FREEDOM FOR COMPANIES

creditshelf

Quarterly Statement

September 30, 2020

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Quarterly Statement for Q3 2020

1. Statement by the Management Board

Dear shareholders and readers,

The first nine months of 2020 have been eventful – both for creditshelf and for our clients. The coronavirus crisis put many things that seemed to be set in stone to the test. As an entrepreneur, you are forced to take a critical look at your own business and respond flexibly to challenges. For us, this means not only looking more closely at New Work methods and mobile workplace solutions for our employees, but also further expanding our data-driven business model. We continued our growth in the first nine months, pushing ahead with expanding our technology and infrastructure in order to become even better. At the same time, we countered the effects of the crisis with rigorous cost management and by making constant, situation-specific adjustments to our strict risk standards for lending. The top priority for creditshelf is to ensure stable returns for our institutional investors.

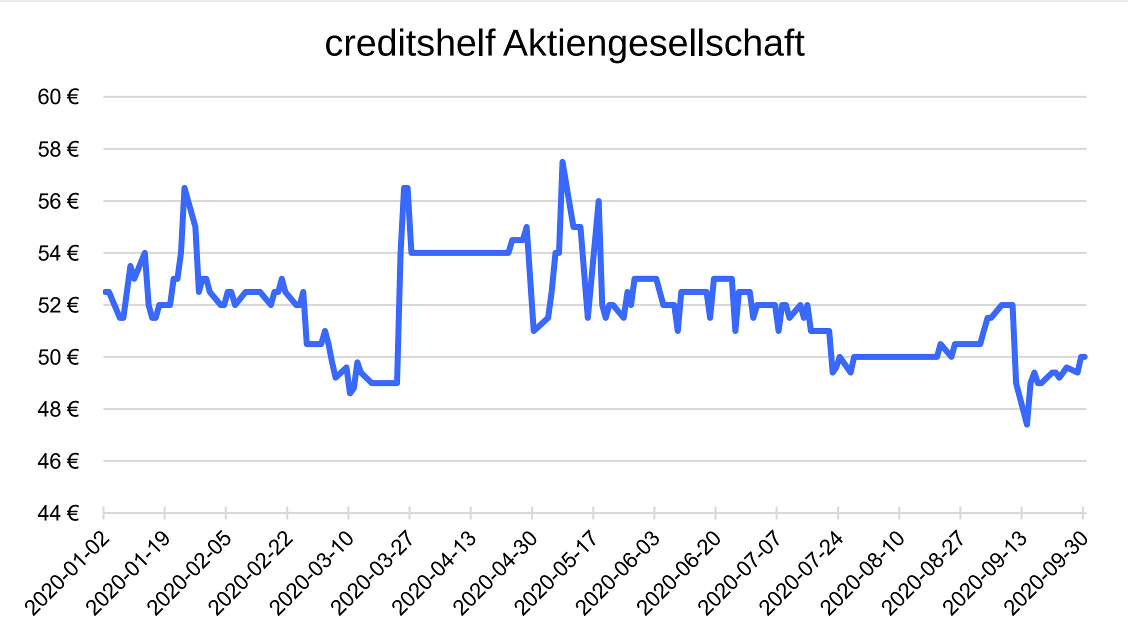
The crisis also offers our clients the opportunity to break new ground. Now more than ever, it is worth taking a closer look at digital alternatives to traditional bank loans for your own financing mix. creditshelf offers quick, flexible financing solutions that provide German SMEs with what they need to invest in digitization, for example, and to benefit from the expected economic upturn. SME owners and institutional investors have understood this, too: We were able to welcome new sales partners and numerous new clients over the summer months. At the same time, our platform is known for its satisfied repeat customers, for whom we are a reliable partner. Together we are laying the foundations for sustainable growth.

