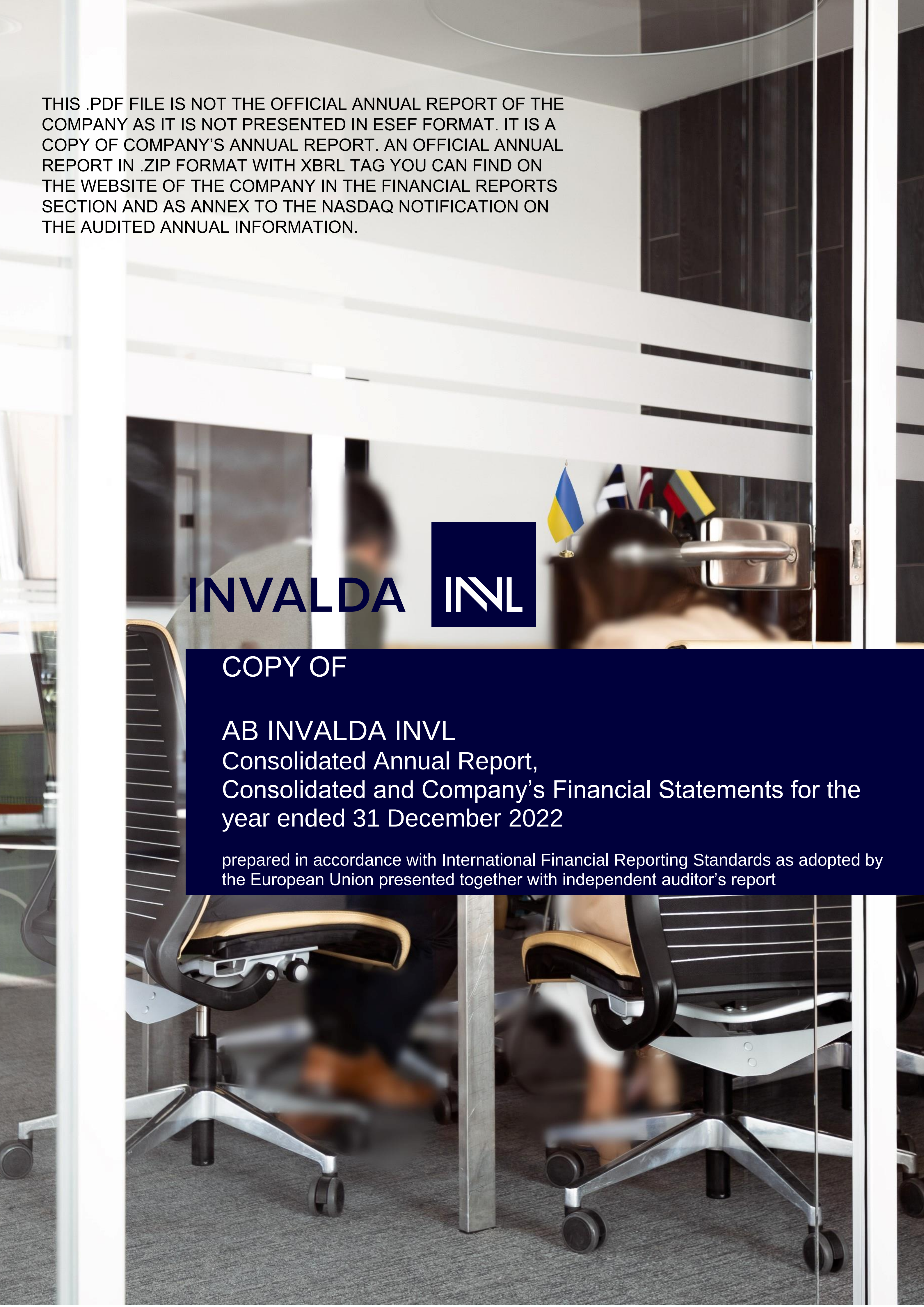

THIS .PDF FILE IS NOT THE OFFICIAL ANNUAL REPORT OF THE COMPANY AS IT IS NOT PRESENTED IN ESEF FORMAT. IT IS A COPY OF COMPANY'S ANNUAL REPORT. AN OFFICIAL ANNUAL REPORT IN .ZIP FORMAT WITH XBRL TAG YOU CAN FIND ON THE WEBSITE OF THE COMPANY IN THE FINANCIAL REPORTS SECTION AND AS ANNEX TO THE NASDAQ NOTIFICATION ON THE AUDITED ANNUAL INFORMATION.

INVALDA INVL

COPY OF

AB INVALDA INVL
Consolidated Annual Report, Consolidated and Company's Financial Statements for the year ended 31 December 2022

prepared in accordance with International Financial Reporting Standards as adopted by the European Union presented together with independent auditor's report

INVALDA INVL

CONFIRMATION OF RESPONSIBLE PERSONS
OF THE PUBLIC JOINT-STOCK COMPANY INVALDA INVL

7 April 2023

Following the Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (Article 12) of the Republic of Lithuania, management of Invalda INVL, AB hereby confirms that, to the best our knowledge, the attached Consolidated and Company‘s Financial Statements for 2022 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss as well as cash flows of Invalda INVL, AB and Consolidated Group. Presented Consolidated Annual Report for 2022 includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

ENCLOSED:
1. Consolidated and Company‘s Financial Statements for 2022.
2. Consolidated Annual Report for 2022.

signed with qualified electronic signature	*signed with qualified electronic signature*
President	Chief Financier
Darius Šulnis	Raimondas Rajeckas

Translation note:

This version of the financial statements has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of financial statements takes precedence over the English language version.

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DETAILS OF THE COMPANY

Board of Directors

Mr. Alvydas Banys (Chairman of the Board)
Ms. Indrė Mišeikytė
Mr. Tomas Bubinas (from 30 April 2022)
Mr. Darius Šulnis (till 30 April 2022)

Management

Mr. Darius Šulnis (President)
Mr. Raimondas Rajeckas (Chief Financial Officer)

Address of registered office and company code

Gynėjų str. 14,
Vilnius,
Lithuania

Company code 121304349

Banks

AB Šiaulių Bankas
AB SEB Bankas
Swedbank AS
Luminor Bank AS Lithuanian branch
Luminor Bank AS Latvian branch
Swedbank, AB

Auditor

KPMG Baltics, UAB
Lvivo str. 101,
Vilnius, Lithuania

The financial statements were approved and signed by the Management on 7 April 2023.

The document is signed with a qualified electronic signature
Mr. Darius Šulnis
President

The document is signed with a qualified electronic signature
Mr. Raimondas Rajeckas
Chief Financial Officer

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's income statements

		Group		Company	
	Notes	**2022**	**2021**	**2022**	**2021**
Revenue from contracts with customers	4	15,317	15,906	143	72
Dividend income		5,196	4,119	5,061	4,098
Other income		117	80	41	32
Net changes in fair value of financial instruments at fair value through profit or loss	5.1	13,533	33,572	12,025	29,416
Employee benefits expenses	5.2	(10,755)	(8,407)	(779)	(378)
Funds distribution fees		(62)	(90)	-	-
Amortisation of costs to obtain contracts with customers	10	(370)	(361)	-	-
Information technology maintenance expenses		(1,096)	(669)	(7)	(7)
Depreciation and amortisation	9, 10	(1,033)	(848)	(25)	(22)
Premises rent and utilities		(253)	(159)	(10)	(7)
Advertising and other promotion expenses		(361)	(295)	-	-
Other expenses	5.3	(4,225)	(3,172)	(701)	(460)
Operating profit (loss)		**16,008**	**39,676**	**15,748**	**32,744**
Finance costs		(90)	(81)	(45)	(8)
Share of net (loss) profit of consolidated subsidiaries accounted for using the equity method	3	-	-	416	6,143
Profit (loss) before income tax		**15,918**	**39,595**	**16,119**	**38,879**
Income tax income (expenses)	6	796	(2,116)	547	(1,426)
NET PROFIT FOR THE YEAR		**16,714**	**37,479**	**16,666**	**37,453**
Attributable to:					
Equity holders of the parent		16,666	37,453	16,666	37,453
Non-controlling interests		48	26	-	-
Basic earnings per share (in EUR)	7	1.41	3.19	1.41	3.19
Diluted earnings per share (in EUR)	7	1.38	3.13	1.38	3.13

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of comprehensive income

	Group		Company	
	2022	**2021**	**2022**	**2021**
NET PROFIT FOR THE YEAR	**16,714**	**37,479**	**16,666**	**37,453**
Net other comprehensive income that may be subsequently reclassified to profit or loss	-	-	-	-
Net other comprehensive income not to be reclassified to profit or loss	-	-	-	-
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**16,714**	**37,479**	**16,666**	**37,453**
Attributable to:				
Equity holders of the parent	16,666	37,453	16,666	37,453
Non-controlling interests	48	26	-	-

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of financial position

	Notes	Group As at 31 December 2022	Group As at 31 December 2021	Company As at 31 December 2022	Company As at 31 December 2021
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,710	1,469	80	95
Intangible assets and costs to obtain contracts	10	427	5,218	-	-
Investments into subsidiaries	1, 12, 3	18,416	23,012	70,272	50,470
Investments into associates	1, 12, 3	25,975	22,481	25,975	22,481
Financial assets at fair value through profit or loss	12, 13	74,197	63,335	37,936	47,887
Other non-current receivable		161	-	-	-
Deferred tax asset	6	472	446	-	-
Total non-current assets		**121,358**	**115,961**	**134,263**	**120,933**
Current assets					
Trade, other receivables and contract assets	15	5,294	5,134	2,582	433
Prepaid income tax		277	6	167	-
Prepayments and deferred charges		117	233	34	38
Financial assets at fair value through profit or loss	12, 13	1,015	4,781	-	3,609
Cash and cash equivalents	16	3,609	5,910	372	716
Assets of disposal group classified as held for sale	23	12,356	-	-	-
Total current assets		**22,668**	**16,064**	**3,155**	**4,796**
TOTAL ASSETS		**144,026**	**132,025**	**137,418**	**125,729**
EQUITY AND LIABILITIES					
Equity					
Share capital	1, 17	3,494	3,474	3,494	3,474
Own shares		(929)	(929)	(929)	(929)
Share premium		5,033	5,033	5,033	5,033
Reserves	18	14,214	13,726	13,740	13,490
Retained earnings		108,978	99,903	109,452	100,139
Equity attributable to equity holders of the parent		**130,790**	**121,207**	**130,790**	**121,207**
Non-controlling interests		137	148	-	-
Total equity		**130,927**	**121,355**	**130,790**	**121,207**
Liabilities					
Non-current liabilities					
Lease liabilities	26	969	1,046	61	76
Deferred tax liability	6	2,370	3,143	2,352	2,902
Contract liabilities	21	-	1,326	-	-
Other non-current liabilities	22	260	163	-	-
Total non-current liabilities		**3,599**	**5,678**	**2,413**	**2,978**
Current liabilities					
Borrowings	19	3,300	-	3,300	-
Lease liabilities	26	433	365	25	24
Trade payables	20	376	399	34	50
Income tax payable		23	143	-	-
Advances received		3	703	-	700
Contract liabilities	21	-	184	-	-
Other current liabilities	22	2,780	3,198	856	770
Liabilities directly associated with the assets held for sale	23	2,585	-	-	-
Total current liabilities		**9,500**	**4,992**	**4,215**	**1,544**
Total liabilities		**13,099**	**10,670**	**6,628**	**4,522**
TOTAL EQUITY AND LIABILITIES		**144,026**	**132,025**	**137,418**	**125,729**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of changes in equity

		Equity attributable to equity holders of the parent								
					Reserves					
Group	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal and other reserves**	**Reserve for acquisition of own shares**	**Retained earnings**	**Subtotal**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2021		**3,456**	**(929)**	**5,033**	**2,476**	**10,817**	**62,304**	**83,157**	**200**	**83,357**
Net profit for the year 2021		-	-	-	-	-	37,453	37,453	26	37,479
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**37,453**	**37,453**	**26**	**37,479**
Changes in reserves	18	-	-	-	90	-	(90)	-	-	-
Increase of share capital (share options exercised)	17	18	-	-	(5)	-	-	13	-	13
Share-based payments	18	-	-	-	584	-	-	584	-	584
Transfer from share-based payments reserve to retained earnings (share options exercised)		-	-	-	(236)	-	236	-	-	-
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(78)	(78)
Total transactions with owners of the Company, recognised directly in equity		**18**	**-**	**-**	**433**	**-**	**146**	**597**	**(78)**	**519**
Balance as at 31 December 2021		**3,474**	**(929)**	**5,033**	**2,909**	**10,817**	**99,903**	**121,207**	**148**	**121,355**
Net profit for the year 2022		-	-	-	-	-	16,666	16,666	48	16,714
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**16,666**	**16,666**	**48**	**16,714**
Changes in reserves	18	-	-	-	238	-	(238)	-	-	-
Increase of share capital (share options exercised)	17	20	-	-	(6)	-	-	14	-	14
Share-based payments	18	-	-	-	585	-	-	585	-	585
Transfer from share-based payments reserve to retained earnings (share options exercised)		-	-	-	(329)	-	329	-	-	-
Dividends approved	8	-	-	-	-	-	(7,682)	(7,682)	-	(7,682)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(59)	(59)
Total transactions with owners of the Company, recognised directly in equity		**20**	**-**	**-**	**488**	**-**	**(7,591)**	**(7,083)**	**(59)**	**(7,142)**
Balance as at 31 December 2022		**3,494**	**(929)**	**5,033**	**3,397**	**10,817**	**108,978**	**130,790**	**137**	**130,927**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of changes in equity (cont'd)

					Reserves			
Company	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal and other reserves**	**Reserve for acquisition of own shares**	**Retained earnings**	**Total**
Balance as at 1 January 2021		**3,456**	**(929)**	**5,033**	**2,330**	**10,817**	**62,450**	**83,157**
Net profit for the year 2021		-	-	-	-	-	37,453	37,453
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**37,453**	**37,453**
Share-based payments	18	-	-	-	584	-	-	584
Increase of share capital (share options exercised)	17	18	-	-	(5)	-	-	13
Transfer from share-based payments reserve to retained earnings (share options exercised)		-	-	-	(236)	-	236	-
Total transactions with owners of the Company, recognised directly in equity		**18**	**-**	**-**	**343**	**-**	**236**	**597**
Balance as at 31 December 2021		**3,474**	**(929)**	**5,033**	**2,673**	**10,817**	**100,139**	**121,207**
Net profit for the year 2022		-	-	-	-	-	16,666	16,666
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**16,666**	**16,666**
Share-based payments	18	-	-	-	585	-	-	585
Increase of share capital (share options exercised)	17	20	-	-	(6)	-	-	14
Transfer from share-based payments reserve to retained earnings (share options exercised)		-	-	-	(329)	-	329	-
Dividends approved	8	-	-	-	-	-	(7,682)	(7,682)
Total transactions with owners of the Company, recognised directly in equity		**20**	**-**	**-**	**250**	**-**	**(7,353)**	**(7,083)**
Balance as at 31 December 2022		**3,494**	**(929)**	**5,033**	**2,923**	**10,817**	**109,452**	**130,790**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of cash flows

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Cash flows from (to) operating activities					
Net profit for the year		16,714	37,479	16,666	37,453
Adjustment to reconcile result after tax to net cash flows:					
Non-cash:					
Depreciation and amortisation including amortisation of costs to obtain contracts with customers	9, 10	1,403	1,209	25	22
(Gain) on disposal of property, plant and equipment		(26)	-	-	-
Realized and unrealized loss (gain) on investments	5.1	(13,533)	(33,572)	(12,025)	(29,416)
Share of net (loss) profit of consolidated subsidiaries accounted for using the equity method		-	-	(416)	(6,143)
Interest income		(99)	(31)	(41)	(31)
Interest expenses		90	81	39	8
Income tax (income) expenses	6	(796)	2,116	(547)	1,426
Other impairment		-	1	-	-
Change in provisions		-	(100)	-	-
Share-based payments	18	479	216	396	29
Dividend income		(5,196)	(4,119)	(5,061)	(4,098)
		(964)	3,280	(964)	(750)
Working capital adjustments:					
Decrease (increase) in trade, other receivables and contract assets		2,314	(3,139)	120	57
Decrease (increase) in other current assets		114	(177)	4	(27)
Increase (decrease) in trade payables		(45)	151	(81)	28
Increase (decrease) in contract and other liabilities		779	1,676	(10)	119
Cash flows from (to) operating activities		**2,198**	**1,791**	**(931)**	**(573)**
Income tax paid		(254)	(208)	-	-
Net cash flows from (to) operating activities		**1,944**	**1,583**	**(931)**	**(573)**

(cont'd on the next page)

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company's statements of cash flows (cont'd)

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Cash flows from (to) investing activities					
Acquisition of non-current assets (intangible and property, plant and equipment)		(365)	(271)	-	(1)
Proceeds from sale of non-current assets (intangible and property, plant and equipment)		-	-	-	-
Costs to obtain contracts with customers		(435)	(455)	-	-
Acquisition and establishment of subsidiaries, net of cash acquired for consolidated subsidiaries	3	(4,094)	-	(4,856)	(8,800)
Proceeds from sales of unconsolidated subsidiaries and redeemed convertible bonds	3	2,632	1,344	3,132	1,344
Deconsolidation of subsidiary net of cash deconsolidated		(317)	-	-	-
Acquisition of associates	3	-	-	-	-
Proceeds from sales of associates	3	-	5,353	-	5,353
Acquisition of financial assets at fair value through profit or loss (except held-for-trading)		(5,410)	(11,204)	(4,647)	(2,044)
Sale of financial assets at fair value through profit or loss (except held-for-trading)		1,614	2,925	1,367	1,417
Dividends received		5,068	4,028	7,581	5,965
Loans granted		(2,384)	(2,687)	-	(2,687)
Repayment of granted loans		4,468	-	2,234	-
Interest received		92	26	45	26
Net cash flows from (to) investing activities		**869**	**(941)**	**4,856**	**573**
Cash flows from (to) financing activities					
Cash flows related to company shareholders:					
Issue of shares	17	14	13	14	13
Dividends paid to equity holders of the parent		(7,520)	(33)	(7,520)	(33)
Dividends paid to non-controlling interests		(59)	(78)	-	-
Disposal of own shares	17	-	-	-	-
		(7,565)	(98)	(7,506)	(20)
Cash flows related to other sources of financing:					
Proceeds from borrowings		3,300	-	3,300	-
Repayment of borrowings		-	-	-	-
Payments of lease liabilities		(450)	(294)	(24)	(18)
Interest paid		(90)	(81)	(39)	(8)
		2,760	(375)	3,237	(26)
Net cash flows to financing activities		**(4,805)**	**(473)**	**(4,269)**	**(46)**
Impact of currency exchange on cash and cash equivalents		**-**	**-**	**-**	**-**
Net increase (decrease) in cash and cash equivalents		**(1,992)**	**169**	**(344)**	**(46)**
Cash and cash equivalents at the beginning of the year	16	**5,910**	**5,741**	**716**	**762**
Cash and cash equivalents at the end of the year	16	**3,918**	**5,910**	**372**	**716**

(the end)

(all amounts are in EUR thousand unless otherwise stated)

Notes to the financial statements

1. General information

AB Invalda INVL (hereinafter the Company) is a public limited liability company registered in the Republic of Lithuania on 20 March 1992. The address of its registered office is:

Gynėjų str. 14,
Vilnius,
Lithuania.

The Company is incorporated and domiciled in Lithuania. AB Invalda INVL is one of the investment management group and investing company whose primary objective is to steadily increase the investors equity value, solely for capital appreciation or investment income (in the form of dividends and interest). The Company's main investments are in asset management, life insurance, agriculture, real estate, bank activities. Investment management segment provides investment-related services to investors and third parties. The entities of the investment management segment manage pension, bond and equity investments funds, alternative investments (private equity, real assets and private debt), individual portfolios. Bond and equity investment funds, alternative and private equity funds and closed-ended investment companies are referred as collective investment undertakings.

In respect of each unconsolidated business the Company may also participate in the following investment-related activities, either directly or through a consolidated subsidiary, if these activities are undertaken to maximize the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity. The Company does not earn any management fees from unconsolidated subsidiaries.

The Company's shares are traded on the Baltic Secondary List of Nasdaq Vilnius. As at 31 December 2022 and 31 December 2021 the shareholders of the Company were:

	2022		2021	
	Number of shares held	Percentage (%)	Number of shares held	Percentage (%)
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	3,181,702	26.41	3,181,702	26.56
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	3,098,196	25.71	3,098,196	25.87
Mrs. Irena Ona Mišeikienė	3,006,834	24.96	3,006,834	25.10
Mr. Alvydas Banys	910,875	7.56	910,875	7.60
Ms. Indrė Mišeikytė	236,867	1.97	236,867	1.98
The Company (own shares)	229,541	1.90	229,541	1.92
Other minor shareholders	1,384,037	11.49	1,314,558	10.97
Total	12,048,052	100.00	11,978,573	100.00

The shareholders of the Company – Mr. Alvydas Banys, UAB LJB Investments, Mrs. Irena Ona Mišeikienė, Ms. Indrė Mišeikytė, Mr. Darius Šulnis and UAB Lucrum Investicija – have signed the agreement on the implementation of a long-term corporate governance policy. For the purpose of developing and implementing the long-term corporate governance policy the above mentioned shareholders agreed to act in the interests of the Company. In order to implement this, the shareholders agreed in advance coordinate their opinion on the issues considered at the general meeting of shareholders of the Company. The agreement shall not be interpreted to mean an undertaking of the shareholders to vote unanimously on decisions taken at the general meetings of shareholders of the Company. The sole purpose of the agreement is for shareholders to make known their position and find out the position of the other shareholders in advance regarding the agenda items of the general meetings of shareholders of the Company related to the implementation of the long-term corporate governance strategy of the Company and for the aim of achieving the aims mentioned above to coordinate potential decisions in advance.

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each and were fully paid as at 31 December 2022 and 2021. Subsidiaries and associates did not hold any shares of the Company as at 31 December 2022 and 2021.

As at 31 December 2022 the number of employees of the Group was 287 (as at 31 December 2021 – 459). As at 31 December 2022 the number of employees of the Company was 7 (as at 31 December 2021 – 8).

According to the Law on Companies of Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

The Group consists of the Company and the following consolidated directly and indirectly owned subsidiaries (hereinafter the Group).

Name	Country of incorporation and place of business	Effective ownership directly/indirectly held by the Company/Group (%) As at 31 December 2022	As at 31 December 2021	Nature of business
Investment management segment:				
UAB INVL Asset Management	Lithuania	100.00	100.00	Pension and investments funds, alternative investments, clients' portfolio management
IPAS INVL Asset Management	Latvia	100.00	100.00	Pension and investments funds, clients' portfolio management
AS INVL Atklātais Pensiju Fonds*	Latvia	100.00	100.00	3rd pillar pension funds management
UAB FMĮ INVL Financial Advisors (previous name INVL Finasta)	Lithuania	100.00	100.00	Financial brokerage
UAB Mundus*	Lithuania	51.01	51.01	Private debt investments funds management
UAB INVL Farmland Management	Lithuania	100.00	100.00	Land administration services
UAB Invalda INVL Investments	Lithuania	100.00	100.00	Dormant
INVL Life UADB	Lithuania	-***	100.00	Own book investment and life insurance activities
INVL LUX GP1 S.à r.l.*,**	Luxembourg	100.00	100.00	General partner of managed entity -fund

*The entity is owned by the Company indirectly.
**Due to being immaterial to the financial position, performance and cash flows of the Group, the subsidiary was not consolidated.
***In 2022 the subsidiary is unconsolidated subsidiary, which is measured at fair value through profit or loss (Note 3).

As at 31 December 2022 and 2021 the Group has also the following unconsolidated subsidiaries, which are measured at fair value through profit or loss.

Name	Country of incorporation and place of business	Effective ownership directly/indirectly held by the Company/Group (%) As at 31 December 2022	As at 31 December 2021	Nature of business
Facility management and life insurance activities:				
UAB Inservis	Lithuania	-	100.00	Facilities management
UAB IPP Integracijos Projektai*	Lithuania	-	100.00	Dormant (Liquidation)
UAB Priemiestis*	Lithuania	-	100.00	Facilities management
UAB Jurita*	Lithuania	-	100.00	Facilities management
SIA Inservis*	Latvia	-	100.00	Facilities management
UAB IPPG (previous name Įmonių Grupė Inservis)	Lithuania	100.00	100.00	Investment into facilities management entities
INVL Life UADB	Lithuania	100.00	-	Own book investment and life insurance activities
Other activities:				
VšĮ Iniciatyvos Fondas	Lithuania	100.00	100.00	Social initiatives activities
UAB Aktyvo	Lithuania	54.55	54.55	Management of bad debt
UAB Aktyvus Valdymas	Lithuania	100.00	100.00	Dormant
UAB Cedus Invest	Lithuania	100.00*	100.00	Investment into agriculture entity UAB Litagra (investment entity)
UAB MGK Invest	Lithuania	100.00	100.00	Dormant
UAB MBGK*	Lithuania	100.00	100.00	Dormant
UAB RPNG	Lithuania	100.00	100.00	Dormant
UAB Regenus	Lithuania	100.00	100.00	Dormant
UAB Consult Invalda	Lithuania	100.00	100.00	Dormant
UAB Cedus	Lithuania	100.00	100.00	Dormant
UAB MD Partners	Lithuania	51.37	51.37	Indirectly investment into MAIB bank (investment entity)

*These entities are owned indirectly by the Company as at 31 December 2022 and/or 2021.

(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

The Group has not any significant restriction on ability to access or use its assets and settle its liabilities. The Company has not any significant restriction on the ability of an unconsolidated subsidiary to transfer funds to the Company.

If the unconsolidated subsidiary has liquidity difficulties, the Company grants loans to the subsidiary after analysis of its needs. The Company has not any contractual commitments to provide financial support to unconsolidated subsidiary. In 2022 and 2021 the Company has granted nil and EUR 55 thousand of loans to maintain the activity of the unconsolidated subsidiaries, respectively.

As at 31 December 2022 the Group has the following associates, which measured at fair value through profit or loss:

Name	Country of incorporation and place of business	Effective ownership directly/indirectly held by the Company/Group (%)	Nature of business
Agriculture activities:			
UAB Litagra*	Lithuania	48.81	The primary crop and livestock (milk) production, feed production and poultry farming
Real estate activities:			
Special Closed-Ended Type Real Estate Investment Company INVL Baltic Real Estate*	Lithuania	23.43	Real estate owner and lessor

*The entity is owned indirectly by the Company as at 31 December 2022.

As at 31 December 2021 the Group has the following associates, which measured at fair value through profit or loss:

Name	Country of incorporation and place of business	Effective ownership directly/indirectly held by the Company/Group (%)	Nature of business
Agriculture activities:			
UAB Litagra*	Lithuania	48.81	The primary crop and livestock (milk) production, feed production and poultry farming
Real estate activities:			
Special Closed-Ended Type Real Estate Investment Company INVL Baltic Real Estate	Lithuania	23.43	Real estate owner and lessor

*The entity is owned indirectly by the Company as at 31 December 2021.

Through unconsolidated subsidiary UAB MD Partners the Company/the Group has indirectly invested into the largest Moldovan bank Moldova-Agroindbank (MAIB). 41.09% shares of MAIB were acquired by entity Heim Partners Limited. UAB MD Partners owns 37.5% of Heim Partners Limited shares and has entered into shareholders agreement with other shareholders: the European Bank for Reconstruction and Development (37.5% of shares) (EBRD) and subsidiary of fund managed by Ukrainian private equity manager Horizon Capital (25% of shares). All these shareholders have obtained permission of the Moldovan central bank to indirectly acquire shares of MAIB. The Company owns 51.37% shares of UAB MD Partners. Therefore the Company effectively owns 19.26% of economic benefits from the indirectly investments into Heim Partners Limited and 7.91% of economic benefits from the indirectly investment into MAIB.

UAB Litagra has to receive bank consent to pay dividends as at 31 December 2022 and 2021. Special Closed-Ended Type Real Estate Investment Company INVL Baltic Real Estate (hereinafter INVL Baltic Real Estate) has the right to pay dividends without bank consent only if the ratio of EBITDA (earnings before interest, tax, depreciation and amortization) plus inflows and outflows from subsidiaries (dividends or repayment of granted loan and new granted loans) plus change for provision for the performance fee minus payable performance fee divided by the sum of debt service costs (interest and principal repayments) and dividends would be higher than 1.1.

2. Summary of significant accounting policies

The principal accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2022 are as follows:

2.1. Basis of preparation

Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through profit or loss, investments to unconsolidated subsidiaries and associates measured at fair value through profit or loss and assets of disposals group and associated liabilities classified as held for sale measured at the lower of carrying amount and fair value less costs. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated. From 1 January 2015 the euro became local currency of the Republic of Lithuania.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2022:

- Annual Improvements to IFRSs 2018-2020 cycle (amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments* , IFRS 16 *Leases* and IAS 41 *Agriculture*) and narrow scope amendments to IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2022).

The principal effects of these changes are as follows:

Annual Improvements to IFRSs 2018-2020 cycle (amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments* , IFRS 16 *Leases* and IAS 41 *Agriculture*) and narrow scope amendments to IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IFRS 3 *Business Combinations*

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Adoption of new and/or changed IFRSs and IFRIC interpretations (cont'd)

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The amendments to existing standards are not relevant to the Group and the Company.

Standards adopted by the EU but not yet effective

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies* (effective for annual periods beginning on or after 1 January 2023).

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 also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group and the Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Amendments to IAS 8*: Definition of Accounting Estimates* (effective for annual periods beginning on or after 1 January 2023).

The amendments to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are not expected to have a material impact on the Group's and the Company's financial statements.

IFRS 17 *Insurance Contracts* and amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023).

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards adopted by the EU but not yet effective (cont'd)

IFRS 17 *Insurance Contracts* and amendments to IFRS 17 (cont'd)

The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- Effective date: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023.
- Expected recovery of insurance acquisition cash flows: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- Contractual service margin attributable to investment services: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- Other amendments: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The impact of the new standard will be material to unconsolidated subsidiary INVL Life UADB, but the investment to subsidiary is measured at fair value through profit or loss. Therefore, the new standard will not impact financial statements of the Group and the Company.

Amendments to IFRS 17: *Transition option to insurers applying IFRS 17* (effective for annual periods beginning on or after 1 January 2023).

The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. The transition option would be available, on an instrument-by-instrument basis; allow an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying IFRS 9. Amendments would not impact financial statements of the Group and the Company, as described above regarding impact of IFRS 17.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards adopted by the EU but not yet effective (cont'd)

Amendments to IAS 12: *Deferred tax related to assets and liabilities arising from a single transaction* (effective for annual periods beginning on or after 1 January 2023).

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Group and the Company are accounted for leases consistent with the new requirements, Therefore, the Group and the Company would be not affected by the amendments.

Standards not yet adopted by the EU

Amendments to IAS 1: *Classification of liabilities as current or non-current* (effective for annual periods beginning on or after 1 January 2024 once adopted by the EU).

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Group and the Company are currently assessing the impact of the amendments on their financial statements, but are not expecting that impact would be material.

Amendments to IFRS 16 Leases: *Lease Liability in a Sale and Leaseback* (effective for annual periods beginning on or after 1 January 2024 once adopted by the EU).

The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. The Group and the Company are expecting that the amendments would be not relevant for them.

The adoption of the following new standards and amendments are postponed by the EU indefinitely:

- IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods beginning on or after 1 January 2016 once adopted by the EU)
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after a date to be determined by the IASB once adopted by the EU)

The Group and the Company have not yet analysed impact of them to their financial statements.

2 Summary of significant accounting policies (cont'd)

2.2. Investment entity and consolidated financial statements

Investment entity

The Company has multiple unrelated investors and holds multiple investments. Ownership interests in the Company are in the form of equity securities issued by the Company – ordinary registered shares. In the management's opinion, the Company meets the definition of an investment entity as the following conditions exist:

(i) funds are obtained from investors for the purpose of providing them with investment management services;
(ii) it is committed to investors that its business purpose in to invest funds solely for capital appreciation, investment income, or both; and
(iii) it is measured and evaluated the performance of substantially all of its investments on a fair value basis.

The Board of Directors approved exit strategies for the Company's investments, which do not have definitive maturity terms. The Company and the Group also invest to the collective investment undertakings, which have limited life or are traded on exchange or are open-ended funds with right to redeem on daily basis.

Each Company's investments are fair valued and such fair value information is provided both to the Company's investors on reporting date and also for internal management reporting purposes.

In addition, management has assessed that the following characteristics further support investment entity categorization: Company holds several investments itself in the investment funds managed by management company owned by the Company (this management company is providing investment-related services and is consolidated), investments in the funds are held by several investors, the investors are not related parties and the investments are held mostly in form of equity.

An investment entity may provide investment-related services, either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity. An investment entity may also participate in the following investment-related activities, either directly or through a subsidiary, if these activities are undertaken to maximize the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity:
(a) providing management services and strategic advice to an investee; and
(b) providing financial support to an investee, such as a loan, capital commitment or guarantee.

The management has assessed that investment-related services provided to third parties is ancillary to its core investing activities and therefore does not change its business purpose therefore the Company meets the definition of an investment entity.

Subsidiaries

The Company has two types of subsidiaries. One type of subsidiaries are controlled subsidiary investments (hereinafter unconsolidated subsidiary). They are measured at fair value through profit or loss and not consolidated, in accordance with IFRS 10. The fair value of controlled subsidiary investments is determined on a consistent basis to all other investments measured at fair value through profit or loss, and as described in the Note 2.12 below.

The other type of subsidiaries provide investment-related services (investment advisory services, investment management) to the investors and third parties (hereinafter consolidated subsidiary). They are not themselves investment entities. The Company considers whether providing services to third parties is ancillary to its core investing activities, when assesses whether it qualifies as an investment entity. These subsidiaries that provide services that are related to the entity's investment activities are consolidated.

Associates

An associate is an entity, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments that are held as part of the Company's investment portfolio are carried at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 'Investments in associates and joint ventures' as exception from applying the equity method.

2 Summary of significant accounting policies (cont'd)

2.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its consolidated subsidiaries that provide services that are related to the entity's investment activities. The financial statements of the consolidated subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Consolidated subsidiaries are all entities (including structured entities) over which the group has control and that provide services that are related to the entity's investment activities. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidated subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Some Group's consolidated subsidiaries managed collective investment undertakings and pension funds. The Group analyse whether it is acting primarily as a principal (therefore, controls entities or funds) or as an agent (therefore, do not control them) in exercising its power over the funds. Fund managers generally have power over the relevant activities of the funds that they manage through their exercise of delegated power, and exposure to variability of returns through incentive fees and/or co-investment. Therefore, the link between power and returns is usually key for fund managers assessing whether a fund manager has control over the fund. Aggregate economic interests and investors held rights, including kick-out rights, are assessed together to decide whether the Group have control over managed entities and funds.

Non-controlling interest is the equity in a consolidated subsidiary not attributable, directly or indirectly, to a parent and is presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the consolidated subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Total comprehensive income (losses) within a consolidated subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

When the Group ceases to have control of a consolidated subsidiary any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

2.4. Functional and presentation currency

The financial statements are prepared in euro (EUR), which is local currency of the Republic of Lithuania, and presented in EUR thousand. Euro is also the local currency of the Republic of Latvia. Euro is the Company's functional currency and the Company's and the Group's presentation currency. The exchange rates in relation to other currencies are set daily by the European Central Bank and the Bank of Lithuania.

As these financial statements are presented in euro thousand, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

2 Summary of significant accounting policies (cont'd)

2.5. Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when the cost is incurred, if the recognition criteria are met. Replaced parts are written off. The Group and the Company have elected to present right-of-use assets as property, plant and equipment. The right-of-use assets comprise leased properties. The accounting policy of right-of-use assets is disclosed in Note 2.18.

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated using the straight-line method over the following estimated useful lives.

Leased properties (right-of-use assets)	2.25-3.25 years
Vehicles	6 years
Other non-current assets	3–6 years

The asset residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its 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 the income statement within “other income” in the year the asset is derecognised.

2.6. Intangible assets other than goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets other than goodwill are assessed to be finite. Intangible assets are amortised using the straight-line method over the best estimate of their useful lives.

Funds' management rights

Funds' management rights include investment, private debt investments, pension funds and portfolio of clients acquired during asset management entities acquisition. Funds' management rights acquired in a business combination are capitalised at the fair value at the acquisition date and treated as an intangible asset. Following initial recognition, funds' management rights are carried at cost less any accumulated impairment losses. Funds' management rights are amortised during 5 - 10 years.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised during 3-5 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group and the Company expect from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.7. Business combinations and goodwill

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a consolidated subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2 Summary of significant accounting policies (cont'd)

2.7 Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the consolidated subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of annual impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

2.8. Investments in subsidiaries, associates (the Company)

Investments in unconsolidated subsidiaries, associates are measured at fair value through profit or loss. Loans granted to unconsolidated subsidiaries and associates are considered as part of investments to subsidiaries and associates. They are measured together with equity part of investments to unconsolidated subsidiaries and associates at fair value through profit or loss.

