

## CONFIRMATION OF RESPONSIBLE PERSONS

7 April 2016

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (article 21) of the Republic of Lithuania, management of INVL Technology, AB hereby confirms that, to the best of our knowledge, the attached Company's Financial Statements for 2015 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of INVL Technology. Presented Annual Report includes a fair review of the development and performance of the business and position of the company in relation to the description of the main risks and contingencies faced thereby.

### ENCLOSED:

1. Company's Financial Statements for 2015.
2. Annual Report for 2015.

Director



Kazimieras Tonkūnas

Chief Financial Officer



Kristupas Baranauskas

# INVL TECHNOLOGY AB

ANNUAL REPORT, COMPANY'S FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015 PREPARED ACCORDING TO INTERNATIONAL  
FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION,  
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

### Translation note:

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

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## **Independent Auditor's Report**

To the shareholders of AB INVLT Technology

### **Report on the financial statements**

We have audited the accompanying financial statements of AB INVLT Technology ("the Company") set out on pages 5 to 36, which comprise the statement of financial position as of 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the financial statements*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



### **Report on other legal and regulatory requirements**

Furthermore, we have read the annual report for the year ended 31 December 2015 set out on pages 37 to 103 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2015.

On behalf of PricewaterhouseCoopers UAB

A blue ink signature of Rimvydas Jogėla, consisting of a large, stylized 'R' followed by a series of loops and a long horizontal stroke.

Rimvydas Jogėla  
Partner  
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania  
7 April 2016

A blue ink signature of Rasa Radzevičienė, written in a cursive script.

Rasa Radzevičienė  
Auditor's Certificate No.000377

## BASIC DETAILS

### Board of Directors

Mr Kazimieras Tonkūnas (Chairman)  
Mr Gytis Umantas  
Mr Alvydas Banys  
Mr Vytautas Plunksnis  
Mr Nerijus Drobavičius

### Management

Mr Kazimieras Tonkūnas (Managing Director)

### Principal place of business and company code

Registered office address:  
Gynėjų g. 16,  
Vilnius,  
Lithuania

Company code 300893533

These financial statements were authorised for issue and signed by the Company's Management and Board of Directors on 7 April 2016.

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Mr Kazimieras Tonkūnas  
Director

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Mr Kristupas Baranauskas  
Finance Director

## STATEMENT OF COMPREHENSIVE INCOME

|   | Notes | 2015         | 29 April– 31<br>December 2014 |
|---|-------|--------------|-------------------------------|
| <b>Income</b>   |       |              |                               |
| Net change in fair value of financial assets                                  | 6     | 2,247        | 2,920                         |
| Dividend income   | 10    | 598          | -                             |
| Interest income   |       | 30           | -                             |
| Other revenue   | 11    | 260          | -                             |
| <b>Total net income</b>   |       | <b>3,135</b> | <b>2,920</b>                  |
| Employee benefits   |       | (289)        | (3)                           |
| Other expenses  |       | (229)        | (25)                          |
| <b>Total operating expenses</b>   | 12    | <b>(518)</b> | <b>(28)</b>                   |
| <b>Operating profit (loss)</b>  |       | <b>2,617</b> | <b>2,892</b>                  |
| Finance costs   | 13    | (168)        | -                             |
| <b>Profit (loss) before tax for the reporting period</b>                      |       | <b>2,449</b> | <b>2,892</b>                  |
| Income tax benefit (expense)  | 14    | 65           | -                             |
| <b>Profit (loss) for the reporting period</b>                                 |       | <b>2,514</b> | <b>2,892</b>                  |
| Other comprehensive income for the reporting period, net of tax               |       | -            | -                             |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD, NET OF INCOME TAX</b> |       | <b>2,514</b> | <b>2,892</b>                  |
| Basic and diluted earnings (deficit) per share (in EUR)                       | 15    | 0.28         | 0.47                          |

## STATEMENT OF FINANCIAL POSITION

|   | Notes | As at<br>31 December 2015 | As at<br>31 December 2014 |
|---|-------|---------------------------|---------------------------|
| <b>ASSETS</b>   |       |                           |                           |
| <b>Non-current assets</b>                             |       |                           |                           |
| Financial assets at fair value through profit or loss | 6     | 16,955                    | 7,828                     |
| Intangible assets and property, plant and equipment   |       | 5                         | -                         |
| Deferred income tax assets                            | 14    | 1                         | -                         |
| <b>Total non-current assets</b>                       |       | <b>16,961</b>             | <b>7,828</b>              |
| <b>Current assets</b>                                 |       |                           |                           |
| Trade and other receivables and loans granted         | 7,16  | 392                       | -                         |
| Prepayments and deferred charges                      |       | 1                         | -                         |
| Cash and cash equivalents                             |       | 6,994                     | 25                        |
| <b>Total current assets</b>                           |       | <b>7,387</b>              | <b>25</b>                 |
| <b>Total assets</b>                                   |       | <b>24,348</b>             | <b>7,853</b>              |
| <b>EQUITY AND LIABILITIES</b>                         |       |                           |                           |
| <b>Equity</b>   |       |                           |                           |
| Share capital   | 8     | 3,531                     | 172                       |
| Share premium   | 8     | 8,268                     | 250                       |
| Reserves  | 9     | 9,977                     | 579                       |
| Retained earnings                                     |       | 2,467                     | 6,846                     |
| <b>Total equity</b>                                   |       | <b>24,243</b>             | <b>7,847</b>              |
| <b>Liabilities</b>                                    |       |                           |                           |
| <b>Current liabilities</b>                            |       |                           |                           |
| Trade payables  |       | 44                        | 3                         |
| Employment-related liabilities                        |       | 49                        | -                         |
| Other current liabilities                             |       | 12                        | 3                         |
| <b>Total current liabilities</b>                      |       | <b>105</b>                | <b>6</b>                  |
| <b>Total liabilities</b>                              |       | <b>105</b>                | <b>6</b>                  |
| <b>Total equity and liabilities</b>                   |       | <b>24,348</b>             | <b>7,853</b>              |



## STATEMENT OF CASH FLOWS

|  | Notes | 2015         | 29 April–31<br>December 2014 |
|--|-------|--------------|------------------------------|
| <b>Cash flows from operating activities</b>                                |       |              |                              |
| Net profit for the reporting period  |       | 2,514        | 2,892                        |
| <b>Adjustments for:</b>  |       |              |                              |
| Elimination of items of financing activities                               |       | 168          | -                            |
| Dividend income  |       | (598)        | -                            |
| Interest income  |       | (30)         | -                            |
| Depreciation and amortisation  |       | 3            | -                            |
| Net change in fair value of financial assets                               | 6     | (2,247)      | (2,920)                      |
| Income tax (benefit) expense   | 14    | (65)         | -                            |
|  |       | (255)        | (28)                         |
| Changes in working capital:  |       |              |                              |
| Decrease (increase) in financial assets at fair value                      | 6     | 194          | -                            |
| Decrease (increase) in trade and other receivables                         |       | 18           | -                            |
| Decrease (increase) in other current assets                                |       | 3            | -                            |
| Increase (decrease) in trade payables                                      |       | (7)          | 3                            |
| Dividends received   | 10    | 598          | -                            |
| Increase (decrease) in other current liabilities                           |       | 32           | 3                            |
| <b>Cash flows from (used in) operating activities</b>                      |       | <b>583</b>   | <b>(22)</b>                  |
| Income tax paid  |       | -            | -                            |
| <b>Net cash flows from (used in) operating activities</b>                  |       | <b>583</b>   | <b>(22)</b>                  |
| <b>Cash flows from investing activities</b>                                |       |              |                              |
| Acquisition of non-current assets  |       | (3)          | -                            |
| Interest received  |       | 58           | -                            |
| Loans granted  |       | (597)        | -                            |
| Loan repayments received   |       | 731          | 120                          |
| <b>Net cash flows from (used in) investing activities</b>                  |       | <b>189</b>   | <b>120</b>                   |
| <b>Cash flows from financing activities</b>                                |       |              |                              |
| Cash flows related to owners:  |       |              |                              |
| Proceeds from distribution of newly issued shares                          | 8     | 8,444        | -                            |
| Cash received under split-off terms  | 5     | -            | 45                           |
| Cash balance at the company merged   | 4     | 41           | -                            |
|  |       | 8,485        | 45                           |
| Cash flows related to other financing sources:                             |       |              |                              |
| Interest paid  |       | (129)        | -                            |
| Proceeds from borrowings   |       | 166          | -                            |
| Repayments of borrowings   |       | (2,325)      | (118)                        |
|  |       | (2,288)      | (118)                        |
| <b>Net cash flows from (used in) financing activities</b>                  |       | <b>6,197</b> | <b>(73)</b>                  |
| <b>Foreign exchange effect on the balance of cash and cash equivalents</b> |       | <b>-</b>     | <b>-</b>                     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                |       | <b>6,969</b> | <b>25</b>                    |
| <b>Cash and cash equivalents in the beginning of the</b>                   |       | <b>25</b>    | <b>-</b>                     |
| <b>Cash and cash equivalents at the end of the period</b>                  |       | <b>6,994</b> | <b>25</b>                    |

## STATEMENT OF CHANGES IN EQUITY

|   | Note | Share capital | Share premium | Legal reserve | Reserve for acquisition of own shares | Retained earnings | Total  |
|---|------|---------------|---------------|---------------|---------------------------------------|-------------------|--------|
| <b>Balance at 29 April 2014</b>   | 5    | 172           | 250           | 23            | 556                                   | 208               | 1,209  |
| Effect of applying investment entity accounting policy at the split-off date        | 5    | -             | -             | -             | -                                     | 3,746             | 3,746  |
| <b>Total transactions with owners of the Company, recognised directly in equity</b> |      | 172           | 250           | 23            | 556                                   | 3,954             | 4,955  |
| Net profit for 2014   |      |               |               |               |                                       | 2,892             | 2,892  |
| <b>Total comprehensive income for 2014</b>  |      | -             | -             | -             | -                                     | 2,892             | 2,892  |
| <b>Balance at 31 December 2014</b>  |      | 172           | 250           | 23            | 556                                   | 6,846             | 7,847  |
| Effect of merger  | 4    | 1,601         | (71)          | (23)          | (556)                                 | 3,084             | 4,035  |
| Redistribution of retained earnings to the reserves                                 | 9    | -             | -             | 177           | 9,800                                 | (9,977)           | -      |
| Proceeds from distribution of newly issued shares, net of distribution costs        | 8    | 1,758         | 8,089         | -             | -                                     | -                 | 9,847  |
| <b>Total transactions with owners of the Company, recognised directly in equity</b> |      | 3,359         | 8,018         | 154           | 9,244                                 | (6,893)           | 13,882 |
| Net profit for 2015   |      | -             | -             | -             | -                                     | 2,514             | 2,514  |
| <b>Total comprehensive income for 2015</b>  |      | -             | -             | -             | -                                     | 2,514             | 2,514  |
| <b>Balance at 31 December 2015</b>  |      | 3,531         | 8,268         | 177           | 9,800                                 | 2,467             | 24,243 |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

INVL Technology AB (company code 303299817, formerly BAIP Grupė AB, hereinafter “the New Parent Company”) is a public limited liability company registered in the Republic of Lithuania. On 9 February 2015 it was merged with its then parent company, INVL Technology AB (company code 303299817, hereinafter “the Former Parent Company”) into BAIP Grupė UAB (Note 4). The Former Parent Company was established on 29 April 2014, following the split-off from Invalda INVL AB (Note 5). These financial statements have been prepared as a continuation of the activities of the Former Parent Company, thus the financial data of comparative period, and the current period until the date of the merger has been presented from the perspective of the Former Parent Company, and the financial data from the date of merger has been presented from the perspective of the entity that survived the legal merger (see Note 2.1). The two legal entities are hereinafter referred to as “the Company”.

The Company’s registered office address is as follows: Gynėjų g. 16, Vilnius, Lithuania.

As at 29 April 2014, the Former Parent Company had a 80% stake in BAIP Grupė UAB which invests in IT businesses, and a 100% stake in Inventio UAB which is dormant. After the increase in share capital of BAIP Grupė UAB in December 2014, in which only minority shareholders had participated, the Former Parent Company held 65.65% of the shares of BAIP Grupė UAB. In December 2014, a private limited liability company BAIP Grupė UAB was reorganised into a public limited liability company, BAIP Grupė AB.

On 7 July 2015, the Company successfully completed its secondary public offering, thereby attracting EUR 10 million (Note 8).

The Company operates as a cluster of IT businesses working with large corporate and public entities with a focus in four key areas: business climate improvement and e-governance, IT infrastructure, cyber security and solutions for IT-intensive industries. The major investments of INVL technology are currently in businesses based in Lithuania, Norway, Tanzania, Rwanda and Uganda.

Seeking to ensure considerable return on investments for investors, the Company is seeking to invest in mature IT businesses offering solutions to large corporate and public entities that have production capacities in the Baltic States, Scandinavia and the CEE region, and a synergy potential from cooperation with other entities of the Company. The Company also seeks to increase the value of entities managed by it by promoting their growth and additional acquisitions with financial and intellectual capital and management support, and assisting with globalisation of their businesses through sales channels in the markets of East Africa and Southeast Asia.

During the Shareholders Meeting held on 7 March 2016, the Company’s shareholders approved the Company’s transformation into a closed-end investment entity. It is expected that the Company will continue its activities as an investment entity for the period of 10 years, with the possibility to extend it for additional two years. With the status of an investment entity, the Company’s activities will be supervised by the Bank of Lithuania, thereby providing additional security for the investors.

As at 31 December 2015, the Company’s authorised share capital was divided into 12,175,321 ordinary registered shares with par value of EUR 0.29 each. As at 31 December 2014, the authorised share capital of the Former Parent Company was divided into 592,730 ordinary registered shares with par value of LTL 1 each. All the shares of the Company have been fully paid. The Company’s subsidiaries hold no shares of the Company.

The shareholders holding ownership to or otherwise controlling over 5% of the Company’s authorised share capital (by number of votes held) are as follows:

|                          | <b>Number of votes<br/>conferred by<br/>shares held<br/>under the title of<br/>ownership</b> | <b>Voting rights<br/>held, %</b> |
|--------------------------|--|----------------------------------|
| LJB Investments UAB      | 2,424,152  | 19.91%                           |
| Invalda INVL AB          | 1,906,032  | 15.65%                           |
| Ms Irena Ona Mišeikienė  | 1,466,421  | 12.04%                           |
| Lietuvos Draudimas AB    | 909,090  | 7.47%                            |
| Mr Kazimieras Tonkūnas   | 675,452  | 5.55%                            |
| Mr Alvydas Banys         | 618,745  | 5.08%                            |
| Other minor shareholders | 4,175,429  | 34.30%                           |
| <b>Total</b>             | <b>12,175,321</b>  | <b>100.00%</b>                   |

**INVL TECHNOLOGY AB**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**  
 (All amounts are in EUR thousands unless otherwise stated)

The Agreement of Shareholders was signed on 26 November 2014 (amended on 27 May 2015) by the following shareholders of the Company: LJB Investments UAB, Ms Irena Ona Mišeikienė, Lucrum Investicija UAB, Invalda INVL AB, Mr Alvydas Banys, Mr Darius Šulnis, Ms Indrė Mišeikytė, Mr Kazimieras Tonkūnas, Mr Gytis Umantas, Mr Artūras Milašauskas, Ms Vida Juozapavičienė, Mr Marius Leščinskas, Mr Rokas Ralys and Mr Tomas Šeikus. As at 31 December 2015, the parties to the Agreement held ownership title to 68.97% of shares of the Company. Based on the Agreement, LJB Investments UAB, Ms Irena Ona Mišeikienė, Lucrum Investicija UAB, Invalda INVL AB, Mr Alvydas Banys, Mr Darius Šulnis and Ms Indrė Mišeikytė have no right to sell more than 50% of the shares held by them within the period of 12 months following the last increase in the share capital (registered with the Register of Legal Entities on 8 July 2015). Whereas Mr Kazimieras Tonkūnas, Mr Gytis Umantas, Mr Artūras Milašauskas, Ms Vida Juozapavičienė, Mr Marius Leščinskas, Mr Rokas Ralys and Mr Tomas Šeikus have a commitment not sell 100% of the shares held by them within the period of 12 months following the last increase in the share capital.

The Company's shares have been traded in the Baltic Secondary List of NASDAQ Vilnius stock exchange since 4 June 2014.

As at 31 December 2014, the authorised share capital of the Former Parent Company was divided into 592,730 ordinary registered shares with par value of LTL 1 each. All the shares of the Former Parent Company have been fully paid. The subsidiaries held no shares of the Former Parent Company. As at 31 December 2014, the shareholders of the Former Parent Company were as follows (by votes held)\*:

|                          | <b>Number of votes held</b> | <b>Voting rights held, (%)</b> |
|--------------------------|-----------------------------|--------------------------------|
| LJB Investments UAB      | 180,419                     | 30.44                          |
| Ms Irena Ona Mišeikienė  | 171,307                     | 28.90                          |
| Invalda LT AB            | 74,343                      | 12.54                          |
| Lucrum Investicija UAB   | 60,159                      | 10.15                          |
| Mr Alvydas Banys         | 45,500                      | 7.68                           |
| Mr Indrė Mišeikytė       | 11,832                      | 2.00                           |
| Other minor shareholders | 49,170                      | 8.29                           |
| <b>Total</b>             | <b>592,730</b>              | <b>100.00</b>                  |

\* Some shareholders have sold part of their shares under the repo agreement (accordingly, they did not hold the legal ownership title to the shares), but they retained the voting rights in respect of the shares transferred.

As at 31 December 2015, the Company had 9 (31 December 2014: 1) employees.

According to the Lithuanian Law on Companies, the annual financial statements prepared by management must be authorised for issue by the General Shareholders' Meeting. The shareholders have a statutory right not to approve the annual financial statements and request that management prepare a new set of financial statements.

## **2 Basis of preparation and accounting policies**

### **2.1 Accounting for the merger and presentation of comparative figures**

On 9 February 2015, BAIP Grupė AB was merged with the Former Parent Company (which ceased its activities without liquidation) and thereafter has continued its activities under a new name of INVL Technology AB. Upon merger, all the rights and obligations of the Former Parent Company were passed to the New Parent Company, which continues its activities following the merger. As the merged entity continues the activities of the Former Parent Company as an investment entity, these financial statements have been prepared as a continuation of the activities of the Former Parent Company. Thus the financial data of comparative period, and the current period until the date of the merger (that is, 29 April 2014 – 9 February 2015) has been presented from the perspective of the Former Parent Company, and the financial data from the date of merger (that is, 9 February – 31 December 2015) has been presented from the perspective of the New Parent Company. Upon merger, the assets and liabilities of two merging entities were combined line-by-line basis at their predecessor amounts. Equity of the Company until the merger represents equity structure of the Former Parent Company, and thereafter of the New Parent Company. Effects of the merger are disclosed in Note 4.

## **2.2 Basis of preparation**

### Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Company meets the definition criteria of an investment entity under IFRS 10. The Company has no subsidiaries that provide services related to the Company's investment activities – therefore no subsidiaries to be consolidated – therefore the Company does not prepare consolidated financial statements.

These financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value. The financial statements are presented in EUR thousands, and all the amounts have been rounded to the nearest thousand unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. Although these estimates are based on management's best knowledge of current circumstances, events or actions, actual results may ultimately differ from these estimates.

### Standards and amendments endorsed by the EU that are effective for annual periods beginning on 1 January 2015

The standards and amendments endorsed by the EU that are effective for annual periods beginning on 1 January 2015 had no significant impact on the Company's financial statements and operation results.

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

The Company has not early adopted any new standards, amendments and interpretations endorsed by the EU after 1 January 2015 that are not yet mandatory. The Company does not expect these standards will have significant impact on the Company's financial statements and operation results.

## **2.3 Investment entity and consolidated financial statements**

### Investment entity

The Company has multiple unrelated investors. The Company has multiple investments. Ownership interests in the Company are in the form of equity securities issued by the Company – ordinary registered shares. In the management's opinion, the Company meets the definition of an investment entity as the following conditions exist:

- (i) The Company obtains funds from investors for the purpose of providing them with investment management services.
- (ii) The Company commits to investors that its business purpose is investing for capital appreciation and investment income; and
- (iii) The management measures and evaluates its investments and makes investment decisions on a fair value basis as a key criterion.

### Subsidiaries

The Company meets the definition of an investment entity as defined by IFRS 10 and is required to account for the investments in its subsidiaries at fair value through profit and loss. The fair value of subsidiary investments is determined on a consistent basis as described in the Note 6.

Where the Company is deemed to control an underlying portfolio company, whereby the control is exercised via voting rights or indirectly through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the underlying portfolio company and its results are also not consolidated and are instead reflected at fair value through profit or loss.

## **2.4 Functional and presentation currency**

The Company's functional and presentation currency is euro after Lithuania adopted euro as its official currency with effect from 1 January 2015. The comparative figures have been converted in to the euros at an official exchange rate of EUR 1 to LTL 3.4528.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the year end. All translation differences are accounted for in profit or loss. All non-monetary items carried at historical cost and denominated in foreign currency are translated using the exchange rates prevailing at the dates of original transactions. All non-monetary items carried at fair value and denominated in foreign currency are translated using the exchange rates prevailing at the dates of fair value measurement.

As all amounts in these financial statements have been presented in EUR thousands, individual amounts have been rounded up. Due to the rounding effects, the totals in the tables may not add up.

## **2.5 Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments that are not traded in active markets is determined by using valuation techniques. Such valuation techniques may include the most recent transactions in the market, the market price for similar transactions, discounted cash flow analysis or any other valuation models.

At the end of each reporting period fair values for unlisted equity securities are determined by the external qualified valuer using valuation techniques. Such valuation techniques may include earnings multiples (based on the budget earnings or historical earnings of the issuer and earnings multiples of comparable listed companies) and discounted cash flows (based on the expected future cash flows discounted at an appropriate discount rate). The Company adjusts the valuation model as deemed necessary for factors such as non-maintainable earnings, seasonality of earnings, market risk differences in operations relative to the peer multiples etc. The valuation techniques also consider the original transaction price and take into account the relevant developments since the acquisition of the investments and other factors pertinent to the valuation of the investments, with reference to such rights in connection with realisation, recent third-party transactions of comparable types of instruments, and reliable indicative offers from potential buyers. In determining fair value, the Company may rely on the financial data of investee portfolio companies and on estimates by the management of the investee portfolio companies as to the effect of future developments. Although the external qualified valuer uses its best judgement, and cross-references results of primary valuation models against secondary models in estimating the fair value of investments, there are inherent limitations in any estimation techniques. Whilst the fair value estimates presented herein attempt to present the amount the Company could realise in a current transaction, the final realisation may be different as future events will also affect the current estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

Where portfolio investments are held through subsidiary holding companies, the net assets of the holding company are added to the value of the portfolio investment being assessed to produce the fair value of the holding company held by the Company.

## **2.6 Business combinations involving entities under common control**

IFRS provides no guidance on the accounting for common control transactions, but requires that entities develop an accounting policy for them [IAS 8.10]. The two methods most commonly chosen for accounting for business combinations between entities under common control are (1) the acquisition method and (2) the predecessor values method. Once a method has been adopted it should be applied consistently as a matter of accounting policy. Neither IFRS 3 nor any other IFRS require or prohibit the application of either method to business combinations involving entities under common control.

The Company has elected to apply predecessor values method for transactions under common control. The principle of predecessor accounting is that the acquirer incorporates predecessor carrying values. Business combinations are accounted for prospectively from the date of the business combination involving entities under common control.

The Company accounted for the split-off as for a reorganisation using the policies for business combinations under common control according to the policies described above. Investments in subsidiaries in stand-alone financial statements of Invalda INVL AB, from which the Company was split-off, were carried at cost less impairment. Although the Company has chosen to apply the predecessor values method to business combinations involving entities under common control, it is deemed as an

investment entity right from the start of its operations, and accordingly, its investments were measured at fair value through profit or loss on initial recognition. Refer to Note 5 for further information.

## **2.7 Financial assets**

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Financial assets are recognised initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The Company determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the settlement date. All regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all risks and rewards of ownership of the financial assets, i.e. has transferred the contractual rights to receive cash flows from the financial assets, or when it retains the contractual rights to receive cash flows from the financial assets, it assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients).

### Financial assets at fair value through profit or loss

The Company classifies its investments in equity securities, as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

- (i) Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separable embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.
- (ii) Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy requires the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. This sub-category includes unconsolidated subsidiaries that are part of the Company's investment portfolio. During the periods presented in these financial statements, all the financial assets at fair value through profit or loss have been designated to that category.

Gains or losses on financial assets at fair value through profit or loss are recognised in profit and loss within "Net changes in fair value of financial assets". Interest on debt securities at fair value through profit or loss is recognised within "Interest income" based on the effective interest rate. Dividends earned on investments are recognised in the statement of comprehensive income as "Dividend income" when the right of payment has been established. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through amortisation process. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables are recorded within 'Trade and other receivables', 'Loans granted' and 'Cash and cash equivalents' in the statement of financial position.

## **2.8 Impairment of financial assets**

### Assets carried at amortised cost

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company assesses whether objective evidence of impairment exists individually for financial assets. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. When a financial asset is assessed as uncollectible the impaired asset is derecognised.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

## **2.9 Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## **2.10 Cash and cash equivalents**

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

## **2.11 Financial liabilities**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs in the case of other financial liabilities.

The measurement of financial liabilities depends on their classification as follows:



#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### **2.12 Borrowing costs**

Borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **2.13 Revenue recognition**

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

The following specific recognition criteria must also be met before revenue is recognised:

#### Sale of services

For sale of services, revenue is recognised in the reporting period in which the services have been rendered, by reference to stage of completion of the specific transaction which is assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### Interest income

Income is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

#### Dividend income

Income is recognised when the Company's right to receive the payment is established.

### **2.14 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from share premium.

### **2.15 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as a single operating segment – investments in information technology businesses, therefore, it is not further disclosed in these financial statements.

## **2.16 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. The standard income tax rate in Lithuania was 15 % in 2015 and 2014.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Following the provisions of the Lithuanian Law on Corporate Income Tax, the sale of shares of an entity, registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect and which is a payer of corporate income tax or an equivalent tax, to another entity or a natural person shall not be taxed where the entity transferring the shares held more than 25% of voting shares in that entity for an uninterrupted period of at least two years. If mentioned condition is met or is expected to be met by the management of the Company, no deferred tax liabilities or assets are recognised in respect of temporary differences associated with carrying amounts of these investments.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. As from 1 January 2014, current year taxable profit can be reduced by previous year tax losses only up to 70%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

## **2.17 Employee benefits**

### Social security contributions

The Company pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

### Bonus plans

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### **3 Accounting estimates and judgements**

The Company makes accounting estimates and judgements that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **3.1 Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in these financial statements:

##### Initial recognition of assets received and liabilities assumed on the split-off

Management of Invalda INVL AB made a judgement that the split-off completed in 2014 (as a result of which the Former Parent Company was established) was not within the scope of IFRIC 17 Distribution of Non-cash Assets to Owners. IFRIC 17 includes an exemption that the Interpretation does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution. During the split-off, all the shares were allocated proportionally to all the shareholders of Invalda INVL AB and of the newly established entities. Before and after the split-off date, Invalda INVL AB was jointly controlled by the following shareholders of Invalda INVL AB: Mr Alvydas Banys, LJB Investments UAB, Ms Irena Ona Mišeikienė, Ms Indrė Mišeikytė, Mr Darius Šulnis and Lucrum Investicija UAB, based on the Agreement signed on 7 June 2013 on the implementation of the long-term governance policy of Invalda INVL AB group. The Agreement was not supplemented to encompass the Former Parent Company. Based on the Agreement, Invalda INVL AB and the Former Parent Company were controlled by the same group of shareholders at the time of the split-off, therefore, it was appropriate to apply the above-mentioned exemption. In the opinion of the Company's management, it was appropriate to apply the accounting policies of business combination involving entities under common control, and the Company, therefore, elected to apply predecessor values method. More details are described in Note 2.6.

##### Investment entity status

The management periodically reviews whether the Company meets all the definition criteria of an investment entity referred to in Note 2.3. In addition, the management assesses the Company's business objective (Note 1), investment strategy, origin of income and fair value valuation techniques. According to the management, the Company met all the definition criteria of an investment entity throughout all the periods presented in these financial statements.

##### Presentation of comparative figures

In 2015, the Former Parent Company was merged to the New Parent Company (Note 4). As the Former Parent Company's activities as an investment entity are continued by the New Parent Company, the management considered appropriate to prepare these financial statements as the continuation of the Former Parent Company's financial statements – i.e. the comparative figures until the date of merger are those of the Former Parent Company. The legal reorganisation which had no impact on the activities of the Company, has been recognised prospectively from the date of merger. The accounting policy is described in Note 2.1 and the impacts of merger are disclosed in Note 4.

#### **3.2 Accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

##### Fair value of investments that are not traded in an active market

Fair values of investments in subsidiaries that are not traded in an active market are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The valuation techniques used to

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determine fair values are periodically reviewed and compared against historical results to ensure their reliability. Details of the inputs and valuation models used to determine Level 3 fair value are provided in Note 6.

Deferred income tax liabilities

As described in Note 2.17., the gains from sale of unconsolidated subsidiary could be taxable only if the investment is sold before the end of uninterrupted period of two years of holding the shares. The Company has held all its direct investments longer than two years, therefore, the temporary differences associated with changes in fair value of investments would never become taxable income and accordingly no deferred tax liability was recognised in the financial statements.

**4 Merger of BAIP Grupė AB and INVL Technology AB**

On 9 February 2015, the reorganisation of the Former Parent Company and BAIP Grupė AB was completed, whereby the Former Parent Company was merged to BAIP Grupė AB. BAIP Grupė AB took over all rights and obligations of the Former Parent Company and continues its activities under a new name of INVL Technology AB. The Company's shares are quoted on NASDAQ Vilnius stock exchange. The trading with the Company's shares was renewed in March 2015.

Before the merger, the Former Parent Company's authorised share capital amounted to EUR 172 thousand and was divided into 592,730 ordinary registered shares with par value of EUR 0.29 each. The authorised share capital of BAIP Grupė AB amounted to EUR 1,767 thousand and was divided into 6,092,685 ordinary registered shares with par value of EUR 0.29 each. The proportion at which the shares owned by the shareholders of the Former Parent Company were exchanged into the shares of BAIP Grupė AB was equal to 6.7856, i.e. in exchange for one share of the Former Parent Company, the shareholder of the Former Parent Company received 6.7856 ordinary shares of the Company with par value of EUR 0.29 each. The previously issued shares of both the Former Parent Company and BAIP Grupė AB were cancelled on the day of merger and a new authorised share capital was formed. Following the merger, the newly formed share capital of INVL Technology AB (former BAIP Grupė AB) was divided into 6,114,714 ordinary registered shares with par value of EUR 0.29 each. There were no changes in the Board of Directors and the Managing Director of INVL Technology AB (former BAIP Grupė AB), which continues its activities after the merger. The Company's Board of Directors further consists of the Managing Director Kazimieras Tonkūnas, Gytis Umantas, Alvydas Banys, Vytautas Plunksnis and Nerijus Drobavičius.

