

# NEO Finance, AB

## Sales report for 2023 Q3

Vilnius  
2023-10-31



# NEO Finance, AB Confirmation of the responsible persons at the Company

We hereby confirm that, to the best of our knowledge,  
that sales report for Q3 2023 is a true and fair  
representation of the quarterly performance.

NEO Finance, AB  
Head of Administration  
**Evaldas Remeikis**

NEO Finance, AB  
Chief Financial Officer  
**Tomas Savickas**

31 October 2023  
Vilnius

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# NEO Finance, AB CEO's comment



**The company's revenue in Q3 2023 increased by 26.59% compared to Q3 2022, reaching EUR 1 181 thousand.**

The increase in revenues was mainly driven by revenues related to the issuance and processing of electronic money, which increased by 33.97%. In Q3 2023, "NEO Finance", AB's volumes in all business segments continued to grow as in Q2. Growing demand for consumer loans and the Company's own increased investment in consumer loans to ensure the speed of loan funding, the income from

investment activities grew significantly, by 102.8% to EUR 85.7 thousand.

The company's EBITDA grew by 59.5% in the third quarter of this year and reached EUR 219 thousand. In comparison, in Q3 2022 EBITDA of the Company was EUR 137 thousand. The Company continued to successfully improve its pre-tax profit line and achieved a pre-tax profit of EUR 112.1 thousand in Q3 2023 compared to a pre-tax profit of EUR 94.9 thousand in Q3 2022.

The Company continued to improve its AML processes and information systems. In order to expand the technical capabilities in the area of

AML/CFT by automating as many functions as possible, the cooperation with one of the leading providers of risk assessment solutions and transaction monitoring in Lithuania was extended. The migration to the latest version of the customer risk assessment and transaction monitoring system was also carried out. This contributed to the further development and strengthening of the PPTFP structure. In order to meet the needs of a growing business and to comply with the increasing regulatory demands of the PPTF and sanctions screening, investments in both IT systems and human resources continue.

From September 2023, the Company introduced a new way of protecting client funds: client funds are not only kept in the central bank, in trusted commercial banks, but also by investing part of the client funds in safe, liquid and ultra-low-risk assets, such as EU government securities. To this end, the company has contracted an investment banking consultancy to provide advice and services on the acquisition, custody and other related services.

During the last quarter and in October, the Company successfully placed the second and third tranches of a 2-year non-public bond issue. The value of the second and third tranches placed was EUR 810 thousand and EUR 550 thousand respectively. The investments raised are used to develop all business lines managed by "NEO Finance", AB and to achieve higher sales growth.

The management team and the Board of Directors last quarter outlined the strategic directions for all three of the Company's businesses - "Paskolų klubas", "Neopay" and "FinoMark" - until 2026. "Paskolų klubas" business unit will strive to make the platform even faster and more user-friendly, to create a more attractive secondary market for the trading of loans funded on "Paskolų klubas" and "FinoMark" platforms, and to become the safest platform for customers in Europe. We will also keep growth in mind and aim to have a portfolio of at least EUR 150 million managed by "Paskolų klubas" at the end of 2026. "FinoMark" team will focus on financing niche business projects, including the financing of fuel VAT and excise duties for logistics companies, the creation of a convenient and flexible credit line for SMEs, and the financing of self-employed individuals. "FinoMark" is moving towards these goals

and already in October, signed a partnership agreement with "BOLT" in order to provide "BOLT" drivers with a convenient and quick access to vehicles for the provision of a pick-up service, using the services of the "FinoMark" crowd-funding platform. Importantly, we have already started hosting the platform and our investors have successfully mobilised funds for the first VAT refund transactions for fuel purchased by logistics companies in other EU countries. "Neopay" team has set even more ambitious goals and we aim to be the leading payment services partner for European SMEs. "Neopay's" chosen mission is to transform our customers' payment challenges into new opportunities.

In order to achieve its ambitious goals, the Company is also increasing its management team in a calculated way: we are pleased to introduce the new position of Deputy Head of Administration, filled by Greta Morkūnaitė. Greta also takes over the mentoring of one of our businesses - "Paskolų klubas". This strategic decision underlines our approach and commitment to growth. She will contribute to business development, optimising operations, strengthening compliance and risk management and fostering important stakeholder relationships. Our organisation remains firmly committed to delivering long-term value to our shareholders and investors. We are confident that this structural change will help us to continue our success and growth in our local markets and to expand into other European countries.

### Neopay

Revenues related to the issuance and management of electronic money grew by 33.97% to EUR 344 thousand in Q3 of this year,

compared to revenues of EUR 256 thousand in Q3 2022. "Neopay" again had a successful Q3 this year, with a 29.3% increase in transactions compared to the same quarter of 2022. The volume of withdrawals from customer accounts more than doubled compared to Q3 last year, up 107%. We are pleased that in order to increase "Neopay's" reach across Europe, we have integrated our payment initiation services with the largest Czech banks, which will further increase the reach of our services. We have introduced flexible pricing solutions to improve conversions, as well as various partnerships. We are also pleased that the "Neopay" brand is becoming more and more visible: this time, we participated in one of the largest specialised conferences in Europe, "SBC Summit Barcelona". We are particularly pleased that the team is now being led forward by Viktoras Ivanovas, former head of the IT team. He has been an active contributor to the development of the "Neopay" product from the very beginning, while working in the IT department, and has a great understanding of the subtleties of the product. Most importantly, Viktoras has a wealth of innovative ideas that will undoubtedly help us grow and achieve our goals.

### FinoMark

The crowdfunding platform "FinoMark" brokered business loans for EUR 1.089 thousand in Q3 2023, compared to EUR 806 thousand in Q3 2022.

The company's revenue reached EUR 76.37 thousand in Q3 2023 compared to EUR 43.59 thousand in Q3 2022. In Q3 2023, the company's profit before tax was EUR 66.73 thousand, compared to a loss of EUR 68.94 thousand in Q3 2022.



During Q3, we managed to implement the “Buyback” functionality for loan investors, which provides up to EUR 500 of investment protection for non-performing loans. The focus continued to be on improving the user

experience, with an updated website design and statistics page, where investors can now find even more relevant information and statistics related to loans. It is worth mentioning that with the update of the multi-

account functionality, users of the platform can look forward to a faster and more convenient crediting of money when they have multiple loans.



**“Paskolų klubas” in the third quarter was greeted by a rapid growth. Loan originations are up 17.43% compared to the same period in 2022.**

During the period under review, the highest volume of consumer credit was granted in September, for EUR 3.8 million. Of the EUR 10.5 million of loans funded in Q3 2023, EUR 5.4 million were refinancing loans. For the borrowers of these loans, “Paskolų klubas” helped them to reduce the amount of the monthly repayment and/or interest they had been paying so far. It is important to note that, despite the increase in the volume of

loans, the delinquency rate has been steadily decreasing and stood at only 8.35% in the third quarter of this year, compared to 8.59% at the end of the first quarter and 8.44% at the end of the second quarter. The loan portfolio administered by the peer lending business reached EUR 66.2 million at the end of Q3 of this year, up by EUR 3.9 million quarter-on-quarter from EUR 62.3 million. Operating expenses grew by 26.36% from EUR 408 thousand in Q3 2022 to EUR 516 thousand in Q3 2023.

In line with the rise in EURIBOR, the platform has also increased interest rates, providing investors with exceptional investment opportunities to achieve high investment returns.

With a continued focus on improving the functionality and user experience of the platform, as well as developing new features, we are pleased to have introduced in the third quarter a financing option, the “Buy Now, Pay Later” (BNPL) loans, initiated together with “Neopay”. We hope that this solution will help to further increase the volume of loans.

In response to the changing microeconomic environment and in order to strike the right balance between our long-term goals and market trends, we have introduced new “Buyback” pricing for A, B and C rated customers from 14 September 2023. We believe that these changes will contribute significantly to the long-term sustainability of the platform.

From October 2023, Jolanta Rudé, who joined the company 8 years ago and has accumulated a wealth of experience in all aspects of the peer-to-peer lending platform, consumer credit market regulation and customer and investor services, will take over the role of Head of “Paskolų

klubas” on a temporary basis. Jolanta’s expertise will ensure the continuity of the department’s activities and existing projects, as well as the achievement of this year’s objectives. In order to be well prepared for the implementation of the key priorities for the next three years - the growth

of the portfolio under management to EUR 150 million - a strong focus will be placed on strengthening the competences of the staff, which will be reflected in the organisational changes of the Department.





# NEO Finance, AB company structure

“NEO Finance”, AB currently owns 2 brands, Paskolų klubas and Neopay, and a subsidiary, FinoMark.

In 2016, the company was the first to be included on the Bank of Lithuania’s list of P2P lending platforms. “NEO Finance”, AB’s “Paskolų Klubas” brand provides P2P lending services in Lithuania. Citizens of the European Union, the Free Trade Association and the European Economic Area, for whom services are provided under the “NEO Finance” brand, may also invest in loans.

In 2017, the company obtained an electronic money institution license, which allows it to provide services throughout the European Union. Payment initiation and account information services were launched under the “Neopay” brand.

In 2020, “NEO Finance”, AB acquired the “FinoMark” crowdfunding platform, which began operations in February 2021 when the Bank of Lithuania included it on its list of crowdfunding platform operators.

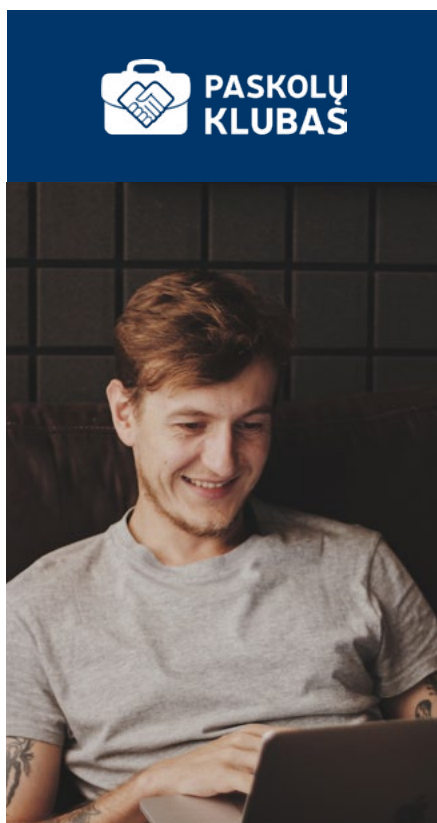
In 2019, the Dutch subsidiary “NEO Finance B.V.” was established, as a basis to attract investors from the Benelux countries for loans issued on “NEO Finance’s” inter-lending platform.

As at the date of publication of this report, “NEO Finance”, AB owns 95.53% of the shares of “FinoMark”, UAB.

The company has no branches and/or representative offices.







## P2P Lending platform

Services:

Investing for natural people and legal entities:

- High return for investors 8-16%;
- No hidden commissions fees;
- Fast, convenient and online service;
- Investments per loan from EUR 20 to EUR 500;
- BuyBack option.

Consumer loans for natural people:

- Loan's interest from 5%;
- No upfront fees;
- Fast, convenient and online service;
- Amount up to EUR 30 000.



## Open banking

Services:

Payment initiation, account information and other payment services:

- Fast contract signing process and easy integration;
- Collection of payments from the banks;
- Instant payments;
- Application for customers business needs;
- API integration for more than 200 financial institutions;
- Automatic payouts and refunds;
- Recurring and bulk payments;
- Payments via active payment link and barcode;
- Card payments;
- Account information service;
- POS lending (NeopayPayForYou) and BNPL solutions (Neopay 3);
- BLIK payments.



