

The logo for INVL, consisting of the letters 'I', 'N', and 'L' in a stylized, white, sans-serif font, set against a dark blue square background.

INVL ASSET MANAGEMENT UAB

Separate financial statements for 2023 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, presented together with the independent auditor's report

Independent Auditor's Report

To the Shareholders of INVL Asset Management UAB

■ Report on the Audit of the Separate Financial Statements

■ Opinion

We have audited the separate financial statements of INVL Asset Management UAB ("the Company"). The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2023,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, including a summary of material accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the non-consolidated financial position of the Company as at 31 December 2023, and of its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Separate financial statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

■ Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Revenue recognition

See Note 3.14 "Revenue recognition" and Note 4 "Revenue from contracts with customers"

The key audit matter	How the matter was addressed in our audit
<p>In 2023, the Company's revenue amounted to EUR 13,972 thousand (2022 – EUR 11,937 thousand), and comprised revenue from the following main services:</p> <ul style="list-style-type: none"> — fund and closed-end investment companies management, including a success fee; — management of securities portfolios of private individuals; and — distribution of investment and pension funds. <p>Success fee revenue and revenue from distribution of investment fund units is recognised at a point in time. Revenue from management of funds and closed-end investment companies and securities portfolios of private individuals as well as distribution of pension funds is recognised over time as the services are being provided and the performance obligations satisfied. Significant judgement is required of the management when determining whether performance obligations are satisfied over a period of time or at a point in time.</p> <p>Management fees are calculated by applying the fee rates as set out in respective managed funds' and closed-end investment companies' rules to either the net assets value (NAV) of the managed fund and closed-end investment company, weighted average capitalisation or to the amount of the investors' commitment to invest into the fund and closed-end investment company. Success fees are generally calculated by applying the appropriate fee rate to the increase in the given fund's and closed-end investment company's unit value, as set out in the respective rules of the managed fund and closed-end investment company. The remaining fees earned by the Company are measured by reference to fee rates prescribed in the relevant contracts.</p> <p>Significant audit judgement and effort was required due to subjectivity of the main assumptions applied in the revenue recognition process (including the nature and timing of satisfaction of the underlying performance obligations) and the magnitude of the revenue amounts. Accordingly, we have determined this area to be associated with a significant risk of material misstatement and identified it as a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We obtained understanding of the Company's revenue recognition process, and tested the design and implementation of the selected key internal controls therein, including those over revenue recognition and calculation derived from different services; • We critically assessed the Company's revenue recognition policy for compliance with relevant provisions of the financial reporting standards; • We challenged the appropriateness of determination of performance obligations by reference to the rules of pension, investment funds and closed-end investment companies as well as the terms of the contracts with customers; • We assessed accuracy of NAV used in management fees estimation by tracing NAV to audited financial statements of the fund and closed-end investment company (where audit was finalised) or by verifying reasonableness of assets and liabilities that NAV is derived from; • We evaluated the existence and accuracy of the revenue recognized, as follows: • we assessed whether performance obligations are carried out at a point in time or over time by analysing the nature of the service and relevant contractual terms; • for fund and closed-end investment company management revenue – we traced the fee rates used to those prescribed in the funds' and closed-end investment companies' rules, and independently estimated annual revenue from fund and closed-end investment company management by applying those fee rates to the net asset values of respective months, weighted average capitalisation of respective quarters or to the amounts of the investors' commitment to invest into the fund and closed-end investment company, as considered appropriate; • for fund and closed-end investment company management revenue – we traced the revenue amounts to the payments received from the funds and closed-end investment company; • for revenue from management of securities portfolios of private individuals – for a sample of contracts, we obtained confirmations of the amounts due therefrom as at 31 December 2023 and turnover for the year;

	<ul style="list-style-type: none"> • for revenue from management of securities portfolios of private individuals – for a sample of contracts, we traced the fee rates used to those prescribed in the contracts, and independently estimated the revenue from management of securities portfolios of private individuals by applying those fee rates to the values of the assets managed by the respective individuals, and tracing the amounts of revenue with the payments received from clients; • for revenue from distribution of investment and pension fund units as well as closed-end investment companies – for a sample of transactions, we traced the revenue amounts recognized to the fees prescribed in the relevant funds' and closed-end investment company's rules and payments received from participants; • We examined whether the Company's revenue recognition-related disclosures appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.
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Valuation of unquoted investments carried at fair value

See Note 3.8 "Investments and other financial assets", Note 11 "Financial assets at fair value through profit or loss", Note 25 "Fair value of financial instruments"

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2023 the Company's investment portfolio amounted to EUR 9,787 thousand (31 December 2022: EUR 8,651 thousand), of which EUR 6,626 thousand (31 December 2022: EUR 5,369 thousand) relate to investments in units of investment fund that are not quoted in an active market.</p> <p>The fair value of investment units of funds is equal to the net assets value (NAV) of a relevant fund. NAV calculation methodology, approved by the board of the Management Company, is established by laws applicable to a relevant fund and rules of the fund.</p> <p>The main element of NAV is represented by the fair value of the fund's investments. The fair value is estimated by reference to the prices of financial instruments quoted in an active market or, where such prices from active markets are not available, determined based on valuation models, which often require unobservable inputs and significant management judgment.</p> <p>Due to the magnitude of related amounts and materiality of judgments to be made in respect of fair value of not quoted investments, we considered this area to be associated with a significant risk of a material misstatement and a key audit matter.</p>	<p>For not quoted investments our audit procedures included, among others:</p> <ul style="list-style-type: none"> — evaluating the design and implementation of the selected key internal controls over determining the fair value of unquoted investments; — for unquoted investments in the funds where audit is not finalized, testing the relevance and reliability of key data and verifying reasonableness of assets and liabilities that NAV is derived from; — challenging the appropriateness of the valuation methods and models applied in measuring the fair value of the funds' investments against relevant regulatory and financial reporting requirements; — for part of the funds independently obtaining a confirmation from the Fund's custodian regarding value of NAV as at 31 December 2023; — evaluating the accuracy and completeness of the financial statement disclosures relating to the fair value determination of the investments against the relevant requirements of the financial reporting standards.

Accounting for bonuses

See Note 3.16 “Bonuses”, Note 5 “Employee benefits”, Note 16 “Reserves” and Note 23 “Provisions, off-balance sheet commitments and contingencies”.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2023: bonus costs: EUR 2,003 thousand (31 December 2022: EUR 875 thousand); share-based payment reserve: EUR 1,766 thousand (31 December 2022: EUR 1,312 thousand), deferred not recognised part of bonuses: EUR 68 thousand (31 December 2022: EUR 187 thousand).</p> <p>In accordance with the Company’s remuneration policy, certain of its employees are entitled to bonuses, depending on their performance and the Company’s results. Bonus or its part can be paid/granted in cash or in the form of additional contributions to a private pension fund or as share options of the parent company. For employees responsible for making decisions related to assuming the risks, a bonus is allocated proportionally and paid/granted over the subsequent 3–5 years, provided that the employee remains in the Company.</p> <p>The share-based payments costs are measured with reference to the grant-date fair values of the share options awarded. Significant judgment is required in estimating the fair values, using the Black-Scholes model, which requires determination of the key inputs to the model, such as the risk-free rate, volatility, dividend rate, as well as share price. The Management also applies significant judgment to determine the related grant date, vesting conditions and service period.</p> <p>Due to the above factors as well as the magnitude of the amounts involved, we considered accounting for share-based payment arrangements to be associated with a significant risk of material misstatement. As such, it required our increased attention in the audit and determined by us to be a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> — We obtained understanding of the employee remuneration process and tested the design and implementation of the selected key controls therein, including those over the accounting for bonuses, approval of key inputs in the option valuation model and validation of the model output; — We inspected the key terms of the remuneration policy, other relevant internal policies, and share option plans, and critically assessed the Company’s accounting policy for share-based payment arrangements against the requirements of the relevant financial reporting standards; — We assessed the appropriateness of the option pricing model used to determine the fair value of the options granted against the requirements of the financial reporting standards and accepted market practice; — We traced the number of share options granted in 2023 to the minutes of Management Board’s meetings and agreements with employees; — Considering the results of the above procedures, as well as corroborating inquiries of the Management Board, we challenged the key judgements and assumptions applied in accounting for the amount of bonuses and share-based payments, as follows: <ul style="list-style-type: none"> • grant date – by reference to agreements with employees; • employee service period – by reference to agreements with employees and remuneration policy; — We challenged the key assumptions in the option pricing model, as follows: <ul style="list-style-type: none"> • risk-free rate – by reference to European Central Bank statistics on AAA-rated euro area central government bonds; • volatility – by reference to publicly available trading history on Invalda INVL AB shares; • stock price – by reference to publicly available trading history on Invalda INVL AB shares and share grant agreement. — We assessed the adequacy of the Company’s disclosures in the separate financial statements related to bonuses and share-based payments related against the requirements of the relevant financial reporting standards.



■ Other Information

The other information comprises the information included in the Company's annual management report, but does not include the separate financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's annual management report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements and whether annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of separate financial statements, in our opinion, in all material respects:

- The information given in the Company's annual management report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- The Company's annual management report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

■ Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 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 separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

Under decision of the general shareholders' meeting we were appointed on 28 June 2019 for the first time to audit the Company's separate financial statements for the year 2019. The total uninterrupted period of our appointment to audit the Company's separate financial statements is 5 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the audit report presented to the Company and its Audit Committee together with this independent auditor's report.

We confirm that in light of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In addition to services provided to the Company in the course of audit and disclosed in the separate financial statements, we have provided translation of the separate financial statements services to the Company.

On behalf of KPMG Baltics, UAB

Toma Jensen
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
30 March 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 2 to 7 of this document.

ANNUAL MANAGEMENT REPORT OF INVL ASSET MANAGEMENT UAB FOR 2023

Basic details about the Company

At the end of 2023, one of the leading asset management companies in Lithuania INVL Asset Management UAB ('the Company') managed individual customer portfolios and alternative assets: private equity and other alternative investments. As at 31 December 2023, the total assets managed by the Company (including the assets managed on the basis of obligations to invest) amounted to EUR 726 million. The Company also managed pension and investment funds until 1 December 2023 and they were transferred to Šiaulių Bankas Group under retail business merger agreement. INVL Asset Management provides services to private as well as institutional customers.

Type of assets managed	Assets managed at 31 December 2023,	Assets managed at 31 December 2022,
Investment funds	-	53,467,039
Pillar II pension funds	-	796,376,544
Pillar III pension funds	-	90,146,154
Portfolios	214,807,812	143,109,326
Alternative assets*	480,333,447	403,958,786
Assets managed by Mundus, the subsidiary asset management company	30,783,294	26,359,719
	725,924,553	1,513,417,568

* The assets managed by CEIC included into the amounts are calculated on the basis of share capitalisation, and assets managed by INVL Baltic Sea Growth Fund included into the amounts as at 31 December 2023 and 31 December 2022 and assets managed by INVL Sustainable Timberland and Farmland Fund II and INVL Renewable Energy Fund I (subfund of INVL Alternative Assets Umbrella Fund I) are calculated on the basis of the obligations of investors to invest as it serves as the basis for calculating management fees.

As at 31 December 2023, the Company managed 3 closed-end investment companies, 2 closed-end umbrella investment funds intended for informed investors, one of them consists of 7 and 1 subfunds and 1 closed-end investment fund intended for professional investors. The Company also managed investment portfolio and financial instruments portfolios of 101 customers of the fund established in Luxembourg the INVL Alternative Assets Umbrella Fund as well as the INVL Sustainable Timberland and Farmland Fund II which is a subfund of SCSp SICAV-RAIF. UAB Mundus, the subsidiary asset management company, managed one private debt fund INVL Bridge Finance.

Registered office address:

Gynėjų St. 14, Vilnius. The Company has no branches or representative offices.

Shareholder:

The sole shareholder – Invalda INVL AB (company code – 121304349, registered office address – Gynėjų St. 14, Vilnius).

Shares:

As at 31 December 2023, the Company's authorised share capital totalled EUR 5,452,000 and it was divided into 18,800,000 units of ordinary registered shares with par value of EUR 0.29 each.

General Manager of the Company:

As at 31 December 2023, the position of the Company's General Manager was held by Mr. Paulius Žurauskas.

Board of the Company:

As at 31 December 2023, the Board consisted of three members. The Members of the Board:

Darius Šulnis – Chairman of the Board;
 Nerijus Drobavičius – Member of the Board;
 Vytautas Plunksnis – Member of the Board.

Major events in 2023

- On 2 January 2023, it was announced that INVL Asset Management would buy out remaining shares in Mundus, a private debt fund manager.
- On 10 January 2023, it was announced that the customers invested USD 39.39 million into INVL Partner Global Infrastructure Fund I.
- On 12 January 2023, INVL Baltic Sea Growth Fund announced that Eco Baltia, the largest environmental and waste management group in the Baltics, managed by the fund plans to execute its first unsecured bond issue in the nearest future.
- On 17 January 2023, it was announced that Nordic Plast, which belongs to Eco Baltia group managed by INVL Baltic Sea Growth Fund invested EUR 2.8 million into a new sorting line.