The table below reflects the merger effects on the balance sheet:

|   | Former Parent<br>Company<br>INVL Technology<br>AB | BAIP Grupė AB | Elimination and<br>effects of merger | Merged entity (INVL<br>Technology AB) |
|---|---|---------------|--------------------------------------|---------------------------------------|
| Property, plant and equipment and<br>intangible assets            | -   | 5             | -                                    | 5                                     |
| Financial assets at fair value<br>through profit or loss (Note 6) | 7,828   | 14,900        | (7,826)*                             | 14,902                                |
| Deferred income tax assets  | -   | 3             | -                                    | 3                                     |
| Loans granted   | -   | 240           | -                                    | 240                                   |
| Prepayments and deferred charges                                  | -   | 4             | -                                    | 4                                     |
| Trade and other receivables                                       | -   | 266           | -                                    | 266                                   |
| Cash and cash equivalents   | 22  | 41            | -                                    | 63                                    |
| <b>Total assets</b>   | <b>7,850</b>                                      | <b>15,459</b> | <b>(7,826)</b>                       | <b>15,483</b>                         |
| Share capital   | 172   | 1,767         | (165)                                | 1,774                                 |
| Share premium   | 250   | 179           | (250)                                | 179                                   |
| Reserves  | 579   | -             | (579)                                | -                                     |
| Retained earnings   | 6,844   | 9,916         | (6,832)                              | 9,928                                 |
| <b>Total equity**</b>   | <b>7,845</b>                                      | <b>11,862</b> | <b>(7,826)</b>                       | <b>11,881</b>                         |
| Liabilities   | 5   | 3,597         | -                                    | 3,602                                 |
| <b>Total equity and liabilities</b>                               | <b>7,850</b>                                      | <b>15,459</b> | <b>(7,826)</b>                       | <b>15,483</b>                         |

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\* Elimination of the shares of BAIP Grupė AB owned by the Former Parent Company. The Former Parent Company owned 65.65% of the shares of the New Parent Company; since the merger the net assets of the New Parent Company are presented in full amounts; the difference between the net assets in the amount of EUR 4,036 thousand was recognised as an increase to equity of the Company.

\*\* Upon merger, share capital, share premium, legal reserve and reserve for acquisition of own shares were amended to reflect the equity structure of the New Parent Company. The remaining impact of the merger on equity was recognised against retained earnings.

## 5 Split-off

On 21 March 2014 the Split-off Terms of Invalda INVL AB were published. They were approved by the General Shareholders' Meeting of Invalda INVL AB on 28 April 2014. The split-off was finished on 29 April 2014. According to the Split-off Terms, three entities (representing 47.95% of total assets of Invalda INVL AB at carrying amounts) were split from Invalda INVL AB: INVL Baltic Farmland AB, INVL Baltic Real Estate AB and INVL Technology AB (the Former Parent Company). Following the split-off, 2.60% of total assets, equity and liabilities of Invalda INVL AB were transferred to the Former Parent Company.

The Former Parent Company's share capital and equity were formed in accordance with the procedure set forth in the Split-off Terms on 29 April 2014, whereas assets received and liabilities assumed were estimated at predecessor carrying values at the split-off date, except for the investments in entities, which had already been measured at fair value in the investment entity's financial statements at the date of the split-off. The difference between the fair value and the carrying amount of investments was included in retained earnings. More details about principles and methods under which the fair value of investments in unconsolidated subsidiaries was determined are disclosed below.

The table below reflects net assets transferred to the Former Parent Company on the split-off:

|   | <u>At 29 April 2014</u> |
|---|-------------------------|
| Investments in subsidiaries* (Note 2.3) | 1,162                   |
| Loans granted                           | 120                     |
| Cash and cash equivalents               | 45                      |
| <b>Total assets</b>                     | <b>1,327</b>            |
| Borrowings                              | (118)                   |
| <i>Total liabilities</i>                | (118)                   |
| <b>Total net assets</b>                 | <b>1,209</b>            |
| Share capital                           | 172                     |
| Share premium                           | 250                     |
| Reserves                                | 579                     |
| Retained earnings                       | 208                     |
| <b>Total equity</b>                     | <b>1,209</b>            |

\* Investments in subsidiaries in stand-alone financial statements of Invalda INVL AB (from which the Former Parent Company was split-off) were carried at cost less impairment. Although the Former Parent Company elected to apply the predecessor values method to business combinations involving entities under common control, the Former Parent Company has satisfied the definition criteria of an investment entity since the very start of operations, and accordingly, has measured its investments at fair value through profit or loss. As at the date of split-off, the Former Parent Company controlled BAIP Grupė AB and its subsidiaries. The fair value of the subsidiaries was EUR 4,908 thousand at the date of the split-off, and the resulting difference of EUR 3,746 thousand between the fair value and the acquisition cost was recorded directly within retained earnings. The amounts in the table above show the carrying amount of investments reported in Invalda INVL AB financial statements as at the date of split-off.

During the split-off, part of liability arising from the credit agreement with Šiaulių Bankas was transferred to the Former Parent Company. The credit was fully repaid in the beginning of May 2014.

### Valuation at the date of the split-off

As at 29 April 2014, the consolidated figures of the group were used in the valuation of BAIP Grupè AB. The valuation was performed using the EBITDA (earnings before interest, taxes, depreciation and amortization) multiple technique. Consolidated EBITDA for the last 12 months was used and the value determined using the EBITDA multiple was adjusted by:

- deducting the net debt and the average required level of net working capital (determined as the moving average of working capital for the last 4 quarters);
- deducting the fair value of non-controlling interest.

In addition, the ownership percentage was diluted to take into account the obligation to issue new shares of BAIP Grupè AB. The fair value of investment was adjusted assuming that the new shares (potential voting rights) will be issued by reducing proportionately the shareholding of the Former Parent Company.

As at 29 April 2014, the EBITDA multiple used in the valuation was equal to 7.6. It represented the average value of the multiple (enterprise value to EBITDA ratio) of the comparable technology entities based in the Central and Eastern Europe as per these entities (source Bloomberg; 30 June 2014):

| Entity name                | EBITDA multiple |
|----------------------------|-----------------|
| ACTION S.A.                | 8.9             |
| ATEA ASA                   | 9.0             |
| SYGNITY S.A.               | 4.0             |
| ASSECO POLAND S.A.         | 6.3             |
| ERICSSON NIKOLA TESLA d.d. | 12.5            |
| COMARCH S.A.               | 6.2             |
| AB S.A.                    | 6.6             |

A +/- 1 shift in EBITDA multiple would lead to an increase/decrease in the value of the shares of BAIP Grupè AB by EUR 888 thousand as at 29 April 2014.

## 6 Financial assets at fair value through profit or loss

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company's financial assets at fair value through profit or loss included assets attributed to Level 3 in the fair value hierarchy. The Company has no Level 1 or Level 2 instruments.

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The table below presents the Company's direct and indirect investments in unconsolidated subsidiaries as at 31 December 2015:

| <b>Name</b>                                   | <b>Country of incorporation</b> | <b>Shares (voting rights) held directly/indirectly by the Company, (%)</b> | <b>Profile of activities</b>     |
|---|---------------------------------|--|----------------------------------|
| Informatikos Pasaulis UAB                     | Lithuania                       | 100  | Information technology solutions |
| Vitma UAB                                     | Lithuania                       | 100  | Information technology solutions |
| BAIP UAB *                                    | Lithuania                       | 100  | Information technology solutions |
| Acena UAB*                                    | Lithuania                       | 100  | Information technology solutions |
| Norway Registers Development AS               | Norway                          | 100  | Information technology solutions |
| NRD UAB*                                      | Lithuania                       | 76.50  | Information technology solutions |
| Norway Registers Development East Africa Ltd* | Tanzania                        | 70   | Information technology solutions |
| Infobank Uganda Ltd*                          | Uganda                          | 30   | Information technology solutions |
| NRD CS UAB                                    | Lithuania                       | 100  | Information technology solutions |
| ETRONIKA UAB                                  | Lithuania                       | 80   | Information technology solutions |
| Inventio UAB                                  | Lithuania                       | 100  | Dormant                          |

\* These entities were indirectly controlled by the Company as at 31 December 2015.

The table below presents the Former Parent Company's direct and indirect investments in unconsolidated subsidiaries and associates as at 31 December 2014:

| <b>Name</b>                                   | <b>Country of incorporation</b> | <b>Shares (voting rights) held directly/indirectly by the Company, (%)</b> | <b>Profile of activities</b>     |
|---|---------------------------------|--|----------------------------------|
| BAIP Grupė AB**                               | Lithuania                       | 65.65  | Investment entity                |
| Informatikos Pasaulis UAB*                    | Lithuania                       | 65.65  | Information technology solutions |
| Vitma UAB*                                    | Lithuania                       | 65.65  | Information technology solutions |
| BAIP UAB *                                    | Lithuania                       | 65.65  | Information technology solutions |
| Acena UAB*                                    | Lithuania                       | 65.65  | Information technology solutions |
| Norway Registers Development AS*              | Norway                          | 65.65  | Information technology solutions |
| NRD UAB*                                      | Lithuania                       | 50.22  | Information technology solutions |
| Norway Registers Development East Africa Ltd* | Tanzania                        | 45.96  | Information technology solutions |
| Infobank Uganda Ltd*                          | Uganda                          | 19.70  | Information technology solutions |
| NRD CS UAB *                                  | Lithuania                       | 65.65  | Information technology solutions |
| Inventio UAB                                  | Lithuania                       | 100.00   | Dormant                          |

\* These entities were indirectly controlled by the Former Parent Company as at 31 December 2014

\*\*Subsidiary before the merger, which became the Company after the merger (Note 4)

The Company conducts an independent valuation of its investments in subsidiaries when preparing the annual financial statements. As at 31 December 2015, the valuation was carried out by Deloitte Verslo Konsultacijos UAB using the income approach (31 December 2014: income and market approach). In the opinion of the management, the fair value of investments was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments. The fair value of investments was determined in compliance with the International Valuation Standards approved by the International Valuation Standards Council. For the income approach, the discounted cash flow method was used. It was based on free cash flow forecasts made by management for the period of 5 years. Free cash flows were calculated as net operating profit after tax plus depreciation and minus change in working capital and capital expenditure.

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The fair values of the Company's unconsolidated subsidiaries were as follows:

| <b>Name</b>               | <b>At 31 December 2015</b> | <b>At 9 February 2015*</b> | <b>At 31 December 2014</b> |
|---------------------------|----------------------------|----------------------------|----------------------------|
| BAIP Grupē UAB (Note 4)   | -                          | -                          | 7.826                      |
| Vitma UAB Group**         | 11.474                     | 12.800                     | -                          |
| Acena UAB                 | -                          | 400                        | -                          |
| NRD Group***              | 3.708                      | 700                        | -                          |
| NRD CS UAB                | 1.773                      | 1.000                      | -                          |
| Informatikos Pasaulis UAB | -                          | -                          | -                          |
| Inventio UAB              | -                          | 2                          | 2                          |
| <b>Total</b>              | <b>16.955</b>              | <b>14.902</b>              | <b>7.828</b>               |

\* Investment value at the date of merger (Note 4)

\*\* As at 31 December 2015, Vitma UAB group consisted of Vitma UAB together with the entities controlled by it – BAIP UAB and Acena UAB; As at 9 February 2015, Acena UAB was controlled directly by the Company

\*\*\* As at 31 December 2015, NRD Group consisted of Norway Registers Development AS together with the entities controlled by it – NRD UAB, Etronika UAB and Norway Registers Development East Africa Ltd, and its associate Infobank Uganda Ltd

As at 31 December 2015

In 2015, Vitma UAB declared and paid out interim-period dividends of EUR 598 thousand (Note 10).

Under the valid loan agreement with DNB Bankas AB, the subsidiaries indirectly controlled by the Company BAIP UAB and NRD UAB are required to obtain the bank's prior approval when declaring the dividends or making other distributions to shareholders.

As at 31 December 2015, other subsidiaries of the Company had no significant restrictions on the payment of dividends to the Company or on the repayments of loans to the Company by the unconsolidated subsidiaries. The changes in the fair value of the Company's subsidiaries may expose the Company to potential losses.

On 22 December 2015, Inventio UAB (an entity controlled by the Company) signed an agreement on the acquisition of a 100% stake in Algoritmu Sistemų UAB (engaged in information system development) for the total amount of EUR 2,385 thousand. The transaction was completed on 18 March 2016 (Note 20). The transaction was financed from additional contributions by the Company to increase the share capital of Inventio UAB up to EUR 2,395 thousand in 2016.

The table below presents movements in Level 3 financial instruments during 2015:

|   |               |
|---|---------------|
| Opening balance at 31 December 2014   | 7,828         |
| Effect of merger (Note 4)   | 7,074         |
| Balance after merger as at 9 February 2015  | 14,902        |
| Additional contributions to share capital   | 218           |
| Disposals during the year   | (412)         |
| Gain (loss) recognised in the income statement  | 2,247         |
| <b>Closing balance at 31 December 2015</b>  | <b>16,955</b> |
| <b>Unrealised gain or loss recognised in the income statement on assets controlled at the end of the reporting period</b> | <b>2,247</b>  |

In 2015, additional contributions to share capital consisted of increase in the share capital of subsidiary Norway Registers Development AS. The increase in share capital was conducted to finance the acquisition of Etronika UAB.

In 2015, the Company sold its shareholding in Acena UAB to subsidiary BAIP UAB. The transaction was implemented in order to simplify the Company's investment portfolio structure and management through combining the businesses operating in the field of IT infrastructure.



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The fair value of the Company's investments was determined by Deloitte Verslo Konsultācijas UAB. The table below presents the inputs and the fair value valuation techniques (Level 3) for investments in subsidiaries and the sensitivity analysis to changes in the inputs used:

| Name          | Fair value, EUR '000 | Valuation technique  | Inputs                             | Input value | Reasonable possible shift +/- | Change in valuation +/- |
|---------------|----------------------|----------------------|------------------------------------|-------------|-------------------------------|-------------------------|
| Vitma UAB     | 11,474               | Discounted cash flow | Weighted average cost of capital   | 9.40%       | -/+ 0.5 pp                    | 811 / (703)             |
|               |                      |                      | 5-year revenue growth              | 3-6%        | -/+ 0.5 pp                    | (432) / 441             |
|               |                      |                      | EBITDA margin                      | 11-12%      | -/+ 0.5 pp                    | (773) / 772             |
|               |                      |                      | Long-term growth rate              | 2%          | -/+ 0.5 pp                    | (535) / 617             |
|               |                      |                      | Discount for lack of marketability | 10.31%      | -/+ 2 pp                      | 255 / (255)             |
| NRD Group     | 3,708                | Discounted cash flow | Weighted average cost of capital   | 11.60%      | -/+ 0.5 pp                    | 220 / (198)             |
|               |                      |                      | 5-year revenue growth              | 4-7%        | -/+ 0.5 pp                    | (123) / 120             |
|               |                      |                      | EBITDA margin                      | 6-12%       | -/+ 0.5 pp                    | (271) / 271             |
|               |                      |                      | Long-term growth rate              | 2%          | -/+ 0.5 pp                    | (135) / 151             |
|               |                      |                      | Discount for lack of marketability | 10.28%      | -/+ 2 pp                      | 82 / (82)               |
| NRD CS UAB    | 1,773                | Discounted cash flow | Weighted average cost of capital   | 15.30%      | -/+ 0.5 pp                    | 69 / (64)               |
|               |                      |                      | 5-year revenue growth              | 5-8%        | -/+ 1.0 pp                    | (82) / 85               |
|               |                      |                      | EBITDA margin                      | 14-17%      | -/+ 1.0 pp                    | (120) / 120             |
|               |                      |                      | Long-term growth rate              | 2%          | -/+ 0.5 pp                    | (41) / 44               |
|               |                      |                      | Discount for lack of marketability | 13.54%      | -/+ 2 pp                      | 41 / (41)               |
| <b>Total:</b> | <b>16,955</b>        |                      |                                    |             |                               |                         |

The fair value was based on discounted cash flow method, which was selected by the external valuator as the best representation of the company specific development potential. Due to the limited number of comparable companies and transactions, lack of reliability of the market data and limited comparability of peers, the results of the guideline public companies and transaction methods were used as a supplementary analysis and were provided only for illustrative purposes in valuation report.

Cash flow projections made by management for the period of 5 years (2016-2020) were used as a basis in the income method. Free cash flows were calculated as operating profit after tax plus depreciation/amortisation of property, plant and equipment and intangible assets, plus or minus changes in working capital and minus capital expenditure. The resulting value was adjusted by discount for lack of marketability and the amount of surplus assets/liabilities. As part of the valuation process, valuator had analysed items presented on the balance sheet of each company and had identified assets and liabilities, which can be treated as surplus assets (e.g. net working capital above normalised level, non-operating cash balances, loans to related parties) and debt/debt like items; all of which were adjusted when arriving at equity value of the company.

The significant fair value increase of NRD Group is a result of acquisition of Etronika UAB, changes in expected development of Norway Registers Development East Africa Ltd., as well as changes in valuation inputs of Norway Registers Development AS and NRD UAB (decrease of WACC and increase in EBITDA margin).

In the opinion of the management, the fair value was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments.

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*At 31 December 2014*

The Former Parent Company's financial assets at fair value through profit or loss consisted of the subsidiaries BAIP Grupē AB (the fair value of 65.65% ownership interest amounted to EUR 7,826 thousand) and Inventio UAB (the fair value amounted to EUR 2 thousand).

The table below presents movements in Level 3 financial instruments during 2014:

|   |              |
|---|--------------|
| Split-off (Note 5)  | 4,908        |
| Gain (loss) recognised in the income statement  | 3,196        |
| Deemed sale of shares of BAIP Grupē AB – decrease in ownership interest as a result of increase in share capital (Note 1) | (276)        |
| Closing balance at 31 December 2014   | 7,828        |
| <b>Unrealised gain or loss recognised in the income statement on assets controlled at the end of the reporting period</b> | <b>2,920</b> |

As at 31 December 2014, BAIP Grupē AB obtained the status of investment entity, therefore, the valuation technique applied at the date of the split-off was changed and the value of the investment was determined with reference to the fair value of net assets of 65.65% ownership interest in BAIP Grupē AB.

The table below presents a breakdown of calculation of the fair value of investment in BAIP Grupē AB as at 31 December 2014:

|  |              |
|--|--------------|
| Fair value of BAIP Grupē AB investments in its subsidiaries                      | 14,900       |
| Fair value of liabilities net of fair value of other assets of BAIP Grupē AB     | (2,979)      |
| Fair value of 100% ownership interest in BAIP Grupē AB                           | 11,921       |
| <b>Fair value of 65.65% ownership interest held by the Former Parent Company</b> | <b>7,826</b> |

The major items of assets of BAIP Grupē AB consisted of unconsolidated subsidiaries with the fair value of EUR 14,900 thousand as at 31 December 2014. They were valued by an accredited valuer Deloitte Verslo Konsultacijos UAB using the income approach and the market approach. In the opinion of the management, the fair value of investments was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments. The fair value of investments was determined in compliance with the International Valuation Standards approved by the International Valuation Standards Council. For the income approach, the discounted cash flow method was used. It was based on free cash flow projections made by management of BAIP Grupē AB for the period of 5 years. Free cash flows were calculated as net operating profit after tax plus depreciation and minus change in working capital and capital expenditure. For the market approach, the guideline public company method and the guideline transaction method were used. The value determined under the guideline public company method was based on the quoted prices of stock of comparable entities publicly traded on capital markets. It requires the valuers to select a sample comparable to the subject entity from the companies the shares of which are publicly traded on international markets and which are engaged in similar lines of business. Under the guideline transaction method, the value is determined by comparing the subject entity to comparable company which has been recently acquired, sold or merged. The EBITDA multiple of the guideline public companies was used in the market approach.

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The table below presents the valuation techniques used in determining the fair value of investments of BAIP Grupé AB, the inputs used and the sensitivity analysis of the fair value of BAIP Grupé AB to changes in the inputs used:

| Subsidiary                         | Fair value                         | Valuation technique              | Inputs                             | Value of inputs      | Reasonable possible shift +/- | Change in valuation +/-          |       |            |           |
|------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------|-------------------------------|----------------------------------|-------|------------|-----------|
| Vitma UAB                          | 12,800                             | Discounted cash flow             | Weighted average cost of capital   | 11.7 %               | +/- 0.5 pp                    | (255) / 283                      |       |            |           |
|                                    |                                    |                                  | Long-term growth rate              | 2%                   | +/- 0.5 pp                    | 205 / (184)                      |       |            |           |
|                                    |                                    |                                  | 5-year revenue growth              | 5-8%                 | -/+ 0.5 pp                    | (155) / 159                      |       |            |           |
|                                    |                                    |                                  | EBITDA margin                      | 10%                  | -/+ 0.5 pp                    | (348) / 348                      |       |            |           |
|                                    |                                    | Data of guideline public company | EV / EBITDA multiple               | 6.0x                 | +/- 1.0x                      | 449 / (449)                      |       |            |           |
|                                    |                                    |                                  | EV / EBIT multiple                 | 9.2x                 | +/- 1.0x                      | 385 / (386)                      |       |            |           |
|                                    |                                    | Both valuation methods           | Control premium                    | 20%                  | -                             | -                                |       |            |           |
|                                    |                                    |                                  | Discount for lack of marketability | 9.3%                 | +3.2 pp / -1.8 pp             | (465) / 265                      |       |            |           |
|                                    |                                    |                                  | Acena UAB                          | 400                  | Discounted cash flow          | Weighted average cost of capital | 14.9% | +/- 0.5 pp | (8) / 8   |
|                                    |                                    |                                  |                                    |                      |                               | Long-term growth rate            | 2%    | +/- 0.5 pp | 4 / (5)   |
| 5-year revenue growth              | 5-20%                              | -/+ 0.5 pp                       |                                    |                      |                               | (9) / 10                         |       |            |           |
| EBITDA margin                      | 6-7%                               | -/+ 0.5 pp                       |                                    |                      |                               | (34) / 34                        |       |            |           |
| Data of guideline public company   | EV / EBITDA multiple               | 4.7x                             |                                    |                      | +/- 1.0x                      | 17 / (17)                        |       |            |           |
|                                    | EV / EBIT multiple                 | 7.1x                             |                                    |                      | +/- 1.0x                      | 16 / (16)                        |       |            |           |
| Both valuation methods             | Control premium                    | 20%                              |                                    |                      | -                             | -                                |       |            |           |
|                                    | Discount for lack of marketability | 9.3%                             |                                    |                      | +3.2 pp / -1.8 pp             | (14) / 8                         |       |            |           |
|                                    | NRD Group                          | 700                              |                                    |                      | Discounted cash flow          | Weighted average cost of capital | 13.6% | +/- 0.5 pp | (59) / 65 |
|                                    |                                    |                                  |                                    |                      |                               | Long-term growth rate            | 2%    | +/- 0.5 pp | 28 / (26) |
| 5-year revenue growth              |                                    |                                  | 4-10%                              | -/+ 0.5 pp           |                               | (43) / 44                        |       |            |           |
| EBITDA margin                      |                                    |                                  | 7%                                 | -/+ 0.5 pp           |                               | (140) / 140                      |       |            |           |
| Discount for lack of marketability |                                    |                                  | 9.3%                               | +3.2 pp / -1.8 pp    |                               | (26) / 15                        |       |            |           |
| NRD CS UAB                         |                                    |                                  | 1,000                              | Discounted cash flow |                               | Weighted average cost of capital | 15.7% | +/- 0.5 pp | (38) / 40 |
|                                    | Long-term growth rate              | 2%                               |                                    |                      | +/- 0.5 pp                    | 23 / (22)                        |       |            |           |
|                                    | 5-year revenue growth              | 5-15%                            |                                    |                      | -/+ 1.0 pp                    | (42) / 44                        |       |            |           |
|                                    | EBITDA margin                      | 6%                               |                                    |                      | -/+ 1.0 pp                    | (202) / 202                      |       |            |           |
|                                    | Discount for lack of marketability | 9.3%                             |                                    |                      | +3.2 pp / -1.8 pp             | (35) / 20                        |       |            |           |
|                                    | Total:                             |                                  |                                    |                      |                               | 14,900                           |       |            |           |

For the purpose of determining the fair value under the discounted cash flow method, which was selected as the best representation of the enterprise growth potential, the management's cash flow projections were used for the period of 5 years (2015-2019). Free cash flows were calculated as operating profit after tax plus depreciation/amortisation of property, plant and equipment and intangible assets, minus changes in working capital and capital expenditure. The fair value determined under the guideline public company method represents the comparability to other entities operating in the same markets.

For the purpose of determining the fair value of investments in Acena UAB and Vitma UAB, the income approach (discounted cash flows) and the market approach (guideline public company and guideline transaction) were used, however, the final fair value was determined as an arithmetic average of discounted cash flows and guideline public company data analysis results.

For the purpose of determining the fair value of investments in NRD Group, the income approach (discounted cash flows) and the market approach (guideline public company and guideline transaction) were used, however, the final fair value was determined with reference to the discounted cash flow analysis results. The analysis results of the market approach were not

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used in determining the fair value due to negative and/or non-recurring financial results of companies for 2014, which could distort the estimated values.

For the purpose of determining the fair value of investments in NRD CS UAB, the income approach (discounted cash flows) and the market approach (guideline public company and guideline transaction) were used, however, the final fair value was determined with reference to the discounted cash flow analysis results. NRD CS UAB has been established not long time ago, as a start-up with large growth potential, therefore, the historical data could not provide an accurate representation of the enterprise value, and the market approach was not used in determining the fair value.

The major items of liabilities of BAIP Grupé AB consisted of borrowings from related party, the fair value of which was determined using the income approach, i.e. the present value method. The Former Parent Company used discount rate 11% when determining the fair value of borrowings of BAIP Grupé AB as at 31 December 2014. A +/- 50 bp shift in the discount rate of borrowings, with all other variables held constant, would lead to an increase/decrease in the fair value of BAIP Grupé AB by EUR 13 thousand.

## 7 Trade and other receivables

|  | At 31 December<br>2015 | At 31 December<br>2015 |
|--|------------------------|------------------------|
| Receivables from subsidiaries for services rendered        | 131                    | -                      |
| Receivables from subsidiaries for tax losses transferred   | 65                     | -                      |
| Loans granted to subsidiaries and accrued interest thereon | 83                     | -                      |
| Dividends receivable from subsidiaries                     | 113                    | -                      |
|  | <b>392</b>             | <b>-</b>               |

Receivables for services from subsidiaries are non-interest-bearing, and their settlement term is typically 10 to 60 days.

The terms of the loans granted to subsidiaries are disclosed in more detail in Note 16.

The ageing analysis of the Company's receivables as at 31 December 2015:

|  | Receivables not<br>past due and not<br>impaired | Receivables past due but not impaired |                  |                   |                          | Receivables<br>Impaired | Total      |
|--|---|---------------------------------------|------------------|-------------------|--------------------------|-------------------------|------------|
|  |   | Less<br>than 30<br>days               | 30 to 90<br>days | 90 to 180<br>days | More<br>than 180<br>days |                         |            |
| Receivables for services rendered      | 26  | 4                                     | 9                | 11                | 81                       | -                       | 131        |
| Receivables for tax losses transferred | 65  | -                                     | -                | -                 | -                        | -                       | 65         |
| Loans granted                          | 83  | -                                     | -                | -                 | -                        | -                       | 83         |
| Dividends receivable                   | -   | -                                     | -                | -                 | 113                      | -                       | 113        |
|  | <b>174</b>                                      | <b>4</b>                              | <b>9</b>         | <b>11</b>         | <b>194</b>               | <b>-</b>                | <b>392</b> |

All receivables past due but not impaired are receivables from subsidiaries. In the opinion of the Company's management, these receivables are not impaired since the Company has full control of cash flows of subsidiaries and there are no restrictions on transfer of the above-indicated balances to the Company. If necessary, the Company is able to collect these amounts in cash, offset them against the amounts payable to the subsidiaries, or capitalise them as an additional contribution to the share capital of the subsidiary.

#### Credit quality of receivables not past due and not impaired

As at 31 December 2015, receivables not past due and not impaired amounting to EUR 107 thousand were receivables from the subsidiaries which had no debts overdue as at 31 December 2015. The remaining amount of EUR 67 thousand consists of the receivables from the subsidiaries which have other debts overdue.

As at the reporting date, for receivables from subsidiaries not past due and not impaired there were no indications that the debtors will fail to fulfil their liabilities in due time, since the Company has full control over the cash flows of the subsidiaries and there are no restrictions on transfer of the above-indicated balances to the Company. The maximum exposure to credit risk as at the reporting date is equal to the carrying amount of each group of receivables indicated in the table above. The Company holds no collateral as a security.

### **8 Increase in share capital**

On 7 July 2015, the Company completed its public offering of shares. The confirmed offering price per share of the Company was EUR 1.65. The investors subscribed for 6,060,607 shares of the Company. The total offering price EUR 10,000 thousand. The Company's costs related to the offering amounted to EUR 153 thousand and they were included directly in equity as a deduction from share premium. Part of proceeds were received as an offset against the Company's borrowings from one of its major shareholder Invalda INV L AB in amount of EUR 1,403 thousand, whereas the remaining part of EUR 8,597 thousand was received in cash. Following the increase in share capital, the Company's share capital amounted to EUR 3,531 thousand, and it was divided into 12,175,321 ordinary registered shares with par value of EUR 0.29 each.

### **9 Reserves**

As at 31 December 2015, the Company's reserves consisted of the reserve for acquisition of own shares amounting to EUR 9,800 thousand and legal reserve amounting to EUR 177 thousand (31 December 2014: EUR 556 thousand and EUR 23 thousand, respectively). The reserves were formed upon appropriation of the Company's result for the year.

#### Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

#### Reserve for acquisition of own shares

Reserve for acquisition of own shares is formed for the purpose of acquiring own shares in order to keep their liquidity and manage price fluctuations. It is formed from profit for appropriation. The reserve cannot be used to increase the share capital. The reserve is reduced upon annulment of own shares. During the ordinary general meeting of shareholders, the shareholder may decide to transfer the amounts not used for acquisition of own shares to the retained earnings. The Company's Board of Directors did not have a formally approved programme for buy-up of its own shares as at the reporting date.

### **10 Dividend income**

Dividend income consists of interim dividends declared by subsidiary Vitma UAB.

### **11 Other revenue**

|                                    | 2015       | 29 April–31<br>December 2014 |
|------------------------------------|------------|------------------------------|
| Accounting and management services | 235        | -                            |
| Other revenue                      | 25         | -                            |
|                                    | <b>260</b> | <b>-</b>                     |

All revenue was received from subsidiaries directly or indirectly controlled by the Company. Other revenue of EUR 58 thousand was received in Norway, whereas the remaining amount was received in Lithuania. Revenue is attributed to geographical areas in view of the state of incorporation of the buyer. BAIP Grupe AB was providing management and accounting services to subsidiaries until the merger date, therefore no revenue was earned by the Former Parent Company in 2014.

