



# NEO Finance, AB

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**Corporate report  
2018 H2**

**Vilnius**

2019-03-28

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# Essential corporate events

- Authorised capital increased by **EUR 300.000**. Investment in capital is already over **EUR 3.18M**.
- Private bonds of the value of **EUR 1.1M** issued in three rounds, during the period of 2nd July, 2018 – 23rd November, 2018.
- Legal form of the company changed from private to public.
- In November 2018, the EMI licence of the company was complemented with Payment initiation service (PIS). Agreements with new clients were signed: Vienasaskaita.lt, Mano gile, Tiketa, etc.
- During the crowdfunding campaign on Seedrs platform, EUR 210.000 were raised. NEO Finance is the first Lithuanian company to have participated in a crowdfunding round on Seedrs.
- Minimum investment amount was raised from EUR 5 to EUR 10. Also, possibility to open additional IBAN accounts, as well as have more than one investment portfolio, was introduced.
- Company's debt recovery partner Legal Balance signed the agreement with EOS Holding GmbH, which will ensure a more effective debt collection in more than 180 countries.
- During the crowdfunding round on Seedrs, Crosspring B.V., a Dutch startup accelerator, invested in NEO Finance. In January 2019, its founder Maurice Beckand Verwee was approved as member of company's Supervisory board.

# Main financial ratios

- Based on audited accounting data, **income has grown significantly up to EUR 592 K**; compared to 2017 H2, it **increased nearly 2 times**.
- Because of accounting policy change in 2018 Cost of sales and Operating costs are not comparable. Below main expenses groups are compared:
  - Marketing costs increased 16.5% from EUR 204K to EUR 238K.
  - Debt recovery costs jumped 191% from EUR 62K to EUR 180K.
  - Salary expenses rose by 7.5% from EUR 159K to EUR 171K.
- Number of registered users grew by **18.9%**, up to **61K users**.
- **EUR 8.11 M** of financed loans.

|                           | 2018 H2          | 2017 H2          | Δ, %        |
|---------------------------|------------------|------------------|-------------|
| <b>Granted loans, EUR</b> | <b>8,113,742</b> | <b>5,265,396</b> | <b>54%</b>  |
| Income, EUR               | 591,738          | 333,195          | 78%         |
| Cost of sales, EUR        | (466,159)        | (141,842)        | 229%        |
| Gross profit, EUR         | 125,579          | 158,744          | -21%        |
| Operating costs, EUR      | (393,304)        | (465,212)        | -15%        |
| <b>EBITDA, EUR</b>        | <b>(267,725)</b> | <b>(306,468)</b> | <b>-13%</b> |
| Pre-tax profit, EUR       | (346,510)        | (382,597)        | -9%         |

# 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.

|   | 2018-07   | 2018-08   | 2018-09   | 2018-10   | 2018-11   | 2018-12   | Total     |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Granted loans, EUR                            | 1,203,537 | 1,301,649 | 1,422,657 | 1,511,579 | 1,450,819 | 1,233,152 | 8,123,393 |
| Intermediary fee income*                      | 82,816    | 98,055    | 104,785   | 111,188   | 122,796   | 104,078   | 623,718   |
| <i>Intermediary fee / Granted loans ratio</i> | 6.9%      | 7.5%      | 7.4%      | 7.4%      | 8.5%      | 8.4%      | 7.7%      |
| Other income                                  | 44,195    | 49,698    | 51,134    | 51,631    | 59,422    | 67,278    | 323,358   |
| Cost of sales                                 | (72,075)  | (96,577)  | (74,169)  | (79,441)  | (93,183)  | (50,715)  | (466,159) |
| Operating costs                               | (57,918)  | (53,642)  | (72,255)  | (62,629)  | (64,845)  | (82,016)  | (393,304) |
| EBITDA  | (2,982)   | (2,465)   | 9,496     | 20,750    | 24,190    | 38,625    | 87,613    |

- In the end of 2018 H2, outstanding intermediary fee amounted to **EUR 2.69 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

