IPAS "Indexo"

Annual Report for the year 2019
and Independent Auditors' Report
(Financial year 3)

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INFORMATION ABOUT THE COMPANY

Company name	IPAS "Indexo"
Legal and office address	Elizabetes 13-1A, Riga, LV-1010, Latvia
Registration number	40203042988
Date of incorporation	10.01.2017
Licence number	06.03.07.567/478
Date of issue of the licence	16.05.2017, re-registered on 31.05.2017
Shareholders	Natural and legal persons with up to 10% investment in share capital Significant shareholding: SIA DVH (Latvija) - 24.4%
Supervisory Council	Valdis Vancovičs – Chairman of the Supervisory Council (from 16.08.2018) Normunds Bergs – Member of the Supervisory Council (from 10.01.2017) Edgars Zālītis – Member of the Supervisory Council (from 10.01.2017) Svens Dinsdorfs – Member of the Supervisory Council (from 24.08.2017) Renāts Lokomets – Member of the Supervisory Council (from 24.08.2017) Pāvels Šnejersons – Member of the Supervisory Council (from 24.08.2017) Ieva Jansone – Member of the Supervisory Council (from 25.04.2019)
Management Board	Valdis Siksnis – Chairman of the Management Board (from 10.01.2017) Toms Kreicbergs – Member of the Management Board (from 10.01.2017) Henrik Karmo – Member of the Management Board (from 16.08.2018)
Reporting period	1 January 2019 – 31 December 2019
Auditors	“KPMG Baltics" AS Vesetas 7, Riga, LV-1013, Latvia Licence No. 55 Rainers Vilāns Certified auditor’s certificate No. 200

MANAGEMENT REPORT

Part 1 – The Company's mission and achievements in 2019

The mission of the Investment Management Joint Stock Company "Indexo" (IPAS "Indexo", hereinafter referred to as the Company) is to offer its customers modern, transparent and low-cost investment products, as well as to improve competition and transparency in the Latvian investment industry. During 2019, we have successfully fulfilled our mission!

Certainly we are delighted that we already have more than 30,000 customers and that assets under management reached EUR 179 million at the end of the year (compared to EUR 69 million at the beginning of the year). However, we have not only more than doubled our customer base, but also achieved other important milestones:

- As a result of the increase in the number of the Company's customers, the Company reduced the commission fees of the investment plans managed by the Company on 1 January 2019, 28 March 2019 and (after the end of the reporting period) on 7 February 2020. We intend to continue to share the benefit with our customers as the volumes grow!
- We have actively defended the interests of Latvian investors in the Saeima. Among other things, we have secured the inclusion of a new provision in the Law on Private Pension Funds, which will give participants in pension Tier 3 much greater freedom to easily transfer their pension capital between pension funds. We have also won amendments to the Law on Credit Institutions that will provide even better protection for pension money.
- Thanks to the loyalty shown by our customers, we have published more than 20 free educational videos during the year as part of the "INDEXO Academy" programme. We have also published informative blog articles and even radio commercials aimed at raising the financial literacy of the Latvian public.
- Our thoroughly trained, friendly consultants have helped thousands of people understand how Latvia's pension system works. We have also visited many companies with an educational seminar explaining to company employees how to take care of their pensions.
- During 2019, all investment plans managed by the Company delivered strong, positive results. However, during the reporting year we already urged customers to remember that short-term results mean relatively little because financial markets are volatile (as they demonstrated after the end of the reporting period, in March 2020, due to the global spread of COVID-19). The returns of pension plans need to be measured over a long term.
- We are most pleased to see the intensification of competition across the pensions industry, resulting in falling costs and improved transparency of investment plans on the market.

We thank the more than 30,000 customers who have entrusted their pensions to the Company. We are optimistic that the changes we have initiated will continue to grow in force in 2020 and will bring significant benefits to our customers and other investors in Latvia!

Part 2 – Mandatory information

The Company was established on 10 January 2017. The registered office of the Company: Elizabetes iela 13-1A, Riga, LV-1010, Latvia. Uniform registration number in the Commercial Register of the Republic of Latvia: 40203042988. On 16 May 2017, the Financial and Capital Market Commission (hereinafter referred to as the FCMC) issued to the Company a licence to provide investment management services, which was re-registered on 31 May 2017 under number 06.03.07.567/478.

State funded pension scheme investment plan	Registration date	Net value of the plan assets
INDEXO Izaugsme 47-57	21.06.2017	65 137 895
INDEXO Jauda 16-50	18.01.2018	105 864 096
INDEXO Konservatīvais 55+	04.04.2018	7 860 059
Total		**178 862 050**

The Company started asset management in July 2017. At the beginning of the reporting period, the Company managed 1.94% of the total assets of the State funded pension scheme, and at the end of the reporting period, it managed 3.97% of the total assets of the State funded pension scheme. During the reporting period, the Company was the fastest growing manager of the State funded pension scheme assets in terms of number of customers.

During the reporting period the Company's revenue amounted to EUR 585.5 thousand (compared to EUR 305.6 thousand in 2018). The revenue growth reflects the Company's successful customer acquisition during the year. The Company's revenue during the period under review was more than sufficient to cover administrative costs, excluding costs related to customer acquisition. The Company is able to turn a profit at any time by taking a decision to reduce its customer acquisition expenditure.

The Company's expenses during the reporting period amounted to EUR 1 239.4 thousand (compared to EUR 638.3 thousand in 2018). The level of expenses reflects the strategic decision of the Company management to actively continue to attract customers in order to strengthen the Company's position in the State funded pension scheme asset management market and to maximise the Company's long-term value. Taking into account the significant investments made during the year in the development of the Company and customer acquisition, the Company closed the reporting period with a loss of EUR 653.9 thousand.

During the reporting period, the Company implemented a prudent risk management policy in accordance with the Company's Financial Risk Management Policy, Operational Risk Management Policy and Compliance Risk Management Policy. The main risks inherent in the Company's business during the reporting period were operational risk, credit risk, compliance risk, delegation risk, strategic risk and business risk.

As the amount of the State funded pension scheme assets managed by the Company is rapidly approaching EUR 200 million, which is the statutory threshold above which an increase in share capital is required, the process of increasing the share capital of the Company was initiated by a resolution of the Extraordinary General Shareholders' Meeting on 4 December 2019. The share capital increase process was successfully completed in February 2020. As at the date of this Report, the Company's subscribed and paid-up share capital amounts to EUR 3 016 987.