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**12 Operating expenses**

|   | <b>2015</b>       | <b>29 April–31<br/>December 2014</b> |
|---|-------------------|--------------------------------------|
| Employee benefits                       | 220               | 2                                    |
| Taxes paid by employer                  | 69                | 1                                    |
| <i>Employee benefits</i>                | <u>289</u>        | <u>3</u>                             |
| Professional services                   | 101               | 17                                   |
| Advertising and marketing               | 34                | -                                    |
| Rent and maintenance of premises        | 22                | -                                    |
| Lease and maintenance of motor vehicles | 27                | -                                    |
| Other expenses                          | 45                | 8                                    |
| <i>Other expenses</i>                   | <u>229</u>        | <u>25</u>                            |
| <b>Total</b>                            | <b><u>518</u></b> | <b><u>28</u></b>                     |

**13 Finance costs**

|  | <b>2015</b>         | <b>29 April–31<br/>December 2014</b> |
|--|---------------------|--------------------------------------|
| Interest expenses on borrowings from related parties (note 16) | (168)               | -                                    |
|  | <b><u>(168)</u></b> | <b><u>-</u></b>                      |

**14 Income tax**

**Income tax expense (benefit) components**

|  | <b>2015</b>        | <b>29 April–31<br/>December 2014</b> |
|--|--------------------|--------------------------------------|
| Current income tax   | -                  | -                                    |
| Deferred income tax expense (benefit)  | (65)               | -                                    |
| Income tax expense (benefit) recognised in the statement of comprehensive income | <b><u>(65)</u></b> | <b><u>-</u></b>                      |

The reconciliation of the Company's reported income tax expenses to the theoretical amount that would arise using the effective income tax rate on profit before tax:

|  | <b>2015</b>         | <b>29 April–31<br/>December 2014</b> |
|--|---------------------|--------------------------------------|
| <b>Profit (loss) before tax</b>  | <b><u>2,449</u></b> | <b><u>2,892</u></b>                  |
| Income tax at the rate of 15 %   | 367                 | 434                                  |
| Tax effect of non-taxable income (net change in fair value of financial assets, dividends) | (427)               | (438)                                |
| Tax effect of non-deductible expenses  | (5)                 | -                                    |
| Deferred tax asset not recognised  | -                   | 4                                    |
| Income tax benefit recognised in the statement of comprehensive income                     | <b><u>(65)</u></b>  | <b><u>-</u></b>                      |

The Company recognised deferred income tax benefit comprising income tax assets calculated on tax loss for the reporting period.

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Movements in the Company's deferred income tax assets and liabilities during 2015 were as follows:

|   | At 31<br>December<br>2014 | Taken over on<br>merger | Recognised in<br>the income<br>statement | Tax losses<br>transferred | At 31<br>December<br>2015 |
|---|---------------------------|-------------------------|--|---------------------------|---------------------------|
| <b>Deferred income tax assets</b>                 |                           |                         |  |                           |                           |
| Tax losses  | -                         | 2                       | 65                                       | (67)                      | -                         |
| Accruals  | -                         | 1                       | -  | -                         | 1                         |
| <b>Recognised deferred income tax assets, net</b> | <b>-</b>                  | <b>3</b>                | <b>65</b>                                | <b>(67)</b>               | <b>1</b>                  |

In the statement of financial position, deferred income tax assets were reduced by EUR 67 thousand, because the Company's tax losses for the reporting period were transferred to the subsidiary in return for consideration equal to 15% of the amount of tax losses transferred.

The Company does not account for deferred income tax liabilities related to change in the fair value of financial assets, because the Company's investments meet the criteria defined in the Law on Corporate Income Tax, under which the result of disposal of investments would be relieved of income tax.

## 15 Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for 12 months of 2015 was as follows:

| Calculation of weighted average for 12 months of 2015   | Number of shares<br>(thousand) | Par value<br>(EUR) | Issued/246<br>(days) | Weighted<br>average<br>(thousand) |
|---|--------------------------------|--------------------|----------------------|-----------------------------------|
| Shares outstanding as at 31 December 2014*              | 6,115                          | 0.29               | 365/365              | 6,115                             |
| Shares registered on 8 July 2015 during public offering | 6,060                          | 0.29               | 176/365              | 2,922                             |
| Shares outstanding as at 31 December 2014               | <b>12,175</b>                  |                    |                      | <b>9,037</b>                      |

\* The number of shares was adjusted in view of the share exchange proportion during the merger which took place on 9 February (Note 4).

The following table reflects data on profit and shares used in the basic earnings per share computations:

|   | 2015        |
|---|-------------|
| Net profit attributable to the equity holders of the parent entity (EUR '000) | 2.514       |
| Weighted average number of ordinary shares (thousand)                         | 9.037       |
| <b>Basic earnings per share (EUR)</b>   | <b>0,28</b> |

The Company's diluted earnings per share were the same as basic earnings per share in 2015.

The weighted average number of shares for 2014 was as follows:

| Calculation of weighted average for 29 April–31 December 2014* | Number of shares<br>(thousand) | Par value<br>(LTL) | Issued/246<br>(days) | Weighted average<br>(thousand) |
|--|--------------------------------|--------------------|----------------------|--------------------------------|
| Shares outstanding as at 29 April 2014                         | 6,115                          | 1.00               | 246/246              | 6,115                          |
| Shares outstanding as at 31 December 2014                      | 6,115                          | 1.00               |                      | 6,115                          |

\* The number of shares was adjusted in view of the share exchange proportion during the merger which took place on 9 February (Note 4).

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The following table reflects data on profit and shares used in the basic earnings per share computations:

|   | <b>29 April–31<br/>December 2014</b> |
|---|--------------------------------------|
| Net profit attributable to the equity holders of the parent entity (EUR '000) | 2,892                                |
| Weighted average number of ordinary shares (thousand)                         | 6,115                                |
| <b>Basic earnings per share (EUR)</b>   | <b>0.47</b>                          |

The Company's diluted earnings per share were the same as basic earnings per share in 2014.

## 16 Related-party transactions

The parties are deemed to be related when one party has a possibility to control the other party or has significant influence over the other party in making financial and operating decisions. In 2015 and 2014, the Company's related parties included subsidiaries, the Company's shareholders who have significance influence (Note 1) and the Company's management. AB Invalda INVL and the entities controlled by AB Invalda INVL (hereinafter the Other related parties) are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INVL group through shareholders' agreement.

The Company's transactions with other related parties during 2015 and outstanding balances as at 31 December 2015 were as follows:

|                                    | <b>Revenue and<br/>income from<br/>related parties</b> | <b>Purchases from<br/>related parties</b> | <b>Receivables<br/>from related<br/>parties</b> | <b>Payables to related<br/>parties</b> |
|------------------------------------|--|---|---|--|
| <i>The Company's management</i>    |  |   |   |  |
| Lease of assets                    | -  | 3   | -   | -                                      |
|                                    | -  | <b>3</b>                                  | -   | -                                      |
| <i>The Company's subsidiaries</i>  |  |   |   |  |
| Dividends                          | 598  | -   | 113   | -                                      |
| Disposal of financial assets       | 412  | -   | -   | -                                      |
| Management and accounting services | 235  | -   | 131   | -                                      |
| Tax losses transferred             | 65   | -   | 65  | -                                      |
| Other activities                   | 23   | 52  | -   | 28                                     |
|                                    | <b>1,298</b>   | <b>131</b>                                | <b>392</b>                                      | <b>28</b>                              |
| <i>Other related parties</i>       |  |   |   |  |
| Operating expenses                 | 1  | 123                                       | -   | -                                      |
|                                    | <b>1</b>   | <b>231</b>                                | -   | -                                      |

Changes in loans granted to subsidiaries during 2015:

|   |           |
|---|-----------|
| At 1 January 2015   | -         |
| Loans granted to subsidiaries that were taken over on merger (Note 4) | 240       |
| Additional loans granted during the year                              | 597       |
| Interest charged  | 30        |
| Loan repayments received  | (731)     |
| Interest received   | (58)      |
| Foreign exchange effect on the balance of loans                       | 5         |
| At 31 December 2015   | <b>83</b> |

The repayment date for loans granted to subsidiaries is between 31 January 2016 and 31 December 2016, and the interest rate ranges from 11% to 18%, which approximates the interest rate available in the market. One loan is denominated in USD, and the other loan is denominated in EUR. The loans granted are not subordinated for the benefit of the bank, however, they are not secured with any collateral.



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Changes in borrowings from subsidiaries during 2015:

|  |         |
|--|---------|
| At 1 January 2015  | -       |
| Borrowings from subsidiaries that were taken over on merger (Note 4) | 1,668   |
| Interest charged   | 79      |
| Repayments of borrowings   | (1,650) |
| Interest paid  | (97)    |
| At 31 December 2015  | -       |

Changes in borrowings from Invalda INVL AB during 2015:

|  |         |
|--|---------|
| At 1 January 2015  | -       |
| Borrowings from Invalda INVL AB that were taken over on merger (Note 4)                        | 1,855   |
| Additional borrowings during the year  | 166     |
| Interest charged   | 89      |
| Payable amount offset against the contribution for newly issued shares of the Company (Note 8) | (1,403) |
| Repayments of borrowings   | (675)   |
| Interest paid  | (32)    |
| At 31 December 2015  | -       |

The Company's transactions with other related parties during 29 April–31 December 2014 and outstanding balances as at 31 December 2014 were as follows:

**29 April–31 December 2014**

|  | <b>Sales to related parties</b> | <b>Purchases from related parties</b> | <b>Receivables from related parties</b> | <b>Payables to related parties</b> |
|--|---------------------------------|---------------------------------------|---|------------------------------------|
| <i>Invalda INVL AB (accounting services)</i> | -                               | 2                                     | -                                       | -                                  |
| Cedus Invest UAB (loan)                      | -                               | -                                     | -                                       | 1                                  |
|  | -                               | 2                                     | -                                       | 1                                  |

During the split-off, the loan of Cedus Invest UAB was transferred to the Former Parent Company (EUR 112 thousand). The loan was repaid in full in May 2014.

Compensation to key management and other benefits

Compensation to key management consists of current employee benefits. Key management of the Company includes the members of the Board of Directors and the Managing Director of the Company.

|                                      | <b>2015</b> | <b>2014</b> |
|--------------------------------------|-------------|-------------|
| Salaries, bonuses and other benefits | 80          | 2           |
| Social security contributions        | 25          | 1           |
| Total compensation to management     | <b>105</b>  | <b>3</b>    |

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(All amounts are in EUR thousands unless otherwise stated)

## 17 Segment reporting

The Company's management has defined its operating segments in a manner consistent with the internal reporting provided to the Company's Board of Director that is responsible for making strategic decisions.

The Board of Directors is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in the reportable segments during the year.

The Company is domiciled in Lithuania. All of the Company's dividend income is from a single investment in entity incorporated in Lithuania (Note 10). Revenue by country is disclosed in Note 11. The Company has no material assets classified as non-current assets.

## 18 Financial instruments by category

The Company's financial assets at fair value through profit or loss consisted of assets in Level 3. The Company has no instruments in Level 1 and 2.

|   | Loans and<br>receivables | Financial assets at<br>fair value through<br>profit or loss | Total         |
|---|--------------------------|---|---------------|
| <b>At 31 December 2015</b>                            |                          |   |               |
| <b>Assets as per statement of financial position</b>  |                          |   |               |
| Financial assets at fair value through profit or loss | -                        | 16,955  | 16,955        |
| Receivables   | 392                      | -   | 392           |
| Cash and cash equivalents                             | 6,994                    | -   | 6,994         |
| <b>Total</b>  | <b>7,386</b>             | <b>16,955</b>   | <b>24,341</b> |

|  | Financial liabilities<br>at amortised cost |
|--|--|
| <b>At 31 December 2015</b>                                       |  |
| <b>Liabilities as per statement of financial position</b>        |  |
| Trade payables   | 44   |
| Other current liabilities, excluding taxes and employee benefits | 12   |
| <b>Total</b>   | <b>56</b>                                  |

|   | Loans and<br>receivables | Financial assets at<br>fair value through<br>profit or loss | Total |
|---|--------------------------|---|-------|
| <b>At 31 December 2014</b>                            |                          |   |       |
| <b>Assets as per statement of financial position</b>  |                          |   |       |
| Financial assets at fair value through profit or loss | -                        | 7,828   | 7,828 |
| Receivables   | 25                       | -   | 25    |
| Cash and cash equivalents                             | 25                       | 7,828   | 7,853 |

|  | Financial liabilities<br>at amortised cost |
|--|--|
| <b>At 31 December 2014</b>                                       |  |
| <b>Liabilities as per statement of financial position</b>        |  |
| Trade payables   | 3  |
| Other current liabilities, excluding taxes and employee benefits | 3  |
| <b>Total</b>   | <b>6</b>                                   |

## 19 Financial risk management

### 19.1 Financial risk factors

The risk management function within the Company is carried out by Board of Directors in respect of financial risks (credit, liquidity, market, foreign exchange and interest rate risks), operational risk and legal risk. The primary objective of the financial risk management function is to establish the risk limits, and then make sure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of the internal policies and procedures necessary to mitigate the operational and legal risks.

The Company's financial liabilities consisted of trade and other payables. The Company has various categories of financial assets, however, the major items of its financial assets were financial assets at fair value through profit loss consisting of the investments in unconsolidated subsidiaries and cash and cash equivalents received on public offering.

The Company is being managed in a way that its portfolio companies are operating independently from each other. This helps to diversify the operational risk and to create conditions for selling any controlled business without exposing the Company to any risks.

The Company's business objective is to achieve medium to long-term return on investments in carefully selected unlisted private companies operating in information technology sector.

The main risks arising from the financial instruments are market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), liquidity risk, interest rate risk and credit risk. The risks are described below.

#### Credit risk

Credit risk arises from cash and cash equivalents, outstanding balances of trade and other receivables, and outstanding balances of loans granted (31 December 2014: solely from cash and cash equivalents).

With respect to trade and other receivables not past due and not impaired, there were no indications as at the reporting date that the debtors will fail to fulfil their liabilities in due time, since the Company constantly reviews the balances of receivables. The Company has no significant transactions in a country other than the countries of domicile of the subsidiaries and their investments. All receivables of the Company are from subsidiaries, and their settlement terms are set by the Company itself.

With respect to credit risk arising from other financial assets of the Company (consisting of cash and cash equivalents), the Company's exposure to credit risk arises from default of the counterparty. The maximum exposure to credit risk was equal to the carrying amount of these instruments:

| <b>Assets with no credit rating assigned</b> | <b>At 31<br/>December<br/>2015</b> | <b>At 31<br/>December<br/>2014</b> |
|--|------------------------------------|------------------------------------|
| Trade and other receivables                  | 309                                | -                                  |
| Loans granted                                | 83                                 | -                                  |
| Cash and cash equivalents                    | 6,994                              | 25                                 |
| <b>Total current assets</b>                  | <b>7,386</b>                       | <b>25</b>                          |

The Company accepts the services from the banks and the financial institutions which (or the controlling financial institutions of which) have been assigned a high credit rating by an independent rating agency. As at 31 December 2015, the Company's cash balances were mostly held in the financial institutions which have not been assigned individual credit ratings, but the controlling financial institutions of which have been assigned "Prime-1" rating by Moody's agency.

#### Interest rate risk

The Company had no significant borrowings or loans granted, therefore has not been exposed to significant interest rate risk.

#### Price risk

The Company's investments are susceptible to price risk arising from uncertainties about future values of the investments that are not traded in an active market. To manage the price risk, the Company's Board of Directors together with the Company's management review the performance of the portfolio companies at least on a quarterly basis, and keep regular contact with the management of the portfolio companies for business development and day-to-day operation matters.

As at 31 December 2015, the fair value of the Company's investments exposed to price risk was EUR 16,931 thousand (31 December 2014: EUR 7,828 thousand).

#### Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with the strategic plans.

Liquidity risk of the Company is managed by the Board of Directors. The liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity risk management is to meet the day-to-day needs for funds. Each subsidiary is independently planning its internal cash flows. Short-term liquidity of the Company is managed through monthly monitoring of the liquidity status at the Company.

Long-term liquidity risk is managed by analysing the cash flow projections by taking into account the potential sources of financing. Before approving a new investment project, the Company evaluates the possibilities to attract the required funding. Based on monthly reports, the Company makes projections of monetary income and expenses over the next one year, thereby ensuring an effective planning of the Company's funding.

As at 31 December 2015, the Company's financial liabilities (grouped by maturity based on undiscounted contractual payments) consisted of trade and other payables and other current liabilities amounting to EUR 54 thousand to be settled within 3 months after the reporting date (31 December 2014: the Company's financial liabilities were not material).

As at 31 December 2015, the Company's current ratio (current assets / current liabilities and amounts payable within one year) was 70 (31 December 2014: 4.1), and the Company's cash ratio (cash and cash equivalents / current liabilities and amounts payable within one year) was 67 (31 December 2014: 4.1).

The Company's liquidity position has improved significantly following a successfully completion of its public offering. The Company expects no liquidity issues in the foreseeable future.

#### Foreign exchange risk

The Company has no material exposures or transactions in currencies other than euro, therefore it is not exposed to foreign currency risk.

### **19.2 Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company carries investments in subsidiaries at fair value, please refer to Note 6 for more details.

The Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, loans granted to subsidiaries, as well as trade and other payables.

The carrying amount of the cash and cash equivalents, trade and other receivables, as well as trade and other payables of the Company as at 31 December 2015 and 2014 approximated their fair value because they are short-term and the impact of discounting is immaterial.

### **19.3 Capital management**

The Company's primary objective when managing capital is to safeguard that the Company will be able to maintain a strong credit health and healthy capital ratios in order to support its business and maximise returns for shareholders. The Company's capital management is conducted through supervision of activities of individual subsidiaries to ensure that their capital is sufficient to continue as a going concern. Management of entities oversee to ensure that the subsidiaries are in compliance with

the capital requirements defined in relevant legal acts and loan contracts, and that they provide the Company's management with the necessary information.

The Company's capital comprises share capital, share premium, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risks specific to its activity. To maintain or adjust the capital structure, the Company may issue new shares, reduce share capital, and adjust the dividend payment to shareholders.

In 2015, the Company organised a secondary public offering that was successfully completed and attracted EUR 10 million (8 Note).

During 12 months of 2015, no changes were introduced in the objectives of capital management, policies or processes.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Lithuanian Law on Companies. As at 31 December 2015 and 2014, the Company complied with this requirement.

## **20 Events after the reporting period**

- **On 22 February 2016**, Norway Registers Development AS established a subsidiary in Kigali, Rwanda. Norway Registers Development Rwanda Ltd. (NRD Rwanda) was registered on 22 February 2016.
- **On 29 February 2016**, subsidiary FINtime UAB was registered, which is engaged in the provision of accounting and management services.
- **On 7 March 2016**, an Extraordinary General Meeting of Shareholders was held and the decision was made to approve the Articles of Association of the closed-end investment entity INVL Technology, as well as regarding the approval of the Management Agreement with the management company INVL Asset Management UAB and the Depository's Agreement on Services with SEB Bankas AB. The Articles of Association will be registered and the aforementioned Agreements will come into force after obtaining a closed-end investment entity licence from the Bank of Lithuania. In the opinion of the Company's management, after obtaining the closed-end investment entity licence the Company's accounting policies will remain unchanged and the change in the Company's legal form will have no impact on the value of assets of the Company. The Company, however, will have to pay management fee and performance fee (in the event of the agreed increase in the value of investment) to the management company. In addition, in the opinion of the Company's management, employee benefits and staff-related costs will decrease.
- **On 16 March 2016** Norway Registers Development AS share capital increased by NOK 870 thousand (equivalent to EUR 90.5 thousand on 31 December 2015), and after the increase reached NOK 3,020 thousand (equivalent to EUR 314 thousand on 31 December 2015). Increase was paid in cash by the Company.
- **On 18 March 2016** Inventio UAB, a subsidiary of the Company, acquired 100 per cent shares of information system development company Algoritmu sistemas UAB for EUR 2,385 thousand. The acquisition was completed on 18 March 2016, after the permits had been issued by the Competition Council and the Commission for the evaluation of compliance of potential buyers to the national security interests.
- **On 18 March 2016** Inventio UAB share capital increased by additional Company's cash contributions of EUR 2,392 thousand and reached EUR 2,395 thousand. The purpose of the increase was to finance the acquisition of Algoritmu sistemas UAB.
- **On 18 March 2016** FINtime UAB share capital increased by EUR 200 thousand and after the increase reached EUR 229 thousand. Increase was paid in cash by the Company.
- **On 31 March 2016** INVL Technology was announced the winner at the privatisation auction of Estonian IT company Andmevara. Financial advisor of the Transaction Redgate Capital announced the decision of the Estonian Ministry of Interior on 30 March 2016. The transaction is expected to be completed in April, once the share acquisition agreement is signed. The value of the deal depends on the amount of dividends paid out to the Estonian State, and will be announced after the acquisition is completed.

# INVL Technology



## ANNUAL REPORT

PREPARED IN ACCORDANCE WITH THE RULES FOR THE PREPARATION AND THE SUBMISSION OF THE PERIODIC AND ADDITIONAL INFORMATION. APPROVED BY THE DECISION OF THE BOARD OF THE BANK OF LITHUANIA PASSED ON 28 FEBRUARY 2013 NO. 03-48

**APPROVED BY THE BOARD OF INVL TECHNOLOGY, AB  
ON 7 APRIL 2016**

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# 1

## GENERAL INFORMATION

### 1 REPORTING PERIOD FOR WHICH THE REPORT IS PREPARED

The report covers six months financial period of INVL Technology AB, starting 1 January 2015 and ending on 31 December 2015.

### 2 GENERAL INFORMATION ABOUT THE ISSUER AND ITS' MANAGED COMPANIES

#### 2.1 INFORMATION ABOUT THE ISSUER:

##### FROM THE COMPANY'S ESTABLISHMENT TILL 9TH FEBRUARY 2015

|   |   |
|---|---|
| Name of the Issuer  | THE PUBLIC JOINT-STOCK COMPANY INVL TECHNOLOGY, HEREINAFTER INVL TECHNOLOGY, AB |
| Code  | 303299817   |
| Address   | SEIMYNISKIU STR. 1A, LT-09312, VILNIUS, LITHUANIA                               |
| Telephone   | +370 5 279 0530   |
| Fax   | +370 5 279 0530   |
| E-mail  | TECHNOLOGY@INVALDALT.COM  |
| Website   | WWW.INVLTECHNOLOGY.LT   |
| Legal form  | PUBLIC JOINT-STOCK COMPANY  |
| Date and place of registration                                      | 29 APRIL 2014. REGISTER OF LEGAL ENTITIES                                       |
| Register in which data about the Company are accumulated and stored | REGISTER OF LEGAL ENTITIES  |

Reorganization of INVL Technology, AB and BAIP Group, AB was completed on 9 February 2015: INVL Technology, AB was merged into BAIP Group, AB.

##### FROM 9TH FEBRUARY 2015

|   |  |
|---|--|
| Name of the Issuer  | THE PUBLIC JOINT-STOCK COMPANY INVL TECHNOLOGY                           |
| Code  | 300893533  |
| Address   | GYNĖJŲ STR. 16, LT-01109, VILNIUS, LITHUANIA                             |
| Telephone   | +370 5 219 1919  |
| Fax   | +370 5 219 6533  |
| E-mail  | INFO@INVLTECHNOLOGY.LT   |
| Website   | WWW.INVLTECHNOLOGY.LT  |
| Legal form  | PUBLIC JOINT-STOCK COMPANY   |
| Date and place of registration                                      | 27 JUNE 2007 (VERSION 42, 9TH FEBRUARY 2015). REGISTER OF LEGAL ENTITIES |
| Register in which data about the Company are accumulated and stored | REGISTER OF LEGAL ENTITIES   |





## 2.2 ABOUT INV L TECHNOLOGY, AB

INV L Technology, AB – company, investing in IT businesses, listed on NASDAQ Baltic stock exchange (Nasdaq Vilnius: INC1L) from June 2014.

Largest INV L Technology AB investments currently are companies in Lithuania, Norway, Tanzania, Uganda and Rwanda.

In order to generate significant investment return for investors, INV L Technology invests in mature IT companies working in B2B and B2G with sustainable business models, production capacity in the Baltics or Eastern/Central Europe and the potential for synergetic cooperation with other INV L Technology companies. INV L Technology seeks to increase the value of the companies in its portfolio by bringing financial and intellectual capital for growth and add-on acquisitions, management support, and globalization via sales channels in East Africa and Southeast Asia.

## 2.3 INFORMATION ABOUT THE COMPANIES MANAGED BY THE ISSUER

### 2.3.1 INV L Technology business areas

INV L Technology operates as a cluster of IT businesses working with large corporate and government entities with a focus in four key areas: business climate improvement and e-governance, IT infrastructure, cyber security and IT intensive industries' solutions. Largest INV L Technology AB investments currently are companies in Lithuania, Norway, Tanzania, Uganda and Rwanda.



Companies working in the area of **Business climate improvement and e-governance** combine legal, consultancy and information technology skills to address governance and economic digital infrastructure development challenges effectively. They develop national state-of-art registries and provide digital and mobile signature, digital platforms for finance and retail sectors, state taxes, information distribution, digital licenses, digital documents and other economic digital infrastructure solutions.



Companies working in the area of **IT infrastructure** provide information systems' resilience and mobility services for the largest corporate IT users, central banks and public sector organisations with high data availability requirements. Companies are acknowledged as strategic IT infrastructure architects and assist organisations to ensure their business continuity processes.



**Cybersecurity** companies provide technology consulting, incident response and National Computer Incident Response Teams (CIRTs/SOCs) establishment services. They are focused on the services to law enforcement, national communication regulators, CERTs, and corporate information security departments.



Companies working in the area of **IT intensive industries' solutions** develop high quality, effective and reliable information systems and business process facilitating programs for large and medium-sized public organizations and enterprises. Main fields of activities include e-governance, e-health, finance, social security, environmental protection and education.

## 2.3.2 Companies managed by INV L Technology, as of the 31<sup>st</sup> March, 2016

### BUSINESS CLIMATE IMPROVEMENT AND E-GOVERNANCE:



**Norway Registers Development AS (NRD AS)** is management consulting and IT services' company, specializing in the development of national registers, e-governance solutions and public sector reforms backed by ICT solutions. NRD was established in Norway in 1995.

More information – [www.nrd.no](http://www.nrd.no).



**NRD UAB** was incorporated in October 1998. NRD, UAB is a subsidiary company and information system design and development excellence center of Norway Registers Development AS. NRD, UAB specializes in business, property, mortgage, licenses, citizen's registry and tax information systems creation and development.

More information – [www.nrd.lt](http://www.nrd.lt).



**Norway Registers Development East Africa Limited** – NRD AS subsidiary in East Africa, established in April 2013. Provides on-site delivery of NRD group services, supports the companies in East Africa in the delivery of information security technologies as a value added distributor and assists other organizations investing in East Africa in the creation, development, maintenance and security of their information technology infrastructure. Performs audit of information systems, provides IT management consulting and trainings.

More information – [www.nrd.co.tz](http://www.nrd.co.tz).



**ETRONIKA UAB** is NRD group's company, specialised in e-banking and m-signature solutions. ETRONIKA develops complex and innovative solutions for finance and online business, integrating advanced and secure technologies across various electronic channels.

More information – [www.etronika.com](http://www.etronika.com).



**Infobank Uganda Limited** – company in Uganda, established in December 2014. Norway Registers Development AS holds 30 percent of the shares. Currently does not perform any activities but intends to work with different registries which are currently largely paper based, and provide registries information to financial sector clients via electronic system.

More information – [www.infobank-uganda.com](http://www.infobank-uganda.com).

**Norway Registers Development Rwanda Ltd.** (NRD Rwanda) was registered in Kigali on 22 February 2016. NRD Rwanda will offer full portfolio of NRD group and other INV L Technology businesses' services. In addition, backing the regional export strategy of Rwanda, it might also participate in projects in Burundi and Democratic Republic of the Congo.

More information – [www.nrd.no](http://www.nrd.no)

### IT INFRASTRUCTURE:



**BAIP UAB** is a critical IT infrastructure company providing information systems' resilience and mobility services for the largest corporate IT users and public sector organisations. Company is acknowledged as a strategic IT infrastructure architect and assists organisations to ensure their business continuity processes.

More information – [www.baip.lt](http://www.baip.lt).



**Acena UAB** is a specialized Microsoft solutions company, providing Windows Azure cloud platform and Office 365 business productivity solutions as well as professional and managed services to deliver and improve cloud based solutions to customers.

More information – [www.acena.lt](http://www.acena.lt).

## CYBER SECURITY:



**NRD CS UAB** is a cybersecurity technology consulting, incident response and applied research company, with headquarters in Lithuania, Vilnius. Company focuses on the services to the law enforcement, national communication regulators, CERTs, and corporate information security departments. NRD CS is also a facilitator of Norway Registers Development AS mission of creating a secure digital environment for states, governments, corporations and citizens, contributor to the Critical security Controls for Effective Cyber Defence and other frameworks.

More information – [www.nrdcs.lt](http://www.nrdcs.lt).

