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## **IPAS “Indexo”**

Consolidated and Separate Annual Report for 2023  
and the independent auditor’s report

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(Translation of Latvian original)

This is a translation in .pdf format without the European Single Electronic Format (ESEF) markups of the digitally signed original which was prepared in Latvian and submitted in machine-readable .xhtml format to the Nasdaq Riga Stock Exchange (link: <https://nasdaqbaltic.com/>)

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## Information on the group

<b>Name of the Company</b>	IPAS "Indexo"	
<b>Legal status of the Company</b>	Investment management joint-stock company	
<b>Registered and office address</b>	Elizabetes 13- 1A, Riga, LV-1010, Latvia	
<b>Number, place, and date of registration in the Register of Enterprises</b>	40203042988 Riga, 10 January, 2017	
<b>Licence number</b>	06.03.07.567/478	
<b>Date of issue of the licence</b>	16.05.2017., reregistered on 31.05.2017.	
<b>Shareholders</b>	Qualifying holding: SIA PERFECT MATCH (Latvia) – 7.94% VSCAP – 5.41%	
Natural persons and legal entities with a shareholding of under 5%		
<b>Investments in subsidiaries</b>	Indexo Atklātais Pensiju Fonds, AS	IDXTR, AS
<b>Shareholding (%)</b>	100%	100%
<b>Registered and office address</b>	Elizabetes 13- 1A, Riga, LV-1010, Latvia	Elizabetes 13- 1A, Riga, LV-1010, Latvia
<b>Registration number</b>	40203248944	40203448611
<b>Date of foundation</b>	13.06.2020.	19.12.2022.
<b>Licence number</b>	06.04.04.705/531	-
<b>Licence issue date</b>	20.01.2021.	
<b>Investments in associates</b>	SIA Provendi asset management AIFP	Goindex UAB
<b>Shareholding (%)</b>	49%	5%
<b>Registered and office address</b>	Daugavgrīvas iela 7B, Rīga, LV- 1048, Latvija	Lvivo g. 25-701, LT-09320 Vilnius, Lietuva
<b>Registration number</b>	40203438204	305706496
<b>Date of foundation</b>	02.11.2022.	13.06.2020.
<b>Members of the Supervisory Board and their position</b>	Valdis Vancovičs – Chairman of the Supervisory Board (from 19.04.2023.) Svens Dinsdorfs – Deputy Chairman of the Supervisory Board (from 19.04.2023.) Renāts Lokomets – a member of the Supervisory Board (from 19.04.2023.) Ivita Asare - a member of the Supervisory Board (from 19.04.2023.) Ramona Miglāne – a member of the Supervisory Board (from 19.04.2023.)	
<b>Members of the Management Board and their position</b>	Valdis Siksniš – Chairman of the Management Board (from 25.04.2022.) Henrik Karmo – Member of the Management Board (from 05.07.2023.) Ieva Bauma – Member of the Management Board (from 05.07.2023.)	
<b>Reporting period</b>	1 January 2023 – 31 December 2023	
<b>Auditors</b>	"PricewaterhouseCoopers" SIA Riga, Krišjāņa Valdemāra iela 21-21, Licence No. 5 Ilzandra Lejina Sworn auditor certificate No. 168	

## Management report

The **mission** of the investment management company "Indexo" (IPAS "Indexo", hereinafter the Company or INDEXO) is to offer modern, transparent and simple investment products at low cost and to improve competition and transparency in the Latvian financial services industry.

**We are the fastest growing pension fund manager in Latvia in terms of clients acquired. In 2023, we added a significant number (27 459) of new clients, reaching 127 159. Our Assets Under Management grew by 57% to 917.2 million euros.**

2023 was an excellent year for IPAS INDEXO pension clients. Even though the financial markets experienced continuous fluctuations and the short-term results of pension plans can be volatile, historical evidence indicates that the best long-term results can be expected from investing in diversified and passively managed equity funds. As a result, most of INDEXO customers have chosen to save in "Indexo Jauda 16 – 50" fund, which grew **18.65% this year**, bringing the 5-year annual growth rate to over **10%**. Since the establishment of "INDEXO Jauda 16-50" on February 5th, 2018, **1 euro** invested in Jauda has grown to **1.578 euros**. Our other funds showed strong growth as well. INDEXO management team continues to work hard on reducing the costs associated with investment services in order to further improve the returns of INDEXO pension plans.

**We would like to inform you about the key events in the development of INDEXO in 2023:**

- 1) We are happy to report further reduction in our indirect fund costs and fund management fees for our clients. In 2024, they have been reduced by 3 basis points from 0.5% to **0.47% for the equity funds** and by 1 basis point from 0.43% to **0.42% for the bond funds**. Reducing indirect costs means better returns for our customers and higher investment growth in the long term.
- 2) In 2023, Indexo customer number increased by **27 459** customers and reached **127 159 by the end of the year**, which is a **28%** increase. Over 5 years our client number has been increasing on average at **46.8%** per annum!
- 3) Our Assets Under Management (AUM) increased by 57% over the last 12 months and stood at EUR 917.2 million at the end of the year, meanwhile Latvian 2<sup>nd</sup> pillar pension market increased from EUR 5.67 billion to EUR 7.06 billion over the same period. The market has grown mainly due to increases in all of the top equity and bond indices In 2023, INDEXO market share has reached nearly **13%** of the 2<sup>nd</sup> pillar pension savings market.
- 4) Our monthly incoming 2<sup>nd</sup> pillar social tax contributions **grew by 36%** from EUR 6.5 million per month to **EUR 8.8 million** per month driven by higher customer numbers and growing salaries.
- 5) INDEXO customer retention is still at a high level and reached on annualized basis **93.0%** in December 2023. At the end of 2022, our customer retention was 94.9%.
- 6) Despite INDEXO's fast growth and large investments in client acquisition, INDEXO pension business was profitable during Q3 and Q4 of 2023 and became cash flow positive even after client acquisition costs (excluding costs related to the secondary public offering).

- 7) We have made significant progress with our Bank development. At the end of 2023, we successfully raised additional **EUR 9.011 million** for the Bank capital. Together with the commitment letters from the shareholders in the additional amount of **EUR 4.02 million**, we can demonstrate to ECB sufficient funds to execute our Bank business plan.
- 8) Currently, we have practically completed the development of a cloud-based IT infrastructure for the Bank, the development of the most significant internal Bank processes, and the development of a mobile application. Certain components of the new IT infrastructure such as CRM and ERP systems began to be used for the needs of INDEXO pension fund management business already in 2023. We have spent approximately **EUR 4.45 million** on Bank development in 2023. You can read about the bank development in greater detail further in the report.
- 9) The real estate management company that INDEXO co-founded has grown its assets reaching gross value of **EUR 50 million** and is attracting new investors. INDEXO participation SIA Provendi asset management AIFP allows us to make a contribution into the Latvian economy and also allows us to help to create a low-cost real estate fund that in the long term will also be available to retail investors
- 10) INDEXO invested **EUR 50 000** into Lithuanian pension manager GolIndex pro rata with our shareholding. GolIndex has reached approximately **EUR 40 million** of AUM and **13 000 clients**.

We would like to thank all the INDEXO shareholders, clients, partners and employees for their contribution to INDEXO's stability and further growth!

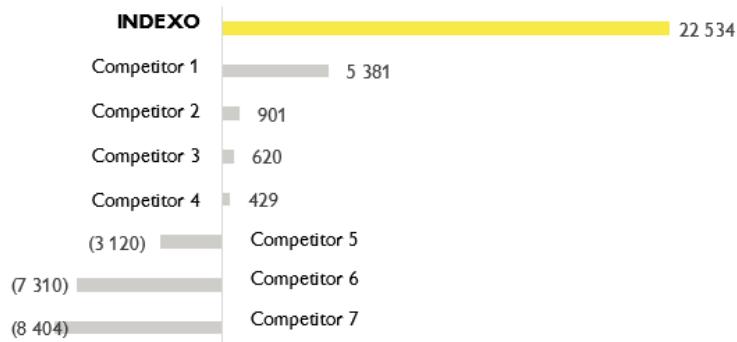
## General description

The Company was founded on 10 January 2017. The registered office of the Company is Elizabetes iela 13-1A, Riga, LV -1010, Latvia. The uniform registration number in the Commercial Register of the Republic of Latvia is 40203042988. On 16 May 2017, the Financial and Capital Market Commission (after the merger – the Bank of Latvia) issued the Company a licence to provide investment management services, which was re-registered on 31 May 2017 under the number 06.03.07.567/478.

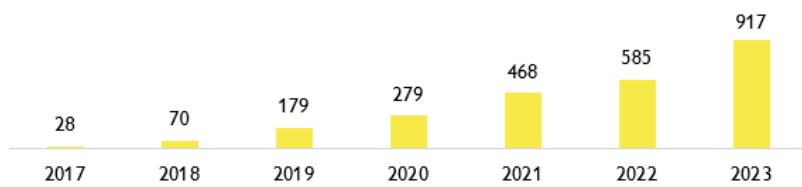
INDEXO managed state-funded pension scheme and private pension scheme plan assets under management	Registration date	Net asset value of plans, EUR	
		Dec 2023	Dec 2022
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	21.06.2017.	199 575 464	139 745 287
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	18.01.2018.	662 157 513	408 359 269
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	04.04.2018.	34 315 362	26 632 576
Private pension scheme pension plan "INDEXO AKCIJU PLANS"	25.03.2021.	19 555 902	9 388 754
Private pension scheme pension plan "INDEXO OBLIGACIJU PLANS"	25.03.2021.	1 588 458	823 454
<b>Total</b>		<b>917 192 699</b>	<b>584 949 340</b>

## Data highlights

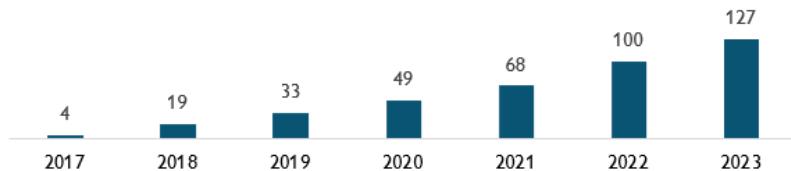
**2<sup>nd</sup> pillar clients gained over a 12 month period**  
# of new clients



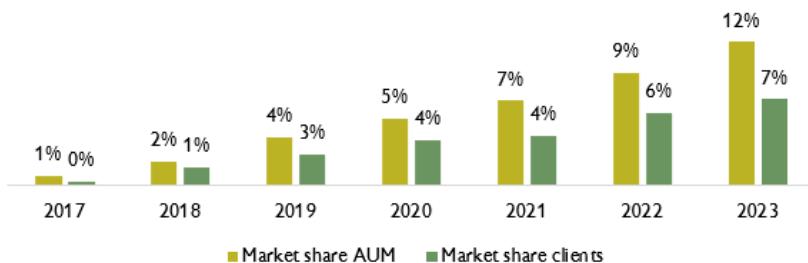
**2<sup>nd</sup> and 3<sup>rd</sup> pillar pension asset development**  
Millions EUR



## 2<sup>nd</sup> and 3<sup>rd</sup> pillar pension client development Thousands



## 2<sup>nd</sup> and 3<sup>rd</sup> pillar market share of INDEXO % of AUM and % of clients



## Key data

### Pension Funds (total)

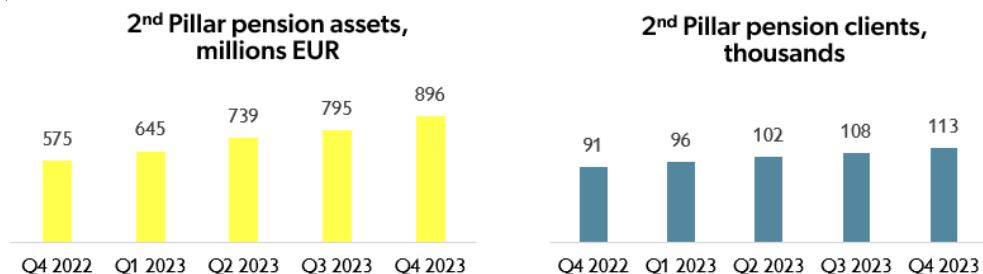
		Dec 2023	Dec 2022	Change, %
Clients (total)	Thousands	127.2	99.7	28%
AUM (total)	Millions, EUR	917.2	584.9	57%
Monthly pension inflows	Millions, EUR	8.8	6.5	36%
Churn	Annualized %	7.04%	5.94%	19%
Commission income	Millions, EUR	3.1	2.3	35%
Net profit/ (loss)	Millions, EUR	(0.33)	(0.9)	267%

## Pension Fund Management

### 2<sup>nd</sup> pillar plans

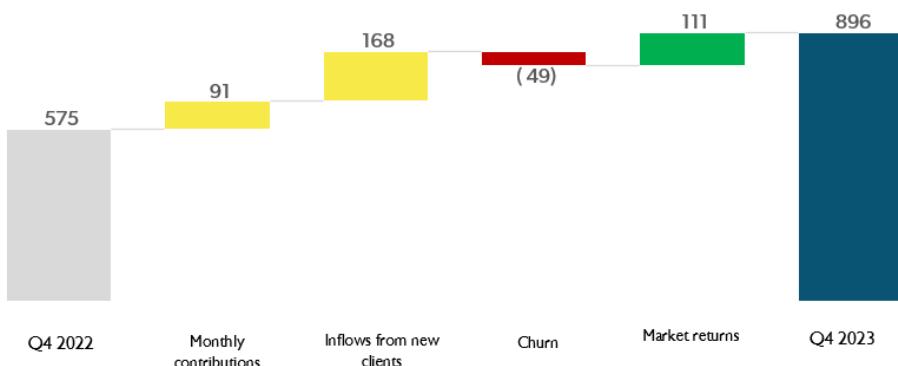
INDEXO long-term shareholder value growth depends on our ability to grow our pension plan customer base. Each customer will on a monthly basis over time contribute to their pension account that will be invested according to INDEXO investment strategy and will compound with the world equity markets until the person retires. As these pension accounts grow, so does INDEXO revenue. INDEXO is able to attract customers at an attractive cost compared to the lifetime customer value.

In 2023, INDEXO added 22 534 new customers. The customer acquisition happens across different physical and online channels and, given that INDEXO market share in terms of clients is still only about 8.7% of total Latvian 2<sup>nd</sup> pillar customer base, we see a strong potential for further growth.



Growing world equity and bond markets have contributed to the growth of our 2<sup>nd</sup> pillar AUM. In 2023, MSCI World equities index, which is close to our investment strategy in our flagship 100% equity plan "INDEXO Jauda 16-50", grew by almost 20% in euro terms. INDEXO AUM meanwhile grew by 56% from 575 million euros at the end of 2022 to 896 million euros at the end of 2023. This was ensured by new customer asset inflow and social tax contributions to our 2<sup>nd</sup> pillar customers' accounts.

### 2<sup>nd</sup> Pillar pension waterfall chart Q4 2022 – Q4 2023 Millions EUR, based on management estimates



As our public presence continues to increase and our long-term results show the success of our chosen investment strategy, our customer retention has remained high. We hope that once INDEXO launches its banking offer, our relevance for clients will increase and less customers will choose other pension fund managers.

For our clients, important news is that our all-in fees which take into account our fund management fees and the indirect fund costs, have decreased over the year by 1 to 3 bps. This allows our customers to get a better share of the world's financial market returns. We will continue to work on reducing the costs further.

All-in cost for our 2nd pillar pension clients	Jan-24	Jan-23	Indirect fund costs improvement
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	0.47%	0.50%	3 bps
State-funded pension scheme investment plan "INDEXO Izugsme 47-57"	0.47%	0.50%	3 bps
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	0.42%	0.43%	1 bps

We are also proud to say that net of fees, INDEXO clients have some of the best long-term returns in the Latvian market in comparison with other asset managers. INDEXO was the first asset manager to introduce passive index investing to Latvian market, and this strategy has so far proven to outperform most competition both in times when markets grow, or when they go down. Of course, it is important to remember that financial markets are volatile and past performance is not always indicative of future results.

The largest share of Latvian pension money is invested with 50% equity strategy, with almost 3.3 billion euros of Latvians' pension savings assets. Our pension plan "*INDEXO Izaugsme 47-57*" (further *Izaugsme*) continues to outperform all competitors of this segment in terms of long-term returns. At the end of 2023, over 5 years, our *Izaugsme* plan customers have earned upwards of 0.5% per year more compared to the 2<sup>nd</sup> best plan in this category. The results of our plans using passive investment strategy can be seen on [www.manapensija.lv](http://www.manapensija.lv).

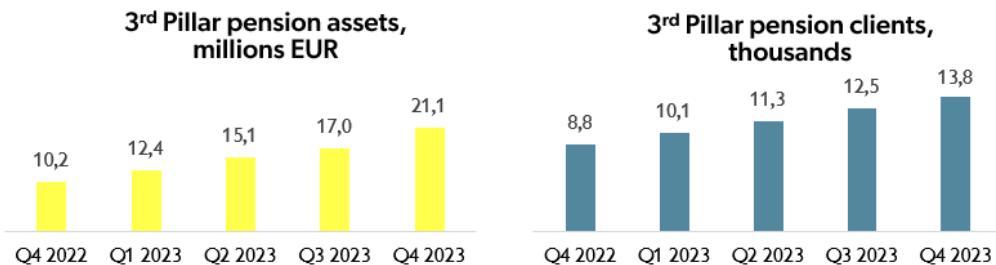
INDEXO was the first pension fund manager to launch 75% equity plans on 5 February 2018, and, as of 5 February 2023, we have a 5-year reference to measure "*INDEXO Jauda 16-50*" (thereafter – *Jauda*) plan performance. According to the available data on 31 December, 2023, INDEXO *Jauda* has provided 10.18% per annum returns to our customers in the last 5 years. That means that 1 euro invested in *Jauda* has grown to 1.58 euros and it will keep compounding further. This is a great result, especially considering that the plan was established as a 75% equity plan and converted into 100% equity plan only once the legislation was in place to allow 100% equity plans in 2021/2022.