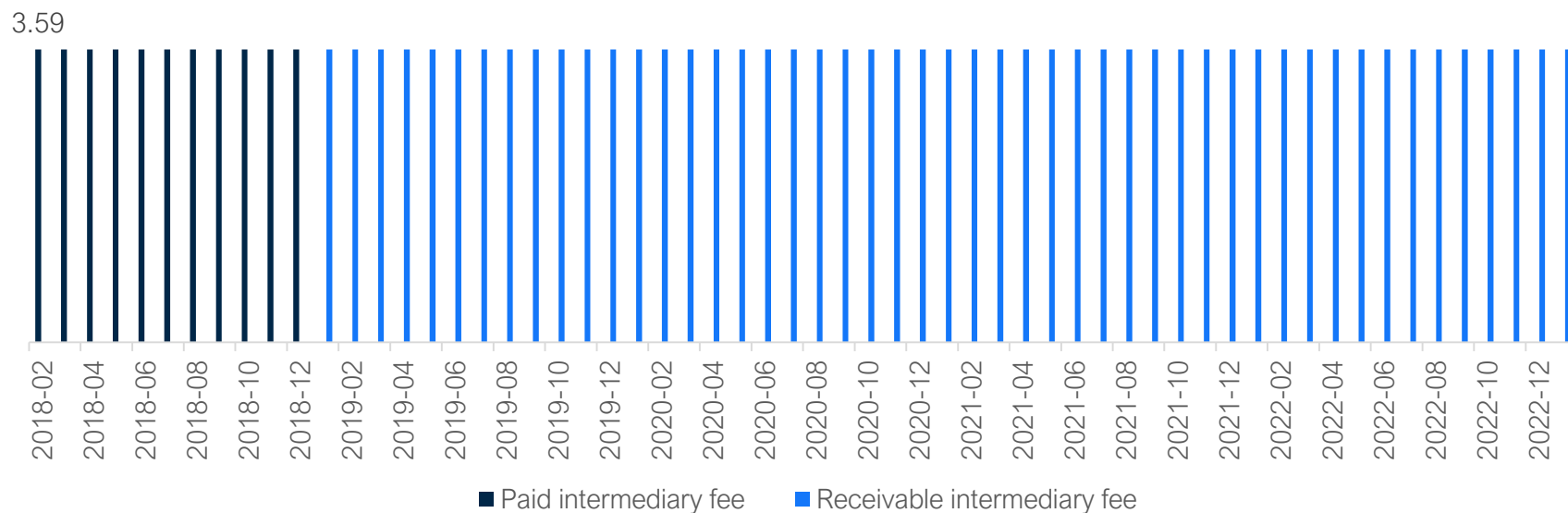
Interest rate – 16%

Intermediary fee – 5.9% or EUR 3.59 per month

Issue date – January 2018

During 2018, 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



# 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.
- A **long-term goal** set by the shareholders is to become the largest P2P lending platform in Lithuania and operate profitably.

We are excited that the goal of becoming **the largest P2P lending platform in Lithuania** has already been **achieved in end-2017**. In 2018, the company has remained a stable leader, holding over 50% of the market. The NEO Finance platform is now 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 the beginning of 2019, management of the company is planning to confirm its new goals for the upcoming 3-4 years, as well as the strategy for reaching them.

During the second half of 2018, 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 a larger amount of statistics. Also, a considerable effort is being directed towards development of the Payment initiation service (PIS), since the service has reached all its goals in 2018, and, therefore, has been confirmed among company's top priorities in 2019.

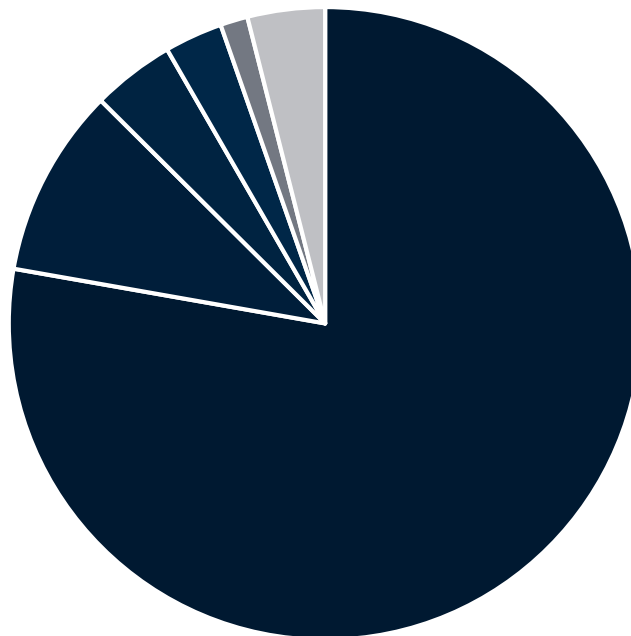
The strategic approach of the Board is based on ensuring long-term and sustainable operations, as opposed to maximizing short-term profits. Therefore, the company pays special attention to ensure compliance with the relevant laws as well as improving them by proposing the amendments to responsible institutions. 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.

# Company shareholders



In the end of 2018 H2, the capital of the company was comprised of **3.353.320** ordinary shares of **EUR 0.44** nominal value. Evaldas Remeikis and Aiva Remeikiene each own 50% of UAB ERA Capital shares. UAB Value Capital is 100% owned by the board member Deividas Tumas. The Singaporean Asian Pacific Green Energy PTE.LTD is related to the Chairman of the Supervisory Board Antanas Danys. During the reporting period, authorised capital was increased one time by issuing new shares, and closing one share purchase deal where 2.505 shares were transferred among the current shareholders.

Company shareholders



- UAB "Era Capital", 77.77%
- Grigorij Gurevich, 9.68%
- UAB "Value Capital", 4.22%
- Asian Pacific Green Energy PTE.LTD, 2.97%
- Marius Navickas, 1.40%
- Other, 3.96%



# 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**. Also, a supervisory body – the **supervisory board** – is in place.

## Board:

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

## CEO:

Head of Administration –  
Aiva Remeikienė.

## Supervisory board:

Chairman –  
Antanas Danys.  
Members –  
Vytautas Bučiūnas,  
dr. Marius Laurinaitis,  
Maurice Beckand Verwee.

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, **5 Board meetings** took place. No members of the Board and Supervisory board have changed. However, after a successful execution of crowdfunding campaign on Seedrs platform, Supervisory board has been joined by the largest investor of the campaign, namely Maurice Beckand Verwee, founder and head of Dutch startup accelerator Crosspring B.V.

During 2018 H2, an internal company audit was performed: it helps identify and mitigate company risks significantly. In 2018, the board and managers are actively working to ensure compliance with relevant requirements and manage risks.

# Capital

- Until 2018 H2, **EUR 2.88 M** has been invested in the company via capital increase and share premiums.
- During 2018 H2, additional **EUR 300 K** was invested by issuing new shares.
- In the end of 2018 H2, company's authorised capital was **EUR 1.48 M**.
- During the process of writing the report, registration of Seedrs-attracted capital is being performed. After that, investment in company's capital will exceed **EUR 3.39 M**.

