

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of NEO FINANCE, AB

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of NEO FINANCE, AB (the Company), which comprise the balance sheet as at December 31, 2023, and the income statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and (of) its financial performance for the year then ended in accordance with the Lithuanian financial Reporting Standards.

#### **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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, 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.

#### **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 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 the 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 for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual report for the financial year for which the financial statements are prepared 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 the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and Lithuanian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 the 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 shall 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.

*Auditor*

*Genadij Makušev*

*Auditor's certification No. 000162*

*March 29, 2024*

*Upės str. 21-1, Vilnius*

*Grant Thornton Baltic UAB*

*Audit company's certification No. 001513*

*\*This is a free translation to English of the Auditors' report and Financial statements issued in Lithuanian language. The financial statements of NEO FINANCE, AB originally issued in Lithuanian language have been audited.*

# NEO Finance, AB

## Audited financial statements for the year 2023

Vilnius

2024-03-29



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

We hereby confirm that, to the best of our knowledge, the financial statements for 2023, prepared in accordance with applicable accounting standards, give a true and fair view of the Company's assets, liabilities, financial position, and profit or loss, and that the Annual Report presents a fair view of the development and operations of the business as well as the situation of the Company, including a description of the principal risks and uncertainties that it faces.

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

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

29 March 2024  
Vilnius

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# NEO Finance, AB CEO's comment



Chairman of the Board at NEO Finance, AB - Evaldas Remeikis

**2023 was a good year for NEO Finance, AB, despite the challenges posed by the difficult geopolitical situation, the rise in base interest rates in Europe and Russia's continued war against Ukraine.**

The most significant impact on our business was the increase in base interest rates, which necessitated an adjustment of interest rates for investors on our platforms and the allocation of more corporate funds

to finance loans. Although the rise in interest rates has a negative impact on the borrowing capacity of both consumers and small businesses and increases financial risks, we managed to not only maintain but also increase our lending volumes, ensuring a solid growth rate.

By early 2024, we have seen a slowdown in interest rate growth and Euribor rates have fallen below previous levels. This has enabled us to reduce the interest rates on our platforms, which were raised in 2023, and to provide borrowers with more favourable terms. I expect that, as

a result of the base rate reduction strategy, interest rates on our platforms, in particular on the Paskolų klubas, will fall several more times in 2024.

We ended 2023 with positive non-performing loan ratios, which even decreased compared to 2022. This proves that our Paskolų klubas clients, individuals, were able to meet their financial obligations efficiently, which allowed us to ensure effective credit risk management. Looking ahead, we see that the Lithuanian labour market remains stably strong and wages and social benefits continue to grow.

This reinforces our belief that individuals will continue to be able to meet their financial obligations and that the number of non-performing loans will remain stable or increase marginally.

In 2023, all our businesses grew. Compared to 2022, the amount of loans disbursed through the Paskoly klubas platform grew by 19%, with EUR 44.061 million of loans funded. The number of Neopay payment transactions grew by 28% year-on-year, from 21 million to 27 million transactions, and the value of payments made through the payment initiation service exceeded EUR 1.78 billion during the year. The total amount of loans granted through FinoMark to SMEs in 2023 is 59% higher than in 2022. In total, EUR 4.25 million of loans were disbursed during the year, compared to EUR 2.67 million in 2022.

The company's revenues in 2023 amounted to EUR 4.63 million, an increase of 31% compared to 2022. The largest part of the growth came from investment activities, which jumped by 115%, from EUR 145 thousand to EUR 312 thousand. However, we would like to stress that our objective as a company has never been to grow this income, quite the contrary, our priority is to attract as many external investors as possible so that loans do not have to be financed from the company's balance sheet. However, in 2023 we were faced with a spike in the Euribor rate which caused a shortage of investment funds across the market. The increased demand for loans led us to finance part of the loans from the company's own funds. In addition, the growth in corporate income was also influenced by the increase in income from peer-to-peer lending and electronic money issuance and processing activities, which grew by

29% and 27% respectively.

In 2023, Neopay's premiums reached a record EUR 1.78 billion, an amount that reflects the growing popularity of the service. In the past year, we have paid particular attention to the needs of our customers, tailoring our offers to small and medium-sized businesses. In response to partners' and customers' expectations, payment windows without the Neopay brand were made available, allowing partners to present payment solutions as their own while maintaining brand anonymity. Neopay's payment solutions were made available without programming knowledge, facilitating customer access.

Functionality has also been introduced to efficiently classify banking transactions by type of expenditure - food, healthcare, transport, etc., allowing customers to better manage their finances. These examples reflect our commitment to continuous improvement in line with our customers' needs. In 2023, we have worked hard to make the Neopay brand recognizable across Europe. Attending conferences and events in the UK, Malta, Spain, Sweden, Poland and Latvia gave us the opportunity not only to gain a deeper insight into how to improve our service, but also to expand our potential customer base. This year we plan to continue our active participation in international conferences in Europe, focusing on those countries where we would like to develop the service first. We see this as an effective investment in the growth and awareness of the Neopay brand and believe that we will be increasingly successful in establishing ourselves in foreign markets. At the end of 2023, Neopay was available in Lithuania, Latvia, Estonia, Poland, Slovakia, Finland, Sweden, Norway,

Denmark, the Netherlands, Greece, Romania, Bulgaria, Spain and Croatia. More than 200 financial institutions are integrated.

2023 marks a milestone in FinoMark's growth story. This period was marked by platform updates and functionality development to improve user experience and intensive preparation and testing for the integration of new exclusive projects. Particular attention was paid to the third and fourth quarters, which saw the development and testing of new projects, such as BOLT car financing for drivers and unique partnership programmes with homeowners' associations. These projects promise to become the cornerstone of the platform, delivering value to both customers and partners.

FinoMark's commitment to these specialized projects not only demonstrates our flexibility and drive for innovation, but also our determination to contribute to the development of the financial sector by offering exclusive and tailored financing options. This strategic move allows us to expand our range of services and strengthen our market position as a leader in innovative financial solutions.

In addition, 2023 marks an important legal achievement - the Bank of Lithuania's crowdfunding service provider licence under the SFR Regulation allows us to operate in all countries of the European Union and the European Economic Area. This development not only confirms that our operations meet the highest standards, but also opens up new opportunities for our growth and international expansion.



In 2023, the NEO Finance Group's management team and the Board of Directors set strategic performance targets until 2026 for our three business segments: Paskolų klubas, Neopay, and FinoMark. Paskolų klubas will strive to improve the platform experience, create an attractive secondary market and become one of the safest peer-to-peer lending platforms across Europe. At the same time, we will aim to grow the portfolio

managed by Paskolų klubas to at least EUR 150 million by the end of 2026.

FinoMark will focus on financing specific business projects, including VAT and excise financing for logistics companies' fuels and flexible credit lines for small and medium-sized businesses. We have already started implementing these plans by signing a partnership agreement with BOLT to provide drivers with easy access

to cars. We have also introduced investment projects to facilitate VAT refunds for logistics companies, and in the future, we expect to introduce projects to finance apartment building owners' associations. Neopay has set even more ambitious targets to become the leading payment service provider for the European SME sector.



Deputy Head of Administration at NEO Finance, AB - Greta Morkūnaitė

**Paskolų klubas' active loan portfolio at the end of 2023 was EUR 70.7 million. During the year, the portfolio grew by EUR 16.3 million**

Peer-to-peer lending activity in 2023 was characterised by a strong growth in the company's business volumes. Paskolų klubas portfolio of active loans grew by EUR 16.3 million in 2023 to reach EUR 70.7 million at the year-end.

As the brokerage fee received by the Company is spread over the life of the loan and collected by the borrower through a monthly payment, most of the sales results are carried forward to the following year.

The total future brokerage fee receivable amounts to EUR 11,37 million at the end of 2023, compared to EUR 8,32 million at the end of 2022 and an increase of EUR 3,05 million per year. This is an asset of the Company which is not reflected in the financial statements.

The Company's activity is affected by the very rapid tightening policy of the European Central Bank. Interest rates in the euro area started to rise in July 2022 and exceeded the 4 % threshold by the end of 2023.

In line with the rise in the EURIBOR indicator, the interest rates on the platform were also increased in 2023, providing investors with exceptional investment opportunities to achieve high investment returns.

For consumer borrowers, this led to an increase in the cost of borrowing, but due to the favourable pricing at the Paskolų klubas, a very high proportion of borrowers refinanced their existing consumer loans, i.e. customers transferred loans to the Paskolų klubas from other lenders, with the share of such loans amounting to as much as 52 % (EUR 22,91 million out of EUR 44,06 million).

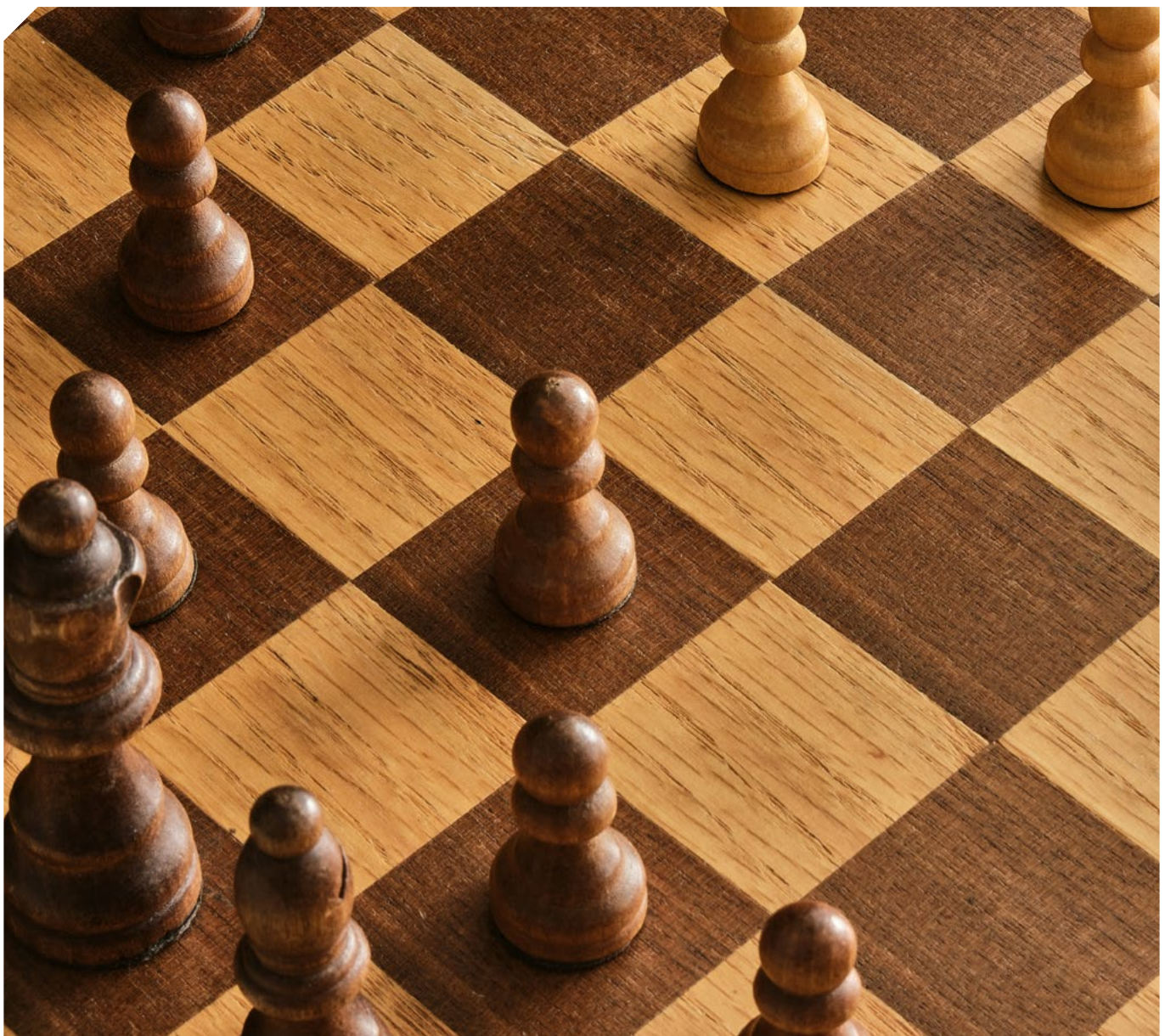
Crucially, the growth of the loan portfolio is sustainable, with the number of non-performing loans declining for three consecutive years. Of all the loans issued in the history

of the Paskolų klubas, 10.09% were more than 90 days overdue at the end of 2021, 8.59% at the end of 2022, and only 8.46% at the end of 2023. This is an encouraging result, as more and more economists have been talking about an increase in non-performing consumer loans, but our statistics do not show it. The past year has been particularly successful in cooperation with foreign investors.









By the end of 2023, more than EUR 13 million had been invested by foreign investors on the Paskolų klubas platform in Benelux. Seeing the growing interest of Dutch investors









in particular in our platform and the corresponding increase in their investment portfolio, we participated in the annual "Beleggersfair", the largest investor event, on 10 November 2023. NEO Finance joined the event as one of the main sponsors alongside financial market players such as Etoro, Saxo Bank and Societe Generale.

Further development in the Benelux is supported by the establishment of a subsidiary in the Netherlands and a growing community of long-term investors in the region.



# Basic information about the Company

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

- 2014**  Paskolų klubas UAB has been established.
- 2015**  Peer-to-peer lending platform Paskolų Klubas has been launched.
- 2016**  The company was the first included in the list of peer-to-peer lending platforms administered by the Bank of Lithuania
- 2017**  An unlimited licence for electronic money institution has been obtained.
- 2018**  2016 Company name has been changed to NEO Finance UAB
- 2019**  The company has successfully completed the IPO.
- 2020**  The FinoMark crowdfunding platform has been acquired
- 2023**  FinoMark receives a crowdfunding service provider licence

# NEO Finance, AB company structure

NEO Finance, AB currently owns 3 brands - Paskolų klubas, Neopay and FinoMark.

In 2016, the company was the first to be included by the Bank of Lithuania in the list of peer-to-peer lending platforms. The “Paskolų klubas” brand, administered by NEO Finance, AB, provides peer-to-peer lending services in Lithuania, and is also available for investment in loans to citizens of the European Union, the Free Trade Association and the countries of the European Economic Area, who are familiar with the platform abroad under the “NEO Finance” brand.

In 2015, the company was granted a limited electronic money institution licence and in 2017 an electronic money institution licence, allowing it to provide services throughout the European Union.

2018 m. NEO Finance, AB was the first in Lithuania to obtain licences for payment initiation and account information services. The company provides payment initiation, account information and other payment services under the Neopay brand.

In 2019, NEO Finance B.V., a subsidiary in the Netherlands, was established to attract investors from the Benelux countries to invest in the

loans provided by the peer-to-peer lending platform.

In 2020, NEO Finance, AB acquired the crowdfunding platform FinoMark, UAB, which started operations in February 2021, following its inclusion by the Bank of Lithuania on the list of crowdfunding platform operators. In 2023, the Bank of Lithuania issued a crowdfunding service provider licence in accordance with the SFR Regulation. The SFR licence allows FinoMark to provide services in all EU and EEA countries. NEO Finance, AB owns 95.32% of the shares of FinoMark, UAB. The company has no branches and/or representative offices.





## P2P Lending platform

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

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

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.

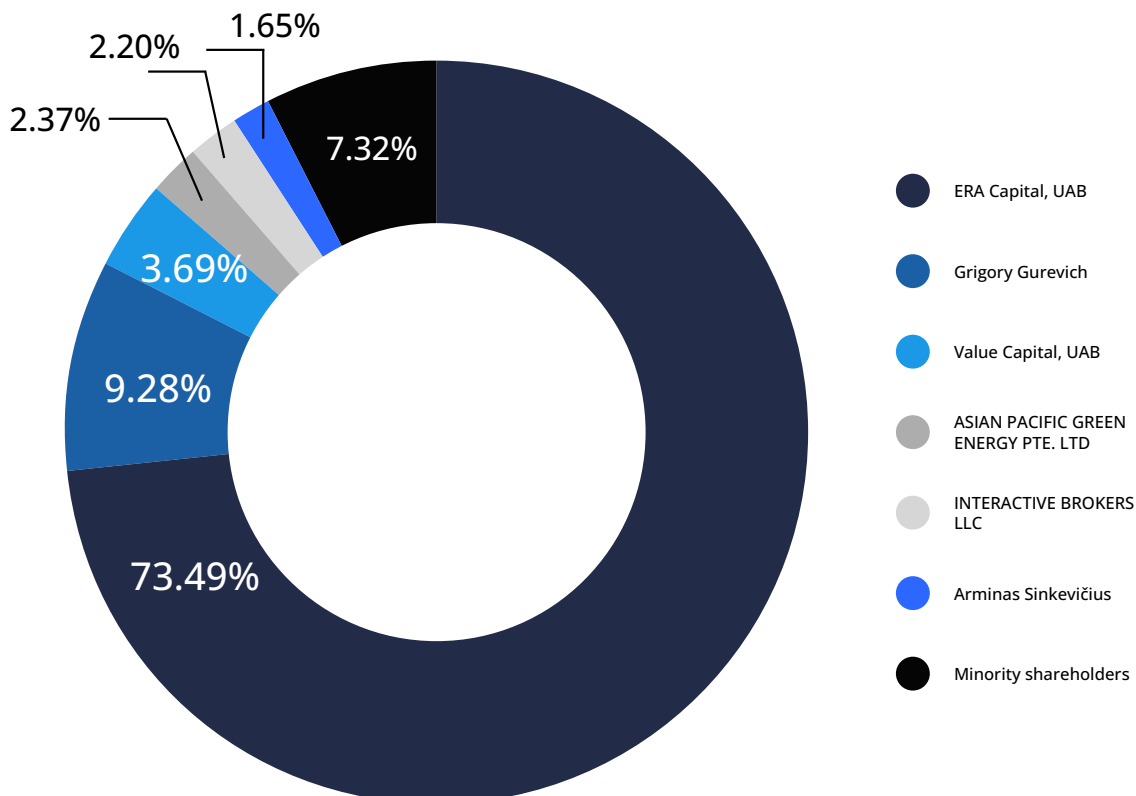
Provision of revolving loans to legal entities:

- 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.

# The Company's share capital and shareholders

Company's authorised capital, EUR	1 848 934
Consisting of ordinary registered shares	4 202 122
They have a nominal value of, EUR	0.44

## The shareholders of the Company as at 31 December 2023



One Extraordinary General Meeting of Shareholders convened in 2023. You can read more about the decisions taken at the meeting [here](#).

# Information about NEO Finance, AB shares

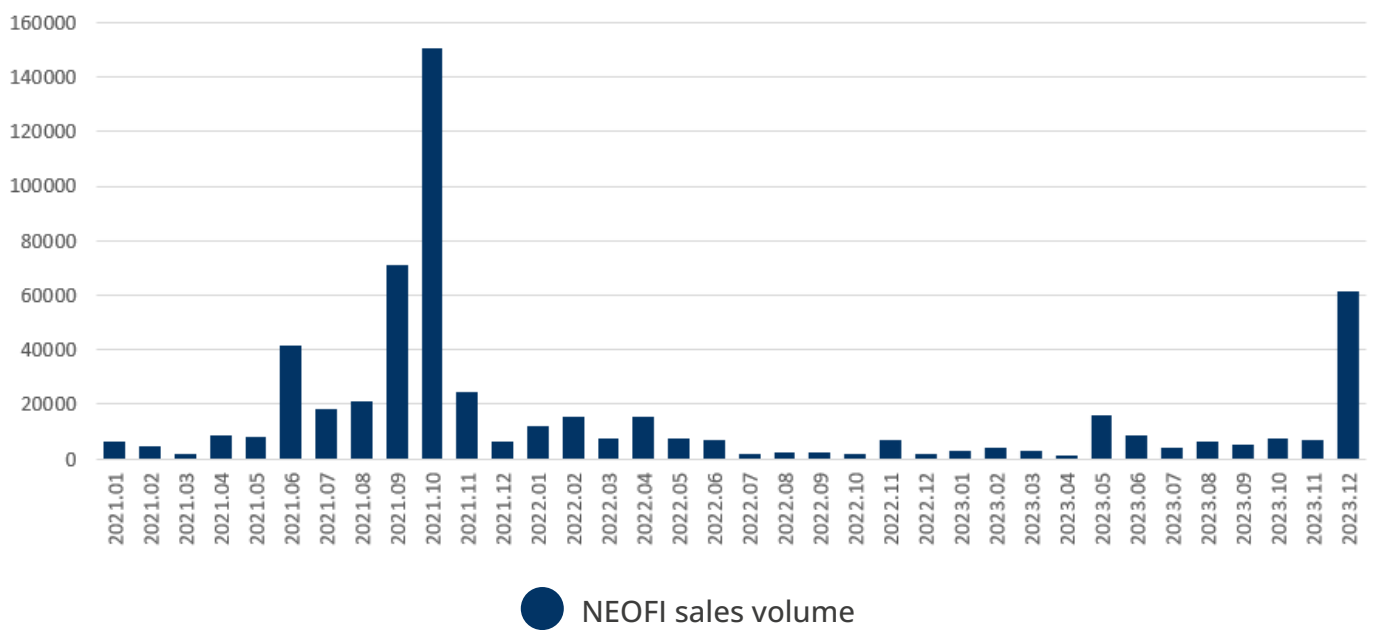
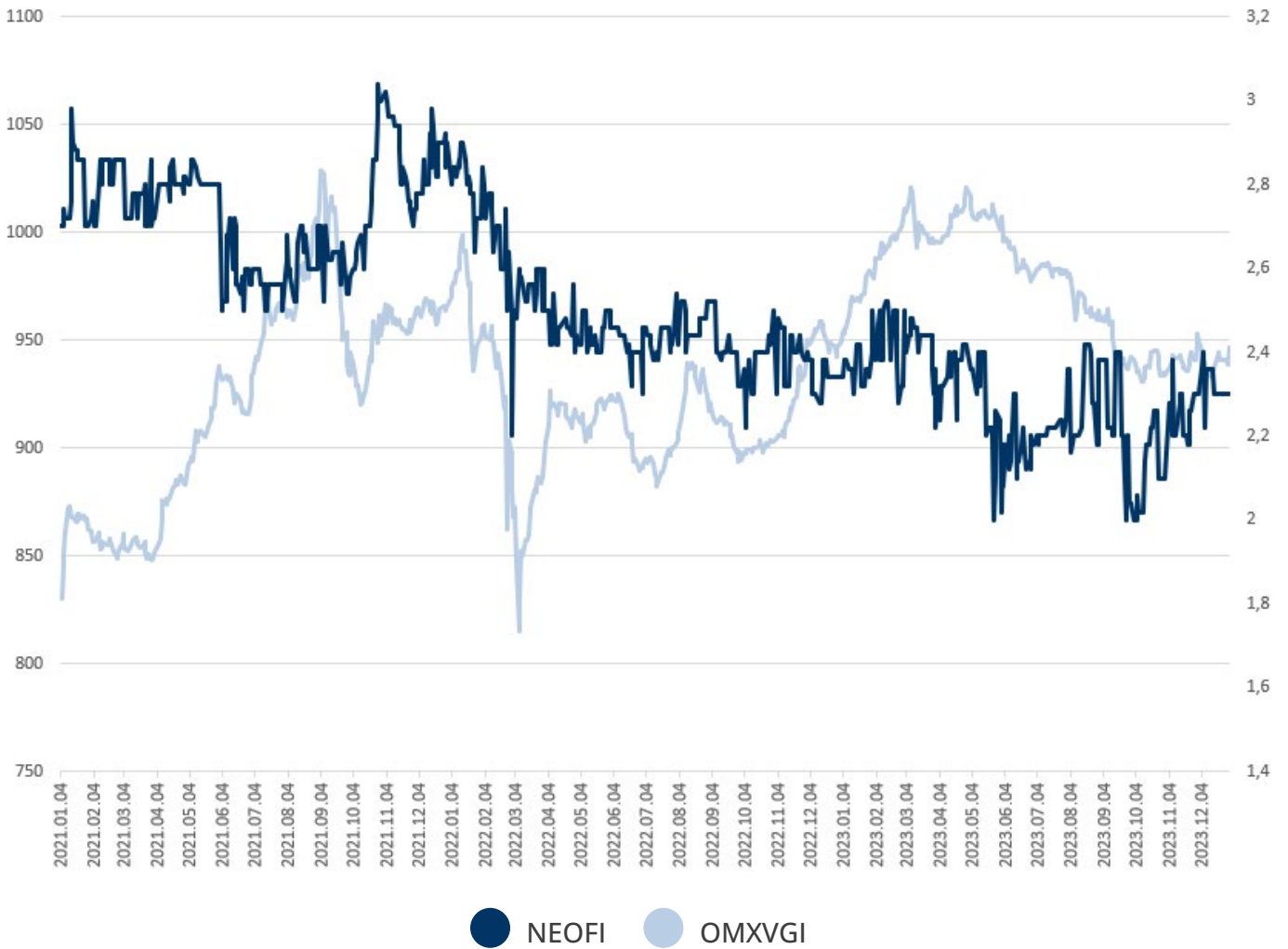
NEO Finance AB is listed in the Baltic First North list. First North is an alternative market administered by stock exchanges within the Nasdaq business group. First North operates on the basis of a multilateral trading system, and companies whose financial instruments are traded on the First North market must comply with First North rules but are not subject to the legal requirements of a regulated market.

