INDEXO

PROSPECTUS ON PUBLIC OFFERING, LISTING AND ADMISSION OF SHARES TO TRADING

06 2022

IPAS "Indexo"

incorporated and registered in Latvia under registration number 40203042988

IPAS "Indexo" is publicly offering up to 535,000 shares to be listed and admitted to trading on the Baltic Main List of Nasdaq Riga

Price EUR 14 per Offer Share

Offer Period 28 June 2022 – 11 July 2022

PROSPECTUS ON PUBLIC OFFERING, LISTING AND ADMISSION OF SHARES TO TRADING

This Public Offering, Listing and Admission to Trading Prospectus (the **"Prospectus"**) has been drawn up and published by IPAS "Indexo" ("**INDEXO**") in connection with (i) newly issued shares; and (ii) listing and admission to trading of all INDEXO shares (the **"Shares"**) on the Baltic Main List of Nasdaq Riga. A public offering will be carried out only in Latvia and Estonia and there will be no public offering of the Shares in any other jurisdiction.

INDEXO is offering up to 535,000 newly issued Shares (the **"Offer Shares"**).

The Offering is made by way of:

(i) an offering to INDEXO Shareholders (the **"Shareholder Offering"**) in the course of which a certain number of Offer Shares are offered (the **"Shareholder Offer Shares"**)

(ii) an offering to retail investors in Latvia and Estonia (the **"Retail Offering"**) in the course of which a certain number of Offer Shares are offered (the **"Retail Offer Shares"**)

(the Shareholder Offering together with the Retail Offering, the **"Offering"**).

The subscription/purchase period for the Offer Shares will commence on 28 June 2022 at 10:00 (Eastern European Time – Latvian time) and expire on 11 July 2022 at 15:30 (Eastern European Time – Latvian time) (the **"Offer Period"**) in accordance with the terms and conditions set out in this Prospectus. The Offer Price is EUR 14 per one Offer Share (the **"Offer Price"**), of which EUR 1 is the nominal value of one Offer Share and EUR 13 is the issue premium.

This Prospectus is prepared pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on regulated market (the **"Prospectus Regulation"**) and in accordance with Commission Delegated Regulation No 2019/980/EU of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation No 809/2004/EC, in particular Annexes 1 and 11 thereof, and Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal. This Prospectus has been filed with, and approved by, the decision of the Latvian Financial and Capital Market Commission, dated 21 June 2022 and has been made available to the public in accordance with Article 21 of the Prospectus Regulation. The Latvian Financial and Capital Market Commission only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of INDEXO that is, or the quality of the securities that are, the subject of this Prospectus. Potential investors should make their own assessment as to the suitability of investing in the securities.

INDEXO will submit a listing application to Nasdaq Riga for the listing and admission to trading of INDEXO Shares (the **"Shares"**), including Offer Shares, on the Baltic Main list of Nasdaq Riga. Trading with the Shares on the Baltic Main list of Nasdaq Riga is expected to commence on or about 15 July 2022.

INDEXO reserves the right to cancel or postpone the Offering or amend the terms and conditions of the Offering in accordance with the terms and conditions set out in this Prospectus.

Investment in shares entails risks. While every care has been taken by the Management Board of INDEXO to ensure that this Prospectus presents a fair and complete overview of the risks related to INDEXO, the operations by INDEXO and its subsidiary, i.e., Indexo Atklātais Pensiju Fonds operations, and the Offer Shares, the value of investment in the Offer Shares may be significantly affected by circumstances that are either not evident at the date of approval of this Prospectus or not reflected in the Prospectus. Investment in the Offer Shares must be based on this Prospectus as a whole. Hence, we ask you to study this Prospectus with care.

This Prospectus is valid until the end of the Offer Period or commencement of trading with Shares on the Baltic Main List of Nasdaq Riga, whichever occurs later. INDEXO is obliged to update the Prospectus by publishing a supplement only if new facts, material errors or inaccuracies occur. This obligation does not apply after the end of the validity period of this Prospectus.

MIFID II product governance. The Retail Offering is directed to all retail investors in Latvia and Estonia. Persons who offer, sell or recommend Shares (the Distributors) are independently responsible for evaluation of the target market and appropriate distribution channels and must guarantee that these are in conformity with the provisions of this Prospectus.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire Offer Shares. Based on the investor's own independent review or analysis, each prospective investor of Offer Shares must determine, involving professional counsel if deemed necessary, whether investment in the Offer Shares is consistent with the investor's financial capacities and investment objectives, and whether the investment is consistent with all the rules, requirements and restrictions that may be applicable to such investor.

TABLE OF CONTENTS

1. SUMMARY 8
1.1. Summary in English 8
1.2. Summary in Latvian (Kopsavilkums) 15
1.3. Summary in Estonian (Kokkuvõte eesti keeles) 22
2. RISK FACTORS 29
2.1. Macro-economic risks relating to INDEXO's and INDEXO's Group business and the industry in which it operates 29
2.2. Risk factors related to the operating environment of INDEXO 31
2.3. Risk factors related to INDEXO's business 33
2.4. Risk factors related to laws, regulations and compliance 37
2.5. Risk factors related to financial matters 40
2.6. Risk factors related to Shares and the Offering 41
3. INTRODUCTORY INFORMATION 45
3.1. Applicable Law 45
3.2. Responsible Persons and Limitation of Liability 45
3.3. Presentation of Information 45
3.4. Accounting Principles 47
3.5. Forward-Looking Statements 47
3.6. Use of this Prospectus 47
3.7. Notice to US investors 48
3.8. Approval of this Prospectus 48
3.9. References incorporated into this Prospectus 48
3.10. Documents on Display 48
4. TERMS AND CONDITIONS OF THE OFFERING 49
4.1. The Offering 49
4.2. Offer Period 50
4.3. Rights to Participate in the Offering 50
4.4. Subscription Undertakings 51
4.5. Terms and conditions for submission of Subscription Undertaking 52
4.6. Offer Price 53
4.7. Payment 53
4.8. Allocation of the Offer Shares and Offering Structure 53
4.9. Settlement and Trading 55
4.10. Agreements related to the Offering 56
4.11. Change to the Offer Price and Offer Period 57
4.12. Release of Funds 57

4.13. Postponement or Cancellation of the Offering ... 58
4.14. Conflicts of Interest ... 58
4.15. Dilution ... 58
5. REASONS FOR THE OFFERING AND USE OF PROCEEDS ... 60
5.1. The idea of INDEXO Bank ... 60
5.2. Financial plan of INDEXO Bank ... 61
5.3. Own funds and prudential requirements of INDEXO Bank ... 63
5.4. Corporate governance of INDEXO Bank ... 64
5.5. Risk management framework ... 72
5.6. Shareholding structure and qualifying holding of INDEXO Bank ... 75
5.7. Share buy-back program ... 76
6. RIGHTS TO DIVIDENDS AND DIVIDEND POLICY ... 78
6.1. Main principles of Dividend Policy ... 78
6.2. Decision on distributing dividends ... 78
6.3. Setting aside profit ... 78
6.4. Entitlement to dividends ... 79
6.5. Dividends declared ... 79
7. PRINCIPAL MARKETS ... 80
7.1. Introduction ... 80
7.2. Overview of the Latvian Pension System ... 80
7.3. State-funded pension scheme asset management (2nd pension pillar) ... 80
7.4. Key regulatory developments and trends ... 82
7.5. Private voluntary pension scheme (3rd pension pillar) ... 85
7.6. Regulatory environment ... 87
7.7. Regulatory framework ... 87
8. COMPANY OVERVIEW ... 90
8.1. Overview ... 90
8.2. Key developments of INDEXO ... 91
8.3. Organisational structure ... 92
8.4. Types of activities of INDEXO ... 93
8.5. Strengths ... 101
8.6. Key strategies of INDEXO ... 102
8.7. Risk management ... 104
8.8. Material agreements ... 112
8.9. Dependency on agreements, licences and similar type of agreements ... 112
8.10. Related party transactions ... 113
8.11. Legal proceedings ... 114

8.12. Investment ... 114
9. GENERAL CORPORATE INFORMATION AND ARTICLES OF ASSOCIATION ... 115
9.1. General corporate information ... 115
9.2. Articles of Association ... 115
10. SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE ... 116
10.1. The current share capital of INDEXO ... 116
10.2. Share capital historical changes ... 116
10.3. Resolution to increase share capital and to issue Offer Shares ... 117
10.4. Personnel Share Option Plans for Management Board and Employees ... 117
10.5. Shareholders ... 120
10.6. Shareholder rights ... 122
11. MANAGEMENT AND SUPERVISORY BODIES ... 125
11.1. Governance structure ... 125
11.2. Audit and other committees ... 125
11.3. The external auditor ... 126
11.4. Management Board ... 127
11.5. Supervisory Board ... 129
11.6. Senior managers ... 133
11.7. Conflicts of interest ... 135
11.8. Declarations ... 136
11.9. Corporate governance ... 136
12. REMUNERATION AND BENEFITS ... 138
12.1. General principles of remuneration ... 138
12.2. Remuneration paid and other declarations ... 138
12.3. Remuneration policy ... 139
13. HISTORICAL FINANCIAL INFORMATION ... 141
14. OPERATING AND FINANCIAL REVIEW ... 145
14.1. Overview ... 145
14.2. Key factors affecting results of operations and financial performance of INDEXO ... 147
14.3. Results of INDEXO's operations ... 147
14.4. Financial position of INDEXO ... 149
14.5. Recent trends, developments and material changes ... 151
15. LIQUIDITY AND CAPITAL RESOURCES ... 152
15.1. Capital resources ... 152
15.2. Funding structure ... 153
16. CAPITALISATION AND INDEBTEDNESS ... 154
16.1. Working Capital Statement ... 154

16.2. Capitalisation and Indebtedness 154
17. TAXATION 156
17.1. Latvian tax implications 156
17.2. Estonian tax implications 159
18. GLOSSARY 161
19. SCHEDULE 1 167
20. SCHEDULE 2 275
21. SCHEDULE 3 314
22. SCHEDULE 4 345

1. SUMMARY

1.1. Summary in English

1.1.1 Introduction and warnings

Name and international securities identification number (ISIN) of the securities

Share of INDEXO, reserved international securities identification number (ISIN): LV0000101863.

Identity and contact details of the issuer, including its legal entity identifier (LEI)

IPAS "Indexo" is a joint stock company (*akciju sabiedrība*), incorporated in Latvia, registered in the Commercial Register on 10 January 2017 under the registration number 40203042988, having its registered address at Elizabetes street 13 - 1A, Riga, LV-1010. The Company's e-mail is info@indexo.lv, the telephone number is +371 20006088. Its legal entity identifier (LEI) is 875500AT8JI5HU41AY20.

Identity and contact details of the competent authority approving the Prospectus

This Prospectus has been approved by the Latvian Financial and Capital Market Commission of Latvia, as the competent authority, with its address at Kungu iela 1, Rīga, LV-1050, e-mail: fktk@fktk.lv, telephone number: +371 67774800, in accordance with Regulation (EU) 2017/1129.

Date of approval of the Prospectus

This Prospectus was approved on 21 June 2022.

Warnings

The Summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration by the investor of the Prospectus as a whole. The investor could lose all or part of the invested capital. Where a claim relating to the information in the Prospectus is brought before court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches (relates) only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate, or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

1.1.2 Key information on the Company

Who is the issuer of the securities?

Domicile, legal form, LEI, jurisdiction of incorporation, and country of operation

INDEXO is incorporated in Latvia, with its registered address at Elizabetes street 13 - 1A, Riga, LV-1010, and its LEI number is 875500AT8JI5HU41AY20. INDEXO is incorporated and registered as a joint stock company (*akciju sabiedrība*) in the Commercial Register of Latvia with registration number 40203042988.

Principal activities

INDEXO operates in the asset management market in Latvia with respect to managing retirement savings and is active in the following segments of the market: (1) management of state-funded pension scheme assets (2nd pension pillar); and (2) management of private pension fund assets (the 3rd pension pillar). Thus, INDEXO mainly operates by providing asset management services in the Latvian pension system.

Strengths

Transparency. INDEXO provides clients with fair terms; reveals all indirect costs; quarterly reports about the results of the asset management plan; strives to increase financial literacy.

Unique, simple and understandable products. INDEXO believes that it has the best strategy for management of its clients' funds, and therefore provides a clear view on the benefits of each product, without offering unclear asset management options. Straightforward communication with clients about what benefits them the most is what makes INDEXO different from its competitors.

Being a trend setter. As the result of INDEXO entering the market, financial literacy and access to good products has significantly increased. When INDEXO entered the market as the first low-cost index-fund pension plan provider it launched real competition in the pension savings management market.

Strategy

INDEXO's strategy is based of four main pillars: (1) passive asset management; (2) active and focused client acquisition; (3) INDEXO brand – agent of positive change; (4) transparency about costs and fees.

Major shareholders

As of the date of this Prospectus, INDEXO has 57 shareholders. The list of INDEXO individual shareholders and beneficial owners (private individuals) is provided in the table below.

Aldis Paiders	Gints Ozoliņš	Rauls Viktorovs	Kristīne Mūrmane
Aleksandre Davitashvili	Gundars Ruža	Atis Rektiņš	Druvis Mūrmanis
Aleksandrs Kalinovskis	Ieva Jāgere	Renārs Krūgaļaužs	Elmārs Prikšāns
Aleksejs Prokofjevs	Imants Jansons	Sandu Huban	Anna Lokomete
Alfs Janevics	Jānis Austriņš	Alexander Kuznetsov	Jānis Buks
Edvīns Tankelsons	Jānis Rozenbergs	Kārlis Kiršteins	Henrik Karmo
Andrey Maltsev	Jonas Izirkevicius	Aigars Kesenfelds	Deniss Kairāns
Artūrs Roze	Kaspars Feldmanis	Mārtiņš Baumanis	Valdis Lejnieks
Valdis Karols	Lauris Stefans Lambergs	Marks Edidovičs	Kārlis Lejnieks
Indrek Gusev	Aivaras Abromavičus	Jekaterina Nikuļina	Valdis Siksnis
Roberts Bušs	Mārcis Martinsons	Svens Dinsdorfs	Tīna Kukka
Otto Tamme	Ain Lausmaa	Ilze Jaunarāja	Valdis Turlais
Elmārs Gengers	Enn Parel	Spodra Garkāne	Valdis Vancovičs
Erik Alf Wigertz	Peter Elam Hakansson	Roberts Stuģis	
Filips Klāvs Kļaviņš	Raimonds Slaidiņš	Toms Kreicbergs	

The largest shareholder of INDEXO is SIA DVH, reg. no. 50203040781, owning approximately 22.31% of INDEXO Shares. The ultimate beneficial owners of SIA "DVH" are Valdis Siksnis and Henrik Karmo.

INDEXO and the biggest Shareholder SIA DVH have entered into the Shareholders' Agreement to which other INDEXO Shareholders have acceded to.

The purpose of the Shareholders' Agreement is to specify the overall business and management strategy of INDEXO and the fundamental principles of INDEXO's business activities with the aim of promoting good and compliant governance of INDEXO and to facilitate the development of INDEXO's business pursuant to applicable laws and regulations.

In accordance with the Shareholder Agreement with regard to INDEXO, the said Agreement will become invalid as of admission of the Shares for trading on Nasdaq Riga.

Key management officers

Details on the members of key corporate governance institutions of the Company, as of the date of this Prospectus, are provided below.

Name	Position	Appointment date	Expiration of the Term in Office
Supervisory Board			
Valdis Vancovičs	Chairman of the Supervisory Board	14 June 2022	13 June 2027
Svens Dinsdorfs	Deputy Chairman of the Supervisory Board	14 June 2022	13 June 2027
Renāts Lokomets	Member of the Supervisory Board	14 June 2022	13 June 2027

Toms Kreicbergs	Member of the Supervisory Board	14 June 2022	13 June 2027
Tīna Kukka	Member of the Supervisory Board	14 June 2022	13 June 2027
Management Board			
Valdis Siksnis	Head of the Management Board	25 April 2022	24 April 2027
Henrik Karmo	Member of the Management Board	16 August 2018	15 August 2023
Ieva Margeviča	Member of the Management Board	1 June 2022	31 May 2027
Audit Committee			
Svens Dinsdorfs	Member of the Audit Committee	24 March 2022	23 March 2027
Renāts Lokomets	Member of the Audit Committee	24 March 2022	23 March 2027
Ieva Jāgere	Member of the Audit Committee	24 March 2022	23 March 2027
Key Officers			
Artūrs Roze	Financial Manager	2021	-
Līga Katrīna Kļaviņa	Senior Operational Risk Manager	2021	-
Mārtiņš Strautiņš	Senior Investment Manager	2021	-

Identity of statutory auditors

SIA KPMG Baltics, registration number: 40003235171, legal address: Vesetas Street 7, Riga, LV-1013, Latvia was INDEXO auditor for the accounting period covering the period 10.01.2017 to 31.12.2019.

PricewaterhouseCoopers SIA, registration number: 40003142793, legal address: Kr. Valdemāra Street 21-21, Riga, LV-1010, Latvia was INDEXO's auditor for the accounting period covering the period 01.01.2020. to 31.12.2021.

What is the key financial information regarding the issuer?

Audited Financial Statements are enclosed to the Prospectus. The Audited Financial Statements have been prepared according to International Accounting Standards issued by the International Accounting Standards Council, International Financial Reporting Standards, and standard interpretations by the IFRS Interpretations Committee, as approved by the European Union. In the year ended 31 December 2021 INDEXO started to produce consolidated financial statements as the subsidiary AS "Indexo Atklātais Pensiju Fonds" began to offer 3rd pension pillar products to customers and started operations. INDEXO managed to grow income very significantly from fees, resulting in 64.7% y-o-y growth from the year ended 31 December 2020 amount of EUR 972 thousand to the amount of EUR 1.6 million for the year ended 31 December 2021.

Consolidated and separate statement of comprehensive income

	Year ended 31 December				
	2019	**2020**	**2021**	**2020**	**2021**
	Stand-alone	**Stand-alone**	**Stand-alone**	**Consolidated**	**Consolidated**
Commission income	583,474	972,467	1,598,445	972,467	1,602,021
Other income	1,984	-	-	-	-
Administrative expenses	(1,232,458)	(979,002)	(1,372,791)	(1,007,218)	(1,581,787)
Interest expense	(643)	(643)	(1,386)	(643)	(1,386)
Other operating expenses	(6,259)	(3,557)	(3,557)	(3,557)	(9,947)
Profit/(loss) before corporate income tax	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**
Profit/(loss) for the year	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**
Total comprehensive profit/(loss) for the year, attributable to shareholders	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**

Selected consolidated and separate statement of financial position information

Assets	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Total Assets	1,092,239	1,820,288	2,199,871	1,793,153	2,041,656
Total Equity	855,152	1,673,579	1,894,290	1,645,362	1,654,263
Total Equity and Liabilities	1,092,239	1,820,288	2,199,871	1,793,153	2,041,656

Consolidated and separate statement of cash flow information

	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Cash flows from operating activities					
Profit/(loss) before corporate income tax	(653,902)	(10,735)	220,711	(38,951)	8,901
Depreciation of PPE and amortisation of right-of-use assets	15,350	17,450	17,803	17,450	28,662
Amortisation of contract acquisition costs	-	19,949	65,977	19,949	65,977
Interest expenses	643	643	1,386	643	1,386
Loss on written-off fixed assets	290	-	-	-	-
Costs of share payments	5,436	-	-	-	-
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities	**(632,183)**	**27,307**	**305,877**	**(909)**	**104,926**
Increase in receivables, prepayments, and other assets	(35,291)	(393,947)	(348,542)	(311,321)	(400,266)
(Increase) / Decrease of reserves	71,941	-	-	-	-
Increase/(Decrease) in accrued liabilities	30,265	(88,672)	51,811	(88,672)	60,419
Increase/(Decrease) in trade payables and other liabilities	11,690	(7,871)	82,429	567	154,548
Increase/(Decrease) in cash and cash equivalents from operating activities	**(553,578)**	**(463,183)**	**91,575**	**(400,335)**	**(80,373)**
Cash flows from investing activities					
PPE purchases	(18,668)	(1,525)	(7,836)	(67,596)	(60,737)
Investments in subsidiary undertakings	-	(400,000)	(200,000)	-	-
Other securities and investments		-	(11,663)		(11,663)
Decrease in cash and cash equivalents from investing activities	**(18,668)**	**(401,525)**	**(219,499)**	**(67,596)**	**(72,400)**
Cash flows from financing activities					
Share issue	-	829,162	-	829,162	-
Lease payments	-	(13,807)	(13,429)	(13,897)	(13,429)
Interest on lease		(643)	(1,386)	(643)	(1,386)
(Decrease)/increase in cash and cash equivalents from financing activities	**-**	**814,712**	**(14,815)**	**814,712**	**(14,815)**
(Decrease)/increase in cash and cash equivalents	**(572,246)**	**(42,638)**	**(142,739)**	**346,781**	**(167,588)**
Cash and cash equivalents at the beginning of the reporting year	1,555,894	983,648	941,010	983,648	1,330,429
Cash and cash equivalents at the end of the reporting year	**983,648**	**941,010**	**798,271**	**1,330,429**	**1,162,841**

What are the key risks that are specific to the issuer?

Force majeure risk. Force majeure risk is related to events/situations out of INDEXO Group's reasonable control and therefore affects the business and operations of INDEXO Group in a manner which is unpredictable. During recent years

and up until today Covid-19 pandemic and geo-political tension are potential risks to the INDEXO Group's marketing and sales strategy.

Market risk. Market risk is the possibility of losses from the revaluation of 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. INDEXO does not have portfolios of securities or other assets which may be affected by market risk, except for the AUM within INDEXO's managed pension plans. However, according to the passive management philosophy described in the prospectus for each pension plan, INDEXO does not actively interfere with the plan portfolio due to market risk considerations.

Operational risks. INDEXO Group may be affected by operational risks, which may occur as a result of inadequate or failed internal processes, non-compliant implementation of internal processes by people involved, inadequate or failed systems or from external circumstances, including legal risks. Risk factors could result in breach of regulatory requirements, incorrect calculation of asset management plan value, breach of legal obligations against third parties, temporary technical unavailability of services, loss of existing or potential Clients, various IT/cybersecurity/data protection related risks, damage to reputation or temporary interruption of business continuity.

Risks associated with outsourcing/third party service providers. INDEXO Group partly relies on the services, products and knowledge of third-party service providers in the operation of its business. For example, INDEXO Group has outsourced its accounting and internal audit function. INDEXO Group also relies on third party service providers in connection with its IT systems, including an outsourcing service for the operations of the INDEXO's Group IT systems. INDEXO Group is therefore heavily reliant on these third parties not just to deliver timely and high-quality services, but also to comply with applicable laws and regulations and adhere to its ethical business expectations of third-party providers.

Risk factors with respect to IT/Cybersecurity/Data breach. INDEXO Group, as with other financial service providers, has in the past been and could in the future be the target of cybercrime or other external or internal fraudulent activities. Any of the aforesaid risk factors could have a material adverse effect on INDEXO Group's reputation, expose INDEXO to financial risks such as reduction of AUM, fines, penalties and liability within potential litigation, additional expenses in order to restore systems, as well as loss of existing or potential clients. INDEXO Group may also lose significant internal confidential information.

Risks of regulatory (compliance) requirements and regulatory changes. INDEXO's business is subject to national and EU legal legislation and regulations, as well as guidelines and recommendations issued by the Financial and Capital Market Commission and the European Securities and Markets Authority (ESMA). Failure to comply with applicable regulations and laws can expose INDEXO Group to the risk of monetary fines and other penalties, which may have a material adverse effect on the INDEXO Group's reputation, business, financial condition and results of operations.

Risk related to key strategies. Future development of asset management business may be affected by macro-economic risks, competition risk in the pension management segment and risks factors related to unsuccessful development of new products and services. Obtaining the banking licence and establishment of INDEXO Bank may mainly be affected by unavailability of necessary financial resources as the result of insufficient interest of prospective investors within the initial public offering as well as with failure to accurately fulfil all of the regulatory requirements in order to receive approval from the regulator.

Risk factors related with the reputation of INDEXO Group and brand awareness. Reputation is one of the most important assets with respect to INDEXO Group's relationship with clients. Trust and confidence of clients as well as integrity are paramount in the business where INDEXO Group operates. Moreover, INDEXO Group has established a well-known and strong brand name. Complaints from INDEXO Group's clients or any kind of negative publicity concerning the service, employees' working conditions, preservation of customer data and security practices, publicly available for a large part of society, could have a material adverse effect on the business, financial condition and results of operations of INDEXO Group.

Liquidity risk. Liquidity risk relates to the ability of INDEXO Group to meet its contractual obligations in a timely manner without incurring significant losses and will not be able to cope with unplanned changes in company's resources and/or market conditions due to insufficient liquid assets. Any unplanned event or circumstances could cause adverse effect on the business, results of operation and financial condition of INDEXO Group.

Counterparty credit risk. Credit risk relates to the possibility of incurring losses if a debtor fails to meet its contractual obligations. INDEXO Group is subject to credit risk related to receivables, cash and cash equivalents and other investments. The assets of INDEXO Group are kept in Latvian credit institutions that are considered to be the counterparties of INDEXO Group.

Foreign currency risks. INDEXO Group is not exposed to direct currency risk which may arise from fluctuation in exchange rates of various currencies. INDEXO Group has no foreign currency positions and they are not planned in the near future, except for the AUM within INDEXO's managed pension plans. The AUM within the pension plans managed by INDEXO are invested in index funds, many of which further invest in various currency nominated assets, therefore the value of AUM

within pension plans is heavily exposed to indirect currency risk. However, according to the passive management philosophy described in the plan's prospectus, does not actively interfere in the composition of the plan portfolio for currency risk reasons.

1.1.3 Information on the securities

What are the main features of the securities?

Type, class and ISIN

All the Shares (including the Offer Shares) of the Company are dematerialised bearer shares with a nominal value of EUR 1 each. The Shares will be registered with Nasdaq CSD under the reserved ISIN LV0000101863 after approval of this Prospectus and before the start of the Offer Period and will be kept in book-entry form. No share certificates have been or will be issued.

Currency, denomination, par value, number of Shares issued and duration

As of the date of this Prospectus, the number of INDEXO Shares is **3,033,511**. The number of the Offer Shares is up to 535,000. Therefore, the number of INDEXO Shares after successful registration of the increase in the share capital of INDEXO will be up to 3,568,511, provided, however, that the number of the Offer Shares is not changed in accordance with the terms and conditions. Therefore, shareholdings in INDEXO existing immediately prior to the Offering will be diluted by up to 15% as a result of the Offering. The Shares are denominated in Euro and governed by the law of Latvia and the currency of the Offer will be the Euro. All existing Shares grant equal rights (including one share, one vote) to shareholders.

Rights attached to the Shares

All shareholders of INDEXO are subject to equitable treatment. Each Share of INDEXO confers upon its holder the same rights to a share of INDEXO's assets and profits. In the event of liquidation of INDEXO, shareholders are entitled to a share of the surplus of assets in proportion to the number of Shares held (liquidation quota). The following rights attach to each Share: (1) right of share disposal; (2) right to dividends; (3) right to vote; (4) right to participate in the Shareholders' Meeting; (5) right to liquidation quota; (6) pre-emption rights; (7) right to information.

Rank of the Shares in the issuer's capital structure in the event of insolvency

The Shares do not carry any special rights to participate in distribution (including in the case of liquidation) other than those that exist under the Latvian Insolvency Law, which provides that INDEXO's funds remaining after settling the costs of insolvency proceedings of INDEXO and settling the claims by creditors are divided among the shareholders of the Company in proportion to the size of their shareholding.

Restrictions on free transferability of the Shares

No specific restrictions apply to transferability of the Shares, either under the statutory provisions of Latvian law or under the Articles of Association.

Dividend Policy

On 24 March 2022 the Shareholders' meeting approved INDEXO's Dividend policy. Dividends are paid to a Shareholder in proportion to the total number of shares in INDEXO held by the Shareholder. Dividends can only be calculated and paid out for fully paid-up shares. Dividends are paid in cash by bank transfer to Shareholders' accounts on the day of payment. Annual dividends can be paid out once a year in accordance with the payment schedule after the Shareholders' Meeting in which the financial report for the previous financial year has been approved. Under Latvian law extraordinary dividends may be paid only if provided for in the Articles of Association. Extraordinary dividends are not provided for in INDEXO's Articles of Association. INDEXO has not declared dividend payments on net profit since the date of its incorporation.

Where will the Shares be traded?

In the event of a successful Offering the Shares will be traded on the Baltic Main List of Nasdaq Riga. No application has been or will be submitted to trading of the Shares on any other stock exchange. Trading with INDEXO Shares on Nasdaq Riga is expected on or about 15 July 2022.

What are the key risks that are specific to the securities?

Share price and share liquidity risk. Nasdaq Riga is considerably less liquid and considerably more volatile compared to other established securities markets with a longer history. The fairly small market capitalisation and low liquidity of Nasdaq Riga may impair the ability of Shareholders to sell the Shares on Nasdaq Riga, or could increase the volatility of the price of the Shares as the impact of individual transactions may be significant with respect to the market price of the Shares.

Cancellation of Offering and undersubscription. There can be no assurances by INDEXO that the Offering will be successful and that the investors will receive the Offer Shares they subscribe for. INDEXO is entitled to cancel the Offering.

Risk of share value dilution. The proportion of shareholding held by the shareholders in INDEXO may be diluted if the share capital of INDEXO is increased and new Shares are issued in the future. Future equity offerings may also be conducted below market value and INDEXO may decide to offer shares at a discount to the prevailing market price. A future equity offering could also depress the market value of the Shares.

Risks related to ability to pay dividends. There is no assurance that INDEXO will distribute dividends in the future. INDEXO's ability to pay dividends may be limited by corporate law and restrictions contained in its financial arrangements. The Management Board's recommendations for distribution of profit will depend on the Company's existing and future financial condition, results of operations, capital requirements, liquidity needs and other matters that it may consider relevant from time to time.

1.1.4 Information on the offer of securities to the public and admission to trading on a regulated market

Under what conditions and timetable can I invest in this security?

The Offering is directed to Existing Shareholders via the Shareholder Offering and to retail investors in Latvia and Estonia via the Retail Offering that do not qualify as Existing Shareholders within the Shareholder Offering.

Trading with INDEXO Shares is expected to commence on Nasdaq Riga on or about 15 July 2022. The Offer Period is the period during which persons who have a right to participate in the Shareholder Offering and Retail Offering may submit Subscription Undertakings for the Shares. The Offer Period commences on 28 June 2022 at 10:00 local time in Latvia and Estonia and terminates on 11 July 2022 at 15:30 local time in Latvia and Estonia unless shortened or extended. The indicative timetable of the Offering is the following:

Start of the Offer Period	28 June 2022
End of the Offer Period	11 July 2022
Announcement of results of the Offering and Allocation	On or about 12 July 2022
Settlement of the Offering	On or about 14 July 2022
First trading day on Nasdaq Riga	On or about 15 July 2022

An investor participating in the Offering may apply for the Offer Shares for the Offer Price only. The minimum investment amount is EUR 14 for which an investor can subscribe for one share. All investors participating in the Offering may submit Subscription Undertakings in Euro only. An investor will bear all costs and fees charged in connection with the submission, cancellation or amendment of a Subscription Undertaking pursuant to the price list of the respective financial institution that is a member of Nasdaq Riga accepting the Subscription Undertaking.

Why is this prospectus being produced?

The key reason for the Offering is to raise capital for establishment of INDEXO Bank. If a subsidiary or related company of INDEXO has not received a license to operate as a crediting institution in Latvia within 24 months after admission to trading of INDEXO's Shares on the Baltic Main List of Nasdaq Riga, the Share Buy-Back Program will be initiated.

1.2. Summary in Latvian (Kopsavilkums)

1.2.1. Ievads un brīdinājumi

Vērtspapīru nosaukums un starptautiskais vērtspapīru identifikācijas numurs (ISIN)

Uzņēmuma (IPAS "Indexo") akcijām ir rezervēts starptautiskais vērtspapīru identifikācijas numurs (ISIN): LV0000101863.

Emitenta identitāte un kontaktinformācija, tai skaitā juridiskās personas identifikators (LEI)

IPAS "Indexo" ir Latvijā dibināta akciju sabiedrība, reģistrēta Komercreģistrā 2017. gada 10. janvārī ar reģistrācijas numuru 40203042988, juridiskā adrese Elizabetes iela 13 - 1A, Rīga, LV-1010. Uzņēmuma e-pasta adrese info@indexo.lv, tālruņa numurs +371 20006088. Juridiskās personas identifikators (LEI) 875500AT8JI5HU41AY20.

Kompetentās iestādes, kas apstiprina prospektu, identitāte un kontaktinformācija

Prospektu kā kompetentā iestāde ir apstiprinājusi Latvijas Finanšu un kapitāla tirgus komisija, adrese Kungu iela 1, Rīga, LV-1050, e-pasts: fktk@fktk.lv, tālruņa numurs: +371 67774800, saskaņā ar Regulu (ES) 2017/1129.

Prospekta apstiprināšanas datums

Šis Prospekts tika apstiprināts 2022. gada 21. jūnijā.

Brīdinājumi

Šis Kopsavilkums ir sagatavots saskaņā ar Regulas 2017/1129 7. pantu un tas uzskatāms par Prospekta ievadu. Jebkurš lēmums ieguldīt vērtspapīros būtu jābalsta uz ieguldītāja vērtējumu par visu prospektu kopumā. Ieguldītājs var zaudēt visu vai daļu no ieguldītā kapitāla. Ja tiesā tiek celta prasība par Prospektā ietverto informāciju, ieguldītājam (prasītājam), atbilstoši valsts tiesībām, pirms tiesvedības sākšanas var būt jāsedz Prospekta tulkošanas izmaksas. Civiltiesiskā atbildība gulstas (attiecas) tikai uz tām personām, kas iesniegušas Kopsavilkumu, tai skaitā veikušas jebkādu tā tulkošanu, bet tikai tad, ja Kopsavilkums ir maldinošs, neprecīzs vai, lasot to kopsakarā ar pārējām Prospekta daļām, nav sniegta pamatinformācija, lai palīdzētu ieguldītājiem apsvērt, vai ieguldīt minētajos vērtspapīros.

1.2.2. Pamatinformācija par Sabiedrību

Kas ir vērtspapīru emitents?

Reģistrācijas vieta, tiesiskā forma, LEI, reģistrācijas jurisdikcija un darbības valsts

INDEXO ir dibināts Latvijā, juridiskā adrese Elizabetes iela 13 - 1A, Rīga, LV-1010, tās LEI numurs ir 875500AT8JI5HU41AY20. INDEXO ir dibināts kā akciju sabiedrība un reģistrēta Latvijas Komercreģistrā ar reģistrācijas numuru 40203042988.

Galvenās darbības jomas

INDEXO darbojas aktīvu pārvaldības tirgū Latvijā saistībā ar pensiju uzkrājumiem un piedalās šādos tirgus segmentos: (1) valsts fondētās pensiju shēmas aktīvu (2. pensiju līmenis) pārvaldība; un (2) privāto pensiju iemaksu (3. pensiju līmenis) pārvaldība. Tādējādi INDEXO galvenokārt darbojas, sniedzot aktīvu pārvaldības pakalpojumus Latvijas pensiju sistēmas ietvaros.

Priekšrocības

Caurskatāmība. INDEXO saviem klientiem nodrošina taisnīgus nosacījumus; atklāj visas netiešās izmaksas; reizi ceturksnī ziņo par aktīvu pārvaldības plāna rezultātiem; tiecas uzlabot finanšu pratību.

Unikāli, vienkārši un saprotami produkti. INDEXO uzskata, ka tam ir labākā klientu līdzekļu pārvaldības stratēģija un tāpēc nodrošina skaidru pārskatu par katra produkta sniegtajām priekšrocībām, nepiedāvājot neskaidras līdzekļu pārvaldības iespējas. No saviem konkurentiem INDEXO atšķiras ar to, ka tā saviem klientiem tieši pasaka, kas nesīs viņiem vislielāko labumu.

Tendenču noteicējs. Līdz ar INDEXO ienākšanu tirgū ir būtiski paaugstinājusies finanšu pratība un pieeja labiem produktiem. Kad INDEXO ienāca tirgū kā pirmais zemo izmaksu indeksa fondu pensiju plānu nodrošinātājs, tas aizsāka reālu konkurenci pensiju uzkrājumu pārvaldīšanas tirgū.

Stratēģija

INDEXO stratēģija ir balstīta četros galvenajos pīlāros: (1) pasīvā līdzekļu pārvaldība; (2) aktīva un fokusēta klientu piesaiste; (3) INDEXO zīmols – pozitīvo pārmaiņu aģents; (4) izmaksu un maksājumu caurskatāmība.

Lielākie akcionāri

Šī Prospekta sagatavošanas brīdī INDEXO ir 57 akcionāri. Turpmāk tabulā sniegts INDEXO individuālo akcionāru un patiesā labuma guvēju (fizisko personu) saraksts.

Aldis Paiders	Gints Ozoliņš	Rauls Viktorovs	Kristīne Mūrmane
Aleksandre Davitashvili	Gundars Ruža	Atis Rektiņš	Druvis Mūrmanis
Aleksandrs Kalinovskis	Ieva Jāgere	Renārs Krūgaļaužs	Elmārs Prikšāns
Aleksejs Prokofjevs	Imants Jansons	Sandu Huban	Anna Lokomete
Alfs Janevics	Jānis Austriņš	Alexander Kuznetsov	Jānis Buks
Edvīns Tankelsons	Jānis Rozenbergs	Kārlis Kiršteins	Henrik Karmo
Andrey Maltsev	Jonas Izirkevicius	Aigars Kesenfelds	Deniss Kairāns
Artūrs Roze	Kaspars Feldmanis	Mārtiņš Baumanis	Valdis Lejnieks
Valdis Karols	Lauris Stefans Lambergs	Marks Edidovičs	Kārlis Lejnieks
Indrek Gusev	Aivaras Abromavičus	Jekaterina Nikuļina	Valdis Siksnis
Roberts Bušs	Mārcis Martinsons	Svens Dinsdorfs	Tīna Kukka
Otto Tamme	Ain Lausmaa	Ilze Jaunarāja	Valdis Turlais
Elmārs Gengers	Enn Parel	Spodra Garkāne	Valdis Vancovičs
Erik Alf Wigertz	Peter Elam Hakansson	Roberts Stuģis	
Filips Klāvs Kļaviņš	Raimonds Slaidiņš	Toms Kreicbergs	

Lielākais INDEXO akcionārs ir SIA DVH, reģ. Nr. 50203040781, kuram pieder aptuveni 22.31% INDEXO akcijas. SIA "DVH" patiesā labuma guvēji ir Valdis Siksnis un Henrik Karmo.

INDEXO un lielākais akcionārs SIA DVH ir noslēguši Akcionāru līgumu, kuram ir pievienojušies INDEXO akcionāri.

Akcionāru līguma mērķis ir noteikt INDEXO kopējo darbības un vadības stratēģiju, kā arī INDEXO uzņēmējdarbības pamatprincipus nolūkā sekmēt labu un atbilstošu INDEXO pārvaldību un veicināt INDEXO uzņēmējdarbības attīstību saskaņā ar spēkā esošajiem normatīvajiem aktiem.

Saskaņā ar Akcionāru līgumu attiecībā uz INDEXO, līgums zaudē spēku ar brīdi, kad tiks uzsākta Akciju tirdzniecība Nasdaq Riga.

Galvenie rīkotājdirektori

Tabulā norādīta informācija par Sabiedrības galveno korporatīvās pārvaldības institūciju dalībniekiem šī prospekta sagatavošanas brīdī.

Vārds	Amats	Iecelšanas datums	Pilnvaru termiņa izbeigšanās datums
Padome			
Valdis Vancovičs	Padomes priekšsēdētājs	2022.g. 14.jūnijs	2027.g. 13.jūnijs
Svens Dinsdorfs	Padomes priekšsēdētāja vietnieks	2022.g. 14.jūnijs	2027.g. 13.jūnijs

Renāts Lokomets	Padomes loceklis	2022.g. 14.jūnijs	2027.g. 13.jūnijs
Toms Kreicbergs	Padomes loceklis	2022.g. 14.jūnijs	2027.g. 13.jūnijs
Tīna Kukka	Padomes locekle	2022.g. 14.jūnijs	2027.g. 13.jūnijs
Valde			
Valdis Siksnis	Valdes priekšsēdētājs	2022.g. 25.aprīlis	2027.g. 24.aprīlis
Henrik Karmo	Valdes loceklis	2018.g. 16.augusts	2023.g. 15.augusts
Ieva Margeviča	Valdes locekle	2022.g. 1.jūnijs	2027.g. 31.maijs
Revīzijas komiteja			
Svens Dinsdorfs	Revīzijas komitejas loceklis	2022.g. 24.marts	2027.g. 23.marts
Renāts Lokomets	Revīzijas komitejas loceklis	2022.g. 24.marts	2027.g. 23.marts
Ieva Jāgere	Revīzijas komitejas locekle	2022.g. 24.marts	2027.g. 23.marts
Galvenie vadītāji			
Artūrs Roze	Finanšu vadītājs	2021	-
Līga Katrīna Kļaviņa	Vecākā darbības risku vadītāja	2021	-
Mārtiņš Strautiņš	Vecākais līdzekļu pārvaldnieks	2021	-

Zvērinātie revidenti

SIA KPMG Baltics, reģistrācijas numurs: 40003235171, juridiskā adrese: Vesetas iela 7, Rīga, LV-1013, Latvija bija INDEXO revidents pārskata periodos no 10.01.2017. līdz 31.12.2019.

SIA PricewaterhouseCoopers, reģistrācijas numurs: 40003142793, juridiskā adrese: Kr. Valdemāra iela 21-21, Rīga, LV-1010, Latvija bija INDEXO revidents pārskata periodos no 01.01.2020. līdz 31.12.2021.

Kāda ir emitenta finanšu pamatinformācija?

Prospektam ir pievienoti revidētie finanšu pārskati. Revidētie finanšu pārskati ir sagatavoti saskaņā ar Starptautiskajiem grāmatvedības standartiem, kurus izdevusi Starptautiskā grāmatvedības standartu padome, Starptautiskajiem finanšu pārskatu standartiem un SFPS interpretāciju komitejas standartu interpretācijām, kurus apstiprinājusi Eiropas Savienība. Sākot no gada, kas beidzās 2021.gada 31.decembrī INDEXO sāka gatavot konsolidētos finanšu pārskatus, jo darbību uzsāka un 3. pensiju līmeņa produktus klientiem sāka piedāvāt meitas uzņēmums AS "Indexo Atklātais Pensiju Fonds". INDEXO izdevās būtiski, par 64,7%, palielināt gada ienākumus no maksājumiem – uz 1,6 miljoniem EUR 2021. gada 31. decembrī salīdzinājumā ar 972 tūkstošiem EUR 2020. gada 31. decembrī.

Konsolidētais un atsevišķais visaptverošo ienākumu pārskats

				Par gadu, kas beidzās 31. decembrī	
	2019	**2020**	**2021**	**2020**	**2021**
	Atsevišķi	**Atsevišķi**	**Atsevišķi**	**Konsolidēti**	**Konsolidēti**
Komisijas ienākumi	583,474	972,467	1,598,445	972,467	1,602,021
Pārējie ienākumi	1,984	-	-	-	-
Administratīvie izdevumi	(1,232,458)	(979,002)	(1,372,791)	(1,007,218)	(1,581,787)
Procentu izdevumi	(643)	(643)	(1,386)	(643)	(1,386)
Citas saimnieciskās darbības izmaksas	(6,259)	(3,557)	(3,557)	(3,557)	(9,947)
Peļņa/(zaudējumi) pirms uzņēmuma ienākuma nodokļa	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**
Gada peļņa/(zaudējumi)	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**

Uz akcionāriem attiecināmā gada kopējā visaptverošā peļņa/(zaudējumi)	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**

Atlasītais finanšu stāvokļa informācijas konsolidētais un atsevišķais pārskats

Aktīvi				**Par gadu, kas beidzās 31.decembrī**	
	2019	**2020**	**2021**	**2020**	**2021**
	Atsevišķi	**Atsevišķi**	**Atsevišķi**	**Konsolidēti**	**Konsolidēti**
Aktīvi kopā	1,092,239	1,820,288	2,199,871	1,793,153	2,041,656
Pašu kapitāls kopā	855,152	1,673,579	1,894,290	1,645,362	1,654,263
Pašu kapitāls un saistības kopā	1,092,239	1,820,288	2,199,871	1,793,153	2,041,656

Konsolidētais un atsevišķais naudas plūsmas informācijas pārskats

				Par gadu, kas beidzās 31. decembrī	
	2019	**2020**	**2021**	**2020**	**2021**
	Atsevišķi	**Atsevišķi**	**Atsevišķi**	**Konsolidēti**	**Konsolidēti**
Saimnieciskās darbības naudas plūsma					
Peļņa/(zaudējumi) pirms uzņēmuma ienākuma nodokļa	(653,902)	(10,735)	220,711	(38,951)	8,901
Pamatlīdzekļu nolietojums un lietošanas tiesību aktīva amortizācija	15,350	17,450	17,803	17,450	28,662
Līgumu noslēgšanas izmaksu amortizācija	-	19,949	65,977	19,949	65,977
Procentu izdevumi	643	643	1,386	643	1,386
Pamatlīdzekļu izslēgšanas zaudējumi	290	-	-	-	-
Akciju maksājumu izdevumi	5,436	-	-	-	-
Saimnieciskās darbības naudas un tās ekvivalentu (samazinājums)/ palielinājums pirms izmaiņām aktīvos un saistībās	**(632,183)**	**27,307**	**305,877**	**(909)**	**104,926**
Debitoru parādu, priekšapmaksas un citu aktīvu pieaugums	(35,291)	(393,947)	(348,542)	(311,321)	(400,266)
Rezervju (palielinājums)/samazinājums	71,941	-	-	-	-
Uzkrāto saistību palielinājums/(samazinājums)	30,265	(88,672)	51,811	(88,672)	60,419
Parādu piegādātājiem un citu saistību palielinājums/(samazinājums)	11,690	(7,871)	82,429	567	154,548
Saimnieciskās darbības naudas un tās ekvivalentu palielinājums/(samazinājums)	**(553,578)**	**(463,183)**	**91,575**	**(400,335)**	**(80,373)**
Ieguldījumu darbības naudas plūsma					
Pamatlīdzekļu iegādes	(18,668)	(1,525)	(7,836)	(67,596)	(60,737)
Ieguldījumi meitas uzņēmumos	-	(400,000)	(200,000)	-	-
Citi vērtspapīri un ieguldījumi		-	(11,663)		(11,663)
Ieguldījumu darbības naudas un tās ekvivalentu samazinājums	**(18,668)**	**(401,525)**	**(219,499)**	**(67,596)**	**(72,400)**
Finansēšanas darbības naudas plūsmas					
Akciju emisija	-	829,162	-	829,162	-
Nomas maksājumi	-	(13,807)	(13,429)	(13,897)	(13,429)
Procenti par nomu		(643)	(1,386)	(643)	(1,386)
Finansēšanas darbības naudas un tās ekvivalentu (samazinājums)/palielinājums	**-**	**814,712**	**(14,815)**	**814,712**	**(14,815)**
Naudas un tās ekvivalentu (samazinājums)/palielinājums	**(572,246)**	**(42,638)**	**(142,739)**	**346,781**	**(167,588)**
Nauda un tās ekvivalenti pārskata gada sākumā	1,555,894	983,648	941,010	983,648	1,330,429
Nauda un tās ekvivalenti pārskata gada beigās	**983,648**	**941,010**	**798,271**	**1,330,429**	**1,162,841**

Kādi ir emitentam raksturīgie būtiskākie riski?

Nepārvaramas varas risks. Nepārvaramās varas risks saistās ar notikumiem/situācijām, kas ir ārpus INDEXO grupas pamatotas kontroles, un tādējādi ietekmē INDEXO grupas uzņēmumus un darbību veidā, kas nav prognozējams. Pēdējos gados un līdz pat šim brīdim potenciālus riskus INDEXO grupas mārketinga un pārdošanas stratēģijai rada Covid-19 pandēmija un ģeopolitiskie saspīlējumi.

Tirgus risks. Tirgus risks ir iespējama zaudējumu rašanās no pārvaldāmo aktīvu vērtības pārvērtēšanas finanšu instrumentu, patēriņa preču un to atvasinājumu tirgus cenas izmaiņu rezultātā, kuras savukārt radījušas izmaiņas ārvalstu valūtu maiņas likmēs un procentu likmēs, kā arī citi faktori. INDEXO nav vērtspapīru portfeļu vai citu aktīvu, kurus varētu ietekmēt tirgus risks, izņemot pārvaldībā esošos aktīvus INDEXO pārvaldīto pensiju plānu ietvaros. Tomēr saskaņā ar pasīvās pārvaldības filozofiju, kas prospektā aprakstīta pie katra pensiju plāna, INDEXO aktīvi neiejaucas plāna portfelī tirgus riska apsvērumu dēļ.

Saimnieciskās darbības riski. INDEXO Grupu var ietekmēt saimnieciskās darbības riski, kas var rasties nepietiekami izpildītu vai nerealizētu iekšējo procesu, iesaistīto cilvēku neatbilstoši veiktu iekšējo procesu, nepietiekamu vai nefunkcionējošu sistēmu vai ārējo apstākļu rezultātā, tostarp juridisko risku rezultātā. Riska faktoru rezultātā var rasties normatīvo aktu prasību pārkāpumi, nepareizi līdzekļu pārvaldības plānu vērtību aprēķini, saistību pret trešajām personām pārkāpumi, īslaicīga pakalpojumu tehniska nepieejamība, esošo vai potenciālo klientu zaudējums, dažādi IT/kiberdrošības/datu aizsardzības riski, kaitējums reputācijai vai īslaicīgs uzņēmējdarbības nepārtrauktības pārtraukums.

Ar ārpakalpojumiem/trešajām personām – pakalpojumu sniedzējiem saistītie riski. Savā uzņēmējdarbībā INDEXO grupa daļēji ir balstīta uz trešo personu – pakalpojumu sniedzēju sniegtajiem pakalpojumiem, produktiem un zināšanām. Piemēram, INDEXO grupa izmanto ārpakalpojumu, lai nodrošinātu savas grāmatvedības un iekšējā audita funkcijas. Tāpat arī INDEXO grupa paļaujas uz trešajām personām – pakalpojumu sniedzējiem saistībā ar savām IT sistēmām, tostarp ārpakalpojumu INDEXO grupas IT sistēmu darbības nodrošināšanai. Tādējādi INDEXO grupa ir būtiski atkarīga no šīm trešajām personām ne tikai savlaicīgu un augstas kvalitātes pakalpojumu nodrošināšanā, bet arī spēkā esošo normatīvo aktu prasību ievērošanā un savu trešajām personām – pakalpojumu sniedzējiem noteikto ētiskas uzņēmējdarbības principu ievērošanā.

Ar IT/kiberdrošību/datu aizsardzības pārkāpšanu saistītie riska faktori. Tāpat kā citi finanšu pakalpojumu sniedzēji arī INDEXO Grupa pagātnē bijusi un nākotnē var kļūt par kibernoziegumu vai citu ārēju vai iekšēju krāpniecisku darbību mērķi. Jebkurš no šiem riska faktoriem var būtiski negatīvi ietekmēt INDEXO Grupas reputāciju, pakļaut INDEXO finanšu riskiem, piemēram, pārvaldāmo aktīvu samazinājumam, soda naudām, sodiem un atbildību iespējamas tiesvedības ietvaros, papildu izdevumiem sistēmu atjaunošanai, kā arī esošo vai potenciālo klientu zaudējumam. INDEXO Grupa var arī zaudēt svarīgu konfidenciālu iekšējo informāciju.

Regulatīvo (atbilstības) prasību un likumdošanas izmaiņu riski. INDEXO darbība ir pakļauta vietējiem nacionālajiem un Eiropas Savienības normatīvajiem aktiem, kā arī Finanšu un kapitāla tirgus komisijas un Eiropas Vērtspapīru un tirgus iestādes (*ESMA*) vadlīnijām un rekomendācijām. Spēkā esošā normatīvā regulējuma neievērošana var radīt INDEXO Grupai soda naudu un citu soda veidu piemērošanas risku, kam var būt būtiska negatīva ietekme uz INDEXO grupas reputāciju, uzņēmējdarbību, finanšu stāvokli un darbības rezultātiem.

Ar galvenajām stratēģijām saistītie riski. Ieguldījumu pārvaldes uzņēmuma turpmāko attīstību var ietekmēt makroekonomiskie riski, konkurences risks pensiju pārvaldības segmentā, un riska faktori, kas saistīti ar neveiksmīgu jaunu produktu un pakalpojumu izveidi. Bankas darbības licences saņemšanu un INDEXO Bankas dibināšanu galvenokārt var ietekmēt nepieciešamo finanšu resursu nepietiekamība, kam par iemeslu būtu potenciālo ieguldītāju nepietiekama interese sākotnējā publiskā piedāvājuma ietvaros, kā arī nespēja pilnībā izpildīt visas likumā noteiktās prasības regulatora apstiprinājuma saņemšanai.

Ar INDEXO Grupas reputāciju un zīmola atpazīstamību saistītie riska faktori. Reputācija ir viens no visbūtiskākajiem aktīviem saistībā ar INDEXO Grupas attiecībām ar klientiem. INDEXO Grupas darbības jomā klientu uzticība un paļāvība, kā arī integritāte ir vissvarīgākais. Turklāt INDEXO Grupa ir izveidojusi atpazīstamu un spēcīgu zīmolu. INDEXO Grupas klientu sūdzības vai jebkāda veida negatīva publicitāte saistībā ar pakalpojumiem, darbinieku darba apstākļiem, klientu datu saglabāšanu un drošības pasākumiem, kas pieejama plašākai sabiedrības daļai, var būtiski negatīvi ietekmēt INDEXO Grupas uzņēmējdarbību, finansiālo stāvokli un darbības rezultātus.

Likviditātes risks. Likviditātes risks ir saistīts ar INDEXO Grupas spēju laikus izpildīt savas līgumiskās saistības, neradot būtiskus zaudējumus un nespēju reaģēt uz neplānotām izmaiņām uzņēmuma resursos un/vai tirgus situācijā likvīdu aktīvu nepietiekamības dēļ. Jebkāds neplānots notikums vai apstākļi var negatīvi ietekmēt INDEXO Grupas uzņēmumus, to darbības rezultātus un finanšu stāvokli.

Sadarbības partneru kredītrisks. Kredītrisks ir saistīts ar zaudējumu rašanās iespēju, ja parādnieks nepilda savas noteiktās līgumsaistības. INDEXO Grupai kredītrisks rodas saistībā ar debitoru parādiem, naudu un tās ekvivalentiem un citiem ieguldījumiem. INDEXO Grupas aktīvi glabājas Latvijas kredītiestādēs, kuras uzskatāmas par INDEXO Grupas sadarbības partneriem.

Ārvalstu valūtu riski. INDEXO Grupa nav pakļauta tiešiem valūtas riskiem, kas varētu rasties no dažādu valūtu konvertācijas likmju svārstībām. INDEXO Grupai nav posteņu ārvalstu valūtās un tuvākajā nākotnē tādi netiek plānoti, izņemot pārvaldāmos līdzekļus INDEXO pārvaldīto pensiju plānu ietvaros. INDEXO pārvaldītajos pensiju plānos pārvaldāmie līdzekļi tiek ieguldīti indeksu fondos, no kuriem daudzi tālāk iegulda dažādos valūtu aktīvos, tādējādi pārvaldīto līdzekļu vērtība pensiju plānu ietvaros ir būtiski pakļauta netiešam ārvalstu valūtas riskam. Tomēr saskaņā ar pasīvās pārvaldības filozofiju, kas aprakstīta plāna prospektā, tā neparedz aktīvu iejaukšanos plāna portfeļa sastāvā valūtu riska dēļ.

1.1.3. Informācija par vērtspapīriem

Kādas ir vērtspapīru galvenās iezīmes?

Veids, kategorija un ISIN

Visas INDEXO Akcijas (tostarp Piedāvājuma akcijas) ir dematerializētas uzrādītāja akcijas ar nominālvērtību 1 EUR. Pēc šī Prospekta apstiprināšanas, bet pirms Piedāvājuma perioda sākuma, Akcijas tiks reģistrētas Nasdaq CSD ar rezervētu ISIN LV0000101863 un tiks glabātas dematerializētā formā. Nav izsniegtas un netiks izsniegtas nekādas akciju apliecības.

Emitēto akciju valūta, paritāte, nominālvērtība un skaits un to termiņš

Šī Prospekta sagatavošanas datumā INDEXO Akciju skaits ir **3,033,511**. Piedāvājuma akciju skaits nepārsniedz 535 000. Tāpēc INDEXO Akciju skaits pēc veiksmīgas pamatkapitāla palielinājuma reģistrācijas būs ne vairāk kā 3 568 511, tomēr ar nosacījumu, ka Piedāvājuma akciju skaits atbilstoši noteikumiem un nosacījumiem netiek mainīts. Tāpēc tieši pirms Piedāvājuma pastāvošais INDEXO akciju turējums Piedāvājuma rezultātā tiks mazināts par ne vairāk kā 15%. Akciju valūta ir eiro un tām noteicošie ir Latvijas likumi, kā arī Piedāvājuma valūta būs eiro. Visas esošās Akcijas nodrošina akcionāriem vienādas tiesības (tostarp arī viena akcija – viena balss).

No vērtspapīriem izrietošās tiesības

Attieksme pret visiem Sabiedrības akcionāriem ir vienlīdzīga. Katra INDEXO Akcija piešķir savam īpašniekam vienādas tiesības uz INDEXO aktīviem un peļņu. INDEXO likvidācijas gadījumā akcionāriem ir tiesības uz daļu no aktīvu atlikuma proporcionāli viņiem piederošajām Akcijām (likvidācijas kvota). Katra Akcija dod šādas tiesības: (1) tiesības rīkoties ar akcijām; (2) tiesības saņemt dividendes; (3) tiesības balsot; (4) tiesības piedalīties Akcionāru kopsapulcē; (5) tiesības saņemt likvidācijas kvotu; (6) pirmpirkuma tiesības; (7) tiesības saņemt informāciju.

Akciju pakārtotība emitenta kapitāla struktūrā maksātnespējas gadījumā

Akcijām nepiemīt nekādas īpašas tiesības piedalīties sadalē (tostarp likvidācijas gadījumā) papildus tiesībām, kuras pastāv Latvijas Maksātnespējas likuma ietvaros, kas nosaka, ka atlikušie INDEXO līdzekļi pēc INDEXO maksātnespējas procesa izmaksu segšanas un kreditoru prasījumu apmierināšanas tiek sadalīti Uzņēmuma akcionāru starpā proporcionāli viņiem piederošo akciju skaitam.

Akciju brīvas atsavināšanas ierobežojumi

Akciju atsavināšana netiek piemēroti nekādi īpaši ierobežojumi, nedz saskaņā ar Latvijas normatīvajiem aktiem, nedz uz Statūtu pamata.

Dividenžu politika

2022. gada 24. martā Akcionāru kopsapulce apstiprināja INDEXO Dividenžu politiku. Dividendes akcionāriem izmaksā proporcionāli attiecīgajam akcionāram piederošo INDEXO akciju skaitam. Dividendes aprēķina un izmaksā tikai par pilnībā apmaksātām akcijām. Dividendes izmaksā naudā, ar bankas pārskaitījumu uz akcionāra norādītajiem kontiem samaksas dienā. Ikgadējās dividendes var izmaksāt reizi gadā atbilstoši maksājumu grafikam, pēc Akcionāru kopsapulces, kurā apstiprina iepriekšējā finanšu gada pārskatu. Saskaņā ar Latvijas likumiem ārkārtas dividendes izmaksājamas tikai, ja tās paredzētas uzņēmuma statūtos. INDEXO Statūtos ārkārtas dividendes nav noteiktas. Kopš sava dibināšanas brīža INDEXO nav paziņojis par dividenžu izmaksu no tīrās peļņas.

Kur tiks tirgotas Akcijas?

Veiksmīga Piedāvājuma gadījumā Akcijas tiks tirgotas Nasdaq Riga Baltijas Oficiālajā sarakstā. Par Akciju tirdzniecību nav iesniegts un netiks iesniegts pieteikums nevienā citā biržā. Tirdzniecība ar INDEXO Akcijām Nasdaq Riga paredzēta aptuveni 2022. gada 15. jūlijā.

Kādi ir galvenie ar vērtspapīriem saistītie riski?

Akciju cenas un akciju likviditātes risks. Salīdzinājumā ar citiem vērtspapīru tirgiem ar ilgāku pastāvēšanas vēsturi Nasdaq Riga ir ievērojami mazāk likvīda un būtiski nepastāvīgāka. Nasdaq Riga salīdzinoši nelielā tirgus kapitalizācija un zemā likviditāte var ietekmēt akcionāru iespējas pārdot Akcijas Nasdaq Riga vai palielināt Akciju cenas nepastāvību, jo atsevišķo darījumu ietekme var izrādīties būtiska attiecībā uz Akciju tirgus cenu.

Piedāvājuma anulēšana un parakstīšanas atsaukšana. INDEXO nesniedz nekādas garantijas, ka Piedāvājums būs veiksmīgs un ka ieguldītāji saņems Piedāvājuma akcijas, uz kurām tie parakstījušies. INDEXO ir tiesības anulēt Piedāvājumu.

Akciju vērtības pazeminināšanās risks. INDEXO akcionāriem piederošo akciju proporcija var mazināties, ja nākotnē tiek palielināts INDEXO pamatkapitāls un tiek emitētas jaunas Akcijas. Nākotnes līdzdalības piedāvājumi var arī būt ar vērtību, kas zemāka par tirgus vērtību un INDEXO var lemt par akciju piedāvājumu ar atlaidi pret spēkā esošo tirgus cenu. Tāpat arī nākotnes līdzdalības piedāvājums var samazināt Akciju tirgus vērtību.

Riski saistībā ar dividenžu izmaksas spēju. Nepastāv nekādas garantijas, ka INDEXO nākotnē izmaksās dividendes. INDEXO spēju izmaksāt dividendes var ierobežot korporatīvās tiesības un tās finanšu darījumos noteiktie ierobežojumi. Valdes rekomendācijas peļņas sadalei būs atkarīgas no Uzņēmuma pašreizējā un nākotnes finanšu stāvokļa, darbības rezultātiem, kapitāla nepieciešamības, likviditātes vajadzībām un citiem aspektiem, kurus tā jebkurā laikā var uzskatīt par vērā ņemamiem.

1.2.3. Informācija par vērtspapīru publisku piedāvājumu un tirdzniecības atļaušanu regulētā tirgū

Ar kādiem nosacījumiem un kādā termiņā es varu ieguldīt šajā vērtspapīrā?

Piedāvājuma mērķauditorija ir Esošie akcionāri Akcionāru piedāvājuma ietvaros un mazumtirdzniecības ieguldītāji Latvijā un Igaunijā Mazumtirdzniecības piedāvājuma ietvaros, kuri nekvalificējas kā Esošie akcionāri Akcionāru piedāvājuma ietvaros.

Plānots, ka INDEXO Akciju tirdzniecība tiks uzsākta Nasdaq Riga aptuveni 2022. gada 15. jūlijā. Piedāvājuma periods ir laika periods, kurā personas, kurām ir tiesības piedalīties Akcionāru piedāvājumā un Mazumtirdzniecības piedāvājumā var iesniegt Akciju Parakstīšanas pieteikumu. Piedāvājuma periods sākas 2022. gada 28. jūnijā pulksten 10:00 pēc Latvijas un Igaunijas vietējā laika un beidzas 2022. gada 11. jūlijā pulksten 15:30 pēc Latvijas un Igaunijas vietējā laika, ja netiek saīsināts vai pagarināts. Piedāvājuma indikatīvais laika grafiks ir šāds:

Piedāvājuma perioda sākums	2022. gada 28. jūnijs
Piedāvājuma perioda beigas	2022. gada 11. jūlijs
Piedāvājuma rezultātu paziņojums un piešķiršana	Aptuveni 2022. gada 12. jūlijs
Piedāvājuma noslēgšana	Aptuveni 2022. gada 14. jūlijs
Pirmā tirdzniecības diena Nasdaq Riga	Aptuveni 2022. gada 15. jūlijs

Ieguldītājs, kas piedalās Piedāvājumā var pieteikties uz Piedāvājuma akcijām tikai par Piedāvājuma cenu. Minimālā ieguldījuma summa ir 14 EUR, par kuru ieguldītājs var parakstīties uz vienu Akciju. Ieguldītāji, kas piedalās Piedāvājumā iesniedz Parakstīšanas pieteikumu tikai un vienīgi eiro. Ieguldītājs sedz visas izmaksas un maksājumus saistībā ar Parakstīšanas pieteikuma iesniegšanu, anulēšanu vai grozīšanu atbilstoši attiecīgās Parakstīšanas pieteikumu pieņemošās finanšu institūcijas, kura ir Nasdaq Riga biedrs, cenrādim.

Kāpēc tiek veidots šis Prospekts?

Piedāvājuma galvenais iemesls ir nodrošināt kapitālu INDEXO bankas dibināšanai. Ja INDEXO meitas uzņēmums vai saistītais uzņēmums nesaņems kredītiestādes darbības licenci darbībai Latvijā 24 mēnešu laikā pēc tirdzniecības uzsākšanas ar INDEXO akcijām Nasdaq Riga Baltijas Oficiālajā sarakstā, tiks uzsākta Akciju atpirkšanas programma.

1.3. Summary in Estonian (Kokkuvõte eesti keeles)

1.3.1. Sissejuhatus ja hoiatused

Väärtpaberite nimi ja rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN)

INDEXO aktsiale on reserveeritud rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN): LV0000101863.

Emitendi nimi ja kontaktandmed, sh tema juriidilise isiku tunnus (LEI)

IPAS „Indexo“ on Lätis asutatud aktsiaselts (*akciju sabiedrība*), mis on kantud äriregistrisse 10. jaanuaril 2017 registrikoodiga 40203042988 ja registreeritud aadressiga Elizabetes tänav 13–1A, Riia, LV-1010. Ettevõtte e-posti aadress on info@indexo.lv ja telefoninumber on +371 20006088. Selle juriidilise isiku tunnus (LEI) on 875500AT8JI5HU41AY20.

Prospekti kinnitanud pädeva asutuse nimi ja kontaktandmed

Käesoleva Prospekti on heaks kiitnud Läti finants- ja kapitaliturgude komisjon kui pädev asutus, mille aadress on Kungu iela 1, Riia, LV-1050, e-posti aadress: fktk@fktk.lv, telefoninumber: +371 67774800, määruse (EL) 2017/1129 kohaselt.

Prospekti kinnitamise kuupäev

Käesolev prospekt kinnitati 21. juunil 2022.

Hoiatused

Kokkuvõte koostati määruse (EL) 2017/1129 artikli 7 kohaselt ning seda tuleks lugeda kui prospekti sissejuhatust. Investori otsus väärtpaberitesse investeerimise kohta peaks põhinema prospekti kui terviku kaalumisel. Investor võib kaotada kogu investeeritud kapitali või osa sellest. Kui kohtule esitatakse prospektis sisalduva teabega seonduv nõue, võib hagejast investoril tekkida siseriikliku õiguse alusel kohustus kanda enne kohtumenetluse algatamist prospekti tõlkimise kulud. Käesoleva Kokkuvõttega seoses kohaldatakse tsiviilvastutust vaid nende isikute suhtes, kes koostasid kokkuvõtte, sh selle mis tahes tõlke, kuid ainult juhul, kui kokkuvõte on eksitav, ebatäpne või prospekti muude osadega koos loetuna vastuolus või ei anna koos prospekti teiste osadega lugedes põhiteavet, mis aitaks investoritel otsustada nimetatud väärtpaberitesse investeerimise üle.Põhiteave Ettevõtte kohta.

Kes on väärtpaberite emitent?

Asukoht, õiguslik vorm, LEI, asutamise jurisdiktsioon ja sihtriik

INDEXO on asutatud Lätis registreeritud aadressiga Elizabetes tänav 13–1A, Riia, LV-1010, ning selle LEI number on 875500AT8JI5HU41AY20. INDEXO on asutatud ja registreeritud kui aktsiaselts (*akciju sabiedrība*) ning kantud Läti äriregistrisse registrikoodiga 40203042988.

Põhitegevusalad

INDEXO tegutseb Läti varahaldusturul seoses pensionisäästude haldamisega ning järgmistes turusegmentides: 1) riiklikult rahastatavate pensioniskeemide varade haldamine (II pensionisammas); ja 2) erapensionifondide varade haldamine (III pensionisammas). Seega tegutseb INDEXO peamiselt varahaldusteenuste osutamisega Läti pensionisüsteemis.

Tugevad küljed

Läbipaistvus. INDEXO pakub klientidele õiglaseid tingimusi; avalikustab kõik kaudsed kulud; esitab kord kvartalis aruanded varahalduskava tulemuste kohta; püüab suurendada finantskirjaoskust.

Unikaalsed, lihtsad ja arusaadavad tooted. INDEXO usub, et tal on parim strateegia oma klientide fondide haldamiseks ja seetõttu annab selge ülevaate iga toote eelistest, ilma et ta pakuks ebaselgeid varahaldusvariante. INDEXO erineb konkurentidest tänu otsekohesele suhtlemisele klientidega selle kohta, mis on neile kõige kasulikum.

Suunaseadja roll. INDEXO turule sisenemise tulemusena on finantskirjaoskus ja juurdepääs headele toodetele oluliselt suurenenud. Kui INDEXO tuli turule esimese madalate tasudega indeksfondide pensioniskeemide pakkujana, käivitas ta tõelise konkurentsi pensionisäästude haldamise turul.

Strateegia

INDEXO strateegia põhineb neljal põhisambal: 1) passiivne varahaldus; 2) aktiivne ja sihipärane kliendihaldus; 3) INDEXO kaubamärk – positiivsete muutuste vahendaja; 4) kulude ja tasude läbipaistvus.

Peamised aktsionärid

Käesoleva prospekti kuupäeva seisuga on INDEXO-l 50 aktsionäri. INDEXO üksikisikust aktsionäride ja tegelike kasusaajate (eraisikud) nimekiri on esitatud alljärgnevas tabelis.

Aldis Paiders	Gints Ozoliņš	Rauls Viktorovs	Kristīne Mūrmane
Aleksandre Davitashvili	Gundars Ruža	Atis Rektiņš	Druvis Mūrmanis
Aleksandrs Kalinovskis	Ieva Jāgere	Renārs Krūgaļaužs	Elmārs Prikšāns
Aleksejs Prokofjevs	Imants Jansons	Sandu Huban	Anna Lokomete
Alfs Janevics	Jānis Austriņš	Alexander Kuznetsov	Jānis Buks
Edvīns Tankelsons	Jānis Rozenbergs	Kārlis Kiršteins	Henrik Karmo
Andrey Maltsev	Jonas Izirkevicius	Aigars Kesenfelds	Deniss Kairāns
Artūrs Roze	Kaspars Feldmanis	Mārtiņš Baumanis	Valdis Lejnieks
Valdis Karols	Lauris Stefans Lambergs	Marks Edidovičs	Kārlis Lejnieks
Indrek Gusev	Aivaras Abromavičus	Jekaterina Nikuļina	Valdis Siksnis
Roberts Bušs	Mārcis Martinsons	Svens Dinsdorfs	Tīna Kukka
Otto Tamme	Ain Lausmaa	Ilze Jaunarāja	Valdis Turlais
Elmārs Gengers	Enn Parel	Spodra Garkāne	Valdis Vancovičs
Erik Alf Wigertz	Peter Elam Hakansson	Roberts Stuģis	
Filips Klāvs Kļaviņš	Raimonds Slaidiņš	Toms Kreicbergs	

INDEXO suurim aktsionär on SIA DVH, registrikood 50203040781, millele kuulub ligikaudu 22,31% INDEXO aktsiatest. SIA "DVH“ tegelikud kasusaajad on Valdis Siksnis ja Henrik Karmo.

INDEXO ja suurim aktsionär SIA DVH on sõlminud aktsionäride lepingu, millega on ühinenud kõik teised INDEXO aktsionärid.

Aktsionäride lepingu eesmärk on täpsustada INDEXO üldist äri- ja juhtimisstrateegiat ning INDEXO äritegevuse aluspõhimõtteid eesmärgiga edendada INDEXO head ja nõuetekohast juhtimist ning hõlbustada INDEXO äritegevuse arengut vastavalt kehtivatele seadustele ja eeskirjadele.

Vastavalt INDEXO aktsionäride lepingule muutub nimetatud leping kehtetuks alates aktsiate kauplemisele võtmisest Nasdaq Riia börsil.

Juhtkonna võtmeisikud

Allpool on esitatud andmed ettevõtte peamiste juhtorganite liikmete kohta käesoleva prospekti kuupäeva seisuga.

Nimi	Ametikoht	Ametisse määramise kuupäev	Volituste lõppemise tähtpäev
Nõukogu			
Valdis Vancovičs	Nõukogu esimees	14. juuni 2022	13. juuni 2027
Svens Dinsdorfs	Nõukogu aseesimees	14. juuni 2022	13. juuni 2027
Renāts Lokomets	Nõukogu liige	14. juuni 2022	13. juuni 2027
Toms Kreicbergs	Nõukogu liige	14. juuni 2022	13. juuni 2027
Tīna Kukka	Nõukogu liige	14. juuni 2022	13. juuni 2027a.
Juhatus			
Valdis Siksnis	Juhatuse esimees	25. aprill 2022	24. aprill 2027

Henrik Karmo	Juhatuse liige	16. august 2018	15. august 2023
Ieva Margeviča	Juhatuse liige	1. juuni 2022	31. mai 2027
Auditikomitee			
Svens Dinsdorfs	Auditikomitee liige	24. märts 2022	23. märts 2027
Renāts Lokomets	Auditikomitee liige	24. märts 2022	23. märts 2027
Ieva Jāgere	Auditikomitee liige	24. märts 2022	23. märts 2027
Võtmetöötajad			
Artūrs Roze	Finantsjuht	2021	-
Līga Katrīna Kļaviņa	Operatsiooniriskide kõrgema tasandi juht	2021	-
Mārtiņš Strautiņš	Kõrgema tasandi investeerimisjuht	2021	-

Vannutatud audiitorite andmed

SIA KPMG Baltics, registrikood: 40003235171, juriidiline aadress: Vesetas tänav 7, Riia, LV-1013, Läti oli INDEXO audiitor aruandeperioodil, mis hõlmas ajavahemikku 10. jaanuar 2017 kuni 31. detsember 2019.

