



NEO Finance, AB

Report and unaudited Financial Statements for 2020

Vilnius

2021-02-15

Confirmation of company's responsible persons

15 February 2021

Vilnius

Hereby we confirm that to the best of our knowledge, the Financial Statements for 2020 were prepared in accordance with Lithuanian Financing Reporting Standards and they give a true and fair view of "NEO Finance" 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".

"NEO Finance" Head of the administration

Aiva Remeikienė



"NEO Finance" Financial analyst

Aivaras Bielskis



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 license 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 May 2020, company’s EMI license was supplemented by Account information service.
- In June 2020, company acquired 100% shares of company “FinoMark”, which is developing a new crowdfunding platform.

Review of the company

In 2020, the company has remained a stable leader, holding over 53% 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.

During the 2020, the entire team has continued working towards making the company profitable. A considerable attention has been dedicated towards software development, decreasing marketing costs, increasing the income, developing new products and services, providing investors with more data and statistics. Also, a considerable effort is being directed towards development of the Payment initiation service.

The strategic approach of the Board is based of ensuring long-term and sustainable operations, as opposed to maximizing short-term profits. Therefore, the company pays special attention to ensure compliance with the relevant laws as well as improving them by proposing the amendments to responsible institutions. In addition, a special attention is paid to loan risk management and debt recovery results, as it actually has a direct impact on investment return. Finally, the company is constantly performing stress-tests, i.e. simulating company's operations in the situation of economic downturn.

Essential corporate events

- In **March 2020**, an audit was completed. Audited financial reports can be found [here](#). Additionally, business continuity plan together with a stress-test was updated and submitted to Bank of Lithuania. It can be found [here](#).
- In **January 2020**, the General Meeting of Shareholders was convened due the abolition of the supervisory board.
- In **April 2020** the A+ rating, for “NEO Finance” customers was introduced.
- In **April 2020** “NEO Finance” signed a deal with EMI “MoQ” to organize return of their customers money after their decision to stop company’s operations.
- In **May 2020**, “NEO Finance” EMI license was supplemented by Account information service.
- In **June 2020**, “NEO Finance” acquired 100% shares of company “FinoMark”, which is developing a new crowdfunding platform.
- In **June 2020**, “NEO Finance” was awarded during Fintech week 2020 as Company of the Year in Lending, Investment and P2P category.

Essential corporate events

- Despite the effects of the COVID-19 pandemic situation on business, in **October 2020**, the issuance of loans was the largest in the history of the “Paskolų klubas” platform - over EUR 2M were granted.
- In **August 2020**, the authorized capital of “NEO Finance” was increased by EUR 259K.
- In **September 2020**, the authorized capital of “FinoMark” was increased by EUR 100K by the decision of “NEO Finance”.
- In **2020**, “Neopay” expanded its geographical boundaries and launched MIP service in Netherlands, Latvia and Estonia.
- In **October 2020**, with the help of the new technology, the first loan was issued without human intervention.
- In **December 2020**, the authorized capital of “NEO Finance” was increased by EUR 263K.
- In **December 2020**, initiated more than 1M PIS transactions. The total number of transactions exceeded 10M.
- In **December 2020**, appeared an opportunity to invest in loans of up to 120 months and up to EUR 25 000.

Company financial results 2020 H2

- Based on non-audited accounting data, income has grown significantly up to EUR 1,32M; compared to 2019 H2, it **increased by 42%**.
- Cost of Sales decreased by **10%** from EUR 914K to EUR 820K.
- Gross profit increased by **3469%**. From 2019 H2 to 2020 H2 Gross profit increased by EUR 485K.
- EBITDA from EUR -352K in 2019 2H increased to EUR 218K in 2020 2H.
- Return on Equity increased by **35 p.p.**

	2020 H2	2019 H2	Δ, %
Granted loans, EUR	10 139 299	9 583 354	6%
Sales revenue, EUR	1 319 839	927 797	42%
Cost of Sales, EUR	(820 436)	(913 804)	10%
Gross profit (loss)	499 403	13 993	3469%
Operating costs, EUR	(281 144)	(365 850)	23%
EBITDA, EUR	218 259	(351 857)	
Pre-tax profit, EUR	141 322	(505 571)	
EBITDA Margin, %	11%	-54%	
Return on Equity (ROE), %	4%	-31%	

Main financial ratios

- Based on non-audited accounting data, **income has grown significantly up to EUR 2,48M**; compared to 2019, it **increased by 44%**.
- Marketing costs increased by 29% from EUR 554K to EUR 713K.
- Debt recovery costs increased by 7% from EUR 376K to EUR 401K due to increased lending volumes.
- Salary expenses rose by 4% from EUR 362K to EUR 378K.
- Number of registered users grew by **28%**, up to **109K users**.
- **EUR 19,09 M** of financed loans.
- Positive EBITDA was earned due to active loan portfolio growth and purposefully managed costs.

