Expect more

Your investment partners 360°

ORION

CAPITAL MARKETS | INVESTMENT BANKING

It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for.

-Robert Kiyosaki


Alius Jakubėlis | "Orion" CEO

Where do Lithuanian millionaires invest?

The average Lithuanian millionaire is a 56 years old man, an entrepreneur who has not yet retired from the direct management of his companies, with assets under management of 20 million, shows the analysis of the 500 richest people in Lithuania by "Orion Securities".

"Unlike in the countries of old Europe, where about half of all millionaires have inherited their assets, the absolute majority of the richest Lithuanian people earned it in the business they established, who have started to move away from direct corporate management only recently. Some sell businesses or parts of businesses to expansion-minded competitors or hand over control to children. In recent years, we have increasingly seen that businesses are actively bought by professional managers - private equity funds," - says Alius Jakubėlis, CEO of "Orion Securities".

"Unlike in the countries of old Europe, where about half of all millionaires have inherited their assets, the absolute majority of the richest Lithuanian people earned it in the business they established, who have started to move away from direct corporate management only recently."

Financiers also see the changing trends when talking about where the richest Lithuanians invest - investing in real estate with partners or lending money to other entrepreneurs at a significant interest rate is replaced by investments in private equity funds, and active community project support is complemented by non-profit science and academic funds.

Today, the standard investment of the richest, a deal ticket in one financial instrument is one million euros, but more and more often such transactions amount to 5 or 10 million euros.

The favorite Lithuanian investment is real estate

"Twenty or even ten years ago, it was common for entrepreneurs to reinvest all the money they earned in the development of their business. Sometimes they didn't even have their own homes - all the money went only to fuel their single business. This was a growth stage, without which we would not have strong, international Lithuanian businesses successfully competing in the global market today," - notes A. Jakubėlis.

And those who did not feel the need to invest all their funds in business, usually chose their favorite Lithuanian investment - real estate, as an alternative. "Apparently, psychology is at work here," - says A. Jakubėlis. - Real estate is tangible, visible and gives a sense of security. This outweighs its disadvantages as complex liquidity or additional liabilities to the bank, which often fall on the shoulders of the core business."

It was customary to invest in real estate alone or with business co-owners. "This is how many complex business groups appeared, where you could not immediately tell which business is the primary one and which is secondary. In recent years, we have seen cases where, in the case of inheritance or sale of part of property, that separation took place in exactly this way - for one real estate, for another - the main business," - says A. Jakubėlis.

For a long period, the second most popular type of investment was lending money to fellow entrepreneurs, which generated significant returns and the same time - considerable headaches.

"Banks' lending conditions for business in Lithuania have never been very favorable, so they often had to look for money for business development or even working capital from fellow entrepreneurs. It can be said that a kind of alternative financing system worked. However, the joy of high interest was overwhelmed by the fact that borrowers were not always able to meet their obligations, and then a difficult process had to be started, at the end of which you did not always recover the funds, but you inevitably found enemies," - says the head of Orion.

3 Lessons learned during the crisis

According to the interviewee, the changes in the investment habits of the richest people of the country formed 5-6 years ago and were largely related to the lessons learned during the 2008-2009 crisis.

"It took both time and effort to recover from the financial crisis, and the 3 most important lessons were evaluated after the recovery," - says A. Jakubėlis.

The first is that by putting everything together into a single business, however successful it is, increases the risks, so investments need to be diversified.

The second is that when you manage everything yourself, you start lacking time. The extra investment consumes so much time, that there is not enough left for the core business. Therefore, entrepreneurs began investing not with friends or long-term business partners, but with those who have experience in a new business segment. Financial investors and those developing a new business have split up.

The third is understanding, that investing is also a job that I would rather entrust to professionals. Thus, initially, people who supervised investments appeared within companies, and with the growing demand for new competencies, the first Family offices appeared, supervising the assets of one or more entrepreneurs. An alternative solution, often chosen by an entrepreneur in the 500 richest people in the country, is to invest through various funds.

"The crisis has had not only financial but also psychological consequences. The pursuit of large, fast, and risky money has been replaced by the desire to preserve existing assets first and to divide investments wisely. New goals are set for investment - there is no longer a need to obtain a controlling stake in each object or to necessarily participate in its management. Overall, many of the richest people, those who have been building their businesses for 30 years, are gradually withdrawing from active participation in operational management. Many of their companies are run by hired directors, while in others leadership positions are gradually being taken over by their children, "says A. Jakubėlis.

A new generation of "digital millionaires" is emerging

There is also a new generation of "digital millionaires" - young people under the age of 40 who are on the ranks of the digital IT or so-called fintech business. Also young people who unexpectedly made money from a wave of cryptocurrencies.

"Their investment habits are more aggressive, more focused on an area they know well - digital services. They make decisions faster, tend to play in global markets, they follow a much larger amount of information, have a good command of foreign languages. They are the way many of the richest were 20 years ago - willing to take risks and not experience the consequences of the crisis, " - describes A. Jakubėlis.

It is the young generation that tends to create and develop new startups. Nowadays, it is not difficult to attract the necessary funding for those who want to develop a new business idea, because such companies are targeted by both wealthy entrepreneurs and newly created specialized investment funds. In general, investors are more inclined to look for new alternatives and look to IPOs of global companies or search for opportunities to invest in unlisted companies like "Space X", "Revolut" or "Robinhood".

Investments are made not alone and not only for profit

"The sharing economy has permeated the habits of the richest," - the interlocutor says, noting that group investment, so-called "club deals" - are becoming dominant. And not just when it comes to investing for the sake of profit for yourself. Today, a successful investment strategy is often associated with charity, and the most suitable sector for that is the scientific-academic one.

Entrepreneur Marius Jakulis Jason founded a MJJ fund worth 3.5 million euro, where annually, 10% of its value is dedicated to providing financial support to talented business developers, academics and students who can and want to contribute to the growth of the Lithuanian economy.

The Vilnius University Foundation endowment fund operates on a similar principle. More than 700 people have already donated money to it, and the value of the fund exceeds 2 million euros. The fund's investment return is allocated for the needs of Vilnius University.

"This is a great start and we will only see more such great initiatives in the future. I wish you successful investment and patience, because it is necessary for investing," - says A. Jakubėlis.

The world must work together

While the rapid pace of vaccination in Europe and the US has boosted hopes of a pandemic recall this year, declining numbers of infections and new strains of the virus are causes of worry about the end of the pandemic. It is projected that with exceptional uncertainty, the global economy will grow by 5.5 percent in 2021 and by 4.2 percent in 2022. The planned recovery in growth this year is projected after a severe economic contraction in 2020, which had acute negative effects mainly on the catering and textile, clothing and footwear trade sectors. It is projected that in 2020, The World economy has shrunk by approximately 3,5 percent.

It is estimated that the strength of the recovery may vary significantly from country to country, depending on the availability of vaccines, the effectiveness of monetary support and the structural features that led to the crisis. Also, a condition for a rapid recovery is to ensure effective continued monetary support until the economic recovery.

Strong multilateral cooperation is needed to control the pandemic. Such efforts include increased funding for the Covid vaccination program to accelerate access to vaccines for all countries and ensure universal distribution of vaccines at affordable prices. The economies of many, especially developing countries, are in crisis with high debt, which is expected to grow even more during a pandemic. The global community will need to continue to work closely together to ensure that these countries have adequate access to international monetary liquidity.

Lithuania is doing well

While assessing Lithuania's 2020 economic indicators, it should be noted that these were significantly better than forecasted at the beginning of the year in the context of the first wave of COVID-19 virus. In the perspective of the change in the real GDP of the EU countries, Lithuania, after Ireland, can be considered as one of the least affected countries. However, as in many parts of the world, the economic environment in Lithuania in 2020 can be assessed as uncertain. The outbreak of the COVID-19 virus pandemic in the world at the beginning of the year and the widespread restrictions on economic activity in Lithuania in its first quarter, the outbreak of the second COVID-19 virus wave in the fourth quarter and, again, economic constraints, all had a negative impact on Lithuania's economic performance.

