



NEO Finance, AB

Report and unaudited Financial Statements for 2019

Vilnius

2020-01-31

CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

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Vilnius

Hereby we confirm that to the best of our knowledge, the Financial Statements for 2019 were prepared in accordance with Lithuanian Financing Reporting Standards and they give a true and fair view of NEO Finance, AB assets, financial position, profit or loss and cash flow.

Additionally, we confirm that to the best of our knowledge, the Corporate report for 2019 includes a fair review of the development and performance of the business of NEO Finance, AB.

NEO Finance, AB
Head of Administration



Aiva Remeikienė

NEO Finance, AB
Chief Financial Officer



Andrius Liukaitis

Review of the company

- NEO Finance has been **established on January 21, 2014**, in Lithuania.
- In **October 2015**, a **limited e-money institution license** has been issued for the company.
- In **April 2016**, the company has become **the first platform** to be included in the **P2P lending platform list** administered by the Bank of Lithuania.
- In **January 2017**, an **unlimited e-money institution licence** which allows operations in the European Union has been issued by the Bank of Lithuania.
- Since the **start of its operations in December 2015**, the company has been operating as a P2P lending platform that issues consumer credits in Lithuania, and as an e-money institution: it holds money in IBAN accounts, executes money transfers via CENTROLINK SEPA payment system.
- In **September, 2018**, active sales process for **payment initiation service (PIS)** has started in Lithuania.
- In **March, 2019**, Neo Finance B.V. – **a subsidiary** – was established **in the Netherlands**.
- After the **successful IPO in June, 2019**, NEO Finance shares **became listed in Nasdaq First North** in August.

In 2019, the company has remained a stable leader, holding over 54% of the P2P consumer lending market in Lithuania. The NEO Finance platform is the largest according to all possible indicators: amount of loans issued since the start of operations, amount of loans issued during the last year, and the amount of a loan portfolio.

In 2019, the company continued to increase the volume of loans issued, reaching EUR 18.62 M and, compared to 2018 grew by 30%. Likewise, the income grew to EUR 1.72 M versus EUR 1.02 M in 2018 (70% growth). Company's EBITDA decreased by 39%, and in 2019 was EUR -530K, whereas in 2018 it was EUR -381 K. Negative change was affected by one-off capital attraction costs, provisions adjustment and PIS expansion. Accordingly, the net profit in 2019 was EUR -659 K, compared to EUR -453 K in 2018.

Payment initiation service (PIS) was growing rapidly. In 2019, the company performed over 3.55 M transactions, compared to 680 K transactions in 2018. Accordingly, primarily due to the increase in PIS volumes, payment-activity-related revenue increased more than 4 times, from EUR 39 K in 2018, to EUR 178 K in 2019.

It is worth mentioning that increase in loss in 2019 compared to 2018 was due to one-off capital attraction costs (Seedrs and IPO), which summed up to EUR 94 K; EUR 72,670 of which was the cost of IPO. Moreover, after the 2017 audit, provisions were adjusted by EUR 55 K during 2018, as the company was too strict on provisions valuation. The effect of both factors – EUR 152 K. Additionally, budget for PIS was exceeded in 2019, while preparing for possibilities arising from PSD2 directive.

At the beginning of 2019 the management team confirmed ambitious goals, which are to be achieved in 3-4 years:

- **Increase** the volume of consumer **loans** financed by the lenders via platform to **EUR 5 M** per month.
- **Increase** the **revenue** from the Payment Initiation Service to **EUR 3 M** per year.
- **Increase** the number of **active investors (i.e. lenders)** to **25,000**.

Essential corporate events in 2019

- Business continuity plan together with a stress-test was updated and submitted to Bank of Lithuania. It can be found [here](#).
- Change implemented, so that client's money are held only in one commercial bank's special purpose account and in Bank of Lithuania;
- In March, 2019, capital increase of **EUR 210K** registered which were raised on an investment-based crowdfunding campaign on Seedrs under UK FSA regulation.
- Subsidiary **Neo Finance B.V.** established in the Netherlands, which capital at the end of 2019 reached **EUR 65K**.
- In April, 2019, capital was increased by **EUR 180K**.
- In June **"NEO Finance"** has successfully carried out its IPO. In total, the company has sold **192 907 shares** for the amount of **605 728 EUR** to 291 investor. Starting from August, company's shares are traded on "Nasdaq First North" market.
- In August new Articles of Association were registered allowing the Board of Directors to issue bonds;
- On September 14th, "NEO Finance" started providing Payment Initiation Service via API.
- Starting from October creditworthiness rating is calculated by Artificial Intelligence.
- A record of **440 thousand** transactions in PIS reached in December. Total transaction turnover in 2019 was more than **3.5 million**.
- Bank of Lithuania imposed a fine of **4500 EUR** regarding typical loan examples in advertisements. The internal processes were improved to prevent errors in advertising in the future.

Main financial ratios

- Based on audited accounting data, **income has grown significantly up to EUR 1.72M**. Compared to 2018, it **increased by 70%**.
- Marketing costs increased by 30% from EUR 428K to EUR 554K.
- Debt recovery costs increased by 108% from EUR 180K to EUR 376K due to increased lending volumes.
- Salary expenses rose by 11% from EUR 327K to EUR 362K.
- Number of registered users grew by **41%**, up to **85K users**, while active users grew by **55%** to **17K users**.
- **EUR 18.62 M** of financed loans.
- Pre-tax loss increased by 32% due to one-off capital attraction costs, provisions adjustment and PIS expansion.

	2019	2018	Δ, %
Granted loans, EUR	18,624,166	14,274,422	30%
Income, EUR	1,723,463	1,015,730	70%
Cost of sales, EUR	(1,414,644)	(716,863)	97%
Gross profit, EUR	308,819	298,867	3%
Operating costs, EUR	(839,033)	(679,596)	23%
EBITDA, EUR	(530,214)	(380,729)	39%
Pre-tax profit, EUR	(697,485)	(526,925)	32%

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 month it is generated.

