NASDAQ CSD SE

(REGISTRATION NUMBER 40003242879)

2022 CONSOLIDATED ANNUAL REPORT

PREPARED IN ACCORDANCE WITH
THE LAW ON ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS OF THE REPUBLIC OF LATVIA
AND INDEPENDENT AUDITORS' REPORT*

Riga, 2023

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

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General information

Parent entity	Nasdaq CSD SE
Parent entity's legal form	European Company (Societas Europaea)
Parent entity's registration number, place and date	40003242879 Riga, 9 January 1995 Re-registration in the Commercial Register: 16 April 2004 with the unified registration number 40003242879
Registered office	Vaļņu iela 1 Riga, Latvia, LV-1050
Members of the Management Board	Indars Aščuks - Chairman of the Management Board Kristi Sisa - Deputy Chairman of the Management Board Dalia Jasulaityte - Member of the Management Board till 31.12.2022. Audrius Zakas - Member of the Management Board from 01.01.2023. Magnus Asgeirsson - Member of the Management Board
Members of the Council	Arminta Saladžiene - Chairman of the Council Pall Hardarson - Deputy Chairman of the Council Tomas Thyblad - Member of the Council till 18.02.2022. Ingvild Lexmark - Member of the Council from 19.02.2022. Urmas Kaarlep - Independent Member of the Council Darius Petrauskas - Independent Member of the Council Elmārs Prikšāns - Independent Member of the Council
Branches	Estonian branch of Nasdaq CSD SE Maakri 19/1, 10145 Tallinn, Estonia Lithuanian branch of Nasdaq CSD SE Konstitucijos ave. 29 LT-08105 Vilnius, Lithuania Icelandic branch of Nasdaq CSD SE Laugavegur 182 105 Reykjavík, Iceland
Subsidiary	AS Pensionikeskus Maakri 19/1 10145 Tallinn, Estonia
Financial year	1 January 2022 - 31 December 2022
Auditors	Dace Negulinere Sworn auditor of the Republic of Latvia Certificate Nr. 175 SIA „Ernst & Young Baltic” Muitas iela 1A, Riga Latvia, LV – 1010 Licence Nr.17

Management report

7 June 2023

Business profile

Nasdaq CSD SE (Societas Europaea) Group (hereinafter - "Nasdaq CSD" or "Group") acts as the regional Central Securities Depository in the Baltics and Iceland. Nasdaq CSD provides post-trade infrastructure and a wide range of securities services for Baltic and Icelandic market participants. The core business activity of the Nasdaq CSD comprises the accounting and safe custody of publicly issued securities, the settlement of securities and cash as well as the development and maintenance of registers required for the accounting for and safe custody of securities.

Financial operations of Nasdaq CSD during the reporting year

In 2022, the Nasdaq CSD earned a profit of EUR 4 631 292 (before tax), which is EUR 243 599 more than in 2021. Net profit margin was 24% (2021: 24%).

Nasdaq CSD revenue for 2022 amounted to EUR 16.01 million (2021: EUR 15.35 million). Services provided by Nasdaq CSD SE comprised 15% (2021 - 15%), Nasdaq CSD Estonian branch - 18% (2021 - 15%), Nasdaq CSD Lithuanian branch - 16% (2021 - 16%), Nasdaq CSD Icelandic branch - 44% (2021 - 41%) and subsidiary Pensionikeskus AS - 7% (2021 - 13%) of the Nasdaq CSD total revenue.

Information about the Estonian, Icelandic and Lithuanian branch

Nasdaq CSD SE was established in 2017 as a result of the cross-border merger of the three former Central Securities Depositories:

- Akciju sabiedrība "Latvijas Centrālais depozitārijs" in the Republic of Latvia;
- AS Eesti Väärtpaberikeskus in the Republic of Estonia and;
- Lietuvos centrinis vertybinių popierių depozitoriumas in the Republic of Lithuania.

In May 2020, Nasdaq CSD was authorized by the Latvian FSA to open and operate a branch in Iceland.

Nasdaq CSD SE acts as the Central Securities Depository (CSD) authorized by the Financial Capital Market Commission in Latvia to provide depository services under the CSD Regulation in Latvia and through its branches in Estonia, Iceland and Lithuania, and as the registrar of the Estonian Register of Securities through its Estonian branch.

Information about the subsidiary AS Pensionikeskus

In accordance with the requirements imposed by the government of Estonia and the related agreement reached with the Government institutions, the pension business was separated from Nasdaq CSD into a separate regulated entity. The business transfer was completed on 1 August 2017 and since that date, AS Pensionikeskus has been functioning as the official registrar of the pension register in Estonia. AS Pensionikeskus is providing the infrastructure for the Estonian securities market by storing the information on shares invested in the mandatory and voluntary pension funds in electronic format. Pensionikeskus stores and processes information on transactions related to investments in the pension funds, including information on changes in ownership, and others.

Main activities and developments in 2022

During 2022, the following strategic initiatives were the focus of Nasdaq CSD and its subsidiary:

- Settlement penalty regime,
- Customers e-Services portal development,
- Core CSD system enhancements,
- Expand service offering in Icelandic market,
- ISIN Automated Allocation service enhancements,
- LEI service expansion project,
- Investment fund services to Clearstream Clients,
- Website re-design project,
- T2S migration to ESMIG,
- SCORE and ECMS projects.

Settlement penalty regime

In February 2022, Nasdaq CSD team successfully launched changes related to the European CSD Regulation's Settlement Discipline Regime (CSDR SRD). The CSD implemented measures to prevent settlement fails, monitoring, reporting of settlement fails, cash penalties to users that cause settlement fails and other principles according to the Regulation.

Customer e-Services Portal development

Nasdaq CSD continued with the project to develop Customer e-Services Portal. Decision was made to proceed with the implementation phase throughout 2022. Requirements were specified for the base platform and the Corporate Actions module. Development works were started. First deliveries were received throughout the second half of the year and testing was initiated. Launch scheduled in 2023.

Core CSD system enhancements

During the year CSD team continued to further enhance the core CSD system via scheduled maintenance releases. Changes mainly relate to TARGET2-Securities feature updates and various functionality enhancements, e.g., in areas like account management, corporate action services, new functionalities related to specific instrument types, further automation, reporting enhancements and other.

Expand service offering in Icelandic market

During 2022, Nasdaq CSD continued to focus on expanding service offering in Icelandic market. New services were implemented during the year: Tax Reports service for equity issuers in Iceland for reporting to Tax Authorities and the service of Affiliation of Foreign Shares in Iceland, enabling foreign issuers to admit securities for trading on the local stock exchange.

ISIN Automated Allocation service enhancements

During first half of the year Nasdaq CSD carried out enhancements in relation to ISIN Automated Allocation service to benefit from further automation and service management optimizations.

