

**ELECTRONIC MONEY INSTITUTION AND MUTUAL
LENDING PLATFORM „NEO FINANCE“, AB
OPERATION CONTINUITY PLAN**

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General provisions

1. This plan of the Mutual lending platform "NEO Finance", AB operation continuity (hereinafter – the Plan) determines the measures, and procedures of "NEO Finance". It is intended to ensure that the activities of EMI and MLPO are conducted constantly and continuously, and that also ensure the smooth administration of the consumer credit agreement and continuous performance of contractual obligations in case of unexpected circumstances, as specified in the Law on consumer credit of the Republic of Lithuania.
2. Definitions and abbreviations used in the plan:
 - 2.1. LC – Law on companies of the Republic of Lithuania.
 - 2.2. Shareholder – UAB "ERA Capital", the Company code 300638657, registered office Ulonu st. 5, Vilnius, which owns the main package of the Company shares.
 - 2.3. The Company - "NEO Finance", AB, company code 303225546, registered office A. Vivulskio 7, Vilnius. Data about the company is stored and kept in the register of legal entities of the "Centre of registers" SE. It acts as the EMI and MIPO.
 - 2.4. The Company's systems - the System and the OBD system are hereinafter collectively referred to as the Company's systems.
 - 2.5. EMI – an electronic money institution as defined in the Law on Electronic Money and Electronic Money Institutions of the Republic of Lithuania.
 - 2.6. License – the electronic money institution license. This was granted to the Company by the Bank of Lithuania on 5 January 2017, or another license that includes this license, if one should be granted to the Company.
 - 2.7. Client – Credit provider. CCR, or a person who uses the payment services provided by the Company.
 - 2.8. Credit provider – natural or legal person, who is lending through the System, as specified in the LCC.
 - 2.9. Supervisory institution – Bank of Lithuania.
 - 2.10. System servers – [CONFIDENTIAL], where the Company stores network equipment and collocates (hosts servers in the data center) its server with all the System and information stored in it. This data center meets category Tier 3 and also has a "Tier III Design" certificate. The Company has transferred its function of activity – server maintenance - to the following companies: [CONFIDENTIAL]. System infrastructure maintenance has been transferred to [CONFIDENTIAL], OBD system infrastructure maintenance has been transferred to [CONFIDENTIAL].
 - 2.11. System – the system controlled by the Company, all data, related to the electronic money emission activity performed by the Company, the activity of the mutual lending operator, the activity of payment services, except payment initiation and account information services, is stored in it. Clients of the Company can access the System at the internet addresses: www.paskoluklubas.lt and www.neofinance.com.
 - 2.12. PIS – payment initiation service, as defined in the Law on Payments of the Republic of Lithuania.
 - 2.13. AIS – account information service, as defined in the Law on Payments of the Republic of Lithuania.
 - 2.14. OBD – open banking department.
 - 2.15. OBD system – it is a payment initiation and account information service provision system, which is available at the Internet addresses: www.neopay.lt, www.neopay.ee, www.neopay.lv, www.neopay.cz and www.neopay.pl.
 - 2.16. MLPO – mutual lending platform operator, as specified in the LCC.
 - 2.17. CC – consumer credit, as defined in the LCC.

2.18. CCR – consumer credit recipient, who receives it when CC is provided through the System, as specified in the LCC.

2.19. LCC - Law on consumer credit in the Republic of Lithuania.

2.20. General Data Protection Regulation – Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons concerning the processing of personal data and the free movement of such data, and repealing Directive 95/46/EC.

3. All definitions that are used in the Plan in the singular can have the meaning of the plural and vice-a-versa, depending on the context.

Risks of activity

4. Specific risk factors that may affect the Company's activity and the market are discussed in [Annex 5 to this Business Continuity Plan](#). The Plan is applied to avoid and manage further listed risks in the activity of the Company. It also specifies measures and procedures if that the Company does face the consequences caused by the specific risk. During its activity the Company encounters the following risks:

4.1. Operational risk – the risk of incurring losses due to improper or unimplemented internal control decisions of the Company, errors and illegal actions of employees, as well as malfunctions of the information system operation or due to the influence of the external events. Main sources of the operational risk: information systems (malfunctions of hardware, software, and telecommunication systems, etc.); human factor (illegal actions of the Company employees and non-employees); working conditions (violation of the safe working conditions, etc.); errors (entry of incorrect data, improper legal documents, etc.).

4.2. Risk of virtual data loss – the risk that data, stored in the Company's systems, will be lost or affected otherwise, so there would be no possibility of its restoration.

4.3. Physical hazard risk – the risk that the property of the Company or third parties to whom the Company has delegated the performance of its functions, will be physically damaged (by damaging, destroying, or hijacking), and due to that the functioning of the Company will be impaired.

4.4. Risk of liquidity - the risk that the Company will not be able to meet its financial obligations on time. Manifested in temporary or permanent insolvency of the Company and extreme cases – commencement of a case of bankruptcy against the Company.

4.5. Risk of management – the risk that because of the improper management of the Company or separate projects that it implements, the damage will be done to the Company or third parties.

4.6. Risk of reputation - a risk that something could negatively affect the income and capital of the Company due to the unfavorable opinion about the reputation of the Company, which is formed by the clients, contractual parties, and investors.

4.7. Loss of license or activity limitation risk – the risk that the Company will lose the electronic money institution's license granting the right to engage in the activity of an electronic money institution or will be removed from the lists of public credit lenders and public lending platform operators granting rights to engage in MLPO and consumer credit activities or the Company's right to provide services will be limited on the basis specified above. As a result, the Company will no longer be able to properly administer the concluded CC agreements and Customer payments under these agreements, to temporarily issue electronic money, or to provide one or more payment services.

4.8. Risk of strategy - the risk that occurs due to the external and internal environmental factors that can have a negative effect during the implementation of the Company objectives, on the activity consistency and continuity due to the erroneous assessment or absence thereof.

4.9. Creditworthiness evaluation risk – the risk that the Company will evaluate the creditworthiness of the CCR improperly, and because of such evaluation the CCR will not perform

the obligations under the concluded CC agreements on time. Therefore, the Company will not receive the planned income from the commissions on time (or will not receive income at all).

Activity risk management methods

5. This part of the plan specifies processes, measures, and procedures that are applied to avoid or decrease the manifestation of the risks, specified in paragraphs 4.1 – 4.9 of the Plan, in the activity of the Company.

6. Operational risk is managed by employing the following methods:

6.1. By preparing and harmonizing with the Supervisory institution the rules and descriptions of internal control and operational risk (this was performed by the Company before the acquisition of the License);

6.2. The Company's systems are programmed and function in such a way that the employee, who is using the Company's systems would not be able to perform intentional or unintentional acts of deception, e. g., create fictitious Clients, confirm fictitious CC agreements, etc. Description of the information system is presented to the Supervisory institution to acquire the License;

6.3. By ensuring that the Company's systems and other software, as well as network and communication equipment, are protected from software viruses, cyber-attacks, and other sources of non-physical damage;

6.4. By ensuring that a temporary cut of the electricity would not damage the machinery, equipment, and Servers that are specified in paragraph 6.3 of the Plan due to the use of the measures of protection (uninterruptible power supplies are used);

6.5. By agreeing with third parties, whose activity is the assurance of work safety in companies, the agreement specifies that the third party will prepare proper internal rules and procedures so that the requirements of the proper and safe working conditions would not be violated, and a proper and safe working environment would be ensured;

6.6. By concluding material responsibility agreements that provide the material responsibility of every employee of the Company for the damage caused to the Company by his intentional or unintentional actions with all employees of the Company;

6.7. Ensuring the security of concluded contracts. All agreements that are concluded through the System are stored in the System, agreements that concluded without using the System are stored in physical form at the Company's registered office. 10-year storage statute of limitations applies to the agreements, counting from the complete performance of the agreement;

6.8. Regularly performing an internal audit of operational and security risks, updating the wording of the rules that specify the management of the operational risk, as well as checking and improving the processes within the Company and managing the operational risk. 6.9. Service-level agreement (SLA) for key business processes that ensure the security of personal data is set out in separate agreements with service providers.

6.10. Appointing a Data Protection Officer who is responsible for compliance with personal data protection requirements under the General Data Protection Regulation.

6.11. By appointing a specialist of information safety who is responsible for managing and updating the information safety program, identifying and eliminating information safety and cybersecurity risks.

6.12. By appointing a compliance specialist who is responsible for the supervision, management, and organization of the Company's activities so that all the Company's activities would comply with the requirements of the current legislation.

