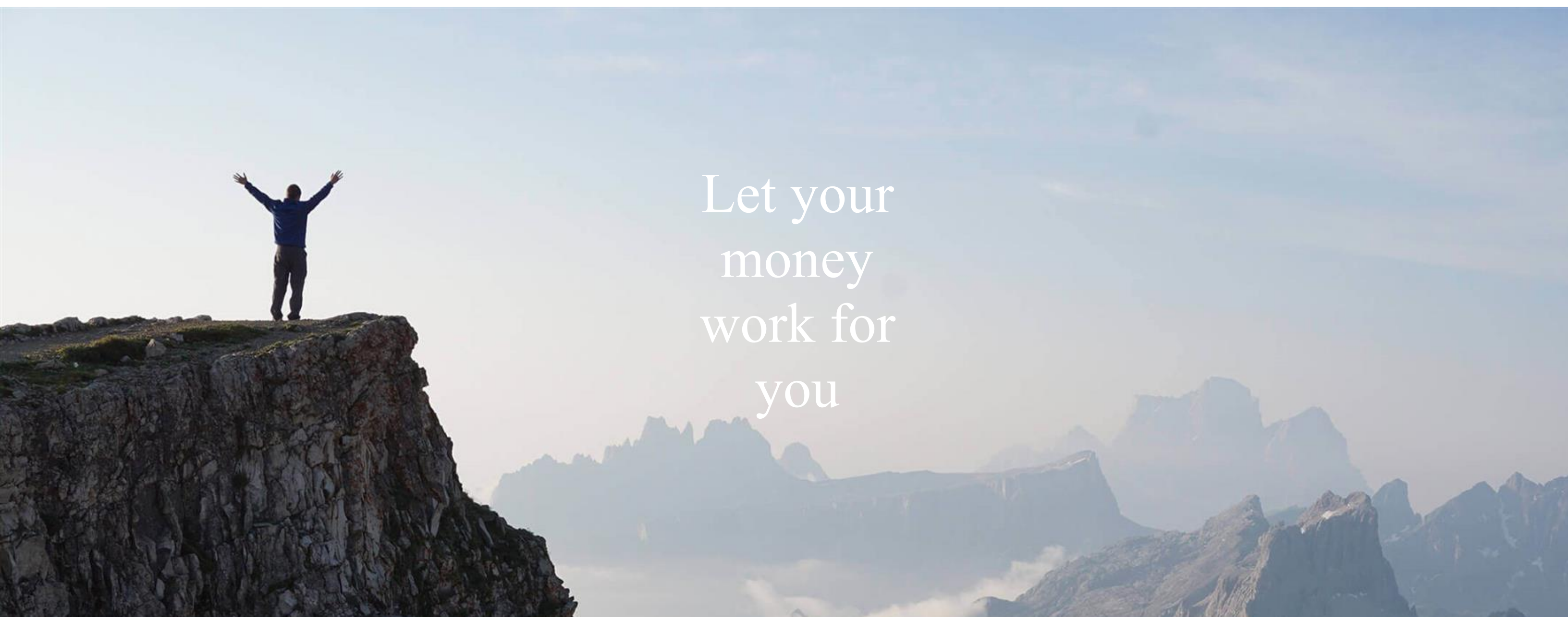
NEO Finance

INFORMATION DOCUMENT

Relating to the public placement
of the newly issued ordinary registered uncertificated shares



2019 May 13
Vilnius

IMPORTANT INFORMATION TO INVESTORS

This document (the "**Information Document**") has been prepared by NEO Finance, AB (a Lithuanian public limited liability company incorporated and existing under the laws of the Lithuania, having its registered office at Verkių st. 25C-1, LT-08223, Vilnius, Lithuania, registered with the Register of Legal Entities of the Republic of Lithuania legal entity code 303225546, on 2014 January 21) (the "**Company"** or the **"Issuer"**) in connection with the offering of its newly issued Company's shares (the **"Offer Shares"**) for public (the **"Offering"**) and admission of all the Company's shares on the multilateral trading facility First North in Lithuania (the **"First North Lithuania"**) operated by the regulated market operator AB Nasdaq Vilnius **(Nasdaq Vilnius)** as provided in the Rules of the First North in Lithuania approved by the Board of Directors of Nasdaq Vilnius (the "**Rules of the** First North in Lithuania**"**), solely for the purpose of enabling any Investor ("**Investor**") to consider an investment in the Offer Shares. See section "LIST OF DEFINITIONS AND ABREVIATIONS" for definitions of these and other concepts in the Information Document.

The Information Document does not constitute a prospectus within the meaning of Article 3 of European Union (EU) Directive 2003/71/EC and has not been prepared in accordance with the provisions of European Commission Regulation (EC) 809/2004. Based on Articles 4 of the Law on Securities of the Republic of Lithuania (the **"Law on Securities"**) the Company has no obligation to prepare or publish a prospectus, since the Offering is under EUR 5M. Therefore, the Information Document has been neither approved nor registered by the Bank of Lithuania which is the Lithuanian Financial Supervisory Authority in accordance with the provisions of the Law on Securities.

The Information Document has been prepared in Lithuanian and English versions and has been published on the website of the Issuer (https://www.neofinance.com/ipo). In the event of any inconsistency, the English version shall prevail.

The Offering and Information Document is governed by Lithuanian law. Disputes relating to the Offering or Information Document shall be settled solely in accordance with the registration address of the Issuer.

Prior to the Offering, the shares of the Issuer have not been admitted to or traded on any market (the "**Outstanding Shares**"). Application will be made based on the Information Document to admit the entirety of the Offer Shares and the Outstanding Shares (the **"Shares"**) to listing and trading on the multilateral trading facility First North Lithuania. The First North Lithuania is an alternative trading platform for smaller companies. The legal status of the First North Lithuania differs from the regulated market and the level of risk on the First North Lithuania is higher than that of the regulated market. The fact that the Shares are admitted to trading on the First North Lithuania does not guarantee that the Shares will be sufficiently liquid. For more information, Investors should read in particular section 2 "RISK FACTORS" hereof. The Shares will be listed on the First North in Lithuania.

The Company has chosen the auction method (hereinafter Auction, defined in section "LIST OF DEFINITIONS AND ABREVIATIONS") for the book building process (the Auction is described in particular in section 4 "OFFERING TERMS AND CONDITIONS"). According to this method, the Company provides Investors with the lower price limit only, while Investors may choose the price and quantity of shares in their bid. After expiry of the subscription period, the Company will at its sole discretion decide on the total ultimate number of the Offer Shares that the Company is going to issue. The Offer Share Price is the price at which the Company will sell all the issued Offer Shares, which technically will be the lowest bid price within the selected quantity - the Selected Number of Offer Shares. Institutional and retail Investors will be able to place bids via the IPO Platform provided by the Company or via Nasdaq Vilnius. Institutional and retail Investors will be provided with the same rights. The subscription period for both institutional and retail Investors will start on 2019 May 15, 10:00 Vilnius time (GMT +3), and will expire on 2019 June 4, 23:59 Vilnius time (GMT +3).

The Offer Shares are being offered, as specified in the Information Document, subject to cancelation of the Offering and subject to certain other conditions. Please see section 4 "OFFERING TERMS AND CONDITIONS".

Investors are expressly advised that an investment in the Offer Shares entails financial risk and that they should therefore read the Information Document in its entirety (including Financial Statements of the Company), in particular section 2 "RISK FACTORS" hereof, when considering an investment in the Offer Shares. In making an investment decision, Investors must rely on their own examination and analysis, enquiries made to the Issuer, and the information contained in the Information Document and the terms of the Offering, including the merits and risks involved with an investment in the Offer Shares.

Any decision to invest in the Offer Shares offered hereby should be based solely on the Information Document, taking into account that any summary or description set forth in the Information Document of legal provisions, accounting principles or comparison of such principles, corporate structuring or relationships is for information purposes only and should not be construed as legal, accounting or tax advice as to the interpretation or enforceability of such provisions, information or relationships.

Except for the mandatory provisions of law, no person is authorized to give any information or to make any representation in connection with the Offering other than as contained in the Information Document, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

The Offering consists of a public offering in Lithuania and the Netherlands; and a non-public offering in Estonia due to the size of the Offering with a total consideration of less than 2 500 000 EUR. The Offering is not directed to persons whose participation requires a prospectus, registration or measures other than those required by Lithuanian law. No action has been or will be taken in any jurisdiction other than Lithuania and the Netherlands which would allow the offering of Offer Shares to the public, or authorize the holding, distribution of the Information Document or any other material relating to the Company or Offer Shares in such jurisdiction. Notification of the acquisition of the Offer Shares in violation of the above may be considered invalid. Persons receiving a copy of the Information Document are required by the Company to inform themselves about, and observe, any such restrictions. The Company does not assume any legal responsibility for any violation of any such restriction, whether the offense is committed by an Investor or a third party.

The Information Document does not constitute an offer to sell the Offer Shares, or a solicitation of an offer to buy the Offer Shares from persons in any jurisdiction in which the making of such an offer or solicitation would be illegal.

THE OFFER SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR BY ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR SUBJECT TO THE JURISDICTION OF THE UNITED STATES OF AMERICA, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. Reproduction and distribution of all or parts of the Information Document in the United States and the disclosure of its contents is prohibited. The Offering has not been approved by either the federal or state US securities commission or other US government agency. Nor has any such authority confirmed the accuracy or reliability of the Information Document. Any action to the contrary is a criminal offense in the United States.

The Information Document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) or (iii) high net units (Eng. high net worth entities) under Article 49 (2) (a) to (d) in order, and other persons to whom it may lawfully be communicated (all such persons being **"relevant persons"**). The Information Document is directed only at relevant persons and must not be used or relied upon by persons who are not relevant persons. Any investment or investment activity to which the Information Document relates is available only to relevant persons and will be engaged in only with relevant persons.

The Information Document is drawn up based on information which was valid on 2019 March 31. Where not expressly indicated otherwise, all information presented in the Information Document (including Financial Information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than 2019 March 31, this is identified in the Information Document by either specifying the relevant date or by the use of expressions as “the date of the Information Document”, “to date”, “until the date hereof” and other similar expressions, which must all be construed to mean the date of the Information Document 2019 May 12).

The information contained in the Information Document has been provided by the Issuer and other sources identified herein. The figures presented in the Information Document are rounded in some cases. In addition, certain percentages specified in the Information Document have been calculated based on these rounded figures, so slight inconsistences between numbers and ratios may occur. All financial figures are in euros ("**EUR**"), unless otherwise indicated, “**K**” indicates thousand and **"M"** million.

All the references to loans throughout the Information Document mean consumer loans unless explicitly stated otherwise.

Except as expressly provided herein, no financial information in the Information Document has been audited or reviewed by the Company's auditor. Financial information concerning the Company in the Information Document and which is not part of the information that has been audited or reviewed by the Company's auditors in accordance with what is stated herein is taken from the Company's internal accounting and reporting.

The Information Document contains industry and market information related to the Company's business and the market the Company operates in. Such information is based on Company's analysis of several sources including: the Bank of Lithuania, the Company's internal data and publicly available information from other market players. Company has relied on this information and has not verified it, thereby cannot guarantee the accuracy thereof.

With regard to industry publications or reports, the information contained therein has usually been obtained from sources deemed to be reliable, but the accuracy and completeness of the information is not guaranteed. The Company has not independently verified, and therefore cannot guarantee, the accuracy of the industry and market information contained in the Information Document, which has been taken from or derived from these industry publications or reports. Industry and market information is inherently forward-looking and subject to uncertainty and does not necessarily reflect actual market conditions. Such information is based on market research, which in turn is based on the selection and subjective assessments, including assessments of the type of products and which transactions should be included in the relevant market.

Information coming from third parties has been accurately reproduced and as far as the Company is aware and has assured by comparison with other information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Information Document contains certain forward-looking statements and opinions. Forward-looking statements are all statements that do not relate to historical facts and events, and such statements and opinions that relate to the future, for example containing expressions such as "believes", "estimates", "considers", "expects", "assumes", "anticipates", "intends", "may", "will", "should", "according to the estimate", "the view", "may", "plan", "potential", "estimate", "forecast", "as far as we know," or similar expressions that are intended to identify a statement prospectively. This applies in particular to statements and opinions of the Company relating to future financial results, plans and expectations for the Company's operations and management, and future growth profitability and general economic and regulatory environment, and other factors affecting the Company.

Forward-looking statements are based on current estimates and assumptions which have been made in accordance with the Company's knowledge. Investors should therefore not place undue weight on the forward-looking statements herein, and Investors are urged to read the Information Document, including section 1 "SUMMARY", section 2 "RISK FACTORS" and section 6 "BUSINESS OVERVIEW", which include more detailed descriptions of factors that may have an impact on the Company's operations and the market in which the Company operates. The Company does not make any warranties in respect of the future correctness of the statements made herein or with respect to the actual occurrence of the forecast developments.

In light of the risks, uncertainties and assumptions that these forward-looking statements are subject to, the future events mentioned in the Information Document may not occur. In addition, forward-looking estimates and projections referred to in the Information Document originating from the third-party studies may prove to be incorrect. Actual results, performance or events may differ materially from such statements, e.g. due to changes in general economic conditions, in particular, economic conditions in the markets in which the Company operates, changes in levels of competition, regulatory changes and the occurrence of accidents or systematic delivery failures etc.

After the date of the Information Document, the Company is not obliged to update any forward-looking statement or to adapt these statements to actual events or developments, except as required by law or Rules of the First North in Lithuania.

Responsibility statements

To the best of their knowledge and belief, Mr. Evaldas Remeikis and Mr. Andrius Liukaitis, after taking reasonable efforts to ensure this, are of the opinion that the information contained in this Information Document corresponds to reality (correctly discloses, including (but not limited to) the Company's assets, liabilities, financial position) and that no relevant information is missing. In addition, Mr. Evaldas Remeikis and Mr. Andrius Liukaitis confirm that the information contained in this Information Document accurately reflects the factual circumstances in all material aspects and contains no deviations or omissions likely to have a material adverse effect on the Company, Offering or the Offer Shares.

Mr. Evaldas Remeikis Chairman of the Company's Board	**Mr. Andrius Liukaitis** Chief Financial Officer

Limitations of Liability

No representation or warranty, express or implied, is made by the legal advisor or the certified advisor as to the accuracy, completeness or verification of the information set forth in the Information Document, the summary of the Information Document or individual parts thereof or any other information provided by the Issuer in connection with the Offer Shares or their distribution, Offering and admission to trading on the First North Lithuania, and nothing contained in the Information Document is, or shall be relied upon as, a promise or representation in this respect, whether made in the past or the future. Neither the legal advisor nor the certified advisor has performed any legal due diligence on the Company or information contained in the Information Document, the summary of the Information Document or individual parts thereof. The legal advisor and the certified advisor assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising out of tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

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LIST OF DEFINITIONS AND ABREVIATIONS

AML	Anti-money laundering.
Auction	A process of determination of the Offer Share Price by accepting bids ranging from the minimum price and above, then consequently deciding on the number of bids being accepted (Selected Number of Shares) thus determining the Offer Shares Price, which is the price at which the entirety of Selected Number of Shares can be sold. Such method is generally defined as a Dutch auction method.
Account operator	B category financial brokerage company Macte Invest FM AB, Reg. no: 122601232, address: Gedimino ave. 20, Vilnius 01103, Lithuania, contracted by the Company to maintain Company's securities accounts in the Nasdaq Vilnius system.
Bidding Stage	Stage of the Offering at which Investors are able to make bids to acquire Offer Shares.
Company	NEO Finance, AB, a Lithuanian public limited liability company incorporated and existing under the laws of the Lithuania, having its registered office at Verkių st. 25C-1, LT-08223, Vilnius, Lithuania, registered with the Register of Legal Entities of the Republic of Lithuania. legal entity code 303225546.
Company's Board	Board of the Directors of the Company.
Company's Supervisory Board	Supervisory body of the Company.
CEO, CFO, CMO, CTO	Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, Chief Technology Officer.
EU	European Union.
EEA	European Economic Area.
First North Lithuania	Multilateral trading facility First North in Lithuania, operated by the regulated market operator AB Nasdaq Vilnius as provided in the Rules of the First North Lithuania approved by the Board of Directors of AB Nasdaq Vilnius.
General Meeting	General meeting of the Company's shareholders.
IBAN Account	An account corresponding to international system of identifying bank accounts opened on the IPO Platform.
Information Document	This document in its entirety.
Investor(s)	A person or an organization with potential interest to acquire the Offer Shares.
IPO Platform	A website provided by the Company enabling Investors to make bids in order to acquire the Offer Shares.
Issuer	The Company.
Law on Securities	Law on Securities of the Republic of Lithuania.
Lender(s)	Natural person(s) acting as lender(s) using the Lending Platform.
Lending Platform	Company's cutting-edge in-house built technology technically enabling Peer-to-peer lending.

Lock-up Agreement	An agreement made among the majority of Company's shareholders obliging the parties to refrain from the disposal of the Shares during prescribed period until 2020, May 31 or 2021 May 31.
Main Shareholder	Limited liability company "Era Capital", UAB, reg. No: 300638657, address: Polocko st. 17-168, LT-01205 Vilnius.
Minimum Raised Amount	An amount necessary to raise for the Offering to be successful. The Minimum Raised Amount for the Offering is 0.5 M EUR.
Nasdaq Vilnius	Nasdaq Vilnius AB – Vilnius Stock Exchange, a public limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 110057488, registered at the address Konstitucijos ave. 29, LT-08105, Vilnius, Lithuania. The company's data is collected and stored with the Register of Legal Entities.
Offer Share Price	The price at which the Company will sell all the issued Offer Shares, which technically will be the lowest bid price within the selected quantity – Selected Number of Shares.
Offer Shares	Additional shares issued by the Company and offered to public within the framework of the Offering.
Offering	Process of the offering of the Offer Shares to the public.
Outstanding Shares	The Company's shares issued and fully paid before the Offering.
Participating Institution	Any financial institution that is a member of Nasdaq Vilnius. The list of them has been provided in Section 4 "OFFERING TERMS AND CONDITIONS".
Payment Initiation Service	Introduced by Directive (EU) 2015/2366 an alternative to the credit card payments enabling an easily accessible payment service for e-commerce providers not requiring to liaise with multiple banks to receive customer payments.
Peer-to-peer lending	A decentralized consumer loan distribution model where the lending agreements are made among the lenders and borrowers directly avoiding classical centralized credit schemes in which the deposits are accepted and credits provided through banks and credit unions. Peer-to-peer lending is enabled by the Peer-to-peer lending platforms which help the borrowers and lenders connect with each other.
Rules of the First North in Lithuania	The Rules of the First North Lithuania approved by the Board of Directors of AB Nasdaq Vilnius.
Selected Number of Offer Shares	A number of Offer Shares to be issued chosen by the Company's Board on its sole discretion from the total pool of received bids.
Shares	The entirety of the Offer Shares and Outstanding Shares.
Subscription Period	Bidding Stage
Withdrawal Date	Date at which First North Lithuania formally delists the Shares based on the resolution of the General Meeting.

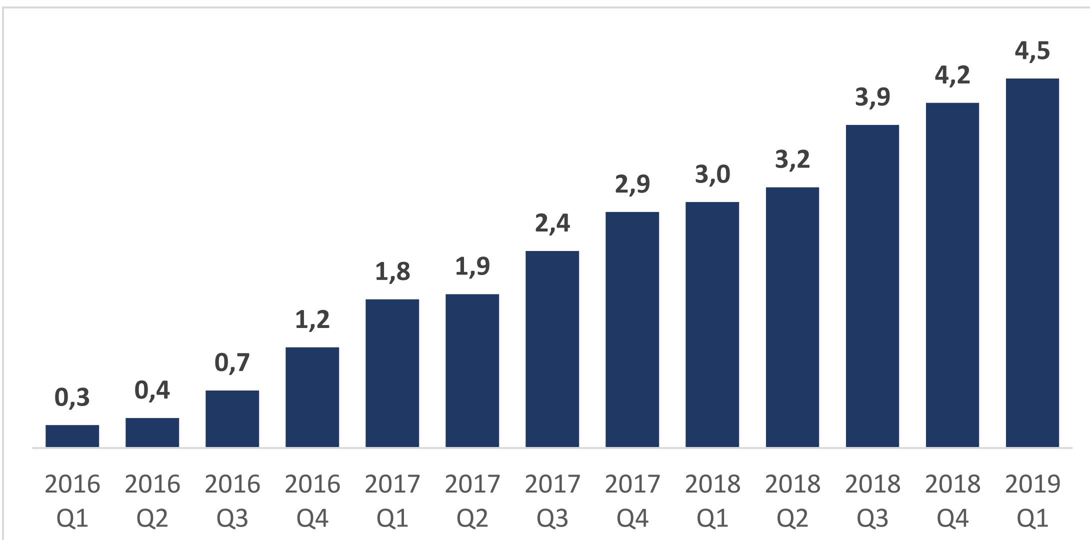
1. SUMMARY

The purpose of the Summary is to provide basic and aggregated information provided in the Information Document. The Company strongly recommends to read the full Information Document before making an investment decision.
Note: Numbering of Summary sections correspond to numbering of full sections of the Information Document. The Summary provides the links to the respective sections for more detailed information.

