

INVL

ŠEIMOS BIURAS



INVL Financial Advisors
UAB FMĮ

FINANCIAL STATEMENTS FOR 2023 PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

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Independent Auditor’s Report

To the Shareholders of UAB FMĮ INVL Financial Advisors

Report on the Audit of the Financial Statements

■ Opinion

We have audited the financial statements of UAB FMĮ INVL Financial Advisors (“the Company”). The Company’s financial statements comprise:

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

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

■ Basis for Opinion

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

■ Key Audit Matters

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

Revenue recognition

See Note 3.9 “Revenue recognition” and Note 4 “Sales”.

The key audit matter

In the year ended 31 December 2023, the Company earned revenue of EUR 4,071 thousand (2022: EUR 2,495 thousand). The revenue was derived from the following primary sources:

- commissions on transactions carried out on behalf of clients;
- commissions on client assets under management;
- safekeeping of securities;
- revenue from fund managers;
- fees from distribution of funds.

Commissions related to transactions carried out on behalf of clients and fees from distribution of funds are recognised at a point in time when a service is provided. Revenue from commissions on client assets under management, safekeeping of securities and from fund managers is recognised over time when a service is being provided.

Significant judgement of management is required when determining whether performance obligations are satisfied over time or at a point in time.

Significant audit judgement and effort was required due to subjectivity of the main assumptions and significance of revenue amounts. Accordingly, we have identified this area as a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, among others:

- We obtained understanding of the Company’s revenue recognition process, and tested the design and implementation of the selected key controls therein, including those over revenue recognition and calculation derived from different services;
- We critically assessed the Company’s revenue recognition policy for compliance with relevant provisions of the financial reporting standards;
- For a sample of contracts with customers, we inspected underlying contractual provisions and made inquiries of the Management and relevant finance personnel, in order to challenge:
 - determination of performance obligations and allocation of the contract consideration to each of the identified performance obligations, based on their estimated stand-alone selling prices;
 - point-in-time versus over time satisfaction of the performance obligations;
 - whether the above revenue transactions are recognised in the appropriate reporting period and in appropriate amounts, by reference to underlying documentation, including invoices, bank payments and contracts signed.
- For a sample of the Company’s clients, we obtained confirmations of the amounts due therefrom as at 31 December 2023 and turnover for the year then ended;
- For a sample of the Company’s clients, we traced the fee rates used to those prescribed in the contracts, and independently estimated the commission income from the management of clients’ assets by applying those fee rates to the values of the assets managed by the respective individuals, and tracing the amounts of income with the payments received from clients;
- We examined whether the Company’s revenue recognition-related disclosures appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Accounting for bonuses

See Note 3.12 “Bonuses”, Note 7 “Operating expenses”, Note 15 “Reserves” and Note 20 “Provisions, off-balance sheet commitments and contingencies”.

The key audit matter	How the matter was addressed in our audit
<p>In 2023, bonus costs amount to EUR 820 thousand (2022: EUR 444 thousand); as at 31 December 2023: share-based payment reserve amounts to EUR 117 thousand (31 December 2022: EUR 145 thousand), deferred not recognised part of unrecognised bonuses: EUR 252 thousand (31 December 2022: EUR 234 thousand).</p> <p>In accordance with the Company’s remuneration policy, certain of its employees are entitled to bonuses, depending on their performance and the Company’s results. Bonus or its part can be paid/granted in cash or in the form of additional contributions to a private pension fund or as share options of the parent company. For employees responsible for making decisions related to assuming the risks, a bonus is allocated proportionally and paid/granted over the subsequent 3–5 years, provided that the employee remains in the Company.</p> <p>The share-based payments costs are measured with reference to the grant-date fair values of the share options awarded. Significant judgment is required in estimating the fair values, using the Black-Scholes model, which requires determination of the key inputs to the model, such as the risk-free rate, volatility, dividend rate, as well as share price. The Management also applies significant judgment to determine the related grant date, vesting conditions and service period.</p> <p>Due to the above factors as well as the magnitude of the amounts involved, we considered accounting for share-based payment arrangements to be associated with a significant risk of material misstatement. As such, it required our increased attention in the audit and determined by us to be a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> — We obtained understanding of the employee remuneration process and tested the design and implementation of the selected key controls therein, including those over the accounting for bonuses, approval of key inputs in the option valuation model and validation of the model output; — We inspected the key terms of the remuneration policy, other relevant internal policies, and share option plans, and critically assessed the Company’s accounting policy for share-based payment arrangements against the requirements of the relevant financial reporting standards; — We assessed the appropriateness of the option pricing model used to determine the fair value of the options granted against the requirements of the financial reporting standards and accepted market practice; — We traced the number of share options granted in 2023 to the minutes of Management Board’s meetings and agreements with employees (if any); — Considering the results of the above procedures, as well as corroborating inquiries of the Management, we challenged the key judgements and assumptions applied in accounting for the amount of bonuses and share-based payments, as follows: <ul style="list-style-type: none"> • grant date – by reference to agreements with employees; • employee service period – by reference to agreements with employees and remuneration policy. — We challenged the key assumptions in the option pricing model, as follows: <ul style="list-style-type: none"> • risk-free rate – by reference to European Central Bank statistics on AAA-rated euro area central government bonds; • volatility – by reference to publicly available trading history on INVL AB shares;

	<ul style="list-style-type: none">• stock price – by reference to publicly available trading history on INVL AB shares and share grant agreement. <p>— We assessed the adequacy of the Company's disclosures in the financial statements related to bonuses and share-based payments against the requirements of the relevant financial reporting standards.</p>
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■ Other Information

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

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



■ Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



■ Report on Other Legal and Regulatory Requirements

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

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

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

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

On behalf of KPMG Baltics, UAB

Toma Jensen
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
30 March 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 4 to 9 of this document.

ANNUAL MANAGEMENT REPORT OF INVL FINANCIAL ADVISORS UAB FMĮ FOR 2023

Basic details about the Company

INVL Financial Advisors UAB FMĮ ("the Company") is a company that primarily provides wealth management services to private investors and their families, focusing on investment and related ancillary services. The Company was registered on 26 May 2015. The Company was granted a financial brokerage firm licence on 30 November 2015 by resolution of the Board of the Bank of Lithuania.

Registered office address: Gynėjų St. 14, Vilnius. The Company has two branches in Latvia and Estonia. The branch in Latvia was registered on 19 September 2023 with the address: Elizabetes iela 10B-1. The branch in Estonia was registered on 7 October 2023 with the address: Tallinn, Maakri tn 23a.

Legal form: Private limited liability company

Shareholder: The sole controlling shareholder Invalda INVL AB.

Shares: As at 31 December 2023, the Company's authorised share capital totalled EUR 1,500,000 and it was divided into 15,000 ordinary registered shares with par value of EUR 100 each.

Management of the Company: Asta Jovaišienė, Chief Executive Officer.

Board of the Company: As at 31 December 2023, the Board consisted of 2 members:

Andrej Cyba – Chairman of the Board;

Asta Jovaišienė – Member of the Board;

Paulius Žurauskas – Member of the Board since 15 January 2024.