With best wishes
The Management Board

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

2. creditshelf's Shares

Share Price Performance (January 1, 2020, to September 30, 2020)



* 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*	1.360.339
Stock exchange	Frankfurt Stock Exchange's Regulated Market (Prime Standard)
Designated Sponsors	ODDO SEYDLER
Sell-side analysts	Commerzbank, FMR, MainFirst

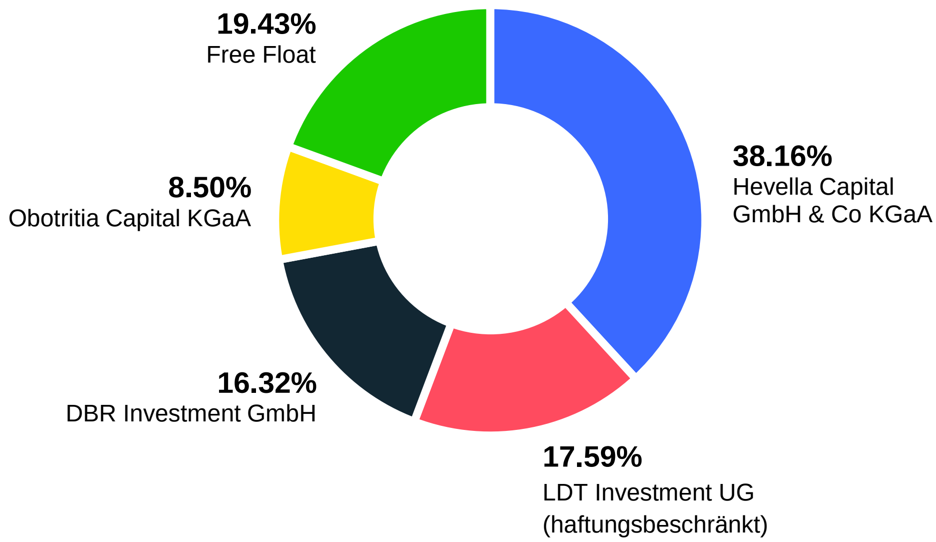
* As of September 30, 2020

creditshelf's Shares at a Glance – January 1, 2020, to September 30, 2020*

Share price at the start of the reporting period	EUR 52,50
High (May 8, 2020)	EUR 57,50
Low (September 14, 2020)	EUR 47,40
Share price at the end of the reporting period	EUR 50,00
Trading volume (average number of shares)	approx. 224

* 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) (effective date of the last notification of voting rights: September 11, 2020), plus company information.

Financial Calendar*

November 12, 2020	Publication of the quarterly statement for Q3 2020
November 16-18, 2020	German Equity Forum (virtual conference)
December 1-2, 2020	Virtual KBW Innovation in Finance Conference
March 30, 2021	Publication of the 2020 Annual Report
May 10, 2021	Annual General Meeting 2021
May 12, 2021	Publication of the quarterly statement for Q1 2021

* Subject to changes and additions without notice.

Please see our website and investor presentation, which are constantly updated, for details of additional fixtures in 2020 and 2021.

3. Material Events

3.1. Changes in the Results of Operations

Performance indicator in kEUR	**January 1 – September 30, 2020**	**January 1 – September 30, 2019**
Revenue	3,674.5	2,460.3
EBIT	–4,149.1	–4,188.6

In the first nine months of fiscal year 2020, the creditshelf Group increased **revenues** by 49.4% to kEUR 3,674.5 (prior-year period: kEUR 2,460.3) in line with a crisis-oriented risk selection. This was mainly caused by a significant increase in the loan volume brokered via the creditshelf platform from kEUR 51,700 in the first nine months of 2019 to kEUR 70,320 in the current fiscal year. While commission revenues from loan arrangements, the so-called **borrower fees**, increased to kEUR 2,496.4 in the first nine months of 2020 (prior-year period: kEUR 1,528.6), **investor fees** amounted to kEUR 1,131.3 (prior-year period: kEUR 931.7). In line with this, the overall margin – the ratio of revenue to the arranged loan volume – rose year-on-year to 5.2% (prior-year period: 4.8%). Above and beyond the investor fees for investments made via the creditshelf Loan Fund, revenue for the reporting period includes a one-time set-up fee for the fund in the amount of kEUR 25.8 as well as a quarterly compensation for consulting services of the fund, which commenced operating in May 2020, in the amount of kEUR 32.7. Both proceeds were allocated to the investor fees. With the exception of its cooperation with the fund in Luxembourg, creditshelf generated its revenue exclusively in Germany during the period under review.

Other income totaled kEUR 510.7 (prior-year period: kEUR 296.7). This includes income from the reversal of provisions as well as discounts on loan purchases. Due to remeasurement effects of the **Virtual Participation Program**, income of kEUR 40.0 was generated (prior-year period: income of kEUR 125.1).

