SME FINANCIER

creditshelf

Quarterly Statement as of September 30, 2019

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Quarterly Statement for Q3 2019

1. Statement by the Management Board

Dear shareholders and readers,

Digital SME finance is a key financing component for entities facing accelerating technological change and macroeconomic challenges. Small and medium-sized enterprises (SMEs) are particularly dependent on flexible finance solutions to help them master new developments such as digitalization, growth initiatives, and succession planning, or classic issues such as advance financing, in an increasingly demanding economic environment. creditshelf has been a reliable partner for them in this area since 2015.

We are convinced that the market for digital SME loans in Germany is gaining rapidly in importance and that it offers substantial growth potential. This is borne out by the loan requests we have received in the first nine months of the current year: At just under EUR 945 million, these were up by 26% overall on the 9M 2018 figure. We received requests for approximately EUR 344 million in the third quarter alone. This is 41% more than in Q3 2018, more than in each of the first and second quarters of the current fiscal year, and the highest quarterly volume of requests in the company's history. Our successfully completed acquisition of Valendo has expanded the Group to include a specialist for secured loans and related software solutions. And our partnership with Finleap – Europe's leading fintech ecosystem whom we are happy to welcome as a new strategic shareholder of creditshelf Aktiengesellschaft – will stimulate additional growth.

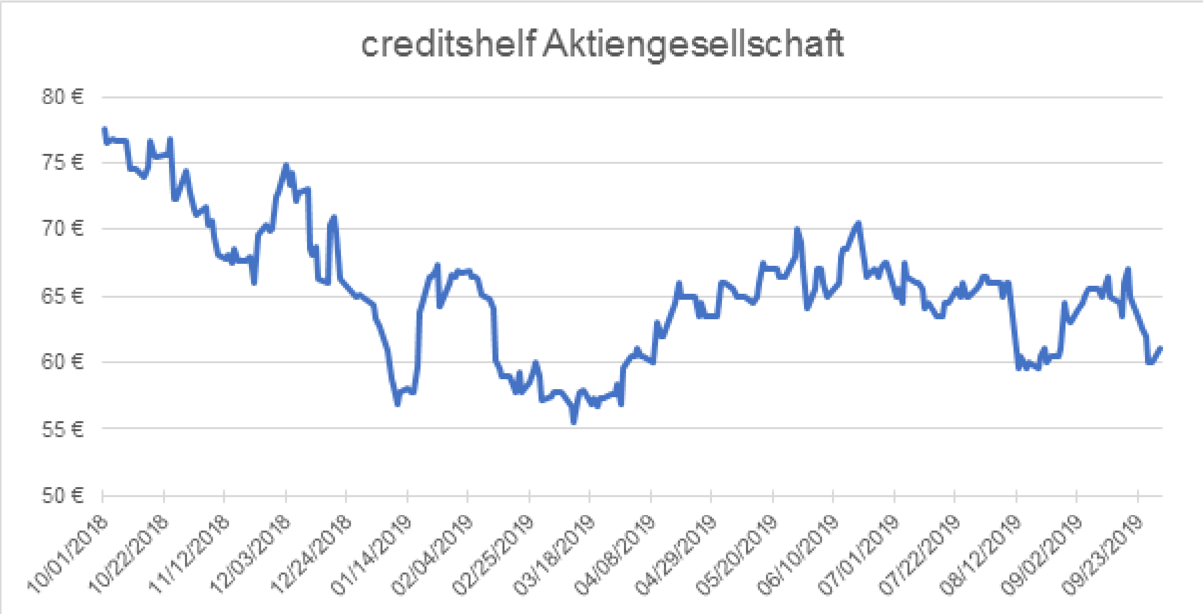
In the first nine months 2019, our revenues of EUR 2.46 million are already above 2018 full year revenues, while first nine months EBIT has improved to EUR –4.19 million. We continue to assume that the volume of loans arranged in the second half of the year will exceed the figure for the first six months, as was the case in previous years. Considering the preservation of our strict risk standards and investors' yield requirements in an environment of noticeable competition from the banking segment and economic uncertainties as well as a third quarter arranged loan volume, management expects full-year 2019 revenues to be at around EUR 4.0 million. Including the impact of Valendo GmbH in the fourth quarter, EBIT is expected to be at around EUR –5.0 million.

