



NEO Finance, AB

Interim Report and Interim Financial Statements for Six-month Period ended 30 June 2019

Vilnius
10-09-2019

CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

2019-09-10

Vilnius

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

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

NEO Finance, AB
Head of Administration



Aiva Remeikienė

NEO Finance, AB
Chief Financial Officer



Andrius Liukaitis

Overall review of the company

- NEO Finance was established on January 21, 2014, in Lithuania.
- In October 2015, a limited e-money institution license was issued.
- In April 2016, the company became the first platform to be included in the P2P lending platform list administered by the Bank of Lithuania.
- In January 2017, an unlimited e-money institution licence which allows operations in the European Union was issued by the Bank of Lithuania.
- Since the start of its operations in December 2015, the company has been operating as a P2P lending platform that issues consumer credits in Lithuania, and as an e-money institution: it holds money in IBAN accounts, executes money transfers via CENTROLINK SEPA payment system.
- In September, 2018, active sales process for payment initiation service (PIS) started in Lithuania.
- In December 2018, the company became the first in Lithuania to attract capital via crowdfunding platform (EUR 210 K via Seedrs).
- In March, 2019, NEO Finance B.V. subsidiary was established in the Netherlands.
- After the successful IPO in June, 2019, NEO Finance shares became listed in Nasdaq First North in August.

In 2019 H1, the company remained a stable leader, holding over 54% of the P2P consumer lending market in Lithuania. The NEO Finance platform is the largest in terms of amount of loans issued since the start of operations, amount of loans issued during the last year, and the amount of a loan portfolio.

In 2019 H1, the company considerably increased the volume of loans issued, reaching EUR 9.04 M and, compared to 2018 H1 grew by 47%. Likewise, the income grew to EUR 796 K versus EUR 424 K in 2018 H1 (88% growth). Company's EBITDA decreased and in 2019 H, was EUR -295,580, whereas in 2018 H1 it was EUR -113,004. Accordingly, the net profit in 2019 H1 was EUR -359,988, compared to EUR -164,011 in 2018 H1.

Payment initiation service (PIS) was growing rapidly. In 2019 H1, the company performed over 1.5 M transactions, compared to 0.012 M transactions in 2018 H1. Accordingly, primarily due to the increase in PIS volumes, payment-activity-related revenue increased more than 10 times, from EUR 5.5 K in 2018 H1, to EUR 63.1 K in 2019 H1.

It is worth mentioning that increase in loss in 2019 H1 compared to 2018 H1 was due to one-off capital attraction costs (Seedrs and IPO), which summed up to EUR 94 K; EUR 72,670 of which was the cost of IPO. Moreover, after the 2017 audit, provisions were adjusted by EUR 55 K during 2018 H1, as the company was too strict on provisions valuation. The effect of both factors – EUR 152 K. Additionally, budget for PIS was exceeded in 2019.

At the beginning of 2019 the management team confirmed ambitious goals:

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

Essential corporate events

- Audit for year 2018 finalised. Audited financial reports can be found [here](#). Additionally, business continuity plan together with a stress-test was updated and submitted to the Bank of Lithuania. It can be found [here](#).
- Notification to all EU regulatory authorities regarding provision of “NEO Finance” EMI services, Payment Initiation Service (PIS) included.
- Clients’ money is now held only in one commercial bank’s special purpose account and in the Bank of Lithuania. This way, maximum safety of client funds is ensured.
- Launch of [Neopay](#) representative website for PIS promotion.
- In January 2019, a Dutch investor Maurice Beckand Verwee joined the company’s supervisory board.
- In March, 2019, a capital increase of **EUR 210 K** was registered. The funds were raised on an investment-based crowdfunding campaign on Seedrs platform under UK FSA regulation. The company is the first in Lithuania to attract capital via a crowdfunding platform.
- In April 2019, a subsidiary was established in the Netherlands, under the name of NEO Finance B.V.
- In April, 2019, capital was increased by **EUR 180 K**.
- In June 2019, “NEO Finance” successfully carried out company’s IPO. In total, the company has sold **192 907 shares** for the amount of **EUR 605 728** to 291 investor.

Main financial ratios

- Based on audited accounting data, **income has grown significantly to EUR 796 K**; compared to 2018 H1, it **increased almost twice**.
- Marketing costs increased 46% from EUR 189K to EUR 277K.
- Debt recovery costs almost doubled from EUR 63K to EUR 176K due to increased lending volumes.
- Salary expenses rose by 9% from EUR 157K to EUR 171K.
- Number of registered users grew by **40%**, up to **71K users**.
- **EUR 9.04 M** of financed loans.
- Pre-tax profit decreased due to one-off capital attraction costs, provisions re-valuation in 2018 and PIS development.

