Kvalificēts elektroniskais paraksts
MARIJA ČERNOŠTANA
2024-08-06 17:34:32 GMT+3
Mērķis: Paraksts

Kvalificēts elektroniskais paraksts
HENRIK KARMO
2024-08-06 18:07:31 GMT+3
Mērķis: Paraksts

IPAS INDEXO

Unaudited Consolidated Interim Report

January – June 2024

Table of contents

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 (shareholding of 5% and more): Henrik Karmo (direct and indirect with PERFECT MATCH SIA (Latvia) and BEACON PROPERTIES OU (Estonia)) – 8.89% Valdis Siksnis (direct and indirect with VSCAP SIA (Latvia)) – 6.00% Mārcis Martinsons – 5.95% IN FINANCE SIA (Latvia) – 5.92% SAGGIS OU (Estonia) – 5.61% BAROLO FINANTS OU (Estonia) – 5.61% And other natural persons and legal entities with a shareholding of under 5%

Investments in subsidiaries	INDEXO Atklātais Pensiju Fonds, AS	AS INDEXO Banka (till 20.05.2024 AS IDX1R)
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	27-55/2024/2
Licence issue date	20.01.2021.	16.05.2024

Investments in associates and other securities	SIA Provendi asset management AIFP	Goindex UAB
Shareholding (%)	49%	4.36%
Registered and office address	Daugavgrīvas iela 7B, Rīga, LV-1048, Latvija	Lvivo g. 25-701, LT-09320 Viļņa, Lietuva
Registration number	40203438204	305706496
Date of foundation	02.11.2022.	13.06.2020.

Members of the Supervisory Board and their position	Valdis Vancovičs – Chairman of the Supervisory Board (from 19.04.2023.) Svens Dinsdorfs – Deputy Chairman of the Supervisory Board (from 19.04.2023.) Renāts Lokomets – Member of the Supervisory Board (from 19.04.2023.) Ivita Asare - Member of the Supervisory Board (from 19.04.2023. till 08.07.2024) Ramona Miglāne – Member of the Supervisory Board (from 19.04.2023.)
Members of the Management Board and their position	Henrik Karmo – Chairman of the Management Board (from 03.06.2024.) Artūrs Roze – Member of the Management Board (from 03.06.2024.) Marija Černoštana – Member of the Management Board (from 03.06.2024.) Valdis Siksnis – Chairman of the Management Board (till 03.06.2024) Ieva Bauma - Member of the Management Board (till 03.06.2024) Henrik Karmo – Member of the Management Board (till 03.06.2024)
Reporting period	1 January 2024 – 30 June 2024
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 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 happy to report another great quarter for INDEXO - Assets Under Management have grown strongly and, consequently, our revenue has grown, and our pension business is becoming increasingly profitable.

We are one of the fastest growing pension savings managers in the Baltics, we have added 7.6 thousand customers to our pension business this year to reach 134.7 thousand customers in 6M 2024 (19% y-o-y) and our Assets Under Management (AUM) has grown to EUR 1 150 million (53% y-o-y). Our client acquisition is strong, but the growth rate is slightly affected by increased churn.

In Q2 2024, the pension business was profitable also after investment into client growth, bringing in a profit of EUR 276.0 thousand, a significant improvement considering this figure was negative in Q1 2024 which was EUR 121.4 thousand loss. Without group costs and one-off items related to the capital raise at the end of 2023, the profit before client acquisition costs for the reporting period would be EUR 1.55 million and the normalized net profit of pension business would be EUR 536.6 thousand. This is the 4th consecutive quarter in which the pension business is profitable after client acquisition costs, if we eliminate group costs and one-off items. In June, INDEXO's net profit was EUR 119 thousand.

Main achievements of INDEXO during Q2 2024:

1) In Q2, we achieved further reduction in the Ongoing Cost Figure (OCF). Over the last 12 months, Jauda customers have seen fee and cost reduction of **4 bps** and Izaugsme customers – **5 bps**. This is nearly a **10% reduction** in the costs that the customer pays to the manager and other service providers. With growing AUM and attention to the costs, we are constantly enhancing our offer, to improve the customer share of the market return that our plans deliver.
2) We have also started to readjust the bond fund allocation to shorten the duration of the bond portfolio to slightly over 4 years. This will also lead to OCF reductions, which we hope to report in Q3 2024.
3) Our equity related plans are delivering strong performance, underpinned by the positive underlying market indexes. Over the past 12 months, our flagship 100% equity plan, Jauda, has returned **23.34%**. In the first 6 months of 2024, the return was **15.46%**. That means that Jauda's NAV has returned **9.8%** per annum since inception* helping to increase the value of our customer pension accounts significantly. It is important to remember that market returns are volatile, and there are periods of significant downturns when equity market indices go down. However, over the long

term, our customers can expect positive returns from equity markets that compound into significant retirement savings, especially when the 2nd pillar is complemented with the tax-efficient 3rd pillar savings.

4) During the last 6 months, **INDEXO customer number increased by 7 567, or 6%, reaching 134 747, making us the fastest-growing 2nd Pillar fund manager in Latvia in absolute terms.** This growth is slightly lower than we expected due to organizational changes at the beginning of the year and increased competition using similar distribution channels to INDEXO.
5) Our **AUM has grown significantly to reach EUR 1 150 million, up 53%** from 754 million in Q2 2023 and EUR 233 million, or 25%, from the end of 2023 when the AUM stood at EUR 917 million. The biggest drivers of growth have been the transfer of funds by clients joining INDEXO, followed by monthly contributions and also the positive returns of the markets. The positive market returns have been the main driver of Q2 AUM growth.
6) Our Company continues to grow faster than the market and has reached **14.1% market share in 2nd pillar pension products** at the end of the quarter. A year ago, our market share in 2nd pillar was 11.6%. In 100% Equity plans segment**, we are the 2nd largest asset manager in Latvia.**
7) **Thanks to AUM growth, our revenue has increased 45% over last 12 months to EUR 2.02 million.**
8) Our monthly incoming 2nd pillar social tax **contributions grew by 32% from EUR 41.2 million in 6M 2023 to EUR 54.4 million in 6M 2024**, driven by higher customer numbers and growing salaries. On a run rate monthly basis, we have broken the **EUR 100-million annual inflow** mark for 2nd pillar contributions.
9) Our 2nd pillar **customer retention figure has worsened from 93.86% in the first 6 months of 2023 to 89.85% in Q2 2024.** This is a result of higher activity by our competitors, as the churn figures have increased for the whole market. We have taken notice and are implementing measures that we hope will improve the situation.
10) INDEXO subsidiary IDX1R obtained its banking license on May 15, 2024, and has changed its name to INDEXO Banka AS. With the bank license secured, we are now accelerating efforts to launch our INDEXO Bank retail operations **on the 28th of August**.
11) As we continue significant investments to grow our pension business and strive to successfully launch the bank, the changes in the management boards of INDEXO and INDEXO Bank have been done to help to focus better on each of our businesses. Valdis Siksnis became the chairman of the INDEXO Bank management board and Henrik Karmo became the chairman of the INDEXO management board.

