

SE CAPITALIA

Unaudited financial statements

For the period 01.01.2019 – 31.03.2019

Prepared in guidance with the international
financial reporting standards as adopted by EU

Information about the company

Name of the Company	SE CAPITALIA
Legal status of the Company	European company (from 23.11.2018)
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	Brīvības street 40-35, Riga, LV-1050, Latvia
Names and positions of Council members	Mārtiņš Krūtainis – Chairman of the Council Andrejs Strods – Deputy Chairman of the Council Peeter Piho – Chairman of the Council
Names and positions of Board members	Juris Grišins – Chairman of the Board
The reporting period	January 1 to March 31, 2019

Branches

Branch' Name	SE Capitalia Lithuania brach
Address of the subsidiary	Ankštoji g. 5-11, 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 Finance Estonia branch
Address of the subsidiary	Harjumaa, Tallinn, Tartu maantee 84a, 10112
Number, place and date of registration	14558272, Estonia, registered in 20.12.2018
Operations as classified by NACE	64.92 Other credit service activities

Interim management report

On operating results

In the first quarter of 2019 Capitalia reported turnover of EUR 296 thousand and profit of EUR 54 thousand. The results are good reflection of the result of our strategy shift that was implemented over the course of the last year and as a result of which the Company is concentrating on financing of larger businesses through co-financing with other investors.

On key events

The first quarter of the year was very active and Capitalia financing businesses for the total amount of EUR 5.36 millions. Among the financed businesses during this period where, for example, such companies as AB Parks (entertainment parks), Banderi (food retail under Elvi franchise) and Auto Republika (car trade). Also Capitalia has conducted its next venture capital investment in property visualization technology developer Giraffe360. In the beginning of the year Capitalia and European Investment Fund have signed a EUR 10 million agreement on guarantee instrument for issuing loans to SMEs in Latvia, Estonia and Lithuania over the course of the next 5 years. This guarantee will provide more accessible and cheaper financing to small businesses. We are proud that Capitalia is the first alternative financing company in the Baltics that has received rights to provide its clients with such a guarantee instrument. To foster access to alternative financing, Capitalia has also launched a new interactive tool that helps businesses to find the most suitable loan or equity provider based on the stage and goals of each company.

On plans for the next quarter

During the second quarter of the year we expect to focus on the growth of financing portfolio, including, evaluating a number of venture capital investments.

Juris Grišins
Chairman of the board

Riga, May 7, 2019

Summary of financial performance

The summary of financial results portrays the development of key financial indicators of Capitalia over the last reporting period. The assets of the Company have remained at about the same level as in the previous reporting period. With regards to costs, interest expenses have decreased considerably reflecting our lower amount of total assets and borrowings. From the beginning of this year we have started booking under sales and marketing expenses all direct costs associated with acquisition and servicing of the clients (including the salaries of investment managers). Equity and other liabilities subordinated to the outstanding bond issues constituted 39% of the total assets or well above the benchmark bond covenant of 20%.

Summary of balance sheet figures

EUR	2016	2017	2018	2019, Q1
Total assets	3 984 473	3 945 083	2 204 899	2 408 508
Loan portfolio on books	3 410 747	3 181 163	1 581 601	1 725 977
Equity capital	435 276	460 941	532 817	586 177

Summary of profit and loss figures

EUR	2016	2017	2018	2019, Q1
Total revenue	924 932	1 189 028	716 261	296 226
Interest expenses	-328 933	-377 727	-363 097	-50 092
Impairment expenses	-88 928	-184 805	9 965	-18 712
Sales and marketing expenses	-124 688	- 102 716	-48 971	-80 622
Administrative costs	-359 373	-432 254	-366 244	-95 513
Net profit	-11 576	25 665	37 374	54 486

Key operating ratios

EUR	2016	2017	2018	2019, Q1
Equity to assets	10.92%	11.68%	24.17%	24.34%
Turnover growth	60.97%	28.56%	n/a	n/a
Return on equity (ROE)	-3.74%	5.57%	7.52%	38.95%
Net profitability	-1.23%	0.22%	5.22%	18.39%
Annualized impairment loss	3.33%	5.30%	-0.46%	4.52%

Interim condensed profit and loss statement

	01.01.-31.03.2019	01.01.-31.03.2018
	EUR	EUR
Interest and similar income	296 226	300 920
Interest expense	-50 092	-101 457
Impairment (provision)	-18 712	-23 602
Selling expense	-80 622	-22 905
Administrative expense	-95 513	-129 014
Other operating income	432	1 140
Other operating expense	-10 783	-5 178
Other financial income	13 550	-
Profit/(loss) before Income Tax	54 486	19 904
Corporate Income tax	-	-
Net profit/(loss) for the period	54 486	19 904

Interim condensed balance sheet

	31.03.2019 EUR	31.12.2018 EUR
<u>Assets</u>		
Long term investments		
Intangible assets	46 586	55 754
Fixed assets and asset creation	44 217	33 706
Other securities and equity	75 000	-
Receivables from affiliated companies	290 000	301 462
Loans and receivables	145 607	98 330
Total long-term investments:	601 410	489 252
Current assets		
Receivables from affiliated companies	2000	-
Loans and receivables	1 505 370	1 408 271
Other debtors	45 827	35 116
Loans to shareholders and management	10 070	11 303
Other securities and equity	-	75 000
Cash and bank	243 831	185 957
Total current assets:	1 807 098	1 715 647
<u>Total assets</u>	<u>2 408 508</u>	<u>2 204 899</u>

Interim condensed balance sheet

	31.03.2019	31.12.2018
	EUR	EUR
<u>Liabilities</u>		
Shareholders' funds		
Share capital	500 000	500 000
Other reserves	245 630	246 756
Prior years' retained earnings	-213 939	-251 313
Current year's profit / (losses)	54 486	37 374
Total shareholders' funds:	586 177	532 817
Creditors		
Long-term creditors		
Bonds issued	948 214	958 000
Other borrowings	-	43 246
Total long-term creditors:	948 214	1 001 246
Short-term creditors		
Bonds issued	531 265	519 449
Other borrowings	298 880	112 472
Trade creditors and accrued liabilities	23 201	18 219
Taxes	5 650	3 044
Deferred income	15 121	17 652
Total short-term creditors:	874 117	670 836
<u>Total liabilities and shareholders' funds</u>	<u>2 408 508</u>	<u>2 204 899</u>