IPAS “Indexo”

Consolidated and Separate Annual Report for 2022

and the independent auditor’s report

(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

Name of the Company	IPAS "Indexo"	
Legal status of the Company	Investment management joint-stock company	
Registered and office address	Elizabetes 13- 1A, Riga, LV-1010, Latvia	
Number, place, and date of registration in the Register of Enterprises	40203042988 Riga, 10 January 2017	
Licence number	06.03.07.567/478	
Date of issue of the licence	16.05.2017, reregistered on 31.05.2017	
Shareholders	Qualifying holding: SIA PERFECT MATCH (Latvia) – 8.4% SIA VSCAP (Latvia) – 6.5% Natural persons and legal entities with a shareholding of up to 10%	
Investments in subsidiaries	Indexo Atklātais Pensiju Fonds, AS	IDX1R, AS
Shareholding (%)	100%	100%
Registered and office address	Elizabetes 13- 1A, Riga, LV-1010, Latvia	Elizabetes 13- 1A, Riga, LV-1010, Latvia
Registration number	40203248944	40203448611
Date of foundation	13.06.2020	19.12.2022
Licence number	06.04.04.705/531	-
Licence issue date	20.01.2021	-
Members of the Supervisory Board and their position	Valdis Vancovičs – Chairman of the Supervisory Board (from 14.06.2022) Svens Dinsdorfs – Deputy Chairman of the Supervisory Board (from 14.06.2022) Renāts Lokomets – a member of the Supervisory Board (from 14.06.2022) Toms Kreicbergs – a member of the Supervisory Board (from 14.06.2022) Tīna Kukka – a member of the Supervisory Board (from 14.06.2022) Edgars Zālītis – a member of the Supervisory Board (until 25.04.2022) Aleksejs Prokofjevs – a member of the Supervisory Board (until 25.04.2022)	
Members of the Management Board and their position	Valdis Siksnis – Chairman of the Management Board (from 25.04.2022) Henrik Karmo – Member of the Management Board (from 16.08.2018) Ieva Margeviča – Member of the Management Board (from 01.06.2022) Ilja Arefjevs - Member of the Management Board (until 01.06.2022)	
Reporting period	1 January 2022 – 31 December 2022	
Auditors	"PricewaterhouseCoopers" SIA Riga, Krišjāņa Valdemāra iela 21-21, Licence No. 5 Ilandra Lejiņa 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 process of obtaining a banking license. In 2022 we added a record number of clients (32 200) in Indexo history, reaching 99 700 and our Assets Under Management grew by 25% to 584.9 million euros.**

For Indexo, 2022 has been an outstanding year of growth and achieving major milestones in our corporate development and future investment. Before detailed business overview, here are a few general comments about the environment INDEXO has been operating in over last year:

Environment remains challenging:

a. It has been a turbulent year in financial markets with all major equity and bond indexes dropping
b. Global security situation worsened due to Russian invasion of parts of Ukraine
c. Covid and war related supply chain and energy market shock led to significant increase in inflation, with this being a first year in a decade where real incomes dropped in Latvia
d. To contain the inflation European Central Bank and Federal Reserve have had to raise Interest rates from their historic lows.

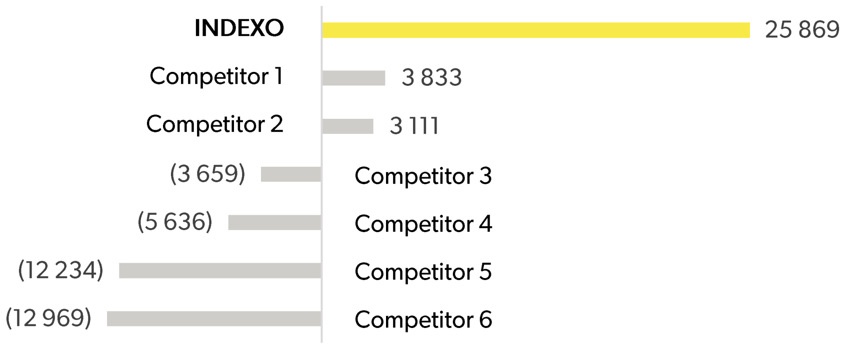
The good news is that all of the above has not led to worst scenarios materializing – unemployment has not significantly increased, despite higher interest costs, there are no significant defaults of corporations or private individuals in the banking sector.

Main achievements of Indexo in 2022

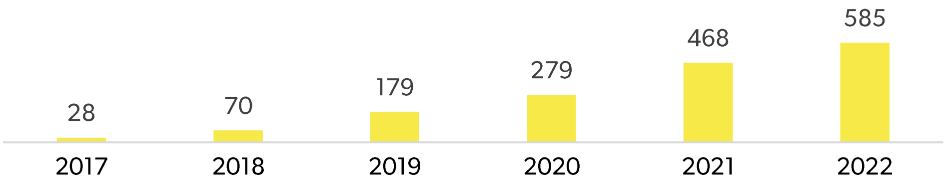
1) Lowering fees and OCF to our customers, meaning they get more of the market long term growth in the market indexes. Our fees for 2023 are down 3 bps to 0.50% and our OCF is down 3.4-7.5 bps depending on the plan at the end of 2022.
2) Indexo customer retention is constantly improving and reached on annualized basis 94% in December 2022. At the end of 2021 our customer retention was 91.7%.
3) In 2022 Indexo customer number increased by 32 200 customers or 48% and reached 99 700. Over 5 years our client numbers have been increasing on average at 39.4% per annum!
4) In 2022 our Assets Under Management (AUM) increased by 25% over last 12 month and stood at 584.9 million euros at the end of the year, meanwhile Latvian 2nd pillar pension market dropped from 6 billion euros to 5.68 billion euros over the same period mostly due to drop in stock and bond markets. Indexo market share has increased to over 10% of the 2nd pillar pension savings market.
5) Our monthly incoming 2nd pillar social tax contributions grew by 55% from 4.2 million per month to 6.5 million per month driven by higher customer numbers and growing salaries.
6) Indexo got listed on Riga Stock Exchange through an IPO and raised 7.49 million euros for obtaining the banking license. The IPO was a resounding success with oversubscription despite difficult market conditions.
7) We have applied for a banking license in December 2022 and the review with Central Bank of Latvia is in process.
8) We established a new legal entity improving transparency about our banking business related investments
9) This was a year of significant organizational growth. We have attracted great people to lead our team into successful launch of our banking investment.
10) Indexo co-founded a real estate fund management company to bring a new low cost real estate investment fund to the market.

Data highlights

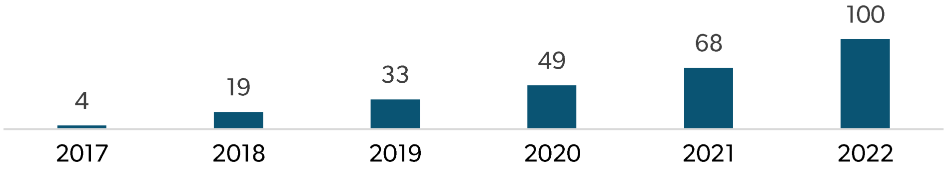
2nd pillar clients gained over a 12 month period
of new clients



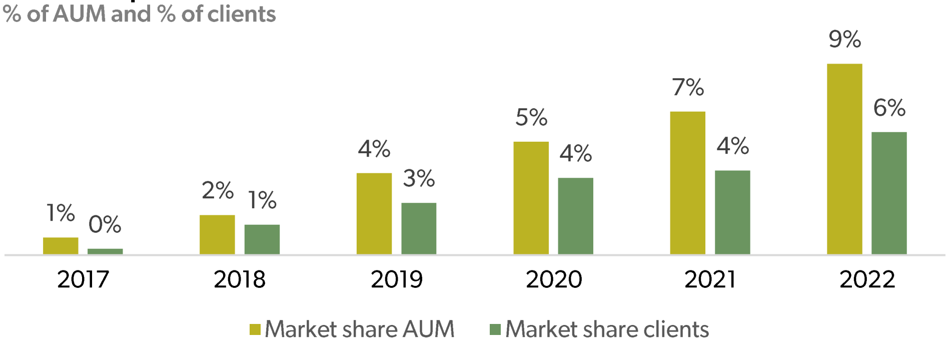
2nd and 3rd pillar pension asset development
Millions EUR