	2019 H1	2019 H2	2019
Išdavimai, EUR	9,040,813	9,583,354	18,624,167
Tarpininkavimo mokesčio pajamos nuo sudarytų sandorių	728,321	774,367	1,502,688
Tarpininkavimo mokesčio pajamų santykis nuo sudarytų sandorių	8.1%	8.1%	8.1%
Kitos pajamos	527,124	560,532	1,087,656
Savikaina	(628,642)	(786,003)	(1,414,645)
Veiklos sąnaudos	(473,361)	(365,672)	(839,033)
EBITDA	153,442	183,225	336,666

- In the end of 2019, outstanding intermediary fee amounted to **EUR 4.58 M.**

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

Intermediary fee income

Example on how the intermediary fee of a loan financed via NEO Finance is distributed throughout the loan period:

Amount – 2500 EUR

Term – 48 months

Rating – B

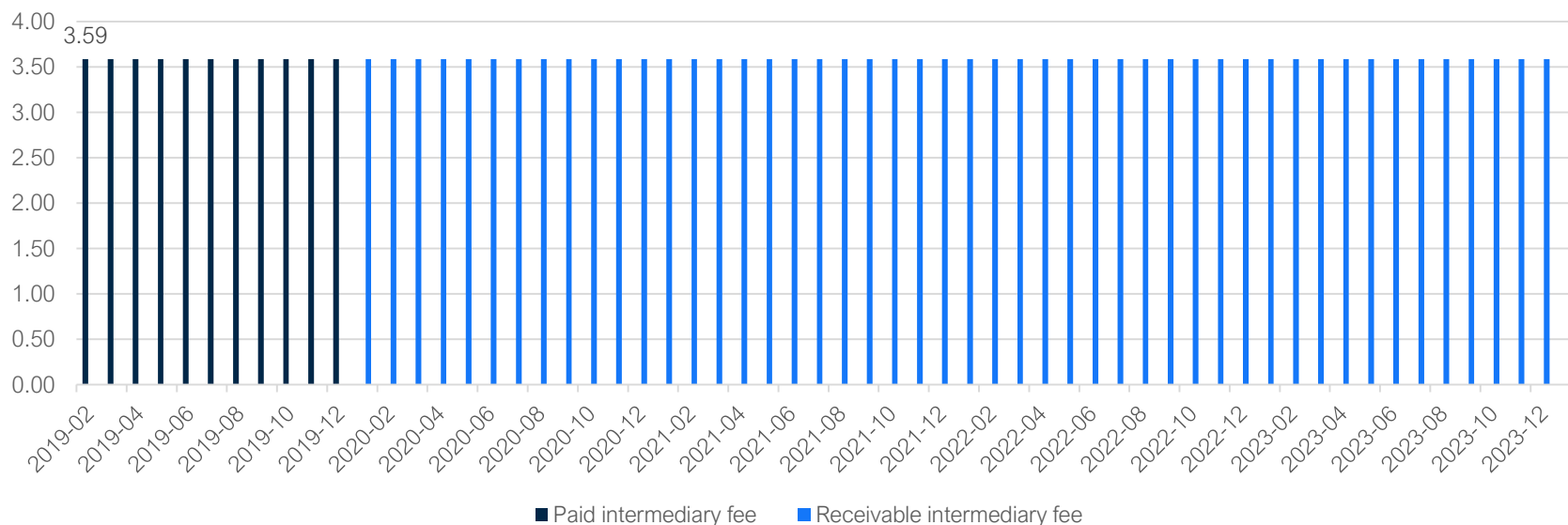
Interest rate – 16%

Intermediary fee – 5.9% or EUR 3.59 per month

Issue date – January 2019

During 2019, income of NEO Finance, AB would constitute **EUR 39.46**, and the overall income would be equal to **EUR 215.22**. **EUR 175.76** would be allocated to future periods.

Brokerage fee income, EUR



Company board and governance

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**.

Board:

Chairman –
Evaldas Remeikis.
Members –
Deividas Tumas,
Marius Navickas,
Aiva Remeikienė.

CEO:

Head of Administration –
Aiva Remeikienė.

Supervisory board:

Formally, Supervisory Board was removed in January, 2020. All Supervisory board members continue to advise the Company on strategic issues.

Evaldas Remeikis and Deividas Tumas are graduates of Baltic Institute of Corporate Governance board member programme, with a qualification of professional board member. Also, in aspiration of applying good corporate governance practices, Evaldas Remeikis has graduated from Chairman of the Board training in Stockholm, Sweden.

Most of the **decisions** in the company are **made by the board**, which has regular meetings once a month. When needed, special meetings are organised. The meetings are organised, held, and documented according to the good corporate governance principles.

During the reporting period, **17 Board meetings** took place. No members of the Board have changed.

By resolution of shareholders, the Supervisory board was abolished due to changes in laws, that no longer require Electronic Money Institution to have this collegial body. As of January 21, 2020, all members of the Supervisory board informally advise the Company's management and Board.