Interest on loans granted at fair value through profit or loss is recognised in the income statement within 'other income' based on the effective interest rate.

When the fair value of investments into unconsolidated subsidiaries and associates together with loans granted to unconsolidated subsidiaries/associates is determined, the value is split into legal components, i.e. between debt and equity instruments. The amortised cost of loans granted is attributed to debt instruments. The remaining value is attributed to equity instruments of the unconsolidated subsidiary.

Investments in consolidated subsidiaries are accounted for using the equity method of accounting. Under the equity method, the investment in the consolidated subsidiary is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the consolidated subsidiary. Goodwill relating to a consolidated subsidiary is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of comprehensive income reflects the share of the results of operations of the consolidated subsidiary. Where there has been a change recognised in the other comprehensive income of the consolidated subsidiary, the Company recognises its share of any changes and discloses this, when applicable, in the other comprehensive income. Company's share in the changes in the net assets of the consolidated subsidiary that are not recognised in profit or loss or other comprehensive income (OCI) of the consolidated subsidiary, are recognised in equity. Unrealised gains and losses (unless the transaction provides evidence of the impairment of asset transferred) resulting from transactions between the Company and the consolidated subsidiary are eliminated to the extent of the interest in the consolidated subsidiary.

The reporting dates of the consolidated subsidiary and the Company are identical and the consolidated subsidiary's accounting policies conform to those used by the Company for like transactions and events in similar circumstances. After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss of the Company's investment in its consolidated subsidiaries. The Company determines at each reporting date whether there is any objective evidence that the investment in consolidated subsidiary is impaired. If this is the case the Company calculates the amount of impairment as being the difference between the recoverable amount of the consolidated subsidiary and its carrying value and recognises the amount in the statement of comprehensive income. When the Company's share of losses in a consolidated subsidiary equals or exceeds its interest in the consolidated subsidiary, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the consolidated subsidiary.

2 Summary of significant accounting policies (cont'd)

2.9. Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing activities as a single amount as profit or loss after tax from discontinued operations in the income statement, even when the Group retains a non-controlling interest in the consolidated subsidiary after the sale, e.g. consolidated subsidiary becomes an associate.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

When preparing the consolidated statement of income, all inter-company transactions between discontinued and continuing operations that the Group intends to conduct after the discontinuance, are presented in continuing operation without elimination, i.e. they are presented as if they were conducted with third parties. In this case the elimination entry is recorded in discontinued operations. All inter-company transactions between discontinued and continuing operations that the Group does not intend to conduct after the discontinuance, are eliminated from continuing operation.

2.10. Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that a non-financial asset (other than deferred taxes) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely 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 determining fair value less costs to sell, an appropriate valuation model is used. Where possible, these calculations may be corroborated by valuation multiples, quoted share prices for publicly traded consolidated subsidiaries or other available fair value indicators.

Impairment losses are recognised in the income statement.

For assets excluding goodwill, 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 such indication exists, the Group and the Company make an estimate of 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, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

<u>Goodwill</u>

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2 Summary of significant accounting policies (cont'd)

2.11. 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 other comprehensive income 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. For assets measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income. The Group and the Company reclassify debt instruments when and only when their business model for managing those assets changes.

Financial assets are recognised when the Group and the Company become parties to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

All regular way purchases and sales of financial assets are recognised on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

At initial recognition, the Group/the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group and the Company classify their investments in debt and equity securities, and derivatives, as financial assets at fair value through profit or loss.

<u>Debt instruments</u>

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented as "other income" in the income statement. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the income statement. The Group's and the Company's financial assets at amortised cost comprised trade and other receivables, cash and cash equivalents.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in separate line item. Interest income from these financial assets is included in "other income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other income" and impairment expenses are presented as separate line item in the income statement. The Group and the Company do not have financial assets attributed to this group of debt instruments.

Assets that do not meet the criteria for amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within "Net changes in fair value of financial instruments at fair value through profit or loss" in the period in which it arises. As the Company is investment entity, which business model is to evaluate and manage investments at fair value, the debt securities, loans granted to the owned investments are measured at fair value through profit or loss.

<u>Equity instruments</u>

The Group and the Company subsequently measure all equity investments at fair value through profit or loss. Changes in the fair value of these financial assets are recognised within "Net changes in fair value of financial instruments at fair value through profit loss" in the income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.12. Fair value estimation

The fair value of investments traded in active markets is based on quoted market prices at the close of trading, which is the date closest to the reporting date. The fair value of investments that are not traded in active markets is determined by using valuation techniques. Such valuation techniques may include the most recent transactions in the market, the market price for similar transactions, discounted cash flow analysis or any other valuation models.

2 Summary of significant accounting policies (cont'd)

2.13. Impairment of financial and contract assets

The Group and the Company assess on a forward-looking basis the expected credit losses associated with their financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's and the Company's financial assets at amortised cost comprised trade and other receivables, cash and cash equivalents. Cash and cash equivalents are considered to be low credit risk at the reporting date (Stage 1). Therefore, the Group/the Company is not relevant a three-stage model for impairment for financial assets other than trade receivables. Loans granted are measured at fair value through profit or loss as part of investments to unconsolidated subsidiaries and associates. For Stage 1 financial assets 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

The financial asset is considered as credit-impaired, if objective evidence of impairment exists at the reporting date. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

For trade, other receivables and contract assets, the Group/the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables and contract assets are classified either to Stage 2 or Stage 3:

- Stage 2 – comprises receivables for which there the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3;
- Stage 3 – comprises trade receivables which are overdue more than 90 days (except is reasonable explanation for that) or individually identified as impaired.

The Group trade receivables and contract assets mainly comprised receivables from related parties and managed funds by the subsidiaries. The Company's trade receivables and contract assets mainly comprised receivables from related parties. Trade receivables is covered within month after reporting date or settlement is deferred by the Group decision. Therefore, for Stage 2 trade receivables/contract assets the ECL are calculated and recognised if would be determined material amount for potential impairment based on settlement of trade receivables after reporting date.

2.14. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group and the Company hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's and Company's impairment policies and the calculation of the loss allowance are provided in Note 2.13.

2.15. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank account as well as deposit in bank with an original maturity of three months or less.

The cash or short-term deposits, which use is restricted, are presented in caption 'restricted cash' in the statement of financial position.

2 Summary of significant accounting policies (cont'd)

2.16. Financial liabilities

The Group and the Company recognise a financial liability when they first become parties 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 or at fair value through profit or loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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.

Borrowings

Borrowings are recognised initially at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group/Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Financial liabilities at fair value through profit or loss

After initial recognition, financial liabilities at fair value through profit or loss are subsequently measured at fair value through profit or loss. To this group of financial liabilities is attributable contingent consideration and derivatives that are liabilities.

2.17. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group and the Company retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group or the Company have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Where the Group and the Company have transferred their rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset.

In that case, the Group and the Company's also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2 Summary of significant accounting policies (cont'd)

2.18. Leases

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Group as a lessee</u>

At commencement or on modification of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group/the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment In addition, the right-of-use asset is periodically reduced by impairment losses (Note 2.10), if any, and adjusted for certain remeasurements of the lease liability. As at 31 December 2021 and 2022 right-of-use assets of the Group/the Company relate to leased properties and are depreciated over 1-4 and 2.25-3.25 years, respectively.

The Group/the Company presents right-of-use assets in 'property, plant and equipment' in the statement of financial position.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's/the Company's incremental borrowing rate. The Group/the Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on ar. index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group/the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group/the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group/the Company is reasonably certain not to terminate early.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, it is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's/the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group/the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The Group/the Company lease liabilities in separate line in the statement of financial position.

2 Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

Short-term leases and leases of low-value assets

The Group/the Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group/the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease modification

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The Group/the Company account for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract. For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group/the Company allocate the consideration in the modified contract to each lease component on the basis of its relative stand-alone prices, determine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined. For a lease modification that is not accounted for as a separate lease, the Group/the Company account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and making a corresponding adjustment to the right-of-use asset for all other lease modifications, the Group/the Company recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

2.19. Revenue recognition and costs to obtain contract with customers

Revenue from contracts with customers includes asset management, brokerage and other services revenue.

<u>Revenue from the asset management and brokerage services</u>

Revenue from asset management services is recognized as a percentage from asset under management or investors commitments over the period in which the control of the asset management services is transferred to the client, i.e. when services are provided. Asset management services are provided as long as the client has the investment in funds managed by the Group. Revenue from brokerage services is recognized at point in time when the control of the brokerage services is transferred to the client, i.e. when services are actually provided. It is the date when securities are recorded on the client's account (transaction settlement date).

The Group assesses whether some asset management services are separate services provided to the customer (i.e. separate performance obligation). If the service is a separate service provided to the customer, its income is recognized when the service is actual provided. If it is not a separate service provided to the customer but part of the asset management service to manage funds, the recognition of the revenue is deferred and recognized over the average period of the client's contract. The Group earns fund distribution income from investors that invest into certain funds. The Group analysed whether distribution is a separate service provided to the clients or part of the asset management service to manage funds and concluded that the distribution of alternative funds for informed investors and the distribution of investment funds is separate service, as each fund is specialized, and the Group provides a separate identification service for the person or entity investing in such a fund, which includes elements of fund selection and application. Meanwhile, in the case of the distribution of Lithuanian pension funds, the Company assesses that the distribution is not a separate service, but a part of the asset management service, because pension funds are standardized products designed for a retail client. As a result, the revenue of the pension fund distribution fee is considered as a contractual obligation and recognized over the average term of the client contract - 10 years.

The Group earns variable remuneration - a success fee when the return of certain funds exceeds the expected return limit. Depending on the fund rules, the Group earns the right to a success fee as soon as the fund's return exceeds the expected return limit or only at the end of the fund's life when the fund's assets are distributed. The Group recognizes the success fee as revenue when it earns the right to a calculated success fee, but only to the extent that it is highly probable that a significant reversal in the amount of success fee recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2 Summary of significant accounting policies (cont'd)

2.19 Revenue recognition and costs to obtain contract with customers (cont'd)

Costs to obtain contracts with customers

Costs to obtain contracts with customers are commissions paid to external intermediaries for distribution of pension funds. They are capitalised and presented in the statement of financial position within 'Intangible and costs to obtain contracts with customers assets'. The amortization period used for Costs to obtain contracts with customers is 10 years and is based on the average expected duration of the client's stay with the Group.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Disposal of investments

Gain (loss) from sale of investment is recognised when the significant risk and rewards of ownership of the investment have passed to the buyer and are recognised within operating activity, as the parent company treats the securities trading as its main activity.

Dividends income

Income is recognised when the Group's and the Company's right to receive the payment is established.

2.20. Cash and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. In Lithuania a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. The liability for non-cash distributions is measured at the fair value of the assets to be distributed with subsequent fair value re-measurement recognised directly in equity as adjustment to the amount of the distribution.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2 Summary of significant accounting policies (cont'd)

2.21. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its consolidated subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The standard income tax rate in Lithuania was 15 % in 2022 and in 2021. Starting from 2010, tax losses can be transferred within Lithuania at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

Deferred income taxes are calculated using the 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 reverse based on tax rates enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

By Lithuanian Income Tax Law shall be not taxed sale of shares of an entity, registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect and which is a payer of corporate income tax or an equivalent tax, to another entity or a natural person where the entity transferring the shares held more than 10% of voting shares in that entity for an uninterrupted period of at least two years. If mentioned condition is met or will be met by judgement of the management of the Company, there are not recognised any deferred tax liabilities or assets in respect of temporary differences associated with these investments. By Lithuanian Income Tax Law shall be not also taxed income from investments into collective investment undertakings.

Deferred tax asset has been recognised in the statement of financial position to the extent the management believes it 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.

Deferred tax asset are not recognised:
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

In Lithuania tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. In Lithuania such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. In Lithuania the losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. From 1 January 2014 current year taxable profit could be decreased by previous year tax losses only up to 70% in Lithuania.

2 Summary of significant accounting policies (cont'd)

2.21 Current and deferred income tax (cont'd)

From 1 January 2018 according to the new Corporate Income Tax Act of Latvia the annual profit would be not taxed. Corporate income tax would be paid on distributed profit, including conditional distributed profit as for example: expenditure not related to economic activities, some loans granted to related parties, some provisions for doubtful debts. The tax rate on (net) distributed profit would be 20/80. From 1 January 2018 the tax base would be reduced by the gain on sale of shares, if the shares were held for an uninterrupted period of at least 36 months. The excess gain can be transferred and utilized in the future periods. The income tax payable on dividends from Latvian consolidated subsidiaries is recognised as the income tax expense of the period in which the dividends are declared, except for deferred tax liability from undistributed profit earned from 1 January 2018 recognised by the Group when it expected to be distributed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22. Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, 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. Where the Group and the Company expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:
- the amount that would be recognised in accordance with the general guidance for provisions above (IAS 37) or
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (IFRS 15).

2.23. Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

2.24. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the retained earnings. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2 Summary of significant accounting policies (cont'd)

2.25. Employee benefits

<u>Social security contributions</u>

The Company and the Group pay 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 local legal requirements. A defined contribution plan is a plan under which the Group 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 period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

<u>Termination benefits</u>

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to their present value.

<u>Bonus plans</u>

The Company and the Group recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. The bonus plans that provides the employee with a choice of two settlement alternatives that are mutually exclusive, and in which one of the alternative is equity-settled share-based payment and other alternative is cash that is not share-based payment, accounted for as a share-based payment by applying the requirements in IFRS 2 for compound instruments by analogy. The liability for the cash alternative that is not share-based payment are measured and remeasured in accordance with IAS 19 for such arrangements with employees. Some part of bonuses payment is deferred from one to five years after end of reporting period and employment contract have to be not terminated until payment date to receive relevant part of bonus. The deferred amount of bonuses is recognised into profit or loss over the service vesting period. Any incremental fair value of the share-based payment over the initial value of the liability component is accounted for as an equity component. If and when the choice for a cash alternative is sacrificed, then the liability is reclassified to equity and further the Group/the Company recognise employee services received as equity-settled share-based payment transactions.

<u>Pension obligations</u>

If there is an individual arrangement with an employee the Company and the Group may make payments into defined contribution pension plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.26. Share-based payments

The Group operates a number of equity-settled, share-based compensation plans (including bonus plans with cash-alternative), under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an employee benefits expense. The total amount to be expensed as equity component of share based payments is determined by reference to the fair value of the options granted:
- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Grant date is the date at which the Group/Company and the employee agree to a share-based payment arrangement, and requires that the entity and the employee have a shared understanding of the terms and conditions of the arrangement. If the agreement is subject to an approval process, then grant date is the date on which that approval is obtained. If the employee services is rendered before grant date, the Group/the Company estimating the fair value of the equity instruments is by assuming that grant date is at the reporting date. Once grant date has been established, the Group/the Company revises the earlier estimates so that the amounts recognised for services received are based on the grant-date fair value of the equity instruments.

2 Summary of significant accounting policies (cont'd)

2.26 Share-based payments (cont'd)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised into profit or loss over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. 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. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares or sell own shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised by issuing of new shares.

In its separate financial statements the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Share - based payments – modification and cancellation

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Share - based payment – settlement choice of employee

If the counterparty has the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the Group/the Company has granted a compound financial instrument, which includes a debt component and an equity component. The fair value of the compound financial instrument is the sum of the fair values of the two components. The Group/the Company measure the fair value of the debt component as the fair value of the liability under the cash alternative. If the liability for the cash alternative that is not share-based payment are measured and remeasured in accordance with IAS 19 for such arrangements with employees. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The Group/the Company account separately for employee services received in respect of each component of the compound financial instrument. For the debt component, the Group/the Company recognise employee services received, and a liability to pay for those services, as the counterparty renders service. For the equity component, the Group/the Company recognise employee services received, and an increase in equity, as the counterparty renders service as equity-settled share-based payment transactions. If and when the choice for a cash alternative is sacrificed, then the liability is reclassified to equity and further recognise employee services received as equity-settled share-based payment transactions. If the Group/the Company pays in cash on settlement rather than issuing equity instruments, that payment settled the liability in full. Any equity component previously recognised remain within equity.

2.27. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed 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 or economic benefits is probable.

2 Summary of significant accounting policies (cont'd)

2.28. Events after the reporting period

Events after the reporting period that provide additional information about the Group's position as at the end of the reporting period (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.29. Significant accounting judgements and estimates

The preparation of financial statements requires management of the Group and the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group accounting policies, management has made the following judgement, which has most significant effect on the amounts recognised in the consolidated financial statements:

Investment entity

According to the management, the Company meets all the defining criteria of an investment entity from the split-off in 2014 and henceforth investments in unconsolidated subsidiaries and associates are measured at fair value through profit or loss. The management is continually reviewing whether the Company meets all the defining criteria of an investment entity. In addition, the management assesses the Company's operation objective, investment strategy, origin of income and fair value models and whether investment-related services provided by the consolidated subsidiaries to third parties are ancillary to its core investing activities.

The identification of customer of asset management entities

When the Group starts to manage the new fund, it decides on who is the client of the Group: the fund itself or its participant. This decision affects the accounting for the cost of concluding contracts with fund participants in accordance with IFRS 15. The Group has made the following decisions about who is the client of the funds it manages:

- In the case of Lithuanian pension funds, its client is each participants of the fund, because the Group manages the information of the fund participant and communicates directly with each participant of pension funds. As a result, incremental costs to obtain contract for these clients are capitalised by the Group;
- In the case of investment funds, alternative funds and Latvian pension funds, the Group estimates that its client is a fund rather than a separate fund participant. This solution is based on the fact that these funds are distributed and relationships with fund investors are supported by intermediaries - usually financial brokerage firms or fund platforms. The Group usually has no contact with the investors of these funds and does not directly communicate with them. Often, the Group does not even have information about the end customers because it only accesses the compound account of the investors and not the individual accounts of the fund participants. As a result, incremental costs to sign-up new investors to these funds are expensed as incurred by the Group.

Success fee

The Group does not recognize the success fee, accrued in the managed funds, as revenue until the condition for non-returnable payment of it is not met. The Group is judged that until the condition for non-returnable payment is met, it is exist significant uncertainty about the possible amount, timing of payment and a significant reversal in received amount of success fee, if it applicable. As at 31 December 2022 and 2021 the Group has not received any success fee, which could be returned to managed funds.

Control of managed entities/funds

The Group decides whether is control managed entities and funds. The main factors that the Group is assessed together are aggregate economic interests and investors held rights, including kick-out rights. A higher aggregate economic interest was identified for the closed-ended type investment companies INVL Technology and INVL Baltic Real Estate. Unlike other managed funds, the shareholders of these entities have full voting rights, as in any joint stock company. Investors can realize return from them first by selling shares on the stock exchange and receiving dividends. Decisions regarding dividends can only be made by shareholders and not by fund managers and the Group does not have sufficient power to alone decide regarding dividend. Both companies have at least two other major shareholders holding together larger shareholdings than the Group. These shareholders also jointly control the Group. Therefore, after assessment the Group decides that it do not have control over managed entities and funds.

2 Summary of significant accounting policies (cont'd)

2.29 Significant accounting judgements and estimates (cont'd)

Judgements (cont'd)

Disposal group classified as held for sale and discontinued operation

On 22 November 2022 the Company and AB Šiaulių Bankas signed an agreement on the merger of part of the retail businesses. Second and third pillar pension funds and investment funds asset management business in Lithuania and also life insurance activities would be transferred to group of AB Šiaulių Bankas for 62,270,383 shares of AB Šiaulių Bankas, which will constitute 9.39 % of AB Šiaulių Bankas. Therefore, the disposal group would leave the Group and it were classified as assets held for sale in the statement of financial position of the Group. The judgement was made for the following reasons:
- The investments were available for immediate sale in their current condition subject to the terms that are usual for sale transactions of this type of investments;
- The sale are highly probable, because the management have intention to sell the investments and are concentrated all resources to complete the transaction;
- The agreement has twelve months maturity from signing with option to extend for three months;
- Management expected that transaction would be close on November/December 2023.

The transferred businesses do not meet the criteria for discontinued operation for the following reason:
- The pension fund's and the investment fund's asset management business is not a component of the entity, due to the fact that its operations and cash flows cannot be separately identified.
- The transferred businesses are not major line of businesses of the Group. The pension fund's and the investment fund's asset management business is part of the Group's asset management segment. Also in the Group remains the management of pension funds in Latvia and management of alternative investments. The Group has acquired life insurance activities in July 2022. In July 2022 Letter of Intent regarding merging of retail businesses with AB Šiaulių Bankas was signed. Therefore, acquired life insurance activities has exit strategy, is valued at fair value and it is part of investment activity segment

At the Company level transferred activities are part of wholly owned subsidiaries, which shares are not sold. Therefore, the Company have not non-current assets held for sale.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimatio uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

Fair value of investments in unconsolidated subsidiaries and associates in financial statements

The fair values of investments in unconsolidated subsidiaries and associates are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability. Details of the inputs and valuation models used to determine Level 3 fair value, is provided in Note 12.

The fair value of the investments in unconsolidated subsidiaries and associates of the Group as at 31 December 2022 was EUR 18,416 thousand and EUR 25,975 thousand, respectively (as at 31 December 2021 - EUR 23,012 thousand and EUR 22,481 thousand, respectively). The fair value of the investments in unconsolidated subsidiaries and associates of the Company as at 31 December 2022 was EUR 52,812 thousand and EUR 25,975 thousand, respectively (as at 31 December 2021 - EUR 22,997 thousand and EUR 22,481 thousand, respectively) (described in more details in Note 12).

Useful lives of funds' management rights and amortisation period of costs to obtain contracts with customers

The useful lives of funds' management rights acquired through business combinations are disclosed in Note 2.6 and amortisation charge for the year is disclosed in Note 10. The useful lives are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life. As at 31 December 2022 and 2021 the Group assessed that there is no impairment indication of funds' management rights. If the estimated useful lives of funds' management rights have been one year shorter, the amortisation charge for the year ended 31 December 2022 and 2021 would have increased by EUR 136 thousand and EUR 98 thousand, respectively.

2 Summary of significant accounting policies (cont'd)

2.29 Significant accounting judgements and estimates (cont'd)

Estimates and assumptions (cont'd)

Useful lives of funds' management rights and amortisation period of costs to obtain contracts with customers (cont'd)

Amortisation period of costs to obtain contracts with customers is 10 years, based on the average expected duration of the client's stay with the Group. If the estimated amortisation period of costs to obtain contracts with customers have been one year shorter, the amortisation charge for the year ended 31 December 2022 would have increased by EUR 44 thousand, the amortisation charge for the year ended 31 December 2021 would have increased by EUR 39 thousand, and if it were longer by one year, the Group should reduce amortisation expenses by EUR 36 thousand (2021: EUR 32 thousand).
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Deferred tax assets

Deferred tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and amount of future taxable profits together with future tax planning strategies.

Deferred tax asset is recognized on individual company basis taking into account future performance plans of those companies. No deferred tax asset is recognized from Group's tax losses carry forward for indefinite period of time of EUR 999 thousand as 31 December 2022 (as at 31 December 2021 – EUR 1,128 thousand) due to future uncertainties related with the performance of those companies. As at 31 December 2022 and 2021 all above mentioned tax losses is related to consolidated subsidiary UAB INVL Asset Management. As at 31 December 2022 in the total deferred tax asset balance of the Group the amount of EUR 326 thousand (as at 31 December 2021 – EUR 222 thousand) relates to deferred tax asset recognized from the taxable losses of the Company and EUR 496 thousand (as at 31 December 2021 – EUR 384 thousand) was recognized from the taxable losses of other Group's entities (Note 6). As at 31 December 2022 recognition of deferred tax asset from the taxable losses of acquired asset management entities are supported on the estimation of these entities' profitability, which is based on the forecasted growth of managed funds and participants portfolio, on the level of management fees, on future funds return and number of participants. If the profitability estimation would be change by 5%, deferred tax asset would be recognised by EUR 25 thousand more/less (as at 31 December 2021 – EUR 19 thousand).

Bonuses

The Group have bonus plans, where employees have choice of two settlement alternatives that are mutually exclusive, and in which one of the alternative is equity-settled share-based payment (by granting share options of the Company) and other alternative is cash that is not share-based payment. As described in more details in Note 0, this arrangement with employees is accounted as a compound financial instrument, which includes a debt component and an equity component. The Group use estimates of employee service vesting period and recognise expenses proportionately over estimated vesting period. The equity component as equity-settled share-based payment are measured at the grant date fair value of share-options. The valuation method of fair value of share-options is a significant accounting estimate. The fair value of equity-settled share-based payment is calculated using the Black-Scholes option valuation method. All key inputs, with the exception of share price volatility, are directly observable in the market (the Company's share price and risk-free interest rate). For volatility input is used historical shares volatility on exchange. More details on inputs are disclosed in Note 18.

Other areas involving estimates include useful lives of property, plant and equipment, discount rate for lease liabilities and allowances for accounts receivable. According to the management, these estimates do not have significant risk of causing a material adjustment.

(all amounts are in EUR thousand unless otherwise stated)

3. Business combinations, investments into associates, disposals

The movement of investments in associates was as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**22,481**	**26,615**	**22,481**	**26,615**
Acquisition of additional shares in associate	-	-	-	-
Disposal of associate	-	(4,553)	-	(4,553)
Changes in fair value	3,494	419	3,494	419
At 31 December	**25,975**	**22,481**	**25,975**	**22,481**

The Group and the Company presented investments in associates in separate section of statements of financial position regardless the Company owns them directly or indirectly. Therefore, sale of INVL Baltic Real Estate and UAB Cedus Invest (unconsolidated subsidiary who owns associate UAB Litagra) from the Company to wholly owned unconsolidated subsidiary did not change classification of associates and did not present in the movement above. For the same reason in the movement of investments in subsidiaries of the Company, the movement is presented to avoid double count due to including amount in the investments to share capital of INVL Life UADB by offsetting of receivables from sale of associates.

The movement of investments in subsidiaries of the Company was as follows:

	Company	
	2022	**2021**
At 1 January	**50,470**	**27,479**
Share of net profit (loss) of consolidated subsidiaries accounted for using equity method	416	6,143
Establishment of subsidiaries and increase of share capital	41,500	8,800
Investments to associates sold to unconsolidated subsidiary, reclassified back to caption 'Investments to associates'	(22,443)	-
Carrying amount of unconsolidated subsidiary UAB Cedus invest without investments to associates(double count due to including amount at the beginning of the year and in the investments to share capital of INVL Life UADB by offsetting of receivables from sale of UAB Cedus Invest)	(19)	-
Disposals	(3,030)	(644)
Dividends from consolidated subsidiaries	(2,627)	(1,955)
Share-based payments of consolidated subsidiaries	189	555
Loans granted/repaid, net	-	55
Interest charged/repaid, net	-	-
Changes in fair value	6,118	10,417
Decreased share capital (free funds returned)	(302)	(28)
Reclassification to financial assets at fair value due to disposals	-	(352)
At 31 December	**70,272**	**50,470**
At equity method	17,460	27,473
At fair value – shares	52,812	22,997

(all amounts are in EUR thousand unless otherwise stated)

3 Business combinations, investments into associates, disposals (cont'd)

The movement of investments in unconsolidated subsidiaries of the Group was as follows:

	Group	
	2022	**2021**
At 1 January	**23,012**	**13,564**
Loans granted/repaid, net	-	55
Interest charged/paid, net	-	-
Decrease of share capital	(302)	(28)
Changes in fair value	4,499	10,417
Reclassification to financial assets at fair value due to disposals	-	(352)
Deemed cost of unconsolidated subsidiary*	808	-
Addition investment	238	-
Reclassification to disposals group classified as held for sale (Note 23)	(6,809)	-
Disposals	(3,030)	(644)
At 31 December	**18,416**	**23,012**
Shares	18,416	23,012

* Subsidiary INVL Life UADB was consolidated in 2021, because it was planned that it would provide investment-related services. In 2022 it was reclassified to unconsolidated subsidiary because it does not meet the criteria of consolidated subsidiaries. Any gain or loss did not was recognized because fair value of net assets of subsidiary was equal to carrying amount of consolidated net assets. INVL Life UADB comprise investments to life insurance activities and investments to associates and financial assets at fair value through profit or loss, which are transferred from Company to subsidiary to form the capital to run life insurance activities. Investments into associates is presented in separate caption of statement of financial position of the Group and the Company. Investments into financial assets at fair value through profit or loss is presented also in separate caption of statement of financial position of the Group to better disclose information for users of financial statements (the same investments owned by the Company or consolidated subsidiary are presented in the same caption as the same investments of INVL Life , UADB). In the statements of financial position of the Company presented in separate caption only investments to associates, all remaining investments are presented within caption 'Investments into subsidiaries'. Investments to life insurance activities are reclassified to caption 'Assets of disposals group classified as held for sale' in the statement of financial position of the Group (Notes 2.29 and 23). Therefore, deemed cost of unconsolidated subsidiary was calculated as follows:

Carrying amount of consolidated net assets of INVL Life UADB at 1 January 2022	8,991
Additional investments into share capital of INVL Life UADB	40,500
Carrying amount of investments of associates and financial assets at fair value through profit or loss presented in separate captions of statements of financial position of the Group	(48,683)
Deemed cost of unconsolidated subsidiary	**808**

Acquisitions in 2022 and 2021

The Group has not any acquisition of subsidiaries in 2022 and 2021, except below described establishment of entities or increased share capital in previously acquired/established entities.

Establishment of companies (increase or decrease of share capital) in 2022 and 2021

In 2022 the Company has additional invested EUR 1,000 thousand into the share capital of consolidated subsidiaries UAB FMĮ INVL Financial Advisors.

The Company has additional invested EUR 40,500 thousand into share capital of consolidated subsidiaries INVL Life UADB. Investment was made by transferring EUR 3,856 thousand of cash and by set-off of receivables from sold financial assets including sale of 0.05% shares of AB Šiaulių Bankas in December 2021. The Company has sold to INVL Life UADB these financial assets in January 2021:

- 23.43% of INVL Baltic Real Estate for EUR 4,364 thousand;
- 15.39% of UTIB INVL Technology for EUR 5,209 thousand;
- 100% of shares of UAB Cedus Invest, which invests in Litagra group, for the initial amount of EUR 17,460 thousand. The sale price was adjusted based on the fair value of shares as at 31 December 2021, and it became equal to the amount of EUR 18,098 thousand;
- part, equal to EUR 7,621,959.71 capital contributed, of the units of BSGF for the initial amount of EUR 9,363 thousand (outstanding capital commitment is not transferred). The sale price was adjusted based on the fair value of units as at 31 December 2021, and it became equal to the amount of EUR 11,085 thousand.

3 Business combinations, investments into associates, disposals (cont'd)

Establishment of companies (increase or decrease of share capital) in 2022 and 2021 (cont'd)

After adjusting the sales price, the Company's receivable amount for the sold financial assets as at 31 December 2022 is EUR 2,580 thousand. At the unconsolidated subsidiary level the corresponding liabilities is included in the value of life insurance activities. After completion of capital formation INVL Life UAB has received in March 2022 a license to conduct life insurance activities and at 1 July 2022 completed the acquisition of the Baltic business of the Finnish life insurance company Mandatum Life. The Group sand the Company have agreed to transfer life insurance activities to group of AB Šiaulių Bankas according to signed agreement on the merger of part of the retail businesses (Notes 2.29 and 23). The life insurance activities is measured at fair value and not consolidated, therefore, any information about business combination is not presented in the financial statements of the Group.

On 15 June 2021 the Group/the Company has signed business purchase agreement regarding acquisition of life insurance activities of Mandatum Life Insurance Company Limited in the Baltics. Through this transaction the Group would offer customers more choice to strengthen their financial security and overall well-being. The acquired activities has more than 29,000 customers across the Baltic countries and more than EUR 150 million of managed assets. Total revenue in 2021 was EUR 9.5 million with EUR 25 million of premiums written.

In October 2021 the Company has additional invested EUR 1,000 thousand into the share capital of consolidated subsidiaries IPAS INVL Asset Management.

A new company INVL Life UADB was established by the Company in August 2021 with initial authorized capital of EUR 3,700 thousand and with organisational fund of EUR 300 thousand. It is wholly owned subsidiary. In December the Company has increased authorised capital of entity up to 7,500 thousand. Therefore, during 2021 the Company has transferred to INVL Life UADB EUR 7,800 thousand in cash.

In August 2021 the share capital of UAB Aktyvo was decreased and receivable of EUR 28 thousand was recognised. It was set-off with borrowings from UAB Aktyvo.

Acquisition of associates in 2022 and 2021

During 2022 and 2021 the Company/the Group has not any acquisition of associates.

Disposals of subsidiaries in 2022 and 2021

On 28 December 2021 the Company has signed an agreement with an entity belonging to the Civinity group for the sale of 100% of the shares of 4 (four) facilities management group companies: UAB Inservis, UAB Priemestis, UAB Jurita and SIA Inservis (Latvia). At the end of 2021 the buyer transferred EUR 700 thousand of advance for the shares to be sold. The sale is completed in May 2022. The sale price for UAB Inservis, owned by the Company, was amounted to EUR 3,030 thousand (EUR 2,330 thousand of remaining cash was transferred). UAB „Priemiestis“, UAB „Jurita“ and SIA „Inservis“ (Latvia), owned all by unconsolidated subsidiary UAB Įmonių Grupė Inservis (after closing of transaction name was changed to UAB IPPG), was sold for EUR 4,201 thousand. The costs related to the transaction are distributed as follows: the Company incurred costs of EUR 82 thousand and UAB Įmonių grupė Inservis incurred costs of EUR 131 thousand. UAB „Įmonių grupė Inservis“ declared and transferred dividends of EUR 3,950 thousand. Share capital of UAB Įmonių grupė Inservis was decreased by EUR 302 thousand.

In June 2021 the Company has sold 100% of shares of UAB Kelio ženklai. Portfolio of shares and granted loan was valued at EUR 1 million. The Company has received EUR 644 thousand in cash for shares of UAB Kelio ženklai. The parties have agreed that the Company would relend part of funds received for the shares to UAB Kelio ženklai. It was granted EUR 398 thousand. The loan is secured by pledging the assets and the shares of UAB Kelio ženklai. After all actions have been taken, the Company's granted loan nominal amount was EUR 750 thousand. Maturity of the granted loan is 1 May 2023. Granted loan with carrying amount of 352 thousand was reclassified from caption 'Investments into subsidiaries' to caption 'Financial assets at fair value through profit or loss'. In the statement of financial position granted loan is measured at fair value according to fair value of net assets of UAB Kelio ženklai (EUR 277 thousand as at 31 December 2021). During 2021 positive impact of the investment to the Group's/Company's result was EUR 171 thousand.

In April 2021 unconsolidated subsidiary UAB Įmonių Grupė Inservis has sold UAB Informacinio Verslo Paslaugų Įmonė to UAB Perlas Finance for EUR 155 thousand.

Disposals of associates in 2022 and 2021

On 7 January 2021 the Company sold 15.67% of shares of INVL Baltic Real Estate to unconsolidated subsidiary UAB Cedus Invest for EUR 4,553 thousand. In March unconsolidated subsidiaries UAB Cedus Invest UAB and UAB Įmonių grupė Inservis have sold their holdings of 15.67% and 2.46%, respectively, of INVL Baltic Real Estate in the share redemption that INVL Baltic Real Estate is conducting. The Group/the Company directly and indirectly held stake in INVL Baltic Real Estate was decreased after disposal to 14.37% of issued shares. Because own shares do not have the property and non-property rights, the Group/the Company effective ownership is decreased to 23.43%. After annulling of own shares of INVL Baltic Real Estate in 2021 the Group/the Company owns 23.43% of issued shares.

4. Segment information

The Board of Directors monitors the operating results of the business units of the Group separately for the purpose of making decisions about resource allocations and performance assessment. In 2022, after the Company transferred its significant investments to the subsidiary INVL Life, UADB, in order to form its share capital, the structure of business segments was changed - investment results are evaluated based on changes in fair value of investments, including dividends and interest income received by the Group, regardless of whether the Company or subsidiary invested. Investment management segment's performance is evaluated based on profit (loss) before income tax, after eliminating changes in the fair value of investments of subsidiaries of that segment, dividends and interest income received from these investments. Finance costs are allocated between segments on basis of separate legal entities, attributable to segments. Income tax, consolidation adjustments and eliminations are not allocated on a segment basis. Segment assets are measured in a manner consistent with that of the financial statements. All assets are allocated between segments, because segments are identified on a basis of separate legal entities and the Group's investments are attributed to the investment activity segment, regardless of who invested in them. The granted loans by the Company are allocated to segment's, to which entities they are granted, assets. The impairment losses of these loans are allocated to a segment to which the loan was granted initially. The comparative figures have been restated due to the change in segment disclosure. Dividends, interest income and changes in fair value of investments held by investment management entities was reclassified to investment activity segment, also related assets was reclassified and disclosure of investment activities results was restated. Profit (loss) before income tax instead of net profit was used to present segment results.

For management purposes, the Group is organised into following operating segments based on their products and services:

<u>Investment management</u>

The investment management segment includes pension, investment funds, alternative investments (private equity, real assets and private debt) and portfolio management, financial brokerage and land administration services.