## Crowdfunding platform

Services:

Investing for natural people and legal entities:

- Investments of more than 500 EUR per loan are possible;
- Average interest 13%;
- Personal consulting;
- BuyBack option;
- Investment period from 3 months to 3 years.

Consumer loans for legal entities:

- SME loans up to 500 K EUR;
- Interest reimbursement under INVEGA instrument;
- Loans for more 12 months operating companies;
- Evaluation of applications within 24 hours.

# Q3 2023 developments at NEO Finance, AB

Authorized representatives of legal entities now have the possibility to approve orders on-site instead of relying solely on the manager's approval, which was the previous practice.

The AML team has been expanded with a new colleague focusing on KYC processes. The AML team is continuously expanding to ensure ongoing compliance with the requirements of the PPTFP and to meet the needs of the business due to the ever-increasing customer traffic.

Extended cooperation with a leading risk assessment solution partner: migrated to the latest version of the Customer Risk Assessment and Operations Monitoring System.

The company successfully placed the second and third tranches of a 2-year private placement.

There is a new post of Deputy Head of Administration, Greta Morkūnaitė. Greta takes over the mentoring of one of our businesses, the "Paskolų Klubas".

The company successfully placed the second and third tranches of a 2-year private placement.

From September 2023, the company applies a new way of protecting customer funds: customer funds are not only kept in a segregated account but also invested in safe, liquid and low-risk assets such as government securities.

# NEO Finance, AB events

Seminar "The Wise Algorithm: artificial intelligence debunks myths about lending".

On 2023 12 September, broadcasted an online seminar on lending myths debunked by Artificial Intelligence (AI), hosted by Investor Relations Specialist Š. Barauskas. The seminar presented valuable findings based on analysis, shared tips on how to create a more efficient investment strategy and improve investment decision-making on the "Paskolų klubas" platform, and answered more than 40 investor questions.



# Main NEO Finance, AB 2023 Q1-Q3 financial indicators



EUR 3.29 M

According to unaudited data, the company's revenue amounted to



+32.73%

Representing an increase compared to the revenue in Q1-Q3 2022.

+18.19%

Loans granted amounted to 31,36 million +18.19% increase when compared to the corresponding period in 2022.

+23%

The cost of sales increased by 23%, from 1,2 million EUR to 1,56 million EUR.

+20.85%

Operating expenses increased 20,85% from 1,19 million EUR to 1,44 million EUR.

+95.35%

EBITDA increased 20,85% from EUR 299 785 to EUR 585 632.

+234.58%

The profit before taxes in Q1-Q3 2023 amounted to 283 994 EUR, whereas in Q1-Q3 2022, the profit before taxes amounted to 82 657 EUR.





NEO Finance, AB sales report for 2023 Q3

	2023 Q1-Q3	2022 Q1-Q3	2023 Q1-Q3 / 2022 Q1-Q3 Δ, %	2021 m. Q1-Q3	2023 Q1-Q3 / 2021 Q1-Q3. Δ, %
Loans granted, EUR	31 357 223	26 547 250	18.19%	20 522 267	52.8%
Revenue, EUR	3 289 455	2 478 364	32.73	2 496 793	31.75%
<i>Income P2P lending, EUR</i>	<i>2 157 872</i>	<i>1 636 316</i>	<i>31.87%</i>	<i>1 563 986</i>	<i>37.97%</i>
<i>Income from e-money issuance and management, EUR</i>	<i>955 316</i>	<i>736 715</i>	<i>29.67%</i>	<i>663 543</i>	<i>43.97%</i>
<i>Income from investment activity, EUR</i>	<i>176 267</i>	<i>105 333</i>	<i>67.34%</i>	<i>269 265</i>	<i>-65.46%</i>
Cost of sales, EUR	(1 567 088)	(1 205 491)	23%	(1 182 532)	32.52%
Gross profit, EUR	1 722 366	1 272 873	35.31%	1 314 261	31.05
General and administrative, other operating and interest expenses (depreciation excluded), EUR	(1 438 372)	(1 190 216)	20.85%	(1 056 131)	36.19%
EBITDA, EUR	585 632	299 785	95.35%	434 813	34.69%
Pre-tax profit / loss, EUR	283 994	82 657	243.58%	258 130	10.02%
EBITDA Margin, %	18%	12%	-	17%	-
Return on Equity (ROE), %	10%	3%	-	12%	-

# Main NEO Finance, AB 2023 Q3 financial indicators



EUR 1.18 M

According to unaudited data, the company's revenue amounted to



+26.59%

Representing an increase compared to the revenue in Q3 2022.

+17.43%

Loans granted amounted to 10,5 million EUR. +17.43% increase when compared to the corresponding period.

+28.18%

The cost of sales increased by 28.18%, from 431 thousand EUR to 552 thousand EUR.

+26.36%

Operating expenses increased by 26.36%, from 408 thousand EUR to 516 thousand EUR.

+59.5%

EBITDA increased by 59.5% from EUR 137 319 to EUR 219 031.

+18.16%

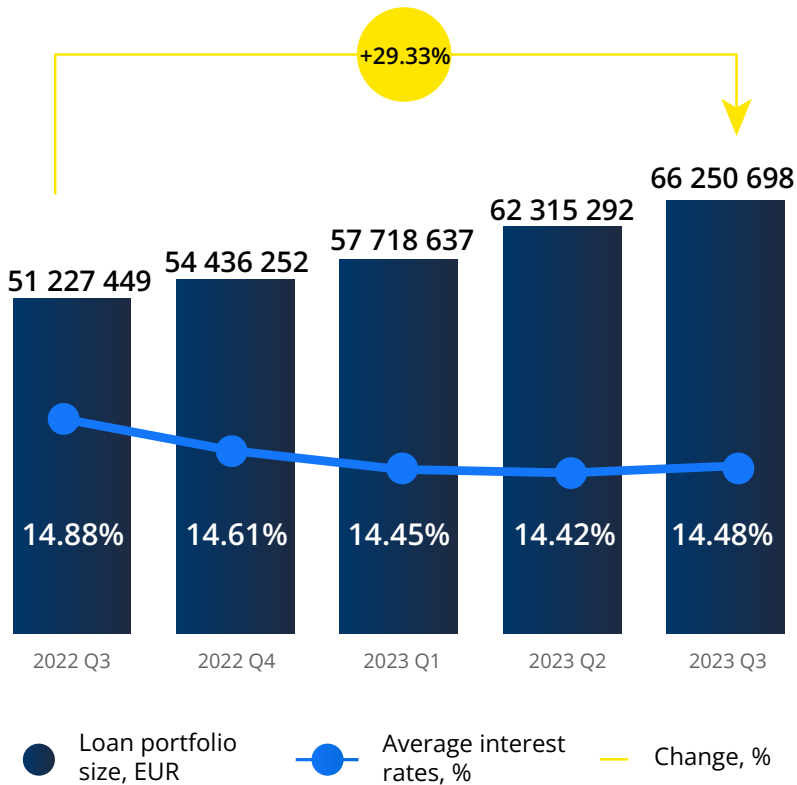
The profit before taxes in Q3 2023 amounted to 112 187 EUR, whereas in Q3 2022, the profit before taxes amounted to 94 943 EUR.



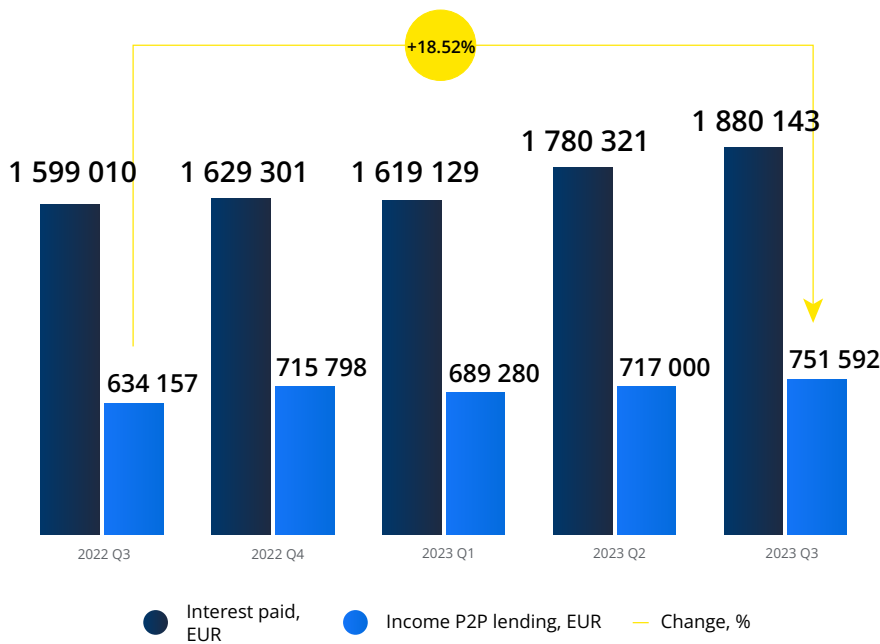
NEO Finance, AB sales report for 2023 Q3

	2023 Q3	2022 Q3	Δ, %	2021 Q3	Δ, %
Loans granted, EUR	10 496 012	8 938 036	17.43%	7 718 577	35.98%
Revenue, EUR	1 181 551	933 392	26.59%	913 531	29.34%
<i>Income P2P lending, EUR</i>	<i>751 592</i>	<i>634 157</i>	<i>18.52%</i>	<i>518 677</i>	<i>44.9%</i>
<i>Income from e-money issuance and management, EUR</i>	<i>344 292</i>	<i>256 994</i>	<i>33.97%</i>	<i>254 705</i>	<i>35.17%</i>
<i>Income from investment activity, EUR</i>	<i>85 667</i>	<i>42 241</i>	<i>102.8%</i>	<i>140 149</i>	<i>-38.8%</i>
Cost of sales, EUR	(552 881)	(431 325)	28.18%	(466 044)	18.63%
Gross profit, EUR	628 670	502 067	25.22%	447 487	40.49%
General and administrative, other operating and interest expenses (depreciation excluded), EUR	(516 483)	(408 734)	26.36%	(330 349)	56.34%
EBITDA, EUR	219 031	137 319	59.5%	117 139	86.98%
Pre-tax profit / loss, EUR	112 187	94 943	18.16%	69 035	62.51%
EBITDA Margin, %	19%	23%	-	13%	-
Return on Equity (ROE), %	4%	4%	-	3%	-

## Total active portfolio, EUR



## Interest paid to investors and NEO Finance income from peer-to-peer lending activities





# Financial reporting on the principle of business management

Platform intermediary income is not generated at the time of transaction. The actual income is distributed over the entire loan period and is collected by repaying the monthly installment to the borrower. Most of the costs to earn this income (marketing, administration, etc.) are incurred in the year of the transaction. For a better comparability of costs and revenues, the total revenues received from financing transactions entered into in the respective years and the costs for those years are presented below.

	2023 Q1-Q3	2022 Q1-Q3	Δ, %	2021 Q1-Q3	Δ, %
Loans granted, EUR	10 496 012	8 938 036	17.43%	7 718 577	35.98%
Intermediary fee income, EUR	1 860 071	1 294 937	43.64%	776 685	139.49%
Intermediary fee / Loans granted, %	18%	14%	-	10%	-
Other income, EUR	765 617	425 928	79.75%	537 867	42.34%
Cost of sales, EUR	(552 881)	(431 325)	28.18%	(466 044)	18.63%
General and administrative, other operating and interest expenses (depreciation excluded), EUR	(516 483)	(408 734)	26.36%	(330 349)	56.34%
Total revenue, EUR	1 556 324	880 806	76.69%	518 159	200.36%

# Capital of NEO Finance, AB

NEO Finance, AB, being an electronic money institution, must have a minimum of 350 thousand equity capital of EUR. As equity approaches this amount, shareholders must immediately make decisions on its increase. When calculating the capital adequacy of an e-money institution in accordance with the above-mentioned resolution of the Board of the Bank of Lithuania, the amount of intangible assets and deferred tax assets are subtracted from the amount of equity capital. In 2022 at the end of the year, the equity capital calculated in the company's balance sheet amounted to 2.8 million EUR, and in order to meet the capital requirements approved by the Board of Lietuvos bankas, the company's own capital, which is calculated according to the requirements for calculating the own capital of an electronic money institution, amounted to 455 thousand EUR and exceeded the minimum equity requirement.



