



# NEO FINANCE, AB

Interim financial information for 2022 Q1

Vilnius | 2022-04-29



NEO  
Finance









# Paulius Tarbūnas

## Head of Administration of NEO Finance AB

The first quarter of 2022 was marked by a painful event – the outbreak of war in Ukraine. NEO Finance AB along with other companies owned by ERA Capital UAB donated EUR 25 000 to public organisations providing humanitarian and other assistance for the people of Ukraine.

Loans of EUR 7.075 million were granted via the Paskolų Klubas platform in the first quarter of 2022, 3% more than in the fourth quarter of 2021 and an impressive 23% more than in the first quarter of 2021. In March, we celebrated an all-time record for loans issued through the platform in a single month as EUR 2.97 million of loans were granted.

The company continues its collaboration with the German fixed income asset manager nordIX, which to date has invested EUR 3.51 million in NEO Finance AB's loan portfolio.

The FinoMark crowdfunding platform also had a record first quarter, granting loans for EUR 501 000 in the period. That was 104% more than in the final quarter of last year.

A total of 4.647 million payments were initiated via Neopay in the first quarter of 2022, 3.1% less than in the previous quarter but 33.6% more than in the same period a year earlier.

# Key developments



## Q1 2022 DEVELOPMENTS AT NEO FINANCE AB:

- In March the company's share capital was increased to EUR 1 848 933.68, divided in to 4 202 122 shares carrying 4 202 122 votes. The nominal value of each share is EUR 0.44.
- In March the company updated its contingency and business continuity plan.
- In March, to support Ukraine's war effort, the company along with other businesses owned by ERA Capital UAB donated EUR 25 000 to the Blue/Yellow and to Lithuanian Caritas.
- In March the company published its 2021 audited annual report.

## Other developments



## Q1 2022 DEVELOPMENTS AT P2P LENDING PLATFORM PASKOLŲ KLUBAS:

- In January, terms for loan issuance were increased to EUR 30 000 for ratings of A+ and A and EUR 25 000 for a rating of B.
- In January the platform launched a periodic investment page which lets investors check preliminary returns and learn about the benefits of periodic investment.
- In February collaboration began with the long-term leasing platform Bekredito.lt.
- In February a more convenient borrowing option was added in investor accounts, allowing investors to apply for a loan without having to additionally register or create a new profile.
- In March new rules for administering personal accounts took effect. Under the new scheme, a monthly administration fee will be charged for inactive accounts.
- As of March, the Provision fund service is no longer available for new investments.
- In March, a record number of loans were issued through the platform - EUR 2.97 M.





## **Q1 2022 DEVELOPMENTS AT NEOPAY:**

- In January the municipal utilities Vilnius Šilumos Tinklai and Šiaulių Vandenys began using Neopay's services.
- In February Olybet, the biggest gaming operator in the Baltics, began using Neopay's services.
- In February a single-day record of 84 439 transactions was recorded.



## **Q1 2022 DEVELOPMENTS AT FINOMARK:**

- In January the platform began collaborating with the national business support organization Invega on the partial compensation of interest for businesses that take loans.
- In January the company's mission, vision and values were approved.
- March saw a record 7 business loans for EUR 190 500 granted via the FinoMark platform.
- In March the decision was made to discontinue the opening of accounts for FinoMark borrowers as of 28 April.
- In March the charity project Aukok.lt was announced on the platform, encouraging FinoMark investors to contribute to humanitarian aid for the people of Ukraine.



# Events

## January

Seminar with Legal Balance. Representatives of the company answered all the questions that Paskolų Klubas's investors had about debt collection.

## February

"The secondary market and its advantages": a seminar led by Vytas Kereišis of Paskolų Klubas about how the secondary market works as well as the opportunities and threats it involves.

## March

"Financial health based on smart decisions": a lecture for students at Vilnius Gediminas Technical University led by NEO Finance AB Chairman of the Board Evaldas Remeikis.

"FinoMark's year in review: How to earn a 10% return": a seminar led by NEO Finance AB Chairman of the Board Evaldas Remeikis.





# Key financial figures

- According to unaudited data, in Q1 2022 the company's revenue increased by 8% compared to the same period of 2021 to EUR 793 048.
- Loans granted in Q1 2022 increased of 23% compared to Q1 2021 and totalled EUR 7.075 M.



PROFIT BEFORE TAXES FOR Q1 2022 WAS

**EUR 7 110**

In Q1 2021, pre-tax profit was EUR 92 059.

	2022 Q1	2021Q4	Δ, %	2021 Q1	Δ, %
<b>Loans issued, EUR</b>	<b>7 075 335</b>	<b>6 867 328</b>	<b>3%</b>	<b>5 729 250</b>	<b>23%</b>
<b>Revenue, EUR</b>	<b>793 048</b>	<b>946 289</b>	<b>-16%</b>	<b>734 875</b>	<b>8%</b>
Income from P2P lending, EUR	515 542	611 267	16%	486 088	6%
Income from e-money issuance and management, EUR	238 452	265 424	-11%	197 560	21%
Income from investment activity, EUR	39 054	69 598	44%	51 228	-24%
<b>Cost of sales, EUR</b>	<b>(383 183)</b>	<b>(587 142)</b>	<b>-35%</b>	<b>(319 627)</b>	<b>20%</b>
<b>Gross profit, EUR</b>	<b>409 865</b>	<b>359 147</b>	<b>14%</b>	<b>415 249</b>	<b>-1%</b>
<b>General and administrative expenses (depreciation excluded), EUR</b>	<b>(337 353)</b>	<b>(371 438)</b>	<b>9%</b>	<b>(269 150)</b>	<b>25%</b>
<b>EBITDA, EUR</b>	<b>72 512</b>	<b>(12 291)</b>		<b>146 098</b>	<b>50%</b>
<b>Pre-tax profit, EUR</b>	<b>7 110</b>	<b>(79 076)</b>		<b>92 059</b>	<b>-92%</b>
<b>EBITDA Margin, %</b>	<b>9%</b>	<b>-11%</b>		<b>13%</b>	
<b>Return on equity (ROE), %</b>	<b>0%</b>	<b>-4%</b>		<b>6%</b>	



# Management accounts

	2022 Q1	2021 Q4	Δ, %	2021 Q1	Δ, %
Loans issued, K EUR	7 075	6 867	3%	5 729	23%
Intermediary fee income, K EUR	755	668	13%	619	22%
Intermediary fee/Loans issued ratio, %	10,7%	9,7%	1%	10,8%	-0,1%
PIS income, K EUR	223	247	-10%	185	21%
Other income, K EUR	255	334	-24%	386	-34%
Total income, K EUR	1 233	1 248	-1%	1 190	4%

Intermediary fee income is presented in the table as a result of the loans issued in the specified quarter to be received throughout the loan period.

For example, intermediary fee income of EUR 755 K for Q1 2022 is a result of the EUR 7 075 K of loans issued and will be received across the entire loan period.



