



NEO FINANCE, AB

Interim financial information for 2022 Q3

Vilnius | 2022-10-31



NEO
Finance



NEO Finance, AB

Confirmation of the responsible persons at the Company

31 October 2022, Vilnius

Vilnius

We hereby confirm that, to the best of our knowledge, the financial statements for 2022 Q3, 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.

Head of Administration, NEO Finance AB

Evaldas Remeikis

Head of Finance, NEO Finance AB

Aivaras Bielskis

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Evaldas Remeikis

Head of Administration

In Q3 2022, all our businesses grew in volume terms. Compared to the same quarter last year, the amount of loans issued through the Paskolų klubas platform grew by 16%, the number of payment transactions by 30% and the amount of loans issued to SMEs through Finomark grew by 4.5 times. It is important to note that the growth in business volumes has been achieved while maintaining profitable operations, which is extremely rare among growing Fintech companies. In Q3 2022, the company managed to increase both EBITDA profitability and pre-tax profitability, which grew by 17% and 38%, respectively, compared to the same quarter of last year.

Like everyone else, we are currently working in a difficult economic and geopolitical situation. Consumer sentiment is deteriorating due to high inflation, higher energy prices and the ECB raising interest rates. This may reduce the need to borrow for consumption, and may also reduce the volume of purchases in online shops. However, I believe that this period should not be prolonged for long, as energy prices are falling, the state has announced, in the new budget, the compensation of energy prices for both the population and businesses, and inflation should follow the fall in energy prices. Therefore, in the near future, the negative impact on personal spending will be mainly due to the rise in EURIBOR interest rates as a result of the ECB's decisions to increase base rates. At the moment, we are seeing a slight decrease in the activity of retail investors due to the war situation and other negative factors, but institutional investors are not reducing their investment volumes, in fact, they are doing the opposite, which is allowing them to continue to increase their volumes while maintaining a sufficient money supply.

So, while the overall market backdrop is negative, there are also positive signs in our performance. I believe that, thanks to rising interest rates, the Paskolų Klubas is becoming more and more competitive on the consumer credit market compared to bank prices. It is possible that banks will be more aggressive in raising the price of consumer credit than the investors in the Paskolų Klubas, and that a larger number of customers with better credit ratings will be able to borrow through us on better terms. Also, the favorable pricing of the Paskolų Klubas platform is currently attracting a growing number of existing consumer borrowers with the aim of refinancing their loans by transferring them to Paskolų Klubas. Although the cost of lending on the platform has increased slightly, the prices offered by investors remain quite attractive. Thus, we are likely to continue to maintain the growth of loans originated through the platform in the next quarter despite the unfavorable economic situation and weaker consumer sentiment. It is important to note that the income generated during the quarter from brokerage activities does not reflect the current income from the origination of the loans generated, as the income is accrued from the loans originated on the platform in previous months and years. Therefore, the Company's revenue is accrued with a significant time lag. During the year, the amount of brokerage fee receivable in the future increased by EUR 1.1 million, from EUR 6.68 million to EUR 7.78 million, and by EUR 0.42 million in Q3 compared to Q2 (from EUR 7.36 million). This increase is not reflected either in the Company's income statement or in the balance sheet. As peer-to-peer lending is already profitable, even with a conservative profit calculation (based on brokerage fees collected rather than generated), the Company has already granted more than EUR 120 million in loans in Lithuania, with a loan portfolio of more than EUR 50 million. In addition, the Company has

invested more than EUR 3 million in its own ("in-house") software to manage its peer-to-peer lending business. Taking into account the investments made, the experience gained and the understanding that Lithuania is a very small market with limited scope for volume growth, the Board decided to prepare for expansion into one foreign market and to launch there in the second half of next year. NEO Finance, AB has already started the preparatory work to develop its consumer lending business in a larger European Union country and will aim to do so in the second half of 2023.

Neopay's transaction growth reached 30% in Q3 compared to the same quarter a year ago and reached a record number of transactions in a quarter with 5.184 million units. Currently, investments are focused on product development and the introduction of new services such as Buy Now Pay Later and POS Lending in the Lithuanian market, as well as the growth of the main service – payment initiation in foreign markets. In addition, we have seen an increasing interest in the market from e-shops for the "automated refunds" functionality. "The main task of Neopay's business branch remains unchanged – to grow business volumes by expanding in EEA markets. To this end, Neopay's payment method has been integrated with major banks in Croatia, Bulgaria, Slovakia and Denmark and Neopay is now able to offer payment acceptance in 15 EEA countries. It is worth noting that Neopay still generates most of its revenues in the Baltic markets, where competition is fierce, resulting in a slower growth in revenues than in transactions.

Finomark's loan volume grew by a factor of 4.45, due to several reasons: a small comparative base (only EUR 181 thousand of loans issued in Q3 2021) and a stronger focus on sales. The result of the loans issued through the platform in September is particularly pleasing, with loans issued for as much as EUR 569 thousand. Finomark is still in its infancy and we see an opportunity to sustain its strong growth if investors continue to actively fund loans and increase their investment portfolios. It is important to note that we are aware of the uncertainty in the economy in the short term and therefore loans are selected for funding with the care and responsibility in order to maintain the planned level of non-performing loans and to provide investors with the opportunity to earn investment returns of up to 10% by investing in short-term loans up to 3 years.

The Company continues to invest significant resources and time in compliance management, ensuring the prevention of money laundering and terrorist financing, in order to comply with all legal and regulatory requirements. Every month we update our internal processes, conduct internal audits, implement recommendations and keep our information systems up to date. During the last quarter, we have also devoted considerable time and IT resources to updating our international sanctions screening procedures.

Company structure

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

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

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

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

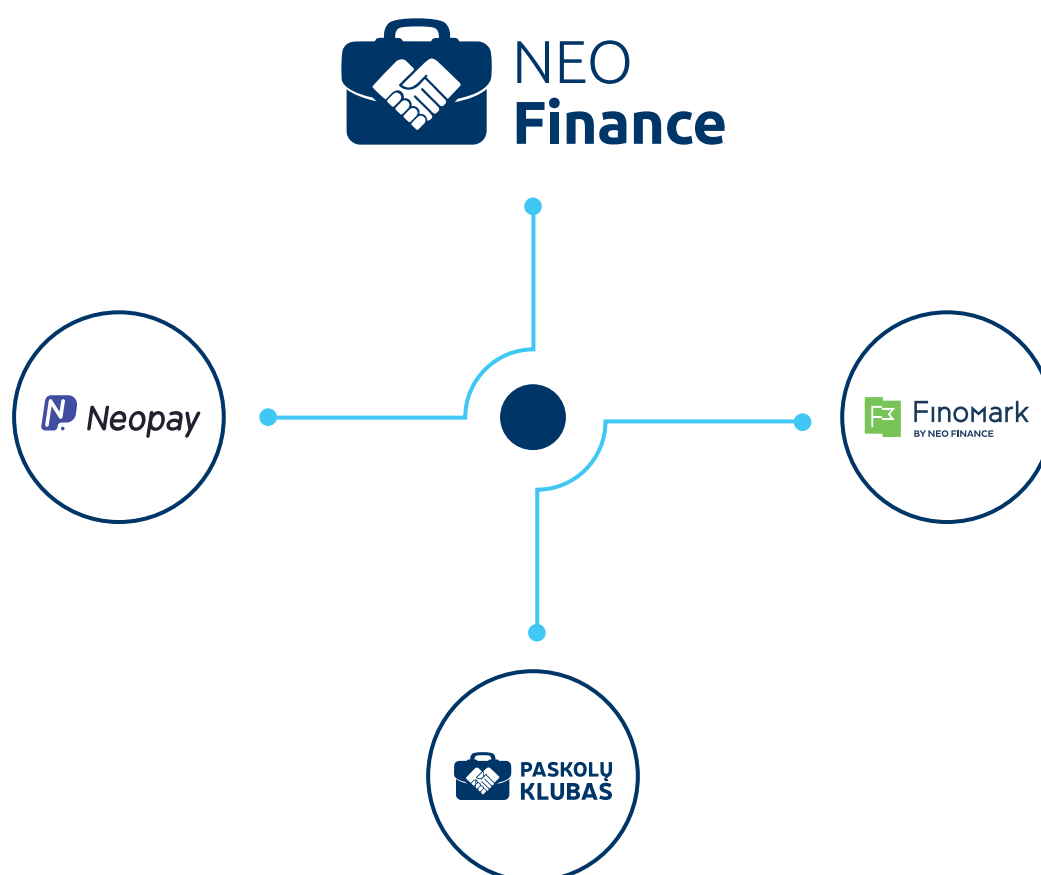
In 2019, the Dutch subsidiary NEO Finance B.V. was established, as a basis to attract investors from the Benelux countries for loans issued on NEO Finance's inter-lending platform.

As at the date of publication of this report, NEO Finance AB owns 94.13% of the shares of FinoMark UAB.

The company has no branches and/or representative offices.



FIELDS OF ACTIVITY





P2P lending platform

Services:

**Investing for natural people.
and legal entities:**

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

Consumer loans for natural people:

- Loan's interest from 4%.
- No upfront fees.
- Fast, convenient and online service.