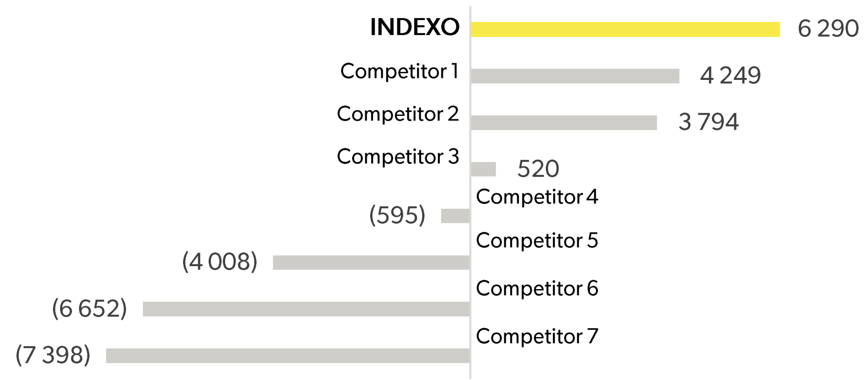
* Pension plan "Jauda" was created on the 5th of February 2018

General description

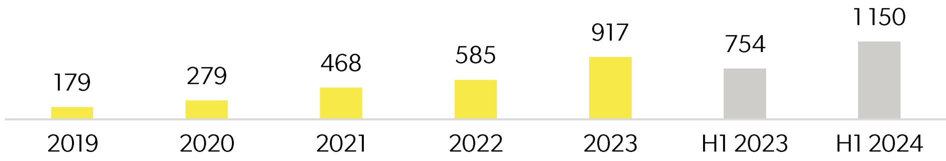
IPAS INDEXO was founded on 10 January 2017. The registered office of the Company is Elizabetes iela 13-1A, Riga, LV -1010, Latvia. The uniform registration number in the Commercial Register of the Republic of Latvia is 40203042988. On 16 May 2017, the Financial and Capital Market Commission (hereinafter "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.

Data highlights

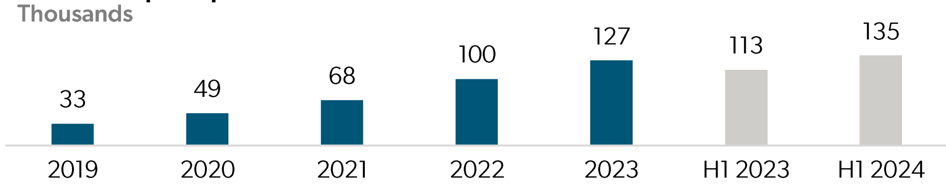
2nd pillar clients acquired since beginning of 2024
# of new clients



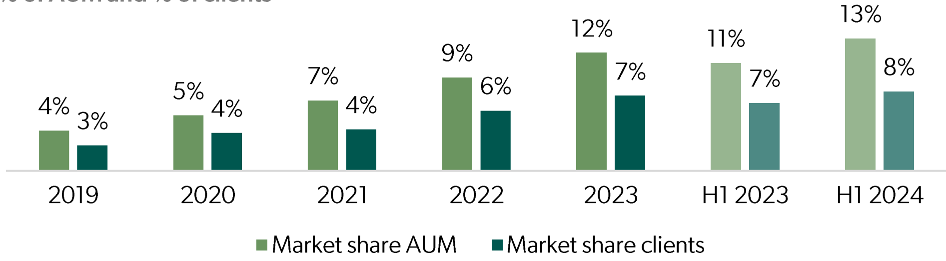
2nd and 3rd pillar pension AUM
Millions EUR



2nd and 3rd pillar pension clients
Thousands



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



Pension Savings Management key operating results

Millions, EUR	Jan - Jun 2024	Jan – Jun 2023	Change
6-month contribution inflows	54.4	41.2	32.0%
Churn, end of period, annualized %	10.15	6.14	65.3%
Commission income, 6 months	2.02	1.39	45.3%
Operating income, 6 months	1.17	0.76	53.9%
Net income, 6 months	0.16	(0.39)	141.0%
Normalized results*			
Operating income, 6 months	1.55	0.76	103.9%
Net income, 6 months	0.54	(0.39)	238.0%

*-Normalized results show pure pension business results excluding expenses which are not attributed to the pension business. Like costs from the secondary public offering, interest expenses of commitment letters, INDEXO Bank's employee options and other costs that have been incurred due to the development of INDEXO Bank.

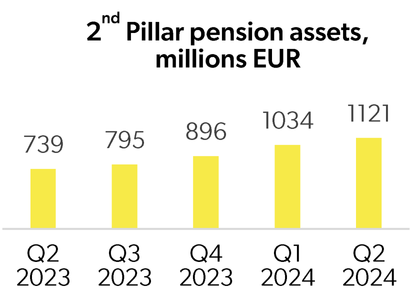
Pension Savings Management

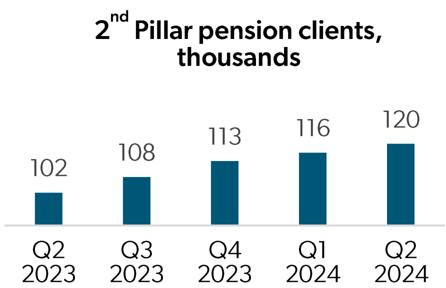
2nd pillar plans

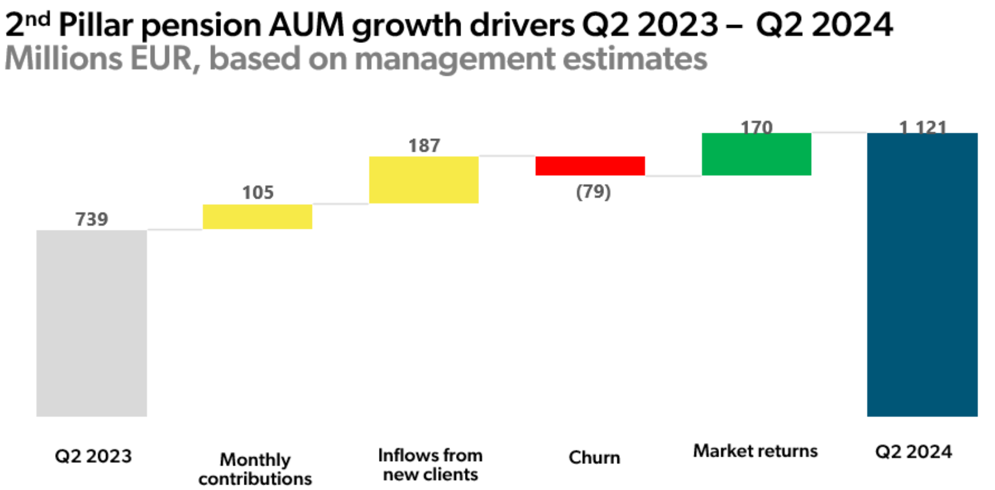
INDEXO long term shareholder value growth depends on our ability to grow our pension plan customer base. Each customer contributes on a monthly basis to their pension account, which will be invested according to INDEXO's investment strategy and will compound with the world equity and bond markets until the person retires. As these pension accounts grow, so does INDEXO's revenue and profits. As long as INDEXO is able to attract customers at an attractive cost compared to the lifetime customer value, we will invest in new client acquisition to increase our customer base.

Over the last 6 months, Latvian 2nd pillar AUM grew from EUR 7.06 billion to EUR 7.96 billion or by 12.7%. INDEXO AUM, meanwhile, grew 25.1% from EUR 896 million to EUR 1 121 million. This was due to new customer asset inflow and social tax contributions to our 2nd pillar customers' pension accounts, as well as a positive return from the market growth.

In Q2 2024, INDEXO added 6 290 customers and over the rolling 12-month period, INDEXO added 17 726 customers. The customer acquisition happens across different physical and online channels and given that INDEXO's market share is still only about 14.1% of the total Latvian 2nd pillar AUM (or 9.2% in terms of clients), we see strong potential for further growth. Latvian 2nd pillar pension system allows customers to change their plan only once a year.







