

# Independent Auditor's Report

To the Shareholders of AB Invalda INVL

## Report on the Audit of the Consolidated and Company's Financial Statements

### ■ Opinion

We have audited the separate financial statements of AB Invalda INVL ("the Company") and the consolidated financial statements of AB Invalda INVL and its subsidiaries ("the Group") contained in the file invaldainvl-2023-12-31-en.zip (ParsePort generated hashcode: Sp7Rzlg4fNO5bWo=). The consolidated and Company's financial statements comprise:

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

In our opinion, the accompanying consolidated and Company's financial statements give a true and fair view of the non-consolidated financial position of the Company and the consolidated financial position of the Group as at 31 December 2023, and of their non-consolidated and consolidated financial performance and their non-consolidated and consolidated cash flows for the year then ended in accordance with International Financial Reporting 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 Consolidated and Company's Financial Statements section of our report. We are independent of the Group and 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 consolidated and Company's financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and Company's 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.

### Valuation of unquoted investments carried at fair value

The carrying amount of the Group's and the Company's unquoted investments measured at fair value: EUR 114,552 thousand and EUR 106,694 thousand, respectively, as at 31 December 2023 (EUR 84,671 thousand and EUR 78,189 thousand, respectively, as at 31 December 2022).

See Notes 2.8, 2.10 and 2.11 for the relevant accounting policy and Note 12 to the financial statements for financial disclosures.

Key audit matter	How the matter was addressed in our audit
<p>The Group's and Company's investment portfolio comprises a number of unquoted investments carried at fair value. The fair value of the investments is determined by the Group's internal valuation team or external appraisers engaged by the Group as considered appropriate. A number of valuation techniques are used, including market and income approach.</p> <p>The application of the above-mentioned valuation techniques requires a significant degree of judgement and complex estimates, including, but not limited to, those in respect of discount rates, assumptions on investee future cash flows, terminal growth rate, equity and enterprise value multiples, liquidity and other discounts, as well as determination of comparable listed companies, and comparable transactions.</p>	<p>Our audit procedures in the area, performed with the assistance of our own valuation specialists, included, among others:</p> <ul style="list-style-type: none"> <li>▪ evaluating the design and implementation of the selected key internal controls over determining the fair value of unquoted investments, including the controls over the review and validation of valuation model assumptions and outcomes;</li> <li>▪ assessing the appropriateness of the valuation methods and models applied, against the requirements of the relevant financial reporting standards as well as against the methodologies commonly used in valuations of similar assets. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements;</li> <li>▪ for valuations using the income approach, evaluating the mathematical accuracy and integrity of the discounted cash flow model used, and challenging the key assumptions therein, by reference to our understanding of the investee's current operations and industry, and external market data. The key assumptions included those in respect of: sales, expenses, capital expenditures, values of excess assets and changes in net working capital.</li> </ul>

<p>Due to the above factors, we determined valuation of the investment portfolio to be associated with a significant estimation uncertainty and risk of a material misstatement in respect of the carrying amounts of the investments in the Group's and the Company's statements of financial position, and also in respect of the net change in fair value of financial instruments at fair value through profit or loss in their income statements.</p> <p>Accordingly, this area required our increased attention in the audit, and as such, we considered it to be our key audit matter.</p>	<p>For the above valuations, we also traced the forecast growth and discount rates, and the exit yield used, to publicly available market data and, where available, performed a retrospective review of budgeting forecasting accuracy;</p> <ul style="list-style-type: none"> <li>▪ for valuations using the market approach: <ul style="list-style-type: none"> <li>— assessing the suitability of the comparable companies used in the calculation of the equity and enterprise value multiples;</li> <li>— challenging the applicability and appropriateness of the adjustments made to equity and enterprise value multiples – by making inquiries of the persons responsible and inspecting information in publicly available market reports;</li> <li>— challenging the applied value adjustment due to discount for lack of marketability – by reference to the observable market transaction data;</li> </ul> </li> <li>▪ Evaluating the accuracy and completeness of the financial statement disclosures relating to the fair value determination of the investments against the relevant requirements of the financial reporting standards.</li> </ul>
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## Revenue recognition

In the year ended 31 December 2023, the Group's revenue amounted to EUR 16,960 thousand (2022: EUR 15,317 thousand), including revenue from the management of funds and closed-end investment companies, which also include success fees, in the amount of EUR 14,969 thousand (2022: EUR 13,918 thousand).

See Note 2.17 "Revenue recognition and costs to obtain contract with customers" and Note 4 "Segment information".

The key audit matter	How the matter was addressed in our audit
<p>The Group's primary revenue source relates to fees earned from funds and closed-end investment companies under management. The fees include management fees of funds and closed-end investment companies as well as success (performance) fees.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>— updating our understanding of the Group's process for recognition of management revenue, and evaluating the design and implementation of the selected key internal controls therein, including those over revenue recognition and calculation derived from the management of funds and closed-end investment companies;</li> <li>— critically assessing the Group's revenue recognition policy for compliance with relevant provisions of the financial reporting standards;</li> </ul>

Management fees are calculated by applying the fee rates as set out in respective rules of a fund and closed-end investment company to either the net assets value (NAV) of the fund and closed-end investment company, average weighted capitalisation or to the amount of the investors' commitment to invest into the fund and closed-end investment company. Success fees are generally calculated by applying the appropriate fee rate to the increase in the unit value of a given fund and closed-end investment company, as set out in the respective rules of the managed fund and closed-end investment company.

