

# INDEXO<sup>7</sup>

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IPAS INDEXO

Unaudited Consolidated Interim Report

January – September 2024

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## Information on the group

<b>Name of the Company</b>	IPAS INDEXO	
<b>Legal status of the Company</b>	Investment management joint-stock company	
<b>Registered and office address</b>	Roberta Hirsā 1, Rīga, LV-1045, Latvia	
<b>Number, place, and date of registration in the Register of Enterprises</b>	40203042988 Rīga, 10 January, 2017	
<b>Licence number</b>	06.03.07.567/478	
<b>Date of issue of the licence</b>	16.05.2017., reregistered on 31.05.2017.	
<b>Shareholders</b>	Qualifying holding (shareholding of 5% and more): Henrik Karmo (direct and indirect with PERFECT MATCH SIA (Latvia) and BEACON PROPERTIES OU (Estonia)) – 8.56% Valdis Siksnis (direct and indirect with VSCAP SIA (Latvia)) – 5.78% BAROLO FINANTS OU (Estonia) – 5.41%	
	And other natural persons and legal entities with a shareholding of under 5%	
<b>Investments in subsidiaries</b>	INDEXO Atklātais Pensiju Fonds, AS	AS INDEXO Banka
<b>Shareholding (%)</b>	100%	100%
<b>Registered and office address</b>	Roberta Hirsā 1, Rīga, LV-1045, Latvia	Roberta Hirsā 1, Rīga, LV-1045, Latvia
<b>Registration number</b>	40203248944	40203448611
<b>Date of foundation</b>	13.06.2020.	19.12.2022.
<b>Licence number</b>	06.04.04.705/531	27-55/2024/2
<b>Licence issue date</b>	20.01.2021.	16.05.2024
<b>Investments in associates and other securities</b>	SIA Provendi asset management AIFP	Goindex UAB
<b>Shareholding (%)</b>	49%	4.36%
<b>Registered and office address</b>	Elizabetes 13-1, Rīga, LV-1010, Latvija	Lvivo g. 25-701, LT-09320 Vilnius, Lithuania
<b>Registration number</b>	40203438204	305706496
<b>Date of foundation</b>	02.11.2022.	13.06.2020.
<b>Members of the Supervisory Board and their position</b>	Valdis Vancovičs – Chairman of the Supervisory Board Svens Dinsdorfs – Deputy Chairman of the Supervisory Board Renāts Lokomets – Member of the Supervisory Board Ramona Miglāne – Member of the Supervisory Board Ivita Asare - Member of the Supervisory Board (from 19.04.2023. till 08.07.2024)	
<b>Members of the Management Board and their position</b>	Henrik Karmo – Chairman of the Management Board Artūrs Roze – Member of the Management Board Marija Černoštana – Member of the Management Board	
<b>Reporting period</b>	1 January 2024 – 30 September 2024	
<b>Auditors</b>	"PricewaterhouseCoopers" SIA Rīga, Krišjāņa Valdemāra iela 21-21, Licence No. 5 Ilandra Lejiņa Sworn auditor certificate No. 168	

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## 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 pleased to report another strong quarter for INDEXO, with continued growth in Assets Under Management (AUM) driving an increase in our commission income. Additionally, INDEXO Bank has successfully commenced its operations, marking an exciting milestone for us.

We are one of the fastest growing pension savings managers in the Baltics, we have welcomed 10.4 thousand new customers to our pension business this year, bringing the total to 137.5 thousand customers as of 9M 2024 (14% y-o-y), our Assets Under Management (AUM) has grown to EUR 1 215 million (50% y-o-y) and our commission income has risen to EUR 3.2 million in 9M 2024 (43% y-o-y). Although, client acquisition remains strong, the growth rate has been affected by an increase in churn.

In Q3 2024, **INDEXO's** pension business remained profitable even after investing in client acquisition, generating a profit of EUR 182 thousand. The Q3 2024 results were negatively impacted by some one-off operational expenses which, although booked in Q3, apply to the entire reporting period. Excluding group costs and one-off items related to the capital raise at the end of 2023 and now in September, the profit before client acquisition costs would have reached EUR 2.4 million at the end of reporting period, and the normalized net profit of the pension business would be EUR 832 thousand. This is the 5th consecutive quarter in which the pension business is profitable after client acquisition costs, when excluding group costs and one-off items. In September alone, INDEXO recorded a net profit of EUR 94 thousand.

To support the ongoing development of INDEXO Bank's operations, the Register of Enterprises officially registered an increase in IPAS **INDEXO's share capital** on September 9, 2024. As a result, **INDEXO's total share count** now amounts to EUR 4 760 549, while the total share capital of INDEXO Banka has risen to EUR 17 309 445.

Main achievements of INDEXO during Q3 2024:

- 1) Our equity related plans are delivering strong performance, underpinned by the positive underlying market indices. Over the past 12 months, our flagship 100% equity plan, Jauda, has returned 24.03%. In the first 9 months of 2024, the return was 17.06%. That means that Jauda's NAV has returned 9.7% per annum since inception\*

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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 2<sup>nd</sup> pillar is complemented with the tax-efficient 3<sup>rd</sup> pillar savings.

- 2) During the last 9 months, INDEXO customer number increased by 10 351, or 8%, bringing our total to 137 510. This makes us the fastest-growing 2<sup>nd</sup> Pillar fund manager in Latvia in absolute terms. However, growth was slightly below expectations due to organizational changes earlier in the year and rising competition leveraging similar distribution channels as INDEXO.
- 3) Our AUM has grown strongly to reach EUR 1 215 million, a rise of 50% from 812 million in Q3 2023 and EUR 298 million, or 33%, since the end of 2023 when the AUM stood at EUR 917 million. The primary drivers of growth have been fund transfers from clients joining INDEXO, followed by monthly contributions and positive market returns. Notably, inflows from new clients have been the main contributor to Q3 AUM growth.
- 4) Our Company continues to grow faster than the market and has reached 14.3% market share in 2<sup>nd</sup> pillar pension products at the end of the quarter. A year ago, our market share in 2<sup>nd</sup> pillar was 12.3%. In the 100% Equity plans segment, we are the 2<sup>nd</sup> largest asset manager in Latvia.
- 5) At the end of Q3 2024, our 2<sup>nd</sup> pillar customers had the highest average Assets Under Management per customer, amounting to EUR 9,700, along with the highest annual growth rate of 31.4%.
- 6) Our monthly 2<sup>nd</sup> pillar social tax contributions grew by 29%, rising from EUR 65.6 million in 9M 2023 to EUR 84.7 million in 9M 2024, driven by an increase in customer numbers and growing salaries. On a run rate monthly basis, we have broken the EUR 100-million annual inflow mark for 2<sup>nd</sup> pillar contributions.
- 7) Our 2<sup>nd</sup> pillar customer retention figure has declined from 93.58% in the first 9 months of 2023 to 87.95% in Q3 2024, largely because of increased activity by our competitors. We have taken notice and implemented measures (robocalls, educational blog posts, always-on ads, to name couple of them) that we hope will improve the situation.
- 8) INDEXO Bank successfully commenced operations on August 28, and within its first month, welcomed over 10 000 customers while attracting nearly EUR 9 million in retail customer deposits.