Capital

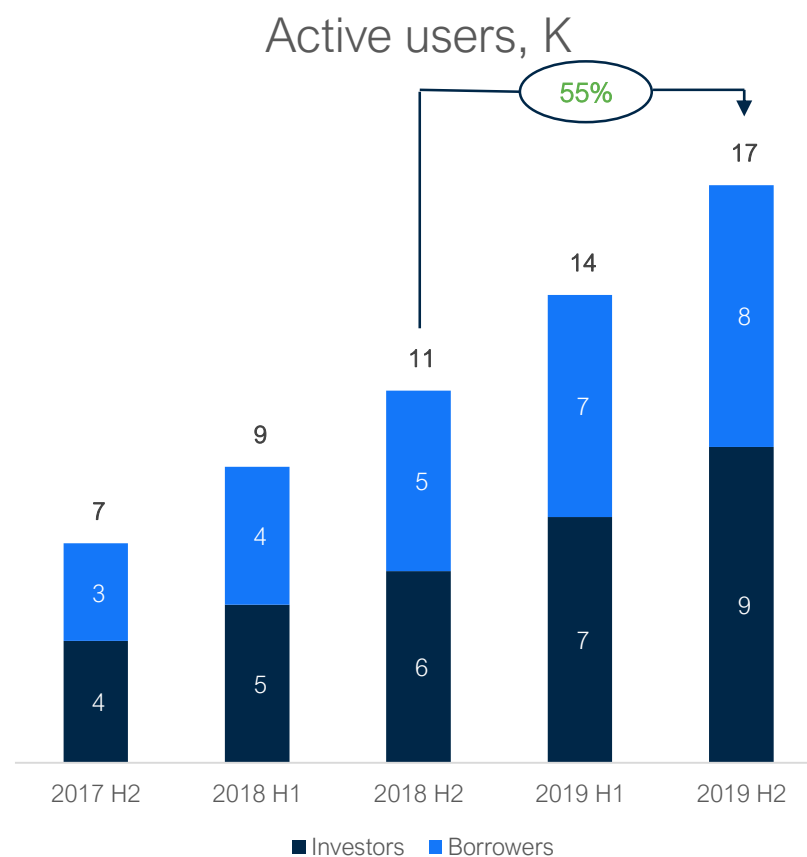
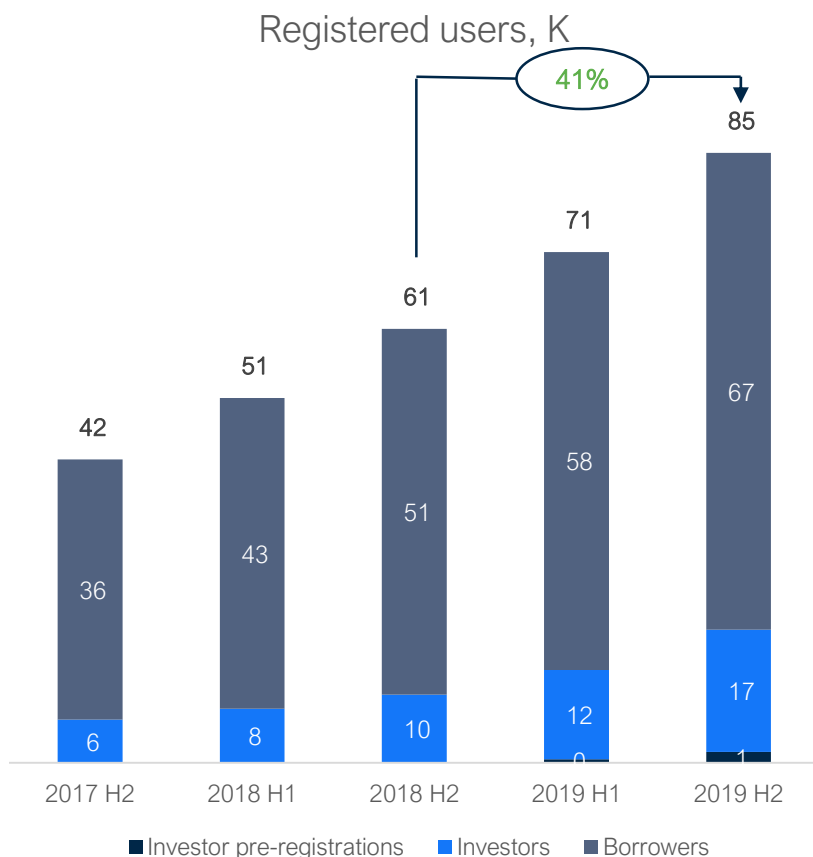
- Until 2019 H1, **EUR 3.18 M** has been invested in the company via capital increase and share premiums.
- During 2019 H1, additional **EUR 1 M** was invested by issuing new shares, **EUR 605 K** of which were due to IPO.
- During 2019 H2 no additional capital increase or decrease took place.
- In the end of 2019 H2, company's authorised capital was **EUR 1.62 M**.
- During the process of writing the report investment in company's capital will exceed **EUR 4.18 M**.

In March 2019, company shareholders have finished the first and the second stages of investment, which were started in the beginning of 2014. Company shareholders, together with the board, have approved the long-planned decision to perform company's IPO and, after distribution of shares, list them on Nasdaq First North alternative market. The IPO was successfully implemented with **EUR 605 K** raised. NEO Finance shares were listed in Nasdaq First North at 2019 August 5th.

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. In end-2019, equity capital in company's balance sheet was equal to **EUR 1.27 K**. However, according to the requirements approved by the Bank of Lithuania the supervisory capital was equal to **EUR 564 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.

Main indexes of the company

During 2019, due to increasing affiliate network and established brand awareness, the **number of registered users has grown by 41%**. The growth of borrowers was 30%, while that of investors was equal to 96%. The overall growth of users during 2019 equaled to **13.868**. At the same time the **number of active users grew by 55%**. Active investors grew by 65%, active borrowers grew by 45%.

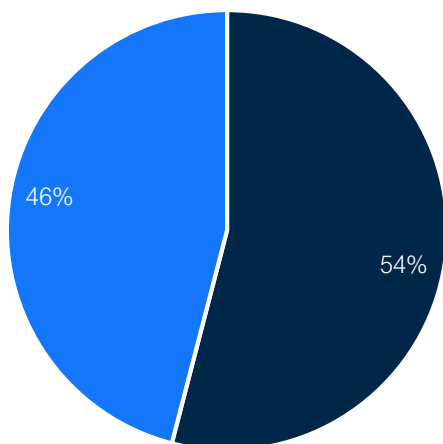


Main indexes of the company

During 2019, the company has mediated in issuing **EUR 18.62 M** worth of consumer credits, financed by 7 956 investors. In comparison, in 2018, the investors financed EUR 14.27 M worth of loans. This sums up to the **annual growth of 30%**. This allowed the company to take 54% of the Lithuanian P2P lending market. 4 706 people got consumer credits during 2019.