The Company is pleased with the customer loyalty and rapid growth it has achieved during the year of operation. Growth will continue to be a priority for the Company. Intensive explanatory work with customers and the wider public is also expected to demand a large part of the Company's attention in 2020, given that global financial markets are facing challenging times following the end of the reporting year in March 2020 due to the spread of COVID-19. Although the Company manages its investment plans on a long-term investment basis and does not see any threat to the Company's long-term development in the short term, both financial market volatility and global and national economic challenges may slow down customer acquisition and will require special attention and care in the Company's operational activities.

On behalf of the Management Board
of the Company: ______________________ ______________________

Valdis Siksnis	Toms Kreicbergs
Chairman of the Management Board	Member of the Management Board
16 March 2020	

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STATEMENT OF THE LIABILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The Management Board of IPAS “Indexo” is responsible for the preparation of the Company’s financial statements that give a true and fair view of the financial position of the Company at the end of the reporting period and of its comprehensive income and cash flows for the reporting period in accordance with applicable laws and regulations and International Financial Reporting Standards as adopted by the European Union.

In preparing the financial statements included on pages 13 to 36 for the period from 1 January 2019 to 31 December 2019, the management has applied appropriate accounting principles based on reasonable judgements and estimates. In the opinion of the management, all relevant accounting standards (including International Financial Reporting Standards as adopted by the European Union and the regulations of the Financial Capital and Market Commission) have been consistently applied.

The management of the Company is responsible for proper accounting and for ensuring that the financial statements comply with the regulations of the Financial and Capital Market Commission regarding annual reports of investment management companies. The management is responsible for taking all necessary measures to safeguard the Company’s assets and to prevent fraud and other unfair practices. The management’s decisions and assumptions in preparing the financial statements have been prudent and reasonable.

On behalf of the Management Board
of the Company: ______________________ ______________________

Valdis Siksnis	Toms Kreicbergs
Chairman of the Management Board	Member of the Management Board
16 March 2020	

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Independent auditors' report
To the shareholders of IPAS "Indexo"
Report on the Audit of the Financial Statements

Our Opinion on the Financial Statement

We have audited the financial statements of IPAS "Indexo" (the Company) on pages 13 to 35 of the appended annual report. The appended financial statements comprise:
- statement of financial position as at 31 December 2019,
- statement of comprehensive income for the year ended 31 December 2019,
- statement of changes in equity for the year ended 31 December 2019,
- cash flow statement for the year ended 31 December 2019; and
- notes to the financial statements, which include a summary of significant accounting principles and other explanatory information.

In our opinion, the appended financial statements give a true and fair view of the financial position of IPAS "Indexo" as at 31 December 2019 and of its financial performance and cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as the IFRS).

Grounds for the Opinion

Pursuant to the Law on Audit Services of the Republic of Latvia (hereinafter referred to as the LR), we have conducted our audit in accordance with the International Standards on Auditing (hereinafter referred to as the ISA) recognized by the LR. Our responsibilities under these Standards are described below in Section of our Report *Auditors' Responsibility for the Audit of Financial Statements*.

We are independent of the Company in accordance with the requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) (the Code) developed by the International Accounting Standards Board and the independence requirements of LR Law on Audit Services, which are applicable to our audit of financial statements in the Republic of Latvia. We have also complied with other principles of professional ethics and the requirements of impartiality specified in the Code and the Law on Audit Services of the Republic of Latvia.

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

Key Audit Issues

The key audit issues are those that, based on our professional judgment, were the most significant in our audit of the financial statements for the reporting year. These issues have been considered in the context of the audit of the financial statements as a whole and in the preparation of our opinion on these financial statements, therefore we do not express a separate opinion on these issues. We have identified the following issue as the main audit issue to be disclosed in our report.

Accounting of Administrative Expenses

The Company's administrative expenses for the year ended 31 December 2019 amount to EUR 1 232 458 (EUR 628 595 in 2018).

Reference to the financial statements: Note 1 "Revenue and Expenditure Accounting" (Accounting Policy); Note 3 "Administrative Expenses" (Notes to the financial statements).

Key Audit Issue	***Actions Taken***
The Company provides asset management services for the investment plans of the Tier 2 funds of the State Funded Pension Scheme. In 2019, the Company continued to grow, which resulted in significant expenses – both expenses related to day-to-day operations and marketing expenses related to strengthening the market position (in both cases the expenses are included in the administrative expenses of the statement of comprehensive income). In assessing the above expenses in accordance with the recognition criteria in the applicable financial reporting standards, the Company's Management Board is required to make judgments, inter alia, based on an assessment of the timing of the related services. In addition, the occurrence of improperly approved expenses and/or non-operating expenses may cause material inconsistencies in the Company's financial statements. For these reasons, it was necessary to pay close attention to the accounting of administrative expenses in the audit, and we have therefore identified this as a key audit issue.	The audit procedures included, inter alia: • Our understanding of the Company's processes has been updated and the development and implementation of the Company's existing internal controls over the approval and recognition of expense transactions have been tested. • The entries made during the year have been analysed, and the economic justification for selected expense-related entries with higher risk characteristics have been clarified by interviewing the Management Board. • The completeness and accuracy of the annual staff expenses have been assessed by performing the following procedures: — comparing the wage rates indicated in the payrolls with the respective employment contracts of the selected Company employees, — assessing the appropriateness of the part of staff wages that exceeds the basic salary, such as, inter alia, bonuses, in comparison with relevant supporting documents, including, but not limited to, the Company's wage policy and employment contracts, and — assessing the expenses included in profit or loss related to the right to purchase shares granted to the management, including the effect of the related provisions on determining the fair value of the right to purchase at the grant date and estimates of compliance with future provisions, and assessing the disclosure of these wage elements. • An assessment has been made as to whether administrative expenses have been recognized in the relevant period by comparing a selected set of such expenses recognized close to the end of the reporting period with supporting documents such as external invoices and contracts, and by interviewing the Management Board.

- An assessment has been made as to whether any significant administrative expenses attributable to the audited year have been recognized during the reporting year by comparing a selected set of payments made after the end of the reporting period with supporting documents such as external invoices and contracts.

Reporting of Other Information

Other information is the responsibility of the Company's management. Other information includes:

- Information about the Company provided on page 3 of the appended annual report,
- The Management Report provided on pages 4 to 6 of the appended annual report,
- Statement on the Responsibility of the Management Board of the Investment Management Company provided on page 7 of the appended annual report.