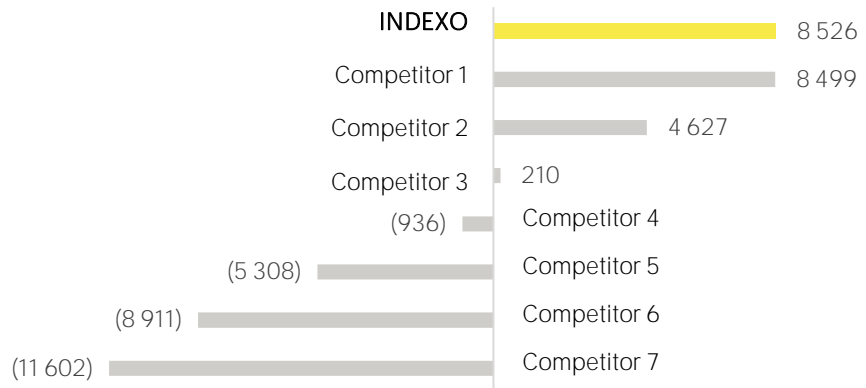
\* Pension plan "Jauda" was created on the 5<sup>th</sup> of February 2018

### General description

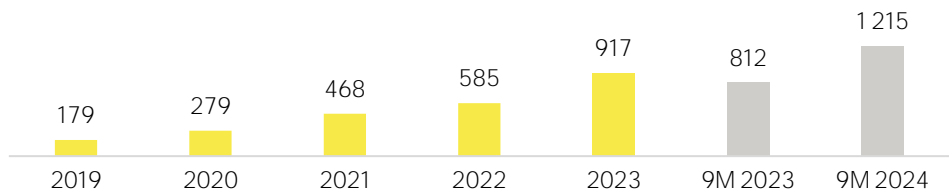
IPAS INDEXO was founded on 10 January 2017. The registered office of the Company is Roberta Hirsā iela 1, Rīga, LV-1045, Latvia. The uniform registration number in the Commercial Register of the Republic of Latvia is 40203042988. On 16 May 2017, the Financial and Capital Market Commission (hereinafter "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

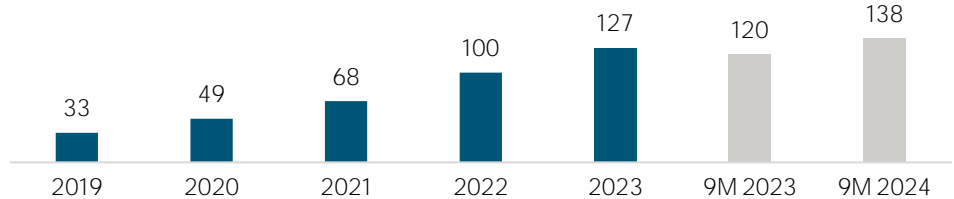
2<sup>nd</sup> pillar clients acquired since beginning of 2024  
# of new clients



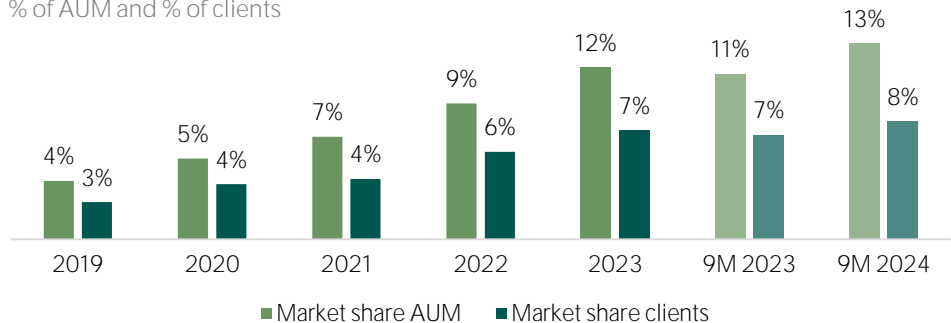
2<sup>nd</sup> and 3<sup>rd</sup> pillar pension AUM  
Millions EUR



2<sup>nd</sup> and 3<sup>rd</sup> pillar pension clients  
Thousands



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



## Pension Savings Management key operating results

Millions, EUR	Jan - Sep 2024	Jan - Sep 2023	Change
9-month contribution inflows	84.7	65.6	29.1%
Churn, end of period, annualized %	12.05	6.42	87.7%
Commission income, 9 months	3.17	2.2	44.1%
Operating income, 9 months	1.80	1.35	33.3%
Net income, 9 months	0.34	(0.33)	203.0%
<b>Normalized results*</b>			
Operating income, 9 months	2.42	1.35	79.3%
Net income, 9 months	0.83	(0.33)	351.5%

\*-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.

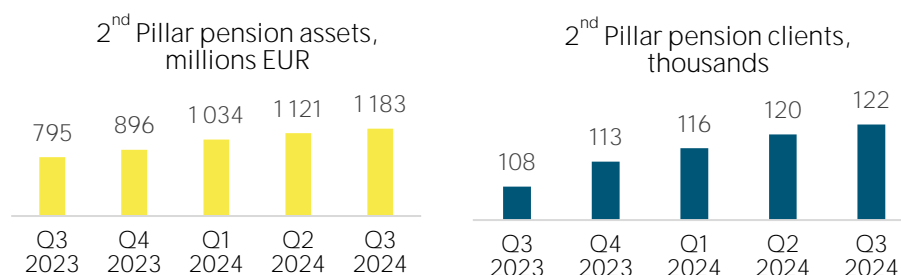
## Pension Savings Management

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

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. Expanding our customer base will lead to a higher AUM, which, in turn, will drive revenue and profit growth, thereby boosting our shareholder value.

