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INVALDA



COPY of
AB INVALDA INVL
Consolidated Annual Report,
Consolidated and Company's Financial Statements for
the year ended 31 December 2023

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

INVALDA

INL

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

8 April 2024

Following the Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (Article 12) of the Republic of Lithuania, the management of Invalda INVL, AB hereby confirms that, to the best of our knowledge, the enclosed Consolidated and Company's Financial Statements for 2023 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 2023 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 2023.
2. Consolidated Annual Report for 2023.

signed with qualified electronic signature

Chief Executive Officer

Darius Šulnis

signed with qualified electronic signature

Chief Financier

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.

CONTENTS

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS:

DETAILS OF THE COMPANY	4
CONSOLIDATED AND COMPANY'S INCOME STATEMENTS	5
CONSOLIDATED AND COMPANY'S STATEMENTS OF COMPREHENSIVE INCOME	6
CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION.....	7
CONSOLIDATED AND COMPANY'S STATEMENTS OF CHANGES IN EQUITY.....	8
CONSOLIDATED AND COMPANY'S STATEMENTS OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	12
1. GENERAL INFORMATION	12
2. SUMMARY OF MATERIAL ACCOUNTING POLICIES	15
3. BUSINESS COMBINATIONS, INVESTMENTS INTO ASSOCIATES, DISPOSALS	34
4. SEGMENT INFORMATION	37
5. OTHER INCOME AND EXPENSES	41
5.1. Net changes in fair value on financial instruments.....	41
5.2. Employee benefits expenses.....	41
5.3. Other expenses	41
6. INCOME TAX.....	42
7. EARNINGS PER SHARE.....	46
8. DIVIDENDS PER SHARE	47
9. PROPERTY, PLANT AND EQUIPMENT	48
10. INTANGIBLE ASSETS AND COSTS TO OBTAIN CONTRACTS WITH CUSTOMERS.....	49
11. FINANCIAL INSTRUMENTS BY CATEGORY	51
12. FAIR VALUE ESTIMATION.....	53
13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	61
14. TRADE, OTHER RECEIVABLES AND CONTRACT ASSETS.....	62
15. CASH AND CASH EQUIVALENTS	64
16. SHARE CAPITAL, SHARE PREMIUM AND OWN SHARES	64
17. RESERVES.....	65
18. BORROWINGS	68
19. TRADE PAYABLES.....	68
20. OTHER LIABILITIES	69
21. TRANSFER OF RETAIL BUSINESS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	69
22. FINANCIAL RISK MANAGEMENT.....	71
22.1. Financial risk factors	71
22.2. Capital management.....	74
23. COMMITMENTS AND CONTINGENCIES	75
24. LEASE.....	76
25. RELATED PARTY TRANSACTIONS	77
26. REMUNERATION TO AUDITOR	81
27. EVENTS AFTER THE REPORTING PERIOD.....	81
CONSOLIDATED ANNUAL REPORT	82

DETAILS OF THE COMPANY

Board of Directors

Mr. Alvydas Banys (Chairman of the Board)

Ms. Indrė Mišeikytė

Mr. Tomas Bubinas

Management

Mr. Darius Šulnis (CEO)

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

Swedbank, AB

Coop Pank AS

Auditor

KPMG Baltics, UAB

Lvivo str. 101,

Vilnius, Lithuania

The financial statements were approved and signed by the Management on 8 April 2024.

The document is signed with a qualified
electronic signature

Mr. Darius Šulnis
CEO

The document is signed with a qualified
electronic signature

Mr. Raimondas Rajeckas
Chief Financial Officer

Consolidated and Company's income statements

	Notes	Group		Company	
		2023	2022	2023	2022
Revenue from contracts with customers	4	16,960	15,317	142	143
Dividend income		1,759	5,196	1,654	5,061
Other income		124	117	639	41
Gain from transfer of retail business	3, 21	29,753	-	-	-
Net changes in fair value of financial instruments at fair value through profit or loss	5.1	22,499	13,533	21,492	12,025
Employee benefits expenses	5.2	(13,385)	(10,755)	(843)	(779)
Funds distribution fees		(53)	(62)	-	-
Amortisation of costs to obtain contracts with customers	10	-	(370)	-	-
Information technology maintenance expenses		(1,190)	(1,096)	(7)	(7)
Depreciation and amortisation	9, 10	(744)	(1,033)	(26)	(25)
Premises rent and utilities		(246)	(253)	(7)	(10)
Advertising and other promotion expenses		(259)	(361)	-	-
Impairment of financial and contract assets		8	-	-	-
Other expenses	5.3	(4,587)	(4,225)	(296)	(701)
Operating profit (loss)		50,639	16,008	22,748	15,748
Finance costs		(317)	(90)	(253)	(45)
Share of net (loss) profit of consolidated subsidiaries accounted for using the equity method	3	-	-	23,709	416
Profit (loss) before income tax		50,322	15,918	46,204	16,119
Income tax income (expenses)	6	(4,506)	796	(388)	547
NET PROFIT FOR THE YEAR		45,816	16,714	45,816	16,666
Attributable to:					
Equity holders of the parent		45,816	16,666	45,816	16,666
Non-controlling interests		-	48	-	-
Basic earnings per share (in EUR)	7	3.85	1.41	3.85	1.41
Diluted earnings per share (in EUR)	7	3.77	1.38	3.77	1.38

Consolidated and Company's statements of comprehensive income

	Group		Company	
	2023	2022	2023	2022
NET PROFIT FOR THE YEAR	45,816	16,714	45,816	16,666
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	45,816	16,714	45,816	16,666
Attributable to:				
Equity holders of the parent	45,816	16,666	45,816	16,666
Non-controlling interests	-	48	-	-

Consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,567	1,710	61	80
Intangible assets and costs to obtain contracts	10	233	427	-	-
Investments into subsidiaries	1, 12, 3	43,120	18,416	107,195	70,272
Investments into associates	1, 12, 3	23,313	25,975	23,313	25,975
Financial assets at fair value through profit or loss	12, 13	139,740	74,197	106,938	37,936
Other non-current receivable		-	161	-	-
Deferred tax asset	6	114	472	-	-
Total non-current assets		208,087	121,358	237,507	134,263
Current assets					
Trade, other receivables and contract assets	14	5,038	5,294	2,711	2,582
Prepaid income tax		360	277	297	167
Prepayments and deferred charges		147	117	29	34
Financial assets at fair value through profit or loss	12, 13	1,122	1,015	-	-
Cash and cash equivalents	15	3,710	3,609	1,305	372
Assets of disposal group classified as held for sale	21	-	12,356	-	-
Total current assets		10,377	22,668	4,342	3,155
TOTAL ASSETS		218,464	144,026	241,849	137,418
EQUITY AND LIABILITIES					
Equity					
Share capital	1, 16	3,548	3,494	3,548	3,494
Own shares		(929)	(929)	(929)	(929)
Share premium		5,630	5,033	5,630	5,033
Reserves	17	14,708	14,214	14,231	13,740
Retained earnings		155,073	108,978	155,550	109,452
Equity attributable to equity holders of the parent		178,030	130,790	178,030	130,790
Non-controlling interests		-	137	-	-
Total equity		178,030	130,927	178,030	130,790
Liabilities					
Non-current liabilities					
Lease liabilities	24	773	969	38	61
Deferred tax liability	6	2,809	2,370	2,893	2,352
Other non-current liabilities	20	233	260	-	-
Total non-current liabilities		3,815	3,599	2,931	2,413
Current liabilities					
Borrowings	18	4,900	3,300	4,900	3,300
Lease liabilities	24	539	433	29	25
Trade payables	19	592	376	72	34
Income tax payable		3,340	23	-	-
Advances received		21	3	-	-
Other current liabilities	20	27,227	2,780	55,887	856
Liabilities directly associated with the assets held for sale	21	-	2,585	-	-
Total current liabilities		36,619	9,500	60,888	4,215
Total liabilities		40,434	13,099	63,819	6,628
TOTAL EQUITY AND LIABILITIES		218,464	144,026	241,849	137,418

Consolidated and Company's statements of changes in equity

Group	Notes	Equity attributable to equity holders of the parent							Non-controlling interests	Total equity
		Share capital	Own shares	Share premium	Reserves			Subtotal		
					Legal and other reserves	Reserve for acquisition of own shares	Retained earnings			
Balance as at 1 January 2022		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	17	-	-	-	238	-	(238)	-	-	-
Increase of share capital (share options exercised)	16	20	-	-	(6)	-	-	14	-	14
Share-based payments	17	-	-	-	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
Net profit for the year 2023		-	-	-	-	-	45,816	45,816	-	45,816
Total comprehensive income for the year		-	-	-	-	-	45,816	45,816	-	45,816
Changes in reserves	17	-	-	-	(141)	-	141	-	-	-
Increase of share capital (share options exercised)	16	54	-	597	-	-	-	651	-	651
Share-based payments	17	-	-	-	1,064	-	-	1,064	-	1,064
Transfer from share-based payments reserve to retained earnings (share options exercised)		-	-	-	(429)	-	429	-	-	-
Dividends approved	8	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	3	-	-	-	-	-	(291)	(291)	(137)	(428)
Total transactions with owners of the Company, recognised directly in equity		54	-	597	494	-	279	1,424	(137)	1,287
Balance as at 31 December 2023		3,548	(929)	5,630	3,891	10,817	155,073	178,030	-	178,030

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

Company	Notes	Reserves					Retained earnings	Total
		Share capital	Own shares	Share premium	Legal and other reserves	Reserve for acquisition of own shares		
Balance as at 1 January 2022		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	17	-	-	-	585	-	-	585
Increase of share capital (share options exercised)	16	20	-	-	(6)	-	-	14
Transfer from share-based payments reserve to retained earnings (share options exercised)	8	-	-	-	(329)	-	329	-
Dividends approved		-	-	-	-	-	(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
Net profit for the year 2023		-	-	-	-	-	45,816	45,816
Total comprehensive income for the year		-	-	-	-	-	45,816	45,816
Share-based payments	17	-	-	-	1,064	-	-	1,064
Increase of share capital (share options exercised)	16	54	-	597	-	-	-	651
Transfer from share-based payments reserve to retained earnings (share options exercised)		-	-	-	(573)	-	573	-
Equity method - acquisition of non-controlling interests of subsidiaries	3	-	-	-	-	-	(291)	(291)
Dividends approved	8	-	-	-	-	-	-	-
Total transactions with owners of the Company, recognised directly in equity		54	-	597	491	-	282	1,424
Balance as at 31 December 2023		3,548	(929)	5,630	3,414	10,817	155,550	178,030

Consolidated and Company's statements of cash flows

	Notes	Group		Company	
		2023	2022	2023	2022
Cash flows from (to) operating activities					
Net profit for the year		45,816	16,714	45,816	16,666
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	744	1,403	26	25
(Gain) on disposal of property, plant and equipment		(10)	(26)	-	-
Realized and unrealized loss (gain) on investments and transferred retail business	5.1	(52,252)	(13,533)	(21,492)	(12,025)
Share of net (loss) profit of consolidated subsidiaries accounted for using the equity method		-	-	(23,709)	(416)
Interest income		(66)	(99)	(639)	(41)
Interest expenses		317	90	252	39
Income tax (income) expenses	6	4,506	(796)	388	(547)
Provision for impairment of financial and contract assets		(8)	-	-	-
Other impairment		9	-	-	-
Change in provisions		-	-	-	-
Share-based payments	17	619	479	361	396
Dividend income		(1,759)	(5,196)	(1,654)	(5,061)
		(2,084)	(964)	(651)	(964)
Working capital adjustments:					
Decrease (increase) in trade, other receivables and contract assets		910	2,314	24	120
Decrease (increase) in other current assets		(35)	114	5	4
Increase (decrease) in trade payables		249	(45)	38	(81)
Increase (decrease) in other liabilities		1,195	779	(238)	(10)
Cash flows from (to) operating activities		235	2,198	(822)	(931)
Income tax paid		(72)	(254)	-	-
Net cash flows from (to) operating activities		163	1,944	(822)	(931)

(cont'd on the next page)

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

	Notes	Group		Company	
		2023	2022	2023	2022
Cash flows from (to) investing activities					
Acquisition of non-current assets (intangible and property, plant and equipment)		(113)	(365)	(1)	-
Proceeds from sale of non-current assets (intangible and property, plant and equipment)		-	-	-	-
Costs to obtain contracts with customers		(338)	(435)	-	-
Acquisition and establishment of subsidiaries, net of cash acquired for consolidated subsidiaries	3	-	(4,094)	(250)	(4,856)
Proceeds from transfer of retail business, net of cash transferred	21	(747)	-	-	-
Proceeds from sales of unconsolidated subsidiaries and redeemed convertible bonds	3	-	2,632	-	3,132
Deconsolidation of subsidiary net of cash deconsolidated		-	(317)	-	-
Acquisition of associates	3	-	-	-	-
Proceeds from sales of associates	3	-	-	-	-
Acquisition of financial assets at fair value through profit or loss (except held-for-trading)		(2,827)	(5,410)	(2,391)	(4,647)
Sale of financial assets at fair value through profit or loss (except held-for-trading)		-	1,614	-	1,367
Dividends received		1,613	5,068	1,639	7,581
Loans granted		-	(2,384)	-	-
Repayment of granted loans		825	4,468	750	2,234
Interest received		62	92	41	45
Net cash flows from (to) investing activities		(1,525)	869	(212)	4,856
Cash flows from (to) financing activities					
Cash flows related to company shareholders:					
Issue of shares	16	651	14	651	14
(Acquisition) of non-controlling interests	3	(376)	-	-	-
Dividends paid to equity holders of the parent		(7)	(7,520)	(7)	(7,520)
Dividends paid to non-controlling interests		-	(59)	-	-
Disposal of own shares	16	-	-	-	-
		268	(7,565)	644	(7,506)
Cash flows related to other sources of financing:					
Proceeds from borrowings		3,400	3,300	3,400	3,300
Repayment of borrowings		(1,800)	-	(1,800)	-
Payments of lease liabilities		(406)	(450)	(25)	(24)
Interest paid		(308)	(90)	(252)	(39)
		886	2,760	1,323	3,237
Net cash flows to financing activities		1,154	(4,805)	1,967	(4,269)
Impact of currency exchange on cash and cash equivalents		-	-	-	-
Net increase (decrease) in cash and cash equivalents		(208)	(1,992)	933	(344)
Cash and cash equivalents at the beginning of the year	15	3,918	5,910	372	716
Cash and cash equivalents at the end of the year	15	3,710	3,918	1,305	372

(the end)

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 (until 30 November 2023), 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 2023 and 31 December 2022 the shareholders of the Company were:

	2023		2022	
	Number of shares held	Percentage (%)	Number of shares held	Percentage (%)
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	3,181,702	26.01	3,181,702	26.41
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	3,098,196	25.32	3,098,196	25.71
Mrs. Irena Ona Mišeikienė	3,048,161	24.90	3,006,834	24.96
Mr. Alvydas Banys	910,875	7.45	910,875	7.56
Ms. Indrė Mišeikytė	236,867	1.94	236,867	1.97
The Company (own shares)	229,541	1.88	229,541	1.90
Other minor shareholders	1,528,963	12.50	1,384,037	11.49
Total	12,234,305	100.00	12,048,052	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 2023 and 2022. Subsidiaries and associates did not hold any shares of the Company as at 31 December 2023 and 2022.

As at 31 December 2023 the number of employees of the Group was 124 (as at 31 December 2022 – 287). As at 31 December 2023 the number of employees of the Company was 7 (as at 31 December 2022 – 7).

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.

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 (%)		Nature of business
		As at 31 December 2023	As at 31 December 2022	
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* UAB FMJ INVL Financial Advisors (previous name INVL Finasta)	Latvia	100.00	100.00	3 rd pillar pension funds management
UAB Mundus*	Lithuania	100.00	51.01	Financial brokerage 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 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.

As at 31 December 2023 and 2022 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 (%)		Nature of business
		As at 31 December 2023	As at 31 December 2022	
UAB IPPG (previous name Įmoniq Grupė Inservis)	Lithuania	100.00	100.00	Investment into facilities management entities Own book investment and life insurance activities until 30 November 2023
INVL Life UAB	Lithuania	100.00	100.00	Social initiatives activities
VšĮ Iniciatyvos Fondas	Lithuania	100.00	100.00	Management of bad debt
UAB Aktyvo	Lithuania	54.55	54.55	Dormant
UAB Aktyvus Valdymas	Lithuania	100.00	100.00	Investment into agriculture entity
UAB Cedus Invest	Lithuania	100.00*	100.00	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 2023 and/or 2022.

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 2023 and 2022 the Company has granted nil and EUR nil of loans to maintain the activity of the unconsolidated subsidiaries, respectively.

As at 31 December 2023 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 2023.

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.

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 2023 and 2022. 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 material accounting policies

The material accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2023 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 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies*;
- Amendments to IAS 8: *Definition of Accounting Estimates*;
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- Amendments to IAS 12: *International Tax Reform—Pillar Two Model Rules*;
- IFRS 17 *Insurance Contracts*.

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies*.

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

Amendments to IAS 8: *Definition of Accounting Estimates*.

The amendments to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments had no impact on the Group's and Company's financial statements.

IFRS 17 *Insurance Contracts*.

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.

The impact of the new standard is material to unconsolidated subsidiary INVL Life UAB, but the investment to subsidiary is measured at fair value through profit or loss. At the end of 2023 the insurance activity was transferred to AB Šiaulių Bankas group as part of transfer of retail business. Therefore, the new standard has not impact financial statements of the Group and the Company.

2 Summary of material accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

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

Amendments to IAS 12: *Deferred tax related to assets and liabilities arising from a single transaction*.

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 has not affected by the amendments.

Amendments to IAS 12: *International Tax Reform—Pillar Two Model Rules*.

The amendments introduced a temporary mandatory exception from accounting for deferred tax that arises from legislation implementing the top-up tax (Pillar Two legislation). The amendments also require an entity to provide new disclosures in their financial statements for year ended 31 December 2023 and later. As the Group consolidated revenue is less than EUR 750 million, the Pillar Two legislation is not apply to the Group. Therefore, the Group and the Company has not affected by the amendments.

Standards adopted by the EU but not yet effective

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

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).

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.

Standards not yet adopted by the EU

Amendments to existing standards and new standards, which have not yet been adopted by the EU, are not relevant to the Group and the Company.

2 Summary of material 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 is 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 in 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 2.11 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 material 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 material 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 2.16.

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)	1.25-5 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.

2 Summary of material 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. 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.

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

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.

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

2 Summary of material accounting policies (cont'd)

2.10. 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.

Debt instruments

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 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.

Equity instruments

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 or 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.

