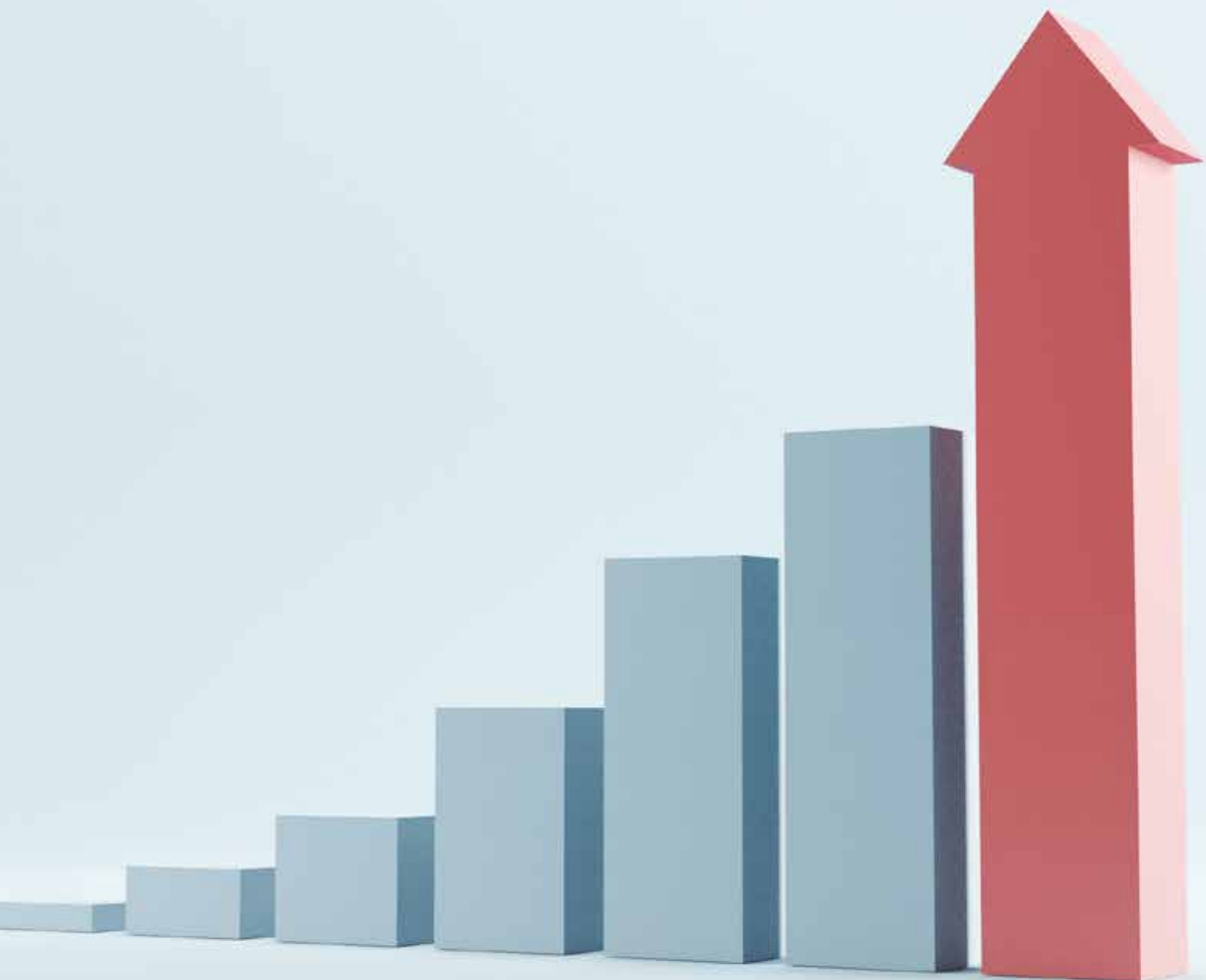




NEO
Finance



NEO FINANCE, AB

Corporate report 2021 H1

Vilnius | 2021-07-30



Company Structure

NEO Finance, AB is currently conducting its activities under 3 different brands: Paskolų klubas, Neopay and FinoMark.

NEO Finance, AB was established in 2014, and in 2016 the company was the first of the platforms included by the Bank of Lithuania in the list of P2P lending platforms. The brand Paskolų klubas administered by NEO Finance, AB provides P2P lending services in Lithuania, while citizens of the European Union, the Free Trade Association and the European Economic Area, for whom the services are provided under the platform brand NEO Finance, may also invest in loans.

In 2015, a limited e-money institution license has been issued for the company and in 2017 – an unlimited e-money institution license which allows operations in the European Union has been issued by the Bank of Lithuania. In 2018, NEO Finance, AB became the first Lithuanian capital company to start providing a payment initiation service.

In 2020, NEO Finance, AB acquired the crowdfunding platform FinoMark, UAB, which started operations in February 2021, when the Bank of Lithuania included it in the list of crowdfunding platform operators.

Current Structure of NEO Finance Companies' Activities:





P2P lending platform

Services:

Investing for natural people and legal entities:

- High return for investors 8-16%.
- No upfront commissions fees.
- Fast, convenient and online service.

Consumer loans for natural people:

- Loan's interest from 5%.
- No upfront fees.
- Fast, convenient and online service.



Open banking

Services:

Payment initiation service.

Account information service.

Other payment services:

- Fast contract signing process and easy integration.
- Collection of payments from the banks.
- Application for customers business needs.
- Instant payments.
- Best price.



Crowdfunding platform

Services:

Investing for natural people.

And legal entities:

- Investments of more than 500 EUR per loan are possible.
- Average interest 9%.
- Personal consulting.

Loans for legal entities:

- SME loans up to 500 K EUR.
- Loans for more 12 months operating companies.
- Evaluation of applications within 24 hours.

