

## CONFIRMATION OF RESPONSIBLE PERSONS

29 August 2016

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (Article 23) of the Republic of Lithuania, we, the undersigned below, persons hereby confirm that, to the best of our knowledge, the attached Interim Condensed Unaudited Financial Statements for the 6 months of 2016 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. The Interim 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. INVL Technology Interim Condensed Unaudited Financial Statements for 6 months of 2016.
2. INVL Technology Interim Report for 6 months of 2016.

Director General of INVL Asset Management



Darius Šulnis

Chairman of the Investment Committee of INVL Technology



Kazimieras Tonkūnas

Representative of accounting services company



Kristupas Baranauskas

Closed-ended type investment company  
(hereinafter - the Company)  
**INVL TECHNOLOGY**

INTERIM CONDENSED UNAUDITED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016 PREPARED ACCORDING TO INTERNATIONAL  
FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Note: The Company was issued a closed-ended type investment company licence after the end of the reporting period. For the six months ended 30 June 2016 the name of the company was the public joint-stock company INVL Technology.

## INVL TECHNOLOGY

### INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

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## GENERAL INFORMATION

### Management

After registration of Articles of Association on 17 May 2016 of closed-ended type investment company INVL Technology at State Enterprise Centre of Registers, the Company's managing bodies – CEO and management board were abolished.

On 14 July 2016 INVL Technology has been granted a closed-ended type investment company license by the Bank of Lithuania. Upon receipt of the license, the management of INVL Technology has been transferred to INVL Asset Management UAB, company code 126263073.

### Address and company code

Registration address  
Gyneju str. 16,  
Vilnius,  
Lithuania

Company code 300893533

### Banks

SEB bank AB

These financial statements were approved and signed by the management company on 29 August 2016.



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Darius Šulnis  
Director General of INVL Asset  
Management



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Kazimieras Tonkūnas  
Chairman of the Investment  
Committee of INVL Technology



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Kristupas Baranauskas  
Representative of accounting  
services company

## Interim statement of comprehensive income

	Note	2016 6 months	2015 6 months	2016 II quarter	2015 II quarter
		Unaudited	Unaudited	Unaudited	Unaudited
Net change in fair value of financial assets	4	(61)	(60)	(125)	(60)
Dividend income		-	-	-	-
Interest income		1	13	-	9
Other income		97	128	19	93
<b>Total income</b>		<b>37</b>	<b>81</b>	<b>(106)</b>	<b>32</b>
Employee benefits		(185)	(98)	(100)	(61)
Other expenses		(169)	(110)	(102)	(53)
<b>Total operating expenses</b>		<b>(354)</b>	<b>(208)</b>	<b>(202)</b>	<b>(114)</b>
<b>Operating profit (loss)</b>		<b>(317)</b>	<b>(127)</b>	<b>(308)</b>	<b>(82)</b>
Costs on financial activities	6	-	(155)	-	(93)
<b>Profit (loss) for the reporting period before tax</b>		<b>(317)</b>	<b>(282)</b>	<b>(308)</b>	<b>(175)</b>
Income tax benefit	7	(1)	25	(1)	-
<b>Net profit (loss) for the reporting period</b>		<b>(318)</b>	<b>(257)</b>	<b>(309)</b>	<b>(175)</b>
Other comprehensive income for the reporting period less the income tax		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD LESS INCOME TAX</b>		<b>(318)</b>	<b>(257)</b>	<b>(309)</b>	<b>(175)</b>
Attributable to:					
- Shareholders of the parent company		(318)	(257)	(309)	(175)
Basic and diluted earnings (deficit) per share (in EUR)	8	(0.03)	(0.05)	(0.03)	(0.03)

## Interim statement of financial position

	Notes	30 June 2016	31 December 2015
		Unaudited	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible and intangible assets		-	5
Financial assets measured at fair value through profit or loss	4	20,582	16,955
Deferred income tax asset		-	1
<b>Total non-current assets</b>		<b>20,582</b>	<b>16,961</b>
<b>Current assets</b>			
Trade and other amounts receivable and loans granted		14	392
Prepayments and deferred charges		-	1
Cash and cash equivalents	5	3,355	6,994
<b>Total current assets</b>		<b>3,369</b>	<b>7,387</b>
<b>Total assets</b>		<b>23,951</b>	<b>24,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		3,531	3,531
Share premium		8,268	8,268
Reserves		10,154	9,977
Retained earnings		1,972	2,467
<b>Total equity</b>		<b>23,925</b>	<b>24,243</b>
<b>Liabilities</b>			
<b>Total non-current liabilities</b>		-	-
<b>Current liabilities</b>			
Trade payables		2	44
Employment related liabilities		21	49
Other current liabilities		3	12
<b>Total current liabilities</b>		<b>26</b>	<b>105</b>
<b>Total liabilities</b>		<b>26</b>	<b>105</b>
<b>Total equity and liabilities</b>		<b>23,951</b>	<b>24,348</b>

## Interim statement of cash flows

	Note	2016 6 months Unaudited	2015 6 months unaudited
<b>Cash flows from operating activities</b>			
Net profit (loss) for the reporting period		(318)	(257)
<b>Non-cash flows:</b>			
Interest (income)		(1)	(13)
Interest expenses		-	155
Depreciation and amortisation		1	1
Change in fair value of financial assets	4	61	60
Income tax (benefit) expenses	7	1	(25)
		<b>256</b>	<b>(79)</b>
Changes in working capital			
(Acquisition) sale of investments		(3,688)	-
Decrease (increase) in trade and other receivables		295	29
Decrease (increase) in other current assets		1	(18)
Increase (decrease) in trade payables		(42)	6
Increase (decrease) in other current liabilities		(37)	12
<b>Cash flows from operating activities</b>		<b>(3,727)</b>	<b>(50)</b>
Income tax (paid)		-	-
<b>Net cash flows from operating activities</b>		<b>(3,727)</b>	<b>(50)</b>
<b>Cash flows from investing activities</b>			
Sale (acquisition) of non-current assets		5	(3)
Loans granted		(155)	-
Repayment of loans granted		238	-
<b>Net cash flows from investing activities</b>		<b>88</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>			
Cash flows related to owners			
Proceeds from the offering		-	1,494
Cash received under terms of split-off		-	-
Cash in the company merged during reorganisation		-	41
		-	1,535
Cash flows related to other sources of financing			
Repayment of loans received		-	(10)
		-	(10)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>1,525</b>
<b>Impact of currency exchange on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(3,639)</b>	<b>1,472</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>6,994</b>	<b>25</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,355</b>	<b>1,497</b>

## Interim statement of changes in equity

	Share capital	Share premiums	Legal reserve	Reserve of purchase of own shares	Retained earnings	Total
<b>Balance at 31 December 2014</b>	<b>172</b>	<b>250</b>	<b>23</b>	<b>556</b>	<b>6,845</b>	<b>7,846</b>
The effect of the reorganisation	1,601	(71)	(23)	(556)	3,085	4,036
<b>Total transactions with owners of the Company, recognized directly in equity</b>	<b>1,601</b>	<b>(71)</b>	<b>(23)</b>	<b>(556)</b>	<b>3,085</b>	<b>4,036</b>
Net profit (loss) during I half 2015	-	-	-	-	(257)	(257)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(257)</b>	<b>(257)</b>
<b>Balance at 30 June 2015</b>	<b>1,773</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>9,673</b>	<b>11,625</b>
Net profit reallocation to reserves	-	-	177	9,800	(9,977)	-
Proceeds from new offering less costs of issue	1,758	8,089	-	-	-	9,847
Net profit (loss) during II half 2015	-	-	-	-	2,771	2,771
<b>Total comprehensive income</b>	<b>1,758</b>	<b>8,089</b>	<b>177</b>	<b>9,800</b>	<b>(7,206)</b>	<b>12,618</b>
<b>Balance at 31 December 2015</b>	<b>3,531</b>	<b>8,268</b>	<b>177</b>	<b>9,800</b>	<b>2,467</b>	<b>24,243</b>
Net profit reallocation to reserves	-	-	177	-	(177)	-
<b>Total transactions with owners of the Company, recognized directly in equity</b>	<b>3,531</b>	<b>8,268</b>	<b>354</b>	<b>9,800</b>	<b>2,290</b>	<b>24,243</b>
Net profit (loss) during I half 2016	-	-	-	-	(318)	(318)
<b>Balance at 30 June 2016</b>	<b>3,531</b>	<b>8,268</b>	<b>354</b>	<b>9,800</b>	<b>1,972</b>	<b>23,925</b>

## Notes to the interim condensed financial statements

### 1 General information

INVL Technology UTIB (hereinafter the Company) is a closed-ended type investment company (UTIB) registered in the Republic of Lithuania. It was created during the merger of BAIP grupė AB and INVL Technology AB (Note 3),

The registration address is as follows:

Gyneju str, 16,  
Vilnius,  
Lithuania

On 29 April 2014 the Company had a stake of 80% in BAIP grupė UAB, which invests into IT companies, and a stake of 100% in dormant Inventio UAB. After the increase in share capital of BAIP grupė UAB in December, 2014 in which participated only minority shareholders, the company held 65.65 percent of shares. In December 2014 BAIP grupė UAB was reorganized to BAIP grupė AB as a group of specialized entities, working in the field of IT which specialises in the field of business climate improvement, development integrated national information systems, critical IT infrastructure resilience, national cyber security and cyber defence. Becoming INVL Technology AB after reorganisation (Note 3) Company continues its activities as strategic-financial investor, conforming to the definition of investment subject as defined under IFRS under and, together with the managers of IT companies, seeks to increase value of investments through acquisition, development and sale of businesses.

After registration of bylaws on 17 May 2016 of closed-end investment company INVL Technology at State Enterprise Centre of Registers, the Company's managing bodies – CEO and management board were abolished.

On 14 July 2016 INVL Technology has been granted a closed-end investment company (UTIB) license by the Bank of Lithuania. Upon receipt of the license, the management of INVL Technology has been transferred to INVL Asset Management UAB.

The Company's share capital is divided into 12,175,321 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. Portfolio companies did not hold any shares of the Company. As at 30 June 2015 the shareholders of the Company were \*:

	Number of shares held	Percentage of share capital held
LJB INVESTMENTS UAB	2,424,152	19.91%
INVALIDA INVL AB	1,910,812	15.69%
Mrs. 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%
Others	4,170,649	34.26%
<b>Total</b>	<b>12,175,321</b>	<b>100%</b>

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014.

### 2 Basis of preparation and accounting policies

The interim condensed financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2015



## 2.1 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2015, except adoption of new Standards and Interpretations as of 1 January 2016, noted below.

A number of new or amended standards became applicable for the current reporting period:

- *Annual Improvements to IFRSs 2010-2012 Cycle* (effective for annual periods beginning on or after 1 February 2015);
- *Annual Improvements to IFRSs 2012-2014 Cycle* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 – *Defined benefit plans: Employee contributions* (effective for annual periods beginning on or after 1 February 2015);
- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer plants* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1: *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016).

The amendments had no impact on the Group's financial statements for the six months ended 30 June 2016.

## 2.2 Accounting estimates

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next financial year. These estimates and judgements are continuously reviewed 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 not always reflect 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 year are addressed below.

### *Fair value of investments not quoted in an active market*

The fair values of securities that are not quoted in an active market are determined by using valuation techniques, primarily of which are earnings multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability.