2.11. 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 material accounting policies (cont'd)

2.12. 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 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.

2.13. 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 2.12.

2.14. Cash and cash equivalents

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

2 Summary of material accounting policies (cont'd)

2.15. 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 Summary of material accounting policies (cont'd)

2.16. 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.

Group as a lessee

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, if any, and adjusted for certain remeasurements of the lease liability. As at 31 December 2022 and 2023 right-of-use assets of the Group/the Company relate to leased properties and are depreciated over 2.25-3.25 and 1.25-5- 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 an 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 material accounting policies (cont'd)

2.16 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.

2.17. Revenue recognition and costs to obtain contract with customers

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

Revenue from the asset management and brokerage services

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 material accounting policies (cont'd)

2.17 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 Summary of material accounting policies (cont'd)

2.18. 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 2023 and in 2022. 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 material accounting policies (cont'd)

2.18 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.

2.19. 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 material accounting policies (cont'd)

2.20. Employee benefits

Social security contributions

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.

Bonus plans

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.

Pension obligations

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.

2.21. 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 material accounting policies (cont'd)

2.21 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 Summary of material accounting policies (cont'd)

2.22. 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 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 2023 the Group has not received any success fee, which could be returned to managed funds. In 2023, following discussions with the Latvian competent authority regarding the interpretation of Latvian applicable law, the Latvian subsidiary returned EUR 685 thousand of success fees to its managed pension 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 material accounting policies (cont'd)

2.22 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 actual closing took place at midnight from 30 November to 1 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 estimation 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 2023 was EUR 43,120 thousand and EUR 23,313 thousand, respectively (as at 31 December 2022 - EUR 18,416 thousand and EUR 25,975 thousand, respectively). The fair value of the investments in unconsolidated subsidiaries and associates of the Company as at 31 December 2023 was EUR 66,010 thousand and EUR 23,313 thousand, respectively (as at 31 December 2022 - EUR 52,812 thousand and EUR 25,975 thousand, respectively) (described in more details in Note 12).

2 Summary of material accounting policies (cont'd)

2.22 Significant accounting judgements and estimates (cont'd)

Estimates and assumptions (cont'd)

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 2.21, 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 17.

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.

3. Business combinations, investments into associates, disposals

The movement of investments in associates was as follows:

	Group		Company	
	2023	2022	2023	2022
At 1 January	25,975	22,481	25,975	22,481
Acquisition of additional shares in associate	-	-	-	-
Disposal of associate	-	-	-	-
Changes in fair value	(2,662)	3,494	(2,662)	3,494
At 31 December	23,313	25,975	23,313	25,975

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 UAB by offsetting of receivables from sale of associates.

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

	Company	
	2023	2022
At 1 January	70,272	50,470
Share of net profit (loss) of consolidated subsidiaries accounted for using equity method	23,709	416
Equity method - acquisition of non-controlling interests of subsidiaries	(291)	-
Establishment of subsidiaries and increase of share capital	250	41,500
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 UAB by offsetting of receivables from sale of UAB Cedus Invest)	-	(19)
Disposals	-	(3,030)
Dividends from consolidated subsidiaries	(615)	(2,627)
Share-based payments of consolidated subsidiaries	703	189
Changes in fair value	13,167	6,118
Decreased share capital (free funds returned)	-	(302)
At 31 December	107,195	70,272
At equity method	41,185	17,460
At fair value – shares	66,010	52,812

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

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

	Group	
	2023	2022
At 1 January	18,416	23,012
Decrease of share capital	-	(302)
Changes in fair value	8,890	4,499
Share-based payments	30	-
Deemed cost of unconsolidated subsidiary*	-	808
Addition investment	-	238
Reclassification to/from disposals group classified as held for sale (Note 21)	15,784	(6,809)
Disposals	-	(3,030)
At 31 December	43,120	18,416
Shares	43,120	18,416

* Subsidiary INVL Life UAB 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 UAB 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, UAB). 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 2.22 and 21). Therefore, deemed cost of unconsolidated subsidiary was calculated as follows:

Carrying amount of consolidated net assets of INVL Life UAB at 1 January 2022	8,991
Additional investments into share capital of INVL Life UAB	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

In 2023 life insurance activities were transferred as part of retail business at the level of unconsolidated subsidiary and it is not directly visible at the Group level. Following this transfer, INVL Life UAB assigned its claims on the receivables from AB Šiaulių Bankas to the Company. As a result, INVL Life UAB now holds receivables from the Company related to these activities, which is major remaining asset of the unconsolidated subsidiary, except own investments described above. Therefore, the fair value of to INVL Life UAB was reclassified from held for sale to investments of unconsolidated subsidiaries.

Acquisitions in 2023 and 2022

The Group has not any acquisition of subsidiaries in 2023 and 2022, except below described establishment of entities or increased share capital in previously acquired/established entities or acquisition of non-controlling interests.

Establishment of companies (increase or decrease of share capital) in 2023 and 2022

In 2023 the Company has additional invested EUR 250 thousand into the share capital of consolidated subsidiaries UAB FMĮ INVL Financial Advisors.

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

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

Establishment of companies (increase or decrease of share capital) in 2023 and 2022 (cont'd)

In 2022 the Company has additionally invested EUR 40,500 thousand into share capital of consolidated subsidiaries INVL Life UAB. 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 UAB these financial assets in January 2022:

- 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.

After adjusting the sales price, the Company's receivable amount for the sold financial assets as at 31 December 2022 and 2023 is EUR 2,580 thousand. At the unconsolidated subsidiary level the corresponding liabilities is included in the value of life insurance activities as at 31 December 2022. 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 and 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 2.22 and 21). 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.

Acquisition of non-controlling interests in 2023 and 2022

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 and was estimated at EUR 428 thousand. The consideration would be paid until mid-year of 2024. In 2023 EUR 376 thousand was paid. Impact to equity attributable to the equity holders of the parent was loss of EUR 291 thousand.

Acquisition of associates in 2023 and 2022

During 2023 and 2022 the Company/the Group has not any acquisition of associates.

Disposals of subsidiaries in 2023 and 2022

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 „Priemestis“, 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 the shares of UAB Kelio ženklai. However, it maintained a granted loan of EUR 750 thousand to UAB Kelio ženklai, which had carrying amount of EUR 384 thousand as at 31 December 2023, measured at fair value. The loan was fully repaid in 2023.

Disposals of associates in 2023 and 2022

During 2023 and 2022 the Company/the Group has not any disposals of associates.

Transfer of retail business

Transfer of retail business from the Group to group of AB Šiaulių Bankas took place at midnight from 30 November to 1 December 2023 and is disclosed in more details Notes 2.22 and 21.

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, UAB, 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. 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:

Investment management

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.

Investment activity

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.

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.

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 2023:

	Investment management	Investment activity	Inter-segment transactions and consolidation adjustments	Total
Year ended				
31 December 2023				
Revenue				
Sales to external customers	16,825	135	-	16,960
Inter-segment sales	-	7	(7)	-
Total revenue	16,825	142	(7)	16,960
Results				
Net changes in fair value of financial assets	-	22,499	-	22,499
Gain from transfer of retail business (Note 21)	-	29,753	-	29,753
Interest income	25	41	-	66
Dividend income	-	1,759	-	1,759
Other income	58	-	-	58
Employee benefits expense	(12,541)	(844)	-	(13,385)
Depreciation and amortization	(718)	(26)	-	(744)
Impairment	(1)	-	-	(1)
Interest expenses	(63)	(252)	-	(315)
Other expenses	(6,024)	(311)	7	(6,328)
Profit (loss) before income tax	(2,439)	52,761	-	50,322
As at 31 December 2023				
Assets and liabilities				
Segment assets	38,912	211,556	(32,004)	218,464
Segment liabilities	8,242	64,196	(32,004)	40,434
Other segment information				
Capital expenditure:				
• Property, plant and equipment	606	7	-	613
• Intangible assets	32	-	-	32
• Costs to obtain contract	338	-	-	338

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

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 2023								
Net changes in fair value on financial assets	(2,586)	-	(76)	5,409	3,802	5,040	10,910	22,499
Dividend income	-	-	-	728	969	-	62	1,759
Interest income	-	-	-	-	-	-	41	41
Total income from investments	(2,586)	-	(76)	6,137	4,771	5,040	11,013	24,299
Investments fair value as at 31 December 2023	19,346	-	3,967	22,239	85,401	20,824	76,327	228,104

	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'

Analysis of revenue by timing of revenue recognition:

	2023		2022	
	Group	Company	Group	Company
Revenue recognised over time:				
<i>Management fee</i>	16,269	142	14,451	143
<i>Success fee</i>	15,559	-	13,233	-
<i>Other consideration</i>	(590)	-	685	-
Revenue recognised at a point in time	1,300	142	533	143
Total revenue	691	-	866	-
	16,960	142	15,317	143

Success fee amount is negative in 2023, because following discussions with the Latvian competent authority regarding the interpretation of Latvian applicable law, the Latvian subsidiary returned EUR 685 thousand of success fees to its managed pension funds.

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 16,114 thousand (2022: EUR 13,524 thousand), and the total of revenue from external customers from Latvia is EUR 846 thousand (2022: EUR 1,793 thousand).

In 2023 the Group has not recognised as revenue success fee of EUR 684 thousand, accrued in the managed entities and funds, as the condition for non-returnable payment of it is not met (2022: EUR 900 thousand).

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 2023 and 2022:

	<u>Lithuania</u>	<u>Latvia</u>	<u>Total</u>
As at 31 December 2023	1,544	256	1,800
As at 31 December 2022	1,983	154	2,137

5. Other income and expenses

5.1. Net changes in fair value on financial instruments

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net gain (loss) from changes in fair value of unconsolidated subsidiaries and associates	6,228	7,993	10,505	9,612
Net gain (loss) from financial assets at fair value through profit or loss	16,288	5,540	10,987	2,413
Net gain (loss) from financial liabilities at fair value through profit or loss	(17)	-	-	-
<i>Net gain (loss) from financial instruments at fair value through profit or loss, total</i>	<u>22,499</u>	<u>13,533</u>	<u>21,492</u>	<u>12,025</u>

5.2. Employee benefits expenses

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	(10,278)	(8,973)	(482)	(383)
Share-based payments (cash alternative)	(2,488)	(1,303)	-	-
Equity-settled share-based payments	(619)	(479)	(361)	(396)
	<u>(13,385)</u>	<u>(10,755)</u>	<u>(843)</u>	<u>(779)</u>

5.3. Other expenses

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Vehicles maintenance costs	(228)	(197)	-	-
Repairs and maintenance cost of premises	(134)	(178)	(1)	(1)
Taxes	(825)	(895)	(45)	(100)
Professional services	(976)	(832)	(123)	(228)
Fees for securities	(751)	(652)	(39)	(41)
Other expenses	(1,673)	(1,471)	(88)	(331)
	<u>(4,587)</u>	<u>(4,225)</u>	<u>(296)</u>	<u>(701)</u>

6. Income tax

	Group		Company	
	2023	2022	2023	2022
Components of the income tax expense				
Current year income tax	(3,472)	(47)	-	-
Prior year current income tax correction	-	-	-	-
Deferred income tax income (expense)	(1,034)	843	(388)	547
Income tax income (expense) charged to the income statement – total	(4,506)	796	(388)	547

There is no income tax expense recognised in other comprehensive income in 2023 and 2022.

Deferred tax asset and liability were estimated at 15% rate in Lithuania as at 31 December 2023.

The movement in deferred tax assets and liabilities of the Group during 2023 is as follows:

	Balance as at 31 December 2022	Recognised in the income statement	Transfer of tax losses within group	Transfer to disposal group classified as held for sale	Balance as at 31 December 2023
Deferred tax asset					
Tax loss carry forward for indefinite period of time	822	(496)	(21)	-	305
Receivables	1	(1)	-	-	-
Accruals	180	28	-	34	242
Lease liabilities	210	(38)	-	-	172
Contract liabilities	-	12	-	(12)	-
Recognised deferred tax asset	1,213	(495)	(21)	22	719
Asset netted with liability of the same legal entities	(741)	(20)	-	156	(605)
Deferred tax asset, net	472	(515)	(21)	178	114
Deferred tax liability					
Property, plant and equipment (right of use assets)	(198)	27	-	9	(162)
Intangible assets	(101)	(6)	-	101	(6)
Investments at fair value through profit or loss	(2,812)	(434)	-	-	(3,246)
Costs to obtain contacts with customers	-	(12)	-	12	-
Deferred tax liability	(3,111)	(425)	-	122	(3,414)
Liability netted with asset of the same legal entities	741	20	-	(156)	605
Deferred tax liability, net	(2,370)	(405)	-	(34)	(2,809)
Deferred tax, net	(1,898)	(920)	(21)	144	(2,695)

At the moment of transfer of retail business (Note 21) EUR 114 thousand of deferred tax assets was attributed to disposal group classified as held for sale. Because transfer of retail business is taxable income at the level of subsidiary and current income tax expenses was recognised, the Group presented gain from transfer of retail businesses without effect of income tax. Therefore, the Group presented EUR 114 thousand as deferred income tax expense.

6 Income tax (cont'd)

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 UAB 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.

6 Income tax (cont'd)

The movement in deferred tax assets and liabilities of the Company during 2023 is as follows:

	Balance as at 31 December 2022	Recognised in the income statement	Transfer of tax losses	Balance as at 31 December 2023
Deferred tax asset				
Tax loss carry forward for indefinite period of time	326	132	(153)	305
Lease liabilities	13	(3)	-	10
Recognised deferred tax asset	<u>339</u>	<u>129</u>	<u>(153)</u>	<u>315</u>
Asset netted with liability of the same legal entities	(339)	(107)	131	(315)
Deferred tax asset, net	-	22	(22)	-
Deferred tax liability				
Property, plant and equipment (right of use assets)	(12)	3	-	(9)
Investments at fair value through profit or loss	(2,679)	(430)	-	(3,109)
Other liability	-	(90)	-	(90)
Deferred tax liability	<u>(2,691)</u>	<u>(517)</u>	<u>-</u>	<u>(3,208)</u>
Liability netted with asset of the same legal entities	339	107	(131)	315
Deferred tax liability, net	(2,352)	(410)	(131)	(2,893)
Deferred tax, net	(2,352)	(388)	(153)	(2,893)

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	<u>237</u>	<u>99</u>	<u>3</u>	<u>339</u>
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	<u>(3,139)</u>	<u>448</u>	<u>-</u>	<u>(2,691)</u>
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)

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	
	2023	2022	2023	2022
Profit before income tax	50,322	15,918	46,204	16,119
Tax calculated at the tax rate of 15 %	(7,548)	(2,388)	(6,931)	(2,418)
Non-taxable income - dividend income	264	779	248	759
Non-taxable income (expenses) – changes in fair value of financial assets	2,925	2,544	2,794	2,250
Non-taxable income (expenses) – impact of equity method	-	-	3,556	62
Other tax non-deductible (expenses) / non-taxable income	(221)	(201)	(55)	(103)
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	-	-
The amount of benefit arising from previously unrecognised tax loss of a prior period that is used to reduce current tax expense	150	-	-	-
Other	(76)	43	-	(3)
Income tax credit (expenses) recorded in the income statement	<u>(4,506)</u>	<u>796</u>	<u>(388)</u>	<u>547</u>

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 2023 and 2022 was as follows:

Calculation of weighted average for the year 2023	Number of shares (thousand)	Par value (EUR)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2022	11,818	0.29	365/365	11,818
Increase of share capital as at 21 July 2023	187	0.29	163/365	84
Shares issued as at 31 December 2023	12,005	-	-	11,902

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

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

	Group		Company	
	2023	2022	2023	2022
Net profit, attributable to the equity holders of the parent	45,816	16,666	45,816	16,666
Weighted average number of ordinary shares (thousand)	11,902	11,793	11,902	11,793
Basic earnings per share (EUR)	3.85	1.41	3.85	1.41

The following table reflects the share data used in the diluted earnings per share computations in 2023:

	Number of shares (thousand)	Issued/365 (days)	Weighted average (thousand)
Weighted average number of ordinary shares for basic earnings per share	-	-	11,902
Potential dilutive shares from share-based payment (granted on 11 August 2016, on 21 July 2023 share options exercised by issued of new shares)	24	202/365	13
Potential dilutive shares from share-based payment (granted on 25 May 2020, on 21 July 2023 share options exercised by issued of new shares)	56	202/365	31
Potential dilutive shares from share-based payment (granted on 1 July 2020, on 21 July 2023 share options exercised by issued of new shares)	50	202/365	28
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	365/365	37
Potential dilutive shares from share-based payment (granted on 12 June 2023)	150	202/365	83
Weighted average number of ordinary shares for diluted earnings per share	-	-	12,157

7. Earnings per share (cont'd)

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

The following table reflects the income data used in the diluted earnings per share computations in 2023 and 2022:

	Group		Company	
	2023	2022	2023	2022
Net profit, attributable to the equity holders of the parent	45,816	16,666	45,816	16,666
Weighted average number of ordinary and potential shares (thousand)	12,157	12,052	12,157	12,052
Diluted earnings per share (EUR)	3.77	1.38	3.77	1.38

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.

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

	Group/Company
	Dividends payable
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
Dividends paid to equity holders of the parent	(7)
Approved dividends	-
As at 31 December 2023	735

9. Property, plant and equipment

Group	Right-of-use assets (leased premises)	Other property, plant and equipment	Total
Cost:			
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
Additions	532	81	613
Disposals and write-offs	(481)	(4)	(485)
To held for sale	-	(55)	(55)
Balance as at 31 December 2023	2,294	930	3,224
Accumulated depreciation:			
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
Charge for the year	404	118	522
Disposals and write-offs	(276)	(1)	(277)
To held for sale	-	(29)	(29)
Balance as at 31 December 2023	1,053	604	1,657
Net book value as at 31 December 2022	1,318	392	1,710
Net book value as at 31 December 2023	1,241	326	1,567

Company	Right-of-use assets (leased premises)	Other property, plant and equipment	Total
Cost:			
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
Additions	5	2	7
Disposals and write-offs	-	-	-
Balance as at 31 December 2023	161	102	263
Accumulated depreciation:			
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
Charge for the year	24	2	26
Disposals and write-offs	-	-	-
Balance as at 31 December 2023	102	100	202
Net book value as at 31 December 2022	78	2	80
Net book value as at 31 December 2023	59	2	61

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 2023 amounts to EUR 522 thousand and EUR 26 thousand, respectively (in the year 2022 EUR 550 thousand and EUR 25 thousand, respectively). Any property, plant and equipment of the Group and the Company as at 31 December 2023 and 2022 was not have any encumbrance.