2nd and 3rd pillar pension client development
Thousands



2nd and 3rd pillar market share of INDEXO
% of AUM and % of clients



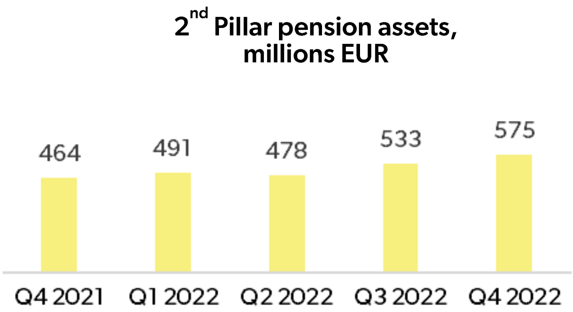
		Dec 2022	Dec 2021	Change, %
Clients	Thousands	99.7	67.5	48%
AUM	Millions, EUR	584.9	468.4	25%
Monthly pension inflows	Millions, EUR	6.5	4.2	55%
Churn	Annualized %	5.98%	8.26%	(28%)
Commission income	Millions, EUR	2.3	1.6	42%
Net income	Millions, EUR	(1.3)	0.01	(12955%)

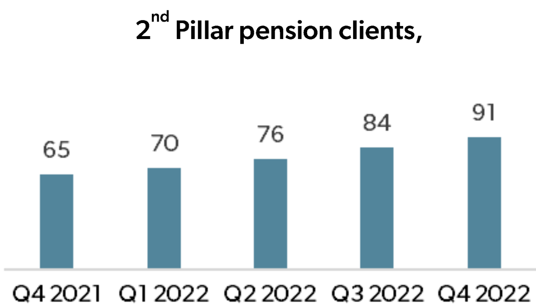
Pension Fund Management

2nd 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 attractive cost compared to the lifetime customer value.

In 2022 Indexo added 32 200 customers, which is the best result in the history of Indexo. The customer acquisition happens across different physical and online channels and given that Indexo market share is still only about 7% of total Latvian 2nd pillar customer base, we

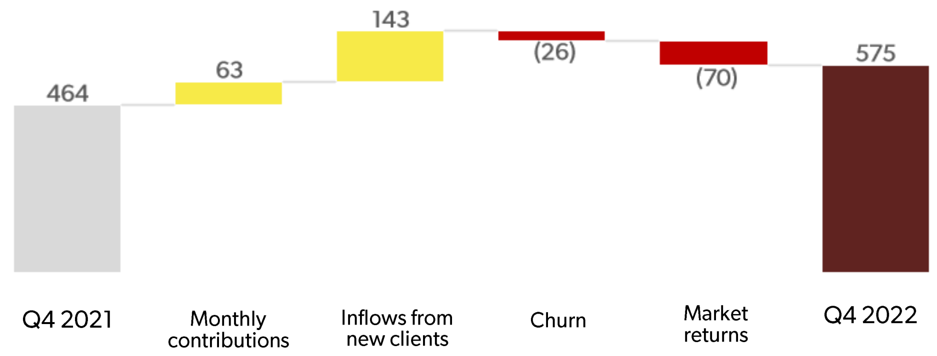




see a strong potential for further growth.

Our 2nd pillar AUM growth was affected by falling equity and bond markets. In 2022 MSCI World equities index, which is close to our investment strategy in our flagship 100% equity plan INDEXO Jauda 16-50 (further – "Jauda") was down 14% in euro terms. Indexo AUM meanwhile grew 25% to 584.9 million euros. This was ensured by new customer asset inflow and social tax contributions to our 2nd pillar customers' accounts.

2[nd] Pillar pension waterfall chart Q4 2021 – Q4 2022
Millions EUR, based on management estimates



As our public presence increases and our long term results show the success of our chosen investment strategy, our customer retention improved during the year. We ended a year with 94% customer retention, a 2 percentage point improvement year-on-year. We hope that once Indexo launches its banking offer, our relevance for clients will increase and less customers will choose other pension fund managers despite Indexo's strong passive management track record.

For our clients important news is that our all-in fees which take into account our fund management fees and the Ongoing Cost Figure that takes into account the indirect costs for our customers have decreased over the year by 3.4 to 7.5 bps. This allows our customer to get a better share of the world equity market returns. We will continue to work on reducing the costs further.

All-in cost for our 2nd pillar pension clients	**Jan-23**	**Dec-21**	**OCF improvement for clients**
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	0.576%	0.651%	7.5 bps
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	0.600%	0.648%	4.8 bps
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	0.523%	0.557%	3.4 bps

OCF = ongoing cost figure, which represents all costs related to INDEXO and third party fund manager costs

We are also happy to say that net of fees, INDEXO clients have the best long term returns in the Latvian market in comparison with other asset managers. INDEXO introduced passive index investing to Latvian market and this strategy has so far proven outperformed 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 2.9 billion euros of Latvians' pension savings assets. Our pension plan *INDEXO Izaugsme 47-57* (further "Izaugsme") continues to outperform all competitors of this segment. At the end of 2022, over 5 years, our Izaugsme plan customers have earned approximately 0.8% per year more compared to 2nd best plan in this category. The results of our plans using passive investment strategy can be seen on www.manapensija.lv

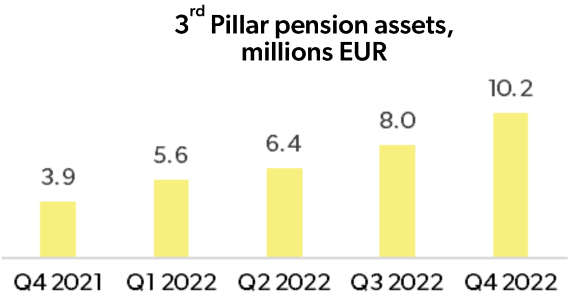
Indexo was the first pension fund manager to launch 75% equity plans on 5 February 2018, and as of 5 February 2023 we have a 5 year reference to measure Indexo Jauda 15-50 (thereafter – Jauda) plan performance. Despite all the turbulence related to COVID, war in Ukraine and market volatility, as of 5 February 2023, Indexo Jauda has provided 7.31% per annum of returns to our customers. That means that 1 euro invested in Jauda has grown to 1.42 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.

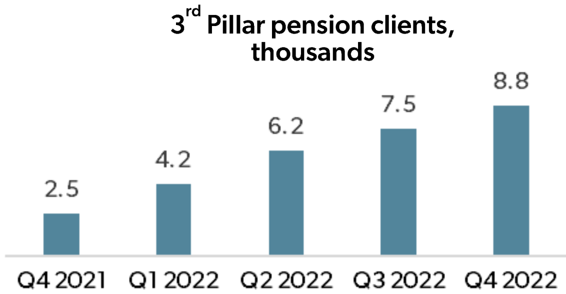
Our conservative plan investors have had a disappointing year with the bond markets dropping while central banks increase interest rates. This "rate normalization" process comes at the end of a 10 year long period of low interest rates that benefited bond prices. Our aim with our conservative plan is to minimize credit risk and ensure good liquidity of the instruments in our portfolio.

3rd pillar plans

INDEXO has an attractive voluntary 3rd pillar pension product with personalized automatic rebalancing and low fees. It means that as a person near the pension age, INDEXO automatically starts reducing equity risk according to 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 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 2022, 3rd pillar assets comprised 2% of total AUM managed by Indexo. INDEXO mission is to provide the best possible service to encourage people to supplement their state pension and 2nd pillar savings by voluntary savings. As the disposable income grows, we aim to convince more and more Latvians that the tax efficient 3rd pillar with automatic monthly payment is the best way to do it.





In 2022, our 3rd pillar customer number increased by 6.3 thousand or 250%, and

meanwhile the AUM grew from 3.9 million to 10.2 million or 159%. Our 3rd pillar OCF and fees are very competitive and low for all customers no matter their account size.
Our biggest challenge in the 3rd pillar market is to convince people that this product is great tool for people to supplement their 1st and 2nd pillar retirement savings. Whereas in Estonia and Lithuania there is significant increase in new customers opening 3rd pillar accounts and increasing the contributions into 3rd pillar plans, the Latvian market is quite dormant. But this is an opportunity as the disposable income will grow and more people will seek ways to save for future.

Performance of our pension plans at the end of 2022

INDEXO managed plans in state-funded and privately funded pension schemes	1 year	2 years	3 years	5 years
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	-13.00	-0.58	0.59	3.06
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	-12.21	3.82	3.74	-
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	-14.84	-8.70	-5.22	-
Private pension scheme investment plan "INDEXO AKCIJU PLANS"	-13.39	-	-	-
Private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	-13.34	-	-	-

Source: manapensija.lv, data for 30 December 2022 - the last working day of the year

Bank Development

The prospect of obtaining a bank license is a new, exciting chapter in INDEXO development. Our mission is to reignite the competition in Latvian banking sector, by offering modern banking solutions and better access to financing for private customers and later also corporate customers. Indexo submitted its banking license application on 27 December 2022 and the application is in review process.