This has been a successful year for investors in our conservative plan "*INDEXO Konservatīvais 55+*" with a yearly return of 6.82%. Our aim with our conservative plan is to minimize credit risk and ensure good liquidity of the instruments in our portfolio.

### *3<sup>rd</sup> pillar plans*

INDEXO has an attractive voluntary 3<sup>rd</sup> pillar pension product with personalized automatic rebalancing and low fees. It means that as a person nears the pension age, INDEXO automatically starts reducing equity risk according to a pre-set glide path. On the other hand, INDEXO's tool also allows our client to personally manage the risk level of their portfolio by choosing the desired level of equity risk. Over 90% of our customers have chosen the automatic rebalancing strategy that we recommend.

Voluntary third pillar plans represent a small, but important part of our overall business. On 31 December 2023, 3<sup>rd</sup> pillar assets comprised around 2% of total AUM managed by INDEXO. INDEXO's mission is to provide the best possible service to encourage people to supplement their state pension and 2<sup>nd</sup> pillar savings by voluntary savings. As the disposable income grows, we aim to convince more and more Latvians that the tax efficient 3<sup>rd</sup> pillar with automatic monthly payment is the best way to do it.



In 2023, our 3<sup>rd</sup> pillar customer number increased by 5.0 thousand or 56% (from 8.8 th. on 31 December, 2022 to 13.8 th. on 31 December, 2023), and meanwhile the AUM grew from 10.2 million to 21.1 million or 107%. Our 3<sup>rd</sup> pillar OCF and fees are very competitive and low for all customers no matter their account size.

Our biggest challenge in the 3<sup>rd</sup> pillar market is to convince people that this product is a great tool for people to supplement their 1<sup>st</sup> and 2<sup>nd</sup> pillar retirement savings. Whereas in Estonia and Lithuania there is significant increase in new customers opening 3<sup>rd</sup> pillar accounts and increasing the contributions into 3<sup>rd</sup> pillar plans, the Latvian market is quite dormant. But this is an opportunity as the free funds will grow and more people will seek ways to save for future.

### Performance of our pension plans at the end of 2023

INDEXO managed plans in state-funded and privately funded pension schemes	1 year	2 years	3 years	5 years	Since inception
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	11.30	-1.58	3.24	5.92	4.38
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	18.65	190	8.51	10.18	8.04
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	6.82	-4.53	-3.81	-0.92	-0.93
Private pension scheme pension plan "INDEXO AKCIJU PLANS"	18.60	1.30	-	-	6.60
Private pension scheme pension plan "INDEXO OBLIGACIJU PLANS"	6.37	-4.00	-	-	-3.03

Source: manapensija.lv, data for 31 December 2023

### Bank Development

All the essential work for developing INDEXO Bank was completed in 2023. For precise expense tracking and obtaining the Bank license, a new legal entity, AS IDX1R, was established on 19 December 2022. All employees who were involved in the Bank's development project at INDEXO were transferred to AS IDX1R. Additionally, since its establishment, all the other expenses related to the Bank development are covered by AS IDX1R, thus clearly separating the expenses of the Bank project from pension fund management business.

Within the Bank licensing process, a total of 21 supplements or clarifications were submitted during 2023 to the document package that was submitted at the end of 2022. The questions and requested clarifications were related to various aspects of the new Bank's operation, however, the most significant part of them was related to the new Bank's ability to withstand various adverse scenarios and the amount of capital required to cover the potential risks. At the end of 2023, it was quantified that, in addition to the already raised capital, additional EUR 12.5 million are needed for the Banking

operations and covering various risks. Of the required amount, EUR 9.01 million were raised in a new public share offering, and additional EUR 4.02 million were secured through commitment letters from 9 different investors. At present, all the necessary capital for the establishment of the Bank has been secured, and all questions posed by regulatory authorities have been answered.

In parallel with the Bank licensing process, work was also underway on the technical readiness of the Bank to be able to serve banking products to the first clients as soon as possible after receiving the license. Currently, we have practically completed the development of cloud-based IT infrastructure for the Bank, significant internal Bank process development, and the development of a mobile application that initially will provide basic banking services to individuals. The servicing of legal entities is planned to commence 9-12 months later. Certain new IT infrastructure components such as consumer relationship management system (CRM) and accounting system (ERP) began to be used for the needs of the INDEXO pension fund management business in 2023.

In October 2023, the VISA card certification process was successfully completed, confirming the high level of readiness of the future INDEXO Bank's IT systems.

## Real estate fund

In 2022, together with two real estate professionals we co-founded SIA *Provendi* asset management AIFP - a real estate management company in which INDEXO holds 49%. In 2023, SIA *Provendi* asset management AIFP launched the cheapest real estate fund in Latvia - *Provendi Real Estate Fund* – and two of our investment plans - Jauda and Izaugsme - started to invest a portion of their assets into the fund. At the end of 2023, the fund had approximately 50 million euros of gross investments into residential and retail properties. The fund has attracted new Scandinavian and institutional investors. Despite the fund's cost-effectiveness compared to regional options, it will always create higher trading costs. Even though the fund is the cheapest real estate fund in the region, due to the nature of real estate management, it will always be a more expensive investment than investments in ETFs and, therefore, will create higher indirect costs to our clients. To mitigate this impact on Izaugsme and Jauda performance, we've committed to reimbursing our portion of profits generated by SIA *Provendi* asset management AIFP to Izaugsme and Jauda until the OCF of this fund reaches 0.50% in our pension fund portfolios. We anticipate the first reimbursements to occur in 2025 when SIA *Provendi* asset management AIDP is expected to reach stable profitability.

## Financials

### IPAS "Indexo" pension business results

		Jan-Dec 2023	Jan-Dec 2022
Commission income	EUR	3 123 426	2 277 620
Interest income/(expense)	EUR	25 012	(652)
Administrative and other expenses for pension management	EUR	(1 272 371)	(610 648)
<b>Operating income before client acquisition and other business project expenses</b>	<b>EUR</b>	<b>1 876 067</b>	<b>1 666 320</b>
Client acquisitions costs	EUR	(1 791 549)	(1 579 333)
<b>Pension management operating result</b>	<b>EUR</b>	<b>94 518</b>	<b>86 987</b>
Non-cash personnel option expenses	EUR	(420 819)	(171 524)
Corporate income tax	EUR	(5 226)	(1 069)
<b>Comprehensive losses for the reporting period</b>	<b>EUR</b>	<b>(331 527)</b>	<b>(85 606)</b>

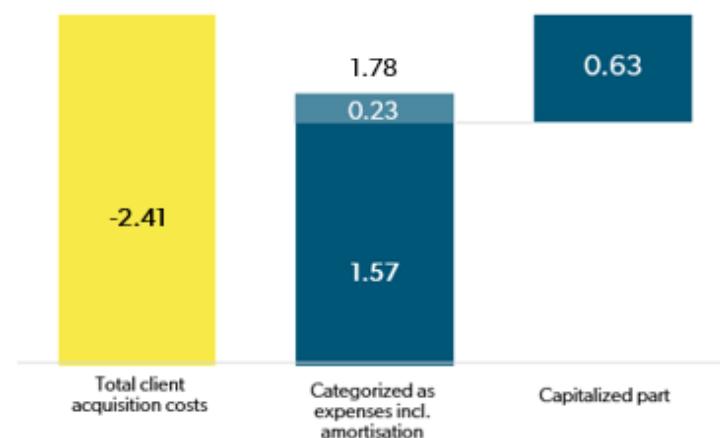
Increases in number of clients and the volume of assets under management have contributed to income growth in pension fund management reaching EUR 3.1 million (compared to EUR 2.3 million in 2022). The total income of IPAS "Indexo" during the reporting period was more than sufficient to cover the administrative expenses of pension fund management. Profit before client acquisition costs reached EUR 1.88 million (compared to EUR 1.67 million in 2022) and profit after client acquisition costs was EUR 95 thousand (compared to EUR 87 thousand in 2022).

During the reporting year, a sufficient volume of assets under management was achieved which allowed us to break even and generate profit in the third and fourth quarters even after client acquisition expenses (excluding costs related to the secondary public offering).

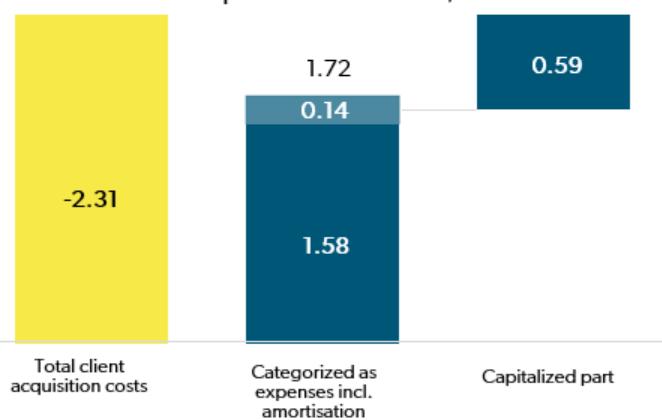
At the end of 2023, INDEXO concluded a secondary public offering, which cost EUR 115 thousand in total.

During the reporting period, the client acquisition costs amounted to EUR 2.41 million (in 2022: EUR 2.31 million) of which EUR 1.78 million (in 2022: EUR 1.72 million) were recognized as expenses, including an amortized part of EUR 0.23 million (in 2022: EUR 0.14 million) from previously capitalized client acquisition costs. During the reporting period, EUR 0.63 million (in 2022: EUR 0.59 million) of client acquisition costs were capitalized.

Total client acquisition costs 2023, million EUR



Total client acquisition costs 2022, million EUR



### **Results of subsidiary "Indexo Atklātais Pensiju Fonds" AS**

During the reporting period "Indexo Atklātais Pensiju Fonds" AS (hereinafter referred to as: INDEXO APF) continued attracting clients to its innovative and modern private pension plans.

	Jan-Dec 2023	Jan-Dec 2022
	EUR	EUR
Commission income	45 137	20 555
Administrative and other expenses	(134 275)	(174 663)
<b>Comprehensive losses for the reporting period</b>	<b>(89 138)</b>	<b>(154 108)</b>
	Dec 2023	Dec 2022
	EUR	EUR
<b>Assets</b>	<b>465 381</b>	<b>374 402</b>
<b>Liabilities</b>	<b>198 653</b>	<b>168 537</b>
<b>Equity</b>	<b>266 728</b>	<b>205 865</b>

At the end of the reporting period, the number of participants of INDEXO APF administered pension plans reached 13.8 thousand, while assets under management reached 21.1 million euro. In the reporting period INDEXO APF income grew by 120% and reached 45.1 thousand EUR. However, INDEXO APF's income in the reporting period was not sufficient to cover its administrative expenses. In the reporting period, INDEXO APF operated with a loss of 89.1 thousand EUR, which is an improvement relative to the previous reporting period.

### **Results of subsidiary "IDX1R" AS**

	Jan-Dec 2023	Jan-Dec 2022
	EUR	EUR
Interest income	36 381	-
Administrative and other expenses	(2 606 128)	(100 293)
<b>Comprehensive losses for the reporting period</b>	<b>(2 569 747)</b>	<b>(100 293)</b>
	Dec 2023	Dec 2022
	EUR	EUR
<b>Assets</b>	<b>3 856 278</b>	<b>2 065 543</b>
<b>Liabilities</b>	<b>1 526 319</b>	<b>165 836</b>
<b>Equity</b>	<b>2 329 959</b>	<b>1 899 707</b>

On 19 December, 2022, a new legal entity, AS IDX1R, was established to obtain the Banking license. All employees involved in the Bank's development project were transferred to AS IDX1R. Similarly, since establishment of the company all expenses related to the Bank development are covered by AS IDX1R funds, thus clearly separating the Bank project expenses from pension fund management business expenses.

As the Bank's operations have not yet started, AS IDX1R does not generate any significant revenue, while at the same time the company makes significant investments in IT infrastructure development, licensing processes, and other necessary preparations to start Banking operations. Therefore, during the reporting year, AS IDX1R incurred losses amounting to EUR 2.57 million. The total investment into the INDEXO Bank development was EUR 4.45 million of which EUR 1.88 million related to investment in IT software were capitalized. Currently, we have submitted all the required documents for obtaining the Banking license and we are awaiting the regulatory institutions' decision.

### **"Indexo" Group results:**

	Jan-Dec 2023	Jan-Dec 2022
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	EUR	EUR
Commission and other income	3 174 892	2 280 115
Administrative and other expenses	(6 073 093)	(3 551 918)
<b>Comprehensive losses for the reporting period</b>	<b>(2 898 201)</b>	<b>(1 271 803)</b>
	Dec 2023	Dec 2022
	EUR	EUR
<b>Assets</b>	<b>7 315 523</b>	<b>8 792 656</b>
<b>Liabilities</b>	<b>1 443 342</b>	<b>701 415</b>
<b>Equity</b>	<b>5 872 181</b>	<b>8 091 241</b>

The total group losses in 2023 amounted to EUR 2.90 million, of which EUR 2.57 million are attributable to the bank development and EUR 0.33 million to the pension management business (of which EUR 115 thousand were related to the secondary public offering process). During the reporting year, a sufficient volume of assets under management was achieved which allowed us to break even and generate profit in the third and fourth quarters even after the client acquisition expenses (excluding costs related to the secondary public offering).

At the end of the reporting period, the Group had invested into the Bank development around EUR 4.45 million of which EUR 2.57 million is recognised as and the other part has been capitalized into the IT part of intangible assets.

Groups equity at the end of reporting period amounted to EUR 5.87 million (in 2022: EUR 8.10 million). During 2023, share capital was increased by EUR 226 896. The Group has total assets on a balance sheet of EUR 7.32 million (in 2022: EUR 8.80 million) of which EUR 2.71 million is held in placements with credit institutions (in 2022: EUR 7.23 million).

## Risks

The Group uses sound and conservative risk management. The Group operates prudently, it undertakes risk only in well-known areas not admitting an excessive risk in any of them, it further determines restrictions. The Group identifies specific risk factors that it encounters in the conduct of its economic activities. To implement and maintain appropriate risk management guidelines, the Group has developed and implemented appropriate policies. For risk management in the Group, Financial Risk Management Policy, Operational Risk Management Policy, Outsourcing Policy and Compliance Risk Management Policy have been adopted, on the basis of which the Group's risk management and mitigation takes place.

Several functions, such as Information Technology and system management, accounting and part of human resources management functions, are outsourced to professional external service providers. This approach has ensured the operational efficiency of the Group.

The following risks the Group was exposed to during the reporting period were considered medium: operational risk, including outsourcing risk, information and technology system risk, compliance risk, strategic and business risk, counterparty credit risk. Other risks to which the Group is exposed, such as market risk, currency risk, liquidity risk, external environment risk have been assessed and considered insignificant.

## Sustainability

INDEXO was established with the aim to improve the financial environment in Latvia. It was a response to the unjustifiably high commission fees and low returns in pension management at the time. INDEXO strives to continuously develop in order to create long-term value for its clients, shareholders, and society at large. In 2023, the Company's management board developed the INDEXO sustainability strategy for the period from 2023 to 2027.

### Environment

As a pension manager with a passive asset management strategy, INDEXO recognizes that the most significant impact can be achieved through the company's investments. INDEXO invests the assets entrusted by its clients in 2nd and 3rd pillar pension schemes into low-cost index funds. We actively monitor the average sustainability ratings of our portfolios. At the end of 2023, every instrument selected for our portfolio had a sustainability rating ranging from B to AA. At the end of 2023, the average sustainability rating in each of INDEXO's plans was AA, meeting the objectives set in the plan prospectuses.

In addition to investments, we can create a positive environmental impact through our digital initiatives and the INDEXO office building. In 2023, all contracts with cooperation partners, clients and documents were signed using electronic signatures. INDEXO does not have a wide network of branches, all services are available remotely using digital devices 24/7. In January 2024, INDEXO signed a long-term lease agreement with the "Verde" office complex, the greenest office complex in Riga, which will house both the INDEXO pension management company and the central office of the new INDEXO Bank.

#### Social Responsibility

INDEXO cares about relationships with employees, clients, shareholders, regulators and society. The company addresses social issues and advocates for positive changes in the Latvian financial environment.