	2019 H1	2018 H1	Δ, %
Granted loans, EUR	9,040,813	6,160,680	47%
Income, EUR	795,709	421,669	89%
Cost of sales, EUR	(628,642)	(249,817)	152%
Gross profit, EUR	167,067	171,852	-3%
Operating costs, EUR	(473,359)	(293,241)	61%
EBITDA, EUR	(306,291)	(119,953)	155%
Pre-tax profit, EUR	(386,086)	(189,210)	104%

Management accounts

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

	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019 H1
Granted loans, EUR	1,459,032	1,429,819	1,603,374	1,508,205	1,628,285	1,412,099	9,040,813
Intermediary fee income*	117,105	117,466	128,196	119,277	135,800	110,477	728,321
<i>Intermediary fee / Granted loans ratio</i>	8.0%	8.2%	8.0%	7.9%	8.3%	7.8%	8.1%
Other income	82,473	108,596	105,309	107,965	120,605	119,516	644,463
Cost of sales	(105,326)	(107,798)	(84,846)	(115,568)	(87,398)	(127,706)	(628,642)
Operating costs	(83,991)	(93,483)	(96,204)	(103,991)	(87,797)	(87,495)	(552,961)
EBITDA	10,261	24,781	52,455	7,683	81,210	14,791	191,182

- In the end of 2019 H1, outstanding intermediary fee amounted to **EUR 3.65 M.**

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

Intermediary fee income

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

Amount – 2500 EUR

Term – 48 months

Rating – B

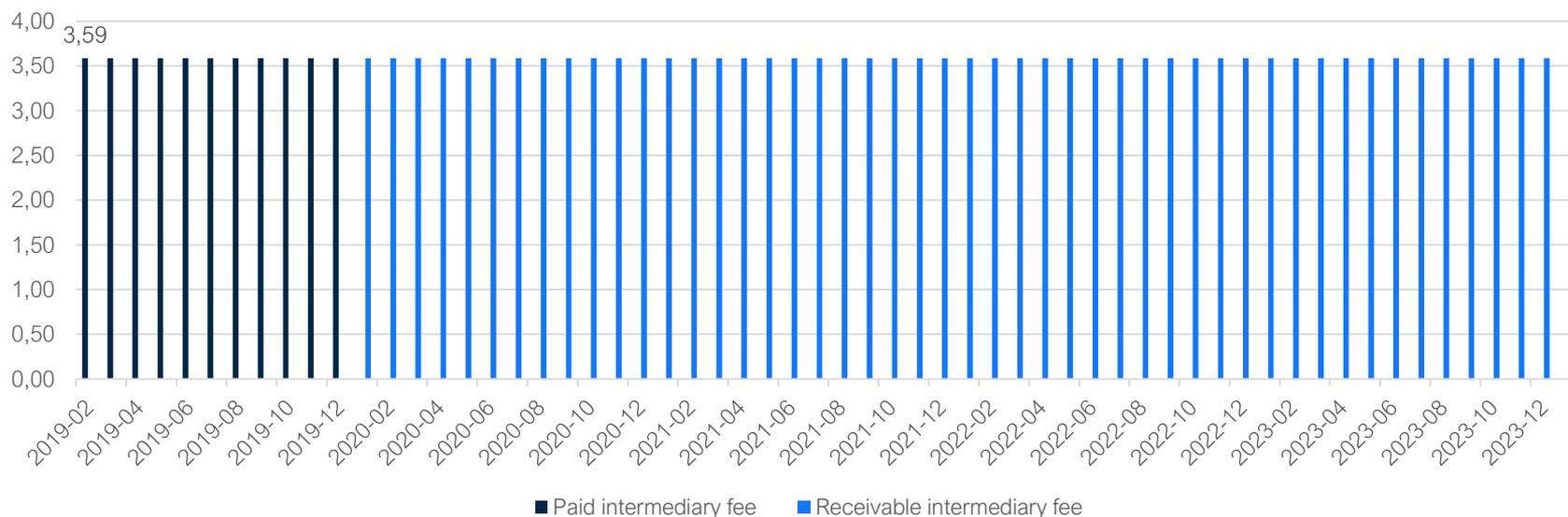
Interest rate – 16%

Intermediary fee – 5.9% or EUR 3.59 per month

Issue date – January 2019

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

Intermediary fee income, EUR



Company board and governance

In compliance with legal requirements and in aspiration to make the governance modern and effective, a three-fold management system has been implemented: the management consists of **annual general meeting, board** and **CEO**. Also, a supervisory body – the **supervisory board** – is in place.

