

NASDAQ CSD SE

(REGISTRATION NUMBER 40003242879)

2023 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, 2024

* 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

Name of the entity	Nasdaq CSD SE	
Legal form	European Company (Societas Europaea)	
Registration number, place and date	40003242879 Riga, 9 January 1995 Re-registration in the Commercial Register: 16 April 2004 with the single 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 Audrius Žakas - Member of the Management Board Magnus Asgeirsson - Member of the Management Board	
Members of the Council	Arminta Saladžiene - Chairman of the Council Peter Nyberg - Deputy Chairman of the Council from 30.01.2024. Pall Hardarson - Deputy Chairman of the Council till 29.01.2024. Irina Slinko - Member of the Council from 30.01.2024. Ingvild Lexmark - Member of the Council till 29.01.2024. Urmars 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	
Financial year	1 January 2023 - 31 December 2023	
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

11 June 2024

Business profile

Nasdaq CSD SE (Societas Europaea) (hereinafter - Nasdaq CSD SE or the Company) acts as the regional Central Securities Depository in the Baltics and Iceland. It 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 for 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 2023, the Nasdaq CSD SE earned a profit of EUR 6 305 308 (before tax), which is EUR 1 558 766 more than in 2022. The net profit margin was 33% (in 2022: 26%).

Nasdaq CSD revenue for 2023 amounted to EUR 15.71 million. (EUR 14.85 million in 2022) Services provided by Nasdaq CSD SE comprised 19% (2022: 16%), Nasdaq CSD Estonian branch - 20% (2022: 20%), Nasdaq CSD Lithuanian branch - 19% (2022: 17%) and Nasdaq CSD Icelandic branch - 42% (2022: 47%) 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.

Main activities and developments in 2023

During 2023, the following strategic initiatives were in the focus of Nasdaq CSD:

- Customers e-Services portal launch,
- Investor Analytics service offering,
- Website re-design,
- SCORE and ECMS projects,
- Link with Clearstream Banking AG project,
- Secondary recording of foreign securities in Iceland,
- Latvian Savings Notes service re-design,
- LEI service expansion project,
- Analyze opportunities in ESG, DLT, Digital Euro, and AI.

Customers e-Services portal launch

Nasdaq CSD launched an e-Services portal in June, an online solution which allows issuers with registered securities in the Nasdaq CSD to seamlessly manage corporate actions processing, making the procedure much faster, more convenient, and hassle-free. During the second half of the year Nasdaq CSD continued to increase corporate action types available via the portal. During 2024 Nasdaq CSD will continue to expand the scope of the portal's functionality available to Issuers.

Investor Analytics service offering

In 2023 Nasdaq CSD launched an Investor Analytics Solution in the Baltic markets, an investor data management tool available for issuers. The solution provides investor data intelligence and is designed to increase efficiencies in investor relations management. The tool enables companies to monitor their investor base and tailor market communications to specific investor segments to increase investor confidence and engagement. During 2024 Nasdaq CSD will continue to develop the Investor Analytics service offering and proceed with the implementation also in the Icelandic market.

Website re-design

During the first months of 2023 Nasdaq CSD finalized the implementation of a new re-designed website. Full scope of all web components, including local language sections, were launched. The new web reflects a modern design and entails improved customer experience from both desktop and mobile browsers, new structure for Nasdaq CSD services and related data representation, new features and other enhancements to increase the value proposition to Nasdaq CSD customers.

SCORE and ECMS projects

Nasdaq CSD continued to follow the implementation activities related to the Single Collateral Management Rulebook for Europe (SCoRE) and Eurosystem Collateral Management System (ECMS) projects. Part of required functionalities related to Corporate Action services and CSD integration processes with ECMS were implemented in Nasdaq CSD core system. Remaining part will be implemented in 2024 following the SCoRE and ECMS implementation plan set by the European Central Banks.

Link with Clearstream Banking AG project

Nasdaq CSD initiated an implementation project to establish an Investor CSD link with Clearstream Banking AG that will enable further improvements and efficiencies in Investor CSD services, e.g. handling settlement of T2S eligible securities in the T2S settlement platform. Implementation and launch of the link arrangement will proceed during 2024.

Secondary recording of foreign securities in Iceland

The service of secondary recording of foreign securities in Iceland is strategically important as it allows to affiliate foreign shares in Iceland and enable issuers that have registered shares in a foreign CSD to admit securities for trading on the local stock exchange. The service enables efficient settlement of stock exchange trades by Nasdaq CSD participants in Iceland. During 2023 Nasdaq CSD continued to focus on the service provision to existing customers and advertise the service to potential new customers, such as issuers considering dual listing on a foreign exchange and Nasdaq Iceland.