AT THE END OF Q1 2022, INTERMEDIARY FEE RECEIVABLES TOTALLED

**EUR 7.08 M**









A woman with shoulder-length brown hair is walking from left to right, smiling. She is wearing a white ribbed turtleneck sweater, blue jeans, and light green sneakers with orange accents. A brown strap is visible over her shoulder. The background is a wall made of vertical wooden slats. A dark blue semi-transparent rectangle is overlaid on the right side of the image, containing the text 'Paskolų Klubas' in white.

## Paskolų Klubas





# P2P lending platform Paskolų Klubas

## Newly issued loans

In Q1 2022, EUR 7.075 M of loans were issued through NEO Finance's Paskolų Klubas P2P lending platform, which is 3% more than in Q4 2021 and 23% more than in Q1 2021.

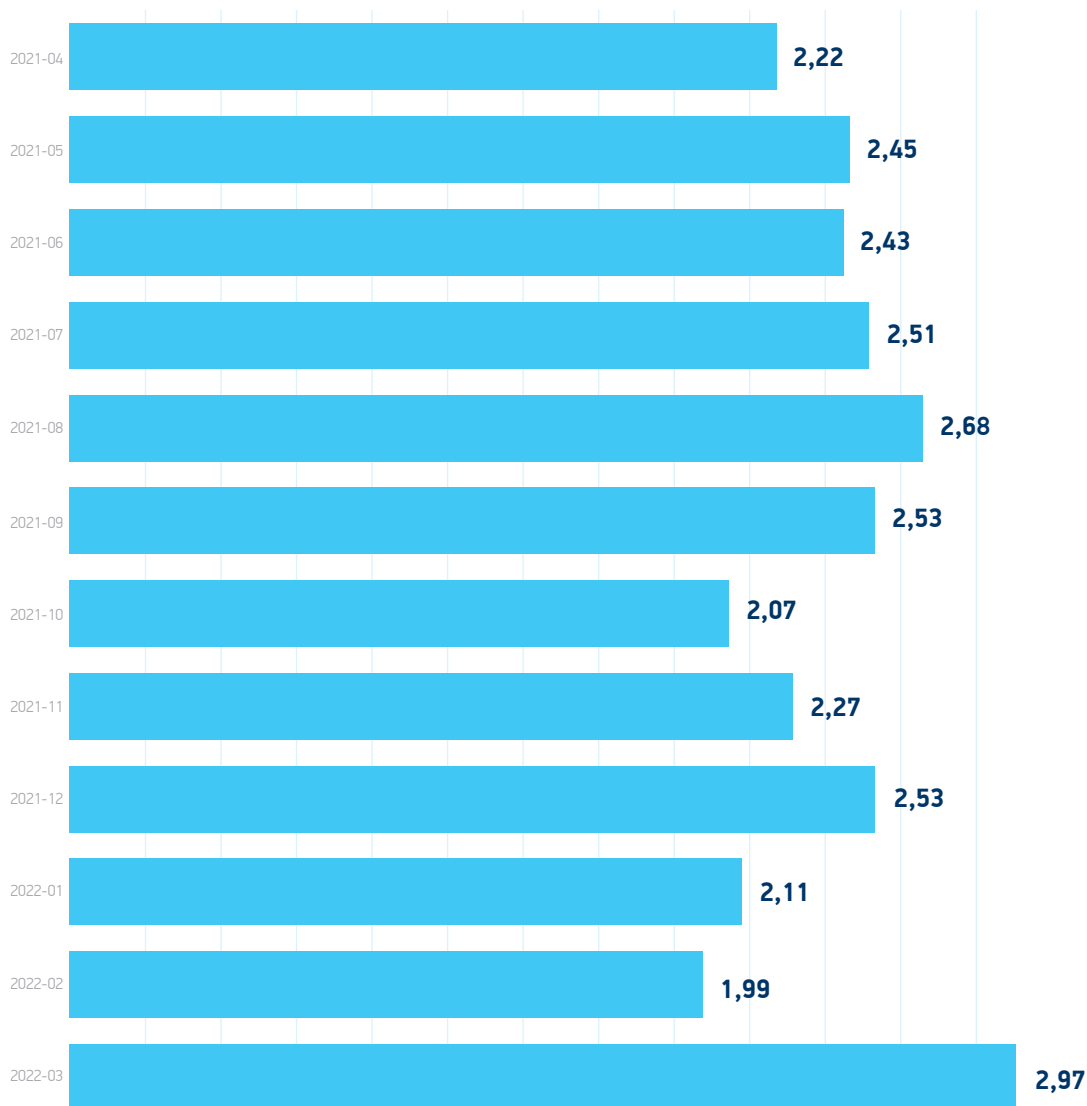


ON A MONTHLY BASIS, THE LARGEST AMOUNT OF LOANS ISSUED IN Q1 WAS IN MARCH, AT

**EUR 2.97 M**

This is an all-time record for Paskolų Klubas loans issued in one month.