The change in European Central Bank interest rate policies has significantly improved the banking environment in the Baltics. The evidence to that can be found in all large banking groups in the Baltics posting record profits for 2022. Furthermore, the 4Q profitability of the banking market, which represents better the effects of recent rise in interest rates suggest even higher profitability for 2023.

In 2022 INDEXO has made good progress with our own bank project:

- We submitted bank license application to the Central Bank of Latvia at the end of December
- We have built a core team and have hired Chief Technology Officer, Chief Financial Officer, Head of Retail Banking Development, Legal counsel and others.
- We have a detailed plan for the bank IT system development with a roadmap to launch services in the 2nd half of 2023. We have signed Mambu as our IT backbone service provider. We see our Saas based IT infrastructure as a

competitive advantage that allows us to launch services that are modern, allows high level of automation and flexible to change.

- We have worked actively with our mobile app design and started the production process. We are engaging our client base in design decisions to create a product that our clients find appealing
- We are working on our product offering that would fit the needs of our customers and provide unique features that are not available from other local banks.

As of 19 December 2022 we established a separate subsidiary where we will book all the bank related investments and costs. We hope that this will help our shareholders to keep a better eye on the bank related financial activity.

Financials

In the reporting year, the Group's commission income reached EUR 2.3 million (compared to EUR 1.6 million in 2021). The growth in commission income reflects the Group's successful acquisition of customers during the year and an increase in total assets under management. The Group's income in the reporting year was more than sufficient to cover asset management segment costs. The Asset management segment's operating profit before client acquisition in 2022 was EUR 1.5 million while the Asset management segment after client acquisition cost was a loss of EUR 86 thousand.

In the reporting year, the Group's expenses amounted to EUR 3.5 million (compared with EUR 1.6 million in 2021). The level of expenses reflects the strategic decision of the Group's management to begin investment into developing a credit institution, as well as continue to actively attract customers in order to strengthen the Group's position in the market for the management of state-funded retirement assets and to maximise the value of the Group in the long term. Considering the significant investments made during the year in the development of the Group and the acquisition of customers, the Group's performance for the reporting year was a loss of EUR 1.3 million (compared to a profit of EUR 8.9 thousand in 2021).

As of the date of signing this report, the Company's subscribed and paid-up share capital amounted to EUR 3 568 511 (in 2021: EUR 3 016 987). The Group has a balance sheet of EUR 8.8 million (in 2021: 2.0 million), out of which EUR 7.2 million is held in placements

Group Jan – Dec 2022		Asset management	Bank development	**Total**
Commission and other income	EUR	2 277 620	0	2 277 620
Administrative and other expense allocation	EUR	(783 893)	(1 186 197)	(1 970 090)
Operating income before client acquisition	**EUR**	**1 493 727**	**(1 186 197)**	**307 530**
Client acquisition allocation	EUR	(1 579 333)	0	(1 579 333)
Net income	**EUR**	**(85 606)**	**(1 186 197)**	**(1 271 803)**

with credit institutions (in 2021: EUR 1.2 million). Growth in the Group's balance sheet is explained by the IPO held in 2022 which significantly increased the Group's cash and equity positions. Group equity accounted to EUR 8.1 million (in 2021: EUR 1.7 million).

During 2022 the Group spent EUR 1.2 million on banking development. Out of the 1.2m spent on developing the banking operations, EUR 235 thousand was IPO costs, while the majority of the remaining EUR 1m were employee costs. INDEXO will continue actively investing in order to get the license and begin banking operations in 2023.

Events after reporting period

Following the end of the year, the following important milestones have been reached:

- Indexo became 4th largest 2nd pillar pension fund manager in Latvia overtaking Luminor;
- As of 17 February 2023, we have EUR 650 million assets under management.

General description

IPAS "Indexo" (hereinafter "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 (hereinafter "FCMC") issued the Company with 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 2022	**Dec 2021**
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	21.06.2017.	139 745 287	120 020 982
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	18.01.2018.	408 359 269	321 257 932
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	04.04.2018.	26 632 576	23 131 788
Private pension scheme investment plan "INDEXO AKCIJU PLANS"	25.03.2021.	9 388 754	3 639 641
Private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	25.03.2021.	823 454	307 847
Total		**584 949 340**	**468 358 190**

Risks

During the reporting year, the Group implemented a prudent risk management policy in accordance with the Company's current Financial risk management policy, Operational risk management policy, and Compliance risk management policy. Outsourcing risk was the only Group risk that the Group assessed as high during the reporting year. The Group outsources multiple material functions within IT, system maintenance, accounting and HR. The following risks the Group was exposed to during the reporting year were considered medium: operational risk, compliance risk, strategic and business risk, reputational risk, and information and technology system risk. Other risks to which the Group is exposed, such as market risk, foreign exchange risk, liquidity risk, and other risks, have been assessed and considered insignificant.

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 private pension plans. One of the key decisions while establishing long term savings, is optimal breakdown of investments between equity and debt instruments. Private pension plans offered by INDEXO APF provide their clients the possibility to split investments between equity and debt instruments, as well as revise the split on a regular basis taking into account the age of the client.

At the end of the reporting period, the number of participants of INDEXO APF administered pension plans reached 8.8 thousand, while total assets under management reached 10.2 million euro.

In the reporting period INDEXO APF income reached 20.6 thousand EUR (compared to 3.6 thousand EUR in full year of 2021). Income of INDEXO APF in the reporting period was not sufficient to cover administrative expenses. In the reporting period INDEXO APF

	Jan-Dec 2022	Jan-Dec 2021
	EUR	EUR
Commission income	20 555	3 576
Profit/(loss) for the period	**(154 108)**	**(211 810)**

	Dec 2022	Dec 2021
	EUR	EUR
Total Assets	**374 402**	**473 511**
Total Liabilities	**168 537**	**113 538**
Total Equity	**205 865**	**359 973**

operated with a loss of 154.1 thousand EUR (compared to loss of 212 thousand EUR in full year of 2021).

At the date of signing of these financial statements the called and paid-up share capital of INDEXO APF is 600 000 EUR.

Signed on behalf of the Company by:

Valdis Siksnis, Chairman of the Management Board
Ieva Margeviča, Member of the Management Board
Valdis Vancovičs, Chairman of the Supervisory Board

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

Statement of responsibility of the management board of the investment management company

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 at 31 December 2022, as well as their performance and cash flows for 2022, in accordance with International Financial Reporting Standards as adopted by the European Union.

In preparing the financial statements for the year ended 31 December 2022, as set out on pages 15 to 63, management has consistently applied International Financial Reporting Standards, as adopted by the European Union, and Regulation No. 113 of the Financial and Capital Markets 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 Siksnis, Chairman of the Management Board
Ieva Margeviča, Member of the Management Board

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Consolidated and Separate Statements of Comprehensive Income

	Notes	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
		Group	Group	Company	Company
		EUR	EUR	EUR	EUR
Commission and fee income	2	2 277 620	1 602 021	2 257 065	1 598 445
Administrative expenses	3	(3 514 964)	(1 581 787)	(3 269 188)	(1 372 791)
Interest income calculated using the effective interest rate	4	2 495	-	2 495	-
Interest expense	10	(3 147)	(1 386)	(3 147)	(1 386)
Other operating expenses	5	(32 738)	(9 947)	(3 557)	(3 557)
Profit/(loss) before corporate income tax		**(1 270 734)**	**8 901**	**(1 016 332)**	**220 711**
Corporate income tax		(1 069)	-	(1 069)	-
Profit/(loss) for the period		**(1 271 803)**	**8 901**	**(1 017 401)**	**220 711**
Total comprehensive profit/(loss) for the period, attributable to shareholders for the period		**(1 271 803)**	**8 901**	**(1 017 401)**	**220 711**
Basic earnings per share	23	(0.39)	(0.00)	(0.31)	0.07
Diluted earnings per share	23	(0.38)	(0.00)	(0.30)	0.07

The notes on pages 19 to 63 form an integral part of these financial statements.
The financial statements have been authorised for issue on 28 February 2023 and signed on behalf of the Company's Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, Member of the Management Board

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Consolidated and Separate Statements of Financial Position