10. Intangible assets and costs to obtain contracts with customers

As at 31 December 2023 and 2022 this item of statement of financial position of the Group comprises:

Group	As at 31 December 2023	As at 31 December 2022
Intangible assets	233	427
Costs to obtain contracts with customers	-	-
Total	233	427

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 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
Additions	-	-	32	32
Disposals and write-offs	-	-	-	-
Balance as at 31 December 2023	14	1,154	309	1,477
Accumulated amortisation:				
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
Charge for the year	-	161	61	222
Impairment	-	-	9	9
Disposals and write-offs	-	-	-	-
Other	-	(5)	-	(5)
Balance as at 31 December 2023	-	1,039	205	1,244
Net book value as at 31 December 2022	14	271	142	427
Net book value as at 31 December 2023	14	115	104	233

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 2023 amounts to EUR 222 thousand (in the year 2022 EUR 483 thousand).

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

- 2nd pillar pension funds. The funds' with carrying amount of EUR 75 thousand remaining estimated useful live is 1 years and is related to Latvian entity.
- Private debt investment fund. Its carrying amount equals to EUR 40 thousand and remaining estimated useful live is 0.5 years.

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.

Costs to obtain contracts with customers

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

	<u>Group</u>
Balance as at 1 January 2022	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	-
Additions	-
Amortisation	-
Reclassification to assets of disposal group classified as held to sale	-
Balance as at 31 December 2023	-

11. Financial instruments by category

Group	Financial assets at amortised cost	Assets at fair value through the profit or loss	Total
31 December 2023			
Assets as per statement of financial position			
Investments into unconsolidated subsidiaries	-	43,105	43,105
Investments into associates	-	23,313	23,313
Other non-current receivables	-	-	-
Trade and other receivables short term excluding tax receivables	4,299	-	4,299
Financial assets at fair value through profit and loss	-	140,862	140,862
Current loans granted	90	-	90
Cash and cash equivalents	3,710	-	3,710
Assets held for sale	-	-	-
Total	8,099	207,280	215,379

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	31 December 2023		31 December 2022	
	Financial liabilities at amortised cost	Financial liabilities through the profit or loss	Financial liabilities at amortised cost	Financial liabilities through the profit or loss
Liabilities as per statement of financial position				
Borrowings	-	-	3,300	-
Trade payables	592	-	376	-
Lease liabilities	1,312	-	1,402	-
Other current payables excluding tax payables and employee benefit payables	24,574	85	892	-
Liabilities held for sale	-	-	124	-
Total	26,478	85	6,094	-

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 2023			
Assets as per statement of financial position			
Investments into unconsolidated subsidiaries	-	43,105	43,105
Investments into associates	-	23,313	23,313
Trade and other receivables	2,711	-	2,711
Financial assets at fair value through profit or loss	-	106,938	106,938
Cash and cash equivalents	1,305	-	1,305
Total	4,016	173,356	177,372

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	31 December 2023	31 December 2022
Liabilities as per statement of financial position		
	Financial liabilities at amortised cost	
Borrowings	4,900	3,300
Lease liabilities	67	86
Trade payables	72	34
Other current payables excluding tax payables and employee benefit payables	55,731	759
Total	60,770	4,179

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 2023 and 2022 approximated their fair value because they are short-term and the impact of discounting is immaterial, except when discounting is recognised at current market rate.

The carrying amount of borrowings of the Group and the Company as at 31 December 2023 and 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 2023 and 2022 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 2023 and 2022 substantially all land was valued by external asset valuers.

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.

In 2022 UAB Kelio Ženkiai was measured according to fair value of its assets and liabilities. The main assets - buildings - of UAB Kelio Ženkiai were valued using sales comparison method. On the assessment the value of UAB Kelio Ženkiai reflects its net assets value.

Investments to unconsolidated subsidiary INVL Life UAB measured at fair value as the sum of fair value of investments to life insurance activities (Level 3, only in 2022, as at 31 December 2023 insurance activities are transferred to the group of AB Šiaulių Bankas and remaining part of entity represents mainly receivables and payables to the Group, income tax payables and cash, therefore comprise Level 2 measurement), 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)

In 2022 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 2.22 and 21). 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 (12 peers are selected in 2023 and 11 peers are selected in 2022) 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 2023:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Agriculture (UAB Litagra) (Level 3)	19,346	Fair value of net assets determined by using combination of discounted cash flows and sales comparison method	EBITDA margin	7%-12% and 16-20%
			Discount rate	10.1% and 10.45%
			Terminal growth rate	1%
			Average value of 1 ha of land, EUR	7,027
Investment entity (UAB MD partners, investment into MAIB (banking activities))* (Level 3)	22,239	Comparable companies in the market	P/BV	1.36
			P/E	6.03
			Net profit, EUR million	63.6
			Equity, EUR million	401.0
			Discount for lack of marketability and country and MAIB risk	38%
Investment entity (UAB Cedus Invest) (Level 2)	25	Fair value of net assets	-	-
Dormant SPEs (Level 2)	17	Fair value of net assets	-	-
BSGF (Level 3)	42,263	Fair value of net assets determined by using discounted cash flows	Discount rate	11.1%-15.26%
			Terminal growth rate	2%
			EBITDA margin	7.2-25.2%
INVL Sustainable Timberland and Farmland Fund II (investment is held by consolidated subsidiary) (Level 3)	5,483	Fair value of net assets determined by using discounted cash flows	Discount rate	5.5-5.75%
			Annual inflation rate	2%
INVL Renewable Energy Fund I (Level 3)	1,629	Fair value of net assets determined by using discounted cash flows	Discount rate	8.89-9.56%
			Annual inflation rate	2%

*In 2023 the discount for lack of marketability and political risk of MAIB and of country has been not changed. the management has expectation to have the bank's initial public offering in 2024.

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 2022:

Profile of activities	Fair value	Valuation technique	Inputs	Values of inputs
Life insurance (part of INVL Life UAB) (Level 3)	6,809	Fair value of net assets (insurance portfolio measured according to transaction price)	-	-
			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 Ženkilai) (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 2023 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 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 2023	As at 31 December 2022
Life insurance (part of INVL Life UAB) (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%	137/(137)	133/(133)
	Discount rate	100 bps	(2,098)/2,586	(2,160)/2,624
	Terminal growth rate	50 bps	830/(746)	829/(751)
Investment entity (UAB MD partners, investment into MAIB (banking activities)) (Level 3)	P/BV	0.1	860/(860)	799/(799)
	P/E	0.5	693/(693)	546/(546)
	Net profit, EUR thousand	5%	512/(512)	451/(451)
	Discount for lack of marketability and country risk	100 bps	(324)/324	(270)/270
BSGF (Level 3)	Discount rate	200 bps	(8,868)/12,906	(7,624)/11,088
	Terminal growth rate	100 bps	6,323/(5,304)	3,557/(2,898)
	EBITDA margin	100 bps	5,977/(6,020)	7,751/(7,817)
INVL Sustainable Timberland and Farmland Fund II (investment is held by consolidated subsidiary) (Level 3)	Discount rate	100 bps	(2,042)/3,107	(1,519)/2,384
	Annual inflation rate	100 bps	3,212/(2,085)	2,456/(1,565)
INVL Renewable Energy Fund I (Level 3)	Discount rate	100 bps	(1,049)/2,438	-
	Annual inflation rate	100 bps	2,580/(1,058)	-

Sensitivity of BSGF, INVL Sustainable Timberland and Farmland Fund II was restated as at 31 December 2022.

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 2023:

	Level 1	Level 2	Level 3	Total balance
Assets				
Unconsolidated subsidiaries				
- Bank sector	-	-	22,239	22,239
- Other activities	-	20,866	-	20,866
Associates				
- Agriculture	-	-	19,346	19,346
- Real estate	3,967	-	-	3,967
Financial assets at fair value through profit or loss				
- Information technology	3,984	-	-	3,984
- Bank sector	84,777	624	-	85,401
- Other ordinary shares	-	2	445	447
- Collective investment undertakings – funds	-	1,232	49,798	51,030
- Other activities (loans granted)	-	-	-	-
Total Assets	92,728	22,724	91,828	207,280
Liabilities	-	-	85	85

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2023:

	Level 1	Level 2	Level 3	Total balance
Assets				
Unconsolidated subsidiaries				
- Bank sector	-	-	22,239	22,239
- Information technology	3,560*	-	-	3,560
- Other activities	-	20,866	19,345*	40,211
Associates				
- Agriculture	-	-	19,346	19,346
- Real estate	3,967	-	-	3,967
Financial assets at fair value through profit or loss				
- Bank sector	82,040	624	-	82,664
- Other ordinary shares	-	2	445	447
- Collective investment undertakings – funds	-	-	23,827	23,827
- Other activities (loans granted)	-	-	-	-
Total Assets	89,567	21,492	85,202	196,261
Liabilities	-	-	-	-

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

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 represent separate part of the investments held by unconsolidated subsidiary INVL Life UAB.

During 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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 2023:

	Agriculture	Bank sector (MAIB)	Other activities	Life insurance	Collective investment undertakings	Total
Balance at 31 December 2022	21,932	16,830	829	6,809	34,432	80,832
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	(2,586)	5,409	366	5,040	12,539	20,768
Loans granted	-	-	-	-	-	-
Interest charged	-	-	41	-	-	41
Loans repaid and interest paid	-	-	(791)	-	-	(791)
Reclassification - Acquisition of shares of AB Šiaulių Bankas through unconsolidated subsidiary and disposals of shares of AB Šiaulių Bankas to the Company (Note 13)	-	-	-	8,975	-	8,975
Acquisition	-	-	-	-	2,827	2,827
Decrease of share capital	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Reclassification to Level 2 instruments	-	-	-	(20,824)	-	(20,824)
Balance at 31 December 2023	19,346	22,239	445	-	49,798	91,828
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(2,586)	5,409	-	-	12,539	15,362

The following table presents the changes in Level 3 instruments of the Company for the period ended 31 December 2023:

	Agriculture	Bank sector (MAIB)	Other activities	Life insurance	Collective investment undertakings	Total
Balance at 31 December 2022	21,932	16,830	829	6,809	29,168	75,568
Gains and losses recognised in profit or loss (within 'Net changes in fair value of financial assets at fair value through profit or loss')	(2,586)	5,409	366	5,040	11,613	19,842
Loans granted	-	-	-	-	-	-
Interest charged	-	-	41	-	-	41
Loans repaid and interest paid	-	-	(791)	-	-	(791)
Reclassification - Acquisition of shares of AB Šiaulių Bankas through unconsolidated subsidiary and disposals of shares of AB Šiaulių Bankas to the Company (Note 13)	-	-	-	8,975	-	8,975
Acquisition	-	-	-	-	2,391	2,391
Decrease of share capital	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Reclassification to Level 2 instruments	-	-	-	(20,824)	-	(20,824)
Balance at 31 December 2023	19,346	22,239	445	-	43,172	85,202
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(2,586)	5,409	-	-	11,613	14,436

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 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

13. Financial assets at fair value through profit or loss

	Group		Company	
	2023	2022	2023	2022
<i>Financial assets at fair value through profit or loss (excluding held-for-trading)</i>				
Ordinary shares – quoted	88,761	37,683	82,040	22,378
Derivatives (forward)	624	1,048	624	1,048
Investment funds units	51,030	35,649	23,827	13,678
Ordinary shares - unquoted	447	448	447	448
Loans granted	-	384	-	384
Total financial assets at fair value through profit or loss	140,862	75,212	106,938	37,936
Non-current financial assets at fair value through profit or loss	139,740	74,197	106,938	37,936
Current financial assets at fair value through profit or loss	1,122	1,015	-	-

Investing in AB Šiauliy 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 Šiauliy 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 Šiauliy 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 Šiauliy Bankas, as well as 5% annual interest calculated from the date of signing the agreement. 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 Šiauliy 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.

On 31 May December 2023 the unconsolidated subsidiary INVL Life UAB completed second tranche by acquiring 11,733,728 shares (1.95% of shares) for the total amount of EUR 7,234 thousand. On 30 November 2023 the Company acquired 3.91% of shares of AB Šiauliy Bankas for EUR 16,209 thousand from unconsolidated subsidiary INVL Life UAB (all the shares held by entity). Payment for acquired shares has been deferred until 30 June 2024. The Management expects to cover the debt by reducing the entity's authorised capital and distributing their dividends.

After second tranche the Group owned 9.999% of the shares of AB Šiauliy 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 Šiauliy Bankas will increase to approximately 20%.

As at 31 December 2023 and 2022 the Company has recognised forward (derivative) at fair value of EUR 624 thousand and EUR 1,048 thousand, respectively, as consequence of obligation to purchase shares in the future. 11,772,840 shares of AB Šiauliy Bankas, owned by the Company was pledged to EBRD to secure obligation of mentioned above agreement (as at 31 December 2023 carrying amount – EUR 8,159 thousand, as at 31 December 2022 carrying amount – EUR 8,076 thousand).

In 2022 INVL Life UAB has sold for EUR 238 thousand the 0.06% of shares of AB Šiauliy Bankas on the regulated market through the Nasdaq Vilnius Stock Exchange.

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 2022 and 2023 the Company has transferred EUR 4,624 thousand and EUR 2,327 thousand of cash into BSGF, respectively. The outstanding capital commitment to BSGF is EUR 5,306 thousand. In 2022 the Company has sold for EUR 11,085 thousand part of investments of BSGF to unconsolidated subsidiary INVL Life UAB and set-off part of receivables with liability for increased share capital of INVL Life UAB. Other part consideration is remained not paid and presented within 'trade and other receivables'.

In 2023 the Group and the Company have additionally invested EUR 500 thousand and EUR 64 thousand by cash into other financial assets at fair value through profit or loss, 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. Trade, other receivables and contract assets

	Group		Company	
	2023	2022	2023	2022
Trade and other receivables, gross	4,389	5,153	2,711	2,582
Dividends receivable (including receivable form share capital decrease)	-	-	-	-
Taxes receivable, gross	20	21	-	-
Contract assets	629	128	-	-
Less: allowance for doubtful trade and other receivables	-	(8)	-	-
	<u>5,038</u>	<u>5,294</u>	<u>2,711</u>	<u>2,582</u>

Changes in allowance for doubtful trade and other receivables for the year 2023 and 2022 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 25.

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

	Group	Company
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	-
Charge for the year	-	-
Write-off	-	-
Reversal of amounts previously impaired	(8)	-
Balance as at 31 December 2023	<u>-</u>	<u>-</u>

14 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 2023						
Trade and other receivables, gross	4,270	26	87	6	-	4,389
Contract assets	629	-	-	-	-	629
Expected credit losses	-	-	-	-	-	-
Trade and other receivable and contract assets net of expected credit losses	4,899	26	87	6	-	5,018
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 contract assets net of expected credit losses	5,273	-	-	-	-	5,273

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 2023						
Trade and other receivables, gross	2,711	-	-	-	-	2,711
Expected credit losses	-	-	-	-	-	-
Trade and other receivable net of expected credit losses	2,711	-	-	-	-	2,711
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

15. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
Cash at bank	3,710	3,609	1,305	372
Cash at bank attributed to disposal group classified held for sale (Note 21)	-	309	-	-
	<u>3,710</u>	<u>3,918</u>	<u>1,305</u>	<u>372</u>

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, except pledge to Luminor Bank AS Lithuania branch (Note 18).

As at 31 December 2023 and 2022, 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	
	2023	2022	2023	2022
Moody's ratings				
Prime-1	1,868	2,150	2	114
Prime-2	1,842	1,768	1,303	258
Prime-3	-	-	-	-
	<u>3,710</u>	<u>3,918</u>	<u>1,305</u>	<u>372</u>

16. Share capital, share premium and own shares

The total authorised number of ordinary shares is 12,234,305 (as of 31 December 2022: 12,048,052 shares) with a par value of EUR 0.29 per share. All issued shares are fully paid.

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.

Changes during 2023

On 21 May 2023 the Register of Legal Entities has registered an increased authorised capital of the Company. Since that date the total number of issued shares is 12,234,305 with a par value of EUR 0.29 per share. Authorised share capital of the Company is amounted to EUR 3,547,948.45. It was issued 186,253 ordinary registered shares, including 82,609 shares with an issue price of 0.35 euros and 103,644 shares with an issue price of 6 euros. The shares were issued in order to realise the stock options granted in 2020 to the employees of the Group. All issue price was paid in cash.

17. 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 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
Transfer to reserves	3	-	-	(573)	(570)
Share-based payments	-	-	-	1,064	1,064
Increase of share capital (share option exercised)	-	-	-	-	-
As at 31 December 2023	950	10,817	889	2,052	14,708

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 2022 and 2023.

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.

17 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 Company also entered into agreements for share options that are part of a long-term incentive program. They would entitle employees to acquire shares of the Company in 2026 if the Company's net asset value on 31 December 2025 is above EUR 15.0552 per share. The value of the share options would be determined on the basis of the value of the net assets at 31 December 2025 and the number of shares would be recalculated with a purchase price of EUR 1 per share, while keeping the total value of the options granted the same. Initial not recalculated quantity is of 840 thousand units. In the tables below are used forecasted recalculated quantity of share option with exercise price of EUR 1.

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	
	2023	2022
Balance as at 1 January	421	451
Granted during year	166	41
Decrease in quantity due to change exercise price	(129)	-
Forfeited	-	(2)
Exercised	(186)	(69)
Balance as at 31 December	272	421
Vested and exercisable at 31 December	129	165

In July 2023 the Group employees exercised share options granted in August 2016 and May 2020 by acquiring new issued shares of the Company for EUR 0.35 per share. Exercise price was decreased from EUR 1 to EUR 0.35 to reflect approved and paid dividends of EUR 0.65 per share. On the same date the Group employees exercised share options granted on 1 July 2020 by acquiring new issued shares of the Company for EUR 6 per share. The initial exercise price was decreased at the employees request and share quantity was accordingly decreased. The share price at the date of exercise of share options was EUR 11.

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.