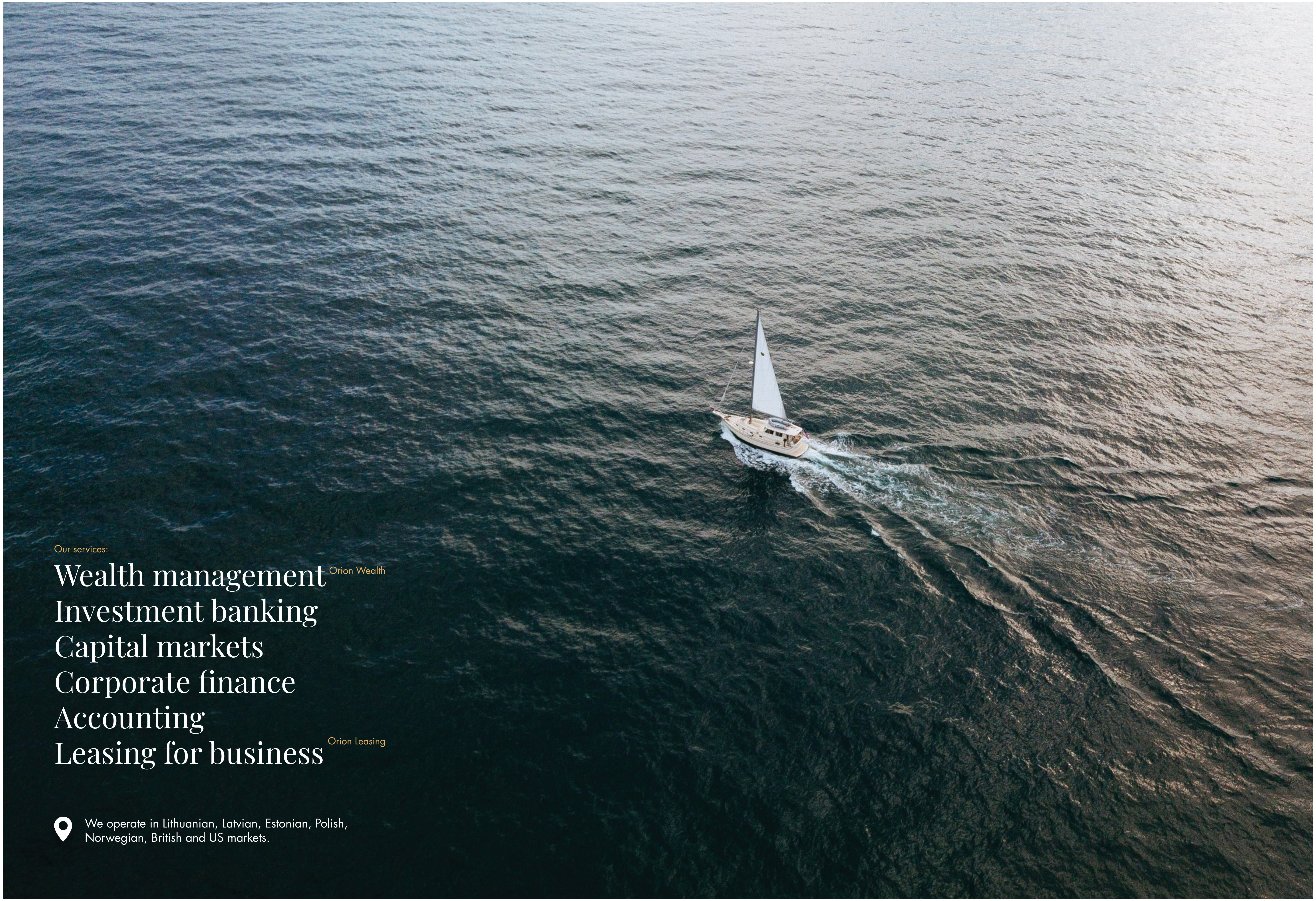
In the first quarter of 2020, economic activity in Lithuania was positive at 2.2 percent per year; it fell to 4.6 percent in the second quarter; the result for the third quarter fell - 1.6 percent; the result for the fourth quarter was also a negative -0.2 percent. This led to the 2020 annual -0.8 percent economic downturn.

The contraction in GDP was also driven by weaker domestic demand and declining exports, but imports declined even more than exports, which constituted to the positive effect of net exports on GDP growth. According to economic sectors, many economic activities have contributed to the economic downturn, in particular manufacturing and services. It is these economic activities that have been hit hardest by the pandemic - the manufacturing and transport sectors have been hit by shocks in foreign markets, and other services were hit by the trends in the domestic market following the introduction of operating restrictions. In the services sector, the largest negative impacts were observed in wholesale and retail trade, transport, accommodation and food service activities, as well as in arts, entertainment and recreation activities.

Public financial support for business in the internal market has significantly mitigated the economic impact of the first wave of the COVID-19 virus. During February-October of 2020, the measures provided by INVEGA were used by business entities which faced a lack of funds due to restrictions in certain economic activities during the COVID-19 virus crisis. The amount of these financial payments during the period amounted to almost 340 million euros; these included the issuance of loans, interest and rent compensation, as well as other business support measures. Almost 100 million in subsidies was paid to micro-enterprises (having up to 9 employees), and 110 million euro were issued for INVEGA's long-term business promotion measures, which include guarantees and loans. These sources of corporate financing have been very important, given the fact that the portfolio of loans issued to companies has shrunk - the total amount of loans issued in 2020 decreased by more than 12 percent (from 8.7 billion euro to € 7.6 billion euro). The trends in the assimilation of EU structural assistance in the first half of the year 2020 were moderate, but at the end of the year the process has intensified. The value of funded projects increased by 22% during the year, and this source of financing has a positive effect on the activity of the Lithuanian economy.

In foreign markets, of which the Lithuanian economy is highly dependent in exports, the economic downturn affected the indicators of Lithuanian exporting companies much less than expected at the beginning of the year. The reason for this was the lower-than-average decline of the economies of the Nordic region of the European Union, the main export partners of Lithuania, and the structure of Lithuanian exports, which is characterized by a large share of essential consumer goods. This was the second reason why the impact of the COVID-19 virus pandemic on the Lithuanian economy was relatively limited.

– Alius Jakubėlis
"Orion" CEO



Our services:

Wealth management Orion Wealth
Investment banking
Capital markets
Corporate finance
Accounting
Leasing for business Orion Leasing

We operate in Lithuanian, Latvian, Estonian, Polish, Norwegian, British and US markets.

Our company in numbers

Since
1993 — One of the longest-running independent investment banking companies in Lithuania

1.102 billion Eur — Investor assets under management

72% — Profit growth in 2020

200+ million Eur — Value of transactions in the corporate finance department

100+ million Eur — Capital raised for businesses

7 — Number of Lithuanian companies we helped with initial public share offering

1.5 billion Eur — Annual trading turnover of the Capital markets division

20 funds — 20 successfully distributed funds with a total amount exceeding 150 million. Eur

6 million Eur — The size of the philanthropic fund "MJJ fondas" at the end of the year, it has grown by as much as 71.43% since its establishment

350+ — Share accounting of more than 350 Lithuanian companies

Our clients

Mariaus Jakulio Jason fondas
MEDICINOS BANKAS
4WIND
Sun Investment Group
MEGRAME
INTER RAO LIETUVA
auga Group
BALTIC CHAMPIGNONS
GLENGLASSAUGH
Grand Hotel Kempinski
VILKYŠKIŲ PIENINĖ
EWA
London Property Fund
Robusta
plasta
Grigeo
OMX BALTIC BENCHMARK FUND
ALTERNATIVE ENERGY FUND
OlainFarm
iCOR
e-energija
CITYservice
K2LT krematoriumas
BalPol
Radisson BLU ROYAL ASTORIJA HOTEL VILNIUS
NOVATURAS
CIVINITY

Wealth management

ORION | WEALTH

Tailored solutions for your exclusive needs

Mindaugas Strėlis
"Orion Wealth" CEO

"After 30 years of independence, we are feeling a big change in the financial and business market - not only the wishes, needs and sentiments of investors are changing, but also the generations that dispose of these assets are changing. As people become more financially literate and technologically advanced, we realize that it is no longer enough to be just a financial advisor - we want to become an equal partner for our investors. The "Orion Wealth" team is committed not only to accompanying the investor at every step from the idea to its implementation, but also to investing and taking risks together. We believe in what we do, so we want to ensure one hundred percent investor confidence. " - M. Strėlis

More than 27 years of experience dictate that all investors have a common goal - to take care of their family, business or community. In the meantime, it is our responsibility to ensure that the property is protected, mobile and ready for transfer.

Against the background of a dynamic financial market and an ever-changing regulatory environment, "Orion Wealth" ensures the fulfillment of complex needs and the achievement of set goals. Let your property serve you not only today but also in the future.