- On 19 January 2023, INVL Asset Management announced that INVL Partner Private Equity Fund I, a closed-end fund for informed investors, was starting operations and would invest in the EQT.
- On 23 January 2023, INVL Baltic Sea Growth Fund announced that Eco Baltia group managed by the fund completed the acquisition of the street and road maintenance provider SIA Pilsētas Eko Serviss in Latvia.
- On 23 January 2023, the private debt fund Mundus Bridge Finance managed by INVL Asset Management announced about signing a 3-year agreement with Finto Capital, a Latvian consumer financing company, on the acquisition of EUR 7 million of bonds.
- On 24 January 2023, INVL Asset Management announced that Mundus would be led by Viktorija Vaitkevičienė.
- On 31 January 2023, it was announced that the shareholders of Invalda INVL would have a voting on 22 February on approval of the deal with Šiaulių bankas to merge their retail businesses.
- On 1 February 2023, Eco Baltia managed by INVL Baltic Sea Growth Fund announced about its aim to issue up to EUR 8 million of fixed-rate bonds.
- On 10 February 2023, INVL Asset Management announced about completing the acquisition of the Mundus private debt fund management company.
- On 13 February 2023, it was announced that Eco Baltia managed by INVL Baltic Sea Growth Fund completed the placement of 8 million EUR of 3-year bonds.
- On 22 February 2023, it was announced that the shareholders of Invalda INVL approved a deal with Šiaulių Bankas to merge their retail businesses.
- On 13 March 2023, INVL Baltic Sea Growth Fund announced that Eglės Sanatorija managed by the fund acquired a rehabilitation services company Reabilita.lt in Vilnius.
- On 20 March 2023, INVL Partner Global Infrastructure Fund I announced about raising an additional USD 1.675 million from investors.
- On 23 March 2023, INVL Asset Management announced that INVL Baltijos fondas was recognized in the prestigious Refinitiv Lipper Fund Awards 2023
- On 29 March 2023, it was announced that the INVL Partner Private Equity Fund I, a feeder subfund of INVL for informed investors that invests in EQT global fund, attracted EUR 18.45 million from investors.
- On 12 April 2023, it was announced that INVL Sustainable Timberland and Farmland Fund II completed a transaction to acquire 1,270 hectares of forest and land in Latvia.
- On 20 April 2023, it was announced that INVL Partner Global Infrastructure Fund I would seek to raise additional funds from investors.
- On 26 April 2023, INVL Renewable Energy Fund I which is managed by INVL Asset Management announced about starting a new offering of fund units
- On 2 May 2023, it was announced that INVL Sustainable Timberland and Farmland Fund II raised an additional EUR 9.4 million of investor commitments and reached a size of EUR 90.7 million.
- On 3 May 2023, it was announced that INVL Asset Management launched a new investment fund for non-professional investors INVL Alternatyvių investicijų fondas II started placement of fund units for investors.
- On 15 May 2023, it was announced that PET Baltija, a part of Eco Baltia managed by INVL Baltic Sea Growth Fund, together with Piche, invests EUR 35 million in construction of one of the largest PET recycling plants in Europe.
- On 1 June 2023, the sub-fund INVL Partner Private Equity Fund I announced that it aims to raise additional investor funds.
- On 16 June 2023, it was announced that INVL Partner Global Infrastructure Fund I raised an additional USD 2.295 million.
- On 19 June 2023, it was announced that Paulius Žurauskas will become the CEO of INVL Asset Management as of 17 July.
- On 21 June 2023 INVL Renewable Energy Fund I managed by INVL Asset Management announced about raising an additional EUR 5 million from investors and reaching a total size of EUR 57.9 million.
- On 26 June 2023, INVL Baltic Real Estate announced about signing the agreement on purchase of 100% of shares of the company Pramogų bankas with Nesė Group, an operator of entertainment, food service and gaming businesses.
- On 28 June 2023, it was announced that REFI Energy, a company of INVL Renewable Energy Fund I managed by INVL Asset Management placed emission of bonds and raised EUR 3.5 million for the construction of solar power plants in Poland.
- On 5 July 2023, Mundus Bridge Finance, a private debt fund of INVL Asset management, announced the signing of an agreement on a EUR 7 million bond programme with Juno Estate.
- On 19 July 2023, it was announced that the real estate investment company INVL Baltic Real Estate completed a transaction to acquire the Pramogų Bankas building in Vilnius.
- On 7 August 2023, the INVL Partner Private Equity Fund I sub-fund for informed investors that invests in EQT announced about raising EUR 12.175 more million from investors.
- On 7 August 2023, it was announced that MiniVet, a company owned by INVL Baltic Sea Growth Fund, acquired the veterinary clinic DiVet in Vilnius.
- On 1 September 2023, it was announced that INVL Baltic Sea Growth Fund together with the portfolio company Eco Baltia, which is the largest environment and waste management group in the Baltic region, signed an agreement on purchase of 70% of shares of Poland's largest PVC recycler Metal-Plast.
- On 8 September 2023, it was announced that INVL Renewable Energy Fund I is entering the public bond market and offering investors up to EUR 4.5 million euros of fixed-rate bonds through REFI Energy, a company the fund owns.
- On 19 September 2023, it was announced that REFI Energy, a company owned by the INVL Renewable Energy Fund I, successfully placed all EUR 4.5 million fixed-rate bonds in its first public offering.
- On 21 September 2023, the sub-fund INVL Sustainable Timberland and Farmland Fund II – Capital Fund announced that it aims to raise additional funds from investors.
- On 25 September 2023, INVL Partner Global Infrastructure Fund I announced offering for fund units to raise additional funds from investors.
- On 27 October 2023, it was announced that Mundus Bridge Finance would redeem a new targeted emission of bonds for Green Genius projects in Romania.

- On 15 November 2023, Mundus announced that Mundus Bridge Finance, a private debt fund managed by Mundus, is changing its name to INVL Bridge Finance.
- On 17 November 2023, it was announced that INVL Baltic Sea Growth Fund and Eco Baltia completed acquisition of Poland's largest PVC recycler Metal-Plast.
- On 20 November 2023, INVL Baltic Sea Growth Fund announced that the fund's portfolio company MiniVet acquired the Wellvet veterinary chain which operates in Lithuania.
- On 21 November 2023, it was announced that INVL Renewable Energy Fund I signed an agreement with Kommunalkredit Austria AG on a loan of EUR 25 million which will be used to finance the construction of solar power plants in Romania.
- On 22 November 2023, it was announced that the European Central Bank (ECB) permitted Invalda INVL to acquire from 10% to 20% of the shares of Šiaulių Bankas and that this permit was required for Invalda INVL to be able to transfer its retail business in accordance with an agreement signed with Šiaulių Bankas on 22 November 2022.
- On 23 November 2023, INVL Baltic Sea Growth Fund announced the signing of an agreement for the acquisition of 100% of the shares of Galinta Group. It is one of the largest producers of buckwheat in Europe as well as one of the leading producers and traders of flakes, rice, and other groats in the Baltic region.
- On 30 November 2023, it was announced that Šiaulių Bankas and Invalda INVL successfully completed the merger of their retail businesses.
- On 1 December 2023, it was announced that Paulius Žurauskas will lead INVL Asset Management as of 1 December.
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- Significant events after the end of the financial year
- On 22 December 2023, it was announced that the real estate investment company INVL Baltic Real Estate's Latvian subsidiary Dommo Biznesa Parks signed a EUR 2.55 million loan agreement with OP Corporate Bank plc Latvia branch.
- On 16 January 2024, INVL Sustainable Timberland and Farmland Fund II announced that it completed the acquisition of almost 1,400 hectares of forest land in Romania.
- On 18 January 2024, it was announced that INVL Asset Management established a new fund of funds intended for informed investors INVL Partner Global Real Estate Fund I which will invest in real estate funds of Brookfield Asset Management.
- On 23 January 2024, it was announced that INVL Financial Advisors, a brokerage firm that owns the brand INVL Family Office, established a branch in Latvia to provide investment services.
- On 9 February 2024, INVL Baltic Sea Growth Fund announced that it has completed the acquisition of Galinta Group.
- On 5 March 2024, INVL Partner Global Real Estate Fund I announced about raising USD 9.13 million from investors.
- On 18 March 2024, INVL Technology, a company that invests in IT businesses, has chosen the investment advisor Corum Group International to sell its companies.
- On 20 March 2024, it was announced that Eco Baltia managed by INVL Baltic Sea Growth Fund plans to acquire Eko Osta, Latvia's collection and recycling company for environmentally harmful and hazardous waste.

Objective overview of the Company's financial position, performance and development

The Company's core line of business is the management of financial assets on behalf of customers. Until 30 November 2023, INVL Asset Management managed pillar II and pillar III pension funds as well as investment funds, customer investment portfolios and alternative investments and provided asset management services to both retail clients and Lithuanian and foreign professional and institutional investors. When the retail asset management business was transferred to Šiaulių Bankas Group under the transaction of merger of retail businesses on 1 December 2023, the Company managed customer investment portfolios and alternative investments. As of 1 January 2024, management of customer investment portfolios was transferred to UAB INVL Financial Advisors, which is a part of Invalda INVL group, and

Pension funds

the Company has been specialising in the management of alternative investments.

The Company also managed pillar II and pillar III pension funds until the date of transfer of retail business to Šiauliai Bankas. From the beginning 2023 to 30 November 2023, assets of pillar II pension funds increased from EUR 796 million to EUR 948 million, and assets of pillar III pension funds increased within the same period from EUR 90 million to EUR 116 million. The value of pension funds increased due to both client inflows and market influences. In the period from the beginning of the year until the transfer of the retail business, the same pension funds were managed in pillar II and III.

Management of closed-end investment companies

Currently INVL Asset Management UAB manages three alternative investment companies: INVL Technology, the aim of which is to invest into IT companies operating in the region; INVL Baltic Real Estate, which manages commercial real estate in Lithuania and Latvia; and BSGF Salt Invest, which has been established for co-investment together with INVL Baltic Sea Growth Fund into Eglės Sanatorija. INVL Technology and INVL Baltic Real Estate have been established as special closed-end investment companies (UTIB), and BSGF Salt Invest is closed-end investment company for informed investors (UTIISIB).

INVL Technology and BSGF Salt Invest did not pay dividends in 2023, while INVL Baltic Real Estate allocated EUR 725.5 thousand dividends for 2023, by allocating EUR 0.09 per share. In 2022, it allocated EUR 967 thousand.

The table below presents information on closed-end investment companies' share prices and capitalisation as at 31 December 2023 and 31 December 2022.

Company	Share price at 31 December 2023	Share price at 31 December 2022	Assets managed at 31 December 2023,	Assets managed at 31 December 2022*
CEIC INVL Technology	1.9	2.16	22,940,731	26,068,008
CEIC INVL Baltic Real Estate	2.1	2.14	16,928,969	17,251,426
UTIISIB BSGF Salt Invest	1.11	-	14,231,832	-
			54,101,532	43,319,434

The closed-end umbrella investment subfund intended for informed investors INVL Partner Energy and Infrastructure started its activities from 2017.

The closed-end private equity investment fund intended for professional investors INVL Baltic Sea Growth Fund started its operations on 25 June 2018 after the approval of its establishment documents by the Bank of Lithuania.

INVL Special Opportunities Fund – the subfund of the closed-end umbrella investment fund intended for informed investors INVL Alternative Assets Umbrella Fund I started its activities on 24 July 2018 after the approval of its establishment documents by the Bank of Lithuania.

INVL Baltic Sea Growth Capital Fund – the subfund of the closed-end umbrella investment fund intended for informed investors INVL Alternative Assets Umbrella Fund II started its activities on 22 October 2018 after its establishment documents were approved by the Bank of Lithuania.

INVL Partner Global Distressed Debt Fund I – the subfund of the closed-end umbrella investment fund intended for informed investors INVL Alternative Assets Umbrella Fund I started its activities on 14 September 2020 after its establishment documents were approved by the Bank of Lithuania.

INVL Sustainable Timberland and Farmland Fund II- Capital Fund the subfund of the closed-end umbrella investment fund intended for informed investors INVL Alternative Assets Umbrella Fund I started its activities on 5 October 2020 after its establishment documents were approved by the Bank of Lithuania.

Sub-fund of the INVL Alternative Assets Umbrella Fund, a closed-ended composite investment fund for informed investors INVL Renewable Energy Fund I started its operations on 19 July 2021 after the rules of the fund were approved by the Bank of Lithuania.

Sub-fund of the INVL Alternative Assets Umbrella Fund II, a closed-ended composite investment fund for informed investors INVL Partner Global Infrastructure Fund I started its operations on 15 November 2021 after the rules of the fund were approved by the Bank of Lithuania.

Sub-fund of the INVL Alternative Assets Umbrella Fund II, a closed-ended composite investment fund for informed investors INVL Partner Private Equity Fund I started its operations on 17 January 2023 after the rules of the fund were approved by the Bank of Lithuania.

Management of private equity and alternative collective investment undertakings

Fund	Value of the unit at 31 December 2023, Eur*	Value of the unit at 31 December 2022, Eur*	Assets managed at 31 December 2023, Eur	Assets managed at 31 December 2022, Eur
Closed-end umbrella investment fund intended for informed investors INVL Alternative Assets Umbrella Fund I:			279,626,781	224,195,625
Subfund INVL Special Opportunities Fund	611.3169	457.8466	17,446,366	13,186,320
Subfund INVL Baltic Sea Growth Capital Fund	215.0265 class A 221.3039 class B	177.7457 class A 180.0442 class B	45,306,000** class A 15,000,000** class B	45,306,000** class A 15,000,000** class B
INVL Partner Global Distressed Debt Fund I	105.2367 class A 105.5291 class B 105.8215 class C	109.8954 class A 110.0827 class B 110.5006 class C	9,126,046***	6,155,336***
INVL Sustainable Timberland and Farmland Fund II-Capital Fund	1,385.2260 class A 1,388.9070 class B	1,345.3046 class A 1,347.7715 class B	62,945,000**	56,120,000**
INVL Renewable Energy Fund I	111.0889 class A 100.0000 class B 120.7548 class C	103.7539 class A 100.0000 class B 111.8266 class C	56,665,000** class A 270,000 class B 1,000,000 class C	51,658,000** class A 270,000 class B 1,000,000 class C

INVL Partner Global Infrastructure Fund I	96.4585 class A 96.9705 class B 97.3710 class C	93.6803 class A 93.7008 class B 93.7173 class C	21,653,158**** class A 14,715,737**** class B 4,874,474**** class C	18,679,849**** class A 12,134,257**** class B 4,685,863**** class C
INVL Partner Private Equity Fund I	86.0211 class A 87.0016 class B 88.1667 class C	-	17,625,000** class A 8,000,000** class B 5,000,000** class C	-
Closed-end umbrella investment fund intended for informed investors INVL Alternative Assets Umbrella Fund II;			10,571,384	10,571,384
Subfund INVL Partner Energy and Infrastructure Fund	134.9778	129.2965	10,571,384	10,571,384
Closed-end private capital investment fund intended for professional investors INVL Baltic Sea Growth Fund (BSGF)	194.3804 class A 100.00 class B 222.1296 class C	159.7528 class A 100.00 class B 177.8572 class C	164,709,750	164,709,750
Investment of INVL Baltic Sea Growth Capital Fund Subfund into INVL Baltic Sea Growth Fund			(60,306,000)	(60,306,000)
INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF subfund INVL Sustainable Timberland and Farmland Fund II	1280.8374 class A 1430.5570 B/11-2020 series 1452.2930 B/06-2021 series 1411.4654 B/12-2021 series 1415.3829 B/01-2022 series 1413.4545 B/08-2022 series 0.19172 class P 1423.14680 B/07-2023 series	1278.5551 class A 1383.8429 B/11-2020 series 1406.4591 B/06-2021 series 1370.0169 B/12-2021 series 1373.7266 B/01-2022 series 1372.4342 B/08-2022 series 0.1551 class P	93,979,000	81,289,000
INVL Sustainable Timberland and Farmland Fund II-Capital Fund investment into INVL Sustainable Timberland and Farmland Fund II			(62,349,000)	(55,859,000)
			426,231,915	364,600,759

(table cont'd)

Fund	Value of the unit at 31 December 2023, Eur*	Value of the unit at 31 December 2022, Eur*	Assets managed at 31 December 2023, Eur	Assets managed at 31 December 2022, Eur
INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF subfund INVL Sustainable Timberland and Farmland Fund II	1280.8374 class A	1278.5551 class A		
	1430.5570 B/11-2020 series	1383.8429 B/11-2020 series		
	1452.2930 B/06-2021 series	1406.4591 B/06-2021 series		
	1411.4654 B/12-2021 series	1370.0169 B/12-2021 series	93,979,000	81,289,000
	1415.3829 B/01-2022 series	1373.7266 B/01-2022 series		
	1413.4545 B/08-2022 series	1372.4342 B/08-2022 series		
	0.19172 class P	0.1551 class P		
1423.14680 B/07-2023 series				
INVL Sustainable Timberland and Farmland Fund II-Capital Fund investment into INVL Sustainable Timberland and Farmland Fund II			(62,349,000)	(55,859,000)
			426,231,915	364,600,759

* Unit values of all funds are calculated from funds NAV

** investors' obligation to invest is shown as management fees are calculated from the obligation to invest

*** called amount translated into euros

**** Unit class NAV before management fee, converted into EUR

Harmonised and special investment funds

The Company also managed harmonised and special investment funds until the date of transfer of retail business to Šiauliai Bankas. On 25 May 2023, the INVL Russian non-state-owned enterprises sub-fund made its final distribution to investors and was liquidated. On 2 May 2023, INVL Alternative Investment Fund II started its operations and it is for retail investors and invests in alternative assets. Distribution of the fund was completed on 30 November 2023; EUR 5 million were raised from the investors. Operations of other harmonised and special investment funds did not change in 2023. On 1 December 2023, management of all these funds, including fund investors and assets, were transferred to UAB SB Asset management in accordance with the agreement on merger of retail businesses with Šiauliai Bankas Group.