Details of the inputs and valuation methods used to determine Level 3 fair value, are provided in Note 4.

### *Investment entity status*

The management of the Company periodically reviews whether the Company meets all the defining criteria of an investment entity. In addition, the management assesses the Company's operation objective (Note 1), investment strategy, origin of income and fair value models. Based on the assessment of the management, the Company met all the defining criteria of an investment entity throughout the period from its establishment to the financial reporting date.

**INVL TECHNOLOGY****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

**3 Merger of BAIP group AB and INVL Technology AB**

On 9 February 2015 reorganization of joint-stock company INVL Technology and BAIP group AB was completed, INVL Technology AB was merged to BAIP group AB. BAIP group AB took over all the rights and obligations and continued operations in 2015 under the new name of the public joint-stock company INVL Technology. The company's shares are quoted on the NASDAQ Vilnius Stock Exchange after completion of the actions foreseen in the legal acts. The trading in company's shares are available from March 2015. The share capital of INVL Technology AB (previously BAIP group AB) is divided into 6,114,714 ordinary registered shares. The nominal value per share is EUR 0.29.

The table below presents the merger effect on the balance sheet:

	<b>BAIP group AB</b>	<b>INVL Technology AB</b>	<b>Eliminations and reorganisatio n adjustment</b>	<b>Merged entity (INVL technology)</b>
Property, plant and equipment	5	-	-	5
Investments into portfolio companies	14,900	7,828	(7,826) *	14,902
Deferred tax assets	3	-	-	3
Not current trade receivables	196	-	-	196
Loans	44	-	-	44
Prepayments and deferred charges	4	-	-	4
Trade and other amounts receivable	266	-	-	266
Cash and cash equivalents	41	22	-	63
<b>Total assets</b>	<b>15,459</b>	<b>7,850</b>	<b>(7,826)</b>	<b>15,483</b>
Share capital	1,767	172	(165)	1,774
Share premium	179	250	(250)	179
Reserves	-	579	(579)	-
Retained earnings	9,916	6,844	(6,832)	9,928
Liabilities	3,597	5	-	3,602
<b>Total equity and liabilities</b>	<b>15,459</b>	<b>7,850</b>	<b>(7,826)</b>	<b>15,483</b>

\* Elimination of BAIP group AB shares, held by INVL Technology AB.

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(all amounts are in EUR thousand unless otherwise stated)

**4 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.

Non-current assets of the Company at fair value through profit or loss comprise of assets which are Level 3 instruments by valuation technique. The Company has no Level 1 or Level 2 instruments.

The list of unconsolidated subsidiaries and associates, hereinafter referred to as portfolio companies, which are owned by the Company as at 30 June 2016 directly or indirectly, is presented below:

Entity	Country of incorporation	Proportion of shares (voting rights) directly/indirectly held by the Company (%)	Nature of business
Informatikos pasaulis UAB	Lithuania	100	Dormant
Vitma UAB	Lithuania	100	Investments in IT companies
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
Etronika UAB	Lithuania	80	Information technology solutions
Norway Registers Development Rwanda Ltd*	Rwanda	100	Information technology solutions
Infobank Uganda Ltd *	Uganda	30	Information technology solutions
NRD CS UAB	Lithuania	100	Information technology solutions
Inventio UAB	Lithuania	100	Investments in IT companies
Algoritmy sistemas UAB*	Lithuania	100	Information technology solutions
„Andmevara“ AS	Estonia	100	Information technology solutions
„Andmevara“ SRL *	Moldova	100	Information technology solutions
UAB „FINtime“	Lithuania	100	Finance management and accounting

\*These entities are owned indirectly by the Company as at 30 June 2016.

The Company conducts an independent valuation of its investments in portfolio companies 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.

At the end of the first half of 2016, companies managed by INVL Technology were measured at their fair value using the same method that will be used after the Company becomes a closed-end investment entity. The fair value of the companies, controlled by INVL Technology, at the end of 2015 was estimated by an independent appraiser Deloitte verslo konsultacijos UAB. Market conditions and other preconditions used in the valuation did not change significantly during the first six months of 2016. Therefore, when preparing preliminary operating results for the 6 months of 2016, the Company measured fair value of investments using the end of 2015 value adjusted by the net profit or loss and payments to the Shareholders that occurred during the period, except for entities acquired/established during 2016 which are stated at cost.

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(all amounts are in EUR thousand unless otherwise stated)

Under the existing loan agreements with banks, the Company' indirectly owned portfolio companies BAIP UAB, NRD UAB and Algoritmu sistemas UAB must obtain consent from the bank before announcing dividends or other payments to shareholders.

During year 2016 these companies declared dividends (dividends have not been paid to the Company): BAIP UAB – EUR 850 thousand, NRD UAB – EUR 255 thousand, Algoritmu sistemas UAB – EUR 248 thousand.

Based on above multiples and assumptions, the Company calculated following fair values:

Entity	30 June 2016	31 December 2015
Vitma UAB*	11,488	11,474
NRD Group**	3,951	3,708
NRD CS UAB	1,853	1,773
Informatikos pasaulis UAB	4	-
Inventio UAB***	2,392	-
FINtime UAB	229	-
Andmevara AS	665	-
<b>Total</b>	<b>20,582</b>	<b>16,955</b>

\*Includes BAIP UAB and Acena UAB

\*\*Includes all NRD group companies

\*\*\*Includes Algoritmu sistemas UAB

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2016:

Opening balance	16,955
Investments in portfolio companies' capital	3,688
Gains and losses recognised in profit or loss	(61)
Closing balance	<b>20,582</b>
<b>Change in unrealised gains or losses for the period recognised in profit or loss for assets held at the end of the reporting period</b>	<b>(61)</b>

As at 31 December 2015

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

Under the valid loan agreement with banks, portfolio companies 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 portfolio companies 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 portfolio companies. The changes in the fair value of the Company's portfolio companies 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 Sistemas UAB (engaged in information system development) for the total amount of EUR 2,385 thousand. The transaction was completed on 18 March 2016. The transaction was financed from additional contributions by the Company in the share capital of Inventio UAB up to EUR 2,395 thousand.

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

Opening balance at 31 December 2014	7,828
Effect of merger (Note 3)	7,074
Balance after merger as at 9 February 2015	<b>14,902</b>

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(all amounts are in EUR thousand unless otherwise stated)

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 portfolio company 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 portfolio company 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.

The fair value of the Company's investments was determined by Deloitte Verslo Konsultacijos UAB. The table below presents the inputs and the fair value valuation techniques (Level 3) for investments in portfolio companies 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

**INVL TECHNOLOGY****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

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.

30 June 2015

Financial assets of the company INVL Technology AB measured at fair value through profit or loss comprised of directly and indirectly controlled portfolio companies: BAIP UAB, Acena UAB, Informatikos pasaulis UAB, Inventio UAB, NRD AS and NRD CS UAB. These assets are non-current assets and belong to Level 3 valuation technique. Main assets of Inventio UAB and Informatikos pasaulis UAB are cash at banks, thus entities were valued based on their net assets. EBITDA of NRD CS UAB was negative for the last 12 months, thus valuation was performed based on a previous value adjusted by the change in equity, because estimates of the management of the Company future cash flows did not decrease. Vitma UAB, controlling 100 percent of BAIP UAB, was valued by adding total current assets less current liabilities of Vitma UAB to the value of BAIP UAB. Other entities, including aforementioned BAIP UAB, were valued using EBITDA (earnings before depreciation, amortisation, interest and taxes) multiple. Consolidated EBITDA for the last 12 months was used. Value derived using EBITDA multiple was adjusted by deducting difference between consolidated liabilities and current assets, subtracting calculated value of non-controlling share. Resulting amount was adjusted by 10.7 premium (used by appraisers during valuation as of 31 December 2014 as the difference between control premium and marketability discount). EBITDA multiple used is equal to 6.0. It was set as EV/EBITDA (ratio between enterprise value and EBITDA) average of comparative Scandinavian and Eastern Europe technology companies as listed below (adjusted by debt calculation method as described above):

Entity name	EBITDA multiple
4IG	3.9
Asseco Poland	3.9
Comarch SA	4.9
Affecto	5.8
Atea	9.2
Data Respons ASA	8.2
Innofactor Oyj	10.2
Know It AB	6.7
Sygnity SA	3.2
ATM	10.7
SMT	4.8
Qumak	5.4
Atende	3.6
Simple	4.2
<b>Average</b>	<b>6.0</b>

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(all amounts are in EUR thousand unless otherwise stated)

Based on above multiples and assumptions, the Company calculated following fair values:

Entity	30 June 2015	31 December 2014
Vitma UAB	11,626	12,800
NRD Group	1,956	700
NRD CS UAB	844	1,000
Acena UAB	412	400
Informatikos pasaulis UAB	3	-
Inventio UAB	1	2
<b>Total</b>	<b>14,842</b>	<b>14,902</b>

If EBITDA multiple would be lower or higher by 1, respectively total value of BAIP UAB together with Vitma UAB would be lower or higher by EUR 1,326 thousand as of 30 June 2015, value of Acena UAB would be lower or higher by EUR 49 thousand as of 30 June 2015, value of NRD Group would be lower or higher by EUR 252 thousand as of 30 June 2015.

According to the current loan agreement with DNB bank the Company's indirectly controlled portfolio company BAIP UAB had restrictions to repay the loan granted by the Company, which amounted EUR 159 thousand as of 30 June 2015 (EUR 159 thousand as of 31 December 2014), also cannot announce the dividends without prior consent of the Bank.

Other portfolio companies of the Company as of did not have significant restrictions for the payment of the dividends to the Company from not consolidated portfolio companies or the restrictions on repayment of loans granted by the Company to the not consolidated portfolio companies.

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2015:

Opening balance	14,902
Gains and losses recognised in profit or loss	(60)
Closing balance	<b>14,842</b>
<b>Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period</b>	<b>(60)</b>

**5 Cash and cash equivalents**

All company's cash and cash equivalents consisted of funds on settlement accounts.

**6 Finance costs**

	2016 6 months	2015 6 months
Interest expenses of borrowings from related parties	-	(155)
	<b>-</b>	<b>(155)</b>

**7 Income tax**

	2016 6 months	2015 6 months
<b>Components of the income tax benefit (expenses)</b>		
Deferred income tax expenses (benefit)	1	(25)
<b>Income tax expenses (benefit) stated in the income statement</b>	<b>1</b>	<b>(25)</b>

**INV L TECHNOLOGY****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

**8 Earnings per share**

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

The weighted average number of shares for the period ended 30 June 2016 was as follows:

<b>Calculation of weighted average for the period ended 30 June 2015</b>	<b>Number of shares (thousand)</b>	<b>Par value (EUR)</b>	<b>Issued/180 (days)</b>	<b>Weighted average (thousand)</b>
Shares issued as at 31 December 2015	12,175	0.29	180/180	12,175
Shares issued as at 30 June 2016	<b>12,175</b>	<b>0.29</b>		<b>12,175</b>

The following table reflects the income and share data used in the basic earnings per share computations:

	<b>2016 6 months</b>
Net loss, attributable to the equity holders of the parent	(318)
Weighted average number of ordinary shares (thousand)	12,175
<b>Basic and diluted earnings (deficit) per share (EUR)</b>	<b>(0,03)</b>

For the 1<sup>st</sup> half of 2016 diluted earnings per share of the Company are the same as basic earnings per share.