PricewaterhouseCoopers SIA, registrikood: 40003142793, juriidiline aadress: Kr. Valdemāra tänav 21–21, Riia, LV-1010, Läti oli INDEXO audiitor aruandeperioodil, mis hõlmas ajavahemikku 1. jaanuar 2020 kuni 31. detsember 2021.

Milline on emitenti puudutav põhiline finantsteave?

Prospektile on lisatud auditeeritud finantsaruanded. Auditeeritud finantsaruanded on koostatud kooskõlas rahvusvaheliste raamatupidamisstandardite nõukogu poolt välja antud rahvusvaheliste raamatupidamisstandardite, rahvusvaheliste finantsaruandlusstandardite ja IFRSi tõlgenduste komitee standarditõlgendustega, nagu need on heaks kiitnud Euroopa Liit. 31. detsembril 2021 lõppenud aastal alustas INDEXO konsolideeritud finantsaruannete koostamist, sest tütarettevõte AS „Indexo Atklātais Pensiju Fonds“ hakkas klientidele pakkuma III pensionisamba tooteid ja alustas tegevust. INDEXO-l õnnestus märkimisväärselt suurendada tasudest saadavat tulu, mille tulemuseks on aastaga 64,7%-line kasv 31. detsembril 2020 lõppenud aasta 972 tuhande euro suurusest summast võrreldes 1,6 miljoni euroga 31. detsembril 2021 lõppenud aastal.

Konsolideeritud ja konsolideerimata koondkasumiaruanne

			31. detsembril lõppenud aasta		
	2019 Konsolideerimata	**2020 Konsolideerimata**	**2021 Konsolideerimata**	**2020 Konsolideeritud**	**2021 Konsolideeritud**
Tulud vahendustasudest	583 474	972 467	1 598 445	972 467	1 602 021
Muud tulud	1 984	-	-	-	-
Halduskulud	(1 232 458)	(979 002)	(1 372 791)	(1 007 218)	(1 581 787)
Intressikulud	(643)	(643)	(1 386)	(643)	(1 386)
Muud tegevuskulud	(6 259)	(3 557)	(3 557)	(3 557)	(9 947)
Kasum/(kahjum) enne ettevõtte tulumaksu tasumist	**(653 902)**	**(10 735)**	**220 711**	**(38 951)**	**8 901**
Aasta kasum/(kahjum)	**(653 902)**	**(10 735)**	**220 711**	**(38 951)**	**8 901**
Aasta koondkasum/(-kahjum) kokku, aktsionäridele omistatav	**(653 902)**	**(10 735)**	**220 711**	**(38 951)**	**8 901**

Valitud konsolideeritud ja konsolideerimata finantsseisundi aruande andmed

Varad	31. detsembril lõppenud aasta				
	2019 Konsolideerimata	**2020 Konsolideerimata**	**2021 Konsolideerimata**	**2020 Konsolideeritud**	**2021 Konsolideeritud**
Varad kokku	1 092 239	1 820 288	2 199 871	1 793 153	2 041 656
Omakapital kokku	855 152	1 673 579	1 894 290	1 645 362	1 654 263

Kohustused ja omakapital kokku	1 092 239	1 820 288	2 199 871	1 793 153	2 041 656

Konsolideeritud ja konsolideerimata rahavoogude aruande andmed

				31. detsembril lõppenud aasta	
	2019	**2020**	**2021**	**2020**	**2021**
	Konsolideerimata	**Konsolideerimata**	**Konsolideerimata**	**Konsolideeritud**	**Konsolideeritud**
Rahavood põhitegevusest					
Kasum/(kahjum) enne ettevõtte tulumaksu tasumist	(653 902)	(10 735)	220 711	(38 951)	8 901
Isikukaitsevahendite ja kasutusõiguse amortisatsioon	15 350	17 450	17 803	17 450	28 662
Lepingute soetamiskulude amortisatsioon	-	19 949	65 977	19 949	65 977
Intressikulud	643	643	1 386	643	1 386
Kahjum mahakantud põhivarast	290	-	-	-	-
Aktsiamaksete kulud	5 436	-	-	-	-
Raha ja raha ekvivalentide (vähenemine)/suurenemine äritegevusest enne varade ja kohustuste muutusi	**(632 183)**	**27 307**	**305 877**	**(909)**	**104 926**
Nõuete, ettemaksete ja muude varade suurenemine	(35 291)	(393 947)	(348 542)	(311 321)	(400 266)
Reservide (suurenemine)/vähenemine	71 941	-	-	-	-
Viitvõlgade suurenemine/(vähenemine)	30 265	(88 672)	51 811	(88 672)	60 419
Tarnijatega seotud võlgade ja muude kohustuste suurenemine/(vähenemine)	11 690	(7 871)	82 429	567	154 548
Raha ja raha ekvivalentide suurenemine/ (vähenemine) äritegevusest	**(553 578)**	**(463 183)**	**91 575**	**(400 335)**	**(80 373)**
Rahavood investeerimistegevusest					
Isikukaitsevahendite ostmine	(18 668)	(1 525)	(7 836)	(67 596)	(60 737)
Investeeringud tütarettevõtetesse	-	(400 000)	(200 000)	-	-
Muud väärtpaberid ja investeeringud		-	(11 663)		(11 663)
Raha ja raha ekvivalentide vähenemine investeerimistegevusest	**(18 668)**	**(401 525)**	**(219 499)**	**(67 596)**	**(72 400)**

Rahavood finantseerimistegevuse st					
Aktsiaemissioon	-	829 162	-	829 162	-
Rendimaksed	-	(13 807)	(13 429)	(13 897)	(13 429)
Rendiintress		(643)	(1 386)	(643)	(1 386)
Raha ja raha ekvivalentide (vähenemine)/ suurenemine finantseerimistegevuse st	**-**	**814 712**	**(14 815)**	**814 712**	**(14 815)**
Raha ja raha ekvivalentide (vähenemine)/ suurenemine	**(572 246)**	**(42 638)**	**(142 739)**	**346 781**	**(167 588)**
Raha ja raha ekvivalendid aruandeaasta alguses	1 555 894	983 648	941 010	983 648	1 330 429
Raha ja raha ekvivalendid aruandeaasta lõpus	**983 648**	**941 010**	**798 271**	**1 330 429**	**1 162 841**

Millised on emitendiga seotud konkreetsed põhiriskid?

Vääramatu jõu risk. Vääramatu jõu risk on seotud sündmuste/olukordadega, mis ei ole INDEXO kontserni mõistliku kontrolli all ja mõjutavad seetõttu INDEXO kontserni äritegevust ja toiminguid ettearvamatul viisil. Viimastel aastatel ja kuni tänaseni on Covid-19 pandeemia ja geopoliitilised pinged potentsiaalsed riskid INDEXO kontserni turundus- ja müügistrateegiale.

Tururisk. Tururisk on võimalus saada kahjumit hallatavate varade ümberhindamisest, mis tuleneb finantsinstrumentide, kaupade ja nende tuletisinstrumentide turuhinna muutustest, mis on tingitud valuutakursside, intressimäärade ja muude tegurite muutustest. INDEXO-l ei ole väärtpaberite või muude varade portfelle, mida võib mõjutada tururisk, välja arvatud hallatavad varad (edaspidi ka AUM) INDEXO hallatavates pensioniplaanides. Vastavalt prospektis kirjeldatud passiivsele juhtimisfilosoofiale iga pensioniplaani kohta ei sekku INDEXO tururiski kaalutluste tõttu aktiivselt plaaniportfelli.

Tegevusriskid. INDEXO kontserni võivad mõjutada tegevusriskid, mis võivad tuleneda ebapiisavatest või ebaõnnestunud sisemistest protsessidest, sisemiste protsesside mittevastavast rakendamisest kaasatud inimeste poolt, ebapiisavatest või ebaõnnestunud süsteemidest või välistest asjaoludest, sealhulgas õiguslikest riskidest. Riskitegurid võivad põhjustada regulatiivsete nõuete rikkumist, varahalduskava väärtuse ebaõiget arvutamist, juriidiliste kohustuste rikkumist kolmandate isikute suhtes, teenuste ajutist tehnilist kättesaamatust, olemasolevate või potentsiaalsete klientide kaotust, mitmesuguseid IT/ küberturvalisuse/andmekaitsega seotud riske, mainekahju või äritegevuse järjepidevuse ajutist katkemist.

Allhangetega/kolmandatest isikutest teenusepakkujatega seotud riskid. INDEXO kontsern tugineb oma äritegevuses osaliselt kolmandatest isikutest teenusepakkujate teenustele, toodetele ja teadmistele. Näiteks on INDEXO kontsern oma raamatupidamise ja siseauditi funktsiooni sisse ostnud. INDEXO kontsern tugineb ka oma IT-süsteemidega seoses kolmandatest isikutest teenusepakkujatele, sealhulgas INDEXO kontserni IT-süsteemide toimimise allhanketeenusele. INDEXO kontsern sõltub seega suuresti nendest kolmandatest isikutest mitte ainult õigeaegsete ja kvaliteetsete teenuste osutamisel, vaid ka kohaldatavate seaduste ja määruste järgimisel ning kolmandatest isikutest teenusepakkujate eetilise äritegevuse ootuste täitmisel.

Riskifaktorid seoses infotehnoloogia/küberturvalisuse/andmelekkega. INDEXO kontsern, nagu ka teised finantsteenuste pakkujad, on minevikus olnud ja võib tulevikus olla küberkuritegevuse või muu välise või sisemise pettuse sihtmärgiks. Iga eespool nimetatud riskitegur võib avaldada olulist negatiivset mõju INDEXO kontserni mainele, seada INDEXO silmitsi finantsriskidega, nagu AUM vähenemine, trahvid, karistused ja vastutus võimalike kohtuvaidluste raames, täiendavad kulud süsteemide taastamiseks, samuti olemasolevate või potentsiaalsete klientide kaotamine. INDEXO kontsern võib kaotada ka olulist konfidentsiaalset siseteavet.

Regulatiivsete (vastavuskontrolli) nõuete ja regulatiivsete muudatustega seotud riskid. INDEXO äritegevuse suhtes kohaldatakse siseriiklikke ja ELi õigusakte ja eeskirju, samuti finants- ja kapitalituru komisjoni ning Euroopa Väärtpaberiturujärelevalve asutuse (ESMA) välja antud suuniseid ja soovitusi. Kohalduva regulatsioonija seaduste täitmata jätmine võib INDEXO kontsernile kaasa tuua rahatrahvide ja muude karistuste riski, mis võib oluliselt kahjustada INDEXO kontserni mainet, äritegevust, finantsseisundit ja tegevuse tulemusi.

Põhistrateegiatega seotud riskid. Varahalduse tulevast arengut võivad mõjutada makromajanduslikud riskid, konkurentsirisk pensionihalduse segmendis ning uute toodete ja teenuste ebaõnnestunud arendamisega seotud riskitegurid. Panganduslitsentsi saamist ja INDEXO panga asutamist võib mõjutada peamiselt vajalike rahaliste vahendite puudumine, mis tuleneb potentsiaalsete investorite ebapiisavast huvist esmase avaliku pakkumise raames, samuti suutmatus täita täpselt kõiki regulatiivseid nõudeid, et saada heakskiit reguleerivalt asutuselt.

INDEXO kontserni maine ja kaubamärgi tuntusega seotud riskitegurid. Maine on INDEXO kontserni suhetes klientidega üks olulisemaid varasid. INDEXO kontserni äritegevuses on klientide usaldus ja ausus esmatähtis. Lisaks sellele on INDEXO kontsern loonud tuntud ja tugeva kaubamärgi. INDEXO kontserni klientide kaebustel või mis tahes negatiivse teabe avalikustamisel seoses teenuse, töötajate töötingimuste, kliendiandmete säilitamise ja turvatavadega, mis on avalikult kättesaadavad suurele osale ühiskonnast, võib olla oluline kahjulik mõju INDEXO kontserni äritegevusele, finantsseisundile ja tegevuse tulemustele.

Likviidsusrisk. Likviidsusrisk on seotud INDEXO kontserni suutlikkusega täita oma lepingulisi kohustusi õigeaegselt ilma märkimisväärseid kahjusid kandmata ning samas suutmatusega tulla toime planeerimata muutustega ettevõtte ressurssides ja/või turutingimustes ebapiisavate likviidsete varade tõttu. Mis tahes ettenägematu sündmus või asjaolud võivad avaldada negatiivset mõju INDEXO kontserni äritegevusele, majandustulemustele ja finantsseisundile.

Vastaspoole krediidirisk. Krediidirisk on seotud kahjumi tekkimise võimalusega, kui võlgnik ei täida oma lepingulisi kohustusi. INDEXO kontsern on avatud nõuete, raha ja raha ekvivalentide ning muude investeeringutega seotud krediidiriskile. INDEXO kontserni varasid hoitakse Läti krediidiasutustes, mida peetakse INDEXO kontserni vastaspoolteks.

Valuutariskid. INDEXO kontsern ei ole avatud otsesele valuutariskile, mis võib tuleneda erinevate valuutade vahetuskursside kõikumisest. INDEXO kontsernil ei ole välisvaluutapositsioone ja neid ei ole ka lähitulevikus kavas, välja arvatud INDEXO hallatavate pensioniplaanide AUM. INDEXO hallatavates pensioniplaanides olev AUM investeeritakse indeksfondidesse, millest paljud investeerivad täiendavalt erinevatesse valuutas loetletud varadesse, mistõttu on AUM väärtus pensioniplaanides suures ulatuses avatud kaudsele valuutariskile. Plaani prospektis kirjeldatud passiivse halduse põhimõtte kohaselt ei sekku see siiski aktiivselt plaaniportfelli koosseisu valuutariskiga seotud põhjustel.

1.3.2. Teave väärtpaberite kohta

Mis on väärtpaberite põhitunnused?

Liik, klass ja ISIN

Kõik ettevõtte aktsiad (sealhulgas pakkumise aktsiad) on dematerialiseeritud esitajaaktsiad, millest igaühe nimiväärtus on 1 euro. Aktsiad registreeritakse Nasdaq CSD-s reserveeritud ISIN LV0000101863 all pärast käesoleva prospekti kinnitamist ja enne pakkumisperioodi algust ning neid hoitakse registrikande vormis. Hoidmistunnistusi välja ei ole antud ega anta ka edaspidi.

Valuuta, nimiväärtus, arvestuslik väärtus, emiteeritud aktsiate arv ja kestus

Käesoleva prospekti kuupäeva seisuga on INDEXO aktsiate arv **3 033 511**. Pakkumise aktsiate arv on kuni 535 000. Seega on INDEXO aktsiate arv pärast INDEXO aktsiakapitali suurendamise edukat registreerimist kuni 3 568 511, seda aga tingimusel, et pakkumise aktsiate arvu ei muudeta vastavalt tingimustele. Seetõttu lahjendatakse vahetult enne pakkumist eksisteerivaid INDEXO aktsiaid pakkumise tagajärjel kuni 15% võrra. Aktsiad on vääringustatud eurodes ja nende suhtes kohaldatakse Läti õigust ning pakkumise valuuta on euro. Kõik olemasolevad aktsiad annavad aktsionäridele võrdsed õigused (sealhulgas üks aktsia, üks hääl).

Aktsiatega seotud õigused

Kõiki INDEXO aktsionäre koheldakse võrdselt. Iga INDEXO aktsia annab selle omanikule samad õigused osale INDEXO varadest ja kasumist. INDEXO likvideerimise korral on aktsionäridel õigus saada tulu vara ülejäägi realiseerimisest omatavate aktsiate arvuga proportsionaalselt (likvideerimiskvoot). Igale aktsiale kohalduvad järgmised õigused: 1) aktsiate käsutamise õigus; 2) õigus dividendidele; 3) hääletamisõigus; 4) õigus osaleda aktsionäride koosolekul; 5) õigus likvideerimiskvoodile; 6) ostueesõigus; 7) õigus saada teavet.

Aktsiate koht emitendi kapitalistruktuuris maksejõuetuse korral

Aktsiatega ei kaasne mingeid eriõigusi jaotamises osalemiseks (sealhulgas likvideerimise korral), välja arvatud Läti maksejõuetusseaduse alusel, mis näeb ette, et INDEXO vahendid, mis jäävad järele pärast INDEXO maksejõuetusmenetluse kulude tasumist ja võlausaldajate nõuete rahuldamist, jagatakse äriühingu aktsionäride vahel proportsionaalselt nende osaluse suurusega.

Aktsiate vaba ülekantavuse piirangud

Aktsiate ülekantavuse suhtes ei kohaldata mingeid konkreetseid piiranguid ei Läti seaduste ega põhikirja alusel.

Dividendipoliitika

24. märtsil 2022 kiitis aktsionäride koosolek heaks INDEXO dividendipoliitika. Dividendid makstakse aktsionärile proportsionaalselt tema valduses olevate INDEXO aktsiate koguarvuga. Dividende saab arvutada ja välja maksta ainult seoses aktsiatega, mille eest on sissemakse täielikult tehtud. Dividendid makstakse maksepäeval aktsionäride kontodele välja sularahas pangaülekandega. Iga-aastaseid dividende võib maksta üks kord aastas vastavalt maksegraafikule pärast aktsionäride koosolekut, kus eelmise majandusaasta finantsaruanne on heaks kiidetud. Läti õiguse kohaselt võib erakorralisi dividende maksta ainult siis, kui see on ette nähtud põhikirjaga. Erakorralisi dividende ei ole INDEXO põhikirjas ette nähtud. INDEXO ei ole alates asutamiskuupäevast välja kuulutanud dividendimakseid puhaskasumist.

Kus aktsiatega kaubeldakse?

Eduka pakkumise korral hakatakse aktsiatega kauplema Nasdaq Riia Balti põhinimekirjas. Ühtegi taotlust aktsiatega kauplemiseks ühelgi teisel börsil ei ole esitatud ega esitata ka edaspidi. Kauplemine INDEXO aktsiatega Nasdaq Riia börsil toimub eeldatavasti 15. juulil 2022 või sellele lähedasel kuupäeval.

Mis on väärtpaberitele omased põhiriskid?

Aktsia hinna ja likviidsuse risk. Nasdaq Riia on oluliselt vähem likviidne ja oluliselt volatiilsem kui teised väljakujunenud ja pikema ajalooga väärtpaberiturud. Nasdaq Riia üsna väike turukapitalisatsioon ja madal likviidsus võivad kahjustada aktsionäride võimalust müüa aktsiaid Nasdaq Riia börsil või suurendada aktsiate hinna volatiilsust, sest üksikute tehingute mõju võib olla aktsiate turuhinnale märkimisväärne.

Pakkumise tühistamine ja märkimise ebaõnnestumine. INDEXO ei saa anda kinnitusi, et pakkumine osutub edukas ja et investorid saavad pakutavad aktsiad, mida nad märgivad. INDEXO-l on õigus pakkumine tühistada.

Aktsiate väärtuse lahjendamise oht. INDEXO aktsionäride osalus INDEXO-s võib lahjeneda, kui INDEXO aktsiakapitali suurendatakse ja tulevikus emiteeritakse uusi aktsiaid. Tulevased aktsiapakkumised võivad toimuda ka turuväärtusest madalamalt ja INDEXO võib otsustada pakkuda aktsiaid kehtivast turuhinnast allapoole. Tulevane aktsiate pakkumine võib samuti vähendada aktsiate turuväärtust.

Dividendide maksevõimega seotud riskid. Puudub kindlustunne, et INDEXO jagab tulevikus dividende. INDEXO võime maksta dividende võib olla piiratud äriühinguõiguse ja finantskokkulepetes sisalduvate piirangutega. Juhatuse soovitused kasumi jaotamiseks sõltuvad ettevõtte praegusest ja tulevasest finantsseisundist, majandustulemustest, kapitalivajadustest, likviidsusvajadustest ja muudest asjaoludest, mida juhatus võib aeg-ajalt asjakohaseks pidada.

1.3.3. Teave väärtpaberite avaliku pakkumise ja reguleeritud turul kauplemisele võtmise kohta

Millistel tingimustel ja millise ajakava alusel saan ma sellesse väärtpaberisse investeerida?

Pakkumine on suunatud olemasolevatele aktsionäridele aktsionäride pakkumise kaudu ning sellistele Läti ja Eesti jaeinvestoritele jaepakkumise kaudu, kes ei kvalifitseeru olemasolevateks aktsionärideks aktsionäride pakkumise raames.

Kauplemine INDEXO aktsiatega Nasdaq Riia börsil algab eeldatavasti 15. juulil 2022 või sellele lähedasel kuupäeval. Pakkumisperiood on ajavahemik, mille jooksul need isikud, kellel on õigus osaleda aktsionäride pakkumises ja jaepakkumises, võivad esitada aktsiate märkimiskorraldusi. Pakkumisperiood algab 28. juunil 2022 kell 10:00 kohaliku aja järgi Lätis ja Eestis ning lõpeb 11. juulil 2022 kell 15:30 kohaliku aja järgi Lätis ja Eestis, kui seda ei lühendata või pikendata. Pakkumise arvestuslik ajakava on järgmine:

Pakkumisperioodi algus	28. juuni 2022
Pakkumisperioodi lõpp	11. juuli 2022
Pakkumise ja jaotamise tulemuste teatavakstegemine	12. juulil 2022 või sellele lähedasel kuupäeval
Pakkumise arveldus	14. juulil 2022 või sellele lähedasel kuupäeval
Esimene kauplemispäev Nasdaq Riia börsil	15. juulil 2022 või sellele lähedasel kuupäeval

Pakkumises osalev investor võib taotleda pakutavaid aktsiaid ainult pakkumishinnaga. Minimaalne investeerimissumma on 14 eurot, mille eest saab investor märkida ühe aktsia. Kõik pakkumises osalevad investorid võivad esitada märkimiskorraldusi ainult eurodes. Investor kannab kõik kulud ja tasud, mis on seotud märkimiskorralduse esitamise, tühistamise või muutmisega vastavalt Nasdaq Riia liikmeks oleva asjaomase finantsasutuse hinnakirjale, kes võtab märkimiskorralduse vastu.

Miks on see prospekt koostatud?

Käesoleva pakkumise peamine põhjus on kapitali kaasamine INDEXO panga asutamiseks. Kui INDEXO tütar- või sidusettevõte ei ole saanud Lätis krediidiasutuse tegevusluba 24 kuu jooksul pärast INDEXO aktsiate kauplemisele võtmist Nasdaq Riia Balti põhinimekirjas, algatatakse aktsiate tagasiostuprogramm.

2. RISK FACTORS

An investment in the Offer Shares and INDEXO is subject to a certain number of risks, which may independently or collectively have an adverse effect on the business of INDEXO or INDEXO Group, financial results, operations or prospects and result in a corresponding decline in the value of the Shares. As a result, investors could lose a part or all of the value of their investment. Therefore prior to investing in the Offer Shares, each prospective investor should carefully consider, among other information contained in this Prospectus, the factors and risks associated with any investment in the Offer Shares, the business of INDEXO and INDEXO Group and industry where it operates as a whole that are set forth below. In case of any doubts about the investment, prior to investing, each prospective investor should seek professional advice.

The risk factors are presented in a limited number of categories, placing each risk factor in the most appropriate category based on the nature of the risk it represents. Nevertheless, it must be noted that the following list is not an exhaustive list of all risks that a prospective investor might face upon investment in the Offer Shares and that additional risks and uncertainties not currently known to INDEXO or that INDEXO currently considers immaterial may also individually or cumulatively have a material adverse effect on INDEXO's or INDEXO's Group business, brand, financial results of operations or prospects. To the extent that no quantitative assessment is possible, the risk factors have been qualified according to the likelihood of their occurrence and the scale of potential adverse effect on the business of INDEXO or the INDEXO Group, and described as "low", "medium" or "high" where possible and relevant. The category and materiality of each risk must be estimated as the view and opinion of the Management Board which in turn is based on the internal risk assessment methodology and regular risk self-assessments. Risk categories have been provided for ease of reference and cannot be understood separately from the description of each risk.

If any of such risks or uncertainties should materialise, investors could lose all or part of their investment due to fall in the value of the Shares. Prospective investors should consider carefully whether an investment in the Offer Shares is suitable for them in the light of the information provided herein and their personal circumstances.

Taking into account the nature of the business and operations of INDEXO, it must be noted that INDEXO regularly assesses and identifies the risks that are associated with it. The risk factors presented are disclosed and relevant only to INDEXO Group as of the date of this Prospectus, excluding risks for pension plans which INDEXO manages.

Moreover, the risk factors given are relevant for the current business and operations of INDEXO Group. Therefore, investors need to take into consideration that the risk factors included in this Prospectus and their assessment may change if a subsidiary or related company of INDEXO successfully acquires a credit institution licence and INDEXO Bank is established as part of INDEXO Group.

2.1. Macro-economic risks relating to INDEXO's and INDEXO's Group business and the industry in which it operates

Risk of economic slowdown

INDEXO manages pension funds of residents of Latvia who participate in INDEXO 2nd and 3rd pillar pension plans. The amount of contributions into the 2nd pillar pension plans depends on the amount of salary/remuneration of each respective client and paid state mandatory social insurance contributions. Consequently, with growth of average salary in Latvia, the amount of overall contributions to 2nd pillar pension plans is growing and thereby increasing AUM by INDEXO. The amount of contributions to 3rd pillar pension plans largely depends on the amount of assets that respective residents can afford to invest after covering daily expenses and meeting other basic and priority needs.

Therefore, INDEXO's Group business is interconnected with the wellbeing of its clients since the amount of average income and existence of additional funds to be invested correlates with the amount of AUM that INDEXO holds. Moreover, the commission fee received by INDEXO depends on the amount of AUM.

The wellbeing of its clients, amount of income and amount of funds available for investment needs is directly affected by the overall performance of the Latvian economy. The Latvian economy could be adversely affected by various factors, such as global economic downturn, commodity and energy prices, changes in interest rates

etc. as a result of the wide sanctions currently adopted within the EU and outside against the Russian Federation and the Republic of Belarus. In addition, such factors as political changes, social disturbances and other acts of violence, natural calamities, pandemics and other factors may adversely affect the Latvian economy. Regulatory changes introduced by the government could also adversely affect businesses and economic conditions in Latvia.

INDEXO Group is not operating only in specific parts of Latvia and its products are available throughout the country can be easily accessed via internet; hence the risk exposure to a local economic downturn or adverse effects of regulatory changes adopted within local government is considered as low.

As the result of slow-down in the Latvian economy, the amount of contributions to 3rd pillar pension plans may decrease, which may cause a slow-down in growth of the amount AUM.

Any of the aforesaid factors could have a material adverse effect on INDEXO Group business, financial and operational results, conditions or prospects and are assessed as medium.

Force majeure risk

Force majeure risk is related to events/situations out of INDEXO Group's reasonable control and therefore affects the business and operations of INDEXO Group in a manner which is unpredictable.

During recent years and up until today several factors affect the world at large, of which some are and have been more relevant to Europe and Latvia specifically. These factors are potential risk drivers in the economies affected by them.

Covid–19 pandemic. Changing restrictions to contain the pandemic has affected INDEXO Group's marketing strategy and sales channels during the period 2020-2021 as one of the main sales channels was and will continue to be addressing potential clients in person. Taking into account that during the Covid-19 pandemic the areas where the potential clients are usually addressed were partially closed or unavailable to customers, INDEXO was required to temporarily change its sales strategy and address potential clients via telemarketing and internet. However, considering the fact that large numbers of residents in Latvia are either vaccinated or have recovered from Covid-19, the vast majority of Covid-19 restrictions are currently cancelled. Therefore, it is not expected that the restrictions will become stricter in the nearest future and continue to affect INDEXO Group's business directly.

Nevertheless, it may not be excluded that the new restrictions will be imposed again in future with the currently unpredictable development and spread of the virus; hence Covid-19 remains as a potential risk factor that may affect the operations and marketing strategy of INDEXO.

Geo-political tension. Increased geopolitical tension was noticeable in the Baltics towards the end of 2021 as Russia and Belarus conducted one of the largest military exercises since the 1980s and targeted the EU's neighbouring countries that criticized the 2020 presidential election in Belarus. Furthermore, geopolitical tensions between Russia and Belarus on the one side and Europe and the United States on the other side escalated during the first months of 2022. On 24 February 2022 Russia invaded Ukraine which additionally can be perceived to be an attack against Europe and its democratic values and violation of international law.

It is not possible to currently assess whether the business and operations of INDEXO Group has been affected negatively in any significant way due to the war in Ukraine; however, INDEXO Group expects that the circumstances and possible economic consequences will affect the saving and spending habits of Latvian residents, which could result in a decrease in voluntary pension contributions to the 3rd pension pillar.

Due to uncertainties and limited ability to mitigate force majeure risk it is evaluated as medium.

Market risk

INDEXO Group generates the vast majority of its revenue in the form of commissions charged for management of pension plans. The revenue received from commissions for management of funds is calculated as a fixed percentage of the value of the net assets or assets of the portfolio under management during the reporting period. Thus, the amount of commissions received is linked to the value of AUM.

Even though INDEXO's products are available only in Latvia and currently INDEXO has no plan to expand its operations outside Latvia, AUM are managed by making investments worldwide based on INDEXO's investment strategy – investments in index funds that further invest in the market as a whole. Therefore, INDEXO's business operations are exposed to indirect volatility risk in the capital markets of other countries. Consequently, fluctuations in global capital markets, including in the prices of equities, fixed income securities and currencies, may adversely affect the value of INDEXO AUM from which INDEXO derives its revenue.

Nevertheless, INDEXO follows the principle of diversification by investing AUM in financial instruments that reflect a wide range of global financial markets in order to reduce the impact of a particular geographic region or economic sector.

INDEXO believes that through the index-based approach and investments in the global economy over a long period, the aforesaid risks are mitigated and therefore are accepted; nevertheless, such risks may not be fully eliminated because of the potential general deterioration or instability of the global economy and political environment caused by the uncertainties connected with the ongoing Covid-19 pandemic and the geopolitical situation.

Aside from AUM within its developed pension plans, INDEXO Group does not have portfolios of securities or other market-driven assets. The funds of INDEXO Group are held in the form of cash in EUR in Latvian credit institutions. Therefore, the market risk can mainly be associated only with pension plans managed by INDEXO. However, according to the passive management philosophy described in the prospectus for each pension plan, INDEXO does not actively interfere with the plan portfolio due to market risk considerations

Taking into account the above, INDEXO'S assessment for market risk is low.

2.2. Risk factors related to the operating environment of INDEXO

Competition risk in the pension management segment

Since the moment INDEXO entered the market as a challenger brand at a time when Latvia had the highest 2nd pillar management fees in Europe and became the first low-cost index-fund pension plan provider, launching real competition in the pension savings market, competitors of INDEXO have tried to improve their service and keep up with the trends set by INDEXO.

The pension management segment in Latvia is growing and INDEXO Group expects such competition to intensify in response to market behaviour, consumer preferences, technological changes, regulatory action, government initiatives and other factors. INDEXO Group therefore faces the risk that existing or potential clients might prefer the services of competitors instead of those of INDEXO Group; consequently, there is no guarantee that INDEXO Group will be able to achieve expected growth levels or that it will be able to maintain its financial performance.

INDEXO Group is conducting its business in a competitive environment. Therefore, the operational and financial results of INDEXO Group could be materially adversely affected if INDEXO Group does not anticipate and respond to competitive changes, government initiatives or client preferences in a timely and cost-effective manner.

Competition risk in the 2nd pension pillar segment

INDEXO is constantly working on provision of the best possible service to its clients in a market which is dominated by large commercial banks. That is, INDEXO is competing with six other investment management companies which manage retirement savings within the 2nd pension pillar.

Considering that INDEXO is a relatively new market player, a large number of Latvian residents have already historically agreed on management of their assets within the 2nd pension pillar with other asset managers that had been offering services long before INDEXO entered the market. Even though the popularity of the INDEXO brand has grown tremendously, there is a risk that INDEXO might not be able to attract as many new clients as planned, and consequently, will not achieve planned growth due to the conservative attitude of Latvian residents. Moreover, considering that many competitors are also offering classic banking services for day-to-day operations, INDEXO might lose some potential clients due to the fact that it provides services in a specific

segment and cannot currently offer a complex of services – namely, asset management and banking services – within the same brand.

Competitors are also striving to retain their existing clients; therefore, INDEXO might face a risk that potential new clients will decide not to change their asset manager.

These factors might affect investment decisions and potential new clients might lean towards entrusting their asset management to competitors of INDEXO (mainly, where their assets are currently managed). If INDEXO competitors can exploit their existing advantages related to their wider range of services and historically developed better visibility, INDEXO might not be able to attract or retain clients, which in turn could have a material adverse effect on planned growth in terms of AUM and numbers of participants, overall performance, financial indicators and prospects. INDEXO assesses competition risk in the 2nd pension pillar segment as medium.

Competition risk in the 3rd pension pillar segment

There are seven 3rd pension pillar asset managers in the Latvian market licensed by the Financial and Capital Market Commission, including INDEXO Atklātais Pensiju Fonds. In comparison to other market players, INDEXO Atklātais Pensiju Fonds is a new entrant to the market and thus in a rapid expansion stage. Moreover, overall the 3rd pension pillar is still at the stage of growth in Latvia and extensive work must be done in order to attract people to join this voluntary private asset management scheme. Hence, the challenges INDEXO Atklātais Pensiju Fonds is facing and will continue to face are related both to competition and also the open-mindedness and financial literacy of Latvian residents.

Considering that INDEXO Atklātais Pensiju Fonds competitors are mainly large commercial banks, they have a broader client base who are already receiving certain services from certain brands as a whole. INDEXO Atklātais Pensiju Fonds, on the other hand, needs to build trust in its brand and raise financial literacy to introduce existing 2nd pension pillar clients and potential new clients to the benefits and necessity for investment in the 3rd pension pillar.

In the future INDEXO Atklātais Pensiju Fonds might also face increased competition and expansion of services and/or reduction of the operating and service costs of competitors. If INDEXO Atklātais Pensiju Fonds is unable to offer products and services of a similar or higher standard than those of its competitors, as well as if INDEXO Atklātais Pensiju Fonds is unable to keep up with the commission fees of competitors, INDEXO Atklātais Pensiju Fonds might lose its current or potential clients, as well as its market share.

Nonetheless, 3rd pension pillar popularity is only beginning to increase and since entering the market, INDEXO Atklātais Pensiju Fonds has been the trend setter with regard to the service level and costs; therefore, the competition risk in the 3rd pension pillar segment is assessed as medium.

Risk related to unsuccessful development of new products and services

The current approach of INDEXO Group has been to offer unique, simple and understandable products to its clients. Considering the growing competition and in order to maintain acknowledgement in the market of the INDEXO Group brand as being the trend setter, INDEXO Group's strategy is to remain at the forefront of development of the industry. Therefore, INDEXO Group is continuing work on developing new innovative products and services.

The process of developing new products and services and enhancing existing products and services is complex, costly, time consuming and involves significant execution risks. INDEXO Group may also lack capacity to invest the necessary level of human and financial resources to develop its products and services. Any failure to accurately anticipate the changing environment within the pension management segment and the needs of clients could harm INDEXO Group's competitive position and results of its operations:

(1) loss of a certain amount of AUM;

(2) inability to attract new clients;

(3) unsuccessful transformation of existing 2nd pillar clients to 3rd pillar clients;

(4) inability to reach planned growth of the INDEXO Group;

(5) inability to reach planned operational and financial results;

(6) damage to reputation.

In addition, INDEXO Group may not be able to meet its product and service development as a consequence of delay in introduction of necessary regulatory and statutory amendments that are a precondition to expanding the services of INDEXO Group.

Nevertheless, acknowledging the aforesaid risks, INDEXO Group has in place a further development strategy (please see Section 8.6 ”Key strategies of INDEXO” of this Prospectus); therefore overall, the risks are currently evaluated as low.

2.3. Risk factors related to INDEXO’s business

Operational risks

INDEXO Group may be affected by operational risks, which may occur as a result of inadequate or failed internal processes, non-compliant implementation of internal processes by people involved, inadequate or failed systems or from external circumstances, including legal risks. The main risk factors include:

(1) administrative (human) errors;

(2) IT errors or failures resulting in interruption of business continuity;

(3) potential internal and external fraud;

(4) inappropriate employment practices and employment security breach;

(5) inappropriate attitude towards clients, non-compliant products and commercial practices;

(6) failures in external systems resulting in interruption of business continuity;

(7) damage to tangible assets;

(8) general natural disasters.

The risk factors could result in breach of regulatory requirements, incorrect calculation of asset management plan value, breach of legal obligations towards third parties, temporary technical unavailability of services, loss of existing or potential Clients, various IT/cybersecurity/data protection related risks, damage to reputation or temporary interruption of business continuity.

Although the causes of operational risks are not financial in nature, their indirect consequences may be (e.g., penalties, loss of assets, additional investment in order to restore some processes). Hence the aforesaid operational risks could have a material adverse effect on INDEXO Group’s business, financial and operational results, conditions or prospects.

Operational risks after thorough assessment by INDEXO are evaluated as high.

Risk factors related to key strategies

Since INDEXO Group’s business strategy and objectives are divided in two main directions – (i) future development of its asset management business, (ii) obtaining a banking licence and establishment of INDEXO Bank – each strategy may be affected by certain risk factors.

All risk factors described herein may result in financial losses that may occur due to improper strategic and development decisions.

Future development of the asset management business may be affected by each of the aforesaid: macro-economic risks, competition risk in the pension management segment and risk factors related to unsuccessful development of new products and services.

Any of these risk factors separately or in accumulation may significantly affect current strategy for development of INDEXO Group’s asset management business, and planned growth, so that INDEXO Group might not reach

planned operational and financial results. INDEXO Group's reputation may also be harmed in case of unsuccessful realisation of planned development strategy.

Obtaining a banking licence (authorisation) for the establishment of INDEXO Bank may mainly be affected by unavailability of necessary financial resources as a result of insufficient interest from prospective investors within the Offering as well as failure to accurately fulfil all of the regulatory requirements in order to receive approval from the regulator.

Should such event occur and INDEXO is not successful of obtaining a banking licence (authorisation) for the establishment of INDEXO Bank within the set timeline, INDEXO will commence the approved share buy-back program and thereby warranting the refund of the Offer Price per purchased Share in the Offering to those investors who qualifies and takes part in the share buy-back program (Please see Section 5.7 "Share Buy-Back Program" of this Prospectus). However, prospective investors should take into account that it is probable that in case of inflation, the invested funds via the Offering could lose worth due to possible inflation and therefore decreasing the invested value.

Since INDEXO has performed thorough prior research and attracted well qualified consultants the aforesaid risks are evaluated as low. Nonetheless, please see Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus, describing in detail the use of the funds for establishment of INDEXO Bank and the share buy-back possibility.

Further activity in order to obtain a banking licence (authorisation) for the establishment of INDEXO Bank may also be affected by ongoing geopolitical events and their unpredictable further developments. Unfavourable development of events might result in postponing the licensing (authorisation) process for the planned establishment of INDEXO Bank.

At the same time, ongoing geopolitical events even further reinforce the necessity for greater independence of the Latvian financial system. INDEXO Group believes that establishment of INDEXO Bank, which will be fully rooted in the domestic market, will strengthen it.

Therefore, even though the risk factors related to the development strategy of INDEXO Group and caused by ongoing geopolitical events are evaluated as high, the result should not be suspension of development plans but may result in a temporary postponement.

Taking into account the above, INDEXO'S assessment of risk related to key strategies is medium.

Risks associated with outsourcing/third party service providers

INDEXO Group partly relies on the services, products and knowledge of third-party service providers in the operation of its business. For example, INDEXO Group has outsourced its accounting and internal audit function. INDEXO Group also relies on third party service providers in connection with its IT systems, including an outsourcing service for the operations of the INDEXO's Group IT systems. INDEXO Group is therefore heavily reliant on these third parties not just to deliver timely and high-quality services, but also to comply with applicable laws and regulations and adhere to its ethical business expectations of third-party providers.

Accordingly, INDEXO Group faces the risk that such third-party service providers become insolvent, enter into default or fail to perform their contractual obligations in a timely manner or at all or fail to perform at an adequate and acceptable level. Any such failure could lead to interruptions in INDEXO's Group operations or result in vulnerability of its IT systems, exposing INDEXO Group to operational failures, additional costs or cyber-attacks. Moreover, failure by these third parties to operate ethically could adversely impact INDEXO's Group reputation both internally and externally or even result in non-compliance with applicable laws and regulations.

INDEXO Group may need to replace a third-party service provider at short notice to resolve any potential problems, and the search for and payment to a new third party service provider at short notice or any other measures to remedy such potential problems could have a material adverse effect on INDEXO's Group business, prospects, financial position and/or results of operations.

In addition, no assurance can be given that the third-party service providers selected by INDEXO Group will be able to provide the products and services for which they have been contracted, for example, as a result of

failing to possess the relevant capabilities, products or services or due to changed regulatory requirements. Any failure by a third-party service provider to deliver contracted products and services in a timely manner or at all or to deliver products and services in compliance with applicable laws and regulations and at an adequate and acceptable level could result in reputational damage, claims, losses and damage and have a material adverse effect on INDEXO's Group business, prospects, financial position and/or results of operations.

Taking into account the above, INDEXO'S assessment of risk associated with outsourcing/third party service providers is high.

Risk factors related to personnel

INDEXO growth AUM and its further development strategies depend upon the experience, skills and knowledge of its members of the Management Board, Supervisory Board, Senior Managers and other employees.

As the INDEXO Group expands, it will be required to continue to expand its operational and financial controls and reporting procedures. Therefore, INDEXO Group's current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage its future operations in line with its development strategy.

Thereby, inability to attract qualified personnel in the required amount both for expansion of current services as well as for operation of INDEXO Bank may materially affect INDEXO Group's business and development strategy and ability to operate as planned.

The departure or loss of a significant number of INDEXO Group's employees, or inability to recruit suitably experienced, qualified and trained staff, as needed, may cause significant disruption to business, which could have a material adverse effect on INDEXO Group's business, results of operations, financial condition or prospects. INDEXO Group may also incur significant additional costs in recruiting and retaining suitable replacements.

INDEXO Group's continued success depends on its ability to attract and retain employees with sufficient skill levels. The know-how of current employees is of high value. Thus, to manage the risk associated with employees, to the extent possible INDEXO Group duplicates employees' duties and tasks, so that if the employment relationship with an employee is terminated there is uninterrupted takeover and continuation of work.

INDEXO's assessment of the risk profile related to its personnel is medium.

Risk factors related with the reputation of INDEXO Group and brand awareness

Reputation. Reputation is one of the most important assets with respect to INDEXO Group's relationship with clients. Trust and confidence of clients as well as integrity are paramount in the business where INDEXO Group operates. Moreover, INDEXO Group operates in a heavily regulated sector. Therefore, any mistakes, errors or omissions of employees while performing their duties and providing INDEXO Group services may result in breach of applicable laws and regulations, serious harm to the reputation of INDEXO Group as well as loss of existing clients or inability to attract new clients.

Brand-related risks. INDEXO Group has established a well-known and strong brand name. Complaints from INDEXO Group's clients or any kind of negative publicity concerning the service, employees' working conditions, preservation of customer data and security practices, publicly available for a large part of society, could have a material adverse effect on the business, financial condition and results of operations of INDEXO Group. In order to promote brand awareness and make sure that the INDEXO Group brand is associated with quality, the Company invests resources in sharing the story about the development of INDEXO Group, providing information, data, and video materials to existing and potential clients. INDEXO Group's marketing activities include press, paid search, social media, display, online advertising, search engine marketing, partnerships, and different types of other advertising methods. INDEXO Group also donates to public benefit organisations and public benefit projects.

Strict regulatory requirements are in force in Latvia on the promotion of financial services and products to retail customers. Any future changes to the regulation which governs the contents and distribution of INDEXO

Group's marketing efforts which makes it harder or more expensive for INDEXO Group to advertise its services would negatively impact INDEXO's ability to increase its brand awareness and its customer base.

If any of INDEXO Group's current or future marketing activities are ineffective, or if it is unable to continue to perform efficiently and effectively any of these activities, whether or not as a result of a change in regulation, it may be unable to attract new customers in a cost-effective manner, which in turn could materially adversely affect its business, results of operations and financial condition or prospects.

INDEXO's assessment for the risk profile related to its reputation and brand-related risk is medium.

Risk factors with respect to IT/Cybersecurity/Data breach

Third-party service providers. Successful operation of INDEXO Group's business largely depends upon maintaining the integrity of its communication and IT systems. These systems and operations are mainly ensured by attracting third-party service providers that for example provide cloud services, physical and network infrastructure, IT-system management, telecommunications, other software services and other services.

The main risk factors include:

(1) disruptions to and delays of systems;

(2) security breaches, improper or negligent operation of systems by employees or service providers;

(3) general natural disasters.

Any of the aforesaid could cause material disruption to INDEXO Group's operations, affect availability of its services and business and reputation. To the extent that INDEXO Group outsources its IT/IS management, it is at risk of the vendor's unresponsiveness in the event of breakdowns in the INDEXO Group's systems, which could cause delays in recovering service.

INDEXO Group cannot guarantee that no disruptions will occur in provision of such services or that third-party providers will adhere to their contractual obligations. In the event of any dispute, no assurance can be made by INDEXO Group that the terms of such agreements or arrangements will not be breached, and this may result in litigation or other costs.

Cybersecurity, IT-related risks and data breach. INDEXO Group, as with other financial service providers, has in the past been and could in the future be the target of cybercrime or other external or internal fraudulent activities. Failure or circumvention of INDEXO Group data and cyber security measures could result in risks inherent to all IT systems, such as interruption of INDEXO Group's business operations, unauthorised access to and loss, damage or compromise of data (INDEXO Group's internal or third-party data), viruses or other malware being placed in INDEXO Group's systems.

Overall techniques are developing rapidly and those used to obtain unauthorised access to or sabotage systems and data change frequently and are becoming ever more sophisticated, which means that INDEXO Group or its third-party service providers may not be able to anticipate incidents in a timely and effective manner to prevent potential damage.

Therefore, any of the aforesaid risk factors could have a material adverse effect on INDEXO Group's reputation, expose INDEXO to financial risks such as reduction of AUM, fines, penalties and liability within potential litigation, additional expenses in order to restore systems, as well as loss of existing or potential clients. INDEXO Group may also lose significant internal confidential information.

However, up until the date of this Prospectus INDEXO Group has not experienced any material cybersecurity threats or attacks on its systems and, to a certain extent, mitigates such risks by using security systems and protective measures of high quality.

Risks related to third-party cloud systems. INDEXO Group stores its data on cloud platforms operated by third-party service providers. No assurance can be given that the data stored by INDEXO Group on third-party cloud platforms, or cloud platforms used that support software solutions and the operating platform of INDEXO

Group, will be subject to secure processing, and that an adequate level of maintenance and transmission procedures will be applied.

Any disruption in these processes as well as any cybersecurity breach could affect INDEXO Group's operations. If a cybersecurity breach occurs in its cloud systems, INDEXO Group could potentially lose the data in its possession stored on the cloud, including sensitive information about INDEXO Group, its services, and clients. Any breach of security in the cloud system could lead, inter alia, to significant claims from customers and negatively affect the INDEXO Group's reputation as a trusted service provider with secure and reliable software solutions and platforms.

In INDEXO's assessment, the degree of risk related to the occurrence of cybersecurity breaches or breakdown of IT systems of the Company is high as INDEXO Group's operations are based on technological solutions and therefore impact if such risks occur could be significant.

2.4. Risk factors related to laws, regulations and compliance

Risks related to statutory licensing requirements

INDEXO and INDEXO Atklātais Pensiju Fonds are subject to licensing requirements, strict regulation and close supervision by the Financial and Capital Market Commission. As part of the existing licensing framework, INDEXO and INDEXO Atklātais Pensiju Fonds are required to comply with statutory and regulatory requirements. INDEXO and its subsidiary's licences have an indefinite duration; however, they are subject to revocation by the Financial and Capital Market Commission. The Financial and Capital Market Commission must intervene if INDEXO and/or INDEXO Atklātais Pensiju Fonds violate their obligations under the applicable laws.

The Financial and Capital Market Commission can, inter alia, issue a warning of violations of the applicable law and/or impose a fine and determine the time period within which a company must prevent a detected violation. In case of material violations, the Financial and Capital Market Commission can, as an ultimate measure, revoke the INDEXO's and/or INDEXO's Atklātais Pensiju Fonds licence. The imposition of material fines, penalties or warnings upon INDEXO and/or the INDEXO Atklātais Pensiju Fonds would cause significant and potentially irreparable harm to their reputation and, as a result, INDEXO's and/or INDEXO's Atklātais Pensiju Fonds business, financial position and results of operations could suffer.

INDEXO's operations are contingent upon operating licences granted by the Financial and Capital Market Commission. If the licences are revoked or suspended, INDEXO will have to cease its consumer credit operations which, in turn, will produce a material adverse effect on INDEXO's business, financial condition and results of operations.

In INDEXO's assessment, the likelihood of INDEXO's failure to comply with the statutory licencing requirements is low, whereas the impact on business in the event of materialisation of this risk would be high.

Risks of regulatory (compliance) requirements and regulatory changes

INDEXO's business is subject to national and EU legal legislation and regulations, as well as guidelines and recommendations issued by the Financial and Capital Market Commission and the European Securities and Markets Authority (ESMA).

INDEXO Group is also subject to EU regulations that are directly applicable and EU directives that are transposed into national law through legislation of the Member States, including Latvia. Failure to comply with applicable regulations and laws can expose INDEXO Group to the risk of monetary fines and other penalties, which may have a material adverse effect on the INDEXO Group's reputation, business, financial condition and results of operations. Ultimately, the licences issued to INDEXO Group can be revoked and the companies could be required to discontinue business operations. Numerous initiatives for regulatory changes have been taken in the past and the impact of such initiatives is, to some extent, difficult to predict with certainty.

The respective interpretations of laws and regulations, which INDEXO Group is subject to, can change and INDEXO Group may be unable to predict what regulatory changes can be imposed in the future as a result of regulatory initiatives by the EU or at national level. Such changes can have a material adverse effect on the INDEXO Group's services, activities and profitability, giving rise to increased costs of compliance. INDEXO

Group incurs, and expects to incur, substantial costs and expenditure towards ensuring compliance with the regulatory framework under which it operates.

Taking into account that INDEXO Atklātais Pensiju Fonds commenced operations only in the second quarter of 2021, the procedures and processes introduced for compliance with the applicable laws and regulations, as well as guidelines and recommendations, are fairly new and still being improved. Therefore, the risk of non-compliance by INDEXO Atklātais Pensiju Fonds with applicable laws and regulation is assessed to be higher than by INDEXO which has already developed stable and tested compliance procedures and processes.

Failure by INDEXO and/or INDEXO Atklātais Pensiju Fonds to effectively manage these legal and regulatory risks can have a material adverse effect on INDEXO Group's business, financial condition and the results of its operations.

In INDEXO's assessment, the likelihood of INDEXO's failure to comply with regulatory (compliance) requirements and regulatory changes is low, whereas the impact on business in the event of materialisation of this risk would be high.

Risks related to changes in Latvian government policy

The way in which INDEXO and INDEXO Atklātais Pensiju Fonds manages its business is closely related to changes of Latvian government policy. The pension funds management sector has been subject to frequent regulatory changes and further changes can reasonably be expected in the future. On 1 October 2022 the elections to the 14th Saeima (the Latvian Parliament) will take place, as a result of which there will be changes in composition of the government. There is a risk that the new Latvian government could implement a new policy regarding the 2nd and 3rd pension pillar system. Currently, the Minister for Welfare and Financial Industry Association aims to increase the profitability of pension funds, reduce management fees, and promote financial literacy among the population, but the goals of the new government may be different.

There is a possibility that the newly elected Latvian Parliament and the government thereof will be inclined to follow the example of other Baltic States where the 2nd pension pillar system has been reformed by enabling people to use the funds accumulated in the 2nd pension pillar before reaching retirement age. Such reforms or changes in Latvian government policy with respect to the pension system would have a significant adverse effect on the profitability and operations of INDEXO Group and the Latvian pension system in general. In particular, the size of AUM would become difficult to predict, meaning also changes to investment strategies and shorter investment horizons. Smaller fund sizes could also bring about upward pressure on management fees.

In INDEXO's assessment, the degree of risk related to changes in Latvian government policy is medium.

Risks related to changes in the tax regime

The amount of funds invested in the pension plans managed by INDEXO directly correlate with the applicable tax regime.

The amount of investment in the 2nd pension pillar depends on the amount of state mandatory social insurance contributions, namely 6% of remuneration, are transferred to the 2nd pension pillar. Therefore, INDEXO is exposed to the risk that upon any amendments to the existing tax regime a lesser amount from the monthly remuneration of its current clients will be contributed to the 2nd pension pillar managed by INDEXO and thereby commission received (total revenue) from its asset management services could decrease.

Nevertheless, there are no current indications that the tax amount contributed to the 2nd pension pillar might change in the nearest future.

INDEXO Group may also be exposed to a risk related to overall changes in the applicable tax regime that might affect the wellbeing of clients and their investment behaviour when it relates to voluntary investments in the 3rd pension pillar. For example, the current Latvian tax regime foresees that a private individual investing in the 3rd pension pillar is entitled to a personal income tax repayment in the amount of 20% of the invested amount (with a repayment limitation of 10% of their gross salary up to 4000 EUR) upon submission of annual tax return. If this regulation changes, becoming more unfavourable to the private individual investor, this might have an effect on their investment decisions.

Regulatory and tax constraints may also change employers' strategy with respect to employee incentive schemes, that *inter alia* may include investments in the 3rd pension pillar in favour of employees, for example, if there are some amendments to the current corporate income tax regime regarding deductibility of such expenses. Among the rules set by a variety of bodies, tax rules tend to have the greatest influence on annual funding decisions by pension sponsors (such as employers) and on individuals with regard to retirement savings.

Consequently, changes to the current tax regime may result in reduction of AUM and inability to reach planned financial results and prospects by INDEXO Group.

Considering the above, INDEXO assesses the risk related to changes in the tax regime as low.

Risks related to the EU General Data Protection Regulation

A significant amount of valuable data is held by INDEXO Group and significant volumes of data are often transferred to and from third parties involved, such as customers. INDEXO Group is a subject of the General Data Protection Regulation 2016/679/EU (the "**GDPR**") and other applicable laws and regulation on a national level.

Applicable laws govern INDEXO Group's ability to collect, use and transfer personal data including relating to actual and potential customers, use of that information for marketing purposes, as well as any such data relating to its employees and others. INDEXO Group relies on third-party service providers and its own employees to collect and process personal data and to maintain its databases.

INDEXO Group is exposed to the risk that data collected could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws. Any perceived or actual failure by INDEXO Group, or a third-party service provider acting on its behalf, to protect confidential data or any material non-compliance with privacy or data protection laws may harm its reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers, result in actions being brought and the imposition of significant fines (up to EUR 20 million or 4% of INDEXO or INDEXO Group's total annual turnover) and, as a result, could have a material adverse effect on Group's business, results of operations, financial condition or prospects.

As appropriate risk mitigating measures have been implemented the degree of risk related to INDEXO's failure to fully comply with the requirements of the EU GDPR is low.

Risks related to compliance with AML/CFT/CPF and sanctions regulations

INDEXO as a licensed pension management service provider and INDEXO Atklātais Pensiju Fonds as a licensed private pension fund are subject to the requirements of the Latvian Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing and the Latvian Law on International Sanctions and National Sanctions. INDEXO Group is required to comply with international law and legal acts of Latvia which regulate prevention of legalization of proceeds derived from criminal activity and financing of terrorism.

Financial services provided by INDEXO Group are aimed at attracting local clients – natural persons whose average amount of contributions within the 3rd pension pillar is relatively low. Also, the time period when a person can actually expect to receive the funds is long. The level of AML/CFT/CPF risk may be increased by accepting large deposits, especially from foreign customers, within a relatively short timeframe. However, as concluded by the Sectoral Money laundering and Terrorist Financing Risk Assessment, pension fund services are a long-term investment which are not convenient to use in different illegal money laundering schemes.

In the future INDEXO Group could be the target of financial crime and fraud arising from the actions of third parties, customers, and employees. There is no guarantee that INDEXO Group's proactive measures will be successful in the prevention or detection of financial crime and fraud and any failure to combat these matters effectively. Also due to possible human error and strict applicable regulatory provisions, INDEXO Group could fail to combat AML/CFT/CPF in a timely manner. This could adversely affect INDEXO Group's business, results of operations, and financial condition.

Employees, customers or third parties may attempt to use INDEXO Group to facilitate financial crimes such as money laundering and tax evasion and may fabricate or misrepresent material facts to INDEXO Group. If

INDEXO Group does not continue to develop counter-financial crime and fraud measures or otherwise fails to implement or maintain effective counter-financial crime and fraud procedures, practices and strategies, the ability of INDEXO Group to combat financial crime and fraud could be adversely affected.

The degree of risk related to INDEXO s failure to comply with the applicable AML/CFT/CPF, and sanctions regulations is low.

Risks related to new legal obligations following the admission of Shares to trading

Following the admission of Shares to trading on the Baltic Main List of Nasdaq Riga, INDEXO will be subject to new legal obligations relating to various disclosure and corporate governance requirements. The Management Board and Senior Managers will therefore need to devote time to ensure that INDEXO complies with the new reporting obligations and corporate governance practices to which it will be subject.

Such compliance will also result in INDEXO incurring possible legal, accounting and other expenses which it did not incur as a private company. There is a risk that the requirements of being a company whose shares are publicly traded will pose unexpected challenges for INDEXO. Moreover, any material breach of the regulatory obligations referred to above following admission could give rise to sanctions, financial penalties and, potentially, have a material adverse impact on INDEXO's reputation, which, in turn, could have a material adverse effect on INDEXO's business, results of operations, financial condition or prospects.

In INDEXO's assessment, the degree of risk associated with new legal obligations following the admission of Shares to trading is low.

2.5. Risk factors related to financial matters

Capital adequacy risk

Both INDEXO and INDEXO Atklātais Pensiju Fonds are strictly regulated entities due to their significance in the financial markets and the importance with respect to their financial stability. Therefore, INDEXO and INDEXO Atklātais Pensiju Fonds need to adhere to requirements associated with capital adequacy prescribed by the applicable laws for each entity.

Capital adequacy risk related to INDEXO

Investment management companies must adhere to capital adequacy requirements in accordance with the Law on Investment Management Companies, Law on State Funded Pensions and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

A sufficient amount of capital and own funds is closely correlated to the value of AUM of an investment management company. Due to the anticipated growth of the value of AUM above EUR 200,000,000, in 2019 INDEXO was required to increase its share capital to the necessary level to comply with the applicable regulations. Therefore, INDEXO completed a financing round by increasing its share capital up to EUR 3,033,511. However, it is not anticipated that INDEXO will face the requirement to increase its share capital or own funds in the near future.

Capital adequacy risk related to INDEXO Atklātais Pensiju Fonds

In addition, private pension funds must adhere to capital adequacy requirements in accordance with the Private Pension Fund Law. The minimal amount of capital for open-ended pension funds is no less than EUR 400,000 which INDEXO Atklātais Pensiju Fonds complies with.

However, it is anticipated that in order to fulfil the minimal own funds requirements INDEXO Atklātais Pensiju Fonds will need to receive additional financing due to expected losses and negative money flow in the company's first operational year. It is expected that INDEXO will provide the necessary financing to INDEXO Atklātais Pensiju Fonds as its holding company, if needed.

Inability to meet applicable capital adequacy requirements could cause an adverse effect on the operations of INDEXO Group and annulment of its licence to provide investment management services.

In INDEXO's assessment, the degree of risk associated with capital adequacy risk is medium.

Liquidity risk

Liquidity risk relates to the ability of INDEXO Group to meet its contractual obligations in a timely manner without incurring significant losses and will not be able to cope with unplanned changes in company resources and/or market conditions due to insufficient liquid assets.

No liquidity risk incidents have been identified during the operating period of INDEXO Group; however, any unplanned event or circumstances could cause an adverse effect on the business, results of operation and financial condition of INDEXO Group.

In INDEXO's assessment, the degree of risk associated with liquidity risk is low within the current business model of INDEXO.

Counterparty credit risk

Credit risk relates to the possibility of incurring losses if a debtor fails to meet its contractual obligations. INDEXO Group is subject to credit risk related to receivables, cash and cash equivalents and other investments.

The assets of INDEXO Group are kept in Latvian credit institutions that are considered to be the counterparties of INDEXO Group.

The maximum credit risk on these assets for INDEXO Group as at 31 December 2021 was EUR 1,332,479 (2020: EUR 1,432,437). INDEXO Group has no assets whose value has decreased or that are passed due.

In INDEXO's assessment, the degree of risk associated with credit risk is low.

Foreign currency risks

INDEXO Group is not exposed to direct currency risk which may arise from fluctuation in exchange rates of various currencies.

INDEXO Group has no foreign currency positions and they are not planned in the near future, except for the AUM within INDEXO's managed pension plans. The AUM within the pension plans managed by INDEXO are invested in index funds, many of which further invest in various currency nominated assets, therefore the value of AUM within pension plans is heavily exposed to indirect currency risk. However, according to the passive management philosophy described in the plan's prospectus, does not actively interfere in the composition of the plan portfolio for currency risk reasons.

In INDEXO's assessment, the degree of risk associated with foreign currency risk is low.

Risks associated with related party transactions

INDEXO has entered into transactions with related parties. Transactions such as these typically carry a risk of adverse tax consequences. Any future transactions by INDEXO with related parties can involve conflicts of interest. Moreover, transactions with related parties can be subject to imposition of additional taxes and other adverse effects may apply (please see Section 8.10 "Related party transactions" of this Prospectus).

In INDEXO's assessment, the degree of risk associated with related party transactions is low.

2.6. Risk factors related to Shares and the Offering

Share price and share liquidity risk

Prior to the Offering, there has been no public trading market for the Shares. The Offer Price is not an indication of the market price of INDEXO's Shares following the expected admission to trading on the Baltic Main List of Nasdaq Riga. The price of the Shares following the expected admission of the Shares to trading may vary substantially from the Offer Price. Although INDEXO has applied for listing and admission to trading of the Shares on the Baltic Main List of Nasdaq Riga, there can be no assurance that an active trading market for the Shares will develop, or if developed, can be sustained following the closing of the Offering. If an active

trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

Furthermore, Nasdaq Riga is considerably less liquid and considerably more volatile compared to other established securities markets with a longer history. The fairly small market capitalisation and low liquidity of Nasdaq Riga may impair the ability of Shareholders to sell the Shares on Nasdaq Riga, or could increase the volatility of the price of the Shares as the impact of individual transactions may be significant with respect to the market price of the Shares.

In INDEXO's assessment, the degree of risk associated with share price and share liquidity risk is medium.

Cancellation of Offering and undersubscription

Best efforts will be made by INDEXO to ensure that the Offering is successful; however, there can be no assurances by INDEXO that the Offering will be successful and that investors will receive the Offer Shares they subscribe for. INDEXO is entitled to cancel the Offering (please see Section 4.13 "Postponement or Cancellation of the Offering" of this Prospectus).

In INDEXO's assessment, the degree of risk associated with cancellation of Offering and undersubscription is low.

Risk of share value dilution

The proportion of shareholding held by the shareholders in INDEXO may be diluted if the share capital of INDEXO is increased and new Shares are issued in the future. In such case, the shareholders will be entitled to the right to subscribe for such new shares of the Company proportionally to their existing shareholding in INDEXO. Such preferential right can, however, be excluded by a respective resolution of the Shareholders' Meeting, which requires the affirmative vote of three-quarters of the votes represented at the Shareholders' Meeting.

Future equity offerings may also be conducted below market value and INDEXO may decide to offer shares at a discount to the prevailing market price if it believes that this would be appropriate in the context of the financing options available to it. A future equity offering could also depress the market value of the Shares.

Risks related to the ability to pay dividends

INDEXO has not distributed dividends during the period covered by the Audited Financial Statements. There is no assurance that INDEXO will distribute dividends in the future. For example, INDEXO may not be able to, or its Shareholders' Meeting may choose not to, pay any dividends. INDEXO's ability to pay dividends may be limited by corporate law and restrictions contained in its financial arrangements. The Management Board's recommendations for distribution of profit will depend on INDEXO's existing and future financial condition, results of operations, capital requirements, liquidity needs and other matters that it may consider relevant from time to time, including, without limitation, its capital needs, financial performance, strategic considerations and prevailing equity market conditions which may not necessarily coincide with the short-term interests of all the Shareholders. Payment of dividends and the amount thereof will be subject to the ultimate discretion of the Shareholders' Meeting of INDEXO (please see Section 6 "RIGHTS TO DIVIDENDS AND DIVIDEND POLICY" of this Prospectus).

Risk related to bail-in if INDEXO Bank is established

Taking into account the key reason why INDEXO is conducting the Offering and subsequently admitting to listing and trading all Shares of INDEXO on the Baltic Main List of Nasdaq Riga is to raise capital for INDEXO Bank. Therefore, it is expected that a subsidiary or related company of INDEXO will receive a licence to operate as a credit institution in Latvia in the near future after the Offering (please see Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus).

If INDEXO successfully executes its plan regarding the establishment of INDEXO Bank as described in Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS", it is likely that the Financial and Capital Market Commission will define INDEXO as a financial holding company. Thereby INDEXO as a financial holding company and its subsidiaries will be subject to the Law on Recovery of Activities and Resolution of

Credit Institutions and Investment Brokerage Companies implementing the BRRD into Latvian law. This means that the Financial and Capital Market Commission may subject INDEXO Group (together with INDEXO Bank) to crisis prevention and resolution measures, if the Financial and Capital Market Commission assesses it to be likely that the financial situation of the INDEXO Group may rapidly deteriorate or if it is likely that the INDEXO Group is insolvent or may become insolvent in the future.

Resolution measures are applied only in extraordinary circumstances, upon the fulfilment of a number of specific criteria and as a last resort. If resolution measures are applied, the Financial and Capital Market Commission has a right to require in respect of INDEXO or its subsidiaries, inter alia, (i) write-down or cancellation of shares (ii) transfer of shares or all assets, rights and liabilities, (iii) revocation of subscription rights to acquire additional shares or other instruments of ownership, (iv) issue of new shares or other capital instruments, (v) suspending or terminating trading or listing of shares.

Additionally, unless the resolution for application of crisis prevention measures provides differently, the voting rights of INDEXO as a potential shareholder of INDEXO Bank and the authorisation of some or all of INDEXO Bank's management or supervisory board members will be suspended. Crisis prevention measures may also be applied to the debt obligations potentially owed by INDEXO Bank to INDEXO, decreasing the income of INDEXO. Therefore, should INDEXO Group (together with INDEXO Bank) be subject to crisis prevention measures, such measures may be detrimental to the interests of INDEXO's shareholders and the financial situation of the INDEXO Group.

INDEXO's assessment of the risk profile regarding bail-in if INDEXO Bank is established is low.

Lack of adequate analyst coverage

There is no guarantee of continued (or any) analyst research coverage for INDEXO. Over time, the amount of third-party research available in respect of INDEXO may increase or decrease with little or no correlation with the actual results of its operations, as INDEXO has no influence on the analysts who prepare such research. Negative or insufficient third-party coverage would be likely to have an adverse effect on the market price and the trading volume of Shares.

Risks related to changes in the tax regime

The current tax regime applicable to dividends and/or capital gains upon future sale of the Shares may increase the tax burden on the Shareholder and consequently may affect the rate of return from the investment. Since the current tax regime is relatively new and is a result of wider tax reform in Latvia, the risk profile relating to changes of the tax regime applicable to dividend income or capital gains is assessed as low.

Risks posed to investors whose principal currency is other than EUR

The Shares of INDEXO are, and any dividends to be paid in respect of them will be, denominated in EUR. An investment in INDEXO's shares by investors whose principal currency is other than EUR exposes those investors to foreign currency exchange rate risk. Any depreciation of EUR in relation to the investor's principal currency will reduce the value of investment in the shares of INDEXO or any dividends in relation to such currency.

INDEXO's assessment of the risk profile posed to investors whose principal currency is other than EUR is low.

Risks related to the Share Buy-Back Program (if initiated)

The aim of the Offering is to raise capital for the establishment and licensing of INDEXO Bank. In the unlikely event that INDEXO Bank licensing in accordance with the applicable laws and regulations is unsuccessful within 24 months of listing and admission to trading of all INDEXO Shares on the Baltic Main List of Nasdaq Riga, INDEXO will implement a share buy-back program via which the proceeds generated by the Offering will be returned to investors in accordance with the conditions described in this Section (please see Section 5.7 "Share buy-back program") and Share Buy-Back Program General Terms (Section 22 "Schedule 4" of this Prospectus").

In the unlikely event insolvency proceedings are initiated against INDEXO under the applicable insolvency laws and regulations within the period of 24 months after the listing and admission to trading of all INDEXO Shares on the Baltic Main List of Nasdaq Riga and before the licensing of INDEXO Bank, investors as

shareholders of INDEXO will not have the priority with respect to their claim against INDEXO within such proceedings. Therefore, investors may not be able to recover their investment in accordance with the Share Buy-Back Program General Terms (Section 22“Schedule 4” of this Prospectus”) and this Prospectus.

INDEXO’s assessment of the risk profile related to Share Buy-Back Program (if initiated) is low.

3. INTRODUCTORY INFORMATION

3.1. Applicable Law

This Prospectus has been drawn up in accordance with the Prospectus Regulation, Financial Instruments Market Law and Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Delegated Regulation**"), in particular with Schedule 1 and 11 thereof, and Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal. Latvian law applies to this Prospectus and any disputes arising from this Prospectus shall be settled in Latvian courts, except when, according to the applicable law, the jurisdiction cannot be agreed on.

Please review the following important introductory information before reading this Prospectus.

3.2. Responsible Persons and Limitation of Liability

IPAS "Indexo" (the "**INDEXO**") and its Management Board is responsible for the information provided in this Prospectus. INDEXO and its Management Board accepts responsibility for the correctness and accuracy of the information contained in this Prospectus. Having taken all reasonable care, INDEXO and its Management Board believes that the information in this Prospectus is, to the best of the INDEXO's and its Management Board's knowledge, in conformity with the facts and excludes no information likely to affect the meaning of this Prospectus.

signed with a safe electronic signature

Chairman of the Management Board
Valdis Siksnis

signed with a safe electronic signature

Member of the Management Board
Henrik Karmo

signed with a safe electronic signature

Member of the Management Board
Ieva Margeviča

Without prejudice to the above, the persons responsible for the information provided in this Prospectus are not liable solely on the basis of the summary of this Prospectus, unless the information given in the summary is misleading or inaccurate together with this Prospectus or does not provide the material information needed for a decision on investment in Offer Shares together with other parts of the Prospectus.

3.3. Presentation of Information

Approximation of numbers

Numerical and quantitative values in this Prospectus (e.g., monetary values, percentage values) are presented with such precision that INDEXO deems necessary in order to provide adequate and sufficient information on the relevant matter while avoiding an excessive level of detail. In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals due to the effects of the approximation. Exact numbers can be examined and derived from the Audited Financial Statements to the extent that the relevant information is reflected therein.

Currencies

In this Prospectus, financial information is presented in Euro (EUR), the official currency of the EU Member States participating in Economic and Monetary Union, including Latvia.

Date of financial information

The financial information presented in this Prospectus is derived or taken from the audited financial statements of INDEXO pertaining to the three financial years ended on 31 December 2021, 31 December 2020, 31 December 2019 (the "**Audited Financial Statements**"). The Audited Financial Statements have been prepared by the Management Board and audited by KPMG Baltics AS for the financial year ended 31 December 2019 and by PricewaterhouseCoopers SIA for the financial years ending 31 December 2020 and 31 December 2021. The Audited Financial Statements are enclosed with this Prospectus as Schedule 1.

The Audited Financial Statements consists of the following:

1) INDEXO audited stand-alone and consolidated financial statements for the financial year ended 31 December 2021 (Please see Section 19 "Schedule 1" of this Prospectus);

2) INDEXO audited stand-alone financial statements for the financial year ended 31 December 2020 (Please see Section 20 "Schedule 2" of this Prospectus);

3) INDEXO audited stand-alone financial statements for the financial year ended 31 December 2019 (Please see Section 21 "Schedule 3" of this Prospectus");

Taking into account that the first consolidated financial statement for INDEXO Group was prepared for the financial year ended 31 December 2021, the consolidated data included in this Prospectus for both financial years ended 31 December 2020 and 2021 were derived from the consolidated financial statements for the financial year ended 31 December 2021.

Unless expressly stated otherwise, this Prospectus provides information as of the date of registration of the Prospectus. If information has been provided as of any other date than the date of this Prospectus, it will be indicated with reference to the specific date.

Third-party information and market information

Certain information contained in this Prospectus has been obtained from third parties. Such information is accurately reproduced and, as far as INDEXO is aware and is able to ascertain from the information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain information regarding the markets in which INDEXO operates is based on the best assessment by the Management Board. Reliable information pertaining to the markets in which INDEXO operates is not always available or conclusive. While all reasonable measures have been taken to provide the best possible assessment of information about the relevant area of activity, such information may not be relied upon as final and conclusive. Prospective investors are encouraged to conduct their own analysis of the relevant areas of activity or employ a professional consultant.

Updates

INDEXO will only update the information contained in this Prospectus to such extent, with the regularity, and by such means as required by the applicable law or considered necessary and appropriate by the Management Board. INDEXO is under no obligation to modify or update the forward-looking statements included in this Prospectus (please see Section 3.5 "Forward-Looking Statements" and Section 5 for "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus).

Definitions of terms

In this Prospectus, terms with capitalised first letters have the meaning given to them in Section 18 "GLOSSARY", unless the context evidently requires the contrary, whereas the singular includes plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

References to the INDEXO Website

This Prospectus contains references to the INDEXO website (https://indexo.lv/en/for-investors/). INDEXO does not incorporate the information available on the website in the Prospectus, i.e., the information on the

website is not part of this Prospectus and has not been verified or confirmed by the Latvian Financial and Capital Market Commission. This does not apply to the hyperlinks indicating information incorporated by way of reference.

3.4. Accounting Principles

The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. In addition, requirements set by the Latvian Financial and Capital Market Commission have been met with respect to preparation of the Audited Financial Statements.

3.5. Forward-Looking Statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements are based on opinions and best judgments by INDEXO or its Management Board relative to the information currently available to the Management Board. All forward-looking statements in this Prospectus are subject to risks, uncertainties, and assumptions regarding the future operations of INDEXO, the local and international macroeconomic environment and other factors.

