



TECHNOLOGY

INVL TECHNOLOGY

Interim Condensed Unaudited Financial Statements
for 9 months ended 30 September 2018. Prepared according to
International Financial Reporting Standards as adopted by the
European Union

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BASIC DETAILS

Investment committee

Mr Kazimieras Tonkūnas (Chairman)
Mrs Vida Juozapavičienė
Mr Vytautas Plunksnis
Mr Nerijus Drobavičius

Advisory Committee

Alvydas Banys
Indrė Mišeikytė
Virginijus Strioga
Gintaras Rutkauskas

Management Company

INVL Asset Management UAB

Depository

AB SEB bank

Principal place of business and company code

Registered office address:
Gynėjų g. 14,
Vilnius,
Lithuania

Company code 300893533

Banks

AB SEB bank

These financial statements were authorised for issue by the Management Company and signed on 29 October 2018.



Kazimieras Tonkūnas
Chairman of the Investment Committee
INVL Technology



Justina Konteniene
Chief financier at INVL Asset
Management UAB

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 9 months Unaudited	2017 9 months Unaudited	2018 III quarter Unaudited	2017 III quarter Unaudited
Net change in fair value of financial assets	4	(801)	215	342	316
Dividend income	11	1,319	329	180	-
Interest income		5	39	-	4
Other revenue		7	8	-	8
Total net income		530	591	522	328
Management fee	13	(291)	(297)	(96)	(96)
Other operating expenses	12	(102)	(80)	(17)	(39)
Total operating expenses		(393)	(377)	(113)	(135)
Operating profit (loss)		137	214	409	193
Finance costs	14	(34)	-	-	-
Profit (loss) before tax for the reporting period		103	214	409	-
Income tax benefit	15	-	-	-	-
Profit (loss) for the reporting period		103	214	409	193
Other comprehensive income for the reporting period, net of tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD, NET OF INCOME TAX		103	214	409	193
Basic and diluted earnings (deficit) per share (in EUR)	16	0.008	0.018	0.034	0.016

STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2018	As at 31 December 2017
unaudited			
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	4	20,007	20,808
Intangible assets and property, plant and equipment		-	-
Deferred income tax assets		-	-
Total non-current assets		20,007	20,808
Current assets			
Trade and other receivables and loans granted	6,17	1,371	39
Prepayments and deferred charges		-	-
Cash and cash equivalents	5	2,645	5,030
Total current assets		4,016	5,069
Total assets		24,023	25,877
EQUITY AND LIABILITIES			
Equity			
Share capital	1	3,531	3,531
Share premium		8,268	8,268
Reserves	7	10,154	10,154
Retained earnings		1,962	1,859
Total equity	10, 20.3	23,915	23,812
Liabilities			
Loan payables			
Total long term liabilities	8	-	1,709
Current liabilities			
Loan payables	8	-	244
Trade payables		-	-
Other current liabilities	9	108	112
Total current liabilities		108	356
Total liabilities		108	2,065
Total equity and liabilities		24,023	25,877

STATEMENT OF CASH FLOWS

	Notes	2018 9 months	2017 9 months
		Unaudited	Unaudited
Cash flows from operating activities			
Net profit (loss) for the reporting period		103	214
Adjustments for:			
Elimination of items of financing activities		12	39
Dividend income	11	(1,319)	(329)
Interest income		(5)	(39)
Other revenue		(7)	(7)
Interest and related costs	14	34	-
Net change in fair value of financial assets	4	801	(215)
Income tax (benefit) expense	15	-	-
		(381)	(337)
Changes in working capital:			
Decrease (increase) in trade receivables	6	(13)	(12)
Acquisition of investments		-	(5,000)
Decrease (increase) in other current assets		-	-
Increase (decrease) in trade payables		-	(1)
Increase (decrease) in other current liabilities		(4)	(17)
Received dividends	11	-	329
		(398)	(5,038)
Cash flows from (used in) operating activities			
Income tax paid		-	-
		(398)	(5,038)
Net cash flows from (used in) operating activities			
Cash flows from investing activities			
Interest received		-	7
Administration interest		-	-
Sale of non-current assets		-	-
Loans (granted)		(500)	(2,050)
Loan repayments received		500	2,050
		-	7
Net cash flows from (used in) investing activities			
Cash flows from financing activities			
Cash flows related to owners:			
Proceeds from distribution of newly issued shares		-	-
Cash balance at the company merged		-	-
Cash flows related to other financing sources:			
Interest (paid)	8,14	(34)	-
Loan received		-	1,953
(Repayment of) borrowings		(1,953)	-
		(1,987)	1,953
Net cash flows from (used in) financing activities			
		-	-
Foreign exchange effect on the balance of cash and cash equivalents			
		-	-
		(2,385)	(3,078)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents in the beginning of the			
		5,030	3,128
Cash and cash equivalents at the end of the period			
	5	2,645	50