With best wishes
The Management Board

Dr. Tim Thabe　　Dr. Daniel Bartsch　　Dr. Mark Währisch

2. creditshelf's Shares

Share Price Performance (October 1, 2018, to September 30, 2019; XETRA Closing Prices)



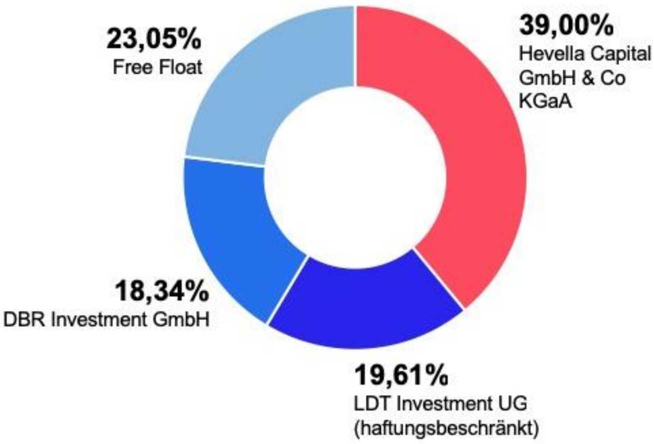
Basic Share Information

German securities identification number (WKN)	A2LQUA
ISIN	DE000A2LQUA5
Ticker symbol	CSQ
Type of shares	No-par value bearer shares
Initial listing	July 25, 2018
Number of shares	1,331,250
Stock exchange	Frankfurt Stock Exchange's Regulated Market (Prime Standard)
Designated Sponsors	Commerzbank, Oddo Seydler
Sell-side research coverage	Commerzbank, Frankfurt am Main Research (FMR), NIBC

creditshelf's Shares at a Glance (XETRA, Intraday)

Initial share price (July 25, 2018)	EUR 80.00
High (August 2, 2018)	EUR 84.50
Low (March 13, 2019)	EUR 54.82
Closing price (September 30, 2019)	EUR 61.00
Trading volume (October 1, 2018, to September 30, 2019; average number of shares)	approx. 600

Shareholder Structure



Information based on notifications of voting rights in excess of 5% received in accordance with the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG) (date of the last notification of voting rights: January 23, 2019), plus company information.

Financial Calendar*

November 25–27, 2019	German Equity Forum – Frankfurt am Main
March 26, 2020	Publication of the 2019 Annual Report
April 29, 2020	Annual General Meeting – Frankfurt am Main
May 14, 2020	Publication of the quarterly statement for Q1
May 18–20, 2020	Equity Forum Spring Conference – Frankfurt am Main
September 2–3, 2020	Equity Forum Fall Conference – Frankfurt am Main
September 10, 2020	Publication of the half-yearly financial report
November 12, 2020	Publication of the quarterly statement for Q3

* Subject to changes and additions without notice.

3. Material Events

3.1. Changes in the Results of Operations

Key performance indicator	January 1–September 30, 2019	January 1–September 30, 2018
Revenue	EUR 2,460.3 thousand	EUR 1,547.2 thousand
EBIT	EUR –4,188.6 thousand	EUR –4,544.8 thousand

The creditshelf Group lifted **revenue** by 59.0% year-on-year to EUR 2,460.3 thousand (prior-year period: EUR 1,547.2 thousand) in the first nine months of fiscal year 2019. Commission income from loan brokerage (also known as **borrower fees**) rose to EUR 1,528.6 thousand in the first nine months of 2019 (prior-year period: EUR 960.5 thousand), while **servicing fees** amounted to EUR 931.7 thousand (prior-year period: EUR 586.7 thousand). The statement of profit or loss for the reporting period does not include Valendo GmbH's financial performance. This company will be included in the creditshelf Group's consolidated financial statements as from the fourth quarter of 2019.