Board:

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

CEO:

Head of Administration –
Aiva Remeikienė.

Supervisory board:

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

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

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

During the reporting period, **10 Board, as well as 2 Supervisory board, meetings** took place. No members of the Board and Supervisory board have changed. However, after a successful execution of crowdfunding campaign on Seedrs platform, Supervisory board has been joined by the largest investor of the campaign, namely Maurice Beckand Verwee, founder and head of Dutch startup accelerator Crosspring B.V.

At the end of reporting period, group of companies (NEO Finance, AB and NEO Finance, B.V.) employed 21 employees.

Capital

- Until 2019 H1, **EUR 3.18 M** has been invested in the company via capital increase and share premiums.
- During 2019 H1, additional **EUR 1 M** was invested by issuing new shares, **EUR 605 K** of which were due to IPO.
- In the end of 2019 H1, company's authorised capital was **EUR 1.62 M**.
- During the process of writing the report investment in company's capital will exceed **EUR 4.18 M**.

In March 2019, company shareholders have finished the first and the second stages of investment, which were started in the beginning of 2014. Company shareholders, together with the board, have approved the long-planned decision to perform company's IPO and, after distribution of shares, list them on Nasdaq First North alternative market. The IPO was successfully implemented with **EUR 605 K** raised. NEO Finance shares were listed in Nasdaq First North on 5th of August, 2019. Decisions regarding further capital attraction will be made in year 2020.

As an e-money institution, since 2017, NEO Finance, AB, must comply with the requirement of minimum private capital of **EUR 350 K** and, if the capital decreases below that, shareholders shall make certain decisions so that it is brought back to EUR 350 K. In end-2018, equity capital in company's balance sheet was equal to **EUR 1.57 K**. However, according to the requirements approved by the Bank of Lithuania the supervisory capital was equal to **EUR 867 K**. Based on this ruling, sufficiency of the capital of e-money institution is calculated by subtracting intangible assets and deferred tax asset from the equity capital.

Key Performance Indicators

During 2019 H1, due to increasing affiliate network and established brand awareness, the **number of registered users has grown by 40%**. The growth of borrowers was 34%, while that of lenders was 72%. A considerable portion of the lenders have registered due to the IPO process. The overall growth of users during 2019 H1 reached **10.740**. At the same time, a **number of active users grew by 58%**. Active lenders grew by 55%, while active borrowers grew by 61%.

Registered users, K



Active users, K

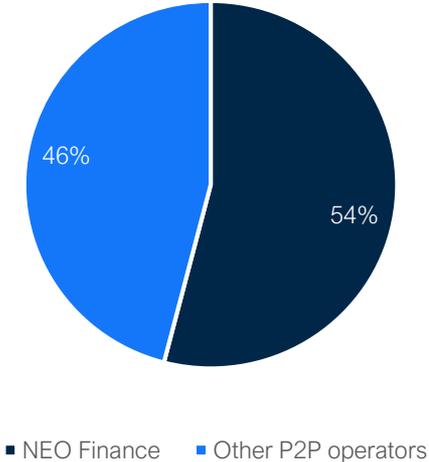


Key Performance Indicators

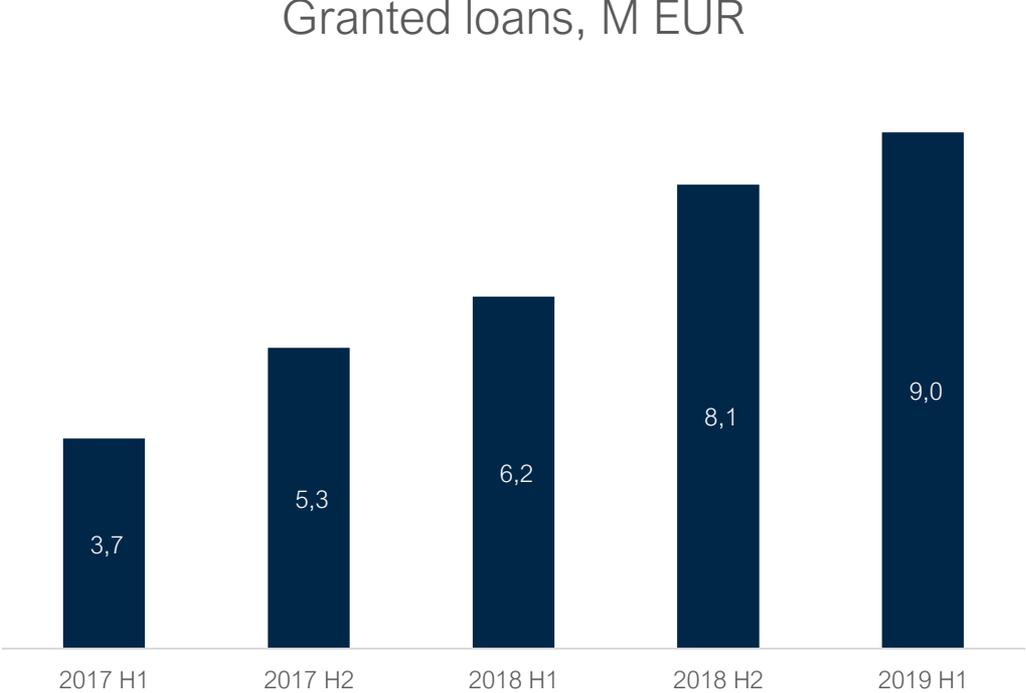
During 2019 H1, the company has mediated in issuing **EUR 9.04 M** worth of consumer credits, financed by 5 836 lenders. In comparison, in 2018 H1, lenders financed EUR 6.16 M worth of loans. This sums up to the **annual growth of 47%**. This resulted in 54% share of the Lithuanian P2P lending market. 2 518 people received consumer credits during 2019 H1.