### P2P lending platform, loans issued, M EUR



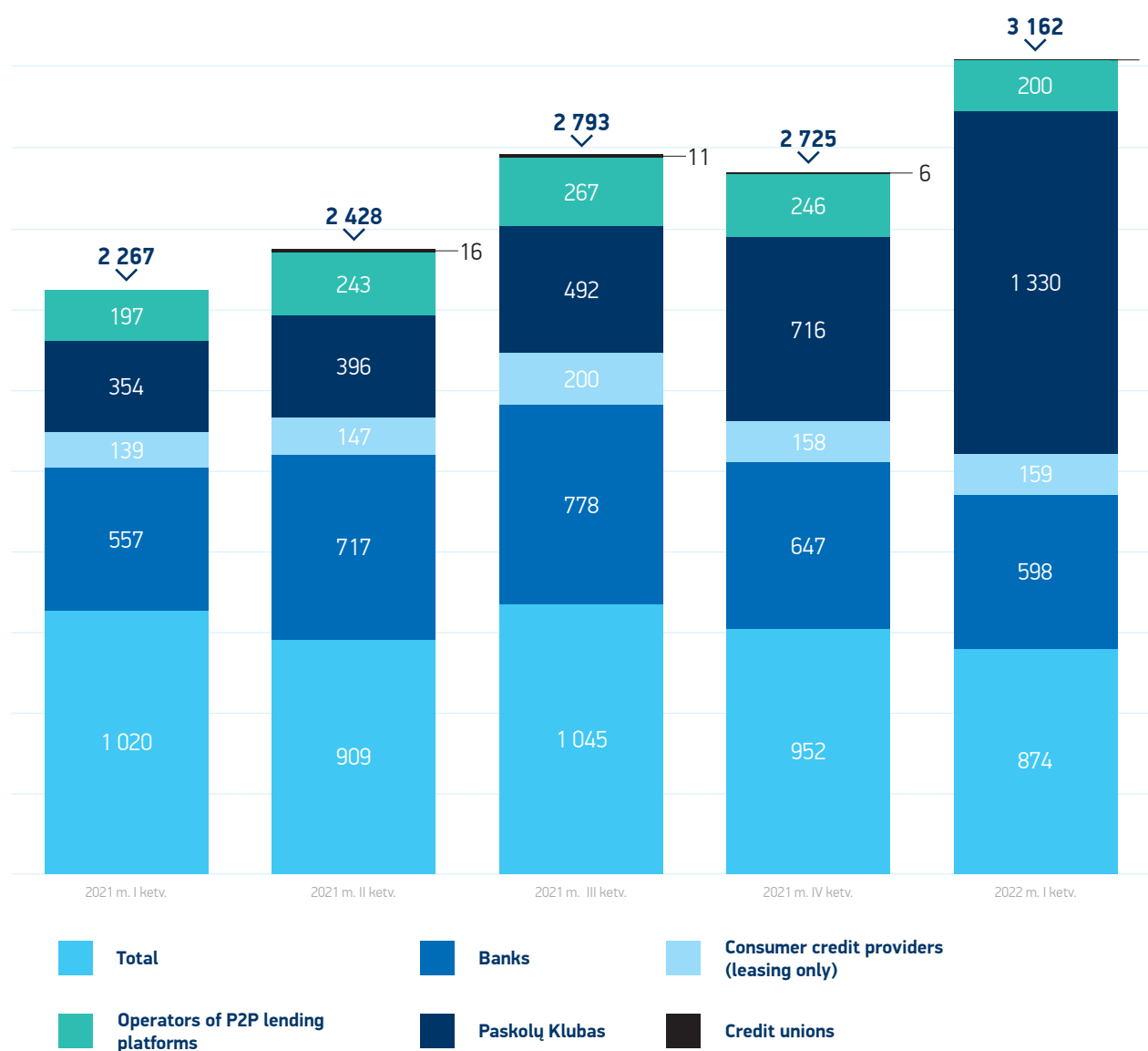
# Refinancing

Of the EUR **7.08 M**

of loans financed in Q1 2022, EUR 3.16 M were refinancing loans. The P2P lending platform helped the recipients of those loans reduce their previous monthly payment amount and/or interest rate.

Borrowers can refinance a loan while borrowing additionally, with some of the new loan going to refinance an existing loan and the rest to pay for a purchase. The amount considered refinanced by a loan recipient does not include the additional amount.

## Refinancing distribution, K EUR





# Borrowers

In Q1 2022, 3 567 new borrowers joined the Platform. As of the end of March, there were 101 165 registered borrowers, which is 19% more than at the end of Q1 2021.

The number of active borrowers on the P2P lending platform also grew in Q1 2022 with 35 active borrowers added in the period. The total of 10 601 at the end of March was 11% more than at the end of Q1 2021.

## Registered borrowers



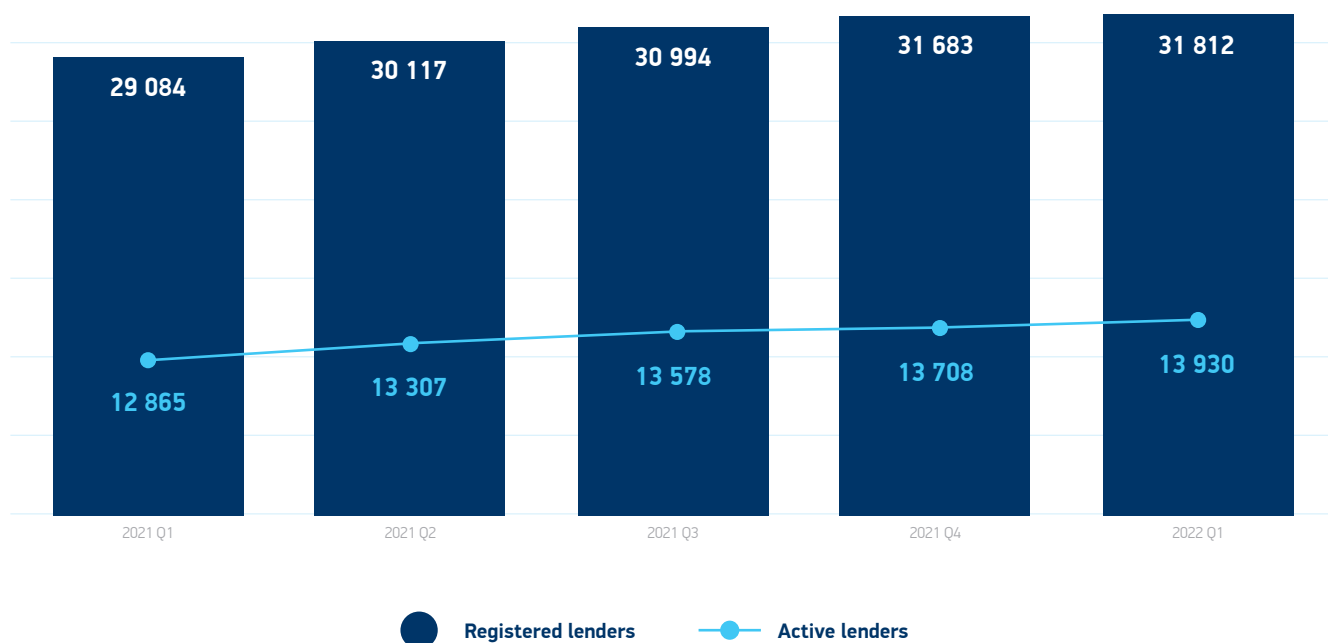
# Lenders

In Q1 2022, 129 new lenders registered on the P2P lending platform. The platform had 31 812 registered lenders at the end of Q1 2022. The number of lenders who had registered or begun registering was up 9% compared to a year earlier.

Q1 2022 saw the addition of 222 active lenders. At the end of the quarter, the number of active lenders totalled 13 930. That was 8% more than at the end of Q1 2021. Among those that registered in Q1 2022, the largest numbers, in decreasing order, were from Lithuania, the Netherlands and Belgium.

As of Q1 2022, there were a total of 154 registered lenders from outside Lithuania. A total of 6 336 foreign investors registered on the platform. The largest number of investors are from Spain, the Netherlands, Germany, Poland and Portugal.

## Registered lenders



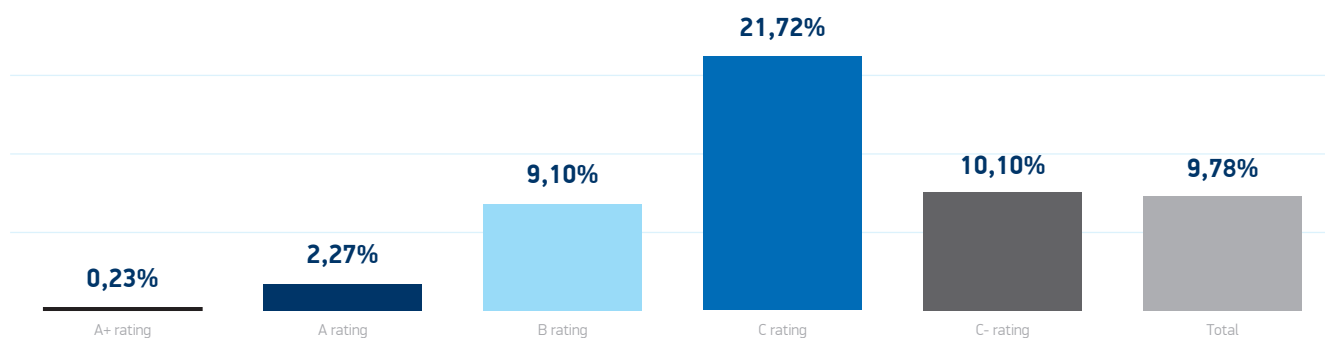


# Overdue loans

At the end of Q1 2022, of 31 153 outstanding loans, 2 922 (9.38%) were overdue more than 90 consecutive days. Of the EUR 97.96 M of loans issued, loans for EUR 9.58 M (9.78%) were more than 90 days overdue.