The weighted average number of shares for the period ended 30 June 2015 was as follows:

<b>Calculation of weighted average for the period ended 30 June 2015</b>	<b>Number of shares (thousand)</b>	<b>Par value (EUR)</b>	<b>Issued/180 (days)</b>	<b>Weighted average (thousand)</b>
Shares issued as at 31 December 2014	4,022	0.29	180/180	4,022
Merged/Acquired INV L Technology shares as at 9 February 2015	2,093	0.29	140/180	1,628
Shares issued as at 30 June 2015	<b>6,115</b>	<b>0.29</b>		<b>5,650</b>

The following table reflects the income and share data used in the basic earnings per share computations:

	<b>2015 6 months</b>
Net loss, attributable to the equity holders of the parent	(257)
Weighted average number of ordinary shares (thousand)	5,650
<b>Basic and diluted earnings (deficit) per share (EUR)</b>	<b>(0.05)</b>



**INVL TECHNOLOGY**  
**INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**  
(all amounts are in EUR thousand unless otherwise stated)

**9 Related party transactions**

Transactions of the Company with related parties for the first half of 2016 and balances as at 30 June 2016 were as follows:

<b>The Company</b>	<b>Revenue from related parties</b>	<b>Purchases from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
<i>Company's management</i>				
Lease of assets	-	7	-	-
	-	7	-	-
<i>INVL Technology AB portfolio companies</i>				
Borrowings	1	-	-	-
Dividends	-	-	-	-
Management and accounting service	93	6	-	-
Other activities	6	11	-	2
	<b>100</b>	<b>17</b>	<b>-</b>	<b>2</b>

The Company's transactions with related parties during the first half of 2015 and related balances as at 30 June 2015 were as follows:

<b>The Company</b>	<b>Revenue from related parties</b>	<b>Purchases from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
<i>Company's management</i>				
Lease of assets	-	9	-	-
	-	9	-	-
<i>INVL Technology AB subsidiaries</i>				
Borrowings	13	70	423	1,138
Dividends	-	-	-	-
Management and accounting service	110	-	-	-
Other activities	18	3	120	618
	<b>141</b>	<b>73</b>	<b>543</b>	<b>1,756</b>
<i>Invalida INVL AB Group companies</i>				
Borrowings	-	85	-	2,107
Operating activities	-	-	2	-
	<b>-</b>	<b>85</b>	<b>2</b>	<b>2,107</b>

## **10 Segment information**

The Company's management has defined its operating segments in a manner consistent with the internal reporting provided to the Company's Board of Directors that was responsible for making strategic decisions, active till May 17, 2016.

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

The internal reporting provided about 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.

## **11 Financial risk management**

### **11.1 Financial risk factors**

The risk management function within the Company is carried out 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 portfolio companies 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.

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 portfolio companies 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:

**INVLT TECHNOLOGY****INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**(all amounts are in EUR thousand unless otherwise stated)

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**Unrated assets**

	<b>At 30 June 2016</b>	<b>At 31 December 2015</b>
Trade and other receivables	14	309
Loans granted	-	83
Cash and cash equivalents	3,355	6,994
<b>Total current assets</b>	<b>3,369</b>	<b>7,386</b>

The Company uses 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 30 June 2016 and 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 sensitive 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 reviews 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 30 June 2016, the fair value of the Company's investments exposed to price risk was EUR 20,582 thousand (31 December 2015: EUR 16,955 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 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 portfolio company 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 30 June 2016, 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 5 thousand (31 December 2015: EUR 54 thousand) to be settled within 3 months after the reporting date.

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.

## **11.2 Fair value estimates**

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 portfolio companies at fair value, please refer to Note 4 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 portfolio companies, 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 30 June 2016 and 31 December 2015 approximated their fair value because they are short-term and the impact of discounting is immaterial.

## **11.3 Capital management**

The primary objective of the capital management is to ensure that the Company maintains a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company manages its capital supervising the activities of each portfolio company, in order to achieve that the capital is sufficient to support company's activities. The key management personnel of the companies controls that they are meeting capital requirements as set in the laws and borrowing agreements and provides the information to the Company's management.

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 specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the first half of 2015.

The Company is obliged to keep its equity ratio at not less than 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania.

## **12 Events after the reporting period**

- **14 July 2016** - The Central Bank of the Republic of Lithuania granted special closed-ended type private capital investment company INV L Technology license of closed-ended investment company providing a right to carry-out activities of the closed-ended type investment company according to the Law on Collective Investment Undertakings.
- **18 July 2016** - Director of the Supervision Service of the Bank of Lithuania by the decision No. 241-153 approved the prospectus of special closed-ended type private capital investment company INV L Technology (hereinafter, the "Company") ordinary registered shares (hereinafter, the "Prospectus", please see the attached documents). The approved Prospectus is designated for admission of all the issued ordinary registered shares of the Company to trading on Nasdaq Vilnius AB taking into account fact that Central Bank of the Republic of Lithuania on 14 July 2016 granted the Company license of closed-ended type investment company. Before the issuance of the closed-ended type investment company licence all the shares of the Company were listed and traded on the Secondary List of Nasdaq Vilnius AB. Following the issuance of the licence, no new shares of the Company were issued. However, taking into consideration the changed status of the Company and aim to have the shares of the Company listed on the regulated market, the Company drafted this document.
- **05 August 2016** - INV L Technology, a company investing in information and communication technology businesses, has signed the market-making agreement with Siauliu Bankas, which has undertaken to act as market maker for the company's shares to increase their liquidity. Under the agreement, Siauliu Bankas will provide liquidity on both bid and ask sides around the INV L Technology spread at least 85 percent of the trading time on the stock exchange, increasing market depth in this way.

# INVL Technology



## INTERIM 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)

After the end of the reporting period the Bank of Lithuania issued INVL Technology a closed-ended type investment company licence. Therefore, the next periodic report of the company will be prepared in accordance with the Rules for the Preparation and Submission of Information by Management Companies, Collective Investment Undertakings and Pension Funds (approved by the decision of the Board of the Bank of Lithuania passed on 12 July 2012, No. 03-154).

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# 1

## GENERAL INFORMATION

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

The report covers six months financial period of INV L Technology starting 1 January 2016 and ending on 30 June 2016. The material events of the Issuer and its group that took place after the reporting period are disclosed as well. The report is unaudited.

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

#### 2.1 INFORMATION ABOUT THE ISSUER:

##### DURING THE REPORTING PERIOD

Name of the Issuer	The public joint-stock company INV L Technology
Code	300893533
Address	Gyneju 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

17 May 2016 the Register of Legal Entities has registered Articles of Association of a special closed-end type private capital investment company INV L Technology. On 14 July 2016 the Bank of Lithuania issued INV L Technology a closed-ended type investment company licence.

##### FROM 14 JULY 2016

Name of the Issuer	Special closed-ended type private capital investment company INV L Technology
Code	300893533
Address	Gyneju str. 14, LT-01109, Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	info@invltechnology.lt
Website	www.invltechnology.lt
Legal form	Public joint-stock company
Type of the company	Closed-ended type investment company
Date and place of registration	27 June 2007 (version 42, 9th February 2015). Register of Legal Entities
Date on which the supervisory authority approved the documents on the formation of the collective investment undertaking	14 July 2016
Register in which data about the Company are accumulated and stored	Register of Legal Entities
Management company	INV L Asset Management UAB, code 126263073, licence No. VIK-005
The depository	SEB bank AB, code 112021238, bank licence No. 2



## 2.2 ABOUT INVL TECHNOLOGY

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

On 14 July 2016 INVL Technology received a closed-ended type investment company licence, issued by the Bank of Lithuania. Under the company's Articles of Association, a closed-ended type investment company (UTIB) INVL Technology will operate until 14 July 2026, with a possible extension for two more years. The management of the closed-end investment company has been assumed by INVL Asset Management, a part of asset management group Invalda INVL.

INVL Technology operates as a cluster of B2B- and B2G-oriented IT businesses with a focus in four key areas: business climate improvement and e-governance, IT infrastructure, cyber security and IT intensive industries' solutions.

Currently, INVL Technology has investments in the Norwegian company Norway Registers Development AS with subsidiaries NRD UAB and Etronika UAB in Lithuania, Norway Registers Development East Africa Ltd. in Tanzania, Norway Registers Development Rwanda Ltd. in Rwanda and Infobank Uganda Ltd. in Uganda. It has also invested in BAIP UAB with its subsidiary Acena UAB, NRD CS UAB and Algoritmu Sistemai UAB, all in Lithuania, and Estonia's Andmevara AS with its subsidiary Andmevara SRL in Moldavia.

INVL Technology acts as a financial-strategic investor, 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 PORTFOLIO COMPANIES WHICH UNTILL THE CHANGE OF STATUS INTO THE INVESTMENT SUBJECT FORMED A GROUP

### 2.3.1 Business areas of INVL Technology portfolio companies

INVL 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.



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 licences, 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 Portfolio companies of INVL Technology

#### 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, licences, 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 INVL 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)



**Andmevara AS** (Estonia) is a complex IT solutions and services provider to public sector organisations with expertise in e-Government solutions that include development of registries, important national information systems and software, digitisation, database development and hosting services. Andmevara actively contributes to implementation of Estonian E-Government project, offers several ready-made software products to municipal and governmental institutions, and mostly serves Estonian public sector organisations.

More information – [www.andmevara.ee](http://www.andmevara.ee)

## 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:



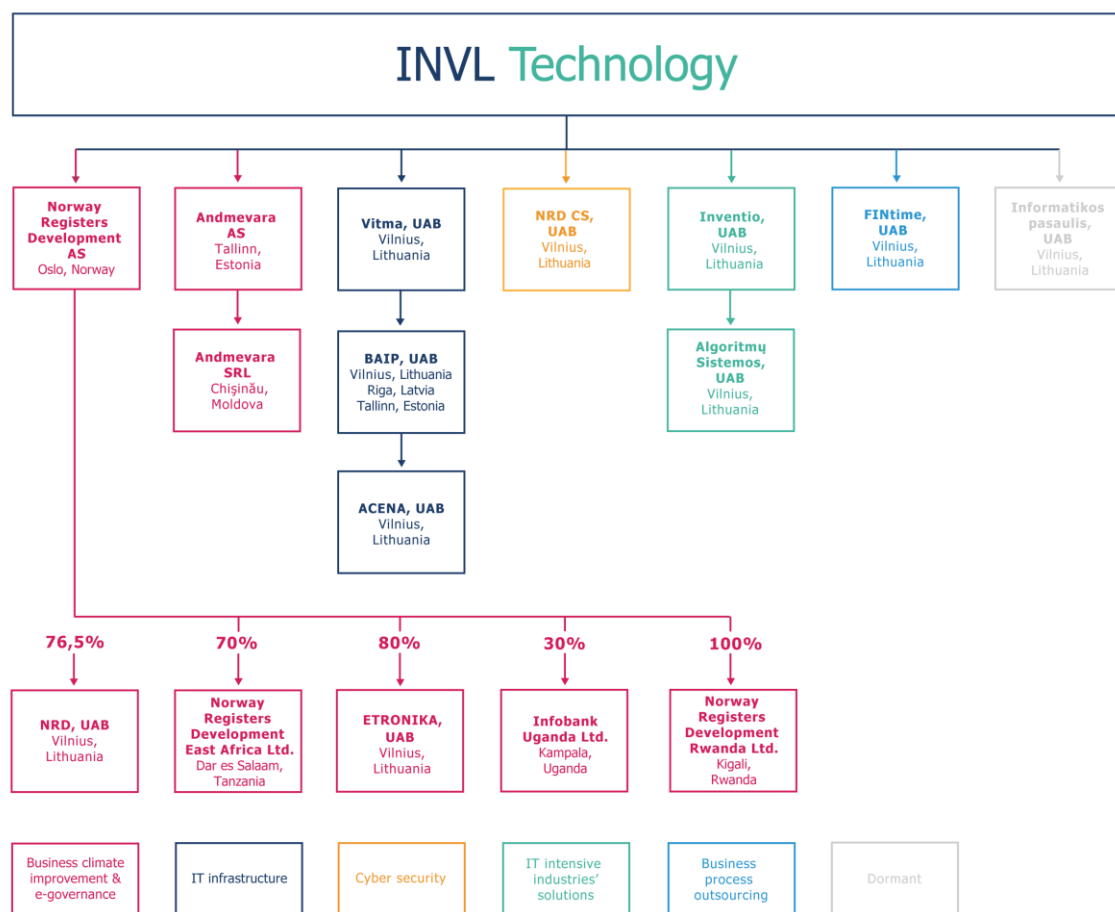
**Algoritmu sistemas UAB** develops high quality, effective and reliable information systems and business process facilitating programs for large and medium-sized public organizations and enterprises. Main fields of company activity include: e-governance, e-health, finance, social security, environmental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

