SME FINANCIER

creditshelf

Half-yearly Financial Report

June 30, 2019

Group Key Figures at a Glance

in EUR thousand	H1 2019	H1 2018
Revenue	1,766	766
EBIT	–2,783	–2,877
Arranged loan volume	35,800	15,370
Loan request volume	606,800	507,341
Total comprehensive income	–2,760	–1,516
Earnings per share (basic)	EUR –2.07	EUR –1.35
Earnings per share (diluted)	EUR –2.04	EUR –1.35

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creditshelf Aktiengesellschaft – 2019 Half-yearly Report

1. To Our Shareholders

1.1. Letter to Shareholders

Dear shareholders and readers,

SME companies are a critical success factor for the German economy – and at creditshelf we aim to keep things this way by rethinking and redesigning SME financing every day. We arranged loans with a total volume of EUR 35.8 million in H1 2019 to help SMEs finance their projects. This was an overall increase of 132% compared to the first half of 2018. June was the strongest month in our company's history to date, with an arranged loan volume of EUR 12.2 million. This performance reinforces our belief that digital options have now become established as a firm part of German SMEs' funding mix, and that this process will continue in future. We are motivated by the desire to help shape the change in the German financing landscape and to provide SMEs with alternative financing solutions that offer swift, simple support for their growth. All this is based on an innovative, continuously optimized risk analysis that is benefiting from our ever-growing volumes of data.

We expanded our sales channels in H1 2019 to enable even more SMEs to use our credit offerings. The partnership agreement with Commerzbank, Germany's leading middle-market bank that we signed at the end of April gives us access to new borrower groups and we are expecting new business momentum to come from the bank's established network. In addition, our new creditshelf partner program targets small financial intermediaries as market multipliers for the first time, alongside management consultants, online broker platforms, and banks. Independent self-employed brokers who, for example, market insurance, investment, and financial products to SMEs can apply to join at partnerprogramm.creditshelf.com. Partners not only receive commission for each borrower they broker, but are also able to offer their clients new financing solutions.

In June we also laid the foundations for further growth by entering into a partnership with finleap, the fintech ecosystem, which is driving forward its activities in the SME space. As part of this partnership, Berlin-based Valendo – which specializes in secured SME loans of between EUR 500,000 and EUR 5 million, will become part of creditshelf. This move offers us the opportunity to expand our product portfolio to include secured loans and to acquire additional software solutions and staff in the areas of digital finance and risk analysis.

We are passionate about ensuring that the credit platform business is run in a professional, ethical, and transparent manner and that it complies with uniform quality standards. This is why we are a founding member of the Verband deutscher Kreditplattformen (the Association of German Credit

Platforms), which was launched in Berlin on July 4. The members of the association (other founders include auxmoney, Funding Circle, and Kapilendo) are working to improve access to debt finance for companies and consumers, and to ensure fair competition in the lending business.

We continued to selectively expand the creditshelf team in the first half of the year. As of June 30, 2019, we employed 41 full-time equivalents (FTEs) in Frankfurt – an increase of eight FTEs compared to the end of fiscal year 2018. Our multiyear employee share program, which we launched this year, will allow our colleagues to increasingly share in our company's success.

We are refining our guidance for the fiscal year on the basis of the experience gained in the first months. We are expecting revenues to be around the lower end of the forecast corridor of EUR 4.5 million to EUR 5.5 million. As in previous years, we are assuming that the volume of loans arranged in the second half of the current year will exceed the figure for the first six months, and that digital SME loans will continue their rise in importance in Germany. However, both increasing competitive pressure and the economic slowdown are starting to make themselves felt. Given the adjusted revenue forecasts, the management is expecting EBIT to be around the lower end of the forecast range of EUR –3.5 million to EUR –4.5 million.

Our regular dialogs with investors, the media, and the many other people interested in our company in H1 2019 were extremely valuable. The key event here was creditshelf Aktiengesellschaft's first-ever Annual General Meeting, which was held successfully on May 14, 2019. In addition, we presented creditshelf at roadshows and conferences in Frankfurt, Munich, Vienna, Zürich, London, and Warsaw and kept in close contact with the capital market.

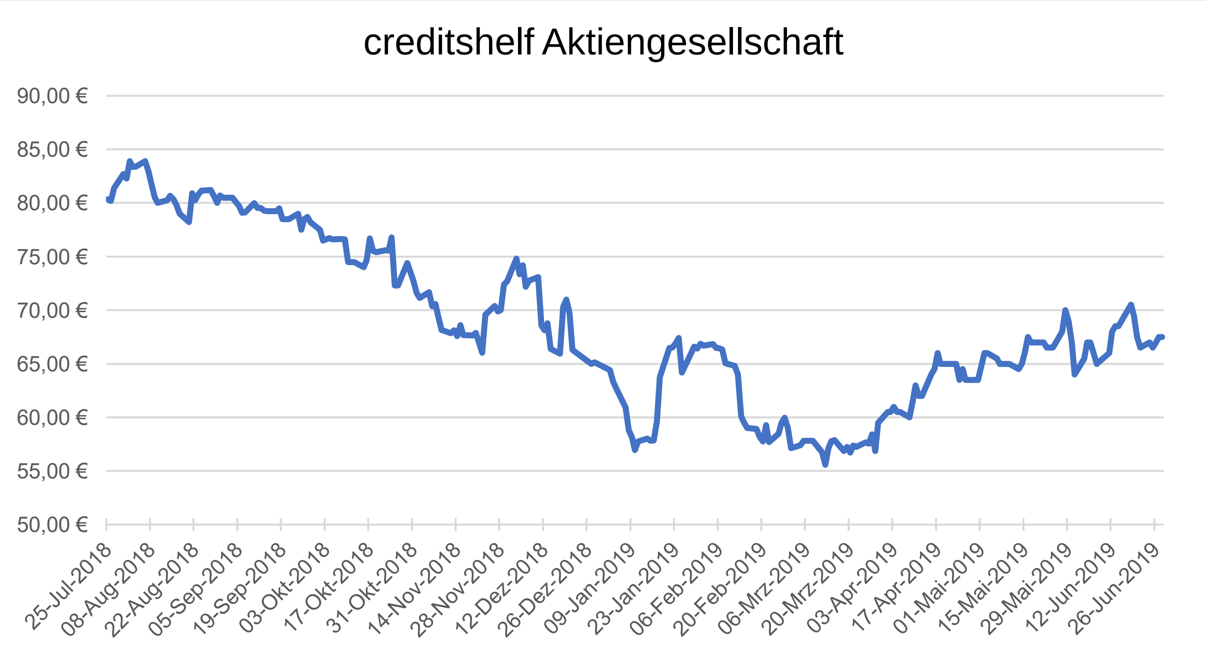
We would like to take this opportunity to thank our shareholders for accompanying us on our journey. We have a lot we still want to do and aim to continue our successful growth path in the current fiscal year. Our particular thanks also go to our workforce for the hard work and dedication that makes creditshelf's development possible.

With best wishes
The Management Board

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

1.2. Information on creditshelf's Shares

Share Price Performance since IPO (July 25, 2018, to June 28, 2019; XETRA Closing Prices)



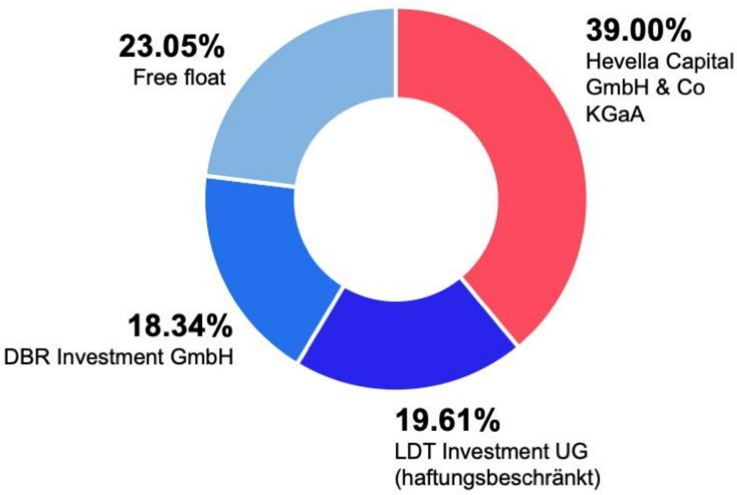
Basic Share Information

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

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

Initial share price (July 25, 2018)	EUR 80.0
High (August 2, 2018)	EUR 84.5
Low (March 13, 2019)	EUR 54.8
Closing price (June 28, 2019)	EUR 67.5
Trading volume (July 25 to June 28, 2019; average number of shares)	approx. 750

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.

Investor Relations Activities

By going public on the Prime Standard on July 25, 2018, creditshelf Aktiengesellschaft deliberately chose the Frankfurt Stock Exchange's most strictly regulated segment. At creditshelf, we aim to ensure transparent communication with all capital market participants, our borrowers, and our business partners. This also includes the regular publication of financial reports in German and English and the timely dissemination of corporate news via established channels. During the first half of 2019, creditshelf published eight corporate news releases and two ad hoc disclosures in addition to its half-yearly report and its quarterly statement for Q1. Investor relations is a core element of creditshelf's public relations activities. We are substantially expanding our IR activities this year together with our CFO and Head of Investor Relations, Fabian Brügmann.

In the first six months of the year, we participated in the Family Office Day in Vienna, along with a number of roadshows in London, Zürich, and Frankfurt. In addition, we attended several capital market conferences, including the Munich Capital Market Conference, the DVFA Spring Conference, and Deutsche Bank's dbAccess Conference in Berlin. creditshelf Aktiengesellschaft's shares are currently covered by analysts from two firms. In addition to Commerzbank, Frankfurt Main Research AG started covering the company in the first half of the year. The goal is to further increase the number of analyst firms reporting on the company going forward.

May 14, 2019, saw another success – creditshelf Aktiengesellschaft's first-ever Annual General Meeting in Frankfurt am Main. We would like to take this opportunity to warmly thank our shareholders again for the confidence they have shown in us. All resolutions were approved unanimously and have been published on our separate investor relations website, ir.creditshelf.com, along with a further selection of in-depth information about our company and our shares, which we expanded over the past six months.

Financial Calendar 2019

November 21, 2019	Publication of the quarterly statement for Q3
November 25–27, 2019	German Equity Forum – Frankfurt am Main

2. Interim Group Management Report as of June 30, 2019

2.1. Fundamental Information about the Group

2.1.1. Business Model and Strategy

creditshelf Aktiengesellschaft ("creditshelf" or the "company", and together with its subsidiary creditshelf service GmbH the "creditshelf group") is a pioneer in the area of digital SME finance in Germany that uses its online platform, www.creditshelf.com, to arrange loans for small and medium-sized enterprises ("SMEs"). In the period since its formation in 2014, the company has successfully developed an online credit marketplace platform whose processes are supported by proprietary, data-driven risk analysis algorithms. The creditshelf platform models the entire credit process, from the loan application through credit analysis and risk management down to loan disbursement and servicing. Providing a secure, easy-to-use online platform for users is critical to creditshelf's business success.

As a designer of innovative finance solutions, creditshelf connects SMEs looking for alternative sources of finance with institutional and professional investors interested in attractive ways of investing efficiently in SME exposures. In the company's opinion, one of the creditshelf platform's key benefits for borrowers, and a major competitive advantage compared with the conventional process for extending bank loans, is the fact that its largely digitalized and automated processes enable credit project applications to be assessed extremely efficiently and rapidly, while keeping transaction costs low. Please refer to the detailed discussion of the accounting policies in the notes to the consolidated financial statements as of December 31, 2018, for information on the revenue generation process. The company itself does not hold any of the loans that it has arranged on its balance sheet, either as a borrower or as an investor. Rather, the loans are extended by what is known as a fronting bank. The latter has a full banking license under German law and is needed since in Germany this type of license is normally a legal prerequisite for making loans. After the fronting bank has granted a loan to the borrower, it sells the loan receivable to creditshelf service GmbH ("creditshelf service"), a wholly-owned subsidiary of creditshelf, and transfers the exposure to creditshelf service. In turn, this company sells and transfers tranches of the loan receivables to investors that have issued funding commitments via the creditshelf platform, after which it provides ongoing support for the exposure in question for and on behalf of the individual investors.

The product offering comprises corporate loans of up to EUR 5 million with durations of between 1 and 60 months. A highly automated credit analysis process allows creditshelf to make a decision and disburse loans within a short space of time – generally just one to two weeks.

creditshelf's multidimensional growth strategy is based on three strategic initiatives:

Although it is focused at present on Germany, the company is examining opportunities to expand internationally to selected European markets in the medium term. However, any such international expansion depends primarily on whether the proposed pan-European crowdfunding rules can be applied to creditshelf's business model.

2.1.2. Group Structure and Equity Investments

creditshelf Aktiengesellschaft, Frankfurt am Main, Germany, is the holding company for the creditshelf group. It performs certain core functions for the group as a whole, including management, financial control, accounting, corporate communications, marketing, investor relations, risk management, legal, compliance, and human resources.

creditshelf service GmbH, Frankfurt am Main, Germany, is a wholly-owned subsidiary of creditshelf Aktiengesellschaft. creditshelf service GmbH's business purpose is to buy and sell loan receivables in its own name and on its own behalf, with the exception of factoring and of all other activities for which authorizations are required under the Kreditwesengesetz (German Banking Act – KWG), the Kapitalanlagegesetzbuch (German Investment Code – KAGB), or the Zahlungsdiensteaufsichtsgesetz (German Payment Services Supervision Act – ZAG).

creditshelf Aktiengesellschaft did not hold any other direct or indirect equity interests as of the June 30, 2019, reporting date.

