# INVL TECHNOLOGY AB

INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN
UNION

# GENERAL INFORMATION

**Board of Directors**

Mr. Kazimieras Tonkunas (chairman of the Board)
Mr. Gytis Umantas
Mr. Alvydas Banys
Mr. Vytautas Plunksnis
Mr. Nerijus Drobavicius

**Management**

Mr. Kazimieras Tonkunas (director)

**Address and company code**

Registration address
Gyneju str. 16,
Vilnius,
Lithuania

Company code 300893533

These financial statements were approved for issue and signed by the Management and the Board of Directors on 30 November 2015.

| | |
|---|---|
| Mr. Kazimieras Tonkunas<br>Director | Mr. Kristupas Baranauskas<br>Finance director |

## Management report

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

The Company is as an investment entity, which was created on 9 February 2015 after INVL Technology AB was merged into BAIP grupė AB. BAIP grupė AB took over all the rights and obligations and continues operations under the new name – INVL Technology AB. As the Company continues activities, which allow the Company to comply with requirements of IFRS 10, applicable to investment entity, the Company's investments are accounted for at fair value and are not consolidated, the comparative figures are provided of the former INVL Technology AB that was merged to BAIP grupė, AB.

The Company's financial assets measured at fair value was EUR 12,136 thousand on the 30 September, 2015. Compared to the 31 December, 2014, the fair value decreased by EUR 2,766 thousand (compared to the fair value of the financial assets on the 31 December, 2014, acquired during reorganisation which ended on the 9 February 2015). During the first nine months of 2015 the Company had a net loss of EUR 2,440 thousand, which was incurred mainly due to the aforementioned change in the fair value as well as the interest expenses. During the first nine months of 2015, the Company received EUR 598 thousands dividends from the managed companies, and it did not sell any of the companies, except as described on events after reporting period in the interim condensed financial statements for the nine months of 2015.

The Company performs independent appraisal annually while preparing annual financial statements. During preparation of interim condensed financial statements, the Company measures fair value of investments either using EBITDA multiple, using historical EBITDA of last 12 months and multiples of comparable entities (as disclosed in the Note 4 of these unaudited interim condensed financial statements), either acquisition cost if the transaction occurred recently. Respectively decrease in fair value of BAIP UAB and NRD CS UAB was influenced by comparatives figures which were impacted by the project execution cycles and purchasing cycles of large organizations. Acena UAB and ETRONIKA UAB were stated at acquisition cost due to the recent transactions.

INVL Technology operates as a cluster of IT businesses working with large corporates 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. In order to generate significant investment return for investors, INVL Technology invests in mature IT companies providing solutions to large corporates and government entities, having production capacity in the Baltics or Eastern/Central Europe and the potential for synergetic cooperation with other INVL Technology AB companies. INVL Technology AB 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.

On 8 June 2015 the Bank of Lithuania approved the prospectus of issue of INVL Technology AB ordinary registered shares and public offering began on the 10 June, 2015, and was finished on the 3 July, 2015. The company successfully completed 6,060,607 new share issue placement during the public offering for the final offering price of EUR 1.65 per share. New version of the Articles of Association has been registered on 8 July 2015 which states that share capital of INVL Technology, AB amounts to EUR 3,530,843.09, it is divided into 12,175,321 shares, which provides voting rights in amount of 12,175,321. Nominal value per share is EUR 0.29. After the public offering, major shareholders of INVL Technology AB became: Alvydas Banys (5%) and a company controlled by him „LJB Investments" (20%), Invalda INVL, AB (16%), Irena Ona Mišeikienė (12 %), Lietuvos draudimas, AB (7%), Kazimieras Tonkūnas (6%).

On 1 September 2015, based on the decision made on the shareholders meeting dated 10 April 2015, the Board of INVL Technology applied to the Bank of Lithuania for issuance of the closed-end investment company license. Upon issuance of this license management of the Company will be transferred to INVL Asset Management UAB - a licensed asset management company, controlled by the subsidiary of one of the largest investment and asset management groups in the Baltic countries Invalda INVL AB. Planned term of closed-end investment company - 10 years (with option to extend for 2 years), investment period - 5 years. SEB Bank AB is expected to be selected as the custodian of INVL Technology AB assets.

INVL Technology shares will remain listed on NASDAQ Vilnius stock exchange. It is expected that INVL Technology will be the first listed closed-end private equity investment company in the Baltic countries.

**The largest INVL Technology AB investments currently are companies in Lithuania, Norway, Tanzania and Uganda.**

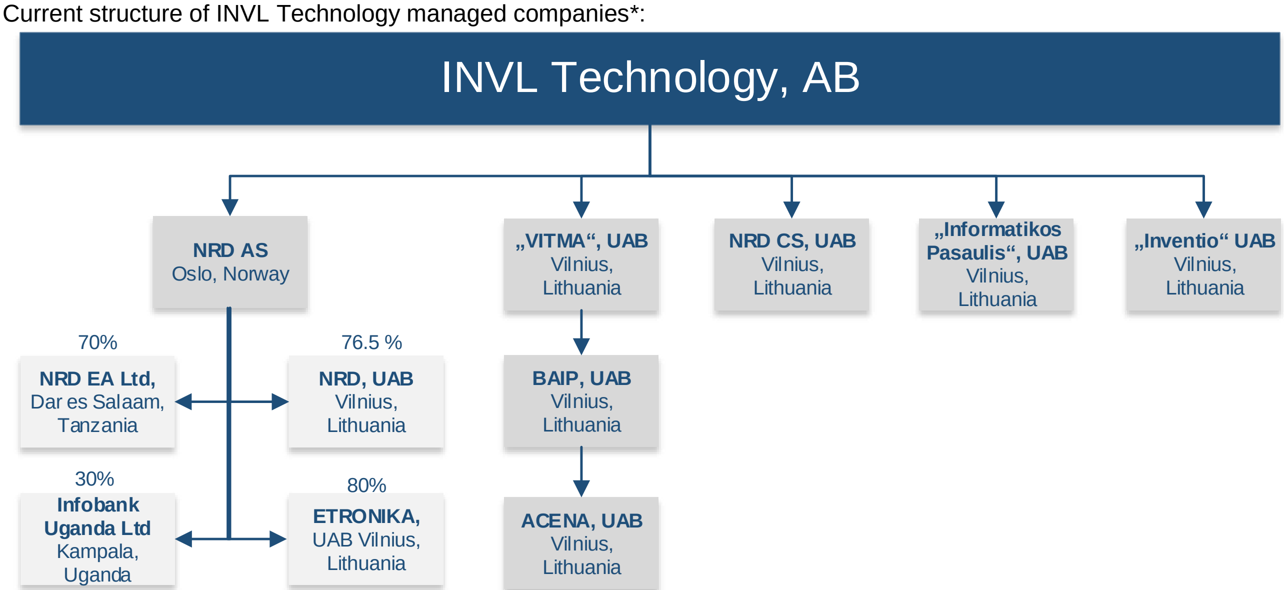
In the 9 months of 2015, the number of Norway Registers Development AS (further on NRD AS) subsidiaries (together - NRD group) has increased. On the 23 March, 2015 Norway Registers Development AS (NRD AS) which owns 30 per cent of Infobank Uganda Limited shares signed Infobank Uganda Limited shareholders agreement. Infobank Uganda intends to work with different registries which are currently largely paper based, and provide registries information to financial sector clients via electronic system. Innovative solutions will allow businesses to obtain the required information, use remote services to order and receive information, order official documents and use a spectrum of electronic services despite paper based registries being in operation. Infobank Uganda activities will contribute to the improvement of business climate in Uganda, simplify and accelerate activities of financial institutions and therefore increase credit availability for businesses.