Open banking

Services:

**Payment initiation and account
information services, withdrawal
and refund service and other
payment solutions:**

- Fast contract signing process and easy integration.
- Collection of payments from the banks.
- Application for customers business needs.
- Instant payments.
- API integration for more than 200 financial institutions.



Crowdfunding platform

Services:

**Investing for natural people.
And legal entities:**

- Investments of more than 500 EUR per loan are possible.
- Average interest 11%.
- Personal consulting.

Loans for legal entities:

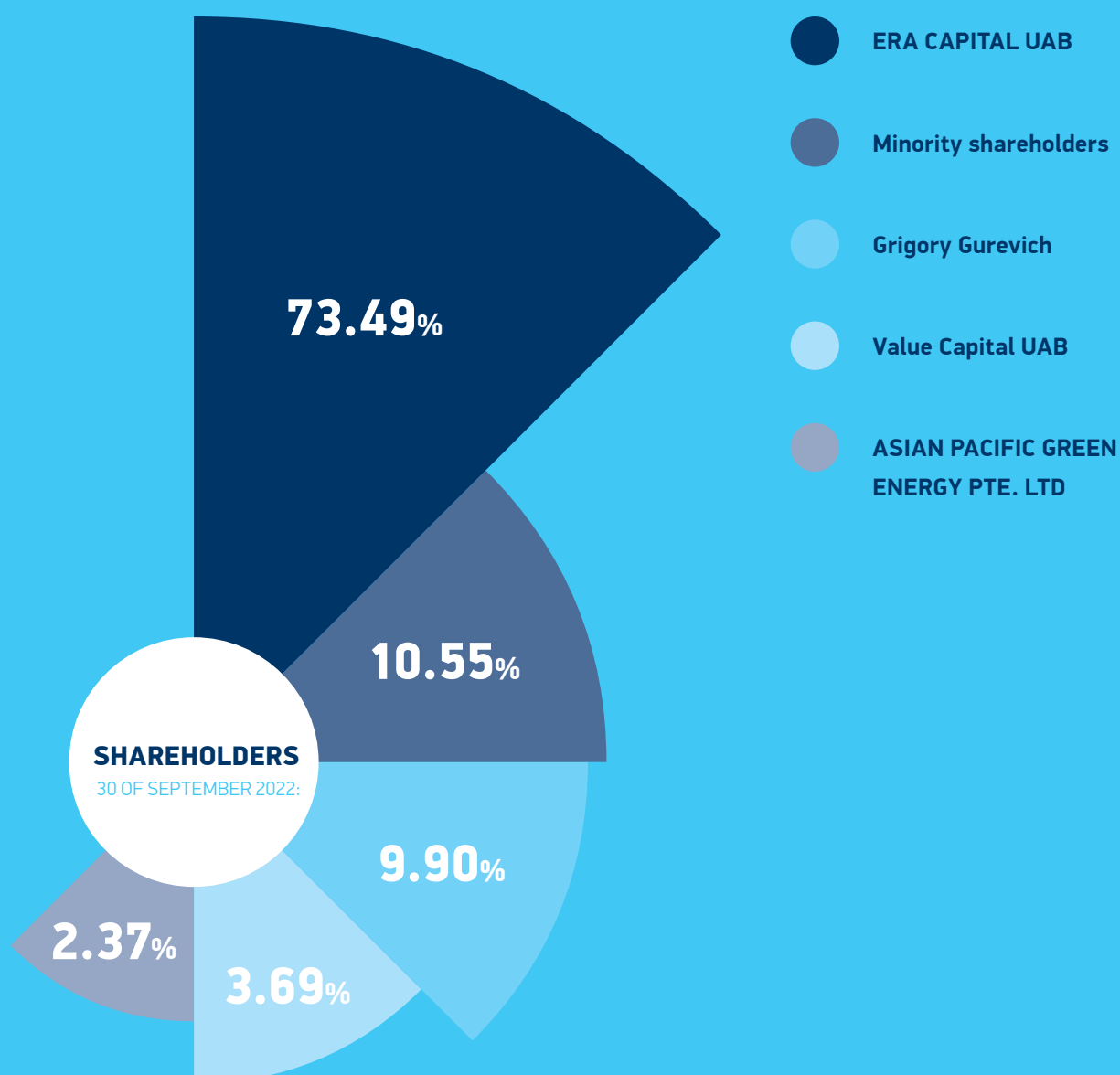
- SME loans up to 500 K EUR.
- Loans for more 12 months operating companies.
- Evaluation of applications within 24 hours.

The Company's share capital and shareholders

THE COMPANY HAS SHARE CAPITAL OF

EUR **1 848 934**

which consists of 4 202 122 ordinary shares with a nominal value of EUR 0.44 per share.





Key developments



Q3 2022 DEVELOPMENTS AT NEO FINANCE AB:

- At the end of July, Evaldas Remeikis, Chairman of the Board, was appointed as a Head of Administration.
- In July, the company's financial report for the first half of 2022 was published.
- In July, the Company's stock option agreements were signed with senior executives.
- in July, new international sanctions screening procedure approved.
- In July, Q2 risk management report presented to the Board.
- In August, an integration and training plan for new employees was developed and career development and periodic review plans for customer centre employees were approved.
- in September, representatives of the Bank of Lithuania visited the company.
- In September, a business-wide money laundering and terrorist financing risk assessment was carried out and an updated AML/CFT policy was approved.

Events

The third live event of the NEO Finance VIP Club took place in September. This year it was focused on the future of P2P: what can we learn from abroad?

Evaldas Remeikis, Head of Administration, talked about the significance of a foreign institutional investor joining the platform, Vytautas Kereišis, an investment specialist, gave an overview of the opinions of foreign P2P experts on the impact of the upcoming recession on investing, Mantas Katinas, former head of Invest Lithuania, talked about how foreigners see the investment environment before and during the war, and Vilius Oshkeliūnas, Director of Atelier Investment Management, shared his thoughts on how to set up a fund in Lithuania that invests into loans.

Speakers took part in a discussion on how investment will change during and after the crisis.

More than 50 investors with VIP status attended the event.



Key financial figures



ACCORDING TO UNAUDITED DATA, IN THE FIRST THREE QUARTERS OF 2022 THE COMPANY'S REVENUE DECREASED BY 1% COMPARED TO THE SAME PERIOD IN 2021.

- Loans granted in Q1-Q3 2022 totalled EUR 26 547 K, or 29% more than the EUR 20 522 K financed in Q1-Q3 of 2021.
- Profit before taxes for Q1-Q3 2022 was EUR 82 657. In Q1-Q3 2021, pre-tax profit was EUR 258 130.

	2022 Q1-Q3	2021 Q1-Q3	Δ, %	2020 Q1-Q3	Δ, %
Loans issued, EUR	26 547 250	20 522 267	29%	13 662 649	94%
Revenue, EUR	2 478 364	2 496 793	-1%	1 843 347	34%
Income from P2P lending, EUR	1 636 316	1 563 986	5%	1 326 403	23%
Income from e-money issuance and management, EUR	736 715	663 543	11%	305 645	141%
Income from investment activity, EUR	105 333	269 265	-61%	211 299	-50%
Cost of sales, EUR	(1 205 491)	(1 182 532)	2%	(1 176 950)	2%
Gross profit, EUR	1 272 873	1 314 261	-3%	666 397	91%
General and administrative expenses (depreciation excluded), EUR	(1 190 216)	(1 056 131)	13%	(672 192)	77%
EBITDA, EUR	299 785	434 813	-31%	112 262	167%
Pre-tax profit, EUR	82 657	258 130	-68%	(5 794)	
EBITDA Margin, %	12%	17%		6%	
Return on equity (ROE), %	3%	12%		0%	

Main 2022 Q3 financial indicators



ACCORDING TO UNAUDITED DATA, IN 2022 THIRD QUARTER THE COMPANY'S INCOME REACHED

EUR 933 392 and compared to 2021 third quarter increased by 2 percent.

- Loans granted in Q3 2022 totalled EUR 8 938 K, or 16% more than the EUR 7 718 K financed in Q3 2021.
- Cost of sales decreased by 7 percent, from EUR 466 K up to EUR 431 K.
- Operating costs increased by 24 percent, from EUR 330 up to EUR 409.
- Profit before taxes for Q3 2022 was EUR 94 943 while in Q3 2021, pre-tax profit was EUR 69 035.