Our opinion on the financial statements does not relate to other information contained in the annual report, and we do not provide any confirmation of this, except as indicated in Section of our Report *Other Information subject to Other Reporting Requirements in accordance with the Requirements of the Laws and Regulations of the Republic of Latvia*.

In connection with the audit of financial statements, we are required to review other information and, in doing so, to assess whether that other information differs materially from the information in the financial statements or from the knowledge we have obtained in the course of the audit.

If, based on the work performed and taking into account the information obtained during the audit and the understanding of the Company and its operating environment, we conclude that there are significant inconsistencies in other information, we are required to report such circumstances. We have not identified any reportable circumstances.

Other Information subject to Other Reporting Requirements in accordance with the Requirements of the Laws and Regulations of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia, we are obliged to provide an opinion on whether the Management Report has been prepared in accordance with the requirements of the regulatory enactment regulating its preparation – Regulation No. 46 of the Financial and Capital Market Commission of the Republic of Latvia – Normative Regulations for the Preparation of Annual Accounts and Consolidated Annual Accounts of Credit Institutions, Investment Brokerage Firms and Investment Management Companies (Regulation No. 46).
Based solely on our audit procedures, we believe that:

- The information provided in the Management Report for the financial year for which the financial statements have been prepared is consistent with the financial statements; and
- The Management Report has been prepared in accordance with the requirements of the normative Regulation No. 46 of the Financial and Capital Market Commission of the Republic of Latvia.

Responsibility for the Financial Statements of the Management and Persons in Charge of the Company Governance

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and for maintaining the internal control system that the management believes is necessary to enable the preparation of financial statements that do not contain significant irregularities due to fraud or error.

In preparing the financial statements, the management is required to assess the Company's ability to continue as a going concern, where necessary providing information about the circumstances related to the Company's ability to continue as a going concern and to the application of the going concern principle, unless the management plans to liquidate or wind up the Company, or if it has no realistic alternative but to liquidate or wind up the Company.

The persons in charge of supervision of the Company are responsible for supervision of the preparation of the Company's financial statements.

Auditors' Responsibility for the Audit of Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and to provide an audit report with our opinion. Sufficient assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with the ISA will always reveal a material misstatement, if any. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of its users taken on the basis of these financial statements.

When conducting an audit in accordance with ISA, we make professional judgments and maintain professional scepticism throughout the audit process. We also:

- identify and evaluate the risks of material misstatement of the financial statements, whether due to fraud or error, develop and perform audit procedures in order to mitigate those risks and obtain audit evidence that provides a reasonable and appropriate basis for our opinion. The risk of failure to identify material misstatements due to fraud is higher than the risk of failure to identify misstatements due to error, as fraud may involve collusion, forgery of documents, intentional non-disclosure of information, misrepresentation of information or breaches of internal control;
- gain an understanding of internal control relevant to the audit in order to develop audit procedures that are appropriate in the particular circumstances, but not in order to express an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures of relevant information made by the management;
- make conclusion on the appropriateness of the going concern principle applied by the management and, based on the audit evidence obtained as to whether there is significant uncertainty about events or circumstances that may cast material uncertainty over the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditors' report shall draw attention to the information provided in the financial statements regarding those circumstances or, if no such information is provided, we issue a modified opinion. Our conclusions are based on audit evidence obtained up to the date of the Auditors' Report. However, the Company may discontinue operations due to future events or circumstances;
- evaluate the overall structure and content of the financial statements, including the disclosures of information and explanations in the notes, and whether the financial statements fairly present the transactions and events underlying the financial statements.

We communicate with the persons charged with governance of the Company and provide, inter alia, information about the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during the audit.

We provide to the persons charged with the supervision of the Company a statement that we have complied with binding ethical requirements regarding independence and impartiality, and provide information about any relationship and other circumstances that could reasonably be expected to affect our independence, and, if necessary, about safeguards to limit such effects.

From all the issues that we have reported to the persons charged with the supervision of the Company, we determine those issues that we consider to be the most significant for the audit of the financial statements of the reporting year and which are therefore considered to be the main audit issues. We set out these issues in the auditors' report, unless the disclosure of such information is prohibited by law, and except the very rare cases where we believe that the issue should not be disclosed in our report because it is reasonably expected that the public interest would not outweigh the negative consequences of such disclosure.

Report on Other Legal and Regulatory Requirements

Other statements and confirmations to be included in the auditors' report in accordance with the requirements of the laws and regulations of the Republic of Latvia and the European Union when providing audit services to companies that are public interest entities

On 22 March 2019, the shareholders' meeting appointed us to carry out the statutory audit of the financial statements of IPAS "Indexo" for the year ended 31 December 2019. The total uninterrupted term of our audit engagement is 3 years and includes reporting periods from the year ended 31 December 2017 to the year ended 31 December 2019.

We confirm that:
- the opinion of our auditors is in accordance with the additional report submitted to the Supervisory Council of the Company;
- as indicated in Section 37.6 of the Law on Audit Services of the Republic of Latvia, we have not provided the Company with prohibited non-audit services (NAS) referred to in Article 5 (1) of EU Regulation (EU) No. 537/2014. We also maintained our independence from the audited Company during the audit.

During the period covered by our statutory audit, in addition to audit services we did not provide any other services to the Company that are not disclosed in the Management Report or the Company's financial statements.