Management of financial instruments portfolios

At the end of 2023, the Company managed financial instruments portfolios of 101 customers (at the end of 2022 the Company managed financial instruments portfolios of 79 customers). The value of the portfolios under management increased by 33.38% during one year – from EUR 143.11 million to EUR 214.81 million.

Assets under management of the portfolio service decreased after withdrawal of several institutional customers.

Analysis of financial and non-financial performance

Despite widespread fears of a possible recession, the world's major financial markets were able to earn double-digit returns in 2023. The pessimism at the beginning of the year was replaced by optimism taking account of reducing inflation, a weaker dollar and the likelihood of reduced interest rates by Central Banks. USA technology companies, affected by the rapid development of artificial intelligence technologies, were growing more rapidly than others on the stock markets. In 2023, bond markets were very active and were able to offer double-digit returns thanks to high interest rates.

The previous year was successful for the Company. Retail assets managed by the Company increased from EUR 940 million at the beginning of the year to EUR 1,138 million at 30 November 2023, thanks to customer contributions, new customer attraction and the influence of markets. And by transferring the retail asset management business to Šiauliai Bankas on 30 November 2023. Alternative assets managed by the Company increased in 2023 from EUR 435 million at the beginning of the year to EUR 495 million at the end of the year.

In March 2023, INVL Partner Private Equity Fund I, a feeder subfund of INVL that invests in EQT global fund, attracted EUR 18.4 million from investors, and in August attracted an additional EUR 12.2 million and the fund reached a size of EUR 30.6 million.

In May 2023, it was announced that INVL Sustainable Timberland and Farmland Fund II raised an additional EUR 9.4 million of investor commitments and reached a size of EUR 90.7 million. In 2023, this fund continued to purchase the land and forests in Lithuania and Latvia, and at the end of the year it completed a significant purchase transaction of forest in Romania and, therefore, entered the market in this country. INVL Renewable Energy Fund I, which invests in the objects of renewable energy in Poland and Romania, raised an additional EUR 5 million in June and thus increased the amount of investments raised for this fund from EUR 53 million to EUR 58 million. In 2023, the fund and the companies it manages raised debt capital and started to develop the acquired solar power projects in Poland and Romania.

The Company's biggest alternative fund INVL Baltic Sea Growth Fund continued to expand its portfolio of managed investments, both through previous investments (InMedica and EcoBaltia, both managed by the Fund, expanded their activities through acquisitions of companies operating in the same sector) and by directly acquiring new investments. In September 2023, the fund, in collaboration with EcoBaltia, acquired 70% of the shares of Poland's largest PVC window and door recycler Metal-Plast. In November 2023, the fund signed an agreement for the acquisition of 100% of the shares of Galinta Group. It is one of the largest producers of buckwheat in Europe as well as one of the leading producers and traders of flakes, rice, and other groats in the Baltic region. The transaction was completed in February 2024.

The key performance indicators of the Company are presented in the table below.

Items	At 31 December 2023 (EUR thousand)*	At 31 December 2022 (EUR thousand)
Commission, management and service income	13,639	11,671
Profit (loss) before tax	29,162	341
Net profit/(loss)	25,026	580
Assets	44,966	18,000
Shareholders' equity	37,280	12,300
Book value per share	1.98	0.65
Indicators	At 31 December 2023	At 31 December 2022
Net profit margin	183%	4.97%
Return on assets (ROA)	55.66%	3.22%
Return on equity (ROE)	67.13%	4.71%

*The result of merger of the retail business with Šiaulių Bankas had a material impact on the indicators

The environment and climate change action

The Company is not committed to achieving climate change targets; however, it assesses and, where necessary, takes appropriate action to manage climate-related risks. However, in its strategic goals, the Company is committed to acting responsibly, by acknowledging the challenges posed by climate change and aiming to reduce its negative impact on the environment.

The company manages different classes of assets (e.g. shares, bonds, alternative investments) through different legal forms (e.g. private equity, real estate and alternative funds). The Company operates in the financial services sector and it can make the greatest impact on the fight against climate change through the investments it manages. Actions in environmental and climate change can vary depending on the asset, strategy and investment maturity of a certain financial product.

During the reporting period, the investments managed by the Company implemented projects aimed at reducing carbon emissions, promoting energy efficiency and supporting sustainable urban development initiatives. More detailed information on the objectives of financial products related to the environmental and climate change can be found in the annual report and/or pre-contractual information of the specific financial product.

During the reporting period, the Company had no significant environmental projects. The Company is improving its processes and regularly reviews opportunities to consider and pursue specific climate change targets.

Fight against corruption and bribery

To mitigate the risk of external and internal bribery, the Company has internal procedures in place to ensure transparency in its operations, thereby preventing involvement in criminal activities.

In its operations, the Company follows a Code of Ethics, which sets out the Company's general ethical standards to be adhered to by the Management Company's employees in their activities. It is a set of business conduct guidelines designed to develop the moral competence of employees, to help them understand the values of the organisation, to rationally organise their activities, to build positive working relationships, and to make the right and optimal decisions based on the principles of business ethics (including unacceptable acts of bribery of foreign officials (and others) in international business transactions, as well as other bribery-related acts).

References to and additional explanations of data reported in the annual financial statements

The information in the annual financial statements is provided in sufficient detail; therefore, references and additional explanations are not provided.

Description of the Company's exposure to key risks and contingencies

The main risks to which the Company is exposed in its activities include credit risk, operational risk, liquidity risk and market risk which in turn includes interest rate risk, the risk of fluctuations in security prices and foreign exchange risk.

Credit risk. It is a risk that the other party will default on its liabilities to the Company. The Company applies measures to ensure on a continuous basis that transactions are concluded with credible parties and do not exceed the credit exposure limit established. The Company has not issued guarantees to secure the fulfilment of obligations of other parties.

Operational risk. Operational risk is defined as an exposure to potential direct and/or indirect losses that may occur from inadequate or unimplemented internal control processes, errors and/or illegal actions of employees and IT system disruptions or external events. Operational risk is managed by the internal control function implemented at the Company, by establishing procedures limiting potential exposure to risks and preparing business continuity plans, by obtaining insurance for the Company's property, plant and equipment, by assessing the level of acceptance of services provided, by implementing the functions on product and service pricing management and reallocation of internal resources, analysing internal processes and procedures and identifying risk factors and evaluating the adequacy of their control.

Liquidity risk. It is a risk of failure to fulfil the Company's payment obligations in a timely manner. The Company manages its liquidity risk by maintaining a sufficient amount of cash and cash equivalents, or ensuring the availability of financing, fulfilment of established commitments through an adequate amount of committed credit facilities or other borrowing instruments.

Market risk. It is a risk for the Company to incur losses due to fluctuations in market variables. The Company is mainly exposed to interest rate risk, the risk of fluctuations in security prices and foreign currency risk. The debts of the Company were short-term; therefore, interest rate risk is considered as insignificant. The Company also had no financial instruments designated to control the risk of interest rate fluctuations. The Company has invested a part of its financial funds into equity securities and units of the funds it manages. Before reaching the decision on investing own funds, the Company assesses the risk and liquidity levels of the investment and its compliance with investment objectives. As mainly all of the Company's operations are conducted in euros, open foreign currency positions are insignificant. The Company's foreign exchange risk is insignificant.

Exposure to financial risk and its management objectives

The Company manages its financial risk in the manner described in the annual financial statements. Exposure to financial risk is also described in these financial statements. In performing risk assessment and managing its operations, the Company follows the principles of prudence, conservativeness and precaution.

Personnel management policy

As at 31 December 2023, the number of UAB INVL Asset Management's (hereinafter referred to as the Company) actually working employees (excluding employees on parental leave) was 74 (31 December 2022: 179). Professional development of employees was conducted based upon the needs of employees and development of their mandatory competences. The data below are presented for all employees of the Company, not limited to those working 100%.

The Company has approved the policies with respect to employees whose professional activity and/or decisions made may have a significant impact on the Company's exposure to risks, including the Company's executive employees, members of managerial bodies, employees carrying out control functions and other employees who receive remuneration attributed to the remuneration category of the Company's management personnel (hereinafter jointly 'risk-assuming employees') ('the Remuneration Policy') which meet the requirements of the Law on Collective Investment Undertakings, the Law on Managers of Alternative Collective Investment Undertakings and other legal acts. As at 31 December 2023, the number of risk-assuming employees was 34 (46 in 2022).

The remuneration policy is approved and amended by the Company's Board. Services of external advisers were not used in updating the Remuneration Policy, there is no contribution from stakeholders. Considering the size of the Company, organisational structure and profile, scope and complexity of activities, the remuneration committee is not formed at the Company. The amount of a monthly service pay of the General Manager, and other employees who are subordinate (accountable) to the Company's Board or to the staff responsible for risk management and regulatory compliance under the direct supervision of the Board in accordance with the management structure approved by the Company's Board is established based on the Board's decision. For all other employees the amount of a monthly service pay is set by the decision of the Company's General Manager in accordance with the requirements applicable to the job position, nature of work, qualification and skills of the employee, his/her experience. Remuneration reviews are influenced by the demand for and supply of similar positions in the labour market. The monthly salaries set for all the Company's employees are set out in employment contracts between the Company and the employee.

The employee's fixed remuneration consists of a monthly service pay, employer's taxes and additional benefits that are allocated to the employee irrespective of his/her performance and paid to all employees who meet the criteria established in accordance with the procedure set at the Company (e.g. pension contributions to voluntary pension funds). In addition to a monthly service pay or remuneration received in

other form, an incentive may be paid, i.e. a bonus which is subject to the same procedure which is applied to the variable remuneration part. This procedure is set in the legislation regulating the activities of asset management. The bonus is allocated depending on the fulfilment of the Company's annual business plan and/or budget, fulfilment of annual targets set for the employee's division and/or team and fulfilment of the employee's individual plans and tasks indicated in the employee's individual performance assessment plan. A monthly service pay is established in a manner to ensure proper proportions of a monthly service pay and bonus. A monthly service pay represents a relatively large portion of the employee's overall remuneration thus enabling the Company to implement flexible promotional policies.

The bonus is paid to risk-assuming employees according to the following schedule:

The portion equal to 60% of the bonus is paid as a lump sum in accordance with the procedure and within the time limits set in the order of the Company's General Manager;

The remaining portion of the bonus (i.e. the remaining 40%) is paid to the employee within three years in accordance with the pro rata principle, i.e. the deferred part of the bonus is distributed proportionately throughout the deferral period; the payment is not made earlier than one year after the end of the employee's performance assessment and paid at the annual intervals to complete the payment of a proportionally calculated part of the bonus. In individual cases the competent body of the Company, which makes a decision on the allocation of the bonus, has the right to decide on a longer deferral period (usually not longer than five years), considering the business cycle of the Company and/or respective collective investment undertaking or the pension fund, its activity profile, risks assumed by the employee and results of activities as well as other criteria set forth in legal acts.

The previously set deferral period is not applied if the annual bonus allocated to an employee comprises up to 20% of the annual monthly service pay and is lower than EUR 15,000. In such case, the entire amount of the bonus is paid as a lump sum following the procedure and deadlines set by the order of the Company's General Manager or the decisions of the Company's Board. The same procedure is applicable and the bonus is paid to employees who are not considered risk-assuming employees.

The bonus, including a deferred part thereof, can be allocated and/or paid to the employee only if the Company's financial position is sustainable, considering the results of operations of the Company and/or the Company's unit and only in case the results of the employee's annual individual performance assessment are positive. The individual performance assessment of the employee also takes into consideration non-financial and behavioural (soft) criteria, such as compliance with the Company's internal rules and procedures, communication with customers and investors, observance of rules and professional development, etc. In paying bonuses or applying other incentive measures to employees the Company ensures that their payment (allocation) is not linked with sales of a specific collective investment undertaking or financial instrument. If the results of the Company's financial activities of a respective year are negative or the Company fails to achieve the business objectives set, the Company has the right to make a decision not to pay the bonus or a part thereof, to defer payment or to reduce the amount of the bonus allocated earlier as well as reduce the payment of such amounts previously earned by defining in advance the period of such non-payment, deferral or reduction. Such adjustment or deferral was not applied in the reporting period.

The bonus is usually paid in cash. Following the proportionality principle, the Company does not apply the requirement to pay a certain part of the bonus in financial instruments. However, if such a possibility is offered by the Company and the employee makes such a request, the bonus may be replaced with other incentive measures – granting financial instruments or their equivalents (share options, payments into a private pension fund). The above mentioned deferral is also applied when an employee is awarded other incentive measures than a bonus payment in cash. In 2022, no employment termination benefits were paid out to risk-assuming employees (in 2021, not termination benefits were paid out to risk-assuming employees).

Bonuses of 2023 will be allocated in 2024, following the approval of the financial statements for 2023.

The distribution of remuneration and incentives allocated and paid in 2023 is presented below:

	Number of employees*	Annual fixed remuneration (including taxes), EUR	Variable remuneration (bonuses)**		Remaining allocated deferred variable remuneration (bonuses), EUR
			In cash and contributions to pension funds, EUR	In share-based financial instruments, EUR	
Management personnel	4	381,687	293,814	-	8,781
Risk-assuming employees, except for the Board members and management personnel	34	2,553,851	486,522	33,315	129,635
Employees	113	3,336,992	527,007	13,770	55,978
Total:	151	6,272,530	1,307,343	47,085	194,394

* Weighted average

** For the purpose of information disclosure, meets the definition of the bonus, as described above, and comprises the part of variable remuneration allocated for the previous year, which was paid/due in the financial year. Reduction of the deferred variable remuneration (bonus) for 2017–2022, by adjusting according to activity results, was not applied during the reporting period.

The remaining allocated deferred variable remuneration (bonus) in the table above comprises the entire allocated part which was not paid by 31 December 2023. Based on the Company's variable remuneration policy, part of this remuneration was recognised as the Company's costs and liabilities or share-based payment reserve before 31 December 2023. The part of variable remuneration (bonus) calculated for the year 2023 but which will be allocated only after the issue of the financial statements, is not included in the amounts in the table above. More details are provided in Notes 16 and 17 of the financial statements.

The Company's operation plans and prospects

After the merger of retail asset management business with Šiauliai Bankas Group, the Company concentrates on the management of alternative assets. The Company's plans are focused on increasing the volume of assets managed by customers by establishing new alternative funds, and increasing the value of existing assets of the customers by making the best fund management decisions. In the area of fund administration, the Company will continue to improve its processes and introduce additional control procedures in order to increase efficiency and reduce risks.

The Company plans to establish new alternative asset funds in 2024. The Company continues successful management of private equity assets and it will establish a new private equity fund INVL Private equity fund II as well as a feeder fund for this fund in 2024. Moreover, in 2024, the Company plans to establish one more fund, investing into a third-party product attractive to customers. The Company also adopted the decision to merge the wholly-managed subsidiary UAB Mundus, which is an asset management company, with the Company.

Information on the positions held by members of the management and their main workplace

Information on other managing positions held by the head of the Company and members of the board, and information on their main employment is provided below:



Paulius Žurauskas – General Manager of the Management Company

Main workplace – INVL Asset Management UAB (company code: 126263073, address: Gynėjų St. 14, Vilnius), General Manager.