	2020	2019	Δ, %
Granted loans, EUR	19 084 970	18 624 166	2%
Income, EUR	2 483 245	1 723 506	44%
Cost of sales, EUR	(1 561 098)	(1 531 910)	2%
Gross profit, EUR	922 147	191 596	381%
Operating costs, EUR	(764 077)	(839 033)	9%
EBITDA, EUR	158 070	(647 437)	
Pre-tax profit, EUR	(4 366)	(880 946)	100%

Management accounts

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

	2020	2019	Δ, %
Granted loans, EUR	19 084 970	18 624 166	2%
Intermediary fee income*, EUR	1 823 522	1 502 688	21%
Intermediary fee / Granted loans ratio, %	9,55%	8,07%	
Other income, EUR	1 544 745	1 087 656	42%
Cost of sales, EUR	(1 561 098)	(1 531 910)	2%
Operating costs, EUR	(764 077)	(839 033)	9%
EBITDA, EUR	1 043 092	219 401	375%

- In the end of 2020, outstanding intermediary fee amounted to **EUR 5,95 M.**

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

Intermediary fee income

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

Amount – 2 500 EUR.

Term – 48 months.

Rating – B.

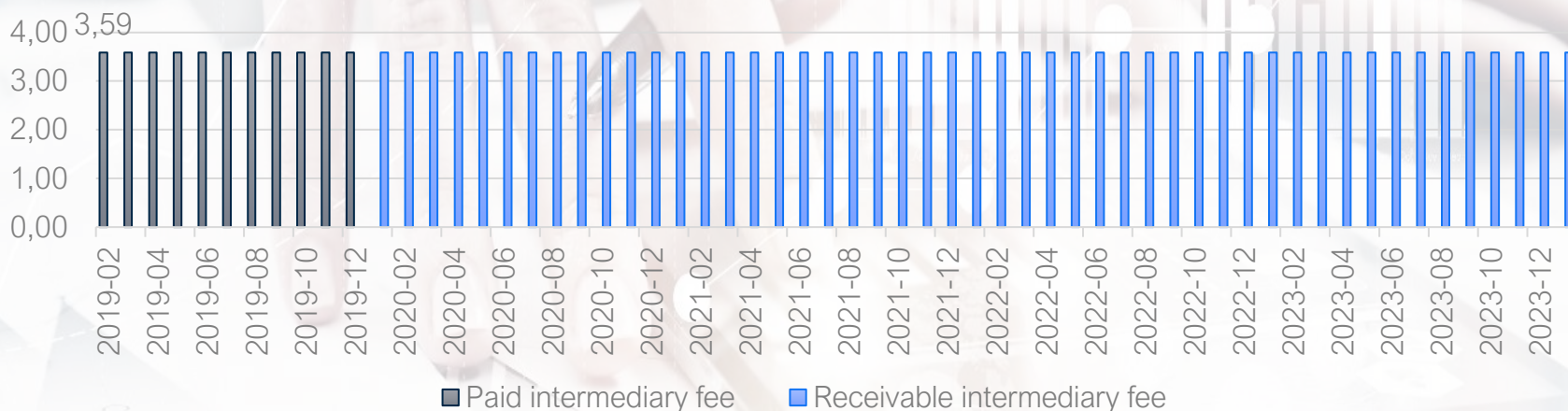
Interest rate – 16%.

Intermediary fee – 5,9% or EUR 3,59 per month.

Issue date – January 2019.

During 2019, income of “NEO Finance” would constitute EUR 39,46, and the overall income would be equal to EUR 215,22 and 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



CEO – Head of
Administration
Aiva Remeikienė



Deividas
Tumas



Marius
Navickas

Company board and governance

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.