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Share price on the last day of the trading session, EUR	3.16	2.66	2.9	2.34	2.30
The highest share price in the reporting period, EUR	3.4	3.18	3.06	2.96	2.52
The lowest share price in the reporting period, EUR	2.94	2	2.5	2.18	1.9
Average share price in the reporting period, EUR	3.15	2.87	2.73	2.48	2.26
Turnover, million EUR	0.02	0.03	0.36	0.08	0.01
Market Capitalization, million EUR	11.6	10.32	11.76	9.83	9.66
Profit per share, EUR	(0.24)	(0.02)	0.04	0.02	<b>0.06</b>
Price-to-earnings-per-share ratio (P/E)	N/A	N/A	65.68	94.64	<b>38.33</b>

During 2023, the company did not take any dividend decisions and did not pay dividends to shareholders.

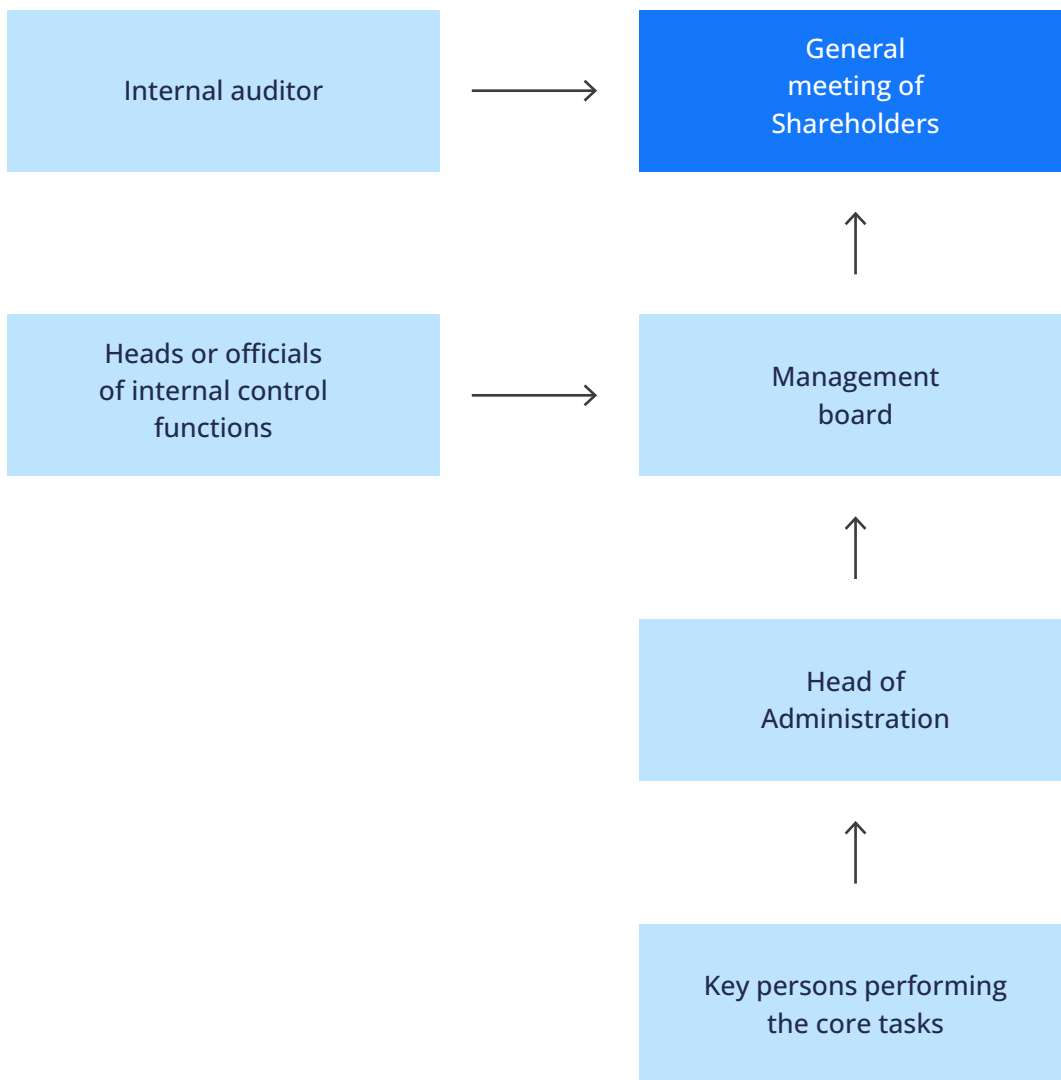


## Share price dynamics since the beginning of public trading in shares



# Management of the Company

In accordance with the requirements of the legislation and the principles of good governance practice, the company's organisational structure consists of a supervisory body - the General Meeting of Shareholders - and management bodies - the Board of Directors and the Chief Executive Officer. The company does not have a Supervisory Board.



# NEO Finance, AB board members



## Evaldas Remeikis

Member of the boards of various companies in Lithuania and Latvia with many years of business experience. His most interesting and important career achievements include participation in the creation of successful companies operating in the field of information technology and finance, and investments in start-up companies. Evaldas takes care not only of his own businesses, but also contributes to value creation in the financial technology sector and the startup ecosystem by sharing his best practices, is a member of the board of LitBAN, actively participates in the Fintech Association, various commissions of the Lithuanian

authorities related to financial technology, and financial literacy initiatives.

He is responsible for IT strategic decisions in the Board of NEO Finance AB.

### Main Occupation:

NEO Finance AB (code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Head of Administration.

### Other positions:

- ERA Capital UAB (code 300638657, address Ulonų st. 5, Vilnius, Lithuania), CEO
- UCS Baltic UAB (code 110825653, address Ulonų st. 5, Vilnius, Lithuania), chairman of the board
- Legal Balance UAB (code

302528679, address Žalgirio st. 90, Vilnius, Lithuania), chairman of the board

- BnP Finance UAB (code 302447985, address Žalgirio st. 90, Vilnius, Lithuania), member of the board
- UCS SIA (code 40003753650, address Lokomotīves iela 34, Rīga, Latvia), chairman of the board
- LITBAN, Lithuanian Business Angel Network (code 304811409, address L. Stuokos-Gucevičiaus st. 9-10, Vilnius, Lithuania) member of the board
- Mark ID UAB (code 305098955, address Žygio st. 97A, Vilnius, Lithuania) member of the board
- Be kredito UAB, (code 303107786, address Upės st. 5, Vilnius, Lithuania) member of the board.



**Aiva Remeikienė**

After 6 years of managing the largest and still consistently growing peer-to-peer lending platform in Lithuania, Aiva is currently contributing to the development of ERA Capital, UAB, leading the ERA Success management club, and is also a member of the Business Angels Network. She has played an important role in the development of various businesses and has nurtured many young

professionals who are today competitive professionals in their field. Currently, Aiva focuses on value-creating leadership and talent development across the Group. She is responsible for HR strategic issues in the Board of NEO Finance, AB.

**Main occupation:**

ERA Capital, UAB (company code 300638657, address Ulonų g. 5, Vilnius, Lithuania), Business Advisor

**Other management positions:**

- NEO Finance, AB (company code 303225546, address A. Vivulskio g. 7, Vilnius, Lithuania), Member of the Board.
- UCS Baltic, UAB (company code 110825653, address Ulonų g. 5, Vilnius, Lithuania), Member of the Board.



**Deividas Tumas (Until 31/03/2024)**

Experienced management consultant. "Master in Management and Business Administration from INSEAD Business School (France/Singapore). He gained his professional experience at McKinsey & Company, an international management consultancy, and later founded Strategy Labs, a management

consultancy.

On the Board of NEO Finance AB, he is responsible for product and service innovation and relations with the financial industry.

**Main employer:**

NEO Finance Ltd. (6 Battery Road #03-329 Singapore 049909), Business Development Manager.

**Other management positions:**

NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Member of the Board of Directors (until 31.03.2024)



### Marius Navickas

Marius, who has a masters in Economics, previously worked at a bank, where he held managerial positions of different departments in the field of risk management. He also gained professional experience while working in an external audit company. After passing the qualification exams of the "CFA Institute", Marius

is a member of the international association of financial analysts. One of Marius's aims at NEO Finance is to contribute to the development and improvement of services for users of the mutual lending platform. He is driven forward by the faith that it will be possible to stay at the forefront by keeping the team motivated, constantly improving and creating new possibilities in this fast-

developing market.

In the Board of NEO Finance AB, he is responsible for the coordination of risk, compliance, PPTF compliance management, strategic financial matters and budget.

#### Other positions:

- NEO Finance AB (code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), member of the board.



### Darius Samuolis

Having over 20 years of international experience in leading and developing various size organizations, business management processes, sales, finance and human resources, D. Samuolis is an experienced business consultant, innovator, board member, and team coacher. His most notable achievements include coaching more than 100 c-level executives, implementing more than 50 successful business strategies, and achieving a peak of EUR 1 billion of business turnover. Today, he is the founder of "Ledo

mintys", a management training and change-building company, and helps organizations to optimize their performance by implementing strategic change, team building and by setting new goals successfully.

In the Board of NEO Finance AB he is responsible for the development and implementation of strategic planning.

#### Main occupation:

Ledo mintys UAB (code 304802538, address Kalvarijų st. 23-10A, Vilnius, Lithuania), consultant.

#### Other positions:

- NEO Finance, AB (company code

303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Member of the Board.

- Ryterna Modul, UAB (Company code 302929565, address Agronomijos st. 45, Kaunas, Lithuania) Member of the Board.

- RASO, UAB (Company code 110018147, address Žirmūnų st. 67A, Vilnius, Lithuania), Member of the Board .

- UCS Baltic, UAB (Company code 110825653, address Ulonų st. 5, Vilnius, Lithuania), Member of the Board.

# NEO Finance, AB management team



**Evaldas Remeikis**

*Head of Administration*

Member of the boards of various companies in Lithuania and Latvia with many years of business experience. His most interesting and important career achievements include participation in the creation of successful companies operating in the field of information technology and finance, and investments in start-up companies. Evaldas takes care not only of his own businesses, but also contributes to value creation in the financial technology sector and the startup ecosystem by sharing his best practices, actively participates in the Fintech Association, various commissions of the Lithuanian authorities related to financial technology, and financial literacy initiatives. He is responsible for IT strategic solutions in the Board of NEO Finance, AB.

**Main workplace:**

NEO Finance AB (code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Head of Administration.



**Greta Morkūnaitė**

*Deputy Head of Administration*

After graduating with a Master's degree in Law from Vilnius University, Greta's 14-year career has spanned a variety of positions, from associate to head of the legal team. Her graduation from BMI's Master in Business Administration for Executives has allowed her to move into senior positions in the financial sector, such as Managing Director and Director. Her experience in developing business strategies and coordinating their implementation, her skills in managing various corporate functions (finance and tax, accounting, HR), her knowledge of legal matters and regulatory compliance, and her experience in the management of the five divisions of NEO Finance have enabled her to successfully manage the company.

**Main workplace:**

NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Deputy Head of Administration



**Jolanta Rudė**

*Temporary Head of Peer Lending*

After graduating from Mykolas Romeris University with a bachelor's degree in financial economics, Jolanta was invited to join the NEO Finance, AB team in 2015. During her more than 8 years with the company, she has worked her way up the career ladder from Loan Administration Manager to Head of Peer Lending. During these years, she has gained extensive experience in all aspects of the peer-to-peer lending platform, consumer credit market regulation, customer and investor services areas. Currently, Jolanta successfully manages the team of "Paskolų klubas".

**Main workplace:**

NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Temporary Head of Peer-to-Peer Lending department.



**Viktoras Ivanovas**

*Head of Open Banking Department,  
Temporary Head of IT*

IT professional with more than 20 years of experience in developing various web projects, credit union management systems and IT solutions for start-up companies in Lithuania and abroad. Among his notable professional achievements, he won first place in the “BZN start” competition for creating the most inventive mobile application for a start-up. Viktoras associates his professional aspirations with NEO Finance, AB, whose success he has no doubts.

**Main occupation:**

NEO Finance, AB (company code 303225546, address A. Vivulskio g. 7, Vilnius, Lithuania), Head of Open Banking Department, Temporary Head of IT Department.



**Tomas Savickas**

*Head of Finance*

Tomas joined NEO Finance in 2019, starting his career as a Client Service Manager. After a two-year period of taking care of our clients' needs, he took up the position of Financial Analyst. He developed his skills while studying at Vilnius University, Bachelor and Master studies in Economics. In addition, he attended a Data Science course at CodeAcademy, deepening his knowledge of data analytics. Currently, Tomas is the CFO of NEO Finance.

**Main occupation:**

NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Head of Finance.



**Aivara Masionienė**

*Head of Legal and Compliance*

Aivara has more than 11 years of experience in legal and compliance. Her career includes experience in financial and capital markets, brokerage and asset management, investment services, payment services, terrorist financing and anti-money laundering. Working for companies in the financial services sector, Aivara has been responsible for negotiating with business partners in major development projects, managing legal and compliance risks, representing the Bank of Lithuania and other state institutions, and assessing the compliance of new products with EU and Lithuanian legislation.

**Main occupation:**

Head of Legal and Compliance, NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania).



**Edita Makarevičė**

*Head of Operations Management*

Edita, who has been working in the lending sector for more than 9 years, has held various positions in the company before becoming the Head of Operations Management of the platform, and has been actively involved in most of the projects implemented by NEO Finance, AB since the beginning of the platform. After graduating from LSMU, Edita started her career in the credit sector as a customer service manager, then became a senior customer service specialist, after gaining extensive professional experience she was promoted to product specialist, customer service manager, and today, having accumulated a mature knowledge, Edita successfully manages the operations management department.

**Main workplace:**

NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Head of Operations Management.



**Lukas Pankratovas**

*Head of the Money Laundering and Terrorist Financing Prevention Department*

Experienced professional in the field of AML/CFT with a Master's degree in Law and experience in intellectual property, compliance, data protection. He has gained his experience in international companies, banks, start-ups and fintech companies from specialist to MLRO positions. Lukas and his team at NEO Finance ensure the highest standards of PPTFP compliance.

**Main workplace:**

NEO Finance, AB (company code 303225546, address A. Vivulskio g. 7, Vilnius, Lithuania), Head of Money Laundering and Terrorist Financing Prevention.



**Gabrielė Špejeraitė-Barutė**

*Head of HR and Office Management Manager*

Gabrielė joined NEO Finance as an Office Administrator in 2021 after graduating from K. Simonavicius University with a degree in Entertainment and Tourism Industry. Her solutions for employee well-being and collaboration have allowed her to steadily rise through the ranks to the position of Head of HR and Office Management. Continuously developing her knowledge through HR courses and HR Club memberships allows Gabrielė to professionally develop motivational systems for employees, as well as to improve employee engagement and deal with the day-to-day administration of HR and office management.

**Main workplace:**

NEO Finance, AB (company code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), Head of HR and Office Management.



# NEO Finance, AB employees

The average number of employees in 2023 was 40. On average, the company employed 22 women and 18 men. In 2023, the average salary for women was EUR 2768 and for men EUR 3309.

## Employee remuneration policy

The Company's remuneration for employees consists of salary, variable remuneration, options, bonuses, allowances and fringe benefits (monetary and non-monetary). Regular training is planned for employees (first according to the needs of the company, then according to the needs of the employees). Employee and management appraisals are carried out annually. Employees are granted options, fringe benefits (health insurance, extra days off, birthday gifts for investment, weddings, birth of a child, funerals, graduation, etc.), and Mothers' and Fathers' Days, in accordance with the Labour Code. There are also various company-wide team-building events every quarter. An amount is allocated per employee per year for team-building activities, at any time during the year.



# Overview of the Company's financial and operating results of 2023



In June, a new post of Deputy Chief Executive Officer was created, to be filled by Greta Morkūnaitė as from August 2023. Greta takes over the mentoring of one of the businesses, the Paskolų klubas, among other departments.

On 27 June, the first tranche of the 2-year private placement was successfully placed. The value of the first tranche of the bond issue is EUR 640 thousand.

In July, NEO Finance, AB published its interim financial information for the first half of 2023.

In September, processes were streamlined in the self-service, where legal entities can add representatives and give them rights to manage their accounts on their own.

AML training for all employees was organized in September, together with one of the leading risk assessment solution providers in Lithuania. This training enhanced the knowledge of the Company's employees on the PPTF risks in the Company's operations.

In September, the cooperation with a leading risk assessment solution partner was extended by upgrading to the latest version of the Customer Risk Assessment and Operations Monitoring System.

In October, NEO Finance, AB's Q3 2023 sales and interim financial information was published.

In October, the AML team was expanded with a new colleague focusing on KYC processes. The competencies of the AML team are continuously growing and being strengthened in order 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.

On 10 November 2023, NEO Finance was one of the main sponsors of the investor event "BeleggersFair", where NEO Finance was one of the main sponsors, amongst market players such as "Etoro", "SAXO" and "Societe Generale". The event was attended by 3,000 people interested in investing and already actively investing.

In December, additional risk management tools were put in place to help identify and prevent potential fraud during the opening process, thus ensuring the reliability of the platform.

Enhancements were released in December to make it even more convenient for legal entities to add company representatives, and to grant them rights independently.

In December, we started working with a new Data Protection Officer.

A comprehensive external AML (anti-money laundering) audit was carried out in December.

During the fourth quarter, two more bond issues were successfully launched for EUR 1 530 000. The bonds were issued for three years.

# NEO Finance, AB events

- 2 FEBRUARY: A “PASKOLŲ KLUBAS” SEMINAR WITH THE DEBT COLLECTION COMPANY LEGAL BALANCE. The online seminar focused on debt recovery from insolvent borrowers and featured a presentation by Legal Balance experts on:
  - Pre-trial recovery processes.
  - Debt recovery and time limits.
  - Enforcement practices and the most common situations: death of the debtor, bankruptcy, emigration, etc.
  - Current trends in debt recovery and future forecasts.
  - He also discussed with the audience questions of interest.



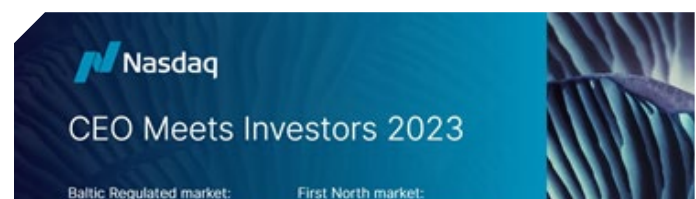
- ON 20 MARCH, A “CAREER LUNCH AT MYKOLAS ROMERIS UNIVERSITY”. Evaldas Remeikis told the students why it is worth to work in our company, and Jurate Kugytė, former Head of Legal and Compliance, not only shared what a lawyer’s day looks like in Fintech companies, but also debunked a lot of persistent myths and stereotypes about the legal profession.



- ON 29 MARCH, EVALDAS REMEIKIS, CHIEF EXECUTIVE OFFICER, GAVE A PRESENTATION AT THE W INVEST CLUB FOR WOMEN INVESTORS. During the presentation, the members of the investment club were introduced to investing in people’s loans and highlighted the advantages and disadvantages of such investment.



- “CEO MEETS INVESTORS 2023” In June, Evaldas Remeikis, Chief Executive Officer of NEO Finance, AB, took part in the “CEO Meets Investors 2023” event, where he shared his insights on the company’s performance and answered a variety of questions.



● SEMINAR “THE WISE ALGORITHM: THE PASKOLŲ KLUBAS’S ARTIFICIAL INTELLIGENCE DEBUNKS MYTHS ABOUT LENDING”.

On 12 September 2023, the Paskolų klubas organised a remote seminar on Lending Myths Debunked by Artificial Intelligence (AI), hosted by former Investor Relations Specialist Š. Barauskas. The seminar presented valuable findings based on IoT, shared tips on how to create a more effective investment strategy and improve investment decision-making on the Paskolų klubas platform, and answered more than 40 investor questions.



● “BELEGGERSFAIR 2023”

On 10 November, “Paskolu klubas” participated in one of the largest investor events in the Netherlands with the aim of increasing its brand awareness among Dutch investors. At the event, which attracted 3,000 participants, “Paskolu klubas” had the unique opportunity to present its platform and its benefits to a large audience.

The seminar, which presented the advantages of our platform and its operating model, attracted 150 participants, which is a testimony to the growing interest and attractiveness of Paskolų klubas in the eyes of international investors.



● “INVESTOR DAY 2023”

NEO Finance, in cooperation with FinoMark, successfully organised the first public event “Investors’ Day 2023”, which attracted more than 150 seminar participants. The event featured eight in-depth presentations on investment and financial management. The event culminated in an informal networking evening on the premises of Lukišk Prison. It was an excellent opportunity for participants to make new contacts and share experiences.



# Key financial indicators for NEO Finance, AB in 2023

## Revenue

Based on audited data, the company's revenue in 2023 amounted to EUR 4 625 thousand. Compared to 2022, the company's revenue increased by 31%.

▲ +31%

## Loans granted

Loans amounting to EUR 44 061 thousand were granted. Loans granted grew by 19% compared to the same period in 2022.

▲ +19%

## Cost of sales

Cost of sales increased by 42%, from EUR 1 651 thousand to EUR 2 340 thousand.

▲ +42%

## Operating expenses

Operating costs increased by 21%, from EUR 1 741 thousand to EUR 2 098 thousand.

▲ +21%

## EBITDA

EBITDA increased by 55% from EUR 463 thousand to EUR 718 thousand

▲ +55%

## Profit (loss) before taxes

Profit before tax grew by 92% to EUR 325 990 in 2023 compared to EUR 158 608 in 2022.

▲ +92%

## Net profit

Net profit increased by 151% from 2022, from EUR 103 895 to EUR 260 858.