NEO Finance, AB

Confirmation of company's responsible persons

30 July 2021

Vilnius

Hereby we confirm, that by our knowledge financial statements for the first 6 months of 2021 prepared in accordance with accounting standards are true and fairly present assets, liabilities, financial position, profit or loss. As well we confirm that by our knowledge interim report for the first 6 months of 2021 includes a fair view of the development and performance of the business

NEO Finance, AB Head of the administration

Aleksėjus Loskutovas

NEO Finance, AB Financial Analyst

Aivaras Bielskis



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Aleksėjus Loskutovas, Head of Administration

In the first half of 2021, NEO Finance continued to improve its operating results. The company's revenue increased from EUR 1,163 K to EUR 1,583 K, net profit – from a loss of EUR 146 K to a profit of EUR 189 K. The group's revenue increased from EUR 1 164 K to EUR 1 595 K, net profit decreased from EUR – 175 K to EUR -10 K. As the group expanded, expenses increased from EUR 1 339 K in the first half of 2020 to EUR 1 606 K in the first half of 2021.

Activities of Paskolų klubas

In the first half of 2021, loans for EUR 12,8 M were issued through Paskolų klubas platform, 43% more than in the first half of 2020. NEO Finance's investments in loans in the first half of 2021, compared to the first half of 2020, decreased from EUR 724,5 K to EUR 569,3 K. The average interest rate on the Paskolų klubas platform decreased from 17,21% to 16,05% during the year.

During the first half of 2021, we offered our customers the following innovations:

- In April, for the first time, new users of the Paskolų klubas were offered to borrow without interest, taking a loan of EUR 500 for a period of 6 months. This innovation has significantly increased the number of contacts of new borrowers.
- In April, the reduced-risk product “A+ rating with 100% repurchase guarantee” presented to the investors of Paskolų klubas received a particularly high level of interest from foreign investors.
- Interest rates on A+ and A-rated long-term loans were lowered in May, allowing them to compete successfully with other market participants for lower-risk customers and higher amounts of loans.

Looking further, the speed of loan financing has improved – in the first half of 2021, compared to the first half of 2020, loans are being financed 3,5 times faster. We plan to further improve the financing speed of loans.

Activities of Neopay

During the first half of 2021, 7.2 M transactions were successfully initiated with the Neopay brand payment initiation service, i.e. almost 3 times more than in the first half of 2020. Meanwhile, Neopay’s revenue from payment activities in the first half of 2021 reached EUR 408,8 K, which is 168% more than in the first half of 2020.

In the first half of 2021, preparations for the provision of payment initiation services in Norway and Finland were prepared, and 14 new financial institutions from Poland, Finland, Sweden and Norway were integrated. The total number of financial institutions integrated has surpassed 120, which puts us in a position of offering our clients convenient collection of payments with single integration from the ever-growing list of EU countries.

Paulius Tarbūnas, who has many years of experience in banking and finance, joined the NEO Finance team in May and will further develop the Neopay brand.

Activities of FinoMark

FinoMark was launched in February 2021. First of all, investors with NEO Finance VIP status who have invested more than EUR 15 K had the opportunity to get acquainted with and invest in the projects announced on the platform. In June 2021, the crowdfunding platform was publicly announced and made available to all investors. During the first half of 2021, 13 loans for EUR 235 K were financed on the FinoMark platform.

The initial plan of the developers of FinoMark, UAB crowdfunding platform to establish itself in the Lithuanian market in 2021 and offer consumers solutions that will create significant added value for both investors and borrowers.



Company Performance **Overview**

- In January 2014, NEO Finance, AB was established in Lithuania.
 - In October 2015, the company was issued a limited electronic money institution license.
 - In April 2016, the company was the first of the platforms to be included in the list of P2P lending platforms administered by the Bank of Lithuania.
 - In January 2017, the company was granted an electronic money institution license, which allows it to provide services throughout the European Union.
 - In 2018, NEO Finance, AB became the first Lithuanian capital company to start providing a payment initiation service.
 - In March 2019, a subsidiary NEO Finance B.V. was established in the Netherlands.
 - In June 2019, the company publicly issued a share issue and became a listed company on the Nasdaq Baltic First North Market.
 - In May 2020, the Company's EMI license was supplemented with the Account Information Service.
 - In June 2020, it acquired 100% of the shares of the company FinoMark.
 - In February 2021, the Paskolų klubas provided an opportunity to invest in loans for individuals to legal entities.
 - After the Bank of Lithuania added FinoMark to the list of operators of crowdfunding platforms in February 2021, the platform started its operations.
 - In February 2021, Aleksėjus Loskutovas took over the position of the Head of Administration of NEO Finance.
 - In May 2021, the SEPA Instant Credit Transfer service was launched for NEO Finance customers.
-

Events of the Company in the First Half of 2021

- In May 2021, Paulius Tarbūnas took over the position of the Head of Open Banking Department of NEO Finance. The department is in charge of the Neopay brand.
 - In May 2021, an updated business continuity plan for NEO Finance was approved and published.
 - In June 2021, Aleksėjus Loskutovas participated in the international CEO meets investors 2021 event organised by Nasdaq Baltic First North Market.
-

Events of Paskolų klubas in the First Half of 2021:

- In January 2021, the platform introduced a product of increased profitability – C-rating loans.
- In February 2021, Paskolų klubas presented an opportunity to invest for legal entities.
- In April 2021, the platform introduced the reduced risk product – A + rating loans with 100% repurchase guarantee in the event of insolvency.
- In May 2021, a record number of issues was reached – more than EUR 2,45 million of loans were financed per month.

Events of Neopay in the First Half of 2021:

- Neopay has introduced a new white label functionality to financial institutions.
- Preparations for the provision of payment initiation services in Norway and Finland were prepared, and 14 new financial institutions from Poland, Finland, Sweden and Norway were integrated. The total number of financial institutions integrated has surpassed 120.
- Neopay's clients were presented with a new option to see conversions by partner banks in the self-service system.
- A functionality that allows clients to make faster payments at Šiaulių Bankas and Medicinos Bankas introduced.
- A possibility to manage their accounts via an API introduced.

Events of FinoMark in the First Half of 2021:

- In June 2021, FinoMark became available to anyone looking to invest in business loans.