	Notes	Dec 2022 Group EUR	Dec 2021 Group EUR	Dec 2022 Company EUR	Dec 2021 Company EUR
ASSETS					
Cash and cash equivalents	6	7 231 123	1 162 841	4 970 780	798 271
Receivables	7	220 190	169 055	388 743	199 955
Prepayments	8	24 279	3 465	24 279	3 465
Contract acquisition costs	9	990 417	535 977	990 417	535 977
Other assets		6 937	2 828	6 937	2 828
Intangible assets	10	177 177	108 114	-	-
Property, plant and equipment and right-of-use of assets	10	81 870	47 713	81 870	47 713
Investments in subsidiaries	11	-	-	2 600 000	600 000
Investments in associates	12	49 000	-	49 000	-
Other securities and investments	13	11 663	11 663	11 663	11 663
TOTAL ASSETS		**8 792 656**	**2 041 656**	**9 123 689**	**2 199 872**
EQUITY AND LIABILITIES					
Accrued liabilities	14	193 584	120 962	177 555	112 354
Trade payables	15	89 072	35 049	70 669	32 482
Taxes and national social insurance mandatory contributions	16	95 245	48 151	92 814	47 457
Lease liabilities	10	90 468	39 332	90 468	39 332
Other liabilities	17	233 046	143 899	106 513	73 957
Total liabilities:		**701 415**	**387 393**	**538 019**	**305 582**
Equity					
Share capital	18	3 568 511	3 016 987	3 568 511	3 016 987
Share options		176 960	5 436	176 960	5 436
Share premium		7 062 908	77 175	7 062 908	77 175
Retained losses		(2 717 138)	(1 445 335)	(2 222 709)	(1 205 308)
Total equity		**8 091 241**	**1 654 263**	**8 585 670**	**1 894 290**
TOTAL EQUITY AND LIABILITIES		**8 792 656**	**2 041 656**	**9 123 689**	**2 199 872**

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The financial statements have been authorised for issue on 28 February 2028 and signed on behalf of the Company's Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, Member of the Management Board

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Consolidated Statement of Changes in Equity

	Notes	Share capital	Share options	Share premium	Retained losses	Total
		EUR	EUR	EUR	EUR	EUR
At 31.12.2020		**3 016 987**	**5 436**	**77 175**	**(1 454 236)**	**1 645 362**
Total comprehensive profit for the period		-	-	-	8 901	**8 901**
At 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	**18**	535 000	-	6 955 000	-	7 490 000
Increase in Share capital after share option exercise	**3**	16 524	-	30 733	-	47 257
Total comprehensive loss for the period		-	-	-	(1 271 803)	**(1 271 803)**
At 31.12.2022		**3 568 511**	**176 960**	**7 062 908**	**(2 717 138)**	**8 091 241**

Separate Statement of Changes in Equity

	Notes	Share capital	Share options	Share premium	Retained losses	Total
		EUR	EUR	EUR	EUR	EUR
At 31.12.2020		**3 016 987**	**5 436**	**77 175**	**(1 426 019)**	**1 673 579**
Total comprehensive profit for the period		-	-	-	220 711	**220 711**
At 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	**18**	535 000	-	6 955 000	-	7 490 000
Increase in Share capital after share option exercise	**3**	16 524	-	30 733	-	47 257
Total comprehensive loss for the period		-	-	-	(1 017 401)	**(1 017 401)**
At 31.12.2022		**3 568 511**	**176 960**	**7 062 908**	**(2 222 709)**	**8 585 670**

The notes on pages 19 to 63 form an integral part of these financial statements.
The financial statements have been authorised for issue on 28 February 2028 and signed on behalf of the Company's Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, Member of the Management Board

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

Consolidated and Separate Statements of Cash Flows

	Notes	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
		Group	Group	Company	Company
		EUR	EUR	EUR	EUR
Cash flow from operating activities					
Profit/(loss) before corporate income tax		(1 270 734)	8 901	(1 016 332)	220 711
Depreciation of PPE and amortisation of right-of-use assets	10	69 760	28 662	41 421	17 803
Amortisation of contract acquisition costs	9	139 277	65 977	139 277	65 977
Amortization of Share option reserves		171 524	-	171 524	-
Interest income		(2 495)	-	(2 495)	-
Interest expense	10	3 147	1 386	3 147	1 386
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities		**(889 521)**	**104 926**	**(663 458)**	**305 877**
Increase in receivables, prepayments, and other assets		(670 111)	(400 266)	(807 765)	(348 542)
Increase in accrued liabilities		76 330	60 419	65 201	51 811
Increase in trade payables and other liabilities		192 001	155 934	121 546	83 815
Corporate income tax		(1 069)	-	(1 069)	-
Increase/(decrease) in cash and cash equivalents from operating activities		**(1 292 370)**	**(78 987)**	**(1 285 545)**	**92 961**
Cash flow from investing activities					
PPE purchases	10	(97 402)	(60 737)	-	(7 836)
Investments in subsidiaries	11	-	-	(2 000 000)	(200 000)
Investments in associated company share capital	12	(49 000)	-	(49 000)	-
Interest income received		750	-	750	-
Other securities and investments	13	-	(11 663)	-	(11 663)
Decrease in cash and cash equivalents from investing activities		**(145 652)**	**(72 400)**	**(2 048 250)**	**(219 499)**
Cash flow from financing activities					
Share issue		7 537 257	-	7 537 257	-
Payment of principal of lease liabilities	10	(27 806)	(14 815)	(27 806)	(14 815)
Interest paid on lease liabilities	10	(3 147)	(1 386)	(3 147)	(1 386)
(Decrease)/increase in cash and cash equivalents from financing activiti		**7 506 304**	**(16 201)**	**7 506 304**	**(16 201)**
(Decrease)/increase in cash and cash equivalents		**6 068 282**	**(167 588)**	**4 172 509**	**(142 739)**
Cash and cash equivalents at the beginning of the reporting period		**1 162 841**	**1 330 429**	**798 271**	**941 010**
Cash and cash equivalents at the end of the reporting period	6	**7 231 123**	**1 162 841**	**4 970 780**	**798 271**

The notes on pages 19 to 63 form an integral part of these financial statements.
The financial statements have been authorised for issue on 28 February 2023 and signed on behalf of the Company's Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, Member of the Management Board

Notes to the Consolidated Financial Statements

1. Accounting policies

General information

Investment management joint-stock company "Indexo" (IPAS "Indexo", hereinafter "the Company") was registered on 10 January 2017. The Company received a licence for management of the state-funded pension scheme plans and licence 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 as well as provides investment consulting services to clients.

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 Financial and Capital Market Commission (hereinafter "FCMC") and the Bank of Latvia (LB).
APF activities are regulated by Private pensions' law and other legislative acts.

Business environment

COVID 19. In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the government of the Republic of Latvia implemented various measures in an effort to limit the spread and impact of Covid-19, such as travel bans and restrictions, quarantines, single-household stay conditions, and business restrictions, including closures. Some of these measures were later relaxed, but as of 31 December 2022 there is still a risk that authorities may impose further restrictions in 2023 in response to possible new strains of the virus.

War between Russia and Ukraine. The sanctions imposed by the Republic of Latvia on Russia due to its military operations in Ukraine and related Russian countermeasures caused an unprecedented increase in the price of natural gas and electricity. As a result, the annual inflation in the Republic of Latvia reached the highest threshold of the last decades - 20.8% per year, significantly outpacing the increase in average wages and reducing the real purchasing power of the population. The increase in energy prices and inflation may have an indirect effect on the financial markets and the free funds of the Group's customers, but there is no reason to suspect that the quality of the Group's debtors will deteriorate.

The long-term effects of the current economic situation are difficult to predict, and management's current expectations and estimates may differ from actual results.

Compliance statement

The Group's and Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") as adopted by 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 as adopted by European Union (IFRS), including standards and interpretations approved by the International Accounting Standards Board (IASB), as well as International Accounting standards approved by IASB and Interpretations of Permanent Interpretation Committee. Stand-alone information is disclosed in accordance with the requirements of the FCMC Regulation.

The Group's and Company's financial statements are prepared under a historical cost convention with an exception of financial securities which are measured at fair value.

Items included in the financial statements of each of the group's entities 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 identifyable cycle.

The notes include accounting policies constantly applied by the Group and the Company in preparation of their financial statements for 2021 and 2022, as well as the new accounting standards and interpretations.

New standards and interpretations

Standards or interpretations effective for the first time for the annual periods beginning 1 January 2022

- **Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS9, IFRS16 and IAS 41** (effective for annual periods beginning on or after 1 January 2022).