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal reserve	Reserve for acquisition of own shares	Retained earnings	Total
Balance as at 31 December 2016	3,531	8,268	354	9,800	(2,225)	19,728
Redistribution of retained earnings to the reserves	-	-	-	-	-	-
Total transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-
Net profit for 9 months ended 30 September 2017	-	-	-	-	214	214
Balance as at 30 September 2017	3,531	8,268	354	9,800	(2,011)	19,942
Balance as at 31 December 2017	3,531	8,268	354	9,800	1,859	23,812
Redistribution of retained earnings to the reserves	-	-	-	-	-	-
Total transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-
Net (loss) for 9 months ended 30 September 2018	-	-	-	-	103	103
Total comprehensive income for 9 months ended 30 September 2018	-	-	-	-	103	103
Balance as at 30 September 2018	3,531	8,268	354	9,800	1,962	23,915

NOTES TO THE FINANCIAL STATEMENTS

1 General information

INVL Technology UTIB (company code 300893533, hereinafter “the Company”) is a closed-ended type investment company registered in the Republic of Lithuania. The Company’s registered office address is Gynėjų g. 14, Vilnius, Lithuania.

On 14 July 2016 the Company has been issued a closed-ended type investment company (UTIB) license by the Bank of Lithuania. Under the company’s Articles of Association, INVL Technology UTIB will operate until 14 July 2026, with extension possible for further two years.

INVL Technology strategy is to invest in national-level European IT businesses with high globalisation potential and grow them into global players by utilizing the sales channels and intellectual capital of the managed companies.

Based on the Management Company’s INVL Asset Management Board decision the Investment Committee was formed in order to ensure efficiency and control of investments. The Investment Committee consists of 4 (four) representatives of the Management Company (employees, members of management bodies of the Management Company, other persons appointed by a decision of the Board of the Management Company). The purpose of the Investment Committee is to ensure the Managed Company’s objectives, its investment strategy and the adoption of prudent decisions for the investment and management of the Managed Company’s assets, to supervise the adopted decisions. On 2017 April the Company has formed an Advisory Committee. The purpose of the Advisory Committee is to provide the Investment Committee with reasoned and fact-based opinions as a way to express an independent position regarding investment decisions, thereby ensuring and protecting shareholders’ interests. The Advisory Committee consists of four members who are appointed and removed by the Board of the Managing Company.

The Company operates as a cluster of IT businesses working with large corporate and public entities. The classification of companies into 4 areas of activity, as used previously, from the beginning of 2018 is replaced by 3 new functional groups: business climate improvement and e-government, IT services and software, and cyber security. NRD companies continue to belong to the business climate improvement and e-government group, the cyber security group covers NRD CS UAB and other potential acquisitions in this area, whereas the IT services and software group is formed by joining the areas of IT infrastructure and IT intensive industries’ solutions. At the end of the nine months of 2018 INVL Technology portfolio consists of 17 operating companies. The major investments of INVL Technology are currently in businesses based in Lithuania, Estonia, Norway, Moldova, Tanzania, Rwanda, Uganda and Bangladesh.

The Company has an agreement on depository services with SEB Bankas which acts as the depository of the Company’s assets.

The Management Company manages the portfolio of investment instruments of the Company following principles of diversification set in the Articles of Association (the conformity of the portfolio of investment instruments of the Company to those principles shall be achieved within four years from the date the Bank of Lithuania issued a permission to certify Company’s incorporation documents and to choose the Depository). The Company cannot invest more than 30% of net asset value of the Company into any single issuer of the instrument. The indicator may be exceeded up to 4 years after the date the Company became a closed-ended investment company. More detailed requirements are lined out in the Articles of Association of the Company.

The shareholders holding ownership to or otherwise controlling over 5% of the Company’s authorised share capital (by number of votes held) are as follows as of 30 September 2018:

	Number of votes conferred by shares held under the title of ownership	Voting rights held, %
LJB Investments UAB	2,424,152	19.91%
Invalda INVL AB	1,726,236	14.18%
Ms Irena Ona Mišeikienė	1,466,421	12.04%
Lietuvos Draudimas AB	909,090	7.47%
Mr Kazimieras Tonkūnas	675,452	5.55%
Mr Alvydas Banys	618,745	5.08%
Other minor shareholders	4,355,225	35.77%
Total	12,175,321	100.00%

The Company’s shares are traded in the Baltic Secondary List of Nasdaq Vilnius stock exchange.