Long-term partnership according to your needs

"Orion Wealth" - is an independent multi-family bureau, providing integrated asset management, optimization and planning services to individuals, families and legal entities.

Investment management
– Creating a personal investment strategy
– Asset analysis
– Risk management

Project development and management
– Project implementation at all stages of operation
– Search for strategic partners
– Co-investment

Inheritance planning
– Individually developed solutions
– Asset preservation planning and implementation
– Preparation of heirs

Alternative services
– Organization and management of philanthropic activities
– Collecting alternative assets
– Concierge services

Best in Lithuania
EUROMONEY
2020 Euromoney
Private Banking and
Wealth Management Award

To plan or not to plan – how do Lithuanian businessmen see the future of their wealth?

Mariaus Jakulio Jason fondas

Liisa Leitzinger ir Marius Jakulis Jason - founders of "MJJ" fund; Kotryna Stankutė-Jaščemskienė – "MJJ" fund CEO, Mindaugas Strėlis – board member, "Orion Wealth" CEO

Marius Jakulis Jason, one of the richest Lithuanian investors and philanthropists, recently publicly announced that he leaves as many as 70 percent of his family property to its charity fund. An entrepreneur with an innovative approach is one of the few in Lithuania who has established his own charitable foundation and is probably the first to speak so publicly about the need to share his success and prepare for it today, and not only after death.

Happiness to share today

Philanthropy is no longer new in Lithuania. When the first generation of independent Lithuania grew up, the desire to share with it grew. Although Lithuania is still reaching the bottom of the World Giving Index, we are already seeing growing interest and progress in supporting social projects, culture, education, the environment and entrepreneurship.

The charity fund established by a well-known investor - Marius Jakulis Jason Foundation, which provides financial support to talented business developers, academics and students who can and want to contribute to the creation of Lithuania's future, will soon celebrate its second birthday. True, M. Jakulis Jason makes no secret of the fact that the original idea of this foundation was to establish it only after his death. "For some time now, I have been dreaming about establishing a support fund, and one of the conditions of my will was to support Lithuania through the fund. However, only while being pushed by his wife Liisa, I realized - if change can be made today, why wait? "- shares M. Jakulis Jason.

The Lithuanian-born businessman who returned from the United States after the declaration of independence does not hide that he is grateful to Lithuania for what he has created and achieved: "Lithuania has given me opportunities that I could not dream of in New York. That is why today I want to invite young academics, students, entrepreneurs to return to Lithuania and help them create success here."

Setting up a support fund and starting it today was not just a spontaneous decision. "I wanted to set up a foundation that would last long after my death. Undoubtedly, today the opportunity to help young people create the future of Lithuania provides great joy and pleasure, but I realized that only work today will ensure the survival of the foundation tomorrow," - says the philanthropist.

From the idea to establish a fund only after death - up to 3.5 million euro start and a will, according to which a whole 70 percent the assets held are to be left to a fund that nurtures the future of Lithuania. According to the founder, the end result will be only better due to an early start - during this time, a team and structure are formed, an investment strategy prepared and awareness of the fund is increased, with all of that ensuring that the fund will live for a long time. "I am assured today that my wealth will not simply be distributed as a charity. An investment strategy prepared together with a team of professionals will allow the fund to grow and increase support opportunities. Now I understand that if I had stuck to the original idea of a will and a foundation, we would not have the same results today or in the future," - says M. Jakulis Jason.

Asset planning is a lifelong project

Although planning the future of inheritance and property is a very relevant topic today, we still do not have much experience in this area in Lithuania. It is therefore not surprising that this is still not a priority on the to-do list. It is true that these issues are usually postponed, not only because it provokes not an easy and pleasant debate, but also because it is a time-consuming process.

Mindaugas Strėlis, a member of the Board of the Marius Jakulis Jason Foundation and the head of "Orion Wealth", states that long and well-thought-out preparation is one of the main recipes for successful planning. "Only when you start planning do you understand what a family or business really needs, what everyone wants and how to implement it. It is never too early to start planning, but it surely can be too late - truthfully so," - says M. Strėlis.

Inheritance and estate planning is far from just the selection and appointment of heirs. It is crucial to ensure that wealth not only passes into other hands, but also continues to thrive in them. This is the hardest thing for first-generation entrepreneurs to think about in advance. "We will not deny that the largest part of the most successful businesses start with one or more key people. Still, the goal is to have a team that understands those visions and can develop them further. And it will not be possible to gather such a team and set goals for it during a single day," - says M. Strėlis.

According to him, Marius Jakulis Jason is a great example of asset planning for all Lithuanian entrepreneurs: "I am glad that together with the "Orion Securities" team we were able to contribute both to the establishment of the charity fund and to the family asset planning. I will admit, it has taken many years to create the final structure, but the biggest added value is undoubtedly that during this long time Marius and his family have been able to choose the people they want to work with, prepare them, instill their values and knowledge in them, which are needed continuity of assets. "

An example worth following

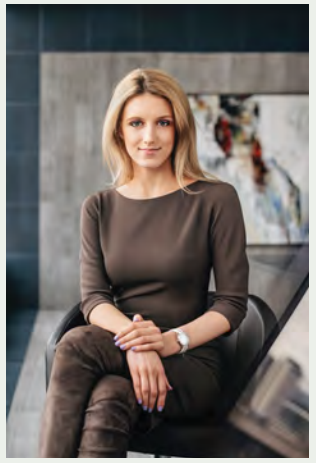
With the growing popularity of inheritance planning and philanthropy in Lithuania, Marius Jakulis Jason hopes that the example of his family will inspire others not to procrastinate, but to make changes today. Both philanthropy and correct inheritance planning significantly contribute to the development of the Lithuanian economy: one - by directly supporting promising branches of the economy, the other - by ensuring the development of a strong and stable Lithuanian businesses.

The most important thing is not to be afraid to do good works out loud and not be afraid to do them today.

The changing world of investment and business: what is Generation Y aiming for?

ORION | WEALTH

Tailored solutions for your exclusive needs



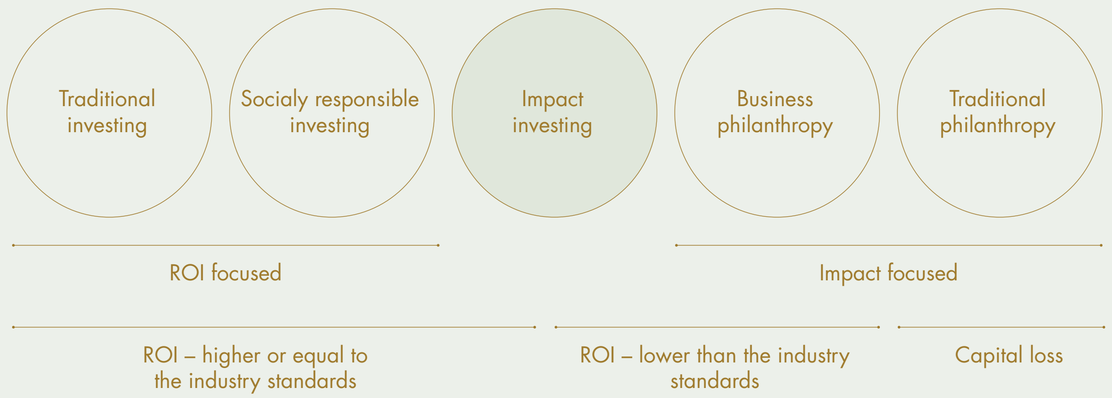
Marija Gecaitė
"Orion Wealth" wealth manager

It is said that as much as $ 12 trillion will be passed on to the new - young - generation by inheritance this decade. This year alone, that number is expected to exceed 760 billion US dollars. And this is only the American market. Be that as it may, it is by far the largest transfer of property in history. Decades run past each other, and people's beliefs are changing with them. How does the new generation of heirs affect business, investment and the financial market as a whole?

What does the millennium generation want?

The so-called Generation Y (born 1981-2000, also known as millennials) differs quite drastically from their parents in their approach to business and investment. The young generation looking for exclusivity sees investing or running a business as a way to express their beliefs - they want their choices to be not only profitable but also right. Giving a secondary role to returns, this generation is slowly trying to focus on more long-lasting things - change. In the financial world, this is called impact investing .

True, there is still disagreement on how to describe this investment direction exactly. Impact investing is not simply about avoiding making money from businesses that are considered unethical, such as in the alcohol or tobacco industry. In this case, we are talking about an investment that has a much stronger impact on the social, political or economic environment, such as tackling air pollution, the lack of clean drinking water in third countries or climate change.



