FREEDOM FOR COMPANIES

credit shelf

Quarterly Statement

September 30, 2021

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Quarterly Statement Q3 2021

1. Statement by the Management Board

Dear shareholders and readers,

We continued successfully growing our company in Q3 2021. There was very little sign of the normal decline in business over the summer, with demand for our financing solutions remaining at a stable high level. The upturn among German SMEs was also tailwind for our business: We have arranged more than EUR 100 million in digital SME loans for the first time within a current fiscal year. By doing so, our platform has reached another milestone – not just for German SMEs, for whom we are an attractive source of alternative financing, but also for institutional investors. In July, Amsterdam Trade Bank had increased its investments via the creditshelf platform by EUR 20 million, bringing the total volume to EUR 60 million. As early as October, the bank held out the prospect of another EUR 60 million. All in all, we have placed loans in excess of EUR 400 million since the company was formed. New business in the last 12 months amounted to more than EUR 140 million as of September 30, 2021 – a clear sign that substantial growth can be expected in full-year 2021 and beyond.

At an operational level, Q3 saw numerous successes in our drive to expand our network. For example Fundingport, a Hypoport SE subsidiary, recently became one of the 700-plus partners in our financing network. In its case our unsecured SME loans are helping to finance renewable energy projects. This partnership represents another step on the way towards further growth of our network and shows that, going forward, SME finance will extend well beyond traditional relationships with principal banks. At creditshelf, we are actively helping to shape this future every day.

Based on the positive trend in our operating business, we are confirming the forecast for the current fiscal year that we published on March 30, 2021.

With best wishes
The Management Board

Dr. Tim Thabe

Dr. Daniel Bartsch

2. Information on creditshelf's Shares

Share Price Performance – October 1, 2020, to September 30, 2021

Closing prices in Deutsche Börse AG's XETRA trading system.

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
Initial issue price	EUR 80.00
Number of shares*	1,376,251
Stock exchange	Frankfurt Stock Exchange's Regulated Market (Prime Standard)
Designated Sponsors	ODDO BHF Corporates & Markets AG,

	Hauck & Aufhäuser*
Sell-side analysts	FMR, KBW, Kepler Cheuvreux**

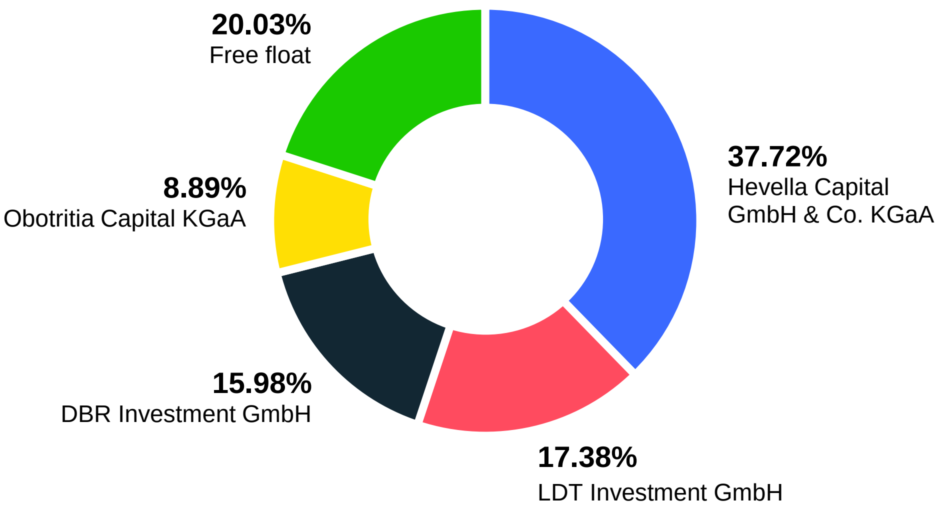
* As from October 1, 2021; ** As from October 5, 2021

creditshelf's Shares at a Glance – January 1, 2021, to September 30, 2021*

Share price at the start of the reporting period	EUR 43.00
High (February 17, 2021)	EUR 54.00
Low (March 2, 2021)	EUR 37.60
Share price at the end of the reporting period	EUR 40.40
Trading volume (average number of shares)	approx. 214

* Closing prices in Deutsche Börse AG's XETRA trading system.