On the 24 July, ETRONIKA UAB acquisition was completed. NRD AS acquired 80 per cent shares of electronic banking, mobile signature, electronic transport tickets, and retail software solutions' developer ETRONIKA UAB for EUR 200 thousand. Representatives of INVL Technology AB Nerijus Drobavičius and Vida Juozapavičienė as well as one of the co-founders of ETRONIKA Jonas Šulcas were elected to the board of ETRONIKA. Kęstutis Gardžiulis, current CEO of ETRONIKA, remains in this position and will continue to lead the company.

Furthermore, in order to simplify the structure and management of INVL Technology investments portfolio by linking the companies working in the field of IT infrastructure, the Board of INVL Technology on 29 September 2015 decided that 100 percent shares of a specialized Microsoft solutions company Acena UAB will be transferred to another INVL Technology managed company BAIP UAB.

The deal value is equal to the value of Acena at the end of June 2015 – EUR 412 thousand, therefore the deal did not influence INVL Technology performance indicators. After the share transfer, Acena preserved its name, and Marius Leščinskas continues acting as the CEO of the company.

Current structure of INVL Technology managed companies*:




* 100 percent shares of Acena UAB transfer to BAIP UAB was completed on 2 October 2015.

**In the 9 months of 2015 as well as after the balance sheet date, INVL Technology AB managed companies signed new strategic agreements in the Baltics, East and South Africa and South Asia that will generate long term revenue for the whole group.**

In the 9 months of 2015, revenue of **NRD group**, working in the field of business climate improvement and e-governance, was EUR 3,243 thousand – 30 percent more than last year. While implementing more complex and higher value added projects, EBITDA of NRD group in the 9 months of 2015 reached EUR 249 thousand (in the same period of 2014 EBITDA was negative EUR 61 thousand). Higher value added was also created by an increased share of consultancy tasks in the projects as well as successful NRD UAB activities both in Lithuania and in NRD group projects in East Africa and Southeast Asia markets.

In Africa, NRD AS signed USD 415 thousand contract with National Information Technology Authority-Uganda (NITA-U) to design and implement an integrated One-Stop-Centre solution at Uganda Investment Authority. In Uganda, formal negotiations regarding a public private partnership with Uganda Registration Services Bureau are taking place, related to Infobank Uganda Ltd activities.

Together with NRD UAB, company also signed a USD 480 thousand (inclusive of withholding tax) contract with Tanzania Social Action Fund for Consultancy Services to Develop Unified Registry of Beneficiaries System. In Tanzania, the company also implemented a UNDP financed Certification and Security Audit of Election Management Systems.

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

In the 9 months of 2015, NRD group companies also implemented projects in Zanzibar, Liberia, Mozambique and Mauritius.

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

IT infrastructure services company **BAIP, UAB** in the 9 months of 2015 earned revenue of EUR 6,545 thousand – 23 percent less than in the same period last year (EUR 8,531 thousand), while EBITDA of the company decreased by 60 percent to EUR 428 thousand (in the same period in 2014, EBITDA was EUR 1,057 thousand).

During the 9 months of 2015, BAIP successfully carried out its mid-term goals – expanded operations to Latvia and Estonia and signed more agreements for maintenance services. Despite the weaker 9 months in the context of revenue (in 2014, completion of large data center modernisation projects in the frontier markets has significantly influenced the results), the foundation was laid to expect better results by the end of 2015.

During the 9 months of 2015, BAIP signed an agreement with Lithuanian electricity transmission system operator Litgrid for the implementation of a data backup and recovery system worth 201.5 thousand euros. The company also deployed new internet bank terminals for Swedbank customers and agreed on integrated support services in bank's branches in Lithuania, Latvia and Estonia. Long-term maintenance contract was also signed with the company Palink that manages the retail chain IKI. Furthermore, BAIP UAB entered into the market of enterprise mobility management (EMM) solutions and services, and implemented an EMM project in one of the largest Scandinavian banks across the Baltics.

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

**Acena UAB** revenue increased by 91 percent to EUR 936 thousand, while EBITDA was negative EUR 8 thousand (compared to EUR 5 thousand in the 9 months of 2014). In 2015, Acena was selected as Microsoft country partner of the year for Lithuania. 100 percent shares of Acena transfer to BAIP UAB was completed on 2 October 2015.

INVL Technology managed companies, working in the area of IT infrastructure, had revenue of EUR 7.3 million during 9 months of 2015 (compared to EUR 8.8 million during the same period last year).

The results of specialised cyber defence company **NRD CS UAB** in Lithuania were impacted by the delay of a few planned projects. However, the company invested in the development of international markets which resulted in several long-term projects in frontier markets. The revenue of the company in the 9 months of 2015 reached EUR 409 thousand (in 2014 it was EUR 395 thousand). EBITDA was negative – EUR 110 thousand. In the same period last year, NRD CS EBITDA was negative EUR 69 thousand.

In 2015, NRD CS together with other INVL Technology AB managed companies signed contracts and began implementing two projects in the South Asia region: Bangladesh and Bhutan. A two year, 912 thousand USD (including taxes) contract was signed with Bangladesh Computer Council (BCC) for the development of a modern National Cyber Defence and Cyber Security Doctrine. An agreement worth USD 150,489 (inclusive of local indirect taxes) was signed with Department of IT & Telecom under the Ministry of Information & Communications, the Royal Government of Bhutan for the consultancy services to establish BtCIRT. This allows the companies to enter a new market with 160 million people, and creates preconditions for further international development.

(all amounts are in EUR thousand unless otherwise stated)

Key operating ratios of the main subsidiaries of the Company are as follows:

| Key PL items | BAIP | | Acena | | NRD group* | | NRD CS | |
|---|---|---|---|---|---|---|---|---|
| | **2015 III Q** | **2014 III Q** | **2015 III Q** | **2014 III Q** | **2015 III Q** | **2014 III Q** | **2015 III Q** | **2014 III Q** |
| Revenue | 1,863 | 3,288 | 206 | 74 | 1,827 | 808 | 259 | 46 |
| EBITDA | 71 | 315 | (8) | (12) | 99 | (4) | 37 | (58) |
| EBIT | 30 | 260 | (10) | (13) | 51 | (22) | 33 | (60) |
| **Net Profit (Loss)** | **(35)** | **305** | **(7)** | **(13)** | **(11)** | **3** | **31** | **(61)** |
| | **2015 9 months** | **2014 9 months** | **2015 9 months** | **2014 9 months** | **2015 9 months** | **2014 9 months** | **2015 9 months** | **2014 9 months** |
| Revenue | 6,545 | 8,531 | 936 | 490 | 3,243 | 2,495 | 409 | 395 |
| EBITDA | 428 | 1,057 | (8) | 5 | 249 | (61) | (110) | (69) |
| EBIT | 289 | 882 | (12) | 4 | 180 | (112) | (123) | (74) |
| **Net Profit (Loss)** | **388** | **1,000** | **(12)** | **4** | **110** | **(82)** | **(125)** | **(75)** |