- INDEXO has achieved many positive changes in the pension sector. With the establishment of a new Bank, we are committed to promoting competition in the Banking sector as well. More about the development of the new Bank in 2023 is described in the management report section "Bank Development".
- Throughout 2023, INDEXO's total commission rates, including plan management costs and indirect plan costs, continued to decrease by 1 to 3 basis points. Additionally, INDEXO's active pension plans show some of the best long-term results in the industry, thereby ensuring larger savings for clients.
- Beyond individual consultations provided by INDEXO representatives on the 2nd and 3rd pillar pension, we regularly published educational content on financial topics through our communication channels, participated in the Financial Literacy Week organized by the Bank of Latvia with a webinar on the Latvian pension system, and in cooperation with personal finance mentor Alina Zela, implemented an educational series of four webinars on achieving financial well-being in old age.
- We participated in the publication of two financial literacy books. Together with the Investoru Klubs, we published the globally recognized financial literacy book "The Little Book of Common Sense Investing" by John C. Bogle in Latvian for the first time. Moreover, we shared knowledge about the Latvian pension system and provided recommendations in the Latvian version of Jaak Roosaare book "The Handbook of Wealth".
- By supporting the Rimi Riga Marathon, we engaged in promoting a healthy lifestyle.

#### Governance

Since its inception, one of INDEXO's core values has been transparency and good governance. After becoming a public company and reaching nearly 6 000 shareholders, INDEXO continues to improve its corporate governance practice.

Along with the Group's annual report, the company publishes the Corporate Governance Report for 2023, prepared in accordance with the requirements of Article 56.<sup>2</sup> of the Financial Instruments Market Law and the Corporate Governance Code issued by the Ministry of Justice's Advisory Council in 2020. Evaluating the adherence to the principles mentioned in the code for 2023, the Company's management board concludes that during the reporting period, 15 principles were fully complied with and 2 were partially complied with. This marks an improvement compared to the evaluation done for 2022, where it was found that 9 principles were fully complied with and 8 were partially complied with.

Signed on behalf of the Company by:

Valdis Siksniš, Chairman of the Management Board

Henrik Karmo, Member of the Management Board

Ieva Bauma, Member of the Management Board

Valdis Vancovičs, Chairman of the Supervisory Board

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#### **Statement of responsibility of the management board**

The Management Board of IPAS "Indexo" is responsible for the consolidated and separate financial statements, which provides true and fair view of the Group's and the Company's financial position as of 31 December 2023, as well as their performance and cash flows for 2023, in accordance with IFRS Accounting Standards as adopted by the European Union.

In preparing the financial statements for the year ended 31 December 2023, as set out on pages 17 to 63, management has consistently applied IFRS Accounting Standards, as adopted by the European Union, and Regulation No. 113 of the Financial and Capital Market Commission "Regulation for the Preparation of Annual Financial Statements and Consolidated Financial Statements of Credit Institutions, Investment Intermediaries and Investment Management Companies", based on the going concern principle. Management's judgments and assumptions in the preparation of these financial statements have been prudent and reasonable.

The Company's management is responsible for maintaining proper accounting records, safeguarding the Group's and the Company's assets, and detecting and preventing fraud and other irregularities within the Group and the Company. The Management Board of the Company is responsible for compliance with the requirements of the legislation of the Republic of Latvia and the regulations of the Financial and Capital Market Commission applicable to the Group and the Company.

Signed on behalf of the Company's Management Board by:

Valdis Siksniš, Chairman of the Management Board

Henrik Karmo, Member of the Management Board

Ieva Bauma, Member of the Management Board

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## Consolidated and Separate Statements of Comprehensive Income

Notes	Jan – Dec	Jan – Dec	Jan – Dec	Jan – Dec
	2023	2022	2023	2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Commission and fee income	4	3 123 426	2 277 620	3 078 289
Administrative expenses	5	(5 994 955)	(3 514 964)	(3 293 174)
Interest income calculated using the effective interest rate	6	51 466	2 495	29 725
Interest expense	7	(4 713)	(3 147)	(4 713)
Other operating expenses	8	(63 632)	(32 738)	(43 795)
Credit losses	18	(3 497)	-	(3 497)
<b>Loss before corporate income tax</b>		<b>(2 891 905)</b>	<b>(1 270 734)</b>	<b>(237 165)</b>
Corporate income tax		(6 296)	(1 069)	(5 226)
<b>Loss for the period</b>		<b>(2 898 201)</b>	<b>(1 271 803)</b>	<b>(242 391)</b>
<b>Total comprehensive loss for the period, attributable to shareholders for the period</b>		<b>(2 898 201)</b>	<b>(1 271 803)</b>	<b>(242 391)</b>
<b>Basic earnings per share</b>	28	(0.79)	(0.39)	(0.07)
<b>Diluted earnings per share</b>	28	(0.78)	(0.38)	(0.07)

The notes on pages 21 to 63 form an integral part of these financial statements.

The financial statements have been authorised for issue on 26 February 2024 and signed on behalf of the Company's Management Board by:

Valdis Siksniš, Chairman of the Management Board

Henrik Karmo, Member of the Management Board

Ieva Bauma, Member of the Management Board

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## Consolidated and Separate Statements of Financial Position

Notes	Dec	Dec	Dec	Dec
	2023	2022	2023	2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
<b>ASSETS</b>				
Cash and cash equivalents	9	2 707 396	7 231 123	982 789
Receivables	18	321 489	220 190	317 911
Prepayments	12	548 006	24 279	30 816
Contract acquisition costs	13	1 389 048	990 417	1 389 048
Other assets	11	81 990	6 937	5 120
Loans to subsidiaries and associates	18	53 944	-	754 290
Intangible assets	14	1 965 168	177 176	-
Property, plant and equipment and right-of-use of assets	14	59 499	81 871	44 524
Investments in subsidiaries	15	-	-	5 750 000
Investments in associates	16	127 400	49 000	127 400
Other securities and investments	17	61 583	11 663	61 583
<b>TOTAL ASSETS</b>		<b>7 315 523</b>	<b>8 792 656</b>	<b>9 463 481</b>
<b>EQUITY AND LIABILITIES</b>				
Accrued liabilities	19	246 200	193 584	160 434
Trade payables	20	608 361	89 072	114 127
Taxes and national social insurance mandatory contributions	21	207 962	95 245	52 651
Lease liabilities	14	46 665	90 468	46 665
Other liabilities	22	334 154	233 046	67 184
<b>Total liabilities:</b>		<b>1 443 342</b>	<b>701 415</b>	<b>441 061</b>
<b>Equity</b>				
Share capital	23	3 795 407	3 568 511	3 795 407
Share options		379 055	176 960	379 055
Share premium		7 094 334	7 062 908	7 094 334
Retained losses		(2 498 414)	(1 445 335)	(2 003 985)
Loss for the period		(2 898 201)	(1 271 803)	(242 391)
<b>Total equity</b>		<b>5 872 181</b>	<b>8 091 241</b>	<b>9 022 420</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 315 523</b>	<b>8 792 656</b>	<b>9 463 481</b>
				<b>9 123 689</b>

The notes on pages 21 to 63 form an integral part of these financial statements.

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## Consolidated and Separate Statement of Changes in Equity

### Consolidated Statement of Changes in Equity

	Notes	Share	Share	Share	Retained	Total
		capital	options	premium	losses	
		EUR	EUR	EUR	EUR	EUR
31.12.2021		3 016 987	5 436	77 175 (1 445 335)	1 654 263	
Increase in Share option reserves		-	171 524	-	-	171 524
Increase in Share capital after public listing		535 000	-	6 955 000	-	7 490 000
Increase in Share capital after share option exercise	5	16 524	-	30 733	-	47 257
Total comprehensive loss for the period		-	-	-	(1 271 803)	(1 271 803)
31.12.2022		3 568 511	176 960	7 062 908 (2 717 138)	8 091 241	
Share option exercise		-	(218 724)	-	218 724	-
Increase in Share option reserves		-	420 819	-	-	420 819
Increase in Share capital after share option exercise	31	226 896	-	31 426	-	258 322
Total comprehensive loss for the period		-	-	-	(2 898 201)	(2 898 201)
31.12.2023		3 795 407	379 055	7 094 334 (5 396 615)	5 872 181	

### Separate Statement of Changes in Equity

	Notes	Share	Share	Share	Retained	Total
		capital	options	premium	losses	
		EUR	EUR	EUR	EUR	EUR
31.12.2021		3 016 987	5 436	77 175 (1 205 308)	1 894 290	
Increase in Share option reserves		-	171 524	-	-	171 524
Increase in Share capital after public listing		535 000	-	6 955 000	-	7 490 000
Increase in Share capital after share option exercise	5	16 524	-	30 733	-	47 257
Total comprehensive loss for the period		-	-	-	(1 017 401)	(1 017 401)
31.12.2022		3 568 511	176 960	7 062 908 (2 222 709)	8 585 670	
Share option exercise		-	(218 724)	-	218 724	-
Increase in Share option reserves		-	420 819	-	-	420 819
Increase in Share capital after share option exercise	31	226 896	-	31 426	-	258 322
Total comprehensive loss for the period		-	-	-	(242 391)	(242 391)
31.12.2023		3 795 407	379 055	7 094 334 (2 246 376)	9 022 420	

The notes on pages 21 to 63 form an integral part of these financial statements.

The financial statements have been authorised for issue on 26 February 2024 and signed on behalf of the Company's Management Board by:

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Ieva Bauma, Member of the Management Board

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## Consolidated and Separate Statements of Cash Flows

	Notes	Jan – Dec	Jan – Dec	Jan – Dec	Jan – Dec	
		2023	2022	2023	2022	
		Group	Group	Company	Company	
		EUR	EUR	EUR	EUR	
<b>Cash flow from operating activities</b>						
Loss before corporate income tax		(2 891 905)	(1 270 734)	(237 165)	(1 016 332)	
Depreciation of PPE and amortisation of right-of-use assets	14	112 016	69 760	36 631	41 421	
Amortisation of contract acquisition costs	13	233 824	139 277	233 824	139 277	
Amortization of Share option reserves		420 819	171 524	420 819	171 524	
Interest income		(51 466)	(2 495)	(29 725)	(2 495)	
Interest expense	7	4 713	3 147	4 713	3 147	
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities		(2 171 998)	(889 521)	429 098	(664 458)	
Increase in receivables, prepayments, and other assets		(1 327 446)	(670 111)	(566 396)	(807 765)	
Increase in accrued liabilities		52 616	76 330	(17 121)	65 201	
Increase/ (decrease) in trade payables and other liabilities		729 047	192 001	(34 960)	121 546	
Corporate income tax		(6 296)	(1 069)	(5 226)	(1 069)	
Decrease in cash and cash equivalents from operating activities		(2 724 077)	(1 292 370)	(194 605)	(1 285 545)	
<b>Cash flow from investing activities</b>						
Intangible asset and PPE purchases	14	(1 885 145)	(97 402)	(6 796)	-	
Investments in subsidiaries	15	-	-	(3 150 000)	(2 000 000)	
Investments in associated company share capital	16,17	(128 320)	(49 000)	(128 320)	(49 000)	
Issued loans		(50 403)	-	(750 403)	-	
Interest income received		47 924	750	25 838	750	
Decrease in cash and cash equivalents from investing activities		(2 015 944)	(145 652)	(4 009 680)	(2 048 250)	
<b>Cash flow from financing activities</b>						
Share capital increase		226 896	16 524	226 896	16 524	
Share capital increase after initial public offering		-	535 000	-	535 000	
Share premium		31 427	6 985 733	31 427	6 985 733	
Payment of principal of lease liabilities	14	(37 315)	(27 806)	(37 315)	(27 806)	
Interest paid on lease liabilities	14	(4 713)	(3 147)	(4 713)	(3 147)	
Increase in cash and cash equivalents from financing activities		216 294	7 506 304	216 294	7 506 304	
(Decrease)/increase in cash and cash equivalents		(4 523 727)	6 068 282	(3 987 991)	4 172 509	
Cash and cash equivalents at the beginning of the reporting period		7 231 123	1 162 841	4 970 780	798 271	
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>9</b>	<b>2 707 396</b>	<b>7 231 123</b>	<b>982 789</b>	<b>4 970 780</b>	

The notes on pages 21 to 63 form an integral part of these financial statements.

The financial statements have been authorised for issue on 26 February 2024 and signed on behalf of the Company's Management Board by:

Valdis Siksniņš, Chairman of the Management Board

Henrik Karmo, Member of the Management Board

Ieva Bauma, Member of the Management Board

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## Notes to the Consolidated Financial Statements

### 1. General information

Investment management joint-stock company "Indexo" (IPAS "Indexo", hereinafter "the Company") was registered on 10 January 2017. The Company received a license for management of the state-funded pension scheme plans and license for investment management services on 16 May 2017. In 2020 the Company established a subsidiary "Indexo Atklātais Pensiju Fonds" AS (hereinafter - "APF"), Financial and Capital Market Commission issued license on management of private pension funds on 21 January 2021. On 19 December 2022 the Company established a subsidiary "IDX1R", AS with the purpose of trying to receive a banking license to begin bank operations in Latvia. IPAS, IDX1R and APF comprises the Group.

The Group is providing asset management services to the state-funded pension scheme plans, private pension plans.

### Regulatory framework

The Company's activities are regulated by Investment management companies (hereinafter "IPS") law, Commercial law, and other legislative acts. The Company's activities are supervised by the Bank of Latvia (hereinafter "LB").

APF activities are regulated by Private pensions' law and other legislative acts.

### 2. Basis of preparation of financial statements

#### Compliance statement

The Group's and the Company's financial statements have been prepared in accordance with the IFRS Accounting (hereinafter "IFRS") as adopted by the European Union and the requirements of the FCMC regulation No 113 "Regulation on preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies" (hereinafter "FCMC Regulation"). The Company's shareholders have the right to reject approving the financial statements prepared by the management and submitted by the management, and request preparation of a new set of financial statements.

#### Basis of preparation

Financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by European Union (IFRS). Separate disclosures are prepared in accordance with the requirements of the FCMC Regulation. The Group's and the Company's financial statements are prepared under a historical cost convention, except equity investments with an exception of financial securities which are measured at fair value. The Group's and the Company's financial year agrees with the calendar year.

## **Functional currency**

Items included in the financial statements of each of the Group's and the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Financial statements are presented in the official currency of the Republic of Latvia – the euro ("EUR"), unless stated otherwise. The Group's and the Company's financial statements have been prepared on a going concern basis. Cash flows from operating activities in the Statement of cash flows has been prepared using the indirect method. Cash flows from financing and investing activities have been prepared using direct method.

The Group and the Company have presented assets and liabilities in decreasing order of liquidity as such presentation, in the opinion of the management, is more relevant because the Group and the Company does not provide services within a clearly identifiable cycle.

## **3. Main accounting policies**

The notes include accounting policies constantly applied by the Group and the Company in preparation of their financial statements for 2022 and 2023, as well as the new accounting standards and interpretations.

### **New standards and interpretations**

#### **Standards or interpretations effective for the first time in the annual period beginning on 1 January 2023**

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023).

Amendments to IAS 8: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2023).

Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (effective for annual periods beginning on or after 1 January 2023).

New standards and amendments did not have any material impact on the Group's/Company's financial statements.

#### **Standards or interpretations effective for the first time for the annual periods beginning after 1 January 2023 or not yet endorsed by the EU**

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024,

not yet endorsed by the EU).

**Amendments to IAS 21 Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU).

The Group/Company is currently assessing the impact of the amendments on their financial statements. Based on initial analysis, no significant impact is expected on the financial statements of the Group and the Company in the year of their implementation.

### **Estimates and judgements**

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and form the basis for making judgments about carrying amounts of assets and liabilities that cannot be determined based on other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period in which the estimate is revised if the change affects only that period, or in the period in which the estimate is revised and in subsequent periods if the change affects both current and future periods.

In preparing the financial statements, significant judgments and estimates are used in:

- impairment of investments in subsidiaries based on the recoverable amount of the investment (Company);
- client acquisition costs and their amortisation period (Group and Company);
- share-based payments (Group and Company)

### **Recoverable amount of investments in subsidiaries**

Impairments on investments in subsidiaries are calculated based on their recoverable amount. If recoverable amount if the investment is lower than its carrying amount, an impairment is recognised. Recoverable amount of INDEXO APF is estimated based on net present value of forecasted income. Recoverable amount of "IDX1R" AS is estimated based net present value of forecasted income and company value in the future. Please see Note 15.

### **Contract acquisition costs – Customer acquisition costs**

The Group and the Company recognises contract acquisition cost assets if the Group and the Company expects to recover these costs. Acquisition costs are costs incurred by the Group and the Company in concluding contracts with its customers, but which the Group and the Company would not have incurred if the specific contracts had not been concluded (incremental costs). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as expense in profit or loss when incurred unless these costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Group and the Company recognises incremental costs of obtaining a contract with customer as an asset in its balance sheet. If the

amortization period of a potential contract cost asset is expected to be less than one year, the Group and the Company recognises the costs incurred in entering into the contracts directly in profit and loss when incurred.

A contract cost asset is carried at cost less accumulated amortisation and impairment losses. Accumulated amortisation is recognised on a systematic basis over the estimated useful lives of the services, considering the expected dynamics of revenue generation.

The Group and the Company recognises as contract cost asset variable part of compensation of its employees engaged in customer acquisition, which is being amortised over a seven-year period. The Company's management believes that the variable compensation of its customer acquisition specialists related to customer acquisition meets the definition of incremental costs of obtaining a contract under IFRS 15 "Revenue from Contracts with Customers", as these costs would not have been incurred if no customers were acquired, and the Company expects to recover those costs. Please see Note 13.

Capitalised customer acquisition costs are recognised in the statement of financial position under "Contract acquisition costs", while amortisation costs are recognised in the statement of comprehensive income under "Administrative expenses".