▲ +151%

	2023 m.	2022 m.	2023/2022 Δ, %	2021 m.	2023 / 2021 Δ, %
Granted loans, EUR	44 061 320	37 182 230	19%	27 416 768	61%
Income, EUR	4 625 193	3 530 460	31%	3 443 082	34%
<i>Income related to peer-to-peer lending, EUR</i>	<i>2 997 726</i>	<i>2 352 114</i>	<i>27%</i>	<i>2 200 437</i>	<i>36%</i>
<i>Income related to issuing and handling electronic money, EUR</i>	<i>1 314 935</i>	<i>1 032 988</i>	<i>27%</i>	<i>903 782</i>	<i>45%</i>
<i>Income from investment activities, EUR</i>	<i>312 533</i>	<i>145 358</i>	<i>115%</i>	<i>338 863</i>	<i>(8%)</i>
Sales cost price , EUR	(2 340 173)	(1 650 676)	42%	(1 769 674)	32%
General profit , EUR	2 285 020	1 879 784	22%	1 673 408	37%
Operating expenses , EUR	(2 098 343)	(1 7240 971)	22%	(1 494 354)	40%
EBITDA, EUR	718 538	462 603	55%	422 522	70%
EBIT, EUR	304 605	159 300	91%	179 244	70%
Profit loss against taxation , EUR	304 381	158 608	92%	179 054	70%
Net profit , EUR	260 858	103 895	151%	117 739	122%
EBITDA margin , %	16%	13%	-	12%	-
EBIT margin , %	7%	5%	-	(3%)	-
Own capital profitability rate (ROE), %	9%	4%	-	6%	-
Property profitability rate (ROA), %	1,3%	0,6%	-	0,8%	-
Critical liquidity indicator (Quick ratio, Acid test ratio)	1,119	1,037	-	1,068	-
General liquidity current ratio	1,119	1,038	-	1,069	-

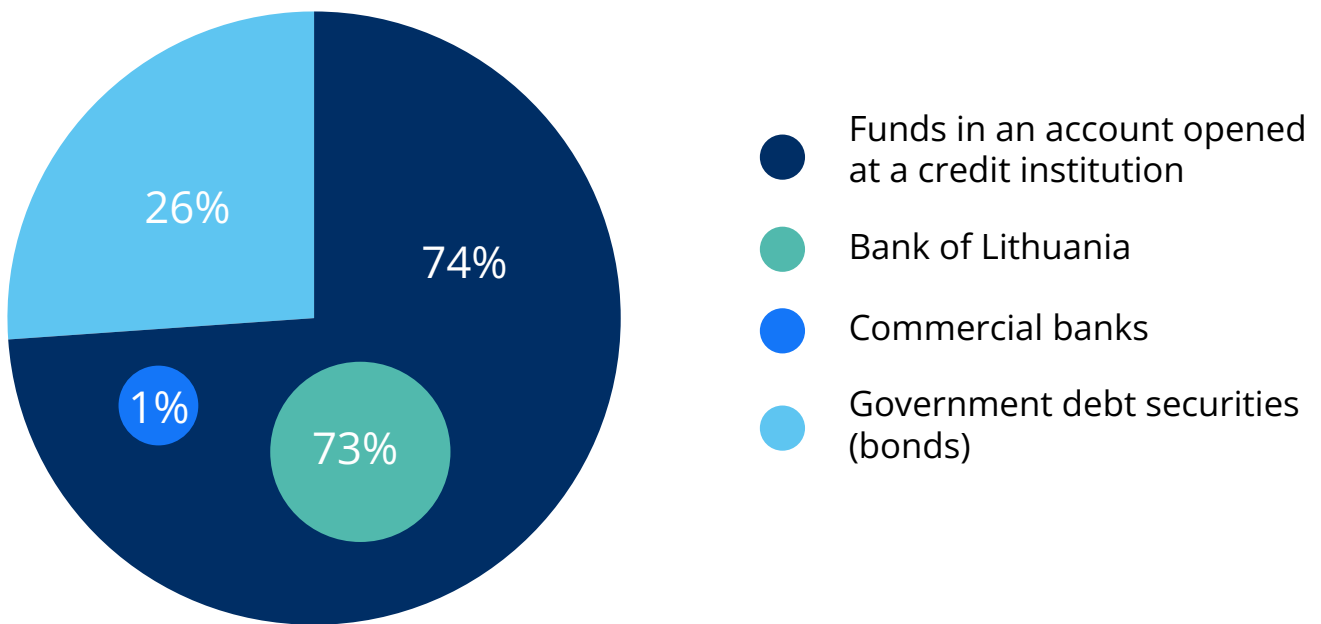


# Protection of client funds

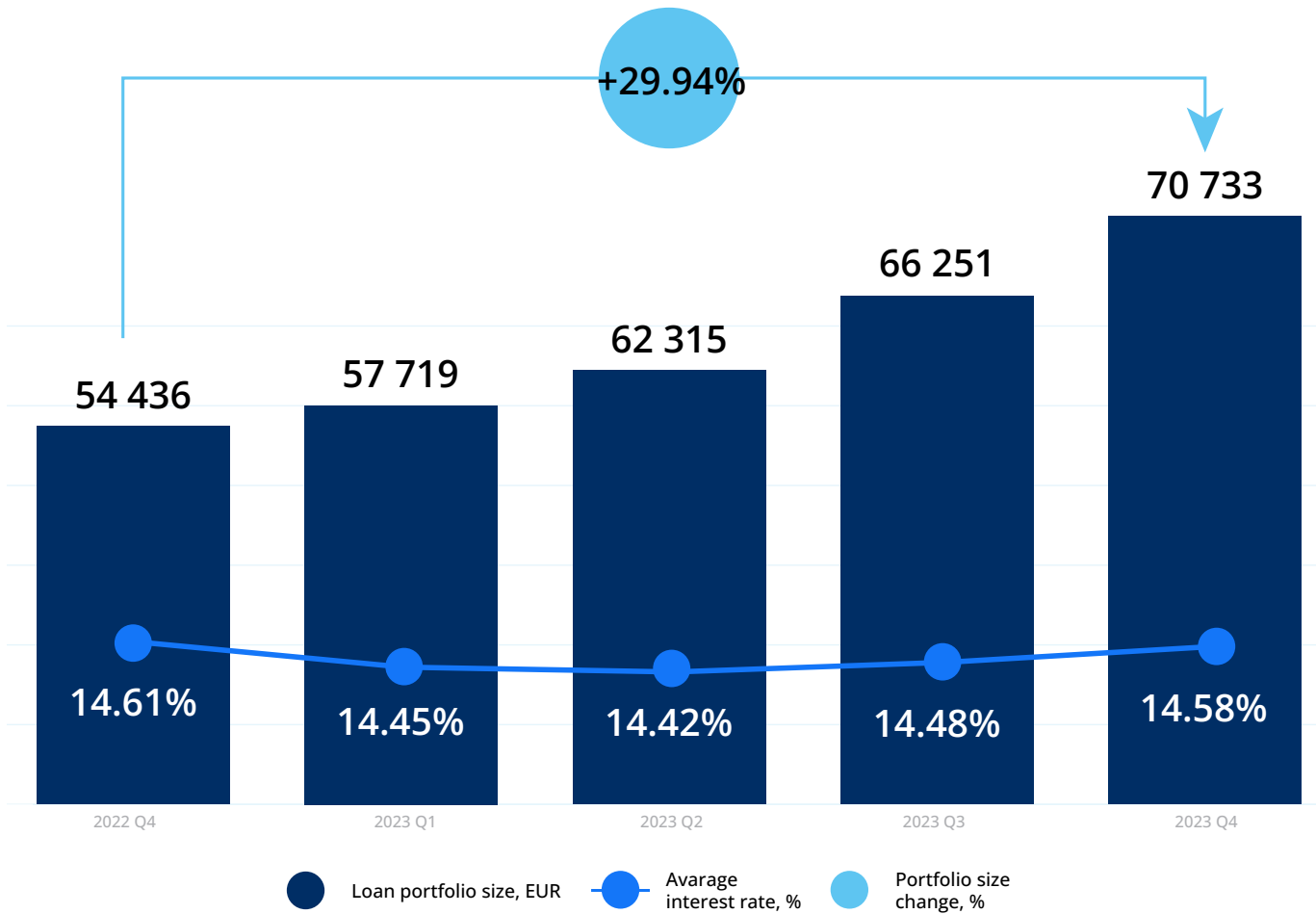
From September 2023, the company introduced a new way of protecting client funds:

in addition to being kept in the central bank and in trusted commercial banks, client funds are also invested in safe, liquid and ultra-low-risk assets such as EU government securities. To this end, the Company has contracted an investment banking advisory company to provide advice and services on the acquisition, custody and other related services.

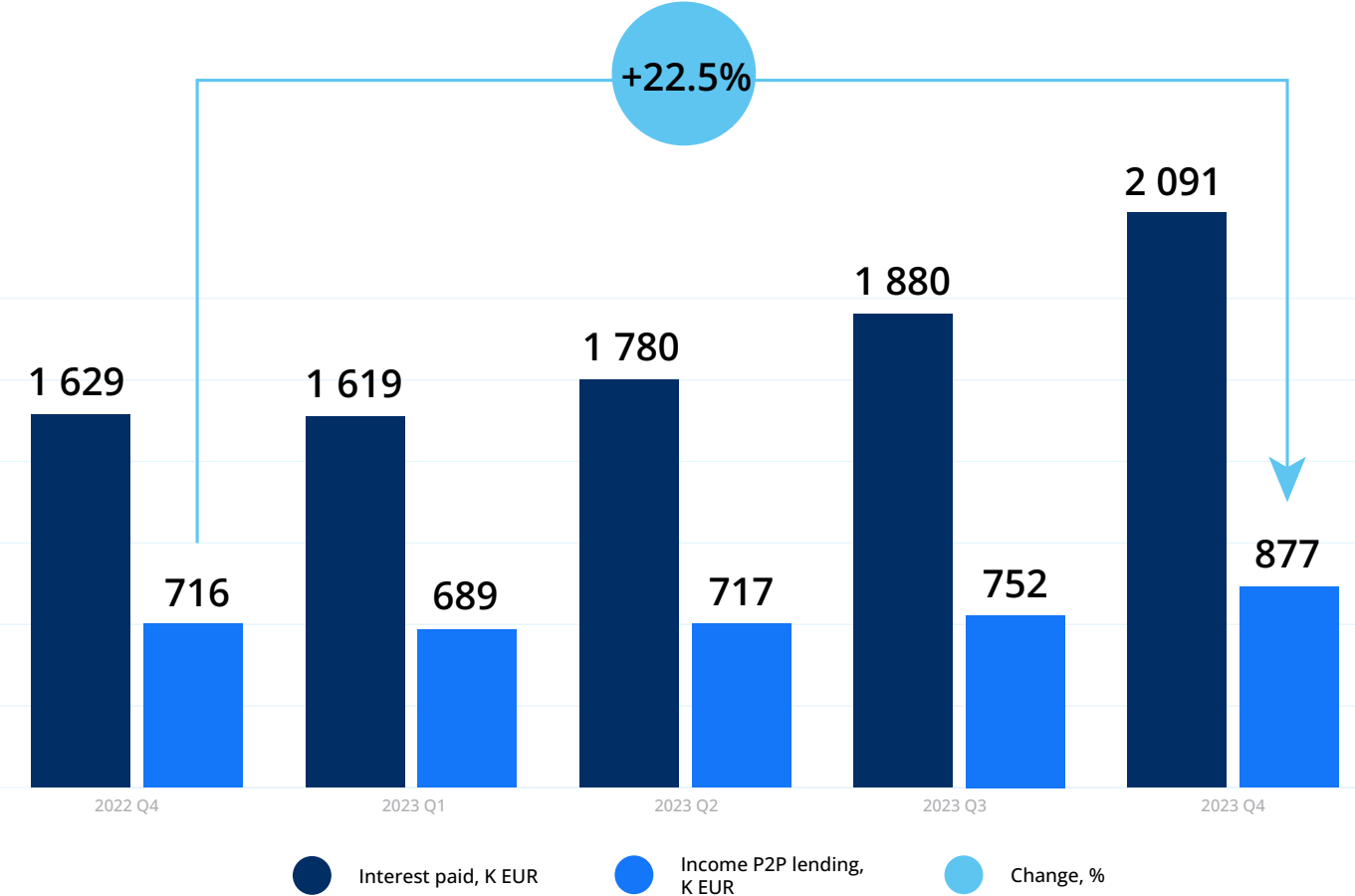
## Distribution of client funds by type of protection applied, (end 2023)



## Total active portfolio, K EUR



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



# 2023 Financial reporting on a business management basis

The platform's brokerage income is not generated at the time of the transaction.

The actual revenue is distributed over the life of the loan and is collected as the borrower repays each monthly instalment. Most of the costs to generate this revenue (marketing, administration, etc.) are incurred in the year of the transaction. In order to improve the comparability of costs and income, the total income receivable from financing transactions entered into in the relevant year and the costs for that year are shown below.

	2023	2022	2023/2022 Δ, %	2021	2023/2021 Δ, %
Granted loans, EUR	44 061 320	37 182 230	19%	27 416 768	61%
Brokerage fee income from concluded transactions, EUR*	7 132 618	5 487 695	30%	2 738 317	160%
Ratio of brokerage fee income from completed transactions, %	16,19%	14,76%	-	9,99%	-
Other income, EUR	3 014 952	2 104 079	43%	2 032 838	48%
Cost, EUR	(2 339 654)	(1 650 676)	42%	(1 769 674)	32%
Operating costs, EUR	(1 980 639)	(1 721 176)	15%	(1 250 886)	59%
EBITDA, EUR	5 827 277	4 219 922	38%	1 750 595	233%

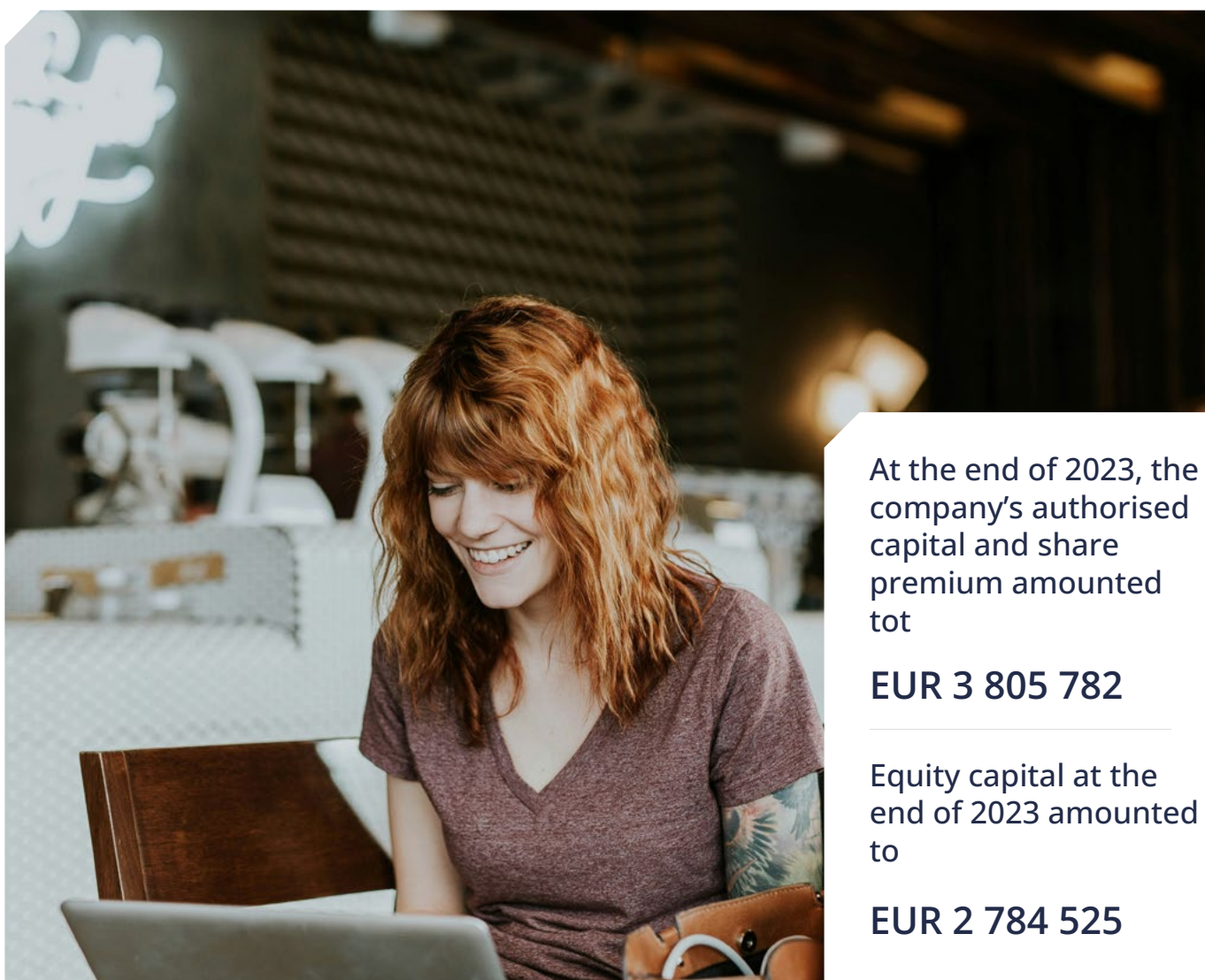
\*The table shows the brokerage fee generated in the year in question, which will be received over a full loan cycle.

At the end of 2023, the brokerage fee receivable in future periods amounted to EUR 11,373 million. The table below shows the brokerage fee generated in the respective year, which will be collected over the full loan cycle.

# Capital of NEO Finance, AB

NEO Finance, AB, as an electronic money institution, is required to have a minimum equity capital of EUR 350 000.

Shareholders must take immediate decisions to increase their equity capital as soon as it approaches this amount. For the purpose of calculating the capital adequacy of an electronic money institution in accordance with the requirements of the calculation of the electronic money institution's equity capital, deferred tax assets shall be deducted from the amount of equity. In the fourth quarter of 2023, the equity capital calculated in the company's balance sheet amounted to EUR 2,8 million and in order to meet the capital requirements approved by the Board of the Bank of Lithuania, the company's equity capital calculated in accordance with the requirements of the calculation of the electronic money institution's equity capital amounted to EUR 764 thousand and exceeded the minimum equity capital requirement.



At the end of 2023, the company's authorised capital and share premium amounted to

**EUR 3 805 782**

Equity capital at the end of 2023 amounted to

**EUR 2 784 525**

# The Company's principal risks

Strategic and business risks	Financial risks	Non-financial risks
Business plan risks	Capital risks	Compliance risks
Legal risks	Liquidity risks	Operational risks
	Counterparty credit risks	
	Market risks	
	Concentration risks	

The Company classifies risks into financial and non-financial risks. Financial risks include: capital, liquidity, counterparty credit, market and concentration risks. Non-financial risks include compliance risks and operational risks, which are in turn broken down into more detailed risks.

The Company has in place and regularly updates a business continuity management plan to ensure its ability to continue its operations and to limit losses in the event of a serious disruption.

## Strategic and business risks

Strategic risks are risks related to the Company's mission and strategic objectives, risks arising from unfavorable or erroneous business decisions, from inadequate implementation of decisions, or from inadequate responsiveness to

political and regulatory changes.

The Company manages strategic risks by adopting an effective governance structure with clear roles and responsibilities, ensuring that decisions of the Supervisory Body and the Company's Management Board are made in a sound and reasonable manner. There are two types of strategic and business risks: business plan risk and legal risk.

## Non-financial risks

Compliance risk is the risk that the Company's activities will not comply with the laws, regulations, guidelines and positions of the European Banking Authority and the Bank of Lithuania regulating its activities.

Operational risk is the risk of loss due to inadequate or unimplemented internal control processes, employee errors and/or illegal actions and

malfunctions of information systems, or due to the impact of external events. Operational risks include: Information and Communication Technology (ICT) risks, employee actions, illegal actions of the Company's employees, external factors, money laundering and terrorist financing risks, violation of sanctions regime, errors by the Company's employees, process risks, business continuity risks, security risks of the electronic money system and the servers, risk of exposure to external events, risk of errors in the electronic money system, risk of unauthorised use of an electronic money account, risk of theft of account data, risk of disruption of external services, risk of breach of security of assets, risk of recovery of funds, risk of misattribution of accounts.

Financial risks

<b>Capital risks</b>	The risk that the required level of the Company's equity capital to cover the risks assumed by the Company in connection with the issuance of electronic money, the provision of payment services and closely related ancillary services will not be ensured.
<b>Liquidity risks</b>	The risk that the Company will not have sufficient funds to meet its financial obligations in the current period.
<b>Counterparty credit risks</b>	The likelihood of loss due to a counterparty's future inability to perform its obligations under the contract.
<b>Markets risks</b>	Risk of losses due to a decrease in the value of investments as a result of unfavourable changes in interest rates, share prices and exchange rates.
<b>Concentration risks</b>	The likelihood of losses arising from a highly unbalanced position within a given group of counterparties (client concentration, sector concentration, geographical concentration, etc.).

**Risk management**

The Company's internal policy and strategy for managing governance, risk and control define principles of internal governance and control, the magnitude of risk, limits for each type of risk, and procedures for identifying, assessing, monitoring, mitigating and controlling risk. The Company follows the principles of the Three Lines of Defence risk management model, which helps it determine what structures and processes best meet its objectives and strengthen its risk management.

**FIRST LINE** functions include business units and all staff responsible for identifying and understanding the risks inherent in the products, service processes and systems for which they are accountable.

**SECOND LINE** functions include independent control functions like the control and management of the Company's risks in a broad sense, the compliance function, the information

security and personal data security functions, and the risk management and oversight function for the outsourcing of operations.

**THIRD LINE** functions are performed by internal audit, which provides independent and objective assurance and advice on the adequacy and effectiveness of the Company's governance and risk management.

**The Company has designated persons responsible for control functions whose appointment process takes into account the requirements of the law and the nature, extent and complexity of the Company's risks:**

- An official responsible for risk management;
- An official responsible for compliance with the law and the Company's internal documents, including anti-money laundering and anti-terrorist financing requirements;

- An official responsible for the management of information and communication technology risks and security risks;
- An official responsible for the management of personal data risks;
- An official responsible for managing and overseeing the risk of transferring operations to third parties;
- A chief financial officer;
- A person responsible for organising internal audit.

The Company's risk management process comprises the following phases: risk identification; risk assessment including assessment of the likelihood and impact of the risk on the financial position, business continuity, reputation and achievement of strategic objectives; risk mapping; determination of risk appetite; preparation of a risk management action plan; and ongoing risk monitoring, control and communication.



### Values and code of conduct

The implemented standards aim to mitigate the risks to the Company, in particular operational and reputational risks, which can have a significant negative impact on the Company's profitability and sustainability due to fines, litigation costs and restrictions imposed by competent authorities, other financial and criminal penalties and loss of goodwill and consumer confidence.

### Conflicts of interest policy

The Company aims to take sufficient measures to prevent conflicts of interest from adversely affecting the interests of its clients.

The policy seeks to identify conflicts of interest of employees, including those of their immediate family members. The Company takes into account that conflicts of interest may arise not only from current, but also from previous personal or professional relationships. In the event of a conflict of interest, the Company shall assess its significance and decide on and implement appropriate mitigation measures.

Full legal information, business continuity plan and contracts can be found [here](#).