| Key BS items | BAIP | | Acena | | NRD group* | | NRD CS | |
|---|---|---|---|---|---|---|---|---|
| | **2015.09.30** | **2014.12.31** | **2015.09.30** | **2014.12.31** | **2015.09.30** | **2014.12.31** | **2015.09.30** | **2014.12.31** |
| Non-current assets | 757 | 440 | 13 | 1 | 1,192 | 568 | 47 | 50 |
| Current assets | 3,829 | 6,054 | 239 | 314 | 2,516 | 1,224 | 253 | 380 |
| *of which cash* | 913 | 743 | 71 | 94 | 295 | 151 | 22 | 43 |
| **Total assets** | **4,586** | **6,494** | **252** | **315** | **3,708** | **1,792** | **300** | **430** |
| Equity | 2,159 | 2,930 | 84 | 95 | 581 | 533 | (16) | 109 |
| Non-current liabilities | 215 | 409 | - | - | 193 | 195 | - | - |
| *of which financial debt* | 215 | 409 | - | - | 88 | 82 | - | - |
| Current liabilities | 2,212 | 3,155 | 168 | 220 | 2,934 | 1,064 | 36 | 321 |
| *of which financial debt* | 75 | 351 | - | - | 212 | 52 | 71 | - |
| **Total liabilities and equity** | **4,586** | **6,494** | **252** | **315** | **3,708** | **1,792** | **300** | **430** |

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

(all amounts are in EUR thousand unless otherwise stated)

## Interim statement of comprehensive income

| | Note | 2015 9 months | 2014 9 months | 2015 III quarter | 2014 III quarter |
|---|---|---|---|---|---|
| | | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenue | | 171 | - | 60 | - |
| Net change in fair value of financial assets | 4 | (2,766) | 16 | (2,706) | (791) |
| Dividend income | 5 | 598 | - | 598 | - |
| Interest income | | 21 | - | 8 | - |
| Other income | | 22 | - | 5 | - |
| **Total income** | | **(1,954)** | **16** | **(2,035)** | **(791)** |
| Employee benefits | | (177) | (2) | (79) | (1) |
| Other expenses | | (166) | (15) | (55) | (5) |
| **Total operating expenses** | | **(343)** | **(17)** | **(134)** | **(6)** |
| **Operating profit (loss)** | | **(2,297)** | **(1)** | **(2,169)** | **(797)** |
| Costs on financing activities | 6 | (168) | - | (13) | - |
| **Profit (loss) for the reporting period before tax** | | **(2,465)** | **(1)** | **(2,182)** | **(797)** |
| Income tax benefit | 7 | 25 | - | - | - |
| **Net profit (loss) for the reporting period** | | **(2,440)** | **(1)** | **(2,182)** | **(797)** |
| Other comprehensive income for the reporting period less the income tax | | - | - | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD LESS INCOME TAX** | | **(2,440)** | **(1)** | **(2,182)** | **(797)** |
| Attributable to: | | | | | |
| - Shareholders of the parent company | | (2,440) | (1) | (2,182) | (797) |
| Basic and diluted earnings (deficit) per share (in EUR) | 8 | (0.38) | (0.00) | (0.34) | (1.34) |

(all amounts are in EUR thousand unless otherwise stated)

## Interim statement of financial position

| | Notes | 30 September 2015 | 31 December 2014 |
|---|---|---|---|
| | | Unaudited | Unaudited |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Tangible and intangible assets | | 5 | - |
| Financial assets measured at fair value through profit or loss | 4 | 12,136 | 7,828 |
| Deferred income tax asset | | 25 | - |
| **Total non-current assets** | | **12,166** | **7,828** |
| **Current assets** | | | |
| Trade and other amounts receivable | | 261 | - |
| Prepayments and deferred charges | | 2 | - |
| Short term loans and current portion of long term loans | | 326 | - |
| Cash and cash equivalents | | 6,606 | 25 |
| **Total current assets** | | **7,195** | **25** |
| **Total assets** | | **19,361** | **7,853** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 9 | 3,531 | 172 |
| Share premium | 9 | 8,421 | 250 |
| Reserves | | - | 579 |
| Retained earnings | | 7,338 | 6,846 |
| **Total equity** | | **19,290** | **7,847** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Non-current loans | | - | - |
| **Total non-current liabilities** | | | **-** |
| **Current liabilities** | | | |
| Trade payables | | 27 | 3 |
| Employment related liabilities | | 42 | - |
| Other current liabilities | | 2 | 3 |
| **Total non-current liabilities** | | **71** | **6** |
| **Total liabilities** | | **71** | **6** |
| **Total equity and liabilities** | | **19,361** | **7,853** |

(all amounts are in EUR thousand unless otherwise stated)

## Interim statement of cash flows

| | Note | 2015 9 months | 2014 9 months |
|---|---|---|---|
| | | Unaudited | unaudited |
| **Cash flows from operating activities** | | | |
| Net profit (loss) for the reporting period | | (2,440) | (1) |
| **Non-cash flows:** | | | |
| Interest (income) | | (21) | - |
| Interest expenses | | 168 | - |
| Depreciation and amortisation | | 2 | - |
| Change in fair value of financial assets | 4,5 | 2,168 | (17) |
| Income tax (benefit) expenses | 7 | (25) | - |
| | | (148) | (18) |
| Changes in working capital | | | |
| Decrease (increase) in trade and other receivables | | 5 | - |
| Decrease (increase) in other current assets | | 5 | - |
| Increase (decrease) in trade payables | | (25) | 2 |
| Increase (decrease) in other current liabilities | | 19 | 1 |
| **Cash flows from operating activities** | | **(144)** | **(15)** |
| Income tax (paid) | | - | - |
| **Net cash flows from operating activities** | | **(144)** | **(15)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of non-current assets | | (2) | - |
| Dividends received | 5 | 598 | - |
| (Disbursement) repayment of loans granted | | (68) | 120 |
| **Net cash flows from investing activities** | | **528** | **120** |
| | | | |
| **Cash flows from financing activities** | | | |
| Cash flows related to the owners | | | |
| Proceeds from the offering | 9 | 8,444 | - |
| Cash received under terms of split-off | | - | 45 |
| Cash in the company merged during reorganisation | 3 | 41 | - |
| | | 8,485 | 45 |
| Cash flows related to other sources of financing | | | |
| Repayment of loans received | | (2,288) | (118) |
| | | (2,288) | (118) |
| | | | |
| **Net cash flows from financing activities** | | **6,197** | **(73)** |
| | | | |
| **Impact of currency exchange on cash and cash equivalents** | | **-** | **-** |
| | | | |
| **Net increase (decrease) in cash and cash equivalents** | | **6,581** | **32** |
| **Cash and cash equivalents at the beginning of the period** | | **25** | **-** |
| **Cash and cash equivalents at the end of the period** | | **6,606** | **32** |

(all amounts are in EUR thousand unless otherwise stated)