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

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

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

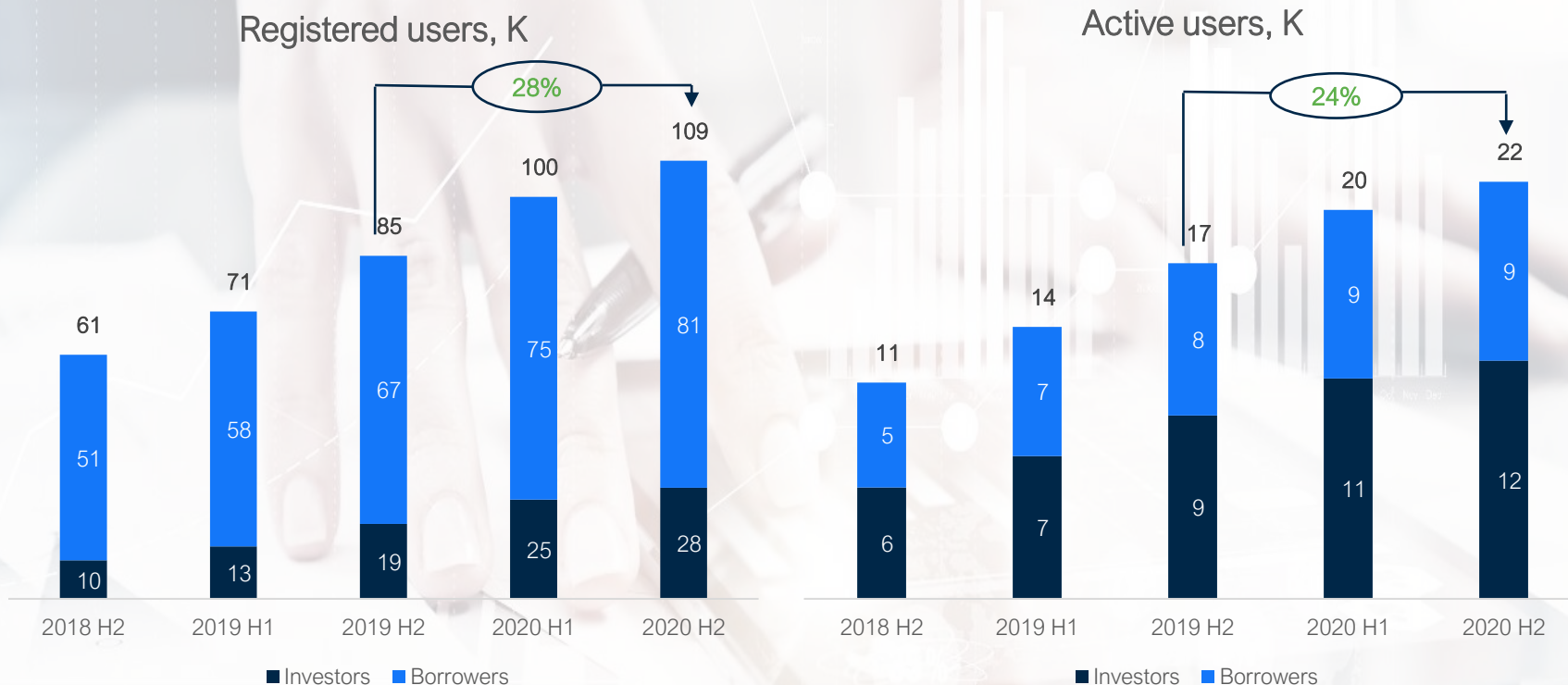
The Supervisory board was abolished due to changes in laws, that no longer require Electronic Money Institution to have this collegial body. Since January 21 2020, all members of the Supervisory board informally advise the Company's management and Board.

- Until 2020, **EUR 4,18M** has been invested in the company via capital increase and share premiums.
- During 2020 the capital was increased twice:
 - In August, the authorized capital was increased by **EUR 259K**.
 - In December, the authorized capital was increased by **EUR 263K**.
- In the end of 2020, company's authorized capital was **EUR 1,71M**.

As an e-money institution, since 2017, “**NEO Finance**” must comply with the requirement of minimum private capital of **EUR 350K** and, if the capital decreases below that, shareholders shall make certain decisions so that it is brought back to EUR 350 K. Based on this ruling, sufficiency of the capital of e-money institution is calculated by subtracting intangible assets and deferred tax asset from the equity capital. At 2020 end, equity capital in company's balance sheet was equal to **EUR 1,61M**. According to the requirements approved by the Bank of Lithuania the supervisory capital was equal to **EUR 747K** - more that twice larger tan the minimum requirement.

Main indexes of the company

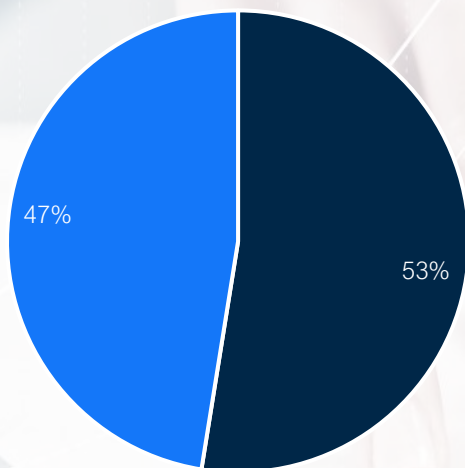
During 2020, due to increasing affiliate network and established brand awareness, the **number of registered users has grown by 28%**. The growth of borrowers was 22%, while that of investors was equal to 48%. The overall growth of users during 2020 equaled to **23 607**. At the same time the **number of active users grew by 24%**: active investors grew by 30%, active borrowers grew by 18%.