LEI service expansion project

Nasdaq CSD initiated project implementation phase to expand the scope and value proposition of the LEI Services. The project target to expand jurisdictions to serve broader scope of clients, implement service offering to registration agents, enhance the users' interfaces and back-office system, add new functionalities, and other. Throughout the year the project team focused on related works, implementation will continue during 2023.

Investment fund services to Clearstream Clients

Scope of the Nasdaq CSD's and Clearstream Banking AG link arrangement services were expanded in 2022. Access to Investment fund services were added to the link set-up were foreign investors, clients of Clearstream, may access Investment funds recorded within Nasdaq CSD.

Website re-design project

Nasdaq CSD initiated a project to implement a new re-designed website. During the year, the project team focused on building requirements, approving designs, development, testing, work with English and local language texts. The new webpage with English language was launched in December 2022, implementation of local languages scheduled in January-February 2023.

T2S migration to ESMIG

The CSD continued with the implementation of TARGET Consolidation project. Adjusting the core CSD system and components related to TARGET systems integration were in focus. TARGET2-Securities migration to the new ESMIG gateway was successfully carried out in July. European Central bank announced postponement of TARGET2 migration to ESMIG gateway from November 2022 to March 2023, therefore the project team re-planned related activities respectively and continued with the implementation.

SCoRE and ECMS projects

Nasdaq CSD focused on assessing the impact of Single Collateral Management Rulebook for Europe (SCoRE) initiative and initiating the implementation activities. List of changes in Corporate Action services were identified and adaptation plan created. Related development works were started in 2022 and will continue in 2023.

Pension reform in Estonia

The subsidiary AS Pensionikeskus was focusing on the delivery of functionality within EPIS pension system, in line with the changes in the Compulsory Funded Pension Act applicable from 2020. Developments of new and changes to existing functionality were accomplished in four system releases throughout 2022.

Overview of key metrics

In 2022, Nasdaq CSD further developed and improved its business-critical IT systems, including four core CSD system releases, three releases of financial instrument holder and owner generation system ESIS, and number of Change requests or Hotfixes.

The statistics provided below cover all four Securities Settlement Systems (SSS) operated by Nasdaq CSD – Estonian, Icelandic, Latvian and Lithuanian.

The number of accounts has increased by 13% in the Baltic SSS, by 12% in Icelandic SSS and by 13% in total. At the end of 2022, the number of accounts at Nasdaq CSD was approaching 370 thousand, majority of them being beneficial owner accounts in the Estonian and Icelandic SSS.

The number of instruments registered with Nasdaq CSD at the end of 2022 was 8 212, out of which 83% were equities. Most of the Baltic instruments are T2S eligible. Icelandic instruments are not settled in T2S. Nasdaq CSD has number of foreign instruments registered in the Core CSD system where Nasdaq CSD acts as the Investor CSD in Clearstream Banking Luxembourg. The number of Baltic instruments decreased by 0.7% in 2022, while number of Icelandic instruments increased by 5.2%.

During 2022, Nasdaq CSD processed 4 837 corporate actions, 16% more than in 2021. Majority (44.5%) were related to the Estonian SSS instruments, 27.6% – Lithuanian SSS, 22.4% – Icelandic SSS, and 5.4% – Latvian SSS.

The value of assets kept under custody by Nasdaq CSD during 2022 decreased by 7.5% and at the end of 2022 was 70.7 billion EUR. Largest decrease in assets under custody was in equities and government debt, 10.4% and 5.2% respectively.

During 2022, Nasdaq CSD processed on average 435 thousand settlement instructions per month, 8.6 % more than in 2021. Increase in number of settlement instructions was associated with higher trading volumes on the stock exchanges and large number of IPOs in the Estonian and Icelandic SSS. Majority (56.5%) were Delivery versus Payments (DVP) of trades carried out on the stock exchanges, 17.7% – Free of Payments, 3.3% of OTC trades, and 22.4% – payments related to corporate actions. The value of DVP settlement instructions during 2022 was 57.5 billion EUR, 12.7% more than in 2021.

Estonian Funded Pension

At the end of 2022, the total number of mandatory (II pillar) and supplementary funded pension (III pillar) accounts was more than 853 thousand (825 thousand in the end of 2021). The total number of accounts of mandatory funded pension was more than 816 thousand, which is 28 thousand more than at the end of 2021. The number of investors of the supplementary funded pension was 185 thousand which is 14 thousand investors more than at the end of 2021.

At the end of 2022, the total value of the mandatory funded pension funds was 4 billion EUR, which is 9,73 % lower than at the end of 2021. The main reason for the change is still the Estonian mandatory funded pension reform that was rolled out at the beginning of 2021. People that had savings in the II pillar got the right to leave the II pillar. More than 32 thousand of people decided to use this right in 2022. People leaving II pillar would be allowed to re-join in 10 years and therefore their pension accounts remained in registry open and active. Also, with the pension reform the right to take the II pillar savings out as a lump sum pension payment was given to people in pension age or who have less than 5 years until pension age (65 years). More than 8 thousand people used the right during the year 2022.

The volumes of the supplementary funded pension increased by 9,8% from 387.8 million EUR to 425.8 million EUR by the end of 2022.

The EPI index that measures the average rate of return of the funded pension funds decreased by 8.56% from 224.14 to 204.96 by end of 2022.

There were no changes in the list of account managers of the pension register.
During the year, a new pension fund was launched. As of the end of 2022, there were 26 mandatory funded and 17 voluntary pension funds registered in Estonia.

Risk management

Risk is defined as the potential negative deviation from the expected economic result. Purpose of risk management is to recognize, measure and manage risks properly supporting following goals:

- protecting the company against unexpected significant risks and ensuring its continuous operations.
- support business strategic initiatives with clear overview of risk exposure in the various business segments.

In other words, the objective of risk management is to increase the company's value by minimizing losses and decreasing the volatility of results.

Risk governance

Group risk management is based on a strong risk culture of Nasdaq and is built on the principle of three lines of defence, as it is defined within Enterprise Risk Management Framework. First line, i.e. business areas, being liable for taking the risks and managing them on a daily basis. The second line of defence, i.e. risk management function, is responsible for developing risk management methods and reporting of Group risks oversight. The third line of defence, i.e. the Internal Audit, exercises independent supervision over the entire organization.

The risk management principles, requirements and areas of responsibility are stated in the Group Enterprise Risk Management policy. The capital management principles and objectives are described in the respective internal documents (Regulatory capital management policy). More detailed risk management processes are described in the internal rules of the respective area.

The Group has a risk appetite framework, approved by the Supervisory Council. The framework contains inter alia risk appetite statements and quantitative risk tolerance levels under following main risks areas:

- **Strategic and Business Risk** - risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.
- **Legal and Regulatory Risk** - exposure to civil and criminal consequences - including regulatory penalties, fines, forfeiture, and litigation - while conducting business operations
- **Operational Risk** - risks arising from the company's people, processes, and systems and external causes.
- **Financial Risk** - risk to the company's financial position or ability to operate due to investment decisions and financial risk management practices in particular as it relates to market, credit, capital, and liquidity risks.