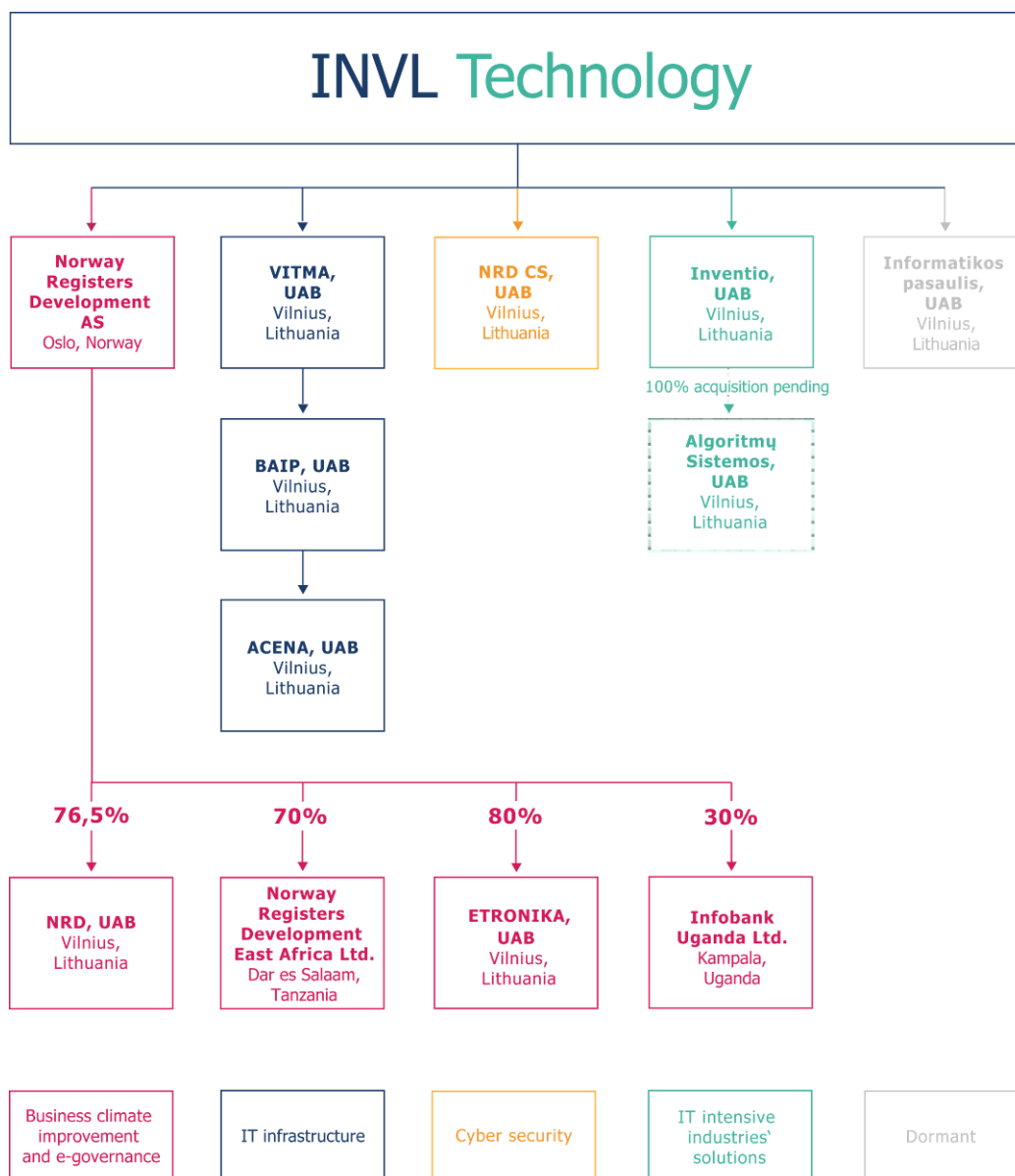
## IT INTENSIVE INDUSTRIES' SOLUTIONS:



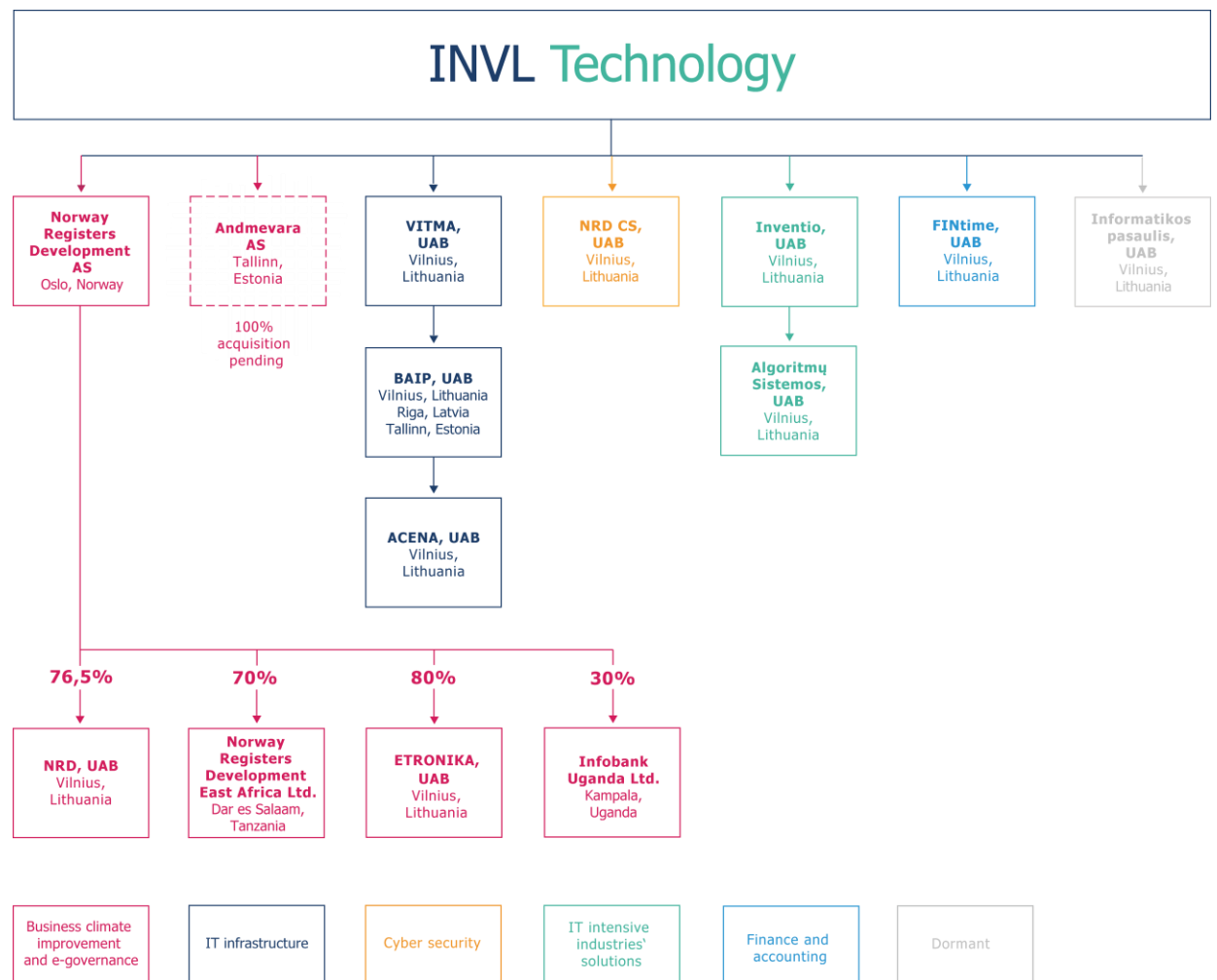
**Algoritmu sistemas UAB** develops high quality, effective and reliable information systems and business process facilitating programs for large and medium-sized public organizations and enterprises. Main fields of company activity include: e-governance, e-health, finance, social security, environmental protection and education.

More information – [www.algoritmusistemas.lt](http://www.algoritmusistemas.lt)

### 2.3.3 INVL Technology, AB group structure as of the 31<sup>st</sup> December 2015



## 2.3.4 INVL Technology, AB group structure as of the 31<sup>ST</sup> March 2016



### 2.3.5 Geography of INVL Technology, AB managed companies



## 3 AGREEMENTS WITH INTERMEDIARIES ON PUBLIC TRADING IN SECURITIES

For the reporting period INVL Technology, AB had the agreement with Finasta, AB FMI (Maironio str. 11, Vilnius, Lithuania, tel. +370 5 203 2233) – the agreement on management of securities accounting.

On 17<sup>th</sup> July 2015 Šiaulių Bank, AB acquired 100 percent of shares of Bank Finasta, AB and Finasta, AB FMI. On 23 September 2015 the Board of Šiaulių Bank made the decision to reorganize Bank Finasta, AB and Finasta, AB FMI incorporating them into Šiaulių Bank.

The clients of Finasta, AB FMI should address the Šiaulių Bank, AB Šeimyniškių customer service department at Šeimyniškių str. 1A, Vilnius, tel. +370 700 55 055.

## 4 INFORMATION ON ISSUER'S BRANCHES AND REPRESENTATIVE OFFICES

INVL Technology, AB has no branches or representative offices.

# 2

## INFORMATION ABOUT SECURITIES

### 5 THE ORDER OF AMENDMENT OF ISSUER'S ARTICLES OF ASSOCIATION

The Articles of Association of INV L Technology, AB may be amended by resolution of the General Shareholders' Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

The Actual wording of the Articles of Association are dated as of 8th July 2015. The Articles of Association are available on the company's website.

### 6 STRUCTURE OF THE AUTHORIZED CAPITAL

#### 6.1 STRUCTURE OF INV L TECHNOLOGY, AB AUTHORISED CAPITAL AS OF 26<sup>TH</sup> JUNE 2015, PRIOR TO THE NEW SHARE EMISSION

| Type of shares             | Number of shares, units | Total voting rights granted by the issued shares, units | Nominal value, EUR | Total nominal value, EUR | Portion of the authorised capital, % |
|----------------------------|-------------------------|---|--------------------|--------------------------|--------------------------------------|
| Ordinary registered shares | 6 114 714               | 6 114 714   | 0.29               | 1 773 267.06             | 100                                  |

On 7 July 2015 the Board of INV L Technology AB (the "Company"), referring to the resolutions of the extraordinary general meeting of shareholders of the Company held on 10 April 2015 regarding increase of the authorised capital by additional contributions of the persons, subscribing the shares (the "Resolutions"), also taking into account the recommendation of AB bank "FINASTA", which is the lead manager of the offering of newly issued shares of the Company, inter alia decided:

1) to determine that the final offer (issue) price of the ordinary registered shares of the Company, to be issued following implementation of the Resolutions, shall be equal to EUR 1.65 (the "Offer Price") for one new share to be issued (the "New Shares"), which is the same to the current shareholders, as well as to retail and institutional investors;

2) to determine that the final number of the New Shares of the Company to be issued in fulfilment of the Resolutions is 6 060 607;

3) to allocate the New Shares for the Offer Price, indicated above, as follows: (i) 2 735 489 units shall be allocated to the existing shareholders of the Company, being the shareholders at the close of 26 June 2015, (ii) 2 314 294 units shall be allocated to the retail investors and (iii) 1 010 824 units shall be allocated to the institutional investors.

All shares are fully paid-up and no restrictions apply on their transfer.

#### 6.2 STRUCTURE OF INV L TECHNOLOGY, AB AUTHORISED CAPITAL AS OF 31<sup>ST</sup> DECEMBER 2015

| Type of shares             | Number of shares, units | Total voting rights granted by the issued shares, units | Nominal value, EUR | Total nominal value, EUR | Portion of the authorised capital, % |
|----------------------------|-------------------------|---|--------------------|--------------------------|--------------------------------------|
| Ordinary registered shares | 12 175 321              | 12 175 321  | 0.29               | 3 530 843.09             | 100                                  |

## 6.3 INFORMATION ABOUT THE ISSUER'S TREASURY SHARES

INVL Technology AB or its subsidiary has not acquired shares in INVL Technology directly or indirectly under the order of subsidiary by persons acting by their name.

Company uses no services of liquidity providers.

## 7 TRADING IN ISSUER'S SECURITIES AS WELL AS SECURITIES, WHICH ARE DEEMED TO BE A SIGNIFICANT FINANCIAL INVESTMENT TO THE ISSUER ON A REGULATED MARKET

### 7.1 MAIN CHARACTERISTICS OF INVL TECHNOLOGY, AB SHARES ADMITTED TO TRADING

|            | Shares issued, units | Shares with voting rights, units | Nominal value, EUR | Total nominal value, EUR | ISIN code    | Name  | Exchange       | List                  | Listing date |
|------------|----------------------|----------------------------------|--------------------|--------------------------|--------------|-------|----------------|-----------------------|--------------|
| 31.12.2015 | 12 175 321           | 12 175 321                       | 0.29               | 3 530 843.09             | LT0000128860 | INC1L | NASDAQ Vilnius | Baltic Secondary List | 04 06 2014   |

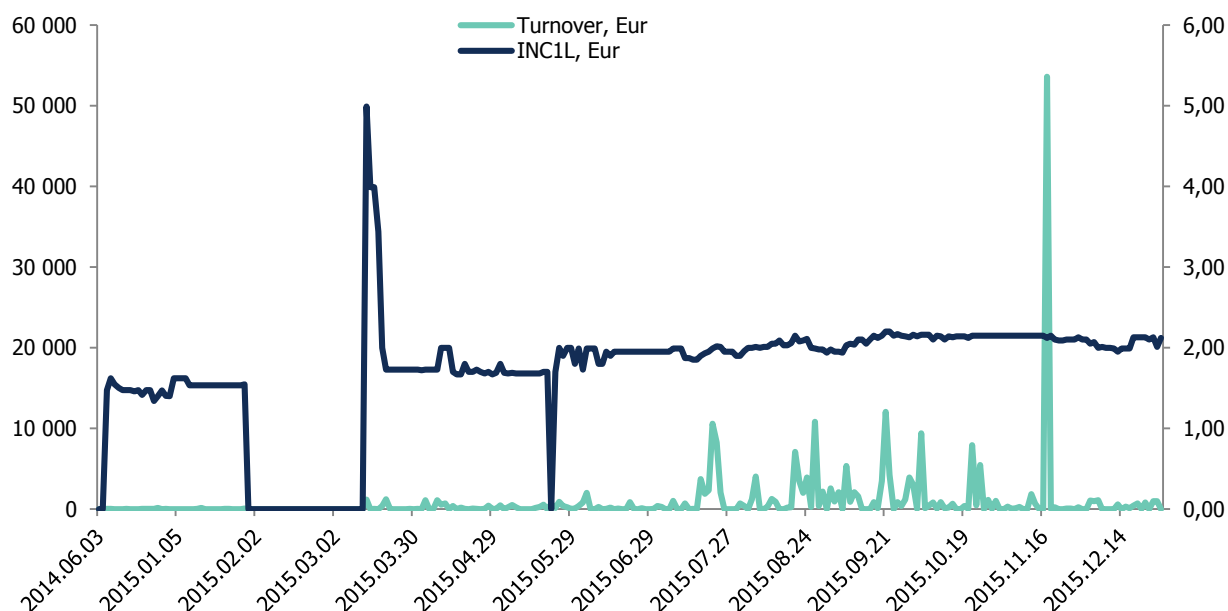
### 7.2 TRADING IN INVL TECHNOLOGY, AB SHARES

| Share price, EUR:    | 2015*   | 2014* |
|----------------------|---------|-------|
| - Opening            | 1.47    | 1.47  |
| - Highest            | 2.24    | 1.62  |
| - Lowest             | 1.33    | 1.23  |
| - Average            | 2.02    | 0.75  |
| - Last               | 2.01    | 1.47  |
| Turnover, units      | 113 015 | 1 889 |
| Turnover, EUR        | 227 743 | 2 678 |
| Traded volume, units | 419     | 143   |
| Capitalisation, mEUR | 24.47   | 5.93  |

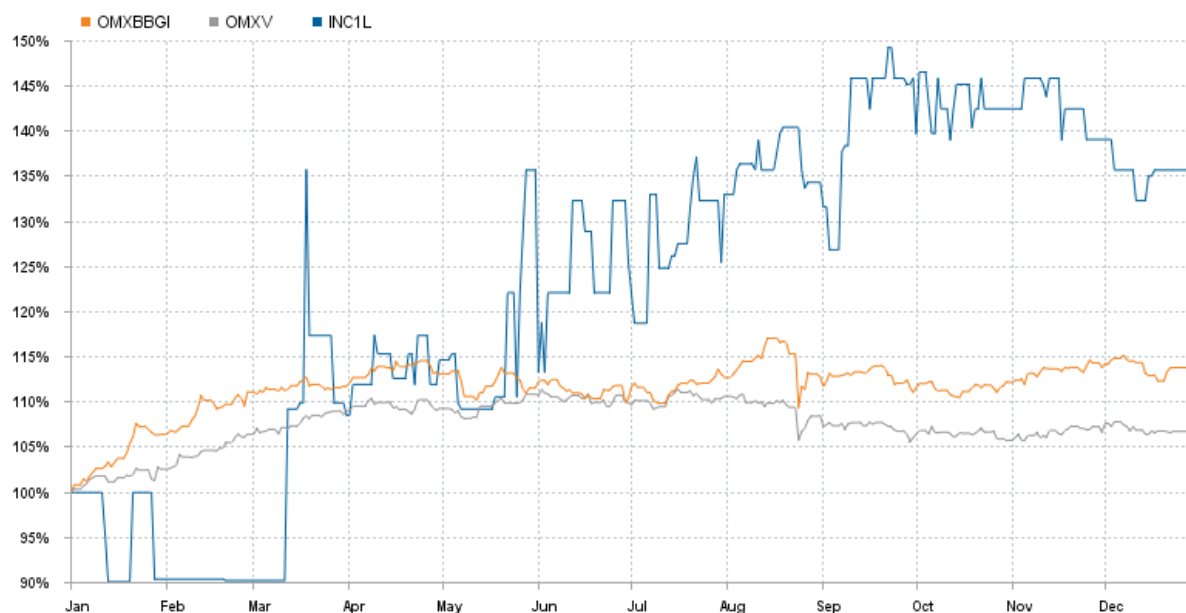
\*Data from 4 June 2014 (the beginning of the listing of the company in the Stock Exchange) until 12 February 2015 is corrected by the reorganisation impact coefficient 0,147370903.

## 7.3 TURNOVER OF INVL TECHNOLOGY, AB SHARES, CHANGE OF SHARE PRICE AND INDEXES

### 7.3.1 TURNOVER OF INVL TECHNOLOGY, AB SHARES AND CHANGE OF SHARE PRICE SINCE THE BEGINNING OF TRADING



### 7.3.2 COMPARISON OF INVL TECHNOLOGY, AB SHARE PRICE WITH OMXBB INDEX SINCE THE BEGINNING OF TRADING



| Index/Shares            | 01.01.2015 | 31.12.2015 | +/- % |
|-------------------------|------------|------------|-------|
| OMX Baltic Benchmark GI | 566.56     | 648.32     | 14.43 |
| OMX Vilnius             | 452.42     | 485.99     | 7.42  |
| INC1L                   | 1.474 EUR  | 2.010 EUR  | 36.39 |



## 8 DIVIDENDS

The General Shareholders' Meeting decides upon dividend payment and sets the amount of dividends. The company pays out the dividends within 1 month after the day of adoption of the resolution on profit distribution. Persons have the right to receive dividends if they were shareholders of the company at the end of the tenth working day after the day of the General Shareholders' Meeting that issued the resolution to pay dividends.

According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 20 % tax (until 2009 it was 15 %) is applied to the dividends. Starting from 2014, 15 % tax is applied to income from the distributable profit (including dividends). The company is responsible for calculation, withdrawn and transfer (to the benefit of the State) of applicable taxes.

The company did not allocated dividends during the reporting period.

## 9 SHAREHOLDERS

Total number of shareholders as of the 31st December 2015 – 3 618.

### 9.1 SHAREHOLDERS, WHO HELD TITLE TO MORE THAN 5 % OF INVLT TECHNOLOGY AUTHORISED CAPITAL AND/OR VOTES AS OF 31<sup>st</sup> DECEMBER 2015

| Name of the shareholder or company                                       | Number of shares held by the right of ownership, units | Share of the authorised capital held, % | Share of the votes, %  |                          | Total, % |
|--|--|---|--|--------------------------|----------|
|  |  |   | Share of votes given by the shares held by the right of ownership, % | Indirectly held votes, % |          |
| LJB investments, UAB, code 300822575, A. Juozapaviciaus str. 9A, Vilnius | 2 424 152  | 19.91                                   | 19.91  | 0                        | 19.91    |
| Invalida INVLT, AB code 121304349, Seimyniskiu str. 3, Vilnius           | 1 906 032  | 15.65                                   | 15.65  | 0                        | 15.65    |
| Irena Ona Miseikiene   | 1 466 421  | 12.04                                   | 12.04  | 0                        | 12.04    |
| Lietuvos draudimas, AB code 110051834, J. Basanavičiaus g. 12, Vilnius   | 909 090  | 7.47                                    | 7.47   | 0                        | 7.47     |
| Kazimieras Tonkunas  | 675 452  | 5.55                                    | 5.55   | 27.84 <sup>1</sup>       | 33.39    |
| Alvydas Banys  | 618 745  | 5.08                                    | 5.08   | 28.31 <sup>2</sup>       | 33.39    |
| Vida Juozapaviciene  | 186 270  | 1.53                                    | 1.53   | 5.55 <sup>3</sup>        | 7.08     |
| Gytis Umantas  | 151 270  | 1.24                                    | 1.24   | 32.15 <sup>4</sup>       | 33.39    |
| Vytautas Plunksnis   | 5 259  | 0.04                                    | 0.04   | 33.35 <sup>5</sup>       | 33.39    |
| Nerijus Drobavicius  | 4 472  | 0.04                                    | 0.04   | 33.35 <sup>6</sup>       | 33.39    |

<sup>1</sup>According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Kazimieras Tonkunas has votes of his spouse, Alvydas Banys and Gytis Umantas, managers of INVLT Technology, AB.

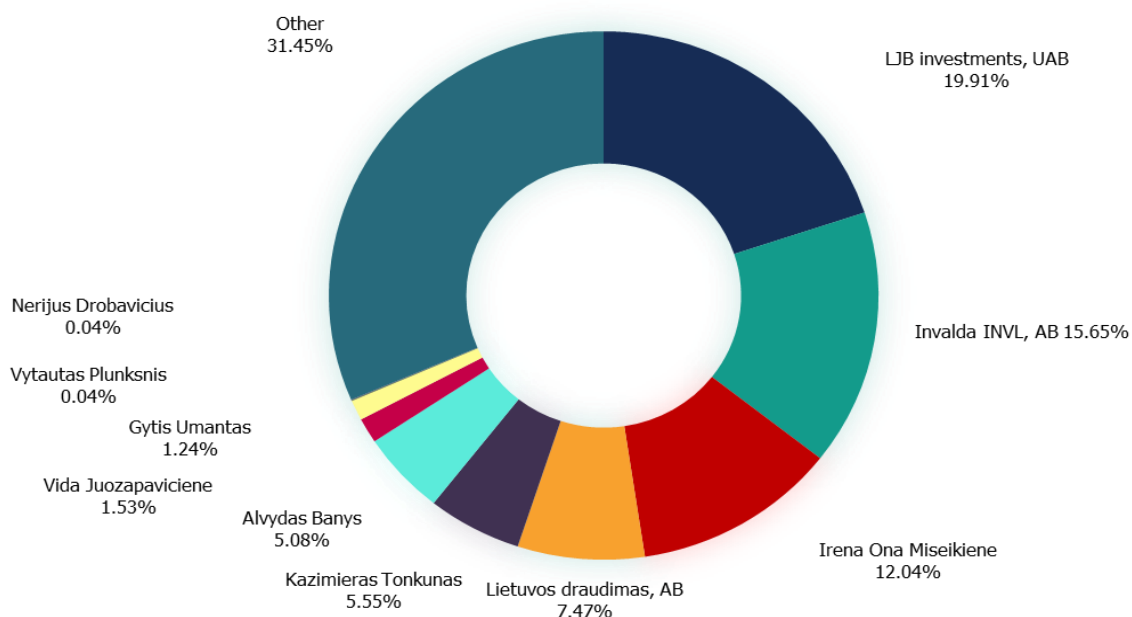
<sup>2</sup>According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Alvydas Banys has votes LJB Investments, UAB a company controlled by him, and of Kazimieras Tonkūnas and Gytis Umantas, managers of INVLT Technology, AB.

<sup>3</sup> According to Part 10 of Paragraph 1 of Article 24 of the Law on Securities of the Republic of Lithuania it is considered that Vida Juozapaviciene has votes of her spouse.

<sup>4</sup> According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Gytis Umantas has votes of Alvydas Banys and Kazimieras Tonkunas, managers of INVLT Technology, AB.

<sup>5</sup> According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Vytautas Plunksnis has votes of Alvydas Banys, Kazimieras Tonkunas and Gytis Umantas, managers of INVLT Technology, AB.

<sup>6</sup> According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Nerijus Drobavicius has votes of Alvydas Banys, Kazimieras Tonkunas and Gytis Umantas, managers of INVLT Technology, AB.



The Agreement of Shareholders was signed on 26 November 2014 (amended on 27 May 2015) by the following shareholders of the Company: LJB Investments UAB, Ms Irena Ona Mišeikienė, Lucrum Investicija UAB, Invalda INVL AB, Mr Alvydas Banys, Mr Darius Šulnis, Ms Indrė Mišeikytė, Mr Kazimieras Tonkūnas, Mr Gytis Umantas, Mr Artūras Milašauskas, Ms Vida Juozapavičienė, Mr Marius Leščinskas, Mr Rokas Ralys and Mr Tomas Šeikus. As at 31 December 2015, the parties to the Agreement held ownership title to 68.97% of shares of the Company.

Based on the Agreement, LJB Investments UAB, Ms Irena Ona Mišeikienė, Lucrum Investicija UAB, Invalda INVL AB, Mr Alvydas Banys, Mr Darius Šulnis and Ms Indrė Mišeikytė have no right to sell more than 50% of the shares held by them within the period of 12 months following the last increase in the share capital (registered with the Register of Legal Entities on 8 July 2015). Whereas Mr Kazimieras Tonkūnas, Mr Gytis Umantas, Mr Artūras Milašauskas, Ms Vida Juozapavičienė, Mr Marius Leščinskas, Mr Rokas Ralys and Mr Tomas Šeikus have a commitment not sell 100% of the shares held by them within the period of 12 months following the last increase in the share capital.

## 10 RIGHTS AND OBLIGATIONS CARRIED BY THE SHARES

### 10.1 RIGHTS OF THE SHAREHOLDERS

The Company's shareholders have the following property and non-property rights:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive the company's funds when the authorised capital of the company is reduced with a view to paying out the company's funds to the shareholders;
- 3) to receive a part of assets of the company in liquidation;
- 4) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania;
- 5) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
- 6) to lend to the company in the manner prescribed by law; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;
- 7) other property rights provided by laws;
- 8) to attend the General Shareholders' Meetings;
- 9) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;
- 10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
- 11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;

- 12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;
- 13) other non-property rights established by laws and the Company's Articles of Association.

## 10.2 OBLIGATIONS OF THE SHAREHOLDERS

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

The person who acquired all shares in the company or the holder of all shares in the company who transferred a part of his shares to another person must notify the company of the acquisition or transfer of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or transferred shares, the nominal share price and the particulars of the person who acquired or transferred the shares (the natural person's full name, personal number and address; the name, legal form it has taken, registration number, address of the registered office of the legal person.)

Contracts between the company and holder of all its share shall be executed in a simple written form, unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

## 11 THE MANAGING BODIES OF THE ISSUER

3

### ISSUER'S MANAGING BODIES

General Shareholders' Meeting

The Board

Director

The governing bodies of INVL Technology, AB are the General Shareholders' Meeting, sole governing body – the director and a collegial governing body – the Board. The Supervisory Board is not formed.

### 11.1 GENERAL SHAREHOLDERS' MEETING

#### 11.1.1 Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5<sup>th</sup> working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than 1/2 of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present, the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened, which shall be authorised to take decisions only

on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year. The General Shareholders' Meeting shall have the exclusive right to:

- 1) amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- 2) elect members of the Board;
- 3) dismiss the Board or its members;
- 4) elect and dismiss the firm of auditors, set the conditions for auditor remuneration;
- 5) determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- 6) take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- 7) take a decision to replace private limited liability company share certificates by shares;
- 8) approve the annual accounts and the report on company operations;
- 9) take a decision on profit/loss appropriation;
- 10) take a decision on the formation, use, reduction and liquidation of reserves;
- 11) take a decision on the issue of convertible debentures;
- 12) take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- 13) take a decision to increase the authorised capital;
- 14) take a decision to reduce the authorised capital, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- 15) take a decision for the Company to purchase its own shares;
- 16) take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off;
- 17) take a decision on transformation of the Company;
- 18) take a decision on restructuring of the Company;
- 19) take a decision to liquidate the Company, cancel the liquidation of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania;
- 20) elect and dismiss the liquidator of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that, in their essence, these are not the functions of the governing bodies.

### **11.1.2 Convocation of the General Shareholders' Meeting of INVL Technology, AB**

The documents related to the agenda, draft resolutions on every item of agenda, documents what have to be submitted to the General Shareholders Meeting and other information related to realization of shareholders rights are available at the registered office of the Company during working hours.

The shareholders are entitled: (i) to propose to supplement the agenda of the General Shareholders Meeting submitting draft resolution on every additional item of agenda or, than there is no need to make a decision - explanation of the shareholder. Proposal to supplement the agenda is submitted in writing by registered mail or delivered in person against signature. The agenda is supplemented if the proposal is received no later than 14 before the General Shareholders Meeting; (ii) to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders meeting (in writing, by registered mail or delivered in person against signature) or in writing during the General Shareholders Meeting; (iii) to submit questions to the Company related to the issues of agenda of the General Shareholders Meeting in advance but no later than 3 business days prior to the General Shareholders Meeting in writing by registered mail or delivered in person against signature.

Shareholder participating at the General Shareholders Meeting and having the right to vote must submit documents confirming personal identity. Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the General Shareholders Meeting. The representative has the same rights as his represented shareholder at the General Shareholders Meeting. The authorized persons must have documents confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the General Shareholders Meeting. Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the General Shareholders Meeting. The shareholders must inform the Company about power of attorney issued by means of electronic communications no later than before the commencement of registration for the General Shareholders Meeting. The power of attorney issued by means of electronic communications and notice about it must be written and submitted to the Company by means of electronic communications.

Shareholder or its representative may vote in writing by filling general voting bulletin, in such a case the requirement to deliver a personal identity document does not apply. The form of general voting bulletin is presented at the Company's webpage. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if authorized person is voting. The filled general voting bulletin must be delivered to the Company by means of electronic communications, registered mail or in person against signature no later than before the day of the General Shareholders Meeting.

For the convenience of the shareholders of INVL technology, AB the company provides notifications about convocation of General Shareholders Meeting, draft resolutions as well as general voting bulletins and resolutions adopted in the Meetings in the section For Investors reference Shareholders' Meeting Voting Results on the company's web page.

There have been four INVL Technology Shareholders' Meetings held during the year 2015.

**On 2 February 2015** INVL Technology shareholders approved reorganization of the public joint-stock company INVL Technology by a way of merger, merging the company to the public joint-stock company BAIP grupe. The shareholders also approved the Articles of Association of the public joint-stock company BAIP grupe, which continues to operate after the reorganization under the new name INVL Technology, the regulations of the formation and activity of the Audit Committee and elected the members of the Audit Committee, compensation for the members of Audit Committee was set.

**On 10 April 2015** the Shareholders of INVL Technology decided: 1) to increase the authorized capital of the public joint-stock company INVL Technology with additional contributions from EUR 1 773 267,06 to EUR 5 800 000 (the authorized capital will be increased by no more than EUR 4 026 732,94). The authorized capital of the public joint-stock company INVL Technology will be increased by additionally issuing no more than 13 885 286 ordinary registered shares of EUR 0.29 par value each. The minimal issue price of each newly issued share is EUR 1.56, payment for the shares - by cash contributions. The total minimal issue price of the newly issued Company's shares is no more than EUR 21 661 046,16, which depends on the final amount of newly issued shares. The minimal issue price of each newly issued share is EUR 1.56 2) to withdraw the pre-emptive right of Company's shareholders to acquire newly issued ordinary registered 3) to approve the new edition of the Articles of Association of the public joint-stock company INVL Technology by changing the whole text of the Statute. 4) To reorganize the activity of the public joint-stock company INVL Technology so it would operate as the closed-end investment company under the Law of the Republic of Lithuania on Collective Investment Undertakings. 5) Regarding the tender offer to purchase the ordinary registered shares of the public joint-stock company INVL Technology.

**On 30 April 2015** The Shareholders Meeting of INVL Technology, AB decided regarding: (1) the Presentation of INVL Technology (code 303299817), annual report for 2014. 2) Presentation of the independent auditor's report on the financial statements of INVL Technology (code 303299817) for 2014. 3) To approve the consolidated and companies financial statements for 2014 of INVL Technology (code 303299817) 4) To distribute the profit of INVL Technology (code 303299817) 5) Presentation of BAIP Group AB consolidated annual report for 2014. 6) Presentation of the independent auditor's report on the financial statements of BAIP Group AB 7) To approve the consolidated and stand-alone financial statements for 2014 of BAIP Group AB 8) To distribute the profit of BAIP Group AB for 2014 9) To use the reserve for the purchase of own shares formed in the resolution in this shareholders meeting and to purchase shares in INVL Technology (code 300893533).

**On 30 November 2015** the General Shareholders Meeting of INVL Technology decided regarding election of auditor to carry out of the audit of the annual financial statements and setting conditions of payment for audit services: to conclude an agreement with UAB PricewaterhouseCoopers to carry out of the audit of the annual financial statements of the public joint stock company INVL Technology for 2015, 2016 and 2017 financial years and establish the payment in amount of EUR 4,500 for audit of annual financial statements of audit of each calendar year.