During Q1 2022, EUR 459 000 were recovered and distributed to lenders.

## EUR, overdue >90 days, %



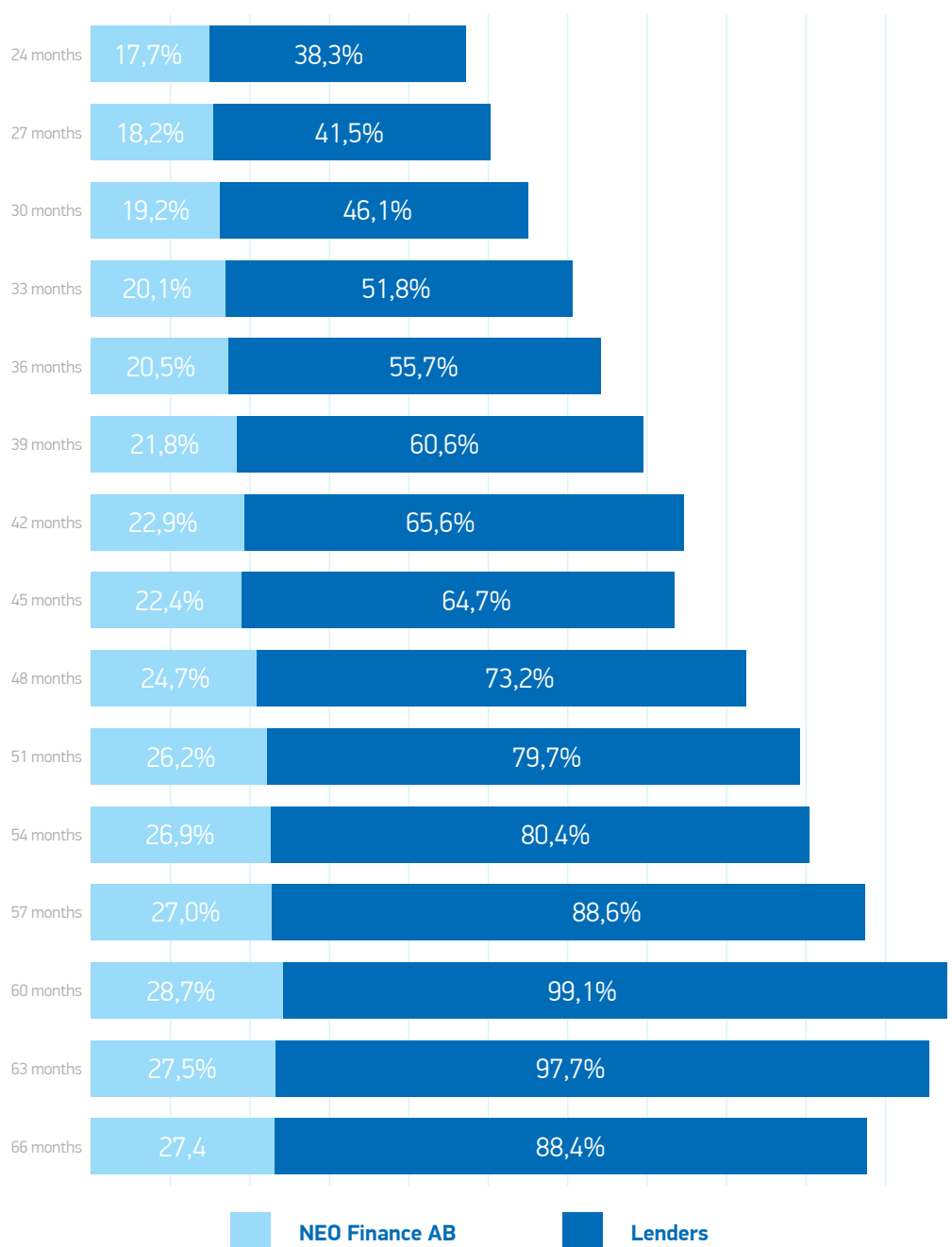
## Amount recovered, K EUR

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Amount recovered	376	420	428	502	459

# Recovery

Debt recovery begins immediately after the termination of the contract, but due to the completion of litigation and bailiff proceedings, the results of recovery appear after an average of 2 years. First, all third-party legal costs incurred by NEO Finance AB in connection with the recovery process are covered. The intermediary fee due to NEO Finance AB is covered together with the amount due to lenders. Below is a breakdown of the amounts in fact recovered on behalf of NEO Finance AB and lenders.

## Recovered % of principal outstanding at termination



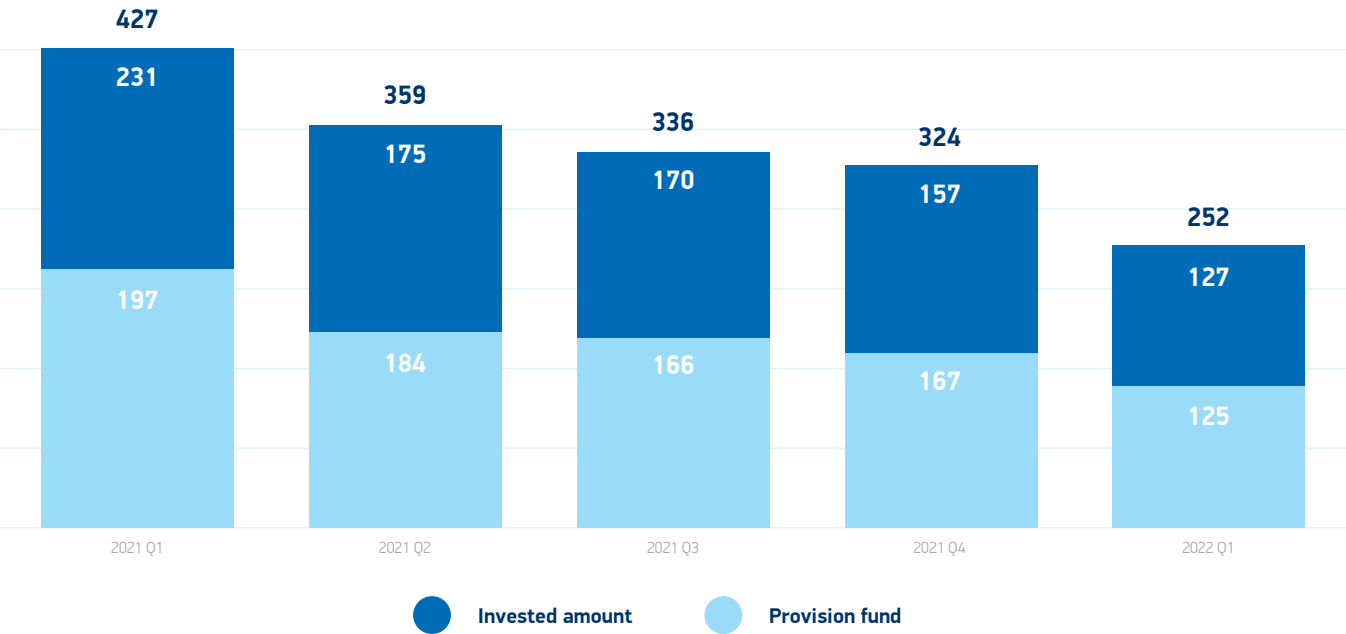
Months after termination	Principal at termination	No. of loans
24 months	6 162 128	1 946
27 months	5 399 929	1 682
30 months	4 475 977	1 398
33 months	3 672 957	1 156
36 months	2 883 283	917
39 months	2 233 416	735
42 months	1 726 112	579
45 months	1 185 740	418
48 months	879 039	332
51 months	696 857	275
54 months	436 744	195
57 months	272 552	134
60 months	151 459	80
63 months	53 017	34
66 months	21 670	14