7. The risk of System virtual data loss is eliminated by:

7.1. Data copies shall be made using a VEEAM program that ensures the integrity of the copies used and has instant recovery capability. Copies of the databases shall be made in the following order:

7.1.1. a copy of the virtual machine shall be made to two locations each night between 2:00 and 6:00: (i) the local server repository; (ii) a remote array of servers;

7.1.2. every Saturday a full copy of the database shall be made, which shall be stored on a remote server, in a different disk array, in the same data center array;

7.1.3. Every day, the Company shall transmit data on all CC agreements concluded using the System with detailed information on their execution to UAB Creditinfo Lietuva, which administers the joint data file of debtors and financial liabilities and ensures the security of data on CC agreements concluded and executed through the System.

8. The risk of OBD system virtual data loss is eliminated by:

8.1. Copying all System data is based on the widespread rule "3-2-1", which means that at least three copies of data must be kept on two different disk levels and one copy of the data must be remote. Data is copied in the following order:

8.1.1. A copy of the entire System data and incremental backups are made and stored on the main Server every calendar day;

8.1.2. Each day, the previous day's information is forwarded to the remote server;

8.1.3. Copies of data of the last 30 days are stored on both the main Server and the remote server.

8.2. Copies of the OBD system data are stored in the servers that are remote from the main Servers, [CONFIDENTIAL]. If physical impact results in the loss of access to the main Servers or it will be impossible to recover the data stored therein for other reasons, this ensures that the same physical impact cannot affect remote servers where copies of the data are stored.

9. The risk of physical hazard is managed by employing the following methods:

9.1. The office of the Company is in a secure office building, which is protected by the security of the Company, has an installed and functioning alarm and a properly functioning fire system;

9.2. By storing all data of the Company's systems in the remote System servers.

10. The risk of liquidity is managed by employing the following methods:

10.1. By having the License, the Company is accountable to the Supervisory institution and is constantly submitting the information about the financial condition (liquidity) of the Company to the Supervisory institution according to the terms of the legislation, and that ensures the proper external supervision of the Company;

10.2. The Company and Shareholder have concluded the funding Agreement of activity that is presented to the Supervisory institution. Under this Agreement, the Shareholder undertakes to finance the Company if needed. According to this Agreement, the provisions of this Agreement are also applicable to the new shareholder if the Shareholder controls less than 60 (sixty) percent of the Company's share capital after such disposal of the shares;

10.3. MLPO business model chosen by the Company complies with the requirement of the LCC that at least 50 percent of the brokerage fee paid by the CCR to the Company shall be calculated only from the monthly installments paid by CCR since the total amount of the brokerage fee paid by CCR is calculated only from the monthly installments paid by CCR. This ensures a flow of revenue for the entire life cycle of consumer credit issued.

10.4. Considering that the Company is a regulated financial institution, the Company's bankruptcy proceedings could be opened only by judicial procedure and the court would be obliged to obtain a report of the Bank of Lithuania on the insolvency of the Company before deciding on the opening of bankruptcy proceedings. In case of opening bankruptcy proceedings, the court would decide on the appointment of an insolvency administrator to take over the administration of the Company's systems. Considering that the funds of electronic money holders transferred to the Company are their property and cannot be an object of recovery under the Company's debts, the appointed insolvency administrator shall return the funds to the electronic money holders. The insolvency administrator would also administer mutual lending transactions and their execution, as in the event of bankruptcy proceedings against the Company, the mutual lending transactions would remain legally valid despite the Company's legal capacity status. Based on these

transactions, the amounts payable by the CCR would belong to the lenders, and the insolvency administrator would not be entitled to any lender's funds that would be repaid by the CCR.

11. The risk of management is managed by employing the following methods:

11.1. Three-stage system of management is specified in the articles of association of the Company. The following managing bodies are operating: the general shareholder meeting, the board, and the director. If either one of governing bodies fails to perform the functions that are assigned to it by the legislation of the articles of association of the Company, the performance of this function can be overtaken by another body. Such a system of management ensures that all functions specified by the legislation are performed properly and on time.

11.2. The candidacies of the Company management body members (the appointments to the respective positions are done through these persons), except the shareholders, who directly or indirectly own up to 10% of the Company shares, are approved by the Supervisory institution in advance.

12. The risk of reputation is managed by employing the following methods:

12.1. By ensuring the proper management of the Company, as specified in article 11 of the Plan and its paragraphs;

12.2. By cooperating with external consultants during the creation and management of the reputation of the Company.

13. The risk of license loss is managed by employing the following methods:

13.1. The activity of the Company is supervised by the Supervisory institution that ensures timely identification of potential activity non-compliance with the legislation and prevents future violations;

13.2. By ensuring proper management of the Company, as specified in article 11 of the Plan and its paragraphs.

14. Strategic risk is managed by performing an activity on the internet, protecting the data of the Company's systems on System servers and remote servers, and in such a way being able to transfer the operation to another location at any time without bigger damage to the Company.

15. The risk of creditworthiness evaluation is minimized by employing the following methods:

15.1. Creditworthiness of CCR is evaluated according to the consumer credit recipient credit worthiness evaluation rules of the Company coordinated with the Supervisory institution. These rules are prepared by the LCC and the board resolution of the Bank of Lithuania No. 03-12 "Regarding the amendment of the approval of consumer credit recipient solvency evaluation and responsible lending provisions" of 28 January 2016. To assess CCR's ability of loan repayment as accurately as possible, the Company additionally uses the creditworthiness rating that it has created. As of October 1, 2019, it has implemented one of the most advanced creditworthiness evaluation methodologies in the world, based on artificial intelligence and machine learning technology. The main result of the creditworthiness evaluation process is the credit rating assigned to the consumer credit recipient. Currently, there are 5 levels of risk on the risk scale: A+, A, B, C, and C-, where A+ is the lowest risk and C- is the highest risk of default. The Creditworthiness rating of each consumer credit recipient is determined by an individual combination of various factors, rather than a standard set of indicators, as was the case for the methodologies of creditworthiness evaluation based on artificial intelligence and machine learning technology;

15.2. The System is created in such a way that there would be no possibility to intentionally or unintentionally conclude CC agreements with CCR, which does not match the creditworthiness evaluation requirements that are described above.

16. By being a financial institution, the Company performs the external audit at the end of each financial year, and during the financial year, it performs the internal audit, during them, the auditors comprehensively identify and evaluate all risks that occur in the operation of the Company and help for the Company to contain them.

Critical situations management methods

17. This part of the Plan specifies the processes, means, and procedures that are applied, if any of the activity risks, specified in paragraphs 4.1 - 4.9 of the Plan, occur. The implementation of these processes, measures and procedures ensures the continuity of The Company's activity if undesirable factors occur.

18. If the Bank of Lithuania temporarily restricts the Company's right to issue electronic money or provide one or more payment services, reserving the right to collect consumer credit payments, distribute funds to investors, redeem already available electronic money and transfer the received funds to the client's account in another credit, payment or electronic money institution, the administration of payments under the CC agreements and arrangements concluded in the System would not be disrupted. In this case:

18.1. Administrative Manager of the Company shall convene a meeting of the board no later than on the same business day as he/she becomes aware of the possibility of temporarily losing the right to issue electronic money or to provide one or more payment services. The meeting of the Board must take place no later than the next business day once it has been convened. If the meeting of the Board does not take place, the Administrative Manager of the Company shall take over the powers and responsibilities of the Board in this matter.

18.2. The Board shall set up a working group to identify and eliminate the grounds for imposing sanctions specified in the Law on Electronic Money and Electronic Money Institutions. The working group should submit a report on actions taken to the Board every working day.

18.3. In parallel, the Board entrusts the Administrative Manager to apply to other electronic money or credit institutions regarding the transfer of data and the takeover of payment services in case of a continued limitation of the activity or eventual revocation of the License.

19. If the Bank of Lithuania temporarily restricts the Company's right to provide PIS, it would disrupt the proper execution of MIP provision agreements. In this case:

19.1. Administrative Manager of the Company shall convene a meeting of the board no later than on the same business day as he/she becomes aware of the possibility of temporarily losing the right to provide PIS. The meeting of the Board must take place no later than the next business day once it has been convened. If the meeting of the Board does not take place, the Administrative Manager of the Company shall take over the powers and responsibilities of the Board in this matter.

19.2. The Board shall set up a working group to identify and eliminate the grounds for imposing sanctions specified in the Law on Electronic Money and Electronic Money Institutions. The working group should submit a report on actions taken to the Board every working day.

19.3. In parallel, the Administrative Manager shall ensure that customers with whom MIP provision agreements have been concluded are informed in a timely and appropriate manner that the Company may temporarily lose the right to provide PIS.

20. If the Company loses the License, the administration of the payments under the payment provision agreements, CC agreements concluded in the System and the provision of services under SIP contracts would be impaired. In such case the Company:

20.1. The director of the Company convenes the meeting of the board no later than on the same working day when he becomes aware of the possibility of losing the license. The meeting of the board must take place no later than on the next working day after the day of its convocation. If the meeting of the board does not take place, the authority and duties of the board are overtaken by the director of the Company for this purpose.