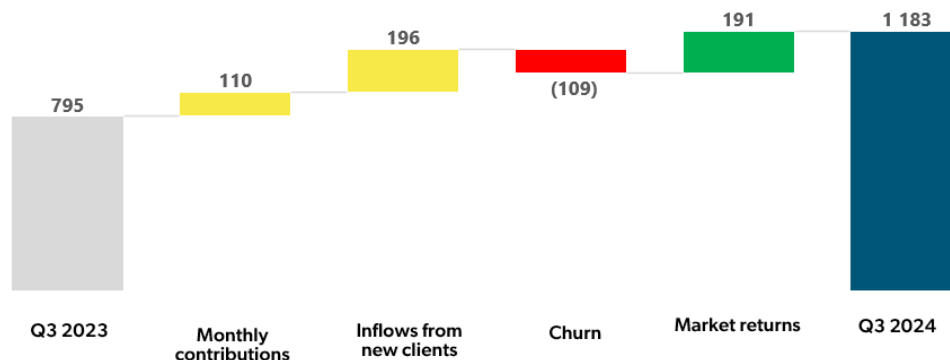
Over the last 9 months, Latvian 2<sup>nd</sup> pillar AUM grew from EUR 7.06 billion to EUR 8.29 billion or by 17.4%. INDEXO AUM, meanwhile, grew 32.2% from EUR 896 million to EUR 1 183 million. This was due to new customer asset inflow and social tax contributions to our 2<sup>nd</sup> pillar customers' pension accounts, as well as a positive return from the market growth.

In Q3 2024, INDEXO added 8 526 customers and over the rolling 12-month period, INDEXO added 14 279 customers. The customer acquisition happens across different physical and online channels and given that INDEXO's market share is still only about 14.3% of the total Latvian 2<sup>nd</sup> pillar AUM (or 9.4% in terms of clients), we see strong potential for further growth. Latvian 2<sup>nd</sup> pillar pension system allows customers to change their plan only once a year.



Monthly contributions over last 12 months have been EUR 110 million and grown 31% y-o-y due to increase in salary and new clients joining INDEXO. Inflows from new clients grew to EUR 196 million or 22.5% 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.

### 2<sup>nd</sup> Pillar pension AUM growth drivers Q3 2023 – Q3 2024 Millions EUR, based on management estimates

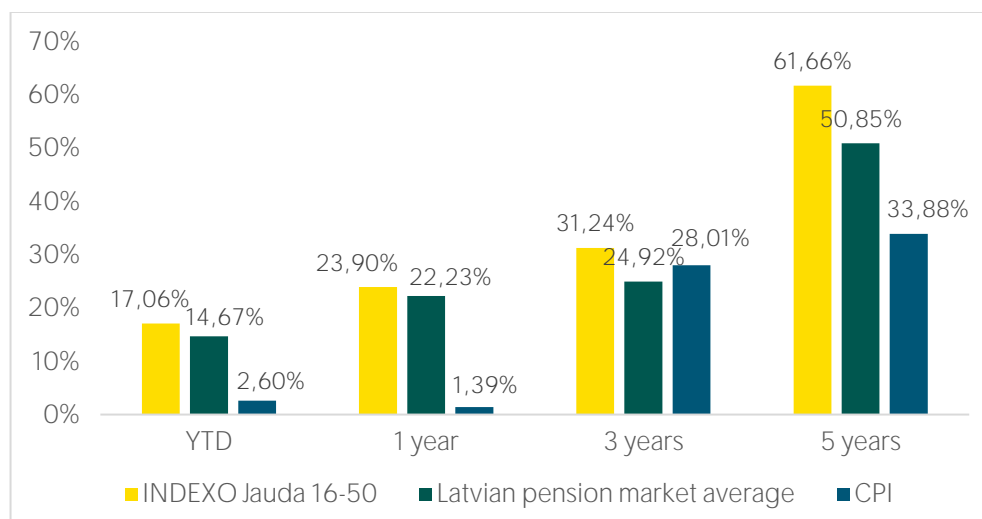


As of 30 September 2024, our long-term plan returns are as follows:

2 <sup>nd</sup> 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	8.96%	3.35%	4.78%	5.16%
INDEXO Jauda 16-50	100% Equity	17.06%	9.49%	10.08%	9.66%
INDEXO Konservatīvais 55+	100% Bonds	2.12%	-2.60%	-1.68%	-0.50%

The results of our plans using passive investment strategy can be accessed on [www.manapensija.lv](http://www.manapensija.lv).

#### INDEXO Jauda pension plan



The graph shows the cumulative returns of INDEXO Jauda 16-50 pension plan on 30.09.2024 relative to the average returns of 100% equity plans in the Latvian 2<sup>nd</sup> 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 76% of ININDEXO 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 87.95%, down from approximately 93.58% in Q3 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. Starting in July, pension fund managers were required to reach out to customers who had selected plans that were inappropriate for their age group. This led to an overall increase in market churn, with a significant number of people switching plans. However, many of these changes involved customers choosing new plans rather than switching managers.

We are taking active measures in communicating with clients, reiterating the reasons why INDEXO is a great choice for them (some examples include robocalls, educational blog posts, and always-on ads). 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. With the launch of INDEXO's banking services, our relevance to clients has grown, and as we continue to enhance our bank products and services, we expect customers to expand their share of wallet with the INDEXO Group.

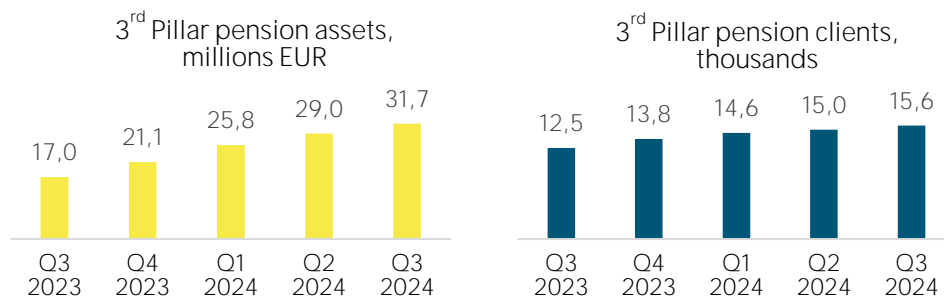
#### *3<sup>rd</sup> pillar plans*

INDEXO has an attractive voluntary 3<sup>rd</sup> pillar pension product with personalized automatic rebalancing and low fees. 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.

We are pleased to report a promising development, as the number of customers joining INDEXO's 3<sup>rd</sup> pillar pension product has seen a notable increase following the launch of our new Banking app. Though in its early stages, the app has already demonstrated its potential as an effective tool, enabling users to enhance their savings for both everyday goals and long-term pensions.

At the same time, contributions remained strong in Q3, sustaining the high levels seen in Q2. The successful launch of INDEXO Bank has further accelerated new client inflow, opening exciting new avenues for growth. We are confident this momentum will continue, allowing this part of our business to thrive over time.

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 September 30<sup>th</sup>, 2024, 3<sup>rd</sup> pillar assets comprised 2.61% of the total AUM managed by INDEXO.



During the preceding 12 months our 3<sup>rd</sup> pillar customer number increased by 3.03 thousand or 24%, and the AUM grew from 17.08 million to 31.7 million or 86%. Our 3<sup>rd</sup> pillar OCF and fees are very competitive and low for all customers no matter their account size.

