

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

**1 ABOUT INVL TECHNOLOGY**

Name of the Issuer	Special closed-ended type private capital investment company INVL Technology
Code	300893533
Address	Gyneju str. 16, 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	INVL Asset Management UAB, code 126263073, licence No. VJK-005
The depository	SEB bank AB, code 112021238, bank licence No. 2

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 Sistemios UAB, all in Lithuania, and Estonia’s Andmevara AS with its subsidiary Andmevara SRL in Moldova.

INVL Technology seeks to increase the value of the companies in its portfolio by bringing financial and intellectual capital for growth and add-on acquisitions, management support, and globalization via sales channels in East Africa and Southeast Asia.

2

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

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total, %
LJB investments UAB, code 300822575	2,424,152	19.91	19.91	-	19.91
Invalda INVL AB, code 121304349	1,912,605	15.71	15.71	-	15.71
Irena Ona Mišeikienė	1,466,421	12.04	12.04	-	12.04
Lietuvos draudimas AB, code 110051834	909,090	7.47	7.47	-	7.47
Kazimieras Tonkūnas	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

**THE MANAGING BODIES OF 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.

Investment Committee is a collegial governing body, its task - to ensure the Company's objectives, investment strategy and acceptance of investment and management decisions on the Company's asset management that keeps in line with the risk limits, to carry out the supervision of the decisions.

Investment Committee consists of 4 members: Kazimieras Tonkūnas, Vida Juozapavičienė, Vytautas Plunksnis and Nerijus Drobavičius.

4

**INVL TECHNOLOGY RESULTS AND KEY EVENTS IN 2016**

Equity of the Company as of 30 September 2016 was EUR 23.65 million or EUR 1.94 per share (compared to 1.99 euro per share at the end of 2015).

The Company's **net asset value** as of 30 September 2016 was **EUR 23,650,988 or EUR 1.9425 per share**.

Fair value of investments managed by the Company amounted to EUR 20.45 million on the 30 September 2016. In the nine months of 2016, it has increased by EUR 3.49 million – mostly due to the acquisition of Algoritmų sistemos UAB and investments in the share capital of managed companies. Decrease in fair value on revaluation amounted to EUR 0.2 million. The cash and cash equivalents of the Company decreased from EUR 6.99 million to EUR 3.3 million in the first-third quarters of 2016. Net loss of the Company for the first-third quarters of 2016 was EUR 592 thousand.

At the end of the third quarter of 2016, INVL Technology managed companies were measured at their fair value using methodology approved by the management company INVL Asset Management. 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. As the market conditions or other preconditions used in the valuation did not change significantly, when preparing preliminary operating results for 9 months of 2016, the Company measured fair value of investments using this value adjusted by the net profits or losses and payments to the Shareholders that occurred during the period.

Value of Vitma, which controls 100 per cent of critical IT infrastructure company BAIP UAB and its subsidiary Acena UAB, was estimated at EUR 11.32 million, cybersecurity company NRD CS UAB – at EUR 1.8 million, NRD group – EUR 3.7

<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 of LJB Investments, UAB a company controlled by him.

million. Companies FINtime and Inventio (Company that acquired Algoritmu sistemas, UAB) and Andmevara AS were measured at respectively EUR 262 thousand, EUR 2.68 million and EUR 624 thousand.

With the purpose to inform the Shareholders about the results of INVL Technology managed investments and that shareholders would be able to estimate equity per share of the Company, the Company discloses the operating results of its largest investments as well as key items of the assets and liabilities of the Company.

**4.1 FINANCIAL ASSETS, THOUS EUR**

COMPANY	30.09.2016	31.12.2015
Vitma UAB <sup>3</sup>	11,322	11,474
NRD grupė	3,749	3,708
NRD CS UAB	1,806	1,773
FINtime UAB	262	-
Inventio UAB	2,679	-
Andmevara AS	624	-
Informatikos pasaulis UAB	4	-
<b>TOTAL</b>	<b>20,446</b>	<b>16,955</b>

**4.2 CHANGE IN FAIR VALUE OF FINANCIAL ASSETS, THOUS EUR**

Opening balance	16,955
Investment in the share capital of managed companies*	3,688
Revaluation	(197)
<b>CLOSING BALANCE</b>	<b>20,446</b>

\* Mainly the increase of Inventio UAB share capital to finance the acquisition of Algoritmu sistemas UAB.