	2022 Q3	2021 Q3	Δ, %	2020 Q3	Δ, %
Loans issued, EUR	8 938 036	7 718 577	16%	4 718 978	89%
Revenue, EUR	933 392	913 531	2%	680 987	37%
Income from P2P lending, EUR	634 157	518 677	22%	466 205	36%
Income from e-money issuance and management, EUR	256 994	254 705	1%	154 028	67%
Income from investment activity, EUR	42 241	140 149	-70%	60 754	-30%
Cost of sales, EUR	(431 325)	(466 044)	-7%	(330 481)	31%
Gross profit, EUR	502 067	447 487	12%	350 506	43%
General and administrative expenses (depreciation excluded), EUR	(408 734)	(330 349)	24%	(186 241)	119%
EBITDA, EUR	137 319	117 139	17%	164 265	-16%
Pre-tax profit, EUR	94 943	69 035	38%	122 372	-22%
EBITDA Margin, %	23%	13%		24%	
Return on equity (ROE), %	4%	3%		9%	

Management accounts

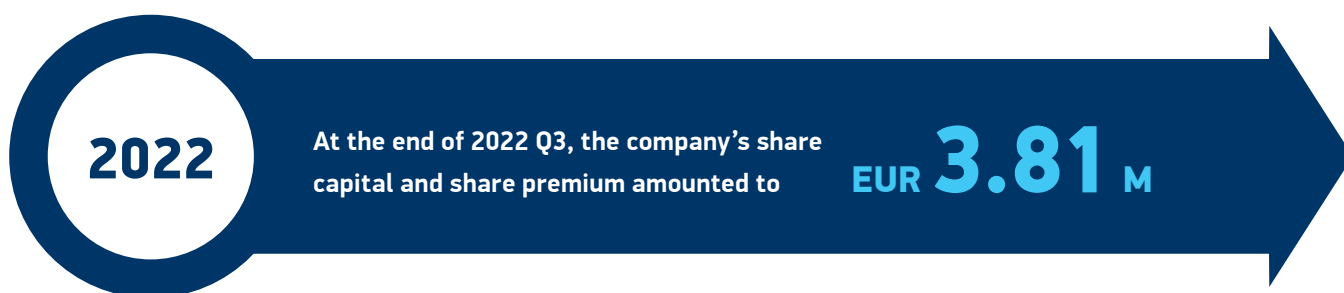
Revenue accumulation. The majority of revenue from P2P lending activities is distributed over the loan period. These revenues are received only when the borrower actually makes instalments. For management purposes, future intermediary fees are recognized in the year they are generated.

	2022 Q3	2021 Q3	Δ, %	2020 Q3	Δ, %
Loans granted, EUR	8 938 036	7 718 577	16%	4 718 978	89%
Intermediary fee income*, EUR	1 294 937	776 685	67%	459 125	182%
Intermediary fee / Loans granted, %	14%	10%	40%	10%	40%
Other income, EUR	425 928	537 867	-21%	534 697	-20%
Cost of sales, EUR	(431 325)	(466 044)	-7%	(330 481)	31%
General and administrative expenses (depreciation excluded), EUR	(408 734)	(330 349)	24%	(186 241)	119%
EBITDA, EUR	880 806	518 159	70%	477 100	85%

At the end of the Q3 of 2022, the brokerage fee receivable in future periods amounted to

EUR 7.78 million.

Capital



- During 2022 Q3, the company's share capital was not increased.
- Shareholders' equity at the end of 2022 Q3 amounted to **EUR 2.5 M.**

As an electronic money institution, NEO Finance AB has a requirement of minimum private capital of EUR 350 K. If the capital decreases below that level, shareholders must act to bring it back to EUR 350 K. Under these rules, the capital adequacy of an electronic money institution is calculated by subtracting the intangible assets and deferred tax asset from the equity. At the end of 2022 Q3, equity in company's balance sheet was equal to EUR 2.5 M. According to the requirements approved by the Bank of Lithuania, the supervisory capital was equal to EUR 645 K which is more than the minimum requirement.





Paskolų klubas

P2P lending platform Paskolų Klubas



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



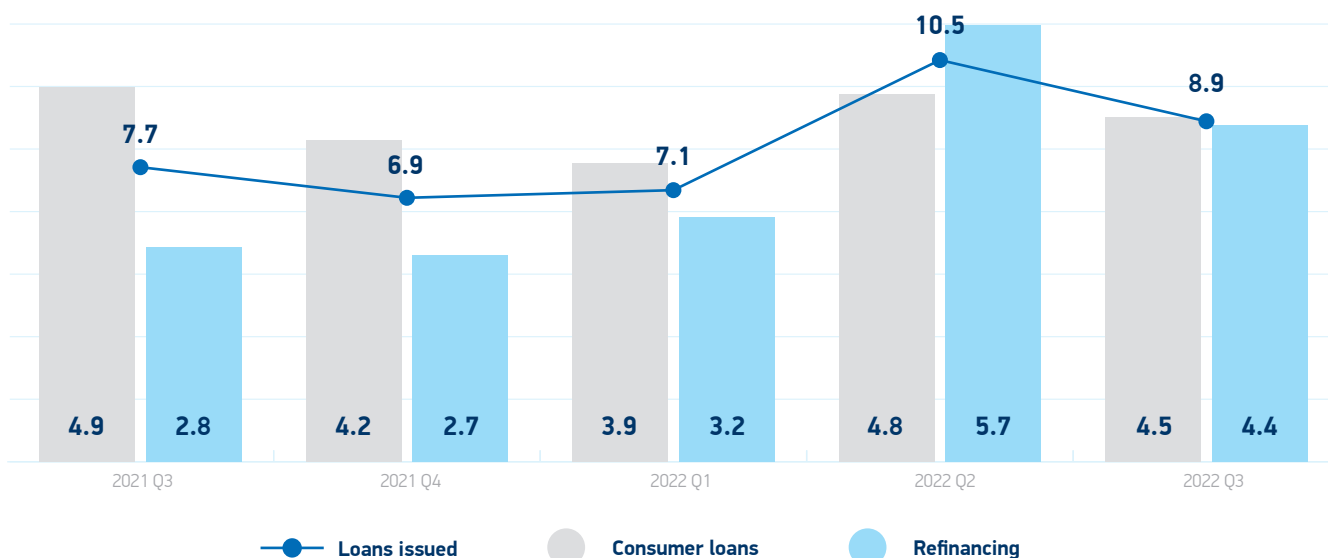
Q3 2022 DEVELOPMENTS AT P2P LENDING PLATFORM PASKOLŲ KLUBAS:

- In July, an additional premium insurance service was launched for customers in cooperation with the insurance company.
- In July, a new advertising campaign “It’s not all uphill” was launched and broadcast during the Eurobasket basketball championship.
- In August, a new campaign was launched with a new “Eurobasket” campaign.
- In August, the active loan portfolio on the Loan Club platform exceeded €50 million.
- In September, NEO Finance, AB investors from the Netherlands visited Lithuania and visited the company’s office, Nasdaq headquarters in Vilnius, the Money Museum and FinoMark clients.
- In September, the renewal of investment limits for refinancing cases was implemented. Investors who have invested in a previous loan can invest up to a maximum of EUR 500, excluding the investment of the loan being refinanced, when the existing loan is guaranteed to be repaid.

In Q3 2022, EUR 8.9 M of loans were issued through NEO Finance's Paskolų Klubas P2P lending platform, which is 16% more than in Q3 2021.

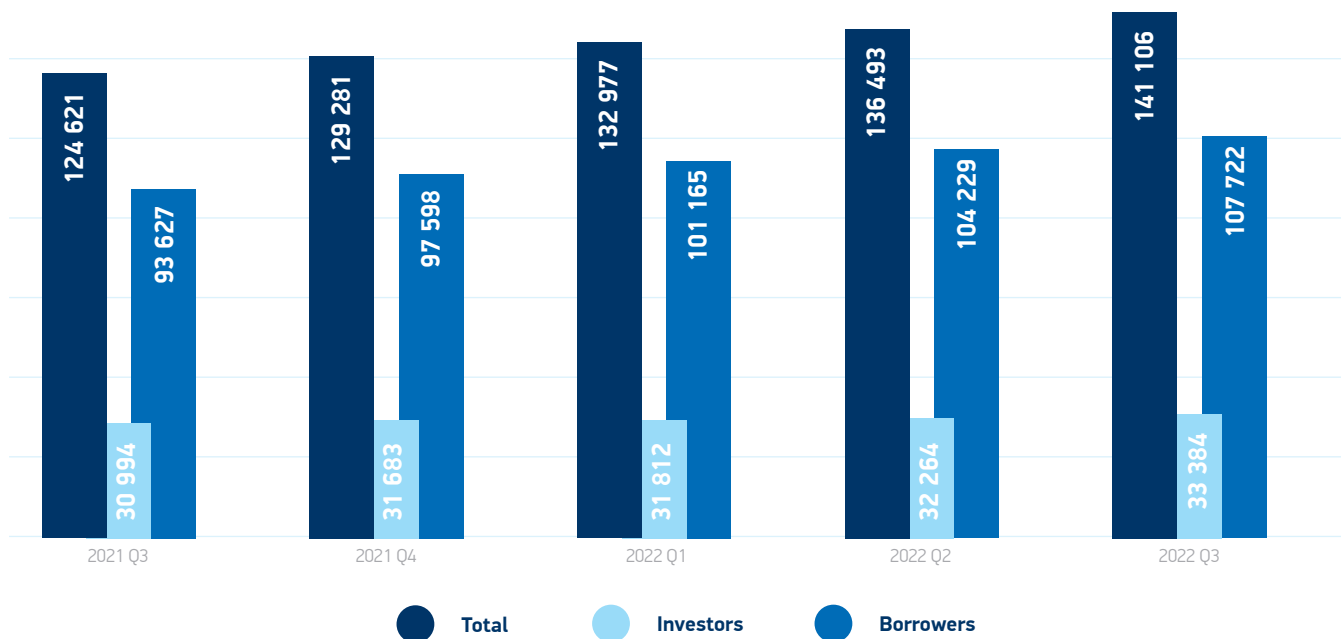
ON A MONTHLY BASIS, THE LARGEST AMOUNT OF LOANS ISSUED IN Q3 WAS IN AUGUST, Paskolų Klubas issued loans for EUR 3,12 M in one month.