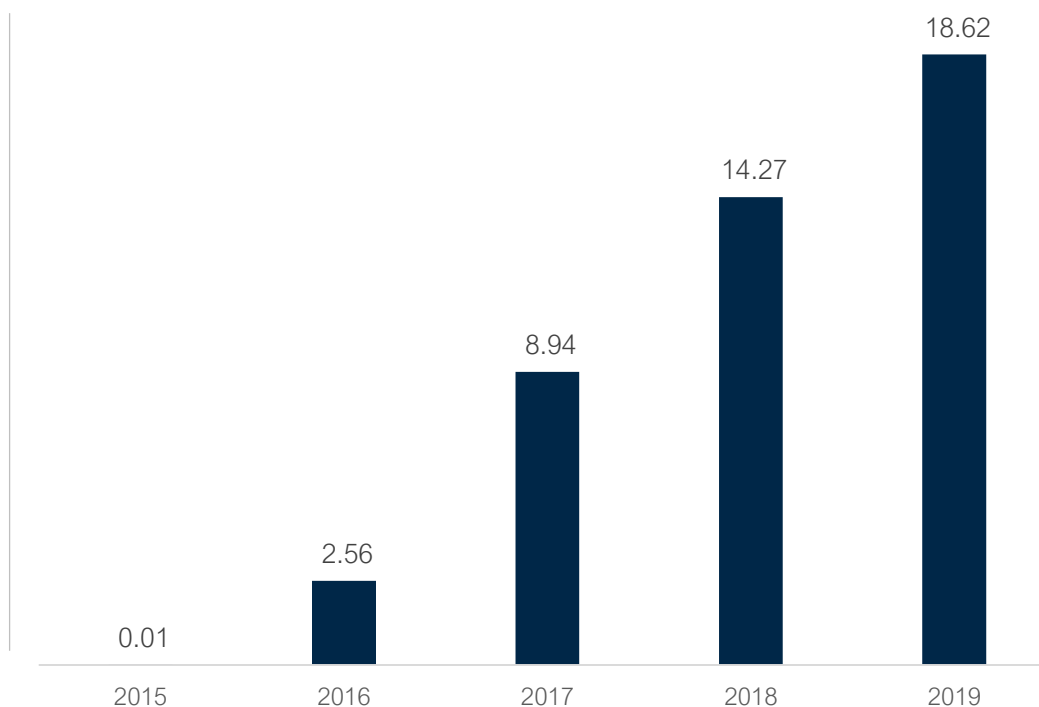
Average annual percentage rate of charge which shows the annual interest rate including all additional fees, in 2019 comprised **24%**.

Distribution of consumer credits financed in 2019 H2



■ NEO Finance ■ Other P2P operators

Granted loans, M EUR



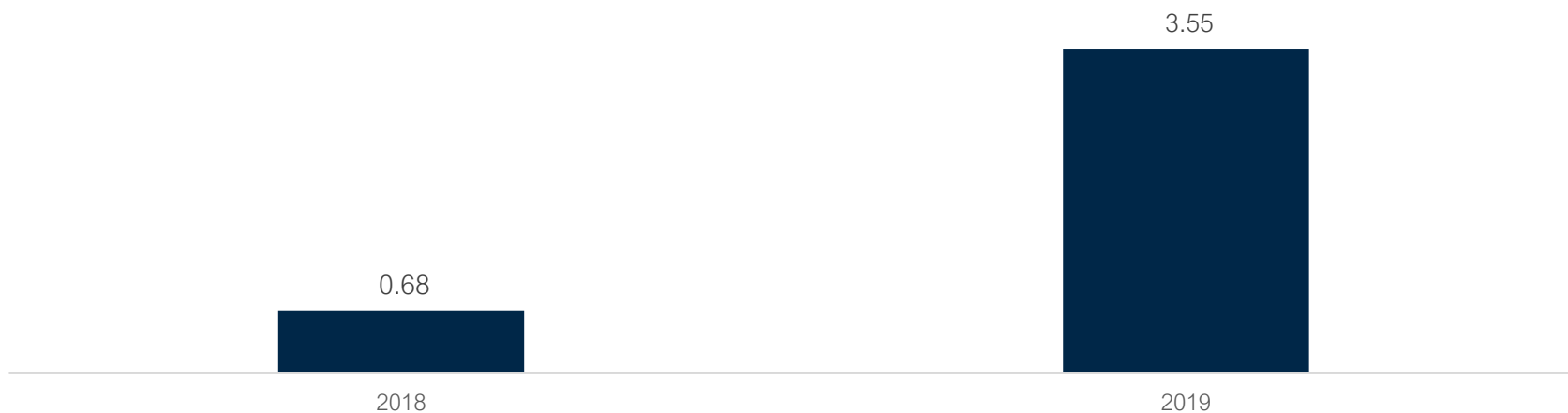
Payment Initiation Service (PIS)

Payment initiation service means a payment service where, at the request of the payment service user, a payment order is initiated from a payment account opened at the institution of another payment service provider. Payment initiation service is an alternative to a bank transfer ("banklink" service) that is used for billing for goods or services in e-shops when the payment initiation service is provided by a licensed broker. MIP e-shop makes payment faster, more convenient and cheaper. The provision of payment initiation service in Lithuania is regulated by the Payment Law, which implements the provisions of Directive 2015/2366 of the European Parliament and of the Council on payment services

NEO Finance is a [licensed payment initiation service provider](#) which provides this service using the NEO Pay brand trademark. starting with September 14th, "NEO Finance" was the first company in Lithuania to provide Payment Initiation Service with the most popular banks via the API.