<u>Investment activity</u>

The investment activity segment includes the Group investment activities to the unconsolidated subsidiaries, associates and financial assets at fair value, administrative activities of the Companies. Each investment activities are not considered as separate business segment. The main investment activities of the Company, which is presented to the management separately is disclosed below:

Agriculture

Agricultural activities include the primary crop and livestock (milk) production, feed production and grain processing, agricultural services and poultry farming.

Life insurance

The life insurance activities include life insurance services.

Facility management

The facility management activities include facility management of dwelling-houses, commercial and public real estate properties and administration of taxes on energy and utilities provided to residents. The group of facility management companies was sold in May of 2022.

Real estate

The real estate activities are investing in investment properties held for future development and in commercial real estate and its rent.

Bank activities

Bank activities represents indirectly investment into MAIB, bank operating in Moldova and investments into AB Šiaulių bankas, bank operating in Lithuania, held by the Company. Because both investments amounts are material and operate in different markets, they are analysed separately.

All other activities

All other activities comprise other investments held by the Company. Until disposal (May of 2021) there is also attributed unconsolidated subsidiary UAB Kelio Ženklai, that are involved in road signs production, wood manufacturing.

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in column 'Inter-segment transactions and consolidation adjustments'. Capital expenditure consists of additions to property, plant and equipment, intangible assets, costs to obtain contract including assets from the acquisition of consolidated subsidiaries.

(all amounts are in EUR thousand unless otherwise stated)

4 Segment information (cont'd)

The following table presents revenues, profit (loss) and certain assets and liabilities information regarding the Group's business segments for the year ended 31 December 2022:

	Investment management	Investment activity	Inter-segment transactions and consolidation adjustments	Total
Year ended 31 December 2022				
Revenue				
Sales to external customers	15,181	136	-	15,317
Inter-segment sales	-	7	(7)	-
Total revenue	**15,181**	**143**	**(7)**	**15,317**
Results				
Net changes in fair value of financial assets	-	13,533	-	13,533
Interest income	11	88	-	99
Dividend income	-	5,196	-	5,196
Other income	18	-	-	18
Employee benefits expense	(9,975)	(780)	-	(10,755)
Depreciation and amortization	(1,378)	(25)	-	(1,403)
Impairment	-	-	-	-
Interest expenses	(45)	(6)	-	(51)
Other expenses	(5,284)	(759)	7	(6,036)
Profit (loss) before income tax	**(1,472)**	**17,390**	**-**	**15,918**
As at 31 December 2022				
Assets and liabilities				
Segment assets	**14,387**	**129,639**	**-**	**144,026**
Segment liabilities	**6,471**	**6,628**	**-**	**13,099**
Other segment information				
Capital expenditure:				
• Property, plant and equipment	1,082	10	-	1,092
• Intangible assets	40	-	-	40
• Costs to obtain contract	435	-	-	435

(all amounts are in EUR thousand unless otherwise stated)

4 Segment information (cont'd)

The following table presents revenues, profit (loss) and certain assets and liabilities information regarding the Group's business segments for the year ended 31 December 2021:

Restated	**Investment management**	**Investment activity**	**Inter-segment transactions and consolidation adjustments**	**Total**
Year ended 31 December 2021				
Revenue				
Sales to external customers	15,836	70	-	15,906
Inter-segment sales	-	3	(3)	-
Total revenue	**15,836**	**73**	**(3)**	**15,906**
Results				
Net changes in fair value of financial assets	-	33,572	-	33,572
Interest income	-	31	-	31
Dividend income	-	4,119	-	4,119
Other income	49	1	(1)	49
Employee benefits expense	(8,028)	(379)	-	(8,407)
Depreciation and amortization	(1,188)	(21)	-	(1,209)
Impairment	(1)	-	-	(1)
Interest expenses	(73)	(8)	-	(81)
Other expenses	(3,913)	(475)	4	(4,384)
Profit (loss) before income tax	**2,682**	**36,913**	**-**	**39,595**
As at 31 December 2021				
Assets and liabilities				
Segment assets	**17,516**	**114,885**	**(376)**	**132,025**
Segment liabilities	**6,524**	**4,522**	**(376)**	**10,670**
Other segment information				
Capital expenditure:				
• Property, plant and equipment	332	21	-	353
• Intangible assets	185	-	-	185
• Costs to obtain contract	455	-	-	455

(all amounts are in EUR thousand unless otherwise stated)

4 Segment information (cont'd)

The following tables present measurement of investment activities results on the basis of changes in fair value, including dividend and interest income:

	Agri-culture	Facility management	Real estate	Bank sector (MAIB)	Bank sector (AB Šiaulių bankas)	Life insurance	Other investments	Total
Year ended 31 December 2022								
Net changes in fair value on financial assets	3,852	(3,829)	(359)	1,107	(4,173)	5,763	11,172	13,533
Dividend income	-	3,950	-	-	1,244	-	2	5,196
Interest income	51	-	-	-	-	-	37	88
Total income from investments	**3,903**	**121**	**(359)**	**1,107**	**(2,929)**	**5,763**	**11,211**	**18,817**
Investments fair value as at 31 December 2022	**21,932**	**83**	**4,043**	**16,830**	**34,202**	**6,809***	**42,498**	**126,397**

*presented within caption 'Assets of disposal group classified as held for sale'

Restated	Agriculture	Facility management	Real estate	Bank sector (MAIB)	Bank sector (AB Šiaulių bankas)	Other investments	Total
Year ended 31 December 2021							
Net changes in fair value on financial assets	(6)	1,469	425	8,371	12,779	10,534	33,572
Dividend income	2,196	709	227	-	202	785	4,119
Interest income	5	-	-	-	-	26	31
Total income from investments	**2,195**	**2,178**	**652**	**8,371**	**12,981**	**11,345**	**37,722**
Investments fair value as at 31 December 2021	**20,318***	**7,244**	**4,402**	**15,723**	**38,614**	**27,293**	**113,594**

*include loans granted to associate.

Analysis of revenue by timing of revenue recognition:

	2022		**2021**	
	Group	**Company**	**Group**	**Company**
Revenue recognised over time:	14,451	143	15,496	72
Management fee	13,233	-	11,888	-
Success fee	685	-	3,295	-
Other consideration	*533*	*143*	*313*	*72*
Revenue recognised at a point in time	866	-	410	-
Total revenue	**15,317**	**143**	**15,906**	**72**

The Company is domiciled in the Lithuania and the Group operates in Lithuania and Latvia. The result of Group's revenue from external customers in the Lithuania is EUR 13,524 thousand (2021: EUR 14,445 thousand), and the total of revenue from external customers from Latvia is EUR 1,793 thousand (2021: EUR 1,461 thousand).

In 2022 the Group has not recognised as revenue success fee of EUR 900 thousand, accrued in the managed entities and funds, as the condition for non-returnable payment of it is not met (2021: EUR 2,556 thousand).

(all amounts are in EUR thousand unless otherwise stated)

4 Segment information (cont'd)

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 31 December 2022 and 2021:

	Lithuania	Latvia	Total
As at 31 December 2022	1,983	154	2,137
As at 31 December 2021	6,447	240	6,687

5. Other income and expenses

5.1. Net changes in fair value on financial instruments

	Group		Company	
	2022	2021	2022	2021
Net gain (loss) from changes in fair value of unconsolidated subsidiaries and associates	7,993	10,836	9,612	10,836
Net gain (loss) from financial assets at fair value through profit or loss	5,540	22,736	2,413	18,580
Net gain (loss) from financial instruments at fair value through profit or loss, total	*13,533*	*33,572*	*12,025*	*29,416*

5.2. Employee benefits expenses

	Group		Company	
	2022	2021	2022	2021
Short-term employee benefits	(8,973)	(6,944)	(383)	(349)
Share-based payments (cash alternative)	(1,303)	(1,247)	-	-
Equity-settled share-based payments	(479)	(216)	(396)	(29)
	(10,755)	(8,407)	(779)	(378)

5.3. Other expenses

	Group		Company	
	2022	2021	2022	2021
Vehicles maintenance costs	(197)	(162)	-	(2)
Repairs and maintenance cost of premises	(178)	(81)	(1)	(1)
Taxes	(895)	(602)	(100)	(80)
Professional services	(832)	(626)	(228)	(206)
Fees for securities	(652)	(549)	(41)	(31)
Other expenses	(1,471)	(1,152)	(331)	(140)
	(4,225)	(3,172)	(701)	(460)

(all amounts are in EUR thousand unless otherwise stated)

6. Income tax

	Group		Company	
	2022	**2021**	**2022**	**2021**
Components of the income tax expense				
Current year income tax	(47)	(193)	-	-
Prior year current income tax correction	-	-	-	-
Deferred income tax income (expense)	843	(1,923)	547	(1,426)
Income tax income (expense) charged to the income statement – total	796	(2,116)	547	(1,426)

There is no income tax expense recognised in other comprehensive income in 2022 and 2021.

Deferred tax asset and liability were estimated at 15% rate in Lithuania as at 31 December 2022.

The movement in deferred tax assets and liabilities of the Group during 2022 is as follows:

	Balance as at 31 December 2021	**Recognised in the income statement**	**Transfer of tax losses within group**	**Transfer to disposal group classified as held for sale**	**Decon-solidation of subsidiary***	**Balance as at 31 December 2022**
Deferred tax asset						
Tax loss carry forward for indefinite period of time	606	228	3	-	(15)	822
Receivables	1	-	-	-	-	1
Accruals	209	42	-	(71)	-	180
Lease liabilities	209	1	-	-	-	210
Contract liabilities	227	29	-	(256)	-	-
Recognised deferred tax asset	1,252	300	3	(327)	(15)	1,213
Asset netted with liability of the same legal entities	(806)	(19)	-	69	15	(741)
Deferred tax asset, net	**446**	**281**	**3**	**(258)**	**-**	**472**
Deferred tax liability						
Property, plant and equipment (right of use assets)	(190)	(9)	-	1	-	(198)
Intangible assets	(132)	30	-	1	-	(101)
Investments at fair value through profit or loss	(3,528)	490	-	-	226	(2,812)
Costs to obtain contacts with customers	(99)	32	-	67	-	-
Deferred tax liability	(3,949)	543	-	69	226	(3,111)
Liability netted with asset of the same legal entities	806	19	-	(69)	(15)	741
Deferred tax liability, net	**(3,143)**	**562**	**-**	**-**	**211**	**(2,370)**
Deferred tax, net	**(2,697)**	**843**	**3**	**(258)**	**211**	**(1,898)**

* Subsidiary INVL Life UADB was consolidated in 2021, but it became unconsolidated subsidiary from 2022.

Deferred tax assets have not been recognised for tax losses carry forward for indefinite period of time of EUR 999 thousand (tax effect EUR 150 thousand) as at 31 December 2022.

(all amounts are in EUR thousand unless otherwise stated)

6 Income tax (cont'd)

Deferred tax asset and liability were estimated at 15% rate in Lithuania as at 31 December 2021.

The movement in deferred tax assets and liabilities of the Group during 2021 is as follows:

	Balance as at 31 December 2020	Recognised in the income statement	Transfer of tax losses within group	Balance as at 31 December 2021
Deferred tax asset				
Tax loss carry forward for indefinite period of time	793	(195)	8	606
Tax loss carry forward till 2021	26	(26)	-	-
Receivables	1	-	-	1
Accruals	127	82	-	209
Lease liabilities	212	(3)	-	209
Contract liabilities	181	46	-	227
Recognised deferred tax asset	1,340	(96)	8	1,252
Asset netted with liability of the same legal entities	(703)	(103)	-	(806)
Deferred tax asset, net	**637**	**(199)**	**8**	**446**
Deferred tax liability				
Property, plant and equipment (right of use assets)	(198)	8	-	(190)
Intangible assets	(164)	32	-	(132)
Investments at fair value through profit or loss	(1,640)	(1,888)	-	(3,528)
Undistributed profits of consolidated subsidiaries	-	-	-	-
Costs to obtain contacts with customers	(120)	21	-	(99)
Deferred tax liability	(2,122)	(1,827)	-	(3,949)
Liability netted with asset of the same legal entities	703	103	-	806
Deferred tax liability, net	**(1,419)**	**(1,724)**	**-**	**(3,143)**
Deferred tax, net	**(782)**	**(1,923)**	**8**	**(2,697)**

Deferred tax assets have not been recognised for tax losses carry forward for indefinite period of time of EUR 1,128 thousand (tax effect EUR 169 thousand) as at 31 December 2021.

(all amounts are in EUR thousand unless otherwise stated)

6 Income tax (cont'd)

The movement in deferred tax assets and liabilities of the Company during 2022 is as follows:

	Balance as at 31 December 2021	Recognised in the income statement	Transfer of tax losses	Balance as at 31 December 2022
Deferred tax asset				
Tax loss carry forward for indefinite period of time	222	101	3	326
Lease liabilities	15	(2)	-	13
Recognised deferred tax asset	237	99	3	339
Asset netted with liability of the same legal entities	(237)	(102)	-	(339)
Deferred tax asset, net	**-**	**(3)**	**3**	**-**
Deferred tax liability				
Property, plant and equipment (right of use assets)	(13)	1	-	(12)
Investments at fair value through profit or loss	(3,126)	447	-	(2,679)
Deferred tax liability	**(3,139)**	**448**	**-**	**(2,691)**
Liability netted with asset of the same legal entities	237	102	-	339
Deferred tax liability, net	**(2,902)**	**550**	**-**	**(2,352)**
Deferred tax, net	**(2,902)**	**547**	**3**	**(2,352)**

The movement in deferred tax assets and liabilities of the Company during 2021 is as follows:

	Balance as at 31 December 2020	Recognised in the income statement	Transfer of tax losses	Balance as at 31 December 2021
Deferred tax asset				
Tax loss carry forward for indefinite period of time	214	107	(99)	222
Tax loss carry forward till 2021	26	(26)	-	-
Lease liabilities	15	-	-	15
Recognised deferred tax asset	255	81	(99)	237
Asset netted with liability of the same legal entities	(255)	(81)	99	(237)
Deferred tax asset, net	**-**	**-**	**-**	**-**
Deferred tax liability				
Property, plant and equipment (right of use assets)	(13)	-	-	(13)
Investments at fair value through profit or loss	(1,619)	(1,507)	-	(3,126)
Deferred tax liability	**(1,632)**	**(1,507)**	**-**	**(3,139)**
Liability netted with asset of the same legal entities	255	81	(99)	237
Deferred tax liability, net	**(1,377)**	**(1,426)**	**(99)**	**(2,902)**
Deferred tax, net	**(1,377)**	**(1,426)**	**(99)**	**(2,902)**

(all amounts are in EUR thousand unless otherwise stated)

6 Income tax (cont'd)

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Profit before income tax	**15,918**	**39,595**	**16,119**	**38,879**
Tax calculated at the tax rate of 15 %	(2,388)	(5,939)	(2,418)	(5,832)
Non-taxable income - dividend income	779	618	759	615
Non-taxable income (expenses) – changes in fair value of financial assets	2,544	3,119	2,250	2,876
Non-taxable income (expenses) – impact of equity method	-	-	62	921
Other tax non-deductible (expenses) / non-taxable income	(201)	(117)	(103)	(6)
Deferred tax expenses arising from write-down, or reversal of a previous write-down, of deferred tax asset due to changes in probability to utilise it	19	19	-	-
The amount of benefit arising from previously unrecognised tax loss of a prior period that is used to reduce current tax expense	-	162	-	-
Other	43	22	(3)	-
Income tax credit (expenses) recorded in the income statement	796	(2,116)	547	(1,426)

7. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for 2022 and 2021 was as follows:

Calculation of weighted average for the year 2022	**Number of shares (thousand)**	**Par value (EUR)**	**Issued/365 (days)**	**Weighted average (thousand)**
Shares issued as at 31 December 2021	11,749	0.29	365/365	11,749
Increase of share capital as at 11 May 2022	69	0.29	234/365	44
Shares issued as at 31 December 2022	11,818	0.29	-	11,793

Calculation of weighted average for the year 2021	**Number of shares (thousand)**	**Par value (EUR)**	**Issued/365 (days)**	**Weighted average (thousand)**
Shares issued as at 31 December 2020	11,689	0.29	365/365	11,689
Increase of share capital as at 8 June 2021	60	0.29	206/365	34
Shares issued as at 31 December 2021	11,749	0.29	-	11,723

The following table reflects the income and share data used in the basic earnings per share computations:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
Net profit, attributable to the equity holders of the parent	16,666	37,453	16,666	37,453
Weighted average number of ordinary shares (thousand)	11,793	11,723	11,793	11,723
Basic earnings per share (EUR)	1.41	3.19	1.41	3.19

The following table reflects the share data used in the diluted earnings per share computations in 2022:

	Number of shares (thousand)	**Issued/365 (days)**	**Weighted average (thousand)**
Weighted average number of ordinary shares for basic earnings per share	-	-	11,793
Potential dilutive shares from share-based payment (granted on 11 August 2016)	24	365/365	24
Potential dilutive shares from share-based payment (granted on 6 May 2019, on 11 May 2022 share options exercised by issued of new shares)	68	131/365	24
Potential dilutive shares from share-based payment (granted on 25 May 2020)	56	365/365	56
Potential dilutive shares from share-based payment (granted on 1 July 2020)	70	365/365	70
Potential dilutive shares from share-based payment (granted on 10 May 2021)	63	365/365	63
Potential dilutive shares from share-based payment (granted on 31 May 2022)	37	214/365	22
Weighted average number of ordinary shares for diluted earnings per share	-	-	12,052

7. Earnings per share (cont'd)

The following table reflects the share data used in the diluted earnings per share computations in 2021:

	Number of shares (thousand)	**Issued/365 (days)**	**Weighted average (thousand)**
Weighted average number of ordinary shares for basic earnings per share	-	-	11,723
Potential dilutive shares from share-based payment (granted on 11 August 2016)	22	365/365	22
Potential dilutive shares from share-based payment (granted on 3 May 2018, on 8 June 2021 share options exercised by issued of new shares)	58	158/365	25
Potential dilutive shares from share-based payment (granted on 6 May 2019)	68	365/365	68
Potential dilutive shares from share-based payment (granted on 25 May 2020)	54	365/365	54
Potential dilutive shares from share-based payment (granted on 1 July 2020)	25	365/365	25
Potential dilutive shares from share-based payment (granted on 10 May 2021)	60	235/365	39
Weighted average number of ordinary shares for diluted earnings per share	-	-	11,956

The following table reflects the income data used in the diluted earnings per share computations in 2022 and 2021:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
Net profit, attributable to the equity holders of the parent	16,666	37,453	16,666	37,453
Weighted average number of ordinary and potential shares (thousand)	12,052	11,956	12,052	11,956
Diluted earnings per share (EUR)	1.38	3.13	1.38	3.13

8. Dividends per share

A dividend in respect of the year ended 31 December 2021 of EUR 0.65 per share, amounting to a total dividend of EUR 7,682 thousand, was approved at the annual general meeting on 30 April 2022.

In 2021 dividends were not declared.

Changes in liabilities arising from financing activities (dividends) are presented in the table below:

	Group/Company
	Dividends payable
As at 31 December 2020	**613**
Dividends paid to equity holders of the parent	(33)
Approved dividends	-
As at 31 December 2021	**580**
Dividends paid to equity holders of the parent	(7,520)
Approved dividends	7,682
As at 31 December 2022	**742**

(all amounts are in EUR thousand unless otherwise stated)

9. Property, plant and equipment

Group	Right-of-use assets (leased premises)	Other property, plant and equipment	Total
Cost:			
Balance as at 31 December 2020	1,886	516	2,402
Additions	267	86	353
Disposals and write-offs	-	-	-
Balance as at 31 December 2021	2,153	602	2,755
Additions	767	325	1,092
Disposals and write-offs	(677)	(19)	(696)
Balance as at 31 December 2022	2,243	908	3,151
Accumulated depreciation:			
Balance as at 31 December 2020	542	336	878
Charge for the year	331	77	408
Disposals and write-offs	-	-	-
Balance as at 31 December 2021	873	413	1,286
Charge for the year	439	111	550
Disposals and write-offs	(387)	(8)	(395)
Balance as at 31 December 2022	925	516	1,441
Net book value as at 31 December 2021	**1,280**	**189**	**1,469**
Net book value as at 31 December 2022	**1,318**	**392**	**1,710**

Company	Right-of-use assets (leased premises)	Other property, plant and equipment	Total
Cost:			
Balance as at 31 December 2020	126	99	225
Additions	20	1	21
Disposals and write-offs	-	-	-
Balance as at 31 December 2021	146	100	246
Additions	10	-	10
Disposals and write-offs	-	-	-
Balance as at 31 December 2022	156	100	256
Accumulated depreciation:			
Balance as at 31 December 2020	36	94	130
Charge for the year	19	2	21
Disposals and write-offs	-	-	-
Balance as at 31 December 2021	55	96	151
Charge for the year	23	2	25
Disposals and write-offs	-	-	-
Balance as at 31 December 2022	78	98	176
Net book value as at 31 December 2021	**91**	**4**	**95**
Net book value as at 31 December 2022	**78**	**2**	**80**

(all amounts are in EUR thousand unless otherwise stated)

9 Property, plant and equipment (cont'd)

The depreciation charge of the Group's and the Company's property, plant and equipment for the year 2022 amounts to EUR 550 thousand and EUR 25 thousand, respectively (in the year 2021 EUR 408 thousand and EUR 21 thousand, respectively). Any property, plant and equipment of the Group and the Company as at 31 December 2022 and 2021 was not have any encumbrance.

10. Intangible assets and costs to obtain contracts with customers

As at 31 December 2022 and 2021 this item of statement of financial position of the Group comprises:

Group	As at 31 December 2022	As at 31 December 2021
Intangible assets	427	2,677
Costs to obtain contracts with customers	-	2,541
Total	**427**	**5,218**

Intangible assets

Movement in the account of intangible assets is presented below:

Group	Goodwill	Funds' management rights	Software and other intangible assets	Total
Cost:				
Balance as at 31 December 2020	104	4,722	216	5,042
Additions	-	-	185	185
Disposals and write-offs	-	-	(1)	(1)
Balance as at 31 December 2021	104	4,722	400	5,226
Additions	-	-	40	40
Disposals and write-offs	-	-	-	-
To held for sale	(90)	(3,568)	(163)	(3,821)
Balance as at 31 December 2022	14	1,154	277	1,445
Accumulated amortisation:				
Balance as at 31 December 2020	-	2,027	82	2,109
Charge for the year	-	426	14	440
Impairment	-	-	1	1
Disposals and write-offs	-	-	(1)	(1)
Balance as at 31 December 2021	-	2,453	96	2,549
Charge for the year	-	403	80	483
Impairment	-	-	-	-
Disposals and write-offs	-	-	-	-
To held for sale	-	(1,973)	(41)	(2,014)
Balance as at 31 December 2022	-	883	135	1,018
Net book value as at 31 December 2021	**104**	**2,269**	**304**	**2,677**
Net book value as at 31 December 2022	**14**	**271**	**142**	**427**

(all amounts are in EUR thousand unless otherwise stated)

10 Intangible and costs to obtain contracts with customers assets (cont'd)

The amortisation charge of the Group's intangible assets for the year ended 31 December 2022 amounts to EUR 483 thousand (in the year 2021 EUR 440 thousand).

Main intangible assets of the Group are as at 31 December 2022:

- 2nd pillar pension funds. The funds' with carrying amount of EUR 1,545 thousand remaining estimated useful live is 6 years (presented within caption 'Assets of disposal group classified as held for sale'). The funds' with carrying amount of EUR 150 thousand remaining estimated useful live is 2 years and is related to Latvian entity.
- 3rd pillar pension funds. The funds' with carrying amount of EUR 50 thousand remaining estimated useful live is 1.75 - 5 years (presented within caption 'Assets of disposal group classified as held for sale').
- Private debt investment fund. Its carrying amount equals to EUR 121 thousand and remaining estimated useful live is 1.5 years.

Main intangible assets of the Group are as at 31 December 2021:

- 2nd pillar pension funds. The funds' with carrying amount of EUR 1,778 thousand remaining estimated useful live is 7 years. The funds' with carrying amount of EUR 226 thousand remaining estimated useful live is 3 years and is related to Latvian entity.
- 3rd pillar pension funds. The funds' with carrying amount of EUR 64 thousand remaining estimated useful live is 2.75 - 6 years.
- Private debt investment fund. Its carrying amount equals to EUR 201 thousand and remaining estimated useful live is 2.5 years.

Costs to obtain contracts with customers

Movement in the account of costs to obtain with customers is presented below:

	Group
Balance as at 1 January 2021	**2,447**
Additions	455
Amortisation	(361)
Balance as at 31 December 2021	**2,541**
Additions	435
Amortisation	(370)
Reclassification to assets of disposal group classified as held to sale	(2,606)
Balance as at 31 December 2022	**-**

(all amounts are in EUR thousand unless otherwise stated)

11. Financial instruments by category

Group	Financial assets at amortised cost	Assets at fair value through the profit or loss	Total
31 December 2022			
Assets as per statement of financial position			
Investments into unconsolidated subsidiaries	-	18,401	18,401
Investments into associates	-	25,975	25,975
Other non-current receivables	161	-	161
Trade and other receivables short term excluding tax receivables	5, 145	-	5,145
Financial assets at fair value through profit and loss	-	75,212	75,212
Cash and cash equivalents	3,609	-	3,609
Assets held for sale	873	6,809	7,682
Total	**9,788**	**126,397**	**136,185**

Group	Financial assets at amortised cost	Assets at fair value through the profit or loss	Total
31 December 2021			
Assets as per statement of financial position			
Investments into unconsolidated subsidiaries	-	22,997	22,997
Investments into associates	-	22,481	22,481
Trade and other receivables short term excluding tax receivables	3,815	-	3,815
Financial assets at fair value through profit and loss	-	68,116	68,116
Cash and cash equivalents	5,910	-	5,910
Total	**9,725**	**113,594**	**123,319**

Group	**31 December 2022**		**31 December 2021**	
Liabilities as per statement of financial position	Financial liabilities at amortised cost	Financial liabilities through the profit or loss	Financial liabilities at amortised cost	Financial liabilities through the profit or loss
Borrowings	3,300	-	-	-
Trade payables	376	-	399	-
Lease liabilities	1,402	-	1,411	-
Other current payables excluding tax payables and employee benefit payables	892	-	984	-
Liabilities held for sale	124	-	-	-
Total	**6,094**	**-**	**2,794**	**-**

(all amounts are in EUR thousand unless otherwise stated)

11 Financial instruments by category (cont'd)

Company	Financial assets at amortised cost	Assets at fair value through the profit or loss	Total
31 December 2022			
Assets as per statement of financial position			
Investments into unconsolidated subsidiaries	-	52,812	52,812
Investments into associates	-	25,975	25,975
Trade and other receivables	2,582	-	2,582
Financial assets at fair value through profit or loss	-	37,936	37,936
Cash and cash equivalents	372	-	372
Total	**2,954**	**116,723**	**119,677**

Company	Financial assets at amortised cost	Assets at fair value through the profit or loss	Total
31 December 2021			
Assets as per statement of financial position			
Investments into unconsolidated subsidiaries	-	22,997	22,997
Investments into associates	-	22,481	22,481
Trade and other receivables	433	-	433
Financial assets at fair value through profit or loss	-	51,496	51,496
Cash and cash equivalents	716	-	716
Total	**1,149**	**96,974**	**98,123**

Company	**31 December 2022**	**31 December 2021**
Liabilities as per statement of financial position	Financial liabilities at amortised cost	
Borrowings	3,300	-
Lease liabilities	86	100
Trade payables	34	50
Other current payables excluding tax payables and employee benefit payables	759	645
Total	**4,179**	**795**

12. Fair value estimation

Financial instruments that are not carried at fair value

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, borrowings, trade and other payables.

The fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The carrying amount of the cash and cash equivalents, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2022 and 2021 approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of borrowings of the Group and the Company as at 31 December 2022 approximated their fair value. Bank borrowings have floating interest rate (3 months EURIBOR) and were negotiated recently, therefore their interest rate represents the current market rate. The fair values of borrowings are based on discounted cash flows using a current interest rate. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs, including own credit risk.

Financial instruments carried at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs with a significant effect on the recorded fair value not based on observable market data.

Unconsolidated subsidiaries and associates are measured at fair value through profit or loss.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on arm's length basis. The quoted market price used for financial assets held by the Group and Company is the measurement date exchange closing price.

The level 2 instruments are investments to collective investment undertakings and entities, where fair value is measured as fair value of net assets value, which is based only on observable inputs. Therefore, collective investment undertakings and these entities have invested only to securities which are measured as Level 1 instruments, and have only cash, current liabilities, which carrying amount approximate to fair value.

The valuation of Level 3 instruments is performed by the Company's employees, analysts, every quarter. The value is estimated as at the last day of quarter. The management of the Company review the valuations prepared by analysts.

In 2021 facility management entities is measured according to signed sale agreement (Note 3).

In 2022 and 2021 the Group has determined net assets value as difference between assets and liabilities, measured using combination of income and market approach, for valuation of investments into UAB Litagra (agriculture activity). Discounted cash flows technique was used for income approach. Value of land was determined by using market approach. The cash flows were adjusted by rent costs of owned land. The final value of investments was determined by combining value of subgroups, land owned by group of UAB Litagra and other item of assets and liabilities of holding entity to determine net assets value. In 2022 and 2021 substantially all land was valued by external asset valuators.

Agricultural activities include the primary crop and livestock (milk) production, feed production and grain processing and poultry farming. UAB Litagra is holding company which directly and indirectly owned shares of multiple entities which for valuation are divided into two subgroups. It was prepared separate cash flows for each subgroup and used different discount rate. One subgroup comprises the primary crop and livestock (milk) production. Second subgroup comprises feed production and grain processing and poultry farming.

UAB Kelio Ženklai was measured according to fair value of its assets and liabilities. The main assets - buildings - of UAB Kelio Ženklai were valued using sales comparison method. On the assessment the value of UAB Kelio Ženklai reflects its net assets value. After disposal in 2022 and 2021 the Company measured granted loan to UAB Kelio Ženklai at the same techniques as in 2020 were measured shares and granted loan together.

Investments to unconsolidated subsidiary INVL Life UADB measured at fair value as the sum of fair value of investments to life insurance activities (Level 3), of investments to bank, real estate and information technology sector (Level 1), of investments to UAB Litagra (Level 3), of investments to investment entity UAB Cedus Invest (Level 2) and of investments to BSGF (Level 3).

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

Life insurance activities are measured at fair value according to transaction price agreed in the agreement on the merger of part of the retail businesses with AB Šiaulių Bankas (Notes 2.29 and 23). The Group has also prepared valuation by using discounted cash flows method (embedded value) to check transaction price. The value determined was close to the value according to the agreement.

Investments into UAB MD Partners are measured as fair value of net assets value of entity, where main indirectly owned assets – investment into MAIB bank – are measured using price to earnings (P/E) and P/BV multiplier technique of comparable banks from the Central and Eastern Europe (11 peers are selected in 2022 and 13 peers are selected in 2021) and applying discount. Discount reflects lack of marketability and country and MAIB risk . Structure of investments into MAIB is described in Note 1. The Company indirectly has 7.9% shares of MAIB. There were also some cash and liabilities at the level intermediate entities UAB MD Partners and HEIM Partners Limited.

Dormant entities are measured according to its equity, because they have only cash and current liabilities.

The Group and the Company have also invested into collective investment undertakings, which main assets are Level 3 financial instruments. These investments are valued at net assets value of collective investment undertakings, which are measured at fair value and communicated to investor by the management entity of collective investment undertakings. Investments of collective investment undertakings are measured EBITDA and Revenue multiplier technique or by using discounted cash flows technique.

The following table represents inputs and fair value valuation techniques of unconsolidated subsidiaries, associates and other investments used by the Company and the Group as at 31 December 2022:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Life insurance (part of INVL Life UADB) (Level 3)	6,809	Fair value of net assets (insurance portfolio measured according to transaction price)	-	-
		Discounted cash flows	Discount rate	16.1%
			Required solvency ratio	160%
Agriculture (UAB Litagra) (Level 3)	21,932	Fair value of net assets determined by using combination of discounted cash flows and sales comparison method	EBITDA margin	5%-7% and 14-21%
			Discount rate	10.89% and 11.17%
			Terminal growth rate	1%
			Average value of 1 ha of land, EUR	6,826
Road signs production, wood manufacturing (UAB Kelio Ženklai) (Level 3)	384	Fair value of net assets	-	-
Investment entity (UAB MD partners, investment into MAIB (banking activities))* (Level 3)	16,830	Comparable companies in the market	P/BV	1.12
			P/E	7.20
			Net profit, EUR million	45.6
			Equity, EUR million	325.1
			Discount for lack of marketability and country and MAIB risk	38%
Investment entity (UAB Cedus Invest) (Level 2)	1,479	Fair value of net assets	-	-
Dormant SPEs (Level 2)	92	Fair value of net assets	-	-
BSGF (Level 3)	29,113	Fair value of net assets determined by using discounted cash flows	Discount rate	10.3%-16.3%
			Terminal growth rate	2%
			EBITDA margin	2-16%
INVL Sustainable Timberland and Farmland Fund II (investment is held by consolidated subsidiary) (Level 3)	4,656	Fair value of net assets determined by using discounted cash flows	Discount rate	5-5.5%
			Annual inflation rate	2%

* In 2022 the discount for lack of marketability and political risk of MAIB and of country has been revised. The total discount rate was reduced from 49% to 38% mainly due to expectation to have the bank's initial public offering in 2023.

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

The following table represents inputs and fair value valuation techniques of unconsolidated subsidiaries and associates used by the Company and the Group as at 31 December 2021:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Facility management (UAB Inservis, UAB Įmonių Grupė Inservis*) (Level 3)	7,244	Transaction price	-	-
Agriculture (UAB Litagra) (Level 3)	18,079	Fair value of net assets determined by using combination of discounted cash flows and sales comparison method	EBITDA margin	5%-6% and 16%-17%
			Discount rate	7.09% and 7.48%
			Terminal growth rate	1%
			Average value of 1 ha of land, EUR	6,213
Road signs production, wood manufacturing (UAB Kelio Ženklai) (Level 3)	277	Fair value of net assets	-	-
Investment entity (UAB MD partners, investment into MAIB (banking activities))** (Level 3)	15,723	Comparable companies in the market	P/BV	1.28
			P/E	11.88
			Net profit, EUR million	34.5
			Equity, EUR million	271
			Discount for lack of marketability and country and MAIB risk	49%
Investment entity (UAB Cedus Invest) (Level 2)	19	Fair value of net assets	-	-
Dormant SPEs (Level 2)	11	Fair value of net assets	-	-
BSGF (Level 3)	15,597	Fair value of net assets determined by using discounted cash flows	Discount rate	9.46%-10.8%
			Terminal growth rate	1%
			EBITDA margin	3.7-16%
INVL Sustainable Timberland and Farmland Fund II (investment is held by consolidated subsidiary) (Level 3)	2,129	Fair value of net assets determined by using discounted cash flows	Discount rate	5-5.25%
			Annual inflation rate	2-4.75%

*Valuation of UAB Įmonių Grupė Inservis include indirectly owned unconsolidated subsidiaries - UAB Priemiestis, UAB Jurita, UAB Informacinio Verslo Paslaugų Įmonė, SIA Inservis and dormant UAB IPP Integracijos Projektai.

** In 2021 the discount for lack of marketability and political risk of MAIB and of country has been revised. The total discount rate was reduced from 60% to 49% mainly due to reduction in estimated political risk. The reduction in political risk relates to positive changes in Moldavian political environment (election of pro-European President and Government) and approved plan for the bank's initial public offering.

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

The table below presents the effect of changing one or more those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions:

Profile of activities	Unobservable inputs	Reasonable possible shift +/- (absolute value/bps/%)	Change in Valuation +/-	
			As at 31 December 2022	As at 31 December 2021
Life insurance (part of INVL Life UADB) (Level 3)	Discount rate	100 bps	(372)/1,288	-
	Required solvency ratio	10%	(834)/1,685	-
Agriculture (UAB Litagra) (Level 3)	Change in average value of 1 ha of land	1%	133/(133)	116/(116)
	Discount rate	100 bps	(2,160)/2,624	(1,963)/2,684
	Terminal growth rate	50 bps	829/(751)	949/(811)
Investment entity (UAB MD partners, investment into MAIB (banking activities)) (Level 3)	P/BV	0.1	799/(799)	549/(549)
	P/E	0.5	546/(546)	367/(367)
	Net profit, EUR thousand	5%	451/(451)	478/(478)
	Discount for lack of marketability and country risk	100 bps	(270)/270	(306)/306
BSGF (Level 3)	Discount rate	200 bps	(6,946)/10,062	(4,814)/6,891
	Terminal growth rate	100 bps	3,227/(2,636)	392/(1,277)
	EBITDA margin	100 bps	6,964/(7,029)	3,218/(3,524)
INVL Sustainable Timberland and Farmland Fund II (investment is held by consolidated subsidiary) (Level 3)	Discount rate	100 bps	(2,281)/3,781	(1,386)/2,472
	Annual inflation rate	100 bps	3,898/(2,335)	2,518/(1,389)

(all amounts are in EUR thousand unless otherwise stated)

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022:

	Level 1	Level 2	Level 3	Total balance
Assets				
Unconsolidated subsidiaries				
- Bank sector	-	-	16,830	16,830
- Life insurance sector*	-	-	6,809	6,809
- Other activities	-	1,571	-	1,571
Associates				
- Agriculture	-	-	21,932	21,932
- Real estate	4,043	-	-	4,043
Financial assets at fair value through profit or loss				
- Information technology	4,529	-	-	4,529
- Bank sector	33,154	1,048	-	34,202
- Other ordinary shares	-	2	445	447
- Collective investment undertakings - funds	-	1,218	34,432	35,650
- Other activities (loans granted)	-	-	384	384
Total Assets	**41,726**	**3,839**	**80,832**	**126,397**
Liabilities	**-**	**-**	**-**	**-**

*Presented within caption 'Assets of disposals group classified as held for sale' in the statement of financial position of the Group.