P2P lending platform, loans issued, M EUR



During the Q3 of 2022, the number of registered users grew by 3.4 percent. Growth in the number of consumer credit recipients was 3.4 percent, investors – 3.5 percent. The total increase of users during the Q3 of 2022 was 4,613 new customers.

Registered users



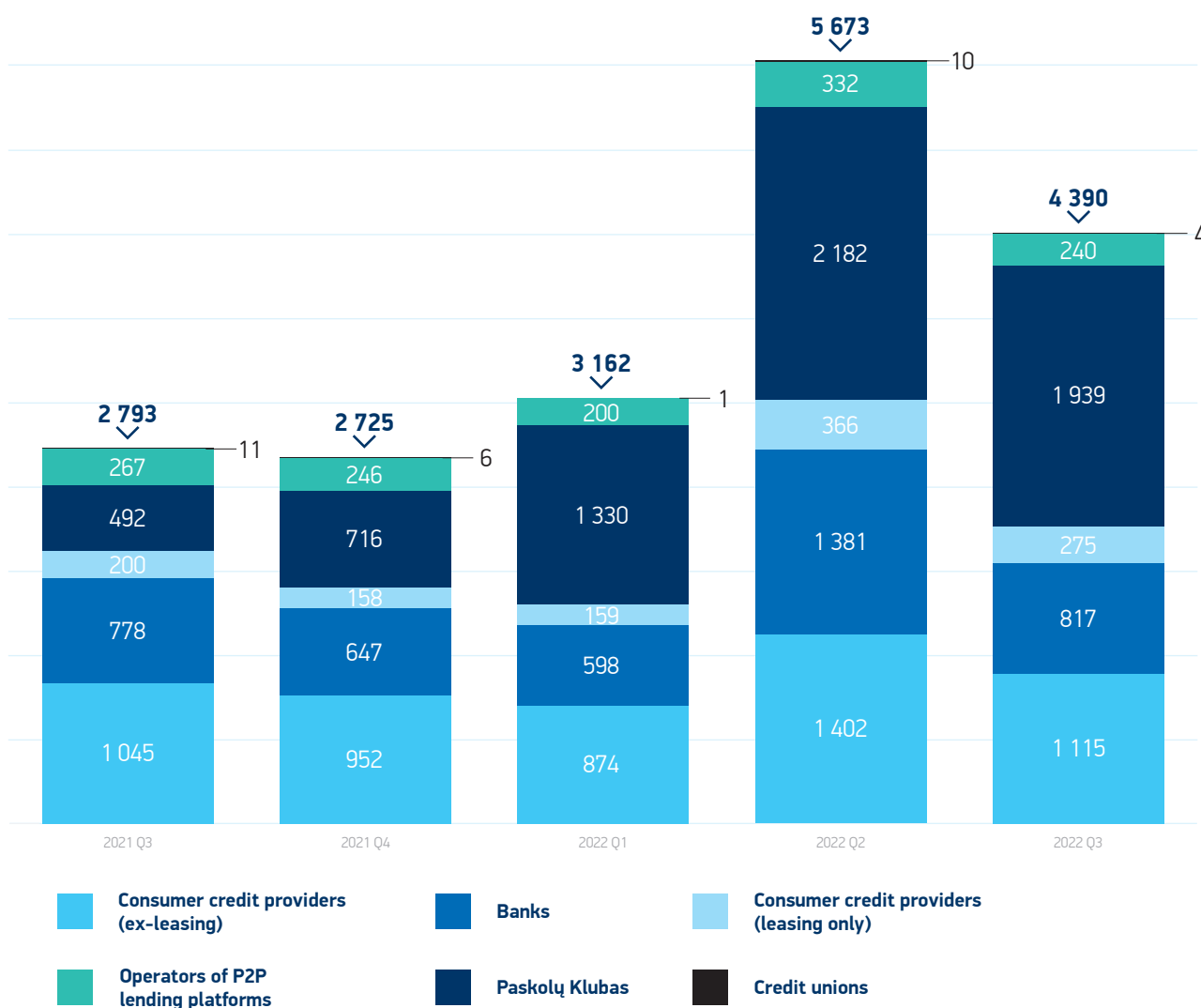
Refinancing

Of the **EUR 8,9 M**

of loans financed in Q3 2022, EUR 4.4 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.

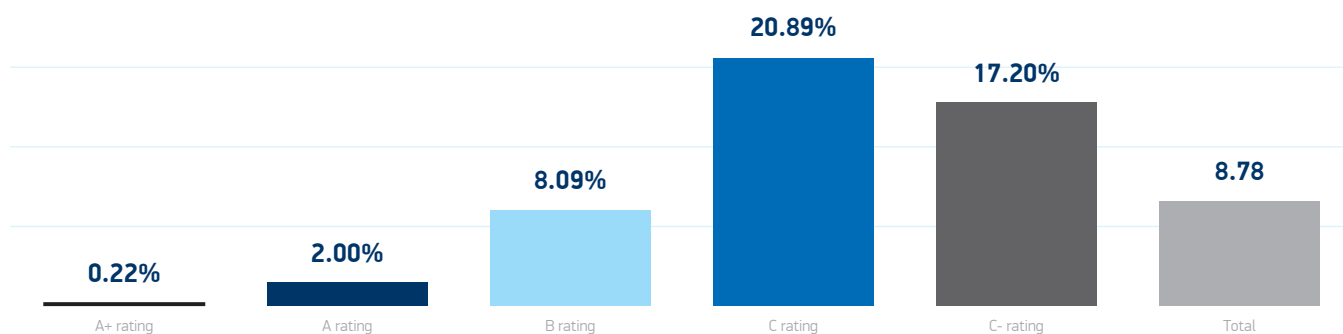
Refinancing distribution, K EUR



Overdue loans

At the end of Q3 2022, of 35 240 outstanding loans, 3 037 (8.62%) were overdue more than 90 consecutive days. Of the EUR 117.5 M of loans issued, loans for EUR 10.3 M (8.78%) were more than 90 days overdue. During Q3 2022, EUR 651 K were recovered and distributed to lenders