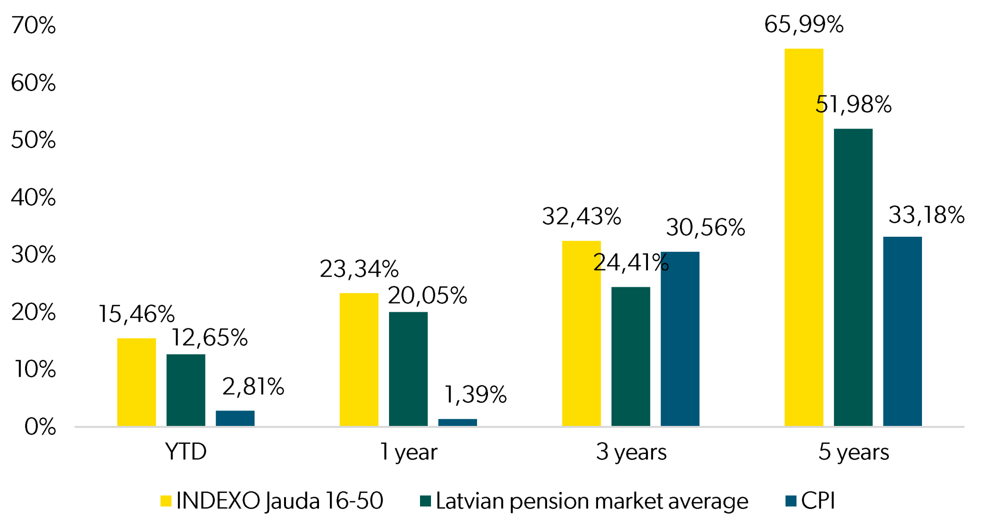
Monthly contributions over last 12 months have been EUR 105 million and grown 36% y-o-y due to increase in salary and new clients joining INDEXO. Inflows from new clients grew to EUR 187 million or 16% y-o-y. This is due to higher average accounts that new customers bring over to INDEXO. The markets provided excellent returns to our clients over the year and that is reflected also in the increase of our AUM.

As of 30 June 2024, our long-term plan returns are as follows:

2nd Pillar Pension plan	Risk Profile	YTD return	3-year return (per annum)	5-year return (per annum)	Return since inception (per annum)
INDEXO Izaugsme 47-57	50% Equity	6.50%	3.09%	4.94%	5.00%
INDEXO Jauda 16-50	100% Equity	15.46%	9.72%	10.42%	9.82%
INDEXO Konservativais 55+	100% Bonds	-0.66%	-3.52%	-1.98%	-0.96%

The results of our plans using passive investment strategy can be accessed on www.manapensija.lv.

INDEXO Jauda pension plan



The graph shows the cumulative returns of INDEXO Jauda 16-50 pension plan on 28.06.2024 relative to the average returns of 100% equity plans in the Latvian 2nd pillar pension market (excluding INDEXO Jauda 16-50), and the consumer price index in Latvia. Sources: manapensija.lv, Central Statistical Bureau of Latvia.

Our largest pension plan, Jauda (constituting approximately 73% of INDEXO AUM), has performed well in the long term, beating both the competition and, most importantly, significantly outperforming CPI over a 5-year period leading to real, inflation-adjusted wealth growth.

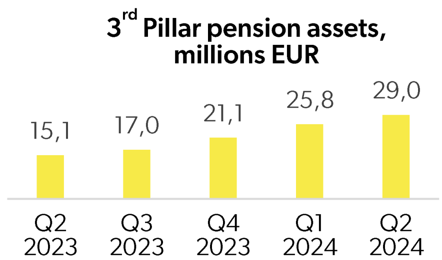
Our growth would be even faster if not for the worsened customer retention rate during the period. It dropped to 89.85%, down from approximately 93.86% in Q2 2023. This is due to increased activities by all competitors and a new entrant to the market, which has lifted churn for everyone in the market, particularly for INDEXO. INDEXO has the highest AUM per customer compared to other asset managers, and the clients that tend to leave have lower assets than our average customer.

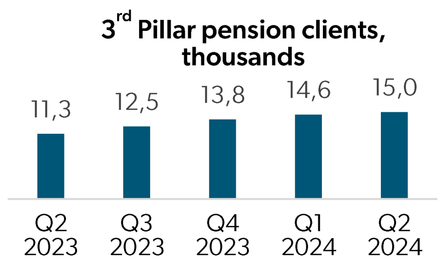
We are taking active measures in communicating with clients, reiterating the reasons why INDEXO is a great choice for them. Our sales team leaders are also improving how our sales teams inform customers about their choices, making sure that our clients fully understand the reasons for joining INDEXO, thus creating customer loyalty. We believe that once INDEXO launches its banking services, our relevance for clients will increase and fewer customers will choose other pension fund managers, despite INDEXO's strong passive management track record.

3rd pillar plans

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

Voluntary third pillar plans represent a small but important part of our overall business. Our AUM continues growing fast, and we are constantly working to increase the number of customers who are making regular contributions, as this is the best way to ensure sufficient savings at retirement. On June 30th, 2024, 3rd pillar assets comprised 2.6% of the total AUM managed by INDEXO.





During the preceding 12 months our 3rd pillar customer number increased by 3.7 thousand or 33%, and the AUM grew from 15.1 million to 29.0 million or 92%. Our 3rd pillar OCF and fees are very competitive and low for all customers no matter their account size.

As of 30th of June 2024, our plan returns are as follows:

3rd Pillar Pension plan	Risk Profile	YTD return	1-year return (per annum)	2-year return (per annum)	Return since inception (per annum)
INDEXO Akciju plāns	100% Equity	15.53%	22.41%	16.87%	10.34%
INDEXO Obligāciju plāns	100% Bonds	-0.78%	4.08%	0.95%	-2.82%

Real Estate Fund

In 2022, together with two real estate professionals, we co-founded SIA Provendi asset management AIFP- a real estate management company in which INDEXO holds 49%. In 2023, SIA Provendi asset management AIFP launched the cheapest real estate fund in Latvia, Provendi Real Estate Fund – and two of our investment plans - Jauda and Izaugsme - started to invest a portion of their assets into the fund. At the end of Q2 2024, the fund had approximately EUR 50 million of gross investments into residential and retail properties. INDEXO pension plan Izaugsme has invested EUR 6.2 million or 2.56% of the plan assets into the real estate fund, Jauda has invested EUR 7.4 million or 0.88% of the plan assets in Provendi fund.The fund has attracted new Scandinavian and institutional investors.

Even though the fund fees are the lowest compared to other real estate funds in the region, it will always be a slightly more expensive component of our investment portfolio compared to stock market ETFs. To mitigate this impact on Izaugsme and Jauda performance, we have committed to reimbursing our portion of profits generated by SIA Provendi asset management AIFP to Izaugsme and Jauda until the OCF of this fund reaches 0.50% in our pension fund portfolios. We anticipate the first reimbursements to occur in 2025, when SIA Provendi asset management AIFP is expected to reach stable profitability.

Bank Development

Based on the assessment and proposal of the Bank of Latvia as the supervisory authority of the financial sector, the European Central Bank decided on May 15, 2024, to issue a credit institution or banking license to IDX1R AS, a subsidiary of IPAS INDEXO. After receiving the license, IDX1R AS changed its name to AS INDEXO Banka. The decision came into effect on May 16, 2024.

The level of technical readiness of the bank has been very high for several months, covering everything from the mobile application and new banking products to payment systems, technology, and customer service infrastructure. However, important preparatory work required for the public launch, such as joining the SEPA payments infrastructure and the VISA network, as well as full-scale system tests in the production environment, is only possible after receiving the banking license. As we have indicated previously, there will be a gap of several months between receiving the banking licence and starting banking operations, which will be needed to complete all these preparatory works. Considering the substantial progress already made, we have set the date for the public launch of the bank’s operations for August 28.
Intensive piloting of the bank's products and services started after the reporting period. However, in June, we began piloting services in a specific customer segment, which was not

possible without a license, and by the end of June, the bank already had 2 customers. Although a new legal entity, AS IDX1R, was established on December 19, 2022, to facilitate precise expense tracking and obtain the bank license, some bank development-related costs still need to be booked in the parent company, INDEXO. The largest cost items include recent capital-raise-related costs, fees for signed commitment letters to support future bank capital needs, and option costs for INDEXO Bank employees. However, all other bank development-related costs are separated from INDEXO and are reflected in INDEXO Bank's financial results as presented in bank's quarterly report.