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KPMG Baltics AS
Licence No. 55

Rainers Vilāns
Partner pp. KPMG Baltics AS
Sworn auditor
Certificate No. 200
Riga, Latvia
16 March 2020

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	Notes	01.01.2019-31.12.2019	01.01.2018-31.12.2018
		EUR	EUR
Commission fees and similar income	2	583 474	305 552
Other income		1 984	-
Administrative costs	3	(1 232 458)	(628 595)
Interest expenses	6	(643)	-
Other expenses	4	(6 259)	(9 658)
Loss before corporate income tax		**(653 902)**	**(332 701)**
Loss for the reporting period		**(653 902)**	**(332 701)**
COMPREHENSIVE LOSS		**(653 902)**	**(332 701)**

The Annexes on pages 18 through 36 is an integral part of these financial statements.
The financial statements were approved and signed on behalf of the Management Board of the Company on 16 March 2020:

________________________ ________________________

Valdis Siksnis
Chairman of the Management Board

Toms Kreicbergs
Member of the Management Board

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STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2019	31.12.2018
		EUR	EUR
ASSETS			
Fixed assets	**6**	22 926	6 024
Accumulated income	**7**	70 465	38 919
Deferred expenses	**8**	15 015	10 955
Other assets	**9**	185	500
Claims on demand to credit institutions	**5**	983 648	1 555 894
TOTAL ASSETS		**1 092 239**	**1 612 292**
EQUITY AND LIABILITIES			
Provisions	**10**	103 461	31 520
Total provisions:		**103 461**	**31 520**
Accrued liabilities	**11**	45 754	15 488
Trade payables	**12**	29 535	27 850
Taxes and mandatory state social insurance contributions	**13**	25 599	14 928
Other payables	**14**	32 738	18 888
Total payables:		**133 626**	**77 154**
Equity			
Share capital	**15**	2 265 000	2 265 000
Share purchase right reserves	**16**	5 436	-
Retained loss from previous periods		(761 382)	(428 681)
Loss for the reporting period		(653 902)	(332 701)
Total equity:		**855 152**	**1 503 618**
TOTAL EQUITY AND LIABILITIES		**1 092 239**	**1 612 292**

The Annexes on pages 18 through 36 is an integral part of these financial statements.

The financial statements were approved and signed on behalf of the Management Board of the Company on 16 March 2020:

Valdis Siksnis	Toms Kreicbergs
Chairman of the Management Board	Member of the Management Board

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STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share purchase right reserves	Retained loss from previous periods	Total
		EUR	EUR	EUR	EUR
As at 01.01.2018		**2 265 000**	**-**	**(428 681)**	**1 836 319**
Loss for the reporting period		-	-	(332 701)	(332 701)
As at 31.12.2018		**2 265 000**	**-**	**(761 382)**	**1 503 618**
Share-based payment transactions	**16**	-	5 436	-	5 436
Loss for the reporting period		-	-	(653 902)	(653 902)
As at 31.12.2019		**2 265 000**	**5 436**	**(1 415 284)**	**855 152**

The Annexes on pages 18 through 36 is an integral part of these financial statements.
The financial statements were approved and signed on behalf of the Management Board of the Company on 16 March 2020:

Valdis Siksnis
Chairman of the Management Board

Toms Kreicbergs
Member of the Management Board

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STATEMENT OF CASH FLOWS

	Notes	01.01.2019-31.12.2019	01.01.2018-31.12.2018
		EUR	EUR
Cash flow from operating activities			
Loss before corporate income tax		(653 902)	(332 701)
Depreciation of fixed assets and amortisation of lease assets	6	15 350	1 356
Interest expenses	6	643	-
Loss on disposal of fixed assets	6	290	-
Expenses for corporate income tax payments		-	(554)
Share-based payment expenses		5 436	-
Increase/decrease in cash and cash equivalents from operating activities before changes in assets and liabilities:		**(632 183)**	**(331 899)**
Increase/decrease in deferred expenses, accrued income and other assets		(35 291)	(35 037)
Increase/decrease in provisions		71 941	18 416
Increase/decrease in accrued liabilities		30 265	(24 106)
Increase/decrease in debts to suppliers and other creditors		11 690	37 880
Increase/decrease in cash and cash equivalents from operating activities		**(553 578)**	**(334 746)**
Cash flows from investment activities			
Acquisition of fixed assets	6	(18 668)	(6 030)
Increase/decrease in cash and cash equivalents from investment activities		**(18 668)**	**(6 030)**
Cash flows from financing activities			
Issue of shares		-	-
Increase/decrease in cash and cash equivalents from financing activities		**-**	**-**
Increase/decrease in cash and cash equivalents		**(572 246)**	**(340 776)**
Cash and cash equivalents at the beginning of the reporting period		1 555 894	1 896 670
Cash and cash equivalents at the end of the reporting period	5	**983 648**	**1 555 894**

The Annexes on pages 18 through 36 is an integral part of these financial statements.

The financial statements were approved and signed on behalf of the Management Board of the Company on 16 March 2020:

Valdis Siksnis
Chairman of the Management Board

Toms Kreicbergs
Member of the Management Board

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ANNEXES TO THE FINANCIAL STATEMENTS

1. Accounting policies applied

General information

Investment Management Joint Stock Company "Indexo" (IPAS "Indexo", hereinafter referred to as the Company) was incorporated on 10 January 2017. On 16 May 2017, the Company was granted a licence to manage the assets of the State funded pension scheme and a licence to provide investment management services.

Legislative requirements governing the activities of investment management companies

The Company's activities are regulated by the Law on Investment Management Companies (hereinafter referred to as the IMC), the Commercial Law and other laws and regulations. The activities of IPCs are supervised by the Financial and Capital Market Commission (hereinafter referred to as the FCMC).

Statement of Conformity

The Company's financial reporting procedures comply with the International Financial Reporting Standards (hereinafter referred to as the IFRS) adopted by the European Union and with the requirements of the FCMC "Regulations on the Preparation of Annual Accounts and Consolidated Annual Accounts of Credit Institutions, Investment Brokerage Companies and Investment Management Companies". The Company's shareholders have the right to reject the financial statements prepared and submitted by the management and to request the preparation of new financial statements.

Basic preparation principles

The financial statements have been prepared in accordance with the International Accounting Standards issued by the International Accounting Standards Board, International Financial Reporting Standards and the interpretations of standards by the International Financial Reporting Interpretations Committee approved by the European Union (hereinafter referred to as the EU). Certain annexes have been prepared in accordance with the requirements of the FCMC. The Company's financial statements are prepared in accordance with the historical cost accounting principle.

The financial statements are presented in the Company's functional currency, the official currency of the Republic of Latvia, the euro (EUR), unless otherwise indicated.

The accounting principles are going concern, prudence, consistency of accounting methods and the accrual method of accounting:

- Going concern, i.e. the preparation of financial statements on a going concern basis assumes that the Company will continue its operation for the foreseeable future. The Company management is responsible for assessing the Company's ability to continue as a going concern;
- Prudence, i.e. the assessment shall be carried out with due care in all cases;
- Consistency of accounting methods, i.e. the classification and presentation of items in the financial statements should be maintained from period to period, i.e. the Company uses consistent accounting methods;
- Accrual method of accounting, i.e. in preparing the financial statements, claims, liabilities, equity, income and expenses are recognised when they meet the recognition criteria, actually meaning that transactions are recognised when they occur (not when cash or cash equivalents are received or paid) and are recorded in the accounts and reported in the financial statements for the periods to which they relate.

