

# **SE CAPITALIA**

**Unaudited interim financial statements**

For the period 01.01.2022 – 31.12.2022

## 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 December 31, 2022

## Branches

Branch' Name	SE Capitalia Lithuania brach
Address of the subsidiary	Jono Basanavičiaus g. 15, Vilnius, 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 2022 Capitalia reported turnover of EUR 1.25 million and profit of EUR 48 thousand. The operating results slightly improved in the last reporting quarter and a modest profit growth was achieved. While in October activity was still low it started picking up in November and in December we managed to issue a record monthly funding amount of EUR 2.7m.

## On key events

In the last quarter of the year Capitalia issued new financing in the amount of EUR 5.6 million (EUR 3.5 million in the previous quarter). Among the financed businesses during this period were, for example, such companies as Ciniši Agro (agriculture), Fito-AL (agriculture) and Grind grupa (plastic waste trade).

In alternative fund management, we have completed venture capital investment in Giraffe360 (Latvia), in an investment round led by pan-European VC firm Founders Fund. We have made the first 3 investments from our new cost-efficient Baltic bond fund and acquired bonds of CleanR grupa (Latvia, waste management services), Delfingroup (Latvia, financial services), and Baltic Horizon (Estonia, real estate).

## On plans for the next quarter

We believe that over the first quarter of 2023 the business financing activity will start slower and increase towards the middle of the quarter 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.

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Juris Grišins  
Chairman of the board

Riga, January 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 629 thousand while profit was reported at EUR 48 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	2019	2020	2021	2022
Total assets	2 392 540	2 839 029	2 965 105	2 799 025
Loan portfolio on books	1 454 345	1 461 007	1 572 088	1 274 241
Equity capital	562 610	532 691	690 678	628 917

### Summary of profit and loss figures

EUR	2019	2020	2021	2022
Net sales	1 251 040	978 478	1 194 273	1 251 622
Costs of services provided	(330 085)	(203 869)	(176 406)	(143 330)
Impairment expenses	(76 227)	(5 570)	(14 734)	4111
Sales and marketing expenses	(394 526)	(394 468)	(427 933)	(603 024)
Administrative costs	(382 376)	(444 881)	(445 114)	(487 241)
Net profit	148 152	30 337	174 121	47 887

### Key operating ratios

EUR	2019	2020	2021	2022
Equity to assets	23.52%	18.76%	23.29%	22.47%
Turnover growth	n/a	n/a	22.05%	4.80%
Return on equity (ROE)	26.33%	5.70%	28.80%	11.35%
Net profitability	10.99%	2.06%	14.58%	3.83%
Annualized impairment loss	5.24%	0.43%	0.97%	(0.29)%

## Interim profit and loss statement, January 1, 2022 – December 31, 2022

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Net sales	1 251 622	1 194 273
Costs of services provided	(143 330)	(176 406)
<b>Gross profit</b>	<b>1 108 292</b>	<b>1 017 867</b>
Selling expense	(603 024)	(427 933)
Administrative expense	(487 241)	(449 876)
Other operating income	59 220	36 260
Other operating expense	(2 337)	(180)
<b>Profit/(loss ) before taxes</b>	<b>74 910</b>	<b>176 138</b>
Corporative income tax	(27 023)	(2 017)
<b>Current year's profit/(loss)</b>	<b>47 887</b>	<b>174 121</b>

## Interim balance sheet, December 31, 2022

	31.12.2022	31.12.2021
	EUR	EUR
<b><u>Assets</u></b>		
<b>Long term investments</b>		
Intangible assets	50 988	36 142
Fixed assets	94 414	30 601
Other securities and investments	392 688	154 717
Investments in the capital of affiliated companies	200 000	240 267
Issued loans	197 279	259 248
<b>Total long-term investments:</b>	<b>935 369</b>	<b>720 975</b>
<b>Current assets</b>		
Issued loans	684 274	1 138 123
Other debtors	79 172	76 866
Loans to shareholders and management	154 402	129 936
Other securities and investments	-	20 000
Loans to related parties	117 974	-
Cash	827 834	879 205
<b>Total current assets:</b>	<b>1 863 656</b>	<b>2 244 130</b>
<b><u>Total assets</u></b>	<b>2 799 025</b>	<b>2 965 105</b>

## Interim balance sheet, December 31, 2022

	31.12.2022 EUR	31.12.2021 EUR
<b><u>Equity and liabilities</u></b>		
<b>Shareholders' funds</b>		
Share capital	500 000	500 000
Other reserves	(10 679)	(10 679)
Reorganisation reserve	100 315	100 315
Prior year's accumulated losses	(8 606)	(73 079)
Current year's profit	47 887	174 121
<b>Total shareholders' funds:</b>	<b>628 917</b>	<b>690 678</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Bonds issued	1 270 000	1 200 000
<b>Total long-term liabilities:</b>	<b>1 270 000</b>	<b>1 200 000</b>
<b>Short-term liabilities</b>		
Bonds issued	624 771	583 328
Other liabilities, advances received	91 000	269 000
Borrowings from related parties	59 817	135 049
Accrued liabilities	92 286	51 023
Trade payables and accrued liabilities	12 907	19 850
Taxes	19 327	16 177
<b>Total short-term liabilities:</b>	<b>900 108</b>	<b>1 074 427</b>
<b><u>Total equity and liabilities:</u></b>	<b><u>2 799 025</u></b>	<b><u>2 965 105</u></b>