Main indexes of the company

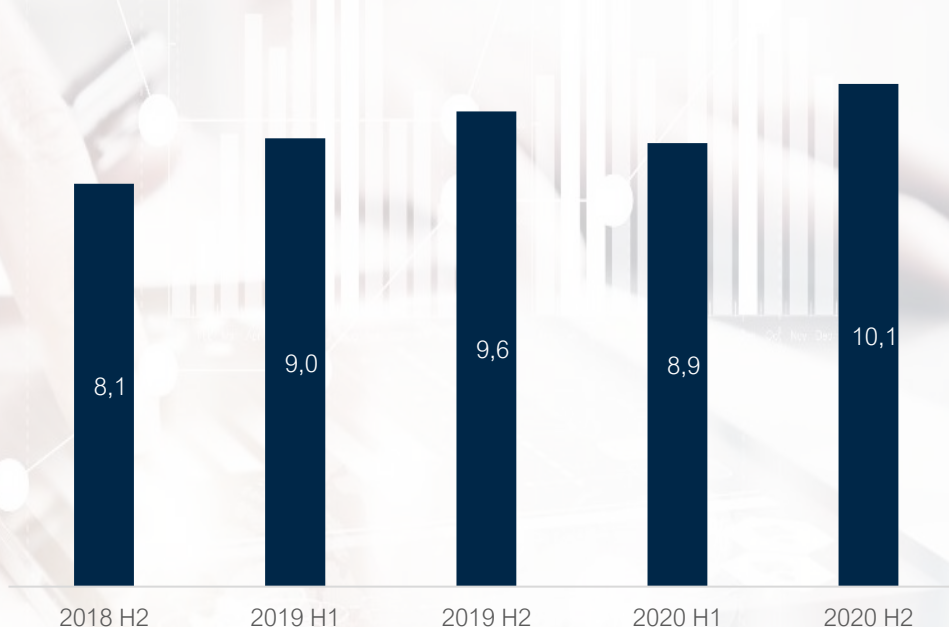
During 2020, the company has mediated in issuing **EUR 19,09M** worth of consumer credits, financed by 10 344 investors. In comparison, in 2019, the investors financed EUR 18,5M worth of loans. This allowed the company to take 53% of the Lithuanian P2P lending market. 3 828 people got consumer credits during 2020.

Distribution of consumer credits
financed in 2020



■ NEO Finance ■ Other P2P operators

Granted loans, M EUR

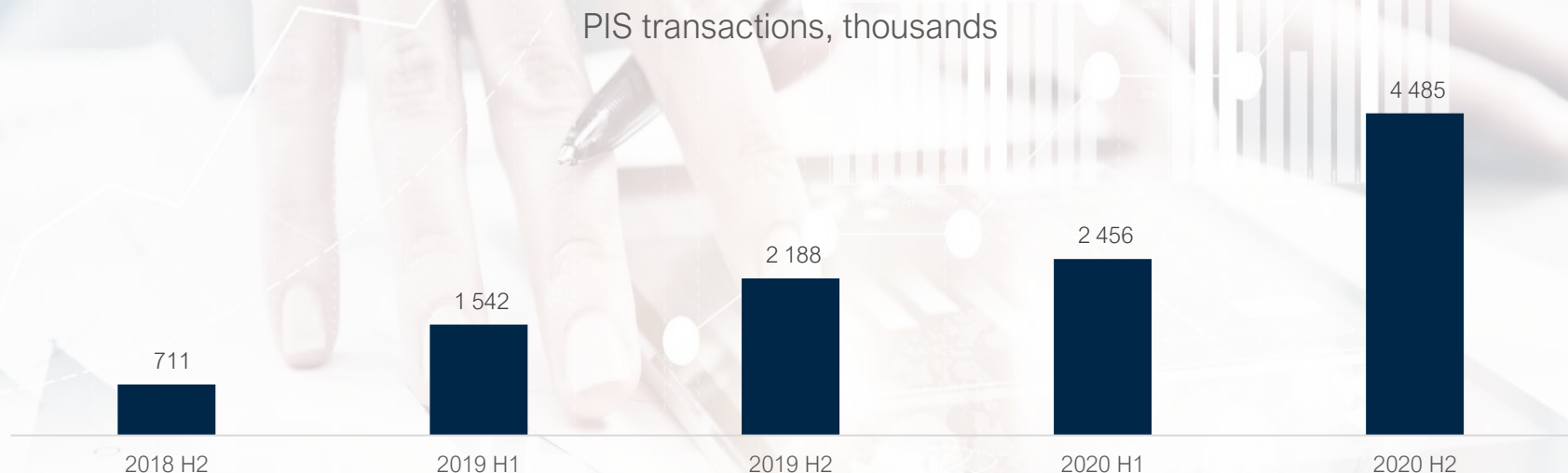


Payment Initiation Service

Payment initiation service is a payment service when, at the request of a payment service user, a payment order is initiated from a payment account opened with an institution of another payment service provider. The payment initiation service is an alternative to the bank link service, as both are used to pay for goods or services online. PIS allows sellers to get payment from customers faster, more conveniently and cheaper. The Law on Payments regulates the provision of PIS in Lithuania. The Law on Payments and other related laws implement the provisions of Directive 2015/2366 of the European Parliament and of the Council on payment services in the internal market in Lithuanian law.

“NEO Finance” is a [licensed payment initiation service provider](#) which provides this service using the “Neopay” brand trademark.

During 2020 “NEO Finance” clients initiated **6,94 M** transactions.