Involvement in activities of other companies: INVL Financial Advisors UAB FMĮ (company code: 304049332, address: Gynėjų St. 14, Vilnius), Member of the Board; IPAS INVL Asset Management (investment management joint-stock company, company code: 40003605043, address: Kronvalda bulvāris 3-3, Riga, Latvia) Member of the Supervisory Board; AS INVL atklātais pensiju fonds (joint-stock company, company code: 40003377918, address: Kronvalda bulvāris 3-3, Riga, Latvia), Member of the Supervisory Board.



Darius Šulnis – Chairman of the Board of the Management Company

Main workplace – Invalda INVL AB (company code: 121304349, address: Gynėjų St. 14, Vilnius), Head.

Involvement in activities of other companies: Šiaulių bankas AB (company code: 112025254, address: Tilžės St. 149, Šiauliai), Member of the Supervisory Board; Litagra UAB (company code: 304564478, address: Savanorių Ave. 173, Vilnius), Member of the Board; INVL Asset Management UAB (company code: 126263073, address: Gynėjų St. 14, Vilnius), Chairman of the Board; INVL Asset Management UAB (company code: 126263073, address: Gynėjų St. 14, Vilnius), Member of the Investment Committee of the managed fund INVL Baltic Sea Growth Fund; FERN Group AB (company code: 306110392, address: Granito St. 3-101, Vilnius), Chairman of the Supervisory Board.



Nerijus Drobavičius – Member of the Board of the Management Company

Main workplace – INVL Asset Management UAB (company code: 126263073, address: Gynėjų St. 14, Vilnius), Partner for Private Equity.

Involvement in activities of other companies: BSGF Sanus UAB (company code: 304924481, address: Gynėjų St. 14, Vilnius), Director; Reneso UAB (company code: 302941941, address: Gynėjų St. 14, Vilnius), Director; InMedica UAB (company code: 300011170, address: L. Asanavičiūtės St. 20-201, Vilnius), Chairman of the Board; MBL A/S (company code: 12825242, address: Glarmestervej 18, st. Silkeborg 8600 Denmark), Member of the Board; MBL Poland Sp. Z.o.o. (company code: 0000065219, address: Sulejowska 45d, 97-300 Piotrkow Trybunalski, Poland), Member of the Supervisory Board; Salt Invest UTIB (company code: 306193648, address: Gynėjų St. 14, Vilnius), Manager; BSGF Salt UAB (company code: 306193153, address: Gynėjų St. 14, Vilnius), Director; Eglės sanatorija UAB (company code: 152038626, address: Eglės St. 1, Druskininkai), Chairman of the Board; INVL Asset Management AB (company code: 126263073, address: Gynėjų St. 14, Vilnius), Member of the Investment Committee of the managed fund INVL Baltic Sea Growth Fund; MiniVet Holding, UAB (company code: 306127331, address: Gynėjų St. 14, Vilnius), Member of the Board; UTIB INVL Technology (company code: 300893533, address: Gynėjų St. 14, Vilnius), Member of the Investment Committee.

Sugrasta, MB (company code: 305287386, address: Pranapolio g. 11, Vilnius), Director, Bališkių individualių gyvenamųjų namų statybos bendrija (Bališkės partnership for construction of individual residential houses) (company code: 300027032, address: Pranapolio St. 11, Vilnius), Chairman of the Partnership.



Vytautas Plunksnis – Member of the Board of the Management Company

Main workplace – INVL Asset Management UAB (company code: 126263073, address: Gynėjų St. 14, Vilnius), Head of Private Equity.

Involvement in activities of other companies:

Eco Baltia AS (company code: 40103435432, address: Maskavas str. 240-3, Rīga, Latvia), Chairman of the Supervisory Board;

SIA Eco Baltia vide (company code: 40003309841, address: Ropažu nov., Stopiņu pag., Rumbula, Getliņu iela 5, Latvia), Member of the Supervisory Board;

UAB Ecoservice (company code: 123044722, address: Dunojaus g. 29, Vilnius, Lithuania), Chairman of the Board;

SIA B2Y (company code: 40103243404, address: Maskavas 322A, 3.st, Riga, Latvia), Chairman of the Board.

Metal-Plast Spółka z o.o. (Company code 0001007622, Brzozie Lubawskie 95B, 13-306 Brzozie Lubawskie, Poland); - Member of the Supervisory Board;

Homecourt Spółka z o.o. (Company code 5252958248, ul. Grzybowska 2/29, 00-131 Warszawa, Poland); Member of the Board;

UTIB INVL Technology (company code: 300893533, address: Gynėjų St. 14, Vilnius), Member of the Investment Committee;

Norway Registers Development AS (company code: NO 985221405 MVA, address: Lokketangen 20 B, 1337 Sandvika, Norway), Member of the Board;

NRD Companies AS (company code: NO 921985290 MVA, address: Lokketangen 20 B, 1337 Sandvika, Norway), Member of the Board;

NRD Systems UAB (company code: 111647812, address: Gynėjų St. 14, Vilnius), Member of the Board.

UAB NRD CS (company code: 303115085, address: Gynėjų St. 14, Vilnius), Member of the Board;

Novian Systems UAB (company code: 125774645, address: Gynėjų St. 14, Vilnius), Chairman of the Board.

BC MAIB SA (MAIB) (company code: 1002600003778, address: Constantin Tănase str. 9/ 1, Kišiniovas, Moldova), Chairman of the Supervisory Board;

Investuotojų Asociacija (company code: 302351517, address: Konstitucijos Ave. 23, Vilnius), Chairman of the Board.

Other required disclosures

The Company has no authorisations or commitments to issue or purchase its own shares. The Company is not engaged in any research and development activities.

General Manager

Paulius Žurauskas

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	2023	2022
Revenue from contracts with customers	4	13,639,055	11,671,148
Profit from business transfer	21	30,000,514	-
Other income	6	332,668	266,154
Net change in fair value of financial instruments measured at fair value through profit or loss	11	903,990	1,680,641
Employee benefits	5, 3.15, 3.16	8,301,191	6,920,243
Fees on fund distribution		2,188,130	1,340,945
Amortisation of costs for obtaining contracts with customers	10	-	371,639
IT maintenance and development expenses		1,099,012	1,002,596
Depreciation and amortisation	9, 10	171,629	345,507
Rent of premises and utility services		411,751	549,216
Advertising and other sales promotion expenses		246,285	350,238
Impairment, write-downs and provisions		(7,540)	-
Other expenses	7	2,668,136	2,357,625
Finance costs	7, 18	635,281	39,380
Operating profit (loss)		29,162,352	340,554
Profit/(loss) before tax for the reporting period		29,162,352	340,554
Income tax (expenses) / income	8	(4,136,621)	239,319
Net profit (loss) for the reporting period attributable to the Company's shareholders		25,025,731	579,873
Other comprehensive income		-	-
Total comprehensive income (expenses) for the year attributable to the Company's shareholders		25,025,731	579,873

The accompanying notes form an integral part of these financial statements.

These financial statements were signed and approved for issue on behalf of the Company by:

General Manager Paulius Žurauskas _____ 30 March 2024

Accounting Manager of the Company Edita Trepekienė _____ 30 March 2024

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2023	At 31 December 2022
ASSETS			
Non-current assets			
Property, plant, and equipment	9	294,949	381,809
Right-of-use assets	18	943,367	983,375
Intangible assets	10	80,521	141,658
Costs of obtaining contracts with customers	10	-	-
Investments in subsidiaries/associates	20	708,666	279,977
Financial assets at fair value through profit or loss	11	9,786,568	8,560,577
Other amounts receivable	12	-	161,145
Deferred income tax assets	8	119,259	506,093
Total non-current assets		11,933,330	11,014,634
Current assets			
Trade and other receivables	12	32,309,783	1,414,249
Assets from contracts with customers	12	592,287	55,339
Overpaid income tax		-	86,038
Prepayments and deferred costs	13	69,504	70,261
Cash and cash equivalents	14	61,539	106,650
Assets related to business held for sale	21	-	5,253,022
Total current assets		33,033,113	6,985,559
TOTAL ASSETS		44,966,443	18,000,193

SEPARATE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	At 31 December 2023	At 31 December 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	15	5,452,000	5,452,000
Reserves	16	2,233,514	1,750,621
Retained earnings/(loss)		29,594,288	5,097,557
Total equity		37,279,802	12,300,178
Amounts payable and liabilities			
Amounts payable after one year and non-current liabilities			
Non-current portion of contract liabilities	19	-	-
Non-current portion of lease liabilities	18	548,365	723,182
Trade and other payables	17	89,904	30,284
Total amounts payable after one year and non-current liabilities		638,269	753,466
Amounts payable within one year and current liabilities			
Current portion of contract liabilities	19	-	-
Current portion of lease liabilities	18	449,984	327,535
Payable income tax		3,445,970	-
Trade and other payables	17	3,152,418	1,824,054
Liabilities related to business held for sale	21	-	2,794,961
Total amounts payable within one year and current liabilities		7,048,372	4,946,550
TOTAL EQUITY AND LIABILITIES		44,966,443	18,000,194

General Manager Paulius Žurauskas _____ 30 March 2024

Accounting Manager of the Company Edita Trepekiene _____ 30 March 2024

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Reserves				Total
	Share capital	Reserve for share-based payments	Legal reserve	Retained earnings (loss) restated	
Balance at 31 December 2021	5,452,000	1,174,470	200,897	6,755,205	13,582,572
Net profit/(loss) for the year	-	-	-	579,873	579,873
Share-based payments (Note 16)	-	137,654	-	79	137,733
Dividends paid	-	-	-	(2,000,000)	(2,000,000)
Legal reserve	-	-	237,600	(237,600)	-
Balance at 31 December 2022	5,452,000	1,312,124	438,497	5,097,557	12,300,178
Net profit/(loss) for the year	-	-	-	25,025,731	25,025,731
Share-based payments (Note 16)	-	453,893	-	-	453,893
Dividends paid	-	-	-	(500,000)	(500,000)
Legal reserve	-	-	29,000	(29,000)	-
Balance at 31 December 2023	5,452,000	1,766,017	467,497	29,594,288	37,279,802

General Manager

Paulius Žurauskas _____ 30 March 2024

Accounting Manager of the Company

Edita Trepekienė _____ 30 March 2024

SEPARATE STATEMENT OF CASH FLOWS

	Note	2023	2022
Cash flows from operating activities			
Net profit/(loss) for the year		25,025,731	579,873
Adjustments for non-cash items:			
Depreciation and amortisation	9, 10, 18	470,416	716,051
Profit from selling business		(30,000,514)	-
Dividend income	6	(272,511)	(195,824)
Interest income		(18,792)	(58,225)
Interest expense		37,491	39,380
Current year income tax expense/(income)	8	4,136,621	(239,319)
Unrealised/(gain) loss from financial instruments measured at fair value	11	(903,992)	(1,680,643)
Share-based payments expenses	16	221,358	48,023
Expenses of bonuses	5	1,781,754	826,542
(Profit) loss from amendments to lease agreements		(8,612)	(35,578)
Amortisation of costs for obtaining contracts with customers	10	-	371,639
		468,950	371,919
Changes in working capital:			
(Increase)/decrease in trade and other receivables	12	1,974,651	2,156,689
(Increase)/decrease in other current assets	12	659	100,385
Increase/(decrease) in trade and other payables	17	(1,185,956)	(129,129)
Increase/(decrease) in contract liabilities	19	77,322	198,736
Income tax paid		-	(249,637)
Net cash flows from/(used in) operating activities		1,335,626	2,448,963
Cash flows from investing activities			
(Acquisition) of property, plant and equipment	9	(44,436)	(355,180)
Dividends received	6	256,810	195,824
Transfer of business		(551,074)	-
Costs of obtaining contracts with customers		(548,884)	(551,737)
Loans granted		-	(2,384,000)
Loans recovered		75,000	2,234,000
Investments in subsidiaries	20	(376,356)	-
Acquisition of financial assets		(435,710)	(753,856)
Interest received	17	14,277	47,079
Net cash flows from/(used in) investing activities		(1,610,373)	(1,567,870)
Cash flows from financing activities			
Payments of lease liabilities	18	(302,257)	(380,710)
Interest payments	18	(37,491)	(39,380)
Dividends paid		-	(2,000,000)
Net cash flows from/(used in) financing activities		(339,748)	(2,420,090)
Net increase (decrease) in cash flows		(614,495)	(1,538,997)
Cash and cash equivalents at the beginning of the period		676,034	2,215,031
Cash and cash equivalents at the end of the period	14, 21	61,539	676,034
General Manager	Paulius Žurauskas _____		30 March 2024
Accounting Manager of the Company	Edita Trepekienė _____		30 March 2024

NOTES TO THE FINANCIAL STATEMENTS

1 General information

INVL Asset Management UAB ('the Company') is a private limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

Gynėjų St. 14, Vilnius, Lithuania.

The Company was established and registered with the Register of Legal Entities on 21 July 2003 under the name of Finasta Investicijų Valdymas UAB. On 8 October 2009, the Company was renamed to Finasta Asset Management UAB.

On 27 March 2015, Finasta Asset Management UAB was renamed to INVL Asset Management UAB.

As at 31 December 2023, the sole controlling shareholder of the Company was Invalda INVL AB. The Company's authorised share capital totalled EUR 5,452,000 and it was divided into 18,800,000 ordinary registered shares with the par value of EUR 0.29 each.

As at 31 December 2023, the Company had 73 (31 December 2022: 179) employees.

The Company's activities are regulated by the Lithuanian Law on Collective Investment Undertakings and the Law on Managers of Alternative Collective Investment Undertakings of the Republic of Lithuania.

On 9 January 2004, the Securities Commission of the Republic of Lithuania issued an operating license No. VJK – 005 to INVL Asset Management UAB of a management company operating in accordance with the Law on Collective Investment Undertakings, which was later supplemented. Under the licence the Company is authorised to engage in the following activities:

manage harmonised collective investment undertakings;

- manage collective investment undertakings investing into transferable securities;
- manage real estate collective investment undertakings;
- manage private capital collective investment undertakings;
- manage collective investment undertakings investing into other collective investment undertakings;
- manage portfolios of financial instruments of other entities;
- manage pension funds accumulated from a part of state social security contributions;
- manage portfolios of financial instruments in additional voluntary pension accumulation pension funds;
- consult on issues relating to investment into financial instruments;
- safe-keep and handle investment units of investment funds managed by other management companies or shares of investment companies;
- manage collective investment undertakings established in accordance with the Law on Collective Investment Undertakings Intended for Informed Investors.

On 02/10/2017 the Bank of Lithuania granted the Company the licence (No 3) of a management company operating in accordance with the Law on Managers of Alternative Collective Investment Undertakings of the Republic of Lithuania. Under the licence the Company is authorised to engage in the following activities:

- manage portfolios of collective investment undertakings intended for informed investors, including collective investment undertakings intended for professional investors;
- manage portfolios of financial instruments of other entities;
- manage additional voluntary pension accumulation pension funds;
- safe-keep and handle investment units or shares of collective investment undertakings;
- manage pension funds accumulated from a part of state social security contributions;
- consult on issues relating to investment into financial instruments;
- accept and transmit orders for financial instruments;
- manage occupational pension funds.

As at 31 December 2023, the Company managed 3 closed-end investment companies, 2 closed-end umbrella investment funds intended for informed investors, one of them consists of 7 and the other of 1 subfund and 1 closed-end investment fund intended for professional investors. The Company also managed investment portfolio and financial instruments portfolios of 101 customers of the fund established in Luxembourg the INVL Alternative Assets Umbrella Fund as well as the INVL Sustainable Timberland and Farmland Fund II which is a subfund of SCSp SICAV-RAIF (as at 31 December 2022, the Company managed 1 harmonised investment fund, 1 harmonised umbrella investment fund consisting of 3 subfunds, 13 pension funds, 79 portfolios of clients' financial instruments, 2 closed-end investment companies, 2 closed-end umbrella investment funds intended for informed investors, one of which consists of 7 and the other of 1 subfund, and 1 closed-end investment fund intended for professional investors).