3	PURPOSE OF THE OFFERING AND USE OF FUNDS
	In order to grow shareholders' value, the Company has set the long-term goals and has decided on the strategy of how to achieve them. With the issue of the Offer Shares, the Company expects to raise EUR 0.5 M to EUR 2.5 M, which, after the deducting the costs related to the Offering, will be allocated to the goals. Long-term goals (3-4 years): 1. EUR 5 M of consumer loans issued via the Lending Platform per month - 70% of the funds raised. 2. Payment initiation service annual revenue of EUR 3 M - 15% of the funds raised. 3. The number of active Lenders in the Lending Platform reaches 25 000 - 10% of the funds raised. 4. Feasibility study for new business opportunities via partnerships and franchises - 5% of the funds raised. Given the uncertainty of amount of capital raised, it is not possible to estimate the exact time required to carry out the respective capital expenditures. However, if minimum amount of EUR 0.5 M is raised, the Company estimates it might take up to 12 months to deploy investments of such magnitude, while if amount of EUR 2.5 M is raised, it would take longer (up to 4 years) to deploy investments of such magnitude. The Company is not obliged to stick to the described strategy. The Company might shift the goals, strategy and allocation of funds if there are new profitable activities in the market to provide different services and Company's Board agrees to proceed that way.
4	OFFERING TERMS AND CONDITIONS
4.1	The Offering
	The Offering covers Offer Shares within the range from EUR 0.5 M ("**Minimum Raised Amount**") to EUR 2.5 M. The maximum number of Offer Shares to be issued is limited to 796 178 shares. The final pricing of the Offer Shares and the number of the Offer Shares to be issued and allocated will be determined via the Auction.
4.2	Auction
	The objective of the Auction is to determine the fair price of the Offer Shares ("**Offer Share Price**"). Therefore, before registration investors are invited to: - Read Information Document especially section 2 "RISK FACTORS"; - Be aware of the Auction process and the methods for determining the Offer Share Price; - Understand that there is a chance that bids at certain prices may be unsuccessful. The Auction process is conducted and concluded through the following stages: A. Registration and client identification stage (4.2.1); B. Bidding stage (4.2.2); C. Auction Closing stage (4.2.3); D. Pricing Stage (4.2.4); E. Allocation stage (4.2.5).
4.3	The listing of Shares on the First North Lithuania

	Company is expected to make an application for the Shares to be admitted to trading on First North Lithuania – an alternative trading securities platform for small and medium-sized enterprises in two months after allocation stage is completed. The legal status of the First North Lithuania differs from the regulated market. Although application would be made for the Shares to be admitted to trading on First North Lithuania, there is no assurance that such applications is going to be accepted, that Shares will be admitted or that an active trading market is going to develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Shares.
4.4	Obligation to redeem the shares in case of delisting from First North Lithuania
	If the General Meeting resolves to terminate the listing of the Shares on the First North Lithuania and UAB "ERA Capital" (the "Main Shareholder") at that General Meeting holds majority of Company shares (50 percent or more), the Main Shareholder undertakes to redeem the Shares held by other shareholders, who voted against the decision to delist the Shares from the trading on First North Lithuania or who have abstained from voting in this respect (the "Other Shareholders"). The Company will, not later than 21 days prior to the General Meeting intending to discuss the issue of delisting the Shares from the First North Lithuania (the "Notification Date"), draw up and publicly announce the notice on the intention to delist the Shares from the First North Lithuania, indicating the preliminary redemption price offered for the Shares. The redemption price shall be established in accordance with the following principles: (a) The redemption price shall be not lower than the highest price of the Shares acquired by the Main Shareholder in the course of 12 months prior the Notification Date, and shall be not lower than the average weighted price on First North Lithuania in 6 months prior to the Notification Date (b) Where the Share price may not be established according to para (a) above, the redemption price shall be established having regard to the value established by the asset valuator by not less than two viewpoints. The Asset valuator shall be selected by the Company on its one discretion. Other Shareholders will have the right, but not the obligation to accept the offer.
4.6	Rights vested to the Shares
	The Shares (including the Offer Shares allocated within the Offering process) will be vested with all the rights of ordinary shares in accordance with Lithuanian law. All the Shares confer equal rights on all the shareholders.
5	OVERVIEW OF PEER-TO-PEER LENDING MARKET IN LITHUANIA
5.1	Overview
	Peer-to-peer lending is a decentralized loan distribution model where the lending agreements are made among the lenders and borrowers and directly avoid classical centralized credit schemes where deposits are accepted and credits provided through banks and credit unions. Peer-to-peer lending is enabled by Peer-to-peer lending platforms which help the borrowers and lenders connect with each other. The Peer-to-peer consumers loan industry is growing successfully and at a stable rate. Although the Peer-to-peer lending industry has lower market penetration than traditional players, it should be noted that, apart from the Company, there are only 2 other active players in the Peer-to-peer lending industry in Lithuania. The Company is the market leader and issued consumer loans of EUR 8 942 047 (50,5% market share) in 2017 and EUR 14 274 422 (53,4% market share) in 2018.
5.3	Competitive environment of the Peer-to-peer lending industry

	As a leader of the Lithuanian Peer-to-peer lending industry, Company with its market share of over 50% does not experience very intensive competitive pressure from its direct competitors. Actually, the main competition is seen on the borrowers' part as the Company is mostly competing with banks, credit unions and balance sheet lenders. The vulnerability of market participants to the threat of new market entrants can be evaluated from the perspective of such factors as: (i) potential new entrants and barriers to entry, (ii) bargaining power of suppliers and buyers in the market and (iii) the threat of substitutes. The threat of new entrants is not considered high when considered from the perspective of access to the customer-borrower base in the Peer-to-peer lending market of Lithuania. However, from the perspective of accessing lenders to the Peer-to-peer platforms, Lithuania could be regarded as more open to new entrants.
5.4	Threats and opportunities for the Peer-to-peer lending industry.
	The factors discussed below represent both threats and opportunities for the Company. The factors providing opportunities in the Peer-to-peer lending market for the Company are: • The Peer-to-peer lending industry is part of the growing consumer loan industry of Lithuania. • Factors such as interest rates and intensity of competition within the industry indicate that the Lithuanian Peer-to-peer lending market has growth potential. • The external environment of the Peer-to-peer lending industry can be characterized positively from the socio-cultural perspective, which is very important as Company is operating in the mass market. • Economic developments in future may show signs of an economic downturn. However, even if these expectations materialize, it is probable that such a scenario may even create additional lending opportunities for Company, particularly considering past developments on the consumers' lending market in Lithuania during the last economic downturn in 2008-2009. • Authorization for legal entities to invest in loans through Peer-to-peer lending consumer lending platforms can have a positive impact on the growth of the Peer-to-peer lending market and prospects for the Company. Factors that could pose a significant threat for the Peer-to-peer lending industry and consequently the Company: • The volumes of the loans issued are lower than those of competing industries. • Any Peer-to-peer lending platform bankruptcy can pose a threat to the success of the industry. Despite the fact that Company operates in a strictly regulated market and is supervised by a supervisory authority which reduces the probability of bankruptcy.
6	BUSINESS OVERVIEW
6.1	General
	Company started to provide Peer-to-peer lending services in 2015 December 9, immediately after the legal base for Peer-to-peer lending was adopted in Lithuania. Furthermore, the Company decided to develop the Payment Initiation Service, offering it to third parties from September 2018. By commencing operation, the founders of the Company believed that consumers in Lithuania deserved alternative, accessible and more humane opportunities for borrowing money, as the only opportunities at the time came from classical crediting establishments. Figure 6.1 Key Operational Facts of the Company on 2019 May 12: - 11 974 registered Lenders - 56 630 registered borrowers - EUR 32.25 M financed loans - EUR 3 906 115 interest received - 17,48% average interest rate

	The Company is the first and so far the only Lithuanian Peer-to-peer lending platform operator to hold a e-money institution license allowing operation throughout the European Union. The Company was the first to be simultaneously listed in the Lithuanian Peer-to-peer lending operators' list and consumer credit providers' list. The combination of the e-money institution license and inclusion in the consumer credit providers' list ensures continuous supervision of the Company by the Bank of Lithuania. The Company's headquarter is located in Vilnius, Lithuania and a subsidiary was established in the Netherlands on 2019 March 28. At the time the Information Document was created, Company employed 21 employees. The Company is served by 4 Company's Board members and 4 Supervisory Board members.
6.3	Main services
6.3.2	Peer-to-peer lending
	The Company owns and operates a Peer-to-peer lending platform that enables retail Lenders to lend money directly to retail borrowers (the "**Lending Platform**"). Company generates its revenues via the Lending Platform in two main ways: (i) Intermediary fee charged from borrowers on instalments made; (ii) Interest made by co-investing with Lenders. Figure 6.2 Loans financed through the Lending Platform, M EUR 
6.3.3	Payment initiation service
	Payment initiation services were introduced by Directive (EU) 2015/2366 of the European Parliament and of the Council of 2015 November 25 covering payment services in the internal market. Under the Payment initiation service, the Company gains access to the customer's account information from the account operator, for example, a bank, to help customers make online payments and immediately inform the merchant of payment initiation. Service gained traction in 2018 Q3 and the Company has already processed over 1.5 M payment initiation transactions and is collaborating with one of the largest online retail players in Lithuania, the two largest payment aggregation providers for utilities services, the largest online restaurant guide, an electronic grade book service provider, and a leading online insurance broker.
7	OPERATING AND FINANCIAL REVIEW
7.1	Revenue

	The Company's strategic approach is based on ensuring long-term and sustainable operations, as opposed to maximizing short-term profits. Therefore, most of the revenues from Peer-to-peer lending activities are recognized throughout the loan period, and these revenues are received only when the borrower actually pays the instalment. This approach delays recognition of the Company's revenue to the future periods.

The information below presents the differences in revenue accounting:

- Intermediation revenue recognition for the purposes of accounting which is based on cash principle
- Revenue based on accrual principle which is used for management purposes

Table 7.1 Company's revenue distribution, EUR

	2015	2016	2017	2018
Revenue	**1 018**	**96 762**	**479 424**	**1 015 730**
Change, %	-	***9405%***	***395%***	***112%***
Peer-to peer lending related revenues	-	96 209	354 002	643 248
Investment activity revenues	1 018	(857)	116 606	333 689
E-money issuance and management related revenues	-	1 410	8 816	38 793

Revenue in management accounting. As intermediary fees from Peer-to-peer lending activities are distributed throughout the loan period, and these revenues are collected only when the borrower actually makes an instalment, for management purposes the full intermediary fee is presented in the year it is generated.

Table 7.2 The management accounts of Peer-to peer lending related revenues, EUR

	2015	2016	2017	2018
Loans issued	6 850	2 564 665	8 942 047	14 274 422
Generated intermediary fee	239	379 600	1 470 288	1 951 586
Ratio	3,5%	14,8%	16,4%	13,7%

At the end of Q1 2019, total outstanding receivable intermediary fees linked to outstanding loans issued via Lending platform amounted to 3.21M EUR.

The second stream of income is generated through co-investing in loans alongside the Lenders. At the end of Q1 2019, the Company's portfolio of provided loans was 2.27 M EUR.

The third stream of income is related to issuance of e-money and transactions. Most of such income is generated through provision of the Payment initiation service.

7.2 Expenses

Table 7.3 The breakdown of Company's expenses, EUR

	2017	2018	Change, %
Sales expenses	720 733	716 863	-1%
General and administrative expenses	690 212	826 165	20%

"Sales expenses" includes marketing, debt recovery, database costs and provisions. "General and administrative expenses" includes salaries, audit, depreciation, rent, utilities, transportation, mobile and fixed data, stationery, parcel delivery, and Provision fund provisions.

7.3	Profit (loss)
	As the Company postpones recognition of its income from Peer-to-peer lending activities to future periods, the bottom line is currently negative. However, as earned income collection accelerates, accounted income is increasing significantly every year and expenses are being kept under control, Company expects to break-even in 2020 (for more information see subsection 7.7 “Financial Forecast”).
7.7	Financial Forecast
	Based on audited forecast Company’s exit value target in 2023 is between EUR 25 and 62 M, excluding positive cash flows up to exit date. Based on minimum bidding price, Company’s value pre-money in Offering amounts to EUR 10.9 M.
8	CORPORATE GOVERNANCE
9	The Company operates under two-tier corporate governance system. Main bodies of the Company are: the General meeting of Shareholders, the Company’s Supervisory Board, the Company’s Board and CEO.
10	DESCRIPTION OF SHARE CAPITAL AND OWNERSHIP
	Type of the Shares: ordinary registered shares. **ISIN number:** LT0000132953 **Currency of the Shares**: EUR **Number of Shares**: as of the Information Document date, Company had issued 3 477 600 shares **Number of Offer Shares**: the number of shares to be issued will be determined through the Auction process (see section 4 “OFFERING TERMS AND CONDITIONS”). **Nominal value of the Share**: 0,44 EUR. **Form of the Shares**: registered shares in book-entry form with Nasdaq CSD branch of Lithuania. **Listing**: currently the Outstanding Shares are not admitted to trading on any regulated market or an alternative trading platform. However, following closing of the Offering, application will be made to Nasdaq Vilnius regarding admission of the Shares (the Outstanding Shares and the Offer Shares) for trading on the First North Lithuania.
10.7	Bonds, options etc.
	The Company issued 3 tranches of 3 year 7,5% bonds, totaling to EUR 1.1 M and has no outstanding options.
11	LEGAL ISSUES AND SUPPLEMENTARY INFORMATION
11.1	Audit
	All the Company’s financial statements (2015-2018) have been audited by certified auditor Grand Thornton Baltic and can be found here.
11.2	Material Agreements
	Loan agreements total to EUR 826 K.

2. RISK FACTORS

2.1 Risks related to Company's business and industry

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

The growth of Company's business depends on its ability to retain and attract to the Lending Platform new and existing Lenders and borrowers. Since the launch in 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, 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 Company's business in general, results of operations, financial condition, prospects or Share price.

If Company fails to achieve large transaction volumes in Payment initiation service, very low profit margin may not allow Company to cover Company's operational, administrative costs and capital expenditures related to Payment Initiation Service.

To increase the market share Company is employing an aggressive cost leadership strategy by offering to potential clients 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. 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 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 Company's business, results of operations, financial condition, prospects or Share price.

One of the Company's key success factors is technology and if 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, Company's growth prospects and commercial condition may be negatively affected.

Company acknowledges that technology is the main component and driver of FinTech industry and also that technology is subject to very rapid and significant changes. 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 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 Company's services and Lending Platform obsolete. Such development might increase 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 technology developments in the market may materially and adversely affect Company's business, financial condition, results of operations, prospects or Share price.

Borrowers' solvency is a key factor of 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. Company has developed and is continuously improving a comprehensive credit approval process to gauge borrower's ability to repay the loan. Main output of the credit approval process is borrower's credit rating. The current risk scale includes 3 risk grades: A, B and C, with A being the lowest risk of default and C the highest. 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 the differentiation of actual default rates between rating classes. Such differences as of 2019 May 12 are provided in section 6 "BUSINESS OVERVIEW".

Presently the Company regards the credit approval process as proper, however if the credit approval process for whatever reason becomes ineffective, it might result in the 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 Company's business, results of operations, financial condition, prospects or Share price. For more information on actual default rates see page 35.

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, Company in turn must initiate a recovery procedure with debt recovery service providers. If the rate of borrower defaults increases significantly, Company may experience difficulties to handle 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 Company's business, results of operations, financial condition, prospects or Share price.

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

Company's success depends on its brand awareness. This includes the Lenders' and borrowers' trust in the Lending Platform, Company's reputation and the attractiveness of the Peer-to-peer lending and Payment Initiation Service industries. These factors enable 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 Company's services. These events may lead to decelerating growth rates and Company's inability to retain existing customers, consequently increasing losses and lowering the returns on loans, resulting in material adverse effect on Company's business, results of operations, financial condition, prospects or Share price.

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

The operational cycle of services provided by 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 enables 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 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 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, Company obtains and stores large amounts of sensitive data including personal identification data, bank account information, addresses, transaction history and similar. 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; however due to the evolving nature of these illegal means, the Company's IT systems may still be vulnerable against 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 Company's business, results of operations, financial condition, prospects or Share price.

The Company may continue incurring net losses and fail achieving profitability.

From the business life cycle perspective, the Company is transiting from the launch phase into the growth phase and thereby experiencing a burn rate with resulting in net losses. Negative cash flow and net losses are shrinking as the Company is approaching sufficient economy of scale (see more in section 6 "BUSINESS OVERVIEW" and section 7 “OPERATING AND FINANCIAL REVIEW”). Based on current business volumes and forecasted volumes with current cost base, it is the opinion of the Company that the sufficient investments in the Lending Platform and stakeholder acquisition have been completed, thus enabling the Company to break even and start making profit. Moreover, the Company has strategically chosen the business model where the intermediary fee paid to the Company is collected only from the monthly repayments made by a borrower. This assures alignment of Company’s and Lenders interest as both parties earn income simultaneously. This ensures a forward flow of revenue for the whole lifecycle of loans issued. However, it cannot be excluded that for unforeseen reasons the Company may fail to start achieving net profit and will continue to incur net losses. Such outcome may have a material adverse effect on Company’s business, results of operations, financial condition, prospects or Share price.

Errors and misconduct on the part of Company employees may harm 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 Company’s business, results of operations, financial condition, prospects or Share price.

Company depends on key employees and failure to attract and retain key employees may adversely affect 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 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 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, results of operations, financial condition, prospects or Share price.

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 Company is equity financing. Future Company growth may require additional capital investments in order to increase the Company’s loan portfolio, undertake acquisitions or respond to regulatory requirements or unforeseen opportunities. Company may not be able to acquire equity or debt financing on favorable terms which would hamper Company’s growth and have a material adverse effect on Company’s business, results of operations, financial condition, prospects or Share price.

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

The Company’s IT platform enabling Company to perform its most essential operations has been and is being continuously developed in-house. Thereby, Company’s success strongly depends on Company’s intellectual property and its ability to protect these rights in the future. To protect its trademarks, platforms, copyrights and domain names, 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 Company's intellectual property and similar rights and measures used by Company to protect them may prove to be inadequate. Furthermore, Company may be sued by third parties alleging infringement of their intellectual property and similar rights. To respond adequately to these threats, Company may be forced to engage in legal procedures or litigations redirecting corresponding resources needed for Company's growth, which in turn may have an adverse impact on Company's business, results of operations, financial condition, prospects or Share price.

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

Presently there are two important competitors to the Company in Lithuanian Peer-to-peer lending market. 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 Company's business, results of operations, financial condition, prospects or Share price.

Market Incumbents‘ competition to Company's Payment initiation service

Presently the Company expands its market share 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 less resources opposed to the amount of resources needed to seize a market share. Besides such large players have more flexibility dealing with e-commerce players as important role 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 certain point above Company's level banks may be able to slow down the Company's market expansion, which may consequently, have a material adverse effect on 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 may start providing Payment initiation service, offering fees at attractive levels. Such market entrant may even not be forced to reach the Company's fee threshold, instead compensating it with using its branding, infrastructure, contacts and experience, thereby applying 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, if a major bank starts providing Payment initiation service even at a higher fee, but employing its knowledge of the market, customer base and branding advantages, such an entrant in the Payment initiation service market may be successful. Such major bank would have a higher degree of flexibility in market share acquisition due to its ability to bundle Payment initiation service with additional services. Consequently, such new entrant in the Payment initiation service market may create strong competition pressure to the Company limiting its chances to obtain necessary market share required to achieve operational scale. Such outcome may have a material adverse effect on Company's business, results of operations, financial condition, prospects or Share price.

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

Company operates in a Peer-to-peer lending industry which 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, 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 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 Company's business, results of operations, financial condition, prospects or Share price.

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 amount 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. 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, it is possible that 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 Company's profits and, consequently, have a material adverse effect on Company's business, results of operations, financial condition, prospects or Share price.