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

For INVL Family Office, 2023 was a year of growth and further development of services and products.

As planned, we have seen a continued increase in revenues, driven by the stable client base developed over many years of focused work and by the relevant range of products and services. A significant portion of the revenue was earned from the provision of investment-related Family Office services. The activities of INVL Family Office, the business line of INVL Financial Advisors UAB FMĮ working with clients with significant accumulated capital, were the most profit-yielding throughout the entire period of operation.

At the same time, we expanded the range of products offered. Clients were not only contributing to their existing investment solutions, but also invested in a new fund established with one of Europe's largest private asset managers, investing in Western Europe and the US. We have witnessed an increased interest in investing beyond the Baltic region, thus we are constantly looking for attractive investment solutions.

In 2023, an increasing number of clients benefited from investment-related services provided by INVL Family Office. In 2023, we continued our cooperation with UBS Bank in Luxembourg, as clients appreciate this opportunity to diversify their investments in Western markets and to access even more varied services.

We continued to develop our family governance and inheritance services and prepared Family Constitutions for Lithuanian families seeking to preserve their accumulated capital and to ensure its continuity over generations.

Following the completion of the transaction between Invalda INVL and Šiaulių Bankas AB Group regarding the merger of retail businesses at the end of 2023, INVL Financial Advisors UAB FMĮ ceased to provide advisory and product sales services to retail clients related to pillar II and pillar III pension funds and life insurance. From the end of 2023, the focus is on providing services to clients who have accumulated significant capital.

A strong focus has been placed on the improvement and development of processes and systems, and we have put much effort to upgrade the clients' e-portal. Throughout the year, preparatory work was carried out for the establishment and launch of the company's branches in Latvia and Estonia.

We also continued our financial education initiatives, such as the Women's Club, the Youth Academy and the Investor Day. Together with ISM University, we introduced and implemented an educational programme for future heirs and for anyone interested in sustainable asset management. We believe that this programme will continue for many years and will be further developed. We have participated in various trainings, programmes and conferences.

In 2023, we focused on disseminating the information about the activities of INVL Family Office by giving presentations in Lithuania and abroad (Estonia), participating in radio broadcasts, and contributing to press articles.

Personnel management policy

As at 31 December 2023, the number of the actually working employees (excluding employees on parental leave) of INVL Financial Advisors UAB FMĮ was 35 (31 December 2022: 115). Due to the nature of the INVL Group's business, out of 35 employees, 18 are employed under a multi-employer contract (the main employer of 17 employees is INVL Asset Management UAB). Employees are provided with an opportunity to obtain a financial brokerage or equivalent licence related to their job functions. 67% of employees with INVL Financial Advisors UAB FMĮ as their main employer, i.e. 12 employees, have the financial broker or equivalent licence. Professional development of employees is conducted based upon the needs of employees and development of their mandatory competences. The data in the table below are for employees with INVL Financial Advisors UAB FMĮ as their main employer. . The Company has approved the policies with respect to employees whose professional activity and/or decisions made may have a significant impact on the Company's exposure to risks, including the Company's executive employees, members of managerial bodies, employees carrying out control functions (hereinafter jointly "risk-assuming employees") ("the Remuneration Policy") which meet the requirements of the Law on Markets in Financial Instruments of the Republic of Lithuania and other legal acts. As at 31 December 2023, the number of risk-assuming employees, other than those who work 100%, was 18.

The Remuneration Policy is submitted to the Company's Board for approval. Services of external advisers were not used in preparing the Remuneration Policy, there is no contribution from stakeholders. Considering the size of the Company, organisational structure and profile, scope and complexity of activities, the remuneration committee is not formed at the Company. The amount of a monthly service pay to the Chief Executive Officer is set by the decision of the Company's Board, and to all other employees – by the decision of the Chief Executive Officer in accordance with the requirements applicable to the job position as well as the nature of work, qualification and skills of the employee, his/her experience and personal performance. The monthly salaries set for all the Company's employees are set out in employment contracts between the Company and the employee.

The employee's fixed remuneration consists of a monthly service pay, employer's taxes and additional benefits that are allocated to the employee irrespective of his/her performance and paid to all employees who meet the criteria established in accordance with the procedure set at the Company (e.g. pension contributions to voluntary pension funds). In addition to a monthly service pay or remuneration received in other form, an incentive may be paid, i.e. a bonus which is subject to the same procedure which is applied to the variable remuneration part. This procedure is set in the legislation regulating the activities of asset management. The bonus is allocated depending on the fulfilment of the Company's annual business plan and/or budget, fulfilment of annual targets set for the employee's division and/or team and fulfilment of the employee's individual plans and tasks indicated in the employee's individual performance assessment plan. A monthly service pay is established in a manner to ensure proper proportions of a monthly service pay and bonus. A monthly service pay represents a relatively large portion of the employee's overall remuneration thus enabling the Company to implement flexible promotional policies.

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

- The portion equal to 60% of the bonus is paid as a lump sum in accordance with the procedure and within the time limits set in the order of the Company's Chief Executive Officer;
- The remaining portion of the bonus (i.e. the remaining 40%) is paid within three years in accordance with the pro rata principle, i.e. the deferred part of the bonus shall be distributed proportionately throughout the deferral period; the payment is not made earlier than one year after the end of the employee's performance assessment. In individual cases the competent body of the Company, which makes a decision on the allocation of the bonus, has the right to decide on a longer deferral period (usually not longer than five years), considering the business cycle of the Company, the type and scope of its activities, risks assumed by the employee and results of activities as well as other important circumstances.

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

The bonus, including a deferred part thereof, can be allocated and/or paid to the employee only if the Company's financial position is sustainable, considering the results of operations of the Company and/or the Company's unit and only in case the results of the employee's annual individual performance assessment are positive. The bonus is allocated without exceeding the Company's annual remuneration pool, subject to the Company's assessment of its performance results and taking into account current and future risks, the cost of capital employed and the cost of maintaining liquidity. In all cases, the estimated fund for bonus payments shall not limit the Company's ability to strengthen its capital base. The principles and models for calculating bonuses are designed to align with the long-term interests of the Company's continuing operations, business strategy, objectives, values, and to promote sound and effective risk management, to prevent conflicts of interest and to ensure that employees are not encouraged to assume unacceptably high risks, and to ensure the principles of investor and client protection while providing services. The individual performance assessment of the employee also takes into consideration non-financial criteria, such as compliance with the Company's internal rules and procedures, communication with customers and investors, observance of rules and professional development, etc. Employees cannot be directly encouraged to sell specific products, to achieve pre-determined turnovers in exchange for a guaranteed bonus. The bonus amount for the Family Office Financial Advisor Team is based on at least three to five years of performance appraisals. If the results of the Company's financial activities of a respective year are negative or the Company fails to achieve the business objectives set, the Company's Chief Executive Officer has the right to make a decision not to pay the bonus or a part thereof, to defer payment or to reduce the amount of the bonus allocated earlier as well as reduce the payment of such amounts previously earned by defining in advance the period of such non-payment, deferral or reduction.