Why is the millennial generation committed to drastic change?

1. Access to information

The most shaping phenomenon this time around was and still is the internet. It is a window to a world that has never been so easily accessible. Better dissemination of information has gradually allowed the new generation not only to observe world events with the accuracy of a second, but, most importantly, to form different opinions about each of them. It is not just what is happening in your hometown, state or region that has suddenly become relevant. We finally really felt the butterfly flutter on the other side of the world. It is therefore not surprising that Generation Y is keen to invest in and promote a debate not only on green business but also, for example, on gender and racial equality.

And indeed, the millennium generation was the first to bring healthy food, the reduction of plastic consumption, the fight for animal welfare into our daily lives - all this is a great example of the power of information dissemination. Perception and the ability to assess the importance of the most pressing issues make us think about where we allocate our money and how we can contribute to positive change.

2. Distrust of the outdated order

What separates the millennials from their predecessors? Economic crisis, rise of democracy, climate change, intensification of terrorist attacks and rapid technological change ... All of these events over the past few decades have contributed to the formation of maturing human values.

For example, it can be said that a large part of the representatives of the millennium generation were freshly "baked" graduates or recent professionals during the 2008 financial crisis. Imagine - one day the world is at your feet, the next - suddenly everything collapses like a bubble overfilled with air. Naturally, a young person is surrounded by fear and distrust of traditional business, and especially traditional banks - how to know that this will not happen again in the near future?

Changes gradually replacing themselves and unreliable traditional standards are forcing young people to strive for transparency. A high level of risk tolerance and an open approach allow the status quo to be shaken and to focus their attention and money on young businesses that promise real change, not just round returns.

3. Aiming to do everything faster, smarter and .. more economically

The Y generation, sharply shaken by economy once made me admit in part that money really can't buy happiness. Although it is estimated that the millennials will eventually become the richest generation ever, they are already spending this money quite differently from their parents. The educated generation of the digital world is actively pursuing smart ways to meet everyday challenges.

Generation Y has brought companies such as "WeWork", "Airbnb" and "Uber" to the skies, and they popularized the sharing culture. Why drive your car and bother about parking if you can call an innovative taxi at the touch of a button and even grab a passenger traveling in the same direction? Why rent a large, expensive office if you can share your workspace with potential like-minded people? Cheaper, faster, more efficient - and even greener.

A culture of sharing existed before, but we never shared services or things with so many people at once. The growing interest also encourages a lot of investor attention. The phenomenon that promotes socially responsible consumption and has a positive impact on the environment has brought Lithuania and the first - long-awaited - unicorn.

Short-term fashion or a new classic?

While most professionals may argue that a young person's lifestyle and beliefs are gradually changing with age, financial institutions and all other businesses should still consider and accept impact investing not as an alternative but as a basis for business and for all of us as a way of life. Although there are currently four generations of executives on the market, it is said that millennials will account for more than 50 percent of all the global workforce this year, so the further away, the more the conditions will be dictated by them.

What used to be discussed only in small gatherings has today become a mandatory topic in the largest banks, corporations and the most innovative start-ups. People are increasingly understanding and feeling the changes caused by various social or ecological problems. Investors, entrepreneurs and philanthropists are willing to join the initiative and gradually change their approach to their activities, so the impact investment market value in 2020 should exceed as much as 1 trillion US dollars. Although Generation Y did not invent this niche, they have arguably become a great platform for it to grow.

GEN Y?

INVEST WOMEN'S WEALTH CLUB

Supporting and encouraging the growth of women investors in Lithuania

Non-investment costs more than women's inequality in wages

21st century - let's forget Mars, we are looking for life even in Venus. However, not all topics relevant to society are evolving at the same rate. One of the slowest developments is the reduction of pay inequality between men and women.

According to the Eurostat 2018, the average gender pay gap between men and women in the European Union is 14.8%. Although women already make up almost half of the workforce in most developed countries, it is estimated that closing the pay gap completely will take... you won't believe it, but it is 200 years. Can women really afford to wait that long and what can we do today about economic equality?

We save, but the wealth ... decreases?

Did you know that statistically as much as 71% of property owned by women is held as cash? This means that even if women earn enough and can afford to "dedicate" a certain amount of income, they usually do not invest it anywhere.

Women tend to keep assets in liquid form for understandable reasons - the desire to take care of their family, their future, to prepare for unexpected life events or even to save on significant purchases - housing or a car. In reality, money held for such purposes unfortunately has the bad property of depreciating. Savings in an environment of low or even negative interest rates are affected by inflation, so savings are often not only are not earning anything, but sometimes also depreciate.

And really, after 27 years in the market, "Orion Securities" sees that women still make up only 4% of all investors. True, even if women do invest, they usually only start to do so in older age. You say - better late than never? Unfortunately, the statistically average life expectancy of women in Lithuania is more than 10 years longer than that of men, therefore, in theory, women also need correspondingly more income. Furthermore, it is no secret that with age, income inequality tends to increase.

Opportunities in inequality

So what can we do about economic equality today? We will not deny that the current situation is not on the side of women. But when we think about what each of us is doing with the money we have already earned; we have to admit that we all have equal rights and opportunities here.

Let's look at real numbers. There is not much to be happy about, but Lithuania is still slightly above the European Union average - here women earn on average 14% less than men.

If a woman earns € 3,000 a month after taxes, the man's salary is likely to be € 3,420, so you still think that a 20 EUR difference is not that much? That's really a lot if we think about a longer period of time. Without a change in wages, after 30 years a woman's wealth would be as much as 150 thousand euro less than a man's.

We've already found out that women are ... frugal. So the 50-30-20 saving rule would probably be nothing new. This would mean that 50% of the income is spent on necessary expenses (housing, food, transport, taxes), 30% on variable expenses or otherwise to satisfy one's own desires (leisure, culture, events, etc.) and the remaining 20% should be saved.

So if a woman devoted 20% to saving, she would have 600 Euro left each month. After 30 years, the amount saved would exceed 215 thousand. euro. Unfortunately, this would not help in any way in terms of financial equality. And what if women periodically invested these savings? After all, investments can just as well be liquid and meet future desires and needs, while increasing the value of savings. True, no investment yields a guaranteed return, but we can look at everything quite conservatively - an average annual return of 5% sounds quite realistic in the long run, right? By periodically investing and diversifying the monthly savings, the wealth of women after 30 years would be 280 thousand euro higher and would reach almost half a million.

Now go back and remember how much wealth you may be losing just because of income inequality. True, we did not mention that women achieve a higher return on investment than men on average. So, isn't it time to calculate your potential assets?

Towards change

Fighting for equality is not only necessary, it is mandatory. It should be understood, however, that "non-investment" still costs women much more than gender pay inequality. As long as we strive for change in one way or another, let us change the stereotypes that have arisen, share success stories and be the right examples for the younger generation. Let's lose those 200 years - when we will forget what income inequality means and say "I invest, what about you?"

To save *or* to invest?

Imagine	Imagine
A WOMAN **ONLY SAVES**:	A WOMAN **SAVES & INVESTS**:
Her salary: 3000 euro / month	Her salary: 3000 euro / month
SHE SAVES 20%: 600 euro / month 7200 euro / year	SHE SAVES AND INVESTS * 20%: 600 euro / month 7200 euro / year
216,000 euro after 30 years	**499,355** euro after 30 years

* 5% average annual return

Investment banking

Karolis Pikūnas
Head of investment banking

By providing professional services and personal attention:

1

We help to understand the principles of financial markets and potential risks;

2

We provide consultations on how to properly form an investment portfolio;

3

We provide access to a wide range of investment opportunities;

4

We help you choose investment products that meet the goals and risk level of the individual investor.

1.102 billion Eur

Investor assets under management

4 costly and most common investors' mistakes

Mistakes cost money, so the fear of making a mistake is causing stress in many. And while you are stressed, the probability of making erroneous actions due to human-specific behavioral bias in decision-making. When we talk about investment, some make decisions without even knowing they are making a mistake, while others avoid making decisions because they are afraid. Both options can be costly. In the first case, a high risk or even a loss, and in the second missed opportunity to earn. Still, it is optimal to be careful, to know what mistakes occur, and to understand that unconsciously every investor can make them. So, we want to share with you some of the most common investor mistakes.

