



NEO FINANCE, AB

Q4 and 2022 Interim Unaudited Financial
Statements

15 February 2023
Vilnius



NEO
Finance

CONFIRMATION OF COMPANY'S RESPONSIBLE PERSONS

15 February 2023
Vilnius

Hereby we confirm, that by our knowledge financial statements for the year 2022 prepared in accordance with accounting standards are true and fairly present assets, liabilities, financial position, profit or loss. As well we confirm that by our knowledge Annual report for the year 2022 includes a fair view of the development and performance of the business and the position of the Company in relation to the description of main risks and contingencies faced thereby.

NEO Finance, AB Head of Administration

Evaldas Remeikis

NEO Finance, AB Financial analyst

Tomas Savickas

BASIC INFORMATION ABOUT COMPANY

Company name	NEO Finance, AB
Legal form	Joint stock company
Registration date	January 21, 2014
Company code	303225546
Address	A. Vivulskio str. 7, Vilnius, Lithuania
Phone number	+370 700 80075
Email	info@neofinance.com
Website	www.neofinancegroup.com



NEO Finance, AB

COMMENT BY THE MANAGER

Q4 2022 was a successful quarter for the company on all indicators. Compared to Q4 2021, the amount of loans granted grew by 54% and revenue by 11%. The company's profitability indicators, EBITDA and profit before tax, grew respectively: EBITDA from a negative amount of EUR -12 291 to EUR 162 817 and profit from a negative amount of EUR -79 076 to EUR 75 951. As the recognition of the company's income is delayed compared to the period of the loans granted, the rapid growth of the loan volumes allows for a faster growth of income in the future. Revenue related to the issuance and management of electronic money grew by 23% in the quarter compared to the same quarter in 2021. Q4 growth outpaced that of 2022 as a whole. This was mainly driven by increased volumes of payment initiation services.

After the end of the reporting period, 9th of February 2023, NEO Finance, AB was awarded the prize for the best performance in capital market development in Lithuania at Nasdaq Baltic Awards 2023. This is a significant recognition, which shows that the company played an important role in the local capital market in 2022 by consistently developing investment products and by striving to provide investors with the most complete and transparent information possible.

In order to implement the company's strategy, we continue to see opportunities to grow both Neopay's business and the lending platforms – Paskolų klubas and FinoMark. The company has focused a significant part of its human and financial resources on product development and expansion, as well as on increasing business volumes, and we expect to see faster revenue growth in 2023 than in 2022.

NEO Finance, AB Head of Administration

Evaldas Remeikis

NEO Finance, AB

KEY FINANCIAL FIGURES

According to unaudited data, in 2022 the company's revenue was EUR 3 530 460 and increased by 3% compared to 2021.

- Loans granted in 2022 totalled EUR 37 182 230 , or 36% more than the EUR 27 416 768 financed in 2021.
- Cost of sales decreased by 7%, from EUR 1 769 674 in 2021 to EUR 1 650 676 in 2022.
- Operating costs increased from EUR 1 250 886 in 2021 to EUR 1 721 176 in 2022 resulting in 38% increase.
- EBITDA increased by 9.5% from EUR 422 522 to EUR 462 603.
- Profit before taxes for 2022 was EUR 158 608 while pre-tax profit in 2021 was EUR 179 054.
- Net profit has decreased by 12 % from EUR 117 739 in 2021 to EUR 103 895 in 2022.

	2022	2021	Δ, %	2020	Δ, %
Loans issued, EUR	37 182 230	27 416 768	36%	19 084 970	95%
Revenue, EUR	3 530 460	3 443 082	3%	2 482 981	42%
Income from P2P lending, EUR	2 352 114	2 200 437	7%	1 732 378	36%
Income from e-money issuance and management, EUR	1 032 988	903 782	14%	476 241	117%
Income from investment activity, EUR	145 358	338 863	-57%	274 362	-47%
Cost of sales, EUR	(1 650 676)	(1 769 674)	-7%	(1 597 082)	3%
Gross profit, EUR	1 879 784	1 673 408	12%	885 899	112%
General and administrative expenses, EUR	(1 721 176)	(1 494 354)	15%	(955 312)	80%
EBITDA, EUR	462 603	422 522	9%	124 819	271%
Pre-tax profit, EUR	158 608	179 054	-11%	(69 412)	-
NET PROFIT (LOSS)	103 895	117 739	-12%	(121 896)	
EBITDA Margin, %	13%	12%		5%	
Return on equity (ROE), %	6%	9%		(5%)	

NEO Finance, AB

MAIN 2022 Q4 FINANCIAL INDICATORS

According to unaudited data, in 2022 fourth quarter the company's income reached EUR 1 052 097 and compared to 2021 fourth quarter increased by 11 %.