As of 30<sup>th</sup> of September 2024, our plan returns are as follows:

3 <sup>rd</sup> 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	16.82%	23.65%	17.30%	9.90%
INDEXO Obligāciju plāns	100% Bonds	1.95%	8.27%	4.30%	-1.86%

### 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 Q3 2024, the fund had approximately EUR 50 million of gross investments into residential and retail properties. During the reporting period, Indexo Real Estate Fund had signed a new retail property in Lithuania, which it closed after the reporting period, meaning that their current gross investment total is around EUR 70 million.

At the end of September 30, 2024, INDEXO's pension plan Izaugsme's investment stood at EUR 6.3 million or 2.51% of the plan assets into the real estate fund and Jauda - EUR 7.6 million or 0.85% of the plan's assets.

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

Since its launch on August 28, INDEXO Bank has gained over 10 000 customers within its first month of operations. In comparison, IPAS INDEXO - which at the end of the reporting period served over 137 500 clients - required more than a year to attract its first 10 000 customers. At INDEXO Bank, all customer onboarding applications are submitted through the bank's new mobile app.

We have launched the INDEXO Bank with main daily banking services – payments, cards, savings (deposits and pensions) and consumer lending in a convenient modern mobile bank. We view it as only a starting point for our product rollout. Over next 6 months we will significantly add to the functionality of our services to meet existing customer needs and attract new customers (please see the rollout timeline below).

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Improvements and bug fixes	Yellow	Yellow	Yellow	Yellow	Yellow
Regular payments	Dark Purple				
Mortgage lending		Yellow	Yellow	Yellow	Yellow
Family accounts		Dark Purple			
Google / Apple pay		Yellow	Yellow		
2PL in Mobile app	Dark Purple				
Servicing of SMEs					Yellow

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.

At the end of Q3 2024, we had expanded INDEXO Bank's total headcount to 53 full-time equivalent employees (compared to 42 full-time equivalents at the end of June<sup>1</sup>) to ensure the bank has sufficient resources to deliver high-quality service to our customers and be compliant with regulatory requirements. At the end of September, we relocated to the modern Verde office building. This move not only facilitated teamwork but has also enhanced INDEXO's appeal as an employer.

Although our main customer engagement channels are digital, at the beginning of next year, we will open our only physical customer service centre in the Verde office building. This

<sup>1</sup> We'd like to clarify a small error in our previous report regarding our FTE count. After reviewing the numbers, we found that the correct, updated figure is 42 FTEs, rather than 53.

initiative aims to increase INDEXO's brand visibility and make us more accessible to both existing and future customers.

The operational results from the first month confirm that INDEXO Bank - with over 137 000 pension clients, a well-recognized and positively viewed brand, and a modern IT infrastructure - is well-positioned to challenge the oligopolistic local banking market. We aim to reshape entrenched norms of high commission fees, complex and opaque pricing, unfriendly customer service, and a restrictive risk culture.

## Financials

### Results of IPAS "Indexo" 2<sup>nd</sup> pillar and 3<sup>rd</sup> pillar pension management

EUR	Q1 2024	Q2 2024	Q3 2024	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Commission income	922 246	1 090 548	1 150 968	3 163 762	2 210 634
Interest income	20 959	8 027	11 215	40 201	18 252
Interest expense**	(211 980)	(27 554)	(62 222)	(301 756)	(1 680)
Administrative and other expenses for pension management	(348 903)	(286 084)	(341 398)	(976 385)	(876 967)
<b>Operating income before client acquisition and other business project expenses</b>	<b>382 322</b>	<b>784 937</b>	<b>758 563</b>	<b>1 925 822</b>	<b>1 350 239</b>
Client acquisition costs***	(415 391)	(447 875)	(510 682)	(1 373 948)	(1 367 178)
<b>Pension management operating result</b>	<b>(33 069)</b>	<b>337 062</b>	<b>247 881</b>	<b>551 874</b>	<b>(16 939)</b>
Non-cash personnel option expenses	(86 493)	(59 906)	(63 104)	(209 503)	(310 509)
Corporate income tax	(1 350)	(1 612)	(3 011)	(5 973)	(3 367)
<b>Comprehensive profit for the reporting period</b>	<b>(120 912)</b>	<b>275 544</b>	<b>181 766</b>	<b>336 398</b>	<b>(330 815)</b>
Non-pension business expenses*	(302 649)	(79 341)	(113 238)	(495 228)	-
<b>Comprehensive profit/(loss) for the reporting period excluding non-pension business expenses</b>	<b>181 737</b>	<b>354 885</b>	<b>295 004</b>	<b>831 626</b>	<b>(330 815)</b>

\* - 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 299.8 thousand were paid for commitment letters which are not a part of pension business expenses.

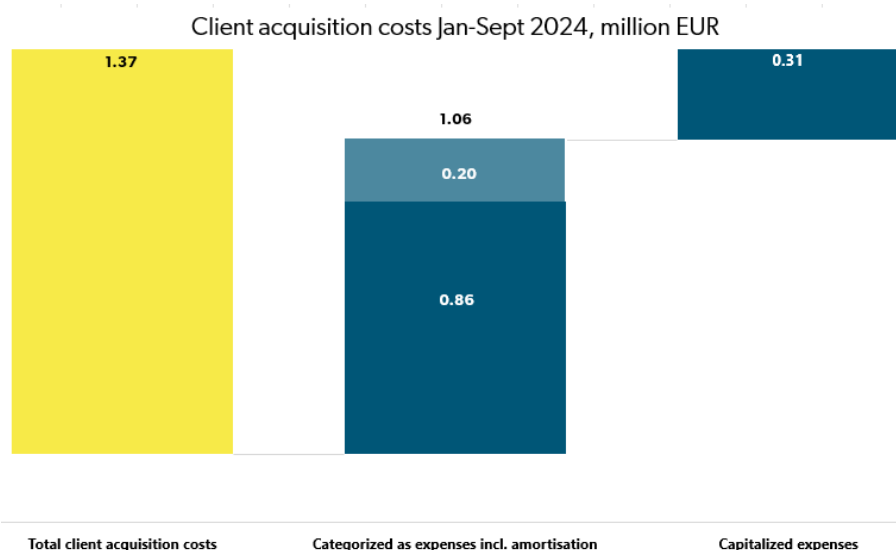
\*\*\* - During the first 9 months of 2024, EUR 13.2 thousand of other expenses were allocated to client acquisition costs.

Increases in the client base and AUM have contributed to commission income growth in pension fund management, reaching EUR 3.16 million (compared to EUR 2.21 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 1.93 million (compared to EUR 1.35 million in the corresponding reporting period in 2023). Total profit during the

reporting period was EUR 0.34 million (compared to losses of EUR 0.33 million in the corresponding reporting period in 2023).

The normalized pension business profit during the reporting period (excluding expenses in the amount of EUR 0.50 million, which are not directly attributed to the pension business) was EUR 0.83 million (compared to losses of EUR 0.33 million in the corresponding reporting period in 2023).