Latvian Savings Notes service re-design

Nasdaq CSD in close cooperation with the Treasury of the Republic of Latvia redesigned the Latvian Savings Notes service website and expanded the scope of Savings Notes terms available for the Treasury to offer to investors. Key improvements were related to the launch of a new design, a mobile-friendly platform, a modern and user-friendly environment, an improved user experience and new functionalities.

LEI service expansion project

Project's implementation phase continued throughout 2023. Planned enhancements will increase the scope and value proposition of the LEI Services. List of supported jurisdictions was expanded to serve a broader scope of clients. Work on implementing a new and enhanced service platform started with a focus on creating a service offering to registration agents, a modern users' interface and develop new functionalities. Launch is planned in February 2024.

Analyze opportunities in ESG, DLT, Digital Euro, and AI

Nasdaq CSD continued to closely monitor and analyze Post-trade industry's developments paying extra attention to potential opportunities related to ESG services, Distributed Ledger Technology applications, European initiative regarding Digital Euro implementation, and Artificial Intelligence use cases. Nasdaq CSD will continue to monitor these areas and consider potential opportunities for Nasdaq CSD.

Overview of key metrics

In 2023, Nasdaq CSD further developed and improved its business-critical IT systems, including four core CSD system releases, number of releases of financial instrument holder and owner generation system ESIS, Change requests and 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 11% in the Baltic SSS, by 3% in Icelandic SSS and by 7% in total. At the end of 2023, the number of accounts at Nasdaq CSD was approaching 400 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 2023 was 8 276, out of which 81% 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 increased by 0.8% in 2023, while number of Icelandic instruments increased by 2%.

During 2023, Nasdaq CSD processed 5 428 corporate actions, 12% more than in 2022. Majority were related to the Lithuanian SSS (36%) and Estonian SSS (35%) instruments. Icelandic SSS contributed by 22% and 17% – Latvian SSS.

The value of assets kept under custody by Nasdaq CSD during 2023 increased by 3.7% and at the end of 2023 was 73.3 billion EUR. Largest increase in assets under custody was in equities and corporate debt, 4.7% and 8.3% respectively.

During 2023, Nasdaq CSD processed on average 396 thousand settlement instructions per month, 9% less than in 2022. Decrease in number of settlement instructions was associated with lower trading volumes on the stock exchanges and lower number of IPOs in all markets. Majority (54%) were Delivery versus Payments (DVP) of trades carried out on the stock exchanges, 15% – Free of Payments, 2.3% of OTC trades, and 28.7% – payments related to corporate actions. The value of DVP settlement instructions during 2023 was 45.2 billion EUR, 7% more than in 2022.

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

Company risk management is based on a strong risk culture of Nasdaq and is built on the principle of three lines of defense, 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 defense, i.e. risk management function, is responsible for developing risk management methods and reporting of Company risks oversight. The third line of defense, 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 Company 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 Company 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 Company. The Supervisory Council provides an oversight with regards to relevant risk management policies. The Supervisory Council established the Risk Committee to advise on the Company'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 Company.

The Management Board is responsible for ensuring consistency of the risk-related activities of the Company 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 Company. 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 Company are operational risk, legal risk, general business risk, financial and investment risks. Credit risk is remote to the operations of the Company 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 Company.

The risk profile of the Company remained stable during the financial year. Company at all times had sufficient capital for all risk types and managed risk in line with own risk appetite.

Capital management

The Company 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 is to:

- ensure continuity of the Company'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 Company, the capitalization of Company 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 a capital buffer which is equal to 10% of the regulatory capital requirements. The Company's capital can be divided into 1) required minimum capital and 2) a voluntary held capital buffer. As of year-end 2023, the capital adequacy ratio was 128%. The Company has established a continuous capital planning and monitoring process. Internal capital planning aims at sufficiently address mandatory capital requirements as well as to address relevant risks potentially arising from stressed situations. The annual internal process for capital adequacy assessment aims at verifying capital sufficiency in case of rare but possible stressed scenarios.

Capital planning is an integrated part of the overall business plan of the Company. Identified capital need for the business plan must always be covered by adequate capital resources. A higher strategic- and business risk appetite requires the Company to maintain a higher capital buffer.