Other operating income totaled EUR 296.7 thousand (previous year: EUR 357.1 thousand). This comprises income from the reversal of provisions, from the measurement of Virtual Participation Program II, and from discounts on loan purchases. With regard to remeasurement effects for the Virtual Participation Programs, it should be noted that an expense is incurred if the share price rises.

Own work capitalized amounted to EUR 188.7 thousand in the reporting period (prior-year period: EUR 215.5 thousand) and comprised personnel expenses incurred in connection with software development.

Key cost drivers were personnel expenses and marketing and advertising expenditure. **Personnel expenses** declined slightly to EUR 3,136.3 thousand (prior-year period: EUR 3,149.8 thousand). The main reason for the decrease was a one-time factor in the prior-year period, when retention bonuses of EUR 1,395 thousand were paid to senior executives following the company's successful IPO. This was partially offset by higher personnel expenses in the first nine months of this year. creditshelf employed 41 full-time equivalents (FTEs) as of the end of Q3 (December 31, 2018: 33 FTEs). The company continued to invest in qualified staff in the third quarter so as to facilitate future growth and expand its expertise.

The personnel expenses item in the current reporting period contains expenses for employee share programs (EUR 602.8 thousand) that the company launched at the beginning of the current fiscal year. Under the methodology set out in IFRS 2, these expenses are not distributed pro rata in equal amounts across the vesting period; instead, earlier periods are assigned a heavier weighting. Additionally, as from the third quarter of 2019, CPD costs of EUR 17.9 thousand (prior-year period: EUR 17.9 thousand) will be recognized in personnel expenses; these were previously reported under other expenses.

Marketing and advertising expenses climbed to EUR 1,653.9 thousand (prior-year period: EUR 939.9 thousand), reflecting the increase in marketing activities in the current fiscal year. This item includes postage costs of EUR 315.5 thousand (prior-year period: EUR 275.3 thousand), which were largely incurred for mailing our client magazine. In the prior-year period these costs were reported under other operating expenses.

Expenses for **third-party services** amounted to EUR 243.3 thousand (prior-year period: EUR 162.1 thousand). In previous quarters these costs were recognized as other operating expenses.

Sales commission paid to partners for brokering loans totaled EUR 30.1 thousand (prior-year period: EUR 9.5 thousand).

creditshelf's **expenses for virtual participation shares** amounted to EUR 0.0 thousand in the reporting period (previous year: EUR 1,253.3 thousand). Income from the measurement of the virtual participation shares is recognized in other operating income.

Lease expenses rose to EUR 76.0 thousand (prior-year period: EUR 39.9 thousand). This is largely due to an increase in the size of the office premises leased, a move that became necessary following the systematic additions to the workforce made in the first nine months of 2019.

Premiums on loan receivables totaled EUR 137.2 thousand (prior-year period: EUR 185.4 thousand).

At EUR 744.3 thousand, **legal and consulting costs** were up considerably (prior-year period: EUR 471.5 thousand). The rise reflects our significant investments in extending the creditshelf platform, including the acquisition of Valendo GmbH.

Total other expenses climbed to EUR 563.8 thousand (prior-year period: EUR 292.1 thousand). This was largely attributable to higher expenditure on licenses and concessions of EUR 144.2 thousand (prior-year period: EUR 31.9 thousand). In addition, pro rated Supervisory

Board compensation rose to EUR 75.0 thousand in the first nine months (prior-year period: EUR 0.3 thousand). Expenses resulting from waivers of receivables for the first nine months of 2019 were the same as for the first half of the year (EUR 40.5 thousand), as there no defaults were recorded in the third quarter.