20.2. The Board shall entrust the Administrative Manager to apply to other electronic money or credit institutions for the data transfer and takeover of provision of payment services.

20.3. The Administrative Manager also ensures that contributions would be collected from consumer credit recipients to the Company's deposit account. The contributions collected would

be accumulated in the deposit account, and money would be allocated to investors without transferring to the investors' personal accounts until the automatic transfer of funds is restored.

20.4. In parallel, the Company asks investors to specify their personal accounts for the transference of funds if continued negotiations with other electronic money, or credit institutions regarding the data transfer and takeover of provision of payment services.

20.5. By restoring the function of cash crediting the money would be transferred to investors' accounts with electronic money, or credit institutions.

21. If the Supervisory institution decides to remove the Company from the list of MLPO, the Company undertakes the following actions:

21.1. The director of the Company convenes the meeting of the board no later than on the same working day when he becomes aware of the possibility of the removal from the list of MLPO. The meeting of the board must take place no later than on the next working day after the day of its convocation. If the meeting of the board does not take place, the authority and duties of the board are overtaken by the director of the Company for this purpose.

21.2. The board must form a commission of no less than 3 (three) employees of the Company or members of the board. It is tasked to immediately, no later than within 3 (three) working days, perform the following actions:

21.2.1. to prepare typical information notes, dedicated to CCR and Credit providers, in which there is extensive information about the fact that the Company will not be conducting MLPO activity, but will be providing services under the License. When the decision of the Supervisory institution to remove the Company from the list of MLPO comes into effect, this information is submitted to the System of the Company, and is sent to the Clients via email;

21.2.2. to conduct a meeting with all employees of the Company, during which they provide extensive information about the fact that the Company will not be conducting MLPO activity, but will be providing services under the License;

21.2.3. to organize meetings of the Company board with the legal entities that have the right to conduct the MLPO activity, during those meetings the possible overtake of the Company's MLPO activity would be discussed.

21.3. If the Company is removed from the list of MLPO, the responsibility of the Company for the actions, performed while exercising the rights and performing the obligations of MLPO, does not end.

21.4. On the same day that the decision of the Supervisory institution to remove the Company from the list of MLPO comes into effect, the possibility to conclude CC agreements and Agreements regarding the investments into consumer credit, and to perform any other actions that would make the Company act as the MLPO, is disabled in the System, except the administration of the payments according to the agreements that are already concluded, which is the activity of the Company under the License. The director of the Company is responsible for the performance of the actions that are specified in this paragraph of the Plan.

22. If the equity of the Company becomes less than EUR 350,000 or less than ½ (half) of its authorized capital, the Company undertakes the following actions:

22.1. According to part 3 of article 38 of the Law on companies of the Republic of Lithuania, the board of the Company must convene the general shareholder meeting that would consider the issues, regarding the decisions that are specified in paragraph 2 of part 10 and part 11 of article 59 of the Law on companies of the Republic of Lithuania, no later than within 3 months from the day on which it became aware or should have become aware of the situation that occurred. The situation that occurred in the Company must be rectified no later than 6 months from the day on which the board became aware or should have become aware of the situation that occurred.

22.2. As specified in part 3 of article 38 of the Law on companies of the Republic of Lithuania, if the general shareholder meeting of the Company does not adopt the decision to rectify the situation that occurred in the Company or the situation is not rectified within 6 months from the day on which the board became aware or should have become aware of the situation that

occurred, the board of the Company must apply to a court regarding the reduction of the authorized capital of the Company by the amount by which the equity became smaller than the authorized capital, no later than within 2 months of the general meeting of shareholders that took place. The authorized capital of the Company can be reduced according to the LC, however, it cannot be smaller than the amount specified in article 22 of the Plan.

22.3. If the General Meeting of Shareholders of the Company does not adopt the decision specified in Clause 22.1 of the Plan, the Company, before taking the actions specified in Clause 22.2 of the Plan, no later than within 3 working days from becoming aware of the decision of the general meeting of shareholders or the refusal of the general meeting of shareholders to act, applies in writing to the Shareholder, demanding to execute the Agreement, concluded between the Company and the Shareholder on 27 March 2015, on the financing of activities, which was submitted to the Supervisory Authority before receiving the License, and to immediately finance the activities of the Company. If the Shareholder refuses to do so, the Chief Executive Officer of the Company must apply to the court on behalf of the Company, demanding that the Shareholder fulfill his obligations under the agreement specified in this clause of the Plan.

23. Authorized capital of the Company cannot be lower than the minimum authorized capital of MLPO. It is set by the Law on consumer credit or minimum authorized capital that is set by the legislation that regulates the activity of the companies that have the License. When determining the minimum size of the authorized capital of the Company, the higher of the amounts, specified in this paragraph of the Plan, is applicable.

24. If the general shareholder meeting of the Company intends to adopt the decision to reduce the authorized capital of the Company so that it would become smaller than the amount specified in paragraph 23 of the Plan the general shareholder meeting must first adopt the decision that the Company will not be performing the activity of MLPO and/or activity under the license. The director of the Company must present a proposal for the agenda of the general shareholder meeting after they become aware of the decision of shareholders to reduce the authorized capital of the Company to the amount specified in this article of the Plan.

25. If the solvency of the Company becomes temporarily diminished or if the Company becomes temporarily insolvent because of the reasons such as, but not limited to, filing of a lawsuit with a court against the Company and because of that provisional safeguard measures are imposed – the Company's accounts are frozen, but bankruptcy proceedings are not initiated against the Company. It performs actions that are provided in paragraph 22.3 of the Plan, i.e. mutatis mutandis contacts the Shareholder requiring to provide additional funding. In such case, the Shareholder is also included as the party of the legal proceedings, when the Company is a defendant.

26. If the Company becomes insolvent and a case of bankruptcy is initiated against it, the Company undertakes the following actions:

26.1. No later than on the same day, when it becomes evident that the case of bankruptcy is initiated against the Company, the director of the Company convenes the meeting of the board that must take place no later than on the next working day;

26.2. The board mutatis mutandis must take all actions, specified in articles 18 - 21 of the Plan, so that a proper administration and execution of the agreements, concluded by Clients in the System, the payments under these agreements, is ensured, and the harm to the SIP customer would be minimized.

26.3. Data on mutual lending transactions, agreements, payables by CCR to the investors, payment schedules, etc. are submitted to the insolvency administrator;

26.4. The Company provides training for the insolvency administrator on how to use the Company's system.

27. If the Company's system, all or part of the data that is stored in the Systems, becomes inaccessible, the director of the Company ensures that the Company immediately, but no later than within 1 (one) working day, takes the following actions:

27.1. On the same calendar day, when it becomes evident that the Systems, all or part of the data, stored in the Systems, becomes inaccessible, the data is restored by using the copies of the Company's systems that the Company has that are named in articles 7 and 8 of the Plan. The director of the Company ensures that the data is restored immediately, but no later than within 24 hours.

27.2. Statements of all The Company accounts, opened in commercial banks (hereinafter – the Accounts), for the period that begins no later than 2 (two) calendar days from the day on which it becomes evident, that the System, all or part of the data that is stored in the System, become inaccessible, are checked manually. After checking the account statements, all data are re-imported into the System, so that proper crediting of all payments are ensured.

27.3. The Company contacts UAB "Creditinfo Lietuva", to which the information about the CC agreements, concluded through the System, is transferred as specified in paragraph 7.3.1. of the Plan, by requesting to present all information that was transferred by the Company during the last 7 (seven) calendar days. This information is used to check whether all data of the System, restored correctly according to article 27.1 of the Plan.

27.4. No later than 5 (five) calendar days from the day on which it becomes evident that the Company's systems, all or part of the data that is stored in the Company's systems, has become inaccessible, the Company evaluates the direct losses incurred by the Clients. Because they were unable to properly perform the agreements due to the inaccessibility of the Company's systems, these losses at the request of the Clients are compensated to the Clients from their own funds.

28. If the Company, due to its fault, evaluates the creditworthiness of the CCR improperly and any Client of the Company, including the CCR himself, incurs direct losses as a result, the Company evaluates direct losses incurred by the Clients and compensate these losses from its funds, if the Client requests it.

Final provisions

29. This Plan enters into force from the date of its approval and is valid indefinitely or until it is replaced by the order of the Head of the Company.

30. The director of the Company is responsible for the proper implementation of this Plan in the activity of the Company.

31. This Plan must be reviewed no less than once per calendar year, and amended or appended if needed.

NEO Finance, AB insolvency management scenario in case of an economic downturn

NEO Finance, AB, the Company code 303225546, registered office at A. Vivulskio 7, Vilnius (hereinafter referred to as the Company), distinguishes itself from other operational risks specified in the business continuity plan by the fact that the Company's insolvency scenario may be influenced by external factors, for the occurrence of which the Company's proper performance of its activities may not have any significant impact. Considering this, the Company has developed an insolvency management scenario in the event of an economic downturn (hereinafter referred to as Insolvency Management Scenario), which balances the impact of the economic downturn on the Company's operations.