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

## BUSINESS PROCESS OUTSOURCING:

**FIntime UAB** established on 29 February 2016 will provide business process outsourcing services.

### 2.3.3 Structure of the portfolio companies of INVL Technology



### 2.3.4 Geography of INVL Technology portfolio companies'



## 3 AGREEMENTS WITH INTERMEDIARIES ON PUBLIC TRADING IN SECURITIES

INVL Technology has the agreements with Siaulių bankas AB (Seimyniskiu str. 1, Vilnius, Lithuania, tel. +370 5 203 2233) – the agreement on management of securities accounting and the agreement on dividends payment.

During the accounting period the company has signed the agreement with SEB Bank (Gedimino av. 12, Vilnius, Lithuania, tel. +370 5 268 2800) regarding depository services. This agreement came into force 14 July 2016.

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

INVL Technology has no branches or representative offices.

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

The Articles of Association of INVL Technology 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).

During the reporting period the Articles of Association were amended 2 times:

- 17 May 2016 the Register of Legal Entities has registered Articles of Association of a special closed-ended type private capital investment company INVL Technology. Draft Articles of Association were approved at the General Shareholders Meeting held on 29 April 2016.
- 27 June 2016 the Register of Legal Entities has registered Articles of Association of a special closed-ended type private capital investment company INVL Technology. Draft Articles of Association were approved at the General Shareholders Meeting held on 27 June 2016.

The Actual wording of the Articles of Association are dated as of 27 June 2016. The Articles of Association are available on the company's website.

**6 STRUCTURE OF THE AUTHORISED CAPITAL****6.1 STRUCTURE OF THE AUTHORISED CAPITAL OF INVL TECHNOLOGY**

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

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

**6.2 INFORMATION ABOUT THE ISSUER'S TREASURY SHARES**

INVL Technology 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 used no services of liquidity providers during the reporting period. Starting 8 August 2016 Siauliu bankas acts as market maker for INVL Technology shares. Under the agreement, Siauliu bankas will provide liquidity on both bid and ask sides around the INVL Technology spread at least 85 percent of the trading time on the stock exchange, increasing market depth in this way.

**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 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
12,175,321	12,175,321	0.29	3,530,843.09	LT0000128860	INC1L	NASDAQ Vilnius	Baltic Secondary List	04.06.2014

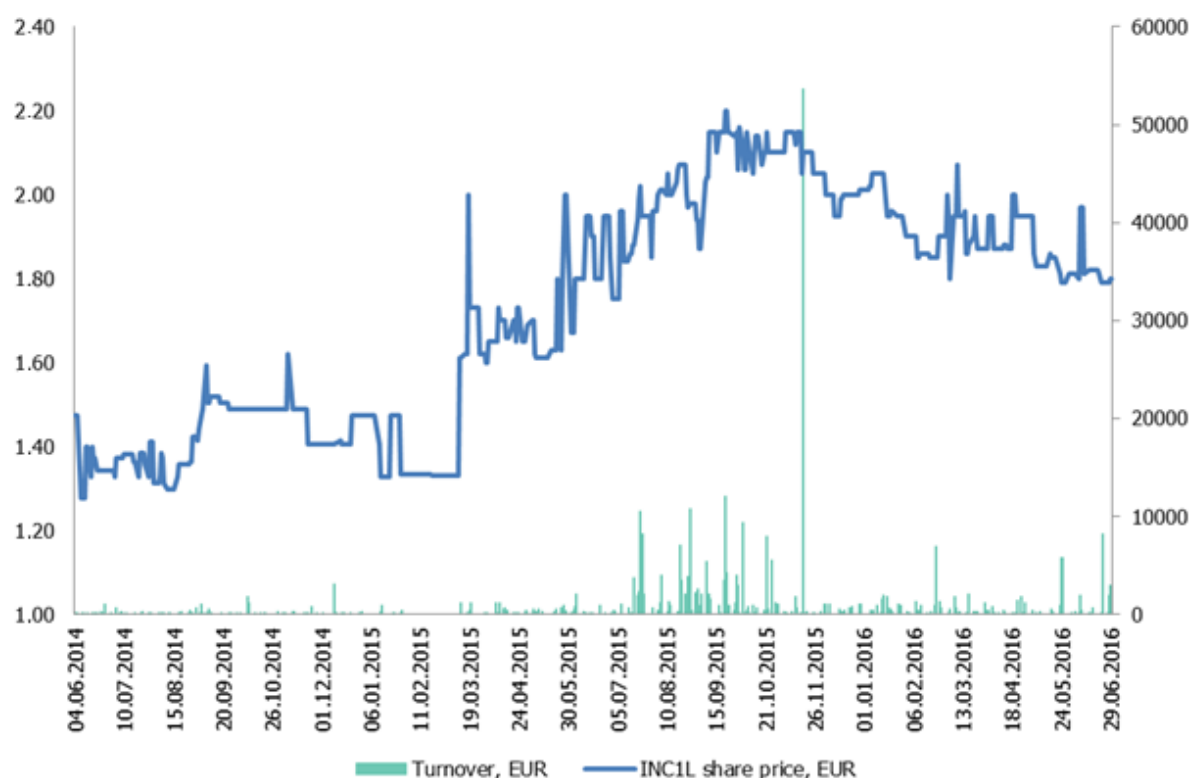
## 7.2 TRADING IN INVL TECHNOLOGY, AB SHARES

Share price, EUR:	2016 1H	2015 1H*	2014 1H*
- Opening	2.01	1.47	1.47
- Highest	2.07	2.00	1.47
- Lowest	1.79	1.33	1.23
- Average	1.90	1.78	1.35
- Last	1.80	1.85	1.34
Turnover, units	38,175	9,660	252
Turnover, EUR	71,327.53	17,225.06	2,316.22
Traded volume, units	196	122	34
Capitalisation, mEUR	21.92	11.31	5.39

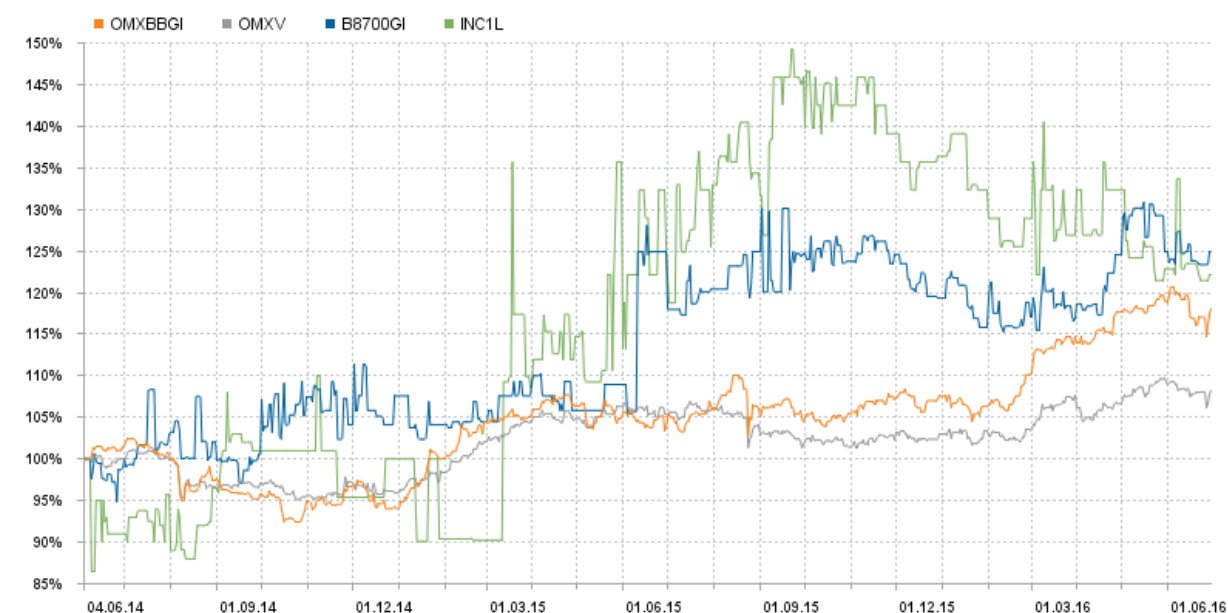
\*From 4 June 2014 (the beginning of the listing of the company in the Stock Exchange) until 12 February 2015 share price is corrected by the reorganisation impact coefficient 0.147370903.

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

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



## 7.3.2 COMPARISON OF INVL TECHNOLOGY SHARE PRICE WITH INDEXES SINCE THE BEGINNING OF TRADING



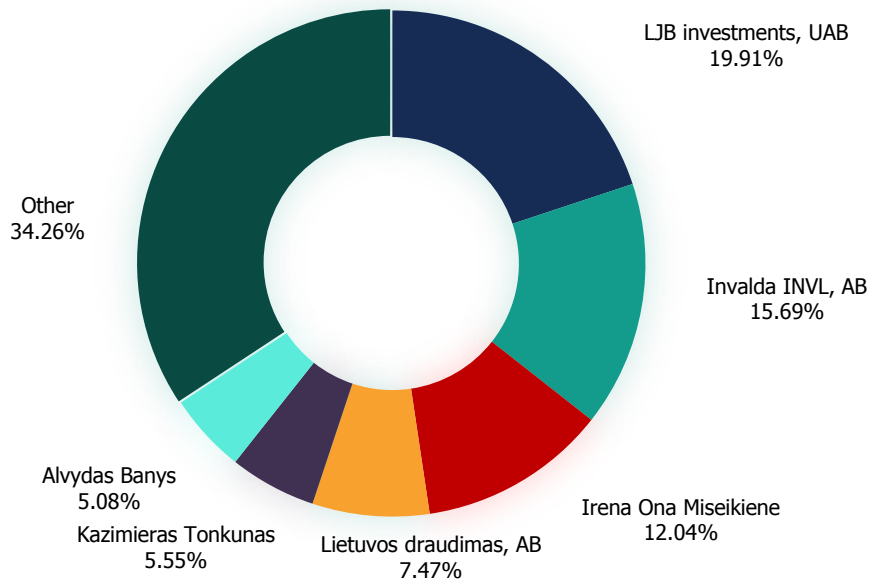
Index/Shares	30.06.2014	30.06.2016	+ / - %
OMX Baltic Benchmark GI	605.06	711.29	17.56
OMX Vilnius	470.30	510.69	8.59
B8700GI Financial Services	1,241.71	1,550.92	24.90
INC1L	1.474 EUR	1.800 EUR	22.12

## 8 SHAREHOLDERS

Total number of shareholders exceeds 3,500.