Main financial ratios of NEO Finance, AB

Based on non-audited accounting data, income has grown significantly up to EUR 1,58M. Compared to 2020 H1, it increased by 36%.

- Marketing costs decreased 19% from EUR 328K to EUR 270K.
- Debt recovery costs decreased by 19% from EUR 199K to EUR 161K.
- Salary expenses rose by 70% from EUR 218K to EUR 371K.
- Number of registered users grew by 20%, up to almost 120K users.
- EUR 12,83 M of financed loans were granted.
- Pre-tax profit in 2021 H1 was 189 095 EUR, while in 2020 H1 it was loss 145 688 EUR.

	2021 H1	2020 H1	Δ, %
Granted loans, EUR	12830862	8945671	43%
Income, EUR	1583262	1163406	36%
Cost of Sales, EUR	-716488	-821588	-13%
Gross profit (loss), EUR	866774	341818	154%
General and administrative expenses, EUR	-671860	-490978	37%
EBITDA, EUR	312 317	-72406	
Pre-tax profit, EUR	189095	-145688	
EBITDA Margin, %	20%	-6%	
Return on Equity (ROE), %	11%	-15%	



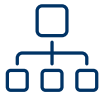
Management accounts

Majority of the revenues from P2P lending activities are distributed throughout the loan period, and these revenues are received only when the borrower actually makes the instalment. For management purposes, future intermediary fee is presented in a year it is generated.

	2021 H1	2020 H1	Δ, %
Granted loans, EUR	12830862	8945671	43%
Intermediary fee income*, EUR	1338729	884532	51%
Intermediary fee / Granted loans ratio, %	10,4%	9,9%	
Other income, EUR	1124345	926007	21%
Cost of sales, EUR	-716488	-821588	-13%
General and administrative expenses, EUR	-671860	-490978	37%
EBITDA, EUR	1074726	497973	116%

In the end of 2021 H1, outstanding intermediary fee amounted to EUR 6,36 M.

In the table, intermediary fee income encompasses all future intermediary fee proceeds generated by the issue result of corresponding period.



Company's management

In compliance with legal requirements and in aspiration to make the governance modern and effective, a three-fold management system has been implemented: the management consists of annual general meeting, board and CEO. Company's Board consists of 4 members: Evaldas Remeikis (chairman), Deividas Tumas, Marius Navickas, Aiva Remeikienė.



Aleksėjus Loskutovas

Head of Administration

Aleksėjus, who has more than 15 years of experience in the financial sector, previously held various managerial positions at a bank, leasing company and credit union. He also gained professional experience in start-up and business consulting. He joined NEO Finance, AB in 2018 to work on the development of the payment initiation service Neopay. After two years of actively leading the development of the service A. Loskutovas approved as the head of administration of NEO Finance, AB in 2021 February 19.

Other managerial positions of Board members and Head of Administration:



Evaldas Remeikis

Chairman of the board

With a wealth of business experience, he is board member at various companies. Among his most interesting and most significant career achievements is his participation in the creation of successful companies that operate in the technology and finance industry, and investments in startup companies.

Main occupation:

ERA Capital, UAB code 300638657, address Ulonų st. 5, Vilnius, Lithuania), CEO

Other positions:

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



Deividas Tumas

Member of the board

An experienced business consultant, Deividas holds an M.B.A. from INSEAD business school (France/Singapore), and has worked in the international management consulting company McKinsey & Company. He is the founder of Strategy Labs management consultancy. Currently, Deividas is investing in and developing a number of businesses and serves as Board member in several companies.

Main occupation:

Value Capital, UAB (code 303170249, address Raugyklos st. 21-19, Vilnius, Lithuania), CEO

Other positions:

- NEO Finance, AB (code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), member of the board
- Robolabs, UAB (code 304222026, address Raugyklos st. 21A-20, LT-01140 Vilnius, Lithuania) member of the board
- Vienas Fabrikas, UAB (code 305766664, address Raugyklos st. 21-19, LT-01140 Vilnius, Lithuania) CEO



Aiva Remeikienė

Member of the board

Aiva has a sound experience in the management of successful financial service companies. The list of her most significant occupational achievements includes managing a company providing financial services which, after six years of its activity, became known, well rated, achieved great results and continues to grow.

Other positions:

- NEO Finance, AB (code 303225546, address A. Vivulskio st. 7, Vilnius, Lithuania), member of the board
- UCS Baltic, UAB (code 110825653, address Ulonų st. 5, Vilnius, Lithuania), member of the board



Marius Navickas

Member of the board

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.

Other positions:

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



Capital of NEO Finance, AB

- Until 2021 H1, EUR 4,7 M has been invested in the company via capital increase and share premiums.
- During 2020 H1 no addition capital increases were done.
- In the end of 2020 H1, company's authorized capital was EUR 1,71 M.

As an e-money institution, since 2017, NEO Finance, AB, must comply with the requirement of minimum private capital of EUR 350 K and, if the capital decreases below that, shareholders shall make certain decisions so that it is brought back to EUR 350 K. Based on this ruling, sufficiency of the capital of e-money institution is calculated by subtracting intangible assets and deferred tax asset from the equity capital. At 2021 H1 end, equity capital in company's balance sheet was equal to EUR 1,68 M. According to the requirements approved by the Bank of Lithuania the supervisory capital was equal to EUR 419 K - more than the minimum requirement.

Income and costs

Based on different activities of the company, 3 categories of income are in place:

- P2P lending related income.
- E-money issuance and management related income.
- Investment activity income.

The fact worth mentioning is that the majority of NEO Finance's P2P lending related income is distributed throughout the loan period, and these revenues are received only when the borrower actually makes the monthly installment. The company has chosen such income collection method due to requirements of Law on Consumer Credit, as well as aspiration to be as much motivated to mediate and return the necessary interest to investors as possible. As the company collects its intermediary fee the way described above, company's income is moved towards future periods, therefore, the method of counting company's income is very different from that of competitors, and is not comparable. In June 2018, changes in Law on Consumer Credit allowing P2P platform operators to charge borrowers with 50% of the platform fee right away, have come into force. Despite that, NEO Finance will keep on collecting only the intermediary fee from actual monthly installments, which will ensure staying the most attractive P2P platform for borrowers, as well as keeping investors' trust.