2.1.3. Locations and Staff

At present, the creditshelf group's sole location is its headquarters in Frankfurt am Main.

As of the June 30, 2019, reporting date, the creditshelf group employed a total of 41 full-time equivalents (FTEs) (June 30, 2018: 24 FTEs; December 31, 2018: 33 FTEs).

2.1.4. Management System and Performance Indicators

creditshelf and its three Management Board members manage the business using core financial performance indicators. For example, the company regularly reviews the key performance indicators given below to manage its business operations, measure its performance, identify trends, and make strategic decisions. The key performance indicators are used for ongoing reporting to the Management Board and are included in the discussions with the Supervisory Board.

Performance indicator in EUR thousand	**January 1–June 30, 2019**	**January 1–June 30, 2018**
Revenue	1,766	766
EBIT	–2,783	–2,877

creditshelf also uses other selected performance indicators to manage its business operations, measure its performance, identify trends, and support strategic decisions:

- The number, volume, and duration of loans requests made/loans arranged via the creditshelf platform
- The conversion rate (the ratio of the number and volume of loans for which contracts were actually signed after positive preselection to the total number of applications/total volume)
- The acceptance rate (the ratio of the number and volume of loans after positive preselection to the total number of applications/total volume)
- Recurring borrowers (the ratio of the number of recurring borrowers to the total number of borrowers)
- The default rate

Some of these indicators, which are taken from the company's internal customer relationship management (CRM) system, change over the year as a result of creditshelf's cyclical/seasonal business model. For example, in the past the arranged loan volume has reached its highest level in the second half of the year.

2.1.5. Research and Development

The company's research and development activities are largely limited to development. The main focus is on the creditshelf platform, on ongoing optimization of data management, on the credit scoring algorithms, and on the systems and processes used in preselection. Enhancing its sophisticated credit project process with a data-driven risk analysis algorithm is a key element of the company's strategy. creditshelf continued to work together with a software consulting and development firm in this area in H1 2019.

The expenses of EUR 711.0 thousand (previous year: EUR 1,121 thousand) incurred by the company during the reporting period for internal development activities and in supporting the software developer commissioned to produce the risk tool were subsequently recognized at cost as intangible assets under the "Internet platform" and "risk tool" items. As of June 30, 2019, intangible assets with a carrying amount of EUR 2,984.9 thousand (previous year: EUR 2,417.7 thousand) were in use at the company.

2.2. Report on Economic Position

2.2.1. Macroeconomic Environment

creditshelf uses the creditshelf platform to address small and medium-sized enterprises in Germany, which are dependent on macroeconomic developments. In line with this, these macroeconomic developments can influence the course of creditshelf's operating business. According to the information published in the period up to August 2019 by the Federal Ministry for Economic Affairs and Energy (BMWi), price-adjusted quarter-on-quarter development in gross domestic product (GDP) for Q2 2019 amounted to –0.1%. By contrast, Q1 2019 had seen a rise of 0.4% compared to Q4 2018. This means that German economic performance was much more subdued in the first six months of the current year than in the previous year and clearly failed to match the average GDP growth rate of 1.4% seen in 2018. The German economy got off to a sluggish start in Q2 2019, due among other things to a 2.5% decline in industrial output in April compared to the previous period. At the same time, construction industry output increased by a slight 0.2%. Trends in order intake and sentiment indicators suggest that industrial activity will remain depressed in the coming months. However, following their sharp decline at the start of the year, incoming manufacturing orders have stabilized again at a low level over the past two months on the back of a rise in foreign demand. Business sentiment in the manufacturing sector has been deteriorating clearly since the turn of 2017/2018 and recorded a further slight decline in May. In the BMWi's opinion, the unresolved trade disputes – especially between the U.S.A. and China – are depressing demand. The latest forecast published by the OECD in May expects global growth to soften in 2019 to 3.2%, after 3.5% in 2018.[1]

The European Commission also thinks that global trade, consumer spending and investment – the drivers for global growth – eased substantially in 2018. This trend is continuing and in Germany was reflected primarily in lower incoming orders and weaker exports in the first half of the year. Nevertheless, the Commission is expecting a slight upturn in the second half.[2]

However, according to KfW Bankengruppe's Credit Market Outlook, growth in new loans to enterprises and the self-employed was positive despite the unfavorable economic climate in H1 2019.[3] KfW Bankengruppe is forecasting muted demand for loans in the second half of the year. It says that such an environment might cause banks to be somewhat more cautious about extending loans. At the same time, it thinks it is possible that short-term borrowing will pick up again in the near future – to finance inventory or overcome liquidity bottlenecks – in response to what are considered to be short-term weaknesses in demand. Such a trend would offer a positive backdrop

[1] Federal Ministry for Economic Affairs and Energy (2019), The economic situation in Germany in June 2019.
[2] European Commission (2019), European Economic Forecast. Summer 2019.
[3] KfW (2018), KfW Credit Market Outlook: June 2019.

for creditshelf's business model. The Bankenfachverband, which represents the interests of credit banks in Germany, reported a 4.1% drop in new enterprise loans in H1 2019.[4]

2.2.2. Sector-specific Environment

creditshelf is active in the field of online credit marketplace lending to small and medium-sized enterprises (SMEs) in Germany. In line with this, it sees itself as being a provider of digital finance options for SMEs. According to a study by Autonomous Research, the total addressable market for digital finance options in Europe was in excess of EUR 500 billion at the end of 2018. Approximately EUR 280 billion of this figure was attributable to small and medium-sized enterprises.[5] A University of Cambridge study clearly shows the growth trend in the market for alternative digital finance. The volume of finance sourced via this channel in Europe rose from EUR 1.1 billion to EUR 10.4 billion in the period between 2013 and 2017.[6] Although the ECB recorded growing corporate demand for loans in the second quarter of 2019, the rejection rate also rose during the same period.[7] Consequently, the volume not being met by traditional bank lending would seem to be continuing its upward trajectory.

A number of studies and statistics go to show that SMEs in Germany are facing financing hurdles that are addressed by creditshelf's business model: Although a study by trade credit insurance group Euler Hermes documents that SMEs' financing requirements are increasing at a faster rate than economic growth, Germany still has a financing gap of 3% of GDP.[8] Taking the 2018 GDP figure of EUR 3,388 billion as a baseline[9], this means that the gap in the credit supply for SMEs is EUR 101.6 billion. A publication by Berlin's Zeppelin University comes to a similar conclusion: bank loans to German SMEs amounted to EUR 287 billion in 2005. This figure was almost unchanged in 2015, at EUR 284 billion. At the same time, the percentage of these firms' total liabilities accounted for by bank loans fell from 42.4% in 2005 to 36.0% in 2015. The volume of loans extended to German SMEs in 2016 is estimated at EUR 293 billion. Assuming that German GDP growth is an indicator of the expected growth in German SMEs' financing needs, this also reveals a clear gap in credit supply: Although nominal German GDP rose by 36.6% in the period from 2005 to 2016, the volume of bank loans extended to SMEs increased by a mere 2.1%. This gap of approximately 35 percentage points, measured in terms of the volume of bank loans extended to SMEs in 2005, translates into a financing gap of roughly EUR 100 billion for 2016. The gap in credit supply is also reflected in the KfW SME Panel data: The approximately 15,000 German SMEs

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[4] Bankenfachverband der Kreditbanken in Deutschland, media information, August 21, 2019.
[5] Autonomous Next (2018): Digital Lender Evolution. How digital lenders underwrite over $100 billion per year across the US, UK, Europe and China with increasing operating efficiency.
[6] Tania Ziegler et al., (2018), Expanding Horizons: The 3rd European Alternative Finance Industry Report, University of Cambridge.
[7] European Central Bank (2019) The euro area bank lending survey – First quarter of 2019.
[8] Euler Hermes (2019). European SMEs: Filling the Bank Financing Gap.
[9] Federal Statistical Office (2019): German GDP in 2018. Supporting material for the press conference held in Berlin on January 15, 2019.

polled by it raised substantially less debt finance than they originally planned to do in the period up to 2017.[10]

The difficulties that SMEs are facing in obtaining bank loans in certain circumstances are leading these companies to look for alternatives to traditional bank finance. Innovative fintech business models – a category that in the management's opinion also includes the creditshelf platform – expand the funding mix for SMEs. The above-mentioned Zeppelin University publication estimates that fintechs could potentially capture 10% of the market for loans extended to SMEs in Germany, measured in terms of the SME lending volume (this is known as the penetration rate). Based on the estimated volume of bank loans extended to SMEs in 2016 of EUR 293 billion and the estimated credit gap of EUR 100 billion, this means that creditshelf has a target market in Germany of approximately EUR 39 billion. Given the trends in economic growth, stagnating bank finance, and the growing importance of alternative digital finance solutions that have already been mentioned, management estimates that the current market potential is at least at the 2016 level.

It should also be noted that, in management's opinion, competition among banks to extend loans is becoming fiercer in some areas. This is borne out by more aggressive interest rate conditions and looser underwriting standards. From a risk perspective, we think this means that some credit risks may not potentially be adequately priced. By contrast, creditshelf's approach is only to offer investors credit projects that have a fair rate of interest in line with market conditions.

2.2.3. Competition and Market Structure

creditshelf considers its main competitors to be other alternative lending providers and lending platforms focusing on SMEs in Germany. Selected potential competitors include e.g., Funding Circle (United Kingdom), October (which has announced plans to enter the German market), Lendico (Germany, as part of ING Group), Kapilendo (Germany), CreditGate24 (mainly Switzerland), and challenger banks such as RiverBank (Luxembourg) and in some areas Deutsche Handelsbank. Within its market segment, creditshelf focuses on areas that are generally not or only partially addressed by potential competitors. These include its target group companies (revenue of EUR 2.5 million to EUR 100 million), the size of the loans extended (EUR 100 thousand to EUR 5 million), and its investors (primarily professional and institutional investors). The structure of the market here has not changed materially compared to the prior period.

In addition, traditional banks which – in contrast to creditshelf – hold the loans they have extended on their balance sheets are potential competitors, although banks generally tend to focus more on secured loans. In this connection, creditshelf sees itself as a potential partner for banks. This is because banks can take advantage of the creditshelf platform and its investors to efficiently place

[10] KfW Research (2017), KfW SME Panel 2018.

loans that they do not wish to finance themselves for risk, concentration, or other reasons. This enables them to maintain their existing client relationships and avoids business migrating to competitors. In this context, creditshelf Aktiengesellschaft announced a key lending partnership agreement with Commerzbank on April 30, 2019. Under the agreement, Commerzbank will pass on selected loan requests to creditshelf.

In addition, banks can use creditshelf to build a client base for SME lending without needing a dedicated sales network or additional internal processes to achieve this.

Banks could benefit from creditshelf's credit analysis technology and hence potentially implement a better and more efficient credit process of their own. Such partnerships between fintechs and conventional financial institutions are increasing and are particularly common, or on the rise, in the German and European markets.[11]

Finally, it should be noted that the management continues to assume that the market for digital SME loans in Germany has substantial potential for growth. However, it can also be seen that competitive pressure has increased, especially in those segments where the product offering overlaps with other market participants, such as banks. In addition, the economic environment is dominated by geopolitical tensions and barriers to trade that are also helping to drag down economic momentum.

2.2.4. Net Assets, Financial Position, and Results of Operations

2.2.4.1. Results of Operations

creditshelf's **revenue** climbed by 230.7% year-on-year in the first half of fiscal year 2019 to EUR 1,766.2 thousand (previous year: EUR 765.5 thousand). The main driver for this was a clear rise (EUR 20,430 thousand) in the **volume of loans brokered** via the creditshelf platform, which jumped from EUR 15,370 thousand in the first half of 2018 to EUR 35,800 thousand in the first six months of the current fiscal year. This led to a corresponding increase in the borrower fees received from borrowers and the investors fee. creditshelf's revenue was generated exclusively in Germany during the period under review.

Other income declined to EUR 198.2 thousand in H1 2019 from EUR 349.1 thousand in the comparative prior-year period. Among other things, this item includes significantly lower income from the reversal of provisions than in the prior-year period. Last year, it contained income from the reversal of provisions relating to the Virtual Participation Program I for employees resulting from the capital increase implemented in the context of the company's IPO; this was the reason for the

[11] PwC Global FinTech Survey 2017 – https://www.pwc.com/gx/en/industries/financial-services/assets/pwc-global-fintech-report-2017.pdf

significant deviation in the amount recognized. By contrast, income of EUR 59.1 thousand was generated as a result of the measurement of creditshelf's shares under the Virtual Participation Program II for the fronting banks in the first half of 2019; this figure contrasts with the comparative period of 2018, in which an expense of EUR 577.4 thousand was recognized. Additional factors helping to explain the other income item are discounts of EUR 111.9 thousand from the sale of loans (prior-year period: EUR 108.1 thousand).