Own work capitalized in the reporting period primarily comprised intangible assets – the internally developed Internet platform and the risk tool – amounting to kEUR 312.7 (prior-year period: kEUR 188.7). Since Q2 2020, these assets fully have been developed internally by creditshelf employees. Until March 2020, the risk tool was produced by an external service provider under the supervision of the Company and with input from own employees.

Personnel expenses in the reporting period increased to kEUR 4,467.1 (prior-year period: kEUR 3,136.3).The main reason for the rise was the increase in the number of permanent employees to 57 as of the September 30, 2020, reporting date, in line with the planned expansion of the workforce. The corresponding figure as of the prior-year reporting date was 41 permanent employees. The goal of the growth in the workforce in the first half of the year was to increase the company's internal expertise so as to reduce its dependence on external service providers. A conscious decision was made as from the beginning of H2 not to continue this expansion in light of the coronavirus pandemic. The personnel expenses item for the current reporting period also includes expenses of kEUR 687.4 (prior-year period: kEUR 602.8) for share-based employee incentive programs designed to ensure that stakeholders' interests are aligned with regard to the company's long-term growth and economic success.

Other operating expenses in the period up to September 30, 2020, amounted to kEUR 3,302.9, and were therefore lower than the figure of kEUR 3,448.6 recognized for the prior-year period. This reflects the successful management of non-personnel costs: the company was able to avoid an increase in costs despite the rise in the arranged loan volume and in associated expenses such as third-party services and sales commission.

Advertising and marketing expenses account for a large proportion of other operating expenses. They amounted to kEUR 1,128.5 in the first nine months of 2020 – a decline on the prior-year period (kEUR 1,653.9) despite the investments made in strengthening the company's marketing infrastructure. Postage costs and costs for trade fairs and representative events fell due to digital publication of the magazine and the current ban on events. creditshelf responded to the absence of face-to-face events by expanding its digital offerings. In the previous year, marketing expenses included travel and entertainment costs of kEUR 52.2. In the current reporting period, travel and entertainment costs of kEUR 38.0 were recognized under miscellaneous other expenses.

Legal and consulting costs declined year-on-year to kEUR 583.6 (prior-year period: kEUR 744.3). This decrease was due to the successful establishment of internal resources and the associated reduction in the company's reliance on external service providers. This applies in particular to lower consulting costs for the preparation and audit of the financial statements and external accounting costs in the reporting period.

Expenses for **third-party services** amounted to EUR k354.5 (prior-year period: kEUR 243.3). The main driver for the rise is the increased volume of loan requests and loans arranged via the platform, which led to higher costs for external credit checks during the loan approval process and for processing fees payable to the fronting bank for drawing up the loan documentation.

Sales commission payable for borrowers brokered by the growing partner network on the creditshelf platform (such as via the partnership with Commerzbank) rose to kEUR 188.0 (prior-year period: kEUR 30.1).

Lease expenses rose to kEUR 195.5 in the reporting period compared with the first nine months of 2019 (prior-year period: kEUR 76.0) due to the additional office space leased to cater to the growth in the workforce and to the additional location in Berlin. The company reduced its leased space in the second half of the year compared to H1 2020 as part of the rigorous measures taken to manage non-personnel costs.

Premiums on loan receivables and from loan purchases totaled kEUR 109.3 (previous year: kEUR 137.2). This is largely due to a decrease in the resale volume.

Total other expenses climbed to kEUR 743.5 (prior-year period: kEUR 563.8). The main drivers here were the increased cost of licenses and concessions (kEUR 232.8 as opposed to kEUR 144.2 in the prior-year period) and membership fees (kEUR 63.9 as opposed to kEUR 23.4 in the prior-year period) due for example to the Verband deutscher Kreditplattformen (the Association of German Credit Platforms). In addition, this item includes travel and entertainment costs of kEUR 38.0 (prior-year period: kEUR 52.2) that were previously recognized as marketing expenses.