1. "Pursuing results" or making decisions based on historical returns

Obtaining historical data is easier than predicting the future. Historical indicators are important in identifying prevailing trends or in assessing a company's financial stability and ability to manage money. However, we always invest in the future, so basing one's opinion only on historical returns causes one of the most common results - the acquisition of an investment after it has generated a high return and before it starts generating low returns. This is due to the fact that significant changes in the macroeconomic environment, technology, competition or demand may lead to adjustments in the company's growth, changes in its financial position and return on investment. It is therefore recommended that decisions be made on the basis of expected returns. The simplest way to assess it is to set capital market assumptions and adjust expected returns based on them.

Below is an abbreviated table to determine the impact of the economic cycle on capital markets.

Economic cycle	**Inflation**	**Short-term interest rates**	**Long-term interest rates**	**Bond prices**	**Stock prices**
Recovery, economic stimulus	Descending	Low or falling	Low	High	On the rise
Early growth, less stimulus to the economy	Low	On the rise	Starts to rise	Starts to fall	On the rise
Late growth, economy constrained	Starting to grow	On the rise	On the rise	Falls	High, varies
Slowdown, economy less constrained	Grows	High, starts to fall	High, starts to fall	Lows, yield curve can start turn upside down	Falls
Shrinking, easing, or stimulating economic policies	Very high	Falls	Falls	On the rise	Lows, begins to grow

Source: Wiley https://bit.ly/3eH6ZbJ

2. Trying to hit the right time

Even investors with many years of experience do not find the best time to buy and sell. It is normal that even after a detailed analysis of the likely change in the value of a company, which may be correct, the value may still fall after the purchase and rise after the sale, as the market may not yet value that analysis. It can always seem that the action was taken too early or too late, and when the hindsight bias is triggered and investors often think they could have predicted this. In fact, it would have been almost impossible. Therefore, we offer investors to buy periodically.

A great example is the recession caused by Covid-19, when the values of many companies fell, but investors expected them to recover. With uncertainty about whether the stocks will rise or will they fall, choosing to buy a financial instrument periodically, say on a monthly basis, will on average allow to achieve the periodic low average and that will protect the investor from buying at the most inappropriate time.

3. “Herd chase”

There is often a type of a blind herding among investors being observed - investing in popular investments. While experienced investors can follow trends to generate returns, investing in this way too often can make one pay too much because that investment is now on the wave. This happens for several main reasons:

a. Verification of information and facts leading to a decision based on unreliable opinions.

b. Not delving into the fundamentals of each investment and making a decision based on your personal historical success. Overconfidence bias also contributes to this, when buying decisions are made in an upbeat mood of the investor and selling takes place in a downward mood, despite the fact that this factor is unlikely to be related to the specific investment.

c. Higher demand for the investment is due to popularity than due to the expected return, which results in its value being too high.

Howard Marks, an anti-trend investor, told the CFA in a recent presentation at the annual CFA Institute conference that if we invest like everyone, we earn like everyone. If we want to earn more, we have to make investment decisions differently than everyone else, and decisions must be correct more frequently than everybody else’s. Therefore, before making decisions, the investor recommends asking questions: why does everyone invest there, what mistake does everyone make when investing there, is there a reason to invest differently than everyone else?

4. Non - diversification

Diversification is a valuable risk management tool that creates added value only when the risks of newly added investments are different from those of existing ones. An investor with a non-diversified portfolio will be more exposed to fluctuations in the value of a particular financial instrument. For example, following the fall in oil prices in April 2020, an investor holding shares in S&P energy index companies would now expect a -36.12% drop in value from the beginning of the year. This is a drop larger than the S&P 500 of -5.77%, which has a mixed-sector stock basket. Diversification in this case reduces the risk of fluctuations and, if properly balanced, can also lead to higher returns exchanged for lower risk. Read more about how to do it: https://www.orion.lt/straipsniai/investiciju-diversifikavimas/ .

Will we learn from others’ mistakes?

We learn from mistakes, but as the saying goes, it is better to learn from strangers’ mistakes than from our own. So we hope you know what mistakes are common when making investment decisions. One can only be protected more than having knowledge by having a clear investment plan or strategy. By clearly defining the rules for making an investment portfolio or making decisions, the investor will avoid the emotional and associated risks of overly expensive investments.

If you would like to consult on the issues of drawing up an investment plan, please contact our team.

Capital markets

Artiom Baranov
Head of share trading

Kęstutis Celiešius
Head of bond trading

1,5 billion Eur

Annual trading turnover of the Capital markets Division;

We offer a wide range of financial instruments: stocks, bonds, currencies, commodities, etc.

9:00–23:00

We are available by phone, e-mail, Skype, Viber, Whats App, Telegram and other channels.

1. We help to form an investment portfolio;
2. We provide strategies to protect your investment portfolio from potential market fluctuations;
3. We offer currency and commodity hedging transactions;
4. We actively monitor the positions of existing investors;
5. We promptly execute your orders and consult on market issues;

Sustainable investment is a trend that has proven its resilience to the pandemic

Results of markets affected by the pandemic in show that Sustainable investing (SI) strategies performed similarly or even better than conventional investments. S & P500 ESG Index, composed of companies adhering only of the highest environmental, Social and Governance Criteria (English (ESG)) , has fallen by only -0.23% since the beginning of the year, compared with the usual S & P500 -2.34%. In addition to better results, the ESG also showed lower fluctuations.

In the absence of market stability, investors sought protection in sustainable investments. This has resulted in more than 16 billion US dollars in flows to ESG funds, which has kept fund assets stable in the first quarter of this year, despite the pandemic downturn. In the year 2019 the ESG fund market was 94 billion US dollars. In just a few weeks this year, the market has grown by more than 12% to over 100 billion US dollars.

ESG criteria helps to make more informed decisions

A "Morningstar" study examining the long-term effectiveness of 745 European sustainable funds shows that most strategies have been implemented better than non-ESG funds in one, three, five and 10 years. This means that their returns were higher and the survival period was longer than that of the traditional alternatives.

The success rates of sustainable funds depended on the asset class. Of the seven asset classes examined by "Morningstar", the best performers were US large and mixed-capital funds investing sustainably, with more than 80 percent of the funds in this category outperforming traditional funds over a 10-year period.

It can be concluded that investors, by combining fundamental analysis with essential sustainability data, are better prepared to make informed long-term investment decisions.

What is the future of ESG investment?

The recent economic downturn has only highlighted the importance of environmental, social and governance criteria for corporate performance and return on investment. This is expected to continue to have a significant impact on the further actions of companies and investors. We discuss below the five trends that have emerged and accelerated as a result of the COVID-19 pandemic and global climate change, which UBS analysts believe will be implemented over the next 12 months and will affect long-term sustainable investment planning.

1. Increased investor focus on environmental, social and governance (ESG) aspects

COVID-19 has increased the importance of corporate activities and accelerated the growing relevance of ESG to investors.

The management of human rights, workers' well-being and community relations issues is already under close scrutiny, as issues that were considered a luxury in the past (such as flexible working patterns) have become important business continuity mechanisms to stop a pandemic. The actions of companies can have a long-term impact on their reputation and future relationships with customers, vendors and regulators. Therefore, shareholder involvement to drive behavioral change should remain a key component of sustainable investment.

Sustainability is also at the heart of many governments' recovery plans. Plans to invest in large-scale renewable energy, clean transport, sustainable food and to shorten and diversify global supply chains will encourage continued investment in sustainable industries. These investment plans should target citizens and key industries such as healthcare, even if this would require short-term failures related to quarantine and the urgent need to attract funding.

2. Increased importance of social responsibility for companies

While UBS analysts expect many long-term sustainable investment trends to maintain their focus, structural changes related to social issues are already visible.

With the exception of gender lens investing Gender lens investing ,over the last three years, social issues have been second only to environmental issues. As COVID-19 has brought global public attention to public health, any emerging social changes, such as health care, care for the elderly, provision for deprived communities, or sustainable tourism, will eventually be reflected in new investment opportunities.

3. Aware of the economic benefits and risks, investors should focus on environmental opportunities

Although the COVID-19 crisis has focused on public health, WHO studies have found a direct correlation between high levels of air pollution and more severe cases of COVID-19, making environmental impacts no less important than health.

It is widely reported that in 2020 global energy-related carbon damage will decrease as the economy stagnates. Today, energy analysts predict that carbon emissions (two-thirds of total greenhouse gas emissions) will fall by more than 5% - more than four times as much as in previous financial crises.

Understandably, without quarantine, carbon emissions would not have fallen and the problem is far from being solved. As a result, renewable energy, sustainable transport, biodiversity and Green bonds will play an important role.