These forward-looking statements can be identified in the Prospectus by use of words including, but not limited to, "strategy", "anticipate", "expect", "believe", "estimate", "will", "continue", "project", "intend", "targets", "goals", "plans", "should", "would" and other words and expressions of similar meaning, or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements can also be identified in the way they do not directly relate to historical and current facts. They appear in a number of places throughout this Prospectus (including, but are not limited to Section 5 of this Prospectus) and include, but are not limited to, statements regarding INDEXO's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which INDEXO operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and INDEXO's financial position and results of operations, and development of the markets and industries in which members of INDEXO operate may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if INDEXO's results of operations and financial position, and development of the markets and industries in which INDEXO operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements (please see Section 2 "RISK FACTORS" of this Prospectus).

INDEXO is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements in this Prospectus based on changes, new information, subsequent events or for any other reason.

The validity and accuracy of forward-looking statements is influenced by the general operating environment and the fact that INDEXO is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political, and social conditions, as well as other factors. INDEXO's actual results may differ from the Management Board's expectations due to changes caused by various risks and uncertainties, which in turn could adversely impact INDEXO's operations, business, or financial results. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward-looking statements.

3.6. Use of this Prospectus

This Prospectus is prepared solely for the purposes of the Offering as well as for listing and Admission to trading of the Shares on the Baltic Main List of Nasdaq Riga. No public offering of the Offer Shares is conducted in any jurisdiction other than Latvia and Estonia, and, consequently, dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than deciding on participating in the Offering or investing in the Shares. Copying, reproduction (other than for private

and non-commercial use) or dissemination of this Prospectus without the express written consent of INDEXO is prohibited.

3.7. Notice to US investors

The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any state of the United States. This Prospectus is not to be distributed to the United States or in any other jurisdiction where it would be unlawful. Accordingly, the Offer Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into or from the United States absent registration under the US Securities Act or an exemption therefrom, and in compliance with applicable state securities laws.

3.8. Approval of this Prospectus

This Prospectus has been registered by decision of the Latvian Financial and Capital Market Commission, dated 21 June 2022. Registration by the Latvian Financial and Capital Market Commission merely confirms that this Prospectus is in accordance with the standards of completeness, comprehensibility and consistency laid down in the Prospectus Regulation. Registration of this Prospectus should not be regarded as an endorsement of the Offer Shares. Prospective investors should assess the suitability of investing in the Offer Shares by themselves.

3.9. References incorporated into this Prospectus

The following information has been incorporated into this Prospectus by references from the following statutory Audited Financial Statements of INDEXO:

1) INDEXO audited stand-alone and consolidated financial statements for the financial year ended 31 December 2021;
2) INDEXO audited stand-alone financial statements for the financial year ended 31 December 2020;
3) INDEXO audited stand-alone financial statements for the financial year ended 31 December 2019;
4) INDEXO Articles of Association.

The Audited Financial Statements and related auditor's report included in this Prospectus have been extracted without material adjustment from the annual report published at the date indicated in the auditor's report. References in the auditor's report to "other information" are references to other information in the annual report. Such other information does not form part of this Prospectus.

The Audited Financial Statements have been audited by independent auditors, namely KPMG Baltics AS and PricewaterhouseCoopers SIA (please see Section 11.3 "The external auditor" of this Prospectus). The Audited Financial Statements include the information required under sections 18.1.1, 18.1.3, 18.1.6, 18.2.1 and 18.3.1 of Schedule 1 to the Delegated Regulation.

The aforementioned documents are accessible on the website of INDEXO at INDEXO's website (https://indexo.lv/).

3.10. Documents on Display

This Prospectus will be available in electronic form on the website of the Latvian Financial and Capital Market Commission (www.fktk.lv) and the Nasdaq Riga website (www.nasdaqbaltic.com). In addition, the following documents can be accessed through INDEXO's website (https://indexo.lv/) during the validity period of this Prospectus: this Prospectus (including its Summaries in Latvian and Estonian) (available at: https://indexo.lv/en/for-investors/);
Any interested party may download the above documents from the INDEXO website free of charge or request delivery of electronic copies of the documents from INDEXO.

4. TERMS AND CONDITIONS OF THE OFFERING

4.1. The Offering

INDEXO is offering up to 535,000 newly issued Shares (the **"Offer Shares"**).

The Offering is made by way of:

(i) an offering to INDEXO Shareholders (the **"Shareholder Offering"**) in the course of which a certain number of Offer Shares are offered (the **"Shareholder Offer Shares"**);

(ii) an offering to retail investors in Latvia and Estonia (the **"Retail Offering"**) in the course of which a certain number of Offer Shares are offered (the **"Retail Offer Shares"**); and

(the Shareholder Offering together with the Retail Offering, the **"Offering"**).

The Retail Offering will take place in Latvia and Estonia after the Latvian Financial and Capital Market Commission has approved this Prospectus and notified the competent authority in Estonia (the Estonian Financial Supervision and Resolution Authority) of approval of this Prospectus in accordance with Article 25 of Prospectus Regulation and the Prospectus together with its Summary translated into Estonian has been published in Estonia.

The Shares are dematerialised bearer shares with a nominal value of EUR 1 each (as also the Offer Shares will be). The Shares will be registered with Nasdaq CSD under the reserved ISIN LV0000101863 after approval of this Prospectus and before the start of the Offer Period and will be kept in book-entry form. No share certificates have been or may be issued. The Offer Shares are denominated in Euro and governed by the laws of Latvia. The Offer Shares are freely transferrable.

All the Shares, including the Offer Shares, are of one class, rank *pari passu* with each other and carry equal voting rights. The Offer Shares will give rights to dividends (if any) declared by INDEXO. For further description of the rights attached to the Shares, including the Offer Shares (please see Section 10.6 "Shareholder rights" of this Prospectus).

Allocation of the Offer Shares between the Shareholder Offering and the Retail Offering has been predetermined; however, INDEXO reserves the right to amend the predetermined division if demand for the Retail Offer is not sufficient. Allocation of both the Shareholder Offering and the Retail Offering will be decided by INDEXO in accordance with the principles described in Section 4.8 "Allocation of the Offer Shares and Offering Structure" of this Prospectus. The total amount of Offer Shares may decrease if any part of the Offering is cancelled. (Please see Section 4.13 "Postponement or Cancellation of the Offering" of this Prospectus.

INDEXO will submit a listing application to Nasdaq Riga for listing and admission to trading of all INDEXO shares, including the Offer Shares, on the Baltic Main List of Nasdaq Riga. Trading with INDEXO Shares is expected to commence on Nasdaq Riga on or about 15 July 2022. The indicative timetable and statistics of the Offering are the following:

Table 4.1.1.

The indicative timetable of the Offering

Start of the Offer Period	28 June 2022
End of the Offer Period	11 July 2022
Announcement of results of the Offering and Allocation	On or about 12 July 2022
Settlement of the Offering	On or about 14 July 2022
First trading day on Nasdaq Riga	On or about 15 July 2022

Table 4.1.2.

The Offering statistics

Percentage of share capital being offered in the Offering	15%
Number of Shares issued immediately following the Offering	535,000
Expected market capitalisation of INDEXO at the Offer Price (EUR)[1]	49,959,154
Estimated net proceeds of the Offering receivable by INDEXO (EUR)[2]	7,290,000

4.2. Offer Period

The Offer Period is the period during which persons who have a right to participate in the Shareholder Offering and Retail Offering may submit Subscription Undertakings for the Shares. The Offer Period commences on 28 June 2022 at 10:00 local time in Latvia and Estonia and terminates on 11 July 2022 at 15:30 local time in Latvia and Estonia unless it is shortened or extended (described in more detail in the Section 4.11 "Change to the Offer Price and Offer Period" of this Prospectus).

The time of the termination of the Offer Period on 11 July 2022 has been indicated subject to the closing of auction system of Nasdaq Riga through which each financial institution that is a member of Nasdaq Riga will register the received Subscription Undertaking.

It cannot be guaranteed that each financial institution that is a member of Nasdaq will provide the possibility to submit the Subscription Undertaking until 11 July 2022 at 15.30 local time in Latvia and Estonia as the timetable of closing the respective systems may vary. Investors are recommended to contact the financial institutions that are members of Nasdaq for more details with respect of the deadline of submission of Subscription Undertakings on 11 July 2022.

4.3. Rights to Participate in the Offering

The Offering is directed to Existing Shareholders via the Shareholder Offering and to retail investors in Latvia and Estonia via the Retail Offering, which does not qualify as Existing Shareholders within the Shareholder Offering.

The Offering is not addressed to investors who are Russian or Belarusian nationals or natural person residing in Russia or Belarus. The latter shall not apply to nationals of a Member States of the European Union or natural persons holding a temporary or permanent residence permit in a Member State of the European Union. The Offering is also not addressed to investors that is a legal person, entity or body established in Russia or Belarus.[3]

[1] The market capitalisation of INDEXO at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.

[2] The estimated net proceeds receivable by INDEXO are stated after deduction of estimated fees and expenses relating to the Offer (including VAT) payable by INDEXO.

[3] The prohibitions imposed in accordance with Article 5e and 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328 and 2022/394) and Article 1x and 1y of Regulation (EC) No. 765/2006 (as amended by Council Regulation (EU) No 2022/398).

Shareholder Offering

The Shareholder Offering is directed to all Existing Shareholders of INDEXO. For the purposes of the Shareholder Offering, an Existing Shareholder is considered to be eligible to participate in the Shareholder Offering if it owns at least 1 (one) fully paid-up INDEXO Share at the time of the Offering.

Retail Offering

The Retail Offering is directed to all retail investors in Latvia and Estonia that do not qualify as Existing Shareholders within the Shareholder Offering. For the purposes of the Retail Offering, a natural person is considered to be "in Latvia", if that person has a securities account with a financial institution which is a member of Nasdaq Riga. A legal person is considered to be "in Latvia", if that person has a securities account with a financial institution which is a member of Nasdaq Riga, or that person's registration number is a registration number of the Commercial Register.

For the purposes of the Retail Offering, a natural person is considered to be "in Estonia", if that person has a securities account with a financial institution which is a member of Nasdaq Riga. A legal person is considered to be "in Estonia", if that person has a securities account with a financial institution which is a member of Nasdaq Riga, or that person's registration number is a registration number of the Estonian Commercial Register.

4.4. Subscription Undertakings

Subscription Undertakings may only be submitted during the Offer Period. An investor participating in the Offering may apply for the Offer Shares for the Offer Price only. The minimum investment amount is EUR 14 for which an investor can subscribe for one share. All investors participating in the Offering may submit Subscription Undertakings in Euro only. An investor shall bear all costs and fees charged in connection with the submission, cancellation or amendment of a Subscription Undertaking pursuant to the price list of the respective financial institution that is a member of the Nasdaq Riga accepting the Subscription Undertaking.

In order to subscribe for the Offer Shares an investor must have a securities account with a financial institution that is a member of Nasdaq Riga. The Subscription Undertakings submitted within the Retail Offering are registered through the auction system of Nasdaq Riga.

Investors may open a securities account through a financial institution which is a member of Nasdaq Riga. A list of financial institutions that are members of Nasdaq Riga is available on the webpage of Nasdaq Riga at https://nasdaqbaltic.com/statistics/en/members (in order to review the list of members of the Nasdaq Riga, the selection "Riga" should be made).

Special provisions of the Law on Investment Management Companies

Upon submitting a Subscription Undertaking, an investor must take into consideration the special provisions of the Law on Investment Management Companies applicable to acquiring a holding in an investment management company. A person that intends to acquire a direct or indirect qualifying holding in an investment management company or increase its holding so that it exceeds 10%, 20%, 33% or 50% of the investment management company's share capital or votes or undertake a transaction as a result of which an investment management company would become a company controlled by that person, is, inter alia, obliged to notify the Latvian Financial and Capital Market Commission of such intention beforehand and submit the information and documents required under the applicable law.

If a person that is suspected of having acquired a qualifying holding in an investment management company does not provide or refuses to provide the information set in the Law on Investment Management Companies or the holding of that person in total amounts to 10% or more of the company's share capital or number of voting shares, that person may not exercise the voting rights attached to all shares they own.

If a person disregards the Latvian Financial and Capital Market Commission's prohibition and acquires or increases a qualifying holding, that person is not entitled to exercise voting rights attached to all shares they own, and the decisions of the Shareholders' Meeting that have been taken by using the voting rights of those

shares shall not be valid from the time of their adoption and may not, on the basis of these decisions, be required to make entries in the Commercial Register and other public registers.

Special provisions of the Credit Institution Law

Based on the information provided in Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus, upon submitting a Subscription Undertaking, an investor must take into consideration that if INDEXO becomes the sole shareholder in a licensed credit institution, the investor will become an indirect shareholder in the respective credit institution.

Therefore, special provisions of the Credit Institution Law and CRR will become applicable to acquiring a holding (also indirect) in a credit institution. A person who intends to acquire an indirect qualifying holding in a credit institution (bank) or increase its holding exceeding 10%, 20%, 33% or 50% of the credit institution's share capital or votes or undertakes a transaction as a result of which the credit institution would become a company controlled by that person, is, inter alia, obliged to notify the Latvian Financial and Capital Commission of such intention beforehand and submit the information and documents required under the applicable law. The Latvian Financial and Capital Market Commission will forward the notification documents to the European Central Bank which will decide on approving or refusing acquisition of a qualifying or controlling holding.

If a person that is suspected of having acquired a qualifying holding in an investment management company does not provide or refuses to provide the information set in the Law on Investment Management Companies or the holding of such person in total amounts to 10% or more of the company's share capital or number of voting shares, that person may not exercise the voting rights attached to all shares they own.

4.5. Terms and conditions for submission of Subscription Undertaking

An investor wishing to subscribe for the Offer Shares must contact a financial institution which is a member of Nasdaq Riga and manages that investor's securities account and submit a Subscription Undertaking for the purchase of Offer Shares in a form accepted by the financial institution and in conformity with the terms and conditions of the Prospectus. The investor may use any method that that investor's account operator offers to submit the Subscription Undertaking (e.g., physically at the client service venue of the account operator, via internet bank or by other means).

An investor may submit a Subscription Undertaking through a nominee account only if that investor authorises in writing the holder of the nominee account to disclose in writing the investor's identity to Nasdaq Riga. Subscription Undertakings submitted through nominee accounts shall be taken into account in allocation only if the owner of the nominee account has disclosed in writing to Nasdaq Riga the investor's identity, place of residence or seat, personal identification number or registry code, the number of securities subscribed for and the total amount of the transaction. Among others, the person's permanent address, personal identification number or the registered address in the case of a legal person must be disclosed. An investor may submit a Subscription Undertaking either personally or through a representative whom the investor has authorised to submit the Subscription Undertaking.

A Subscription Undertaking is deemed submitted from the moment Nasdaq Riga receives a duly completed transaction instruction from the financial institution managing an investor's securities account. An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. INDEXO reserves the right to reject any Subscription Undertakings which are incomplete, incorrect or illegible, or which have not been completed and submitted during the Offer Period in accordance with all the terms and conditions of the Prospectus.

By submitting a Subscription Undertaking each investor:

(1) confirms that they have read this Prospectus and its Summary, including (but not limited to) the risk factors set out in this Prospectus and a description of rights and obligations resulting from ownership of the Shares;

(2) accepts the terms and conditions of the Offering set out in this Section and elsewhere in this Prospectus and agrees with INDEXO that such terms will be applicable to the investor's acquisition of any Offer Shares;

(3) acknowledges that the Offering does not constitute a binding offer for sale of the Offer Shares, and that submission of a Subscription Undertaking does not constitute acceptance of a binding sales offer, and therefore does not in itself entitle the investor to acquire the Offer Shares, nor does it result in an agreement for sale of the Offer Shares between INDEXO and the investor;

(4) accepts that the number of Offer Shares indicated in the Subscription Undertaking will be regarded as the maximum number of Offer Shares which the investor wishes to acquire (the "**Maximum Amount**") and that the investor may receive less (but not more) Offer Shares than the Maximum Amount (described in more detail in the Section 4.8 "Allocation of the Offer Shares and Offering Structure");

(5) undertakes to acquire and pay for any number of Offer Shares allocated to them in accordance with these terms and conditions up to the Maximum Amount;

(6) authorises the financial institution and instructs them to forward the registered Subscription Undertaking to Nasdaq Riga;

(7) consents to processing of the investor's personal data to the extent such data processing is required for the purposes of the Offering in accordance with this Prospectus;

(8) accepts that INDEXO at its sole discretion has a right to refuse to allocate all or part of the subscribed Offer Shares to any investor due to AML and Sanctions regulations compliance risk.

(9) authorises the financial institution, or Nasdaq Riga, as the case may be, to amend the information contained in the Subscription Undertaking, including to (a) specify the value date of the transaction and (b) specify the number of Offer Shares to be purchased by the investor and the total amount of the transaction, which results by multiplying the Offer Price by the number of Offer Shares allocated to the respective investor.

Investors have the right to amend or cancel their Subscription Undertakings at any time until the end of the Offer Period. To do so, the investor must contact a financial institution which is a member of Nasdaq Riga through whom the Subscription Undertaking in question has been made and carry out the procedure required by the financial institution for amending or cancelling the Subscription Undertaking (such procedures may differ between different financial institutions).

4.6. Offer Price

The Offer Price is **EUR 14** per one Offer Share, of which EUR 1 is the nominal value of one Offer Share and EUR 13 is the premium. The Offer Price will be the same in the Shareholder Offering and Retail Offering.

4.7. Payment

By submitting a Subscription Undertaking, each investor authorises the financial institution managing the investor's current account connected to their securities account to immediately block the whole transaction amount on the investor's current account until settlement is completed or funds are released in accordance with the terms and conditions of this Prospectus. The transaction amount to be blocked will be equal to the subscription price multiplied by the Maximum Amount. An investor may only submit a Subscription Undertaking when sufficient funds are in the current account. The Offer Shares allocated to the investor shall be paid for in the manner described in the Section 4.9 "Settlement and Trading".

Depending on the terms and conditions of the financial institution, which is a member of Nasdaq Riga, the financial institution which operates the current account connected to the investor's securities account may immediately block the whole transaction amount on the investor's current account until settlement is completed or funds released in accordance with the terms and conditions described in this Prospectus. The Offer Shares allocated to the investor shall be paid for in the manner described in Section 4.9 "Settlement and Trading".

4.8. Allocation of the Offer Shares and Offering Structure

INDEXO will decide on allocation of the Offer Shares after expiry of the Offering Period, on or about 12 July 2022. Allocation of the Offer Shares between the Shareholder Offering and the Retail Offering has been previously determined; however, INDEXO reserves the right to amend the predetermined division if demand for the Retail Offer is not sufficient.

The Offer Shares will be allocated to the investors participating in the Shareholder Offering and Retail Offering in accordance with the following principles, which INDEXO may change depending on the distribution of Subscription Undertakings collected in the Shareholder Offering and Retail Offering, the total demand and other circumstances.

Table 4.8.1.

Particulars	***Shareholder Offering***	***Retail Offering***
Number of Offer Shares available for allotment	Up to 300,000 Offer Shares	Up to 100,000 Offer Shares
Percentage of Offer size available for allotment	56,1%	18,7%
Guaranteed Offer Shares	-	Up to 100 of the Offer Shares for each investor who submitted a Subscription Undertaking in the Retail Offering.
Preferential treatment	Preference will be given to Existing Shareholders in order to reduce their dilution proportionally up to 250,000 Offer Shares.	Preference will be given to Eligible Customers of INDEXO Group.
Basis of allotment if the respective category is oversubscribed[4]	If the Shareholder Offering is oversubscribed, Existing Shareholders will be eligible to obtain the Offer Shares from the Quota of residual Offer Shares on a pro-rata basis.	If the Retail Offering is oversubscribed, INDEXO reserves the right to reduce the guaranteed Offer Shares for the Retail Offering at its sole discretion. Retail Investors who subscribed for more than 100 Offer Shares will be eligible to obtain the Offer Shares from the Quota of residual Offer Shares on a pro-rata basis.
Basis of allotment if the respective category is undersubscribed	-	If the Retail Offering is undersubscribed, INDEXO reserves the right to deem Subscription Undertakings submitted in the Shareholder Offering to be part of the Retail Offering and decide on the allocation of the Offer Shares to such investor in accordance with the principles of allocation of Retail Offering at INDEXO's sole discretion within the applicable law.
Quota of residual Offer Shares (available for both Existing Shareholders and Retail Investors who subscribed for more than 100 Offer Shares)		
Number of Offer Shares available for allotment	Up to 135,000 Offer Shares	

[4] Assuming that all Offer Shares are subscribed for.

Percentage of Offer size available for allotment	25,2%
Preferential treatment	INDEXO reserves the right to determine the exact allocation between Shareholder Offering and the Retail Offering for the Quota of residual Offer Shares at its sole discretion based on total demand for the Offering.
Basis of allotment if the respective category is oversubscribed	If the Quota of residual Offer Shares is oversubscribed, pro-rata allocation will apply.

For the purposes of the allocation, "Existing Shareholders" should be understood as (1) natural or legal persons who directly or indirectly own Shares of INDEXO; (2) a legal person of which the ultimate beneficial owner is a natural person who directly or indirectly own Shares of INDEXO.

For the purposes of the allocation, "Eligible Customer" should be understood as 3rd pension pillar customer of INDEXO Atklātais Pensiju Fonds who has concluded an individual membership agreement with INDEXO Atklātais Pensiju Fonds by accepting its terms on INDEXO's webpage and has received a notification on the conclusion of the membership agreement to an e-mail address provided by the customer until 26 June 2022.

A Subscription Undertaking is deemed submitted from the moment Nasdaq Riga receives a duly completed transaction instruction from the financial institution managing an investor's securities account (please see Section 4.5 "Terms and conditions for submission of Subscription Undertaking" of this Prospectus).

Upon allocation, all Subscription Undertakings submitted by one investor shall be aggregated.

If the Offering is undersubscribed, INDEXO may reduce the number of the Offer Shares accordingly, or cancel the Offering as described in the Section 4.13 "Postponement or Cancellation of the Offering".

If the Offering is over-subscribed, the Offer Shares will be allocated to the investors participating in the Offering in accordance with the principles described in this Section. The funds blocked on the current account of an investor who participated in the Shareholder Offering and the Retail Offering will be released in the amount corresponding to the Offer Price multiplied by the number of Shares not allocated to that investor as described under the Section 4.12 "Release of Funds" of this Prospectus.

To the extent known to INDEXO, the indication is that the Chairman of the Management Board Mr. Valdis Siksnis and member of the Management Board Mr. Henrik Karmo intends to subscribe in the Offering. INDEXO is not aware whether any major Shareholders or any other members of management or senior management intend to subscribe for the Offering or whether any person intends to subscribe for more than 5% of the Offering.

INDEXO expects to announce the results of the allocation process on the website of Nasdaq Riga https://nasdaqbaltic.com/statistics/en/news and the website of INDEXO at https://indexo.lv/investors/ on or about 12 July 2022.

4.9. Settlement and Trading

Pre-settlement arrangements

In order to simplify and expedite settlement of the Offering by use of fully paid up shares at the time of settlement, INDEXO will borrow the necessary number of Offer Shares from SIA "DVH" (current shareholder of INDEXO) in order to allocate these existing Shares to investors in accordance with the allocation rules described above.

The net proceeds of the Offering will then be used by INDEXO for payment of newly issued Shares. When the payment for such new Shares has been completed, INDEXO in accordance with the share lending agreement between them will return these Shares to SIA "DVH".

During the period when INDEXO holds the Shares for the purpose of the Offering, no Shareholders' Meetings will be held by INDEXO, and no shareholders resolution will be adopted.

Settlement

Settlement of the Offering will be carried out by Nasdaq CSD. The Offer Shares allocated to investors will be transferred to their securities account on or about 14 July 2022 through the "delivery versus payment" method simultaneously with transfer of payment for such Offer Shares, in accordance with the rules of Nasdaq CSD. Title to the Offer Shares will pass to the relevant investors when the Offer Shares are transferred to their securities accounts.

If an investor has submitted several Subscription Undertakings through several securities accounts, the Offer Shares allocated to that investor will be transferred to all such securities accounts proportionally to the number of shares indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary, in order to ensure that a whole number of Offer Shares is transferred to each securities account. If the transfer cannot be completed due to lack of sufficient funds on the investor's current account, the Subscription Undertaking of that investor will be rejected and the investor will lose all rights to the Offer Shares allocated to that investor.

Trading

INDEXO will submit a listing application to Nasdaq Riga for listing of all the Shares of INDEXO, including the Offer Shares, on the Baltic Main list of Nasdaq Riga. INDEXO will take all necessary measures in order to comply with the rules of Nasdaq Riga to ensure that the application is approved. The expected date of listing and Admission to trading of the Shares on the Baltic Main List of Nasdaq Riga is on or about 15 July 2022.

4.10. Agreements related to the Offering

Agreements on organising INDEXO share subscription process

INDEXO has appointed AS Signet Bank as the Nasdaq Auction Arranger. INDEXO will sign an agreement with AS Signet Bank with respect to the Offering and the assistance of Signet Bank with thereof on or about 20 June 2022. INDEXO will also sign an agreement with AS Signet Bank and Nasdaq Riga on the organizing the Offering (the **"Agreement about organizing AS "Indexo" share subscription process"**) on or about 20 June 2022.

AS Signet Bank has undertaken to initiate the start of the Offering (auction) in Nasdaq Riga trading system, provide assistance with Allocation process and other undertakings in accordance with the Agreement about organizing AS "Indexo" share subscription process.

The total commissions to be paid to the Nasdaq Auction Arranger will not exceed approximately EUR 20,000 in the event that investors subscribe for all of the Offer Shares.

Lock-up agreements

The ultimate beneficial owners of SIA "DVH" (the largest Shareholder of INDEXO owning approximately 22.31% of INDEXO Shares as of the date of this Prospectus) have agreed to be subject to lock-up agreements as follows:

Valdis Siksnis, who owns directly and indirectly approximately 7.52% of the INDEXO's Shares before the Offering, has agreed without the prior written consent of INDEXO not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of more than 10% of the Shares of INDEXO owned by him during the period commencing on the date of the lock-up agreement (entered into on or about the start of the Offer Period) and ending after the lapse of 12 calendar months from the date of the lock-up agreement. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of the

Company and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of INDEXO. INDEXO is not entitled to unreasonably withhold its consent, provided that the proposed new owner of the locked-up shares of INDEXO has executed or has committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

Henrik Karmo, who owns directly and indirectly approximately 9.87% of the INDEXO's Shares before the Offering, has agreed without the prior written consent of INDEXO not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of more than 10% of the Shares of INDEXO owned by him during the period commencing on the date of the lock-up agreement (entered into on or about the start of the Offer Period) and ending after the lapse of 12 calendar months from the date of the lock-up agreement. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of INDEXO and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of INDEXO. INDEXO is not entitled to unreasonably withhold its consent, provided that the proposed new owner of the locked-up shares of INDEXO has executed or has committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

In addition to the above, the Shareholders of INDEXO have agreed to place more than 98% of the Shares owned by them under the lock-up agreement provisions by agreeing, without the prior written consent of INDEXO not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of more than 20% of the Shares of INDEXO owned by each respective Shareholder (who has concluded such lock-up agreement) during the period commencing on the date of the lock-up agreement (entered into on or about the start of the Offer Period) and ending after the lapse of 6 calendar months from the date of the lock-up agreement. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of INDEXO and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of INDEXO. INDEXO is not entitled to unreasonably withhold its consent, provided that the proposed new owner of the locked-up shares of INDEXO has executed or has committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

4.11. Change to the Offer Price and Offer Period

In accordance with the Prospectus Regulation, INDEXO may be required to draw up a supplement to the Prospectus if the Offer Price of the Offering is changed or the Offer Period is shortened or prolonged. The obligation to register a supplement to the Prospectus may apply if the Offer Period is prolonged. The supplement to this Prospectus will be published after registration thereof in the same way as this Prospectus and its Summaries.

Furthermore, in accordance with the Prospectus Regulation, every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect assessment of the securities and which arises or is noted between the time this Prospectus is approved and the time INDEXO Shares are listed on Nasdaq Riga, shall be mentioned in a supplement to the Prospectus. All other changes will be disclosed on the website of Nasdaq Riga https://nasdaqbaltic.com/statistics/en/news and on the INDEXO website https://indexo.lv/en/for-investors/.

If INDEXO is required to publish a supplement to the Prospectus, an investor who has submitted a Subscription Undertaking in the Offering before publication of the supplement to the Prospectus has a right to withdraw within two working days (or within another time period as specified in the supplement to this Prospectus) after publication of the supplement to the Prospectus in accordance with the procedure described under the Section 4.5 "Terms and conditions for submission of Subscription Undertaking" of this Prospectus.

4.12. Release of Funds

If the Offering or part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Subscription Undertaking is rejected or if the allocation deviates from the amount of Offer Shares applied for, the funds blocked on the investor's current account, or part thereof (the amount in excess of payment for the allocated Offer Shares) is expected to be released by the respective account operator within two working days. Regardless of the reason for which funds are released, INDEXO shall not be liable for release of the respective funds and for payment of interest on the released funds for the time they were blocked.

4.13. Postponement or Cancellation of the Offering

INDEXO has reserved the right to postpone or cancel the Offering in full or in part at any time until the end of the Offer Period. The reason for postponement or cancellation of the Offering could be, among others, the following circumstances:

- unexpected and significant change in the economic or political situation in Latvia or the world which may affect financial markets, the economic situation or the prospects and operations of INDEXO;
- significant change or development which affects the general situation, management, financial position, capital or results of operations of INDEXO;
- insufficient demand for the Offer Shares.

Any cancellation of the Offering will be announced on the website of Nasdaq Riga https://nasdaqbaltic.com/statistics/en/news and through the INDEXO website (https://indexo.lv/en/for-investors/). All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

4.14. Conflicts of Interest

Certain members of the Management Board and Supervisory Board and certain Key Personnel of INDEXO own shareholdings in INDEXO and therefore those persons are interested in the future wellbeing and success of INDEXO, including the success of the Offering (the size of the shareholdings is described in more detail under Section 10.5 “Shareholders”).

According to the knowledge of the INDEXO Management Board, the persons connected with the Offering have no other material personal interests from the viewpoint of the Offering. The Management Board is not aware of any conflict of interest related to the Offering.

4.15. Dilution

As of the date of this Prospectus, the number of the Shares of INDEXO is 3,033 ,511. The number of the Offer Shares is up to 535,000. Therefore, the number of the Shares of INDEXO after successful registration of the increase in the share capital of INDEXO will be up to EUR 3,568,511.00, provided, however, that the number of the Offer Shares is not changed in accordance with the terms and conditions described in the Section 4.13. “Postponement or Cancellation of the Offering”. Therefore, the shareholdings in INDEXO existing immediately prior to the Offering will be diluted by up to 15% as a result of the Offering.

INDEXO net asset value per share is EUR 1.82 as at 31 December 2021. Further information on the price formation of Offer Shares in the course of the Offering is provided under the Section 4.6 “Offer Price”.

The following table shows the size of the holding of the Existing Shareholders in INDEXO as at the date of this Prospectus and the possible sizes for two outcomes (1) Existing Shareholders not obtaining any of the Offer Shares in the Offering; and (2) Existing Shareholders obtaining the maximum amount of both Shareholders Offer Shares and Quota of residual Offer Shares after completion of the Offering (assuming that the Offer Shares are issued in full volume). The final dilution after the Offering will fall into the range of the maximum and minimum dilution scenarios displayed below.

Table 4.15.1.

The size of the holding of the Shareholders in INDEXO and the minimum and maximum sizes after completion of the Offering

	As at the date of Prospectus		*After completion of the Offering, the maximum dilution of the Shareholders, assuming the sale of all Offer Shares*		*After completion of the Offering, minimum dilution of the Shareholders, assuming the sale of all Offer Shares*	
	Number of shares	**% of votes**	**Number of shares**	**% of votes**	**Number of shares**	**% of votes**
Total Shareholder Shares before the Offering	**3,033,511**	**100%**	3,033,511	85%	3,033,511	85%
Total new Shareholder Shares	-	-	0	0%	435,000	12,2%
Total Shareholder Shares (including Shareholder Shares before the Offering and Shareholder Offer Shares)	**3,033,511**	**100%**	3,033,511	85%	3,468,511	97,2%
Total Retail Offer Shares	**-**	**-**	535,000	15%	100,000	2,8%
Total Shares	**3,033,511**	**100**	**3,568,511**	100%	3,568,511	100%

5. REASONS FOR THE OFFERING AND USE OF PROCEEDS

The expected amount of gross proceeds of the Offering is up to 7.49 million *euros*. Expenses directly related to the Offering are estimated to be approximately 0.2 million *euros*, including fees and commissions to be paid to the consultants of the Offering. Therefore, the net proceeds of the Offering are expected to be up to 7.29 million *euros*.

The key reason for the Offering is to raise capital for establishment of INDEXO Bank.

5.1. The idea of INDEXO Bank

Over recent years an ever-increasing domination of the local market by foreign-owned banks has started to show signs of underserving the Latvian economy. Latvian households have least leverage amongst EU countries. Relative to GDP Latvia's banking sector has the smallest loan portfolio with one of the highest interest margins in Eurozone. Comparison with Estonia and Eurozone average indicators suggest a lending gap of over 4 billion *euros*.

In addition, recent major AML-related scandals in the Baltic market have also had the unwelcome and unnecessary side-effect of making banking very difficult for fully legitimate enterprises with a non-standard or export-related business model. Finally, the largest banks in the Latvian market have in the past decade underinvested in developing their product and technological offerings.

To improve competition in the Latvian banking market, as it did in the pension savings' market, INDEXO plans to create a new, local, digitally focused bank. In addition, INDEXO Bank intends to provide competitive, low-cost custody service to INDEXO ensuring predictable and growing revenue for the new bank. INDEXO Bank also intends to fill the gap that current market players have left in retail banking and offer customer centric digital banking services to Latvian residents leveraging the existing INDEXO customer base and well recognised brand.

By gradual and strategical roll out of services, INDEXO Bank could generate significant revenue and on a group level be self-sustainable, enabling further product development to undertake traditional banking services exceptionally well.

INDEXO Bank plans to enter Latvian banking market by launching its mobile daily banking and payment cards for all retail clients, executed with insights from the best European banking and fintech market participants. This should enable INDEXO Group to execute its consumer lending plan in the Latvian market which is currently underserved by existing market participants. One year from retail banking rollout, INDEXO Bank intends to roll out its corporate segment offerings, enabling cash management and commercial loans with an emphasis on the underserved SME market.

Advantages of INDEXO Bank

INDEXO Bank will have several competitive advantages:

- Lacking the encumbrance of historical products and service channels, INDEXO Bank should be able to launch a modern, **convenient digital banking product**. The absence of legacy IT systems should enable INDEXO Bank to operate with a high level of automation and offer products and services at attractive pricing.

- Since it will be starting from a clean slate, INDEXO Bank will not need to offboard problematic historical clients, and using existing INDEXO Group customer base will rapidly build **a fully legitimate, resident-only Latvian client base**.

- Exceptional management talent with in-depth local market knowledge should put INDEXO at a market advantage compared to competitors with centralized foreign decision-making.

Products and services offered by INDEXO Bank

The first product offered by INDEXO Bank after licensing would be custody services and necessary brokerage infrastructure to supplement the existing INDEXO business. Moving away from using competitors' custody services will increase the independence of INDEXO, reduce certain business risks via diversification, and significantly reduce costs. The cost reduction will allow INDEXO to offer its customers **cheaper pension products** in the medium term.

In parallel to custody and brokerage, INDEXO bank will start offering residential retail customers financial services, *inter alia*, taking deposits and granting credits for its own account. INDEXO has a significant number of active customer contacts and a strong retail brand supporting the entry into this market. Given the wide lending gap to Latvian households, INDEXO Bank will create lending products including mortgages, consumer loans etc.

Given that INDEXO already operates in retail financial services market by offering pension management for 5 years and has overcome trust issues inherent to start-ups in financial services field, INDEXO is confident that INDEXO Bank will be able to attract customer deposits as funding for financing lending. Upon licensing INDEXO Bank will be part of the deposit guarantee fund that protects client funds up to 100 000 euros deposited in the licensed bank.

In year two of INDEXO Bank financial plan, INDEXO Bank will start offering services to corporates. Taking into account that the KYC and AML demands for corporate sector are more complex and INDEXO Bank will have limited capital at the early years, INDEXO bank will need time to grow the organisation to ensure that best practices to avoid risks of handling corporate money flows are in place. Therefore, the provision of finances to corporates will be restricted and mostly targeting the SMEs.

5.2. Financial plan of INDEXO Bank

A financial plan covering six years (including 2022) has been developed by the Management Board of INDEXO to support the business case of establishing a new bank. In the following subsection "Forward looking financial projections" key planned indicators are provided for both – INDEXO Group, and INDEXO Bank standalone. According to financial projections which assume to begin banking operations in 2023, INDEXO Bank is expected to become profitable in year 2025.

During the entire 6-year business plan horizon, INDEXO Bank expects to grow its total loan portfolio to 443 million *euros* (which translates to an expected 3% of all the projected total loan portfolio in the Latvian banking market by year 6) and attract pension plan assets under management of around 2.2 billion *euros*. It is expected that loan portfolio will be fully funded by local customer deposits.

INDEXO expects to maintain financial ratios well above the regulatory requirements on CAR, LCR, and NSFR.

Table 5.1.

	Key tasks for Bank licensing	Q3 2022	Q4 2022	Q1 2023	Q2 2023	..	Q3 2024	Q4 2024	Q1 2025
1	Bank licensing, incl. preparation of key policies, approval of business plan								
2	Preparation of IT infrastructure								
3	Recruitment and training of personnel								
4	Beginning of retail banking and custody services								
5	Development and launch of corporate banking products								

Forward looking financial projections

Long-term financial targets of INDEXO Group:

Table 5.2.

Asset management business (existing)	Units	2022	2023	2024	2025	2026	2027
Clients	thousands	93	122	148	161	173	185
AUM	millions, EUR	671	954	1 283	1 559	1 865	2 206
Share capital	millions, EUR	10	10	15	20	20	20
Revenue	millions, EUR	2.3	3.4	4.6	5.6	6.7	7.8
Net income	millions, EUR	(0.2)	1.0	2.0	3.5	4.4	5.4

Bank business (new)	Units	2022	2023	2024	2025	2026	2027
Clients	thousands	0	40	67	94	120	145
Loan portfolio	millions, EUR	0	30	72	148	246	443
Deposit portfolio	millions, EUR	0	81	167	285	413	548
Net income	millions, EUR	(0.4)	(1.6)	(0.2)	2.3	6.0	12.2
Share capital	millions, EUR	7	7	13	20	23	27
CAR*	ratio, %	-	16%	16%	16%	16%	16%

Group (consolidated)	Units	2022	2023	2024	2025	2026	2027
Revenue**	millions, EUR	2.3	5.6	9.2	15.2	21.7	31.0
Net income	millions, EUR	(0.6)	(0.6)	1.8	5.9	10.4	17.6
Share capital	millions, EUR	10	10	15	20	20	20
Dividend payout ***	ratio, %	0%	0%	0%	0%	0%	0%
ROE ****	ratio, %	(7.2%)	(8.0%)	13.5%	24.3%	30.4%	34.3%
ROA *****	ratio, %	(7.0%)	(0.6%)	1.0%	1.9%	2.3%	2.9%

** CAR = Capital adequacy ratio calculated according to relevant regulation*
*** Revenue = Net commission income + Net interest income*
**** Dividend payout = Dividends / Annual profits * 100%*
***** Calculated as Net income divided by closing equity value on balance sheet * 100%*
****** Calculated as Net income divided by closing asset value on balance sheet *100%*

The table above on long-term financial targets of INDEXO Group (to be attained by the end of 2027) has been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the accounting policies of INDEXO Group. The prospective financial information included herein has not been subject to an audit, review or any other form of attestation by independent auditors. It was prepared by the Management Board of INDEXO based on its internal financial plan.

The financial targets provided were based on these main assumptions:

– **Client acquisition in asset management.** In order to continue growing the asset management business, INDEXO Group expects to continue attracting market-average new clients throughout the forecast period. Client acquisition is higher through to 2024, when client acquisition investment slows due to more significant market share. INDEXO Group plans on growing its market share from 7.7% at

the end of 2021 to 20% at the end of 2027. We expect client churn rates to remain around historical averages of 9% p.a.

- **Asset management metrics.** When forecasting asset development for INDEXO Group asset management business, simplified assumptions are used for long-term annual returns. INDEXO Group expects our assets under management (AUM) to return on average 5% per annum over the long term. In the short to medium term financial market results can be increasingly volatile and those fluctuations will have an effect on INDEXO Group revenue.
- **Banking license.** INDEXO Bank expects to receive a license to begin operations of a credit institution within 2023.
- **Client acquisition in banking.** INDEXO Group expects to attract new clients in INDEXO Bank in order to grow deposit and loan portfolios. Expected loan and deposit portfolios will reach 443 million *euros* and 558 million *euros* by the end of 2027. The client acquisition will be driven by INDEXO Group brand recognition, active sales and strong demand due to underfunded households and economy.
- **Investments in the capital of INDEXO Bank.** INDEXO Group sees significant growth prospects in the banking sector.
- **High growth prospects.** In order to achieve the desired results, INDEXO Group is expected to perform secondary offerings of 5 million *euros* in 2024 and 2025. Furthermore, each year in the forecast period INDEXO Group is expected to invest its annual profits in INDEXO Bank share capital. Total investment in INDEXO Bank capital is expected to reach 27 million *euros* by the end of 2027.expects to continue its strong growth story even after 2027 with INDEXO Bank being the main growth driver.
- **Profitability.** INDEXO Group is expected to be loss-making in its early stages while team, processes, systems and lending of INDEXO Bank are being set up and client acquisition in the asset management business remains high. Once at scale, the INDEXO Group is expected to become profitable by year 2024 and go on to earn in excess of 17 million *euros* per annum by the end of 2027. This will be driven by INDEXO Bank achieving a loan portfolio of 433 million *euros* and annual profit of 12.2 million *euros* at the end of 2027.
- **Dividends.** Banking is a capital-intensive business. In order to achieve high growth and provide sufficient capital adequacy, additional capital will be needed. Therefore, INDEXO Group does not expect to distribute its profits over the forecast period.

5.3. Own funds and prudential requirements of INDEXO Bank

INDEXO expects no dividend payment to Shareholders during the forecast period. Moreover, it is foreseen that the entire profit of INDEXO Group and INDEXO Bank will be reinvest into Tier 1 capital of INDEXO Bank. The initial investment is expected to reach 7 million *euros*. Throughout the period INDEXO expects to perform secondary offerings to supplement the capital of INDEXO Bank and keep sufficient capital adequacy while maintaining strong growth.

Risk weighted assets

The risk weighted assets will be based on a standardized approach (SA) for credit risk, and a basic indicator approach (BIA) for operational risk.

Mortgage loans will be underwritten in compliance with strict criteria defined in mortgage product underwriting rules. Mortgage lending will be fully secured by mortgages on residential property that is or will be occupied by the borrower, or that is rented, and therefore eligible for 35% risk weight. In order to be prudent and allow for potential exceptions, INDEXO Bank in its forecasts will define 50% as the average risk weight on mortgages.

Credit cards, consumer loans, commercial loans to small enterprises will comply with the criteria for inclusion in retail exposures and will therefore be 75% risk weighted. The high-level criteria that will be followed include:

- They are revolving and/or personal term loans, leases or small business loans;
- They are sufficiently diversified;

– There are no large individual exposures;
– They are homogenous exposures with standardized underwriting requirements.

Capital Adequacy

The INDEXO Bank will maintain a strong capitalization structure at all times that considers the forecasted business development, assumed risks, expected minimum regulatory requirements, and an additional management buffer.

Throughout the forecast period, the INDEXO Bank is anticipated to be funded only through Tier 1 capital. Additional capital injections will be done by INDEXO. The loan portfolio will be lent out based on capital adequacy availability and with strict emphasis on targets fulfilments.

The main risk exposure amounts will be due to credit risk and operational risk requirements.

Internally, the minimum total capital adequacy target ratio for the INDEXO Bank will be set at 14%, which will be above the minimum levels. It is not possible to predict the individual capital adequacy ratio requirements given to each individual bank by the regulators. Currently, INDEXO is forecasting CAR of 16% throughout the forecast period. All regulatory requirements will be subject to the approval and guidance of the Financial and Capital Market Commission and ECB.

Liquidity Coverage Ratio

INDEXO Bank will hold liquid assets required to meet the LCR ratio target of at least 120% of net outflows at all times. To mitigate potential liquidity risks and while having no historical data on expected customer behaviour, the LCR target for the first 3 years will be significantly higher and expected to exceed 200%. It is expected that a large volume of customer deposits will provide ample liquidity in the forecast period.

Regarding yield on liquid assets, it is assumed that all liquid assets will be held in an account in Bank of Latvia, yielding an interest rate of 0%.

Net Stable Funding Ratio

The INDEXO Bank plans to attract sufficient CET1 capital in order to maintain NSFR above the regulatory requirement at all times. The minimum target ratio for NSFR is set at 120%.

5.4. Corporate governance of INDEXO Bank

The corporate governance of INDEXO Bank will be developed by taking into account the proportionality principle which will aim to ensure that internal governance arrangements are evolving together with the individual risk profile and business model of INDEXO Bank. Thereby, the objectives of the applicable regulatory requirements are effectively achieved.

Corporate values and code of conduct

INDEXO Bank will develop, adopt, adhere and promote high ethical and professional standards, taking into account the specific needs and characteristics of INDEXO Bank. INDEXO Bank will also make ensure that such standards will be implemented in the day-to-day activity of INDEXO Bank.

The implemented standards will aim at enhancing INDEXO Bank's robust governance arrangements and reducing the risks to which INDEXO Bank will be exposed, in particular operational and reputational risks, which can have a considerable adverse impact on INDEXO Bank's profitability and sustainability through fines, litigation costs, restrictions imposed by competent authorities, other financial and criminal penalties, and the loss of brand value and consumer confidence.

INDEXO Bank will ensure that there is no discrimination of staff based on gender, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of national minority, property, birth, disability, age or sexual orientation.

The management board of INDEXO Bank will develop and document policies on how the ethical and professional standards described above should be met. The polices will:

- remind staff that all INDEXO Bank's activities should be conducted in compliance with the applicable law and with the corporate values of INDEXO Bank;

- promote risk awareness through a strong risk culture;

- set out principles on and provide examples of acceptable and unacceptable behaviours linked in particular to financial misreporting and misconduct, economic and financial crime, including but not limited to fraud, money laundering and terrorist financing (ML/TF), anti-trust practices, financial sanctions, bribery and corruption, market manipulation, mis-selling and other violations of consumer protection laws, tax offences, whether committed directly or indirectly, including through unlawful or banned dividend arbitrage schemes;

- clarity that in addition to comply with legal and regulatory requirements and internal policies, staff are expected to conduct themselves with honesty and integrity and perform their duties with due skill, care and diligence; and

- ensure that staff are aware of the potential internal and external disciplinary actions, legal actions and sanctions that may follow misconduct and unacceptable behaviours.

Governance framework

INDEXO Bank will have a two-tier governance structure, divided into a supervisory board, responsible for the supervision function and oversight of the internal control framework, and a management board, responsible for the executive and operational functions of INDEXO Bank, including the effective functioning of the established internal controls.

The role and composition of the management and supervisory boards and committees

Supervisory board. The supervisory board will be the managing body of the INDEXO Bank that supervises the activities of the management board and will oversee the compliance of their activities within the applicable legislation and internal rules.

The supervisory board's role will be to overview, monitor and constructively challenge the strategy, business plan, internal governance framework, general principles of the activities, and risk strategy of the INDEXO Bank.

Furthermore, the supervisory board will oversee the integrity of the financial information, reporting, and the internal control framework, which includes well-functioning independent internal risk management, compliance, and audit functions possessing sufficient authority, stature, capacity, and resources to perform their functions.

Regarding the internal control function, the supervisory board will be responsible for overseeing and approving the INDEXO Bank's current and future risk strategy, including, but not limited to:

- Verifying that the incentive schemes included in the remuneration system take into account risk, capital, liquidity, profitability, and timing;

- Confirming that all related risks have been considered when setting prices and tariffs for financial services and products offered to the INDEXO Bank's clients;

- Approving the INDEXO Bank's risk appetite framework;

- And, if any non-compliance is detected, preparing corrective action plans.

Regarding the INDEXO Bank's internal audit function, the supervisory board will directly oversee the work of the internal audit function and will execute the oversight of the compliance system and auditing processes.

The supervisory board will ensure that INDEXO Bank has sound internal controls, governance, and risk management in place, that accounting policies are effective, and that financial reporting is reliable, objective, and performed in compliance with applicable laws, regulations, and accounting standards.

The supervisory board will identify and appoint the best candidates for the management board and key position holders. It will be responsible for assessing the structure, performance, knowledge, skills, and experience of the management board collectively and its members individually.

The supervisory board will perform other duties as required by the applicable laws and regulations. Its duties and responsibilities will be described in detail in the articles of association of INDEXO Bank.

Management board. The management board will be the management body of INDEXO Bank that manages and directs INDEXO Bank's day-to-day activities according to the strategies and general principles approved by the supervisory board of INDEXO Bank. The management board will monitor the activities of the staff and will be responsible for the performance of financial services in accordance with the applicable laws and regulations.

The management board initially will consist of five members, with the Financial and Capital Markets Commission assessing and European Central Bank approving all members. The supervisory board of INDEXO Bank will appoint the Chairman of the management board from amongst the management board members.

The Supervisory Council will determine the responsibilities of each Management Board member as defined in the Charter of the Management Board, which will be prepared by the Management Board and approved by the Supervisory Council.

Among other obligations, the Management Board will be required to:

- Develop a business and financial plan for the implementation of the strategy approved by the Supervisory Council;
- Ensure that the risk tolerance of the business operations is in line with the risk appetite approved by the Supervisory Council;
- Establish and regularly review operational as well as risk management principles and procedures;
- Develop and approve the operational structure of INDEXO Bank based on the principles provided in the articles of association of the Bank and according to the principles approved by the Supervisory Council.

The management board will be required to organize the effective functioning of the internal control system of the INDEXO Bank to ensure monitoring of compliance with legislation and internal documents and rules, and to perform other duties as required by applicable laws and regulations or the resolutions or directives of the supervisory board of INDEXO Bank.

It is planned that the management board of INDEXO Bank initially will have five members – Chief Executive Officer *(CEO)*, Chief Financial Officer *(CFO)*, Chief Compliance Officer *(CCO)*, Chief Business Development Officer *(CBDO)* and Chief Marketing Officer *(CMO)*.

Compliance and internal control system of INDEXO Bank

The internal control system of INDEXO Bank will be organized in accordance with the Financial and Capital Market Commission Regulation No. 227 and in such a way that the management of INDEXO has reasonable confidence that:

- The INDEXO Bank's assets are secured against losses and unauthorized use;
- Risks arising from the activities of INDEXO Bank are continuously identified and managed;
- The funds available to INDEXO in terms of their size, composition and weights are sufficient to cover both inherent and possible risks;

- Transactions take place in accordance with the defined internal procedures;

- INDEXO Bank operates soundly, prudently and effectively in full compliance with the requirements of laws and other legal acts.

The management board of INDEXO Bank will be responsible for the establishment and effective functioning of the internal control framework, and the supervisory board will oversee the internal control framework.

The core elements of the internal control framework will be:

- Setting the development strategy – short-term (1 year) and long-term (at least 3 years) planning of activities;

- Prudent organization of business activities;

- Identification and management of all material risks arising from the undertaken activities, including measurement, assessment, control and reporting of risks;

- Capital adequacy assessment processes and validation of the sufficiency of available capital;

- Sound procedures to maintain transparent and detailed accounting records to ensure high quality financial reporting;

- Implementation of management information systems;

- Safeguarding of assets and information systems;

- Regular reviews of the internal control framework, assessment of the effectiveness and enhancement in accordance with changes in the activities and external factors influencing the activities of INDEXO Bank;

- Risk based remuneration system that limits excessive incentives on risk taking.

In order to fully address and manage the assumed risks and to identify the responsible functions, INDEXO Bank will apply the three lines of defence approach to internal control:

- The first line of defence will be embedded in the operational management of INDEXO Bank's activities. Business units will own their daily risk management and internal controls on an operational level. Business units will be responsible for maintaining their risk profile and the quality of their assets and products within the pre-defined risk limits described in the risk management strategy. Business units will also be responsible for ensuring that business activities are compliant with the defined internal and external requirements.

- The second line of defence will be composed of independent risk management and compliance functions. The primary task of the second line of defence will be maintaining continuous monitoring, control and analysis of business activities, and reporting on any identified issues. Risk management and compliance functions will be represented in the management board and will be entirely independent from the first line of defence. Risk management and compliance functions will be organized so as to support business units and to encourage business units to seek advice from the risk management and compliance functions.

- Internal audits will be the third line of defence, which will provide assurance that the internal governance, risk controls, and defined procedures are functioning well within the first and second lines of defence. This will be achieved by regular assessments of business processes, identification of potential gaps in procedures, and providing recommendations on improvements and risk mitigation. Internal audits will be organized so that potential evolving risks are identified and captured within the audit plan. INDEXO Bank will promote internal audits to other functions as value adding and supporting. INDEXO Bank will promote an open culture that invites assessments performed by internal audits and implements the

issued recommendations. Internal audits will be independent from the first and second line of defence and report directly to the supervisory board.

Risk management function

The key task of the risk management function will be the establishment of the risk management system, including the development and implementation of the relevant risk management policies and procedures. The risk management function will promote risk awareness within the organization and supports and advises other functions regarding risk management and risk mitigation. Risk management function is expected to be improved and built together with enhancements in INDEXO Bank's product line.

The duties and responsibilities of the risk management function will be documented, and specific tasks will be assigned to employees in charge of risk management, including, but not limited to:

- Identification and measurement of all material risks and their interaction;
- Development of policies and procedures for management of all material risks;
- Active participation in the development of the risk management strategy and decision making related to risk management;
- Control of compliance with the risk management strategy, policies and procedures, including defining limits and restrictions;
- Regular updating and enhancement of risk management policies and procedures to ensure that they are up-to-date and reflect the changes in the business activities and external factors;
- Preparation of regular reports on risk profile assessment and risk management to the management board and supervisory board, enabling the organization to assess risks affecting the ability of INDEXO Bank to achieve its objectives and, if necessary, to take decisions on corrective measures.

Compliance function

INDEXO Compliance management philosophy. For compliance management to be successful, merely following the right strategies, adopting the right tools, and "doing the same old thing" is not sufficient. Therefore, a culture of compliance will be created at INDEXO Bank across the organization, with the ultimate goal that compliance shouldn't have to be imposed on employees, but rather should come from within. INDEXO Bank will have a well-defined process as well as well-documented policies, procedures, and guidelines for compliance management. Corporate leadership will communicate expectations and values.

One of the competitive advantages and a cornerstone of the INDEXO Bank's value proposition will be the ability to design KYC and compliance processes from scratch that will permit INDEXO Bank to make these processes not only effective, but also efficient. By carefully constructing CRM, KYC & AML systems that work as a cohesive whole, INDEXO aims to minimize customer bureaucratic burden while still insuring a full, industry-leading level of compliance.

INDEXO will ensure that all customer-related information is processed centrally and available to relevant AML, compliance and risk units on a need-to-know basis, so that INDEXO Bank employees always have access to the most up-to-date customer information needed for effective risk control, and so that the customer is never asked to provide the same information twice (except in cases where it is necessary to confirm the customer's competence or truthfulness). INDEXO Bank will also adopt a principle of compiling in-house all customer information that can be collected from reliable public sources, reducing the burden on the client.

In achieving its ambitious compliance standards, INDEXO Bank will rely on a highly experienced, skilled and proven banking technology team, which will implement an industry-leading CRM system for consistently storing and accessing client data across internal functions and structural units.

In practice, INDEXO's vision means expanding the role of the compliance unit beyond offering advice on statutory rules, regulations, and laws by also emphasizing customer experience in compliance processes with

a consistently friendly, warm and convenient approach. The unit must also generate practical perspectives on the applicability of laws, rules and regulations across businesses and processes and how they translate into operational requirements, become an active co-owner of risks, and provide an independent oversight of the control framework.

Main responsibilities. The key task of the compliance function will be to identify, assess and manage compliance risks. Compliance risk is defined as the risk that INDEXO Bank might incur losses or that there might be legal obligations imposed on INDEXO Bank or sanctions applied against INDEXO Bank, or its reputation might deteriorate, if INDEXO fails to comply with and violates the laws, rules and standards applicable to its operations.

The INDEXO Bank's senior management will be responsible for the effective management of the bank's compliance risk. The INDEXO Bank's senior management will be responsible for establishing and communicating a compliance policy, for ensuring that it is observed, and for reporting to the supervisory board on the management of the INDEXO Bank's compliance risk.

INDEXO Bank will ensure that the duties and role of the compliance function are documented and specific employees in charge of performing the compliance function are appointed. The main responsibilities of the compliance function will include, but will not be limited to the following:

- identification, documentation and assessment of compliance risk – ensuring that prior to the commencement of new activities (including prior to the introduction of new financial services, procedures, prior to the approval of new clients or cooperation partners) the compliance risk associated with the relevant activity is identified and assessed based on predefined risk-based rules;

- ensuring that, when performing the relevant activity, INDEXO Bank observes the relevant laws, rules and standards;

- development and documentation of compliance risk management policy and procedures, including development of the relevant procedures ensuring that all employees of the institution observe the relevant laws, rules and standards;

- control over the compliance of the compliance risk management policy and procedures;

- regular updates and enhancement of the compliance risk management policy and procedures, to ensure that they are up-to-date with the relevant laws, rules and standards, with changes in INDEXO Bank business activities, and with external factors;

- informing the management board about compliance risks, escalation of compliance problems, issuing recommendations and taking measures for the prevention of compliance problems, providing information on new compliance laws, rules and standards as well as changes in existing compliance frameworks;

- assessment of the impact of possible changes in relevant laws, rules and standards on the activities of INDEXO Bank;

- establishing standards for training programs and incentives tailored to the realities of each type of job or work environment; a robust training program will be implemented to make sure that the front line effectively applies processes and tools that have been developed by the compliance unit. Periodic checks will be conducted to ensure INDEXO Bank's staff are following the rules relevant to their duties.

Effective execution of these responsibilities will require a deep understanding of business processes by compliance unit employees. The size of the INDEXO Bank's compliance function will be directly proportionate to the volume and complexity of its client base.

Before launching retail and corporate business segments, INDEXO Bank will add employees responsible for the implementation of compliance procedures and controls based on the defined framework (including KYC, sanctions risk, AMLTPF, and regulatory compliance policies). The employees working with regulatory

compliance issues (performing control activities) will be separated from employees working with AML related issues (performing operational activities such as customer acceptation, transaction monitoring and investigation). Monitoring procedures will also be supported by appropriate regular investments in IT infrastructure.

The compliance function in carrying out its activities will take into account the financial and operational plans approved by the supervisory board and defines the activities to be performed during the reporting period accordingly.

Independence. The INDEXO Bank's compliance function will be independent and will have the resources to carry out its responsibilities effectively. The scope and breadth of the activities of the compliance function must be subject to periodic review by the internal audit function. Compliance must be regarded as a core risk management activity within the INDEXO Bank. Specific tasks of the compliance function may be outsourced, but they will remain subject to appropriate oversight by the head of compliance.

To support independence, at INDEXO Bank compliance will be a stand-alone function, positioned similarly to internal audit with a clear separation from business, thus significantly rising its profile. This will also create the need for strong coordination and a high level of collaboration among all those who will be involved in various areas of compliance, including senior management and the compliance and risk management teams. To achieve this:

- standardized risk, process and control taxonomies will be developed and centrally maintained;
- clear roles and responsibilities will be defined between risk and control functions at the individual risk level to ensure there are no gaps or overlaps;
- clear governance processes (for example, escalation) and structures (for example, Client Compliance Control Committee) will be established with mandates that span across risk and support functions (for example, technology), and that ensure sufficient accountability, ownership and involvement from all stakeholders, even if issues cut across multiple functions.

The Compliance function will be headed by the Chief Compliance Officer (CCO). The CCO will be appointed as a member of the management board and will have direct contact to the supervisory board. The Chief Compliance Officer will not assume duties related to performing tasks of the business units to be controlled by them but will be authorized and enabled to directly interact with the business units controlled. INDEXO Bank will ensure that the Chief Compliance Officer has sufficient experience, knowledge and skills for their duties.

The duties of the Chief Compliance Officer will include:

- development of an organization-wide culture that respects compliance requirements and addresses compliance issues;
- identification and assessment of compliance problems and the development of plans for the prevention and mitigation of identified issues;
- immediate escalation of all compliance problems to the management board and supervisory board due to which INDEXO Bank might incur losses or legal obligations might be imposed on INDEXO Bank, or sanctions applied against INDEXO Bank, or the reputation of INDEXO Bank might be negatively impacted;
- reporting to the management board and supervisory board on compliance risk, including providing information that enables the management board and supervisory board to assess the effectiveness of the compliance risk management;
- the organization of training and consulting of INDEXO Bank employees regarding compliance issues relevant to performing their duties.

Compliance officers will be able to carry out their responsibilities on their own initiative in all departments of the bank, in which compliance risk will exist. They will have the right to conduct investigations of possible breaches of the compliance policy and to request assistance from specialists within the bank (e.g. legal or internal audit) or engage outside specialists to perform this task if appropriate.

The INDEXO Bank will ensure that the remuneration of compliance officers does not depend on business performance indicators of the INDEXO Bank in order to avoid a conflict of interest.

Internal audit function

The key task of the internal audit function will be to carry out independent supervision of the internal control framework and assess whether the framework is both sufficient and effective in order to help the supervisory board, management board, and the heads of the structural units of INDEXO Bank be effective in performing their functions and controls.

The duties of Internal audit will include:

- Assessment of the results and effectiveness of the activities of INDEXO Bank;
- Compliance assessment of all activities and actions made by the structural units of INDEXO Bank with the relevant strategies, plans, policies and procedures;
- Verification of the capital adequacy assessment process of INDEXO Bank, including the assessment of their effectiveness, completeness and compliance with relevant regulations, policies and procedures;
- Assessment of the effectiveness of the risk management function and compliance function;
- Evaluation of the accounting and reporting systems;
- Evaluation of the information systems;
- Evaluation of the functioning of the internal control procedures;
- Evaluation of the credibility and completeness of financial information, as well as evaluation of how such information is identified, measured, classified and disclosed;
- Carrying out special examinations and investigations.

The procedure for appointing and dismissing the head of Internal audit ensures that the head of Internal audit is independent from the Management Board in their decision making and the conduct of their duties. The Bank's organizational chart, policies and reporting procedures clearly state that the head of Internal audit has a direct reporting line to the supervisory board of INDEXO Bank.

In carrying out its duties, Internal audit will consider the financial and operational plans approved by the supervisory board and define the activities to be performed during the reporting period accordingly. The internal audit plan will outline the following:

- Areas to be inspected during the reporting period, regularity of inspections, and resources necessary for the performance of inspections;
- Risk identification and assessment methods for the areas to be verified, as well as criteria for the assessment of risk control procedures;
- Requirements for the documentation of the results of inspections;
- Procedure for the submission of results of inspections to the supervisory board, management board, and regulatory body;
- Procedure for follow up on implementation of the issued recommendations.

Internal audit will prepare reports on facts discovered as a result of each performed inspection, including weaknesses in the internal control framework, violations of policies and procedures, and insufficiently identified or managed risks, and will submit recommendations for addressing the problems discovered. The internal audit function will ensure that the discovered facts are discussed, and that opinions and recommendations are prepared as a result of each performed inspection at the relevant level of management. It will also follow up on the implementation of its issued recommendations. The internal audit function, at least on an annual basis, will prepare a report on its performed inspections and on the main problems discovered, expressing its view on the effectiveness of the internal control framework.

Internal audit assessments will include the activities performed by outsourced service providers, functions performing the first line of defence, and functions performing second line of defence. Internal audit will not define risk limits and will not describe the control mechanisms and operational procedures that it audits.

5.5. Risk management framework

INDEXO Bank's risk management framework will be defined and documented in the INDEXO Bank's management strategy, policies, rules, guidelines, and related operating procedures. INDEXO Bank will only assume risks that can be identified, measured, assessed and controlled. INDEXO will maintain policies for all material risks and will define appropriate limits for material risks within the risk appetite statement embedded in the risk management strategy.

Risk Appetite Statement

The INDEXO Bank will be conservative in risk taking, will evaluate profitability on a risk-adjusted basis, and shall allocate sufficient capital to cover any unexpected losses or stress scenario outcomes. INDEXO Bank will not reward excessive risk taking in seeking profitability targets.

For all material risks, INDEXO Bank will define limits that prevent excessive exposure to a particular risk area. The risk management strategy and INDEXO Bank's risk appetite will be reviewed and approved by the supervisory council at least once per year. As part of its strategic planning sessions, INDEXO Bank will test its financial plan against the limits defined in risk management strategy. In case of identified potential breaches, corrective measures will be put in place to align the business strategy with the risk management strategy. The INDEXO Bank's risk management strategy will define both quantitative and qualitative targets for material risks. Actual risk exposures and compliance with the risk appetite statement will be reported at least quarterly. Breaches of risk limits will be identified and escalated to the management board and supervisory board.

Limits will be defined, considering identified material risk exposures within the Business Plan and BRRD requirements on required risk indicators. Limits will be defined in three levels:

- the target level indicates the comfort level at which no corrective measures are required.
- the trigger level indicates that corrective measures need to be considered and escalated to the management board for the decision making.
- the regulatory minimum should always be more conservative than trigger level for corrective measures to be initiated before the actual breach of regulatory ratios.

Identification and measurement of risks

Risk identification and measurement will be embedded within the internal capital adequacy assessment (ICAAP) and internal liquidity adequacy assessment (ILAAP) processes carried out annually. Risk identification will be performed based on the following methods:

- Assessment of the business plan and financial plan to identify emerging risks and changes in balance sheet risk exposures;
- Review of internal and external audit findings, correspondence with regulatory bodies, and other internal and external reports;

- Expert sessions with management bodies and risk owners;
- Stress testing and review of stress testing results;
- Other methods.

INDEXO Bank will perform risk assessment including, but not limited to, the following risks:

- Compliance risk;
- AML/CFTP/IS risk;
- Operational risk;
- Liquidity risk;
- Credit risk;
- Market risk;
- Interest rate risk in the banking book (IRRBB);
- Concentration risk;
- Other risks affecting the activities of INDEXO.

If a risk is identified as material, INDEXO Bank will develop risk measurement methods and will include in the ICAAP assessment the amount of capital required to cover the particular risk. In case the minimum capital requirement under CRR for the particular risk is insufficient, INDEXO Bank will adjust its business plan activities to maintain strong and adequate capital position. When measuring risks, the INDEXO Bank will apply analytical approach proportionate to the specifics and complexity of the particular risk and utilizes stress testing, scenario analysis, and other methods to assess the potential unexpected loss in adverse scenarios.

Management of identified risks

For all material risks, INDEXO Bank will develop, document, and implement appropriate risk management policies and control procedures, specifying:

- The methods and regularity of risk measurement (for quantifiable risks) and assessment (for other risks that can be assessed, but not directly quantified);
- Appropriate risk control procedures in accordance with the risk management strategy, determining the restrictions and limits specifying the maximum risk amount that can be tolerated and control procedures for mitigating the risks that cannot be measured using quantitative figures;
- The procedure under which the supervisory board, the management board, the Chief Risk Officer, and heads of the structural units receive regular information about the risks inherent to the activities of the institution, the scale and trends, the impact of risks on the amount and capital adequacy of the institution, as well as other information necessary for making decisions;
- Allocation of duties, powers, and responsibilities within the risk management function.

INDEXO Bank will report on risk exposures in accordance with its risk management strategy and regulatory requirement on a regular basis.

Risks related to the establishment and operation of INDEXO Bank

Raising sufficient capital

INDEXO is projecting and has held preliminary discussions with regulators with regards to the minimum capital requirements. Based on the preliminary financial projections, EUR 7 million is expected to be sufficient for starting banking operations. In case INDEXO is unable to raise at least EUR 7 million during the initial public offering, the offering will be called off.

Receiving a licence

Licencing process is long, technical and subject to the Financial and Capital Market Commission's and ECB approvals. The licencing process involves multiple key components. INDEXO has held several working discussions with the Financial and Capital Market Commission about INDEXO Bank's business plan. INDEXO will be ready to do an initial submission of INDEXO Bank business plan to ECB for licencing within 3 months from receiving the funds from the Offering. In case INDEXO Bank will not be licensed within 24 months from the Offering, the share buy-back program described below in this Section will be initiated.

Qualifying shareholders

Please see Section 5.6 "Shareholding structure and qualifying holding of INDEXO Bank" of this Prospectus for a detailed explanation on qualifying shareholder requirements.

Currently no Shareholder besides Valdis Siksnis and Henrik Karmo directly or indirectly holds more than 5% of INDEXO Shares. INDEXO cannot guarantee or control that any individual Shareholder will not acquire a sufficiently large stake through share trading on the public market or through private deals such that they would become subject to regulatory approval for INDEXO and INDEXO Bank shareholding.

Regulatory environment

INDEXO is already a regulated entity with capital requirements, internal procedures and ample regulatory oversight. Existing processes will be adapted, elaborated, and improved to achieve credit institution standards. The management team outlined in the business plan has sufficient experience to perform the necessary tasks.

Additional capital raises

In the business plan, INDEXO Bank foresees two additional capital raises (in total EUR 10 million). If such capital cannot be raised, the existing business plan will not be fulfilled. INDEXO Bank is expected to become self-sustainable throughout the forecast period, however to exact timing will depend on business success. Being a publicly listed company will simplify the secondary capital raising process.

The Bank will be subject to other risks, which INDEXO is currently not subject to, including, but not limited to:

Counterparty Credit Risk: Counterparty credit risk is inherent to the core operations of the INDEXO Bank – counterparty credit risk is the risk of potential loss which may arise from a counterparty's inability to meet its obligations to the INDEXO Bank.

Geographical Markets Risk: INDEXO Bank operations will be inherently exposed to the Latvian market.

Market Risk: Market risk would arise from the INDEXO Bank's trading and investment activities in the financial markets, primarily in interest rate products, foreign exchange as well as from borrowing activities and other means of taking in financial resources or allocating liquidity buffers.

Interest Rate Risk: The credit operations of INDEXO Bank will be inherently exposed to interest rate risk through lending (loans to customers) and borrowing (deposits from customers) activity.

Liquidity Risk: Liquidity risk relates to the ability of the INDEXO Bank to meet its contractual obligations on time. The liquidity risk arises from the difference between the assets (loans provided to the clients) and the liabilities (deposits).

Access to Funding on Favorable Terms: The banking business is reliant on its ability to finance its current operations at reasonable terms. Access to, and the cost of, financing raised by the INDEXO Group through

the money and capital markets are affected, among other things, by general interest rate levels, the situation on the financial markets, or a downturn in the performance of market participants.

Dependency on Qualified Staff: The results of operations of the INDEXO Bank will depend highly on the ability to engage and retain qualified, skilled and experienced staff.

Strategic Risk: Strategic risk is a possible source of loss that might arise from the pursuit of wrong strategic decisions. For reasons of corporate growth, the INDEXO Group's strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage.

Reputational Risk: Reputational risk is a risk of loss resulting from any deterioration of the Group's reputation before its clients, investors and general public.

Changes in Economic Environment: The INDEXO Bank will be affected by general economic and geopolitical conditions, the worsening of which would be outside of the INDEXO Bank's control.

Exposure to Regulative Changes: The INDEXO Bank will operate in highly regulated fields of business and its operations will be subject to a number of laws, regulations, policies, guidance and voluntary codes of practice. Since the global financial crisis, financial services regulation has changed materially and may continue to develop in the future.

Maintaining Capital Adequacy Ratios: Credit institutions and investment firms must adhere to strict capital adequacy requirements subject to frequent reforms and changes.

Risks Related to Money Laundering and Financing of Terrorism: Efforts may be made by the INDEXO Bank's potential customers to use the Bank's products and services for illegal purposes, including money laundering and financing of terrorism, which would expose the INDEXO Bank to several risks, above all, risk of regulatory investigations and actions and reputational risk.

5.6. Shareholding structure and qualifying holding of INDEXO Bank

It is anticipated that INDEXO Bank will be a 100% owned subsidiary of INDEXO. Please see Section 10.5 "Shareholders" of this Prospectus for INDEXO shareholding structure.

The European Central Bank together with the Financial and Capital Market Commission's recommendation can refuse the licencing (authorisation) to commence the activity of a credit institution if, taking into account the need to ensure the sound and prudent management of a credit institution, they are not satisfied as to the suitability of the shareholders or members (members of management board, members of supervisory board or any member of senior manager who will direct the business of the credit institution, such as head of the internal audit, risk manager, the person responsible for the conformity control of the operation, the person responsible for the fulfilment of the requirements of AML).

The Financial and Capital Market Commission will need to approve any individual who holds 10% or more of INDEXO Shares outstanding, or any Bank management board or supervisory board member or any member of senior manager who will direct the business of the credit institution, such as head of the internal audit, risk manager, the person responsible for the conformity control of the operation, the person responsible for the fulfilment of the requirements of AML.

INDEXO has been subject to equivalent requirements, and existing Management Board members, and Supervisory Board members have been assessed and approved by the Financial and Capital Market Commission. The potential members of the management board and supervisory board of INDEXO Bank will need to be assessed similarly by the European Central Bank together with the Financial and Capital Market Commission's recommendation before they can start performing their duties as a part of INDEXO Bank.

The following INDEXO Supervisory Board and Management Board members are likely to be subject to assessment procedure:

INDEXO Supervisory Council: Valdis Vancovics, Tina Kukka, Toms Kreicbergs, Svens Dinsdorfs, Renats Lokomets.

INDEXO Management Board: Valdis Siksnis, Henrik Karmo.

Furthermore, the members of the supervisory board and management board members of INDEXO Bank will be subject to qualifying holding requirements.

5.7. Share buy-back program

The aim of the Offering is first and foremost to raise capital for INDEXO Bank. In the unlikely event that INDEXO Bank licensing (authorisation) is unsuccessful, INDEXO will implement a share buy-back program via which the proceeds generated by the Offering will be returned to investors in accordance with the conditions described in this Section (the **"Share Buy-Back Program"**).

Conditions under which the Share Buy-Back Program will be executed

The Share Buy-Back Program will be executed under the condition that a subsidiary or related company of INDEXO has not received a license to operate as a crediting institution in Latvia within 24 months after admission to trading of INDEXO's Shares on the Baltic Main List of Nasdaq Riga.