One of the main factors that may harm the solvency of the Company is the possible economic downturn. In the event of an economic downturn, the Company's business volumes are likely to decrease. The main negative impact would be that, in the context of peer-to-peer lending, the ability of active investors to finance consumer credit is of particular importance. This insolvency management scenario, which was prepared in March 2021, assumes that during the economic downturn investors' ability to finance consumer credit would be reduced twice.

Ensuring revenue stream

The business model chosen by the Company, which meets the requirements of the Law on Consumer Credit (hereinafter referred to as the LCC) for the peer-to-peer lending platform operator, is manifested by the fact that the Company's largest source of income – the brokerage fee from the consumer credit recipient (hereinafter referred to as the CCR) is received only when CCR pays monthly consumer installment. As the average maturity of consumer credit is 52 months and the longest maturity is 120 months, the Company will receive a monthly brokerage fee for at least 120 months, which can be calculated with sufficient accuracy. It is important to note that when CCR pays a monthly installment, there is no risk of receiving this income, as these funds are the obligation of the CCR to pay monthly installments before the end of the loan payment. **According to the data of March 2021, the amount of the brokerage fee received by the Company in the future exceeded EUR 6.09 million.** Please note that this amount is increasing every month.

Insolvency risk avoidance actions

The Company has developed a wide range of actions to ensure the Company's solvency even in the scenario of the economic downturn:

- The Chief Executive Officer of the Company convenes the General Meeting of Shareholders, whereby the decision is made to increase the capital of the Company so that the Company has sufficient funds for its activities. Increasing the capital of the Company by the shareholders would avoid the risk of insolvency.
- If the Company lack funds, the principal shareholder with whom the funding agreement was concluded and submitted to the Supervisory Authority would be contacted. If an additional loan is granted by the shareholder, the risk of insolvency disappears.
- If the Company's shareholders disagree or cannot raise capital and the principal shareholder with whom the funding agreement has been signed does not have the

necessary financial capacity to grant the Company a loan to cover current delinquent financial liabilities, the Head of Administration of the Company shall implement the Operational Cost Reduction Plan (hereinafter referred to as OCRP).

The action cost reduction plan in case of an economic downturn

The objective of the OCRP is to act to such an extent that the Company does not operate at a loss, i.e. a cash flow statement for each month would be balanced.

The renewed OCRP simulates the impact of the economic downturn on the Company's operations. The main assumptions are made about the following negative external factors: the growth of the number of insolvent consumer borrowers, decrease of new business volumes, increase of judicial costs.

When assessing the Company's resistance to the downturn, receivables for the Company's services already accumulated at the beginning of the downturn are taken into account. These receivables amount to **EUR 5.05 million**.

The main assumptions of the test scenario are:

1. The economic slowdown begins in April 2021. The Company's future brokerage fee received in early April amounts to **EUR 6.09 million**.
2. With a fall in investor investment, although consumer interest rates on loans to be borrowed are growing, **consumer credit is falling by 40%**.
3. **The number of borrowers with insolvent consumption is doubling**. As the number of borrowers with insolvent consumption increases, judicial proceedings are not halted, and the Company continues to cover the costs of recovery, which are later expected to be recovered from consumer credit borrowers.
4. Suretyship obligations under the "Guarantee Fund" service contracts are fully executed, using accumulated funds. It is assumed that funds are not received under the new surety agreement.
5. Reduced volumes reduce the cost¹, the main part of which is marketing costs.
6. Operating costs². By optimizing costs, the number of employees and staff costs are gradually reduced, and IT development costs are reduced.
7. The Company, as a consumer credit lender, reinvests only part of the credit received in consumer credit and uses the interest to cover costs.

The impact of the economic downturn on the Company's operations

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	20212Q 3	2022Q 4	2023Q 1
Issues, EUR	5,427,423	4,344,163	3,923,760	3,923,760	3,923,760	3,923,760	3,923,760	4,344,163	5,427,423
Income	681,413	570,399	512,696	474,813	457,274	465,434	501,826	556,643	629,571
Prime cost*	-283,719	-247,291	-245,974	-217,968	-202,715	-202,715	-215,534	-227,279	-247,680
Operating cost**	-269,318	-247,068	-209,532	-177,857	-168,263	-168,263	-185,658	-214,922	-248,799
EBITDA	128,376	76,039	57,189	78,987	86,297	94,456	100,634	114,442	133,093
Investmen t activities	52,965	29,017	22,944	16,573	16,573	16,573	16,573	22,944	29,017

Annex No. 1 to electronic money institution and mutual lending platform „neo finance“, ab operation continuity plan

Guarantee fund balance	232,508	282,656	216,315	149,973	83,631	17,289	-49,053	-115,395	-181,737
Money flow	235,694	155,205	13,792	29,218	36,528	44,687	50,866	71,045	95,767
Money flow	6,051,720	6,373,668	6,667,596	6,991,435	7,308,378	7,618,584	7,923,231	8,241,133	8,651,669

Due to the accumulated brokerage fee of EUR 6.09 million, which is postponed for future periods, even with a 40% drop in issuance volumes and a doubling in the number of insolvent consumer loans, NEO Finance would maintain a positive cash flow during the economic downturn. **According to this calculation model, the Company would accumulate EUR 497 thousand in two years of economic downturn.**

Taking into account insolvency risk avoidance measures, including the main Shareholder's agreement on financing the activity and the plan to reduce operating costs, it can be established that the Liquidity risk specified in the Business Continuity Plan is only theoretical.

¹ Cost consists of marketing, database validation, identification, SMS message sending and recovery costs.

² Operating costs consist of wage, IT development, rental and utilities, bookkeeping, auditing, mobile communication and Internet costs, and other costs.

Customer funds movement

Investing

The movement of funds during the investment is shown schematically in [Annex No. 3](#).

An investor registered with the Neo Finance, AB Loan Club platform (hereinafter referred to as NEO), needs to replenish its personal IBAN account opened in the investor's name in an electronic money institution, to start investing. It can be done in two ways:

1. using the payment initiation service provided by NEO Finance, AB, which holds the license issued by the Bank of Lithuania to the electronic money institution No. 7, which was supplemented by the decision of the Bank of Lithuania on 30/10/2018 to provide payment initiation services.
2. by making a money transfer from an account of any payment institution operating in the SEPA area to an electronic money account opened in the name of the NEO investor.

At the moment when the money is transferred to the investor's NEO IBAN account, electronic money is issued and the nominal money paid for it is stored in the Bank of Lithuania and Swedbank, AB. To reduce the bank's bankruptcy risk, the amount of NEO Finance, AB customer funds stored in Swedbank, AB bank does not exceed EUR 100,000 or 5 percent of all funds held by customers, whichever is less NEO Finance, AB, as a licensed electronic money institution, it keeps funds received from electronic money holders (investors) for the electronic money received by separating them from the funds of its institution and keeps the funds of its customers in a separate account opened at the Bank of Lithuania and a deposit account opened at Swedbank, AB (hereinafter referred to as Special Purpose Accounts). The funds of electronic money holders (investors) transferred to NEO are the property of the investors and could not be directed to the recovery of NEO's debts and creditors' claims if any. In other words, the electronic money of the investors does not fall into the non-Special Purpose NEO Accounts, which hold NEO's personal funds, so neither NEO nor its creditors can and would not have any claim against this money.

An investor with electronic money can start investing them or opt for an automated way of investing, where the criteria chosen by it would make the investment automatic or by choosing by itself to which consumer credits it wants to invest.

Every investment starts with an electronic money reservation. Electronic money is still in the investor's account, but note that they are reserved for the respective consumer credit and are waiting until the selected credit is fully funded. When the selected credit is funded, then, depending on the situation, there is an appropriate procedure:

1. **if new credit has been funded and the consumer credit recipient already has a NEO electronic money account opened**, then the reserved amount is cancelled in the investor's electronic money account and a debit investment transaction is created (an entry appears in which it is already reflected) and its account balance is reduced accordingly, **at the same moment** a credit transaction is created in the consumer credit electronic money account and the balance of its account is increased accordingly.
2. **if a refinancing loan is financed and the consumer credit recipient has opened a NEO electronic money account**, the reserved amount is cancelled in the investor's electronic money account and a debit investment transaction is created and its account balance reduced accordingly. In such case, electronic money is debited from investor electronic money accounts, but is not immediately paid to the recipient of

consumer credit, but is considered to be in transit until the recipient of customer credit specifies the refinanced amounts (but not more than 72 hours). When refinanced amounts are adjusted, a credit transaction is created in the consumer credit electronic money account and its account balance is increased accordingly.