### 8.1 SHAREHOLDERS, WHO HELD TITLE TO MORE THAN 5 % OF INVL TECHNOLOGY AUTHORISED CAPITAL AND/OR VOTES AS OF 30 JUNE 2016

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, %		
			votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total, %
LJB investments, UAB, code 300822575, A. Juozapaviciaus str. 9A, Vilnius	2,424,152	19.91	19.91	0	19.91
Invalda INVL, AB code 121304349, Gyneju str. 14, Vilnius	1,910,812	15.69	15.69	0	15.69
Irena Ona Miseikiene	1,466,421	12.04	12.04	0	12.04
Lietuvos draudimas, AB code 110051834, J. Basanaviciaus g. 12, Vilnius	909,090	7.47	7.47	0	7.47
Kazimieras Tonkunas	675,452	5.55	5.55	1.53 <sup>1</sup>	7.08
Alvydas Banys	618,745	5.08	5.08	19.91 <sup>2</sup>	24.99



# 3

## ISSUER'S MANAGING BODIES

### 9

## THE MANAGING BODIES OF THE ISSUER TILL 17 MAY 2016



During the reporting period the governing bodies of INVL Technology were the General Shareholders' Meeting, sole governing body – the director and a collegial governing body – the Board. The Supervisory Board was not formed.

The powers of CEO and the Board of INVL Technology have terminated on 17 May 2016 due to the registration of the Articles of Association of a special closed-ended type private capital investment company INVL Technology.

The management of INVL Technology was assumed by the management company INVL Asset Management on 14 July 2016, when the Bank of Lithuania issued the closed-ended type investment company licence.

### 9.1 INFORMATION ABOUT THE BOARD AND ADMINISTRATION OF THE COMPANY

As from 10 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 was elected during the General Shareholders' Meeting of BAIP Grupe, AB on 5 December 2014). Mr. Tonkunas was appointed as the director of the company on 9 December 2014.

<sup>1</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 Kazimieras Tonkunas has votes of his spouse.

<sup>2</sup>According to Part 6 of Paragraph 1 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.



## 9.1.1 THE BOARD AND ADMINISTRATION OF THE COMPANY



**KAZIMIERAS  
TONKUNAS**

CHAIRMAN OF  
THE BOARD

DIRECTOR

The term of office

2014 – 17 May 2016

Educational  
background and  
qualifications

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

Work experience

Since 22 July 2016 Managing Partner of INVL Technology at INVL Asset Management.

2015 – 2016 Director and Chairman of the Board of INVL 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 INVL  
Technology

Personally: 675,452 units of shares, 5.55 % of authorised capital and votes. Together with the spouse: 861,722 units, 7.08 % of authorised capital and votes.

Till 17 May 2016 votes together with other Board members of INVL Technology – 33.39 %.

Participation in other  
companies

Acena, UAB – Board member.

Andmevara, AS – Supervisory Board member.

BAIP, UAB - The Chairman of the Board.

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

NRD, CS – The Chairman of the Board.



**NERIJUS  
DROBAVICIUS**

MEMBER OF  
THE BOARD

The term of office

2014 – 17 May 2016

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 - INVL Asset Management, UAB, Head of Finance and IT department.

Since 2014 works at Invalda INVL, AB group.

2014 – 2012 Independent financial expert.

2011 – 2007 CFO in Sanitas Group.

2007 – 2001 Sampo Bank. Head of Accounting and Reporting department, later – CFO of the bank.

Owned amount of  
shares in INVL  
Technology

Personally: 4,472 units of shares; 0.04 % of authorised capital and votes.

Till 17 May 2016 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, UAB (Latvia) – Member of the Supervisory Board.

INVL atklātais pensiju fonds, AB (Latvija) – Member of the Supervisory Board.

Andmevara AS - The Chairman of the Supervisory Board.

Inservis, UAB – The Chairman of the Board.

Imoniu grupē Inservis, UAB – The Chairman of the Board.

Jurita, UAB - The Chairman of the Board.

Etronika, UAB - Member of the Board.



**VYTAUTAS  
PLUNKSNIS**

MEMBER OF  
THE BOARD

The term of office

2014 – 17 May 2016

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 licence (General) No. G091.

Work experience

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

Since 2015 – Inventio, UAB, Director.

Since 2014 – Consult Invalda, 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

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

Till 17 May 2016 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.

NRD CS, UAB - Member of the Board.

Algoritmu sistemos, UAB - Chairman of the Board.

Vernitas, AB – Member of the Supervisory Board.

Investuotoju Asociacija – Chairman of the Board.

INVL Farmland Management, UAB – Chairman of the Board.

INVL Finasta, UAB FMI - Member of the Board.



**GYTIS  
UMANTAS**

MEMBER OF  
THE BOARD

The term of office

2014 – 17 May 2016

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

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

Till 17 May 2016 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 – 17 May 2016

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

Personally: 618,745 units of shares, 5.08 % of authorised capital and votes.

Together with controlled company LJB Investments, UAB: 3,042,897 units of shares, 24.99 % of authorized capital and votes.

Till 17 May 2016 votes together with other Board members of INVL Technology – 33.39 %.

Participation in other  
companies

Invalda INVL, AB – Chairman of the Board, adviser.

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

May 2015 – April 2016

Educational  
background and  
qualifications

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

Work experience

Since March 2016 – FINtime, UAB, Director

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

-

Participation in other  
companies

Acena, UAB – Board member.

BAIP, UAB - Board member.

During the reporting period accounting services and preparation of the documents related with bookkeeping for INVL Technology were provided by the personnel of INVL Technology. 14 July 2016 the Bank of Lithuania issued the closed-ended type investment company licence. Accounting services from this date are provided by the management company INVL Asset management (code 126263073, address Gyneju str. 14, Vilnius) and FINtime, UAB (code 304192355, address A.Juozapaviciaus st. 6, Vilnius).

## 10 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 Management company in writing at least 14 calendar days in advance. When the Management 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.



**DANUTE  
KADANAITE**

MEMBER OF  
THE AUDIT  
COMMITTEE

The term of office

2016 – 2020

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

-



**TOMAS  
BUBINAS**

INDEPENDENT  
MEMBER OF  
THE AUDIT  
COMMITTEE

The term of office

2016 – 2020

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

-

## **11 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 first half of 2016, the average expenses related to administration remuneration per month amounted to 11.83 thousand EUR. The Members of the Board are not remunerated.

Since 14 July 2016 the management of INVL Technology was assumed by INVL Asset Management. The management fee will be payable to the management company. The management fee during investment period for a full quarter shall be 0.625 percent while after its end it shall be 0.5 percent of the weighted average capitalisation of the company.

### **11.1 INFORMATION ABOUT EXPENSES RELATED TO THE REMUNERATION FOR THE ADMINISTRATION OF THE ISSUER DURING THE FIRST HALF OF 2016 (thousands EUR)**

Salary	108
Social Insurance Taxes	34
Total	142

During the first half of 2016, the Company did not transfer any assets or provided guarantees, and no special payouts have been made by the company to its Director or the CFO.

## **12 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.

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

### **13.1 OPERATIONAL ENVIRONMENT**

4

**INFORMATION  
ABOUT THE  
ISSUER'S AND  
ITS PORTFOLIO  
COMPANIES'  
ACTIVITY**

Index/Shares	2016.01.01	2016.06.30	+/-%
OMX Tallinn	898.99	980.37	9.05
OMX Riga	594.35	620.68	4.43
OMX Vilnius	485.99	510.69	5.08

Source: Nasdaq Baltic

Rate	2009	2010	2011	2012	2013	2014	2015	2016 1H
Real GDP annual change (excluding seasonal and labour days, percent)	-14.9	1.6	6.1	3.7	3.7	3.0	1.6	2.0
Nominal GDP (EUR billion)	26,935	28,028	31,263	33,335	34,962	36,444	37,190	37,602
Retail trade turnover (at constant prices, excluding vehicle trade) annual change (percent)	-21.3	-6.7	6.1	3.9	4.5	5.6	5.3	7
CPI, annual change* (%)	1.3	3.8	3.4	2.8	0.4	-0.3	-0.1	0.7
HICP, annual average change (%)	4.2	1.2	4.1	3.2	1.2	0.2	-0.7	0
Average monthly wage	613.5	614.4	629.9	646.4	677.8	714.5	756.9	748**
Annual change of average monthly wage	-8.7	0.2	2.5	2.6	4.8	5.4	5.9	6.9**

\*As of the last month of the year.

\*\*Data for the first quarter

Source: SEB Bank

	2013	2014	2015	2016	2017
USA	2.2	2.4	2.4	1.9	2.5
Japan	1.6	-0.1	0.6	0.5	0.5
Germany	0.1	1.6	1.7	1.7	1.8
China	7.7	7.3	6.9	6.5	6.3
GB	1.7	2.9	2.3	1.9	2.3
Euro zone	-0.5	0.9	1.6	1.7	1.8
Nordic countries	0.4	1.6	2.2	2.2	2
Baltic countries	3.2	2.8	1.8	2.6	3.1
Lithuania	3.3	3.0	1.6	2.8	3.2
Latvia	4.2	2.4	2.7	2.7	3.5
Estonia	1.6	2.9	1.1	2	2.4
OECD	1.4	1.9	2.1	1.9	2.3
Emerging markets	4.7	4.7	3.9	4.1	4.7
The world, PPP*	3.1	3.5	3.1	3.1	3.7

\* Purchasing Power Parities

Source: SEB Nordic Outlook, February 2016, OECD

## 13.2 SIGNIFICANT ISSUER'S AND ITS PORTFOLIO COMPANIES' EVENTS DURING THE REPORTING PERIOD, EFFECT ON THE FINANCIAL STATEMENT

### 13.2.1 Significant issuer's events during the first half of 2016

- On 12 February 2016** Convocation of an extraordinary general meeting of shareholders of AB INVIL 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 INVIL Technology and approval of a new wording of the Articles of Association of special closed-ended type private capital investment company INVIL Technology. 2. Approval of the Management Agreement of special closed-ended type private capital investment company INVIL Technology with the management company UAB INVIL Asset Management 3. Approval of the Depository Services Agreement of special closed-ended type private capital investment company INVIL Technology with AB SEB.
- On 29 February 2016** INVIL 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 7 March 2016** the resolutions of the extraordinary General Shareholders Meeting of INVIL Technology, AB were announced. A new wording of the Articles of Association of special closed-ended type private capital investment company INVIL Technology, the Management Agreement of special closed-ended type private capital investment company INVIL Technology with the management company UAB INVIL Asset Management and the Depository Services Agreement of special closed-ended type private capital investment company INVIL Technology with AB SEB Bankas were approved.