Income

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

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

	2020	2019	Δ, %
Income, EUR	2 483 245	1 723 506	44%
P2P lending related income, EUR	1 736 439	1 286 713	35%
E-money issuance and management related income, EUR	476 505	178 240	167%
Investment activity income, EUR	270 301	258 553	5%

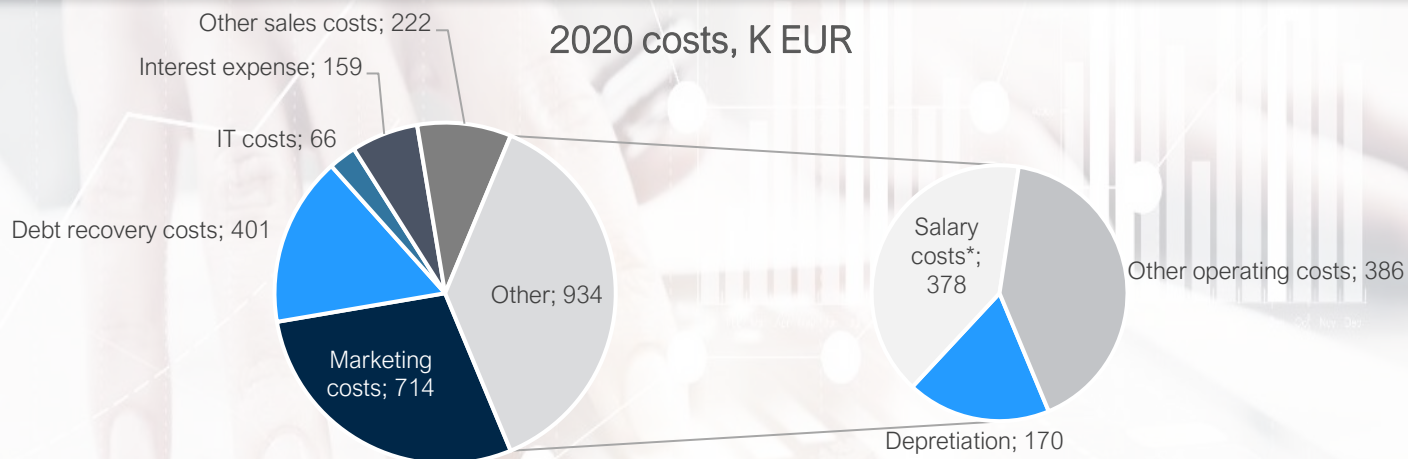
The fact worth mentioning is that the majority of “NEO Finance’s” P2P lending related income is distributed throughout the loan period, and these revenues are received only when the borrower actually makes the monthly installment. The company has chosen such income collection method due to requirements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

Costs

In 2020, total costs of the company, including sales and marketing expenses, summed up to **EUR 2,49M**.

The company is further developing its IT platform, based on customer needs, everchanging regulations, and P2P lending trends. During 2020, **EUR 66K** have been allocated to research of new functions, programming, deployment and testing. Every quarter, according to the costs incurred while creating the new version of the platform, the company creates the intangible assets card, and the costs incurred are moved to intangible assets, which is depreciated during 4 years. In 2020, this sum amounted to **EUR 448K**.

The company employs professional specialists and managers. In 2020, the company had 30 employees on average. The company pays competitive salaries with an effective motivation system. During 2020, **EUR 378K** was allocated for salaries.



- 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.

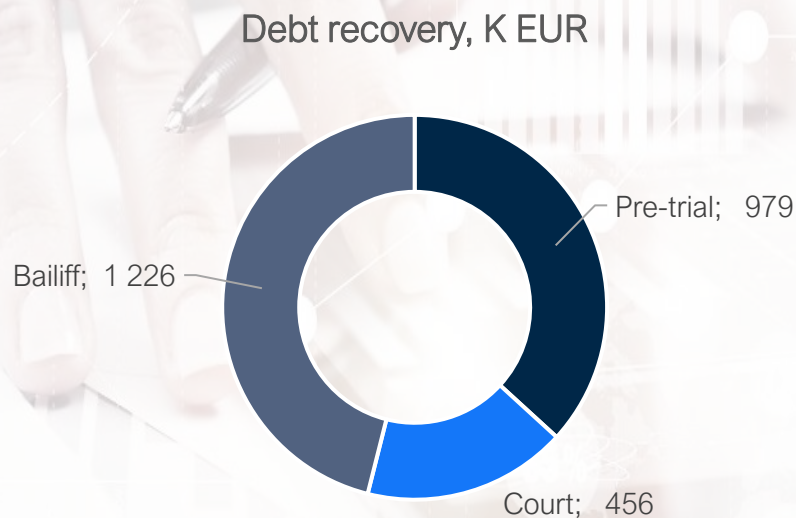
Debt recovery

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 2020, recovered amount summed up to EUR 2 661K. **37% of the debts have been recovered via pre-trial method.** Bailiffs have recovered 46% and trial – 17% of the debts.