New standards and interpretations

New standards and interpretations effective during the reporting period

The Company has adopted the new standards and amendments to standards described below, including consequential amendments to other standards, to be applied initially in the reporting year beginning 1 January 2019.

IFRS 16 – Leases.
The new standard sets out the principles for the recognition, measurement and disclosure of leases. All leases provide the lessee with the right to use the asset and, if the lease payments are made over a fixed period, also include financing components. Accordingly, IFRS 16 eliminates the option to classify leases as either operating or finance leases, as specified in IAS 17. Instead, IFRS 16 introduces a single lessee accounting model. A lessee recognises in its accounts: (a) the assets and liabilities from all leases with lease terms of more than 12 months, except leases of low-value assets; and (b) depreciation expense on leased assets separately from interest expense on lease liabilities. The accounting by lessors under IFRS 16 is broadly similar to the requirements of IAS 17. Accordingly, lessors continue to classify leases as either operating or finance leases, and different accounting is retained depending on the classification.
The impact of IFRS 16 on the Company's financial statements is disclosed in Annex 6.

The guidelines described below, which came into effect on 1 January 2019, has had no impact on these financial statements:

- IFRSIC 23 – Uncertainty over Income Tax Treatments,
- Amendments to IFRS 9 – Financial Instruments – Prepayment Features with Negative Compensation,
- Amendments to IAS 28 – Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures,
- Amendments to IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement, and
- Annual Improvements to IFRS Standards 2017.

A number of new standards and interpretations have been published that are initially applicable in annual periods beginning after 1 January 2019 or have not been adopted for use in the European Union:

Amendments to IFRS 3 – Business Combinations – Definition of a Business (effective for reporting periods beginning on or after 1 January 2020, not yet adopted in the EU).

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material (effective for reporting periods beginning on or after 1 January 2020, not yet adopted in the EU).

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet determined, not yet adopted in the EU).

The Company management decided not to implement the new standards and interpretations before their effective dates. The Company management believes that the adoption of the new standards, amendments and interpretations will not have a material impact on the Company's financial statements in the year of adoption.

Estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and, taken together, form the basis for making judgements about the book value of assets and liabilities that is not readily determinable from other sources. Actual results may differ from these estimates.

The estimates and related assumptions are regularly reviewed. Changes in accounting estimates are recognised in the period in which the relevant estimates are revised if the changes affect only the relevant period, or in the period in which the estimates are revised and subsequent periods if the changes affect both current and subsequent periods.

At the end of the reporting year, provisions have been made for employee bonuses in accordance with the Company's remuneration policy. In applying IFRS 16 for the first time, the Company has made judgements and estimates regarding the application of the standard to its premises lease agreement. The most significant judgements are disclosed in Annex 6.

Share-based payment accounting

The General Shareholders' Meeting of the Company has granted the Company management the right to acquire shares in the Company. The related purchase right is classified in the Company's financial statements as share-based payment – equity transaction in accordance with the requirements of IFRS 2.

In determining the fair value of the share purchase right at the time it is granted, the Company management has taken into account information about actual direct and indirect transactions with the Company shares that is available to the Company management. At the end of each reporting period, the Company management estimates the probability of exercising the share purchase right by individually assessing the expected satisfaction of the conditions of the vesting period, including continued employment with the Company, and accordingly recognises provisions for expected staff tax payments.

Asset management

The Company manages and administers, on behalf of its customers (investment plans), assets held on securities and cash accounts with a custodian bank. The financial information of these assets is not included in these financial statements because the risks and benefits associated with these assets are wholly attributable to the Company's customers. Accordingly, these assets are not considered to be assets of the Company.

Revenue and expenditure accounting

All material income and expenses are accounted applying an accrual principle. Expenditure is recognised when the relevant service is received.

The Company earns revenue mainly from commission fees for managing pension funds. The Company has entered into an agreement with the State Social Insurance Agency (hereinafter referred to as the SSIA) for the management of its Tier 2 pension investment plans. The Company recognises revenue over time as the related performance obligation is met and no significant judgement is involved in determining the transaction price or in determining the compliance with the performance obligation. The revenue covered by IFRS 15 is included in the statement of comprehensive income under the item Commission fees and similar income. The Company has assessed that IFRS 15 does not have a material impact on the financial statements and therefore does not provide additional information in accordance with the requirements of IFRS 15.

Transactions in foreign currency

Transactions in foreign currencies are converted into the functional currency (euro) at the euro reference rate published by the European Central Bank (ECB) on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted into the functional currency at the euro reference rate published by the ECB at the reporting date.

The foreign exchange profit or loss on monetary items is the difference between the amortised prime cost of items in the functional currency at the beginning of the period, adjusted for interest income/expense recognised during the reporting period at the effective interest rate and payments received/made, and the amortised prime cost of items in the foreign currency at the end of the period, converted at the euro reference rate published by the ECB at the end of the period.

Profit or loss arising from foreign exchange rate fluctuations are included in the statement of comprehensive income. The Company has USD denominated monetary assets and liabilities. At the end of the reporting period, they were converted into EUR at the USD exchange rate of 1.1234 (as at 31.12.2019) and 1.1450 (as at 31.12.2018).

Financial instruments

Financial assets are classified into three measurement categories: those that will be measured in the future at amortised cost; those that will be measured in the future at fair value through other comprehensive income (FVTOCI); and those that will be measured in the future at fair value through profit or loss (FVTPL). The Company classifies its financial assets, including trade receivables, at amortised cost.

IFRS 9 introduces a new model for impairment recognition – the expected credit loss (ECL) model. The model has a three-step approach based on changes in the credit quality of a financial asset compared to initial recognition. The requirements of IFRS 9 mean that an entity will be required to recognise an immediate loss equal to 12- months ECL at initial recognition of a financial asset, even if the financial asset is not impaired (trade receivables will be required to recognise their lifetime ECL). In the event of a significant increase in credit risk, impairment will be measured using the asset’s lifetime ECL rather than the 12-month ECL. The model includes operational allowances for trade receivables.