Circumstances and events after the end of reporting year

No significant circumstances or events directly affecting the Company'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 2023 in the amount of EUR 0.

Future prospects

Nasdaq CSD has set the following strategic goals for 2024:

- Expand the scope of Clients' e-Services Portal via growing the list of Corporate Actions available and adding new e-Service modules,
- Launch a new Investor CSD link with Clearstream Banking AG to provide further improvements and efficiencies in Investor CSD services,
- Launch an enhanced LEI Service platform and focus on attracting new clients,
- Continue focus on delivering high value investor data intelligence services to issuers, launch the Investor Analytics Solution in Iceland,
- Implement all SCoRE and ECMS related adaptations in the core CSD system

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 Company 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 2023. The Management Board also confirms that these financial statements have been prepared on a going concern basis.

The Management Board is responsible for maintaining appropriate accounting records and taking efforts to safeguard the assets of the Company and prevent and detect fraud and other irregularities in the Company.

Indars Aščuks
Chairman of the
Management Board

Kristi Sisa
Deputy Chairman of the
Management Board

Audrius Žakas
Member of the
Management Board

Riga, 11 June 2024

Income statement

	Note	2023 EUR	2022 EUR
Net turnover	3	15 705 999	14 852 259
Other operating income	4	484 676	451 609
Other external costs	5	(7 179 618)	(6 991 728)
Labor costs	6	(3 239 499)	(3 333 434)
Decrease in value adjustments:		(43 232)	(43 762)
• depreciation and amortization expense	9,11	(43 232)	(43 762)
Other operating expenses	7	(42 053)	(156 957)
Other interest income and similar income		690 523	76 923
Interest payable and similar expense:		(71 488)	(108 368)
• related parties		(5 720)	(1 920)
• other persons		(65 768)	(106 448)
Profit before corporate income tax		6 305 308	4 746 542
Income tax expense	8	(759 671)	(841 768)
Profit after income tax		5 545 637	3 904 774
Income or expense arising from changes in deferred tax assets or liabilities	8	(301 166)	(8 393)
Net profit for the reporting year		5 244 471	3 896 381

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

Indars Aščuks
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Kristi Sisa
Deputy Chairman of the Management Board

Audrius Žakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 11 June 2024

Balance sheet

	Note	31.12.2023 EUR	31.12.2022 EUR
Assets			
Non-current assets			
Intangible assets			
Goodwill	9,10	21 066 690	20 954 522
Total		21 066 690	20 954 522
Tangible assets			
Leasehold improvements	11	78	10 849
Other plant and equipment	11	49 387	81 644
Total		49 465	92 493
Long term financial investments			
Investments in subsidiaries	25	550 000	550 000
Other securities and investments	12	10 533 529	8 995 145
Deferred tax assets	8	30 383	33 468
Total		11 113 912	9 578 613
Total non-current assets		32 230 067	30 625 628
Current assets			
Receivables			
Trade receivables	13	1 758 531	1 646 348
Work in progress and unfinished orders		631 490	319 179
Other receivables	14	97 032	73 772
Receivables from related parties	16	170 301	1 599
Prepaid expenses	15	66 491	72 520
Accrued income		6 367	21 224
Total		2 730 212	2 134 642
Current financial assets			
Other securities and investments	12	9 253 608	5 658 778
Total		9 253 608	5 658 778
Cash and cash equivalents	17	5 373 049	9 244 346
Total current assets		17 356 869	17 037 766
Total assets		49 586 936	47 663 394

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Chief Accountant

Riga, 11 June 2024

Balance sheet (continued)

	Note	31.12.2023 EUR	31.12.2022 EUR
Equity and liabilities			
Equity			
Share capital	18	29 228 000	29 228 000
Reserves:		(1 781 698)	(1 833 451)
Reorganization reserve	26	439 583	439 583
Foreign exchange conversion reserve		(2 221 281)	(2 273 034)
Retained earnings		7 262 366	6 865 985
Profit for the reporting year		5 244 471	3 896 381
Total equity		39 953 139	38 156 915
Liabilities			
Non-current liabilities			
Deferred tax liabilities		316 180	—
Total		316 180	—
Current liabilities			
Trade payables	19	7 398 141	7 381 007
Payables to affiliated companies	20	129 247	117
Taxes and compulsory state social insurance contributions	21	783 220	970 668
Deferred income		4 142	6 190
Accrued liabilities	22	1 002 867	1 148 497
Total		9 317 617	9 506 479
Total liabilities		9 633 797	9 506 479
Total equity and liabilities		49 586 936	47 663 394