  The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity has to use IAS 2 to measure the cost of those items. Cost does not include depreciation of the asset being tested because it is not yet ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

  The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

  IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

- **Covid-19-Related Rent Concessions – Amendments to IFRS 16** (effective for annual periods beginning on or after 1 April 2021). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

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 2022 or not yet endorsed by the EU

- **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies** (effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- **Amendments to IAS 8: Definition of Accounting Estimates** (effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.
- **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). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.
- **Classification of liabilities as current or non-current – Amendments to IAS 1** (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the

reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

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 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)

Investment in subsidiaries recoverable amount estimation

Impairments on investments in subsidiaries are calculated based on the recoverable amount estimation. In cases where the recoverable amount is lower than the book value, an impairment is recognized. Recoverable amount is estimated based on forecasted fee income and company value in the future. Please see Note 11.

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.

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 stock options to the Company's shares. The respective stock options are classified in 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 Company's management considered information about actual direct and indirect transactions with the Company's shares that is available to the Company's management. At the end of each reporting period, the Company's management estimates the probability of exercising the stock options by individually assessing the expected performance of the terms of the Company's management's vesting period, including length of service in the Company, performance, and accordingly recognises accruals for expected personnel tax payments. Please see Note 3.

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.

United 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 finanial 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 (investment plans). 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.

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.

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. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability.

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.

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.

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:

- 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,
- 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,
- 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 Group and the Company is of the view that impairment losses on assets within the scope of the expected credit loss model are insignificant. This is due to the fact that the accrued income against the three managed pension plans are settled shortly after the end of the financial year, while the other financial assets are mainly receivables from credit institutions and therefore the short maturity of these receivables represents an insignificant credit risk.

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.

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

Placements with credit institutions correspond to the Level 2 fair value measurement hierarchy. Other financial assets and financial liabilities correspond to the Level 3 fair value measurement hierarchy.

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

31.12.2022.	Level 1: EUR	Level 2: EUR	Level 3: EUR	Total fair value EUR	Carrying amount EUR
Financial assets					
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
Financial liabilities					
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

31.12.2021.	Level 1: EUR	Level 2: EUR	Level 3: EUR	Total fair value EUR	Carrying amount EUR
Financial assets					
Cash and cash equivalents	-	1 162 841	-	1 162 841	1 162 841
Receivables	-	-	169 055	169 055	169 055
Other financial assets	-	-	11 663	11 663	11 663
Financial liabilities					
Trade payables	-	-	35 049	35 049	35 049
Lease liabilities	-	-	39 332	39 332	39 332
Other financial liabilities	-	-	41 665	41 665	41 665

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 less than three months 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.

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. Information about segment revenue is disclosed in note 24.

Risk management

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 these financial statements, 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.

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.

Operational 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's and the Company's Management Board closely monitors changes in legal requirements and the operation of the Group's and the Company's internal control processes to ensure compliance with existing legal requirements and timely preparation for necessary changes in business operations in the future.

Outsourcing risk

Outsourcing risk is the possibility for the Group or the Company to incur losses due to the negligence of service providers or incomplete internal control of the outsourced services which result in ineffective or low-quality service, or regulatory violations.

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.

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 has no assets that are impaired or past due. It should be noted that although the Group and the Company applies IFRS 9 and the expected credit loss model, the impact of expected credit losses would be insignificant in the opinion of the Group's and the Company's management. 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 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 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Placements with Swedbank AS and SEB banka AS	4 231 123	1 162 841	1 970 780	798 271
Short-term deposits in Swedbank AS and SEB banka AS	3 000 000	0	3 000 000	0
Receivables	220 190	169 055	388 743	199 955
Total	**7 451 313**	**1 331 896**	**5 359 523**	**998 226**

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 25.

2. Commission and fee income

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	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 Izaugsme 47-57"	560 851	448 589	560 851	448 589
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50"	1 595 223	1 079 807	1 595 223	1 079 807
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+"	86 603	67 546	86 603	67 546
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLANS"	32 196	5 637	13 257	2 321
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	2 747	442	1 131	182
Total	**2 277 620**	**1 602 021**	**2 257 065**	**1 598 445**

3. Administrative expenses

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Sales and marketing expenses	843 457	480 797	836 886	400 838
Remuneration to the Management Board and Supervisory Board	346 113	100 072	334 808	89 891
Remuneration to other staff	1 138 041	545 111	1 111 585	542 869
National social insurance mandatory contributions to the Management Board and Supervisory Board	81 648	24 067	78 981	21 619
National social insurance mandatory contributions to other staff	267 569	124 583	261 210	124 169
Share option reserves	171 524	-	171 524	-
IT costs	155 961	58 632	113 287	20 121
Professional fees	259 551	152 901	156 310	106 069
Office maintenance costs	36 559	32 568	28 686	31 778
Amortisation of the right-of-use an asset	37 338	13 183	37 338	13 183
Depreciation of property, plant and equipment	32 423	15 479	4 083	4 620
Employee motivation	48 033	5 848	47 189	5 848
Other staff costs	52 215	6 220	52 215	6 207
Other	44 532	22 326	35 086	5 579
Total	**3 514 964**	**1 581 787**	**3 269 188**	**1 372 791**

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
Number of employees	83	53	83	53

On 24 March 2022 the AGM approved the latest remuneration policy. The main changes to the remuneration policy were as follows:

- Remuneration for Supervisory Board and Audit Committee members was added;
- Option scheme description was added to the policy;
- Additions were made to comply with Financial Instrument Market Law in Latvia.

In 2022 the Company conducted an internal audit on the remuneration policy. No material findings were identified.

In order to ensure a high long-term employee performance culture, the Company determines 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 remuneration structure of the Group and the Company consists of three components:

- base salary;
- variable part of remuneration (variable part of short-term monetary and long-term non-monetary remuneration);
- other benefits.

These components of remuneration are used to achieve a competitive return on the market with a balance between fixed and variable remuneration as well as short-term and long-term remuneration. The total remuneration reflects the complexity, responsibility, and level of management of the position, as well as the individual performance of the employee.

The fixed part of the remuneration consists of a part of the salary that is independent of the employee's individual performance (salary, contributions to private pension funds, share-related instruments), the conditions for granting of which do not depend on the individual performance

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 principles of the remuneration policy are reviewed regularly, but not less than once a year to ensure compliance of these basic principles with the Group's and the Company's business plan, the strategy of the investment portfolio, results of inspections, and compliance with the approved remuneration policy and relevant internal and external regulations, results for the reporting period.

Company Jan - Dec 2022 In EUR	Average number of employees for the period	Number of employees at the end of the period	Fixed salaries and annual bonuses	Variable part of remuneration	Salary-related benefits and other one-off compensation	TOTAL
Employee remuneration based on position						
Supervisory Board	4	4	7 000	-	-	**7 000**
Management Board	3	3	283 734	16 500	27 574	**327 808**
Audit Committee members	3	3	600	-	-	**600**
Others	77	73	915 928	530 507	916	**1 447 351**
	86	**82**	**1 207 262**	**547 007**	**28 490**	**1 782 759**

Company Jan - Dec 2022 **Employee remuneration based on the job duties performed *** **	Average number of employees for the period	Number of employees at the end of the period	Fixed salaries and annual bonuses	Variable part of remuneration	Salary-related benefits and other one-off compensation	TOTAL
Supervisory Board duties	3	3	7 000	-	-	**7 000**
Management Board duties	3	3	149 549	16 500	27 501	**193 550**
Audit Committee member duties	1	1	600	-	-	**600**
Duties which include risk taking for the Company or its funds under management	1	1	98 592	9 178	80	**107 850**
Duties which materially affect the risk profile of the Company or its funds under management	2	2	117 830	9 178	124	**127 132**
Internal control function duties	1	1	29 626	-	44	**29 670**
Client acquisition and sales duties	55	45	459 844	482 429	262	**942 535**
Administrative and support duties	17	23	344 222	29 721	479	**374 422**
	83	**79**	**1 207 263**	**547 006**	**28 490**	**1 782 759**

*** By dividing the number of employees based on their duties, it was taken into account that one employee could perform the duties of work in several categories. The remuneration of such employees was divided proportionally to the relevant categories of work without changing the total number of employees allocated to such duties.

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Remuneration, accrued liabilities for unused annual leave and other corrections	1 825 270	859 536	1 787 509	847 113
Capitalised remuneration costs	(480 393)	(267 737)	(480 393)	(267 737)
Amortisation of capitalised remuneration costs	139 277	53 384	139 277	53 384
Total	**1 484 154**	**645 183**	**1 446 393**	**632 760**

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.

