

SE CAPITALIA

Unaudited interim financial statements

For the period 01.01.2023 – 30.09.2023

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 September 30, 2023

Branches

Branch Name	SE Capitalia Lithuania branch
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 83, 10115, 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

At the end of the third quarter of 2023, Capitalia reported a turnover of EUR 1.03 million and losses of EUR 134 thousand. Revenue continued growing at a solid 10% pace, however, losses increased in this quarter due to investments in transition to the licensed platform operations, increase in loan impairment provisions and annual employee bonus payouts. However, we see strong resumption of the loan demand, as well as various individual positive developments as a result of which we expect and are on track to obtain profitability for the full year financials.

On key events

In the third quarter of 2023, we managed to issue a funding amount of EUR 5.3 million (EUR 3.5 million in the third quarter of 2022). Among the financed businesses during this period were, for example, such companies as EnerGrid (solar energy), Storent (construction equipment rental), and Lāčplēša Grauds (agriculture).

In alternative fund management, we have made 2 new investments from our cost-efficient Baltic bond fund and acquired bonds of Atsinaujinancios Energetikos Investicijos (a Lithuanian renewable energy investments company) and International Personal Finance - a UK-based finance company. Our venture capital fund has completed a new investment in an Estonian freelancer support platform Xolo.

On plans for the next quarter

The last quarter of this year started with strong business financing activity and we expect it to continue this way. We are implementing various changes on our platform this quarter and we expect to receive the European Crowdfunding Service Provider license from the Bank of Latvia. In addition, our Baltic bond fund is gaining traction with investors and we expect to make a number of new investments in the last quarter. We also expect to complete internal reorganization as a result of which the Capitalia SE and Capitalia Fund Management SIA will become daughter companies of the Capitalia Investment Holding AS. The reorganization has been initiated due to the licensing requirements of the crowdfunding platform operations.

Juris Grišins
Chairman of the board

Riga, October 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 slightly decreased compared to the previous reporting period. Equity capital is EUR 492 thousand while losses were reported at EUR 134 thousand. The profitability was negatively impacted by one-off expenses, licensing costs and impairment expenses. Equity and other liabilities subordinated to the outstanding bond issues constituted 47% of the total assets or well above the benchmark bond covenant of 20%.

Summary of balance sheet figures

EUR	2020	2021	2022	Q3 2023
Total assets	2 839 029	2 965 105	2 798 569	2 578 411
Loan portfolio on books	1 461 007	1 572 088	1 325 140	1 170 722
Equity capital	532 691	690 678	629 064	491 845

Summary of profit and loss figures

EUR	2020	2021	2022	Q3 2023
Net sales	978 478	1 194 273	1 248 316	1 029 138
Costs of services provided	(203 869)	(176 406)	(139 219)	(162 335)
Impairment expenses	(5 570)	(14 734)	4111	(42 551)
Sales and marketing expenses	(394 468)	(427 933)	(603 367)	(450 792)
Administrative costs	(444 881)	(445 114)	(492 065)	(501 268)
Net profit	30 337	174 121	48 034	(133 955)

Key operating ratios

EUR	2020	2021	2022	Q3 2023
Equity to assets	18.76%	23.29%	22.48%	19.08%
Turnover growth	n/a	22.05%	4.53%	9.92%
Return on equity (ROE)	5.70%	28.80%	11.37%	(31.67)%
Net profitability	2.06%	14.58%	3.85%	(13.02)%
Annualized impairment loss	0.43%	0.97%	(0.28)%	4.55 %

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

	01.01.-30.09.2023	01.01.-30.09.2022
	EUR	EUR
Net sales	1 029 138	915 752
Costs of services provided	(162 335)	(112 967)
Gross profit	866 803	802 785
Selling expense	(450 792)	(369 285)
Administrative expense	(501 268)	(422 745)
Other operating income	32 569	51 987
Other operating expense	(80 451)	(6 249)
Profit/(loss) before taxes	(133 139)	56 493
Corporative income tax	(816)	(26 984)
Current year's profit/(loss)	(133 955)	29 509

Interim balance sheet, September 30, 2023

	30.09.2023	31.12.2022
	EUR	EUR
<u>Assets</u>		
Long term investments		
Intangible assets	64 788	50 988
Fixed assets	85 672	94 414
Other securities and investments	433 495	392 688
Investments in the capital of affiliated companies	25 000	200 000
Issued loans	124 577	197 279
Total long-term investments:	733 532	935 369
Current assets		
Issued loans	612 650	735 172
Other debtors	41 748	79 172
Loans to shareholders and management	202 886	154 402
Loans to related parties	186 212	66 620
Cash	801 383	827 834
Total current assets:	1 844 879	1 863 200
<u>Total assets</u>	2 578 411	2 798 569

Interim balance sheet, September 30, 2023

	30.09.2023 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	(133 955)	48 034
Total shareholders' funds:	491 845	629 064
Liabilities		
Long-term liabilities		
Bonds issued	1 350 000	1 270 000
Total long-term liabilities:	1 350 000	1 270 000
Short-term liabilities		
Bonds issued	16 792	623 508
Other liabilities, advances received	232 792	91 000
Borrowings from related parties	357 223	59 817
Accrued liabilities	82 623	92 877
Trade payables and accrued liabilities	9 180	12 976
Taxes	37 956	19 327
Total short-term liabilities:	736 566	899 505
<u>Total equity and liabilities:</u>	<u>2 578 411</u>	<u>2 798 569</u>