

SE CAPITALIA

Unaudited interim financial statements

For the period 01.01.2023 – 31.03.2023

Information about the company

Name of the Company	SE CAPITALIA
Legal status of the Company	European company
Number, place and date of registration	40003933213, Commercial Register Riga, 21.06.2007
Operations as classified by NACE	64.92 Other credit service activities 70.22 Business and management consultancy
Address	Stabu street 20-1, Riga, LV-1011, Latvia
Shareholders (beneficiaries)	Residents of the Republic of Latvia (92%) Non-residents of the Republic of Latvia (8%)
Names and positions of Council members	Mārtiņš Krūtainis – Chairman of the Council
Names and positions of Board members	Juris Grišins – Chairman of the Board
The reporting period	January 1 to March 31, 2023

Branches

Branch' Name	SE Capitalia Lithuania brach
Address of the subsidiary	Smolensko g. 10B, A13, Vilnius, LT-03201, Lithuania
Number, place and date of registration	304914672, Lithuania, registered in 12.09.2018.
Operations as classified by NACE	64.92 Other credit service activities
Branch' Name	SE Capitalia Estonia branch
Address of the subsidiary	Harjumaa, Tallinn, Tartu maantee 84a, 10112, Estonia
Number, place and date of registration	14558272, Estonia, registered in 04.09.2018
Operations as classified by NACE	64.92 Other credit service activities

Interim management report

On operating results

In the first quarter of 2023 Capitalia reported turnover of EUR 363 thousand and profit of EUR 70 thousand. The operating results improved in the last reporting quarter and a solid profit growth was achieved. While in January activity was still lower it picked up and was very strong in February and March. During the first quarter of 2023 we managed to issue a record monthly funding amount of EUR 2.95m in March and a record quarterly funding amount of EUR 7.43 million.

On key events

In the first quarter of the year Capitalia issued new financing in the amount of EUR 7.43 million (EUR 5.6 million in the previous quarter). Among the financed businesses during this period were, for example, such companies as Silver real-estate (manufacturing), Maudis (manufacturing) and Visual media group (advertising).

In alternative fund management, we have made 4 new investments from our cost-efficient Baltic bond fund and acquired bonds of Eco Baltia (Latvian waste management company), Mainor Ulemiste (Estonian real estate developer), and of two entities of financial services provider Elevation Group - Elevation Group S.A. (Luxembourg) and Mogo, AS (Latvia). Furthermore, we made additional investment in the Baltic Horizon Fund's bonds.

On plans for the next quarter

We believe that over the second quarter of 2023 the business financing activity will continue strongly despite the ongoing economic concerns. We have identified several industries with high optimism regarding future outlook as well as can observe that companies have started to adjust to working in the current high inflation environment. Our financing is becoming more attractive as commercial banks are increasing their interest rates and we expect to see good projects for financing throughout the year.

Juris Grišins
Chairman of the board

Riga, April 24, 2023

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 have remained almost unchanged compared to the previous reporting period. Equity capital is EUR 699 thousand while profit was reported at EUR 70 thousand. The profitability was positively impacted by larger issued loan amounts and smaller provisions for doubtful loans. Equity and other liabilities subordinated to the outstanding bond issues constituted 32% of the total assets or well above the benchmark bond covenant of 20%.

Summary of balance sheet figures

EUR	2020	2021	2022	Q1 2023
Total assets	2 839 029	2 965 105	2 798 569	2 674 520
Loan portfolio on books	1 461 007	1 572 088	1 325 140	1 249 238
Equity capital	532 691	690 678	629 064	699 189

Summary of profit and loss figures

EUR	2020	2021	2022	Q1 2023
Net sales	978 478	1 194 273	1 248 316	363 148
Costs of services provided	(203 869)	(176 406)	(139 219)	(28 879)
Impairment expenses	(5 570)	(14 734)	4111	22 603
Sales and marketing expenses	(394 468)	(427 933)	(603 367)	(150 830)
Administrative costs	(444 881)	(445 114)	(492 065)	(128 944)
Net profit	30 337	174 121	48 034	70 125

Key operating ratios

EUR	2020	2021	2022	Q1 2023
Equity to assets	18.76%	23.29%	22.48%	25.29%
Turnover growth	n/a	22.05%	4.53%	16.36%
Return on equity (ROE)	5.70%	28.80%	11.37%	42.24%
Net profitability	2.06%	14.58%	3.85%	19.31%
Annualized impairment loss	0.43%	0.97%	(0.28)%	(6.40) %

Interim profit and loss statement, January 1, 2023 – March 31, 2023

	01.01.-31.03.2023	01.01.-31.03.2022
	EUR	EUR
Net sales	363 148	308 521
Costs of services provided	(28 879)	(33 169)
Gross profit	334 269	275 352
Selling expense	(150 830)	(121 406)
Administrative expense	(128 944)	(103 125)
Other operating income	15 669	2 142
Other operating expense	(39)	(2 127)
Profit/(loss) before taxes	70 125	50 836
Corporative income tax	-	-
Current year's profit/(loss)	70 125	50 836

Interim balance sheet, March 31, 2023

	31.03.2023	31.12.2022
	EUR	EUR
<u>Assets</u>		
Long term investments		
Intangible assets	54 779	50 988
Fixed assets	94 700	94 414
Other securities and investments	418 708	392 688
Investments in the capital of affiliated companies	200 000	200 000
Issued loans	196 953	197 279
Total long-term investments:	965 140	935 369
Current assets		
Issued loans	633 577	735 172
Other debtors	62 780	79 172
Loans to shareholders and management	171 658	154 402
Loans to related parties	167 384	66 620
Cash	763 981	827 834
Total current assets:	1 799 380	1 863 200
<u>Total assets</u>	2 764 520	2 798 569

Interim balance sheet, March 31, 2023

	31.03.2023	31.12.2022
	EUR	EUR
<u>Equity and liabilities</u>		
Shareholders' funds		
Share capital	500 000	500 000
Other reserves	(10 679)	(10 679)
Reorganisation reserve	100 315	100 315
Prior year's accumulated profit/ losses	39 428	(8 606)
Current year's profit	70 125	48 034
Total shareholders' funds:	699 189	629 064
Liabilities		
Long-term liabilities		
Bonds issued	1 270 000	1 270 000
Total long-term liabilities:	1 270 000	1 270 000
Short-term liabilities		
Bonds issued	623 508	623 508
Other liabilities, advances received	13 300	91 000
Borrowings from related parties	43 579	59 817
Accrued liabilities	83 378	92 877
Trade payables and accrued liabilities	10 931	12 976
Taxes	20 635	19 327
Total short-term liabilities:	795 331	899 505
<u>Total equity and liabilities:</u>	<u>2 764 520</u>	<u>2 798 569</u>