# Provision fund

The provision fund lets lenders reduce investment risk. If a loan defaults, the provision fund secures the repayment of the invested amount. In Q1 2022, EUR 122 849 was paid out to lenders from the provision fund.

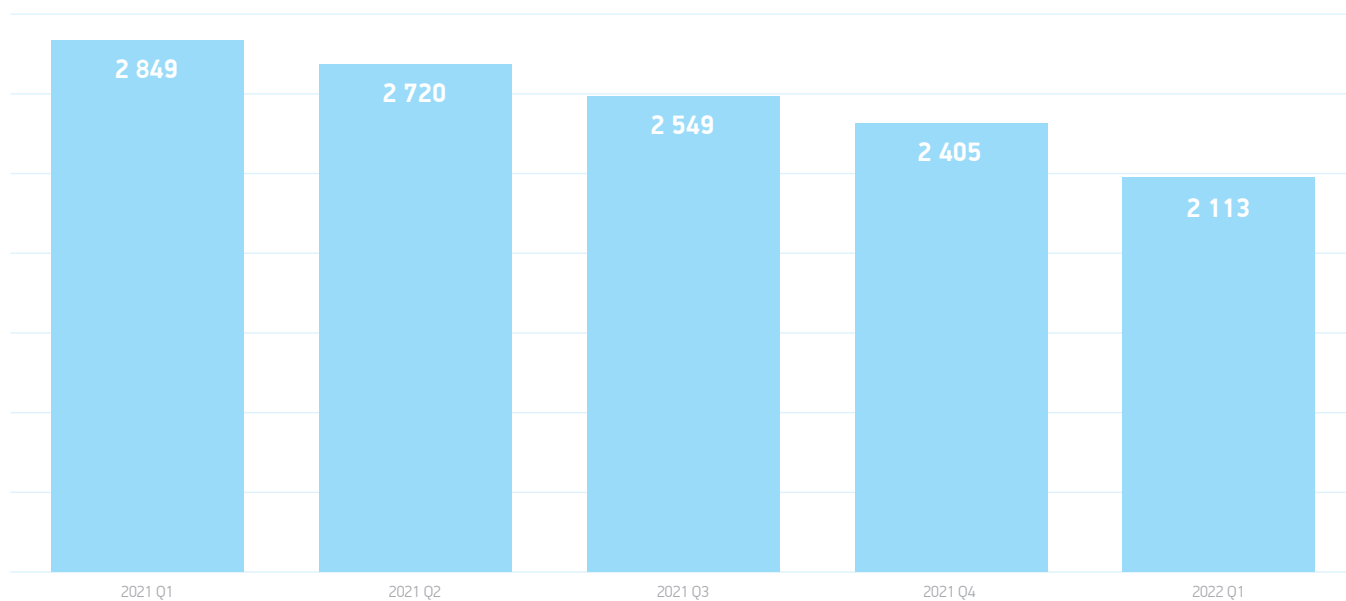
Provision fund, K EUR



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

At the end of Q1 2022, the amount accumulated in the provision fund account was EUR 252 000 and the total guaranteed amount was EUR 2.113 M. The coverage ratio was thus 12%.

#### Guaranteed amount, K EUR



Provision fund service for new investors abolished as of 1 March 2022.

## Buyback service

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

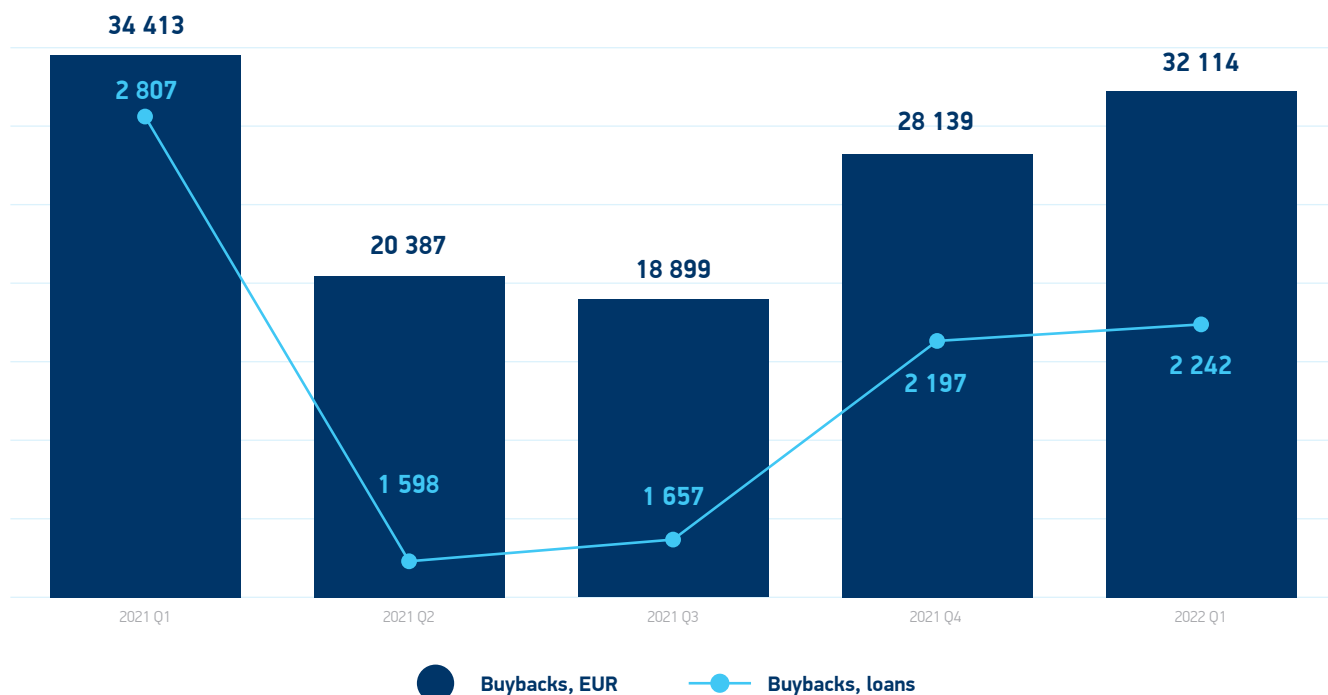


IN Q1 2022, LENDERS SOLD

**2 242**

investments to NEO Finance AB for EUR 32 114.