Average annual borrower's interest rate including all additional fees in 2019 H1 comprised **24%**, whereas other Lithuanian P2P platforms during 2019 Q1 had an average rate of **36%**.

Distribution of consumer credits financed in 2019 H1



Granted loans, M EUR



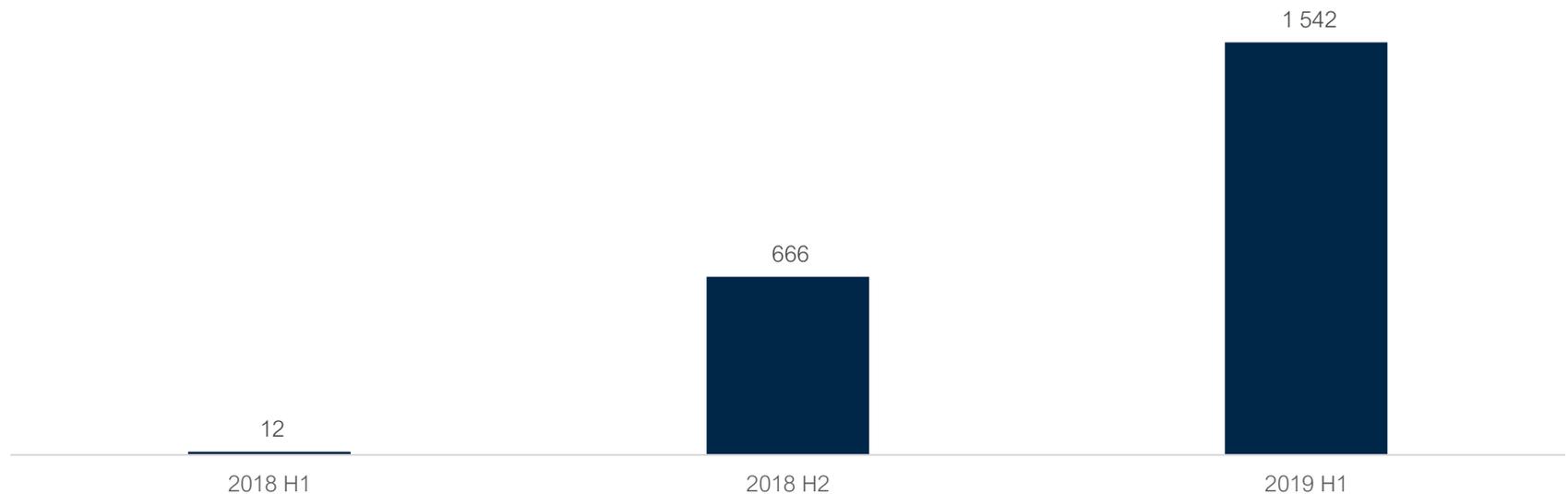
Payment Initiation Service (PIS)

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

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

During 2019 H1, NEO Finance clients, AB executed **1.54 M** transactions, using PIS.

PIS transactions, thousands



Marketing

In 2019, Marketing department had four main goals:

1. Increase YoY loan turnover by 45%.
2. Minimise the ratio between issued loans and allocated budget.
3. Increase database of EU and EAA lenders outside of Lithuania.
4. Generate awareness of possibility to become shareholders during IPO.

New VOD (video-on-demand) channels in communicating to potential borrowers were introduced. Four social media campaigns were delivered. New agreements with lead generating partners were made. Result - **47% increase** in sales (vs. 2018 1H) and diminishing the ratio of costs of financed loan by **22%**.