4. Structural inclusion of sustainable investment in asset classes

An environment of low growth and low bond yields should encourage the adoption of a sustainable investment philosophy. Significant potential is seen for structural changes in sustainable investment by adding alternative asset classes to ESG's asset and bond portfolios.

Hedge funds , structured products and other derivatives could provide important risk management opportunities for sustainable investors through the use of main securities linked to their personal values or sustainable economic activities. These instruments would make the most sense when used as a diversification of the main sustainable portfolio, especially where the investor wants to remain a long-term holder of other sustainable assets but manage intermediate risks related to market changes, currency, capital protection, etc. It is important to weigh just how much real choice for sustainable investment, or their combination brings benefits to avoid . Green washing problem.

5. The benefits of sustainable investment activities should remain apparent in the light of recent volatility

Sustainable investment strategies are not part of a homogeneous group of investment strategies, but essentially are ESG indices, funds that have declared themselves sustainable. Looking to the future, UBS analysts still expect a diversified global portfolio of sustainable investment stocks and bonds to operate in line with traditional strategies, but it is important to understand that perceptions of sustainable investment are still evolving and their characteristics may change.

Nevertheless, the appropriations for ESG topics and the active involvement of investors in ESG securities and high-yield bonds are assessed (ESG engagement equities) to become a cornerstone of growth and high return opportunities. There is also a potential advantage of focusing on bonds of the highest credit quality: ESG leader corporate bonds,. Green bonds and Development bank bonds .

In addition, private market fund managers who have put in place sound impact management frameworks since their inception . and have experienced teams, are better prepared to overcome the crisis and prepare for growth and recovery.

In summary, due to the relevance of its issues, ESG investments are becoming increasingly relevant to investors. Such investments not only contribute to a more sustainable environment for future generations, they are gradually proving to generate more stable and higher returns than traditional alternatives and are suitable for diversification. Thus, ESG investments from the new trend seem to be becoming an important part of a long-term investment strategy.

Sources
www.ubs.com
www.ft.com

FUTURE *is here*

Corporate finance

Mykantas Urba
Įmonių finansų skyriaus vadovas

1

We help attract alternative financing: bonds, private debt, private investors;

2

We provide consultations on acquisitions, sales or mergers;

3

We help companies go public through IPOs or bond offers.

200+ million Eur

Amount of completed projects of acquisitions and mergers and raising of capital

Bonds are an alternative to tightening bank financing

Recently, complaints about business, especially real estate and transport companies, have become more and more popular in Lithuania due to more difficult access to bank financing and tightening lending conditions. Despite the continuing low interest rate period of the ECB, interest rates on new business loans to small and medium size businesses are rising. Assets in the banking sector are growing at a rapid pace, the share of non-performing loans is steadily declining and capital adequacy ratios are above rates, but there is a growing number of companies (especially SMEs) that have relatively less access to relatively cheap bank money.

One of the possible and still incomplete alternatives to bank financing for SME is the debt securities (bond) market.

"Together with the Orion team, we help companies raise the capital needed for business growth, and from our experience we can say that in Lithuania, although companies know about bond issuance as an effective way to do so, business leaders and owners often lack the knowledge how to implement such issuance or they mistakenly think it to be extremely costly. Therefore, when starting capital raising projects, we first delve into the current business situation and capital needs and correspondingly choose the best investment attraction strategy, communicate it to the client, and after the project is initiated, we accompany the client at every step until the end of the project, i.e. to the distribution of bonds or other securities." - Says Mykantas Urba, Head of Corporate finance department at "Orion".

Fragmented Baltic corporate bond market

Currently, the value of debt securities issues of active registered companies in the Baltic States is about 3.7 billion Euro. euro. This would seem to be a significant amount, but the majority (75%) of the market capitalization is made up of some very large (in the Baltic context) bond issues. These are bond issues of large companies (Maxima Group , Lietuvos Energija, Eesti Energia, Latvenergo, Luminor, 4Finance) reaching 100+ MEUR, often listed on foreign stock exchanges. In most cases, these companies have been given credit ratings by international rating agencies, their debt securities can be purchased by large foreign institutional investors, and borrowing rates can range from just 0.85% to 3.5%. It is obvious that such conditions for borrowing in the capital markets are available only to a small number of the largest companies in the Baltic States.

The other part (15%) of the bond market consists of securities of lending companies, i.e. commercial banks and alternative lending providers. In the case of the latter, bonds are the main source of business financing, which has influenced the successful development of players such as SME Finance and Creditstar . Commercial banks use bonds to strengthen their capital because subordinated bonds are included in Tier 2 capital, which improves banks 'capital adequacy ratios. It can be stated that a large number of local players in the financial sector, such as Lithuanian Šiaulių bankas and Medicinos bankas , Latvian Citadele and BlueOrange and Estonian LHV and Inbank , are successfully exploiting the advantages provided by the capital markets.

Opportunities for small and medium business

Non-financial company bonds account for the remaining market share (10%). Of these, 63% are private issues, so the information on them is not completely accurate, i.e. the amount actually distributed may differ from the registered one. 77% of the capitalization is held by Estonian companies. The reason for this is the very active Estonian and Finnish institutional investors: pension and other investment funds, family offices.

"Bond issuance can provide more flexibility to raise the necessary capital. A particularly important aspect is the possibility to borrow more intensively than in a bank or to repay the debt in full only at the end of the term." - says M. Urba.

50% of non-financial corporate bond issues consist of real estate corporate bonds, such as real estate developers Eika group , Mainor Ulemiste , as well as real estate funds such as Northern Horizon. Some opted bonds over bank financing due to the repayment schedule because interest is paid periodically and the amount borrowed is repaid at the end of the period. Others use this instrument due to higher lending intensity or the possibility to issue subordinated bonds, i.e. to borrow 50-60% of the value of the mortgaged real estate from the bank, and to attract another 20-25% from investors through bonds, if the cash flows generated by real estate allow it. Thus, the financing opportunities of real estate companies by issuing bonds are huge.

Companies in other sectors are also beginning to discover bonds as an alternative to banks. It is important for successful borrowing to self-assess the size of the issue, as the distribution of larger issues is not possible without institutional investors, and such investors place specific requirements on their investments. In particular, the investment must be sufficiently liquid, i.e. the securities must often be listed and the issue amount must be large enough (at least 10-20 million) to ensure a sufficiently diversified investor base.

1-5 million Euro more relevant for borrowing by SME's. Although issues of this size are rarely of interest to institutional investors, bonds can only be distributed to larger retail investors and family offices, which can invest between 30k and 500k Euro in such a bond issue.

Advantages of bonds

Bonds can have several advantages over bank financing:

1. Full repayment at the end of the term is possible, as in the case of a bank loan, periodic amortization of the loan is often applied.

2. If the issuer's level of indebtedness is not high and the yield indicators are good, it is possible to issue unsecured bonds or apply lower restrictions on dividend payments or additional borrowing than in the case of bank financing.

3. If the issuer has a good reputation and the level of indebtedness is similar to that applied by banks (e.g. the ratio of financial debt to EBITDA is less than 3), it is possible to borrow at interest rates similar to those applied by banks.

4. Bonds can be a first step into capital markets, where targeted growth of the issuer's reputation and transparency creates preconditions for even more favorable future borrowing or issuance of shares during the initial public offering.

Accounting

Justina Nedzinskaitė
Head of finance

350+ companies

We provide issuer accounting services to more than 350 Lithuanian companies.

1 SHARES ACCOUNTING
ACCOUNTING AND OTHER SERVICES FOR COMPANIES

Issuer accounting
- Accounting of joint-stock company and private limited liability company shareholders, bondholders;
- Registration of securities transactions; registration of options; no notarial registration required;
- Escrow account for settlements;
- Payment of dividends, coupons; inheritances;
- Registration of the issue of securities in the depository, representation of the issuer in the depository during material events;
- Advising on convening shareholders' meetings; organization of share repurchases from minority shareholders, etc.

Market making
- Trading in shares on the Baltic and Warsaw stock exchanges;
- The service is provided to 8 companies.

2 DEPOSITORY AND CUSTODY OF ASSETS SERVICES
FOR INVESTMENT FUNDS AND MANAGEMENT COMPANIES

- We offer depository and asset custody services for all investment funds established in Lithuania;
- When providing depository services to funds, we ensure the security of investments of fund participants;
- Calculation and control of the funds' net asset values;
- Accounting of fund securities, finances and other operations.