Shareholder Structure



Information based on notifications of voting rights in excess of 5% received in accordance with the *Wertpapierhandelsgesetz* (German Securities Trading Act – WpHG).

Financial Calendar*

November 11, 2021	Publication of the quarterly statement for Q3 2021
November 22–24, 2021	Deutsches Eigenkapitalforum (virtual)

* Subject to changes and additions without notice.

Please see our website and investor presentation, which are constantly updated, for details of additional events and dates in 2021.

3. Material Events

3.1. Changes in the Results of Operations

Performance indicator in kEUR	January 1– September 30, 2021	January 1– September 30, 2020
Revenue	4,880.9	3,674.5
EBIT	–2,076.1	–4,149.1

The creditshelf Group lifted **revenue** by 32.8% year-on-year to kEUR 4,880.9 in the first nine months of fiscal year 2021 (prior-year period: kEUR 3,674.5). The main driver for this was an increase in the **volume of loans arranged** from EUR 70.3 million in the first nine months of 2020 to EUR 110.9 million in the reporting period.

creditshelf's revenue in the first nine months of 2021 came from different sets of fees:

Borrower fees amounted to kEUR 3,606.8 (prior-year period: kEUR 2,496.4). This corresponds to a margin – the ratio of revenue to the arranged loan volume – of 3.3% (prior-year period: 3.6%).

Revenue from **investor fees** that the company generated for loans arranged via the creditshelf platform amounted to kEUR 1,049.4 (prior-year period: kEUR 1,131.3). This corresponds to a margin of 1.0% (prior-year period: 1.6%). The drop in the margin is due on the one hand to our cooperation with major financing partners. These help secure funding for the growing volume of loans made via the creditshelf platform and are the basis for additional growth. On the other hand, uncollected investor fees resulting from borrower defaults during the reporting period were, based on case-by-case decisions by the Management Board, corrected directly in revenue as rebates, and hence as variable consideration pursuant to IFRS 15.51. In addition, potential future rebates that would negatively impact investor fees in the case of a borrower default were estimated using the expected value method pursuant to IFRS 15.53. Rebates based on IFRS 15.51 and IFRS 15.53 led to a revenue correction of kEUR 204.5 in the reporting period, which was largely attributable to one-time restructuring of a major loan. Conversely, the new loan extended in this context resulted in new investor fees that are matched against the revenue correction. All in all, the losses that occurred were below model expectations, despite the ongoing corona pandemic. This clearly demonstrates the attractiveness of the loans arranged by creditshelf as an asset class for institutional investors.

The lower investor fees are increasingly being replaced by revenue from **service and advisory fees**, largely for services provided to the creditshelf Loan Fund plus additional analysis, monitoring, and servicing. These fees amounted to kEUR 224.7 (prior-year period: kEUR 46.8).

In line with these changes, the overall margin – the ratio of revenue to the arranged loan volume – fell year-on-year to 4.8% (prior-year period: 5.2%).

Other income of kEUR 45.5 (prior-year period: kEUR 510.7) largely comprised income of kEUR 44.0 from the change in the provision recognized for the Virtual Participation Program. In the prior-year period, other income largely consisted of cost refunds relating to the formation of the creditshelf Loan Fund, reversals of provisions, and discounts on loan purchases. No premiums on the latter have been reported since the H1 2021 report, since these do not affect EBIT and this practice enhances transparency (prior-year period: kEUR 109.3).

Own work capitalized amounted to kEUR 488.3 in the first nine months of 2021 (prior-year period: kEUR 312.7) and comprised personnel expenses incurred in connection with software development. The year-on-year rise is due to the fact that development work was performed in-house after the relationship with the external software developer was discontinued as planned in Q1 2020.

Personnel expenses in the first nine months of 2021 were kEUR 4,064.3, a decline on the figure for the prior-year period (kEUR 4,467.1). This development was mainly driven by lower expenses for Restricted Stock Unit Programs, which totaled kEUR 421.6 (prior-year period: kEUR 681.1). The rules set out in IFRS 2 required the material personnel expenses for claims to units that arose in the period up to 2021 to be recognized in previous periods. At the same time, fewer units were granted overall in 2021. This applies in particular to the RSU III program, which expired in the current fiscal year since Dr. Mark Währisch left the Management Board as of April 30, 2021. The headcount as of September 30, 2021, was 60 permanent staff (September 30, 2020: 57 permanent staff).