On 30 September 2018 the Company did not have employees.

2 Basis of preparation and accounting policies

Interim condensed financial statements for the nine months ended 30 September 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017.

Except for the points, described below, Interim condensed financial statements are prepared in accordance with the accounting principles adopted for 2017 annual financial statements.

Statement of compliance

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

The financial statements are presented in EUR thousands, and all the amounts have been rounded to the nearest thousand unless otherwise stated.

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

Standards and amendments endorsed by the EU that are effective for annual periods beginning on 1 January 2018

Disclosure Initiative - Amendments to IAS 7

The amended IAS 7 require disclosure of a reconciliation of movements in liabilities arising from financing activities. Reconciliation of movement in liabilities arising from financing activities is presented in Note 8.

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018) Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Impairment of credit risk bearing financial assets is calculated based on expected credit loss model, taking into account the forward looking information.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The amendments do not change the underlying principles of the standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new standard.

The Company accounts for its investments at fair value under IFRS 10 and does not expect significant impact of the adoption of IFRS 9 for its financial assets. The Company, after transformation to closed-end investment company (Note 1) will be liable to account for success fee if certain threshold is met. The Company measures such liability at fair value and with application of IFRS 9 the Company will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

The standards and amendments endorsed by the EU that are effective for annual periods beginning on 1 January 2018 had no significant impact on the Company's financial statements and operation results.

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

There are no new or revised standards or interpretations that are not yet effective that would be expected to have a material impact to the Company.

3 Accounting estimates and judgements

3.1 Judgements

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

Investment entity status

The management periodically reviews whether the Company meets all the definition criteria of an investment entity referred to in Note 2. In addition, the management assesses the Company's business objective (Note 1), investment strategy, origin of income and fair value valuation techniques. According to the management, the Company met all the definition criteria of an investment entity throughout all the periods presented in these financial statements.

Recognition of the Success fee and the Management Fee

The Company elected to use fair value model for the recognition of the success fee and the management fee portion payable upon first payment of the success fee. Payment of the success fee is subject to the future events and involves the use of valuation techniques and unobservable Level 3 inputs, such as long term growth rates, discount rates for the estimation of the current value of financial liability which are reviewed periodically to ensure reliability. Details of the inputs and valuation models used to determine Level 3 fair value are provided in Note 4.

3.2 Accounting estimates and assumptions

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

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

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

Fair values of investments in subsidiaries that are not traded in an active market are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The valuation techniques used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability. Details of the inputs and valuation models used to determine Level 3 fair value are provided in Note 4.

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.

INVL TECHNOLOGY UTIB
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018
(All amounts are in EUR thousands unless otherwise stated)

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

The table below presents the Company's direct and indirect investments in unconsolidated subsidiaries as at 30 September 2018:

Name	Country of incorporation	Shares (voting rights) held directly/indirectly by the Company, (%)	Profile of activities
Novian 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 Systems UAB* (previous name – NRD UAB)	Lithuania	89.20	Information technology solutions
Norway Registers Development East Africa Ltd*	Tanzania	70	Information technology solutions
Etronika UAB	Lithuania	90	Information technology solutions
Norway Registers Development Rwanda Ltd*	Rwanda	100	Information technology solutions
Infobank Uganda Ltd*	Uganda	30	Information technology solutions
NRD CS UAB	Lithuania	100	Information technology solutions
Algoritmj sistemas UAB	Lithuania	100	Information technology solutions
FINtime UAB	Lithuania	100	Business process outsourcing
NRD Bangladesh Ltd*	Bangladesh	100	Information technology solutions
Andmevara AS	Estonia	100	Information technology solutions
Andmevara Services OU***	Estonia	100	Information technology solutions
Andmevara SRL*	Moldova	100	Information technology solutions

* These entities were indirectly controlled by the Company as at 30 September 2018.