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2022:

	Level 1	Level 2	Level 3	Total balance
Assets				
Unconsolidated subsidiaries				
- Bank sector	8,066*	-	16,830	24,896
- Life insurance sector	-	-	6,809*	6,809
- Information technology	4,047*	-	-	4,047
- Other activities	-	1,571	15,489*	17,060
Associates				
- Agriculture	-	-	21,932	21,932
- Real estate	4,043	-	-	4,043
Financial assets at fair value through profit or loss				
- Bank sector	22,378	1,048	-	23,426
- Other ordinary shares	-	2	445	447
- Collective investment undertakings - funds	-	-	13,679	13,679
- Other activities (loans granted)	-	-	384	384
Total Assets	**38,534**	**2,621**	**75,568**	**116,723**
Liabilities	**-**	**-**	**-**	**-**

*All these amounts are presented within caption 'Investments into subsidiaries' in the statements of the financial position of the Company. They represents separate part of the investments held by unconsolidated subsidiary INVL Life UADB.

(all amounts are in EUR thousand unless otherwise stated)

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1	Level 2	Level 3	Total balance
Assets				
Unconsolidated subsidiaries				
- Facilities management	-	-	7,244	7,244
- Bank sector	-	-	15,723	15,723
- Other activities	-	30	-	30
Associates				
- Agriculture	-	-	18,079	18,079
- Real estate	4,402	-	-	4,402
Financial assets at fair value through profit or loss				
- Information technology	5,745	-	-	5,745
- Bank sector	37,039	1,575	-	38,614
- Other ordinary shares	-	2	445	447
- Collective investment undertakings - funds	-	2,778	18,016	20,794
- Agriculture (loans granted)	-	-	2,239	2,239
- Other activities (loans granted)	-	-	277	277
Total Assets	**47,186**	**4,385**	**62,023**	**113,594**
Liabilities	**-**	**-**	**-**	**-**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1	Level 2	Level 3	Total balance
Assets				
Unconsolidated subsidiaries				
- Facilities management	-	-	7,244	7,244
- Bank sector	-	-	15,723	15,723
- Other activities	-	30	-	30
Associates				
- Agriculture	-	-	18,079	18,079
- Real estate	4,402	-	-	4,402
Financial assets at fair value through profit or loss				
- Information technology	5,134	-	-	5,134
- Bank sector	24,825	1,575	-	26,400
- Other ordinary shares	-	2	445	447
- Collective investment undertakings - funds	-	1,370	15,629	16,999
- Agriculture (loans granted)	-	-	2,239	2,239
- Other activities (loans granted)	-	-	277	277
Total Assets	**34,361**	**2,977**	**59,636**	**96,974**
Liabilities	**-**	**-**	**-**	**-**

During 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

(all amounts are in EUR thousand unless otherwise stated)

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

Financial instruments in Level 3 (cont'd)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The following table presents the changes in Level 3 instruments of the Group for the period ended 31 December 2022:

	Facilities management	Agri-culture	Bank sector (MAIB)	Other activities	Life insurance	Collective investment undertakings	Total
Balance at 31 December 2021	**7,244**	**20,318**	**15,723**	**722**	**-**	**18,016**	**62,023**
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	(3,829)	3,852	1,107	107	5,763	11,015	18,015
Loans granted	-	2,234	-	-	-	-	2,234
Interest charged	-	51	-	37	-	-	88
Loans repaid and interest paid	-	(4,523)	-	(37)	-	-	(4,560)
Deemed cost of unconsolidated subsidiary	-	-	-	-	808	-	808
Acquisition	-	-	-	-	238	5,409	5,647
Decrease of share capital	(302)	-	-	-	-	-	(302)
Disposal	(3,030)	-	-	-	-	(8)	(3,038)
Reclassification to Level 2 instruments	(83)	-	-	-	-	-	(83)
Balance at 31 December 2022	**-**	**21,932**	**16,830**	**829**	**6,809**	**34,432**	**80,832**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(3,901)	3,852	1,107	-	5,763	11,015	17,836

The following table presents the changes in Level 3 instruments of the Company for the period ended 31 December 2022:

	Facilities management	Agri-culture	Bank sector (MAIB)	Other activities	Life insurance	Collective investment undertakings	Total
Balance at 31 December 2021	**7,244**	**20,318**	**15,723**	**722**	**-**	**15,629**	**59,636**
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	(3,829)	3,852	1,107	107	5,763	8,892	15,892
Loans granted	-	-	-	-	-	-	-
Interest charged	-	4	-	37	-	-	41
Loans repaid and interest paid	-	(2,242)	-	(37)	-	-	(2,279)
Deemed cost of unconsolidated subsidiary	-	-	-	-	808	-	808
Acquisition	-	-	-	-	238	4,647	4,885
Decrease of share capital	(302)	-	-	-	-	-	(302)
Disposal	(3,030)	-	-	-	-	-	(3,030)
Reclassification to Level 2 instruments	(83)	-	-	-	-	-	(83)
Balance at 31 December 2022	**-**	**21,932**	**16,830**	**829**	**6,809**	**29,168**	**75,568**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(3,901)	3,852	1,107	-	5,763	8,892	15,713

(all amounts are in EUR thousand unless otherwise stated)

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

Financial instruments in Level 3 (cont'd)

The following table presents the changes in Level 3 instruments of the Group for the period ended 31 December 2021:

	Facilities management	Agriculture	Bank sector (MAIB)	Other activities	Collective investment undertakings	Total
Balance at 31 December 2020	**5,775**	**18,085**	**7,352**	**742**	**8,276**	**40,230**
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	1,469	(6)	8,371	171	9,064	19,069
Loans granted	-	2,234	-	453	-	2,687
Interest charged	-	5	-	26	-	31
Interest paid	-	-	-	(26)	-	(26)
Acquisition	-	-	-	-	1,064	1,064
Disposal	-	-	-	(644)	(388)	(1,032)
Balance at 31 December 2021	**7,244**	**20,318**	**15,723**	**722**	**18,016**	**62,023**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	1,469	(6)	8,371	171	9,064	19,069

The following table presents the changes in Level 3 instruments of the Company for the period ended 31 December 2021:

	Facilities management	Agriculture	Bank sector (MAIB)	Other activities	Collective investment undertakings	Total
Balance at 31 December 2020	**5,775**	**18,085**	**7,352**	**742**	**7,548**	**39,502**
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	1,469	(6)	8,371	171	7,587	17,592
Loans granted	-	2,234	-	453	-	2,687
Interest charged	-	5	-	26	-	31
Interest paid	-	-	-	(26)	-	(26)
Acquisition	-	-	-	-	553	553
Disposal	-	-	-	(644)	(59)	(703)
Balance at 31 December 2021	**7,244**	**20,318**	**15,723**	**722**	**15,629**	**59,636**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	1,469	(6)	8,371	171	7,587	17,592

(all amounts are in EUR thousand unless otherwise stated)

12 Fair value estimation (cont'd)

Financial instruments carried at fair value (cont'd)

Financial instruments in Level 3 (cont'd)

The following table presents the changes in the contingent consideration (Level 3 financial liability measurement) of the Group for the period ended 31 December 2021 and 2022:

	2022	2021
Balance at 1 January	**-**	**(18)**
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	-	-
Paid	-	18
Balance at 31 December	**-**	**-**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-

13. Financial assets at fair value through profit or loss

	Group		Company	
	2022	2021	2022	2021
Financial assets at fair value through profit or loss (excluding held-for-trading)				
Ordinary shares – quoted	37,683	42,784	22,378	29,959
Derivatives (forward)	1,048	1,575	1,048	1,575
Investment funds units	35,649	20,793	13,678	16,998
Ordinary shares - unquoted	448	448	448	448
Loans granted	384	2,516	384	2,516
Total financial assets at fair value through profit or loss	75,212	68,116	37,936	51,496
Non-current financial assets at fair value through profit or loss	74,197	63,335	37,936	47,887
Current financial assets at fair value through profit or loss	1,015	4,781	-	3,609

Investing in AB Šiaulių bankas

On 22 December 2021 the Company signed a Share Purchase-Sale Agreement with the European Bank for Reconstruction and Development (EBRD). The parties agreed that the Company will directly and/or indirectly acquire from EBRD 35,240,296 shares of AB Šiaulių bankas by 31 May 2024 at the latest. The shares will not be acquired all at once, but in instalments, in separate tranches. The parties have agreed that the initial price for AB Šiaulių bankas shares is EUR 0.633 per share and it will be recalculated during every payment considering dividends paid or other changes in capital by AB Šiaulių bankas, as well as 5% annual interest calculated from the date of signing the agreement. On 29 December 2021 the consolidated subsidiary INVL Life UAB completed first tranche by acquiring 11,772,840 shares for the total amount of EUR 7,459 thousand. The agreement provides that if the shares acquired under this agreement within 18 months. after their acquisition, would be disposed , 50% of the earned gain must be paid to the EBRD. However, when selling the shares of AB Šiaulių bankas, it is primarily considered that the shares held by the Group prior to the agreement are being sold. No profit-sharing is foreseen from them.

After first tranche the Group owns 8.1% of the shares of AB Šiaulių bankas. After signing an agreement on the merger of part of the retail businesses and the completion of merger and planned share acquisitions from EBRD, the Group equity stake in AB Šiaulių Bankas will increase from the current approximately 8% holding to approximately 20%.

As at 31 December 2022 and 2021 the Company has recognised forward (derivative) at fair value of EUR 1,048 thousand and EUR 1,575 thousand, respectively, as consequence of obligation to purchase shares in the future. 11,772,840 shares of AB Šiaulių bankas, owned by the Company was pledged to EBRD to secure obligation of mentioned above agreement (as at 31 December 2022 carrying amount – EUR 8,076 thousand, as at 31 December 2021 carrying amount – EUR 8,959 thousand).

In 2021 the Company has sold for EUR 249 thousand the 0.05% of shares of AB Šiaulių bankas to INVL Life UADB. The settlement was deferred and was set-offed in January 2022 by increasing of share capital of INVL Life UADB. In 2022 INVL Life UADB has sold for EUR 238 thousand the 0.06% of shares of AB Šiaulių bankas on the regulated market through the Nasdaq Vilnius Stock Exchange.

(all amounts are in EUR thousand unless otherwise stated)

13 Financial assets at fair value through profit or loss (cont'd)

Investing into a closed-end private equity fund INVL Baltic Sea Growth Fund

The Management Board of the Company on 5 February 2019 approved entering into INVL Baltic Sea Growth Fund Partnership Agreement and a Subscription Agreement related to investment in the closed-end private equity fund INVL Baltic Sea Growth Fund (hereinafter – BSGF), which is managed by consolidated subsidiary UAB INVL Asset Management. The Company has committed to invest EUR 20,124 thousand in BSGF. It is provided that the capital committed to the fund will be called in stages, for the execution of specific transactions. After the investment in BSGF is made, the Company undertakes not to invest in private equity assets that comply with the fund's strategy and to conduct its main investment activity through this fund.

After final closing the Company has owned 12.2% of fund units. During 2021 the Company has transferred EUR 521 thousand of cash into BSGF. During 2022 the Company has transferred EUR 4,624 thousand of cash into BSGF. The outstanding capital commitment to BSGF is EUR 7,633 thousand. In 2022 the Company has sold for EUR 11,085 thousand part of investments of BSGF to unconsolidated subsidiary INVL Life UADB and set-off part of receivables with liability for increased share capital of INVL Life UADB. Other part consideration is remained not paid and presented within 'trade and other receivables'.

In 2021 the Group and the Company have additionally invested EUR 3,224 thousand and EUR 1,523 thousand by cash into other financial assets at fair value through profit or loss, respectively, and have sold them for EUR 2,925 and EUR 1,417 thousand by cash, respectively.

In 2022 the Group and the Company have additionally invested EUR 786 thousand and EUR 23 thousand by cash into other financial assets at fair value through profit or loss, respectively, and have sold them for EUR 1,376 and EUR 1,367 thousand by cash, respectively.

14. Loans granted

As at 31 December 2021 the Group's and the Company's loans granted with nominal value of EUR 682 thousand were impaired and fully provided for from the year of 2009. As impact of applying of IFRS 9 the loan granted is written-off, but are still subject to enforcement activity. In 2022 the bankruptcy of the entity, to which loans is granted, was finished, entity was liquidated, the Group and the Company has not received any inflows. Therefore, the granted loan was written-off juridically and enforcement activity is ended.

15. Trade, other receivables and contract assets

	Group		Company	
	2022	**2021**	**2022**	**2021**
Trade and other receivables, gross	5,153	3,823	2,582	373
Dividends receivable (including receivable form share capital decrease)	-	-	-	60
Taxes receivable, gross	21	3	-	-
Contract assets	128	1,316	-	-
Less: allowance for doubtful trade and other receivables	(8)	(8)	-	-
	5,294	5,134	2,582	433

Changes in allowance for doubtful trade and other receivables for the year 2022 and 2021 have been included within 'Provision for impairment of financial and contract assets' expenses in the income statement. Trade and other receivables are non-interest bearing and are generally on 10–30 days terms. Receivables from related parties are disclosed in more details in Note 27.

Movements in the allowance for accounts receivable of the Group and the Company were as follows:

	Group	Company
Balance as at 31 December 2020	8	-
Charge for the year	-	-
Write-off	-	-
Reversal of amounts previously impaired	-	-
Balance as at 31 December 2021	8	-
Charge for the year	-	-
Write-off	-	-
Reversal of amounts previously impaired	-	-
Balance as at 31 December 2022	8	-

(all amounts are in EUR thousand unless otherwise stated)

15 Trade, other receivables and contract assets (cont'd)

The credit risk exposure of trade and other receivables and contract assets of the Group can be assessed on the ageing analysis disclosed below:

	Current	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
As at 31 December 2022						
Trade and other receivables, gross	5,145	-	-	-	8	5,153
Contract assets	128	-	-	-	-	128
Expected credit losses	-	-	-	-	(8)	(8)
Trade and other receivable and contact assets net of expected credit losses	**5,273**	**-**	**-**	**-**	**-**	**5,273**
As at 31 December 2021						
Trade and other receivables, gross	3,755	-	-	-	68	3,823
Contract assets	1,316	-	-	-	-	1,316
Expected credit losses	-	-	-	-	(8)	(8)
Trade and other receivable and contract assets net of expected credit losses	**5,071**	**-**	**-**	**-**	**60**	**5,131**

The credit quality of trade and other receivables of the Company can be assessed on the ageing analysis disclosed below:

	Current	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
As at 31 December 2022						
Trade and other receivables, gross	2,582	-	-	-	-	2,582
Expected credit losses	-	-	-	-	-	-
Trade and other receivable net of expected credit losses	**2,582**	**-**	**-**	**-**	**-**	**2,582**
As at 31 December 2021						
Trade and other receivables, gross	373	-	-	-	60	433
Expected credit losses	-	-	-	-	-	-
Trade and other receivable net of expected credit losses	**373**	**-**	**-**	**-**	**60**	**433**

EUR 60 thousand is remaining dividends receivable from unconsolidated subsidiary, which were settled in 2022 after completion of sales of facilities management entities.

(all amounts are in EUR thousand unless otherwise stated)

16. Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
Cash at bank	3,609	5,910	372	716
Cash at bank attributed to disposal group classified held for sale (Note 23)	309	-	-	-
	3,918	5,910	372	716

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group's and the Company's cash and cash equivalents did not have any encumbrance.

As at 31 December 2022 and 2021, the Group and the Company had previous term deposits at insolvent AB Bankas Snoras with the maturity of more than 3 months, which are fully provided for and as impact of IFRS 9 is written-off as at 1 January 2018, but are still subject to enforcement activity (gross amount EUR 3,122 thousand).

All cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

The credit quality of cash can be assessed by reference to external credit ratings of the banks:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Moody's ratings				
Prime-1	2,150	1,877	114	112
Prime-2	1,768	4,033	258	604
Prime-3	-	-	-	-
	3,918	5,910	372	716

17. Share capital, share premium and own shares

The total authorised number of ordinary shares is 12,048,052 (as of 31 December 2021: 11,978,573 shares) with a par value of EUR 0.29 per share. All issued shares are fully paid.

Changes during 2021

On 8 June 2021 the Register of Legal Entities has registered an increased authorized capital of the Company. Since that date the total number of issued shares is 11,978,573 with a par value of EUR 0.29 per share. Authorized share capital of the Company is amounted to EUR 3,473,786.17. It was issued 59,674 ordinary registered shares with an issue price of EUR 0.29. The shares were issued in order to realize the stock options granted in 2018 to the employees of the Group. EUR 0.20 per share was paid in cash and EUR 0.09 per share was settled from reserve for the grant of shares. Therefore, the share capital is increased by EUR 18 thousand and reserve for the grant of shares was decrease by EUR 5 thousand.

Changes during 2022

On 11 May 2022 the Register of Legal Entities has registered an increased authorised capital of the Company. Since that date the total number of issued shares is 12,048,052 with a par value of EUR 0.29 per share. Authorised share capital of the Company is amounted to EUR 3,493,935.08. It was issued 69,479 ordinary registered shares with an issue price of EUR 0.29. The shares were issued in order to realise the stock options granted in 2019 to the employees of the Group. EUR 0.20 per share was paid in cash and EUR 0.09 per share was settled from reserve for the grant of shares. The share capital was increased of EUR 20 thousand and reserve to grant the shares was reduced of EUR 6 thousand.

(all amounts are in EUR thousand unless otherwise stated)

18. Reserves

The movements in legal and other reserves are as follows:

Group	Legal reserve	Reserve for the acquisition of own shares	Reserve for the grant of shares	Share based payments reserve	Total
As at 31 December 2020	**619**	**10,817**	**900**	**957**	**13,293**
Transfer to reserves	90	-	-	(236)	(146)
Share-based payments	-	-	-	584	584
Increase of share capital (share option exercised)	-	-	(5)	-	(5)
As at 31 December 2021	**709**	**10,817**	**895**	**1,305**	**13,726**
Transfer to reserves	238	-	-	(329)	(91)
Share-based payments	-	-	-	585	585
Increase of share capital (share option exercised)	-	-	(6)	-	(6)
As at 31 December 2022	**947**	**10,817**	**889**	**1,561**	**14,214**

Reserves of the Company is the same as in the Group, except the legal reserve, which is amounted to EUR 473 thousand as at 31 December 2021 and 2022.

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

Reserve for the acquisition of own shares

Reserve for the acquisition of own shares is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations. It can be formed by shareholders' decision at the Annual Shareholders Meeting from the profit available for distribution. The reserve cannot be used to increase the share capital. The reserve does not change when Company acquires own shares, but is utilised when own shares are cancelled. The shareholders can decide to transfer unused amounts of the reserve back to retained earnings at the Annual Shareholders Meeting.

Reserve for the grant of shares

Reserve for the grant of shares is formed when shares are granted by issuing a new share emission. The amount of the reserve for the grant of shares shall not be less than the sum of the emission price of the shares issued when the shares are granted free of charge, and (or) difference between the sum of the emission price of the shares issued and the sums paid by the persons acquiring the shares, when the shares are granted partly in consideration.

(all amounts are in EUR thousand unless otherwise stated)

18 Reserves (cont'd)

Share-based payments reserve

The share-based payment transactions reserve is used to recognise the value of equity-settled share-based payment transactions provided to employee of the Group.

The Company every year offered to employees of the Group the share options transaction. With some key employees of the consolidated subsidiaries is signed formal agreement, which determined principle of bonus remuneration to them. In these agreements the employee have choice to receive fixed cash or share options. In two consolidated subsidiaries exist bonus plans, where employees could choose share options as alternative to fixed cash after issuing audited financial statements. The choice of employee is irrevocable. In all above mentioned cases, the quantity of share option is calculated as division fixed cash amount to share option value. Latter is calculated as difference between audited consolidated equity per share at year-end or share price at year-end, which is higher, and option exercise price. The main conditions of share options transactions were:

- The employee has the right to acquire the shares after three years after conclusion of the share options agreements, early exercising is not allowed;
- Option exercise price – EUR 1;
- Some transactions have service vesting condition. The right to acquire share in the part of transactions come in to force in future in three years, if the employment contract is not terminated until mentioned dates.
- When the time to exercise is matures the right to acquire the shares will be realized by selling of own shares of the Company or by offering to sign newly issued shares of the Company to employee;
- The options could not be sold.

The value of share-based payments was calculated using the Black-Scholes formula. For volatility input is used historical shares volatility on exchange.

Set out below are summaries of options granted by the Company:

	Number of options, thousand	
	2022	**2021**
Balance as at 1 January	**451**	**446**
Granted during year	41	66
Change in accrued number for rendered services at year-end	-	-
Forfeited	(2)	(1)
Exercised	(69)	(60)
Balance as at 31 December	**421**	**451**
Vested and exercisable at 31 December	165	172

In June 2022 the Group employees exercised share options granted in 2019 by acquiring new issued shares of the Company for EUR 0.20 per share. Exercise price was decreased from EUR 1 to EUR 0.20 to reflect approved and paid dividends of EUR 0.80 per share. The share price at the date of exercise of share options was EUR 12.3.

In June 2021 the Group employees exercised share options granted in 2018 by acquiring new issued shares of the Company for EUR 0.20 per share. Exercise price was decreased from EUR 1 to EUR 0.20 to reflect approved and paid dividends of EUR 0.80 per share. The share price at the date of exercise of share options was EUR 9.5.

18 Reserves (cont'd)

Share-based payments reserve (cont'd)

Share options outstanding at the end of the year have following expiry dates and inputs to measure fair value:

As at 31 December 2022	Expiry date	Share options, thousand	Share price	Volatility	Expected dividend yield	Risk-free interest rate	Fair value of share option
Granted on 11 August 2016	30 April 2023	25	4.00	40.87%	0%	(0.422%)	3.06
Granted on 25 May 2020	25 May 2023	58	6.75	30.74%	0%	(0.675%)	5.73
Granted on 1 July 2020	15 July 2023	232	7.00	30.76%	0%	(0.667%)	0.71
Granted on 10 May 2021	10 May 2024	65	9.40	30.03%	0%	(0.692%)	8.38
Granted on 31 May 2022	31 May 2025	41	12.10	31.26%	0%	0.657%	11.12
Total	**-**	**421**	**-**	**-**	**-**	**-**	**-**

As at 31 December 2021	Expiry date	Share options, thousand	Share price	Volatility	Expected dividend yield	Risk-free interest rate	Fair value of share option
Granted on 11 August 2016	30 April 2023	25	4.00	40.87%	0%	(0.422%)	3.06
Granted on 6 May 2019	6 May 2022	69	5.65	30.90%	0%	(0.566%)	4.63
Granted on 25 May 2020	25 May 2023	59	6.75	30.74%	0%	(0.675%)	5.73
Granted on 1 July 2020	15 July 2023	232	7.00	30.76%	0%	(0.667%)	0.71
Granted on 10 May 2021	10 May 2024	66	9.40	30.03%	0%	(0.692%)	8.38
Total	**-**	**451**	**-**	**-**	**-**	**-**	**-**

In 2022 and 2021 the share-based payment expenses were recognised in the income statement of the Company and the Group within "Employee benefits expenses" as the fair value of share options. In 2022 and 2021 the Group recognized EUR 479 thousand and EUR 216 thousand of expenses from equity settled share-based payment transaction, respectively. In 2022 and 2021 on the Group level liability of EUR 116 thousand and EUR 368 thousand was reclassified to the share based payment reserve, respectively, when employees chose share option instead of cash alternative. In 2022 and 2021 the Group has recognised EUR 1,303 thousand and 1,247 EUR thousand from cash alternative of share based payment transaction. In 2022 the Company has recognised EUR 396 thousand of expenses and EUR 189 thousand as additional investment to consolidated subsidiaries. In 2021 the Company has recognised EUR 29 thousand of expenses and EUR 555 thousand as additional investment to consolidated subsidiaries The unrecognised liability from cash alternative of share-based payment arrangement for unvested service condition is amounted to EUR 378 thousand (2021: EUR 246 thousand). The unrecognised expenses from equity settled share-based payment transaction for unvested service condition is amounted to EUR 56 thousand (2021: EUR 153 thousand)

(all amounts are in EUR thousand unless otherwise stated)

19. Borrowings

The borrowings are presented in the table below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Non-current:				
Non-current bank borrowings	-	-	-	-
	-	-	-	-
Current:				
Current bank borrowings	3,300	-	3,300	-
	3,300	-	3,300	-
Total borrowings	3,300	-	3,300	-

All borrowings are expressed in EUR and with floating interest rates (with changes in 3 months period). The carrying amounts of assets pledged to the banks to secure the repayment of borrowings are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Financial assets at fair value through profit or loss	10,290	-	10,290	-
Cash	224	-	224	-

Weighted average effective interest rates of borrowings during the year:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Borrowings	4.32%	3.00%	4.32%	3.00%

Changes in liabilities arising from financing activities (borrowings) are presented in the table below (changes in lease liabilities is presented in Note 26):

	Company
	Borrowings
As at 31 December 2020	**28**
Borrowings repaid during the year (set-off with receivable from share capital decrease)	(28)
As at 31 December 2021	**-**
Borrowings received during the year	3,300
As at 31 December 2022	**3,300**

In October 2022 the Company signed a EUR 6.3 million credit line agreement with Luminor Bank AS Lithuanian branch. The funds from the credit line will be available on demand for one year from signing. The borrowing is secured with shares of AB Šiaulių Bankas. As at 31 December 2022 the Company have complied with bank loan covenants. As at 31 December 2022 the unused portion of the credit line was EUR 3,000 thousand.

20. Trade payables

Trade payables are non-interest bearing and are normally settled on 14–60 day terms. For terms and conditions relating to related parties please refer to Note 27.

21. Contract liabilities

Movement in the account of contract liabilities is presented below:

Group	**2022**	**2021**
Balance as at 1 January	**1,510**	**1,206**
During period received cash for satisfying of performance obligation	402	462
Recognised revenue during period partly satisfied performance obligation	(203)	(158)
Reclassified to liabilities directly associated with the assets held for sale	(1,709)	-
Balance as at 31 December	**-**	**1,510**
Non-current	-	1,326
Current	-	184
Revenue recognised from amounts included in contract liabilities at the beginning of the year	184	138

(all amounts are in EUR thousand unless otherwise stated)

22. Other liabilities

The other current and non-current liabilities are presented in the table below:

	Group		Company	
	2022	2021	2022	2021
Financial liabilities				
Dividends payable	742	580	742	580
Contingent consideration – financial liabilities at fair value through profit or loss	-	-	-	-
Other amounts payable	150	404	17	65
	892	984	759	645
Non – financial liabilities				
Salaries, bonus plans (excluding cash alternative of share-based payment arrangement) and social security payable	764	985	94	123
Cash alternative of share-based payment arrangement and social security payable	1,358	1,380	-	-
Tax payable	26	12	3	2
	2,148	2,377	97	125
Total other current and non-current liabilities	3,040	3,361	856	770
Non-current liabilities	260	163	-	-
Current liabilities	2,780	3,198	856	770

23. Disposal group classified as held for sale

On 22 November 2022 the Company and AB Šiaulių Bankas signed the agreement on the merger of part of the retail businesses. Second and third pillar pension funds and investment funds asset management business in Lithuania and also life insurance activities would be transferred to group of AB Šiaulių Bankas for 62,270,383 shares of AB Šiaulių Bankas, which will constitute 9.39 % of Šiaulių Bankas. To finalize the transaction, AB Šiaulių Bankas will issue a targeted share issue for purchase by the Company, at the price of EUR 0.645 per share. The equity value of the transaction is EUR 40.2 million. On 22 February 2023 the transaction was approved by the shareholders meetings of AB Šiaulių Bankas and the Company, respectively. The transaction would be completed after all the required regulatory permissions are obtained. It is expected that this will happen at the end of 2023. After the completion of this and other announced planned share acquisitions, the Group equity stake in AB Šiaulių Bankas will increase from the current 8% holding to approximately 20%.

The major classes of assets and liabilities of disposal group classified as held for sale as at 31 December 2022 are as follows (measured at carrying amount, as it is lower as fair value less costs to sell):

	31 December 2022
Intangible assets	1,808
Costs to obtain contracts	2,606
Deferred tax asset	258
Investments into subsidiaries at fair value (life insurance activities)	6,809
Prepayments and deferred charges	2
Trade, other receivables and contract assets	564
Cash and cash equivalent	309
Total assets	**12,356**
Contract liabilities	1,709
Other liabilities	876
Total liabilities	**2,585**

All assets and liabilities, except investments into subsidiaries at fair value (life insurance activities, presented within investment activity segment), are presented within investment management segment.

(all amounts are in EUR thousand unless otherwise stated)

24. Financial risk management

24.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market and liquidity), operational risks and legal risks. On an overall Group level strategical risk management is executed by the Board of Directors. Operational risk management is carried out at each entity level by directors. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Group's and the Company's principal financial liabilities comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to raise finance for the Group's and the Company's operations. The Group and the Company have various financial assets such as trade and other receivables, loans granted, investments in equity and debt securities, deposits held in banks and cash which arise directly from its operations. The Group and Company have not used any of derivative instruments for hedging so far, as management considered that there is no necessity for them.

The Group is being managed the way so its main businesses would be separated from each other. This is to diversify the operational risk and create conditions for selling any business avoiding any risk to the Company and the Group.

The Company's policy is to not provide any guarantee or surety for the Group's companies. The Group's companies do not provide any guarantees one against another usually.

The main risks arising from the financial instruments are market risk (including currency risk, cash flow and fair value interest rate risk and price risk), liquidity risk and credit risk. The risks are identified and disclosed below.

<u>Credit risk</u>

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding trade receivables, loans granted and debt securities.

The Group estimates the credit risk separately by the segments.

The maximum exposure to credit risk and impairment of trade and other receivables and loans granted is disclosed in Notes 14 and 15. The maximum exposure to credit risk for loans granted classified as 'financial assets at fair value through profit or loss' in 2022 and as 'financial assets at fair value through profit or loss' in 2021 are their carrying amounts (EUR 2,516 thousand as at 31 December 2021 and EUR 384 thousand as at 31 December 2022). In Note 15 is also disclosed credit risk exposure of trade receivable. There are no significant transactions of the Group or the Company that occur outside Lithuania and Latvia.

With respect to credit risk arising from other financial assets of the Group and the Company, which comprise deposits at banks and cash and cash equivalents, the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk from financial assets are:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Trade and other receivables	5,145	3,815	2,582	433
Loans granted	384	2,516	384	2,516
Cash at bank	3,609	5,910	372	716
	9,138	12,241	3,338	3,665

(all amounts are in EUR thousand unless otherwise stated)

24 Financial risk management (cont'd)

24.1 Financial risk factors (cont'd)

Cash flow and fair value interest rate risk

The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates and to the owned bonds.

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates (EURIBOR), with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's and the Company's equity other than current year profit impact.

	Increase in basis points	Group	Company
2022			
EUR	+300 bps	(99)	(99)
	-100 bps	33	33

As at 31 December 2022 the Group and the Company had one loans with floating interest rates (3 month EURIBOR). The Group and the Company did not have any borrowing as at 31 December 2021.

The Company and the Group have loans granted to their previous unconsolidated subsidiaries and to associates (only in 2021) with fixed interest rates for one year. Therefore, the Group and the Company are not exposed to cash flow interest rate risk from loans granted.

Share price risk

The Group and the Company are exposed to equity securities price risk because of investments held by the Group and the Company and classified on the statement of financial position at fair value through profit or loss. The Group and the Company are not exposed to commodity price risk. To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The Group's and the Company's investments in equity of other entities that are publicly traded are included in the equity index: OMX Baltic Benchmark Gross Index (OMXBBGI).

The table below summarises the impact of increases/decreases of the equity index on the Group's and the Company's profit before tax for the year. The analysis is based on the assumption that the equity index had increased/decreased by 20% with all other variables held constant and all the Group's and Company's equity instruments moved according to the historical correlation with the index:

Index	**Group**		**Company**	
	2022	**2021**	**2022**	**2021**
OMXBBGI	8,343	6,819	7,654	6,083

Profit before tax for the year would increase/decrease as a result of gains/losses on equity securities classified at fair value through profit or loss.

Foreign exchange risk

As a result of operations the statement of financial position of the Group can be affected by movements in the reporting currencies' exchange rates. The Group's and the Company's policy is related to matching of money inflows from the most probable potential sales with purchases by each foreign currency. The Group and the Company do not apply any financial instruments allowing to hedge foreign currency risks, because these risks are considered insignificant.

The foreign currency risk at the Group and the Company is not large, taking into consideration that most monetary assets and obligations are denominated in euro. As at 31 December 2022 and 2021 the Group and Company have insignificant assets denominated in foreign currency.

(all amounts are in EUR thousand unless otherwise stated)

24 Financial risk management (cont'd)

24.1 Financial risk factors (cont'd)

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet their commitments at a given date in accordance with strategic plans. The liquidity risk of the Group and the Company is controlled on a level of consolidated subsidiaries. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. The liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity management is to meet daily needs for funds. Each operating segment is independently planning its internal cash flows. Short-term liquidity for the Group and the Company is controlled through monthly monitoring of the liquidity status and needs of funds according to the Group's operating segments.

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Group and the Company evaluate the possibilities to attract needed funds. The general rule is applied in the Group to finance the Group companies or to take loans from them through the parent company in order to minimise the presence of direct borrowings between the companies of different operating segments.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Borrowings	-	41	3,387	-	-	3,428
Lease liabilities	-	121	363	1,016	-	1,500
Trade and other payables	-	330	46	-	-	376
Other liabilities	742	150	-	-	-	892
Balance as at 31 December 2022	**742**	**642**	**3,796**	**1,016**	**-**	**6,196**
Lease liabilities	-	101	292	1,081	-	1,474
Trade and other payables	-	299	100	-	-	399
Other liabilities	580	404	-	-	-	984
Balance as at 31 December 2021	**580**	**804**	**392**	**1,081**	**-**	**2,857**

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Borrowings	-	41	3,387		-	3,428
Financial lease liabilities	-	7	21	64	-	92
Trade and other payables	-	34	-	-	-	34
Other current liabilities	742	17	-	-	-	759
Balance as at 31 December 2022	**742**	**99**	**3,408**	**64**	**-**	**4,313**
Financial lease liabilities	-	7	20	79	-	106
Trade and other payables	-	50	-	-	-	50
Other current liabilities	580	65	-	-	-	645
Balance as at 31 December 2021	**580**	**122**	**20**	**79**	**-**	**801**

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2022 was approximately 2.39 (3.22 as at 31 December 2021). The Company's liquidity ratio as at 31 December 2022 was approximately 0.75 (3.11 as at 31 December 2021). The Group's and the Company's management considers the liquidity position of the Group and the Company based on the current market conditions and takes actions to keep the favourable situation. The Company also expected that maturity of credit line would be prolonged for one year.

24 Financial risk management (cont'd)

24.2. Capital management

The primary objective of the capital management is to ensure that the Group and the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts and credit agreements, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprises share capital, share premium, reserves and retained earnings.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2022 and 2021.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. As at 31 December 2022 and 2021 all the Group consolidated subsidiaries comply with above mentioned requirement. Pursuant to the Law on State Funded Pensions of Republic of Latvia the authorised share capital of an investment management entity must be not less than EUR 2,000,000, if it managed pension funds of total assets more than 100 million, but up to EUR 200 million, and must be not less than EUR 3,000,000, if it managed pension funds of total assets more than EUR 200 million. As of 31 December 2022 and 2021 IPAS INVL Asset Management complied with this requirement.

The Company's consolidated subsidiaries UAB INVL Asset Management and UAB FMĮ INVL Financial Advisors are managing their capital and all relevant risks in accordance with requirements set by the Bank of Lithuania. The Company's consolidated subsidiary IPAS INVL Asset Management is managing their capital and all relevant risks in accordance with requirements set by the Financial and Capital Market Commission of Latvia. Internally there was approved a common risk level – to which extent the minimal capital adequacy requirement would not be violated and there would not be a real threat of its violation. UAB INVL Asset Management ensure that the capital adequacy ratio which is calculated dividing the entity's own funds by the required amount of capital according to the Bank of Lithuania requirements would be at least 1.0. Following the EU Regulation 2019/2033 on Prudential Requirements of Investment Firms which came into force in 2021, UAB FMĮ INVL Financial Advisors ensures that the capital adequacy ratio which is calculated dividing the entity's own funds by the total risk exposure amount according to the Bank of Lithuania requirements would be at least 100%. IPAS INVL Asset Management own funds may never be lower than the higher of: 1) the sum total of the minimum initial capital and additional total own funds or 2) 25 per cent of the sum total amount of the fixed costs or fixed overheads of the previous full reporting year. As at 31 December 2022 and 2021 the above mentioned consolidated subsidiaries complied with these requirements.