2.2 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. In practice three years is not considered a sufficiently long period for a normative enactment regulating a new industry to be mature.

The legislative environment of 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 the time. Changes in the law regulating the industry may have a material adverse effect on Company's business, particularly since Peer-to-peer lending services are regulated activities. Moreover, amendments in legislation would are likely to increase rather than decrease the regulatory burden and scrutiny and, consequently, increase Company's costs, possibly causing a decline in profits and, consequently, have a material adverse effect on Company's business, results of operations, financial condition, prospects or Share price.

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

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

If 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.

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 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, Company’s main activity would be immediately suspended, adversely impacting Company’s future business, results of operations, financial condition, prospects or Share price. Resolution of such scenario is considered in Company’s Business continuity plan, which is coordinated with the Bank of Lithuania. This plan is publicly available and is updated on an annual basis.

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

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 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 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 Company’s business, results of operations, financial condition, prospects or Share price.

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, including the implementation of the Fourth Anti-Money Laundering Directive 2015/849/EU, and the proposed amendments to it, often referred to as the Fifth Anti-Money Laundering Directive. The Company falls within the scope of the AML regulation. 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 event, Company may face severe consequences in form of litigation, administrative sanctions, fines and similar adverse events. Furthermore, 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 Company employees exposing the Company to administrative prosecution, adversely impacting Company’s business, results of operations, financial condition, prospects or Share price.

2.3 Risks related to the Offering

When an Auction is used for the pricing of Offer Shares, not all the bids made by an Investor may be successful in acquiring Offer Shares.

The Company has chosen Auction for the process of pricing Offer Shares. The Auction is described in detail in section 4 “OFFERING TERMS AND CONDITIONS”. Fundamentally, the Company does not set the final bid price, but provides only the lower limit of the Offer Shares price. As a result, Investors can place bids at various prices and the main principle of Auction is that the final price is the price at which it is possible to sell the whole issue of the Offer Shares. Thus, after the expiry of the subscription period, the Company will group the pool of the bids according to bid prices in descending order. Afterwards, the Company at its sole discretion will decide how many Offer Shares will be issued. Thus, the final price will depend on the bids placed by Investors and on the Company’s decision (which would be taken on Company’s sole discretion) what number of the Offer Shares are to be issued. Thereby, the final price will be the price at which the whole quantity of the Offer Shares chosen to be issued is to be sold. In fact there are several implications to this method, but the two main ones related to this risk are: (i) the final price is the lowest price for the chosen quantity of the Offer Shares to be issued; and (ii) if the quantity of the Offer Shares chosen to be issued is smaller than the total quantity in the pool of bids, there may be bids that are not going to be executed. Thus, if the quantity of the Offer Shares chosen to be issued by the Company is smaller than the total amount of shares covered by the bids placed and if Investors' bid price is below the lowest price of that chosen amount, then the Investor's bid is to be rejected and investor's funds are going to be returned.

With an Auction used for the pricing of the Offer Shares, if an Investor bids aggressively in order to avoid being rejected and thereby enters a price higher than she/he is willing to accept, it cannot be excluded that this price may be close to or match the final price of the Offer Shares.

There is a probability that a bid can be rejected under certain circumstances when using the Auction to set a price for the Offer Shares (see risk: *When the Auction is used for the pricing of the Offer Shares, not all the bids made by an Investor may succeed in acquiring the Offer Shares***)**. The Investor may attempt to reduce or avoid this risk by bidding a price that is higher than he/she expects to pay, assuming that when the Auction is used for pricing possibly only the lowest price for the chosen quantity of the Offer Shares to be issued will apply. However, due to the fact that during the subscription period the Investor will not be aware of the overall price level subscribed and may not realize that the price level of other bids is actually higher than she/he had expected and has unknowingly set his/her bid at a level that may fall within the lowest level for the amount of shares chosen to be issued. Thereby the Investor will have to accept a price for the Offer Shares that he/she was not expecting to pay.

It may be the case that an active, liquid and efficient market for trading Shares fails to develop or cannot be sustained.

One of the Company's main Offering objectives is to create a public market for the Shares. The purpose of the Company is to be listed on First North Lithuania which is an alternative trading platform for smaller companies. The legal status of the First North Lithuania differs from the regulated market. First North Lithuania is organized by Nasdaq Vilnius based on the Rules of the First North in Lithuania and price list. The fact that the Shares are admitted to trading on First North Lithuania does not guarantee that the Shares will be sufficiently liquid. Companies from time to time experience significant fluctuations in securities' trading volumes, which can have a negative impact on the market price of the Shares. If an appropriate level of trading in the Shares is not achieved or maintained, that could have a material impact on the liquidity and the price of the shares. Even if an appropriate level of trading in the Shares is achieved and maintained, the market price of the Shares may be below the price established during the Offering. Any inadequate level of liquidity of the Shares may limit the ability of Investors to sell the required number of the Shares at the expected Share price. Thereby the Shares in the Investor's possession would lose their value and investors would not be able to resell their Shares at the price matching or exceeding their acquisition price

The Shares may be subject to volatility and their market price may decline, due to the factors within or beyond Company's control.

Shares traded on the stock exchange are subject to volatility which may differ depending on various factors. The same principles apply for the shares traded on First North Lithuania including Shares starting from the moment they are traded publicly. The factors that may impact the volatility of Shares may be either within or beyond Company's control and even not related to Company's operating performance. The factors related to Company's operating performance and control may be:

- Financial results of Company;
- Negative publicity related to Company's executives and/or its activities;
- Company's plans regarding M&A;
- Announcement of future projects, forecasts, key management changes;
- Litigation;
- Financial results of competitors, etc.

The factors not related to Company's operating performance and control may be:

- Changes in national/global macro-economic and market conditions;
- News on economic downturn and sudden macro-economic events;
- Strategic announcements of competitors;
- Regulatory announcements relating to the industry, etc.

The extent of volatility is also dependent on the market in which the Shares are traded. Although First North Lithuania is considered a riskier marketplace than the official list, the shares traded on First North Lithuania may be subject to lower volatility than European stock exchanges. Moreover, the Company cannot assure that the marketability of the Shares will improve or remain consistent. The market price of the Shares at the time of the offering may not be the same as the market price for the Shares after the Offering has been completed. As a result of these or other factors, the Company cannot give assurance that the public trading market price of the shares will not fall below the Offer Share Price.

If existing shareholders sell their Shares in whole or in substantial volumes, the Share price may fall.

Prior to the Offering, existing shareholders entered into a Lock-up Agreement with Account operator ("**Lock-up Agreement**"). Pursuant to the terms of the Lock-up Agreement, the existing shareholders have undertaken to restrict their ability to sell or transfer Shares (except Seedrs Nominees Limited, for more information refer to section 10 "DESCRIPTION OF SHARE CAPITAL AND OWNERSHIP"). After the expiration of the lock-up period, existing shareholders are entitled to sell the Shares on the First North Lithuania. If existing shareholders sell a considerable portion of Shares or the market anticipates that they could do so, the market price of the Shares may decline.

Company may seek additional capital in future and issue additional shares which will lead to dilution of existing shareholdings. The same applies for possible future mergers and acquisitions, share incentives and similar events.

To expand business in future, Company may seek additional capital by attracting funds through issuing additional debt or equity financing. Equity financing may be realized through the issue of additional shares or convertible debt instruments with an option to be converted into shares. In general, the increase in the number of shares may have a material adverse effect on shareholders wealth due to the following factors:

- dilution of Investors' shareholding interest in Company;
- increase of the Share price volatility; and
- decrease of the Share trading price.

In the event of a possible increase in the Company's share capital, shareholders legally possess pre-emptive rights to the newly issued shares unless such rights are withdrawn by a decision of the General Meeting. Furthermore, such adverse effects as dilution, increase of volatility and decrease of Shares' market price may occur if Company is involved in mergers and acquisitions. With regards to share incentives, formally a dilution effect can take place, however it will likely not be material in nature.

Dividend payment risk.

Until the date of Information Document, the Company has not paid any dividends and Company does not have an approved policy on profit distribution. Thus, future payment of dividends to shareholders is not guaranteed and will depend on the financial performance, cash flows, financial condition, capital requirements, profitability of activities, fulfilment of investments plans and general financial situation of the Company. A decision on distribution of dividends to shareholders is adopted by the General Meeting. Permission from banks may also be necessary, depending on the financial leverage and signed credit facility agreements at the time. According to the Company's short-term plans, future net earnings will be retained for business expansion, operations and development, thereby dividend pay-outs are not expected at least within the coming 3-4 years. Therefore, the Investors should evaluate the present circumstance that dividends on invested capital are not expected in the nearest future. For more information regarding payment of dividends by the Company, please see section 10 "DESCRIPTION OF SHARE CAPITAL AND OWNERSHIP".

3. PURPOSE OF THE OFFERING AND USE OF FUNDS

In order to grow shareholders' value, the Company has set the following long-term goals and has decided on the strategy of how to achieve them. With the issue of the Offer Shares, the Company expects to raise EUR 0.5 M to EUR 2.5 M, which, after the deducting the costs related to the Offering, will be allocated to the goals as per proportions provided in table 3.1.

Table 3.1 Company's long-term goals

Long-term goal (3-4 years)	Strategy	Details	Allocation of funds
1. **EUR 5 M of consumer loans issued via the Lending Platform per month.**	**Step 1**: market penetration, i.e. increase the loan volume in Lithuania.	Investing in marketing. Consumer loan market volume in Lithuania is approximately EUR 40 M per month. Approx. 60% of that is issued by the banks, whereas the remaining 40% is issued by the consumer financing companies and other financial institutions. Currently, Company holds approximately 3% of the total consumer credit market in Lithuania, while the brand (Paskolų klubas) awareness stands at 30-35%. The goal is to increase brand awareness, and, accordingly, increase the market share in Lithuania up to 12,5%.	70% of the funds raised.
	Step 2: market expansion, i.e. launch Company Peer-to-peer lending in a foreign market.	Establishment cost in chosen EEA country with the aim to provide consumer loans. Investing in marketing. Currently, nearly all EU and EEA countries have high annual interest rates for consumer loans. The goal of the Company is to establish itself in a chosen EEA country, with a value proposition of lower annual interest rates offered to customers.	
2. **Payment initiation service annual revenue of EUR 3 M.**	**Step 1:** market penetration, i.e. become the market leader in Lithuania as a home country.	Costs related establishment of active sales. Investing in marketing. Active sales force will be established in order to increase the Payment initiation service sales in Lithuania as a home country.	15% of the funds raised.
	Step 2: market expansion, i.e. launch active sales of Payment initiation service in at least 6 EU countries.	Costs related to establishment of sales partner network. The e-money institution license from the Bank of Lithuania is already passported to the EEA, enabling	

		access to the EU's Single Market. Sales partner network is to be established in at least 6 EU countries.	
3. The number of active Lenders in the Lending Platform reaches 25 000.	**Step 1:** to actively promote Peer-to-peer investing services through Company's subsidiary established in the Netherlands.	Investing in marketing activities in the Netherlands. An entity, fully controlled by the Company, is already established in the Netherlands. Its main goal will be to attract new international Lenders from the entire EU. If the decision is proved to be successful, other EU countries are going to be considered.	10% of the funds raised.
	Step 2: market penetration in the EU and EEA countries, in terms of the Company's lending services.	The number of newly acquired international Lenders will be increased. This will be achieved by active promotion and advertising campaigns, referral and affiliate programs, all of which will cover entire EU and EEA zones.	
4. Feasibility study for new business opportunities via partnerships and franchises.	Find a way to scale up Peer-to-peer lending business model in the EU and EEA countries, by deploying the Lending Platform and the electronic money institution license.	Investing in feasibility study. The EU balance sheet lenders will be offered an opportunity to become a part of Company's success story, by exploiting the benefits offered by the Company's self-developed state-of-the-art IT platform, the Electronic money institution license, as well as the access to the Lender network. As a result, under the already-known and well-established local brand, the Lenders will be able to use the Lending Platform, while the balance sheet lenders will increase the volumes in the local markets, which will establish a win-win strategy for both parties.	5% of the funds raised.

The decision whether the steps 2 are implemented will be made by the Company's Board taken into account the amount raised during the Offering. Given the uncertainty of the amount of the capital raised, it is not possible to estimate the exact time required to carry out the respective capital expenditures. However, if minimum amount of EUR 0.5 M is raised, the Company estimates it would take up to 12 months to deploy investments of such magnitude, while if amount of EUR 2.5 M is raised, it might take longer (up to 4 years) to deploy investments of such magnitude. The Company is not obliged to stick to the described strategy. The Company might shift its goals, strategy and allocation of funds if there are new profitable activities in the market to provide different services and Company's Board agrees to proceed that way.

Company's management believes that the Offering is a logical and important step in Company's business development which, among other things, will improve the brand awareness among Company's present and potential stakeholders as well as broaden perception of Peer-to-peer lending industry among general public.

4. OFFERING TERMS AND CONDITIONS

4.1 The Offering

The Offering covers Offer Shares within the range from EUR 0.5 M ("**Minimum Raised Amount**") to EUR 2.5 M. The maximum number of Offer Shares to be issued is limited to 796 178 shares. The final pricing of the Offer Shares and the number of the Offer Shares to be issued and allocated will be determined via the Auction.

Investors wishing to acquire the Offer Shares will be able to do so either through the IPO Platform or via Nasdaq Vilnius through the Auction. The Offering terms are the same for institutional and retail Investors and for existing shareholders. Managers of the Company (i.e. CEO, CFO, CMO, CTO, Head of customer service), members of the Company's Board and Company's Supervisory Board are not allowed to participate in the Offering.

4.2 Auction

The objective of the Auction is to determine the fair price of the Offer Shares ("**Offer Share Price**"). Therefore, before registration Investors are invited to:

- Read Information Document especially section 2 "RISK FACTORS";
- Be aware of the Auction process and the methods for determining the Offer Share Price;
- Understand that there is a chance that bids at certain prices may be unsuccessful.

The Auction process is conducted and concluded through the following stages:

(1) Registration and client identification procedure stage (4.2.1);
(2) Bidding stage (4.2.2);
(3) Auction Closing stage (4.2.3);
(4) Pricing stage (4.2.4);
(5) Allocation stage (4.2.5).

Investors are asked to pay specific attention to the risks related to the Offering and the Auction process which are outlined in section 2 "RISK FACTORS".

4.2.1 Registration and client identification stage

a. Registration and client identification stage for the bids placed via IPO Platform:

To qualify for the placing of the bids, Investors may register on the Company's website: https://www.neofinance.com/ipo). Registration for the Auction is only possible online.

Company is endeavoring to the best of its abilities to ensure that the registration process is simple and meets the requirements of the industry's best practice. If the Investor is already registered with Company as an actual or potential borrower or Lender and has already undergone the client identification procedure, the Investor will not be required to repeat the client identification procedure. After submitting the required personal registration data, Investors will receive a confirmation from the Company verifying that the registration procedure has been started. It may be the case that, upon verification of the submitted data, Company needs to verify certain issues related to the obligatory client identification procedure and the Investor may be asked for explanations regarding the submitted data.

After the registration procedure is complete, Investors will receive confirmation verifying the completion of the registration and will be assigned an individual free of charge IBAN account opened with the Company as an electronic money institution which will be ready for use ("**IBAN account**"). Investors are reminded that the completion of the client identification procedure requires a certain amount of time. Company will provide live support in facilitating the registration process and resolving unexpected situations.

b. Registration and client identification stage for the bids placed via Nasdaq Vilnius.

If Investor wishes to participate in the Offering on Nasdaq Vilnius, registration, identification and client identification procedures will be proceeded by and in compliance with procedures of the Participating Institution.

4.2.2 Bidding stage

Bidding stage will be opened on 2019 May 15, 10:00 Vilnius time (GMT +3) and closed on 2019 June 4, 23:59 Vilnius time (GMT +3) (the "**Bidding Stage**" or the "**Subscription Period**"). In the bidding stage Investors will be able to place multiple bids.

a. Placing bids through the IPO Platform

Only the Investors who have successfully completed the registration stage will be admitted to participate in the Bidding Stage.

When bidding, Investors must provide information on their securities account custodian. After the successful Offering, acquired Offer Shares will be transferred to the Investor's securities account opened with the custodian.

Investors will be able to place their bids for the Offer Shares by stating:

- The number of Offer Shares Investor is willing to purchase; and
- The price per Offer Share Investor is willing to pay.

The Auction will have following bidding rules:

- the minimum size of any bid is 15 (fifteen) Offer Shares;
- the minimum Offer Share price threshold is EUR 3,14 per share;
- the minimum bid increment is EUR 0,01 per share;
- the maximum bid amount is EUR 2.5 M.

Investors will be able to complete the bid if the balance on the IBAN account is not less than the total value of the bid. The funds may be transferred to and from the Investor's IBAN account using the unique IBAN account number. If the available balance on the IBAN account is below the total value of the bid, the Investor will not be able to complete the bid, thus the bid will be stored as a draft and the Investor will be able to finalize the bid after replenishment of the funds on the IBAN account.

After completion of the bid, the funds corresponding to the total value of the bid will be automatically transferred from the Investor's IBAN account to the Company's accumulative account opened at the Company as electronic money institution in the Company's name for the Offering purposes.

If an Investor wishes to modify a completed bid, the bid must be cancelled by the Investor and a new bid executed. Investors will be able to cancel their bids only till 2019 May 28, 23:59 Vilnius time (GMT +3). If the Investor cancels the bid, the funds corresponding to the bid value is going to be automatically returned to the investor's IBAN account. The processing of a cancelled bid should take up to 2 minutes, so Investors should take this into account. After the completion or cancelation of a bid, the Investor is going to receive an email confirmation from the Company.

b. Placing bids via Nasdaq Vilnius

Alternatively to the IPO Platform, Investors will be able to participate in the Bidding Stage on Nasdaq Vilnius trading and clearing platform Genium INET arranged by AB Šiaulių bankas. The bids may be submitted through the financial institutions members of Nasdaq Vilnius (the "**Participating Institution**"). A complete list of Participating Institution is published on Nasdaq Vilnius website (https://www.nasdaqbaltic.com/market/?pg=members&lang=en).

In order to be able to submit bids for the Offer Shares, Investor must have a securities account opened with any financial broker or Participating Institution.

Investors will be able to place their bids for the Offer Shares by filling an order with any financial broker or Participating Institution stating:

- The number of Offer Shares Investor is willing to purchase;
- The price per Offer Share Investor is willing to pay.

The Auction will have the same bidding rules as for bids placed via IPO Platform:

- The minimum size of any bid is 15 (fifteen) Offer Shares;
- the minimum Offer Share price threshold is EUR 3,14 per share;
- the minimum bid increment is EUR 0,01 per share;
- the maximum bid amount is EUR 2.5 M.

By submitting a bid for the Offer Shares via a bid of the Participating Institution, Investor will authorise and instruct the Participating Institution to immediately reserve the total bid amount on the Investor's cash account until the payment for the allotted Offer Shares is completed or until funds are released in accordance with the Information Document. Exact procedures applied by Participating Institution may differ and are subject to their internal rules.

The Investor bears liability for the incorrectly filled bids for the Offer Shares. If Investor is willing to modify a completed bid, the bid must be cancelled by Investor and a new bid executed. The Investors will be able to cancel their bids only until 2019 May 28 23:59 Vilnius time (GMT +3).

The Company has opened a cumulative account at the Company as electronic money institution in the Company's name, with a sole purpose to collect the raised funds from the Offering. During the Allocation stage, the reserved funds of the Investors fully or partly will be transferred to the said account for the payment of the allocated Offer Shares. The amount transferred will be equal to the number of shares bid multiplied by the Offer Shares Price, thereby if Investor has bid the price per Offer Share exceeding the Share Offering Price, the amount of funds which will be transferred will be less than the reserved amount.

4.2.3 Auction Closing

After completion of the Bidding Stage Company will close the bidding and Investors will not be able to place new bids. Should the total value of the placed bids during the Bidding Stage be below the Minimum Raised Amount, the Offering process is going to be cancelled and all the Investors are going to be informed about cancellation of the Offering. The Company will return all the funds of the Investors who placed their bids through IPO platform to their IBAN accounts within 2 business days after the cancellation of the Offering. Participating Institutions will release the reserved funds of the Investors who placed their bids through Nasdaq Vilnius in compliance with their internal rules.

4.2.4 Pricing Stage

Offer Share Price will be determined by Company's Board choosing from the total pool of received bids the number of the Offer Shares to be issued (the "**Selected Number of Offer Shares**"), where the Offer Share Price will be the price at which it is possible to sell the Selected Number of Offer Shares.