As of today, we have increased the total headcount of INDEXO Bank to 53 full time employee equivalents to be prepared for full scale tests and the bank launch in August. By the end of summer, we plan to relocate to the new, modern Verde office building. This move will not only facilitate teamwork but will also enhance INDEXO's appeal as an employer.

Although our main customer engagement channels will be digital, this autumn, we will open our only physical customer service centre in the Verde office building. This initiative aims to increase INDEXO's brand visibility and make us more accessible to both existing and future customers.

On August 28, INDEXO Bank will start its activities by offering the main daily banking products to private individuals. The available product offering will be gradually extended, and 6-9 months after the bank's launch, we plan to start servicing of SMEs and legal entities. More detailed information on INDEXO Bank's services and their competitive advantages will be presented during the bank's launch event on August 28.

Financials

Results of IPAS "Indexo" 2nd pillar and 3rd pillar pension management

EUR	Jan - Jun 2024	Jan - Jun 2023
	Unaudited	**Unaudited**
Commission income	2 015 460	1 386 024
Interest income	28 986	8 391
Interest expense**	(239 534)	(1 197)
Administrative and other expenses for pension management	(637 653)	(633 421)
Operating income before client acquisition and other business project expenses	**1 167 259**	**759 797**
Client acquisitions costs***	(863 266)	(916 122)
Pension management operating result	**303 993**	**(156 325)**
Non-cash personnel option expenses	(146 399)	(230 576)
Corporate income tax	(2 962)	(1 680)
Comprehensive profit for the reporting period	**154 632**	**(388 581)**
Non-pension business expenses*	(381 990)	-
Comprehensive profit/(loss) for the reporting period excluding non-pension business expenses	**536 622**	**(388 581)**

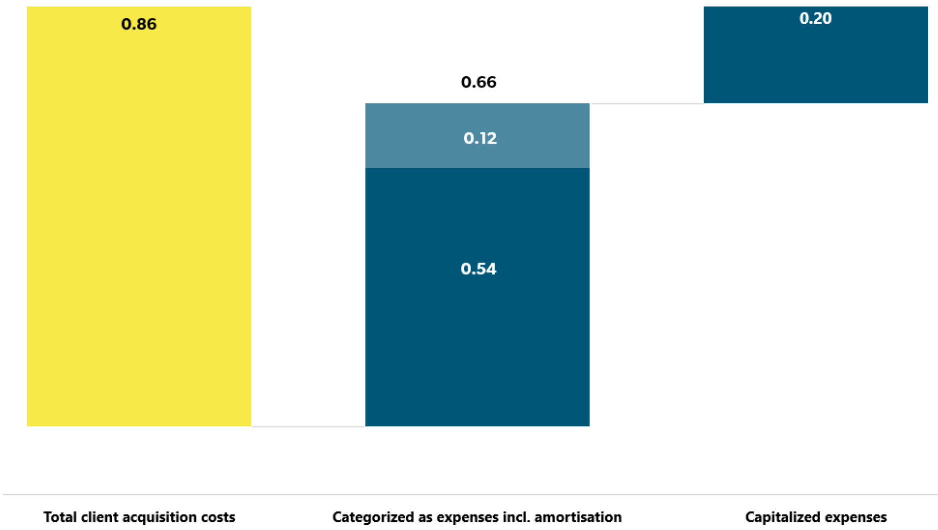
*- Expenses which are not directly attributable to the pension business, like costs from the secondary public offering, interest expenses of commitment letters, option costs for INDEXO Bank employees and other costs that have been incurred due to development of INDEXO BANK.
**- In the reporting period, interest payments of EUR 238.2 thousand were paid for commitment letters which are not a part of pension business expenses.
***- During the first half of 2024, EUR 8.5 thousand of other expenses were allocated to client acquisition costs.

Increases in the client base and AUM have contributed to commission income growth in pension fund management, reaching EUR 2.02 million (compared to EUR 1.39 million in the corresponding reporting period in 2023). The total income of INDEXO during the reporting period was more than sufficient to cover the administrative expenses of pension fund management. Profit before client acquisition costs reached EUR 1.17 million (compared to EUR 0.76 million in the corresponding reporting period in 2023). Total profit during the reporting period was EUR 0.15 million (compared to losses of EUR 0.39 million in the corresponding reporting period in 2023).

The normalized pension business profit during the reporting period (excluding expenses in the amount of EUR 0.38 million, which are not directly attributed to the pension business) was EUR 0.54 million (compared to losses of EUR 0.39 million in the corresponding reporting period in 2023).

During the reporting period, the client acquisition costs amounted to EUR 0.86 million, of which EUR 0.66 million were recognized as expenses, including an amortized part of EUR 0.12 million from previously capitalized client acquisition costs. During the reporting period, EUR 0.2 million of client acquisition costs were capitalized. The capitalized part of client acquisition costs is depreciated over a 7-year period.

Client acquisition costs Jan-Jun 2024, million EUR



Results of subsidiary INDEXO Banka, AS

		Jan – Jun 2024	Jan – Jun 2023*
		Unaudited	**Unaudited**
Interest income/expense	EUR	30 655	661
Administrative and other expenses	EUR	(2 141 279)	(1 047 397)
Operating result	**EUR**	**(2 110 624)**	**(1 046 736)**
Corporate income tax	EUR	(373)	(618)
Comprehensive losses for the reporting period	**EUR**	**(2 110 997)**	**(1 047 354)**

* - These are bank development expenses incurred by AS IDX1R during 2023, not INDEXO Bank, due to it not technically being yet a bank.

As the Bank's operations have not yet started, INDEXO Bank does not generate any significant revenue, while at the same time, the company makes significant IT investments to continue enhancing and developing a wider range of banking services. Therefore, during the reporting period, INDEXO Bank incurred losses amounting to EUR 2.11 million.

More detailed information on INDEXO Bank's risks and results during Q2 2024 can be found in INDEXO Bank first public quarterly report. You can find the report here: https://indexo.lv/en/for-investors/reports/

INDEXO Group results:

	Jan - Jun 2024	Jan - Jun 2023
	EUR	EUR
Commission and other income	2 150 101	1 386 025
Interest expense	(314 534)	(1 197)
Administrative and other expenses	(3 791 932)	(2 820 763)
Comprehensive losses for the reporting period	**(1 956 365)**	**(1 435 935)**
	Jun 2024	**Jun 2023**
	EUR	**EUR**
Assets	**16 148 271**	**7 680 264**
Liabilities	**2 999 607**	**794 379**
Equity	**13 148 664**	**6 885 885**

The total group losses during the reporting period amounted to EUR 1.96 million of which EUR 2.11 million are attributable to the bank development and a profit of EUR 0.15 million to the pension management business. During the reporting period, a sufficient volume of AUM was achieved which allowed us to generate profit in the first half of 2024 even after the client acquisition expenses.

The group's equity at the end of the reporting period amounted to EUR 13.15 million (compared to EUR 6.89 million in the corresponding reporting period in 2023). During the first half of 2024, group's share capital was increased by EUR 9 232 848 (compared to EUR 230 576 in the corresponding reporting period in 2023). The Group has total assets on the balance sheet of EUR 16.15 million (compared to EUR 7.68 million in the corresponding reporting period in 2023), of which EUR 8.19 million is held in placements with credit institutions and central banks (compared to EUR 4.96 million in the corresponding reporting period in 2023).