### **Accounting for share-based payments**

The Company's shareholders meeting has granted the Company's management and employees stock options to the Company's shares. The respective stock options are classified in the Group's and the Company's financial statements as a share-based payment transaction in accordance with the requirements of IFRS 2.

In determining the fair value of the stock options at the grant date, the Group's and the Company's management considered information about actual direct and indirect transactions with the Company's shares that is available to the Group's and the Company's management. At the end of each reporting period, the Group's and the Company's management estimates the probability of exercising the stock options by individually assessing the expected performance of the terms of the Group's and the Company's management's vesting period, including length of service in the Group and the Company, performance, and accordingly recognises accruals for expected personnel tax payments. Please see Note 5.

### **Basis of consolidation**

#### *Subsidiaries*

Subsidiaries are companies that are controlled by the Group. The company is controlled by the Group if the Group receives, or the Group has the right to receive variable returns from the investment and it has the ability to influence the amount of the variable return by using its power over the company. Financial statements of the subsidiaries are included in the consolidated financial statements from the date the control is gained and are excluded when the control is lost.

Investments in subsidiaries in the separate financial statements are accounted for at cost less provision for impairment, if any.

#### *Loss of control*

When Group loses the control over subsidiary, it stops recognising subsidiary's assets and liabilities, as well as any non-controlling interests and other equity components. Profit or loss earned is recognised in profit or loss statement. If Group retains interest in the former subsidiary, such interest is accounted for at fair value at the date when control is lost.

#### *Transactions eliminated at consolidation*

In preparation of these consolidated financial statements intercompany transactions and balances, as well as unrealised profit were eliminated. Unrealised loss is eliminated similar to unrealised profit but to the extent not exceeding impairment.

#### *Unified accounting policies in the Group*

In preparation of the consolidated financial statements, the accounting policies of subsidiaries which differ from those used by the Group are adjusted to conform with the accounting policies of the Group.

#### *Associates*

In the consolidated financial statements investments in associates are accounted for using the equity accounting method.

### **Assets under management**

The Group and the Company manages and administers the assets held in the securities and cash accounts of the custodian bank on behalf of its customers. Financial information on these assets is not included in these financial statements because the risks and rewards associated with these assets are entirely attributable to the Group's and the Company's customers. Consequently, these assets are not considered assets of the Group and the Company. These financial statements include the assets under management for information purposes only.

### **Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment (PPE) are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the intangible asset or PPE.

Depreciation rates of intangible assets and PPE used

% p.a.

Intangible assets	20.00
Other PPE	33.33

Costs associated with maintaining software programmes are recognised as an expense as incurred. Installation and configuration costs that are directly attributable to the identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits; and
- the expenditure attributable to the software can be reliably measured.

If the carrying amount of an intangible asset or PPE exceeds its recoverable amount, the intangible asset or PPE are immediately written down to its recoverable amount. The recoverable amount is the higher of an intangible asset or item of PPE fair value less costs of disposal and its value in use.

The costs of repairs and maintenance of PPE are recognised in the income statement in the period in which they are incurred.

Gain or loss on disposal of an item of PPE is calculated as the difference between the asset's carrying amount and the proceeds on disposal and is recognised in the profit or loss in the period in which it arises.

## **Inventory**

The inventory consists of stocks of plastic cards purchased and held for further resale. The perpetual inventory method is used for inventory tracking. In cases of plastic card usage, the FIFO method is employed to determine usage and remaining values.

## **Lease**

### *Classification*

At the time the contract is entered into, the Group and the Company considers whether the contract is a lease or includes a lease. A contract is a lease or contains a lease if the contract grants control over the use of an identifiable asset for a specified period of time in exchange for consideration.

### *Lessee*

Leases are recognised as a right-of-use asset and the corresponding lease liability at the date when the leased asset is available for use by the Group and the Company. The cost of the right-of-use assets consists of:

- the amounts of the initial measurement of the lease liability;
- any lease payments made on or before the date of commencement of the contract, less any lease payments received;
- all initial direct costs.

Replacement costs relating to the dismantling and restoration of PPE are reported separately as provisions and related assets.

Depreciation is calculated on a straight-line basis from the inception of the lease until the end of the lease term, unless there is an intention to buy out an asset. The right-of-use asset is periodically reduced by the amount of the impairment loss, if any, and adjusted to reflect the remeasurement of the lease liability.

Lease assets and lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's and the Company's borrowing rate, at the date of initial application. Lease liabilities are remeasured if there is a change in the future lease payments as a result of a change in the index or rate used to determine the lease payments, a change in the Group's and the Company's estimate of the amount of the expected lease payments or a change in the Group's and the Company's ability to exercise, extend or terminate the lease. When a lease liability is remeasured, a

corresponding adjustment is made to the carrying amount of the right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset decreases to zero.

Each lease payment is apportioned between the lease liability and the interest expense on the lease liability. The interest expense on the lease liability is recognised in profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

### **Short-term lease and lease of assets with low value**

Lease payments associated with short-term leases or leases of assets with low value are recognized as expenses using the straight-line method of profit or loss calculation. A short-term lease is a lease with a term of 12 months or less.

### **Investments in subsidiaries and associates (Company)**

Investments in subsidiaries (i.e., companies in which the Company holds or otherwise controls more than 50% of the share capital) are stated at cost less impairment losses.

Subsequent to initial recognition, investments in subsidiaries are stated at cost less impairment losses.

If there is objective evidence that an investment in a subsidiary is impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and its value in use. An impairment loss on an investment may be reversed if there has been a change in the estimates used to determine the impairment since the last impairment loss was recognised.

Dividends received from subsidiaries are recognised when the Company's legal right to receive the payment is established.

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

### **Revenue and expenditure accounting**

Interest income and expense are recognized in the statement of comprehensive income using the effective interest method.

Remuneration for the management and servicing of state-funded pension scheme (SFPS) investment plans and private pension plans is calculated by multiplying the amount of certain percentage specified in the plan prospectuses by the average net asset value per year. The management fee is calculated and accumulated daily, but settlement is made once a month. Fees received by the Investment Company for managing funds are recognised over time as the related performance obligations are satisfied and no significant judgement is required to determine the transaction price

or performance obligations. Accrued income, i.e., contract assets, are reported under "Receivables" at the end of each period.

In determining the amount of the SFPS investment plan fees for management, the Company shall consider the maximum amount of remuneration set forth in the Cabinet of Ministers Regulation No 765 "Procedures by which the Manager of Funds of the State Funded Pension Scheme shall Calculate the Payment for the Management of an Investment Plan and Procedures for the Accounting and Deduction of the Abovementioned Payment".

Other commissions and other income and expenses are recognized when the related service is provided.

### **Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency (euro) at the euro reference rate published by the European Central Bank (ECB) on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using the exchange rates for the euro prevailing at the reporting dates.

Foreign currency gains and losses on monetary items are the difference between the amortised cost of the item in the functional currency at the beginning of the period, adjusted for interest income/expense recognised during the period, and the amortised cost of the item in foreign currency at the end of the period, translated at the euro reference rate published by ECB at the end of the period.

Gains or losses arising from changes in exchange rates are recognised in the statement of comprehensive income. At the end of the period the Group and the Company have no assets or liabilities denominated in foreign currency.

### **Financial instruments**

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised in the balance sheet on the date on which the contractual provisions of the instrument become binding to the Group and the Company. All regular way purchases and sales of financial assets are recognised on the settlement date, i.e., the date on which the financial asset is received.

Financial assets or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or financial liability unless the financial asset or financial liability is classified as at fair value through profit or loss. Transaction costs for financial assets or liabilities at fair value through profit or loss are recognised in the comprehensive income statement. Subsequent to initial recognition, expected credit losses are considered for financial assets measured at amortised cost, so that the credit losses are recognised in the comprehensive income statement when the asset is just recognised.

If the fair value of financial assets and financial liabilities differs from the transaction price at initial recognition, the Group and the Company recognises the difference as follows.

- If fair value can be measured using a quoted price in an active market for an identical asset or liability (i.e., a Level 1 in the fair value hierarchy) or on the basis of a valuation technique that uses only observable market data, the difference is recognised in profit or loss.
- In all other cases, the difference is deferred and the period for recognizing the deferred first-day gain or loss is determined individually. They may be amortised over the life of the instrument, deferred until the fair value of the instrument can be determined using observable market data, or on disposal.

#### *Classification*

Financial assets are initially classified into one of the following categories:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through profit or loss.

The recognition and classification of financial assets in the above categories is based on the following two factors:

- The business model chosen by the Group and the Company for managing the financial assets;
- The characteristics of the contractual cash flows of a financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold the financial asset to generate contractual cash flows; and
- The contractual terms of a financial asset provide for cash flows that are solely payments of principal and interest. Financial assets measured at amortised cost.

### **Financial assets measured at amortized costs**

Claims on financial institutions are classified as financial assets measured at amortised cost if the following criteria are met:

- They are held within a business model achieved through the collection of contractual cash flows;
- Their contractual cash flows consist of solely payments of principal and interest on the remaining principal;
- The Group and the Company does not designate them as financial assets at fair value through profit or loss upon initial recognition.

Financial assets that meet the above criteria are measured at amortised cost and are subject to the impairment model in IFRS 9.

#### *Impairment of financial assets*

The following financial instruments are subject to the impairment requirements of IFRS 9:

- Financial assets measured at amortised cost.

For financial instruments that fall within the scope of the impairment model, the allowance for expected credit losses is calculated as follows:

- Stage 1 - financial instruments for which there has been no significant increase in credit risk since initial recognition (or financial instruments for which credit risk is considered to be low)
  - expected credit losses are calculated as an amount equal to 12 months of expected credit losses,
- Stage 2 – financial instruments without impairment but with a significant increase in credit risk since initial recognition, expected credit losses are calculated as an amount equal to the lifetime expected credit losses,
- Stage 3 - impaired financial instruments – the expected credit losses are calculated at an amount equal to the lifetime expected credit losses.

Credit losses are the difference between the contractual cash flows expected to be received under the contract and the cash flows the Group and the Company expects to receive (i.e., all payment defaults), discounted at the original effective interest rate (or the credit-adjusted effective interest rate for financial assets acquired or issued with impairment). The Group and the Company estimates cash flows considering all contractual terms of a financial instrument (for example, prepayments, renewals, sales, and similar options) using the estimated useful lives of the financial instruments. These cash flows include cash flows from the sale of collateral or other credit enhancements that form an integral part of the contractual terms.

The assessment of credit risk and the amount of expected credit losses is determined objectively by evaluating the risk and considering all available information for the assessment, including information on past events, current conditions, as well as well-founded and substantiated forecasts of future events and economic conditions at the reporting date.

The Group and the Company, at each reporting date, analyse whether the credit risk of the financial instrument has significantly increased since initial recognition by assessing changes in the default risk of the financial instrument over its expected time.

For transactions, the key indicator is the changes in the probability of default (PD) over the life cycle, which are determined by comparing the scenario that predicts the PD for the year at the reporting date with the scenario that predicts the PD for the year at the initial recognition date.

The Expected Credit Loss (ECL) is calculated taking into account the probability of default (PD), exposure at default (EAD), loss given default (LGD), as well as the timing of loss occurrence.

PD reflects the likelihood that a loan will not be repaid and that liabilities will not be met either within the next 12 months (for Stage 1 financial instruments) or throughout its entire lifecycle (for Stage 2 and 3 financial instruments). When assessing the expected PD for each individual instrument, customer categories and relevant external historical information are taken into account, allowing the use of informed information about future economic conditions.

EAD represents the estimation of credit exposure at the time of default. LGD is the amount that may not be recoverable in the event of default. For the assessment of LGD, the quality and quantity of any collateral held are considered, as well as the likelihood of its recovery.

In 2022, the Group and the Company consider that losses from impairment of assets included in the scope of the expected credit loss model are immaterial. This is justified by the fact that the accrued income is towards three managed pension plans settled shortly after the end of the financial year, while the remaining financial assets primarily consist of claims against credit institutions on demand, and therefore the short term of these claims implies immaterial credit risk. In 2023, the Group and the Company have accrued credit losses on assets related to the loan to SIA Provendi Asset Management AIFP. The Group and the Company consider that the impairment losses on the remaining assets within the scope of the expected credit loss model are immaterial.

*Financial assets at fair value through profit or loss*

Financial assets classified as measured at fair value through profit or loss consist of investments in equity instruments. Equity instruments are instruments which correspond to the definition from the point of view of the issuer; namely which do not include an obligation to pay and which prove a remaining shareholding in the issuers assets. An example of equity instruments are ordinary shares. The Group and the Company measure all investments in equity instruments at fair value through profit or loss. Dividends, when they contribute to the return of such investments, and when the Group and the Company have the right to receive them are measured through profit or loss.

*Financial liabilities measured at amortised cost*

All financial liabilities initially are recognised at fair value and, in the case of borrowings, less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and using the EIR method. Amortised cost is calculated by considering any purchase discounts or premiums as well as fees or costs that are an integral part of the EIR. Depreciation of EIR is included in the comprehensive income statement as net interest income.

*Liabilities measured at amortised cost include payables*

*Derecognition*

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset have expired or when the Group and the Company has transferred substantially all risks and rewards of ownership. Any consideration given or liability retained as a result of the transfer is recognised as a separate asset or liability. The Group and the Company derecognises a financial liability when it is settled, i.e., when the liability is discharged, cancelled or expired.

*Offsetting*

Financial assets and liabilities are offset, and the net amount recognised in the balance sheet when there is a legal right to do so and the Group and the Company intends to settle on a net basis, or to dispose of the asset and settle the liability simultaneously.

## Fair value of financial assets and liabilities

The fair value of assets and liabilities is the price that would be received to sell an asset or paid to settle a liability in the ordinary course of business between market participants at the measurement date. The fair value of financial assets and liabilities is divided into the following fair value hierarchy:

- Level 1: Unadjusted quoted prices in an active market;
- Level 2: Adjusted quoted prices or valuation model with active market parameters used;
- Level 3: A valuation model where the material parameters used are not available in the market and are based on internal assumptions.

## Other receivables

Other receivables are accounted for in accordance with the terms of the contract, net of any allowance for doubtful accounts, and are recognised in the balance sheet. Provisions for doubtful accounts are made when it is no longer probable that the receivable will be recovered in full. Receivables are written off when their collection is considered impossible.

## Cash and cash equivalents

Cash and cash equivalents are cash on hand and at bank, and other highly liquid assets with an original maturity of three months or less that are used by the Group and the Company to settle current liabilities.

## Accrued liabilities

"Accrued liabilities" include clearly known amounts of payables to suppliers of goods and services received during the reporting period for which, due to delivery, purchase or contractual terms or for other reasons, no supporting payment authorisation document has yet been received as of the balance sheet date. This item also includes accrued liabilities for employees' unused annual leave and variable compensation.

## Provisions and contingent liabilities

The Group and the Company recognises a provision when there is a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the possibility of an outflow of resources embodying economic benefits is remote, a brief description of a contingent liability and estimate of its financial effect is disclosed.

The management has disclosed a brief description of a contingent liability in Note 32 sub-heading Banking license.

## Employee benefits

Employee entitlement to an annual leave is recognised when employees have accrued the appropriate annual leave days. Accruals for employees' annual leaves are estimated based on employees' unused annual leave days as of the balance sheet date. The Group and the Company makes mandatory social security contributions to the state-funded pension scheme in accordance with Latvian legislation. The state-funded pension scheme is a defined contribution pension plan to which the Group and the Company is required to make statutory payments. The Group and the

Company has no legal or constructive obligation to make additional payments if the state-funded pension scheme is unable to meet its obligations owed to its employees. National social security mandatory contributions are recognised as an expense on an accrual basis and are included in employee expenses.

### **Share-based payments**

The cost is recognised as part of employee compensation, together with a corresponding increase in equity (stock options) during the period in which the service is rendered and the performance conditions are fulfilled (vesting period). The cumulative cost recognised in respect of equity settled transactions at the end of each reporting period reflects the past service vesting period and the Group's best estimate of the number of equity instruments that will ultimately vest. The cost or reversal of the previously recognised expense in the statement of comprehensive income for the reporting period reflects the changes in cumulative costs recognised at the beginning and end of the reporting period.

No cost is recognised for share-based payments that are not ultimately expected to vest because the related non-market vesting condition and/or service condition are not expected to be satisfied over the vesting period. Where share-based payment transactions involve market-based or non-vesting conditions, these are accounted for as vested, whether or not the market or non-vesting conditions are satisfied if all other vesting and/or performance conditions are satisfied.

When the terms of a share-based payment transaction in equity are modified, the minimum amount to be recognised is the grant-date fair value of the unmodified remuneration, provided the original terms of the share-based payment are satisfied. Incremental costs determined at the date of modification are recognised for any modification that increases the total fair value of the share-based payment or otherwise provides a benefit to the employee. When the Group or an employee cancels a share-based payment, the remaining fair value of the share-based payment is immediately recognised in the statement of comprehensive income.

### **Corporate income tax**

Corporate income tax for the reporting period is included in the financial statements based on the Management's calculations prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Group companies and the Company make a decision about profit distribution. The Group companies and the Company calculate and pay corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the income statement in the year for which it is assessed.

There are no differences between the tax bases and carrying amount of assets and liabilities and hence, deferred income tax assets and liabilities do not arise.