(all amounts are in EUR thousand unless otherwise stated)

25. Commitments and contingencies

Funds and individual portfolios managed by the Group

The table below presents the net assets or commitments of the Group's managed funds (depends from what amount management fees is calculated) and individual portfolios and capitalisation of managed closed-end investment companies (cross-holding is not excluded):

	2022	2021
	unaudited	**unaudited**
2nd pillar pension funds	973,341	1,002,488
3rd pillar pension funds	84,468	82,628
Investment funds	46,040	53,948
Portfolios of clients	118,350	99,822
Alternative investments funds	333,575	311,140
Closed-end investment companies	43,480	52,143
Total	**1,599,254**	**1,602,169**

Assets of clients held as custody by the Group

As at 31 December 2022 consolidated subsidiary UAB FMĮ INVL Financial Advisors held as custody EUR 176,185 thousand of clients' assets (securities and cash; as at 31 December 2021 – EUR 142,513 thousand).

Commitments to invest

As at 31 December 2022 the outstanding commitment of the Company to invest to BSGF is amounted to EUR 7,633 thousand, to invest to other funds is amounted to EUR 145 thousand.

As at 31 December 2021 the outstanding commitment of the Company to invest to BSGF is amounted to EUR 12,257 thousand, to invest to other funds is amounted to EUR 168 thousand.

As at 31 December 2022 the outstanding commitment of the Group to invest to funds is amounted to EUR 8,606 thousand.

As at 31 December 2021 the outstanding commitment of the Group to invest to funds is amounted to EUR 13,860 thousand.

Tax legislation

Tax authorities have right to examine accounting records of the Company and its consolidated subsidiaries in Lithuania at any time during the current period and for 3 previous years before the reporting period, in some cases 5 or 10 years before the reporting period, and account for additional taxes and fines. In the opinion of the Company's management, currently there are no circumstances which would raise substantial tax liability in this respect to the Company and to the Group. Activity in the Republic of Latvia is not subject to corporate income tax. Instead of taxation on the profit of the current year, the tax is applied only upon profit distribution, i.e. upon payment of dividends.

Commitment for not yet commenced lease is disclosed in Note 26 below.

(all amounts are in EUR thousand unless otherwise stated)

26. Lease

The Company has lease contract for premises and parking spaces. The lease term is until 31 March 2026. The lease contract has not any termination and extension option. The Company could only sub-lease premises to the Group companies, but has not entered in any sublease agreements. The Group has several lease contracts for premises and parking spaces. The lease terms were until 2025 and 2026, except leases, which are less than 12 months and for which Group applies the 'short-term lease' recognition exemption. The Group's lease agreements have not unilaterally extension options. Some agreements have termination options, but the Group does expect to use them. Generally, the Group is restricted from assigning and subleasing the leased assets, excluding that in some contracts is determined right to sub-lease premises to the Group companies. But the Group has not entered in any sublease agreements, most of leases has lease indexation clause based on customer price index change. The terms of lease do not include restrictions on the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements.

Right- of-use assets are presented as property, plant and equipment and is disclosed in Note 9. The maturity analysis of leases liabilities is disclosed in Note 24.1 (section liquidity risk).

The following is the amounts recognised in profit or loss in 2022:

	Group	Company
Depreciation charge for right-of-use assets	(439)	(23)
Interest expenses (included in finance cost)	(47)	(2)
Expense relating to short-term lease	(64)	-

The following is the amounts recognised in profit or loss in 2021:

	Group	Company
Depreciation charge for right-of-use assets	(331)	(19)
Interest expenses (included in finance cost)	(81)	(8)
Expense relating to short-term lease	(10)	-

Changes in liabilities arising from financing activities (lease liabilities) are presented in the table below:

	Group	Company
As at 1 January 2021	**1,438**	**98**
Lease payments	(294)	(18)
Interest paid	(81)	(8)
Interest expenses	81	8
Addition	267	20
Derecognition	-	-
As at 31 December 2021	**1,411**	**100**
Lease payments	(450)	(24)
Interest paid	(47)	(2)
Interest expenses	47	2
Addition	767	10
Derecognition	(326)	-
As at 31 December 2022	**1,402**	**86**

The Group has lease contract that have not yet commenced at 31 December 2021 (it is commence in 2022). The future lease payments for the non-cancellable lease contract are EUR 107 thousand within one year, EUR 352 thousand between 2 and 5 years after 31 December 2021. The Group has not any lease contracts that have not yet commenced at 31 December 2022

(all amounts are in EUR thousand unless otherwise stated)

27. Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

The related parties of the Group in 2022 and 2021 were unconsolidated subsidiaries, associates, the shareholders of the Company, who have joint control or significance influence (Note 1) and key management personnel, including companies under control or joint control of key management and shareholders having significant influence or joint control and including companies, where shareholders having joint control over the Company are key management personnel or having significant influence. To the other related parties are attributed entities left the Group during split-off occurred in 2014, because shareholders having joint control over the Company are key management personnel of these entities or having significant influence.

Receivables from related parties are presented in carrying amount. They include loans granted to unconsolidated subsidiaries and associates, that are considered as part of investments to unconsolidated subsidiaries and associates. Interest income and expenses are presented in the 'revenue and other income' and 'purchases' columns, respectively.

Transactions of the Group with unconsolidated subsidiaries in 2022 and balances as at 31 December 2022 were as follows:

2022 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties (including presented in carrying value of investments)**	**Payables to related parties**
Loans and borrowings	-	-	-	-
Dividends	3,950	-	-	-
Accounting services	5	-	-	-
Acquisition or disposals of investments	39,778	-	2,580	-
Operation with Life insurance activities	178	-	113	-
	43,911	-	2,693	-

Transactions of the Group with associates in 2022 and balances as at 31 December 2022 were as follows:

2022 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	51	-	-	-
Dividends	-	-	-	-
Management and success fees	176	-	15	-
Accounting services	40	-	2	-
Other services	6	-	-	-
	273	-	17	-

Transactions of the Group with other related parties in 2022 and balances as at 31 December 2022 were as follows:

2022 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Accounting services	74	-	-	-
The group of UTIB INVL Technology (information technology maintenance services)	-	230	-	18
The group of AB INVL Baltic Farmland (land administration services)	170	-	53	-
Management fee (for UTIB INVL Technology)	590	-	131	-
Other services or compensation	21		-	-
	855	230	184	18

(all amounts are in EUR thousand unless otherwise stated)

27 Related party transactions (cont'd)

Transactions of the Group with unconsolidated subsidiaries in 2021 and balances as at 31 December 2021 were as follows:

2021 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties (including presented in carrying value of investments)**	**Payables to related parties**
Loans and borrowings	6	1	-	-
Dividends	1,493	-	60	-
Accounting services	4	-	-	-
Acquisition or disposals of investments	4,802	-	-	-
	6,305	1	60	-

Transactions of the Group with associates in 2021 and balances as at 31 December 2021 were as follows:

2021 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	5	-	2,239	-
Dividends	2,423	-	-	-
Management and success fees	1,725	-	1,533	-
Accounting services	25	-	-	-
Other services	15	-	-	-
	4,193	-	3,772	-

The maturity of loans granted is 2022, effective interest rate is fixed at 4.5 %. Loans hold no collateral.

Transactions of the Group with other related parties in 2021 and balances as at 31 December 2021 were as follows:

2021 Group	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Accounting services	33	-	-	-
The group of UTIB INVL Technology (information technology maintenance services)	-	238	-	23
The group of AB INVL Baltic Farmland (land administration services)	175	-	62	-
Management fee (for UTIB INVL Technology)	603	-	167	-
Other services	21	1	-	-
	832	239	229	23

(all amounts are in EUR thousand unless otherwise stated)

27 Related party transactions (cont'd)

The Company's related parties were the subsidiaries, associates, joint ventures, shareholders, who have joint control or significance influence (Note 1), key management personnel, companies under control or joint control of key management and shareholders with significant influence or joint control and companies, where shareholders having joint control over the Company are key management personnel or having significant influence. To the other related parties are also attributed entities left the Group during split-off occurred in 2014, because shareholders having joint control over the Company are key management personnel of these entities or having significant influence.

Transactions of the Company with subsidiaries in 2022 and balances as at 31 December 2022 were as follows:

2022 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	-	-	-	-
Dividends	6,577	-	-	-
Transfer of tax losses	104	-	-	-
Accounting services	12	-	-	-
Acquisition or disposals of investments	39,778	-	2,580	-
Other services	1	2	-	-
	46,472	2	2,580	-

Transactions of the Company with associates in 2022 and balances as at 31 December 2022 were as follows:

2022 Company	**Revenue and other income from related Parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	3	-	-	-
Dividends	-	-	-	-
Accounting services	40	-	2	-
Other services	3	-	-	-
	46	-	2	-

Transactions of the Company with other related parties in 2022 and balances as at 31 December 2022 were as follows:

2022 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
The group of UTIB INVL Technology (information technology maintenance services)	-	8	-	1
Accounting services	74	-	-	-
Other services (insurance costs compensation)	21	-	-	-
	95	8	-	1

(all amounts are in EUR thousand unless otherwise stated)

27 Related party transactions (cont'd)

Transactions of the Company with subsidiaries in 2021 and balances as at 31 December 2021 were as follows:

2021 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	6	1	-	-
Dividends	3,448	-	60	-
Transfer of tax losses	62	-	-	-
Accounting services	6	-	-	-
Acquisition or disposals of investments	4,802	-	249	-
Other services	18	3	16	3
	8,342	4	325	3

Transactions of the Company with associates in 2021 and balances as at 31 December 2021 were as follows:

2021 Company	**Revenue and other income from related Parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
Loans and borrowings	5	-	2,239	-
Dividends	2,423	-	-	-
Accounting services	25	-	-	-
Other services	3	-	-	-
	2,456	-	2,239	-

The maturity of loans granted is 2022, effective interest rate is fixed at 4.5 %. Loans hold no collateral.

Transactions of the Company with other related parties in 2021 and balances as at 31 December 2021 were as follows:

2021 Company	**Revenue and other income from related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
The group of UTIB INVL Technology (information technology maintenance services)	-	8	-	1
Accounting services	33	-	-	-
Other services (insurance costs compensation)	21	-	-	-
	54	8	-	1

The movements of loans granted to associates were:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
At 1 January	**2,239**	**-**	**2,239**	**-**
Loans granted during year	2,234	2,234	-	2,234
Loans repayment received	(4,468)	-	(2,234)	-
Interest charged	51	5	4	5
Interest received	(56)	-	(9)	-
At 31 December	**-**	**2,239**	**-**	**2,239**

(all amounts are in EUR thousand unless otherwise stated)

27 Related party transactions (cont'd)

The movements of loans granted to subsidiaries were:

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**-**	**297**	**-**	**297**
Loans granted during year	-	55	-	55
Reclassification to financial assets at fair value due to disposals	-	(352)	-	(352)
Loans and interest converted to increased share capital	-	-	-	-
Changes in fair value of loans	-	-	-	-
Interest charged	-	6	-	6
Interest received	-	(6)	-	(6)
At 31 December	**-**	**-**	**-**	**-**

The movements of borrowings from subsidiaries were:

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**-**	**28**	**-**	**28**
Borrowings received during year	-	-	-	-
Borrowings repaid during year (set-off with receivable from share capital decrease)	-	(28)	-	(28)
Interest charged	-	-	-	-
Interest paid	-	-	-	-
At 31 December	**-**	**-**	**-**	**-**

Key management compensation and other payments

The management remuneration contains short-term employees' benefits and share-based payments. In 2022 and 2021 key management of the Company and Group includes President, Board members and Chief financial officer of the Company.

	Group		Company	
	2022	**2021**	**2022**	**2021**
Wages, salaries and bonuses	298	289	263	288
Social security contributions	5	5	4	5
Share-based payments	396	24	396	24
Transfers to pension funds	10	11	10	11
Total key management compensation	709	329	673	328

There were no loans granted during the reporting period or outstanding at the end of the reporting period.

In 2022 to the Board members, which are shareholders of the Company, were paid EUR 634 thousand of dividends, net of tax. To the entities, which are controlled by the Board members or President, were paid EUR 4,082 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 1,792 thousand of dividends, net of tax.

In 2021 dividends were not paid.

28. Impact of invasion of the Russian Federation to Ukraine

The Group/the Company has not owned any assets and does not perform any operation in Ukraine, Russia, and Belarus. Therefore invasion of the Russian Federation to Ukraine, occurred on 24 February 2022, has not any significant impact on the Group/the Company activities. The Group/the Companies results was affected by the decrease of market price of listed companies. This directly contributed to the decline in the value of Level 1 and Level 2 financial assets. This decline also reduced the Group's income generated from the management fee received for the managed investment products in 2022.

29. Events after the reporting period

On 29 December 2022 the Group has signed an agreement to acquire the remaining shares (48.99%) in UAB Mundus, an asset management company managing a private debt fund Mundus Bridge Finance. The transaction was closed on 10 February 2023. The consideration depends on current and future value of net assets of managed fund and on equity value of the entity. The consideration would be paid until mid-year of 2024. Until issue of the financial statements the Group has paid EUR 129 thousand.

COPY of

AB INVALDA INVL

Consolidated Annual Report for 2022

Translation note:

This version of the Annual Report is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

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President's statement

Dear All,

In 2022, the evolving geopolitical and economic environment in the world had a major impact on businesses and investment decisions. The war in Europe, the volatility of markets and energy prices, and the rapid rise of interest rates all posed challenges but also opened up new opportunities. The general decline in most markets led to losses for a large number of investors last year. However, it is important that in the longer term, even taking into account negative periods, the investments have provided and continue to provide an appropriate return for investors.

Invalda INVL had significant transactions in the asset management area in 2022. At the start of July, we completed the acquisition of Mandatum Life's life insurance business in the Baltics, and late in the year, we signed an agreement on merging part of the retail businesses of Invalda INVL and Šiaulių Bankas. These are fundamental steps in the development of a retail business geared towards a more mature society that seeks stable financial grounding and investment income. The next-generation bank that is being created, with Invalda INVL as one of its major shareholders, will provide even more services from one source and offer market-driven solutions that deliver more value to clients, employees, and investors.

Despite a volatile year, our clients increased their investments in the products the group manages and by year-end we had reached EUR 1.9 billion in assets under management, with pension funds continuing to represent the largest amount. The private equity, alternative and real assets funds managed by the INVL group successfully created value for investors as they continued to make acquisitions and raise funds. The INVL Baltic Sea Growth Fund, the leading private equity investment fund in the Baltics, added two companies in Lithuania and one in Latvia to its portfolio, and through portfolio companies invested in the Czech Republic and Poland. The successful operations of the majority of the companies the fund manages resulted in good performance and growth in value by the fund. According to unaudited data, portfolio companies of INVL Baltic Sea Growth Fund employ about 8,000 people, and last year's total income exceeded EUR 500 million, EBITDA reached EUR 55 million. The Fund continues to actively look for opportunities to invest in businesses in the Baltic States, Poland, and other surrounding markets. We have already raised more than EUR 81 million for our second sustainable forest and farmland fund, the INVL Sustainable Timberland and Farmland Fund II (STAFF II), and increased land holdings in Latvia. The INVL Renewable Energy Fund I, which is currently investing in renewable energy projects in Poland and Romania and has raised EUR 52.9 million from investors, expanded its portfolio of solar park projects to 475 megawatts (MW). We also carried out investment activities and developed our existing investments in the areas of real estate, private debt, and information technologies.

We have focused on feeder funds. The INVL Partner Global Infrastructure Fund I, which invests in the infrastructure fund of a long-standing world-class asset manager, was launched in late 2021, and the INVL Partner Private Equity Fund I, which invests in EQT X, a fund with a target size of EUR 20 billion established by EQT, one of the world's leading private equity investment firms, was launched in early 2023. The funds are successful putting investors' money to work outside their home region and offering more opportunities to diversify investment risk. We intend to continue to gain strength in this area and offer our clients the solutions needed to invest in leading global products.

For the INVL Family Office, 2022 was a year of growth. A range of new investment products and services have meant growing income for its clients. We are delighted that years of focused work and value creation are yielding rapid growth in existing clients' investments and attracting new ones.

Importantly, 2022 was a record year for our other investments – Šiaulių Bankas, Moldova's largest bank Moldova-Agroindbank, and Litagra. While both banks performed well, that was not reflected in share price growth due to the unusual situation in the markets. We believe that such strong, well performing banks that generate high returns and are growing rapidly will gain the market's appreciation. Litagra, one of Lithuania's largest agribusiness groups, delivered excellent results following several acquisitions, partly driven by global growth of food prices. Expansion in the poultry, feed and dairy sectors is significantly increasing the company's potential. We expect reconfiguration of acquired assets and other actions focused on growth and economies of scale to boost sales in the near term and have a positive impact on competitiveness and long-term earnings in these areas.

Given the prevailing conditions in the markets, we view 2022 as a reasonably good year. Work we carried out or started last year will undoubtedly have a significant impact on the value and performance of our business in the future. Invalda INVL had a net profit was EUR 16.7 million for the year and net assets of EUR 130.8 million at year-end. Last year, the company paid its shareholders dividends of EUR 7.6 million.

On behalf of Invalda INVL, I thank our clients for the trust they have placed in us amidst volatile markets and a challenging geopolitical environment, and our employees for their dedication, focus and professionalism. I thank our shareholders for their support and belief in the value we create. Transformation, change, and growth mean new opportunities for all those who have been working with us for many years, or who are willing and able to join the INVL group's team in creating value for those who entrust their funds to us and in growing the economies of the countries and the areas we invest in while at the same time unlocking the potential and the needs of each and every member of the team.

Sincerely,
Darius Šulnis

I. General Information

1. Reporting period for which the report is prepared

The report is prepared for 12 months of 2022 (January – December). The report also includes significant events of the company and the group that took place after the reporting period.

2. General information about the Issuer and other companies comprising the group

2.1. INFORMATION ABOUT THE ISSUER

Name of the Issuer	The public joint-stock company Invalda INVL
Code	121304349
Address	Gynėjų str. 14, LT-01109 Vilnius, Lithuania
Telephone	+370 5 279 0601
E-mail	info@invaldainvl.com
Website	www.invaldainvl.com
Legal form	The public joint-stock company
Date and place of registration	20 March 1992. Register of Enterprise of Vilnius
Register in which data about the Company are accumulated and stored	Register of Legal Entities

2.2. COMPANY'S PHILOSOPHY AND OPERATING PRINCIPLES

Who are we?

Invalda INVL is an investment management and life insurance with an open approach, growing and developing, and creating well-being for people through its activities.

Since the beginning of our activities, we have been working consistently and purposefully in the field of investments, prioritising the interests of our clients. We maintain the same values as we grow. Furthermore, we are open to new opportunities, new markets, new methods of operation. We believe that an open approach and careful consideration of new ideas contributes significantly to the success and quality of our solutions. We grow by investing in the organic development of the investment management business and, as opportunities arise, we make new acquisitions in this business. Asset management and investing is our core business. We believe we create value to all stakeholders by, first and foremost, doing our direct work well and performing our duties. We believe that the success of the business is inseparable from the contribution to advancing the processes of the society thus we invest in knowledge, team coherence, promotion of social activities, sustainability.

What do we seek?

The mission of Invalda INVL is to create well-being for people while contributing to the growth of the region we operate in.

We aim to provide customers with the best choice when it comes to long-term savings, personal finance management, financial security and well-being solutions. We acquired the life insurance business in order to create a group that can offer existing and new INVL customers even more products and solutions that meet their needs. Due to favourable circumstances, we did not have time to fully complete this and integrate the life insurance business into INVL, and we are transferring it over to Šiaulių Bankas, which will provide new generation financial services, where we will have up to 20% of the shares and thus remain in this business.

How do we operate?

Investment management and life insurance is our core business. The Group's companies provide services to more than 300 thousand individual and institutional regional and international clients entrusting the Invalda INVL group to manage about EUR 1.9 billion worth of assets. At the group level, we manage different asset classes such as pension and investment funds, life insurance products, alternative investments (private equity, real assets and private debt), individual portfolios.

We also have our own investment portfolio. We invest in products managed by the group together with the clients of our companies (general partner investments) in order to have better aligned common interests. The remainder of the current portfolio consists of other historical investments.

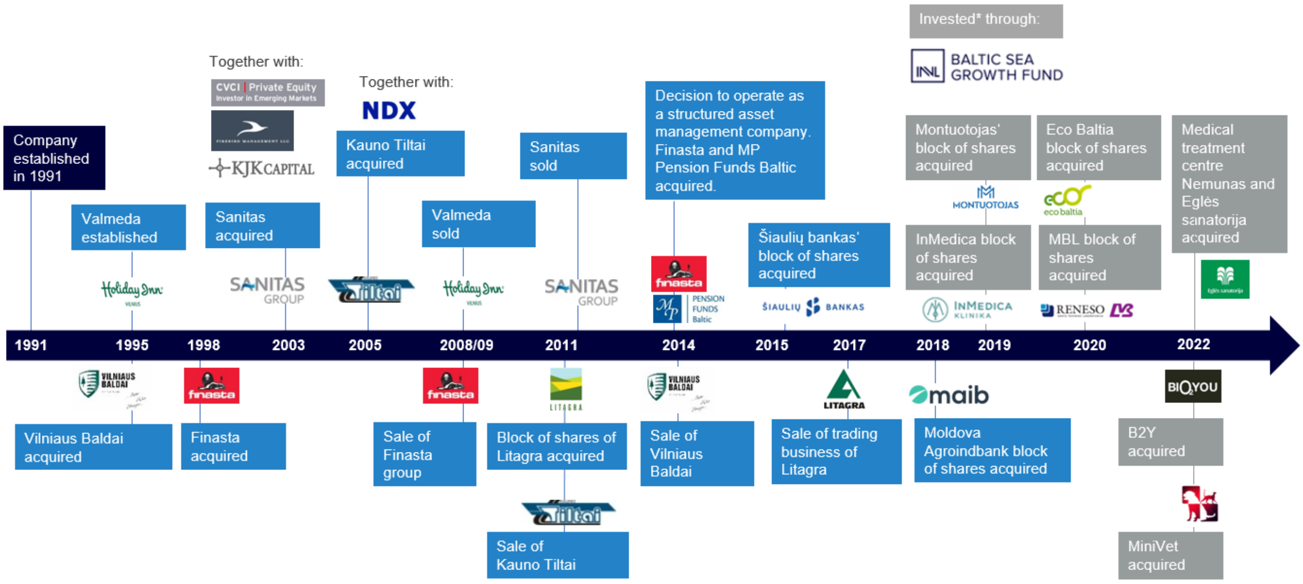
The list of group companies as well as their contact information is presented in Annex 1 to this Annual Report.

The financial data of the businesses that make up the group are presented in sections 5.1 and 5.2 of this report.

What is our experience?

Invalda INVL was founded in 1991 by a group of people from the academic community with the aim to create value and contribute to the country's economy. The company's shares have been traded on the Nasdaq Vilnius stock exchange since 1995. Since the start of the listing, the company has paid EUR 70.4 million to its shareholders (dividends and share repurchases).

Over its history Invalda INVL has implemented a few dozen corporate acquisitions and sales, capital raising transactions worth more than EUR 2 billion.



** Since the end of the first closing of INVL Baltic Sea Growth Fund on February 2019 Invalda INVL undertakes not to invest in private equity assets that comply with the fund's strategy and to conduct its main investment activity through this fund.*

Invalda INVL's experience in the private equity market

1990s

In 1991 the investment company Invalda began its activities.

Since 1995 the shares of Invalda have traded on the Nasdaq Vilnius exchange.

From 1997 to 2003 the company was licensed as an investment holding company.

In 1998 Invalda acquired brokerage company Finasta which, with the acquisition of several other smaller brokers (Mifonda, Apyvarta, Klaipėdos Vertybiniai Popieriai, Finansų Spektras and Sinkus), became Lithuania's leading financial brokerage firm.

2000s

2003 brought the creation of the asset management company Finasta Investicijų Valdymas, which within a few years became the Lithuanian asset manager with the largest number of mutual fund clients.

In 2008 the investment bank Finasta was established. It was sold along with other Finasta group companies in 2009.

2010s

After a reorganisation of Invalda in May 2013, its operations were continued by two companies. A part of the assets were split-off to form the new company Invalda Privatus Kapitalas. The company Invalda, which continued after the split-off, changed its name first to Invalda LT and then, in April 2015, to Invalda INVL.

In 2014 it was decided to revise the group's business model and manage not only shareholders' assets but also those of other investors. In April 2014, three companies (INVL Technology, INVL Baltic Farmland, INVL Baltic Real Estate) each managing uniform types of assets were split off from Invalda LT; two of them were granted closed-end investment company status in 2016.

In 2014 the Bankas Finasta group was acquired, including the Finasta Asset Management companies in Lithuania and Latvia. During the year, pension fund manager MP Pension Funds Baltic was also acquired . Since completion of the merger of INVL Asset Management, MP Pension Funds Baltic and INVL Fondai in October 2015, it is INVL Asset Management that operates in the market.

In 2015 Invalda INVL sold its shareholdings in Bankas Finasta and the brokerage firm Finasta to Šiaulių Bankas.

In February 2018, INVL Asset Management acquired a 51% stake in the asset management company Mundus in Lithuania, strengthening its asset management business and moving into the private debt sector..

The INVL Baltic Sea Growth Fund was launched in 2019, through which Invalda INVL implements its main investment activity - direct private equity investments.

2020s

In 2021, the agreement was signed regarding acquisition of Mandatum Life's life insurance business in the Baltics, thus expanding opportunities to strengthen customers' financial security. The acquisition of the life insurance business was completed on 30 June 2022.

November 2022 Invalda INVl and Šiaulių Bankas signed an agreement to merge their retail businesses. Once the deal is completed, Invalda INVL will obtain 9.39% of the share capital of Šiaulių Bankas, and Šiaulių Bankas group, in addition to the financial services it already offers, will manage second-and third-pillar pension funds and mutual funds in Lithuania and will provide life insurance services. Completion of the merger of the retail businesses is planned in late 2023.

In February 2023, INVL Asset Management increased its shareholding in the asset management company Mundus, which manages the private debt fund, to 100%.

Key development steps of Invalda INVL group's investment management and life insurance business

II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

3. Business environment

Taking into account the wide range of companies managed by Invalda INVL and investments in collective investment undertakings, the Baltic stock markets and economies are reviewed in order to describe the operating environment as most of our companies and investments in collective investment undertakings are concentrated there.

2022 was not a successful year for the Baltic equity markets, reflecting the changed economic backdrop both in Lithuania and globally. Russia's war in Ukraine, the tense situation in the energy sector, rising interest rates and fears of recession are among the main factors reflected in stock prices. Among the Baltics, the Vilnius Stock Exchange index stood out, recording a loss of only 1.97%, while the Riga index fell -9.53% and the Tallinn index -11.71%. Similar trends were observed both in Western Europe, where stock markets fell by 12.90% (according to the STOXX Europe 600 index), and globally, where the MSCI ACWI index, which measures the global stock market in dollars, fell by 19.8% over 2022.

All stock indices (OMX Tallinn, OMX Riga, OMX Vilnius) are calculated separately on each Baltic stock exchange. They include all companies listed on the Main and Secondary Lists of the Baltic stock exchanges except for those companies in which one shareholder owns 90% or more of the issued shares. These indices reflect the situation of the Baltic securities market or the common Baltic securities market and its changes.

GROWTH OF THE BALTIC STOCK MARKETS

Index	31.12.2021	31.12.2022	+/- Change
OMX Tallinn	2,001.03	1,766.73	-11.71%
OMX Riga	1,274.2	1,152.8	-9.53%
OMX Vilnius	966.13	947.14	-1.97%

Source: Nasdaq Baltic

According to information from the State Data Agency, the average annual inflation rate in 2022 in Lithuania was 19.7% (for comparison, in 2021 annual inflation was recorded at 4.7%). The average annual inflation was mainly driven by the increase in the prices of fuel and lubricants, thermal energy, solid fuels, milk and dairy products, cheese and eggs, meat and meat products, bread and cereal products, electricity, vegetables, products and materials for the maintenance and repair of housing, and cars. However, prices for audio and video reception, recording, and reproduction equipment as well as telephone equipment have decreased. Consumer goods prices increased by 25.2% year-on-year and services prices − by 13.2%. Average annual inflation stood at 9.2% in the European Union (EU) in 2022 and 8.4% in the euro area. Average annual inflation in Lithuania was 18.9% according to the Harmonised Index of Consumer Prices (HICP) with other EU Member States (compared to 4.6% in 2021).

Lithuania's gross domestic product (GDP) in 2022 was €67.1 billion at the prices of the time, based on preliminary data from the State Data Agency. Compared to 2021, the real GDP change, excluding seasonal and working days, was positive at 2.2%. GDP growth peaked at 0.9% in Q1 (after seasonal and working days were removed and compared to the previous quarter). This was mainly influenced by the performance of industry, wholesale, and retail, professional, scientific, and technical, and administrative and service companies. GDP fell by 0.5% in Q2, driven by lower performance in transport and storage, construction and real estate businesses, and grew by 0.4% in Q3 − driven by the success of industry, information and communication, and agricultural enterprises. In the last quarter of the year, GDP fell by 1.7% compared to Q3, according to preliminary data − the most significant drop in the EU as a whole.

According to the Republic of Lithuania Ministry of Finance, the post-pandemic recovery momentum gained in 2021 simmered down in 2022, affected by geopolitical uncertainty and an unfavourable external environment. The geopolitical tensions caused by the war in Ukraine, the sharp increase in uncertainty, and the ongoing disruptions in supply chains hampered the planning and implementation of investment projects, while the rise in inflation reduced household purchasing power and led to an increase in interest rates. However, the labour market has remained healthy. The number of employed persons has increased sharply, unemployment has been falling, the active population of working age has increased, and the number of job vacancies has remained close to record levels. Employment growth was driven by high economic activity, strong labour demand in many sectors of the economy, and space for employment growth to record highs (80% in Q3 in the 15−64 age group) and the labour market participation of Ukraine's working-age war refugees. Labour market participation of the working-age population was driven by strong labour shortages, increased chances of finding their desired job, strong wage growth, and expected high inflation rates. However, a possible decline in economic activity may lead to a slight increase in the unemployment rate in the near future. In the short term, the worsening situation is likely to affect in particular the demand for unskilled or less skilled workers. There is still a shortage of highly skilled workers in the labour market, and the slowdown in economic activity is expected to be temporary, so companies should not rush to drop highly skilled workers; therefore, no significant increase in unemployment is expected. The strong demand for and shortages of skilled workers faced by both the private and the public sector, as well as government decisions on the remuneration of public sector employees (increased wages for education, healthcare, statutory staff, an increase in the basic salary for civil servants and other employees of budgetary institutions), a significant increase in MMA (13.7% to €730), and an increase in inflation expectations led to wage growth in the country in 2022. However, while average wage growth was rather marked at 13%, real wages fell by almost 7% due to inflation. Wage growth is projected to reach 9.1% in 2023.

According to the Bank of Lithuania's review of the development and outlook of the Lithuanian economy, in the coming years, it will depend on the continuation of Russia's war against Ukraine and on the efforts of governments to mitigate the negative economic consequences of the war. Hostilities, sanctions, and the responses to them have significantly increased global prices (and their volatility) of raw materials, in particular energy and food. This is especially detrimental not only to the development of Lithuania's economies, but also to many of Lithuania's main trading partners, in particular European countries, through the shrinking purchasing power of households, the loss of competitiveness of exporting firms, and the need to tighten monetary policy. As these unfavourable factors may lead not only to a short-term slowdown in economic growth but also to a significant longer-lasting recession, governments' efforts to mitigate the negative effects of these factors are crucial during this period. In 2023, the amount of funds planned to be allocated in the state budget for compensating the part of gas and electricity prices for residents and businesses should amount to 1.2% of GDP, for increasing the income of residents − 1.7% of GDP, and spending on public investment projects should increase by 0.6% of GDP. This implies that both household consumption and investment are expected to show a rather favourable development in 2023. As many of Lithuania's main trading partners will apply similar household and business support packages, demand for Lithuanian goods and services in foreign markets is expected to recover from the beginning of 2023 and at the end of next year to reach the level prior to Russia's invasion of Ukraine. This evolution of demand in Lithuania's main trading partners will also lead to more favourable development of the exports of goods and services. Lithuania's real GDP is projected to grow by 1.3% in 2023. Moreover, if unexpected shocks in commodity markets do not occur, the annual inflation peak will remain in the past. Annual inflation is expected to continue to decline as the effect of the higher comparative base increases, with lower commodity prices and supply chain disruptions. The rise in energy prices is projected to dampen significantly next year, while food prices, including alcoholic beverages and tobacco, will be the main determinant of inflation. The rise in the purchase prices of food raw materials in Lithuania and the increase in energy costs contributed significantly to food price increases in 2022 and will also affect the evolution of food prices in 2023. However, the tightening of Lithuania's economy and the weakening of supply chain disruptions will reduce core inflation, which does not include the most volatile energy and food products. Taking this into account, the forecast for general inflation is a decline to 9.5% in 2023.

4. Performance results of the issuer and the group

4.1. MAIN ITEMS OF FINANCIAL STATEMENTS

EUR thousand	COMPANY'S			GROUP'S		
	2020	2021	2022	2020	2021	2022
Non-current assets	83,737	120,933	134,263	80,665	115,961	121,358
Current assets	1,672	4,796	3,155	9,715	16,064	22,668
Equity	83,157	121,207	130,790	83,357	121,355	130,927
Non-current liabilities	1,458	2,978	2,413	3,783	5,678	3,599
Current liabilities	794	1,544	4,215	3,240	4,992	9,500
Result before taxes	5,209	38,879	16,119	5,329	39,595	15,918
Net result	5,329	37,453	16,666	5,373	37,479	16,714
Net result attributable to holders of the parent Company	-	-	-	5,329	37,453	16,666

4.2. CALCULATION OF THE NET ASSET VALUE OF INVALDA INVL

EUR thousand	Evaluation criteria	2020	2021	2022
Investment into investment management business and life insurance	Equity method & fair value	13,930	27,473	79,325
Other investments	Fair value	69,712	96,974	54,858
Receivables	Amortised cost	882	433	2,582
Other assets	Residual value	123	133	281
Cash and cash equivalents	Amortised cost	762	716	372
Total assets	Book value	85,409	125,729	137,418
Liabilities	Cost	2,252	4,522	6,628
Net asset value	Book value	83,157	121,207	130,790
Net asset value per share	Book value	7.11	10.32	11.07

4.3. FINANCIAL RATIOS

	Company's			Group's		
	2020	2021	2022	2020	2021	2022
Return on Equity (ROE), %	6.27	36.65	13.23	6.27	36.65	13.23
Debt ratio	0.03	0.04	0.05	0.08	0.08	0.09
Debt – Equity ratio	0.03	0.04	0.05	0.08	0.09	0.10
Liquidity ratio	2.11	3.11	0.75	3.00	3.22	2.39
Earnings per share (EPS), EUR	0.46	3.19	1.41	0.46	3.19	1.41
Price Earnings ratio (P/E)	16.62	5.32	8.07	16.62	5.32	8.07

The Company publishes Alternative performance measures (AVR) that are in use by the Company and the definitions of the indicators. All information is disclosed on the Company's website https://www.invaldainvl.com/en/investor-relations/financial-information-and-documents/formulas-of-performance-indicators/

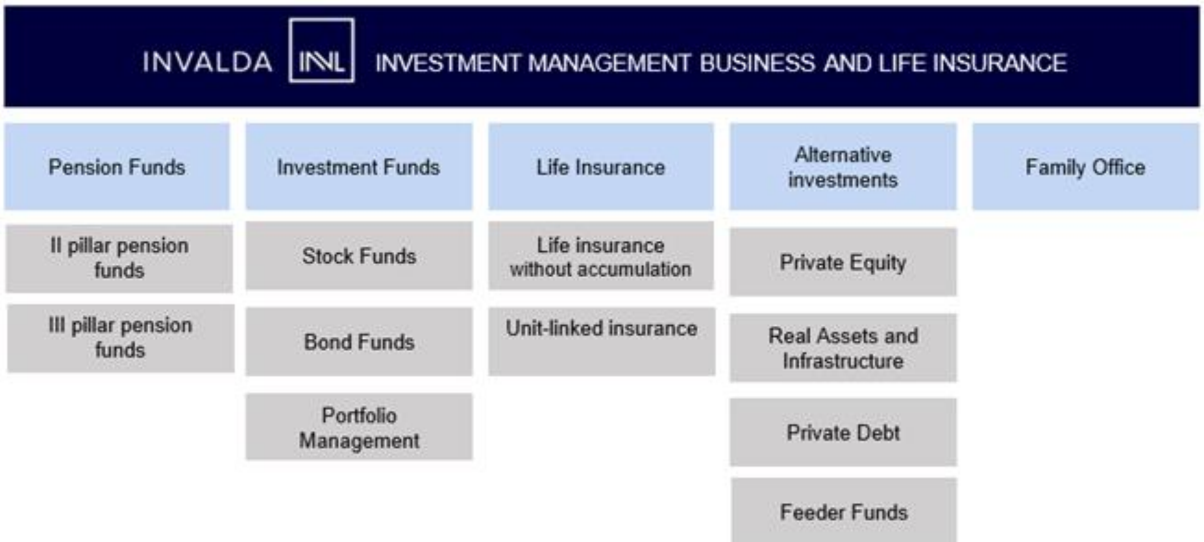
The profit of Invalda INVL is significantly impacted by the recalculation of investments based on fair value as well as acquisition and sale deals, therefore, not all company performance indicators are suitable for the evaluation of Invalda INVL, AB. Furthermore, investments into main investment management business are recorded using the equity method, therefore, the book value may be different from the market price. Accordingly, some ratios may not represent the real situation of the company.