	2021 H1	2020 H1	Δ, %
Income, EUR	1 583 262	1 163 406	36%
P2P lending related income, EUR	1 045 309	789 172	32%
E-money issuance and management related income, EUR	408 838	152 664	168%
Investment activity income, EUR	129 116	221 570	-42%

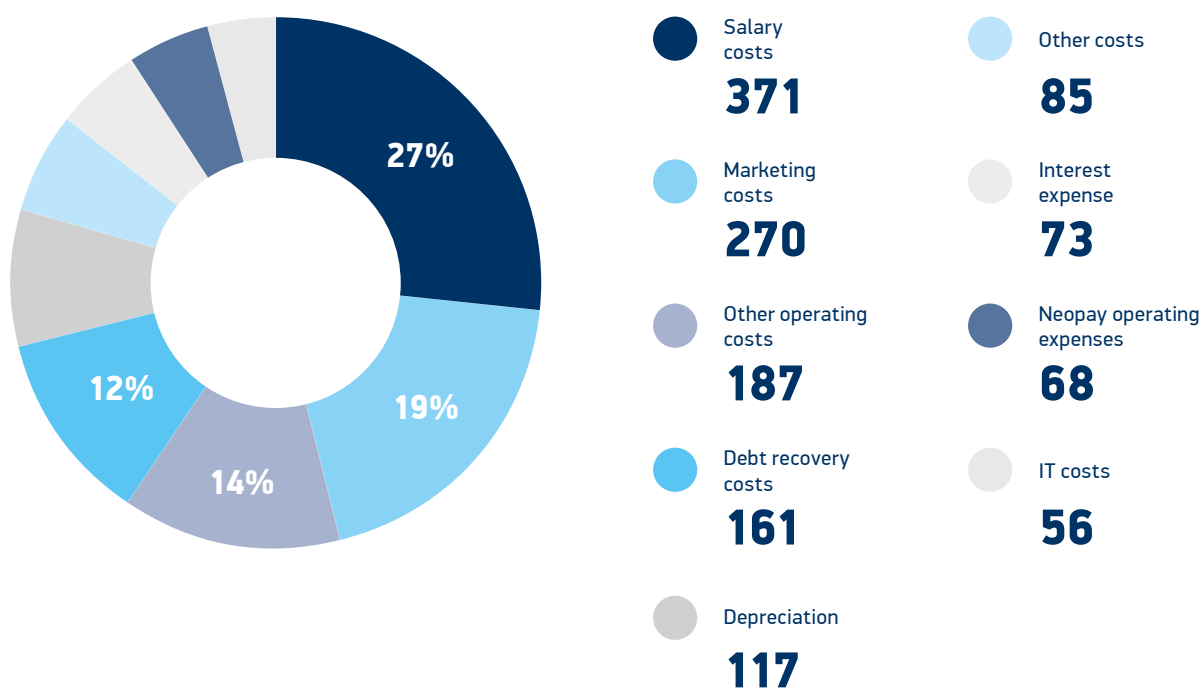
Income and costs

In 2021 H1, total costs of the company, including sales and marketing expenses, summed up to EUR 1,39 M.

The company is further developing its IT platform, based on customer needs, everchanging regulations, and P2P lending trends. During 2021 H1, EUR 56 K have been allocated to research of new functions, programming, deployment and testing. Every quarter, according to the costs incurred while creating the new version of the platform, the company creates the intangible assets card, and the costs incurred are moved to intangible assets, which is depreciated during 4 years. In 2021 H1, this sum amounted to EUR 117 K.

In 2021 H1, the company had 35 employees on average. The company pays competitive salaries with an effective motivation system. During 2021 H1, EUR 371 K was allocated for salaries.

2021 H1 costs, K EUR



Other costs include expenses for databases, messages for borrowers and investors, provision costs.

Other operating costs include all other expenses related to the company and personnel. This includes: rent, utilities, transportation, mobile and fixed data, internal and external audit, stationery, parcel delivery, depreciation and Provision fund provisions.

Neopay operating expenses include costs related to Neopay sales and administrative expenses.



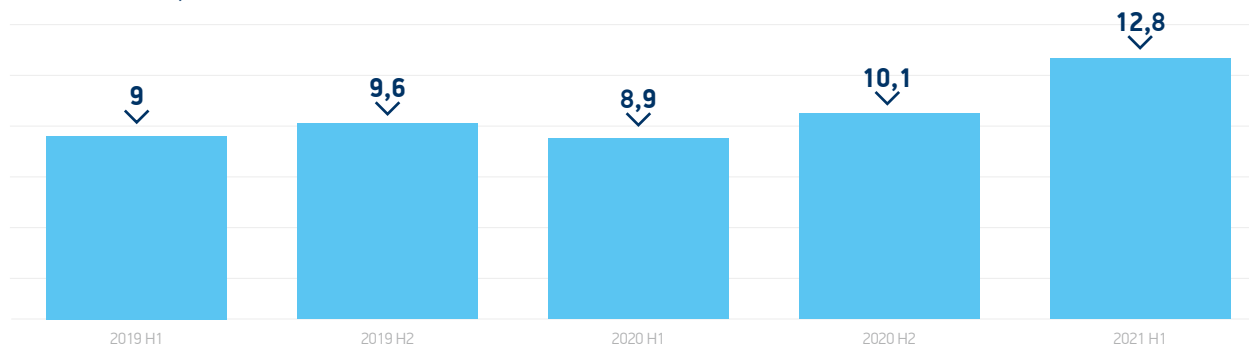
Paskolų klubas

Paskolų klubas is the largest P2P lending platform in Lithuania administered by NEO Finance. The platform unites customers who want to borrow with those who can lend and want to invest in consumer credits and thus earn a return on investment.