The bonus is usually paid in cash. Following the proportionality principle, the Company does not apply the requirement to pay a certain part of the bonus in financial instruments. However, if such a possibility is offered by the Company and the employee makes

such a request, the bonus may be replaced with other incentive measures – granting financial instruments or their equivalents (share options, payments into a private pension fund). The abovementioned deferral is also applied when an employee is awarded other incentive measures than a bonus payment in cash.

In 2023 and 2022, no redundancy payments were made to risk-assuming employees.

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

The distribution of remuneration paid and deferred remuneration in 2023 (only for those employees for whom the Company was the main employer in 2023) is presented below (EUR):

	Number of employees during 2023	Gross wage in 2023, EUR		Remaining allocated variable remuneration, EUR	
		Fixed remuneration	Variable remuneration*	Total	Whereof share-based financial instruments
Company's risk-assuming employees, together with management	9	594,113	280,366	340,595	166,877
Employees	9	220,845	8,545	1,408	-
Total:	18	814,958	288,911	342,003	166,877

* For the purpose of information disclosure, meets the definition of the bonus, as described above, and comprises the part of bonus allocated for the previous year, which was paid/due in the financial year

** The allocation of remuneration paid to management and deferred remuneration cannot be disclosed because remuneration was paid to only one member of management

The remaining allocated deferred variable remuneration (bonus) in the table above comprises the entire allocated part of remuneration which was not paid by 31 December 2023. Based on the Company's variable remuneration policy, part of this remuneration was recognised as the Company's costs and liabilities or share-based payment reserve before 31 December 2023. The part of variable remuneration (bonus) calculated for the year 2023 but which will be allocated only after the issue of the financial statements, is not included in the amounts in the table above. More details are provided in Notes 15 and 16 of the financial statements.

The part of variable remuneration for 2022 was allocated in 2023. Reduction of the deferred variable remuneration, by adjusting according to performance results, was not applied during the reporting period.

Variable remuneration (bonuses) is broken down into cash payments and share-based financial instruments.

In 2023, no redundancy payments were made to risk-assuming employees.

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

The main risks to which the Company is exposed are credit, operational, liquidity and market risks. The latter includes interest rate and foreign exchange risks.

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

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

Liquidity risk. It is a risk of failure to fulfil the Company's payment obligations in a timely manner. The Company's policy is to maintain sufficient cash and cash equivalents or have available funding to meet its commitments at a given date in accordance with its plans.

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

Exposure to financial risk and its management objectives

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

Analysis of financial and non-financial performance

The Company's share capital was increased on 19 December 2023 by EUR 250 thousand. In 2023, the Company's revenue increased by 63% compared to 2022. The increase in revenue was mainly due to an increase in commission income, as a result of an increase in managed assets from clients attracted by the Company. Tier Family Office client fee has also increased significantly. The Company incurred a loss of EUR 312 thousand for the year 2023 due to an increase in the Company's costs related to the Retail Product Sales Unit and the establishment of branches in Latvia and Estonia. The Retail Product Sales Unit was transferred to Šiaulių Bankas Group on 1 December 2023 as part of the retail asset management business combination transaction concluded between INVL Group and Šiaulių Bankas Group.

The environment and climate change action

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

During the reporting period, the Company had no significant environmental projects. However, the Company has set up a steering group aiming at identifying possible directions to contribute to the implementation of positive environmental and social welfare changes in the Company. The Company is improving its processes and regularly reviews opportunities to consider and pursue specific climate change targets.

Fight against corruption and bribery

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

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

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

The data presented in the annual financial statements are sufficient, complete, and therefore do not require additional explanations.

Information on acquired shares

The Company does not have and has not acquired own shares during the reporting period.

The Company's operation plans and prospects

The Company's main objective remains to ensure successful service for existing customers. In 2024, the Company will continue to take care of its clients' investments, broaden the range of products and services, and expand its network of partners, including client investments outside its home region. The Company believes that clients choose it because it puts their interests first, offering clear and objective expert solutions that meet their needs and objectives, along with a full range of high-quality investment products and services. And it does this flexibly, simply, and conveniently.

The Company is prepared to further strengthen its team, attract new clients and partners.

INVL Family Office branches are planned to be launched in Latvia and Estonia in 2024.

As before, the Company will continue to focus on the development of processes and systems.

The goal is for the Company to become a leader in Family Office services in Lithuania and one of the leaders in the region.

Other required disclosures

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

Significant events after the end of the financial year

There were no significant events after the end-date of the financial year.

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

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



Asta Jovaišienė – Company's Chief Executive Officer and Board Member

Main workplace – INVL Financial Advisors UAB FMĮ (company code: 304049332, address: Gynėjų St. 14, Vilnius), Chief Executive Officer.

Involvement in activities of other companies: IPAS INVL Asset Management (investment management joint-stock company, company code: 40003605043, address: Kronvalda bulvāris 3-3, Riga, Latvia) Member of the Supervisory Board; AS INVL atklātājs pensiju fonds (joint-stock company, company code: 40003377918, address: Kronvalda bulvāris 3-3, Riga, Latvia), Member of the Supervisory Board.



Andrej Cyba – Chairman of the Company's Board

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

Involvement in activities of other companies: INVL Financial Advisors UAB FMĮ (company code: 304049332, address: Gynėjų St. 14, Vilnius), Chairman of the Board; IPAS INVL Asset Management (investment management joint-stock company, company code: 40003605043, address: Kronvalda bulvāris 3-3, Riga, Latvia) and AS INVL atklātājs pensiju fonds (joint-stock company, company code: 40003377918, address: Kronvalda bulvāris 3-3, Riga, Latvia), Chairman of the Supervisory Board; AB Vilkyškių Pieninė (company code: 277160980, address: Prano Lukošaičio St. 14, Vilkyškiai); AB AUGA group (company code: 126264360, address: Konstitucijos Ave. 21C, Vilnius), Member of the Board and Chairman of the Audit Committee; UAB PEF GP1 (company code: 302582709, address: Maironio St. 11, Vilnius), UAB PEF GP2 (company code: 302582716, address: Maironio St. 11, Vilnius) and UAB Piola (company code: 120974916, address: Mindaugo St. 16-52, Vilnius), Chief Executive Officer; UAB Ymmalu (company code: 305765142, address: Šaltinių St. 24-10, Vilnius), Chief Executive Officer; UAB LAMA Capital (company code: 306178639, address: Šaltinių St. 24-10, Vilnius), Chief Executive Officer.