## Interim statement of changes in equity

| | Notes | Share capital | Share premiums | Legal reserve | Reserve of purchase of own shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 29 April 2014** | | **172** | **250** | **23** | **556** | **209** | **1,210** |
| Net profit (loss) during 9 months of 2014 | | - | - | - | - | (1) | (1) |
| **Total comprehensive income** | | **-** | **-** | **-** | **-** | **(1)** | **(1)** |
| **Balance at 30 September 2014** | | **172** | **250** | **23** | **556** | **208** | **1,209** |
| Impact of accounting for as an investment subject at the date of spin-off | | - | - | - | - | 3,746 | 3,746 |
| Net profit (loss) during IV Q 2014 | | - | - | - | - | 2,892 | 2,892 |
| **Total comprehensive income** | | **-** | **-** | **-** | **-** | **6,638** | **6,638** |
| **Balance at 31 December 2014** | | **172** | **250** | **23** | **556** | **6,846** | **7,847** |
| The effect of the reorganisation | 3 | 1,601 | (71) | (23) | (556) | 3,085 | 4,036 |
| Proceeds from public offering less costs | 9 | 1,758 | 8,242 | - | - | (153) | 9,847 |
| **Total transactions with owners of the Company, recognized directly in equity** | | **3,359** | **8,171** | **(23)** | **(556)** | **2,932** | **13,883** |
| Net profit (loss) during 9 month 2015 | | - | - | - | - | (2,440) | (2,440) |
| **Total comprehensive income** | | **3,359** | **8,171** | **(23)** | **(556)** | **492** | **11,443** |
| **Balance at 30 September 2015** | | **3,531** | **8,421** | **-** | **-** | **7,338** | **19,290** |

# Notes to the interim condensed financial statements

## 1 General information

INVL Technology AB (hereinafter the Company) is a joint stock company 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 grupe UAB, which invests into IT companies, and a stake of 100% in dormant Inventio UAB. After the increase in share capital of BAIP grupe UAB in December, 2014 in which participated only minority shareholders, the company held 65.65 percent of shares. In December 2014 BAIP grupe UAB was reorganized to BAIP grupe 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) the Company now manages entities in Lithuania, Norway, Tanzania and Uganda.

The 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.

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. Subsidiaries did not hold any shares of the Company.

The shareholders who by the shares held by the right of ownership possessed more than 5 % of the issuer's authorised capital on 30 September 2015: (by votes)*:

| | Share of votes given by the shares held by the right of ownership, units | Share of votes, percent. |
|---|---|---|
| LJB Investments UAB | 2,424,152 | 19.91% |
| Invalda INVL AB | 1,906,032 | 15.65% |
| Mrs. Irena Ona Miseikiene | 1,466,421 | 12.04% |
| Lietuvos draudimas AB | 909,090 | 7.47% |
| Mr. Kazimieras Tonkunas | 675,452 | 5.55% |
| Mr. Alvydas Banys | 618,745 | 5.08% |
| Other minor shareholders | 4,175,429 | 34.30% |
| **Total** | **12,175,321** | **100.00%** |

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

## 2 Basis of preparation and accounting policies

The interim condensed financial statements for the nine months ended 30 September 2015 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 2014.

From 1 January 2015 euro is the Company's functional and presentation currency. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand unless otherwise stated. Prior year comparative information is recalculated using the official litas to euro conversion ratio: 1 euro = 3.4528 litas.

### 2.1 Comparative figures

The Company was created after the merger of two companies – BAIP grupe AB and INVL Technology AB (Note 3). As the Company continues activities, which allow the Company to comply with requirements of IFRS 10, applicable to investment entity, the comparative figures are provided of the former INVL Technology AB, which was merged into BAIP grupe AB.

### 2.2 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 2014, except adoption of new Standards and Interpretations as of 1 January 2015, noted below.

*IFRIC 21 Levies*

The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the operations continuity assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Company is not currently subjected to significant levies so the impact on the Company is not material.

*Annual Improvements* to IFRSs 2013

The improvements consist of changes to four standards.
- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint venture arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint venture arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The amendments had no impact on the Company's financial statements for the 9 months ended 30 September 2015.

### 2.3 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.

(all amounts are in EUR thousand unless otherwise stated)

*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 estimates 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.

## 3 Merger of BAIP grupe AB and INVL Technology AB

On 9 February 2015 reorganization of joint-stock company INVL Technology and BAIP grupe AB was completed. INVL Technology AB was merged to BAIP grupe AB. BAIP grupe AB took over all the rights and obligations and continues operations under the new name of the public joint-stock company INVL Technology. The company's shares are quoted on the NASDAQ Vilnius Stock Exchange. The trading in company' shares was renewed from March 2015. The share capital of INVL Technology AB (previously BAIP grupe AB) was divided into 6,114,714 ordinary registered shares. The nominal value per share was EUR 0.29. The Board and manager of AB INVL Technology (previously BAIP grupe AB) have not changed. Kazimieras Tonkūnas, a manager of a company, Gytis Umantas, Alvydas Banys, Vytautas Plunksnis and Nerijus Drobavičius continue operating as Members of the Board of the company.

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

| | **BAIP grupe AB** | **INVL Technology AB** | **Eliminations and reorganisation adjustment** | **Merged entity (INVL technology)** |
|---|---|---|---|---|
| Property, plant and equipment | 5 | - | - | 5 |
| Investments into subsidiaries | 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 |
| **Total assets** | **15,459** | **7,850** | **(7,826)** | **15,483** |
| | | | | |
| 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 |
| **Total equity and liabilities** | **15,459** | **7,850** | **(7,826)** | **15,483** |

* elimination of BAIP grupe AB shares, held by INVL Technology AB.

(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, which are owned by the Company as at 30 September 2015 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 | Information technology solutions |
| Vitma UAB | Lithuania | 100 | Information technology solutions |
| BAIP UAB * | Lithuania | 100 | Information technology solutions |
| Acena UAB | Lithuania | 100 | Information technology solutions |
| Norway Registers Development AS | Norway | 100 | Information technology solutions |
| NRD UAB * | Lithuania | 76.50 | Information technology solutions |
| Norway Registers Development East Africa Ltd * | Tanzania | 70 | Information technology solutions |
| Infobank Uganda Ltd * | Uganda | 30 | Information technology solutions |
| NRD CS UAB | Lithuania | 100 | Information technology solutions |
| ETRONIKA UAB* | Lithuania | 80 | Information technology solutions |
| Inventio UAB | Lithuania | 100 | Dormant |

*These entities are owned indirectly by the Company as at 30 September 2015.

The Company performs independent appraisal of the investments into subsidiaries during preparation of annual financial statements. The fair value of the investments as of 31 December 2014 was performed by Deloitte Verslo Konsultacijos UAB. Appraisal was performed using income and market approaches. Management concluded that the fair value of investments was measured properly, using reasonable data inputs and ratios, appropriately representing its investments. Fair value of investments was estimated in compliance with the International Valuation Standards set out by the International Valuation Standards Council. For income approach discounted cash flow method was used. It was based on free cash flow projections provided by the management of BAIP grupe covering a 5-year period. Free cash flows were calculated as net operating profit after tax, add-back depreciation less change in working capital and capital expenditure. Detailed disclosures are provided in annual financial statements of BAIP grupė AB and INVL technology AB (Note 3).

During preparation of interim financial statements the management of the Company assess whether cash flow projections has not changed significantly. In case such projects did not change significantly, the Company calculates fair value of investments using EBITDA multiple method, as disclosed further on, and in case of significant change adjusts value of investments. The management also assess whether financial position of the companies has not change significantly, as it might impact the final value of the investment.