## **Earnings per share**

### *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## **Segment reporting**

The Group's and the Company's management, examines the Group's and the Company's performance and has identified two reportable segments of its business:

- (i) asset management and (ii) banking development.

The Management primarily uses a measure of Operating income before client acquisition to assess the performance of the operating segments. However, the Management also receives information about the segments' revenue, net profit and assets on a monthly basis.

## **Risk management**

The Group's activities result in exposure to a variety of financial and non-financial risks. The risk management system is integrated in the framework of the Group's internal control system. Risk measurement, assessment and control functions are separated from the business unit (risk acceptance) functions. The Group has implemented a risk management policy based on which risks are managed and mitigated.

The purpose of the Group's risk management processes is to identify and manage the Group's and the Company's significant operational risks, as well as to ensure their control. The Group's and the Company's main tasks in the field of risk management are to:

- a. protect the assets of the recipients of management services (investment plans);
- b. ensure the compliance of the management of the assets of the recipients of management services (investment plans) with the regulatory enactments of the Republic of Latvia;
- c. ensure compliance of the Group's and the Company's operations with the regulatory enactments of the Republic of Latvia;
- d. protect the Group's and the Company's assets and promote the stability of financial flows;
- e. regularly assess what risks may adversely affect the achievement of the Group's and the Company's business objectives, incl. achievement of the planned financial results.

In the financial statement, we review the management of the risks associated with the Group's and the Company's own assets, financial flows, and objectives. The Group and the Company identifies specific risk factors that it faces in the course of its business.

Due to the volatility in the global and Latvian financial markets and economy, the conditions for testing capital adequacy stress were reviewed. In the process of calculating market risk, more attention is paid to raising the confidence limits of the models.

### **Market risk**

Market risk is the possibility of losses from the revaluation of assets and assets under management due to changes in the market price of financial instruments, commodities, and their derivatives as a result of changes in foreign exchange rates, interest rates, and other factors.

### **Foreign exchange risk**

Foreign currency risk is the risk of potential loss resulting from the remeasurement of the Group's and the Company's open currency position (the difference between assets and liabilities) for each foreign currency due to changes in the exchange rate of the reporting currency. During the reporting period, the Group and the Company did not have a significant currency position in a foreign currency that would materially affect the Group's and the Company's assets or liabilities, nor did it have such a position at the end of the reporting period. The Group and the Company considers the foreign exchange risk to be immaterial and does not prepare a sensitivity analysis.

### **Operational risk**

Operational risk is the possibility of loss due to inadequate or incomplete internal processes, the operation of people and systems, or the effects of external circumstances, including legal risk, but excluding strategic and reputational risk. Operational risk is one of the most significant risks associated with the Group's and the Company's business and is managed by the Group and the Company in accordance with the Operational Risk Management Policy developed by the Group and the Company.

In order to identify operational risk events promptly and to take appropriate and timely measures to minimize operational risk the Group and the Company has developed and implemented a data base for registering operational risk events on a regular basis. The Group and the Company has implemented a procedure that all employees regardless of their position immediately make entries of operational risk events in the event database upon identifying any circumstances that have caused or may cause losses (irrespective of the type) to the Group and the Company or may inflict damage to the Group's reputation. If required, all operational risk events entered in the event database are checked according to the procedures specified in internal documents, and risk mitigation measures are developed and assigned to improve the internal controls.

### **Information technology and system risk**

This risk is the possible inability of the Group and the Company to fully perform any of its obligations or functions related to the operation of information systems in a quality manner, and the associated risk that the Group and the Company may incur losses/additional costs due to inadequate information technology or information processing. The Group and the Company manages this risk in accordance with the regulations developed by the Group and the Company to protect information systems and personal data.

### ***Reputational risk***

Reputational risk is the risk that participants in the Group's and the Company's investment plans, business partners, shareholders, regulators, and other stakeholders may have a negative opinion of the Group and the Company and may negatively impact the Group's and the Company's ability to maintain existing business relationships or establish new business relationships with its clients or other business partners, as well as negatively impact the investment plans managed by the Group and the Company. The Group's and the Company's Management Board closely monitors the Group's and the Company's reputation and risk factors.

Sustainability risk is the risk that an event or circumstance in the framework of Environmental, Social or Governance (ESG) could negatively affect the value of an investment.

We actively monitor the average sustainability ratings of portfolios. At the end of 2023, each instrument selected in portfolio had a sustainability rating ranging from B to AA. At the end of 2023, each of INDEXO's plans had an average sustainability rating of AA and was in line with the objectives set out in the prospectuses.

### ***Compliance risk***

Compliance risk is the risk that the Group and the Company will suffer losses or be subject to legal obligations or sanctions, or that its reputation will deteriorate because the Group and the Company does not comply with or violates compliance laws, regulations and standards.

The Group and the Company operates in a manner that ensures compliance with all applicable laws and regulations. Compliance risk management in the Company is ensured by defining clear responsibilities in the field of operational compliance, implementing the actual requirements of external regulations in internal policies and procedures that are comprehensible and transparent to the Group and the Company employees.

The Group and the Company take all necessary measures to comply with all applicable laws and regulations, including in the fields of managing conflicts of interests, market abuse, personal data protection, information security and other.

For the management of ML/TF/PF and Sanctions risks the Group and the Company defined low risk appetite in regards of compliance risks and zero tolerance principle against intentional violations of AML/CFT and Sanctions compliance requirements.

### ***Liquidity risk***

Liquidity risk is the risk that the Group and the Company is unable to meet legally enforceable requirements in a timely manner without incurring significant losses, and that it is unable to manage unplanned changes in the Group's and the Company's resources and/or market conditions due to insufficient cash. Given the level of the Group's and the Company's unrestricted cash, no liquidity risks were identified during the reporting period.

The Group and the Company manages its liquidity risk by maintaining sufficient cash and cash equivalents. To ensure sufficient cash, the Group and the Company regularly plans its cash flow and analyses actual performance indicators.

### **Strategic and business risk**

Strategic and business risk is the possibility of suffering losses due to erroneous decisions that determine the strategic operations and development of the Group and Company (strategic, business management). Management manages this risk by not making important strategic decisions on its own, but in an advisory capacity during Board of Directors' meetings and in consultation with the Company's Council when necessary.

### **Credit risk**

Credit risk is the possibility of incurring losses if a customer fails to meet its contractual obligations. The Group and the Company in 2023 has no assets that are impaired or past due. The Group and the Company applies IFRS 9 and the expected credit loss model.. In accordance with the Group's and the Company's investment policy, cash is invested in term deposits depending on the credit rating of the financial institution and the interest rate offered. The Group and the Company controls credit risk by monitoring the amount of receivables and minimizing the occurrence of past due or uncollectible receivables.

The maximum credit risk is disclosed in the table below:

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Placements with Swedbank AS and SEB banka AS	415 493	4 231 123	18 795	1 970 780
Short-term deposits in Swedbank AS and SEB banka AS	2 291 903	3 000 000	963 994	3 000 000
Receivables	321 489	220 190	317 911	388 743
Loan to SIA Provendi asset management AIFP	53 900	-	53 900	-
Loan to IDXTR AS	-	-	700 000	-
<b>Total</b>	<b>3 082 785</b>	<b>7 451 313</b>	<b>2 054 600</b>	<b>5 359 523</b>

### **Capital adequacy**

The Company provides a sufficient amount of equity to compensate for losses that customers would incur due to the Company's fault. The amount of required own funds is determined in accordance with Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013. See Note 31.

#### 4. Commission and fee income

	Jan – Dec 2023 Group EUR	Jan – Dec 2022 Group EUR	Jan – Dec 2023 Company EUR	Jan – Dec 2022 Company EUR
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Izaugsme 47-57"	705 778	560 851	705 778	560 851
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50"	2 234 735	1 595 223	2 234 735	1 595 223
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+"	106 180	86 603	106 180	86 603
Commission fee for the management of the assets of the private pension scheme pension plan "INDEXO AKCIJU PLANS"	71 100	32 196	29 277	13 257
Commission fee for managing the assets of the private pension scheme pension plan "INDEXO OBLIGACIJU PLANS"	5 633	2 747	2 319	1 131
<b>Total</b>	<b>3 123 426</b>	<b>2 277 620</b>	<b>3 078 289</b>	<b>2 257 065</b>

#### 5. Administrative expenses

	Jan – Dec 2023 Group EUR	Jan – Dec 2022 Group EUR	Jan – Dec 2023 Company EUR	Jan – Dec 2022 Company EUR
Sales and marketing expenses	886 015	843 457	891 186	836 886
Remuneration to the Management Board and Supervisory Board	663 138	346 113	139 948	334 808
Remuneration to other staff	1 743 712	1 138 041	1 052 628	1 111 585
National social insurance mandatory contributions to the Management Board and Supervisory Board	135 199	81 648	25 743	78 981
National social insurance mandatory contributions to other staff	411 342	267 569	247 532	261 210
Share option reserves	420 819	171 524	420 819	171 524
IT costs	1 074 204	155 961	127 756	113 287
Professional fees	272 353	259 551	166 659	156 310
Office maintenance costs	57 876	36 559	30 948	28 686
Amortisation of the right-of-use an asset	34 903	37 338	34 903	37 338
Depreciation of property, plant and equipment	79 548	32 423	4 164	4 083
Other staff costs	125 166	100 248	73 706	99 404
Other	90 680	44 532	77 182	35 086
<b>Total</b>	<b>5 994 955</b>	<b>3 514 964</b>	<b>3 293 174</b>	<b>3 269 188</b>

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
Number of employees, average	99	83	83	83

## Remuneration policy

In order to ensure a high long-term employee performance culture, the Group and the Company determine remuneration that is competitive, differentiated, follows business logic, market practices, employee competence, and long-term performance. The total remuneration paid for a certain period of time must not jeopardize the Group's and the Company's ability to produce positive results over the relevant business cycle.

The Company's Remuneration policy in its current version was approved on 24 March, 2022 in the Company's shareholders' meeting. Various experts, including risk management and compliance experts, responsible members of the legal function and external experts, were involved in the development of this policy. The principles of the Remuneration policy are reviewed on a regular basis to ensure that they are consistent with the Company's business plan or the strategy of the investment portfolio under its management, the results of the remuneration policy and its compliance with the approved remuneration policy and the relevant internal and external regulatory provisions. The Group and the Company have developed an updated the Group's Remuneration policy, which will be approved in the Company's shareholders' meeting during 1<sup>st</sup> quarter of 2024.

The internal audit function regularly checks compliance with the core principles on remuneration. Based on the audit results, action plans are prepared to address the identified weaknesses in the internal control system and to implement improvements.

One high risk deficiency, which has been resolved at the time of this report, was identified during the most recent inspection. The remaining deficiencies identified by the internal audit were of low and one of medium residual risk.

The remuneration structure of the Group and the Company consists of three components:

- base salary;
- variable part of remuneration (only in monetary form);
- other additional benefits.

The fixed part of the remuneration consists of a part of the salary that is independent of the employee's individual performance , the conditions for granting of which do not depend on the individual performance. The fixed part of the remuneration is determined by considering the employee's level of education, professional experience, position, duties and responsibilities. This is usually the salary. For the members of the Management Board and Supervisory Council, it also includes a fixed remuneration.

Other additional benefits in monetary and non-monetary form that are included in the standard remuneration package for employees and members of the Management Board and the Supervisory Council are considered by the Management Board to be part of the fixed remuneration and include, for example, contributions for employees to a private pension fund, health insurance, material benefits in exceptional circumstances, use of mobile phones purchased by the Group and the Company and/or payment of mobile-related expenses, additional holidays, paid participation in seminars, training sessions, etc..

The variable part of remuneration consists of the part of remuneration depending on the individual performance of the employee, the structure of which consists of bonuses and allowances. The variable part of the remuneration is awarded on the basis of the employee's individual performance.

During 2023, the variable part of the remuneration of sales specialists and sales team leads was based on the individual performance of the employee, which was determined and paid monthly on the basis of IPAS INDEXO rules on working hours, remuneration, bonuses and training for sales specialists. The variable remuneration paid to sales specialists and sales team leads in 2023 did not exceed the policy limit of 500% of the employee's annual variable remuneration. Lump-sum bonuses were paid to certain members of the Company's administration, including positions with an impact on risk profile, in line with individual contributions; the amounts paid in bonuses did not exceed the limit set in the Remuneration policy of 100% of annual fixed remuneration, nor was the threshold set in the policy for deferring the variable component for at least 3 years reached.

The remuneration (gross) of the Group's and the Company's employees during 2023 is shown in the table below.

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
<b>Total remuneration of affected employees with an impact on risk profile remuneration:</b>	<b>716 082</b>	<b>477 107</b>	<b>232 796</b>	<b>465 802</b>
- incl. Supervisory and management board	623 233	346 114	139 948	334 809
- incl. audit committee	1 500	600	1 500	600
- executives	-	-	-	-
- Positions which include risk taking for the Company or its funds under management (The asset manager and members of the Company's investment committee)	60 446	100 724	60 446	100 724
- Positions who are responsible for internal control functions in the company	30 903	29 669	30 903	29 669
- other RPI position categories	-	-	-	-
Other employee remuneration	1 979 939	1 321 140	1 376 345	1 316 957
<b>Total remuneration:</b>	<b>2 696 021</b>	<b>1 798 247</b>	<b>1 609 141</b>	<b>1 782 759</b>
-of which fixed part of remuneration	2 139 626	1 195 776	1 060 166	1 180 288
-of which variable part of remuneration	556 395	602 471	548 976	602 471
 <b>Total count of remuneration received:</b>	 <b>1 855</b>	 <b>51</b>	 <b>1 559</b>	 <b>1 018</b>
- of which fixed part of remuneration received	1 228	51	949	318
- of which variable part of remuneration received	627	-	610	700

The Group's and the Company's capitalised salary costs in 2022 and 2023

	Jan – Dec 2023 EUR	Jan – Dec 2022 EUR	Jan – Dec 2023 EUR	Jan – Dec 2022 EUR
	Group	Group	Company	Company
Remuneration, accrued liabilities for unused annual leave and other corrections	2 793 481	1 825 270	738 183	1 787 509
Capitalised remuneration costs	(632 455)	(480 393)	(632 455)	(480 393)
Amortisation of capitalised remuneration costs	233 824	139 277	233 824	139 277
<b>Total</b>	<b>2 394 850</b>	<b>1 484 154</b>	<b>339 552</b>	<b>1 446 393</b>

## Share options

Shareholders of the Company have approved two option schemes relevant during the reporting period. The first option scheme is referred to hereinafter as an employee stock option scheme while the second option scheme is referred to hereinafter as a management stock option scheme.

### Employee stock option scheme

The terms of the Employee Stock Option Scheme were approved at the Company's shareholders' meeting on 29 March , 2021. The updated terms were approved at the Company's shareholders' meeting on 24 March , 2022. Summary of options granted under the Employee Stock Option Scheme

	Jan – Dec 2023	Jan – Dec 2022	
	Average exercise price per share option	Number of options	Average exercise price per share option
	EUR		EUR
As at 1 January	2.86	19 594	2.86
Granted during the year (+)	2.86	30 350	2.86
Exercised during the year (-)	2.86	(16 896)	2.86
Forfeited during the year (-)	2.86	(2 875)	-
As at 31 December	2.86	30 173	2.86
<b>Vested and exercisable as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>

The assessed fair value at grant date of options granted during the year ended 31 December 2023 was between EUR 8.65 to EUR 12.30 per option (please see table below). The fair value at grant date is independently determined using a Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share the risk-free interest rate for the term of the option.

Options are granted for no consideration. Vested options are exercisable for a period of three months after vesting. The model inputs for options granted during the year ended 31 December 2023 included:

- exercise price: EUR 2.86
- grant date: multiple grant dates
- exercise period first date: 12 months after grant date
- expiry date: 3 months after exercise period end date
- share price at grant date: share price at grant date
- expected price volatility of the company's shares: 26%
- risk-free interest rate: German 5-year bond yield at grant date

Grant date	Date	03.02.2023	08.05.2023	17.07.2023	21.07.2023	18.12.2023
Exercise price	EUR			2.86		
Expected price volatility of the company's shares	%			26%		
Exercise period first date	Date	04.02.2024	09.05.2024	18.07.2024	22.07.2024	19.12.2024
Expiry date	Date	05.05.2024	10.08.2024	19.10.2024	23.10.2024	20.05.2025
Share price at grant date	EUR	15.1	14.45	14	14	11.5
Risk-free interest rate	%	2.24%	2.28%	2.58%	2.56%	2.05%
Option price per option	EUR	12.3	11.65	11.21	11.21	8.65

### **Phase I management stock option scheme**

During the reporting period the Company granted Phase I management stock options to its management team. The terms of the personnel options of the Company were approved by the general meeting of shareholders of the Company on 24 March 2022. One option gives the right to purchase one share of the Company for EUR 1,00 with a vesting period of 1 calendar year. After an option is exercised, the Company has a proportional clawback right, if at the exercise date (Companies board meeting date is no later than 4 months after Companies 2026 Annual report publishing date) stock price does not exceed the specified amount in the Option scheme rules. Option holders can get a material benefit from Phase I management options only if the stock market price exceeds the EUR 16.51 per share price on the exercise date.