To increase the lender base outside of Lithuania, new publishing partners were signed up. Subsidiary **NEO Finance B.V.** was established in the Netherlands, and the first lender-and-investor event was held. The team attended investing conference in Germany and participated in Riga P2P Conference. Results – more than 600 new non-Lithuanian investor registrations.

To generate IPO awareness, road shows in Lithuania and the Netherlands were held. Over 25 publications were published in Lithuania, Estonia and the Netherlands, in addition to advertising campaigns in Lithuania and the Netherlands, as well as pitches in Baltic Sandbox, German-Baltic Chamber of Commerce event and Next Web Conference in Amsterdam. All of the initiatives contributed to a successful share distribution.

Income

The company derives income from three sources:

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

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

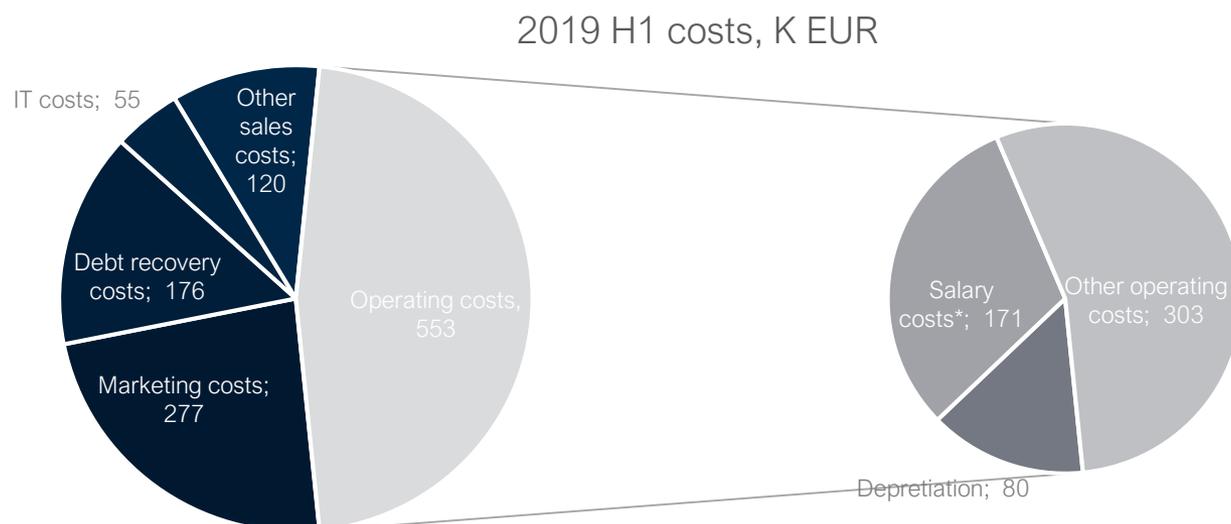
	2019 H1	2018 H1	Δ, %
Income	795,709	423,992	88%
P2P lending related income	537,595	269,338	100%
E-money issuance and management related income	63,144	5,513	1045%
Investment activity income	194,969	149,141	31%

Costs

In 2019 H1, total costs of the company, including sales and marketing expenses, summed up to **EUR 1.18 M**.

The company is further developing its IT platform, based on customer needs, everchanging regulations, and P2P lending trends. During 2019 H1, **EUR 117 K** have been allocated to research of new functions, programming, deployment and testing. Every quarter, according to the costs incurred while creating the new version of the platform, the company creates the intangible assets card, and the costs incurred are moved to intangible assets, which is depreciated during 4 years. In 2019 H1, this sum amounted to **EUR 61 K**.

The company employs professional specialists and managers. In 2019 H1, the company had 20 employees on average. The company pays competitive salaries with an effective motivation system. During 2019 H1, **EUR 211 K** was allocated for salaries.



- Salaries of sales project managers are attributed to marketing costs, therefore, their salaries are not included in salary costs.
- Other costs include expenses for databases, messages for borrowers and lenders, provision costs.
- Other operating costs include all other expenses related to the company and personnel. This includes: rent, utilities, transportation, mobile and fixed data, internal and external audit, stationery, parcel delivery, depretiation and Provision fund provisions.