The procedure for determining the Offer Share Price will be performed in the following steps:

(1) After the completion of the Bidding Stage, Company's Board will collect the data of the bids submitted;
(2) Each bid will contain at least the following data: Investor's identification data, the time of the bid, the number of the Offer Shares the Investor wishes to buy and the price per share at which the Investor is willing to purchase the Offer Shares;
(3) The bids submitted will be pooled and sorted in descending order by price;
(4) Company's Board will determine the Selected Number of Shares starting from the highest price. Since the price of the Share Offering is the price at which it is possible to sell the whole Selected Number of Shares, it will be the lowest price within the Selected Number of Shares;
(5) The whole process will be executed with the participation of auditors from Grant Thornton Baltic, UAB.

These steps will be explained below in a hypothetical example:

Steps (1) and (2):

In this example, it is assumed that Company has received a total of 6 bids as shown in Table 1:

Table 4.1 Pooled bids

Investor	Bid amount of shares	Bid price per share	Date of bid
A	500	EUR 5,00	2019 April 18 10:52:35
B	1 000	EUR 4,00	2019 April 15 12:25:38
C	4 000	EUR 3,50	2019 April 1 15:17:54
D	250	EUR 3,14	2019 April 1 17:17:12
E	550	EUR 7,00	2019 April 15 20:08:03
F	300	EUR 3,14	2019 April 25 23:04:54

The bids are pooled and contain the following data: the Investor identification, the amount bid, the price per share bid and date of the bid.

Step (3):

The pooled bids are sorted in descending order by the bid price per share as shown in Table 4.2:

Table 4.2: Sorted bids

Investor	Bid amount of shares	Bid price per share	Date of bid
E	550	EUR 7,00	2019 April 15 20:08:03
A	500	EUR 5,00	2019 April 18 10:52:35
B	1 000	EUR 4,00	2019 April 15 12:25:38
C	4 000	EUR 3,50	2019 April 1 15:17:54
D	250	EUR 3,14	2019 April 1 17:17:12
F	300	EUR 3,14	2019 April 25 23:04:54

Step (4):

Company may select the number of the Offer Shares to be issued starting from the highest price (from the top). Thereby:

- if Company selects the total amount of the Offer Shares consisting of bids E+A, the Selected Number of Offer Shares will be 1 050 shares (550+500) and the Offer Share Price will be EUR 5 (price at which it is possible to sell the whole Selected Number of Offer Shares and which is the lowest price in the Selected Number of Offer Shares, as Investor A has bid EUR 5 per share and is not therefore willing to pay a higher price);
- If, however Company selects the total amount of the Offer Shares consisting of bids E+A+B+C, the Selected Number of Offer Shares will be 6 050 shares (550+500+1 000+4 000) and the Offer Share Price will be 3,50 EUR.
- If a Company decides to issue 6 250 Offer Shares at a price of EUR 3,14 and if several investors bid the same price, the Investor who bids first will receive the Offer Shares. In this case bids E+A+B+C amount to 6 050 shares. The remaining 200 Offer Shares will be issued to Investor D, because his/her bid was made on 2019 April 1, and it was made earlier than Investor F who bid on 2019 April 25.

During the **pricing stage** Company will be guided, among other factors, by its best interests, as the Selected Number of Offer Shares directly impacts the total amount of money raised.

For example, if Company selects a Selected Number of Offer Shares that is equal to the bid shares, it will consist of all of the bids (A+B+C+D+E+F) which in total will comprise 6 600 shares (550+500+1 000+4 000+250+300), and Company will be able to sell this quantity at the price of EUR 3,14. Consequently, Company will raise EUR 20 724,00.

If, however, Company selects bids E+A+B+C, (excluding bids E and F) the Selected Number of Offer Shares will be 6 050, which Company will be able to sell at the price EUR 3,50. Consequently, selecting the lower amount and excluding bids E and F, Company may raise EUR 21 175,00, which is more than if the whole amount of placed bids had been selected.

4.2.5 Allocation stage

After the pricing stage, Company will begin the allocation stage to the Investors with successful bids.

The successful bids will be determined as follows:

- the bids with the bid price above the Share Offering Price will be successful;
- the bids with the bid price below the Share Offering Price will be unsuccessful;
- the bids with bid price equal to the Share Offering Price will be successful bids, however it cannot be excluded that not all the bids within the given price range, for whatever reason, will be included in the Selected Number of Offer Shares. In such cases the successful bids will be determined by their completion/submission time. Bids which are completed sooner will have precedence over bids completed later. Furthermore, it may also theoretically be the case that a last successful bid within the time range may not be fully allocated, in such case Company will allocate the number of shares that falls within the Selected Number of Offer Shares.

Once process described above is finalized the Company's Securities Account Operator will make respective records of the Selected Number of Offer Shares to the securities accounts of Investors submitting successful bids.

Investors whose bid price per share is above the Share Offering Price will be returned the difference between bid price and Share Offering Price within 2 business days after completion of the pricing stage.

The corresponding number of bids placed through IPO platform and which did not fall under successful bids will be returned within 2 business days after the completion of the pricing stage.

4.3 The listing of Shares on the First North Lithuania

Company is expected to make an application for the Shares to be admitted to trading on First North Lithuania - an alternative trading securities platform for small and medium-sized enterprises in two months after allocation stage is completed. The legal status of the First North Lithuania differs from the regulated market. Although application would be made for the Shares to be admitted to trading on First North Lithuania, there is no assurance that such applications is going to be accepted, that Shares will be admitted or that an active trading market is going to develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Shares.

4.4 Obligation to redeem the shares in case of delisting from First North Lithuania

If the General Meeting resolves to terminate the listing of the shares on the First North Lithuania and UAB "ERA Capital" (the "**Main Shareholder**") at that General Meeting holds majority of Company shares (50 percent or more), the Main Shareholder undertakes to redeem the Shares held by other shareholders, who voted against the decision to delist the Shares from the trading on First North Lithuania or who have abstained from voting in this respect (the "Other Shareholders") (Main Shareholder and the Company has concluded the respective agreement on 2019 May 6). If the Main Shareholder transfers Shares to any other third party, this obligation to redeem Shares in case of delisting of the Shares from the First North Lithuania is not transferred with the Shares.

The Company will, not later than 21 days prior to the General Meeting intending to discuss the issue of delisting the Shares from the First North Lithuania (the "Notification Date"), draw up and publicly announce the notice on the intention to delist the Shares from the First North Lithuania, indicating the preliminary redemption price offered for the Shares. The redemption price shall be established in accordance with the following principles:

(c) The redemption price shall be not lower than the highest price of the Shares acquired by the Main Shareholder in the course of 12 months prior the Notification Date, and shall be not lower than the average weighted price on First North Lithuania in 6 months prior to the Notification Date

(d) Where the Share price may not be established according to para (a) above, the redemption price shall be established having regard to the value established by the asset valuator by not less than two viewpoints. The Asset valuator shall be selected by the Company on its one discretion.

Within a period of 30 calendar days after the date when the General Meeting resolved to terminate the listing of the shares on the First North Lithuania the Company will notify the Other Shareholders about the redemption price accompanied by a justification for the pricing and conditions of the Main Shareholder‘s share redemption offer. The Other Shareholders have to notify the Company if they want to exercise the right to sell Shares to the Main Shareholder (accept the Main Shareholder's share redemption offer) within 20 calendar days after the date of the posting of the Company's notice (the "Response Period"). Share sale-purchase agreements between the Main Shareholder and Other Shareholders, who have expressed a wish to sell Shares in accordance with Section 4.4 of this Information Document, shall be concluded and settled for the Shares by paying the price via bank transfer within 3 months of the end of the Response Period.

After the General Meeting resolves to terminate the listing of the shares on the First North Lithuania, a respective application will be submitted to the First North Lithuania and First North Lithuania stipulates the date when the shares are to be delisted from the trading on the First North Lithuania.

The shareholders who do not accept the Main Shareholder's share redemption offer, are going to remain holders of the Company's shares, which cease to be publicly traded.

This para 4.4 of the Information Document does not apply if the reason for the withdrawal from First North Lithuania is the listing of the Company's Shares on a regulated market of any country.

4.5 Announcement of the outcome of the Offering

Company will announce the final outcome of the Offering through a press release available on the Company's website (https://www.neofinance.com/ipo) until 2019 June 6.

4.6 Rights vested to the Shares

The Shares (including the Offer Shares allocated within the Offering process) will be vested with all the rights of ordinary shares in accordance with Lithuanian law as follows:

- to receive a portion of the Company's profit (dividend);
- to receive the Company's funds, when the capital of the Company is reduced with a view to paying out the Company's funds to the shareholders;
- to receive part of the assets of the Company in liquidation;
- to receive shares without payment if the capital is increased out of the Company funds, except for cases provided in the Law on Companies;
- to have the pre-emption right in acquiring the shares or convertible bonds issued by the Company, except for the case when the General Meeting decides to withdraw the pre-emption right for all the shareholders according to the procedure provided by the Law on Companies of the Republic of Lithuania;
- to lend to the Company in the manner prescribed by laws;
- other property rights under the laws of the Republic of Lithuania;
- to attend General Meeting;
- to submit to the Company in advance questions related to issues on the agenda of the General Meeting;
- to vote at the General Meeting according to voting rights carried by their Shares;
- to obtain information about the Company – of the scope and pursuant to the procedure provided in the Company's articles of association;
- to bring an action for damages against the Company caused by non-performance or improper performance of official duties of the executive managers and Company's Board members provided for in the Law on Companies, other laws and the Articles of Association, as well as in other cases stated in the law;
- other rights under the laws of the Republic of Lithuania or the Company's articles of association.

All the Shares confer equal rights on all the shareholders.

4.7 Processing of personal data

The Company is committed to protecting all the personal data of participants to the Offering according to the General data protection regulation and legislation of the Republic of Lithuania. Company continuously implements appropriate technical and organizational measures to keep data protected. The Company will keep the following data of the participants to the Offering: identity data, user identification number, the offered share price, quantity, total bid amount. The Company will keep this data for 10 (ten) years after Offer Shares are transferred to Investors' securities accounts. Please see the Company's privacy policy here: https://www.neofinance.com/.

5. OVERVIEW OF PEER-TO-PEER LENDING MARKET IN LITHUANIA

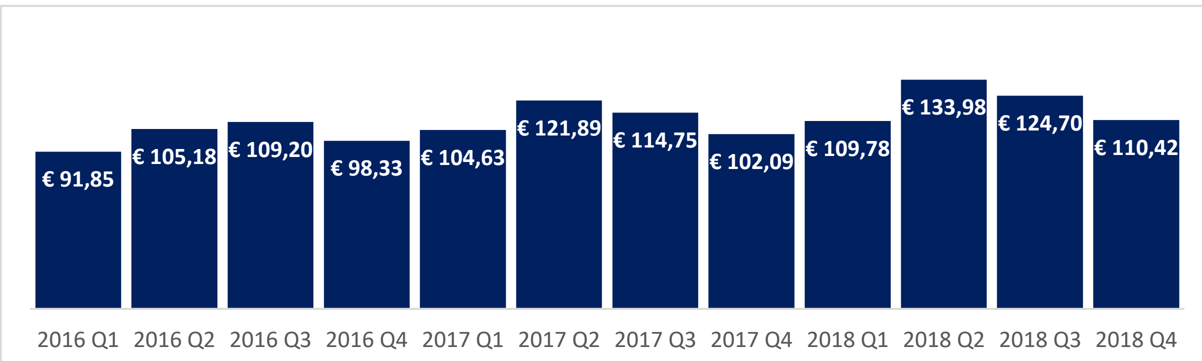
The following information relating to the Company's position in the market has been provided for contextual purposes. The information included herein has been extracted from a variety of publicly available sources. By using such sources, the Company has not knowingly omitted any facts that could cause the information to be inaccurate or misleading. Investors should read this section in conjunction with such sections of the Information Document as 2 "RISK FACTORS" and 7 "OPERATING AND FINANCIAL REVIEW".

5.1 Overview

Peer-to-peer lending is a decentralized loan distribution model where the lending agreements are made among the lenders and borrowers and directly avoid classical centralized credit schemes where deposits are accepted and credits provided through banks and credit unions. Peer-to-peer lending is enabled by Peer-to-peer lending platforms which help the borrowers and lenders connect with each other.

The Peer-to-peer consumers loan industry is growing successfully and at a stable rate. According to the Bank of Lithuania, Peer-to-peer lending providers are included within the general class of consumer loans and this sector is exhibiting a growing trend. In the 4nd quarter of 2018 the amount issued had reached EUR 110.42 M, which is an increase of more than 8% compared to the same period of the previous year (see Fig. 5.1).

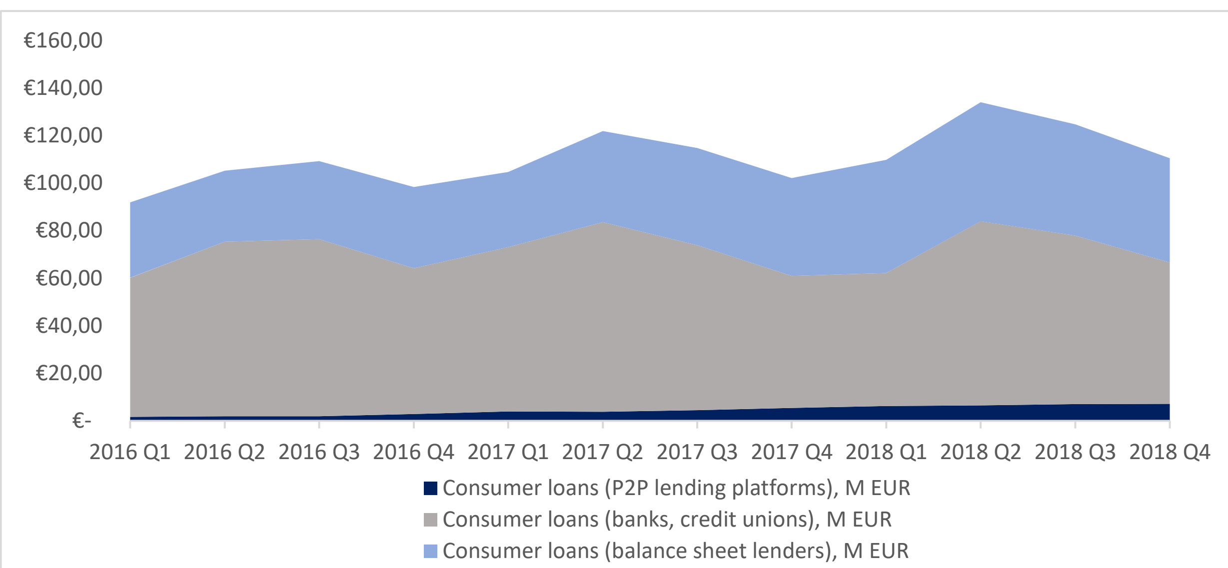
Figure 5.1 Issued Consumer Loans in Lithuania (M EUR)



Source: Bank of Lithuania

According to the Bank of Lithuania, the main sources of consumer credits for households in Lithuania are banks, credit unions and balance sheet lenders (see Fig.5.2).

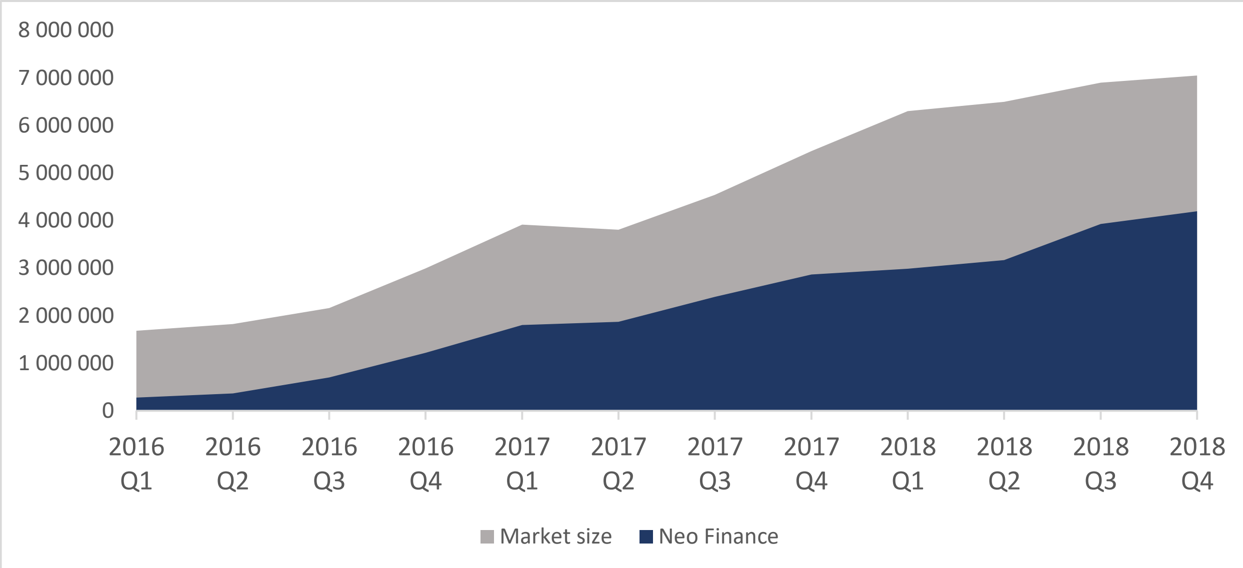
Figure 5.2 Issued Consumer Loans Lithuania (M EUR)



Source: Bank of Lithuania

The classical lending sources such as banks and credit unions still account for the largest volumes of consumer loans. However, the volumes issued by the alternative non-banking lenders are exhibiting aggressive growth and much lower volatility.

Figure 5.3 Dynamics of the loan portfolios among competitors of the Peer-to-peer lending market (M EUR) in Lithuania



Source: Publicly available data from Peer-to-peer lending platform operators.

Although the Peer-to-peer lending industry has lower market penetration than traditional players, it should be noted that, apart from the Company, there are only 2 other active players in the Peer-to-peer lending industry in Lithuania. The Company is the market leader and issued consumer loans of EUR 8 942 047 (50,5% market share) in 2017 and EUR 14 274 422 (53,4% market share) in 2018. Thereby, as shown on Figure 5.3, loans issued by the Company are the main driver of the Peer-to-peer lending industry growth in Lithuania.

5.2 External Environment of the Peer-to-peer lending industry

The Lithuanian Peer-to-peer lending industry can be evaluated from the various perspectives of socio-cultural, economic and political factors.

From a socio-cultural perspective, the Peer-to-peer industry is part of global disruption to traditional financial services. Worldwide Peer-to-peer lending is growing in popularity. The main socio-cultural drivers of this popularity are:

- democratization of finances;
- declining deposit margins of banks;
- banks' inability to compete for consumer loans due to bureaucracy and policy restraints;
- popularity of technologies in everyday life.

Furthermore, it should be noted that one of the main Peer-to-peer lending industry competitors is balance sheet lending, or as it is often referred to "non-banking consumer loan providers", a sector that is also recognized as part of Fintech disruption and opposed to classical lending institutions. However, generally due to aggressive marketing and relatively high interest rates, balance sheet lending is not well perceived in society, this being an additional driver for the popularity of the Peer-to-peer lending industry in Lithuania.

Economic factors viewed from the perspective of economic cycles have recently seen mixed signals. According to some conservative-view commentators, the global economy is approaching a slowdown phase, while other, more bullish commentators state that such market dynamics can still occur during economic growth cycles. If however, it is true that the economy is actually slowing down, further indications should also be apparent: further slowdown of economic growth rates, application of restrictive monetary policy, declining credit availability and other indications. Nevertheless, it also must be noted that, during the previous economic downturn in 2008-2009, Lithuanian consumer lending was among the few profitable financial segments of the economy, which in turn would provide an opportunity for the Peer-to-peer lending industry.

Political factors have a significant impact on EU financial business in general, and the same applies for the Peer-to-peer lending industry of Lithuania. Although the Peer-to-peer lending sector is less regulated in Europe than other segments of the financial services industry, it must be noted that the level of uncertainty here is much higher. This can be explained due to the fact that the normative basis underlying the Peer-to-peer lending industry is relatively new and can be exposed to changes in normative regulation. However, it must also be acknowledged that the regulation risk is below the risk that balance sheet lenders are subjected to, as according to general opinion they have a negative impact on the national economy.

Balance sheet consumer lending is getting more regulated throughout Europe. However, Lithuania is one of a few countries in the EU which specifically regulate Peer-to-peer lending. A legal entity has the right to engage in Peer-to-peer lending platform operator activity only after the supervisory authority enters it on the public list of operators of the Peer-to-peer lending administered by the Bank of Lithuania. Company was the first entity which was listed on the public list of operators of the Peer-to-peer lending and is under the constant supervision of the supervisory authority – the Bank of Lithuania.