Risks

The Company and the Group identify all significant risks inherent to their operations and develop, document, and implement appropriate policies for managing these risks, including their measurement, assessment, control, mitigation measures, and the provision of risk reports and information.
The risk management system is integrated into the Company's and the Group's internal control system, ensuring an independent risk control and compliance function separate from business operations.
The risk management structure includes risk strategies, policies, procedures, risk limits, and controls, ensuring adequate, timely, and continuous identification, assessment,

measurement, monitoring, mitigation, and reporting of significant risks.

The Company and the Group ensure a comprehensive risk culture that promotes the effective implementation of the risk management process, taking into account development and risk strategies.

The Company and the Group classify risks that are deemed significant according to their source:

- Non-financial risks: compliance risk, operational risk (including information technology risk, outsourcing risk, legal risk), reputational risk, AML and sanctions risk, business model risk.
- Financial risks: counterparty credit risk, capital adequacy, liquidity risk, market risk, foreign exchange risk.

During the reporting period, the risks to which the Company and the Group were exposed were assessed as moderately low risks, including operational risk, compliance risk, AML and sanctions risk, reputational risk, and business model risk. Other risks to which the Company and the Group were exposed, such as market risk, currency risk, and liquidity risk, were assessed as low-risk level. The Company and the Group manage ESG risks according to the established ESG strategy goals. In managing pension plan funds, investment sustainability risks are considered, but sustainable investments are not set as a goal, and investments do not aim to achieve environmental and/or social characteristics. The way in which sustainability risks are integrated into investment decisions is described in the relevant plan prospectuses.

When introducing new products and services, the Company identifies significant risks inherent to its operations, assesses their impact on activities, and determines necessary control measures to mitigate these risks.

Events after the reporting period

Following the end of the period, the following important events have taken place:

- On July 1, 2024, the Bank of Latvia made a decision allowing IPAS INDEXO's not to receive an approval to be a financial holding company of AS INDEXO Banka. Henceforth, AS INDEXO Banka will ensure the INDEXO Group's compliance with prudential requirements on a consolidated basis. This means that AS INDEXO Bank will be responsible for meeting capital requirements at the group level and will ensure overall coordination of operations of the INDEXO Group.
- The start date for INDEXO Bank's public operations has been set for August 28, 2024.
- INDEXO Bank continues to conduct intensive pilot testing of its banking services, and as of August 5, 2024, the number of bank clients has already exceeded 60.

Signed on behalf of the Company by:

Henrik Karmo, Chairman of the Management Board

Marija Černoštana, Member of the Management 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 Group's financial statements, which provides true and fair view of the Group's financial position as of 30 June 2024, as well as its performance and cash flows for January - June 2024, in accordance with IAS 34 as adopted by the European Union.

In preparing the interim financial statements for the period ended 30 June 2024, as set out on pages 16 to 43, management has consistently applied IAS 34, as adopted by the European Union, 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 Company's assets, and detecting and preventing fraud and other irregularities within the Group. 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 Company.

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

Henrik Karmo, Chairman of the Management Board
Marija Černoštana, Member of the Management Board

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

Consolidated Statement of Comprehensive Income

	Notes	Jan-Mar 2024	Jan - Jun 2024	Jan - Jun 2023
		Unaudited	Unaudited	Unaudited
		EUR	EUR	EUR
Commission income	2	923 615	2 015 469	1 386 025
Interest income	4	66 251	134 632	9 052
Interest expense	5	(211 980)	(314 534)	(1 197)
Administrative expenses	3	(1 759 951)	(3 741 751)	(2 804 194)
Other operating expenses	6	(22 486)	(45 441)	(23 323)
Credit losses		-	(1 405)	-
Profit/(loss) before corporate income tax		**(1 004 551)**	**(1 953 030)**	**(1 433 637)**
Corporate income tax		(1 493)	(3 335)	(2 298)
Profit/(loss) for the period		**(1 006 044)**	**(1 956 365)**	**(1 435 935)**
Total comprehensive profit/(loss) for the period, attributable to shareholders for the period		**(1 006 044)**	**(1 956 365)**	**(1 435 935)**
Earnings per share		**(0.22)**	**(0.43)**	**(0.40)**
Diluted earnings per share		**(0.22)**	**(0.43)**	**(0.38)**

The notes on pages 20 to 43 form an integral part of these financial statements.
The financial statements have been authorised for issue on 5 August 2024 and signed on behalf of the Company's Management Board by:

Henrik Karmo, Chairman of the Management Board

Marija Čemoštana, Member of the Management Board

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

Consolidated Statements of Financial Position

	Notes	Jun 2024 Unaudited EUR	Jun 2023 Unaudited EUR	Dec 2023 Audited EUR
ASSETS				
Cash and cash equivalents at central banks	7	7 049 499	-	-
Cash and cash equivalents	8	1 139 792	4 959 431	2 707 396
Receivables	9	336 982	254 132	321 489
Prepayments	10	277 740	126 645	548 006
Contract acquisition costs	11	1 464 585	1 203 972	1 389 048
Other assets	12	211 197	5 001	81 990
Intangible assets, property, plant and equipment, and right-of-use assets	13	5 348 567	990 659	2 024 667
Participation in the share capital of associated companies	14	159 250	58 800	127 400
Loans to associated companies	15	99 076	69 961	53 944
Other securities and investments	16	61 583	11 663	61 583
Total assets:		**16 148 271**	**7 680 264**	**7 315 523**
EQUITY AND LIABILITIES				
Accrued liabilities	17	469 626	234 437	246 200
Trade payables	18	215 317	100 586	608 361
Taxes and national social insurance mandatory contributions	19	120 500	125 627	207 962
Lease liabilities	13	2 063 401	69 257	46 665
Other liabilities	20	130 763	264 472	334 154
Total liabilities:		**2 999 607**	**794 379**	**1 443 342**
Equity				
Share capital	21	4 589 479	3 568 511	3 795 407
Share options		525 453	407 536	379 055
Share issue premium		15 386 712	7 062 908	7 094 334
Retained losses		(5 396 615)	(2 717 135)	(2 498 414)
Profit/(loss) for the period		(1 956 365)	(1 435 935)	(2 898 201)
Total equity and reserves:		**13 148 664**	**6 885 885**	**5 872 181**
TOTAL EQUITY AND LIABILITIES		**16 148 271**	**7 680 264**	**7 315 523**

The notes on pages 20 to 43 form an integral part of these financial statements.
The financial statements have been authorised for issue on 5 August 2024 and signed on behalf of the Company's Management Board by:

Henrik Karmo, Chairman of the Management Board

Marija Černoštana, Member of the Management Board

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

Consolidated Statement of Changes in Equity

	Notes	Share capital	Share options	Share issue premium	Retained losses	Profit/(loss) for the period	Total
		EUR	EUR	EUR	EUR	EUR	EUR
At 31.12.2023		**3 795 407**	**379 055**	**7 094 334**	**(5 396 615)**	**-**	**5 872 181**
Increase in Share option reserves		-	146 398	-	-	-	**146 398**
Increase in Share capital after public listing	21	794 072		8 292 378	-	-	**9 086 450**
Comprehensive income for the reporting period		-	-	-	-	(1 956 365)	**(1 956 365)**
At 30.06.2024		**4 589 479**	**525 453**	**15 386 712**	**(7 352 980)**	**(1 956 365)**	**13 148 664**
At 31.12.2022		**3 568 511**	**176 960**	**7 062 908**	**(2 717 138)**	**-**	**8 091 241**
Increase in Share option reserves		-	230 576	-	-	(729 172)	(498 596)
Comprehensive income for the reporting period		-	-	-	-	(706 763)	(706 763)
At 30.06.2023		**3 568 511**	**407 536**	**7 062 908**	**(2 717 138)**	**(1 435 935)**	**6 885 885**