## 11.2 THE BOARD

### 11.2.1 Powers of the Board

The Board shall continue in office for the 4 year period or until a new Board is elected and commences its activities, but not longer than until the date of the Annual General Shareholders' Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders' Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders' Meeting may dismiss from the office the entire Board or its individual members (as well as the Chairman of the Board) before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders' Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the manager of the Company. The working procedure of the Board shall be laid down in the rules of procedure of the Board adopted by it.

The Board shall consider and approve:

- the operating strategy of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited through competition;
- regulations of branches and representative offices of the Company.

The Board shall elect and dismiss from office the manager of the Company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for and impose penalties against him.

The Board shall determine which information shall be considered the Company's commercial secret and confidential information. Any information that must be publicly available under the laws may not be considered the commercial secret and confidential information.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company;
- to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company;
- to restructure the Company in the cases laid down by the Law on Restructuring of Enterprises of the Republic of Lithuania;
- other decisions assigned to the scope of powers of the Board by the Law on Companies of the Republic of Lithuania, Articles of Association or the decisions of the General Shareholders' Meeting.

The Board shall analyse and evaluate the information submitted by the manager of the Company on:

- the implementation of the operating strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;
- the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and shall submit them to the General Shareholders' Meeting together with the annual report of the Company.

It shall be the duty of the Board to convene and organise the General Shareholders' Meetings in due time.

### **11.2.2 Procedure of work of the Board**

The order of the formation of the Board of the company should ensure objective, impartial and fair representation of minority shareholders of the company: names and surnames of the candidates to become members of the Board of the company, information about their education, qualification, professional background, positions taken in supervisory and management Boards of other companies, owned block of shares in other companies, larger than 1/20, potential conflicts of interest, information on whether the candidates are applied to administrative sanctions or punishment for violations / crimes against the economy, business policy, property, property rights and property interests, or do they have no obligations neither functions which would threaten the safe and reliable operations of the company, or whether candidates meet the legal requirements made for the Managers, are disclosed not later than 10 days prior the General Shareholders' Meeting in which the election of the Members of the Board is intended, so that the shareholders would have sufficient time to make an informed voting decision

In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the Board of the company are determined with regard to the company's structure and activities, and are periodically evaluated once a year.

Any Member of the Board of the company must confound companies property with its own property and do not use it or information which they received while holding position as the Members of the Board for personal benefit or for the benefit of third party on other way than the General Shareholders Meeting and the Board allows it. Any Member of the Board of the company may conclude a transaction with the company, a Member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to the low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally in the meeting of the Board of the company. Members of the Board in accordance with law and the terms have to provide information about their and related parties transactions on company's securities.

Any Member of the Board of the company within 5 (five) days must inform the Manager or the Chairman of the company on any subsequent changes in provided information that have been submitted for shareholders prior to the election of the Member of the Board. Changes in provided information are disclosed in the company's annual report.

Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board.

28 meetings of the Board of the company have been held in 2015.

## **11.3 THE DIRECTOR**

The manager of the Company (the Director) shall be elected and dismissed from office by the Board which shall also fix his salary, approve his job description, provide incentives and impose penalties. An employment contract shall be concluded with the Director.



The Director shall assume office after the election, unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office, the employment contract therewith shall be terminated.

In his activities, the Director shall be guided by laws and other legal acts, the Articles of Association of the Company, decisions of the General Shareholders' Meeting and the Board, his job description. The Director is accountable to the Board.

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

The Director shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The Director may conclude the transactions to invest, dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

The Director shall be responsible for:

- 1) the organisation of activities and the implementation of objects of the company
- 2) the drawing up of the annual accounts;
- 3) the conclusion of the contract with the firm of auditors where the audit is mandatory or required under the Statutes of the company;
- 4) the submission of information and documents to the General Meeting, the Supervisory Board and the Board in cases laid down in this Law or at their request;
- 5) the submission of documents and particulars of the company to the administrator of the Register of Legal Persons;
- 6) the submission of the documents of a public limited liability company to the Securities Commission and the Central Securities Depository of Lithuania;
- 7) the publication of information referred to in this Law in the daily indicated in the Statutes;
- 8) the submission of information to shareholders;
- 9) the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Statutes and the staff regulations of the manager of the company.

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

## **11.4 INFORMATION ABOUT MEMBERS OF THE BOARD AND DIRECTOR OF THE COMPANY**

The Board of INVL Technology, AB was elected during the General Shareholders' Meeting of INVL Technology, AB the company split-off from Invalda LT, AB on 28 April 2014. Mr. Banys was elected as the Chairman of the Board. Mr. Sulnis and Ms. Miseikyte were elected as the Members of the Board. Mr. Sulnis was appointed as the director of the company on 28 April 2014. The board of the following composition was working till the 9th February 2015. Darius Sulnis left the position of the Director of INVL Technology, AB from the 9th February 2015.

Reorganization of INVL Technology, AB and BAIP Group, AB was completed on 9th of February 2015: INVL Technology, AB was merged into BAIP Group, AB. BAIP Group, AB took over all the rights and obligations and continues operations under the new name of the public joint-stock company INVL Technology.

As from 10th of February 2015 Mr. Kazimieras Tonkunas was elected as the Chairman of the Board. Mr. Nerijus Drobavicius, Mr. Gytis Umantas, Mr. Vytautas Plunksnis and Mr. Alvydas Banys were elected as the Members of the Board (the Board of INVL Technology, AB was elected during the General Shareholders' Meeting of BAIP Grupe, AB on 5th December 2014). Mr. Tonkunas was appointed as the director of the company on 9th December 2014.

#### 11.4.1 THE BOARD AND ADMINISTRATION OF THE COMPANY



**KAZIMIERAS  
TONKUNAS**

CHAIRMAN OF  
THE BOARD

DIRECTOR

The term of office

2014 - 2018

Educational  
background and  
qualifications

Vilnius University, Faculty of Economics, Master in economics-mathematics (systematic analysis of the economic)

Work experience

Since February 2015 – Director and Chairman of the Board of INVLT Technology, AB.  
2007 – 2015 Director and Chairman of the Board of BAIP group, AB.  
Since 2013 – Director of Vitma, UAB.  
2007 – 2013 General Director of BAIP, UAB.

Owned amount of  
shares in INVLT  
Technology, AB on  
31.12.2015

Personally: 675 452 units of shares, 5.55 % of authorised capital, 5.55 % of votes.  
Total votes together with other Board members of INVLT Technology – 33.39 %.

Participation in other  
companies

Norway Registers Development, AS – The Chairman of the Board.  
NRD, UAB – The Chairman of the Board.



**NERIJUS  
DROBAČIŪŠ**

MEMBER OF  
THE BOARD

The term of office

2014 - 2018

Educational  
background and  
qualifications

In 1998 graduated Vytautas Magnus University and gained his Bachelor's degree in Business management. Graduated Vytautas Magnus University in 2000 and gained his Master's degree in banking and finance.

Work experience

Since 2015 - INVLT Asset Management, UAB, Head of Finance and IT department.  
Since 2014 works at „Invalda INVLT“, AB group.  
2014 – 2012 Independent financial expert.  
2011 – 2007 CFO in Sanitas Group.  
2007 – 2001 Sampo Bank. Head of Accounting and Reporting department, later – CFA of the bank.

Owned amount of  
shares in INVLT  
Technology, AB on  
31.12.2015

Personally: 4 472 units of shares; 0.04 % of authorised capital, 0.04 % of votes.  
Total votes together with other Board members of INVLT Technology, AB – 33.39 %.

Participation in other  
companies

INVLT Asset Management, UAB – Member of the Board  
INVLT Asset Management, UAB (Latvia) – Member of the Supervisory Board.  
INVLT atklātais pensiju fonds, AB (Latvija) – Member of the Supervisory Board.  
Inservis, UAB – The Chairman of the Board.  
Imoniq grupe Inservis, UAB – The Chairman of the Board.  
Jurita, UAB - The Chairman of the Board.  
Etronika, UAB - Member of the Board.  
Invalda LT Investments, UAB – Chief Accountant.





**VYTAUTAS  
PLUNKSNIS**

MEMBER OF  
THE BOARD

#### The term of office

2014 - 2018

#### Educational background and qualifications

Graduated the studies in economics at Kaunas University of Technology in 2001, gained Bachelor's degree in Management. Financial broker's license (General) No. G091.

#### Work experience

Since 2016 - INVL Asset Management, UAB, Head of Private Equity Funds.

Since 2015 – Invention, UAB, Director.

2009-2015 Fund Manager at Invalda INVL, AB.

2006 – 2009 Finasta asset management, UAB – analyst, fund manager, strategic analyst.

2004 ELTA redactor (business news).

2002 – 2004 Baltic News Service business journalist.

#### Owned amount of shares in INVL Technology, AB on 31.12.2015

Personally: 5 259 units of shares; 0.04 % of authorised capital, 0.04 % of votes.

Total votes together with other Board members of INVL Technology – 33.39 %.

#### Participation in other companies

INVL Asset Management, UAB – Member of the Board.

INVL Asset Management, IPAS (Latvia) – Deputy Chairman of the Supervisory Board.

INVL atklātais pensiju fonds, AB (Latvia) – Deputy Chairman of the Supervisory Board.

Norway Registers Development, AS – Member of the Board.

NRD, UAB – Member of the Board.

Algoritmu sistemos, UAB - Chairman of the Board.

Vernitas, AB – Member of the Supervisory Board.

Investuotojų Asociacija – Chairman of the Board.

INVL Farmland Management, UAB – Chairman of the Board.

INVL Finasta, UAB FMĮ – Member of the Board.



**GYTIS  
UMANTAS**

MEMBER OF  
THE BOARD

#### The term of office

2014 - 2018

#### Educational background and qualifications

Vilnius University, International Business School, Bachelor in International business management in 2001

#### Work experience

Since 2013 General Director of BAIP, UAB.

2008 – 2015 Member of the Board BAIP group, AB.

2008 – 2013 Director of Vitma, UAB.

#### Owned amount of shares in INVL Technology, AB on 31.12.2015

Personally: 151 270 units of shares, 1.24 % of authorised capital, 1.24 % of votes.

Total votes together with other Board members of INVL Technology – 33.39 %.

#### Participation in other companies

-



**ALVYDAS  
BANYS**

MEMBER OF  
THE BOARD

#### The term of office

2014 - 2018

#### Educational background and qualifications

Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics.  
Junior Scientific co-worker. Economics' Institute of Lithuania's Science Academy.

#### Work experience

Since 1 July 2013 Invalda INVL, AB – Advisor.  
Since 2007 LJB Investments, UAB – Director.  
Since 2007 LJB Property, UAB – Director.  
1996 – 2006 Invalda, AB – Vice President.  
1996 – 2007 Nenuorama, UAB – President.

#### Owned amount of shares in INVL Technology, AB on 31.12.2015

Personally: 618 745 units of shares, 5.08 % of authorised capital, 5.08 % of votes.  
Together with controlled company LJB Investments, UAB: 3 042 897 units of shares, 24.99 % of authorized capital, 24.99% of votes.  
Total votes together with other Board members of INVL Technology, AB – 33.39 %.

#### Participation in other companies

Invalda INVL, AB – Chairman of the Board, adviser.  
Invalda LT Investments, UAB – Chairman of the Board.  
INVL Baltic Farmland, AB – Chairman of the Board.  
INVL Baltic Real Estate, AB – Chairman of the Board.  
Litagra, UAB – Member of the Board.



**KRISTUPAS  
BARANAUSKAS**

CFO

#### The term of office

CFO since May 2015

#### Educational background and qualifications

In 2010 graduated from Vilnius university Economics faculty with MA in accounting and auditing.

#### Work experience

May 2015 – December 2015 bank Finasta, AB – Member of the Board.  
February 2015 - September 2015 – CFO of bank Finasta, AB.  
2013 – 2015 The director of accounting and reporting department at bank Finasta, AB.  
2009 – 2013 DNB bank, AB - IFRS project manager.  
2008 – 2009 Coface Lietuva - director of finance management department.  
2003 – 2008 Ernst & Young Lietuva, UAB - audit consultant.

#### Owned amount of shares in INVL Technology, AB on 31.12.2015

-

#### Participation in other companies

Since March 2016 – FINtime, UAB, Director

During the reporting period accounting services and preparation of the documents related with bookkeeping for INVL Technology, AB were provided by the personel of INVL Technology, AB.

## 12 INFORMATION ABOUT THE AUDIT COMMITTEE OF THE COMPANY

The Audit Committee consists of two members, one of whom is independent. The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Committee are the following:

- provide recommendations for the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the preparation process of company's financial reports;
- monitor the efficiency of company's internal control and risk management systems. Once a year review the need of the internal audit function;
- monitor if the company's board and/or managers properly respond to the audit firm's recommendations and comments.

The Member of the Audit Committee of INVL Technology, AB may resign from his post before the expiry of term of office, notifying the Board of the company in writing at least 14 calendar days in advance. When the Board of the Company receives the notice of resignation and estimates all circumstances related to it, the Board may pass the decision either to convene the Extraordinary General Shareholders Meeting to elect the new member of the Audit Committee or to postpone the question upon the election of the new member of the Audit Committee until the nearest General Shareholders Meeting. In any case the new member is elected till the end of term of office of the operating Audit Committee.

### 12.1 PROCEDURE OF WORK OF THE AUDIT COMMITTEE

The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid, when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The Member of the Audit Committee may express his will – for or against the decision in question, the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature. The right of initiative of convoking the meetings of the Audit Committee is held by both Members of the Audit Committee. The other Member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be recorded, and the taken decisions should be signed by both Members of the committee. When both Audit Committee Members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Board of the Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the Manager of the Company, Member(s) of the Board, the chief financier, and employees responsible for finance, accounting and treasury issues as well as external auditors to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee at the maximum hourly rate approved by the General Shareholders' Meeting.

The General Shareholders Meeting which took place on 19 December 2014 decided to elect Danute Kadanaite and Tomas Bubinas (independent member) to the Audit Committee of INVL technology, AB for the 4 (four) years term of office. After the reorganization The General Shareholders Meeting on the 2<sup>nd</sup> February 2015 re-elected Danute Kadanaite and Tomas Bubinas to the Audit Committee of INVL technology.

### 12.2 THE AUDIT COMMITTEE



**DANUTE  
KADANAITE**

MEMBER OF  
THE AUDIT  
COMMITTEE

The term of office

2014 – 2016

Educational  
background and  
qualifications

2004 – 2006 Mykolas Romeris University. Faculty of Law.  
Master in Financial Law.  
2000 – 2004 Faculty of Law, BA in Law.  
1997 International School of Management.

Work experience

Since 2009 Lawyer of Legisperitus, UAB.  
2008 – 2009 Lawyer of Finasta FBC.  
2008 – Lawyer of Invalda, AB.  
1999 – 2002 Administrator, Office of Attorney of Law Arturas Sukevicius.  
1994 – 1999 Legal Consultant, Financial brokerage company Apyvarta, UAB.

Owned amount of  
shares in INVL  
Technology, AB

-



**TOMAS  
BUBINAS**

INDEPENDENT  
MEMBER OF  
THE AUDIT  
COMMITTEE

The term of office

2014 – 2016

Educational  
background and  
qualifications

2004 – 2005 Baltic Management Institute (BMI), Executive MBA.  
1997 – 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member.  
1997 Lithuanian Sworn Registered Auditor.  
1988 – 1993 Vilnius University, Msc. in Economics.

Work experience

Since 2013 Chief Operating Officer of Biotechpharma, UAB.  
2010 – 2012 Senior Director of TEVA Biopharmaceuticals (USA).  
2004-2010 – TEVA Pharmaceuticals, Chief Financial Officer for the Baltic States.  
2001-2004 – Sicor Biotech, Chief Financial Officer  
1999 – 2001 Senior Manager of PricewaterhouseCoopers.  
1994 – 1999 Senior Auditor, Manager of Coopers & Lybrand.

Owned amount of  
shares in INVL  
Technology, AB

-

## 13 INFORMATION ON THE AMOUNTS CALCULATED BY THE ISSUER, OTHER ASSETS TRANSFERRED AND GUARANTEES GRANTED TO THE MEMBERS OF THE BOARD AND ADMINISTRATION

CEO and CFO of the company are entitled only to a fixed salary. The company does not have a policy concerning payment of a variable part of remuneration to the management. During the 2015, the average administration remuneration per month amounted to 6.21 thousand EUR. The Members of the Board are not remunerated.

### 13.1 INFORMATION ABOUT THE REMUNERATION FOR THE ADMINISTRATION OF THE ISSUER DURING 2015 (thousands EUR)

|                        |     |
|------------------------|-----|
| Salary                 | 114 |
| Social Insurance Taxes | 35  |
| Total                  | 149 |

During 2015, the Company did not transfer any assets or provide guarantees, and no special payouts have been made by the company to its Director or the CFO.

### 13.2 EMPLOYEES

At the end of the reporting period INVL Technology, AB had 8 employees. The average age of the employees - 40 years.

### 13.3 INFORMATION ABOUT AGREEMENTS OF THE COMPANY AND THE MEMBERS OF THE BOARD, OR THE EMPLOYEES' AGREEMENTS PROVIDING FOR COMPENSATION IN CASE OF THE RESIGNATION OR IN CASE THEY ARE DISMISSED WITHOUT A DUE REASON OR THEIR EMPLOYMENT IS TERMINATED DUE TO THE CHANGE OF THE CONTROL OF THE COMPANY

There are no agreements of the company and the Members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated due to the change of the control of the company.

## 4

### 14 OVERVIEW OF THE ISSUER'S AND ITS GROUP'S ACTIVITIES, THEIR PERFORMANCE AND BUSINESS DEVELOPMENT

#### 14.1 OPERATIONAL ENVIRONMENT

#### INFORMATION ABOUT THE ISSUER'S AND ITS MANAGED COMPANIES' ACTIVITY

14.1.1 TABLE. KEY ECONOMIC INDICATORS OF LITHUANIA

| Rate  | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Real GDP annual change (excluding seasonal and labour days, percent)                        | 2.8    | -14.9  | 1.6    | 6.1    | 3.7    | 3.7    | 3.0    | 1.6    |
| Nominal GDP (EUR billion)   | 32,696 | 26,935 | 28,028 | 31,263 | 33,335 | 34,962 | 36,444 | 37,190 |
| Retail trade turnover (at constant prices, excluding vehicle trade) annual change (percent) | 2.2    | -21.3  | -6.7   | 6.1    | 3.9    | 4.5    | 5.6    | 5.3    |
| CPI, annual change* (%)   | 8.5    | 1.3    | 3.8    | 3.4    | 2.8    | 0.4    | -0.3   | -0.1   |
| HICP, annual average change (%)   | 11.1   | 4.2    | 1.2    | 4.1    | 3.2    | 1.2    | 0.2    | -0.7   |
| Average monthly wage (4th Q, EUR)   | 671.7  | 613.5  | 614.4  | 629.9  | 646.4  | 677.8  | 714.5  | 756.9  |
| Annual change of average monthly wage (4th Q, %)  | 13.0   | -8.7   | 0.2    | 2.5    | 2.6    | 4.8    | 5.4    | 5.9    |

\*As of the last month of the year.

Source: SEB bank

TABLE. GLOBAL GDP FORECAST

|                  | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|------|------|------|------|------|
| USA              | 2.2  | 2.4  | 2.4  | 2.4  | 2.7  |
| Japan            | 1.6  | -0.1 | 0.6  | 1.0  | 0.5  |
| Germany          | 0.1  | 1.6  | 1.7  | 1.9  | 2.0  |
| China            | 7.7  | 7.3  | 6.9  | 6.5  | 6.0  |
| GB               | 1.7  | 2.9  | 2.2  | 2.2  | 2.4  |
| Euro zone        | -0.5 | 0.9  | 1.5  | 1.9  | 2.0  |
| Nordic countries | 0.4  | 1.6  | 2.1  | 2.2  | 2.1  |
| Baltic countries | 3.2  | 2.8  | 1.9  | 2.7  | 3.2  |
| Lithuania        | 3.3  | 3.0  | 1.6  | 2.8  | 3.2  |
| Latvia           | 4.2  | 2.4  | 2.8  | 2.7  | 3.5  |
| Estonia          | 1.6  | 2.9  | 1.3  | 2.4  | 3.0  |
| OECD             | 1.4  | 2.0  | 2.1  | 2.2  | 2.4  |
| Emerging markets | 4.7  | 4.7  | 4.0  | 4.3  | 4.7  |
| The world, PPP*  | 3.1  | 3.5  | 3.1  | 3.4  | 3.8  |

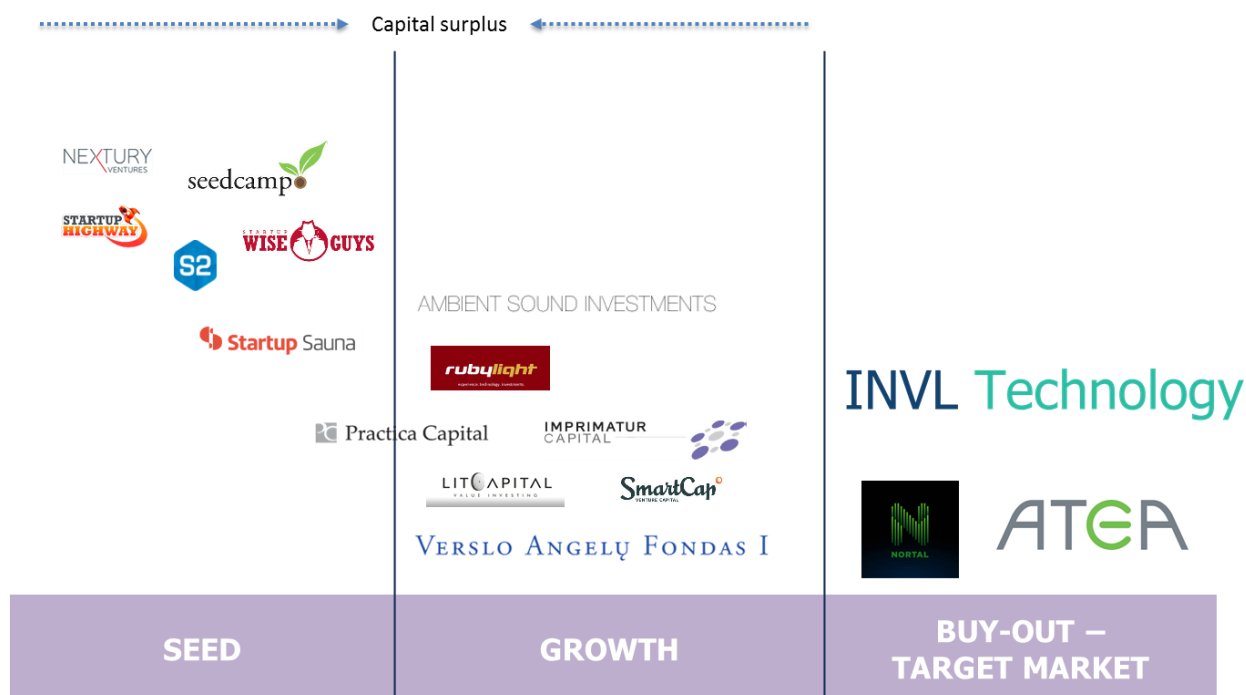
\* Purchasing Power Parities

Source: SEB Nordic Outlook, February 2016, OECD

TABLE. BALTIC STOCK MARKET

| Index/Shares | 2015.01.01 | 2016.01.01 | +/-%  |
|--------------|------------|------------|-------|
| OMX Tallinn  | 755.05     | 898.99     | 19.06 |
| OMX Riga     | 408.03     | 594.35     | 45.66 |
| OMX Vilnius  | 452.42     | 485.99     | 7.42  |

Source: Nasdaq Baltic



## 14.2 SIGNIFICANT ISSUER'S AND ITS GROUP EVENTS DURING THE REPORTING PERIOD, EFFECT ON THE FINANCIAL STATEMENT

### 14.2.1 Significant issuer's events during 2015

- On 7 January 2015** it was announced of the Convocation of the Shareholders Meeting of INV L Technology on 2 February 2015 and draft resolutions. The agenda of the General Shareholders Meeting of INV L Technology, AB includes questions regarding the approval of the reorganization of the joint stock company INV L Technology and regarding approval of the terms of reorganization; approval of the Articles of Association of the company operating after the reorganization; regarding formation of the Audit Committee of the company, election of the members and setting the compensation for independent member of the Audit Committee
- On 14 January 2015** it was announced that in order to ensure the well-organized reorganization process of the public joint stock company INV L Technology and BAIP Grupe, AB, in accordance with the terms of the reorganization dated 23 December 2014, trading in shares of INV L Technology, AB in NASDAQ OMX Vilnius Stock Exchange will be suspended from 29 January 2015 until the completion of the reorganization. All efforts will be made to include the shares of the company operating after the completion of the reorganization to the NASDAQ OMX Vilnius Stock Exchange trading lists in the shortest period possible in the legal acts. This decision was made Considering that: 1) The agenda of the General Shareholders Meeting of the reorganized public joint stock company INV L Technology that is to be held on 2 February 2015, includes resolutions regarding reorganization of the company and the terms of reorganization; 2) Following the resolutions and regulations stated in the terms of reorganization, shares owned by the shareholders of the reorganized public joint stock company INV L Technology will be cancelled and in exchange, shareholders will receive shares of BAIP Grupe, AB.
- On 2 February 2015** the resolutions of the Shareholders Meeting of INV L Technology, AB that was held the same day were announced. INV L Technology shareholders approved reorganization of the public joint-stock company INV L Technology by a way of merger, merging the company to the public joint-stock company BAIP grupe. The shareholders also approved the Articles of Association of the public joint-stock company BAIP grupe, which continues to operate after the reorganization under the new name INV L Technology, the regulations of the formation and activity of the Audit Committee and elected the members of the Audit Committee, compensation for the members of Audit Committee was set
- On 10 February 2015** the company announced that reorganization of INV L Technology and BAIP Group was completed on 9th of February 2015. INV L Technology was merged into BAIP Group, AB. BAIP Group, AB will take over all the rights and obligations including the name of INV L Technology, and will continue operations under the new name of the public joint-stock company INV L Technology. The shares of the company will be listed on NASDAQ Vilnius stock exchange after finishing legal procedures. Planned listing day of the shares of the company is March 2015. The initial capitalisation of the company operating after the merger reaches EUR 8.146 million. Recalculated price per share should reach EUR 1.33. The authorized capital of INV L Technology is divided into 6 114 714 ordinary registered shares. The nominal value per share is EUR 0.29. ISIN code - LT0000128860. The Board and manager of INV L Technology, AB has not changed. Kazimieras



Tonkunas, a manager of a company, Gytis Umantas, Alvydas Banys, Vytautas Plunksnis and Nerijus Drobačius continue operating as Members of the Board of the company. Main shareholders of INVL Technology, AB are: A. Banys (5 percent) and LJB Investments, a company related to A. Banys, (20 percent), Irena Ona Mišeikienė (19 percent), Kazimieras Tonkunas (13.7 percent), Invalda LT (8.2 percent) and Lucrum Investicija (5 percent). The Company has more than 3.5 thousand shareholders. The Company also intends to apply to the Bank of Lithuania for the licence to become the closed end investment fund and to raise funds in amount of not less than EUR 10 million.

- **On 27 February 2015** company announced results for 12 months of 2014. Unaudited net profit of INVL Technology amounted to LTL 5.1 million (EUR 1.47 million).
- **On 10 March 2015** Company informed that the Director of the Supervisory Authority of the Bank of Lithuania on 9 March 2015 decided to treat the information submitted in the publicly announced reorganization terms (together with annexes) of INVL Technology and BAIP Group, also, in the annual information of Invalda in 2011-2012 and Invalda LT in 2013, and in interim financial statements of INVL Technology for 12 months of 2014, and in the list of references related to INVL Technology, also, in the description of the securities (shares) and risk factors as well as in information displayed in the Articles of Association of the company as information equivalent to the information that is required to be disclosed in the prospectus of INVL Technology, AB. It was also announced that INVL Technology decided to apply to NASDAQ Vilnius stock exchange on 10 March 2015 to renew trading in companies shares since 12 March 2015.
- **On 19 March 2015** in was announced of convocation of the Shareholders Meeting of INVL Technology on 10 April 2015 and draft resolutions. The agenda of the General Shareholders Meeting of INVL Technology, AB included: 1) An increase of the authorized capital of the public joint-stock company INVL Technology. The class, the amount, the par value, the minimal issue price and the payment for the issued shares 2) The withdrawal of the pre-emptive right to acquire newly issued ordinary registered shares of the public joint-stock company INVL Technology 3) The changes of the Articles of Association's and approval of the new edition of the public joint-stock company INVL Technology 4) Regarding application for a license of the closed-end investment company 5) Regarding a tender offer to purchase the ordinary registered shares of the public joint-stock company INVL Technology.
- **On 24 March 2015** Company informed that Norway Registers Development AS, a company managed by IT investment fund INVL Technology AB, is starting activities in Uganda. Norway Registers Development which owns 30 per cent of Infobank Uganda Limited shares signed Infobank Uganda Limited shareholders agreement on 23 March 2015.
- **On 7 April 2015** it was announced that INVL Technology group will acquire 80 per cent shares in Etronika, UAB. Norway Registers Development AS (NRD AS), owned by ICT investment company INVL Technology, AB signed an agreement regarding investments into Etronika, UAB, a company which develops IT solutions for electronic banking, mobile signature and retail. NRD AS, which is situated in Norway, plans to participate in the new share issue of Etronika, UAB and acquire 80 per cent in Etronika, UAB shares. Total amount of investments, including debt, will amount up to EUR 400 thousand. In 2014 Etronika had revenues in amount of EUR 1.9 million, the company had over 40 employees.
- **On 8 April 2015** it was announced of the convocation of the Shareholders Meeting of INVL Technology on 30 April 2015 and draft resolutions. The agenda of the General Shareholders Meeting of INVL Technology, AB included: Presentation of the public joint-stock company INVL Technology annual report for 2014; Presentation of the independent auditor's report on the financial statements of 2014; On the approval of the consolidated and stand-alone financial statements for 2014; Regarding the distribution of the public joint-stock company INVL Technology profit for 2014; Presentation of BAIP Group AB, which after the merger into the public joint-stock company INVL Technology consolidated annual report for 2014; Presentation of the independent auditor's report on the financial statements of BAIP Group AB for 2014; On the approval of the consolidated and stand-alone financial statements for 2014 of BAIP Group AB; Regarding the distribution of BAIP Group AB profit for 2014; Regarding purchase of own shares of the public joint stock company INVL Technology (code 300893533).
- **On 9 April 2015** Audited results of INVL Technology (code 303299817) for 2014 were announced. Audited net profit of INVL Technology (code 303299817) amounted to EUR 2.892 million (LTL 9.986 million). The financial statements cover the financial period of the company, starting from the company's establishment date 29 April 2014 and ending on 31 December 2014, therefore there are no comparative data. Audited net profit is by 96 per cent bigger than earlier announced unaudited result. Profit increased due to increase in value of investment in BAIP Group, AB shares after independent appraiser Deloitte verslo konsultacijos, UAB conducted independent valuation.
- **On 9 April 2015** Audited results of INVL Technology (code 300893533) for 2014 were announced. Audited net profit of INVL Technology (code 300893533) amounted to EUR 9.3 million (LTL 32.094 million), audited equity at the end of 2014 amounted to EUR 11.921 million, or EUR 1,96 per share. Value of Vitma, which controls 100 per cent of critical IT infrastructure company BAIP, UAB, was estimated at EUR 12.8 million, cybersecurity company NRD CS, UAB – at EUR 1 million, Norway Registers Development group – EUR 0.7 million, and software licensing company Acena, UAB – EUR 0.4 million. Equity value of INVL Technology was determined by subtracting EUR 3 million liabilities of INVL Technology.
- **On 10 April 2015** Resolutions of the Shareholders Meeting of INVL Technology, AB that was held on 10 April 2015 were announced: 1) To increase the authorized capital of the public joint-stock company INVL Technology with additional contributions from EUR 1 773 267,06 to EUR 5 800 000 (the authorized capital will be increased by no more than EUR 4 026 732,94). The authorized capital of the public joint-stock company INVL Technology will be increased by additionally issuing no more than 13 885 286 ordinary registered shares of EUR 0.29 par value each. The minimal issue price of each newly issued share is EUR 1.56, payment for the shares - by cash contributions. The total minimal issue price of the newly issued Company's shares is no more than EUR 21 661 046,16, which depends on the final amount of newly issued shares. The minimal issue price of each newly issued share is EUR 1.56 2) to withdraw the pre-emptive right of Company's shareholders to acquire newly issued ordinary registered 3) to approve the new edition of the Articles of Association of the public joint-stock company INVL Technology by changing the whole text of the Statute. 4) To reorganize the activity of the public joint-stock company INVL Technology so it would operate as the closed-end investment company under the Law of the Republic of Lithuania on Collective Investment Undertakings. 5) Regarding the tender offer to purchase the ordinary registered shares of the public joint-stock company INVL Technology.