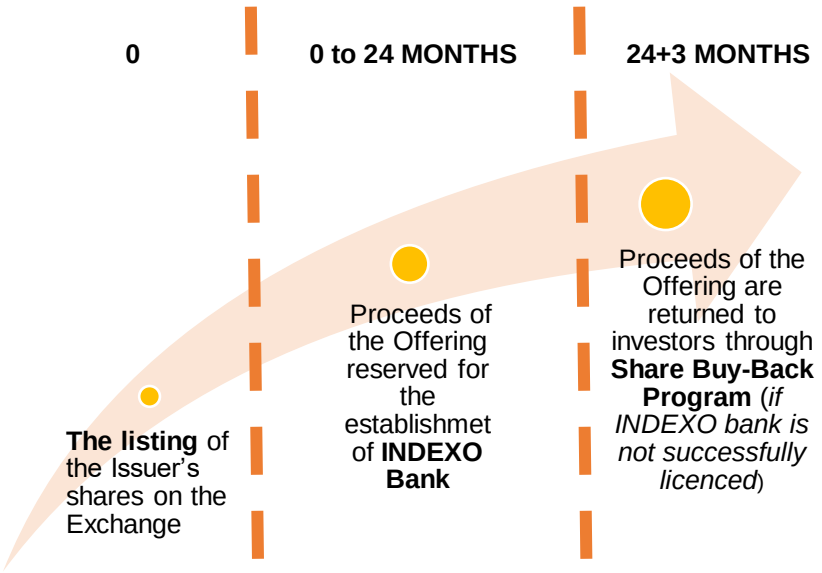
The aim of the Share Buy-Back Program

The aim of the Share Buy-Back Program is to reduce the share capital of INDEXO by the amount corresponding to the total nominal value of the repurchased INDEXO's Shares.

The Share Buy-Back Program, if implemented, will be carried out pursuant to the terms and conditions provided in this Section and Share Buy-Back Program General Terms (Section 22 "Schedule 4" of this Prospectus"), consisting of one or several share buy-back offers made in the form of negotiated transactions (outside a trading venue).

Figure 5.3.

Operation of plans to licence INDEXO Bank and implement Share Buy-Back Program in the time schedule



Execution of the Program

The Share Buy-Back Program will be carried out within a period of three months, starting at 24 months after admission to trading of INDEXO's Shares on the Baltic Main List of Nasdaq Riga.

The Management Board of INDEXO will make one or several share buy-back offers during 3 month, setting a term of 30 days for each share buy-back offer.

Financing of the Program

For the purposes of ensuring sufficient funding for the Share Buy-Back Program INDEXO will ensure that at least 80% (eighty per cent) of the net proceeds of the Offering are reserved at a specially designated bank account of INDEXO either for (1) the INDEXO Bank share capital contribution purposes or (2) Share Buy-Back Program financing in case INDEXO Bank licence (authorisation) is not obtained and INDEXO Bank is not established. The operational income and profits of INDEXO will ensure the source of funding for the remaining amount of the Share Buy-Back Program financing in case it will be required.

The value of the Share Buy-Back Program and share price

The maximum amount foreseen for the execution of the Share Buy-Back Program is the equivalent to the net proceeds of the Offering (the **"Value of the Share Buy-Back Program"**).

The share buy-back price of one share will be the equivalent to the Offer Price. The maximum number of shares to be acquired under the Share Buy-Back Program will be the same number of shares as the subscribed and paid-up shares during the Offering.

The rights for Shareholders to participate in the Share Buy-Back Program

Only those Shareholders who have had purchased their Shares via the Offering and in accordance with the Prospectus will be able to participate in the Share Buy-Back Program (the **"Eligible Shareholders for Share Buy-Back Program"**).

The Shareholders who have purchased their Shares other than within the framework of the Offering provided for in the Prospectus or through transactions outside a trading venue may not participate in the Share Buy-Back Program.

The Eligible Shareholders for Share Buy-Back Program will be able to apply for the Share Buy-Back Program, sell their Shares back to INDEXO and receive the amount of money according to the initially invested sum in INDEXO via the Offering.

The Eligible Shareholders for Share Buy-Back Program who will not want to participate in the Share Buy-Back Program will remain Shareholders of INDEXO.

The Value of the Share Buy-Back Program that will not be used within the Share Buy-Back Program will be directed to the provision of INDEXO's ordinary commercial activities and/or other strategic goals of INDEXO.

6. RIGHTS TO DIVIDENDS AND DIVIDEND POLICY

6.1. Main principles of Dividend Policy

On 24 March 2022 the Shareholders' meeting approved INDEXO Dividend policy.

INDEXO strives to ensure a balance between cash distributions to Shareholders, INDEXO'S strategic objectives and the financial stability of INDEXO. The following key principles are applied in determining and calculating dividends:

- maintaining a balance between the short-term (profit) and long-term (development of INDEXO) interests of the Shareholders;
- ensuring transparency in distribution of profits by explaining to Shareholders the amount of the annual dividend determination.

The amount of dividends is calculated by reference to the net profit of INDEXO as shown in the Annual Report. Dividends are paid to a Shareholder in proportion to the total number of shares in INDEXO held by the Shareholder. Dividends can only be calculated and paid out for fully paid-up shares. Dividends are paid in cash by bank transfer to Shareholders' accounts on the day of payment.

Annual dividends can be paid out once a year in accordance with the payment schedule after the Shareholders' Meeting in which the financial report for the previous financial year has been approved. Under Latvian law extraordinary dividends may be paid only if provided for in the Articles of Association. Extraordinary dividends are not provided for in INDEXO's Articles of Association.

6.2. Decision on distributing dividends

The governing body of INDEXO deciding on profit distribution and dividend payment is the Shareholders' Meeting. The Management Board prepares a proposal for dividend allocation and distribution which is then reviewed by the Supervisory Board and adopted at the Shareholders' Meeting.

The Shareholders' Meeting also decides on the date of payment of dividends, which must be in the same financial year as the decision on payment of dividends. Dividend payment is made no later than 30 days after adoption of the relevant resolution of the Shareholders' Meeting.

External and internal factors which may affect recommendation by the Management Board on distribution of INDEXO profits include, but are not limited to, the following:

- the financial situation of INDEXO and the state of the economy;
- INDEXO's legal liabilities and obligations;
- the amount of equity capital required;
- the strategic objectives of INDEXO;
- restrictions imposed by applicable laws and regulations with regard to declaration and distribution of dividends;
- taxation policy;
- the political situation in the Republic of Latvia and the world;

6.3. Setting aside profit

The Management Board may propose setting aside out of the profits of INDEXO such sums as may need to be applied for any reasonable purpose, including provisions intended for meeting contingencies or to be invested in such activities of INDEXO as the Management Board may, from time to time, consider fit. The Management Board may also propose carrying forward any profits which it may think prudent not to distribute with a view to the operating needs of INDEXO.

When a portion of profits is distributed but used in INDEXO's business, INDEXO will seek to strike the right balance between the amount of dividends paid and the amount of profits retained in the business. INDEXO may retain earnings to for example maintain an adequate liquidity ratio and funding of fixed and working capital, and other purposes as seen fit by the Management Board.

6.4. Entitlement to dividends

INDEXO issues notification of payment of dividends via the stock exchange information system. If a Shareholder fails to take out dividends within 10 years, these become the property of INDEXO unless the statute of limitations is deemed to be discontinued or suspended by law. If dividends have not been taken out in time due to the fault of the Shareholder, no interest is paid on the dividends.

In general, INDEXO cannot demand return of dividends previously paid to shareholders unless the distribution of dividends was unlawful, provided that the shareholder receiving the dividends knew or should have known that the distribution of dividends was unlawful at the time of the distribution.

The list of Shareholders who are entitled to participate in the distribution of profit and receive dividends shall be determined on the basis of the list of Shareholders as maintained by the Nasdaq CSD SE, which is fixed on the date determined by the Shareholders' Meeting, whereas in respect of companies listed on Nasdaq Riga, such date may not occur earlier than on the tenth trading day after the General Meeting where the nature or extent of the rights arising from the securities were determined (rights conferred on holders of securities or their scope). While distributing profit and making dividend payments to shareholders, a public limited company is under obligation to treat all shareholders equally.

The same procedures and rights with respect to dividend payments are applied both to residents and non-residents of Latvia with the exception of taxation requirements. Dividends paid by INDEXO are taxable in accordance with the statutory requirements of Latvia and may also be taxed in the Shareholder's country of tax residence. For a description of withholding tax on dividends applicable to non-Latvia residents, see Section 17 "TAXATION".

6.5. Dividends declared

INDEXO has not declared dividend payments on net profit since the date of its incorporation. Thus, the amount of dividend per share for each financial year for the period covered by the historical financial information cannot be specified.

According to current business strategy INDEXO is not planning to declare dividends for the upcoming five years.

7. PRINCIPAL MARKETS

Information contained herein relates to two pension asset management segments in the Latvian market – the 2nd pillar or state funded scheme based on social tax and the 3rd pillar scheme based on private contributions. It is provided for informational purposes only. Unless otherwise indicated, such information reflects INDEXO estimates based on analysis of multiple sources, including data compiled by respective government institutions, publicly available information as well as INDEXO internal data and its own experience. Management Board has, to the best of its abilities, sought to ascertain and accurately reproduce information contained herein, omitting no facts which could render the reproduced information inaccurate or misleading. However, Management Board accepts no further responsibility in respect to the information contained in this Section.

Prospective investors should read this Section 7 "PRINCIPAL MARKETS" in conjunction with the more detailed information contained in this Prospectus including Section 2 "RISK FACTORS" and Section 13 "HISTORICAL FINANCIAL INFORMATION".

7.1. Introduction

INDEXO operates in asset management market in Latvia with respect to managing retirement savings and is active in the following segments of the market: (1) management of state-funded pension scheme assets (2nd pension pillar); and (2) management of private pension fund assets (the 3rd pension pillar). Thus, INDEXO mainly operates by providing asset management services in the Latvian pension system.

As of May 2022, the addressable market for INDEXO products in the 2nd pillar is 5.75 billion euros and 730 million for 3rd pillar. 2nd pillar market has been growing 15% cumulatively over past 5 years and 3nd pillar 13% over the same period.

This Section provides an overview of the Latvian pension system focusing on the state funded pension scheme (2nd pension pillar) and private pension funds (3rd pension pillar). Further, it addresses the relevant key developments and trends, competitive landscape, and regulatory environment in the respective market segments.

7.2. Overview of the Latvian Pension System

There is a three-pillar pension system in Latvia. It includes the 1st pension pillar (state compulsory unfunded pension scheme), the 2nd pension pillar (state funded pension scheme based on social tax) and the 3rd pension pillar (based on private, voluntary contributions).

The underlying principle of the system is the following: larger contributions made today means larger pension tomorrow. The three-pillar system combines each person`s personal interest in well provided old age and generation solidarity. The simultaneous existence of all three pension pillars ensures the stability of the system as it reduces demographic or financial risk for each of the pillars.

7.3. State-funded pension scheme asset management (2nd pension pillar)

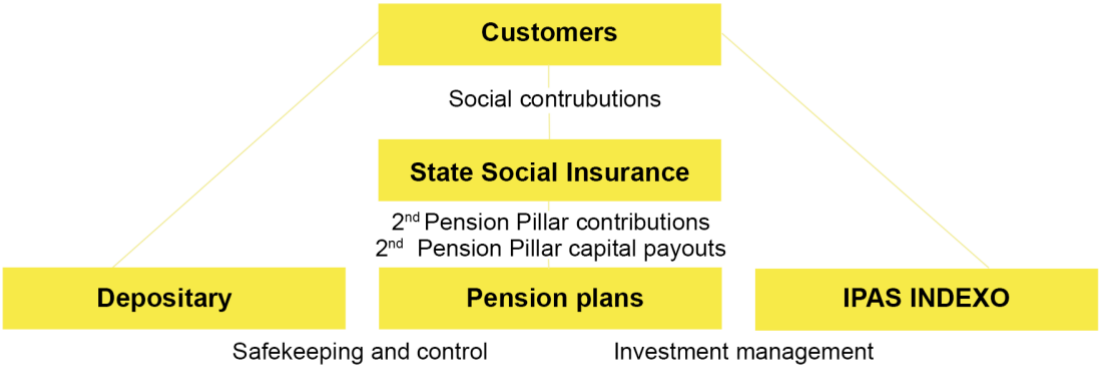
Overview and the structure of the state-funded pension scheme regulation

The 2nd pension pillar scheme was introduced in Latvia on 1 July 2001. It provides an opportunity for an individual to create additional savings to his or her pension provided by the 1st pension pillar. The aim of the 2nd pension pillar is to increase the individual's pension capital and the amount of the pension, part of the social contributions accumulating and investing in the financial and capital market – securities and bank deposits.

The funded pension scheme is a set of measures organized by the state to make contributions, administer paid-in funds, pay pensions and use the funded pension capital, by investing part in accordance with the procedures specified in the Latvian Law on State Funded Pensions.

Figure 7.3.1.

Structure of the state funded pension scheme (2nd pension pillar)



Private Individual

Contributions to the 2nd pension pillar are made automatically from a person's gross salary as a share of social contributions. The contribution rate is 6% (six per cent) of the contribution object laid down in the Law on State Social Insurance and Solidarity Tax Law.

The accumulated capital amount of the 2nd pension pillar depends on:

- individual's salary;
- the current contribution rate;
- investment profit;
- length of participation time in the 2nd pension pillar before the old age pension request.

An individual chooses an investment plan in which to invest the contributions. The State Social Insurance Agency ensures that the accrued funded pension capital for each participant of the funded pension scheme is calculated and registered in an account of the participant of the funded pension scheme (funds accumulated for the benefit of a participant of a funded pension scheme in a specified period of time).

An individual shall use the accrued funded pension capital when he or she is granted the old-age pension in accordance with the Latvian Law on State Pensions.

Private individual has the right to select and change the manager of funds of his or her funded pension capital accrued or an investment plan if the manager of funds has two or more investment plans.[5]

[5] In accordance with the conditions laid down in the Law on State Funded Pensions and procedures stipulated by the Cabinet.

Under current regulation the client identity is not known to fund manager. Due to INDEXO's direct sales model, the company has a significant number of client contacts. The client is allowed to change the manager 1 time in a calendar year.

Investment Management Company and Depository

The investment management company of the funded pension scheme funds performs the management of the contributions made in the funded pension scheme, further accrued funds (interest) and other assets.

To provide fund management services in Latvia, the fund manager needs to be registered and licensed in accordance with the legislation, have a contract with the State Social Insurance Agency and meet the minimum capital requirements of set out by regulation.

The investment management company makes transactions with funds of the funded pension scheme through the intermediation of the depositary, entering into a depositary bank agreement therewith. A depositary keeps the assets, performs registration thereof, transactions with fund monetary assets and other duties.

Services of the manager of the funds of the funded pension schemes

To manage the funds of the state-funded pension scheme, the investment management company shall develop one or several investment plans for funds of the funded pension scheme.

Investment plans are a set of provisions in accordance with which the management of funds of the funded pension scheme shall be carried out. The relevant investment plan and basic information intended for the private individuals of the funded pension scheme are presented in a specifically developed prospectus in accordance with the terms and conditions set in the Law on Investment Management Companies.

All funds related information with prospectuses, financial information of the fund manager, NAV, NAV historic performance, total fund assets and client numbers are accessible for the public on www.manapensija.lv

The Investment management company is entitled to perform the management of funds of the funded pension scheme in conformity with an investment plan only following the registration of the said prospectus.

7.4. Key regulatory developments and trends

INDEXO is committed to providing the best possible service to its clients, which includes active lobbying and improving the Latvian 2nd pension pillar asset management market, which is dominated by large commercial banks. There have been several key developments and trends that have prospered positive changes.

<u>Amendments of the Law on State Funded Pensions in 2021 have introduced several developments in the 2nd pension pillar segment:</u>

More efficient pension investments

A possibility to establish investment funds with up to 100% (up to 75% before) of total scheme assets invested in equities was introduced. This is a major improvement in a funded pension scheme, especially for participants at a younger age, as the 2nd pension pillar asset management is a long-term investment. Hence, higher investment in stock markets today will make up for customers' higher pension rate at the retirement age (with high probability).

Development of a single index funds

Up to 25% of the 2nd pension pillars assets (funded management scheme) can now be invested in a single index fund. In the opinion of INDEXO, index funds have been globally long-term investors primary choice for decades, allowing to invest in hundreds and thousands of different securities using a single instrument, managing investment risks and keeping costs low. This change allows asset managers to choose the world's largest index funds by incurring the lowest costs and leverage scale to get good pricing terms for clients.

Development of an alternative investment funds

The possibility for asset managers to invest in alternative investment funds has also been increased up to 25%. This is a positive change and serves as a catalyst for investment in the Latvian economy.

The possibility to inherit 2nd pension pillar assets

The possibility to inherit 2nd pension pillar assets has been introduced as of 1 January 2020. Following INDEXO's initiative signed by more than 12 thousand supporters, a person can now make a choice, indicating that his or hers accumulated 2nd pension pillar assets can be inherited in case he or she dies before claiming the pension (including early retirement). The possibility is provided in accordance with procedures specified in the Civil Law of Latvia thus particularly protecting families with only one earner and motivating people to take due care of their 2nd pension pilar asset accumulation.6

<u>There have also been changes regarding Cabinet Regulation No. 272 of 27 May 2003 regarding the operation of the 2nd pension pillar:</u>

A 'lottery' mechanism has been introduced for equity plans

As of 2022, new 2nd pension pillar participants who have not chosen in favour of a particular Investment Management Company are diverted to one of the 2nd pension pillar investment plans that invests up to 50% of assets in the stock market. And as of 2023, new 2nd pension pillar participants would be diverted to one of the 2nd pillar asset management plans that invests up to 100% of assets in the stock market (except for members who have reached the age of 55).

Future possible trends for the 2nd pension pillar

It should be noted that INDEXO is actively participating in industry discussions and working on potential additional changes in the legislative environment to contribute to the transformation of the pension system in Latvia.

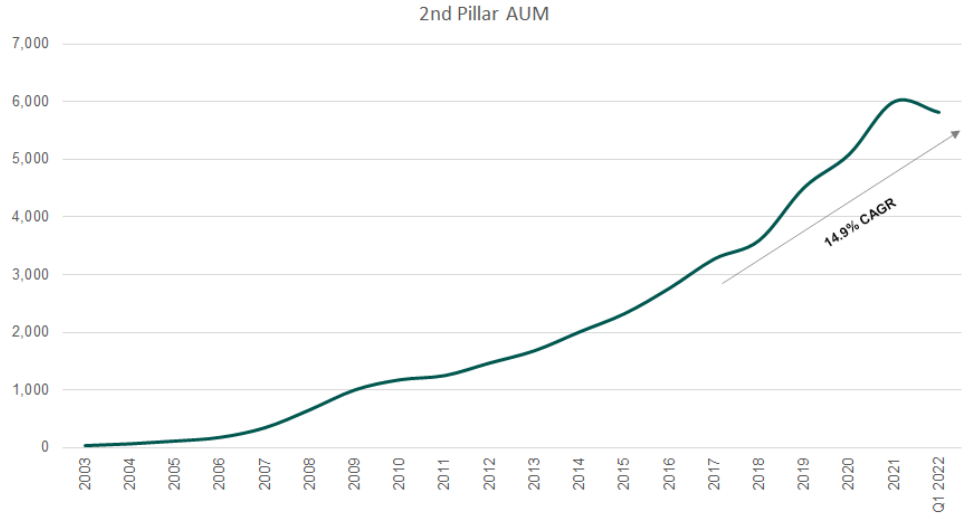
These initiatives include, amongst others, (1) pay-out of the pension system; (2) ensuring that also asset managers themselves can organize pay-outs that are cheaper and more favourable to participants than currently available options; and (3) working on amending the system that requires anonymity of the participants of the 2nd pension pillar.

2nd pillar Market and Competitive landscape

Since the inception of state funded pension system in 2001, the pension fund assets have shown continuous and fast growth driven by the rising GDP of Latvia and the growth of average salary of Latvian residents.

6 For more information, please see (source in Latvian language): https://indexo.lv/blogs/ka-mantot/.

Figure 7.3.2.



Over the last 10 years, the average gross wage of Latvia have grown from 676 euros in 4Q 2011 to 1 336 euros in 4Q in 2021.

There are seven investment management companies that manage retirement savings within the 2nd pension pillar, including INDEXO. Currently, these investment management companies offer 28 investment plans in Latvian market that can further be segmented depending on asset investment risk level – 19 active plans (50%, 75% and 100%), three balanced plans and six conservative plans.

The most representative metrics that provide an adequate picture of the competitive landscape within the management of retirement savings within the 2nd pension pillar are (1) assets under management (AUM); and (2) the number of participants in the investment plans for the 2nd pension pillar.

Assets under management (AUM) in the 2nd pension pillar segment in Latvia

The total assets under management (AUM) of INDEXO for all of the investment plans provided are the following – EUR 178 862 051 in 2019, EUR 279 354 497 in 2020, EUR 464 410 703 in 2021 and EUR 493 186 040 in the 1st quarter of 2022. A steady year-on-year growth trend can be detected leading to 57% annualized increase comparing total AUM of INDEXO in 2019 and 1st quarter of 2022.

Table 7.3.1.

	2017	2018	2019	2020	2021	2022 1Q
Total AUM	3,278,372,298	3,595,914,104	4,511,324,201	5,085,557,339	5,999,370,198	5,814,661,910
Indexo AUM	27,885,834	69,905,994	178,862,050	279,354,497	464 410 702	493,186,040
Market share	0.9%	1.9%	4.0%	5.5%	7.7%	8.5%

Source: Information from www.manapensija.lv and internal calculations on AUM of INDEXO in all three 2nd pension pillar investment plans.

From the information provided in the table above, steady growth can be distinguished in the market share of INDEXO with respect to assets under management (AUM): from 3,97% in 2019 to 8,5% in 1st quarter of 2022. According to publicly available information, INDEXO has the fastest growth with respect to assets under

management (AUM) in 2nd pension pillar asset management segment for the period from 2019 to 1st quarter of 2022 compared to the other six 2nd pillar pension assets management market participants in Latvia.[7]

Number of participants in the 2nd pillar pension asset management market in Latvia

As of 1st quarter of 2022, the client number of INDEXO stands at 69.9 thousand. Despite higher client base, the Indexo has maintained a high growth rate. The year on year increase of client numbers between 1st quarter 2021 and 1st quarter of 2022 was 36,7%.

Table 7.3.2.

	2017	2018	2019	2020	2021	2022 1Q
Total clients	1,278,113	1,293,613	1,300,135	1,295,750	1,296,141	1,282,570
Indexo clients	3,914	19,121	32,827	48,537	65,005	69,912
Market share	0.3%	1.5%	2.5%	3.7%	5.0%	5.5%

Source: Information from www.manapensija.lv on and internal calculations on a number of participants of in all three Indexo 2nd pillar asset management schemes

From the information provided in the table above, a steady increase can be distinguished in INDEXO's market share with respect to the number of participants in INDEXO's three investment plans: from 0,3% in 2017 to 5,5% in 1st quarter of 2022. According to publicly available information, INDEXO has the fastest growth with respect to the clients (participants) in the period from 2019 to 1st quarter of 2022 compared to the other six 2nd pillar pension asset management market participants in Latvia.[8]

7.5. Private voluntary pension scheme (3rd pension pillar)

Overview of 3rd pillar asset management

The private voluntary pension scheme or the 3rd pension pillar was launched in July 1998. It gives an opportunity to create and accumulate additional contributions in addition to the state guaranteed 1st and the 2nd pension pillar. The savings created over time will serve as a supplement to the state-guaranteed pension.

At the end of April 2022, the market for 3rd pillar products was 730 million euros with 177 thousand active participants and 363 thousand total participants. The market has been steadily growing since inception. About 80% of the AUM comes from private individual contributions and 20% from employee contributions. The average assets per client in 3rd pillar are significantly smaller than in the 2nd pillar funds (7,144 euros in 2nd pillar vs 2,000 euros in 3rd pillar at the end of 2021).

7 Information available on www.manapesnija.lv from all 2nd pillar pension asset management participants on Latvian market in the same reference periods.

8 Information available on www.manapesnija.lv from all 2nd pillar pension asset management participants on Latvian market in the same reference periods.

Figure 7.4.1.

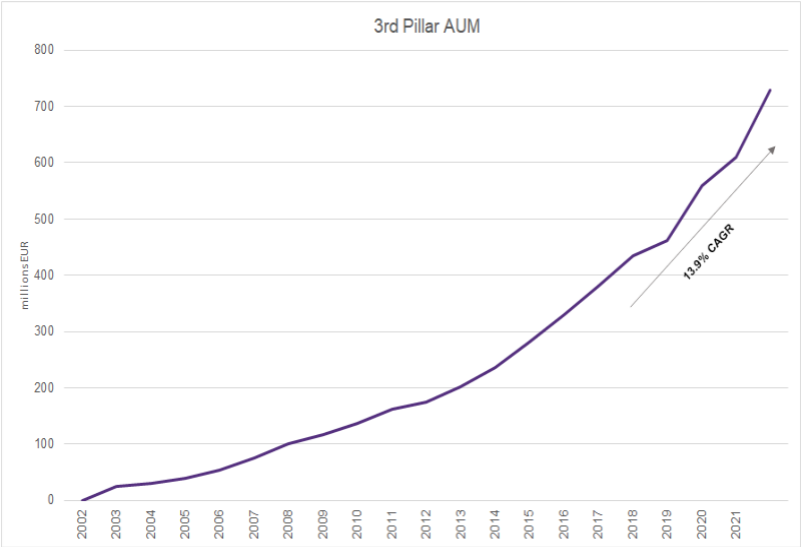
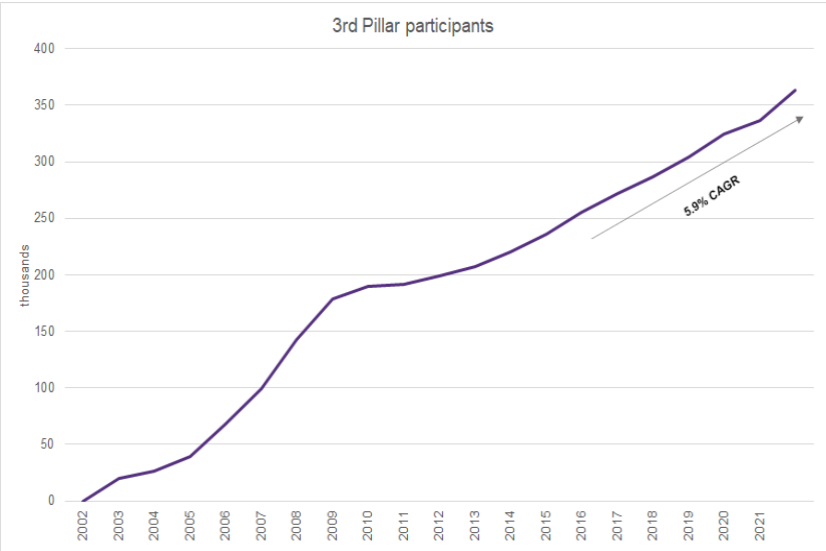


Figure 7.4.2.



The cost of the 3rd pension pillar in Latvia has historically been very high. Latvian pension managers are providing active management services and the results have been lagging market indexes. To challenge that, INDEXO launched its passive index based fund service with low fees and individualized accounts with automatic rebalancing in April 2021.

There are incentives in place to promote 3rd pillar investments both by individuals and companies:

- Individuals can claim back income tax on contributions not exceeding 10% of their gross wage capped at 4,000 euros of contributions per annum;
- Employer contributions are not subject to individual income tax and social taxes on contributions made in the amount of up to 10% of the gross wage of the employee regardless whether the employee is making individual contributions

To join 3rd pension pillar pension scheme, a person must draw up an individual membership contract. A person can have a number of participation contracts with one or various Investment management companies and their investment plans.

The client of a 3rd pillar pension fund does not have access to their accumulated savings until the age of 55 with certain exceptions related to disability etc. They may at any time stop contributions to the funds and resume at will.

7.6. Regulatory environment

Key development in regulatory framework

Amendments in the Law on Private Pension Funds

Changes in the Law on Private Pension Funds provides for a new procedure for changing asset manager and asset management scheme (including a partial transfer of capital to another fund). Asset manager must accept application for changing asset manager remotely (for example, on its own portal or in the Internet bank) with the same means of authentication. In addition, application form must be simple, comprehensible and freely accessible.[9] This change facilitates participant mobility, allowing to change easily its 3rd pilar asset manager

INDEXO is relatively new entrant (since April 2021) to the 3rd pillar asset management market in Latvia, thus a close eye is kept on other potential improvements that could improve participant's prospects of 3rd pillar asset accumulation.

7.7. Regulatory framework

The principal laws and regulations relevant to the operation of investment management companies are:

(1) Commercial Law of the Republic of Latvia;

(2) Consumer Rights Protection Law;

(3) Personal Data Processing Law and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

(4) Investor Protection Law;

(5) Law On Investment Management Companies;

(6) FCMC Regulation No. 252 of 22 December 2020 "Regulation for Establishing the Internal Control System of an Investment Management Company";

(7) FCMF No. 154 of 15 September 2020 "Law on regulations on the basic principles of the remuneration policy of an investment management company and an alternative investment fund manager";

(8) FCMC No. 152 of 15 September 2020 "Law on fund mergers, transactions of the main and subordinate structure and the procedure for distribution of investment certificates";

(9) FCMC No. 150 of 8 September 2020 "Regulatory regulations for information technology and security risk management";

(10) FCMF No. 115 of 4 August 2020 "Regulatory regulations on requirements for investment fund investment objects, transactions and certain types of activity funds";

(11) FCMC No. 103 of 21 July 2020 "Rules for the preparation of key investor information";

(12) FCMC No. 92 of 14 July 2020 "List of information to be attached to the notification regarding the acquisition or increase of a qualifying holding and the main principles and procedures for the examination of the notification".

[9] For more information, please see (source in Latvian language): https://indexo.lv/blogs/parmainas-3pl/

The principal laws and regulations relevant to the operation of 2nd pension pillar are:

(1) Law on State Funded Pensions;

(2) FCMC No. 123 of 4 August 2020 "Normative Regulations for the Preparation of Basic Information for Participants of the State Funded Pension Scheme";

(3) CM No. 365 of 13 August 2019 "Regulations on the Use of State Funded Pension Capital";

(4) CM No. 490 of 26 July 2016 "Welfare Information System (LabIS) rules";

(5) CM No. 1023 of 16 December 2008 "Rules on the Transfer of Pension Capital to and from the European Union Pension Scheme";

(6) CM No. 175 of 13 March 2007 "Regulations on the Rules of the Tender for the Transfer of Funded Pension Capital Administered by the Treasury, the Procedure and Terms for Transfer of Capital, as Well as the Procedure by Which the Managers of Funded Pension Scheme Funds Reimburse Expenses Related to the Transfer of Capital";

(7) CM No. 272 of 27 May 2003 "Regulations on the operation of the state funded pension scheme".

The principal laws and regulations relevant to the operation of 3rd pension pillar are:

(1) Private Pension Fund Law;

(2) FCMC No.12 of 8 February 2022 "Normative Regulations for the Establishment of a Private Pension Fund Management System";

(3) FCMC No. 161 of 30 November 2021 "Normative Regulations for Provision of Information by Private Pension Funds";

(4) FCMC No. 150 of 8 September 2020 "Regulatory regulations for information technology and security risk management";

(5) CM No. 466 of 28 July 2020 "Regulations regarding special professions in which the retirement age of employees specified in the pension plans of private pension funds may be less than 55 years".

Licensing of credit institution

As INDEXO intends to establish a bank, one of the most important processes is obtaining a license of a credit institution, because a credit institution may commence its activities in the Republic of Latvia only after obtaining and registration of a license (permit) for performance of commercial activities in accordance with the procedures laid down in laws. The principal laws and regulations that govern the licensing of credit institution are:

1) Credit Institution Law;
2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 2 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;
3) FCMC Regulation No. 200 of 27 October 2020 "Procedures of Submission the Information and Documents for Obtaining License, Permits and Confirmations Regulating the Operation of Credit Institutions and for the Provision of Information";
4) FCMC Regulation No. 201 of 27 October 2020 "Procedure for the Submission of Information and Documents for the Assessment of Suitability of Officials of Credit Institutions";
5) FCMC Regulation No. 94 of 14 July 2020 "Regulation on the Assessment of the Suitability of the Executive and Supervisory Board Members and Key Function Holders";
6) FCMC Regulation No. 92 of 14 July 2020 "List of information to be attached to the notification regarding the acquisition or increase of a qualifying holding and the main principles and procedures for the examination of the notification";
7) FCMC Regulation No. 227 of 1 December 2020 "Regulations for the Establishment of the Internal Control System".

Supervision of credit institution

Once establishing a bank and obtaining a license, a great part of the credit institution's operation is its supervision. In Latvia, credit institutions are supervised by the Financial and Capital Markets Commission.

The most important supervisory indicator for credit institutions is the capital adequacy ratio (own funds requirements). A credit institution must hold a certain amount of capital in relation to the assets of the credit institution and its riskiness. Another threshold supervised by the Financial and Capital Markets Commission is ration of liquidity. Supervisory policies, or changes in supervisory requirements, can affect the performance of credit institutions and thus the wider economy, for instance, changes in capital ratio requirements can affect the availability of credit, the price of all types of credit, and others.

The current regulation establishing a supervision framework is Law on the Financial and Capital Market Commission. However, from September 23, 2021, Law on the Bank of Latvia will replace existing supervisory regulation where the existing mandate of the Financial and Capital Markets Commission to promote financial market development is expanded to include a sustainability perspective.

8. COMPANY OVERVIEW

8.1. Overview

INDEXO was created with a vision to provide modern, world class financial services to Latvian population so Latvian people can take the best care of their financial prosperity in accordance with their needs.

Our mission is to have a better financial environment in Latvia:

- Common mission - our goals are aligned with local society and its people;
- Common success – our growth happens if Latvia and its people are financially successful;
- Our focus is long term gains for our customers and shareholders.

INDEXO was established as an answer to a non competitive pension savings industry in Latvia, where fees were high and long term returns for customers were low. INDEXO's modern products and low fees found a quick following and since launching it's services to public in July 2017, INDEXO is the fastest growing investment management company in Latvia that manages the retirement savings of over 75 000 clients with more than 500 million-euro assets under management (AUM).

INDEXO offers modern low-cost pension plans in 2nd (mandatory) and 3rd (voluntary) pension pillars to its clients by way passively investing the contributions in market index based low cost instruments.[10] Both mandatory and voluntary markets are fast growing due to Latvian GDP growth and average wage growth. Regulatory and minimum capital requirements make the market hard to enter for new competitors.

INDEXO only has one investment strategy that it believes serves clients need the best and avoids unnecessary complexity in saving products. INDEXO chose index investment strategy to manage client funds as many studies have shown that over a long term passive management with low cost outperforms active management with high costs. Since inception of INDEXO's equity funds, these funds have outperformed most competitors' funds, providing INDEXO clients with great returns. INDEXO acknowledges that past performance does not predict future performance and the track record of INDEXO funds is limited.

Simple investment management model makes INDEXO's business highly scalable. Without significant investment into new client acquisition, INDEXO business model creates significant Free Cash Flow on the capital required for providing Investment management services.

INDEXO investment into new client acquisition is based on a model of measuring client acquisition costs versus the life time customer value. Current distribution channels allow INDEXO to acquire customers at a cost that generates significant future returns to INDEXO shareholders.

INDEXO expects the need for investment based saving products to grow together with the growth of GDP per capita and disposable income growth. INDEXO aims to be one of the leaders of the investment management services market in Latvia. As of April 2022 INDEXO has 8,5% of 2 pillar market share in terms of AUM and 5,5% in terms of clients and 1% of 3 pillar market share in terms of AUM and 1,5% in terms of clients.

10 An index is a group or basket of securities, derivatives, or other financial instruments that represents and measures the performance of a specific market, asset class, market sector, or investment strategy. In other words, an index is a statistically representative sampling of any set of observable securities in a given market segment.

The main operating principles of INDEXO are:

Table 8.1.1.

Low cost	INDEXO is convinced that low cost, well diversified passive management will lead to superior result for INDEXO clients. INDEXO is constantly working to voluntarily lower its ongoing cost figure.
Index Investing	The index approach means investing globally in more than 1,600 of the world's largest companies with low costs. It's a safe and smart way to save for retirement.
Transparency	INDEXO operates with no hidden commissions or obscure fees. The client can sign up for news and get a quarterly report on INDEXO's investment plans. Everyone can see where INDEXO invests, what costs are there, and what the net returns of the plan are.
Latvian company	INDEXO is a Latvian company and therefore it has strong will to fight for a better financial environment in Latvia. INDEXO has already launched real competition in pension saving market and achieved possibility to inherent 2nd pillar assets.

8.2. Key developments of INDEXO

INDEXO has developed rapidly since entering the market as a challenger brand in 2017. Please see below for key milestones within the development of INDEXO.

Table 8.2.1.

Key developments and milestones

2017	Founded in 2017 by 30+ prominent **local** business leaders. Innovative - the first passive pension manager in Latvia, where contributions are invested in Market Index based instruments **with no asset management team and related costs.**
2018 **2019** **2020**	Has developed and operate extremely **effective** and **sustainable** client acquisition strategy. Continues to offer **competitive fees**, effective investments and efficiency.**
2021	In April we launched **the first 3rd pillar robo-advisory product** with automated investment decisions in index funds.

2022

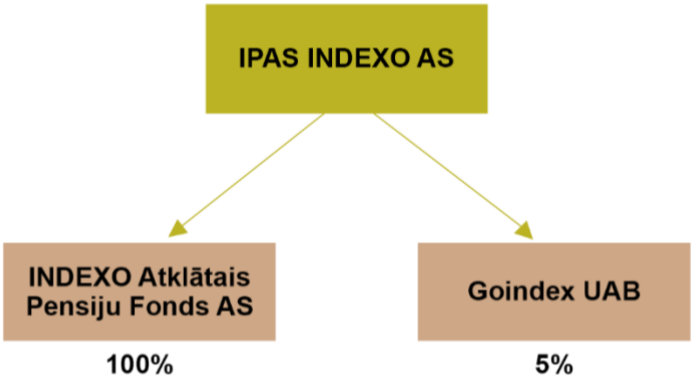
Announcement of the plan to go public on the **Nasdaq Riga Stock** Exchange with an **initial public offering of shares** (IPO).

As a result, has become the **fastest growing** pension manager with the **highest average AUM** and **the lowest average customer age.**

8.3. Organisational structure

The chart below presents the organisational structure of INDEXO as of the date of this Prospectus.

Figure 8.3.1.



Data of INDEXO, INDEXO Atklātais Pensiju Fonds AS and Goindex UAB are provided below.

Table 8.3.1.

IPAS INDEXO

Legal form	Joint Stock Company (AS – *akciju sabiedrība*)
Country of registration	Latvia
Registration authority	Commercial Register of Latvia
Registration number	40203042988
Registration date	10.01.2017
Legal address	Elizabetes Street 13 - 1A, Riga, LV-1010, Latvia
Registered and paid up share capital	EUR 3,033,511
Conditional share capital	EUR 299,572
Shares	3,033,511
Shareholders	Please see Section 10.5 “Shareholders” of this Prospectus
Licence	Investment Management Company
Issuance date	16.05.2017
Issuing authority	Financial and Capital Market Commission

IPAS “Indexo”. IPAS “Indexo” (INDEXO) is a licensed investment management company which provides investment management services (3rd pension pillar by managing funds of INDEXO Atklātais Pensiju Fonds AS) and management of state-funded pension scheme assets (2nd pension pillar). Please see Section 8.4 “Types of activities of INDEXO” of this Prospectus for more detailed information regarding INDEXO.

Table 8.3.2.

Indexo Atklātais Pensiju Fonds AS

Legal form	Joint Stock Company (AS – *akciju sabiedrība*)
Country of registration	Latvia
Registration number	40203248944
Registration date	13.06.2020
Legal address	Elizabetes Street 13 - 1A, Riga, LV-1010, Latvia
Share capital	EUR 600,000
Shares	600,000
Shareholders	IPAS INDEXO AS – 600,000 shares (100% of share capital)
Licence	Pension Fund
Issuance date	20.01.2021
Issuing authority	Financial and Capital Market Commission

Indexo Atklātais Pensiju Fonds AS. INDEXO Atklātais Pensiju Fonds is a licensed private pension fund and a wholly owned subsidiary of INDEXO.

INDEXO Atklātais Pensiju Fonds has developed two pension plans within the 3rd pension pillar which are managed by INDEXO.

Table 8.3.3.

Goindex UAB

Legal form	Private limited liability company
Country of registration	Lithuania
Registration number	305706496
Registration date	13.06.2020
Legal address	Eglynlaukio g. 7, Vilnius, Lithuania

Goindex UAB. As of the date of the Prospectus INDEXO owns 5% of GOINDEX UAB shares and has been a shareholder in the company since June 2021. The UBO of GOINDEX UAB is the member of the Management Board – Henrik Karmo.

GOINDEX UAB is a start-up which aims to develop a pension management business offering globally diversified life-cycle 2nd and 3rd pillar pension funds with the key focus on low-cost index fund investments and transparent and easy-to-understand pension savings plan solutions.

GOINDEX UAB is not considered a significant subsidiary of INDEXO within the meaning of the Regulation; therefore a description of GOINDEX UAB has been provided for information purposes.

8.4. Types of activities of INDEXO

INDEXO is an investment management company that is operating within the pension management market. Its core activities entail: (1) management of state-funded pension scheme assets (2nd pension pillar); and (2) management of private pension fund (3rd pension pillar).

At the date of this Prospectus INDEXO manages retirement savings of over 75 000 clients with more than 500 million-euro assets under management (AUM). According to the publicly available information[11] INDEXO is managing 9% of total assets under management (AUM) in the 2nd pension pillar market in Latvia and managing

[11] Based on data from Manapensija.lv.

0,5% of total assets under management (AUM) in the 3rd pension pillar market, participant of which INDEXO is only since April 2021.

INDEXO growth records are summarized below and show rapid development both in the number of clients and assets under management (AUM).

Table 8.4.1.

2nd Pillar	2017	2018	2019	2020	2021	Q1 2022
AUM	27 885 834	69 905 994	178 862 050	279 354 497	464 410 702	493 186 040
Clients	3 914	19 121	32 827	48 537	65 005	69 912
AUM/Client	7 125	3 656	5 449	5 755	7 144	7 054
3rd Pillar						
AUM	-	-	-	-	3 947 488	5 490 243
Clients	-	-	-	-	2 600	4 113
AUM/Client	-	-	-	-	1 518	1 335

According to the publicly available data[12] INDEXO is the fastest growing pension asset manager in percentage and absolute terms as of 31 March 2022. When it comes to client growth dynamics, the amount of clients within a year has grown by 44.7% (from 51 thousand to 74 thousand). Assets under management (AUM) have grown by 56.2% (from 319 million euro to 498 million euro).

Overall financial data of INDEXO are presented in table below. Relevant financial data for each of the operating segments (namely, each pension plan) are presented in further sections of the Prospectus.

Table 8.4.2.

	2019	2020	2021
Total income from provision of management services	583 474 EUR	972 467 EUR	1 598 445 EUR
Commission from management of INDEXO Jauda 16-50	316 591 EUR	605 781 EUR	1 079 807 EUR
Commission from management of INDEXO Izaugsme 47-57	247 855 EUR	324 495 EUR	448 589 EUR
Commission from management of INDEXO Konservatīvais 55+	19 028 EUR	42 191 EUR	67 546 EUR
Commission from management of INDEXO Akciju plans	-	-	2 321 EUR
Commission from management of INDEXO Obligaciju plans	-	-	182 EUR

12 Based on data from Manapensija.lv.

Management of funds of the funded pension scheme (2nd pension pillar) and funds of the private pension fund (3rd pension pillar)

Management of funds of the funded pension scheme and private pension fund includes the following services:

Table 8.4.3.

Management of investments of the investment plan funds	
Administration of the investment plan funds:	
-	handling legal and accounting matters;
-	provision of information regarding the performance of the investment plan;
-	calculation of the value of the investment plan and of an investment plan unit;
-	monitoring the regulatory compliance of the investment fund;
-	distribution of the income of the investment plan
-	execution of the orders and notifications by the State Social Insurance Agency (2nd pension pillar)
Provision of information to existing and potential participants of the scheme / marketing	

Management of investments of the investment plan funds

The pension plans offered by INDEXO and INDEXO Atklātais Pensiju Fonds (both within the 2nd pension pillar and 3rd pension pillar) are managed passively and they invest globally in index-based financial instruments.

<u>The passive asset management can be characterized by the following factors:</u>

- the asset manager does not try to anticipate market fluctuations and choose specific stocks or bonds in which to invest, but invests in financial instruments representing aggregate market capitalization of larger companies in world stock exchanges and investment grade bonds according to a long-term asset allocation formula (investments are made according to an algorithm, not a specialist);
- lower transaction costs, as financial instruments are bought and sold relatively infrequently;
- lower management costs, as it is not necessary to hire analysts to anticipate market fluctuations or analyse stock fundamentals.

Administration of the investment plan funds.

The organisational structure of INDEXO is designed to ensure the management of the funds, clearly separating the responsibilities of officials and the division of powers regarding the performance and control of transactions, including ensuring compliance control, risk management and maintenance of internal control functions in the INDEXO, as well as ensuring accounting and administration.

In order to conduct its operations more efficiently, INDEXO outsources certain administration functions to separate service providers. For example, INDEXO has outsourced accountancy function and services regarding data protection.

Provision of information and marketing

One of the main operating principles of INDEXO is transparency therefore it is at the utmost importance that information regarding the provided services and products are available to existing INDEXO clients and to potential clients.

Table 8.4.4.

INDEXO provides information based on the below principles and activities:

Informed clients	INDEXO sends quarterly reports on the operation of pension plans to its clients.
All costs are disclosed	INDEXO disclosed both direct and indirect investment costs that may be overlooked by others in the investment industry.
Fair conditions	Each investment is made considering the costs of it. INDEXO does not invest in expensive and self-managed funds. No hidden commission are attached to investments made by INDEXO.
Explain and educate	INDEXO creates blog articles and videos in its website in order to provide the content that improves INDEXO clients and not only financial literacy.

– *Provision of information to existing participants of the state-funded pension scheme (2nd pension pillar) and private pension fund (3rd pension pillar)*

Notwithstanding the above-mentioned principles and activities of INDEXO, each client is entitled to receive information on (1) the respective pension plan, (2) the asset manager (INDEXO) and (3) the custodian bank from INDEXO and the State Social Insurance Agency (2nd pension pillar clients) and their authorised persons. This information is available at:

(1) INDEXO office at 13-1A Elizabetes Street, LV 1010, Riga on business days from 9:00 to 17:00;

(2) on the INDEXO website: www.indexo.lv;

(3) at the State Social Insurance Agency and its branches whose contact details are available on the website: www.vsaa.lv (2nd pension pillar clients).

– *Provision of information and marketing to potential participants of the state-funded pension scheme (2nd pension pillar) and private pension fund (3rd pension pillar)*

The provision of information by INDEXO to potential clients can be divided in the following categories: (1) information provided by the selling division of INDEXO; (2) information provided by the marketing division of INDEXO.

(1) information provided by the client representatives division of INDEXO

INDEXO has developed a client representative division within its organisational structure to ensure efficient sale (compliant with applicable laws and regulations) of the pension funds managed by INDEXO to clients both on-site (supermarkets, conferences, seminars, etc.) and remotely (telephone, webinars).

This way potential clients have the opportunity to consult with an INDEXO client representative, and learn about INDEXO, its managed pension plans, the benefits and how to join INDEXO. INDEXO provides continuous training to its client representatives and is rigorously monitoring the quality of client interactions to ensure that in these interactions INDEXO's high quality standards are met.

As of May 2022, INDEXO has a total of 63 client representatives

(2) information provided by the marketing division of INDEXO

INDEXO success has been driven by building a strong brand centred around INDEXO core values which we communicate across different channels. INDEXO marketing campaigns support both the general awareness of our brand in public and also direct client acquisition. Marketing spend together with client acquisition cost is measured against the expected life time customer value to verify the effectiveness of INDEXO sale activities.

INDEXO has the following marketing strategy:

Table 8.4.5.

Social media campaign	INDEXO raises public awareness and creates public discussion with respect the Latvian pension system and the services offered by INDEXO.
Press and media involvement	INDEXO has considerable experience in communicating with the public media and attracting press attention.
Involvement of opinion leaders	There are many well-known and respected opinion leaders among the investors and founders of INDEXO, who use their recognition and reputation to raise INDEXO's profile.
Addressing customer segments	INDEXO actively addresses potential participants on specific wealthy and educated customer segments, for instance, readers of business media, customers of "start-up" companies, life insurance buyers, bankers, accountants, programmers, other educated professionals, etc.

Pension funds managed by INDEXO

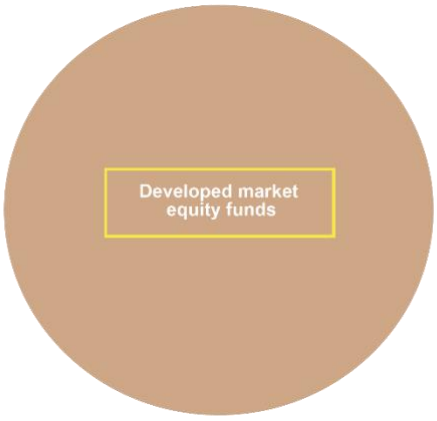
INDEXO believes that to achieve best results for saving for retirement, the clients would have to invest in equity markets for most of the saving period. Once closer to the retirement age, the client should start reducing risks and introduce bonds to lower the risk of their portfolio in accordance with their financial standing.

Within the 2nd pension pillar INDEXO has developed and manages three pension plans suitable for different age groups: (1) "INDEXO Jauda 16-50"; (2) "INDEXO Izaugsme 47-57"; and (3) "INDEXO Konservatīvais 55+".

Since April 2021 INDEXO and INDEXO Atklātais Pensiju Fonds has been able to offer clients two effective and low-cost 3rd pension pillar pension plans managed by INDEXO: "INDEXO Akciju plāns" and "INDEXO Obligāciju plāns".

Please see description for each respective pension plan accompanied with financial data.

Figure 8.4.1.



"INDEXO Jauda 16-50" – a plan with maximum allowed investment in the stock market (up to 100%). It is a modern, safe, world-standard way to build a 2nd pillar pension savings. In comparison to other INDEXO pension plans, this plan is characterized by higher potential returns and also higher volatility (risk), therefore this plan is most suitable for clients within the age from 16 to 50.

Plan profile: investments are made in diversified, high-quality low-cost index funds; investment profile is equities and high-quality investment bonds within developed countries.

Detailed information is included in the prospectus available at the web page of INDEXO (https://indexo.lv/INDEXO_Jauda_16-50_Prospekts).

Plan is operated since 1 February 2018.

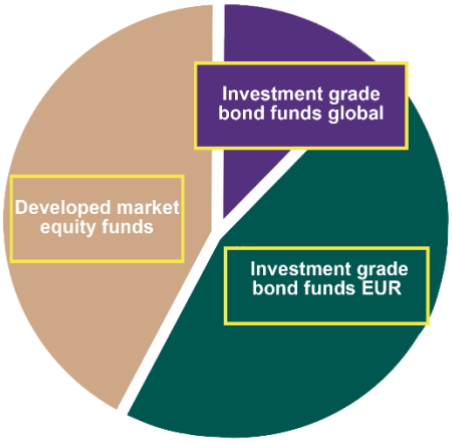
Financial data

Main financial information with regards to the operation of "INDEXO Jauda 16-50" for past three years is presented below. Full annual reports for the period since operation of the plan is publicly available at the web page of INDEXO (https://indexo.lv/rezultati-3/).

Table 8.4.6.

	2019	2020	2021
Net assets	105,9 MEUR	178,5 MEUR	321,3 MEUR
Increase of the net assets during the period as the result of investments	11,5 MEUR	8,5 MEUR	0,7 MEUR
Share value	1,1824947	1,2352042	1,52002
Growth of the share value	21,65%	4,46%	23,1%
Number of clients	21,983	34,254	46,207

Figure 8.4.2.



"INDEXO Izaugsme 47-57" – the first 2nd pension pillar plan in Latvia, which offered clients investment in index-based funds. In comparison to other INDEXO pension plans, this plan is characterized by a medium-high potential return and also a medium-high volatility (risk), therefore this plan is suitable for clients within the age from 47 to 57.

Plan profile: investments are made in diversified, high-quality low-cost index funds; investment profile is equities and high quality investment bonds within developed countries.

Detailed information is included in the prospectus available at the web page of INDEXO (https://indexo.lv/INDEXO-Izaugsme-prospekts).

Plan is operated since 3 July 2017.

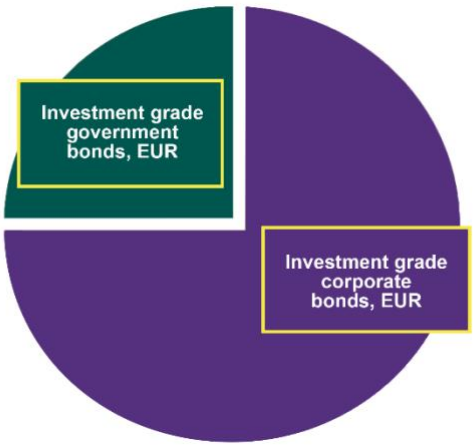
Financial data

Main financial information with regards to the operation of "INDEXO Izaugsme 47-57" for past three years is presented below. Full annual reports for the period since operation of the plan is publicly available at the web page of INDEXO.

Table 8.4.7.

	2019	2020	2021
Net assets	65,1 MEUR	85,5 MEUR	120,1 MEUR
Increase of the net assets during the period as the result of investments	7,7 MEUR	3,2 MEUR	13 MEUR
Share value	1,1572554	1,2006311	1,36398
Growth of the share value	16,76%	3,75%	13,6%

Figure 8.4.3.



”INDEXO Konservatīvais 55+” – investment only in to the highest quality bonds of index-based funds. In comparison to other INDEXO asset management plans, this plan is characterized by a lower volatility (risk) and consequently lower potential returns, therefore this plan is suitable for clients within the age from 55.

Plan profile: investments are made in diversified, high-quality low-cost index funds; investment profile is stable, high quality euro denominated government and corporate bonds.

Plan is operated since 23 April 2018.

Detailed information is included in the prospectus available at the web page of INDEXO (https://indexo.lv/INDEXO_Konservativais_55_Prospekts).

Financial data

Main financial information with regards to the operation of “INDEXO Konservatīvais 55+” for past three years is presented below. Full annual reports for the period since operation of the plan is publicly available at the web page of INDEXO.

Table 8.4.8.

	2019	2020	2021
Net assets	7,9 MEUR	15,3 MEUR	23,1 MEUR
Increase of the net assets during the period as the result of investments	157 TEUR	363 TEUR	-450 TEUR
Share value	1,0399384	1,0652614	1,04023
Growth of the share value	4,71%	2,44%	-2,4%

3rd pension pillar products

INDEXO was the first Latvian pension fund manager to launch individualized, automatically rebalancing investment products to 3rd pillar customers. Since April 2021 INDEXO and INDEXO Atklātais Pensiju Fonds offers clients two effective and low-cost 3rd pension pillar pension plans “INDEXO Akciju plāns” and “INDEXO Obligāciju plāns”.

Clients can participate in both asset management plans simultaneously, using two options for investment distribution: (1) automatic investment distribution with assistance of INDEXO unique robotic investment system that gives clients maximum freedom; or (2) manual investment distribution, where client controls the amount of investment to be invested in equity and bonds.

(1) Automatic investment distribution with assistance

INDEXO robotic investment system ensures that the client’s investment always corresponds to the age and the desired level of risk. Investments are automatically adjusted to the age of the client, risks and return potential are gradually decreasing towards the retirement age.

This system is well suitable to clients that are not afraid of short-term market fluctuations and want to save for optimal pension.

(2) Manual investment distribution

Under manual investment distribution the client can decide and control the amount of assets to be invested into equity and bonds, consequently the client can decide the amount of risk to take and what will the return potential.

This system is well suitable to the clients that feel confident enough to manage their own investments and take their own risks.

8.5. Strengths

Table 8.5.1.

	Transparency	Transparency is the main value which INDEXO also considers to be one of its great strengths in comparison to its competitors. INDEXO has always provided and will continue to provide its clients fair terms – no investments in expensive self-managed funds, no hidden commissions. INDEXO reveals to its clients all indirect costs, which are too often hidden in the field of investments. INDEXO provids its clients with quarterly reports about the results of the asset management plan that can be easily read and understood, as well as always striving to increase the financial literacy of its clients through regular blog posts and videos. Moreover, INDEXO is always truthful towards its clients and does not promise unrealistic results. As part of its promise to clients, INDEXO has also constantly voluntarily lowered ongoing cost figures to clients by lowering fees and also renegotiating 3rd party fees.
	Unique, simple and understandable products	INDEXO believes that it has the best strategy for management of its clients' funds, and therefore gives a clear vision on the benefits of each product, without offering too much by way of unclear asset management options. Straightforward communication with clients about what benefits them the most is what makes INDEXO different form its competitors. Competitors offer multiple products without clearly communicating the benefits of each product to clients, who frequently end up choosing the plan that best suits the asset manager and not the client because the amount of choices is too overwhelming. Therefore, INDEXO makes the decision making process simpler for its clients.
	Passive asset management strategy	A passive asset management strategy has statistically proven to outperform the so-called active management strategy that has much higher fees. Active managers spend unnecessary money on trading commissions and are unable to guess consistently in the long run which stocks are "best". Index funds invest automatically in the market as a whole, without selecting individual stocks or bonds. While in the long run, the global economy is developing and financial markets continue to rise, savings INDEXO clients' savings are growing.
	Being a trend setter	Being a trend setter in the market is also one of INDEXO's great strengths since as a result of INDEXO entering the market, financial literacy and access to good products has significantly increased. At the time of INDEXO's launch, existing pension providers charged some of the highest management fees in Europe while providing some of the worst-performing asset management plans. Meanwhile, the average local consumer did

		not know who their pension manager was, or even care that their pension plan performance was subpar. Furthermore, competition among existing pension managers was nearly non-existent because everyone could charge large fees and their clients would not leave or care. When INDEXO entered the market as the first low-cost index-fund pension plan provider it launched real competition in the pension savings market. INDEXO's competitors were forced to adjust so that currently every asset management plan manager has lowered their fees (also due to regulation), and most managers have introduced index fund asset management plans. Advice on asset allocation has improved and has resulted in much better performance by pension funds in general.
	Great acknowledgement amongst current clients	Great acknowledgement amongst current clients as one of the main strengths of INDEXO is what gives inspiration and drives INDEXO to move forward with its ambitious plans for the future. INDEXO has a NPS score[13] of +64 among our 3rd Pillar asset management clients, which is considered excellent and means that our current clients are our best product promoters and are willing to introduce them to friends and family. This gives confidence that the mission and direction where INDEXO is headed is the correct one.
	Broad and competent circle of current shareholders	A broad and competent circle of current shareholders was a conscious decision. Since the moment of establishment, the number of shareholders has increased from 30+ to 50+ and each one of them is a valuable component of INDEXO's success story and an ambassador for INDEXO in public.

8.6. Key strategies of INDEXO

Overall INDEXO strategy

INDEXO strategy is based on four main pillars: (1) passive asset management; (2) active and focused client acquisition; (3) INDEXO brand – agent of positive change; (4) transparency about costs and fees; simplicity in product offering and communication.

Passive asset management

INDEXO as an asset manager has chosen to manage the funds under its management using a passive asset management strategy. INDEXO believes that this is the most efficient investment strategy and has proven to outperform active asset management over the decades. Investments in index funds lead to a simple, efficient and low-cost product, ensuring clients an average market return that in the medium and long term is highly likely to outperform the vast majority of actively managed funds.

Active and focused client acquisition

INDEXO approaches clients actively and with great focus by direct sales in retail stores in major Latvian cities, by use of various digital channels, by successful marketing campaigns, as well by telemarketing.

[13] NPS (net promoter score) ranges from -100 to 100, and is calculated based on clients who would be willing to promote a company's products to others. Generally, a number above 0 is positive and above 60 is considered excellent.

INDEXO brand – agent of positive change

The INDEXO brand is already well known for lobbying and achieving improvements in pension related legislation. Pro-active education of society about pensions, savings and investments is also one of the key focuses. Therefore, INDEXO is planning to continue its brand recognition course through improvement and educational work that is beneficial for society as whole, and will continue innovative activity in digital media and social networks.

Transparency about costs and fees

INDEXO has and will continue to be fully transparent and clear about costs and fees.

Future development of the asset management business

INDEXO strategy on the future development of the asset management business is based on investing in the development of INDEXO sales specialists (brand ambassadors) who help to attract and educate potential new clients, to improve client access to great low-cost products and to expand its asset management products.

Further development of the role of INDEXO sale specialists (brand ambassadors)

The 2nd pension pillar is and will continue to be one of the main focuses of INDEXO. The company will continue to invest into development and growth of its sales team (brand ambassadors) in order to continue effective direct approach of even more clients Over last 12 months our INDEXO client facing team has grown from 35 to 51.

Current 2nd pillar pension system does not provide an option for individualized pension accounts and customers reaching the age of 55 will need personalized advice on their pension savings planning to find an optimal solution for pre-retirement saving period. Over coming years as the demand for such service will grow, INDEXO intends to introduce a service to help its clients with and individual approach to their financial planning.

Improvement of low-cost financial products offered

INDEXO is constantly working to improve client access to great low-cost products. In the coming years INDEXO expects to create even better tools for clients to undertake financial planning for savings and retirement and offer access to savings products through the INDEXO customer platform.

INDEXO believes that development of even greater products and focus on expansion of its team that will be able to further introduce these products to clients will be one of the main cornerstones for successful future development of INDEXO's asset management business.

Expansion of INDEXO's asset management products

INDEXO is planning to introduce significant strategic changes by expanding its asset management products which would potentially not only offer investments in the global economy, but also specifically in the local Latvian economy (market).

In particular, up until now the investment strategy included only investments in index funds, but within the next few years up to 5% of AUM will also be invested in the Latvian economy, primarily real estate, again providing real competition to existing real estate funds. INDEXO believes that this will be a significant commitment to the Latvian market and economy.

Further development – banking licence

The main reason for the Offering is for INDEXO to eventually establish a bank by obtaining a credit institution licence (authorisation) and allocate the funding attracted to acquiring a licence for operating a credit institution. Therefore, INDEXO's long term strategy is to expand its business outside of asset management and develop a bank as its subsidiary within the INDEXO organizational structure. Please see Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus.

8.7. Risk management

INDEXO is susceptible to different business-related risks due to various risk mitigation actions thoroughly executed. The risk management control is ensured by (1) the management information system which is established within INDEXO; (2) preparation and submission of internal and external reports; (3) the developed Financial risk and other operational risk management policy; and (4) other internal and external regulatory enactments.

INDEXO's risk management process include identification, measurement, management, monitoring, reporting, evaluation of the effectiveness of the risk management process and elimination of deficiencies.

Risk control functions are divided into the following organisational units of INDEXO:

Management Board and Supervisory Board

The Management Board is mainly responsible for: (1) identifying risks significant to INDEXO's operations; developing and implementing the necessary policies; (2) ensuring that INDEXO implements risk identification, measurement, management and prepares risk reports; (3) ensuring efficient operation of risk and compliance functions within INDXO; and (4) being responsible for regular review of risk management regulations and, if necessary, to prepare recommendations for the Supervisory Board.

The Supervisory Board is mainly responsible for overseeing the identification, measurement, management and reporting of risks within INDEXO.

First line of defense

Investment committee, Accounting and Asset Accounting Division, Finance function and IT function

The Accounting and Asset Accounting Division is mainly responsible for regularly preparing internal reports in accordance with INDEXO's Management Information System.

Whereas the Investment Committee, Finance function and IT function are responsible of mitigating the risks in the respective areas of their expertise.

Second line of defense

Risk management and Compliance function

The Risk management and Compliance function is mainly responsible for: (1) developing the methodology and management of risk identification, assessment, measurement; (2) monitoring and reporting of INDEXO and its managed investment and pension plans; (3) regularly reviewing and improving compliance risk management policies and related procedures; (4) informing the Management Board on the compliance risk, compliance issues, anticipated and taken measures to eliminate the issues, relevant laws and regulations and respective amendments; (5) ensuring the methodology and management of risk identification, assessment, measurement, monitoring and reporting of INDEXO and its managed investment and pension plans, to ensure the INDEXO's operations, internal regulatory compliance of acts, agreements and other documents with the requirements of the regulatory enactments of the Republic of Latvia, including monitoring that the INDEXO complies with the external and internal regulatory enactments binding on it in its activities.

Third line of defense

Internal Auditor

The Internal Auditor is mainly responsible for: (1) evaluating the risk management policies and related procedures developed by INDEXO; and (2) evaluating the effectiveness of the risk control function and the compliance function.

Figure 8.7.1.

Risk management

Macro-level related risks. INDEXO is subject to risks that are related to the macro-economic matters and therefore can influence the business and operations of INDEXO on a macro level. Therefore, INDEXO has worked towards identifying such risks and developing procedures to manage and mitigate them to the extent possible.

Investments in the market. In order to reduce the risk related to capital market, INDEXO diversifies its investments with assets under management (AUM) by investing in various regions and different investment products, thus mitigating the negative effects of falling prices. Furthermore, internal limits are set for all categories of securities, INDEXO follows market trends, observes the principle of diversification and regularly assesses the volume of the risk.

Force majeure aspects. The aim of the management of force majeure risk is to reduce the impact of force majeure events on INDEXO by ensuring the continuity of INDEXO's operations. INDEXO monitors events that may lead to force majeure, develops the business continuity plan.

Financial risk management. Taking into account that INDEXO is strictly regulated entity and therefore is subject to capital adequacy requirements, INDEXO monitors and manages the exposure of its business to financial and liquidity related risks to ensure that its day-to-day liabilities and business obligations are met and the long-term financial strategy is adequately implemented.

Counterparty credit risk management. The aim of managing the counterparty credit risk is to ensure, to the extent possible, that INDEXO does not enter into transactions with counterparties that are not able to meet their obligations. INDEXO performs counterparty credit risk assessment before concluding each truncation thereby managing the respective risk. The counterparty credit risk is regularly analysed and, if necessary, reported to the Management Board of INDEXO if significant information is identified that causes a change in the counterparty's credit risk profile.

Liquidity risk management. The aim of managing the liquidity risk is to ensure to the extent possible that INDEXO will be able to meet its obligations even in the event of liquidity reduction. INDEXO manages the risk by ensuring adequate capital which is held in cash, money market instruments and highly liquid government debt securities and by regularly analysing the cash flow of INDEXO. The liquidity risk control is implemented as a systemic set of measures.

Business and operating environment related risks. INDEXO is subject to variety of business and operating environment related risks. Therefore, there are several risk management and control procedures developed within INDEXO in order to mitigate the risks.

Operational risk management. The main objective of operational risk management is to ensure the risk assessment processes for INDEXO Group, analyse the main causes of the risks and reduce the causes or potential losses of each risk. In order to reach the aim of the management of the respective risk, INDEXO has developed an Operational risk management policy.

Key measures to identify potential operational risks are:

(1) analysing the internal procedures;

(2) discussion with the project managers and the managers of structural units;

(3) analysis of current and historical financial data and performance indicators;

(4) compilation of information related to risk situations.

In order to successfully manage the operational risk, INDEXO has created an effective operational risk management environment by: (1) promoting the creation of the operational risk management environment; and (2) continuously taking measures to reduce the possibilities of operational risk.

In the event that the operational risk has occurred, INDEXO: (1) initiates measures to limit and reduce the losses caused by the risk; and (2) initiates measures to restore full operation.

After the risk has been successfully prevented, INDEXO takes measures to: (1) identify the causes of the risk, its extent and the damage caused; (2) restore damaged or lost assets or systems; (3) identify possible claims of third parties against INDEXO; and (4) introduce new procedures or improve the existing procedures to prevent/reduce the recurrence of the risk.

Risk management regarding the reputation of INDEXO. Both the Management Board of INDEXO and its employees are responsible for managing INDEXO's reputation risk and maintaining INDEXO's reputation respectively.

INDEXO determines the procedure for submitting and reviewing the complaints of its clients regarding INDEXO's services by providing it on INDEXO's website. The responsibilities of the Management Board of INDEXO include maintaining business relations and establishing long-term cooperation with business partners, building public relations, cooperation with the media, and establishing and maintaining the general reputation of INDEXO.

INDEXO develops and maintains a register of complaints, where all customer complaints against INDEXO are entered and stored in order to manage and control INDEXO's reputation risk. Moreover, INDEXO's employees are obliged to inform INDEXO on all customer complaints against INDEXO.

Management of risks relating to INDEXO's strategy and business. Each year INDEXO prepares an operating plan and states its objectives, including the budget of INDEXO with revenue and expenditure plan, as well as the planned operating objectives for each year. INDEXO regularly monitors the implementation of the budget and goals.

Management of risks relating to outsourcing/third party service providers. INDEXO partly relies on the services, products and knowledge of third-party service providers in the operation of its business. Therefore, INDEXO has developed an Outsourcing policy to ensure the quality of the received services and to manage the risks associated with it.

In order to receive the planned outsourced service, INDEXO must ensure:

(1) the compliance with internal and external regulatory laws and obligations;

(2) the receipt of the outsourced service will not restrict INDEXO's ability to provide the management services, nor will it infringe the legitimate interests if INDEXO's customers.

(3) the receipt of the outsourced service will not restrict INDEXO's management institutions and officials to perform the duties specified in the applicable laws and regulations, Articles of Association or other regulatory documents.

(4) the receipt of the outsourced service will not prevent the Financial and Capital Market Commission from supervising INDEXO's operations.

(5) the concluded outsourcing agreement complies with the requirements of internal and external regulatory enactments and provides a clear and true picture of the cooperation and requirements of INDEXO and the service provider regarding the scope and quality of the outsourced service.

(6) there is not situation in which, following the outsourcing of a service, INDEXO no longer provides any of the services of the management services.

In order to ensure the successful functioning of the outsourcing agreement, INDEXO must:

(1) carry out continuous monitoring of the quality of the provided outsourced service;

(2) perform a qualitative assessment and management of the risks associated with the provision of the outsourced service;

(3) control the activities of the outsourced service provider so that it does not endanger the fulfilment of INDEXO's obligations and the legitimate interests of its customers.

Personnel and workforce. The quality, competences, and commitment of INDEXO employees are important factors for successful development and management of INDEXO. The success of INDEXO is largely dependent on attracting and retaining a qualified employees in a long term. In order to attract and retain qualified personnel, INDEXO offers remuneration which is highly dependent on the activity of the employee, as well as other benefits which could attract qualified personnel also in future.

INDEXO has adopted Remuneration and personnel policy for the Supervisory Board, Management Board and employees. The main objective of the policy is to ensure effective personnel management practices in accordance with existing INDEXO corporate values, ethical standards, and long-term interests in order to successfully achieve INDEXO goals, implement its strategy without taking inadequate risks and ensure proper remuneration and employment conditions for employees. Please see more information on INDEXO Remuneration policy in Section 12 "REMUNERATION AND BENEFITS".

In addition, since 2021 INDEXO has implemented Share Option Plan for its employees and management. For more information see Section 10.4. "Personnel Share Option Plans for Management Board and Employees".

INDEXO believes that its corporate culture and attention to details when it comes to wellbeing and motivation of its employees are key factors that allow to retain its current employees as well as to attract new highly skilled employees.

Employees. 2021 was also a crucial year for the growth of INDEXO. Highly professional, motivated and dedicated employees joined the team of INDEXO and by 31.12.2021 there were already around 70 employees employed by the INDEXO. INDEXO intends to further expand its overall business, including its customers and headcount.

The historical employee headcount numbers of INDEXO Group as of the end of the past three years of operation are presented in the table below.

Table 8.7.1.

INDEXO employee headcount			
	2019	**2020**	**2021**
Average number of employees employed by the INDEXO	26	31	51

The place of permanent employment of the majority of employees of INDEXO is within the metropolitan area of Riga, Latvia. No employee of the Group is a member of any trade union. Group is not a party to any collective bargaining agreement.

In addition, INDEXO believe that an important contributor to its success has been its culture, which fosters teamwork, excellent customer service and highly professional, motivated, and dedicated employees. Therefore, INDEXO fully supports and implements principles of open, inclusive, and honest work culture and offers its employees regular training and personal growth opportunities. Every employee of INDEXO learns INDEXO's values, which are the foundation of our entire organisation. All employees, who deal with customers on a daily basis are trained to be able to provide answers to a wide range of questions related to pension plans and their and provide high quality, friendly service. Furthermore, in order to provide additional motivation to its employees, INDEXO has developed a comprehensive personnel share option programs (please see Section 10.4 “Personnel Share Option Plans for Management Board and Employees” of this Prospectus).

Compliance. Since INDEXO’s business activity is strictly regulated, ensuring compliance, effective risk assessment and management is at the core of INDEXO’s risk management process. In order to mitigate the compliance risk, INDEXO has developed an Operational compliance risk management policy with the aim to (1) reduce the risks of legal nature and the risk of loss of reputation resulting from non-compliance with regulatory enactments; (2) strengthen and preserve INDEXO’s reputation.

In order to ensure compliance, INDEXO has developed a set of measures that includes:

(1) provision of consultation and training processes;

(2) identification and assessment of compliance risk;

(3) monitoring, control and reporting;

(4) cooperation to reduce non-compliance.

In order to ensure the compliance within INDEXO, an Accounting and Asset Accounting Division has been established. The Chairman of the Management Board of INDEXO is responsible for the wok organization and management of the Accounting and Asset Accounting Division.

Through a combination of regular communications with the Financial and Capital Market Commission, efficient internal controls system, regular internal audits, continuous improvement of the internal controls systems, and responsible management, INDEXO has been able to ensure successful operation and full regulatory compliance.

AML/CFT/CPF and sanctions compliance. The Group supports the principle of zero tolerance of intentional violations of laws and regulations in the areas of AML/CFT/CPF and compliance with international and national sanctions, which forms the basis for a successful fight against global and local money laundering and the financing of terrorism and proliferation. The Group as a subject of Latvian AML/CFT/CPF and Sanctions Law has developed and on daily basis follows the internal control procedures for prevention of AML/CFT/CPF and sanctions risk management.