Paulius Žurauskas – Member of the Company's Board

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

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

Acting Chief Executive Officer Rūta Gadeliauskaitė

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023	2022
Sales	4	4,071,317	2,495,343
Selling expenses	5	(152,956)	(108,675)
Gross profit		3,918,361	2,386,668
Other operating income		16,891	9,975
Operating expenses	7	(4,246,616)	(2,679,849)
Finance income (costs)	6	(41,191)	(4,036)
Result of revaluation of financial assets		12,086	(15,846)
Profit (loss) before income tax		(340,469)	(303,088)
Income tax (expenses) income	8	(2,904)	14,723
Net profit (loss) attributable to the Company's shareholders		(343,373)	(288,365)
Other comprehensive income		-	-
Total comprehensive income (expenses) for the year attributable to the Company's shareholders		(343,373)	(288,365)

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

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

Acting Chief Executive
Officer

Rūta Gadeliauskaitė

30 March 2024

Chief Accountant

Birutė Bagdanavičienė

30 March 2024

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets	9	22,996	-
Property, plant, and equipment	9	21,708	4,629
Right-of-use assets	17	238,530	256,928
Financial assets measured at fair value	3.4., 10	110,409	98,323
Deferred tax assets	8	89,105	72,466
Total non-current assets		482,748	432,346
Trade and other receivables	11	1,498,353	705,742
Assets from contracts with customers	11	181,103	60,174
Overpaid income tax		63,648	1,034
Prepayments	12	44,692	8,900
Cash and cash equivalents	13	153,346	576,783
Assets related to business held for sale	18	-	462,249
Total current assets		1,941,142	1,814,882
TOTAL ASSETS		2,423,890	2,247,228
EQUITY AND LIABILITIES			
Share capital	14	1,500,000	1,250,000
Reserves	15	117,420	169,566
Retained earnings (loss)		(462,172)	(288,365)
Total equity		1,155,248	1,131,201
Amounts payable and liabilities			
Amounts payable after one year and non-current liabilities			
Non-current portion of lease liabilities	17	187,301	184,439
Payables related to employment relations	16	142,603	135,397
Total amounts payable after one year and non-current liabilities		329,904	319,836
Trade and other payables	16	294,456	87,378
Payables related to employment relations	16, 3.19	583,752	441,704
Current portion of lease liabilities	17	60,530	80,385
Income tax liabilities		-	-
Liabilities related to business held for sale	18	-	186,724
Total amounts payable within one year and current liabilities		938,738	796,191
TOTAL EQUITY AND LIABILITIES		2,423,890	2,247,228
Acting Chief Executive Officer	Rūta Gadeliauskaitė	_____	30 March 2024
Chief Accountant	Birutė Bagdanavičienė	_____	30 March 2024

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves			Retained earnings (loss)	Total
		Reserve for share-based payments	Fair value reserve	Legal reserve		
Balance as at 31 December 2021	250,000	406,166	-	25,000	209,241	890,407
Net profit/(loss) for the year	-	-	-	-	(288,365)	(288,365)
Increase / decrease of share capital	1,000,000	-	-	-	-	1,000,000
Share-based payments (Note 15)	-	29,159	-	-	-	29,159
Changes in reserves (Note 15)		(290,759)			290,759	-
Dividends paid	-	-	-	-	(500,000)	(500,000)
Balance as at 31 December 2022 (Note 19)	1,250,000	144,566	-	25,000	(288,365)	1,131,201
Net profit/(loss) for the year	-	-	-	-	(343,373)	(343,373)
Increase / decrease of share capital	250,000	-	-	-	-	250,000
Share-based payments (Note 15)	-	117,420	-	-	-	117,420
Changes in reserves (Note 15)	-	(144,566)	-	-	144,566	-
Legal reserve				(25,000)	25,000	-
Balance as at 31 December 2023 (Note 19)	1,500,000	117,420	-	-	(462,172)	1,155,248

Acting Chief Executive Officer

Rūta Gadeliauskaitė

30 March 2024

Chief Accountant

Birutė Bagdanavičienė

30 March 2024

STATEMENT OF CASH FLOWS

	2023	2022
Cash flows from operating activities		
Net profit/(loss) for the year	(343,373)	(288,365)
Adjustments for non-cash items:		
Depreciation and amortisation	83,845	32,563
Interest expense	10,005	3,270
Deferred taxes	(1,552)	(37,577)
Income tax expenses	4,456	22,302
Share-based payments expenses (Note 15)	58,313	29,158
Expenses of bonuses (Note 16)	709,509	415,087
(Increase) decrease in financial assets	(12,086)	15,846
Gain (loss) on write-down of non-current assets	(1,985)	-
	507,132	192,284
Changes in working capital:		
Decrease (increase) in trade and other receivables	(734,277)	(421,903)
Decrease (increase) in assets from contracts with customers	245,046	(417,277)
Increase (decrease) in employment related liabilities	(493,478)	(8,295)
Increase (decrease) in trade debts	207,078	(7,342)
Increase (decrease) in prepayments	(35,792)	(4,362)
Income tax paid	(44,217)	(87,878)
Net cash flows from operating activities	(348,508)	(754,773)
Cash flows from investing activities		
(Purchase) of non-current assets	(45,837)	(1,041)
Disposal of non-current assets	2,997	-
Liabilities transferred under business transfer agreement (Note 18)	(194,394)	-
Net cash flows from investing activities	(237,234)	(1,041)
Cash flows from financing activities		
Cash received for establishing share capital	250,000	1,000,000
Payments of lease liabilities	(77,690)	(30,557)
Interest payments	(10,005)	(3,269)
Dividends paid	-	(500,000)
Net cash flows from financing activities	162,305	466,174
Net increase (decrease) in cash flows	(423,437)	(289,640)
Cash and cash equivalents at the beginning of the period	576,783	866,423
Cash and cash equivalents at the end of the period	153,346	576,783
Acting Chief Executive Officer Rūta Gadelauskaitė	_____	30 March 2024
Chief Accountant Birutė Bagdanavičienė	_____	30 March 2024

NOTES TO THE FINANCIAL STATEMENTS

1. General information

INVL Financial Advisors UAB FMĮ (INVL Finasta UAB FMĮ until 30 May 2022) ("the Company") is a private limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

Gynėjų St. 14,
Vilnius, 01109
Lithuania.

In 2023, the Company established branches in Latvia and Estonia. The branch in Latvia was registered on 19 September 2023 with the address: Elizabetes iela 10B-1. The branch in Estonia was registered on 7 October 2023 with the address: Tallinn, Maakri tn 23a. The branches will provide investment services. In January 2024, the Latvian branch received authorisation from the Latvian Financial Market Supervisory Authority to provide investment services in Latvia.

As at 31 December 2023, the controlling shareholder of the Company was Invalda INVL AB. As at 31 December 2023, the Company's authorised share capital totalled EUR 1,500,000 and it was divided into 15,000 ordinary registered shares with par value of EUR 100 each. The shares were issued, registered and fully paid.

As at 31 December 2023, the Company had 35 (31 December 2022: 115) employees.

INVL Financial Advisors UAB FMĮ operates under a Category B financial brokerage firm licence issued by the Board of the Bank of Lithuania on 30 November 2015. Licence No. B110.

Category B licence conveys the right to provide the following investment services:

- Acceptance and transfer of orders on securities;
- Execution of orders or transfer of securities at the expense of clients;
- Management of financial instruments portfolios;
- Investing consultancy;
- Distribution of financial instruments without undertaking to distribute them.

Also, to provide the following ancillary services:

- Safekeeping, administration and management of financial instruments on the clients' behalf, including safekeeping of assets and other related services, such as management of cash or collateral;
- Granting of credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- Foreign exchange services where these are connected to the provision of investment services;
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
- Services related to underwriting.