Personnel expenses for the first half of 2019 were EUR 2,129.0 thousand (first half of the previous year: EUR 2,205.6 thousand). The main reason for the lower expenses is largely due to the recognition of the provision for retention bonuses last year (EUR 1,395 thousand). These were paid to senior staff after the June 30, 2018, reporting date in recognition of their particular efforts in connection with the IPO and as an incentive to maintaining this level of performance going forward. This effect needs to be weighed with the clear increase in the workforce to 41 full-time equivalents as of the June 30, 2019, reporting date, up from 24 full-time equivalents on the reporting date for the previous day. This increase in staff reflects both creditshelf's strong growth in the last 12 months and its expected future growth. In the current reporting period, the personnel expenses item contains expenses for employee share programs (EUR 437.4 thousand) that the company launched at the beginning of the current fiscal year. These are designed to motivate employees and hence promote the company's long-term growth and economic success.

Other operating expenses amounted to EUR 2,426.7 thousand as of June 30, 2019, an increase on the figure of EUR 1,823.8 thousand recognized for the prior-year period. The rise is largely due to higher advertising and marketing expenses. These amounted to EUR 1,098.1 thousand in the first half of 2019, up clearly on the figure of EUR 512.6 thousand reported for the prior-year period. They relate to investments in online performance marketing, the client magazine, radio and video, and other online and offline activities, among other things. These were made in order to further raise awareness of creditshelf and hence boost the volume of loan requests. In addition, advertising and marketing expenses comprise postage costs of EUR 291.4 thousand (prior-year period: EUR 136.4 thousand); these were allocated to this item, in contrast to the prior-year period, because they were incurred primarily for mailing our client magazine.

Legal and consulting costs rose year-on-year to EUR 562.1 thousand (prior-year period: EUR 308.3 thousand). This was largely due to the increase in the cost of preparing the financial statements for the current fiscal year, which are largely incurred in the first half of the year, and to other legal and consulting costs in the area of employment law and for enhancing the platform, among other things.

The other expenses, which among other things include insurance, maintenance costs for hardware and software, training costs, the compensation for the Supervisory Board, lease expenses, and license fees, rose from EUR 341.7 thousand in the first half of 2018 to EUR 416.4 thousand in the first six months of the fiscal year under review. The main drivers behind the increase are the Supervisory Board remuneration of EUR 51.3 thousand (previous year: EUR 0 thousand) and the increase in the cost of licenses and concessions (EUR 96.2 thousand for the current reporting period as opposed to EUR 17.0 thousand in the comparative period of 2018). This last figure reflects the expansion of creditshelf's analysis capabilities, among other things.

Consequently, **earnings before interest, taxes, and depreciation and amortization (EBITDA)** amounted to EUR –2,435.6 thousand in the first half of 2019 (prior-year period: EUR –2,774.6 thousand).

Depreciation and amortization rose to EUR 347.1 thousand in the first half of 2019 (prior-year period: EUR 102.0 thousand). The increase in this item was due to the amortization of intangible assets and in particular to the risk tool, which was acquired from an accounting perspective.

As a result, **earnings before interest and taxes (EBIT)** amounted to EUR –2,782.7 thousand in the first half of 2019 (prior-year period: EUR –2,876.6 thousand).

Consequently, **earnings before taxes (EBT)** for the first half of 2019 amounted to EUR –2,760.1 thousand (prior-year period: EUR –2,896.2 thousand). creditshelf's **net loss after tax** for the first six months of 2019 was EUR –2,760.1 thousand (prior-year period: EUR –1,516.5 thousand). No tax refunds occurred during the reporting period, in contrast to the previous year.

2.2.4.2. Net assets

Asset structure and capital structure as of June 30, 2019

	June 30, 2019 in EUR thousand	**Dec. 31, 2018 in EUR thousand**	**Change in EUR thousand**	**Change in %**
Noncurrent assets	3,846.3	3,213.8	632.5	19.7%
Current assets	15,455.6	13,203.2	2,252.4	17.1%
Assets	**19,301.9**	**16,417.0**	**2,884.9**	**17.6%**
Equity	8,951.4	11,445.6	–2,494.2	–21.8%
Provisions	1,421.7	1,480.7	–59.0	–3.9%
Financial liabilities	302.0	327.9	–25.9	–7.9%
Other liabilities	8,626.8	3,162.8	5,464.0	172.8%
Equity and liabilities	**19,301.9**	**16,417.0**	**2,884.9**	**17.6%**

creditshelf's **total assets** as of June 30, 2019, amounted to EUR 19,301.9 thousand (December 31, 2018: EUR 16,417.0 thousand).

As of the reporting date, **noncurrent assets** totaled EUR 3,846.3 thousand, an increase on the figure for the end of fiscal year 2018 (December 31, 2018: EUR 3,213.8 thousand). Intangible assets of EUR 2,984.9 thousand (December 31, 2018: EUR 2,417.7 thousand) and noncurrent receivables of EUR 546.3 thousand (previous year: EUR 457.1 thousand) accounted for the bulk of noncurrent assets as of the June 30, 2019 reporting date. The intangible assets comprise an internally generated Internet platform plus a risk tool (software) that was acquired from an accounting perspective and that is used to assess the credit risk associated with potential borrowers.

Current assets totaled EUR 15,455.6 thousand as of the reporting date (December 31, 2018: EUR 13,203.2 thousand). This was largely due to the higher levels of cash and cash equivalents in the amount of EUR 14,445.1 thousand as of June 30, 2019 (up from EUR 12,424.8 thousand in the prior-year period) resulting from a technical deferral. As of the end of June 2019, amounts paid in for arranged loans (i.e., loans for which contracts had been signed) that had not yet been disbursed to borrowers increased the settlement account balances, whereas cash funds declined to EUR 7,455.0 thousand (December 31, 2018: EUR 10,894.7 thousand). Trade receivables also increased, rising to EUR 714.6 thousand as of June 30, 2019 (December 31, 2018: EUR 418.4 thousand). 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 in comparison to the year-end figure to EUR 8,951.4 thousand (December 31, 2018: EUR 11,445.6 thousand). As a result, the **equity ratio** was 46.4% (December 31, 2018: 69.7%). The decrease in equity can be explained by the difference between the net loss after tax for the period of EUR –2,760.0 thousand and the increase in the capital reserves (EUR 265.8 thousand) due to the issuance of equity instruments to service the employee share program at the end of the year.

Noncurrent liabilities decreased compared to the 2018 year-end figure to EUR 1,554.4 thousand (December 31, 2018: EUR 1,642.9 thousand). Noncurrent provisions dropped by EUR 59.0 thousand to EUR 1,421.7 thousand (December 31, 2018: EUR 1,480.7 thousand). This was due to the reduction in (measurement of) the provision for Virtual Participation Program II, which is linked to changes in creditshelf's share price. Other noncurrent financial liabilities declined by EUR 29.4 thousand to EUR 132.7 thousand (December 31, 2018: EUR 162.1 thousand), mainly as a result of the part payment of the capitalized lease liability that is accounted for in accordance with IFRS 16.

Current liabilities amounted to EUR 8,796.3 thousand as of the June 30, 2019, reporting date, up from the figure of EUR 3,328.6 thousand reported as of December 31, 2018, the reporting date for the annual financial statements. Trade payables rose to EUR 7,752.6 thousand (December 31, 2018: EUR 2,637.8 thousand). This increase is due to the arranged loan volumes that had not yet been disbursed as of the end of the reporting period and corresponds to the increase in current assets described earlier.

Other liabilities reported under current liabilities rose to EUR 1,054.4 thousand as of the June 30, 2019, reporting date (December 31, 2018: EUR 524.9 thousand). This reflects the increasing level of business activity and the associated increase in provisions recognized, as well as wage tax provisions for the employee share programs introduced in the current year.

2.2.4.3. Financial position

Gross cash flow amounted to EUR –2,522.7 thousand (fiscal year 2018: EUR –4,570.7 thousand), while **net cash used in operating activities** in the first half of 2019 was EUR 2,560.6 thousand (fiscal year 2018: EUR –4,217.0 thousand).

Based on a net loss after tax of EUR 2,760.1 thousand (fiscal year 2018: net loss of EUR 6,314.7 thousand), **gross cash flow** amounted to EUR –2,522.7 thousand (fiscal year 2018: EUR –4,570.7 thousand) after adjustment for depreciation of property, plant, and equipment of EUR 58.4 thousand (fiscal year 2018: EUR 103.7 thousand), amortization of intangible assets of EUR 288.7 thousand (fiscal year 2018: EUR 159.5 thousand), changes in provisions of EUR –59.1 thousand (fiscal year 2018: EUR 1,070.2 thousand), other noncash income and expenses of EUR –155.8 thousand (fiscal year 2018: EUR –310.6 thousand), financial expenses of EUR 47.7 thousand (fiscal year 2018: EUR 86.4 thousand), changes in other assets of EUR 64.1 thousand (previous year: EUR –256.0 thousand). In addition, the losses on the disposal of intangible assets and property, plant and equipment, and security deposits had a minor impact on gross cash flow.

Furthermore, **cash flow from operating activities** reflects an increase in both trade receivables and trade payables.

Net cash used in investing activities amounted to EUR –728.2 thousand in the reporting period (December 31, 2018: EUR –1,843.0 thousand). The cash outflow was primarily attributable to payments for investments in intangible assets of EUR –700.2 thousand.

Net cash generated by financing activities amounted to EUR 187.9 thousand in the first half of 2019 (fiscal year 2018: EUR 16,457.6 thousand). The cash inflow in H1 2019 was mainly attributable to proceeds from the issuance of equity instruments (EUR 278.3 thousand), whereas lease liabilities declined by EUR 30.2 thousand (fiscal year 2018: EUR –58.9 thousand) and interest paid to EUR 47.7 thousand (fiscal year 2018: EUR –77.4 thousand). Transaction costs of EUR 12.5 thousand relating to the issuance of equity instruments also played a role. The substantial positive cash flow from financing activities in the previous year was due to the capital increases and the successful IPO.

creditshelf had cash and cash equivalents of EUR 14,445.1 thousand as of the June 30, 2019, reporting date (December 31, 2018: EUR 12,424.8 thousand). Cash funds amounted to EUR 7,455.0 thousand as of June 30, 2019 (December 31, 2018: EUR 10,894.7 thousand).

Net debt as of June 30, 2019, was as follows:

Net debt

as of June 30, 2019

	June 30, 2019 in EUR thousand	**Dec. 31, 2018 in EUR thousand**	**Change in EUR thousand**	**Change in %**
Financial liabilities	302.0	327.9	–25.9	–7.9%
Cash funds	7,455.0	10,894.7	–3,439.7	–31.6%
Net debt	**–7,153.1**	**–10,566.8**	**–3,413.8**	**–32.3%**

2.3. Report on Events after the Balance Sheet Date

Based on the legally non-binding letter of intent that was signed on June 19, 2019, the management has negotiated a binding agreement to acquire all the shares of Berlin-based Valendo GmbH. creditshelf Aktiengesellschaft’s Supervisory Board approved on September 11, 2019 that the Management Board can sign the binding agreement. This happened on September 18, 2019. Valendo is a specialist in technology-based secured finance for SMEs. One of Valendo GmbH’s current main shareholders is finleap, Europe’s leading fintech ecosystem. The agreement not only gives creditshelf borrowers access to a wide range of products and expands the company’s risk analysis and risk monitoring tools, but also establishes a partnership with finleap.

The acquisition of all shares of Valendo GmbH provides for a basic purchase price (purchase price tranche 1) that can be increased by up to 50% if certain milestones are reached (purchase price tranche 2). creditshelf Aktiengesellschaft has the option of paying claims arising under purchase price tranche 1 and purchase price tranche 2 by way of contribution in kind capital increases. The shares to be issued by creditshelf Aktiengesellschaft for this are determined in the case of purchase price tranche 1 using the weighted three-month average price (XETRA) on the last trading day before the letter of intent was signed and in the case of purchase price tranche 2 using the weighted three-month average price (XETRA) on the last trading day before the date falling 16 months after the signature of binding agreements on the transaction. In the case of purchase price tranche 1, this weighted three-month average price was EUR 65.29.

2.4. Report on Opportunities and Risks

2.4.1. Internal Control and Risk Management System

Objectives and Strategies of Risk Management

creditshelf finished implementing its new risk management system in December 2018. As explained in the 2018 Annual Report, this is the basis for identifying risks and performing an assessment that classifies the probability of their occurring and the extent of the associated losses. The fundamental risk assessment has not changed compared to that depicted in the financial statements for 2018.

creditshelf has to run risks in the course of its business activities in order to take advantage of the associated opportunities. The objective of risk management is to increase the probability that the company will meet its objectives, establish a sound basis for decision-making and planning, and improve the organization's resilience to threats and negative events.

creditshelf's strategy is to ensure that it can identify risks as adequately as possible, assess them realistically, and above all combat them effectively as part of its risk management activities, so as to minimize the negative effects that they actually have on the company. Comprehensive risk identification serves to minimize the proportion of unidentifiable risks that the company has to bear involuntarily.

To ensure it meets these objectives, the system is being designed to comply with known good practices in this area. Chief among these is the COSO Framework. At present, the risk management system does not include a formalized process for capturing opportunities.