According to the National risk assessment Group’s activity and that its services are related to pension asset management, commercial activity is not related to high AML/CFT/CPF risks. Nevertheless, the Group conducts regular checks of its 3rd pension pillar customers and their transactions in accordance with the applicable requirements of AML/CFT/CFP laws and regulations, as well as conducts regular AML/CFT/CPF training for all employees of the Group.

The Group also has an overall low sanction risk. The Group is aware that the provision of financial services may expose the Group to sanction risk and therefore the Group takes preventive measures to identify and address the risk of sanction breaches (e.g., screening in the Sanctions list of clients, additional payees, retirement beneficiaries).

Compliance with market abuse regulations. INDEXO has implemented rules on inside information disclosure in accordance with the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April

2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Corporate governance. Considering that INDEXO is a licensed and supervised entity it has established compliant and efficient internal corporate governance system. INDEXO has developed several internal policies and procedures with aim to ensure its corporate governance embracing best industry practices and standards. INDEXO continuously strives to ensure sustainability of its operations, modern and efficient management, rational and economically sound use of resources, and compliance with the principles of good corporate governance which is the cornerstone of INDEXO strategy.

Strict rules regarding conflict of interest risk management applies to the Group. Thus, the Group has adopted Conflict of interest prevention policy and procedure in order to identify any potential conflict of interest risks and prevent such risks effectively, as well as to ensure regulatory compliance. The Group also responsibly process personal data and has set in place appropriate measures to process personal data with particular caution. The Group has also developed other type internal documents forming a part of the internal corporate governance structure (please see Section 11 “MANAGEMENT AND SUPERVISORY BODIES”).

IT and management of internal IT systems. As a regulated subject, INDEXO has implemented mandatory policies and procedures and has established an effective internal control system by which it successfully manages IT/IS-related risks. In cooperation with qualified and technologically advanced partners INDEXO has established IT/IS system which protect the information held by Group using proportionate means considering the factors of confidentiality, integrity and availability of information.

INDEXO directs all the available resources in providing quality, up-to-date and expeditious service to its clients while at the same time maintaining a high level of regulatory compliance. Thus, INDEXO does not use its own internal resources to maintain IT development competencies and expertise. INDEXO has chosen to outsource the maintenance of IT systems to qualified and technologically advanced service providers choosing System as a Service (SaaS) service providers. At the same time INDEXO ensure that the IT/IS is monitored in accordance with the applicable laws and regulations, including the creation of audit trails as well as the incident management process, etc. INDEXO has not experienced any major cybersecurity incidents or data breaches.

Data protection. Business of INDEXO is related to processing of personal data that are subject to protection under the General Data Protection Regulation and applicable Latvian laws. Hence INDEXO concentrates sufficient resources to ensure full compliance with the applicable requirements and to protect personal data which is at INDEXO possession.

INDEXO has appointed a data protection officer who is involved in any process which triggers data processing activities. Also, INDEXO has technical and organisational measures in place to react on possible external threats as to the data processing. Access to personal data processed by INDEXO is strictly limited to what is necessary to carry out work tasks, and only a limited number of people can view particular data. As of the date of the Prospectus, INDEXO has not been involved in material data security breach or major incidents.

Intellectual property and media presence. In order to familiarise consumers with INDEXO brand name, INDEXO has registered a figurative trademark with the Latvian Patent Office. To reach maximum customers at the right time, to give an opportunity to build trust with potential and existing customers, partners, and talent/employees, as well as raise the awareness of INDEXO service, INDEXO has created its website and established social media presence on platforms including Meta, LinkedIn and Twiter.

Trademarks

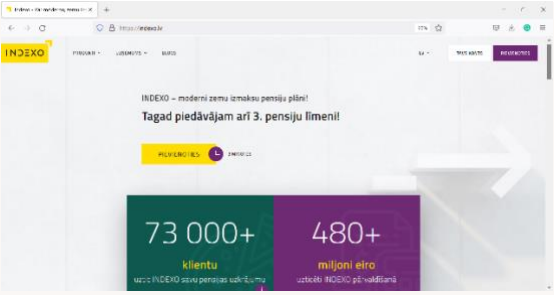
INDEXO	The brand name “INDEXO” is owned by INDEXO and has been registered as a figurative trademark with the Latvian Patent Office and the European Union Intellectual Property Office.

The registered protection of the verbal trademark “INDEXO” is set to expire on 22 May 2027.

From the perspective of brand awareness, the trademark “INDEXO” is maintained and considered as business-critical.

The potential name of the anticipated INDEXO Bank has been reserved and word trademark has been registered on “Indexo Banka” with the European Union Intellectual Property Office.

Domain names

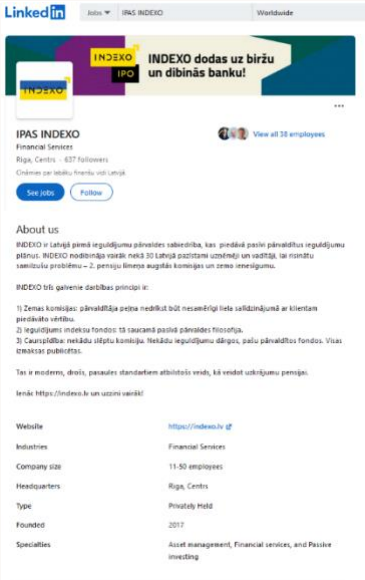


INDEXO has registered one domain name – indexo.lv. INDEXO is in the process of registering other domain names on the name of INDEXO.

Social media presence

INDEXO social media presence is notable, frequent and up-to-date. On different social media platforms INDEXO on daily basis informs in more than 8,000 people.

The content available to the viewers contain video materials, interviews with the Shareholders, members of the Management Board and Supervisory Board. This indicates INDEXO position as being open to communication, accessible to general public and well-position company in the market.



https://www.linkedin.com/company/

ipasindexo/

https://www.facebook.com/indexolv/

Know-how

INDEXO protects its know-how and has implemented confidentiality clauses in employment contracts. Know-how of key employees is important to provide business continuity.

8.8. Material agreements

All material agreements entered into by INDEXO Group are within its ordinary course of business and the agreements do not include any provision under which INDEXO Group has any obligation or entitlement which is material to INDEXO Group as of the date of this Prospectus.

In the opinion of the INDEXO Management Board, the agreements specified below are material, require in-depth analysis as well as prior scrutiny, in light of the nature of the relevant agreements, and thereby can be considered as of significance for indication in the Prospectus.

The relevant agreement is subject to confidentiality obligations. Therefore, primarily due to considerations of confidentiality, the following information may not confer a sufficient level of detail and is limited.

Shares Sale and Purchase Agreement

INDEXO is a party to a Share Sale and Purchase Agreement concluded on 7 June 2021 between INDEXO as the Buyer and Beacon Properties OÜ as the Seller (the **"Share Sale and Purchase Agreement"**). The parties agreed that Beacon Properties OÜ would sell and transfer to the ownership of INDEXO and INDEXO would purchase and accept from Beacon Properties OÜ 625 ordinary registered non-material shares of GOINDEX UAB, which constituted 10% of the share capital of GOINDEX UAB. The total price for the shares was equal to EUR 11,662.50.

Supplemental Agreement to the Share Sale and Purchase Agreement

INDEXO is a party to a Supplemental Agreement to the Share and Purchase Agreement concluded on 26 August 2021 between INDEXO and Beacon Properties OÜ (the **"Supplemental Agreement"**). In accordance with the Supplemental Agreement the parties agreed on INDEXO's put option of the shares owned by INDEXO in GOINDEX UAB, meaning that INDEXO has the right and option, but not the obligation, to sell all, but not some, of the shares owned by INDEXO in GOINDEX UAB to Beacon Properties OÜ and Beacon Properties OÜ in that event is obliged to buy the shares owned by INDEXO in GOINDEX UAB, upon and following a put notice that INDEXO is entitled to submit at its sole discretion. The purchase price (put price) for the shares is EUR 11,662.50 (the equivalent to INDEXO's investment amount for the 625 ordinary registered non-material shares of GOINDEX UAB in accordance with the Share Sale and Purchase Agreement).

Investment Agreement

INDEXO is a party to an Investment Agreement relating to GOINDEX UAB concluded on 23 June 2021 between the Founders, one of which is INDEXO, as defined in the Agreement, the Investors and GOINDEX UAB. The parties agreed that the Investors would invest in GOINDEX UAB, and in exchange for the investment amount the Investors would be issued shares of GOINDEX UAB. As a result of the conclusion and execution of the Investment Agreement, INDEXO's holding in GOINDEX UAB diluted from 10% to 5% of the share capital of GOINDEX UAB.

8.9. Dependency on agreements, licences and similar type of agreements

INDEXO and its subsidiary INDEXO Atklātais Pensiju Fonds are holding special permits (licences) issued by FCMC, authorising companies to provide their services. On 16 May 2017 INDEXO received a licence for the provision of investment management services and management of state-funded pension scheme assets, in turn on 20 January 2021 INDEXO Atklātais Pensiju Fonds obtained a licence for private pension funds. INDEXO and INDEXO Atklātais Pensiju Fonds are dependent on special permits (licences) to render their main services with respect to the investment management segment. Consequently, both special permits

(licences) issued to INDEXO and INDEXO Atklātais Pensiju Fonds are considered as critical for the business of companies.

INDEXO and INDEXO Atklātais Pensiju Fonds have entered into several agreements specified below that are of significant importance for operation of both companies and thereby are considered as business-critical.

Agreement on Management of State-Funded Pension Scheme Funds

On 27 June 2017 INDEXO entered into an Agreement on Management of State-Funded Pension Scheme Funds with the State Social Insurance Agency of the Republic of Latvia. The parties have agreed that INDEXO shall perform the management of the funds, i.e., contributions made, future fruits and other assets, of state-funded pension scheme.

Custodian Bank Agreement on State-Funded Pension Scheme Funds

On 13 October 2020 INDEXO concluded a Custodian Bank Agreement on State-Funded Pension Scheme Funds with "Swedbank" AS. The parties have agreed that "Swedbank" AS shall maintain the accounts of investment plans within 2nd pension pillar managed by INDEXO as well as keep the assets and perform registration thereof, including performance of transactions and carrying out settlements with the assets, receipt and transfer of securities, etc.

Custodian Bank Agreement

On 17 February 2021 INDEXO Atklātais Pensiju Fonds entered into a Custodian Bank Agreement with "Swedbank" AS. The parties have agreed that "Swedbank" AS shall maintain the accounts of pensions plans within 3rd pension pillar developed by INDEXO Atklātais Pensiju Fonds, hold and keep the accounts' and other assets of pension plans as well as perform registration thereof.

Agreement on Management of Funds

On 25 February 2021 INDEXO concluded an Agreement on Management of Funds with INDEXO Atklātais Pensiju Fonds. The parties have agreed that INDEXO shall manage the funds of two pension plans within 3rd pension pillar developed by INDEXO Atklātais Pensiju Fonds, i.e., "INDEXO Akciju plāns" and "INDEXO Obligāciju plāns".

Cooperation Agreement

On 1 February 2022 INDEXO entered into a Cooperation Agreement with INDEXO Atklātais Pensiju fonds. The parties have agreed to mutually cooperate in order to attract the clients to INDEXO Atklātais Pensiju Fonds, including performance of activities aimed at informing the clients on possibility to participate in the pension plans developed by INDEXO Atklātais Pensiju Fonds, as well as to advise on matters related to engagement in the pension plans.

INDEXO has also entered into agreements and arrangements with independent third-party contractors aimed at the provision of services to INDEXO that include external call centre, telemarketing services and accounting services, however none of the agreements are considered to be as business-critical.

8.10. Related party transactions

INDEXO is party to related-party transactions. All the related-party transactions of INDEXO are carried out on fair market terms and are beneficial to shareholders of INDEXO. The terms and conditions of the related-party transactions are not different from the terms and conditions of similar transactions that are entered into by INDEXO with third parties in the ordinary course of business and are at arm's length.

Detailed information on the related-party transactions involving INDEXO is provided in Note 17 of INDEXO's audited stand alone and consolidated financial statements for the financial year ended on 31 December 2021, Note 17 of INDEXO's audited stand alone and consolidated annual report for the financial year ended on 31 December 2020, Note 17 of INDEXO's audited consolidate financial statements for the financial year ended on 31 December 2019.

8.11. Legal proceedings

INDEXO and INDEXO Atklātais Pensiju Fonds have not been involved in any governmental, legal or arbitration proceedings that have been concluded in the past three years and have resulted in an administrative act or court judgment. As at the date of the Prospectus, the Management Board of INDEXO is not aware of any pending or threatened governmental, legal or arbitration proceedings.

The Management Board of INDEXO believes that the following administrative proceedings should be noted, although it does not have a significant effect on financial position or profitability of INDEXO and INDEXO Atklātais Pensiju Fonds:

In summer 2021, Consumer Rights Protection Centre of the Republic of Latvia initiated administrative proceedings against INDEXO Atklātais Pensiju Fonds, by commencing an assessment of commercial practices related to distribution of specific advertising for 3rd pension pillar services. The Consumer Rights Protection Centre concluded that INDEXO Atklātais Pensiju Fonds has implemented unfair commercial practices and invited INDEXO Atklātais Pensiju Fonds to submit a written commitment. In response to the invitation of the Consumer Rights Protection Centre, on 17 December 2021 INDEXO Atklātais Pensiju Fonds submitted a written commitment, by acknowledging the violation detected, undertaking to suspend the distribution of specific advertising and to pursue fair commercial practices in the future. The requirement of the written commitment to stop the distribution of specific advertising was fulfilled on 28 December 2021. As a result, the administrative proceedings were terminated and no fine was imposed to INDEXO Atklātais Pensiju Fonds.

8.12. Investment

INDEXO Group's operations require regular investments in INDEXO Group's assets to improve the services offered to clients. Furthermore, investments are also required to establish and maintain compliance with regulatory requirements.

During the period covered by the historical financial information, INDEXO made the following material investments beyond the scope of everyday economic activities:

(1) During the year ended 31 December 2020, on 5 June 2020 a decision was adopted on founding AS "Indexo Atklātais Pensiju Fonds" with the aim of offering a 3rd pillar pension service to clients. AS "Indexo Atklātais Pensiju Fonds" capital consists of 400,000 shares with nominal value of EUR 1 per share, thus constituting an investment of EUR 400,000 by INDEXO.

(2) During the year ended 31 December 2021, INDEXO invested (1) an amount of EUR 11,663 by acquiring 5% of the share capital of GOINDEX UAB (please see more on GOINDEXO UAB in Section 8.3 "Organisational Structure" of the Prospectus) and (2) additional investment of EUR 200,000 in the share capital of AS "Indexo Atklātais Pensiju Fonds".

Currently there are no ongoing or planned material investments.

9. GENERAL CORPORATE INFORMATION AND ARTICLES OF ASSOCIATION

9.1. General corporate information

INDEXO is a joint stock company. The business name of INDEXO is IPAS “Indexo”. INDEXO was registered in the Commercial Register on 10 January 2017 under registration number 40203042988 and its LEI number is 875500AT8JI5HU41AY20. INDEXO is organised and exists under the laws of Latvia.

INDEXO is a licensed investment management company having an investment company operation licence issued on 16.05.2017.

The registered areas of business activity of INDEXO are “Fund management activities” (66.30, NACE Rev.2), “Pension funding” (65.30, NACE Rev.2), “Trusts, funds, and similar financial entities” (64.30, NACE Rev. 2), “Activities auxiliary to insurance and pension funding” (66.2, NACE Rev. 2).

Contact details of INDEXO are the following:

• **address:** Elizabetes street 13 - 1A, Riga, LV-1010;
• **e-mail address:** info@indexo.lv;
• **telephone number:** +371 20006088;
• **corporate website:** https://indexo.lv.

9.2. Articles of Association

Pursuant to the Article 2 of the Articles of Association the main type of commercial activity performed by INDEXO is fund management activities.

The current version of the Articles of Association was adopted by resolution of the Shareholders’ Meeting dated 30 May 2022. The text of the Articles of Association currently in force can be found on INDEXO corporate website https://indexo.lv/par-mums/.

INDEXO Articles of Association comply with the statutory provisions of Latvian law, primarily complying with the Latvian Commercial Law, the Law on Investment Management Companies, the Latvian Financial Instrument Market Law, and other applicable laws and regulations.

The following is a summary and explanation of the main provisions of the Articles of Association:

- **Shares.** INDEXO has only one type of shares - dematerialised bearer shares. No other categories of shares have been issued by INDEXO or are outstanding as of the date of the Prospectus. Each share entitles the holder to receive dividends, to receive a liquidation quota in the event of liquidation of INDEXO, and to vote at the Shareholders’ meeting of INDEXO.
- **Voting rights.** Each Shareholder has the right to participate in and vote at the Shareholders’ meeting by electronic means. The authority to establish requirements for the identification of Shareholders and the procedure for the exercise of voting rights is vested in the Management Board.
- **Share capital increase.** The Board of INDEXO is authorized to increase the share capital of INDEXO for a period of up to 5 (five) years in the amount determined by the Shareholders’ meeting of INDEXO, not exceeding 3% (three percent) of the share capital at the time of the authorization.
- **Declaration.** The Articles of Association contain no provisions that might have the effect of delaying, deferring, or preventing a change in control of INDEXO and enabling, authorizing, or permitting withdrawal, redemption, or conversion of the existing shares of INDEXO.

10. SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE

10.1. The current share capital of INDEXO

All INDEXO Shares have been issued in accordance with Latvian law and, in particular, the Latvian Commercial Law and the Law on Investment Management Companies. The nature and scope of rights attaching to INDEXO shares can only be amended according to the procedure set forth in the Latvian Commercial Law.

The amount of share capital is determined in accordance with the Law on State Funded Pensions. The amount of share capital depends on the AUM of INDEXO within the funded pension scheme (2nd pension pillar). As of the date of this Prospectus, INDEXO is managing the funds of the funded pension scheme with a value greater than EUR 200,000,000. Therefore, according to the Law on State Funded Pensions INDEXO needs to ensure its share capital at least EUR 3,000,000 thereby reaching the highest threshold prescribed by law.

As of the date of this Prospectus, INDEXO's issued share capital amounts to EUR 3,033,511, divided into 3,033,511 dematerialised bearer shares. All existing Shares are of the same category, with the nominal (face) value of each outstanding Share being EUR 1 (the "**Share/Shares")**.

Table 10.1.1.

INDEXO Shares as of the date of Prospectus

Type of share	Total number of shares	Nominal value per share, EUR	Total nominal value, EUR
Dematerialized bearer shares	3,033,511	1	3,033,511

The Shares will be registered with Nasdaq CSD under reserved ISIN code LV0000101863 after approval of this Prospectus and before the start of the Offer Period and will be kept in book-entry form.

The Shares have not been listed or admitted to trading on any regulated securities market. The Shares are freely transferrable. No share certificates have been or may be issued. The Shares have not been subject to any public takeover bid during the current or last financial year.

10.2. Share capital historical changes

During the period covered by the Financial Statements, the following changes in share capital took place:

Table 10.2.1.

INDEXO share capital changes

Year of registration	**Changes**	**The new amount of share capital (EUR)**	**Total number of shares (EUR)**
2019	The share capital of EUR 2,265,000 was converted into A category shares with a nominal value of EUR 1. The share capital was increased by EUR 735,000 resulting in 183 750 new B category shares with a nominal value of EUR 4 and the issue premium of EUR 0.42.	735,000	3,000,000
2020	The share capital was increased by EUR 16,987 resulting in additional A category shares, the total number of A category shares being 2,281,987 and B category shares – 183,750.	16,987	3,016,987

2021	Conversion from the existing two classes of shares, A and B, into one class of shares, thereby dividing the share capital of INDEXO into 3,016,987 shares with a nominal value of EUR 1 (one Euro) per share.	-	3,016,987
2022	The share capital was increased by EUR 16,524 resulting in issuance of 16,524 new shares with nominal value of EUR 1.		3,033,511

10.3. Resolution to increase share capital and to issue Offer Shares

The Offering will involve the issue of new Shares up to 535,000 shares as subscribed for in the course of the Offering. The Shares will be allocated to investors in accordance with the terms described in Section 4 "TERMS AND CONDITIONS OF THE OFFERING" of this Prospectus.

On 30 May 2022, the Shareholders' Meeting of INDEXO resolved to increase INDEXO share capital by up to EUR 535,000 by issuing Offer Shares. During the Shareholders' Meeting, Shareholders waived their pre-emptive rights for the Offering. Please see Section 4.1 "The Offering" of this Prospectus for the indicative timetable of the Offering (the expected timeline for the completion of the Offer Shares issue).

The newly issued INDEXO Offer Shares are expected to be registered in the accounting system of Nasdaq CSD SE, as well as included in the Baltic Regulated Market of AS "Nasdaq Riga" (the Baltic Main List).

10.4. Personnel Share Option Plans for Management Board and Employees

2021 Share Option Plan

In 2021 INDEXO approved a personnel share option plan for the Shares of INDEXO (**2021 Share Option Plan**). The purpose of the 2021 Share Option Plan is to further align the long-term interests of Management and Mid-Management employees of INDEXO with long-term interests in increasing the value of INDEXO. The personnel share options within the 2021 Share Option Plan were issued in two phases, namely the first round took place in 2021 and the second round took place in March 2022.

The personnel shares issued have a strike price of EUR 2,86 per option at which the person who has received the personnel options will be able to convert them into INDEXO Shares upon expiry of the minimum holding period (12 months from the date on which the person was granted the options). The holder of personnel share options is entitled to acquire newly issued shares in INDEXO until the expiry of the exercise period specified in the notice to the holder referred to in INDEXO Terms of personnel options issue.

As of the date of this Prospectus, INDEXO has issued altogether 66,096 options within the 2021 Share Option Plan from which 16,524 options were converted into INDEXO Shares. INDEXO does not intend to issue new shares as part of the 2021 Share Option Plan.

The following table summarizes the information on the Shares represented by the options granted within the 2021 Share Option Plan.

Table 10.4.1.

2021 SHARE OPTION PLAN		
	PHASE ONE	**PHASE TWO**
Approved	29.03.2021.	24.03.2022.
The maximum amount for conditional equity capital	EUR 17,136	EUR 48,960
Share capital after the share capital increase with the condition	EUR 3,034,123	EUR 3,065,947* **Not including 2021 Share Option Plan round one conditional equity capital.*
Strike price of each option	EUR 2.86	
Rights that will attached to the shares	Each option converted into a share will provide one vote at the Shareholders' Meeting of INDEXO and the same rights as existing shares of INDEXO.	
Eligible person for exercising the option	Each person granted a personnel share option(s) may exercise the option(s) after expiry of the holding period (12 months) and at the time: - has achieved certain personal or corporate business objectives of INDEXO; - has a valid employment relationship with INDEXO; or - is a member of the Board of Directors of INDEXO.	
Minimum holding period	12 months.	

2022 Share Option Plan

In order to facilitate further commitment to the long-term development of INDEXO and to reward the dedication and loyalty of INDEXO Management Board and senior employees, the INDEXO Shareholders' Meeting on 24 March 2022 approved a new personnel share option plant (the **"2022 Share Option Plan"**). In order to achieve the best possible tax efficiency, options within the 2022 Share Option Plan will be issued in two phases.

The 2022 Share Option Plan is closely connected with the results, outcome, and long-term development of INDEXO. In accordance with the procedures for allocation of personnel share options provided in the terms of the 2022 Share Option Plan, material benefit to INDEXO personnel share option holder arises only under certain circumstances, namely, if at the exercise date in 2026 INDEXO's share price is higher than the strike price – EUR 16.51.

The following table summarizes the information on the Shares represented by the options granted within the 2021 Share Option Plan.

Table 10.4.2.

2022 OPTION PLAN		
	PHASE ONE	PHASE TWO
Approved	24.03.2022	Phase II personnel share options will be approved and issued after completion of Phase I.
Maximum amount for conditional equity capital	EUR 250,000	EUR 300,000
Share capital after conditional share capital increase	EUR 3,266,987* **excluding the amount of previously approved conditional share capital.*	N/A
Strike price of each share	*EUR 1** **if the Share price of INDEXO does not exceed EUR 27.48 at the target date, clawback of INDEXO's shares received will be determined in accordance with INDEXO Terms of personnel options issue.*	*EUR 27.48** **if the Share price of INDEXO exceeds EUR 27.48 at the target date and the options granted to an option holder are not converted into INDEXO Shares, the option holder has the right to request recalculation of the number of options in accordance with INDEXO Terms of personnel options issue. If as per calculation it is determined that the option holder is entitled to a smaller number of options than they were granted, then clawback of the remaining amount of options granted will be exercised.* *In this case the strike price for each share will be set to EUR 1.*
Basis for granting personnel share options	Personnel share options are granted on the basis of an option agreement between the option holder and INDEXO which provides for (1) restrictions on operations with shares acquired during Phase I and the Phase II and (2) conditions for return of shares acquired during Phase I.	
Rights attached to the shares	Each option converted into a share will provide one vote at the Shareholders' Meeting of INDEXO and the same rights as existing shares of INDEXO.	
Eligible person	The following persons have the right to receive personnel options: - members of the Management Board of INDEXO who have a valid employment relationship with INDEXO or another type of contract on the basis of which the Management Board member of INDEXO performs their duties in INDEXO. - senior employees of INDEXO who have a valid employment relationship with INDEXO. Under certain conditions personnel options granted can be cancelled (*bad leaver*).	
Material benefit	The material benefit of an INDEXO personnel option holder arises only if specific requirements are met - if the share price at the exercise date in 2026 exceeds EUR 16.51.	
Minimum holding period	12 months.	

10.5. Shareholders

As of the date of this Prospectus, INDEXO has 57 shareholders.

The list of INDEXO beneficial owners is provided in the table below.

Table 10.5.1.

Aldis Paiders	Gints Ozoliņš	Rauls Viktorovs	Kristīne Mūrmane
Aleksandre Davitashvili	Gundars Ruža	Atis Rektiņš	Druvis Mūrmanis
Aleksandrs Kalinovskis	Ieva Jāgere	Renārs Krūgaļaužs	Elmārs Prikšāns
Aleksejs Prokofjevs	Imants Jansons	Sandu Huban	Anna Lokomete
Alfs Janevics	Jānis Austriņš	Alexander Kuznetsov	Jānis Buks
Edvīns Tankelsons	Jānis Rozenbergs	Kārlis Kiršteins	Henrik Karmo
Andrey Maltsev	Jonas Izirkevicius	Aigars Kesenfelds	Deniss Kairāns
Artūrs Roze	Kaspars Feldmanis	Mārtiņš Baumanis	Valdis Lejnieks
Valdis Karols	Lauris Stefans Lambergs	Marks Edidovičs	Kārlis Lejnieks
Indrek Gusev	Aivaras Abromavičus	Jekaterina Nikuļina	Valdis Siksnis
Roberts Bušs	Mārcis Martinsons	Svens Dinsdorfs	Tīna Kukka
Otto Tamme	Ain Lausmaa	Ilze Jaunarāja	Valdis Turlais
Elmārs Gengers	Enn Parel	Spodra Garkāne	Valdis Vancovičs
Erik Alf Wigertz	Peter Elam Hakansson	Roberts Stuģis	
Filips Klāvs Kļaviņš	Raimonds Slaidiņš	Toms Kreicbergs	

The largest shareholder of INDEXO is SIA DVH, reg. no. 50203040781, owning approximately 22.31% of INDEXO Shares. The UBOs of SIA "DVH" are Valdis Siksnis and Henrik Karmo.

As of the date of this Prospectus, no other Shareholder of INDEXO holds more than 5% of all Shares in INDEXO.

Qualifying holding and events which may result in a change in control of INDEXO

As INDEXO is a licensed investment management company, strict eligibility rules apply to shareholders having a qualifying holding in INDEXO. Pursuant to the Law on Investment Management Companies a shareholder with a qualifying holding may only be a person:

- whose identity can be verified;
- who has an impeccable reputation;
- whose financial standing is sound and can be documentarily proved.

SIA "DVH" is the only shareholder with a qualifying holding in INDEXO. The respective company and its shareholders have been verified and approved by the Financial and Capital Market Commission.

Information on SIA "DVH"

SIA “DVH” was founded on 27 December 2016 with the purpose of carrying out the activity of a holding company. At the time when INDEXO was founded, SIA “DVH” was the sole shareholder of INDEXO.

SIA “DVH” is indirectly controlled by the INDEXO members of the Management Board – Mr. Valdis Siksnis (indirectly holding 33.07% of SIA “DVH” shares), Mr. Henrik Karmo (indirectly holding 40.97% of SIA “DVH” shares), and a member of the Supervisory Board – Mr. Toms Kreicbergs (indirectly holding 9.87% of SIA “DVH” shares). Also, Mr. Valdis Siksnis and Mr. Henrik Karmo are beneficial owners of the SIA “DVH”.

On 25 February 2022 at the Shareholders’ meeting a decision was taken to reorganize SIA “DVH” and the reorganisation procedure by way of splitting up SIA “DVH” has been commenced. After reorganisation, SIA “DVH” will cease to exist without a liquidation procedure. As a result of the reorganization the following transfer of the shares will take place:

Table 10.5.2.

Percentage of shares obtained	Acquiring company	Beneficial owner of acquiring company	% of shares in INDEXO after reorganization *(does not including shares already obtained)*
40.97%	PERFECT MATCH, registration number: 40003663126	Henrik Karmo	9.18%
9.92%	CROSSHILL CAPITAL, registration number: 40203341487	Toms Kreicbergs	2.21%
11.93%	SIA DZIELA, registration number: 40203125512	Druvis Mūrmanis and Kristīne Mūrmane	2.67%
33.07%	SIA “VSCAP”, registration number: 50103872951	Valdis Siksnis	7.41%
4.09%	SIA “IJ birojs”, registration number: 40203000109	Jānis Buks	0.91%

It is predicted that as a result of the reorganisation INDEXO will not have any individual or legal entity having a qualifying holding in INDEXO, with the biggest shareholders being:

- SIA PERFECT MATCH holding 9.92% of INDEXO shares, and
- SIA “VSCAP” holding 7.56% of INDEXO shares.

Measures in place to ensure that control is not abused

INDEXO’s Shareholder structure is highly fragmented, and no shareholder holds the majority of the share capital in INDEXO and the corresponding votes (over 50% of the share capital and the votes). Moreover, persons eligible to become Shareholders of INDEXO with qualifying holding are limited due to strict regulatory requirements.

The major Shareholders of INDEXO do not have any additional rights or voting rights different from those described in Section 10.6 “Shareholder rights” below.

Shareholders’ agreement

INDEXO and the biggest Shareholder SIA DVH, registration No 50203040781, with registered office in Elizabetes 13-1, Riga, LV-1010 (“Parties”) have entered into a Shareholders’ Agreement to which the other INDEXO Shareholders have also acceded.

The Parties to the Shareholders' Agreement concluded the Shareholder agreement with the purpose of specifying the overall business and management strategy of INDEXO and the fundamental principles of the business activities with the aim of promoting good and compliant governance of INDEXO.

The parties to the Shareholders' Agreement undertook to facilitate the development of INDEXO's business pursuant to the applicable laws and regulations.

In accordance with the Shareholders' Agreement with regard to INDEXO, the said agreement will become invalid as of admission of the Shares on Nasdaq Riga.

10.6. Shareholder rights

This Section aims to provide a general overview of the scope of rights conferred upon shareholders of INDEXO in accordance with the applicable rules of Latvian law.

This general overview is not intended to be exhaustive, nor does it purport to cover all legal issues that may arise in connection with ownership of the Shares.

Under the applicable laws, all shareholders of INDEXO are subject to equitable treatment. Each Share of INDEXO confers upon its holder the same rights to a share of INDEXO assets and profits. In the event of liquidation of INDEXO, shareholders are entitled to a share of the surplus of assets in the proportion to the number of Shares held. No restrictions apply with respect to the transferability of the Shares.

The following rights attach to each Share:

Right of Share Disposal: Each shareholder of INDEXO has the right to dispose of the Share(s) owned. Disposal includes sale (transfer of ownership) and other forms of disposal. No restrictions apply to the transferability of the Shares, either under the statutory provisions of Latvian law or under the Articles of Association.

Right to Vote: Shareholders have the right to participate and vote at Shareholders' meetings. A shareholder is eligible to participate and vote at a Shareholders' meeting if it is a shareholder of record (i.e., recorded as a shareholder in the shareholders' register of INDEXO) at least five working days prior to the date of the Shareholders' meeting. Each fully paid-up Share, including the Offer Shares, confers upon each shareholder at least one vote at the Shareholders' meeting.

Right to Participate in Shareholders' meetings: The Annual Shareholders' meeting must be held once a year pursuant to the procedure and at a time set forth by law. The Annual Shareholders' meeting adopts resolutions on approval of INDEXO's annual report, reports by the Management Board and Supervisory Board, and application of profit reported in the previous financial year, as well as on other matters included in the agenda of the Annual Shareholders' meeting.

Convening of Shareholders' meeting: Shareholders' meetings, both Annual and Extraordinary, are convened by the Management Board. Apart from the Management Board, the right to request the convening of an Extraordinary Shareholders' meeting is also vested in the Shareholders representing at least one-twentieth (5%) of INDEXO share capital. In specific instances, where the Management Board fails to convene a Shareholders' meeting, it may be convened by the Supervisory Board or by the Latvian Enterprise Register at the request of INDEXO's auditor or Shareholders representing at least one-twentieth (5%) of INDEXO share capital.

Right to Include Particular Matters in the Agenda of the Shareholders' meeting: Shareholders representing at least one-twentieth (5%) of INDEXO share capital may request the Management Board to include particular matters into the agenda of the next Shareholders' meeting, provided that such request is made no later than within seven days from the date of receipt by the Shareholders of the notice convening the Shareholders' meeting.

Right to Information: The Management Board has an obligation, upon receipt of a written request by any Shareholder submitted to the Management Board at least 14 days prior to the date of the Shareholders' meeting, to provide the requesting shareholder with information regarding all matters included in the agenda

of the Shareholders' meeting. The Management Board is entitled to refuse to provide the requested information if provision of such information would be detrimental to important economic interests of INDEXO, would result in disclosure of a trade secret or if disclosure is prohibited by law.

Right to dividends: All Shareholders of INDEXO have the right to participate in distribution of profits. A Shareholder shall be paid a share of the profit (dividend) according to the nominal or book value of the shareholder's Shares. Payment of dividends and the amount thereof shall be decided by the Shareholders' meeting. Dividends may be paid on the basis of the approved annual report, whereby a proposal for distribution of profit approved by the Supervisory Board is submitted to the Shareholders' meeting by the Management Board either as part of the annual report or as a separate document attached to the annual report. While distributing profit and making dividend payments to shareholders, a public limited company is under the obligation to treat all shareholders equally.

Revocation of Resolutions Adopted by the Shareholders' meeting: A resolution of the Shareholders' meeting which is unlawful and is in breach of the Articles of Association is detrimental to the purposes and interests of INDEXO, or is aimed at aggrieving a Shareholder, may be appealed by way of legal action seeking revocation of the resolution. Legal action seeking revocation of resolutions adopted by the Shareholders' meeting shall be brought against INDEXO within three months from the day when a person should have got to know the decision of the meeting, but not more than a year from the day the meeting occurred.

Right to Liquidation Quota: Upon liquidation of INDEXO, each Shareholder is entitled to receive a liquidation quota in proportion to its existing shareholding, in the instances and accordance with the procedures established by the provisions of statutory law.

Quorum: According to Latvian law and the Articles of Association, the Shareholders' meeting is quorate (i.e., a sufficient number of shareholders is present to adopt resolutions) if Shareholders representing more than 50% of the total number of votes are present at the meeting.

Pre-Emption Rights: In the event of an increase in the amount of INDEXO's share capital, each Shareholder has a right of pre-emption to purchase newly issued shares in the proportion to the total nominal value of Shares already owned. If a Shareholder fails to exercise the right of pre-emption within the specified period, the newly issued shares must be offered for subscription to those Shareholders who have exercised their pre-emption rights according to the procedure specified in the terms of share capital increase.

Redemption Provisions: Because the Shares are fully paid up, no redemption provisions are intended or applied.

Conversion of Shares: Latvian law stipulates no specific statutory procedure for conversion of shares from one category to another (nor is conversion prohibited). In order to enable conversion of Shares, the Articles of Association must be amended and corresponding adjustments must be made to the INDEXO shareholders' register. Currently, the Articles of Association do not provide for conversion of Shares.

Shareholder Rights in Case of Mandatory Bid, Sell-Out, and Squeeze-Out: Latvian law requires a mandatory bid for all Shares to be made by one or more persons acting in concert who seek to do any of the following:

(1) acquire the voting rights attaching to the Shares, directly or indirectly, in an amount such that the voting power exercised by those person(s) would correspond to or exceed 30% of the total number of voting shares of INDEXO; or

(2) have voted at a Shareholders' meeting in favour of excluding the Shares from a stock exchange.

The person(s) responsible for making a mandatory bid make a bid in accordance with the procedure specified in statutory law, once the making of the bid is permitted by the Latvian Financial and Capital Market Commission.

A mandatory bid for the repurchase of Shares shall not be expressed by a qualifying person or persons if a shareholding stake which reaches or exceeds 30% of the total number of voting shares of INDEXO is acquired prior to listing of INDEXO shares on a regulated market and the shareholding stakes acquired prior to the listing of INDEXO shares are disclosed in the prospectus.

If any legal entity owns, directly or indirectly, Shares in INDEXO representing 90% or more of INDEXO share capital, any remaining minority Shareholder has a right to require that the respective legal entity purchases all of the Shares belonging to the minority Shareholders, whereas the legal entity has the obligation to purchase such Shares. The purchase price of the Shares belonging to the minority Shareholders is then determined by the majority Shareholder in accordance with the provisions of statutory law, or by a court in case of a dispute.

A squeeze-out offer can be made by a single Shareholder acquiring 95% or more of the total number of Shares. The acquiring Shareholder can offer that all of the other Shareholders sell to the acquiring Shareholder all of the remaining Shares owned by them on terms and conditions to be approved by the Latvian Financial and Capital Market Commission. The offer to sell, if made, shall be considered a final offer.

If a Shareholder entitled to accept a final offer to sell fails to accept the offer within the specified term, the Shares shall be deemed to have been blocked on the day following the expiration of the final offer to sell, while all rights conferred upon the holder of such Shares shall be deemed to have been forgone.

A settlement with respect to shares acquired pursuant to a final Share purchase offer shall take place in accordance with the rules governing the final share purchase prospectus. The final share purchase prospectus shall be compliant with the provisions of statutory law. A final share purchase offer can only be made following review of the offer prospectus by the Latvian Financial and Capital Market Commission and grant of permission to proceed with the offer.

The Latvian Financial and Capital Market Commission monitors and ensures compliance of the final share purchase, and settlement of the purchase, with the laws and regulations of the Latvian Financial and Capital Market Commission.

The provisions relevant to mandatory bids, sell-out and squeeze-out offers are established, primarily, under the Latvian Financial Instruments Market Law and Group of Companies Law.

11. MANAGEMENT AND SUPERVISORY BODIES

11.1. Governance structure

INDEXO has duties and responsibilities towards its shareholders and hence INDEXO is governed in accordance with the applicable laws and regulations by keeping in mind the interests of the shareholders, employees, and INDEXO clients primarily.

The Management Board and the Supervisory Board are the managing bodies of INDEXO, and the Shareholders' meeting is the highest managing body of INDEXO. The organisational structure of INDEXO is designed to ensure effective management, clearly separating the responsibilities of members of the Management and Supervisory Boards, including ensuring compliance control, risk management, and maintenance of internal control functions in INDEXO, as well as ensuring accounting and administration.

General meeting	The General Meeting is the supreme management and decision-making body of INDEXO. Additional information on the competence of the General Meeting is provided in Section 10.6 "Shareholder rights".
Supervisory Board	The function of the Supervisory Board is in supervising the Management Board and representing the interests of shareholders in-between of General Meetings and supervising the activities of the Management Board within the framework specified in the Commercial Law.
Management Board	The Management Board carries out general management of INDEXO, except for the issues attributed to the competence of the General Meeting and Supervisory Board.

The place of business of the Management Board and the Supervisory Board is the registered address of INDEXO – Elizabetes street 13 - 1A, Riga, LV-1010.

11.2. Audit and other committees

Audit committee

INDEXO has established an internal Audit committee. The Audit committee consists of 3 members of which no more than 2 members can be members of the Supervisory Board and of whom at least 2 of the members shall meet the independence and impeccable reputation criteria set by the law.

The internal Audit committee consists of Mr. Svens Dinsdorfs, Renāts Lokomets and independent member of the committee, Mrs. Ieva Jāgere. Committee meetings take place as necessary, but not less frequently than once a quarter.

The Committee shall act in accordance with the Audit committee regulations, the resolutions of the Supervisory Board and the Shareholders' Meeting, the applicable laws and regulations.

The members of the Committee shall be entitled to remuneration determined by INDEXO's Shareholders' meeting in accordance with the INDEXO's Remuneration Policy.

The duties of the Audit include:

- monitoring the process of preparation of INDEXO's annual report and to make proposals to the Supervisory Board to ensure the reliability of the annual report;

- monitor and evaluate the effectiveness of the INDEXO's risk management processes and the INDEXO's policies in place to mitigate identified risks and make proposals to address risks identified;
- monitor the effectiveness of the INDEXO's internal control and internal audit system;
- monitor the conduct of the audit of the INDEXO's annual report;
- provide the Internal Audit function with unrestricted access to all information, assets and personnel of INDEXO necessary for the conduct of the internal audit;
- evaluate the effectiveness of internal systems to ensure regulatory compliance.

Internal auditor

The duties of the internal auditor include:

- to supervise the annual statement of a capital company and preparation of the consolidated annual statement;
- to supervise the efficiency of operation of internal control, risk management, and internal audit systems;
- to supervise the course of audit (check) of the annual and consolidated annual statement of a capital company;
- performing special inspections and investigations of INDEXO own-account transactions and personal transactions of persons related to INDEXO and their compliance with the requirements for prevention of conflicts of interest;
- to check and supervise whether the sworn auditor appointed by a capital company complies with the requirements for independence and objectivity laid down in the Audit Services Law and assessment of threats to independence;
- to inform the council of a capital company of the conclusions drawn by the sworn auditor in the audit (check) of the annual and consolidated statement and to provide an opinion on how this audit (check) has promoted the credibility and objectivity of the annual statement and consolidated annual statement.

INDEXO has an internal auditor which directly reports to the Supervisory Board of INDEXO. The internal auditor is elected by the Supervisory Board, which operates in accordance with the audit plan approved by the Supervisory Board, the description of the internal audit system, and the relevant outsourcing agreement. The main task of the internal auditor is to perform independent supervision of INDEXO's internal control system, as well as to assess its adequacy and effectiveness in order to assist INDEXO's Supervisory Board, Management Board, and employees to perform their functions more effectively. The internal auditor function is performed by KPMG Baltics SIA, reg. no. 40003235171, legal address: Vesetas street 7, Riga, LV-1013.

Remuneration committee

The function and responsibilities of a remuneration committee are considered by INDEXO to be sufficiently handled by the members of the Management Board and members of the Supervisory Board as of the date of this Prospectus.

11.3. The external auditor

Audit firm SIA KPMG Baltics, registration number: 40003235171, legal address: Vesetas street 7, Riga, LV-1013 was INDEXO's external auditor for the accounting period 2018-2019. SIA KPMG Baltics is a certified auditor (licence No. 55) and a member of the Latvian Association of Certified Auditors.

Audit firm PricewaterhouseCoopers SIA, registration number: 40003142793, legal address: Kr. Valdemāra street 21-21, Riga, LV-1010, Latvia was appointed as INDEXO's external auditor for the accounting period of 2020-2021. PricewaterhouseCoopers SIA is a certified auditor (licence No. 5) and a member of the Latvian Association of Certified Auditors.

The change of external auditor for the period covered by the historical financial information cannot be regarded as material. The switch between audit firms was due to allocation of the function of internal auditor to SIA KPMG Baltics for 2021. Thereby, in accordance with the applicable laws and regulations, SIA KPMG Baltics was no longer able to fulfil the role of external auditor and a different audit firm was appointed.

11.4. Management Board

INDEXO Articles of Association provide that the Management Board shall consist of a minimum of three members who are appointed for a term in office of five years. The Members of the Management Board can represent INDEXO by any two members of the board jointly.

Some of the main functions (the list is non-exhaustive) of the Management Board of INDEXO include:

•	**Management:** of INDEXO business.
•	**Compliance:** with applicable laws and regulations, policies, plans, internal rules, and procedures approved by INDEXO.
•	**Informing:** the Supervisory Board on the operation of the internal control system and execution of operational strategy.
•	**Risk management:** identification, measurement, management, regular revision, and reporting of risks to INDEXO.
•	**Representing:** INDEXO in contractual relations.
•	**Developing**: INDEXO development and operational strategy.
•	**Determination**: of appropriate qualifications and sufficient experience of INDEXO personnel and the principles of accounting and valuation of assets, liabilities, off-balance sheet requirements and liabilities, income, and expenses.

INDEXO members of the Management Board are approved by the Financial and Capital Market Commission. Upon assessing the repute of INDEXO Management Board, the Financial and Capital Market Commission took into consideration the information provided by the persons themselves as well as references received from previous employers and other information on the previous professional experience of the abovementioned persons. Thus, the regulatory authority has evaluated these persons' eligibility for the role. Also, the members of INDEXO Management Board meet the following criteria:

- sufficient competence in the field for which the person is responsible;
- higher education and corresponding professional experience of not less than three years;
- an impeccable reputation;
- the right to perform commercial activities has not been suspended.

The names and positions of INDEXO Management Board members as of the date of this Prospectus are set out in the table below.

Table 11.4.1.

	Members of the Management Board			
Name	Position	Served since	Appointment date	Date of expiration
Valdis Siksnis	Chairman of the Management Board	10 January 2017	25 April 2022	28 March 2027
Henrik Karmo	Member of the Management Board	16 August 2018	16 August 2018	15 August 2023
Ieva Margeviča	Member of the Management Board	1 June 2022	1 June 2022	31 May 2027

Valdis Siksnis

Mr. Valdis Siksnis is a professional with more than 20 years of experience in the financial sector. He is one of the founders of INDEXO and has served as a member of the Management Board since INDEXO was founded in 2017. Mr. Valdis Siksnis owns 7.52% of the total number of INDEXO Shares indirectly through SIA "VSCAP" and SIA "DVH".

Mr. Valdis Siksnis is responsible for ensuring operational compliance, legal risk management, and management of the Information Technology Department. He is also a member of the INDEXO Investment committee.

Mr. Valdis Siksnis graduated from the University of Latvia Faculty of Computer sciences and applied mathematics. Mr. Siksnis has finished an executive MBA program at Aalto University in Helsinki.

From 2003 – 2011 Mr. Valdis Siksnis was the Head of Nordea Bank Finland Latvian branch. From 2010-2013 he continued his professional development as chairman of the Management Board of Nordea Open Pension Fund of Latvia. In addition to his role as Head of Nordea Bank Latvian branch, in October 2011 he became a Business Development Manager for the Baltic States and Poland. In 2012 he was appointed as a member of the Supervisory Board of Nordea Bank Polska S.A. During his period Nordea grew from a small player in the Latvian financial market to one of the industry leaders. Nordea's loan portfolio grew from EUR 300 million to EUR 3 billion, annual profits from EUR 3.5 million to EUR 30 million, and market share of loans from 6% to 17%.

In the last 5 years he has also held Management Board or Supervisory Board member's position with SIA Hanza Holdings (21.12.2017. till 22.03.2019.), SIA "MEE invest" (13.09.2017. till 27.07.2018.), AS "ENERGOECO" (27.09.2016. till 10.04.2018.), SIA "LNK (Latvijas Novitātes Komplekss)" (24.08.2018. till 08.05.2020.), Sabiedrība ar ierobežotu atbildību "HANZAS BUSINESS CENTER" (22.05.2018. till 23.11.2018.), Sabiedrība ar ierobežotu atbildību "Alpha Osta" (18.08.2020. till 08.03.2021.), SIA "RCCH" (21.07.2017. till 19.05.2020.), SIA "KOOL LATVIJA" (23.11.2017. till 09.12.2019.), SIA "Monetizator" (21.12.2015. till 08.09.2021.), SIA "JV Holdings" (12.03.2019. till 21.12.2021.), SIA CCINV005 (30.10.2015. till 26.07.2021.), AS "Spring Holding" (02.05.2019-22.12.2021.)

In 2022 SIA "JV Holdings", SIA CCINV005, and AS "Spring Holding" completed the voluntary liquidation process where Mr. Siksnis was a liquidator.

In addition to his role in INDEXO, Mr. Valdis Siksnis is also a member of the Management Board at SIA “Callidus Capital” and independent investment and financial advisory firm, Sabiedrība ar ierobežotu atbildību “VSCAP”, and SIA “DVH”.

As of the date of this Prospectus, these positions and activities of Mr. Valdis Siksnis outside INDEXO are not significant with respect to INDEXO, except for the position of liquidator of SIA CCINV005, SIA “JV Holdings”, AS “Spring Holding” and position as a member of the Management Board of SIA “Callidus Capital”.

Henrik Karmo

Mr. Henrik Karmo is a professional with nearly 25 years of experience in the financial sector. He is one of the founders of INDEXO and since 16.08.2018 also a member of the Management Board. Mr. Henrik Karmo indirectly owns 9.87% of the total number of INDEXO Shares.

Mr. Karmo is responsible for performing INDEXO Accounting, and Asset Accounting sections work organization and management at INDEXO.

Mr. Karmo graduated from the Stockholm School of Economics in Riga and holds a Bachelor’s degree in Business administration.

Since 13.06.2020. Mr. Karmo is chair of the Supervisory Board of Indexo Atklātais Pensiju Fonds AS. He carries out member of the Management Board duties at SIA “DVH and “PERFECT MATCH”. He is also a member of the Supervisory Boards at Goindex UAB, and Tulundusühistu Tuleva. Mr. Karmo is also a director at OÜ Capital Coordination Dagny OÜ, Beacon Properties OÜ, HKTP Properties OÜ, Gdynia Invest OÜ, In Estonia and Milo Invest sp. z o.o. in Poland

He holds no positions in other companies outside INDEXO that are significant with respect to INDEXO.

Ieva Margeviča

Ms. Ieva Margeviča before becoming a Member of the Management Board was a Marketing and Brand Manager at INDEXO. Ms. Ieva Margeviča does not directly or indirectly own Shares in INDEXO.

Ms. Ieva Margeviča graduated from Riga Technical University obtaining a bachelor’s degree in Financial engineering and a master’s degree in Entrepreneurship and Management.

She gained previous experience as a Project Manager at AS “Latvijas pasta banka” (2015-2016), SIA “Enefit” (2016-2021). During her employment at SIA “Enefit” she successfully developed and implemented a marketing strategy that attracted new customers and fostered loyalty among existing customers in the B2C and B2B segments, created a customer communication plan, etc.

Ms. Ieva Margeviča does not hold any additional position to INDEXO.

11.5. Supervisory Board

INDEXO Articles of Association provide that the Supervisory Board shall consist of five members who are appointed for a term in office of five years. The Supervisory Board oversees the performance of the Management Board of its managerial duties, taking into account the interests of the Shareholders.

Some of the main functions (the list is non-exhaustive) of the Supervisory Board of INDEXO include:

•	**Monitor:** the activities of the Management Board and periodic improvement of the internal control system.
•	**Determine:** the duties of the members of the Management Board, the remuneration, and the procedure for evaluation of the results of the activities of the Management Board.
•	**Supervise:** that INDEXO affairs are arranged in accordance with applicable laws and regulations, the Articles of Association, and resolutions of the Shareholders' meeting.
•	**Oversee:** the activities of the Internal Auditor of INDEXO.
•	**Review:** the report on the operation of INDEXO internal control system regarding the efficiency of the operation of INDEXO's internal control system.
•	**Consider:** INDEXO's annual report and the proposal by the Management Board regarding use of profits and prepare a report.
•	**Approve and consent:** to the conclusion of a transaction between INDEXO and a member of the Management Board or the Supervisory Board or a related person or the auditor.

In order to perform these functions, the Supervisory Board has the right to:

– request from the Management Board at any time a report on the situation of INDEXO and to get acquainted with all the activities of the Management Board;

– inspect the registers and documents of INDEXO, as well as the treasury and all the property of INDEXO, entrusting the inspection to one of its members or instructing an invited expert to perform the inspection or clarify certain issues;

– convene a Shareholders' meeting or to convene a meeting if the public interest so requires.

INDEXO members of the Supervisory Board are approved by the Financial and Capital Market Commission. Upon assessing the repute of INDEXO's Supervisory Board, the Financial and Capital Market Commission took into consideration the information provided by the persons themselves as well as references from previous employers and other information on the previous professional experience of the abovementioned persons. Thus, the regulatory authority has evaluated these persons' eligibility for the role. The members of INDEXO Supervisory Board shall be competent in financial management matters and meet the following criteria:

- an impeccable reputation.
- the right to perform commercial activities has not been suspended.

Details on the members of the Supervisory Board of INDEXO, as of the date of this Prospectus, are provided below.

Table 11.5.1.

	Members of the Supervisory Board			
Name	**Position**	**Served since**	**Appointment date**	**Authority term**
Valdis Vancovičs	Chairman of the Supervisory Board	21 September 2020	14 June 2022	13 June 2027

Svens Dinsdorfs	Deputy Chairman of the Supervisory Board	21 September 2017	14 June 2022	13 June 2027
Toms Kreicbergs	Member of the Supervisory Board	21 September 2017	14 June 2022	13 June 2027
Renāts Lokomets	Member of the Supervisory Board	21 September 2017	14 June 2022	13 June 2027
Tīna Kukka	Member of the Supervisory Board	14 June 2022	14 June 2022	13 June 2027

Toms Kreicbergs

Mr. Toms Kreicbergs is a professional with more than 15 years of experience in the investment management field. He is one of the founders of INDEXO. He directly and indirectly though SIA “DVH” owns 2.21% of the total number of INDEXO Shares.

Prior to co-founding INDEXO he worked as a corporate trainer, and his clients included middle and senior management at companies such as Nordea, Citadele, DNB, Accenture, Ventspils Nafta, Cemex, and many others. He has advised companies on investor attraction, financial market analysis, corporate communication, business management, and other issues.

Mr. Toms Kreicbergs obtained a bachelor’s degree in Physics from Reeds Colleague (Portland, USA).

From 2017-2020 Toms has been a member of the Management Board of INDEXO and since 2020 he is appointed as a member of the Supervisory Board of INDEXO.

Mr. Toms Kreicbergs currently holds a chairperson position at SIA CROSSHILL CAPITAL, Sabiedrība ar ierobežotu atbildību “Crosshill Global Solutions”. He is also a member of the Management Board at SIA “DVH”.

As of the date of this Prospectus, Mr. Toms Kreicbergs holds no positions in other companies outside INDEXO that are significant with respect to INDEXO.

Valdis Vancovičs

Mr. Valdis Vancovičs is a business management professional with extensive experience in the telecommunications industry. Mr. Valdis Vancovičs directly owns 1.75% of the total number of INDEXO Shares.

Mr. Vancovičs holds an executive MBA in Business administration from IEDC - Bled School of Management.

In addition to his role with INDEXO, Mr. Valdis Vancovičs is currently the Chair of the Management Board of SIA "Tele2" and a member of the association "Latvijas Telekomunikāciju asociācija".

Mr. Valdis Vancovičs has acquired extensive supervisory and management director experience; he served as a member of the Management Board of SIA "Tele2 Holdings" (period of service 2010-2017), a member of the Supervisory Board of SIA "Tele2 Shared Service Center" (period of service 2014-2017). Also, Mr. Valdis Vancovičs was a member of the association "Rīgas jahtklubs" (period of service 2015-2021).

As of the date of this Prospectus, these positions and activities of Mr. Valdis Vancovičs outside of INDEXO are not significant with respect to INDEXO.

Svens Dinsdorfs

Mr. Svens Dinsdorfs is a professional with extensive experience in financial management. Mr. Svens Dinsdorfs owns 1.37% of INDEXO shares indirectly through SIA LĪVMALE.

Mr. Svens Dinsdorfs graduated from the Stockholm School of Economics in Riga and holds Bachelor's and Master's degree in Finance and Economics.

Mr. Svens Dinsdorfs owns shares in companies SIA "Lendorf", SIA "ANTILA", SIA "JAUNĶEMERU CEĻŠ", SIA "LĪVMALE". Also Mr. Svens Dinsdorfs since 2006 is a member of the Management Board of AS "ELKO GRUPA". He is also a member of association "RTM Tour".

As of the date of this Prospectus, these positions and activities of Mr. Svens Dinsdorfs outside of INDEXO are not significant with respect to INDEXO.

Renāts Lokomets

Mr. Renāts Lokomets is a professional with many years of experience in the banking industry. Mr. Renāts Lokomets does not directly or indirectly own Shares in INDEXO.

Mr. Renāts Lokomets holds a bachelor's degree in Economics, Journalism, and Communication and a master's degree in Finance and IT from the Hebrew University in Jerusalem. He has also graduated from the Riga Graduate School of Law obtaining a master's in law degree specializing in Law and Finance.

Currently, Mr. Renāts Lokomets is a member of the Management Board of SIA "HALOM HOLDING", and "Summus Capital" a real estate investment holding group established in Estonia. He is also a member of the supervisory board of SIA "Etarna International". Also Mr Renāts Lokomets is a member of association "Rīgas Ebreju kopiena".

Mr. Renāts Lokomets was a member of the association "Latvijas Jaunuzņēmumu asociācija" (period of service 2016-2017).

As of the date of this Prospectus, these positions and activities of Mr. Renāts Lokomets outside of INDEXO are not significant with respect to INDEXO.

Tīna Kukka

Ms. Tīna Kukka has extensive expertise in commercial banking management - she has been a long-standing member of the Board of Swedbank AS and Head of Transformation Management Office at Luminor Bank AS and a Member of Luminor Extended. Ms. Tīna Kukka directly or indirectly owns 0.04% Shares in INDEXO.

Ms. Tīna Kukka graduated from the Stockholm School of Economics in Riga and holds a Bachelor's and Master's degree in Economics and Business.

Prior to serving as a member of the Supervisory Board, Ms. Tīna Kukka served as a member of the Management Board of SIA "Baltic new technologies" (2015-2018), a member of the Management Board of SIA "BIT Production" (2015-2018) and a member of the Management Board of SIA "SMARTLYNX AIRLINES".

Currently, Ms. Tīna Kukka serves as a member of the Management Board of SIA "Leida Konsultācijas", the chair of the Supervisory Board of SIA "Rīgas Austrumu klīniskā universitātes slimnīca" and a member of the Supervisory Board of VAS "Elektroniskie sakari".

As of the date of this Prospectus, these positions and activities of Mrs. Tīna Kukka outside of INDEXO are not significant with respect to INDEXO.

11.6. Senior managers

In addition to the members of the Management and Supervisory Board of INDEXO, INDEXO has also brought together a strong Senior Management team. Below are Senior Managers considered relevant to establishing that INDEXO has the appropriate expertise and experience for the management of its business.

Artūrs Roze

Mr. Artūrs Roze is a Financial Manager at INDEXO. Mr. Artūrs Roze directly owns 0.10% of the total number of INDEXO Shares.

Mr. Arturs Roze obtained a BSc in Economics and Business Administration from the Stockholm School of Economics in Riga.

He gained previous experience as a Business analyst at Swedbank (2016-2018) where his duties included analysing some of the largest Latvian enterprises, creating cash flow projections, business and real estate valuations, defining credit risk parameters, and advised financing structures.

In addition to his position at INDEXO, he is also Chairman of Management Board of SIA “R cap”.

As of the date of this Prospectus, these positions and activities of Mr. Artūrs Roze outside of INDEXO are not significant with respect to INDEXO.

Līga Katrīna Kļaviņa

Ms. Līga Katrīna Kļaviņa is an Operational Risk Manager at INDEXO. Ms. Līga Katrīna Kļaviņa does not directly or indirectly own Shares in INDEXO.

Ms. Līga Katrīna Kļaviņa graduated from Riga Technical University obtaining a bachelor’s and master’s degree in Business administration and Management and from the Police Academy of Latvia obtaining a bachelor’s degree in Science of Law and lawyer qualification

She gained previous experience as a Compliance Officer at Nordea Bank AB Latvian branch (2014-2017), Compliance Project Manager at Luminor Latvia (2017-2018), Anti Money Laundering and Fraud Prevention Team Lead at Webhelp Baltics (2019-2020), Compliance Officer / Money Laundering Reporting Officer at Estonian company “Booyaa” (2020-2021). Mrs. Līga Katrīna Kļaviņa gained extensive professional experience in the field of compliance, risk management, AML/CFT/CPF, and internal control systems and their management. Additionally, she holds a CAMS certification.

Ms. Līga Katrīna Kļaviņa does not hold any additional position to INDEXO, except for a member of the Management Board position at INDEXO’s subsidiary “Indexo Atklātais Pensiju Fonds AS”.

Mārtiņš Strautiņš

Mr. Mārtiņš Strautiņš is an Investment Manager at INDEXO. Mr. Strautiņš has more than 10 years' experience in the financial sector, particularly in the Treasury area - liquidity reporting, funds transfer pricing methodology, asset and liability management, interest rate risk management. Mr. Strautiņš does not directly or indirectly own Shares in INDEXO.

Mr. Strautiņš graduated from University of Latvia obtaining a bachelor's degree in physics. He has additionally obtained a Financial Markets Association (ACI) Dealing Certificate and Diploma, which provides a working knowledge of the structure and operation of the major foreign exchange and money markets, including the ability to apply the fundamental mathematics used in these markets, and their core products.

He gained previous experience by working at one of the largest credit institution in Latvia. From 2007 – 2012 he was Treasury dealer and Head of the Treasury Unit at "Nordea" Bank. Afterwards he was a Liquidity analytics and reporting specialist at "Swedbank" AB and Head of Treasury Unit at "Swedbank" AS. Mr. Mārtiņš Strautiņš has been appointed as a Head of asset and liability management at "Citadele" bank. Before joining INDEXO he was the Head of Funds Transfer Pricing, Group Treasury at "Swedbank" AB.

Mr. Mārtiņš Strautiņš does not hold any additional position to INDEXO.

11.7. Conflicts of interest

INDEXO has set in place and follows internal policy for prevention of conflicts of interest of INDEXO pursuant to the Law on Investment Management Companies and Private Pension Fund Law. These laws set strict rules regarding prevention of any conflicts of interest.

In order to prevent conflict of interest, INDEXO Group especially considers situations when INDEXO Group or the person related thereto, or a person (directly or indirectly) controlling INDEXO Group:

- could obtain profit or avoid financial losses at the expense of INDEXO Group;
- is interested in the outcome of a service provided, and it is in contradiction with the interests of INDEXO Group;
- has a financial or other interest in acting for the benefit of another client or a group of clients rather than in INDEXO Group's interests;
- carries out the same activities in the interests of INDEXO and of the client or a group of clients other than INDEXO Group;
- receives or will receive an inducement from a person other than INDEXO Group for management services provided to a fund that will be in the form of cash, goods, or services other than the standard fee or commission for that service.

In order to ensure that conflicts of interest are prevented, INDEXO Group takes all necessary measures in order to identify and prevent conflicts of interest that may arise in provision of services. Thus, INDEXO Group has:

- efficient procedures for preventing or controlling information exchange between persons associated with INDEXO Group who are involved in provision of management services and activities which involve a risk of conflict of interest, where such information exchange may harm the interests of one or several clients.
- prevented any direct link between the remuneration or income of persons associated with INDEXO Group whose activities are related to providing different management services where conflict of interest may arise in relation to activities carried out while providing management services.

– limited inappropriate influence of third parties on management services and carried out by a person associated with INDEXO Group.

– taken other measures to limit possible conflict of interest situations.

Restrictions on Personal Transactions. Persons connected with INDEXO Group shall not enter into personal transactions based on inside information, recommend such transactions to a third party, or disclose their views or information based on inside information that could be used by a third party to enter into a transaction.

To the knowledge of the members of the Management Board and as of the date of this Prospectus, no actual or potential conflicts of interest exist between the duties of any member of the Management Board or Supervisory Board or Senior Management, or INDEXO subsidiaries, and their private or commercial interests.

11.8. Declarations

To the knowledge of the members of the Management Board, no member of the Management Board or Supervisory Board, or Senior Management has ever been prosecuted in criminal proceedings or convicted of malicious or fraudulent acts in the previous 5 years.

At the end of 2021 voluntary liquidation proceedings have been initiated in relation to several companies where Mr. Valdis Siksnis was a member of the Management Board. On 21 December 2021, voluntary liquidation proceedings were initiated with respect to SIA “JV Holdings”. On 22 December 2021, voluntary liquidation proceedings were initiated with respect to AS “Spring Holding” and SIA CCINV005. Mr. Valdis Siksnis also served in the role of liquidator of all three companies which finalized liquidation in 2022. In that respect, to the knowledge of the members of the Management Board, no other member of the Management Board or Supervisory Board, or Senior Management has been declared bankrupt or been associated with any bankruptcy, receivership, or liquidation in their capacity as a founder, director or senior manager of a company or partner of a limited partnership.

On 25 February 2022 at the Shareholders’ meeting of SIA “DVH” a decision was taken to reorganize the company. Mr. Toms Kreicbergs (members of the Supervisory Board of INDEXO), Mr. Valdis Siksnis (members of the Management Board of INDEXO), and Mr. Henrik Karmo (members of the Supervisory Board of INDEXO) are all members of the Management Board of SIA “DVH”. For further details please refer to section 10.5 “Shareholders”.

To the knowledge of the members of the Management Board, no court or other competent authority has prohibited any member of the Management Board or Supervisory Board or Senior Management from serving as a member of any governing body of any company or organization or has imposed any prohibition on participation in the management of any business or company, nor has any criminally punishable offence been ordered against any such individual in the previous five years.

11.9. Corporate governance

INDEXO is committed to the highest standards of corporate governance. INDEXO has implemented internal policies and procedures which are mandatory by applicable laws and regulations.

The Management Board has set high standards of good practice in relation to board leadership and effectiveness, remuneration, accountability, and relations with shareholders in different internal policies. The internal corporate governance system also tries to foster trust and ethical behaviour thereby ensuring that INDEXO’s long-term objectives are met.

INDEXO does not have an “umbrella” corporate governance code. However, the overall internal corporate governance system consists of many internal documents that are mandatory by applicable laws and regulations and represent best practice. With internal policies and procedures, INDEXO strives to provide effective, transparent, and compliant management which therefore creates a responsible, safe, and comfortable environment for INDEXO employees, investors, and clients.

As set by the Law on Investment Management Companies, in order for INDEXO to maintain a licence it shall ensure the establishment and functioning of a comprehensive and efficient internal control system that is

supervised and from time to time audited by the Financial and Capital Market Commission. The internal control system:

- clearly **states duties and allocation of powers** of the members of the Supervisory and Management Board in respect of carrying out and controlling INDEXO business;
- **sets in place a system** for identifying, managing, monitoring, and reporting risks existing in and potential to INDEXO activities;
- **establishes appropriate internal control procedures**.

INDEXO has in place internal documents forming part of the internal corporate governance system (the list does not include all the internal policies and procedures of INDEXO's corporate governance system):

Table 11.9.1.

●	accounting policy and organisation of accounting records
●	policy for material operational risk management
●	information system protection regulations
●	a description of the internal audit system
●	AML/CFT/CPF and sanctions risk management policies
●	policy for prevention of conflicts of interest
●	remuneration policy
●	dividend policy
●	rules and procedure for use of information systems and technological resources
●	other internal policies and procedures

INDEXO has implemented a data protection system which includes mandatory documents, policies, registries, and other documents to ensure processing of personal data in accordance with the GDPR. INDEXO has also appointed a data protection officer who is involved in any process which triggers data processing activities by INDEXO. Also, INDEXO has technical and organisational measures in place to react to possible external threats regarding data processing. INDEXO complies with the corporate governance regimes applicable to it.

12. REMUNERATION AND BENEFITS

12.1. General principles of remuneration

In order to ensure a high-performance culture for its employees over the long term, INDEXO sets remuneration that is competitive, differentiated, and in line with business logic, market practice, employee competence, and long-term performance.

Remuneration consists of:

Table 12.1.1.

A fixed part of remuneration	This is determined by reference to the level of education, professional experience, position, duties, and responsibilities.
Variable remuneration	This is determined by reference to individual performance.
Personnel options	Granted in accordance with INDEXO Personnel Option Issue Regulations. Personnel options may be granted to members of the Management Board and employees of INDEXO as an additional benefit to variable and fixed remuneration. Please see further section 10.4 “Personnel Share Option Plans for Management Board and Employees”.
Other benefits	INDEXO may grant other benefits in addition to the fixed and variable components of remuneration.

The fixed part of remuneration consists of pay that is not connected with individual performance by the employee (salary, contributions to private pension funds, equity-linked instruments).

Variable remuneration consists of performance-related components. The variable remuneration of the members of the Management Board and of the staff may consist of different elements, such as monetary (e.g., bonuses) or non-monetary (e.g. shares or share-linked instruments) pay-outs.

Other benefits could be provided in a form of contributions for employees to a private pension fund, health insurance, a lump-sum allowance in the event of the death of a family member or birth of a child, covering the costs of additional training, conferences, and other kinds of benefit specified in INDEXO’s remuneration policy.

The principles of calculating and determining remuneration are set in INDEXO Remuneration policy which is described in more detail below in this Section.

12.2. Remuneration paid and other declarations

In the year 2021 fixed **remuneration paid** to the members of the Management Board in total was EUR 78,121 gross and variable remuneration paid to the members of the Management Board was EUR 11,000 gross. For employees’ remuneration in the year 2021, INDEXO paid an aggregate annual remuneration of EUR 730,992 gross. Remuneration consisted of a combination of salary of EUR 485,255 EUR gross and a variable part of remuneration – EUR 272,737. In the interests of safeguarding INDEXO employees, INDEXO has chosen not to publicly disclose any other information on the amounts of remuneration paid to individual employees.

It is important to note that until October 2021, Management Board members Mr. Valdis Siksnis and Mr. Henrik Karmo did not receive any remuneration from INDEXO. With their increased role in the day to day operations of INDEXO due to development towards banking license and preparation of INDEXO for the Offering, both Mr. Valdis Siksnis and Mr. Henrik Karmo from INDEXO in October 2021 started to receive remuneration. Their remuneration is in line with market standards.

INDEXO also makes **contributions to employees’ 3rd pension pillar**. The amount of the contribution is linked with length of employment and contributions by employees themselves. No amounts are set aside or accrued by INDEXO to provide for pension or similar benefits.

On 31 December 2021 additional amounts set aside or accrued by INDEXO to enable payment of pension, retirement, or similar benefits for the benefit of members of the Supervisory Board or Management Board of INDEXO are as follows:

- unused leave – EUR 55,090;
- the variable component of staff remuneration and related tax EUR 19,774;
- health Insurance – EUR 3,465 EUR;

In the year 2021, no member of the Supervisory Board received remuneration in consideration of their service on the Supervisory Board. Details on the amount of remuneration that members of the Supervisory Board are entitled to, as of the date of this Prospectus are as follows:

- Member of the Supervisory Board – EUR 500 gross for each Supervisory Board meeting attended;
- Members of the Supervisory Board who are also members of the audit committee – EUR 100 gross for each audit committee meeting attended;
- independent members of the audit committee – EUR 300 gross for each audit committee meeting attended.

No additional compensation, redundancy, or severance benefits are set forth in the employment agreements of the members of the Management Board in excess of statutory severance stipulated under the statutory provisions of Latvian labour law.

Two members of the Management Board, namely, Mr. Valdis Siksnis and Mr. Henrik Karmo, are performing their duties based on an authorisation agreement between the members of the Management Board and INDEXO. INDEXO has also entered into authorisation agreements with each member of the Supervisory Board. No member of the Management Board and Supervisory Board is entitled to receive any compensation or severance benefits whatsoever in the event of termination of their service.

12.3. Remuneration policy

In anticipation of the Offering, INDEXO reviewed existing Remuneration policy to ensure that it is appropriate for a listed company and complies with the requirements stemming from the Financial Instrument Market Law. On 24 March 2022, the Shareholders' Meeting of INDEXO approved version 1.5. of the Remuneration policy of the Supervisory Board, Management Board, and staff and personnel.

INDEXO remuneration policy ensures fair, transparent, and predictable remuneration and:

- INDEXO Shareholder meetings determine, allocate, and supervise the fixed part of the remuneration of the members of the Supervisory Board of INDEXO. The Supervisory Board of INDEXO shall determine the fixed and variable components of the remuneration of the members of the Management Board of INDEXO;
- the remuneration of the Management and Supervisory Board is commensurate with the remuneration of other employees of INDEXO;
- the remuneration of an employee of INDEXO is determined in accordance with the employee's professional qualification and is competitive in the Latvian labour market and directly relates to the employee's individual achievement in accordance with the job description and individual goals set;
- in order to avoid conflicts of interest, INDEXO shall ascertain that its employees, members of the Management Board and Supervisory Board are not involved in the process of determining their own compensation.

INDEXO maintains a Remuneration policy that encourages Management and Supervisory Board and employees to achieve INDEXO's short-term and long-term objectives by implementing the following principles:

Table 12.3.1.

●	Equal pay for work that is equally valued and performed
●	Attract, motivate, and retain highly professional, honest, and talented staff
●	INDEXO's ability to strengthen its equity shall not be restricted by the remuneration system
●	The remuneration promotes prudent and effective risk management, INDEXO's long-term interests, and sustainability
●	The remuneration system shall not conflict with the principles of protecting the interests of clients and investors and the interests of other stakeholders
●	In respect of risk profile positions, ensure Remuneration policies and practices do not encourage risk-taking that is inconsistent with the risk profile of the investment plan managed by INDEXO and the fund's operating rule

13. HISTORICAL FINANCIAL INFORMATION

The tables included in this Section set out selected consolidated financial information for INDEXO and stand-alone financial information for IPAS INDEXO for the periods indicated. The financial information contained in the tables is extracted from the audited financial statements of INDEXO and IPAS INDEXO.

In the year ended 31 December 2021, INDEXO started to produce consolidated financial statements as the subsidiary AS "Indexo Atklātais Pensiju Fonds" started to offer 3rd pension pillar products to customers and started operations. The header of the following three tables indicates the basis on which the information is being presented, for the statement of changes in equity, the first column contains the indication of how the information is presented.

New standards applied by INDEXO

- Amendments to IFRS 16 - Concessions for Leases Related to Covid-19 (effective for reporting periods starting on or after 1 June 2020). The amendments provide the option for tenants (but not lessors) to use the exemption from the standard requirement to assess whether Covid-19-related concessions are lease contract modifications.
- Phase Two Reform of the Base Interest Rate Benchmark (IBOR) - Amendments to IFRS 9, IAS 39, IFRS 4. IFRSs and IFRS 16 (effective for reporting periods beginning on or after 1 January 2021). Second stage amendments address the challenges arising from implementation of reforms, including replacement of one benchmark with an alternative.