# Company strategy, mission and values

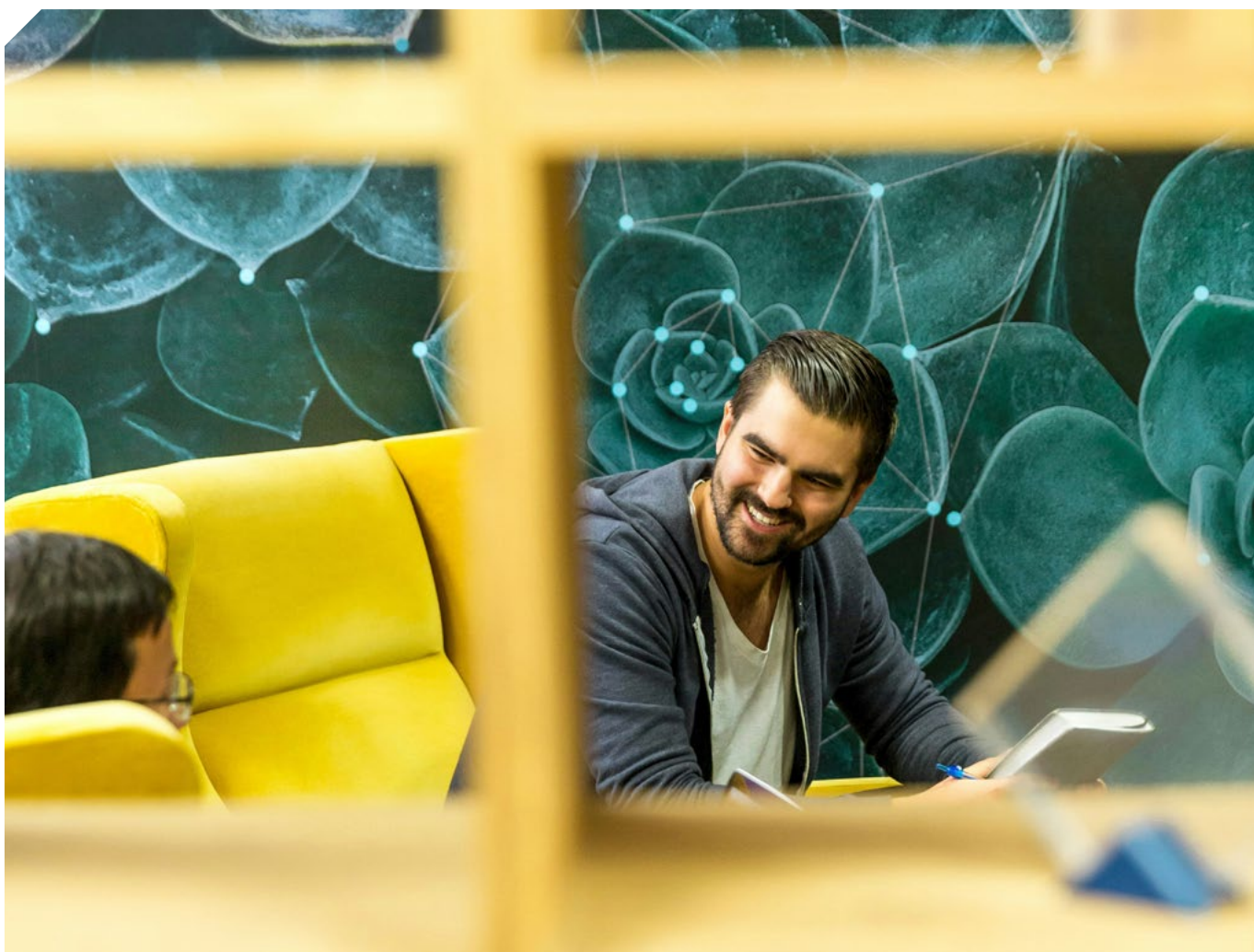
NEO Finance, AB is supervised by the Central Bank of Lithuania, therefore the fundamental aspects of the Group's corporate strategy are derived from the legal obligations regulating its activities,

with the main objective of providing safe and quality financial services to our clients.

In order to provide services that meet the needs of all customers, both investors and borrowers, and to create a competitive advantage in the market, the Group's team is guided by 3 core values: structured teamwork that improves efficiency, drive that motivates growth, and the continuous improvement of the competence of our specialists.

Our Group's vision: to make innovative financial services, based on the sharing economy, the dominant ones in the world.

Our Group's mission: To provide innovative and secure financial services to our customers.



# Corporate social responsibility and its areas of focus

We strive to bring about the change we want to see in the world. "NEO Finance strives to align its activities with the Sustainable Development Goals (SDGs) set by the United Nations, whose main objective is to achieve the sustainable development of businesses and organisations by 2030, ensuring social, economic and environmental sustainability worldwide. These globally recognised goals guide all our corporate initiatives.

## Key corporate social responsibility actions for NEO Finance in 2023



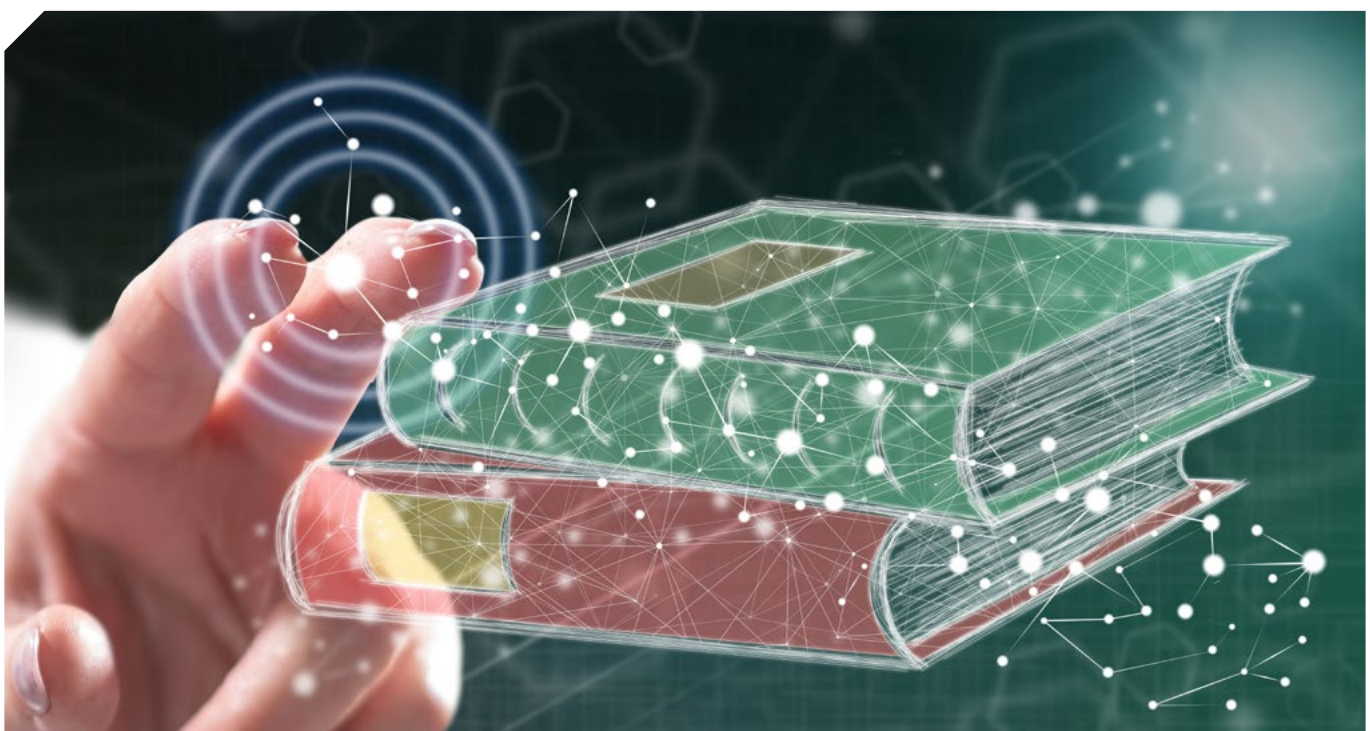
### Focus on health

In 2023, NEO Finance, AB placed an even greater emphasis on strengthening team relationships, emotional well-being and healthy lifestyles:

- Monthly walking challenges #Walk15, which took place twice a year, were implemented. Almost all company employees took part. The first time, each employee was challenged to walk individually, and the second time, walking continued in a team challenge. These challenges encouraged more movement, developing healthy habits and reducing CO2 emissions by replacing transport with walking.

The winners were awarded with healthy living gift vouchers.

- Meditation days were organised in the office, which helped to relax and create a calming environment.
- Shared lunches on company quarterly reporting days and holidays to reinforce team togetherness outside working hours.
- The first film night was organised, with a film chosen by the employees themselves.
- Annual Christmas lunches were held, where we exchanged gifts using only sustainable packaging.
- 2023 Christmas gifts for partners were chosen to support the idea of sustainability - all gifts were edible.



- A digital dental health check was carried out in the office. Employees had the opportunity to check their occlusion, tooth wear, tooth decay and other dental problems. The on-site check-up allowed employees to assess their health status without leaving the office and provided them with €250 discount cards that can be used for dental services.

Quarterly company-wide team-building events are organised and an annual budget is allocated to each employee for such activities.



#### Focus on quality education

Each year NEO Finance, AB promotes financial literacy in society by organising investment, savings and financial planning seminars, lectures for schoolchildren and by contributing to initiatives promoting education:

- Evaldas Remeikis, Chief Executive Officer of NEO Finance, AB, has been actively involved in events dedicated to education, including the W INVEST - Women Investing Club. This event introduced investing in people's loans, along with the important advantages and disadvantages of this type of investment.
- In February, the Paskolų klubas online seminar focused on debt recovery from insolvent borrowers. Experts from Legal Balance talked about pre-trial recovery processes, debt awards and deadlines, and enforcement practices. The most common situations of arrears were identified: death of the debtor, bankruptcy, emigration. The current trends and future forecasts for debt recovery were also discussed, as well as a discussion with the audience on issues of interest.

- In March, a "Career Lunch" was held at Mykolas Romeris University. Evaldas Remeikis (Head of Administration, NEO Finance, AB) told the students why it is worth to work in our company, and former Head of Legal and Compliance Department Jūratė Kūgytė not only shared what a lawyer's day in Fintech companies looks like, but also debunked a lot of myths and stereotypes about the profession of lawyer.

- In September, the seminar "The Wise Algorithm: the Paskolų klubas artificial intelligence debunks myths about lending" will take place. The seminar focused on debunking lending myths by Artificial Intelligence (AI), presented valuable findings based on AI, 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 questions from investors.

- In November, NEO Finance partnered with FinoMark to organise the first Investor Day 2023 event. The event, which attracted more than 150 participants, featured eight in-depth presentations on investment and financial management. An important highlight was the informal networking evening held at the premises of Lukiškės Prison, which gave participants the opportunity to make new contacts and share experiences. This event underlines NEO Finance's ambition to foster cooperation and the opportunity to disseminate ideas and share knowledge relevant to the Sustainable Development Goals.



#### Gender equality

NEO Finance, AB cares about and focuses on the continuous improvement of working conditions, qualification development, training, and creating favorable conditions for the professional growth of employees.

- During the first half of 2023, 14 employees were promoted within the company, 9 new employees and 2 trainees were hired.
- The working environment is conducive to employees' choice of working from home or in the office.
- The remuneration policy has been updated, clearly indicating the opportunities and conditions for reward progression.



#### Decent work and growth

NEO Finance, AB cares about and focuses on the continuous improvement of working conditions, qualification development, training, and creating favorable conditions for the professional growth of employees.

- During 2023, 19 employees were promoted within the company, 23 employees and 1 trainee were hired.
- The balance of the hybrid working model (up to 3 days a week remotely) has been maintained.
- Recruitment of employees from other Lithuanian cities has started.
- Training of staff is provided according to company and individual needs.



### Partnering to achieve objectives

This objective is inherent in many of NEO Finance, AB's activities. Some of the most important initiatives and events or joint activities organised by the company's employees to achieve SDG 17 include:

- The company organised a cake day where the money raised was donated to BLUE/YELLOW organization.
- "Neopay works together with local and international financial institutions to standardise and improve open banking interfaces. This cooperation contributes to the stability and transparency of the international financial sector and aims to contribute to the development and efficiency of Open Banking.



# **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.

## 2023 developments at Paskolų klubas

In January, Buyback clauses were changed in contracts - we can now give shorter notice of rate changes.

In February, the loan premium insurance process was partially automated, making it easier to insure premiums.

In March, a record number of loan applications was achieved, with EUR 345 660 of loans listed in one day.

In January, a refinancing calculator was launched to help existing or potential customers assess how much they can save by transferring their existing liabilities to the Paskolų klubas.

A new advertising campaign was launched in January: "If we don't offer better terms, we'll give you a coffee".

In February, received the Nasdaq award "The best Investor relations on First North Share List in Lithuania".

A new identification tool was integrated in March. The customer identification process has now been made simpler and clearer, and the tool further improves the accuracy and reliability of identification.

In March, a delegation of investors from the Netherlands visited the Paskolų klubas.

In March, an internal audit report on consumer credit was received stating that the management of consumer credit risks, internal control procedures, implementation of requirements, information, communication and monitoring of the internal control system in the Paskolų klubas are mostly effective and assessed as adequate.

In March, the pricing of loans was changed, with an increase in interest rates of 1-3%.

On 24 May, a record number of loan applications were received, with EUR 354,900 of loans listed in one day.

On 24 May, a record number of loan applications were received, with EUR 354,900 of loans listed in one day.

A new record was set in June with EUR 4,198,310 of loans funded.

A record amount of interest of EUR 615,000 was paid to investors in June.

In June, the Paskolų klubas website ([www.paskoluklubas.lt](http://www.paskoluklubas.lt)) was translated into Dutch in order to attract more investors from the Netherlands.

In June, cooperation agreements were signed with two new partners to expand the partnership programme.

The agreements will provide added value to future users of the Paskolų klubas platform and will enable more revenue to be generated from existing users of the platform. The solution was implemented together with the payment initiation platform Neopay.

In September, in response to the changing microeconomic environment and in order to maintain an appropriate balance between the Company's long-term objectives and market trends, a new Buyback pricing was introduced for A, B and C ratings.

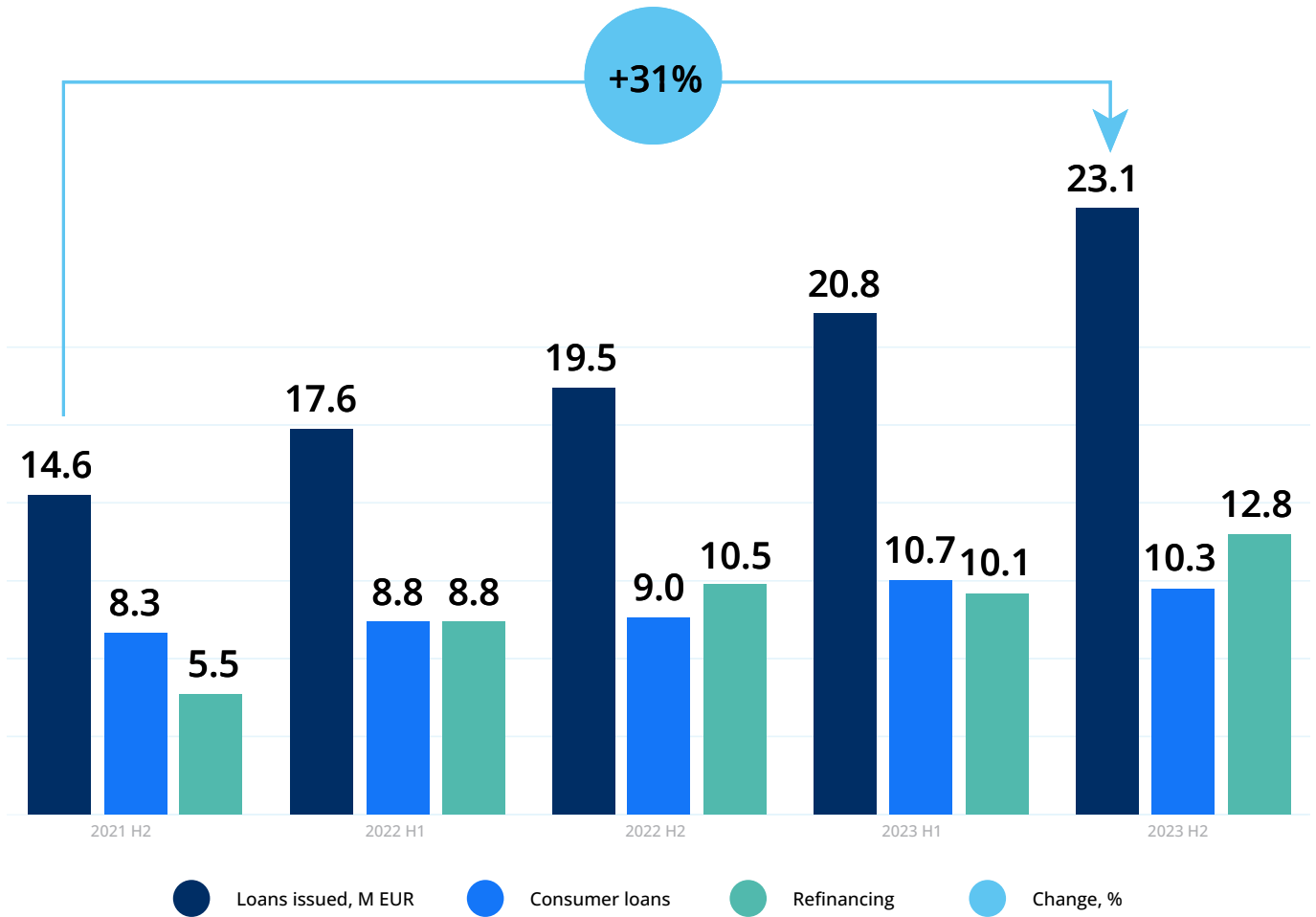
In September, the account opening process for minor children was updated and facilitated.



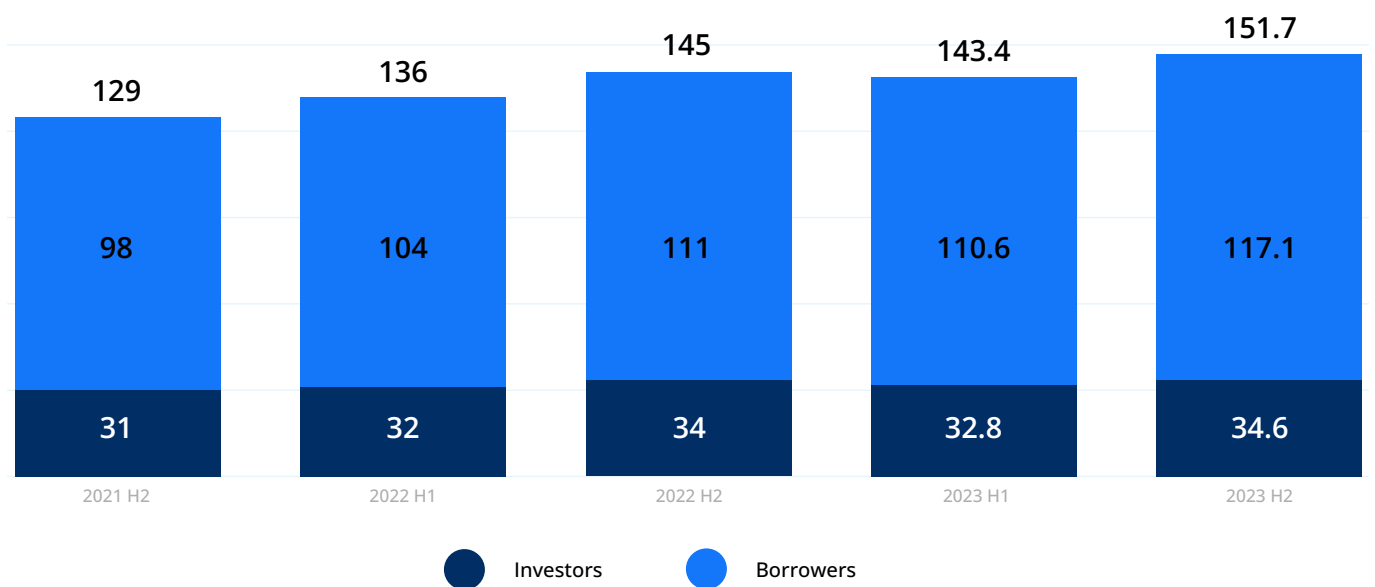


## Loans granted through the Paskolų klubas, EUR million

In 2023, the company intermediated EUR 44.06 million of consumer credit.  
In 2022, EUR 37.1 million of loans were financed on the platform.



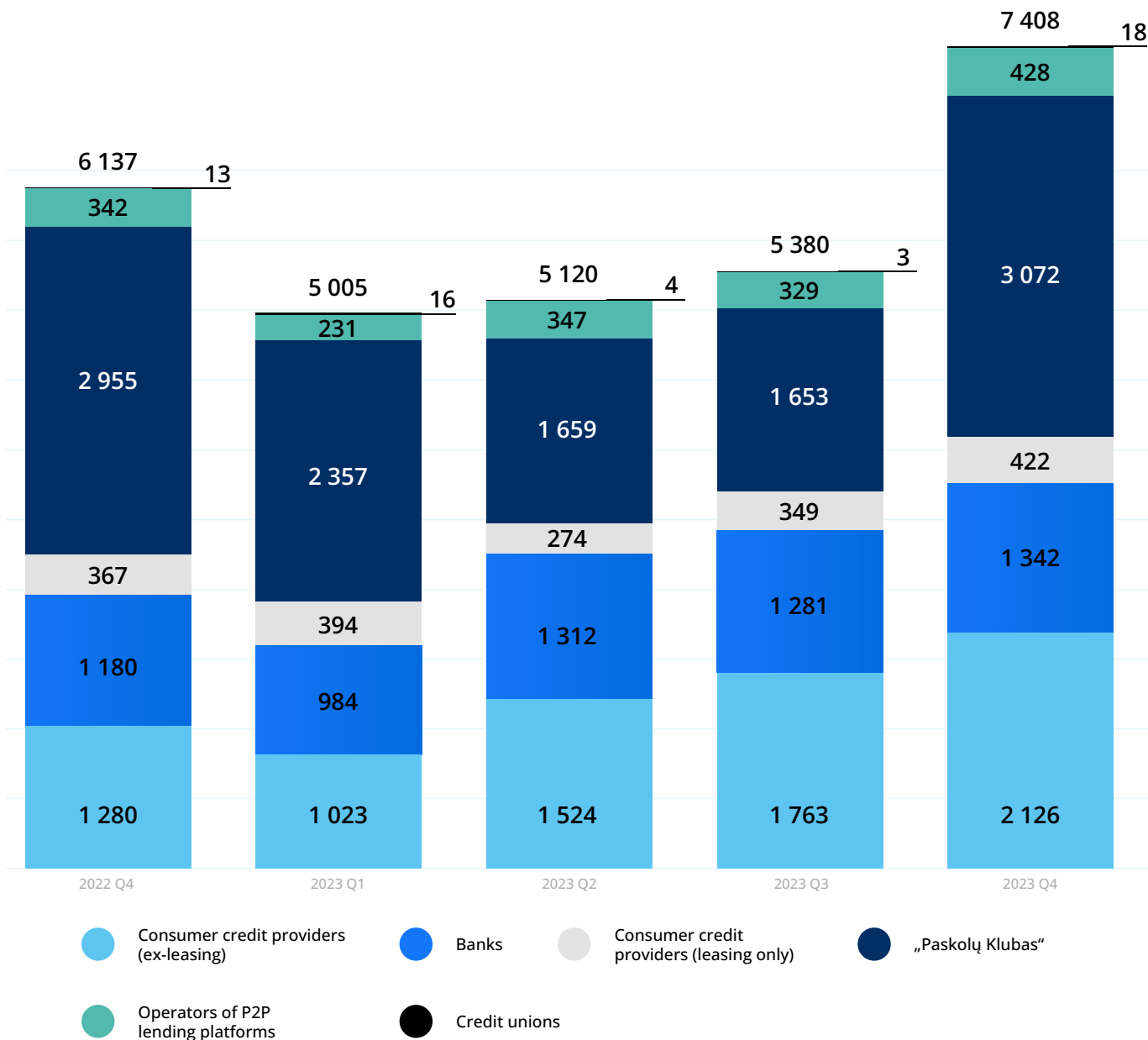
## Registered users, thousands



## Refinancing

Of the EUR 44.06 million of loans financed during 2023, EUR 22.91 million were refinancing loans. For the borrowers of these loans, the Paskolų klubas helped them to reduce the monthly repayments and/or interest they had been paying so far.