*30 September 2015*

Financial assets of the company INVL Technology AB measured at fair value through profit or loss comprised of directly and indirectly controlled subsidiaries: BAIP UAB, Acena UAB, Informatikos pasaulis UAB, Inventio UAB, NRD group 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. Acena UAB valuation is based on transaction, performed after reporting period (see note 13), which was equal to EUR 412 thousand. 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 6.5. 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):

(all amounts are in EUR thousand unless otherwise stated)

| Entity name | EBITDA multiple |
|---|---|
| 4IG | 4.3 |
| Asseco Poland | 3.9 |
| Comarch SA | 5.6 |
| Affecto | 7.0 |
| Atea | 9.7 |
| Data Respons ASA | 7.9 |
| Innofactor Oyj | 8.9 |
| Know It AB | 6.4 |
| Sygnity SA | 2.9 |
| ATM | 12.3 |
| SMT | 6.9 |
| Qumak | 6.0 |
| Atende | 3.8 |
| Simple | 4.8 |
| **Average** | **6.5** |

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

| Entity | 30 September 2015 | 31 December 2014 |
|---|---|---|
| Vitma UAB | 8,905 | 12,800 |
| NRD Group | 1,941 | 700 |
| NRD CS UAB | 875 | 1,000 |
| Acena UAB | 412 | 400 |
| Informatikos pasaulis UAB | 2 | - |
| Inventio UAB | 1 | 2 |
| **Total*** | **12,136** | **14,902** |

*for the acquisition of ETRONIKA UAB shares, the Company has issued loan to Norway Registers Development AS, controlling entity of NRD Group in amount of EUR 200 thousand. The loan will be repaid by increasing share capital of Norway Registers Development AS by NOK 2,000,000 (EUR 210.040 as of 30 September 2015, note 13). As of 30 September 2015 shares of ETRONIKA UAB where stated at cost of EUR 200 thousand. During valuation of NRD Group, ETRONIKA UAB was eliminated and had no impact to the value of NRD Group.

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 1.028 thousand as of 30 September 2015, value of NRD Group would be lower or higher by EUR 310 thousand as of 30 September 2015.

Vitma UAB declared and paid interim dividend in amount of EUR 598 thousand (see note 5).

According to the current loan agreement with DNB bank AB the Company's indirectly controlled subsidiary BAIP UAB has restrictions to announce the dividends without prior consent of the Bank.

(all amounts are in EUR thousand unless otherwise stated)

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

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

| | |
|---|---|
| Opening balance | 7,828 |
| Impact of reorganisation | 7,074 |
| Gains and losses recognised in profit or loss | (2,766) |
| Closing balance | **12,136** |
| **Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period** | **(2,766)** |

*30 September 2014*

The Company's financial assets at fair value through profit or loss comprised subsidiaries BAIP grupe UAB and Inventio UAB. These assets arte non-current assets and are Level 3 instruments by valuation. The main assets of Inventio UAB is cash at the bank, therefore the entity was measured based to its equity. BAIP grupe UAB owned specialized information technology entities. Consolidated group financial figures were used for the valuation. EBITDA (earnings before interest, taxes, depreciation and amortization) multiple method was used. 12 months trailing EBITDA was used. Value derived using EBITDA multiple was adjusted by:

- deducting difference between total liabilities and short-term assets increased by the amount of 4 months moving average of working capital,
- deducting value of non-controlling interest, measured at its book value.

While performing the valuation, possible obligation to issue new shares of BAIP grupe UAB was taken considered. Model was built in a way that newly issued shares reduce the share of BAIP grupe UAB owned by the Company.

EBITDA multiple used in calculations is 7.3. It was calculated as average of comparative Central and Eastern Europe IT sector companies' EV/EBITDA ratio (Enterprise Value-to-EBITDA), as per below listed entities (source Bloomberg; 30 September 2014):

| **Name of the entity** | **EBITDA multiple** |
|---|---|
| ACTION S.A. | 8.7 |
| ATEA ASA | 9.0 |
| SYGNITY S.A. | 6.0 |
| ASSECO POLAND S.A. | 6.6 |
| COMARCH S.A. | 6.2 |
| AB S.A. | 7.1 |

If EBITDA multiple would be lower or higher by 1, respectively total value of BAIP grupe UAB would be lower or higher by EUR 957 thousand as of 30 September 2014 (EUR 888 thousand as of 29 April 2014)

The following table presents the changes in Level 3 instruments for the six months ended 30 September 2014:

| | |
|---|---|
| Opening balance | 4,908 |
| Gains and losses recognised in profit or loss | 16 |
| Closing balance | 4,924 |
| **Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period** | **16** |

## 5 Dividend income

Dividend income represents dividend declared by Vitma UAB, subsidiary of the Company.

## 6 Finance costs

| | 2015 9 months | 2014 9 months |
|---|---|---|
| Interest expenses on borrowings from related parties | (168) | - |
| | **(168)** | **-** |

## 7 Income tax

| | 2015 9 months | 2014 9 months |
|---|---|---|
| **Components of the income tax benefit (expenses)** | | |
| Deferred income tax expenses (benefit) | (25) | - |
| **Income tax expenses (benefit) stated in the income statement** | **(25)** | **-** |

## 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 September 2015 was as follows:

| **Calculation of weighted average for the period ended 30 September 2015** | **Number of shares (thousand)** | **Par value (EUR)** | **Issued/272 (days)** | **Weighted average (thousand)** |
|---|---|---|---|---|
| Shares issued as at 31 December 2014 | 4,022 | 0.29 | 272/272 | 4,022 |
| Merged/Acquired INVL Technology shares as at 9 February 2015 | 2,093 | 0.29 | 233/272 | 1793 |
| Issue of new shares during public offering as at 8 July 2015 | 6,061 | 0.29 | 84/272 | 644 |
| Shares issued as at 30 September 2015 | **12,176** | **0.29** | | **6,452** |

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

| | 2015 9 months |
|---|---|
| Net loss, attributable to the equity holders of the parent | (2,440) |
| Weighted average number of ordinary shares (thousand) | 6,452 |
| **Basic and diluted earnings (deficit) per share (EUR)** | **(0.38)** |

For 2015 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 September 2014 was as follows:

| **Calculation of weighted average for the period ended 30 September 2014** | **Number of shares (thousand)** | **Par value (EUR)** | **Issued/154 (days)** | **Weighted average (thousand)** |
|---|---|---|---|---|
| Shares issued as at 29 April 2014 | 593 | 0.29 | 154/154 | 593 |
| Shares issued as at 30 September 2014 | **593** | **0.29** | | **593** |

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

| | 2014 9 months |
|---|---|
| Net loss, attributable to the equity holders of the parent | (1) |
| Weighted average number of ordinary shares (thousand) | 593 |
| **Basic and diluted earnings (deficit) per share (EUR)** | **(0.00)** |

(all amounts are in EUR thousand unless otherwise stated)

## 9 Increase in share capital

On 7 July 2015 the Company completed public offering. The offer price for one share of the Company was established at EUR 1.65 and the investors subscribed for of 6,060,607 Company's shares. The total amount of the Offering was EUR 10,000,001.55.The costs related to the Offering incurred by the Company were EUR 153,046 which were accounted for within equity. Part of proceeds were received in the form of offsetting loan received by the Company from one of the major shareholders Invalda INVL AB in amount of EUR 1,402,500.