5. Information on the group's activities

5.1. INVESTMENT MANAGEMENT BUSINESS AND LIFE INSURANCE

Invalda INVL manages licensed asset management companies INVL Asset Management in Lithuania and Latvia, financial brokerage company INVL Financial Advisors (previous company name is INVL Finasta), land administration company INVL Farmland Management and asset management company Mundus through INVL Asset Management (in February 2023, the shareholding in Mundus was increased from 51% to 100%). Their results are evaluated on the basis of revenue and profit.

since 1 July 2022, when Invalda INVL successfully implemented the acquisition of one of the largest Finnish life insurance companies' business in the Baltic States, Invalda INVL through the 100% owned licensed insurance company INVL Life controls the life insurance activities, which are valued at fair value, because, due to the signed transaction, it has an exit strategy - becoming a part of the AB Šiaulių bankas group. Below is the scheme of services provided by subsidiaries controlled by Invalda INVL:



We have been operating in the life insurance business from the beginning of the third quarter of 2022.

NUMBER OF CLIENTS, MANAGED ASSETS AND INCOME OF INVALDA INVL GROUP

	2021	2022	Change, %
Number of clients, thousands	260.6	303.9	16.6
Amount earned (loss incurred) for clients	210.5	(92.3)	-
Assets under management*	1,608.6	1,902.5	18.3
Investment life insurance	-	140.9	-
2nd pillar pension funds	995.6	1,022.2	2.7
3rd pillar pension funds	82.0	90.9	10.9
Investment funds	53.9	53.1	-1.5
Portfolios	89.0	135.0	51.7
Alternative assets	388.1	460.4	18.6
Revenues* investment management business	15.83	15.18	-4.1

* Investments in own products, for which no management fee is charged, have been eliminated

NUMBER OF EMPLOYEES PROVIDING INVESTMENT MANAGEMENT AND LIFE INSURANCE SERVICES

The number of employees	2020	2021	2022
-	132	158	281

The biggest impact on the increase in the number of employees made the completion of the acquisition transaction of the Finnish life insurance company Mandatum's business in the Baltic States, when more than 80 experienced life insurance business employees joined the group of specialists providing solutions that ensure financial security and well-being.

5.2. INVESTMENTS (DIRECT AND INDIRECT) AS OF 31.12.2022

Investment group	Investments included	Consolidated value of owned investments, EUR mln.	Consolidated profit (loss) from the investment before the impact of income tax, EUR mln.
Investment management business (operational part)	Includes value and result from the management of money entrusted by clients, eliminating own investments of the asset management business	7.8	(1.5)
Investments in collective investment undertakings managed by INVL	INVL Baltic Sea Growth Fund, INVL Sustainable Timberland and Farmland Fund II, INVL Renewable Energy Fund I, INVL Baltic Real Estate, INVL Technology, other products of INVL	44.2	9.2
Investment into life insurance business	Includes value and result after eliminating own investments of the insurance business	6.8	5.8
Investments into banking sector	AB Šiaulių bankas*, Moldova-Agroindbank (maib)	51.0	(1.8)
Historical investments	UAB Litagra, AB Vernitas, Inservis group companies (sold in May 2022), UAB Kelio ženklai (loan)	24.3	5.6

* The positive or negative value of the forward (future acquisition from the EBRD) is included

6. Estimation of Issuer's and Group's activity last year and activity plans and forecasts

6.1. EVALUATION OF IMPLEMENTATION OF GOALS FOR 2022

A year ago, we said that we will work consistently and purposefully, and we are ready for changes when they are necessary and meaningful. As we planned, in the middle of last year we successfully completed the acquisition of Mandatum Life's life insurance business in the Baltic States. We also made a strategic decision regarding the development of the retail business and on 22 November 2022 we signed an agreement with Šiaulių Bankas regarding the merger of part of the retail businesses. This move will bring more value to customers, employees, and investors. Existing INVL customers will continue receiving professional savings, investment, and life insurance solutions and will additionally be able to use other bank services.

Last year, the number of the retail, Family Office and institutional clients has grown. Despite the turbulent years, our customers increased their investments in the group's managed products, the volume of which we continued to expand. Moreover, in 2022, we actively worked with our existing investments.

In 2022, we strengthened the team and started internal transformations, which will be necessary and will have a significant impact on our further activities and business growth after the transaction with Šiaulių Bankas.

We consider the past year to be moderately successful. The moderation in our assessment is determined by the fact that due to an unfavourable situation in the markets, a large part of those who invested, experienced a loss from their investment activities.

6.2. ACTIVITY PLANS AND FORECASTS

We intend to continue to successfully invest and manage assets entrusted to us, develop existing products and create new solutions that meet our customers' needs, increasing value for retail, Family Office and institutional investors. We do our best to make the year profitable for those who invest with us, but we understand that this will be significantly influenced by the market situation, which is still difficult to predict.

In 2023 we plan to complete the merger of the retail businesses of Šiaulių Bankas and Invalda INVL, which has already been approved by the shareholders' meetings of both parties. In order to complete the transaction, it is necessary not only to obtain the necessary permits from the supervisory authorities, but also to carry out various related transformations. We believe that this transaction will lay the foundations for further successful activity and growth.

One of the priority tasks in 2023 is to strengthen the team since the merger of retail businesses and other changes will require additional professionals to join INVL. The continuous improvement of the whole team is an integral part of our strategy and competitive advantage, it is necessary for the proper performance of our daily tasks and, in particular, for ensuring the further rapid growth of the business of Invalda INVL.

We will strengthen the existing asset management business lines and continue working on creating the new ones, taking advantage of market changes and emerging opportunities.

We look forward to an active year, at the end of which we should have completed a number of important processes that will lay the foundation for further successful activity and growth.

III. Information About Securities

7. Information about Issuer's authorised capital

7.1. ADJUSTMENTS OF THE AUTHORISED CAPITAL

Information concerning adjustments of Invalda INVL, AB authorised capital during past 10 years is presented below:

- 30 March 2012 the share capital of Invalda, AB was increased by EUR 1.7 million till EUR 16.67 million after conversion of EUR 2.15 million and EUR 7.24 million convertible bonds.
- On 6 August 2012 the share capital of Invalda, AB was decreased till EUR 15 million. The authorised capital of Invalda, AB decreased due to cancelling of own shares acquired by the company.
- The amended Articles of Association of Invalda, AB were registered with the Register of Legal Entities on 31 May 2013. The Articles of Association were amended due to split-off of the company and stated a new name of the company – public joint-stock company Invalda LT as well as a reduced authorized capital due to the split-off procedure. The authorised capital of Invalda LT, AB was EUR 7.19 million.

- The amended Articles of Association of Invalda LT, AB were registered with the Register of Legal Entities on 29 April 2014. The Articles of Association were amended due to split-off of the company. After the completion of the split-off of Invalda LT, the authorised capital was EUR 3.44 million and was divided into 11,865,993 ordinary registered shares.
- The amended Articles of Association were registered with the Register of Legal Entities on 11 May 2015. According to amended Articles of Association the name of the company was changed into Invalda INVL, AB. The authorised capital was recounted into EUR and made EUR 3,441,137.97. It was divided into 11,865,993 ordinary registered shares with nominal value EUR 0.29 each.
- On 23 May 2019 a new edition of the Articles of Association of Invalda INVL was registered in the Register of Legal Entities. The Articles of Association were amended by increasing the authorized capital up to EUR 3,456,480.71 in order to realize the stock options granted to the employees of Invalda INVL Group in 2016.
- On 8 June 2021, a new edition of the Articles of Association of Invalda INVL was registered in the Register of Legal Entities. Invalda INVL increased its share capital to EUR 3,473,786.17 by issuing 59,674 new ordinary registered shares. The newly issued shares were acquired by the employees of Invalda INVL Group exercising the stock options granted to them in 2018.
- On 11 May 2022, a new wording of the Articles of Association of Invalda INVL AB was registered in the Register of Legal Entities. This draft of the company's Articles of Association was approved by the shareholders at the Ordinary General Meeting of Shareholders held on 30 April 2022. Invalda INVL increased its share capital to EUR 3,493,935.08 by issuing 69,479 new ordinary registered shares. The newly issued shares were subscribed by the employees of Invalda INVL Group exercising the stock options granted to them in 2019.

7.2. STRUCTURE OF THE AUTHORIZED CAPITAL AS OF 31 DECEMBER 2022

Type of shares	Number of shares, units	Total number of votes granted by all issued shares, units	Number of votes calculating the quorum of the General Meeting of Shareholders *	Nominal value, EUR	Total nominal value, EUR	Portion of the authorised capital, %
Ordinary registered shares	12,048,052	12,048,052	11,818,511	0.29	3,493,935.08	100

* according to Article 27 (4) of the Law on Companies' in determining the quorum of the General Meeting of Shareholders, it is considered that the acquired own shares do not grant voting rights.

All shares are fully paid-up, and no restrictions apply on their transfer.

Invalda INVL group manages asset management company INVL Asset Management (through it – asset management company Mundus) and financial brokerage company INVL Finasta. According to Lithuanian law, a natural or legal person (or persons acting in concert), indirectly willing to acquire or increase their shareholding in an asset management company (more than 20, 30 or 50 percent), have to obtain a decision from the Bank of Lithuania not to object this acquisition. This means that investors, willing to acquire more than 20 percent shareholding in Invalda INVL, AB, can do so only with a prior decision from the Bank of Lithuania.

In 2022, INVL Life, a company managed by Invalda INVL, received an insurance license. By law, a natural or legal person or persons acting in concert who decide directly or indirectly acquire a sufficient shareholding or increase it to 20, 30 or 50 percent or more of the authorized capital of an insurance company, must obtain a decision from the supervisory authority not to oppose the proposed acquisition.

Invalda INVL also owns asset management company INVL Asset Management in Latvia (through it – INVL atklatais pensiju fonds", managing 3rd pillar pension funds in Latvia), therefore according to Latvian Financial and Capital Market Commission restrictions under acquisition of the shareholding in Invalda INVL might be fulfilled as well.

In addition, Invalda INVL group has indirectly invested in Moldova-Agroindbank, the largest commercial bank in Moldova, therefore the relevant requirements of the Central Bank of Moldova may also apply to the acquisition of block of shares in Invalda INVL.

7.3. INFORMATION ABOUT THE ISSUER'S TREASURY SHARES

Year of acquisition / loss of own shares	Acquired (transferred) amount, units	Price for one share, EUR	Comments
2015	143,645	3.82	
2016	135,739	4.11	
2017	23,076	4.55	
2018	3,396	5.53	
2019	2,552	5.67	
2020	(78,867)	0.20	Own shares were transferred to the employees of the company and the group by exercising the share options granted in 2017
2021	-	-	
2022	-	-	
total	**229,541**		

During the reporting period, the company did not repurchase or transfer its own shares. At the end of the reporting period, the number of treasury shares acquired by Invalda INVL amounted to 229,541. Pursuant to Article 27 (4) of the Law on Companies, when determining the quorum of the general meeting of shareholders, it is considered that the acquired own shares do not give votes at the shareholders' meeting.

7.4. INFORMATION ABOUT EMPLOYEES STOCK OPTIONS

Employees of Invalda INVL and companies where Invalda INVL owns more than 50% of shares may be offered to enter into stock option agreements on the basis of which, within 3 (three) years they are granted the stock options. Employees shall be entitled to acquire 0.29 EUR nominal value ordinary registered Invalda INVL shares. If shareholders adopts a decision on the payment of dividends, the reduction of authorized capital paying out free funds to shareholders or other measures involving pay-outs to shareholders, then the General Meeting of Shareholders must consider the matter of changing the number of Shares which Employees are allowed to acquire and/or the price of the Shares in such a way as to maintain balance between the economic logic of the contract on entering into an agreement to acquire Shares and the interests of the parties.

There is no employee share incentive scheme in Invalda INVL. The shares are granted in accordance with the Rules for Granting Equity Incentives approved by the Company's General Meeting of Shareholders, which are published on the company's website https://invaldainvl.com/files/EN/Draft%20Rules%20for%20Granting%20Equity%20Incentives.pdf.

OPTION CONTRACTS CONCLUDED AND STOCK OPTIONS EXERCISED:

Allocation of options		Exercise of options		
The year when stock options contracts have been signed	Number of shares, units	The year when stock options are exercised	The number of shares (units) acquired by employees under option contracts	Method of granting shares
2016	52,906	2019	52,906	Newly issued shares have been subscribed
2017	80,571	2020	78,867	The company's own shares were transferred
2018	59,674	2021	59,674	Newly issued shares have been subscribed
2019	70,397	2022	69 479	Newly issued shares have been subscribed
2020	317,227	2023	N/A	
2021	65 287	2024	N/A	
2022	40 862	2025	N/A	

8. The order of amendment of Issuer's Articles of Association

The Articles of Association of Invalda INVL, AB may be amended by resolution of the General Shareholders' Meeting, if the decision is passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

On 11 May 2022, a new wording of the Articles of Association of Invalda INVL AB was registered in the Register of Legal Entities. This draft of the company's Articles of Association was approved by the shareholders at the Ordinary General Meeting of Shareholders held on 30 April 2022. Actual wording of the Articles of Association is dated as of 11 May 2022. The translation of the document is published on the company's website https://www.invaldainvl.com/wp-content/uploads/2022/05/Articles-of-Association-of-Invalda-INVL_05-11-2022_translation-from-Lithuanian.pdf

9. Shareholders

9.1. INFORMATION ABOUT SHAREHOLDERS OF THE COMPANY

At the end of 2022 the total number of shareholders was 3,774. There are no shareholders entitled to special rights of control.

The shareholders of Invalda INVL: Alvydas Banys, UAB LJB Investments, Irena Ona Mišeikienė, Indrė Mišeikytė, Darius Šulnis and UAB Lucrum Investicija, have signed a Contracts with the purpose of agreeing on the long-term management policy of Invalda INVL. Therefore, their votes are counted together in accordance with Article 16, Section 1, Item 2 of the Securities Law. Since the said contract does not contain provisions on the use of votes held directly by the parties in other companies related to Invalda INVL, their votes are counted together only at the issuer level, i.e. only in Invalda INVL.

Considering the share of the company's authorized capital and / or votes held by the company's shareholders as of the date of this report, as well as the purpose and provisions of the above-mentioned Invalda INVL Group long-term management policy agreement, the company does not have a controlling shareholder, i.e. the parties to the said Agreement control the company as part of a group, but not individually. Invalda INVL AB is not aware of any voting restrictions or agreements between shareholders that may limit the transfer of securities and/or voting rights. During the twelve months of 2022, no agreements were entered into to which the issuer is a party, and which would become effective, change or terminate upon a change of control.

SHAREHOLDERS WHO HELD TITLE TO MORE THAN 5% OF INVALDA INVL AUTHORISED CAPITAL AND/OR VOTES 31 DECEMBER 2022

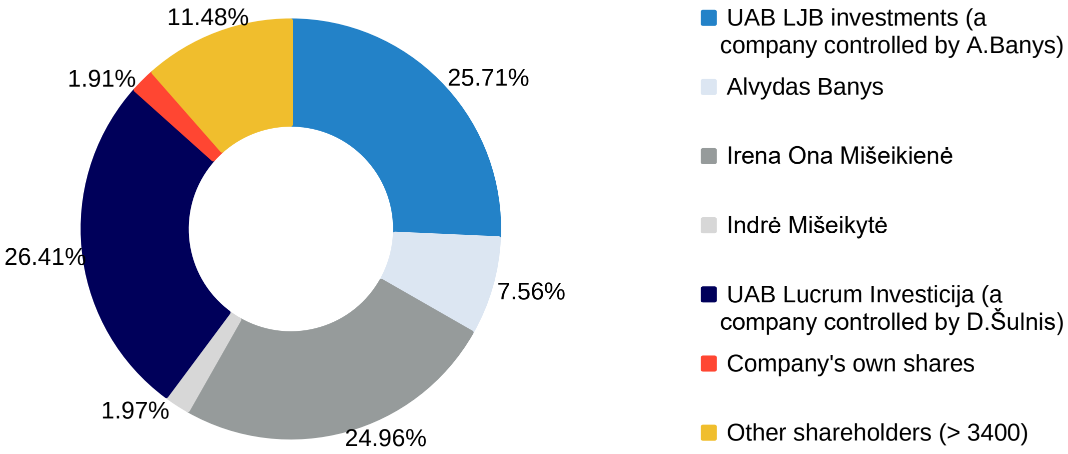
<table>
<tr><th>Name of the shareholder or company</th><th>Number of shares held by the right of ownership, units</th><th>Share of the authorised capital and votes held, %</th><th>Indirectly held votes[1], %</th><th>Total votes of the shareholders group*, %</th></tr>
<tr><td>LJB Investments. UAB
code 300822575, Juozapavičiaus str. 9A, Vilnius</td><td>3,098,196</td><td>25.71</td><td>60.90</td><td rowspan="6">86.61</td></tr>
<tr><td>Alvydas Banys[2]</td><td>910,875</td><td>7.56</td><td>79.05</td></tr>
<tr><td>Irena Ona Mišeikienė</td><td>3,006,834</td><td>24.96</td><td>61.65</td></tr>
<tr><td>Indrė Mišeikytė</td><td>236,867</td><td>1.97</td><td>84.64</td></tr>
<tr><td>Lucrum Investicija, UAB
code 300806471. Gynėjų str. 14, Vilnius</td><td>3,181,702</td><td>26.41</td><td>60.20</td></tr>
<tr><td>Darius Šulnis[3]</td><td>0</td><td>0.00</td><td>86.61</td></tr>
</table>

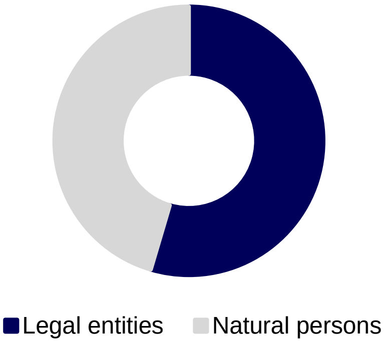
[1] Invalda INVL shareholders Alvydas Banys, UAB LJB Investments, Irena Ona Mišeikienė, Indrė Mišeikytė, Darius Šulnis and UAB Lucrum Investicija have signed an Agreement with the purpose of agreeing on the long-term management policy of Invalda INVL. Therefore, in accordance with Article 16, Section 1, Point 2 of the Securities Law, their votes are counted together. Given that the said agreement does not contain provisions on the use of the parties' directly owned votes in other companies related to Invalda INVL, their votes are counted together only at the level of the issuer

[2] It is considered that Alvydas Banys has the votes of the controlled company UAB LJB investments.

[3] It is considered that Darius Šulnis has the votes of the controlled company UAB Lucrum Investicija.

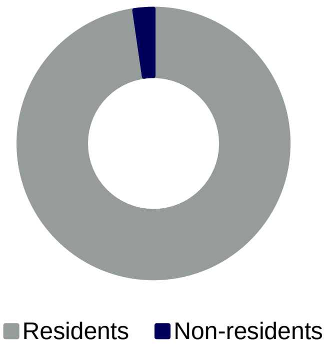
Distributions of the share capital of the shareholders of Invalda INVL as of 31 December 2022





Distribution of shareholders by investor groups as of 31 December 2022

Investor group	Shareholders		Votes held by shareholders	
	number	proportion, %	number	proportion, %
Natural persons	3,749	99	5,508,721	45.72
Legal entities	38	1	6,539,331	54.28



Distribution of shareholders by their residence as of 31 December 2022

Investor group	Shareholders		Votes held by shareholders	
	number	proportion, %	number	proportion, %
Residents	3,579	94.51	11,779,235	97.77
Non-residents	208	5.49	268,817	2.23

9.2. RIGHTS AND OBLIGATIONS CARRIED BY THE SHARES

9.2.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

1) to receive a part of the Company's profit (dividend);
2) to receive the company's funds when the authorised capital of the company is reduced with a view to paying out the company's funds to the shareholders;
3) to receive a part of assets of the company in liquidation;
4) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania;
5) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
6) to lend to the company in the manner prescribed by law; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;
7) other property rights provided by laws;
8) to attend the General Shareholders' Meetings;
9) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;
10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;
12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;
13) to receive information on a public company whose shares are admitted to trading on a regulated market as specified in the Law on Companies of Financial Instruments Markets in the Republic of Lithuania;
14) other non-property rights established by laws and the Company's Articles of Association.

9.2.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

A person who has acquired all the shares of a company or has acquired a part of the shares of a public limited company from the shareholder of this company shall notify the company no later than 5 days after the conclusion of the transaction. The notice must include the number of shares acquired, including the number of shares by class, where the shares of the different classes are acquired, their nominal value and the identity of the person transferring and acquiring the shares (name, surname, personal identity number and place of residence or address of the natural person; name, legal form, code and registered office and name, surname, personal code, place of residence or address of the legal representative). The notice shall be accompanied by a document confirming the acquisition of the shares or an extract thereof. If a document is provided, it must include the parties to the transaction, the subject of the transaction and the date of acquisition of the shares.

Contracts between the company and holder of all its share shall be executed in a simple written form unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

10. Dividends

The decision to pay dividends and the amount of dividends to be paid is determined by the company's general meeting of shareholders
The ordinary general meeting of the company's shareholders held on 30 April 2022 approved the allocation of a dividend of EUR 0.65 per share for 2021. The total amount allocated to dividends is EUR 7,682 thousand. Dividends were received by those persons who were shareholders of Invalda INVL on the tenth working day after the end of the general meeting of shareholders that took the decision on the payment of dividends, i.e. 13 May 2022.

RATIOS RELATED WITH SHARES

	2020	2021	2022
Net Asset Value per share, EUR	7.11	10.32	11.07
Price to book value (P/Bv)	1.07	1.65	1.03

The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions. All the information is disclosed in the Company‘s web site section „Investor relations“ → „Reports“ → „Formulas for performance indicators.

https://www.invaldainvl.com/en/investor-relations/financial-information-and-documents/formulas-of-performance-indicators/

11. Trading in Issuer’s securities as well as securities of the group companies’

11.1. TRADING IN ISSUER’S SECURITIES

MAIN CHARACTERISTICS OF INVALDA INVL, AB SHARES ADMITTED TO TRADING

Shares issued, units	12,048,052
Nominal value	0.29 EUR
Total nominal value	3,493,935.08 EUR
ISIN code	LT0000102279
The Issuer Agent	AB Šiaulių bankas
Exchange	Nasdaq Vilnius
Ticker	IVL1L
List	Baltic Secondary list Baltic Main List (from 1 January 2008 until 20 July 2015)
Listing date	19 December 1995
LEI code	52990001IQUJ710GHH43

From 3 August 2020, Šiaulių bankas AB provides the company with a market making service.

TRADING IN INVALDA INVL, AB SHARES

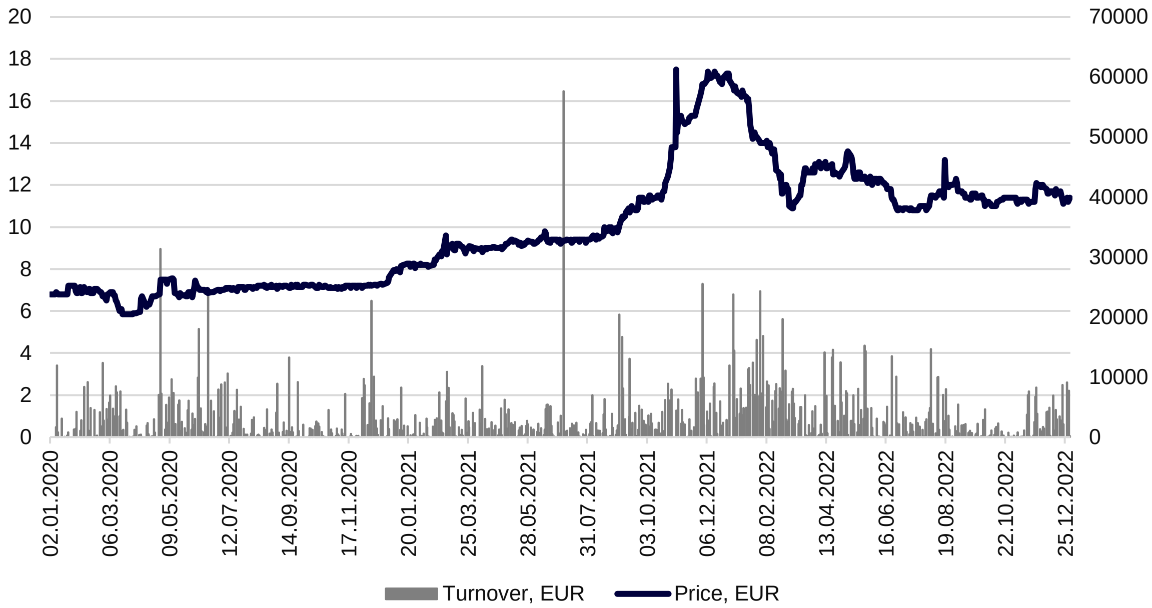
	2020	2021	2022
Share price, EUR			
- open	6.80	7.60	17.00
- high	8.95	18.70	17.00
- low	5.65	7.60	10.00
- last	7.60	17.00	11.40
Turnover, units	89,010	63,625	70,365
Turnover, EUR	619,336	681,010	888,205
Traded volume, units	1,212	1,561	1,684
Capitalisation, EUR mln.	88.84	199.73	134.73

TRADING IN THE COMPANY'S SHARES DURING THE PERIOD OF 2020–2022 (QUARTERLY) ON NASDAQ VILNIUS STOCK EXCHANGE:

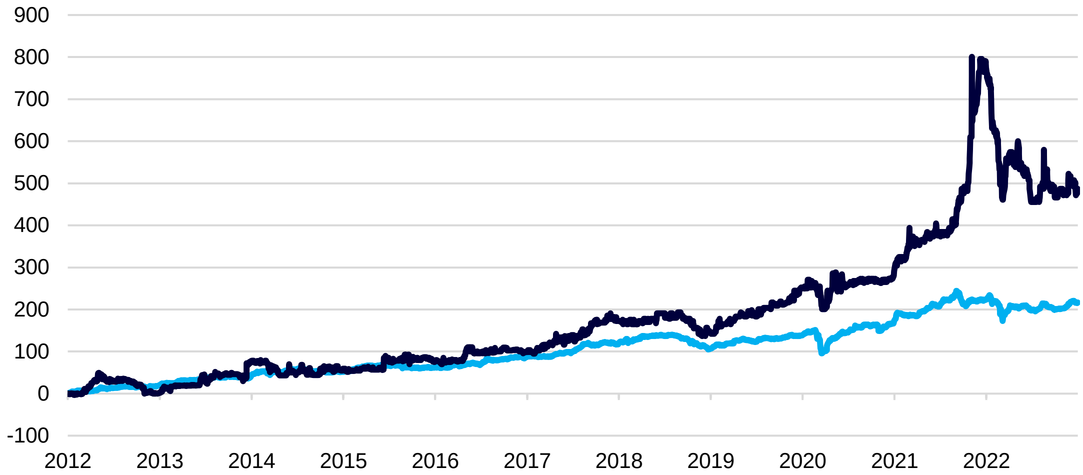
Reporting period	Price, €			Last trading date	Total turnover	
	high	low	last		units	€
2020, 1st Q	7.20	5.65	5.90	31.03.2020	21,925	146,005
2020, 2nd Q	8.95	5.90	7.00	30.06.2020	31,449	219,194
2020, 3rd Q	7.25	6.90	7.25	30.09.2020	18,314	129,657
2020, 4th Q	8.40	7.00	7.60	30.12.2020	17,322	124,480
2021, 1st Q	9.60	7.60	8.85	31.03.2021	14,606	125,707
2021, 2nd Q	9.80	8.55	9.30	30.06.2021	12,545	114,832
2021, 3rd Q	11.80	9.20	11.20	30.09.2021	20,764	205,677
2021, 4th Q	18.70	11.20	17.00	30.12.2021	15,710	234,795
2022, 1st Q	17.00	10.00	12.60	31.03.2022	28,652	392,004
2022, 2nd Q	13.60	10.80	10.90	30.06.2022	18,823	234,545
2022, 3rd Q	13.20	10.60	11.00	30.09.2022	11,573	131,869
2022, 4th Q	12.20	11.00	11.40	30.12.2022	11,317	129,787

CAPITALISATION

Last trading date	Number of shares (company's own shares excluded), units	Last price, €	Capitalisation, €
31.03.2020	11,610,491	5.90	68,501,897
30.06.2020	11,689,358	7.00	81,825,506
30.09.2020	11,689,358	7.25	84,747,846
30.12.2020	11,689,358	7.60	88,839,121
31.03.2021	11,689,358	8.85	103,450,818
30.06.2021	11,749,032	9.30	109,265,998
30.09.2021	11,749,032	11.20	131,589,158
30.12.2021	11,749,032	17.00	199,733,544
31.03.2022	11,749,032	12.60	148,037,803
30.06.2022	11,818,511	10.90	128,821,770
30.09.2022	11,818,511	11.00	130,003,621
30.12.2022	11,818,511	11.40	134,731,025



Turnover of Invalda INVL. AB shares and share price during the past 3 years

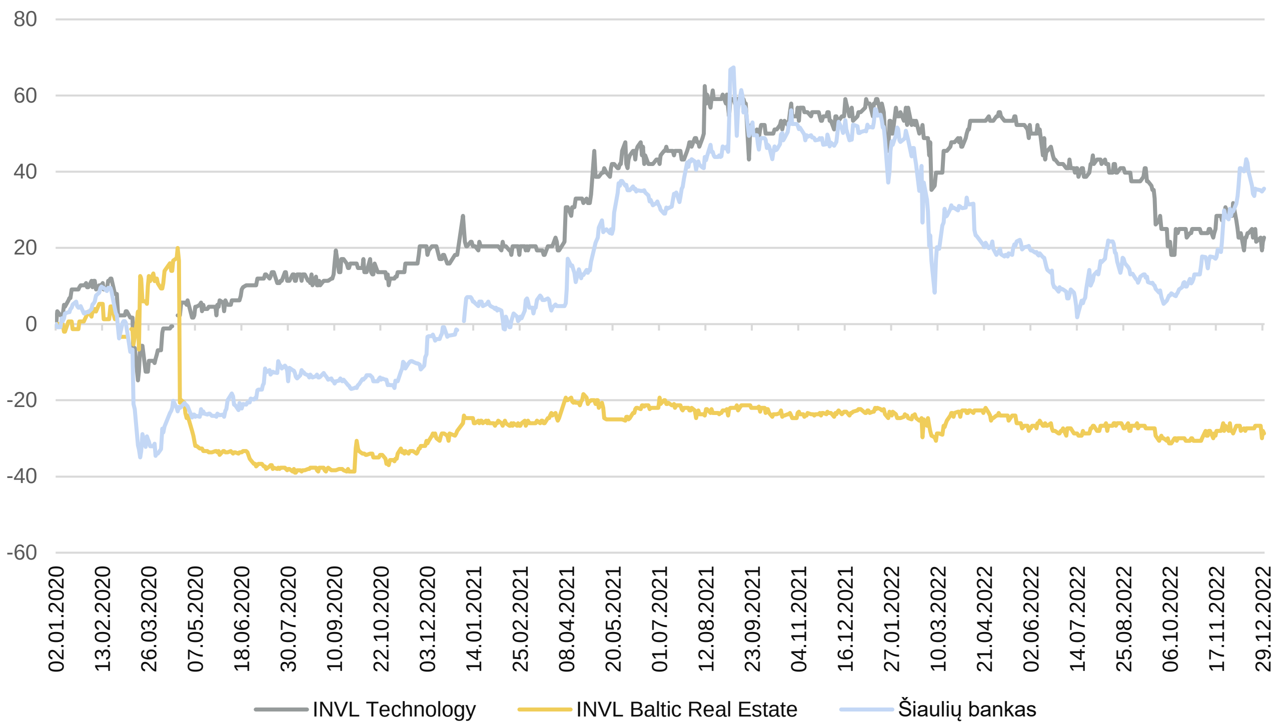


Changes in Invalda INVL share price and OMX Vilnius index over 10 years, %

Index/Shares	01.01.2012	01.01.2022	30.12.2022	Change (%) since 2012	Change (%) in 12 months of 2022
OMX Vilnius	298.78	966.13	947.14	217 ↑	-1,97 ↓
Invalda INVL	1.943 EUR	17.00 EUR	11.40 EUR	486.72 ↑	-32.94 ↓

11.2. TRADING IN SECURITIES OF THE GROUP COMPANIES'

Shares of subsidiary companies of Invalda INVL, forming the group, are not traded on stock exchanges. INVL Baltic Real Estate, INVL Technology and Šiaulių Bankas, companies Invalda INVL directly or indirectly invested in, are listed on Nasdaq Vilnius stock exchange.



IV. ISSUER'S MANAGING BODIES

12. Structure, authorities, the procedure for appointment and replacement

General Shareholders' Meeting

The Board (3 members)

The President

The governing bodies of Invalda INVL, AB are the General Shareholders' Meeting, sole governing body – the President and a collegial governing body – the Board. The Supervisory Board is not formed.

12.1. GENERAL SHAREHOLDERS' MEETING

Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person unless otherwise provided for by laws or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present, the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

The General Shareholders' Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company. unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- change registered office of the company;
- elect members of the Board;
- dismiss the Board or its members;
- elect and dismiss the firm of auditors. set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision regarding conversion of shares of one class into shares of another class. approve share conversion procedure;
- take a decision to replace private limited liability company share certificates by shares;
- approve the annual accounts and the report on company operations;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- to approve the set of interim financial statements for the purpose of making a decision on the allocation of dividends for a period shorter than the financial year;
- decide on the allocation of dividends for a period shorter than the financial year;
- take a decision on the issue of convertible debentures;
- take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital. except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase its own shares;
- take a decision to approve rules on giving stock options to employees and /or members of the bodies;
- take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off, except the cases provided for in the Law on Companies of the Republic of Lithuania;
- take a decision on transformation of the Company;
- take decisions on company restructuring in the cases provided for in the Law on Restructuring of Enterprises;
- take a decision to liquidate the Company, cancel the liquidation of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania;
- elect and dismiss the liquidator of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that. in their essence, these are not the functions of the governing bodies.

Convocation of the General Shareholders' Meeting of Invalda INVL, AB

The documents related to the agenda, draft resolutions on every item of agenda, documents what have to be submitted to the General Shareholders Meeting and other information related to realization of shareholders rights are available at the registered office of the Company during working hours or on company's website www.invaldainvl.com.

The shareholders are entitled: (i) to propose to supplement the agenda of the General Shareholders Meeting submitting draft resolution on every additional item of agenda or, when there is no need to make a decision - explanation of the shareholder (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes). Proposal to supplement the agenda is submitted in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company or by sending proposal to the Company by email info@invaldainvl.com. The agenda is supplemented if the proposal is received no later than 14 before the General Shareholders Meeting; (ii) to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders meeting (in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company or by sending proposal to the Company by email info@invaldainvl.com) or in writing during the General Shareholders Meeting (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes); (iii) to submit questions to the Company related to the issues of agenda of the General Shareholders Meeting in advance but no later than 3 business days prior to the General Shareholders Meeting in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company or by sending proposal to the Company by email info@invaldainvl.com. The company reserves the right to answer to those shareholders of the Company who can be identified and whose questions are not related to the company's confidential information or commercial secrets.

Shareholder participating at the General Shareholders Meeting and having the right to vote must submit documents confirming personal identity. Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the General Shareholders Meeting. A power of attorney issued by a natural person must be certified by a notary. The representative has the same rights as his represented shareholder at the General Shareholders Meeting. The authorized persons must have documents confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the General Shareholders Meeting. A power of attorney issued in a foreign state must be translated into Lithuanian and legalised in the manner established by law. The Company does not establish special form of power of attorney.

Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the General Shareholders Meeting. No notarisation of such authorization is required.

The power of attorney issued through electronic communication means must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through the means of electronic communication by e-mail info@invaldainvl.com not later than on the last business day before the General Shareholders Meeting. The power of attorney and notification must be issued in writing and could be sent to the Company by communication means if the transmitted information is secured and the shareholder's identity can be identified.