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

2. Going concern basis

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

3. Material accounting policies

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

3.1. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared on a going concern basis, consistently applying the principles of IFRS Accounting Standards as adopted by the European Union (IFRS), effective as at 31 December 2023.

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

Adoption of new and/or changed IFRSs and IFRIC interpretations

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

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

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

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

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

Presentation currency

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

3.2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

Computer hardware and office equipment | 3–6 years

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 profit or loss in the year in which the asset is derecognised.

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

Costs associated with the acquisition of new computer software are capitalised and recognised as intangible assets, provided that such costs are not associated with computer hardware. Computer software is amortised over a period of 3 years.

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

Depreciation/amortisation periods and methods and the carrying amounts of assets are reviewed at the end of each financial year.

3.3. INVESTMENTS AND OTHER FINANCIAL ASSETS

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

Trade and other receivables

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

Assets from contracts with customers

The Company's assets from contracts with customers consist of accrued revenue from existing contracts with the Company's customers that have not yet been invoiced for payment.

Financial assets measured at fair value through profit or loss

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

3.4. IMPAIRMENT OF FINANCIAL ASSETS

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

3.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position and in the statement of cash flows comprise cash at bank.

3.6. FINANCIAL LIABILITIES

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

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

Trade payables

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

3.7. SHARE CAPITAL

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

3.8. LEASES

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

The Company as a lessee

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

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

Lease payments are discounted using the lessee's incremental borrowing rate. It is the interest rate that the lessee would be required to pay for its debt obligations necessary to acquire right-of-use assets in a similar economic environment and on similar terms and guarantees, as specified in the lease agreement. As the Company does not have any loans, it uses data provided by the Bank of Lithuania on average interest rates for loans of similar duration.

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

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

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

3.9. REVENUE RECOGNITION

The Company's main types of income are commission income on transactions and fund distribution income.

Commission income on transactions and safekeeping of securities

Commission income on transactions includes commission fees on transactions implemented on behalf of the Company's clients and currency conversion income. Income from safekeeping of securities is commission income from the safekeeping of the Company's clients' securities in the Company's securities account. Commission fee income on transactions and currency conversion income is recognised as income as soon as the Company provides the transaction execution/currency conversion service and safekeeping income is recognised over the period during which the Company provides the safekeeping service.

Commission income from fund managers

The Company earns commission income from fund managers for services provided to the Company's clients who have invested in the products of these fund managers, including the preparation and submission of periodic reports to clients, ensuring ongoing communication between the management company and the investors, the maintenance of the investor list, the collection and transfer of investor funds, and other services. The income is calculated on the value of the assets that the Company's clients have invested in the products of the management company and is recognised over the period of the investments of the Company's clients in the fund managers' product.

Commission income on client assets under management

The Company receives income from its clients for its Family Office client services, which include the preparation of the client's financial/investment strategy, investment recommendations, product and service analysis, representation of the client in dealings with third-party product providers, and other services related to the management of the client's financial/investment assets.

Distribution income

The Company earns a distribution fee from fund managers for distributing new or existing funds to its clients. The distribution of pension funds, investment funds and investment funds for informed investors is a distinct service provided to fund managers, which includes organising product delivery, ensuring product suitability, 'know your customer' procedures, providing all necessary information to investors, contract conclusion, and other distribution services. This service is performed when the customer purchases fund units, thus distribution income is recognised immediately upon transfer of funds by the client and upon issue of fund units.

Interest income

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

3.10. INCOME TAX

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

As of 1 January 2010, the standard corporate income tax rate in Lithuania is 15%.

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

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

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

3.11. EMPLOYEE BENEFITS

Social security contributions

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

Termination benefits

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

3.12. BONUSES

After the end of the year, achievements of all of the Company's employees of the previous year are assessed and, if a bonus is intended to be allocated, amounts of the part are determined for each employee based on the performance for the previous year. Bonuses are awarded and paid following approval of the Company's audited annual financial statements. In accordance with the Company's practice, unless otherwise stated, the Company's employees have the possibility to choose the incentive method (bonus, transfer to pillar III pension fund or acquisition of share options of the parent company Invalda INVL). To the Company's employees who make decisions related to risk management, 60% of the bonus is paid once awarded and the remaining 40% part is paid in equal amounts in three (in certain cases within five) years after the bonus has been awarded. The same principle is applied for alternative incentive measures. Based on the Company's internal procedures, if these employees leave the Company before the term of the bonus payment, the outstanding part of the bonus is not paid.

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

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

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

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

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

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

- including the impact of market performance vesting conditions;

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

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

3.13. PROVISIONS

Provisions are recognised only when the Company has a legal obligation or irrevocable commitment as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that the amount of provision will be compensated in part or in full, e.g. by insurance, compensation to be received is recorded as a separate asset, but only when it is virtually certain. Expenses related to provisions are recorded in profit or loss, net of compensation receivable. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax rate set based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs. No provisions were formed in previous reporting periods.

3.14. CONTINGENT LIABILITIES AND ASSETS

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

Contingent assets are not recognised in the financial statements, but are disclosed when resources providing economic benefits are probable.

3.15. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

- the contractual rights to the cash flows of the financial asset expire; or
- substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is settled, cancelled or expired.

When an existing financial liability to the same creditor is replaced by another liability with substantially different terms, or the terms of an existing liability are substantially modified, such modifications are recognised by derecognising the existing liability and recognising a new liability, with the difference between the two recognised in profit or loss.

Offsetting

Financial assets and liabilities may be offset and presented at net amount in the statement of financial position if there is a legal right to set off the recognised amounts and an intention to settle on a net basis, or to sell the asset and settle the liability simultaneously.

3.16. SUBSEQUENT EVENTS

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

3.17. ASSETS AND LIABILITIES HELD FOR SALE

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

3.18. ALLOCATION OF COSTS BY TYPE IN THE STATEMENT OF PROFIT OR LOSS

In the statement of profit or loss, the Company recognises in selling expenses only costs directly attributable to the generation of revenue in respect of third parties. The Company classifies all costs incurred in the conduct of its business, including costs incurred to attract new customers, as operating expenses, as the Company's activities are related to the distribution of investment products (funds, portfolio services).

3.19. ESTIMATES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards, as adopted by the EU, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to determining the impairment of amounts receivable and expected credit losses, share-based payment schemes, and recognition and measurement of lease liability and right-of-use assets.

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

Bonuses

The Company's employees have the possibility to choose the incentive method (bonus, contribution to pension funds or acquisition of share options of the parent company Invalda INVL AB). As described in more details in Note 3.13, in accordance with IFRS 2, this arrangement with employees is accounted for as a compound instrument comprising debt and equity part. When determining the period of service provision and recognising costs proportionately over the set period of service provision, the Company uses an accounting estimate. Also, the equity part of bonus is paid through derivative financial instruments – share options. These instruments are stated at the fair value of the option at the time of granting the instrument. The fair value calculation method is a significant accounting estimate. The fair value of these instruments is accounted for using the Black-Scholes method for pricing of options. All main inputs, except for volatility, are observable market data (the price of shares of the parent company and risk-free interest rate). Share price volatility is calculated based on market data on historical change in share price. More details on calculation principles and inputs are provided in Note 15.