At the end of 2023 Q3, the company's authorized capital and share additions reached

**EUR 3 805 782**

The company's capital was not increased during 2023.

Equity capital at the end of 2023 Q3 reached

**EUR 2 807 661**

# **P2P lending platform Paskolų Klubas**



# P2P lending platform Paskolų Klubas

Paskolų Klubas, which is operated by NEO Finance AB, is the largest P2P lending platform in Lithuania. The platform unites customers who want to borrow with those who can lend and want to invest in consumer credit and thus earn a return on investment.

## Q3 2023 DEVELOPMENTS AT PASKOLŲ KLUBAS:

Loan volumes grew by 17.43% compared to Q3 2022 from EUR 8.9 million to EUR 10.40 million.

In September, in response to the changing microeconomic environment and in order to maintain a proper balance between the company's long-term objectives and market trends, a new "Buyback" pricing for A, B and C ratings was launched on 14 September 2023.

In August, "Paskolų klubas" introduced a financing option for its clients - "Buy Now, Pay Later" (BNPL) loans. The solution was implemented together with the payment initiation platform "Neopay".

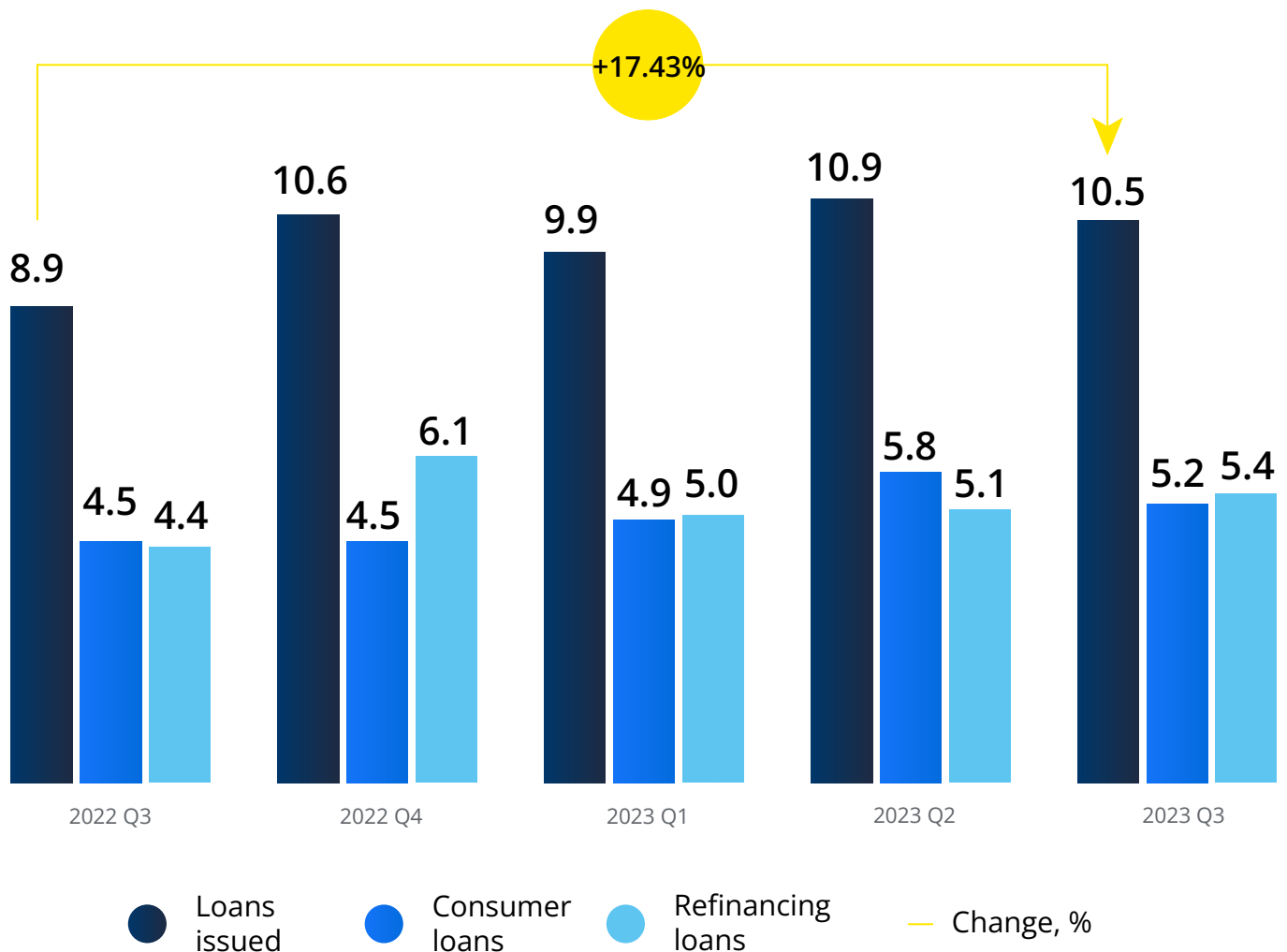
The account opening process for minor children has been updated and facilitated.



## P2P lending platform, loans issued, M EUR

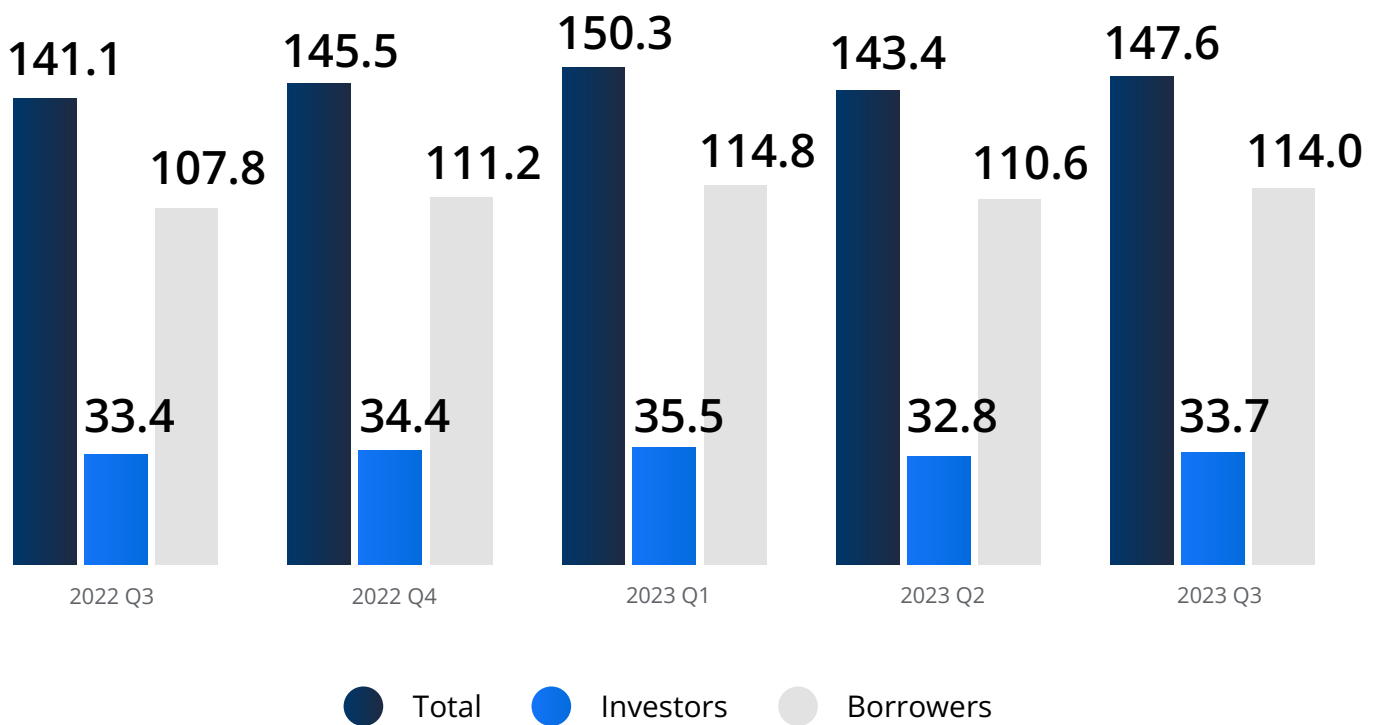
In Q3 2023, EUR 10.5 M of loans were issued through NEO Finance’s Paskolų Klubas P2P platform, which is 17.43% more than in Q3 2022.

In Q3 2023 the largest number of consumer credits were granted in September through Paskolų Klubas for EUR 3.8 M.



## Registered users

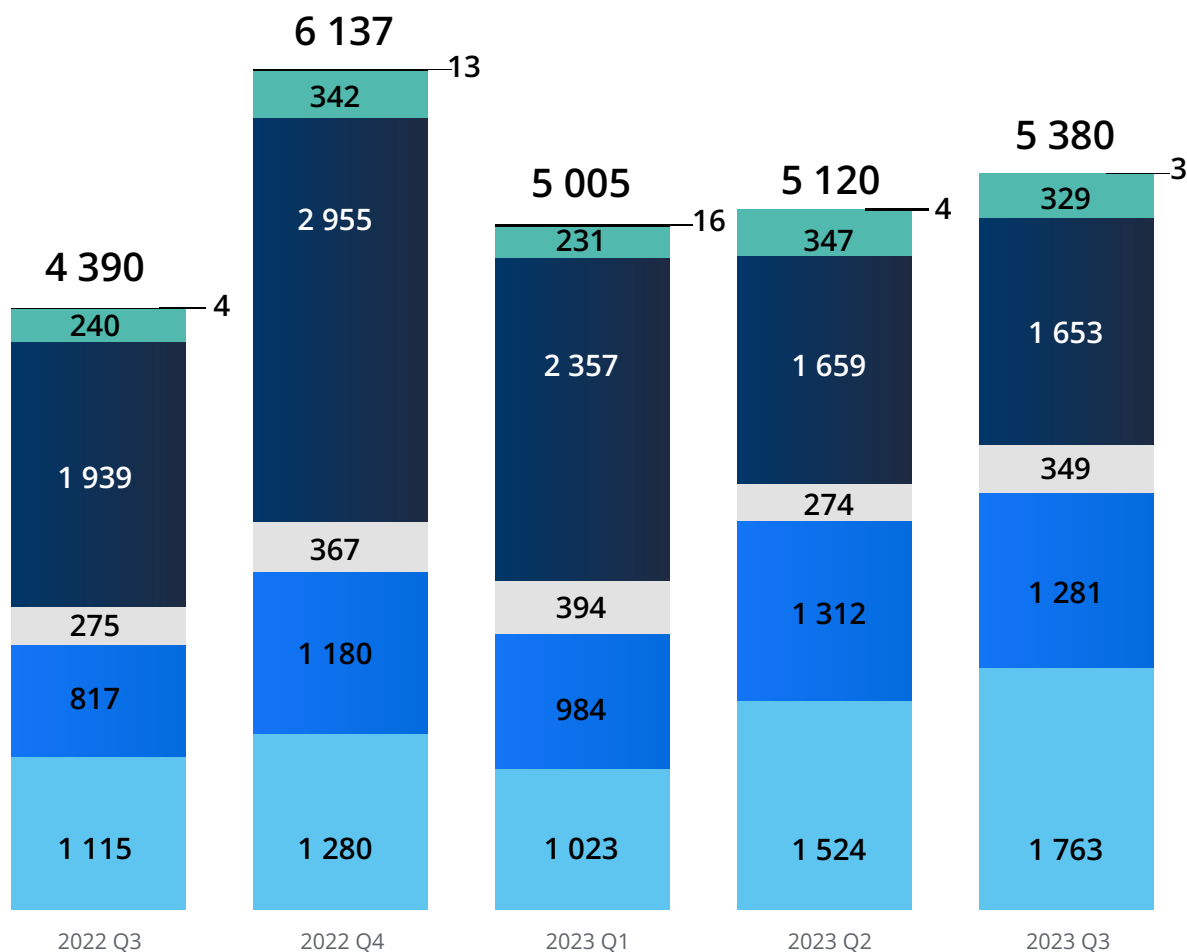
During the Q3 of 2023, the number of registered users increased by 3 percent. The increase in the number of consumer credit recipients was 3 percent, investors – 2.8 percent.