During 2019 NEO Finance, AB clients made **3.55 M** transactions. Starting with September 14th, "NEO Finance" was the first company in Lithuania to provide Payment Initiation Service with the most popular banks via the API. The transition to a new technological solution has gone smoothly and without major disruption. Providing service through API interfaces is a very important milestone in the development of PIS. In 2019 Q4 PIS was integrated with the largest Latvian and Estonian banks and with 4 banks operating in the Netherlands.

PIS transactions, M



Marketing

In 2019, Marketing department had four main goals:

1. Increase YoY loan turnover by 45%.
 2. Minimize the ratio between issued loans and allocated budget.
 3. Increase database of EU and EAA investors outside of Lithuania.
 4. Generate awareness of possibility to become shareholders during IPO.
- New VOD (Video Over Demand) channels have been used to introduce the service to potential borrowers.
 - Started working with new lead generating partners.
 - New specialized Landing pages – Home Repair Loan and Car Loan - were introduced for consumers seeking specialized loans.
 - In order to increase the consumer basket, borrowers were given the opportunity to get a loan of up to EUR 20,000.

Result - 30% increase in sales (vs 2018) and diminishing the ratio of costs of financed loan by 10%.

- To attract foreign investors, a subsidiary, Neo Finance B.V., was opened in the Netherlands. With the efforts of its employees events for investors were organized.
- To increase Lithuania's credibility, a visit by Dutch investors to Lithuania was organized, during which they met not only the NEO Finance team, but also visited the Bank of Lithuania.
- To increase the total number of investors, a new recommendation program "Invite a friend" was introduced.
- An e-book about NEO Finance in German (<https://rethink-p2p.de/ebook-neo-finance/>) was published with one of the partners.

As a result, investor registrations rose 157% in 2019 compared to 2018.

- To raise awareness of the company's IPO, events were organized in Lithuania and the Netherlands.
- More than 25 articles have been published in Lithuania, the Netherlands and Estonia.
- Advertising campaigns in Lithuania and the Netherlands were run.
- In addition, the investment opportunity was presented at two Baltic Sandbox events, the German-Baltic Chamber of Commerce event and the Next Web Conference event in Amsterdam.

All this resulted in a successful share distribution.

Income

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

- P2P lending related income
- Payment activity related income
- Net consumer credit provider 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 maintaining investors' trust.

	2019	2018	Δ, %
Income	1,723,463	1,015,729	70%
P2P lending related income	1,286,670	789,283	63%
Payment activity related income	178,240	38,793	359%
Net consumer credit provider activity income*	258,553	187,653	38%

Net consumer credit provider income is calculated as sum of interest income and sale of investments result.

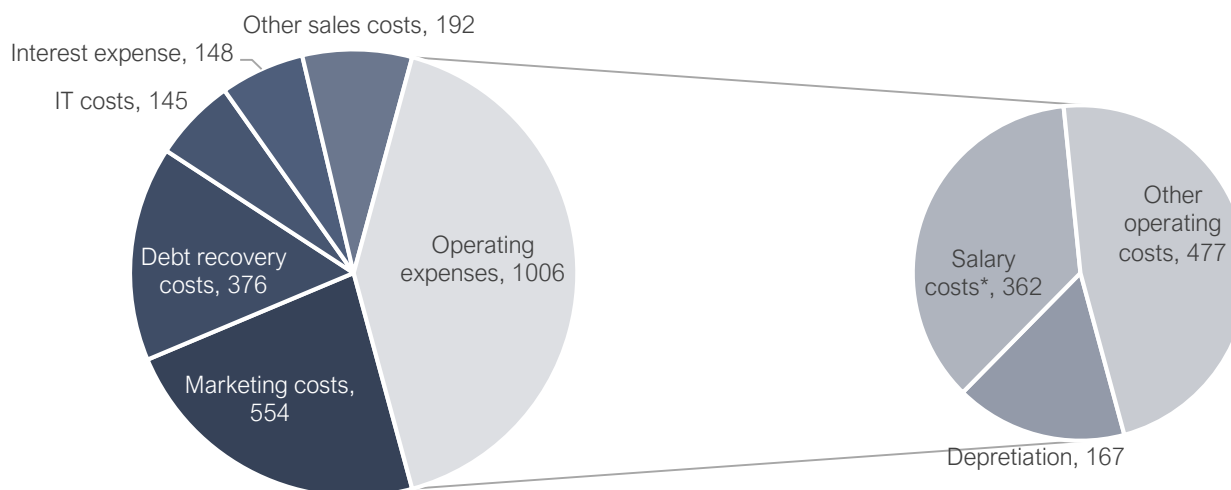
Costs

In 2019, total costs of the company, including sales and marketing expenses, summed up to **EUR 2.42 M**.

The company is further developing its IT platform, based on customer needs, everchanging regulations, and P2P lending trends. During 2019, **EUR 309 K** have been allocated to research of new functions, programming, deployment and testing. Every month, 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 2019, this sum amounted to **EUR 164 K**.

The company employs professional specialists and managers. In 2019, the company had 21 employees on average. The company pays competitive salaries with an effective motivation system. During 2019, **EUR 362 K** was allocated for salaries.

2019 costs, K EUR



- Salaries of sales project managers are attributed to marketing costs, therefore, their salaries are not included in salary costs.
- 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.