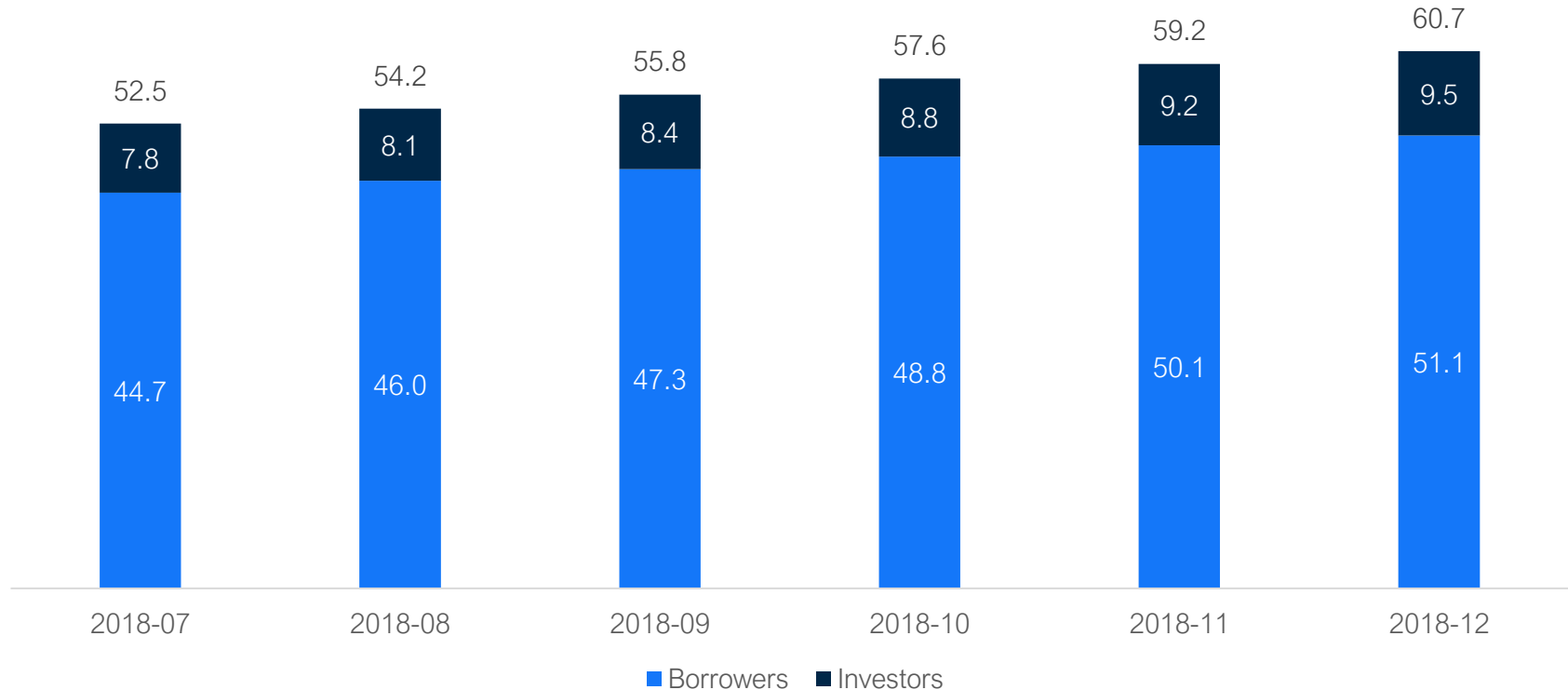
In March 2019, company shareholders have finished the first and the second stages of investment, which were started in the beginning of 2014. Company shareholders, together with the board, have approved the long-planned decision to perform company's IPO and, after distribution of shares, list them on Nasdaq First North alternative market. Currently, the company is in the process of preparation for the IPO, and is planning to launch it in the near future. If the IPO is unsuccessful, major shareholders will ensure company's financing, until cashflows become positive.

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-2018, equity capital in company's balance sheet was equal to **EUR 918 K**. However, according to the requirements approved by the ruling No. 240 of the Bank of Lithuania adopted on 24 December 2009 (version of 12 January 2012, ruling 03-5), the capital was equal to **EUR 533 K**. Based on this ruling, sufficiency of the capital of e-money institution is calculated by subtracting intangible assets from the equity capital.

# Main indexes of the company

During 2018 H2, due to increasing customer trust and brand awareness, the **number of registered users has grown by 18.9%**. The growth of borrowers was 17.7%, while that of investors was equal to 26.3%. The overall growth of users during 2018 H2 equaled to **9.655**.

Number of newly registered users, 2018 H2.