The Company considers that impairment loss on assets within the scope of the expected credit loss model are insignificant. This is due to the fact that the accrued income is against three managed pension plans with settlement shortly after the end of the financial year, while other financial assets are mainly claims on demand to credit institutions and therefore the short maturity of these claims implies an insignificant credit risk.

Fair value of financial assets and liabilities

The fair value of assets and liabilities is the amount that would be received from sale of the asset or paid to settle the liability in a usual transaction between market participants at the measurement date of the asset or liability. In the opinion of the Company management, the fair value of financial assets and liabilities is not materially different from their book value.

Cash and cash equivalents

Cash and cash equivalents are cash on hand and highly liquid assets with original maturities of less than three months that the Company uses to settle short-term liabilities.

Provisions and accrued liabilities

Provisions and accrued liabilities are recognised in the statement of financial position when the Company has valid legal or constructive liabilities as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle these liabilities. If the effect of the timing is material, the amount of the provisions or accrued liabilities is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the relevant asset.

Share-based payments

Equity transactions.

The costs are recognised as part of staff remuneration, together with a corresponding increase in equity (share purchase right reserves), over the period during which the service is rendered and the performance conditions are met (vesting period). The cumulative costs recognised for equity transactions at the end of each reporting period reflect the time elapsed over the vesting period and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or income in the statement of comprehensive income for the period reflects the change in the cumulative costs recognised at the beginning and the end of the period.

No cost is recognised for share-based payments that do not ultimately vest because the relevant non-market obligations and/or performance conditions are not met during the vesting period. Where share-based payments involve market or non-vesting conditions, the transactions are accounted for as vested regardless of whether the non-vesting conditions are met, provided that all other obligations and/or performance conditions are met.

If the terms of share-based payments as equity transactions are modified, the minimum amount of expense to be recognised is the fair value of the unmodified remuneration on the date of granting, if the original terms of the share-based payment are met. Additional costs that are 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 certain benefit to an employee. If either the Company or the employee cancels the share-based payment, any remaining fair value of the share-based payment is not further recognised in the statement of comprehensive income.

Income taxes

Income tax consists of the tax calculated. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income. Tax payable comprises the expected tax charge on taxable income for the year, calculated using tax rates valid at the statement of financial position date, and adjustments to tax payable relating to prior years.

The Law on Corporate Income Tax of the Republic of Latvia, which was adopted on 28 July 2017 and is effective from 1 January 2018, applies the 20% rate only to distributed profits, and the 0% rate to undistributed profits. IAS 12 – Income Taxes states that, in the event of a difference between the tax rates to be applied to distributed and undistributed profits, deferred tax assets and liabilities shall be recognised at the rate that is expected to apply to undistributed profits. Accordingly, deferred tax assets and liabilities shall be recognised at nil.

The Law on Corporate Income Tax also provides for the application of tax to the taxable base of deemed distributed profits (non-operating expenses, etc.). In accordance with IAS 12 – Income Taxes, income taxes include only taxes based on taxable profits, hence the tax calculated in these financial statements on the taxable base of deemed distributed profits is presented under the item Other expenses.

Risk management

The Company's risk management processes aim to identify, manage and control the Company's significant operational risks. The Company's main risk management objectives are:

a. to protect the assets of the recipients of management services (investment plans);
b. to ensure that the management of the assets of the recipients of management services (investment plans) complies with the laws and regulations of the Republic of Latvia;
c. to ensure compliance of the Company's activities with the laws and regulations of the Republic of Latvia;
d. to protect the assets of the Company and promote the stability of financial flows;
e. to regularly assess the risks that may adversely affect the achievement of the Company's business objectives, including the achievement of the planned financial results.

In these financial statements, we look specifically at the management of risks that are attributable to the Company's own assets, financial flows and operational objectives.

The Company identifies specific risk factors that it faces in the conduct of its business. The Company has developed and implemented appropriate policies in order to implement and maintain appropriate risk management guidelines.

Market risk

Market risk is the risk of potential loss due to the revaluation of assets and assets under management associated with changes in the market price of financial instruments, commodities and their derivatives due to changes in exchange rates, interest rates and other factors. As the Company did not have any investments in financial markets during the reporting period, it was not directly affected by market risk during the reporting period.

Foreign currency risk

Foreign currency risk is the risk of potential loss arising from the revaluation of the Company's open foreign currency position (the difference between assets and liabilities) in each foreign currency when the exchange rate of the foreign currency against the reporting currency changes. During the reporting period, the Company did not have, and at the end of the reporting period does not have, any material open currency position in any foreign currency that would have a significant effect on the assets or liabilities of the Company. The Company considers foreign currency risk to be insignificant and does not prepare a sensitivity analysis.

Operational risk

Operational risk is the risk of potential loss due to inadequate or deficient internal processes, actions of people and operation of systems, or external influences, including legal risk but excluding strategy and reputational risk. Operational risk is one of the most significant risks inherent in the Company's business, and it is managed by the Company in accordance with the Company's Operational Risk Management Policy.

Reputational risk

Reputational risk is the risk that participants, business partners, shareholders, supervisory authorities and other parties interested in the Company's activities may develop a negative opinion of the Company, which may adversely affect the Company's ability to maintain existing or establish new business relationships with its customers and other business partners and may adversely affect the investment plans managed by the Company. The Management Board of the Company closely monitors the Company's reputation and potential risk factors.

Compliance risk

Compliance risk is the risk that the Company may incur losses or be subject to legal liabilities, sanctions or reputational damage as a result of its failure to comply with or breach of compliance laws, regulations and standards. The Company's Management Board closely monitors changes in laws and regulations, as well as the operation of the Company's internal control processes in order to ensure that operations comply with existing laws and regulations and to prepare in a timely manner for future required changes in operations.

Information technology and systems risk

This risk is the risk that the Company may not be able to perform any of its obligations or functions fully and efficiently and the associated risk that the Company may incur losses / additional expenses as a result of unsatisfactory information technology or inadequate information processing. The Company shall manage this risk in accordance with the Company's Information System and Personal Data Protection Rules.

Interest rate risk

The most significant risk to which financial instruments not measured at fair value are exposed is the risk that future cash flows or the fair value of financial instruments will change as market interest rates change. The Company carefully considers its investment activities in order to reduce interest rate risk. As the Company had no assets or liabilities exposed to interest rate risk during the reporting period, it was not directly affected by interest rate risk during the reporting period.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet legally enforceable claims in a timely manner without material loss and will also be unable to cope with unplanned changes in the Company's resources and/or market conditions due to the fact that it does not hold sufficient liquid assets. Taking into consideration the Company's available cash resources, no liquidity risk incidents were identified during the reporting period.