Shareholder or its representative may vote in writing by filling general voting bulletin, in such a case the requirement to deliver a personal identity document does not apply. The form of general voting bulletin is presented at the Company's webpage www.invaldainvl.com section For Investors.

If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if authorized person is voting. The filled general voting bulletin must be sent by the registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company no later than the day before of the General Shareholders Meeting.

In 2022 1 (one) shareholders' meeting of Invalda INVL was held. The ordinary general meeting of shareholders of Invalda INVL AB took place on 30 April 2022. The decisions of this shareholders meeting can be found here https://www.invaldainvl.com/en/investor-relations/shareholders-meetings/

12.2. THE BOARD

Powers of the Board

The Board shall continue in office for the 4-year period or until a new Board is elected and commences its activities, but not longer than until the date of the Annual General Shareholders' Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected. they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders' Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders' Meeting may dismiss from the office the entire Board or its individual members (as well as the Chairman of the Board) before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders' Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the manager of the Company. The working procedure of the Board shall be laid down in the rules of procedure of the Board adopted by it.

The Board discusses and approves the issues set forth in the Law on Companies of the Republic of Lithuania.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and submit them to the General Shareholders' Meeting together with the annual management report.

The Board shall consider and approve the company's business strategy, analyse and evaluate information about the company's business strategy, the following information is provided to the Annual General Meeting.

It shall be the duty of the Board to convene and organise the General Shareholders' Meetings in due time.

The company's board performs all the following supervisory functions: makes decisions on transactions with related parties, as stipulated in Article 37^2 of the Law on Companies; supervises the activities of the company's manager, submits feedback and suggestions regarding the activities of the company's manager to the general meeting of shareholders; considers whether the head of the company is suitable for the position, if the company is operating at a loss; submits proposals to the company's manager to revoke his decisions that contradict laws, other legal acts, the company's articles of association and decisions of the general meeting of shareholders or the board; solves other issues assigned to the competence of the board in the decisions of the general meeting of shareholders regarding the supervision of the activities of the company and the company's manager.

Members of the Board must keep commercial secrets of the Company and confidential information which they obtained while holding the office of members of the Board.

Procedure of work of the Board

The order of the formation of the Board of the company should ensure objective. impartial and fair representation of minority shareholders of the company: names and surnames of the candidates to become members of the Board of the company. information about their education. qualification. professional background. positions taken in supervisory and management Boards of other companies. owned block of shares in other companies. larger than 1/20. potential conflicts of interest. information on whether the candidates are applied to administrative sanctions or punishment for violations / crimes against the economy. business policy. property. property rights and property interests. or do they have no obligations neither functions which would threaten the safe and reliable operations of the company. or whether candidates meet the legal requirements made for the Managers. are disclosed not later than 10 days prior the General Shareholders' Meeting in which the election of the Members of the Board is intended. so that the shareholders would have sufficient time to make an informed voting decision.

In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the Board of the company are determined with regard to the company's structure and activities and are periodically evaluated once a year.

Any Member of the Board of the company must confound company's property with its own property and do not use it or information which they received while holding position as the Members of the Board for personal benefit or for the benefit of third party on other way than the General Shareholders Meeting and the Board allows it.

Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board. Regulation of the work of the Board of the company settles the statements that if the Member of the Board attended the Meetings of the Board less than 2/3 times in the financial year, such information must be disclosed to shareholders in the General Shareholders' Meeting.

Alvydas Banys, Indrė Mišeikytė and Tomas Bubinas (independent member) were elected to the Board of Invalda INVL on 30 April 2022. The members of the Board elected by the General Meeting of Shareholders act separately and for the benefit of the Company and its shareholders.

12.3. THE PRESIDENT

The manager of the Company (the President) shall be elected and dismissed from office by the Board which shall also fix his salary, approve his job description, provide incentives and impose penalties. An employment contract shall be concluded with the President. The President shall assume office after the election, unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office, the employment contract therewith shall be terminated.

In his activities, the President shall be guided by laws and other legal acts, the Articles of Association of the Company, decisions of the General Shareholders' Meeting and the Board, his job description. The President is accountable to the Board.

The President shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts therewith, provide incentives and impose penalties.

The President shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The President may conclude the transactions to invest, dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

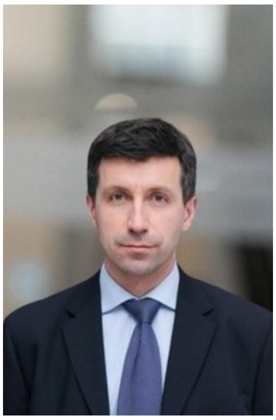
The President shall be responsible for:

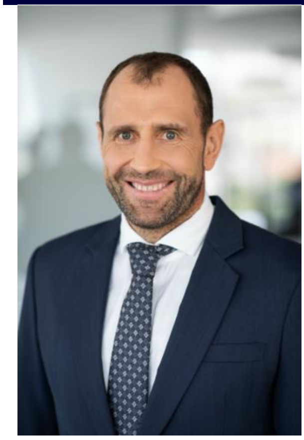
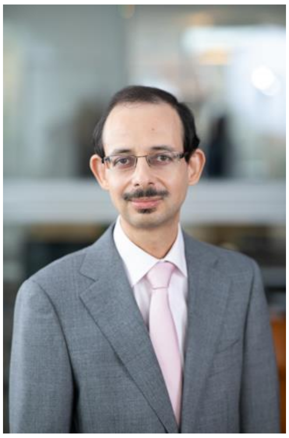
- the organisation of activities and the implementation of objects of the company;
- the drawing up of the annual financial statements and annual management report;
- drafting a decision on the issuance of dividends for a period shorter than the financial year, drawing up an interim financial report and preparing an interim report for the adoption of a decision on the allocation of dividends for a period shorter than the financial year. The interim report shall apply mutatis mutandis the provisions of the Law on Company Financial Accountability for the preparation and publication of the annual management report.
- Drafting rules on giving stock options;
- the conclusion of the contract with the firm of auditors where the audit is mandatory or required under the Statutes of the company;
- the submission of information and documents to the General Meeting. the Supervisory Board and the Board in cases laid down in this Law or at their request;
- the submission of documents and particulars of the company to the administrator of the Register of Legal Persons;
- the submission of the documents of a public limited liability company to the Bank of Lithuania and the Central Securities Depository;
- the publication of information referred to in this Law in the daily indicated in the Statutes;
- reporting to the shareholders and the board about the most important events that are relevant to the company's activities;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Statutes and the staff regulations of the manager of the company.

The President must keep commercial secrets and confidential information of the Company which he learned while holding this office.

13. Information about members of the Board, CFO and the Audit Committee of the Company

The Board of Invalda INVL, AB was elected during the General Shareholders' Meeting on 30 April 2022. Mr. Banys was elected as the Chairman of the Board. Mr. Bubinas and Ms. Mišeikytė were elected as the Members of the Board. Mr. Šulnis was appointed as the President of the company on 22 May 2013.

	Term of office	Educational background and qualifications	Owned number of shares in Invalda INVL	Ongoing management positions
 Alvydas Banys Chairman of the Board	Since 2022 until 2026	Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economics' Institute of Lithuania's Science Academy.	Personally: 910,875 units of shares, 7.56 % of authorised capital and votes; Together with controlled company LJB Investments: 4,009,071 units of shares. 33.27 % of authorized capital and votes. Total votes with others whose votes are counted together - 86.61%.	LJB investments, UAB (code 300822575, A. Juozapavičiaus g. 9A, Vilnius.) – CEO (the main workplace) INVL Baltic Sea Growth Fund, managed by INVL Asset Management (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) - Investment Committee member INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – Chairman of the Board Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius, Lithuania) – Member of the Board LJB property, UAB (code 300822529; A. Juozapavičiaus g. 9A, Vilnius.) CEO
 Indrė Mišeikytė Member of the Board	Since 2022 until 2026	Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture.	Personally: 236,867 units of shares, 1.97% of authorised capital and votes. Total votes with others whose votes are counted together - 86.61%.	Invalda INVL, AB (code 121304349, Gynėjų g. 14, Vilnius, Lithuania) – Adviser (the main workplace) INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – Member of the Board INVL Technology, SUTPKIB (code 300893533, Gynėjų g. 14, Vilnius, Lithuania) – Member of the Supervisory Board (till 06-02-2023)
 Tomas Bubinas Independent Member of the Board	Since 2022 until 2026	Baltic Management Institute (BMI), Executive MBA Association of Chartered Certified Accountants. ACCA. Fellow Member Lithuanian Sworn Registered Auditor Vilnius University, Msc. in Economics	-	INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – independent Member of the Board (since April 2022). The main workplace is an individual consulting activity.

	Educational background and qualifications	Owned number of shares in Invalda INVL	Ongoing management positions
 Darius Šulnis – the President of Invalda INVL	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker‘s license (general) No. A109.	Personally: 0 units of shares, 0% of authorised capital and votes. Together with controlled company Lucrum Investicija: 3,181,702 units of shares, 26.41% of authorised capital and votes. Total votes with others whose votes are counted together - 86.61%. The right to acquire 33,483 shares of the company according to the concluded share option agreement	Invalda INVL, AB (code 121304349, Gynėjų g. 14, Vilnius, Lithuania) – the President (the main workplace); INVL Baltic Sea Growth Fund, managed by INVL Asset Management (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) - Investment Committee Member; INVL Asset Management, UAB (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) – Chairman of the Board; FERN Group UAB (code 306110392, Granito g. 3-101, Vilnius, Lithuania) - Chairman of the Supervisory Board; Šiaulių Bankas AB (code 112025254, Tilžės g. 149, Šiauliai, Lithuania) – Member of the Supervisory Board; INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – Member of the Board (till 30-04-2022); Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius, Lithuania) – Member of the Board.
 Raimondas Rajeckas CFO	Vilnius University, Faculty of Economics, Master of Science in Accounting and Auditing	Personally: 36,045 units of shares, 0.3% of authorised capital and votes. The right to acquire 120,059 shares of the company according to the concluded share option agreements.	INVL Baltic Real Estate, SUTNTIB (code 152105644, Gynėjų g. 14, Vilnius) Member of the Supervisory Board. Invalda INVL, AB (code 121304349, Gynėjų g. 14, Vilnius, Lithuania) CFO (the main workplace). Holds the position of director in companies controlled by Invalda INVL" (all are located at Gynėjų g 14, Vilnius): MD PARTNERS UAB (code 304842899), Invalda INVL Investments, UAB (code 303252237), Cedus, UAB (code 302656796), Cedus Invest, UAB (code 302576631), Regenus, UAB (code 302575821), Consult Invalda, UAB (code 302575814) RPNG, UAB (code 302575892), MGK invest, UAB (code 302531757), MBGK, UAB (code 300083611), Aktyvo, UAB (code 301206846), Aktyvus valdymas, UAB (code 301673764), Iniciatyvos fondas VšĮ (code 300657209).

14. Information about the Audit Committee of the company

The Audit Committee consists of 2 independent members. The members of the Audit Committee are elected and dismissed by the General Shareholders' Meeting of Invalda INVL, AB for a term not exceeding 4 years. The main functions of the Audit Committee should be the following:

- provide recommendations to the Board of the company with selection. appointment. reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the process of preparation of financial reports of the company;
- monitor the efficiency of the internal control and risk management systems of the company. Once a year review the need of the internal audit function.
- monitor the implementation of the audit firm's recommendations and comments imposed by the Board and the manager of the company.

The Member of the Audit Committee of the company may resign from his post before the expiry of term of office notifying the Board of the company in writing at least 14 calendar days in advance. When the Board of the Company receives the notice of resignation and estimates all circumstances related to it. the Board may pass the decision either to convene the Extraordinary General Shareholders Meeting to elect the new member of the Audit Committee or to postpone the question upon the election of the new member of the Audit Committee until the nearest General Shareholders Meeting. In any case the new member is elected till the end of term of office of the operating Audit Committee.

Procedure of work of the audit committee

The Audit Committee is a collegial body taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The Member of the Audit Committee may express his will – for or against the decision in question the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature. The right of initiative of convoking the meetings of the Audit Committee is held by both Members of the Audit Committee. The other Member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be recorded and the taken decisions should be signed by both Members of the committee. When both Audit Committee Members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Board of the Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the Manager of the Company, Member(s) of the Board, the chief financier and employees responsible for finance, accounting and treasury issues as well as external auditors to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee at the maximum hourly rate approved by the General Shareholders' Meeting.

In its activities, the company's audit committee follows the regulations of the audit committee approved by the general meeting of shareholders on 28 April 2017.

On 30 April 2021 the General Shareholders meeting elected independent Audit Committee members: Dangutė Pranckėnienė, partner and auditor of Moore Stephens Vilnius, UAB and Tomas Bubinas, a Chief Operating Officer at Biotechpharma, UAB.

	Term of office	Educational background and qualifications	Owned number of shares in Invalda INVL	Work experience
 Dangutė Pranckėnienė Independent audit committee member	Since 2021 until 2025	Vilnius Gediminas Technical University, Master of Business Administration. Vilnius University, Master of Economics. The International Coach Union (ICU), professional coucher name. Lithuanian Ministry of Finance, the auditor's name.	-	Since 1997 the Partner at Moore Mackonis, UAB 1996 - 1997 Audit Manager, Deloitte & Touche 1995 - 1996 Lecturer, Vilnius Gediminas Technical University 1982 - 1983 Lecturer, Vilnius University
 Tomas Bubinas Independent audit committee member	Since 2021 until 2025	Baltic Management Institute (BMI), Executive MBA Association of Chartered Certified Accountants. ACCA. Fellow Member Lithuanian Sworn Registered Auditor Vilnius University, Msc. in Economics	-	2013 – 2022 Chief Operating Officer of Biotechpharma, UAB. 2010 – 2012 Senior Director of TEVA Biopharmaceuticals (USA). 2004-2010 – TEVA Pharmaceuticals, Chief Financial Officer for the Baltic States. 2001-2004 – Sicor Biotech, Chief Financial Officer 1999 – 2001 Senior Manager of PricewaterhouseCoopers. 1994 – 1999 Senior Auditor, Manager of Coopers & Lybrand.

15. Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Members of the Board, the president and CFO

The company's manager and chief financier are paid a constant monthly salary. The company does not have an approved policy on the payment of a variable part of the salary to the managers. During 2022, a total of EUR 144 thousand was accrued to the company's manager and chief financier (including accrued salary in other companies of the company's group), an average of EUR 6 thousand per month.

Until the general meeting of shareholders held on 30 April 2022, only a fixed monthly salary was paid to the board members who signed an employment contract with the company. The general meeting of shareholders held on 30 April 2022 elected the company's board for a new term of office and approved the procedure for remuneration for work on the company's board. Contracts were concluded with the elected members of the board regarding the activity of the board member and the remuneration for the work in the Board of Invalda INVL was set (all taxes and fees applicable to the member of the Board, except for VAT (when the member of the Board becomes liable to pay VAT), inclusive) : (i) the salary of 200 euros per hour is set for the independent board member, paid at least once a quarter for the hours actually spent by the board member participating in the board meetings and preparing for the meetings, according to the report of the board member; from 1 May 2022 until 31 December an independent member of the board was paid EUR 8,980 (ii) a monthly fixed remuneration of EUR 1,500 was set for other members of the board, a monthly fixed remuneration of EUR 2,000 for the member of the board working as the chairman of the board.

In 2022, to the board members, which are shareholders of the Company, were paid EUR 634 thousand of dividends, net of tax. The entities, which are controlled by the board members and CEO of the company, were paid EUR 4,082 thousand of dividends, net of tax. Natural persons, who are related to the board members of the company, were paid EUR 1,792 thousand of dividends, net of tax. There were no assets transferred, no guarantees granted, no bonuses paid and no special pay-outs made by the company to its managers. The members of the board and CEO were not granted with bonuses by other companies of Invalda INVL group.

During the year 2022, the total remuneration for the members of the Audit Committee of the company amounted to EUR 2,132.

INFORMATION ABOUT CALCULATED REMUNERATION FOR INVALDA INVL, AB MANAGERS FOR 2022

	Calculated remuneration. thousand EUR		
	2020	2021	2022
For members of the Board (according to employment contracts[4] as employees of the company and group companies and for working on the Board of the company in accordance with the Agreements on the Activities of the Board Member)	251	220	181
For each member of the Board (average per month)	7	6	5
For members of administration (the President and CFO)[4]	168	144	144
For each member of administration (average per month)	7.0	6.0	6.0

V. OTHER INFORMATION

16. Agreements with intermediaries on public trading in securities

Invalda INVL, AB has signed agreements with these intermediaries:

- Šiaulių Bankas, AB (Tilzes str. 149, Siauliai, Lithuania; tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends, agreement regarding market making service;
- Luminor Bank AS Lithuanian Branch (Konstitucijos av. 21A, Vilnius, Lithuania; tel. +370 5 239 3444) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas, AB (Gedimino ave. 12, Vilnius, Lithuania; tel. +370 5 268 2370) – the agreement on management of securities account;
- FMI Orion Securities, UAB (A. Tumeno str. 4. (block B), Vilnius, Lithuania; tel. +370 5 231 3841) - the agreement on investment services;
- AB SEB Pank (Tornimae str. 2., 15010, Tallin, Estonia; tel. +372 6657 772) - the agreement of intermediation;
- UAB FMĮ INVL Financial Advisors (Gynėjų str. 14, Vilnius, Lithuania, tel. 8 700 55 959) - wealth management services contract.

17. Information on Issuer's branches and representative offices

Invalda INVL, AB has no branches or representative offices.

18. Risk management

18.1. A DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES

Economic, geopolitical risks

The activities of the Invalda INVL group of companies are influenced by the general economic, geopolitical and legal environment of the countries where businesses are developed and investments are made.

Economic recessions and downturns can affect the companies and assets that we have invested in, both directly and through collective investment undertakings, and reduce their value, while negatively impacting our performance.

There is a risk that, in the event of inflation, the value of a stock will grow more slowly than inflation, leading to lower-than-inflation returns. In this case, the real return on the increase in the value of the shares of the persons who sold the company's shares on the market may be lower than expected. In the event of deflation, there would be a risk that the value of the company's investments would decrease due to a decrease in the general price level.

[4] Remuneration by the company and group companies (including non-consolidated companies)

Regulatory risk

The main activity of AB Invalda INVL Group is investment management and life insurance. A significant part of the assets under management consists of the assets of the second pillar pension funds in Lithuania and Latvia, therefore the changing laws related to the pension system may negatively affect the results of this business line. We have opted for a regulated asset management business model, so an increase in the regulatory burden may increase our costs and adversely affect profitability. The asset management business must also meet capital adequacy ratios, which may result in additional contributions to the capital of asset management companies in the event of a loss.

Changes in the laws or regulations governing our operations may have a material effect on our business. Changing tax policy, as well as regulatory policy in sectors that depend on public funding, can have negative consequences for our business.

Tax risk

Invalda INVL AB has concluded a number of transactions with related parties and its portfolio companies. Information on transactions concluded by the company with related parties, as provided for in Article 37 (2) of the Law on Companies, is made public. Under current tax law, transactions with related parties must be formalized (i.e., independently and under the same conditions). Despite every effort made by management to ensure compliance with the above standard, the theoretical tax risk remains, i.e. the risk that the applicable charges will be calculated on the basis of market prices if it has been established that certain transactions have not been concluded in accordance with this principle, and the risk that appropriate fines and interest will be charged.

Payouts and liquidity risk

By purchasing the company's shares, the shareholders assume the liquidity risk of the securities - if the demand for the shares decreases or they are delisted from the stock exchange, investors would face difficulties in their realization. If the company's financial situation deteriorates, the demand for the company's shares may decrease, as well as the price.

Our investments may be illiquid - there is a risk that the planned transactions will not take place when the management of the issuer so requests. When investing in portfolio companies whose securities (shares, bonds and other financial instruments) are not traded on regulated markets, there is a risk that the sale of securities may take longer than planned or may not be due to lack of demand or other market conditions, or may not be as profitable as planned, or even unprofitable. Our investments in corporate shares and collective investment undertakings are risky and, in the worst case, it is possible to lose the entire amount invested.

We have not approved a dividend payment policy and have not set a minimum dividend, therefore the payment of funds to shareholders is not guaranteed. Decisions to pay dividends depend on the profitability of operations, cash flows, investment plans and the general financial situation and other circumstances.

Interest rate risk

Changes in interest rates can affect the cost of capital, profitability and the ability to attract additional financing. There is a risk that if inflation rises, central banks will raise interest rates and the servicing of loans related to the company's investments, which may reduce the value of the company's investments.

Credit risk

There is a risk that buyers of the products and services of direct portfolio companies, or businesses in which we have invested through collective investment undertakings, will not meet their obligations, which would adversely affect profits. A large part of the default on time may disrupt the issuer's normal operations and may require additional sources of funding, which may not always be available. The issuer also incurs risks by holding funds in bank accounts or investing in short-term financial instruments.

Risk of false expectations and assessments

The profitability of Invalda INVL investments may be significantly lower than the average profitability historically achieved by the private equity industry, as past results do not reflect future profitability.

Invalda INVL may not be able to realize the profit from investments in shares of companies or collective investment undertakings. The companies and collective investment undertakings in which we invest may not create value or even destroy it by devaluing our investments.

The performance of the company and the group may fluctuate significantly and may not reflect future results.

The share price of Invalda INVL may fluctuate significantly. The price of the shares you have acquired as an investor may be higher or lower, depending on many factors, some of which are beyond our control.

The market may value the shares of Invalda INVL less than the fair value of the assets.

Technological risk

The company may face attempts by other persons to find illegal access to the information systems of the company and / or its group companies, which may pose a threat to the information security and system stability of the company and/or its portfolio companies. The company and/or its portfolio companies may not be able to detect and protect against such theft and attacks. Theft, unauthorized access and use of trade secrets and other confidential business information as a result of such an event may materially harm the company's business, results of operations or financial condition.

Human resources risk

Invalda INVL AB and its asset management business and other companies and collective investment undertakings in which we invest are also dependent on key executives - the loss of them could adversely affect the company's operations and we could lose business opportunities.

18.2. INFORMATION ABOUT THE EXTENT OF RISK AND ITS MANAGEMENT IN THE COMPANY

Information on the extent of risks and management of them is disclosed in explanatory notes of consolidated and company's financial statements for 2022.

18.3. THE MAIN INDICATIONS ABOUT INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee supervises preparation of the consolidated financial statements. systems of internal control and financial risk management and how the company follows legal acts that regulate preparation of consolidated financial statements.

Chief financial officer of the company is responsible for the preparation supervision and the final revision of the consolidated financial statements. Moreover, he constantly reviews International Financial Reporting Standards (IFRS) in order to implement in time IFRS changes, analyses company's and group's significant deals. ensures collecting information from the group's companies and timely and fair preparation of this information for the financial statements. CFO of the company periodically informs the Board about the preparation process of financial statements.

Standardized data collection files prepared by Excel program are used for preparation of consolidated numbers. It also facilitates the automatic reconciliation and elimination of balances and transactions between subsidiaries in the preparation of consolidated accounts. Internal control of the financial numbers of the Group's entities and of the Group financial statements is provided by CFO of the Company.

18.4. INFORMATION ON FINANCIAL RISK MANAGEMENT OBJECTIVES USED FOR HEDGING MEASURES WHICH HEDGE ACCOUNTING

Information on financial risk management objectives used for hedging measures which hedge accounting and of price risk, credit risk, liquidity risk and cash flow risk where the company group uses financial instruments and is an important evaluation of the property, own capital, liabilities, revenue and expenses is disclosed in the consolidated and Company's financial statements for 2021 explanatory notes.

19. Issuer's and its group companies' non – financial results. Information related to to social responsibility, environment and employees

19.1. RESPONSIBLE BUSINESS ACTIONS IN THE COMPANY

- Ethical business practice

The fundamental basis of ethical norms is the compliance with legal acts and all employees without any exception respect laws and strictly adhere to them. Employees shall avoid situations that may potentially raise any doubts concerning their abilities to act for the benefit of the company. or could lead to conflicts of interests. Also employees of the company undertake not to disclose any confidential information and shall refrain from insider trading in securities in their own name or on behalf of their members of family or other related persons.

- Information and transparency

The company shall make public all information about the objectives of the company and its activities, financial results, members of its bodies of management and shareholders, related party transactions, the management structure of the company. etc. To ensure that information reaches as many users as possible and provide timely access to such information all this information is uploaded on the website of the company. Such information is simultaneously disclosed to all persons. The company discloses the information that may potentially affect the price of securities issued thereby in its commentaries. interview or other ways only after such information is publicly announced through the information system of the stock exchange.

- Promotion of social initiative

Seeking to implement social initiative promotion programmes in 2007 Invalda INVL established a public enterprise Iniciatyvos Fondas.

The activities of Iniciatyvos Fondas involve the organisation of different programmes designed to enhance knowledge and awareness. The priorities defined for the activities of the foundation may differ from year to year while maintaining its key principle, rather than supporting individual projects, initiate and implement larger-scale integrated projects designed to encourage individual target groups to take independent initiatives and actively contribute to the growth of the Lithuanian economy and the development of a responsible and sustainable society.

Extraordinary times call for extraordinary solutions. It is very important for us that the war in Ukraine ends, and a long-term order is formed, allowing people to live, work and create safely and freely. Therefore, we have decided to temporarily suspend the development of new programs and direct our attention and funds to the support of organizations doing significant work.

Iniciatyvos Fondas organised and implemented the following programs:

- designed to encourage its participants to independently address different social and environmental problems in specific locations;
- designed to promote the feeling of responsibility among young people (schoolchildren) and city communities, teach them to take care of nature and protect environment;
- collecting books from people and donating these book to various libraries;
- designed to promote physical activity of young people (a collective exercise “I'll grow active 2011” has been recognised as Lithuanian record).
- to encourage young people to read and desire to excel;
- to encourage positive thinking

More information is provided on the web page of Iniciatyvos fondas www.iniciatyvosfondas.lt

- Ensuring the enforcement of key labour principles and employee social wellbeing

Invalda INVL seeks to operate as a company in which the rights, needs and contribution to the operations of the company of each employee are properly respected. In recruiting its employees, the company ensures that no employee is discriminated on the basis of his gender, sexual orientation, race, nationality, language, origin, citizenship or social status, marital or family status, age, beliefs or views, membership in political parties and public organisations.

The working hours and standards of recreation, conditions for the compensation for work and privileges, safety and health at work norms fully comply with the requirements stipulated in all relevant legislation.

- Impartial treatment of shareholders and shareholder rights

All shareholders of the company have equal rights to be informed of and participate in passing important decisions related to the activities of the company. The procedure for convening and organising general meetings of shareholders fully comply with the relevant provisions of legal acts and ensures equal rights and possibilities for all shareholders to participate in meetings. having familiarised themselves in advance with draft resolutions on the agenda of the meeting and other information necessary for passing decisions. and are entitled to pose questions to Members of the Board of Invalda INVL, AB.

19.2. EMPLOYEES

Average number of employees in 2022 was 7 (in 2021 it was 8), of which the first employer of one employee is UAB INVL Asset Management. All company's employees have higher university education.

Number of employees and average monthly salary when the company is the first employer

	Measuring units	2020	2021	2022
Total amount of employees as of the end of the period	person	7	7	6
- managers	person	4	4	3
- specialists	person	3	3	3
Average monthly salary (calculated for)	EUR	4,658	4,656	4,523
- managers	EUR	6,489	5,979	5,661
- specialists	EUR	2,195	2,892	3,259

Number of employees in Invalda INVL Group was 287 on 31 December 2022 (459 on 31 December 2021).

19.3. INFORMATION ABOUT AGREEMENTS OF THE COMPANY AND THE MEMBERS OF THE BOARD, OR THE EMPLOYEES' AGREEMENTS PROVIDING FOR COMPENSATION IN CASE OF THE RESIGNATION OR IN CASE THEY ARE DISMISSED WITHOUT A DUE REASON OR THEIR EMPLOYMENT IS TERMINATED IN VIEW OF THE CHANGE OF THE CONTROL OF THE COMPANY.

There are no agreements of the company and the Members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the company.

19.4. REVEALING THE IMPACT OF RUSSIA'S WAR IN UKRAINE

The company has no assets and does not carry out any business operations in Ukraine, Russia and Belarus. The war started by Russia in Ukraine does not have a direct impact on the issuer's strategic directions, goals, financial results and financial condition. However, on 1 March 2022, the group company INVL Asset Management suspended the sale, redemption and exchange of units of the INVL Russia ex-Government Equity Subfundand and the execution of submitted applications. In May, a decision to cancel (liquidate) INVL Russia ex-Government Equity Subfundand was made.

19.5. ENVIRONMENTAL PROTECTION AND ACTIONS ON CLIMATE CHANGE

INVL Investment Management and Life Insurance Group are integrating the consideration of sustainability risks related to value creation opportunities into investments decisions. Group aims to incorporate a responsible investment approach and contribute broadly to societal wellbeing and sustainable development through environmental, social, governance (ESG) integration, active ownership, exclusions, and commitment to the Principles for Responsible Investment (PRI).

The group companies INVL Asset Management and INVL Life have adopted the Policy of Responsible Investment and Sustainability Risk Integration. The purpose of this Responsible Investment & Sustainability risk integration policy is to define the approach companies to integrating the consideration of sustainability risks related to value creation opportunities into investments decisions. Sustainability work embraces several perspectives and methods which together create value for our beneficiaries, but also for society at large. Three methods are applied: (i) integration - traditional fundamental analysis is complimented with ESG consideration; (ii) engagement - we encourage stakeholder partnership and engagement opportunities that support ESG management in its investment management activities; (iii) exclusion's method (restricted sectors) is designed to avoid activities that may represent an unmanageable and unacceptable investment risk and activities consider as harmful to society.

The Group manages different types of assets (such as equity, fixed-income, money market and cash equivalents, alternative investments) through different types of legal forms (such as pension funds, investment funds, private equity, real estate and alternative funds, investment baskets, discretionary portfolio management, own book investments). The integration of addressing sustainability risk and principles for particular Fund might depend on the type of assets, strategy, term of investment. In terms of environmental protection and climate change action, two funds of the INVL group should mentioned:

- INVL Sustainable Timberland and Farmland Fund II - invests in forest and agricultural land in the Baltic States and Central and Eastern Europe, aiming to manage it sustainably in the long term. The fund's unlimited duration is at the core of a long-term sustainability strategy that contributes to the goal of preserving nature. One of the fund's very specific goals is to preserve green islands of mosaic landscape and natural habitats for flora and fauna that may be designated or acquired along with other assets. More information https://invlsustainable.com/en/sustainability/
- INVL Renewable Energy Fund I - a fund investing in renewable energy technologies in the European Union. By investing in renewable energy and applying sustainable asset management practices, the fund contributes to the European Union's goal of becoming a climate-neutral and circular economy-based continent by 2050. More information https://invlrenewable.com/en/principles/

19.6. THE FIGHT AGAINST CORRUPTION AND BRIBERY

We adhere to the highest ethical standards in our operations and comply with all applicable laws, rules and regulations aimed at preventing bribery and corruption. We expect appropriate behaviour from both employees and partners. We must note that in our activities we did not come across cases of bribery of local or foreign officials.

20. Memberships in associations

Invalda INVL along with INVL Asset Management in Latvia is a full member of **Invest Europe** – the organisation that unites Europe's private equity and venture capital companies and investors.

Invalda INVL is also part of the **Lithuanian Private Equity and Venture Capital Association**, which brings together the participants of Lithuania's private equity and venture capital market. The organisation's main goal is, together with the competent Lithuanian institutions and partners, to take part in shaping and implementing a common policy for the PE/VC industry.

Invalda INVL together with its INVL Asset Management companies in Lithuania and Latvia, has joined the UN-supported **Principles for Responsible Investment (PRI)** in the middle of 2017. The PRI, founded in 2006, is a global network of over 1700 investors, aims to assess the investment implications of environmental, social and governance (ESG) factors. An economically efficient, sustainable global financial system is considered a necessity for long-term value creation. Investors who support the PRI voluntarily work to apply the principles in their investment activities.

Invalda INVL has joined the **Investors' Association** at the end of 2017. The main activities include the following areas: organization of meetings with business leaders and events on the financial markets of the members of the association, the minority investors' rights advocacy, development of centers of excellence, providing the scientific findings based on the recommendations of the Government and Parliament, drawing attention and warning about the opportunities and risks associated with investing.

Group company INVL Asset Management is a member of **Lithuanian investment and pension funds (LIPFA) Association**. LIPFA is an independent organisation that brings together the country's private investment management companies and branches of commercial banks engaged in investment activities. Members of the association actively participates in the activities of the association and contribute to the promotion of investment and the favourable environment for Lithuania.

Lithuanian Investment Managers Association (LIVA), one of whose founders is INVL Asset Management, aims to contribute to the development of investment, fund improvements in the legal environment and investor education.

INVL Asset Management is an associate member of **The Association of Lithuanian Banks**. This association seeks to ensure a good environment for the banking sector and achieve direct dialogue with the public, supervisory authorities and legislators.

21. Information on harmful transactions in which the issuer is a party

There were no harmful transactions (those that are not in line with issuer‘s goals, not under usual market terms, harmful to the shareholders‘ or stakeholders‘ interests. etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer‘s activities or business results. There were also no transactions where a conflict of interest was present between issuer‘s management‘s, controlling shareholders‘ or other related parties‘ obligations to the issuer and their private interests.

22. Information on the related parties' transactions

During the reporting period, the largest share of the company and a group of transactions with related parties accounted for loans, computer services, rent and utility costs of purchases, land administration services and asset management services (only group). The detailed information on the related parties' transactions has been disclosed in the section 27 of the consolidated and Company's financial statements for 2022 explanatory notes.

23. Information about significant agreements to which the issuer is a party, which would come into force, be amended or cease to be valid if there was a change in issuer‘s controlling shareholder, and their impact

In 2022 there were no concluded significant agreements of the company which would come into force, be amended or cease to be valid if there was a change in issuer‘s controlling shareholder.

24. Significant investments made during the reporting period and after the end of the financial year

15 June 2021 Invalda INVL has signed a deal in principle with Mandatum Life Insurance Company Limited to acquire insurance business. INVL Life, a new licensed life insurance company established by Invalda INVL, took over the Baltic life insurance business. More information https://www.invaldainvl.com/en/regulated-information/invalda-invl-completes-the-acquisition-of-life-insurance-business-2/

Šiaulių Bankas and Invalda INVL on 22 November 2022 signed an agreement to merge their retail businesses. Once the deal is completed, Invalda INVL will obtain 62,270,383 units of Šiaulių Bankas shares, which will constitute 9.39 % of the authorized share capital of Šiaulių Bankas. To finalise the transaction, Šiaulių Bankas will issue a targeted share issue for purchase by the Invalda INVL group, at the price of EUR 0.645 per share. The equity value of the transaction is EUR 40.2 million.

More information is provided in the section 3 of the consolidated and Company's financial statements for 2022 explanatory notes.

25. References to and additional explanations of the data presented in the financial statements and consolidated financial statements

All data is presented in consolidated and company's financial statements explanatory notes.