## Refinancing

Of the EUR 10.5 M of loans financed in Q3 2023, EUR 5.4 M were financing loans. For the recipients of these loans, the P2P lending platform Paskolu Klubas helped the recipients of those loans reduce their monthly payment and/or the amount of interest paid so far.

### Refinancing distribution, K EUR



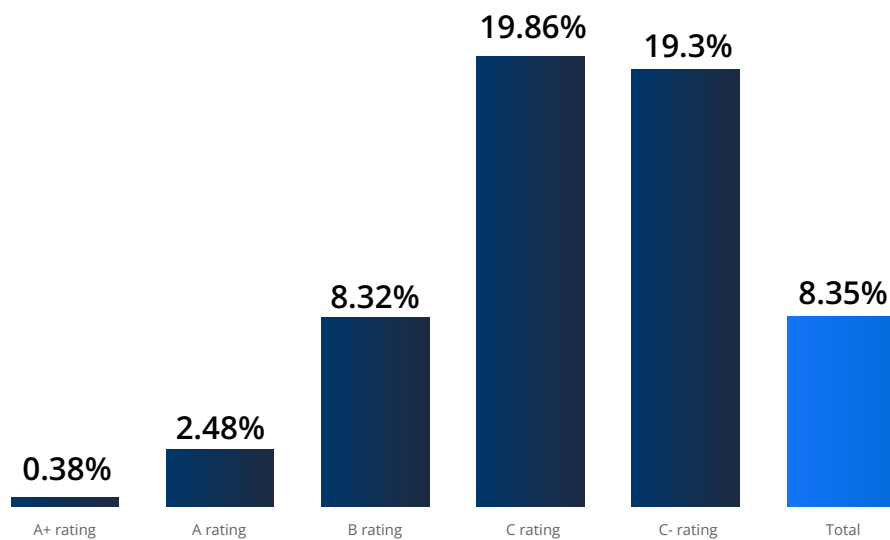
- Consumer credit providers (ex-leasing)
- Banks
- Consumer credit providers (leasing only)
- Operators of P2P lending platforms
- Paskolu Klubas
- Credit unions

## Overdue loans

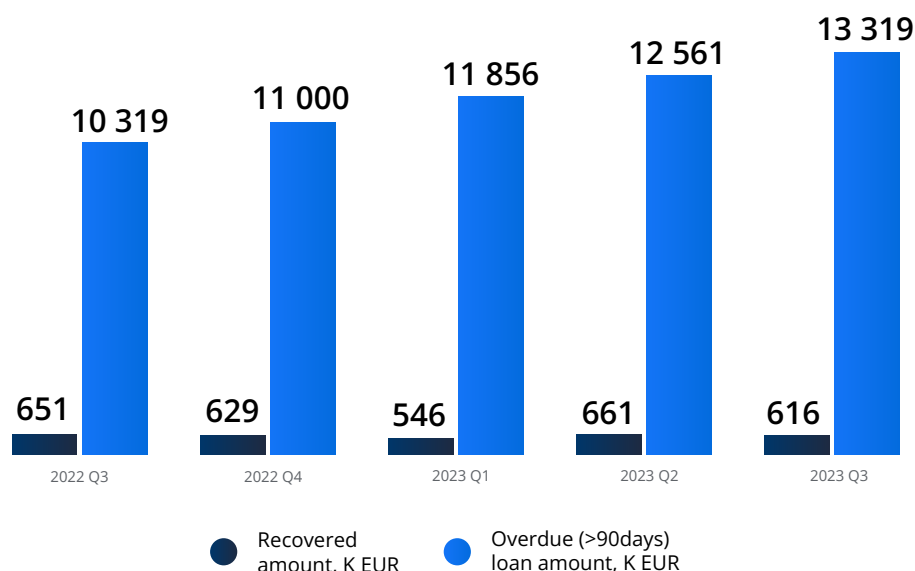
At the end of Q3 2023, out of 44 216 outstanding loans, 3 627 (8.2%) were overdue for more than 90 consecutive days. Of the EUR 159 M of loans issued, loans for EUR 13.3 M (8.35%) were more than 90 days overdue. During Q3 2023, EUR 616 K were recovered and distributed to investors.

Compared to the same period in 2022, the number of loans more than 90 days overdue decreased from 8.78% to 8.35%.

### Loans, overdue >90 days, %

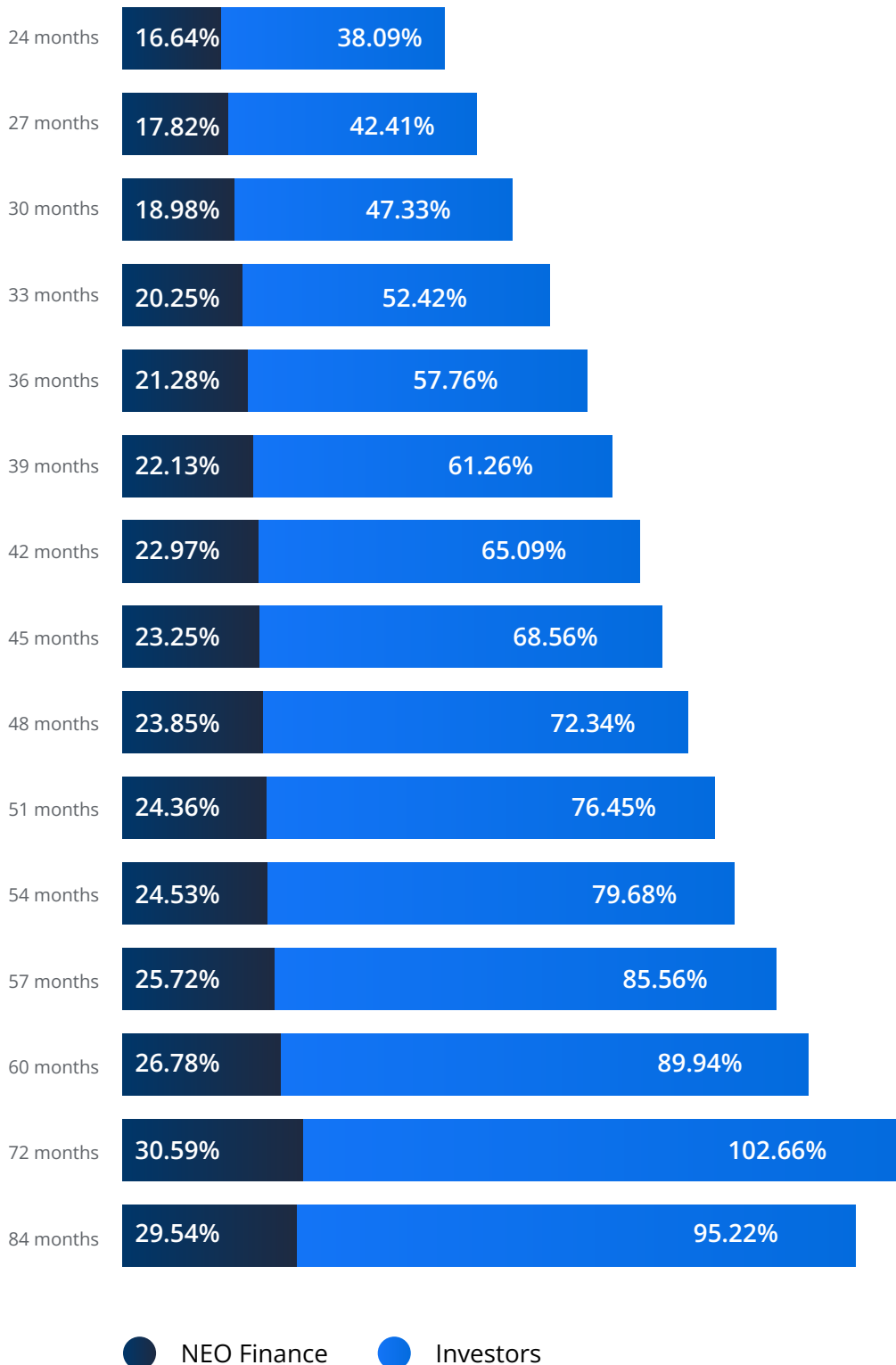


### Amount recovered, K EUR





## Recovered % of principal outstanding at termination



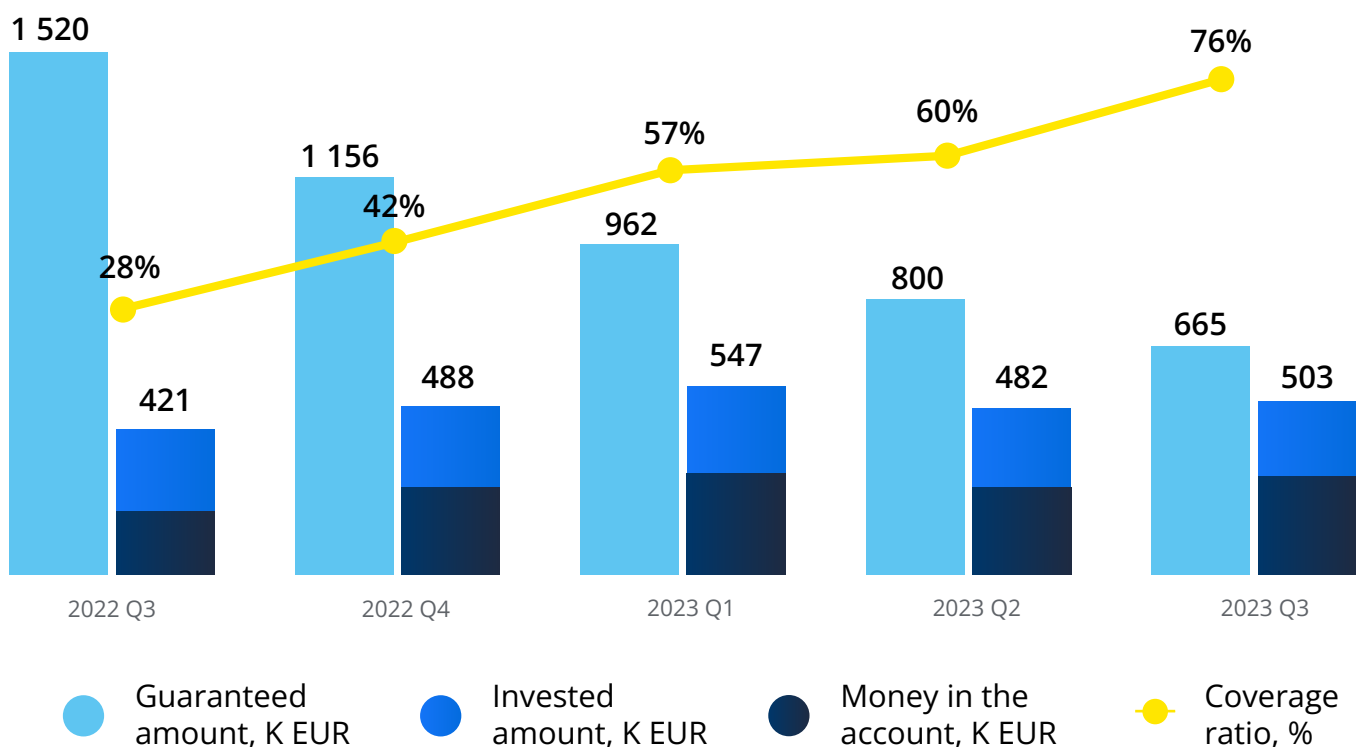
## Months after termination

Months after termination	Principal at termination	No. of loans
24 months	10 341 222	3 162
27 months	9 775 849	2 988
30 months	9 351 530	2 863
33 months	8 621 858	2 683
36 months	7 963 210	2 488
39 months	6 977 100	2 183
42 months	6 162 128	1 946
45 months	5 399 929	1 682
48 months	4 475 977	1 398
51 months	3 672 957	1 156
54 months	2 883 283	917
57 months	2 233 416	735
60 months	1 726 112	579
72 months	436 744	195
84 months	21 670	14

## Provision fund

The provision fund lets lenders reduce investment risk. If a loan defaults, the provision fund secures therepayment of the invested amount. In Q3 2023, EUR 51 903 was paid out to lenders from the provision fund.