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

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Chief Accountant

Riga, 11 June 2024

Cash flow statement

	Note	2023 EUR	2022 EUR
Cash flow from operating activities			
Profit before income tax		6 305 308	4 746 542
Adjustments:			
• depreciation and impairment of property, plant and equipment	11	43 232	43 762
• amortization and impairment of intangible assets	9	—	—
• other interest income and similar income		(690 523)	(76 923)
• interest payable and similar expenses		71 488	108 368
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		5 729 505	4 821 749
• (Increase) or decrease in receivables		(426 868)	(493 550)
• Increase or (decrease) in outstanding debts to suppliers, contractors and other creditors		55 247	776 130
Gross operating cash flow		5 357 884	5 104 329
Income tax paid		(741 572)	(841 768)
Net cash flows from operating activities		4 616 312	4 262 561
Cash flows from investing activities			
Loans issued, net		(39 572)	(401 612)
Purchase of property, plant and equipment and intangible assets		—	(7 372)
Investments in securities	12	(10 468 476)	(12 826 053)
Sale or redemption of securities	12	5 520 439	1 504 127
Net cash flows from investing activities		(4 987 609)	(11 730 910)
Cash flows from financing activities			
Dividends paid		(3 500 000)	(3 000 000)
Net cash flows from financing activities		(3 500 000)	(3 000 000)
Net cash flow for the reporting year		(3 871 297)	(10 468 349)
Cash and cash equivalents at the beginning of reporting year		9 244 346	19 712 695
Cash and cash equivalents at the end of the reporting year	17	5 373 049	9 244 346

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

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Chairman of the Management Board

Kristi Sisa
Deputy Chairman of the Management Board

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Member of The Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 11 June 2024

Statement of changes in equity

	Share capital	Company reorganization reserve	Foreign exchange conversion reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2021	29 228 000	439 583	(1 760 565)	9 865 985	37 773 003
Profit for the reporting year	—	—	—	3 896 381	3 896 381
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	439 583	(2 273 034)	10 762 366	38 156 915
Profit for the reporting year	—	—	—	5 244 471	5 244 471
Foreign exchange conversion reserve	—	—	51 753	—	51 753
Dividends paid	—	—	—	(3 500 000)	(3 500 000)
Balance as at 31 December 2023	29 228 000	439 583	(2 221 281)	12 506 837	39 953 139

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

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Audrius Žakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 11 June 2024

Explanatory notes to the financial statements

1 General information about the Company

NASDAQ CSD SE (hereinafter - the Company) legal address is Valņu iela 1, Rīga. The Company is registered in the Commercial Register with the unified registration number 40003242879. The Company's shareholder is Nasdaq Nordic Oy, which owns 99.8% of the Company's share capital. 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.

The main activity of the Company is the accounting and holding of securities in public circulation, the organization of settlements with securities, as well as the development and maintenance of registers necessary for the accounting and holding of securities. Nasdaq CSD SE consists of the head office and three branches, one in Lithuania, one in Estonia and one in Iceland. The structure of such a company was established in 2017 by merging three separate legal entities in Latvia, Lithuania and Estonia. In 2020, the subsidiary registered in Iceland was reorganized by adding it as a third branch.

2 Summary of significant accounting policies

Basis of preparation

The financial statements of NASDAQ CSD SE have been prepared in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

The financial statements include branches controlled by Nasdaq CSD SE. The financial statements consist of the financial statements of Nasdaq CSD SE and its branches.

The financial statements have been prepared under the historical cost convention, except for financial investments, which are carried at fair value. The euro (EUR) is used as the currency in the financial statements. The financial statement covers the period from 1 January 2023 to 31 December 2023.

The profit or loss statement is prepared in a vertical format with costs are classified based on their type. The cash flow statement is prepared using the indirect method.

In accordance with the law, the items "Investment property", "Biological assets", "Deferred tax assets", "Long-term investments held for sale" and "Deferred tax liabilities" are used only by a company that recognizes and measures these items in accordance with International Accounting Standards (International Financial Reporting Standards as adopted by the EU).

According to the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia, Nasdaq CSD SE is considered a medium-sized company.

The law provides additional relief for small and medium-sized companies in preparing financial statements, but at the same time stipulates that the financial statements must give a true and fair view of the company's financial position and profit or loss, and the medium and large companies' annual report must also provide cash flow.