In Lithuania, consumer credits can be granted by banks and credit unions, Peer-to-peer lending platforms and other financial institutions included in the public list of consumer credit providers. In terms of consumer loan borrowers, regulation and supervision for Peer-to-peer lending platforms is the same as for other consumer credit providers.

Regulation sets out requirements for Peer-to-peer lending platforms in order to ensure lender protection. Peer-to-peer lending operators must avoid conflicts of interest, represent the interests of lenders in relations with borrowers, and also provide full information about investment risks.

Regulation also sets out requirements for lenders through Peer-to-peer platforms. These requirements must be ensured by the Peer-to-peer lending platform. For example, the total amount granted by one Lender to a single borrower may not exceed EUR 500 per year.

In 2018 Lithuania established tax exemption for personal income under EUR 500 relating to interest received from investing in loans through Peer-to-peer platforms.

5.3 Competitive environment of the Peer-to-peer lending industry

As a leader of the Lithuanian Peer-to-peer lending industry, Company with its market share of over 50% does not experience very intensive competitive pressure from its direct competitors. Actually, the main competition is seen on the borrowers' part as the Company is mostly competing with banks, credit unions and balance sheet lenders. The vulnerability of market participants to the threat of new market entrants can be evaluated from the perspective of such factors as: (i) potential new entrants and barriers to entry, (ii) bargaining power of suppliers and buyers in the market and (iii) the threat of substitutes.

The threat of new entrants is not considered high when considered from the perspective of access to the customer-borrower base in the Peer-to-peer lending market of Lithuania. This is mostly due to the following factors:

- Profitability in the Peer-to-peer lending industry in Lithuania most likely requires economies of scale as evidenced by the Company's past performance;
- Moreover, this factor is intensified by the impact of government regulations related to income collection of Peer-to-peer lending platforms. Law stipulates that Peer-to-peer lending platforms must collect no less than 75 percent of its revenue solely from contributions when a borrower is repaying a loan. This extends timing of income collection and raises the need for working capital. The only exception is in the case when Peer-to-peer lending platform chooses to co-finance every single credit originated with at least 12% own contribution. Such income collection model provides alignment of interest between Peer-to-peer lending platforms and Lenders. However, it means that the Company has to bear costs in the current year in order to earn an income stream that will only become available over the course of a loan;
- In the Peer-to-peer lending industry in Lithuania it is difficult to access the distribution channels, as, based on the Company's experience, it can take several years to build trust and attract customers;
- Technology plays an important role. The Company is using its customized cutting-edge Lending Platform, which over years of operation has become a store of the Company's know-how and has required considerable capital expenditures.

The barriers to entry cannot be significantly mitigated by low lending product differentiation, the insignificance of the brand name for Peer-to-peer loan products and low switching costs for borrowers and the customer. Thereby it is not very likely that the Peer-to-peer lending industry could be entered by players from other financial sectors of national significance; it is more likely that an entrant could be a seasoned Peer-to-peer lending player from other EU markets.

However, from the perspective of accessing lenders to the Peer-to-peer platforms, Lithuania could be regarded as more open to new entrants since:

- Attracting investments via Peer-to-peer lending platforms does not necessarily require economies of scale;
- The differentiation of such products is low;
- Initial capital investment is low.

Since the market of lenders to Peer-to-peer lending platforms can be considered as being more accessible to new competition, it also opens up new opportunities for the Company since, in the same way, the Company can enter other markets and, in doing so, attract new Lenders.

The bargaining power of suppliers (Lenders) and buyers (borrowers) in the Peer-to-peer lending market can be considered low as both, the Lenders and the borrowers are considered a mass market segment.

The switching costs from one lending platform to another are low.

Figure 5.4: Consumer Credit in Lithuania issued by the balance sheet lenders and Peer-to-peer lending platforms (excluding banks and credit unions)

Consumer credit providers supervised by the Bank of Lithuania	**51**
Loan portfolio (M EUR)	**227.6**
Number of Customers	**200 559**
Average annual interest rate	**28,4%**
Amount of credits granted over the quarter (M EUR)	**56.5**
Data on: 2018 July 30	

Source: Bank of Lithuania

The Peer-to-peer lending industry players face competition from other consumer credit providers such as banks, credit unions and balance sheet lenders. The Company has an average interest rates of 17,5%, which is highly competitive compared to the 28,4% average of balance sheet lenders and Peer-to-peer lending platforms (excluding banks and credit unions, Fig.5.4). Thereby the threat of substitution presently cannot be considered as high.

5.4 Threats and opportunities for the Peer-to-peer lending industry.

The factors discussed below represent both threats and opportunities for the Company. The factors providing opportunities in the Peer-to-peer lending market for the Company are:

- The Peer-to-peer lending industry is part of the growing consumer loan industry of Lithuania. Contrary to the classical banking industry, the industry dynamics have been demonstrating a constant and steadily growing trend over the last 2 years.
- Factors such as interest rates and intensity of competition within the industry indicate that the Lithuanian Peer-to-peer lending market has growth potential.
- The external environment of the Peer-to-peer lending industry can be characterized positively from the socio-cultural perspective, which is very important as Company is operating in the mass market.
- Economic developments in future may show signs of an economic downturn. However, even if these expectations materialize, it is probable that such a scenario may even create additional lending opportunities for Company, particularly considering past developments on the consumers' lending market in Lithuania during the last economic downturn in 2008-2009.
- Authorization for legal entities to invest in loans through Peer-to-peer lending consumer lending platforms can have a positive impact on the growth of the Peer-to-peer lending market and prospects for the Company.

Factors that could pose a significant threat for the Peer-to-peer lending industry and consequently the Company:

- The volumes of the loans issued are lower than those of competing industries. However, as shown in Fig.5.3, Company is the leader and main driver of growth in the Lithuanian Peer-to-peer lending industry;
- Any Peer-to-peer lending platform bankruptcy can pose a threat to the success of the industry. Despite the fact that Company operates in a strictly regulated market and is supervised by a supervisory authority which reduces the probability of bankruptcy, bankruptcy of other Peer-to-peer lending platforms could still negatively affect the confidence of the Lenders.

6. BUSINESS OVERVIEW

This section should be read in conjunction with the more detailed information laid out in section 7 "OPERATING AND FINANCIAL REVIEW".

6.1 General

Company started to provide Peer-to-peer lending services in 2015 December 9, immediately after the legal base for Peer-to-peer lending was adopted in Lithuania. Furthermore, the Company decided to develop the Payment Initiation Service, offering it to third parties from September 2018. By commencing operation, the founders of the Company believed that consumers in Lithuania deserved alternative, accessible and more humane opportunities for borrowing money, as the only opportunities at the time came from classical crediting establishments.

Figure 6.1 Key Operational Facts of the Company

11 974 **Registered Lenders**	**56 630** **Registered borrowers**
6 981 **Active Lenders**	**6 350** **Active borrowers**
3 063 **Average portfolio, EUR**	**2 652** **Average loan, EUR**
32.25 M **Financed loans, EUR**	**49** **Average loan term, months**
3 906 115 **Interest received, EUR**	**17,48%** **Average interest rate**

Data on: 2019 May 12

The Company is the first and so far the only Lithuanian Peer-to-peer lending platform operator to hold an e-money institution license allowing operation throughout the European Union. The Company was the first to be simultaneously listed in the Lithuanian Peer-to-peer lending operators' list and consumer credit providers' list. The combination of the e-money institution license and inclusion in the consumer credit providers' list ensures continuous supervision of the Company by the Bank of Lithuania.

Company operates three brands and offers the following fintech services: Peer-to-peer lending, Peer-to-peer borrowing and Payment initiation service.

The Company has established an environment where people can lend and borrow from each other at favorable market rates. Such environment is based on the Lending Platform, a cutting-edge technology developed by the Company in-house. The Lending Platform with its user-friendly interface, credit scoring model and advanced data analysis methods provides borrowers with competitive interest rates and Lenders with rewarding returns. Furthermore, borrowers can use the Lending Platform to set and adjust their proposed interest rates themselves, creating a competitive market and price discovery mechanism for all participants.

The Company has succeeded in providing its clients with attractive and professional services, which is confirmed by the fact that most of the Company's clients use the services more than once and recommend the Lending Platform to their peers.

The Company holds the market leader position in Peer-to-peer lending with over 50% of the market share on the Lithuanian Peer-to-peer lending consumer loan market. In addition to that, the Company has already processed over 1.5 M payment initiation transactions via NEOPAY brand, and is collaborating with one of the largest online retail players in Lithuania, the two largest payment aggregation providers for utilities services, the largest online restaurant guide, an electronic grade book service provider, and a leading online insurance broker. The Company is in the process of signing agreements with a number of leading Lithuanian e-commerce platforms in multiple industries.

The Company's operations are supervised by the Bank of Lithuania, as the Company holds an electronic money institution license and is included in the public list of consumer credit providers. The Company was the first operator to be included in the public list of Peer-to-peer lending platform operators in Lithuania.

The Company's headquarter is located in Vilnius, Lithuania and a subsidiary was established in the Netherlands on 2019 March 28. At the time the Information Document was created, Company employed 21 employees. The Company is served by 4 Company's Board members and 4 Supervisory Board members.

Company regularly participates in worldwide FinTech events. In 2018 Company took part in Fintech Weeks in Copenhagen, London and Singapore as well as the soft-landing program in the Netherlands**.** In 2016 Company received an award as the most technologically advanced company in Lithuania "Technopelnas 2016".

6.2 Company's mission and vision

Company's mission is to democratize the lending/borrowing environment by:

- Ensuring more humane, more accessible and more affordable borrowing conditions for retail borrowers; and
- Providing an opportunity for retail Lenders to assist other people and receive rewarding profits.

Company's vision is to become an internationally positioned Fintech services provider with a leading position in more than one market.

6.3 Main services

6.3.1 Company's products and brand names

Fintech products and brands offered by Company are:

- "Paskolų klubas", (https://www.paskoluklubas.lt/): this brand name embraces a set of products for addressing retail borrowers and retail investors on the Lithuanian market;
- "NEO Finance", (http://www.neofinance.com): this brand name embraces a set of products for addressing retail investors on the EU and EEA markets investing in Lithuanian consumer loans.
- "NEOPAY", (http://www.neopay.lt): Payment initiation service, online payment collecting in a real-time service for e-commerce.

The Company provides two main services: Peer-to-peer consumer lending and Payment initiation service.

6.3.2 Peer-to-peer lending

a. General

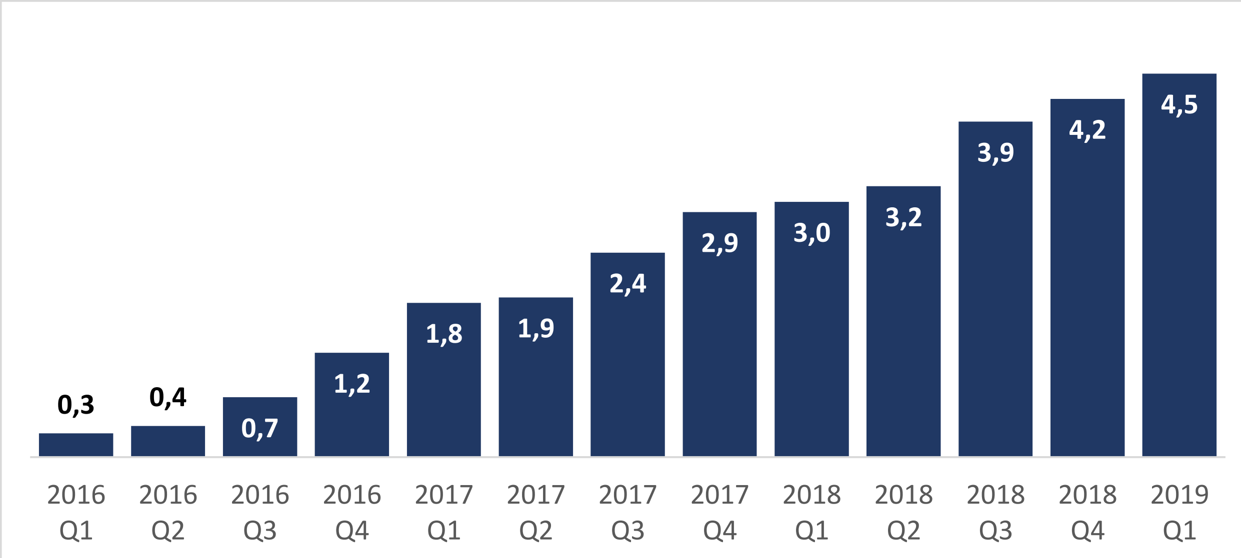
The Company owns and operates a Peer-to-peer lending platform that enables retail Lenders to lend money directly to retail borrowers (the "**Lending Platform**"). As an electronic money institution, Company provides and secures the money flow between Lenders and borrowers. As a result, retail borrowers gain access to competitively priced loans and retail Lenders can achieve attractive investment returns.

Company generates its revenues via the Lending Platform in two main ways:

- Intermediary fee charged from borrowers on instalments made;
- Interest made by co-investing with Lenders.

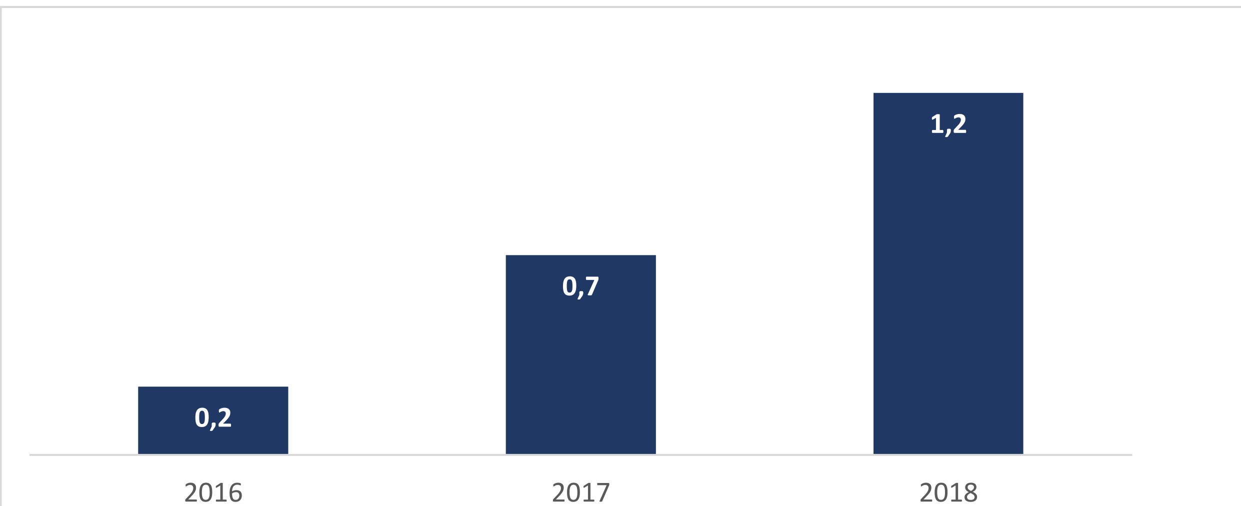
Since the day of inception until 2019 May 12, the amount of loans financed through the Lending Platform exceeds 32.25 million EUR.

Figure 6.2 Loans financed through the Lending Platform, M EUR



The Company co-invests in some loans along with Lenders. A policy of avoiding conflicts of interest is provided to every Lender. Historically, the Company has financed 8,7% of loans issued on the Lending Platform. Company's investments in loans are presented in the Figure 6.3.

Figure 6.3: Investments in loans performed by the Company, M EUR



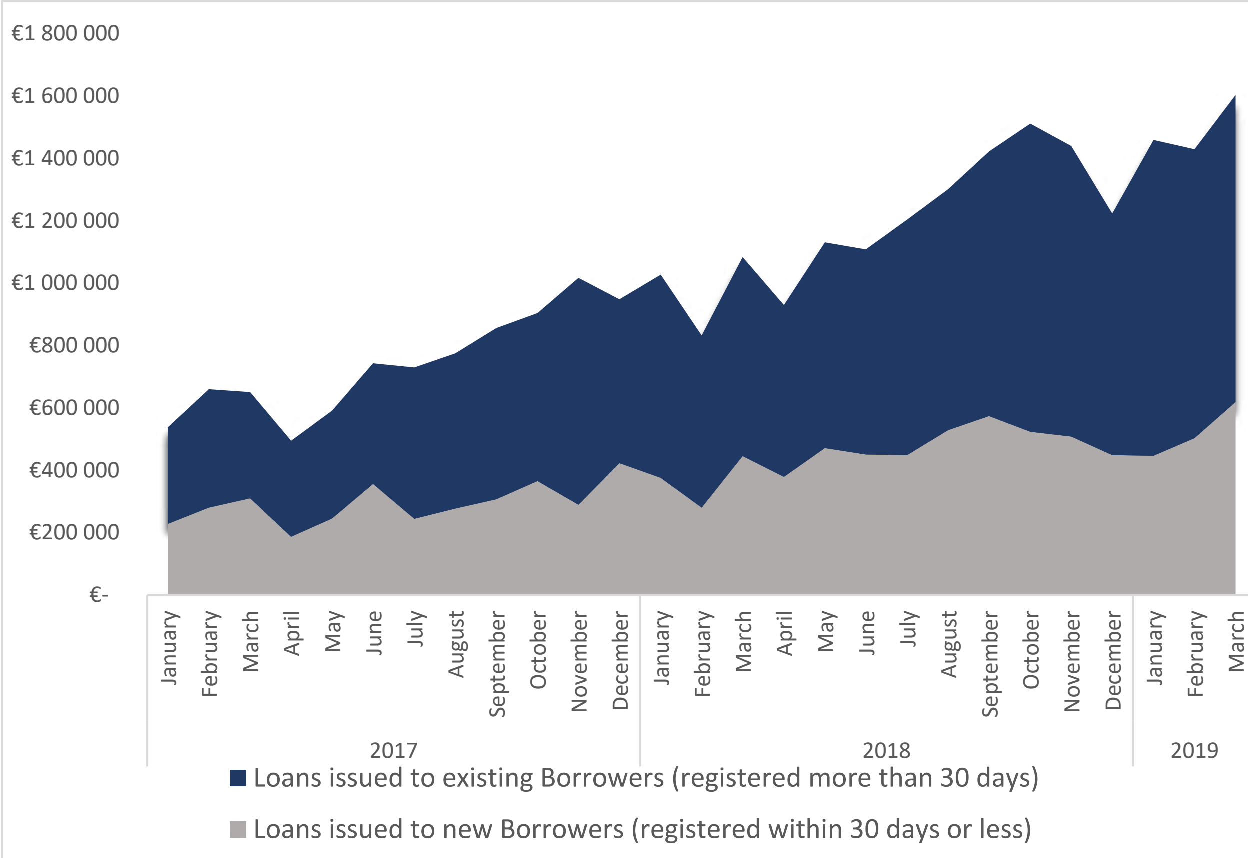
Company's employees believe in Peer-to-peer lending as a product and especially have confidence in the Company. Therefore, as of 2019 May 12 Company's Board, Company's Supervisory Board and management team portfolio amounted to EUR 1.1 M.

b. Borrowers

There are more than 55K registered borrowers using the Company's Peer-to-peer lending services. The target audience comprises consumers with mid to mid-high income, in the age range of 23 to 45, who are currently financed through banking products - consumer loans or credit cards. Loans are usually offered for education, health care, real estate remodeling, auto financing and refinancing purposes.

The Company uses a mix of promotion channels to acquire new borrowers to the Lending Platform, thus securing continuous growth. At the same the time Company safeguards the growth already achieved by providing a quality service at competitive market rates to borrowers who use the Company's services more than once, as shown in Figure 6.4. In compliance with the Company's credit scoring, a borrower may utilize up to 3 credits, the maximum amount being 15 000 EUR, with the exception of low risk credit score A, where the maximum is 20 000 EUR.