Other operating expenses amounted to kEUR 2,474.9 in the first nine months of fiscal year 2021, clearly down on the figure of kEUR 3,302.9 for the prior-year quarter. This reflects the rigorous management of non-personnel costs. Total other operating expenses fell sharply overall despite the increased volume of arranged loans and the associated rise in variable expenses.

Other operating expenses in the first nine months of 2021 can be broken down as follows:

Marketing and advertising expenses fell significantly to kEUR 526.2 (prior-year period: kEUR 1,128.5). Key reasons included a tightly focused marketing strategy featuring efficient campaigns aimed at clearly-defined target groups. What is more, the marketing expenses item for the prior-year period contained specific measures to strengthen the infrastructure in this area, which have laid the groundwork for more efficient strategies here. In addition, the company has reacted in the course of the current year to changes in demand behavior, which are due to the extensive government support measures during the coronavirus crisis, and has focused its marketing efforts more on specific sectors and channels.

At kEUR 544.3, **legal and consulting costs** fell slightly (prior-year period: kEUR 583.6).

Third-party services led to expenses of kEUR 235.8 in the first nine months of 2021 (prior-year period: kEUR 354.5). The decrease reflects lower costs for external data searches during credit analysis.

Sales commission paid to partners for brokering loans totaled kEUR 175.9 (prior-year period: kEUR 188.0). The volume of loans arranged in the reporting period also benefited significantly from sales partnerships for which no fees were paid.

Lease expenses declined to kEUR 145.3 in the first nine months of 2021 (prior-year period: kEUR 195.5). This is due to a reduction in leased space made as part of the company's strict cost management and the extension of its existing New Work policies in the period since H2 2020.

No **premiums on loan receivables** or premiums from loan purchases have been recognized since the H1 2021 report, since these do not affect EBIT and this practice enhances transparency (prior-year period: kEUR 109.3). The same applies to discounts on loan purchases, for which an identical amount was reported in other operating income in the prior-year period.

At kEUR 847.4, total **miscellaneous other expenses** were up year-on-year in the first nine months of 2021 (prior-year period: kEUR 743.5). Key drivers here were higher IT costs for licenses and concessions to expand our digital infrastructure, plus recruitment costs of kEUR 93.2 incurred to attract qualified new staff; no corresponding item was recognized in the prior-year period.

Consequently, **earnings before interest, taxes, and depreciation and amortization (EBITDA)** amounted to kEUR –1,124.5 after the first nine months of 2021 (prior-year period: kEUR –3,272.1). This demonstrates our business model's potential scalability, since we were able to significantly grow our revenue while keeping personnel expenses stable and clearly cutting other operating expenses.

Following **amortization** of mainly intangible assets of kEUR 951.6 for the first nine months of 2021 (prior-year period: kEUR 877.1), the Group reported a substantial improvement in **earnings before interest and taxes (EBIT)** of kEUR –2,076.1 (prior-year period: kEUR –4,149.1). After adjustment for the financial result of kEUR –62.6 (prior-year period: kEUR –13.9), which was mainly due to interest expenses on the shareholder loan, and an income tax expense of kEUR 8.2 (prior-year period: kEUR 108.2), the **net loss** for the first nine months of fiscal 2021 was kEUR –2,146.9 (prior-year period: kEUR –4,271.2).

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 –1.56 (prior-year period: EUR –3.15). In line with IAS 33.41, **diluted earnings per share** corresponded to basic earnings per share.

3.2. Changes in Net Assets

creditshelf's **total assets** as of September 30, 2021, amounted to kEUR 6,357.0 (December 31, 2020: kEUR 10,062.8). The change was mainly due to the decrease in current assets and current liabilities.

Noncurrent assets totaled kEUR 4,185.5 as of the reporting date, somewhat lower than at the fiscal 2020 year-end (kEUR 4,560.7). Amortization of intangible assets exceeded own work capitalized and led to a fall in this item compared with the fiscal 2020 year-end to kEUR 3,085.0 (December 31, 2020: kEUR 3,434.6). Intangible assets accounted for the bulk of noncurrent assets as of the September 30, 2021, reporting date, together with slightly higher noncurrent trade receivables of kEUR 936.7 resulting from the growth in creditshelf's operations (December 31, 2020: kEUR 876.2).