These are the standalone financial statements of the Company. In 2023 the Company has performed an elevation and, based on Article 61 of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia, has concluded that the subsidiary is not significant and as a result of this assessment, based on Article 66 of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia, no consolidated annual report has been prepared.

Going concern

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

Use of estimates

In preparing the financial statements, management is required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities in the separate financial statements. 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 Company's management regularly evaluates the amount of estimates. If any events or changes in circumstances indicate that the accounting estimate used is no longer reliable or new information has become available, the Company changes the accounting estimate. The new accounting estimate is applied to the measurement of financial statement items in the year in which the accounting estimate changes and, where

appropriate (for example, when the accounting estimate is related to a change in the useful life or depreciation method), in subsequent years.

Foreign currency revaluation

The functional currency of the Company and the currency used in the 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 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 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 31.12.2023: EUR / ISK – 150.50
- Average exchange rate for the period 01.01.2023 - 31.12.2023: EUR / ISK – 149.13

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

Company's management has chosen 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 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 / 4 525 EUR
- Software 50 000 USD / 45 249 EUR
- Other equipment 3 000 USD / 2 715 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 Company 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.

Property, plant and equipment (continued)

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 Financial Reporting 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 recognize and measure financial investments in accordance with International Financial Reporting 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

An entity derecognizes a financial asset only if:

- the contractual rights to the cash flows from the financial asset have expired, or
- the entity 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 Company 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 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 Company.

Lease*Finance lease*

Finance leases in which all risks and rewards of ownership of the leased asset are transferred to the Company 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 Company 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.

Corporate income tax (continuation)

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 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 in the balance sheet.

Deferred tax assets and liabilities

Considering that the Company 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 recognizes 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 recognized 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 recorded on the balance sheet and income statement relates to the Lithuanian, Icelandic and Estonian branches of Nasdaq CSD SE.

The Company recognizes 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

<i>From the core business</i>	2023	2022
Issuer fees	4 722 119	4 063 125
Participant fees	10 179 199	10 066 810
Pension service fees	804 681	722 324
Total	15 705 999	14 852 259

4 Other operating income

	2023	2022
Compensated labor costs	5 557	143 327
Revenues from IT systems transferred to Nasdaq Stockholm	300 685	304 577
Provisions for bad and doubtful trade receivables	—	421
Revaluation of financial assets held for trading	149 120	—
Other operating income	29 314	3 284
Total	484 676	451 609

5 Other external costs

	2023	2022
IT system maintenance expense	1 789 302	2 161 670
Services received from related parties	2 927 125	2 519 655
Consulting and legal services cost	1 240 135	978 969
Annual fee to the Financial Supervision Authority	186 966	177 646
Non-deductible input VAT	194 847	226 740
Rent	193 563	199 403
Other personnel expenses	137 002	149 831
Utilities and premises costs	101 848	96 968
Insurance	67 447	65 786
Communication and postal expense	68 895	69 900
Business trips	72 822	94 224
Marketing and advertising	12 482	52 630
Other administrative expense	187 184	198 306
Total	7 179 618	6 991 728

6 Labour costs

	2023	2022
Salaries and wages	2 848 517	2 922 039
Statutory social security contributions	390 982	411 395
Total	3 239 499	3 333 434

Including key management personnel compensation:

	2023	2022
Members of the Management Board		
Wages and salaries	454 815	476 309
Statutory social insurance contributions	109 785	93 165
Total	564 600	569 474

	2023	2022
Independent Council Members		
Wages and salaries	47 250	43 500
Statutory social insurance contributions	11 146	10 262
Total	58 396	53 762

	2023	2022
Average number of Council Members during the reporting year	3	3
Average number of independent Council Members during the reporting year	3	3
Average number of Members of the management Board during the reporting year	4	4
Average number of employees during the reporting year	44	46
Total	54	56

7 Other operating expenses

	2023	2022
Provisions for bad and doubtful trade receivables	42 053	—
Revaluation of financial assets held for trading	—	156 957
Total	42 053	156 957

8 Current and deferred corporate income tax

	2023	2022
Current corporate income tax charge for the reporting year	(759 671)	(841 768)
Deferred corporate income tax due to changes in temporary differences	(301 166)	(8 393)
Corporate income tax charged to the income statement:	(1 060 837)	(850 161)