The Supervisory Council is ultimately responsible for establishing and maintaining effective risk management and an internal control environment within the Group. The Supervisory Council provides an oversight with regards to relevant risk management policies. The Supervisory Council established the Risk Committee to advise on the Group's current and future overall risk tolerance and strategy. The Risk Committee is responsible for ensuring that the effective risk management framework is embedded in the Group.

The Management Board is responsible for ensuring consistency of the risk-related activities of the Group with the objectives and strategy established by the Supervisory Council. The Management Board designs and establishes risk management and internal control procedures that promote the objectives of the Group. The Management Board is also responsible for regular review and testing of the risk management and internal-control procedures. The Management Board should ensure that sufficient resources are devoted to risk management and internal control.

The Chief Risk Officer is the designated officer in charge of implementing and maintaining the risk management frameworks and practices approved by the Supervisory Council.

Risk profile summary

The risks pertinent to the operations of the Group are operational risk, legal risk, general business risk, financial and investment risks. Credit risk is remote to the operations of the Group due to its operational model as company does not provide banking-type ancillary services or securities lending services. Liquidity risk is not considered material for the Group.
The risk profile of the Group remained stable during the financial year. Group at all times had sufficient capital for all risk types and managed risk in line with own risk appetite.

Capital management

The Group must be sufficiently capitalized at any time, ensuring the capital resources that ensure economic preservation and enable financing of new profitable growth opportunities. The objective of capital management in the Group is to:

- ensure continuity of the Group's business and ability to generate return for its shareholders;
- maintain a strong capital base supporting the development of business;
- comply with capital requirements as established by supervision authorities (under Article 47 of the CSDR);
- ensure an orderly winding-down or restructuring of the CSD's activities over an appropriate time span of at least six months under a range of stress scenarios.

Under the internal capital policy of the Group, the capitalization of Group must remain above the required capitalization under Article 47 of CSDR. In order to maintain adequate capitalization at all times, the company has self-imposed capital buffer which is equal to 10% of regulatory capital requirements. Group's capital can be divided into 1) required minimum capital and 2) voluntary held capital buffer. As of year-end 2022, the capital adequacy ratio was 139%. The Group has established a continuous capital planning and monitoring process. Internal capital planning is aiming to sufficiently address mandatory capital requirements as well as company relevant risk profile potentially arising from stress situations. The annual internal process for capital adequacy assessment aims to verify capital sufficiency in case of rare but possible stress scenarios.

Capital planning is an integrated part of the overall business plan of the Group. Identified capital needs for the business plans must always be covered by adequate capital resources. Higher strategic and business risk appetite requires maintaining higher capital buffer.

Circumstances and events after the end of reporting year

We continue to monitor the effects of the geopolitical crisis in Ukraine following the invasion by Russia on February 24, 2022. While we do not expect the conflict itself to be material to Nasdaq, geopolitical instability arising from such conflict, the imposition of sanctions, taxes and/or tariffs against Russia and Russia’s response to such sanctions (including retaliatory acts) could adversely affect the global economic markets, which could impact our business and our ability to engage with, and collect payment from, customers in Russia or their affiliates. Nasdaq is also closely monitoring any other potential spill-over risks including the emerging energy crisis, and has taken proactive steps to ensure robust operational resilience related to potential cyber-attacks, power/utility outage as well as sanctions mentioned above.

No other significant circumstances or events directly affecting the Group's operations have been identified.

Profit distribution recommended by the Management Board

The Management Board of Nasdaq CSD recommends a distribution of dividends to the shareholders of Nasdaq CSD for 2022 in the amount of EUR 3 500 000.

Future prospects

Nasdaq CSD has set the following strategic goals for 2023:

- Enhancing the portfolio of Nasdaq CSD core and ancillary services,
- Launching new Clients e-Services Portal with the first module related to Corporate Actions services,
- Focus on delivering investor data intelligence to issuers,
- Further improvements and efficiencies in Investor CSD services for the CSD participants accessing foreign securities via the CSD link arrangement,
- Adapt the infrastructure and service offering to law and market infrastructure changes.

Statement of the Management Board's responsibility

The Management Board is responsible for the preparation of the financial statements based on accounting records for the reporting year. The financial statements must give a true and fair view of the financial position of the Group at the year-end and the results of its operations and cash flows for the reporting year in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The Management Board certifies that appropriate accounting policies have been consistently applied and prudent judgments and estimates have been made in the preparation of the financial statements for the year ending 31 December 2022. The Management Board also confirms that these financial statements have been prepared on a going concern basis.

The Management Board is responsible for the maintenance of proper accounting records and taking efforts to safeguard the assets of the Group and prevent and detect fraud and other irregularities in the Group.

Indars Aščuks
Chairman of the Management Board

Kristi Sisa
Deputy Chairman of the Management Board

Audrius Zakas
Member of the Management Board

Riga, 7 June 2023

Consolidated income statement

	Note	2022 EUR	2021 EUR
Net turnover	3	16 012 205	15 352 646
Other operating income	4	430 786	477 858
Other external costs	5	(7 813 908)	(7 564 167)
Labor costs	6	(3 573 654)	(3 601 075)
Decrease in value adjustments:		(233 306)	(166 990)
depreciation and amortization expense	9,11	(233 306)	(166 990)
Other operating expenses	7	(156 957)	(19 156)
Other interest income and similar income		77 001	11 747
Interest payable and similar expense:		(110 875)	(103 170)
related parties		(4 097)	(79 216)
other persons		(106 778)	(23 954)
Profit before corporate income tax		**4 631 292**	**4 387 693**
Income tax expense	8	(841 768)	(756 915)
Profit after income tax		**3 789 524**	**3 630 778**
Income or expense arising from changes in deferred tax assets or liabilities	8	(8 393)	8 879
Net profit for the reporting year		**3 781 131**	**3 639 657**

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

Indars Aščuks
Chairman of the Management Board

Kristi Sisa
Deputy Chairman of the Management Board

Audrius Zakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 7 June 2023

Consolidated balance sheet

	Note	31.12.2022 EUR	31.12.2021 EUR
Assets			
Non-current assets			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights	9	517 035	696 620
Goodwill	9,10	20 954 522	21 400 574
Total		**21 471 557**	**22 097 194**
Tangible assets			
Leasehold improvements	11	18 316	37 560
Other plant and equipment	11	94 481	121 844
Total		**112 797**	**159 404**
Long term financial investments			
Other securities and investments	12	8 995 145	2 015 304
Deferred tax assets	8	33 468	41 861
Total		**9 028 613**	**2 057 165**
Total non-current assets		**30 612 967**	**24 313 763**
Current assets			
Receivables			
Trade receivables	13	1 798 660	1 489 712
Work in progress and unfinished orders		319 179	181 034
Other receivables	14	73 772	73 324
Receivables from related parties	16	1 599	114 604
Prepaid expenses	15	92 102	75 496
Accrued income		21 224	5 703
Total		**2 306 536**	**1 939 873**
Current financial assets			
Other securities and investments	12	5 658 778	1 475 663
Total		**5 658 778**	**1 475 663**
Cash and cash equivalents	17	9 699 488	20 081 301
Total current assets		**17 664 802**	**23 496 837**
Total assets		**48 277 769**	**47 810 600**