**The company name changed from VITMA UAB to UAB Novian on 21st February, 2018.

*** Established 27 August 2018

The table below presents the Company's direct and indirect investments in unconsolidated subsidiaries as at 31 December 2017:

Name	Country of incorporation	Shares (voting rights) held directly/indirectly by the Company, (%)	Profile of activities
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	89.20	Information technology solutions
Norway Registers Development East Africa Ltd*	Tanzania	70	Information technology solutions
Etronika UAB	Lithuania	90	Information technology solutions
Norway Registers Development Rwanda Ltd*	Rwanda	100	Information technology solutions
Infobank Uganda Ltd*	Uganda	30	Information technology solutions
NRD CS UAB	Lithuania	100	Information technology solutions
Algoritmj sistemas UAB	Lithuania	100	Information technology solutions
FINtime UAB	Lithuania	100	Business process outsourcing
NRD Bangladesh Ltd*	Bangladesh	100	Information technology solutions
Andmevara AS	Estonia	100	Information technology solutions
Andmevara SRL*	Moldova	100	Information technology solutions

* These entities were indirectly controlled by the Company as at 31 December 2017.

**The company name changed from VITMA UAB to UAB Novian on 21st February, 2018.

INVL TECHNOLOGY UTIB
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018
(All amounts are in EUR thousands unless otherwise stated)

The Company conducts an independent valuation of its investments in subsidiaries when preparing the annual financial statements. As at 31 December 2017, the valuation was carried out by Deloitte Verslo Konsultacijos UAB using the income approach. In the opinion of the management, the fair value of investments was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments. The fair value of investments was determined in compliance with the International Valuation Standards approved by the International Valuation Standards Council. For the income approach, the discounted cash flow method was used. It was based on free cash flow forecasts made by management for the period of 5 years. Free cash flows were calculated as net operating profit after tax plus depreciation and minus change in working capital and capital expenditure.

As at 30 September 2018

As market conditions and other preconditions used in the valuation did not change significantly during the first nine months of 2018, when preparing preliminary operating results for the nine months of 2018, the Company measured the fair value of investments using the values determined as at 31 December 2017 adjusted by the net profit or loss of its investments and declared dividends to the Company that occurred during the period. Investments in entities acquired/established during 2018 were stated at cost.

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

Name	At 30 September 2018	At 31 December 2017
Novian UAB Group*	6,813	7,497
Algoritmu sistemas UAB	3,776	3,821
NRD Group**	4,040	3,624
NRD CS UAB	4,688	5,067
Andmevara***	450	525
FINtime UAB	240	274
Total	20,007	20,808

* Novian UAB group consisted of Novian UAB together with the entities controlled by it – BAIP UAB and Acena UAB

** NRD Group consisted of Norway Registers Development AS together with the entities controlled by it – NRD UAB, Etronika UAB, Norway Registers Development Rwanda Ltd (established in 2016) and Norway Registers Development East Africa Ltd, and its associate Infobank Uganda Ltd.

***Andmevara includes Andmevara AS and Andmevara SRL

Under the valid loan agreements with Luminor bank AB, the subsidiaries indirectly controlled by the Company BAIP UAB and NRD UAB and Algoritmu sistemas UAB are required to obtain the bank's prior approval when declaring the dividends or making other distributions to shareholders. Other subsidiaries of the Company as at 30 September 2018 and 31 December 2017 did not have any significant restrictions on the repayment of dividends to the Company from non-consolidated subsidiaries or the Company's loans to unconsolidated subsidiaries. Due to changes in the fair value of subsidiaries of the Company, the Company may incur losses.

Information about dividends is described in Note 11.

The table below presents movements in Level 3 financial instruments during the 9 months of 2018:

Opening balance at 1 January 2018	20,808
Unrealized gains and losses for the reporting period recognized in the income statement for assets managed at the end of the reporting period	(801)
Closing balance at 30 September 2018	20,007

The equity capital of INVL Technology, a company that invests in IT businesses, was EUR 23.915 million, or EUR 1.9642 per share, at the end of September 2018, and increased 0.46 percent during the period from 2018 January to September.

As at 31 December 2017

The table below presents movements in Level 3 financial instruments during 2017:

Opening balance at 1 January 2017	16,696
Investments in the purchase of new businesses	5,000
Sale of investments	(5,250)
Profit from the sale of investments*	250
Acquisitions for assets available for sale **	2,055
Assets held for sale (sale)**	(2,055)
Unrealized gains and losses for the reporting period recognized in the income statement for assets managed at the end of the reporting period	4,112
Closing balance at 31 December 2017	20,808

*2017 realized profit amounted to 5.000 thousand euro's and it was the result of the transfer of Deltagon Group shares.