The impact of the new standards on INDEXO's Financial Statements is not significant.

The information set out in this Section is qualified in its entirety by reference to the audited financial statements, including the accounting principles and auditor opinion, which have been incorporated into this Prospectus as Schedule 1, Schedule 2 and Schedule 3.

For further information regarding presentation of financial information, accounting principles and currencies please refer to Section 3.3 "Presentation of Information" of this Prospectus.

Separate and Consolidated statements of comprehensive income of INDEXO Group and INDEXO (EUR)

The table below sets out information from INDEXO's Group and INDEXO's statements of income for the year ended 31 December 2019, 2020, and 2021.

Table 13.1.

	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Commission income	583,474	972,467	1,598,445	972,467	1,602,021
Other income	1,984	-	-	-	-
Administrative costs	(1,232,458)	(979,002)	(1,372,791)	(1,007,218)	(1,581,787)
Interest costs	(643)	(643)	(1,386)	(643)	(1,386)
Other operating expenses	(6,259)	(3,557)	(3,557)	(3,557)	(9,947)
Profit/(loss) before corporate income tax	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**
Profit or loss of the reporting year	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**
Total comprehensive profit/(loss) for the year, attributable to shareholders for the year	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**

Financial position statements of INDEXO (EUR)

The table below sets out selected information from INDEXO's Group and INDEXO's statements of financial position for the years ended 31 December 2019, 2020, and 2021.

Table 13.2.

	Year ended 31 December				
Assets	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Placements with financial institutions	983,648	941,010	798,271	1,330,429	1,162,841
Receivables	70,465	200,044	199,955	102,008	169,055
Prepayments	15,015	2,511	3,465	17,921	3,465
Contract purchase costs	-	246,401	535,977	246,401	535,977
Other assets	185	10,707	2,828	10,707	2,828
Property, plant and equipment and right-of-use of assets	22,926	19,615	47,712	85,687	155,826
Investments in subsidiary undertakings	-	400,000	600,000	-	-
Other securities and investments	-	-	11,663	-	11,663
Total Assets	**1,092,239**	**1,820,288**	**2,199,871**	**1,793,153**	**2,041,656**
Equity and Liabilities	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Accruals	103,461	-	-	-	-
Accruals total	**103,461**	**-**	**-**	-	**-**
Accrued liabilities	45,754	60,543	112,354	60,543	120,962
Debts to suppliers and contractors	29,535	3,657	32,482	4,726	35,049
Taxes and national social insurance mandatory contributions	25,599	36,223	47,457	36,235	48,151
Lease liabilities	-	14,696	39,332	14,696	39,332
Other liabilities	32,738	31,590	73,956	31,591	143,899

Total Liabilities	**133,626**	**146,709**	**305,581**	**147,791**	**387,393**
Share capital	2,265,000	3,016,987	3,016,987	3,016,987	3,016,987
Share options	5,436	5,436	5,436	5,436	5,436
Share premium	-	77,175	77,175	77,175	77,175
Retained losses	(761,382)	(1,415,284)	(1,426,019)	(1,415,285)	(1,454,236)
Profit/(loss) for the year	(653,902)	(10,735)	220,711	(38,951)	8,901
Total equity and reserves	**855,152**	**1,673,579**	**1,894,290**	**1,645,362**	**1,654,263**
Equity and Liabilities Total	**1,092,239**	**1,820,288**	**2,199,871**	**1,793,153**	**2,041,656**

Cash flow statements of INDEXO Group and INDEXO (EUR)

The table below sets out selected information from INDEXO's Group and INDEXO's statements of cash flows for the years ended 31 December 2019, 2020, and 2021.

Table 13.3.

				Year ended 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	Stand-alone	**Stand-alone**	**Stand-alone**	**Consolidated**	**Consolidated**
Cash flows from operating activities					
Profit /(loss) before corporate income tax	(653,902)	(10,735)	220,711	(38,951)	8,901
Depreciation of PPE and amortisation of right-of-use assets	15,350	17,450	17,803	17,450	28,662
Amortisation of contract acquisition costs	-	19,949	65,977	19,949	65,977
Interest expenses	643	643	1,386	643	1,386
Loss on written-off fixed assets	290	-	-	-	-
Costs of share payments	5,436	-	-	-	-
Increase/(Decrease) of cash and equivalents from operating activities before changes in assets and liabilities	**(632,183)**	**27,307**	**305,877**	**(909)**	**104,926**
Increase in receivables, prepayments, and other assets	(35,291)	(393,947)	(348,542)	(311,321)	(400,266)
Increase/(Decrease) of reserves	71,941	-	-	-	-
Increase / (Decrease) of accrued liabilities	30,265	(88,672)	51,811	(88,672)	60,419
Increase / (Decrease) of trade payables and other payables	11,690	(7,871)	82,429	567	154,548
Increase / (Decrease) in cash and cash equivalents from operating activities	**(553,578)**	**(463,183)**	**91,575**	**(400,335)**	**(80,373)**
Cash flows from investing activities					
PPE purchases	(18,668)	(1,525)	(7,836)	(67,596)	(60,737)
Investments in subsidiary undertakings	-	(400,000)	(200,000)	-	-

Other securities and investments		-	(11,663)		(11,663)
Increase / (Decrease) in cash and cash equivalents from investment activities	**(18,668)**	**(401,525)**	**(219,499)**	**(67,596)**	**(72,400)**
Cash flows from financing activities					
Share issue	-	829,162	-	829,162	-
Payments for the right-of-use of assets	-	(13,807)	(13,429)	(13,807)	(13,429)
Interest on the right-of-use asset liabilities		(643)	(1,386)	(643)	(1,386)
Increase/ (Decrease) in cash and cash equivalents from financing activities	**-**	**814,712**	**(14,815)**	**814,712**	**(14,815)**
(Decrease) in cash and cash equivalents	**(572,246)**	**(42,638)**	**(142,739)**	**346,781**	**(167,588)**
Cash and equivalents at the beginning of the reporting period	1,555,894	983,648	941,010	983,648	1,330,429
Cash and equivalents at the end of the reporting period	**983,648**	**941,010**	**798,271**	**1,330,429**	**1,162,841**

Statements of changes in equity of INDEXO and IPAS INDEXO (EUR)

The table below sets out information consolidated equity and result of changes in equity for the years ended 31 December 2019, 2020, and 2021.

Table 13.4.

	Share capital	Stock option reserve	Share issue premium	Losses carried forward from previous periods	Total
As at 31 December 2018 (Stand-alone)	**2,265,000**	**-**	**-**	**(761,382)**	**1,503,618**
Share payment transactions where shares are used for payment	-	5,436	-	-	5,436
(Loss) in the reporting period	-	-	-	(653,902)	(653,902)
As at 31 December 2019 (Stand-alone)	**2,265,000**	**5,436**	**-**	**(1,415,285)**	**855,151**
Share premium	-	-	77,175	-	77,175
Increase in share capital	751,987	-	-	-	751,987
Comprehensive loss for the reporting period	-	-	-	(38,951)	(38,951)
As at 31 December 2020 (Consolidated)	**3,016,987**	**5,436**	**77,175**	**(1,454,235)**	**1,645,362**
Profit for the reporting period	-	-	-	8,901	8,901
As at 31 December 2021 (Consolidated)	**3,016,987**	**5,436**	**77,175**	**(1,445,335)**	**1,654,263**

14. OPERATING AND FINANCIAL REVIEW

The following discussion of INDEXO's financial position and operational results should be read in conjunction with INDEXO's historical financial information as at and for the financial years ended 31 December 2019, 2020, and 2021 and the accompanying notes included in the audited financial statements, and with the information relating to INDEXO's business included elsewhere in this Prospectus.

*The discussion includes forward-looking statements that reflect the current view of the Management Board and involves risks and uncertainties. INDEXO's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, in particular, in Section 2 "*RISK FACTORS*" and Section 5 "*REASONS FOR THE OFFERING AND USE OF PROCEEDS*". Prospective investors should read the entire Prospectus and not merely rely on the information contained in this Section 14 "*OPERATING AND FINANCIAL REVIEW*".*

14.1. Overview

INDEXO is a leading investment management company that commenced operations in July 2017 and has grown to manage the retirement pension savings of over 67,600 clients with more than EUR 468 million AUM. INDEXO has become the fastest growing pension fund manager in the market and an agent of positive change in the local financial market.

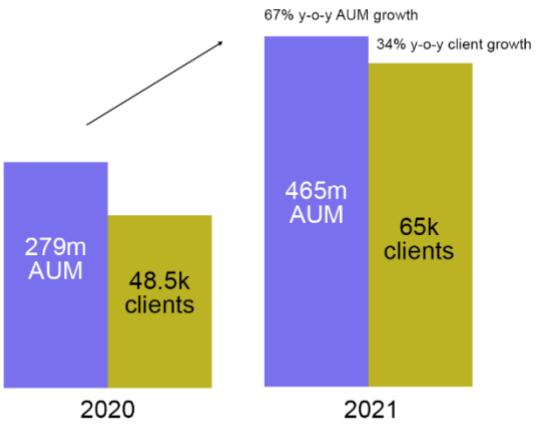
INDEXO offers three products within the 2nd pension pillar, where the client can decide on the investment strategy that most suits the client, and since 2021 INDEXO also offers 3rd pension pillar plans tailored for clients, considering their age and necessities.

At the beginning of the year ended 31 December 2020 INDEXO, managed 5.5% of all state-funded pension scheme funds, but at the end of that period 7.7% of all state-funded pension schemes. In the year ended 31 December 2021 INDEXO again was the fastest growing state-funded pension scheme manager by number of customers.

In the year ended 31 December 2021 INDEXO was again the fastest growing 2nd pillar pension plan manager in the market, adding 16 thousand clients and EUR 186 million AUM.

Figure 14.1.1.

2nd pillar AUM and client growth



Since the inception of 3rd pension pillar products INDEXO has been able to attract 2.6 thousand customers and reach AUM of EUR 4 million.

In the periods covered, INDEXO managed to grow income very significantly from fees, resulting in 64.7% y-o-y growth from the year ended 31 December 2020 amount of EUR 972 thousand to the amount of the year ended 31 December 2021 of EUR 1.6 million. When comparing the fee incomes of the year ended 31 December 2019 and the year ended 31 December 2021, cumulative growth measures 174%.

The main costs for INDEXO are administrative costs and these costs have been the main reason for comprehensive losses in some of the periods covered; however, this is a strategic decision by the Management Board of INDEXO to focus on client acquisition and growth thus employing a considerable sales team.

In the year ended 31 December 2021 income from fees managed to exceed administrative costs, resulting in a consolidated profit of EUR 8.9 thousand for INDEXO.

The following table breaks down the income and costs of INDEXO.

Income data from the audited financial statements (EUR):

Table 14.1.1.

				Year ended 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	Stand-alone	**Stand-alone**	**Stand-alone**	**Consolidated**	**Consolidated**
Commissions income	583,474	972,467	1,598,445	972,467	1,602,021
Other income	1,984	-	-	-	-
Administrative expenses	(1,232,458)	(979,002)	(1,372,791)	(1,007,218)	(1,581,787)
Interest expenses	(643)	(643)	(1,386)	(643)	(1,386)
Other operating expenses	(6,259)	(3,557)	(3,557)	(3,557)	(9,947)
Total comprehensive profit/ (loss) for the year attributable to shareholders	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**

Revenue generation

INDEXO as a state funded pension and private pension manager ultimately earns commission fees which make up INDEXO's revenue. The fees differ for the 2nd pension pillar and the 3rd pension pillar plans. Fees are calculated as a percentage of the pension plan's net average asset value.

2nd pension pillar plans

All the plan's fixed fees for the state funded pension scheme 2nd pension pillar plans are made up of two parts:

– asset manager fees;

– custodian bank fees.

INDEXO does not charge fixed third-party fees; furthermore, no variable fees are charged to customers. Currently the custodian bank of INDEXO is AS Swedbank, meaning the custodian fees charged to customers are being distributed to the bank, leaving only the asset manager fees to INDEXO.

In the following table the annual fees are compiled for the 2nd pension pillar plans. All the fees are charged monthly, but ultimately reaching to the below displayed amounts.

Table 14.1.2.

Pension plan	Asset manager fee	Custodian bank fee	Total fees
"INDEXO Jauda 16-50"	0.44%	0.09%	0.53%
"INDEXO Izaugsme 47-57"	0.44%	0.09%	0.53%
"INDEXO Konservatīvais 55+"	0.35%	0.10%	0.45%

3rd pension pillar plans

For private pension 3rd pillar plans both the plan's fixed fees are made up of three parts:

- asset manager fees;
- fund fees;
- custodian bank fees.

Similarly to the 2nd pension pillar plans, no variable or third-party fees are charged, and the same custodian bank principle applies to 3rd pension pillar plans.

The following compiles annual fees for 3rd pension pillar plans. Fees are calculated on a daily basis; however, they are charged monthly, ultimately reaching the amounts displayed below.

Table 14.1.3.

Pension plan	Asset manager fee	Fund fee	Custodian bank fee	Total fees
"INDEXO Akciju plāns"	0.21%	0.30%	0.14%	0.65%
"INDEXO Obligāciju plāns"	0.21%	0.30%	0.14%	0.65%

14.2. Key factors affecting results of operations and financial performance of INDEXO

Maximum fee caps are regulated by law, meaning that they cannot be raised unreasonably high; for the 2nd pillar the governing law is the State funded pension law and for the 3rd pillar it is the Private pension law. Furthermore, after INDEXO's entry into the 2nd pillar market, competition has ensued in recent years with competitor pension plan managers significantly lowering their management fees, creating an environment where all the market players are seeking to gain a competitive advantage. Nevertheless, INDEXO sees this as a benefit for society and is confident of its position in the market as INDEXO has already gained great trust from its customers and is only striving to create even better products to offer. Please read more in depth about the competition in both 2nd and 3rd pension pillar offerings in the Section 7 "PRINCIPAL MARKETS".

INDEXO's financial performance is directly linked to its number of customers and assets under management (AUM). With more customers, more fees can be charged, meaning an increase in revenues.

Furthermore, please see the Section 2 "RISK FACTORS" in order to review all the factors that may affect the results of operations and financial performance of INDEXO.

14.3. Results of INDEXO's operations

INDEXO's revenue in the year ended 31 December 2020 amounted to EUR 972 thousand in comparison to EUR 583 thousand in the year ended 31 December 2019. The growth in revenue reflected INDEXO's success in attracting customers during these periods.

The restrictions associated with COVID-19 affected customer acquisition results in the year ended 31 December 2021. To protect INDEXO and its own employees, the number of shifts was significantly reduced to the customer engagement team that is in physical contact with clients. As in all organizations, many employees have been on sick leave due to COVID-19. The strong customer acquisition results in year ended 31 December 2021, despite the constraints, show great efficiency of the customer acquisition channels.

The following table breaks down the revenue from fees by INDEXO. The 3rd pillar plans were launched in 2021.

Table 14.3.1.

Commissions income	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
"INDEXO Jauda 16-50"	316,591	605,781	1,079,807	605,781	1,079,807
"INDEXO Izaugsme 47-57"	247,855	324,495	448,589	324,495	448,589
"INDEXO Konservatīvais 55+"	19,028	42,191	67,546	42,191	67,546
3rd pillar plan "INDEXO AKCIJU PLĀNS"	-	-	2,321	-	5,637
3rd pillar plan "INDEXO OBLIGĀCIJU PLĀNS"	-	-	182	-	442
Total	**583,474**	**972,467**	**1,598,445**	**972,467**	**1,602,021**

Costs

In the year ended 31 December 2021, INDEXO's consolidated costs amounted to 1,593 thousand EUR (compared to EUR 1,011 thousand for 2020). The amount of costs reflects the strategic decision of INDEXO's management to continue to be an active customer to strengthen its position in the market for management of state funded pension scheme assets and maximize the long-term value of INDEXO. Considering the significant investments by INDEXO during the year in development and customer acquisition, INDEXO was profitable at the end of the year ended 31 December 2021.

INDEXO's costs for the year ended 31 December 2020 were EUR 983 thousand in comparison to EUR 1,239 thousand for the year ended 31 December 2019. INDEXO closed the year ending 31 December 2020 with a loss of EUR 11 thousand in comparison to a loss of EUR 654 thousand in the year ended 31 December 2019.

The following table breaks down INDEXO's administrative costs in all the periods covered:

Table 14.3.2.

Administration costs	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Sales and marketing expenses	416,269	310,666	406,686	310,666	486,645
Remuneration of staff	543,985	406,689	632,760	406,689	645,183
National social insurance mandatory contributions	131,046	97,971	145,788	97,971	148,650
Professional fees	108,410	119,755	126,190	147,466	211,533
Office maintenance costs	12,636	15,802	31,778	15,828	32,568
Amortisation of right-to-use asset	12,140	13,538	13,183	13,538	13,183
Depreciation of property,plant and equipment	3,210	3,912	4,620	3,912	15,479
Other staff costs	1,434	2,013	6,207	2,013	6,220
Other	3,328	8,656	5,579	9,135	22,326
Total	**1,232,458**	**979,002**	**1,372,791**	**1,007,218**	**1,581,787**

Consolidated Profits or Losses

Table 14.3.3.

	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Profit/(loss) for the year	**(653,902)**	**(10,735)**	**220,711**	**(38,951)**	**8,901**

INDEXO managed to become profitable at the end of the last period covered, by managing to acquire enough customers for fee income to cover total costs.

14.4. Financial position of INDEXO

In the periods covered the balance sheet of INDEXO grew quite significantly, mainly due to a share issue of EUR 829 thousand during the year ended 31 December 2020. The following table breaks down the main points of the statement of the financial position of INDEXO during the periods covered.

Table 14.4.1.

	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Total Assets	**1,092,239**	**1,820,288**	**2,199,871**	**1,793,153**	**2,041,656**
Accruals total	103,461	-	-	-	-
Total Equity and Liabilities	1,092,239	1,820,288	2,199,871	1,793,153	2,041,656
Total liabilities	133,626	146,709	305,581	147,791	387,393
Total equity and reserves	855,152	1,673,579	1,894,290	1,645,362	1,654,263

Total equity

During the year ended 31 December 2021, INDEXO's share capital is EUR 3,016,987, which consists of 3,016,987 Shares, each with a nominal value of EUR 1. All shares are fully paid.

The following table breaks down the total equity of INDEXO.

Table 14.4.2.

	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Share capital	2,265,000	3,016,987	3,016,987	3,016,987	3,016,987
Share options	5,436	5,436	5,436	5,436	5,436
Share premium	-	77,175	77,175	77,175	77,175
Retained losses	(1,415,284)	(1,426,019)	(1,205,308)	(1,454,236)	(1,445,335)
Total equity and reserves	**855,152**	**1,673,579**	**1,894,290**	**1,645,362**	**1,654,263**

Total assets

The following table breaks down the total assets of INDEXO.

Table 14.4.3.

	Year ended 31 December				
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Cash and cash equivalents at the beginning of the reporting year	983,648	941,010	798,271	1,330,429	1,162,841
Receivables	70,465	200,044	199,955	102,008	169,055
Prepayments	15,015	2,511	3,465	17,921	3,465
Contract acquisition costs	-	246,401	535,977	246,401	535,977
Other assets	185	10,707	2,828	10,707	2,828

Property, plant and equipment and right-of-use assets	22,926	19,615	47,712	85,687	155,826
Investments in subsidiary undertakings	-	400,000	600,000	-	-
Other securities and investments	-	-	11,663	-	11,663
Total Assets	**1,092,239**	**1,820,288**	**2,199,871**	**1,793,153**	**2,041,656**

On-call claims to credit institutions

Table 14.4.4.

				Year ended 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	Stand-alone	**Stand-alone**	**Stand-alone**	**Consolidated**	**Consolidated**
Placements with Swedbank AS	383,904	341,409	199,438	730,828	564,007
Placements with SEB banka AS	599,744	599,601	598,833	599,601	598,834
Total (Cash and cash equivalents)	**983,648**	**941,010**	**798,271**	**1,330,429**	**1,162,841**

INDEXO keeps its cash assets at AS Swedbank and AS SEB bank. The S&P rating of these banks is A+, Moody's- Aa3 and Fitch- A+ / AA-. Assessment of the expected level of credit losses concluded that the level was insignificant and no provisions were made for expected credit losses.

Accrued income

The following table breaks down accrued income receivable from each of the pension plans manged by INDEXO and subsidiaries of INDEXO:

Table 14.4.5.

				Year ended 31 December	
	2019	**2020**	**2021**	**2020**	**2021**
	Stand-alone	**Stand-alone**	**Stand-alone**	**Consolidated**	**Consolidated**
"INDEXO Jauda 16-50"	41,915	65,799	116,622	65,799	116,622
"INDEXO Izaugsme 47-57"	26,053	31,720	44,214	31,720	44,214
"INDEXO Konservatīvais 55+"	2,497	4,489	6,813	4,489	6,813
3rd pillar plan "INDEXO Akciju plāns"	-	-	535	-	1,300
3rd pillar plan "INDEXO Obligāciju plāns"	-	-	44	-	106
AS "Indexo Atklātais Pensiju Fonds"		98,036	31,727		
Total	**70,465**	**200,044**	**199,955**	**102,008**	**169,055**

Investments in group companies

During the year ended 31 December 2020, on 5 June 2020 a decision was passed on founding AS "Indexo Atklātais Pensiju Fonds" with the aim of offering a 3rd pillar pension service to customers. The subsidiary's capital consists of 400 000 shares with a nominal value of EUR 1 per share, thus constituting an investment of EUR 400 thousand.

During the year ended 31 December 2021, IPAS INDEXO made an additional investment of EUR 200 thousand in the aforementioned subsidiary.

Contract acquisition costs

In the year ended 31 December 2020 INDEXO started to partly capitalise customer acquisition costs. INDEXO capitalises the variable remuneration of sales specialists related to customer acquisition by depreciating it over a period of seven years.

In the year ended 31 December 2021, client acquisition costs reached EUR 535 thousand, an increase of 117.5% y-o-y compared to the costs of the year ended 31 December 2020

Table 14.4.6.

				Year ended 31 December	
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Customer attraction costs	-	246,401	535,977	246,401	535,977
Total	**-**	**246,401**	**535,977**	**246,401**	**535,977**

14.5. Recent trends, developments and material changes

Recent trends and developments

There are no significant recent trends with respect to INDEXO Group's production, sales and inventory, and costs and selling prices in the period after the audited financial statements as at 31 December 2021 and up to the date of this Prospectus.

Furthermore, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on INDEXO Group's prospects for the least the current financial year.

Material Changes

There were no material changes in INDEXO Group's financial position and operations in the period after the audited financial statements as at 31 December 2021 and up to the date of this Prospectus.

15. LIQUIDITY AND CAPITAL RESOURCES

15.1. Capital resources

Currently INDEXO is still in an aggressive growth phase and its principal source of liquidity is share capital and positive cash flows from financing activities.

INDEXO holds its cash and cash equivalents in EUR.

INDEXO believes it has enough liquidity to cover all of its current and non-current liabilities and will also have sufficient liquidity requirements for the foreseeable future.

INDEXO sustains a sufficient amount of equity to be able to compensate for losses that would be incurred by customers if INDEXO was at fault for the losses. The amount of required equity is determined in accordance with the Regulation of the European Parliament and of the Council of 26 June 2013 No. 575/2013.

Selected items of statements of cash flows

Table 15.1.1.

				Year ended 31 December	
	2019	2020	2021	2020	2021
	Stand-alone	Stand-alone	Stand-alone	Consolidated	Consolidated
Cash and cash equivalents at the beginning of the period	**1,555,894**	**983,648**	**941,010**	**983,648**	**1,330,429**
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities	(632,183)	27,307	305,877	(909)	104,926
Increase/(decrease) in cash and cash equivalents from operating activities	(553,578)	(463,183)	91,575	(400,335)	(80,373)
Decrease in cash and cash equivalents from investing activities	(18,668)	(401,525)	(219,499)	(67,596)	(72,400)
(Decrease)/increase in cash and cash equivalents from financing activities	-	814,712	(14,815)	814,712	(14,815)
Cash and cash equivalents at the end of the reporting year	**983,648**	**941,010**	**798,271**	**1,330,429**	**1,162,841**
(Decrease)/increase in cash and cash equivalents	**(572,246)**	**(42,638)**	**(142,739)**	**346,781**	**(167,588)**

Cash flow from operating activities before changes in assets and liabilities

For the year ended 31 December 2021 the consolidated net cash flow from operating activities before changes in assets and liabilities amounted to EUR 104 thousand, which was more than a EUR 100 thousand increase

from the amount of the year ended 31 December 2020 and more than a EUR 70 thousand increase from the year ended 31 December 2019. The main factor for the great increase was the growth in profitability throughout the periods.

Cash flow from operating activities

For the year ended 31 December 2021 the consolidated net cash flow from operating activities amounted to negative EUR 80 thousand, which was an increase from the negative EUR 400 thousand net cash flow from operating activities in the year ended 31 December 2020.

Cash flow from investment activities

Net cash flows from investing activities were negative in all the respective periods and the amount has decreased in each successive period. The cash outflow is mainly attributable in establishing AS Atklātais Pensiju Fonds in 2020 and investment of EUR 400 thousand into share capital, as well as further investment of EUR 200 thousand in 2021. In 31 December 2021 also an investment of EUR 11 thousand was made in the company UAB Goindex, acquiring 5% of equity.

Cash flow from financing activities

In the year ended 31 December 2020 additional capital was attracted to comply with capital requirements because the asset value of managed pension plans exceeded EUR 200 million. The share issue amounted to EUR 829 thousand. That was the only capital raised during the periods covered.

Cash and cash equivalents at the end of the period

Net cash and cash equivalents at the end of the year ended 31 December 2021 stood at EUR 1.16 million. Net cash and cash equivalents at the end of the period decreased by 12.6% y-o-y from EUR 1.33 million for the year ended 31 December 2020.

Net cash and cash equivalents increased by 35.3% y-o-y from EUR 983 thousand for the year ended 31 December 2019 to EUR 1.33 million for the year ended 31 December 2020, mainly due to the share issue which took place during the latter period.

No material changes have occurred to INDEXO's cash flows or material unused sources of liquidity after the year ended 31 December 2021.

15.2. Funding structure

The capital structure of INDEXO consists of no long-term debt from credit institutions or other forms of long-term financial debt. At the end of year ended 31 December 2021 the Debt to Equity[14] ratio for INDEXO is 0.23. The ratio indicates that INDEXO is mostly funded from equity. For a detailed breakdown of equity and liabilities please see the statement of financial position in Section 13 "HISTORICAL FINANCIAL INFORMATION".

[14]Payables Total / Equity Total

16. CAPITALISATION AND INDEBTEDNESS

16.1. Working Capital Statement

Considering INDEXO's existing assets, financial position and future plans, in the opinion of the Management Board INDEXO's working capital is sufficient to cover all liabilities for the upcoming 12 months after the date of this Prospectus and there is no need to involve additional external funds to cover working capital needs. The proceeds of the Offering have not been included in the calculation of INDEXO's working capital.

16.2. Capitalisation and Indebtedness

The tables below present INDEXO's capitalisation and indebtedness as at 31 March 2022, which is based on unaudited financial data. The information presented does not account for the Offering and use of proceeds therefrom, which will potentially have a significant impact on INDEXO's capitalisation and indebtedness (please see Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus). Investors should read this Section in conjunction with Section 5 "REASONS FOR THE OFFERING AND USE OF PROCEEDS" of this Prospectus.

Capitalisation of INDEXO (EUR)

Table 16.2.1.

	As at 31 March 2022
Total current debt (including current portion of non-current debt) *	**14,696**
Guaranteed	-
Secured	-
Unguaranteed / unsecured	14,696
Total non-current debt (excluding current portion of non-current debt) *	**24,636**
Guaranteed	-
Secured	-
Unguaranteed / unsecured	24,636
Shareholder equity	**1,705,497**
Share capital	3,016,987
Legal reserve(s)	-
Other reserves (share and option premium)	82,611
Other reserves (retained earnings)	(1,394,101)
Total capitalisation	**1,744,829**

Table 16.2.2.

Indebtedness of INDEXO (EUR)

		As at 31 March 2022
A	Cash	**657,227**
B	Cash equivalents	-
C	Other current financial assets	-
D	**Liquidity** (A + B + C)	**657,227**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	-
F	Current portion of non-current financial debt *	14,696
G	**Current financial indebtedness** (E + F)	**14,696**
H	**Net current financial indebtedness** (G - D)	**(642,531)**
I	Non-current financial debt (lease liabilities) *	24,636
J	Debt instruments	**-**
K	Non-current trade and other payables	-
L	**Non-current financial indebtedness** (I + J + K)	**24,636**
M	**Total financial indebtedness** (H + L)	**(617,895)**

**Unaudited management assumption used to split long-term lease liability into current and non-current portions based on audited data*

Financial debt as per Table 57 consists only of liabilities related to leases.

17. TAXATION

The following sections are based on tax laws, regulations, rulings and Double Taxation Treaties as in effect in the respective jurisdictions at the date of this Prospectus. The overview below outlines the key principles of the Latvian and Estonian tax regimes that may be relevant to acquisition, holding and transfer of the Shares as well as a general overview of taxation principles applicable to INDEXO as a Latvian tax resident. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could affect or modify the statements set forth herein. Any such changes or interpretations may be retroactive and may have a material adverse effect on the owners of the Shares. The tax legislation of the investor's Member State and of Latvia, i.e., INDEXO's country of incorporation, may have an impact on the income received from the securities.

The section does not constitute a comprehensive or exhaustive explanation of all possible taxation aspects that may be of relevance to the owners of the Shares and shall not be treated as tax or legal advice to prospective investors. Any persons interested in acquisition of the Offer Shares are strongly encouraged to seek individual professional tax advice in order to assess particular tax implications of acquiring, holding or transferring the Shares.

Please see Section 2 ("RISK FACTORS") for summary of risks associated with taxation and changes in the applicable tax regime. Future increase of applicable tax rates or imposing of additional taxes by the Latvian or Estonian governments may affect taxation of dividends or capital gains of the shareholders.

17.1. Latvian tax implications

Taxation of INDEXO

This section outlines a general overview of taxation principles applicable to INDEXO as a Latvian tax resident.

INDEXO is subject to a number of tax obligations, including corporate income tax (CIT), value added tax, personal income tax (PIT) (to the extent PIT is withheld at source as payroll tax or withholding tax, which may apply to other sources of income of private individuals), mandatory social insurance contributions, real estate tax, natural resource tax, vehicle operation tax and company car tax, along with other taxes. The tax policy of the government may change in a manner creating material adverse effects on business, prospects, financial condition, results of operations or cash flows of INDEXO.

CIT

The CIT regime in Latvia differs from traditional CIT systems, meaning that the profits of a Latvian company are not taxed upon accrual but are taxed upon distribution (actual or deemed profit distribution). Retained and reinvested profits are not taxable to CIT. Consequently, management fees received by INDEXO are not subject to CIT unless further profit distribution (actual or deemed) occurs.

The CIT rate is 20% and is applicable to the taxable base divided by a coefficient of 0.8 (i.e. distributions are taxed at the rate on 20/80 of the net amount).

Distribution of profits includes: dividends, payments equivalent to dividends and conditional dividends calculated upon completion of liquidation or reduction of share capital. Deemed distribution of profits includes, inter alia: business non-related expenses, bad debts, transfer pricing adjustments, liquidation quota, certain loans to related parties, certain transfer of assets upon reorganization, certain transfer of assets to a permanent establishment abroad.

The CIT charged on the above is payable only at the level of INDEXO with INDEXO being responsible for calculating, declaring and paying the respective CIT. CIT paid upon profit distribution (actual or deemed) is the company's tax and shall not be treated as a withholding tax or income tax for a recipient of profits.

Dividends and capital gains are treated as regular income at the legal entity level, and hence are not taxed upon accrual, but only upon further profit distribution. Nevertheless, several tax exemptions also apply to distribution of profits accrued from dividends or capital gains received. A legal entity shall not apply CIT to distribution of profits in the amount of:

(1) dividends received from subsidiaries that are CIT payers or if tax was withheld at source (except when received from a low-tax or no-tax jurisdiction);

(2) profits from sale of shares of a subsidiary company that are held for at least 36 months (with the exception of disposal of shares in a company established in a low-tax or no-tax jurisdiction; or if in the accounting year of disposal or the previous year more than 50% of the assets of the respective company are immovable property located in Latvia).

When dividends or profits received from disposal of shares to which tax exemption may be applied exceed distributed dividends by the legal entity within the respective tax period, the excess amount is attributable to profit distributions of the legal entity within the next tax periods in chronological order.

Taxation of Shareholders

A "resident individual" under this section means a private individual who is deemed a Latvian tax resident under Latvian laws and any applicable Double Taxation Treaty as outlined below.

Under Latvian laws a resident individual is a private individual with a declared place of residence in Latvia or present in Latvia for 183 days or longer during any twelve-month period, or a Latvian citizen employed abroad by the government of Latvia.

Whenever a private individual qualifies as a tax resident under Latvian laws and the laws of other jurisdictions, the tax residency of that person is determined by applying the rules of the Double Taxation Treaty entered into between Latvia and the respective country: the individual shall be deemed to be a resident of the country in which they have a permanent home available; an individual who maintains permanent homes in both countries shall be deemed to be a resident only of the country with which their personal and economic relations are closer (centre of vital interests); if the country in which the individual has their centre of vital interests cannot be determined, or if the individual has no permanent home available to them in either country, they shall be deemed to be a resident only of the country in which they have an habitual abode; an individual who has a habitual abode in both countries or in neither of them shall be deemed to be a resident only of the country of which they are a national; if the individual is a national of both countries or neither of them, the competent authorities of both countries shall settle the question by mutual agreement.

"Resident entity" under this section means a legal person that is deemed a Latvian tax resident under Latvian laws and any applicable Double Taxation Treaty.

Under Latvian laws a resident entity is a Latvian resident primarily if it is established and registered in Latvia or if it should have been established and registered in Latvia according to Latvian laws, due to performance of certain activities in Latvia.

Permanent establishment is treated as a regular taxpayer in Latvia. Whenever any activity by a non-resident entity is performed in Latvia, whether such activity creates a permanent establishment under Latvian laws and the applicable Double Taxation Treaty, if any, should be evaluated.

"Non-resident individual" and "non-resident entity" in this section means all private individuals and legal persons that do not qualify as a resident individual or resident entity under Latvian laws.

Dividend income of Shareholders

No withholding tax is applied to dividends upon distribution by INDEXO to resident and non-resident individuals or entities (except upon dividend payment to non-residents residing, located, established, or registered in low-tax or no-tax jurisdictions, when 20% withholding tax is applicable. Such jurisdictions are specified in accordance with the Regulations of the Cabinet of Ministers No. 819 of 17 December 2020)

Resident individuals do not pay PIT on dividends received if CIT is applied upon profit distribution by the respective company or if the distributed dividends are tax exempt under applicable tax exemption.

Considering that generally no withholding tax applies to a dividend payment, non-resident individuals should determine if any tax payment and reporting obligations apply under the domestic laws in their country of residence. Non-resident individuals might not be able to credit any tax payments from INDEXO to the tax

liabilities in their country of residence, as the tax paid in Latvia is CIT of the respective dividend distributor and not a withholding tax attributable to or PIT of the dividend recipient. Each non-resident individual therefore should seek professional advice with respect to any tax obligations under the domestic law of their country of residence.

Resident entities do not pay CIT upon receipt of dividends.

Non-resident entities should determine if any tax and reporting obligations apply under the domestic laws of the country of residence. The possibility to credit CIT paid by INDEXO in Latvia upon profit distribution must be evaluated in each individual case in line with the domestic laws of the respective jurisdiction and applicable Double Taxation Treaty, if any.

Capital gains of the Shareholders

Resident private individuals pay PIT of 20% from the capital gains obtained by a resident individual from the sale of the Shares. Capital gains are determined as the difference between the sale price and acquisition value of an asset. Losses from sale of assets within a tax year may be offset against income from sale of other assets of the same type within the same tax year.

Non-resident private individuals do not pay PIT in Latvia from capital gains on the sale of publicly traded shares (i.e., the Shares). A non-resident individual might have an obligation to pay income tax from the sale of publicly traded shares in their country of residence.

Other capital gains of a non-resident overall are subject to PIT of 20% in Latvia, unless specific provisions of a Double Taxation Treaty allow application of tax exemption in Latvia. Whenever income is paid by a Latvian commercial company, cooperative company, non-resident PE, institution, organization, association, foundation and resident private individual that is registered as a performer of commercial activity, PIT of 3% from the total value of the transaction shall be withheld at source. A non-resident private individual is a resident of another EU Member State or of a State that has signed a Double Taxation Treaty with Latvia shall have the right to account for the sale transaction and make PIT payment in the amount of 20% on capital gains from the sale. PIT of 3% of the total value of the transaction that was withheld at source may then be recovered.

Non-resident individuals should always seek professional advice to determine whether any tax and reporting obligations apply under the domestic law of their country of residence.

Resident entities do not pay CIT upon receipt of capital gains from the disposal of Shares irrespective of the percentage of shareholding and holding period. The holding period of the Shares, however, might affect taxation of further profit distribution by a resident entity to its shareholders.

Non-resident entities do not pay CIT in Latvia upon receipt of capital gains from sale of Shares. No withholding tax is applied in Latvia to the respective income of non-resident entities, except when a non-resident entity is registered, located or established in a low-tax or no-tax jurisdiction and payment of income is made by a Latvian resident, obliged to withhold tax of 20% at source.

Non-resident entities should determine if any tax or reporting obligations apply under the domestic law of their country of residence.

Investment Account

Whenever private individuals use an investment account that qualifies as such under Latvian Law on Personal Income Tax for investments (including acquisition of the Shares), PIT of 20% is applied to the difference between the amount paid into the investment account and the amount paid out from the investment account, minus dividend income and interest income that is already taxed upon payment and therefore not subject to additional PIT and minus income from Latvian or other EU or European Economic Area states and local government securities. As long as transactions with assets are performed through the investment account, no PIT is payable from the profits unless funds are transferred from the investment account to a regular account in an amount that exceeds payments into the investment account. Thus, if the Shares are acquired through a qualified investment account, the shareholder may benefit from the so-called deferred tax payment regime.

Other Taxes

No transfer tax, value added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of the Shares. No net wealth tax is applied in Latvia.

17.2. Estonian tax implications

INDEXO is not considered to be an Estonian tax resident. This section outlines key principles of Estonian taxation system that may apply to the acquisition, holding and transfer of the Shares for shareholders that are tax residents of Estonia.

Taxation of Shareholders

"Resident individual" under this section means a private individual who is deemed an Estonian tax resident under Estonian laws and any applicable Double Taxation Treaty.

Under Estonian laws a resident individual is a private individual whose place of residence is Estonia or who stays in Estonia for at least 183 days over the course of a period of twelve consecutive calendar months. Estonian diplomats in foreign service are also deemed to be Estonian residents for tax purposes.

If a private individual qualifies as a tax resident under Estonian law and the domestic law of another country, the tax residency of the respective person is determined by applying the Double Taxation Treaty entered into between Estonia and the respective country, if any.

"Resident entity" under this section means a legal person that is deemed an Estonian tax resident under Estonian laws and any applicable Double Taxation Treaty, if any.

Under Estonian laws a resident entity is primarily a tax resident in Estonia if it is established pursuant to Estonian laws. European public limited companies (SE) and European associations (SCE) whose seat is registered in Estonia are also tax residents in Estonia.

"Non-resident individual" and "non-resident entity" in this section means all private individuals and legal persons that do not qualify as a resident individual or resident entity under Estonian laws.

Dividend income of Shareholders

No withholding tax is applied to dividends upon distribution by INDEXO to Estonian resident individuals or entities; however INDEXO pays CIT upon profit distribution to its shareholders.

Estonian resident individuals do not pay PIT on dividends received from foreign entities, provided that either the underlying profits out of which dividends are paid have been subject to foreign CIT or similar tax, or if income tax was withheld at source from the respective dividends (corresponding documents shall be provided). In other cases Estonian resident individuals shall pay PIT of 20% on dividend income received from a foreign entity.

Estonian resident entities do not pay CIT upon receipt of dividends. Estonian resident entities pay CIT of 20% at 20/80 of the net amount only upon profit distribution by the Estonian resident entity to its shareholders.

Distribution of profits includes dividends, liquidation proceeds, share buy-backs, capital reductions, certain loans issued to a shareholder or a partner, deemed profit distributions (such as transfer pricing adjustments, business non-related expenses and payments). Reduced CIT at the rate of 14% at 14/86 of the net amount applies when Estonian resident entities make regular profit distributions: dividends are paid in an amount below or equal to the extent of taxed dividends paid during the three preceding years. Certain CIT exemptions might be applicable for further distribution of profits to shareholders of an Estonian resident entity.

Capital gains of Shareholders

Estonian resident individuals pay PIT of 20% on capital gains from the disposal or exchange of shares. Capital losses can be offset against capital gains. Nevertheless, similarly as in Latvia, a tax-exempt investment account scheme is applicable for Estonian resident individuals, under which individuals can defer the moment of taxation of investment income and capital gains derived from qualified securities. Under certain conditions, individuals can reinvest respective income without paying any income tax.

Estonian resident entities do not pay CIT upon receipt of capital gains. General CIT principles apply to the income of Estonian resident entities from the disposal of a shareholding. Namely, Estonian resident entities pay CIT of 20% at 20/80 of the net amount (or in certain cases 14% at 14/86 of the net amount) upon profit distribution by an Estonian resident entity to its shareholders and no tax is levied upon accrual of income.

Other Taxes

No transfer tax, value added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of the Shares. No net wealth tax is applied in Estonia.

18. GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise. They are not intended as technical definitions and are provided purely for assistance in understanding certain terms used in this Prospectus.

Table 18.1.

Admission of Shares to Trading	Admission of Shares to Trading on Nasdaq Riga.
AML	Anti-money laundering.
Annual Report	The INDEXO's audited annual report for the financial year ended 31 December 2021.
Articles of Association	Articles of Association of INDEXO effective as of the date of this Prospectus.
Audited Financial Statements	Audited financial statements of INDEXO pertaining to the three financial years which ended on 31 December 2021, 31 December 2020, 31 December 2019.
Audit Committee	Internal body which assists the Supervisory Board in carrying out its role in relation to internal control and risk management, regulatory compliance, supervision of internal audit.
AUM	Assets under management.
AS SEB bank	AS "SEB banka", registration No. 40003151743, registered address at Meistaru Street 1, Valdlauči, Ķekavas pag., Ķekavas nov., LV-1076.
Baltic Main List of Nasdaq Riga	A list of shares and other capital securities of the Baltic Regulated market operated by Nasdaq Riga.
Belarus	Republic of Belarus.
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council Text with EEA relevance.
Beacon Properties OÜ	Beacon Properties OU, a private limited company established and operating under the laws of the Republic of Estonia, registry – Ariregister, date of registration – 09-02-2011, registry code 12058105, registered address at Harju maakond, Tallinn, Kesklinna linnaosa, Tina tn 8-4, 10126, the Republic of Estonia.
CEO	Chief executive officer.
CIT	Corporate income tax.
CFO	Chief financial officer.
CFT	Combating the financing of terrorism.
CPF	Counter Proliferation Financing.
Consumer Rights Protection Centre or CRPC	The Consumer Rights Protection Centre of Republic of Latvia (*Patērētāju tiesību aizsardzības centrs*). The Consumer Rights Protection Centre is a

	state administration institution under the supervision of the Ministry of Economics, which implements protection of consumer rights and interests.
Commercial Register	The Register of Enterprises of the Republic of Latvia.
IPAS "Indexo" or INDEXO, or Company	IPAS "Indexo" is a joint stock company (akciju sabiedrība), incorporated in Latvia and registered in the Commercial Register on 10 January 2017 under registration number 40203042988, having its registered address at Elizabetes street 13 - 1A, Riga, LV-1010.
COVID-19	The respiratory disease caused by the SARS-CoV-2 virus.
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
Delegated Regulation	Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.
Distributors	Persons who offer, sell or recommend Shares.
Double Taxation Treaty	General reference to any applicable tax treaty for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income that is concluded by Latvia or Estonia.
Estonian Financial Supervision Authority	The Estonian Financial Supervision Authority, a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as payment service providers, e-money institutions and the securities markets that have been authorised by the Financial Supervision Authority in the name of the state and which is independent in its activities and decisions.
Estonia	The Republic of Estonia.
EU	The European Union.
EUR	Euro, the official currency of eurozone countries, including Latvia and Estonia.
ESMA	European Securities and Markets Authority.
Existing Shareholders	(1) natural or legal persons who directly or indirectly own Shares of INDEXO; (2) a legal person of which the ultimate beneficial owner is a natural person who directly or indirectly own Shares of INDEXO.
Latvian Financial and Capital Market Commission/FCMC	The Financial and Capital Market Commission (*Finanšu un kapitāla tirgus komisija*). An autonomous public institution of the Republic of Latvia, which carries out supervision of Latvian banks, credit unions, insurance companies and insurance brokerage companies, participants of the financial instruments market, as well as private pension funds, payment institutions and electronic money institutions.
Financial Statements	The financial information contained in the tables is extracted from the audited financial statements of INDEXO and IPAS INDEXO.
General Meeting or Shareholders' Meeting	A meeting of INDEXO's shareholders, the highest governing body of INDEXO.

Goindex UAB	A private limited liability company registered in Lithuania, registration number: 305706496; legal address: Eglynlaukio g. 7, Vilnius, Lithuania.
INDEXO Group	INDEXO and its Subsidiary.
INDEXO Jauda 16-50	A plan with maximum allowed investment in the stock market (up to 100%).
INDEXO Izaugsme 47-57	The first 2nd pension pillar plan in Latvia, which offered clients investment in index-based funds.
INDEXO Konservatīvais 55+	Investment plan only in the highest quality bonds of index-based funds.
INDEXO Akciju plāns	3rd pension pillar plan.
INDEXO Obligāciju plāns	3rd pension pillar plan.
IAS	International Accounting Standards.
Investment management company	The investment management company of funded pension scheme funds.
INDEXO Atklātais Pensiju Fonds AS	INDEXO Atklātais Pensiju Fonds is a licensed private pension fund which is a wholly owned subsidiary of INDEXO. It is a Joint Stock Company (AS – akciju sabiedrība), with registration number: 40203248944, legal address: Elizabetes Street 13 - 1A, Riga, LV-1010, Latvia.
IFRS	International Financial Reporting Standards.
INDEXO Bank	A licensed credit institution to be established as a result of this Offering with the net proceeds of the Offering.
ISIN	International Securities Identification Number.
IT	Information Technologies.
Key Personnel	Employees of the highest managerial level who are in charge of the general management and operation of INDEXO and are the most valuable asset of INDEXO.
Latvia	The Republic of Latvia.
Listing	Listing of Shares on the Baltic Main List of Nasdaq Riga.
Lithuania	The Republic of Lithuania.
LEI	Legal entity identifier.
Maximum Amount	The number of the Offer Shares indicated in the Subscription Undertaking will be regarded as the maximum number of Offer Shares which the investor wishes to acquire.
Management Board	The Management Board of INDEXO.
Member States	The Member States of the European Union.
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
Nasdaq CSD	Nasdaq CSD SE *(Societas Europaea)*, the regional Baltic central securities depository (CSD), registration No. 40003242879, registered address Vaļņu iela 1, Rīga LV-1050, Latvia.

Nasdaq Riga	Nasdaq Riga AS, registration No. 40003167049, registered address at Vaļņu Street 1, Riga, LV-1050.
Offering	The Retail Offering.
Offer Period	The Offer Period commences on 28 June 2022 at 10:00 local time in Latvia and Estonia and terminates on 11 July 2022 at 15:30 local time in Latvia and Estonia unless it is shortened or extended.
Offer Price	The price at which each Offer Share is to be issued or sold under the Offering.
Offer Shares	The number of the Offer Shares is up to 535,000.
PIT	Personal income tax.
Prospectus	This document.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public of admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Retail Offering	The public offering of the Offer Shares to retail investors in Latvia and Estonia.
Retail Offer Shares	A certain number of Offer Shares offered to retail investors in Latvia and Estonia in the course of Retail Offering.
Russia	Russian Federation.
Sanctions	Restrictive measures, namely, restrictions or prohibitions imposed pursuant to international public law, including restrictive measures adopted by the United Nations Security Council (UN), the European Union (EU), Office for Foreign Assets Control (OFAC) and by the Republic of Latvia.
Section	A Section of this Prospectus.
Senior Managers	Senior Managers are considered relevant to establishing that INDEXO has the appropriate expertise and experience for the management of its business.
Shares Sale and Purchase Agreement	Shares Sale and Purchase Agreement on 7 June 2021 was concluded by Beacon Properties OU (the Seller) and IPAS “Indexo” (the Buyer) where the Seller shall sell and transfer to the ownership of the Buyer and the Buyer shall purchase and accept from the Seller 625 ordinary registered non-material shares of Goindex, UAB (a private limited liability company incorporated and acting under the laws of the Republic of Lithuania, legal entity code 305706496, having its registered office at Eglynlaukio g. 7, Vilnius; the Company), constituting a transfer of the shares and ownership rights to the IPAS “Indexo”.
Shares	Dematerialised bearer shares with a nominal value of EUR 1 each that will be registered with Nasdaq CSD under the reserved ISIN LV0000101863 after the approval of this Prospectus and before the start of the Offer Period and will be kept in book-entry form.
Shareholder	Natural or legal person(s) holding the Share(s) of INDEXO at any relevant point in time.
Shareholder Offering	An Offering to INDEXO Shareholders.

Share Option Plan	The personnel option plan for the shares of INDEXO.
Shareholder Offer Shares	A certain number of Offer Shares offered to INDEXO Shareholders in the course of Shareholder Offering.
Subscription Undertaking	An order submitted by an investor for the purchase of the Offer Shares in accordance with the terms and conditions of the Offering.
Subsidiary or AS "Indexo Atklātais Pensiju Fonds"	Indexo Atklātais Pensiju Fonds AS is a joint stock company (akciju sabiedrība), incorporated in Latvia and registered in the Commercial Register on 13 June 2020 under registration number 40203248944, having its registered address at Elizabetes street 13 - 1A, Riga, LV-1010.
Supplemental Agreement to the Share and Purchase Agreement	Supplemental Agreement to the Share and Purchase Agreement was concluded on 7 June 2021 adding to the agreement content of Put Option, Put Price, Put Shares and Put Notice.
Summary	The summary of this Prospectus.
Supervisory Board	The Supervisory Board of INDEXO.
"Swedbank" AS	"Swedbank" AS, registration No. 40003074764, registered address at Balasta dambis 15, Riga, LV-1048.
United States/US	The United States of America.

COMPANY

IPAS "Indexo"

(registration No. 40203042988, registered address Elizabetes iela 13 - 1A, Riga, LV-1010, Latvia)

Nasdaq Auction Arranger

Signet Bank AS

(registration No. 40003076407, registered address Antonijas iela 3, Riga, LV-1010, Latvia)

LEGAL COUNSEL TO COMPANY

ZAB Eversheds Sutherland Bitāns SIA

(registration No. 40203329751, registered address Lāčplēša iela 20A - 9, Riga, LV-1011, Latvia)

19. SCHEDULE 1

INDEXO audited stand-alone and consolidated financial statements for the financial year ended 31 December 2021

IPAS "Indexo" Annual Report for 2021 and the independent auditor's report

(the 5th financial year)

INDEXO RESULTS IN 2021

INDEXO

Total **value of assets** under management

464 410 702 EUR

51

employee

Number of customers **acquired** in 2021

16 468

Average ESG rating of investment plans

ABOVE **A**

1,6

million turnover

Total number of customers

65 k

2,25%

increase in 2021

7,74%

2nd pension pillar market share (assets)

average **customer savings** at the 2nd pension pillar

7 114 EUR

TABLE OF CONTENTS

INFORMATION ON THE COMPANY 4

MANAGEMENT REPORT 6

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY 14

FINANCIAL STATEMENTS: 16

- SEPARATE STATEMENT OF COMPREHENSIVE INCOME 16
- SEPARATE STATEMENT OF FINANCIAL POSITION 17
- SEPARATE STATEMENT OF CHANGES IN EQUITY 19
- SEPARATE STATEMENT OF CASH FLOWS 20
- NOTES TO THE SEPARATE FINANCIAL STATEMENTS 21

INDEPENDENT AUDITOR'S REPORT 49

We fight for better finance environment in Latvia.

INDEXO was established to offer Latvian public a better way to save for pension.

As a result there are many more options for everyone at significantly lower costs.

Now we are aiming to obtain also BANK license and disrupt the market again.

INFORMATION ON THE COMPANY

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
Shareholder	Qualifying holding: SIA DVH (Latvia) – 22.4% Natural persons and legal entities with a shareholding of up to 10%
Members of the Council and their position	**Valdis Vancovičs –** Chairman of the Council (from 16.08.2018) **Svens Dinsdorfs –** Deputy Chairman of the Council (from 13.07.2021) **Edgars Zālītis –** a member of the Council (from 10.01.2017) **Renāts Lokomets –** a member of the Council (from 24.08.2017) **Toms Kreicbergs –** a member of the Council (from 21.09.2020) **Aleksejs Prokofjevs –** a member of the Council (from 13.07.2021) **Ieva Jansone-Buka –** a member of the Council (until 25.05.2021)
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) **Ilja Arefjevs –**Member of the Management Board (from 26.06.2020)
Reporting period	1 January 2021 – 31 December 2021
Auditors	"PricewaterhouseCoopers'' SIA Riga, Krišjāņa Valdemāra iela 21-21, Licence No. 5 Ilandra Lejiņa Certified auditor in charge, certificate No 168

INFORMATION ON THE COMPANY

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Part 1 The mission of the Company and the achievements in 2021

Iļja Arefjevs
INDEXO Executive Director

Valdis Siksnis
Chairman of the Board

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 investment management industry.**

The proportion of stocks of the investment plan **"INDEXO Jauda 16-50" was increased from 75% to 100%** of the total plan assets. It has been statistically proven that the stock market is more profitable in the long term and is the cornerstone of long-term savings, so it will help our customers **accumulate more funds for their retirement in the long run.** The increase of the proportion of stocks from 75% to 100% will be achieved in a period of 6 months and is expected to be completed in March 2022.

INDEXO has begun offering low-cost, passively managed **3rd pillar pension plans** that **for the first time in the Baltic States** allow each customer to **choose a level of risk that is appropriate for them.** For each customer who chooses automatic distribution, the investment is automatically divided between stocks and bonds by reference to the customer's age. As retirement age approaches, the **risk level of the** customer's portfolio **is automatically reduced** by adding more bonds to the portfolio. The sole task of our customer is to set up a regular payment to save **enough for their retirement.**

New passive management products have entered the market. Since the foundation of INDEXO 4.5 years ago, **passively managed investments have outperformed** the actively managed retirement plans. Despite the fact that only 17% of pension savers choose passively managed plans, **INDEXO will consistently strive** to attract customers to passive management.

Legislative changes have been made so that young people who have not chosen their own pension manager **will be automatically enrolled in the active plans from 2022.** Long-term investment in stocks is an important foundation for a good pension. We at INDEXO are therefore pleased that in the future, **young people** will be attracted to plans with an appropriate risk profile.

Global stock markets had **a year of very strong growth**, which led to excellent results in our customer portfolios and contributed to the total Latvian second pillar pension assets reaching almost EUR 6 billion, while Pillar 3 pension assets reached EUR 730 million. **This was another year of great performance for INDEXO customers.**

INDEXO is working hard to **reduce** the **indirect asset management** ongoing cost figure (OCF) costs for its customers. We have succeeded in reducing the cost of buying securities and we are one step closer for our partner - Blackrock Investment Management (UK), Limited – to reduce the cost of our index funds for our customers. Regular **reductions** in direct and indirect **costs are an important part** of achieving our goal of providing the best service to our customers.

At the end of 2021, the average 3-year return of the "INDEXO Jauda 16-50" pension plan for our customers was 16% p.a. It is INDEXO customers who have achieved the best average return among pension plans of other pension managers since the foundation of INDEXO. It is important to emphasise that the **good performance was achieved due to the business model of passive management.** In the long term, financial markets fluctuate. As a result, there are periods of better and worse performance.

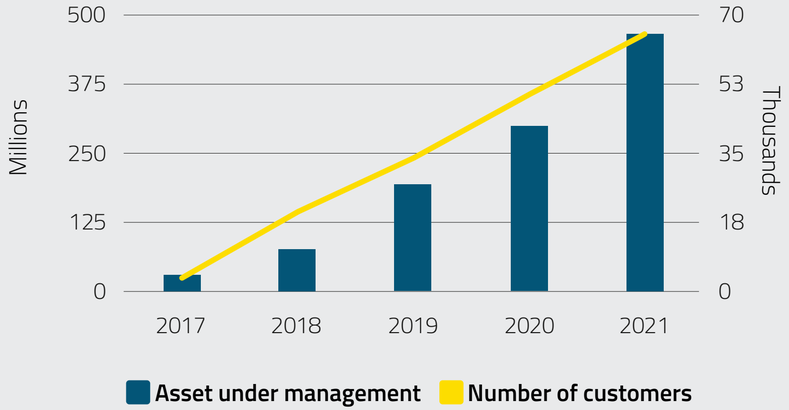
We have published news articles and blog posts to **promote financial literacy and people's understanding** of their retirement savings.

Part 1 The mission of the Company and the achievements in 2021

Business description

We are pleased to report another year of great growth in terms of assets managed by INDEXO and the number of our clients. The number of our customers reached 67.6 thousand (65 thousand in 2nd Pillar pension and 2.6 thousand in 3rd Pillar pension), which means that it increased by 39.2% during the year (48.5 thousand customers in 2nd Pillar pension and no customers in 3rd Pillar pension in 2020). At the end of 2021, our assets under management had increased by EUR 190 million to EUR 468 million, which represents an increase of 67% compared to the previous year.

INDEXO investment plan assets and the number of participants in Pillar 2 pension

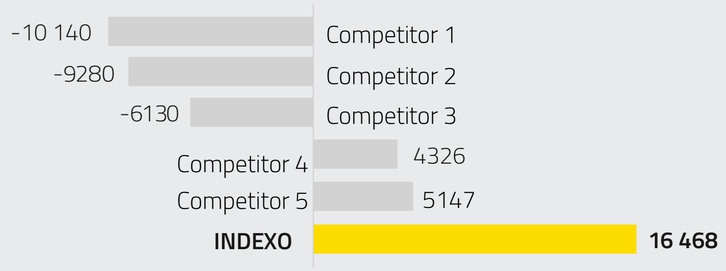


(Source: manapensija.lv)

Growth in INDEXO's assets under management is driven by monthly contributions, new client acquisition and market returns on existing clients' portfolios. Over the past year, some of our customers have decided to move to other pension managers. In 2021, our 2nd Pillar and 3rd Pillar assets under management increased by approximately EUR 41 million due to monthly contributions, by approximately EUR 85 million due to the net acquisition of new customers (excluding customers who left us), and by approximately EUR 64 million due to growth in the securities market. We are pleased to report that the number of customers who left us during the year decreased compared with previous years.

INDEXO is the fastest-growing pension manager in Latvia. The assets we manage are growing faster than those of other market participants, so we are constantly increasing our market share. At the end of 2021, the total market for 2nd Pillar and 3rd Pillar pensions amounted to EUR 6.73 billion, of which INDEXO had a 7% market share. INDEXO customers are mostly younger and have higher average savings (EUR 7,100) than the average market customer (EUR 4,630). This is partly due to INDEXO's low market share in conservative plans, but also due to the good performance of passively managed plans since INDEXO was founded.

Change in the number of cutomers



(Source: manapensija.lv)

Covid-19 restrictions have impacted customer acquisition results in 2021. To protect our business and our employees, we significantly reduced the number of customer support team shifts that are in physical contact with customers. As with all companies, many of our employees were on long-term medical leave due to Covid-19. Despite the restrictions, the strong customer engagement results in 2021 are a fantastic testament to the great work of our team and the effectiveness of our customer engagement channels. In 2021, we invested heavily in customer acquisition because we know that every customer acquired is very valuable for INDEXO shareholders in the long term.

Part 1 The mission of the Company and the achievements in 2021

As we grow, so does our brand awareness in the marketplace. The results of our brand awareness survey conducted in November 2021 show that approximately 46% of people have heard of us and 20% would be willing to consider our services. When we compare the results of the survey with our market share and the market shares of our competitors, we can see that currently, about 194 thousand more people could be interested in cooperating with INDEXO.

The year 2021 was also important for the growth of our Company. We have many new talented employees, and as of 31.12.2021, there were already 65 employees at INDEXO (at 31.12.2020: 43 employees). All our employees who deal with customers on a daily basis are thoroughly trained to provide answers to various questions related to pension plans and their administration and to provide high-quality and friendly service.

Performance of the plans

Given the strong growth of market indices, our two equity-focused plans provided excellent results for our customers. "INDEXO Jauda 16-50'' and "INDEXO Izaugsme 47-57'' pension plans outperformed the average of other pension plans in the same category in 2021, proving that the passive management strategy still works better than active management. Equity plans are the best way to protect your savings from inflation and provide funds for a solid retirement.

For customers approaching retirement age, we offer our conservative plan "INDEXO Konservatīvais 55+'', whose main task is to protect customers' savings from strong market fluctuations just before retirement. Therefore, our conservative plan invests only in investment-grade bond funds, and due to the low risk, the return of this pension plan is also lower.

Performance of the pension plans at 31 December

	Yield, % p.a.		
Pillar 2 pension plans	**1 year**	**2 years**	**3 years**
INDEXO Izaugsme 47-57	13.61 %	8.55 %	11.22 %
INDEXO Jauda 16-50	23.06 %	13.36 %	16.05 %
INDEXO Konservatīvais 55+	-2.35 %	0.01 %	1.55 %

Source: manapensija.lv

In January 2022, we publicly announced our plans to list INDEXO shares on the Riga Stock Exchange and raise new capital to build a bank. We are looking forward to the next step in our development. With a public listing, we want to give our customers the opportunity to participate in the further development of INDEXO.

We would like to thank our nearly 70,000 customers who have entrusted us with the management of their pensions. We promise to work tirelessly to improve the condition and quality of our products!

Part 2 Mandatory information

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.

		Net asset value of plan assets	
Investment plan of the state-funded pension scheme	**Registration date**	**At 31.12.2021**	**At 31.12.2020**
INDEXO Izaugsme 47-57	21.06.2017	120 020 982	85 542 285
INDEXO Jauda 16-50	18.01.2018	321 257 932	178 544 650
INDEXO Konservatīvais 55+	04.04.2018	23 131 788	15 267 562
Total		**464 410 702**	**279 354 497**

The Company began managing funds in July 2017. At the beginning of the reporting year, the Company managed 5.5% of all assets of the State-Funded Pension Scheme, but at the end of the year, it managed 7.7% of all assets of the State-Funded Pension Scheme. During the reporting year, the Company was the fastest-growing manager of the State-Funded Pension Scheme in terms of the number of customers.

In the reporting year, the Company's commission income reached EUR 1,598 thousand (compared to EUR 972 thousand in 2020). The growth in commission income reflects the Company's successful acquisition of customers during the year and an increase in total assets under management from EUR 279 million in 2020 to EUR 468 million in 2021. The Company's income in the reporting year was more than sufficient to cover administrative costs, including customer acquisition costs.

In the reporting year, the Company's expenses amounted to EUR 1,378 thousand (compared with EUR 983 thousand in 2020). The level of expenses reflects the strategic decision of the Company's management to continue to actively attract customers in order to strengthen the Company's position in the market for the management

of state-funded retirement assets and to maximize the value of the Company in the long term. Considering the significant investments made during the year in the development of the Company and the acquisition of customers, the Company's performance for the reporting year was a profit of EUR 221 thousand (compared to a loss of EUR 11 thousand in 2020).

During the reporting year, 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 year were operational risk, compliance risk, delegation risk, strategic and business risk, reputational 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 signing this report, the Company's subscribed and paid-up share capital amounted to EUR 3,016,987 (in 2020: 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 2022, a large part of the Company's attention will continue to be focused on intensive educational work with customers. In 2022, the Company plans to list its shares on the regulated market of NASDAQ Riga Stock Exchange.

The Company's investment and pension plans are invested only in the financial markets of developed countries. Therefore, these investments are not directly exposed to the risk of war in Ukraine.

Part 3 Commentaries provided by the Council

The Council of INDEXO has reviewed the management report prepared by the Management Board and the financial statements for the financial year 2021, as well as the certified auditor's report on these financial statements and the additional information contained in the financial statements. The Council has assessed the financial position of INDEXO and the work of the Management Board during the year and has prepared this statement.

During 2021, the Council monitored INDEXO's activities by reviewing and discussing reports prepared by the Management Board on INDEXO's activities, results, and risks at regular meetings, managing INDEXO's internal audit and performing other Council duties. The members of the Council did not receive any remuneration for their supervisory activities in the Council.

In the Council's view, 2021 was a year of development and strategic decisions for INDEXO, ensuring both continued growth and responsible actions towards employees and society. The mechanisms of remote and digital customer acquisition were improved. In the second half of the year, the Management Board successfully addressed the promotion of 3rd Pillar pension products that are in line with the Company's values and ideology. In addition, as a result of discussions between the Management Board and the Council, a long-term strategy was outlined to develop the Company and increase the value of the Group. Despite the challenges, INDEXO not only maintained its position as the fastest-growing pension manager on the market but also delighted its customers with convincing returns.

The Council believes that INDEXO's financial position is stable and in line with the Company's stage of development. The Council is satisfied with the work of the Management Board, which ensures the solid development of INDEXO. It appreciates the work of the Management Board and the planned results to be achieved in 2021.

The Council thanks the shareholders of INDEXO for their support, the Management Board, the employees, and the contractors for the results achieved in 2021!

Valdis Vancovičs

Chairman of the Council

Signed for and on behalf of the Management Board of the Company:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Management Board	Member of the Management Board

INDEXO MANAGEMENT BOARD AND COUNCIL

Iļja Arefjevs
INDEXO Executive Director

Valdis Siksnis
Chairman of the Management Board

Henrik Karmo
Member of the Management Board

Valdis Vancovičs
Chairman of the Council

Renāts Lokomets
Member of the Council

Svens Dinsdorfs
Member of the Council

Edgars Zālītis
Member of the Council

Toms Kreicbergs
Member of the Council

Aleksejs Prokofjevs
Member of the Council

INDEXO team

INFORMATION ON THE COMPANY

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The Management Board of IPAS "Indexo'' is responsible for the Company's financial statements, which provides true and fair view of the Company's financial position as at 31 December 2021, as well as its performance and cash flows for 2021, in accordance with International Financial Reporting Standards as adopted by the European Union.

In preparing the financial statements for the year ended 31 December 2021, as set out on pages 15 to 48, management has consistently applied International Financial Reporting Standards, as adopted by the European Union, and Regulation No. 113 of the Financial and Capital Markets Commission "Regulation for the Preparation of Annual Financial Statements and Consolidated Financial Statements of Credit Institutions, Investment Intermediaries and Investment Management Companies'', based on the going concern principle, management's judgments and assumptions in the preparation of these financial statements have been prudent and reasonable.

The Company's management is responsible for maintaining proper accounting records, safeguarding the Company's assets, and detecting and preventing fraud and other irregularities within the Company. The Management Board of the Company is responsible for compliance with the requirements of the legislation of the Republic of Latvia and the regulations of the Financial and Capital Market Commission applicable to the Company.

Signed for and on behalf of the Management Board of the Company:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Management Board	Member of the Management Board

INFORMATION ON THE COMPANY

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Commission income	2	1 598 445	972 467
Administrative expenses	3	(1 372 791)	(979 002)
Interest expense	10	(1 386)	(643)
Other operating expenses	4	(3 557)	(3 557)
Profit/(loss) before corporate income tax		**220 711**	**(10 735)**
Profit/(loss) for the year		**220 711**	**(10 735)**
Total comprehensive profit/(loss) for the year, attributable to shareholders		**220 711**	**(10 735)**

The notes on pages 21 to 48 form an integral part of these financial statements.
The financial statements were approved and signed for and on behalf of the Management Board of the Company by:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Management Board	Member of the Management Board

SEPARATE STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2021 EUR	31.12.2020 EUR
ASSETS			
Placements with financial institutions	**5**	798 271	941 010
Receivables	**6**	199 955	200 044
Prepayments	**7**	3 465	2 511
Contract acquisition costs	**8**	535 977	246 401
Other assets	**9**	2 828	10 707
Property, plant and equipment and right-of-use assets	**10**	47 712	19 615
Investments in subsidiary undertakings	**11**	600 000	400 000
Other securities and investments	**12**	11 663	-
TOTAL ASSETS		**2 199 871**	**1 820 288**

	Notes	31.12.2021 EUR	31.12.2020 EUR
EQUITY AND LIABILITIES			
Accrued liabilities	**13**	112 354	60 543
Trade payables	**14**	32 482	3 657
Taxes and national social insurance mandatory contributions	**15**	47 457	36 223
Lease liabilities	**10**	39 332	14 696
Other liabilities	**16**	73 956	31 590
TOTAL LIABILITIES		**305 581**	**146 709**

SEPARATE STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2021 EUR	31.12.2020 EUR
Equity			
Share capital	**17**	3 016 987	3 016 987
Share options		5 436	5 436
Share premium		77 175	77 175
Retained losses		(1 426 019)	(1 415 284)
Profit/(loss) for the year		220 711	(10 735)
Total equity and reserves:		**1 894 290**	**1 673 579**
TOTAL EQUITY AND LIABILITIES		**2 199 871**	**1 820 288**

The notes on pages 21 to 48 form an integral part of these financial statements.
The financial statements have been approved and signed for and on behalf of the Company's Management Board by:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Management Board	Member of the Management Board

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share options	Share premium	Retained losses b/f	Total
		EUR	EUR	EUR	EUR	EUR
At 31.12.2019		**2 265 000**	**5 436**	-	**(1 415 284)**	**855 152**
Share premium	**17**	-	-	77 175	-	77 175
Increase in share capital	**17**	751 987	-	-	-	751 987
Comprehensive loss for the reporting year		-	-	-	(10 735)	(10 735)
At 31.12.2020		**3 016 987**	**5 436**	**77 175**	**(1 426 019)**	**1 673 579**
Comprehensive income for the reporting year		-	-	-	220 711	220 711
At 31.12.2021		**3 016 987**	**5 436**	**77 175**	**(1 205 308)**	**1 894 290**

The notes on pages 21 to 48 form an integral part of these financial statements.
The financial statements have been approved and signed for and on behalf of the Company's Management Board by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

SEPARATE STATEMENT OF CASH FLOWS

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Cash flow from operating activities			
Profit/(loss) before corporate income tax		220 711	(10 735)
Depreciation of PPE and amortisation of right-of-use assets	9	17 803	17 450
Amortisation of contract acquisition costs	8	65 977	19 949
Interest expense	10	1 386	643
Increase in cash and cash equivalents from operating activities before changes in assets and liabilities		**305 877**	**27 307**
Increase in receivables, prepayments, and other assets		(348 542)	(393 947)
Increase/(decrease) in accrued liabilities		51 811	(88 672)
Increase/(decrease) in trade payables and other liabilities		82 429	(7 871)
Increase/(decrease) in cash and cash equivalents from operating activities		**91 575**	**(463 183)**
Cash flow from investing activities			
PPE purchases	10	(7 836)	(1 525)
Investments in subsidiary undertakings	11	(200 000)	(400 000)
Other securities and investments	12	(11 663)	-

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Decrease in cash and cash equivalents from investing activities		**(219 499)**	**(401 525)**
Cash flow from financing activities			
Share issue		-	829 162
Lease repayments	10	(13 429)	(13 807)
Interest on lease	10	(1 386)	(643)
(Decrease)/increase in cash and cash equivalents from financing activities		**(14 815)**	**814 712**
Decrease in cash and cash equivalents		**(142 739)**	**(42 638)**
Cash and cash equivalents at the beginning of the reporting year		**941 010**	**983 648**
Cash and cash equivalents at the end of the reporting year	5	**798 271**	**941 010**

The notes on pages 21 to 48 form an integral part of these financial statements.
On 17 March 2022, these financial statements were approved and signed for and on behalf of the Company's Management Board by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

NOTES TO THE SEPARATE 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.

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

Regulatory framework of the Company

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").

Compliance statement

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") as adopted by European Union and the requirements of the FCMC regulation No 113 "Regulation on preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies" (hereinafter "FCMC Regulation"). The Company's shareholders have the right to decline the financial statements prepared by the management and submitted by the management, and request preparation of a new set of financial statements.

Basis of preparation

Financial statements are prepared in accordance with the IFRS as adopted by European Union (IFRS), issued by the International Accounting Standards Board (IASB), as well as Interpretations of IFRS Committee. Some information is disclosed in accordance with the requirements of the FCMC Regulation.

These are separate financial statements of the Company. 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 Company's financial statements are prepared under a historical cost convention.

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

The Company'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 Company in preparation of its financial statements for 2020 and 2021, as well as the new accounting standards and interpretations.

New standards and interpretations

Standards and interpretations effective for the reporting year

- Amendments to IFRS 16 (effective for annual periods beginning on or after June 1, 2020). The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification.
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (effective for annual periods beginning on or after 1 January 2021). Phase 2 amendments resolve issues arising from the implementation of reforms, including the replacement of one benchmark with an alternative.

The new standards did not have any material impact on the Company's financial statements.

Standards and interpretations effective for the annual periods beginning on 1 January 2022 or later or have not been approved by the EU.

- Amendments to IFRS 4 – deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after a date to be determined by the IASB, not yet adopted by the EU).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1.Accounting policies

- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021, not yet adopted by the EU).
- Amendments to IAS 1 - Classification of Liabilities as Current or Long-Term (effective for annual periods beginning on or after 1 January 2022, not yet adopted in the EU). These limited amendments clarify that liabilities are classified as current or non-current depending on the rights outstanding at the end of the reporting period.
- Revenue before the intended use of property, plant and equipment, Onerous contracts – contract performance costs, Reference to the Conceptual Framework of IFRS - Minor Amendments to IAS 16, IFRS 37 and 2018 - 2020 Annual Improvements to IFRSs - Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2021, not yet adopted by the EU).

At the time of signing the financial statements, the Company is still assessing the impact of the amendments on its financial statements.

Estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and form the basis for making judgments about carrying amounts of assets and liabilities that cannot be determined based on other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period in which the estimate is revised if the change affects only that period, or in the period in which the estimate is revised and in subsequent periods if the change affects both current and future periods.

In preparing the financial statements, significant judgments and estimates are used in measuring the recoverable amount of Investments in subsidiaries and the Client acquisition costs and their amortisation period. Leases are subject to the term specified in the lease agreement, which is justified by the business planning period of IPAS "Indexo". Impairment of investments in subsidiaries is calculated based on the recoverable amount of the investment.

If the recoverable amount is less than the carrying amount, an impairment loss is recognised for the investment. 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

The Company has made judgments and estimates regarding the application of standard requirements to a lease. The lease was assumed to be valid until 30.01.2025 and an annual discount rate of 3.6% was applied to the lease payments.

Contract acquisition costs – Customer acquisition costs

The Company recognises contract acquisition cost assets if the Company expects to recover these costs. Acquisition costs are costs incurred by the Company in concluding contracts with its customers, but which the Company would not have incurred if the specific contracts had not been concluded (incremental costs). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as expense in profit or loss when incurred, unless these costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Company recognises incremental costs of obtaining a contract with customer as an asset in its balance sheet. If the amortization period of a potential contract cost asset is expected to be less than one year, the Company recognises the costs incurred in entering into the contracts directly in profit and loss when incurred.

A contract cost asset is carried at cost less accumulated amortisation and impairment losses. Accumulated amortisation is recognised on a systematic basis over the estimated useful lives of the services, considering the expected dynamics of revenue generation.

The Company recognises as contract cost asset variable part of compensation of its employees engaged in customer acquisition, which is being amortised over a seven-year period. The Company's management believes that the variable compensation of its customer acquisition specialists related to customer acquisition meets the definition of incremental costs od obtaining a contract under IFRS 15 "Revenue from Contracts with Customers", as these costs would not have been incurred if no customers were acquired, and the Company expects to recover those costs.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1.Accounting policies

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 Company manages and administers the assets held in the securities and cash accounts of the custodian bank on behalf of its customers (investment plans). Financial information on these assets is not included in these financial statements because the risks and rewards associated with these assets are entirely attributable to the Company's customers. Consequently, these assets are not considered assets of the Company. These financial statements include the assets under management for information purposes only.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment (PPE) are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the intangible asset or PPE.

Depreciation rates of 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 Company considers whether the contract is a lease or includes a lease. A contract is a lease or contains a lease if the contract grants control over the use of an identifiable asset for a specified period of time in exchange for consideration.

Lessee

Leases are recognised as a right-of-use asset and the corresponding lease liability at the date when the leased asset is available for use by the Company. The cost of the right-of-use assets consists of:

- the amounts of the initial measurement of the lease liability;
- any lease payments made on or before the date of commencement of the contract, less any lease payments received;
- all initial direct costs.

Replacement costs relating to the dismantling and restoration of PPE are reported separately as provisions and related assets.

Depreciation is calculated on a straight-line basis from the inception of the lease until the end of the lease term, unless there is an intention to buy out an asset. The right-of-use asset is periodically reduced by the amount of the impairment loss, if any, and adjusted to reflect the remeasurement of the lease liability.

Lease assets and lease liabilities are measured at the present value of the remaining lease payments, discounted at the

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1.Accounting policies

Company's borrowing rate, at the date of initial application. Lease liabilities are remeasured if there is a change in the future lease payments as a result of a change in the index or rate used to determine the lease payments, a change in the Company's estimate of the amount of the expected lease payments or a change in the Company's ability to exercise, extend or terminate the lease. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset decreases to zero.

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

Investments in subsidiaries

Investments in subsidiaries (i.e., companies in which the Company holds or otherwise controls more than 50% of the share capital) are stated at cost less impairment losses.

Subsequent to initial recognition, investments in subsidiaries are stated at cost less impairment losses.

If there is objective evidence that an investment in a subsidiary is impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and its value in use. An impairment loss on an investment may be reversed if there has been a change in the estimates used to determine the impairment since the last impairment loss was recognised.

Dividends received from subsidiaries are recognised when the Company's legal right to receive the payment is established.

Revenue and expenditure accounting

All significant revenues and expense 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 "Receivables" 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.

Gains or losses arising from changes in exchange rates are recognised in the statement of comprehensive income. The Company has liabilities denominated in USD. At the end of the reporting period, they were translated into EUR using the exchange rates of 1.13260 USD (as of 31.12. 2021) and 1.22710 (as of 31 December 2020).

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 Company. 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 Company recognises the difference as follows.

- If fair value can be measured using a quoted price in an active market for an identical asset or liability (i.e., a Level 1 in the fair value hierarchy) or on the basis of a valuation technique that uses only observable market data, the difference is recognised in profit or loss.
- In all other cases, the difference is deferred and the period for recognizing the deferred first-day gain or loss is determined individually. They may be amortised over the life of the instrument, deferred until the fair value of the instrument can be determined using observable market data, or on disposal.

Classification

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

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

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

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

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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

Placements with credit institutions and Receivables 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 Company does not designate them as financial assets at fair value through profit or loss upon initial recognition.

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

Impairment of financial assets

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

- Financial assets measured at amortised cost.

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

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

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

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

Financial 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 trade payables.

Derecognition

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

Offsetting

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1.Accounting policies

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 Company'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 Company to settle current liabilities.

Accrued liabilities

"Accrued liabilities" include clearly known amounts of payables to suppliers of goods and services received during the reporting year 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 Company makes mandatory social security contributions to the state-funded pension scheme in accordance with Latvian legislation. The state-funded pension scheme is a defined contribution pension plan to which the Company is required to make statutory payments. The Company has no legal or constructive obligation to make additional payments if the state-funded pension scheme is unable to meet its obligations owed to its employees. National social security mandatory contributions are recognised as an expense on an accrual basis and are included in employee expenses.

Share-based payments

The cost is recognised as part of employee compensation, together with a corresponding increase in equity (stock options) during the period in which the service is rendered and the performance conditions are fulfilled (vesting period). The cumulative cost recognised in respect of equity transactions at the end of each reporting period reflects the past period of the guarantee and the Company'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 Company 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1.Accounting policies

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

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

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

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

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

Market risk

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

Foreign exchange risk

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

Operational risk

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

Reputation risk

Reputational risk is the risk that participants in the Company's investment plans, business partners, shareholders, regulators, and other stakeholders may have a negative opinion of the Company and may negatively impact the Company's

ability to maintain existing business relationships or establish new business relationships with its clients or other business partners, as well as negatively impact the investment plans managed by the Company. The Company's Management Board closely monitors the Company's reputation and risk factors.

Operational compliance risk

Compliance risk is the risk that the Company will suffer losses or be subject to legal obligations or sanctions, or that its reputation will deteriorate because the Company 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 Company'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 Company to fully perform any of its obligations or functions related to the operation of information systems in a quality manner, and the associated risk that the Company may incur losses/additional costs due to inadequate information technology or information processing. The Company manages this risk in accordance with the regulations developed by the Company to protect information systems and personal data.

Liquidity risk

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

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

Strategic and business risk

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

Credit risk

Credit risk is the possibility of incurring losses if a customer fails to meet its contractual obligations. The Company is exposed to credit risk in respect of receivables, cash and cash equivalents, and other investments. The maximum credit risk for these assets as of 31 December 2021 was EUR 1,023,467 (2020: EUR 1,141,054). The Company has no assets that are impaired or past due. It should be noted that although the Company applies IFRS 9 and the expected credit loss model, the impact of expected credit losses would be insignificant in the opinion of the Company's management. In accordance with the Company's investment policy, cash is invested in term deposits depending on the credit rating of the financial institution and the interest rate offered. The Company controls credit risk by monitoring the amount of receivables and minimizing the occurrence of past due or uncollectible receivables.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2. Commission income

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Izaugsme 47-57''	448 589	324 495
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50''	1 079 807	605 781
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+''	67 546	42 191
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLĀNS''	2 321	-
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS''	182	-
Total	**1 598 445**	**972 467**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

3. Administrative expenses

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Sales and marketing expenses	406 686	310 666
Remuneration of staff	632 760	406 689
National social insurance mandatory contributions	145 788	97 971
Professional fees	126 190	119 755
Office maintenance costs	31 778	15 802
Amortisation of the right-of-use asset	13 183	13 538
Depreciation of property, plant and equipment	4 620	3 912
Other staff costs	6 207	2 013
Other	5 579	8 656
Total	**1 372 791**	**979 002**

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Number of employees	51	31

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

The remuneration structure of an investment company consists of three components:

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

3. Administrative expenses

There were no significant changes in the remuneration policy during the reporting year.

Breakdown of staff remuneration by type (gross amounts):	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
The fixed part of remuneration calculated for employees other than Management Board members	485 255	272 924
The fixed part of remuneration calculated for Management Board members	78 121	93 585
The variable part of remuneration calculated for employees other than Management Board members	272 737	215 511
The variable part of remuneration calculated for Management Board members	11 000	24 039
Capitalised remuneration costs (Note 8)	(267 737)	(215 511)
Amortisation of capitalised remuneration costs (Note 8)	53 384	16 141
Total	**632 760**	**406 689**

During the reporting year, the Company granted 16,524 employee stock options. One option gives the right to purchase one share of the Company for EUR 2.86. The last known price per share used in the purchase and sale of shares in the Company was EUR 3.19 (considering the exchange of shares). The total value of the employee options granted is EUR 5 453. The exercise period of the options begins on 1 May 2022. There are no restrictions on the use of shares.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

4. Other operating expenses

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
FCMC financing fee	3 557	3 557
Total	**3 557**	**3 557**

5. Placements with credit institutions

	31.12.2021 EUR	31.12.2020. EUR
Placements with Swedbank AS	199 438	341 409
Placememnts with SEB banka AS	598 833	599 601
Total (Cash and cash equivalents)	**798 271**	**941 010**

According to IFRS 9 "Financial Instruments'', the Company has assessed expected credit losses on placements with credit institutions. The Company holds cash in AS Swedbank and AS SEB bank. These banks 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

6. Receivables

	31.12.2021 EUR	31.12.2020 EUR
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Izaugsme 47-57''	44 214	31 720
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Jauda 16-50''	116 622	65 799
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+''	6 813	4 489
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLĀNS''	535	-
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS''	44	-
Relocated costs to ASA "Indexo Open Pension Fund''	31 727	98 036
Total	**199 955**	**200 044**

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

7. Prepayments

	31.12.2021 EUR	31.12.2020. EUR
Health insurance	3 465	676
Prepayments for the lease of premises	-	1 813
Other	-	22
Total	**3 465**	**2 511**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

8. Contract acquisition costs

	31.12.2021 EUR	31.12.2020 EUR
Customer attraction costs	535 977	246 401
Total	**535 977**	**246 401**

Customer acquisition costs	**EUR**
At 31.12.2019	**-**
Capitalised salary costs, including national social insurance mandatory contributions	266 350
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(19 949)
At 31.12.2020	**246 401**
Capitalised salary costs, including national social insurance mandatory contributions	355 553
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(65 977)
At 31.12.2021	**535 977**

The Company 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 year, on average 9% of participants in the investment plans managed by the Company opted for other investment plans registered in Latvia, while 91% 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 Company will remain a client of INDEXO for about 10-11 years on average. Therefore, the Company believes that the amortisation of the variable compensation of customer acquisition specialists related to customer acquisition over a period of seven years is appropriate.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

9. Other assets

	31.12.2021. EUR	31.12.2020. EUR
Financial assets		
Security deposit	1 181	1 181
Non-financial assets		
Advance payments	1 647	9 526
Total financial and non-financial assets	**2 828**	**10 707**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

10. Property, plant and equipment and right-of-use assets

	Other PPE, EUR
Historical cost	
At 31.12.2019	**12 326**
Additions	1 525
At 31.12.2020	**13 851**
Additions	7 836
At 31.12.2021	**21 687**
Accumulated deprecation	
At 31.12.2019	**4 990**
Calculated	3 912
At 31.12.2020	**8 902**
Calculated	4 620
At 31.12.2021	**13 522**

	Other PPE, EUR
NBV at 31.12.2020	**4 949**
NBV at 31.12.2020	**8 165**

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

10. Property, plant and equipment and right-of-use assets

Right-of-use assets	EUR
At 31.12.2019	**15 590**
Impact of lease changes	12 614
Amortisation	(13 538)
At 31.12.2020	**14 666**
Impact of lease changes	38 064
Amortisation	(13 183)
At 31.12.2021	**39 548**

Lease liability	EUR
At 31.12.2019	**15 888**
Calculated interest	643
Impact of lease changes	12 615
Lease payments	(14 450)
At 31.12.2020	**14 696**
Calculated interest	1 386
Impact of lease changes	38 065
Lease payments	(14 815)
At 31.12.2021	**39 332**

Right-of-use assets	At 31.12.2021 EUR	At 31.12.2020 EUR
Right-of-use assets	39 548	14 666
Lease liability	39 332	14 696

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

11. Investment in subsidiary undertakings

	Shareholding 31.12.2021	31.12.2021 EUR	Shareholding At 31.12.2020	31.12.2020 EUR
AS "Indexo Atklātais Pensiju Fonds" (Latvia)	100 %	600 000	100 %	400 000
Total	**100 %**	**600 000**	**100 %**	**400 000**

On 5 June 2020, the decision was made to establish AS "Indexo Atklātais Pensiju Fonds'' in order to provide customers with the service of Pillar 3 pension. In 2021, the share capital of AS "Indexo Atklātais Pensiju Fonds'' was increased by EUR 200,000. As of 31 December 2021, the share capital of AS Indexo Atklātais Pensiju Fonds consisted of 600,000 shares with a par value of 1 euro per share.

2021 was the first year in which AS Indexo Atklātais Pensiju Fonds offered its services. It incurred losses in the reporting year. However, as these losses were planned and were partly related to start-up costs, the Company did not recognise any impairment losses on investment in the reporting year.

Financial indicators of AS "Indexo Atklātais Pensiju Fonds''.	2021 EUR	2020 EUR
Assets	473 511	470 900
Liabilities	113 537	99 117
Equity	359 974	371 783
Operating income	3 576	-
Loss for the reporting year	(211 809)	(28 217)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

12. Other securities and investments

	Shareholding 31.12.2021	31.12.2021 EUR	Shareholding 31.12.2020	31.12.2020 EUR
Goindex UAB (Lithuania)	5 %	11 663	0 %	-
Total		**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.

13. Accrued liabilities

	At 31.12.2021 EUR	At 31.12.2020 EUR
Financial liabilities		
Accrued liabilities to suppliers	37 490	4 851
Non-financial liabilities		
Accrued liabilities for unused annual leave	55 090	30 685
Provisions for variable remuneration of employees and related tax payments	19 774	25 007
Total financial and non-financial liabilities	**112 354**	**60 543**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

14. Trade payables

Financial liabilities	31.12.2021 EUR	31.12.2020 EUR
Payables for purchased goods and received services	32 482	3 657
Total	**32 482**	**3 657**

15. Taxes and national social insurance mandatory contributions

Non-financial liabilities	31.12.2021 EUR	31.12.2020 EUR
Value added tax	3 921	15 045
National social insurance mandatory contributions	23 555	13 047
Personal income tax	19 957	8 127
Risk stamp duty	24	4
Total	**47 457**	**36 223**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

16. Other liabilities

Non-financial liabilities	31.12.2021 EUR	31.12.2020 EUR
Salary liability	73 522	31 590
Other	434	-
Total	**73 956**	**31 590**

17. Share capital

The registered and fully paid-up share capital of IPAS "Indexo'' as of 31 December 2021 amounts to EUR 3,016,987 (31 December 2020: EUR 3,016,987) and consists of registered shares. The share capital of the Company consists of 3,016,987 registered shares with a nominal value of EUR 1 (one euro) per share.

In 2020, the Company's share capital was increased by EUR 751,987 through the issuance of 183,750 Class B registered shares (with a par value of EUR 735,000) and 16,987 Class A registered shares (with a nominal value of EUR 16,987). Class A and Class B shares offer equal rights to receive dividends and a liquidation dividend, as well as equal pre-emptive rights to purchase new shares in the event of a capital increase.

The increase in share capital was necessary due to the requirements of regulatory provisions, as the value of the assets of the investment plans managed by the Company exceeded EUR 200 million. The Company's Class A and Class B shares were converted into one class of shares with a par value of EUR 1 (one euro) in 2021.

	Share capital subscribed EUR	Share %	Paid-up share capital EUR
DVH SIA Reg. No. 50203040781	676 630	22.43%	676 630
Legal entities - residents with shareholding in the share capital up to 10%	717 260	23.77%	717 260
Legal entities - non-residents with shareholding in the share capital up to 10%	429 486	14.24%	429 486
Natural persons - residents with shareholding in the share capital up to 10%	919 043	30.46%	919 043
Natural persons - non-residents with shareholding in the share capital up to 10%	274 568	9.10%	274 568

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

18. Related-party transactions

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
AS "Indexo Atklātais Pensiju Fonds"		
Revenue		
Services provided	110 397	81 021
Debtors		
Receivables (balance)	31 727	98 035
SIA "Callidus Capital"		
Expenses		
Services received	12 745	20 570
Liabilities		
Payables (balance)	-	1 634

Related parties include shareholders who have significant influence over the Company, 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 31 December 2021, all transactions with related parties were conducted in accordance with free-market principles.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

19. Maturity analysis of financial assets and liabilities

31.12.2021, EUR	Total	On-demand	Up to 1 month	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	**798 271**	798 271	-	-	-	-
Receivables	**199 955**	-	199 955	-	-	-
Other securities and investments	**11 663**	-	-	-	-	11 663
Total financial assets	**1 099 889**	**798 271**	**199 955**	-	-	**11 663**
Accrued liabilities	**(37 490)**	-	-	(37 490)	-	-
Payables to suppliers and contractors	**(32 482)**	-	(32 482)	-	-	-
Lease liability	**(39 332)**	-	-	-	(12 480)	(26 852)
Total financial liabilities	**(109 304)**	**-**	**(32 482)**	**(37 490)**	**(12 480)**	**(26 852)**
Net position	**900 585**	**798 271**	**167 473**	**(37 490)**	**(12 480)**	**(15 189)**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

19. Maturity analysis of financial assets and liabilities

31.12.2020, EUR	Total	On-demand	Up to 1 month	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	**941 010**	**941 010**	-	-	-	-
Receivables	**200 044**	-	200 044	-	-	-
Total financial assets	**1 141 054**	**941 010**	**200 044**	-	-	**-**
Accrued liabilities	**(4 851)**	-	-	(4 851)	-	-
Payables to suppliers and contractors	**(3 656)**	-	(3 656)	-	-	-
Lease liability	**(14 696)**	-	-	-	(14 696)	-
Total financial liabilities	**(23 203)**	**-**	**(3 656)**	**(4 851)**	**(14 696)**	**-**
Net position	**1 117 851**	**941 010**	**196 388**	**(4 851)**	**(14 696)**	**-**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. State funded and private pension plans established and managed by the Company by net asset value

	31.12.2021 EUR	31.12.2020 EUR
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57''	120 020 982	85 542 285
State-funded pension scheme investment plan "INDEXO Jauda 16-50''	321 257 932	178 544 650
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+''	23 131 788	15 267 562
Private pension scheme investment plan "INDEXO AKCIJU PLĀNS''	3 639 641	-
Private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS''	307 847	-
Total	**468 358 190**	**279 354 497**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

21. Remuneration to a commercial company of certified auditors

	01.01.2021- 31.12.2021 EUR	01.01.2020- 31.12.2020 EUR
Audit of financial statements	13 600	14 500
	13 600	**14 500**

22. Events after the reporting period

The Company plans to raise additional funds through the stock exchange (IPO - Initial Public Offering) to become a participant in the regulated market. It is planned to use the funds to establish a bank to complement the existing pension savings management business.

The Company notes that events in Ukraine may affect the exact timing of the IPO. At the same time, these events further reinforce the need for greater independence of the Latvian financial system. A new bank fully rooted in the domestic market will strengthen it. Events in Ukraine may contribute to the volatility of financial markets, which may indirectly affect the Company's performance in 2022.

The financial statements were approved and signed for and on behalf
of the Management Board of the Company by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

Independent Auditor's Report

To the Shareholders of Indexo IPAS

Auditor's report on the separate financial statements

Our opinion

In our opinion, the separate financial statements set out on pages 16 to 48 give a true and fair view of the financial position of IPAS "Indexo" (the Company) as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our opinion is consistent with our additional report to the Council dated 21 March 2022.

What we have audited

The Company's financial statements comprise:

- the separate statement pf comprehensive income for the year ended 31 December 2021,
- the separate statement of financial position as at 31 December 2021,
- the separate statement of cash flows for the year then ended,
- the separate statement of changes in equity for the year then ended, and
- the notes to the financial statements which include significant accounting policies and other explanatory information.

Basis for opinion

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

We have not provided any non-audit services to the Company in the period from 1 January 2021 to 31 December 2021.

Our audit approach

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Commission income	
Refer to Note 2 *"Commission Income"* of the financial statements. Commission income is the main source of external revenue for the Company, therefore verification of the occurrence and accuracy of the commission income was the main focus area of our audit. Commission income consists of fixed commission income calculated by applying a fixed commission rate to the net assets of the state funded pension plans and private pension plans. The prospectus of the state funded pension plans and private pension plans do not foresee variable commisison income.	We assessed whether the Company's accounting policies in relation to commission income recognition are based on IFRS requirements. We selected a sample of the transactions and verified the accuracy of commission calculation by multiplying the net assets of the plan with the commission rates specified in the prospectus of the respective plan. We reconciled the results of our testing with those recognised by the Company. We also performed substantive testing over completeness and accuracy of the net assets of the plans to ensure the underlying data used in calculation of the commission income is reliable. We also verified supporting documents to confirm the occurrence of the transaction and that the commission was recorded in the correct service period. We also verified that the state funded and private pension plans' variable fee is nil. We tested the disclosures in the financial statements in respect of commission income.

Reporting on other information including the Management Report

Management is responsible for the other information. The other information, which we obtained prior to the date of our auditor's report, comprises:

- Information on the Company, as set out on page 4 of the accompanying Annual Report,
- Management Report, as set out on pages 6 to 10 of the accompanying Annual Report;
- Statement of Responsibility of the Management Board of the Investment management company, as set out on page 14 of the accompanying Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information identified above, including the Management Report and the Statement of Responsibility of the Management Board of the Investment management company.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the applicable legislation.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report and the information on the Company for the financial year for which the financial statements are prepared is consistent with the financial statements;

- the Management Report has been prepared in accordance with the requirements of the Financial and Capital Market Commission Regulation No 113 "Regulation on preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies".

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

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

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Certified auditor in charge
Certificate No. 168

Member of the Board

Riga, Latvia
22 March 2022

IPAS “Indexo” Consolidated Annual Report for 2021 and the independent auditor's report

(the 5th financial year)

INDEXO RESULTS IN 2021

INDEXO

Total **value of assets** under management

468 358 190 EUR

51

employee

Number of customers **acquired** in 2021

18 987

Average ESG rating
of investment plans

ABOVE **A**

1,6

million turnover

Total number
of customers

67,6 k

2,25%

increase in 2021

7,74%

2nd pension pillar market share (assets)

average **customer savings**
at the 2nd pension pillar

7 114 EUR

TABLE OF CONTENTS

INFORMATION ON THE GROUP 4

MANAGEMENT REPORT 6

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY 15

FINANCIAL STATEMENTS: 17

- CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 17
- CONSOLIDATED STATEMENT OF FINANCIAL POSITION 18
- CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 20
- CONSOLIDATED STATEMENT OF CASH FLOWS 21
- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 23

INDEPENDENT AUDITOR'S REPORT 51

We fight for better finance environment in Latvia.

INDEXO was established to offer Latvian public a better way to save for pension.

As a result there are many more options for everyone at significantly lower costs.

Now we are aiming to obtain also BANK license and disrupt the market again.

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
Shareholder	Qualifying holding: SIA DVH (Latvia) – 22.4% 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 16.08.2018) **Svens Dinsdorfs** - Deputy Chairman of the Council (from 13.07.2021) **Edgars Zālītis** - a member of the Council (from 10.01.2017) **Renāts Lokomets** - a member of the Council (from 24.08.2017) **Toms Kreicbergs** - a member of the Council (from 21.09.2020) **Aleksejs Prokofjevs** - a member of the Council (from 13.07.2021) **Ieva Jansone-Buka** - a member of the Council (until 25.05.2021)
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) **Ilja Arefjevs** - Member of the Management Board (from 26.06.2020)
Reporting period	1 January 2021 – 31 December 2021
Auditors	"PricewaterhouseCoopers'' SIA Riga, Krišjāņa Valdemāra iela 21-21, Licence No. 5 Ilandra Lejiņa Certified auditor certificate No. 168

INFORMATION ON THE GROUP

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Part 1 The mission of the Company and the achievements in 2021

Iļja Arefjevs
INDEXO Executive Director

Valdis Siksnis
Chairman of the Board

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 investment management industry.**

The proportion of stocks of the investment plan **"INDEXO Jauda 16-50" was increased from 75% to 100%** of the total plan assets. It has been statistically proven that the stock market is more profitable in the long term and is the cornerstone of long-term savings, so it will help our customers **accumulate more funds for their retirement in the long run.** The increase of the proportion of stocks from 75% to 100% will be achieved in a period of 6 months and is expected to be completed in March 2022.

INDEXO has begun offering low-cost, passively managed **3rd pillar pension plans** that **for the first time in the Baltic States** allow each customer to **choose a level of risk that is appropriate for them.** For each customer who chooses automatic distribution, the investment is automatically divided between stocks and bonds by reference to the customer's age. As retirement age approaches, the **risk level of the** customer's portfolio **is automatically reduced** by adding more bonds to the portfolio. The sole task of our customer is to set up a regular payment to save **enough for their retirement.**

New passive management products have entered the market. Since the foundation of INDEXO 4.5 years ago, **passively managed investments have outperformed** the actively managed retirement plans. Despite the fact that only 17% of pension savers choose passively managed plans, **INDEXO will consistently strive** to attract customers to passive management.

Legislative changes have been made so that young people who have not chosen their own pension manager **will be automatically enrolled in the active plans from 2022.** Long-term investment in stocks is an important foundation for a good pension. We at INDEXO are therefore pleased that in the future, **young people** will be attracted to plans with an appropriate risk profile.

Global stock markets had **a year of very strong growth**, which led to excellent results in our customer portfolios and contributed to the total Latvian second pillar pension assets reaching almost EUR 6 billion, while Pillar 3 pension assets reached EUR 730 million. **This was another year of great performance for INDEXO customers.**

INDEXO is working hard to **reduce** the **indirect asset management** ongoing cost figure (OCF) costs for its customers. We have succeeded in reducing the cost of buying securities and we are one step closer for our partner - Blackrock Investment Management (UK), Limited – to reduce the cost of our index funds for our customers. Regular **reductions** in direct and indirect **costs are an important part** of achieving our goal of providing the best service to our customers.

At the end of 2021, the average 3-year return of the "INDEXO Jauda 16-50'' pension plan for our customers was 16% p.a. It is INDEXO customers who have achieved the best average return among pension plans of other pension managers since the foundation of INDEXO. It is important to emphasise that the **good performance was achieved due to the business model of passive management.** In the long term, financial markets fluctuate. As a result, there are periods of better and worse performance.

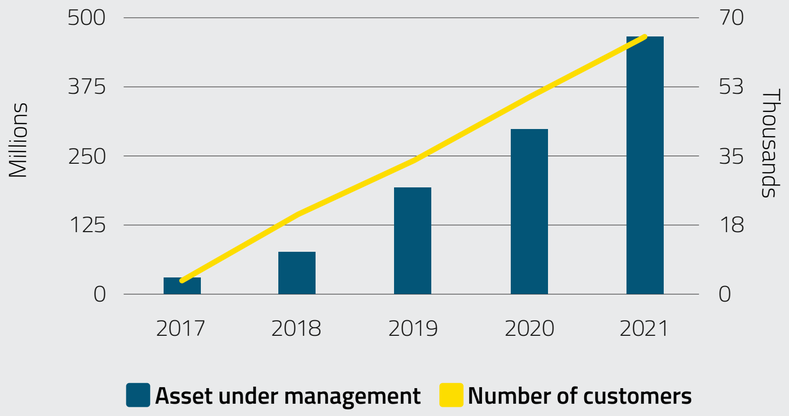
We have published news articles and blog posts to **promote financial literacy and people's understanding** of their retirement savings.

Part 1 The mission of the Company and the achievements in 2021

Business description

We are pleased to report another year of great growth in terms of assets managed by INDEXO and the number of our clients. The number of our customers reached 67.6 thousand (65 thousand in 2nd Pillar pension and 2.6 thousand in 3rd Pillar pension), which means that it increased by 39.2% during the year (48.5 thousand customers in 2nd Pillar pension and no customers in 3rd Pillar pension in 2020). At the end of 2021, our assets under management had increased by EUR 190 million to EUR 468 million, which represents an increase of 67% compared to the previous year.

INDEXO investment plan assets and the number of participants in Pillar 2 pension

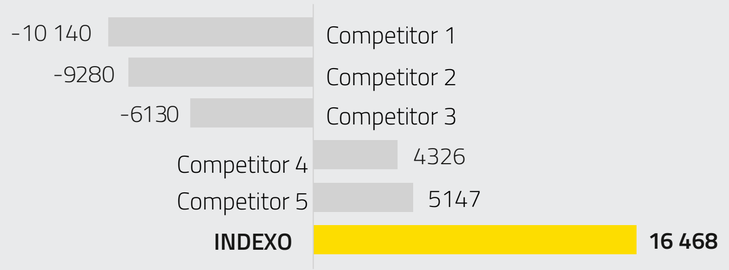


(Source: manapensija.lv)

Growth in INDEXO's assets under management is driven by monthly contributions, new client acquisition and market returns on existing clients' portfolios. Over the past year, some of our customers have decided to move to other pension managers. In 2021, our 2nd Pillar and 3rd Pillar assets under management increased by approximately EUR 41 million due to monthly contributions, by approximately EUR 85 million due to the net acquisition of new customers (excluding customers who left us), and by approximately EUR 64 million due to growth in the securities market. We are pleased to report that the number of customers who left us during the year decreased compared with previous years..

INDEXO is the fastest-growing pension manager in Latvia. The assets we manage are growing faster than those of other market participants, so we are constantly increasing our market share. At the end of 2021, the total market for 2nd Pillar and 3rd Pillar pensions amounted to EUR 6.73 billion, of which INDEXO had a 7% market share. INDEXO customers are mostly younger and have higher average savings (EUR 7,100) than the average market customer (EUR 4,630). This is partly due to INDEXO's low market share in conservative plans, but also due to the good performance of passively managed plans since INDEXO was founded.

Change in the number of cutomers



(Source: manapensija.lv)

Covid-19 restrictions have impacted customer acquisition results in 2021. To protect our business and our employees, we significantly reduced the number of customer support team shifts that are in physical contact with customers. As with all companies, many of our employees were on long-term medical leave due to Covid-19. Despite the restrictions, the strong customer engagement results in 2021 are a fantastic testament to the great work of our team and the effectiveness of our customer engagement channels. In 2021, we invested heavily in customer acquisition because we know that every customer acquired is very valuable for INDEXO shareholders in the long term.

Part 1 The mission of the Company and the achievements in 2021

As we grow, so does our brand awareness in the marketplace. The results of our brand awareness survey conducted in November 2021 show that approximately 46% of people have heard of us and 20% would be willing to consider our services. When we compare the results of the survey with our market share and the market shares of our competitors, we can see that currently, about 194 thousand more people could be interested in cooperating with INDEXO.

The year 2021 was also important for the growth of our Company. We have many new talented employees, and as of 31.12.2021, there were already 65 employees at INDEXO (at 31.12.2020: 43 employees). All our employees who deal with customers on a daily basis are thoroughly trained to provide answers to various questions related to pension plans and their administration and to provide high-quality and friendly service.

Performance of the plans

Given the strong growth of market indices, our two equity-focused plans provided excellent results for our customers. "INDEXO Jauda 16-50'' and "INDEXO Izaugsme 47-57'' pension plans outperformed the average of other pension plans in the same category in 2021, proving that the passive management strategy still works better than active management. Equity plans are the best way to protect your savings from inflation and provide funds for a solid retirement.

For customers approaching retirement age, we offer our conservative plan "INDEXO Konservatīvais 55+'', whose main task is to protect customers' savings from strong market fluctuations just before retirement. Therefore, our conservative plan invests only in investment-grade bond funds, and due to the low risk, the return of this pension plan is also lower.

Performance of the pension plans at 31 December 2021

	Yield, % p.a.		
Pillar 2 pension plans	**1 year**	**2 years**	**3 years**
INDEXO Izaugsme 47-57	13.61 %	8.55 %	11.22 %
INDEXO Jauda 16-50	23.06 %	13.36 %	16.05 %
INDEXO Konservatīvais 55+	-2.35 %	0.01 %	1.55 %

Source: manapensija.lv

In January 2022, we publicly announced our plans to list INDEXO shares on the Riga Stock Exchange and raise new capital to build a bank. We are looking forward to the next step in our development. With a public listing, we want to give our customers the opportunity to participate in the further development of INDEXO.

We would like to thank our nearly 70,000 customers who have entrusted us with the management of their pensions. We promise to work tirelessly to improve the condition and quality of our products!

Part 2 Mandatory information

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.

2nd Pillar plans managed by the company

Investment plan of the state-funded pension scheme	Registration date	Net asset value of plan assets 31.12.2021	31.12.2020
INDEXO Izaugsme 47-57	21.06.2017.	120 020 982	85 542 285
INDEXO Jauda 16-50	18.01.2018.	321 257 932	178 544 650
INDEXO Konservatīvais 55+	04.04.2018.	23 131 788	15 267 562
Total		**464 410 702**	**279 354 497**

3nd Pillar plans managed by the company

Investment plan of Private pension scheme	Registration date	Net asset value of plan assets 31.12.2021	31.12.2020
INDEXO Akciju plāns	25.03.2021.	3 639 641	-
INDEXO Obligāciju plāns	25.03.2021.	307 847	-
Total		**3 947 488**	**-**

The Company began managing funds in July 2017. At the beginning of the reporting year, the Company managed 5.5% of all assets of the State-Funded Pension Scheme, but at the end of the year, it managed 7.7% of all assets of the State-Funded Pension Scheme. During the reporting year, the Company was the fastest-growing manager of the State-Funded Pension Scheme in terms of the number of customers.

In the reporting year, the Group's commission income reached EUR 1,602 thousand (compared to EUR 972 thousand in 2020). 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 279 million in 2020 to EUR 468 million in 2021. The Group's income in the reporting year was more than sufficient to cover administrative costs, including customer acquisition costs.

In the reporting year, the Group's expenses amounted to EUR 1,593 thousand (compared with EUR 1,011 thousand in 2020). 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 year was a profit of EUR 8.9 thousand (compared to a loss of EUR 38.9 thousand in 2020).

During the reporting year, 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 year were operational risk, compliance risk, delegation risk, strategic and business risk, reputational 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 signing this report, the Company's subscribed and paid-up share capital amounted to EUR 3,016,987 (in 2020: 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 2022, a large part of the Company's attention will continue to be focused on intensive educational work with customers. In 2022, the Company plans to list its shares on the regulated market of NASDAQ Riga Stock Exchange.

The Company's investment and pension plans are invested only in the financial markets of developed countries. Therefore, these investments are not directly exposed to the risk of war in Ukraine.

Part 2 Mandatory information

Results of "Indexo Atklātais Pensiju Fonds" AS:

During the reporting year "Indexo Atklātais Pensiju Fonds'' AS (hereinafter referred to as: INDEXO APF) started offering innovative and up-to-date 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 their investments between equity and debt instruments, as well as revise the split on a regular basis taking into account the age of the client.

The number of participants of INDEXO APF administered pension plans reached 2,6 thousand, while total assets reached 4 million euro.

In the reporting year INDEXO APF income reached 3.5 thousand EUR (compared to 0 EUR in 2020). Increase in income reflects number of clients attracted during the year by INDEXO APF. Income of INDEXO APF in the reporting year were not sufficient to cover administrative expenses.

In the reporting year expenses of INDEXO APF were 215 thousand EUR (compared to 28 thousand EUR in 2020). Taking into account the significant investment in development and attraction of clients to INDEXO APF in the reporting year, INDEXO APF has closed the year with a loss of 212 thousand EUR (compared to loss of 28 thousand EUR in 2020).
At the date of signing of these financial statements the called and paid up share capital of INDEXO APF is 600 000 EUR.
.

Part 3 Commentaries provided by the Council

The Council of INDEXO has reviewed the management report prepared by the Management Board and the financial statements for the financial year 2021, as well as the sworn auditor's report on these financial statements and the additional information contained in the financial statements. The Council has assessed the financial position of INDEXO and the work of the Management Board during the year and has prepared this statement.

During 2021, the Council monitored INDEXO's activities by reviewing and discussing reports prepared by the Management Board on INDEXO's activities, results, and risks at regular meetings, managing INDEXO's internal audit and performing other Council duties. The members of the Council did not receive any remuneration for their supervisory activities in the Council.

In the Council's view, 2021 was a year of development and strategic decisions for INDEXO, ensuring both continued

growth and responsible actions towards employees and society. The mechanisms of remote and digital customer acquisition were improved. In the second half of the year, the Management Board successfully addressed the promotion of 3rd Pillar pension products that are in line with the Company's values and ideology. In addition, as a result of discussions between the Management Board and the Council, a long-term strategy was outlined to develop the Company and increase the value of the Group. Despite the challenges, INDEXO not only maintained its position as the fastest-growing pension manager on the market but also delighted its customers with convincing returns.

The Council believes that INDEXO's financial position is stable and in line with the Company's stage of development. The Council is satisfied with the work of the Management Board, which ensures the solid development of INDEXO. It appreciates the work of the Management Board and the planned results to be achieved in 2021.

The Council thanks the shareholders of INDEXO for their support, the Management Board, the employees, and the contractors for the results achieved in 2021!!

Valdis Vancovičs
Chairman of the Council

Signed for and on behalf of the Management Board of the Company:

_____	_____
Valdis Siksnis	Iļja Arefjevs
Chairman of the Management Board	Member of the Management Board

INDEXO MANAGEMENT BOARD AND COUNCIL

Iļja Arefjevs
INDEXO Executive Director

Valdis Siksnis
Chairman of the Management Board

Henrik Karmo
Member of the Management Board

Valdis Vancovičs
Chairman of the Council

Renāts Lokomets
Member of the Council

Svens Dinsdorfs
Member of the Council

Edgars Zālītis
Member of the Council

Toms Kreicbergs
Member of the Council

Aleksejs Prokofjevs
Member of the Council

INDEXO team

INFORMATION ON THE GROUP

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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 31 December 2021, as well as its performance and cash flows for 2021, in accordance with International Financial Reporting Standards as adopted by the European Union.

In preparing the financial statements for the year ended 31 December 2021, as set out on pages 16 to 50, management has consistently applied International Financial Reporting Standards, as adopted by the European Union, and Regulation No. 113 of the Financial and Capital Markets Commission "Regulation for the Preparation of Annual Financial Statements and Consolidated Financial Statements of Credit Institutions, Investment Intermediaries and Investment Management Companies'', based on the going concern principle, management's judgments and assumptions in the preparation of these financial statements have been prudent and reasonable.

The Company's management is responsible for maintaining proper accounting records, safeguarding the Group's 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 Group.

Signed for and on behalf of the Management Board of the Company:

_____	_____
Valdis Siksnis	Iļja Arefjevs
Chairman of the Management Board	Member of the Management Board

INDEXO

INFORMATION ON THE COMPANY

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD OF THE INVESTMENT MANAGEMENT COMPANY

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Commission income	2	1 602 021	972 467
Administrative expenses	3	(1 581 787)	(1 007 218)
Interest expense	10	(1 386)	(643)
Other operating expenses	4	(9 947)	(3 557)
Profit/(loss) before corporate income tax		**8 901**	**(38 951)**
Profit/(loss) for the year		**8 901**	**(38 951)**
Total comprehensive profit/(loss) for the year, attrib-utable to shareholders		**8 901**	**(38 951)**

The notes on pages 23 to 50 form an integral part of these consolidated financial statements. The consolidated financial statements were approved and signed for and on behalf of the Management Board of the Company by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2021 EUR	31.12.2020 EUR
ASSETS			
Placements with financial institutions	**5**	1 162 841	1 330 429
Receivables	**6**	169 055	102 008
Prepayments	**7**	3 465	17 921
Contract acquisition costs	**8**	535 977	246 401
Other assets	**9**	2 828	10 707
Property, plant and equipment and right-of-use assets	**10**	155 826	85 687
Other securities and investments	**11**	11 663	-
TOTAL ASSETS		**2 041 656**	**1 793 153**

	Notes	31.12.2021 EUR	31.12.2020 EUR
EQUITY AND LIABILITIES			
Accrued liabilities	**12**	120 962	60 543
Trade payables	**13**	35 049	4 726
Taxes and national social insurance mandatory contributions	**14**	48 151	36 223
Lease liabilities	**10**	143 899	14 696
Other liabilities	**15**	73 956	31 591
TOTAL LIABILITIES		**387 393**	**147 791**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2021. EUR	31.12.2020. EUR
EQUITY			
Share capital	**16**	3 016 987	3 016 987
Share options		5 436	5 436
Share premium		77 175	77 175
Retained losses		(1 454 236)	(1 415 285)
Profit/(loss) for the year		8 901	(38 951)
Total equity and reserves:		**1 654 263**	**1 645 362**
TOTAL EQUITY AND LIABILITIES		**2 041 656**	**1 793 153**

The notes on pages 23 to 50 form an integral part of these consolidated financial statements.

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

Valdis Siksnis
Chairman of the Management Board

Ilja Arefjevs
Member of the Management Board

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share options	Share premium	Retained losses b/f	Total
		EUR	EUR	EUR	EUR	EUR
At 31.12.2019		**2 265 000**	**5 436**	-	**(1 415 285)**	**855 151**
Share premium	**16**	-	-	77 175	-	77 175
Increase in share capital	**16**	751 987	-	-	-	751 987
Comprehensive loss for the reporting		-	-	-	(38 951)	(38 951)
At 31.12.2020		**3 016 987**	**5 436**	**77 175**	**(1 454 325)**	**1 645 362**
Comprehensive income for the reporting year		-	-	-	8 901	8 901
At 31.12.2021		**3 016 987**	**5 436**	**77 175**	**(1 445 335)**	**1 654 263**

The notes on pages 23 to 50 form an integral part of these consolidated financial statements. The consolidated financial statements have been approved and signed for and on behalf of the Company's Management Board by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Cash flow from operating activities			
Profit/(loss) before corporate income tax		8 901	(38 951)
Depreciation of PPE and amortisation of right-of-use assets	9	28 662	17 450
Amortisation of contract acquisition costs	8	65 977	19 949
Interest expense	10	1 386	643
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities		**104 926**	**(909)**
Increase in receivables, prepayments, and other assets		(400 266)	(311 321)
Increase/(decrease) in accrued liabilities		60 419	(88 672)
Increase/(decrease) in trade payables and other liabilities		154 548	567
Increase/(decrease) in cash and cash equivalents from operating activities		**(80 373)**	**(400 335)**

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Cash flow from investing activities			
PPE purchases	10	(60 737)	(67 596)
Other securities and investments	12	(11 663)	-
Decrease in cash and cash equivalents from investing activities		**(72 400)**	**(67 596)**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Cash flow from financing activities			
Share issue		-	829 162
Lease payments	10	(13 429)	(13 807)
Interest on lease	10	(1 386)	(643)
(Decrease)/increase in cash and cash equivalents from financing activities		**(14 815)**	**814 712**
(Decrease)/increase in cash and cash equivalents		**(167 588)**	**346 781**
Cash and cash equivalents at the beginning of the reporting year		1 330 429	983 648
Cash and cash equivalents at the end of the reporting year	5	**1 162 841**	**1 330 429**

The notes on pages 23 to 50 form an integral part of these consolidated financial statements. On 17 March 2022, these consolidated financial statements were approved and signed for and on behalf of the Company's Management Board by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

General information

Investment management joint-stock company "Indexo" (IPAS "Indexo", hereinafter "the Company") was registered on 10 January 2017. The Company received a licence for management of the state-funded pension scheme plans and licence for investment management services on 16 May 2017. In 2020 the Company established a subsidiary "Indexo Atklātais Pensiju Fonds" AS (hereinafter – "APF"), Financial and capital market commission issued 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 of the FCMC regulation No 113 "Regulation on preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies" (hereinafter "FCMC Regulation"). The Group's shareholders have the right to decline the financial statements prepared by the management and submitted by the management, and request preparation of a new set of financial statements.

Basis of preparation

Financial statements are prepared in accordance with the IFRS as adopted by European Union (IFRS), approved by the International Accounting Standards Board (IASB), as well as approved by IFRS Interpretations Committee (IFRS IC). Some information is disclosed in accordance with the requirements of the FCMC Regulation.

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 2020 and 2021, as well as the new accounting standards and interpretations.

New standards and interpretations

Standards and interpretations effective for the reporting year

- Amendments to IFRS 16 (effective for annual periods beginning on or after June 1, 2020). The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification.
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (effective for annual periods beginning on or after 1 January 2021). Phase 2 amendments resolve issues arising from the implementation of reforms, including the replacement of one benchmark with an alternative.

The new standards did not have any material impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

Standards and interpretations are effective for the annual periods beginning on 1 January 2022 or later or have not been approved by the EU.

- Amendments to IFRS 4 – deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2023).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after a date to be determined by the IASB, not yet adopted by the EU).
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021, not yet adopted by the EU).
- Amendments to IAS 1 - Classification of Liabilities as Current or Long-Term (effective for annual periods beginning on or after 1 January 2022, not yet adopted in the EU). These limited amendments clarify that liabilities are classified as current or non-current depending on the rights outstanding at the end of the reporting period.
- Revenue before the intended use of property, plant and equipment, Onerous contracts – contract performance costs, Reference to the Conceptual Framework of IFRS - Minor Amendments to IAS 16, IFRS 37 and 2018 - 2020 Annual Improvements to IFRSs - Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2021, not yet adopted by the EU).

At the time of signing the financial statements, the Group is still assessing the impact of the amendments on its financial statements.

Estimates and judgments

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. The lease was assumed to be valid until 30.01.2025 and 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

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 "Receivables" 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.

Gains or losses arising from changes in exchange rates are recognised in the statement of comprehensive income. The Group has liabilities denominated in USD. At the end of the reporting period, they were translated into EUR using the exchange rates of 1.13260 USD (as of 31.12. 2021) and 1.22710 (as of 31 December 2020).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

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 year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

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 maximum credit risk for these assets as of 31 December 2021 was EUR 1,332,479 (2020: EUR 1,432,437). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Commission income

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Izaugsme 47-57''	448 589	324 495
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Jauda 16-50''	1 079 807	605 781
Commission fee for the management of the assets of the State Funded Pension Scheme Investment Plan "INDEXO Konservatīvais 55+''	67 546	42 191
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLĀNS''	5 637	-
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS''	442	-
Total	**1 602 021**	**972 467**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Administrative expenses

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
Sales and marketing expenses	486 645	310 666
Remuneration of staff	645 183	406 689
National social insurance mandatory contributions	148 650	97 971
Professional fees	211 533	147 466
Office maintenance costs	32 568	15 828
Amortisation of the right-of-use asset	13 183	13 538
Depreciation of property, plant and equipment	15 479	3 912
Other staff costs	6 220	2 013
Other	22 326	9 135
Total	**1 581 787**	**1 007 218**

	01.01.2021-31.12.2021	01.01.2020-31.12.2020
Number of employees	53	31

In order to ensure a high long-term employee performance culture, the Investment 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 Investment 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 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Administrative expenses

There were no significant changes in the remuneration policy during the reporting year.

Breakdown of staff remuneration by type (gross amounts):	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
The fixed part of remuneration calculated for employees other than Management Board members	497 678	272 924
The fixed part of remuneration calculated for Management Board members	78 121	93 585
The variable part of remuneration calculated for employees other than Management Board members	272 737	215 511
The variable part of remuneration calculated for Management Board members	11 000	24 039
Capitalised remuneration costs (Note 8)	(267 737)	(215 511)
Amortisation of capitalised remuneration costs (Note 8)	53 384	16 141
Total	**645 183**	**406 689**

During the reporting year, the Company granted 16,524 employee stock options. One option gives the right to purchase one share of the Company for EUR 2.86. The last known price per share used in the purchase and sale of shares in the Company was EUR 3.19 (considering the exchange of shares). The total value of the employee options granted is EUR 5 453. The exercise period of the options begins on 1 May 2022. There are no restrictions on the use of shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Other operating expenses

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
FCMC financing fee	9 947	3 557
Total	**9 947**	**3 557**

5. Placements with credit institutions

	31.12.2021 EUR	31.12.2020 EUR
Placements with Swedbank AS	564 007	730 828
Placements with SEB banka AS	598 834	599 601
Total (Cash and cash equivalents)	**1 162 841**	**1 330 429**

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 bank. These banks 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Receivables

	31.12.2021 EUR	31.12.2020 EUR
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Izaugsme 47-57''	44 214	31 720
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Jauda 16-50''	116 622	65 799
Commission fee for the management of the assets of the state-funded pension scheme investment plan "INDEXO Konservatīvais 55+''	6 813	4 489
Commission fee for the management of the assets of the private pension scheme investment plan "INDEXO AKCIJU PLĀNS''	1 300	-
Commission fee for managing the assets of the private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS''	106	-
Total	**169 055**	**102 008**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Prepayments

	31.12.2021 EUR	31.12.2020 EUR
Health insurance	3 465	676
Marketing expenses	-	15 409
Prepayments for the lease of premises	-	1 813
Other	-	23
Total	**3 465**	**17 921**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Contract acquisition costs

	31.12.2021 EUR	31.12.2020 EUR
Customer attraction costs	535 977	246 401
Total	**535 977**	**246 401**

Customer acquisition costs	**EUR**
At 31.12.2019	**-**
Capitalised salary costs, including national social insurance mandatory contributions	266 350
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(19 949)
At 31.12.2020	**246 401**
Capitalised salary costs, including national social insurance mandatory contributions	355 553
Amortisation of capitalised salary costs, including national social insurance mandatory contributions	(65 977)
At 31.12.2021	**535 977**

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

According to the data of the State Social Insurance Agency, in the reporting year, on average 9% of participants in the investment plans managed by the Group opted for other investment plans registered in Latvia, while 91% 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 10-11 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Other assets

	31.12.2021 EUR	31.12.2020 EUR
Financial assets		
Security deposit	1 181	1 181
Non-financial assets		
Advance payments	1 647	9 526
Total financial and non-financial assets	**2 828**	**10 707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Intangible assets, EUR
Cost	
31.12.2019	**-**
Additions	66 072
31.12.2020	**66 072**
Additions	52 901
31.12.2021	**118 973**
Accumulated amortisation	
31.12.2019	**-**
Calculated	-
31.12.2020	**-**
Calculated	10 859
31.12.2021	**10 859**

	Intangible assets, EUR
Net book value at 31.12.2020	**66 072**
Net book value at 31.12.2021	**108 114**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Other PPE, EUR
Historical cost	
At 31.12.2019	**12 326**
Additions	1 525
At 31.12.2020	**13 851**
Additions	7 836
At 31.12.2021	**21 687**
Accumulated deprecation	
At 31.12.2019	**4 990**
Calculated	3 912
At 31.12.2020	**8 902**
Calculated	4 620
At 31.12.2021	**13 522**

	Other PPE, EUR
Net book value at 31.12.2020	**4 949**
Net book value at 31.12.2021	**8 165**

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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Right-of-use assets	EUR
At 31.12.2019	**15 590**
Impact of lease changes	12 614
Amortisation	(13 538)
At 31.12.2020	**14 666**
Impact of lease changes	38 064
Amortisation	(13 183)
At 31.12.2021	**39 547**

Lease liability	EUR
At 31.12.2019	**15 888**
Calculated interest	643
Impact of lease changes	12 615
Lease payments	(14 450)
At 31.12.2020	**14 696**
Calculated interest	1 386
Impact of lease changes	38 065
Lease payments	(14 815)
At 31.12.2021	**39 332**

Right-of-use assets	31.12.2021 EUR	31.12.2020 EUR
Right-of-use assets	39 548	14 666
Lease liability	39 332	14 696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Other securities and investments

	Shareholding 31.12.2021	31.12.2021 EUR	Shareholding 31.12.2020	31.12.2020 EUR
Goindex UAB (Lithuania)	5 %	11 663	0 %	-
Total		**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

	31.12.2021 EUR	31.12.2020 EUR
Financial liabilities		
Accrued liabilities to suppliers	45 373	4 851
Non-financial liabilities		
Accrued liabilities for unused annual leave	55 815	30 685
Provisions for variable remuneration of employees and related tax payments	19 774	25 007
Total financial and non-financial liabilities	**120 962**	**60 543**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Trade payables

Financial liabilities	31.12.2021 EUR	31.12.2020 EUR
Payables for purchased goods and received services	35 049	4 726
Total	**35 049**	**4 726**

14. Taxes and national social insurance mandatory contributions

Non-financial liabilities	31.12.2021 EUR	31.12.2020. EUR
Value added tax	4 129	15 045
National social insurance mandatory contributions	23 852	13 047
Personal income tax	20 146	8 127
Risk stamp duty	24	6
Total	**48 151**	**36 223**

15. Other liabilities

Non-financial liabilities	31.12.2021 EUR	31.12.2020 EUR
Salary liability	74 139	31 591
Liabilities to 3 Pillar pension plans	69 325	-
Other	435	-
Total	**143 899**	**31 591**

16. Share capital

The registered and fully paid-up share capital of IPAS "Indexo'' as of 31 December 2021 amounts to EUR 3,016,987 (31 December 2020: EUR 3,016,987) and consists of registered shares. The share capital of the Company consists of 3,016,987 registered shares with a nominal value of EUR 1 (one euro) per share.

In 2020, the Company's share capital was increased by EUR 751,987 through the issuance of 183,750 Class B registered shares (with a par value of EUR 735,000) and 16,987 Class A registered shares (with a nominal value of EUR 16,987). Class A and Class B shares offer equal rights to receive dividends and a liquidation dividend, as well as equal pre-emptive rights to purchase new shares in the event of a capital increase.

The increase in share capital was necessary due to the requirements of regulatory provisions, as the value of the assets of the investment plans managed by the Company exceeded EUR 200 million. The Company's Class A and Class B shares were converted into one class of shares with a par value of EUR 1 (one euro) in 2021.

	Share capital subscribed EUR	Share %	Paid-up share capital EUR
DVH SIA Reg. No. 50203040781	676 630	22.43%	676 630
Legal entities - residents with shareholding in the share capital up to 10%	717 260	23.77%	717 260
Legal entities - non-residents with shareholding in the share capital up to 10%	429 486	14.24%	429 486
Natural persons - residents with shareholding in the share capital up to 10%	919 043	30.46%	919 043
Natural persons - non-residents with shareholding in the share capital up to 10%	274 568	9.10%	274 568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Related party transactions

	01.01.2021-31.12.2021 EUR	01.01.2020-31.12.2020 EUR
SIA "Callidus Capital"		
Expenses		
Services received	12 745	20 570
Liabilities		
Payables (balance)	-	1 634

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 31 December 2021, all transactions with related parties were conducted in accordance with free-market principles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Maturity analysis of financial assets and liabilities

31.12.2021, EUR	Total	On demand	Up to 1 month	Up 1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	**1 162 841**	1 162 841	-	-	-	-
Receivables	**169 055**	-	169 055	-	-	-
Other securities and investments	**11 663**	-	-	-	-	11 663
Total financial assets	**1 343 559**	**1 162 841**	**169 055**	-	-	**11 663**
Accrued liabilities	**(45 373)**	-	-	(45 373)	-	-
Payables to suppliers and contractors	**(35 049)**	-	(35 049)	-	-	-
Lease liability	**(39 332)**	-	-	-	(12 480)	(26 852)
Total financial liabilities	**(119 754)**	**-**	**(35 049)**	**(45 373)**	**(12 480)**	**(26 852)**
Net position	**1 223 805**	**1 162 841**	**134 006**	**(45 373)**	**(12 480)**	**(15 189)**

The table below shows the maturity analysis of the Group's financial assets and liabilities, considering the remaining term from the end of the reporting period to the contractual maturity date. The discounted cash flows of financial liabilities coincide with the maturities and amounts shown in the maturity structure tables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Maturity analysis of financial assets and liabilities

31.12.2020, EUR	Total	On demand	Up to 1 months	1 to 3 months	From 3 months to 1 year	From 1 to 5 years
Placements with credit institutions	**1 330 429**	**1 330 429**	-	-	-	-
Receivables	**102 008**	-	102 008	-	-	-
Total financial assets	**1 330 437**	**1 330 429**	**102 008**	-	-	**-**
Accrued liabilities	**(4 851)**	-	-	(4 851)	-	-
Payables to suppliers and contractors	**(4 726)**	-	(4 726)	-	-	-
Lease liability	**(14 696)**	-	-	-	(14 696)	-
Total financial liabilities	**(24 273)**	**-**	**(4 726)**	**(4 851)**	**(14 696)**	**-**
Net position	**1 408 164**	**1 330 429**	**97 282**	**(4 851)**	**(14 696)**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	31.12.2021 EUR	31.12.2020 EUR
State-funded pension scheme investment plan "INDEXO Izaugsme 47-57''	120 020 982	85 542 285
State-funded pension scheme investment plan "INDEXO Jauda 16-50''	321 257 932	178 544 650
State-funded pension scheme investment plan "INDEXO Konservatīvais 55+''	23 131 788	15 267 562
Private pension scheme investment plan "INDEXO AKCIJU PLĀNS''	3 639 641	-
Private pension scheme investment plan "INDEXO OBLIGĀCIJU PLĀNS''	307 847	-
Total	**468 358 190**	**279 354 497**

20. Remuneration to a commercial company of sworn auditors

	01.01.2021- 31.12.2021 EUR	01.01.2020- 31.12.2020 EUR
Audit of financial statements	18 778	14 500
	18 778	**14 500**

21. Events after the reporting period

The Group plans to raise additional funds through the stock exchange (IPO - Initial Public Offering) to become a participant in the regulated market. It is planned to use the funds to establish a bank to complement the existing pension savings management business.

The Group notes that events in Ukraine may affect the exact timing of the IPO. At the same time, these events further reinforce the need for greater independence of the Latvian financial system. A new bank fully rooted in the domestic market will strengthen it. Events in Ukraine may contribute to the volatility of financial markets, which may indirectly affect the Group's performance in 2022.

The financial statements were approved and signed for and on behalf of the Management Board of the Company by:

_____
Valdis Siksnis
Chairman of the Management Board

_____
Ilja Arefjevs
Member of the Management Board

Independent Auditor's Report

To the Shareholders of Indexo IPAS

Auditor's report on the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements set out on pages 17 to 50 of the accompanying annual report, give a true and fair view of the consolidated financial position of IPAS "Indexo" (the Company) and its subsidiaries (the Group) as at 31 December 2021, and of the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our opinion is consistent with our additional report to the Council dated 21 March 2022.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement pf comprehensive income for the year ended 31 December 2021,
- the consolidated statement of financial position as at 31 December 2021,
- the consolidated statement of cash flows for the year then ended,
- the consolidated statement of changes in equity for the year then ended, and
- the notes to the consolidated financial statements which include significant accounting policies and other explanatory information.

Basis for opinion

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

We have not provided any non-audit services to the Company and its subsidiaries in the period from 1 January 2021 to 31 December 2021.

Our audit approach

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	*How our audit addressed the key audit matter*
Commission income	
Refer to Note 2 *"Commission Income"* of the consolidated financial statements. Commission income is the main source of external revenue for the Group, therefore verification of the occurrence and accuracy of commission income was the main focus area of our audit. Commission income consists of fixed commission income calculated by applying a fixed commission rate to the net assets of the state funded pension plans and private pension plans. The prospectus of the state funded pension plans and private pension plans do not foresee variable commission income.	We assessed whether the Group's accounting policies in relation to commission income recognition are based on IFRS requirements. We selected a sample of the transactions and verified the accuracy of commission calculation by multiplying the net assets of the plan with the commission rates specified in the prospectus of the respective plan. We reconciled the results of our testing with those recognised by the Group. We also performed substantive testing over completeness and accuracy of the net assets of the plans to ensure the underlying data used in calculation of the commission income is reliable. We also verified supporting documents to confirm the occurrence of the transactions and that the commission income was recorded in the correct service period. We also verified that the state funded and private pension plans' variable fee is nil. We tested the disclosures in the financial statements in respect of commission income.

Reporting on other information including the Management Report

Management is responsible for the other information. The other information, which we obtained prior to the date of our auditor's report, comprises:

- Information on the Group, as set out on page 4 of the accompanying Annual Report,
- Management Report, as set out on pages 6 to 11 of the accompanying Annual Report;
- Statement of Responsibility of the Management Board of the Investment management company, as set out on page 15 of the accompanying Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information identified above, including the Management Report and the Statement of Responsibility of the Management Board of the Investment management company.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the applicable legislation.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report and the information on the Group for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements;

- the Management Report has been prepared in accordance with the requirements of the Financial and Capital Market Commission Regulation No 113 “Regulation on preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies”.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information that we obtained prior to the date of this auditor’s report. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

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

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Certified auditor in charge
Certificate No. 168

Member of the Board

Riga, Latvia
22 March 2022

20. SCHEDULE 2

INDEXO audited stand-alone financial statements for the financial year ended 31 December 2020

INDEXO

IPAS "Indexo" 2020 Annual Report and an Independent Auditor's Report

(Financial Year 4)

TABLE OF CONTENTS

INFORMATION ABOUT THE COMPANY	3
MANAGEMENT REPORT	4
STATEMENT OF RESPONSIBILITY	8
FINANCIAL STATEMENTS:	9
COMPREHENSIVE INCOME STATEMENT	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	12
CASH FLOW STATEMENT	13
ANNEX TO FINANCIAL STATEMENTS	15
INDEPENDENT AUDITOR'S REPORT	34

INFORMATION ABOUT THE COMPANY

Name	IPAS "Indexo"
Registered office and office address	Elizabetes 13- 1A, Rīga, LV-1010, Latvija
Registration number	40203042988
Date of incorporation	10.01.2017
Licence number	06.03.07.567/478
Date of licence issue	16.05.2017, re-registered 31.05.2017
Shareholders	Natural and legal persons with equity share of up to 10% Qualifying holding: SIA DVH (Latvia) – 18.3%
Council	Valdis Vancovičs – Council Chairman (from 16.08.2018) Normunds Bergs – Council Member (from 10.01.2017 to 29.10.2020) Edgars Zālītis - Council Member (from 10.01.2017) Svens Dinsdorfs - Council Member (from 24.08.2017) Renāts Lokomets - Council Member (from 24.08.2017) Pāvels Šnejersons - Council Member (from 24.08.2017 to 21.09.2020) Ieva Jansone-Buka – Council Member (from 25.04.2019) Toms Kreicbergs - Council Member (from 21.09.2020)
Board	Valdis Siksnis – Chairman of the Board (from 10.01.2017) Henrik Karmo – Board Member (from 16.08.2018) Ilja Arefjevs – Board Member (from 26.06.2020) Toms Kreicbergs – Board Member (till 25.06.2020)
Reporting period	1 January 2020 – 31 December 2020
Auditors	"PricewaterhouseCoopers" SIA Krišjāņa Valdemāra iela 21-21, Riga, Licence No 5 Ilandra Lejiņa Certificate of a certified auditor No 168

MANAGEMENT REPORT

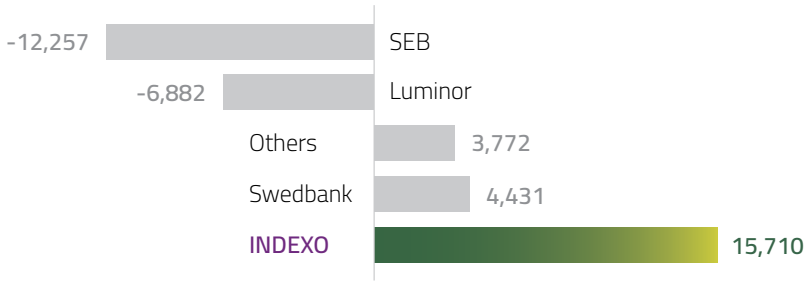
Part 1 – The Mission of the Company and Achievements in 2020

The mission of Investment Management Joint Stock Company "Indexo" (IPAS "Indexo", hereinafter referred to as the Company) remains unchanged – to offer modern, transparent low-cost investment products, as well as to improve competition and transparency in the investment sector in Latvia.

The number of participants in the investment plans managed by the Company has already reached 48.5 thousand (increase by 16 thousand participants compared to the beginning of the year), whereby the scope of managed assets at the close of the year was 279 million euro (increase by 100 million euro compared to the beginning of the year).

With the number of the Company's customers increasing the investment plan charges were repeatedly decreased. The Company has with conviction kept the title of the most rapidly growing pension manager. However, the spread of COVID-19 during the reporting year has had a negative impact on the customer attraction results.

Net change in the number of investment plan participants in 2020

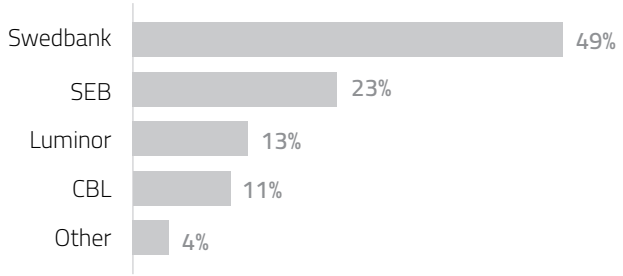


Source: manapensija.lv

We continued to actively protect the interests of Latvian investors in the Parliament. Among others, we have achieved inclusion of new provisions in the State Funded Pension Law, which now allows investing of up to 25% of a plan's assets in a single index fund, we have actively supported the proposal of development of pension plans with the stock proportion of up to 100% of the total assets of the plan, as well as expand the options of investing up to 25% of a pension plan's assets in alternative investment funds.

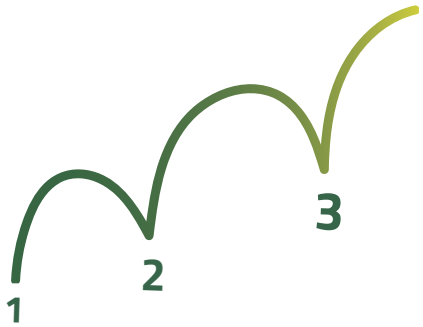
Our carefully trained, friendly advisors have helped thousands of people to understand how the Latvian pension system works. We have also published informative blog articles and radio jingles aimed at improving finance literacy among the Latvian population.

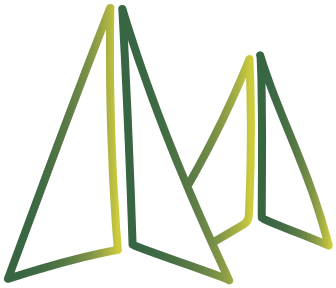
Which bank customers choose INDEXO?



Source: SSIA reports on the movement of investment plan participants 2017-2020

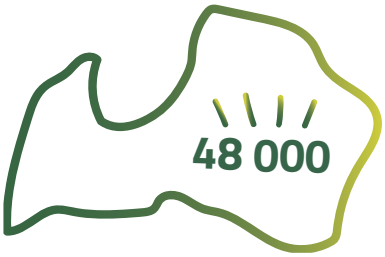
In 2020 all investment plans managed by the Company showed strong positive results. However, already during the reporting year we reminded customers that short-term results are of minor importance, as financial markets tend to fluctuate. The pension plan returns must be assessed over a longer period.





We continued to work with activation of competition in the pension sector by launching Indexo 3rd level pension licensing procedure and an informative campaign. The license was obtained on 20 January 2021 (after the close of the reporting period).

In the reporting year the Company was joined by new investors, experienced entrepreneurs and managers from different industries – telecommunications, energy, construction, finance and other industries. The transaction with the Company's shares won the annual award of the Latvian Venture Capital Association and Latvian Business Angel Network in the nomination "The Most Profitable Investment of the Year".



We wish to thank our more than 48 thousand customers who have entrusted their pensions to the Company. We can optimistically assume that the changes we have initiated will continue to gain strength in 2021 and will bring benefits both for our customers and other investors in Latvia!

Part 2 – Mandatory Information

The Company was founded on 10 January 2017. 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 a license of provision of investment management services to the Company, which was re-registered on 31 May 2017 with number 06.03.07.567/478.

State-funded pension scheme investment plan	Registration date	Net value of the plan's assets
INDEXO Jauda 16–50 (Power)	18.01.2018.	178 544 650
INDEXO Izaugsme 47-57 (Growth)	21.06.2017.	85 542 285
INDEXO Konservatīvais 55+ (Conservative)	04.04.2018.	15 267 562
Total		279 354 497

The Company started the management of assets in July 2017. At the beginning of the reporting period the Company was managing 4.0% of all assets of the State-Funded pension scheme, but at the close of the period – 5.5% of all assets of the State-Funded pension scheme. During the reporting period the Company was the fastest growing manager of State-Funded pension scheme assets as to the number of customers.

The Company's revenue in the reporting period amounted to EUR 972 thousand (in comparison to EUR 583 thousand in 2019). The growth in revenue reflects the Company's success in attracting customers during the year. The Company's revenue of the reporting period was more than enough to cover the administrative costs, without considering the expenses related to customer attraction. The Company is capable to start working with profit at any time by means of slightly reducing its expenses in relation to customer attraction.

The Company's costs of the reporting period were EUR 983 thousand (in comparison to EUR 1239 in 2019). The degree of expenses reflects the Company Management's strategic decision to continue active attraction of customers in order to strengthen the Company's foothold in the State-Funded pension scheme asset management market and achieve maximum increase of the Company's long-term value. Taking into account the considerable contribution to the growth of the Company and customer attraction during the year the Company closed the reporting period with a loss of EUR 11 thousand (in comparison to the loss of EUR 654 thousand in 2019).

In the reporting period the Company implemented a cautious risk management policy in line with the Company's currently effective Financial Risk Management Policy, Operational Risk Management Policy and Business Compliance Risk Management Policy. The main risks characteristic to the Company's business in the reporting period were the operational risk, credit risk, business compliance risk, delegation risk, as well as strategic and business risk.

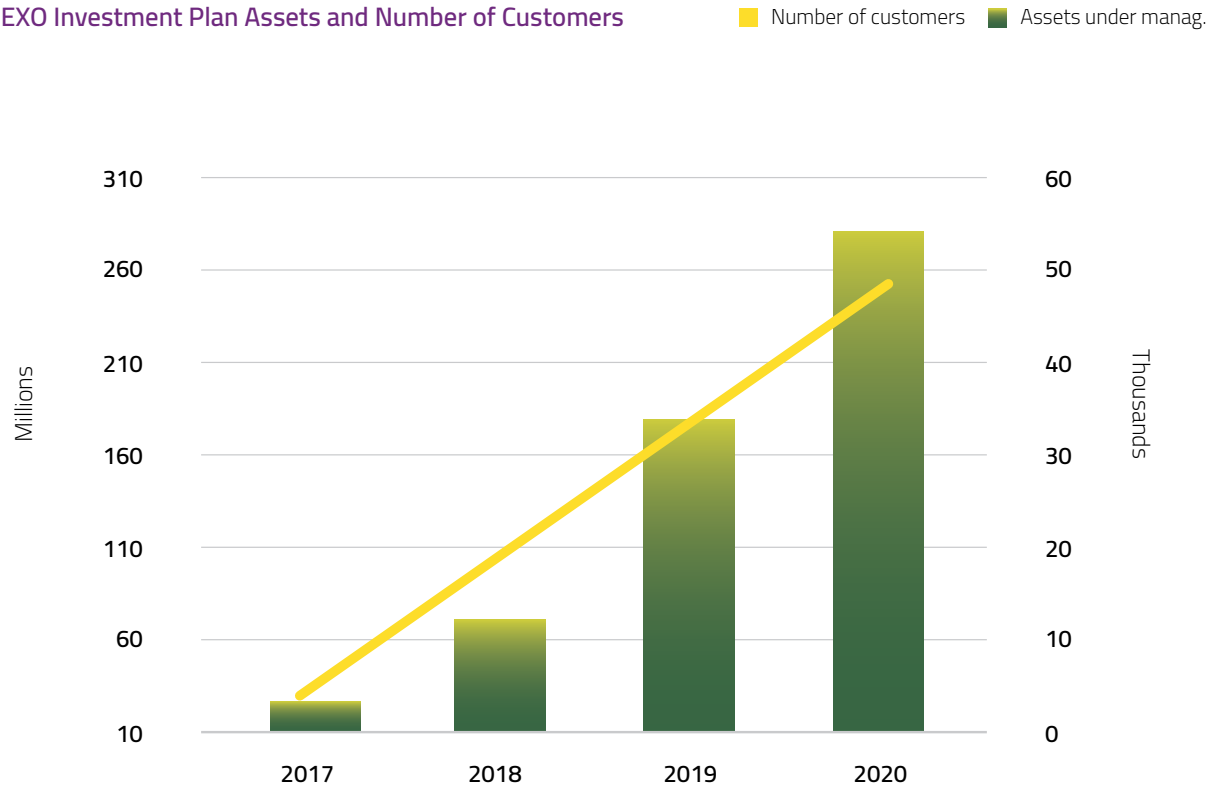
Since the scope of the State-Funded pension scheme assets managed by the Company rapidly exceeded EUR 200 million, which is the threshold stipulated in the State-Funded Pension Law the exceeding of which requires increase of equity capital the Company successfully completed a share capital increase process in February 2020. On the date of signing of this report the Company's subscribed and paid-up equity capital is EUR 3 016 987.

The Company is satisfied with its rapid growth and the customer trust gained during the year. Growth will continue to be the Company's priority. It is expected that in 2021 the Company will continue devoting much of its attention to intensive explanatory work with customers. The risks related to spreading of COVID-19 will remain, which may negatively affect the Company's business. In 2021 the Company plans to launch management of the private pension plan (3rd level pensions) assets administered by Indexo Atklātais Pensiju Fonds AS.

Part 3 – A Comment by the Council

During the first half of the year new effective, yet remote and digital customer attraction mechanisms were found. Succession of the Company's management was ensured with a new Executive Director I. Arefjevs starting to work for the Company. In the second half of the year the Management successfully dealt with large-scale development issues in relation to introduction of 3rd level pension management products compliant with the Company's values and ideology.