Earnings before interest, taxes, and depreciation and amortization (EBITDA) amounted to EUR –3,639.2 thousand at the end of Q3 2019 (previous year: EUR –4,383.7 thousand). After **depreciation and amortization** of EUR 549.4 thousand for the first nine months of 2019 (prior-year period: EUR 161.1 thousand), the Group reported **earnings before interest and taxes (EBIT)** of EUR –4,188.6 thousand (prior-year period: EUR –4,544,8 thousand). The year-on-year increase in depreciation and amortization was due to higher amortization of intangible assets resulting from the capitalization of software (EUR 464.7 thousand; prior-year period: EUR 87.1 thousand). The **net loss** for the first nine months of fiscal year 2019 after adjustment for finance costs and other financial income amounted to EUR –4,145.3 thousand (prior-year period: EUR –2,155.7 thousand). No income taxes were incurred.

Basic earnings per share, which are calculated using the profit attributable to ordinary shareholders and a weighted average of the ordinary shares in circulation, amounted to EUR –3.11. **Diluted earnings per share** were EUR –3.07; as required by IAS 33.48, this figure treats all shares already granted under the employee share programs as outstanding, and therefore includes them. In line with this, the calculation was based on the number of restricted stock units agreed by the employees and the company in the binding award letters. This figure amounted to 18,637 as of the September 30, 2019, reporting date. The figure declined in comparison to the previous quarter as a result of employee departures.

3.2. Changes in Net Assets and Financial Position

Total assets decreased to EUR 11,603.0 thousand as of the September 30, 2019, reporting date (December 31, 2018: EUR 16,417.0 thousand). This was mainly due to the reduction in current assets and equity. As already mentioned in relation to the statement of profit or loss, Valendo GmbH's financial performance has not yet been included in the net assets and results of operations for the reporting period.

Current assets fell to EUR 7,629.8 thousand as of the September 30, 2019, reporting date (December 31, 2018: EUR 13,203.2 thousand). The primary driver here was the decrease in cash and cash equivalents, which totaled EUR 5,856.4 million as at the end of Q3 2019 (year-end 2018: EUR 12,424.8 million). **Cash funds** amounted to EUR 5,374.8 thousand as of September 30 of the current fiscal year (December 31, 2018: EUR 10,894.7 thousand).

Noncurrent assets rose to EUR 3,973.3 thousand as of the September 30, 2019, reporting date (December 31, 2018: EUR 3,213.8 thousand). This change was largely attributable to the EUR 699.3 thousand increase in intangible assets.

The lower level of **current liabilities,** which totaled EUR 2,481.0 thousand (EUR 3,328.6 thousand as of December 31, 2018), was largely due to a reduction in trade payables. The latter figure fell to EUR 1,250.6 thousand (December 31, 2018: EUR 2,637.8 thousand). In addition, other liabilities rose to EUR 1,059.3 thousand as a result of provisions for restricted stock units under the employee share plan, among other things (December 31, 2018: EUR 524.9 thousand).

The Group's **noncurrent liabilities** are dominated by the provision for the obligation under the company's Virtual Participation Program II, falling to EUR 1,472.8 thousand (December 31, 2018: EUR 1,642.8 thousand). The drop is associated with the measurement of this virtual participation, which is linked to creditshelf's share price performance.

Equity totaled EUR 7,649.3 thousand as of the September 30, 2019, reporting date (December 31, 2018: EUR 11,445.6 thousand). The decrease in this item is attributable to the net loss after tax for Q3 of EUR 4,145.9 thousand and the increase in the capital reserves (EUR 367.6 thousand) resulting from the employee share program, under which equity instruments were issued at the end of the year.

3.3. Report on Expected Developments

The management remains convinced that the market for digital SME loans in Germany is gaining in importance and that it offers substantial growth potential. As written in the half year report, we are assuming that the volume of loans arranged in the second half of the year will exceed the figure for the first six months, as was the case in previous years. At the same time, however, it must also be noted that competitive pressure is noticeable, especially from the banking segment. In addition, the economic environment is dominated by geopolitical tension and barriers to trade that are impacting the sentiment of SMEs in Germany and their business. As a result, and since we shall preserve our strict risk standards and continue to focus on our investors' yield requirements, our conversion rate for the current year remains below our unchanged medium-term goal of approximately 10%. Taking into account the arranged loan volume in the third quarter, the management is now assuming that full-year revenues will be around EUR 4.0 million. Based on the revised revenue forecast and including the impact of Valendo in Q4, the management is expecting a negative EBIT of around minus EUR 5.0 million.