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

	Balance sheet		Income statement	
	31.12.2023	31.12.2022	2023	2022
Deferred income tax assets (Iceland and Lithuania)				
Provision for bonuses	13 800	15 014	(1 214)	1 000
Other provisions	16 583	18 454	(1 871)	(9 393)
Gross deferred corporate income tax asset	30 383	33 468	(3 085)	(8 393)
Net deferred corporate income tax asset	30 383	33 468	(3 085)	(8 393)

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

	2023	2022
Profit before tax – Lithuanian branch	997 873	725 162
Profit before tax – Icelandic branch	3 091 898	3 709 855
(On the profit earned in the Lithuanian branch of	149 681	108 774
Theoretically calculated corporate income tax - 20%		
(On the profit earned by Nasdaq CSD Iceland)	618 380	741 971
Permanent differences:		
Income tax adjustment for previous years	1 045	14 667
Non – deductible expenses	7 037	(10 794)
Other permanent differences	(16 472)	(12 850)
Actual corporate income tax for the year:	759 671	841 768
Deferred tax charge / (credit) in the income statement*	301 166	8 393
Corporate income tax charged to the income statement:	1 060 837	850 161

*Deferred tax liabilities in the amount of EUR 298'081 for the Estonian branch are calculated starting from 2023 from the profit of the reporting year. Until 2022, the Company decided not to pay dividends from the Estonian branch. This decision remains unchanged, therefore deferred tax liabilities for retained earnings of previous years are not calculated.

9 Intangible assets

	Concessions, patents, licenses, trademarks and similar rights	Goodwill	Total
As at 31 December 2021			
Cost	5 237	21 400 574	21 405 811
Accumulated amortisation and impairment	(5 237)	—	(5 237)
Carrying amount as at 31 December	—	21 400 574	21 400 574
The year 2022			
Carrying amount as at 1 January	—	21 400 574	21 400 574
Effect of foreign currency exchange rate fluctuations	—	(446 052)	(446 052)
Carrying amount as at 31 December	—	20 954 522	20 954 522
As at 31 December 2022			
Cost	5 237	21 400 574	21 405 811
Accumulated amortisation and impairment	(5 237)	—	(5 237)
Effect of foreign currency exchange rate fluctuations	—	(446 052)	(446 052)
Carrying amount as at 31 December	—	20 954 522	20 954 522
The year 2023			
Carrying amount as at 1 January	—	20 954 522	20 954 522
Effect of foreign currency exchange rate fluctuations	—	112 168	112 168
Carrying amount as at 31 December	—	21 066 690	21 066 690
Year ended 31 December 2023			
Cost	5 237	21 400 574	21 405 811
Accumulated amortisation and impairment	(5 237)	—	(5 237)
Effect of foreign currency exchange rate fluctuations	—	(333 884)	(333 884)
Carrying amount as at 31 December	—	21 066 690	21 066 690

10 Goodwill

Lithuania and Estonia

In May 2016, the Company 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, the Company 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	31.12.2023	31.12.2022
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 Reykjavik, Iceland	16 993 517	16 881 349
Total	21 066 690	20 954 522

Impairment assessment

The Company performed its annual goodwill impairment test as at 31 December 2023. 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 impairment was identified.

Pre-tax discount rates

	31.12.2023	31.12.2022
Lithuania	12.9	14.3
Iceland	16.5	17.5

11 Fixed assets

	Office furniture and equipment	Leasehold improvements	Total
As at 31 December 2021			
Cost	251 513	59 644	311 157
Accumulated depreciation and impairment	(144 941)	(37 076)	(182 017)
Carrying amount as at 31 December	106 572	22 568	129 140
The year 2022			
Carrying amount as at 1 January	106 572	22 568	129 140
Additions	7 372	—	7 372
Depreciation charge	(32 043)	(11 719)	(43 762)
Cost of disposals	—	—	—
Accumulated depreciation of disposals	—	—	—
Effect of foreign currency exchange rate fluctuations	(257)	—	(257)
Carrying amount as at 31 December	81 644	10 849	92 493
As at 31 December 2022			
Cost	258 628	59 644	318 272
Accumulated depreciation and impairment	(176 984)	(48 795)	(225 779)
Carrying amount as at 31 December	81 644	10 849	92 493
The year 2023			
Carrying amount as at 1 January	81 644	10 849	92 493
Additions	—	—	—
Depreciation charge	(32 461)	(10 771)	(43 232)
Effect of foreign currency exchange rate fluctuations	204	—	204
Carrying amount as at 31 December	49 387	78	49 465
As at 31 December 2023			
Cost	258 832	59 644	318 476
Accumulated depreciation and impairment	(209 445)	(59 566)	(269 011)
Carrying amount as at 31 December	49 387	78	49 465