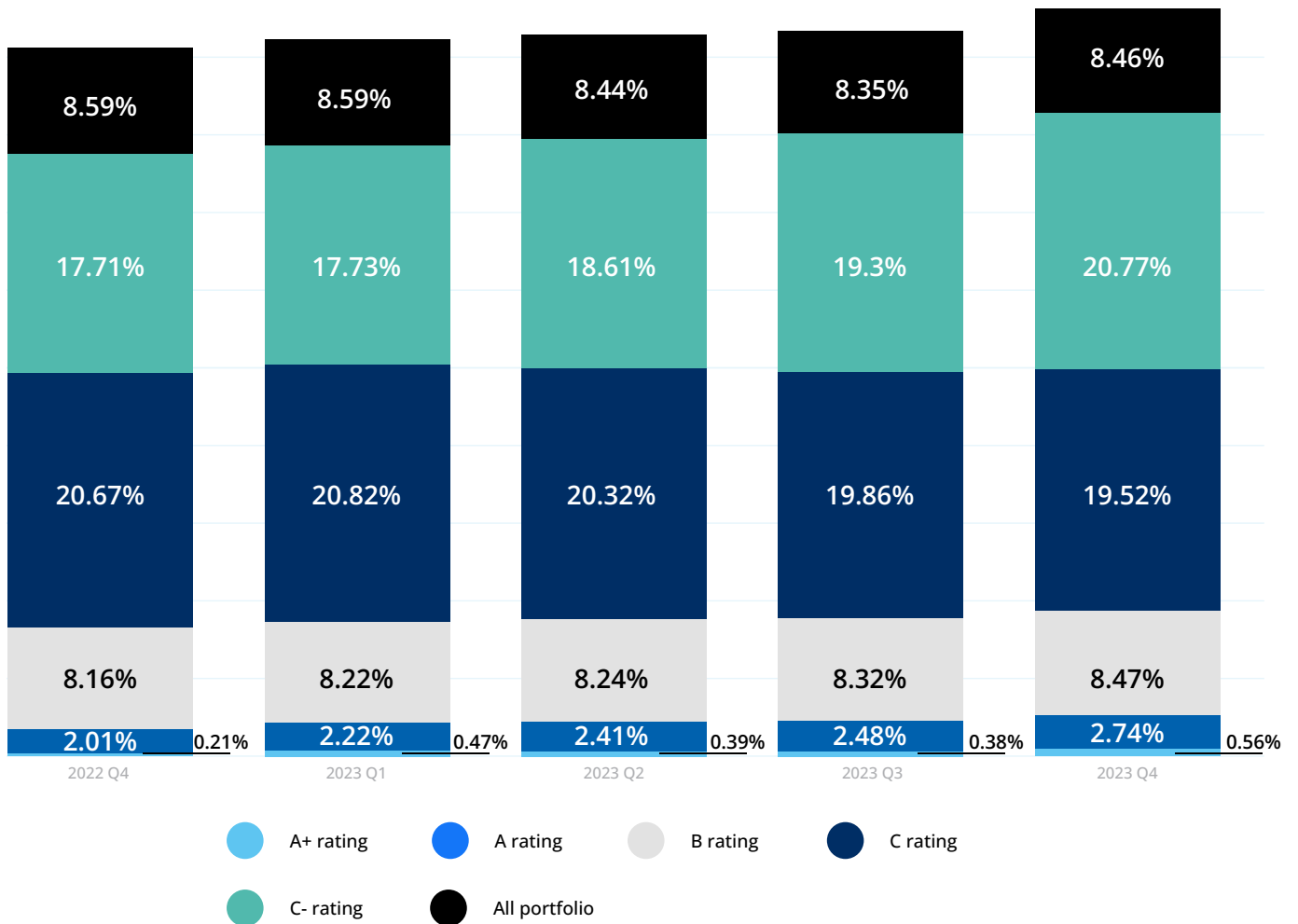
### Distribution of refinancing loans, EUR thousand



## Overdue loans

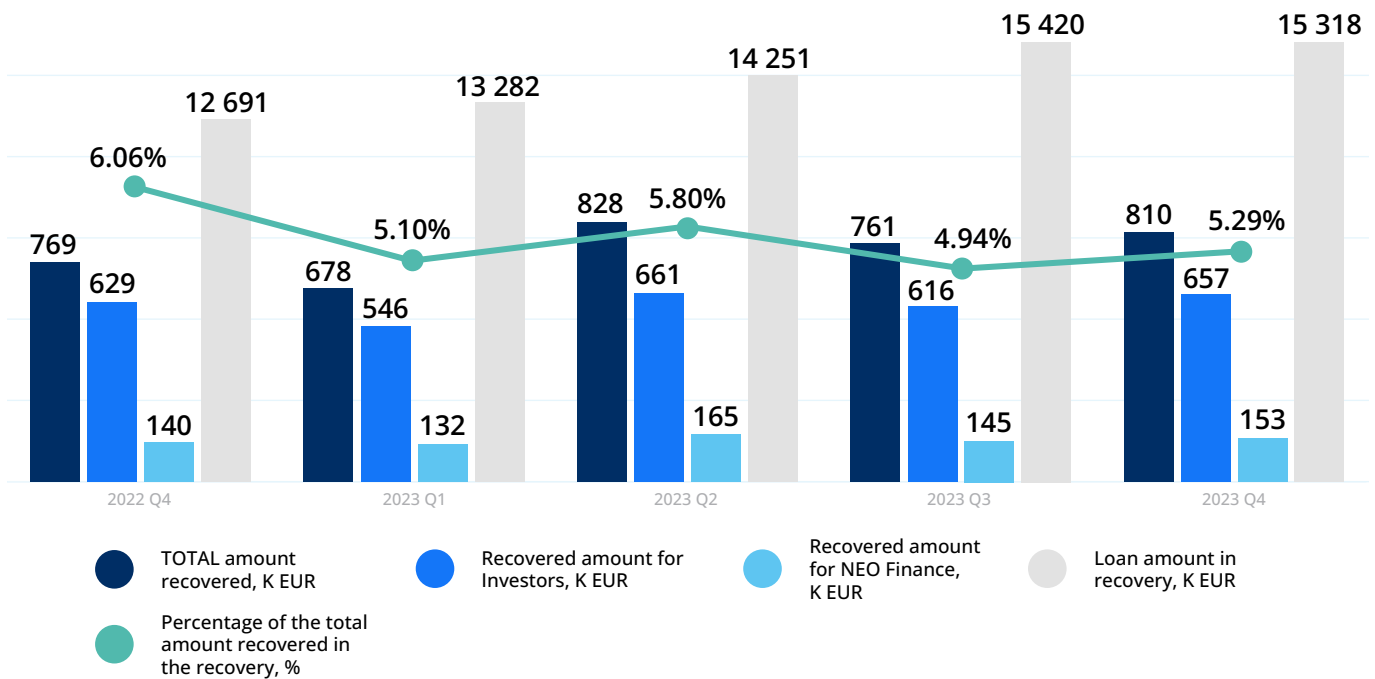
At the end of 2023, 3 798 (8.1%) of the 46 719 total unit loans issued were more than 90 consecutive days past due. Of the total loans of EUR 172 million, EUR 14.5 million (8.46%) were more than 90 days past due.

### Loans, overdue >90 days, %

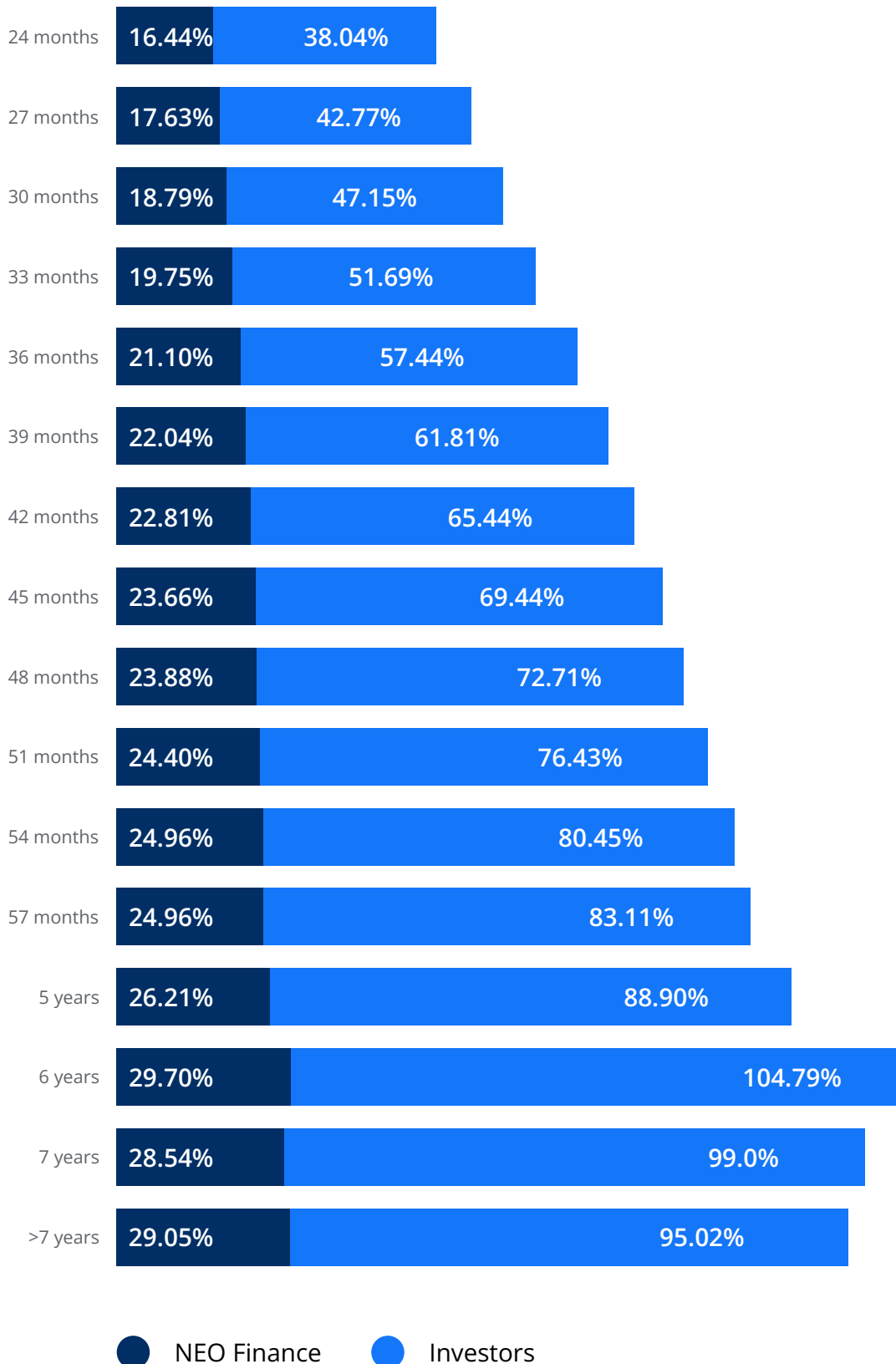


## Amount recovered, K EUR

The borrower is informed by e-mail and SMS if he/she is late with at least one payment. After 32 days of delay, the borrower's debt is registered with Creditinfo Lietuva, UAB, and on the 41st day of delay, the recovery of the loan is transferred to a debt collection company.



## Recovered % of principal outstanding at termination



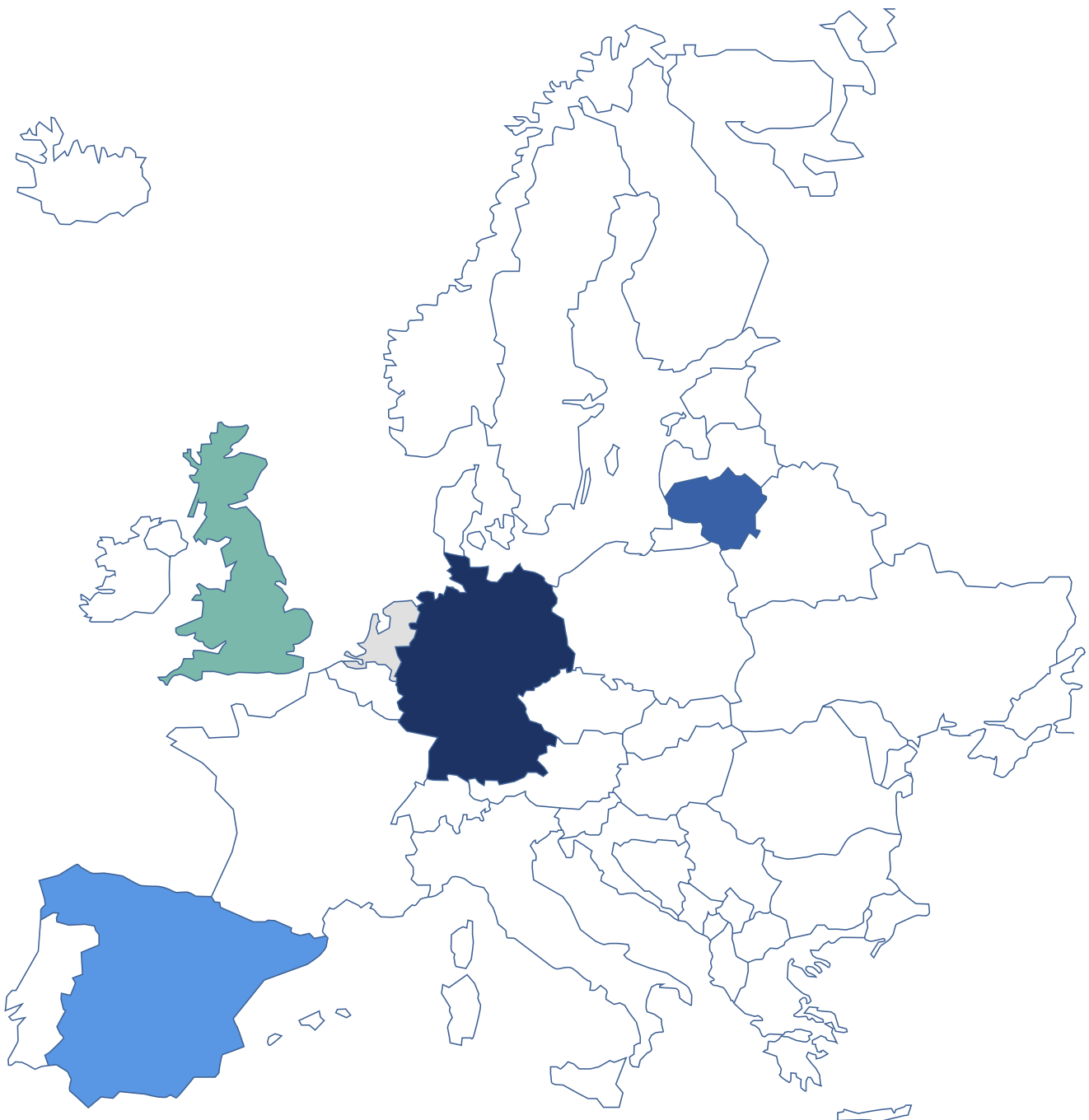
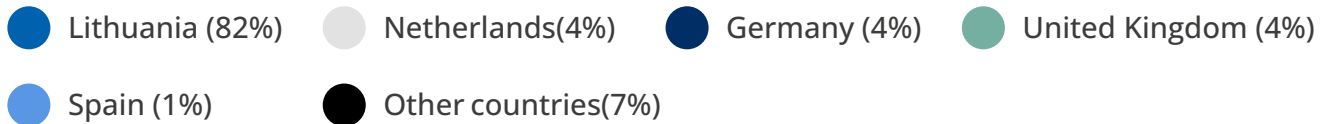
## Months after termination

Months after termination	Principal at termination, K EUR	No. of loans
24 months	10 960	3 357
27 months	10 341	3 612
30 months	9 776	2 988
33 months	9 352	2 863
36 months	8 622	2 683
39 months	7 963	2 488
42 months	6 977	2 183
45 months	6 162	1 946
48 months	5 400	1 682
51 months	4 476	1 398
54 months	3 673	1 156
57 months	2 883	917
5 years	2 233	735
6 years.	697	275
7 years	53	34
>7 years	22	14

## Distribution of users

Only Lithuanian citizens working in Lithuania can register on the platform and obtain a loan, but the platform is open for investment to citizens of all European Union and EEA (European Economic Area) countries.

The majority of the platform's investors are residents:

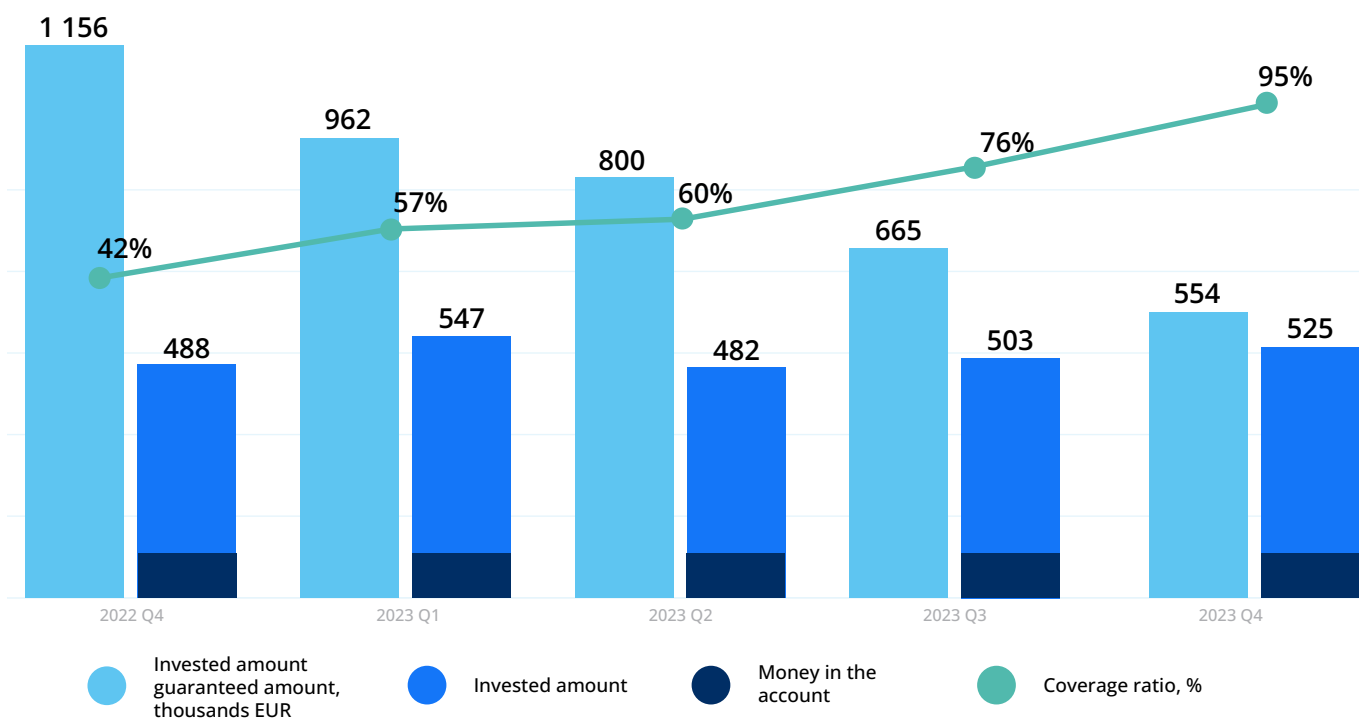


## Guarantee Fund

A hedge fund allows investors to reduce their investment risk by guaranteeing the repayment of their investment in the event of a loan default.

In 2023, EUR 224 684 was paid out to investors from the Hedge Fund, while EUR 505 398 was paid out in the same period in 2022.

### Hedge Fund, EUR thousand



To manage liquidity risk, NEO Finance, AB calculates the adequacy of the funds available to cover the liabilities of the collateral pool. As of Q3 2019, part of the funds are invested in loans and the other part is kept in a separate bank account. The purpose of this account is to ensure the management of the company's internal cash flow. The company may use its other assets to meet its

obligations to investors.

\*Investment statistics of the Hedge Fund updated on 23 September 2022. The amount invested after the updates is the net value of NEO Finance, AB's investments in loans, less any liabilities of NEO Finance, AB (bonds issued, loans taken out).

At the end of 2023, the total amount of funds accumulated in the hedge fund account amounted to EUR 525 thousand and the total amount guaranteed was EUR 554 thousand. The coverage rate was 95%.

The hedge fund service for new investments was withdrawn as of 1 March 2022.