Consequently, **earnings before interest, taxes, and depreciation and amortization (EBITDA)** amounted to kEUR –3,272.1 in the first nine months of 2020, after kEUR –3,639.2 in the prior-year period. **Depreciation and amortization** amounted to kEUR 877.1 in the reporting period (previous year: kEUR 549.4). The increase in this figure was due to the amortization of intangible assets. In line with this, creditshelf's **earnings before interest and taxes (EBIT)** for the first nine months of 2020 amounted to kEUR –4,149.1 (prior-year period: kEUR –4,188.6). After adjustment for the financial result of kEUR –13.9 (prior-year period: kEUR 43.3) and an income tax expense of kEUR 108.2 (prior-year period: kEUR 0.0), the **net loss** for the first nine months of fiscal 2020 was kEUR –4,271.2 (prior-year period: kEUR –4,145.3).

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 –3.15 for the reporting period (prior-year period: EUR –3.11). In accordance with IAS 33.41, **diluted earnings per share** correspond to the basic earnings, because the loss per share would be reduced by including the shares to be issued under the employee incentive programs.

3.2. Changes in Net Assets

creditshelf's **total assets** as of September 30, 2020, amounted to kEUR 9,558.0 (December 31, 2019: kEUR 13,050.5). This was mainly due to the reduction in current assets and equity.

As of the reporting date, **noncurrent assets** totaled kEUR 4,926.9, a decrease on the figure for the end of fiscal year 2019 (kEUR 5,192.2). Amortization led to a decrease in intangible assets compared to the fiscal 2019 year-end, to kEUR 3,618.9 (December 31, 2019: kEUR 3,937.8). Together with slightly higher noncurrent trade receivables of kEUR 1,019.7 (December 31. 2019: kEUR 947.0), they accounted for the bulk of noncurrent assets as of the September 30, 2020, reporting date.

Current assets totaled kEUR 4,631.1 as of the reporting date (December 31, 2019: kEUR 7,858.3). This was largely due to the lower levels of cash and cash equivalents, which totaled kEUR 3,337.1 as of September 30, 2020, down from kEUR 6,635.2 on the prior-year reporting date. Cash funds as of September 30, 2020, less pledged accounts of kEUR 2,000.1 (December 31, 2019: kEUR 600.1) totaled kEUR 1,337.0 (December 31, 2019: kEUR 6,035.1). Trade receivables recorded a slight rise to kEUR 1,118.8 as of September 30, 2020 (December 31, 2019: kEUR 1,039.7). This was mainly due to the continuing growth in creditshelf's operations and to the higher trade receivables reported as a result of the increase in investor fees.

The company's **equity** declined compared to the year-end figure to kEUR 4,753.9 (December 31, 2019: kEUR 8,469.7). As a result, the **equity ratio** was 49.7% (December 31, 2019: 64.9%). The decrease in equity is attributable to the difference between the net loss after tax for the period of kEUR –4,271.2 and the increase in capital reserves (kEUR 548.2) made to satisfy claims under the share-based employee incentive programs by issuing equity instruments.

Noncurrent liabilities fell compared to the end of 2019 to kEUR 1,290.8 (December 31, 2019: kEUR 1,378.2). Noncurrent provisions amounted to kEUR 1,184.6 (December 31, 2019:

kEUR 1,230.5). This was due to a decrease in the noncurrent wage tax provisions recognized outside profit or loss for the share-based employee incentive programs. Other noncurrent financial liabilities declined to kEUR 84.9 (December 31, 2019: kEUR 126.4), mainly as a result of repayments made in connection with the capitalized lease liability that is accounted for in accordance with IFRS 16.

Current liabilities amounted to kEUR 3,513.3 as of the September 30, 2020 reporting date, an increase on the figure of kEUR 3,202.5 reported as of December 31, 2019. Trade payables rose to kEUR 2,239.4 (December 31, 2019: kEUR 1,885.9). Other liabilities fell to kEUR 532.5 as of the September 30, 2020, reporting date (December 31, 2019: kEUR 748.8). This reflects lower expenses incurred for the preparation of the financial statements thanks to an increase in the internal workforce. Following the reversal of provisions for personnel matters and the recognition outside profit or loss of current wage tax provisions for the share-based employee incentive programs, current provisions amounted to kEUR 511.7 (December 31, 2019: kEUR 451.0).

3.3. Changes in Financial Position

Starting with a **net loss for the period** of kEUR –4,271.2 (September 30, 2019: kEUR –4,145.2), **gross cash flow** at the end of the reporting period amounted to kEUR –3,033.9 (September 30, 2019: kEUR –3,629.0) after adjustments that largely comprised depreciation of property, plant, and equipment, amortization of intangible assets, noncash increases in the capital reserve, and changes in other noncash expenses.