Strategic and business risk

Strategic and business risk is the risk of potential loss arising from errors in decision-making that affect the Company's strategic activities and development (strategic, business management). The management manages this risk by taking key strategic decisions not on its own, but on an advisory basis at Management Board meetings and in consultation with the Company's Supervisory Council as appropriate.

2. Commission fees and similar income

	01.01.2019-31.12.2019 EUR	01.01.2018-31.12.2018 EUR
Commission fee for the management of the assets of the State funded pension scheme investment plan "INDEXO Izaugsme 47-57"	247 855	225 475
Commission fee for the management of the assets of the State funded pension scheme investment plan "INDEXO Jauda 16-50"	316 591	77 528
Commission fee for the management of the assets of the State funded pension scheme investment plan "INDEXO Konservatīvais 55+"	19 028	2 549
Total	**583 474**	**305 552**

3. Administrative costs

	01.01.2019-31.12.2019 EUR	01.01.2018-31.12.2018 EUR
Sales and marketing expenses	416 269	290 346
Staff remuneration	675 031	218 716
Professional services	108 410	93 746
Office rent and maintenance	12 636	17 020
Amortisation of a lease right of use asset (Annex 6)	12 140	-
Depreciation of fixed assets	3 210	1 356
Other staff costs	1 434	1 441
Other	3 328	5 970
Total	**1 232 458**	**628 595**

In the reporting year, the remuneration of the members of the Management Board, including the accrued variable remuneration, amounted to EUR 100 647 (2018: EUR 74 870) and the related tax charges amounted to EUR 70 036 (2018: EUR 18 036). No salary is calculated for the members of the Supervisory Council.

The average number of staff members receiving remuneration during the reporting period was 26.

4. Other expenses

	01.01.2019-31.12.2019 EUR	01.01.2018-31.12.2018 EUR

FCMC financing fee	3 557	3 557
Corporate income tax on deemed distributed profits	-	601
Other	2 702	5 500
Total	**6 259**	**9 658**

5. Claims on demand to credit institutions

	31.12.2019	**31.12.2018**
	EUR	**EUR**
Claims on demand to Swedbank AS	383 904	556 028
Claims on demand to SEB banka AS	599 744	999 866
Total	**983 648**	**1 555 894**

6. Fixed assets

	Other fixed assets	**Total**
	EUR	**EUR**
Initial value		
As at 31.12.2017	**1 870**	**1 870**
Acquired	6 030	6 030
As at 31.12.2018	**7 900**	**7 900**
Acquired	4 812	4 812
Excluded	(386)	(386)
As at 31.12.2019	**12 326**	**12 326**
Accumulated depreciation		
31.12.2017.	**520**	**520**
Calculated	1 356	1 356
As at 31.12.2018.	**1 876**	**1 876**
Calculated	3 210	3 210
Excluded	(96)	(96)
As at 31.12.2018.	**4 990**	**4 990**
Residual book value as at 31.12.2018	**6 024**	**6 024**
Residual book value as at 31.12.2019	**7 336**	**7 336**

During the reporting period, the Company adopted IFRS 16 for leases. The Company leases office premises. The lease agreement has no fixed term, but the Company management estimates that the premises will be used until

31.12.2020. The asset is depreciated over 24 months and the lease liability is calculated using a discount rate of 3.6%. Interest expense of EUR 643 is presented in the statement of comprehensive income under the item Interest expense.

Lease right of use asset	**EUR**
As at 31.12.2018	**-**
Adoption of IFRS 16 as from 01.01.2019	13 874
Impact of amendments to the lease agreement	13 856
Amortisation	(12 140)
As at 31.12.2019	**15 590**

Lease liabilities (Annex 12)	**EUR**
As at 31.12.2018	**-**
Adoption of IFRS 16 as from 01.01.2019	13 874
Calculated interest	643
Impact of amendments to the lease agreement	13 856
Lease payments	(12 485)
As at 31.12.2019	**15 888**

7. Accrued income

	31.12.2019	**31.12.2018**
	EUR	**EUR**
Commission fee for the management of the assets of the State funded pension scheme investment plan “INDEXO Izaugsme 47-57”	26 053	21 886
Commission fee for the management of the assets of the State funded pension scheme investment plan “INDEXO Jauda 16-50”	41 915	16 337
Commission fee for the management of the assets of the State funded pension scheme investment plan “INDEXO Konservatīvais 55+”	2 497	696
Total	**70 465**	**38 919**

8. Deferred expenses

	31.12.2019	31.12.2018
	EUR	EUR
Advance payments for services	14 883	10 955
Other	132	-
Total	**15 015**	**10 955**

9. Other assets

	31.12.2019	31.12.2018
	EUR	EUR
Security deposit	150	500
Other	35	-
Total	**185**	**500**

10. Provisions

	31.12.2019	31.12.2018
	EUR	EUR
Provisions for variable employee remuneration and related tax payments	103 461	31 520
Total	**103 461**	**31 520**

During the reporting year, provisions were made for staff variable remuneration and related tax payments of EUR 94 737 (2018: EUR 18 416), and payments of variable remuneration and related tax payments of EUR 22 796 (2018: EUR 19 656) accrued in previous years were made.

11. Accrued liabilities

	31.12.2019	31.12.2018
	EUR	EUR
Accrued liabilities for unused vacations	25 134	10 548
Accrued liabilities for debts to suppliers	20 620	4 940
Total	**45 754**	**15 488**

12. Debts to suppliers

	31.12.2019	31.12.2018
	EUR	EUR
Debts for goods purchased and services received	13 647	27 850
Lease liabilities (Annex 6)	15 888	-

Total	**29 535**	**27 850**

13. Taxes and mandatory state social insurance contributions

	31.12.2019	31.12.2018
	EUR	EUR
Mandatory state social insurance contributions	16 417	9 336
Personal income tax	8 671	4 978
Value-added tax	511	567
Corporate income tax	-	47
Total	**25 599**	**14 928**

14. Other payables

	31.12.2019	31.12.2018
	EUR	EUR
Wage settlements	32 585	18 699
Other	153	189
Total	**32 738**	**18 888**

15. Share capital

The registered and fully paid-up share capital of IPAS "Indexo" as at 31 December 2019 amounted to EUR 2 265 000 (31 December 2018: EUR 2 265 000) and consists of registered shares. The nominal value of each share is EUR 1.