17 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 2023

	Expiry date	Share options, thousand	Share price	Volatility	Expected dividend yield	Risk-free interest rate	Fair value of share option
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
Granted on 12 June 2023	12 June 2026	47	11.10	30.63%	0%	2.587%	10.17
Granted on 12 June 2023	12 June 2026	119	11.10	30.63%	0%	2.587%	10.17
Total		- 272	-	-	-	-	-

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	-	-	-	-	-

In 2023 and 2022 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 2023 and 2022 the Group recognized EUR 619 thousand and EUR 479 thousand of expenses from equity settled share-based payment transaction, respectively. In 2023 and 2022 on the Group level liability of EUR 415 thousand and EUR 116 thousand was reclassified to the share based payment reserve, respectively, when employees chose share option instead of cash alternative. In 2023 and 2022 the Group has recognised EUR 2,488 thousand and 1,303 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 2023 the Company has recognised EUR 361 thousand of expenses and EUR 703 thousand as additional investment to consolidated subsidiaries. In 2023 the Group and the Company has recognised EUR 30 thousand as additional investment to unconsolidated subsidiary INVL Life UAB. The unrecognised liability from cash alternative of share-based payment arrangement for unvested service condition is amounted to EUR 285 thousand (2022: EUR 378 thousand). The unrecognised expenses from equity settled share-based payment transaction for unvested service condition is amounted to EUR 872 thousand (2022: EUR 56 thousand)

18. Borrowings

The borrowings are presented in the table below:

	Group		Company	
	2023	2022	2023	2022
Non-current:				
Non-current bank borrowings	-	-	-	-
Current:				
Current bank borrowings	4,900	3,300	4,900	3,300
	4,900	3,300	4,900	3,300
Total borrowings	4,900	3,300	4,900	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	
	2023	2022	2023	2022
Financial assets at fair value through profit or loss	14,448	10,290	14,448	10,290
Cash	99	224	99	224

Weighted average effective interest rates of borrowings during the year:

	Group		Company	
	2023	2022	2023	2022
Borrowings	7.51%	4.32%	7.51%	4.32%

Changes in liabilities arising from financing activities (borrowings) are presented in the table below (changes in lease liabilities is presented in Note 24):

	Company Borrowings
As at 31 December 2021	-
Borrowings received during the year	3,300
As at 31 December 2022	3,300
Borrowings received during the year	1,600
As at 31 December 2023	4,900

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 and 2023 the Company have complied with bank loan covenants. As at 31 December 2023 the unused portion of the credit line was EUR 1,400 thousand (2022: EUR 3,000 thousand)

19. 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 25.

20. Other liabilities

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

	Group		Company	
	2023	2022	2023	2022
Financial liabilities				
Dividends payable	735	742	735	742
Contingent consideration – financial liabilities at fair value through profit or loss	85	-	-	-
Other amounts payable	23,839	150	54,996	17
	<u>24,659</u>	<u>892</u>	<u>55,731</u>	<u>759</u>
Non – financial liabilities				
Salaries, bonus plans (excluding cash alternative of share-based payment arrangement) and social security payable	1,172	764	152	94
Cash alternative of share-based payment arrangement and social security payable	1,509	1,358	-	-
Tax payable	120	26	4	3
	<u>2,801</u>	<u>2,148</u>	<u>156</u>	<u>97</u>
Total other current and non-current liabilities	<u>27,460</u>	<u>3,040</u>	<u>55,887</u>	<u>856</u>
Non-current liabilities	233	260	-	-
Current liabilities	<u>27,227</u>	<u>2,780</u>	<u>55,887</u>	<u>856</u>

The Company's and the Group's 'other amounts payables' primarily consist of EUR 54,976 thousand and EUR 23,570 thousand of liabilities to its subsidiaries that arose after the assignment of claims to AB Šiaulių Bankas as at 31 December 2023, respectively. These claims originate at the subsidiary level from the transfer of the retail business to the AB Šiaulių Bankas group. The Management expects to cover the debt by reducing the subsidiaries' authorised capital and distributing their dividends.

21. Transfer of retail business and 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 constitute 9.39 % of AB Šiaulių Bankas. On 22 February 2023 the transaction was approved by the shareholders meetings of AB Šiaulių Bankas and the Company, respectively. The transaction was completed after all the required regulatory permissions are obtained at midnight from 30 November to 1 December 2023. To finalize the transaction, AB Šiaulių Bankas issued a targeted share issue for purchase by the Company, at the price of EUR 0.645 per share. The Company receive the shares on 15 December 2023. After the completion of this share acquisitions, the Group owned 18.45% of shares of AB Šiaulių Bankas. The price for transferred retail business was EUR 41,760 thousand and comprise from:

- Price allocated to consolidated subsidiaries UAB INVL Asset Management and UAB FMĮ INVL Financial Advisors was EUR 32,804 thousand. The Company acquired receivables from its subsidiaries and offset them against the purchase price of bank shares issued, resulting in indebtedness to the subsidiaries.
- Price allocated to unconsolidated subsidiaries INVL Life UAB was 8,955 thousand. The Company acquired receivables of EUR 7,360 thousand from INVL Life UAB and offset them against the purchase price of bank shares issued, resulting in indebtedness to the subsidiary. The remaining part of prices, amounted to EUR 1,595 thousand., was received by INVL Life UAB in cash.

21 Transfer of retail business and disposal group classified as held for sale

The major classes of assets and liabilities which are transferred from consolidated subsidiaries are as follows:

Intangible assets	1,803
Costs to obtain contracts	2,944
Property, plant and equipment	29
Financial assets at fair value through profit loss	114
Deferred tax asset	114
Prepayments and deferred charges	8
Trade, other receivables and contract assets	9
Cash and cash equivalent	747
Total assets	5,768
Contract liabilities	(1,787)
Other liabilities	(877)
Total liabilities	(2,664)
Carrying amounts of transferred net assets	3,104
Price for transferred assets	32,804
Accrued liabilities for remaining obligation for transaction	(61)
Gain from transfer of retail business, excluding deferred tax asset (the latter recognised in caption "income tax expenses")	29,753
Received cash for transferred retail business	-
Transferred cash	(747)
Proceeds from transfer of retail business, net of cash transferred	(747)

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):

	<u>31 December 2022</u>
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.

22. Financial risk management

22.1. 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.

Credit risk

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 Note 14. The maximum exposure to credit risk for loans granted classified as 'financial assets at fair value through profit or loss' in 2023 and as 'financial assets at fair value through profit or loss' in 2022 are their carrying amounts (nil as at 31 December 2023 and EUR 384 thousand as at 31 December 2022). In Note 14 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	
	2023	2022	2023	2022
Trade and other receivables	4,389	5,145	2,711	2,582
Loans granted	-	384	-	384
Cash at bank	3,710	3,609	1,305	372
	<u>8,099</u>	<u>9,138</u>	<u>4,016</u>	<u>3,338</u>

22 Financial risk management (cont'd)

22.1 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.

	<u>Increase in basis points</u>	<u>Group</u>	<u>Company</u>
2023			
EUR	+100 bps	(49)	(49)
	-100 bps	49	49
2022			
EUR	+300 bps	(99)	(99)
	-100 bps	33	33

As at 31 December 2022 and 2023 the Group and the Company had one loans with floating interest rates (3 month EURIBOR).

The Company and the Group does not have loans granted to their unconsolidated subsidiaries and to associates. Earlier the granted loans were 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 (OMXBGGI).

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	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
OMXBGGI	20,541	8,343	19,855	7,654

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 2023 and 2022 the Group and Company have insignificant assets denominated in foreign currency.

22 Financial risk management (cont'd)

22.1 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 2023 and 2022 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	-	89	5,091	-	-	5,180
Lease liabilities	-	141	450	781	-	1,372
Trade and other payables	-	592	-	-	-	592
Other liabilities	735	269	23,658	-	-	24,662
Balance as at 31 December 2023	735	1,091	29,199	781	-	31,806
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

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2023 and 2022 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	-	89	5,091	-	-	5,180
Financial lease liabilities	-	8	23	39	-	70
Trade and other payables	-	72	-	-	-	72
Other current liabilities	735	20	55,574	-	-	56,329
Balance as at 31 December 2023	735	189	60,688	39	-	61,651
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

22 Financial risk management (cont'd)

22.1 Financial risk factors (cont'd)

Liquidity risk (cont'd)

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2023 was approximately 0.28 (2.39 as at 31 December 2022). The Company's liquidity ratio as at 31 December 2023 was approximately 0.07 (0.75 as at 31 December 2022). As at 31 December 2023 the current assets were lower than current liabilities by EUR 26,242 thousand in the Group and EUR 56,546 thousand in the Company. The main factors contributing to this are the Group's and the Company's liabilities to its subsidiaries of EUR 23,570 thousand and EUR 54,976 thousand, respectively, resulting from the assign of receivables following the transfer of the retail business (see Note 21). Other current liabilities in the bracket "4- to 12 months" presented in the tables above the most reflect these liabilities. The Management expects to cover these liabilities (EUR 53,087 thousand in the Company and EUR 23,570 thousand in the Group) through the distribution of dividends from the subsidiaries and the reduction of their authorised capital. The maturity of the outstanding debt to subsidiaries may be extended if needed without causing liquidity issues for these entities. Additionally, the Company is set to receive EUR 5,742 thousand in dividends from AB Šiaulių Bankas, which have already been approved. Further dividend income from other investments is expected, and if required, assets with a carrying value of EUR 84,777 thousand as of 31 December 2023 can be disposed. The Company also expected that maturity of credit line would be prolonged for one year.

22.2. 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 2023 and 2022.

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 2023 and 2022 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 2023 and 2022 IPAS INVL Asset Management complied with this requirement.

The Company's consolidated subsidiaries UAB INVL Asset Management and UAB FMJ 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 FMJ 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 2023 and 2022 the above mentioned consolidated subsidiaries complied with these requirements.

23. 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):

	2023	2022
	unaudited	unaudited
2 nd pillar pension funds	330,828	973,341
3 rd pillar pension funds	1,680	84,468
Investment funds	-	46,040
Portfolios of clients	110,394	118,350
Alternative investments funds	455,427	333,575
Closed-end investment companies	53,993	43,480
Total	952,322	1,599,254

Assets of clients held as custody by the Group

As at 31 December 2023 consolidated subsidiary UAB FMĮ INVL Financial Advisors held as custody EUR 267,369 thousand of clients' assets (securities and cash; as at 31 December 2022 – EUR 176,185 thousand).

Commitments to invest

As at 31 December 2023 the outstanding commitment of the Company to invest to BSGF is amounted to EUR 5,306 thousand, to invest to other funds is amounted to EUR 81 thousand.

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 2023 the outstanding commitment of the Group to invest to funds is amounted to EUR 5,922 thousand.

As at 31 December 2022 the outstanding commitment of the Group to invest to funds is amounted to EUR 8,606 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 24 below.

24. 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, 2026 and 2028, 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. The Group has entered in sublease agreement with AB Šiaulių Bankas group for premises in Vilnius before used by employees of transferred retail businesses. 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 22.1 (section liquidity risk).

The following is the amounts recognised in profit or loss in 2023:

	<u>Group</u>	<u>Company</u>
Depreciation charge for right-of-use assets	(404)	(24)
Interest expenses (included in finance cost)	(50)	(3)
Expense relating to short-term lease	(89)	-

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

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

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

	<u>Group</u>	<u>Company</u>
As at 1 January 2022	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
Lease payments	(406)	(25)
Interest paid	(50)	(3)
Interest expenses	50	3
Addition	532	6
Derecognition	(216)	-
As at 31 December 2023	1,312	67

The Group has not any lease contracts that have not yet commenced at 31 December 2022 and 2023.

25. 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 2023 and 2022 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 2023 and balances as at 31 December 2023 were as follows:

2023 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	788	-	-	-
Accounting services	5	-	-	-
Acquisition or disposals of investments	-	16.209	2,580	23,570
Operation with Life insurance activities	300	3	44	-
Other	2	-	-	-
	1,095	16.212	2,624	23,570

Transactions of the Group with associates in 2023 and balances as at 31 December 2023 were as follows:

2023 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	-	-	-	-
Dividends	-	-	-	-
Management and success fees	172	-	13	-
Accounting services	41	-	-	-
Other services	4	-	-	-
	217	-	13	-

Transactions of the Group with other related parties in 2023 and balances as at 31 December 2023 were as follows:

2023 Group	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Accounting services	75	-	-	-
The group of UTIB INVL Technology (information technology maintenance services)	-	246	-	39
The group of AB INVL Baltic Farmland (land administration services)	172	-	84	-
Management fee	481	-	113	-
Other services or compensation	43	19	-	-
	771	265	197	39

25 Related party transactions (cont'd)

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	-
	<u>43,911</u>	<u>-</u>	<u>2,693</u>	<u>-</u>

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	-	-	-
	<u>273</u>	<u>-</u>	<u>17</u>	<u>-</u>

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	-	-	-
	<u>855</u>	<u>230</u>	<u>184</u>	<u>18</u>

25 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 2023 and balances as at 31 December 2023 were as follows:

2023 Company	Revenue and other income from related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	-	-	-	-
Dividends	1,403	-	-	-
Transfer of tax losses	21	-	-	-
Accounting services	12	-	-	-
Acquisition or disposals of investments	-	16,209	2,580	55,574
Other services	-	-	-	-
	<u>1,436</u>	<u>16,209</u>	<u>2,580</u>	<u>55,574</u>

Transactions of the Company with associates in 2023 and balances as at 31 December 2023 were as follows:

2023 Company	Revenue and other income from related Parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Loans and borrowings	-	-	-	-
Dividends	-	-	-	-
Accounting services	41	-	-	-
Other services or compensation	3	-	-	-
	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>

Transactions of the Company with other related parties in 2023 and balances as at 31 December 2023 were as follows:

2023 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	75	-	-	-
Other services (insurance costs compensation)	22	-	-	-
	<u>97</u>	<u>8</u>	<u>-</u>	<u>1</u>

25 Related party transactions (cont'd)

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	-	-
	<u>46,472</u>	<u>2</u>	<u>2,580</u>	<u>-</u>

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	-	-	-
	<u>46</u>	<u>-</u>	<u>2</u>	<u>-</u>

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	-	-	-
	<u>95</u>	<u>8</u>	<u>-</u>	<u>1</u>

The movements of loans granted to associates were:

	Group		Company	
	2023	2022	2023	2022
At 1 January	-	2,239	-	2,239
Loans granted during year	-	2,234	-	-
Loans repayment received	-	(4,468)	-	(2,234)
Interest charged	-	51	-	4
Interest received	-	(56)	-	(9)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

25 Related party transactions (cont'd)

Key management compensation and other payments

The management remuneration contains short-term employees' benefits and share-based payments. In 2023 and 2022 key management of the Company and Group includes CEO, Board members and Chief financial officer of the Company.

	Group		Company	
	2023	2022	2023	2022
Wages, salaries and bonuses	310	298	260	263
Social security contributions	5	5	4	4
Share-based payments	344	396	344	396
Transfers to pension funds	16	10	16	10
Total key management compensation	675	709	624	673

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.

26. Remuneration to Auditor

	Group		Company	
	2023	2022	2023	2022
The Group's and the Company's statutory audit fee	108	134	48	58
Audit fee for managed funds of the Group and unconsolidated subsidiary	154	261	-	-
Other assurance services	-	-	-	-
Tax advisory services	-	-	-	-
Other services (including funds)	9	6	-	-
	271	401	48	58

From 2019 the Group's and the Company's statutory audit was performed by KPMG Baltics, UAB (Auditor). In table above are included accruals for 11 months of 2023 of second pillar pension funds, which are covered by the Group. Audit fee for transferred third pillar pension funds and investments funds to AB Šiaulių Bankas was not included as is not covered by the Group.

27. Events after the reporting period

The Group has decided to sell part 1.95 million (0.29%) shares of AB Šiaulių Bankas in order to stay within the 20% threshold as set by the European Central Bank's decision. The shares were sold in March 2024 by consolidated subsidiary UAB INVL Asset Management for EUR 1,367 thousand.



INVALDA **INL**

AB INVALDA INVL
Consolidated Annual Report for 2023

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.

CONTENTS

A WORD FROM THE CEO.....	85
1. Reporting period for which the report is prepared.....	86
2. General information about the Issuer and other companies comprising the group.....	86
2.1. Information about the Issuer.....	86
2.2. Company’s philosophy and operating principles.....	86
II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS.....	88
3. Business environment.....	88
4. Performance results of the issuer and the group.....	89
4.1. Main items of financial statements.....	89
4.2. Calculation of the net asset value of Invalda INVL.....	89
4.3. Financial ratios.....	89
5. Information on the group’s activities.....	90
5.1. Asset management business.....	90
5.2. Own investments.....	91
6. Estimation of Issuer’s and Group’s activity last year and activity plans and forecasts.....	91
6.1. Evaluation of implementation of goals for 2023.....	91
6.2. Activity plans and forecasts.....	92
III. INFORMATION ABOUT SECURITIES.....	92
7. Information about Issuer’s authorised capital.....	92
7.1. Adjustments of the authorised capital.....	92
7.2. Structure of the authorized capital as of 31 December 2023.....	93
7.3. Information about the issuer’s treasury shares.....	93
7.4. Information about employees stock options.....	94
8. The order of amendment of Issuer’s Articles of Association.....	94
9. Shareholders.....	94
9.1. Information about shareholders of the company.....	94
9.2. Rights and obligations carried by the shares.....	96
10. Dividends.....	97
11. Trading in Issuer’s securities as well as securities of the group companies’.....	98
11.1. Trading in Issuer’s securities.....	98
11.2. Trading in securities of the group companies’.....	100
IV. ISSUER’S MANAGING BODIES.....	100
12. Structure, authorities, the procedure for appointment and replacement.....	100
12.1. General Shareholders’ Meeting.....	101
12.2. The Board.....	103
12.3. The Chief Executive Officer.....	104
13. Information about members of the Board, CEO and CFO of the company.....	104
14. Information about the Audit Committee of the company.....	107

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	108
V. OTHER INFORMATION	109
16. Agreements with intermediaries on public trading in securities	109
17. Information on Issuer's branches and representative offices	109
18. Risk management.....	109
18.1. Information about the principal risks and their management.....	109
18.2. The main indications about internal control and risk management systems related to the preparation of consolidated financial statements	111
18.3. Information on financial risk management objectives used for hedging measures which hedge accounting	111
19. Issuer's and its group companies' non – financial results. Information related to social responsibility, environment and employees	111
19.1. Responsible business actions in the company	112
19.2. Employees	112
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.....	113
19.4. Revealing the impact of Russia's war in Ukraine	113
19.5. Environmental protection and actions on climate change	113
19.6. The fight against corruption and bribery	114
20. Memberships in associations	114
21. Information on harmful transactions in which the issuer is a party	114
22. Information on the related parties' transactions	114
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	114
24. Significant investments made during the reporting period and after the end of the financial year .	114
25. References to and additional explanations of the data presented in the financial statements and consolidated financial statements	115
26. Data on the publicly disclosed information	115
27. Information on audit company	117
APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS.....	118
APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE.....	120
APPENDIX 3. COMPANY'S MANAGEMENT REPORT	134
APPENDIX 4. REMUNERATION REPORT	136

A WORD FROM THE CEO



Dear All,

2023 was a successful and strategically important year for the Invalda INVL group. Sustained and focused efforts to build and grow the business with a favourable economic landscape across the target markets and sectors we invest in led to record profits being returned to our investors and for the Group. While we take the current geopolitical situation extremely seriously, we are continuing with our efforts to the benefit of our investors as we seek to further strengthen our businesses and creating value for the geographies where we operate. In order to provide our client base with the diversification they need, we also invest a significant part of their money outside the region.