During the reporting period, the client acquisition costs amounted to EUR 1.37 million, of which EUR 1.06 million were recognized as expenses, including an amortized part of EUR 0.20 million from previously capitalized client acquisition costs. During the reporting period, EUR 0.31 million of client acquisition costs were capitalized. The capitalized part of client acquisition costs is depreciated over a 7-year period.



### Results of subsidiary INDEKO Banka, AS

	Q1 2024	Q2 2024	Q3 2024	Jan – Sep 2024	Jan – Sep 2023*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Commission & Interest income/expense	44 956	(21 974)	(56 572)	(33 590)	13 324
Administrative and other expenses	(929 465)	(1 204 141)	(1 731 798)	(3 865 404)	(1 773 253)
<b>Operating result</b>	<b>(884 509)</b>	<b>(1 226 115)</b>	<b>(1 788 370)</b>	<b>(3 898 994)</b>	<b>(1 759 929)</b>
Corporate income tax	(143)	(230)	(152)	(525)	(784)
<b>Comprehensive losses for the reporting period</b>	<b>(884 652)</b>	<b>(1 226 345)</b>	<b>(1 788 522)</b>	<b>(3 899 519)</b>	<b>(1 760 713)</b>

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

As the Bank's operations have just started and the bank has operated only for a month, INDEKO Bank does not generate any significant revenue, while at the same time, the Bank makes significant IT investments to continue enhancing and developing a wider range of banking services. Therefore, during the reporting period, INDEKO Bank incurred losses amounting to EUR 3.90 million.

More detailed information on INDEXO Bank's operational highlights, risks and results during Q3 2024 can be found in INDEXO Bank's quarterly report. You can find the report here: <https://indexo.lv/en/for-investors/reports/>

#### INDEXO Group results:

	Jan - Sep 2024	Jan – Sep 2023
	EUR	EUR
Commission and other income	3 169 518	2 210 634
Interest expense	(481 821)	(1 680)
Administrative and other expenses	(6 250 817)	(4 300 482)
<b>Comprehensive losses for the reporting period</b>	<b>(3 563 120)</b>	<b>(2 091 528)</b>
	Sep 2024	Sep 2023
	EUR	EUR
<b>Assets</b>	<b>26 264 705</b>	<b>7 233 346</b>
<b>Liabilities</b>	<b>12 411 866</b>	<b>664 801</b>
<b>Equity</b>	<b>13 852 839</b>	<b>6 568 545</b>

The total group losses during the reporting period amounted to EUR 3.56 million of which EUR 3.90 million are attributable to the bank development and a profit of EUR 0.34 million to the pension management business.

The INDEXO group's equity at the end of the reporting period amounted to EUR 13.85 million (compared to EUR 6.57 million in the corresponding reporting period in 2023). During the first nine months of 2024, group's share capital was increased by EUR 11 543 778 (compared to EUR 679 141 in the corresponding reporting period in 2023). The Group has total assets on the balance sheet of EUR 26.29 million (compared to EUR 7.23 million in the corresponding reporting period in 2023), of which EUR 17.15 million is held in placements with credit institutions and central banks (compared to EUR 3.85 million in the corresponding reporting period in 2023). The Group has total liabilities on the balance sheet of EUR 12.41 million (compared to EUR 0.66 million in the same period in 2023), of which EUR 8.97 million are deposits from retail customers.

#### 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.

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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:

- As of the end of October 2024, INDEXO Bank's client base has grown to 14 thousand, deposit volume has doubled to EUR 17.8 million, and the total amount of issued loans has reached EUR 0.5 million.
- The government of the Republic of Latvia is planning to implement a reduction in 2nd pillar pension contributions from 6% to 5%, effective January 1, 2025, which is expected to impact IPAS INDEXO's results. This draft legislation also proposes lowering the current management fee cap from 0.4% to 0.2%, which would reduce long-term management income for all major market participants in the 2nd pillar sector. As the third-largest 2nd pillar pension manager in Latvia, IPAS INDEXO would also be affected by these changes once the legislation comes into effect.

Signed on behalf of the Company by:

Henrik Karmo, Chairman of the Management Board

Marija Černoštana, Member of the Management Board

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## 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 September 2024, as well as its performance and cash flows for January - September 2024, in accordance with IAS 34 as adopted by the European Union.

In preparing the interim financial statements for the period ended 30 September 2024, as set out on pages 17 to 45, 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 Cernoštana, Member of the Management Board

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## Consolidated Statement of Comprehensive Income

	Notes	Q1 2024	Q2	Q3	Jan-Sep	Jan - Sep
			2024	2024	2024	2023
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		EUR	EUR	EUR	EUR	EUR
Commission income	2	923 615	1 091 854	1 154 049	3 169 518	2 210 634
Commission expense	3	(1 736)	(8 634)	(33 740)	(44 110)	3 324
Interest income	5	66 251	68 381	89 422	224 054	31 576
Interest expense	6	(211 980)	(102 554)	(167 287)	(481 821)	(1 680)
Administrative expenses	4	(1 758 215)	(1 973 166)	(2 569 942)	(6 345 433)	(4 282 906)
Other operating expenses	7	(22 486)	(22 955)	(22 673)	(68 114)	(41 677)
Credit losses		-	(1 405)	(9 311)	(10 716)	-
<b>Profit/(loss) before corporate income tax</b>		<b>(1 004 551)</b>	<b>(948 479)</b>	<b>(1 603 592)</b>	<b>(3 556 622)</b>	<b>(2 087 377)</b>
Corporate income tax		(1 493)	(1 842)	(3 163)	(6 498)	(4 151)
<b>Profit/(loss) for the period</b>		<b>(1 006 044)</b>	<b>(950 321)</b>	<b>(1 606 755)</b>	<b>(3 563 120)</b>	<b>(2 091 528)</b>
<b>Total comprehensive profit/(loss) for the period, attributable to shareholders for the period</b>		<b>(1 006 044)</b>	<b>(950 321)</b>	<b>(1 606 755)</b>	<b>(3 563 120)</b>	<b>(2 091 528)</b>
<b>Earnings per share</b>		<b>(0.22)</b>	<b>(0.43)</b>	<b>(0.78)</b>	<b>(0.78)</b>	<b>(0.55)</b>
<b>Diluted earnings per share</b>		<b>(0.22)</b>	<b>(0.43)</b>	<b>(0.78)</b>	<b>(0.78)</b>	<b>(0.53)</b>

The notes on pages 21 to 45 form an integral part of these financial statements.