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

Indars Aščuks
Chairman of the Management Board

Kristi Sisa
Deputy Chairman of the Management Board

Audrius Zakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 7 June 2023

Consolidated balance sheet (continued)

	Note	31.12.2022 EUR	31.12.2021 EUR
Equity and liabilities			
Equity			
Share capital	18	29 228 000	29 228 000
Foreign exchange conversion reserve		(2 863 018)	(2 350 549)
Retained earnings		8 252 203	7 612 546
Profit for the reporting year		3 781 131	3 639 657
Total equity		**38 398 316**	**38 129 654**
Liabilities			
Current liabilities			
Trade payables	19	7 393 313	6 702 311
Payables to affiliated companies	20	255 936	710 543
Taxes and compulsory state social insurance contributions	21	971 442	952 927
Deferred income		12 507	15 508
Accrued liabilities	22	1 246 255	1 299 657
Total		**9 879 453**	**9 680 946**
Total liabilities		**9 879 453**	**9 680 946**
Total equity and liabilities		**48 277 769**	**47 810 600**

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

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Inguna Čakstiņa
Chief Accountant

Riga, 7 June 2023

Consolidated cash flow statement

	Note	2022 EUR	2021 EUR
Cash flow from operating activities			
Profit before income tax		**4 631 292**	**4 387 693**
Adjustments:			
• depreciation and impairment of property, plant and equipment	11	53 722	50 486
• amortization and impairment of intangible assets	9	179 585	116 643
• gain or loss from foreign exchange rate fluctuations		11 764	2 888
• interest payable and similar expenses		6 119	81 237
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		**4 882 482**	**4 638 947**
• (Increase) or decrease in receivables		(341 523)	(62 176)
• Increase or (decrease) in outstanding debts to suppliers, contractors and other creditors		728 041	634 182
Gross operating cash flow		**5 269 000**	**5 210 953**
Income tax paid		(841 768)	(756 915)
Net cash flows from operating activities		**4 427 232**	**4 454 038**
Cash flows from investing activities			
Loans issued, net		(341 602)	402 589
Purchase of property, plant and equipment and intangible assets		(7 372)	(312 186)
Investments in securities	12	(12 826 053)	(2 018 921)
Sale or redemption of securities	12	1 504 127	4 110 853
Net cash flows from investing activities		**(11 670 900)**	**2 182 335**
Cash flows from financing activities			
Dividends paid		(3 000 000)	(3 000 000)
Net cash flows from financing activities		**(3 000 000)**	**(3 000 000)**
Net cash flow for the reporting year		**(10 243 668)**	**3 636 373**
Cash and cash equivalents at the beginning of reporting year		**20 081 301**	**16 444 928**
Cash and cash equivalents at the end of the reporting year	**17**	**9 837 633**	**20 081 301**

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

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Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 7 June 2023

Consolidated statement of changes in equity

	Share capital	Foreign exchange conversion reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR
Balance as at 31 December 2020	**29 228 000**	**(3 272 904)**	**10 612 546**	**36 567 642**
Profit for the reporting year	—	—	3 639 657	3 639 657
Foreign exchange conversion reserve	—	922 355	—	922 355
Dividends paid	—	—	(3 000 000)	(3 000 000)
Balance as at 31 December 2021	**29 228 000**	**(2 350 549)**	**11 252 203**	**38 129 654**
Profit for the reporting year	—	—	3 781 131	3 781 131
Foreign exchange conversion reserve	—	(512 469)	—	(512 469)
Dividends paid	—	—	(3 000 000)	(3 000 000)
Balance as at 31 December 2022	**29 228 000**	**(2 863 018)**	**12 033 334**	**38 398 316**

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

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Audrius Zakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 7 June 2023

Explanatory notes to the consolidated financial statements

1 General information

NASDAQ CSD SE (hereinafter also the Parent Company) was registered in the Commercial Register on January 9, 1995 with the unified registration number 40003242879. The legal address of the Parent Company is 1 Vaļņu Street, Riga, Latvia.

The shareholder of Nasdaq CSD SE is Nasdaq Nordic Oy, which owns 99.8% of the share capital of the Parent Company. The entity that prepares the Consolidated Annual Report including Nasdaq CS SE as a subsidiary is Nasdaq, Inc. (Registered office: 151 W. 42nd Street, New York City, NY, 10036, United States). The consolidated annual report is available at: 151 W. 42nd Street, New York City, NY, 10036, United States.

2 Summary of significant accounting policies

Basis of preparation
The consolidated financial statements of NASDAQ CSD SE have been prepared in accordance with the Law on Annual Accounts and Consolidated Annual Accounts of the Republic of Latvia.

The consolidated financial statements have been prepared under the historical cost convention, except for financial investments which are accounted for at fair value. The euro (EUR) is used as the currency in the financial statements. The consolidated financial statements cover the period from 1 January 2022 to 31 December 2022.

The consolidated profit or loss statement is prepared in a vertical format with costs classified based on their type. In order to improve the comparability, certain items of the 2021 income statement and balance sheet have been reclassified. The consolidated cash flow statement is prepared using the indirect method.

Consolidation
The consolidated financial statements include subsidiaries controlled by the Parent Company. Control is considered to exist when the Parent Company controls more than half of the voting power or otherwise has the power to govern the financial and operating policies of an entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The consolidated financial statements include the financial statements of Nasdaq CSD SE (Parent Company) and its subsidiary (see table below).

Subsidiary	Ownership %	Date of acquisition	Merger date	Country of residency	Type of operations
AS Pensionikeskus	100%	26.06.2017	—	Estonia	Managing Estonian funded pension (II and III pillar) registers

The following consolidation procedures have been applied:
- The financial statements of the subsidiaries are prepared on the same reporting date as the financial statements of the Group's parent company (31 December 2022) using uniform accounting policies.
- For consolidation purposes, all intercompany transactions and balances are excluded from the Group's consolidated financial statements.
- The financial statements are consolidated in the Group's financial statements by combining the respective items of assets, liabilities, equity and income and expenses. The Group's financial statements have been prepared as the financial statements of a single entity and provide information about the Group as a single entity.

Going concern
The financial statements have been prepared on a going concern basis.

Use of estimates
In preparing the consolidated financial statements, management is required to make certain estimates and assumptions that affect the reported amounts of items in the consolidated balance sheet and consolidated income statement, as well as the amount of contingent liabilities. Future events may affect the assumptions on which the estimates are based. Any effect of changes in estimates is reflected in the financial statements at the time of their determination.