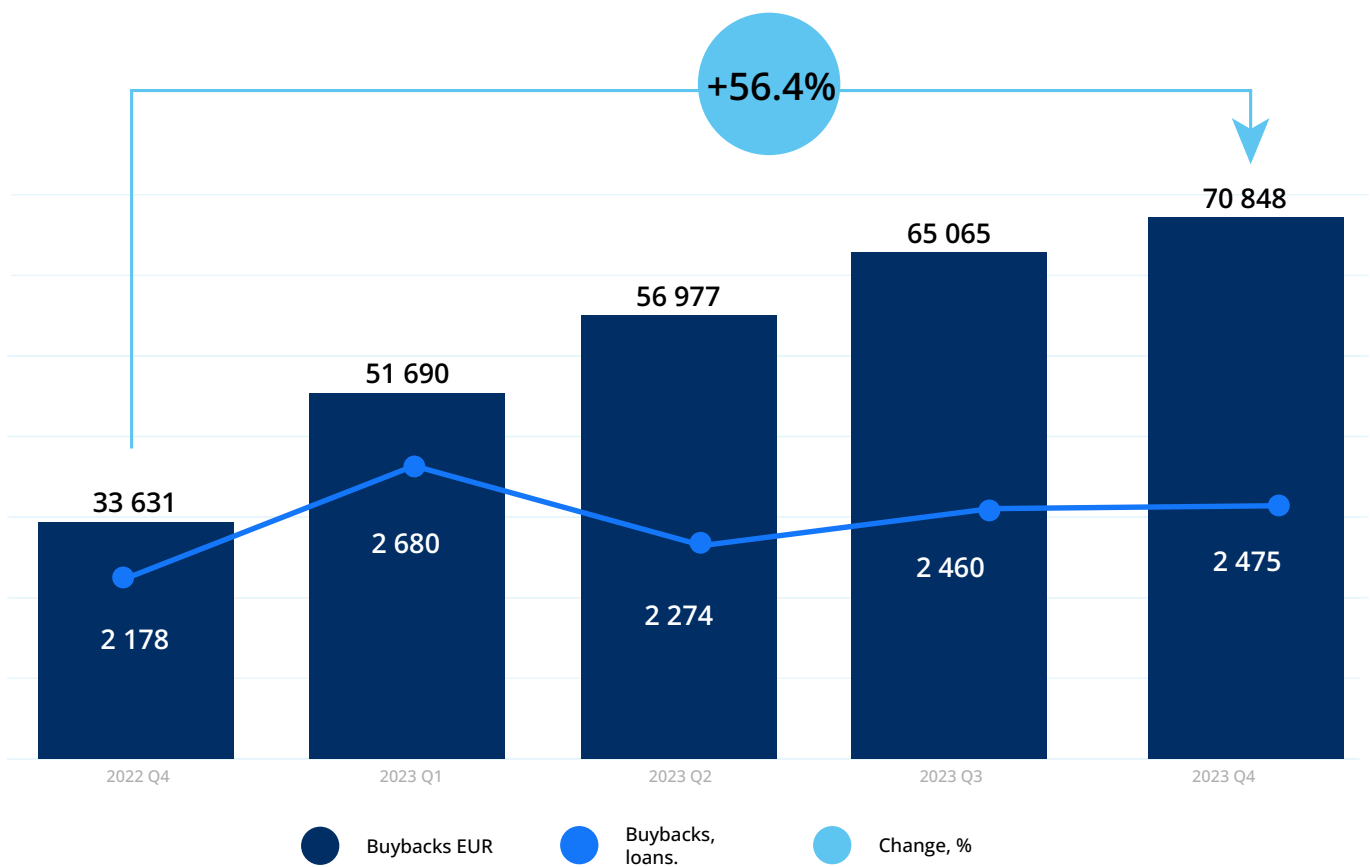


## Buyback service

If the contract with the borrower is terminated, the Buyback service allows investors to sell the investment to NEO Finance, AB within 30 days for 50-100% of its remaining value.

In 2023, investors sold 2,475 investments for EUR 70 848.

The amount of investments sold has increased by 88% since 2022.

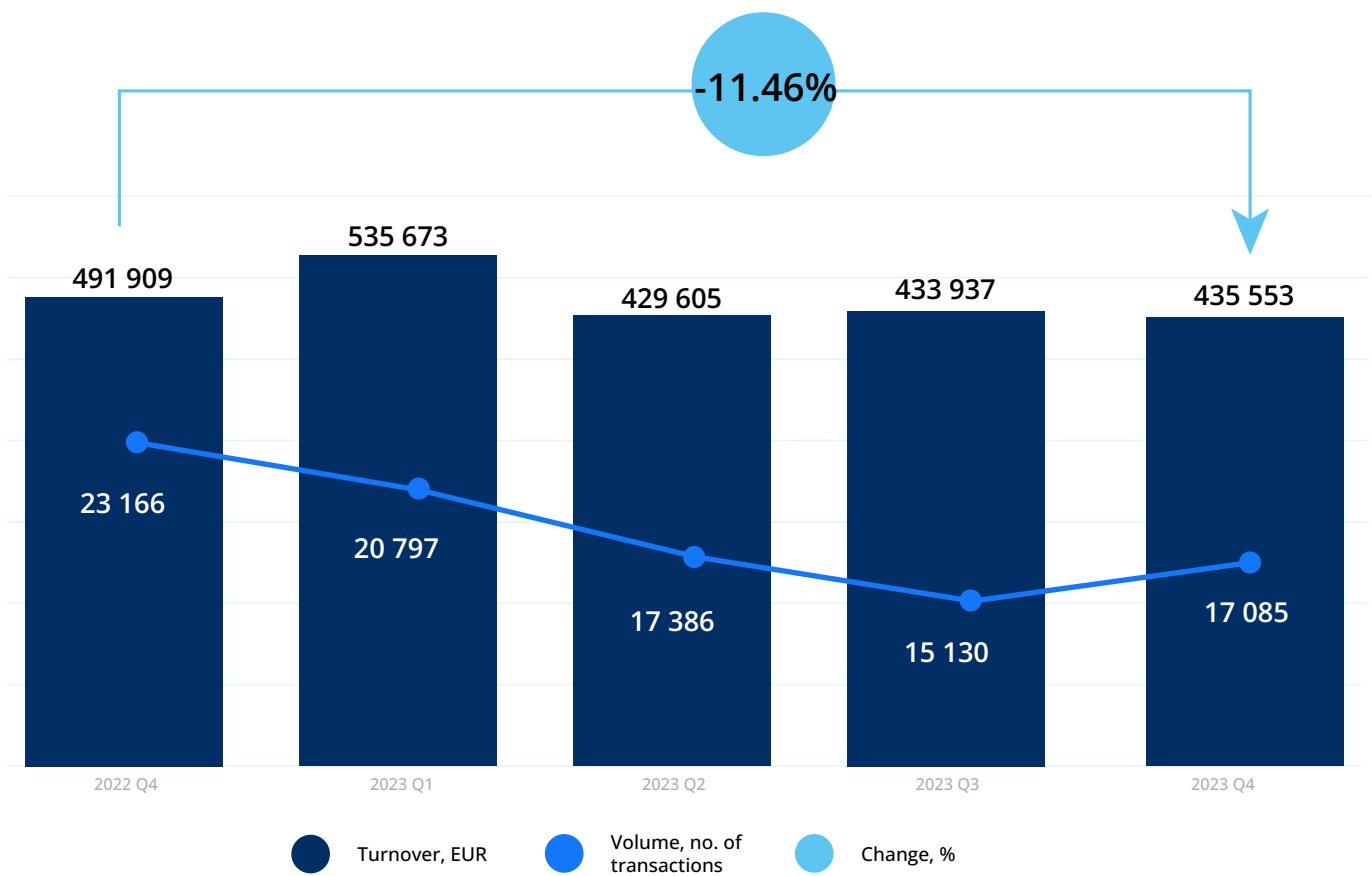


## Secondary market

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

In 2023, the secondary market had a turnover of EUR 1 834 768.

The average transaction amount was EUR 26.06.



# Investing on behalf of NEO Finance, AB

## 2023 m. NEO Finance, AB invested EUR 3 426 thousand in consumer loans

NEO Finance, AB, as a provider of consumer credit, may also invest in loans in the Paskolų klubas together with other registered investors. By investing in loans, the company aims to increase the speed of loan funding, thereby making the platform more

attractive to both borrowers and investors.

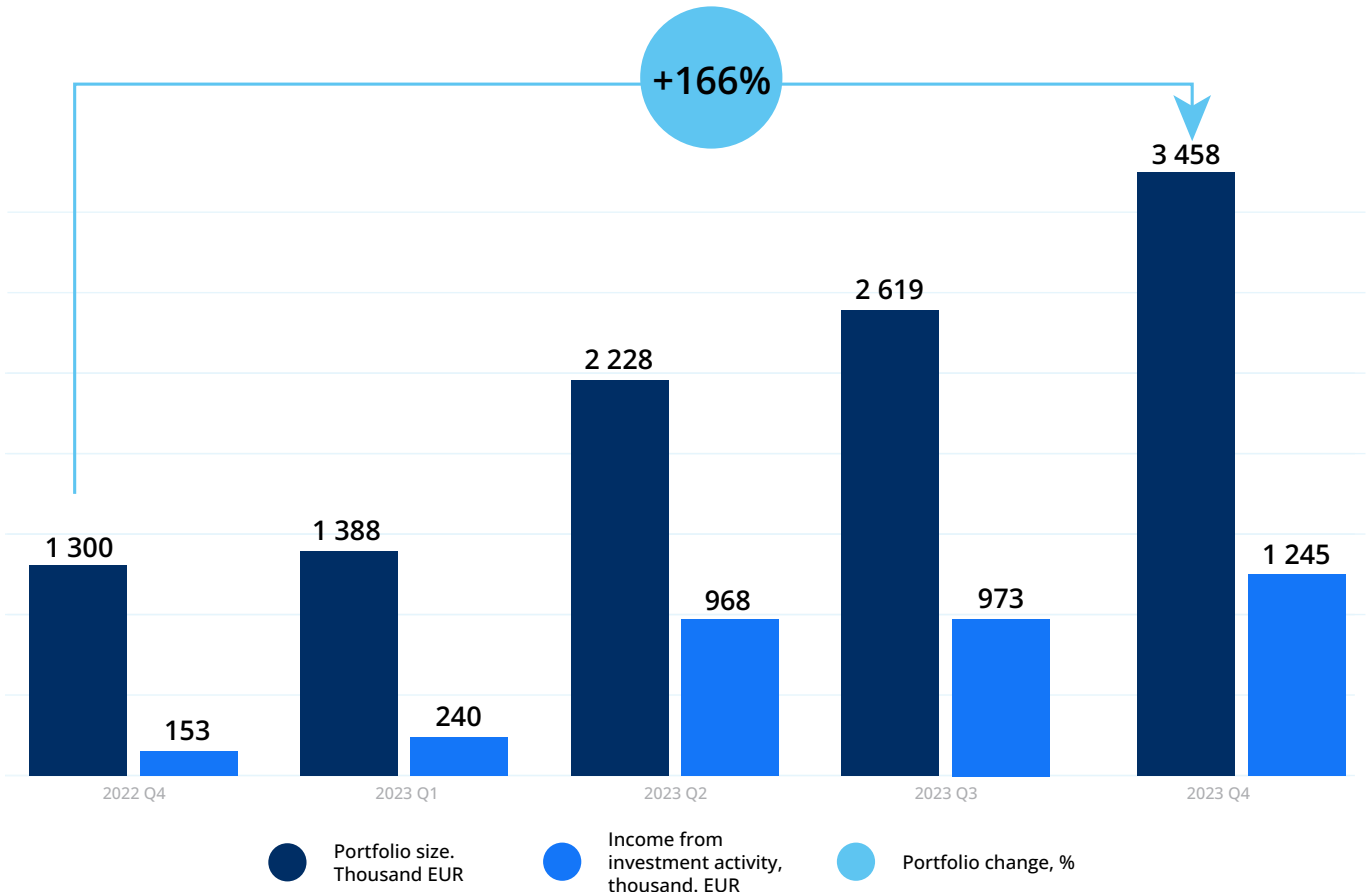
### Avoidance of conflicts of interest:

NEO Finance, AB has the possibility to finance up to 80% of the initial amount of a consumer loan on the platform. In the case of a borrower with an A+ or A credit rating, NEO Finance, AB can immediately provide a consumer credit of up to EUR 15 000, or up to EUR 8 800 in the case of a B credit rating, up to a maximum

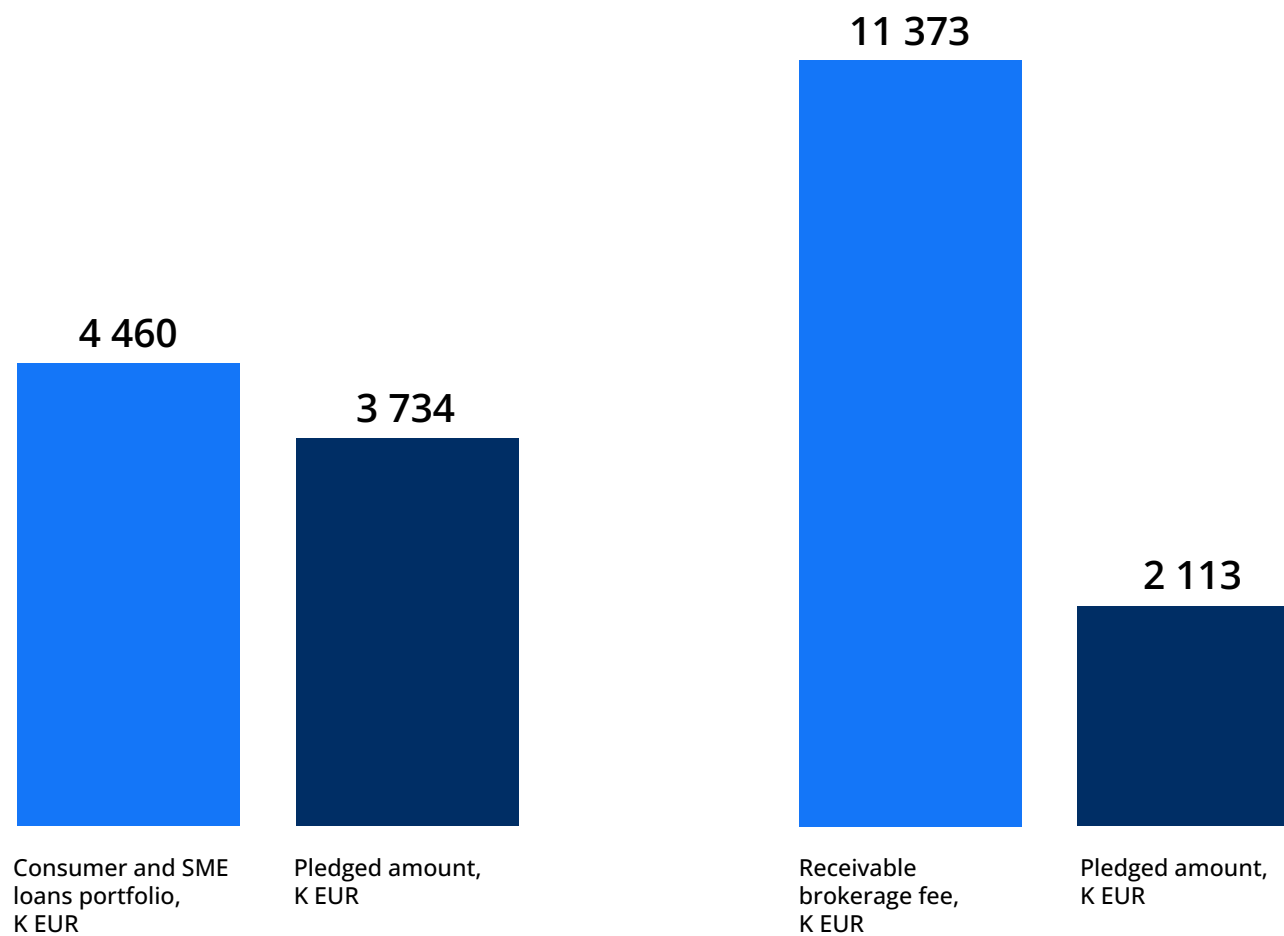
of 80 % of the initial amount of the consumer credit.

NEO Finance may waive the above maximum investment amounts and grant consumer credit to borrowers of all credit ratings, provided that the investors have already financed at least 20 per cent of the amount of the consumer credit and that at least 24 hours have elapsed after the application for consumer credit has been submitted to the stock exchange.

## NEO Finance, AB Consumer loan portfolio, EUR thousand



## Pledged assets of NEO Finance, AB



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The Company's policy on avoiding conflicts of interest can be found [here](#)

# Institutional Investor



**The total portfolio acquired by nordIX from NEO Finance, AB at the end of 2023 amounted to EUR 10,8 million.**

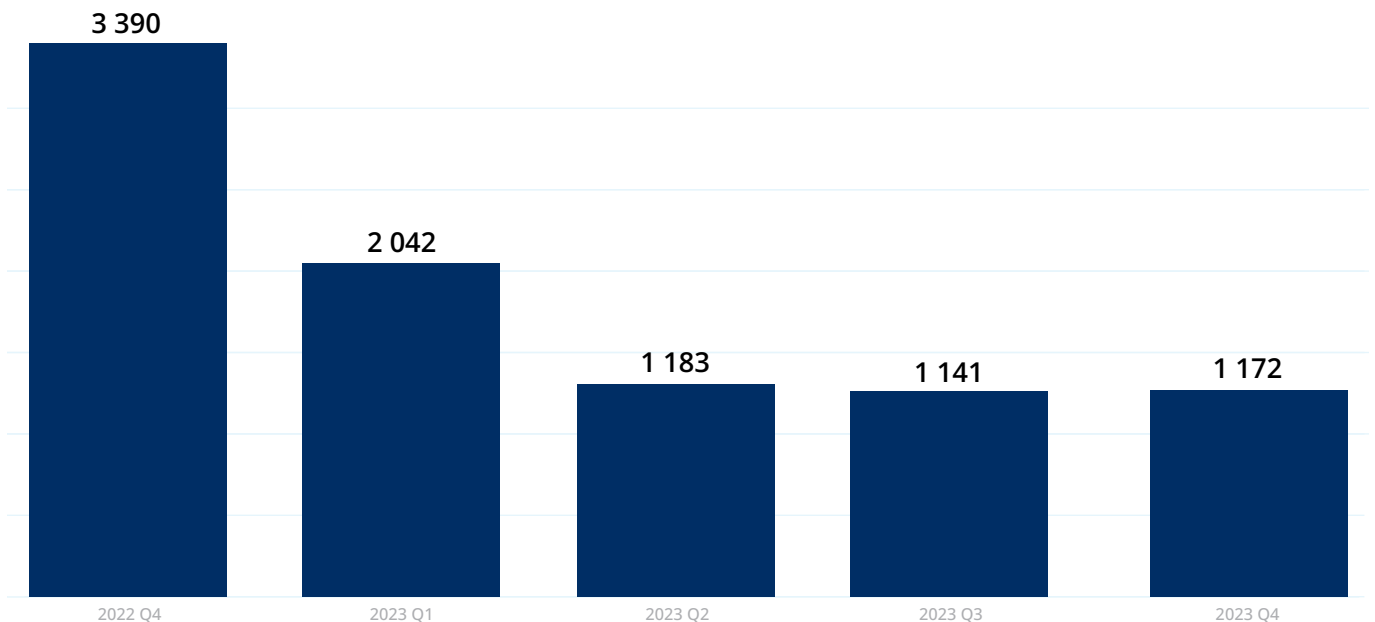
In August 2021, the Company started cooperation with an institutional investor, the German fixed income asset manager nordIX.

Under the agreement, nordIX invests by acquiring a portfolio of loans, which NEO Finance, AB builds on the Paskolų klubas platform according to criteria agreed in advance with the institutional investor.

nordIX specialises in fixed-income investments, focusing on bonds and derivatives. nordIX is headquartered in Hamburg. The company manages several investment and segregated

funds and develops intelligent investment solutions. In addition to asset management services, the company also provides brokerage services for bonds and other fixed-income financial instruments to institutional clients. The firm provides services to institutional investors in Germany, Austria and Switzerland and manages several hundred million euro in various funds.

## NordIX investments, EUR thousand



# **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 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.

The latest list by country can be found [here](#).

## 2023 developments at Neopay

Two new products were launched in February: 'Neopay PayForYou' (Buy on installment) and 'Neopay 3' (Buy now, pay later). Communication about these products was actively pursued in the target segment of the Lithuanian market.

In February, we participated in the Mobile World Congress, the largest exhibition in the world, where we raised Neopay's profile and sought new business partners.

In February, active work was carried out on the sales of the newly launched product "Automatic Cashback". Based on market trends and customer interest, it is evident that this product is relevant to our customers and they are happy to adopt it. The main benefits for customers are time savings and streamlining of business processes. The product significantly facilitates the operation and efficiency of e-businesses.

In March, a solid record was achieved with 2.43 million transactions initiated per month. This is a new record for Neopay's activity. The largest number of transactions were initiated from Swedbank and SEB banks.

In March, a cooperation agreement was concluded with one of the largest international banks on the Polish market.

In 2022, 21.6 million transactions were initiated through Neopay. The number of payments initiated in the 2023 increased by 34% compared to last year.

In June, a new product on the Polish market, BLIK, was successfully added to the product basket. This payment settlement product has a market share of over 70% in Poland. With the introduction of this product to the existing product basket, faster growth on the Polish market can be expected in the near future.

In May and June, the first customers installed Neopay 3 (Buy Now, Pay Later) in their online shops.

In order to meet the future growth in the number of customers, a new Customer Service Specialist joined the Neopay team in June.

The number of payment initiation transactions grew by 36% in the second quarter of 2023 compared to the same quarter of 2022.

In August and September, flexible customer pricing solutions were introduced.

Since September, the integration of Czech banks started.

In the third quarter, the volume of disbursement service transactions grew by 107% compared to the third quarter of last year.

In September, participation in the "SBC Summit Barcelona" conference.

In response to partner and customer demand, in October, the ability to customise payment windows without the Neopay brand was introduced, allowing partners to offer payment solutions as their own while maintaining brand anonymity.

The volume of transactions in the MIP service in Q3 grew by 29% compared to Q3 last year.

In November and December, Revolut actively participated in events and exhibitions such as the European Gaming Congress and Future Finance Poland in Warsaw, demonstrating its innovations and strengthening its relations with important market players.

After successful MIP payments with Citadele and Revolut banks in November, it is now possible to obtain a payer name. This option was previously only available with SEB and Luminor banks. Also, Revolut bank, which previously did not provide the IBAN data of the payer after MIP payments, now provides the IBAN number of the payer.



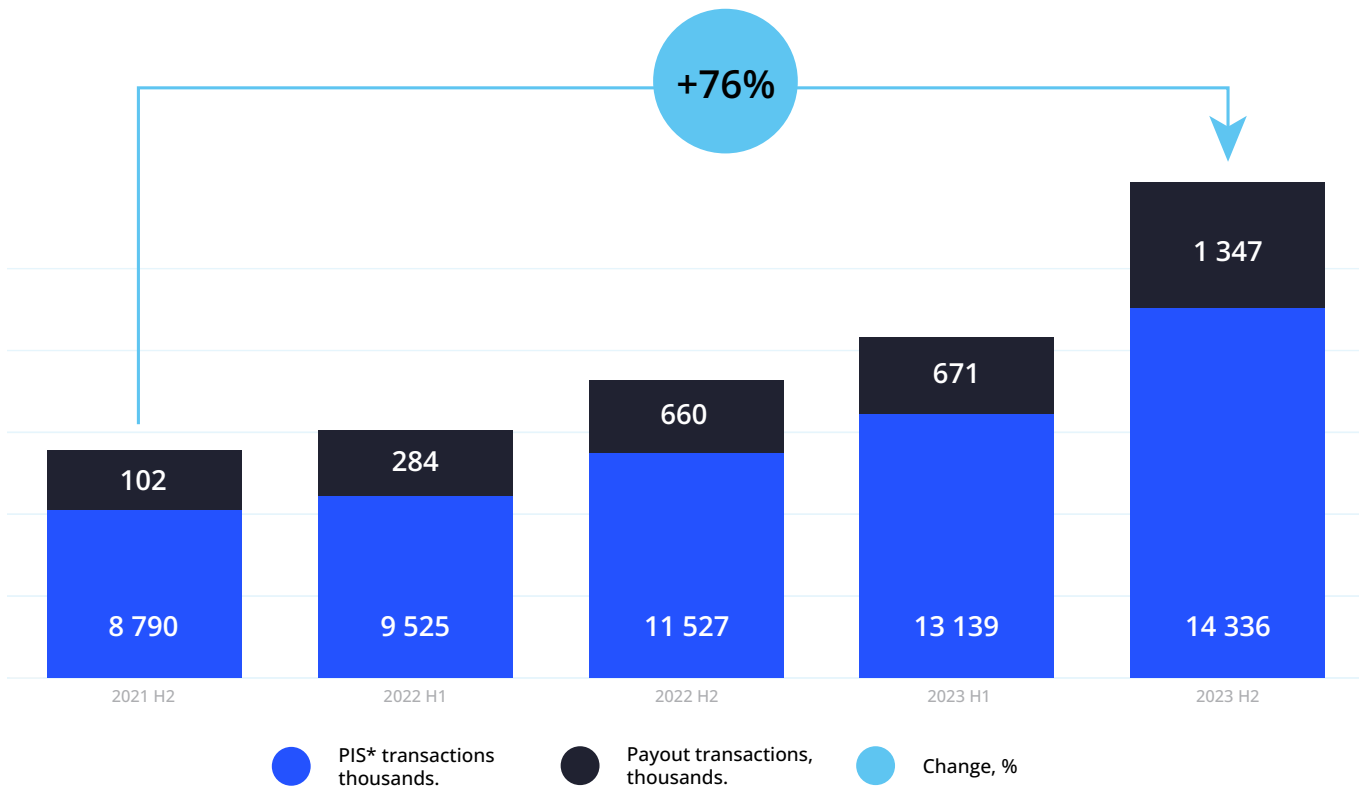
As part of the implementation of simpler and more convenient access to Neopay's payment services, since December Neopay's payment solutions have been available without any special programming knowledge.