EUR, overdue >90 days, %

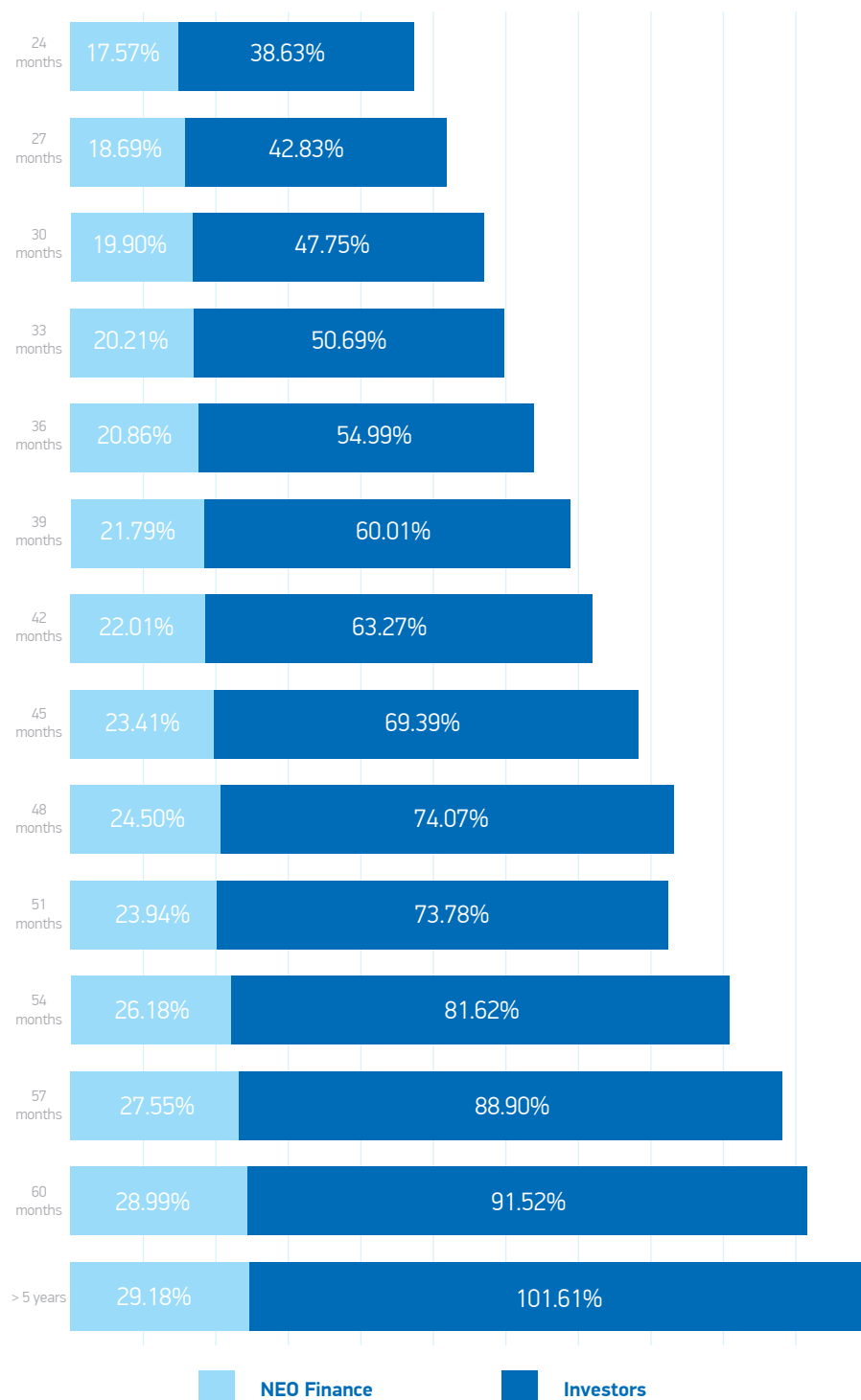


Amount recovered, K EUR

	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Recovered amount, K EUR	428	502	459	556	651
Overdue (>90days) loan amount, K EUR	8 675	9 172	9 583	9 793	10 319

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

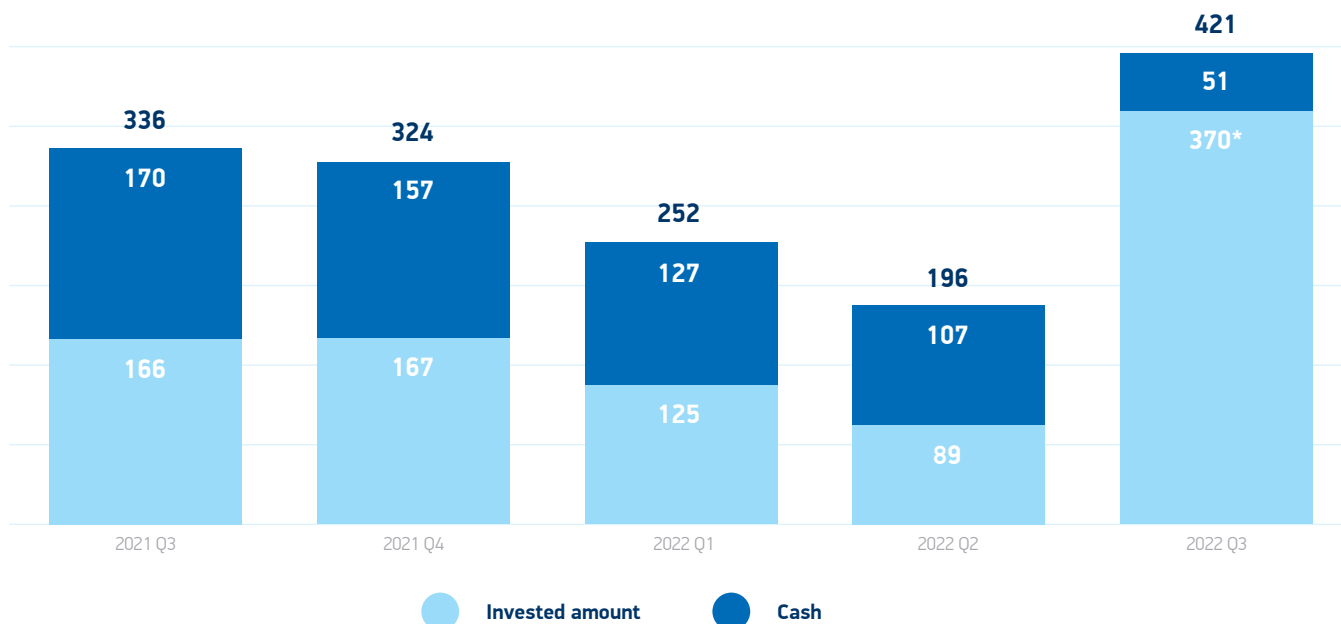


Months after termination	Principal at termination	No. of loans
24 months	7 963 210	2 488
27 months	6 977 100	2 183
30 months	6 162 128	1 946
33 months	5 399 929	1 682
36 months	4 475 977	1 398
39 months	3 672 957	1 156
42 months	2 883 283	917
45 months	2 233 416	735
48 months	1 726 112	579
51 months	1 185 740	418
54 months	879 039	332
57 months	696 857	275
60 months	436 744	195
> 5 years	498 699	262

Provision fund

The provision fund lets lenders reduce investment risk. If a loan defaults, the provision fund secures therepayment of the invested amount. In Q3 2022, EUR 96 564 was paid out to lenders from the provision fund.

Provision fund, K EUR



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

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

At the end of Q3 2022, the amount accumulated in the provision fund account was EUR 421 K and the total guaranteed amount was EUR 1.4 M. The coverage ratio was thus 29.5%.

	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Guaranteed amount, K EUR	2 549	2 405	2 113	1 726	1 427

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.

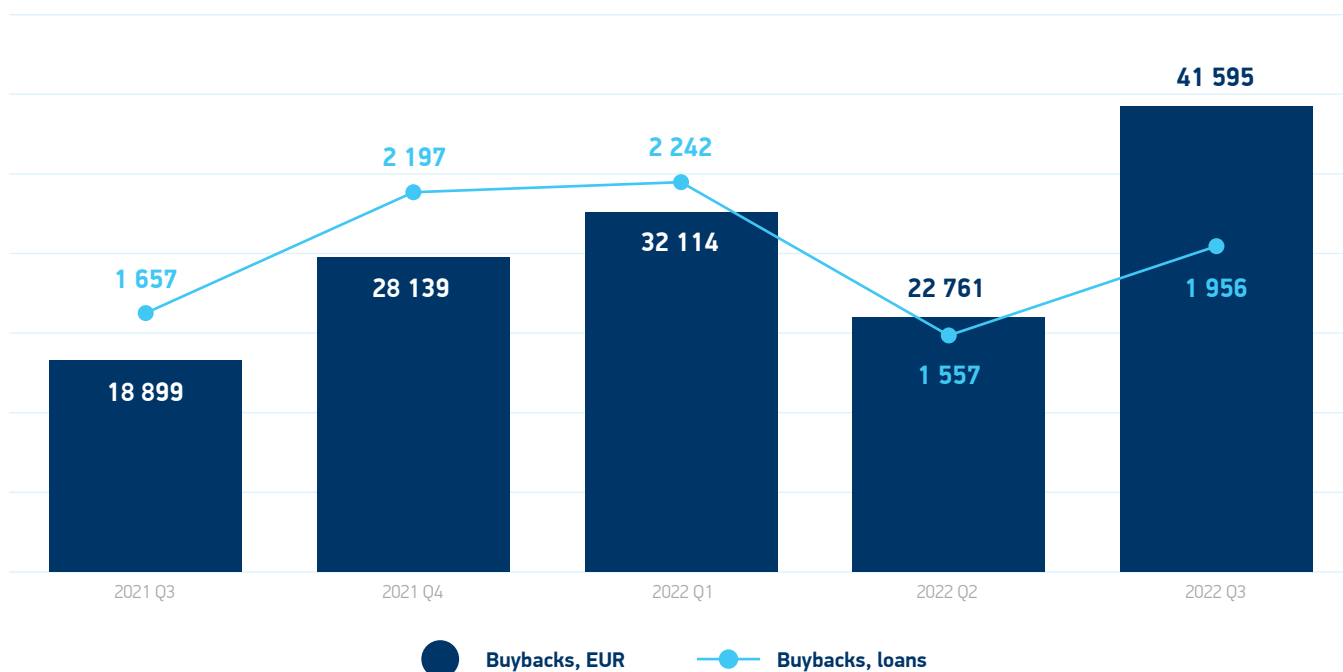


IN Q3 2022, LENDERS SOLD

1 956

investments to NEO Finance AB for EUR 41 595.

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.