Returns for clients is our fundamental priority. In 2023, we delivered EUR 192.7 million for clients and existing clients' assets under management grew by 16% during the calendar

year.

In 2023, we also completed an important strategic transaction to merge our long and successfully built retail investment management and life insurance business with Šiaulių Bankas. This will enable its clients to benefit from a product or service solution that is both convenient and creates optimal value-add for them now from a single source. We anticipate continued growth for this business moving forward, leading to an increase in the value of the Šiaulių Bankas share price. Given that our core asset management business is accounted for at a historical cost, the transaction captured a fair value for the retail business.

Following the completion of this transaction, we defined a growth and development strategy for the asset management group. This strategy incorporated targets including delivering returns in the top quartile for the funds under management as well as doubling the assets under management over the next 3 years to 2027. We also reinforced the Invalda INVL group's team as some of our top professionals joined Šiaulių Bankas.

In 2023, we successfully grew our asset management business, attracting more than EUR 50 million of new capital investment into the funds under management. We also offered investors a range of new products that enabled them to invest in private equity, infrastructure and real estate funds of global managers that operate outside the Baltic region.

There was the addition of two new investments into the INVL Baltic Sea Growth Fund portfolio with the acquisitions of Metal-Plast, Poland's largest PVC recycler which was completed in November 2023. Furthermore, there was the buckwheat producer and grain trader Galinta that was completed in February 2024. Existing portfolio investments were also successfully developed. The INVL Baltic Sea Growth Fund's portfolio companies had a combined revenues of approximately EUR 570 million at 2023-year end, an EBITDA of approximately EUR 80 million and a workforce of ~8,800 employees.

The INVL Renewable Energy Fund I issued EUR 16 million of bonds in 2023 for the financing of solar power plants that it is building and developing in Poland and Romania. It also agreed a EUR 25 million bank loan for the construction of solar power plants in Romania.

The INVL Sustainable Timberland and Farmland Fund II entered a new geographic market with the acquisition of 1,400 hectares of forest land in Romania which completed in January 2024. This investment brought the Fund's total portfolio of forest and land to over 20,000 hectares.

The acquisition of Mundus, a private debt fund management company, was completed in February 2023 with a purchase of the remaining 49% stake from the former partners. Preparations are also underway to further develop our private debt products.

The INVL Family Office continues its strong and successful growth trajectory, expanding its activities also beyond Lithuania. In January 2024, it obtained the regulatory approval of Latvia's financial markets supervisory authority to establish a branch in Latvia.

As a result of the retail business transaction and the strong performance of the funds managed by the group as well as the growth of Invalda INVL's other balance sheet investments, 2023 saw a record profit recorded of EUR 45.8 million for the Invalda INVL group, with a group net asset value of EUR 178 million.

Invalda INVL's performance in 2023 was also positively impacted by the continued growth in the value of its investment in Moldova-Agroindbank ("maib"), the largest bank in Moldova. The strategically important year referenced for Šiaulių Bankas was highlighted by stable portfolio growth and a record net profit. However, the value of Šiaulių Bankas's shares at the end of 2023 remained at the same level that was recorded in 2022. Given the strategic transformation that was carried out, we expect further successful developments for the bank and a growth in its share price. After a particularly successful 2022, 2023 was a challenging year for Litagra, which is one of Lithuania's largest agribusiness groups. This was due to a variety of unfavourable market conditions across the crop and dairy sectors. However, we believe that these market cycles normalise, the group is well positioned for further growth and will deliver strong results during the course of this year.

In 2024, we will continue to invest in a number of new opportunities as we look to further strengthen existing businesses and companies under management. We will also work on the exit from specific projects with the aim of maximising the value for our investors. Furthermore, we will expand the activities of the INVL Family Office, including the successful starts to operations in both Latvia and Estonia. We will carry out preparatory work for new business lines that meet our objectives for both returns and the growth of assets under management.

This year's top priority is the launch of INVL Private Equity Fund II. We are ready to be able to adapt to a number of challenging market conditions across multiple geographies, operating actively where we are now and seize new opportunities as they arise.

On behalf of the entire group, I want to thank investors for their trust and commitment as well as the team for their creativity and dedication. Your work is an integral part of our successes. I also, of course, thank shareholders for their support and trust in the process of creating long-term value.

Sincerely,
Darius Šulnis

I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 12 months of 2023 (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, LT01109 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 the leading Baltic asset management group with a track record spanning over 30 years.

We have been working consistently and purposefully since our inception, prioritizing the interests of our clients. Our core values remain unchanged as we expand, while staying open to new opportunities, markets, and methods of operation. We believe that an open-minded approach and thorough evaluation of innovative concepts significantly enhance the success and quality of our solutions.

We grow by investing in the organic expansion of the asset management business, and when opportunities arise, we make new acquisitions in this sector. Asset management and investing form the cornerstone of our operations. We believe that we create value for all stakeholders by first and foremost excelling in our direct work and fulfilling our duties. We are dedicated to creating value for all stakeholders through the meticulous execution of our core responsibilities and the performance of our duties.

We believe that the success of the business is inseparable from contributing to the progressive processes of society. Therefore, we invest in knowledge enhancement, team cohesion, social initiatives, and sustainability practices.

What do we seek?

Invalda INVL is dedicated to creating long-term value for investors while fostering a positive economic impact within the regions and areas where we operate. Our strategic focus is on the asset classes and regions we know best. Presently, our focus is on alternative investments and family office services.

During 2023, we completed a significant transaction in the field of asset management. Specifically, we successfully completed the merger of part of the retail businesses of Invalda INVL and Šiaulių bankas. This is a fundamental step in the strengthening of a retail business focused on a more mature society with a stable financial base and a desire for investment income.

How do we operate?

Asset management and investing forms the cornerstone of our operations. Our group's assets under management include investments in private equity, forestry and agricultural land, renewable energy, real estate, and private debt. Additionally, our group's activities also include family office services in Lithuania and Latvia, pension fund management in Latvia, and investments in global third-party funds.

We also have our own investment portfolio. We invest in products managed by the group alongside our corporate clients to foster alignment of interests. The residual portion of our current portfolio consists of historical investments.

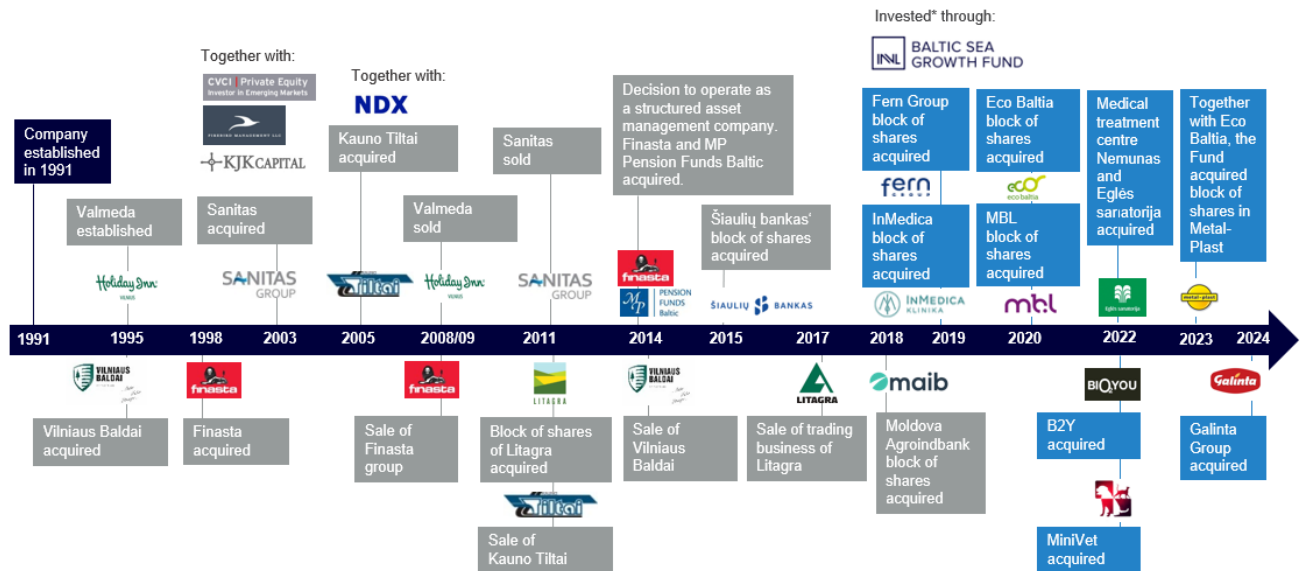
The list of group companies as well as their contact information is presented in Annex 1 to this Annual Report.

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?

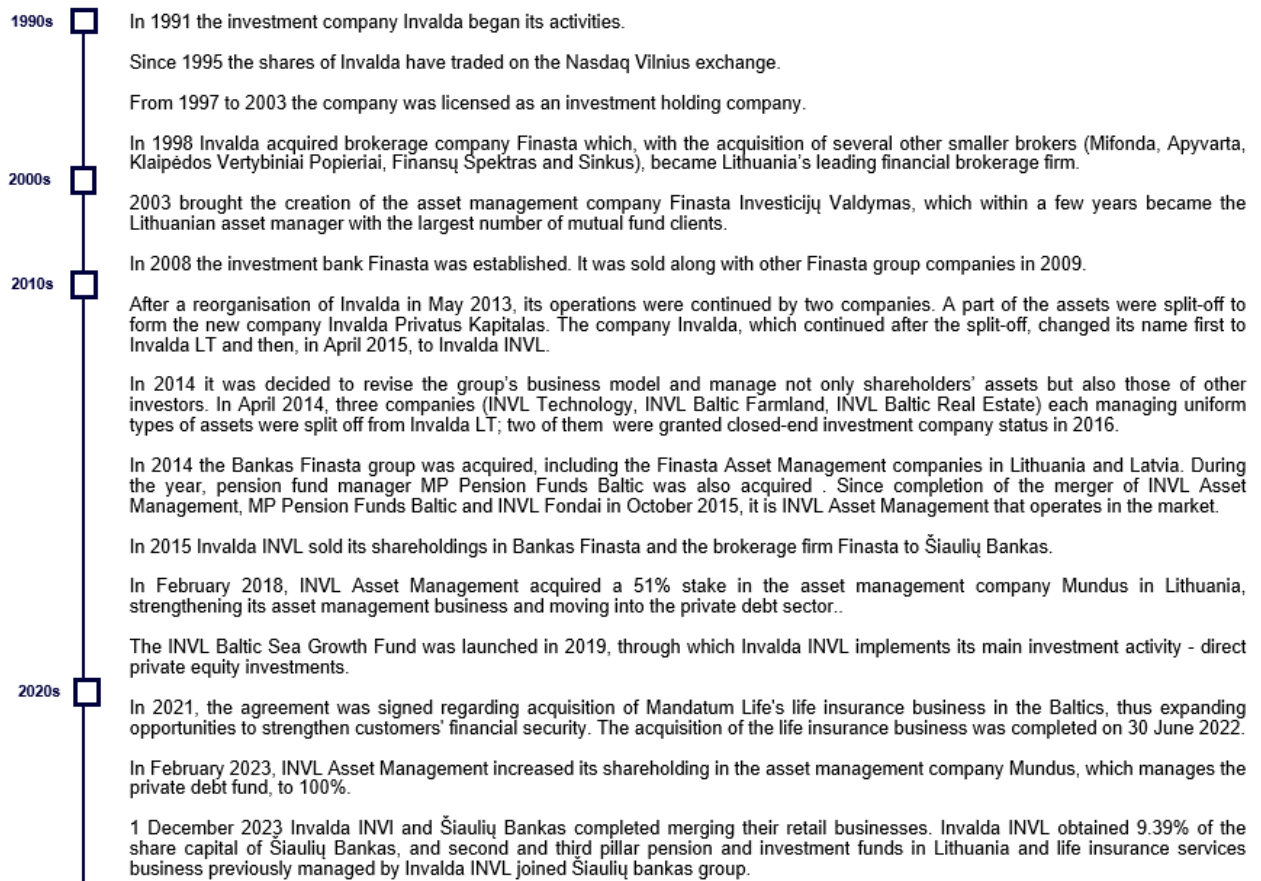
Invalda INVL was founded in 1991 by a group of individuals from the academic community with the aim of creating value and contributing to the country's economy. The company's shares have been traded on the Nasdaq Vilnius stock exchange since 1995. Since the listing began, the company has paid EUR 70.4 million to its shareholders in dividends and share repurchases. Over its history, Invalda INVL has implemented several dozen corporate acquisitions and sales, as well as capital-raising transactions totalling more than EUR 2 billion.

Invalda INVL's experience in the private equity market



** 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.*

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



II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

3. Business environment

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.

TRENDS OF THE BALTIC STOCK MARKETS

Index	31.12.2022	31.12.2023	+/- Change
OMX Tallinn	1,766.73	1,768.56	+0.1%
OMX Riga	1,152.8	1,336.34	+15.92%
OMX Vilnius	947.14	946.6	-0.04%

Source: Nasdaq Baltic

According to information from the State Data Agency, the average annual inflation rate in 2023 in Lithuania was 9.1% (for comparison, in 2022 annual inflation was recorded at 19.7%). The average annual inflation was mainly influenced by the increase in the prices of pharmaceutical products, meat and its products, restaurants, cafes and similar establishments of public catering services, cars, tobacco products, plumbing, other personal care devices, supplies and tools. However, prices of electricity, thermal energy, fuel and lubricants, solid fuel have decreased. Consumer services prices increased by 6.7 % year-on-year and goods prices decreased by 1.0%. Consumer goods prices peaked in March 2023 and from March to the end of the year it decreased by 2.6%. The prices of consumer services reached their highest point at the end of the year. Average annual inflation stood at 6.4 % in the European Union (EU) in 2023 and 5.4% in the euro area. Average annual inflation in Lithuania was 8.7% according to the Harmonised Index of Consumer Prices (HICP) with other EU Member States (compared to 18.9% in 2022).

Lithuania's gross domestic product (GDP) in 2023 was €72.1 billion at the prices of the time, based on preliminary data from the State Data Agency. Compared to 2022, the real GDP change, excluding seasonal and working days, was negative at -0.3%. The biggest (-1.2%) negative influence on the GDP change had the performance results of industrial companies. However, the positive results of the activities of construction and service companies restrained the GDP fall, contributing 0.6% and 0.3% point to the annual change in GDP, respectively. In Q1, after removing the influence of the season and the number of working days and comparing with the previous quarter, GDP fell by 2.1%. This was most influenced by the performance of manufacturing, wholesale and retail trade, transport and storage, and real estate operations companies. 2.9% GDP growth was recorded in Q2 which was stimulated by the positive performance of transport and storage, construction, manufacturing companies. In Q3, the GDP almost did not change - the real GDP change was -0.02%. The biggest negative impact on such GDP change was the performance of industrial, wholesale and retail trade and real estate operations companies, while the biggest positive impact was the performance of construction and information and communication companies. In the last quarter of the year, due to the worse performance of industry, wholesale and retail trade and transport and storage companies, GDP was 0.3%. lower than in Q3 of the year.

According to the Bank of Lithuania, the country's economy has paused. It is basically neither growing nor falling and has been dormant for about two years. It is important to mention that the economy is not growing at a time when the population in Lithuania is grown, the real income of the population is rising, and funds from the European Union (EU) support funds are increasing. Therefore, according to the Bank of Lithuania, it seems that the economic growth potential is not fully utilized, due to insufficient domestic and external demand. According to the Ministry of Finance of the Republic of Lithuania, in 2023 economic activity was particularly suppressed by the great instability of the external environment, the global economic uncertainty caused by Russia's war against Ukraine and the conflict in the Middle East, and the impact of tightened monetary policy on domestic and foreign demand. However, in 2023 the labour market remained resilient. Despite the high comparative base, the number of employed population increased by 1% in Q1-Q3 compared to the corresponding period a year ago. Although business expectations and production volumes in the industry remained poor, a significant contribution to the growth of the number of employed was made by manufacturing, where the number of the employed population increased by 3.5% in Q1-Q3. The growing hiring of employees and the high level of vacancies in this activity show that the business considers the difficulties experienced in the export markets to be short-term. The growth in the number of employed people in the country reflects the strong demand for workers, which is also reflected in the data on job vacancies. According to the data of the State Data Agency, the number of vacancies in the country in Q3 was the highest since the data calculation began in 2008. – 28.1 thousand, indicating increased tension in the labor market. Transport and storage activities offered the largest number of vacancies - a fifth. According to Eurostat's demographic forecasts in June, from 2025 mainly due to the negative natural population change, the number of the working-age population in Lithuania will start to decrease. Due to the decreasing supply of workers, there will be little room for the number of employed population to grow. In 2024, with the recovery of economic activity, the growth of the employed population is expected to be 0.3%, and in 2025-2026. No growth is expected (a decrease of 0.1 and 0.2% is expected, respectively).

4. Performance results of the issuer and the group

4.1. MAIN ITEMS OF FINANCIAL STATEMENTS

EUR thousand	COMPANY'S			GROUP'S		
	2021	2022	2023	2021	2022	2023
Non-current assets	120,933	134,263	237,507	115,961	121,358	208,087
Current assets	4,796	3,155	4,342	16,064	22,668	10,377
Equity	121,207	130,790	178,030	121,355	130,927	178,030
Non-current liabilities	2,978	2,413	2,931	5,678	3,599	3,815
Current liabilities	1,544	4,215	60,888	4,992	9,500	36,619
Result before taxes	38,879	16,119	46,204	39,595	15,918	50,322
Net result	37,453	16,666	45,816	37,479	16,714	45,816
Net result attributable to holders of the parent Company	-	-	-	37,453	16,666	45,816

4.2. CALCULATION OF THE NET ASSET VALUE OF INVALDA INVL

EUR thousand	Evaluation criteria	2021	2022	2023
Investment into core business	Equity method	18,482	17,460	41,185
Other own investments	Fair value	105,965	116,723	196,261
Cash and cash equivalents	Amortised cost	716	372	1,305
Receivables	Amortised cost	433	2,582	2,711
Other assets	Residual value	133	281	387
Total assets	Book value	125,729	137,418	241,849
Liabilities	Cost	-4,522	-6,628	-63,819
Net asset value	Book value	121,207	130,790	178,030
Net asset value per share	Book value	10.32	11.07	14.83

4.3. FINANCIAL RATIOS

	Company's			Group's		
	2021	2022	2023	2021	2022	2023
Return on Equity (ROE), %	36.65	13.23	29.67	36.65	13.23	29.67
Debt ratio	0.04	0.05	0.26	0.08	0.09	0.19
Debt – Equity ratio	0.04	0.05	0.36	0.09	0.10	0.23
Liquidity ratio	3.11	0.75	0.07*	3.22	2.39	0.28
Earnings per share (EPS), EUR	3.19	1.41	3.85	3.19	1.41	3.85
Price Earnings ratio (P/E)	5.32	8.07	3.09	5.32	8.07	3.09

* The Company's liquidity ratio decreased due to the takeover of short-term liabilities of subsidiaries following the retail business transaction. It is planned that the liabilities will be covered either by settling dividends from the subsidiaries or by a reduction of their share capital.