In December, customers were given the opportunity to efficiently disaggregate their banking transactions into different categories such as: food, healthcare, transport costs, helping them to better understand and control their finances.

A new strategic partnership with Catego was established in December, strengthening the company's market position and developing cooperation opportunities.

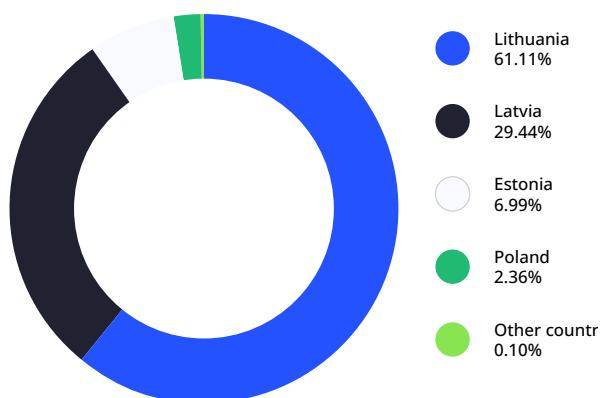
## Payment initiation transactions, thousands

In 2023, 21.6 million transactions were initiated through Neopay. The number of payments initiated this year increased by 34% compared to last year.

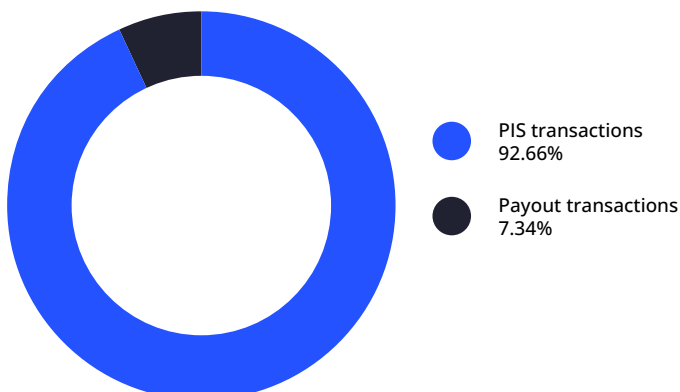


\*PIS- Payment initiation service.

## Distribution of transactions by country (2023), %



## Distribution of transactions by service (2023), %



# **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.

In 2023, FinoMark obtained a crowdfunding service provider licence in the European Union (EU) and European Economic Area (EEA)..

## 2023 developments at FinoMark

Marketing campaign "Discount on the contract fee" launched in March.

In March, borrowers were able to submit their company bank statements for assessment via the SIP functionality, which makes it even faster.

In May, to improve communication with investors, monthly and weekly portfolio reviews are now sent to investors.

In June, to improve the user experience, a feature was introduced whereby customers are assigned a "Personal Manager" upon completion of the application.



In March, the monthly issuance on the FinoMark platform reached a monthly record, with EUR 683,000 of loans funded.



In March, the customer registration form was modified, allowing the registration form to be filled in completely without the intervention of external partners.



In March, the first disbursements of the Referral Programme were made.



In June, the "Loan statistics by year of issue" was updated.



In July, the "BuyBack" functionality was developed to provide up to €500 protection for investments.

Project descriptions on the FinoMark stock exchange were updated in July, allowing investors to get a better understanding of the projects.

In July, multi-account functionality was developed to make it faster and more convenient to credit multiple loans.

An updated version of the FinoMark website for borrowers and investors was released in August.

The statistics page was updated in July, allowing for an even broader and more detailed view of FinoMark data.

In October, the descriptions of the projects on the FinoMark market were updated, allowing investors to get a broader overview of the projects.

In July, NEO Finance, AB acquired 3 500 000 units of the company. Following the acquisition, NEO Finance, AB's shareholding in FinoMark, UAB increased to 95,17 %.

In October functionality of the platform was enhanced, allowing faster application process of the borrower.

The partnership with BOLT was launched in October.

The project descriptions on the FinoMark market were updated in October, allowing investors to get a better insight into the projects.

The statistics page was updated in October, allowing for even more extensive and detailed access to FinoMark statistics.

In November, the loan disbursement process for borrowers was shortened.

In November, the BuyBack functionality was updated. Doubled the amount of protection collateral (up to €1000).

Updates to the schedules were made in November, allowing borrowers to create a single line schedule.

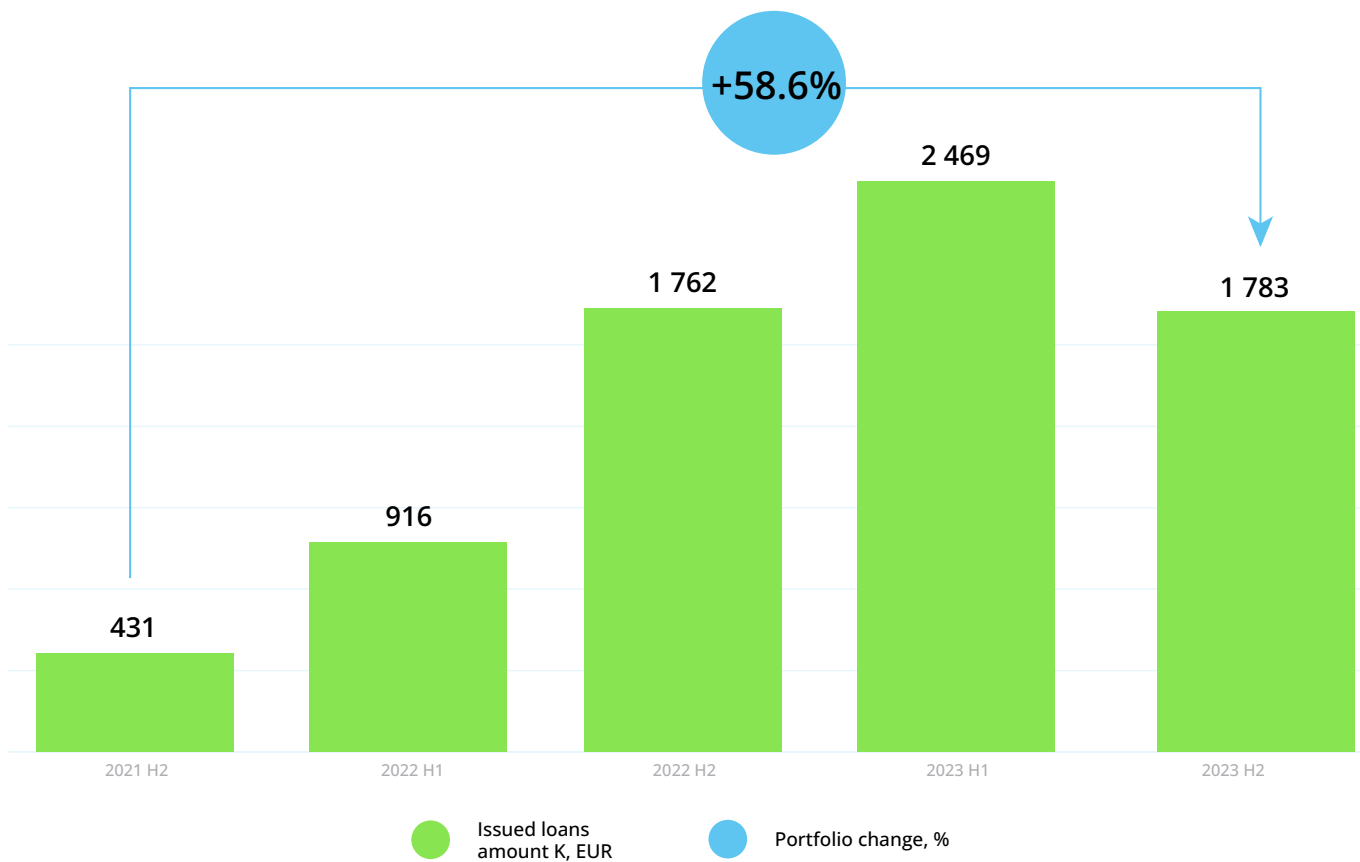
In November, FinoMark obtained the implementation of the Crowdfunding Regulation (SFR), which is in force in the European Union (EU) and European Economic Area (EEA) countries.

Since December, the platform has been available for loans for apartment building owners' associations.

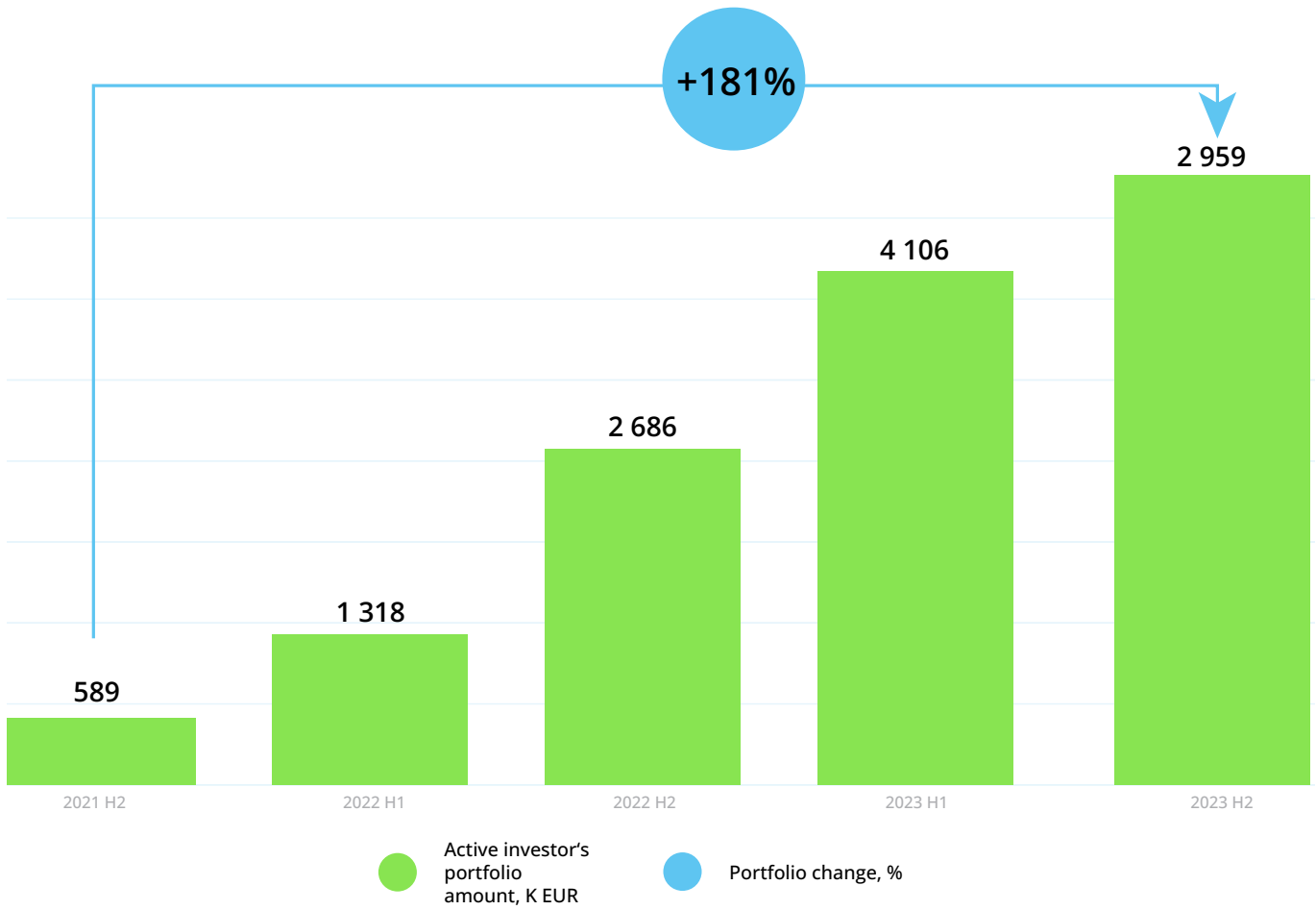
Schedule updates in December allowing borrowers to make deferrals by extending instalments.

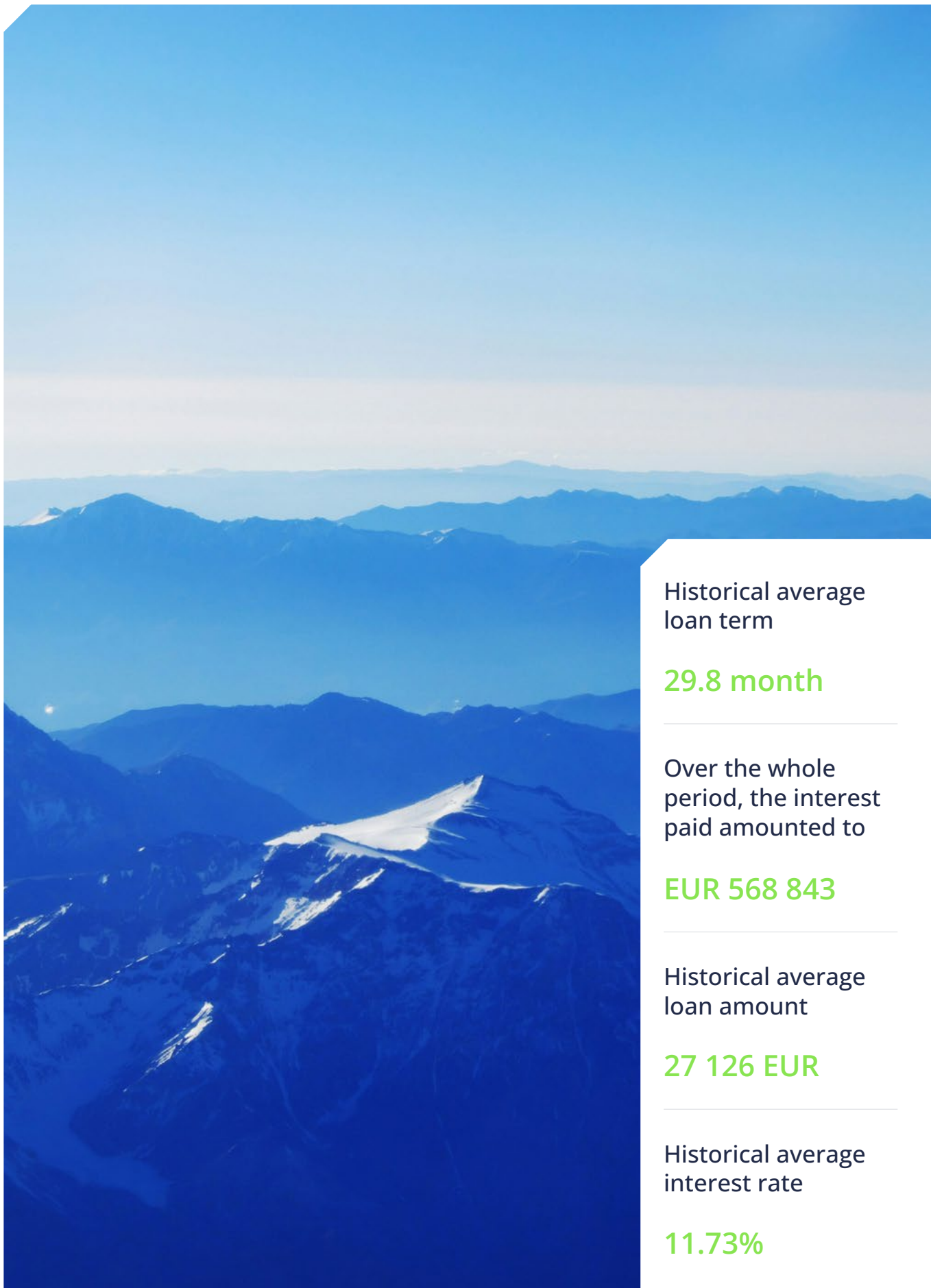
In 2023, the company intermediated business loans worth EUR 4.25 million. In 2022, EUR 2.68 million of loans were financed on the platform.

## “FinoMark” issued loans amount, EUR



## Active investor's portfolio amount, EUR





Historical average  
loan term

**29.8 month**

Over the whole  
period, the interest  
paid amounted to

**EUR 568 843**

Historical average  
loan amount

**27 126 EUR**

Historical average  
interest rate

**11.73%**



# Post-reporting events

26 January 2024 NEO Finance, AB acquired 3 000 000 units of NEO Finance, AB. FinoMark, UAB newly issued shares. Following the acquisition, NEO Finance, AB's shareholding in FinoMark, UAB increased to 95.32%.



**NEO Finance, AB  
audited financial  
statements for the  
period that ended on  
31 December 2023**

## Abbreviated balance sheet

PROPERTY	Notes no.	The reference period	Past reporting period
<b>A. FIXED ASSETS</b>		<b>5 160 897</b>	<b>2 996 146</b>
1. Intangible assets	1	1 074 268	956 254
2. Material wealth	2	25 307	30 374
3. Financial property	3	3 806 854	1 724 602
4. Other fixed assets	4	254 467	284 917
<b>B. CURRENT ASSETS</b>		<b>22 237 950</b>	<b>14 143 650</b>
1. Stock	5	30 521	28 666
2. Amounts receivable within one year	6	1 752 414	666 083
3. Short-term investments	7	5 035 727	-
4. Money and money equivalents	8	15 419 289	13 448 901
<b>C. COSTS AND ACCUMULATED INCOME</b>		<b>4 720</b>	<b>2 296</b>
<b>TOTAL ASSETS:</b>		<b>27 403 567</b>	<b>17 142 092</b>
EQUITY AND LIABILITIES	Notes no.	The reference period	Past reporting period
<b>D. PERSONAL CAPITAL</b>		<b>2 784 525</b>	<b>2 523 667</b>
1. Capital	9	1 848 934	1 848 934
2. Discount extras	-	1 956 848	1 956 848
3. Revaluation reserve	-	-	-
4. Reserves	-	-	-
5. Retained earnings (losses)	10	(1 021 257)	(1 282 115)
<b>E. GRANTS AND SUBSIDIES</b>			
<b>F. PROVISIONS</b>	11	<b>32 783</b>	<b>86 012</b>
<b>G. AMOUNTS PAYABLE AND OTHER OBLIGATIONS</b>		<b>24 568 613</b>	<b>14 517 561</b>
1. Amounts payable after one year and other long-term liabilities	12	4 109 698	891 294
2. Amounts payable within one year and other short-term liabilities	12, 13	20 458 915	13 626 267
<b>H. ACCUMULATED COSTS AND INCOME FOR FUTURE PERIODS</b>		<b>17 646</b>	<b>14 853</b>
<b>TOTAL EQUITY AND LIABILITIES:</b>		<b>27 403 567</b>	<b>17 142 092</b>

## Profit and loss statement

Articles	Notes no.	The reference period	Past reporting period
1. Sales revenue	14	4 625 193	3 530 460
2. Cost of sales	15	(2 340 173)	(1 650 676)
3. Change in fair value of biological assets		-	-
4. GROSS PROFIT (LOSS)		2 285 020	1 879 784
5. Cost of sales		-	-
6. General and administrative expenses	15	(2 098 343)	(1 740 972)
7. Results of other activities		78 958	428
8. Income from investments in shares of parent, subsidiary and associated companies		-	-
9. Income from other long-term investments and loans		-	-
10. Other interest and similar income	16	40 499	20 059
11. Impairment of financial assets and short-term investments			-
12. Interest and other similar costs	16	(1 754)	(692)
13. PROFIT (LOSS) BEFORE TAX		304 381	158 608
14. Income tax	17	(43 523)	(54 713)
15. NET PROFIT (LOSS)		260 858	103 895

**2023 December 31  
EXPLANATORY WORD**

## I. General information

NEO Finance, AB (hereinafter - the Company) was registered in the JV "Registru centras" in 2014. January 21 The company's address is A. Vivulskio st. 7, Vilnius, in.k. – 303225546. Data about the company are collected and stored in the Register of Legal Entities.

The company's authorized capital is EUR 1 848 933,68, consisting of 4 202 122 ordinary registered shares with a nominal value of EUR 0,44. The Company's shareholders as at 31 December 2023 UAB ERA CAPITAL(73,49%), Grigory Gurevich (9,28%) UAB VALUE CAPITAL (3,69%), ASIANPACIFIC GREEN ENERGY PTE. LTD (2,37%), Interactive Brokers LLCInteractive Brokers LLC CI (2,20%), Arminas Sinkevičius (1,65%), small shareholders (7,32%).

### The main activity of the Company

is the provision of financial services (the Company has an Electronic Money Institution license issued by the Bank of Lithuania since January 5, 2017).

The company has 100 percent company Neo Finance BV, incorporated 859887984, address Vlamingstraat 4, 2712BZ Zoetermeer, the Netherlands shares.

As at 31/12/2023 the company has 95.17 percent. company Finomark, UAB., inc. 305538582, address A. Vivulskio st. 7, Vilnius shares.

The company has no branches and/or representative offices.

The average number of employees of the Company in 2023 there were 40 employees, in 2022 - 34 employees.

## II. Accounting policy

### 1. Basis of accounting

The company's financial statements have been prepared in accordance with the legislation governing financial accounting and the preparation of financial statements in the Republic of Lithuania and the provisions of the Business Accounting Standards.

When managing accounting and drawing up financial statements, the Company is guided by general accounting principles: the importance of the Company's activity, continuity, periodicity, constancy, monetary measure, accumulation, comparison, caution, neutrality and content.

The financial statements have been prepared based on the assumption that the Company has no intention or need to liquidate or significantly reduce the scope of its activities.

### 2. Intangible assets

Intangible fixed asset is an identifiable non-monetary asset that does not have a material form, which the Company expects to receive direct and/or indirect economic benefits by using for more than one year and whose acquisition (production) cost is at least EUR 100.

Intangible assets are recorded in accounting at the acquisition (production) cost. The cost of acquiring an intangible asset is the amount of money paid or payable for the acquisition of this asset, including customs duties and other non-refundable taxes. Other direct costs of preparing the asset for its intended use are included in the asset acquisition cost. The costs of updating and improving intangible assets incurred after the acquisition or creation of the asset are recognized as expenses in the reporting period in which they are

incurred.

In the balance sheet, intangible assets are shown at the residual value, that is, the acquisition (production) cost, minus accumulated amortization and depreciation.

Amortization of intangible assets is calculated using the directly proportional (straight-line) method over the entire useful life

*Software: 3 years*

*Other intangible assets: 4 years*

### 3. Tangible fixed assets

As long-term tangible assets, the Company assigns assets that provide direct and/or indirect economic benefits and are used for more than one year and whose acquisition (production) cost is at least EUR 100, and the risk related to the tangible assets is transferred to the Company.