The notes on pages 20 to 43 form an integral part of these financial statements.
The financial statements have been authorised for issue 5 August 2024 and signed on behalf of the Company's Management Board by:

Henrik Karmo, Chairman of the Management Board

Marija Černoštana, Member of the Management Board

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

Consolidated Statements of Cash Flows

	Notes	Jan - Jun 2024	Jan - Jun 2023
		Unaudited	Unaudited
		EUR	EUR
Cash flow from operating activities			
Profit/(loss) before corporate income tax		(1 953 030)	(1 433 637)
Depreciation of PPE and amortisation of right-of-use assets	13	119 821	42 498
Amortisation of contract acquisition costs	11	(75 537)	104 394
Amortization of Share option reserves		146 399	230 576
Interest income	4	(134 632)	(9 052)
Interest expense	5	-	1 197
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities		**(1 896 979)**	**(1 064 024)**
Increase in receivables, prepayments, and other assets		125 566	(448 980)
Increase/(decrease) in accrued liabilities		92 080	40 852
Increase/(decrease) in trade payables and other liabilities		1 332 839	69 441
Corporate income tax		(3 335)	(2 298)
Increase/(decrease) in cash and cash equivalents from operating activities		**(349 829)**	**(1 405 009)**
Cash flow from investing activities			
PPE purchases	13	(3 443 722)	(774 112)
Accrued salesperson wage		131 346	(9 800)
Investment in the share capital of associated companies		(31 850)	(68 600)
Loans issued	15	(45 132)	7 691
Interest received		134 632	-
Other securities and investments	16	-	(844 821)
Decrease in cash and cash equivalents from investing activities		**(3 254 726)**	**(774 112)**
Cash flow from financing activities			
Share issue		794 072	-
Share issue premium		8 292 378	-
Payments for the right-of-use of assets	13	-	(22 411)
Interest on the right-of-use asset	5	-	(1 197)
(Decrease)/increase in cash and cash equivalents from financing activities		**9 086 450**	**(23 608)**
Decrease in cash and cash equivalents		**5 481 895**	**(2 273 438)**
Cash and cash equivalents at the beginning of the reporting period		**2 707 396**	**7 232 869**
Cash and cash equivalents at the end of the reporting period	7,8	**8 189 291**	**4 959 431**

The notes on pages 20 to 43 form an integral part of these financial statements.
The financial statements have been authorised for issue on 5 August 2024 and signed on behalf of the Company's Management Board by:

Henrik Karmo, Chairman of the Management Board

Marija Černoštana, Member of the Management Board

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

Notes to the Consolidated Financial Statements

1. Accounting policies

General information

Investment management joint-stock company INDEXO was registered on 10 January 2017. The Company received a license for management of the state-funded pension scheme plans and license for investment management services on 16 May 2017. In 2020 the Company established a subsidiary "INDEXO Atklātais Pensiju Fonds" AS (hereinafter – "APF"), Financial and Capital Market Commission issued license on management of private pension funds on 21 January 2021. On 19 December 2022 the Company established a subsidiary "IDX1R", AS with the purpose to receive a banking license to begin bank operations in Latvia, which it successfully achieved May 15th, 2024, and changed its name to AS INDEXO Banka. INDEXO, INDEXO Bank and INDEXO APF comprises the Group.

INDEXO and INDEXO APF is providing asset management services to the state-funded pension scheme plans, private pension plans.

Regulatory framework

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

Compliance statement

The Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") as adopted by European Union and the requirements IAS 34 Interim Financial Reporting.

Basis of preparation

Financial statements are prepared in accordance with the IAS 34 as adopted by European Union, 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.

These are consolidated financial statements of the Group. Consolidated financial statements that include the results of the Company, and its subsidiaries are prepared by the 100% parent company – INDEXO and these are available on the webpage www.INDEXO.lv.

The Group's financial statements are prepared under a historical cost convention.

Financial statements are presented in the functional currency of the Group, the official currency of the Republic of Latvia – the euro ("EUR"), unless stated otherwise.

The Group's financial statements have been prepared on a going concern basis. The Statement of cash flows has been prepared using the indirect method.

The notes include accounting policies constantly applied by the Group in preparation of its financial statements for 6M 2023 and 6M 2024.

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.

In preparing the financial statements, significant judgments and estimates are used in measuring the Client acquisition costs and their amortisation period. Future events may affect the assumptions on which the estimates are based. Any effect of changes in estimates is reflected in the financial statements at the time they are determined.

Application of IFRS 16 to lease contracts

Lease transactions are considered a forward term as determined in the lease contract, that is supported by the planned time frame of operating activities of INDEXO.
The Group has made judgments and estimates regarding the application of standard requirements to a lease. In 2024, an annual discount rate of either 6.4% or 6.9% was applied to the lease payments, depending on the lease.

Contract acquisition costs – Customer acquisition costs

The Group recognises contract acquisition cost assets if the Group expects to recover these costs. Acquisition costs are costs incurred by the Group in concluding contracts with its customers, but which the Group 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 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 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 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 Group'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 Group 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.

Assets under management

The Group 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 customers. Consequently, these assets are not considered assets of the Group. 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 PPE used

	% p.a.
Intangible assets	20.00
Other PPE	33.33

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

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

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

Inventory

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

Lease

Classification

At the time the contract is entered into, the Group 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.

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 exist.

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

Revenue and expenditure accounting

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

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

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

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

Foreign currency transactions

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

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

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

Financial instruments

Initial recognition and measurement

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

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

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

- If fair value can be measured using a quoted price in an active market for an identical asset or liability (i.e., a Level 1 in the fair value hierarchy) or on the basis of a valuation technique that uses only observable market data, the difference is recognised in profit or loss.

- In all other cases, the difference is deferred and the period for recognizing the deferred first-day gain or loss is determined individually. They may be amortised over the life of the instrument, deferred until the fair value of the instrument can be determined using observable market data, or on disposal.

Classification

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

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through profit or loss;
- Financial assets measured at fair value with changes recognized in other comprehensive income (i.e., in the capital reserve).

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

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

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

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

Financial assets measured at amortized costs

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

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

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

Impairment of financial assets

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

- Financial assets measured at amortised cost.

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

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

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

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

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

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

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

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

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

In 2024, the Group and the Company have accrued credit losses on assets related to the loan to SIA Provendi Asset Management AIFP. The Group and the Company consider that the impairment losses on the remaining assets within the scope of the expected credit loss model are immaterial.

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

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

Liabilities measured at amortised cost include payables.

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

Offsetting

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

Fair value of financial assets and liabilities

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

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

Other receivables

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

Cash and cash equivalents

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

Accrued liabilities

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

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 decide 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.

Risk management

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

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

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

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

Market risk

Market risk is the possibility for the recipient of management services to incur losses due to the revaluation of financial instruments in the investment portfolio, which is associated with changes in market value due to factors such as currency exchange rates, interest rates, equity prices, or the issuer's creditworthiness. The objective of market risk management is to reduce the market risk inherent in pension plans by investing in a wide variety of investments and across different regions, thereby mitigating the negative impact of declines in the prices of financial instruments.

Foreign exchange risk

Foreign currency risk is the possibility of incurring losses from the revaluation of financial instruments denominated in foreign currencies due to changes in exchange rates. The Company manages direct currency risk, which arises from investing financial assets in financial instruments denominated in foreign currencies, and indirect currency risk, which arises from investing assets in investment funds denominated in euros that, in turn, invest these funds in financial instruments denominated in foreign currencies.

During the reporting period, the Group did not have and, at the end of the reporting period, does not have an open significant currency position in any foreign currency that would materially affect the Group's assets or liabilities.