Net cash used in operating activities amounted to kEUR –3,047.7 as of the end of Q3 2020 (September 30, 2019: kEUR –5,414.5). The drivers here were the increase in trade receivables and trade payables, and the decrease in other liabilities. In order to enhance presentation, both the RSU-related personnel expenses and the interest resulting from discounting and compounding noncurrent receivables from investors are presented as part of the cash flows from operations instead of cash flows from financing activities, in contrast to the prior-year period.

Net cash used in investing activities amounted to kEUR –205.3 at the end of the reporting period (September 30, 2019: kEUR –1,019.0). This was due to cash outflows associated with payments for investments in property, plant, and equipment, and intangible assets.

Net cash used in financing activities of kEUR –45,1 (September 30, 2019: kEUR –135.0) primarily reflect repayments of lease liabilities.

creditshelf had **cash and cash equivalents** of kEUR 3,337.1 as of the September 30, 2020, reporting date (September 30, 2019: kEUR 5,856.4).

Cash funds less the funds held in a bank account pledged to Raisin Bank, which serves solely to provide cash cover for future loans, totaled kEUR 1,337.0 as of September 30 of the current fiscal year (September 30, 2019: kEUR 5,374.8).

3.4. Report on Expected Developments

On November 11, 2020, the Management Board exercised the option granted by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, short "BaFin") in connection with the corona pandemic and withdrew the original revenue forecast for the fiscal year 2020. The original forecast had been published on March 23, 2020, in the Annual Report. This was done in light of the recent renewed tightening of contact restrictions in the context of the corona pandemic (second lockdown) and the resulting noticeably weaker short-term demand for SME loans from alternative lenders. Based on the historically strong dependency of the creditshelf business model on the final quarter of the fiscal year and the continued application of strict risk standards adapted to the current situation, the Management Board decided to withdraw the revenue forecast.

The EBIT forecast remains unchanged. As a result of a timely initiated, prudent cost management, the Management Board expects a negative EBIT of between EUR 4.0 million and EUR 5.5 million.

4. Consolidated Interim Financial Statements as of September 30, 2020

4.1. Consolidated Statement of Financial Position as of September 30, 2020

ASSETS

	Sept. 30, 2020 in kEUR	Dec. 31, 2019 in kEUR
Noncurrent assets		
Intangible assets	3,618.9	3,937.8
Property, plant, and equipment	261.2	273.7
Trade receivables	1,019.7	947.0
Other receivables	27.1	33.7
Total noncurrent assets	**4,926.9**	**5,192.2**
Current assets		
Trade receivables	1,118.8	1,039.7
Other assets	173.4	173.7
Other financial assets	1.8	9.8
Cash and cash equivalents	3,337.1	6,635.2
Total current assets	**4,631.1**	**7,858.3**
Total assets	**9,558.0**	**13,050.4**

EQUITY AND LIABILITIES

	Sept. 30, 2020 in kEUR	Dec. 31, 2019 in kEUR
Capital and reserves		
Share capital	1,360.3	1,353.2
Capital reserves	20,822.3	20,274.1
Retained earnings	–17,428.8	–13,157.6
Total equity	**4,753.9**	**8,469.7**
Noncurrent liabilities		
Noncurrent provisions	1,184.6	1,230.5
Other financial liabilities	84.9	126.4
Deferred tax liabilities	21.4	21.4
Total noncurrent liabilities	**1,290.8**	**1,378.2**
Current liabilities		
Trade payables	2,239.4	1,885.9
Other financial liabilities	72.6	67.9
Current provision	511.7	451.0
Other liabilities	532.5	748.8
Tax liabilities	157.1	48.9
Total current liabilities	**3,513.3**	**3,202.5**
Total equity and liabilities	**9,558.0**	**13,050.4**