Debt recovery is performed by “Legal Balance”. Company believes that cooperation 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 2020, amount paid to investors for claim rights was equal to **EUR 196K**. During the same period last year, the company paid **EUR 271K** to investors for claim rights.



2020 balance sheet, EUR

Item	Note	Group		Company	
		2020-12-31	2019-12-31	2020-12-31	2019-12-31
ASSETS					
NON-CURRENT ASSETS		3 205 868	2 826 595	3 399 574	2 826 595
Intangible Assets	1	564 530	319 177	564 530	319 177
Tangible Assets	2	44 940	12 676	43 146	12 676
Financial Assets	3	2 184 354	2 078 560	2 379 854	2 078 560
Other Assets		412 044	416 182	412 044	416 182
CURRENT ASSETS		7 634 769	4 298 102	7 551 621	4 297 701
Inventories, Prepayments And Contracts In Progress		46 782	26 159	46 184	26 159
Amounts Receivable Within One Year	4	272 278	338 009	274 627	338 009
Other Currents Assets		-	-	-	-
Cash And Cash Equivalents	5	7 315 709	3 933 934	7 230 810	3 933 533
DEFERRED CHARGES AND ACCRUED INCOME		1 202	5 220	939	5 220
TOTAL ASSETS:		10 841 839	7 129 917	10 952 134	7 129 516
EQUITY AND LIABILITIES		2019 12 31	2018 12 31	2019 12 31	2018 12 31
EQUITY		1 477 181	1 086 473	1 607 028	1 089 576
Capital	6	1 706 497	1 615 023	1 706 497	1 615 023
Share Premium		1 286 748	856 405	1 286 748	856 405
Revaluation Reserve (Results)		-	-	-	-
Reserves		-	-	-	-
Retained Earnings (Losses)	7	(1 516 064)	(1 384 955)	(1 386 217)	(1 381 852)
GRANTS AND SUBSIDIES		-	-	-	-
PROVISIONS	8	244 820	248 670	244 820	248 670
AMOUNTS PAYABLE AND LIABILITIES	9,10	9 108 805	5 788 736	9 089 639	5 785 232
Non-Current Amounts Payable And Liabilities		705 099	1 620 971	705 098	1 620 971
Current Amounts Payable And Liabilities		8 403 706	4 167 765	8 384 541	4 164 261
ACCRUED EXPENSES AND DEFERRED INCOME		11 033	6 038	10 647	6 038
TOTAL EQUITY AND LIABILITIES:		10 841 839	7 129 917	10 952 134	7 129 516

2020 profit (loss) statement, EUR

Item	Note	Group		Company	
		2020	2019	2020	2019
Sales revenue	11	2 482 954	1 723 506	2 483 245	1 723 506
Cost of Sales	12	(1 553 626)	(1 526 910)	(1 561 098)	(1 531 910)
GROSS PROFIT (LOSS)		929 328	196 596	922 147	191 596
General and administrative expenses	12	(1 061 257)	(1 074 988)	(926 127)	(1 001 886)
Other activities		(8 085)	(5 407)	(8 085)	(5 407)
Investment in the parent, subsidiaries and associated companies shares income		-	-	-	-
Other long-term investments and loan income		-	-	-	-
Other loans granted interest income		12 390	-	12 390	-
financial asset and Short-term investment impairment costs		-	-	-	(65 000)
Interest expenses	13	(4 698)	(249)	(4 691)	(249)
PROFIT (LOSS) BEFORE TAX	14	(132 322)	(884 048)	(4 366)	(880 946)
Income tax	14	-	39 753	-	39 753
NET PROFIT (LOSS)		(132 322)	(844 295)	(4 366)	(841 193)

2020 changes in equity statement, EUR

	Note	Paid up authorised or primary capital	Share premium account	Retained profit (loss)	Total
1. Balance at 2018-12-31		1 475 461	-	(540 659)	934 802
2. Result of changes in accounting policies		-	-	-	-
3. Result of correcting material errors		-	-	-	-
4. Recalculated balance at 2018-12-31		1 475 461	-	(540 659)	934 802
5. Net profit (loss) of the reporting period		-	-	(841 193)	(841 193)
6. Increase (decrease) of other authorized or primary capital		139 562	856 405	-	995 967
7. Balance at 2019-12-31		1 615 023	856 405	(1 381 852)	1 089 576
8. Net profit (loss) of the reporting period		-	-	(4 366)	(4 366)
9. Increase (decrease) of other authorized or primary capital		91 474	430 343	-	521 817
10. Balance at 2020-12-31		1 706 497	1 286 748	(1 386 218)	1 607 027