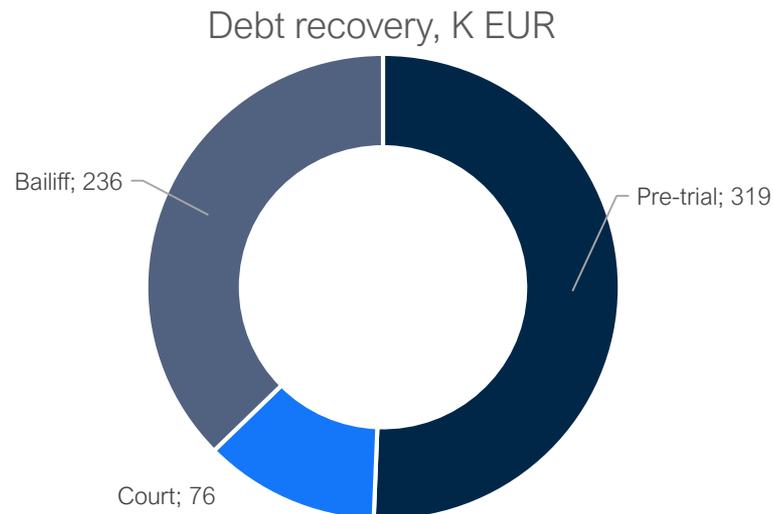
Debt recovery

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

During 2019 H1, recovered amount summed up to EUR 631 K. **51% of the debts have been recovered via pre-trial method.** Bailiffs have recovered 37%, and trial – 12% of debts.

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

During 2019 H1, amount paid to the lenders for claim rights was **EUR 130 K.** During the same period last year the company paid **EUR 37 K** to investors for claim rights.



Interim Financial Statements for Six-month Period ended 30 June 2019

The financial statements provided below provide information about the company and the group of companies consisting of NEO Finance, AB and NEO Finance, B.V.

2019 H1 balance sheet

	Group		Company	
	2019 06 30	2018 12 31	2019 06 30	2018 12 31
ASSETS				
NON-CURRENT ASSETS	2,650,933	2,224,757	2,660,933	2,224,757
Intangible Assets	315,538	315,002	315,538	315,002
Tangible Assets	12,250	12,157	12,250	12,157
Financial Assets	1,917,731	1,521,169	1,927,731	1,521,169
Other Assets	405,414	376,429	405,414	376,429
CURRENT ASSETS	3,586,699	2,811,168	3,596,585	2,811,168
Inventories, Prepayments And Contracts In Progress	29,930	26,193	43,317	26,193
Amounts Receivable Within One Year	462,683	142,915	462,683	142,915
Other Currents Assets	-	-	-	-
Cash And Cash Equivalents	3,094,086	2,642,060	3,090,585	2,642,060
DEFERRED CHARGES AND ACCRUED INCOME	1,362	3,743	1,362	3,743
TOTAL ASSETS:	6,238,994	5,039,668	6,258,880	5,039,668
EQUITY AND LIABILITIES				
EQUITY	1,570,780	934,802	1,573,667	934,802
Capital	1,615,023	1,475,461	1,615,023	1,475,461
Share Premium	856,405	-	856,405	-
Revaluation Reserve (Results)	-	-	-	-
Reserves	-	-	-	-
Retained Earnings (Losses)	(900,648)	(540,659)	(897,761)	(540,659)
GRANTS AND SUBSIDIES	-	-	-	-
PROVISIONS	218,224	159,115	218,224	159,115
AMOUNTS PAYABLE AND LIABILITIES	4,444,517	3,942,082	4,441,630	3,942,082
Non-Current Amounts Payable And Liabilities	1,825,000	1,602,619	1,825,000	1,602,619
Current Amounts Payable And Liabilities	2,619,517	2,339,463	2,616,630	2,339,463
ACCRUED EXPENSES AND DEFERRED INCOME	5,473	3,669	25,359	3,669
TOTAL EQUITY AND LIABILITIES:	6,238,994	5,039,668	6,258,880	5,039,668

2019 H1 profit (loss) statement

Item	Group		Company	
	2019 H1	2018 H1	2019 H1	2018 H1
Sales revenue	795,709	421,669	795,709	421,669
Cost of Sales	(628,642)	(249,817)	(628,642)	(249,817)
GROSS PROFIT (LOSS)	167,067	171,852	167,067	171,852
General and administrative expenses	(550,440)	(361,035)	(547,553)	(361,035)
Other activities	(5,407)	-	(5,407)	-
Investment in the parent, subsidiaries and associated companies shares income	-	-	-	-
Other long-term investments and loan income	-	-	-	-
Other loans granted interest income	-	424	-	424
financial asset and Short-term investment impairment costs	-	-	-	-
Interest expenses	(193)	(27)	(193)	(27)
PROFIT (LOSS) BEFORE TAX	(388,973)	(189,210)	(386,086)	(189,210)
Income tax	28,985	25,199	28,985	25,199
NET PROFIT (LOSS)	(359,988)	(164,011)	(357,101)	(164,011)