The terms of the employee stock options of the Company were approved by the general meeting of shareholders of the Company on 29 March 2021, and amended terms were approved by the general meeting of shareholders of the Company on 24 March 2022. Set out below are summaries of options granted under the employee stock option scheme:

	Jan – Dec 2022		Jan – Dec 2021	
	Average exercise price per share option	**Number of options**	**Average exercise price per share option**	**Number of options**
	EUR		**EUR**	
As at 1 January	2.86	16 524		0
Granted during the year (+)	2.86	19 594	2.86	17 136
Exercised during the year (-)	2.86	(16 524)		0
Forfeited during the year (-)		0	2.86	(612)
As at 31 December	2.86	19 594	2.86	16 524
Vested and exercisable as at 31 December	-	**0**	-	**0**

The assessed fair value at grant date of options granted during the year ended 31 December 2022 was EUR 11.16 per option. 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 and vest over a 1 year period. Vested options are exercisable for a period of three months after vesting. The model inputs for options granted during the year ended 31 December 2022 included:

- exercise price: EUR 2.86

- grant date: 31 May 2022
- exercise period first date: 1 June 2023
- expiry date: 1 September 2023
- share price at grant date: EUR 14.00
- expected price volatility of the company's shares: 26%
- risk-free interest rate: 0.8%

During the reporting period the Company granted 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 after 5 years the stock price does not exceed EUR 16,51. This constitutes an effective vesting period of 5 years at an effective strike price of EUR 16,51.

	Jan – Dec 2022		Jan – Dec 2021	
	Average exercise price per share option	**Number of options**	**Average exercise price per share option**	**Number of options**
	EUR		**EUR**	
As at 1 January	-	0	-	0
Granted during the year (+)	16.51	229 000	-	0
Exercised during the year (-)	-	0	-	0
Forfeited during the year (-)	-	0	-	0
As at 31 December	16.51	229 000	-	0
Vested and exerciseable as at 31 December	-	**0**	-	**0**

The assessed fair value at grant date of options granted during the year ended 31 December 2022 was EUR 1.76 – EUR 2.32 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 2022 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	18 May 2022	5 September 2022	1 November 2022
Exercise price	EUR	16.51	16.51	16.51
Exercise period first date	Date	1 August 2027	1 August 2027	1 August 2027
Probability of option forfeiture during the vesting period	%	30%	30%	30%
Share price at grant date	EUR	14.0	15.5	14.0
Expected price volatility of the company's shares	%	26%	26%	26%
Risk-free interest rate	%	0.8%	1.0%	2.1%
Option price per option	**EUR**	**1.76**	**2.32**	**1.83**

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 2022	Jan – Dec 2021
	EUR	EUR
Options issued under employee option scheme	127 589	-
Options issued under management option scheme	43 935	-
Total option scheme expense	**171 524**	**0**

4. Interest income

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Interest earned on short-term placements with credit institutions	2 495	-	2 495	-
Total	**2 495**	-	**2 495**	-

5. Other operating expenses

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Costs compensated to pension plans	13 390	-	-	-
FCMC financing fee	19 348	9 947	3 557	3 557
Total	**32 738**	**9 947**	**3 557**	**3 557**

6. Cash and cash equivalents

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Placements with Swedbank AS	2 218 707	564 007	1 958 364	199 438
Placements with SEB banka AS	2 012 416	598 834	12 416	598 833
Short-term deposits with Swedbank AS	1 000 000	-	1 000 000	
Short-term deposits with SEB banka AS	2 000 000	-	2 000 000	
Total	**7 231 123**	**1 162 841**	**4 970 780**	**798 271**

According to IFRS 9 "Financial Instruments", the Group has assessed expected credit losses on placements with credit institutions. The Group holds 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 A +/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.

7. Receivables

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	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 Izaugsme 47-57"	53 014	44 214	53 014	44 214
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Jauda 16-50"	155 050	116 622	155 050	116 622
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	8 002	6 813	8 002	6 813
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLANS"	3 799	1 300	1 564	535
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	325	106	133	44
Indexo Atklātais Pensiju Fonds, AS	-	-	5 143	31 727
IDX1R, AS	-	-	165 837	-
Total	**220 190**	**169 055**	**388 743**	**199 955**

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

8. Prepayments

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Health insurance	17 560	3 465	17 560	3 465
Utilities	4 525	-	4 525	-
Marketing expenses	2 194	-	2 194	-
Total	**24 279**	**3 465**	**24 279**	**3 465**

9. Contract acquisition costs

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Customer attraction costs	990 417	535 977	990 417	535 977
Total	**990 417**	**535 977**	**990 417**	**535 977**

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.

Customer acquisition costs	EUR	EUR
	Group	Company
At 31.12.2020	246 401	246 401
Capitalised salary costs, including national social insurance mandatory contributions	355 553	355 553
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(65 977)	(65 977)
At 31.12.2021	**535 977**	**535 977**
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)
At 31.12.2022	**990 417**	**990 417**

10. Intangible assets, property, plant and equipment and right-of-use assets

	Intangible assets EUR
Historical cost	
31.12.2020	66 072
Additions	52 901
31.12.2021	**118 973**
Additions	97 402
31.12.2022	**216 375**
Accumulated amortisation	
31.12.2020	-
Additions	10 859
31.12.2021	**10 859**
Additions	28 339
31.12.2022	**39 198**
Net book value at 31.12.2021.	**108 114**
Net book value at 31.12.2022	**177 177**

	Other PPE EUR
Historical cost	
31.12.2020	13 851
Additions	7 836
31.12.2021	**21 687**
Additions	-
31.12.2022	**21 687**
Accumulated amortisation	
31.12.2020	**8 902**
Additions	4 620
31.12.2021	**13 522**
Additions	4 083
31.12.2022	**17 605**
Net book value at 31.12.2021.	**8 165**
Net book value at 31.12.2022	**4 082**

Intangible assets include installation and configuration costs of 3rd Pillar pension fund management infrastructure.

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 2.9%. The discount rate is calculated in order to equalize right-of-use assets and lease liabilities at the beginning of 2022.

Existing lease agreements were re-signed with changed rent amounts, and new agreements were signed during 2022.

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
Right-of-use assets	EUR	EUR	EUR	EUR
Right-of-use assets	**77 788**	**39 548**	**77 788**	**39 548**
Lease liability	**90 468**	**39 332**	**90 468**	**39 332**

Right-of-use assets	**EUR**
At 31.12.2020	**14 666**
Impact of lease additions	38 064
Amortisation	(13 183)
At 31.12.2021	**39 548**
Impact of lease additions	75 578
Amortisation	(37 338)
At 31.12.2022	**77 788**

Lease liability	**EUR**
At 31.12.2020	**14 696**
Calculated interest	1 386
Impact of lease additions	38 065
Lease payments	(14 815)
At 31.12.2021	**39 332**
Calculated interest	3 147
Impact of lease additions	75 795
Lease payments	(27 806)
At 31.12.2022	**90 468**

11. Investments in subsidiaries

	Shareholding 31.12.2022	**31.12.2022**	**Shareholding 31.12.2021**	**31.12.2021**
		EUR		**EUR**
IDX1R, AS (Latvia)	100%	2 000 000	-	-
Indexo Atklātais Pensiju Fonds, AS (Latvia)	100%	600 000	100%	600 000
Total	**100%**	**2 600 000**	**100%**	**600 000**

2021 was the first year in which AS Indexo Atklātais Pensiju Fonds offered its services. It incurred losses both in 2021 and 2022. Losses were planned for the first years of operation of the APF as the private pension plans under management have 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 2021 AS "Indexo Atklātais Pensiju Fonds" share capital was increased by EUR 200 000. On 31 December 2022 share capital of AS "Indexo Atklātais Pensiju Fonds" consists of 600 000 shares with a nominal value of 1 EUR per share.

The Company has assessed the recoverable amount of the investment based on value-in-use calculation. Key assumptions used for value in use calculation is as follows:

- Customer number growth
- Average AUM per customer
- Market returns
- Cost level in the subsidiary
- Expected commissions and fees from fund management

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

- Customer number grows 49% slower throughout the forecast period.

- Average AUM per customer when joining INDEXO is 75% lower than expected.
- Market returns are decreased from+7% p.a. to (10%) p.a. throughout the forecast period.
- Cost level in the subsidiary grows at an annualized rate of 22% instead of long-term forecast of 3% p.a.
- Expected commissions and fees from fund management decrease by 30% throughout the forecast period.