Shareholder	Subscribed share capital EUR	Number of shares unit	Percentage %	Paid-up share capital EUR
DVH SIA Reg. No. 50203040781	553 000	553 000	24.42%	553 000
Resident legal persons with up to 10% investment in share capital	572 000	572 000	25.25%	572 000
Non-resident legal persons with up to 10% investment in share capital	120 000	120 000	5.30%	120 000
Resident natural persons with up to 10% investment in share capital	816 000	816 000	36.03%	816 000
Non-resident natural persons with up to 10% investment in share capital	204 000	204 000	9.01%	204 000

16. Share-based payments

On 22 March 2019, the Company established a share purchase rights programme, which provides the Company management with an option to purchase shares in the Company. In accordance with this programme, holders of share purchase rights have the right to purchase shares in the Company at nominal value during the vesting period following the satisfaction of performance conditions. If the holder of a share purchase right does not continue to be employed by the Company or elects not to exercise the share purchase right, no additional compensation will be granted. Share-based payment expenses during the reporting period are recognised as part of staff remuneration expense.

The main conditions of the share purchase right are set out below. All share purchase rights will be settled in the form of equity transactions through the issue of new shares of the Company.

Grant date	Number of share purchase rights	Performance conditions during the vesting period	Term of the vesting period
22.03.2019	67 948	The Company management should continue to work for the Company	2020 to Q1 2023

Fair value of share purchase rights.
In determining the fair value of the share purchase rights, the Company management has taken into account the information about actual direct and indirect transactions with the Company shares, while non-market liabilities and performance conditions have not been taken into account.

	Share purchase rights for the Company management
Fair value on the grant date	EUR 1.32
Nominal value on the grant date	EUR 1.00

Price set for the share purchase right	EUR 1.00

17. Transactions with related parties

Related parties are defined as shareholders who have significant influence over the Company, companies under their control, members of the Supervisory Council and the Management Board, and other related parties, i.e. executives, their close relatives and companies under their control, as well as related companies. During the period from 1 January 2019 to 31 December 2019, all transactions with related parties were carried out on an arm’s length basis.

	01.01.2019-31.12.2019 EUR	01.01.2018-31.12.2018 EUR
Investment plan “INDEXO Izaugsme 47-57”		
Commission income for management of investment plan assets	247 855	225 475
Accrued commission income on the management of investment plan assets (balance)	26 053	21 886
Investment plan “INDEXO Jauda 16-50”		
Commission income	316 591	77 528
Accrued commission income on the management of investment plan assets (balance)	41 915	16 337
Investment plan “INDEXO Konservatīvais 55+”		
Commission income	19 028	2 549
Accrued commission income on the management of investment plan assets (balance)	2 497	696
SIA "Callidus Capital"		
Lease of premises and utility costs	15 107	8 712
Consulting services	18 029	-
Reimbursement of expenses	-	508
Purchase of fixed assets	-	910
Trade payables (balance)	1 634	726

18. Maturity analysis of financial assets and liabilities

The following table shows the maturity analysis of the Company’s financial assets and liabilities based on the remaining maturity from the reporting period end date to the contractual maturity date. The undiscounted cash flows of the financial liabilities coincide with the maturities and amounts disclosed in the maturity tables.

As at 31.12.2019, EUR	Total	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Claims on demand to credit institutions	**983 648**	**983 648**	-	-	-	-
Total financial assets	**983 648**	**983 648**	**-**	**-**	**-**	**-**
Provisions	**(103 461)**	-	-	(47 100)	(47 637)	(8 724)

Accrued liabilities	**(45 754)**	-	(45 754)	-	-	-
Trade payables	**(13 647)**	-	(13 647)	-	-	-
Liabilities for IFRS 16 lease assets	**(15 888)**	-	-	-	-	(15 888)
Other payables	**(32 738)**	-	(32 738)	-	-	-
Total financial assets	**(211 488)**	**-**	**(92 139)**	**(47 100)**	**(47 637)**	**(24 612)**
Net position	**772 160**	**983 648**	**(92 139)**	**(47 100)**	**(47 637)**	**(24 612)**

As at 31.12.2018, EUR	**Total**	**On demand**	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**
Claims on demand to credit institutions	**1 555 894**	**1 555 894**	-	-	-	-
Total financial assets	**1 555 894**	**1 555 894**	**-**	**-**	**-**	**-**
Provisions	**(31 520)**	-	-	-	(22 784)	(8 736)
Accrued liabilities	**(15 488)**	-	(15 488)	-	-	-
Trade payables	**(27 850)**	-	(27 850)	-	-	-
Other payables	**(18 888)**	-	(18 888)	-	-	-
Total financial assets	**(93 746)**	**-**	**(62 226)**	**-**	**(22 784)**	**(8 736)**
Net position	**1 462 148**	**1 555 894**	**(62 226)**	**-**	**(22 784)**	**(8 736)**

19. Remuneration to a commercial company of certified auditors

	01.01.2019-31.12.2019	**01.01.2018-31.12.2018**
	EUR	**EUR**
Audit of financial statements (including VAT)	10 527	10 091
Tax advice (including VAT)	-	3 630
	10 527	**13 721**

20. Events after the end of the reporting period

As the amount of the State funded pension scheme assets managed by the Company is rapidly approaching EUR 200 million, which is the statutory threshold above which an increase in share capital is required, the process of increasing the share capital of the Company was initiated by a resolution of the Extraordinary General Shareholders’ Meeting on 4 December 2019. The share capital increase process was successfully completed in February 2020. As at the date of this Report, the Company’s subscribed and paid-up share capital amounts to EUR 3 016 987.

Intensive explanatory work with customers and the wider public is also expected to demand a large part of the Company’s attention in 2020, given that global financial markets are facing challenging times following the end of the reporting year in March 2020 due to the spread of COVID-19. Although the Company manages its investment plans on a long-term investment basis and does not see any threat to the Company’s long-term development in the short term, both financial market volatility and global and national economic challenges may slow down customer acquisition and will require special attention and care in the Company’s operational activities.

The financial statements were approved and signed on behalf of the Management Board of the Company on 16 March 2020:

_________________________	_________________________
Valdis Siksnis	Toms Kreicbergs
Chairman of the Management Board	Member of the Management Board

THE DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP