IPAS "Indexo"

Unaudited Consolidated Interim Report

January – June 2022

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Information on the group

Name of the Company	IPAS "Indexo"
Legal status of the Company	Investment management joint-stock company
Registered and office address	Elizabetes 13- 1A, Riga, LV-1010, Latvia
Number, place, and date of registration in the Register of Enterprises	40203042988 Riga, 10 January 2017
Licence number	06.03.07.567/478
Date of issue of the licence	16.05.2017, reregistered on 31.05.2017
Shareholders	Qualifying holding: SIA DVH (Latvia) – 22.3% Natural persons and legal entities with a shareholding of up to 10%
Investments in subsidiaries	Indexo Atklātais Pensiju Fonds, AS
Shareholding (%)	100%
Registered and office address	Elizabetes 13- 1A, Riga, LV-1010, Latvia
Registration number	40203248944
Date of foundation	13.06.2020
Licence number	06.04.04.705/531
Licence issue date	20.01.2021
Members of the Council and their position	Valdis Vancovičs – Chairman of the Council (from 14.06.2022) Svens Dinsdorfs – Deputy Chairman of the Council (from 14.06.2022) Renāts Lokomets – a member of the Council (from 14.06.2022) Toms Kreicbergs – a member of the Council (from 14.06.2022) Tīna Kukka – a member of the Council (from 14.06.2022) Edgars Zālītis – a member of the Council (until 25.04.2022) Aleksejs Prokofjevs – a member of the Council (until 25.04.2022)
Board members and their position	Valdis Siksnis – Chairman of the Management Board (from 10.01.2017) Henrik Karmo – Member of the Management Board (from 16.08.2018) Ieva Margeviča – Member of the Management Board (from 25.04.2022)
Reporting period	1 January 2022 – 30 June 2022
Auditors	"PricewaterhouseCoopers" SIA Riga, Krišjāņa Valdemāra iela 21-21, Licence No. 5 Ilandra Lejiņa Sworn auditor certificate No. 168

Management report

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

This is our first communication with our significantly increased shareholder base, so this report tries to convey in a more detailed way how we see our business and the main drivers of our long term plan to grow the shareholder value of INDEXO.

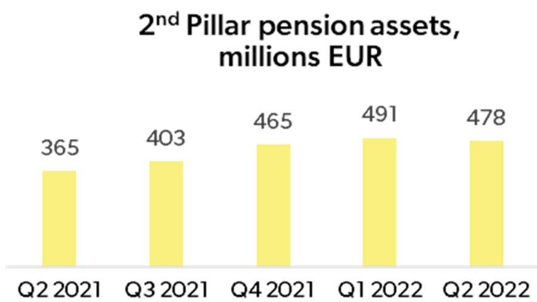
2022 so far has been an exciting year for INDEXO shareholders. We have given the company a new strategic direction by raising capital for establishing a new bank in Latvian market and have continued the fast growth in our everyday pension business. Here are the key highlights of the first 6 months of our development:

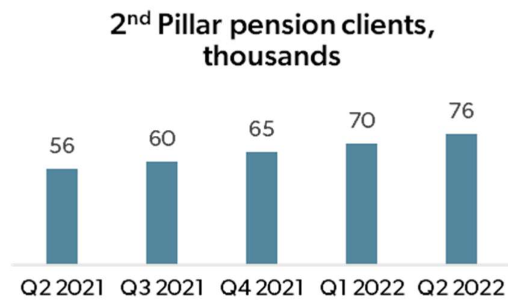
1) We have had the best results in terms of number of customers acquired. Over 6 months INDEXO added 14 359 2nd and 3rd pillar customers representing a 21.3% growth over beginning of the year and a growth 25 448 customers or 45% over 2Q 2021,
2) INDEXO churn – customers who leave INDEXO for other managers has significantly reduced. Our annualized churn has dropped from 9.4% in 2Q 2021 to 6.5% in 2Q 2022,
3) Our revenues have increased by 50% yoy to 1M euros in 1H 2022,
4) We have negotiated Ongoing Cost Figure reduction to our customers which means that they will have a bigger share of the market returns accumulating in their pension accounts,
5) Switch to 100% equity in our 2nd Pillar pension plan "INDEXO Jauda 16-50" was finalized in February 2022,
6) We prepared the company for an IPO – writing the prospectus, doing active communication with the public to attract investors to raise the capital needed to establish the bank,
7) Our co-founder Valdis Siksnis assumed a role of CEO during 1Q 2022. Valdis' extensive knowledge of the financial services industry is instrumental for the development of the bank.

		June 2022	**June 2021**	**Change, %**
Clients (total)	Thousands	82	56	45%
AUM (total)	Millions, EUR	484.5	366.1	31%
Monthly pension contribution inflows	Millions, EUR within 1 month	4.8	3.3	45%
Churn in 2nd Pillar	Annualized %	6.5%	9.4%	-31%
Commission income	Millions, EUR	1.0	0.7	50%
Net income	Millions, EUR	(0.4)	0.02	-2479%

Pension Fund business

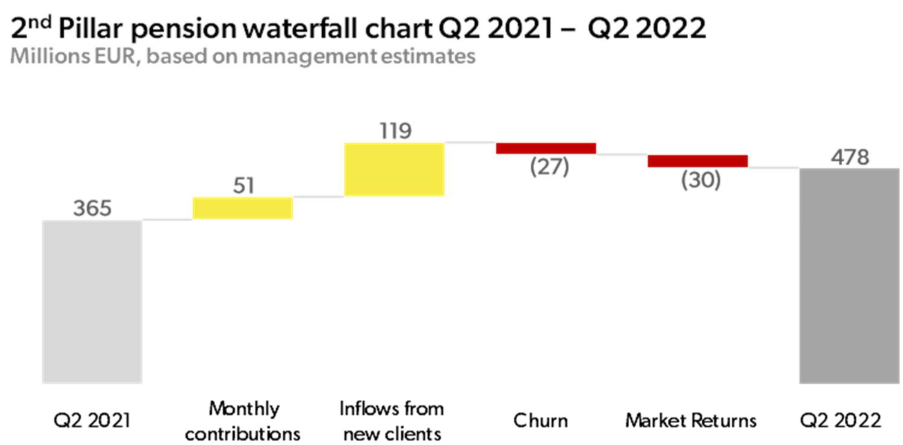
2nd pillar pension plans





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

The first 6 months of 2022 were very successful for INDEXO in attracting 2nd pillar customers. In absolute numbers, we attracted 10 653 new customers, which is the best result in INDEXO history. Given the inflationary environment, we saw a slight uptick in our customer acquisition cost, but that has not changed the attractiveness of our client acquisition model.



The world equity markets were volatile in first 6 months of 2022. Our AUM **grew 31% from EUR 365M in 2Q 2021 to EUR 478M in 2Q 2022**. Our market share of 2nd pillar market AUM increased from 6.6% to 8.8% over the same period. The drop in the indexes means, that our Assets Under Management (AUM) growth over last 12 months has been lower than our client number growth. Short term equity market volatility has no long term consequences on long term customer account growth and thus on our shareholder value growth.

Importantly, together with Latvian average wage and customer number growth, our monthly new money flow is increasing. **As of June 2022 it was 4.8 million euros vs 3.3 million a year ago, a 45% increase**. This means that on a run rate basis, INDEXO takes in approximately **60M euros of new customer funds per year** from existing clients, and that figure is constantly increasing.

INDEXO's equity investment strategy has proven to generate competition-beating results both in times when markets grow and drop, reconfirming the well proven theory that over long periods active managers perform worse than equity indexes. The performances of different funds can be checked on manapensija.lv. We advise not to focus on short term performance of funds in selecting a pension fund.

Despite INDEXO funds performance, some clients decide to choose a different manager. Over the last 12 months, INDEXO churn has significantly dropped, standing at an annualized 6.5% in 2Q 2022 vs 9.4% in 2Q 2021. We hope that as our brand recognition and track record as an asset manager grows, we will be able to bring this figure further down.

All-in cost for our 2nd pillar pension clients	31.07.2022	31.12.2021	OCF improvement for clients
INDEXO Jauda 16-50	0.607%	0.651%	4.4 bps
INDEXO Izaugsme 47-57	0.622%	0.648%	2.6 bps
INDEXO Konservatīvais 55+	0.525%	0.557%	3.2 bps

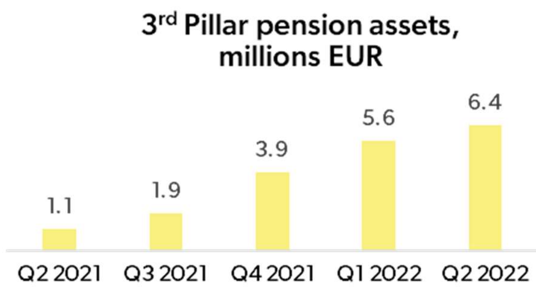
As an ongoing commitment to improving our fund terms for our customers, we have been working hard to improve our Ongoing Cost Figure, which represents all costs related to INDEXO and third party service providers. As our assets grow, we renegotiate the terms with our main partner Blackrock and our custodian bank Swedbank. In the first 6 months, we managed to renegotiate the terms for our 2nd pillar funds, some of which were implemented past the reporting date in July. All these improvements have not decreased INDEXO commission income.

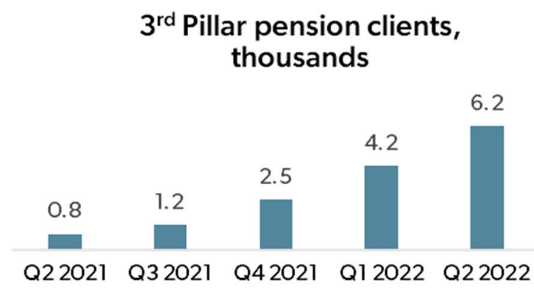
Bond market volatility due to growing inflation and expectation of interest rates growth has meant that our Conservative fund customers have seen their portfolio values drop almost 13% over the last 12 months. INDEXO strategy in the conservative fund is to invest in high quality credit rating bonds and even if there is negative market performance, we hope that our conservative portfolio will perform well in terms of credit risk i.e. we will not have losses due to companies defaulting in the higher interest rate environment.

3rd pillar pension plans

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

Voluntary third pillar funds represent a very tiny part of our overall business, approximately 1.3% of total AUM managed by INDEXO as of 2Q 2022. INDEXO mission is to provide the best possible service to encourage people to supplement their state pension and 2nd pillar savings by voluntary savings. As the disposable income grows, we aim to convince more and more Latvians that the tax efficient 3rd pillar with automatic monthly payment is the best way to do so.





Our 3rd pillar customer number increased by 3 706 or 147% in the first 6 months, and 5 441 or 694% compared to 2Q 2021. We managed to negotiate improvements to the OCF for our 3rd pillar customers by reducing 3rd party and custody fees by 4.8 bps for equity fund and 2 bps for bond fund.

As 3rd pillar pension management is a relatively new product for us, we are still discovering the best ways how to attract customers. Our aim is to improve the conversion of existing 2nd pillar customers to 3rd pillar customers . Given that in the first 6 months, inflation was very high and for the first time in a decade Latvian population has seen a drop in real income (wage growth has been slower than inflation), we have for the time reduced our investment into 3rd pillar customer acquisition and focused on 2nd pillar customers with much more predictable cash flows and higher AUM per client. This does not change our long term view that in medium and long term this will develop into a significant business for INDEXO.

Bank development

During first 6 months of 2022, we invested in our team to prepare our bank business plan and to prepare the company for capital raise and listing on Riga Stock Exchange. Our management board member and Co-Founder Valdis Siksnis became the CEO of the company. Valdis was a head of Nordea Bank Latvia from 2002 until 2013.

Good progress was made in preparing the business plan for the bank. Main assumptions and financial forecasts of the business plan were part of INDEXO IPO prospectus, which is available on INDEXO website.

Financials

For simplicity of understanding our business and the investments into bank development in the financial reporting, we have split in our management reporting costs into 3 major parts – expenses related to our 2nd and 3rd pillar asset management, our pension client acquisition cost that drives our long term growth of new clients and the bank development costs. The latter represents the management cost related to developing the bank, new employees hired for bank business as the bank plan develops and other costs and investments that we will be making during the licensing process until the establishment of the Bank as a separate legal entity when license is expected to be granted subject to ECB approval after recommendation by the Financial and Capital Market Commission (FCMC).

		Jan – Jun 2022
		Unaudited
Commission income[1]	EUR	1 039 552
Administrative and other expenses for pension management[2]	EUR	(409 070)
Operating income before client acquisition and other business project expenses[2]	**EUR**	**630 482**
Client acquisition	EUR	(773 275)
Pension management operating result[2]	**EUR**	**(142 793)**
IPO expenses	EUR	(63 927)
Bank development expenses[2]	EUR	(217 134)
Net income[1]	**EUR**	**(423 854)**

From our shareholder perspective this allows to follow the Operating Income Before Client Acquisition development of the asset management business that we use both for investing into client growth and bank. As INDEXO is growing very fast, the run rate figures (end of the period monthly figures) are higher than the average for the period.

As our AUM grows, so do our revenues. Our 6 month revenue grew 50% to 1M euros from 692 thousand in 1H 2021. The Operating Income before client acquisition[2] increased to EUR 630 thousand, an increase of 71% over 1H 2021.

As a record number of customers joined INDEXO, we spent 1M euros in the first 6 months of 2022 to attract those customers, 108% per cent increase over 1H 2021. Around 773 thousand of that was recognized as cost in the Statement of Comprehensive income while the rest were capitalized on our Statement of Financial Position (please see Notes 1, 3 and 8 of this report for detailed explanations). These new clients increase our AUM and revenues in the months and years to come.

[1] See Statement of Comprehensive income
[2] Cost allocations are calculated by Management using prudent assumptions

During the first 6 months INDEXO incurred 64 thousand euros worth of IPO costs. This is a part of the total cost of the IPO which we expect to come to around EUR 250 thousand, with the reminder being booked in the 3Q of 2022. As INDEXO used no investment banks or placing agents, the total costs related to IPO are expected to be approximately 3% of the capital raised in July 2022 delivering good value for the shareholders of INDEXO.

During the second half of 2021 INDEXO took a strategic decision to establish a bank and started to build a team that would be taking this process forward. Significantly, one of our Founders, Valdis Siksnis, became our CEO and Ieva Margeviča joined our team leading marketing and investor relations activities. Along with other additions to the team, INDEXO has spent 217 134 euros in what we classify as bank development costs.

In accordance with INDEXO plans, the pension fund business is expected to become cash flow positive after client acquisition cost within the next 6 months, when it reaches AUM of 650 – 700M. Exact timing will depend on market performance and the number of customers acquired.

Significant post reporting date events

1) 5 year track record for "INDEXO Izaugsme 47-57", establishing it as the best performing fund in 50% equity weight funds. We now have also Latvian data to show that index funds outperform actively managed funds. As of July 4, when our 5 year data became publicly available, "INDEXO Izaugsme 47-57" was bringing our customers at least 1% per annum more than our competitor funds. The difference with the largest pension plan in Latvia that manages approximately 1.2 billion euros on behalf of almost 300 000 customers, was 3%! per annum.
2) INDEXO managed to successfully raise equity capital through public placement of shares and subsequent listing on Riga Stock Exchange on July 15. Our share issue was 33% oversubscribed and our shareholder base increased to over 3 500 shareholders.
3) Due to equity index recovery, INDEXO manages 580 million AUM and has 87 thousand clients as of 19 August 2022. Weekly updated 2nd pillar client and AUM number can be found on:

   https://www.manapensija.lv/lv/pensiju-2-limenis/aktualie-dati/

4) Gints Ozoliņš has joined INDEXO team as a Chief Technology Officer to lead the bank IT system selection and implementation project.

General description

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

The Company began managing funds in July 2017. At the beginning of the reporting period, the Company managed 7.7% of all assets of the State-Funded Pension Scheme, but at the end of the period, it managed 8.8% of all assets of the State-Funded Pension

Scheme. During the reporting period, the Company was the fastest-growing manager of the State-Funded Pension Scheme in terms of the number of customers.

In the reporting period, the Group's commission income reached EUR 1,039 thousand (compared to EUR 691 thousand in 1H 2021). The growth in commission income reflects the Group's successful acquisition of customers during the year and an increase in total assets under management from EUR 366 million in Q2 2021 to EUR 484.5 million in Q2 2022.

In the reporting period, the Group's expenses amounted to EUR 1,463 thousand (compared with EUR 674 thousand in 1H 2021). The level of expenses reflects the strategic decision of the Group's management to continue to actively attract customers in order to strengthen the Group's position in the market for the management of state-funded retirement assets and to maximise the value of the Group in the long term. Considering the significant investments made during the year in the development of the Group and the acquisition of customers, the Group's performance for the reporting period was a loss of EUR 424 thousand (compared to a profit of EUR 17,8 thousand in 1H 2021).

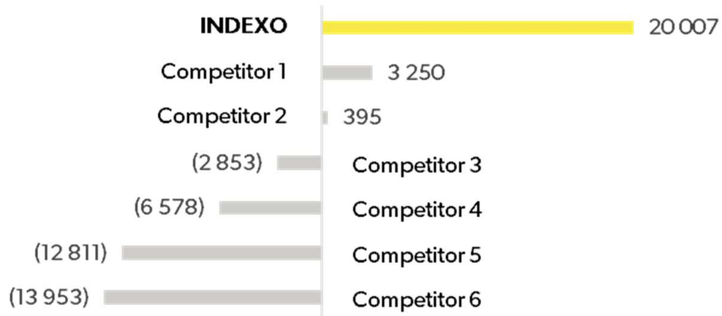
During the reporting period, the Company implemented a prudent risk management policy in accordance with the Company's current Financial risk management policy, Operational risk management policy, and Compliance risk management policy. The main risks to which the Company was exposed during the reporting period were operational risk, compliance risk, delegation risk, strategic and business risk, reputational risk, external risk and information and technology system risk. Other risks to which the Company is exposed, such as market risk, foreign exchange risk, liquidity risk, and other risks, have been assessed and considered insignificant.

As of the date of this report, the Company's subscribed and paid-up share capital amounted to EUR 3 033 511 (in 2021: EUR 3 016 987).

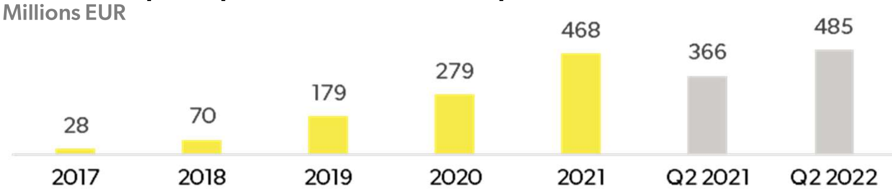
The Company is pleased with the trust earned from its customers and its rapid growth. Growth will continue to be a priority for the Company. It is expected that in 2nd half of 2022, a large part of the Company's attention will continue to be focused on intensive educational work with customers.

Data Highlights

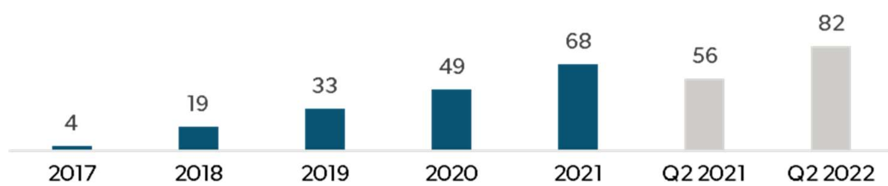
2nd pillar clients gained over a 12 month period
of new clients



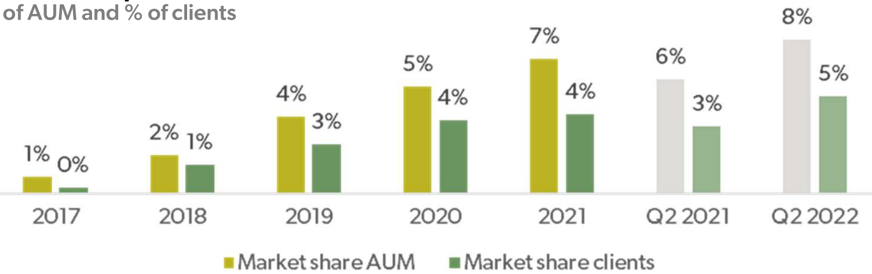
2nd and 3rd pillar pension asset development
Millions EUR



2nd and 3rd pillar pension client development
Thousands



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



Results of subsidiary "Indexo Atklātais Pensiju Fonds" AS

During the reporting period "Indexo Atklātais Pensiju Fonds" AS (hereinafter referred to as: INDEXO APF) continued attracting clients to its innovative private pension plans. One of the key decisions while establishing long term savings, is optimal breakdown of investments between equity and debt instruments. Private pension plans offered by INDEXO APF provide their clients the possibility to split investments between equity and debt instruments, as well as revise the split on a regular basis taking into account the age of the client.

At the end of the reporting period, the number of participants of INDEXO APF administered pension plans reached 6.2 thousand, while total assets under management reached 6.4 million euro.

In the reporting period INDEXO APF income reached 7.9 thousand EUR (compared to 3.6 thousand EUR in full year of 2021). Income of INDEXO APF in the reporting period was not sufficient to cover administrative expenses. In the reporting period INDEXO APF operated with a loss of 73 thousand EUR (compared to loss of 212 thousand EUR in full year of 2021).

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

	Jan-Jun 2022	Jan-Dec 2021
	Unaudited	Unaudited
	EUR	EUR
Commission income	7 943	3 576
Profit/(loss) for the period	**(73 053)**	**(211 810)**

	Jun 2022	Dec 2021
	Unaudited	Unaudited
	EUR	EUR
Total Assets	475 490	473 512
Total Liabilities	188 570	113 539
Total Equity	286 920	359 973

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 at 30 June 2022, as well as its performance and cash flows for January - June 2022, in accordance with IAS 34 as adopted by the European Union.

In preparing the interim financial statements for the period ended 30 June 2022, as set out on pages 14 to 37, 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.

Consolidated Statement of Comprehensive Income

	Notes	Jan-Jun 2022	Jan-Jun 2021
		Unaudited	Unaudited
		EUR	EUR
Commission income	2	1 039 552	691 564
Interest expense	10	(642)	0
Administrative expenses	3	(1 458 197)	(670 897)
Other operating expenses	4	(4 567)	(2 852)
Profit/(loss) before corporate income tax		**(423 854)**	**17 815**
Profit/(loss) for the period		**(423 854)**	**17 815**
Total comprehensive profit/(loss) for the period, attributable to shareholders for the period		**(423 854)**	**17 815**

Earnings per share		(0.14)	0.01
Diluted earnings per share		(0.13)	0.01

The notes on pages 18 to 37 form an integral part of these consolidated financial statements.
The consolidated financial statements have been approved and signed on behalf of the Company's Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, Member of the Management Board

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Consolidated Statement of Financial Position

	Notes	Jun 2022	Jun 2021	Dec 2021
		Unaudited	Unaudited	
		EUR	EUR	EUR
ASSETS				
Placements with financial institutions	5	740 120	1 233 041	1 162 841
Receivables	6	175 075	128 081	169 055
Prepayments	7	3 587	21 975	3 465
Contract acquisition costs	8	769 522	375 213	535 977
Other assets	9	4 706	2 829	2 828
Property, plant and equipment and right-of-use of assets	10	155 671	126 274	155 826
Other securities and investments	11	11 663	11 663	11 663
Total assets:		**1 860 344**	**1 899 076**	**2 041 655**
EQUITY AND LIABILITIES				
Accrued liabilities	12	288 933	90 565	120 961
Trade payables	13	47 108	20 852	35 049
Taxes and national social insurance mandatory contributions		18 158	36 342	48 151
Lease liabilities	10	33 635	14 696	39 332
Other liabilities	14	188 985	73 444	143 899
Total liabilities:		**576 819**	**235 899**	**387 392**
Equity				
Share capital	15	3 033 511	3 016 987	3 016 987
Share options		11 295	5 436	5 436
Share premium		107 908	77 175	77 175
Retained losses		(1 445 335)	(1 454 236)	(1 454 236)
Profit/(loss) for the year		(423 854)	17 815	8 901
Total equity and reserves:		**1 283 525**	**1 663 177**	**1 654 263**
TOTAL EQUITY AND LIABILITIES		**1 860 344**	**1 899 076**	**2 041 655**

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Ieva Margeviča, Member of the Management Board

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Consolidated Statement of Changes in Equity

	Notes	Share capital	Share options	Share premium	Retained losses	Total
		EUR	EUR	EUR	EUR	EUR
At 31.12.2020		**3 016 987**	**5 436**	**77 175**	**(1 454 236)**	**1 645 362**
Comprehensive income for the reporting period					17 815	**17 815**
At 30.06.2021		**3 016 987**	**5 436**	**77 175**	**(1 436 421)**	**1 663 177**
Comprehensive income for the reporting period		-	-	-	(8 914)	**(8 914)**
At 31.12.2021		**3 016 987**	**5 436**	**77 175**	**(1 445 335)**	**1 654 263**
Increase in Share option reserves			5 859			**5 859**
Increase in Share capital		16 524		30 733		**47 257**
Comprehensive income for the reporting period		0	0		(423 854)	**(423 854)**
At 30.06.2022		**3 033 511**	**11 295**	**107 908**	**(1 869 189)**	**1 283 525**

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Ieva Margeviča, Member of the Management Board

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Consolidated Statement of Cash Flows

	Notes	Jan – Jun 2022	Jan – Jun 2021
		Unaudited	Unaudited
		EUR	EUR
Cash flow from operating activities			
Profit/(loss) before corporate income tax		(423 854)	17 815
Depreciation of PPE and amortisation of right-of-use assets	9	22 888	2 201
Amortisation of contract acquisition costs	8	56 938	26 353
Amortization of Share option reserves		5 859	0
Interest expense	10	642	0
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities		**(337 527)**	**46 369**
Increase in receivables, prepayments, and other assets		(298 502)	(102 117)
Increase/(decrease) in accrued liabilities		167 719	30 021
Increase/(decrease) in trade payables and other liabilities		26 849	(17 210)
Increase/(decrease) in cash and cash equivalents from operating activities		**(441 461)**	**(42 937)**
Cash flow from investing activities			
PPE purchases	10	(21 635)	(42 788)
Other securities and investments	12	0	(11 663)
Decrease in cash and cash equivalents from investing activities		**(21 635)**	**(54 451)**
Cash flow from financing activities			
Share issue		47 257	0
Payments for the right-of-use of assets	10	(6 240)	0
Interest on the right-of-use asset liabilities	10	(642)	0
(Decrease)/increase in cash and cash equivalents from financing activities		**40 375**	**0**
Decrease in cash and cash equivalents		**(422 721)**	**(97 388)**
Cash and cash equivalents at the beginning of the reporting period		**1 162 841**	**1 330 429**
Cash and cash equivalents at the end of the reporting period	5	**740 120**	**1 233 041**

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Notes to the Consolidated Financial Statements

1. Accounting policies

General information

Investment management joint-stock company "Indexo" (IPAS "Indexo", hereinafter "the Company") was registered on 10 January 2017. The Company received a licence for management of the state-funded pension scheme plans and licence for investment management services on 16 May 2017. In 2020 the Company established a subsidiary "Indexo Atklātais Pensiju Fonds" AS (hereinafter – "APF"), Financial and capital market commission issued licence on management of private pension funds on 21 January 2021. IPAS un APF comprises Group.

The Group is providing asset management services to the state-funded pension scheme plans, private pension plans as well as provides investment consulting services to clients.

Regulatory framework

The Company's activities are regulated by Investment management companies (hereinafter "IPS") law, Commercial law, and other legislative acts. The Company's activities are supervised by the Financial and Capital Market Commission (hereinafter "FCMC").
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 – IPAS "Indexo" and these are available on the webpage www.indexo.lv.

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

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

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

The notes include accounting policies constantly applied by the Group in preparation of its financial statements for 1H 2021 and 1H 2022, as well as the new accounting standards and interpretations.

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 forth term as determined in the lease contract, that is supported by the planned time frame of operating activities of IPAS "Indexo".
The Group has made judgments and estimates regarding the application of standard requirements to a lease. An annual discount rate of 3.6% was applied to the lease payments.

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	33.33
Other PPE	33.33

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

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

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

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. 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 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 estimate of the amount of the expected lease payments or a change in the Group's ability to exercise, extend or terminate the lease. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset decreases to zero.

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

Basis of consolidation

Subsidiaries

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

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

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.

Revenue and expenditure accounting

All significant revenues and expenses are accounted for on an accrual basis. Expenses are recognised when the corresponding service is rendered.

Commission income related to investment management is recognised in profit or loss at the time the transaction occurs. The Group sets the commission fee for managing the investment plan of each state-funded pension scheme (SFPS), considering the investment policy, regions, and complexity of each fund and/or plan. Fee for management and the procedure for calculating commission income is set forth and published in the prospectuses of the funds and SFPS approved and registered by the FCMC. In determining the amount of the SFPS investment plan commission for management, the Group shall consider the maximum amount of remuneration set forth in Cabinet Regulation 765 (Cabinet Regulation 615 until 31 December 2017).

The management fees for pension plans established by private pension funds managed by the Group are determined in the regulations of each pension plan, considering the investment policy, regions and complexity of transactions of each pension plan. The amount of remuneration for the Group as a manager of pension plan assets and the procedure for calculation are determined and published in the pension plan regulations approved and registered by the FCMC.

The Group does not apply the variable part of the commission to any of the investment plans of the state-funded pension scheme (SFPS) or the private pension fund.

The Group derives its revenue primarily from pension plan management fees. Commission revenue received by the Investment Company for managing funds is recognised until the related performance obligations are satisfied and no significant judgement is required to determine the transaction price or performance obligations. Commission income is calculated as a fixed percentage of the value of the net assets or investment portfolio of the related managed pension plan during the reporting period. The fund manager receives a fixed fee for the management of the state-funded pension plans and the private pension investment plans as set forth in the plan prospectuses, which the manager calculates daily and receives monthly.

The Company has entered into an agreement with the State Social Insurance Agency on the management of its Pillar 2 pension investment plans and an agreement with AS "Indexo Atklātais Pensiju Fonds" for the management of its Pillar 3 pension investment plans.

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

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.

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. All regular 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 designated 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 recognises the difference as follows.

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

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

Classification

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

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

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

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

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

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

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

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

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

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

- Financial assets measured at amortised cost.

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

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

Credit losses are the difference between the contractual cash flows expected to be received under the contract and the cash flows the Group 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 estimates cash flows considering all contractual terms of a financial instrument (for example, prepayments, renewals, sales, and similar options) using the estimated useful lives of the financial instruments. These cash flows include cash flows from the sale of collateral or other credit enhancements that form an integral part of the contractual terms.

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

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

Liabilities measured at amortised cost include payables.

Derecognition
Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset have expired or when the Group 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 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 intends to settle on a net basis, or to dispose of the asset and settle the liability simultaneously.

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

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

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

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

Other receivables

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

Cash and cash equivalents

Cash and cash equivalents are cash on hand and at bank, and other highly liquid assets with an original maturity of less than three months that are used by the Group 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 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 Goup is required to make statutory payments. The Group 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 transactions at the end of each reporting period reflects the past period of the guarantee and the Group's best estimate of the number of equity instruments that will ultimately be guaranteed. The cost or income 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 guaranteed because the related non-market obligations and/or performance conditions are not satisfied during the vesting period. Where share-based payment transactions involve market-based or non-guaranteed conditions, the transactions are accounted for as guaranteed, whether or not the non-guaranteed conditions are satisfied if all other obligations 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 consideration, provided the original terms of the share-based payment are satisfied. Incremental costs determined at the date of modification are recognised as 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 not subsequently recognised in the statement of comprehensive income.

Corporate income tax

The corporate income tax consists of an assessed tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Tax payable comprises the expected tax on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

The Corporate Income Tax Law of the Republic of Latvia requires application of a tax rate of 20% only to distributed profits but provides for a tax rate of 0% for retained earnings. IAS 12 "Income Taxes" requires that if there is a difference between the tax rate for distributed and retained earnings, deferred tax assets and liabilities are recognised at the rate that would be applied to retained earnings. Thus, deferred tax assets and liabilities are recognised at zero.

The Corporate Income Tax Act also provides for the application of tax to the tax base consisting of contingently distributed profits (non-operating expenses, etc.). In accordance with IAS 12 "Income Taxes", income taxes include only taxes based on taxable profit, so the tax calculated in these financial statements on taxable profit, i.e., notional profit, is reported under other expenses.

Risk management

The Group has implemented a risk management policy based on which risks are managed and mitigated.

The purpose of the Group's risk management processes is to identify and manage the Group's significant operational risks, as well as to ensure their control. The Group'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 operations with the regulatory enactments of the Republic of Latvia;
d. protect the Group's assets and promote the stability of financial flows;
e. regularly assess what risks may adversely affect the achievement of the Group's business objectives, incl. achievement of the planned financial results.

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

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

Market risk

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

Foreign exchange risk

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

Operational risk

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

Reputation risk

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

Operational compliance risk

Compliance risk is the risk that the Group will suffer losses or be subject to legal obligations or sanctions, or that its reputation will deteriorate because the Group does not comply with or violates compliance laws, regulations and standards. The Company's Management Board closely monitors changes in legal requirements and the operation of the Group's internal control processes to ensure compliance with existing legal requirements and timely preparation for necessary changes in business operations in the future.

Information technology and system risk

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

Liquidity risk

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

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

Strategic and business risk

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

Credit risk

Credit risk is the possibility of incurring losses if a customer fails to meet its contractual obligations. The Group is exposed to credit risk in respect of receivables, cash and cash equivalents, and other investments. The Group has no assets that are impaired or past due. It should be noted that although the Group applies IFRS 9 and the expected credit loss model, the impact of expected credit losses would be insignificant in the opinion of the Group's management. In accordance with the Group's investment policy, cash is invested in term deposits depending on the credit rating of the financial institution and the interest rate offered. The Group controls credit risk by monitoring the amount of receivables and minimizing the occurrence of past due or uncollectible receivables.

Capital adequacy

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

2. Commission income

	Jan - Jun 2022	Jan - Jun 2021
	Unaudited	Unaudited
	EUR	EUR
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Izaugsme 47-57"	261 870	202 438
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50"	723 115	458 502
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+"	41 064	29 985
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLĀNS"	12 447	600
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS"	1 056	39
Total	**1 039 552**	**691 564**

3. Administrative expenses

	Jan - Jun 2022	Jan - Jun 2021
	EUR	EUR
Sales and marketing expenses	299 748	206 249
Remuneration of staff	693 400	244 609
National social insurance mandatory contributions	159 759	56 358
Professional fees	180 118	81 826
Office maintenance costs	37 089	49 014
Amortisation of the right-of-use an asset	7 690	0
Depreciation of property, plant and equipment	15 198	2 201
Other staff costs	34 345	24 498
Other	30 850	6 142
Total	**1 458 197**	**670 897**

	Jun 2022	Jun 2021
Number of employees	88	41

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

The remuneration structure of the Group consists of three components:

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

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

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

The variable part of remuneration consists of the part of remuneration depending on the individual performance of the employee, the structure of which consists of bonuses and allowances. The principles of the remuneration policy are reviewed regularly, but not less than once a year to ensure compliance of these basic principles with the Group's business plan, the strategy of the investment portfolio, results of inspections, and compliance with

the approved remuneration policy and relevant internal and external regulations, results for the reporting period.
There were no significant changes in the remuneration policy during the reporting period.

During the reporting period, the Company granted employee stock options. One option gives the right to purchase one share of the Company for EUR 2.86. The exercise period of the options begins on 1 June 2023. There are no restrictions on the use of shares.

During the reporting period the Company granted management stock options to its management team. One option gives the right to purchase one share of the Company for EUR 1,00 with a vesting period of 1 calendar year. After an option is exercised, the Company has a proportional clawback right, if after 5 years the stock price does not exceed EUR 16,51. This constitutes an effective vesting period of 5 years at an effective strike price of EUR 16,51.

The total value of the stock options granted has been calculated using the Black-Scholes formula, and at the time of granting amounted to 351 576 EUR. The options will be recognized in the financial statements linearly over the vesting period.

4. Other operating expenses

	Jan-Jun 2022	Jan-Jun 2021
	EUR	EUR
FCMC financing fee	4 567	2 852
Total	**4 567**	**2 852**

5. Placements with credit institutions

	Jun 2022	Jun 2021
	EUR	EUR
Placements with Swedbank AS	441 394	633 815
Placements with SEB banka AS	298 248	599 226
Placements with Signet Bank AS	478	0
Total (Cash and cash equivalents)	**740 120**	**1 233 041**

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

6. Receivables

	Jun 2022	Jun 2021
	EUR	EUR
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	43 273	36 009
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Jauda 16-50"	122 342	85 947
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	6 831	5 484
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLĀNS"	2 420	601
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS"	209	40
Total	**175 075**	**128 081**

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

7. Prepayments

	Jun 2022	Jun 2021
	EUR	EUR
Health insurance	1 148	758
Marketing expenses	2 439	21 017
Other		200
Total	**3 587**	**21 975**

8. Contract acquisition costs

	Jun 2022	Jun 2021
	EUR	EUR
Customer attraction costs	769 522	375 213
Total	**769 522**	**375 213**

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

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

Customer acquisition costs	**EUR**
At 31.12.2020	246 401
Capitalised salary costs, including national social insurance mandatory contributions	155 165
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(26 353)
At 30.06.2021	**375 213**
Capitalised salary costs, including national social insurance mandatory contributions	200 388
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(39 624)
At 31.12.2021	**535 977**
Capitalised salary costs, including national social insurance mandatory contributions	290 483
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(56 938)
At 30.06.2022	**769 522**

9. Other assets

	Jun 2022	Jun 2021
	EUR	**EUR**
Financial assets		
Security deposit	3 058	1 181
Non-financial assets		
Advance payments	1 648	1 648
Total financial and non-financial assets	**4 706**	**2 829**

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

	Intangible assets EUR
Cost	
30.06.2021	104 211
Additions	14 762
31.12.2021	118 973
Additions	21 635
30.06.2022	140 608
Accumulated amortisation	
30.06.2021	-
Additions	10 859
31.12.2021	10 859
Additions	12 982
30.06.2022	23 841
Net book value at 31.12.2021.	108 114
Net book value at 30.06.2022.	116 767

	Other PPE EUR
Historical cost	
30.06.2021	18 500
Additions	3 187
31.12.2021	21 687
Additions	0
30.06.2022	21 687
Accumulated deprecation	
30.06.2021	11 104
Additions	2 418
31.12.2021	13 522
Additions	2 216
30.06.2022	15 738
Net book value at 31.12.2021.	8 165
Net book value at 31.03.2022.	5 949

Intangible assets include installation and configuration costs of 3rd Pillar pension funds.

The Group applies IFRS 16 to leases. The Group leases office space. The lease is valid until 30 January 2025. Lease liabilities are calculated using a discount rate of 3.6%.

Right-of-use assets	EUR
At 30.06.2021	14 666
Impact of lease changes	38 064
Amortisation	(13 183)
At 31.12.2021	39 547
Impact of lease changes	1 099
Amortisation	(7 690)
At 30.06.2022	32 956

Lease liability	EUR
At 30.06.2021	14 696
Calculated interest	1 386
Impact of lease changes	38 065
Lease payments	(14 815)
At 31.12.2021	39 332
Calculated interest	642
Impact of lease changes	(99)
Lease payments	(6 240)
At 30.06.2022	33 635

Right-of-use assets	Jun 2022 EUR	Jun 2021 EUR
Right-of-use assets	32 956	14 666
Lease liability	33 635	14 696

11. Other securities and investments

	Shareholding 30.06.2022	30.06.2022	Shareholding 30.06.2021	30.06.2021
		EUR		EUR
Goindex UAB (Lithuania)	5%	11 663	5%	11 663
Total		**11 663**		**11 663**

Goindex UAB was established to improve the pension market in Lithuania, which is in line with the Company's mission and values. The investment will support positive changes in the Lithuanian pension market.

12. Accrued liabilities

	Jun 2022	Jun 2021
	EUR	EUR
Financial liabilities		
Accrued liabilities to suppliers	46 515	23 177
Non-financial liabilities		
Accrued liabilities for unused annual leave	101 057	52 644
Provisions for variable remuneration of employees and related tax payments	141 361	14 744
Total financial and non-financial liabilities	**288 933**	**90 565**

13. Trade payables

	Jun 2022	Jun 2021
	EUR	**EUR**
Financial liabilities		
Payables for purchased goods and received services	47 108	20 852
Total	**47 108**	**20 852**

14. Other liabilities

	Jun 2022	Jun 2021
	EUR	**EUR**
Non-financial liabilities		
Salary liability	31 519	37 545
Liabilities to 3 Pillar pension plans	157 466	35 662
Other	0	237
Total	**188 985**	**73 444**

15. Share capital

The registered and fully paid-in share capital of IPAS "Indexo" as of 30 June 2022 amounts to EUR 3 033 511 (31 December 2021: EUR 3 016 987) and consists of registered shares. The share capital of the Company consists of 3 033 511 registered shares with a nominal value of EUR 1 (one euro) per share. In 2022, the Company's share capital was increased by EUR 16 524 after employee stock options were exercised.

16. Related party transactions

Related parties include shareholders who have significant influence over the Group, members of the company they control, the Council and the Management Board, as well as other related parties, i.e., executives, their close relatives and companies controlled by them, and affiliated companies. In the period from 1 January 2021 to 30 June 2022, all transactions with related parties were conducted in accordance with free-market principles.

	Jan-Jun 2022	Jan-Jun 2021
	EUR	**EUR**
SIA "Callidus Capital"		
Expenses		
Services received	0	3 629
Office security deposit	1 900	0
Total	**1 900**	**3 629**

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

	Jun 2022	Jun 2021
	EUR	**EUR**
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57"	119 154 540	101 513 883
State-funded pension scheme investment plan "INDEXO Jauda 16-50"	335 258 925	244 157 493
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+"	23 738 923	19 327 738
Private pension scheme investment plan "INDEXO AKCIJU PLĀNS"	5 819 061	1 057 205
Private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS"	533 879	66 910
Total	**484 505 328**	**366 123 229**

The financial statements have been approved and signed on behalf of the Company's Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ieva Margeviča, Member of the Management Board

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