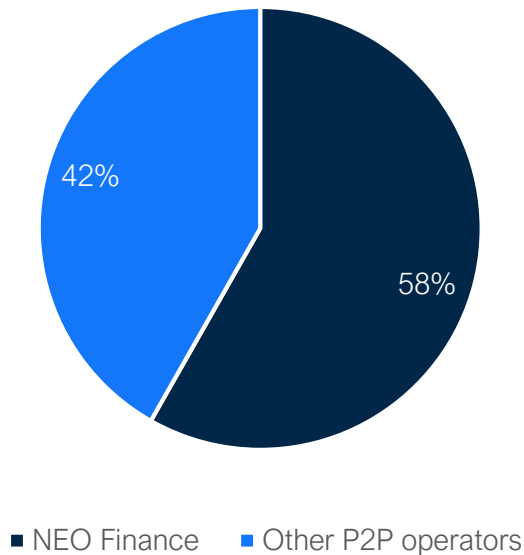


# Main indexes of the company

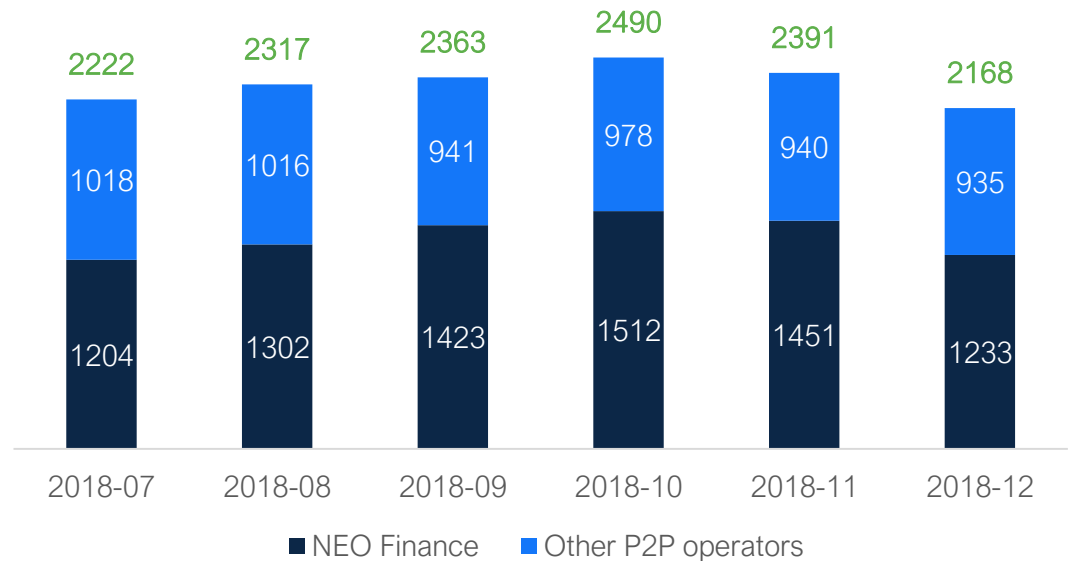
During 2018 H2, the company has mediated in issuing **EUR 8.12 M** worth of consumer credits, financed by 4 716 investors. In comparison, in 2017 H2, the investors financed EUR 5.27 M worth of loans. This sums up to the **annual growth of 54%**. This allowed the company to take 58% of the Lithuanian P2P lending market. 2 375 people got consumer credits during 2018 H2.

Average annual percentage rate of charge which shows the annual interest rate including all additional fees, in 2018 H2 comprised **22.97%**, whereas other Lithuanian P2P platforms had the average rate of **36.85%**.

Distribution of consumer credits financed in 2018 H2



Sum of consumer credits financed via all P2P platforms, K EUR



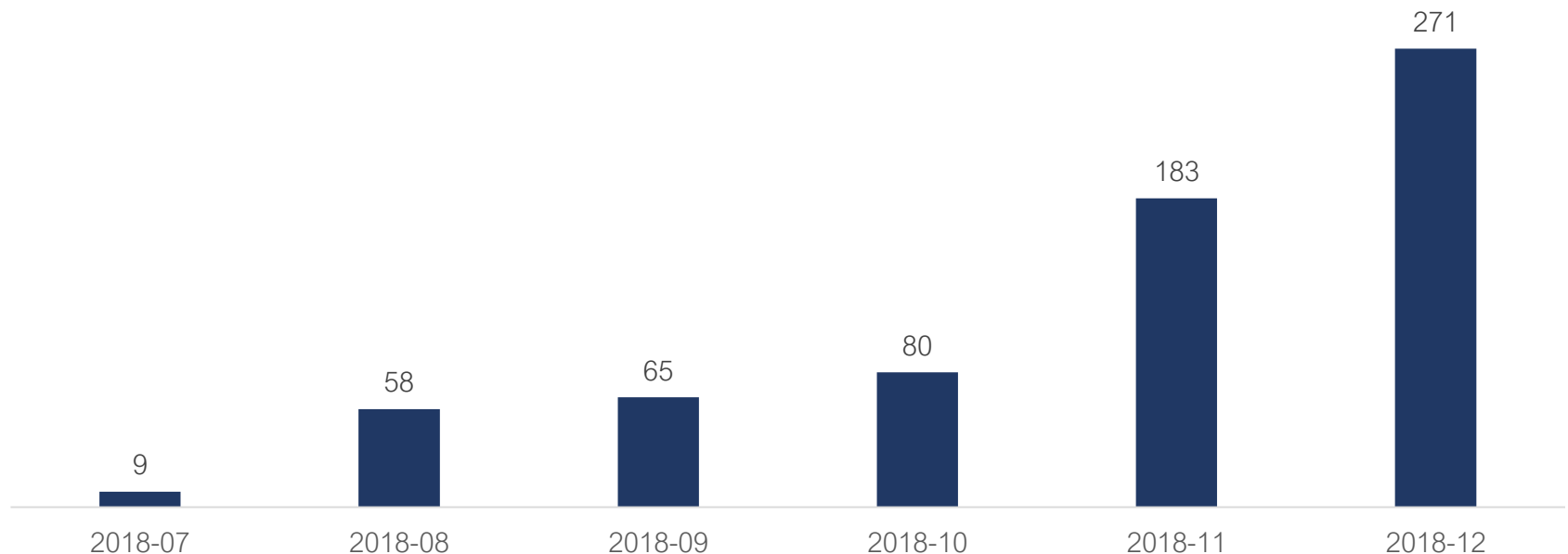
# Payment Initiation Service (PIS)

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.

During 2018 H2 NEO Finance clients, AB made **665 683** transactions.

