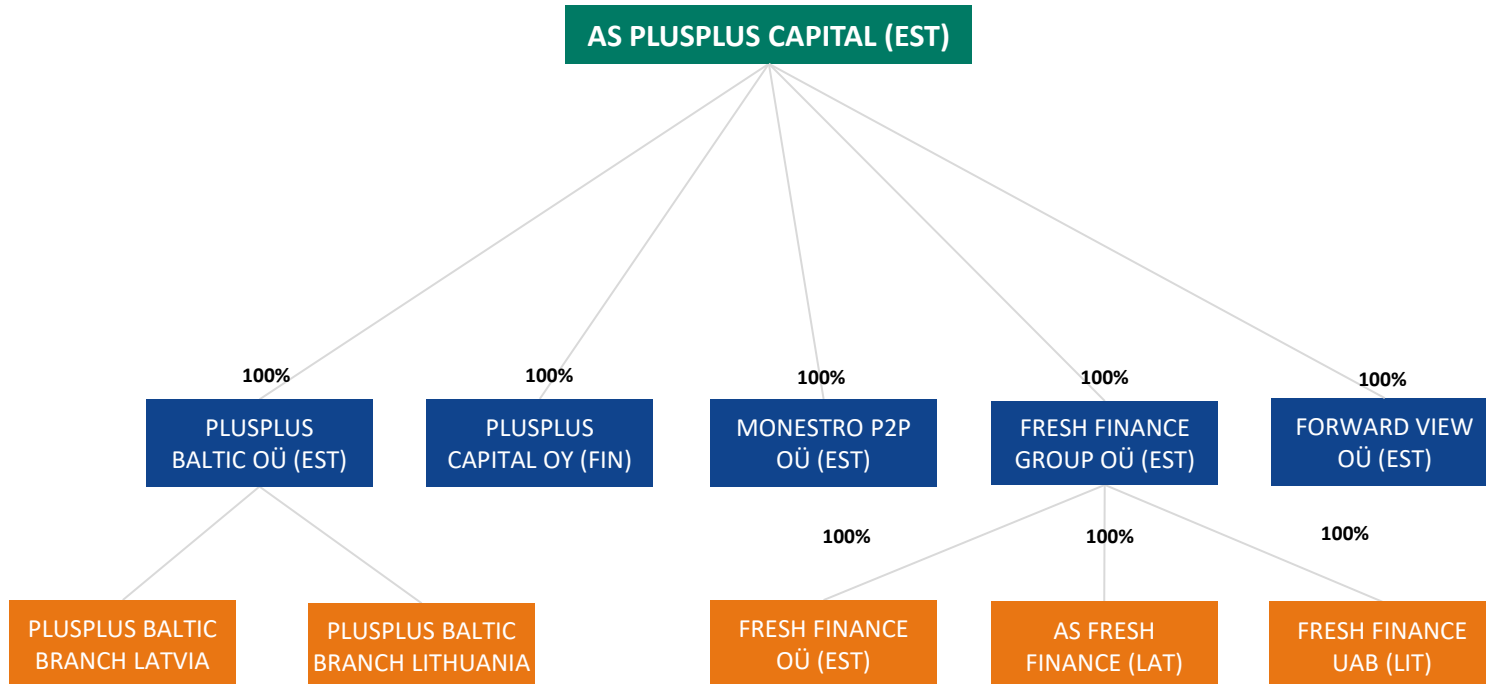
Activities of Group members complement each other. Product and IT development is done in a centralized way.

No non-core activities



We focus solely on managing our own portfolios. We neither offer any services nor buy portfolio related services from third parties.

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



PLUS & PLUS
CAPITAL

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