As required by the Lithuanian Law on Companies, the annual financial statements prepared by management should be approved by the General Shareholders' Meeting. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of the financial statements.

The Company's management signed these financial statements on 30 March 2024. The Company's shareholders have a statutory right to either approve the financial statements or not to approve them and prepare a new set of financial statements.

2 Going concern basis

These financial statements have been prepared on a going concern basis.

3 Material accounting policies

The principal accounting policies applied in the preparation of the Company's financial statements for 2023 are set out below.

3.1. Basis of preparation

Statement of compliance

These financial statements have been prepared on a historical cost basis, except for investments in equity securities, units of collective investment undertakings, contingent consideration liabilities measured at fair value and assets and liabilities held for sale, which are measured at the lower of the carrying amount and fair value less costs to sell.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Company does not prepare consolidated financial statements as permitted by the legislation of the Republic of Lithuania, as the Company and its subsidiary are included into a full consolidation in the consolidated financial statements of the parent company Invalda INVL. Invalda INVL was established in Lithuania and its consolidated financial statements are available at <https://invaldainvl.com/lit/lt/investuotojams/ataskaitos>.

Adoption of new and/or changed IFRSs and IFRIC interpretations

In the current reporting year, the Company adopted the new and amended IFRSs and IFRIC interpretations, which are effective for annual periods beginning on or after 1 January 2023:

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*;

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, *Making Materiality Judgements* was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments affected the disclosure of the Company's accounting policies but did not affect the measurement, recognition or presentation of items in the Company's financial statements.

Standards endorsed by the EU that are not yet effective and that have not been early adopted and not endorsed by the EU

Other amendments to existing standards and new standards, which are not yet adopted by the EU, are not relevant to the Company.

Presentation currency

The Company keeps its accounting records in the euro and all amounts in these financial statements have been presented in the national currency of the Republic of Lithuania, the euro (EUR).

3.2. Property, plant, and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and estimated impairment. Cost includes replacement costs of components of property, plant and equipment when incurred and when these costs meet the recognition criteria of property, plant and equipment.

Depreciation is calculated using the straight-line method over useful lives established as follows:

Computer hardware	3–4 years
Office equipment, furniture	4–6 years

The assets' carrying amounts, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year to ensure that they reflect economic benefits expected to be derived from property, plant and equipment.

All other property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the asset is derecognised. The accounting policies of right-of-use assets are disclosed in part 3.13.

3.3. Business combinations and goodwill

Subsidiaries acquired on a business combination involving entities under common control are not within the scope of IFRS 3, Business Combinations, and accordingly, such acquisitions were accounted for using the predecessor value method. No assets or liabilities were restated by the Company to their fair values. Instead, the Company incorporated their predecessor carrying amounts. They are generally the carrying amounts from the consolidated financial statements of the entity that has the highest common control. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. No goodwill arises in predecessor accounting, and the results of the combined entities are presented in the financial statements from the date of acquisition. Upon reorganisation of companies and their combination, the goodwill which arose before, during the acquisition of companies, and other assets and liabilities recognised at the time of acquisition are transferred to the statement of financial position of the company which continues its activities after the reorganisation.

3.4. Intangible assets

The Company's intangible assets include computer software and fund's management rights acquired on business combination (until 30 November 2023).

Intangible assets are initially stated at acquisition cost. Intangible assets are recognised only when it is probable that future economic benefits associated with these assets will flow to the Company and the value of assets can be measured reliably. Subsequently, intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses, if any. Intangible assets, excluding goodwill, are deemed to have a finite useful life. Intangible assets are amortised using the straight-line method over the estimated useful life.

Software

Costs associated with the acquisition of new computer software are capitalised and recognised as intangible assets, provided that such costs are not associated with computer hardware. Computer software is amortised over a period of 2 to 4 years.

Costs incurred in relation to restoration or maintenance of the expected economic benefits from operation of the existing software systems are recognised as expenses in the period during which such maintenance and support works have been carried out.

Fund management rights

Fund management rights represent the rights to manage assets of pension funds recognised on acquisition of management companies. Fund management rights acquired on business combination are capitalised at their fair value on the acquisition date and classified as intangible assets. Fund management rights are subsequently carried at cost less amortisation and accumulated impairment losses. Fund management rights are amortised over the period of 10 to 20 years.

3.5. Costs of obtaining contracts with customers

The Company uses the services of external intermediaries when distributing pillar II and III pension funds. Commission fees are paid to intermediaries for the conclusion of the agreement. Commission fees are paid only when the agreement is concluded and economic benefit is expected to be received in the future. As for pension funds, the Company assesses that each participant of the fund is its customer, because the Company directly communicates with each participant of the pension funds. Therefore, the Company considers that commissions paid to intermediaries for the conclusion of new agreements with pension funds' participants are costs of obtaining contracts with customers and capitalises and amortises them over the average probable period of the new customer's relationship with the Company, i.e. 10 years. Until December 2022, capitalised commission fees paid to intermediaries were recognised within non-current assets in the statement of financial position as costs of obtaining contracts with customers, and from 31 December 2022 they were reclassified as the assets held for sale and transferred to Šiauliai Bankas Group at the merger of retail businesses in 2023 (see Notes 10 and 21).

3.6. Investments in associates and subsidiaries

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor interest in a joint venture. Significant influence is an ability to take part in making financial and operating policy decisions but is not control or joint control over those policies generally accompanying a shareholding from 20 to 50 per cent.

A subsidiary is a company over which the Company has control.

In these stand-alone financial statements the Company recognises investments in associates and subsidiaries at acquisition cost. The acquisition cost is equal to the cost of the investment that comprises non-contingent and contingent consideration. Contingent consideration is recorded as financial liability measured at fair value. The Company has selected to recognise change in the fair value of contingent consideration related to investments in associates through profit or loss under IFRS 9.

3.7. Impairment of non-financial assets

At the reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value in use. An asset's recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value, less estimated selling expenses, the discounted cash flow method is used. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation (if any), had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.8. Investments and other financial assets

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss (either through OCI or through profit or loss) or financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade and other receivables

The Company's trade and other receivables are classified within the category of financial assets measured at amortised cost, since according to the business model of these assets, these assets are held for the purpose of receiving contractual cash flows, which meet the requirement of solely payments of principal and interest. This category also includes the line item of cash and cash equivalents within financial assets. The Company reclassifies debt instruments only when the business model for managing such assets changes.

Financial assets at fair value through profit or loss

The Company's investments in equity securities are measured as financial assets at fair value through profit or loss. Since such assets are not held for trading at initial recognition, the Company has an irrevocable election to present equity instruments at fair value through profit or loss or other comprehensive income subsequent to initial recognition. At the Company, all investments in equity securities are measured at fair value through profit and loss.

Fair value

The fair value of investments traded in active financial markets is based on quoted closing market prices available at the date of the statement of financial position. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent market transactions, reference to the market value of similar instruments calculated using the discounted cash flow method and other valuation models.

3.9. Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost.

The Company has the following two types of financial assets for which the expected credit losses model established by IFRS 9 is applied:

- trade and other receivables, contract assets;
- cash and cash equivalents.

The Company's main receivables are from the controlling shareholder and managed funds. The Company has reviewed its impairment approach in accordance with IFRS 9 for each of these asset classes. In the Company's judgement, potential expected credit losses on financial assets measured at amortised cost would be immaterial and are therefore not calculated and not disclosed in these financial statements.

3.10. Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost using the effective interest method, except for liabilities for contingent consideration. A financial liability is derecognised when the obligation under the liability is settled, cancelled or expires.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Financial liabilities included in trade payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted. If a financing agreement concluded before the date of the statement of financial position proves that the liability was non-current as at the date of the statement of financial position, that financial liability is classified as non-current.

Financial liabilities measured at fair value

Contingent consideration liabilities related to investments in other companies are recognised as financial liabilities measured at fair value through profit or loss.

3.11. Cash and cash equivalents

Cash comprises cash on hand and cash at bank. Cash equivalents represent short-term highly liquid investments easily convertible to a known amount of cash. The maturity of such investments does not exceed three months and the risk of changes in their value is insignificant.

3.12. Share capital

The share capital is presented in the statement of financial position at the amount subscribed.

3.13. Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company as a lessee

Leases where the Company is a lessee are recognised by accounting for right-of-use assets and a respective lease liability when the underlying assets become available for use.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, lease payments made at or before the commencement date (less any lease incentives received), initial direct costs incurred by the Company. The lease liability is measured at the net present value of the lease payments.

Lease payments are discounted using the interest rate specified in the lease agreement. If this interest rate cannot be readily determined, the borrowing rate charged by the lessee may be used. It is the interest rate that the lessee would be required to pay for its debt obligations necessary to acquire right-of-use assets in a similar economic environment and on similar terms and guarantees, as specified in the lease agreement.

The Company incurs a possible future increase in variable lease payments related to an index specified in the lease agreement which is not included into the value of lease liability until it becomes effective. When lease payments are adjusted due to a change in an index, the lease liability is remeasured and adjusted also adjusting the value of the right-of-use assets.

Lease payments are apportioned between the settlement of lease liability and interest expenses. Interest expenses are recognised in profit or loss over the lease term retaining the constant interest rate for the remaining amount of lease liability in each period.

Right-of-use assets are depreciated over the lease term of an underlying asset.

3.14. Revenue recognition

Income from asset management fees

The Company manages customers' funds invested in the funds managed by the Company and earns management fees for this service. Irrespective of whether a separate participant (investor) of the fund or the entire fund is regarded as the Company's customer, income from management fees is recognised during the period when services are rendered. Asset management services are rendered as long as the customer retains investments in the funds managed by the Company. Income from management fees fluctuates because a management fee is usually calculated as an agreed percentage of the average fair value of assets managed during the period or of the nominal value of obligations assumed by investors to invest in the fund during the investment period.

Income from fund distribution fees

The Company earns from customers distribution fees for the distribution of certain funds. Distribution fees may be received either entirely for the sum invested in the fund or may be paid on the amounts invested in the fund over the agreed period. The Company estimates whether the distribution of a specific fund is a separate service provided to the customer (the performance obligation). If the distribution of the fund is a separate service provided to the customer, income thereof is recognised when the distribution of the fund is affected. If the distribution of the fund is not a separate service provided to the customer, but rather a part of the asset management services, the recognition of income from distribution fees is deferred and recognised over the average period of the contract with the customer.

Income from a success fee

The Company earns a variable fee, i.e. a success fee, when return from certain funds exceeds the established return limit. Depending on the fund's rules the Company earns the right to a success fee immediately when return from the fund exceeds the established return limit or only at the end of the existence of the fund when the assets of the fund are distributed. A success fee is recognised by the Company as income when it earns the right to receive a calculated success fee. If the Company cannot confirm that it is highly probable that expected income from a success fee will not be reversed in the future, then it does not recognise a success fee.

Income from the management of customers' portfolio

The Company earns management fee for the management of customers' portfolio. The commission fee is calculated from the value of managed portfolio. Income from commission fee for portfolio management is recognised over the service provision period.

Interest income

Interest income is recognised on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future net cash receipts through the expected life of the financial instruments to the net carrying amount of the financial instruments.

Dividend income

Dividend income is recognised when the right to receive dividend payment is established and is included in other income.

3.15. Employee benefits

Social security contributions

The Company pays social security contributions to the State Social Security Fund ("the Fund") on behalf of its employees based on the defined contribution plan in accordance with the Lithuanian legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The social security contributions are recognised as an expense on an accrual basis and are included within staff costs. Social security contributions each year are allocated by the Fund for pension, health, sickness, maternity and unemployment payments.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

3.16. Bonuses

After the end of the year, achievements of all of the Company's employees of the previous year are assessed and, if an incentive – a bonus is intended to be allocated, amounts of the part are determined for each employee based on the performance of the Company, the respective department and employee of the Company for the previous year. Bonuses are awarded and paid following approval of the Company's audited annual financial statements. However, an exception came into effect as of 2021 providing that in the absence of an approved set of the Company's financial statements, the Company's management can decide on payment of Bonuses and the total amount of Bonuses in cash for employees whose main activity in the Company is participation in the taking of investment decisions on asset management of alternative collective investment undertakings (hereinafter – ACIU) based on the life cycle of ACIU. In accordance with the Company's practice, unless otherwise stated, the Company's employees have the possibility to choose the incentive method (bonus, pension scheme contribution to the pension fund, insurance contribution or acquisition of share options of the parent company Invalda INVL). The Company's employees who make decisions related to risk management, 60% of the bonus is paid once awarded and the remaining 40% part is paid in equal amounts in three years (in certain cases might be paid within five years) after the bonus has been awarded. The same principles are applied for alternative incentive measures. Based on the Company's internal procedures, if these employees leave the Company before the term of the bonus payment, the outstanding part of the bonus is not paid.

Payment plans of bonuses based on which employees can choose one of the incentive methods: share-based payment or payment in cash not linked to shares, are accounted for as a compound financial instruments linked to shares comprising debt and equity parts in accordance with International Financial Reporting Standard 2 (IFRS 2). The fair value of this financial instrument comprises the fair values of debt and equity parts. The fair value of the debt part is measured applying International Accounting Standard 19 (IAS 19) based on option value of cash payment. On initial recognition, the fair value of equity part is carried as a difference between the fair value of the whole compound financial instrument and the fair value of debt part considering that an employee must refuse to receive the payment in cash in order to receive the equity part. If on initial recognition the fair value of the compound instrument does not exceed the value of the debt part, the entire amount of compound instrument is accounted for as liability.

The Company carries separately the employee services based on each bonus compound financial instrument. For the debt part, the Company recognises costs for the services received and liability to pay for these services over the period of service provision. The bonus which has already been recognised as costs and which will be paid later than after one year is recognised as non-current liability.

For equity part, the Company recognises costs for received services and increase in equity share-based payments reserve on a proportionate basis over the period of service provision. When an employee refuses to receive payment in cash under this compound financial instrument, i.e. when he or she enters into a share option agreement, then the accumulated part of liability is transferred to equity and continues to be recognised as described above, based on the accounting requirements for equity-settled share-based payments transactions.

As described above, part of payment of bonus is deferred from one to three years (up to five years in certain cases) after the end of the reporting period and the employee must remain employed at the Company until the deferred part is paid. For both debt and equity parts, the Company recognises costs for received services proportionately over the period of service provision, which starts at the beginning of the year for which the bonus was allocated and ends on the date when the employee obtains a non-cancellable right to receive cash payments (coincides with the moment of payment) or receives share options.

The possibility to choose incentive in equity instruments is separately approved by the Board of the parent company; therefore, the grant-date of equity part is deferred until the approval of the possibility to receive share options instead of a bonus has been obtained.

On the grant-date of equity part, the fair value of the equity part is remeasured so that the equity-settled amounts recognised for the services rendered by employees correspond to the fair value of equity instruments established at the grant-date of equity part. Remeasurement at fair value is based on the following assumptions:

- including the impact of market performance vesting conditions;

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and retention of employment relations with the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The effect of adjustment (if any) of initial estimates is recognised in profit or loss and equity is adjusted accordingly.

3.17. Income tax

Income tax charge is calculated on profit or loss for the year and considers deferred taxation. Income tax is calculated in accordance with the Lithuanian regulatory legislation on taxation.