PIS transactions per month, thousands



# Marketing

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In 2018, Marketing department had four main goals:

1. In the long term, **minimise the costs of attracting new borrowers** and the ratio between issued loans and allocated budget.
2. Increase the loan turnover.
3. Increase the Lithuanian database of registered investors.
4. Introduce NEO Finance platform in Europe.

Based on brand attribute and customer research, additional brand attributes with the most value to the brand were established. New marketing and communications strategy for year 2018-2019 was confirmed and new advertising campaign was launched in August 2018. During the campaign NEO Finance experienced a record-breaking month with more than **EUR 1.5 M** of consumer credits issued (October). At the same time, the ratio between credits issued and allocated budget was constatly being diminished.

In attempt to increase database of investors, a new affiliate marketing programme has been launched: Over 100 content creators (*bloggers*) have already joined the programme, and are actively promoting NEO Finance services throughout entire Europe.

The ratio of costs of attracting new borrowers and one financed loan **diminished by 34%** during 2018 H2.

# 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

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.

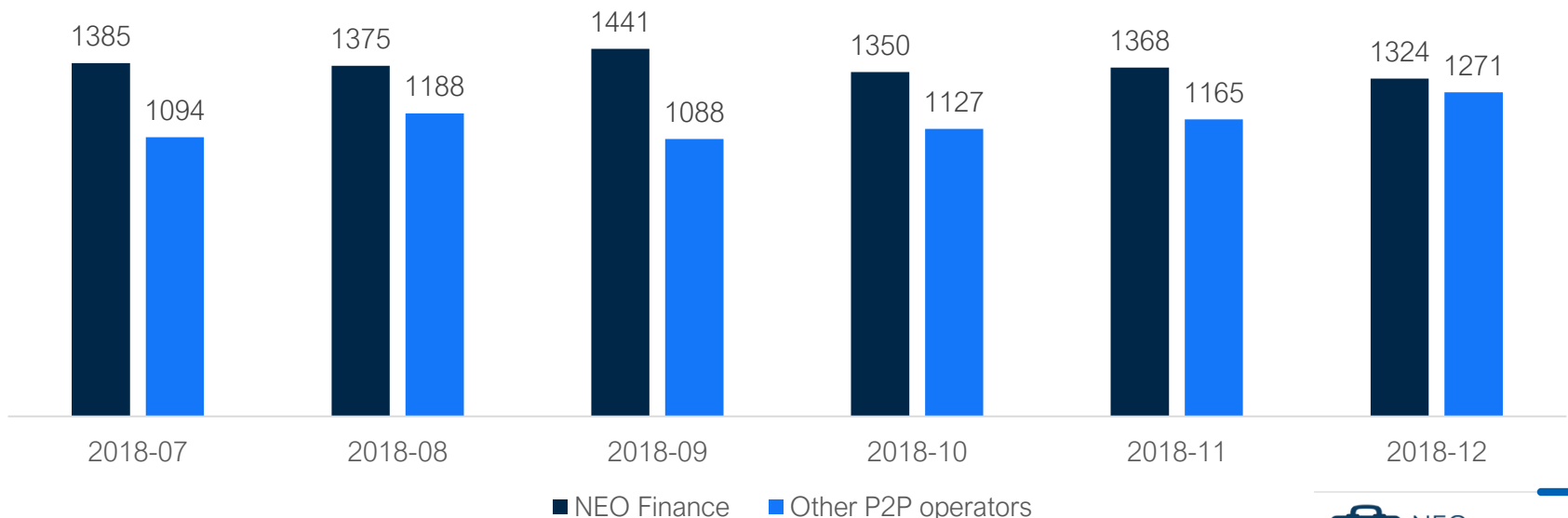
|  | 2018 H2        | 2017 H2        | Δ, %       |
|--|----------------|----------------|------------|
| <b>Income</b>                                  | <b>591,738</b> | <b>333,195</b> | <b>78%</b> |
| P2P lending related income                     | 373,910        | 243,248        | 54%        |
| E-money issuance and management related income | 33,280         | 4,778          | 597%       |
| Investment activity income                     | 184,548        | 85,168         | 117%       |

# Costs

The company is further developing its IT platform, based on customer needs, everchanging regulations, and P2P lending trends. During 2018 H2, **EUR 99 K** have been allocated to research of new functions, programming, deployment and testing. Every quarter, according to the costs incurred while creating the new version of the platform, the company creates the intangible assets card, and the costs incurred are moved to intangible assets, which is depreciated throughout 4 years. In 2018 H2, this sum amounted to **EUR 49 K**.

The company employs professional specialists and managers. In 2018 H2, the company had 20 employees on average. The company pays competitive salaries. In addition, bonuses and stock options comprise an effective motivation system. During 2018 H2, **EUR 210 K** was allocated for salaries. According to SoDra (State Social Insurance Fund Board), the average gross salary was the highest, compared to other Lithuanian P2P lending platform operators.