Debt recovery

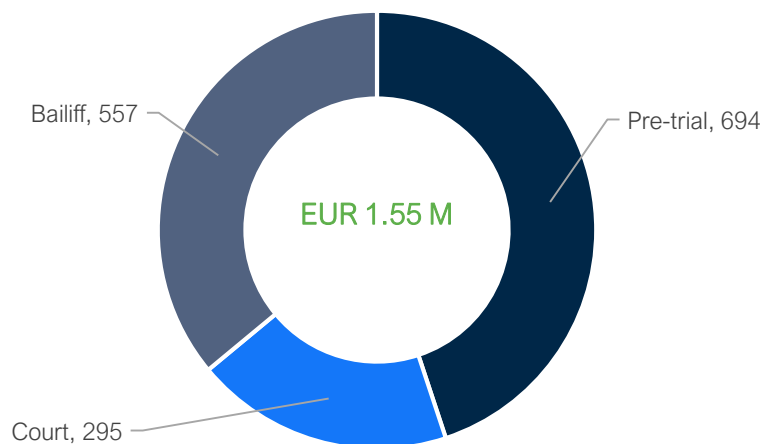
When the borrower is late to pay at least 1 payment, they are notified via e-mail and SMS messages. After 32 overdue days, the debt is registered in UAB "Creditinfo Lietuva" database, and on the 41st day, recovery is transferred to debt recovery agency.

During 2019, recovered amount summed up to **EUR 1.55 M**. **45% of the debts have been recovered via pre-trial method**. Bailiffs have recovered 36%, and trial – 19% of the debts.

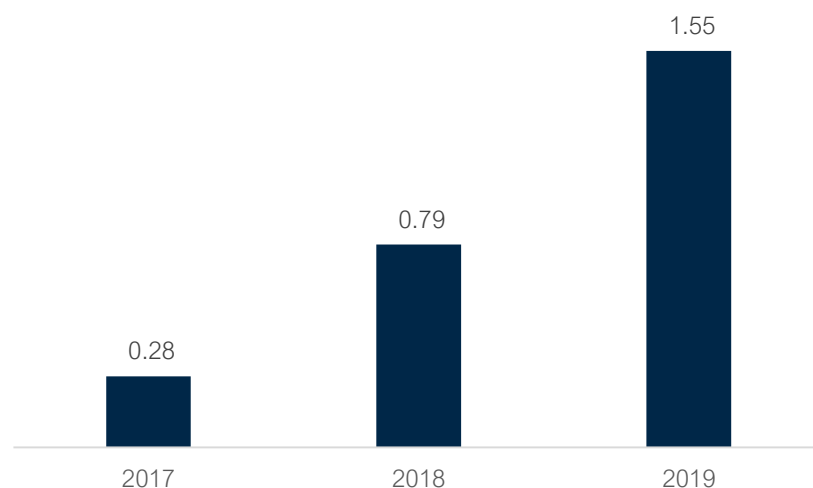
Debt recovery is performed by UAB Legal Balance. We are satisfied with cooperation results, and hope that further on, we will considerably exceed the Lithuanian rates of recovering delinquent consumer credits. The company therefore offers buy-back service, where the investor has an option to receive 50-80% of face value of the investment without waiting for the recovery process.

During 2019 amount paid to investors for claim rights was equal to **EUR 271 K**. During the same period last year, the company paid **EUR 134 K** to investors for claim rights.

Debt recovery, K EUR



Recovered amount, M EUR



2019 unaudited balance sheet

	Note	Group		Company	
		2019 12 31	2018 12 31	2019 12 31	2018 12 31
ASSETS					
NON-CURRENT ASSETS		3,050,242	2,224,757	3,115,242	2,224,757
Intangible Assets	1	320,243	315,002	320,243	315,002
Tangible Assets	2	12,676	12,157	12,676	12,157
Financial Assets	3	2,301,977	1,521,169	2,366,977	1,521,169
Other Assets		415,346	376,429	415,346	376,429
CURRENT ASSETS		4,187,765	2,811,168	4,187,364	2,811,168
Inventories, Prepayments And Contracts In Progress		26,272	26,193	26,272	26,193
Amounts Receivable Within One Year	4	227,591	142,915	227,591	142,915
Other Currents Assets		-	-	-	-
Cash And Cash Equivalents	5	3,933,902	2,642,060	3,933,501	2,642,060
DEFERRED CHARGES AND ACCRUED INCOME		5,220	3,743	5,220	3,743
TOTAL ASSETS:		7,243,227	5,039,668	7,307,826	5,039,668
EQUITY AND LIABILITIES					
EQUITY		1,204,097	934,802	1,272,200	934,802
Capital	6	1,615,023	1,475,461	1,615,023	1,475,461
Share Premium		856,405	-	856,405	-
Revaluation Reserve (Results)		-	-	-	-
Reserves		-	-	-	-
Retained Earnings (Losses)	7	(1,267,331)	(540,659)	(1,199,228)	(540,659)
GRANTS AND SUBSIDIES		-	-	-	-
PROVISIONS	8	248,670	159,115	248,670	159,115
AMOUNTS PAYABLE AND LIABILITIES	9,10	5,784,055	3,942,082	5,780,551	3,942,082
Non-Current Amounts Payable And Liabilities		1,620,971	1,602,619	1,620,971	1,602,619
Current Amounts Payable And Liabilities		4,163,084	2,339,463	4,159,580	2,339,463
ACCRUED EXPENSES AND DEFERRED INCOME		6,405	3,669	6,405	3,669
TOTAL EQUITY AND LIABILITIES:		7,243,227	5,039,668	7,307,826	5,039,668

2019 unaudited profit (loss) statement

Item	Note	Group		Company	
		2019	2018	2019	2018
Sales revenue	11	1,723,463	1,015,730	1,723,463	1,015,730
Cost of Sales	12	(1,414,644)	(716,863)	(1,414,644)	(716,863)
GROSS PROFIT (LOSS)		308,819	298,867	308,819	298,867
General and administrative expenses	12	(1,069,000)	(826,165)	(1,000,648)	(826,165)
Other activities		(5,407)	-	(5,407)	-
Investment in the parent, subsidiaries and associated companies shares income		-	-	-	-
Other long-term investments and loan income		-	-	-	-
Other loans granted interest income		-	423	-	423
financial asset and Short-term investment impairment costs		-	-	-	-
Interest expenses	13	(249)	(50)	(249)	(50)
PROFIT (LOSS) BEFORE TAX	14	(765,837)	(526,925)	(697,485)	(526,925)
Income tax	14	38,917	74,038	38,917	74,038
NET PROFIT (LOSS)		(726,920)	(452,887)	(658,568)	(452,887)