### Buybacks



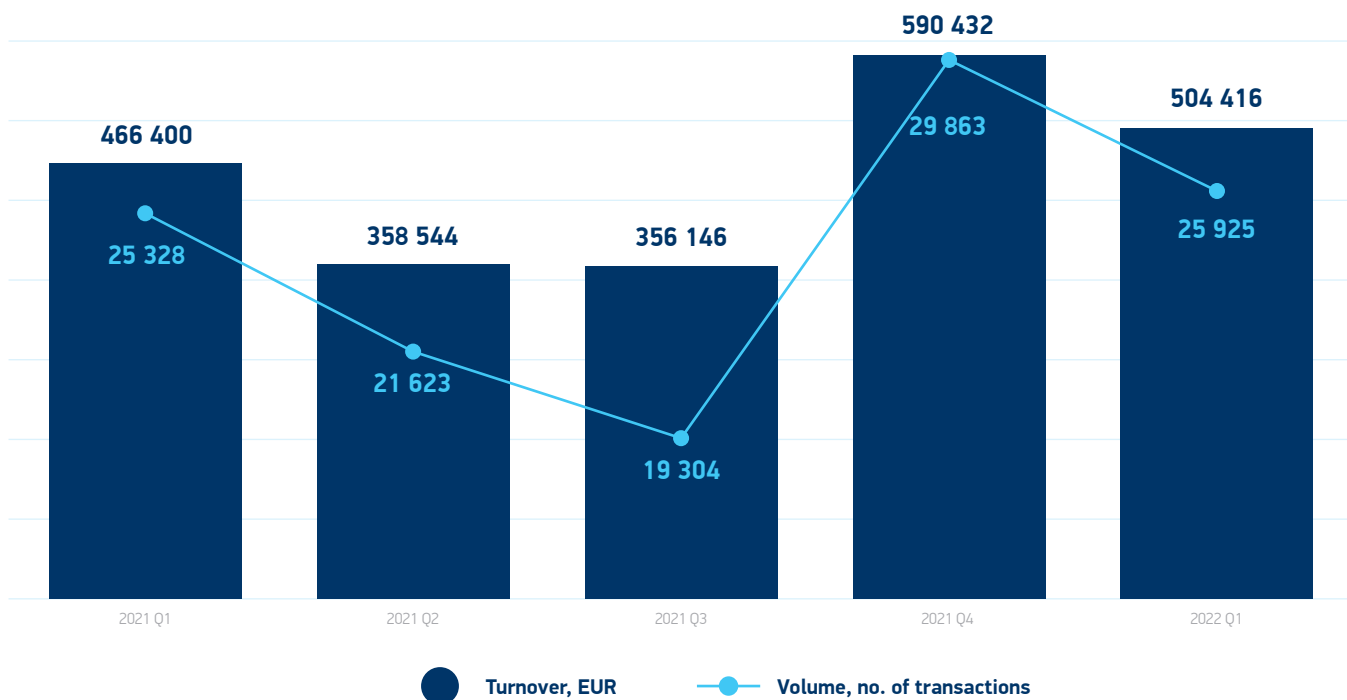
## Secondary market

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

SECONDARY MARKET TURNOVER IN Q1 2022 TOTALLED

EUR **504 416**

## Secondary market



## NEO Finance AB's investments

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



NEO Finance AB's investments, K EUR	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
	311	293	187	36	78

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



## Institutional investor

In August 2021, the company began collaborating with the institutional investor nordIX, a German fixed income asset manager.



Under the agreement, nordIX invests by acquiring a portfolio of loans that NEO Finance AB forms on the P2P lending platform according to criteria pre-agreed with the institutional investor.



AS OF THE END OF 2022 Q1, THE PORTFOLIO THAT NORDIX  
HAD ACQUIRED FROM NEO FINANCE AB HAD A TOTAL SIZE OF

EUR **3.51** M.

nordIX's investments in Q1 2022, EUR

**557 283** 2022-01    **247 880** 2022-02    **717 952** 2022-03

Hamburg, Germany-based nordIX specializes in fixed income investments, with a focus on bonds and derivatives. The company manages several mutual and special funds and develops intelligent investment opportunities. Besides its asset management work, nordIX also advises institutional customers regarding bonds and other fixed income products. The company supports institutional investors in Germany, Austria and Switzerland and manages several hundred million euros in a variety of different investment funds.





A modern interior space with large windows and a blue sofa. The scene is bright and airy, with natural light streaming in from the windows. The sofa is a deep blue color and is positioned in the foreground. The background shows a view of greenery outside the building.