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

The Company leases premises in Vilnius and Klaipėda. In calculating the lease liability and right-of-use assets, the Company applied the contractual interest rate because it was able to calculate the fair value of the leased asset at the beginning of the lease term and at the end of the lease term using the lessor's fair value estimates. The fair value of the leased premises and the derived interest rate is the accounting estimate.

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

3.20. SIGNIFICANT JUDGEMENTS AFFECTING THE FINANCIAL STATEMENTS

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

The period of recognition of distribution income (refer to Note 3.9)

When the Company distributes funds managed by fund managers to its retail clients, it applies judgement on whether the distribution of fund units is a distinct service, which takes place when the client purchases fund units, or whether it forms part of the services provided to clients who have invested in funds managed by fund managers throughout the entire investment period. As the Company is required to take specific actions in relation to its customers for them to be able to invest in a particular fund, the Company has made a judgement that those actions constitute a distinct service performed in relation to the Company's customers, for which the fund managers pay the distribution fee or a portion thereof to the Company, and, as a consequence, the distribution fee is recognised as revenue as soon as the distribution service has been rendered.

Assets and liabilities held for sale related to retail products distribution activities

According to the judgement of the Company's management, the retail product distribution business held for sale (see Note 18) is not a discontinued operation as defined in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Management made this judgement in the context of its consideration of whether the business held for sale meets the definition of a discontinued operation. In management's assessment, the business held for sale does not meet the definition of a discontinued operation because:

- the business held for sale is not a separate material part of the business, as the Company's shareholders treat the retail and alternative product distribution activities as a single business serving different client segments.

4. Sales

	2023	2022
<i>Revenue recognised over time</i>	2,308,078	1,204,517
Commission income on safekeeping of securities	143,974	80,997
Commission income from fund managers and on client assets under management	2,164,104	1,123,520
<i>Revenue recognised at a point in time</i>	1,763,239	1,290,826
Commission income on transactions	118,739	142,084
Income from distribution of investment and pension funds, CIUII	1,644,500	1,148,742
	4,071,317	2,495,343

5. Selling expenses

	2023	2022
Expenses from commission on transactions	152,956	108,675
	152,956	108,675

6. Finance income and costs

	2023	2022
Interest income (overnight deposits)	89	-
Interest expense on lease liabilities	(10,005)	(3,269)
Currency exchange gain	12	-
Currency exchange loss	(4)	(767)
Discounting effect of amounts receivable	(31,283)	-
	(41,191)	(4,036)

7. Operating expenses

	2023	2022
Wages and salaries and related expenses	2,541,227	1,693,580
Expenses of bonuses	819,968	444,245
IT support and development expenses	69,551	66,484
Maintenance of motor vehicles	73,603	38,751
Rent of premises and utility services	94,922	45,941
Advertising and similar expenses	5,694	8,873
Budget taxes, except income tax	125,793	64,093
Communication expenses	4,838	4,156
Depreciation and amortisation	83,845	32,563
Legal services	18,060	47,709
Staff development expenses	18,690	43,977
Business trips	29,598	7,272
Audit expenses	23,800	23,800
Other expenses	337,027	158,405
	4,246,616	2,679,849

Services provided by the auditors to the Company are presented below:

	2023	2022
Expenses of audit of the financial statements under the agreements	23,800	23,800
Expenses of assurance and other related services	-	-
Expenses of tax advisory	-	-
Expenses of other services	-	-
Total	23,800	23,800

8. Income tax

Income tax expenses:

	2023	2022
Components of income tax (expenses) income:		
Income tax expenses for the current period	(4,456)	(22,854)
Changes in deferred tax	1,552	37,577
Income tax (expenses)/income recognised in profit or loss	(2,904)	14,723

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

	2023	2022
Deferred tax assets		
Tax losses carried forward for indefinite period related to operating activities	-	-
Social security on accrued vacation	246	653
Bonuses	83,241	70,628
Lease liabilities	12,751	39,724
Discounting effect of amounts receivable	4,692	-
Deferred income tax assets	100,930	111,005
Less: not recognised deferred tax assets	-	-
Deferred tax assets, net	100,930	111,005
Deferred tax liability		
Right-of-use assets	11,825	38,539
Deferred tax liability	11,825	38,539
Deferred tax, net	89,105	72,466

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

	2023	2022
Deferred tax, net, at the beginning of the period	72,466	49,976
Change in deferred income tax recognised in profit or loss	1,552	37,577
Transfer of deferred tax assets to assets related to business held for sale	15,087	(15,087)
Deferred tax, net, at the end of the period	89,105	72,466

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

	2023	2022
Profit (loss) before income tax	(340,469)	(303,088)
Income tax calculated at a rate of 15%	51,070	45,463
Expenses (not deductible) for tax purposes	(53,974)	(30,741)
Support	-	-
Income tax expenses recognised in profit or loss	(2,904)	14,722

9. Property, plant and equipment and intangible assets

2023	Computer hardware and office equipment	Software
Acquisition cost		
Balance at the beginning of the year	18,525	-
Additions	22,841	22,996
Write-offs	(2,997)	-
Balance at the end of the year	38,369	22,996
Accumulated depreciation/amortisation		
Balance at the beginning of the year	13,896	-
Charge for the year	2,765	-
Balance at the end of the year	16,661	-
Carrying amount at the end of the year	21,708	22,996

2022	Computer hardware and office equipment	Software
Acquisition cost		
Balance at the beginning of the year	17,484	-
Additions	1,041	-
Balance at the end of the year	18,525	-
Accumulated depreciation		
Balance at the beginning of the year	11,231	-
Charge for the year	2,665	-
Balance at the end of the year	13,896	-
Carrying amount at the end of the year	4,629	-

As at 31 December 2023 and 2022, the Company had no depreciated property, plant and equipment.

10. Financial assets measured at fair value

Financial assets measured at fair value comprised the following:

	31 December 2023	31 December 2022
Collective investment undertakings	110,409	98,323
Funds managed by SB Asset Management	110,409	98,323
	110,409	98,323

As at 31 December 2023, the Company's financial assets are classified as Level 2 fair value when all inputs are both directly and indirectly observable in markets. The price of collective investment undertakings is based on the announced net asset value of the funds at which units of the funds would be redeemed. SB Asset Management, UAB funds have been managed since 1 December 2023. Until then, the funds were managed by INVL Asset Management, UAB.

11. Trade and other receivables and assets from contracts with customers

	31 December 2023	31 December 2022
Trade receivables	1,498,353	705,742
Assets from contracts with customers	181,103	60,174
Trade and other receivables	1,679,456	765,916
Impairment of amounts receivable	-	-
Trade and other receivables, net	1,679,456	765,916

Part of the trade receivables are discounted because they are expected to be recovered after the contractual maturity. Recovery until 30 June 2024, discount rate 7%.

12. Prepayments and deferred costs

	31 December 2023	31 December 2022
Prepayments	32,061	7,184
Deferred costs	12,631	1,716
	44,692	8,900

13. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash balances in bank accounts	153,346	576,783
	153,346	576,783

The fair value of cash balances in bank accounts approximates their carrying amount.