Current assets declined to kEUR 2,171.5 as of the reporting date (December 31, 2020: kEUR 5,502.1). This was largely due to the lower levels of cash and cash equivalents, which totaled kEUR 784.4 as of September 30, 2021, down from kEUR 3,844.3 on December 31, 2020. kEUR 0.1 of this amount was held in pledged accounts as of September 30, 2021 (December 31, 2020: kEUR 0.1). The sharp reduction in cash and cash equivalents recognized in comparison to December 31, 2020, is due to the fact that kEUR 3,136.0 in cash had been held temporarily in a company account as of the 2020 closing date in order to settle transactions. This item was matched by a corresponding liability. Current trade receivables fell slightly to kEUR 1,217.0 as of September 30, 2021 (December 31, 2020: kEUR 1,355.5).

The company's **equity** declined compared to the 2020 year-end to kEUR 2,076.6 (December 31, 2020: kEUR 3,896.4). The **equity ratio** was 32.7% (December 31, 2020: 38.7%). The decrease in equity represents the sum of the net loss for the period of kEUR 2,146.9 and the increase in capital reserves made to satisfy claims under the share-based employee incentive programs by issuing equity instruments (September 30, 2021: kEUR 21,331.5; December 31, 2020: kEUR 21,020.3). In addition, a capital increase was implemented on February 9, 2021, to satisfy claims under the share-based employee incentive programs. This led to an increase of EUR 15,912.00 in the subscribed capital as of September 30, 2021, to kEUR 1,376.2 (December 31, 2020: kEUR 1,360.3).

Noncurrent liabilities rose compared to the 2020 year-end to kEUR 2,624.3 (December 31, 2020: kEUR 1,210.4). This mainly resulted from an increase in other noncurrent financial liabilities to kEUR 1,578.2 (December 31, 2020: kEUR 50.1). The change is primarily attributable to the shareholder loan of EUR 1.5 million taken out by the company in the period up to the September 30, 2021, reporting date. At kEUR 1,046.1, noncurrent provisions were somewhat lower than at the end of fiscal year 2020 (December 31, 2020: kEUR 1,146.7).

Current liabilities fell to kEUR 1,656.1 as of the September 30, 2021, reporting date, a clear decline on December 31, 2020 (kEUR 4,956.0). The main driver for this change was the substantially lower level of trade payables, which totaled kEUR 599.5 (December 31, 2020: kEUR 3,777.8). The increase of kEUR 3,136.0 in current liabilities recorded as of the end of 2020 was the result of the temporary recognition of the cash items mentioned earlier. Other liabilities amounted to kEUR 603.5 as of the September 30, 2021, reporting date, a rise on the 2020 year-end figure (December 31, 2020: kEUR 534.7). The decrease in current provisions to kEUR 389.0 was due to the utilization of current payroll tax provisions for share-based employee incentive programs (December 31, 2020: kEUR 549.1).

3.3. Changes in Financial Position

Based on a **net loss for the period** of kEUR 2,146.9 (September 30, 2020: net loss of kEUR 4,271.2), **gross cash flow** at the end of the reporting period amounted to kEUR –1,473.9 (September 30, 2020: kEUR –3,034.0) after adjustments that largely reflected depreciation of property, plant, and equipment, amortization of intangible assets, noncash increases in the capital reserve, changes in other noncash expenses and cash inflows from other assets. In contrast to the report for the prior period, cash inflows from the sale of shares made to settle payroll taxes due under the share-based employee incentive programs were no longer recognized as equity-settled share-based payments under gross cash flow, but as proceeds from the sale of shares under net cash generated from financing activities. This has enhanced presentation. In line with this, the figure for noncash increases in the capital reserves as of September 30, 2020, was reduced by kEUR 146.2.

Net cash used in operating activities amounted to kEUR –1,346.7 as of the end of the first nine months of 2021 (September 30, 2020: kEUR –3,168.1). The drivers here were a clear decrease in trade payables and an increase in trade receivables and other liabilities. Compared to the report for the prior-year period, the change in temporarily recognized cash holdings of kEUR 3,093.2 in the statement of cash flows was no longer recognized in the cash funds item but directly against the relevant liability under net cash used in operating activities. The figures as of September 30, 2020, were adjusted in line with this for the current report. The reclassified amount relating to the prior-year period was kEUR 120.3.