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. ASSET MANAGEMENT BUSINESS



ASSET MANAGEMENT



FAMILY OFFICE



FARMLAND MANAGEMENT



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.

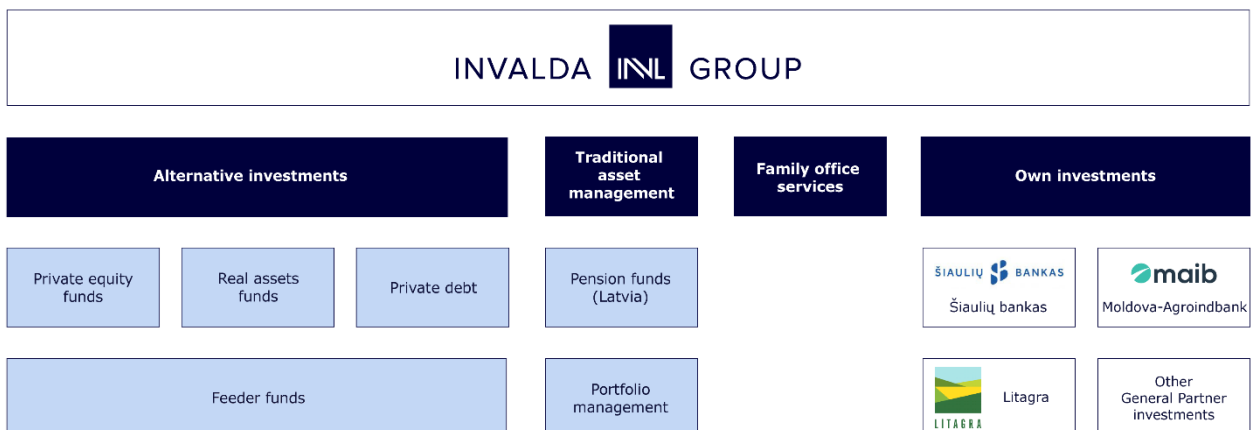
On 30 November 2023, the merger of Šiaulių bankas and Invalda INVL's retail businesses was completed. The pension funds in Lithuania, investment funds and life insurance business in the Baltics have been transferred to the Šiaulių Bankas Group for the merger.

Core business until 30 November 2023:



Invalda INVL Group continues to be active in private equity and other alternative investment management, and provides Family Office services.

Invalda INVL Group since 1 December 2023:






MANAGED ASSETS AND INCOME OF INVALDA INVL GROUP

	2022	2023	Change, %
Amount earned (loss incurred) for clients	(92.3)	192.7	-
Assets under management*	830.9*	963.7	16.0
<i>Alternative assets</i>	460.4	532.7	15.7
<i>Pension funds (Latvia)</i>	235.5	332.5	41.1
<i>Portfolios**</i>	135.0	98.5	-27.0
Revenues* from asset management business	15.18	16.83	10.9

* For comparability purposes, the assets under management at the end of 2022 exclude EUR 930.7 million of assets under management of the retail business, which was transferred to Šiaulių bankas on 30 November 2023.

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

5.2. OWN INVESTMENTS

Company or investment group	Share of votes controlled (%) or investments included	Value, EUR million		Profit (loss) from investment, EUR million	
		2022	2023	2022	2023
Investicijos į INVL valdomus kolektyvinio investavimo subjektus	INVL Baltic Sea Growth Fund, INVL Sustainable Timberland and Farmland Fund II, INVL Renewable Energy Fund I, INVL Baltic Real Estate, INVL Technology, others	43.0	57.7	9.4	11.9
	18.45%*	34.2**	85.4**	(2.9)	4.8
	7.92%	16.8	22.2	1.1	6.1
	48.81%	21.9	19.3	3.9	(2.6)

*19.99% with pending agreement EBRD to be completed by end of May 2024

** 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 2023

A year ago, we made a commitment to successfully invest and manage the assets entrusted to us. Sustained and focused effort to build and grow the business with a favourable economic landscape across the target markets and sectors we invest in led to record profits being returned to our investors and for the Group. In 2023, we delivered EUR 192.7 million for clients and existing clients' assets under management grew by 16% during the calendar year.

In 2023, we developed new solutions to meet the needs of our clients. For informed investors, two new funds were launched to diversify their investments and allow local investors to invest in global funds that would be difficult to access directly due to high requirements. The INVL Partner Private Equity Fund I, which invests in EQT X, a EUR20 billion target fund established by EQT, one of the world's largest private equity firms, and the INVL Partner Global Real Estate Fund I, which will invest in funds managed by Brookfield Asset Management, one of the world's largest real estate management companies, have already been launched.

We continued our sustained and focused work and strengthened our existing asset management business lines. There was the addition of two new investments into the INVL Baltic Sea Growth Fund portfolio, and the portfolio companies had a combined revenues of approximately EUR 570 million at 2023-year end, an EBITDA of approximately EUR 80 million and a workforce of ~8,800 employees. The INVL Renewable Energy Fund I issued EUR 16 million of bonds in 2023 for the financing of solar power plants that it is building and developing in Poland and Romania. INVL Sustainable Timberland and Farmland Fund II entered a new geographic market, Romania, and the fund's total portfolio of forest and land exceeded 20,000 hectares.

As planned, we completed the merger of Šiaulių Bankas and Invalda INVL's retail businesses in 2023. This step will create more value for customers, employees, and investors. Customers will continue receiving professional savings, investment and life insurance solutions and will have additional access to other banking services.

We see the past year as a successful and strategically important one for the Invalda INVL Group. As a result of the retail business transaction and the strong performance of the funds managed by the group as well as the growth of Invalda INVL's other balance sheet investments, 2023 saw a record profit recorded of EUR 45.8 million for the Invalda INVL group.

6.2. ACTIVITY PLANS AND FORECASTS

Invalda INVL's strategic priority is the continuous development of the group, aiming at an optimal business model that ensures good results for our investors (delivering returns in the top quartile for the each asset class in which we operate) and a positive impact on the companies and sectors in which we invest. This allows our team to develop and fulfil themselves and create value for Invalda INVL.

A key priority for 2024 is the successful launch of a new private equity fund, INVL Private Equity Fund II. The aim is to raise at least EUR250 million from investors. The maximum size of the fund is EUR400 million.

We will continue to develop our family office business by expanding our range of products, services and partners. We will also focus on the successful launch of INVL Family Office in Latvia and Estonia. In January 2024, it obtained the regulatory approval of Latvia's financial markets supervisory authority to establish a branch in Latvia.

In 2024, we will continue to invest in a number of new opportunities as we look to further strengthen existing businesses and companies under management. We will also work on the exit from specific projects with the aim of maximising the value for our investors.

We will carry out preparatory work for new business lines that meet our objectives for both returns and the growth of assets under management. We are ready to be able to adapt to a number of challenging market conditions across multiple geographies, operating actively where we are now and seize new opportunities as they arise.

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:

- 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.
- On 21 July 2023, 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 2023. Invalda INVL increased its share capital to EUR 3,547,948.45 by issuing 186,253 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 2020.

7.2. STRUCTURE OF THE AUTHORIZED CAPITAL AS OF 31 DECEMBER 2023

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	12,234,305	12,234,305	12,004,764	0.29	3,547,948.45	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 Financial Advisors. 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.

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 - 2023	-	-	
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 payouts 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	186,253	Newly issued shares have been subscribed
2021	65 287	2024	N/A	
2022	40,862	2025	N/A	
2023	47,394*	2026	N/A	

* only those options where the number of shares is specified in the contracts

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 21 July 2023, 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 2023.

The actual wording of the Articles of Association is dated as of 21 July 2023. The translation of the document is published on the company's website <https://www.invaldainvl.com/en/investor-relations/financial-information-and-documents/documents/>

9. Shareholders

9.1. INFORMATION ABOUT SHAREHOLDERS OF THE COMPANY

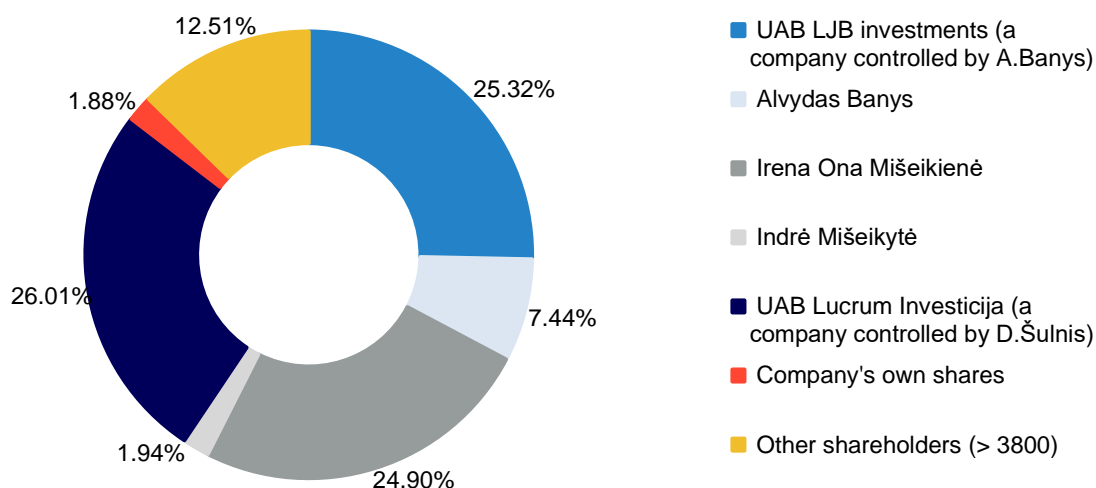
At the end of 2023 the total number of shareholders was 3,828. There are no shareholders entitled to special rights of control. The shareholders of Invalda INVL: Alvydas Banys, UAB LJB Investments, Irena Ona Mišeikienė, Indrė Mišeikytė, Darius Šulnis and UAB Lucrum Investicija, have signed a Contracts 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 2023

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital and votes held, %	Indirectly held votes ¹ , %	Total votes of the shareholders group*, %
LJB Investments. UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	3,098,196	25.32	60.29	85.61
Alvydas Banys ²	910,875	7.44	78.17	
Irena Ona Mišeikienė	3,048,161	24.90	60.71	
Indrė Mišeikytė	236,867	1.94	83.67	
Lucrum Investicija, UAB code 300806471. Gynėjų str. 14, Vilnius	3,181,702	26.01	59.60	
Darius Šulnis ³	0	0.00	86.61	

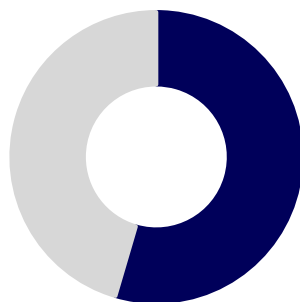
Distributions of the share capital of the shareholders of Invalda INVL as of 31 December 2023



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.

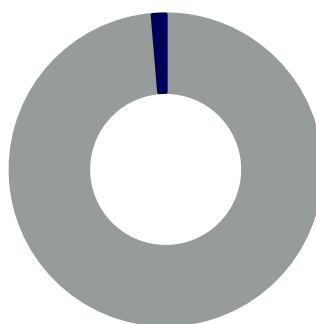
³ It is considered that Darius Šulnis has the votes of the controlled company UAB Lucrum Investicija.



■ Legal entities ■ Natural persons

Distribution of shareholders by investor groups as of 31 December 2023

Investor group	Shareholders		Votes held by shareholders	
	number	proportion, %	number	proportion, %
Legal entities	41	1.07	6,673,215	54.55
Natural persons	3,787	98.93	5,561,090	45.45



■ Residents ■ Non-residents

Distribution of shareholders by their residence as of 31 December 2023

Investor group	Shareholders		Votes held by shareholders	
	number	proportion, %	number	proportion, %
Residents	3,635	94.96	12,070,895	98.66
Non-residents	193	5.04	163,410	1.34

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 Shareholders of the company held on 30 April 2023 did not declare dividends for 2022.

RATIOS RELATED WITH SHARES

	2021	2022	2023
Net Asset Value per share, EUR	10.32	11.07	14.83
Price to book value (P/Bv)	1.65	1.03	0.80

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.invalidainvl.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	12,234,305
Nominal value	0.29 EUR
Total nominal value	3,547,948.45 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

	2021	2022	2023
Share price, EUR			
- open	7.60	17.00	11.40
- high	18.70	17.00	11.90
- low	7.60	10.00	9.00
- last	17.00	11.40	11.90
Turnover, units	63,625	70,365	92,027
Turnover, EUR	681,010	888,205	1,004,925
Traded volume, units	1,561	1,684	1,317
Capitalisation, EUR mln.	199.73	134.73	142.86

TRADING IN THE COMPANY'S SHARES DURING THE PERIOD OF 2021–2023 (QUARTERLY) ON NASDAQ VILNIUS STOCK EXCHANGE:

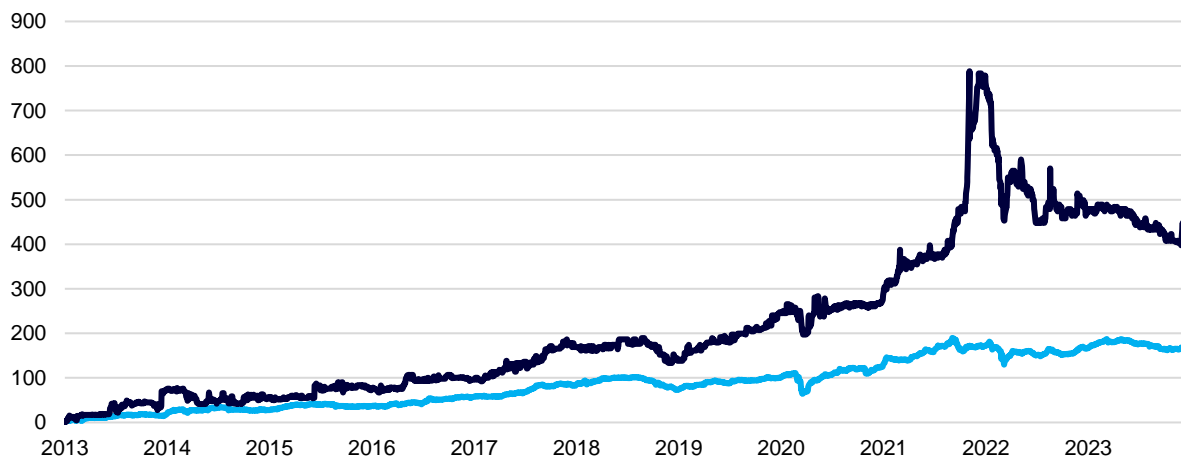
Reporting period	Price, €			Last trading date	Total turnover	
	high	low	last		units	€
2021, 1st Q	9.60	7.60	8.85	31.03.2021	14,606	125,707
2021, 2nd Q	9.80	8.55	9.30	30.06.2021	12,545	114,832
2021, 3rd Q	11.80	9.20	11.20	30.09.2021	20,764	205,677
2021, 4th Q	18.70	11.20	17.00	30.12.2021	15,710	234,795
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
2023, 1st Q	11.90	11.00	11.40	31.03.2023	16,194	184,035
2023, 2nd Q	11.50	9.00	10.70	30.06.2023	22,263	249,654
2023, 3rd Q	11.00	10.30	10.30	29.09.2023	35,238	378,792
2023, 4th Q	11.90	9.80	11.90	29.12.2023	18,332	192,444

CAPITALISATION

Last trading date	Number of shares (company's own shares excluded), units	Last price, €	Capitalisation, €
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
31.03.2023	11,818,511	11.40	134,731,025
30.06.2023	11,818,511	10.70	126,458,068
30.09.2023	12,004,764	10.30	123,649,069
30.12.2023	12,004,764	11.90	142,856,692



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

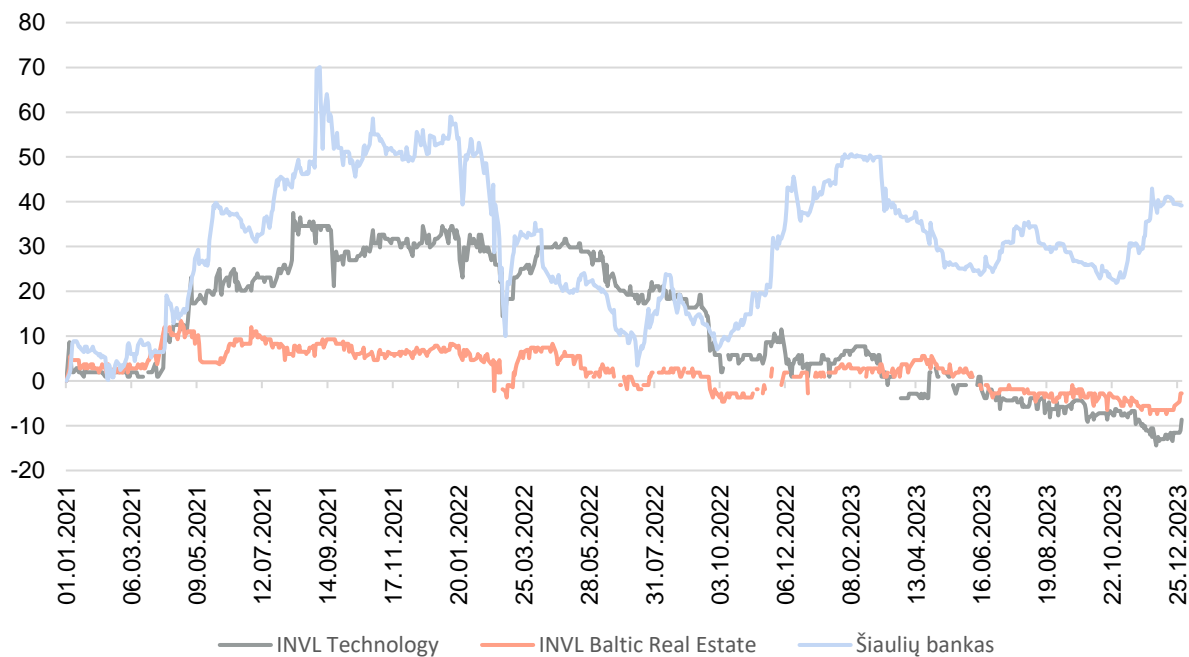


Changes in Invalda INVL share price and OMX Vilnius index over 10 years, %

Index/Shares	01.01.2013	01.01.2023	30.12.2023	Change (%) since 2013	Change (%) in 12 months of 2023
— OMX Vilnius	355.08	947.14	946.76	166.63 ↑	-0,04 ↓
— Invalda INVL	1.97 EUR	11.40 EUR	11.90 EUR	504.06 ↑	4,39 ↑

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



The governing bodies of Invalda INVL, AB are the General Shareholders' Meeting, sole governing body – the CEO 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 2023, 3 (three) shareholders' meetings of Invalda INVL were held:

- The Extraordinary General Meeting of Shareholders of Invalda INVL held on 22 February 2023 approved the implementation of the Master Agreement on the merger of Invalda INVL's retail customer asset management and life insurance businesses with the AB Šiaulių bankas Group. The issue of the appointment of an audit firm to audit the annual financial statements and the terms of payment for audit services was also adopted.