12 Other securities and investments

	31.12.2023	31.12.2022
Government securities	19 785 984	14 652 770
Other financial investments - non-current	1 153	1 153
Total	19 787 137	14 653 923

Government securities

	2023	2022
At the beginning of the reporting year	14 652 770	3 489 814
Purchases	10 468 476	12 826 053
Redemption and received coupons	(5 520 439)	(1 504 127)
Changes in fair value recognised in profit or loss statement	97 183	(195 588)
Accrued interest recognised in profit or loss statement	87 994	36 618
At the end of the reporting year	19 785 984	14 652 770
incl. Short - term financial investments	9 253 608	5 658 778
incl. Long term financial investments	10 532 376	8 993 992

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

	31.12.2023	31.12.2022
Dutch Treasury bills with a fixed coupon of 1.75% and a maturity of 15 July 2023	—	250 775
Lithuanian Government Bonds with a fixed coupon of 0.4% and a maturity date of 16 August 2023	—	1 488 344
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	206 258	206 835
Slovakia Government Bonds with a fixed coupon of 3,375% and a maturity date of 15 November 2024	3 015 401	3 019 337
Latvia Government Bonds with a fixed coupon of 2,875% and a maturity date of 30 April 2024	1 014 479	1 013 402
Denmark Government Bonds with a fixed coupon of 2,5% and a maturity date of 18 November 2024	1 494 683	1 494 868
Estonian Treasury bills with a fixed coupon of 0% and a maturity date of 27 September 2024	2 043 678	—
Luxembourg Government Bonds with a fixed coupon of 0% and a maturity date of 28 April 2025	3 368 295	3 259 550
Lithuania Government Bonds with a fixed coupon of 1,3 % and a maturity date of 04 August 2025	1 632 503	—
Lithuania Government Bonds with a fixed coupon of 0 % and a maturity date of 13 July 2027	3 011 129	—
Estonian Treasury Bill with a fixed coupon of 0% and maturity date 25 April 2024	790 088	—
France Treasury bills with a fixed coupon of 0% and a maturity date of 12 June 2024	689 021	—
France Government Bonds with a fixed coupon of 0% and a maturity date of 25 March 2025	2 520 449	—
Total	19 785 984	14 652 770

13 Trade receivables

	31.12.2023	31.12.2022
Trade receivables	1 853 152	1 778 019
Allowance for doubtful trade receivables	(94 621)	(131 671)
Total	1 758 531	1 646 348

Trade receivables are non-interest bearing.

14 Other receivables

	31.12.2023	31.12.2022
Overpayment of taxes (see Note 21)	93 508	70 248
Other receivables	3 524	3 524
Total	97 032	73 772

15 Prepaid expenses

	31.12.2023	31.12.2022
IT systems support	7 942	2 199
Office rent	3 944	3 944
Car lease	9 025	953
Insurance	41 351	60 699
Other prepaid expenses	4 229	4 725
Total	66 491	72 520

16 Receivables from related parties

	31.12.2023	31.12.2022
Short-term deposit	170 301	1 599
Total	170 301	1 599

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

	31.12.2023	31.12.2022
Cash at bank	5 373 049	9 244 346
Total	5 373 049	9 244 346

As required by the Capital Adequacy Policy of NASDAQ CSD SE, EUR 2.4 million (31.12.2022: EUR 4.9 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 2023 is set at EUR 10.4 million (31.12.2022: 10.2 million).

18 Share capital

The Company'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 2023, EUR 3 500 000 was paid in dividends (in 2022: 3 000 000).

The Company's management board proposes a dividend of EUR 0 for the year 2023 results.

19 Trade payables

	31.12.2023	31.12.2022
Payments to securities owners*	7 312 227	7 189 312
Other trade payables	85 914	191 695
Total	7 398 141	7 381 007

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

Assets of the initial register are invested as follows:

	31.12.2023	31.12.2022
Account with the Bank of Latvia	1 484 846	693 921
Investments made in the investment portfolio	5 827 381	6 495 391
Total	7 312 227	7 189 312

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.

Some of the individuals or entities listed in the Initial Register have died or been dissolved, and it is possible that the assets registered to them in the Initial Register might be treated as property belonging to state. To facilitate the proper transfer of property (securities and money) that already belongs to the state from the Initial Register and the sale of the transferred securities, changes to regulatory acts would be required.