2019 unaudited 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		1,921,503	628,500	(1,792,313)	757,690
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		1,921,503	628,500	(1,792,313)	757,690
5. Net profit (loss) of the reporting period		-	-	(452,888)	(452,888)
6. Increase (decrease) of other authorised or primary capital		(446,042)	(628,500)	1,704,541	629,999
7. Balance at the end of the previous reporting (yearly) period		1,475,461	-	(540,660)	934,801
8. Net profit (loss) of the reporting period		-	-	(658,568)	(658,568)
9. Increase (decrease) of other authorised or primary capital		139,562	856,405	-	995,967
10. Balance at the end of the reporting period		1,615,023	856,405	(1,199,228)	1,272,200

2019 unaudited cash flow statement

Article	Note	2019	2018
Cash flows from operating activities			
Net profit (loss)		(658,568)	(452,888)
Depreciation and amortisation expenses		167,022	134,021
Elimination of results of financing and investing activities		249	(373)
Decrease (increase) in other amounts receivable after one year		(780,808)	(775,263)
Decrease (increase) in assets of the deferred tax on profit		(38,917)	(74,038)
Decrease (increase) in stocks, except advance payments		23,918	(23,918)
Decrease (increase) in advance payments		(23,997)	1,149
Decrease (increase) in trade debtors		(18,087)	(8,333)
Decrease (increase) in other debtors		(66,589)	(14,072)
Decrease (increase) in prepayments and accrued income		(1,477)	(3,678)
Increase (decrease) in provisions		89,555	56,317
Increase (decrease) in trade of long-term creditors and prepayments received on account		971	-
Increase (decrease) in trade with short-term creditors and prepayments received on account		(5,728)	22,587
Increase (decrease) in liabilities related to employment relations		23,508	16,520
Increase (decrease) in other amounts payable and liabilities		1,445,218	1,512,734
Increase (decrease) in accruals and deferred income		2,735	2,632
Net cash flows from operating activities		159,005	393,397
Acquisition of fixed assets (excluding investments)		(172,782)	(120,786)
Acquisition of long-term investments		(65,000)	-
Net cash flows from investing activities		(237,782)	(120,363)
Cash flows related to entity's owners		995,967	629,999
Issue of shares		995,967	629,999
Cash flows related to other financing sources		374,350	948,619
Increase in financial debts		898,000	1,317,619
Loans received		898,000	217,619
Decrease in financial debts		(523,650)	(369,000)
Loans returned		(523,500)	(369,000)
Interest paid		(150)	-
Net cash flows from financing activities		1,370,317	1,578,618
Adjustments due to exchange rates on the balance of cash and cash equivalents		(99)	(50)
Increase (decrease) of net's cash flows		1,291,441	1,851,602
Cash and cash equivalents at the beginning of the period		2,642,060	790,458
Cash and cash equivalents at the end of the period		3,933,501	2,642,060

Notes (1/3)

1. Intangible fixed assets

Indexes	Software	In total
Acquisition cost		
31 December 2017	448,859	448,859
Acquired	118,007	118,007
Written-off	---	---
Reclassifications	---	---
31 December 2018	566,866	566,866
Acquired	164,378	164,378
Written-off	---	---
Reclassifications	---	---
31 December 2019	731,244	731,244
Amortisation accrued		
31 December 2017	125,768	125,768
Estimated over the period	126,096	126,096
Written-off	---	---
Reclassifications	---	---
31 December 2018	251,864	251,864
Estimated over the period	159,137	159,137
Written-off	---	---
Reclassifications	---	---
31 December 2019	411,001	411,001
Book value		
31 December 2017	323,091	323,091
31 December 2018	315,002	315,002
31 December 2019	320,243	320,243

No signs of impairment of intangible fixed assets has been determined.

2. Tangible fixed assets

Indexes	Other equipment, devices and tools	In total
Acquisition cost		
31 December 2017	28,620	28,620
Acquired	2,778	2,778
Written-off	---	---
Reclassifications	---	---
31 December 2018	31,398	31,398
Acquired	8,404	8,404
Written-off	---	---
Reclassifications	---	---
31 December 2019	39,802	39,802
Revaluation / depreciation		
31 December 2017	(11,317)	(11,317)
Revaluated (+) depreciated (-)	---	---
Depreciated over the period	7,924	7,924
31 December 2018	(19,241)	(19,241)
Revaluated (+) depreciated (-)	---	---
Depreciated over the period	7,885	7,885
31 December 2019	(27,126)	(27,126)
Depreciation accrued		
31 December 2017	---	---
Estimated over the period	---	---
Written-off (-)	---	---
From item to another item	---	---
31 December 2018	---	---
Estimated over the period	---	---
Written-off (-)	---	---
Reclassifications	---	---
31 December 2019	---	---
Book value		
31 December 2017	17,303	17,303
31 December 2018	12,157	12,157
31 December 2019	12,676	12,676

No signs of impairment of tangible fixed assets has been determined.