**4.3 KEY FINANCIAL DATA OF THE COMPANY, THOUS EUR**

	30.09.2016	30.09.2015
Financial assets at fair value	(195)	(2,766)
Profit (loss) before tax	(591)	(2,465)
Net profit (loss)	(592)	(2,440)
	30.09.2016	31.12.2015
Financial assets value	20,446	16,955
Other assets	3,313	7,393
<b>TOTAL ASSETS</b>	<b>23,759</b>	<b>24,348</b>
Other liabilities	108	105
Equity	23,651	24,243
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,759</b>	<b>24,348</b>

**5 INV L TECHNOLOGY BUSINESS AREAS**

INV L Technology operates as a cluster of B2B- and B2G-oriented IT businesses with a focus in four key areas:



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.

<sup>3</sup> includes both BAIP UAB and Acena UAB



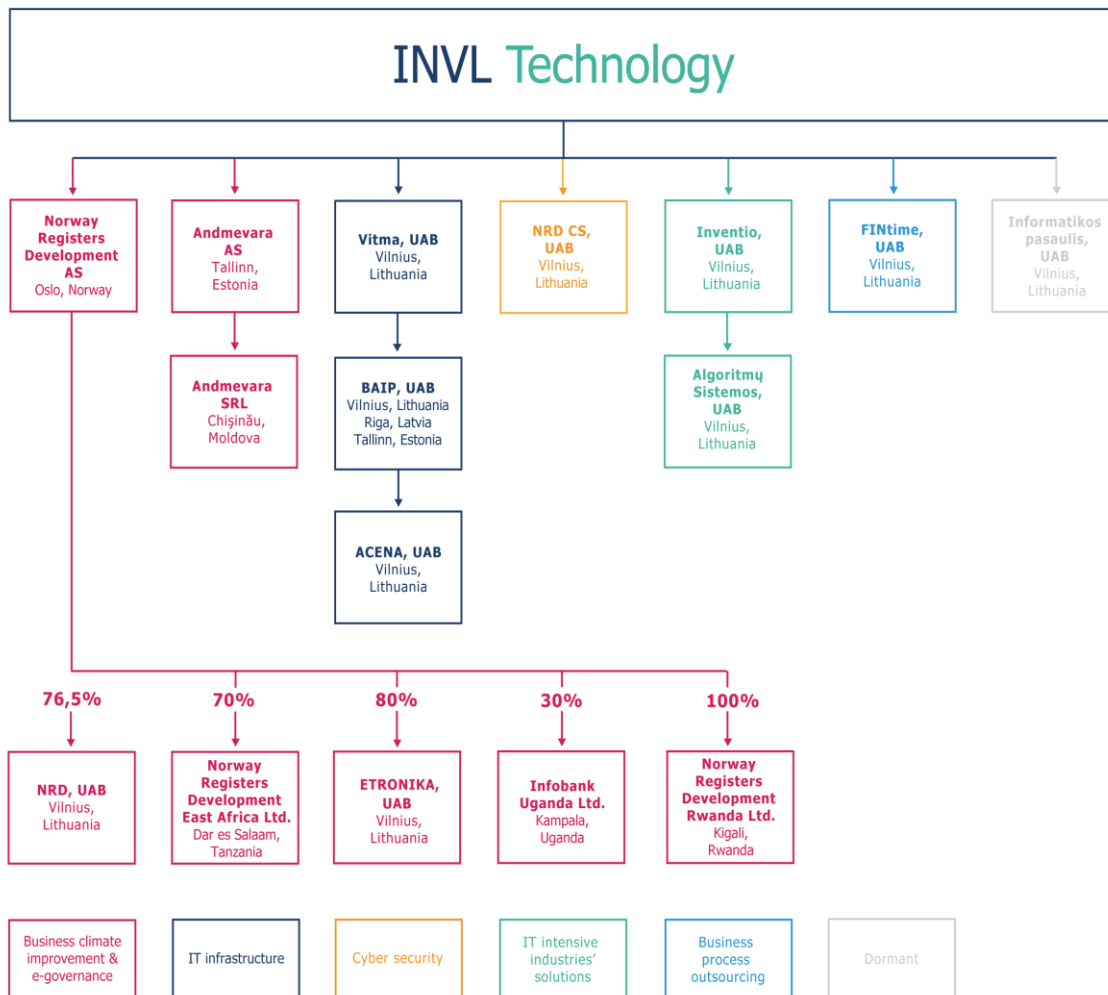
**Cybersecurity** companies provide technology consulting, incident response and National Computer Incident Response Teams (CIRTs/SOCs) establishment services. They are focused on the services to law enforcement, national communication regulators, CERTs, and corporate information security departments.



