

JSC "CAPITALIA INVESTMENT HOLDING"

Consolidated unaudited interim financial statements

For the period 01.01.2024 – 30.09.2024



Information about the group companies

Head of group	CAPITALIA INVESTMENT HOLDING
Legal status of the Company	joint-stock company
Number, place, and date of registration	40203483481, Commercial Register Latvija, Riga, 07.11.2023
Address	Stabu street 20-1, Riga, LV-1011, Latvia
Shareholders (beneficiaries)	Non-resident of the Republic of Estonia (79,44%) Resident of the Republic of Latvia (20.56%)
Names and positions of Council members	Laura Komisare – Chairman of the Council Mārtiņš Krūtainis – Deputy Chairman of Council Viktors Grišins – Council member
Names and positions of Board members	Juris Grišins – Chairman of the Board
The reporting period	January 1 to September 30, 2024

Subsidiary companies

Subsidiary Name	Capitalia, SE
Address of the subsidiary	Stabu street 20-1, Riga, LV-1011, Latvia
Number, place, and date of registration	40003933213, Latvia, registered in 21.06.2007
Subsidiary Name	Capitalia Fund Management AIFP, SIA
Address of the subsidiary	Stabu street 20-1, Riga, LV-1011, Latvia
Number, place, and date of registration	50203288031, Latvija, registered in 26.01.2021

Branches Capitalia SE

Branch Name	Capitalia, SE Lithuania branch
Address of the subsidiary	Smolensko g. 10B, Vilnius, LT-03201, Lithuania
Number, place, and date of registration	304914672, Lithuania, registered in 12.09.2018.
Branch Name	Capitalia, SE Estonia branch
Address of the subsidiary	Harjumaa, Tallinn, Tartu maantee 83, 10115, Estonia
Number, place, and date of registration	14558272, Estonia, registered in 04.09.2018

Group operations as classified by NACE	64.20 Holding company activities 64.91 Finance lease 64.92 Other credit service activities 64.99 Financial service activities not elsewhere specified, except insurance and pension accumulation 66.30 Fund management 70.22 Business and management consultancy
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Interim management report

On operating results

In the first three quarters of 2024, Capitalia reported a turnover of EUR 1.15 million and a loss of less than EUR 10 thousand. Operating revenue remained stable, however, administrative costs increased resulting in a small operating loss. The increased costs are associated with building up the sales team and IT development capacity. We expect the consolidated revenue to grow in Q4 and profit to be achieved as the consolidated portfolio under management is growing strongly and at the moment of reporting reached a record of over EUR 25 million. Financing activity remained stable in the third quarter of 2024 and our issued funding amount was the same as in Q2. Our investor base has grown strongly by 15% over the third quarter and more than half of this growth comes from outside of Baltic countries.

On key events

In the third quarter of 2024, we managed to issue a funding amount of EUR 4.7 million (EUR 4.7 million in the second quarter of 2024). Among the financed businesses during this period were, for example, such companies as Agrocredit Latvia, SIA (finance), Storent, SIA (construction equipment rental), Traktoriem, SIA (machinery repair and trade).

In alternative fund management, we have made 3 new investments from our cost-efficient Baltic bond fund and acquired bonds of Fern group (engineering solutions), Summus capital (real estate), and Auga group (agriculture). Our venture capital fund investment period has ended, and no realizations made in the last quarter. We had launched a new feeder fund - Siena Secondaries Feeder Fund. With this we provided opportunity for our investors to participate in the second fund of Siena with a lower minimum investment amount and slower capital calls. Siena specializes in late stage pre-IPO startups in the Nordics & CEE region which serves as addition to our early stage VC co-investment fund and also Change ventures feeder fund.

On plans for the next quarter

The last quarter of 2024 started with strong business financing activity and October tracking to reach a record monthly funding volume so far. We are onboarding the first institutional investors, a local investment bank, which will significantly strengthen our funding capacity. We continue implementing changes and improvements on our crowdfunding platform. Building up our sales team is slower than expected, but continues to achieve a stronger outreach both to potential borrowers as well as to new investors.