2019 H1 changes in equity statement

	Paid up authorised or primary capital	Share premium account	Retained profit (loss)	Total
1. Balance at the end of the reporting (yearly) period before previous	1,921,503	628,500	(1,792,313)	757,690
2. Result of changes in accounting policies				-
3. Result of correcting material errors				-
4. Recalculated balance at the end of the reporting (yearly) period before previous	1,921,503	628,500	(1,792,313)	757,690
5. Net profit (loss) of the reporting period			(452,888)	(452,888)
6. Increase (decrease) of other authorised or primary capital	(446,042)	(628,500)	1,704,541	629,999
7. Balance at the end of the previous reporting (yearly) period	1,475,461	-	(540,660)	934,801
8. Net profit (loss) of the reporting period			(357,101)	(357,101)
9. Increase (decrease) of other authorised or primary capital	139,562	856,405		995,967
10. Balance at the end of the reporting period	1,615,023	856,405	(897,761)	1,573,667

2019 H1 cash flow statement

Article	2019 H1	2018 H1
Cash flows from operating activities		
Net profit (loss)	(357,101)	(452,888)
Depreciation and amortisation expenses	79,601	134,021
Elimination of results of financing and investing activities	193	(373)
Decrease (increase) in other amounts receivable after one year	(396,562)	(775,263)
Decrease (increase) in assets of the deferred tax on profit	(28,985)	(74,038)
Decrease (increase) in stocks, except advance payments	14,611	(23,918)
Decrease (increase) in advance payments	(31,735)	1,149
Decrease (increase) in trade debtors	(3,625)	(8,333)
Decrease (increase) in other debtors	(316,142)	(14,072)
Decrease (increase) in prepayments and accrued income	2,381	(3,678)
Increase (decrease) in provisions	59,109	56,317
Increase (decrease) in trade with short-term creditors and prepayments received on account	(5,294)	22,587
Increase (decrease) in liabilities related to employment relations	6,629	16,520
Increase (decrease) in other amounts payable and liabilities	188,713	1,512,734
Increase (decrease) in accruals and deferred income	21,688	2,632
Net cash flows from operating activities	(766,519)	393,397
Cash flows from investing activities		
Acquisition of fixed assets (excluding investments)	(80,230)	(120,786)
Acquisition of long-term investments	(10,000)	
Dividends and interest received		423
Net cash flows from investing activities	(90,230)	(120,363)
Cash flows from financing activities		
Cash flows related to entity's owners	995,967	629,999
Issue of shares	995,967	629,999
Cash flows related to other financing sources	309,500	948,619
Increase in financial debts	618,083	1,317,619
Loans received	618,083	217,619
Issue of bonds		1,100,000
Decrease in financial debts	(308,583)	(369,000)
Loans returned	(308,583)	(369,000)
Net cash flows from financing activities	1,305,467	1,578,618
Adjustments due to exchange rates on the balance of cash and cash equivalents	(193)	(50)
Increase (decrease) of net's cash flows	448,525	1,851,602
Cash and cash equivalents at the beginning of the period	2,642,060	790,458
Cash and cash equivalents at the end of the period	3,090,585	2,642,060

EXPLANATORY NOTE OF 30 JUNE 2019

1. Intangible fixed assets

Indexes	Software	In total
Acquisition cost		
31 December 2018	566 866	566 866
Acquired	75 872	75 872
Written-off		---
Reclassifications		---
30 June 2019	642 738	642 738
Amortisation accrued		
31 December 2018	251 864	251 864
Estimated over the period	75 336	75 336
Written-off		---
Reclassifications		---
30 June 2019	327 200	327 200
Book value		
31 December 2018	315 002	315 002

2. Tangible fixed assets

Acquisition cost		
31 December 2018	31 398	31 398
Acquired	4 360	4 360
Written-off		---
Reclassifications		---
30 June 2019	35 758	35 758
Acquired	2 778	2 778
Written-off		---
Reclassifications		---
31 December 2018	38 536	38 536
Revaluation / depreciation		
31 December 2018	19 241	19 241
Estimated over the period	4 267	4 267
Written-off(-)		---
30 June 2019	23 508	23 508
31 December 2018	---	---
Book value		
31 December 2018	12 157	12 157

3. Financial assets

	2019.06.30	2018.12.31
Investment activities debtors	2 053 003	1 644 325
Depreciation (-)	(135 272)	(123 156)
Shares of group companies	10 000	
TOTAL:	1 927 731	1 521 169

4. Other fixed assets

	2019.06.30	2018.12.31
Deferred income tax assets	401,276	372,291
Other fixed assets	4,138	4,138
Total	405,414	376,429