- **On 10 April 2015** shareholders of INVL Technology, AB who own 5 700 680 ordinary registered shares of INVL Technology AB, which constitute 93.23 per cent of INVL Technology capital, in the shareholders meeting held in 10 April 2015 gave approval to apply for the closed-end investment company license. According to the decision of shareholders, seeking to ensure the right of INVL Technology, AB shareholders, who did not vote or voted "against" the 4th item on the agenda to sell their shares, shareholders, who voted "for" the resolutions of 4th item of the agenda within one month from the General Shareholders Meeting will have to announce a voluntary tender offer to purchase the rest of the ordinary registered shares of INVL Technology, AB. INVL Technology, AB, received notice from a shareholder Invalda LT, AB that this duty of shareholders who voted „for“ will be fulfilled by Invalda LT, AB. Preliminary voluntary tender offer price amounts to EUR 1.61 per share. Only the shareholders who did not vote or voted "against" will have the right to sell their shares during the tender offer. Voluntary tender offer will apply for 414 034 ordinary registered shares of INVL Technology, AB, constituting 6.77 per cent of companies capital.
- **On 17 April 2015** INVL Technology, AB announces its extended investor's calendar for 2015. INVL Technology, AB calendar of information to be published for the 2015: 29 May 2015 - Interim information for 3 months of 2015; 31 August 2015 - Interim information for 6 months of 2015; 30 November 2015 - Interim information for 9 months of 2015.
- **On 30 April 2015** Announcement about the intention to submit a voluntary tender offer for INVL Technology, AB shares was made. Public joint-stock company INVL Technology received the announcement from public joint-stock company Invalda LT about the intention to submit a voluntary tender offer for INVL Technology, AB shares. Text of the announcement was provided in the announcement.
- **On 30 April 2015** the information about the Resolutions of the Shareholders Meeting of INVL Technology, AB that was held on 30 April 2015 was announced: 1) Presentation of INVL Technology (code 303299817), which ceased its activities on 9 February 2015, after the merger into BAIP Group AB (code 300893533), which took over the corporate name of the public joint-stock company INVL Technology and operates in the market) annual report for 2014. 2) Presentation of the independent auditor's report on the financial statements of INVL Technology (code 303299817) for 2014. 3) To approve the consolidated and companies financial statements for 2014 of INVL Technology (code 303299817) 4) To distribute the profit of INVL Technology (code 303299817) 5) Presentation of BAIP Group AB, which after the merger into the public joint-stock company INVL Technology (303299817) in 9 February 2015 operates in the market under the new name the public joint-stock company INVL Technology, consolidated annual report for 2014. 6) Presentation of the independent auditor's report on the financial statements of BAIP Group AB 7) To approve the consolidated and stand-alone financial statements for 2014 of BAIP Group AB 8) To distribute the profit of BAIP Group AB, which after the merger into the public joint-stock company INVL Technology (303299817) in 9 February 2015 operates in the market under the new name the public joint-stock company INVL Technology for 2014 9) To use the reserve for the purchase of own shares formed in the resolution in this shareholders meeting and to purchase shares in INVL Technology (code 300893533).
- **On 30 April 2015** Annual information (Company's financial statements, annual report) of INVL Technology (code 303299817) for 2014 was announced.
- **On 30 April 2015** Annual information of INVL Technology (code 300893533) (consolidated and Company's financial statements, consolidated annual report) for 2014 was announced.
- **On 19 May 2015** it was announced that the Supervision Service of the Bank of Lithuania approved the circular of the voluntary tender offer by the group of shareholders, represented by Invalda INVL, AB by the agreement signed on 28 April 2015, to buy up remaining ordinary registered shares of INVL Technology, AB, which are not owned by the Offerors. The tender offer starts on 22 May 2015. The tender offer implementation period - 14 days. The tender offer will be implemented on Tender offer market of NASDAQ OMX Vilnius, AB through the intermediary bank Finasta, AB.
- **On 20 May 2015** The Board of INVL Technology, AB, having familiarized itself with the voluntary non-competitive tender offer material presented to it by the offerors in its meeting held on 19 May, 2015 made a statement.
- **On 29 May 2015** unaudited results of INVL Technology for 3 months of 2015 were announced. During the first quarter of 2015, INVL Technology investments have not been revaluated, revenue of the company amounted to EUR 41 thousand and net loss – EUR 82 thousand.
- **On 4 June 2015** the announcement on the completion of the official tender offer to buy up shares in INVL Technology, AB was made. Invalda INVL, AB informed that during tender offer to buy up shares in INVL Technology, AB 47 ordinary registered shares were offered for which Invalda INVL will pay EUR 75.67 (without brokerage fee). Settlement date for offered shares – 8 June 2015. After completion of tender offer Invalda INVL will own 504 509 INVL Technology, AB shares, which amount to 8.25 per cent of INVL Technology, AB capital and votes. Invalda INVL, AB offered to buy up 414 034 ordinary registered shares of the INVL Technology, AB (code 300893533), EUR 0.29 par value each, ISIN code LT0000128860, amounting to 6.771 per cent of INVL Technology, AB issued shares and granting the same amount of shares giving the voting rights.
- **On 8 June 2015** INVL Technology received a Statement on the voluntary official tender offer implementation on behalf of the offeror the public joint-stock company Invalda INVL. According to the Statement, during the tender offer implementation period (from 22 May 2015 till 4 June 2015) Invalda INVL acquired 47 shares in the public joint-stock company INVL Technology for the total amount of EUR 75.67 (without brokerage fee). After completion of tender offer Invalda INVL owns 504 509 INVL Technology shares, which amount to 8.25 per cent of INVL Technology, AB capital and votes.
- **On 9 June 2015** it was informed that amendments to the INVL Technology AB Shareholders Agreement was signed
- **On 9 June 2015** Director of the Supervision Service of the Bank of Lithuania approved the prospectus for the issue of INVL Technology AB ordinary registered shares by the order No 241-108 dated June 8, 2015. The approved Prospectus is designated to (i) the public offering of the new shares of the Company with the total nominal value of up to EUR 4,026,732.94 (number of shares – up to 13,885,286 nominal value of one share is EUR 0.29, minimum price of one share is EUR 1.56, maximum – EUR 1.96) and (ii) admission of up to 13,885,286 ordinary registered shares of the Company to be newly issued to trading on the Secondary List of AB NASDAQ OMX Vilnius.

- **On 7 July 2015** the Board of INV L Technology AB, referring to the resolutions of the extraordinary general meeting of shareholders of the Company held on 10 April 2015 regarding increase of the authorised capital by additional contributions of the persons, subscribing the shares (the "Resolutions"), also taking into account the recommendation of AB bank "FINASTA", which is the lead manager of the offering of newly issued shares of the Company, inter alia decided: 1) to determine that the final offer (issue) price of the ordinary registered shares of the Company, to be issued following implementation of the Resolutions, shall be equal to EUR 1.65 (the "Offer Price") for one new share to be issued (the "New Shares"), which is equal to the current shareholders, as well as to retail and institutional investors; 2) to determine that the final number of the New Shares of the Company to be issued in fulfilment of the Resolutions is 6 060 607; 3) to allocate the New Shares for the Offer Price, indicated above, as follows: (i) 2 735 489 units shall be allocated to the existing shareholders of the Company, being the shareholders at the close of 26 June 2015, (ii) 2 314 294 units shall be allocated to the retail investors and (iii) 1 010 824 units shall be allocated to the institutional investors. The Company also informed that one of the major shareholders of the Company Invalda INV L AB, having subscribed for the New Shares 850 000 units have paid thereof by offsetting against the opposite homogeneous demands against the Company, arising from the loan agreements, concluded with the Company (in an amount of EUR 1 402 500).
- **On 8 July 2015** INV L Technology, AB informed that after increase of the authorized capital by additional contributions, the increased authorized capital and the new wording of the Articles of Association has been registered on 8 July 2015. The Company also informed that the Central Securities Depository of Lithuania announced a stock event regarding registration of the new shares (6,060,607 units). Taking into consideration the aforementioned, on 10 July 2015 the new shares should be registered with the depository and automatically introduced into trading on the Secondary List of AB NASDAQ Vilnius.
- **On 13 July 2015** INV L Technology after public offering announced new list of major shareholders. Alvydas Banys, member of the Board of AB INV L Technology, after public offering holds 5.1 per cent of total voting rights, another 19.9 per cent is held by company controlled by him - LJB investments, UAB. Invalda INV L, AB holds 15.7 per cent, Irena Ona Miseikiene – 12 per cent of INV L Technology shares. Among new shareholders is biggest insurance company in Lithuania Lietuvos draudimas, AB which holds 7.5 per cent of voting rights. Chairman of the Board and CEO of INV L Technology Kazimieras Tonkūnas holds 5.6 per cent of company shares. Management Board of AB INV L Technology together with related persons holds 33.4 percent of shares.
- **On 16 July 2015** the Announcement about Cost of Public Offering was made: The offer price for one share of the Company was established at EUR 1.65 and the investors subscribed for of 6,060,607 Company's shares; The final value of the Offering amounted to EUR 10,000,001.55; The costs related to the Offering incurred by the Company to date are EUR 153,046.42; The average cost of the Offering per share was EUR 0.03.
- **On 27 July 2015** it was announced that on 24 July 2015 INV L Technology completed ETRONIKA acquisition. Norway Registers Development (NRD AS), a company controlled by ICT investment group INV L Technology, for EUR 200 thousand acquired 80 per cent of ETRONIKA, UAB shares. Representatives of INV L Technology Nerijus Drobavičius and Vida Juozapavičienė as well as one of the co-founders of ETRONIKA Jonas Šulcas were elected to the board of ETRONIKA. Kęstutis Gardžiulis, current CEO of ETRONIKA, remains in this position and will continue to lead the company.
- **On 31 August 2015** unaudited results of INV L Technology for 6 months of 2015 were announced. During the first half of 2015, the company accounted for net change in fair value of financial assets which was negative and amounted to EUR 60 thousand (positive amount of EUR 807 thousand during the same period in 2014), revenue of the company amounted to EUR 111 thousand (nil during the same period in 2014) and net loss – EUR 257 thousand (profit of EUR 796 thousand during the same period in 2014).
- **On 1 September 2015** the company informed that according to the decision made on the shareholders meeting dated 10 April 2015, the Board of INV L Technology applied to the Bank of Lithuania for issuance of the closed-end investment company license. Upon issuance of this license management of the Company will be transferred to INV L Asset Management UAB – a licensed asset management company, controlled by the subsidiary of one of the largest investment and asset management groups in Baltic countries Invalda INV L AB. Planned term of closed-end investment company – 10 years (with option to extend for 2 years), investment period – 5 years. It is expected to select SEB Bank AB as the custodian of INV L Technology AB assets. INV L Technology shares will remain listed on NASDAQ Vilnius stock exchange.
- **On 29 September 2015** the company informed that the Board of INV L Technology on 29 September 2015 decided that 100 percent shares of a specialised Microsoft solutions company Acena, UAB will be transferred to another INV L Technology managed company BAIP, UAB. The deal value is equal to the value of Acena at the end of June 2015 – EUR 412 thousand, therefore the deal will not influence INV L Technology performance indicators.
- **On 6 November 2015** it was announced about the convocation of the Shareholders Meeting of INV L Technology and draft resolutions. It is to be held on 30 November 2015. The agenda of the General Shareholders Meeting of the public joint stock company INV L Technology includes 1 question: Regarding election of auditor to carry out of the audit of the annual financial statements and setting conditions of payment for audit services.
- **On 30 November 2015** the resolutions of the General Shareholders Meeting of INV L Technology, AB that was held on 30 November 2015 was announced. 1. Regarding election of auditor to carry out of the audit of the annual financial statements and setting conditions of payment for audit services: to conclude an agreement with UAB PricewaterhouseCoopers to carry out of the audit of the annual financial statements of the public joint stock company INV L Technology for 2015, 2016 and 2017 financial years and establish the payment in amount of EUR 4,500 for audit of annual financial statements of audit of each calendar year.
- **On 30 November 2015** unaudited results of INV L Technology for 9 months of 2015 were presented. The Company's financial assets measured at fair value was EUR 12,136 thousand on the 30 September, 2015. Compared to the 31 December, 2014, the fair value decreased by EUR 2,766 thousand (compared to the fair value of the financial assets on the 31 December, 2014, acquired during reorganisation which ended on the 9 February 2015). During the first nine months of 2015 the Company had a net loss of EUR 2,440 thousand, which was incurred mainly due to the aforementioned change in the fair value as well as the interest expenses.

- **On 22 December 2015** INVL Technology informed that it will acquire 100 percent shares of Algoritmu sistemas. Inventio, a subsidiary of investment in information technology businesses company INVL Technology, signed an agreement to acquire 100 per cent shares of information system development company Algoritmu sistemas. The acquisition is expected to be completed in the first quarter of 2016, after the permits are issued by the Competition Council and the Commission for the evaluation of compliance of potential buyers to the national security interests. The value of the deal depends on Algoritmu sistemas financial results for 2015. Therefore, it will be revealed when the acquisition is completed.
- **On 23 December 2015** INVL Technology announces that instead of interim financial statements the company will publish preliminary operating results and factsheet. This will lower the administrative burden for the company while at the same time providing investors with the information on more regular basis than it is foreseen in the aforementioned Securities Act. Interim information will not be published since the enforcement of the Amended Securities Act.
- **On 23 December 2015** INVL Technology, AB presented it's investor's calendar for the 2016: 29 February 2016 – preliminary operating results and factsheet for 12 months of 2015; 27 May 2016 – preliminary operating results and factsheet for 3 months of 2016; 29 August 2016 - Interim information for 6 months of 2016; 29 November 2016 – preliminary operating results and factsheet for 9 months of 2016.

## 14.2.2 SIGNIFICANT EVENTS OF ISSUER'S MANAGED COMPANIES in 2015

- **On 2 February 2015** information on the results of the survey, ordered by BAIP and conducted by market research company Nielsen, which revealed that every second Lithuanian company would incur significant financial losses if its IT system is disrupted for more than a day. However, only a minority of businesses have special measures to accelerate the liquidation of such incidents and the IT system functionality recovery. According to the survey, nearly 80 percent of companies have evaluated the risks posed by IT systems malfunction, and 60 percent would suffer significant financial losses, if the system did not work for more than 24 hours. Yet only 3 percent of companies have business continuity plans for such cases, and just more than one-tenth (13 percent) have tools for rapid data recovery in place.
- **On 9 February 2015** it was announced that in the Center of Information Technology Development of Vilnius University, residing at Sauletekio av. 9, the largest and the most modern National Open Access Science Information Data Archive in the Baltics (MIDAS) was launched. The main IT infrastructure was designed by BAIP in joint venture with other companies. This archive will ensure long term storage and accumulation of empirical data on various research in number of scientific fields, or other scientific research related information. Users will have various analytical tools, data exchange, electronic services and other functionalities. Archive is capable to store data in amount of 3 petabytes. Scientific data archive is linked to biomedical data archive of Santariskiu Klinikos, also it has various functionalities on data analysis. The project was started in 2012. 15 scientific and medical institutions participated in the implementation of this project.
- **On 24 March 2015** it was announced that Norway Registers Development which owns 30 per cent of Infobank Uganda Limited shares signed Infobank Uganda Limited shareholders agreement on 23 March 2015.
- **On 27 February 2015** it was announced that BAIP organised conference „Technology and resilience 2015“ took place on the 26 February 2015.
- **On 7 April 2015** it was announced that Norway Registers Development (NRD AS), a company controlled by INVL Technology, on the 3rd of April, 2015 signed an agreement regarding investment into Etronika, UAB, which develops electronic banking, mobile signature, electronic transport tickets, and retail software solutions. NRD AS plans to invest into new share issue of Etronika, UAB and acquire 80 per cent of Etronika, UAB shares. Total investments, including loans to Etronika, UAB, will amount up to EUR 400 thousand.
- **On 18 June 2015** ETRONIKA UAB, specialising in e-banking and retail solutions, announced that it had been handpicked from the list of the most innovative Fintech companies to showcase their ideas and solutions at the Fintech Storm Digital Platforms event, which will be held on July 2, 2015 in London. Director of the company Kęstutis Gardžiulis will make a presentation and will participate in discussion on e-banking solutions.
- **On 23 June 2015** Acena UAB, providing cloud computing and business management solutions, announced that it was recognized internationally by Microsoft. In the annual global awards the jury chose Acena as Microsoft Country Partner of the Year in Lithuania for 2015. During this year over 2.3 thousand partners of Microsoft from 108 countries participated in 43 categories of awards. The Jury assessed what value was created by the nominees for their customers and what impact to the market was made by their decisions. Acena was on the first companies in Lithuania to offer Office 365 based business management solutions.
- **On 2 July 2015** BAIP announced that it had completed the deployment of critical IT infrastructure as well as data migration in the Burundi Reserve Bank (BRB) for 2.45 million USD and started implementing a 5 years' maintenance contract, worth more than 0.25 million USD. Critical IT infrastructure, designed and installed for the Burundi Reserve Bank, serves as platform where the central bank implements national payment and settlement system, has the ability to develop various electronic services and their management systems and applications, designed for data exchange, financial risk management, other electronic services between central bank and participants of financial markets.
- **On 15 July 2015** Norway Registers Development AS announced that it had signed a contract with National Information Technology Authority-Uganda (NITA-U) to design and implement an integrated One-Stop-Centre solution for investors, traders, and entrepreneurs to facilitate start of business in Uganda. The project will be implemented in 6 months and is worth USD 415 thousand.
- **On 24 July 2015** Norway Registers Development AS announced that in joint venture with NRD UAB it had signed a 6 month long, USD 480 thousand (inclusive of withholding tax) contract with Tanzania Social Action Fund for Consultancy Services to Develop Unified Registry of Beneficiaries System.

- **On 28 July 2015** BAIP announced that it had signed an agreement with Lithuanian electricity transmission system operator Litgrid for the implementation of a data backup and recovery system. The solution is adapted taking into account of the development of the electricity infrastructure and prepared for implementation in two distant data centers. Contract value – 201.5 thousand euros.
- **On 30 July 2015** BAIP announced it had launched the deployment of new internet bank terminals for Swedbank customers and agreed on integrated support services in bank's branches in Lithuania, Latvia and Estonia.
- **On 3 August 2015** NRD CS announced that in joint venture with Norway Registers Development AS it had signed a two year, 912 thousand USD (including taxes) contract with Bangladesh Computer Council (BCC) for the development of a modern National Cyber Defence and Cyber Security Doctrine to check the fast growing cybercrime, intellectual property theft, industrial espionage or IT infrastructure abuse.
- **On 1 September 2015** it was announced that Critical IT infrastructure company BAIP entered into the market of enterprise mobility management (EMM) solutions and services and implemented one of its first projects in SEB bank across the Baltics. BAIP deployed an enterprise mobility management solution which allows employees to access and use company data via e-mail, calendar in their personal mobile devices in a quick, convenient and safe mode while separating corporate data from personal at the same time. BAIP implemented an enterprise mobility management solution in SEB bank Lithuania, Latvia, and Estonia as well as agreed on long-term maintenance and support services.
- **On 22 September 2015** it was announced that NRD CS with NRD AS and BAIP will implement a national cyber security incident response team (BtCIRT) in Bhutan. NRD CS in joint venture with Norway Registers Development AS and BAIP signed an agreement with Department of IT & Telecom under the Ministry of Information & Communications, the Royal Government of Bhutan for the consultancy services to establish BtCIRT, help identify nation's critical information infrastructure and ensure its protection.
- **On 1 October 2015** BAIP announced that it deployed a printing solution using hardware mentioned in the Guinness World Records at the retail chain IKI. Critical IT infrastructure company BAIP developed a printing service technology which will simplify the essential daily automated printing process and ensure business continuity throughout the year for the company Palink that manages the retail chain IKI. Palink trusted BAIP with long-term management and maintenance services contract.
- **On 2 October 2015** 100 percent shares of a specialized Microsoft solutions company Acena, UAB transfer to critical IT infrastructure services company BAIP, UAB was completed. The deal value is equal to the value of Acena at the end of June 2015 – EUR 412 thousand, therefore the deal did not influence INVL Technology performance indicators. The deal was implemented in order to simplify the structure and management of INVL Technology investments portfolio by linking the companies working in the field of IT infrastructure. After the share transfer, Acena preserved its name, and Marius Leščinskas continues serving as the CEO of the company.
- **On 5 October 2015** it was announced that NRD AS together with Cambodian authorities developed the 10 Years National Strategic Plan for Identification in Cambodia. Norway Registers Development AS in cooperation with the General Department for Identification (GDI) / Ministry of Interior, presented the National Strategic Plan for Identification (NSPI) for 2015 – 2024 that will guide acceleration of national efforts to increase the birth registration rate and identification in the Kingdom of Cambodia.
- **On 16 October 2015** NRD CS announced contributed to the development of Center for Internet Security Critical Security Controls for Effective Cyber Defense Version 6.0. The Center for Internet Security (CIS) releases to the public today the CIS Critical Security Controls for Effective Cyber Defense Version 6.0. The CIS Controls are a recommended set of actions that provide specific ways to stop today's most pervasive and dangerous cyber security attacks. This free set of internationally recognized measures are developed, refined, and validated by a large international community of leading security experts.
- **On 19 November 2015** Norway Registers Development AS share capital was increased by NOK 2,000,000 (EUR 210,040 on 30 September 2015). The increase was paid in cash with the purpose of financing the acquisition of ETRONIKA UAB.
- **On 4 December 2015** BAIP, a Lithuanian company specialising in critical IT infrastructure, announced about expanding its operations in the Baltic states. In May, BAIP launched operations and registered as a tax payer, and in September as a VAT payer in Latvia and Estonia, where it provides integrated mobility, cloud computing and managed IT services. The first BAIP clients in Latvia and Estonia are large retail trade networks and Scandinavian banks.

## 14.3 KEY FIGURES OF INVL TECHNOLOGY, AB

| BALANCE SHEET ITEMS                 | 31 DECEMBER 2015 | 31 DECEMBER 2014 |
|-------------------------------------|------------------|------------------|
| Financial assets at fair value      | 16,955           | 7,828            |
| Cash and cash equivalents           | 6,994            | 25               |
| Other assets                        | 399              | -                |
| <b>TOTAL ASSETS</b>                 | <b>24,348</b>    | <b>7,853</b>     |
| Borrowings                          | -                | -                |
| Other liabilities                   | 105              | 6                |
| Equity                              | 24,243           | 7,847            |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>24,348</b>    | <b>7,853</b>     |

### FINANCIAL ASSETS AT FAIR VALUE

| Name                      | 31 DECEMBER 2015 | 9 FEBRUARY 2015* | 31 DECEMBER 2014 |
|---------------------------|------------------|------------------|------------------|
| BAIP grupē UAB            | -                | -                | 7,826            |
| Vitma UAB Group**         | 11,474           | 12,800           | -                |
| Acena UAB                 | -                | 400              | -                |
| NRD Group***              | 3,708            | 700              | -                |
| NRD CS UAB                | 1,773            | 1,000            | -                |
| Informatikos Pasaulis UAB | -                | -                | -                |
| Inventio UAB              | -                | 2                | 2                |
| <b>Total</b>              | <b>16,955</b>    | <b>14,902</b>    | <b>7,828</b>     |

\* Investment value at the date of merger.

\*\* As at 31 December 2015, Vitma UAB group consisted of Vitma UAB together with the entities controlled by it – BAIP UAB and Acena UAB; As at 9 February 2015, Acena UAB was controlled directly by the Company.

\*\*\* As at 31 December 2015, NRD Group consisted of Norway Registers Development AS together with the entities controlled by it – NRD UAB, Etronika UAB and Norway Registers Development East Africa Ltd, and its associate Infobank Uganda Ltd.

## 14.4 KEY PERFORMANCE INDICATORS OF THE COMPANY FOR 2014–2015

|  | 2015     | 2014      |
|--|----------|-----------|
| Net profit margin = net profit / (revenue + income+ FV gains) * 100        | 80.19 %  | 99.04 %   |
| Return on assets (ROA) = net profit / assets at the end of the period *100 | 10.33 %  | 36.83 %   |
| Return on equity (ROE) = net profit / equity * 100                         | 10.37 %  | 36.85 %   |
| Earnings per share (EPS) = net profit / number of shares                   | 0.28     | 0.47*     |
| Debt ratio = liabilities/ assets   | 0.00     | 0.00      |
| Debt to equity = liabilities / equity                                      | 0.00     | 0.00      |
| Current ratio = current assets / current liabilities                       | 70.35    | 4.17      |
| Assets turnover = (revenue + income + FV gains) / assets                   | 0.13     | 0.37      |
| Revenue, income and fair value gains (EUR thousand)                        | 3,135    | 2,920     |
| Net profit (EUR thousand)  | 2,514    | 2,892     |
| Lowest share price   | EUR 1.33 | EUR 1.23* |
| Highest share price  | EUR 2.24 | EUR 1.62* |
| Last share price   | EUR 2.01 | EUR 1.47* |
| Capitalisation, mEUR   | 24.47    | 5.93      |

\* Data from 4 June 2014 (the beginning of the listing of the company in the Stock Exchange) until 12 February 2015 is corrected by the reorganisation impact coefficient 0,147370903.



## 15 DESCRIPTION OF THE KEY RISKS AND UNCERTAINTIES

The document provides information on risk factors related to public joint stock company INVL Technology (previous name AB BAIP group, code 300893533) activities and securities. The company continues its operations by merging with the public joint stock company INVL Technology (code 303299817) which ceases to operate without liquidation process.

Information provided in this document shall not be considered complete and covering all the aspects of the risk factors associated with the activity and securities of the public joint-stock company INVL Technology.

### 15.1 INVESTMENT RISKS

Investments into Shares of the Company are related to higher than average, long-term risk. The Company cannot guarantee that the Shareholders will get invested funds back.

#### ***General risk***

The value of investments into the Company can fluctuate significantly in the short term, depending on the situation in the market. Investments into the Company should be made for a long term in order that the Shareholder could avoid the risk of short-term price fluctuations.

Redemption of the Shares of the Company is limited, i.e. a Shareholder cannot demand that the Company or the Management Company, which took over its management, would redeem the Shares. But a Shareholder of the Company will have a possibility to sell Shares of the Company in the secondary market (cf. Articles 82 – 85 of the Articles of Association).

#### ***Risk of changes in the market of technologies***

The business of information technologies and the market related to information technologies change particularly quickly. Therefore, there is a risk that due to unforeseen changes in the market the value of investments of the Company or the investment return from investment objects of the Company can decrease, the development of companies acquired by the Company will take longer and/or will cost more than planned, therefore, the Company's investments will not be profitable and/or their value will decrease.

#### ***Risk of the management and human resources***

The success of the Company's investments will largely depend on heads of companies managed by the Company (directly or indirectly), also on decisions taken by persons in the Management Company who are responsible for management of the Company and on experience and capabilities of the said persons. There is no guarantee that the same employees will continue managing companies managed by the Company (directly or indirectly), as well as the Management Company throughout the whole Term of Activities of the Company.

#### ***Risk of conflicts of interest***

There is a risk that there will be situations when interests of the Management Company (or persons related to it) and the Company or Shareholders will differ or interests of individual Shareholders will differ, i.e. there will be a conflict of interest. When it is impossible to avoid a conflict of interest, the Management Company must ensure that Shareholders are treated fairly. Employees of the Management Company and other persons related to the Management Company and persons, directly or indirectly related to the Management Company by relationship of control, must immediately, as soon as they become aware of such information, notify the Investment Committee about a potential or existing conflict of interest. The Investment Committee, approving of investment decisions, shall take into account the information presented to it about potential or existing conflicts of interest. The Investment Committee shall immediately inform the head and the Board of the Management Company about conflicts of interest it is aware of.

Following legal acts regulating organisation of activities of collective investment undertakings, the Management Company has implemented appropriate measures for avoiding conflicts of interest, which enable to perform the activities of managing the risk of conflicts of interest and managing conflicts of interest independently, in order to avoid/reduce the risk of conflicts of interest or properly manage a conflict of interest when it occurs.

#### ***Risk of liquidity of investments***

There is a risk that investments into Operational Companies will be relatively illiquid and finding buyers for such companies can take some time. Furthermore, financing conditions can become worse due to deteriorating economic condition of the world, a region or a country. Therefore, sale of the Company's investments can take longer than planned or their return may be less than planned. When investing into Operational Companies, securities issued by which (shares, bonds and other financial instruments) are not admitted to trading on regulated markets, there is a probability of facing a situation when sale of securities, due to absence of demand or other conditions in the market, can take longer than planned or not be as profitable as planned or may even cause losses.

#### ***Risk of investments by Operational Companies***

Operational Companies can control/acquire companies in countries other than those indicated in Article 18 of these Articles of Association and that shall not be considered as performance of the Company's activities beyond the limits of the countries indicated in Article 18 of these Articles of Association. However, there is a risk that companies acquired/controlled by Operational Companies will be relatively illiquid and finding buyers for such companies can take some time. Furthermore, financing conditions can become worse due to deteriorating economic condition of the world, a region or a country. Therefore, there is a probability of facing a

situation when, due to activities of companies managed by an Operational Company or sale of companies managed by an Operational Company, the Operational Company will suffer losses, which will be reflected in the Net Asset Value of the Company.

***Risk of changes in laws and regulation***

There is a risk that upon changes in legal acts of the Republic of Lithuania or the States where assets of the Company are invested or where information technology companies, into which the Company invests, operate, such changes in legal acts can have a negative effect on the protection of the Company's investments, the activities, profitability and value of the information technology companies or such changes in legal acts can have a negative effect on rights and interests of the Company otherwise.