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

for the Period from January 1 to September 30, 2020	**Sept. 30, 2020 in kEUR**	**Dec. 31, 2019 in kEUR**	**Change in kEUR**
Revenue	3,674.5	2,460.3	1,214.2
Other operating income	510.7	296.7	214.0
Own work capitalized	312.7	188.7	124.0
Personnel expenses	–4,467.1	–3,136.3	–1,330.8
Marketing and advertising expenses	–1,128.5	–1,653.9	525.4
Third-party services	–354.5	–243.3	–111.2
Sales commission	–188.0	–30.1	–157.9
Lease expenses	–195.5	–76.0	–119.5
Premiums on loan receivables	–109.3	–137.2	27.9
Legal and consulting costs	–583.6	–744.3	160.7
Other expenses	–743.5	–563.8	–179.7
EBITDA	**–3,272.1**	**–3,639.2**	**367.1**
Depreciation and amortization	–877.1	–549.4	–327.7
EBIT	**–4,149.1**	**–4,188.6**	**39.5**
Finance costs	–25.0	–77.6	52.6
Other financial income	11.1	120.9	–109.8
Financial result	–13.9	43.3	–57.2
Income tax expense	–108.2	0.0	–108.2
Net loss for the period	**–4,271.2**	**–4,145.3**	**–125.9**
of which attributable to:			
Owners of the parent	**–4,271.2**	**–4,145.3**	**–125.9**
Noncontrolling interests	**0.0**	**0.0**	**0.0**
Total comprehensive income	**–4,271.2**	**–4,145.3**	**–125.9**
of which attributable to:			
Owners of the parent	**–4,271.2**	**–4,145.3**	**–125.9**
Noncontrolling interests	**0.0**	**0.0**	**0.0**

Earnings per share

	2020	2019
	in EUR	**in EUR**
Basic earnings per share	–3.15	–3.11
Diluted earnings per share	–3.15	–3.11

4.3. Consolidated Statement of Cash Flows

for the Period from January 1 to September 30, 2020

	Sept. 30, 2020 in kEUR	Sept. 30, 2019 in kEUR
Cash flows from operating activities		
Net loss for the period	**-4,271.2**	**-4,145.2**
Adjustments for:		
Income taxes paid	108.2	0.0
Depreciation of property, plant, and equipment	106.7	86.7
Amortization of intangible assets	770.4	462.7
Gains/losses on disposal of intangible assets and property, plant, and equipment	–0.1	0.0
Change in other provision	14.7	–125.1
Other noncash expenses/income	–340.3	–189.6
Equity-settled share-based payments	553.0	367.6
Financial expenses from financing activities	20.9	77.6
Financial income	–11.1	0.0
Security deposit	–6.7	–6.6
Other assets	21.6	–157.1
Gross cash flow	**–3,033.9**	**–3,629.0**
Increase/decrease in trade receivables	–161.6	–937.3
Increase/decrease in trade payables	353.5	–1,383.3
Increase/decrease in other liabilities	–205.7	535.1
Net cash generated by/used in operating activities	**–3,047.7**	**–5,414.5**
Payments to acquire property, plant, and equipment	–63.8	–45.8
Payments to acquire intangible assets	–141.4	–973.2
Net cash used in/generated by investing activities	**–205.3**	**–1,019.0**
Proceeds from the issuance of shares	7.2	0.0
Decrease in lease liability	–51.5	–44.9
Transaction costs for issuance of shares	–4.8	–18.8
Interest paid	4.1	–71.3
Net cash generated by/used in financing activities	**–45.1**	**–135.0**
Net increase in cash and cash equivalents	–3,298.1	–6,568.5
Cash and cash equivalents at the start of the fiscal year	6,635.2	12,424.8
Cash and cash equivalents on September 30 of fiscal year 2020		

Cash-in-hand	1.0	0.6
Bank balances	3,336.1	5,855.8
Less pledged accounts	2,000.1	481.6
Cash funds	**1,337.0**	**5,374.8**

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 Jan. 1, 2019	**1,331.3**	**18,304.4**	**–8,190.1**	**11,445.6**
Net loss for the period	0.0	0.0	–4,145.2	–4,145.2
Issuance of equity instruments	0.0	367.6	0.0	367.6
Transaction costs for the issuance of equity instruments	0.0	–18.8	0.0	–18.8
Balance as of Sept. 30, 2019	**1,331.3**	**18,653.2**	**–12,335.3**	**7,649.2**
Balance as of Jan. 1, 2020	**1,353.3**	**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	552.9	0.0	560.0
Transaction costs for the issuance of equity instruments	0.0	–4.8	0.0	–4.8
Balance as of Sept. 30, 2020	**1,360.4**	**20,822.3**	**–17,428.8**	**4,753.9**

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, November 12, 2020

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

6. Publication Details

Published by

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creditshelf's shares

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