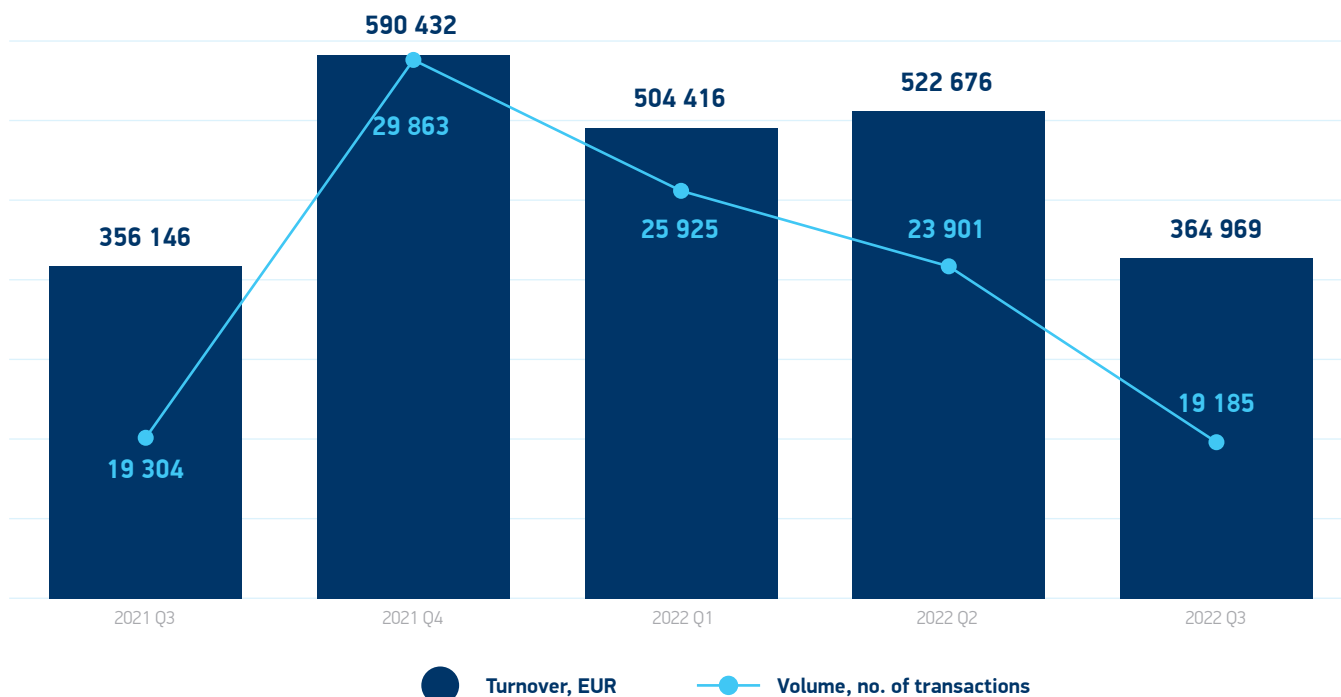
SECONDARY MARKET TURNOVER IN Q3 2022 TOTALLED

EUR **364 969**

THE AVERAGE TRANSACTION AMOUNT WAS

EUR **19.02**

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.

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

The investment limit of NEO Finance, AB has been increased from 50% up to 80% of initial amounts of consumer loan. The company can immediately invest up to 50 percent the initial amounts of A+, A and B rated consumer credit. However, if the financing of the above-mentioned rated loans is not completed within 48 hours, NEO Finance, AB has the opportunity to finance an additional 30% of initial amounts of consumer loan.

NEO Finance, AB had the opportunity to finance up to 50% of all loans placed on the market on the Paskolų Klubas platform. Due to the growing supply of loans, it was decided to increase the investment limit of NEO Finance, AB to 80% of the initial consumer credit amount. When a credit rating of A+ or A is granted to a consumer credit recipient - NEO Finance, AB can immediately grant a consumer credit of up to EUR 15,000, if a credit rating of B is granted - up to EUR 8,800, but not more than 80 percent of the initial amount of the consumer credit. NEO Finance may not adhere to the above maximum investment amounts and grant consumer credit to consumer credit recipients of all credit ratings, if the investors have already financed at least 20 percent of the consumer credit amount and at least 24 hours have passed since the application for consumer credit was submitted to the loan market.

NEO Finance, AB can invest in C and C-rated loans only when other investors finance at least 20 percent of loan amount and at least 48 hours have passed from the submission of the application for consumer loan on the loan market.



IN THE FIRST HALF OF 2022 NEO FINANCE, AB INVESTED IN LOANS

EUR **273 000**

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

2021 Q3

2021 Q4

2022 Q1

2022 Q2

2022 Q3

187

36

78

85

273

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.

nordIX
fixed income & derivatives

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 Q3, THE PORTFOLIO THAT NORDIX
HAD ACQUIRED FROM NEO FINANCE AB HAD A TOTAL SIZE OF

EUR **7.5 M.**

NORDIX'S INVESTMENTS, EUR

1 670 210 2021 Q3

1 368 807 2021 Q4

1 523 144 2022 Q1

4 177 636 2022 Q2

2 033 186 2022 Q3

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.



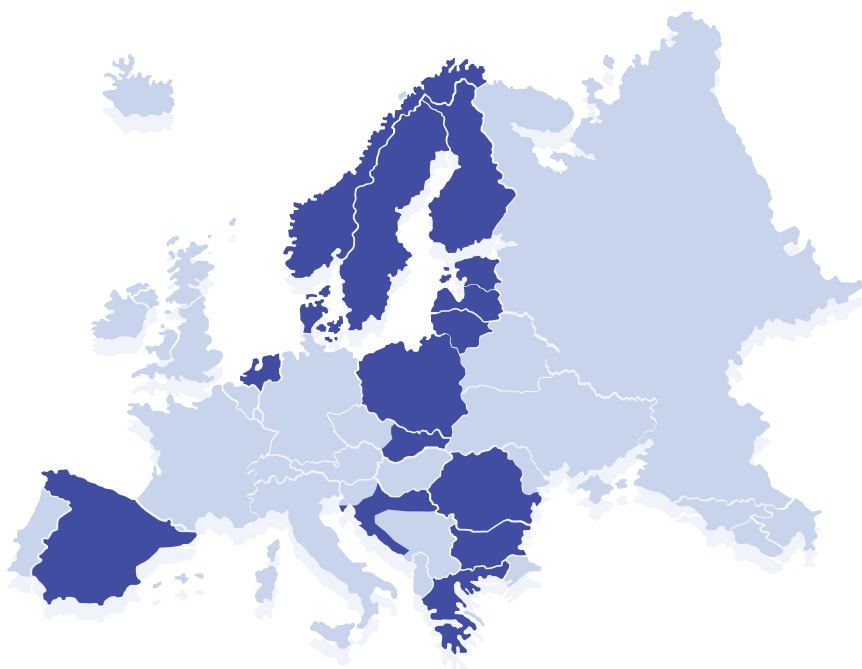


Neopay

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 Q3 2022, Neopay was available in Lithuania, Latvia, Estonia, Finland, Sweden, Norway, Denmark, the Netherlands, Poland, Greece, Romania, Spain, Croatia, Bulgaria and Slovakia, integrated into over 200 financial institutions. The latest list by country can be found [here](#).



Q3 2022 DEVELOPMENTS AT NEOPAY:

In July, a new service – automated refunds was launched. The new solution will make it much easier and more efficient for e-businesses to operate and manage their operations by eliminating manual returns.

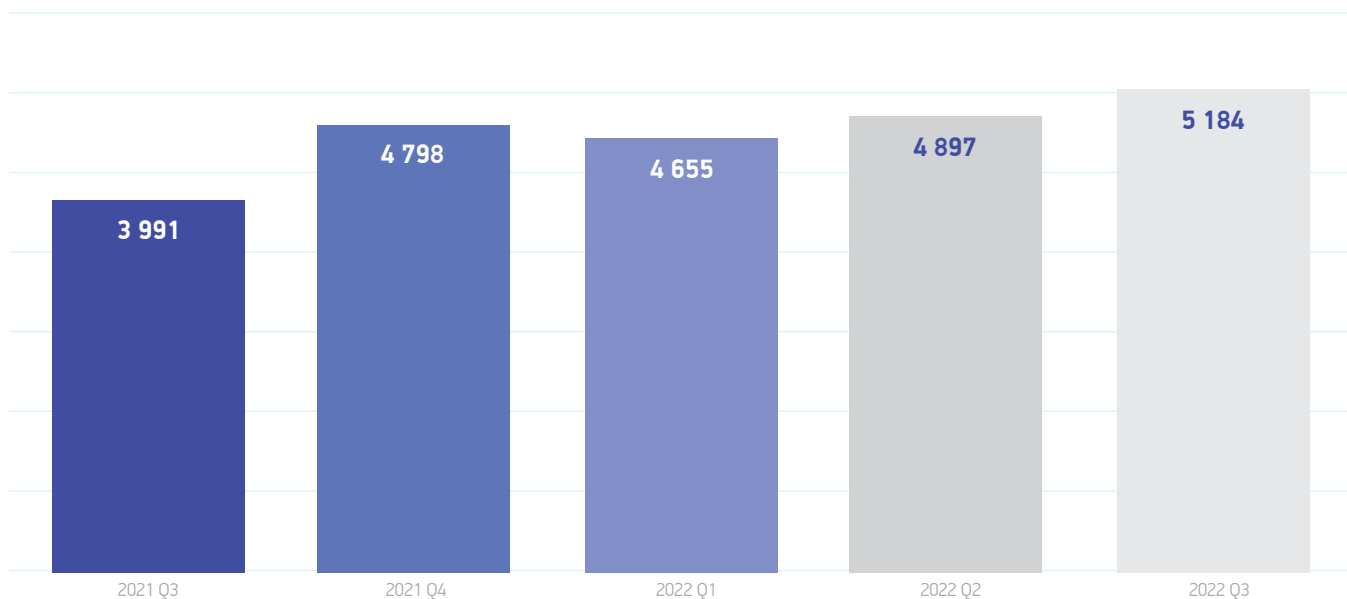
Two solid records were achieved in September:

1.89 million transactions initiated during the month. This is a new record for Neopay's entire history. Swedbank and SEB Bank initiated the most transactions.