- **On 21 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.
- **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 was completed on 20 April 2016 signing the share acquisition agreement. 100 per cent of shares was acquired for EUR 664,6 thousand.
- **On 7 April 2016** audited results of INVL Technology for 2015 were announced. Audited net profit of INVL Technology amounted to EUR 2.51 million. Fair value of investments managed by the Company after acquisitions and revaluation reached EUR 16.96 million in 2015.
- **29 April 2016** Resolutions of the Shareholders Meeting of INVL Technology, AB that was held on 29 April 2016 were announced: 1. Presentation of INVL Technology annual report for 2015; 2. Presentation of the independent auditor's report on the financial statements of INVL Technology for 2015; 3. The approval of the consolidated and companies financial statements for 2015 of INVL Technology; 4. Regarding the distribution of the profit of INVL Technology for 2015; 5. The approval of a new wording of the Articles of Association of special closed-ended type private capital investment company INVL Technology; 6. The approval of a new wording of the Management Agreement of special closed-ended type private capital investment company INVL Technology with the management company UAB INVL Asset Management (legal entity code: 126263073, address of the registered office: Gyneju str. 14, Vilnius, Republic of Lithuania).
- **16 May 2016** preliminary operating results of INVL Technology for 3 months of 2016 were announced. Equity of INVL Technology AB as of 31 March 2016 was EUR 24.23 million or EUR 1.99 per share – the same as at the end of 2015. Fair value of investments managed by the Company amounted to EUR 19.7 million on the 31 March 2016. In the first quarter of 2016, it has increased by EUR 2.78 million – mostly due to the acquisition of Algoritmu sistemas UAB and investments in the share capital of managed companies.
- **16 May 2016** INVL Technology has signed a management agreement with INVL Asset Management and an agreement on depository services with SEB Bankas. The agreements will take effect when INVL Technology receives a closed-ended type investment company licence issued by the Bank of Lithuania.
- **17 May 2016** the Register of Legal Entities has registered Articles of Association of a special closed-end type private capital investment company INVL Technology. Draft Articles of Association were approved at the General Shareholders Meeting held on 29 April 2016. After the registration of the Articles of Association, the powers of CEO and the Management Board of INVL Technology have terminated.
- **3 June 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 27 June 2016. Agenda of the extraordinary general meeting of shareholders: 1. Amendment of the Articles of Association of special closed-end type private capital investment company INVL Technology and approval of a new wording of the Articles of Association. 2. Amendment of the Management Agreement of special closed-end type private capital investment company INVL Technology with the management company UAB INVL Asset Management and approval of a new wording of the Management Agreement. 3. Approval of the rules for formation and activities of the audit committee of special closed-end type private capital investment company INVL Technology, election of members of the audit committee and setting remuneration for the independent member of the audit committee. These issues were approved during the general meeting of shareholders held on 27 June 2016.
- **27 June 2016** the Register of Legal Entities has registered Articles of Association of a special closed-ended type private capital investment company INVL Technology. Draft Articles of Association were approved at the General Shareholders Meeting held on 27 June 2016. The Articles of Association indicates that the legal form of the company shall be a public limited liability company, the type of the company - a closed-ended type investment company. The name of the company shall be special closed-ended type private capital investment company INVL Technology. The company shall operate for 10 years after obtaining a closed-ended type investment company licence, the term of activities of the company can be additionally extended for no more than 2 years. The shares of the company are admitted to trading on the NASDAQ Vilnius stock exchange.
- **27 June 2016** INVL Technology has signed an updated management agreement with INVL Asset Management. The agreement will take effect when INVL Technology receives a closed-ended type investment company licence issued by the Bank of Lithuania.



## 13.2.2 SIGNIFICANT EVENTS OF PORTFOLIO COMPANIES IN THE FIRST HALF OF 2016

### BUSINESS CLIMATE IMPROVEMENT AND E-GOVERNANCE. NRD GROUP

#### ACTIVITIES OF NRD GROUP DURING THE FIRST HALF OF 2016



NRD group - Norway Registers Development AS with subsidiaries NRD UAB, ETRONIKA UAB, Norway Registers Development East Africa Ltd, Norway Registers Development Rwanda Ltd. and associated company Infobank Uganda Ltd

In 2016, NRD group continued to implement projects in Sub-Saharan Africa: Tanzania, Zanzibar, Uganda, Burundi, Mauritius, and the Kingdom of Lesotho as well as in South Asia: Bangladesh and the Kingdom of Bhutan.

In Tanzania, NRD group implemented Unified Registry of Beneficiaries System for Tanzania Social Action Fund. In Zanzibar companies successfully finished the adjustment project of the Civil Registration Vital Statistics (CRVS) system. BAIP in joint venture with NRD East Africa completed 2 large scale modernisation projects in the National Bank of Rwanda and signed an additional agreement this year.

Together with NRD CS consultants, NRD group implemented COBIT 5 framework for the governance and management of enterprise IT at the Bank of the Republic of Burundi (BRB) as well as Pre-Investment Study for the Lesotho E-Government Infrastructure Project at the Kingdom of Lesotho. In Bangladesh, the companies continued developing Bangladesh National Computer Incident Response Team (BGD e-GOV CIRT).

In the 6 months of 2016, NRD group also won new international tenders. The companies signed a contract with the Ministry of Finance and Development Planning of Liberia for consultancy services to upgrade Liberia Business Registry System to integrate with Standard Integrated Government Tax Administration System. In Uganda, an agreement was signed with National Information Technology Authority-Uganda (NITA-U) for the extension of the integrated One-Stop-Centre solution.

In August 2016, an agreement was signed with Tanzanian Business Registration and Licensing Agency (BRELA) for the development of an online registration system.

Revenue of NRD group (including ETRONIKA) increased by 100% - from EUR 1.416 million during 6 months of 2015 till EUR 2.834 million during the same period this year. Revenue of NRD group after eliminating ETRONIKA increased by 46 percent (till EUR 2.061 million). EBITDA of NRD group in the first half of 2016 was negative – 107 thousand. In first half of 2015, EBITDA was EUR 147 thousand.

Profit of NRD group was mainly affected by ETRONIKA UAB results and increased expenses of business development in Rwanda and Tanzania. ETRONIKA is included starting from 1 July 2015 when the control was acquired



#### KEY PL ITEMS

EUR Thousand	30.06.2016	30.05.2015
Revenue	2,834	1,416
Gross profit	2,223	1,108
EBITDA	(107)	147
EBIT	(168)	126
Net Profit (Loss)**	(163)	97

\* ETRONIKA, UAB is included from 1 July 2015 when the control was acquired.

\*\*After minority share

- In 2015 revenue of ETRONIKA amounted to EUR 1.835 million, EBITDA – EUR 112 thousand;
- During 6 months of 2015 revenue of ETRONIKA amounted to EUR 514 thousand, EBITDA was negative EUR -295 thousand;
- During 6 months of 2016 revenue of ETRONIKA amounted to EUR 773 thousand, EBITDA was negative EUR -119 thousand;

#### KEY BS ITEMS

EUR Thousand	30.06.2016	31.12.2015
Tangible assets	321	346
Intangible assets	761	772
Other non-current assets	83	74
Current assets	2,293	3,479
of which cash	578	868
<b>TOTAL ASSETS</b>	<b>3,458</b>	<b>4,671</b>
Equity	1,444	1,309
Non-current liabilities	146	191
of which financial debt	26	26
Current liabilities	1,868	3,171
of which financial debt	76	131
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,458</b>	<b>4,671</b>



**ACTIVITIES OF ANDMEVARA DURING THE FIRST HALF OF 2016**

On 20 April INVL Technology acquired 100 per cent of shares in Estonian IT company Andmevara from Estonian Ministry of the Interior for EUR 664.6 thousand. Andmevara has a subsidiary company in Moldova.

Before the transaction, Estonian state paid out EUR 1.25 million in dividends and related taxes. A significant part of Andmevara business (processing of Estonian Population Registry) was spun-off from the Company in the beginning of 2016 and is not a part of the acquisition.

After privatization, Andmevara seeks to update and renew agreements with its long-term clients, acquire new clients and provide services in Estonia and Moldova together with other INVL Technology portfolio companies.

Currently, Andmevara provides services to around 250 clients. The biggest clients include IT and Development Center of the Ministry of the Interior, the Ministry of Internal Affairs, the Ministry of Finance and most of Estonian cities and regions municipalities.

The company is also active in Moldova where it is currently implementing three projects: digitization of 4.8 million archive documents and development of an information system for data preserving at the e-government of Moldova, digitisation of 650 thousand Moldovan court documents and a contract with the Ministry of Foreign Affairs and European Integration of the Republic of Moldova for the partial digitisation of Moldova State Archive paper archive (250 thousand documents) and implementation of search system for digital documents, signed in June 2016.

In Moldova, Andmevara provides the whole portfolio of its services but most of the projects are in the fields of digitisation and information system development. Andmevara clients in Moldova also include the Parliament of the Republic of Moldova, General Prosecutor Office, Bureau for Migration and Asylum and Environmental Pollution Prevention Office.



**KEY PL ITEMS**

EUR Thousand	01.05.2016 - 30.06.2016
Revenue	191
Gross profit	154
EBITDA	(50)
EBIT	(58)
Net Profit (Loss)*	(58)

- In 2015 revenue of Andmevara amounted to EUR 3.46 million, EBITDA – EUR 578 thousand;
- Results of 2015 and 2016 are not comparative because about 30% of business was spun-off before the privatisation.

**KEY BS ITEMS**

EUR Thousand	30.06.2016
Tangible assets	42
Intangible assets	14
Other non-current assets	0
Current assets	492
of which cash	206

**TOTAL ASSETS 548**

Equity	212
Non-current liabilities	31
of which financial debt	0
Current liabilities	305
of which financial debt	0

**TOTAL LIABILITIES AND EQUITY 548**



## ACTIVITIES OF BAIP AND ACENA DURING THE FIRST HALF OF 2016

In 6 months of 2016, IT infrastructure company BAIP implemented projects and signed new agreements in Lithuania, Latvia, Estonia, Denmark, Norway, Rwanda and Burundi.

In Lithuania, BAIP implemented projects in the National courts administration, State Enterprise "Infostruktūra", and Vilnius University Hospital Santariskiu Klinikos. The company also provided maintenance services to Lithuanian Geological Survey and State Consumer Rights Protection Authority.

In Latvia and Estonia, BAIP continued servicing the largest retail chains and Scandinavian banks, while in Norway it signed new critical IT infrastructure maintenance agreements.

In the National Bank of Rwanda, BAIP together with NRD East Africa completed three large scale modernisation projects with a total value of EUR 2.193 million. Two of the projects have begun last year, and in 2016 a new agreement was signed. In the first half of 2016, new service agreement was also signed in the Bank of the Republic of Burundi.

Furthermore, IT operations department was optimised due to application of LEAN methodology and new management methods.



On 7 March 2016 in Vilnius BAIP held its annual conference "Resilience and technologies 2016", attended by the management and heads of IT departments of the biggest Lithuanian corporate and government organisations.

Acena has concentrated on providing services. The company develops Office 365, Project and BI solutions as well as related services with a focus on corporate sector as well as development of own services and unique solutions.

Revenue of the companies operating in the area of IT infrastructure increased from EUR 4.985 million in the 6 months of 2015 to EUR 5.044 million in the same period of 2016.