During 2021 H1, due to increasing affiliate network and established brand awareness, the number of registered users has grown by 19%. The growth of borrowers was 19%, while that of investors was equal to 20%. The overall growth of users during 2021 H1 equaled to 19.571. At the same time the number of active users grew by 15%. Active investors grew by 18%, active borrowers grew by 11%.

During 2021 H1, the company has mediated in issuing EUR 12,83 M worth of consumer credits. In comparison, in 2020 H1, the investors financed EUR 8,95 M worth of loans.

Granted loans, M EUR



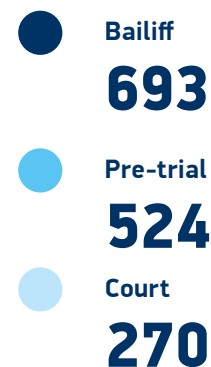
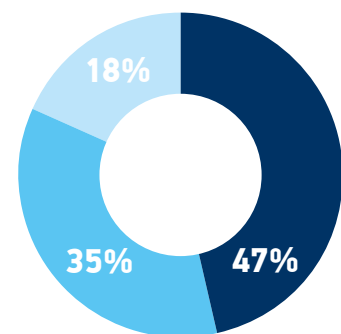
Debt recovery

When the borrower is late to pay at least 1 payment, they are notified via e-mail and SMS messages. After 32 overdue days, the debt is registered in UAB Creditinfo Lietuva database, and on the 41st day, recovery is transferred to debt recovery agency.

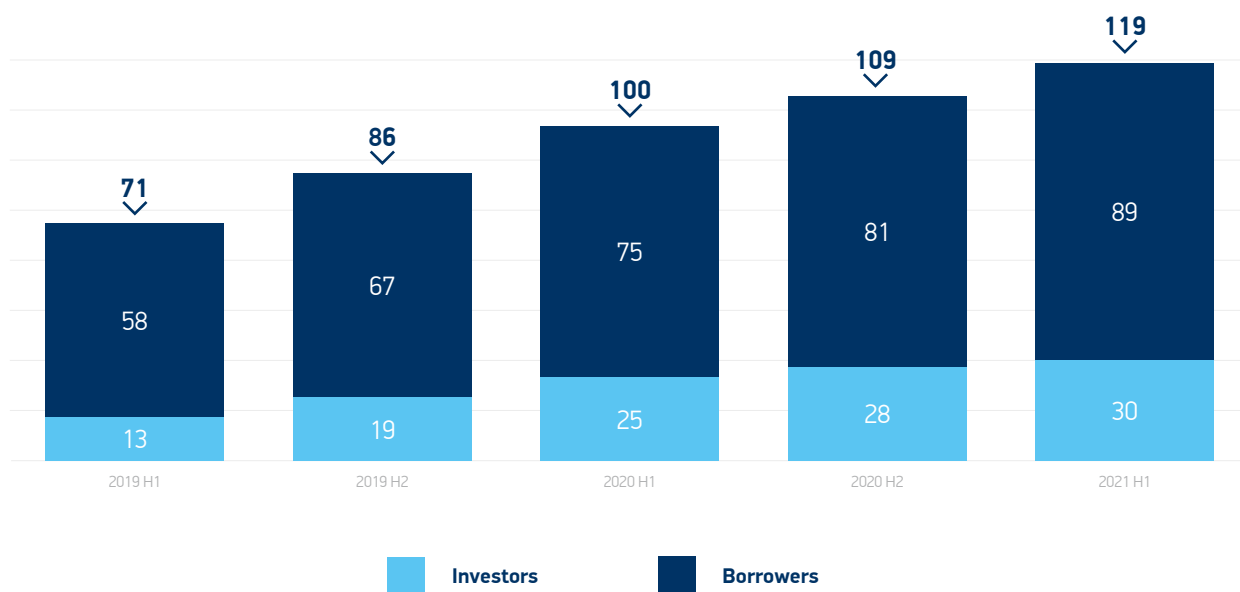
During 2021 H1, recovered amount summed up to EUR 1 487 K. 35% of the debts have been recovered via pre-trial method. Bailiffs have recovered 47%, and trial – 18% of the debts.

Debt recovery is performed by UAB Legal Balance. We are satisfied with cooperation results, and hope that further on, we will considerably exceed the Lithuanian rates of recovering delinquent consumer credits. The company therefore offers buy-back service, where the investor has an option to receive 50- 80% of face value of the investment without waiting for the recovery process. During 2021 H1, amount paid to investors for claim rights was equal to EUR 55 K. During the same period last year, the company paid EUR 122 K to investors for claim rights.