Risk Management Structures and Processes

The Risk Manager, who reports to the Chief Risk Officer, is responsible for maintaining the risk management system. Among other things, his tasks include making quarterly updates to the risk catalog, reviewing the notifications submitted by the risk owners, documentation, and communicating with the Management Board.

The risk owners' main tasks are identifying, assessing, and rapidly communicating risk-related issues, and risk monitoring. Risk owners play a decisive role in identifying, assessing, and managing risks at source and at an early stage, due to their closeness to operations.

creditshelf's risk management process is broken down into the following phases: risk identification, risk assessment, risk management, risk communication, and risk monitoring and improvement.

Both a top-down analysis from the corporate management perspective and a bottom-up assessment from the perspective of the operating areas that identify and manage the risks are performed.

In a first step, a gross risk assessment (i.e., not including risk-mitigating aspects) is made by the risk owners; this expresses the maximum potential threat. Net risk assessments are produced by deducting the effects of the risk management measures already implemented from the gross assessment.

The (gross/net) risk level to which creditshelf is exposed is the product of the (gross/net) probability of occurrence multiplied by the (gross/net) loss. Probabilities of occurrence are classified into four categories.

The potential loss represents the severity of the threat to creditshelf if the event in question were to occur. The focus is on the impact on creditshelf's results of operations.

When performing its risk assessment, the Management Board classifies risk levels as low, medium, material, or critical, depending on their probability of occurrence and the size of the associated loss. Whereas all identifiable risks are captured as a matter of principle, only decision-relevant risks are disclosed. The importance to creditshelf of the risks described in the risk report can be seen from the following overview:

	Probability			
Impact on the results of operations in EUR thousand	Highly improbable	Improbable	Probable	Highly probable
Low (< 100)	Low	Low	Low	Low
Medium (> 100)	Low	Low	Low	Medium
High (> 1,500)	Low	Medium	Material	Material
Very high (> 4,000)	Medium	Material	Critical	Critical

Knowledge of the relative importance of the individual risks and the total extent of the threat is used during risk management to determine suitable risk control measures for material individual risks. Risk control options include avoiding, mitigating, transferring, and accepting risk.

creditshelf has decided to accept risks with a net risk level of “medium” or below. In other words, risk-mitigating measures can be taken but do not have to be taken for risks with a gross risk level of “medium” or less. Nevertheless, the Management Board regularly attempts to implement risk-mitigating measures in these cases as well. Risk-mitigating measures are always defined, implemented, and monitored in the case of material and critical risks. Critical risks are given top priority here.

Standardized internal risk management communication at creditshelf takes the form of quarterly discussions between the Risk Manager and the risk owners and the submission of a subsequent report to the Management Board. New risks that appear to be significant or circumstances that could substantially increase the potential of a risk are reported to the Management Board on an ad hoc basis outside of the standardized communication process.

Internal Control and Risk Management System for the (Consolidated) Financial Reporting Process

creditshelf has an internal control and risk management system for the (consolidated) financial reporting process that is also based on the COSO Framework. The internal control system relevant for the financial reporting process aims to ensure uniform accounting that complies with the statutory requirements, generally accepted accounting principles, and the International Financial Reporting Standards (IFRSs), as well as to provide the users of the consolidated and annual financial statements with accurate and reliable information.

The internal control system relevant for the financial reporting process has defined suitable structures and processes and implemented them at an organizational level. The accounting process has been implemented in such a way that timely, uniform, and correct accounting for all business processes and transactions is guaranteed.

The control system comprises both systems controls and manual controls, along with an appropriate separation of functions at all levels to ensure that the principle of dual control is observed. Due to the group's size, the company does not maintain a separate group internal audit function.

creditshelf Aktiengesellschaft's financial accounting function performs the accounting for the company's subsidiary creditshelf service GmbH centrally at group level; the financial statements for the first half of 2019 were prepared with the assistance of an external service provider.

The company's Management Board is responsible for implementing and monitoring the internal control system; this also includes the internal control system for the (consolidated) financial reporting process.

The risk management system for the financial reporting process is part of the group's risk management activities and comprises all organizational rules and measures designed to identify and deal with financial reporting risks.

The risk owners responsible monitor the risks that are relevant for continuously tracking risk trends and for the ongoing review of the financial reporting data. The results of this regular monitoring process are identified, documented, and assessed on a quarterly basis together with the Risk Manager.

Group risk management has taken suitable measures to monitor and improve financial reporting risks.

2.4.2. Risk Report

The presentation of the following risks uses the internal classification of risk types and is made on a net basis.

Market Risk

The company is dependent on a number of macroeconomic trends such as the performance of the economy as a whole, inflation, and changes in interest rates. An increase in interest rates can lead to a rise in the number of loan defaults and to lower borrower demand. In addition, this opens up the possibility of other low-risk investment classes, such as government bonds, for investors. Based on recent publications by the Bundesbank[12], which talk about a weak underlying cyclical trend, the Management Board is assuming in view of the mixed economic signals that growth rates will decline and that monetary policy will remain largely accommodative. It is expected that bank interest rates will only see slight upward trends from their historically low level. A rise in key euro area interest rates in the current year is not considered likely, however.

Risk assessment: medium

Financial Risks

Liquidity Risk

creditshelf group has generated losses in the past and could continue to do so in the future. Rising operating expenses or decisions to invest in further growth could play a particularly important role here. Persistent losses could give rise to liquidity risk in the longer term. The Management Board considers this risk to be low in the short to medium term due to the successful IPO.

Measures taken include quarterly cash flow forecasts and timely preparations for potential financing rounds.

Risk assessment: low

Operational Risks

Loss of Data and Damage to Systems

Given creditshelf's digital business model, the company is potentially particularly vulnerable to any loss of data or damage to systems resulting from external attacks on its IT systems and inadequate protective measures. These could result not only in consequences under data protection law but also in reputational damage and downstream financial losses.

A large number of measures have been taken to protect the IT infrastructure. In addition, external attack recognition services are in place. Penetration tests are performed to check their effectiveness.

Risk assessment: low

[12] Deutsche Bundesbank monthly report for June 2019.

Software Development Weaknesses

The company’s products and services and its internal systems depend on technically complex software, some of which is internally generated. If creditshelf were to be unable to ensure error-free operation of the platform, to preserve, maintain, integrate, and scale up the creditshelf group’s Internet networks and IT systems, or to continue developing them in line with requirements, this could have a material adverse effect on the company’s business, financial position, and results of operations.

creditshelf has taken appropriate measures to avoid errors during software development. These include the use of established, standardized processes that incorporate control loops and test procedures. New products and processes are released in a joint process together with the responsible risk and product managers, enabling potential errors to be identified in good time and suitable measures taken.

Risk assessment: low

Restricted Operational Availability due to Infrastructure Malfunctions

Outages or disruptions to the power grid or to network and Internet connections could severely restrict the company’s business activities.

This risk is mitigated by focusing on risk issues when implementing and operating hardware, networks, and Internet links. For example, an Internet connection based on physically discrete, separate networks is used.

Risk assessment: low

Compliance and Legal Risks

Claims for Damages by Investors

The group is exposed to a variety of legal risks. If, for example, investors were to lose their investment, they could try to bring claims against creditshelf. No claims have been asserted at present.

creditshelf has implemented comprehensive processes to reduce default risks. Identifiable default risks are disclosed to investors transparently at an early stage. The risk exposures are assessed continuously from a legal and operational perspective.

Risk assessment: low

Regulatory Breaches

creditshelf has to comply with numerous regulatory requirements such as the provisions of the Finanzanlagenvermittlerverordnung (German Investment Brokerage Regulation – FinVermV). In addition, the group is affected by a larger number of data protection and data security laws and regulations, many of which are still under development. Failure to comply with regulatory requirements and provisions could lead to reputational damage, restrictions on the group's business activities, or fines.

The company aims to combat these risks by implementing compliance guidelines and procedures, including in relation to regulatory requirements for ad hoc disclosures, the maintenance of insider lists, and employee training.

Risk assessment: low

Strategic Risks

Collectibility Risk

The creditshelf group itself does not extend any loans. In addition to the fee that it charges to borrowers, it generates income from investors that falls due when the borrowers make loan repayments. Consequently, defaults by borrowers can lead to lower group income if the company waives the investor fees in these cases.
If borrowers were to get into arrears with their loans or to default, this would lead to an adverse change in the yield for the investors who had invested in the loans in question, which could damage creditshelf's reputation and negatively impact its expected revenue and income growth.

The creditshelf group uses analyses and scoring processes to reduce collectibility risk. However, its short operating history means that the available input data is currently still limited. With effect from fiscal year 2019, the Management Board decides on an individual basis in the case of defaults whether any investor fees that have not yet been collected should be reported as waivers of receivables under the other operating expenses item in the statement of profit or loss and other comprehensive income.

Risk assessment: medium

Procurement Risk

Although the creditshelf group has a large number of investors, a relatively small number of them are responsible for a relatively large volume (measured in euros) of the investments in the loans arranged via the creditshelf platform. If these investors should no longer use the creditshelf platform to offer debt capital in future, it might not be possible to service borrower demand to the extent originally planned.

Procurement risk is being mitigated by moves to enhance the company's funding base by continuously integrate new investors and expanding the investment formats.

Risk assessment: medium

Platform Risk

The creditshelf group is dependent on the growth of its user base (e.g., borrowers and investors). In particular, the company's business activities and position would be impacted if the group were to be unable to maintain or increase the volume of loans arranged via the creditshelf platform.

Consequently, the company's success depends to a large extent on the success of its marketing efforts. creditshelf's business and future growth could be impaired if it were to be unable to attract (additional) borrowers and other users for its products and services.

creditshelf intends to continuously improve and extend its services and products, to expand its funding base, and to improve the terms and conditions for its funding.

Risk assessment: medium

Adoption of the Business Model by Competitors

The danger that competitors in general could adopt a company's business model is a (largely) sector-independent business and entrepreneurial risk, and hence also applies to creditshelf.

creditshelf continuously optimizes and expands its products, internal organization, partnerships, and network in order to maintain its competitive advantage.

Risk assessment: medium

Lack of Synergies from Strategic Partnerships

Strategic partnerships might not develop in the way originally planned, or it might not be possible to agree them as intended.

creditshelf's Management Board is in constant contact with promising potential and existing partners.

Risk assessment: medium

<u>Overall Risk Position</u>

The risk position has not changed materially since the information provided in the financial report for the last fiscal year. The assessment of the overall risk is based on creditshelf's risk management. Relevant measures were taken if necessary in the case of manageable risks. In addition, the company faces exogenous macroeconomic risks that it cannot influence but that it monitors continuously. A comprehensive analysis has not revealed any risks needing to be classified as material or critical. The risks do not threaten the company's continued existence as a going concern, either individually or in the aggregate. Rather, a large proportion of the risks are classified as belonging to the "low" category after risk mitigation measures. At present, no risks are identifiable that could have an adverse long-term effect on creditshelf's business performance.

2.4.3. Report on Opportunities

The group has a large number of opportunities in connection with its business activities, some of which need to be exploited quickly. For us, opportunity management is a continuous task. We regularly evaluate market analyses and track technology trends in detail. In addition, we analyze our borrowers' needs, growth drivers, and sector-specific success factors.

The order in which the opportunities are listed below reflects the Management Board's opinion as to their relative size for creditshelf and hence gives an indication of their current importance. Opportunities have been included in our forecast to the extent that it is probable that they will occur.

Alternative Finance Instead of Traditional Bank Loans

More and more SMEs are looking for alternative forms of finance to take the place of traditional bank loans. Such borrowers are also increasingly open to digital offerings, and especially to loans arranged via digital online credit platforms.

Increasing Readiness to Invest in SME Loans

In creditshelf's opinion, investments in SME loans can be an attractive investment class for investors who are aiming for higher yields. Under existing German law, investors would be prevented in many cases from extending loans to borrowers directly, since they do not have the necessary bank license. Digital online credit platforms help select potential borrowers and offer potential investors the chance to invest in a loan portfolio.

Banks Are Evaluating their Strategies for SME Borrowers

More and more banks have indicated that they want work together with young fintech companies in order to improve their own offerings. This means that digital online credit platform operators are potential partners for major banks. In creditshelf's opinion, the traditional process for reviewing and decisioning credit applications used by many banks is too costly and inefficient, as well as being excessively time-consuming and uncertain for borrowers. These trends explain the declining importance of traditional bank loans in the funding mix for many SMEs in recent years.

An Increasingly Detailed Understanding of SME Risks Offers Opportunities to Expand the Product Portfolio and Create Interfaces

creditshelf sees itself as a technology company that invests continuously in its platform and in data-driven risk analysis algorithms for loan analysis so as to further refine and automate this. In addition, the longer the platform is in existence the greater the pool of data available for analysis. This presents opportunities to expand the product portfolio, including by offering analysis services.