The financial statements have been authorised for issue on 5 November 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

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## Consolidated Statements of Financial Position

	Notes	Sep	Sep	Dec
		2024	2023	2023
		Unaudited	Unaudited	Audited
		EUR	EUR	EUR
<b>ASSETS</b>				
Cash and cash equivalents at central banks	8	15 756 132	-	-
Cash and cash equivalents	9	1 393 843	3 848 531	2 707 396
Loans	10	406 251	80 813	53 944
Receivables	11	395 248	271 477	321 489
Prepayments	12	155 141	92 932	548 006
Contract acquisition costs	13	1 501 587	1 313 664	1 389 048
Other assets	14	171 733	82 111	81 990
Tax assets	15	17 005	-	-
Intangible assets, property, plant and equipment, and right-of-use assets	16	6 207 732	1 453 755	2 024 667
Participation in the share capital of associated companies	17	198 450	78 400	127 400
Other securities and investments	19	61 583	11 663	61 583
<b>Total assets:</b>		<b>26 264 705</b>	<b>7 233 346</b>	<b>7 315 523</b>
<b>EQUITY AND LIABILITIES</b>				
Clients' deposits and current accounts	18	8 965 612	-	-
Accrued liabilities	20	713 173	352 089	246 200
Trade payables	21	279 344	67 824	608 361
Taxes and national social insurance mandatory contributions	22	144 016	85 151	207 962
Lease liabilities	16	2 119 085	58 535	46 665
Other liabilities	23	190 636	101 202	334 154
<b>Total liabilities:</b>		<b>12 411 866</b>	<b>664 801</b>	<b>1 443 342</b>
<b>Equity</b>				
Share capital	24	4 760 549	3 795 407	3 795 407
Share options		588 558	487 469	379 055
Share issue premium		17 463 467	7 094 334	7 094 334
Retained losses		(5 396 615)	(2 717 137)	(2 498 414)
Profit/(loss) for the period		(3 563 120)	(2 091 528)	(2 898 201)
<b>Total equity and reserves:</b>		<b>13 852 839</b>	<b>6 568 545</b>	<b>5 872 181</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26 264 705</b>	<b>7 233 346</b>	<b>7 315 523</b>

The notes on pages 21 to 45 form an integral part of these financial statements.

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

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## Consolidated Statement of Changes in Equity

	Notes	Share capital	Share options	Share issue premium	Retained losses	Total
		EUR	EUR	EUR	EUR	EUR
<b>At 31.12.2022</b>		<b>3 568 511</b>	<b>176 960</b>	<b>7 094 334</b>	<b>(2 717 138)</b>	<b>8 091 241</b>
Share option exercise		-	(218 724)	-	218 724	-
Increase in Share option reserves	24	-	420 819	-	-	420 819
Increase in Share capital after share option exercise		226 896	-	31 426	-	258 322
Comprehensive income for the reporting period		-	-	-	(2 898 201)	(2 898 201)
<b>At 31.12.2023</b>		<b>3 795 407</b>	<b>379 055</b>	<b>7 094 334</b>	<b>(5 396 615)</b>	<b>5 872 181</b>
	Notes	Share capital	Share options	Share issue premium	Retained losses	Total
<b>At 31.12.2023</b>		<b>3 795 407</b>	<b>379 055</b>	<b>7 094 334</b>	<b>(5 396 615)</b>	<b>5 872 181</b>
Share Option Exercise		-	-	-	-	-
Increase in Share option reserves	24	-	209 503	-	-	209 503
Increase in Share capital after public listing		965 142	-	10 369 133	-	11 334 275
Increase in Share capital after share option exercise		-	-	-	-	-
Comprehensive income for the reporting period		-	-	-	(3 563 120)	(3 563 120)
<b>At 30.09.2024</b>		<b>4 760 549</b>	<b>588 558</b>	<b>17 463 467</b>	<b>(8 959 735)</b>	<b>13 852 839</b>

The notes on pages 21 to 45 form an integral part of these financial statements.

The financial statements have been authorised for issue 5 November 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

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## Consolidated Statements of Cash Flows

	Notes	Jan - Sep	Jan - Sep
		2024	2023
		Unaudited	Unaudited
		EUR	EUR
<b>Cash flow from operating activities</b>			
Profit/(loss) before corporate income tax		(3 556 622)	(2 087 377)
Depreciation of PPE and amortisation of right-of-use assets	16	245 618	74 921
Amortisation of contract acquisition costs	13	(112 539)	166 215
Amortization of Share option reserves		209 503	310 509
Interest income	5	(224 054)	(31 576)
Interest expense	6	-	1 680
<b>(Decrease)/Increase in cash and cash equivalents from operating activities before changes in assets and liabilities</b>		<b>(3 438 094)</b>	<b>(1 565 628)</b>
Increase in receivables, prepayments, and other assets		159 479	(681 235)
Loans	10	(282 269)	-
Increase/(decrease) in accrued liabilities	20	327 732	45 021
Increase/(decrease) in trade payables and other liabilities		1 538 273	(166 588)
Clients' deposits and current accounts	18	8 965 612	-
Corporate income tax		(6 498)	(4 151)
<b>Increase/(decrease) in cash and cash equivalents from operating activities</b>		<b>7 264 235</b>	<b>(2 372 581)</b>
<b>Cash flow from investing activities</b>			
PPE purchases	16	(4 428 683)	(1 269 630)
Accrued salesperson wage		139 241	113 484
Investment in the share capital of associated companies		(71 050)	(29 400)
Loans issued	10	(19 493)	(78 400)
Interest received		224 054	29 163
Other securities and investments	19	-	-
<b>Decrease in cash and cash equivalents from investing activities</b>		<b>(4 155 931)</b>	<b>(1 234 783)</b>
<b>Cash flow from financing activities</b>			
Share issue		965 142	226 896
Share issue premium		10 369 133	31 427
Payments for the right-of-use of assets	16	-	(33 616)
Interest on the right-of-use asset	6	-	(1 680)
<b>(Decrease)/Increase in cash and cash equivalents from financing activities</b>		<b>11 334 275</b>	<b>223 027</b>
<b>Decrease in cash and cash equivalents</b>		<b>14 442 579</b>	<b>(3 384 338)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>2 707 396</b>	<b>7 232 869</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	8,9	<b>17 149 975</b>	<b>3 848 530</b>

The notes on pages 21 to 45 form an integral part of these financial statements.

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

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Marija Černoštana, Member of the Management Board

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## 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 15<sup>th</sup>, 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 and 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](http://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

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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 9M 2023 and 9M 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 6.36% or 6.4% 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

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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.



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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,

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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, cash and cash equivalents at central banks, loans 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*

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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.

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.

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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.

*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 and clients' deposits and current accounts.

*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

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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 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.

### ***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,



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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.

#### ***Compliance, AML and Sanctions risk***

Compliance risk is the risk that the Group and the Company will suffer losses or be subject

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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 medium-low risk appetite 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, loans, claim to 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 and borrower credit risk is managed through the assessment of counterparty creditworthiness prior to the initiation of transaction relationships. Additionally, regular

assessments and monitoring of counterparty credit risk are conducted at a minimum of once per quarter throughout the duration of these relationships.