Indirect foreign currency risk is managed by setting a target in the allocation of investment assets for the debt securities portfolio in investment funds linked to euro-denominated investment-grade debt securities indices.

Interest rate risk

The primary cause of interest rate risk is potential and existing unfavourable fluctuations in interest rates in financial markets, which negatively impact the Bank's and the Group's operations in two ways: a decrease in net interest income and economic value.

The objective of interest rate risk management is to ensure an appropriate balance between the interest rate risk assumed by the Group and the yield, to minimize the potential negative impact of interest rate risk on the Group's financial condition and operations.

Operational risk

Operational risk is the possibility of incurring losses due to inadequate or incomplete internal processes, actions of people and systems, or external events. This includes legal and documentation-related risks, as well as the risk of losses arising from transactions, settlement, and valuation procedures carried out on behalf of the management services recipient.

Operational risk includes Information Technology (IT) risk, Outsourcing risk, and Legal risk. Operational risk is one of the most significant risks inherent in the operations of the Group and the Company, and it is managed according to the Operational risk management policy. To promptly identify operational risk events and to implement appropriate risk mitigation measures in a timely manner, the Group and the Company have established and implemented a database for the systematic registration of operational risk events.

The Group and the Company have a procedure in place whereby any employee, regardless of their position, upon identifying the occurrence of an operational risk, must immediately register the operational risk event for any circumstances that have caused or could potentially cause losses (regardless of their form) to the Group and the Company or result in damage to the Group's and the Company's reputation. All operational risk events registered in the database are reviewed, and if necessary, risk mitigation measures are developed and determined to improve the internal control system.

During the reporting period, the Group did not incur any losses from operational risk events.

Information technology and system risk

Information technology risk is the possibility of incurring losses or failing to receive income in cases where information technology is unsatisfactory, or information is processed in an inadequate and insufficient manner, and the security of information resources and systems is not ensured, i.e., confidentiality, integrity, and availability. The Group and the Company manage this risk in accordance with the Information System Regulations developed by the Group and the Company.

Outsourcing risk

The Group defines and implements the procedures, scope, and quality of necessary outsourcing services to manage and minimize risks associated with outsourcing and its potential impact on the continuity of the Group's operations, as well as to reduce expenses related to specific outsourcing services as much as possible. Before delegating any function, the Group evaluates all risks associated with receiving the outsourcing service to ensure that it can continue to provide stable and sustainable operations.

Legal risk

The objective of legal risk management is to ensure compliance with the legislative acts of the Republic of Latvia, the European Union, and other relevant laws, regulations, and standards in the legal provision of operations.

Reputational risk

Reputational risk arises from negative perceptions by clients, business partners, shareholders, investors, debt holders, market analysts, and other stakeholders or regulators, which can adversely affect the Company's and the Group's ability to maintain existing business relationships, establish new ones, and attract funding. The Company's Board closely monitors the reputation and risk factors of the Group and the Company.

The Company and the Group refrain from engaging in activities that create or could be associated with increased reputational risk, regardless of financial benefits and rewards. Reputation is fundamentally important and is carefully considered when making decisions.

Sustainability risk

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

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

Compliance, AML and Sanctions risk

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

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

The Group and the Company take all necessary measures to comply with all applicable laws and regulations, including those related to conflict-of-interest management, market abuse, personal data protection, information security, and other areas.

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in a timely manner, including the risk that financial instruments in the investment portfolio cannot be sold, liquidated, or transacted within the desired timeframe without significant losses. This also includes the risk that an open-end investment fund will have limited ability to fulfil redemption requests for investment certificates. Given the Group's amount of free cash resources, no liquidity risk incidents were identified during the reporting period.

The Group controls its liquidity risk by maintaining an appropriate amount of cash and cash equivalents. To ensure a sufficient cash balance, the Group regularly plans its cash flow and analyses actual performance metrics.

Business model risk

Business model risk is the risk of incurring losses due to unfavourable business decisions, improper implementation of decisions, or failure to respond to political, regulatory, and industry changes.

To manage business model risk, the Group has established a strategic planning system. Within this system, various development scenarios for the Company and the Group are analysed and evaluated based on different external conditions. This includes identifying potential events and possible changes in market conditions that could negatively impact the Company's and the Group's operations and hinder the achievement of their goals.

The Group mitigates the business model risk by continuously monitoring the compliance of performance indicators with the established plans and taking appropriate actions when necessary.

Credit risk

Credit risk is the possibility of incurring losses if a debtor is unable or unwilling to fulfil their obligations. The Group is exposed to credit risk related to accounts receivable, transaction relationships with credit institutions (counterparty credit risk), and other investments.

The Group manages accounts receivable credit risk by monitoring outstanding balances and minimizing the occurrence of overdue or uncollectible debts.

Counterparty credit risk is managed by assessing the credit risk of counterparties before initiating transaction relationships and ensuring regular (at least once a quarter) assessment and monitoring of counterparty credit risk throughout the duration of the transaction relationships.

The Group applies IFRS 9 and its expected credit loss model to mitigate this risk. The Group has no assets that are impaired or past due.

The Group and the Company have established provisions for expected credit losses for the loan to SIA Provendi Asset Management AIFP, which is classified as a “Stage 2” asset.

Capital adequacy

The Company provides enough 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.

The Company and the Group use capital efficiently and build their capital position organically through profits, focusing on an appropriate Return on Capital as one of the key indicators in decision-making.

2. Commission and fee income

	Jan - Mar 2024	Jan - Jun 2024	Jan - Jun 2023
	Unaudited	Unaudited	Unaudited
	EUR	EUR	EUR

Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Izaugsme 47-57"	195 274	421 580	321 720
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50"	671 796	1 472 351	982 463
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+"	27 902	58 346	49 873
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLANS"	26 603	58 740	29 556
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	2 040	4 452	2 413
Total	**923 615**	**2 015 469**	**1 386 025**

3. Administrative expenses

	Jan - Mar 2024	Jan - Jun 2024	Jan - Jun 2023
	Unaudited	Unaudited	Unaudited
	EUR	EUR	EUR
Remuneration of staff	722 513	1 517 477	1 106 805
Sales and marketing expenses	191 520	414 133	419 835
National social insurance mandatory contributions	110 222	234 734	261 680
IT costs	342 111	801 440	472 599
Employee stock option expenses	86 973	146 399	230 576
Professional fees	143 939	212 063	132 132
Other staff costs	64 716	119 851	63 010
Office maintenance costs	28 870	36 218	34 323
Amortisation of the right-of-use an asset	-	-	18 617
Depreciation of property, plant and equipment	40 070	120 809	23 829
Investors relations costs	-	-	5 445
Other	29 017	55 988	35 343
Total	**1 759 951**	**3 741 751**	**2 804 194**

	Mar 2024	Jun 2024	Jun 2023
Number of employees	101	115	98

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

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

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

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

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

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

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

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

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

4. Interest income

	Jan - Jun	Jan - Jun

	2024	2023
	Unaudited	**Unaudited**
	EUR	**EUR**
Interest on short-term deposits in credit institutions	134 632	7 691
Interest on loans to related parties	-	1 361
Total	**134 632**	**9 052**

5. Interest expenses

	Jan - Jun 2024	Jan - Jun 2023
	Unaudited	**Unaudited**
	EUR	**EUR**
Interest on lease liabilities	1 303	1 197
Interest on purchase of shares	238 231	-
Deposit guarantee payment	75 000	-
Total	**314 534**	**1 197**

During the reporting period we have paid the interest expense for commitment letters in the amount of EUR 238 231, of which 211 980 were paid during Q1 of 2024.