	Jan – Dec 2023	Jan – Dec 2022	
	Average exercise price per share option	Number of options	Average exercise price per share option
	EUR	EUR	
As at 1 January	16.51	229 000	-
Granted during the year (+)	16.51	20 100	16.51
Exercised during the year (-)	16.51	(210 000)	-
Forfeited during the year (-)	16.51	(2 000)	-
As at 31 December	16.51	37 100	16.51
<b>Vested and exerciseable as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>

The assessed fair value at grant date of options granted during the year ended 31 December 2023 was between EUR 0.75 – EUR 2.31 per option (please see the table below). The fair value at grant date is independently determined using a Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share the risk-free interest rate for the term of the option and the probability of option forfeiture due to the long vesting period.

The model inputs for options granted during the year ended 31 December 2023 included:

- exercise price: EUR 16.51
- grant date: multiple granting dates
- exercise period first date: 4 months after approval of FY2026 annual report, expected in August 2027.
- probability of option forfeiture during the vesting period: 30%
- share price at grant date: share price at grant date
- expected price volatility of the company's shares: 26%
- risk-free interest rate: German 5-year bond yield at grant date

Grant date	Date	03.02.2023	08.05.2023	17.07.2023	18.12.2023	19.12.2023
Exercise price	EUR			16.51		
Exercise period first date	Date			1 August 2027		
Probability of option forfeiture during the vesting period	%			30%		
Expected price volatility of the company's shares	%			26%		
Share price at grant date	EUR	15.1	14.45	14	11.45	11.5
Risk-free interest rate	%	2.24%	2.25%	2.58%	2.05%	2.00%
<b>Option price per option</b>	<b>EUR</b>	<b>2.31</b>	<b>1.95</b>	<b>1.76</b>	<b>0.75</b>	<b>0.76</b>

## Phase II management stock option scheme

During the reporting period, the Company granted Phase II management stock options to its management team. The terms of the personnel options of the Company were approved by the general meeting of shareholders of the Company on 24 March 2022. One option gives the right to purchase one share of the Company for EUR 27.48 with a vesting period of 1 calendar year. After an option is exercised, the Company has a proportional clawback right, if at the exercise date (Companies board meeting date is no later than 4 months after Companies 2026 Annual report publishing date) stock price does not exceed specified amount in the Option scheme rules. EUR 27.48.

	Jan - Dec 2023		Jan - Dec 2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
	EUR		EUR	
As at 1 January	-	-	-	-
Granted during the year (+)	27.48	126 700	-	-
Exercised during the year (-)	-	-	-	-
Forfeited during the year (-)	-	-	-	-
As at 31 December	27.48	126 700	-	-
<b>Vested and exerciseable as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The assessed fair value at grant date of options granted during the year ended 31 December 2023 was between EUR 0.34 – EUR 0.35 per option (please see the table below). The fair value at grant date is independently determined using a Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share the risk-free interest rate for the term of the option and the probability of option forfeiture due to the long vesting period.

The model inputs for options granted during the year ended 31 December 2023 included:

- exercise price: EUR 27.48
- grant date: multiple granting dates
- exercise period first date: 4 months after approval of FY2026 annual report, expected in August 2027.
- probability of option forfeiture during the vesting period: 30%
- share price at grant date: share price at grant date
- expected price volatility of the company's shares: 26%
- risk-free interest rate: German 5-year bond yield at grant date

Grant date	Date	09.10.2023	16.10.2023
Exercise price	EUR	27.48	
Exercise period first date	Date	1 August, 2027	
Probability of option forfeiture during the vesting period	%	30%	
Expected price volatility of the company's shares	%	26%	
Share price at grant date	EUR	13.50	13.60
Risk-free interest rate	%	2.65%	2.71%
<b>Option price per option</b>	<b>EUR</b>	<b>0.34</b>	<b>0.35</b>

The options are recognized in the financial statements linearly over the vesting period. Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Jan – Dec 2023 EUR	Jan – Dec 2022 EUR
Options issued under employee option scheme	329 317	127 589
Options issued under Phase I management option scheme	88 633	43 935
Options issued under Phase II management option scheme	2 869	-
<b>Total option scheme expense</b>	<b>420 819</b>	<b>171 524</b>

## 6. Interest income calculated using the effective interest rate

	Jan – Dec 2023 Group EUR	Jan – Dec 2022 Group EUR	Jan – Dec 2023 Company EUR	Jan – Dec 2022 Company EUR
Interest earned on short-term placements with credit institutions	48 521	2 495	26 435	2 495
Interest on loans to related parties	2 945	-	3 290	-
<b>Total</b>	<b>51 466</b>	<b>2 495</b>	<b>29 725</b>	<b>2 495</b>

## 7. Interest expense

	Jan – Dec 2023 Group EUR	Jan – Dec 2022 Group EUR	Jan – Dec 2023 Company EUR	Jan – Dec 2022 Company EUR
Interest on lease liabilities	4 713	3 147	4 713	3 147
<b>Total</b>	<b>4 713</b>	<b>3 147</b>	<b>4 713</b>	<b>3 147</b>

## 8. Other operating expenses

	Jan – Dec 2023 Group EUR	Jan – Dec 2022 Group EUR	Jan – Dec 2023 Company EUR	Jan – Dec 2022 Company EUR
Costs compensated to pension plans	6 421	13 390	-	-
Bank of Latvia financing fee (till 31.12.2022., FCMC financing fee)	57 211	19 348	43 795	3 557
<b>Total</b>	<b>63 632</b>	<b>32 738</b>	<b>43 795</b>	<b>3 557</b>

## 9. Cash and cash equivalents

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Placements with Swedbank AS	400 906	2 218 707	4 208	1 958 364
Placements with SEB banka AS	14 587	2 012 416	14 587	12 416
Short-term deposits with Swedbank AS	2 291 903	1 000 000	963 994	1 000 000
Short-term deposits with SEB banka AS	-	2 000 000	-	2 000 000
<b>Total</b>	<b>2 707 396</b>	<b>7 231 123</b>	<b>982 789</b>	<b>4 970 780</b>

According to IFRS 9 "Financial Instruments", the Group and the Company have assessed expected credit losses on placements with credit institutions. The Group and the Company hold cash in AS Swedbank and AS SEB banka. AS Swedbank and AS SEB banka have an S&P rating of A+, Moody's has an Aa3 rating and Fitch has an AA- rating. In assessing the amount of expected credit losses, it was determined that it was insignificant and no provision for expected credit losses were recorded.

## 10. Receivables

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Izugsme 47-57"	70 105	53 014	70 105	53 014
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Jauda 16-50"	232 577	155 050	232 578	155 050
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	10 075	8 002	10 075	8 002
Commission fee for the management of the assets of the private pension scheme pension plan "INDEXO AKCIJU PLANS"	8 095	3 799	3 333	1 564
Commission fee for managing the assets of the private pension scheme pension plan "INDEXO OBLIGACIJU PLANS"	637	325	261	133
Indexo Atklātais Pensiju Fonds, AS	-	-	-	5 143
IDX1R, AS	-	-	1 559	165 837
<b>Total</b>	<b>321 489</b>	<b>220 190</b>	<b>317 911</b>	<b>388 743</b>

Receivables have been received shortly after the end of the period, therefore, provisions for impairment are assessed as insignificant.

## 11. Other assets

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Guarantee deposit	5 152	6 937	5 120	6 937
Inventory of plastic cards	76 838	-	-	-
<b>Total</b>	<b>81 990</b>	<b>6 937</b>	<b>5 120</b>	<b>6 937</b>

## 12. Prepayments

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Health insurance	36 039	17 560	27 549	17 560
Utilities	3 267	4 525	3 267	4 525
Software licences expense	508 700	2 194	-	2 194
<b>Total</b>	<b>548 006</b>	<b>24 279</b>	<b>30 816</b>	<b>24 279</b>

## 13. Contract acquisition costs

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Customer attraction costs	1 389 048	990 417	1 389 048	990 417
<b>Total</b>	<b>1 389 048</b>	<b>990 417</b>	<b>1 389 048</b>	<b>990 417</b>

The Group capitalises the variable compensation (including employer's social security contributions) of specialists involved in customer acquisition. The capitalised expenses are amortised over a period of seven years.

According to the data of the State Social Insurance Agency, in the reporting period, on average 7% of participants in the investment plans managed by the Group opted for other investment plans registered in Latvia, while 93% of participants remained in the plans managed by INDEXO. This means that if this indicator remains unchanged in the coming years, a participant of the investment plans managed by the Group will remain a client of INDEXO for about 12-14 years on average. Therefore, the Group believes that the amortisation of the variable compensation of customer acquisition specialists related to customer acquisition over a period of seven years is appropriate.

<i>Customer acquisition costs</i>	EUR	EUR
	Group	Company
<b>At 31.12.2021</b>	<b>535 977</b>	<b>535 977</b>
Capitalised salary costs, including national social insurance mandatory contributions	593 717	593 717
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(139 277)	(139 277)
<b>At 31.12.2022</b>	<b>990 417</b>	<b>990 417</b>
Capitalised salary costs, including national social insurance mandatory contributions	632 455	632 455
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(233 824)	(233 824)
<b>At 31.12.2023</b>	<b>1 389 048</b>	<b>1 389 048</b>

#### **14. Intangible assets, property, plant and equipment and right-of-use assets**

	Intangible Assets (Group)	Intangible Assets (Company)
	EUR	EUR
<b>Historical cost</b>		
31.12.2021	118 973	-
Additions	97 402	-
31.12.2022	216 375	-
Additions	1 786 912	-
Advance payments	71 847	
31.12.2023	2 075 134	-
<b>Accumulated amortisation</b>		
31.12.2021	10 859	-
Calculated	28 339	-
31.12.2022	39 198	-
Calculated	70 768	-
31.12.2023	109 966	-
Net book value at 31.12.2022	177 176	-
<b>Net book value at 31.12.2023</b>	<b>1 965 168</b>	-
	Other PPE (Group)	Other PPE (Company)
	EUR	EUR
<b>Historical cost</b>		
31.12.2021	21 687	21 687
Additions	-	-
31.12.2022	21 687	21 687
Additions	26 389	6 796
31.12.2023	48 076	28 483
<b>Accumulated depreciation</b>		
31.12.2021	13 522	13 522
Calculated	4 083	4 083
31.12.2022	17 605	17 605
Calculated	8 783	4 166
31.12.2023	26 388	21 771
Net book value at 31.12.2022	4 082	4 082
<b>Net book value at 31.12.2023</b>	<b>21 688</b>	<b>6 712</b>

The Group applies IFRS 16 to leases. The Group leases office space. The lease is on average valid until 30 January 2025. There are no significant lease incentives or renewal options incorporated in the lease contracts. Lease liabilities are calculated using a discount rate of 6.9% (In 2022: 2.9%). The Group and the Company recalculated discount rate during 2023. The new discount rate was calculated in order to equalize right-of-use assets and lease liabilities at the beginning of 2023. No new lease agreements were signed during 2023.

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
<b>Right-of-use assets</b>				
Right-of-use assets	37 811	77 788	37 811	77 788
Lease liability	46 665	90 467	46 665	90 467
	Group	Company		
	EUR	EUR		
<i>Right-of-use assets</i>				
At 31.12.2021	39 548	39 548		
Impact of lease additions	75 578	75 578		
Amortisation	(37 338)	(37 338)		
At 31.12.2022	77 788	77 788		
Impact of lease additions	-	-		
Amortisation	(37 338)	(37 338)		
Correction	(2 639)	(2 639)		
At 31.12.2023	37 811	37 811		
	Group	Company		
	EUR	EUR		
<i>Lease liability</i>				
At 31.12.2021	39 332	39 332		
Changes during the reporting period	51 136	51 136		
At 31.12.2022	90 466	90 466		
of which short term liabilities (less than year)	42 734	42 734		
of which long term liabilities (between 1 to 5 years)	47 734	47 734		
Changes during the reporting period	(42 734)	(42 734)		
Correction	(1 069)	(1 069)		
At 31.12.2023	46 665	46 665		
of which short term liabilities (less than year)	42 951	42 951		
of which long term liabilities (between 1 to 5 years)	3 714	3 714		

## 15. Investments in subsidiaries

	Shareholding 31.12.2023	31.12.2023	Shareholding 31.12.2022	31.12.2022
		EUR		EUR
IDX1R, AS (Latvia)	100%	5 000 000	100%	2 000 000
Indexo Atklātais Pensiju Fonds, AS (Latvia)	100%	750 000	100%	600 000
<b>Total</b>	<b>100%</b>	<b>5 750 000</b>	<b>100%</b>	<b>2 600 000</b>

2021 was the first year in which AS "Indexo Atklātais Pensiju Fonds" offered its services. "AS Indexo Atklātais Pensiju Fonds" has remained loss-making since the first year of operations. Losses were planned for the first years of operation of the APF as the private pension plans under management are yet to accumulate the number of customers and related investments in the plans to generate sufficient returns in a form of asset management fees to cover operating costs.

In 2023, AS "Indexo Atklātais Pensiju Fonds" share capital was increased by EUR 150 000. On 31 December 2023 share capital of AS "Indexo Atklātais Pensiju Fonds" consists of 750 000 shares with a nominal value of 1 EUR per share.

The Company has assessed the recoverable amount of the investment by discounting the expected future cash flows of its subsidiary. The key assumptions used for value in use calculation is as follows:

- Discount rate of 10% (2022: 10%);
- Increase in the number of clients (according to the long-term business plan);
- Growth in asset under management (according to the long-term business plan);
- Market returns;
- Cost level within the subsidiary (according to the long-term business plan);
- Planned fees for asset under management and private pension plan administration (according to the long-term business plan).

The following individual change in each of the key assumptions would make recoverable amount approximate the investments carrying amount:

- 43% less new clients throughout the forecast period;
- 49% lower average AUM per client joining INDEXO;
- Market returns reduced to 9.5% per annum throughout the forecast period;
- Cost level within the subsidiary increases by 19% per annum throughout the valuation period;
- Planned fees for asset under management and private pension plan administration reduced by 26% throughout the valuation period.

AS "IDX1R" was established on 19 December 2022 with the aim to develop the legal and IT infrastructure required for receiving a Banking license. On 31 December 2022, share capital of AS "IDX1R" consisted of 2 000 000 shares with a nominal value of 1 EUR per share. In the 2023 share capital was increased by EUR 3 000 000. At the end of the reporting period, AS "IDX1R" share capital consists of 5 000 000 shares with a nominal value of 1 EUR per share.

The Company has assessed the recoverable amount of the investment based on the long-term valuation of its subsidiary, AS "IDX1R", by discounting the future cash flows of the subsidiary and calculating the terminal value in the fifth year. The key assumptions used for value in use calculation is as follows:

- Discount rate of 10%;
- Multiplier x10 for terminal valuation;
- Future cash flows (according to the long-term business plan);
- Increase in the number of clients (according to the long-term business plan);
- Deposit and credit portfolio increase (according to the long-term business plan);

The following individual change in each of the key assumptions would make recoverable amount approximate the investments carrying amount:

- Terminal valuation multiplicator decreased to 3.3;
- 84% less new clients;
- 42% less deposit and credit portfolio.

According to the aforementioned recoverability calculations, it is not necessary to recognize any impairment of investments in subsidiary companies as at 31 December, 2023.

Financial information of subsidiaries:

	AS "Indexo Atklātais Pensiju Fonds"		AS "IDXIR"	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Assets	465 381	374 402	3 856 278	2 065 543
Liabilities	198 653	168 537	1 526 319	165 836
Equity	266 728	205 865	2 329 959	1 899 707
Operating income	45 137	20 555	-	-
Loss for the reporting year	(89 138)	(154 108)	(2 569 747)	(100 293)

## 16. Investment in associates

	Shareholding		Shareholding	
	31.12.2023		31.12.2022	
	Company	Company	Company	Company
		EUR	EUR	
SIA Provendi asset management AIFP	49%	127 400	49%	49 000
<b>Total</b>		<b>127 400</b>		<b>49 000</b>

	Shareholding		Shareholding	
	31.12.2023		31.12.2022	
	Group	Group	Group	Group
		EUR	EUR	
SIA Provendi asset management AIFP	49%	127 400	49%	49 000
<b>Total</b>		<b>127 400</b>		<b>49 000</b>

SIA Provendi asset management AIFP was established with the purpose of creating a modern low-cost real estate management fund in Latvia which aligns with the mission statement and values of the Group. The investment will support positive change in the Latvian investment market. In 2023, we have made EUR 78 400 investment in the SIA Provendi asset management AIFP company.

The company has assessed the recoverable value of the investment based on the long-term valuation of its associate company, SIA Provendi asset management AIFP, by discounting the future cash flows of the associate company. In the calculations, the value of the associate company was determined using cash flow forecasts, applying a discount rate of 10%. Cash flow projections were made for the next three years, using the company's 2023 long-term business plan and further growth.

## 17. Other securities and investments

	Shareholding		Shareholding	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
	Company	Company	Company	Company
		EUR		EUR
GolIndex UAB (Lithuania)		5%	61 583	5% 11 663
<b>Total</b>			<b>61 583</b>	<b>11 663</b>

	Shareholding		Shareholding	
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
	Group	Group	Group	Group
		EUR		EUR
GolIndex UAB (Lithuania)		5%	61 583	5% 11 663
<b>Total</b>			<b>61 583</b>	<b>11 663</b>

GolIndex UAB was established to improve the pension market in Lithuania, which is in line with the Company's mission and values. The investment will support positive changes in the Lithuanian pension market. In 2023, we have made EUR 49 920 investment in the GolIndex UAB company.