3. if a new credit or refinancing loan is financed and the consumer credit recipient does not have a PK electronic money account opened, the reserved amount is cancelled in the investor's electronic money account and a debit investment transaction is created and its account balance reduced accordingly. In such case, electronic money is debited from the investor's electronic money account, but are kept in transit until the consumer credit recipient opens an electronic money account at NEO. When an electronic money account is opened, a credit transaction is created in the consumer credit electronic money account and its account balance is increased accordingly.

It is noted that even in the case of electronic money is in transit, the status of this money is "money on the road" – the money moves from point A to point B, but they are by no means legally owned by NEO, and NEO has no claims on these funds, and the funds in transit belong to the investor, only the status of such electronic money is different, that is, this is paid for electronic money, but they are reserved until they reach the recipient and the recipient accepts them.

If there is more than one investor, then the final aggregated (electronic money amounts collected from many investors) electronic money is credited to the consumer credit recipient's NEO IBAN account.

After the amount of the credit is financed in the consumer credit account, in the case of refinancing an order is placed to the creditors, and in the case of ordinary credit, the consumer credit recipient can make a transfer of funds to the desired credit or payment institution. At the time of this order, the respective amount of money is reserved for the consumer credit recipient's electronic money account pending confirmation from the financial institution that the money is credited to the account of the consumer credit recipient's financial institution. When confirmation is received, the reserved amount is cancelled in the consumer credit electronic money account, a debit transaction is created for the amount of the order and the account balance is reduced accordingly.

Consumer credit repayment

The movement of funds is shown schematically in [Annex No. 4](#).

In the case of consumer credit repayment, depending on the situation, there is an appropriate consumer credit deposit cover procedure:

1. When the amount payable is less than or equal to zero, the coverage of the consumer credit charge is not applied i.e. if there is no maturity payment, then even if there are funds in the consumer credit recipient's account, they are not written off.

2. When the amount payable is greater than zero (i.e. when the payment deadline expires), a debit transaction is created in the consumer credit electronic money account (an entry is reflected in the account overview), the balance of its account is reduced accordingly and the credit payment is covered in the consumer credit recipient's payment schedule. At the same moment, the software developed by NEO divides the paid contribution to the investor and transfers the respective part to the specific investor, i.e. a credit transaction is created in the investor's electronic money account (an entry is reflected in the account overview) and its account balance is increased accordingly.

3. **When the termination of the agreement comes into effect and a higher amount than the current debt is paid**, then a debit transaction is created in the consumer credit recipient's electronic money account (an entry is made in the account overview, which already reflects it), its balance on the account is reduced and the credit is covered accordingly. In such case, the electronic money will be debited from the consumer credit electronic money account, but for 72 hours are considered to be in transit through which the consumer credit recipient may request a recalculation of interest.

a. **If the consumer credit recipient does not request a recalculation of the interest**, then in the system created by the NEO, a team that distributes the paid installment to the investor and transfers its respective share to the specific investor starts to work, i.e. a credit transaction is created in the investor's electronic money account (an entry is reflected in the account overview) and its account balance is increased accordingly.

b. **If the consumer credit recipient asks to recalculate the interest**, then the payment of the outstanding interest on the monthly installments that was paid for by this consumer credit installment is cancelled. A credit note is created on the consumer credit recipient's account for the amount for which the payments were withdrawn and a debit note is created with the recalculated amount of interest covered from the recalculated amounts. At the same moment, the software developed by NEO divides the recalculated paid installments to investors and transfers the respective part to a specific investor, i.e. a credit transaction is created in the investor's electronic money account (an entry is reflected in the account overview) and its account balance is increased accordingly.

It is noted that in the case of consumer credit repayment (as described in the case of the investment), the electronic money does not at any time fall into the non-Special Purpose NEO Accounts where NEO's personal funds are held. Even while electronic money is in transit, the status of this money is "money on the road" – the money moves from point A to point B, but they are by no means legally owned by NEO and NEO has no claims on these funds. Only the investor can claim the money in transit. These are paid for electronic money, but they are reserved until they reach the recipient and the recipient accepts them.

Summary

NEO ensures the flow of investor funds in such a way that in no case can funds from investors or other consumers go through non-Special Purpose NEO Accounts, so investors can feel safe about their funds. If NEO were faced with solvency problems, no creditor, or another third party would be able to encroach on funds held by investors and other consumers, both in terms of the balance of the account **and in terms of returned payments, periodically obtained from consumer credit recipients**.

NEO stores the funds of its customers (investors and consumer credit recipients, other business entities) in a separate account of the Bank of Lithuania and the Swedbank deposit account as required by Article 25 (1) (1) of the Law on Electronic Money and Electronic Money Institutions. This ensures to investors (and other customers) that their funds will never be touched by third parties or NEO itself.

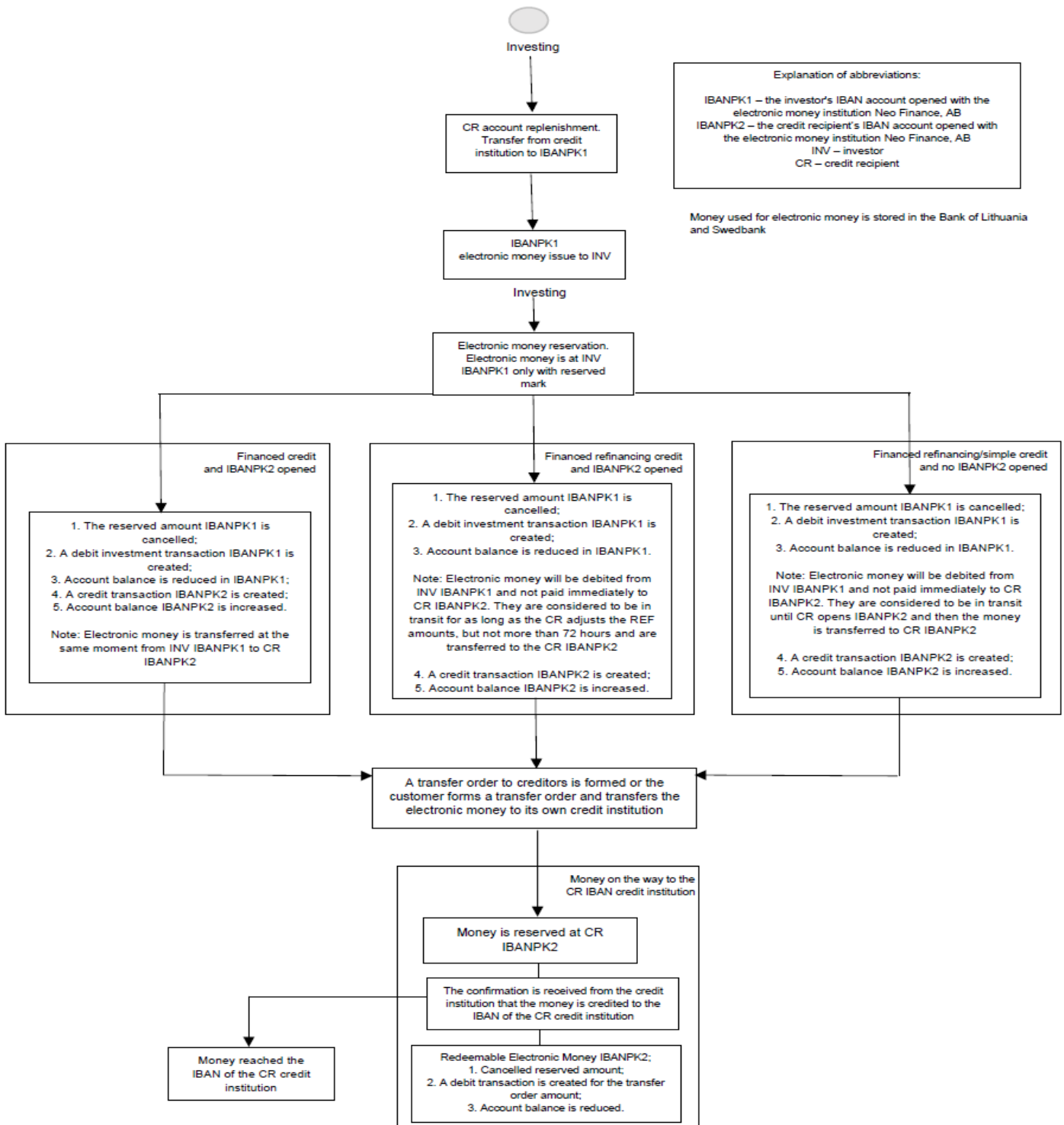
NEO ensures the inviolability of investor funds through the realization of an IT system that is programmed so that no employee can in any way make a transfer directly from the customer's IBAN account. Also, the employees of NEO are not able to connect to the accounts of the NEO customers' funds held within Swedbank or the Bank of Lithuania. Payments are initiated by the user only through active actions, such as making a payment order or taking action by prior user instructions (e.g. automatic investment ads).