6. Other operating expenses

	Jan - Jun 2024	Jan - Jun 2023
	Unaudited	**Unaudited**
	EUR	**EUR**
Compensated Absences	-	3 385
Commission fee	2 666	-
FCMC financing fee	42 775	19 938
Total	**45 441**	**23 323**

7. Placements with central banks

	Jun 2024	Jun 2023
	Unaudited	**Unaudited**
	EUR	**EUR**
Bank of Latvia short term deposit	7 049 499	-
Total (Cash and cash equivalents at central banks)	**7 049 499**	-

8. Placements with credit institutions

	Jun 2024	Jun 2023
	Unaudited	**Unaudited**
	EUR	**EUR**
Placements with Swedbank AS	53 196	271 991
Placements with SEB bank AS	14 152	14 980
Swedbank short-term deposit	1 072 444	4 672 460

Total (Cash and cash equivalents)	**1 139 792**	**4 959 431**

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

9. Receivables

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Jauda 16-50"	247 532	181 973
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	69 339	57 338
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	9 093	8 683
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLANS"	10 259	5 690
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	759	448
Total	**336 982**	**254 132**

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

10. Prepayments

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Maintenance costs, IT	223 010	-
Software license expenses	29 319	113 033
Health insurance	11 100	9 208
Marketing expenses	9 018	2 178
Rent and utilities expenses	-	2 226
Subscription fees	3 781	-
Nasdaq fees	1 512	-
Total	**277 740**	**126 645**

11. Contract acquisition costs

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Customer acquisition costs	1 464 585	1 203 972
Total	**1 464 585**	**1 203 972**

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 10% of participants in the investment plans managed by the Group opted for other investment plans registered in Latvia, while 90% 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
At 31.12.2022	**990 417**
Capitalised salary costs, including national social insurance mandatory contributions	317 949
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(104 394)
At 31.06.2023	**1 203 972**
At 31.12.2023	**1 389 048**
Capitalised salary costs, including national social insurance mandatory contributions	223 123
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(147 586)
At 31.06.2024	**1 464 585**

12. Other assets

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Financial assets		
Guarantee deposits	108 503	5 001
Inventory of plastic cards	76 838	-
Accrued commission income	23 794	-
Other	2 062	-
Total	**211 197**	**5 001**

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

	Intangible assets		Other PPE
	EUR		EUR
Cost		**Historical cost**	
At 31.12.2022	**216 376**	**At 31.12.2022**	**21 687**
Additions	756 840	Additions	8 448

At 30.06.2023	**973 216**	**At 30.06.2023**	**30 135**
At 31.12.2023	**2 075 133**	**At 31.12.2023**	**48 075**
Additions	1 372 034	Additions	33 844
At 30.06.2024	**3 447 167**	**At 30.06.2024**	**81 919**
Accumulated amortisation		**Accumulated deprecation**	
At 31.12.2022	**39 199**	**At 31.12.2022**	**17 606**
Additions	21 050	Additions	1 846
At 30.06.2023	**60 249**	**At 30.06.2023**	**19 452**
At 31.12.2023	**109 965**	**At 31.12.2023**	**26 388**
Additions	94 240	Additions	7 909
At 30.06.2024	**204 205**	**At 30.06.2024**	**34 297**
Net book value at 31.12.2023	**1 965 168**	**Net book value at 31.12.2023**	**21 687**
Net book value at 30.06.2024	**3 242 962**	**Net book value at 30.06.2024**	**47 622**

The Group applies IFRS 16 to leases. The Group leases multiple office spaces. The lease on Elizabetes 13-1A is valid until 15 September 2024 and lease liabilities are calculated using a discount rate of 6.9%. The lease on Pulkveža Brieža 2 is valid until 30 September 2024 and lease liabilities are calculated using a discount rate of 6.4%. The lease on Roberta Hirša 1 is valid from 15 July 2024 until the 15 July 2029 and lease liabilities are calculated using a discount rate of 6.4%.

Right-of-use assets	EUR	*Lease liability*	EUR
At 31.12.2022	**77 788**	**At 31.12.2022**	**90 466**
Impact of lease changes	-	Changes during the reporting period	(21 210)
Amortisation	(18 669)	**At 30.06.2023**	**69 257**
At 30.06.2023	**59 119**		
		At 31.12.2023	**46 665**
At 31.12.2023	**37 811**	Changes during the reporting period	2 016 736
Impact of lease changes	2 037 843	**At 30.06.2024**	**2 063 401**
Amortisation	(17 453)		
At 30.06.2024	**2 058 201**		

	Jun 2024	**Jun 2023**
	Unaudited	**Unaudited**
Right-of-use assets	**EUR**	**EUR**
Right-of-use assets	2 058 201	59 119
Lease liability	2 063 401	69 257

14. Participation in the share capital of associated companies

	Shareholding 30.06.2024	30.06.2024	Shareholding 30.06.2023	30.06.2023
		Unaudited		Unaudited
		EUR		EUR
Provendi asset management AIFP, SIA (Latvia)	49%	159 250	49%	58 800
Total		**159 250**		**58 800**

SIA Provendi asset management AIFP was established with the purpose of creating a modern low-cost real estate management fund in Latvia which aligns with the mission statement and values of the Group. The investment will support positive change in the Latvian investment market.

15. Loans to associated companies

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Loan to Provendi asset management AIFP, SIA (Latvia)	98 464	68 600
Accrued interest	612	1 361
Total	**99 076**	**69 961**

16. Other securities and investments

	Shareholding 30.06.2024	30.06.2024	Shareholding 30.06.2023	30.06.2023
		Unaudited		Unaudited
		EUR		EUR
GoIndex UAB (Lithuania)	4.36%	61 583	5%	11 663
Total		**61 583**		**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.

17. Accrued liabilities

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Financial liabilities		
Accrued liabilities to suppliers	136 311	76 021
Non-financial liabilities		

Accrued liabilities for unused annual leave	174 568	136 074
Accrued liabilities for IFRS 9	4 902	-
Accruals for employee contributions to the 3PL	22 500	22 342
Provisions for variable remuneration of employees and related tax payments	131 346	-
Total financial and non-financial liabilities	**469 627**	**234 437**

18. Trade payables

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Financial liabilities		
Payables for purchased goods and received services	215 317	100 586
Total	**215 317**	**100 586**

19. Tax liabilities

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Non-financial liabilities		
Tax liabilities	120 500	125 627
Total	**120 500**	**125 627**

20. Other liabilities

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
Non-financial liabilities		
Salary liability	101 431	159 245
Liabilities to 3 Pillar pension plans	28 824	55 747
Other	508	49 480
Total	**130 763**	**264 472**

21. Share capital

	Share capital
	EUR
At 31.12.2022	**3 568 511**
Increase in Share capital	-
At 30.06.2023	**3 568 511**
At 31.12.2023	**3 795 407**
Increase in Share capital	794 072
At 30.06.2024	**4 589 479**

The registered and fully paid-in share capital of INDEXO as of 30 June 2024 amounts to EUR 4 589 479 (30 June 2023: EUR 3 568 511) and consists of bearer shares. The share capital of the Company consists of 4 589 479 bearer shares with a nominal value of EUR 1 (one euro) per share. During the reporting period the Company's share capital was increased by EUR 794 072.

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

	Jun 2024	Jun 2023
	Unaudited	Unaudited
	EUR	EUR
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	849 990 046	539 623 978
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	236 391 269	168 660 748
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	34 910 958	30 420 518
Private pension scheme pension plan "INDEXO AKCIJU PLANS"	27 044 727	14 015 083
Private pension scheme pension plan "INDEXO OBLIGACIJU PLANS"	1 980 990	1 092 741
Total	**1 150 317 990**	**753 813 068**

The financial statements have been authorised for issue on 5 August 2024 and signed on behalf of the Company's Management Board by:

Henrik Karmo, Chairman of the Management Board

Marija Černoštana, Member of the Management Board

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