Figure 6.4: Monthly financed loan volume distribution between new and existing borrowers

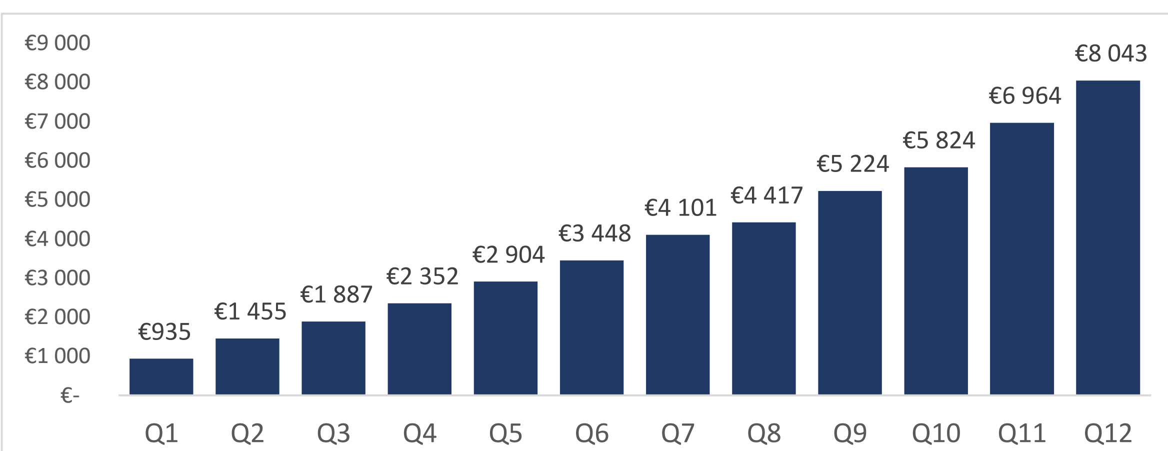


c. Lenders

Company's target audience includes EU and EEA citizens who are already investing in real estate, stocks or other financial instruments and are looking to diversify their portfolio with attractive risk-reward ratio products. They are usually high-income individuals holding mid-upper management positions or high-level specialists. As of 2019 May 12 there are almost 7 K active Lenders (Lenders who have active investments in their portfolio) and more than 11 K Lenders registered on the Lending Platform.

The average investment per Lender steadily increases quarter by quarter as shown in Figure 6.5. This demonstrates how much each Lender invests on average per quarter starting from his/her registration date. Thus, during the first quarter from the registration date, a Lender invests EUR 935 on average. At the end of 12 quarters, that investment amount reaches EUR 8 043 on average.

Figure 6.5: Average invested amount per Lender since his/her registration date



d. Marketing and Distribution Channels

Most of the Company's loan sales are distributed online. Management of Company's marketing strategy is very challenging per se, as its main objective is to attract two very distinct groups of stakeholders: borrowers and lenders.

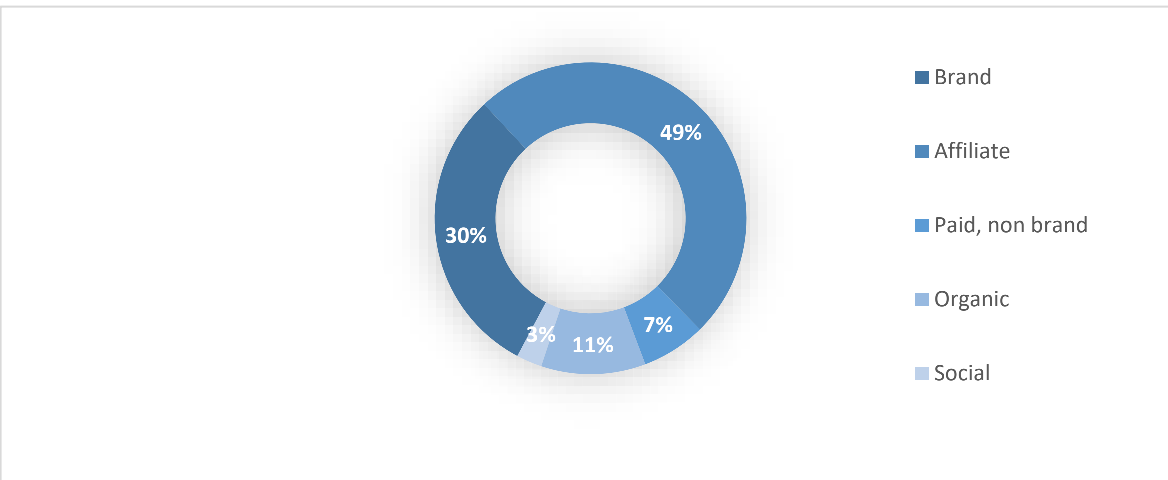
Communication to Lenders

The aim of the marketing communication strategy for investors is to support sales. The Company's main channels for communicating the Company as an investment platform are performance-based such as pay-per-click, affiliate networks and referrals. In this environment one of the Company's main tasks is to exercise strict controls over the acquisition costs per Lender. Furthermore, on the Information Document publishing date, Company is cooperating with more than 100 publishers throughout Europe to create content, write reviews and publish articles and videos about the Lending Platform.

Communication to Borrowers

Communication strategy is focused on borrowers looking for better interest rates. Company has chosen a long-term strategic market entry plan that educates the target customer and introduces Peer-to-peer lending as a new alternative on the financial services market. The Company's tactic is to rely on a wide range of distribution channels.

Figure 6.6: Channel distribution - borrower registrations, 2018



Company is presently using the following acquisition channel distribution strategy to help keep acquisition costs low and constantly decrease them (as shown in Figure 6.6.):

- 30% of Company's borrowers are acquired as a result of brand building;
- 49% of Company's borrowers come from affiliate partners that advertise the Lending Platform in exchange for a success fee;
- 11% of Company's borrowers are acquired as a result of investing into search engine optimization
- 10% of our borrowers are acquired from paid online media channels.

e. The Lending Platform

The Lending Platform is very similar in its functionality to a banking system with IBAN accounts, support of payment transactions, and similar functions. It was built and is being constantly developed in-house by highly experienced IT and banking professionals. The main task of the Lending Platform is to ensure security and confidentiality, as well as timely reaction to the clients' needs. In 2016, the Company was named Tech Company of the Year by the main Lithuanian business daily "Verslo žinios".

The Lending Platform for users supports the following main features:

- Individual IBAN accounts for each user that support SEPA payments (at the moment only allowed for Lithuanian companies and individuals for AML monitoring purposes);
- Payment initiation service;

- Investment functions, such as: primary market, secondary market, provision fund, buy-back guarantee, real-time debt collection information for Lenders.

Furthermore, the Lending Platform features credit application and credit management, whose main functions are:

- Integration with credit bureaus to automatically receive data on consumers: past and current debts, loans, and late payments;
- Integration with the State Social Insurance system to automatically receive data on consumers' employment status and salaries;
- Scoring system developed for the Lending Platform.

Since the beginning of operations, Company has invested over one million euros in Lending Platform development and continues to allocate capital expenditures to development and improvement every month.

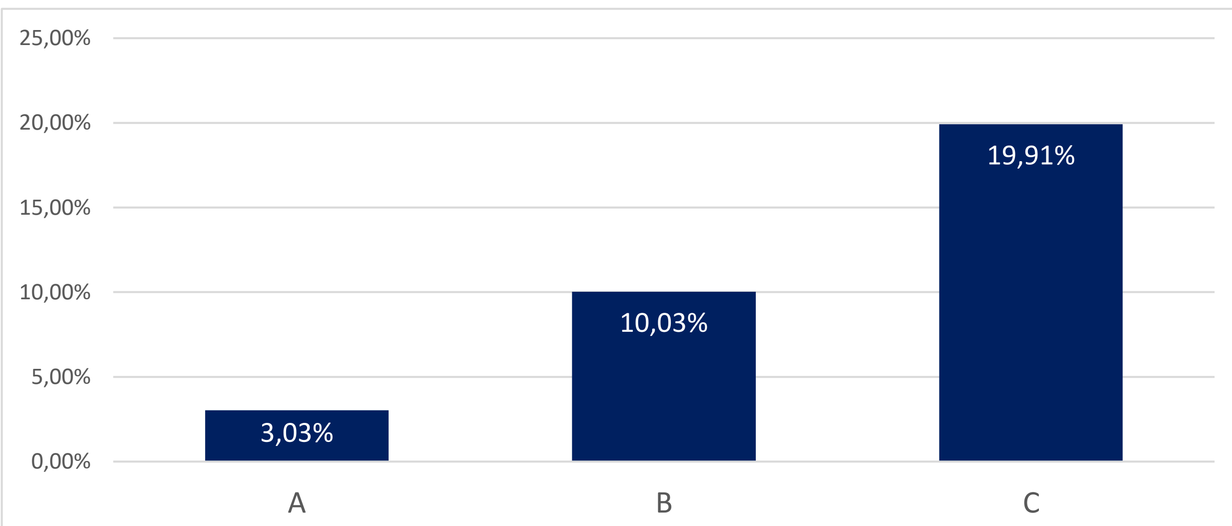
f. Credit scoring and data analytics

The Company's Credit scoring system has been developed in-house and, as more data becomes available, undergoes continuous re-calibration. After identifying a client, the Lending Platform's algorithm combines salary and liabilities data from official databases with the client's age, education, debt history, other factors and provides him/her with a rating - A, B, C, D or E.

The credit scoring system allows to finance only clients with rating A, B and C. Rating D is not financed as too risky. Rating E is not eligible to be financed as per legal requirements.

Differences among the ratings (as of 2019 May 12) are provided in the figure 6.7. However, the figures in the chart represent cumulative defaults in particular rating class and therefore should not be confused with annual default rates.

Figure 6.7: Default rate among the ratings



At the Information Document date, Company is testing an Artificial Intelligence based scoring model provided by a third party to further improve the scoring system. Management is seeking to implement enhanced scoring system in the middle of 2019.

Every year Company is obliged to renew its business continuity plan and submit it to the Bank of Lithuania. According to the latest business continuity plan, Company successfully completed a stress test in March 2019 (more information is provided here).

g. Subsidiary in the Netherlands

The Company has recently (2019 March 28) incorporated its subsidiary in the Netherlands - Neo Finance BV. The main objective of Neo Finance BV is to attract new Lenders from EU to invest in consumer loans through the Lending Platform. In the second half of 2019 the Company plans to actively promote the Payment initiation service in the Netherlands to local e-commerce retailers.

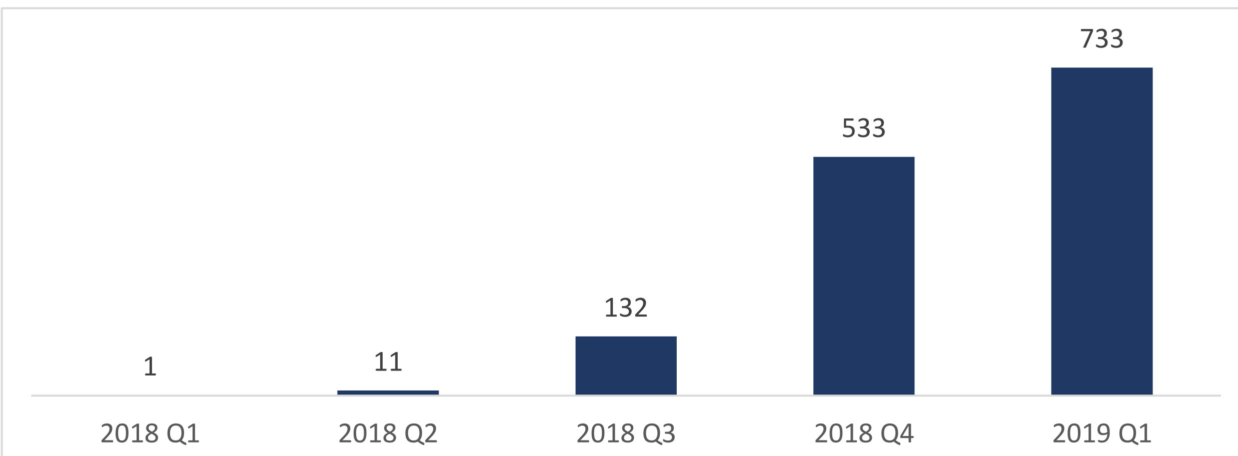
6.3.3 Payment initiation service

Payment initiation services were introduced by Directive (EU) 2015/2366 of the European Parliament and of the Council of 2015 November 25, covering payment services in the internal market. The purpose of this directive is to create an alternative to credit card payments and enable an easily accessible payment service for a consumer that requires only an online payment account. On 2018 October 30, following the decision of the Board of the Bank of Lithuania, the Company's electronic money institution license was supplemented with the right to provide payment initiation services. There are 5 financial institutions in Lithuania holding the right to provide a payment initiation service. However, only 2 other financial institutions actually provide such service. In Company's Board's opinion Company is the fastest growing Payment initiation service provider in Lithuania. However, the market of payment initiation service is relatively new, hence the information about the activities of the other market players is not yet publicly available, rendering it impossible to provide deeper comparison between the Company and its competitors. Due to such circumstances Informational Document does not contain statistically detailed payment initiation service overview.

Under the Payment initiation service, service providers such as Company gain access to the customer's account information from the account operator, for example, a bank, to help customers make online payments and immediately inform the merchant of payment initiation.

Company presently provides the Payment initiation service to one of the largest ticket distributors, the two biggest platforms for utilities' payments' collection, the largest restaurant guide, an electronic grade book service provider and other online shops and service providers in Lithuania. The Company is offering some of the most competitive fees on the market.

Figure 6.8: Number of Payment initiation service transactions performed by the Company, K EUR



The service gained traction in Q3 2018 when the first large client was signed. Transaction volume is growing rapidly as clients feel more comfortable with using the services of licensed payment initiation services providers and new clients are signed up. Company estimates that an annual volume of 3.6 M transactions is required to break even.

7. OPERATING AND FINANCIAL REVIEW

Audited financial statements and other reports for years 2015-2018 can be found here.

7.1 Revenue

The Company's strategic approach is based on ensuring long-term and sustainable operations, as opposed to maximizing short-term profits. Therefore, most of the revenues from Peer-to-peer lending activities are recognized throughout the loan period, and these revenues are received only when the borrower actually pays the instalment. This approach delays recognition of the Company's revenue to the future periods, but it also develops trust with the Lending Platform's Lenders. Despite this fact, the Company's income from Peer-to-peer lending activities is rapidly growing every year.

Table 7.1 Company's revenue distribution, EUR

	2015	2016	2017	2018
Revenue	**1 018**	**96 762**	**479 424**	**1 015 730**
Change, %	-	***9405%***	***395%***	***112%***
Peer-to peer lending related revenues	-	96 209	354 002	643 248
Investment activity revenues	1 018	(857)	116 606	333 689
E-money issuance and management related revenues	-	1 410	8 816	38 793

Revenue in management accounting. As intermediary fees from Peer-to-peer lending activities are distributed throughout the loan period, and these revenues are received only when the borrower actually makes an instalment, for management purposes the future intermediary fee is presented in the year it is generated.

Table 7.2 The management accounts of Peer-to peer lending related revenues, EUR

	2015	2016	2017	2018
Loans issued	6 850	2 564 665	8 942 047	14 274 422
Generated intermediary fee	239	379 600	1 470 288	1 951 586
Ratio	3,5%	14,8%	16,4%	13,7%

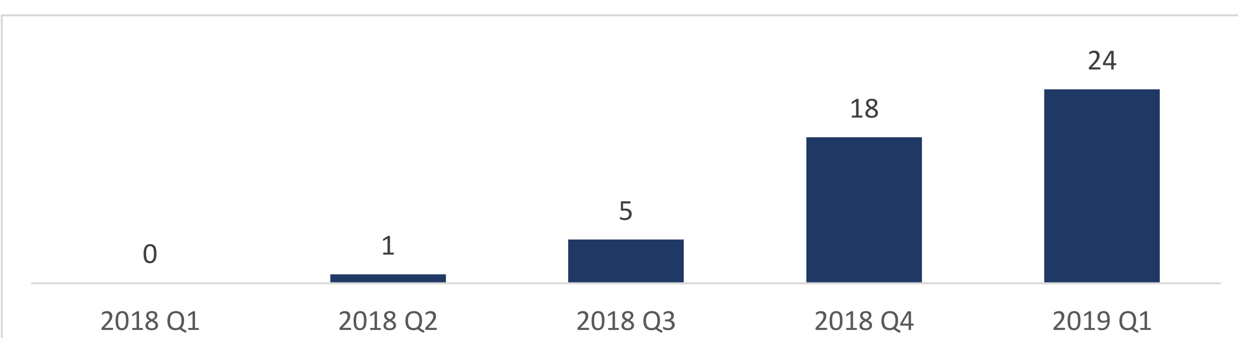
Company's target in Lithuania for 2019 and 2020 is to intermediate in financing EUR 21 M and EUR 29 M of loans respectively.

At the end of Q1 2019, receivable intermediary fees amounted to EUR 3.21 M (EUR 307 K overdue and EUR 2.9 M scheduled for future periods).

The second stream of income is generated through co-investing in loans alongside investors. At the end of Q1 2019, the Company's portfolio of provided loans was EUR 2.27 M.

The third stream of income is related to issuance of e-money and transactions. Most of such income is generated through provision of the Payment initiation service.

Figure 7.1: Revenues from the Payment initiation service, K EUR



7.2 Expenses

Due to an accounting policy change in 2018, the cost of sales and operating expenses are not comparable to 2016, as only 2017 was reclassified retrospectively. Accounting policy was changed so that marketing costs relating to product awareness and interest costs are classified as sales expenses.

Table 7.3 The breakdown of Company's expenses, EUR

	2017	2018	Change, %
Sales expenses	**720 733**	**716 863**	**-1%**
Sales expenses	720 733	716 863	-1%
General and administrative expenses	**690 212**	**826 165**	**20%**
Salaries and social security	311 719	337 400	8%
Provision Fund accrual costs	52 960	56 316	6%
Audit expenses	3 993	10 171	155%
Depreciation	94 807	134 021	41%
Other expenses	226 733	288 257	27%

"Sales expenses" includes marketing, debt recovery, database costs and provisions. "Other expenses" includes rent, utilities, transportation, mobile and fixed data, stationery, parcel delivery, and Provision fund provisions.

7.3 Profit (loss)

As the Company postpones its income from Peer-to-peer lending activities to the future periods, the bottom line is currently negative. However, income is increasing significantly every year and expenses are being kept under control, so it is only a question of time till the Company becomes profitable.

Table 7.4: Company's profit (loss), EUR

	2015	2016	2017	2018
Sales revenue	1 018	96 762	479 424	1 015 730
Expenses	(171 564)	(1 052 991)	(1 410 945)	(1 543 028)
Investment activities	(3 525)	(9 766)	(241)	373
Income tax	26 092	133 244	136 120	74 038
NET PROFIT (LOSS)	(147 979)	(832 751)	(795 642)	(452 887)

7.4 Aggregated Balance

Audited financial statements and other reports can be found here

Table 7.5: Company's aggregated balance, EUR

	2015	2016	2017	2018
FIXED ASSETS	188 364	448 613	1 270 834	2 224 757
CURRENT ASSETS	155 122	790 727	1 032 251	2 811 168
EXPENSES OF FUTURE PERIODS AND ACCRUED INCOME	-	-	65	3 743
ASSETS TOTAL:	**343 486**	**1 239 340**	**2 303 150**	**5 039 668**
EQUITY	(13 920)	278 329	757 690	934 802
PROVISIONS	-	49 838	102 798	159 115

ACCOUNTS PAYABLE AND OTHER LIABILITIES	357 118	910 319	1 441 624	3 942 082
EXPENSES ACCRUED AND EXPENSES OF FUTURE PERIODS	288	854	1 038	3 669
TOTAL EQUITY AND LIABILITIES:	**343 486**	**1 239 340**	**2 303 150**	**5 039 668**

7.5 Capitalization and Indebtedness

The Company's total assets at the end of 2019 Q1 were 5.00 M EUR, of which current assets were 2.36 M EUR, comprising 47% of total assets and fixed assets 2.65 M EUR, comprising 53% of total assets. The value of total assets almost doubled by EUR 2.34 M, with a year-on-year increase of 88%.

Total liabilities at the end of 2019 Q1 were 3.81 M EUR, comprising 76% from total equity and liabilities.

According to data as of 2019 March 31 (i.e. not later than 90 days until preparation of Information Document), the Company's liabilities could be specified as follows:

- Long-term liabilities: issued bonds of EUR 1.1 M with 7,5% interest and amount of guarantee of EUR 1.43 M, loans from affiliated undertakings of EUR 535 K.
- Current liabilities: loans from affiliated undertakings with interest of EUR 160 K.
- Other current liabilities: trade payables of 121 K EUR, employment related liabilities of EUR 57 K, personal income tax liabilities of EUR 1 K, customer money held in one commercial bank account and in Bank of Lithuania of EUR 1.82 M, other tax liabilities of EUR 5 K and other current liabilities of EUR 10 K.