AS "IDX1R" was established on 19 December 2022 with the aim to develop the legal and IT infrastructure to receive a banking license. On 31 December 2022 share capital of AS "IDX1R" consists of 2 000 000 shares with a nominal value of 1 EUR per share.

Financial indicators of subsidiaries:

	AS "Indexo Atklātais Pensiju Fonds"		AS "IDX1R"	
	2022	**2021**	**2022**	**2021**
	EUR	**EUR**	**EUR**	**EUR**
Assets	374 402	473 511	2 065 543	-
Liabilities	168 537	113 538	165 836	-
Equity	205 865	359 973	1 899 707	-
Operating income	20 555	3 576	-	-
Loss for the reporting year	(154 108)	(211 810)	(100 293)	-

12. Investment in associated company share capital

	Shareholding 31.12.2022	31.12.2022	Shareholding 31.12.2021	31.12.2021
	Company	Company	Company	Company
		EUR		EUR
INDEXO AIFP, SIA (Latvia)	49%	49 000	-	-
Total		**49 000**		**-**

	Shareholding 31.12.2022	31.12.2022	Shareholding 31.12.2021	31.12.2021
	Group	Group	Group	Group
		EUR		EUR
INDEXO AIFP, SIA (Latvia)	49%	49 000	-	-
Total		**49 000**		**-**

INDEXO AIFP, SIA was established in 2022 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.

13. Other securities and investments

	Shareholding 31.12.2022	31.12.2022	Shareholding 31.12.2021	31.12.2021
	Company	Company	Company	Company
		EUR		EUR
Goindex UAB (Lithuania)	5%	11 663	5%	11 663
Total		**11 663**		**11 663**

	Shareholding 31.12.2022	31.12.2022	Shareholding 31.12.2021	31.12.2021
	Group	Group	Group	Group
		EUR		EUR
Goindex UAB (Lithuania)	5%	11 663	5%	11 663
Total		**11 663**		**11 663**

Goindex 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.

14. Accrued liabilities

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Financial liabilities				
Accrued liabilities to suppliers	56 279	41 665	40 250	37 490
Accrued liabilities to FCMC	-	3 708	-	-
Non-financial liabilities				
Accrued liabilities for unused annual leave	97 385	55 815	97 385	55 090
Provisions for variable remuneration of employees and related tax payments	39 920	19 774	39 920	19 774
Total financial and non-financial liabilities	**193 584**	**120 962**	**177 555**	**112 354**

15. Trade payables

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Financial liabilities				
Payables for purchased goods and received services	89 072	35 049	70 669	32 482
Total	**89 072**	**35 049**	**70 669**	**32 482**

16. Taxes and national social insurance mandatory contributions

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Non-financial liabilities				
Taxes and national social insurance mandatory contributions	95 245	48 151	92 814	47 457
Total	**95 245**	**48 151**	**92 814**	**47 457**

17. Other liabilities

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Non-financial liabilities				
Salary liability	108 461	74 139	106 513	73 523
Liabilities to 3rd Pillar pension plans	123 960	69 325	-	-
Other	625	435	-	434
Total	**233 046**	**143 899**	**106 513**	**73 957**

18. Share capital

The registered and fully paid-in share capital of IPAS "Indexo" as of 31 December 2022 amounts to EUR 3 568 511 (31 December 2021: EUR 3 016 987) and consists of bearer shares. The share capital of the Company consists of 3 568 511 bearer shares with a nominal value of EUR 1 (one euro) per share. In 2022, the Company's share capital was increased by EUR 16 524 after employee stock options were exercised (see Note 3) and by EUR 535 000 after the IPO. See Note 3.

	Share capital subscribed	Share	Paid-up share capital
Shareholders	**EUR**	**%**	**EUR**
Legal entities - residents with shareholding in the share capital up to 10%	1 475 850	41.36%	1 475 850
Legal entities - non-residents with shareholding in the share capital up to 10%	857 554	24.03%	857 554
Natural persons - residents with shareholding in the share capital up to 10%	982 254	27.53%	982 254
Natural persons - non-residents with shareholding in the share capital up to 10%	252 853	7.08%	252 853

Shares and share options directly owned by the Management Board and Supervisory Board members of the Company at 31 December 2022.

Member	Position	Number of shares directly owned	Number of share options allocated	Number of unvested share options
Valdis Siksnis	Chairman of the Management Board	-	100 000	100 000
Henrik Karmo	Member of the Management Board	-	100 000	100 000
Ieva Margeviča	Member of the Management Board	100	2 448	2 448
Total for Management Board		**100**	**202 448**	**202 448**
Valdis Vancovičs	Chairman of the Supervisory Board	57 913	-	-
Svens Dinsdorfs	Deputy Chairman of the Suervisory Board	-	-	-
Renāts Lokomets	Member of the Supervisory Board	-	-	-
Toms Kreicbergs	Member of the Supervisory Board	-	-	-
Total for Supervisory Board		**57 913**	**0**	**0**

19. 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 2021 and 2022 the Management Board has received personnel options and monthly salaries. The Supervisory Board receives remuneration for participation in Supervisory Board meetings starting from 2022. See Notes 3 and 18. In the period from 1 January 2021 to 31 December 2022, all transactions with related parties were conducted in accordance with free-market principles.

	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
AS "IDX1R"				
Income				
Reclaimed expenses	-	-	137 055	-
Liabilities				
Payables (balance)	-	-	165 837	-
AS "Indexo Atklātais Pensiju Fonds"				
Income				
Services provided	-	-	30 645	110 397
Liabilities				
Payables (balance)	-	-	5 143	31 727
SIA "Callidus Capital" (company controlled by the members of the Management Board)				
Expenses				
Services received	2 853	12 745	2 853	12 745

20. Maturity analysis of financial assets and liabilities

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

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
Total financial assets	**7 462 976**	**7 231 123**	**220 190**	-	-	**11 663**
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)
Total financial liabilities	**(235 819)**	-	**(92 585)**	**(63 332)**	**(32 168)**	**(47 734)**
Net position	**7 227 157**	**7 231 123**	**127 605**	**(63 332)**	**(32 168)**	**(36 071)**

Group 31.12.2021., 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	**1 162 841**	1 162 841	-	-	-	-
Receivables	169 055	-	169 055	-	-	-
Other securities and investments	11 663	-	-	-	-	11 663
Total financial assets	**1 343 559**	**1 162 841**	**169 055**	-	-	**11 663**
Accrued liabilities	**(45 373)**	-	-	(45 373)	-	-
Payables to suppliers and contractors	**(35 049)**	-	(35 049)	-	-	-
Lease liability	**(39 332)**	-	-	-	(12 480)	(26 852)
Total financial liabilities	**(119 754)**	-	**(35 049)**	**(45 373)**	**(12 480)**	**(26 852)**
Net position	**1 223 805**	**1 162 841**	**134 006**	**(45 373)**	**(12 480)**	**(15 189)**

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
Total financial assets	**5 371 186**	**4 970 780**	**388 743**	**-**	**-**	**11 663**
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)
Total financial liabilities	**(201 387)**	**-**	**(74 182)**	**(47 303)**	**(32 168)**	**(47 734)**
Net position	**5 169 799**	**4 970 780**	**314 561**	**(47 303)**	**(32 168)**	**(36 071)**

Company 31.12.2021., 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	**798 271**	798 271	-	-	-	-
Receivables	**199 955**	-	199 955	-	-	-
Other securities and investments	**11 663**	-	-	-	-	11 663
Total financial assets	**1 009 889**	**798 271**	**199 955**	**-**	**-**	**11 663**
Accrued liabilities	**(37 490)**	-	-	(37 490)	-	-
Payables to suppliers and contractors	**(32 482)**	-	(32 482)	-	-	-
Lease liability	**(39 332)**	-	-	-	-	(39 332)
Total financial liabilities	**(109 304)**	**-**	**(32 482)**	**(37 490)**	**-**	**(39 332)**
Net position	**900 585**	**798 271**	**167 473**	**(37 490)**	**-**	**(27 669)**

21. State funded and private pension plans established and managed by the Group by net asset value

	Dec 2022	Dec 2021
	EUR	EUR
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	139 745 287	120 020 982
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	408 359 269	321 257 932
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	26 632 576	23 131 788
Private pension scheme investment plan "INDEXO AKCIJU PLANS"	9 388 754	3 639 641
Private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	823 454	307 847
Total	**584 949 340**	**468 358 190**

22. Remuneration to a commercial company of sworn auditors

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Audit of financial statements	35 800	16 278	24 600	13 600
Non-audit assurance services	7 000	2 500	4 500	-
Total	**42 800**	**18 778**	**29 100**	**13 600**

23. Earnings per share

	Jan – Dec 2022	Jan – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
	Group	Group	Company	Company
	EUR	EUR	EUR	EUR
Basic earnings per share				
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	**(1 271 803)**	**8 901**	**(1 017 401)**	**220 711**
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.39)	(0.00)	(0.31)	0.07
Diluted earnings per share				
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	**(1 271 803)**	**8 901**	**(1 017 401)**	**220 711**
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.38)	(0.00)	(0.30)	0.07
Weighted average number of shares used as denominator				
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	3 249 543	3 016 987	3 249 543	3 016 987
Adjustments for calculation of diluted earnings per share:				
Options	134 597	16 524	134 597	16 524
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**3 384 139**	**3 026 626**	**3 384 139**	**3 026 626**

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.

