

SE CAPITALIA

Unaudited interim financial statements

For the period 01.01.2023 – 30.06.2023

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 June 30, 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 half of 2023, Capitalia reported a turnover of EUR 705 thousand and losses of EUR 52 thousand. The operating results were negatively impacted by extraordinary one-off expenses which resulted from the sale of a subsidiary holding a brokerage license. As part of the costs associated with opening, and maintaining the subsidiary as well as obtaining the license were not fully amortized, they were booked at the moment of subsidiary sale. Financing activity remained strong in the second quarter of 2023. During the first half of 2023, we managed to issue a funding amount of EUR 13.03 million (EUR 9.85 million during the first half of 2022).

On key events

In the second quarter of the year, Capitalia issued new financing in the amount of EUR 5.6 million (EUR 7.43 million in the previous quarter). Among the financed businesses during this period were, for example, such companies as Aeonpump (manufacturing), MIG Baltic (wholesale and retail trade), and Selva Būve (construction).

In alternative fund management, we have made 3 new investments from our cost-efficient Baltic bond fund and acquired bonds of Integre Trans (a Lithuanian logistics company), Akropolis Group (a Lithuanian retail property development company), and Eleving loan-backed securities - a Latvian finance company - on the Mintos Marketplace platform.

On plans for the next quarter

We believe that over the third quarter of 2023 the business financing activity will continue strongly despite the still ongoing economic concerns. We continue to observe that companies are adjusting to working in the still high inflation as well as higher interest rates environment. Our financing is becoming more attractive as interest rates at commercial banks have increased and we expect to see good projects for financing throughout the year.

Juris Grišins
Chairman of the board

Riga, July 25, 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 573 thousand while losses were reported at EUR 52 thousand. The profitability was negatively impacted by extraordinary expenses of EUR 75 thousand which resulted from the sale of a subsidiary holding a brokerage license. Also provisions for potential loan losses increased as a result of a number of agreed loan restructurings. 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	Q2 2023
Total assets	2 839 029	2 965 105	2 798 569	2 823 329
Loan portfolio on books	1 461 007	1 572 088	1 325 140	1 113 073
Equity capital	532 691	690 678	629 064	573 478

Summary of profit and loss figures

EUR	2020	2021	2022	Q2 2023
Net sales	978 478	1 194 273	1 248 316	705 065
Costs of services provided	(203 869)	(176 406)	(139 219)	(104 938)
Impairment expenses	(5 570)	(14 734)	4111	(21 653)
Sales and marketing expenses	(394 468)	(427 933)	(603 367)	(313 265)
Administrative costs	(444 881)	(445 114)	(492 065)	(290 497)
Net profit	30 337	174 121	48 034	(52 322)

Key operating ratios

EUR	2020	2021	2022	Q2 2023
Equity to assets	18.76%	23.29%	22.48%	20.31%
Turnover growth	n/a	22.05%	4.53%	12.96%
Return on equity (ROE)	5.70%	28.80%	11.37%	(17.13)%
Net profitability	2.06%	14.58%	3.85%	(7.42)%
Annualized impairment loss	0.43%	0.97%	(0.28)%	3.55 %

Interim profit and loss statement, January 1, 2023 – June 30, 2023

	01.01.-30.06.2023	01.01.-30.06.2022
	EUR	EUR
Net sales	705 065	647 762
Costs of services provided	(104 938)	(69 899)
Gross profit	600 127	577 863
Selling expense	(313 265)	(234 477)
Administrative expense	(290 497)	(261 515)
Other operating income	30 002	51 394
Other operating expense	(77 873)	(2 562)
Profit/(loss) before taxes	(51 506)	130 703
Corporative income tax	(816)	(26 984)
Current year's profit/(loss)	(52 322)	103 719

Interim balance sheet, June 30, 2023

	30.06.2023	31.12.2022
	EUR	EUR
<u>Assets</u>		
Long term investments		
Intangible assets	58 600	50 988
Fixed assets	89 347	94 414
Other securities and investments	418 708	392 688
Investments in the capital of affiliated companies	25 000	200 000
Issued loans	114 649	197 279
Total long-term investments:	706 304	935 369
Current assets		
Issued loans	579 716	735 172
Other debtors	65 766	79 172
Loans to shareholders and management	177 107	154 402
Loans to related parties	183 903	66 620
Cash	1 110 533	827 834
Total current assets:	2 117 025	1 863 200
<u>Total assets</u>	2 823 329	2 798 569

Interim balance sheet, June 30, 2023

	30.06.2023 EUR	31.12.2022 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	36 164	(8 606)
Current year's profit	(52 322)	48 034
Total shareholders' funds:	573 478	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	245 300	91 000
Borrowings from related parties	-	59 817
Accrued liabilities	82 622	92 877
Trade payables and accrued liabilities	8 651	12 976
Taxes	19 770	19 327
Total short-term liabilities:	979 851	899 505
<u>Total equity and liabilities:</u>	<u>2 823 329</u>	<u>2 798 569</u>