** Assets held for possible sale consisted of the acquisition of bonds issued by UAB BAIP, including accrued interest and redemption

INVL TECHNOLOGY UTIB
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(All amounts are in EUR thousands unless otherwise stated)

The equity capital of INVL Technology, a company that invests in IT businesses, was EUR 23.81 million, or EUR 1.96 per share, at the end of 2017, and increased by 20.7 percent during the year. In terms of assessing the performance of INVL Technology's business holdings in 2017, NRD Companies, which work in the area of business climate improvement and e-governance (and whose results also include the results of Etronika and NRD), saw revenue increase by nearly 20 per cent in the year to EUR 7.23 million (versus 2016 revenue of EUR 6.03 million). The group's EBITDA rose in the same period from a negative EUR 42 thousand to a positive EUR 565 thousand. Net profit for 2017 was EUR 421 thousand, compared with a group loss of EUR 431 thousand in 2016.

The largest revaluation gain was EUR 3,159 thousand after NRD CS company revaluation. NRD CS, which operates in the area of cybersecurity, more than doubled its revenue in 2017 to EUR 3.49 million (compared with EUR 1.58 million in 2016). EBITDA increased 5.5 times to EUR 603 thousand (up from EUR 110 thousand in 2016). The company's net profit grew to EUR 468 thousand in 2017, which is 6.8 times the previous year's level of EUR 69 thousand.

The revenues of BAIP and Acena, which work in the area of IT infrastructure, grew by 5.7 per cent during 2017 to EUR 11.73 million (versus EUR 11.1 million in 2016). Their EBITDA for the same period more than doubled to EUR 780 thousand, up from EUR 373 thousand in 2016. The companies had a cumulative net profit of EUR 203 thousand for 2017, versus a net loss of EUR 107 thousand the previous year.

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

Name	Fair value, EUR '000	Valuation technique	Inputs	Input value	Reasonable possible shift +/-	Change in valuation +/-
Novian UAB Group	7,497	Discounted cash flow	Weighted average cost of capital	9.60%	-/+ 0.5 %	453 / (397)
			Long-term growth rate	2.00%	-/+ 0.5 %	(276) / 315
			Free cash flows	-	-/+ 20 %	(1187) / 1187
			Discount for lack of marketability	13.2%	-/+ 2 %	134 / (134)
			5y revenue growth rate	-	-/+ 0.5 %	(250) / 254
NRD Group	3,624	Discounted cash flow	Weighted average cost of capital	13.20%	-/+ 0.5 %	177 / (162)
			Long-term growth rate	2.00%	-/+ 0.5 %	(102) / 111
			Free cash flows	-	-/+ 10 %	(368) / 368
			Discount for lack of marketability	13.2%	-/+ 2 %	83 / (83)
			5y revenue growth rate	-	-/+ 0.5 %	(69) / 71
NRD CS UAB	5,067	Discounted cash flow	Weighted average cost of capital	11.1%	-/+ 0.5 %	287 / (257)
			Long-term growth rate	2.00%	-/+ 0.5 %	(167) / 187
			Free cash flows	-	-/+ 10 %	(489) / 489
			Discount for lack of marketability	13.9%	-/+ 2 %	118 / (118)
			5y revenue growth rate	-	-/+ 0.5 %	(92) / 93
Andmevara	525	Discounted cash flow	Weighted average cost of capital	10.2%	-/+ 0.5 %	49 / (43)
			Long-term growth rate	2.00%	-/+ 0.5 %	(31) / 35
			Free cash flows	-	-/+ 10 %	(53) / 53
			Discount for lack of marketability	13.2%	-/+ 2 %	12 / (12)
			5y revenue growth rate	-	-/+ 0.5 %	(14) / 14
Algoritmu sistemas UAB	3,821	Discounted cash flow	Weighted average cost of capital	10.40%	-/+ 0.5 %	207 / (184)
			Long-term growth rate	2.00%	-/+ 0.5 %	(129) / 145
			Free cash flows	-	-/+ 10 %	(366) / 366
			Discount for lack of marketability	13.2%	-/+ 2 %	88 / (88)
			5y revenue growth rate	-	-/+ 0.5 %	(67) / 68
Fintime UAB	274	Net assets value	N/A	N/A	N/A	N/A
Total:	20,808					

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The fair value was based on discounted cash flow method, which was selected by the external valuator as the best representation of the company specific development potential, except for FINtime UAB, where net assets value method was used. Different method was selected as because as of current moment the entity does not expect to generate significant free cash flows. Sensitivity is not applicable as no variable inputs were used. Due to the limited number of comparable companies and transactions, lack of reliability of the market data and limited comparability of peers, the results of the guideline public companies and transaction methods were used as a supplementary analysis and were provided only for illustrative purposes in valuation report.