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.

6

STRUCTURE OF THE PORTFOLIO COMPANIES OF INVL TECHNOLOGY



**7 KEY OPERATING RATIOS OF THE BUSINESSES**

**7.1 KEY PL ITEMS, THOUS EUR**

	BAIP ir Acena <sup>4</sup>		NRD group <sup>5</sup>		NRD CS	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Revenue	7,071	7,305	4,239	3,246	893	409
Gross profit	2,283	2,232	3,068	2,290	560	208
EBITDA	202	420	(278)	249	52	(110)
EBIT	(120)	277	(367)	180	38	(123)
Net Profit (Loss)	(145)	376	(370)	110	33	(125)

	Andmevara <sup>6</sup>		Algoritmų sistemos <sup>7</sup>		Inventio Group (Inventio)	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Revenue	569	-	1 305	-	1 305	-
Gross profit	447	-	1 094	-	1 094	-
EBITDA	(24)	-	304	-	300	(1)
EBIT	(41)	-	292	-	288	(1)
Net Profit (Loss)	(41)	-	292	-	288	(1)

<sup>4</sup> BAIP UAB acquired Acena UAB in October 2016, however, in order to disclose the performance of the IT infrastructure consolidated data presented for the entire period

<sup>5</sup> ETRONIKA UAB is included from the month the control was transferred, i.e. 1 July 2015

<sup>6</sup> Andmevara AS is included from the month the control was transferred, i.e. 1 May 2016

<sup>7</sup> Algoritmų sistemos UAB is included from the month the control was transferred, i.e. 1 April 2016

7.2 KEY BS ITEMS, THOUS EUR

	BAIP ir Acena		NRD group <sup>8</sup>		NRD CS	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Tangible assets	1,208	1,023	312	346	36	40
Intangible assets	355	334	747	772	1	2
Other non-current assets	68	145	51	42	1	1
Current assets	3,663	5,253	2,277	3,397	401	782
<i>of which cash</i>	86	746	255	868	92	76
<b>TOTAL ASSETS</b>	<b>5,294</b>	<b>6,755</b>	<b>3,387</b>	<b>4,557</b>	<b>439</b>	<b>825</b>
Equity	1,783	2,782	1,224	1,253	283	250
Non-current liabilities	373	115	178	191	-	-
<i>of which financial debt</i>	373	115	26	26	-	-
Current liabilities	3,138	3,858	1,985	3,113	156	575
<i>of which financial debt</i>	643	246	97	131	-	27
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,294</b>	<b>6,755</b>	<b>3,387</b>	<b>4,557</b>	<b>439</b>	<b>825</b>