24. 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 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 salary allocation and direct cost allocation considered necessary for bank licensing and development activity.

Segment results

Group Jan – Dec 2022		Asset management	Bank development	**Total**
Commission and other income	EUR	2 277 620	-	2 277 620
Administrative and other expense allocation	EUR	(783 893)	(1 186 197)	(1 970 090)
Operating income/(losses) before client acquisition	**EUR**	**1 493 727**	**(1 186 197)**	**307 530**
Client acquisition allocation	EUR	(1 579 333)	-	(1 579 333)
Total comprehensive loss for the period	**EUR**	**(85 606)**	**(1 186 197)**	**(1 271 803)**

Segment assets and liabilities

Group Assets, 2022		Asset management	Bank development	**Total**
Placements with financial institutions	EUR	1 084 668	6 146 455	7 231 123
Contract acquisition costs	EUR	990 417	-	990 417
Intangible assets	EUR	193 504	65 543	259 047
Other assets	EUR	312 069	-	312 069
Total assets	**EUR**	**2 580 658**	**6 211 998**	**8 792 656**

Group Liabilities, 2022		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**
Total liabilities	**EUR**	**634 744**	**66 672**	**701 415**

25. 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 2022	Dec 2021
		EUR	EUR
1	**Total own funds (1.1 + 1.2)**	**4 934 590**	**746 650**
1.1	**Tier 1 capital (1.1.1 + 1.1.2)**	**4 934 590**	**746 650**
+	Share capital	3 568 511	3 016 987
+	Reserves	176 960	5 436
+	Share premium	7 062 908	77 175
+	Retained losses	(1 205 308)	(1 426 019)
+	Profit/(loss) for the period	(1 017 401)	220 711
-	Contract acquisition costs	990 417	535 977
-	Investments in subsidiaries	2 600 000	600 000
-	Investments in share capital of associated companies	49 000	-
-	Other securities and investments	11 663	11 663
1.1.1	**Total Tier 1 capital**	**4 934 590**	**746 650**
1.1.2	**Additional Tier 1 capital**	-	-
1.2	**Tier 2 capital**	-	-
2	**Minimum capital requirement**		
2.1	Company fixed overheads of the preceding year	1 372 791	979 002
2.2	Minimum initial capital	125 000	125 000
2.3.	Assets under management	576 125 959	464 751 697
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%)	65 225	42 950
3	**Company capital adequacy calculation**		
3.1	Excess own funds relative to minimum initial capital (1. - 2.2.)	4 809 590	621 650
3.2	Excess own funds relative to 25% of fixed overheads of the preceding year (1. - 2.1.x25%)	4 591 392	501 900
3.3	Excess own funds relative to minimum initial capital and additional capital requirement (1. - 2.2 - 2.6.)	4 744 365	578 700
4	**Minimum own funds for capital requirement compliance**		
4.1	Minimum own funds relative to minimum initial capital and additional capital requirement (2.2 + 2.6)	190 225	167 950
4.2	Minimum own funds relative to 25% of fixed overheads of the preceding year (2.1 x 25%)	343 198	244 751

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

26. Events after the reporting period

There have been no events following the reporting period that would significantly affect the financial position of the Group or the Company on December 31, 2022.

The financial statements were authorised for issue on 28 February 2023 and signed for and on behalf of the Management Board of the Company by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, 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 of Investment management joint-stock company "Indexo"

Auditor's report on the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements set out on pages 15 to 63 give a true and fair view of the financial position of Investment management joint-stock company "Indexo" (the Company) and its subsidiaries (the Group) as at 31 December 2022, and of the Company's and Group's separate and consolidated financial performance and the Company's and Group's separate and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 28 February 2023.

What we have audited

The consolidated and separate financial statements (together "the financial statements") comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2022,
- the consolidated and separate statements of financial position as at 31 December 2022,
- the consolidated and separate statements of cash flows for the year then ended,
- the consolidated and separate statements of changes in equity for the year then ended, and
- the notes to the consolidated and separate financial statements which include significant accounting policies and other explanatory information.

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.

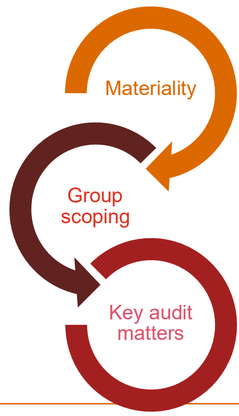
To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Latvia and that we have not provided non-audit services that are prohibited under Article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

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2022 to 31 December 2022 are disclosed in Note 22 to the financial statements.

This is a translation of the original independent auditor's report prepared in Latvian and issued on the financial statements of Investment management joint-stock company "Indexo", which were prepared in accordance with the requirements of the European Single Electronic Format. This translated version of independent auditor's report does not relate to the English version of the financial statements prepared in a pdf format and prepared to satisfy the needs of English speaking stakeholders of the issuer. The original financial statements in machine-readable .xhtml format together with original independent auditor's report are submitted to the Nasdaq Riga Stock Exchange (Link: https://nasdaqbaltic.com).

Our audit approach

Overview



- Overall Group and Company materiality: EUR 80 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 and the Company was EUR 80 thousand.
How we determined it	Approximately 1% of the Group's and the Company's net assets at 31 December 2022.
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because net assets, in our view, 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 fees. We chose the threshold of 1%, which is within the range of accepted quantitative materiality thresholds for this benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 8 thousand, 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
Commission and fee income	
Refer to Note 2 *"Commission and fee income"* of the financial statements. 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 fee and commission income was the main focus area of our audit. 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 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 performance fee income.	We assessed that the Group's and the Company's accounting policies in relation to commission and fee income recognition are based on IFRS requirements. 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. 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. We also verified supporting documents to confirm the occurrence of the transaction or event which was subject to commission and fee income and that the commission and fee income was recorded in the correct service period. We also verified that the 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. Audit services for consolidated and separate financial statements was performed by the Group's auditors, component auditors were not engaged.

Reporting on other information including the Management Report

Management is responsible for the other information. The other information, which we obtained prior to the date of our auditor's report, 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 13 of the accompanying Annual Report;
- Statement of Responsibility of the Management Board of the Investment management company, as set out on page 14 of the accompanying Annual Report;
- the Statement of Corporate Governance, set out in a separate statement prepared and signed by the Company's Management Board on 27 February 2023 and available on the Company's website http://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, including the Management Report and the Statement of Responsibility of the Management.

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 Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance 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.

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 Statement of Corporate Governance, prepared and signed by the Company's Management Board on 27 February 2023, available on the Company's website http://www.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.

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.

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 International Financial Reporting Standards as adopted by the European Union 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.

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 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 20 October 2023 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 of Indexo IPAS for the year ended 31 December 2022 (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.

This is a translation of the original independent auditor's report prepared in Latvian and issued on the financial statements of Investment management joint-stock company "Indexo", which were prepared in accordance with the requirements of the European Single Electronic Format. This translated version of independent auditor's report does not relate to the English version of the financial statements prepared in a pdf format and prepared to satisfy the needs of English speaking stakeholders of the issuer. The original financial statements in machine-readable .xhtml format together with original independent auditor's report are submitted to the Nasdaq Riga Stock Exchange (Link: https://nasdaqbaltic.com).

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 control requirements and professional ethics

We apply the provisions of the International Standard on Quality Control 1 (IAASB) and accordingly maintain a comprehensive system of quality control including documented policies and 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.

Appointment

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

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

/signed digitally/

Ilandra Lejiņa
Certified auditor in charge
Certificate No. 168

Member of the Board

Riga, Latvia
28 February 2023

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

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