14. Share capital

As at 31 December 2023, all shares were issued, registered and fully paid. In 2023, the share capital was increased once by EUR 250 thousand and amounted to EUR 1,500,000 at the end of the year. The management of the Company is constantly monitoring that the ratio of the shareholder's equity would not be less than 50% of its authorised share capital as required by the Lithuanian Law on Companies. As at 31 December 2023, the Company's shareholder's equity amounted to EUR 1,155,248 and accounted for 77% of the share capital. Capital adequacy ratio is disclosed in Note 19.

15. Reserves

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5% of net profit calculated in accordance with the Lithuanian regulatory legislation on accounting are required until the reserve reaches 10% of the authorised share capital. This reserve can be used only to cover losses. At the end of 2022, the Company's legal reserve amounted to EUR 25,000 and accounted for 2% of the share capital. The reserve was used in 2023 to cover losses for 2022.

Based on the arrangements described in Part 3.13 of the Material accounting policies, in May 2023 and in May 2022 the Company made an agreement with employees who chose to receive incentives in equity instruments (share options) on option conditions related to acquisition of shares of the Company's controlling shareholder INVL Invalda AB.

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

	2023	2022
The number of allocated share options at the beginning of the period	37,589	64,418
Allocated share options during the period	13,948	-
Exercised share options	(20,890)	(26,829)
The number of issued options at the end of the period	30,647	37,589
The number of options based on signed contracts to which employees are entitled	13,601	26,499
The number of options based on signed contracts to which employees are not yet entitled	17,046	11,090

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

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

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

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

	2023	2022
Amount of share-based payments reserve at the beginning of the period	144,566	406,166
Transfer of reserve to retained earnings in accordance with shareholder's decision	(144,566)	(290,759)
Transfer of bonus to share-based payments reserve (Note 16)	59,107	-
Share-based payment expenses	58,313	29,159
Amount of share-based payments reserve at the end of the period	117,420	144,566

Allocated part of share-based payments which has not yet been recognised in the item of share-based payments reserve is disclosed in Note 20.

Key inputs used in determining the fair value of options using the Black-Scholes method in 2023 are disclosed in the table below. The Company had no options in 2022.

	2023
Option grant-date	12/06/2023
Share price at the option grant-date	EUR 11.1
Risk-free interest rate, %	2.587%
Share volatility calculated using historical share price fluctuations	30.63%
Expected dividend rate	0%
Calculated fair value of share options at the grant-date	10.17

16. Trade payables, employment related and other amounts payable

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

	31 December 2023	31 December 2022
Remuneration-related liabilities	171,357	104,470
Bonuses	554,998	472,631
Trade payables	189,343	78,146
Other amounts payable	105,113	9,232
Total trade and other payables	1,020,811	664,479

For employees for which the payment of bonus is deferred, costs and liabilities are recognised over the period from the beginning of year for the results of which the bonus was allocated until the employee becomes irrevocably entitled to the bonus. The part of the incentive chosen by employees to be obtained in share options is transferred to share-based payments reserve when share options are allocated by choice of employees (see Note 15). The remaining portion of the bonus that has been calculated for the previous financial year but neither allocated nor expensed yet is disclosed in Note 20. In the statement of financial position, the entire employment-related non-current amount payable relates to a bonus that will be paid after more than one year as of the end of the reporting period.

Bonus movement is presented in a table below:

	2023	2022
Bonus at the beginning of the period	472,631	324,125
Transfer of bonus to share-based payments reserve (Note 15)	(59,107)	-
Payment of bonus	(620,181)	(165,999)
Accrual of bonus costs	761,655	415,087
Transfer of part of bonus to liabilities related to retail business held for sale	-	(100,582)
Bonus at the end of the period	554,998	472,631

17. Right-of-use assets and lease liabilities

The Company leases premises and car parking spaces in Vilnius under a lease agreement effective until March 2026. Due to the relocation of the retail business, the lease agreement in Klaipėda has been terminated from February 2024. To measure the value of lease liabilities, the Company uses the average market interest rate equal to 5.15%, as determined in 2023 after the lease modification (the Company used an average market interest rate of 4.39% in 2022). The table below discloses the movement of right-of-use assets and lease liabilities during 2023.

	2023	2022
Right-of-use assets at 1 January	256,928	83,407
Depreciation charges	(81,080)	(29,898)
New lease	162,080	194,412
Lease modification	(99,398)	9,007
Right-of-use assets at 31 December	238,530	256,928
Lease liabilities at 1 January	264,824	91,963
Calculated interest	10,005	3,270
Lease payments	(87,695)	(33,827)
New lease	162,080	194,412
Lease modification	(101,383)	9,007
Lease liabilities at 31 December	247,831	264,824

18. Assets and liabilities related to retail products distribution business that is held for sale

On 1 December 2023, based on the retail businesses merger agreement, the Company transferred its retail distribution business and related employees, systems, assets and liabilities to AB Šiaulių Bankas Group. The Company transferred employee-related liabilities amounting to EUR 194.4 thousand and transferred the same amount of cash, and transferred employee-related assets (computers). The transfer of assets planned last year, as disclosed in the comparative information for the previous year (see below), was not completed during the transaction. The transfer of assets planned last year mainly included accrued receivables and assets from contracts with customers from the related company INVL Asset Management UAB, which is also involved in the business combination. As these are amounts between related companies, it was agreed with the acquirer prior to closing the transaction that these assets (from the Company's side) and liabilities (from INVL Asset Management UAB side) are not transferred to the other party of the transaction.

As the transfer agreement was signed on 22 November 2022, the assets and liabilities directly attributable to the retail distribution business have been separated from the Company's other assets and liabilities and disclosed in the assets section of the statement of financial position as Assets related to retail business held for sale, and Liabilities related to retail business held for sale. The specification of these items of the statement of financial position is presented in the table below. The accounting policy for these items is set out in Note 3.18.

	31/12/2022
Trade and other receivables	81,187
Assets from contracts with customers	365,975
Deferred tax assets	15,087
Assets related to retail business held for sale	462,249
Payables related to employment relations (non-current portion)	4,515
Payables related to employment relations (current portion)	182,209
Liabilities related to retail business held for sale	186,724

19. Management of financial risks and capital

Credit risk

The Company applies measures to ensure on a continuous basis that transactions are concluded with credible parties and do not exceed the approved credit exposure limit. The Company does not issue guarantees to secure the fulfilment of obligations of other parties. The carrying amount of each item of financial assets represents the largest credit risk. Therefore, the Company's management considers that the maximum exposure is equal to the amount of trade and other receivables and cash at bank.

In the table below, credible transactions, i.e. good financial position, stable operations, contracts with no material irregularities, receivables secured by collateral are considered low risk; funds held with banks in EU countries whose parent banks have investment grade ratings are considered low risk; transactions with identified loss events and risk of non-repayment of the loan, and funds held with banks in other EU countries are considered higher risk. Unclassified risks are exposures without any credit risk assessment.

The table below and the other financial risk and capital management tables also include the assets and liabilities of business held for sale (under comparative information).