## 18. Loans to subsidiaries and associates

	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
SIA Provendi asset management AIFP	53 900	-	53 900	-
IDX1R AS	-	-	700 000	-
<b>Total loans</b>	<b>53 900</b>	-	<b>753 900</b>	-
Accrued interest	3 541	-	3 887	-
<b>Total accrued interests</b>	<b>3 541</b>	-	<b>3 887</b>	-
Accruals for credit losses	(3 497)	-	(3 497)	-
<b>Total</b>	<b>53 944</b>	-	<b>754 290</b>	-

Loan to associated company was made for working capital, to cover the borrower's current expenses, the maturity date is set at the end of 2026 with the interest rate 6% p.a.. Assessing the credit quality of the loan as of 31 December , 2023, the loan is classified in stage 2 according to IFRS 9, and accruals for the credit losses were made. Considering that the loan is unsecured, the expected credit loss is determined with LGD=100%. The lifetime PD is determined to be 6.14%.

Loan to subsidiary company was made in 2023 to ensure its economic activities. The maturity date was set to the end of June 2024 with the interest rate 6% p.a. The loan to IDX1R AS was classified in stage 1, and it was assessed that provisions for expected credit losses were insignificant, as the loan repayment was made on 26 January, 2024.

Changes in allowances for expected credit losses (Group):

	Allowances for expected credit losses				Loans, gross			
	Stage 1	Stage 2	Stage3	Total	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2022</b>	-	-	-	-	-	-	-	-
SIA Provendi asset management AIFP	-	(3 497)	-	(3 497)	-	53 900	-	53 900
IDX1R AS	-	-	-	-	-	-	-	-
<b>31.12.2023</b>	-	(3 497)	-	(3 497)	-	53 900	-	53 900

Changes in allowances for expected credit losses (Company):

	Allowances for expected credit losses				Loans, gross			
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
<b>31.12.2022</b>	-	-	-	-	-	-	-	-
SIA Provendi asset management AIFP	-	(3 497)	-	(3 497)	-	53 900	-	53 900
IDXR AS	-	-	-	-	700 000	-	-	700 000
<b>31.12.2023</b>	-	(3 497)	-	(3 497)	700 000	53 900	-	753 900

## 19. Accrued liabilities

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
<b>Financial liabilities</b>				
Accrued liabilities to suppliers	73 155	56 279	59 278	40 250
<b>Non-financial liabilities</b>				
Accrued liabilities for unused annual leave	151 151	97 385	92 703	97 385
Accrued liabilities for employee payments in 3PP	21 894	-	8 454	-
Provisions for variable remuneration of employees and related tax payments	-	39 920	-	39 920
<b>Total financial and non-financial liabilities</b>	<b>246 200</b>	<b>193 584</b>	<b>160 434</b>	<b>177 555</b>

## 20.Trade payables

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
<b>Financial liabilities</b>				
Payables for purchased goods and received services	608 361	89 072	114 127	70 669
<i>Health Insurance</i>	27 956	-	27 956	-
<i>Other</i>	110 196	32 760	53 022	14 357
<i>PR expenses</i>	16 031	-	16 031	-
<i>Received services from related companies</i>	-	-	19 272	-
<i>Advance payments</i>	-	-	(2 154)	-
<i>Bank system licences</i>	419 381	-	-	-
<i>IT infrastructure development</i>	34 797	2 417	-	2 417
<i>Internal audit expenses</i>	-	18 348	-	18 348
<i>Marketing expenses</i>	-	14 063	-	14 063
<i>Expenses for banking development</i>	-	14 033	-	14 033
<i>Nasdaq fee</i>	-	7 451	-	7 451
<b>Total</b>	<b>608 361</b>	<b>89 072</b>	<b>114 127</b>	<b>70 669</b>

## 21. Taxes and national social insurance mandatory contributions

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
<b>Non-financial liabilities</b>				
Taxes and national social insurance mandatory contributions	207 962	95 245	52 651	92 814
<i>National social insurance mandatory contributions</i>	64 798	39 127	26 002	38 160
<i>Income tax</i>	42 283	29 291	18 436	28 698
<i>Joint tax</i>	706	1 069	659	1 069
<i>VAT</i>	100 138	25 714	7 529	24 861
<i>Risk fee</i>	37	44	25	26
<b>Total</b>	<b>207 962</b>	<b>95 245</b>	<b>52 651</b>	<b>92 814</b>

## 22. Other liabilities

	Dec 2023	Dec 2022	Dec 2023	Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
<b>Non-financial liabilities</b>				
Salary liability	153 001	108 461	66 988	106 513
Liabilities to 3rd Pillar pension plans	180 957	123 960	-	-
Other	196	625	196	-
<b>Total</b>	<b>334 154</b>	<b>233 046</b>	<b>67 184</b>	<b>106 513</b>

## 23. Share capital

The registered and fully paid-in share capital of IPAS "Indexo" as at 31 December 2023 amounts to EUR 3 795 407 (31 December 2022: EUR 3 568 511) and consists of bearer shares. The share capital of the Company consists of 3 795 407 bearer shares with a nominal value of EUR 1 (one euro) per share. In 2023, the Company's share capital was increased by EUR 226 896 (in 2022 by EUR 16 524) after employee stock options were exercised (see Note 3).

	Share capital subscribed	Share	Paid-up share capital
	EUR	%	EUR
<b>Shareholders</b>			
Legal entities - residents with shareholding in the share capital up to 10%	1 362 885	35.91%	1 362 885
Legal entities - non-residents with shareholding in the share capital up to 10%	872 030	22.98%	872 030
Natural persons - residents with shareholding in the share capital up to 10%	1 292 856	34.06%	1 292 856
Natural persons - non-residents with shareholding in the share capital up to 10%	267 636	7.05%	267 636
<b>Total</b>	<b>3 795 407</b>	<b>100%</b>	<b>3 795 407</b>

Shares and share options directly owned by the Management Board and Supervisory Board members of the Company at 31 December 2023.

Member	Position	Number of shares directly owned	Number of share options allocated	Number of unvested share options
Valdis Siksniš	Chairman of the Management Board	100 000	100 000	-
Henrik Karmo	Member of the Management Board	100 000	100 000	-
Ieva Bauma	Member of the Management Board	2 548	13 948	11 500
<b>Total for Management Board</b>		<b>202 548</b>	<b>213 948</b>	<b>11 500</b>
Valdis Vancovičs	Chairman of the Supervisory Board	57 913	-	-
Svens Dinsdorfs	Deputy Chairman of the Supervisory Board	-	-	-
Renāts Lokomets	Member of the Supervisory Board	-	-	-
Ivita Asare	Member of the Supervisory Board	900	-	-
Ramona Miglāne	Member of the Supervisory Board	-	-	-
<b>Total for Supervisory Board</b>		<b>58 813</b>		<b>-</b>

## 24. Related party transactions

Related parties include shareholders who have significant influence over the Group and the Company, members of the companies they control, Supervisory Board and the Management Board, as well as other related parties, i.e., executives, their close relatives and companies controlled by them, and affiliated companies. In the period from 1 January 2023 to 31 December 2023, all transactions with related parties were conducted in accordance with free-market principles.

Subsidiary - AS "IDX1R"	Description	Dec 2023	Dec 2022	Dec 2023	Dec 2022
		Group	Group	Company	Company
Balance	Payables	-	-	1 558	165 837
Balance	Loan to associate company	-	-	700 000	-
Balance	Accrued interest	-	-	345	-
Balance	Creditor liabilities	-	-	16 887	-
Comprehensive income	Reclaimed expenses	-	-	141 210	137 055
Comprehensive income	Reclaimed invoices	-	-	(827)	-
Comprehensive income	Services received	-	-	17 714	-
Subsidiary - AS "Indexo Atklātais Pensiju Fonds"	Description	EUR	EUR	EUR	EUR
Balance	Payables	-	-	-	5 143
Comprehensive income	Services provided	-	-	-	30 645
SIA "Callidus Capital"*	Description	EUR	EUR	EUR	EUR
Comprehensive income	Services received	972	2 853	-	2 853
Management and Supervisory Board	Description	EUR	EUR	EUR	EUR
Comprehensive income	Renumeration National social insurance mandatory contributions	623 233	346 113	139 948	334 808
Comprehensive income		147 021	81 648	33 014	78 981

\*SIA "Callidus Capital" controlled by the members of the Management Board.

## 25. Maturity analysis of financial assets and liabilities

The table below shows the maturity analysis of the Group's and the Company's financial assets and liabilities, considering the remaining term from the end of the reporting period to the contractual maturity date.

Group 31.12.2023., EUR	Total	On demand	Up to 1 month	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	2 707 396	2 707 396	-	-	-	-
Receivables	321 489	-	321 489	-	-	-
Loans to associate companies	53 944				53 944	
Other securities and investments	61 583	-	-	-	-	61 583
<b>Total financial assets</b>	<b>3 144 412</b>	<b>2 707 396</b>	<b>321 489</b>	<b>-</b>	<b>-</b>	<b>115 527</b>
Accrued liabilities	(73 155)	-	-	(73 155)	-	-
Payables to suppliers and contractors	(608 361)	-	(608 361)	-	-	-
Lease liability	(46 665)	-	(3 467)	(10 524)	(28 960)	(3 714)
<b>Total financial liabilities</b>	<b>(728 181)</b>	<b>-</b>	<b>(611 828)</b>	<b>(83 679)</b>	<b>(28 960)</b>	<b>(3 714)</b>
<b>Net position</b>	<b>2 416 231</b>	<b>2 707 396</b>	<b>(290 339)</b>	<b>(83 679)</b>	<b>(28 960)</b>	<b>111 813</b>

Group 31.12.2022., EUR	Total	On demand	Up to 1 month	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	7 231 123	7 231 123	-	-	-	-
Receivables	220 190	-	220 190	-	-	-
Other securities and investments	11 663	-	-	-	-	11 663
<b>Total financial assets</b>	<b>7 462 976</b>	<b>7 231 123</b>	<b>220 190</b>	<b>-</b>	<b>-</b>	<b>11 663</b>
Accrued liabilities	(56 279)	-	-	(56 279)	-	-
Payables to suppliers and contractors	(89 072)	-	(89 072)	-	-	-
Lease liability	(90 468)	-	(3 513)	(7 053)	(32 168)	(47 734)
<b>Total financial liabilities</b>	<b>(235 819)</b>	<b>-</b>	<b>(92 585)</b>	<b>(63 332)</b>	<b>(32 168)</b>	<b>(47 734)</b>
<b>Net position</b>	<b>7 227 157</b>	<b>7 231 123</b>	<b>127 605</b>	<b>(63 332)</b>	<b>(32 168)</b>	<b>(36 071)</b>

Company 31.12.2023., EUR	Total	On demand	Up to 1 month	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	982 789	982 789	-	-	-	-
Receivables	317 911	-	317 911	-	-	-
Loans to associate companies	753 944				700 000	53 944
Other securities and investments	61 583	-	-	-	-	61 583
<b>Total financial assets</b>	<b>2 116 227</b>	<b>982 789</b>	<b>317 911</b>	<b>-</b>	<b>700 000</b>	<b>115 527</b>
Accrued liabilities	(59 278)	-	-	(59 278)		
Payables to suppliers and contractors	(114 127)	-	(114 127)	-	-	-
Lease liability	(46 665)	-	(3 467)	(10 524)	(28 960)	(3 714)
<b>Total financial liabilities</b>	<b>(220 070)</b>	<b>-</b>	<b>(117 594)</b>	<b>(69 802)</b>	<b>(28 960)</b>	<b>(3 714)</b>
<b>Net position</b>	<b>1 896 157</b>	<b>982 789</b>	<b>200 317</b>	<b>(69 802)</b>	<b>671 040</b>	<b>111 813</b>

Company 31.12.2022., EUR	Total	On demand	Up to 1 month	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	4 970 780	4 970 780	-	-	-	-
Receivables	388 743	-	388 743	-	-	-
Other securities and investments	11 663	-	-	-	-	11 663
<b>Total financial assets</b>	<b>5 371 186</b>	<b>4 970 780</b>	<b>388 743</b>	<b>-</b>	<b>-</b>	<b>11 663</b>
Accrued liabilities	(40 250)	-	-	(40 250)		
Payables to suppliers and contractors	(70 669)	-	(70 669)	-	-	-
Lease liability	(90 468)	-	(3 513)	(7 053)	(32 168)	(47 734)
<b>Total financial liabilities</b>	<b>(201 387)</b>	<b>-</b>	<b>(74 182)</b>	<b>(47 303)</b>	<b>(32 168)</b>	<b>(47 734)</b>
<b>Net position</b>	<b>5 169 799</b>	<b>4 970 780</b>	<b>314 561</b>	<b>(47 303)</b>	<b>(32 168)</b>	<b>(36 071)</b>

#### **Undiscounted cash flow of lease liabilities**

Company 31.12.2023., EUR	Total	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years
Lease liabilities	48 556	-	3 735	11 205	29 881	3 735
Group 31.12.2023., EUR	Total	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years
Lease liabilities	48 556	-	3 735	11 205	29 881	3 735

Company 31.12.2022., EUR	Total	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years
Lease liabilities	93 377	-	3 735	11 205	29 881	48 556
Group 31.12.2022., EUR	Total	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years
Lease liabilities	93 377	-	3 735	11 205	29 881	48 556

#### **26. State funded and private pension plans established and managed by the Group by net asset value**

	Dec 2023	Dec 2022
	EUR	EUR
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	199 575 464	139 745 287
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	662 157 513	408 359 269
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	34 315 362	26 632 576
Private pension scheme investment plan "INDEXO AKCIJU PLANS"	19 555 902	9 388 754
Private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	1 588 458	823 454
<b>Total</b>	<b>917 192 699</b>	<b>584 949 340</b>

#### **27. Remuneration to a commercial company of sworn auditors**

	Jan – Dec 2023	Jan – Dec 2022	Jan – Dec 2023	Jan – Dec 2022
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Audit of financial statements	51 183	35 800	36 542	24 600
Non-audit assurance services	9 680	7 000	5 445	4 500
<b>Total</b>	<b>60 863</b>	<b>42 800</b>	<b>41 987</b>	<b>29 100</b>

## 28. Earnings per share

	Jan – Dec 2023 Group EUR	Jan – Dec 2022 Group EUR	Jan – Dec 2023 Company EUR	Jan – Dec 2022 Company EUR
<b>Basic earnings per share</b>				
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	(2 898 201)	(1 271 803)	(242 391)	(1 017 401)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.79)	(0.39)	(0.07)	(0.31)
<b>Diluted earnings per share</b>				
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	(2 898 201)	(1 271 803)	(242 391)	(1 017 401)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.78)	(0.38)	(0.07)	(0.30)
<b>Weighted average number of shares used as denominator</b>				
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	3 646 959	3 249 543	3 646 959	3 249 543
Adjustments for calculation of diluted earnings per share:				
Options	61 621	134 597	61 621	134 597
<b>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</b>				
Options granted to employees under the option schemes are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share, if the required TSR hurdles would have been met based on the Company's performance up to the reporting date, and to the extent to which they are dilutive.	3 708 580	3 384 140	3 708 580	3 384 140

## 29. Fair value

Fair value of financial assets and liabilities based on fair value hierarchy levels (Group):

31.12.2023.	Level 1: EUR	Level 2: EUR	Level 3: EUR	Total fair value EUR	Carrying amount EUR
<b>Financial assets</b>					
Cash and cash equivalents	-	2 707 396	-	2 707 396	2 707 396
Receivables	-	-	321 489	321 489	321 489
Other financial assets	-	-	61 583	61 583	61 583
<b>Financial liabilities</b>					
Trade payables	-	-	608 361	608 361	608 361
Lease liabilities	-	-	46 665	46 665	46 665
Other financial liabilities	-	-	73 155	73 155	73 155

31.12.2022.	Level 1: EUR	Level 2: EUR	Level 3: EUR	Total fair value EUR	Carrying amount EUR
<b>Financial assets</b>					
Cash and cash equivalents	-	7 231 123	-	7 231 123	7 231 123
Receivables	-	-	220 190	220 190	220 190
Other financial assets	-	-	11 663	11 663	11 663
<b>Financial liabilities</b>					
Trade payables	-	-	89 072	89 072	89 072
Lease liabilities	-	-	90 468	90 468	90 468
Other financial liabilities	-	-	56 279	56 279	56 279

Fair value of financial assets and liabilities based on fair value hierarchy levels (Company):

31.12.2023.	Level 1: EUR	Level 2: EUR	Level 3: EUR	Total fair value EUR	Carrying amount EUR
<b>Financial assets</b>					
Cash and cash equivalents	-	982 789	-	982 789	982 789
Receivables	-	-	317 911	317 911	317 911
Other financial assets	-	-	61 583	61 583	61 583
<b>Financial liabilities</b>					
Trade payables	-	-	113 903	113 903	113 903
Lease liabilities	-	-	46 665	46 665	46 665
Other financial liabilities	-	-	59 278	59 278	59 278

31.12.2022.	Level 1: EUR	Level 2: EUR	Level 3: EUR	Total fair value EUR	Carrying amount EUR
<b>Financial assets</b>					
Cash and cash equivalents	-	4 970 780	-	4 970 780	4 970 780
Receivables	-	-	388 743	388 743	388 743
Other financial assets	-	-	11 663	11 663	11 663
<b>Financial liabilities</b>					
Trade payables	-	-	70 669	70 669	70 669
Lease liabilities	-	-	90 468	90 468	90 468
Other financial liabilities	-	-	40 250	40 250	40 250

In the opinion of the Group's management, the fair values of financial assets and liabilities do not differ materially from their carrying amounts.