2.5. Report on Expected Developments

As explained in creditshelf's Report on Economic Position, the management remains convinced that the market for digital SME loans in Germany is gaining in importance and that it offers substantial growth potential. creditshelf is well positioned to leverage this. 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. We have also made substantial progress in establishing partnerships with banks. However, it must also be noted that competitive pressure has increased, especially in those segments where the product offering overlaps with other market participants and that, as a result, further increases in gross margins will become more difficult to achieve. In addition, the economic environment is dominated by geopolitical tension and barriers to trade that are impacting 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 is likely to remain below our unchanged medium-term goal of approximately 10%. Due to these factors and building on the experiences gained in the first months of the year, the management is now assuming that full-year revenues will be around the low end of the forecast range of between EUR 4.5 million and EUR 5.5 million.

The forecast continues to be driven by substantial advertising costs associated with positioning the company in the market and generating further growth. Moreover, the estimate for fiscal year 2019 includes the increase in the headcount and the employee share program. Since the expense to be recognized for the employee share program depends materially on creditshelf's share price performance, volatility in this area could have a material effect on EBIT. Based on the revised revenue forecast, the management is expecting EBIT to be around the low end of the forecast range of EUR –3.5 million to EUR –4.5 million.

Due to the risks and opportunities described above, creditshelf's actual performance may deviate either positively or negatively from our forecasts (see the risk report and the report on opportunities).

3. Consolidated Interim Financial Statements as of June 30, 2019

3.1. Consolidated Statement of Financial Position as of June 30, 2019

Assets	Note	June 30, 2019 in EUR thousand	December 31, 2018 in EUR thousand
Noncurrent assets			
Intangible assets	10	2,984.9	2,414.7
Property, plant, and equipment	11	281.5	311.9
Trade receivables	12	546.3	457.1
Other receivables		33.7	27.1
Total noncurrent assets		**3,846.3**	**3,213.8**
Current assets			
Trade receivables	12	714.6	418.4
Other assets		291.3	324.9
Other financial assets		4.7	35.2
Cash and cash equivalents	14	14,445.1	12,424.8
Total current assets		**15,455.6**	**13,203.2**
Total assets		**19,301.9**	**16,417.0**

Equity and liabilities	Note	June 30, 2019 in EUR thousand	December 31, 2018 in EUR thousand
Capital and reserves			
Subscribed capital	15	1,331.3	1,331.3
Capital reserves	15	18,570.2	18,304.4
Accumulated losses brought forward	15	–10,950.1	–8,190.1
Total equity		**8,951.4**	**11,445.6**
Noncurrent liabilities			
Noncurrent provisions	17	1,421.7	1,480.7
Other financial liabilities		132.7	162.1
Total noncurrent liabilities		**1,554.4**	**1,642.8**
Current liabilities			
Trade payables		7,572.5	2,637.8
Other financial liabilities		169.3	165.8
Other liabilities		1,054.4	524.9
Total current liabilities		**8,796.2**	**3,328.6**
Total assets		**19,301.9**	**16,417.0**

3.2. Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period from January 1 to June 30, 2019

	Note	H1 2019 in EUR thousand	H1 2018 in EUR thousand
Revenue	5	1,766.2	765.5
Other income	6	198.2	349.1
Own work capitalized		155.6	140.3
Personnel expenses	7	–2,129.0	–2,205.6
Depreciation and amortization		–347.1	–102.0
Other operating expenses	8	–2,426.7	–1,823.8
- *of which waivers of receivables*		*–40.5*	*0.0*
Finance costs		–47.7	–27.6
Financial income		70.4	8
Consolidated earnings before taxes (EBT)		**–2,760.1**	**–2,896.2**
Income taxes	13	0	1,379.7
Net loss for the period		**–2,760.1**	**–1,516.5**
of which attributable to:			
Owners of the parent		**–2,760.1**	**–1,516.5**
Noncontrolling interests		**0.0**	**0.0**
Total comprehensive income		**–2,760.1**	**–1,516.5**
of which attributable to:			
Owners of the parent		**–2,760.1**	**–1,516.5**
Noncontrolling interests		**0.0**	**0.0**

Earnings per share 9

	2019 in EUR	2018 in EUR
Basic earnings per share	**–2.07**	**–1.35**
Diluted earnings per share	**–2.04**	**–1.35**
from continuing operations	**–2.07**	**–1.35**

3.3. Consolidated Statement of Cash Flows for the Period from January 1 to June 30, 2019

	Note	June 30, 2019 in EUR thousand	December 31, 2018 in EUR thousand
Cash flows from operating activities			
Loss for the period		–2,760.1	–6,314.7
Adjustments for:			
Income taxes paid		0.0	885.3
Depreciation of property, plant, and equipment		58.4	103.7
Amortization of intangible assets		288.7	159.5
Change in provisions		–59.1	1,070.2
Other noncash expenses/income		–155.8	–310.6
Financial expenses from financing activities		47.7	86.4
Income taxes paid		0.0	0.0
Security deposit		–6.6	5.6
Other assets		64.1	–256.0
Gross cash flow		**–2,522.7**	**–4,570.7**
Increase/decrease in trade receivables		–385.4	–524.4
Increase/decrease in trade payables		4,934.7	929.9
Increase/decrease in other liabilities		533.9	–51.8
Net cash generated by/used in operating activities		**2,560.5**	**–4,217.0**
Payments to acquire property, plant, and equipment		–28.0	–85.5
Payments to acquire intangible assets		–700.2	–1,757.5
Net cash used in/generated by investing activities		**–728.2**	**–1,843.0**
Proceeds from the issuance of shares		278.3	19,545.2
Decrease in lease liability		–30.2	–58.9
Interest paid		–47.7	–2,951.2
Transaction costs for issuance of shares		–12.5	–77.4
Net cash generated by/used in financing activities		**187.9**	**16,457.6**
Net increase in cash and cash equivalents		2,020.2	10,397.7
Cash and cash equivalents at the start of the fiscal year/quarter		12,424.8	2,027.1

Cash and Cash Equivalents

Cash-in-hand	14	0.6	1.8
Bank balances	14	14,444.5	12,423.0
Less pledged accounts	14	6,990.1	1,530.1
Cash funds		**7,455.0**	**10,894.7**

3.4. Consolidated Statement of Changes in Equity for the Period from January 1 to June 30, 2019

	Note	Subscribed capital in EUR thousand	Capital reserves in EUR thousand	Loss carryforwards in EUR thousand	Total equity in EUR thousand
Balance as of January 1, 2018		76.8	2,965.0	–1,875.4	
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		–	–	–2,760.0	–2,760.0
Total		1,331.3	18,304.4	–10,950.1	8,685.6
Capital transactions	13/16	–	265.8	–	265.8
Issuance of equity instruments	13/16	–	278.3	–	278.3
Transaction costs for the issuance of equity instruments	13/16	–	–12.5	–	–12.5
Other changes		–	–	–	–
Balance as of June 30, 2019		**1,331.3**	**18,570.2**	**–10,950.1**	**8,951.4**

3.5. Notes to the condensed consolidated interim financial statements as of June 30, 2019

A) General Information

creditshelf Aktiengesellschaft ("creditshelf" or the "company" and together with its subsidiary creditshelf service GmbH the "creditshelf group"), which is registered in the commercial register under the number HRB 112087, is a stock corporation under German law whose shares have been publicly traded on Frankfurt Stock Exchange's Regulated Market (Prime Standard) since July 25, 2018. The address of the company's registered domicile is Mainzer Landstrasse 33a, 60329 Frankfurt am Main.

These consolidated financial statements were approved for publication by creditshelf's Management Board on September 11, 2019.

Basis of Consolidation

There were no changes in the basis of consolidation in the reporting period compared to the consolidated financial statements as of December 31, 2018.

Subsidiaries

creditshelf Aktiengesellschaft's sole subsidiary is creditshelf service GmbH, which was formed in 2015. creditshelf Aktiengesellschaft and creditshelf service GmbH are also referred to hereinafter as the "creditshelf group". The subsidiary has been entered in the commercial register of the Frankfurt am Main local court under the number HRB 103351. creditshelf service GmbH's business purpose is the purchase and sale of loan receivables in its own name and on its own behalf, with the exception of factoring and of all other activities for which authorizations are required under the Kreditwesengesetz (German Banking Act – KWG), the Kapitalanlagegesetzbuch (German Investment Code – KAGB), or the Zahlungsdiensteaufsichtsgesetz (German Payment Services Supervision Act – ZAG). creditshelf service GmbH does not have any own employees within the meaning of section 314(1) no. 4 of the HGB. The wholly-owned subsidiary's share capital on its formation was EUR 25,000.00. The share capital was contributed in full by way of a bank transfer to a creditshelf service GmbH account.

The subsidiary's recognizable assets, liabilities, and contingent liabilities were reported at their full fair value on initial consolidation, irrespective of the size of the interest concerned. In the case of subsequent remeasurement, the consolidated carrying amounts are rolled over, with the exception of those assets and liabilities which are required to be continuously measured at fair value.[13]

Functional and Presentation Currency

These consolidated financial statements are presented in euros, the company's functional currency.

1. Basis of Preparation of the Financial Statements

In accordance with the provisions of section 115 of the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG), the current condensed consolidated interim financial statements for the period from January 1 to June 30, 2019, comprise condensed consolidated interim financial statements and an interim group management report. The consolidated interim financial statements comply with the requirements of IAS 34 (Interim Financial Reporting) and were prepared pursuant to the provisions of section 315e(3) of the Handelsgesetzbuch (German Commercial Code – HGB) and in accordance with the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB), including the interpretations of the IFRS (IFRICs), as adopted and required to be applied by the European Union, taking into account the supplementary provisions of commercial law. The condensed consolidated interim financial statements and the condensed interim group management report have not been audited or reviewed by an auditor within the meaning of Section 115(5) of the WpHG.

The condensed consolidated interim financial statements do not include all the information and notes required in the consolidated annual financial statements and should therefore be read in conjunction with the consolidated annual financial statements as of December 31, 2018.

Individual items have been combined in the statement of financial position and the consolidated statement of profit or loss and other comprehensive income, in order to provide a condensed overview. In addition, the statement of financial position was classified into non-current and current items in accordance with IAS 1 and the statement of profit or loss was prepared using the total cost (nature of expense) method.

The consolidated interim financial statements are based on the going concern principle.

[13] For example in accordance with IFRS 9.

2. Application of International Financial Reporting Standards (IFRSs)

a) Standards and Interpretations Required to be Applied for the First Time in the Reporting Period:

Standard	Subject matter and relevance for the financial statements	Date of mandatory initial application in the EU
Amendments to IFRS 9 “Financial Instruments”: Prepayment Features with Negative Compensation	Adds a narrow-scope exception to IFRS 9 to allow instruments with symmetric prepayment options to qualify for measurement at amortized cost or fair value through other comprehensive income although they fail to meet the “solely payments of principal and interest on the principal amount” criterion. These amendments do not have any material effect on the company.	January 1, 2019
IFRIC 23 “Accounting for Uncertainties in Income Taxes”	IFRIC 23 clarifies how uncertainties regarding the income tax treatment of issues and transactions under IAS 12 must be dealt with. These amendments do not have any material effect on the company.	January 1, 2019
Amendments to IAS 19 “Employee Benefits”: Remeasurement on a plan amendment, curtailment, or settlement	If a defined benefit plan amendment, curtailment, or settlement occurs, the current service cost and the net interest for the remainder of the reporting period after the change to the plan are required to be determined using the updated assumptions from the mandatory remeasurement of the net liability (asset). Furthermore, additions have been included to clarify the effect of a plan amendment, curtailment, or settlement on the requirements regarding the asset ceiling. This amendment do not relevant since the company does not have any defined benefit plans.	January 1, 2019
Amendments to IAS 28 “Investments in Associates and Joint Ventures”: Long-term Interests in Associates and Joint Ventures	The objective of the amendments to IAS 28 is to clarify that a company applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 1, 2019

	The company does not have any investments in associates and joint ventures.	
Annual Improvements – 2015–2017 Cycle	The primary objective of the process is to enhance the quality of standards by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts, or oversights. These amendments do not have any material effect on the company.	January 1, 2019

IFRS 16, which is required to be applied for the first time for reporting periods beginning on or after January 1, 2019, has been applied early by the group since fiscal year 2017. Early adoption of IFRS 16 is permitted if the enterprise applies IFRS 15 before or on the date of initial application (January 1, 2018).

b) New Standards and Interpretations Not Yet Requiring to be Applied

There were no standards, amendments to standards, and interpretations that had already been adopted by the European Union but were not yet required to be applied.

c) Standards and Interpretations Not (Yet) Applicable in the EU

The following standards, amendments to standards, and interpretations had not (yet) been adopted by the European Union as of the date of preparation of the consolidated financial statements. Their application is therefore not permitted.

Standard	Subject matter	
Amendments to IAS 1 and IAS 8 – Definition of Material	The amendments to IAS 1 and IAS 8 were issued to tighten the definition of "material" and to align the various definitions contained in the Conceptual Framework and the standards themselves.	January 1, 2020
Amendments to IFRS 3 "Business Combinations": Definition of a Business	The amendments aim to solve the problems facing companies that have to decide whether activities and assets they acquire are a business or merely a group of assets.	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	This comprises revised definitions of assets and liabilities and new guidance for their measurement, derecognition, presentation, and disclosure.	January 1, 2020

IFRS 17 “Insurance Contracts”	IFRS 17 sets out the basic principles governing the recognition, measurement, and presentation of, and disclosures relating to, insurance contracts within the scope of the standard. It aims to ensure that preparers provide relevant information and hence to facilitate the credible presentation of insurance contracts.