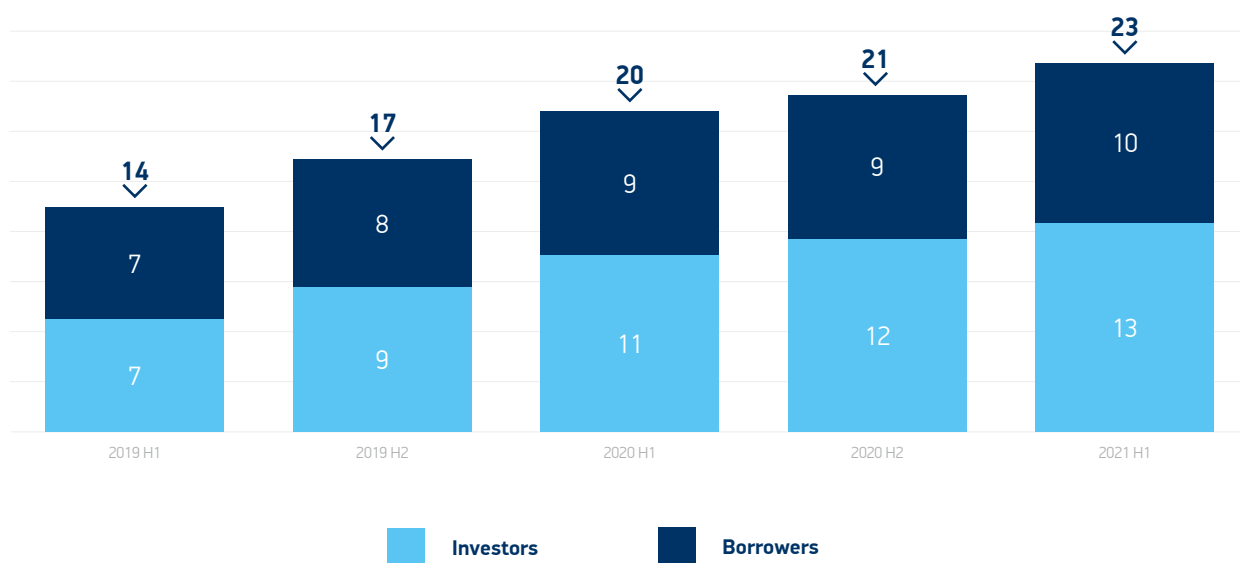
Debt recovery, K EUR



Registered users, K



Active users, K



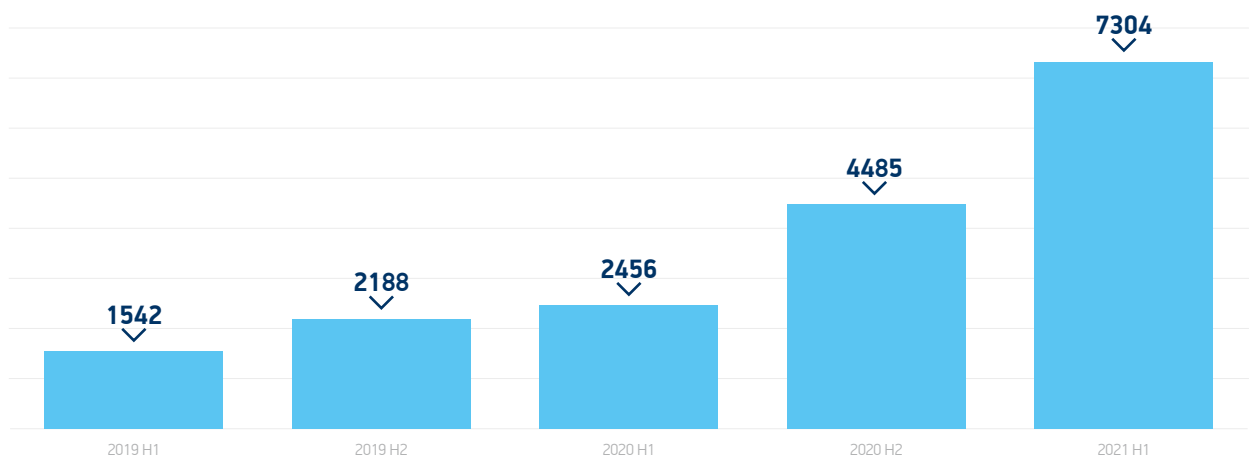


Neopay

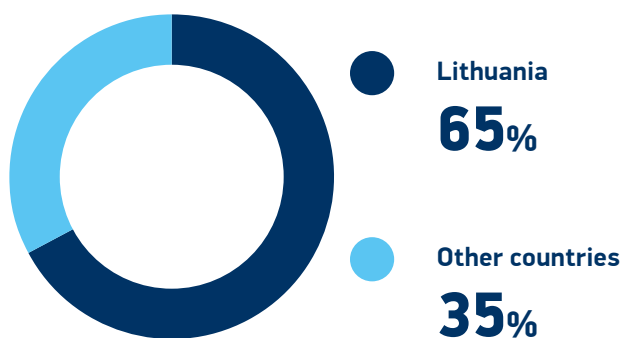
NEO Finance is a licensed payment initiation, account information and other payment services provider operating under the Neopay brand. Open banking department provides payment initiation and account information services through APIs with banks and other financial institutions, as required by the Law on Payments of the Republic of Lithuania and the second Payment Services Directive (PSD2). The total number of connected financial institutions is 120. The full list by country is [here](#).

In the 2021 H1 ,7.3 million transactions were initiated through Neopay. The number of initiated payments increased by 193% in the 2021 H1 compared to the 2020 H1.

PIS transactions, units, K



PIS transactions distribution by countries



In addition to payment initiation and account information services, Neopay provides periodic payment, deposit collection and distribution services, active payment links, personal identification number verification, and 1-click payment functionalities, can offer a custom payment window or a white-label solution tailored to the customer's brand design, offers an open banking interface testing service to financial institutions.



Commencement of the Activities of the Platform

In February 2021, after a thorough evaluation of FinoMark's business model, the Bank of Lithuania granted the platform permission to carry out crowdfunding activities.

FinoMark, upon commencement of its operations, first of all, provided an opportunity to get acquainted with and invest in the projects announced on the platform, exclusively for investors with the NEO Finance VIP status and who have invested more than EUR 15 K. In June 2021, the crowdfunding platform was introduced to the public and became available to all investors.

Future Vision of the Platform

The initial plan of the developers of FinoMark, UAB pooled financing platform to establish itself in the Lithuanian market in 2021 and offer consumers solutions that will create significant added value for both investors and borrowers.

In 2022, it is planned to start expanding into foreign markets and offer more financial solutions to borrowers. The newly implemented financial solutions on the platform will allow investors to choose different types of terms, interest rates and collateral.

The developers of the FinoMark, UAB platform look ambitiously at the financial technology market and are preparing for active development in foreign markets with different business financing products.



FinoMark

FinoMark is a crowdfunding platform based on a fundraising and investment model that streamlines the funding process and provides a more efficient and value-added solutions. The main goal of the team is to help each business achieve its intended business goals by providing the necessary financial services.

FinoMark offers investors a safe and convenient platform for growing their investment portfolio. The FinoMark team is ready to ensure attention and openness to each client.

FinoMark is a crowdfunding operator approved and supervised by the Bank of Lithuania.