	Andmevara		Algoritmu sistemas		Inventio Group (Inventio)	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Tangible assets	34	61	56	68	56	-
Intangible assets	12	9	-	1	1,826	-
Other non-current assets	-	-	-	2	-	-
Current assets	440	2,176	1,061	862	1,313	-
<i>of which cash</i>	84	1,673	142	442	394	-
<b>TOTAL ASSETS</b>	<b>486</b>	<b>2,246</b>	<b>1,117</b>	<b>933</b>	<b>3,195</b>	<b>-</b>
Equity	230	1,570	603	666	2,680	-
Non-current liabilities	-	-	-	-	-	-
<i>of which financial debt</i>	-	-	-	-	-	-
Current liabilities	256	676	514	267	515	-
<i>of which financial debt</i>	-	2	126	9	126	9
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>486</b>	<b>2,246</b>	<b>1,117</b>	<b>933</b>	<b>3,195</b>	<b>-</b>

<sup>8</sup> ETRONIKA UAB is included from the month the control was transferred, i.e. 1 July 2015

## 8 MAIN EVENTS DURING 9 MONTHS OF 2016

### 8.1 NEW ENTITIES AND ACQUISITIONS

On 29 February in Lithuania INVL Technology registered a company FINtime that provides business processes outsourcing services.

Norway Registers Development Rwanda Ltd. was established in Kigali, Rwanda on the 22 February 2016. NRD Rwanda offers 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. NRD Rwanda attracts and combines 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 INVL Technology, acquired 100 per cent shares of information system development company Algoritimų sistemų 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.

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 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 was not a part of the acquisition. Company's revenue in 2015 (before the spin-off) was EUR 3.433 million and net profit amounted to EUR 348 thousand. The results of Andmevara are included in the financial reports from the day the control of the companies was transferred – 1 April 2016.

In October 2016, NRD Bangladesh Ltd. incorporation process has been initiated. Company establishment procedures are expected to be completed this year.

### 8.2 BUSINESS CLIMATE IMPROVEMENT AND E-GOVERNANCE

NRD companies (Norway Registers Development AS with its subsidiaries NRD UAB, Etronika UAB, Norway Registers Development East Africa Ltd., Norway Registers Development Rwanda Ltd. and an associated company Infobank Uganda Ltd.), continued projects in Tanzania, Zanzibar, Uganda, Burundi, Mauritius, the Kingdom of Lesotho and Southeast Asia, and won new international tenders.

In Tanzania, Norway Registers Development AS with its subsidiaries NRD UAB and Norway Registers Development East Africa Ltd signed an agreement with Business Registrations and Licensing Agency (BRELA) and began the design and development of an Online Registration System at BRELA.

The 4th annual Cyber Defence East Africa 2016 conference-trainings, organised by NRD Companies together with NRD CS and the National Information Technology Authority - Uganda (NITA-U) took place in Kampala, Uganda on 27-29th September 2016.

In Saint Kitts and Nevis NRD UAB, in joint venture with Norway Registers Development AS signed a 6 months long contract with the Ministry of Sustainable Development. NRD Companies will contribute to the implementation of Saint Kitts and Nevis National Statistics Development Strategy (2015-2020) by developing the Statistical Business Register.

Revenue of NRD companies, including Etronika UAB, increased from EUR 3.246 million in 9 months of 2015 to EUR 4.239 million in the same reporting period this year. Excluding Etronika's results, revenue of the NRD group grew by about 11 per cent to EUR 3.426 million (compared with the EUR 3.16 million in the same period last year). NRD companies' EBITDA (earnings before interest, tax, depreciation and amortization) in the 9 months of 2016 was a negative EUR 278 thousand, compared with a positive EBITDA of EUR 249 thousand in the same period last year. The biggest factor behind

the change in the profit of the NRD group was Etronika UAB, which is included into the group's accounts from 1 July 2015 when it was acquired by Norway Registers Development. Results were also influenced by costs related to the business expansion in Rwanda, Tanzania and Bangladesh as well as negative impact of related to NOK rate fluctuation compared to USD and EUR.

Etronika UAB revenue grew from EUR 978 thousand in the 9 months of 2015 to EUR 1.119 million in the 9 months of 2016. Over the same period, its EBITDA loss shrank from EUR 222 thousand to EUR 214 thousand. In 2015 Etronika UAB had revenue of EUR 1.835 million and EBITDA of EUR 112 thousand.