Long-term tangible assets are recorded in accounting at the cost of acquisition (production), which includes the amount of money paid or payable during the acquisition of this asset, delivery costs, paid non-refundable fees, design, installation, installation and other costs related to the acquisition and preparation for use of that asset. The non-refundable value added tax is not included in the cost price of the acquisition of tangible fixed assets. It is recognized as an operating expense in the period in which the asset was acquired.

The costs of reconstruction and repair work of long-term tangible assets are recognized as expenses in the reporting period when they are incurred.

Long-term tangible assets presented in financial statements are valued at the actual acquisition (production) cost of that asset less accumulated depreciation and impairment..

The company uses a directly proportional (linear) method of calculating the depreciation of long-term tangible assets. Different depreciation rates are approved for individual groups of tangible fixed assets:

Asset groups	Average service life (years)
Machines and equipment	4 - 6
Vehicles	6 -10
Other equipment, tools and devices	3 - 6
Other material assets	4

Depreciation of fixed tangible assets begins to be calculated from the first day of the next month following the month in which this asset was put into use. Depreciation of the asset is no longer calculated from the first day of the following month after its write-off, transfer or other transfer. The depreciable value of the asset is calculated from the acquisition (production) cost of the asset after deducting the liquidation value, which is equal to EUR 1 for all long-term tangible assets.

A financial lease (leasing) is recognized as a lease when, according to the terms of the lease, all risks and benefits related to property ownership are essentially transferred to the Company. Accounting for leased assets does not differ from accounting for own assets. Interest and other borrowing costs are recognized as financial costs in the period when they were incurred.

Profit or loss arising from the transfer of fixed tangible assets is calculated by comparing the received income with the book value of that asset. The result of the transaction is recognized in the income or expense item of other activities in the income statement.

At the end of each reporting year, the Company performs an inventory of fixed tangible assets. The residual value of each individual

asset is reviewed for impairment. If impairment is observed, the recoverable amount of that asset is calculated. Salvage value is calculated as the higher of the net realizable value or the asset's value in use. An impairment loss is recorded when the carrying amount of the asset unit exceeds the recoverable amount. Losses incurred due to asset depreciation are recorded in the profit and loss statement.

#### 4. Financial property

Financial assets include cash and cash equivalents, receivables, loans and available-for-sale investments.

Financial assets are recorded in accounting when the Company receives or acquires the right to receive money or other financial assets based on an executed contract. Receivables are valued at acquisition cost, less any impairment loss. Cash and cash equivalents are valued at acquisition cost. Loans granted are initially recorded at acquisition cost and are subsequently recorded at amortized cost.

Available-for-sale investments are investments that the Company has acquired with the purpose of selling or with the aim of profiting from short-term fluctuations in the price of investments. Investments intended for sale are valued at acquisition cost at the time of acquisition, and

at fair value each time the financial statements are prepared.

If it is probable that the Company will not be able to recover the receivables, an impairment loss is recognized, which is calculated as the difference between the value of the asset and the present value of future cash flows discounted at the effective interest rate.

#### 5. Receivables

Receivables are valued at acquisition cost at the time of recognition. Subsequently, short-term receivables are accounted for after assessing their impairment. A debt whose payment term has expired more than four months ago, while the procedure for its collection is underway, is considered doubtful. Doubtful debts are recognized as operating expenses for the reporting period. After recovery of previously recognized doubtful debts, the costs of doubtful debts for the reporting period are reduced.

A transfer transaction of receivables (debts) (factoring without right of recourse) is considered a sale of debts and they are written off immediately. If the debt transfer transaction does not involve transfer risk and the debt buyer can refuse the transaction, it is registered as collateralized borrowing.

## 6. Money and money equivalents

Money consists of money in bank accounts. Cash equivalents are liquid investments that are easily converted into a known amount of money. The term of such investments usually does not exceed three months, and the risk of changes in value is very small.

## 7. Costs for future periods

Expenses for future periods are generated when the Company has paid during the reporting and previous reporting periods for ongoing services to be provided in future periods, for which the amounts paid will be recognized equally as expenses in future reporting periods when they are incurred.

## 8. Equity and reserves

The company's own capital consists of the paid-up part of the authorized capital, share bonuses, mandatory reserve, revaluation reserve and retained earnings (losses).

Ordinary registered shares are recorded at their nominal value. The amount received for shares sold in excess of their par value is accounted for as stock premiums. Costs associated with the new share issue reduce share premiums. Gains or losses from the sale, issuance or cancellation of own shares are not recognized in the income statement. According to the Law on Joint Stock Companies of the Republic of Lithuania, the mandatory reserve must be 1/10 of the value of the authorized capital. Until the set size of the mandatory reserve is reached, the Company's deductions to it must amount to at least 1/20 of the net profit. The part of the mandatory reserve exceeding the determined amount can be redistributed during the distribution of the Company's profit. The mandatory reserve used to cover the Company's losses must be established anew.

The item of retained earnings (losses) shows the profits earned during the reporting and previous periods, but not yet distributed, or losses not covered.

Profit distribution is recorded in the Company's accounting when the owners make a decision to distribute the profit, that is, on the day of the shareholders' meeting, regardless of when it was earned.

## 9. Financial obligations

Financial liabilities are recorded in accounting when the Company undertakes to pay money or settle with other financial assets. Amounts payable for goods and services are measured at acquisition cost, ie the value of the assets or services received. Loans are initially recorded at acquisition cost and are subsequently recorded at amortized cost. Accumulated interest is recorded in the item of other payables.

Financial liabilities include amounts payable for goods and services received, loans and financial leasing obligations and bonds.

Short-term liabilities are liabilities that must be fulfilled within one year from the date of the balance sheet.

### (-) Provision accounting policy

Provisions are formed in the Company for obligations under refundable suretyship agreements. Indemnified suretyships are contracts under which the guarantor is obligated to cover a specific loss suffered by the surety that results from the overdue and unpaid obligations specified in the debt instrument's default schedule. Such financial guarantees are provided to lenders.

On the day of the granting of remunerative suretyship, the amount of expected losses due to a certain debtor's unfulfilled debt instrument

specified in the description of the conditions of the debt instrument is taken into account. The assessment of expected losses was made on the basis of accumulated historical information of similar transactions, the amount of incurred losses, as well as taking into account the management's assessments.

### (-) Doubtful Debt Recognition Policy

Doubtful debts are defined as the portion of investments for which consumer credit agreements with borrowers are more than 90 days overdue. The value of such investments is determined at the lower of the price paid at the time of purchase of the loan; or the value of the investment allocated to the borrower's last payment on the overdue obligation and the maturity of the last payment made. Differences between the estimated value of the investment and the price paid at the time of purchase, or the value of the investment, are classified as doubtful debts.

## 10. Sales revenue

Interest income and expenses of all interest-bearing instruments are recorded on an accrual basis.

Brokerage fee income and other income are recorded in the accounting at the moment when the relevant transaction is performed, that is, on a cash basis.

Income from other activities includes profit from the transfer of used fixed assets, as well as other income that is not related to the typical activity of the Company, but received from third parties, except income from financial activities and catch.

Income from financial activities is a positive result of the influence of exchange rate changes, interest received, fines and interest paid by customers, dividends received, recovery of investment impairment.



## 11. Costs

Expenses are recognized in accounting in accordance with the principles of accrual and comparison in the accounting period when the income related to them is earned, regardless of the time of disbursement. Expenses that are not related to the generation of income in the reporting period, but are intended to generate income in future periods, are recorded in accounting and presented as assets in financial statements.

The cost of sales is the expenses incurred by the Company during the reporting period for the services provided during the reporting period. Only that part of the expenses related to the services sold during the reporting period is included in this article.

General and administrative expenses show the expenses incurred during the reporting period, related to the typical activities of the Company and creating conditions for earning the income of the reporting period, but independent of the amount of production, goods and services sold. These costs are recognised, recorded in the accounts and presented in the financial statements in the same reporting period in which they are incurred.

Other activity expenses include the loss on the sale of used fixed assets, as well as other expenses that are not related to the Company's typical activities, but incurred to earn income from other activities.

Financial operating costs are the negative result of the influence of the exchange rate change, paid fines and late interest, interest and commitment fees related to financial debts, decrease in the value of investments.

## 12. Corporate tax and deferred corporate tax

The calculation of profit tax is based on the requirements of the Law on Profit Tax of the Republic of Lithuania. The corporate tax rate is 15%.

Deferred income tax is accounted for using the liability method and is created from temporary differences between the carrying amount of an asset or liability on the balance sheet and the tax base of that asset or liability in the Company's financial statements. Deferred income tax is calculated based on tax rates (and laws) enacted or substantially in effect at the balance sheet date and expected to be in effect when the deferred income tax asset is realized or the deferred income tax liability is settled.

## 13. Foreign currencies

All currency items in the balance sheet are valued in euros using the exchange rate of the balance sheet date. Assets purchased in foreign currency accounted for at acquisition value are valued in euros on the balance sheet, applying the exchange rate valid at the time of acquisition. Transactions in foreign currency are valued in euros according to the exchange rate on the day of the transaction. The differences that arise after the payment of the amounts registered in the currency items at another exchange rate are recognized in the profit or loss of the reporting period.

## 14. Accounting Estimates when preparing financial statements

When preparing financial statements, management needs to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties.

Future events may change the assumptions used in the valuations. The result of such changes in estimates will be accounted for in the financial statements as and when

they occur.

## 15. Error correction and reclassifications

The company considers an error that amounts to more than 5% of the net profit of the reporting period to be a material error.

If the information presented in the reporting year is classified differently, the comparative year is also reclassified in order to compare the figures.

## 16. Contingent liabilities and assets

Contingent liabilities are future liabilities that may arise from past events and that may be confirmed or denied by uncertain future events beyond the Company's control or current liabilities arising from past events. They are not reflected in the balance sheet because the amount of such obligations cannot be reliably determined and/or it is not probable that they will need to be fulfilled. Information about them is provided in the explanatory note.

Contingent assets are assets that, due to events beyond the Company's control, may belong to the Company in the future and provide it with economic benefits. Information about the expected assets is provided in the explanatory note.

## 17. Post-reporting events

Post-reporting events are economic events that occur during the period from the balance sheet date to the date when the financial statements are prepared, signed by the head of the Company and submitted for approval.

Post-reporting events that provide additional information about the Company's position on the balance sheet date (adjusting events) are reflected in the financial statements. Post-reporting events that are not adjusting events are described in the notes, if material.

# Notes

## 1. Fixed intangible assets

Indicators	Other intangible assets	Total
<b>Acquisition value</b>		
<b>in 2021 December 31</b>	<b>1 562 989</b>	<b>1 562 989</b>
Purchased	551 952	551 952
written off (-)	-	-
Reclassifications	-	-
<b>in 2022 December 31</b>	<b>2 114 941</b>	<b>2 114 941</b>
Purchased	551 361	551 361
written off (-)	(702 255)	(702 255)
Reclassifications	-	-
<b>in 2023 December 31</b>	<b>1 964 047</b>	<b>1 964 047</b>
<b>Accumulated amortization</b>		
<b>in 2021 December 31</b>	<b>837 367</b>	<b>837 367</b>
Credited for the period	321 320	321 320
written off (-)	-	-
Reclassifications	-	-
<b>in 2022 December 31</b>	<b>1 158 687</b>	<b>1 158 687</b>
Credited for the period	433 347	433 347
written off (-)	(702 255)	(702 255)
Reclassifications	-	-
<b>in 2023 December 31</b>	<b>889 779</b>	<b>889 779</b>
<b>Book value</b>		
<b>in 2021 December 31</b>	<b>725 622</b>	<b>725 622</b>
<b>in 2022 December 31</b>	<b>956 254</b>	<b>956 254</b>
<b>in 2023 December 31</b>	<b>1 074 268</b>	<b>1 074 268</b>

No signs of impairment of long-term intangible assets have been identified. According to the data of the last day of the reporting year, the company used fully amortized intangible assets in its activities, the acquisition value of which was EUR 28 453 (in 2022 – EUR 566 867).

## 2. Fixed assets

Indicators	Other equipment, tools and devices	Altogether
<b>Acquisition value</b>		
<b>in 2021 December 31</b>	<b>88 346</b>	<b>88 346</b>
Purchased	11 181	11 181
written off (-)	(2 619)	(2 619)
Reclassifications	-	-
<b>in 2022 December 31</b>	<b>96 908</b>	<b>96 908</b>
Purchased	8 971	8 971
written off (-)	(53 317)	(53 317)
Reclassifications	-	-
<b>in 2023 December 31</b>	<b>52 562</b>	<b>52 567</b>
<b>Accumulated depreciation</b>		
<b>in 2021 December 31</b>	<b>53 431</b>	<b>53 431</b>
Credited for the period	15 612	15 612
written off (-)	(2 508)	(2 508)
Reclassifications	-	-
<b>in 2022 December 31</b>	<b>66 535</b>	<b>66 535</b>
Credited for the period	13 747	13 747
written off (-)	(53 027)	(53 027)
Reclassifications	-	-
<b>in 2023 December 31</b>	<b>27 255</b>	<b>27 255</b>
<b>Book value</b>		
<b>in 2021 December 31</b>	<b>34 915</b>	<b>34 915</b>
<b>in 2022 December 31</b>	<b>30 373</b>	<b>30 373</b>
<b>in 2023 December 31</b>	<b>25 307</b>	<b>25 307</b>

No signs of impairment of long-term tangible assets have been identified. According to the data of the last day of the reporting year, the company used in its activities fully depreciated long-term tangible assets, the acquisition value of which was EUR 2 381 (in 2022 – EUR 34 173).

### 3. Financial property

Indicators	The reference period	Past reporting period
<b>Shares of companies of the group of companies</b>	<b>911 638</b>	<b>779 138</b>
UAB "Finomark" shares (95.17 percent)	863 638	743 638
Neo Finance BV Shares (100%)	145 000	132 500
Depreciation (-)	(97 000)	(97 000)
<b>Other financial assets</b>	<b>2 895 216</b>	<b>945 464</b>
Borrowers of investment activity	3 040 705	997 528
Depreciation (-)	(145 489)	(52 064)
Total:	3 806 854	1 724 602

The company has pledged the investment portfolio in the amount of EUR 3 831 500 (see note 12).

### 4. Other fixed assets

Indicators	The reference period	Past reporting period
Deferred tax assets	254 467	284 917
<b>Total:</b>	<b>254 467</b>	<b>284 917</b>

### 5. Stock

Indicators	The reference period	Past reporting period
Fixed assets held for sale	1 818	-
Advances paid	28 703	28 666
<b>Total:</b>	<b>30 521</b>	<b>28 666</b>

## 6. Amounts receivable within one year

Indicators	The reference period	Past reporting period
Buyers' debts	187 681	156 895
Borrowers of investment activity	1 610 579	536 967
Doubtful debts (-)	(45 846)	(27 779)
<b>Total:</b>	<b>1 752 414</b>	<b>666 083</b>

## 7. Short-term investments

Indicators	The reference period	Past reporting period
Germany, Bubill 0% 2024-08-21 bonds	5 035 727	-
<b>Total:</b>	<b>5 035 727</b>	<b>-</b>

From 2023 September the Company uses a new way of protecting clients' funds, by investing a part of clients' funds in safe, liquid and extremely low-risk assets - securities of EU governments.

## 8. Money and money equivalents

Indicators	The reference period	Past reporting period
<b>Customer money</b>	<b>14 132 593</b>	<b>13 097 269</b>
Money in commercial bank accounts	255 053	6 347
Money in the Bank of Lithuania	13 877 540	12 997 841
Money on the go	-	93 081
<b>Company money</b>	<b>1 286 696</b>	<b>351 632</b>
Money in commercial bank accounts	1 286 086	351 632
Money in the Bank of Lithuania	610	-
<b>Total:</b>	<b>15 419 289</b>	<b>13 448 901</b>

## 9. The structure of the authorized capital

Indicators	Number of shares	Sum
<b>Share capital structure at the end of the financial year</b>		
1. By types of shares	-	-
1.1. Common shares	4 202 122	1 848 934
1.2. Preferred shares	-	-
1.3. Employee shares	-	-
1.4. Special promotions	-	-
1.5. Other promotions	-	-
<b>Total:</b>	<b>4 202 122</b>	<b>1 848 934</b>
2. State or municipal capital	-	-
3. Own shares held by the company itself	-	-
4. Shares held by subsidiaries	-	-

All shares in 2023 December 31 were paid.

## 10. Profit sharing project

Indicators	Date	Sum
<b>Retained earnings - profit (loss)</b>	<b>2022.12.31</b>	<b>(1 282 115)</b>
Net result for the financial year - profit (loss)		260 858
<b>Distributable result - profit (loss)</b>	<b>2023.12.31</b>	<b>(1 021 257)</b>
Shareholders' contributions to cover losses	-	-
Transfers from reserves	-	-
<b>Distributable profit</b>		<b>(1 021 257)</b>
Distribution of profits	-	-
- to the legal reserves	-	-
- to other reserves	-	-
- dividends	-	-
- others	-	-
<b>Retained earnings - profit (loss)</b>		<b>(1 021 257)</b>

## 11. Provisions

The company forms provisions for remunerated suretyship ("Guarantee Fund" service) to cover obligations under remunerated suretyship contracts. At the end of the financial year, 32,783 EUR of reserves were formed. At the end of the last financial year, 86,012 EUR of reserves were formed.

## 12. Financial debts

Indicators	The reference period	Past reporting period
<b>Long-term debts (from 2 to 5 years)</b>	<b>4 109 698</b>	<b>891 294</b>
Loans received from related companies	430 000	615 000
Loans received from unrelated persons	690 000	-
Bonds	2 980 000	250 000
Tax obligations	9 698	26 294
<b>Short-term debts</b>	<b>857 517</b>	<b>250 365</b>
Loans received from related companies	545 000	249 957
Bonds	250 000	-
Interest on loans received from related companies	62 517	408
<b>Total:</b>	<b>4 967 215</b>	<b>1 141 659</b>

The assets of the company are pledged for the received loans.

Type of mortgaged property	The value of the pledged property	Liabilities secured by pledged assets
Investment portfolio	3 831 500	3 045 000
A brokerage fee is payable	2 112 500	1 690 000

## 13. Amounts payable within one year

Indicators	The reference period	Past reporting period
Amounts received in advance	25 384	5 760
Trade payables	162 721	179 786
Payroll obligations	60 931	56 947
Vacation savings	63 356	57 777
Social insurance obligations	41 830	36 383
GPM's obligations	19 472	17 933
Corporate tax obligations	425	-
Clients' money is kept in NEO Finance accounts	18 867 850	13 009 354
Other obligations to clients	347 964	-
Other tax obligations	10 348	10 583
<b>Other amounts due</b>	<b>1 117</b>	<b>1 379</b>
<b>Total:</b>	<b>19 601 398</b>	<b>13 375 902</b>

## 14. Income

Indicators	The reference period	Past reporting period
<b>Sales revenue</b>	<b>4 625 193</b>	<b>3 530 460</b>
Income from payment activities	1 314 935	1 032 988
Operating income of the consumer credit provider	312 533	145 358
Income from P2P lending activities	2 997 726	2 352 114

Mediation income of the financing transaction is not paid at the time of conclusion of the agreement, but the income is distributed proportionally throughout the loan period and is collected by returning the monthly installment to the borrower. December 31, 2023 not yet received brokerage income, accrued until December 31, 2023. of loans issued, the balance was EUR 11,373,021 . December 31, 2022 brokerage income not yet received, accrued until December 31, 2022. of loans issued, the balance was EUR 8,317,930.

## 15. Costs

Indicators	The reference period	Past reporting period
<b>Cost of sales</b>	<b>2 340 173</b>	<b>1 650 676</b>
Marketing expenses	838 482	775 533
Debt collection costs	418 833	346 598
Wages and social insurance	299 459	196 775
IT costs	169 843	122 788
Other costs	613 556	208 982
<b>General and administrative costs</b>	<b>2 098 343</b>	<b>1 740 971</b>
Wages and social insurance	974 001	851 293
Provision fund accumulation costs	(53 228)	(108 703)
Audit costs	9 196	7 018
Depreciation	414 157	303 995
Other costs	754 217	687 368

## 16. Financing and investing activities

Indicators	The reference period	Past reporting period
<b>Income</b>	<b>40 499</b>	<b>20 059</b>
Positive impact of change in exchange rates	-	-
Other income	40 499	20 059
<b>Costs</b>	<b>1 754</b>	<b>692</b>
Negative impact of change in exchange rates	224	291
Other costs	1 530	401



## 17. Income tax expenses

Indicators	The reference period	Past reporting period
Profit before tax	304 381	158 608
Corporate tax rate	15%	15%
The amount of increase in profit before tax	201 737	277 417
Amount of reduction in pre-tax profit	208 004	178 607
Deductions for support	7 600	48 000
Deducted amount of operating losses (with assumed losses)	203 361	146 592
Amount of reduction in taxable profit due to investment	-	-
The profit tax payable to the budget is declared	13 073	9 424
Change in taxable temporary differences between tax and financial reporting	(203 000)	(301 927)
Deferred income tax expense (income)	30 450	45 289
Amount of adjustment of previous year's income tax returns	-	-
Income tax expense (income)	43 523	54 713
Effective rate of corporate tax	14%	34%

## 18. Relations with managers and other related persons

In 2023, EUR 77,661 was paid to the heads of administration (EUR 98,991 in 2022). The head of administration did not receive any other income, loans, guarantees, payments.

## 19. Related persons

Related parties	Payable amounts		Receivables	
	The reference period	Past reporting period	The reference period	Past reporting period
Shareholders with a significant number of votes	-	-	-	-
Parent company	835	65 144	-	632
Subsidiaries	125 000	125 000	36 886	30 269
Other related persons	1 271 969	572 895	1 643	1 218
<b>Altogether</b>	<b>1 397 804</b>	<b>763 039</b>	<b>38 529</b>	<b>32 119</b>

Related parties	Income received		Purchases	
	The reference period	Past reporting period	The reference period	Past reporting period
Shareholders with a significant number of votes	-	-	-	-
Parent company	1 550	4 538	6 966	27 482
Subsidiaries	7 934	28 639	5 132	17 100
Other related persons	9 720	27 837	204 430	92 150
<b>Altogether</b>	<b>19 204</b>	<b>61 014</b>	<b>216 528</b>	<b>136 732</b>

## 20. Change in accounting policy

There were no changes to the accounting policy in the company in 2023.

## 21. Rights and obligations of the company, not specified in the balance sheet

The company's obligations under indemnified surety agreements on December 31, 2023. amounted to EUR 558,060 . December 31, 2022 this amount was EUR 1,156,348. The company signs remunerative suretyship agreements with lenders who choose the "Assurance Fund" service when investing. On the basis of these agreements, the Company guarantees the lender for the proper performance of obligations arising from consumer credit agreements.

## 22. Contingent liabilities

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

## 23. Post-reporting events

In 2024 January 9 NEO Finance, AB purchased 3,000,000 units. FinoMark, UAB newly issued shares. After the acquisition of shares, NEO Finance, AB's share of shares in FinoMark, UAB increased to 95.32 percent.

## 24. Off-balance sheet liabilities

Until December 31, 2023 The company, acting as a peer-to-peer lending platform operator and consumer credit provider, disbursed consumer credit funds in the total amount of EUR 172,026,916. The remaining outstanding part of the credit on December 31, 2023. amounted to EUR 70,732,961.

Until December 31, 2022 the payer's consumer credit funds totaled EUR 128,075,946. The remaining outstanding part of the credit on 31 December 2022. amounted to EUR 54,436,252.