### Provision fund, K EUR



To manage liquidity risk, NEO Finance AB calculates the sufficiency of its funds for covering provision fund liabilities. Since Q3 2019, some of those funds have been invested in loans, with the remainder held in a separate bank account. The purpose of this account is to support the company's internal cash flow management. To fulfil its obligations to lenders, the company may, if

necessary, use other of its assets.

\*The Provision Fund investment statistics were updated on September 23, 2022. After the updates, the invested amount consists of the net value of NEO Finance, AB's investments in loans and from this amount all NEO Finance, AB's liabilities (issued bonds, taken loans) have been subtracted.

At the end of Q3 2023, the total amount of funds accumulated in the Provision Fund account amounted to EUR 503 thousand and the total amount guaranteed was EUR 665 thousand. The coverage rate was 76%.

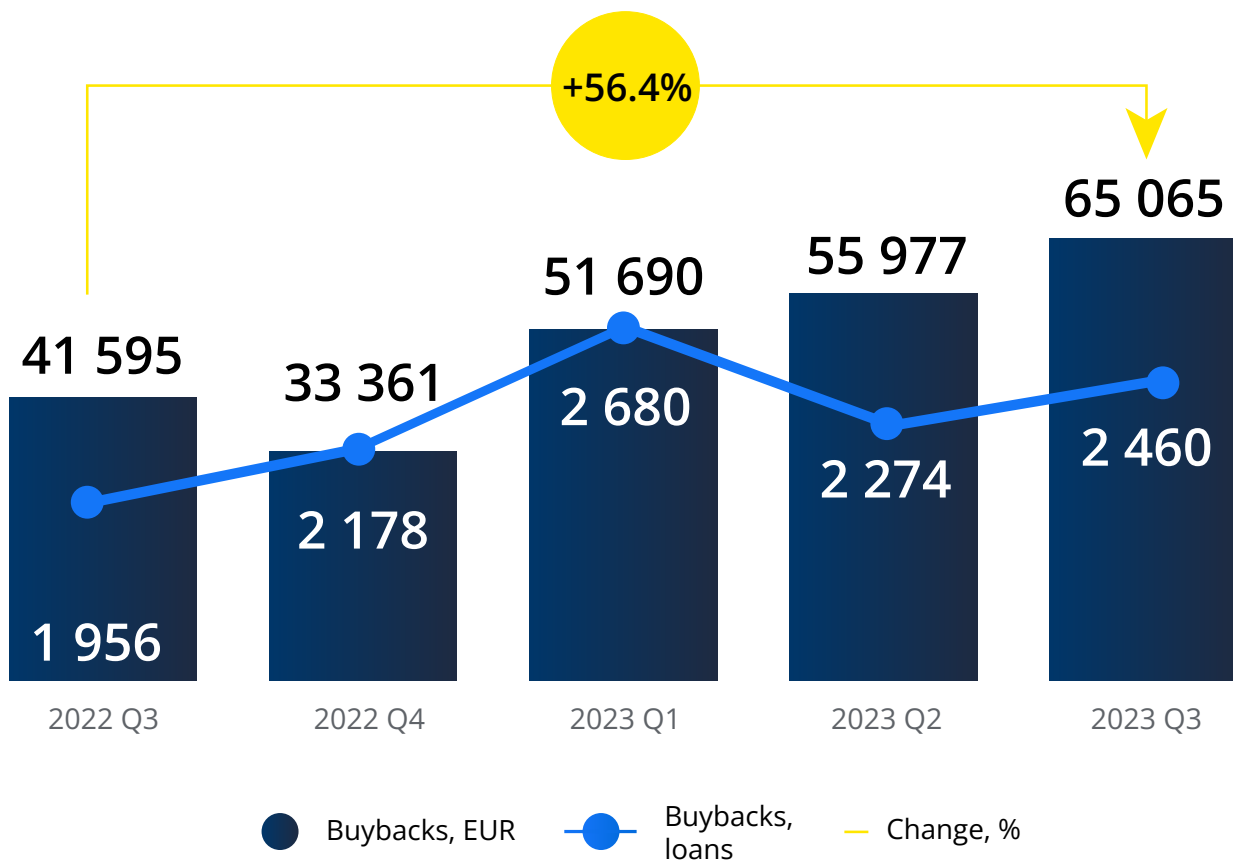
The Provision Fund service will no longer apply to investments made from 1 March 2022.

## Buyback service

When an agreement with a borrower is terminated, the buyback service gives lenders the opportunity, within 30 days, to sell their investment to NEO Finance AB at 50-100% of its remaining face value.

In September, in response to the changing microeconomic environment and in order to maintain the right balance between our long-term objectives and market trends, we launched a new Buyback pricing for A, B and C ratings on 14/09/2023. We believe that these changes, too, will contribute significantly to the long-term sustainability of the platform.

In Q3 2023, lenders sold 2 460 investments to NEO Finance AB for EUR 65 065.

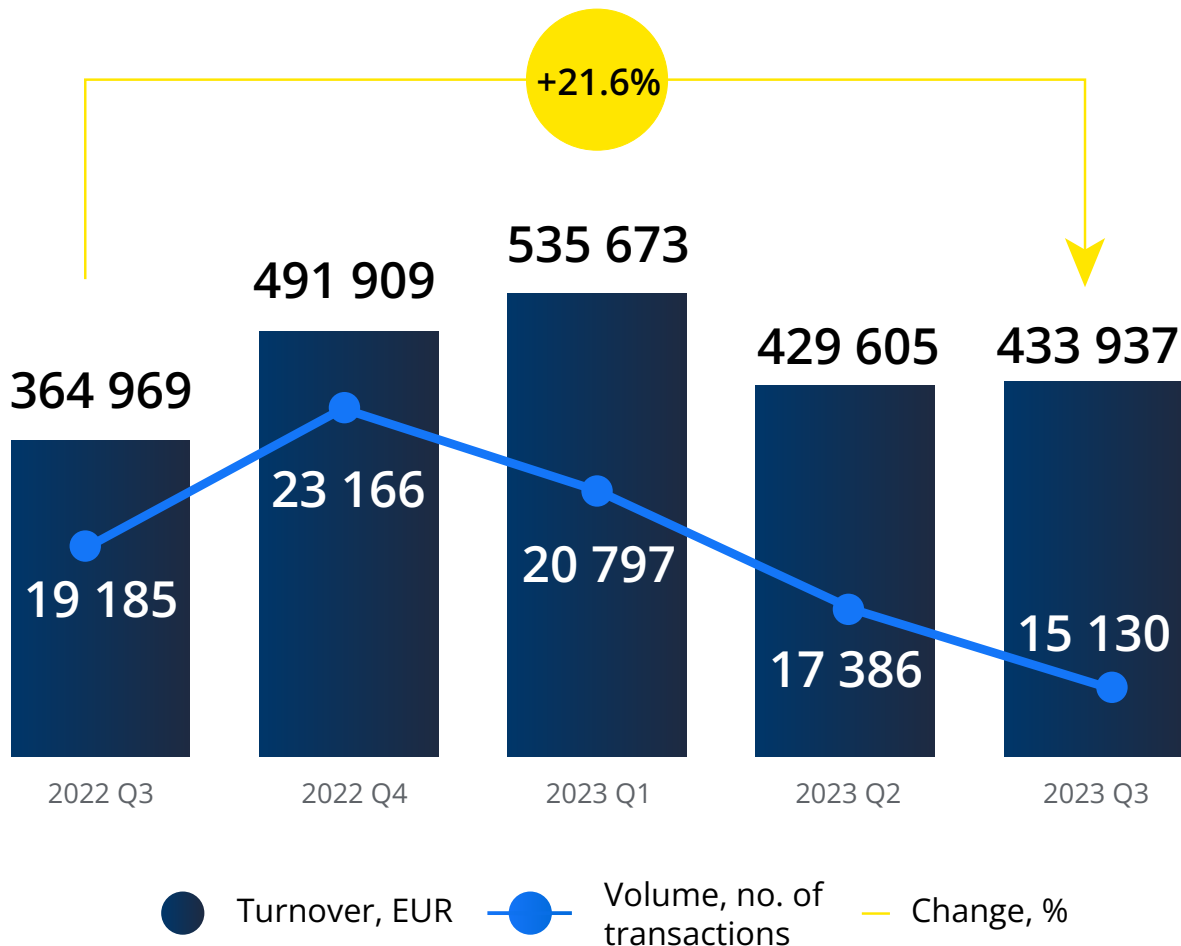


## Secondary market

In the secondary market, lenders can buy and sell investments. The secondary market allows lenders to actively manage investments along with credit and liquidity risks.

Secondary market turnover in Q3 2023 totalled EUR 433 937.

The average transaction amount was EUR 28.68.



# NEO Finance, AB's investments

## In Q3 of 2023 NEO Finance, AB invested in loans EUR 973 000.

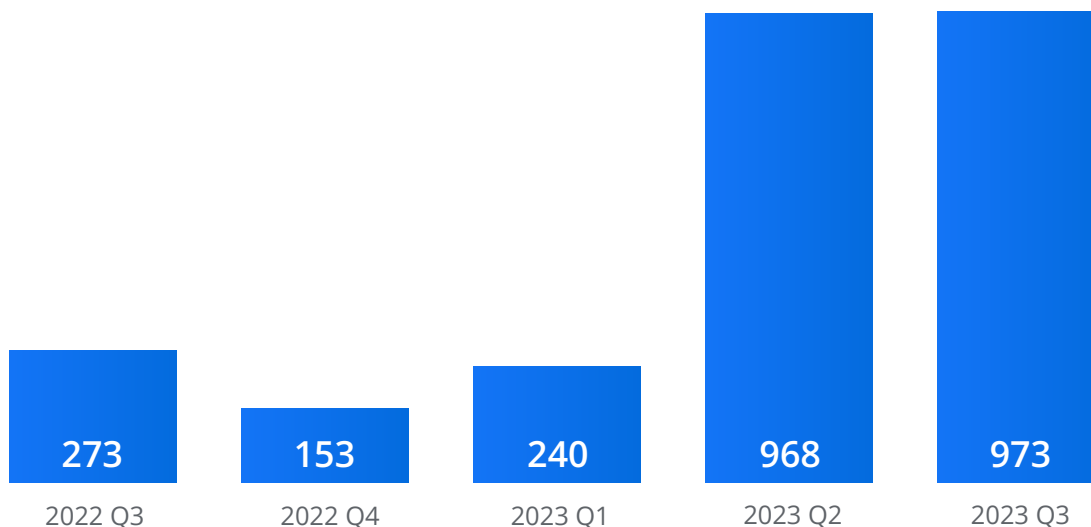
"NEO Finance", AB, as a provider of consumer credit, can also invest in loans on the "Paskolų Klubas" P2P lending platform along with other registered lenders. By investing in loans, the company aims to increase the speed with which loans are financed, thereby ensuring the platform's attractiveness for both borrowers and lenders.