26. Data on the publicly disclosed information

The information publicly disclosed by Invalda INVL, AB during 2022 is presented on the company's website www.invaldainvl.com

SUMMARY OF PUBLICLY DISCLOSED INFORMATION

Published	Headline	Message Category
12.01.2022	Invalda INVL increases share capital of its subsidiary INVL Life and transfers part of shares to it	Other information
20.01.2022	INVL Asset Management, a subsidiary of Invalda INVL, launches alternative investment fund with a minimum investment of EUR 5,000	Other information
09.02.2022	INVL Baltic Sea Growth Fund acquires Latvian cosmetics producer B2Y	Other information
09.03.2022	INVL Life, a subsidiary of Invalda INVL, has obtained an insurance company licence	Notification on material event
30.03.2022	INVL Baltic Sea Growth Fund: InMedica and MediCA Group completed the largest healthcare clinic merger in Lithuania	Other information
01.04.2022	INVL Asset Management: INVL Partner Global Infrastructure Fund I reaches first close at just below USD 30 million	Other information
08.04.2022	Audited results of Invalda INVL Group for 2021	Notification on material event
08.04.2022	Draft resolutions prepared by the Board for the shareholders' meeting of Invalda INVL to be held on 30/04/2022	General meeting of shareholders
08.04.2022	Convocation of the ordinary general shareholders meeting of Invalda INVL	General meeting of shareholders
28.04.2022	The Board of Invalda INVL proposed to allocate dividends for the year 2021	Notification on material event
28.04.2022	A new draft resolution on item No. 4 and editorial revision on item No. 10 of the agenda of the shareholders' meeting of Invalda INVL to be held on 30 April 2022	General meeting of shareholders
28.04.2022	The shareholders' rights accounting day for the Ordinary General Shareholders Meeting of Invalda INVL	General meeting of shareholders
30.04.2022	Ex-day of dividends allocated by the shareholders' meeting of Invalda INVL held on 30/04/2022	Notification on material event
30.04.2022	Audited annual information of Invalda INVL for 2021	Annual information
30.04.2022	The resolutions of the Ordinary General Shareholders Meeting of Invalda INVL	General meeting of shareholders
02.05.2022	Chairman of the Board of Invalda INVL was elected	Notification on material event
06.05.2022	Notification on transactions in the issuer's securities	Notifications on transactions concluded by managers of the companies
11.05.2022	Information about shares issued by Invalda INVL and votes granted	Total number of voting rights and capital
11.05.2022	A new wording of Articles of Association of Invalda INVL has been registered. The issued shares were acquired by the group's employees	Notification on material event

16.05.2022	Notification about disposal of voting rights of Invalda INVL	Acquisition or disposal of a block of shares
19.05.2022	Invalda INVL sold the Inservis group	Notification on material event
25.05.2022	Invalda INVL dividend payment procedure for the year 2021	Notification on material event
30.05.2022	Unaudited information of Invalda INVL group for 3 months of 2022	Notification on material event
31.05.2022	Invalda INVL: Notification on transactions in the issuer's securities	Notifications on transactions concluded by managers of the companies
31.05.2022	Invalda INVL signed employee stock option contracts	Notification on material event
03.06.2022	INVL Baltic Sea Growth Fund signs agreement to acquire “Nemunas” and “Eglės Sanatorija“	Other information
09.06.2022	INVL Baltic Forests Fund I closes with average annual return of 27.3%	Other information
16.06.2022	INVL Partner Global Infrastructure Fund I raises additional USD 8 million	Other information
23.06.2022	INVL Baltic Sea Growth Fund acquired vet clinic network MiniVet	Other information
01.07.2022	Invalda INVL completes the acquisition of life insurance business	Notification on material event
20.07.2022	The alternative investment fund established by INVL Asset Management, a subsidiary of Invalda, raised EUR 5.5 million	Other information
09.08.2022	INVL fund that invests in forest and land raised an additional EUR 22.9 million	Other information
29.08.2022	One of the largest PET recyclers in Northern Europe backed by INVL Baltic Sea Growth Fund acquires Czech fibre producer	Other information
31.08.2022	Unaudited information of Invalda INVL group for 6 months of 2022	Interim information
15.09.2022	INVL Baltic Sea Growth Fund-backed PET Baltija completes the acquisition of a leading Czech fibre producer	Other information
19.09.2022	INVL Partner Global Infrastructure Fund I raised an additional USD 1.895 million	Other information
23.09.2022	INVL Renewable Energy Fund I is acquiring six solar projects in Romania	Other information
10.10.2022	INVL Renewable Energy Fund I acquired a 174 MW solar farm project in Romania	Other information
11.10.2022	INVL Baltic Sea Growth Fund portfolio company invests in veterinary sector in Poland	Other information
12.10.2022	Invalda INVL has signed a EUR 6.3 million credit line agreement with Luminor	Other information
22.11.2022	INVL Renewable Energy Fund I raised an additional EUR 18.3 million from investors	Other information
23.11.2022	Invalda INVL and Šiaulių Bankas merge their retail businesses	Notification on material event
30.11.2022	Unaudited information of Invalda INVL group for 9 months of 2022	Interim information
15.12.2022	Moldova-Agroindbank shareholders approved IPO and listing on Bucharest stock exchange	Other information
19.12.2022	Correction: INVL Partner Global Infrastructure Fund I raised another USD 1.28 million from investors	Other information
19.12.2022	INVL Partner Global Infrastructure Fund I raised another USD 1.28 million from investors	Other information
21.12.2022	INVL LIFE, a company of Invalda INVL group, sold 0.06% of AB Šiaulių bankas shares	Other information
23.12.2022	Invalda INVL investor's calendar for 2023	Other information
23.12.2022	INVL Baltic Sea Growth Fund completes the acquisitions of Nemunas and Eglės Sanatorija	Other information

Summary of reports about transactions concluded in 2022 by persons employed in management positions and persons closely associated with them

Announcement date	Date of transaction	Person	Shares, units	Share price, EUR	Type of transaction	Place of transaction
06.05.2022	06.05.2022	R.Rajeckas, CFO of the issuer	9,086	0.20	Acquisition. Share subscription agreement exercising option agreement of 6 May 2019	Outside a trading venue
31.05.2022	31.05.2022	D.Sulnis, CEO of the issuer	33,483	1.00	Execution of option agreement to obtain issuer's shares in the future under Rules for Granting Equity Incentives approved by the general shareholders' meeting on 1 July 2020	Outside a trading venue

27. Information on audit company

The company have not approved criteria for selection of the audit company. Usually the big-four audit companies are attending the competition (Deloitte, KPMG, PricewaterhouseCoopers, Ernst and Young).

The Company's and the Consolidated Financial Statements for the year 2021 were audited by the audit firm KPMG Baltics, UAB (company code 111494971, registered address is Lvivo str. 101, Vilnius). It was elected by the shareholders at the extraordinary general meeting of shareholders held on 22 February 2023 to audit the annual financial statements of 2022, with the possibility of appointing this company to audit the 2023 and/or 2024 annual statements. At the same meeting, the shareholders determined a total remuneration of no more than EUR 58,500 for the audit of the set of annual financial statements for 2022 and the statement of opinion on the annual report (value-added tax is calculated and paid additionally in accordance with the law). If the audit company KPMG Baltics provides audit services to the company in 2023 and 2024, the audit company's remuneration for the audit of the 2023 and 2024 financial statements would not be higher than that determined according to the 2022 audit remuneration by increasing it annually by the average annual rate of inflation and reducing it by the agreed discount.

Audit company	„KPMG Baltics", UAB
Address of the registered office	Lvivo str. 101, Vilnius, Lithuania
Enterprise code	111494971
Telephone	+370 5210 2600
E-mail	vilnius@kpmg.lt
Website	www.kpmg.com/LT

No internal audit is performed in the company.

ALL THE SERVICES GRANTED TO INVALDA INVL AND THE ITS GROUP BY THE AUDITOR KPMG BALTICS

EUR	Group 2022	Company 2022
Financial statement audit services under contracts (including audit services for funds financial statements)	394,800	58,200
Costs of collateral and other related services	-	-
Costs for tax advice issues	-	-
Costs for other services (including funds)	6,450	-
In total	**401,250**	**58,200**

signed with qualified electronic signature

President

Darius Šulnis

APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

~~Company~~	Registration information	Type of activity	Contact details
INVESTMENT MANAGEMENT AND LIFE INSURANCE BUSINESS			
INVL Asset Management, UAB	Code 126263073 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 21.07.2003	Pension and investment funds management. portfolio management services, alternative investments	Telephone +370 700 55959 E-mail info@invl.com www.invl.com
INVL Asset Management, IPAS (Latvia)	Code 40003605043 Address Kronvalda bulvāris 3-3, Riga, Latvia Legal form – private limited liability company Registration date 02.10.2002	Pension and investment funds management, portfolio management services	Telephone +371 67 092 988 E-mail LV@invl.com www.invl.com/lat/lv
AS INVL Atklātais pensiju fonds (Latvia)	Code 40003377918 Address Kronvalda bulvāris 3-3, Riga, Latvia Legal form – limited liability company Registration date 04.02.1998	Pension funds	Tel. +371)67 092 988 E-mail LV@invl.com www.invl.com/lat/lv
INVL Farmland Management	Code 303788352 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 26.02.2015	Administration of agricultural land	E-mail juste.gumovskiene@invl.com
INVL Financial Advisors, FMĮ UAB	Code 304049332 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 28.05.2015	Family office services	Tel. +370 700 55 959 E-mail gerovesvaldymas@invl.com www.invl.com
Mundus UAB, asset management company	Code 303305451 Address Gynėjų str. 14-120, Vilnius Legal form – private limited liability company Registration date 07.05.2014	Management of investment funds	info@mundus.lt www.mundus.lt
Invalda INVL Investments, UAB	Code 303252237 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	carries no activity	Telephone +370 5 263 6129
INVL Life, UADB	Code 305859887 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 11.08.2021	Life insurance activities	www.invl.com
INVL LUX GP1 S.a.r.l	Code B248090 Address 3, Rue Gabriel Lippmann, L - 5365 Munsbach, Grand Duchy of Luxembourg Legal form – private limited liability company Registration 29.10.2020	General Partner of the Luxembourg umbrella fund; investment in Luxembourg and foreign companies.	
OTHER INVESTMENTS			
Cedus Invest, UAB	Code 302576631 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	investments into agriculture companies	Telephone +370 5 263 6129
IPPG UAB	Code 301673796 Address Gynėjų str. 14, Vilnius	carries no activity	Telephone +370 5 263 6129

	Legal form – private limited liability company Registration date 07.04.2008		
Ivpi, UAB	Code 305700027 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 17.02.2021	liquidated 29.03.2023	
Iniciatyvos Fondas, VsI	Code 300657209 Address Gynėjų str. 14. Vilnius Legal form – public institution Registration date 08.03.2007	organising of social initiative programmes	Telephone +370 5 263 6129 Fax +370 5 279 0530 E-mail info@iniciatyvosfondas.lt www.iniciatyvosfondas.lt
Aktyvo, UAB	Code 301206846 Address Gynėjų str. 14, Vilnius; Legal form – private limited liability company Registration date 31.10.2007	carries no activity	Telephone +370 5 263 6129
Aktyvus Valdymas, UAB	Code 301673764 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 07.04.2008	carries no activity	Telephone +370 5 263 6129
MBGK, UAB	Code 300083611 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.01.2005	carries no activity	Telephone +370 5 263 6129
MGK Invest, UAB	Code 302531757 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.07.2010	carries no activity	Telephone +370 5 263 6129
Consult Invalda, UAB	Code 302575814 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129
RPNG, UAB	Code 302575892 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129
Regenus, UAB	Code 302575821 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Cedus, UAB	Code 302656796 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 18.08.2011	carries no activity	Telephone +370 5 263 6129
MD Partners UAB	Code 304842899 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 14.05.2018	SPV for investment into Moldova-Agroindbank	Telephone +370 5 263 6129

APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE

Invalda INVL, AB (hereinafter referred to as the "Company"), acting in compliance with Article 12 (3) of the Law on Securities of the Republic of Lithuania and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form is provided.

1. Summary of the Corporate Governance Report:

Invalda INVL, AB has a General Meeting of Shareholders and a single-person managing body - the President of the Company. The Company has a collegial management body - the Board.

The President is elected, recalled and dismissed, his salary is fixed, his job description is approved, he is promoted and penalties are imposed by the Board of the Company. The Board of the Company is elected by the General Meeting of Shareholders for the term of 4 years. The Board shall have all the powers provided for in the Articles of Association of the Company as well as such powers as the Board may have by law. The activities of the Board are based on collegial deliberation and decision making, as well as joint responsibility to the shareholders' meeting for the consequences of the decisions made. In order to maximize the benefit for the company and its shareholders, and to ensure the integrity and transparency of the company's financial accounting and control system, the Board works closely with the Company's President.

The supervisory board is not formed in the Company. Nevertheless, the Company's Board and the President work closely together to maximize benefits for the Company and all its shareholders.

The Company has an Audit Committee consisting of 2 independent members. The members of the Audit Committee are elected and recalled by the General Meeting of Shareholders for the term of four years. The establishment of the Risk, Nomination and Compensation Committees is not expedient due to the size of the Company.

The Company's Remuneration Policy was approved by the General Meeting of Shareholders on 30 April 2020.

Although the form for filling in the Corporate Governance Code of Nasdaq Vilnius listed companies is based on the "comply or explain" principle, the company, taking into account the recommendations of the Bank of Lithuania, provides an explanation in the "Comment" section in all cases, even if it fully complies with the principle.

2. Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTARY
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The Company discloses all regulated information through the Nasdaq Vilnius news distribution platform. Information is provided simultaneously in both Lithuanian and English. The company publishes information before or after the Nasdaq Vilnius trading session. The Company periodically updates information in Lithuanian and English on its website. As the company has not issued preference or non-voting shares, all shareholders have equal rights to participate in the general meetings of shareholders of the company.

1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	Since the company did not issue any privileged or non-voting shares, the shares constituting the authorized capital of the company grant equal rights to all shareholders of the company.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The company informs about the rights granted by the newly issued shares. Information on the rights granted by the already issued shares of the company is provided in the Articles of Association of the company, in the annual report.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES/NO	The Articles of Association of the company do not contain a provision specified in Article 34 (5) of the Law on Companies, i.e. decision-making on the sale of fixed assets with a book value higher than 1/20 of the authorized capital is not referred to the shareholders' meeting. However, the company's board is of the opinion and practice that all highly significant and exceptional strategic transactions must be made only with the approval of the shareholders' meeting.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	Shareholders shall be informed about the convened general meeting in accordance with the notice deadlines, methods of publication and means established by legal acts. The possibility to participate in the meeting is additionally implemented by providing an opportunity to vote by filling in a ballot paper or authorizing another person to represent the shareholder. The General Meeting of Shareholders is held at the address of the Company's registered office. The Company does not restrict the right of shareholders to submit new draft resolutions both before and during the meeting and this is clearly stated in the notice of the convened general meeting of shareholders in Lithuanian and English.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All documents and information relevant to the company's general meetings of shareholders, including the notice of the convened meeting, draft resolutions of the meeting are public and simultaneously published in Lithuanian and English through the Nasdaq Vilnius news distribution system and additionally published on the company's website. At the end of the shareholders' meeting, the company announces the adopted resolutions in the same

		manner as for the convening of the meeting.
1.7.Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the company may exercise the right to participate in the shareholders' meeting both in person and through a representative, if the person has a proper power of attorney or a contract for the transfer of voting rights concluded with him in accordance with the procedure established by legal acts. The company also enables shareholders to vote by filling in the general voting ballot, which is published together with all information about the convened meeting.
1.8.With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	YES	In accordance with the provisions of legal acts, the Company must enable shareholders to participate in the General Meeting of Shareholders and vote by means of electronic communication, as well as submit a voting instruction when it is required by shareholders whose shares hold at least 1/10 of all votes.
1.9.It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	At least 10 days prior to the general meeting of shareholders at which the members (member) of the Board are to be elected, the shareholders shall be disclosed about the candidates for the members of the Board. The elected members of the Board shall inform the Chairman of the Board about the changed data. The information is disclosed in the company's annual reports. Data on the current members of the company's board, their education, qualifications, professional experience, participation in the activities of other companies are also disclosed on the company's website.
1.10.Members of the company's collegial management body, heads of the administration[5] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	YES	Recently, all interested shareholders voted in advance by submitting completed ballot papers and meetings were not held live. However, the head of the company and the chief financier are ready to attend the shareholders' meeting. The proposed candidates for the members of the collegial body participate in the meeting if possible.

[5] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

Principle 2: Supervisory board **2.1. Functions and liability of the supervisory board** The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company. The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.		
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	NOT APPLICABLE	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. It performs all essential management functions and ensures accountability and control of CEO of the Company.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.		
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.		
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[6] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.		
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.		
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.		
2.2. Formation of the supervisory board The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.		
2.2.1.The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	NOT APPLICABLE	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. It performs all essential management functions and ensures accountability and control of CEO of the Company.
2.2.2.Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.		

[6] For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

2.2.3.Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.		
2.2.4.Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.		
2.2.5.When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.		
2.2.6.The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.		
2.2.7.Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.		
Principle 3: Management Board **3.1. Functions and liability of the management board** The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES/NO	The strategy of the company has not been approved by the Board, but the Board has set the company's business objectives, which are disclosed in the annual and semi-annual reports, reports on significant events.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES/NO	The Board's functions are discussed in the Consolidated Annual Management Report 12.2. section.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	The Board ensures that the company complies with the laws and the provisions of the company's internal policy, and in accordance with the established internal management and control

		measures, also ensures the accountability of the manager.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[7] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES/NO	The Board ensures compliance with applicable laws, rules and standards, however, the company does not have written procedures for internal control or compliance.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	When appointing the head of the Company, the Board shall take into account the appropriate qualification, experience and competence of the candidate.
3.2. Formation of the management board		
3.2.1.The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES	The members of the Board of the Company have the necessary diverse knowledge, opinions and experience to perform their tasks properly.
3.2.2.Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	All information shall be provided in accordance with the requirements set out in this point. Details of the members of the Board are provided on section 13 of this Annual Report.
3.2.3.All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	After the election, all members of the Board are acquainted with the duties, structure and activities of the company.
3.2.4.Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	According to the company's Articles of Association, the members of the Board are elected for four years, without limiting the number of their terms. The company's Articles of Association provide for the possibility to re-elect the Board or an individual member of the Board.
3.2.5.Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	The chairman of the board is a person who has never been the head of the company and acts impartially.

[7] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

3.2.6. Each member the management board should give sufficient time and attention to perform the duties of a member of the Board. If a member of the management Board participated in less than half of the board meetings during the financial year of the Company, the Company's Supervisory Board should be informed if the Supervisory Board is not formed in the Company - the General Shareholder Meeting.	YES	The members of the Board of the company devote sufficient time and attention to their duties. Board members actively participated in all meetings.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[8], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	YES	Tomas Bubinas was elected as an independent member of the board at the company's shareholders' meeting held on 30 April 2022.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	At the company's shareholders' meeting held on 30 April 2022, the amounts of remuneration for work on the board were approved
3.2.9.The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	The members of the Board act in good faith towards the company, follow the interests of the company and not their own or third parties, the principles of honesty, reasonableness, respect for confidentiality, sense of responsibility, thereby trying to maintain their independence in decision-making.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	Once a year, the Board evaluates its activities, which includes an assessment of the board's structure, operational independence, and ability to work in a team. The structure of the Board is published by the company in annual reports and on the website.
Principle 4: Rules of procedure of the supervisory board and the management board of the company The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.		
4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	YES/NO	The Supervisory Board is not formed. Nevertheless, the Board and the CEO acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	YES	Board meetings are held at least once a month according to the pre-approved schedule.

[8] For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	YES	Board meetings schedule is pre-approved. The material is submitted at least one working day before the meeting of the Board so that the members can prepare properly.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	NO	The company cannot implement this recommendation as it only has a board.
Principle 5: Nomination, remuneration and audit committees **5.1. Purpose and formation of committees** The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.		
5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[9].	YES/NO	Due to the simplicity of the company management structure and the small number of employees, the Nomination and Remuneration Committees are not formed. Audit Committee members are elected by the General Shareholders Meeting.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.		
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.		
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.		
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing		

[9] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.		
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.		
5.2. Nomination committee		
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	NOT APPLICABLE	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.		
5.3. Remuneration committee		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	NOT APPLICABLE	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.
5.4.Audit committee		

5.4.1.The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[10].	YES	In its activities, the Audit Committee of the company follows the legal acts regulating the activities of the Audit Committee, as well as the regulations of the Audit Committee approved by the General Meeting of Shareholders of the company.
5.4.2.All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	The members of the Committee shall be provided with all the detailed information necessary for the performance of the Committee's functions.
5.4.3.The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	The members of the Audit Committee have the opportunity to meet with the desired persons in the absence of the members of the management bodies.
5.4.4.The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	NOT APPLICABLE	Due to the size of the Company, the Company does not have an internal audit function
5.4.5.The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	NO	The Audit Committee does not review the provisions of this paragraph, as the company's small size does not allow employees to file a complaint or report suspicions anonymously.
5.4.6.The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	NO	The activity report is submitted once a year for the annual ordinary shareholders meeting
Principle 6: Prevention and disclosure of conflicts of interest The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	Board members avoid situations where their personal interests may conflict with the interests of the company.
Principle 7: Remuneration policy of the company The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.		
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	The remuneration policy is published on the company's website. Its review will take place in accordance with the

[10] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

		requirements established by law.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	. The remuneration policy includes all forms of remuneration
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The members of the company's board do not receive remuneration that would depend on the company's performance.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	NOT APPLICABLE	The company's Remuneration Policy does not provide information regarding termination payments. The Company follows the legal acts requirements regarding termination payments.
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	NO	Stock options may be granted in the company, but the Remuneration Policy does not contain very detailed information on the retention of shares after the grant of rights. Share options may be granted in accordance with the rules for granting Shares, which are published on the company's website, not in accordance with the provisions of the Remuneration Policy. Contracts for the acquisition of shares decided to be offered to employees by the decision of the company's general meeting of shareholders shall be concluded and the employees shall acquire the ownership right to the shares not earlier than in the third financial year (excluding the financial year in which the resolution of the general meeting of shareholders of the company was adopted).
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	The Remuneration Policy is published on the company's website. The company prepares and presents a remuneration report to the Ordinary General Meeting of Shareholders, which . which is an integral part of the annual report published on the website
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	The company's Remuneration Policy and its amendments are approved by the General Meeting of Shareholders. The rules for granting the company's

		Shares are also approved by the General Meeting of Shareholders.
Principle 8: Role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "*stakeholders*" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	The company respects the rights of stakeholders and their legitimate interests.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	All stakeholders have the opportunity to participate in the management of the company in accordance with the procedure established by law.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	Stakeholders participating in the management process of the company are provided with access to non-confidential information, as long as it does not infringe the interests of the company and other related persons.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	NO	The Company does not provide possibility of reporting confidentially any illegal or unethical practices
Principle 9: Disclosure of information The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.		
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	The below mentioned information is disclosed in notices of material events published through the information disclosure system of the Nasdaq Vilnius Stock Exchange, on the company's website, in the company's annual and semi-annual information documents to the extent required by law and International Financial Reporting Standards in the European Union.
9.1.1. operating and financial results of the company;	YES	Disclosed in annual and semi-annual information.
9.1.2. objectives and non-financial information of the company;	YES	Disclosed in annual information.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Disclosed in annual and semi-annual information and on the company's website.

9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	Disclosed in annual and semi-annual information and on the company's website.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	NOT APPLICABLE	The report of the Audit Committee is made public. There are no more committees in the company
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES	Disclosed in annual information.
9.1.7. the company's transactions with related parties;	YES	Disclosed in the annual information and on the company's website.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	Information on promotion through stock options is disclosed in the annual information and on the company's website.
9.1.9. structure and strategy of corporate governance;	YES	Disclosed in annual and semi-annual information.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	NO	Due to the size of the Company, information related to the environment, employees and social responsibility policy is not published
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	The company prepares the consolidated report and the consolidated financial statements
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	Disclosed in annual and semi-annual information.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	The company publishes all information through the information disclosure system of the Nasdaq Vilnius Stock Exchange and on the company's website so that it is accessible to everyone and at the same time.
Principle 10: Selection of the company's audit firm The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	The company is audited by an independent audit company.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	YES	The Board of the company nominates the audit company to the shareholders' meeting.

10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	2022 the audit firm did not provide non audit services

APPENDIX 3. COMPANY'S MANAGEMENT REPORT

(Prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings)

1. Reference to the applicable corporate governance code and the place of its publication, and (or) reference to the all necessary published information regarding management practices of the entity

The Company discloses the information regarding the compliance with the applicable Corporate Governance Code in Appendix 2 of the consolidated annual report for 2022. The Company publishes its annual reports on it‘s website.

2. In case of derogation from the provisions of the applicable corporate governance code and (or) when the provisions are not complied with, such provisions and the reasons thereof shall be indicated

The Company discloses such information in sections “Yes/No/Irrelevant” and “Commentary” of Appendix 2 of the consolidated annual report for 2022 “Information regarding the compliance with Corporate Governance Code. The Company, taking into account the recommendations of the Bank of Lithuania, provides an explanation in the “Comment” section in all cases, even if it fully complies with the principle / recommendation.

3. Information regarding the level of risk and risk management – management of risks related to the financial reporting, risk mitigation measures, and internal control systems implemented at the entity shall be described

The Company provides information regarding the level of risk, risk management, and implemented internal control systems, as well as the measures, in Clause 18 of the consolidated annual report for 2022.

4. Information regarding significant directly or indirectly managed holdings

The Company provides information regarding the significant directly or indirectly managed holdings in Note 1 of the financial statements of 2022.

5. Information about related parties transactions in accordance with Article 37^2 of the Law on Companies of the Republic of Lithuania

Pursuant to Clause 3 of Article 10 of the Law on Companies, for transactions concluded with a subsidiary company, the owner of all shares of which is this company, or when the total amount of such transactions during the financial year does not exceed 1/10 of the asset value specified most recent balance sheet of the company whose shares are allowed to be traded on the regulated market, the provisions of Article 37 of the Law on Companies do not apply. Since all transactions in the Company are loans with subsidiaries or they do not exceed 1/10 of its assets, the information of such transactions is not detailed.

6. Information regarding the shareholders who have special rights of control and the description of such right

There are no shareholders having special rights of control in the Company.

7. Information regarding all current restrictions on voting rights *(such as the restrictions on voting rights of persons having a certain percentage or number of the votes, the deadlines by which voting rights may be exercised or systems, according to which the property rights granted by the securities are to be separated from the holder of those securities)*

No restrictions on voting rights are applied in the Company.

8. Information regarding the rules governing the appointment and dismissal of board members, as well as the amendment of the company’s articles of association

The Board members of the Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Company, Rules of Procedure of the Board, as well as other applicable legislation. The Board members of the Company always act for the benefit of the Company and its shareholders. The procedure for changing the Articles of Association is no different from stated in the Law on Companies of the Republic of Lithuania.

9. Information regarding the powers of the board members

The Board members of the Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Company, Rules of Procedure of the Board, as well as other applicable legislation, and have no special powers. The Board members of the Company always act for the benefit of the Company and its shareholders. More information is disclosed in the Clause 12.2. of the Section IV of the consolidated annual report for 2022.

10. Information regarding the competence of the General Shareholders Meeting, the rights of shareholders and implementation thereof, if such information is not established in the applicable legislation

The company provides information regarding the competence of the General Shareholders Meeting, the rights of shareholders, and implementation thereof, as well as the procedure for convening such meetings, in Clause 12.1. of the consolidated annual report of 2022.

11. Information regarding the composition of the management, supervisory bodies, and the committees thereof, as well as the fields of activity of the aforesaid bodies and the manager of the company

The Company provides information about Members of the Board of the Company as well as the manager of the Company, members of the Audit Committee in Clause 13 of the consolidated annual report for 2022.

12. Description of diversity policy applicable in appointing the manager of the company, management, and supervisory bodies, related to the aspects such as age, gender, education, professional experience; objectives of such policy, methods of implementation thereof, and results of the reference period.

The Company organizes its activities in a way that employees, despite of their duties and the need to upgrade their qualifications, are secure about equal working conditions, opportunities to develop competence, etc. Equally, the same benefits are granted regardless of the gender, race, nationality, language, origin, social status, believes or convictions, age, sexual orientation, disability, ethnicity, religion, marital status, intention of having children's or membership of the political party or association. More information is disclosed in the Appendix 4 of the consolidated annual report for 2022.

13. Information about all agreements between shareholders (their essence, conditions).

Information is disclosed in Clause 9 of the consolidated annual report for 2022.

APPENDIX 4. REMUNERATION REPORT

The Company has prepared the first remuneration report (hereinafter - the Report). As this is the first Report, it does not indicate how the results of the vote on the remuneration report of the General Meeting of Shareholders of the previous reporting period were taken into account.

This report is designed to be read as a stand-alone document. The report has been prepared in accordance with the provisions of the Law on Financial Reporting of Enterprises of the Republic of Lithuania and the Remuneration Policy approved by the company's shareholders' meeting on 30 April 2020.

Introduction

Invalda INVL is an investment management and life insurance group whose companies more than 300 thousand clients have entrusted over 1.9 billion euros of assets.

At the end of 2022, equity of Invalda INVL amounted to EUR 130.8 million or EUR 11.07 per share - these indicators were respectively 14.24% and 13.53% higher than a year ago (also taking into account EUR 7.7 million dividends that were paid to shareholders). The increased value of investments in the last quarter of the year led to the fact that the activities of Invalda INVL were profitable last year - a net profit of EUR 16.67 million was obtained.

We work purposefully, and we are ready for changes when they are necessary and meaningful. As we planned, in the middle of last year we successfully completed the acquisition of Mandatum Life's life insurance business in the Baltic States. We acquired this business in order to create a group that can offer existing and new INVL customers even more products and solutions that meet their needs. Due to favourable circumstances, we did not have time to fully complete this and integrate the life insurance business into INVL. On 22 November 2022 we signed an agreement with Šiaulių Bankas regarding the merger of part of the retail businesses. After the closing of the transaction, the Šiaulių Bankas group, in addition to the financial services it already offers, will manage second-and third-pillar pension funds and mutual funds in Lithuania and will provide life insurance services. We will have up to 20% of Šiaulių Bankas shares and thus remain in this business.In 2022. The average number of employees of AB Invalda INVL was 6, of which 3 employees were assigned to the management staff and the company also has 3 specialists.

Invalda INVL is a parent company whose operations are concentrated in subsidiaries, many of which are licensed and make their information public.

Executive remuneration

The report provides information on the remuneration of the company's manager and each member of the bodies elected by the shareholders' meeting. The head of the company is the President of Invalda INVL. The members of the bodies elected by the shareholders' meeting are a) members of the Board, who may be paid bonuses and who may receive remuneration from the company under employment, service or other contracts, b) members of the audit committee. Although not provided for in the Remuneration Policy, given that the Company provides information on the remuneration of the Chief Financier in the Annual Report, this information will also be disclosed in the Report.

The company's management did not change during the reporting period.

During the reporting period, the company's board changed. The meeting of shareholders of the company held on 30 April 2022 elected the members of the board for a new term of 4 (four) years and approved the amounts of remuneration for the work on the board.

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Table 1. Remuneration of the CEO, CFO and each member of the bodies elected by the specific shareholders' meeting for 2021 and 2022 (EUR, before taxes)

Name, position	Remuneration received from the group														In that number the remuneration received from any company in which Invalda INVL owns more than 50% of the shares	
	Fixed part of remuneration [1]		Variable part of the remuneration [2] (for the year)		Variable part of the remuneration [2] (long term program)		Other monetary reward [3]		Other benefits [4]		Total		Ratio of fixed to variable and other remuneration			
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Darius Šulnis, CEO, Board member (till 30.04.2022)	73,433	73,398	-	372,315*	-	-	-	-	1,366	-	74,799	445,713	98%	16%	-	
Alvydas Banys, Senior Advisor (till 30.04.2022), Chairman of the Board	73,429	73,406	-	-	-	-	-	-	-	-	73,429	73,406	100%	100%	-	33,000
Indrė Mišeikytė, Advisor, Board member	73,389	73,840	-	-	-		-	-	-	-	73,389	73,840	100%	100%	-	
Tomas Bubinas, independent audit committee member, since 30.04.2022 independent Board member	508	10,575**	-	-	-		-		-	-	508	10,575	100%	100%	-	
Danguolė Pranckėnienė, independent audit committee member	580	537	-	-	-		-	-	-	-	580	537	100%	100%	-	
Raimondas Rajeckas, CFO	58,037	58,099	7,296	5,100	23,701	23,701	-	-	31,693	32,228	120,727	119,128	48%	49%	3,550	3,616

* An option contract was concluded, which granted the right to choose to receive up to 33,483 shares of Invalda INVL no earlier than after 3 years (i.e. 2025).

** New duties have been started in the company, for which remuneration determined by the shareholders' meeting is paid.

1. **The fixed part of the remuneration** is the monthly salary specified in the employment contract, i.e. basic part of wages. Members of the elected bodies who have not concluded employment contracts with the company may receive remuneration in the form prescribed by legal acts and under service contracts.

2. **Variable part of the Remuneration** - annual bonuses or share options. This is an additional employee remuneration, which is granted and paid at the initiative of the company as a means of employee promotion and motivation. The value of share options is disclosed as it is recognized in the financial statements in accordance with applicable accounting standards.

3. **Other monetary reward** - bonus, other benefits that may be paid for additional work, performance of additional functions not provided for in their employment contract and / or job description, or performance of additional tasks.

4. **Other benefits** - other potential benefits provided to employees as incentives (for example, pension contributions may be paid to employee's pension funds managed by the group, reimbursement of part or all of the cost of training, gifts, taxes paid on behalf of the employee, etc.).

Invalda INVL's remuneration policy maintains a simple and transparent remuneration structure and reduces the risk of potential conflicts of interest. The Company believes that the publicly disclosed executive remuneration fully complies with the provisions of the remuneration policy. The remuneration policy does not provide for the amounts of remuneration for managers and the application of performance criteria.

Table 2. Annual changes in the company's results, remuneration disclosed in the report and average salary over 5 years

	2018	2019	2020	2021	2022
Šulnis Darius	4.6%	2.1%	-24.3%	-29.6%	507.0%*
Mišeikytė Indrė	-0.3%	0.8%	1.9%	-2.2%	0.6%
Banys Alvydas	0.3%	-0.8%	0.5%	-0.2%	0.0%
Rajeckas Raimondas	-3.0%	15.3%	28.9%	-3.7%	-1.3%
Tomas Bubinas	37.5%	150.9%	-54.7%	-44.0%	1,983.7%**
Dangutė Pranckėnienė			-75.8%	33.3%	-7.5%
Net profit	-97.0%	5,972.0%	-74.4%	602.8%	-55.5%
Average salary	32.0%	29.8%	17.4%	31.8%	12.7%

* Increase due to concluded option contract, which granted the right to choose to receive up to 33,483 shares of Invalda INVL no earlier than after 3 years (i.e. 2025).
** Increase due to new duties started in the company, for which remuneration determined by the shareholders' meeting is paid.

As required by law, the company provides comparisons of annual results and earnings. For the sake of comparability, when calculating the changes, the remuneration for 2018 has been recalculated by applying a coefficient of 1.289 due to the reform of transferring employer taxes to the employee that took place in Lithuania from 1 January 2019. Also, the remuneration that was not paid for a full year was converted to the full year equivalent.

As can be seen from the table, the company's results do not directly affect the salaries of either management or other employees. The results of Invalda INVL are determined by the successful activities of asset management companies, high share prices in the securities market, realized sales transactions, etc. Wages are determined taking into account the general market situation, the fulfilment of the employee's annual targets, and so on.

Share options

The decision on the specific number of shares of the company offered to employees and the method of granting shares (for free and / or partially remunerated), when shares are granted partially remunerated - the share price payable by employees, is decided by the general meeting of shareholders of at least 2/3 majority of the votes of all shareholders present at the meeting. Agreements for the acquisition of shares decided by the General Meeting of Shareholders are concluded and employees acquire ownership of shares not earlier than in the third financial year (excluding the financial year in which the decision of the General Meeting of the Company was adopted), provided that such right has not been revoked for the employee, the employee has not waived it or lost it on other grounds. The method of granting shares does not change depending on the performance of the company and / or other group companies or the price of the company's ordinary registered shares on the regulated market.

Table 3. Share options

Option owners	The number of securities in 2022 approved by the shareholders' meeting for options	Securities for which option agreements were concluded in 2022			2022 exercised options (agreed in 2019)	
		number	agreed purchase price	year of acquisition of shares	Number of securities purchased by employees	Method of granting of securities
Employees[5]	50,000	40,862	EUR 1	2025	69,479	Newly issued shares have been subscribed

[5] **Employee** - any person who has a valid employment contract with a Group company on the day of the decision of the Board of the Company to allocate Shares, as well as a member of the Supervisory Board and / or Board of the Group company who is not a shareholder of the Company, owning 1/20 or more of the total votes of the Company.

Of the persons whose remuneration is disclosed in the remuneration report, stock options are granted to the CFO of the company, therefore the details of the stock options granted only to the CFO are given below, and in 30.05.2022 options were assigned to CEO of the company Darius Šulnis. The expiration date of these options is 2025, the purchase price of shares is EUR 1, 33,483 units have been granted, the value of the granted option and costs are EUR 372,315.

Table 4. Unexercised stock options for the company's CFO

Name	Perfor-mance period, years	Grant date	Expiry date	Exercise price, EUR [6]	Opening balance at 1 January	Share options granted	Share options exercised [7]	Closing balance at 31 Decem-ber	Value of granted share option	Expenses recogni-zed in the financial state-ments [7]
Assigned in 2019	2018	06.05.2019	2022	1	9,086	-	-9,086	-	-	-
Assigned in 2020	2019	25.05.2020	2023	1	3,954	-	-	3,954	-	-
2020 long-term program	2020-2022	01.07.2020 / 31.12.2022 vesting date	2023	Share purchase price will be calculated, as a starting point taking the net asset value per share of Invalda INVL as of 31.12.2019 (EUR 7.47), additionally calculating 12% annual interest rate and estimating the granted share payments, if there are any (EUR 1.45 till now)	116,105	-	-	116,105	-	23,701
				Total	129,144	-	-	120,059	-	23,701

[6] The exercise price of the share options of the company granted in 2019 has not exceed EUR 0.20 due to the payment of dividends of EUR 0.8 per share. The exercise price of the share options of the company granted in 2020 will not exceed EUR 0.35 due to the payment of dividends of EUR 0.65 per share
[7] Value of exercised stock options is EUR 109,941. Share price on exercise date was EUR 12.30. Exercise price was EUR 0.2
[8] Amounts recognized in the financial statements in accordance with IFRS 2. For the current year, accruals are made at the end of the year, regardless of the legal grant of share options, so only an adjustment to the value of the options granted is recognized in the grant year. In the case of a long-term program, a value proportional to the period of operation is recognized during the current year.