Lithuanian companies are subject to a standard income tax rate of 15 per cent.

Tax losses can be carried forward for indefinite period of time against future taxable income, except for losses arising from the disposal of securities and/or derivative financial instruments which can be carried forward for the period of 5 years. Losses arising from the disposal of securities and/or derivative financial instruments can be covered using taxable income received from transactions of the same type.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. Deferred tax assets on lease liabilities and deferred tax liabilities on right-of-use assets are calculated separately.

Deferred tax assets are recognised in the statement of financial position to the extent the management believes it is probable that they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

3.18. Provisions

Provisions are recognised only when the Company has a legal obligation or irrevocable commitment as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that the amount of provision will be compensated in part or in full, e.g. by insurance, compensation to be received is recorded as a separate asset, but only when it is virtually certain. Expenses related to provisions are recorded in the statement of comprehensive income, net of compensation receivable. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate set based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

3.19. Assets and liabilities held for sale

The assets and liabilities are separated from the Company's other assets and liabilities in statement of financial position and disclosed under separate items of current assets and current liabilities in the statement of financial position as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. These assets and liabilities are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated. The statement of financial position shall only separate assets and liabilities that are directly attributable to the Company's business held for sale. Those assets and liabilities that relate to both the held for sale and continuing operations of the Company are not separated from the other assets and liabilities of the Company.

3.20. Contingencies

Contingent consideration liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of income or economic benefits is probable.

3.21. Subsequent events

Events after the reporting period that provide additional information about the Company's position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Subsequent events other than adjusting events are disclosed in the explanatory notes to the financial statements when such events are significant.

3.22. Critical accounting estimates used in the preparation of the financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards, as adopted by the EU, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to the measurement of fair value of financial assets, realisation of deferred tax assets, impairment indicators of non-financial assets and measurement of the recoverable amount of such assets, useful lives of intangible assets and assets from contracts with customers, effect of application of IFRS 16 and share-based plans.

Below are presented key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial assets and liabilities

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques. More information on estimates is disclosed in Note 24.

Realisation of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be earned against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In assessing the realisation of deferred income tax assets the Company referred to the Company's 10-year taxable profit forecasts. Refer to Note 8 for more detailed information.

Determining impairment indications of non-financial assets and measurement of recoverable amount

At each reporting date, the Company assesses whether any indications of impairment of non-financial assets exist. Non-financial assets are reviewed for impairment whenever indications exist that the assets may not be recoverable. The values in use are determined by management with reference to estimated probable future cash flows from assets or cash generating units, using an appropriate discount rate, and estimating the present value of cash flows. The analysis of impairment of costs of obtaining contracts with customers is presented in Note 10.

Recognition and measurement of lease liability and right-of-use assets

In 2023, the Company leased premises in Vilnius and Kaunas. When calculating lease liability and right-of-use assets, for premises in Vilnius and Kaunas the Company applied the market interest rates announced by the Bank of Lithuania as the Company has no loans received and, as to the management's assessment, this rate is an appropriate estimate of the Company's potential borrowing rate (see Note 18 for more details).

Bonuses

The Company's employees have the possibility to choose the incentive method (bonus, contribution to pension funds or acquisition of share options of the parent company Invalda INVL AB). As described in more details in Note 3.16, this arrangement with employees is accounted for as a compound financial instrument comprising debt and equity part. When determining the period of service provision and recognising costs proportionately over the set period of service provision, the Company uses an accounting estimate. Also, the equity part of bonus is paid through derivative financial instruments – share options. These instruments are stated at the fair value of the option at the time of granting the instrument. The fair value calculation method is a significant accounting estimate. The fair value of these instruments is accounted for using the Black-Scholes method for pricing of options. All main inputs, except for volatility, are observable market data (the price of shares of the parent company and risk-free interest rate). Share price volatility is calculated based on market data on historical change in share price. More details on calculation principles and inputs are provided in Note 16.

Future events may cause assumptions used in making estimates to change. The effect of such changes on estimates will be disclosed in the financial statements as they occur.

3.23. Significant judgements affecting the financial statements

In applying the Company's accounting policies, management made the following judgements that had the major impact on the amounts recognised in these financial statements:

Recognition of distribution fees related to managed funds

The Company makes a judgement in determining whether the distribution of managed funds is a separate service, or a part of the asset management services.

The Company estimates that the distribution of alternative funds, funds for informed investors and investment funds is a separate service because each fund is a specialised fund and the Company provides to a person or undertaking investing in such a fund a separate identifiable distribution service which comprises the elements of the fund's selection, adaptation.

In terms of the distribution of pension funds, the Company estimates that distribution is not a separate service, but a part of asset management services, as pension funds are standardized retail investment products intended for a wide range of investors. As a result, income from pension funds' distribution fees is recognised over the average period of the contract with the customer, i.e. 10 years.

Recognition of success fees related to managed funds

The success fee accumulated in the funds managed by the Company is not recognised as income until the conditions for the payment of success fee to the Company are met. In the Company's assessment, until the payment conditions are met, a significant uncertainty related to the amount of the success fee and payment term exists.

Funds' control

In assessing whether it has control over managed funds, the Company makes judgement. The main aspects assessed by the Company include the volatility of general economic interest and rights held by the investors limiting the rights of the manager, including the right to replace the manager. The Company assessed the volatility of economic interest and rights held by investors for all of its funds and, considering the results, made a decision that it does not control any of the funds under management.

Retail asset management business held for sale

The Company's management has decided that the retail asset management business held for sale (see Note 21) is not a discontinued operation as defined in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Management made this judgement in the context of its consideration of whether the business held for sale meets the definition of a discontinued operation. In management's assessment, the business held for sale does not meet the definition of a discontinued operation because:

- the retail asset management business held for sale does not meet the definition of a component of the Company as its operations and cash flows cannot be clearly separated from the rest of the Company's activities. The Company has centralised most of its functions (e.g. finance, compliance, administration, HR, IT) and these functions serve both the business held for sale and the rest of the Company's activities, namely alternative funds and portfolio management.
- the business held for sale is not a separate material part of the business activities, as the Company's shareholders treat the entire asset management activities as a single asset management business with similar operational and risk characteristics.

4. Revenue from contracts with customers

Funds and portfolio management revenue by type:

	2023	2022
<i>Revenue recognised over time</i>	13,604,062	11,618,040
Management fee	13,385,043	11,415,930
Success fee	-	(639)
Distribution fee recognised over time (Note 19)	219,019	202,749
<i>Revenue recognised at a point in time</i>	34,993	53,108
Fee on payments	27,035	-
Distribution fee recognised at a point in time	7,522	52,896
Exit fee income	436	212
	13,639,055	11,671,148

In 2023 and 2022, the Company did not earn any success fee income.

In 2023, the Company did not include the amount of success fee of EUR 684 thousand which is accumulated in the investment company managed by the Company: BRE (2022: EUR 900 thousand) as the conditions for the payment of this amount have not been met (see Note 3.23).

In 2022, the Company accounted for almost EUR 224 thousand revenue (2022: EUR 224 thousand) which at the beginning of the period was accounted for as contract liabilities (see Note 19).

5. Employee benefits

	2023	2022
Wages and salaries and related expenses	6,298,079	5,927,872
Expenses of bonuses to employees	1,781,754	826,542
Share-based payment expenses	221,358	48,023
Other expenses related to employees	-	117,806
	8,301,191	6,920,243

6. Other income

	2023	2022
Dividend income	272,511	195,824
Other income	60,157	70,330
	332,668	266,154

7. Other and finance costs

	2023	2022
Maintenance of motor vehicles	131,154	140,652
Maintenance and repair of premises	126,448	177,413
Taxes to the State	653,425	728,085
Professional services	652,811	535,143
Fees for operations with securities	488,202	460,067
Other expenses	616,096	316,265
	2,668,136	2,357,625

	2023	2022
Discounting expenses of amounts receivable	597,790	-
IFRS 16 interest costs	37,491	39,380
	635,281	39,380

Presented below are all the services rendered by the audit firm to the Company and the pillar II pension funds in 2023 and 2022.

	2023	2022
Audit of the Company's financial statements under agreements	46,678	44,800
Audit of the funds' financial statements under the agreements	30,918	29,775
Assurance and other related services	-	-
Tax consultation services	-	-
The Company's expenses related to other services	1,100	1,450
The funds' expenses related to other services	-	700
	78,696	76,725

8. Income tax

	2023	2022
Components of income tax (expenses) income:		
Income tax expenses for the current period	(3,547,708)	-
Adjustment to income tax of the previous year	-	-
Change in deferred income tax	(588,913)	239,319
Income tax (expenses)/income recognised in profit or loss	(4,136,621)	239,319

	2023	2022
Deferred income tax assets		
Tax losses carried forward for indefinite period related to operating activities	-	669,006
Social security on accrued vacation	1,020	1,310
Bonuses to employees	157,495	107,490
Lease liabilities	149,752	157,607
Bad debts	-	1,131
Amounts receivable	89,668	-
Deferred income tax assets	397,935	936,544
Less: unrecognised deferred income tax assets arising from a part of tax losses	-	(149,919)
Deferred income tax assets, net	397,935	786,625
Deferred income tax liability		
Right-of-use assets	(141,505)	(147,506)
Revaluation of financial assets	(137,171)	(133,026)
Deferred income tax liability	(278,676)	(280,532)
Deferred income tax, net	119,259	506,093

Income tax at the rate of 15 per cent was used in the calculation of deferred income tax in 2023 and 2022.

The movement of deferred income tax is presented in the table below:

	2023	2022
Deferred income tax assets at the beginning of the period	506,095	491,706
Transfers to assets held for sale	-	(224,932)
Transfers from assets held for sale	224,932	-
Change in deferred income tax recognised in profit or loss	(588,914)	239,319
Sold tax losses	(22,854)	-
Deferred income tax assets at the end of the period	119,259	506,093

The movement in the table of deferred income tax assets shows deferred income tax assets in the current year that were reclassified to the assets held for sale in 2022 because the change in deferred income tax assets accounted for in the statement of profit or loss includes the change in the deferred income tax asset reclassified to the assets held for sale.

In 2022, the Company took over tax losses for EUR 691,893 from the parent company Invalda INVL AB.

According to the long-term performance forecasts for 2024-2028, deferred tax assets amounting to EUR 29,592 were recognised as at 31 December 2023 (EUR 731,025 as at 31 December 2022 (EUR 506,093 for continued operations and EUR 224,932 for business held for sale)). The recognised amount represents the probable recoverable amount for which the Company projects to earn taxable profit in the future. It is based on assumptions about the profitability of the Company relating to the forecast growth of the Funds and customer portfolios, management fees, future return of the funds, and the number of customers.

Income tax expenses can be reconciled to the theoretical amount of income tax using the income tax rate as follows:

	2023	2022
Profit (loss) before tax	29,162,352	340,554
Income tax calculated at a rate of 15%	(4,374,353)	(51,083)
Expenses not deductible for tax purposes	(117,688)	(54,850)
Income not subject to tax	169,801	325,907
Support	35,700	-
Change in not recognised income tax from part of tax losses	149,919	19,345
Income tax change recognised in profit or loss	(4,136,621)	239,319

9. Property, plant, and equipment

2023	Computer hardware and office equipment	Furniture	Total
Acquisition cost			
Balance at the beginning of the year	511,075	356,074	867,149
Additions	41,425	8,159	49,584
Disposals (write-offs)	(55,156)	-	(55,156)
Balance at the end of the year	497,344	364,233	861,577
Accumulated depreciation			
Balance at the beginning of the year	368,764	116,576	485,340
Charge for the year	53,297	57,471	110,768
Disposals (write-offs)	(29,480)	-	(29,480)
Balance at the end of the year	392,582	174,047	566,628
Carrying amount at the end of the year	104,762	190,186	294,949

2022	Computer hardware and office equipment	Furniture	Total
Acquisition cost			
Balance at the beginning of the year	405,224	152,292	557,516
Additions	115,878	203,782	319,660
Disposals (write-offs)	(16,537)	-	(16,537)
Balance at the end of the year	504,565	356,074	860,639
Accumulated depreciation			
Balance at the beginning of the year	303,690	76,937	380,627
Charge for the year	65,074	39,639	104,713
Disposals (write-offs)	(6,510)	-	(6,510)
Balance at the end of the year	362,254	116,576	478,830
Carrying amount at the end of the year	142,311	239,498	381,809

Depreciation expenses of property, plant and equipment are included in operating expenses in profit or loss.

10 Intangible assets and costs of obtaining contracts with customers

2023	Software	Goodwill	Fund management rights	Total
Acquisition cost				
Balance at the beginning of the year	348,718	-	-	348,718
Additions	-	-	-	-
Transferred with sale of business	(278)	-	-	(278)
Balance at the end of the year	348,440	-	-	348,440
Accumulated amortisation				
Balance at the beginning of the year	207,060	-	-	207,060
Charge for the year	60,859	-	-	60,859
Balance at the end of the year	267,919	-	-	267,919
Carrying amount at the end of the year	80,521	-	-	80,521

2022	Software	Goodwill	Fund management rights	Total
Acquisition cost				
Balance at the beginning of the year	472,289	58,422	2,270,137	2,800,848
Transfers to assets held for sale (Note 21)	(163,856)	(58,422)	(2,270,137)	(2,492,415)
Additions	40,285	-	-	40,285
Balance at the end of the year	348,718	-	-	348,718
Accumulated amortisation				
Balance at the beginning of the year	168,345	-	1,068,302	1,236,647
Charge for the year	79,591	-	161,203	240,794
Transfers to assets held for sale (Note 21)	(40,876)	-	(1,229,505)	(1,270,381)
Balance at the end of the year	207,060	-	-	207,060
Carrying amount at the end of the year	141,658	-	-	141,658

In 2015, MP Pension Funds Baltic UAB was merged to INVL Asset Management UAB by way of reorganisation. During the reorganisation, the management of the assets in the amount of EUR 3,300 thousand was transferred to INVL Asset Management UAB. Intangible assets relating to the fund management right and amounting to EUR 2,207 thousand during the reorganisation were accounted for accordingly. In November 2022, following the signing of the Retail Business Merger Agreement between Invalda INVL and Šiaulių bankas, the amortisation of these assets was discontinued and the carrying amount of these assets of EUR 1,040,633 was reclassified to Assets related to business held for sale in the statement of financial position (Note 21). The value of the net assets held for sale in the transaction of Šiaulių bankas is significantly above the carrying amount of the net assets held for sale; therefore, we consider that the fair value of these assets less costs to sell is higher than their carrying amount, and no adjustment to the value of these assets is required.

Costs of obtaining contracts with customers

Costs of obtaining contracts with customers comprise the capitalised amount of commission fees paid to the intermediaries for the distribution of pension funds, which, under IFRS 15, are treated as contract acquisition costs recognised as intangible assets and amortised over the period set forth in the accounting policies. See more in Note 3.5.

During 2022, EUR 256,652 of commission fee for distribution of pillar II pension funds and EUR 661,060 of commission fee for distribution of pillar III pension funds was capitalised and recognised as non-current assets and the whole amount was transferred to the assets held for sale at the end of the year. In 2023, the whole capitalised amount of the costs of obtaining contracts with customers amounting to EUR 563,201 was immediately accounted for as the assets held for sale.