As the amount of credit requests on the "Paskolų Klubas" market increases and in order to finance them faster, from May 20, 2022, a decision was made to increase the limit of "NEO Finance", AB, which allows the company to invest in loans.

"NEO Finance", AB had the opportunity to finance up to 50% of all loans placed on the market on the "Paskolų Klubas" platform. Due to the growing supply of loans, it was decided to increase the investment limit of "NEO Finance", AB to 80% of the initial consumer credit amount. When a credit rating of A+ or A is granted to a consumer

credit recipient - "NEO Finance", AB can immediately grant a consumer credit of up to EUR 15,000, if a credit rating of B is granted - up to EUR 8,800, but not more than 80 percent of the initial amount of the consumer credit. "NEO Finance" may not adhere to the above maximum investment amounts and grant consumer credit to consumer credit recipients of all credit ratings, if the investors have already financed at least 20 percent of the consumer credit amount and at least 24 hours have passed since the application for consumer credit was submitted to the loan market.

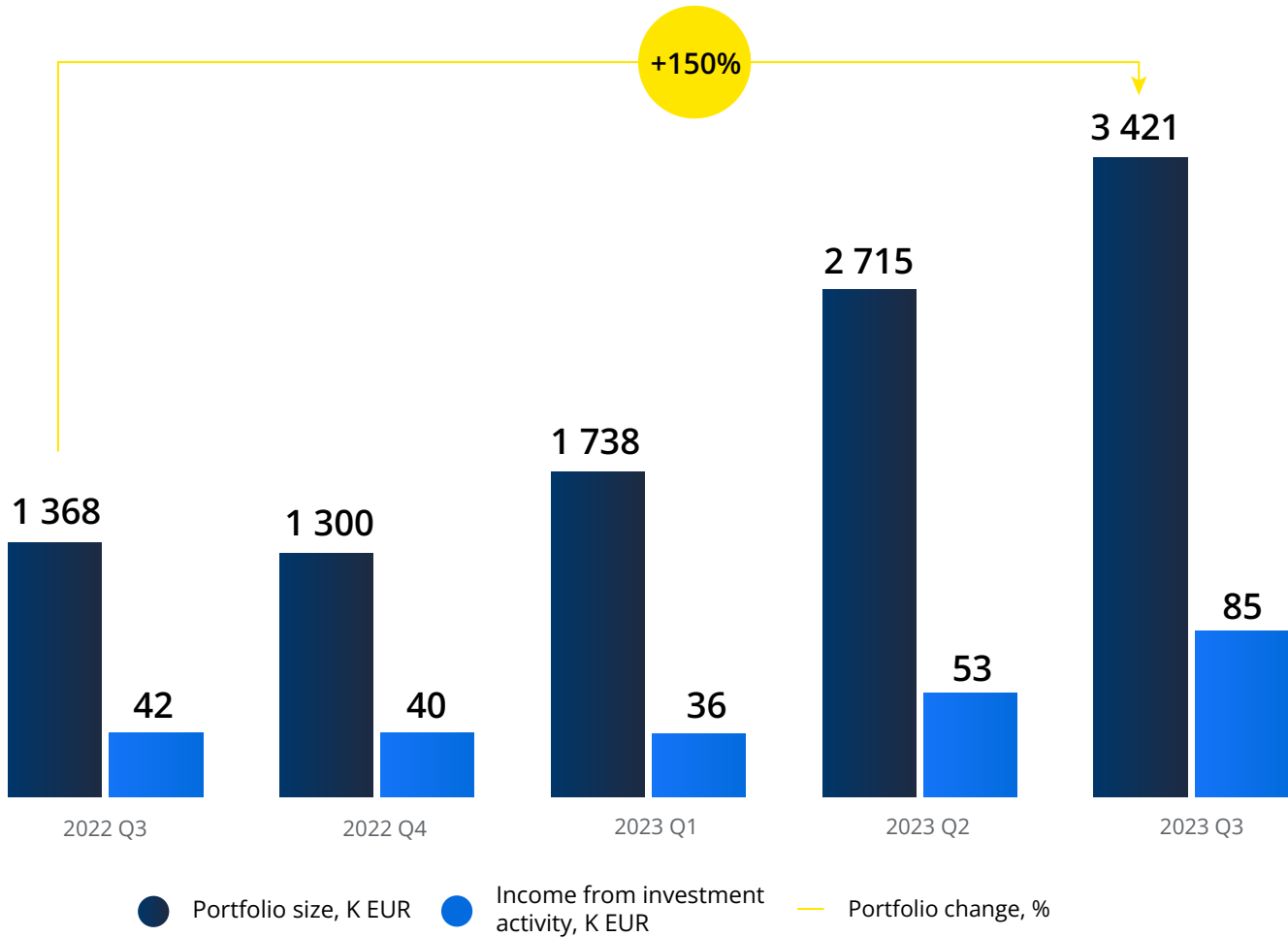
## NEO Finance, AB's investments, K EUR



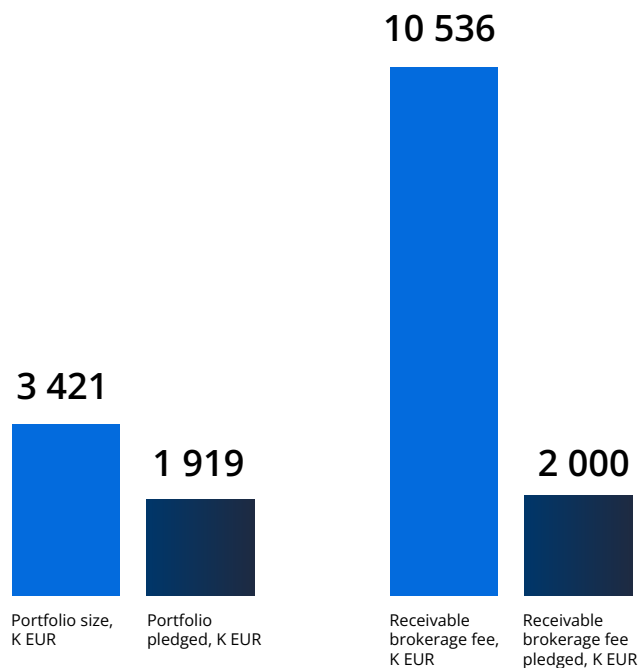
The company's policy on avoiding conflicts of interest is available [here](#)



### “NEO Finance”, AB loan investment portfolio, thousand EUR



### “NEO Finance”, AB pledged assets, thousand EUR



# Institutional investor



As of the end of 2023 Q3, the portfolio that nordIX had acquired from NEO Finance, AB had a total size of EUR 10.7 M.

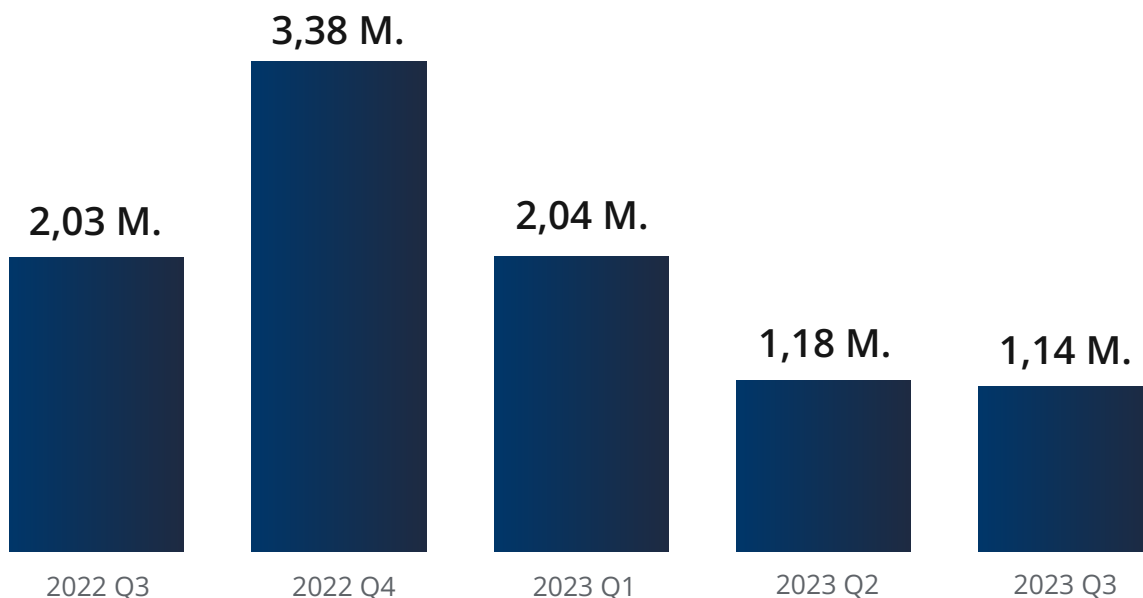
In August 2021, Neo Finance started cooperating with an institutional investor, fixed income asset manager from Germany - "nordIX".

According to the agreement, nordIX invests by acquiring portfolio of loans which NEO Finance, AB forms on "Paskolų klubas" platform by in advanced agreed criteria set by the institutional investor

Hamburg, Germany-based nordIX specializes in fixed income investments, with a focus on bonds and derivatives. The company manages several mutual and special

funds and develops intelligent investment opportunities. Besides its asset management work, nordIX also advises institutional customers regarding bonds and other fixed income products. The company supports institutional investors in Germany, Austria and Switzerland and manages several hundred million euros in a variety of different investment funds.

## NordIX's investments, EUR



**Open banking  
Neopay**



# Neopay

“NEO Finance” AB is a licensed provider of payment initiation, account information services and other payment solutions. These services are provided under the “Neopay” brand.

“Neopay” provides payment initiation, account information services and other payment solution services through secure open APIs with banks and other financial institutions as required by the Law on Payments of the Republic of Lithuania and the Payment Services Directive 2 (PSD2).

At the end of the first quarter of 2023, “Neopay” services were available in Lithuania, Latvia, Estonia, Finland, Sweden, Norway, Denmark, the Netherlands, Poland, Greece, Romania, Spain, Croatia, Bulgaria and Slovakia, integrated with more than 200 financial institutions.

## Q3 2023 DEVELOPMENTS AT NEOPAY:

Participated in the “SBC Summit Barcelona” conference.

Transaction volume increased by 29% in Q3 of this year compared to the same quarter in 2022.

Integrated Czech banks.

The amount of payment service transactions in comparison grew by 107% compared to the third quarter of last year.