3. Management Judgments and Estimates

Preparation of the consolidated financial statements requires the Management Board to make judgments and estimates regarding the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Material Judgments

creditshelf has recognized the production cost of the creditshelf platform (www.creditshelf.com) as an asset in accordance with IAS 38.65–38.67. Potential borrowers submit their documents via this platform, while investors can use it to register for credit projects. The platform generates a direct economic benefit and is therefore considered to be a material asset in the group’s value creation process.

The group reviews the carrying amounts of the intangible assets as of each reporting date for evidence of impairment. In this case, the recoverable amount of the asset in question is established so as to determine the amount of any impairment loss that needs to be recognized. Recoverable amount corresponds to the higher of the fair value less costs of disposal or the value in use. Value in use corresponds to the present value of the expected cash flow. The discount rate used is the pretax rate of interest reflecting current market conditions. Where no recoverable amount can be established for individual assets, the recoverable amount for the smallest identifiable group of assets (cash-generating unit) to which the asset can be assigned is determined.

Assumptions and Estimation Uncertainty

Information on assumptions and estimation uncertainties as of June 30, 2019, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are disclosed in the notes given below:

- Note 13 – Recognition of deferred tax assets: Availability of a future taxable profit against which tax loss carryforwards can be utilized.

- Note 16 – Recognition and measurement of the employee share program introduced in 2019 (Restricted Stock Units Program). Equity settlement has been assumed for this purpose. In addition, a company-specific employee turnover rate is applied.

- Note 17 – Recognition and measurement of noncurrent provisions: Material assumptions regarding the probability and amount of the inflows or outflows of benefits. This applies above all to the measurement and recognition of the obligations under Virtual Participation Program II.

Changes in Material Estimates in the First Half of 2019

There have been no material changes in the estimates used by the Management Board since the publication of the 2018 Annual Report. The same also applies to the decision not to recognize deferred tax assets. In the Management Board's opinion, it was once again impossible in H1 2019 to supply the convincing evidence (probability of over 90%) of sufficient taxable profit that IAS 12.34 requires from loss-making entities. Please see note 13 for further information.

Fair Value Determination

The group has established a control framework for fair value determination.

As far as possible, the group uses observable market data when determining the fair value of assets or liabilities. The fair values are assigned to different levels in the fair value hierarchy on the basis of the input factors used in the valuation techniques:

- Level 1: (Unadjusted) quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

4. Accounting Policies

Measurement Principles as of June 30, 2019

The key accounting principles are unchanged as against the 2018 consolidated financial statements. Please therefore refer to the notes to the consolidated financial statements in that document for an in-depth explanation of the accounting policies used.

Changes in the Accounting Policies

There were no changes in the accounting policies.

B) Disclosures on the Consolidated Financial Statements

5. Revenue

creditshelf service GmbH generates revenue from brokering loans between borrowers and investors.

The breakdown of consolidated revenue as of June 30, 2019, was as follows:

	June 30, 2019 in EUR thousand	June 30, 2018 in EUR thousand
Borrower fees	1,152.8	518.4
Investor fees	613.4	247.1
	1,766.2	**765.5**

Revenue in the reporting period from January to June 2019 climbed to EUR 1,766.2 thousand (prior-year period: EUR 765.5 thousand), an increase of 230.73%. This was mainly due to the volume of loans arranged in the reporting period, which also rose sharply.

Revenues for both revenue streams are generated solely at a point in time as defined by the IFRS 15 criteria. In both cases, the company performs the service immediately the loan is granted by the fronting bank. The borrower fee is retained directly when the loan amount is disbursed by the fronting bank, whereas the investor fee is deducted in installments from the repayments of the principal amount. In the case of both revenue streams, the revenue results from the application of a contractually defined percentage to the disbursed lending volume. With effect from fiscal year 2019, any investor fees that have not yet been collected are recognized in the case of defaults as waivers of receivables under other operating expenses in the statement of profit or loss and other comprehensive income, following an individual decision by the Management Board.

In the same way, the “commission income from loan brokerage” revenue item that was used in the 2018 Annual Report has now been renamed “borrower fees”.

6. Other Income

Other income totaling EUR 198.2 thousand (prior-year period: EUR 349.0 thousand) consists of two main components. In addition to income of EUR 85.5 thousand from the reversal of provisions (previous year: EUR 236.8 thousand), the primary item is discounts from loan purchases of EUR 111.9 thousand (previous year: EUR 108.1 thousand).

7. Personnel Expenses

Personnel expenses for the first half of 2019 were EUR 2,129.0 thousand (first half of the previous year: EUR 2,205.6 thousand). The main reason for decrease compared to last year is the recognition of the provision for retention bonuses (EUR 1,395 thousand) that were paid to senior staff after the June 30, 2018, reporting date in recognition of their particular efforts in connection with the IPO and as an incentive to maintaining this level of performance going forward. This needs to be weighed with the clear increase in the number of employees to 41 full-time equivalents as of June 30, whereas 24 FTEs were employed as of the prior-year reporting date. This increase in staff reflects both creditshelf's strong growth in the last 12 months and its expected future growth. In the current reporting period, the personnel expenses item includes expenses for employee share programs (EUR 437.4 thousand) (see also note 16) that the company launched at the beginning of this fiscal year. These are designed to motivate employees and hence promote the company's long-term growth and economic success.

The contracts of service for the three Management Board members provide for an aggregate annual gross fixed salary of EUR 300 thousand, i.e., EUR 100 thousand per person. This is paid in twelve equal monthly installments. No other cash compensation is provided for. In addition to their cash compensation, the members of the Management Board receive normal levels of fringe benefits. These include in particular normal contributions towards pension and health insurance, and directors and officers insurance ("D&O insurance"). In the first half of 2019, the total compensation paid to the Management Board amounted to EUR 366.1 thousand. This amount also includes the personnel expenses of EUR 191 thousand incurred for Dr. Mark Währisch in the context of the Restricted Stock Units Program. Additional details are provided in note 16.

Please see the remuneration report in the group management report for fiscal year 2018 for detailed disclosures on the compensation paid to the individual bodies.

8. Other Operating Expenses

Other operating expenses were as follows:

	June 30, 2019 in EUR thousand	June 30, 2018 in EUR thousand
Third-party services	–157.8	–86.7
Legal and consulting costs	–562.1	–308.3
Virtual Participation Program expenses	0.0	–577.4
Marketing and advertising expenses	–1,098.1	–512.6
Hardware and software maintenance expenses	–31.9	–8.7
Insurance expenses	–15.0	–6.8
Cost of licenses and concessions	–96.2	–17.0
Sales commission	-30.1	0.0
Lease expenses	–50.2	–25.5
Supervisory Board expenses	–51.3	0.0
Premiums on loan receivables	–111.9	–108.1
Other expenses	–222.0	–172.9
	–2,426.7	**–1,823.8**

Marketing and advertising expenses climbed to EUR 1,098.1 thousand (prior-year period: EUR 512.6 thousand). This item includes postage costs of EUR 291.4 thousand in the 2019 reporting period (prior-year period: EUR 136.4 thousand), which were largely incurred for mailing our client magazine. Consequently, this item is now reported under marketing and advertising expenses, whereas in the prior-year period it was disclosed in other expenses. No expenses were incurred during the current reporting period for the Virtual Participation Program (prior-year period: EUR 577.4 thousand). This was largely due to the fact that creditshelf Aktiengesellschaft's share price, which is used as the basis for measurement, has recorded a slightly negative performance since the end of 2018. The new sales commission expense item, which amounted to EUR 30.1 thousand in the reporting period (prior-year period: EUR 0.0 thousand), shows the amount of sales commission paid to partners and brokers. This commission was paid in order to generate the volume of loans arranged and hence the revenue, and therefore represents an acquisition expense. Supervisory Board expenses are another new expense category, since this body was only created when the change of legal form from creditshelf GmbH to creditshelf Aktiengesellschaft took effect on June 13, 2018. The compensation payable to creditshelf Aktiengesellschaft's Supervisory Board is set out in article 14 of the Articles of Association. Total Supervisory Board expenses of EUR 51.3 thousand were deferred for the first half of 2019 (prior-year period: EUR 0.0 thousand). This aggregate expense item comprises out-of-pocket expenses and travel expenses and reflects the fact that the Chairman and another member of the Supervisory Board have waived the remuneration due to them under the Articles of Association. The company has also taken out D&O insurance for the members of the Supervisory Board.

Legal and consulting costs of EUR 562.1 thousand (prior-year period: EUR 308.3 thousand) comprise increased costs for preparing the financial statements for the current fiscal year, which are largely incurred in the first half of the year, and other legal and consulting costs in the area of employment law, among other things. The increase in lease expenses to EUR 50.2 thousand (prior-year period: EUR 25.5 thousand) is due to the fact that additional space in the Mainzer Landstrasse 33a building was subleased for the short term in order to accommodate the growing workforce.

9. Earnings per Share

Basic earnings per share are calculated using the profit attributable to ordinary shareholders and a weighted average of the ordinary shares in circulation. As set out in Note 16, the company started introducing employee share programs in 2019. These qualify as compensation measures under IFRS 2, which are required by IAS 33 to be reflected in the earnings per share. IAS 33.48 specifies that all shares that have already been granted must be included as outstanding. In line with this, the number of restricted stock units agreed between the employees and the company in the binding award letters was taken as the basis. This figure amounted to 20,932 as of the June 30, 2019, reporting date. Therefore, the underlying number of shares has risen from 1,331,250 to 1,352,182, in contrast to the basic earnings per share.

The reconciliation of basic to diluted earnings is shown in the following table:

	Number of shares	Net loss for the first half of the year	EPS (basic/diluted)
	Number	**in EUR thousand**	**in EUR**
June 30, 2019			
Basic	1,331,250	–2,760.1	–2.07
Diluted	1,352,182	–2,760.1	–2.04
June 30, 2018	1,125,000	–1,516.5	–1.35

10. Intangible Assets

The intangible assets comprise an internally generated Internet platform and an internally generated risk tool (software) that is used to assess the credit risk associated with potential borrowers.

Other intangible assets include rights acquired from third parties that have been recognized at amortized cost using the straight-line method. In accordance with IAS 38, the assets have only been recognized since there is a probability of future economic benefits accruing to creditshelf and the cost of the asset can be determined reliably.

The amortization period for purchased assets is 5–8 years. The Internet platform and the risk tool are reviewed for evidence of impairment annually in accordance with IAS 36 and, if new facts arise, in the course of the year as well.

The intangible assets can be broken down as follows:

	Acquired intangible assets in EUR thousand	Internally generated intangible assets in EUR thousand	Prepayments on intangible assets in EUR thousand	Total in EUR thousand
Cost				
Balance as of January 1, 2018	0.0	384.5	216.2	600.7
Additions	5.0	192.6	1,865.6	2,063.2
Disposals	0.0	0.0	0.0	0.0
Reclassifications	1,647.3	0.0	–1,647.3	0.0
Balance as of December 31, 2018	1,652.3	577.1	434.5	2,663.9
Accumulated amortization				
Balance as of January 1, 2018	0.0	86.7	0.0	86.7
Additions	28.7	130.8	0.0	159.5
Disposals	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0
Balance as of December 31, 2018	28.7	217.5	0.0	246.2
Carrying amount as of December 31, 2018	**1,623.6**	**359.6**	**434.5**	**2,417.7**
Carrying amount as of January 1, 2018	**0.0**	**297.8**	**216.2**	**514.0**

Cost				
Balance as of January 1, 2019	1,652.3	577.1	434.5	2,663.9
Additions	28.9	98.3	728.7	855.9
Disposals				
Reclassifications	579.8		–579.8	0.0
Balance as of June 30, 2019	2,261.0	675.4	583.4	3,519.8
Accumulated amortization				
Balance as of January 1, 2019	28.7	217.5	0.0	246.2
Additions	205.4	83.2		288.6
Disposals				0.0
Reclassifications				0.0
Balance as of June 30, 2019	234.1	300.7	0.0	534.8
Carrying amount as of June 30, 2019	**2,026.9**	**374.7**	**583.4**	**2,984.9**
Carrying amount as of January 1, 2019	**1,623.6**	**359.6**	**434.5**	**2,417.7**

The intangible assets recognized all have finite lives and are presented after adjustment for advance payments. Amortization on recognized intangible assets is presented in the “depreciation and amortization” line of the statement of profit or loss and other comprehensive income.

Internally generated intangible assets with a carrying amount of EUR 374.7 thousand (previous year: EUR 359.6 thousand) relate to the second version of the parent company’s Internet platform. This serves as a virtual marketplace for potential borrowers and investors.

The Internet platform was recognized at cost. This includes the development costs paid to external contractors to develop the platform. The partnership with the external contractor developing the platform was discontinued as of the end of the first quarter of 2018. The provisions of the contract with this contractor specified that the company, rather than the contractor, bore the risk of failure to develop the Internet platform; as a result, the platform has been treated as an internally generated intangible asset. The cost was amortized. Since the company is of the opinion that a future benefit is to be expected from it, acquisition costs of EUR 98.3 thousand were subsequently recognized in the first half of the year in accordance with IAS 38.