Juris Grišins
Chairman of the board

Riga, October 24, 2024

Summary of financial performance

The summary of financial results portrays the development of key financial indicators of Capitalia over the last reporting period. Total assets and loan portfolio on the books remained stable. Equity capital is EUR 606 thousand while losses were reported at EUR 10 thousand. Equity and other liabilities subordinated to the outstanding bond issues constituted 62% of the total assets or well above the benchmark bond covenant of 20%.

Summary of balance sheet figures

EUR	2021	2022	2023	Q3 2024
Total assets	2 965 105	2 798 569	3 585 070	2 700 926
Loan portfolio on books	1 572 088	1 325 140	1 621 996	1 948 262
Equity capital	690 678	629 064	615 737	605 812

Summary of profit and loss figures

EUR	2021	2022	2023	Q3 2024
Net sales	1 194 273	1 248 316	1 446 852	1 146 748
Costs of services provided	(176 406)	(139 219)	(203 582)	(165 945)
Sales and marketing expenses	(427 933)	(603 367)	(546 490)	(417 429)
Administrative costs	(445 114)	(492 065)	(744 881)	(634 726)
Net profit	174 121	48 034	10 881	(9 925)

Key operating ratios

EUR	2021	2022	2023	Q3 2024
Equity to assets	23.29%	22.48%	17.18%	22.43%
Turnover growth	22.05%	4.53%	-	5.68%
Return on equity (ROE)	28.80%	11.37%	1.90%	(2.16) %
Net profitability	14.58%	3.85%	0.27%	(0.87) %

Interim profit and loss statement, January 1, 2024 – September 30, 2024

	01.01.-30.09.2024	2023
	EUR	EUR
Net sales	1 146 748	1 446 852
Costs of services provided	(165 945)	(203 582)
Gross profit	980 803	1 243 270
Selling expense	(417 429)	(546 490)
Administrative expense	(634 726)	(744 881)
Other operating income	63 524	153 042
Other operating expense	(2 079)	(89 956)
Valuation of long-term financial assets	-	(3 274)
Profit/(loss) before taxes	(9 907)	11 711
Corporative income tax	(18)	(830)
Current year's profit/(loss)	(9 925)	10 881

Interim balance sheet, September 30, 2024

	30.09.2024	31.12.2023
	EUR	EUR
<u>Assets</u>		
Long term investments		
Intangible assets	71 911	68 207
Advance payments for intangible assets	30 000	-
Fixed assets	76 200	82 595
Other securities and investments	646 244	444 092
Issued loans	287 409	321 357
Total long-term investments:	1 111 764	916 251
Current assets		
Issued loans	1 014 609	856 547
Receivables	31 565	10 950
Other debtors	33 692	40 218
Loans to shareholders and management	276 546	231 467
Loans to related parties	156 594	188 521
Cash	76 156	1 341 116
Total current assets:	1 589 162	2 668 819
<u>Total assets</u>	2 700 926	3 585 070

Interim balance sheet, September 30, 2024

	30.09.2024	31.12.2023
	EUR	EUR
<u>Equity and liabilities</u>		
Shareholders' funds		
Share capital	535 000	535 000
Other reserves	(10 679)	(10 679)
Reorganization reserve	34 792	34 792
Prior year's accumulated profit/ losses	56 624	45 743
Current year's profit	(9 925)	10 881
Total shareholders' funds:	605 812	615 737
Liabilities		
Long-term liabilities		
Bonds issued	1662 000	1 147 000
Other creditors	56 000	-
Total long-term liabilities:	1 718 000	1 147 000
Short-term liabilities		
Bonds issued	21 298	622 526
Other borrowing	251 806	100 511
Other liabilities, advances received	10 656	1 005 081
Accrued liabilities	40 991	48 863
Trade payables and accrued liabilities	9 498	12 338
Taxes	42 865	33 014
Total short-term liabilities:	377 114	1 822 333
<u>Total equity and liabilities:</u>	<u>2 700 926</u>	<u>3 585 070</u>