2019 H1 Notes to interim financial statements (1/4)

2019 H1 Notes to interim financial statements (2/4)

5. Accounts receivable within one year

	2019-06-30	2018-12-31
Buyers' debts	12 967	9 342
Investment activities debtors	449 716	144 282
Provisions		(10 709)
TOTAL:	462 683	142 915

6. Cash

	2019-06-30	2018-12-31
Money in commercial bank accounts	1 290 423	931 860
Money at the Bank of Lithuania	1 800 162	1 625 467
Money in transition		84 733
TOTAL:	3 090 585	2 642 060

7. Structure of the authorised capital

Indexes	Number of shares	Amount
Structure of the share capital at the end of the financial year		
1. According to the types of shares		
1.1. Ordinary shares	3 670 507	1 615 023
1.2. Preference shares		
1.3. Employees' shares		
1.4. Special shares		
1.5. Other shares		
TOTAL:	3 670 507	1 615 023
2. State or municipal capital		
3. Own shares owned by the company		
4. Shares owned by subsidiaries		
5. Share premium		856 405

As of 30 June 2019, all shares have been paid.

8. Provisions

The Company forms reimbursable suretyship provisions ("Guarantee Fund" service) intended to cover the liabilities under the reimbursable suretyship agreements. At the end of 2018-12-31, provisions made up EUR 159 115. At the end of 2019-06-30, provisions made up EUR 218 224.

9. Financial debts

	2019-06-30	2018-12-31
Long-term debts (from 2 to 5 years)	1 825 000	1 602 619
Loans received from affiliated undertakings	725 000	502 619
Bonds issued to affiliated undertakings	1 100 000	1 100 000
Short-term debts	181 257	90 486
Loans received from affiliated undertakings	175 000	87 882
Interest on loans received from affiliated undertakings	6 257	2 604
TOTAL	2 006 257	1 693 105

2019 H1 Notes to interim financial statements (3/4)

10. Accounts payable within one year

	2019-06-30	2018-12-31
Advances received	611	10
Trade payables	101 310	110 858
Payroll liabilities	21 285	17 605
Vacation pay liabilities	18 799	18 799
Social security liabilities	7 688	10 307
Personal income tax liabilities	6 619	1 051
Income tax liabilities		
Customer money held at NEO Finance accounts	2 249 780	2 011 465
Customer money held at NEO Finance accounts – cash in transit		
Owners' contributions to authorised capital		71 429
Other tax liabilities	14 297	3 654
Other payables	14 984	3 799
TOTAL:	2 435 373	2 248 977

11. Income

	2019	2018
Sales revenue	795 709	1 015 730
Revenue related to the issuance and processing of electronic money	78 655	38 793
Investment income	150 096	333 689
Revenue related to peer-to-peer lending	566 958	643 248

Revenue related to peer-to-peer lending are distributed throughout the loan period, and these revenues are received only when the borrower actually makes the monthly installment.

12. Expenses

	2019	2018
Cost of Sales	628 642	716 863
Cost of services rendered	628 642	716 863
General and administrative expenses	547 553	826 165
Salaries and social security	210 719	337 400
Guarantee Fund accrual costs	59 110	56 316
Audit expenses		10 171
Depreciation	79 601	134 021
Other expenses	198 123	288 257

13. Relations with executives and other related persons

Until 30 June 2019, the Head of Administration was paid a salary of EUR 19 728 (in 2018: EUR 28 427). The Head of Administration has not received any other income, loan guarantees nor benefits.

2019 H1 Notes to interim financial statements (4/4)

NEO Finance, AB
Business identifier code: 303225546 Address: Verkių g. 25C-1, LT-08223 Vilnius.
Interim Financial Statements for the period that ended on 30 June 2019
(all the sums are indicated in Euro, unless provided for otherwise)

14. Rights and liabilities of the Company that are not specified in the balance sheet

Liabilities of the Company under the reimbursable suretyship agreement, as of 30 June 2019, amounted to EUR 2 783 537. The Company signs reimbursable suretyship agreements with the lenders who choose the "Guarantee Fund" service. On the basis of these agreements, the Company guarantees the lenders for proper performance of the obligations arising from consumer credit agreements.

The Company does not participate in legal proceedings, whose outcome could have a significant effect on the Company's financial position and/or financial results

15. Contingent Liabilities

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

16. Post Balance Sheet Events

There were no post Balance Sheet events.

17. Off-balance sheet liabilities

By 30 June 2019, the Company, having acted as an operator of a Peer-to-Peer Lending Platform, and a consumer credit provider, has disbursed consumer credit funds for a total amount of EUR 34 828 797. As of 30 June 2019, the remaining outstanding part of credit amounted to EUR 22 759 036.