The Group applies IFRS 9 and its expected credit loss model to effectively manage this risk.

### *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

	Q1 2024	Q2 2024	Q3 2024	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	EUR	EUR	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	226 306	237 936	659 516	505 302
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50"	671 796	800 555	844 374	2 316 725	1 575 691
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+"	27 902	30 444	30 744	89 090	77 063
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLANS"	26 603	32 137	36 350	95 090	48 691
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	2 040	2 412	2 796	7 248	3 887

Commission income from AS INDE XO Bank Clients	-	-	1 846	1 846	-
<b>Total</b>	923 615	1 091 854	1 154 046	3 169 515	2 210 634

3. Commission and fee expenses

	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Commission expenses – Loans	(26 177)	-
Commission expenses - Payments	(5 586)	-
Commission expenses - Cards	(7 583)	-
Commission expenses – other	(857)	-
Commission of the Custodian Bank	(3 907)	-
<b>Total</b>	<b>(44 110)</b>	-

4. Administrative expenses

	Q1 2024	Q2 2024	Q3 2024	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	EUR	EUR	EUR	EUR	EUR
Sales and marketing expenses	191 520	222 613	337 241	751 374	617 745
Remuneration to the Management Board and Supervisory Board	144 180	176 908	216 134	537 222	108 561
Remuneration to other staff	578 333	687 116	751 676	2 017 125	1 650 788
National social insurance mandatory contributions to the Management Board and Supervisory Board	34 013	39 021	49 443	122 477	37 007
National social insurance mandatory contributions to other staff	76 210	99 070	103 011	278 291	366 547
IT costs	342 111	459 329	1 039 917	1 499 246	731 777
Employee stock option expenses	86 973	59 426	63 104	209 503	310 509
Professional fees	143 939	68 124	29 359	241 422	191 937
Other staff costs	64 716	55 135	46 312	166 163	93 838
Office maintenance costs	28 870	7 348	47 114	83 332	20 920
Amortisation of the right-of-use an asset	-	-	-	-	27 951

Depreciation of property, plant and equipment	40 070	80 739	247 738	368 547	46 917
Investors relations costs	-	-	-	-	5 445
Other	29 017	26 971	14 743	70 731	55 830
<b>Total</b>	<b>1 759 951</b>	<b>1 981 800</b>	<b>2 603 682</b>	<b>6 345 433</b>	<b>4 286 230</b>
	<b>Mar 2024</b>	<b>Jun 2024</b>	<b>Sep 2024</b>	<b>Sep 2023</b>	
Number of employees	101	121	121	100	

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 1<sup>st</sup> quarter of 2024.

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

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 and other benefits.

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.

5. Interest income

	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Interest on short-term deposits in credit institutions	222 510	29 764
Interest on loans to related parties	-	1 812
Interest income on consumer loans	1 544	-
<b>Total</b>	<b>224 054</b>	<b>31 576</b>

6. Interest expenses

	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Interest on lease liabilities	31 771	1 680
Interest on purchase of shares	299 851	-
Deposit guarantee payment	150 000	-
Interest on customers' accounts	199	-
<b>Total</b>	<b>481 821</b>	<b>1 680</b>

During the reporting period we have paid the interest expense for commitment letters in the amount of EUR 299 851, of which 238 231 were paid during H1 of 2024.

7. Other operating expenses

	Jan - Sep 2024	Jan - Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Compensated Absences	-	4 966
Bank of Latvia financing fee	68 114	36 710
<b>Total</b>	<b>68 114</b>	<b>41 676</b>

8. Cash and cash equivalents at central banks

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Placements with Bank of Latvia	15 756 683	-
Credit losses on placements with Bank of Latvia	(551)	-
<b>Total</b>	<b>15 756 132</b>	<b>-</b>

9. Placements with credit institutions

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Placements with Swedbank AS	82 372	1 124 477
Placements with SEB bank AS	13 956	14 851
Swedbank short-term deposit	1 297 515	2 709 203
<b>Total (Cash and cash equivalents)</b>	<b>1 393 843</b>	<b>3 848 531</b>

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.

10. Loans

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Consumer Loans	82 372	-
Current Account	1	-
Consumer loans Interest Accrued	1 133	-
Credit losses on Consumer Loans	(6 594)	-
Loans to associated companies	78 264	-
Accrued interests to associated companies	515	-
Credit losses on Loans to associated companies	(5 342)	-
Guarantee deposits for ensuring card transactions	50 000	-
Credit Losses on Guarantee deposits for ensuring card transactions	(509)	-
<b>Total</b>	<b>406 251</b>	<b>-</b>

The consumer loan portfolio and guarantee deposits are classified under Stage 1, except for one loan, which is classified under Stage 3. Loans to associated companies are classified under Stage 2.

11. Receivables

	Sep 2024	Sep 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"	289 422	195 850
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	81 819	59 924
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	10 578	8 798
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLANS"	12 318	6 414

Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGACIJU PLANS"	961	491
Other	150	-
<b>Total</b>	<b>395 248</b>	<b>271 477</b>

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

## 12. Prepayments

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Maintenance costs, IT	85 294	-
Software license expenses	46 843	90 028
Marketing expenses	10 461	2 299
Rent and utilities expenses	-	605
Subscription fees	11 787	-
Nasdaq fees	756	-
<b>Total</b>	<b>155 141</b>	<b>92 932</b>

## 13. Contract acquisition costs

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Customer acquisition costs	1 501 587	1 313 664
<b>Total</b>	<b>1 501 587</b>	<b>1 313 664</b>

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

According to the data of the State Social Insurance Agency, in the reporting period, on average 12% of participants in the investment plans managed by the Group opted for other investment plans registered in Latvia, while 88% of participants remained in the plans managed by INDEXO. This means that if this indicator remains unchanged in the coming years, a participant of the investment plans managed by the Group will remain a client of INDEXO for about 12-14 years on average. Therefore, the Group believes that the amortisation of the variable compensation of customer acquisition specialists related to customer acquisition over a period of seven years is appropriate.