2020 cash flow statement, EUR

Article	Note	2020	2019
Cash flows from operating activities			
Net profit (loss)		(4 366)	(841 193)
Depreciation and amortisation expenses		181 114	168 088
Elimination of results of financing and investing activities		(7 699)	249
Elimination of results of other non-cash transactions		4 142	65 000
Decrease (increase) in other amounts receivable after one year		(105 795)	(557 390)
Decrease (increase) in assets of the deferred tax on profit		-	(39 753)
Decrease (increase) in stocks, except advance payments		-	23 918
Decrease (increase) in advance payments		(20 025)	(23 884)
Decrease (increase) in trade debtors		(31 432)	(18 086)
Decrease (increase) in other debtors		94 814	(177 006)
Decrease (increase) in prepayments and accrued income		4 281	(1 477)
Increase (decrease) in provisions		(3 850)	89 555
Increase (decrease) in trade of long-term creditors and prepayments received on account		58 515	971
Increase (decrease) in trade with short-term creditors and prepayments received on account		62 458	(810)
Increase (decrease) in liabilities related to employment relations		132 012	23 508
Increase (decrease) in other amounts payable and liabilities		3 209 467	1 444 979
Increase (decrease) in accruals and deferred income		4 609	2 368
Net cash flows from operating activities		3 578 245	159 037
Acquisition of fixed assets (excluding investments)		(457 319)	(172 782)
Disposal of fixed assets (excluding investments)		382	-
Acquisition of long-term investments		(195 500)	(65 000)
Other increases in cash flows from investing activities		12 380	-
Net cash flows from investing activities		(640 057)	(237 782)
Cash flows related to entity's owners		521 816	995 967
Issue of shares		521 816	995 967
Cash flows related to other financing sources		(162 546)	374 350
Increase in financial debts		496 613	898 000
Loans received		496 613	898 000
Decrease in financial debts		(659 159)	(523 650)
Loans returned		(654 659)	(523 500)
Interest paid		(4 500)	(150)
Net cash flows from financing activities		359 270	1 370 317
Adjustments due to exchange rates on the balance of cash and cash equivalents		(181)	(99)
Increase (decrease) of net's cash flows		3 297 277	1 291 473
Cash and cash equivalents at the beginning of the period		3 933 533	2 642 060
Cash and cash equivalents at the end of the period		7 230 810	3 933 533

EXPLANATORY NOTE OF 31 DECEMBER 2020

1. Intangible fixed assets

Indexes	Software	In total
Acquisition cost		
31 December 2018	566 866	566 866
Acquired	164 378	164 378
Written-off		---
Reclassification		---
31 December 2019	731 244	731 244
Acquired	415 510	415 510
Written-off		---
Reclassification		---
31 December 2020	1 146 754	1 146 754
Amortisation accrued		
31 December 2018	251 864	251 864
Estimated over period	160 203	160 203
Written-off		---
Reclassification		---
31 December 2019	412 067	412 067
Estimated over period	170 157	170 157
Written-off		---
Reclassification		---
31 December 2020	582 224	582 224
Book value		
31 December 2018	315 002	315 002
31 December 2019	319 177	319 177
31 December 2020	564 530	564 530

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

NEO Finance, AB

Business identifier coder 303225546 Address: A. Vivulskio g. 7, Vilnius.

Interim financial statements for the period that ended on 31 December 2020

(all the sums are indicated in euro, unless provided for otherwise)

2. Tangible fixed assets

Indexes	Other equipment, devices and tools	In total
Acquisition cost		
31 December 2018	31 398	31 398
Acquired	8 404	8 404
Written-off		---
Reclassification		---
31 December 2019	39 802	39 802
Acquired	41 809	41 809
Written-off	(417)	(417)
Reclassification		---
31 December 2020	81 194	81 194
Revaluation/depreciation		
31 December 2018		---
Revaluation (+) depreciation (-)		---
Depreciated over the period		---
31 December 2019	---	---
Revaluation (+) depreciation (-)		---
Depreciated over the period		---
31 December 2020	---	---
Depreciation accrued		
31 December 2018	19 241	19 241
Estimated over period	7 885	7 885
Written-off (-)		---
Reclassification		---
31 December 2019	27 126	27 126
Estimated over period	10 957	10 957
Written-off (-)	(35)	(35)
Reclassification		---
31 December 2020	38 048	38 048
Book value		
31 December 2019	12 157	12 157
31 December 2019	12 676	12 676
31 December 2020	43 146	43 146

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

NEO Finance, AB

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Interim financial statements for the period that ended on 31 December 2020

(all the sums are indicated in euro, unless provided for otherwise)

3. Financial assets

	2020-12-31	2019-12-31
Investment into subsidiaries	195 500	
Investment activities debtors	2 282 563	2 282 563
Provisions (-)	(98 209)	(204 003)
TOTAL:	2 379 854	2 078 560

During financial year, company acquired a subsidiary company (FinoMark, UAB, įm. k. 305538582).

4. Accounts receivable within one year

	2020-12-31	2019-12-31
Buyers' debts	58 860	27 429
Investment activities debtors	230 450	341 073
Depreciation (-)	(14 683)	(30 493)
TOTAL:	274 627	338 009

5. Cash

	2020-12-31	2019-12-31
Clients cash	6 579 082	3 534 227
Money in commercial bank accounts	78 446	104 564
Money at the Bank of Lithuania	6 440 953	3 384 463
Money in transition	59 683	45 200
Company cash	651 728	399 306
Money in commercial bank accounts	498 598	396 736
Money at the Bank of Lithuania	153 130	2 570
TOTAL:	7 230 810	3 933 533

6. Structure of the authorized capital

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

As of 31 December 2020, all shares have been paid.