- Loans granted in Q4 2022 totalled EUR 10 635 K, or 55% more than the EUR 6 867 K financed in Q4 2021.
- Cost of sales decreased by 7 percent, from EUR 587 K up to EUR 445 K.
- Operating costs increased by 21 percent, from EUR 438 K up to EUR 531 K.
- Profit before taxes for Q4 2022 was EUR 75 951 while in Q4 2021, pre-tax loss was EUR 79 076.

	2022 Q4	2021 Q4	Δ, %	2020 Q4	Δ, %
Loans issued, EUR	10 634 980	6 866 829	55%	5 420 321	96%
Revenue, EUR	1 052 097	946 289	11%	639 634	64%
Income from P2P lending, EUR	715 798	636 452	12%	405 975	76%
Income from e-money issuance and management, EUR	296 273	240 239	23%	170 596	74%
Income from investment activity, EUR	40 025	69 598	-42%	63 062	-37%
Cost of sales, EUR	(445 185)	(587 142)	-24%	(420 132)	6%
Gross profit, EUR	606 912	359 147	69%	219 502	177%
General and administrative expenses (depreciation excluded), EUR	(530 961)	(438 223)	21%	(283 120)	88%
EBITDA, EUR	162 817	(12 291)	-	12 558	1197%
Pre-tax profit, EUR	75 951	(79 076)	-	(63 618)	-
EBITDA Margin, %	15%	-1%		2%	
Return on equity (ROE), %	3%	-4%		-4%	

MANAGEMENT ACCOUNTS

Revenue accumulation. The majority of revenue from P2P lending activities is distributed over the loan period. These revenues are received only when the borrower actually makes instalments. For management purposes, future intermediary fees are recognized in the year they are generated.

	2022 Q4	2021 Q4	Δ, %	2020 Q4	Δ, %
Loans granted, EUR	10 634 980	6 866 829	55%	5 420 321	96%
Intermediary fee income*, EUR	1 595 231	728 053	119%	584 648	173%
Intermediary fee / Loans granted, %	15%	11%		11%	
Other income, EUR	472 199	462 016	2%	387 263	22%
Cost of sales, EUR	(445 185)	(587 142)	-24%	(420 132)	6%
General and administrative expenses (depreciation excluded), EUR	(444 091)	(194 755)	128%	(88 888)	400%
EBITDA, EUR	1 091 284	408 172	167%	462 891	136%

At the end of the Q4 of 2022, the brokerage fee receivable in future periods amounted to EUR 8.32 million.

FINANCIAL STATEMENTS

for the period that ended on 31 December 2022

CONDENSED BALANCE SHEET, EUR

ASSETS	Group		Company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
NON-CURRENT ASSETS	2 350 211	2 168 614	2 996 147	2 493 758
Intangible Assets	1 062 134	880 370	956 254	725 622
Tangible Assets	35 060	40 205	30 374	34 915
Financial Assets	945 697	895 430	1 724 602	1 403 015
Other Assets	307 320	352 609	284 917	330 206
CURRENT ASSETS	14 205 129	11 801 364	14 143 650	11 631 965
Inventories, Prepayments And Contracts In Progress	31 065	16 323	28 666	16 203
Amounts Receivable Within One Year	681 548	593 722	666 083	596 770
Other Currents Assets	-	-	-	-
Cash And Cash Equivalents	13 492 516	11 191 319	13 448 901	11 018 992
DEFERRED CHARGES AND ACCRUED INCOME	2 656	1 461	2 296	136
TOTAL ASSETS:	16 557 996	13 971 439	17 142 093	14 125 859
EQUITY AND LIABILITIES	2022-12-31	2021-12-31	2022-12-31	2021-12-31
EQUITY	1 811 002	1 651 955	2 523 667	2 051 841
Capital	1 848 934	1 784 436	1 848 934	1 784 436
Share Premium	1 956 848	1 653 415	1 956 848	1 653 415
Revaluation Reserve (Results)	-	-	-	-
Reserves	-	-	-	-
Retained Earnings (Losses)	(1 975 527)	(1 783 378)	(1 282 115)	(1 386 010)
MINORITY INTEREST	(19 253)	(2 518)	-	-
GRANTS AND SUBSIDIES	-	-	-	-
PROVISIONS	86 012	194 715	86 012	194 715
AMOUNTS PAYABLE AND LIABILITIES	14 644 933	12 107 479	14 517 561	11 864 124
Non-Current Amounts Payable And Liabilities	961 115	1 052 312	891 294	984 231
Current Amounts Payable And Liabilities	13 683 818	11 055 167	13 626 267	10 879 893
ACCRUED EXPENSES AND DEFERRED INCOME	16 049	17 290	14 853	15 179
TOTAL EQUITY AND LIABILITIES:	16 557 996	13 971 439	17 142 093	14 125 859