Only the bankruptcy of one bank – Swedbank, AB – would affect the temporary disruption of NEO activities.

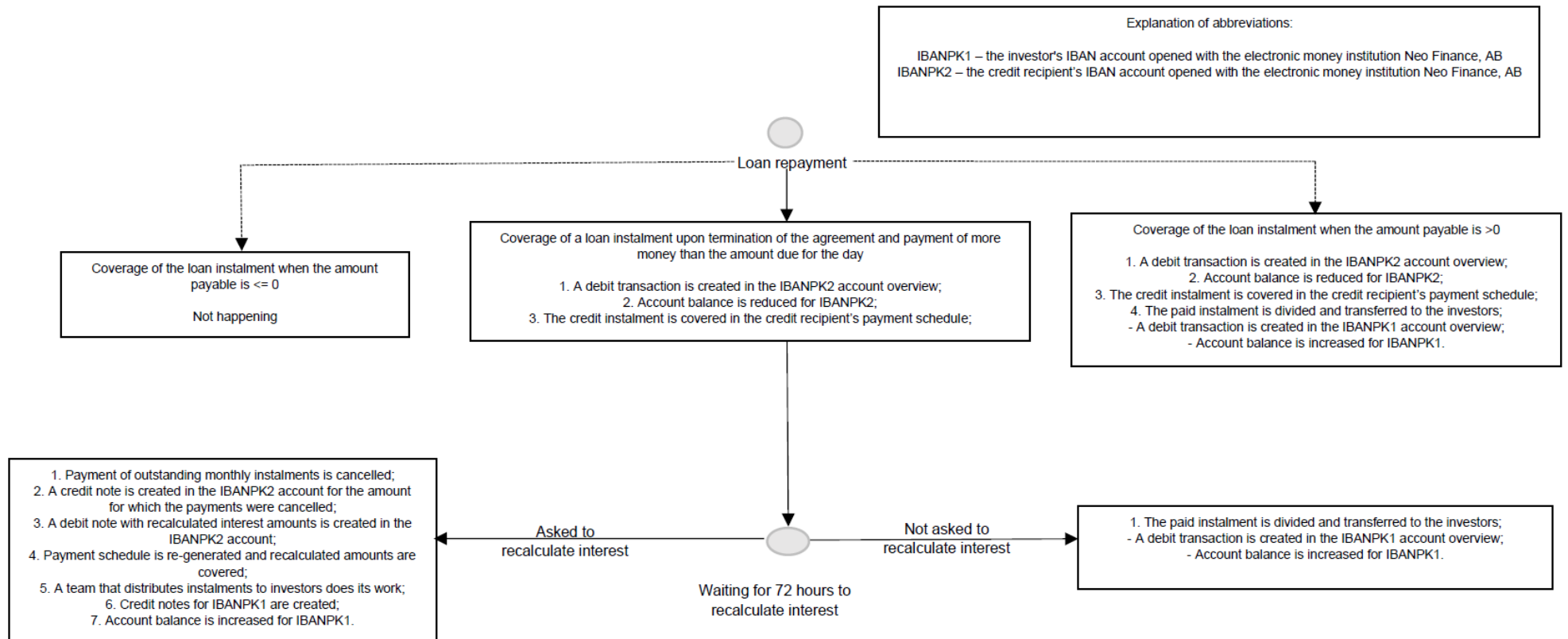
Importantly, the deposit account opened on behalf of NEO holds a very small portion of investor funds, and that portion never reaches EUR 100,000. For this purpose, the Company has implemented control that is performed by the IT system itself, in addition, the balance of this account is also reviewed by the management staff (financial manager, the Company manager).

Secondly, in the event of bankruptcy of Swedbank AB, the creditors would not be able to encroach on these customer funds, and they must be immediately returned to NEO users by law. The management of NEO would immediately request Swedbank, AB to transfer these funds to another credit institution or to existing account within the Bank of Lithuania. The bank has to do this, according to the agreement with NEO, because it is precisely this procedure of depositing funds in the agreement with Swedbank, AB. In such case, Swedbank, AB plays only the role of custody of funds and cannot use these funds in its activities. If the transfer of funds from Swedbank, AB would take more than two business days, NEO would fully cover the number of customer funds stored in the account of Swedbank, AB from the funds of its own the Company funds, and then, upon receiving a transfer from Swedbank, AB would recover the funds. Therefore, it can be argued that the bankruptcy of Swedbank, AB would not cause negative consequences for the Company or would be of minimal significance.

Scheme of movement of funds during investment



Scheme of movement of funds during consumer credit repayment



Risk factors that may impact the activity and market of NEO Finance, AB

Risks related to the Company's business and activity sector

The Company's financial results depend to a large extent on Peer-to-peer lending business growth. If The Company fails to sustain growth in the Peer-to-peer lending business or loses the interest of existing borrowers and Lenders, The Company's growth prospects and commercial condition will be negatively affected.

The growth of the Company's business depends on its ability to retain and attract to the Lending Platform new and existing Lenders and borrowers. Since its launch on 2015 December 9, the Company has demonstrated a strong track record of doing so. Furthermore, the number of customers that have used the Lending Platform more than once has increased. These activities have led to the strong growth of issued loans and consequently to continually increasing revenue. Taking in account that the Company has several competitors in the Lithuanian Peer-to-peer consumer loan lending market and that customer switching costs are low, The Company's ability to increase revenue depends on its ability to provide high-level services and sufficient incentives to the stakeholders of the Lending Platform. Thereby the general decrease of satisfaction of Lenders and/or borrowers would lead to a decrease in revenues with consequent material adverse effect on the Company's business in general, results of operations, financial condition, prospects or Share price.

Given that the Payment initiation service provided by the Company has reached a large volume of transactions, in the event of a significant decrease in the volumes of Payment Initiation Service, a very low-profit margin may not allow The Company to cover The Company's operational, administrative costs and capital expenditures related to Payment Initiation Service.

To increase the market share The Company is employing an aggressive cost leadership strategy by offering to potential clients a Payment initiation service solution that several times decreases the costs incurred by e-commerce players related to the receipt of the payments via bank-link. The Company is also actively expanding not only its local market share but also geographically, by providing Payment initiation service in other European Union countries. However, offering low fees to the customers comes with a risk that the efficiency of the Company's costs may be achieved only with high sales volumes. If The Company fails to apply economy of scale before the resources allocated to the execution of the project are depleted, the Company may be either forced to terminate the project or to allocate additional capital for the continuation of the project which consequently, may have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The Company has acquired the crowdfunding platform UAB FinoMark, therefore the Company's financial results shall be affected by the activities and results of operations of both the Company and its subsidiary. If the crowdfunding platform UAB FinoMark fails to achieve growth as a sustainable crowdfunding business and occupies a sufficient market share, it shall negatively affect the Company's financial results.

UAB Finomark actively started providing its services only in 2021, therefore the growth of the activity of the crowdfunding platform operator depends on its ability to attract and retain investors in business loans and business entities that need operational financing. Given that there are several competitors in the Lithuanian business financing market and low customer relocation costs, UAB FinoMark ability to increase revenue depends on its ability to provide high-level crowdfunding platform operator services to stakeholders. If UAB FinoMark is unable to achieve large and stable business volumes, the Company could be forced to terminate the activities of the subsidiary or allocate additional capital for the continuation of activities of the crowdfunding platform operator. This would adversely affect the Company's business, results of operations, financial condition, prospects or Share price.

One of the Company's key success factors is the technology and if The Company is not able to keep up with the technological trends and fails to implement new features and technological changes in its websites and Lending Platform, The Company's growth prospects and commercial condition may be negatively affected.

The Company acknowledges that technology is the main component and driver of the FinTech industry and also that technology is subject to very rapid and significant changes. The Company is making considerable capital investments into the Lending Platform. Although the Lending Platform is inhouse built, allowing more efficient and rapid improvements, it is not guaranteed that these investments will improve the efficiency of the Company's technology and its user experience. Furthermore, known and/or yet unknown competitors may develop and introduce to the market technologies that are superior, easier to use, and cheaper, thereby rendering The Company's services and Lending Platform obsolete. Such development might increase The Company's capital spending in trying to catch up with the latest developments in the market, though without assurance that the position in the market can be regained. Failure to predict or respond effectively to technological developments in the market may materially and adversely affect the Company's business, financial condition, results of operations, prospects or Share price.

Borrowers' solvency is a key factor of the Company's financial health; if the credit approval or scoring procedure is ineffective, the Company's business will be adversely affected.