The movement in costs of obtaining contracts with customers in 2022 is presented in the table below:

2022	
Balance as at 1 January	2,540,434
Costs of obtaining contracts with customers incurred over the period	551,737

Amortisation of costs of obtaining contracts with customers recognised as expenses over the period	(371,639)
Transfers to assets held for sale (Note 21)	(2,720,532)
Costs of obtaining contracts as at 31 December 2022	-
Pillar II pension funds agreements	1,735,854
Pillar III pension funds agreements	984,678
Agreements on the management of investment direction	-

11. Financial assets at fair value through profit or loss

The Company's financial assets at fair value through profit or loss include as follows:

	2023	2022
Equity securities (0.6% investment into AB Šiaulių bankas shares)	2,737,350	2,709,700
Units of collective investment undertakings, whereof:	7,049,218	5,850,877
Funds managed by INVL Asset Management, including funds for the investment portfolio of which INVL Asset Management is responsible	6,625,518	5,369,197
Closed-end investment undertakings managed by INVL Asset Management	423,700	481,680
	9,786,568	8,560,577

In 2023, the Company invested EUR 70 thousand into the INVL Partner Global Distressed Debt Fund I. Also, EUR 321 thousand into the INVL Renewable Energy Fund I, EUR 19 thousand into the INVL Partner Global Infrastructure Fund, EUR 6 thousand into the INVL Partner Private Equity Fund I and EUR 20 thousand into the INVL Alternative Investment II Fund. As at 31 December 2023, the remaining liability amount to INVL Partner Global Distressed Debt Fund I was USD 35 thousand, INVL Renewable Energy Fund I – EUR 403 thousand, and INVL Partner Private Equity Fund I – EUR 100 thousand.

In 2022, the Company invested EUR 47 thousand into the INVL Partner Global Distressed Debt Fund I. Also, EUR 115 thousand into the INVL Renewable Energy Fund I, EUR 452 thousand into the INVL Sustainable Timberland and Farmland Fund II-Capital Fund, EUR 137 thousand into the INVL Partner Global Infrastructure Fund and EUR 10 thousand into the INVL Alternative Investment Fund. In May 2022, the Company sold the remaining units of INVL Baltic Forest Fund I Sub-Fund for EUR 8 thousand. As at 31 December 2022, the remaining liability amount to INVL Partner Global Distressed Debt Fund I was USD 85 thousand and to INVL Renewable Energy Fund I – EUR 625 thousand.

Net change in the fair value of financial instruments measured at fair value through profit or loss:

	2023	2022
Realised gain on disposal of financial assets measured at fair value through profit or loss	-	-
Unrealised gain (loss) on revaluation of securities	903,990	1,680,641
Unrealised gain (loss) on change in the fair value of financial liabilities measured at fair value	-	-
	903,990	1,680,641

12. Trade and other receivables

	At 31 December 2023	At 31 December 2022
Trade receivables, gross	822,669	1,377,066
Other receivables, gross	31,487,114	205,868
Assets from contracts with customers	592,287	55,339
Trade and other receivables, gross	32,902,070	1,638,273
Less: provision for impairment of trade and other receivables	-	(7,540)
Trade and other receivables, net	32,902,070	1,630,733

In 2023, the major part of amounts receivable were was the amount receivable from the retail business sale transaction and it will partially covered by dividends allocated by the Company. This receivable amount is discounted for deferred payment. The final maturity of the debt is expected to be 30 June 2024, a discount rate of 7% has been used and the impact of discounting is disclosed in note 7. In 2022, the majority of trade receivables was management fees receivable.

Non-current receivables recorded in the statement of financial position of 31 December 2022 consist of a loan maturing on 30 June 2024. Expected credit losses were not recognised as they were immaterial.

Trade receivables from funds managed by the Company and other companies of INVL Group represent the major portion of the Company's receivables. The credit quality of these receivables is high.

13. Prepayments and deferred costs

	At 31 December 2023	At 31 December 2022
Deferred costs	36,509	28,176
Prepayments	32,995	42,085
	69,504	70,261

14. Cash and cash equivalents

	At 31 December 2023	At 31 December 2022
Cash balances in bank accounts		
Cash denominated in EUR	61,539	106,650
Total cash and cash equivalents	61,539	106,650

The Company had no term deposits as at 31 December 2023 and 2022.

15. Share capital

The management of the Company is constantly monitoring that the ratio of the shareholder's equity would not be less than 50% of its authorised share capital as required by the Lithuanian Law on Companies. As at 31 December 2023 and 2022, the Company complied with all the above requirements and as at 31 December 2023 and 2022 the requirement set in the Law on Companies of the Republic of Lithuania was being fulfilled. See Note 22 for the own funds ratio.

During 2023 and 2022, the Company did not increase its share capital.

The Company plans to allocate the retained earnings as at 31 December 2023 as follows: EUR 78 thousand to legal reserve and to allocate EUR 29.517 thousand as dividends. The draft profit allocation will be approved together with these annual financial statements by the shareholders' meeting.

16. Reserves

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5% of net profit calculated in accordance with the Lithuanian regulatory legislation on accounting are required until the reserve reaches 10% of the authorised share capital. This reserve can be used only to cover losses.

Based on the variable bonus arrangements described in Part 3.16 of the Significant accounting policies, in June 2023 and in May 2022 the Company made an agreement with employees who chose to receive incentive in equity instruments (share options) on option conditions related to acquisition of shares of the Company's controlling shareholder INVL Invalda AB.

The movement in the number of share options based on effective option contracts is presented in the table below:

	2023	2022
The number of share options to which the Company's employees are entitled at the beginning of the period	216,658	245,700
Acquired rights to share options during the period	38,892	6,177
Change in the amount due to the change in exercise price	(64,283)	-
Exercised share options	(104,296)	(33,564)
Annulled options as a result of employment agreement termination	-	(1,655)
The number of issued options at the end of the period	86,971	216,658
The number of share options to which the Company's employees are entitled at the end of the period	63,678	88,156
The number of options based on signed contracts to which employees are not yet entitled	23,293	128,502

The main terms and conditions of these transactions are as follows:

- The right to acquire the shares becomes effective after three years after the conclusion of share option contracts; consummation on an earlier date is not allowed;
- The right to acquire a part of the shares becomes effective on future dates: 30 April of 2024, 2025 and 2026 (granted options in 2022: 30 April of 2023, 2024 and 2025 respectively), provided the employment contract of the employee does not terminate by that date;
- Share acquisition price – EUR 1;
- Upon reaching the time-limit for the employee to acquire the shares, the right to acquire the shares shall be realised by selling own shares held by the controlling shareholder to the employee, or by offering the employee an option to subscribe to newly issued shares;
- The employee shall not transfer the rights acquired under the contract.

The value of share-based payments in equity is recognised in share-based payments reserve. Share-based payments expenses are recognised proportionately to the time worked by employees during the vesting period, considering the fair value of share options. Vesting period is considered to start at the beginning of the year for which options are granted and is considered to end when an employee obtains a non-cancellable right to share options. Based on the rules of payment of the deferred bonus to employees making decisions related to risk management, employees obtain the right to 60% of share options immediately after the granting, and the remaining 40% proportionately after one, two or three years following the option grant-date. When an employee chooses share options, part of its bonus liability is transferred to equity share-based payments reserve (see the movement below).

Movement of the recognised share-based payments reserve is disclosed in the table below:

	2023	2022
Amount of share-based payments reserve at the beginning of the period	1,312,124	1,174,470
Transfer of bonuses to share-based payments reserve (Note 17)	232,535	89,631
Share-based payments expenses (Note 5)	221,358	48,023
Amount of share-based payments reserve at the end of the period	1,766,017	1,312,124

Allocated part of share-based payments which has not yet been recognised in the item of share-based payments reserve is disclosed in Note 23.

Key inputs used in determining the fair value of options using the Black-Scholes method are disclosed in the table below:

	2023	2022
Option grant-date	12/06/2023	31/05/2022
Share price on the option grant-date	11.10	12.10
Risk-free interest rate, %	2.587	0.657
Share volatility calculated using historical share price fluctuations	30.63%	31.26%
Expected dividend rate	0%	0%
Calculated fair value of share options at the grant-date	10.17	11.12

17. Trade and other payables

Trade payables are non-interest bearing and are normally settled within the term of 14 to 30 days.

Amounts payable:

	31 December 2023	31 December 2022
Trade payables	724,287	611,509
Employment related liabilities	491,524	410,663
Liabilities related to bonuses to employees	1,049,970	716,598
Other amounts payable	970,847	99,213
Gross taxes payable	5,694	16,355
Financial liabilities measured at fair value through profit or loss	-	-
Total trade and other payables	3,242,322	1,854,338

Trade payables consist of amounts payable for attracting investors to funds and distributing funds, depository fees and other amounts payable for the services received.

The major part of other payables consists of accrued expenses to the related company INVL Financial Advisors and payables for the purchase of the shares of UAB Mundus.

Non-current trade and other payables in the statement of financial position comprise the following: non-current portion of bonuses of EUR 89,904 (2022: non-current portion of bonuses of EUR 30,284).

Bonus liabilities are accrued for the period for which the employee earned a bonus. For employees for which the payment of bonus is deferred, liabilities are accrued proportionately over the period from the beginning of year for which the bonus is allocated until the expected date of payment of bonus. The part of bonus liability chosen by employees to be obtained in share options is transferred to share-based payments reserve when share options are allocated to employees (see Note 16).

The table below presents the movement of bonus liabilities during the year:

	2023	2022
Bonus liability at the beginning of the period	716,598	1,056,180
Adjustment to bonuses of the previous year		11,706
Transfer of bonuses to share-based payments reserve (Note 16)	(232,535)	(89,631)
Payment of bonuses	(1,216,247)	(722,515)
Accrual of bonuses of the financial year	1,672,005	826,542
Reversal of bonuses due to employees leaving the company	-	-
Transfer of accumulated bonuses to liabilities related to business held for sale	110,149	(365,684)
Bonus liability at the end of the period	1,049,970	716,598

18. Right-of-use assets and lease liabilities

The Company leases premises in Vilnius and Kaunas, and parking spaces in Vilnius. The main information on lease agreements

Lease location	Leased assets	Agreement duration	Indexation	Lease liabilities determined using a discount, %
Vilnius	Premises, parking	31 March 2026	Yes, HICP*	4.39
Kaunas	Premises	31 March 2025	Yes, HICP	4.39

*harmonised index of consumer prices

To determine the value of lease liabilities in Vilnius and Kaunas, the Company used the average market interest rate of 4.39% based on the average fixed rate for loans to non-financial companies published by the Bank of Lithuania.

In addition, the Company leases cars. The lease agreements for cars may be terminated upon an advance notice of 30 days; therefore, these leases are treated as short-term leases and related lease liabilities are not capitalised.

The table below discloses the movement of right-of-use assets and lease liabilities during 2023.

	2023	2022
Right-of-use assets as at 1 January	983,375	1,090,560
New contracts	301,905	422,020
Depreciation	(298,510)	(370,544)
Termination of asset lease	(111,065)	(290,089)
Additionally recognised assets due to change in leased area and term	-	-
Contract modification impact	-	126,041
Recalculation of asset value due to indexation	67,662	5,387
Right-of-use assets as at 31 December	943,367	983,375
Lease liabilities at 1 January	1,050,717	1,203,645
New contracts	301,905	422,020

Calculated interest	37,491	39,380
Lease payments	(339,748)	(420,090)
Termination of liabilities	(119,678)	(325,667)
Contract modification impact	-	126,041
Additionally recognised liabilities due to increase in leased area	-	-
Recalculation of liability value due to indexation	67,662	5,388
Lease liabilities at 31 December	998,349	1,050,717

19. Contract liabilities

The requirements of IFRS 15 Revenue from Contracts with Customers also apply to the recognition of income from the distribution fee of pillar III pension funds of INVL Asset Management. The Company treats this income as part of the asset management service, therefore, the distribution fee is recognised as income over the average life of customers – 10 years.

There were no contract liabilities as at 31 December 2023.

Significant changes in the contract asset and the contract liability balances during 2022:

2022

Contract liabilities at 31 December 2022	-
Non-current portion	1,484,863
Current portion	224,575
Transferred to liabilities related to business held for sale (Note 21)	(1,709,438)

20. Investments in subsidiaries

On 29 December 2022, the Company signed the agreement on acquisition of the remaining (48.99%) of shares of UAB Mundus, the asset management company managing private debt fund Mundus Bridge Finance. The transaction was closed on 10 February 2023. The remuneration depends on the current and future net asset value of the fund under management and the equity value of the company. It was valued at EUR 428 thousand. The remuneration would be paid by the middle of 2024. The Company paid EUR 376 thousand in 2023. Following completion of the transaction, the Company owns 100% of shares of UAB Mundus.

In 2020, the Company invested EUR 15,000 into 100% of the share capital of INVL LUX GP 1 S.à r.l., the company established in Luxembourg. This company is the General Partner of the Company's umbrella fund INVL ALTERNATIVE ASSETS UMBRELLA FUND, SCSp SICAV-RAIF established in Luxembourg.

21. Retail business transfer transaction

Invalda INVL completed the transfer of retail asset management business to Šiauliai Bankas Group. Under the transaction, the Company transferred its retail product business, comprising pillar II and pillar III pension funds and harmonised investment funds, as well as investment funds investing in other entities for collective investment. The employees, systems, assets and liabilities related to the development and management of these assets were transferred. The Company generated profit of EUR 30,001 thousand from the transfer of business. Transferred assets and liabilities are presented in the table below:

30/11/2023

Goodwill	58,422
Fund management rights	1,034,854
Intangible assets	123,611
Property, plant, and equipment	25,675
Financial assets	113,710
Costs of obtaining contracts with customers	3,283,733
Trade and other receivables	17,003
Deferred income tax assets	146,362
Cash and cash equivalents	551,074
Assets related to business held for sale	5,354,444
Contract liabilities	1,786,760
Trade payables	22,916

Employment related liabilities	517,706
Other amounts payable	141,165
Liabilities related to business held for sale	2,468,547
Carrying amount of net assets held for sale	2,885,897
Inflows from business transfer	-
Transferred cash	(551,074)
Net flows from business transfer	(551,074)

As the agreement on merger of a part of retail businesses was signed by AB Šiaulių bankas and Invalda INVL on 22 November 2022, in the comparative information of these financial statements, the assets and liabilities directly attributable to the retail asset management business were separated from the other assets and liabilities of the Company and disclosed in the asset side of the statement of financial positions as Assets related to business held for sale and Liabilities related to business held for sale. The specification of these items of the statement of financial position is presented in the table below. The accounting policy for these items is set out in Note 3.19.

31/12/2022

Goodwill	58,422
Fund management rights	1,040,633
Intangible assets	122,981
Costs of obtaining contracts with customers	2,720,532
Trade and other receivables	499,164
Assets from contracts with customers	14,317
Prepayments and deferred costs	2,657
Deferred income tax assets	224,932
Cash and cash equivalents	569,384
Assets related to business held for sale	5,253,022

Contract liabilities	1,709,438
Trade payables	19,983
Employment related liabilities	199,369
Bonus liabilities (non-current portion)	57,003
Bonus liabilities (current portion)	308,681
Other amounts payable	500,488
Liabilities related to business held for sale	2,794,962

22. Management of financial risks and capital

In the ordinary course of business, the Company is exposed to various risks. The main risks inherent to the Company's operations are those related to credit risk, operational risk, liquidity risk, and market risk. Risk management policies established by the Company with respect to the mentioned risks are summarised in the paragraphs below.

For the purposes of the risk assessment, receivables and current liabilities, comparative information include amounts that have been reclassified to assets and liabilities in accordance with Note 21.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk arising from different financial instruments. Significant credit risk concentration is related to amounts receivable from related parties (Note 24).