The Group assesses at each balance sheet date whether there is any indication that goodwill may be impaired. Goodwill is tested for impairment annually or more frequently if there is any indication that the goodwill may be impaired.

Impairment of goodwill is determined by measuring the recoverable amount of the cash-generating units to which the goodwill relates. If the recoverable amount of a cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses cannot be reversed in future periods.

The recoverable amount of goodwill is determined based on a value in use calculation using cash flow projections included in the business plan approved by management.

The Group's management believes that the key assumptions used in the cash flow calculations are in line with the latest economic forecasts for Lithuania and Iceland, and the specifics of the Group.

Foreign currency revaluation
The functional currency of the Group and the currency used in the consolidated financial statements is the currency of the Republic of Latvia, the euro (EUR). All foreign currency transactions are translated into euros at the euro reference exchange rate published by the European Central Bank on the date of the respective transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into euros at the rate of exchange on the last day of the reporting year as published by the European Central Bank. Exchange differences arising on the settlement of currencies or on the presentation of assets and liabilities using exchange rates that differ from those initially used in accounting for transactions are recognized in the consolidated income statement on a net basis. Foreign exchange differences arising on the translation of goodwill are recognized in equity under the heading "Foreign exchange conversion reserve".

The accounting records of the Icelandic branch are maintained in Icelandic Kronur (ISK). In preparing the consolidated financial statements, the assets and liabilities of the Icelandic branch are translated to euros using the exchange rates set by the European Central Bank (ECB) on the last day of the reporting year. Revenue and expenses are translated using the ECB's average exchange rate for the reporting period. The resulting exchange differences are recognized as a reserve in equity.

- Exchange rate at the end of 31.12.2022: EUR / ISK – 151.50
- Average exchange rate for the period 01.01.2022 - 31.12.2022: EUR / ISK – 142.24

Intangible assets
Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis as follows:

- Software 5 years
- Internally developed software 2-7 years

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Goodwill
Group’s management has elected to apply clause 13 of the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports and measure Goodwill in accordance with International Financial Reporting Standards (IFRS 3 Business Combinations). Impairment assessment is done in accordance with IAS 36 Impairment of Assets.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) (or group of CGUs) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

- Office furniture 5 years
- Electronic office equipment 5 years
- Vehicles 5 years

Property, plant and equipment with an acquisition value exceeding:

- Electronic office equipment 5 000 USD / 4 688 EUR
- Software 50 000 USD / 46 878 EUR
- Other equipment 3 000 USD / 2 813 EUR

Depreciation is calculated starting from the month following the commissioning of fixed assets or involvement in economic activity. Depreciation must be calculated separately for each part of an item of property, plant and equipment whose cost is significant in relation to the total cost of that item of property, plant and equipment. If the Group depreciates separately some parts of a fixed asset, it also depreciates separately the remaining parts of the same fixed asset. The balance consists of those parts of the fixed asset that are not individually significant. Depreciation of the remaining amounts is calculated using approximation methods to give a true and fair view of their useful lives.

If events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable, the carrying amount of the item is reviewed for impairment. If any such indication exists, and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The recoverable amount of an item of property, plant and equipment is the higher of net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate significant cash flows, the recoverable amount is determined for the cash-generating asset to which it belongs. Impairment losses are recognized in the income statement as other expenses.

Costs associated with improvements to leased property are capitalized and recognized as property, plant and equipment. Depreciation of these assets is calculated over the lease term on a straight-line basis.

Other financial assets
Financial assets at fair value through profit or loss
Given that Nasdaq CSD SE is a subsidiary of a group whose parent company is required to use International Accounting Standards for the recognition, measurement, presentation in the financial statements and explanatory information, Nasdaq CSD SE has elected to apply Article 13 (5) of the Annual Accounts and Consolidated Annual Accounts Law and recognise and measure financial investments in accordance with International Accounting Standards. Financial assets at fair value through profit or loss are carried at fair value with changes in fair value recognized in the income statement. Income from these assets is recognized in other income in the income statement. On the Balance Sheet these assets are recognized within Other securities and investments. These securities are not actively traded.

Derecognition of financial assets
The Group derecognizes a financial asset only if:

- the contractual rights to the cash flows from the financial asset have expired, or
- the Group transfers all the risks and rewards of ownership of a financial asset and recognizes separately as assets or liabilities any rights and obligations that arise or are retained as a result of the transfer

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated income statement when the assets are derecognized or impaired, as well as through the amortization process.

Trade receivables and other receivables
Trade receivables are accounted for and presented in the balance sheet at the original invoice amount, less any allowance for doubtful debts. Provisions for doubtful debts are estimated when it is no longer probable that the full amount due will be received. Debts are written off when their recovery is considered impossible.

Loans and borrowings
Loans and borrowings are initially recognized at cost, being the fair value of the consideration given plus or minus the costs of origination.

Subsequent to initial recognition, loans and borrowings are stated at amortized cost using the effective interest method. Amortized cost is calculated by taking into account the cost of obtaining a loan or borrowing, as well as any discounts or premiums associated with the loan or borrowing.

Gains or losses arising from amortization are recognized in the income statement as interest income or expense.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with original maturities of three months or less.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a 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. Where there is a material effect on the time value of money, provisions are calculated by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. If discounting is used, the increase in the provision over time is recognized as a borrowing cost.

Contingent liabilities and assets
Contingent liabilities have not been recognized in these consolidated financial statements. They are recognized as a liability only when it is probable that an outflow of resources will be required to settle the obligation.

Contingent assets are not recognized in these consolidated financial statements but are disclosed only when it is probable that the economic benefits associated with the transaction will flow to the Group.

Lease
Finance lease
Finance leases in which all risks and rewards of ownership of the leased asset are transferred to the Group are recognized in the balance sheet as property, plant and equipment at the lower of the fair value of the leased property at the inception of the lease. the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance costs are charged to the income statement as interest expense.

If there is sufficient reason to believe that, at the end of the lease term, the leased asset will become the property of the lessee, the estimated useful life of the asset is assumed. In all other cases, the depreciation of capitalized leased assets is calculated using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

Operating leases
Leases of assets under which the lessor assumes substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease are recognized as an expense over the term of the lease using the straight-line method. The Group's liabilities arising from operating leases are recognized as contingent liabilities.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, net of value added tax and sales discounts. The following conditions are also taken into account when recognizing revenue.

Rendering of services
Revenue from services is recognized in the period in which the services are rendered.

Dividends
Revenue is recognized when the shareholder's right to receive payment is established.

Corporate income tax
Corporate income tax consists of corporate income tax and deferred tax calculated for the reporting year.

As of January 1, 2018, in accordance with the amendments to the Corporate Income Tax Law of the Republic of Latvia, legal entities do not have to pay income tax on the earned profit. Corporate income tax is paid on distributed profits and conditionally distributed profits. Distributed and conditionally distributed profit is taxed at the rate of 20 percent of the gross amount or 20/80 of the net cost.