- The Ordinary General Meeting of Shareholders of AB Invalda INVL was held on 30 April 2023. The shareholders of Invalda INVL voted to approve the company's 2022 financial statements. It also decided on the exercise of stock options granted in 2020 to employees of Invalda INVL and its group companies and on the conclusion of new option agreements.

- At the Extraordinary Shareholders' Meeting held on 22 November 2023, the shareholders approved the conclusion of stock option agreements with the employees of the INVL group companies who are transferring to the Šiaulių Bankas Group, and the procedure and price for the acquisition of the company's shares in 2027.

The decisions of this shareholders meeting can be found here <https://www.invalidainvl.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 37² 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.

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 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) of the Company 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 CEO. The CEO 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 CEO 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 CEO is accountable to the Board.

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

The CEO shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The CEO 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.



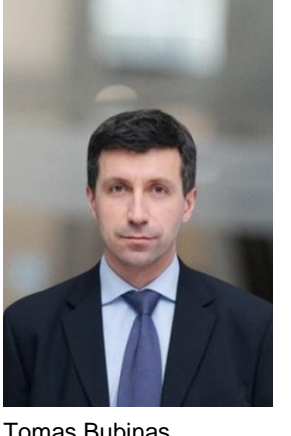
The CEO shall be responsible for:


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

13. Information about members of the Board, CEO and CFO 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 CEO of the company on 22 May 2013.

	Term of office	Educational background and qualifications	Owned number of shares in Invalda INVL	Ongoing management positions
 <p>Alvydas Banyas Chairman of the Board</p>	Since 2022 until 2026	<p>Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economics' Institute of Lithuania's Science Academy.</p>	<p>Personally: 910,875 units of shares, 7.44 % of authorised capital and votes;</p> <p>Together with controlled company LJB Investments: 4,009,071 units of shares. 32.76 % of authorized capital and votes.</p> <p>Total votes with others whose votes are counted together - 85.61%.</p>	<p>LJB investments, UAB (code 300822575, A. Juozapavičiaus g. 9A, Vilnius.) – CEO (the main workplace)</p> <p>INVL Baltic Sea Growth Fund, managed by INVL Asset Management (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) - Investment Committee member</p> <p>INVL Asset Management, UAB (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) senior consultant</p> <p>INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – Chairman of the Board</p> <p>Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius, Lithuania) – Member of the Board</p> <p>LJB property, UAB (code 300822529; A. Juozapavičiaus g. 9A, Vilnius.) CEO</p>
 <p>Indrė Mišeikytė Member of the Board</p>	Since 2022 until 2026	<p>Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture.</p>	<p>Personally: 236,867 units of shares, 1.94% of authorised capital and votes.</p> <p>Total votes with others whose votes are counted together - 85.61%.</p>	<p>Invalda INVL, AB (code 121304349, Gynėjų g. 14, Vilnius, Lithuania) – Adviser (the main workplace)</p> <p>INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – Member of the Board</p> <p>INVL Technology, SUTPKIB (code 300893533, Gynėjų g. 14, Vilnius, Lithuania) – Member of the Supervisory Board (till 06-02-2023)</p>
 <p>Tomas Bubinas Independent Member of the Board</p>	Since 2022 until 2026	<p>Baltic Management Institute (BMI), Executive MBA</p> <p>Association of Chartered Certified Accountants. ACCA. Fellow Member</p> <p>Lithuanian Sworn Registered Auditor</p> <p>Vilnius University, Msc. in Economics</p>	-	<p>INVL Baltic Farmland, AB (code 303299781, Gynėjų g. 14, Vilnius, Lithuania) – independent Member of the Board.</p> <p>The main workplace is an individual consulting activity.</p>

	Educational background and qualifications	Owned number of shares in Invalda INVL	Ongoing management positions
	<p>Duke University (USA). Business Administration. Global Executive MBA.</p> <p>Vilnius University. Faculty of Economics. Master in Accounting and Audit.</p> <p>Financial broker's license (general) No. A109.</p>	<p>Personally: 0 units of shares, 0% of authorised capital and votes.</p> <p>Together with controlled company Lucrum Investicija: 3,181,702 units of shares, 26.01% of authorised capital and votes.</p> <p>Total votes with others whose votes are counted together - 85.61%.</p>	<p>Invalda INVL, AB (code 121304349, Gynėjų g. 14, Vilnius, Lithuania) – the CEO (the main workplace);</p> <p>INVL Baltic Sea Growth Fund, managed by INVL Asset Management (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) - Investment Committee Member;</p> <p>INVL Asset Management, UAB (code 126263073, Gynėjų g. 14, Vilnius, Lithuania) – Chairman of the Board;</p> <p>FERN Group UAB (code 306110392, Granito g. 3-101, Vilnius, Lithuania) - Chairman of the Supervisory Board;</p> <p>Šiaulių Bankas AB (code 112025254, Tilžės g. 149, Šiauliai, Lithuania) – Member of the Supervisory Board;</p> <p>Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius, Lithuania) – Member of the Board.</p>
	<p>Vilnius University, Faculty of Economics, Master of Science in Accounting and Auditing</p>	<p>Personally: 91,821 units of shares, 0.7% of authorised capital and votes.</p>	<p>INVL Baltic Real Estate, SUTNTIB (code 152105644, Gynėjų g. 14, Vilnius) Member of the Supervisory Board.</p> <p>Invalda INVL, AB (code 121304349, Gynėjų g. 14, Vilnius, Lithuania) CFO (the main workplace).</p> <p>Holds the position of director in companies controlled by Invalda INVL" (all are located at Gynėjų g 14, Vilnius):</p> <p>MD PARTNERS UAB (code 304842899),</p> <p>Invalda INVL Investments, UAB (code 303252237),</p> <p>Cedus, UAB (code 302656796),</p> <p>Cedus Invest, UAB (code 302576631),</p> <p>Regenus, UAB (code 302575821),</p> <p>Consult Invalda, UAB (code 302575814)</p> <p>RPNG, UAB (code 302575892),</p> <p>MGK invest, UAB (code 302531757),</p> <p>MBGK, UAB (code 300083611),</p> <p>Aktyvo, UAB (code 301206846),</p> <p>Aktyvus valdymas, UAB (code 301673764),</p> <p>INVL Life UAB (code 305859887),</p> <p>Iniciatyvos fondas VŠĮ (code 300657209).</p>

Darius Šulnis – the CEO of Invalda INVL

Raimondas Rajeckas CFO

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 30 April 2023. On 30 April 2023 the General Shareholders meeting elected Audit Committee members: Dangutė Pranckėnienė, Andrius Lenickas and Tomas Bubinas for the 4 years term of office.

	Term of office	Educational background and qualifications	Owned shares in Invalda INVL	Work experience
 <p>Dangutė Pranckėnienė Independent audit committee member</p>	2023 - 2027	<p>Vilnius Gediminas Technical University, Master of Business Administration.</p> <p>Vilnius University, Master of Economics.</p> <p>The International Coach Union (ICU), professional coach name.</p> <p>Lithuanian Ministry of Finance, the auditor's name.</p>	-	<p>Since 1997 the Partner at Moore Mackonis, UAB</p> <p>1996 - 1997 Audit Manager, Deloitte & Touche</p> <p>1995 - 1996 Lecturer, Vilnius Gediminas Technical University</p> <p>1982 - 1983 Lecturer, Vilnius University</p>

	Term of office	Educational background and qualifications	Owned shares in Invalda INVL	Work experience
 <p>Andrius Lenickas Independent audit committee member</p>	2023 - 2027	<p>Baltic Management Institute (BMI), Executive MBA</p> <p>Association of Chartered Certified Accountants. ACCA. Diploma</p> <p>Lithuanian Sworn Registered Auditor Vilnius University, Msc. in Economics</p>	-	<p>Since 2023, UAB Lea finansai, founder and director</p> <p>2013 - 2022, UAB AL holdingas, Chief Financial Officer and Head of Administration of the Group</p> <p>2010 - 2013 - Chief Executive Officer of UAB Euroapotheca.</p> <p>2007 – 2010 UAB Sanofi Lietuva, Chief Financial Officer for the Baltic States.</p> <p>2002 – 2006 Chief Financial Officer and Head of Administration of Lawin Law Firm (currently Ellex Valiūnas).</p> <p>1999 - 2001 PricewaterhouseCoopers UK - senior auditor, manager.</p> <p>1996 - 1999 Coopers & Lybrand - auditor, senior auditor.</p> <p>1993-1995 Balticbankas - customer manager.</p>
 <p>Tomas Bubinas Audit committee member</p>	2023 - 2027	<p>Baltic Management Institute (BMI), Executive MBA</p> <p>Association of Chartered Certified Accountants. ACCA. Fellow Member</p> <p>Lithuanian Sworn Registered Auditor Vilnius University, Msc. in Economics</p>	-	<p>2013 – 2022 Chief Operating Officer of Biotechpharma, UAB.</p> <p>2010 – 2012 Senior Director of TEVA Biopharmaceuticals (USA).</p> <p>2004-2010 – TEVA Pharmaceuticals, Chief Financial Officer for the Baltic States.</p> <p>2001-2004 – Sicor Biotech, Chief Financial Officer</p> <p>1999 – 2001 Senior Manager of PricewaterhouseCoopers.</p> <p>1994 – 1999 Senior Auditor, Manager of Coopers & Lybrand.</p>

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 2023, a total of EUR 155 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 6.5 thousand per month.

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, that didn't change in 2023, 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. During 2023 an independent member of the Board was paid EUR 11,050

(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.

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 2023, the total remuneration for the members of the Audit Committee of the company amounted to EUR 1,751.

INFORMATION ABOUT CALCULATED REMUNERATION FOR INVALDA INVL, AB MANAGERS FOR 2023

	Calculated remuneration. thousand EUR		
	2021	2022	2023
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)	220	181	158
For each member of the Board (average per month)	6	5	4
For members of administration (the CEO and CFO) ⁴	144	144	155
For each member of administration (average per month)	6.0	6.0	6.5

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, Šiauliai, 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 FMJ INVL Financial Advisors (Gynėjų str. 14, Vilnius, Lithuania, tel. +370 5279 0601) - 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. INFORMATION ABOUT THE PRINCIPAL RISKS AND THEIR MANAGEMENT

Macroeconomic risks

The activities of Invalda INVL Group are influenced by the global and specific economic environment of the countries in which we operate and invest. Economic recessions and downturns may affect the companies and assets in which we have invested, both directly and through collective investment undertakings, reducing their value and adversely affecting our results. To minimise this risk, we manage a diversified investment portfolio and actively monitor macroeconomic indicators and their dynamics.

Geopolitical risks

The activities of Invalda INVL Group are directly influenced by the global and specific geopolitical environment of the countries in which businesses are developed and investments are made. The war in Ukraine and the potential risk of a military conflict in our region reduce the investment appeal of the region, which may adversely affect the value and liquidity of assets under

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

management and the attraction of investor capital. We mainly operate in the Baltic region and to a lesser extent in Central and Eastern Europe, we assess the risks involved, monitor other regions, and invest part of our clients' funds in other regions.

Regulatory risk

We have chosen a regulated asset management business model. INVL Asset Management and all the funds it manages are regulated and supervised by the Bank of Lithuania. Our funds are established and managed in compliance with the most stringent fund management requirements at the EU level, as set out in the Alternative Investment Fund Managers Directives (AIFMD). Compliance with these requirements is directly supervised and controlled by the Bank of Lithuania. This supervision and control enhance security for our investors, and we accept the risk that an increase in the regulatory burden may raise our costs and adversely affect our profitability.

The asset management business is also subject to capital adequacy requirements and, in the event of losses, may require additional contributions to the capital of the asset management companies. We actively monitor the dynamics of the asset management business and conduct stress tests.

Tax risk

The tax authorities have the right to examine the accounts of the Company and its consolidated subsidiaries in Lithuania at any time during the current period and the 3 years preceding the reporting period, and in some cases for 5 or 10 years preceding the reporting period, and to impose additional taxes and penalties. In the opinion of the management of the Company, there are presently no circumstances that would result in a significant tax liability for the Company and the Group in this respect.

Payout and liquidity risk

By purchasing the Company's shares, the shareholders assume the risk of the liquidity of the securities - if the demand for the shares decreases or if they are delisted, investors could face difficulties in disposing of them. If the Company's financial situation worsens, the demand for the company's shares may decrease, and so may 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 wishes. When investing in portfolio companies, there is a possibility that the sale of securities may take longer than planned or may not be as profitable as planned or even unprofitable due to a lack of demand on acceptable terms or other market circumstances. Our investments in corporate shares and collective investment undertakings involve risk, and in the worst case, it is possible to lose the entire amount invested. To maximize the realisable value of investments, the management makes sales strategy decisions relevant to the specific investment.

We have not approved a dividend payment policy and have not set a minimum dividend, so there is no guarantee that funds will be paid to shareholders. Decisions to pay dividends will depend on the profitability of operations, cash flows, investment plans the general financial situation, and other relevant circumstances.

Interest rate risk

Changes in interest rates can affect the cost of capital, profitability, and the ability to raise additional financing. There is a risk that a rise in inflation will cause central banks to raise interest rates, making it more expensive to service the loans associated with the Company's investments, which could reduce the value of the Company's investments. We actively monitor and respond to the interest rate environment to minimise the potential negative impact on managed investments.

Credit risk

There is a risk that buyers of products and services from direct portfolio companies or companies in which we have invested through collective investment undertakings may fail to meet their obligations, which would adversely affect profits. Failure to meet a significant portion of obligations on a timely basis may disrupt the issuer's normal operations and require the issuer to seek additional sources of financing, which may not always be available. The Issuer is also exposed to risk when holding funds in bank accounts or investing in short-term financial instruments.

Risk of incorrect expectations and valuations

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

Invalda INVL may not be able to realise 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 may even destroy it, thus 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 considerably. The price of the shares you purchase as an investor may go up or down depending on many factors, some of which are beyond our control.

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

Cyber security risks

The Company may be subject to attempts by others to gain unauthorised access to the information systems of the Company and/or its Group Companies, which may threaten the information security and system stability of the Company and/or its Group Companies. The Company and/or its portfolio companies may not be successful in detecting and protecting against such thefts and attacks. Theft, unauthorised access, or misuse of trade secrets and other confidential business information resulting from

such events could materially and adversely affect the Company's business, results of operations or financial condition. We actively monitor and assess vulnerabilities and allocate resources to develop appropriate protective processes and infrastructure.

Human resources risk

Invalda INVL and the asset management business it manages and other companies and collective investment entities in which we invest are dependent on key managers – their loss could adversely affect the company's operations and we could lose business opportunities. We aim to provide people with opportunities to engage in work that interests them, develop their skills, and witness the positive impact of their contributions. Additionally, we offer competitive salaries and implement long-term motivational systems (including stock option programmes) that link the interests of the company and its employees to long-term successful activities and results. In our opinion, managing this risk involves maintaining all these factors.

Risk of fraud

There exists a theoretical risk that one or more individuals may misappropriate assets from funds or portfolio companies managed by the Company or the Group. The management of this risk is greatly assisted by the oversight provided by the Bank of Lithuania and the safekeeping of the funds' assets by the bank, which acts as the custodian responsible for controlling fund movements. We also have strict procedures for the application of the 'four-eyes' principle, which ensures that not only the fund managers but also the staff of the management company's accounting department, who operate independently of them, are always involved in the movement of the funds. Additionally, Investment Committees are always involved in making and implementing decisions related to fund asset management, and in higher risk situations, the Board of INVL Asset Management.

Risk of double loss

Invalda INVL Group invests in INVL-managed products together with fund participants. There exists a risk that in the event of a decline in the assets of a fund managed by INVL, not only the management company will incur losses or experience fee reductions, but also the Invalda INVL Group, which has invested directly in the fund, will experience the same negative consequences as the other participants in the fund. However, by investing directly in managed funds, we provide additional protection for investors, aligning the interests of the Invalda INVL Group with those of fund investors.

Sustainability risks

There is a risk of an environmental, social or governance (ESG) event or situation occurring that could have a material adverse effect on the value and reputation of an investment. When making investment decisions, we assess sustainability risks and the associated value creation opportunities. In our asset management activities, we follow a policy of responsible investment and integration of sustainability risks, and we provide information on sustainability in the financial services sector.

18.2. 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.

18.3. 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 2023 explanatory notes.

19. Issuer's and its group companies' non – financial results. Information related 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 2023 was 7 (in 2022 it was 7), 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	2021	2022	2023
Total amount of employees as of the end of the period	person	7	6	6
- managers	person	4	3	3
- specialists	person	3	3	3
Average monthly salary (calculated for)	EUR	4,656	4,523	4,725
- managers	EUR	5,979	5,661	5,736
- specialists	EUR	2,892	3,259	3,715

Number of employees in Invalda INVL Group was 124 on 31 December 2023 (287 on 31 December 2022). The decrease was due to the retail business merger transaction, when a part of the employees moved to Šiaulių bankas.

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.

19.5. ENVIRONMENTAL PROTECTION AND ACTIONS ON CLIMATE CHANGE

Invalda INVL Group is 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 company INVL Asset Management has 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 (managed under a portfolio management delegation agreement) - 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://invsustainable.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.