## 10 Related party transactions

Transactions of the Company with related parties for nine months of 2015 and balances as at 30 September 2015 were as follows:

| **The Company** | **Revenue from related parties** | **Purchases from related parties** | **Receivables from related parties** | **Payables to related parties** |
|---|---|---|---|---|
| *Company's management* | | | | |
| Lease of assets | - | 3 | - | - |
| | **-** | **3** | **-** | **-** |
| *INVL Technology AB subsidiaries* | | | | |
| Borrowings | 20 | 95 | 326 | 1 |
| Dividends | 598 | - | - | - |
| Management and accounting service | 188 | - | - | - |
| Other activities | 33 | 38 | 148 | 18 |
| | **839** | **133** | **474** | **19** |
| *Invalda INVL AB Group companies* | | | | |
| Borrowings | - | - | - | - |
| Operating activities | - | 2 | - | - |
| | **-** | **2** | **-** | **-** |

The Company's transactions with related parties during the first nine months of 2014 and related balances as at 30 September 2014 were as follows:

| **The Company** | **Sales to related parties** | **Purchases from related parties** | **Receivables from related parties** | **Payables to related parties** |
|---|---|---|---|---|
| *Invalda LT, AB* | - | 869 | - | 1,051 |
| Cedus invest, UAB | 89 | - | | - |
| | **89** | **869** | **-** | **1,051** |

## 11 Segment information

Management of the Company has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as a single reporting segment – investments into information technology entities segment, therefore is not further disclosed in these financial statements.

## 12 Financial risk management

### 12.1 Financial risk factors

The risk management function within the Company is carried out in respect of financial risks (credit, liquidity, market, currency and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Company's principal financial liabilities comprise trade payables and other liabilities. The main purpose of these financial liabilities is to increase funding for the activities of the Company. The Company has various financial assets but the main portion of the financial assets of the Company consisted of financial assets accounted for at fair value through profit or loss, comprising of investments into not consolidated subsidiaries and cash and cash equivalents, received during public offering.

The Company may enter into derivative transactions, such as interest rate swaps and forward currency contracts. The purpose of them is to manage the interest rate and currency risks arising from the operations and its sources of finance. The Company has not used any of derivative instruments so far, as management considered that there is no necessity for them.

The Company is being managed the way so its main businesses would be separated from each other. In such a way operating risk is diversified and the Company creates ability to sell any business without increasing risks to the Company.

The purpose of the Company's activities is to earn the medium-term and long term capital returns from investments in carefully selected quoted and not quoted private companies, operating in information technologies segment.

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

<u>Credit risk</u>

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding trade and other receivables and loans granted.

At the date of financial statements there are no indications of worsening credit quality of trade and other receivables, which are neither due, nor impaired, due to constant control of receivable balances. There are no significant transactions of the Company that do not occur in the country of the relevant operating unit.

With respect to credit risk arising from other financial assets of the Company, which comprise of cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company uses services of banks or financial institutions, which itself have or which are controlled by financial institutions which have high grade credit rating, set by independent rating agency.

<u>Price risk</u>

The investments of the Company are sensitive to the price change risk, arising from the uncertainties related to the future instrument values. In order to manage the price risk, the Board of the Company together with the management of the Company analyses the results of portfolio companies at least once per quarter and maintains constant communication with the portfolio companies' management on the business development and operating activities.

The investments of the Company at fair value sensitive to the price risk amounted to EUR 12,136 thousand as of 30 September 2015 (EUR 7,828 thousand as of 31 December 2014).

<u>Liquidity risk</u>

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 their commitments at a given date in accordance with strategic plans. The liquidity risk of the Company is controlled on an overall group level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and finance leases. The liquidity risk management is divided into long-term and short-term risk management.

(all amounts are in EUR thousand unless otherwise stated)

The aim of the short-term liquidity management is to meet daily needs for funds. Each subsidiary plans independently its internal cash flows. Short-term liquidity for the Company is controlled through weekly monitoring of the liquidity status at the Company.

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Company evaluates the possibilities of raising needed funds. Based on monthly reports the Company the forecasts cash inflows and outflows for a future one year period which allows planning the Company's financing effectively.

The table below summarises the maturity profile of the Company's financial liabilities as of 30 September 2015 based on contractual undiscounted cash flows (financial liabilities as of 31 December 2014 were insignificant).

| | **Less than 3 months** | **4 to 12 months** | **From 1 to 5 years** | **Total** |
|---|---|---|---|---|
| Borrowings with interest | - | - | - | - |
| Trade and other payables | 27 | | | 27 |
| Other current liabilities | 44 | - | - | 44 |
| **Balance as of 30 September 2015** | **71** | **-** | **-** | **71** |

The current liquidity ratio of the Company (Current assets/Current liabilities and short term payables) was 101 as of 30 September 2015 (4.1 as of 31 December 2014) and absolute liquidity ratio (Cash and cash equivalents / Current liabilities and short term payables) was 93 as of 30 September 2015 (4.1 as of 31 December 2014). The management of the Company monitors the liquidity of the Company and according to current situation takes the actions to maintain it in the favourable condition.

Financial position of the Company was significantly strengthened after the Company successfully finished public share offering and the Company plans that in the nearest future it will not face liquidity problems.

Foreign exchange risk

As a result of operations the statement of financial position of the Company can be affected by movements in the currencies' exchange rates. The Company's policy is to match the cash inflows from the most probable sales with purchases by each foreign currency. The Company does not use financial instruments allowing to manage foreign currency risks, because these risks are considered insignificant, because biggest portion of financial assets and financial liabilities are denominated in euros.

### 12.2 Fair value estimates

Fair value represents the amount at which an asset could be exchanged, or a liability settled on an arm's length basis between unrelated parties. The fair value measurement is determined in following 3 levels:

Level 1: The fair value of the financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair values of available for sale financial assets are estimated with reference to mid quoted market prices. The Company does not have financial assets or liabilities assigned to this level.

Level 2: The fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The Company does not have financial assets or liabilities assigned to this level.

Level 3: Fair value determined by such valuation methods which use one or more of the significant inputs which are not based observable market data. Fair value of all receivables and payables as well as borrowings and financial assets at fair value through profit and loss are assigned to this level.

Where in the opinion of the management the fair value of the financial assets and liabilities differs significantly from their book value, such fair values are separately disclosed in the notes of the financial statements.

### 12.3 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 subsidiary, 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 9 months 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.

## 13 Events after the reporting period

- **On 2 October 2015** 100 percent shares of a specialised Microsoft solutions company Acena, UAB transfer to another INVL Technology managed company BAIP, UAB was completed. The deal value is equal to the value of Acena at the end of June 2015 – EUR 412 thousand, therefore the deal will not influence INVL Technology performance indicators. The deal was implemented in order to simplify the structure and management of INVL Technology investments portfolio by linking the companies working in the field of IT infrastructure. After the share transfer, Acena preserved its name, and Marius Leščinskas continues serving as the CEO of the company.
- **On 19 November 2015** the Company completed increase in share capital of Norway Registers Development AS by NOK 2,000,000 (EUR 210,040 as of 30 September 2015). The increase was paid in cash with the purpose to fund acquisition of ETRONIKA UAB.