### 30. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or the Group that allocates resources to and assesses the performance of the operating segments of the Group. The Management Board of the Group's parent company IPAS "Indexo" is the chief operating decision maker. The Group distinguishes two separate segments (i) asset management, and (ii) Bank development. Operating activities of both segments are in Latvia.

#### 1) Asset management

Includes management of the assets of state-funded pension scheme investment plans and private pension scheme investment plans.

#### 2) Banking development

Includes all the costs for Bank development are licensing process activities.

### Segment results (Jan – Dec 2023)

		Asset management	Bank development	Total
Commission income	EUR	3 123 426	-	3 123 426
Interest income and other income	EUR	25 012	21 741	46 753
Administrative and other expenses allocation	EUR	(1 272 371)	(2 587 345)	(3 859 716)
<b>Operating income before client acquisition and other business project expenses</b>	EUR	<b>1 876 067</b>	<b>(2 565 604)</b>	<b>(689 537)</b>
Client acquisitions cost allocation	EUR	(1 781 549)	-	(1 781 549)
<b>Income after client acquisition and other business project expenses</b>	EUR	<b>94 518</b>	<b>(2 565 604)</b>	<b>(2 471 086)</b>
Non-cash personnel option expenses	EUR	(420 819)	-	(420 819)
Corporate income tax	EUR	(5 226)	(1 070)	(6 296)
<b>Comprehensive losses for the reporting period</b>	EUR	<b>(331 527)</b>	<b>(2 566 674)</b>	<b>(2 898 201)</b>

### **Segment assets and liabilities (2023)**

Assets		Asset management	Bank development	Total
Cash and cash equivalents	EUR	1 363 831	1 343 565	2 707 396
Contract acquisition costs	EUR	1 389 048	-	1 389 048
Intangible assets, property, plant and equipment, and right-of-use assets	EUR	123 728	1 900 939	2 024 667
Other assets	EUR	601 910	592 502	1 194 412
<b>Total assets</b>	<b>EUR</b>	<b>3 478 517</b>	<b>3 837 006</b>	<b>7 315 523</b>
Liabilities		Asset management	Bank development	Total
Taxes and national social insurance mandatory contributions	EUR	54 134	153 828	207 962
Other liabilities	EUR	566 309	669 071	1 235 380
<b>Total liabilities</b>	<b>EUR</b>	<b>620 443</b>	<b>822 899</b>	<b>1 443 342</b>

### **Segment results (Jan – Dec 2022)**

		Asset management	Bank development	Total
Commission income	EUR	2 277 620	-	2 277 620
Interest income and other income	EUR	(652)	-	(652)
Administrative and other expenses allocation	EUR	(610 648)	(1 186 197)	(1 796 845)
<b>Operating income before client acquisition and other business project expenses</b>	<b>EUR</b>	<b>1 666 320</b>	<b>(1 186 197)</b>	<b>480 123</b>
Client acquisitions cost allocation	EUR	(1 579 333)	-	(1 579 333)
<b>Income after client acquisition and other business project expenses</b>	<b>EUR</b>	<b>86 987</b>	<b>(1 186 197)</b>	<b>(1 099 210)</b>
Non-cash personnel option expenses	EUR	(171 524)	-	(171 524)
Corporate income tax	EUR	(1 069)	-	(1 069)
<b>Comprehensive losses for the reporting period</b>	<b>EUR</b>	<b>(85 606)</b>	<b>(1 186 197)</b>	<b>(1 271 803)</b>

### **Segment assets and liabilities (2022)**

Assets		Asset management	Bank development	Total
Cash and cash equivalents	EUR	1 084 668	6 146 455	7 231 123
Contract acquisition costs	EUR	990 417	-	990 417
Intangible assets, property, plant and equipment, and right-of-use assets	EUR	193 504	65 543	259 047
Other assets	EUR	312 069	-	312 069
<b>Total assets</b>	<b>EUR</b>	<b>2 580 658</b>	<b>6 211 998</b>	<b>8 792 656</b>
Liabilities		Asset management	Bank development	Total
Taxes and national social insurance mandatory contributions	EUR	28 574	66 672	95 245
Other liabilities	EUR	606 170	-	606 170
<b>Total liabilities</b>	<b>EUR</b>	<b>634 744</b>	<b>66 672</b>	<b>701 415</b>

### 31. Capital adequacy calculation

The amount of required own funds is determined in accordance with Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013. The Company is required to maintain a minimum level of own funds that (i) exceeds the minimum initial capital (EUR 125 000), (ii) minimum initial capital and additional capital, calculated based on assets under management, and (iii) 25% of fixed overheads of the preceding year. The Company's own funds exceeded capital requirements at all times during the reporting period.

	Dec 2023	Dec 2022
	EUR	EUR
<b>1 Total own funds (1.1 + 1.2)</b>	<b>1 694 389</b>	<b>4 934 590</b>
1.1 <b>Tier 1 capital (1.1.1 + 1.1.2)</b>	<b>1 694 389</b>	<b>4 934 590</b>
+ Share capital	3 795 407	3 568 511
+ Reserves	379 055	176 960
+ Share premium	7 094 334	7 062 908
+ Retained losses	(2 003 985)	(1 205 308)
+ Profit/(loss) for the period	(242 392)	(1 017 401)
- Contract acquisition costs	1 389 048	990 417
- Investments in subsidiaries	5 750 000	2 600 000
- Investments in share capital of associated companies	127 400	49 000
- Other securities and investments	61 583	11 663
<b>1.1.1 Total Tier 1 capital</b>	<b>1 694 389</b>	<b>4 934 590</b>
<b>1.1.2 Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>1.2 Tier 2 capital</b>	<b>-</b>	<b>-</b>
 <b>2 Minimum capital requirement</b>		
2.1 Company fixed overheads of the preceding year	3 345 691	1 372 791
2.2 Minimum initial capital	125 000	125 000
2.3. Assets under management	917 192 699	576 125 959
2.4. Assets under management limit for additional capital requirement	250 000 000	250 000 000
2.5 Maximum limit for own fund requirement	10 000 000	10 000 000
2.6 Additional capital requirement ((2.3-2.4) x 0.02%)	133 439	65 225
 <b>3 Company capital adequacy calculation</b>		
3.1 Excess own funds relative to minimum initial capital (1. - 2.2.)	1 569 389	4 809 590
3.2 Excess own funds relative to 25% of fixed overheads of the preceding year (1. - 2.1.x25%)	857 967	4 591 392
3.3 Excess own funds relative to minimum initial capital and additional capital requirement (1. - 2.2 - 2.6.)	1 435 951	4 744 365
 <b>4 Minimum own funds for capital requirement compliance</b>		
4.1 Minimum own funds relative to minimum initial capital and additional capital requirement (2.2 + 2.6)	258 439	190 225
4.2 Minimum own funds relative to 25% of fixed overheads of the preceding year (2.1 x 25%)	836 423	343 198

On 5 July, 2023, and 8 September, 2023, share issuances were made for the exercise of options granted to employees, resulting in an overall increase of 226,896 EUR in the share capital of IPAS "Indexo".

The above is based on internal reports of the Company, provided to the key management of the Company.

## 32. Events after the end of the reporting period

### 1. Secondary Public Offering

On December 29, 2023, the secondary public offering concluded, resulting in an additional capital raise of 9.011 million EUR, necessary for obtaining the Banking license and commencing operations. On January 10, 2024, the capital of IPAS was increased by this amount. According to the Bank Development Business Plan, the capital of IDX1R was increased by 10 million EUR on January 30, 2024. Consequently, in January 2024, IDX1R repaid the loan received from IPAS "Indexo" in the amount of 700 thousand EUR.

### 2. Investment Commitment Letters

At the beginning of 2024, INDEXO received investment commitment letters from nine investors amounting to 4.02 million EUR. These commitment letters are valid for 18 months, and INDEXO paid a 5% commission fee to these investors for assuming the commitments. These investment commitment letters will be used for capital raising only if further capital raising on the public capital market cannot be implemented on more favourable terms.

### 3. Employee Stock Option Exercise

On February 16, 2024, as a result of the employee stock option exercise, a share issuance was made, resulting in share capital increase of IPAS "Indexo" by 19 000 EUR.

### 4. Banking License

IPAS "Indexo" has submitted application documents for obtaining a new license for the operation of INDEXO Bank. As of the signing date of this report, the banking license has not yet been received, but a confirmation has been received from the Bank of Latvia and the European Central Bank that the documents submitted by INDEXO are complete. The Bank of Latvia also indicates that the expected deadline for the application review is April 22 of this year.

According to the terms of the 2021 IPO prospectus, if the license is not received within two years, INDEXO must proceed with share buyback. This provision will come into effect in July of this year. Management maintains regular communication with the Bank of Latvia and is positively inclined that there are no obstacles to obtaining the license by the time this provision comes into effect.

Management is confident that in the unlikely event of the need to carry out the initial share issuance buyback, INDEXO has sufficient funds for the buyback. The necessary funds would be allocated from the proceeds of the secondary public offering and, if necessary, from other sources, as the INDEXO pension business continues to run successfully.

INDEXO has capitalized software expenses related to Banking operations in total of 1.88 million EUR by the end of the year, nearly half of which are investments in mobile application development. The recoverability of these investments is assessed based on the Bank's business plan. In the event of non-receipt of the license, these investments may result in a significant decrease in value.

### 5. Long-Term Lease Agreement

On January 25, 2024, INDEXO Group signed a long-term lease agreement for office space with the VERDE office complex, where all INDEXO Group employees will be relocated this year, and where the future customer service centre of INDEXO Bank will also be located.

The financial statements were authorised for issue on 26 February 2024 and signed for and on behalf of the Management Board of the Company by:

Valdis Siksniš, Chairman of the Management Board

Henrik Karmo, Member of the Management Board

Ieva Bauma, Member of the Management Board

THIS DOCUMENT IS SIGNED WITH A SECURE DIGITAL SIGNATURE AND CONTAINS A TIMESTAMP

## Independent Auditor's Report

To the Shareholders IPAS "Indexo"

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### Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of IPAS "Indexo" (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023, and the Group's consolidated and the Company's separate financial performance and consolidated and separate cash flows for the year ended 31 December 2023 in accordance with the IFRS Accounting Standards as adopted by the European Union (EU).

Our opinion is consistent with our additional report to the Audit Committee dated 26 February 2024.

### What we have audited

The Group's consolidated and the Company's separate financial statements (together "the financial statements") comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2023,
- the consolidated and separate statements of financial position as at 31 December 2023,
- the consolidated and separate statements of changes in equity for the year ended 31 December 2023,
- the consolidated and separate statements of cash flows for the year ended 31 December 2023, and
- the notes to the consolidated and separate financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group and the Company are in accordance with the applicable law and regulations in the Republic of Latvia and that we have not provided non-audit services that are prohibited under Article 37.6 of Law on Audit Services of the Republic of Latvia.

The non-audit services that we have provided to the Group and the Company in the period from 1 January 2023 to 31 December 2023 are disclosed in Note 27 to the financial statements.

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## Our audit approach

### Overview



- Overall Group materiality: EUR 120 thousand, which represents approximately 5% of loss before tax.
- Overall Company materiality: EUR 90 thousand, which represents approximately 1% of net assets.
- We have audited the separate financial statements of the Company.
- We have performed selected audit procedures over the significant balances and transactions of other subsidiaries.
- Our audit scope covered substantially all of the Group's revenue and substantially all of the Group's total assets.
- Commission and fee income (the Group and the Company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group and Company materiality separately for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

#### Overall materiality

Overall materiality applied to the Group was EUR 120 thousand and to the Company was EUR 90 thousand.

#### How we determined it

Approximately 5% of the Group's loss before tax for 2023 and approximately 1% of the Company's net assets at 31 December 2023.

### Rationale for the materiality benchmark applied

We chose the Group's loss before tax because, in our view, it is the benchmark which is most appropriate in the circumstances where the Group's established subsidiary is focused on bank's development, not generating income from economic activity but concluding the year with a loss of EUR 2,569 thousand, which represents approximately 89% of the Group's loss before tax.

We chose the Company's net assets because, in our view, it is the benchmark which is most appropriate for an asset management business where sufficiency of regulatory capital is of most importance in the first years of operations while assets under management reach the volumes to generate sufficient income.

We chose 5% for loss before tax and 1% for net assets, which is within the range of accepted quantitative materiality thresholds for a public interest entity.

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We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 12 thousand for the Group and EUR 9 thousand for the Company, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
<i>Commission and fee income</i>	
Refer to Note 4 "Commission and fee income" of the financial statements.	<p>Commission and fee income is the main source of external revenue for the Group and the Company, therefore verification of the occurrence and accuracy of commission and fee income was the main focus area of our audit.</p> <p>Remuneration for the management of the state funded pension scheme (SFPS) investment plans and private pension plans is calculated by multiplying the amount of interest specified in the plans' prospectuses by the average net asset value per year. The management fee is calculated and accumulated daily, but settlement is made once a month. The prospectus of the state funded pension plans and private pension plans do not foresee</p> <p>We assessed that the Group's and the Company's accounting policies in relation to commission and fee income recognition are based on IFRS Accounting Standards as adopted by the EU.</p> <p>We selected a sample of the transactions and verified the accuracy of commission and fee calculation by multiplying the net assets of the plan with the percentages specified in the prospectus of the respective plan. We reconciled the results of our testing with those recognised by the Group and the Company.</p> <p>We also performed substantive testing over completeness and accuracy of the net assets of the plans to ensure the underlying data used in calculation of the commission and fee income is reliable.</p> <p>We also verified supporting documents to confirm</p>
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performance fee income.

the occurrence of the transactions and that the commission and fee income was recorded in the correct service period.

We also verified that the Group's and the Company's managed state funded and private pension plans' performance fee as determined in the prospectus is nil.

We tested the disclosures in the financial statements in respect of commission and fee income.

### How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group engagement team carried out audit work on the Company's financial statements and performed selected audit procedures over the significant balances and transactions of other subsidiaries. Our audit work addressed substantially all of the Group's revenues and the Group's total assets.

### Reporting on other information including the Management Report

Management is responsible for the other information. The other information comprises:

- Information on the Group, as set out on page 3 of the accompanying Annual Report;
- Management Report, as set out on pages 4 to 15 of the accompanying Annual Report;
- Statement of responsibility of the management board, as set out on page 16 of the accompanying Annual Report;
- Corporate governance report, set out in a separate statement prepared and signed by the Company's management on 26 February 2024 and available on the Company's website <https://indexo.lv> as at the date of this audit report,
- Remuneration report, set out in a separate statement prepared and signed by the Company's management on 26 February 2024 and available on the Company's website <https://indexo.lv> as at the date of this audit report,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information identified above.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the applicable legislation.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Corporate governance report, our responsibility is to consider whether the Corporate governance report includes the information required in accordance with Article 56.1, section 1, clauses 3., 4., 6., 8. and 9., as well as Article 56.2, section 2, clause 5 of the Financial Instruments Market Law and whether it includes

the information stipulated in Article 56.2, section 2, clauses 1., 2., 3., 4., 7. and 8. of the Financial Instruments Market Law.

Furthermore, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Remuneration report, our responsibility is to consider whether the Remuneration report includes the information in accordance with the requirements of Article 59.4 of the Financial Instruments Market Law and whether we have identified material inconsistencies with the financial information included in the annual report.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report and the Information on the Group for the financial year for which the financial statements are prepared is consistent with the financial statements,
- the Management Report has been prepared in accordance with the requirements of the Financial and Capital Market Commission Regulation No 113 "Regulation on preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies",
- the Corporate Governance report, set out in a separate statement prepared and signed by the Company's management on 26 February 2024 and available on the Company's website <https://indexo.lv> as at the date of this audit report, includes, the information in accordance with Article 56.1, section 1, clauses 3., 4., 6., 8. and 9., as well as Article 56.2, section 2, clause 5 of the Financial Instruments Market Law and it includes the information stipulated in Article 56.2, section 2, clauses 1., 2., 3., 4., 7. and 8. of the Financial Instruments Market Law.
- the Remuneration report, set out in a separate statement prepared and signed by the Company's management on 26 February 2024 and available on the Company's website <https://indexo.lv> as at the date of this audit report, includes the information in accordance with Article 59.4 of the Financial Instruments Market Law and we have not identified material inconsistencies with the financial information included in the annual report.

In addition, in light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

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### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

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aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format (“ESEF”)

We have been engaged based on our agreement of 23 February 2024 by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements for the year ended 31 December 2023 (the “Presentation of the Consolidated Financial Statements”).

#### Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

#### Responsibility of the Management Board and the Council

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Members of the Council are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

#### Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) - ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (ISAE 3000(R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

#### Quality management requirements and professional ethics

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We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Summary of the work performed**

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

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### **Appointment**

We were first appointed as auditors by the Company's shareholders' resolution on 15 July 2020. This is the fourth year of our audit.

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/signed digitally/

Ilandra Lejina  
Certified auditor in charge  
Certificate No. 168  
Member of the Board

Riga, Latvia  
26 February 2024

Independent Auditor's Report is signed electronically with a secure electronic signature and contains a time stamp.