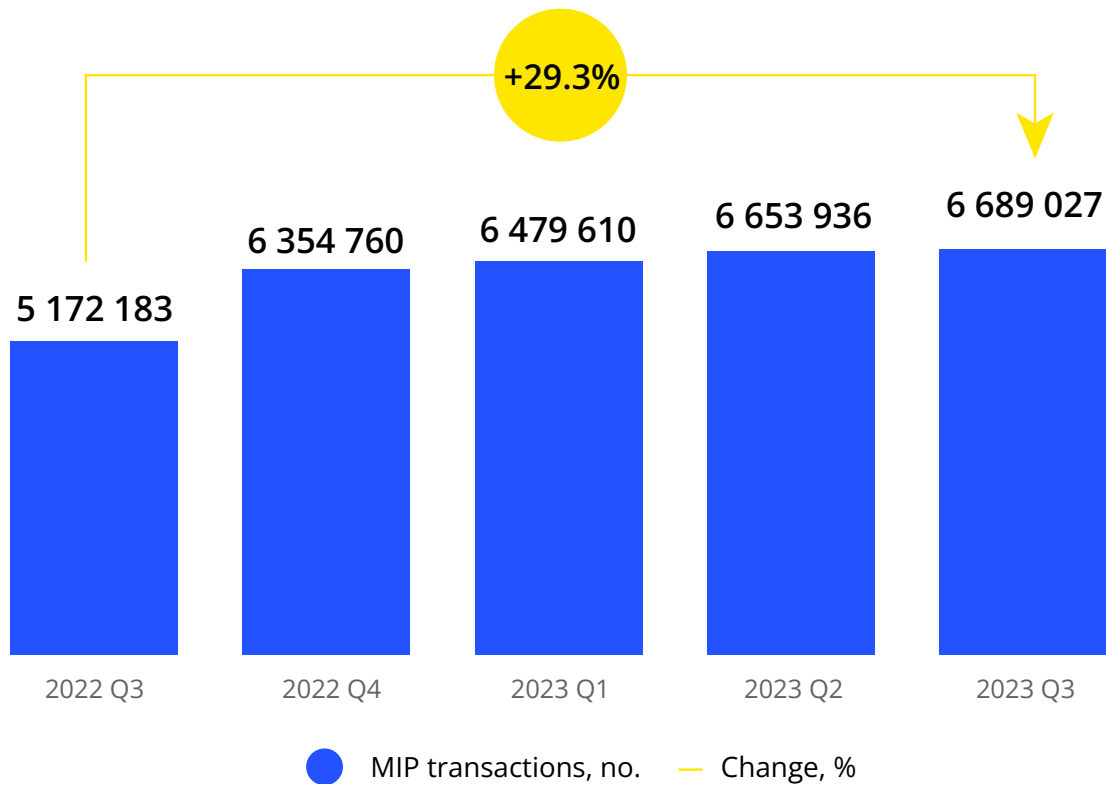
Implemented flexible customer pricing solutions.

The latest list by country can be found

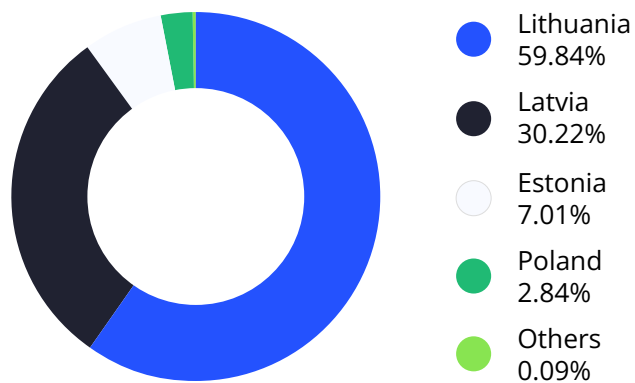
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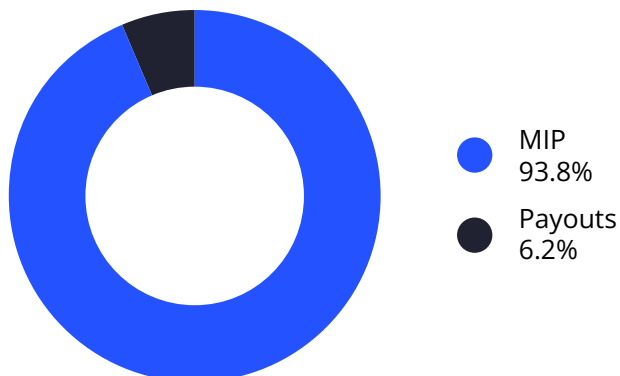
## Payment transactions, pcs.



## Country share, %



## Transaction distribution, %



# **Crowdfunding platform FinoMark**





# FinoMark

In February 2021, after assessing FinoMark UAB's business model, the Bank of Lithuania gave the platform permission to carry out crowdfunding activities.

When it launched, VIP lenders from the Paskolų Klubas P2P lending platform were given an exclusive opportunity to get acquainted with projects published on the platform and invest in them. In June 2021,

the crowdfunding platform was presented publicly and became accessible to all investors.

## Q3 2023 DEVELOPMENTS AT FINOMARK:

Multi-account functionality has been developed, ensuring faster and more convenient money transfer with multiple options loans.

Descriptions of projects on the FinoMark market have been updated allowing investors to get to know the projects better.

NEO Finance, AB acquired 7 500 000 units of NEO Finance, AB. FinoMark, UAB newly issued shares. Following the acquisition, NEO Finance, AB's shareholding in FinoMark, UAB increased to 95,35 %.



The "BuyBack" functionality was created to allow providing up to EUR 500 protection for investments.



The updated version of the Finomark website has been released for borrowers and investors.



We have updated the statistics page, to familiarize yourself with the statistics of FinoMark in more detail.



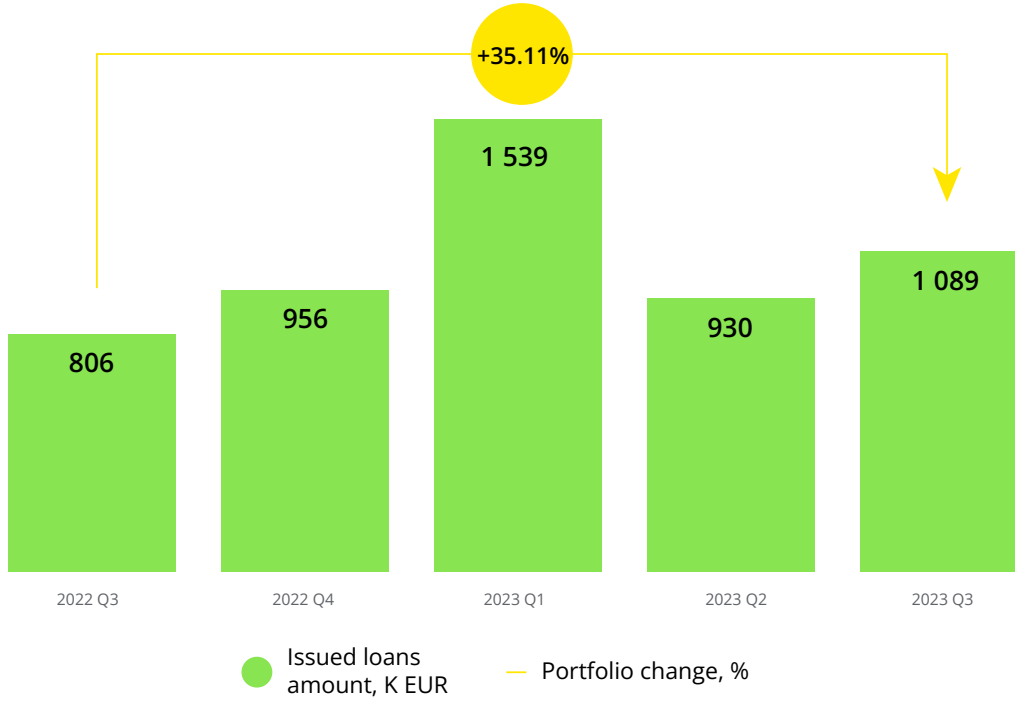
**Key Finomark, UAB 2023 Q1-Q3 financial indicators**

	2023 Q1-Q3	2022 Q1-Q3	2023 Q1-Q3 / 2022 Q1-Q3 Δ, %	2021 Q1-Q3	2023 Q1-Q3. / 2021 Q1-Q3. Δ, %
Loans granted, EUR	3 558 000	1 722 000	106.62%	659 800	438.25%
Revenue, EUR	239 320	111 357	114.91%	90 347	164.89%
Cost of sales, EUR	(28 148)	(11 678)	141.03%	(22 225)	26.65%
Gross profit, EUR	211 172	99 679	111.85%	68 122	209.99%
General and administrative, other operating and interest expenses, EUR	203 705	373 794	-45.5%	343 905	-40.77%
Pre-tax profit / loss, EUR	7 467	(274 115)	-	(285 783)	-

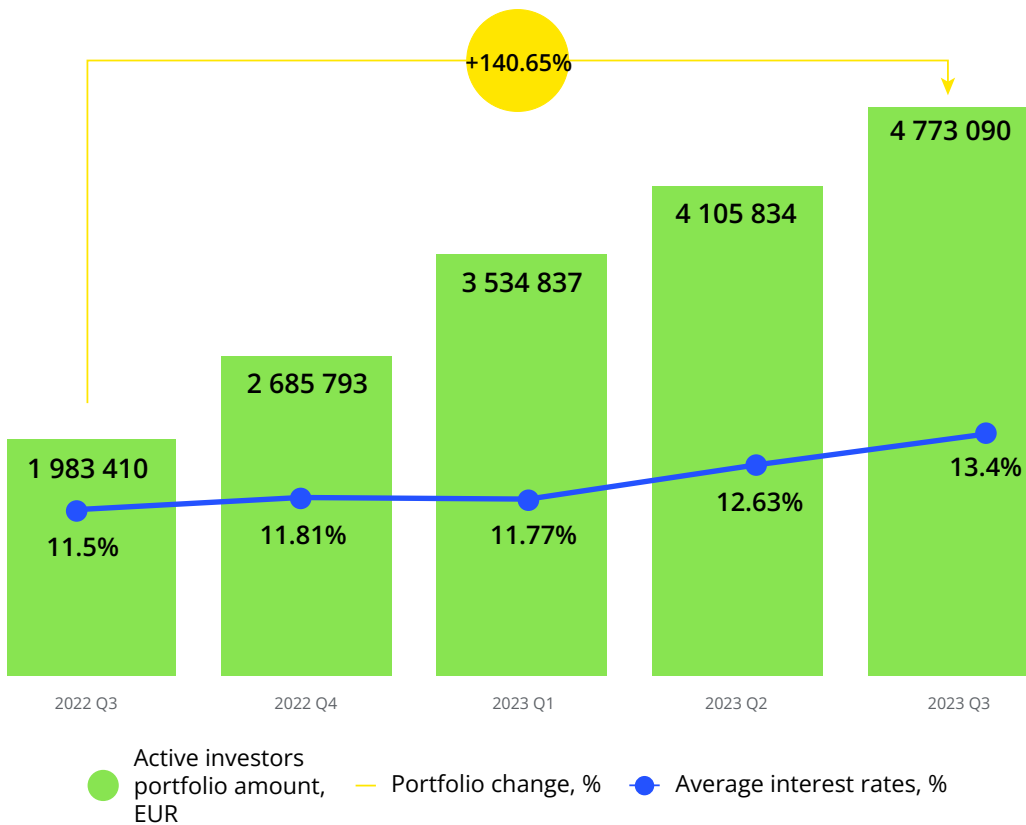
**Key Finomark, UAB 2023 Q3 financial indicators**