## 14 Significant events, which have been announced during the nine month period ended 30 September 2015

- **On 7 January 2015** it was announced of the Convocation of the Shareholders Meeting of INVL Technology on 2 February 2015 and draft resolutions. The agenda of the General Shareholders Meeting of INVL Technology, AB includes questions regarding the approval of the reorganization of the joint stock company INVL Technology and regarding approval of the terms of reorganization; approval of the Articles of Association of the company operating after the reorganization; regarding formation of the Audit Committee of the company.
- **On 14 January 2015** the company informed that trading in shares of INVL Technology, AB in NASDAQ OMX Vilnius Stock Exchange will be suspended from 29 January 2015 (inclusively) until the completion of the reorganization.
- **On 2 February 2015** the resolutions of the Shareholders Meeting of INVL Technology, AB that was held the same day were announced. INVL Technology shareholders approved reorganization of the public joint-stock company INVL Technology by a way of merger, merging the company to the public joint-stock company BAIP grupe. The shareholders also approved the Articles of Association of the public joint-stock company BAIP grupe, which continues to operate after the reorganization under the new name INVL Technology, the regulations of the formation and activity of the Audit Committee and elected the members of the Audit Committee.
- **On 10 February 2015** the company announced that reorganization of INVL Technology and BAIP grupe was completed on 9th of February 2015. INVL Technology was merged into BAIP grupe, AB. BAIP grupe, AB will take over all the rights and duties including the name of INVL Technology, and will continue operations under the new name of the public joint-stock company INVL Technology. The initial capitalisation of the company operating after the merger reaches EUR 8.146 million. Recalculated price per share should reach EUR 1.33. The authorized capital of INVL Technology is divided into 6,114,714 ordinary registered shares. The nominal value per share is EUR 0.29. ISIN code - LT0000128860. The Board and manager of INVL Technology, AB has not changed. Kazimieras Tonkunas, a manager of a company, Gytis Umantas, Alvydas Banys, Vytautas Plunksnis and Nerijus Drobavicius continue operating as Members of the Board of the company. Main shareholders of INVL Technology, AB are: A. Banys (5 percent) and LJB Investments, a company related to A. Banys, (20 percent), Irena Ona Mišeikienė (19 percent), Kazimieras Tonkunas (13.7 percent), Invalda LT (8.2 percent) and Lucrum Investicija (5 percent).

  **On 27 February 2015** the company announced the unaudited results of INVL Technology for 12 months of 2014. Unaudited net profit of INVL Technology amounted to LTL 5.1 million (EUR 1.47 million). The financial statements cover the interim financial period of the company, starting from the company's establishment date 29 April 2014 and ending on 31 December 2014, therefore there are no comparative data. Additionally, it was announced that INVL Technology in the end of 2014 controlled 65.65 percent of shares of joint-stock company BAIP grupe investing in IT companies. In the end of 2014 100 percent of BAIP grupe shares were valued LTL 33.5 million (EUR 9.70 million) while controlled 65.65 percent of shares – LTL 24.5 million (EUR 7.10 million). Valuation was performed using comparable multiples method using average enterprise value and earnings before interest tax depreciation and amortization (EBITDA) multiple 7.6 and applying 10 percent downward adjustment on the result due to the size of BAIP grupe. BAIP grupe consolidated income in 2014 grew by 14 percent to 57.8 million litas (16.74 million EUR), EBITDA – 34 percent to 5.98 million litas (1.73 million EUR) and net profit – 152 percent to 3.3 million litas (0.96 million EUR).

- **On 10 March 2015** the company informed that the Director of the Supervisory Authority of the Bank of Lithuania on 9 March 2015 decided to treat the information submitted in the publicly announced reorganization terms (together with annexes) of INVL Technology and BAIP grupe, also, in the annual information of Invalda in 2011-2012 and Invalda LT in 2013, and in interim financial statements of INVL Technology for 12 months of 2014, and in the list of references related to INVL Technology, also, in the description of the securities (shares) and risk factors as well as in information displayed in the Articles of Association of the company as information equivalent to the information that is required to be disclosed in the prospectus of INVL Technology, AB. INVL Technology decided to apply to NASDAQ Vilnius stock exchange on 10 March 2015 to renew trading in companies shares since 12 March 2015.
- **On 24 March 2015** the company announced that Norway Registers Development AS, a company managed by INVL Technology, AB, is starting activities in Uganda. Norway Registers Development which owns 30 per cent of Infobank Uganda Limited shares signed Infobank Uganda Limited shareholders agreement on 23 March 2015.
- **On 7 April 2015** it was announced that Norway Registers Development AS (NRD AS), owned by INVL Technology, AB signed an agreement regarding investments into ETRONIKA, UAB, a company which develops IT solutions for electronic banking, mobile signature and retail. NRD AS plans to participate in the new share issue of ETRONIKA, UAB and acquire 80 per cent in ETRONIKA, UAB shares. Total amount of investments, including loans to ETRONIKA, UAB, will amount up to EUR 400 thousand. Deal closing is subject to permissions of Lithuanian Competition council and Commission on assessment of potential participants compliance with national security interests. In 2014 ETRONIKA, UAB revenues amounted to EUR 1.9 million, company employs more than 40 people.
- **On 8 April 2015** it was announced of the convocation of the Shareholders Meeting of INVL Technology on 30 April 2015 and draft resolutions. The agenda of the General Shareholders Meeting of INVL Technology, AB included: Presentation of the public joint-stock company INVL Technology annual report for 2014; Presentation of the independent auditor‘s report on the financial statements of 2014; On the approval of the consolidated and stand-alone financial statements for 2014; Regarding the distribution of the public joint-stock company INVL Technology profit for 2014; Presentation of BAIP grupe AB, which after the merger into the public joint-stock company INVL Technology consolidated annual report for 2014; Presentation of the independent auditor‘s report on the financial statements of BAIP grupe AB for 2014; On the approval of the consolidated and stand-alone financial statements for 2014 of BAIP grupe AB; Regarding the distribution of BAIP grupe AB profit for 2014; Regarding purchase of own shares of the public joint stock company INVL Technology (code 300893533).
- **On 9 April 2015** Audited results of INVL Technology (code 303299817) for 2014 were announced. Audited net profit of INVL Technology (code 303299817) amounted to EUR 2.892 million (LTL 9.986 million). The financial statements cover the financial period of the company, starting from the company’s establishment date 29 April 2014 and ending on 31 December 2014, therefore there are no comparative data. Audited net profit is by 96 per cent bigger than earlier announced unaudited result. Profit increased due to increase in value of investment in BAIP grupe, AB shares after independent appraiser Deloitte verslo konsultacijos, UAB conducted independent valuation.
- **On 9 April 2015** Audited results of INVL Technology (code 300893533) for 2014 were announced. Audited net profit amounted to EUR 9.3 million (LTL 32.094 million), audited equity at the end of 2014 amounted to EUR 11.921 million, or EUR 1.96 per share. Value of Vitma, which controls 100 per cent of critical IT infrastructure company BAIP, UAB, was estimated at EUR 12.8 million, cybersecurity company NRD CS, UAB – at EUR 1 million, Norway Registers Development group – EUR 0.7 million, and software licensing company Acena, UAB – EUR 0.4 million. Equity value of INVL Technology was determined by subtracting EUR 3 million liabilities of INVL Technology.
- **On 10 April 2015** the resolutions of the Shareholders Meeting of INVL Technology, AB that was held on that day were announced. It was agreed to increase the authorized capital of the public joint-stock company INVL Technology with additional contributions from EUR 1,773,267.06 to EUR 5,800,000 (the authorized capital will be increased by no more than EUR 4,026,732.94). The authorized capital of the public joint-stock company INVL Technology will be increased by additionally issuing no more than 13,885,286 ordinary registered shares of EUR 0.29 par value each. The minimal issue price of each newly issued share is EUR 1.56, payment for the shares – by cash contributions. The total minimal issue price of the newly issued Company’s shares is no more than EUR 21,661,046.16, which depends on the final amount of newly issued shares. In addition, it was agreed to withdraw the pre-emptive right to acquire newly issued ordinary registered shares of the public joint-stock company INVL Technology, approve the new edition of the Articles of Association of the public joint-stock company INVL Technology, to apply to the Bank of Lithuania for obtaining the license of the closed-end investment company INVL Technology and to prepare the draft of the Management Agreement with INVL Asset Management, UAB for transfer of management of the closed-end investment company INVL Technology. Seeking to ensure the rights of INVL Technology shareholders, who did not vote or voted “against” the 4th item on the agenda to sell their shares, it was decided that the shareholders, who voted “for” the resolutions of 4th item of the agenda