Success fee revenue is recognised at a point in time. Revenue from management of funds and closed-end investment companies is recognised over time as the services are being provided and the performance obligations satisfied. Significant judgement is required of the management when determining whether performance obligations are satisfied over time or at a point in time.

Significant audit judgement and effort was required due to subjectivity of the main assumptions applied in the revenue recognition process (including the nature and timing of satisfaction of the underlying performance obligations) and the magnitude of the revenue amounts. Accordingly, we have determined this area to be associated with a significant risk of material misstatement and identified it as a key audit matter.

- challenging the appropriateness of determination of performance obligations by reference to the rules of pension, investment funds and closed-end investment companies as well as the terms of the contracts with clients;
- assessing the accuracy of NAV used in management fees estimation by tracing NAV to historical financial information of the funds and closed-end investment companies or by performing audit procedures on assets and liabilities that NAV is derived from;
- evaluating the completeness and accuracy of the revenue recognised, as follows:
  - we assessed whether performance obligations are carried out at a point in time or over time by analysing the nature of the service and relevant contractual terms;
  - for revenue from management of funds and closed-end investment companies – we traced the fee rates used to those prescribed in the rules of funds and closed-end investment companies, and independently estimated annual revenue from management of funds and closed-end investment companies by applying those fee rates to the NAV of respective months, average weighted capitalisation of respective quarters, or to the amounts of the investors' commitment to invest into the fund and closed-end investment company, as considered appropriate;
  - for revenue from management of funds and closed-end investment companies – on a sample of revenue transactions we traced the amounts recognised to the payments received from the funds and closed-end investment companies;
- examining whether the Group's revenue recognition-related disclosures appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

## ■ Other Information

The other information comprises the information included in the consolidated annual management report, including Corporate Governance Statement, Remuneration Report, and Corporate Social Responsibility Report, but does not include the consolidated and Company's financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated and Company's 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 consolidated and Company's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and Company's 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 consolidated annual management report, including Corporate Governance Statement and Remuneration Report, for the financial year for which the consolidated and Company's financial statements are prepared is consistent with the consolidated and Company's financial statements and whether consolidated annual management report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the consolidated and Company's financial statements, in our opinion, in all material respects:

- The information given in the consolidated annual management report, including Corporate Governance Statement and Remuneration Report, for the financial year for which the consolidated and Company's financial statements are prepared is consistent with the consolidated and Company's financial statements; and
- The consolidated annual management report, including Corporate Governance Statement and Remuneration Report, has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report has been provided. If we identify that Corporate Social Responsibility Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

## ■ Responsibilities of Management and Those Charged with Governance for the Consolidated and Company's Financial Statements

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

In preparing the consolidated and Company's financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

## ■ Auditor's Responsibilities for the Audit of the Consolidated and Company's Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and Company's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 consolidated and Company's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Company's financial statements, including the disclosures, and whether the consolidated and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and Company's 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 14 October 2019 for the first time to audit the consolidated and Company's financial statements. Our appointment to audit the consolidated and 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 which we have submitted to the Group and the Company and their Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company and the Group 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 Group and the Company in the course of audit and disclosed in the consolidated and Company's financial statements, we have provided translation services of the financial statements of subsidiaries to the Group. In the course of audit, in addition to those mentioned, we have not provided any other services except for audit of the consolidated and Company's financial statements.

## ■ Report on the compliance of format of the consolidated and Company's financial statements with the Requirements for European Single Electronic Reporting Format

We have been engaged based on our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of the consolidated and Company's financial statements, including consolidated annual management report, for the year ended 31 December 2023 (the "Single Electronic Reporting Format of the consolidated and Company's financial statements").

### *Description of a subject and applicable criteria*

The Single Electronic Reporting Format of the consolidated and Company's financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated and Company's financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the consolidated and Company's financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

### *Responsibilities of management and those charged with governance*

The management of the Company is responsible for the application of the Single Electronic Reporting Format of the consolidated and Company's financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated and Company's financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

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



### *Our responsibility*

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated and Company's financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (the „ISAE 3000 (R)“). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated and Company's financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

### *Summary of the work performed*

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the consolidated and Company's financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated and Company's financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's use of XBRL markups selected from the ESEF taxonomy in the consolidated financial statements and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### *Conclusion*

In our opinion, the Single Electronic Reporting Format of the consolidated and Company's financial statements for the year ended 31 December 2023 complies, in all material respects, with the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor's report is Toma Jensen.

On behalf of KPMG Baltics, UAB

Toma Jensen  
Partner pp  
Certified Auditor

Vilnius, the Republic of Lithuania  
8 April 2024