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 2023 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 2023 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

On 30 November 2023, the merger of Šiaulių bankas and Invalda INVL's part of the retail businesses was completed, which resulted in 62,270,383 units of Šiaulių bankas' shares being transferred to Invalda INVL, representing 9.39% of Šiaulių bankas' authorised capital, and the businesses were transferred to the merger with the Šiaulių Bankas Group in accordance with the

Master Agreement dated 22 November 2022 for the merger of the retail customers asset management and life insurance businesses indirectly managed by Invalda INVL. More information <https://www.invaldainvl.com/en/regulated-information/invalda-invl-group-completes-the-merger-of-retail-businesses-with-ab-siauliu-bankas-group-according-to-the-agreement-of-22-11-2022/>

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 2023 is presented on the company's website www.invaldainvl.com

SUMMARY OF PUBLICLY DISCLOSED INFORMATION

Published	Headline	Message Category
02.01.2023	INVL Group to buy out remaining shares in Mundus, a private debt fund manager	Other information
19.01.2023	INVL launches EQT feeder fund	Other information
31.01.2023	Convocation of the extraordinary general shareholders meeting of Invalda INVL	General meeting of shareholders
31.01.2023	Draft resolutions prepared by the Board for the Shareholders' Meeting of Invalda INVL to be held on 22/02/2023	General meeting of shareholders
22.02.2023	The resolutions of the Shareholders' Meeting of Invalda INVL held on 22/02/2023	General meeting of shareholders
13.03.2023	INVL Baltic Sea Growth Fund-backed Eglės Sanatorija acquires a rehabilitation services company in Vilnius	Other information
20.03.2023	INVL Partner Global Infrastructure Fund I raises an additional USD 1.675 million from investors	Other information
29.03.2023	INVL sub-fund for informed investors that invests in EQT global fund raises EUR 18.45 million	Other information
08.04.2023	Convocation of the ordinary general shareholders meeting of Invalda INVL	General meeting of shareholders
08.04.2023	Draft resolutions prepared by the Board for the shareholders' meeting of Invalda INVL to be held on 30/04/2023	General meeting of shareholders
08.04.2023	Audited results of Invalda INVL Group for 2022	Annual information
30.04.2023	Resolutions of the shareholders' meeting of Invalda INVL held on 30/04/2023	General meeting of shareholders
02.05.2023	INVL fund that invests in forest and land raises additional EUR 9.4 million	Other information
03.05.2023	INVL Asset Management, a subsidiary of Invalda INVL, launches its second alternative investment fund for retail investors	Other information
30.05.2023	Unaudited information of Invalda INVL group for 3 months of 2023	Interim information
31.05.2023	Invalda INVL group completes second tranche of acquisition of Šiaulių Bankas shares from the EBRD	Notification on material event
09.06.2023	Invalda INVL: Notification on transactions in the issuer's securities	Notifications on transactions concluded by managers of the companies
13.06.2023	Invalda INVL signed employee stock option contracts	Other information
13.06.2023	Invalda INVL: Notification on transactions in the issuer's securities	Notifications on transactions concluded by managers of the companies

16.06.2023	Notification about acquisition of voting rights of Invalda INVL	Acquisition or disposal of a block of shares
16.06.2023	INVL Partner Global Infrastructure Fund I raises an additional USD 2.295 million from investors	Other information
19.06.2023	INVL Asset Management will be led by Paulius Žurauskas	Other information
21.06.2023	INVL Renewable Energy Fund I raise another EUR 5 million from investors	Other information
28.06.2023	A company, managed by INVL Renewable Energy Fund I, has raised EUR 3.5 million for the construction of solar plants in Poland	Other information
19.07.2023	Invalda INVL: Notification on transactions in the issuer's securities	Notifications on transactions concluded by managers of the companies
21.07.2023	A new wording of Articles of Association of Invalda INVL has been registered. The issued shares were acquired by the group's employees.	Other information
21.07.2023	Information about shares issued by Invalda INVL and votes granted	Total number of voting rights and capital
24.07.2023	Notification about disposal of voting rights of Invalda INVL	Acquisition or disposal of a block of shares
07.08.2023	The INVL Subfund intended for informed investors investing in EQT raises EUR 12.175 million	Other information
31.08.2023	Unaudited information of Invalda INVL group for 6 months of 2023	Half-Yearly information
01.09.2023	INVL Baltic Sea Growth Fund and Eco Baltia sign agreement to acquire largest Polish PVC recycler Metal-Plast	Other information
19.09.2023	Company, owned by INVL Renewable Energy Fund I successfully placed EUR 4.5 million bond issue	Other information
31.10.2023	Convocation of the extraordinary general shareholders meeting of Invalda INVL and draft resolutions on the agenda of the meeting	General meeting of shareholders
21.11.2023	INVL Renewable Energy Fund I signs EUR 25 million loan agreement with Kommunalkredit for construction of solar power plants in Romania	Other information
22.11.2023	The resolutions of the extraordinary general shareholders meeting of Invalda INVL held on 22/11/2023	General meeting of shareholders
22.11.2023	The necessary regulatory approvals were obtained for the transfer of part of Invalda INVL group's businesses to AB Šiaulių bankas group	Other information
23.11.2023	INVL Baltic Sea Growth Fund signs agreement for the acquisition of Galinta Group	Other information
30.11.2023	Invalda INVL group completes the merger of retail businesses with AB Šiaulių bankas group according to the agreement of 22/11/2022	Notification on material event
30.11.2023	Unaudited information of Invalda INVL group for 9 months of 2023	Interim information
30.11.2023	Invalda INVL signed employee stock option contracts with the employees of INVL transferring to AB Šiaulių bankas	Other information
13.12.2023	Invalda INVL investor's calendar for 2024	Other information
18.12.2023	Upon completion of the merger of businesses with AB Šiaulių bankas group under the agreement of 22/11/2022, AB Invalda INVL acquired 9.39% of the bank's shares	Notification on material event

Summary of reports about transactions concluded in 2023 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
09.06.2023	09.06.2023	R.Rajeckas, CFO of the issuer	3,954	0.35	Acquisition. Share subscription agreement exercising option agreement of 1 June 2020	Outside a trading venue
13.06.2023	12.06.2023	R.Rajeckas, CFO of the issuer	Determined using the formula *	1.00	Execution of option agreement to obtain issuer's shares in the future under Rules for Granting Equity Incentives	Outside a trading venue
13.06.2023	12.06.2023	D.Šulnis, emitento vadovas	Determined using the formula**	1.00	Execution of option agreement to obtain issuer's shares in the future under Rules for Granting Equity Incentives	Outside a trading venue
19.07.2023	17.07.2023	R.Rajeckas, CFO of the issuer	51,822	6.00	Acquisition. Share subscription agreement exercising option agreement of 15 July 2020	Outside a trading venue

* The number of shares is calculated by dividing the value of the granted options by the difference between value of net assets per share on 31.12.2025 and EUR 1. The value of the options is equal to the multiplication between 120,000 units and the excess of the net asset value per share on 31.12.2025 over 12% annual return as the minimum return barrier, assessing the growth of the net asset value per share from 31.12.2022 (EUR 11.07 per share) (i.e. the right to purchase shares would be granted if the net asset value on 31.12.2025 exceeded EUR 15.0552 per share). If payments per share are made prior to signing the share purchase agreement, the minimum return barrier would be reduced by the amount of the payment plus 12% interest calculated from the determined date by the company's Board until 31.12.2025.

** The number of shares is calculated by dividing the value of the granted options by the difference between value of net assets per share on 31.12.2025 and EUR 1. The value of the options is equal to the multiplication between 575,000 units and the excess of the net asset value per share on 31.12.2025 over 12% annual return as the minimum return barrier, assessing the growth of the net asset value per share from 31.12.2022 (EUR 11.07 per share) (i.e. the right to purchase shares would be granted if the net asset value on 31.12.2025 exceeded EUR 15.0552 per share). If payments per share are made prior to signing the share purchase agreement, the minimum return barrier would be reduced by the amount of the payment plus 12% interest calculated from the determined date by the company's Board until 31.12.2025.

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 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. Audit and other services costs for 2023 and 2022 are disclosed in Note 27 to the consolidated annual financial statements for 2023.

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.

signed with qualified electronic signature

Darius Šulnis
CEO

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, Rīga, 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, Rīga, 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, FMĻ 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, UAB	Code 305859887 Address Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 11.08.2021	Life insurance activities till 1 December 2023	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		
Iniciatyvos Fondas, Vsl	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 CEO of the Company. The Company has a collegial management body - the Board.

The CEO 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 CEO.

The supervisory board is not formed in the Company. Nevertheless, the Company's Board and the CEO work closely together to maximize benefits for the Company and all its shareholders.

The Company has an Audit Committee consisting of 3 members, 2 of them are 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 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

⁵ For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

		<p>financier are ready to attend the shareholders' meeting. The proposed candidates for the members of the collegial body participate in the meeting if possible.</p>
<p>Principle 2: Supervisory board 2.1. Functions and liability of the supervisory board</p> <p>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.</p>		
<p>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.</p>	<p style="text-align: center;">NOT APPLICABLE</p>	<p>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.</p>
<p>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.</p>		
<p>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.</p>		
<p>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. Independent⁶ 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.</p>		
<p>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.</p>		
<p>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.</p>		
<p>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.</p>		
<p>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.</p>	<p style="text-align: center;">NOT APPLICABLE</p>	<p>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.</p>
<p>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.</p>		

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.

<p>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.</p>		
<p>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.</p>		
<p>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.</p>		
<p>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.</p>		
<p>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.</p>		
<p>Principle 3: Management Board</p>		
<p>3.1. Functions and liability of the management board</p>		
<p>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.</p>		
<p>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.</p>	<p>YES/NO</p>	<p>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.</p>
<p>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 <i>inter alia</i> 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.</p>	<p>YES/NO</p>	<p>The Board's functions are discussed in the Consolidated Annual Management Report 12.2. section.</p>
<p>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.</p>	<p>YES</p>	<p>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</p>

		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>

<p>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.</p>	<p>YES</p>	<p>The members of the Board of the company devote sufficient time and attention to their duties. Board members actively participated in all meetings.</p>
<p>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 independent⁸, 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.</p>	<p>YES</p>	<p>Tomas Bubinas was elected as an independent member of the board at the company's shareholders' meeting held on 30 April 2022.</p>
<p>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.</p>	<p>YES</p>	<p>At the company's shareholders' meeting held on 30 April 2022, the amounts of remuneration for work on the board were approved</p>
<p>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.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>Once a year, the Board evaluates its activities. The structure of the Board is published by the company in annual reports and on the website.</p>
<p>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.</p>		
<p>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 the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.</p>	<p>YES/NO</p>	<p>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.</p>
<p>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 uninterrupted resolution of essential corporate</p>	<p>YES</p>	<p>Board meetings are held at least once a month according to the pre-approved schedule.</p>

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.

governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.		
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.
<p>Principle 5: Nomination, remuneration and audit committees</p> <p>5.1. Purpose and formation of committees</p> <p>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.</p> <p>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.</p>		
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	The company has an Audit Committee, whose members are elected by the General Shareholders Meeting. The Nomination and Remuneration Committee and the Business Development Committee are planned to be established in the near future.
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 of personal data, companies		

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).

<p>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.</p>		
<p>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.</p>		
<p>5.2. Nomination committee</p>		
<p>5.2.1. The key functions of the nomination committee should be the following:</p> <ol style="list-style-type: none"> 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. <p>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.</p>	<p>NOT APPLICABLE</p>	<p>During the reporting period, the Nomination Committee was not formed in the company, but it is planned to be formed in the near future.</p>
<p>5.3. Remuneration committee</p>		
<p>The main functions of the remuneration committee should be as follows:</p> <ol style="list-style-type: none"> 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. 	<p>NOT APPLICABLE</p>	<p>During the reporting period, the Remuneration Committee was not formed in the company, but it is planned to be formed in the near future.</p>
<p>5.4. Audit committee</p>		

<p>5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee¹⁰.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>The members of the Committee shall be provided with all the detailed information necessary for the performance of the Committee's functions.</p>
<p>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.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>NOT APPLICABLE</p>	<p>Due to the size of the Company, the Company does not have an internal audit function</p>
<p>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.</p>	<p>NO</p>	<p>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.</p>
<p>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.</p>	<p>NO</p>	<p>The activity report is submitted once a year for the annual ordinary shareholders meeting</p>
<p>Principle 6: Prevention and disclosure of conflicts of interest</p>		
<p>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.</p>		
<p>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.</p>	<p>YES</p>	<p>Board members avoid situations where their personal interests may conflict with the interests of the company.</p>
<p>Principle 7: Remuneration policy of the company</p>		
<p>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.</p>		
<p>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.</p>	<p>YES</p>	<p>The remuneration policy is published on the company's website. Its review will take place in accordance with the</p>

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.
<p>Principle 8: Role of stakeholders in corporate governance</p> <p>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 “<i>stakeholders</i>” includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.</p>		
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
<p>Principle 9: Disclosure of information</p> <p>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.</p>		
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.

<p>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.</p>	<p>YES</p>	<p>In 2023 the audit firm did not provide non audit services</p>
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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 2023. The Company publishes its annual reports on its 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 2023 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 2023.

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 2023.

5. Information about related parties transactions in accordance with Article 37² 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 2023.

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 2023.

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 2023.

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, beliefs 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 2023.

13. Information about all agreements between shareholders (their essence, conditions).

Information is disclosed in Clause 9 of the consolidated annual report for 2023.

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 asset management group with an open approach, growing and developing, and creating well-being for people through its activities.

2023 was a successful and strategically important year for the Invalda INVL group. Sustained and focused effort to build and grow the business with a favourable economic landscape across the target markets and sectors we invest in led to record profits being returned to our investors and for the Group. In 2023, we delivered EUR 192.7 million for clients. 2023 saw a record profit recorded of EUR 45.8 million for the Invalda INVL group, with a group net asset value of EUR 178 million.

In 2023, we also completed an important strategic transaction to merge our long and successfully built retail investment management and life insurance business with Šiaulių Bankas. This will enable its clients to benefit from a product or service solution that is both convenient and creates optimal value-add for them now from a single source. We anticipate continued growth for this business moving forward, leading to an increase in the value of the Šiaulių Bankas share price. Following the completion of this transaction, we defined a growth and development strategy for the asset management group. This strategy incorporated targets including delivering returns in the top quartile for the funds under management as well as doubling the assets under management over the next 3 years to 2027. We also reinforced the Invalda INVL group's team as some of our top professionals joined Šiaulių Bankas.

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.

There were no changes in the company's management during the reporting period. At the shareholders' meeting of Invalda INVL held on 30 April 2023, two previous members of the Audit Committee, Dangutė Pranckėnienė and Tomas Bubinas, were re-elected to the Audit Committee. At this meeting, a new member, Andrius Lenickas, was also elected to the Audit Committee.

Andrius Lenickas has not yet received any remuneration for his service on the Audit Committee during the reporting period and is therefore not yet included in the tables set out below in this Remuneration Report.

Table 1. Remuneration of the CEO, CFO and each member of the bodies elected by the specific shareholders' meeting for 2022 and 2023 (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			
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Darius Šulnis, CEO	73,398	73,624	372,315*	-	-	274,742	-	-	-	-	445,713	348,366	16%	21%	-	-
Alvydas Banyš, Chairman of the Board	73,406	73,528	-	-	-	-	-	-	-	-	73,406	73,528	100%	100%	33,000	49,528
Indrė Mišeikytė, Advisor, Board member	73,840	73,328	-	-	-	-	-	-	-	-	73,840	73,328	100%	100%	-	-
Tomas Bubinas, audit committee member, independent Board member	10,575**	12,229	-	-	-	-	-	-	-	-	10,575	12,229	100%	100%	-	-
Danguolė Pranckėnienė, independent audit committee member	537	572	-	-	-	-	-	-	-	-	537	572	100%	100%	-	-
Raimondas Rajeckas, CFO	58,099	81,473	5,100	20,546	23,701	69,188	-	-	32 228	16 094	119,128	187,301	49%	43%	3,616	3,947

* 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

	2019	2020	2021	2022	2023
Šulnis Darius	2.1%	-24.3%	-29.6%	507.0%*	-21.8%
Mišėikytė Indrė	0.8%	1.9%	-2.2%	0.6%	-0.7%
Banys Alvydas	-0.8%	0.5%	-0.2%	0.0%	0.2%
Rajeckas Raimondas	15.3%	28.9%	-3.7%	-1.3%	57.2%
Tomas Bubinas	150.9%	-54.7%	-44.0%	1,983.7%**	15.6%
Dangutė Pranckėnienė		-75.8%	33.3%	-7.5%	6.7%
Net profit	5,972.0%	-74.4%	602.8%	-55.5%	174.9%
Average salary	29.8%	17.4%	31.8%	12.7%	14.0%

* 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. 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 2023 approved by the shareholders' meeting for options	Securities for which option agreements were concluded in 2023			2022 exercised options (agreed in 2019)	
		number	agreed purchase price	year of acquisition of shares	Number of securities purchased by employees	Method of granting securities
Employees ⁵	150,000	47 394*	EUR 1	2026	186,253	Newly issued shares have been subscribed

* only those options when the number of shares is specified in the contracts

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 CEO and CFO of the company.

Table 4. Not exercised share options allocated to the company's Chief Financial Officer

Name	Performance 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 December	Value of granted share option	Expenses recognized in the financial statements ⁷
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	-	51,822	-	-	11,850
2023 long-term program	2023-2025	12.06.2023 / 31.12.2025 vesting date	2026	1	-	16,906 ⁸	-	-	172,014	57,338
Total					120,059	-	55,776	-	172,014	69,188

Table 5. Not exercised share options allocated to the company's Chief Executive Officer

Name	Performance 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 December	Value of granted share option	Expenses recognized in the financial statements ⁷
Assigned in 2022	2021	31.5.2022	2025	1	33,483	-	-	33,483	-	-
2023 long-term program	2023-2025	12.06.2023 /31.12.2025 vesting date	2026	1	-	81,007 ⁸	-	-	824,225	274,742
Viso					33,483	-	-	33,483	824,225	274,742

⁶ Value of exercised stock options is EUR 301,220. Share price on exercise date was EUR 11. Exercise price was EUR 0.35. In 2020, EUR 4 has also been allocated under the 2020 long-term program.

⁷ 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.

⁸ The value of the stock options would be determined on the basis of the net asset value at 31 December 2025 and the number of shares would be recalculated with a purchase price of €1 per share, while keeping the total value of the options to be granted the same. The non-recalculated amount of these options is 120 thousand units for the Chief Financial Officer and 575 thousand units for the Chief Executive Officer, if they are treated as stock options with a share purchase price of EUR 15,0552. The tables show the forecasted restatement used for the preparation of the financial statements, therefore, the total quantity is not disclosed in Table 4 and Table 5.