20 Payables to affiliated companies

	31.12.2023	31.12.2022
Loan from related company*	129 247	117
Total	129 247	117

* 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

	31.12.2023	31.12.2022
Latvia		
Statutory social insurance contributions	—	100
Personal income tax	—	717
Corporate income tax	68 991	69 426
Value added tax	(32 668)	(37 887)
Unemployment risk duty	5	5
Lithuania		
Corporate income tax	(53 503)	(35 503)
Value added tax	(17 124)	(21 088)
Estonia		
Statutory social insurance contributions	(11 220)	(15 826)
Personal income tax	(5 753)	(7 324)
Value added tax	(64 982)	(64 616)
Unemployment risk duty	(692)	(887)
Iceland		
Personal income tax	(9 580)	(31 799)
Value added tax	24 512	(79 985)
Corporate income tax	(587 698)	(675 753)
Total	(689 712)	(900 420)
Total receivable (disclosed as other receivables)	93 508	70 248
Total payable	(783 220)	(970 668)

22 Accrued liabilities

	31.12.2023	31.12.2022
Provisions for staff bonuses	349 484	393 503
Provisions for creditor invoices	242 053	266 461
Other accrued liabilities	23 213	105 564
Vacation pay reserve	295 442	295 703
Provision for employee share purchase plan	92 675	87 266
Total	1 002 867	1 148 497

All accrued liabilities are expected to be settled in 2024.

23 Contingent liabilities

Operating lease liabilities

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

Vehicle leases	31.12.2023	31.12.2022
Within one year	13 942	15 072
Later than one year but no later than five years	52 071	19 784
Total	66 013	34 856

Premises lease	31.12.2023	31.12.2022
Within one year	154 704	193 350
Later than one year but no later than five years	162 609	168 057
Total	317 313	361 407

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.

On October 13, 2023 2nd instance court ruled in favour of Nasdaq CSD. Grindeks submitted cassation complaint to Supreme court. On december 21, 2023 Nasdaq CSD submitted its explanations to the cassation complaint. Supreme court could decide to refuse cassation proceeding or initiate proceeding. Law doesn't set up the deadline when such decision should be taken.

In 2023 Nasdaq CSD obtained a letter from the Icelandic Competition Authority about an investigation in relation to a complaint they received, suggesting a potential breach of the Icelandic Competition Act. During the year, Management has closely monitored the investigation and has performed an assessment of this claim. At the date of this report, it is difficult to assess likelihood or amount of any potential financial, operational, or legal impact of the claim. No accrual has therefore been posted in the balance sheet.

24 Events after the balance sheet date

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

25 Investments in subsidiaries

Company	%	Initial investment	Write-off of the investment value	31.12.2023	31.12.2022
AS Pensionikeskus, Maakri 19/1, 10145 Tallinn, Estonia	100	550 000	—	550 000	550 000

Financial information about subsidiaries:

Company	Equity		Profit / (loss) for the year	
	31.12.2023	31.12.2022	2023	2022
AS Pensionikeskus, Maakri 19/1, 10145 Tallinn, Estonia	715 480	791 340	(75 860)	(109 164)

In June 2017, the Company founded a subsidiary in Estonia - AS Pensionikeskus. The core business activity of this company comprises managing the Estonian funded pension (II and III pillar) registers. Equity and reserve capital are in compliance with regulation.

26 Reorganisation reserve

The reorganization reserve is recognised as a result of the merger of subsidiaries as branches. The difference between the assets, liabilities and the carrying amount of the investment in the combined entity is recognized in equity under the heading "Reorganisation reserve".

The reserve has formed as a result of the merger of the following subsidiaries as branches:

Entity	Year of merger	Reorganisation reserve amount	
		31.12.2023	31.12.2022
Nasdaq CSD Lithuanian branch	2017	480 957	480 957
Nasdaq CSD Estonian branch	2017	(83 805)	(83 805)
Nasdaq CSD Icelandic branch	2020	42 431	42 431
Total		439 583	439 583

Indars Aščuks
Chairman of the Management Board

Kristi Sisa
Deputy Chairman of the Management Board

Audrius Žakas
Member of the Management Board

Inguna Čakstiņa
Chief Accountant

Riga, 11 June 2024

NASDAQ CSD SE

Registration number: 40003242879

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Independent Auditor's Report

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Independent Auditor's Report (continued)

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