*Group – NEO Finance, AB, FinoMark, UAB, NEO Finance B.V.

PROFIT AND LOSS STATEMENT, EUR

Item	Group		Company	
	2022	2021	2022	2021
Sales revenue	3 714 732	3 570 600	3 530 460	3 443 082
Cost of Sales	(1 657 582)	(1 778 497)	(1 650 676)	(1 769 674)
GROSS PROFIT (LOSS)	2 057 150	1 792 103	1 879 784	1 673 408
General and administrative expenses	(2 241 481)	(1 934 137)	(1 740 972)	(1 487 181)
Other activities	380	(7 027)	428	(6 983)
Investment in the parent, subsidiaries and associated companies shares income	-	-	-	-
Other long-term investments and loan income	-	-	-	-
Other loans granted interest income	38 166		20 059	
Financial asset and Short-term investment impairment costs	-	-	-	-
Interest expenses	(9 318)	(30 305)	(692)	(190)
PROFIT (LOSS) BEFORE TAX	(155 103)	(179 366)	158 607	179 054
Income tax	(9 376)	(44 300)	(54 713)	(61 315)
PROFIT (LOSS) BEFORE MINORITY INTEREST SEPARATION	(164 479)	(223 666)	103 894	117 739
MINORITY INTEREST	16 735	35 217	-	-
NET PROFIT (LOSS)	(147 744)	(188 449)	103 894	117 739

*Group – NEO Finance, AB, FinoMark, UAB, NEO Finance B.V.

STATEMENT OF CHANGES IN EQUITY, EUR

	Paid up authorised or primary capital	Share premium account	Retained profit (loss)	Minority interest	Total
	2022	2021	2022	2021	
1. Balance at the end of the reporting (yearly) period before previous	1 706 497	1 286 748	(1 594 930)	(11 162)	1 387 153
2. Result of changes in accounting policies					-
3. Result of correcting material errors					-
4. Recalculated balance at the end of the reporting (yearly) period before previous	1 706 497	1 286 748	(1 594 930)	(11 162)	1 387 153
5. Net profit (loss) of the reporting period			(188 449)		(188 449)
6. Profit (loss) not recognized in the profit (loss) statement			1	43 861	43 862
7. Increase (decrease) of other authorised or primary capital	77 939	366 667			444 606
8. Increase (decrease) of minority interest				(35 217)	(35 217)
9. Balance at the end of the previous reporting (yearly) period	1 784 436	1 653 415	(1 783 378)	(2 518)	1 651 955
10. Net profit (loss) of the reporting period			(192 148)		(192 148)
11. Profit (loss) not recognised in the profit (loss) account			(1)		(1)
12. Increase (decrease) of other authorised or primary capital	64 498	303 433			367 931
13. Increase (decrease) of minority interest				(16 735)	(16 735)
14. Balance at the end of the reporting period	1 848 934	1 956 848	(1 975 527)	(19 253)	1 811 002