Private limited liability company share transfer transactions - without notaries

Viktorija Valantiejūtė
Lawyer

"Orion Securities", providing shareholder accounting services to more than 200 private limited liability companies in Lithuania, notes that the legal requirements for conducting share transactions are not always well known to the heads of companies. Often do not know that the transfer of a package of shares of a private limited liability company can be registered without applying to a notary. By knowing the alternatives, a head of the company cannot only save a lot of money, but also can speed up processes.

The Company may, by agreement, delegate the management of shareholders' personal securities accounts to an account manager. Account manager - a legal entity that has the right to open and manage personal accounts of owners of financial instruments in accordance with the Law on Markets in Financial Instruments of the Republic of Lithuania ("Orion Securities" acts as an account manager in providing shareholder accounting services). The activities of the account manager are regulated and supervised by the Bank of Lithuania.

How are limited liability company share transactions registered without a notary?

The company itself cannot register large transactions when 25 percent or more of the shares of a private limited company are sold or the sale price of the sold shares exceeds 14,500 euro. Such transactions are registered with a notary or account manager. Thus, according to Lithuanian law, a notarial form of a private limited liability company transaction is not necessary. What changes in the registration of a transaction after the transfer of the company's shareholder accounts to an official account manager, e.g. a financial brokerage firm?

- First. The account manager to whom the company delegates to manage the shareholders' accounts also takes over the share transfer management process from the company and the ownership rights of shares is changed at the account manager's operated securities accounts.
- Second. The account manager performs the function of a notary to verify the authenticity of personal identification data and the compliance of the conditions for the transfer of shares with the mandatory legal requirements. This is especially convenient for foreign companies, as the account manager communicates, accepts and prepares documents in English.
- Third. After accounting for the private limited liability company transaction, the account manager shall provide the shareholders with extracts from personal securities accounts (primary evidence of ownership of shares), and the company with a relevant list of shareholders. The obligation to notify the Center of Registers of the change of shareholders remains with the company, as the account manager does not share this information with third parties.

Advantages of private limited liability company shareholders' accounting transfer to the account manager:
- The management of the company's shareholders' property is transferred to professionals
- The account manager advises the company on all transactions and securities events
- The account manager accepts documents in English, no notarized translation is required
- Upon request, buyers and sellers of shares can complete the transaction with an account manager
- The account manager checks the transaction documents and indicates what needs to be corrected
- The account manager records not only the purchase and sale of a package of shares, but also various other transactions (gift, inheritance, options, exchange) and securities events (change of company name, nominal value of shares, decrease or increase of number of shares, change of authorized capital, offsetting new issues of shares to existing or new shareholders)
- It is possible to register new issues share issues on "Nasdaq CSD" by assigning an international ISIN code

Are the registration fees for the share transaction and the notary private limited liability company share transaction different?

In many cases, the account manager's transaction registration fee is fixed and the notary's fee is a percentage, which increases in proportion to the amount of the transaction. The transfer of shareholder accounting to the account manager is useful when recording a large value and volume transaction, as well as for a group of companies that frequently perform various transactions.

Options – not only to motivate employees, but also to attract investors

Eglė Žėkienė
Issuer accounting specialist

In economically strong Western countries, the option system has been in place for many years, and companies have no doubt about its multiple benefits. In Lithuania, meanwhile, so-called "choice transactions" are still only beginning to conquer their place under the sun. And while a relatively large number of larger companies or start-ups already use options as an incentive system for employees, few know that they can also be offered to attract investors.

An option, also called a choice transaction, is a financial instrument in which one party has the right to buy or sell shares at some agreed time (or until such time) on pre-agreed terms and the other party has an obligation to buy or sell those shares.

Options to motivate employees

Most often, options in companies are offered as a motivational system for employees. As the economy grows together with the competition in the labor market, options help companies to retain talented workers or attract start-ups that do not yet have a stable financial base. This is mutually beneficial, as the right conditions for the acquisition of shares can increase the productivity of employees, their loyalty and the pursuit of the success of the joint venture. Meanwhile, the employee can not only become a shareholder of the company, but also later resell the company's shares and make a profit.

Options attract investors

It is much less talked about and it is known that options can also be offered to attract investors. In this case, the option agreement is signed between the company's shareholder (s) and the investor. For example, if a company lacks financial resources and additional investments are sought, then a contract can be signed with a potential investor who acquires the right to acquire shares in the company over a period of time at a certain price, provided certain conditions are met. In this case, existing shareholders wishing to raise funds are obliged to fulfill the conditions set by the investor, for example: to write a business plan, to increase the value of the company, etc. In Lithuania, this method is not yet widespread to attract investment, but such opportunities are often mutually beneficial. From the investor's point of view, he does not need to immediately acquire shares in order to invest in the company, and he may require certain actions to be made before that, he wins time to monitor the business situation in the market and make a final investment decision.

Is it necessary to officially register the option subscription?

Each financial option is a contract between two parties. Option transactions can be both very complex and quite simple. And although in most cases both parties agree, such transactions can be registered through a third party as an independent intermediary.

"So, although it is not mandatory, registering a contract with a company with such a right, such as UAB FMĮ "Orion Securities", makes you feel much safer. After all, the third party protects the interests of both parties, " - says Eglė Žėkienė, UAB FMĮ "Orion Securities" share accounting specialist.

Why choose an option registration service?

After purchasing the option registration service, all documents are processed and entries are made in the securities accounts. This saves time, gives both parties a sense of security, and leaves no gaps in the process.

Moreover, professionals, who are competent and experienced in their fields will advise on what should be included in the contract and answer any questions of concern. It is also useful to be able to agree on a reminder at the end of the term, when both parties to the transaction are informed and they are asked whether they intend to exercise the option or not, with such a reminder being provided by the same company that provides the registration service. This helps the most in the case of a long option (such as 5 or 10 years), as during this time the counterparties may forget that such an agreement and the possibility to exercise it exist.

ORION LEASING

Alius Jakubėlis
"Orion" CEO

Laimonas Belickas
"Orion Leasing" CEO

New beginning: "Orion" establishes business leasing company "Orion Leasing"

The "Orion" team has joined forces with long-term leasing specialists from "UniCredit Leasing" and established the leasing company "Orion Leasing", which will provide financial leasing services to businesses. The company will be managed by Laimonas Belickas, the founder and long-term manager of the former "UniCredit Leasing" in Lithuania.

Alion Jakubėlis, the head of "Orion", states: "Orion" has extensive experience in working with company finances and raising capital. With a good understanding of our customers' needs, we see a still unfilled niche for efficient access to finance that would encourage companies to grow and achieve their goals faster. We are seeking a commercial bank license, so we believe that leasing will strengthen our competitive advantage. "

The joining with the "Orion" group of companies, according to L. Belickas, was inspired by their experience in raising and managing capital and the mutually overlapping approach to business financing.

"By establishing a new leasing company, we set ourselves a significant task - to ensure fast and efficient access to capital for investments in business modernization and technological progress. We will provide financing and rental services for production and IT equipment, mobility equipment, transport, agricultural, construction and other equipment for large and small companies. We will pay special attention to green conversion and circular economy solutions. I don't see such players in the market today,"- comments L. Belickas

"Our uniqueness and special feature is that by cooperating with manufacturers and asset sellers, we can supplement the bank financing products already operating in the market and provide financing precisely in cases where it is more difficult for projects to obtain traditional bank financing. Today, in Lithuania and some other countries, leasing activities are often integrated into the internal structures of banks. In this way, flexibility is lost, the client's interests suffer," - says L. Belickas.