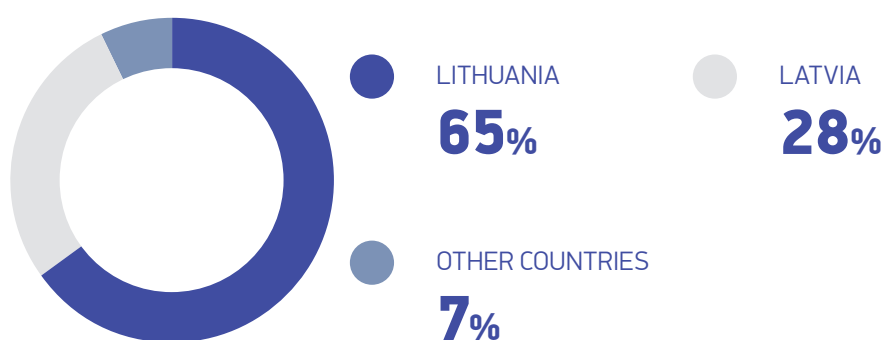
Before the end of the third quarter of the year, Neopay had collected more than EUR 1 billion in payments this year.

In Q3 2022, Neopay became available in new markets in Croatia, Bulgaria, Slovakia and Denmark.

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.



A photograph of a person in a light blue shirt and dark jeans leaning over a desk in a modern office. The office has large windows that look out onto a city skyline. A computer monitor and a glass of water are on the desk. The scene is brightly lit with natural light from the windows. A dark blue rectangular overlay is positioned on the right side of the image, containing the text 'FinoMark' in white.

FinoMark

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

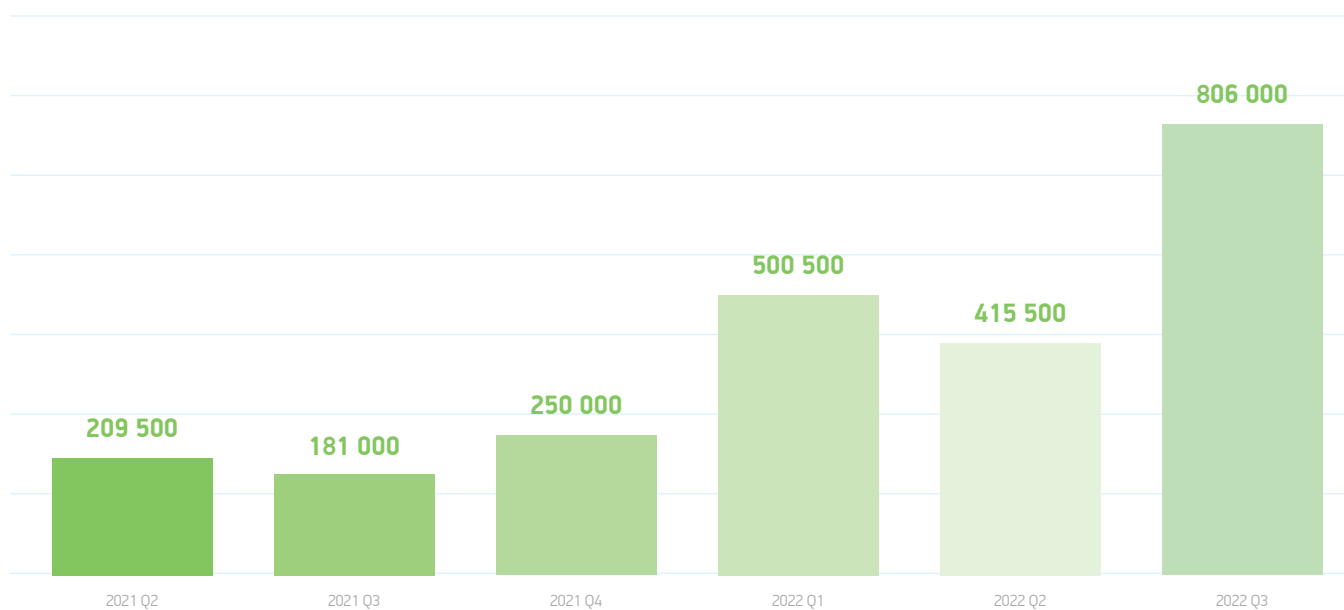
When it launched, VIP lenders from the Paskolų Klubas P2P lending platform were given an exclusive opportunity to get acquainted with projects published on the platform and invest in them. In June 2021, the crowdfunding platform was presented publicly and became accessible to all investors.



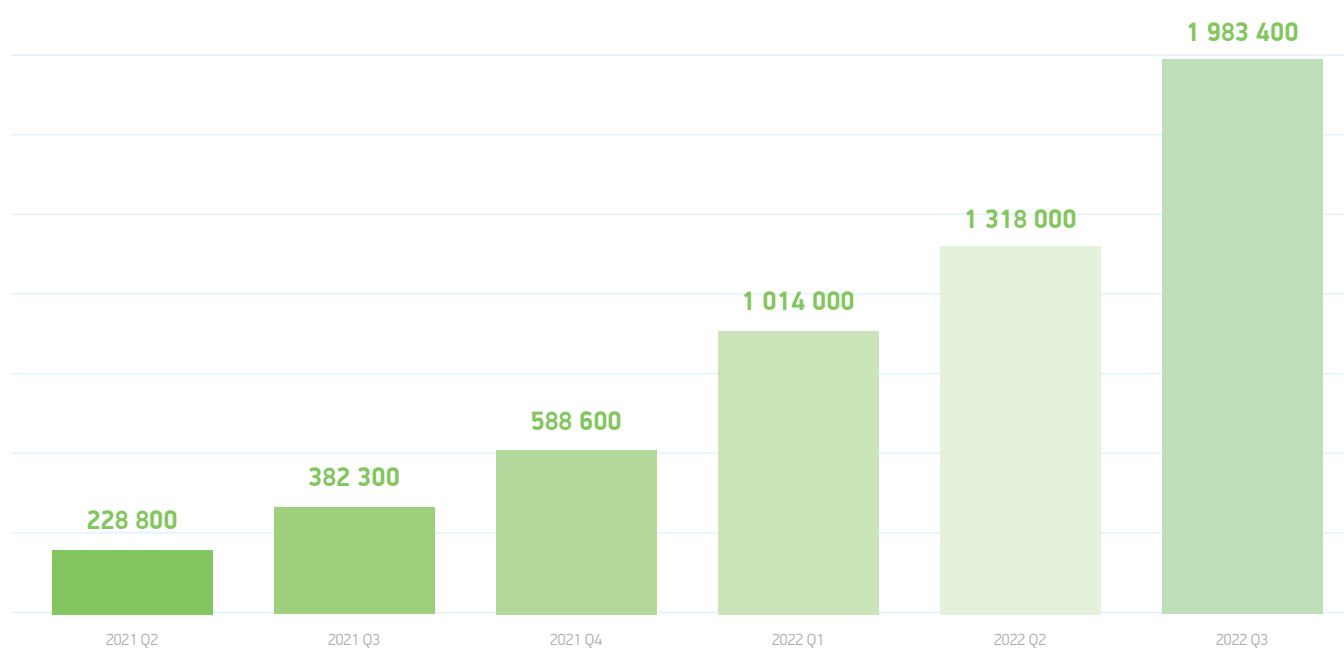
H1 2022 DEVELOPMENTS AT FINOMARK:

- In July, the statistics page of the FinoMark website was updated to show the performance of the platform.
- In July, the platform integrated a payment initiation service, allowing more efficient and faster cash flow management between borrowers and investors.
- July, the state-owned company Invega started investing in the FinoMark platform under the Avietė instrument to finance loans even faster.
- In August, changes were made to investor accounts, extending the possibility to analyse an investor's portfolio in more detail.
- In August, the investor's investment profile was expanded to include more detailed analysis of the investor's investment portfolio. A feature (refferal) was created to allow investors to actively invite other investors to join the platform.
- In August, the calculation of personal tax for foreign investors was updated and fully automated.
- In September, the Smart Investing functionality was suspended.

FinoMark issued loans amount, EUR



Active investors' portfolio amount, EUR



Average loan term.

Interest paid

Average loan amount

Average interest rate

31,2 month.