7.6 Working Capital Statement

The Company's Board is of the opinion that the Company has insufficient working capital for its present requirements, i.e. for at least the next twelve months commencing as of the Information Document date. It is expected that working capital needs will be satisfied through the equity financing raised in the Offering. If the Company does not raise sufficient funds (at least 0.5 M EUR) during the Offering, the working capital deficit will be eliminated by reducing the Company's growth rate, postponing future projects, raising additional debt or attracting additional funding from the existing shareholders.

If the Offering process is cancelled, the Main Shareholder has agreed to finance working capital needs by investing a minimum amount of EUR 0.5 M into additional share capital.

7.7 Financial Forecast

The Company's audited financial forecast is added as Annex 1.

8. CORPORATE GOVERNANCE

Company is a Lithuanian public company incorporated in compliance with Lithuanian law. After the listing in the First North Lithuania, Company will also follow the Rules of the First North in Lithuania.

Bodies of the Company

Pursuant to Article 5 of the Articles of Association, the bodies of the Company are:

- the General Meeting of Shareholders;
- the Company's Supervisory Board;
- the Company's Board;
- CEO.

8.1 General Meeting of the Shareholders

According to the Lithuania's Law on Companies and the Articles of Association of the Company, the General Meeting of the shareholders (the "**General Meeting**") is the Company's highest decision-making body. At the General Meeting, the Company's shareholders exercise their voting rights on the issues stated by the law and the Company's Articles of Association. The General Meeting has the exclusive right to make a decision on profit/loss distribution for the previous financial year, including allocation of dividends, to approve the yearly financial statements, to make the decision to issue any class of Shares (including the number, nominal value and the minimum issue price per share), to make a decision on the formation, use, reduction and liquidation of reserves, to make a decision on the allocation of dividends for a period shorter than the fiscal year, to increase or decrease the Authorized Capital, to make a decision on withdrawal for all the shareholders of the right of pre-emption in acquiring the Company's shares or convertible bonds of a specific issue, to terminate the Company's activities, to liquidate, to change the business purpose or object, to make a decision on the reorganization or spin-off of the Company and approve the terms of reorganization or spin-off, to make a decision on the restructuring of the Company in cases specified by the Law on Restructuring of Enterprises of the Republic of Lithuania, to make a decision on the Company's acquisition of its own shares, to transfer the Company's business, to make a decision on liquidation of the Company or on cancellation of the liquidation of the Company, to elect and remove the liquidator of the Company, to extend new types of activity or to terminate existing types of activities, to elect and remove the members of the Company's Supervisory Board and auditors, to pass a resolution on the remuneration of Company's Supervisory Board members and auditors, to make a decision to delist the shares of the Company from trading on any market to which the shares of the Company are admitted.

The General Meeting of the Shareholders must be held not later than 4 months after the end of the fiscal year, whereas the announcement of the General Meeting must be brought to the attention of the Company's shareholders on the Company's website not later than 21 days before the date set for the General Meeting of the Shareholders.

8.2 Supervisory Board

The Supervisory Board is a collegial body supervising the activities of the Company whose members are elected by the General Meeting (the "**Company's Supervisory Board**"). The competence of the Company's Supervisory Board comprises the following under the Articles of Association:

- considers and approves the strategy for the Company's activities, analyzes and evaluates the information on the implementation of the Company's activities strategy, provides information to the annual General Meeting;
- supervises the activities of the Company's Board and the CEO;
- elects the members of the Company's Board and removes them from office. If the Company is operating at a loss, the Supervisory Board must consider the suitability of the Company's Board members for their office;
- submits comments and proposals to the General Meeting of the Shareholders on the Company's business strategy, set of annual financial statements, draft of profit/loss distribution and the Company's annual report as well as the overview of activities of the Company's Board and the CEO;
- submits comments and proposals to the General Meeting on the Company's draft decision on the allocation of dividends for a period shorter than a financial year and on the set of interim financial statements and the interim report drawn up for the purpose of adoption of the same;
- submits proposals to the Company's Board and the CEO to revoke their decisions that are in conflict with the laws and other legal acts, the Articles of Association of the Company or decisions of the General Meeting;

- decides on issues relating to the supervision of the activities of the Company and its management bodies assigned to the Supervisory Board in the resolutions of the General Meeting and Articles of Association;
- addresses other issues assigned to the powers of the Supervisory Board by the Articles of Association, as well as by the decisions of the General Meeting regarding the supervision of the activities of the Company and its management bodies.

At the Information Document publishing date, the Supervisory Board consists of a chairperson and 3 (three) members.

8.3 The Company's Board

The Company's Board is a collegial management body of the Company whose members are elected by the Supervisory Board (the "**Company's Board**"). The Company's Board is responsible for the analysis of the strategy of the Company's activities, its provision to the Supervisory Board, and adopting certain decisions affecting the Company's financial and business circumstances. The competence of the Company's Board does not differ from the competence of the Company's Board indicated in the Law on Companies. The Company's Board is entitled to:

- make decisions for the Company to become an incorporator or a member of other legal entities;
- make decisions on the opening of branches and representative offices of the Company;
- make decisions on the investment, disposal or lease of fixed assets with a book value in excess of EUR 200 000 (calculated individually for every type of transaction);
- make decisions on the pledging or mortgaging of fixed assets with a book value in excess of EUR 200 000 (calculated for the total amount of transactions);
- make decisions on offering of suretyship or guarantee for the discharge of obligations of third parties the amount of which exceeds 200 000 EUR;
- make decisions on the acquisition of the fixed assets costing in excess of 200 000 EUR;
- elect the CEO and removes him/her from office, determine his/her salary and other conditions of the employment contract, approve the regulations for the position, encourage him/her and imposes penalties;
- make other decisions assigned to the scope of powers of the Company's Board by the Law on Companies, the Articles of Association or the decisions of the General Meeting;
- consider and approve:
    - the Company's annual report;
    - the Company's interim reports;
    - the Company's management structure and employee positions;
    - positions to which employees are recruited through competition;
    - the regulations for the branches and representative offices of the Company;
- analyze and assess the information submitted by the CEO:
    - on the organization of the activities of the Company;
    - on the financial status of the Company;
    - on the results of economic activities, income and expenditure estimates, the stock-taking and other accounting data or changes in the assets;
    - the draft of the business strategy and information on the implementation of the Company's business strategy, and submit such to the Supervisory Board together with feedback and proposals for them.
- analyze and assess:
    - a set of the Company's annual financial statements and a draft of profit/loss distribution and shall submit them to the Supervisory Board and to the General Meeting together with feedback and related proposals and the annual report of the Company;
    - a draft decision on the allocation of dividends for a period shorter than the financial year and a set of interim financial statements drawn up for the purpose of making this decision, which it shall submit to the Supervisory Board and to the General Meeting together with feedback and related proposals and the Company's interim report.

At the Information Document date, the Company's Board consists of a chairperson and 3 (three) members.

8.4 CEO

The Company's ordinary business is organized by the CEO (the "**CEO**"). The CEO is appointed by the Board of Directors only after the General Meeting approves a candidate. The CEO is responsible for:

- organization of activities and implementation of the purposes of the Company;
- drawing up a set of annual financial statements and drafting an annual report of the Company;
- drafting a decision on the allocation of dividends for a period shorter than the financial year and drawing up a set of interim financial statements and an interim report for adoption of the decision on the allocation of dividends for a period shorter than the financial year;
- drafting the draft of the rules on provision of the Shares;
- conclusion of a contract with an auditor or an audit firm;
- submission of information and documents to the General Meeting, the Supervisory Board and the Board of Directors in the cases laid down in the Law on Companies or at their request;
- submission of documents and particulars of the Company to the administrator of the Register of Legal Entities;
- submission of the documents to the Bank of Lithuania, Central Securities Depository, Nasdaq Vilnius where the Company's securities will be listed on the First North Lithuania;
- publication of information referred to in the Law on Companies;
- submission of information to the shareholders;
- notifying the General Meeting, the Supervisory Board and the Board of Directors about the most important events impacting the Company's activities;
- issuance of procuracies subject to provisions of the Articles of Association;
- performance of other duties laid down in the Law on Companies and other laws and legal acts as well as in the Articles of Association and the job description of the CEO.

9. COMPANY'S SUPERVISORY BOARD, COMPANY'S BOARD, CEO AND SENIOR EXECUTIVES

Table 9.1: Company's Supervisory board

Name	Position	Member since
Antanas Danys	Chairman of the Company's Supervisory Board	2016 January 21
Maurice Beckand Verwee	Member of the Company's Supervisory Board	2019 January 16
Dr. Marius Laurinaitis	Member of the Company's Supervisory Board	2015 August 31
Vytautas Bučiūnas	Member of the Company's Supervisory Board	2018 October 26

Antanas Danys

An experienced businessman and consultant, he was a member of the "Lietuvos energija" supervisory board, a member of the "Nextury Ventures" Advisory board, and director of "Grinvest" (Singapore). Previously, he was the Chairman of the Board of "Swedbank" AB in Lithuania. He was encouraged to join the Company because of its great team and fantastic alternative to bank loans. Antanas believes the time for mutual personal lending has come. It is making successful progress in various countries of the world, including in Lithuania.

Dr. Marius Laurinaitis

With a background in the field of social sciences, Marius is a specialist in legal science and has written his doctoral dissertation on the legal regulation of electronic money. Marius has gained professional experience while working in the field of prevention of financial crimes, and currently teaches students on the topics of banking and investments. One of Marius' professional aims is the application of academic work experience in practical activity, i.e. he wishes to implement the interaction of theory and practice. He believes in the success of the Company because of the dedication demonstrated by the creators of the business. Here in the Company, substantial attention is paid not only to the service quality, but also to creation of the legal environment and risk management measures.

Vytautas Bučiūnas

Businessman, coaching professional and consultant for leadership and organizational development, currently residing and working in Kyiv, Ukraine, where he manages his company U-Integral. Vytautas has a solid track record of experience in the banking sector: he led the Kaliningrad and Saint Petersburg units of Swedbank in Russia, and was vice-chair of the board and head of Corporate banking division at Swedbank Lithuania. He also worked at the European Bank for Reconstruction and Development (EBRD). Vytautas' decision to join the Company was primarily motivated by the people working here, i.e. young professionals who have already accomplished a lot.

Maurice Beckand Verwee

Following approval by the Bank of Lithuania, Maurice has been a member of the Company's Supervisory Board since the beginning of 2019. A Dutch citizen, Maurice is a founder and facilitator of a number of information and communications technology companies and has been an active investor in them ever since. In 2006, he established Crosspring B.V. – a startup accelerator that invests in startups in their early stages. Areas that Crosspring B.V. has been concentrating on include fintech, blockchain, edtech, and AR, among others. The Company also has a well-established international network of partners operating in Germany, France, Spain, Ukraine, Armenia, the Baltics, etc. Crosspring B.V. was the largest investor in the Company during the crowdfunding campaign on Seedrs Nominees Limited at the end of 2018.

Table 9.2: Company's Board

Name	Position	Member since
Evaldas Remeikis	Chairman of the Company's Board	2016 April 1
Aiva Remeikienė	Member of the Company's Board, CEO	2015 September 1
Marius Navickas	Member of the Company's Board	2016 March 1
Deividas Tumas	Member of the Company's Board	2017 March 6

Evaldas Remeikis

With a wealth of business experience, he is a member of the boards and supervisory boards of various companies. Among his most interesting and most significant career achievements is his participation in the creation of successful companies that operate in the technology and finance industry, and investments in startup companies. For Evaldas, everything is built on a solid foundation and this has been seen a lot of his effort being put into the Company.

Aiva Remeikienė

Aiva has sound experience in the management of successful financial service companies. The list of her most significant career achievements includes managing the Company in the provision of financial services which, after six years' activity is now well-known and well-rated, has achieved great results and continues to grow. Aiva believes in the success of the Company because it has a strong and experienced team.

Marius Navickas

Marius previously worked in a Scandinavian bank where he held managerial positions in various departments in the field of risk management. He also gained professional experience while working in an international audit company. After passing the qualification exams of the CFA Institute, Marius became a member of the International Association of Financial Analysts. One of Marius's aims at the Company is to contribute to the development and improvement of services for Lending Platform users. He is driven forward by the faith that it will be possible to stay at the forefront by keeping the team motivated, constantly improving, and creating new possibilities in this fast-developing market.

Deividas Tumas

An experienced business consultant, Deividas holds an M.B.A. from INSEAD business school (France/Singapore), and has worked in the international management consulting company McKinsey & Company. He is the founder of Strategy Labs management consultancy. Currently, Deividas is investing in and developing a number of businesses and serves as a board member in several companies.

Table 9.3: Senior executives

Name	Current position	Since
Andrius Liukaitis	Chief Financial Officer	2015 December 25
Viktoras Ivanovas	Chief Information Officer	2014 December 9
Justinas Kodžius	Chief Marketing Officer	2014 March 7
Aida Atkočiūnaitė	Customer Service Manager	2018 January 8

Andrius Liukaitis

Finance professional with a vast experience in the banking industry where he worked with savings, investments and asset management products. He is a licensed financial broker in Lithuania. Under Andrius' watch, the Company has become particularly transparent and informative Peer-to-peer lending platform in Lithuania.

Viktoras Ivanovas	An IT professional, with 17 years of experience in development of various internet projects, credit union systems and IT solutions for startup companies in Lithuania and abroad. Among his most significant professional achievements is winning first place in the "BZN start" contest for creating the most original mobile application for startups.
Justinas Kodžius	After completing marketing studies at universities in Lithuania and the United States of America, Justinas gained professional experience in banking in the USA and in the field of marketing. After returning to Lithuania, he has enjoyed career success as a marketing specialist and brand supervisor. As a member of LiMA Lithuanian marketing association, Justinas knows that the Company's services are created by professionals who have their own formula of success. He believes that one fifth of the success of the business is the idea, everything else is the hard work and the competence of its team members.
Aida Atkočiūnaitė	For ten years, Aida has purposefully been directing her career towards customer service. At NEO Finance, Aida's goal is to improve the quality of customer service, so that it matches both the highest standards of financial institutions, as well as the direction of the Company. She is daily aimed at making the services as simple, as understandable, and as informative as possible for every individual client.

10. DESCRIPTION OF SHARE CAPITAL AND OWNERSHIP

10.1 General Description of the Shares (including the Offer Shares)

Type of the Shares: ordinary registered shares.

ISIN number: LT0000132953

Currency of the Shares: EUR

Number of Shares: as of the Information Document date, Company had issued 3 477 600 shares

Number of Offer Shares: the number of shares to be issued will be determined through the Auction process (see section 4 "OFFERING TERMS AND CONDITIONS").

Nominal value of the Share: 0,44 EUR.

Form of the Shares: registered shares in book-entry form with Nasdaq CSD branch of Lithuania.

Listing: currently the Outstanding Shares are not admitted to trading on any regulated market or an alternative trading platform. However, following closing of the Offering, application will be made to Nasdaq Vilnius regarding admission of the Shares (the Outstanding Shares and the Offer Shares) for trading on the First North Lithuania.

10.2 Legislation under which the Shares have been issued

Legislation under which the Shares have been issued includes the Civil Code of the Republic of Lithuania, the Law on Companies, the Law on Securities and other related legal acts.

10.3 Decision by which the Offer Shares shall be offered and application made for admission of all shares

The Offering shall be executed and application made for admission of all shares by the resolution of the General Meeting of 2019 April 12.

As of the Information Document date, the Outstanding Shares are fully paid and freely transferable. The Company has only one type of share issued – ordinary shares, which give the same rights for all shareholders. The Company has not issued any convertible securities, exchangeable securities or securities with warrants.

The Company's shares are vested with all the rights in compliance with Lithuanian law and the Company's Articles of Association such as voting rights, pre-emptive rights to new shares and rights to dividend and liquidation quota.

10.4 Rights and obligations granted by the Shares

All the Shares, including the Offer Shares, are equal with regard to the property and non-property rights that they grant to shareholders.

Exercise of rights granted by Shares of the Company may be limited only on the grounds and under the procedure prescribed by laws. The Articles of Association do not provide for any exceptions to this rule.

The list of the shareholders' rights indicated in the Articles of Association is provided in section 8 "CORPORATE GOVERNANCE". Below is a brief description of certain material rights of the Company's shareholders.

10.5 Dividend Policy

Up till the Information Document date, Company has not paid any dividends and Company does not have an approved policy on profit distribution. Thus, future payment of dividends to shareholders is not guaranteed and will depend on the financial performance, cash flows, financial condition, capital requirements, profitability of activities, fulfilment of investments plans and general financial situation of Company. A decision on any distribution of dividends to shareholders must be adopted by the General Meeting of the Shareholders with a qualified majority of 2/3 votes of the shareholders present at the respective General Meeting. Permission from the banks or other creditors may also be necessary, depending on the financial leverage and credit facility agreements concluded at the time. According to the Company's short-term plans, future net earnings will be retained for business expansion, operations and development, thereby dividend pay-outs are not expected at least within the coming 3-4 years. However, all the Shares, including the Offer Shares, carry equal rights to dividends (and advance dividend payments respectively) and entitle the holders to participate in the Company's profit from the date of their acquisition.

10.6 Share Capital Changes

Due to the Company's constant growth requirements, the shareholders have increased the Company's capital every quarter. In Q1 2018, EUR 1 704 541,57 of accumulated losses were covered by share premiums and decreasing the nominal value of shares. As of the Document date and as per the Company's Articles of Association, the share capital is 1 530 144,00 EUR.

Table 10.1: Changes of the Company's share capital

Year	Number of shares	Equity	Share Capital, EUR	Share premium, EUR	Total investment by Shareholders, EUR
2015	150 000	(13 919,00)	150 000,00	-	150 000,00
2016	975 000	278 329,00	975 000,00	300 000,00	1 275 000,00
2017	1 921 503	757 690,00	1 921 503,00	628 500,00	2 550 003,00
2018	3 353 320	917 914,00	1 475 460,80	-	3 180 002,48
2019 Q1	3 420 275	993 697,00	1 530 144,00	180 799,00	3 390 241,18
2019 April 30	3 477 600	Not calculated yet *	1 530 144,00	335 556,00	3 570 241,68

* Capital increase in amount of 180 K was registered on 2019 April 11.

In December, the Company was the first company in Lithuania to successfully complete an investment-based crowdfunding campaign. EUR 210 000 were raised on Seedrs Nominees Limited platform under UK FSA regulation. EUR 71 000 were committed by Crosspring B.V. – a startup accelerator from the Netherlands, which supports innovative companies in fintech. The capital increase was registered in March 2019.

10.7 Bonds, options etc.

In 2018 the Company issued 3 tranches of 3 year 7,5% bonds, totaling to EUR 1.1 M.

The links are shared below:

1) AB NEO Finance VO 7,5% No.1, 400 000 EUR, registration day 2018 July 2: https://www.nasdaqcsd.com/statistics/en/security/LT0000432130

2) AB NEO Finance VO 7,5% No.2, 300 000 EUR, registration day 2018 October 2: https://www.nasdaqcsd.com/statistics/en/security/LT0000432247

3) AB NEO Finance VO 7,5% No.3, 400 000 EUR, registration day 2018 November 23: https://www.nasdaqcsd.com/statistics/en/security/LT0000432296

Company has not entered into any share option agreements.

10.8 Share Incentive programs

None.

10.9 Shareholder agreement

On 2019 March 5 shareholders concluded the Shareholder agreement. The Shareholder agreement describes the Company's operation processes and outlines the rights and obligations of the parties to the agreement. The Shareholder agreement also includes information on the management of the Company and restrictions, privileges and protection of parties to the agreement. The parties to this agreement consist solely of those shareholders who owned Company shares before 2019 March 5. (listed in the subsection 10.12 "Lock-up Arrangement").

10.10 Shareholder structure

The table below shows the Company's shareholding structure before the Offering. Due to the fact that the Offering is being carried out as an auction, the dilution effect on the present shareholding structure is not known.