Cash flow projections made by Company management for the period of 5 years (2018-2022) were used as a basis in the income method. Free cash flows were calculated as operating profit after tax plus depreciation/amortisation of property, plant and equipment and intangible assets, plus or minus changes in working capital and minus capital expenditure. The resulting value was adjusted by discount for lack of marketability and the amount of surplus assets/liabilities. As part of the valuation process, valuator had analysed items presented on the balance sheet of each company and had identified assets and liabilities, which can be treated as surplus assets (e.g. net working capital above normalised level, non-operating cash balances, loans to related parties) and debt/debt like items; all of which were adjusted when arriving at equity value of the company. In the opinion of the management, the fair value was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments.

5 Cash and cash equivalents

	<u>At 30 September 2018</u>	<u>At 31 December 2017</u>
Cash in bank accounts		
Cash EUR	2,645	5,030
Total cash and cash equivalents	<u>2,645</u>	<u>5,030</u>

30 September 2018 the Company did not have terminated deposits.

All Company's cash and cash equivalents comprised funds in the bank's current accounts.

6 Trade and other receivables

	<u>At 30 September 2018</u>	<u>At 30 September 2017</u>
Loans granted to subsidiaries and accrued interest thereon	51	39
Dividends receivable from subsidiaries	1,319	-
Prepayments	1	-
	<u>1,371</u>	<u>39</u>

The ageing analysis of the Company's receivables as at 30 September 2018:

	Receivables not past due and not impaired	Receivables past due but not impaired				Receivables Impaired	Total
		Less than 30 days	30 to 90 days	90 to 180 days	More than 180 days		
Receivables for services rendered	-	-	-	-	-	-	
Receivables for tax losses transferred	-	-	-	-	-	-	
Loans interests	-	-	-	51	-	51	
Dividends receivable	1,319	-	-	-	-	1,319	
	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>1,370</u>	

All receivables past due but not impaired were receivables from subsidiaries. In the opinion of the Company's management, these receivables were not impaired since the Company has full control of cash flows of subsidiaries and there were no restrictions on transfer of the above-indicated balances to the Company. If necessary, the Company was able to collect these

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amounts in cash, offset them against the amounts payable to the subsidiaries, or capitalise them as an additional contribution to the share capital of the subsidiary.

Credit quality of receivables neither past due nor impaired

As at 30 September 2018, receivables neither past due nor impaired amounting to EUR 1,319 thousand were receivables from the subsidiaries which had no debts overdue as at 30 September 2018.

As at 31 December 2017, receivables neither past due nor impaired amounting to EUR 39 thousand were receivables from the subsidiaries which had no debts overdue as at 31 December 2017.

As at the reporting date, for receivables from subsidiaries neither past due nor impaired there were no indications that the debtors will fail to fulfil their liabilities in due time, since the Company has full control over the cash flows of the subsidiaries and there are no restrictions on transfer of the above-indicated balances to the Company. The maximum exposure to credit risk as at the reporting date is equal to the carrying amount of each group of receivables indicated in the table above. The Company holds no collateral as a security.

7 Reserves

As at 30 September 2018, the Company's reserves consisted of the reserve for acquisition of own shares amounting to EUR 9,800 thousand and legal reserve amounting to EUR 354 thousand. The reserves were formed upon appropriation of the Company's result for the year.

Legal reserve

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

Reserve for acquisition of own shares

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

8 Loan liabilities

In September 2017 AB LUMINOR granted a loan of EUR 1,953 thousand to the Company. The purpose of the loan was the acquisition by Deltagon Group Oy of a legal entity in Finland, company code 0948181-6, registered at Itälahdenkatu 22, 00210 Helsinki, Finland, for the acquisition of 100 (one hundred) per cent of the shares / units, through the acquisition of Mäkitalo Box 4 Oy, a company specially acquired in Finland, using the granted credit funds to increase the authorized capital of the company being established or transfer to a newly founded company. During 2018 the amount of interest paid was 34 thousand EUR. Bank loan interest margin was 3.5%; Interest is variable, calculated and paid each month last day.

As of 25 June 2018 the entire loan was repaid to AB Luminor bank.

