

# **SE CAPITALIA**

## **Unaudited financial statements**

For the period 01.01.2019 – 30.06.2019

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 June 30, 2019

## Branches

Branch' Name	SE Capitalia Lithuania brach
Address of the subsidiary	Olimpiečių g. 1-46, 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 half of 2019 Capitalia reported turnover of EUR 607 thousand and profit of EUR 116 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 second quarter of the year continued to be very active and Capitalia financed businesses for the total amount of EUR 4.69 million (EUR 5.36 million in the previous quarter). Among the financed businesses during this period where, for example, such companies as MoonCom (wholesale of electronic equipment), Peruza (production of industrial equipment), AgroCredit Latvia (financing of agricultural companies) and Abavas Dārzi (drink manufacturing). Furthermore, we have agreed in principal regarding venture capital investment in a fast growing and ambitious Latvian venture working in education sector. By implementing guarantee support initiative with European Investment Fund we have already provided financing to 32 small businesses for the total amount in excess of EUR 400 thousands.

## On plans for the next quarter

During the third quarter of the year we expect to focus on the growth of financing portfolio, including, activating and expanding our operations in Estonia.

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Juris Grišins  
Chairman of the board

Riga, July 22, 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 slightly increased compared to the previous period as a result of a number of deals that were financing from our own balance sheet. 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 51% of the total assets or well above the benchmark bond covenant of 20%.

### Summary of balance sheet figures

<b>EUR</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019, Q2</b>
Total assets	3 984 473	3 945 083	2 204 899	2 964 600
Loan portfolio on books	3 410 747	3 181 163	1 581 601	2 363 159
Equity capital	435 276	460 941	532 817	647 761

### Summary of profit and loss figures

<b>EUR</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019, Q2</b>
Total revenue	924 932	1 189 028	716 261	607 150
Interest expenses	(328 933)	(377 727)	(363 097)	(107 808)
Impairment expenses	(88 928)	(184 805)	9 965	(27 125)
Sales and marketing expenses	(124 688)	(102 716)	(48 971)	(173 816)
Administrative costs	(359 373)	(432 254)	(366 244)	(194 902)
Net profit	(11 576)	25 665	37 374	116 070

### Key operating ratios

<b>EUR</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019, Q2</b>
Equity to assets	10.92%	11.68%	24.17%	21.85%
Turnover growth	60.97%	28.56%	n/a	n/a
Return on equity (ROE)	(3.74%)	5.57%	7.52%	43.57%
Net profitability	(1.23%)	0.22%	5.22%	19.12%
Annualized impairment loss	3.33%	5.30%	(0.46%)	2.88%

## Interim condensed profit and loss statement

	<b>01.01.-30.06.2019</b>	<b>01.01.-30.06.2018</b>
	<b>EUR</b>	<b>EUR</b>
Interest and similar income	607 150	596 897
Interest expense	(107 808)	(197 048)
Impairment (provision)	(27 125)	(26 576)
Selling expense	(173 816)	(53 795)
Administrative expense	(194 902)	(257 073)
Other operating income	432	4 821
Other operating expense	(14 961)	(12 541)
Other financial income	27 100	-
<b>Profit/(loss) before Income Tax</b>	<b>116 070</b>	<b>54 685</b>
Corporate Income tax	-	-
<b>Net profit/(loss) for the period</b>	<b>116 070</b>	<b>54 685</b>

## Interim condensed balance sheet

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>EUR</b>	<b>EUR</b>
<b><u>Assets</u></b>		
<b>Long term investments</b>		
Intangible assets	56 895	55 754
Fixed assets and asset creation	29 541	33 706
Other securities and equity	99 950	-
Receivables from affiliated companies	290 725	301 462
Loans and receivables	286 411	98 330
<b>Total long-term investments:</b>	<b>763 522</b>	<b>489 252</b>
<b>Current assets</b>		
Loans and receivables	1 976 798	1 408 271
Other debtors	38 138	35 116
Loans to shareholders and management	-	11 303
Other securities and equity	-	75 000
Cash and bank	186 142	185 957
<b>Total current assets:</b>	<b>2 201 078</b>	<b>1 715 647</b>
<b><u>Total assets</u></b>	<b>2 964 600</b>	<b>2 204 899</b>

## Interim condensed balance sheet

	30.06.2019	31.12.2018
	EUR	EUR
<b><u>Liabilities</u></b>		
<b>Shareholders' funds</b>		
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)	116 070	37 374
<b>Total shareholders' funds:</b>	<b>647 761</b>	<b>532 817</b>
<b>Creditors</b>		
<b>Long-term creditors</b>		
Bonds issued	894 383	958 000
Other borrowings	-	43 246
<b>Total long-term creditors:</b>	<b>894 383</b>	<b>1 001 246</b>
<b>Short-term creditors</b>		
Bonds issued	580 758	519 449
Other borrowings	799 480	112 472
Trade creditors and accrued liabilities	19 762	18 219
Taxes	7 271	3 044
Deferred income	15 185	17 652
<b>Total short-term creditors:</b>	<b>1 422 456</b>	<b>670 836</b>
<b><u>Total liabilities and shareholders' funds</u></b>	<b><u>2 964 600</u></b>	<b><u>2 204 899</u></b>