Effective evaluation of the solvency of potential borrowers is among the most important tasks of the Company. As of October 1, 2019, The Company implemented one of the most advanced creditworthiness evaluation methodologies in the world, based on artificial intelligence and machine learning technology. The main output of the credit approval process is the borrower's credit rating. The current risk scale includes 5 risk grades: A+, A, B, C and C-, with A+ being the lowest risk of default and C- the highest. The creditworthiness rating of each consumer credit recipient is determined by an individual combination of various factors, rather than a standard set of indicators, as was the case for the methodologies of creditworthiness evaluation based on artificial intelligence and machine learning technology. It is expected that credit rating should sufficiently differentiate credit risk among separate rating groups. The strength of the credit rating should be evaluated based on the differentiation of actual default rates between rating classes.

Presently the Company regards the credit approval process as proper, however, if the credit approval process for whatever reason becomes ineffective, it might increase of overdue loans and recovery costs. These events may lead to increased losses and lower returns on loans, and thus have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

An increased rate of defaults among borrowers would lead to an accumulation of bad debts which would increase costs and result in Lenders losing their capital.

In case of a borrower defaulting on a loan, the Company guarantees to Lenders to recover the investment fully or partly, depending on various factors such as borrower's rating and whether a Lender has opted for the provision fund. To compensate for these costs, The Company in turn must initiate a recovery procedure with debt recovery service providers. If the rate of borrower defaults increases significantly, The Company may experience difficulties handling the recovery process. Furthermore, the provision fund whose function is to provide investment protection may be consequently depleted. First of all, these events may lead to a loss of Lender confidence, including in the Lending Platform itself. Secondly, the debt recovery costs would increase and the recovery success rate most likely would fall. These events would lead to increased losses and lower returns on loans, and have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The Company's growth and success depend decisively on its brand awareness and marketing activities, which could be adversely affected by negative publicity or the Company's inability to sustain effective marketing activities.

The Company's success depends on its brand awareness. This includes the Lenders' and borrowers' trust in the Lending Platform, the Company's reputation and the attractiveness of the Peer-to-peer lending and Payment Initiation Service industries. These factors enable The Company to attract borrowers and Lenders to the Lending Platform, as well as merchants using Payment Initiation Service. Thereby direct negative publicity about the Company and even indirect publicity harming the Peer-to-peer lending industry may lead to the erosion of stakeholders' trust towards the Company's services. These events may lead to decelerating growth rates and the Company's inability to retain existing customers, consequently increasing losses and lowering the returns on loans, resulting in a material adverse effect on the Company's business, results of operations, financial condition, prospects or Share price.

Failures of Lending Platform, IT systems, websites and applications may adversely affect The Company's operations, reputation and financial position.

The operational cycle of services provided by The Company to the stakeholders is run almost entirely via the Lending Platform. This process includes all the lending operations starting from registration, loan applications and processing of payments and extending up to the repayment of the loan and finally return of the investment along with the proceeds. Therefore, the reliability and continuous operation of IT systems primarily and directly enable the Company to carry out its day to day operations. Furthermore, the timely resumption of interrupted IT services and their return to full availability is also important for the Company's reputation and from a regulatory perspective. Thereby, if the stakeholders were to experience technical breakdowns, it may lead to the erosion of their trust towards The Company's services and the Company in general. As for the regulatory perspective, information about technical failures of the Lending Platform may initiate regulatory scrutiny, investigation and possible application of sanctions. Even worse, it is highly likely that such events would be followed by negative publicity with all the attendant consequences and may lead to erosion of the Company's reputation, increased losses and lower returns on loans, and have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

DDoS/DNS/Routing or other cyber-attacks or other events may compromise Lending Platform, websites, applications or any other IT infrastructure.

The illegal methods used to obtain unauthorized access to IT platforms, to sabotage systems or to disable services are constantly evolving and most often are recognized only after being launched against a target. While performing its services to the Lenders and borrowers, The Company obtains and stores large amounts of sensitive data including personal identification data, bank account information, addresses, transaction history and similar. The Company invests in processes and means that are intended to protect its IT systems against security breaches, computer viruses, attacks by internet fraudsters and cybercriminals. With new technologies and online scammers evolving at a faster pace, the Company's IT systems may still be vulnerable to such attacks and even leakage of sensitive data. These events may lead to the erosion of the Company's reputation, increased losses and lower returns on loans, and may have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

Errors and misconduct on the part of The Company employees may harm The Company's reputation and activity.

Although the Company is constantly automating its processes to be able to perform its short-term and long-term tasks more efficiently and to decrease the impact of the human factor, the Company still depends directly on its employees and indirectly on the employees of its service providers. To mitigate the human factor impact, the Company constantly invests in the infrastructure of internal controls. This infrastructure monitors increasingly complex content exposed to the human factor such as supervision of significant numbers of transfers and evaluation and disclosure of personal and commercial data. However, it cannot be excluded that these controls fail to fully exclude errors caused by the misconduct of employees and errors due to the human factor, even more considering that these controls, too, are not free of human involvement. The failure to protect the processes against employee misconduct and error may lead to the erosion of the Company's reputation as a trusted financial service provider, increased losses and lower returns on loans, and may have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The Company depends on key employees and failure to attract and retain key employees may adversely affect The Company's performance.

The Company operates in the FinTech industry where the general expertise and competence of key personnel and other employees in financial and information technology is very important. Furthermore, it is vital to accumulate the Company-specific experience necessary to enable continuous development of The Company's know-how. Thus, the Company is strongly dependent on its ability to retain existing key personnel and, in case of the Company's expansion, to recruit competent people in the future. If The Company's human resource policies fail to achieve their goals and one or more key employees with specific experience decide to terminate their employment relationship with the Company and the Company is not able to replace their skills and experience with equivalent experience, skills or expertise, this may have a material adverse effect on the Company's business, the results of operations, financial condition, prospects or Share price.

The Company may not be able to secure future capital needs or to secure favorable financing terms on existing capital.

The preferred source of capital for The Company is equity financing. Future The Company growth may require additional capital investments to increase the Company's loan portfolio, undertake

acquisitions or respond to regulatory requirements or unforeseen opportunities. The Company may not be able to acquire equity or debt financing on favorable terms which would hamper The Company's growth and have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The Company's protection of intellectual rights might be insufficient and third parties may claim that The Company is infringing their intellectual property rights.

The Company's IT platform enabling The Company to perform its most essential operations has been and is being continuously developed in-house. Thereby, The Company's success strongly depends on The Company's intellectual property and its ability to protect these rights in the future. To protect its trademarks, platforms, copyrights and domain names, The Company relies on applicable normative acts including national, EU and international laws and regulations, and has duly established internal procedures and agreements securing the intellectual property rights of the products created by any person upon the Company's order. However, third parties may infringe on The Company's intellectual property and similar rights and measures used by The Company to protect them. Furthermore, The Company may be sued by third parties alleging infringement of their intellectual property and similar rights. To respond adequately to these threats, The Company may be forced to engage in legal procedures or litigations redirecting corresponding resources needed for The Company's growth, which in turn may have an adverse impact on The Company's business, results of operations, financial condition, prospects or Share price.

There are several direct competitors to The Company in the existing Peer-to-peer lending market and new competitors may enter the market and provide better products and technology resulting in The Company losing market share.

Presently there are two important competitors to the Company in the Lithuanian Peer-to-peer lending market. The Company's competitors provide lending services employing the same business model as the Company. Currently, the Company is the market leader; however, it cannot be excluded that these competitors may focus their resources on increasing their market share by employing more efficient marketing and offering more favorable terms to borrowers and Lenders. Furthermore, large foreign Peer-to-peer lending companies could enter the Lithuanian market with the objective of acquiring market share or even leadership. Increased competition in the market may result in fewer loan originations, decreased return on loans, and thus have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

Market Incumbents' competition to The Company's Payment initiation service

Presently the Company is not only expanding its local market share but also seeks to enter the markets of other countries of the European Union providing payments for e-commerce businesses based on the cost leadership strategy. However, if large payment processors such as banks start experiencing threat from the Company and other small players in the market, banks may follow the price leadership strategy. Furthermore, banks would primarily use the elements of cost leadership within their defensive strategy to retain the market share which would require fewer resources as opposed to the number of resources needed to seize a market share. Besides such large players have more flexibility dealing with e-commerce players as an important role in facilitating the market retaining strategy may play such factors as other services offered to e-commerce business, previous cooperation record and brand awareness. Thereby even retaining prices at a certain point above The Company's level banks may be able to slow down the

Company's market expansion, which may consequently, have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

Risk of new Payment initiation service provider entering the market

Based on the Payment Service Directive (PSD2) a major bank could provide a Payment initiation service, offering fees at attractive levels. Currently, this service is already provided by two major banks in Lithuania. Banks even are not forced to reach the Company's fee threshold, instead compensating it with using its branding, infrastructure, contacts and experience, thereby may apply considerable competitive pressure to the Company.