The revenue loss which occurred due to decrease in demand from the public sector customers in the Baltics in 2016 was compensated by international activities as well as long-term service agreements with large private sector organisations – banks and retail chains.

Due to the new EU funding program currently being prepared, in 2016 IT demand from the public sector customers has decreased. It is expected that new tenders under the new program will begin towards the end of 2016.

BAIP EBITDA and net profit decreased in the 6 months of 2016 due to increased expenses from international development.

According to the management of BAIP, due to third-party activities, BAIP also experienced one-off expenses. However, BAIP management expects that the actions that are being taken will allow to compensate these expenses at least partially.

## KEY PL ITEMS\*

EUR Thousand	30.06.2016	30.05.2015
Revenue	5,044	4,985
Gross profit	1,626	1,596
EBITDA	245	413
EBIT	36	312
Net Profit (Loss)	19	406

\*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	30.06.2016	31.12.2015
Tangible assets	1,303	1,023
Intangible assets	356	334
Other non-current assets	68	145
Current assets	3,971	5,253
of which cash	71	746
<b>TOTAL ASSETS</b>	<b>5,698</b>	<b>6,755</b>
Equity	1,948	2,782
Non-current liabilities	373	115
of which financial debt	373	115
Current liabilities	3,377	3,858
of which financial debt	745	246
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,698</b>	<b>6,755</b>



## ACTIVITIES OF NRD CS DURING THE FIRST HALF OF 2016

In the 6 months of 2016, specialised cyber defence company NRD CS signed new international agreements and implemented projects in Lithuania, Burundi, Lesotho, Bhutan and Bangladesh.

In Lithuania, NRD CS completed IT forensics modernisation project at the Police Department under the Ministry of Interior as well as other cyber security testing, auditing, consulting and training projects.

In addition, NRD CS signed an agreement with Kaunas University of Technology to cooperate in cybersecurity research. KTU and NRD CS will conduct research in the University's academic computer network and laboratories, improve the network security and develop new cybersecurity methods, applicable both in Lithuania and abroad.

In Burundi, NRD CS consultants participated in NRD group project and implemented COBIT 5 framework for the governance and management of enterprise IT at the Bank of the Republic of Burundi (BRB). In the Kingdom of Lesotho, NRD CS consultants participated in the Pre-Investment Study for the Lesotho E-Government Infrastructure Project.

In the Kingdom of Bhutan, together with NRD AS and BAIP, the company completed a national cybersecurity incident response team (BtCIRT) establishment project.

In Bangladesh, NRD CS and NRD AS continue developing Bangladesh National Computer Incident Response Team (BGD e-GOV CIRT).

NRD CS results in the first half of 2016 were positively affected by international development as well as preventative cyber security capabilities development services.

In the 6 months of 2016, the company earned 4 times more revenue than in the same period last year – revenue increased from EUR 150 thousand to EUR 672 thousand.

EBITDA of the company from negative EUR 147 thousand in the 6 months of 2015 increased to EUR 94 thousand in the first half of 2016.



## KEY PL ITEMS

EUR Thousand	30.06.2016	30.05.2015
Revenue	672	150
Gross profit	421	48
EBITDA	94	(147)
EBIT	85	(156)
Net Profit (Loss)	80	(156)

## KEY BS ITEMS

EUR Thousand	30.06.2016	31.12.2015
Tangible assets	36	40
Intangible assets	1	2
Other non-current assets	1	1
Current assets	458	782
of which cash	49	76
<b>TOTAL ASSETS</b>	<b>496</b>	<b>825</b>
Equity	330	250
Non-current liabilities	0	0
of which financial debt	0	0
Current liabilities	166	575
of which financial debt	0	27
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>496</b>	<b>825</b>





## ACTIVITIES OF ALGORITMU SISTEMOS DURING THE FIRST HALF OF 2016

Algorithmu sistemai UAB – developer of high quality, effective and reliable information systems and business process facilitating programs for large and medium-sized public organizations and enterprises – is a part of INVIL Technology portfolio since 21 March 2016.

Main fields of company activity include: e-governance, e-health, finance, social security, environmental protection and education.

The largest clients of Algorithmu sistemai in the first half of 2016 include Klaipeda city municipality, National Health Insurance Fund under the Ministry of Health, State Enterprise Lithuanian Airports and State Tax Inspectorate under the Ministry of Finance.

In 2016, Algorithmu sistemai signed new agreements with the Environmental Protection Agency, State Studies Foundation and Vilnius city municipality.

In addition, the company signed an agreement with the Ministry of Environment of the Republic of Lithuania for the development of the Unified product, packaging and waste accounting information system for EUR 1.7 million.

Together with other INVIL Technology portfolio companies, Algorithmu sistemai started participating in international tenders.

Algorithmu sistemai was profitable during the second quarter of 2016. Revenue of the company reached EUR 624 thousand while EBITDA amounted to EUR 138 thousand.



### KEY PL ITEMS\*

EUR Thousand	01.04.2016 – 30.06.2016
Revenue	624
Gross profit	517
EBITDA	138
EBIT	132
Net Profit (Loss)	132

- In 2015 revenue of Algorithmu sistemai amounted to EUR 2.768 million, EBITDA – EUR 463 thousand;

### KEY BS ITEMS

EUR Thousand	30.06.2016
Tangible assets	59
Intangible assets	0
Other non-current assets	0
Current assets	726
of which cash	38

**TOTAL ASSETS** 785

Equity	443
Non-current liabilities	0
of which financial debt	0
Current liabilities	342
of which financial debt	0

**TOTAL LIABILITIES AND EQUITY** 786

## 13.3 KEY FIGURES OF INV L TECHNOLOGY

Thousand EUR	2016 1H	2015 1H
Change in the fair value of financial assets	(61)	(60)
Profit (loss) before taxes	(317)	(282)
Net profit (loss)	(318)	(257)
	30.06.2016	31.12.2015
Value of financial assets	20,582	16,955
Other assets	3,369	7,393
<b>TOTAL ASSETS</b>	<b>23,951</b>	<b>24,348</b>
Equity	23,925	24,243
Liabilities	26	105
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,951</b>	<b>24,348</b>

## 14 DESCRIPTION OF THE KEY RISKS AND UNCERTAINTIES

The document provides information on risk factors related to INV L Technology

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 INV L Technology.

### 14.1 GENERAL RISK FACTORS IN THE BUSINESS FIELD WHERE THE COMPANY AND ITS PORTFOLIO COMPANIES OPERATE

#### **Risk factor, related to the change of the legal status of the Company**

After the issuance of the Licence by the Bank of Lithuania on 14 July 2016, the Company started to operate not only according to the Law on Companies and Law on Securities and other related legal acts, as it was until obtaining a Licence, but also under the Law on Collective Investment Undertakings and other related legal acts, which establish certain specific obligations in respect of the protection of Company's shareholders and certain operating restrictions, e.g. the Company is entitled to invest the managed funds following the requirements of the investment strategy of the Company, certain limitations of the applicable laws are applied to the Company with regards its investments, their diversification, management thereof, etc. Furthermore, the Company's operating expenses might be increased because of the requirements to conduct periodic property's assessment, protect the Company's property in the Depository and other.

It should also be noted that investments into Shares of the Company (holding a Licence) are related to higher than average, long-term risk. The Company cannot guarantee that the shareholders will get invested funds back.

#### **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.

#### **The recent global sovereign debt crisis could result in higher borrowing costs and more limited availability of credit**

Due to on-going recession and financial disturbance in Europe the availability of capital can be limited and therefore the cost of borrowing can increase. Poor economic situation in Greece, Spain, Cyprus and some other EU member states might further negatively affect the commercial situation of many banks operating in Europe. In addition, the risk of lower consumer confidence can have an adverse impact on financial markets and economic conditions in the EU and throughout the world and, in turn, the market's anticipation or reflection of these impacts could have a material adverse effect on the business of the Company and/or its Portfolio Companies in a variety of ways:

- difficulty or inability to acquire capital for further acquisitions by the Company and/or its Portfolio Companies and to cover financial obligations of current debt;
- increased risk of weak financial condition of the debtors of the Company and/or its Portfolio Companies resulting from current economic situation, etc.

#### **Risk of inflation and deflation**

There is a risk that in case of inflation the value of a Share will grow slower than the inflation, which would result in the return lower than inflation. In such a case, the real return earned by persons who sold the 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.

**Geopolitical risk**

There is a risk that geopolitical changes can have an effect on activities of the Company 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.

## **14.2 RISK FACTORS CHARACTERISTIC OF THE COMPANY AND ITS PORTFOLIO COMPANIES**

**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 has a possibility to sell Shares of the Company in the secondary market as it is indicated in Articles 82 – 84 of the Articles of Association, incorporated by reference to this Prospectus.

**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.

**Transactions with related parties**

There are quite a few transactions with related parties among the Company and its Portfolio Companies. Detailed information about such transactions is presented in Section 4.13 of the Prospectus. Following applicable taxation legislation, transactions with related parties must be conducted at arm's length (i.e. independent and on an equal footing). In spite of the fact that the Management uses all efforts in order to ensure the conformity with the above-mentioned standard, a theoretical taxation risk remains here, i.e. the risk that applicable taxes will be calculated according to prices applicable at arm's length in case it was determined that certain transactions were conducted disregarding this principle, also the risk that relevant fines and default interest will be imposed. Besides, neither the Company nor its Portfolio Companies have approved their pricing policy.

**Success of former, current and future investment projects**

The Company carried out investment projects of large scope in the past and can carry them out in the future. Though the Management Company and its employees, as well as the employees of companies managed by the Company (directly or indirectly), when forecasting investments, rely on all the information and analytical resources they have, there is no guarantee that all the information, which was relied on when planning investments, was full and correct. Besides, there is no guarantee that investment plans and investments will earn the expected or planned return or that the investment will not cost more than planned. If the investment projects which are being carried out or planned investment projects turn out to be worse than expected, if the return on these projects is less than planned or if their price turns out to be more than planned, this can have a significant adverse effect on the Issuer's activities, its financial situation and performance.

Also, there is no guarantee that the current investment projects related to increase of the Portfolio companies' capacities, introduction of new products and/or technologies will meet the needs of the Portfolio companies' customers.

**Issuer's business can be adversely affected by loss of major customers**

Though the Company is not dependent on any one major customer or their group, still loss of one or several of them and inability to substitute other similar customers for the lost ones can have an adverse effect on the Issuer's controlled Portfolio Companies' business, financial situation or performance.

**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.

**Currency risk**

The Operational Companies enter into a large portion of non-EUR denominated agreements in foreign markets, whereas some of their performance costs are incurred in EUR, therefore a drop in the rate of respective currencies can have a negative effect on profitability of the managed companies. A large part of computers and other equipment is purchased from foreign manufactures where payments are also made in non-EUR currencies. Besides, having in mind that the Operational Companies operates 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.

**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.

**Risk of spin-off from Invalda INV L AB**

INV L Technology AB (former parent company) took over 2.6 percent of the assets, equity and liabilities of Invalda LT AB (currently, Invalda INV L AB). If certain obligations of Invalda INV L AB 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 Invalda INV L AB are not distributed, the Company will be liable for obligations of Invalda INV L AB, which according to the terms of spin-off are assigned to the Company.

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

**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, where the Operational Company is acting. 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.

**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 seek to organise timely financing from financial institutions or other parties.

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.