Average salary, EUR





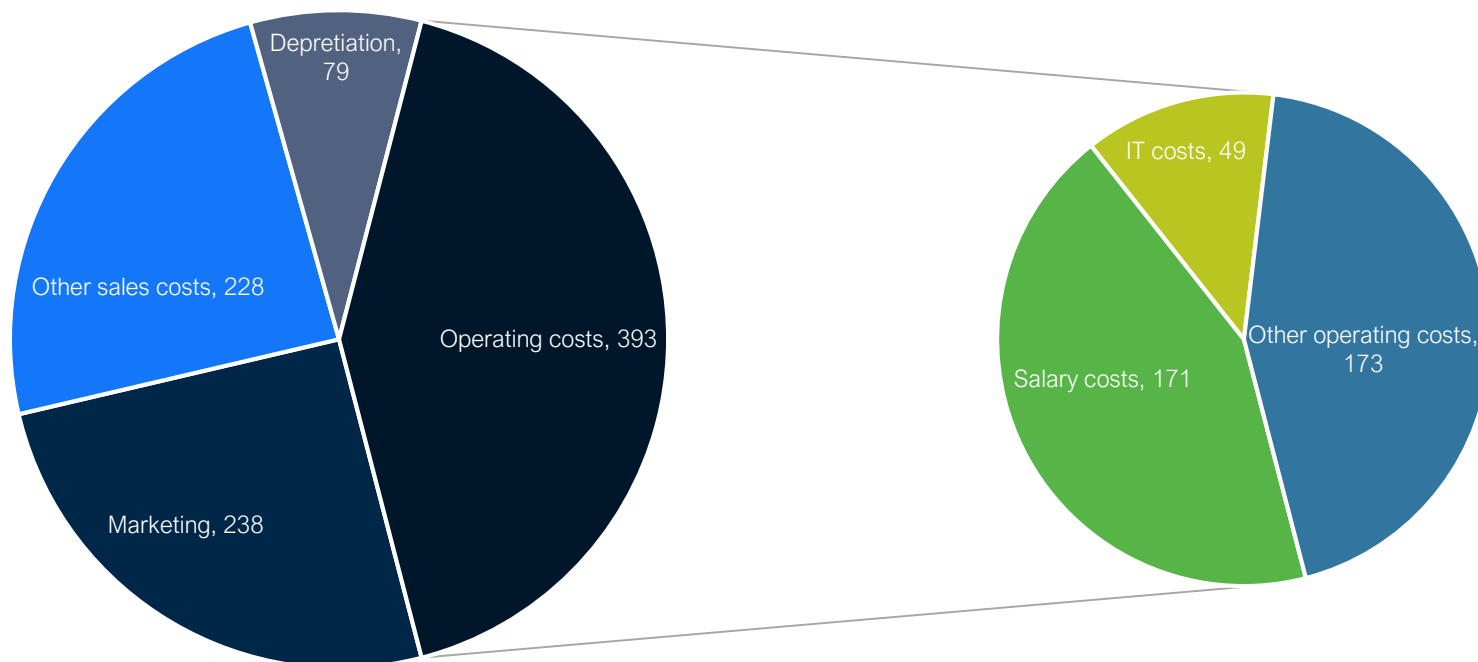
# Costs

In 2018 H2, total costs of the company, including sales and marketing expenses, summed up to **EUR 938 K**.

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

2018 H2 costs, thousand EUR



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

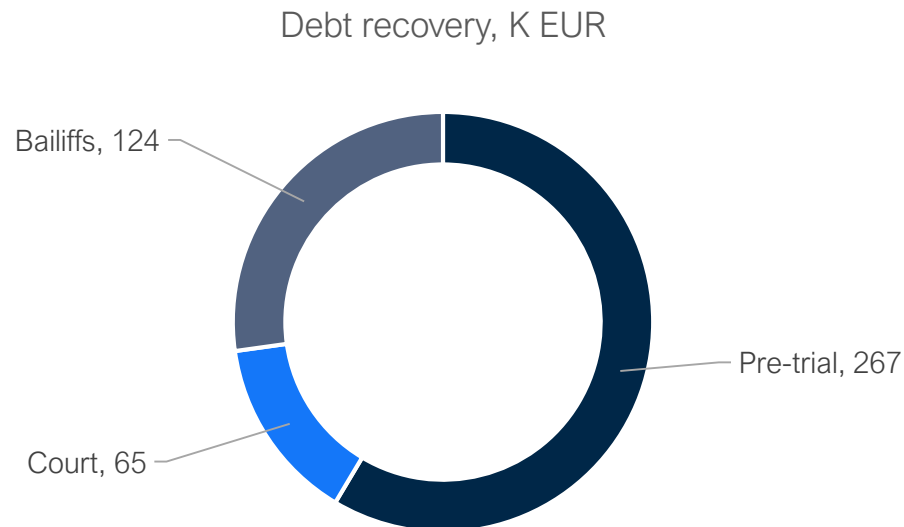
# Debt recovery

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 2018 H2, recovered amount summed up to EUR 455 K. **59% of the debts have been recovered via pre-trial method.** Bailiffs have recovered 27%, and trial – 14% 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, and two years after terminating the agreement will recover 65-68% of the debt. 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 2018 H2, amount paid to investors for claim rights was equal to **EUR 97 K.** During the same period last year, the company paid **EUR 30 K** to investors for claim rights.



# Main risks

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Risks described below are the ones that are most likely to occur.

**Credit risk** – the risk that the counterparty will not fulfil one's obligations and will therefore cause negative consequences for company's value. This risk occurs due to company's investment in consumer credits, as well as reimbursable suretyship service. Company's internal evaluations are used for its management, which provides the basis for determining the appropriate risk-return ratio. The maximum threshold for assumed risk is also set. Credit risk assessment relies on the company's internally developed credit rating system which is constantly developed and is fundamentally renewed once a year.

**Operational risk** – the risk that company's internal processes, staff, IT systems or external actions of the company will cause losses that will negatively affect the company's value. Operational risk also includes compliance risk. This risk is significant for the company, as the company operates in an area where the importance of IT systems is very high, and in the financial sector the supervisory standards are particularly high. To manage this risk, the company uses scenario-based risk evaluation methods, as well as continuous improvement of company's internal processes and IT system.