Net debt balance and cash flow from financial activities in 2018 and 2017 alignment:

	Cash / Account balance surplus	Current part of long term loans	Long-term loan, long-term part	Total
Net debt at 31 December 2017	5,030	(244)	(1,709)	3,077
Decrease in cash and cash equivalents	(2,385)	-	-	(2,385)
Received loan	-	-	-	-
Loan returns	-	244	1,709	1,953
Other non cash changes	-	-	-	-
Net debt at 30 September 2018	2,645	-	-	2,645

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9 Other short term liabilities

Other short-term liabilities as of 30 September 2018 consisted of the amount payable to the depositary (7 thousand EUR), the payable sum to the management company (96 thousand EUR), payable sum to subsidiary company FINtime (1 thousand EUR), and accrued amounts to auditors (4 thousand EUR), the total amount of current liabilities was 108 thousand EUR.

Other short-term liabilities on 31 December 2017 consisted of the amount payable to the depositary (6 thousand EUR), the payable sum to the management company (101 thousand EUR) and accrued or payable amounts to other suppliers (5 thousand EUR), the total amount of current liabilities was 112 thousand EUR.

10 Net Asset Value (non-IFRS measure)

	<u>At 30 September 2018</u>	<u>At 31 December 2017</u>
Net asset value, total, EUR	23,914,762	23,811,753
Net asset value per share, EUR	1.9642	1.9557

11 Dividend income

During year 2017 these companies declared and paid dividends: Inventio UAB – EUR 329 thousand.

During 6 months period ended 30 September 2018 these companies declared dividends: Novian UAB – EUR 700 thousand, NRD CS UAB – EUR 400 thousand, FINtime UAB – EUR 39 thousand, Algoritmu sistemas UAB – EUR 180 thousand.

12 Other operating expenses

	<u>2018 9 months</u>	<u>2017 9 months</u>
Professional services	99	75
Audit services	4	4
Other operating expenses total	103	79

13 Management fee

Management fee recorded in the profit (loss) represents management fee paid quarterly to the Management Company.

14 Finance costs

	<u>2018 9 months</u>	<u>2017 9 months</u>
Interest and related expenses on borrowings	34	20
	34	20

15 Income tax

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

16 Earnings per share

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

The weighted average number of shares on 30 September 2018 was as follows:

Calculation of weighted average for 2018	<u>Number of shares (thousand)</u>	<u>Par value (EUR)</u>	<u>Issued/36 5 (days)</u>	<u>Weighted average (thousand)</u>
Shares outstanding as at 30 September 2018	12,175	0.29	365/365	12,175

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

	<u>9 months 2018</u>	<u>9 months 2017</u>
Net profit (loss) attributable to the equity holders of the parent entity (EUR '000)	103	214
Weighted average number of ordinary shares (thousand)	12,175	12,175
Basic earnings per share (EUR)	<u>0,008</u>	<u>0,018</u>

17 Related-party transactions

The Company's transactions with other related parties during 9 months 2018 and outstanding balances as at 30 September 2018 were as follows:

	<u>Revenue and income from related parties</u>	<u>Experienced costs from related parties</u>	<u>Receivables from related parties</u>	<u>Payables to related parties</u>
<i>The Company's subsidiaries</i>				
Dividends	1,319	-	1,319	-
Interests	5	-	43	-
Management fee	-	291	-	96
Other activities	7	5	7	1
	<u>1,331</u>	<u>296</u>	<u>1,369</u>	<u>97</u>

Changes in loans granted to subsidiaries, changes in issued bonds during 2018:

At 1 January 2018	<u>39</u>
Interest charged	5
Administration fee	7
Bonds acquired	500
Bonds repayments received	(500)
Interest received	-
Administration fee received	-
Foreign exchange effect on the balance of loans	-
At 30 September 2018	<u>51</u>

The Company's transactions with other related parties during 2017 and outstanding balances as at 31 December 2017 were as follows:

	<u>Revenue and income from related parties</u>	<u>Experienced costs from related parties</u>	<u>Receivables from related parties</u>	<u>Payables to related parties</u>
<i>The Company's subsidiaries</i>				
Interests	39	-	39	-
Bonds	-	-	-	-
Dividends	329	-	-	-
Management fee	-	390	-	101
Other activities	7	-	-	-
	<u>375</u>	<u>390</u>	<u>39</u>	<u>101</u>

Changes in loans granted to subsidiaries during 2017:

At 1 January 2017	<u>-</u>
Interest charged	39
Administration fee	7
Loans granted	2,050
Loan repayments received	(2,050)
Interest received	-
Administration fee received	(7)
Foreign exchange effect on the balance of loans	-
At 31 December 2017	<u>39</u>

18 Segment reporting

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The Company has defined its operating segments in a manner consistent with the internal reporting provided to the Investment committee of the Management company that is responsible for making strategic decisions.