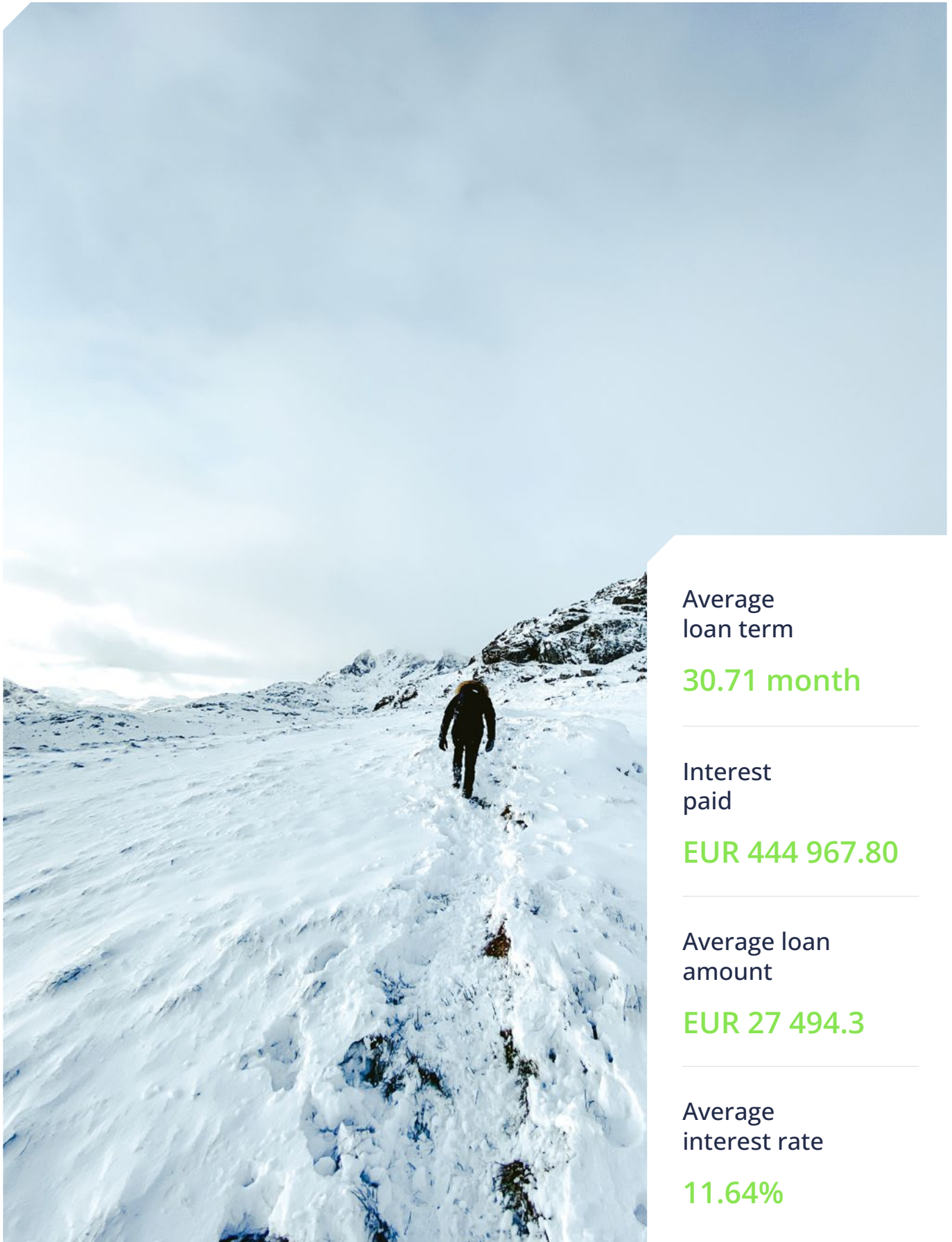
	2023 Q1	2022 Q3	2023 Q1-Q3 / 2022 Q1-Q3 Δ, %	2021 Q3	2023 Q1-Q3. / 2021 Q1-Q3. Δ, %
Loans granted, EUR	1 089 500	806 000	35.17%	181 000	501.93%
Revenue, EUR	76 370	43 590	75.2%	59 684	27.96%
Cost of sales, EUR	(12 958)	(4 680)	176.88%	(2 569)	404.40%
Gross profit, EUR	63 412	38 910	62.97%	57 115	11.03%
General and administrative, other operating and interest expenses, EUR	3 320	(107 853)	-	(145 714)	-
Pre-tax profit / loss, EUR	66 732	(68 943)	-	(88 599)	-

## “FinoMark” issued loans amount, EUR



## Active investor's portfolio amount, EUR





Average  
loan term

**30.71 month**

Interest  
paid

**EUR 444 967.80**

Average loan  
amount

**EUR 27 494.3**

Average  
interest rate

**11.64%**

# **NEO Finance, AB**

## **financial statements**

**2023 Q1-Q3 condensed balance sheet, EUR**

	2023-09-30	2022-12-31
<b>ASSETS</b>		
<b>FIXED ASSETS</b>	<b>3 214 057</b>	<b>2 996 146</b>
Intangible assets	1 067 567	956 254
Other intangible assets	1 067 229	956 254
Tangible assets	25 973	30 374
Other devices, appliances and tools	1 818	-
Financial assets	24 155	30 374
Shares of companies of the group of companies	1 835 600	1 724 602
Accounts receivable within one year	906 638	779 138
Other financial assets	928 963	945 464
OTHER FIXED ASSETS	284 917	284 917
Deferred tax assets	284 917	284 917
<b>CURRENT ASSETS</b>	<b>14 062 399</b>	<b>14 143 650</b>
RESERVES	43 354	28 666
Paid advances	43 354	28 666
AMOUNTS RECEIVED IN ONE YEAR	2 806 135	666 083
Buyers' debts	184 553	156 895
Other receivables	2 621 582	509 188
Cash and cash equivalents	9 274 519	13 448 901
EXPENSES OF FUTURE PERIODS AND ACCRUED INCOME	30 366	2 296
<b>ASSETS TOTAL:</b>	<b>16 239 685</b>	<b>17 142 092</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>2 807 661</b>	<b>2 523 667</b>
Capital	1 848 934	1 848 934
Authorized (subscribed) or authorized capital	1 848 934	1 848 934
Share Premium	1 956 848	1 956 848
Retained earnings/loss	(998 120)	(1 282 115)
Profit (loss) for the reporting year	283 994	103 895
Profit (loss) of previous years	(1 282 115)	(1 386 010)
<b>PROVISIONS</b>	<b>39 704</b>	<b>86 012</b>
Other provisions	39 704	86 012
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	<b>14 438 907</b>	<b>14 517 561</b>
Accounts payable after one year and other long-term liabilities	2 593 803	891 294
Debt obligations	2 579 956	865 000
Other payables and long-term liabilities	13 847	26 294
Accounts payable within one year and other short-term liabilities	11 845 104	13 626 267
Debt obligations	851 172	250 365
Advances received	45 317	5 761
Debt to suppliers	2 127 154	173 530
Obligations related to labor relations	184 389	169 040
Current Amounts Payable and Liabilities	8 637 072	13 027 571
EXPENSES ACCRUED AND EXPENSES OF FUTURE PERIODS	20 550	14 853
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>17 306 822</b>	<b>17 142 092</b>



## 2023 Q1-Q3 profit and loss statement, EUR

Item	2023 01-09	2022
Sales revenue	3 289 455	3 530 460
Cost of sales	(1 567 088)	(1 650 676)
<b>GROSS PROFIT/LOSS</b>	<b>1 722 366</b>	<b>1 879 784</b>
General and administrative expenses	(1 496 465)	(1 740 972)
Other operative expenses	55 465	428
Income from investment in share of parent company, subsidiaries, and affiliated undertakings	-	-
Income from other long-term investments and loans	-	-
Other income from interest and other income	3 362	20 059
Impairment of financial assets and short-term investments	-	-
Interest and similar expenses	(734)	(692)
<b>PROFIT/LOSS BEFORE TAX</b>	<b>283 994</b>	<b>158 608</b>
INCOME TAX	-	(54 713)
<b>NET PROFIT/LOSS</b>	<b>283 994</b>	<b>103 895</b>

**2023 Q1-Q3 changes in equity statement, EUR**

	<b>Paid up authorised or primary capital</b>	<b>Share premium account</b>	<b>Retained profit (loss)</b>	<b>Total</b>
1. Balance at the end of the reporting (yearly) period before previous	1 784 436	1 653 415	(1 386 010)	2 051 841
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	1 784 436	1 653 415	(1 386 010)	2 051 841
5. Net profit (loss) of the reporting period	-	-	103 895	103 895
6. Increase (decrease) of other authorised or primary capital	64 498	303 433	-	367 931
7. Balance at the end of the previous reporting (yearly) period	1 848 934	1 956 848	(1 282 115)	2 523 667
8. Net profit (loss) of the reporting period	-	-	283 656	283 656
9. Increase (decrease) of other authorised or primary capital	-	-	-	-
10. Balance at the end of the reporting period	1 848 934	1 956 848	(998 459)	2 807 323

## 2023 Q1-Q3 cash flow statement, EUR

Cash and cash equivalents at the beginning of the period	2023 Q1-Q3	2022
Cash flows from operating activities		
Net profit (loss)	283 656	103 895
Depreciation and amortisation expenses	326 340	336 931
Elimination of results of disposals of fixed tangible and intangible assets	(475)	(589)
Elimination of results of financing and investing activities	-	(19 367)
Elimination of results of other non-cash transactions	16 502	-
Decrease (increase) in other amounts receivable after one year	-	-
Decrease (increase) in assets of the deferred tax on profit	-	45 289
Decrease (increase) in stocks, except advance payments	-	-
Decrease (increase) in advance payments	(14 689)	(12 463)
Decrease (increase) in trade debtors	(27 694)	(29 504)
Decrease (increase) in other debtors	(2 002 028)	(39 809)
Decrease (increase) in short-term investments	(1 938 391)	-
Decrease (increase) in prepayments and accrued income	(32 795)	(2 159)
Increase (decrease) in provisions	(46 308)	(108 703)
Increase (decrease) in trade of long-term creditors and prepayments received on account	(12 447)	30 325
Increase (decrease) in trade with short-term creditors and prepayments received on account	1 993 180	(15 871)
Increase (decrease) in liabilities related to employment relations	18 656	13 691
Increase (decrease) in liabilities of tax on profit	-	(15 871)
Increase (decrease) in liabilities related to employment relations	15 349	13 691
Increase (decrease) in other amounts payable and liabilities	(4 385 774)	2 524 781
Increase (decrease) in accruals and deferred income	5 697	(327)
<b>Net cash flows from operating activities</b>	<b>(5 819 877)</b>	<b>2 809 524</b>
Acquisition of fixed assets (excluding investments)	(433 192)	(563 133)
Disposal of fixed assets (excluding investments)	490	700
Disposal of fixed assets (excluding investments)	(127 500)	(321 587)
Loans recovered	36	-
Other increases in cash flows from investing activities	-	15 319
<b>Net cash flows from investing activities</b>	<b>(560 166)</b>	<b>(868 701)</b>
Cash flows related to entity's owners	-	367 931
Issue of shares	-	367 931
Cash flows related to other financing sources	2 205 660	121 446
Increase in financial debts	2 670 000	200 000
Loans received	2 670 000	200 000
Decrease in financial debts	(464 340)	(78 554)
Loans returned	(380 000)	(78 554)
Interest paid	(84 603)	-
Other increases in cash flows from financing activities	263	-
<b>Net cash flows from financing activities</b>	<b>2 205 660</b>	<b>489 377</b>
Adjustments due to exchange rates on the balance of cash and cash equivalents	-	(291)
<b>Increase (decrease) of net's cash flows</b>	<b>(4 174 382)</b>	<b>2 429 909</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>13 448 901</b>	<b>11 018 992</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9 274 519</b>	<b>13 448 901</b>