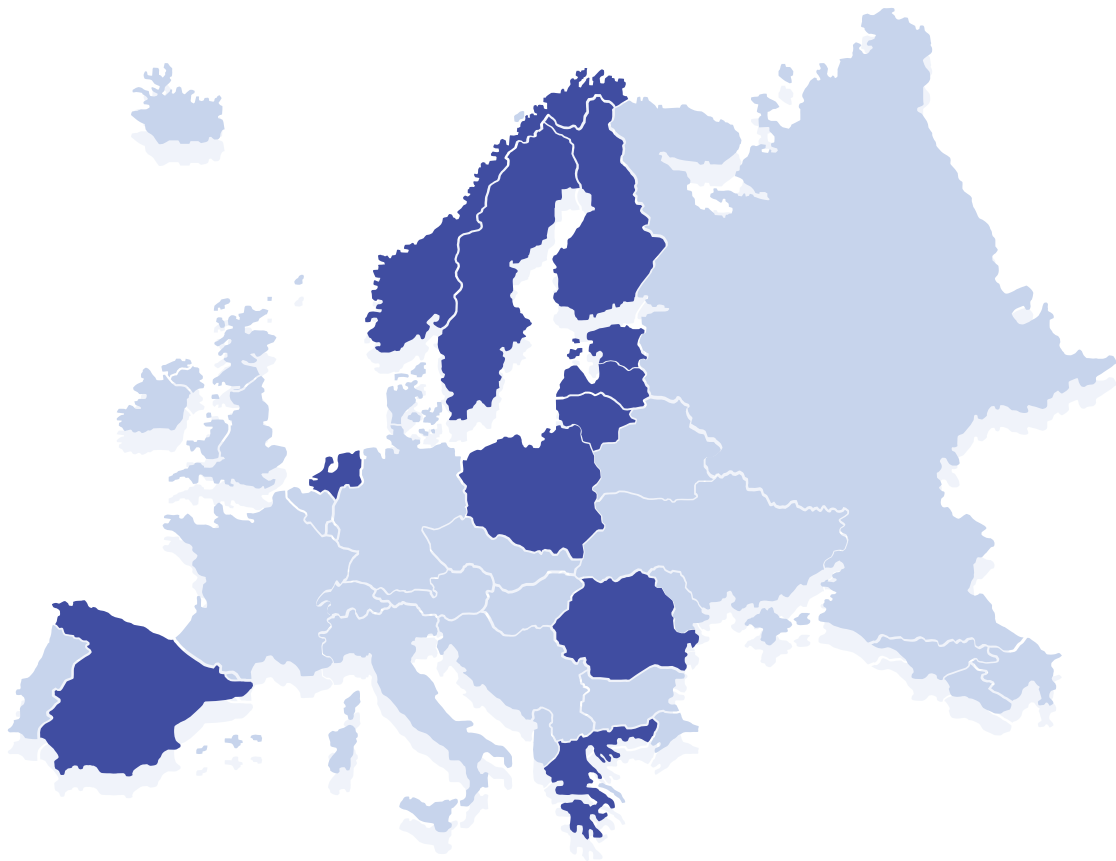
**Neopay**



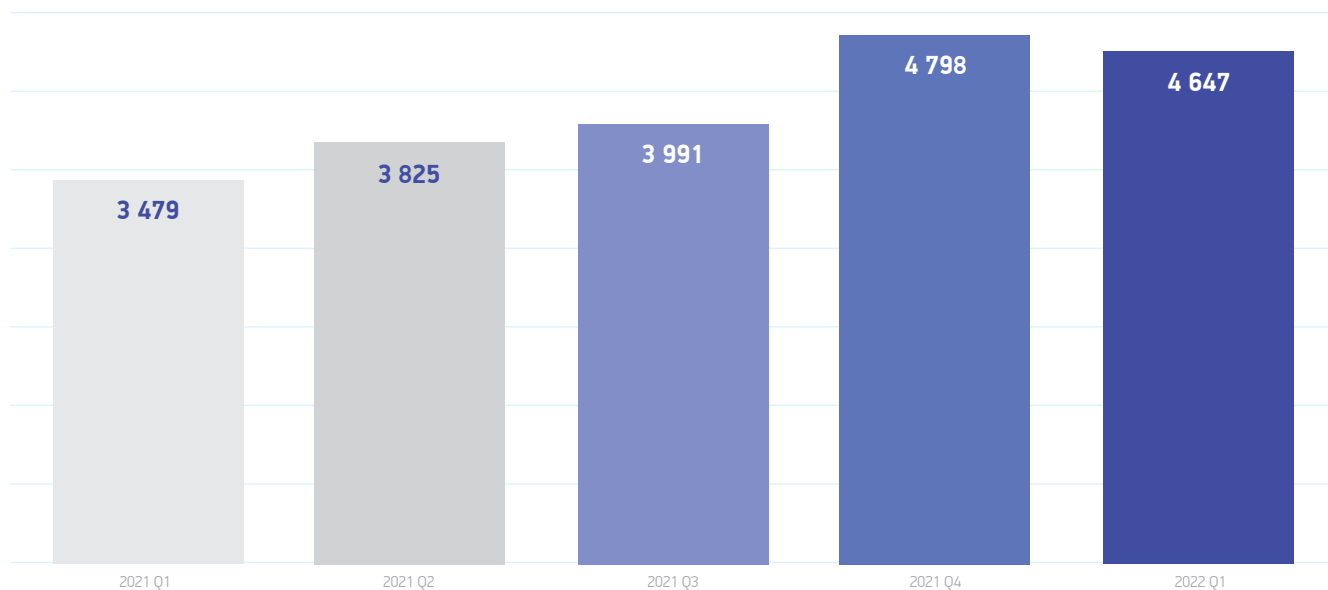
NEO Finance AB is a licensed provider of payment initiation and account information services. The company provides these services under the Neopay brand.

Neopay provides payment initiation and account information services through secure APIs with banks and other financial institutions as per the requirements of the Republic of Lithuania Law on Payments and the EU's Revised Payment Services Directive (PSD2).

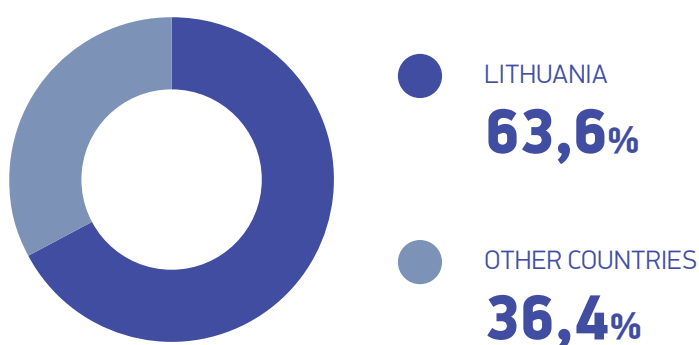
At the end of Q1 2022, the Neopay service was available in Lithuania, Latvia, Estonia, Finland, Sweden, Norway and the Netherlands, as well as Poland, Greece, Romania and Spain, and was integrated with more than 200 financial institutions.



### Payment initiation transactions, thousands



### Payment initiation transactions by country



In addition to payment initiation and account information services, Neopay offers SEPA Instant Credit Transfers, bulk payments, recurring payments, fee collection and allocation, active payment links, ID verification, and 1-click payment capabilities. It offers 'white label' solutions, with a secure payment window tailored to the customer's brand design, and open banking interface testing for financial institutions. Some services are only provided in specific countries and/or through supporting banks.









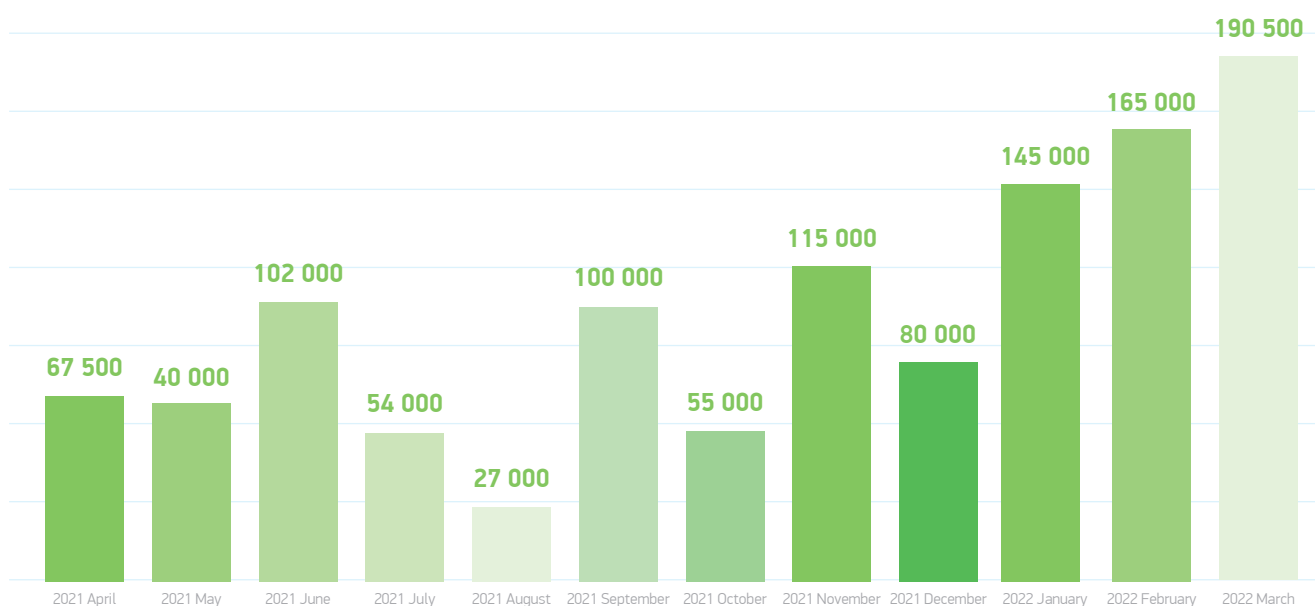
**FinoMark**



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.