3. Financial assets

	12/31/2019	2018.12.31
Investment activities debtors	2,413,745	1,644,325
Provisions (-)	(111,768)	(123,156)
Total:	2,301,977	1,521,169

4. Accounts receivable within one year

	12/31/2019	2018.12.31
Buyers' debts	27,428	9,342
Investment activities debtors	209,882	144,282
Depreciation (-)	(9,719)	(10,709)
TOTAL:	227,591	142,915

5. Cash

	12/31/2019	2018.12.31
Money in commercial bank accounts	501,268	931,860
Money at the Bank of Lithuania	3,387,033	1,625,467
Money in transition	45,200	84,733
TOTAL:	3,933,501	2,642,060

6. Structure of the authorised capital

Indexed	Number of shares	Amount
Structure of the share capital at the end of the financial year		
1. 1. According to the types of shares		
1.1. Ordinary shares	3,670,507	1,615,023
1.2. Preference shares		
1.3. Employees' shares		
1.4. Special shares		
1.5. Other shares		
TOTAL:	3,670,507	1,615,023
2. State or municipal capital		
3. Own shares owned by the company		
4. Shares owned by subsidiaries		

As of 31 December 2019, all shares have been paid.

Notes (2/3)

7. Profit distribution project

Items	Year	Sum
Retained result – profit/loss	12/31/2018	(540,660)
Net result for the financial year – profit/loss		(658,568)
Retained result – profit/loss	12/31/2019	(1,199,228)
Shareholders' contributions to cover losses		
Transfers from reserves		
Distributed profit		(1,199,228)
Profit distribution:		
to legal reserves		
to other reserves		
dividends		
other		
Undistributed result – profit/loss		(1,199,228)

8. Provisions

The Company forms reimbursable suretyship provisions ("Guarantee Fund" service) intended to cover the liabilities under the reimbursable suretyship agreements. At the end of the financial year, provisions made up EUR 241 670. At the end of the last financial year, provisions made up EUR 159 115.

9. Financial debts

	12/31/2019	2018.12.31
Long-term debts (from 2 to 5 years)	1,620,000	1,602,619
Loans received from affiliated undertakings	520,000	502,619
Bonds	1,100,000	1,100,000
Short-term debts	450,985	90,486
Loans received from affiliated undertakings	445,000	87,882
Interest on loans received from affiliated undertaking	5,985	2,604
TOTAL	2,070,985	1,693,105

10. Accounts payable within one year

	12/31/2019	2018.12.31
Advances received	251	10
Trade payables	101,508	110,858
Payroll liabilities	25,061	17,605
Vacation pay liabilities	26,563	18,799
Social security liabilities	10,527	10,307
Personal income tax liabilities	9,119	1,051
Income tax liabilities		
Customer money held at NEO Finance accounts	3,534,227	2,011,465
Customer money held at NEO Finance accounts – cash in transit		
Owners' contributions to authorised capital		71,429
Other tax liabilities		3,654
Other payables	1,339	3,799
TOTAL:	3,708,595	2,248,977

11. Income

	2019	2018
Income	1,723,463	1,015,729
Payment activity related income	178,240	38,793
Net consumer credit provider activity income	258,553	187,653
P2P lending related income	1,286,670	789,283

The majority of 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. As of 31 December 2019, receivable intermediary fee generated by loans, issued till 31 December 2019 amounted to 4,576,812 EUR. As of 31 December 2018, receivable intermediary fee generated by loans, issued till 31 December 2018 amounted to 2,689,600 EUR.

12. Expenses

	2019	2018
Cost of Sales	1,414,644	716,863
Cost of services rendered	1,414,644	716,863
General and administrative expenses	1,000,648	826,165
Salaries and social security	362,171	337,400
Guarantee Fund accrual costs	56,316	56,316
Audit expenses	7,022	10,171
Depreciation	167,022	134,021
Other expenses	408,117	288,257

13. Financial and investment activities

	2019	2018
Income	---	423
Interest		423
Positive effect of exchange rates		
Expenses	249	50
Interest		
Negative effect of exchange rates	99	50
Delay fee	150	
TOTAL	(249)	373

Notes (3/3)

14. Income tax expenses

	2019	2018
Profit before taxes	(697,265)	(526,925)
Income tax rate	15%	15%
Amount of increase in profit before tax	523,365	130,008
Amount of reduction in profit before tax	12,379	1,349
Declared income tax payable to the budget	---	---
Change in taxable temporary differences between tax and financial statements	259,447	493,587
Deferred income tax expenses/income	(38,917)	(74,038)
Adjusted amount of profit tax returns of the previous year		
Income tax expenses/income	(38,917)	(74,038)
Effective income tax rate	---	---

15. Other fixed assets

	2019 m.	2018 m.
Deferred income tax assets	411 208	372 291
Other fixed assets	4 138	4 138
Total	415 346	376 429

16. Relations with executives and other related persons

In 2018, the Head of Administration was paid a salary of EUR 37 504 (in 2017: EUR 28 427). The Head of Administration has not received any other income, loan guarantees nor benefits.

17. Related parties

	Accounts payable		Accounts receivable	
Related parties	12/31/2019	2018.12.31	12/31/2019	2018.12.31
Shareholders with a significant number of votes	200,938	71,429		
Parent company	243,472	190,500		
Subsidiaries				
Other affiliated persons	541,222	1,511,613	186	150
Total	985,632	1,773,542	186	150
	Income received		Purchases	
Related parties	2019	2018	2019	2018
Shareholders with a significant number of votes			12,500	
Parent company			43,168	23,924
Subsidiaries				
Other affiliated persons	5,712	4,276	185,921	319,807
Total	5,712	4,276	241,589	343,731

18. Change in accounting policy

No changes to accounting policy made during 2019.

19. 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 31 December 2019, amounted to EUR 3,080,478. The Company signs reimbursable suretyship agreements with the lenders who choose the "Guarantee 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

20. Contingent Liabilities

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

21. Post Balance Sheet Events

There were no post Balance Sheet events.

22. Off-balance sheet liabilities

By 31 December 2019, the Company, having acted as an operator of a Peer-to-Peer Lending Platform, and a consumer credit provider, has disbursed consumer credit funds for a total amount of EUR 44,412,150. As of 31 December 2019, the remaining outstanding part of credit amounted to EUR 27,410,671.