**Liquidity risk** – the risk that the company's current liabilities will exceed liquid assets and that the company will be forced to realise other assets under unfavourable conditions. This risk is not as significant, because financing of company's main activities is driven by additional contributions of the shareholders, which is in line with the strategy determined in the shareholder agreement.

**Market risk** – this includes potential losses due to changes in the market price of financial instruments. This risk is not significant, because the company does not engage in trading activities at its own expense.

# Main risks

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The largest portion of risks is comprised of operational risks and their management, therefore, the largest portion of attention is dedicated to them.

“NEO Finance”, AB operations and e-money system can be influenced by the following risks:

- Safety of e-money system and servers;
- Failures of e-money system;
- Employee mistakes;
- Risk related to buying services additional to “NEO Finance”, AB services;
- Illegal usage of e-money account, data theft;
- Illegal opening of e-money account and usage of other persons’ funds;
- Effect of external events;
- Regulatory environment and compliance requirements;
- Business continuity / bankruptcy risk;
- Sudden expansion.

Occurrence of all of these risks is identified in the company. The company constantly observes them, so that none of the risks exceed the set risk tolerance degree.

In end-2018 – beginning-2019, internal audit was performed. The audit did not identify any infringements to compliance requirements, however, provided recommendations for improvement. This helps identify and mitigate occurrence of operational risks. Every year, the company performs external audit which thoroughly inspects not only the correct reflection of financial accounting in the reports, but also implementation of compliance requirements: whether client funds are properly separated from corporate funds (as required by the Law on Electronic Money and Electronic Money Institutions), whether the balance in accounting is equal to the client funds balance in the system, etc.

# Business continuity plan

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As an operator of P2P lending platform, the company has prepared its Business continuity plan, and has coordinated it with the Bank of Lithuania. The plan is published in company's website [www.neofinance.com](http://www.neofinance.com), and has last been updated on **20 March, 2019**.

At the beginning of 2019, the company performed a simulation of an economic downturn situation, also called a stress-test, the goal of which is to show the influence that an economic downturn might have on company's cash flows. Seven assumptions were made in the course of the simulation:

1. The economic downturn starts in April 2019. The intermediary fee accrued and to be received in future periods by NEO Finance amounts to **EUR 3.2 M**.
2. Irrespective of the fact that the interest rate proposed by the recipients of loans grows, the volumes of loans extended decrease by 40 % as a result of reduced investments.
3. The number of insolvent borrowers doubles. However, judicial processes are not being suspended, whereas NEO Finance continues covering the expenses associated with the debt collection for the investors, which it expects to eventually recover from the loan recipients.
4. Surety obligations under the Provision fund service agreements in respect of the investments made are being fully met – for this purpose, the accumulated funds are being used. No funds are being received under newly concluded surety agreements.
5. As a result of decreased volumes, the cost price is also decreasing, with marketing expenses comprising the major part of it.
6. Through business cost optimisation, operational expenses are being gradually reduced: expenses related to employees and expenses intended for IT improvement are being reduced.
7. NEO Finance, as the provider of consumer credits, reinvests only principal in other credits and uses the interests to cover the expenses.

# Business continuity plan

Taking into account company's resistance to economic downturn, amounts receivable for company's services are taken into account. In end-2018, these amounts were equal to **EUR 3.2 M.**

|                          | 2019 Q1   | 2019 Q2   | 2019 Q3   | 2019 Q4   | 2020 Q1   | 2020 Q2   | 2020 Q3   | 2020 Q4   | 2021 Q1   |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Issues, EUR              | 4,565,922 | 4,037,157 | 3,384,624 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 | 3,384,624 | 4,037,157 |
| Income                   | 233,392   | 245,591   | 246,836   | 236,297   | 256,028   | 269,414   | 291,838   | 335,507   | 431,886   |
| Costs of sales*          | (174,886) | (144,072) | (147,465) | (152,640) | (137,553) | (121,723) | (121,723) | (113,984) | (125,024) |
| Operating costs**        | (198,000) | (159,145) | (128,363) | (105,900) | (105,900) | (105,900) | (105,900) | (128,363) | (159,145) |
| EBITDA                   | (139,494) | (57,626)  | (28,992)  | (22,244)  | 12,575    | 41,790    | 64,215    | 93,160    | 147,717   |
| Investment activity      | 23,624    | 20,487    | 19,028    | 17,497    | 17,497    | 17,497    | 17,497    | 19,028    | 20,487    |
| Provision fund residual  | 293,650   | 282,720   | 225,400   | 168,079   | 110,758   | 53,438    | (3,883)   | (61,204)  | (118,525) |
| Cash flow                | (115,870) | (37,139)  | (9,964)   | (4,746)   | 30,073    | 59,288    | 77,829    | 54,868    | 110,884   |
| Brokerage fee receivable | 3,211,083 | 3,650,036 | 3,973,133 | 4,201,315 | 4,391,942 | 4,570,149 | 4,736,525 | 4,925,588 | 5,159,590 |

\* Cost of sales includes marketing, database scanning, identification, sms sending and recovery costs.

\*\* Operating costs consist of wages, IT development, rental and utilities, accounting, auditing, mobile communications and internet costs.

# Possibilities for expansion

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In 2019, the company is expecting to issue EUR 21 M worth of consumer credits for borrowers, and to start cooperation with institutional investors as soon as the law does not restrict investment in consumer loans to legal entities. Also, the board focuses more on actions and solutions to achieve positive cash flow on a monthly basis. The Board and Supervisory Board are currently holding the position not to publish more detailed forecasts of their activities or planned strategic changes, therefore, more detailed forecasts will not be reported. Currently, we are focusing on increasing the volume of consumer credit issues in Lithuania, development of Payment initiation service (PIS), improving loan issue risk assessment, recovery efficiency and platform development, taking into account the user needs, and ensuring profitable future operations in accordance with cash flow accounting method.