4. Consolidated Interim Financial Statements as of September 30, 2019

4.1. Consolidated Statement of Financial Position as of September 30, 2019

ASSETS

	Sept. 30, 2019 in EUR thousand	Dec. 31, 2018 in EUR thousand
Noncurrent assets		
Intangible assets	3,117.0	2,417.7
Property, plant, and equipment	270.1	311.9
Trade receivables	552.6	457.1
Other receivables	33.7	27.1
Deferred tax assets	0.0	0.0
Total noncurrent assets	3,973.3	3,213.8
Current assets		
Trade receivables	1,260.2	418.4
Other assets	390.3	324.9
Other financial assets	122.9	35.2
Cash and cash equivalents	5,856.4	12,424.8
Total current assets	7,629.8	13,203.2
Total assets	**11,603.0**	**16,417.0**

EQUITY AND LIABILITIES

	Sept. 30, 2019 in EUR thousand	Dec. 31, 2018 in EUR thousand
Capital and reserves		
Subscribed capital	1,331.3	1,331.3
Capital reserves	18,653.3	18,304.4
Retained earnings	–12,335.3	–8,190.1
Total equity	7,649.3	11,445.6
Noncurrent liabilities		
Noncurrent provisions	1,355.6	1,480.7
Other financial liabilities	117.2	162.1
Total noncurrent liabilities	1,472.8	1,642.8
Current liabilities		
Trade payables	1,250.6	2,637.8

Other financial liabilities	171.1	165.8
Other liabilities	1,059.3	524.9
Total current liabilities	2,481.0	3,328.6
Total equity and liabilities	**11,603.0**	**16,417.0**

4.2. Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Period from January 1 to September 30, 2019	Sept. 30, 2019 in EUR thousand	Sept. 30, 2018 in EUR thousand	Change in EUR thousand
Revenue	2,460.3	1,547.2	913.1
– Borrower fees	1,528.6	960.5	568.1
– Investor fees	931.7	586.7	345.0
Other operating income	296.7	357.1	–60.4
Own work capitalized	188.7	215.5	–26.8
Personnel expenses	–3,136.3	–3,149.8	13.5
Marketing and advertising expenses	–1,653.9	–939.9	–714.0
Third-party services	–243.3	–162.1	–81.2
Sales commission	–30.1	–9.5	–20.6
Virtual Participation Program expenses	0.0	–1,253.3	1,253.3
Lease expenses	–76.0	–39.9	–36.1
Premiums on loan receivables	–137.2	–185.4	48.2
Legal and consulting costs	–744.3	–471.5	–272.8
Other expenses	–563.8	–292.1	–271.7
- *of which waivers of receivables*	*–40.5*	*–1.5*	*–39.0*
EBITDA	**–3,639.2**	**–4,383.7**	**744.5**
Depreciation and amortization	–549.4	–161.1	–388.3
EBIT	**–4,188.6**	**–4,544.8**	**356.2**
Finance costs	–77.6	–57.2	–20.4
Other financial income	120.9	16.9	104.0
Financial result	43.3	–40.3	83.6
Income tax expense	0.0	2,429.4	–2,429.4
Net loss for the period	**–4,145.3**	**–2,155.7**	**–1,989.6**
of which attributable to:			
Owners of the parent	**–4,145.3**	**–2,155.7**	**–1,989.6**
Noncontrolling interests	0.0	0.0	0.0
Total comprehensive income	**–4,145.3**	**–2,155.7**	**–1,989.6**
of which attributable to:			
Owners of the parent	**–4,145.3**	**–2,155.7**	