Corporate income tax on dividends is recognized in the income statement as an expense in the period in which the dividends are declared and for other contingent items in the period in which the expenses are incurred during the reporting year. Prior to the reporting of dividends, no deferred tax is recognized on the payment of dividends.

Corporate income tax for the reporting year is calculated by applying a tax rate of 15% for the Lithuanian branch and 20% for the Icelandic branch to the taxable income earned in the relevant taxation period
.
According to the Income Tax Act of the Republic of Estonia, companies are not subject to income tax on profits for the financial year. Income tax is levied on dividends, profit benefits, gifts, entertainment expenses, non-operating expenses and transfer price adjustments. The tax rate is 20/80 of the net profit distribution. In certain circumstances, dividends received may be reallocated to income tax expense. Corporate income tax is recognized as a liability for the payment of dividends and as an income tax expense in the income statement when the dividends are declared, regardless of the period for which the dividends were declared or when they were actually paid. The obligation to pay income tax arises on the tenth day of the month following the payment of dividends. Due to the nature of the tax system, there is no material difference between the taxation of the assets of companies established in Estonia and the absence of deferred income tax assets or liabilities.

Contingent income tax liabilities related to the payment of dividends from retained earnings are not recognized on the consolidated balance sheet.

Deferred tax assets and liabilities
Considering that the Group is a subsidiary of a group whose parent company is required to use International Accounting Standards for the recognition, measurement, presentation in the financial statements and explanatory information about these items, the Company chose to apply Section 13, Paragraph five, Clause 2 of the Law on Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia and recognises and measures deferred tax assets and deferred tax liabilities, as well as provides explanatory information on the items “Deferred tax assets”, “Deferred tax liabilities” and “Income or expenses from deferred tax assets or changes in the balance of liabilities" in accordance with International Accounting Standard No. 12 Income taxes.

Deferred tax is calculated using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In determining the amount of deferred tax assets and liabilities, tax rates that have been enacted or substantively enacted at the time when it is expected that the asset is used or the liability is settled.

Corporate Income Tax Law of Republic of Latvia, which became effective on 1 January 2018, effectively eliminated all temporary differences between the asset and liability base in the Latvian entity's financial records and their tax base by that date. Accordingly, deferred tax assets calculated and recognised in Latvia in previous reporting periods were reversed in the annual report in the 2017 income statement or reserves, depending on whether the deferred tax liabilities or assets were initially recognized through the profit or loss statement or reserves. As required by International Accounting Standards, changes in tax legislation are reflected in the financial statements in the period in which the changes are adopted. Deferred tax assets and liabilities are not recognised in Estonia. Deferred tax recorded on the consolidated balance sheet and consolidated income statement relates to the Lithuanian and Icelandic branches of Nasdaq CSD SE.

The Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements unless both of the following conditions are met:

- The parent, investor, venturer or joint operator can control the timing of the reversal of the temporary difference and
- It is probable that the temporary difference will not change in the foreseeable future.

Events after balance sheet date
The financial statements reflect such events after the end of the reporting year that provide additional information about the Company's financial position at the balance sheet date (adjusting events). If the events after the end of the reporting year are not adjusting, they are reflected in the notes to the financial statements only if they are significant.

3 Net turnover

From the core business	**2022**	**2021**
Issuer fees	4 063 125	3 374 199
Participant fees	10 066 810	9 200 261
Pension service fees	1 882 270	2 778 186
Total	**16 012 205**	**15 352 646**

4 Other operating income

	2022	**2021**
Compensated labor costs	122 871	92 384
Revenues from IT systems transferred to Nasdaq Stockholm	304 577	276 722
Provisions for bad and doubtful trade receivables	190	80 394
Other operating income	3 148	28 358
Total	**430 786**	**477 858**

5 Other external costs

	2022	**2021**
IT system maintenance expense	2 440 641	2 150 026
Services received from related parties	2 560 390	2 548 277
Consulting and legal services cost	1 356 468	1 513 850
Annual fee to the Financial Supervision Authority	188 959	172 150
Non-deductible input VAT	230 245	220 467
Rent	230 700	215 750
Other personnel expenses	163 860	175 226
Utilities and premises costs	109 539	97 282
Insurance	75 015	63 358
Communication and postal expense	80 296	86 066
Business trips	95 786	25 982
Marketing and advertising	56 022	11 705
Other administrative expense	225 987	284 028
Total	**7 813 908**	**7 564 167**

6 Labour costs

	2022	2021
Salaries and wages	3 101 608	3 064 284
Statutory social security contributions	472 046	536 791
Total	**3 573 654**	**3 601 075**

Including key management personnel compensation:

	2022	2021
Members of the Management Board		
Wages and salaries	481 913	471 661
Statutory social insurance contributions	95 014	89 562
Total	**576 927**	**561 223**

	2022	2021
Independent Council Members		
Wages and salaries	49 500	49 500
Statutory social insurance contributions	13 043	13 043
Total	**62 543**	**62 543**

	2022	2021
Average number of Council Members during the reporting year	5	5
Average number of independent Council Members during the reporting year	4	4
Average number of Members of the management Board during the reporting year	5	5
Average number of employees during the reporting year	51	52
Total	**65**	**66**

7 Other operating expenses

	2022	2021
Revaluation of financial assets held for trading	156 957	19 156
Total	**156 957**	**19 156**

8 Current and deferred corporate income tax

	2022	2021
Current corporate income tax charge for the reporting year	(841 768)	(756 915)
Deferred corporate income tax due to changes in temporary differences	(8 393)	8 879
Corporate income tax charged to the income statement:	**(850 161)**	**(748 036)**

Income or expense from changes in deferred tax assets or deferred tax liabilities:

	Balance sheet		Income statement	
	31.12.2022	**31.12.2021**	**2022**	**2021**
Deferred income tax assets (Iceland and Lithuania)				
Provision for bonuses	15 014	14 014	1 000	1 776
Other provisions	18 454	27 847	(9 393)	7 103
Gross deferred corporate income tax asset	**33 468**	**41 861**	**(8 393)**	**8 879**
Net deferred corporate income tax asset	**33 468**	**41 861**	**(8 393)**	**8 879**

Comparison of the actual corporate income tax with the theoretically calculated:

	2022	2021
Profit before tax – Lithuanian branch	725 162	507 356
Profit before tax – Icelandic branch	3 709 855	3 360 571
Theoretically calculated corporate income tax - 15% (On the profit earned in the Lithuanian branch of Nasdaq CSD SE)	108 774	76 103
Theoretically calculated corporate income tax - 20% (On the profit earned by Nasdaq CSD Iceland)	741 971	672 114
Permanent differences:		
Income tax adjustment for previous years	14 667	—
Non – deductible expenses	(10 794)	8 698
Other permanent differences	(12 850)	—
Actual corporate income tax for the year:	**841 768**	**756 915**
Deferred tax charge / (credit) in the income statement	8 393	(8 879)
Corporate income tax charged to the income statement:	**850 161**	**748 036**