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7. Profit distribution project

Items	Metai	Suma
Retained result - profit/loss	2019-12-31	(1 381 852)
Net result for the financial year - profit/loss		(4 366)
Retained result - profit/loss	2020-12-31	(1 386 218)
Shareholders' contributions to cover losses		
Transfers from reserves		
Distributed profit		(1 386 218)
Profit distribution:		
To legal reserves		
To other reserves		
Dividends		
Other		
Undistributed result - profit/loss		(1 386 218)

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 to EUR 244 820. At the end of the last financial year, provisions made up EUR 248 670.

9. Financial debts

	2020-12-31	2019-12-31
Long-term debts (from 2 to 5 years)	705 099	1 620 971
Loans received from affiliated undertakings	645 613	520 971
Bonds		1 100 000
Social security liabilities after one year	59 486	
Short-term debts	1 271 064	453 235
Loans received from affiliated undertakings	161 342	445 000
Interest on loans received from affiliated undertakings	9 722	8 235
Bonds	1 100 000	
TOTAL:	1 976 163	2 074 206

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10. Accounts payable within one year

	2020-12-31	2019-12-31
Advanced received	674	403
Trade payables	164 726	104 026
Payroll liabilities	41 115	25 061
Vacation pay liabilities	26 563	26 563
Social security liabilities	23 871	10 527
Personal income tax liabilities	131 081	8 919
Customer money held at NEO Finance accounts	6 723 611	3 489 227
Customer money held at NEO Finance accounts - cash in transit	-	45 000
Other payables	1 836	1 300
TOTAL:	7 113 477	3 711 026

11. Income

	2020	2019
Income	2 483 245	1 723 506
Payment activity related income	476 505	178 283
Net consumer credit provider activity income	270 301	258 553
P2P lending related income	1 736 439	1 286 670

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 2020, receivable intermediary fee generated by loans, issued till 31 December 2020 amounted to 5,945,158 EUR. As of 31 December 2019, receivable intermediary fee generated by loans, issued till 31 December 2019 amounted to 4,576,812 EUR.

12. Expenses

	2020	2019
Cost of Sales	1 561 098	1 531 910
Cost of services rendered	1 561 098	1 531 910
General and administrative expenses	926 127	1 001 886
Salaries and social security	378 053	362 171
Guarantee Fund accrual costs	3 850	89 555
Audit expenses	12 900	7 022
Depreciation	170 135	168 088
Other expenses	361 189	375 050

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13. Financial and investment activities

	2020	2019
Income	12 390	
Positive effect of exchange rates	10	
Other income from financial investment activities	12 380	
Expenses	4 691	65 249
Interest		
Impairment of shares in subsidiaries		65 000
Negative effect of exchange rates	191	99
Delay fee	4 500	150
TOTAL:	7 699	(65 249)

14. Income tax expenses

	2020	2019
Profit before taxes	(4 366)	(880 946)
Income tax rate	15%	15%
Amount of increase in profit before tax		705 942
Amount of reduction in profit before tax		12 379
Declared income tax payable to the budget	---	---
Change in taxable temporary differences between tax and financial statements		265 020
Deferred income tax expenses/income	---	(39 753)
Adjusted amount of profit tax returns of the previous year		
Income tax expenses/income	---	(39 753)
Effective income tax rate	---	---

15. Other fixed assets

	2020 m.	2019 m.
Deferred income tax assets	412 044	412 044
Other fixed assets		4 138
TOTAL:	412 044	416 182

16. Relations with executives and other related persons

In 2020, the Head of administration was paid a salary of EUR 40 712 (in 2019: EUR 37 504). The Head of Administration has not received any other income, loan guarantees nor benefits.

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17. Related parties

	Accounts payable		Accounts receivable	
Related parties	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Shareholders with a significant number of votes	---	200 938		
Parent company	1 091	243 472		
Subsidiaries				
Other affiliated persons	760 119	541 222	2 972	186
TOTAL:	761 210	985 632	2 972	186
	Income received		Purchases	
Related parties	2020	2019	2020	2019
Shareholders with a significant number of votes			---	12 500
Parent company			31 100	43 168
Subsidiaries				
Other affiliated persons	4 470	5 712	172 400	185 921
TOTAL:	4 470	5 712	203 500	241 589

18. Change in accounting policy

No changes to accounting policy made during 2020.

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 2020, amounted to EUR 3,036,691. 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 2020, the Company, having acted as an operator of a Peer-to-Peer Lending Platform, and a consumer credit provided, has disbursed consumer credit funds for a total amount of EUR 63,495,120. As of 31 December 2020, the remaining outstanding part of credit amounted to EUR 34,210,707.