101 924 EUR

21 509 EUR

10,93%

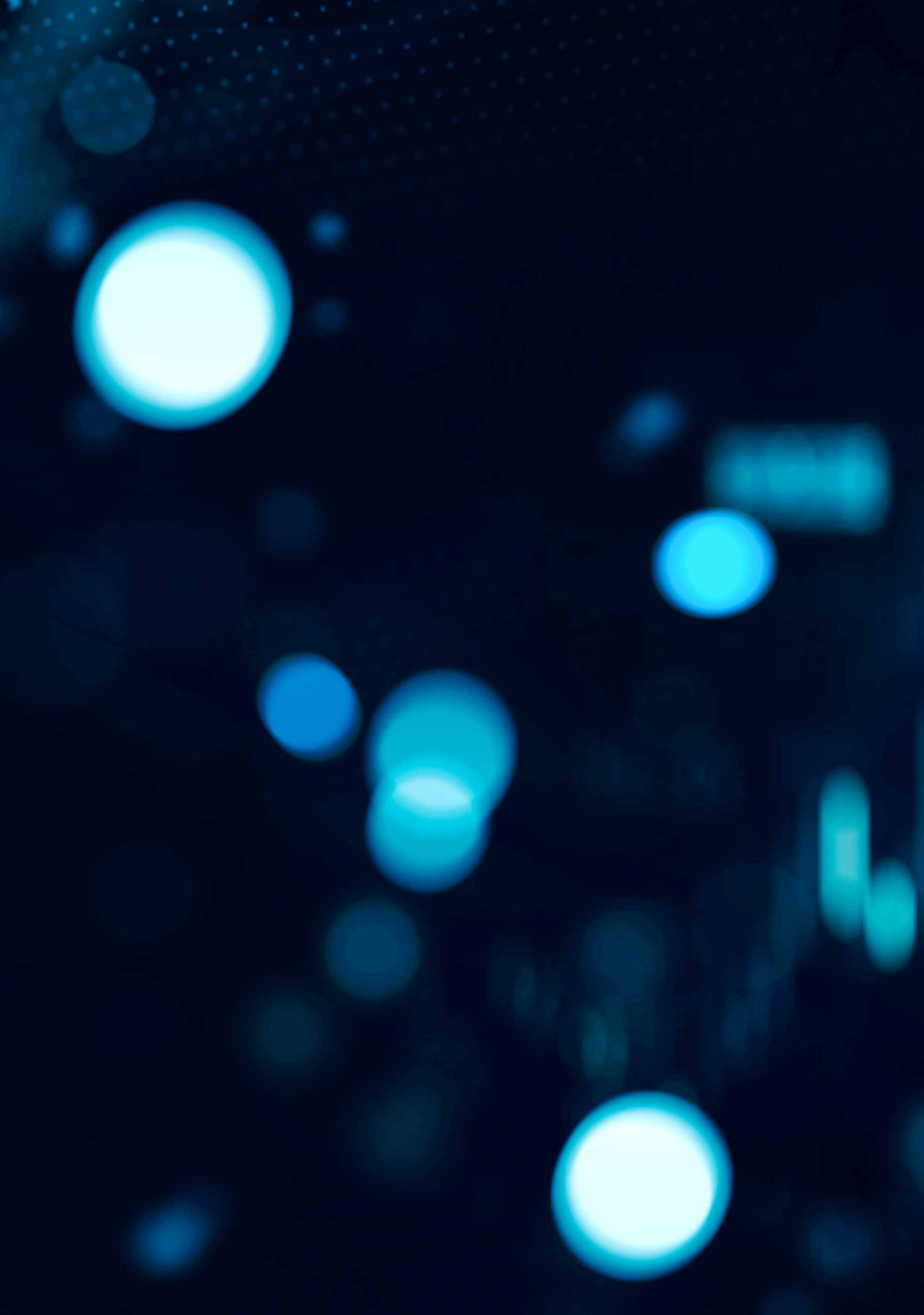


A nighttime photograph of a city street with long-exposure light trails from cars. In the background, a city skyline is visible under a dark sky. The foreground shows a road with multiple lanes, with light trails in orange and white. A bus lane is marked on the right side of the road. The overall scene is dark, with the city lights providing the main illumination.

POSTSHEET EVENTS

On 21 October 2022, the capital of the subsidiary NEO Finance, AB was increased from EUR 747 500 to **EUR 787 500**.

The capital increase was granted to the subsidiary Finomark, UAB, which is still loss-making, in order to comply with the capital adequacy requirements of the Crowdfunding Act.



-1.03956

FINANCIAL STATEMENTS

for the period ended 30 September 2022

2022 Q3 CONDENSED BALANCE SHEET, EUR

Item	Reporting period	Previous reporting period
ASSETS		
FIXED ASSETS	2 925 986	2 493 757
Intangible Assets	897 354	725 622
Tangible Assets	28 688	34 915
Other devices, appliances and tools	28 688	34 915
Financial Assets	1 669 738	1 403 015
Shares of companies of the group of companies	734 138	506 638
Accounts Receivable after one year	935 601	896 377
Other fixed assets	330 206	330 206
Deferred tax assets	330 206	330 206
CURRENT ASSETS	10 666 194	11 631 965
Reserves	85 872	16 203
Advances paid	85 872	16 203
Accounts receivable within one year	665 645	596 770
Short-term investments	159 543	127 391
Other receivables	506 102	469 379
Cash and cash equivalents	9 914 677	11 018 992
EXPENSES OF FUTURE PERIODS AND ACCRUED INCOME	6 011	137
ASSETS TOTAL:	13 598 191	14 125 859
EQUITY AND LIABILITIES		
EQUITY	2 502 429	2 051 841
Capital	1 848 934	1 784 436
Authorized (subscribed) or authorized capital	1 848 934	1 784 436
Share Premium	1 956 848	1 653 415
Retained earnings/loss	(1 303 353)	(1 386 010)
Profit (loss) for the reporting year	82 657	117 739
Profit (loss) of previous years	(1 386 010)	(1 503 748)
PROVISIONS	103 007	194 715
Other provisions	103 007	194 715
ACCOUNTS PAYABLE AND OTHER LIABILITIES	10 986 325	11 864 124
Accounts payable after one year and other long-term liabilities	760 443	984 231
Debt obligations	730 000	941 341
Other payables and long-term liabilities	30 443	42 890

Item	Reporting period	Previous reporting period
Accounts payable within one year and other short-term liabilities	10 225 882	10 879 893
Debt obligations	279 837	56 917
Advances received	18 930	933
Debt to suppliers	192 911	148 033
Corporate tax obligations	-	15 871
Obligations related to labor relations	156 933	155 349
Current Amounts Payable And Liabilities	9 577 270	10 502 789
ACCRUED EXPENSES AND DEFERRED INCOME	6 430	15 179
TOTAL EQUITY AND LIABILITIES:	13 598 191	14 125 859

2022 Q3 PROFIT AND LOSS STATEMENT, EUR

Item	Reporting period	Previous reporting period
SALES REVENUE	2 478 364	3 443 082
COST OF SALES	(1 205 491)	(1 769 674)
GROSS PROFIT/LOSS	1 272 873	1 673 408
General and administrative expenses	(1 189 536)	(1 487 181)
Other operative expenses	(480)	(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	413	
Impairment of financial assets and short-term investments	-	-
Interest and similar expenses	(604)	(190)
PROFIT/LOSS BEFORE TAX	82 657	179 054
INCOME TAX	-	(61 315)
NET PROFIT/LOSS	82 657	117 739

2022 Q3 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			(12 286)	(12 286)
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	(1 398 296)	2 407 486

2022 Q3 cash flow statement, EUR

Straipsniai	Reporting period	Previous reporting period
Cash flows from operating activities		
Net profit (loss)	82 657	117739
Depreciation and amortisation expenses	240 509	271102
Elimination of results of financing and investing activities	190	190
Decrease (increase) in other amounts receivable after one year	(39 224)	745 566
Decrease (increase) in assets of the deferred tax on profit	-	45 444
Decrease (increase) in advance payments	(69 669)	13 576
Decrease (increase) in trade debtors	(32 152)	(68 554)
Decrease (increase) in other debtors	(36 723)	255 476
Decrease (increase) in prepayments and accrued income	(5 874)	802
Increase (decrease) in provisions	(91 708)	(50 105)
Increase (decrease) in trade of long-term creditors and prepayments received on account	(12 447)	(62 561)
Increase (decrease) in trade with short-term creditors and prepayments received on account	62 876	(19 485)
Increase (decrease) in liabilities of tax on profit	(15 871)	(219)
Increase (decrease) in liabilities related to employment relations	1 718	29 679
Increase (decrease) in other amounts payable and liabilities	(138 383)	3 743 466
Increase (decrease) in accruals and deferred income	(8 750)	(3434)
Net cash flows from operating activities	(62 851)	5 018 681
Cash flows from investing activities		
Acquisition of fixed assets (excluding investments)	(407 419)	(426 837)
Disposal of fixed assets (excluding investments)	1 405	2 056
Acquisition of long-term investments	(227 500)	(343 138)
Net cash flows from investing activities	(633 514)	(767 919)
Cash flows from financing activities		
Cash flows related to entity's owners	367 931	444606
Issue of shares	367 931	444606
Cash flows related to other financing sources	11 446	(913443)
Increase in financial debts	90 000	505000
Loans received	90 000	505000
Decrease in financial debts	(78 554)	(1418443)
Loans returned	(78 554)	(318 443)
Bonds returned	-	(1 100 000)
Net cash flows from financing activities	379 377	(468837)
Adjustments due to exchange rates on the balance of cash and cash equivalents	(192)	(190)
Increase (decrease) of net's cash flows	(317 180)	3781736
Cash and cash equivalents at the beginning of the period	11 018 993	7237257
Cash and cash equivalents at the end of the period	10 701 813	11018993