Following the cost leadership strategy, the Company is attempting to achieve the operational scaling before the capital allocated for the project is used. Under such circumstances, before the economy of scale is achieved, the Company may limit its expenditures needed for the research and customer service. However, major banks, by providing Payment initiation service even at a higher fee, but employing its knowledge of the market, customer base and branding advantages, may create serious competition for the Company's Payment Initiation Service and limit the Company's ability to obtain necessary market share required to achieve operational scale. Such outcome may have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The Peer-to-peer lending market ceases to evolve and becomes unattractive to customers.

The Company operates in a Peer-to-peer lending industry that is competing with traditional financial institutions as well as fast credit lending platforms. Presently Peer-to-peer lending industry addresses competition by applying a higher risk tolerance and offering borrowers more favorable interest rates. Additionally, the Peer-to-peer lending industry has brand awareness advantages over fast credit lending platforms, whereas their high rates are not appreciated by borrowers. However, the other players in the lending market may react to the threat of the Peer-to-peer lending industry by lowering their interest rates, increasing digitization and enhancing customer experience and efficiency. Such measures may reduce the competitive advantage of Peer-to-peer lending platforms and restrict the Peer-to-peer lending industry's future prospects and, consequently, have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The Company's operations are exposed to systematic economic downturns affecting interest rate levels and volatility.

A general economic downturn may negatively impact unemployment rates and inflation, increase volatility and have an adverse effect on the interest rate environment. Factors such as the unemployment rate may impact the default rates of borrowers and increase the number of overdue loans. This factor coupled with other adverse changes in the markets like losses in other asset classes could, in the best-case scenario, cause Lenders to exercise caution and maintain liquidity. In the worst-case scenarios, Lenders might seek to withdraw their investments to cover possible investment losses elsewhere. The Company is constantly seeking to mitigate the potential impact of adverse systemic factors on the loan portfolio by employing a variety of forecasting methods ranging from stress tests to econometric models employing various assumptions. However, the measures taken by the Company may not be sufficient, the modelling may be misinterpreted and inaccurate assumptions may be employed. An economic downturn causing adverse economic conditions may cause a decline in The Company's profits and, consequently, have a material

adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

Types of risks related to compliance and regulation

The legislation underlying Peer-to-peer lending activities in Lithuania is relatively new, lacking official commentaries and subject to change.

In Lithuania, the Law on Consumer Credit has introduced Peer-to-peer lending regulation on 2015 November 5, which means that the legislative environment underlying the Peer-to-peer lending industry is relatively new. It is also worth noting that up to this day quite significant regulatory changes are being made. For example, only on 23 December 2021, an amendment to the law has been adopted, giving legal entities the right to invest through a mutual lending platform.

The legislative environment of the Peer-to-peer lending industry may thus be changed and amended in response to actual application and interpretation. Moreover, there is a lack of official commentaries concerning Peer-to-peer lending activities and other guidelines, as well as the lack of authoritative market and court practice or doctrine regarding Peer-to-peer lending and related activities rules. Furthermore, the position of the supervisory authority (i.e. the Bank of Lithuania) might change over time. Changes in the law regulating the industry may have a material adverse effect on The Company's business, particularly since Peer-to-peer lending services are regulated activities. Moreover, amendments in legislation would be likely to increase rather than decrease the regulatory burden and scrutiny and, consequently, increase The Company's costs, possibly causing a decline in profits and, consequently, have a material adverse effect on The Company's business, results of operations, financial condition, prospects or Share price.

The adoption of the Regulation on European Crowdfunding Service Providers for Business shall provide easier access to new markets for crowdfunding platform providers in the European Union.

Regulation No. 2020/1503 of the European Parliament and the Council European crowdfunding service providers for business, amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937, shall enter into force on 10 November 2021. The uniform operating requirements set out in the Regulation shall allow a crowdfunding platform operator licensed in one Member State to provide services in other countries of the European Union. This may lead to easier access for investors from other European Union countries, with lower operational and compliance costs. These regulatory changes shall not only provide greater opportunities for business development for the Company's subsidiary UAB FinoMark but may further increase competitive pressure. Operators of the crowdfunding platform established in other European Union countries could reduce the opportunities for the Company's subsidiary to establish itself in the market, which in turn could affect the performance of UAB FinoMark. The Company could be forced to terminate the activities of the subsidiary or allocate additional capital for the continuation of activities of the crowdfunding platform operator. This may adversely affect the Company's business, results of operations, financial condition, prospects or Share price.

The Company obtains and processes large amounts of personal data; if The Company fails to handle the data following normative acts, it would expose The Company to the possibility of sanctions being imposed by the authorities and would harm The Company's reputation.

EU General Data Protection Regulation (Regulation (EU) 2016/679, the "**GDPR**") entered into force on 2018 May 25. GDPR requires The Company to fully comply with GDPR data protection requirements and principles. If The Company fails to comply with the requirements of GDPR, the local data protection authority may penalize The Company to the amount of 4% of The Company's global annual net turnover, up to a maximum amount of 20 000 000 EUR. If relevant authorities impose non-compliance sanctions on The Company, in a best-case scenario The Company might avoid a penalty being imposed; however, such an incident may result in negative publicity (See risk: *The Company's growth and success depend decisively on its brand awareness and marketing activities, which could be adversely by negative publicity or The Company's inability to sustain effective marketing activities*). In the worst-case scenario involving the imposition of a sanction by GDPR, The Company would be forced out of business and need to enter insolvency procedures.

If The Company loses its license or is removed from the public list of the consumer credit providers or Peer-to-peer lending platform operators, its activity would be suspended.

The Company's activities are regulated and supervised by the Bank of Lithuania as the Company holds an electronic money institution's license and is included in the public list of the consumer credit providers and the public list of Peer-to-peer lending platform operators in Lithuania. Thus, the Company depends on compliance with the laws and decisions of the Bank of Lithuania. However, if the Company fails to comply with the laws and the Bank of Lithuania withdraws the license or removes the Company from the public list of the consumer credit providers or Peer-to-peer lending platform operators, The Company's main activity would be immediately suspended, adversely impacting The Company's future business, results of operations, financial condition, prospects or Share price.

If the Company's subsidiary UAB FinoMark violates the legal acts applicable to it, it would also affect the Company.

The Company's subsidiary UAB FinoMark is also a regulated financial institution that administers the crowdfunding platform. The operator of the crowdfunding platform is subject to high requirements for customer protection, transparency of activities, protection of personal data, and other mandatory requirements. In the event that UAB FinoMark is unable to carry out its activities in full compliance with the requirements, a fine may be imposed on the Company's subsidiary or, in extreme cases, removal from the list of public crowdfunding platform operators. This would adversely affect the Company's reputation, financial condition, prospects, or Share price.

Changes in tax regulation, interpretation or application of tax laws, in general, may adversely affect The Company's business and financial conditions.

The corporate tax rate in Lithuania at the moment of the Offering is relatively low compared to other EU countries, and it cannot be excluded that the tax rate may increase over time. Such adverse changes in tax law would increase the Company's effective tax rate and possibly may adversely affect The Company's Net profit, financial condition and prospects. In 2018 Lithuania established a tax exemption for personal income under EUR 500, when interest is earned from investing into the loans through Peer-to-peer lending platforms. However, if Lithuania adopts amendments to the personal income tax applicable to The Company's Lenders, resulting in higher tax rates, increased scrutiny of Lenders' income or worsening of the bureaucratic burden, the Company may lose a certain volume of its Lenders, adversely impacting The Company's business, results of operations, financial condition, prospects or Share price.

The Company may breach anti-money laundering, anti-terrorism, anti-corruption, and sanctions regulations.

In recent years, enforcement of Anti-Money Laundering (“**AML**”) laws and regulations has been at the focus of supervisory authorities, especially vis-à-vis European financial institutions. The AML regulatory environment is continuously evolving. The Company falls within the scope of the AML regulation. By providing payment initiation services in other countries, the Company must comply with local legislation governing AML. The Company has developed and follows AML policies and procedures complying with the applicable AML regulation; however, such means provide protection only to a certain extent, as it cannot be excluded that the Company may be in breach of AML regulations, since the Company may be held responsible for deeds performed by its employees, agents, and other related persons. In case of such an event, The Company may face severe consequences in form of litigation, administrative sanctions, fines, and similar adverse events. Furthermore, The Company’s payment system is at risk of such illegal uses as money laundering, circumvention of sanctions, financing of terrorism, illegal arms sales, drug, and human trafficking, bank fraud, and similar illegal purposes and activities, which may involve the Company being subject to supervisory scrutiny and, in case of human factor errors, of The Company employees exposing the Company to administrative prosecution, adversely impacting The Company’s business, results of operations, financial condition, prospects or Share price.