Estonia-based Andmevara, which was acquired in April this year, currently serves 250 clients in Estonia and Moldova. Currently, largest Andmevara clients include Estonian SMIT, Ministry of the Interior, Ministry of Finance and municipalities. In June 2016 a contract was signed for partial digitalization of the Moldova State Archive and implementation of a search system.

### 8.3 IT INFRASTRUCTURE

BAIP UAB, which works in the area of IT infrastructure, carried out projects and signed new contracts in the Baltic States, Denmark, Norway, Rwanda and Burundi. The company implemented projects and maintenance agreements in a variety of Lithuanian institutions and organizations. BAIP continued to provide services for the largest retail chains and Scandinavian banks in Latvia and Estonia, and also expanded its activities in Norway.

In addition, this year, BAIP UAB together with NRD East Africa implemented three modernization projects at Rwanda's central bank with a total value of EUR 2.193 million. Two of the projects began last year and the third began this year after a new tender was won. In 2016, a new maintenance agreement was also signed with the central bank of Burundi.

Acena UAB has shifted to a service provider business model focusing on large corporate clients and the development of its own services and custom solutions.

The revenue of the IT infrastructure businesses reached EUR 7.071 million in the 9 months of 2016, while in the same period last year it was EUR 7.305 million. EBITDA and net profit in this area decreased in the 9 months of 2016 due to higher costs for international expansion. EBITDA was EUR 202 thousand and net loss was EUR 145 thousand.

Business results in the area of IT infrastructure were also impacted by delays in the start of a new EU structural funds investment programme, which has reduced public sector demand for IT services this year. Procurement under the new EU programme, which is currently being set up, is expected to begin at the end of the year. Lost income in the Baltic public sector this year has been offset by international activities and long-term service agreements with large corporate clients, namely banks and retail chains.

### 8.4 CYBER SECURITY

The results of the cybersecurity firm NRD CS UAB continue to be boosted by international expansion and preventative Cyber security capacity building services. Revenue more than doubled from EUR 490 thousand in the 9 months of 2015 to EUR 893 thousand in the same period this year. The company's EBITDA improved from a negative EUR 110 thousand in 9 months of 2015 to a positive EUR 52 thousand in the same period of this year.

In the 9 months 2016, NRD CS UAB signed new international contracts and carried out projects in Lithuania, Burundi, Bhutan and Bangladesh.

In Lithuania, classified cyber security testing, auditing, consulting, training and open source intelligence (OSINT) projects were implemented. In addition, a cooperation agreement was signed with Kaunas University of Technology for joint research in the area of cybersecurity. NRD CS UAB also implemented various initiatives to commemorate October – European Cyber Security Month.

In Bangladesh, NRD CS UAB and NRD AS are continuing to establish the national cybersecurity incident response team, they also held financial fraud prevention trainings.



The 4th annual Cyber Defence East Africa 2016 conference-trainings, organised by NRD Companies together with NRD CS UAB and the National Information Technology Authority - Uganda (NITA-U) took place in Kampala, Uganda on 27-29th September 2016.

## 8.5 IT INTENSIVE INDUSTRIES' SOLUTIONS

In the 9 months of this year, the largest clients of Algoritmų Sistemų UAB, which provides solutions for IT intensive industries, were Klaipėda city municipality, Vilnius city municipality, National Health Insurance Fund, State Studies Foundation, Lithuanian Airports, State Tax Inspectorate and Environmental Protection Agency.

New contracts have also been signed with Ministry of Environment of the Republic of Lithuania, National Health Insurance Fund, Anykščiai district municipality and Ukmergė district municipality.

Algoritmų Sistemų UAB, which was acquired by INVL Technology in March this year, was profitable during the second and third quarters of 2016. Revenue of the company in the period from April to September 2016 reached EUR 1.305 million and EBITDA EUR 292 thousand.