Table 10.2: Company's shareholders by the amount of Outstanding Shares

Shareholder	Number of shares	Percentage
UAB "ERA CAPITAL" - 50% of UAB "Era Capital" shares are owned by Evaldas Remeikis - 50% of UAB "Era Capital" shares are owned by Aiva Remeikienė	2 606 114	74,94%
GRIGORY GUREVICH	324 644	9,34%
UAB "VALUE CAPITAL" - 100% of UAB "Value Capital" shares are owned by Deividas Tumas	141 606	4,07%
ASIAN PACIFIC GREEN ENERGY PTE. LTD - 16,6% shares of Asian Pacific Green Energy PTE.LTD are owned by Antanas Danys; - 16,6% shares of Asian Pacific Green Energy PTE.LTD are owned by Lina Danienė; - Each of other 4 shareholders holds less than 25% shares of Asian Pacific Green Energy PTE.LTD.	99 569	2,86%
MARIUS NAVICKAS	47 010	1,35%
Others (17 shareholders)	258 657	7,44%
TOTAL:	**3 477 600**	**100,00%**

Table 10.3.: Shareholders involved in management and their ownership overview

Shareholder	Number of shares	Percentage	Relation to management
UAB "ERA CAPITAL"	2 606 114	74,94%	Chairman of the Board Evaldas Remeikis and CEO Aiva Remeikiene each own 50% of UAB "Era Capital" shares
UAB "VALUE CAPITAL"	141 606	4,07%	UAB "Value Capital" is 100% owned by the board member Deividas Tumas
ASIAN PACIFIC GREEN ENERGY PTE. LTD	99 569	2,86%	The Singaporean Asian Pacific Green Energy PTE.LTD is related to the Chairman of the Supervisory Board Antanas Danys (he holds 16,6% shares of Asian Pacific Green Energy PTE.LTD).
MARIUS NAVICKAS	47 010	1,35%	Member of the Board
CROSSPRING B.V.	23 685	0,68%	Crosspring B.V. is owned by Member of the Supervisory Board Maurice Beckand Verwee
ANDRIUS LIUKAITIS	22 748	0,65%	CFO
ROBERTAS ŠALTIS	15 924	0,46%	To be appointed as Member of the Board
MARIUS LAURINAITIS	8 060	0,23%	Member of the Supervisory Board
JUSTINAS KODŽIUS	3 903	0,11%	CMO
VIKTORAS IVANOVAS	1 132	0,03%	CTO
TOTAL:	2 969 751	85,40%	

10.11 Lithuanian Taxation

10.11.1 Taxation on Dividends

The following provides information on tax implications on dividends in Lithuania. This information is based on the tax laws of Lithuania in effect on the Information Document date, and is subject to changes in such laws, including changes that could have a retroactive effect. The summary does not purport to be a comprehensive description of all the tax implications that may be relevant for making a decision to purchase the Offer Shares. You are advised to consult your own professional tax advisors as to the Lithuanian and other tax implications. Investors who may be affected by the tax laws of other jurisdictions should consult their own tax advisors with respect to the tax implications applicable to their particular situations.

a. For individuals

Dividends received by Lithuanian and foreign individuals are subject to personal income tax at a rate of 15%. If dividends are paid out to the residents of a foreign country with which Lithuania has concluded a double taxation treaty (DTT) (such list can be found here) and such treaty limits the rights of Lithuania to tax dividends, the rules set out in that treaty will be applied. If DTT with the specific country foresees lower rates for taxation of dividends, the rules set in that DTT will be applied if the receiver of dividends has provided appropriate certificates. The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal entity (the payer of dividends. However, if the payer of dividends is not provided with the relevant certificate from a foreign resident, general tax rate (15%) would be applicable.

b. For legal persons

Dividends received by Lithuanian or foreign legal persons are subject to corporate income tax at a rate of 15%. Dividends are not subject to corporate income tax when a recipient (a Lithuanian or foreign legal person) has been or intends to be in control of not less than 10% of voting shares of a Lithuanian company distributing dividends for an uninterrupted period of at least 12 months (including the moment of distribution of dividends). This participation exemption does not apply if dividends are paid to foreign legal persons registered or otherwise organized in a tax haven jurisdiction. If dividends are paid out to the legal persons that are residents of a foreign country with which Lithuania has concluded a double taxation treaty and such a treaty limits the rights of Lithuania to tax dividends, the rules set out in that treaty will be applied. The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal person (the payer of dividends).

10.11.2 Taxation on Capital Gains

a. Legal persons

No specific capital gains tax is established under Lithuanian tax legislation. Therefore, capital gains received by a Lithuanian legal person or by a foreign legal person through its permanent establishment in Lithuania from the sale of shares are included as taxable income for corporate income tax purposes. The standard rate of the corporate income tax is 15%.

An exemption is available, and capital gains are not subject to corporate income tax if the following conditions are met: 1) an entity the shares of which are being transferred is registered in an EEA Member State or a country with which Lithuania has concluded a double taxation treaty, and this entity is a payer of corporate income or equivalent tax; and 2) an entity transferring shares has been in control of more than 10% of voting shares for an uninterrupted period of at least two years (three years in case the transfer shares were acquired as a result of reorganization). The exemption is not applied if shares are transferred to the issuer.

Lithuanian entities and permanent establishments of foreign entities have the right to carry forward losses resulting from the disposal of securities and/or derivative financial instruments for five consecutive years for the purpose of Lithuanian corporate income tax. The said losses can be covered only with income generated from disposals of securities and/or derivative financial instruments. Furthermore, please note that a restriction is applicable – in assessing the corporate income tax for 2014 and subsequent years, the amount of tax loss carried forward cannot exceed 70% of the taxable profit amount of the relevant tax period. In addition, in case more than 10% of voting shares were controlled for uninterrupted period of at least two years and the loss is generated from the transfer of such shares, restrictions of the rule for carry forward losses are applicable. If the amount of the loss on the transfer of such shares is greater than the income generated from disposals of securities and/or derivative financial instruments of the taxable period, the amount of the loss equal to the sum of the said income may be deducted. The remain of the unrecovered loss is not carried forward to the next tax year.

Capital gains received by the foreign legal persons from the disposal of shares in Lithuanian companies are not subject to Lithuanian corporate income tax.

b. Individuals

Capital gains received from the sale of shares by Lithuanian residents are subject to 15 or 20% personal income tax. Threshold from which 20% rate of personal income tax starts to be applied and ceiling from which no social security contributions are levied are the same as follow: 120 Lithuania's average salaries as of 2019; 84 Lithuania's average salaries as of 2020; and 60 Lithuania's average salaries as of 2021. Please also note that capital gains, received from the sale of securities shall not be taxed, if the amount does not exceed EUR 500 per year. This relief does not apply if a shareholder sells the shares or transfers the title to the shares to the entity that issued those shares.

The personal income tax on capital gains received by individuals should be calculated, paid and declared by individuals by May 1 of the calendar year following the taxable year.

Capital gains received from the disposal of shares in Lithuanian companies by individuals who are not considered to be Lithuanian residents for tax purposes are not taxed in Lithuania.

10.12 Lock-up Arrangement

Prior to the Offering, the Company's shareholders (ERA Capital UAB holding 74,94% of the Outstanding Shares, Grigory Gurevich holding 9,34% of the Outstanding Shares, Value Capital UAB holding 4,07% of the Outstanding Shares, ASIAN PACIFIC GREEN ENERGY PTE. LTD. holding 2,86% of the Outstanding Shares, Marius Navickas holding 1,35% of the Outstanding Shares, Lionginas Sinkevičius holding 0,89% of the Outstanding Shares, Arikesa UAB holding 0,68% of the Outstanding Shares, Elijos miestas UAB holding 0,68% of the Outstanding Shares, Crosspring B.V. holding 0,65% of the Outstanding Shares, Andrius Liukaitis holding 0,64% of the Outstanding Shares, Dalius Lunskis holding 0,32% of the Outstanding Shares, Roman Ustinovič holding 0,26 % of the Outstanding Shares, Marius Laurinaitis holding 0,23% of the Outstanding Shares, Justinas Kodžius holding 0,11% of the Outstanding Shares, Viktoras Ivanovas holding 0,03% of the Outstanding Shares), except Seedrs Nominees Limited (i.e. Seedrs Nominees Limited holding 1,27% of the Outstanding Shares), have entered into a Lock-up Arrangement according to which they have agreed that Shareholders will not have the right to sell or otherwise transfer the Outstanding Shares in their possession or parts thereof to any third person till 2021 May 31. All these shareholders had concluded 2019 March 5 Shareholder agreement mentioned in subsection 10.9 "Shareholder agreement".

Other Company shareholders (Audrius Bugys holding 0,05% of the Outstanding Shares, Robertas Šaltis holding 0,46% of the Outstanding Shares, Denis Beloglazov holding 0,92% of the Outstanding Shares, M.A. Brinkkemper Holding B.V. holding 0,11% of the Outstanding Shares, Marcel Hendriks Beheer B.V. holding 0,11% of the Outstanding Shares, Lauris Upitis holding 0,01% of the Outstanding Shares) have entered into a Lock-up Arrangement according to which they agreed that they will not have the right to sell or otherwise transfer the Outstanding Shares in their possession or parts thereof to any third party till 2020 May 31.

11. LEGAL ISSUES AND SUPPLEMENTARY INFORMATION

11.1 Audit

In compliance with Lithuanian Law, Company's financial statements must be audited by a certified auditor. All the Company's financial statements (2015-2018) have been audited by certified auditor Grand Thornton Baltic. Company submits audited financial statements to the Bank of Lithuania. Audited financial statements and other reports for years 2015-2018 can be found here

11.2 Material Agreements

The material agreements Company has entered into are financial covenants including: loan agreements, bonds and surety agreements. The Company is committed to meet its financial obligations in compliance with the terms of such material agreements. The terms of the material agreements are concluded on arm's-length conditions, i.e. same conditions as would available in the market. Company is of opinion that the debt raised through these financial covenants is on a healthy level.

a. Loan agreements:

Loan of EUR 85 000 from UAB "Legal Balance". Details: contract date – 2019 March 7; loan repayment date – until 2021 January 31; interest rate – 8 percent; interest payment – monthly;

Loan of EUR 10 000 from UAB "Era Capital". Details: contract date – 2018 November 22; loan repayment date – until 2019 November 22; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 100 000 from Grigory Gurevich. Details: contract date – 2017 October 26; loan repayment date – until 2020 October 30; interest rate – 6,5 percent; interest payment – monthly;

Loan of EUR 50 000 from "BnP Finance", UAB. Details: contract date – 2017 October 10; loan repayment date – until 2020 July 10; interest rate – 8,5 percent; interest payment – monthly;

Loan of EUR 50 000 from "BnP Finance", UAB. Details: contract date – 2017 September 18; loan repayment date – until 2020 September 18; interest rate – 8,5 percent; interest payment – monthly;

Loan of EUR 50 000 from "BnP Finance", UAB. Details: contract date – 2017 September 7; loan repayment date – until 2020 September 7; interest rate – 8,5 percent; interest payment – monthly;

Loan of EUR 50 000 from "BnP Finance", UAB. Details: contract date – 2017 August 18; loan repayment date – until 2020 August 21; interest rate – 8,5 percent; interest payment – monthly;

Loan of EUR 50 000 from Grigory Gurevich. Details: contract date – 2017 April 27; loan repayment date – until 2020 May 5; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 50 000 from Grigory Gurevich. Details: contract date – 2017 March 1; loan repayment date – until 2021 March 21; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 6 618,78 from UAB "ERA Capital". Details: contract date – 2018 March 12; loan repayment date – until 2020 March 12; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 9 000 from UAB "ERA Capital". Details: contract date – 2018 March 30; loan repayment date – until 2020 March 30; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 50 000 from UAB "ERA Capital". Details: contract date – 2018 July 15; loan repayment date – until 2020 July 25; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 30 000 from UAB "ERA Capital". Details: contract date – 2019 February 7; loan repayment date – until 2020 March 30; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 15 000 from UAB "ERA Capital". Details: contract date – 2019 February 13; loan repayment date – until 2020 March 30; interest rate – 6 percent; interest payment – monthly;

Loan of EUR 20 000 from UAB "ERA Capital". Details: contract date – 2019 March 15; loan repayment date – until 2019 June 15; interest rate – 8 percent; interest payment – monthly;

Loan of EUR 60 381,22 from UAB "ERA Capital". Details: contract date – 2017 May 31; loan repayment date – until 2020 March 23; interest rate – 6 percent; interest payment – monthly.

Loan of EUR 50 000 from UAB "ERA Capital". Details: contract date – 2019 April 24; loan repayment date – until 2019 June 30; interest rate – 7,5 percent; interest payment – along with loan repayment.

Loan of EUR 40 000 from Evaldas Remeikis. Details: contract date – 2019 May 10; loan repayment date – until 2019 June 30; interest rate – 7,5 percent; interest payment – along with loan repayment.

Loan of EUR 50 000 from M.A. Brinkkemper Holding B.V. Details: contract date – 2019 May 10; loan repayment date – until 2022 May 7; interest rate – 7,5 percent; interest payment – every three months.

b. Surety agreements

Company's main activity is acting as a Peer-to-peer lending platform operator. The Company offers clients (investors who invest in the loans through the Peer-to-peer lending platform) the paid service of the provision fund. The Company and a client sign the surety agreement. Under it, the Company itself undertakes to provide the surety for the loan recipient. That means that if the loan recipient is late in making payment, even for one day, the Company covers the payments directly to the Lender and the Company itself recovers the payments from the loan recipient later. As of 2019 March 31 unpaid borrowed amount covered by provision fund is over 2 453 986 EUR. This amount constantly changes.

11.3 Intellectual Property

The Company has registered these trademarks:

PASKOLŲ KLUBAS graphic logo registered in Lithuania only;

NEO FINANCE graphic logo registered in EU trademark register;

UŽTIKRINIMO FONDAS graphic logo registered in Lithuania only;

NEOPAY - graphic logo registration in EU trademark register is in progress.

The Company owns software codes of the Lending Platform and electronic money management system.

11.4 Legal proceedings

The Company is currently not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatening of which the Company is aware) or material disputes which may have or have had a significant adverse effect on the business, results of operations or the financial position or profitability of the Company.

11.5 Transactions with related parties

All the transactions with related parties (Debt recovery services, legal advisory services, business consultancy services, stationary goods, server rental services, etc.) are concluded under normal market conditions audited on a yearly basis and a summary is disclosed in audited financial reports note 16 and 17.

11.6 Insurance

The Company's directors and employees of the Company acting in a managerial or supervisory capacity have Directors & Officers Liability Insurance, Financial Organizations Comprehensive Crime and Professional Indemnity Insurance. Company believes that the insurance coverage in the current situation is adequate and in line with market practice. However, there is no guarantee that Company will not suffer losses not covered by the insurance policies.

11.7 Entities involved in the Offering

The following entities are involved in the Offering and the Company has concluded the following contracts related to the Offering and distribution of Offer Shares, including listing on the First North Lithuania.

Legal advisor to the Issuer concerning Lithuanian law – Law Firm Sorainen, Jogailos Street 4, LT-01116, Vilnius, Republic of Lithuania.

Certified advisor – Law Firm Sorainen, Jogailos Street 4, LT-01116, Vilnius, Republic of Lithuania. The agreement concluded for certified advisor services is open-ended.

Company's securities account operator – Macte Invest FM AB, Reg. no: 122601232, address: Gedimino ave. 20, Vilnius 01103, Lithuania

11.8 Costs of the Offering before the date of the Offering:

The Company's expenses related to the Offering and admission of the Shares to trading on the First North Lithuania are estimated to be around 80 K EUR. Such costs are attributable to the costs of legal advisors, translation costs, costs related to presentations by Company management, etc. Company will announce the final amount within five weeks from the settlement date. The Company intends to pay out these expenses from the proceeds of the Offering.

Annex 1 - Financial forecast

KPIs	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Loans issued, EUR	20 709 344	29 092 219	37 170 149	49 940 582	60 005 531	65 841 664	70 552 859	74 809 298	78 488 136	82 284 202
Loans issued, units	7 600	10 579	13 395	17 836	21 241	23 102	24 540	25 796	26 834	27 893
Average loan amount, EUR	2 725	2 750	2 775	2 800	2 825	2 850	2 875	2 900	2 925	2 950
Payment Initiation Service transactions, units	3 600 000	9 900 000	21 000 000	42 000 000	60 000 000	68 400 000	75 600 000	81 600 000	89 100 000	96 000 000
Income	**1 568 257**	**2 560 568**	**3 904 663**	**5 879 971**	**7 728 639**	**8 364 465**	**9 352 315**	**10 224 432**	**10 925 518**	**12 107 665**
Peer-to-peer lending related income, EUR	1 374 169	2 045 858	2 829 593	3 746 450	4 688 563	5 584 721	6 281 689	6 911 260	7 310 208	8 214 078
Payments related income, EUR	194 089	514 710	1 075 070	2 133 521	3 040 076	2 779 744	3 070 626	3 313 172	3 615 310	3 893 587
Sales expenses	**(882 293)**	**(1 249 777)**	**(1 586 515)**	**(2 112 717)**	**(2 365 813)**	**(2 391 558)**	**(2 523 001)**	**(2 635 614)**	**(2 731 597)**	**(2 825 478)**
Marketing	(568 203)	(761 987)	(951 441)	(1 273 200)	(1 335 407)	(1 223 794)	(1 240 759)	(1 247 785)	(1 244 608)	(1 240 699)
Debt recovery	(90 358)	(172 488)	(225 720)	(302 616)	(371 049)	(431 299)	(495 043)	(558 674)	(622 795)	(687 622)
Other	(223 732)	(315 302)	(409 354)	(536 902)	(659 357)	(736 466)	(787 199)	(829 155)	(864 194)	(897 157)
Operating expenses	**(1 001 000)**	**(1 113 180)**	**(1 360 648)**	**(1 564 002)**	**(1 740 925)**	**(1 915 181)**	**(2 050 607)**	**(2 183 104)**	**(2 312 629)**	**(2 439 190)**
IT	(192 000)	(207 552)	(222 683)	(237 293)	(251 305)	(264 660)	(277 319)	(289 256)	(300 463)	(310 939)
Salaries	(397 200)	(429 373)	(460 675)	(490 899)	(519 886)	(547 515)	(573 703)	(598 399)	(621 582)	(643 255)
Other	(411 800)	(476 255)	(677 291)	(835 810)	(969 734)	(1 103 006)	(1 199 585)	(1 295 448)	(1 390 585)	(1 484 996)
Pre-tax profit	**(315 036)**	**197 611**	**957 500**	**2 203 251**	**3 621 901**	**4 057 726**	**4 778 707**	**5 405 714**	**5 881 291**	**6 842 996**
Profit tax	(47 255)	29 642	143 625	330 488	543 285	608 659	716 806	810 857	882 194	1 026 449
Net Profit	**(267 781)**	**167 969**	**813 875**	**1 872 764**	**3 078 616**	**3 449 067**	**4 061 901**	**4 594 857**	**4 999 097**	**5 816 547**
Possible exit valuation				**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Terminal value				15 422 760	25 353 305	28 404 079	33 450 952	37 839 997	41 169 038	47 900 975
Perpetuity value				37 455 275	61 572 312	68 981 334	81 238 027	91 897 135	99 981 950	116 330 940

Annex A

2019-04-16

Regarding assumptions and drivers used in ten-year profit forecast of NEO Finance, AB

1. Loans issued are based on growing consumer credit market in Lithuania (https://www.lb.lt/lt/vkd-veiklos-rodikliai) and historical Company's data with assumption that NEO Finance, AB market share in consumer loans will grow from 4% in 2019 to 10% in 2024 and will be stable from thereon.
2. Payment initiation service transactions are based on 110 new client's acquisition on average per year with assumption that average monthly transaction volume is 10 thousand per client.
3. Peer-to-peer lending related income is based on historical Company's data and multiple drivers such as: intermediary fee and intermediary fee collection efficiency secondary market turnover and secondary market fee provision fund activity payment schedule change fee. Though turnover is increasing the fees in the forecast are slightly reduced every year.
4. Payments related income is based on Payment Initiation Service and regular payments volume times the fee. Though turnover is increasing the fees in the forecast are stable or are being slightly reduced every year.
5. Sales expenses and Operating expenses are based on Company's historical data adjusted for increasing volumes.
6. Terminal valuation is based on a multiplier of 7, where Pre-tax profit is multiplied.
7. Perpetuity valuation is based on 2% constant stream of cashflows and 8% discount rate.

NEO Finance, AB CEO Aiva Remeikienė

AUDITO
ASPEKTAI

INDEPENDENT AUDITOR'S REPORT ON THE FORECAST

To NEO Finance, AB investors and whom it may concern

We have examined the accompanying ten-year profit forecast of NEO Finance, AB in accordance with the 3400 International Standard on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the forecast including the assumptions set out in Annex A on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion the forecast is properly prepared on the basis of the assumptions and is presented in accordance with the Law on accounting and financial reporting of the Republic of Lithuania.

Actual result are likely to be different from the forecast since aticipated events frequently do not occur as expected and the variation may be material.

Auditor Olga Kivel
Auditor's licence No. 000591
UAB „Audito aspektai“
Perkūnkiemio g. 5,
LT – 12129 Vilnius

April 16, 2019