At 31 December 2023
At 31 December 2022

Items of the statement of financial position		
Cash at bank (Note 14)	61,539	676,034
Amounts receivable (Note 12)	32,895,372	1,630,733
Total credit exposure	32,956,911	2,306,767

Financial assets by credit risk

The Company's financial assets exposed to credit risk comprise only trade receivables, assets from contracts with customers, and cash at bank. Low credit risk funds held at banks are those which are held at banks with a BBB- and higher credit rating as set by S&Ps or an equivalent investment rating as set by other rating agencies. Where the bank's rating is lower than the investment rating, funds are classified as exposed to a higher credit risk. Trade receivables and assets from contracts with customers are deemed as exposed to a low credit risk when amounts receivable comprise amounts receivable from the pension, investment or alternative funds managed by the Company, or, in the case of other amounts receivable, when they are past due for a shorter period than 30 days. If they are past due for a longer period than 30 days, such amounts receivable are classified as exposed to a higher risk. In the case of existence of impairment indications, amounts receivable are classified as impaired assets. As at 31 December 2023 and 2022 all of the Company's cash at bank and amounts receivable were of low risk.

Operational risk

Operational risk is defined as an exposure to potential direct and indirect losses that may occur from inadequate or unimplemented internal control processes, errors and/or illegal actions of employees and IT system disruptions or external events.

Operational risk is managed by the internal control function implemented at the Company, by establishing procedures limiting potential exposure to risks, by obtaining insurance for the Company's property, plant and equipment, by assessing the level of acceptance of services provided, by implementing the functions on product and service pricing management and reallocation of internal resources, analysing internal processes and procedures and identifying risk points and evaluating the adequacy of their control.

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities or other funding sources to meet its commitments at a given date in accordance with its plans.

Liquidity risk is managed by the internal control function implemented at the Company, by establishing procedures limiting potential exposure to risks and preparing business continuity plans, by obtaining insurance for the Company's property, plant and equipment, by assessing the level of acceptance of services provided, by implementing the functions on product and service pricing management and reallocation of internal resources, analysing internal processes and procedures and identifying risk points and evaluating the adequacy of their control. For the purpose of assessing liquidity risk, the Company calculates the liquid assets to current liabilities ratio, which exceeds the set target level of 100% with a margin.

When calculating liquid assets, the Company's investments into managed funds and equity securities are considered liquid assets only if these investments are listed or the fund's manager has committed to redeem fund units on investor's demand.

	At 31 December 2023	At 31 December 2022
Liquid assets		
Cash at bank (Note 14)	61,539	676,034
Amounts receivable	32,895,372	1,630,733
Liquid financial assets	3,161,050	3,296,111
Total liquid assets	36,117,961	5,602,878
Current liabilities	7,041,673	4,946,550
Liquidity ratio, %	513	113

The table below shows undiscounted future payments:

Liabilities	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
At 31 December 2023						
Other amounts payable	304,020	114,500	1,495,914	-	-	1,914,434
Lease liabilities	25,340	49,724	223,757	329,851	-	628,672
Total	329,360	164,224	1,719,671	329,851	-	2,543,106
At 31 December 2022						
Other amounts payable	694,753	111,274	649,744	-	-	1,455,771
Lease liabilities	30,477	60,872	274,297	758,051	-	1,123,697
Total	725,230	172,146	924,041	758,051	-	2,579,468

Market risk

Market risk is defined as the risk that the Company will suffer losses due to the volatility of financial instruments resulting from changes of market variables (foreign currency rate, market interest rate, prices of securities). The Company has made investments into products under its own management (a closed-end investment company, collective investment undertakings, and collective investment undertakings intended for informed investors) and equity securities, and aims to gain a profit from these investments in the long-term (Note 11). As at 31 December 2023, the Company's investments mainly comprised investments into the banking sector (28%) (2022: 32%) of all investments) and the forestry sector (57%) (2022: 54%). If as at 31 December 2023 the value of investments in quoted equity securities and closed-end investment companies shares decreased by 20%, and the value of investments into units of managed funds decreased by 10%, the Company would incur losses of EUR 1,284 thousand (2022: losses of EUR 1,175 thousand). The Company manages the risk of short-term fluctuations by limiting the gross amount of the investments. Before investing additional funds, the Company assesses the current and future own funds and liquidity ratios, and only then decides on increasing or reducing its investments.

Foreign exchange risk

The Company is not exposed to a significant currency risk because its assets and liabilities are denominated in euros.

Interest rate risk

As at 31 December 2023 and 2022, the Company had no loans with variable interest rates granted or received; therefore, potential exposure to interest rate risk arising from different repricing dates of assets and liabilities was insignificant. Given the above, the Company had no financial instruments designated to control the risk of interest rate fluctuations.

Internal control

The management must ensure the implementation of appropriate organisational measures, procedures and information systems supporting its business processes, which, as a whole, must ensure the adequacy on the internal control system in place. The following key internal control components are to be noted: checking primary system data on completed operations against operation data in the accounting system, separation of functions, daily accounting, market assessment, limits and control thereof, other control measures.

Disclosure of own funds ratio (unaudited)

	At 31 December 2023	At 31 December 2022
Aggregate amount of capital requirement	2,910	2,812
Liquid equity	9,813	5,103
Own funds ratio	3.37	1.81

In accordance with the own funds requirements approved by the Bank of Lithuania, the own funds ratio cannot be lower than 1. In the calculation of the own funds ratio above as at 31 December 2023, profit for 2023 was not included; if the profit for 2023 were included, the Company's own funds ratio (unaudited) would equal to 12.69. The Company's profit will be included into capital base immediately after it has been approved by the Company's shareholders.

Compliance with the own funds ratio is monitored by the Company's management on a daily basis. The Company is obliged to keep its own funds ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2023 and 2022, the Company complied with the latter requirements (Note 15).

23. Provisions, off-balance sheet commitments and contingencies

The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. The management of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

As at 31 December 2023, the Company managed EUR 0.59 billion of the customers' assets (31 December 2022: EUR 1.496 billion).

Specification of bonuses not recognised as costs (for more details, see Notes 16 and 17 and part 3.16 of Significant accounting policies):

	At 31 December 2023	At 31 December 2022
Allocated for payment in share options	12,734	18,033
Allocated for payment in cash or contributions into pension funds	9,879	94,111
Calculated for the year but not yet allocated	45,806	74,417

24. Related-party transactions

The parties are deemed to be related when one party has a power to exercise control over the other party or make significant influence on its financial and operation decisions. The Company's income earned from related parties comprises income from management and success fee, and expenses incurred in relation to related parties comprise expenses for portfolio management and funds' distribution, lease, IT maintenance

and other expenses. INVL Asset Management funds are not considered related parties with the Company as the Company does not have control or significant impact in them.

Transactions conducted by the Company with related parties in 2023 and balances arising from these transactions as at 31 December 2023 were as follows:

2023	Amounts payable, EUR	Amounts receivable, EUR	Revenue, EUR	Expenses (compensation for expenses), EUR
AB INVL Baltic Real Estate	-	12,669	172,016	-
special closed-end private equity investment company INVL Technology	-	113,210	480,596	-
UAB Novian Technologies	19,536	-	-	117,004
UAB NRD CS	11,011	-	-	48,935
UAB INVL Financial Advisors	1,108,655	-	49,302	2,659,198
IPAS INVL Asset Management	-	-	-	2,236
UAB FINtime	1,876	-	-	18,600
AB Invalda INVL	-	32,002,000	45,499	540,791
UAB Mundus	-	1,087	180,882	-
UAB Novian Systems	3,976	-	-	39,669
UADB INVL Life	-	43,805	255,160	161,676
	1,145,054	32,172,771	1,183,454	3,588,109

Transactions conducted by the Company with related parties in 2022 and balances arising from these transactions as at 31 December 2022 were as follows:

2022	Amounts payable, EUR	Amounts receivable, EUR	Revenue, EUR	Expenses (compensation for expenses), EUR
AB INVL Baltic Real Estate	-	14,627	176,259	-
special closed-end private equity investment company INVL Technology	-	131,012	589,909	-
UAB Novian Technologies	6,919	-	-	107,477
UAB NRD CS	3,751	-	-	37,225
UAB INVL Financial Advisors	760,658	35,960	10,027	1,240,245
IPAS INVL Asset Management	96	-	-	2,469
UAB FINtime	1,634	-	-	16,200
AB Invalda INVL	-	-	-	140,145
UAB Mundus	-	11,958	73,482	-
UAB Litagra	-	-	47,079	-
UAB Novian Systems	3,052	-	-	40,730
UAB Proprietas	-	-	-	300
UADB INVL Life	-	62,222	46,851	(47,783)
	776,110	255,779	943,607	1,537,008

The Company has acquired the funds under its management, information whereof is disclosed in Note 11.

Terms and conditions of transactions with related parties

Year-end balances are not covered with insurance, do not bear interest (except for loans) and settlements are made in cash. There were no guarantees given or received in respect of the related-party payables and receivables. In 2023 and 2022, the Company did not make any

provision for doubtful debts relating to amounts owed by related parties. The assessment of doubtful debts is reviewed each financial year by examining the financial position of the related party and the market in which the related party operates.

Remuneration of management and other benefits

The management remuneration comprises short-term and long-term benefits. In 2023, remuneration of the Company's management totalled EUR 371,437, social security contributions – EUR 10,250, and the awarded bonuses comprised cash payments and share-based payments in the amount of EUR 293,814; social security contributions – EUR 1,780 (2021: EUR 370,677; social security contributions – EUR 6,494; the awarded bonuses comprised cash payments and share-based payments in the amount of EUR 100,586; social security contributions – EUR 1,780). In 2023 and 2022, the Company's management included its General Manager and Members of the Board.

25. Fair value of financial instruments

In these financial statements, financial instruments carried at fair value are presented at three fair value levels as follows:

Level 1. The fair value of financial assets traded in active markets is based on a quoted price at the reporting date and is determined using the market method. The market is active if prices are continuously observable in the Bloomberg terminal (BGN – Bloomberg Generic) and these prices reflect actually conducted transactions and transactions conducted in the market on a continuous basis under market conditions. The bid price of the Company's assets is used. This method is applied for measuring the Company's investments into quoted equity securities and closed-end investment companies, managed by the Company, the shares of which are quoted.

Level 2. The fair value of financial assets is determined by market method. Inputs that have a significant impact on the fair value determined are observable in the market either directly or indirectly. The price of collective investment undertakings is based on the announced net asset value (NAV) of the funds at which units of the funds would be redeemed. NAV is determined using the carrying amounts method on the basis of market prices of the securities held with the funds, with reference to Bloomberg, Nasdaq and other sources that provide most reliable estimates of the market price of the securities at the reporting date. Other NAV-comprising elements of assets and liabilities (cash, payable management and custodian fees, other amounts receivable and payable) are measured at carrying amounts which correspond to their fair values. NAV is measured based on the NAV calculation methodology approved by the Company. This method is applied for measuring the Company's investments into collective investment undertakings that invest solely into quoted securities.

Level 3. Fair value of financial assets is determined by such valuation methods which use inputs not based on market data and making significant impact on the fair value determined. These valuation methods are used for the establishment of the fair value of units of alternative investment funds and financial liabilities measured at fair value.

The Company's investments into alternative funds are measured based on funds' NAV established as at the reporting date using the method of carrying amounts. The value of the assets to which the fund invests is determined using the market (if the fund's assets have been acquired recently and no significant changes occurred in the assets prices until the reporting date) or income (based on the discounted value of expected cash inflows from the assets managed by the funds) method. Other elements of assets and liabilities comprising NAV (cash, payable management and custodian fees, other amounts receivable and payable) are measured at carrying amounts which approximate their fair values.

Change in fair value is accounted for in profit or loss under the item Net change in fair value of financial instruments measured at fair value through profit or loss.

No movements of financial instruments between the different levels were observed in 2023 and 2022.

At 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Collective investment undertakings	-	-	6,625,518	6,625,518
Closed-end investment companies	423,700	-	-	423,700
Equity securities	2,737,350	-	-	2,737,350
	3,161,050	-	6,625,518	9,786,568
At 31 December 2022				
Financial assets at fair value through profit or loss:				
Collective investment undertakings	-	104,731	5,264,466	5,369,197
Closed-end investment companies	481,680	-	-	481,680
Equity securities	2,709,700	-	-	2,709,700
	3,191,380	104,731	5,264,466	8,560,577

Movement of financial assets attributed to Level 3:

	2023	2022
Opening balance	5,264,465	2,387,497
Acquisition of financial instruments	435,710	762,229
Revaluation of financial instruments	925,342	2,123,288
Sale of financial instruments	-	(8,549)
Closing balance	6,625,517	5,264,465

As at 31 December 2023 and 2022, the values of the Company's investments into funds were based on the estimated NAV of the funds, determined by the managers of the funds. The table below provides a sensitivity analysis of the value of the investment in INVL Sustainable Timberland and Farmland Fund II (STAFF), which was EUR 5,483 thousand at 31 December 2023 (EUR 4,657 thousand at 31 December 2022), and the value of the investment in INVL Renewable Energy Fund I (REFI), which was EUR 720 thousand at 31 December 2023 (EUR 308 thousand at 31 December 2022), based on the information received from the fund's managers and asset valuers.

To determine the STAFF Fund's NAV, the investments into forests were evaluated by an independent asset valuator using the discounted cash flow method by applying 100 years of planned cash flow from forest management and comparable prices method, and investments into agricultural land were also evaluated using the discounted cash flow method by applying 100 years of planned cash flow from land lease activities and comparable prices method. The fair value of the assets under valuation was determined as the weighted average of the value determined using the discounted cash flow method and the value determined using the comparable prices method, using weights determined by the valuator.

To determine the REFI Fund's NAV, the investments into solar power plant projects were evaluated by an independent asset valuator using the discounted cash flow method by applying 31-32 years of planned cash flow from solar power plant management (based on the expected lifetime of the solar power plant once built).

The main assumptions for the measurement models of STAFF and REFI investments and their sensitivity at 31 December 2023 are presented in the table below:

Item	Value used in the model	Expected change	Change in the value of the Company's investments
INVL Sustainable Timberland and Farmland Fund II			
Discount rate, %	5.75% - LT 5.50% - LV	+/- 1pp	(2,042)/3,107
Annual inflation rate	2.00%	+/- 1pp	3,212/(2,085)
INVL Renewable Energy Fund I			
Discount rate, %	9.56% - RO 8.89% - PL	+/- 1p	(173)/258
Annual inflation rate	2%	+/- 1pp	273/(181)

The main assumptions for the measurement models of STAFF and REFI investments and their sensitivity at 31 December 2022 are presented in the table below:

Item	Value used in the model	Expected change	Change in the value of the Company's investments
INVL Sustainable Timberland and Farmland Fund II			
Discount rate, %	5.75% - LT 5.50% - LV	+/- 1pp	(1,519)/2,384
Annual inflation rate	2.00%	+/- 1pp	2,456/(1,565)
INVL Renewable Energy Fund I			
Discount rate, %	8.34%-9.12%	+/- 1p	(41)/36
Annual inflation rate	2.5%	+/- 1pp	61/(53)

26. Subsequent events

As of 1 January 2024, the Company has transferred the services of customer portfolio management to the related company UAB FMĮ INVL Financial advisors.

In March 2024, the Company sold a part of its investment to AB Šiaulių bankas. At the end of the reporting year, the Company managed 0.6% of shares of AB Šiaulių bankas. Following the sale of shares, the Company manages 0.3% of shares of AB Šiaulių bankas.