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

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

The classification of companies into 4 areas of activity, as used previously, from the beginning of 2018 is replaced by 3 new functional groups: business climate improvement and e-government, IT services and software, and cyber security. NRD companies continue to belong to the business climate improvement and e-government group, the cyber security group covers NRD CS UAB and other potential acquisitions in this area, whereas the IT services and software group is formed by joining the areas of IT infrastructure and IT intensive industries' solutions.

19 Financial instruments by category

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

	Loans and receivables	Financial assets at fair value through profit or loss	Total
At 30 September 2018			
Assets as per statement of financial position			
Financial assets at fair value through profit or loss	-	20,007	20,007
Receivables	1,370	-	1,370
Cash and cash equivalents	2,645	-	2,645
Total	4,015	20,007	24,022

	Loans and receivables	Financial assets at fair value through profit or loss	Total
At 31 December 2017			
Assets as per statement of financial position			
Financial assets at fair value through profit or loss	-	20,808	20,808
Receivables	39	-	39
Cash and cash equivalents	5,030	-	5,030
Total	5,069	20,808	25,877

	Financial liabilities at amortised cost	
At 30 September 2018		
Liabilities as per statement of financial position		
Loan payables		-
Trade payables		-
Other current liabilities, excluding taxes and employee benefits		108
Total		108

	Financial liabilities at amortised cost	
At 31 December 2017		
Liabilities as per statement of financial position		
Loan payables		1,953
Trade payables		-
Other current liabilities, excluding taxes and employee benefits		112
Total		2,065

20 Financial risk management

20.1 Financial risk factors

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

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

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

The Company's business objective is to achieve medium to long-term return on investments in carefully selected unlisted private companies operating in information technology sector. The goal of the Company is to increase the value of its investments with the purpose to sell the investments at the end of their life (Note 1) earning adequate return for the shareholders and success fee if applicable.

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

Credit risk

Credit risk arises from cash and cash equivalents, outstanding balances of trade and other receivables, and outstanding balances of loans granted.

With respect to trade and other receivables neither past due nor impaired, there were no indications as at the reporting date that the debtors will fail to fulfil their liabilities in due time, since the Company constantly reviews the balances of receivables. The Company has no significant transactions in a country other than the countries of domicile of the subsidiaries and their investments. All receivables of the Company are from subsidiaries, and their settlement terms are set by the Company itself.

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

Assets with no credit rating assigned	At 30 September 2018	At 31 December 2017
Trade and other receivables	1,320	-
Loans granted, interest	50	39
Cash and cash equivalents	2,645	5,030
Total current assets	4,015	5,069

The Company accepts the services from the banks and the financial institutions which (or the controlling financial institutions of which) have been assigned a high credit rating by an independent rating agency. As at 30 September 2018 the Company's cash balances were held in the financial institutions which have not been assigned individual credit ratings, but the controlling financial institutions of which have been assigned "Prime-1" rating by Moody's agency.

Interest rate risk

As at 30 September 2018 the Company did not have borrowings, therefore it had no interest rate risk.

Price risk

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

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As at 30 September 2018, the fair value of the Company's investments exposed to price risk was EUR 20,007 thousand (31 December 2017: EUR 20,808 thousand).

Liquidity risk

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

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

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

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

The Company's financial liabilities based on undiscounted contractual payments consisted of:

	Up to 3 months	4 - 12 months	2 to 5 years	Over 5 years	Total
Loans to credit institutions with interest	-	-	-	-	-
Other current liabilities	108	-	-	-	108
At 30 September 2018	108	-	-	-	108
Loans to credit institutions with interest	17	292	1,810	-	2,119
Other current liabilities	112	-	-	-	112
At 31 December 2017	129	292	1,810	-	2,231

The company has no liquidity problems and there are no expectations that they will arise in the foreseeable future.

Foreign exchange risk

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

20.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company carries investments in subsidiaries at fair value, please refer to Note 4 for more details.

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

The carrying amount of the cash and cash equivalents, trade and other receivables, as well as trade and other payables of the Company as at 30 September 2018 approximated their fair value because they are short-term and the impact of discounting is immaterial.

20.3 Capital management

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

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

During 2018, no changes were introduced in the objectives of capital management, policies or processes.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Lithuanian Law on Companies. As at 30 September 2018 the Company complied with this requirement.

21 Events after the reporting period

There were no major events.