**Risk of investments by Operational Companies**

Operational Companies can control/acquire companies in countries other than those indicated in Article 18 of the 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 the 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.

The Portfolio Companies are party to public sector contracts, which may be affected by political and administrative decisions, and the success and profitability of such contracts may be influenced by political considerations

Public sector customers account for a significant portion of revenues of the Portfolio Companies. The extent and profitability of public sector business of the Portfolio Companies may be influenced by political considerations. It may also be affected by political and administrative decisions concerning levels of public spending. In certain cases, due to applicable regulations, such as European Union tender rules, certain terms of public sector contracts, such as pricing terms, contract period, use of business partners and ability to transfer receivables under contract, provide the Portfolio Companies with less flexibility than comparable private sector contracts do. Moreover, decisions to decrease public spending may result in the termination or downscaling of public sector contracts, which could have a material adverse effect on business, results of operations, financial condition and prospects of the Portfolio Companies.

Contracts in the public sector are also subject to review and monitoring by authorities to ensure compliance with applicable laws and regulations, including those prohibiting anti-competitive practices. The Management believes that it complies with these laws and regulations. However, regulatory authorities may nevertheless deem a Portfolio Company to be in violation of such laws or regulations, and the relevant Portfolio Company could be subject to fines, penalties and other sanctions, including exclusion from participation in tenders for public contracts. Any such event would have a material adverse impact on the business, results of operations, financial condition, prospects and reputation of the Portfolio Company or some of them.

**The Company could be subject to information technology theft or misuse, which could result in third party claims and harm its business, reputation, results and financial condition**

The Company could face attempts by other persons to gain unauthorised access to the Company's information technology systems, which could threaten the security of the Company's information and stability of its systems. These attempts could arise from industrial or other espionage or actions by hackers that may harm the Company or its customers. The Company may be not successful in detecting and preventing such theft and attacks. Theft, unauthorised access and use of trade secrets or other confidential business information as a result of such an incident could disrupt the Company's business and adversely affect its reputation and competitive position, which could materially adversely affect the Company's business, results of operation or financial condition.

**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 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.

## 14.3 RISK FACTORS RELATED TO THE COMPANY'S SHARES (INVESTMENTS THERETO)

**Past performance risk**

The past performance of the Company and its investments is not a reliable indication of the future performance of the investments held by the Company.

**No guarantee of return**

The shareholders and investors of the Company should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Shares will occur or that the investment objectives of the Company will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

**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.

**Turmoil in emerging markets could cause the value of the Shares to suffer**

Financial or other turmoil in emerging markets has in the recent past adversely affected market prices in the world's securities markets for companies operating in the affected developing economies. There can be no assurance that renewed volatility stemming from future financial turmoil, or other factors, such as political unrests that may arise in other emerging markets or otherwise, will not adversely affect the value of the Shares even if the Lithuanian economy remains relatively stable.

**The market value of Shares may be adversely affected by future sales or issues of substantial amounts of Shares**

All the Shares of the Company may be provided for sale without any restrictions (except for certain limited restrictions, described in Section 5.9 of the Prospectus) and there can be no assurance as to whether or not they will be sold on the market.

The Company cannot predict what affect such future sales or offerings of Shares, if any, may have on the market price of the Shares. However, such transactions may have a material adverse effect, even if temporary, on the market price of the Shares. Therefore, there can be no assurance that the market price of the Shares will not decrease due to subsequent sales of the Shares held by the existing shareholders of the Company or a new Share issue by the Company.

**The marketability of the Shares may decline and the market price of the Shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Company's operating performance**

The Company cannot assure that the marketability of the Shares will improve or remain consistent. Shares listed on regulated markets, such as Nasdaq, have from time to time experienced, and may experience in the future, significant price fluctuations in response to developments that are unrelated to the operating performance of particular companies. The market price of the Shares may fluctuate widely, depending on many factors beyond the Company's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Company and the Portfolio Companies and/or their competitors, changes in financial estimates by securities analysts, market conditions in the industry and in general the status of the securities market, governmental legislation and regulations, as well as general economic and general market conditions, such as recession. These and other factors may cause the market price and demand for the Shares to fluctuate substantially and any such development, if adverse, may have an adverse effect on the market price of the Shares which may decline disproportionately to the operating performance of the Company and/or the Portfolio Companies. The market price of the Shares is also subject to fluctuations in response to further issuance of Shares by the Company, sales of Shares by the Company's existing shareholders, the liquidity of trading in the Shares and capital reduction or purchases of Shares by the Company as well as investor perception.

**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, cash flows, investments plans and the general financial situation and other circumstances.

**Liquidity of the Issuer's Shares is not guaranteed**

It may be possible that in case an investor wants to urgently sell the Issuer's securities (especially a large number of them), demand for them on the exchange will not be sufficient. Therefore, sale of shares can take some more time or the investor may be forced to sell shares at a lower price. Analogous consequences could appear after the exclusion of the Company's Shares from the Secondary List of Nasdaq. Besides, in case of deterioration of the Company's financial situation, demand for the Shares of the Company and, at the same time, their price may decrease.

**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 related to forward looking statements (statements in the future tense)**

The Prospectus includes some forward looking statements, 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. Forward looking statements 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 the forward looking statements will reflect future events and circumstances fully and correctly. The Company, the Management Company and their employees do not undertake to adjust or modify the forward looking statements, except to the extent required by laws and the 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 the Articles of Association, incorporated by reference to this Prospectus 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 Operational Companies, competes 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 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 (for more information please see Article 90 of the Articles of Association). 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 97 of the Articles of Association.

## **14.4 LEGAL AND TAXATION RISK FACTORS**

#### **Risk of changes in laws and regulations**

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 Operational 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 Operational Companies or such changes in legal acts can have a negative effect on rights and interests of the Company otherwise.

#### **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.

It should be also noted that, the Company after the reorganisation – the merger of Former parent company with the Company (previous name – BAIP grupe AB), which continues its activities after the reorganisation, took over all the assets, equity and liabilities of the Former parent company. For any and all the obligations of the Former parent company after the reorganisation, the Company took responsibility.

#### **Tax risk**

Lithuanian tax legislation which was enacted or substantively enacted at the end of the reporting period may be subject to varying interpretations. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Management is not aware of any circumstances that could lead to significant tax charges and penalties in the future that have not been provided for or disclosed in these financial statements. Uncertain tax positions of the Company and of the Portfolio Companies are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

There is also a risk that upon changes in economic conditions, political situation in the country or due to any other reasons, new taxes on shareholders of the Company, the Company or the Operational Companies 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.

## 15 SIGNIFICANT INVESTMENTS MADE DURING THE REPORTING PERIOD

### 15.1 NEW COMPANIES AND ACQUISITIONS

On February 29 in Lithuania INV L Technology registered a company FINtime that will provide business processes outsourcing services.

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 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. 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.

On 18 March 2016 Inventio, a subsidiary of INV L Technology, acquired 100 per cent shares of information system development company Algoritmu sistemas for EUR 2.385 million. The acquisition was completed 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. 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. The results of Algoritmu sistemas will be included in the financial reports from the day the control of the companies was transferred – 1 April 2016, and will be reflected in the interim financial report for 6 months of 2016.

On 20 April INV L Technology acquired 100 per cent of shares in Estonian IT company Andmevara from Estonian Ministry of the Interior for EUR 664.6 thousand. Andmevara also has a subsidiary company in Moldova. Before the transaction, Estonian state paid out EUR 1.25 million in dividends and related taxes. A significant part of Andmevara business (processing of Estonian Population Registry) was spun-off from the Company in the beginning of 2016 and is not a part of the acquisition. Company's revenue in 2015 (before the spin-off) was EUR 3.46 million and net profit amounted to EUR 348 thousand. The results of Andmevara will be included in the financial reports from the day the control of the companies was transferred – 1 April 2016, and will be reflected in the interim financial report for 6 months of 2016.

### 15.2 OVERVIEW OF THE GOALS SET FOR 2016

- During 6 months of 2016 value of portfolio companies increased till EUR 20.58 million (at the end of 2015 it amounted to EUR 16.96 million).
- Investment value increased by EUR 3.62 million due to EUR 3.68 million investments into the capital of portfolio companies and EUR 0.06 million decrease of investments' value. Investments into the capital of portfolio companies were mainly to purchase Algoritmu sistemas and Andmevara.
- Cash assets of the company decreased from EUR 6.99 million to EUR 3.36 million at the end of the reporting period amounted to.
- At the end of the second quarter portfolio companies of INV L Technology were estimated at fair value using the same methods that are applied for the closed-ended type investment companies.
- Share value of Vitma which manages 100% of BAIP and its subsidiary Acena, amounts to EUR 11.49 million, share value of cyber security company NRD CS amounts to EUR 1.85 million, NRD group – EUR 3.95 million, Informatikos pasaulis – EUR 4 thousand. Companies FINtime, Inventio (owns Algoritmu sistemas) and Andmevara were value at cost price and their value was respectively EUR 229 thousand, EUR 2.4 million and EUR 665 thousand.
- The company established FINtime, UAB (share capital EUR 229 thousand).
- Norway Registers Development AS, a company managed by INV L Technology, in Rwanda established Norway Registers Development Rwanda.
- The equity of the company amounted to EUR 23.925 million as of 30 June 2016.

## 16 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 six months of 2016 (9 note).

- **14 July 2016** the Bank of Lithuania granted special closed-ended type private capital investment company INV L Technology a licence of closed-ended type investment company providing a right to carry-out activities of the closed-ended type investment company according to the Law on Collective Investment Undertakings.
- **18 July 2016** Director of the Supervision Service of the Bank of Lithuania by the decision No. 241-153 approved the prospectus of special closed-ended type private capital investment company INV L Technology. The approved Prospectus is designated for admission of all the issued ordinary registered shares of the Company to trading on Nasdaq Vilnius AB taking into account fact that Central Bank of the Republic of Lithuania on 14 July 2016 granted the Company licence of closed-ended type investment company. Before the issuance of the closed-ended type investment company licence all the shares of the Company were listed and traded on the Secondary List of Nasdaq Vilnius AB. Following the issuance of the licence, no new shares of the Company were issued. However, taking into consideration the changed status of the Company and aim to have the shares of the Company listed on the regulated market, the Company drafted the Prospectus.
- **18 July 2016** Kaunas University of Technology (KTU) and a cybersecurity technology consulting, incident response and applied research company NRD CS signed a cooperation agreement. KTU and NRD CS will conduct research in the University's academic computer network and laboratories, improve the network security and develop new cybersecurity methods, applicable both in Lithuania and abroad. NRD CS will provide expert knowledge in order to strengthen the cybersecurity component in higher education programmes and improve the information technology study programmes offered by the University by integrating cybersecurity into the curriculum. The company will also propose topics for student projects, Masters and Doctoral theses and provide scholarships for students specialising in the field of cyber security.
- **5 August 2016** INV L Technology has signed the market-making agreement with Siauliu bankas, which has undertaken to act as market maker for the company's shares to increase their liquidity. Under the agreement, Siauliu bankas will provide liquidity on both bid and ask sides around the INV L Technology spread at least 85 percent of the trading time on the stock exchange, increasing market depth in this way. The service is commence from 8 August 2016.

Upon receiving the new status in July 2016, 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.



Darius Šulnis  
Director General  
Management company INV L Asset Management



Kazimieras Tonkūnas  
Chairman of the Investment Committee  
INV L Technology