***Tax risk***

There is a risk that upon changes in economic conditions, political situation in the country or due to any other reasons, new taxes on Shareholders, the Company or investment objects of the Company will appear or the rates of current taxes will increase, therefore the price, liquidity and/or attractiveness of the Shares or the value of investments of the Company may decrease.

***Risk of inflation and deflation***

There is a risk that in case of inflation the value of a Share will grow slower than inflation, which would result in the return lower than inflation. In such a case, the real return earned by persons who sold Shares of the Company in the market from increase in the value of the Shares can be smaller than expected. In case of deflation, there would be a risk that the value of the Company's investments will decrease by reason of the drop of the general price level.

***Credit risk***

There is a risk that buyers of products and services of companies (directly or indirectly) owned by the Company will fail to fulfil their obligations in time – this would have a negative effect on the profit of the Company and/or companies (directly or indirectly) managed by it. In case of late performance of a large part of obligations, the ordinary business of the Company and/or companies (directly or indirectly) owned by it may be disrupted, it may be necessary to search for additional sources of financing, which may be not always available. The Company also incurs the risk of keeping funds in bank accounts or investing into short-term financial instruments.

***Liquidity risk***

There is a risk that due to deteriorating economic condition of the world, a region or a country it will become difficult/expensive for the Company (managed by the Management Company) to obtain new loans for acquisition of investment objects or to refinance old loans, therefore the value of the Company's investments can decrease. In order to reduce this risk, the Management Company will seek to maintain a sufficient level of liquidity in the Company or will ensure timely financing.

Acquiring Shares of the Company, the Shareholders assume the risk of securities liquidity – in case of a drop in demand for Shares or delisting them from the stock exchange, investors would find it difficult to sell them. In case of deterioration of the Company's financial situation, the demand for Shares of the Company, as well as their price may decrease.

***Currency risk***

The Company enters into a large portion of agreements in foreign markets in US dollars, whereas some of their performance costs are incurred in euro, therefore a drop in USD rate can have a negative effect on profitability of managed companies. A large part of computers and other equipment is purchased from foreign manufactures for US dollars, too. Besides, having in mind that the Company will operate in many states, there is a risk that the attractiveness or profitability of the Company's investments will decrease also due to fluctuations in rates of other currencies.

***Interest rate risk***

There is a risk that in case of fast recovery of the global economy or increase in inflation, central banks will increase interest rates and it will be more expensive to service loans in connection with the Company's investments, therefore, the value of the Company's investments can decrease. In order to avoid this risk, the Management Company shall seek that the Company would get most of the loans at fixed interest rates.

***Risk of spin-off from AB Invalda INVL***

AB INVL Technology took over 2.6 percent of the assets, equity and liabilities of AB Invalda LT (currently, AB Invalda INVL). If certain obligations of AB Invalda INVL were not known at the time of the spin-off and for this reason were not distributed to all companies operating after the spin-off, all the companies operating after the spin-off will be liable for them jointly and severally. The liability of each of those companies for these obligations will be limited by the amount of the equity, assigned to each of them according to the terms of spin-off. Thus, there is a risk that if the obligations of AB Invalda INVL are not distributed, the Company will be liable for obligations of AB Invalda INVL, which according to the terms of spin-off are assigned to AB INVL Technology.

The Company does not have any information that the reorganisation of AB Invalda INVL was performed improperly and/or that some of the obligations of AB Invalda INVL are not distributed.

***Market risk***

Acquisition of Shares of the Company entails the risk to incur losses due to unfavourable changes in the Share price in the market. A drop in the price of the Shares can be caused by negative changes in the value of assets and profitability of the Company, general share market trends in the region and in the world. Trade in Shares of the Company can depend on comments of financial brokers and analysts and announced independent analyses about the Company and its activities. If the analysts give an adverse opinion about prospects of the Shares of the Company, this can also have a negative effect on the price of Shares in the market. In assessing shares, non-professional investors are advised to address intermediaries of public trading or other specialists in this field for help.

***Dividend payment risk***

There is a risk that the Company will not pay dividend. A decision on payment of dividend will depend on profitability of activities, investments plans and the general financial situation and other circumstances.

***Geopolitical risk***

There is a risk that geopolitical changes can have an effect on activities of the Company (e.g. conflicts of States, internal conflicts in neighbouring States, insurrections, wars) and for this reason the investment value of the Company can decrease or it may be impossible to sell the Company's investments at the desired time for the desired price.

***Risk related to statements in the future tense***

Statements in the future tense are based on estimate, opinion, expectations and forecasts regarding future events and financial trends that will possibly have an effect on the activities of the Company. Statements in the future tense include information about possible or presumable results of the Company's activities, investment strategy, contractual relationships, borrowing plans, investment conditions, effect of future regulation and other information. The Company cannot assure that statements in the future tense will reflect future events and circumstances fully and correctly. The Company, the Management Company and its employees do not undertake to adjust or modify statements in the future tense, except to the extent required by laws and these Articles of Association.

***Risk of valuation of the Company's assets***

The assets of the Company will be evaluated according to the main rules set in these Articles of Association and the accounting policy of the Management Company. Valuation of individual assets held by the Company shall be performed by a property appraiser, however such valuation of assets shall be only determining the value of the assets, which does not automatically mean the exact sale price of an investment held by the Company, which depends on many circumstances, for example, economic and other conditions, which cannot be controlled. Thus, the sale price of investments held by the Company can be higher or lower than the value of assets determined by a property appraiser.

***Competition risk***

The Company, investing into investment objects, will compete with other investors, including, without limitation, with other investment companies or private capital investment funds. Thus, there is a risk that competition with other investors will demand that the Company would conduct transactions at less favourable conditions than it would be possible in other cases.

***Risk related to possible liability of the Company***

There is a risk that the activities of the Company and the general performance results of the Company can be negatively affected by demands and claims regarding non-disclosed or non-identified obligations and/or violations in connection with investments acquired by the Company, which may result in the Company's liability for such obligations and/or violations and for this reason the value of the Company's investments and, at the same time, the price of the Shares can significantly decrease.

***Risk of insolvency of Operational Companies***

Operational Companies, in performance of their activities, can face insolvency problems (go bankrupt, undergo restructuring, etc.). Accordingly, such situations can have a negative effect on the price of the Shares or result in insolvency of the Company itself.

***Risk of insolvency of the Company***

In case of realisation of one or several of the above-indicated risks, which would have a negative effect on the value and/or liquidity of Operational Companies, this can result in the Company's solvency problems, when the Company will be incapable of fulfilling its obligations. In such a case, shareholders of the Company can lose all their funds invested into the Company.

***Risk related to the duty to redeem Shares of the Company***

Legal acts provide for a duty of the Company in certain circumstances to redeem its Shares from the Shareholders that requested such redemption (see Article 91 hereof). Accordingly, if the Company becomes subject to the duty to offer to the Shareholders redemption of its own Shares and if such a redemption is requested by the Shareholders holding a significant number of Shares, the Company can be forced to sell its investments urgently, which can significantly reduce the return earned by the Company from sale of its investments. This risk is planned to be managed by means stipulated in Article 98 hereof.

## **16 SIGNIFICANT INVESTMENTS MADE DURING THE REPORTING PERIOD**

In 2015, INVL Technology AB increased the share capital of its subsidiary Norway Registers Development AS by EUR 218 thousand in order to finance the acquisition of ETRONIKA UAB.

## **17 INFORMATION ON THE RELATED PARTIES' TRANSACTIONS**

Detailed information on the related parties' transactions has been disclosed in the explanatory notes of the financial statements for 2015 (12 note).



- **On 12 February 2016** Convocation of an extraordinary general meeting of shareholders of AB INVL Technology and publication of draft resolutions. The Company's extraordinary general meeting of shareholders is to be held on 7 March 2016. Agenda of the extraordinary general meeting of shareholders: 1. Amendment of the Articles of Association of AB INVL Technology and approval of a new wording of the Articles of Association of special closed-ended type private capital investment company INVL Technology. 2. Approval of the Management Agreement of special closed-ended type private capital investment company INVL Technology with the management company UAB INVL Asset Management 3. Approval of the Depository Services Agreement of special closed-ended type private capital investment company INVL Technology with AB SEB.
- **On 25 February 2016** it was announced that INVL Technology managed company Norway Registers Development AS (NRD AS), part of NRD group - global information technology and consulting group of companies specialized in governance and economic digital infrastructure development, has established a subsidiary entity in Kigali. Norway Registers Development Rwanda Ltd. (NRD Rwanda) was registered on 22 February 2016. NRD Rwanda will attract and combine the know-how of NRD group in the fields of business climate improvement and e-governance, smart IT infrastructure, cybersecurity and digital platforms for finance sector, and advance these competences in the country.
- **On 29 February 2016** INVL Technology reports preliminary operating results for 12 months of 2015. During 2015 the Company had a net profit of EUR 2,490 thousand. Fair value of investments managed by the Company reached EUR 16,931 thousand by the 31 December 2015, increase in fair value on revaluation was EUR 2,223 thousand. Fair value measurement is based on preliminary independent appraisal. The Company performs independent appraisal annually while preparing annual financial statements. During 2015, the Company also received EUR 598 thousands dividends from the managed companies. Equity of the Company as of 31 December 2015 was EUR 24,324 thousand.
- **On 29 February 2016** INVL Technology registered the new company FINtime, UAB in Lithuania that will provide finance and accounting services. Kristupas Baranauskas, the Chief Financial Officer of INVL Technology was appointed the director the new company.
- **On 7 March 2016** the resolutions of the extraordinary General Shareholders Meeting of INVL Technology, AB were announced. A new wording of the Articles of Association of special closed-ended type private capital investment company INVL Technology, the Management Agreement of special closed-ended type private capital investment company INVL Technology with the management company UAB INVL Asset Management and the Depository Services Agreement of special closed-ended type private capital investment company INVL Technology with AB SEB Bankas were approved.
- **On 16 March 2016** Norway Registers Development share capital increased by NOK 870 thousand (equivalent to EUR 90.5 thousand on 31 December 2015), and after the increase reached NOK 3,020 thousand (equivalent to EUR 314 thousand on 31 December 2015). Increase was paid in cash.
- **On 18 March 2016** FINtime UAB share capital increased by EUR 200 thousand and after the increase reached EUR 229 thousand. Increase was paid in cash.
- **On 18 March 2016** Inventio UAB share capital increased by additional cash contributions of EUR 2,392 thousand and reached EUR 2,395 thousand. The purpose of the increase was to finance the acquisition of Algoritmu sistemas UAB.
- **On 18 March 2016** Inventio, a subsidiary of INVL Technology, acquired 100 per cent shares of information system development company Algoritmu sistemas for EUR 2.385 million. The acquisition was completed on 18th March 2016, after the permits had been issued by the Competition Council and the Commission for the evaluation of compliance of potential buyers to the national security interests.
- **On 31 March 2016** INVL Technology was announced the winner at the privatisation auction of Estonian IT company Andmevara. Financial advisor of the Transaction Redgate Capital announced the decision of the Estonian Ministry of Interior on 30th March 2016. The transaction is expected to be completed in April, once the share acquisition agreement is signed. The value of the deal depends on the amount of dividends paid out to the Estonian State, and will be announced after the acquisition is completed.

### 19.1 OVERVIEW OF THE GOALS SET FOR 2015

During 2015 the Company had a net profit of EUR 2,514 thousand. Fair value of investments managed by the Company reached EUR 16,955 thousand by the 31 December 2015, increase in fair value on revaluation was EUR 2,247 thousand. Fair value measurement is based on preliminary independent appraisal. The Company performs independent appraisal annually while preparing annual financial statements.

During 2015, the Company also received EUR 598 thousands dividends from the managed companies. Equity of the company as of 31 December 2015 was EUR 24,243 thousand.

On 9 February 2015 the Company completed a merger with its parent company. After the merger, the Company continues activities of an investment entity as defined under IFRS 10.

On 3 July 2015 the Company completed secondary public offering and attracted EUR 10 million during the placement by issuing 6,060,607 ordinary shares for the price of EUR 1.65 per share.

## NEW ENTITIES AND ACQUISITIONS

Norway Registers Development AS, working in the area of business climate improvement and e-governance (further on NRD AS), acquired 80 per cent shares of electronic banking, mobile signature, electronic transport tickets, and retail software solutions' developer ETRONIKA UAB for EUR 200 thousand.

In addition, Infobank Uganda Limited shareholders agreement was signed on the 23 March and formal negotiations regarding a public private partnership with Uganda Registration Services Bureau are currently taking place. NRD AS owns 30 per cent of Infobank Uganda Limited shares.

Norway Registers Development Rwanda Ltd. was established in Kigali, Rwanda on the 22 February 2016. NRD Rwanda will offer full portfolio of NRD group and other INVIL Technology businesses' services. In addition, backing the regional export strategy of Rwanda, it might also participate in projects in Burundi and Democratic Republic of the Congo. According to him, NRD Rwanda will attract and combine the know-how of NRD group in the fields of business climate improvement and e-governance, smart IT infrastructure, cybersecurity and digital platforms for finance sector, and advance these competences in the country.

Inventio, a subsidiary of INVIL Technology, acquired 100 per cent shares of information system development company Algoritmu sistemas for EUR 2.385 million. The acquisition was completed on 18th March 2016, after the permits had been issued by the Competition Council and the Commission for the evaluation of compliance of potential buyers to the national security interests. To finance the transaction INVIL Technology increased the share capital of Inventio UAB to EUR 2.395 million by additional contributions.

In 2015, revenue of Algoritmu sistemas increased by 22 per cent and reached EUR 2.768 million, while net profit increased by 18 per cent and reached EUR 386 thousand.

## 19.2 PLANS AND FORECASTS

Upon receiving the license from the Bank of Lithuania, transformation of the activity of AB INVIL Technology so that it operates as a closed-ended type investment company in accordance with the Law of the Republic of Lithuania on Collective Investment Undertaking is planned. Planned term of closed-end investment company - 10 years (with an option to extend for 2 more years).

Upon receiving the new status, the Company will seek to invest the attracted capital and grow the value of the companies in its portfolio by bringing financial and intellectual capital for growth, management support, and globalization via sales channels in East Africa and Southeast Asia. The goal is to grow the value of the managed companies, structure their exit and generate significant return for the shareholders.

INVIL Technology is currently actively looking for new acquisitions.

## 19.3 INVESTMENTS' OVERVIEW FOR THE YEAR 2015

INVIL Technology operates as a cluster of IT businesses working with large corporate and government entities with a focus in four key areas: business climate improvement and e-governance, IT infrastructure, cyber security and IT intensive industries' solutions. Largest INVIL Technology AB investments currently are companies in Lithuania, Norway, Tanzania, Uganda and Rwanda.



## ACTIVITIES OF NRD GROUP IN 2015

In 2015 revenue and EBITDA of NRD group grew due to implementation of more complex and higher value added projects, increased share of consultancy tasks in the projects, and successful NRD UAB activities both in Lithuania and in NRD group projects in East Africa and Southeast Asia markets.

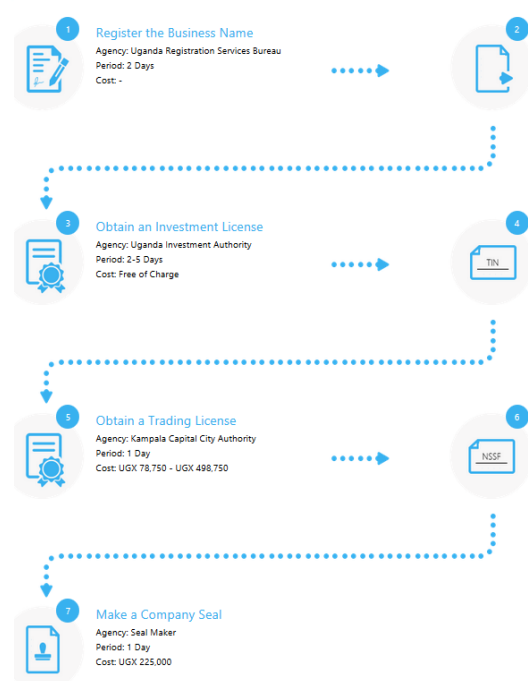
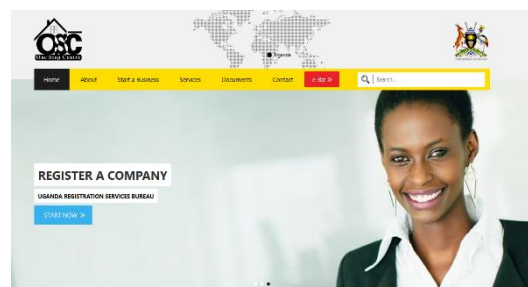
Furthermore, in 2015 companies signed new strategic agreements in East and South Africa and South Asia that will generate long term revenue for the whole group.

In Africa, NRD AS signed USD 415 thousand contract with National Information Technology Authority-Uganda (NITA-U) to design and implement an integrated One-Stop-Centre solution at Uganda Investment Authority. Together with NRD UAB, company also signed a USD 480 thousand (inclusive of withholding tax) contract with Tanzania Social Action Fund for Consultancy Services to Develop Unified Registry of Beneficiaries System. In Tanzania, the company also implemented a UNDP financed Certification and Security Audit of Election Management Systems.

In Burundi, NRD AS, as a lead partner in joint venture with NRD CS UAB, BAIP UAB and Norway Registers Development East Africa Ltd, signed an agreement with the Bank of the Republic of Burundi (BRB) for the implementation of COBIT 5 framework for the governance and management of enterprise IT. Furthermore, the company signed a USD 484 thousand (inclusive of local indirect taxes) contract with the Ministry of Communications, Science and Technology at the Kingdom of Lesotho to assist the country in strategic reform planning - Pre-Investment Study for the Lesotho E-Government Infrastructure Project.

In 2015, NRD group also implemented projects in Zanzibar, Liberia, Mozambique and Mauritius.

In South Asia region, NRD AS signed and implemented a contract with United Nations Children's Fund (UNICEF) to develop a National Strategic Plan for Identification in Cambodia. The Draft Strategic Plan was presented at the National Workshop, held on the 22-23rd September in Phnom Penh. NRD AS is also involved in projects in Bangladesh and Bhutan – together with NRD CS UAB.



### KEY PL ITEMS\*

| EUR Thousand        | 2015  | 2014  |
|---------------------|-------|-------|
| Revenue             | 5,930 | 3,285 |
| Gross profit        | 4,478 | 1,607 |
| EBITDA              | 871   | 74    |
| EBIT                | 769   | 4     |
| Net Profit (Loss)** | 551   | (6)   |

\* ETRONIKA UAB is included from the month the control was transferred, i.e. 1 July 2015

\*\*After minority share

### KEY BS ITEMS\*

| EUR Thousand                        | 31.12. 2015  | 31.12. 2014  |
|-------------------------------------|--------------|--------------|
| Tangible assets                     | 346          | 276          |
| Intangible assets                   | 772          | 265          |
| Other non-current assets            | 74           | 27           |
| Current assets                      | 3,479        | 1,224        |
| of which cash                       | 868          | 151          |
| <b>TOTAL ASSETS</b>                 | <b>4,671</b> | <b>1,792</b> |
| Equity                              | 1,309        | 533          |
| Non-current liabilities             | 191          | 195          |
| of which financial debt             | 26           | 82           |
| Current liabilities                 | 3,171        | 1,064        |
| of which financial debt             | 131          | 52           |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>4,671</b> | <b>1,792</b> |



## ACTIVITIES OF BAIP & ACENA IN 2015

In order to simplify the structure and management of INVL Technology investments portfolio by linking the companies working in the field of IT infrastructure, 100 percent shares of a specialized Microsoft solutions company Acena, UAB transfer to critical IT infrastructure services company BAIP, UAB was completed on 2 October 2015. The deal value is equal to the value of Acena at the end of June 2015 – EUR 412 thousand, therefore the deal did not influence INVL Technology performance indicators.

In 2015 BAIP successfully carried out its mid-term goals – expanded operations to Latvia and Estonia and signed more agreements for maintenance services. In May, BAIP launched operations and registered as a tax payer, and in September as a VAT payer in Latvia and Estonia, where it provides integrated mobility, cloud computing and managed IT services. The first BAIP clients in Latvia and Estonia are large retail trade networks and Scandinavian banks.

During 2015, BAIP signed an agreement with Lithuanian electricity transmission system operator Litgrid for the implementation of a data backup and recovery system worth 201.5 thousand euros. The company also deployed new internet bank terminals for Swedbank customers and agreed on integrated support services in bank's branches in Lithuania, Latvia and Estonia. Long-term maintenance contract was also signed with the company Palink that manages the retail chain IKI. Furthermore, BAIP UAB entered into the market of enterprise mobility management (EMM) solutions and services, and implemented an EMM project in one of the largest Scandinavian banks across the Baltics.

In Rwanda, BAIP UAB as a lead partner in a joint venture agreement with Norway Registers Development East Africa Ltd signed an agreement with East African Community on the implementation of 2 modernisation projects in the Rwanda National Bank, worth USD 2.35 million in total.

In 2015, Acena was selected as Microsoft country partner of the year for Lithuania.



### KEY PL ITEMS\*

| EUR Thousand      | 2015   | 2014   |
|-------------------|--------|--------|
| Revenue           | 12,149 | 14,234 |
| Gross profit      | 2,716  | 4,188  |
| EBITDA            | 1,273  | 1,722  |
| EBIT              | 1,044  | 1,488  |
| Net Profit (Loss) | 998    | 1,366  |

\*BAIP UAB acquired Acena UAB in October 2015 but, in order to present the results of IT infrastructure business area, consolidated data is provided for the whole period.

### KEY BS ITEMS\*

| EUR Thousand                        | 31.12. 2015  | 31.12. 2014  |
|-------------------------------------|--------------|--------------|
| Tangible assets                     | 843          | 271          |
| Intangible assets                   | 513          | 14           |
| Other non-current assets            | 88           | 156          |
| Current assets                      | 5,360        | 6,239        |
| of which cash                       | 746          | 836          |
| <b>TOTAL ASSETS</b>                 | <b>6,804</b> | <b>6,680</b> |
| Equity                              | 2,782        | 3,025        |
| Non-current liabilities             | 115          | 409          |
| of which financial debt             | 115          | 409          |
| Current liabilities                 | 3,907        | 3,246        |
| of which financial debt             | 247          | 351          |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>6,804</b> | <b>6,680</b> |



## ACTIVITIES OF NRD CS 2015

In 2015 specialised cyber defence company NRD CS UAB actively invested in the development of international markets which resulted in several long-term projects in frontier markets.

In Lithuania, NRD CS implemented Cyber security technological capacity building project with Cyber security and telecommunications department under the Ministry of Defence, prepared Methodology for identification and classification of Lithuanian Internet infrastructure's critical elements for the Ministry of the Interior and provided Specialised analytical software for the Customs.

In Tanzania, UNDP financed Certification and Security Audit of Election Management Systems was implemented.

In the South Asia region (Bangladesh and Bhutan) NRD CS together with other INV L Technology AB managed companies signed contracts and began implementing two projects: A two year, USD 912 thousand (including taxes) contract was signed with Bangladesh Computer Council (BCC) for the development of a modern National Cyber Defence and Cyber Security Doctrine. An agreement worth USD 150 thousand (inclusive of local indirect taxes) was signed with Department of IT & Telecom under the Ministry of Information & Communications, the Royal Government of Bhutan for the consultancy services to establish BtCIRT.

This allows the companies to enter a new market with 160 million people, and creates preconditions for further international development.



## KEY PL ITEMS

| EUR Thousand      | 2015  | 2014 |
|-------------------|-------|------|
| Revenue           | 1,523 | 870  |
| Gross profit      | 691   | 404  |
| EBITDA            | 191   | 37   |
| EBIT              | 173   | 27   |
| Net Profit (Loss) | 141   | 22   |

## KEY BS ITEMS

| EUR Thousand                        | 31.12. 2015 | 31.12. 2014 |
|-------------------------------------|-------------|-------------|
| Tangible assets                     | 40          | 46          |
| Intangible assets                   | 2           | 4           |
| Other non-current assets            | 1           | 1           |
| Current assets                      | 782         | 379         |
| <i>of which cash</i>                | 76          | 43          |
| <b>TOTAL ASSETS</b>                 | <b>825</b>  | <b>430</b>  |
| Equity                              | 250         | 109         |
| Non-current liabilities             | 0           | 0           |
| <i>of which financial debt</i>      | 0           | 0           |
| Current liabilities                 | 575         | 321         |
| <i>of which financial debt</i>      | 27          | 0           |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>825</b>  | <b>430</b>  |



## 20 REFERENCES TO AND ADDITIONAL EXPLANATIONS OF THE DATA PRESENTED IN THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

All data is present in consolidated and company's year 2015 financial statements explanatory notes.

## OTHER INFORMATION

## 21 INFORMATION ABOUT THE AUDIT COMPANY

The company have no approved criteria for selection of the audit company. In the extraordinary general Shareholders' Meeting of the company held on the 30th November 2015, the audit company PricewaterhouseCoopers, UAB was elected to provide audit services on annual financial statements of the company for the financial year of 2015 - 2017. It was also decided to set remuneration of EUR 4,500 for audit of annual financial statements of audit of each calendar year.

|                                  |  |
|----------------------------------|--|
| Audit company                    | PricewaterhouseCoopers, UAB                        |
| Address of the registered office | J. Jasinskio str. 16B, LT-03163 Vilnius, Lithuania |
| Enterprise code                  | 111473315  |
| Telephone                        | +370 5 239 2300                                    |
| Fax                              | +370 5 239 2301                                    |
| E-mail                           | vilnius@lt.pwc.com                                 |
| Website                          | www.pwc.com/lt                                     |

The audit company in 2015 also provided prospect review services worth EUR 6,000 to the company. No internal audit is performed in the company.

## 22 PUBLICLY DISCLOSED INFORMATION

### 22.1 SUMMARY OF THE PUBLICLY DISCLOSED INFORMATION DURING 2015

| Published date | Brief description of disclosed information   |
|----------------|--|
| 07.01.2015     | Convocation of the Shareholders Meeting of INVL Technology and draft resolutions   |
| 14.01.2015     | Trading in INVL Technology will be suspended starting from 29 January 2015 (inclusively)   |
| 02.02.2015     | Resolutions of the Shareholders Meeting of INVL Technology, AB   |
| 10.02.2015     | Reorganization of INVL Technology and BAIP Group has been completed  |
| 27.02.2015     | Unaudited results of INVL Technology for 12 months of 2014   |
| 10.03.2015     | Regarding information in INVL Technology and BAIP Group reorganization terms and other documents to be equivalent to information of prospectus |
| 19.03.2015     | Convocation of the Shareholders Meeting of INVL Technology and draft resolutions   |
| 24.03.2015     | Norway Registers Development AS starts activities in Uganda  |
| 07.04.2015     | INVL Technology group will acquire 80 per cent shares in Etronika, UAB   |
| 08.04.2015     | Convocation of the Shareholders Meeting of INVL Technology and draft resolutions   |
| 09.04.2015     | Audited results of INVL Technology (code 303299817) for 2014   |
| 09.04.2015     | Audited results of INVL Technology (code 300893533) for 2014   |

| Published date | Brief description of disclosed information  |
|----------------|---|
| 09.04.2015     | CORRECTION: Convocation of the Shareholders Meeting of INVL Technology and draft resolutions                      |
| 10.04.2015     | Resolutions of the Shareholders Meeting of INVL Technology, AB  |
| 10.04.2015     | Regarding tender offer for INVL Technology, AB shares   |
| 17.04.2015     | Extended INVL Technology, AB investor's calendar for the 2015   |
| 30.04.2015     | Announcement about the intention to submit a voluntary tender offer for INVL Technology, AB shares                |
| 30.04.2015     | Resolutions of the Shareholders Meeting of INVL Technology, AB  |
| 30.04.2015     | Annual information of the public joint - stock company INVL Technology (code 303299817) for 2014                  |
| 30.04.2015     | Annual information of the public joint - stock company INVL Technology (code 300893533) for 2014                  |
| 19.05.2015     | Invalida INVL voluntary tender offer for INVL Technology shares is approved                                       |
| 20.05.2015     | Boards of INVL Technology, AB opinion regarding tender offer  |
| 29.05.2015     | Unaudited results of INVL Technology for 3 months of 2015   |
| 04.06.2015     | Presentation of INVL Technology for the conference CEO Meets Investor, organized by NASDAQ OMX Vilnius            |
| 08.06.2015     | On the statement of the official tender offer implementation  |
| 08.06.2015     | Notification on transaction concluded by manager of the company   |
| 09.06.2015     | INVL Technology shareholders agreement amendment was signed   |
| 09.06.2015     | Approved prospectus of share issue of INVL Technology AB  |
| 07.07.2015     | INVL Technology AB notification on the final offer price, final number of allocated shares and allocation thereof |
| 08.07.2015     | The new wording of the Articles of Association of INVL Technology, AB has been registered                         |
| 09.07.2015     | Notification on transaction concluded by manager of the company   |
| 13.07.2015     | Notification about acquisition and disposal of voting rights  |
| 13.07.2015     | Notification on the largest shareholders of INVL Technology, AB   |
| 16.07.2015     | Announcement about Cost of Public Offering  |
| 27.07.2015     | INVL Technology completed Etronika acquisition  |
| 31.08.2015     | Unaudited results of INVL Technology for 6 months of 2015   |
| 01.09.2015     | „INVL Technology“ applied for issuance of the closed-end investment company license                               |
| 29.09.2015     | INVL Technology decided to transferred the shares of Acena to BAIP  |
| 06.11.2015     | Convocation of the Shareholders Meeting of INVL Technology and draft resolutions                                  |
| 30.11.2015     | Resolutions of the Shareholders Meeting of INVL Technology, AB  |
| 30.11.2015     | Unaudited results of INVL Technology for 9 months of 2015   |
| 22.12.2015     | INVL Technology will acquire 100 percent shares of Algoritmu sistemas   |
| 23.12.2015     | Regarding the announcement of interim financial information   |
| 23.12.2015     | INVL Technology, AB investor's calendar for the 2016  |

| Date of Transaction | Person  | Number of Securities | Security price (EUR) | Total value of transaction (EUR) | Form of Transaction | Type of Transaction                            | Placement of Transaction |
|---------------------|---|----------------------|----------------------|----------------------------------|---------------------|--|--------------------------|
| 08.06.2015          | Invalda INVL, AB                                | 47                   | 1.61                 | 75.67                            | Acquisition         | Purchase-sale                                  | TS                       |
| 09.07.2015          | LJB Investments, UAB                            | 1,200.00             | 1.65                 | 1,980,000.00                     | Acquisition         | Share subscription at the time of the offering | XOFF                     |
| 09.07.2015          | Alvydas Banys, member of the Board              | 310,000              | 1.65                 | 511,500.00                       | Acquisition         | Share subscription at the time of the offering | XOFF                     |
| 09.07.2015          | Vytautas Plunksnis, Member of the Board member  | 5,259                | 1.65                 | 8,677.35                         | Acquisition         | Share subscription at the time of the offering | XOFF                     |
| 09.07.2015          | Nerijus Drobavičius, Member of the Board member | 4,472                | 1.65                 | 7,378.8                          | Acquisition         | Share subscription at the time of the offering | XOFF                     |
| 08.07.2015*         | Invalda INVL, AB                                | 850,000              | 1.65                 | 1,402,500                        | Acquisition         | Share subscription at the time of the offering | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 50,000               | 1.65                 | 82,500                           | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 85,000               | 1.65                 | 140,250                          | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 165,000              | 1.65                 | 272,250                          | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 55,000               | 1.65                 | 90,750                           | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 95,893               | 1.65                 | 158,223.45                       | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 50,630               | 1.65                 | 83,539.50                        | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 50,000               | 1.65                 | 82,500                           | Acquisition         | Share acquisition-purchase**                   | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 438.838              | 0.24                 | 106,464.63                       | Transfer            | Pledge without transfer of ownership           | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 123.367              | 0.12                 | 14,670.33                        | Transfer            | Pledge without transfer of ownership           | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 123.367              | 0.17                 | 20,791.03                        | Transfer            | Pledge without transfer of ownership           | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                | 123.367              | 0.12                 | 14,656.06                        | Transfer            | Pledge without transfer of ownership           | XOFF                     |



| Date of Transaction | Person   | Number of Securities | Security price (EUR) | Total value of transaction (EUR) | Form of Transaction | Type of Transaction                  | Placement of Transaction |
|---------------------|--|----------------------|----------------------|----------------------------------|---------------------|--------------------------------------|--------------------------|
| 09.07.2015          | Invalda INVL, AB                                   | 123.367              | 0.12                 | 14,657.53                        | Transfer            | Pledge without transfer of ownership | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                   | 107.506              | 0.19                 | 20,372.50                        | Transfer            | Pledge without transfer of ownership | XOFF                     |
| 09.07.2015          | Invalda INVL, AB                                   | 52.873               | 1.19                 | 62,671.52                        | Transfer            | Pledge without transfer of ownership | XOFF                     |
| 09.07.2015          | Kazimieras Tonkūnas, Member of the Board, Director | 165.00               | 1.65                 | 272,250                          | Transfer            | Share acquisition-purchase**         | XOFF                     |
| 09.07.2015          | Kazimieras Tonkūnas, Member of the Board, Director | 438.838              | 0.24                 | 106,464.63                       | Acquisition         | Pledge without transfer of ownership | XOFF                     |
| 09.07.2015          | Gytis Umantas, Member of the Board                 | 85.000               | 1.65                 | 140,250                          | Transfer            | Share acquisition-purchase**         | XOFF                     |
| 09.07.2015          | Gytis Umantas, Member of the Board                 | 123.367              | 0.12                 | 14,670.33                        | Acquisition         | Pledge without transfer of ownership | XOFF                     |
| 09.07.2015          | Vida Juozapavičienė ***                            | 50.000               | 1.65                 | 82,500                           | Transfer            | Share acquisition-purchase**         | XOFF                     |
| 09.07.2015          | Vida Juozapavičienė ***                            | 123.367              | 0.12                 | 14,657.53                        | Acquisition         | Pledge without transfer of ownership | XOFF                     |

#### Explanations:

XOFF –OTC trade,  
 AUTO – automated deals on the stock exchange,  
 TS – direct deal made in a regulated market.