In the fourth quarter of the 2017 reporting period, the parent company started developing a risk tool for assessing the credit risk associated with potential borrowers. An external company was commissioned to perform the development. In addition to the external contractor, parent company staff were involved in the development of the risk tool. The labor costs of EUR 98.2 thousand associated with these activities in the period from January 1 to June 30, 2019 (previous year: EUR 81.6 thousand) were treated as additional costs of acquisition, and were added to the carrying amount of the risk tool.

The risk tool consists of a total of 4 modules. The amortization period for the three completed modules is 5 years. The percentage of completion for the fourth module increased from 80% as of the 2018 fiscal year-end to 90%; however, amortization has still not yet started because the percentage of completion is less than 100%.

11. Property, Plant, and Equipment

Property, plant, and equipment comprises normal operating and office equipment and right-of-use assets in the company's land and buildings.

Right-of-use Assets in Land and Buildings

The group signed a lease with a noncancelable minimum term of 5 years as of August 1, 2017. No other leases requiring capitalization existed as of the reporting date.

A right-of-use asset was recognized as of August 1, 2017, at a cost of EUR 294.9 thousand after discounting of the minimum lease payments. A lease liability in the same amount was also recognized. The carrying amounts as of June 30, 2019, were EUR 181.9 thousand (previous year: EUR 211.4 thousand) for the right-of-use asset and EUR 194.4 thousand (previous year: EUR 224.1 thousand) for the lease liability.

The lease payments were no longer reported under expenses and were split into interest and principal repayments. The lease liability was discounted and reported as of June 30, 2019. The right-of-use asset was reported at its present value under property, plant, and equipment. The present value will be depreciated over 5 years using the straight line method. The discount rate used was 3.6% (previous year: 3.6%); this was identified by the company's management as the contractual interest for the lease. Consequently, the statement of profit or loss contains an expense item relating to the depreciation of the right-of-use asset plus interest expense from unwinding. Since the lease contains a price index clause, it is assumed that the rent will be adjusted by 2% p.a., starting after two years. The lease specifies that this adjustment will be made retrospectively, so that the lease will be adjusted by 4% in the first year in which an adjustment is made and by 2% in all following years.

The changes in the lease liability were as follows:

	Lease liabilities	Lease expenses Total	Repayments Total	Interest Total
	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand
as of December 31, 2018	224.1	67.9	59.0	8.9
as of June 30, 2019	194.4	34.0	30.2	3.8

The changes in the right-of-use assets in property, plant, and equipment were as follows:

	Right-of-use assets in land and buildings in EUR thousand
Cost	
Balance as of January 1, 2018	294.9
Additions	0.0
Disposals	0.0
Balance as of December 31, 2018	294.9
Accumulated depreciation	
Balance as of January 1, 2018	24.6
Additions	59.0
Disposals	0.0
Balance as of December 31, 2018	83.6
Carrying amount as of December 31, 2018	**211.4**
Carrying amount as of January 1, 2018	**270.3**
Cost	
Balance as of January 1, 2019	294.9
Additions	0.0
Disposals	0.0
Balance as of June 30, 2019	294.9
Accumulated depreciation	
Balance as of January 1, 2019	83.6
Additions	29.5
Disposals	0.0
Balance as of June 30, 2019	113.0
Carrying amount as of June 30, 2019	**181.9**
Carrying amount as of January 1, 2019	**211.4**

No items requiring the recognition of impairment losses existed in the period from January 1 to June 30, 2019. Please see Note 20 in this report for further information about IFRS 16.

With effect from April 15, 2019, additional space in the Mainzer Landstrasse 33a building was subleased temporarily in order to accommodate the growing workforce. The lease initially runs until September 30, 2019. The total lease expense including ancillary expenses is EUR 3,702.76 per month. A security deposit of three months' basic rent has been furnished. Due to the short-term nature of the lease, the simplification option contained in IFRS 16.5 was exercised and the right-of-use asset was not capitalized.

12. Noncurrent Receivables and Assets

Noncurrent receivables comprise trade receivables with a term of more than one year.

	June 30, 2019 in EUR thousand	December 31, 2018 in EUR thousand
Noncurrent trade receivables		
Trade receivables (over 1 year)	546.3	457.1
	546.3	**457.1**

Trade receivables must be initially recognized in the amount of the noncontingent consideration. However, if they contain a significant financing component they must be recognized at fair value instead. The group holds trade receivables in order to collect contractual cash flows and consequently recognizes these at amortized cost using the effective interest method. The net amount reported is considered to be a plausible estimate of the fair value.

The borrower fee is automatically retained from the loan disbursement amount. Equally, the investor fee is automatically deducted from the principal repayment amounts accruing to the investors. This means that such payments can only become overdue if the borrower defaults and hence no returns of capital can be expected at all. To date, a Level 3 specific valuation allowance was recognized in such cases. Consequently, creditshelf's business model did not provide for the possibility of a receivable becoming overdue without a Level 3 specific valuation allowance being recognized. As a result, the group has not recognized any Level 2 collective valuation allowances. Independent of this, with effect from fiscal year 2019 receivables relating to any investor fees that have not yet been collected are waived following an individual decision by the Management Board. The resulting expense is recognized under other operating expenses; the figure for the first half of the year was EUR 40.5 thousand.

13. Income Taxes

a) Income taxes

The parent company's usable corporation tax loss carryforward as of June 30, 2019, amounted to EUR 12,422.1 thousand (prior-year reporting date: EUR 4,990.1 thousand). The usable trade tax loss carryforward was EUR 12,422.1 thousand (prior-year reporting date: EUR 4,990.1 thousand). The group companies were not required to pay any income taxes in the reporting period due to the existence of these loss carryforwards.

b) Deferred taxes

The company evaluated the usability of the loss carryforwards using the criteria set out in IAS 12. Deferred taxes of EUR 0.0 thousand were recognized in the first half of fiscal year 2019 (previous year: EUR 0.0 thousand) after deferred tax assets and deferred tax liabilities were offset. Deferred tax assets can only be recognized to the extent that deferred tax liabilities have been recognized. As of June 30, 2019, deferred tax liabilities in the amount of EUR 177.7 thousand (prior-year reporting date: EUR 200.1 thousand) were offset. The financial statements for 2018 no longer recognized previously recognized deferred tax assets. This was due to the fact that a partnership agreement that was originally scheduled for signature by the end of 2018 was only signed on April 30. Furthermore, in the management's opinion the delay in signing the agreement and the set-up times for the project mean that it is not possible to supply the convincing other evidence of the probability that the deferred tax assets will be used which loss-making entities are required to provide. Consequently, it is not possible in their opinion to recognize the assets.

In Germany, loss carryforwards can be carried forward indefinitely, meaning that they are usable in future from a tax law perspective.

14. Cash and Cash Equivalents

As of June 30, 2019, cash in hand amounted to EUR 0.6 thousand (2018 year-end: EUR 1.8 thousand), while bank balances totaled EUR 14,444.5 thousand (2018 year-end: EUR 12,423.0 thousand).

The group considers the settlement amount to be a plausible estimate of the fair value.

creditshelf service GmbH has a bank account at MHB-Bank that serves solely to provide cash cover for future loans for which the company has granted MHB-Bank a purchase undertaking in the normal course of business. As part of this cash cover, the company has permanently pledged the bank account to MHB-Bank. There is a contractual prohibition on the company disposing of the funds in this account independently. As of June 30, 2019, the account had a balance of EUR 6,990.1 thousand (2018 year-end: EUR 1,530.1 thousand). The cash funds item must be reduced by this amount and totaled EUR 7,455.4 thousand as of the reporting date (2018 year-end: EUR 10,894.7 thousand).

15. Equity and Reserves

Equity instruments in the amount of EUR 278.3 thousand were recognized in the capital reserves as a result of the issuance of restricted stock units for the employee share programs (RSU I to RSU III – see also Note 18). The transaction costs of EUR 12.5 thousand directly allocable to the creation of these equity instruments in accordance with IAS 32 were deducted from equity. In addition to the listing procedure for equity instruments scheduled for the end of the year, such costs are also incurred in relation to implementation of the employee share program that has already been launched; the amounts were allocated on a pro rata basis in line with this.

The changes in equity are shown in the statement of changes in equity.

creditshelf Aktiengesellschaft was still known by the name of creditshelf GmbH as of the June 30, 2018, reporting date. The share capital was broken down as follows:

Interest			**Shareholder**			**Total**
	LDT Investment GmbH	**DBR Investment GmbH**	**Wahtari GmbH**	**Hevella Capital GmbH & Co. KGaA**	**Other[1]**	
June 30, 2018						
Nominal amount in EUR thousand	261.0	244.2	65.5	519.2	35.1	1,125.0
in percent	23.20%	21.71%	5.82%	46.15%	3.12%	100.00%

[1]The “other” column contains Purum AG, which holds 9,640 shares (0.86%) (previous year: 646.00 shares/0.84%), J[2] Verwaltung GmbH, which holds 1,500 shares (0.13%), and other equity interests amounting to less than 3% of the share capital.

Following the change in creditshelf GmbH’s legal form to an *Aktiengesellschaft*, the German term for the share capital changed from *Stammkapital* to *Grundkapital*. creditshelf Aktiengesellschaft’s main shareholders are Hevella Capital GmbH & Co. KGaA, LDT Investment UG, and DBR Investment GmbH. As of June 30, 2019, these held a total of approximately 77% of the voting rights according to the voting rights notifications submitted in accordance with the WpHG. This results in the following proportionate voting rights:

Interest			Shareholder		Total
	LDT Investment UG	DBR Investment GmbH	Hevella Capital GmbH & Co. KGaA	Free float[1]	
30.06.2019					
Nominal amount in EUR thousand	261.0	244.2	519.2	306.8	1,331.3
in percent	19.6 %	18.3 %	39.0 %	23.0 %	100.0 %

[1] The free float comprises (the aggregate figure for) shares in the company accounting for less than 5% of the share capital.

16. Employee Share Programs (Restricted Stock Unit Programs I–III)

The Management Board resolved to introduce three employee share programs (restricted stock unit programs or RSUs) as of fiscal year 2019. These qualify as compensation measures under IFRS 2 that are designed to align employees' and shareholders' interests and hence to generate a sustainable increase in enterprise value. In addition, the programs aim to motivate participants to contribute to the long-term growth and economic success of the company and its affiliates. Claims under the programs are to be met by issuing equity instruments. The plan is to service all shares in the three programs that have vested at the end of a year by implementing a cash capital increase from existing authorized capital, while disapplying existing shareholders' subscription rights, at the start of the new fiscal year. This results in what is known as an equity settlement, i.e., the personnel expenses incurred minus the wage tax components are reported in the free capital reserves. The wage tax components were recognized as provisions (EUR 159.2 thousand). The personnel expenses were reduced by a flat-rate percentage derived from historical data that is intended to reflect turnover among the employees covered by the programs.

The RSU programs are measured at fair value, which is determined using creditshelf's share price (XETRA) on the measurement date in question. The share price on June 28 was EUR 67.50. This figure is a directly observable Level 1 input.

The three RSU programs can be summarized as follows as of the June 30, 2019, reporting date:

Restricted Stock Unit Program I

RSU I aims to provide a one-time incentive payment in order to enable the company to retain key employees. The vesting period for this program is three years and it has a quarterly vesting schedule. The shares in the company will be awarded to the beneficiaries pro rata in each case on the anniversary of the grant date (fiscal year-end).

Period	Number of shares granted (award letter) Number	Number of shares vested Number	Fair value of shares vested in EUR thousand	Total personnel expense recognized in the period in EUR thousand	Equity recognized due to issuance of equity instruments (gross) in EUR thousand
Jan. 1, 2019– June 30, 2019	6,150	1,026	69.3	157.7	111.2

Restricted Stock Unit Program II

In contrast to RSU I, RSU II is an annual program that aims not only to enable the company to retain staff but also to ensure they are remunerated appropriately and competitively. It is operationalized in two forms. Firstly the Management Board can decide at its own discretion whether and to which staff it is going to grant RSU IIs (case 1) and, secondly, certain staff are entitled under their contracts of employment to receive part of their overall compensation in the form of RSUs (case 2). Whereas the vesting period for RSU I claims is three years, RSU II claims have an annual vesting schedule. The shares in the company will be awarded to the beneficiaries pro rata in each case on the anniversary of the grant date (fiscal year-end).

The following table comprises the RSU II units for both case 1 and case 2. Since the absolute amounts in case 2 are only finally converted into RSUs using the closing-rate date at the end of the year, an approximation was adopted here using the closing data rate as of June 30, 2019. This results in 3,126 units for RSU II case 2.

Period	Number of shares granted (award letter) Number	Number of shares vested Number	Fair value of shares vested in EUR thousand	Total personnel expense recognized in the period in EUR thousand	Equity recognized due to issuance of equity instruments (net) in EUR thousand
Jan. 1, 2019– June 30, 2019	4,782	0	0	88.8	60.7

Restricted Stock Unit Program III

RSU III creates an incentive for members of the Management Board. In its meeting on March 11, 2019, the Supervisory Board approved the RSU III program and in principle authorized a framework of 20,000 RSUs for Dr. Mark Währisch over the term of his contract of service. Dr. Mark Währisch was granted 10,000 RSUs in an award letter dated May 8, 2019. The vesting period runs until the end of his contract of service (April 30, 2021). The shares in the company will be awarded at the end of each fiscal year/the end of his contract of service in 2021. In contrast to the RSU I and RSU II programs, RSU III provides for a four-year lock-up period. It has a quarterly vesting schedule.