FinoMark granted loans, M EUR



	2021 H1
Granted loans, EUR	234 500
Income, EUR	21 370
Costs, EUR	(184 416)
Pre-tax profit/loss, EUR	(163 046)





2021 H1 balance sheet, EUR

	Note	Group		Company	
ASSETS		2021 06 30	2020 12 31	2021 06 30	2020 12 31
NON-CURRENT ASSETS		2921396	3205868	3046985	3399574
Intangible Assets	1	859143	564530	679961	564530
Tangible Assets	2	38528	44940	34172	43146
Financial Assets	3	1642687	2184354	1957202	2379854
Other Assets		381038	412044	375650	412044
CURRENT ASSETS		7992775	7634769	7910577	7551621
Inventories, Prepayments And Contracts In Progress		60859	46782	51471	46184
Amounts Receivable Within One Year	4	720694	272278	729154	274627
Other Currents Assets		-	-	-	-
Cash And Cash Equivalents	5	7211222	7315709	7129952	7230810
DEFERRED CHARGES AND ACCRUED INCOME		15466	1202	14976	939
TOTAL ASSETS:		10929637	10841839	10972538	10952134
EQUITY AND LIABILITIES		2021 06 30	2020 12 31	2021 06 30	2020 12 31
EQUITY		1406866	1477181	1678592	1607028
Capital	6	1706497	1706497	1706497	1706497
Share Premium		1286748	1286748	1286748	1286748
Revaluation Reserve (Results)		-	-	-	-
Reserves		-	-	-	-
Retained Earnings (Losses)	7	(1586379)	(1516064)	(1314653)	(1386217)
GRANTS AND SUBSIDIES		-	-	-	-
PROVISIONS	8	222706	244820	222706	244820
AMOUNTS PAYABLE AND LIABILITIES	9,10	9284185	9108805	9059473	9089639
Non-Current Amounts Payable And Liabilities		1159425	705099	1054324	705098
Current Amounts Payable And Liabilities		8124760	8403706	8005149	8384541
ACCRUED EXPENSES AND DEFERRED INCOME		15880	11033	11767	10647
TOTAL EQUITY AND LIABILITIES:		10929637	10841839	10972538	10952134

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



2021 H1 profit (loss) statement, EUR

Item	Note	Group		Company	
		2021 H1	2020 H1	2021 H1	2020 H1
Sales revenue	11	1 595 435	1 164 265	1 583 262	1 163 406
Cost of Sales	12	(705 886)	(816 588)	(716 488)	(821 588)
GROSS PROFIT (LOSS)		889 549	347 677	866 774	341 818
General and administrative expenses	12	(888 472)	(525 692)	(671 860)	(490 978)
Other activities		(5 533)	(4 338)	(5 728)	(4 338)
Investment in the parent, subsidiaries and associated companies shares income		-	-	-	-
Other long-term investments and loan income		-	-	-	-
Other loans granted interest income			12 384	50	12 384
Financial asset and Short-term investment impairment costs		-	-	-	-
Interest expenses	13	(5 920)	(4 574)	(140)	(4 573)
PROFIT (LOSS) BEFORE TAX	14	(10 376)	(174 544)	189 096	(145 688)
Income tax	14		-		-
NET PROFIT (LOSS)		(10 376)	(174 544)	189 096	(145 688)

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



2021 H1 changes in equity statement

	Note	Paid up authorised or primary capital	Share premium account	Retained profit (loss)	Total
1. Balance at the end of the reporting (yearly) period before previous		1615023	856405	(1381852)	1089576
2. Result of changes in accounting policies		-	-	-	-
3. Result of correcting material errors		-	-	-	-
4. Recalculated balance at the end of the reporting (yearly) period before previous		1615023	856405	(1381852)	1089576
5. Net profit (loss) of the reporting period		-	-	(121897)	(121897)
6. Increase (decrease) of other authorised or primary capital		91474	430343	-	521817
7. Balance at the end of the previous reporting (yearly) period		1706497	1286748	(1503749)	1489496
8. Net profit (loss) of the reporting period		-	-	189095	189095
9. Increase (decrease) of other authorised or primary capital		-	-	-	-
10. Balance at the end of the reporting period		1706497	1286748	(1314654)	1678591



2021 H1 cash flow statement

Article	Note	2021 H1	2020 H1
Cash flows from operating activities			
Net profit (loss)		189 095	(145 688)
Depreciation and amortisation expenses		128 382	76 754
Elimination of results of financing and investing activities		90	69
Decrease (increase) in other amounts receivable after one year		(1 758)	(42 767)
Decrease (increase) in assets of the deferred tax on profit		-	-
Decrease (increase) in stocks, except advance payments		(14 844)	(87 959)
Decrease (increase) in advance payments		(6 848)	(28 969)
Decrease (increase) in trade debtors		(21 187)	(951)
Decrease (increase) in other debtors		75 726	(101 965)
Decrease (increase) in prepayments and accrued income		(14 037)	3 221
Increase (decrease) in provisions		(22 114)	13 388
Increase (decrease) in trade of long-term creditors and prepayments received on account		(22 983)	-
Increase (decrease) in trade with short-term creditors and prepayments received on account		(26 406)	24 509
Increase (decrease) in liabilities of tax on profit		(16 090)	-
Increase (decrease) in liabilities related to employment relations		219	49 221
Increase (decrease) in other amounts payable and liabilities		(63 368)	1 256 531
Increase (decrease) in accruals and deferred income		(6 846)	648
Net cash flows from operating activities		177 031	1 016 042
Acquisition of fixed assets (excluding investments)		(237 713)	(23 035)
Disposal of fixed assets (excluding investments)		2 056	(82 500)
Acquisition of long-term investments		(150 000)	-
Net cash flows from investing activities		(385 657)	(105 535)
Cash flows related to entity's owners			
Issue of shares		-	-
Cash flows related to other financing sources			
Increase in financial debts		505 000	339 611
Loans received		505 000	339 611
Decrease in financial debts		(403 589)	(106 000)
Loans returned		(400 000)	(106 000)
Interest paid		(3 589)	-
Net cash flows from financing activities		101 411	233 611
Adjustments due to exchange rates on the balance of cash and cash equivalents		(90)	(69)
Increase (decrease) of net's cash flows		(107 305)	1 144 049
Cash and cash equivalents at the beginning of the period		5 077 582	3 933 533