Net cash used in investing activities amounted to kEUR –30.6 at the end of the reporting period (September 30, 2020: kEUR –205.2). This was due to cash outflows associated with payments for investments in property, plant, and equipment, and intangible assets.

Net cash from financing activities of kEUR 1,410.6 (September 30, 2020: net cash used in financing activities of kEUR 45.1) largely reflects proceeds from the shareholder loan, plus proceeds from the sale and issuance of shares that are matched against payments under earn-outs. Proceeds from the shareholder loan amounted to kEUR 1,500.0 (prior-year period: kEUR 0.0) and proceeds from the sale of shares to kEUR 276.5 (prior-year period: kEUR 146.2; see the adjustment to the gross cash flow), whereas earn-out payments led to a cash outflow of kEUR 250.0 (prior-year period: kEUR 0.0). The latter relates to the expiration on January 18, 2021, of the earn-out period under the purchase agreement for Valendo GmbH. On January 28, 2021, the Management Board of creditshelf Aktiengesellschaft resolved not to exercise the replacement option and to settle the earn-out amount due in cash.

creditshelf had **cash and cash equivalents** of kEUR 784.4 as of the September 30, 2021, reporting date (September 30, 2020: kEUR 3,337.1). Cash of kEUR 0.1 was held in pledged accounts as of the reporting date (September 30, 2020: kEUR 0.1). The reclassification of the temporarily recognized cash holdings mentioned earlier led to an adjustment of kEUR 3,412.5 in the cash funds item as of the start of the fiscal year. The relevant figure for the prior-year period was kEUR 235.2. After adjustment for the above-mentioned reclassification and the funds held in pledged accounts, the company had **cash funds** of kEUR 465.0 as of September 30, 2021 (September 30, 2020: kEUR 1,216.7).

3.4. Report on Expected Developments

The Management Board published a forecast for fiscal year 2021 on March 30, 2021, in the context of the annual report. It is continuing to expect consolidated revenue of between EUR 6 million and EUR 8 million. Also unchanged is its expected negative figure for consolidated EBIT of EUR –3 million to EUR –4 million. Please also see the report on expected developments in the annual report.

4. Consolidated Interim Financial Statements as of September 30, 2021

4.1. Consolidated Statement of Financial Position as of September 30, 2021

ASSETS	Sept. 30, 2021 in kEUR	Dec. 31, 2020 in kEUR
Noncurrent assets		
Intangible assets	3,085.0	3,434.6
Property, plant, and equipment	136.8	222.8
Trade receivables	936.7	876.2
Other financial assets	27.0	27.1
Total noncurrent assets	**4,185.5**	**4,560.7**
Current assets		
Trade receivables	1,217.0	1,355.5
Other assets	148.5	300.2
Other financial assets	21.6	2.1
Cash and cash equivalents	784.4	3,844.3
Total current assets	**2,171.5**	**5,502.1**
Total assets	**6,357.0**	**10,062.8**

EQUITY AND LIABILITIES

	Sept. 30, 2021 in kEUR	Dec. 31, 2020 in kEUR
Capital and reserves		
Subscribed capital	1,376.2	1,360.3
Capital reserves	21,331.5	21,020.3
Retained earnings	–20,631.1	–18,484.2
Total equity	**2,076.6**	**3,896.4**
Noncurrent liabilities		
Noncurrent provisions	1,046.1	1,146.7
Other financial liabilities	1,578.2	50.1
Deferred tax liabilities	0.0	13.6
Total noncurrent liabilities	**2,624.3**	**1,210.4**
Current liabilities		
Trade payables	599.5	3,777.8
Other financial liabilities	64.1	72.2
Current provisions	389.0	549.1
Other liabilities	603.5	534.7
Tax liabilities	0.0	22.2
Total current liabilities	**1,656.1**	**4,956.0**
Total assets	**6,357.0**	**10,062.8**