"Orion Leasing" is currently starting operations in Lithuania, but expansion to other European markets is planned in the near future. The start-up portfolio amounts to about 20 million euro and will be actively expanded in the future.

www.orionleasing.lt

"Orion" has extensive experience in working with company finances and raising capital. With a good understanding of our customers' needs, we see a still unfilled niche for efficient access to finance that would encourage companies to grow and achieve their goals faster. We are seeking a commercial bank license, so we believe that leasing will strengthen our competitive advantage. "

– Alius Jakubėlis
"Orion" CEO

Statement of comprehensive income

	2020	2019
Income from services and commission fees	3.675.651	3.406.088
Costs of services and commission fees	(476.265)	(510.467)
Net income from services and commission fees	**3.199.386**	**2.895.621**
Interest income	91.412	131.881
Interest expense	(38.283)	(22.938)
Net interest income	**53.129**	**108.943**
Net profit (loss) of trade in securities and derivatives and transactions in foreign currency	74.595	39.897
Change in impairments and other provisions	(2.935)	(16.107)
Personnel expenses	(1.207.911)	(1.274.806)
Depreciation and amortisation	(30.874)	(32.200)
Administrative expenses	(875.059)	(1.002.987)
Other income (expenses)	(301)	-
Profit (loss) before taxation	**1.210.030**	**718.361**
Income (expenses) from income tax	(155.053)	(106.289)
Net profit (loss)	**1.054.977**	**612.072**
Other comprehensive income, net of taxes	**-**	**-**
Total annual comprehensive income, net of taxes	**1.054.977**	**612.072**

Statement of financial position

	31 December 2020	**31 December 2019**
ASSETS		
Non-current assets		
Non-current intangible assets	1.077	6.162
Non-current tangible assets	131.764	104.543
Deferred income tax assets	7.639	12.470
Other non-current financial assets	72 365	295.872
Total non-current assets	**212.845**	**419.047**
CURRENT ASSETS		
Loans	325.478	337.347
Derivative financial instruments	-	976
Securities measured at fair value through profit (loss)	743.378	903.301
Trade receivables and prepayments	699.732	361.262
Other current assets	74.979	261.491
Cash and cash equivalents	1.633.071	791.113
Total current assets	**3.476.638**	**2.655.490**
TOTAL ASSETS	**3.689.483**	**3.074.537**
LIABILITIES AND EQUITY		
Share capital	1.592.654	1.592.654
Legal reserve	159.292	159.292
Retained result	1.056.464	616.487
Total equity	**2.808.410**	**2.368.433**
NON-CURRENT LIABILITIES		
Lease (finance lease) liabilities	70.414	62.105
Total non-current liabilities	**70.414**	**62.105**
CURRENT LIABILITIES		
Loans received	27.576	182.473
Derivative financial instruments	71.882	91.961
Other financial liabilities	285.653	78.613
Trade debts	107.658	84.911
Payroll liabilities	162.789	118.755
Income tax payable	121.767	34.091
Other current liabilities	33.334	53.195
Total current liabilities	**810.659**	**643.999**
TOTAL EQUITY AND LIABILITIES	**3.689.483**	**3.074.537**

To the shareholders of
UAB FMĮ Orion Securities:

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UAB FMĮ Orion securities (hereinafter –„the Company") which as at 31 December 2020, comprise the statement of financial position, the statement of the comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

The key audit matter	Response to the key audit matter
Recognition and measurement of financial instruments	
As at 31 December 2020 in the statement of financial position the Company accounted for the financial assets which are measured at fair value through profit (loss) and which amounted to EUR 743 thousand and financial assets which are carried at amortized cost that amounted to EUR 387 thousand. Most of the Company's financial instruments are carried at fair value. Fair value is determined according to the publicly available prices for active financial market stock prices or other publicly available information. Part of the financial instruments such as granted loans with fixed interest rate and REPO contracts are carried at amortized cost, using the effective interest rate method. The financial instruments and their value in the Company's statement of financial position as at 31 December 2020 comprise a significant amount – about 30% of the Company's assets, therefore we believe that this area is the key audit matter.	We conducted these audit procedures, among others: For the selected financial instruments exposures, we have recalculated the carrying amounts at the year-end based on the type of the financial instrument and the corresponding accounting policy requirements: • We have received third-party confirmations for the amounts and actual balances of certain financial instruments; in some cases in third-party (bank) confirmations market prices were quoted; • We have reviewed the financial instruments, measured at amortized costs as at 31 December 2020, and we have assessed the correctness of accounting for these amounts, including interest calculation and value; • We have recalculated the balances of the respective financial instruments by using publicly available regulated market prices or other available data and we have compared them with the carrying amounts of the respective financial instruments in 31 December 2020 in the statement of financial position of the Company;
Recognition of income from services and commission fees	
The Company provides 3 main services: brokerage services in capital markets, corporate finance services and private and investment banking services. Other services (market making and financial instrument accounting and custody) comprise a small part of the Company's revenue. The Company's revenue is accounted for by issuing invoices or charging directly from the customer's accounts according to the contractual commissions and other fees rates. During 2020 the Company's revenue from services and commission fees amounted of EUR 3.7 million. Significant changes related to the transaction volumes, commissions and other fees could have a significant impact on the Company's financial performance for the reporting year. Due to significance of this amount, we believe that this area is the key audit matter.	We conducted these audit procedures, among others: We have performed tests of detail and reviewed third-party approvals for revenue accounted for by issuing invoices to customers or by contracts. We have performed tests of control and tests of detail for revenue that is accounted for on completion of the transaction and for which the payment is charged directly from the customer's account (according to the Company's set rates which are also provided in a contract with a customer). We have reviewed control procedures, related with the completed transactions: • We have selected certain records within revenue in the accounting system and compared them with details of the relevant records in the Company's system where transactions are recorded; • We have checked selected transactions with the transactions in the banking system through which these transactions were made (date, amount, transaction type); • We have checked whether commission fee charged for the respective transaction meets rates applied by the Company; • We have tested the verification controls of the performed transactions – for selected transactions we listened to the customer's orders/confirmations of transactions made by phone call.

Other information

The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's annual report, are prepared is consistent with the financial statements and whether annual management report has been prepared in compliance with applicable legal requirements.
Based on the work carried out in the course of audit of the financial statements, in our opinion, in all material respects:

- The financial information presented in the Company's annual report is consistent with the financial statements; and

- The Company's annual report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting on 16 June 2020 we were appointed to audit the Company's financial statements. Our appointment to audit the Company's financial statements was approved by the decision of the general shareholders' meeting for 2 years, and the total uninterrupted period of engagement is 3 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the audit report for the financial statements presented to the Company and its management board.

We confirm that to the best of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of the financial statements.

The audit engagement partner for this independent auditor's report is Romanas Skrebnevskis.

Auditor
Romanas Skrebnevskis
Auditor certificate No. 000471

ROSK Consulting UAB
Audit company certificate No. 001407

Vilnius, Lithuania
30 March 2021

General information

UAB FMĮ Orion Securities (hereinafter - the Company) is a private limited liability company registered in the Republic of Lithuania. Its registered office address is:

Antano Tumėno str. 4,
Vilnius, Lithuania.

The Company provides financial brokerage services, including the following four main groups of services: security contract brokerage, corporate finance, market making and asset management services. The Company began operating on 12 August 1993.

On 31 December 2020 and 2019, the Company's shareholders were as follows:

	31 December 2020		**2018 m. gruodžio 31 d.**	
	Number of s hares held	***Percentage***	***Number of shares held***	***Percentage***
Orion Managing Partners B.V	55.008	70,01 %	55.008	70,01 %
(Registered office address: Minderbroederssingel 11 6041 KG, Roermond, The Netherlands Legal entity code: 856097378)				
UAB Suprema LT	15.714	20 %	15.714	20 %
(Registered office address: S. Fino str. 6-3, Vilnius, Lithuania Legal entity code: 304135030)				
Mindaugas Strėlis	7.850	9,99 %	7.850	9,99 %
Total	78.572	100 %	78.572	100 %

All shares whose nominal value per each is 20,27 euros are ordinary and were fully paid as of 31 December 2020 and 2019. Authorised share capital remained unchanged in 2020 and 2019. The Company did not acquire its own shares.

In 2020, the Company had an average of 25 employees in Lithuania (in 2019 - 24 employees).
In 2020, the Company had no employees in its Norway branch (in 2019 - an average of 5 employees).

The management of the Company approved these financial statements on 30 March 2021; the shareholders may approve or not approve these annual financial statements and may ask the management to prepare new financial statements.

UAB FMĮ Orion Securities operates under category A financial brokerage firm license No. A106, issued on 6 September 2007 by Resolution No. 2K-268 of the Securities Commission of the Republic of Lithuania.

Category A license grants the Company the right to provide the following investment services:
- Accept and transfer orders;
- Execute orders at the expense of clients;
- Execute transactions at its own expense;
- Manage portfolios of financial instruments;
- Provide recommendations on investment;
- Offer financial instruments with the obligation to distribute them;
- Offer financial instruments without the obligation to distribute them.

The Company is providing the following additional services:
- Distributes units of investment funds;
- Secures, accounts for and manages financial instruments;
- Grants loans intended to allow the client to carry out transactions with financial instruments, if the grantor is associated with these transactions;
- Carries out an analysis and evaluation of companies.

info@orion.lt
+370 5 231 3833

A. TUMĖNO STR. 4, 7th FLOOR
LT-01109 VILNIUS

www.orion.lt