Noncontrolling interests	**0.0**	**0.0**

Earnings per share

	2019	**2018**
	in EUR	**in EUR**
Basic earnings per share	–3.11	–1.62
Diluted earnings per share	–3.07	–1.62

4.3. Consolidated Statement of Cash Flows

for the Period from January 1 to September 30, 2019

	Sept. 30, 2019 in EUR thousand	Dec. 31, 2018 in EUR thousand
Cash flows from operating activities		
Loss for the period	**–4,145.2**	**–6,314.7**
Adjustments for:		
Income taxes paid	0.0	885.3
Depreciation of property, plant, and equipment	86.7	103.7
Amortization of intangible assets	462.7	159.5
Gains/losses on disposal of intangible assets and property, plant, and equipment	0.0	0.0
Change in provisions	–125.1	1,070.2
Other noncash expenses/income	–189.6	–310.6
Financial expenses	77.6	86.4
Financial income	0.0	–28.0
Income taxes paid	0.0	0.0
Security deposit	–6.6	5.6
Other assets	–157.1	–256.0
Interest received	0.0	28.0
Gross cash flow	**–3,996.6**	**–4,570.7**
Increase/decrease in trade receivables	–937.3	–524.1
Increase/decrease in trade payables	–1,383.3	929.9
Increase/decrease in other liabilities	535.1	–51.8
Net cash generated by/used in operating activities	**–5,782.1**	**–4,217.0**
Payments to acquire property, plant, and equipment	–45.8	–85.5
Payments to acquire intangible assets	–973.2	–1,757.5
Net cash used in/generated by investing activities	**–1,019.0**	**–1,843.0**
Proceeds from the issuance of equity instruments/shares	367.6	19,545.2
Decrease in lease liability	–44.9	–58.9
Transaction costs for issuance of equity instruments/shares	–18.8	–2,951.2
Interest paid	–71.3	–77.4
Net cash generated by/used in financing activities	**232.7**	**16,457.6**
Net increase in cash and cash equivalents	–6,568.4	10,397.6
Cash and cash equivalents at the start of the fiscal year/quarter	12,424.8	2,027.1

Cash and cash equivalents on September 30 of the fiscal year

Cash-in-hand	0.6	1.8
Bank balances	5,855.8	12,423.0
Less pledged accounts	481.6	1,530.1
Cash funds as of September 30 of the fiscal year	**5,374.8**	**10,894.7**

4.4. Consolidated Statement of Changes in Equity

	Subscribed capital in EUR thousand	Capital reserves in EUR thousand	Retained earnings in EUR thousand	Total equity in EUR thousand
Balance as of January 1, 2018	**76.8**	**2,965.0**	**–1,875.4**	**1,166.3**
Net loss for the period	–	–	–6,314.7	–6,314.7
Capital transactions	1,254.5	18,290.7	–	19,545.2
Capital increase on February 8, 2018	3.1	1,996.9	–	–
Capital increase on June 18, 2018	1,045.2	0.0	–	–
Capital increase on July 25, 2018	206.3	16,293.8	–	–
Transaction costs for the issuance of shares	0.0	–2,951.2	–	–2,951.2
Other changes	–	–	–	–
Balance as of December 31, 2018	**1,331.3**	**18,304.4**	**–8,190.1**	**11,445.6**
Balance as of January 1, 2019	**1,331.3**	**18,304.4**	**–8,190.1**	**11,445.6**
Net loss for the period	–	–	–4,145.2	–4,145.2
Capital transactions	–	–	–	–
Issuance of equity instruments	0.0	367.6	–	367.6
Transaction costs for the issuance of equity instruments	–	–18.8	–	–18.8
Other changes	–	–	–	–
Balance as of September 30, 2019	**1,331.3**	**18,653.2**	**–12,335.3**	**7,649.2**

5. Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group in accordance with German accepted accounting principles.”

Frankfurt, November 21, 2019

Dr. Tim Thabe | Dr. Daniel Bartsch | Dr. Mark Währisch

6. Publication Details

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creditshelf's shares

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