\* Application for the share subscription was submitted on 30 June 2015

\*\* Transactions were completed according to adjustment of the Shareholders agreement dated on 27 May 2015

\*\*\* Person closely related to the Member of the Board (under the Law on Securities 24 art. 1., p. 10).

Director

Kazimieras Tonkunas

# 1

## APPENDIX

# INFORMATION ABOUT MANAGED COMPANIES, THEIR CONTACT DETAILS AS OF THE ISSUE DATE OF THIS REPORT

| Company                    | Registration information   | Type of activity                                  | Contact details        |
|----------------------------|--|---|------------------------|
| <b>INVL Technology, AB</b> | Company code: 300893533<br>Address: Gynėjų str. 16, 01109 Vilnius, Lithuania<br>Legal form: private limited liability company<br>Registration date: 2007-06-27 | Investment into information technology companies. | Phone: +370 5 219 1919 |

### BUSINESS CLIMATE IMPROVEMENT AND E-GOVERNANCE

|  |   |  |  |
|--|---|--|--|
| <b>Norway Registers Development, AS</b>              | Company code: NO-985 221 405 MVA<br>Address: Billingstadsletta 35, NO-1396 Billingstad, Norway<br>Legal form: limited liability company<br>Registration date: 2002-12-23  | Legal, organisational reforms and their implementation (business, property, mortgage, licenses and citizen's registries).  | Phone: + 47 219 50 158<br>E-mail: info@nrd.no<br>www.nrd.no  |
| <b>NRD, UAB</b>                                      | Company code: 111647812<br>Address: Žygimantų str. 1-5, Vilnius<br>Legal form: private limited liability company<br>Registration date: 1998-10-15   | Information system design and maintenance  | Phone:<br>Vilnius: +370 52 31 07 31,<br>Kaunas: + 370 37 31 18 64<br>E-mail: info@nrd.lt<br>www.nrd.lt |
| <b>ETRONIKA, UAB</b>                                 | Company code : 125224135<br>Registration address: J. Jasinskio str. 16c, LT-01112, Vilnius<br>Legal form: private limited liability company<br>Registration date : 2000-03-30   | Development and implementation of e-banking, smart retail, mobile applications for finances, e-commerce and e-government.  | Phone: +370 5 2483153<br>Email: info@etronika.lt<br>www.etronika.lt                                    |
| <b>Norway Registers Development East Africa, Ltd</b> | Company code: 88597<br>Address: 3rd floor, Elite tower, Azikiwe Street/Jamhuri street, Dar es Salaam, Tanzania<br>Legal form: private limited liability company<br>Registration date: 2012-01-13                                  | Information technology infrastructure design, development, maintenance and security services. Information system audits, IT management consultations and trainings.  | Phone: +255 222 110 895<br>E-mail: info@nrd.no<br>www.nrd.co.tz  |
| <b>Infobank Uganda, Ltd</b>                          | Company code: 193144<br>Registration date: 2014-12-03   | Currently does not perform any activities.   | E-mail: dmkisakye@infobank-uganda.com  |
| <b>Norway Registers Development Rwanda Ltd.</b>      | Company code : 105378191<br>Registration address: KN 5 Rd/ KG 626 street, Remera, Gasabo District, Kigali, Plot No:21320, 3rd floor, Building B<br>Legal form: private limited liability company<br>Registration date: 22.02.2016 | Sales of full portfolio of NRD group and other INVIL Technology businesses' services, support in the region: business climate improvement and e-governance, critical IT infrastructure, cyber security and digital platforms for finance sector. | Tel. +250 782 102 990<br>E-mail: info@nrd.no<br>www.nrd.rw   |

| Company                                   | Registration information   | Type of activity   | Contact details  |
|---|--|--|--|
| <b>IT INFRASTRUCTURE</b>                  |  |  |  |
| <b>Vitma, UAB</b>                         | Company code: 121998756<br>Address: A. Juozapavičiaus str. 6, Vilnius<br>Legal form: private limited liability company<br>Registration date: 1993-06-25                | Investment into information technology companies.  | Phone: +370 5 219 0000   |
| <b>BAIP, UAB</b>                          | Company code: 301318539<br>Address: A. Juozapavičiaus str. 6, Vilnius<br>Legal form: private limited liability company<br>Registration date: 2007-12-03                | IT infrastructure strategy and architecture solutions, maintenance, supercomputer design, assistance in complex migrations, critical IT infrastructure maintenance and consultations, data center design and redesign, operations, trainings and maintenance.              | Phone: +370 5 219 0000<br>Fax: +370 5 219 5900<br>E-mail: info@baip.lt<br>www.baip.lt      |
| <b>Acena, UAB</b>                         | Company code: 300935644<br>Address: A. Juozapavičiaus str. 6, Vilnius<br>Legal form: private limited liability company<br>Registration date: 2007-07-20                | Microsoft software licensing consulting, software asset management, collaboration and messaging solutions, cloud services.   | Phone: +370 5 275 96 47<br>Fax: +370 5 273 51 06<br>E-mail: info@acena.lt<br>www.acena.lt  |
| <b>CYBER SECURITY</b>                     |  |  |  |
| <b>NRD CS, UAB</b>                        | Company code: 303115085<br>Address: Gynėjų str. 16, 01109 Vilnius, Lithuania<br>Legal form: private limited liability company<br>Registration date: 2013-06-06         | Internal CIRT establishment, technologies.<br><br>Digital forensics laboratories, related consultations.<br><br>Security Operations Center (SOC).  | Phone: +370 5 219 1919<br>E-mail: info@nrdfs.lt<br>www.nrdfs.lt                            |
| <b>IT INTENSIVE INDUSTRIES' SOLUTIONS</b> |  |  |  |
| <b>Inventio, UAB</b>                      | Company code: 303252340<br>Address: Šeimyniškių str. 1A, Vilnius<br>Legal form: private limited liability company<br>Registration date: 2014-02-27                     | Investment into information technology companies.  | Phone: +370 682 55526  |
| <b>Algoritmu sistemos, UAB</b>            | Company code: 125774645<br>Address: Smolensko str. 10, LT-03201 Vilnius<br>Legal form: private limited liability company<br>Registration date: 2001-10-15              | Development of information systems and business process facilitating programs for large and medium-sized public organizations and enterprises. Main fields of activities include e-governance, e-health, finance, social security, environmental protection and education. | Phone: +370 5 273 41 81<br>E-mail: ofisas@algoritmusistemas.lt<br>www.algoritmusistemas.lt |
| <b>FINANCE AND ACCOUNTING</b>             |  |  |  |
| <b>FINtime, UAB</b>                       | Company code : 304192355<br>Registration address: A. Juozapavičiaus str. 6, Vilnius<br>Legal form: private limited liability company<br>Registration date : 29.02.2016 | Financial and accounting services  | Phone. +370 5 219 0000<br>Fax. +370 5 219 5900   |

# 2

## DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE

### APPENDIX

INVL technology AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules NASDAQ OMX Vilnius, discloses its compliance with the Governance Code, approved by NASDAQ OMX Vilnius for the companies listed on the regulated market, and its specific provisions.

| PRINCIPLES/ RECOMMENDATIONS   | YES / NO / NOT APPLICABLE | COMMENTARY  |
|---|---------------------------|---|
| <b>Principle I: Basic Provisions</b>  |                           |   |
| <b>The overriding objective of a Company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</b>  |                           |   |
| 1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.  | Yes                       | The Company constantly discloses information about group's activities and objectives in notifications on material event, annual information.  |
| 1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.   | Yes                       | The Board's and the President's activities are concentrated on the fulfilment of the Company's strategic objectives taking count of the shareholders' equity increase.  |
| 1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.  | Yes                       | The Supervisory Board is not formed. Nevertheless, the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of the Law on Companies of the Republic of Lithuania, provided that there is a decision of the Board to enter into these transactions. |
| 1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected. | Yes                       | The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.  |
| <b>Principle II: The corporate governance framework</b>   |                           |   |
| <b>The corporate governance framework should ensure the strategic guidance of the Company, the effective oversight of the Company's management bodies, an appropriate balance and distribution of functions between the Company's bodies, protection of the shareholders' interests.</b>          |                           |   |

| PRINCIPLES/ RECOMMENDATIONS   | YES / NO /<br>NOT<br>APPLICABLE | COMMENTARY   |
|---|---------------------------------|--|
| 2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a General Shareholders' Meeting and the Chief Financial Officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the Chief Executive Officer, who, in its turn, facilitate a more efficient and transparent management process.   | No                              | Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the Company is accountable to the Board.                      |
| 2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.   | Yes                             | The functions set forth in this recommendation are performed by the collegial management body – the Board.   |
| 2.3. When a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the Supervisory Board. In such a case, the Supervisory Board is responsible for the effective monitoring of the functions performed by the company's Chief Financial Officer.   | No                              | Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the President of the Company. The Supervisory Board is not formed in the Company. |
| 2.4. The collegial supervisory body to be elected by the General Shareholders' Meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the Board, Principles III and IV should apply to the Board as long as that does not contradict the essence and purpose of this body.   | Yes                             | The provisions set forth in III and IV principles are applied on the Board's formation and activity as long as that does not contradict with the essence and purpose of this body.   |
| 2.5. Company's management and supervisory bodies should comprise such number of Board (executive directors) and Supervisory (non-executive directors) Board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.  | Yes                             | During the reporting period there were 3 independent Board members in the Company who do not have any other mutual interests but only activity within the Board and who act seeking benefit to the Company and its shareholders.         |
| 2.6. Non-executive directors or members of the Supervisory Board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the Management Board.   | No                              | The Supervisory Board is not formed in the Company, and there are no non-executive directors either.   |
| 2.7. Chairman of the collegial body elected by the General Shareholders' Meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a Supervisory Board but rather the Board, it is recommended that the chairman of the Board and Chief Financial Officer of the company should be a different person. Company's Chief Financial Officer should not be immediately nominated as the chairman of the collegial body elected by the General Shareholders' Meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision. | Yes                             | During the reporting period the Chairman of the Board was the manager of the Company.  |



| <b>Principle III: The order of the formation of a collegial body to be elected by a General Shareholders' Meeting.</b><br><b>The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the Company's operation and its management bodies.</b>  |     |  |
|--|-----|--|
| 3.1. The mechanism of the formation of a collegial body to be elected by a General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.  | Yes | The Board operates impartially, objectively and represents the interests of all shareholders equally.  |
| 3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the General Shareholders' Meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.                              | Yes | <p>According to the Board's procedures and regulations approved by the Board's decision of March 1, 2007 at least 10 days before the General Shareholders' Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information.</p> <p>The Board members obligate to inform the Chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports.</p> <p>Information about current members of the Board, their educational background, qualification, professional experience, participation in other companies is disclosed in Company's website.</p> |
| 3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.  | Yes | Information about the composition of the Board, members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.   |
| 3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the Audit Committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the Remuneration Committee should have knowledge of and experience in the field of remuneration policy. | Yes | The composition of the Board is regularly assessed with consideration to the nature of Company's activity and structure. The Audit Committee members have the required experience. The Remuneration Committee is formed.   |

| PRINCIPLES/ RECOMMENDATIONS   | YES / NO /<br>NOT<br>APPLICABLE | COMMENTARY  |
|---|---------------------------------|---|
| 3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.  | No                              | Presently, members of the Board do not perform the assessment of their skills and knowledge.  |
| 3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.   | No                              | Independency of the elected Board members is not assessed and the content of independent members' sufficiency isn't set either.   |
| <p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> <li>1) he/she is not an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) of the company or any associated company and has not been such during the last five years;</li> <li>2) he/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;</li> <li>3) he/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</li> <li>4) he/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</li> <li>5) he/she does not have and did not have any material business relations with the company or associated companies within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group;</li> </ol> | No                              | Members of the Board are elected by the General Shareholders' Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders, however fail to meet the recommendation on independency. |

|  |  |  |
|--|--|--|
| 6) he/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated companies;  |  |  |
| 7) he/she is not an executive director or member of the Board in some other company where executive director of the company or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) is non-executive director or member of the Supervisory Board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; |  |  |
| 8) he/she has not been in the position of a member of the collegial body for over than 12 years;   |  |  |
| 9) he/she is not a close relative to an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.  |  |  |

| PRINCIPLES/ RECOMMENDATIONS   | YES / NO / NOT APPLICABLE | COMMENTARY   |
|---|---------------------------|--|
| 3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he can not be considered independent due to special personal or company-related circumstances.   |                           |  |
| 3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent. | No                        | No Board members' independency assessment and announcement practice is applicable in the Company.                            |
| 3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.  | No                        | No Board members' independency assessment and announcement practice is applicable in the Company.                            |
| 3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The General Shareholders' Meeting should approve the amount of such remuneration.  | Not applicable            | The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds. |

**Principle IV: The duties and liabilities of a collegial body elected by the General Shareholders' Meeting**

**The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the General Shareholders' Meeting, and the powers granted to the collegial body should ensure effective monitoring of the Company's management bodies and protection of interests of all the Company's shareholders.**



| PRINCIPLES/ RECOMMENDATIONS  | YES / NO / NOT APPLICABLE | COMMENTARY  |
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| 4.1. The collegial body elected by the General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.   | Yes                       | The Board submits Company's annual financial statement and consolidated annual financial statement, profit distribution drafts to the General Shareholders' Meeting, delivers consolidated annual report, also performs all other functions set forth in the legal acts of the Republic of Lithuania. |
| 4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or Audit Committee and, if necessary, respective company-not-pertaining body (institution). | Yes                       | According to the information held with the Company, all Board members act in good will with respect to the Company, are guided by the interests of the Company, not by the personal or third parties' interests, and seek to preserve their independency while adopting the decisions.                |
| 4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.   | Yes                       | The Board members perform their functions properly: they actively participate in the Board meetings and devote sufficient time for the performance of their duties as Board members. The Board members do not hold directorship in any other companies.   |
| 4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.   | Yes                       | The Board treats all shareholders honestly and impartially.<br><br>Essential obligations of the Company to the shareholders are set forth in the Shareholders' Policy approved by the Board (which is published in Company's website).  |
| 4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.  | No                        | During the reporting period there were no significant transactions between the Company and its shareholders or management bodies. The Board's procedures and regulations establish that prior approval of the Board is not required for such transactions.  |

| PRINCIPLES/ RECOMMENDATIONS  | YES / NO /<br>NOT<br>APPLICABLE | COMMENTARY   |
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| 4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.   | Yes                             | The Board is independent while adopting decisions which are significant for the activity and strategy of the Company.  |
| 4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of the company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish Nomination, Remuneration, and Audit Committees. Companies should ensure that the functions attributable to the Nomination, Remuneration, and Audit Committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole. | No                              | Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees. |
| 4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.  |                                 |  |

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| <p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the Company chooses not to set up a Supervisory Board, Remuneration and Audit Committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>   |  |
| <p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit Committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>  |  |
| <p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>   |  |
| <p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the Nomination Committee should be the following:</p> <ol style="list-style-type: none"> <li>1) identify and recommend, for the approval of the collegial body, candidates to fill Board vacancies. The Nomination Committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination Committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</li> <li>2) assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</li> <li>3) assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</li> <li>4) properly consider issues related to succession planning;</li> <li>5) review the policy of the management bodies for selection and appointment of senior management.</li> </ol> |  |

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| <p>4.12.2. Nomination Committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) and senior management, Chief Financial Officer of the company should be consulted by, and entitled to submit proposals to the Nomination Committee.</p>  |  |  |
| <p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the Remuneration Committee should be the following:</p> <ol style="list-style-type: none"> <li>1) make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</li> <li>2) make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the Committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</li> <li>3) ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;</li> <li>4) periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation;</li> <li>5) make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</li> <li>6) assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);</li> <li>7) make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</li> </ol> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the Committee should:</p> <ol style="list-style-type: none"> <li>1) consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</li> </ol> |  |  |

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| <p>2) examine the related information that is given in the company's annual report and documents intended for the use during the General Shareholders' Meeting;</p> <p>3) make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the Remuneration Committee, the Committee should at least address the chairman of the collegial body and/or Chief Financial Officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. The Remuneration Committee should report on the exercise of its functions to the shareholders and be present at the Annual General Shareholders' Meeting for this purpose.</p> |  |  |
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| PRINCIPLES/ RECOMMENDATIONS  | YES / NO / NOT APPLICABLE | COMMENTARY  |
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| <p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the Audit Committee should be the following:</p> <p>1) observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</p> <p>2) at least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</p> <p>3) ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</p> <p>4) make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the General Shareholders' Meeting) and with the terms and conditions of his engagement. The Committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</p> <p>5) monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the Committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the May 16, 2002 Commission Recommendation 2002/590/EC, the</p> | Yes                       | <p>The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Audit Committee should be the following:</p> <ul style="list-style-type: none"> <li>- provide recommendations with selection, appointment, reappointment and removal of an external Audit Company as well as the terms and conditions of engagement with the Audit Company;</li> <li>- monitor the process of external audit;</li> <li>- monitor how the external auditor and Audit Company follow the principles of independence and objectivity;</li> <li>- observe the process of preparation of financial reports of the Company;</li> <li>- monitor the efficiency of the internal control and risk management systems of the Company. Once a year review the need of the internal audit function;</li> <li>- monitor the implementation of the audit firm's recommendations and comments imposed by the Board and the manager of the company.</li> </ul> <p>In conducting of the mentioned above functions, the Audit committee supervises the process of preparation of annual accounts and gives recommendations to the Board on provision of the annual accounts for the approval of the shareholders.</p> <p>Furthermore, the Audit committee analyses the independence and other criteria of the potential auditors and gives the necessary conclusions to the management.</p> <p>Each year the Audit committee prepares activity report on the main conclusions regarding Company's activity.</p> |

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| <p>Committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the Committee, and (c) permissible without referral to the Committee;</p> <p>6) review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>4.14.2. All members of the Committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the Audit Committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The Audit Committee should decide whether participation of the chairman of the collegial body, Chief Financial Officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the Committee is required (if required, when). The Committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the Audit Committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The Audit Committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The Audit Committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The Committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The Audit Committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The Audit Committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p> |  |
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| PRINCIPLES/ RECOMMENDATIONS  | YES / NO /<br>NOT<br>APPLICABLE | COMMENTARY  |
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| 4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and Committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities. | No                              | During the year 2015 the Board analysed available information, discussed and adopted decisions concerning essential matters of INV L Technology AB and its group.   |
| <b>Principle V: The working procedure of the Company's collegial bodies.</b><br><br><b>The working procedure of supervisory and management bodies established in the Company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the Company's bodies.</b>   |                                 |   |
| 5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.   | Yes                             | The activity of the Board is chaired by the chairman who is also responsible for convocation of the meetings as well as preparation of the agenda. Frequency of the meetings and questions of the agenda depend on the particular events or projects or they are related with ordinary functions of the Board prescribed by legal acts. |
| 5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's Supervisory Board should be convened at least once in a quarter, and the company's Board should meet at least once a month <sup>7</sup> .   | Yes                             | According to the Board's procedures and regulations, the Board meetings are held at least once per quarter.   |
| 5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.  | Yes                             | The Board meetings are being convened by the Chairman. The Chairman of the Board informs members about the meeting at least 5 days prior to the meeting. Additional issues may be including into the agenda not later than 3 days prior to the meeting.   |

<sup>7</sup>The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.



| PRINCIPLES/ RECOMMENDATIONS  | YES / NO /<br>NOT<br>APPLICABLE | COMMENTARY  |
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| 5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's Board should be free to attend meetings of the company's Supervisory Board, especially where issues concerning removal of the Board members, their liability or remuneration are discussed.   | No                              | The Company may not implement this recommendation since only the Board is formed.   |
| <b>Principle VI: The equitable treatment of shareholders and shareholder rights.</b><br><b>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</b>  |                                 |   |
| 6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.   | Yes                             | Shares which compose the authorised capital of the Company grant equal rights to all shareholders.  |
| 6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.  | Yes                             | The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy approved by the Board, the Articles of the Association, Company's annual report.  |
| 6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the General Shareholders' Meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.   | Yes                             | Shareholders of the Company have equal opportunities to get familiarised and participate in adopting decisions important to the Company. Approval of the General Shareholders' Meeting is also necessary in cases stipulated in Chapter V of the Law on Companies of the Republic of Lithuania. No other cases when the approval of the General Shareholders' Meeting should be obtained are foreseen, since it would impair Company's business considering the nature of the Company's activity. |
| 6.4. Procedures of convening and conducting a General Shareholders' Meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the Company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the General Shareholders' Meeting and receive answers to them.   | Yes                             | The procedures of convening and conducting of the General Shareholders' Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarised with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.   |
| 6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the General Shareholders' Meeting, should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the General Shareholders' Meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these | Yes                             | The documents prepared for the General Shareholders' Meeting are published in Lithuanian and English on the Company's website.  |



| documents is not detrimental to the company or the company's commercial secrets are not revealed.  |                           |  |
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| PRINCIPLES/ RECOMMENDATIONS  | YES / NO / NOT APPLICABLE | COMMENTARY   |
| 6.6. Shareholders should be furnished with the opportunity to vote in the General Shareholders' Meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.   | Yes                       | The Company's shareholders are furnished with the opportunity to participate in the General Shareholders' Meeting both personally and via an attorney, if such a person has a proper authorisation or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. The Company provides the shareholders with conditions to vote by completing the general voting ballot. |
| 6.7. With a view to increasing the shareholders' opportunities to participate effectively at General Shareholders' Meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in General Shareholders' Meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies. | No                        | Shareholders can vote via an attorney or by completing the general voting ballot but for the meantime shareholders cannot participate and vote in General Shareholders' Meetings via electronic means of communication.  |
| <b>Principle VII: The avoidance of conflicts of interest and their disclosure</b><br><br><b>The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</b>  |                           |  |
| 7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.  | Yes                       | The Board members fully comply with these recommendations.   |
| 7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the General Shareholders' Meeting or any other corporate body authorised by the meeting.   |                           |  |
| 7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.                 |                           |  |

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| 7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on. |  |  |
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PRINCIPLES/ RECOMMENDATIONS

YES / NO /  
NOT  
APPLICABLE

COMMENTARY

**Principle VIII: Company's remuneration policy**

**Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the Company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of Company's remuneration policy and remuneration of directors.**

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| 8.1. A Company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.  | No | <p>The Company does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company.</p> <p>Information about the benefits and loans for the members of the management bodies is provided in the periodical reports, financial statements.</p> |
| 8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.   |    |   |
| <p>8.3. Remuneration statement should leastwise include the following information:</p> <ol style="list-style-type: none"> <li>1) explanation of the relative importance of the variable and non-variable components of directors' remuneration;</li> <li>2) sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;</li> <li>3) an explanation how the choice of performance criteria contributes to the long-term interests of the company;</li> <li>4) an explanation of the methods, applied in order to determine whether performance criteria have been fulfilled;</li> <li>5) sufficient information on deferment periods with regard to variable components of remuneration;</li> <li>6) sufficient information on the linkage between the remuneration and performance;</li> <li>7) the main parameters and rationale for any annual bonus scheme and any other non-cash benefits;</li> <li>8) sufficient information on the policy regarding termination payments;</li> <li>9) sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code;</li> <li>10) sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code;</li> <li>11) sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned;</li> </ol> |    |   |

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| <p>12) a description of the main characteristics of supplementary pension or early retirement schemes for directors;</p> <p>13) remuneration statement should not include commercially sensitive information.</p>  |  |
| <p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>   |  |
| <p>8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>- the total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the Annual General Shareholders' Meeting;</li> <li>- the remuneration and advantages received from any undertaking belonging to the same group;</li> <li>- the remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;</li> <li>- if permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;</li> <li>- compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;</li> <li>- total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.</li> </ul> <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> <li>- the number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;</li> <li>- the number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</li> <li>- the number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</li> <li>- all changes in the terms and conditions of existing share options occurring during the financial year.</li> </ul> <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> |  |

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| <p>- when the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</p> <p>- when the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</p> <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p> |  |  |
| <p>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.</p>  |  |  |
| <p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>   |  |  |
| <p>8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.</p>   |  |  |
| <p>8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.</p>  |  |  |
| <p>8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.</p>  |  |  |
| <p>8.11. Termination payments should not be paid if the termination is due to inadequate performance.</p>  |  |  |
| <p>8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of Annual General Shareholders' Meeting.</p>  |  |  |
| <p>8.13. Shares should not vest for at least three years after their award.</p>  |  |  |
| <p>8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price</p>   |  |  |

| movements, should be subject to predetermined and measurable performance criteria.  |                           |   |
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| 8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).   |                           |   |
| 8.16. Remuneration of non-executive or supervisory directors should not include share options.  |                           |   |
| 8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend General Shareholders' Meetings where appropriate and make considered use of their votes regarding directors' remuneration.   |                           |   |
| 8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the Annual General Shareholders' Meeting. Remuneration statement should be put for voting in Annual General Shareholders' Meeting. The vote may be either mandatory or advisory.   |                           |   |
| PRINCIPLES/ RECOMMENDATIONS   | YES / NO / NOT APPLICABLE | COMMENTARY  |
| 8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of Annual General Shareholders' Meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in Annual General Shareholders' Meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes. | Not applicable            | In 2015 the schemes, on which basis the managers were remunerated in shares, share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company. |
| 8.20. The following issues should be subject to approval by the Annual General Shareholders' Meeting:<br>1) grant of share-based schemes, including share options, to directors;<br>2) determination of maximum number of shares and main conditions of share granting;<br>3) the term within which options can be exercised;<br>4) the conditions for any subsequent change in the exercise of the options, if permissible by law;<br>5) all other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual General Shareholders' Meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.               |                           |   |
| 8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe the   |                           |   |

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| shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.   |  |  |
| 8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the Annual General Shareholders' Meeting.  |  |  |
| 8.23. Prior to the Annual General Shareholders' Meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website. |  |  |

PRINCIPLES/ RECOMMENDATIONS

YES / NO /  
NOT  
APPLICABLE

COMMENTARY

#### Principle IX: The role of stakeholders in corporate governance

**The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the Company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the Company concerned.**

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| 9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.  | Yes | The Company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws. The detailed information about planned events has been constantly disclosed in line with requirements of legal acts; therefore, the investors (shareholders) have enough opportunities to familiarize with necessary information as well as vote on decisions. More detailed explanation about disclosure procedure is provided below in the part 10. |
| 9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc. |     |  |
| 9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.   |     |  |

**Principle X: Information disclosure and transparency**

**The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the Company, including the financial situation, performance and governance of the Company.**

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| <p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> <li>1) the financial and operating results of the company;</li> <li>2) company objectives;</li> <li>3) persons holding by the right of ownership or in control of a block of shares in the company;</li> <li>4) members of the company's supervisory and management bodies, Chief Financial Officer of the company and their remuneration;</li> <li>5) material foreseeable risk factors;</li> <li>6) transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations;</li> <li>7) material issues regarding employees and other stakeholders;</li> <li>8) governance structures and strategy.</li> </ol> <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> | Yes | Information set forth in this recommendation is disclosed in the notifications on material event, periodical reports. This information is also published on Company's website. |
| <p>10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the Company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>   |     |  |
| <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, Chief Financial Officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and Chief Financial Officer as per Principle VIII.</p>   |     |  |
| <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>  |     |  |

| PRINCIPLES/ RECOMMENDATIONS  | YES / NO /<br>NOT<br>APPLICABLE | COMMENTARY  |
|--|---------------------------------|---|
| 10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.                  | Yes                             | The company discloses information via NASDAQ OMX news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English.<br><br>The company publishes its information prior to or after the trade sessions on the NASDAQ OMX Vilnius. The company does not disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via NASDAQ OMX news distribution service. |
| 10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well. | Yes                             | The information is disclosed in Lithuanian and English simultaneously via NASDAQ OMX news distribution service. It is also published on company's website.  |
| 10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.   | Yes                             | The company publishes all information indicated in this recommendation on its website.  |
| <b>Principle XI: The selection of the Company's auditor</b>  |                                 |   |
| <b>The mechanism of the selection of the Company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</b>   |                                 |   |
| 11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.   | Yes                             | The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit company. The interim financial statements are not conducted by the audit company.  |
| 11.2. It is recommended that the company's Supervisory Board and, where it is not set up, the company's Board should propose a candidate firm of auditors to the General Shareholders' Meeting.  | Yes                             | The candidate audit company is suggested to the General Shareholders' Meeting by the Board.   |
| 11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's Supervisory Board and, where it is not formed, the company's Board upon their consideration which firm of auditors to propose for the General Shareholders' Meeting.  | Not applicable                  | The audit company does not provide non-audit services to the Company.   |