31 December 2023	Low risk (1-3)	Higher risk (4-5)	Unclassified	Total
Asset class				
Cash at banks	153,346	-	-	153,346
Trade and other receivables	1,498,353	-	-	1,498,353
Assets from contracts with customers	181,103	-	-	181,103
Total	1,832,802	-	-	1,832,802

31 December 2022	Low risk (1-3)	Higher risk (4-5)	Unclassified	Total
Asset class (including amounts classified as assets related to business held for sale)				
Cash at banks	576,783	-	-	576,783
Trade and other receivables	786,929	-	-	786,929
Assets from contracts with customers	426,149	-	-	426,149
Total	1,789,861	-	-	1,789,861

Operational risk

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

Liquidity risk

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

	31 December 2023	31 December 2022
Liquid assets		
Cash at bank (Note 12)	153,346	576,783
Trade and other receivables	1,498,353	705,742
Assets from contracts with customers	181,103	60,174
Liquid financial assets	110,409	98,323
Total liquid assets	1,943,211	1,441,022
Current liabilities	938,738	796,191
Liquidity ratio, %	207	181

Liquidity ratio for 2022 included assets and liabilities held for sale.

The table below shows undiscounted future payments:

Liabilities	Up to 1 month	2 to 3 months	4 to 12 months	2 to 5 years	Over 5 years	Total
31 December 2023						
Trade and other payables	-	189,343	-	-	-	189,343
Lease liabilities	4,545	6,829	51,533	188,779	-	251,686
Total	4,545	196,172	51,533	188,779	-	441,029

Liabilities	Up to 1 month	2 to 3 months	4 to 12 months	2 to 5 years	Over 5 years	Total
31 December 2022						
Trade and other payables	-	78,146	-	-	-	78,146
Lease liabilities	7,517	15,034	67,651	193,529	-	283,731
Total	7,517	93,180	67,651	193,529	-	361,877

Market risk

Market risk is defined as the risk that the Company will suffer losses due to the volatility of financial instruments resulting from changes of market variables (foreign currency rate, market interest rate, prices of securities). The Company has invested in a collective investment undertaking that invests in listed securities and has the objective of earning income from these investments in the long term (see Note 10). If the value of the investments in the collective investment undertaking as at 31 December 2023 were to decrease by 20%, the Company would incur a loss of EUR 22 thousand. The Company manages the risk of short-term fluctuations by limiting the gross amount of the investments. Before investing additional funds, the Company assesses the current and future own funds and liquidity ratios, and only then decides on increasing or reducing its investments.

Internal control

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

Capital adequacy

The Company's management monitors the capital adequacy ratio to ensure that it complies with the directly applicable provisions of Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and of other legal acts regulating capital and other prudential requirements for financial brokerage firms. The Company is obliged to keep its equity not less than 50% of its authorised share capital, as imposed by the Law on Companies of the Republic of Lithuania. For Category B financial brokerage firms, the capital adequacy ratio may not be less than 100%. According to the above Regulation, capital adequacy started to be calculated in 2021. This Regulation introduced certain amendments to the capital adequacy provisions which do not have a material impact on the final capital adequacy of the Company. As the Regulation changes the formula for the capital adequacy ratio, the minimum capital ratio shall equal 100%, whereas the minimum capital adequacy ratio was 8% under the rules in force before 2021.

The table below shows the calculation of the capital adequacy ratio already including the 2023 result (loss) as required by the capital adequacy legislation.

Capital adequacy calculation (in EUR thousand)	31 December 2023 (unaudited)	31 December 2022 (unaudited)
Tier I capital	1,066	1,044
Capital requirement	629	224
Capital adequacy ratio, %	169.50	466.07

20. Provisions, off-balance sheet commitments and contingencies

Specification of variable remuneration not recognised as costs (for more details, see Notes 15 and 16 and part 3.11 of Material accounting policies):

	31 December 2023	31 December 2022
Allocated for payment in share options	51,461	14,150
Allocated for payment in cash or contributions into pension funds	50,477	79,164
Calculated for the year but not yet allocated	149,934	140,887

Client assets under management	31 December 2023	31 December 2022
Clients' funds	4,364,566	3,654,583
Securities kept on behalf of clients	263,004,075	172,529,991
Total client assets under management	267,368,641	176,184,574

As at 31 December 2023, the Company was not involved in any litigation (either as plaintiff or defendant) and there was no evidence of any potential lawsuits or claims with a reasonable likelihood of an adverse outcome.

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

21. Related-party transactions

The parties are deemed to be related when one party has a power to exercise control over the other party or make significant influence on its financial and operation decisions.

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

2023	Payables	Receivables	Income	Expenses
INVL Asset Management UAB	-	1,108,295	2,359,198	49,302
Novian Technologies UAB	-	-	-	10,389
Invalda INVL AB	-	2,248	-	-
Mundus UAB	-	29,205	106,487	-
Novian Systems UAB	1,317	-	-	13,320
IPAS INVL Asset Management	-	-	44	-
INVL Life UADB	-	28	305,416	109,427
	1,317	1,139,776	2,771,145	182,438

2022	Payables	Receivables	Income	Expenses
INVL Asset Management UAB	35,960	760,658	1,393,682	163,464
Novian Technologies UAB	306	-	-	4,078
Invalda INVL AB	-	-	-	97,114
Mundus UAB	-	25,343	103,907	-
Novian Systems UAB	1,043	-	-	7,499
IPAS INVL Asset Management	-	-	36	-
INVL Life UADB	-	50,621	228,972	30,887
	37,309	836,622	1,726,597	303,042

The Company has also invested in the INVL Global Emerging Markets Bond Subfund managed by its related company INVL Asset Management UAB. As of 1 December 2023, the management of this fund has been transferred to SB Asset Management UAB. The total amount of the investment is disclosed in Note 10.

Terms and conditions of transactions with related parties

Year-end balances are not covered with insurance, do not bear interest and settlements are made in cash. There were no guarantees given or received in respect of the related-party payables and receivables.

Management's remuneration

The remuneration calculated to management in 2023, including related taxes, amounted to EUR 204,593 (2022: EUR 83,719).

22. Fair value of financial instruments

To determine the fair value of financial instruments, the Company uses the following techniques and assumptions:

Cash and cash equivalents. Cash, the fair value of which is its nominal value.

Financial assets measured at fair value. These investments were measured at fair value using Level 2 valuation techniques.

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

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable, willing parties in an arm's length transaction, excluding forced sale or liquidation. As the Company's financial assets and liabilities are not actively traded, fair value measurements are based on assumptions based on current economic conditions and the risks inherent in the particular instrument.

23. Dividends per share

On 31 March 2022, a decision was taken by the sole shareholder regarding the distribution of the Company's profit for 2021. The share of the profit allocated for the payment of dividends was EUR 500,000, i.e. EUR 109.77 per share of INVL Financial Advisors UAB FMĮ. No dividends were allocated for 2023.

2022

Amount of dividends	500,000
Weighted average of the number of shares	4,555
Dividends per share	109.77

24. Subsequent events

There are no material subsequent events that would require disclosure in or adjustments to these financials statements.