Period	Number of shares granted (award letter)	Number of shares vested	Fair value of shares vested	Total personnel expense recognized in the period	Equity recognized due to issuance of equity instruments (net)
	Number	Number	in EUR thousand	in EUR thousand	in EUR thousand
Jan. 1, 2019– June 30, 2019	10,000	1,111	74.9	191.0	106.4

<u>Additional information:</u>

The equity recognized due to issuance of equity instruments is shown gross, i.e., no adjustment is made for the pro rata deferred transaction costs of EUR 12.5 thousand in the first half of the year that were incurred for the three programs together.

The fair value given in the tables differs from the personnel expenses recognized for the period, which comply with the methodology set out in IFRS 2. These require that the expenses are not assigned pro rata in equal amounts across the vesting period, but rather that earlier periods should be given a heavier weighting.

17. Noncurrent provisions

The group had two virtual participation programs in the first half of fiscal year 2018 that were used to allow the company's staff, consultants, and partners to share in its growth in value, with the aim of retaining them with the company in the long term.

Virtual participation shares are measured at fair value. This was determined by reference to the fair value of a real investment. The resulting changes were recognized in the relevant provisions. All changes in provisions were recognized in profit or loss.
Only Virtual Participation Program II still existed in H1 2019. Additional information is given below.

<u>Virtual Participation Program I</u>

Virtual Participation Program I expired as a result of the IPO (exit event) in July 2018. In this context, all vested shares were paid out and the corresponding provisions were utilized or reversed.

Virtual Participation Program II

On July 29, 2015, the company agreed a contract with a partner – along with a partnership agreement – on the granting of virtual shares in the company. The partner was granted 1,500 virtual shares of the company with a par value of EUR 1.00 per share. In a follow-up agreement, the partner was granted a further 19,640 virtual shares of the company with a par value of EUR 1.00 per share as of June 30, 2018.

All rights under Virtual Participation Program II are purely contractual and will only be settled in cash. In other words, the partner has not acquired any voting rights, nor has it acquired the right to take part in the company's general meeting, or to exercise other management rights. Under Virtual Participation Program II, payments are made if the company distributes profits or if a contractually agreed exit event (a loss of control over the parent company by the existing shareholders) occurs.

The contractual provisions underpinning Virtual Participation Program II are designed in such a way that the fair value of a single virtual share corresponds economically and from a financial mathematics perspective to the fair value of the corresponding real shares. Until creditshelf Aktiengesellschaft's successful IPO, the company's enterprise value (measured on the basis of the most recent financing round in each case) was used as the basis for determining the fair value of a real share, in line with the general principles of enterprise valuation, provided that the financing rounds in question were implemented on an arm's length basis and took place no longer than one year previously.

Following the IPO, the listed share price was used as the basis for the valuation. However, the contractual provisions specify that a 20-day average rather than the price on the reporting date is taken as a basis. This amounted to EUR 67.25.

The liability resulting from the participation program is remeasured on every financial statement reporting date and on the settlement date using the fair value of the virtual shares in issue. All changes in provisions are recognized in profit or loss.

The following virtual participation shares were in issue as of June 30, 2019:

Date of issue	Number of shares granted	Subscription price	Underlying per share	Fair value per virtual share	Total fair value
	Number	in EUR	in EUR	in EUR	in EUR thousand
July 29, 2015	1,500	0.00	67.25	67.25	100.9
June 30, 2018	19,640	0.00	67.25	67.25	1,320.8
Total	**21,140**	**0.00**	67.25	67.25	**1,421.7**

The provision for Virtual Participation Program II was remeasured as a result of creditshelf's share price performance in the first half of the year. The resulting other operating income amounted to EUR 59.1 thousand in the period from January 1 to June 30, 2019 (prior-year period: expense of EUR 586.3 thousand).

The provision from Virtual Participation Program II are classified as noncurrent provisions, as before.

C) Other Disclosures

18. Disclosures on Leases (IFRS 16)

The following table contains the lease disclosures required to be made by the creditshelf group under IFRS 16.53. Since the company currently only recognizes a right-of-use asset and a lease liability (see also Note 11), the disclosures made relate solely to the right of use asset for the leased premises at Mainzer Landstrasse 33a, Frankfurt am Main.

	June 30, 2019 in EUR thousand	**June 30, 2018 in EUR thousand**
Depreciation of right-of-use asset	29.5	29.5
Interest expense for lease liabilities	3.8	4.7
Expense for short-term leases in accordance with IFRS 16.6	16.3	2.3
Expense for leases for which the underlying asset is of low value in accordance with IFRS 16.6	5.1	4.5
Expense for variable lease payments not included in measurement	0.0	0.0
Income from subleases	0.0	0.0
Total cash outflows for leases	50.2	25.4
Additions to right-of-use asset	0.0	0.0
Gains and losses on sale and leaseback transactions	0.0	0.0
Carrying amount of right-of-use asset at the end of the reporting period	181.9	240.8

The terms of the lease liabilities as of June 30, 2019, were as follows:

	Up to 3 months	3–12 months	1–5 years	Over 5 years	Total	Carrying amount
	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand
Lease liability Mainzer Landstrasse 33a						
as of December 31, 2018	15.0	46.9	178.5	0.0	224.0	224.0
as of June 30, 2019	15.7	48.6	145.9	0.0	194.4	194.4

19. Segment Reporting

Due to its IPO in fiscal year 2018, the creditshelf group has to publish a segment report in accordance with IFRS 8 with effect from its 2018 financial statements. In this context, the management examined both the product-related and the market aspects of creditshelf's operations for identifiable segments. The group currently has only one segment.

creditshelf's business purpose is to arrange loans for SMEs that are extended by investors via a fronting bank. In return, creditshelf receives remuneration in the form of borrower and investor fees. The loan arranged must be seen as a single investment product over the entire life of the transaction. creditshelf does not currently distribute other products.

At present, creditshelf is only active on the German market with its proprietary Internet platform, www.creditshelf.com.

Therefore, creditshelf's management has identified a single segment only, both from a product-related and from a market perspective. IFRS 8 reporting is therefore limited to the disclosures in accordance with IFRS 8.31ff (a single reporting segment). The same measurement principles are used as for the consolidated financial statements.

	June 30, 2019	June 30, 2018
Net segment revenue	**in EUR thousand**	**in EUR thousand**
Borrower fees	1,152.8	518.4
Investor fees	613.4	247.1
Total segment revenue	**1,766.2**	**765.5**

All segment revenue was generated on the German market. Consequently, all noncurrent assets must be assigned to the revenue generated on this market.

Breakdown by customer share	June 30, 2019 in EUR thousand	June 30, 2018 in EUR thousand
Customers accounting for > 10% of revenue	0.0	0.0
Remaining customers accounting for < 10% of revenue	1,766.2	765.5
Total segment revenue	**1,766.2**	**765.5**

20. Related Parties (IAS 24)

Related parties comprise both affiliated companies and shareholders and other natural persons who have a significant influence on the group and its financial and business policies. Persons who have a significant influence on the group's financial and business policies consist of all key management personnel and their close family members. Within the group, this definition applies to the members of the parent company's Management Board. The following people have been defined as related parties:

Name	Function
Dr. Tim Thabe	CEO
Dr. Daniel Bartsch	Deputy CEO
Dr. Mark Währisch	Management Board member
Rolf Elgeti	Chairman of the Supervisory Board
Rolf Hentschel	Deputy Chairman of the Supervisory Board
Prof. Dirk Schiereck	Supervisory Board member
Julia Heraeus-Rinnert	Supervisory Board member
Dr. Joachim Rauhut	Supervisory Board member
Pedro Pinto Coelho	Supervisory Board member
DBR Investment GmbH	Shareholder, Dr. Daniel Bartsch
LDT Investment UG (haftungsbeschränkt)	Shareholder, Dr. Tim Thabe
Wahtari GmbH	Shareholder
Hevella Capital GmbH & Co. KGaA	Shareholder
Staramba SE	Related party via Rolf Elgeti, the Chairman of the Supervisory Board

Deutsche Konsum REIT AG	Related party via Rolf Elgeti, the Chairman of the Supervisory Board
Obotritia Capital KGaA	Related party via Rolf Elgeti, the Chairman of the Supervisory Board
Bankhaus Obotritia GmbH	Related party via Rolf Elgeti, the Chairman of the Supervisory Board
Midgard Beteiligungsgesellschaft mbH	Related party via Rolf Elgeti, the Chairman of the Supervisory Board

Intercompany balances and transactions between the company and its subsidiary were eliminated during consolidation and are not discussed in this note. Details of transactions between the group and other related parties are given below. For details of the compensation paid to the management, please see the information provided on personnel expenses (Note 7).

a) Purchase and Sale of Loans by Related Parties in the Normal Course of Business and Associated Investor Fees

Related parties have bought and sold loans from creditshelf service GmbH in the normal course of business. Thanks to improved systems capabilities, it was possible for the first time to perform an analysis at individual loan level for the relevant periods in the context of the 2019 half-yearly report. In contrast to previous presentations, this analysis was then aggregated by related party to produce the figures given below:

Period from January 1, 2018, to June 30, 2018

Company	Volume purchased	Volume sold	Investor fee
	in EUR thousand	in EUR thousand	in EUR thousand
Bankhaus Obotritia GmbH	0.0	0.0	0.0
Deutsche Konsum REIT-AG	6,160.0	0.0	85.8
Midgard Beteiligungs-gesellschaft mbH	0.0	0.0	0.0
Obotritia Capital KGaA	13,094.4	–7,400.0	90.7
Wahtari GmbH	30.0		0.2
Total	**19,284.4**	**–7,400.0**	**176.6**

Period from January 1, 2019, to June 30, 2019

Company	**Volume purchased**	**Volume sold**	**Investor fee**
	in EUR thousand	**in EUR thousand**	**in EUR thousand**
Bankhaus Obotritia GmbH	11,584.9	–30.0	270.9
Deutsche Konsum REIT-AG	2,690.0	–20.0	50.5
Midgard Beteiligungs-gesellschaft mbH	1,450.0	0.0	15.2
Obotritia Capital KGaA	16,080.0	–3,010.0	224.4
Wahtari GmbH	0.0	0.0	0.0
Total	**31,804.9**	**–3,060.0**	**561.1**

The number of loans has not been disclosed since it does not provide any additional insights. In contrast to the first half of 2018, in which revenue of EUR 80 thousand from borrower fees was generated with Staramba SE, a related party, no borrower fees were generated with related parties in H1 2019. Consequently, this information has not been presented separately in this report.

b) Loans to creditshelf Aktiengesellschaft from related parties

	June 30, 2019 in EUR	**December 31, 2018 in EUR**
Loan from DBR Investment GmbH	52,165.6	51,915.3
Loan from LDT Investment GmbH	52,163.5	51,913.2
	104,329.1	103,828.5

Business relationships with related parties are governed by contracts. Services are performed in the same way as if they had been agreed with third parties.

21. Events after the Reporting Period

No events occurred that would not require the company to adjust the amounts recognized in its financial statements but would nevertheless have to be disclosed in accordance with IAS 10.21.

22. Governing Bodies

Names of the Members of the Management Board

The following people were members of the Management Board during the first half of fiscal year 2019:

- Dr. Tim Thabe, CEO; areas of responsibility: defining and implementing the company's strategy, HR, finance, taxation, group accounting, marketing, and corporate communications
- Dr. Daniel Bartsch, Chief Operating Officer (COO); areas of responsibility: front office, sales, business development, and operations
- Dr. Mark Währisch, Chief Risk Officer (CRO); areas of responsibility: product development, risk management, loan analysis, lending business, legal and compliance

Names of the Members of the Supervisory Board

The Supervisory Board advises and oversees the Management Board. The following people were members of the Management Board during the first half of fiscal year 2019:

- Rolf Elgeti, Supervisory Board chairman (General Partner of Obotritia Capital KGaA, CEO of Deutsche Konsum REIT-AG and of Deutsche Industrie REIT-AG)
- Rolf Hentschel, Deputy Chairman of the Supervisory Board (independent auditor, tax advisor, and lawyer)
- Prof. Dirk Schiereck (Chair of Corporate Finance, Darmstadt Technical University)
- Julia Heraeus-Rinnert (Managing Director of J² Verwaltung GmbH)
- Dr. Joachim Rauhut (independent management consultant)
- Pedro Pinto Coelho (Chairman of Banco BNI Europa)

23. Approval of the Financial Statements

The financial statements were prepared by the Management Board on September 11, 2019, and approved by the Supervisory Board.

Frankfurt, September 11, 2019

The Management Board

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

4. Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the combined management report includes a fair review of the development and performance of the business and the position of the creditshelf group and creditshelf Aktiengesellschaft, together with a description of the material opportunities and risks associated with the expected development of the creditshelf group and creditshelf Aktiengesellschaft.”

Frankfurt, September 19, 2019

creditshelf Aktiengesellschaft

The Management Board

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

5. Publication Details

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