## FinoMark business loans issued, EUR



## 2022 Q1

Loans granted, EUR

Revenue, EUR

Expenses, EUR

Pre-tax profit/loss, EUR

500 500

35 478

(109 387)

(73 909)



# 2022 Q1 CONDENSED BALANCE SHEET, EUR

Item	2022 Q1	2021
<b>ASSETS</b>		
<b>FIXED ASSETS</b>	<b>2 715 527</b>	<b>2 493 757</b>
Intangible Assets	795 730	725 622
Tangible Assets	32 686	34 915
Financial Assets	1 556 905	1 403 015
Other fixed assets	330 206	330 206
<b>CURRENT ASSETS</b>	<b>11 298 842</b>	<b>11 631 965</b>
Reserves	146 047	16 203
Accounts receivable within one year	580 594	596 770
Short-term investments	-	-
Cash and cash equivalents	10 572 200	11 018 992
<b>EXPENSES OF FUTURE PERIODS AND ACCRUED INCOME</b>	<b>12 321</b>	<b>137</b>
<b>ASSETS TOTAL:</b>	<b>14 026 690</b>	<b>14 125 859</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>2 426 881</b>	<b>2 051 841</b>
Capital	1 848 934	1 784 437
Share Premium	1 956 848	1 653 415
Revaluation reserve	-	-
Reserves	-	-
Retained earnings/loss	(1 378 900)	(1 386 010)
<b>GRANTS AND SUBSIDIES</b>	<b>-</b>	<b>-</b>
<b>PROVISIONS</b>	<b>166 276</b>	<b>194 715</b>
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	<b>11 417 222</b>	<b>11 864 123</b>
Accounts payable after one year and other long-term liabilities	853 741	984 231
Accounts payable within one year and other short-term liabilities	10 563 481	10 879 892
<b>EXPENSES ACCRUED AND EXPENSES OF FUTURE PERIODS</b>	<b>16 309</b>	<b>15 179</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14 026 689</b>	<b>14 125 859</b>

# 2022 Q1 PROFIT AND LOSS STATEMENT, EUR

Item	2022 Q1	2021
SALES REVENUE	793 048	3 443 082
COST OF SALES	(383 183)	(1 769 674)
BIOLOGICAL ASSETS FAIR VALUE CHANGE	-	-
<b>GROSS PROFIT/LOSS</b>	<b>409 865</b>	<b>1 673 408</b>
Sales expenses	-	-
General and administrative expenses	(401 719)	(1 487 181)
Other operative expenses	(993)	(6 983)
Income from investment in share of parent company, subsidiaries, and affiliated undertakings	-	-
Income from other long-term investments and loans	-	-
Other income from interest and other income	3	-
Impairment of financial assets and short-term investments	-	-
Interest and similar expenses	(46)	(190)
<b>PROFIT/LOSS BEFORE TAX</b>	<b>7 110</b>	<b>179 054</b>
Income tax	-	(61 315)
<b>NET PROFIT/LOSS</b>	<b>7 110</b>	<b>117 739</b>

# 2022 Q1 changes in equity statement, EUR

Item	Paid up authorized or primary capital	Share premium account	Retained profit (loss)	Total
1. Balance at the end of the reporting (yearly) period before previous	1 706 497	1 286 748	(1 503 749)	1 489 496
2. Result of changes in accounting policies				-
3. Result of correcting material errors				-
4. Recalculated balance at the end of the reporting (yearly) period before previous	1 706 497	1 286 748	(1 503 749)	1 489 496
5. Net profit (loss) of the reporting period			117 739	117 739
6. Increase (decrease) of other authorised or primary capital	77 939	366 667		444 606
7. Balance at the end of the previous reporting (yearly) period	1 784 436	1 653 415	(1 386 010)	2 051 841
8. Net profit (loss) of the reporting period			7 110	7 110
9. Increase (decrease) of other authorised or primary capital	64 498	303 433		367 931
10. Balance at the end of the reporting period	1 848 934	1 956 848	(1 378 900)	2 426 882



# 2022 Q1 cash flow statement, EUR

Item	2022 Q1	2021
<b>Cash flows from operating activities</b>		
Net profit (loss)	7 110	117 739
Depreciation and amortisation expenses	73 640	271 102
Elimination of results of financing and investing activities	43	190
Decrease (increase) in other amounts receivable after one year	6 110	745 566
Decrease (increase) in assets of the deferred tax on profit	-	45 444
Decrease (increase) in advance payments	(128 461)	13 576
Decrease (increase) in trade debtors	3 663	(68 554)
Decrease (increase) in other debtors	12 513	255 476
Decrease (increase) in prepayments and accrued income	(12 184)	802
Increase (decrease) in provisions	(28 439)	(50 105)
Increase (decrease) in trade of long-term creditors and prepayments received on account	(4 149)	(62 561)
Increase (decrease) in trade with short-term creditors and prepayments received on account	82 518	(19 485)
Increase (decrease) in liabilities of tax on profit	-	(219)
Increase (decrease) in liabilities related to employment relations	7 272	29 679
Increase (decrease) in other amounts payable and liabilities	(469 373)	3 743 466
Increase (decrease) in accruals and deferred income	1 129	(3 434)
Net cash flows from operating activities	(448 606)	5 018 681
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets (excluding investments)	(141 519)	(426 837)
Disposal of fixed assets (excluding investments)	-	2 056
Acquisition of long-term investments	(160 000)	(343 138)
Net cash flows from investing activities	(301 519)	(767 919)
<b>Cash flows from financing activities</b>		
Cash flows related to entity's owners	367 931	444 606
Issue of shares	367 931	444 606
Cash flows related to other financing sources	(64 554)	(913 443)
Increase in financial debts	-	505 000
Loans received		505 000
Decrease in financial debts	(64 554)	(1 418 443)
Loans returned	(64 554)	(1 418 443)
Net cash flows from financing activities	303 377	(468 837)
Adjustments due to exchange rates on the balance of cash and cash equivalents	(44)	(190)
Increase (decrease) of net's cash flows	(446 792)	3 781 736
Cash and cash equivalents at the beginning of the period	11 018 993	7 237 257
Cash and cash equivalents at the end of the period	10 572 200	11 018 993