FINANCIAL STATEMENTS

for the period that ended on 30 June 2021



2021 H1 Notes to interim FINANCIAL STATEMENTS

1. Intangible fixed assets

Indexes	Software	In total
Acquisition cost		
31 December 2020	1,146,754	1,146,754
Acquired	236,383	236,383
Written-off		---
Reclassifications		---
30 June 2021	1,383,137	1,383,137
Amortisation accrued		
31 December 2020	582,224	582,224
Estimated over the period	120,952	120,952
Written-off		---
Reclassifications		---
30 June 2021	703,176	703,176
Book value		
31 December 2020	564,530	564,530
30 June 2021	679,961	679,961

2. Tangible fixed assets

Indexes	Other equipment, devices and tools	In total
Acquisition cost		
31 December 2020	80,172	80,172
Acquired	1,330	1,330
Written-off	(2,242)	(2,242)
Reclassifications		---
30 June 2021	79,260	79,260
Depreciation accrued		
31 December 2020	37,844	37,844
Estimated over the period	7,430	7,430
Written-off	(186)	(186)
30 June 2021	45,088	45,088
Book value		
31 December 2020	42,328	42,328
30 June 2021	34,172	34,172

3. Financial assets

	6/30/2021	12/31/2020
Investment activities debtors	1,740,153	1,740,153
Impairment (-)	(96,451)	(98,209)
Investments in subsidiaries	313,500	163,500
TOTAL:	1,957,202	1,805,444

4. Other fixed asset

	6/30/2021	12/31/2020
Deferred income tax assets	375650	375650
Other fixed assets	---	---
TOTAL:	375650	375650

5. Accounts receivable within one year

	6/30/2021	12/31/2020
Buyers' debts	80,024	58,837
Investment activities debtors	683,541	747,138
Other receivables		12,392
Impairment (-)	(34,412)	(34,675)
TOTAL:	729,153	783,692

6. Cash

	6/30/2021	12/31/2020
Money in commercial bank accounts	578,221	530,714
Money at the Bank of Lithuania	6,461,031	6,640,413
Money in transition	90,700	66,130
TOTAL:	7,129,952	7,237,257

7. Structure of the authorized capital

Indexed	Number of shares	Amount
Structure of the share capital at the end of the financial year		
1. According to the types of shares		
1.1. Ordinary shares	3,878,402	1,706,497
1.2. Preference shares		
1.3. Employees' shares		
1.4. Special shares		
1.5. Other shares		
TOTAL:	3,878,402	1,706,497
2. State or municipal capital		
3. Own shares owned by the company		
4. Shares owned by subsidiaries		
5. Share premium		1,286,748

As of 30 June 2021, all shares have been paid

8. Provisions

The Company forms reimbursable suretyship provisions (Provision fund service) intended to cover the liabilities under the reimbursable suretyship agreements. On 2020-12-31 provisions made up EUR 244,820. On 2021-06-30 provisions made up EUR 222,706.

9. Financial debts

	6/30/2021	12/31/2020
Long-term debts (from 2 to 5 years)	1,054,324	912,405
Loans received from affiliated undertakings	781,341	806,954
Bonds	250,000	---
Tax liabilities	22,983	105,451
Short-term debts	986,748	1,109,722
Loans received from affiliated undertakings	280,613	---
Interest on loans received from affiliated undertakings	6,135	9,722
Bonds	700,000	1,100,000
TOTAL:	2,041,072	2,022,127

10. Accounts payable within one year

	6/30/2021	12/31/2020
Advances received	1,807	606
Trade payables	135,264	162,871
Payroll liabilities	51,325	41,115
Vacation pay liabilities	33,221	33,221
Social security liabilities	85,693	23,871
Personal income tax liabilities	15,136	27,463
Income tax liabilities		16,090
Customer money held at NEO Finance accounts	6,631,133	6,714,806
Customer money held at NEO Finance accounts – cash in transit		-
Owners' contributions to authorised capital		-
Other tax liabilities	62,561	40,851
Other payables	14,029	3,666
TOTAL:	7,030,169	7,064,560

11. Income

	6/30/2021	12/31/2020
Sales revenue	1,583,262	2,482,981
Revenue related to the issuance and processing of electronic money	408,838	476,241
Investment income	129,116	270,301
Revenue related to peer-to-peer lending	1,045,309	1,736,439

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

12. Expenses

	6/30/2021	12/31/2020
Cost of Sales	716,488	1,597,082
Cost of services rendered	716,488	1,597,082
General and administrative expenses	671,860	922,928
Salaries and social security	367,337	374,104
Guarantee Fund accrual costs	(22,114)	3,850
Audit expenses	11,101	12,900
Depreciation	117,403	169,931
Other expenses	198,133	362,143

13. Relations with executives and other related persons

In 2021 1H, the Head of Administration was paid a salary of EUR 41,739 (in 2020: EUR 40,712). The Head of Administration has not received any other income, loan guarantees nor benefits.

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

Liabilities of the Company under the reimbursable suretyship agreement, as of 30 June 2021, amounted to EUR 2,719,924. The Company signs reimbursable suretyship agreements with the lenders who choose the Provision fund service. On the basis of these agreements, the Company guarantees the lenders for proper performance of the obligations arising from consumer credit agreements. The Company does not participate in legal proceedings, whose outcome could have a significant effect on the Company's financial position and/or financial results.

15. Contingent Liabilities

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

16. Post Balance Sheet Events

There were no post balance sheet events.

17. Off-balance sheet liabilities

By 30 June 2021, the Company, having acted as an operator of a Peer-to-Peer Lending Platform, and a consumer credit provided, has disbursed consumer credit funds for a total amount of EUR 76,309,082. As of 30 June 2021, the remaining outstanding part of credit amounted to EUR 38,943,271.

Date of Financial Statements
27 July 2021

www.paskoluklubas.lt

www.finomark.lt

www.neopay.online

www.neofinance.com

2021