9 Intangible assets

	Concessions, patents, licenses, trademarks and similar rights	Goodwill	Total
As at 31 December 2020			
Cost	822 805	20 457 057	21 279 862
Accumulated amortisation and impairment	(285 361)	—	(285 361)
Carrying amount as at 31 December	**537 444**	**20 457 057**	**20 994 501**
Year ended 31 December 2021			
Carrying amount as at 1 January	537 444	20 457 057	20 994 501
Additions	275 811	—	275 811
Effect of foreign currency exchange rate fluctuations	—	943 517	943 517
Amortisation charge	(116 635)	—	(116 635)
Carrying amount as at 31 December	**696 620**	**21 400 574**	**22 097 194**
As at 31 December 2021			
Cost	1 098 616	21 400 574	22 499 190
Accumulated amortisation and impairment	(401 996)	—	(401 996)
Carrying amount as at 31 December	**696 620**	**21 400 574**	**22 097 194**
Year ended 31 December 2022			
Carrying amount as at 1 January	696 620	21 400 574	22 097 194
Effect of foreign currency exchange rate fluctuations	—	(446 052)	(446 052)
Amortisation charge	(179 585)	—	(179 585)
Carrying amount as at 31 December	**517 035**	**20 954 522**	**21 471 557**
Year ended 31 December 2022			
Cost	1 098 616	20 954 522	22 053 138
Accumulated amortisation and impairment	(581 581)	—	(581 581)
Carrying amount as at 31 December	**517 035**	**20 954 522**	**21 471 557**

10 Goodwill

Lithuania and Estonia

In May 2016, Nasdaq CSD SE acquired 100% of the shares in AS Eesti Vaartpaberikeskus (the Estonian Central Depository) and 100% of the shares in AB Lietuvos centrinis vertybiniu popieriu depozitoriumas (the Lithuanian Central Depository). The core business activity of both of these companies comprises the accounting for and safe custody of publicly issued securities, the clearing and settlement for securities trading and the development and maintenance of registers required for the accounting for and safe custody of securities.

As a result of the acquisition, goodwill amounting to EUR 4 073 173 was recognised and attributed to the Lithuanian entity. In 2017, both entities were merged with Nasdaq CSD SE as branches.

Iceland

In February 2019, through additional share issue, Nasdaq CSD SE acquired a subsidiary in Iceland – Nasdaq CSD Iceland. The core business of Nasdaq CSD Iceland is to maintain the records on trading of listed securities, as well as settlement of securities and cash transactions.

At the time of acquisition goodwill amounting to ISK 2 557 524 330 was recognised. In 2020, this entity was merged with Nasdaq CSD SE as a branch.

Goodwill related to the Icelandic entity is denominated in Icelandic kroner (ISK) and is translated to EUR at the end of each reporting year. The difference arising from foreign currency translation is recognized in equity under 'Foreign currency translation reserve'.

Each of these entities are considered to be separate Cash Generating Units (CGUs).

Goodwill value

Entity	31.12.2022	31.12.2021
AB Lietuvos centrinis vertybiniu popieriu depozitoriumas, Konstitucijos ave. 29, LT-08105 Vilnius, Lithuania	4 073 173	4 073 173
Nasdaq CSD Iceland hf, Laugavegur 182 105 Reykjavík, Iceland	16 881 349	17 327 401
Total	**20 954 522**	**21 400 574**

Impairment assessment

The Group performed its annual goodwill impairment test as at 31 December 2022. The recoverable amount of goodwill is determined based on the value in use calculation, which uses cash flow projections based on the five-year budget plan and pre-tax discount rates as specified below. No no impairment was identified.

Pre-tax discount rates

	31.12.2022	31.12.2021
Lithuania	14.3%	8.4%
Iceland	17.5%	12.4%

11 Fixed assets

	Office furniture and equipment	Leasehold improvements	Total
As at 31 December 2020			
Cost	295 900	89 688	385 588
Accumulated depreciation and impairment	(156 249)	(32 569)	(188 818)
Carrying amount as at 31 December	**139 651**	**57 119**	**196 770**
Year ended 31 December 2021			
Carrying amount as at 1 January	139 651	57 119	196 770
Additions	30 006	—	30 006
Depreciation charge	(30 927)	(19 559)	(50 486)
Cost of disposals	(44 702)	—	(44 702)
Accumulated depreciation of disposals	26 064	—	26 064
Effect of foreign currency exchange rate fluctuations	1 752	—	1 752
Carrying amount as at 31 December	**121 844**	**37 560**	**159 404**
As at 31 December 2021			
Cost	282 956	89 688	372 644
Accumulated depreciation and impairment	(161 112)	(52 128)	(213 240)
Carrying amount as at 31 December	**121 844**	**37 560**	**159 404**
Year ended 31 December 2022			
Carrying amount as at 1 January	121 844	37 560	159 404
Additions	7 372	—	7 372
Depreciation charge	(34 478)	(19 244)	(53 722)
Effect of foreign currency exchange rate fluctuations	(257)	—	(257)
Carrying amount as at 31 December	**94 481**	**18 316**	**112 797**
As at 31 December 2022			
Cost	290 071	89 688	379 759
Accumulated depreciation and impairment	(195 590)	(71 372)	(266 962)
Carrying amount as at 31 December	**94 481**	**18 316**	**112 797**

12 Other securities and investments

	31.12.2022	**31.12.2021**
Government securities	14 652 770	3 489 814
Other financial investments - non-current	1 153	1 153
Total	**14 653 923**	**3 490 967**

Government securities

	2022	**2021**
At the beginning of the reporting year	3 489 814	5 447 184
Effect of foreign currency exchange rate fluctuations	—	144 039
Purchases	12 826 053	2 018 921
Redemption and received coupons	(1 504 127)	(4 110 853)
Changes in fair value recognised in profit or loss statement	(195 588)	(19 170)
Accrued interest recognised in profit or loss statement	36 618	9 693
At the end of the reporting year	**14 652 770**	**3 489 814**
incl. Short - term financial investments	5 658 778	1 475 663
incl. Long term financial investments	8 993 992	2 014 151

The financial investments in government securities consist of the following securities:

	31.12.2022	**31.12.2021**
Polish Government Bonds with a fixed coupon of 4.500% and a maturity date of 18 January 2022	—	255 742
Estonian Treasury bills with a face value of EUR 1 000 000 and a maturity date of 31 March 2022	—	1 001 480
Czech Treasury bills with a fixed yield of 3.875% and a maturity date of 24 May 2022	—	218 441
Dutch Treasury bills with a fixed coupon of 1.75% and a maturity of 15 July 2023	250 775	261 387
Lithuanian Government Bonds with a fixed coupon of 0.4% and a maturity date of 16 August 2023	1 488 344	1 531 840
France Treasury bills with a fixed coupon of 0% and a maturity date of 6 September 2023	1 966 700	—
Belgium Treasury bills with a fixed coupon of 0% and a maturity date of 9 November 2023	1 952 959	—
Lithuanian Government Bonds with a fixed coupon of 3.375% and a maturity date of 22 January 2024	206 835	220 924
Slovakia Government Bonds with a fixed coupon of 3,375% and a maturity date of 15 November 2024	3 019 337	—
Latvia Government Bonds with a fixed coupon of 2,875% and a maturity date of 30 April 2024	1 013 402	—
Denmark Government Bonds with a fixed coupon of 2,5% and a maturity date of 18 November 2024	1 494 868	—
Luxembourg Government Bonds with a fixed coupon of 0% and a maturity date of 28 April 2025	3 259 550	—
Total	**14 652 770**	**3 489 814**

13 Trade receivables

	31.12.2022	31.12.2021
Trade receivables	1 930 565	1 672 056
Allowance for doubtful trade receivables	(131 905)	(182 344)
Total	**1 798 660**	**1 489 712**

Trade receivables are non-interest bearing.

14 Other receivables

	31.12.2022	31.12.2021
Overpayment of taxes (see Note 21)	70 248	69 800
Other receivables	3 524	3 524
Total	**73 772**	**73 324**

15 Prepaid expenses

	31.12.2022	31.12.2021
IT systems support	2 199	390
Annual fee to the Financial Supervision Authority	12 313	8 094
Office rent	6 450	6 450
Car lease	953	1 769
Insurance	65 462	55 288
Other prepaid expenses	4 725	3 505
Total	**92 102**	**75 496**

16 Receivables from related parties

	31.12.2022	31.12.2021
Short-term deposit	1 599	114 604
Total	**1 599**	**114 604**

In accordance with the borrowing/loan agreement with Nasdaq Treasury AB, the deposit has to be returned upon request. Interest rate on deposit is 1-month EURIBOR minus 0 basis points. No negative interest rate is calculated.

17 Cash and cash equivalents

	31.12.2022	31.12.2021
Cash at bank	9 699 488	20 081 301
Total	**9 699 488**	**20 081 301**

As required by the Capital Adequacy Policy of NASDAQ CSD SE, EUR 4.9 million (31.12.2021: EUR 13.2 million) are held in the accounts of the Central Banks of Latvia and Estonia as restricted funds.

The capital adequacy level as at 31 December 2022 is set at EUR 10.2 million (31.12.2021: 9.6 million).

18 Share capital

The Group's fully paid-up share capital is EUR 29 228 000 and consists of 29 228 ordinary shares. The nominal value of one share is EUR 1 000.00. In 2022, EUR 3 000 000 was paid in dividends.

The Group's management proposes a dividend of EUR 3 500 000 for the year 2022 results.

19 Trade payables

	31.12.2022	31.12.2021
Payments to securities owners*	7 189 312	6 535 725
Other trade payables	204 001	166 586
Total	**7 393 313**	**6 702 311**

* Payments to securities owners represent dividends paid and rights to cash held in initial register.

Assets of the initial register are invested as follows:

	31.12.2022	31.12.2021
Account with the Bank of Latvia	4 385 423	4 385 423
Investments made in the investment portfolio	2 803 889	2 150 302
Total	**7 189 312**	**6 535 725**

According to the Financial Instruments Market Law, the central depository must segregate their funds from those belonging to financial instrument owners that are or were registered in the initial register and have not accepted the final share buyout offer at the expiration date of the final share buyout offer. These funds may not be used to meet the claims of creditors of the central depository. This requirement also applies to instances when the central depository is recognized as insolvent according to the statutory procedure.

20 Payables to affiliated companies

	31.12.2022	31.12.2021
Loan from related company*	255 938	710 543
Total	**255 938**	**710 543**

* Interest rate for the loan is 1 month EURIBOR plus 105 basis points. If the EURIBOR is negative, then the interest rate for the loan is 105 basis points. As per loan agreement with Nasdaq Treasury AB, the parties have to repay the loan upon request.

21 Taxes and compulsory state social insurance contributions

	31.12.2022	31.12.2021
Latvia		
Statutory social insurance contributions	100	100
Personal income tax	717	269
Corporate income tax	69 426	69 426
Value added tax	(37 887)	(42 997)
Unemployment risk duty	5	5
Lithuania		
Corporate income tax	(35 503)	(18 950)
Value added tax	(21 088)	(23 136)
Estonia		
Statutory social insurance contributions	(22 676)	(21 558)
Personal income tax	(10 504)	(11 214)
Value added tax	(54 988)	(34 600)
Unemployment risk duty	(1 259)	(1 348)
Iceland		
Personal income tax	(31 799)	(44 830)
Value added tax	(79 985)	(86 025)
Corporate income tax	(675 753)	(668 269)
Total	**(901 194)**	**(883 127)**
Total receivable (disclosed as other receivables)	**70 248**	**69 800**
Total payable	**(971 442)**	**(952 927)**

22 Accrued liabilities

	31.12.2022	31.12.2021
Provisions for staff bonuses	403 706	398 058
Provisions for creditor invoices	325 742	399 279
Other accrued liabilities	105 504	58 318
Vacation pay reserve	317 218	353 565
Provision for employee share purchase plan	94 085	90 437
Total	**1 246 255**	**1 299 657**

All accrued liabilities are expected to be settled in 2023.

23 Contingent liabilities

Operating lease liabilities
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Vehicle leases	**31.12.2022**	**31.12.2021**
Within one year	15 072	21 263
Later than one year but no later than five years	19 784	34 852
Total	**34 856**	**56 115**

Premises lease	**31.12.2022**	**31.12.2021**
Within one year	247 686	245 914
Later than one year but no later than five years	222 393	68 315
Total	**470 079**	**314 229**

Rental payments for the office space in Vilnius is included in the overall cost reimbursement agreement with a related company and cannot be accurately estimated.

At the time of issuing the report, Nasdaq CSD SE has opened legal proceedings with AS Grindeks, but the management has evaluated the potential risk related to the legal proceedings and believes that no significant additional obligations will arise as a result of the legal proceedings.

24 Events after the balance sheet date

Nasdaq CSD has been informed by the Icelandic Competition Authority about an investigation in relation to a complaint it has received, suggesting a potential breach of the Competition Act. Management has performed a preliminary assessment of this claim. At the date of this report, it is difficult to assess any potential financial, operational, or legal impact of the claim.

In the period from the last day of the reporting year to the date of signing these consolidated financial statements, there have been no other events that would result in adjustments to these consolidated financial statements or that should be explained in these consolidated financial statements.

Indars Aščuks
Chairman of the Management Board

Kristi Sisa
Deputy Chairman of the Management Board

Audrius Zakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 7 June 2023

Independent Auditor's Report

[placeholder for audit report]

Independent Auditor's Report (continued)

[placeholder for audit report]