within one month from the General Shareholders Meeting will have to announce a voluntary tender offer to purchase the rest of the ordinary registered shares of the public joint-stock company INVL Technology.

- **On 10 April 2015** the company also announced that INVL Technology, AB, received notice from a shareholder Invalda INVL, AB that this obligation of shareholders who voted „for" will be fulfilled by Invalda INVL, AB. Preliminary voluntary tender offer price amounts to EUR 1.61 per share. Only the shareholders who did not vote or voted "against" will have the right to sell their shares during the tender offer. Voluntary tender offer will apply for 414,034 ordinary registered shares of INVL Technology, AB, constituting 6.77 per cent of companies capital.
  **On 30 April 2015** it was announced that public joint-stock company INVL Technology received the announcement from public joint-stock company Invalda INVL about the intention to submit a voluntary tender offer for INVL Technology, AB shares. INVL Technology, AB shareholders, who voted "for" the decision to reorganize the activity of the INVL Technology, AB so it would operate as the closed-end investment company under the Law of the Republic of Lithuania on Collective Investment Undertakings (there shareholders hold 5,700,680 ordinary registered shares of the INVL Technology, AB, that consist 93,229 % of all issued shares and voting rights), announced about the intention to submit a voluntary tender offer to purchase 414 034 ordinary registered shares with EUR 0.29 (equivalent to 1 LTL) value each of the INVL Technology, AB, which ISIN code is LT0000128860, and that consist 6.771 % of all INVL Technology, AB issued shares and grants 6.771 % of all voting rights. For the shares it will be paid in cash paying 1.61 EUR (equivalent to 5.559 LTL) per each share. According to the Agreement of 28 of April, 2015, Invalda LT, AB represents the shareholders, who submit a voluntary tender offer, during submission and implementation of the voluntary tender offer.
- **On 30 April 2015** the resolutions of the Shareholders Meeting of INVL Technology, AB that was held the same day were also announced. The Shareholders approved the consolidated and stand-alone financial statements for 2014 of the public joint-stock company INVL Technology. INVL Technology's equity at the end of 2014 amounted to EUR 11.921 million, or EUR 1.96 per share, according to audited data. The shareholders of INVL Technology decided to allocate the net profit to a reserve for shares buy-back. This possibility would be used if INVL Technology share price on the stock exchange was significantly lower than its fair value.
- **On 19 May 2015** the company announced that on 18 May, 2015 the Supervision Service of the Bank of Lithuania approved the circular of the voluntary tender offer by the group of shareholders, represented by Invalda INVL, AB by the agreement signed on 28 April 2015, to buy up remaining ordinary registered shares of INVL Technology, AB, which are not owned by the Offerors. Invalda INVL, AB offers to buy up 414,034 ordinary registered shares of the INVL Technology, AB (code 300893533), EUR 0.29 par value each, ISIN code LT0000128860, amounting to 6.771 per cent of INVL Technology, AB issued shares and granting the same amount of shares giving the voting rights. Price of the non-competitive voluntary tender offer amounts to EUR 1.61 per ordinary registered share, settlement for shares – in cash. The tender offer implementation period - 14 days (from 22 May 2015 till 4 June, 2015 (inclusive)). The tender offer will be implemented on Tender offer market of NASDAQ OMX Vilnius, AB through the intermediary bank Finasta, AB.
- **On 20 May 2015** it was announced that the Board of INVL Technology, AB, having familiarized itself with the voluntary non-competitive tender offer material presented to it by the offerors in its meeting held on 19 May, 2015 made a following statement: the board of INVL Technology, AB does not give any recommendations to shareholders to accept or decline tender offer.
- **On 29 May 2015** unaudited results of INVL Technology for 3 months of 2015 were announced. During the first quarter of 2015, INVL Technology investments have not been revaluated, revenue of the company amounted to EUR 41 thousand and net loss – EUR 82 thousand.
- **On 4 June 2015** the announcement on the completion of the official tender offer to buy up shares in INVL Technology, AB was made. Invalda INVL, AB informed that during tender offer to buy up shares in INVL Technology, AB 47 ordinary registered shares were offered for which Invalda INVL will pay EUR 75.67 (without brokerage fee). Settlement date for offered shares – 8 June 2015. After completion of tender offer Invalda INVL will own 504,509 INVL Technology, AB shares, which amount to 8.25 per cent of INVL Technology, AB capital and votes. Invalda INVL, AB offered to buy up 414 034 ordinary registered shares of the INVL Technology, AB (code 300893533), EUR 0.29 par value each, ISIN code LT0000128860, amounting to 6.771 per cent of INVL Technology, AB issued shares and granting the same amount of shares giving the voting rights.
- **On 8 June 2015** INVL Technology received a Statement on the voluntary official tender offer implementation on behalf of the offeror the public joint-stock company Invalda INVL. According to the Statement, during the tender offer implementation period (from 22 May 2015 till 4 June 2015) Invalda INVL acquired 47 shares in the public joint-stock company INVL Technology for the total amount of EUR 75.67 (without brokerage fee). After completion of tender offer Invalda INVL owns 504,509 INVL Technology shares, which amount to 8.25 per cent of INVL Technology, AB capital and votes.
- **On 9 June 2015** it was informed that on the 27 May 2015 the Company and its Shareholders signed an agreement regarding amendment of the Shareholders Agreement, dated 26 November 2014.
- **On 9 June 2015** Director of the Supervision Service of the Bank of Lithuania approved the prospectus of issue of INVL Technology AB ordinary registered. The approved Prospectus is designated to (i) the public offering of the new shares of the Company with the total nominal value of up to EUR 4,026,732.94 (number of shares – up to 13,885,286, nominal value of one share is EUR 0.29, minimum price of one share is EUR 1.56, maximum – EUR 1.96) and (ii) admission of

up to 13,885,286 ordinary registered shares of the Company to be newly issued to trading on the Secondary List of AB NASDAQ OMX Vilnius.

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