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

for the Period from January 1 to September 30, 2021	**Sept. 30, 2021 in kEUR**	**Sept. 30, 2020 in kEUR**
Revenue	4,880.9	3,674.5
Other income	45.5	510.7
Own work capitalized	488.3	312.7
Personnel expenses	–4,064.3	–4,467.1
Depreciation and amortization	–951.6	–877.1
Other operating expenses	–2,474.9	–3,302.9
Finance costs	–76.4	–25.0
Financial income	13.8	11.1
Consolidated earnings before taxes (EBT)	**–2,138.7**	**–4,163.0**
Income taxes	–8.2	–108.2
Net loss for the period	**–2,146.9**	**–4,271.2**
of which attributable to:		
Owners of the parent	**–2,146.9**	**–4,271.2**
Noncontrolling interests	**0.0**	**0.0**

<u>Earnings per share</u>

	Sept. 30, 2021 in EUR	**Sept. 30, 2020 in EUR**
Basic earnings per share	–1.56	–3.15
Diluted earnings per share	–1.56	–3.15

4.3. Consolidated Statement of Cash Flows

for the Period from January 1 to September 30, 2021

	Sept. 30, 2021 in kEUR	Sept. 30, 2020 in kEUR
Cash flows from operating activities		
Net loss for the period	**–2,146.9**	**–4,271.2**
Adjustments for:		
Income taxes paid	–13.6	108.2
Depreciation of property, plant, and equipment	97.8	106.7
Amortization of intangible assets	853.8	770.4
Gains/losses on disposal of intangible assets and property, plant, and equipment	1.4	–0.1
Change in other provisions	–260.7	14.8
Other noncash expenses/income	–486.9	–340.4
Non-cash increase in capital reserves	286.1	553.0
Financial expenses from financing activities	76.4	20.9
Financial income	–13.8	–11.1
Other assets	132.1	14.8
Interest payments received	0.4	0.0
Gross cash flow	**–1,473.9**	**–3,034.0**
Increase/decrease in trade receivables	91.5	–161.6
Increase/decrease in trade payables	–85.0	233.2
Increase/decrease in other liabilities	120.7	–205.7
Net cash generated by/used in operating activities	**–1,346.7**	**–3,168.1**
Payments to acquire property, plant, and equipment	–14.7	–63.8
Payments to acquire intangible assets	–15.9	–141.4
Net cash used in/generated by investing activities	**–30.6**	**–205.2**
Proceeds from shareholder loans	1,500.0	0.0
Proceeds from the issuance of shares	15.9	7.1
Proceeds from the sale of shares	276.5	0.0
Payments due to earn-outs	–250.0	0.0
Decrease in lease liability	–54.0	–51.5
Transaction costs for issuance of shares	–1.4	–4.8
Interest paid	–76.4	4.1
Net cash generated by/used in financing activities	**1,410.6**	**–45.1**
Net increase in cash and cash equivalents	33.3	–3,418.4
Cash and cash equivalents at the start of the fiscal year	431.8	6,635.2

Cash and cash equivalents on September 30 of the fiscal year

Cash-in-hand	0.6	1.0
Bank balances	464.5	3,215.7
Less pledged accounts	0.1	2,000.1
Cash funds	**465.0**	**1,216.7**

4.4. Consolidated Statement of Changes in Equity

	Subscribed capital in kEUR	Capital reserves in kEUR	Loss carryforwards in kEUR	Total equity in kEUR
Balance as of January 1, 2020	**1,353.2**	**20,274.1**	**–13,157.6**	**8,469.8**
Net loss for the period	0.0	0.0	–4,271.2	–4,271.2
Issuance of equity instruments	7.1	553.0	0.0	560.1
Transaction costs for the issuance of equity instruments	0.0	–4.8	0.0	–4.8
Balance as of September 30, 2020	**1,360.3**	**20,822.3**	**–17,428.8**	**4,753.9**
Balance as of January 1, 2021	**1,360.3**	**21,020.3**	**–18,484.2**	**3,896.4**
Net loss for the period	0.0	0.0	–2,146.9	–2,146.9
Issuance of equity instruments	15.9	562.6	0.0	578.5
Payments due to earn-outs	0.0	–250.0	0.0	–250.0
Transaction costs for the issuance of equity instruments	0.0	–1.4	0.0	–1.4
Balance as of September 30, 2021	**1,376.2**	**21,331.5**	**–20,631.1**	**2,076.6**

5. Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable international 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 am Main, November 11, 2021

Dr. Tim Thabe Dr. Daniel Bartsch

6. Publication Details

Published by

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This interim statement is available in German and English from:

https://ir.creditshelf.com/websites/creditshelf/English/2300/financial-reports.html

creditshelf's shares

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