While so far PIS is expanding successfully, company's Board, as well as other team members, are actively working on promoting and expanding the service in Lithuania. Potential strategic and expansion opportunities are constantly being discussed in Board and Supervisory board. Among the opportunities are: crowdfunding platform in Lithuania, EMI service expansion (e.g. Payments, currency exchange), P2P leasing, P2P platform expansion to foreign countries, more active PIS expansion in the EU. The strategy is expected to be approved in the near future.

The company publishes the results of each quarter's sales activity and stores it on its website <https://www.paskoluklubas.lt/en/page/8/reports>.

On behalf of the Board,  
Chair of the Board Evaldas Remeikis

# 2018 balance sheet

|           | Item   | Note No. | Financial year   | Previous financial year |
|-----------|--|----------|------------------|-------------------------|
|           | <b>ASSETS</b>                                      |          |                  |                         |
| <b>A.</b> | <b>NON-CURRENT ASSETS</b>                          |          | <b>2,224,757</b> | <b>1,388,691</b>        |
| 1.        | INTANGIBLE ASSETS                                  |          | 315,002          | 323,091                 |
| 2.        | TANGIBLE ASSETS                                    |          | 12,157           | 17,303                  |
| 3.        | FINANCIAL ASSETS                                   |          | 1,521,169        | 745,906                 |
| 4.        | OTHER ASSETS                                       |          | 376,429          | 302,391                 |
| <b>B.</b> | <b>CURRENT ASSETS</b>                              |          | <b>2,811,168</b> | <b>914,394</b>          |
| 1.        | INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS |          | 26,193           | 3,424                   |
| 2.        | AMOUNTS RECEIVABLE WITHIN ONE YEAR                 |          | 142,915          | 120,512                 |
| 3.        | OTHER CURRENTS ASSETS                              |          | -                | -                       |
| 4.        | CASH AND CASH EQUIVALENTS                          |          | 2,642,060        | 790,458                 |
| <b>C.</b> | <b>DEFERRED CHARGES AND ACCRUED INCOME</b>         |          | <b>3,743</b>     | <b>65</b>               |
|           | <b>TOTAL ASSETS:</b>                               |          | <b>5,039,668</b> | <b>2,303,150</b>        |
|           | <b>EQUITY AND LIABILITIES</b>                      |          |                  |                         |
| <b>D.</b> | <b>EQUITY</b>                                      |          | <b>934,801</b>   | <b>757,690</b>          |
| 1.        | CAPITAL  |          | 1,475,461        | 1,921,503               |
| 2.        | SHARE PREMIUM                                      |          | -                | 628,500                 |
| 3.        | REVALUATION RESERVE (RESULTS)                      |          | -                | -                       |
| 4.        | RESERVES   |          | -                | -                       |
| 5.        | RETAINED EARNINGS (LOSSES)                         |          | (540,659)        | (1,792,313)             |
| <b>E.</b> | <b>GRANTS AND SUBSIDIES</b>                        |          | <b>-</b>         | <b>-</b>                |
| <b>F.</b> | <b>PROVISIONS</b>                                  |          | <b>159,115</b>   | <b>102,798</b>          |
| <b>G.</b> | <b>AMOUNTS PAYABLE AND LIABILITIES</b>             |          | <b>3,942,082</b> | <b>1,441,624</b>        |
| 1.        | NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES        |          | 1,602,619        | 622,500                 |
| 2.        | CURRENT AMOUNTS PAYABLE AND LIABILITIES            |          | 2,339,463        | 819,124                 |
| <b>H.</b> | <b>ACCRUED EXPENSES AND DEFERRED INCOME</b>        |          | <b>3,670</b>     | <b>1,038</b>            |
|           | <b>TOTAL EQUITY AND LIABILITIES:</b>               |          | <b>5,039,668</b> | <b>2,303,150</b>        |



# 2018 profit (loss) statement

|    | Item  | Note No. | Financial year   | Previous financial year |
|----|---|----------|------------------|-------------------------|
| 1  | Sales revenue   |          | 1,015,730        | 479,424                 |
| 2  | Cost of sales   |          | (716,863)        | (720,733)               |
| 3  | The change in value of biological assets                                      |          | -                | -                       |
| 4  | <b>GROSS PROFIT (LOSS)</b>  |          | <b>298,867</b>   | <b>(241,309)</b>        |
| 5  | Selling expenses  |          | -                | -                       |
| 6  | General and administrative expenses   |          | (826,166)        | (690,213)               |
| 7  | Other activities  |          | -                | (96)                    |
| 8  | Investment in the parent, subsidiaries and associated companies shares income |          | -                | -                       |
| 9  | Other long-term investments and loan income                                   |          | -                | -                       |
| 10 | Other loans granted interest income   |          | 423              | -                       |
| 11 | financial asset and Short-term investment impairment costs                    |          | -                | -                       |
| 12 | Interest expenses   |          | (50)             | (145)                   |
| 13 | <b>PROFIT (LOSS) BEFORE TAX</b>   |          | <b>(526,926)</b> | <b>(931,762)</b>        |
| 14 | Income tax  |          | 74,038           | 136,120                 |
| 15 | <b>NET PROFIT (LOSS)</b>  |          | <b>(452,888)</b> | <b>(795,642)</b>        |