CASH FLOW STATEMENT, EUR

Article	2022	2021
Cash flows from operating activities		
Net profit (loss)	(192 148)	(188 449)
Depreciation and amortisation expenses	355 416	285 950
Elimination of results of financing and investing activities	(19 367)	30 306
Elimination of results of other non-cash transactions	(16 735)	12 930
Decrease (increase) in other amounts receivable after one year	(50 267)	609 426
Decrease (increase) in assets of the deferred tax on profit	45 289	(5 388)
Decrease (increase) in stocks, except advance payments	-	-
Decrease (increase) in advance payments	(14 742)	(7 558)
Decrease (increase) in trade debtors	(48 017)	(67 854)
Decrease (increase) in other debtors	(39 809)	413 283
Decrease (increase) in prepayments and accrued income	(1 195)	(3 587)
Increase (decrease) in provisions	(108 703)	(50 105)
Increase (decrease) in trade of long-term creditors and prepayments received on account	(16 596)	(105 451)
Increase (decrease) in trade with short-term creditors and prepayments received on account	1 954	65 114
Increase (decrease) in liabilities of tax on profit	(15 871)	(16 090)
Increase (decrease) in liabilities related to employment relations	17 335	71 341
Increase (decrease) in other amounts payable and liabilities	2 518 665	3 801 075
Increase (decrease) in accruals and deferred income	(1 241)	(7 370)
Net cash flows from operating activities	2 413 968	4 837 573
Acquisition of fixed assets (excluding investments)	(565 083)	(600 349)
Disposal of fixed assets (excluding investments)	33 048	2 243
Acquisition of long-term investments	-	-
Disposal of long-term investments	-	-
Other increases in cash flows from investing activities	-	-
Net cash flows from investing activities	(532 035)	(598 106)
Cash flows related to entity's owners	367 931	444 606
Issue of shares	367 931	444 606
Cash flows related to other financing sources	31 565	(814 714)
Increase in financial debts	110 520	1 201 967
Loans received	110 520	951 967
Issue of bonds	-	250 000
Decrease in financial debts	(78 955)	(2 016 681)
Loans returned	(78 555)	(879 668)
Redemption of bonds	-	(1 100 000)
Interest paid	(400)	(37 013)
Net cash flows from financing activities	399 496	(370 108)
Adjustments due to exchange rates on the balance of cash and cash equivalents	(291)	(196)
Increase (decrease) of net's cash flows	2 281 138	3 869 163
Cash and cash equivalents at the beginning of the period	11 191 319	7 322 156
Cash and cash equivalents at the end of the period	13 472 457	11 191 319

EXPLANATORY NOTE OF 31 DECEMBER 2022

1. Intangible fixed assets, EUR

Indexes	Software	In total
Acquisition cost		
2021-12-31	1 562 989	1 562 989
Acquired	551 952	551 952
Written-of		-
Reclassifications		-
2022-12-31	2 114 941	2 114 941
Amortization accrued		
2021-12-31	837 367	837 367
Estimated over the period	321 320	321 320
Written-of		-
Reclassifications		-
2022-12-31	1 158 687	1 158 687
Book value		
2021-12-31	725 622	725 622
2022-12-31	956 254	956 254

2. Tangible fixed assets, EUR

Indexes	Other equipment, devices, and tools	In total
Acquisition cost		
2021-12-31	88 346	88 346
Acquired	11 181	11 181
Written-of	(2 619)	(2 619)
Reclassifications		-
2022-12-31	96 908	96 908
Depreciation accrued		
2021-12-31	53 431	53 431
Estimated over the period	15 611	15 611
Written-off (-)	(2 508)	(2 508)
2022-12-31	66 534	66 534
Book value		
2021-12-31	34 915	34 915
2022-12-31	30 374	30 374

3. Financial assets, EUR

Indexes	2022-12-31	2021-12-31
Investment activities debtors	997 528	989 115
Depreciation (-)	(52 064)	(92 738)
Investments in subsidiaries	779 138	506 638
TOTAL:	1 724 602	1 403 015

4. Other fixed assets, EUR

Indexes	2022-12-31	2021-12-31
Deferred income tax assets	284 917	330 206
Other fixed assets	-	-
TOTAL:	284 917	330 206

5. Accounts receivable within one year, EUR

Indexes	2022-12-31	2021-12-31
Buyers' debts	156 895	127 391
Investment activities debtors	361 967	503 246
Other receivables	-	10
Loans granted to related parties	175 000	-
Depreciation (-)	(27 779)	(33 857)
TOTAL:	666 083	596 790