INDEXO Investment Plan Assets and Number of Customers



Source: manapensija.lv

Despite the challenges not only INDEXO was able to retain the position of the fastest growing pension manager in the market, but also delighted its shareholders with excellent yield by winning the Latvian Venture Capital Association and Latvian Business Angel Network annual award in the nomination "The Most Profitable Investment of 2020".

Chairman of the Council Valdis Vancovičs

Signed on behalf of the Board of the Company:

Valdis Siksnis, Chairman of the Board

Ilja Arefjevs, Member of the Board

26 February 2021

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STATEMENT OF THE RESPONSIBILITY

The Board of IPAS "Indexo" is responsible for preparation of the Company's financial statements, which clearly and fairly reflect the Company's financial standing at the close of the reporting period, as well as overall income and cash flows of the reporting period, in accordance with applicable laws and regulations and the International Financial Reporting Standards applicable in the European Union.

When preparing the financial statements on pages 9 to 28 for the period from 1 January 2020 to 31 December 2020 the Management applied relevant accounting principles, which are based on reasonable judgment and estimates. In the opinion of the Management all relevant accounting standards (including the International Financial Reporting Standards applicable in the European Union and regulations of the Financial and Capital Market Commission) have been constantly applied.

The Company's Management is responsible for relevant management of accounts, as well as for compliance of financial statements with regulations of the Financial and Capital Market Commission regarding annual reports of investment management companies. It is the duty of the Management to take all necessary measures to protect the Company's assets and prevent fraud and other unfair conduct. The decisions and assumptions of the Management regarding preparation of financial statements have been cautious and reasonable.

Signed on behalf of the Board of the Company:

Valdis Siksnis, Chairman of the Board

Ilja Arefjevs, Member of the Board

26 February 2021

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FINANCIAL STATEMENTS

Comprehensive income statement

	Annexes	01.01.2020.-31.12.2020.	01.01.2019.-31.12.2019.
Fees and similar income	2	972 467	583 474
Other income		-	1 984
Administration costs	3	(979 002)	(1 232 458)
Interest costs		(643)	(643)
Other costs	4	(3 557)	(6 259)
Loss before calculation of corporate income tax		**(10 735)**	**(653 902)**
Loss of the reporting period		**(10 735)**	**(653 902)**
COMPREHENSIVE LOSS		**(10 735)**	**(653 902)**

Annexes on pages 9 to 33 are an integral part of these financial statements.
On 26 February 2021 financial statements were approved and signed on behalf of the Company by:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Board	Member of the Board

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Statement of financial position

	Annexes	31.12.2020. EUR	31.12.2019. EUR
ASSETS			
Fixed assets and the right-of-use assets	6	19 615	22 926
Investments in related companies	7	400 000	-
Accrued income	8	200 044	70 465
Deferred costs	9	2 511	15 015
Other assets	10	257 108	185
On-call claims to credit institutions	5	941 010	983 648
ASSETS TOTAL		**1 820 288**	**1 092 239**
EQUITY AND LIABILITIES			
Accruals	11	25 007	103 461
Accruals total:		**25 007**	**103 461**
Accrued liabilities	12	35 536	45 754
Trade payables	13	18 353	29 535
Taxes and state mandatory social insurance contributions	14	36 223	25 599
Other payables	15	31 590	32 738
Payables total:		**121 702**	**133 626**

	Annexes	31.12.2020. EUR	31.12.2019. EUR
EQUITY			
Share capital	16	3 016 987	2 265 000
Stock option reserve		5 436	5 436
Share issue premium		77 175	-
Loss carried forward from previous periods		(1 415 284)	(761 382)
Loss of the reporting period		(10 735)	(653 902)
Equity total:		**1 673 579**	**855 152**
EQUITY AND LIABILITIES TOTAL		**1 820 288**	**1 092 239**

Annexes on pages 9 to 33 are an integral part of these financial statements.

On 26 February 2021 financial statements were approved and signed on behalf of the Company by:

_____ _____

Valdis Siksnis — Ilja Arefjevs

Chairman of the Board — Member of the Board

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Statement on changes in equity

Loss of the reporting period	Annexes	Share capital	Stock option reserve	Share issue premium	Loss carried forward from previous periods	TOTAL
		EUR	EUR	EUR	EUR	EUR
01.01.2018		**2 265 000**	-	-	**(761 382)**	**1 503 618**
Share payment transactions where shares are used for payment		-	5 436	-	-	5 436
Loss of the reporting period		-	-	-	(653 902)	(653 902)
31.12.2019		**2 265 000**	**5 436**	-	**(1 415 284)**	**855 152**
Share issue premium	16	-	-	77 175	-	77 175
Increase of equity capital	16	751 987	-	-	-	751 987
Loss of the reporting period		-	-	-	(10 735)	(10 735)
31.12.2020		**3 016 987**	**5 436**	**77 175**	**(1 426 019)**	**1 673 579**

Annexes on pages 9 to 33 are an integral part of these financial statements.

On 26 February 2021 financial statements were approved and signed on behalf of the Company by:

_____

Valdis Siksnis

Chairman of the Board

_____

Ilja Arefjevs

Member of the Board

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Cash flow statement

	Annexes	01.01.2020.-31.12.2020. EUR	01.01.2019.-31.12.2019. EUR
Cash flow from operating activities			
Loss before corporate income tax		(10 735)	(653 902)
Depreciation of fixed assets and amortisation of leased assets	6	17 450	15 350
Interest expenses	6	643	643
Loss from written-off fixed assets		-	290
Costs of share payments		-	5 436
Increase/(decrease) of cash and equivalents from operating activities before changes in assets and liabilities:		**7 358**	**(632 183)**
Increase of deferred costs, accrued income and other assets		(373 998)	(35 291)
(Increase)/decrease of accruals		(78 454)	71 941
(Increase)/(decrease) of accrued liabilities		(10 218)	30 265
Increase/(decrease) of trade payables and other payables		(512)	11 690
(Decrease) of cash and equivalents from operating activities		**(455 825)**	**(18 668)**
Cash flow from investment activities			
Purchase of fixed assets	6	(1 525)	(18 668)
Investments in related companies	7	(400 000)	-
(Decrease) of cash and equivalents from investment activities		**(401 525)**	**(18 668)**
Cash flow from financing activities			
Lease obligations payment		(14 450)	-
Share issue		829 162	-
Increase of cash and equivalents from financing activities		**814 712**	-
(Decrease) of cash and equivalents		**(42 638)**	**(572 246)**
Cash and equivalents at the beginning of the reporting period		983 648	1 555 894
Cash and equivalents at the end of the reporting period	5	**941 010**	**983 648**

Annexes on pages 9 to 33 are an integral part of these financial statements.

On 26 February 2021 financial statements were approved and signed on behalf of the Company by:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Board	Member of the Board

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ANNEX TO FINANCIAL STATEMENTS

1. Accounting Policies

Background information

Investment Management Joint Stock Company "Indexo" (IPAS "Indexo", hereinafter referred to as the Company) was registered on 10 January 2017. On 16 May 2017 the Company obtained a license for management of State-Funded Pension Scheme assets and a licence for provision of investment management services.

Statutory Requirements Regulating the Business of Investment Management Companies

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

Statement of Compliance

The procedure of preparation of the Company's financial statements is compliant with the International Financial Reporting Standards applicable in the European Union (hereinafter referred to as the IFRS) and the FCMC's "Regulations Regarding Preparation of Annual Reports and Consolidated Annual Reports of Credit Institutions, Investment Broker Companies and Investment Management Companies". The Company's shareholders are authorised to refuse the financial statements prepared and submitted by the Management and require preparation of new financial statements.

Main Principles of Report Preparation

Financial statements have been prepared according to the International Accounting Standards issued by the International Accounting Standards Council, International Financial Reporting Standards and standard interpretations by the IFRS Interpretations Committee, as approved by the European Union (hereinafter referred to as the EU). Certain annexes have been prepared according to requirements laid down by the FCMC. The Company's financial statements are prepared on the basis of initial cost accounting principle.

Unless indicated otherwise, financial statements are presented in the functional currency of the Company, the official currency of the Republic of Latvia – euro (EUR).

The accounting guidelines include ongoing concern, caution, consistency of applied accounting methods and accounts according to accruals method:

- An ongoing concern, that is, when preparing the financial statements, it is assumed that the Company will continue its business in the near future. It is an obligation of the Company's Management to assess the Company's capability to continue its business.
- Caution, that is, assessment it at all times with due caution.
- Consistency of applied accounting methods, that is, classification of items and reflection thereof in financial statements must be maintained from one period to another, that is, the Company uses constant accounting methods.
- Accruals method in accounting – that is, for the purpose of financial statements claims, liabilities, equity, income and expenditure are recognised upon their meeting of relevant criteria of recognition, which in fact means that transactions are recognised upon the occurrence thereof (not when cash or equivalents are received or paid) and they are recorded in accounts and indicated in financial statements for the periods to which their refer.

New Standards and Interpretations

New standards and interpretations, which came into force in the reporting period.

The Company has adopted new standards and supplementations thereof as described hereunder, including supplementations to other standards following from such new standards, which must be initially applied to the reporting year, which started on 1 January 2020.

- Amendments to Conceptual Framework for Financial Statements (valid for the reporting periods starting on 1 January 2020 or later). The reviewed Conceptual Framework includes a new chapter on assessment; guidelines for reporting financial results; improved definitions and explanations, especially with regard to the definition of liability; as well as explanations regarding such very important areas as the role of governance, caution and uncertainty of assessment related to financial reporting.

- Changes in IFRS 3 – the definition of business (valid for the reporting periods starting on 1 January 2020 or later). Amendments refer to reviewing of the business definition. A business should consist of incoming resources and important processes, which together taken considerably facilitate a possibility to create outgoing resources. The new guidelines provide a framework for assessing existence of incoming resources and important processes in companies which undergo development and have not yet created outgoing resources. If a business has not created outgoing resources yet a precondition for recognising it as a business is presence of organised workforce. The definition of outgoing resources has been narrowed by focussing on goods and services delivered or provided to buyers whereby creating return on investment or other revenue, and excludes return related to lower costs or other economic benefits. It is no longer necessary to evaluate whether market participants are able to replace any missing parts or integrate purchased activities and assets. A company may apply a "concentration test". Acquired assets whose fair value is almost entirely concentrated in a single asset (or a group of similar assets) cannot be regarded as a business.

- Changes in IAS 1 and IAS 8 – the definition of relevance (valid for the reporting periods starting on 1 January 2020 or later). The amendments explain the definition of relevance and application thereof by comprising the guidelines scattered over different standards in the very definition. In addition, the explanations which were earlier available together with the definition have been supplemented. Also, the amendments ensure a uniform definition of relevance everywhere within the IFRS framework. Information is relevant if failure to present it or erroneous or false presentation thereof may feasibly affect decisions, which, based on these financial statements providing information on a certain reporting unit, are made by principal users of the general purpose financial statements.

- Changes in IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark definition (valid for the reporting periods starting on 1 January 2020 or later). Amendments provide preferences in relation to the interest rate benchmark reform. Preferences are related to hedge accounting and purports that the IBOR reform would not mean suspension of hedge accounting. However, any inefficiencies resulting from this reform and related to hedge accounting must be recognised in the income statement.

- Amendments to IFRS 16 – lease agreement concessions in relation to Covid-19 (valid for the reporting periods starting on 1 January 2020 or later). The amendments envisage an opportunity for lessees (but not lessors) to use exemption from the standard requirement of assessing whether the concessions related to Covid-19 are a modification of the lease agreement.

The impact of the newly implemented standards on the Company's financial statements is not significant.

Standards and amendments, which come into force in the reporting years starting on 1 January 2021 or later, or have not been approved for use in the EU:

- Amendments to IFRS 10 and IAS 28 – Sales or asset transfer transactions between an investor and its associated company or joint venture (the date of coming into force has not been set yet, have not been approved for application in the EU).
- IFRS 17 Insurance Contracts (applicable to reporting periods starting on 1 January 2021 or later, have not been approved for application in the EU).
- Amendments to IAS 1 – Classification of short-term and long-term liabilities (applicable to reporting periods starting on 1 January 2023 or later, have not been approved for application in the EU).
- Amendments to IAS 16, IAS 37 and IFRS 3 and Annual Improvements to IFRS 2018-2020 Cycle (applicable to reporting periods starting on 1 January 2022 or later, have not been approved for application in the EU).
- Amendments to IFRS 17 and IFRS 4 (applicable to reporting periods starting on 1 January 2023 or later, have not been approved for application in the EU).
- Phase II of Interbank Offered Rate (IBOR) reform – amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (applicable to reporting periods starting on 1 January 2021 or later, have not been approved for application in the EU).

The Company's Management passed a decision not to implement the new standards and interpretations before their coming into force date. The Company's Management believes that implementation of the new standards, amendments and interpretations will not have considerable effect on the Company's financial statements in the year of implementation thereof.

Estimates and Judgments

In order to prepare financial reports according to IFRS it is necessary for the Management to make judgments, estimates and assumptions, which affect the application of policies and the indicated amounts of assets and liabilities, income and expenditure. Estimates and related assumptions are based on the historical experience and different other factors, which are considered reasonable in the particular circumstances and which together taken provide a basis for decision-making with regard to book value of assets and liabilities, which is not possible to determine by using other sources. The actual results may differ from such estimates.

Estimates and related assumptions are verified on regular basis. Changes in accounting estimates are recognised in the period within which the respective estimates are reviewed if the changes affect only the respective period, or in the period within which the estimates are reviewed and the following periods if the changes affect both the particular period and the following periods.

The most significant financial items for which assumptions and estimates have been used.

Accruals for employee bonuses

At the end of the reporting year accruals were created for employee bonuses in line with the Company's Remuneration Policy.

Application of IFRS 16 to lease agreements

The Company has made judgments and estimates with regard to application of the standard's requirements to its agreement on lease of premises.

Customer acquisition costs

In the reporting period the Company started to partly capitalise customer acquisition costs. The Company capitalises the variable remuneration of sales specialists related to the customer acquisition by depreciating it over a period of seven years. According to the data of the State Social Insurance Agency regarding the reporting year on average 9% of the participants of the investment plans managed by the Company chose other investment plans registered in Latvia while 91% of participants remained with the plans managed by INDEXO. This means that, if this indicator continues to remain unchanged in the next years, on average one participant of investment plans managed by the Company will remain INDEXO customer for approximately 10-11 years. Therefore, the Company believes that depreciation of the variable remuneration of sales specialists related to the customer acquisition over a period of seven years is adequate.

The Company did not adjust the customer acquisition costs of 2019. This is because 2019 was the first year when INDEXO launched intensive attraction of customers in shopping malls. Out of all customers attracted in 2019, a considerable part (up to 40%) of customers continue to be participants who chose to joint INDEXO investment plans as a result of advertising in the digital environment and informative seminars. Considering that in 2019 both the customer acquisition process and customer acquisition commissions were several times adjusted to circumstances and made more specific, the Company's Management believes that adjustment of customer acquisition costs in 2019 is not feasible.

Records of share-based payments

The Company's meeting of shareholders has granted the Company's Management the right to acquire the Company's shares. The respective purchase right is classified in the Company's financial statements as a share-based payment – an equity-related transaction according to IFRS 2 requirements.

When determining the fair value of a share purchase at the time of acquisition of the benefit the Company's Management takes into account information regarding actual direct and indirect transactions with the Company's shares at the disposal of the Company's Management. At the end of each reporting period the Company's Management estimates the possibility of exercising the share purchase right by individually assessing the condition of the Management warranty period, including with regard to continuing employment for the Company and the expected performance, and recognises accruals for the expected personal tax payments accordingly.

Management of Assets

The Company manages and administers assets in securities and cash accounts of custodian banks as instructed by its customers (investment plans). The financial information of such assets is not included in these financial statements as the risks and benefits of such assets are fully related to the Company's customers. Hence such assets are not considered the Company's assets.

Intangible Investments and Fixed Assets

Intangible investments and fixed assets are indicated at their purchase or reassessment value, less accrued depreciation and accrued impairment. Acquisition value includes the costs directly related to the purchasing of an intangible investment or a fixed asset.

The applied fixed asset depreciation rates

	Annual %
Intangible investments	33.33
Other fixed assets	33.33

In cases where the book value of an intangible investment or fixed asset is higher than its recoverable value, the value of the respective intangible investment or fixed asset is immediately written off to its recoverable value. The recoverable value is the higher of either the fair value of the respective intangible investment or fixed asset, less sales cost, or the use value.

The fixed asset regular repairing and maintenance costs are included in the income statement of the period within which they occurred.

Profit or loss from discharge of fixed assets is calculated as a difference between the fixed asset's book value and the revenue from the sale thereof [and the revenue from writing-off the revaluation reserve of the fixed asset] and included in the income statement of the period within which it occurred.

Investments in Subsidiaries

Investments in equity of subsidiaries are recorded at their acquisition value less loss from impairment. The Company recognizes income only if it receives a part of the profit earned after the date of acquisition. The received amounts exceeding such profit are deemed to be recovery of investments and are recorded as impairment of the investment acquisition value.

If objective evidence exists that the book value of an investment in a subsidiary has decreased, loss from such impairment is calculated as a difference between the investment's book value and its recoverable value. The recoverable value is determined to be the highest of the following two indicators – the fair value of the investment less sales costs or the use value. Loss from investment impairment may be reversed if estimates used to determine the impairment changed after the last instance of recognition of the loss from impairment.

Records of Income and Expenditure

All significant income and expenditure is recorded according to the accruals principle. Costs are recognised after the receipt of the respective service.

The Company's main source of revenue is charges for pension fund management. The Company has entered into an agreement with the State Social Insurance Agency (hereinafter referred to as SSIA) on management of its 2nd pillar pension plans. The Company recognises revenue over the course of time because of implementation of particular performance obligations, and no substantive judgment has been involved in determining the transaction price or implementation of performance obligations. Revenue covered by IFRS 15 is included under the Comprehensive Income Statement item "Charges and similar income". The Company has assessed that IFRS 15 does not have a significant impact on financial statements and therefore it does not provide additional information according to the requirements of IFRS 15.

Income from fees is calculated as a fixed percent of the managed assets of the State-Funded pension scheme investment plan. The variable fee as defined in the prospectuses is set to zero.

Transactions in Foreign Currencies

Transactions in foreign currencies are exchanged to the functional currency (euro) according to the euro reference rate published by the European Central Bank (hereinafter referred to as the ECB) on the date of the transaction. On the reporting date the monetary assets and liabilities recorded in foreign currencies are translated to the functional currency according to the euro reference rate published by the ECB on the reporting date.

The foreign currency profit or loss from monetary items is the difference between the depreciated prime cost of the items in the functional currency at the beginning of the period, which has been adjusted according to the interest income/expenditure recognised during the reporting period according to the effective interest rate and received/made payments, and the depreciated prime cost of the items in a foreign currency at the end of the period, which has been translated according to the euro reference rate published by the ECB at the end of the period.

Any profit or loss gained as a result of foreign currency rate fluctuations is included in the Comprehensive Income Statement. The Company has monetary assets and liabilities nominated in USD. At the end of the reporting period they were translated to EUR by using the USD rate 1.22710 (as at 31.12.2020) and 1.1234 (as at 31.12.2019).

Financial Instruments

Financial assets are classified according to three assessment categories: assets to be assessed at their depreciated acquisition value; assets to be assessed at their fair value and reassessed within other comprehensive income (FVOCI); and assets to be assessed at their fair value and reassessed within the income statement. The Company classifies its financial assets, including trade receivables, at their depreciated acquisition value.

The Company considers the loss from impairment of assets contained within the scope of operation of the foreseeable credit loss model insignificant. This is substantiated by the fact that the accrued income is intended for the three managed pension plans with settlement shortly after the end of the reporting period, while other financial assets are mostly on-call claims to credit institutions and hence the shortness of the deadline of such claims means an insignificant credit risk.

Fair Value of Financial Assets and Liabilities

The fair value of assets and liabilities is the price, which would be received from selling an asset or paid upon performance of obligations under a normal transaction between market participants on the date of assessment of the respective asset or liability. In the opinion of the Company's Management the fair value of financial assets and liabilities does not significantly differ from their book value.

Cash and Cash Equivalents

Cash and cash equivalents consist of the cash in bank and high liquidity assets with the initial maturity not exceeding three months, which the Company uses for discharge of short-term liabilities.

Accruals and Accrued Liabilities

Accruals are recognised under the respective item in the Statement of Financial Standing if the Company has valid legal or constructive liabilities, which have arisen from a past event, and it is expected that settlement of such liabilities will require outflow of economic benefits and credible assessment of such liabilities is possible. Where the impact of the time aspect is significant the scope of accruals or accrued liabilities is determined by discounting the foreseen future cash flow by the pre-tax rate, which reflects the current market assessment of the time value of money, and where necessary, the risks related to the respective asset.

Under the item "Accrued liabilities" certainly known amounts of liabilities to suppliers and service providers are indicated with regard to goods or services received during the reporting year, for which a relevant source document intended for payment (invoice) has not yet been received before the balance sheet date due to delivery, purchase or contract provisions or other reasons.

Share-Based Payments

Equity transactions
Costs are recognised as a part of personnel remuneration together with a relevant increase in equity (share option reserve) in a period of time within which the service is provided and work performance provisions are completed (guarantee period). Cumulative costs, which are in relation to equity transactions recognised at the end of the reporting period reflect the time of the preceding guarantee period and the Company's best estimate regarding the same number of instruments, which will be finally guaranteed. Costs or revenue in the Comprehensive Income Statement of the respective period reflect changes in the cumulative costs recognised at the beginning and at the end of the period.

Costs are not recognised for share-based payments, which are finally not guaranteed because the relevant off-market obligations and/or work performance provisions are not fulfilled within the guarantee period. If share-based payments comprise market or non-guaranteed provisions, the transactions are recorded as guaranteed regardless of whether the non-guaranteed provisions have been fulfilled, provided all other obligations and/or work performance provisions have been fulfilled.

If conditions are changed for share-based payments performed as equity transactions, the minimum recognizable amount of costs is the fair value of the unmodified remuneration on the date of allocation, provided the initial provisions for share-based payments have been complied with. Additional costs determined on the date of changes are recognised for any changes that increase the total fair value of share-based payments or otherwise bring certain benefits for the employee. If the Company or employee annuls the share-based payment, the remaining fair value of share-based payments is not further recognised in the Comprehensive Income Statement.

Income Tax

Income tax consists of the calculated tax. Income tax in indicated in the Comprehensive Income Statement except where it refers to items recognised specifically under the equity or other comprehensive income. The payable tax amount comprises the foreseen tax payment on the taxable annual income calculated on the basis of tax rates applicable on the date of the financial statement, and adjustment to payable taxes referring to previous years.

The Corporate Income Tax Law of the Republic of Latvia imposes 20% tax rate only to distributed profit, providing 0% for retained earnings. IAS 12 "Income Tax" specifies that where differences exist between tax rates applicable to distributed and retained earnings the deferred tax assets and liabilities must be recognised by applying such rate as is specified for retained earnings. Hence the deferred tax assets and liabilities are recognisable as zero.

The Corporate Income Tax Law also stipulates imposition of tax on the taxable base consisting of conditionally distributed profits (costs other than related to operating activities, etc.). According to IAS 12 "Income Tax", income taxes include only such taxes, which are based on taxable profit, hence in theses financial statements the tax calculated on the taxable base consisting of conditionally distributed profits is indicated under the item "Other costs".

Classification

At the time of concluding the agreement, the Company assesses whether the agreement is a lease or includes a lease. A contract is a lease or includes a lease if it gives the right to control the use of an identifiable asset for a specified period in exchange for consideration. To assess whether the agreement is a lease or includes a lease, the Company assesses whether:

- The contract provides for the use of an identifiable asset - the asset may be specified directly or indirectly and must be physically separable or reflect the full capacity of the asset from the physically separable asset. If the supplier has a signi-

ficant right to replace the asset, the asset is not identifiable;

- The Company has the right to obtain all economic benefits from the use of an identifiable asset throughout its useful life;

- The Company has the right to determine the use of an identifiable asset. The Company has the right to determine the type of use when it can decide how and for what purpose the asset will be used. Where appropriate decisions about how and for what purpose an asset is used are determined in advance, the Company should assess whether it has the right to operate the asset or to designate the asset in a particular way, or whether the Company intends to use the asset in a manner previously determines how and for what purpose the asset will be used. In the case of an initial measurement or reassessment of a contract that includes a lease component or several lease components, the Company attributes to each lease component its relative separate price.

Risk Management

The aim of the Company's risk management processes is to identify and manage the significant operational risks of the Company, as well as to ensure control thereof. The main objectives of the Company in the area of risk management are:

a. to protect the assets of the management service recipients (investment plans).

b. to ensure compliance of the management of the assets of the management service recipients (investment plans) with the laws and regulations of the Republic of Latvia.

c. to ensure that the Company's activities are compliant with the laws and regulations of the Republic of Latvia.

d. to protects the Company's assets and facilitate stability of cash flows.

e. to regularly assess what risks may adversely affect the achievement of the Company's business aims, including achievement of planned financial results.

In these financial statements we consider the management of exactly those risks, which are attributable to the Company's assets, cash flows and business goals.

The Company identifies specific risk factors it faces during the course of its business. For the purpose of implementing and maintaining relevant risk management guidelines the Company has developed and has in place relevant policies.

Market risk

Market risk is a possibility to suffer loss due to revaluation of the value of assets and managed assets, which is related to changes in market prices of financial instruments, commodities and derivatives thereof, which arise due to exchange rate changes, interest rate changes or effects from other factors.

Foreign currency risk

Foreign currency risk is a risk of potential loss arising from revaluation of the Company's open currency items (difference between assets and liabilities) for each of the foreign currencies, when the foreign currency exchange rate changes in relation to the currency used in the statement. During the reporting period the Company did not have and as at the end of the reporting period there is no open significant currency item in any foreign currency, which would materially affect the Company's assets or liabilities. The Company considers the foreign currency risk insignificant and has not prepared a sensitivity analysis.

Operational risk

Operational risk is a possibility to suffer loss due to incompliant or incomplete internal processes, human or system actions, or impact of external circumstances, including legal risk, but excluding strategic and reputation risks. Operational risk is one of the most significant risks characterising the Company's business and the Company manages it according to the Operational Risk Management Policy developed by the Company.

Reputation risk

Reputation risk is a risk that the participants of investment plans managed by the Company, business partners, shareholders, supervisory authorities and other persons interested in the Company's business may develop a negative opinion about the Company and it may have a negative impact on the Company's ability to maintain its current or develop new business relations with its customers and other business partners, as well as negatively affect the investment plans managed by the Company. The Company's Board carefully monitors the Company's reputation and risk factors.

Business compliance risk

Business compliance risk is a risk of that the Company may incur loss or may be imposed legal obligations or become subject to sanctions or its reputation may worsen because the Company does not comply with or violates compliance laws, regulations and standards. The Company's Board carefully follows amendments to laws and regulations, as well as operation of the Company's internal control processes in order to ensure business compliance with the applicable laws and regulations and to timely prepare for necessary changes in operation in the future.

Information technology and system risk

This risk is a possible inability of the Company related to functioning of information systems to ensure full and quality performance of any of its obligations or functions and the related risk that the Company may incur loss/additional expenses as a result of insufficient information technologies or improper processing of information. The Company manages this risk according to the Information System and Personal Data Protection Rules developed by the Company.

Interest rate risk

The most important risk with regard to financial instruments, which are not assessed at their fair value, is a risk that changing of market interest rates will result in changes in the future cash flows or fair value of financial instruments. To mitigate the interest rate risk the Company carefully considers its investing activities. Since the Company did not have any assets or liabilities subjected to interest rate risk during the reporting period, the interest rate risk did not have any direct impact upon it in the reporting period.

Liquidity risk

Liquidity risk is a risk that the Company will be unable to timely satisfy statutory requirements without considerable loss and will be unable to overcome unplanned changes in the Company's resources and/or market situations due to not having at its disposal sufficient amount of liquid assets. Taking into account the scope of Company's free cash assets, no cases of liquidity risk were established during the reporting period.

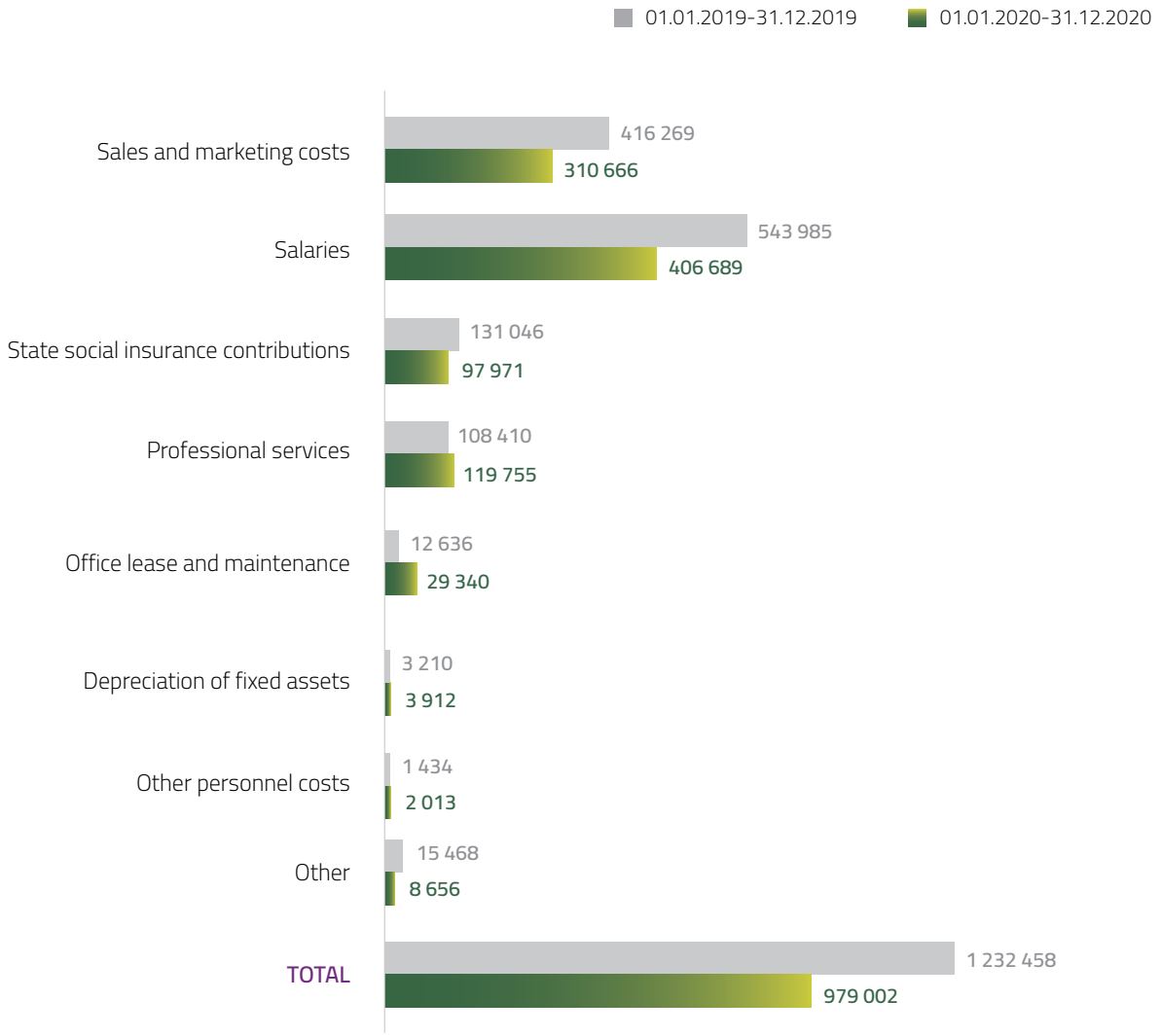
Strategic and business risk

Strategic and business risk is a possibility to suffer loss arising from mistakes in passing decisions, which determine the Company's strategic activities and development (strategic, business management). The Management manages this risk by avoiding individual making of significant strategic decisions, instead practicing such decision-making through consultancy at Board meetings and consulting the Company's Council where necessary.

2. Fees and similar income

	01.01.2020-31.12.2020 EUR	01.01.2019-31.12.2019 EUR
Fees for management of the assets of the State-Funded Pension Scheme investment plan "INDEXO Izaugsme 47-57"	324 495	247 855
Fees for management of the assets of the State-Funded Pension Scheme investment plan "INDEXO Jauda 16-50"	605 781	316 591
Fees for management of the assets of the State-Funded Pension Scheme investment plan "INDEXO Konservatīvais 55+"	42 191	19 028
Total	**972 467**	**583 474**

3. Administration costs



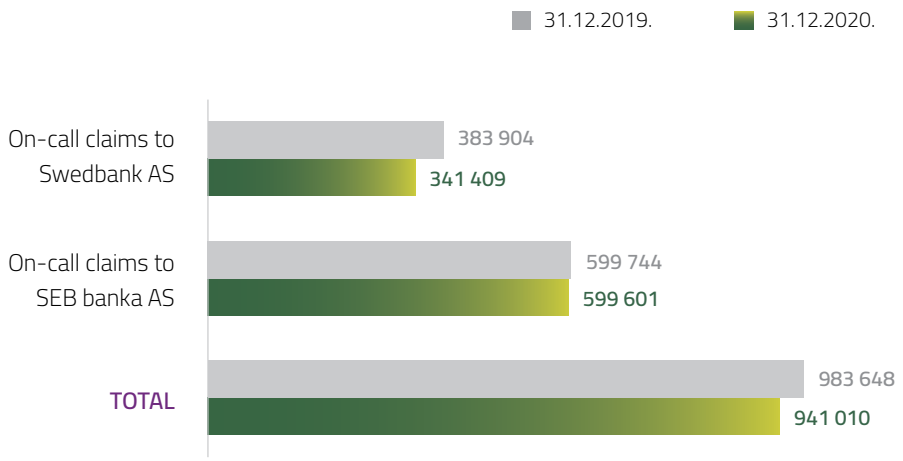
In the reporting year gross remuneration of Members of the Board, including the variable part of remuneration, was EUR 143 688 (EUR 100 647 in 2019) and the allocated share benefit EUR 85 184. No salary is calculated for Members of the Council.

The average number of employees who received remuneration during the reporting period was 31.

4. Other costs

	01.01.2020-31.12.2020 EUR	01.01.2019-31.12.2019 EUR
FCMC financing duty	3 557	3 557
Other	-	2 702
TOTAL	**3 557**	**6 259**

5. On-call claims to credit institutions



The level of necessary accruals was assessed for the claims to credit institutions according to IFRS 9 "Financial Instruments". The Company keeps its cash assets at AS Swedbank and AS SEB bank. The rating of those banks with S&P, Moodys, Fitch is high and, having assessed the necessary level of accruals it was concluded that the necessary accrual was insignificant and therefore was not created.

6. Fixed assets and right-of-use assets

	Other fixed assets EUR
Initial value	
As at 31.12.2018	7 900
Purchased	4 812
Disposed	(386)
As at 31.12.2019.	12 326
Purchased	1 525
As at 31.12.2020	13 851

	Other fixed assets EUR
Accrued depreciation	
As at 31.12.2018.	1 876
Calculated	3 210
Disposed	(96)
As at 31.12.2019.	4 990
Calculated	3 912
As at 31.12.2020	8 902

Net book value 31.12.2019	**7 336**
Net book value 31.12.2020	**4 949**

The Company applies IFRS 16 to lease transactions. The Company leases office premises. The lease agreement is valid for unlimited time, but the Management of the Company expects the premises to be used until 31.12.2021. The asset is depreciated over a period of 24 months and lease obligations are calculated at a 3.6% discount rate.

Right-of-use asset	EUR
As at 31.12.2018	-
Adoption of IFRS 16 as of 01.01.2019	13 874
Effect from changes under the lease agreement	13 856
Amortisation	(12 140)
As at 31.12.2019	**15 590**
Effect from changes under the lease agreement	12 614
Amortisation	(13 538)
As at 31.12.2020	**14 666**

Lease obligations	EUR
As at 31.12.2018	-
Adoption of IFRS 16 as of 01.01.2019	13 874
Calculated interest	643
Effect from changes under the lease agreement	13 856
Rent	(12 485)
As at 31.12.2019	**15 888**
Calculated interest	643
Effect from changes under the lease agreement	12 615
Rent	(14 450)
As at 31.12.2019	**14 696**

Right-of-use asset	31.12.2020 EUR	31.12.2019 EUR
Lease right-of-use asset	14 666	15 590
Lease obligations (see Annex 13)	14 696	15 888

7. Investments in related companies

	31.12.2020 EUR	31.12.2019 EUR
AS "Indexo Atklātais Pensiju Fonds"	400 000	-
TOTAL	**400 000**	-

On 5 June 2020 a decision was passed on founding AS "Indexo Atklātais Pensiju Fonds" with an aim to offer 3rd pillar pension service to customers. The company's capital consists of 400 000 shares with nominal value of EUR 1 per share.

8. Accrued income

	31.12.2020 EUR	31.12.2019 EUR
Fees for management of the assets of the State-Funded Pension Scheme investment plan "INDEXO Izaugsme 47-57"	31 720	26 053
Fees for management of the assets of the State-Funded Pension Scheme investment plan "INDEXO Jauda 16-50"	65 799	41 915
Fees for management of the assets of the State-Funded Pension Scheme investment plan "INDEXO Konservatīvais 55+"	4 489	2 497
Recalculated costs of "Indexo Atklātais Pensiju Fonds"	98 036	-
TOTAL	**200 044**	**70 465**

9. Deferred costs

	31.12.2020 EUR	31.12.2019 EUR
Advance rent for premises	1 813	14 883
Other	698	132
TOTAL	**2 511**	**15 015**

10. Other assets

	31.12.2020 EUR	31.12.2019 EUR
Customer acquisition costs	246 402	-
Security deposits	1 181	150
Advance payments	9 525	-
Other	-	35
TOTAL	**257 108**	**185**

11. Accurals

	31.12.2020 EUR	31.12.2019 EUR
Accruals for variable part of employee remunerations and related tax payments	25 007	103 461
TOTAL	**25 007**	**103 461**

12. Accrued liabilities

	31.12.2020 EUR	31.12.2019 EUR
Accrued liabilities for unused vacations	30 685	25 134
Accrued liabilities for trade payables	4 851	20 620
TOTAL	**35 536**	**45 754**

13. Trade payables

	31.12.2020 EUR	31.12.2019 EUR
Trade payables for goods and services	3 657	13 647
Lease obligations	14 696	15 888
TOTAL	**18 353**	**29 535**

14. Taxes and mandatory state social insurance contributions

	31.12.2020 EUR	31.12.2019 EUR
Value added tax	15 045	511
Mandatory state social insurance contributions	13 047	16 417
Personal income tax	8 127	8 671
Business risk duty	4	-
TOTAL	**36 223**	**25 599**

15. Other payables

	31.12.2020 EUR	31.12.2019 EUR
Salary settlements	31 590	32 585
Other	-	153
TOTAL	**31 590**	**32 738**

16. Share capital

The authorised and fully paid-up share capital of IPAS "Indexo" was EUR 3 016 987 as of 31 December 2020 (EUR 2 265 000 as of 31 December 2019) and it consists of registered shares. The Company's share capital consists of 2 281 987 Class A registered shares with nominal value of one share EUR 1 (one euro) and 183 750 (one hundred eighty-three thousand seven hundred fifty) Class B registered shares with nominal value of one share EUR 4 EUR.

In the reporting period the Company's share capital was increased by EUR 751 987 through issue of 183 750 Class B registered shares (nominal value of EUR 735 000) and 16 987 Class A registered shares (nominal value of EUR 16 987). Both Class A and Class B shares grant equal rights to receiving dividends and liquidation quotas, as well as equal priority rights to acquire newly issued shares in the event of increasing of the equity capital.

Increase of the share capital was necessary in order to comply with statutory requirements since the value of investment plan assets managed by the Company exceeded EUR 200 million.

Shareholder	Subscribed equity capital EUR	Proportion %	Paid-up equity capital EUR
DVH SIA, Registration No 50203040781	553 000	18.33%	553 000
Legal persons – residents with equity of up to 10%	769 286	25.50%	769 286
Legal persons – non-residents with equity of up to 10%	472 628	15.67%	427 628
Natural persons – residents with equity of up to 10%	860 373	28.52%	860 373
Natural persons – non-residents with equity of up to 10%	361 700	11.99%	361 700

17. Transactions with related parties

Related parties are considered to be shareholders who have controlling interest in the Company, companies, council and board members under their control, and other related parties, i.e., senior employees, their close relatives and companies under their control, as well as related companies. During the period from 1 January 2020 to 31 December 2020 all transactions with related parties were performed according to the principles of free market.

	01.01.2020- 31.12.2020 EUR	01.01.2019- 31.12.2019 EUR
Investment plan "INDEXO Izaugsme 47-57"		
Income from fees for management of investment plan assets	324 495	247 855
Accrued income from fees for management of investment plan assets (balance)	31 720	26 053
Investment plan " INDEXO Jauda 16-50"		
Income from fees	605 781	316 591
Accrued income from fees for management of investment plan assets (balance)	65 799	41 915
Investment plan " INDEXO Konservatīvais 55+"		
Income from fees	42 191	19 028
Accrued income from fees for management of investment plan assets (balance)	4 489	2 497
AS "Indexo Atklātais Pensiju Fonds"		
Provided services	81 021	-
Receivables claims (balance)	98 035	-
SIA "Callidus Capital"		
Lease of premises and utilities costs	9 801	15 107
Advisory services	10 769	18 029
Trade payables (balance)	-	1 634

18. Analysis of financial asset and liability deadlines

The table reflects analysis of the Company's financial asset and liability deadlines performed with consideration of the remaining period of time from the last date of the reporting period to the discharge date indicated in the agreement. Undiscounted cash flows of financial liabilities correspond to deadlines and amounts reflected in term structure tables.

As at 31.12.2020, EUR	Total	On demand	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
On-call claims to credit institutions	941 010	941 010	-	-	-	-
Financial assets total	**941 010**	**941 010**	**-**	**-**	**-**	**-**
Accruals	(25 007)	-	-	-	(25 007)	-
Accrued liabilities	(35 536)	-	-	(4 851)	(30 684)	-
Trade payables	(3 656)	-	(3 656)	-	-	-
Liabilities related to IFRS 16 lease assets	(14 696)	-	-	-	-	(14 696)
Other creditors	(31 590)	-	(31 590)	-	-	-
Financial liabilities total	**(110 485)**	**-**	**(35 246)**	**(4 851)**	**(55 691)**	**(14 696)**
Net position	**830 525**	**941 010**	**(35 246)**	**(4 851)**	**(55 691)**	**(14 696)**

As at 31.12.2019, EUR						
On-call claims to credit institutions	983 648	983 648	-	-	-	-
Financial assets total	**983 648**	**983 648**	**-**	**-**	**-**	**-**
Accruals	(103 461)	-	-	(47 100)	(47 637)	(8 724)
Accrued liabilities	(45 754)	-	(45 754)	-	-	-
Trade payables	(13 647)	-	(13 647)	-	-	-
Liabilities related to IFRS 16 lease assets	(15 888)	-	-	-	-	(15 888)
Other creditors	(32 738)	-	(32 738)	-	-	-
Financial liabilities total	**(211 488)**	**-**	**(92 139)**	**(47 100)**	**(47 637)**	**(24 612)**
Net position	**772 160**	**983 648**	**(92 139)**	**(47 100)**	**(47 637)**	**(24 612)**

19. Remuneration to a company of certified auditors

	01.01.2020.-31.12.2020	01.01.2019.-31.12.2019
	EUR	EUR
Auditing of financial statements	14 500	10 527
TOTAL	**14 500**	**10 527**

20. Events following the end of the reporting period

On 20 January 2021 the Company's subsidiary Indexo Atklātais Pensiju Fonds AS received a license for private pension fund operations by registering pension plans "INDEXO Akciju plāns" and "INDEXO obligāciju plāns" with the Financial and Capital Market Commission. It is planned to launch INDEXO pension plans for customers in the 1st quarter of 2021.

In the reporting year the Company was joined by new investors, experienced entrepreneurs and managers from different industries – telecommunications, energy, construction, finance and other industries. The transaction with the Company's shares won the annual award of the Latvian Venture Capital Association and Latvian Business Angel Network in the nomination "The Most Profitable Investment of the Year" on 11 February 2021.

The restrictions related to reduction of the spread of COVID-19 in general had a mildly negative impact on the Company's customer attraction results. At the same time the Company's Management believes that the restrictions do not reduce the Company's chances to keep to its long-term business plan.

Within the period of time from the last day of the reporting period to the date of signing of these financial statements there were no significant events with considerable impact on the result of the reporting period, the occurrence of which would call for adjustments to financial statements or which would have to be included in the annex to financial statements.

On 26 February 2021 financial statements were approved and signed on behalf of the Company by:

_____	_____
Valdis Siksnis	Ilja Arefjevs
Chairman of the Board	Member of the Board

THIS DOCUMENT IS SIGNED WITH SECURE ELECTRONIC SIGNATURE AND BEARS A TIMESTAMP

Independent Auditor's Report

To the shareholders of the investment management company "Indexo"

Report on the Financial Statements

Our Opinion

In our opinion, the financial statements set out on pages 10 to 33 give a true and fair view of the financial position of IPAS "Indexo" (the Company) as at 31 December 2020 and of its financial performance and cash flows for the year ended 31 December 2020, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

What we have audited
The financial statements of the Company comprise:

- statement of comprehensive income for the year ended 31 December 2020,
- statement of financial position as at 31 December 2020,
- statement of changes in equity for the year ended 31 December 2020,
- cash flow statement for the year ended 31 December 2020, and
- notes to the financial statements, which include a summary of significant accounting principles and other explanatory information.

Grounds for the Opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) recognized by the Republic of Latvia. Our responsibilities under these Standards are described below in Section of our Report *Auditors' Responsibility for the Audit of Financial Statements*.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
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 specified in the Code and the ethics requirements specified in the Law on Audit Services of the Republic of Latvia.
We have not provided any non-audit services to the Company during the period from 1 January 2020 to 31 December 2020.

PricewaterhouseCoopers SIA
Kr. Valdemāra iela 21-21, Riga, LV-1010, Latvia, LV40003142793
T: +371 6709 4400, F:+371 6783 0055, www.pwc.lv

Our Audit Approach

Key Audit Issues

The key audit issues are those that, in our professional judgment, were the most significant in the audit of the financial statements for the reporting period. These issues have been addressed in the overall context of our audit of the financial statements and in the preparation of our audit opinion. We do not provide a separate opinion on these issues.

Key audit issues	What audit procedures we used on key audit issues
Commission income from the management of investment plans of the State Funded Pension Scheme See Note 2 to the financial statements *"Commissions and similar income"*. Commission income is the most important source of external income for the Company, therefore an important area of our audit was to check whether there has been commission income and whether it is accurately reflected in the financial statements. Commission income consists of a fixed part, which is calculated as a certain percentage of the net assets of the managed investment plans of the State Funded Pension Scheme. The variable commission rate specified in the prospectus of the State funded pension plans managed by the Company is zero.	We have assessed whether the Company's accounting policies for the recognition of commission income are in accordance with IFRS. We have performed a random check on the accuracy of the calculations: we calculated the income from individual commissions by multiplying the daily net asset value of the plan by the commission rate for a particular plan and compared the results with the results of the Company's calculations. We have also performed substantive procedures regarding the completeness and accuracy of the net assets of the plans in order to ensure that the information used to calculate commission income is reliable. We have also reviewed the supporting documents in order to ensure that there has been commission income and that the commission income was recognized in the correct period. We have verified that the variable commission rate specified in the prospectus of the investment plans of the State Funded Pension Scheme managed by the Company is zero. We have reviewed the information on commission income disclosed in the financial statements.

Reporting of Other Information, including the Management Report

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

- The Management Report provided on pages 4 to 8 of the appended annual report;
- Statement on the Responsibility of the Management Board of the Investment Management Company provided on page 9 of the appended annual report;

but does not include the financial statements and our Auditor's Report on them.

Our Opinion on the financial statements does not relate to other information contained in the annual report, including the Management Report and the Statement of Liability of the Management Board of the Investment Management Company.

In connection with the audit of the financial statements, we are required to review other information described above 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 and whether it contains any other material inconsistencies.

Regarding the Management Report, we have also performed procedures in accordance with the requirements of the Law on Audit Services. These procedures include an assessment of whether the Management Report has been prepared in accordance with applicable law.

Based on our audit procedures, we believe that in all material respects:

- The information provided in the Management Report and the Statement of Liability of the Management Board of the Investment Management Company for the financial year for which the financial statements have been prepared is consistent with the financial statements,
- The Management Report has been prepared in accordance with the requirements of Regulation No. 113 of the Financial and Capital Market Commission "Regulations for the Preparation of Annual Accounts and Consolidated Accounts of Credit Institutions, Investment Brokerage Firms and Investment Management Companies",

In addition, based on our knowledge and understanding of the Company and its operating environment obtained during the audit, we are required to report if we have identified material inconsistencies in the Management Report or other information we received prior to the date of this Auditor's Report. Nothing that needs to be reported in this regard has come to our attention.

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

The management is responsible for the preparation of these financial statements, which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for conducting such internal controls as the management deems necessary in order to ensure that the financial statements are free from 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 explanation 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 governance 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 presentation, structure and content of the financial statements, including the disclosures of information, 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 also provide to the persons charged with the governance of the Company a statement that we have complied with binding ethical requirements regarding independence, and also 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 governance of the Company, we determine those issues that we consider to be the most significant for the audit of the financial statements of this reporting period 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 Regulatory Requirements

Appointment
We have been appointed as the Company's auditors for the first time by the shareholders' decision of 15 July 2020. This is the first year we have performed the audit.

PricewaterhouseCoopers SIA
Commercial company of sworn auditors
Licence No. 5

Ilandra Lejiņa
Responsible sworn auditor
Certificate No. 168

Member of the Management Board

Riga, Latvia
22 March 2021

The independent auditor's report is electronically signed with a secure electronic signature and contains a time stamp.

21. SCHEDULE 3

INDEXO audited stand-alone financial statements for the financial year ended 31 December 2019

INDEXO

IPAS "Indexo"

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

TABLE OF CONTENTS

INFORMATION ABOUT THE COMPANY	**3**
MANAGEMENT REPORT	**4**
STATEMENT OF THE LIABILITY OF THE MANAGEMENT BOARD OF AN INVESTMENT MANAGEMENT COMPANY	**6**
AUDITORS’ REPORT	**7-11**
FINANCIAL STATEMENTS:	
STATEMENT OF COMPREHENSIVE INCOME	**12**
STATEMENT OF FINANCIAL POSITION	**13**
STATEMENT OF CHANGES IN EQUITY	**14**
STATEMENT OF CASH FLOWS	**15**
ANNEXES TO THE FINANCIAL STATEMENTS	**16-30**

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	

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

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	

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

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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.

KPMG Baltics SIA, a joint-stock company registered in Latvia
and a member firm of the KPMG network of independent
member firms affiliated with the Swiss entity KPMG
International Cooperative (KPMG International)

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

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.

Actions Taken

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.

THIS DOCUMENT IS ELECTRONICALLY SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.

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	Toms Kreicbergs
Chairman of the Management Board	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
Chairman of the Management Board

Toms Kreicbergs
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	Toms Kreicbergs
Chairman of the Management Board	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	Toms Kreicbergs
Chairman of the Management Board	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	01.01.2018-31.12.2018
	EUR	EUR
Commission fee for the management of the assets of the State funded pension scheme investment plan "INDEXO Izaugsme 47-57"	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	01.01.2018-31.12.2018
	EUR	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	01.01.2018-31.12.2018
	EUR	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	01.01.2018-31.12.2018
	EUR	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

22. SCHEDULE 4

Share Buy-Back Program
General Terms

IPAS "Indexo"
Reģistrācijas Nr. 40203042988
Juridiskā adrese: Elizabetes iela 13 – 1A, Rīga, LV-1010, Latvija

AKCIJU ATPIRKŠANAS PROGRAMMAS VISPĀRĪGIE NOTEIKUMI

apstiprināti ar IPAS "Indexo" 30.05.2022. akcionāru sapulces lēmumu

1. Definīcijas

Akcijas – Emitenta emitētās dematerializētas uzrādītāja akcijas.

Birža – Nasdaq Riga, akciju sabiedrība (vienotais reģistrācijas Nr. 40003167049).

Programma – Emitenta akciju atpirkšanas programma.

Depozitārijs – Nasdaq CSD, SE (vienotais reģistrācijas Nr. 40003242879).

Emitents – IPAS "Indexo" (vienotais reģistrācijas Nr. 40203042988).

Prospekts – IPAS "Indexo" Prospekts attiecībā uz akciju sākotnējo publisko piedāvājumu par dematerializētām uzrādītāja akcijām, kuras dod tiesības uz dividenžu saņemšanu, likvidācijas kvotas saņemšanu un balsstiesībām akcionāru sapulcē un katras akcijas nominālvērtību 1 EUR, iekļaušanai tirdzniecībai regulētajā tirgū Biržas Baltijas Oficiālajā sarakstā.

Norēķinu datums – diena, kurā norēķini ar norēķinu sistēmas "finanšu instrumentu piegāde pret samaksu" ("DVP") starpniecību, ko apkalpo Depozitārijs, notiek saskaņā ar norēķinu grafiku.

2. Akciju atpirkšanas mērķis

2.1. Atbilstoši šajā dokumentā noteiktajiem nosacījumiem un noteikumiem, kā arī Prospektā noteiktajiem noteikumiem Programma tiek īstenota ar mērķi nodrošināt Emitenta pamatkapitāla samazināšanu par summu, kas atbilst Programmas rezultātā Emitenta atpirkto akciju kopējai nominālvērtībai, dzēšot no apgrozības atpirktās Emitenta akcijas.

IPAS "Indexo"
Registration No. 40203042988
Legal address: Elizabetes street 13-1A, Riga, LV-1010, Latvia

SHARE BUY-BACK PROGRAM GENERAL TERMS

approved by IPAS "Indexo" shareholders' meeting decision 30.05.2022.

1. Definitions

Shares – the dematerialised bearer shares issued by the Issuer.

Exchange – Nasdaq Riga, a joint-stock company (uniform registration No 40003167049).

Program – the Issuer's share buy-back program.

Depository – Nasdaq CSD, SE (uniform registration No 40003242879).

Issuer – IPAS "Indexo" (uniform registration No 40203042988).

Prospectus – IPAS "Indexo" Prospectus related to the initial public offering for dematerialised bearer shares, which grant the right to dividends, liquidation quota and the voting right at the meeting of shareholders, with the nominal value of each share EUR 1, to be listed for trading on the regulated market in the Baltic Main List of the Exchange.

Settlement Date – a date on which settlements are made in line with a settlement schedule via the settlement system of "delivery versus payment" (DVP) serviced by the Depository.

2. The Aim of Share Buy-back

2.1. According to the terms and conditions set forth in this document, as well as the terms set forth in the Prospectus the Program is implemented with an aim to ensure reduction of the Issuer's equity capital for an amount equal to the total nominal values of shares buy-backed by the Issuer as a result of the Program, withdrawing the buy-backed Issuer's shares from circulation.

2.2. Emitents īsteno Programmu, kas sastāv no vairākiem akciju atpirkšanas piedāvājumiem.

2.3. Programma tiek īstenota ar nosacījumu, ka Emitents nav sasniedzis sākotnējā publiskā piedāvājuma Prospektā norādīto mērķi, proti, Emitenta meitas sabiedrība vai saistīta sabiedrība nav saņēmusi licenci kredītiestādes darbībai Latvijas Republikā 24 (divdesmit četru) mēnešu laikā vai citā Prospektā noteiktā laika posmā pēc Emitenta akciju kotācijas Biržā no Emitenta akciju iekļaušanas tirdzniecībā Baltijas Oficiālajā sarakstā Biržā.

2.2. The Issuer implements the Program, which consists of several share buy-back offers.

2.3. The Program is implemented on the condition the Issuer has not achieved the aim indicated in the Prospectus of the initial public offering, namely, the Issuer's subsidiary or affiliate has not obtained a licence for operation of a credit institution in the Republic of Latvia within 24 (twenty-four) months or another period of time indicated in the Prospectus after the quotation of the Issuer's shares on the Exchange following the listing of the Issuer's shares for trading on the Exchange's Baltic Main List.

3. Akcionāru dalības tiesības Programmā

3.1. Programmā var piedalīties tikai tādi Emitenta akcionāri, kuri iegādājās akcijas Emitenta sākotnējā publiskā piedāvājumā saskaņā ar Prospektu.

3.2. Programmā nevar piedalīties Emitenta akcionāri, kuri savas akcijas ir iegādājušies Biržā citādi kā Prospektā paredzētā sākotnējā publiskā piedāvājuma ietvaros vai ārpus Biržas darījumos. Šādā gadījumā naudas summa par akcijām, kas pieder akcionāriem, kuri savas akcijas ir iegādājušies Biržā (citādi kā Prospektā paredzētā sākotnējā publiskā piedāvājuma ietvaros) vai ārpus Biržas darījumos, saskaņā ar šo noteikumu 8.4. punktu tiks novirzīta Emitenta parastās komercdarbības nodrošināšanai un/vai citiem Emitenta stratēģiskiem mērķiem.

3. Shareholder Eligibility for the Program

3.1. Only the Issuer's shareholders who have purchased shares from the Issuer's initial public offering according to the Prospectus may participate in the Program.

3.2. The Issuer's shareholders who have acquired their shares at the Exchange otherwise than within the initial public offering set forth in the Prospectus or in over-the-counter transactions are not eligible for participation in the Program. In such case the funds for shares held by shareholders who have acquired their shares at the Exchange (otherwise than within the initial public offer set forth in the Prospectus) or in over-the-counter transactions will be utilised to ensure regular business operations of the Issuer and/or other strategic goals of the Issuer pursuant to Clause 8.4 of these Terms.

4. Emitents

4.1. Programmu īsteno emitents IPAS "Indexo", vienotais reģistrācijas numurs: 40203042988, juridiskā adrese: Elizabetes iela 13 – 1A, Rīga, LV-1010, tālruņa numurs: 20 006 088, e-pasta adrese: info@indexo.lv.

4.2. 2022. gada 30. maijā Emitenta ārkārtas akcionāru sapulce nolēma apstiprināt akciju atpirkšanas programmas vispārīgos noteikumus. Programma sagatavota, pamatojoties uz iepriekšminēto ārkārtas akcionāru sapulces lēmumu.

4. The Issuer

4.1. The Program is implemented by issuer IPAS "Indexo", uniform registration number: 40203042988, legal address: Elizabetes iela 13 – 1A, Riga, LV-1010, telephone number: 20 006 088, e-mail address: info@indexo.lv.

4.2. On 30 May, 2022 the Issuer's extraordinary shareholder's meeting decided to approve the general terms of the share buy-back program. The Program is drafted on the basis of the abovementioned decision of the extraordinary shareholder's meeting.

5. Programmas veids

5.1. Atbilstoši Komisijas deleģētās regulas (ES) 2016/1052 (2016. gada 8. marts), ar ko Eiropas Parlamenta un Padomes Regulu (ES) Nr. 596/2014 papildina attiecībā uz regulatīvajiem tehniskajiem standartiem par nosacījumiem, kas piemērojami atpirkšanas programmām un stabilizācijas pasākumiem, noteiktajai atkāpei no akciju atpirkšanas programmas īstenošanas tirdzniecības vietā Programma tiek īstenota apspriestu darījumu veidā (ārpus tirdzniecības vietas).

5. Type of Program

5.1. With consideration of the exemption from implementation of a share buy-back Program at a trading venue laid down in the Commission Delegated Regulation (EU) 2016/1052 (8 March 2016) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures, the Program is implemented through negotiated transactions (outside a trading venue).

6. Programmas periods

6.1. Programmas 2.3. punktā minētā nosacījuma iestāšanas gadījumā Programma tiek īstenota 3 (trīs) mēnešu laika posmā, kas sākas 24 (divdesmit četrus) mēnešus vai citā Prospektā noteiktā laika posmā pēc Emitenta akciju kotācijas Biržā. Valde minētajā 3 (trīs) mēnešu posmā var izteikt atpirkšanas piedāvājumus vairākkārtīgi, katram atpirkšanas piedāvājumam nosakot 30 (trīsdesmit) dienu termiņu, ar konkrētu (fiksētu) akciju atpirkšanas cenu.

6.2. Par Programmas īstenošanu Emitents publicē Biržā paziņojumu vismaz 30 (trīsdesmit) dienas iepriekš. Emitents ne vēlāk kā 10 darba dienu laikā pēc Emitenta lēmuma uzsākt Programmas īstenošanu iesniedz Finanšu un kapitāla tirgus komisijai paziņojumu par akciju atpirkšanas piedāvājuma izteikšanu. Papildus tam, Emitents 10 darba dienu laikā pēc lēmuma uzsākt Programmas īstenošanu vēršas Depozitārijā, lai veiktu nepieciešamās darbības Programmas īstenošanai.

6.3. Emitents nekavējoties, bet ne vēlāk kā 5 (piecu) darbdienu laikā pēc Programmas termiņa beigām iesniedz Finanšu un kapitāla tirgus komisijai, Biržā publicē paziņojumu par Programmas rezultātiem, kurā norāda: Emitenta firmu, reģistrācijas numuru, juridisko adresi, tālruņa numuru, e-pasta adresi un interneta mājaslapas adresi; pārdošanai piedāvāto akciju skaitu; akciju skaitu, kas pēc akciju

6. The Program Period

6.1. Should the condition indicated in Clause 2.3 of the Program occur, the Program shall be implemented within 3 (three) months, which start 24 (twenty-four) months after quotation of the Issuer's shares on the Exchange or within another period of time indicated in the Prospectus. Within the above-mentioned period of 3 (three) months the Management Board of the Issuer may make repeated buy-back offers with a 30 (thirty) days deadline for each buy-back offer and with a particular (fixed) share buy-back price.

6.2. The Issuer shall publish an announcement regarding implementation of the Program at the Exchange at least 30 (thirty) days in advance. No later than 10 business days after the Issuer's decision to launch the Program the Issuer shall submit to the Financial and Capital Market Commission a notice regarding the share buy-back offer. In addition, within 10 business days after the decision to launch the Program the Issuer shall address the Depository to take the measures necessary for the implementation of the Program.

6.3. The Issuer shall immediately, but no later than within 5 (five) business days after the expiry of the Program submit to the Financial and Capital Market Commission and publish at the Exchange an announcement regarding the Program results comprising the following: the Issuer's name, registration number, legal address, telephone number, e-mail address and internet homepage address; the number of shares offered for sale; the

atpirkšanas piedāvājuma izpildes būs Emitenta rīcībā.

number of shares at the Issuer's disposal after the completion of the share buy-back offer.

7. Akciju ISIN kods

7.1. Emitenta akcijām, kuras ir iegrāmatotas Depozitārijā un ir iekļautas Baltijas oficiālajā sarakstā Biržā (turpmāk - akcijām), piešķirtais ISIN kods ir LV0000101863.

7. The Share ISIN code

7.1. The ISIN code allocated to the Issuer's shares, which are registered at the Depository and listed in the Baltic Main List of the Exchange (hereinafter referred to as shares) is LV0000101863.

8. Programmas vērtība un vienas akcijas atpirkšanas cena

8.1. Vienas akciju atpirkšanas cena ir tādā pati kā akciju pārdošanas cena sākotnējā publiskajā piedāvājuma laikā vai arī fiksēta cena, ko noteikusi Emitenta valde, un kuras aprēķināšanas formula ir iekļauta Prospektā.

8.2. Maksimālais iegūstamo akciju skaits Programmas ietvaros ir tāds pats akciju skaits, kā parakstītās un apmaksātās akcijas sākotnējā publiskā piedāvājuma laikā.

8.3. Maksimālā naudas summa, ko var izlietot akciju iegādei, ir tādi pati, kā Emitenta gūtie neto ieņēmumi no sākotnējā publiskā akciju piedāvājuma.

8.4. Naudas summa jeb starpība starp Emitenta iegūtajiem neto ieņēmumiem no sākotnējā publiskā akciju piedāvājuma un naudas summu, kas tiks izlietota Programmā, ja tā ir mazāka nekā neto ieņēmumi no sākotnējā publiskā piedāvājuma, tiks novirzīta Emitenta parastās komercdarbības nodrošināšanai un/vai citiem Emitenta stratēģiskiem mērķiem.

8. The Value of the Program and Buy-back Price of One Share

8.1. The buy-back price of one share is the same as the share sales price during the initial public offering or a fixed price determined by the Issuer's Management Board, the formula of calculation of which is included in the Prospectus.

8.2. The maximum number of shares, which may be acquired within the Program is the same as the number of subscribed and paid-up shares during the initial public offering.

8.3. The maximum amount of money, which may be used for the purchase of shares is the same as the Issuer's net proceeds of the initial public offering.

8.4. The amount of money (the difference) between the net proceeds gained by the Issuer from the initial public offering and the amount of money to be utilised in the Program, if it is smaller than the net proceeds of the initial public offering, shall be utilised to ensure regular business operations of the Issuer and/or other strategic goals of the Issuer.

9. Informācija par akciju apmaksas kārtību un termiņiem

9.1. Apmaksa par publiskā apgrozībā esošajām Emitenta akcijām tiks veikta ar Depozitārija starpniecību, pārskaitot naudas summu ar bankas vai ieguldījumu brokeru sabiedrības, kurā akcionārs ir atvēris finanšu instrumentu kontu, starpniecību, atbilstoši Depozitārija noteikumiem noteiktajai kārtībai Norēķinu

9. Information Concerning the Procedure of Payment for Shares and Deadlines Thereof

9.1. Payment for the publicly traded Issuer's shares is via the Depository whereby the funds are transferred from the bank or investment brokerage company with which the shareholder has a financial instrument account, according to the Depository's rules and the set procedure on the Settlement Date. Settlements are made

dienā. Norēķini veicami pēc principa "finanšu instrumentu piegāde pret samaksu" ("DVP").

according to the principle of "delivery versus payment" (DVP).

9.2. Norēķinu diena par akcijām ir 3. (trešā) diena pēc 6.1. punktā noteiktā Programmas termiņa beigām vai pēc Emitenta valdes atbilstoši 6.1. punktam brīvi noteiktā termiņa beigām. Gadījumā, ja apmaksas termiņš beidzas brīvdienā vai svētku dienā, tad par pēdējo apmaksas dienu tiek uzskatīta nākamā darba diena.

9.2. The Settlement Date for the shares is the 3rd (third) day after the expiry of the Program indicated in Clause 6.1 or after an expiry date set at the discretion of the Issuer's Management Board in line with Clause 6.1. If the payment deadline falls at weekend or on a holiday, the next business day is considered the last payment date.

9.3. Akciju atpirkšanai nepieciešamie naudas līdzekļi no Emitenta norēķinu konta, tiks ieskaitīti Depozitārija norādītajā naudas kontā, no kura naudas līdzekļi tiks pārskaitīti akcionāriem Norēķinu dienā Depozitārija noteiktajā kārtībā, izmantojot Depozitārija norēķinu sistēmu "finanšu instrumentu piegāde pret samaksu" ("DVP").

9.3. The funds necessary for share buy-back are transferred from the Issuer's account to the money account indicated by the Depository from where the funds will be transferred to shareholders on the Settlement Date according to the procedure set by the Depository, using the Depository's payment system "delivery versus payment" (DVP).

9.4. Akcionāri, kuri piedalīsies Programmā un pārdos akcijas, samaksu par Emitenta akciju pārdošanu saņems ar bankas vai ieguldījumu brokeru sabiedrības, kurā akcionārs ir atvēris finanšu instrumentu kontu, starpniecību. Vienlaicīgi ar naudas pārskaitīšanu akcionāriem Depozitārijs pārskaitīs Programmas ietvaros piedāvātās akcijas uz Emitenta finanšu instrumentu kontu.

9.4. The shareholders who will participate in the Program and sell the shares, will receive payment for selling of the Issuer's shares via the bank or investment brokerage company with which the shareholder has a financial instrument account. When transferring funds to shareholders the Depository will also transfer the shares offered within the Program to the Issuer's financial instrument account.

10. Kārtība, kādā mērķa sabiedrības akcionāri var pieņemt piedāvājumu un atsaukt pieņemto piedāvājumu

10. Procedure of Acceptance of the Offer and Withdrawal of the Accepted Offer by the Shareholders of the Target Company

10.1. Akcionārs, kurš vēlas piedalīties Programmā un pārdot sev piederošās akcijas, ar kredītiestādes vai ieguldījumu brokeru sabiedrības, kurā akcionārs ir atvēris finanšu instrumentu kontu, starpniecību dod akciju pārdošanas uzdevumu, norādot, ka darījums slēdzams saskaņā ar Programmas noteikumiem. Pieteikumā, kurš iesniedzams kredītiestādē vai ieguldījumu brokeru sabiedrībā, jānorāda šāda informācija par akciju pārdevēju, pircēju un pārdodamajām akcijām:

1) informācija par pārdevēju:
   a) fiziskajai personai — vārds, uzvārds, personas kods, ja personai

10.1. A shareholder who wishes to participate in the Program and sell their shares places a selling order via the credit institution or investment brokerage company with which the shareholder has a financial instrument account, indicating that the transaction shall be performed according to the terms of the Program. The application to be submitted to the credit institution or investment brokerage company shall contain the following information about the seller of the shares, the buyer thereof and the shares to be sold:

1) information about the seller:
   a) for a natural person – name, surname, personal identity number,

nav personas koda, — dzimšanas datums;

b) juridiskajai personai — nosaukums, reģistrācijas numurs un juridiskā adrese;

c) norēķinu konta izraksts, kas apliecina atbilstību Programmas 3.punkta noteikumiem.

2) pircēja nosaukums, reģistrācijas numurs un juridiskā adrese - IPAS "Indexo", vienotais reģistrācijas numurs: 40203042988, juridiskā adrese: Elizabetes iela 13 – 1A, Rīga, LV-1010;

3) pircēja finanšu instrumentu konta numurs un kredītiestādes, kurā pircējam atvērts finanšu instrumentu konts, nosaukums – _____, _____ (vienotais reģistrācijas numurs: _____, juridiskā adrese: _____);

4) pārdevēja finanšu instrumentu konta numurs un kredītiestādes vai ieguldījumu brokeru sabiedrības, kurā pārdevējam ir atvērts finanšu instrumentu konts, nosaukums;

5) pārdevēja naudas norēķinu konta numurs samaksas saņemšanai par pārdotajām akcijām un kredītiestāde, kurā pārdevējam šis konts ir atvērts;

6) pārdodamo akciju ISIN kods - LV0000101863;

7) pārdodamo akciju skaits un cena (kas ir vienāda ar šajā Programmā norādīto akciju atpirkšanas cenu).

10.2. Akcionārs, kurš ir devis pārdošanas uzdevumu un iesniedzis pieteikumu kredītiestādē vai ieguldījumu brokeru sabiedrībā saskaņā ar šo akciju atpirkšanas programmas vispārīgo noteikumu 10.1. punktu, ir tiesīgs atsaukt vai mainīt pārdošanas uzdevumu jebkurā brīdī līdz konkrētā Emitenta valdes izteiktā atpirkšanas piedāvājuma termiņa beigām. Šādā gadījumā akcionāram ir jāsazinās ar konkrēto kredītiestādi vai ieguldījumu brokeru sabiedrību un jāveic to noteiktās darbības, lai atceltu vai mainītu iesniegto pārdošanas uzdevumu.

date of birth if the person does not have a personal identity number;

b) for a legal person – name, registration number and legal address;

c) account statement confirming compliance with the provisions of Clause 3 of the Program.

2) the buyer's name, registration number and legal address - IPAS "Indexo", uniform registration number: 40203042988, legal address: Elizabetes iela 13 – 1A, Riga, LV-1010;

3) the buyer's financial instrument account number and the name of the credit institution with which the buyer has the financial instrument account – _____, _____ (uniform registration number: _____, legal address: _____);

4) the seller's financial instrument account number and the name of the credit institution or the investment brokerage company with which the seller has the financial instrument account;

5) the seller's current account for transfer of the payment for the sold shares and the credit institution with which the seller has the account;

6) ISIN code of shares to be sold - LV0000101863;

7) number and price of the shares to be sold (which is equal to the share buy-back price indicated in the Program).

10.2. The shareholder who has placed a selling order and submitted the application to the credit institution or investment brokerage company according to Clause 10.1 of these General Terms of Share Buy-back Program may withdraw or change the selling order at any time before the expiry of the particular buy-back offer made by the Management Board of the Issuer. In such case the shareholder shall contact the particular credit institution or investment brokerage company and take measures specified by them to withdraw or change the submitted selling order.

11.Nobeiguma jautājumi

11.1. Emitenta valde ir pilnvarota veikt grozījumus, papildinājumus šīs Programmas noteikumiem (izņemot Programmas 2.1., 6.1., 8.2. un 8.3. punkta noteikumiem) un iekļaut tos Prospekta noteikumos un nosacījumos par IPAS "Indexo" akciju atpirkšanas programmu.

11.2. Jebkuri šīs Programmas noteikumi ir lasāmi kopsakarā ar Finanšu un kapitāla tirgus komisijas apstiprinātajā Prospektā iekļautajiem noteikumiem par akciju atpirkšanas programmu. Atšķirību gadījumā starp šajā Programmā norādīto un Finanšu un kapitāla tirgus komisijas apstiprinātajā Prospektā iekļautajiem noteikumiem priekšroka ir dodama Finanšu un kapitāla tirgus komisijas apstiprinātajā Prospektā norādītajam.

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IPAS "Indexo" valdes priekšsēdētājs
Valdis Siksnis

……
IPAS "Indexo" valdes loceklis
Henrik Karmo

……
IPAS "Indexo" valdes loceklis
Ieva Margeviča

ŠIS DOKUMENTS IR PARAKSTĪTS AR DROŠU ELEKTRONISKO PARAKSTU UN SATUR LAIKA ZĪMOGU

11.Final Provisions

11.1. The Issuer's Management Board is authorised to make amendments to the terms of this Program (except to Clauses 2.1., 6.1., 8.2. and 8.3. of the Program) and include them in the terms and conditions of the Prospectus regarding IPAS "Indexo" share buy-back Program.

11.2. Any provisions of this Program shall be read in conjunction with the terms of the share buy-back program included in the Prospectus approved by the Financial and Capital Market Commission. In case of disagreement between what is stated in this Program and the terms included in the Prospectus approved by the Financial and Capital Market Commission, the Prospectus approved by the Financial and Capital Market Commission shall prevail.

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IPAS "Indexo" chairman of the Management Board
Valdis Siksnis

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IPAS "Indexo" Management Board member
Henrik Karmo

……
IPAS "Indexo" Management Board member
Ieva Margeviča

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