<i>Customer acquisition costs</i>	EUR
<b>At 31.12.2022</b>	<b>990 417</b>
Capitalised salary costs, including national social insurance mandatory contributions	<b>489 462</b>
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(166 215)
<b>At 30.09.2023</b>	<b>1 313 664</b>



<b>At 31.12.2023</b>	<b>1 389 048</b>
Capitalised salary costs, including national social insurance mandatory contributions	<b>340 828</b>
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(228 289)
<b>At 30.09.2024</b>	<b>1 501 587</b>

14. Other assets

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
<b>Financial assets</b>		
Guarantee deposits	119 392	5 001
Inventory of plastic cards	75 313	-
Impairment	(1 217)	-
Money in transit	(21 755)	-
<b>Total</b>	<b>171 733</b>	<b>5 001</b>

15. Tax assets

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
<b>Non-financial assets</b>		
Customer acquisition costs	17 005	-
<b>Total</b>	<b>17 005</b>	<b>-</b>

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

	Intangible assets		Other PPE
	EUR		EUR
<b>Cost</b>		<b>Historical cost</b>	
<b>At 31.12.2022</b>	<b>216 376</b>	<b>At 31.12.2022</b>	<b>21 687</b>
Additions	1 236 643	Additions	23 965
<b>At 30.09.2023</b>	<b>1 453 019</b>	<b>At 30.09.2023</b>	<b>45 652</b>
<b>At 31.12.2023</b>	<b>2 075 133</b>	<b>At 31.12.2023</b>	<b>48 075</b>
Additions	2 194 242	Additions	79 135
		Expropriated	(1 458)
		Leasehold Improvements	81 158
Advance payment	(25 380)	Advance payment	37 362
<b>At 30.09.2024</b>	<b>4 243 995</b>	<b>At 30.09.2024</b>	<b>244 272</b>
<b>Accumulated amortisation</b>		<b>Accumulated depreciation</b>	
<b>At 31.12.2022</b>	<b>39 200</b>	<b>At 31.12.2022</b>	<b>17 606</b>

Additions	41 258	Additions	5 660
<b>At 30.09.2023</b>	<b>80 458</b>	<b>At 30.09.2023</b>	<b>23 266</b>
<b>At 31.12.2023</b>	<b>109 965</b>	<b>At 31.12.2023</b>	<b>26 388</b>
Additions	209 147	Additions	13 517
		Depreciation of expropriated fixed assets	(1 458)
<b>At 30.09.2024</b>	<b>319 112</b>	<b>At 30.09.2024</b>	<b>38 447</b>
<b>Net book value at 31.12.2023</b>	<b>1 965 168</b>	<b>Net book value at 31.12.2023</b>	<b>21 687</b>
<b>Net book value at 30.09.2024</b>	<b>3 924 883</b>	<b>Net book value at 30.09.2024</b>	<b>205 825</b>

The Group applies IFRS 16 to leases. The Group leases multiple office spaces. The lease on Elizabetes 13-1A was valid until 15 September 2024 and lease liabilities were calculated using a discount rate of 6.9%. The lease on Pulkveža Brieža 2 was valid until 30 September 2024 and lease liabilities were 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%. The sales office lease is valid until July 31, 2026, and lease liabilities are calculated using a discount rate of 6.36%.

<i>Right-of-use assets</i>	EUR	<i>Lease liability</i>	EUR
<b>At 31.12.2022</b>	<b>77 788</b>	<b>At 31.12.2022</b>	<b>90 466</b>
Impact of lease changes	-	Changes during the reporting period	(31 933)
Amortisation	(28 004)		
<b>At 30.09.2023</b>	<b>49 784</b>	<b>At 30.09.2023</b>	<b>58 534</b>
<b>At 31.12.2023</b>	<b>37 811</b>	<b>At 31.12.2023</b>	<b>46 665</b>
Impact of lease changes	2 128 331	Changes during the reporting period	2 045 021
Amortisation	(120 071)	<b>At 30.09.2024</b>	<b>2 119 085</b>
Adjustment	30 922		
<b>At 30.09.2024</b>	<b>2 076 993</b>		

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
<b>Right-of-use assets</b>		
Right-of-use assets	2 076 993	49 784
Lease liability	2 119 085	58 534

17. Participation in the share capital of associated companies

	Shareholding 30.09.2024	30.09.2024	Shareholding 30.09.2023	30.09.2023
		Unaudited		Unaudited
		EUR		EUR
Provendi asset management AIFP, SIA (Latvia)	49%	198 450	49%	78 400

<b>Total</b>	<b>198 450</b>	<b>78 400</b>
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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.

18. **Clients' deposits and current accounts**

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
Current accounts	1 794 282	-
Term deposits	2 214 922	-
Savings accounts	4 956 408	-
<b>Total</b>	<b>8 965 612</b>	<b>-</b>

19. Other securities and investments

	Shareholding 30.09.2024	30.09.2024	Shareholding 30.09.2023	30.09.2023
		Unaudited		Unaudited
		EUR		EUR
GoIndex UAB (Lithuania)	4.36%	61 583	5%	11 663
<b>Total</b>		<b>61 583</b>		<b>11 663</b>

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.

20. Accrued liabilities

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
<b>Financial liabilities</b>		
Accrued liabilities to suppliers	219 405	178 884
<b>Non-financial liabilities</b>		
Accrued liabilities for unused annual leave	225 511	149 257
Provisions for payment of fees	102 216	-
Accruals for employee contributions to the 3 <sup>rd</sup> Pillar pension plans	26 800	23 948
Provisions for variable remuneration of employees and related tax payments	139 241	-
<b>Total financial and non-financial liabilities</b>	<b>713 173</b>	<b>352 089</b>

21. Trade payables

Sep 2024	Sep 2023
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	Unaudited	Unaudited
	EUR	EUR
<b>Financial liabilities</b>		
Payables for purchased goods and received services	279 344	67 824
<b>Total</b>	<b>279 344</b>	<b>67 824</b>

22. Tax liabilities

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
<b>Non-financial liabilities</b>		
Tax liabilities	144 016	85 151
<b>Total</b>	<b>144 016</b>	<b>85 151</b>

23. Other liabilities

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
<b>Non-financial liabilities</b>		
Salary liability	116 838	100 346
Liabilities to 3 Pillar pension plans	29 633	491
Money in transit	44 164	-
Other	-	365
<b>Total</b>	<b>190 635</b>	<b>101 202</b>

24. Share capital

	Share capital
	EUR
<b>At 31.12.2022</b>	<b>3 568 511</b>
Increase in Share capital	226 896
<b>At 30.09.2023</b>	<b>3 795 407</b>
<b>At 31.12.2023</b>	<b>3 795 407</b>
Increase in Share capital	965 142
<b>At 30.09.2024</b>	<b>4 760 549</b>

The registered and fully paid-in share capital of INDEXO as of 30 September 2024 amounts to EUR 4 760 549 (30 September 2023: EUR 3 795 407) and consists of bearer shares. The share capital of the Company consists of 4 760 549 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 965 142.

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

	Sep 2024	Sep 2023
	Unaudited	Unaudited
	EUR	EUR
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	894 958 901	584 903 355
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	251 251 549	178 800 862
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	36 923 238	31 485 099
Private pension scheme pension plan "INDEXO AKCIJU PLANS"	29 442 054	15 861 230
Private pension scheme pension plan "INDEXO OBLIGACIJU PLANS"	2 261 069	1 220 752
<b>Total</b>	<b>1 214 836 811</b>	<b>812 271 298</b>

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

Henrik Karmo, Chairman of the Management Board

Marija Cernoštana, Member of the Management Board

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