6. Cash, EUR

Indexes	2022-12-31	2021-12-31
Money in commercial bank accounts	357 978	599,325
Money at the Bank of Lithuania	12 997 842	10 273 396
Money in transition	93 081	146 271
TOTAL:	13 448 901	11 018 992

7. Structure of the authorized capital, EUR

Indexes	Number of shares	Amount
Structure of the share capital at the end of the financial year		
1. According to the types of shares		
1.1. Ordinary shares	4 202 123	1 848 934
1.2. Preference shares		
1.3. Employees' shares		
1.4. Special shares		
1.5. Other shares		
TOTAL:	4 202 123	1 848 934
2. State or municipal capital		
3. Own shares owned by the company		
4. Shares owned by subsidiaries		
5. Shares premium		1 956 848

As of 31 December 2022, all shares have been paid.

8. Provisions

The Company forms reimbursable suretyship provisions ("Provision Fund" service) intended to cover the liabilities under the reimbursable suretyship agreements. At the end of the financial year, provisions made up EUR 86 012. At the end of the last financial year, provisions made up EUR 194 715.

9. Financial debts, EUR

	2022-12-31	2021-12-31
Long-term debts (from 2 to 5 years)	891 294	984 231
Loans received from affiliated undertakings	615 000	691 341
Bonds	250 000	250 000
Financial security liabilities after one year	26 294	42 890
Short-term debts	250 365	56 917
Loans received from affiliated undertakings	249 956	52 170
Interest on loans received from affiliated undertakings	409	4 747
Bonds	-	
TOTAL:	1 141 659	1 041 148

10. Accounts payable within one year, EUR

	2022-12-31	2021-12-31
Advances received	5 760	933
Trade payables	179 786	148 033
Payroll liabilities	56 947	50 351
Vacation pay liabilities	57 777	50 956
Social security liabilities	36 383	36 900
Personal income tax liabilities	17 933	17 142
Income tax liabilities	-	15 871
Customer money held at NEO Finance accounts	13 009 354	10 458 504
Other tax liabilities	10 583	44 286
Other payables	1 379	
TOTAL:	13 375 902	10 822 976

11. Income, EUR

Indexes	2022-12-31	2021-12-31
Sales revenue	3 528 460	3 443 082
Revenue related to the issuance and processing of electronic money	1 032 614	940 064
Investment income	142 467	335 453
Revenue related to peer-to-peer lending	2 353 379	2 167 565

Most of the revenue related to peer-to-peer lending are distributed throughout the loan period, and these revenues are received only when the borrower makes the monthly installment.

12. Expenses, EUR

Indexes	2022-12-31	2021-12-31
Cost of sales	1 650 676	1 769 674
Cost of services rendered	1 650 676	1 769 674
General and administrative expenses	1 740 972	1 487 181
Salaries and social security	851 293	805 086
Guarantee Fund accrual costs	108 703	50 105
Audit expenses	7 018	18 270
Depreciation	303 994	243 468
Other expenses	469 964	370 252
Other operating expenses	-	6 983
Membership fees	-	5 405
Other expenses	2 059	1 578

13. Relations with executives and other related persons

In 2022, the Head of Administration was paid a salary of EUR 96 801 (in 2021 – EUR 96 096). The Head of Administration has not received any other income, loan guarantees nor benefits.

14. Rights and liabilities of the Company not specified in the balance sheet

The company's liabilities under compensated suretyship agreements as of 31 December 2022 amounted to EUR 1 156 348. The Company signs compensated suretyship agreements with lenders who choose the Provision Fund service when investing. On the basis of these agreements, the Company guarantees to the lenders proper performance of the obligations arising from consumer credit agreements.

The Company is not a participant of legal proceedings whose outcome could have a significant effect on the Company's financial position and/or financial results.

15. Contingent liabilities

At the end of the reporting year, the Company had no contingent liabilities.

16. Post balance sheet events

On 26th of January 2023, NEO Finance, AB acquired additional 3 000 000 shares of Finomark, UAB. After the acquisition of shares, NEO Finance, AB's ownership of FinoMark, UAB increased to 94.63 percent.

17. Off-balance sheet liabilities

By 31 December 2022, the Company, having acted as an operator of a Peer-to-Peer Lending Platform, and a consumer credit provided, has disbursed consumer credit funds for a total amount of EUR 128 075 946. As of 31 December 2022, the remaining outstanding part of credit amounted to EUR 54 436 252.

